



**West Virginia Alcohol Beverage
Control Administration**
Financial Report with Other Financial
Information
June 30, 2024

West Virginia Alcohol Beverage Control Administration

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Independent Auditor's Report

To the Honorable Members of the
West Virginia Alcohol Beverage Control Administration
Charleston, West Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the West Virginia Alcohol Beverage Control Administration (the Administration), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Administration's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Administration, as of June 30, 2024 and 2023, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Administration and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Administration's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Administration's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate that raise substantial doubt about the Administration's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules of proportionate share of the net pension liability (asset), the schedules of proportionate share of the net OPEB liability (asset), the schedules of contributions to the PERS, the schedules of contributions to the RHBT, and the notes to required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied

certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Administration's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2024, on our consideration of the Administration's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Administration's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Administration's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
October 10, 2024

West Virginia Alcohol Beverage Control Administration

Management's Discussion and Analysis (Unaudited)

The West Virginia Alcohol Beverage Control Administration (the Administration) was created by the West Virginia Legislature in 1935 to give effect to the mandate of the people expressed in the repeal of the state prohibition amendment, and to assure the greatest degree of personal freedom that is consistent with the health, safety, and good morals of the people of West Virginia.

During the first fifty-six (56) years of its existence, the Administration functioned as the exclusive wholesaler and retailer of liquor in West Virginia. On February 27, 1990, with the passage of senate bill 337, legislative action was taken to discontinue the retail sale of alcoholic beverages by the State of West Virginia. During the fiscal year ended 1991, public bids were held in August 1990, January 1991, and May 1991. The bids resulted in the sale of all 98 zones offered and the possibility of 214 privately owned liquor stores being opened in West Virginia. The sale of State owned liquor stores and the conversion of State owned liquor inventories enabled the Administration to transfer profits of \$26,500,000 to the West Virginia General Revenue Fund.

On March 13, 1999, House Bill 3023 was passed. All Licenses within the 98 zones were re-bid starting on March 3, 2000. The Administration sold licenses to 164 stores providing revenues to the state of \$22,227,651. An additional eighteen (18) Class B retail licenses were bid on April 17, 2002. The Retail Liquor Licensing Board ("RLLB") directed the bid, which offered the remaining licenses for eight years ending on June 30, 2010. Five (5) of the remaining licenses were sold, providing revenues of \$215,903.

On June 2, 2009, House Bill 105 was passed. House Bill 105 mandated that the RLLB re-bid all class A and class B liquor licenses for an additional ten (10) years beginning July 1, 2010. All licensees within the 98 zones were given the opportunity to elect the purchase option on their existing retail outlet(s) provided they met the requirements to operate a class A freestanding liquor retail outlet pursuant to the Rules and the Code. During phase I, 46 stores took the purchase option. An additional 129 licenses were sold during phase II and phase III, the license bidding process. The three phases provided revenues totaling \$37,660,998 for 175 retail outlets. During fiscal year 2011, three (3) additional licenses were sold during a continuation of extended phase III license bidding process. The three (3) additional retail outlets provided revenues totaling \$244,681. Three (3) additional retail outlets remained inactive.

During the 2017 fiscal year, the Administration changed the mark-up on alcoholic liquors from 28% to 32% effective May 1, 2017. 2017 fiscal year sales dollars increased 0.32% and case volume sales decreased 0.94% from the prior year. The Administration made an additional transfer to the General Revenue Fund in the amount of \$7,000,000.

During the 2018 fiscal year, sales dollars increased 4.71% and case volume sales increased 1.75% from the prior year.

During the 2019 fiscal year, sales dollars increased 6.23% and case volume sales increase 4.05% from the prior year. During the 2019 Legislative session, Senate Bill 529 created the Beer License Operations Fund to collect a \$100 annual operational fee for all brewers, resident brewers, Class A retail dealers, Class B retail dealers, and distributors. Also, Senate Bill 561 created the Wine and Liquor Operations Fund to collect a \$100 annual operational fee for all distilleries, mini-distilleries, wineries, farm wineries, Class A retail licensees, Class B retail licensees, private clubs, private wine retailers, wine specialty shops, wine restaurants, private wine spas, private wine bed and breakfasts, wine suppliers, and wine distributors.

West Virginia Alcohol Beverage Control Administration

Management's Discussion and Analysis (Unaudited)

Also, during fiscal year 2019, the RLLB approved hiring a consultant to assist with the 2020 retail outlet rebid process pursuant to WV Code 60-3A-1 et seq, and 175 CSR 5 of the legislative rules.

Phase I of the 2020 rebid process began in July 2019. All licensees within the 98 zones were given the opportunity to elect the purchase option on their existing retail outlets provided they met the requirements to operate a class A freestanding liquor retail outlet pursuant to the Rules and the Code. During phase I, 49 stores took the purchase option which ended August 2019. An additional 128 licenses were sold during phase II, the license bidding process, which ended January 2020. An additional two (2) licenses were sold during phase III, the subsequent license bidding process, which ended in March 2020. The three (3) phases provided revenue totaling \$48,643,715 (including \$373,062 in interest income on the deferred payment options of \$3,507,943) for 179 retail outlets. Two (2) additional outlets were sold, during the phase IV bidding process, in March 2021 for \$1,165,000.

During the 2020 fiscal year, sales dollars increased 12.84% and case volume sales increase 11.90% from the prior year. The Administration started a new water line project (cost of \$356,115) at the distribution center that will allow the fire suppression system to be updated.

During the 2021 fiscal year sales dollars increased 9.46% and case volume sales increased 6.41%. The Administration completed the water line project; incurring an additional \$85,692, (total project cost was \$441,807).

With the passage of HB 2025, the Governor provided COVID-19 relief for private club licenses effective May 10, 2020, for the 2021-2022 license period with licensee fees reduced to 1/3 of the regular fee, for the 2022-2023 license period with license fees reduced to 2/3 of the regular fee and for the 2023-2024 license period the fees return to normal. HB 2025 also provided liquor, wine and beer licensees with some new concepts developed during the State of Emergency utilizing new technology to provide greater freedom to operate in a safe and responsible manner.

During the 2022 fiscal year, sales dollars increased 2.04% and case volume sales increased 0.70%. The Administration contracted to have Fire Prevention Renovations completed at the distribution center at a cost of \$875,042. The RLLB voted to initiate Phase V of the bidding process to add one additional license in Calhoun County due to voters electing to make it a "wet" county. The bid process was completed August 2022.

During the 2023 fiscal year, sales dollars increased 4.45% and case volume sales increased 2.71%. One additional outlet was sold in Phase V of the bidding process for \$108,400.

During the 2024 fiscal year, sales dollars decreased 0.57% and case volume sales decreased 0.60%.

During the 2023 legislative session the WV Legislature tasked the Administration with enforcement of retail sales of "hemp-derived cannabinoid" and "kratom" in Senate Bill 220. Due to some inconsistencies in the bill, the Administration was unable to begin that enforcement until Senate Bill 679 was passed during the 2024 legislative session. Thus, the Administration may, in the process of enforcing the sales of hemp-derived cannabinoid and kratom, purchase, transport and store hemp-derived cannabinoid and/or kratom products which will be treated as evidence and handled and documented as such.

West Virginia Alcohol Beverage Control Administration

Management's Discussion and Analysis (Unaudited)

As management of the Administration, we offer readers of the Administration's financial statements this narrative overview and analysis of its financial activities for the fiscal years ended June 30, 2024 and 2023. Please read it in conjunction with the Administration's financial statements, which begin on page 9.

USING THIS ANNUAL REPORT

This report consists of a series of financial statements: the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Fund Net Position, and the Statements of Cash Flows. These statements provide information about the activities of the Administration. Following is an additional discussion of the significant financial statement items and the changes in those items from the prior year due to recent events and activities of the Administration, current economic factors, and other factors affecting the Administration's financial activities.

The Statements of Net Position represent the difference between the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Administration and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private - sector companies. Over time, increases or decreases in the Administration's net position are one indicator of whether its financial health is improving, stable or deteriorating. The Statements of Revenues, Expenses, and Changes in Fund Net Position reflect the Administration's revenues, such as proceeds from the sales of alcoholic beverages as the exclusive wholesaler of liquor in the State, and related fees from licenses, permits and administrative hearing fines, and its expenses, such as costs of sales, general and administrative costs and depreciation. The notes to the financial statements provide information that is essential to the full understanding of the data provided in the financial statements. The financial statements of the Administration are prepared in conformity with accounting principles generally accepted in the United States of America.

West Virginia Alcohol Beverage Control Administration

Management's Discussion and Analysis (Unaudited)

FINANCIAL HIGHLIGHTS

The following is a condensed summary of financial information as of and for the years ended June 30, 2024, 2023 and 2022, respectively.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>Statements of Net Position:</u>			
Current assets (less current portion of notes and accrued interest receivable)	\$ 25,826,855	\$ 23,470,426	\$ 22,979,939
Notes and accrued interest receivable	834,921	1,571,086	2,400,094
Capital assets, net	2,312,035	2,486,837	2,599,676
Restricted assets	<u>113,447</u>	<u>-</u>	<u>1,585,934</u>
Total assets	<u>\$ 29,087,258</u>	<u>\$ 27,528,349</u>	<u>\$ 29,565,643</u>
Deferred outflows of resources	<u>\$ 499,059</u>	<u>\$ 810,860</u>	<u>\$ 863,530</u>
Current liabilities	\$ 4,139,841	\$ 5,058,810	\$ 4,657,770
Noncurrent liabilities	<u>273,810</u>	<u>588,060</u>	<u>265,387</u>
Total liabilities	<u>\$ 4,413,651</u>	<u>\$ 5,646,870</u>	<u>\$ 4,923,157</u>
Deferred inflows of resources	<u>\$ 181,088</u>	<u>\$ 401,649</u>	<u>\$ 2,934,593</u>
Net position, net investment in capital assets	\$ 2,312,035	\$ 2,486,837	\$ 2,599,676
Net position, restricted by enabling legislation	834,921	1,571,086	2,400,094
Net position, restricted by pension and OPEB	113,447	-	1,585,934
Net position, unrestricted net position	<u>21,731,175</u>	<u>18,232,767</u>	<u>15,985,719</u>
Total net position	<u>\$ 24,991,578</u>	<u>\$ 22,290,690</u>	<u>\$ 22,571,423</u>

West Virginia Alcohol Beverage Control Administration

Management's Discussion and Analysis (Unaudited)

	2024	2023	2022
<u>Statements of Revenues, Expenses, and Changes in Fund Net Position</u>			
Sales	\$ 135,229,526	\$ 136,005,376	\$ 130,209,299
Licenses, permits and fees	5,328,925	4,760,681	3,959,388
Administrative hearing fines	113,700	174,825	131,450
Total operating revenues	140,672,151	140,940,882	134,300,137
Cost of sales	101,909,002	102,867,492	98,364,979
General and administrative	5,664,383	5,189,202	4,134,249
Depreciation	238,866	232,763	175,725
Total operating expenses	107,812,251	108,289,457	102,674,953
Operating income	32,859,900	32,651,425	31,625,184
Nonoperating revenues (expenses):			
Other	(66,022)	76,821	(19,517)
Grants	139,877	128,024	109,796
Retail liquor license renewal fee	-	108,400	-
Statutory distributions	(30,232,867)	(33,245,403)	(30,240,197)
	(30,159,012)	(32,932,158)	(30,149,918)
Change in net position	\$ 2,700,888	\$ (280,733)	\$ 1,475,266

STATEMENTS OF NET POSITION

Total assets increased \$1,558,909 from \$27,528,349 at June 30, 2023, to \$29,087,258 at June 30, 2024, as a result of the changes in net pension and OPEB returning to asset compared to liability positions in the prior year. Total assets decreased \$2,037,294 from \$29,565,643 at June 30, 2022, to \$27,528,349 at June 30, 2023, as a result of the changes in net pension and OPEB returning to liability compared to asset positions in the prior year. Total liabilities decreased \$1,233,219 from \$5,646,870 at June 30, 2023, to \$4,413,651 at June 30, 2024, due to the timing of cash payments and a decrease in net pension and net OPEB liabilities in the current year. Total liabilities increased \$723,713 from \$4,923,157 at June 30, 2022, to \$5,646,870 at June 30, 2023, due to the timing of cash payments and an increase in net pension and net OPEB liabilities.

Deferred outflows of resources from pension and OPEB amounts are \$499,059, \$810,860, and \$863,530 and deferred inflows of resources from pension and OPEB amounts are \$181,088, \$401,649, and \$2,934,593 for the years ended June 30, 2024, 2023 and 2022, respectively. The changes in those amounts are in part determined by information provided by the West Virginia Public Employees Retirement System (PERS) annually for the change in the net pension liability (asset) and by the West Virginia Retiree Health Benefit Trust (RHBT) annually for the change in the net OPEB liability (asset).

West Virginia Alcohol Beverage Control Administration

Management's Discussion and Analysis (Unaudited)

The Administration's net position totaled \$24,991,578, \$22,290,690, and \$22,571,423, at June 30, 2024, 2023, and 2022, respectively. Net position represented 86%, 81%, and 76%, of the Administration's total assets for each of the years ended June 30, 2024, 2023, and 2022, respectively.

OPERATING RESULTS

The Administration had operating income for the year ended June 30, 2024, of \$32,859,900 which was an increase of 0.64% from the year ended June 30, 2023, which was \$32,651,425. The Administration had operating income for the year ended June 30, 2023, of \$32,651,425, which was an increase of 3.3% from the year ended June 30, 2022, which was \$31,625,184. Additionally, unit quantities of sales measured in cases were 894,961, 900,320, and 876,544, for the years ended June 30, 2024, 2023, and 2022, respectively. Operating income fluctuates in response to sales dollars and quantities on an annual basis.

NONOPERATING RESULTS

The Administration's non-operating expense, net for the years ended June 30, 2024, 2023, and 2022 were \$30,159,012, \$32,932,158, and \$30,149,918, respectively. The fluctuations noted in non-operating expense are predominately due to the amount of statutory distributions. Statutory distributions related to ongoing liquor sales are transferred each year to the extent that funds are available. The statutory distributions are paid to the State of West Virginia's General Revenue Fund.

CHANGES IN OPERATIONS

During the years ended June 30, 2024, 2023, and 2022, no major changes were made in the Administration's operations.

CONTACTING THE ADMINISTRATION'S FINANCIAL MANAGEMENT

The above financial highlights are designed to provide a general overview of the Administration's operations and insight into the following financial statements. Questions about this report or requests for additional information should be directed to the Administration's central office located at 900 Pennsylvania Avenue, 4th Floor, Charleston, West Virginia, 25302, (304) 356-5500.



Financial Statements



West Virginia Alcohol Beverage Control Administration

**Statements of Net Position
June 30, 2024 and 2023**

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 25,059,685	\$ 22,956,837
Inventory	60,492	41,590
Accounts receivable	706,678	471,999
Notes receivable - current, restricted	715,833	687,656
Accrued interest - current, restricted	20,331	48,508
Total current assets	26,563,019	24,206,590
NONCURRENT ASSETS		
Notes receivable - noncurrent, restricted	98,059	813,893
Accrued interest - noncurrent, restricted	698	21,029
Capital assets, net (Note 3)	2,312,035	2,486,837
Restricted assets:		
Restricted net OPEB asset (Note 4)	105,502	-
Restricted net pension asset (Note 5)	7,945	-
Total noncurrent assets	2,524,239	3,321,759
Total assets	29,087,258	27,528,349
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources from OPEB and pension (Notes 4 and 5)	499,059	810,860
LIABILITIES		
CURRENT LIABILITIES		
Accrued expenses	200,155	175,116
Accounts payable	3,939,686	4,883,694
Total current liabilities	4,139,841	5,058,810
NONCURRENT LIABILITIES		
Accrued annual leave	273,810	262,888
Net OPEB liability (Note 4)	-	79,162
Net pension liability (Note 5)	-	246,010
Total noncurrent liabilities	273,810	588,060
Total liabilities	4,413,651	5,646,870
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources from OPEB and pension (Notes 4 and 5)	181,088	401,649
NET POSITION		
Net investment in capital assets	2,312,035	2,486,837
Restricted by enabling legislation	834,921	1,571,086
Restricted for pension and OPEB	113,447	-
Unrestricted	21,731,175	18,232,767
Total net position	\$ 24,991,578	\$ 22,290,690

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

West Virginia Alcohol Beverage Control Administration

**Statements of Revenues, Expenses, and Changes in Fund Net Position
Years Ended June 30, 2024 and 2023**

	2024	2023
OPERATING REVENUES:		
Sales	\$ 135,229,526	\$ 136,005,376
Licenses, permits and fees	5,328,925	4,760,681
Administrative hearing fines	113,700	174,825
	140,672,151	140,940,882
 OPERATING EXPENSES:		
Cost of sales	101,909,002	102,867,492
General and administrative	5,664,383	5,189,202
Depreciation	238,866	232,763
	107,812,251	108,289,457
Operating income	32,859,900	32,651,425
 NONOPERATING REVENUES (EXPENSES):		
Grants	139,877	128,024
Statutory distributions	(30,232,867)	(33,245,403)
Retail liquor license renewal	-	108,400
Other (Note 4)	(66,022)	76,821
	(30,159,012)	(32,932,158)
Change in net position	2,700,888	(280,733)
 NET POSITION, beginning of year	22,290,690	22,571,423
 NET POSITION, end of year	\$ 24,991,578	\$ 22,290,690

West Virginia Alcohol Beverage Control Administration

**Statements of Cash Flows
Years Ended June 30, 2024 and 2023**

	2024	2023
OPERATING ACTIVITIES		
Cash received from customers and users	\$ 140,437,472	\$ 141,003,422
Cash paid to employees	(4,665,686)	(4,189,846)
Cash paid to suppliers	(104,248,049)	(103,952,366)
Net cash provided by operating activities	31,523,737	32,861,210
NONCAPITAL FINANCING ACTIVITIES		
Receipts from nonoperating grants	139,877	128,024
Receipts from notes receivable and accrued interest receivable	736,165	829,008
Proceeds from liquor license renewals	-	108,400
Distributions to primary government	(30,232,867)	(33,245,403)
Net cash used in noncapital financing activities	(29,356,825)	(32,179,971)
CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(64,064)	(119,924)
Increase in cash and cash equivalents	2,102,848	561,315
CASH AND CASH EQUIVALENTS, beginning	22,956,837	22,395,522
CASH AND CASH EQUIVALENTS, ending	\$ 25,059,685	\$ 22,956,837
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 32,859,900	\$ 32,651,425
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	238,866	232,763
Special funding contribution related to OPEB	(66,022)	76,821
Changes in operating accounts:		
(Increase) decrease in accounts receivable	(234,679)	62,540
(Increase) decrease in deferred outflows of resources	311,801	52,670
(Increase) decrease in inventory	(18,902)	8,288
Increase (decrease) in net pension and net OPEB liability/asset	(438,619)	1,911,106
Increase (decrease) in accounts payable and accrued expense	(918,969)	401,040
Increase (decrease) in deferred inflows of resources	(220,561)	(2,532,944)
Decrease in accrued annual leave	10,922	(2,499)
Net cash provided by operating activities	\$ 31,523,737	\$ 32,861,210

West Virginia Alcohol Beverage Control Administration

Notes to Financial Statements

June 30, 2024

Note 1 – Financial Reporting Entity

The West Virginia Alcohol Beverage Control Administration (the Administration) is a proprietary fund and governmental instrumentality of the State of West Virginia (the State), created under the provisions of Chapter 60, Article 1 of the West Virginia Code, as amended.

The Administration's mission is to give effect to the mandate of the people expressed in the repeal of the state prohibition amendment, and to assure the greatest degree of personal freedom that is consistent with the health, safety, and good morals of the people of West Virginia. This is accomplished by issuing licenses in accordance with Senate Bill 337 and acting as the wholesaler of liquor to retailers in the State.

The Administration's financial statements are included in the State of West Virginia's Annual Comprehensive Financial Report as a proprietary fund. The Administration has considered all potential component units to be included in the Administration's reporting entity by applying the criteria set forth in GAAP. These criteria include consideration of organizations for which the Administration is financially accountable, or organizations for which the nature and significance of their relationship with the Administration are such that exclusion would cause the Administration's financial statements to be misleading or incomplete. Since no organization meets these criteria, the Administration has no component units.

Note 2 – Significant Accounting Policies

Basis of Accounting

The Administration is accounted for as a special purpose government engaged in business type activities. In accordance with accounting principles generally accepted in the United States of America, the financial statements are prepared on the accrual basis of accounting, using the flow of economic resources measurement focus. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash on deposit with the State Treasurer's Office and cash on hand. The State Treasurer has statutory responsibility for the daily cash management activities of the State's agencies, departments, boards and commissions in accordance with West Virginia Code. Cash and cash equivalents are carried at amortized cost. All deposits are available with overnight notice.

Notes Receivable

Notes receivable consist of amounts due from licensees that elected to finance up to 50% of the ten-year license fee as permitted by West Virginia Code. The principal and interest on these notes are due in either monthly or quarterly installments as elected by the licensee over 60 months and bear interest at an annual rate of 4.00%. The notes are secured by potential revocation of the licensee's Class A retail license.

Inventories

Inventories are presented at the lower of cost (first-in, first-out method) or market.

West Virginia Alcohol Beverage Control Administration

Notes to Financial Statements

June 30, 2024

Capital Assets

Capital assets are reported at historical cost. Capital assets are defined by the Administration as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Depreciation is computed using the straight-line method over the following estimated economic useful lives of the assets; buildings (31- 40 years) and equipment (3-10 years).

Employee Benefits

Employees fully vest in all earned but unused vacations and the Administration accrues for obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay.

Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB asset or liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the RHBT and additions to/deductions from RHBT's fiduciary net position have been determined on the same basis as they are reported by The West Virginia Retiree Health Benefit Trust Fund (RHBT). For this purpose, RHBT recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for certain pooled investments, money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

Pension

For purposes of measuring the net pension asset or liability, deferred outflows of resources and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Public Employees Retirement System (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments of the PERS are reported at fair value.

Deferred Outflows of Resources / Deferred Inflows of Resources

The statement of net position reports a separate financial statement element called deferred outflows of resources. This financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. The Administration reports certain OPEB and pension related amounts as deferred outflows of resources on the statement of net position.

The statement of net position reports a separate financial statement element called deferred inflows of resources. This financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Administration reports certain OPEB and pension related amounts as deferred inflows of resources on the statement of net position.

Net Position

Net position is presented as restricted by enabling legislation, restricted for pension and OPEB, unrestricted, or as the net investment in capital assets. Net investment in capital assets consists of all capital assets, less accumulated depreciation. Net position restricted by enabling legislation consists of notes and interest receivable from the Retail Liquor License Board

West Virginia Alcohol Beverage Control Administration

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(RLLB) re-bid which are required by state code to be distributed to the State of West Virginia. Net position restricted by pension and OPEB consists of the Administration's proportionate share of the cost sharing net pension and net OPEB plan assets. All remaining net position is considered unrestricted. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, restricted resources are applied first.

Operating Revenues and Expenses

Operating revenues and expenses for the Administration are revenues and expenses that result from providing services and producing and delivering goods and/or services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3 – Capital Assets

A summary of capital assets as of and for the year ended June 30, 2024 and 2023, follows:

<u>June 30, 2024</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, not depreciated:				
Land	\$ 611,381	\$ -	\$ -	\$ 611,381
Capital assets, being depreciated:				
Buildings	3,432,353	42,418	-	3,474,771
Equipment	1,911,204	21,646	(4,222)	1,928,628
Total capital assets, being depreciated	5,343,557	64,064	(4,222)	5,403,399
Less accumulated depreciation for:				
Buildings	(1,864,359)	(176,149)	-	(2,040,508)
Equipment	(1,603,742)	(62,717)	4,222	(1,662,237)
Total accumulated depreciation	(3,468,101)	(238,866)	4,222	(3,702,745)
Total capital assets being depreciated, net	1,875,456	(174,802)	-	1,700,654
Total capital assets, net	<u>\$ 2,486,837</u>	<u>\$ (174,802)</u>	<u>\$ -</u>	<u>\$ 2,312,035</u>

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Notes to Financial Statements

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June 30, 2023	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not depreciated:				
Land	\$ 611,381	\$ -	\$ -	\$ 611,381
Capital assets, being depreciated:				
Buildings	3,418,167	14,186	-	3,432,353
Equipment	1,845,209	105,739	(39,744)	1,911,204
Total capital assets, being depreciated	5,263,376	119,925	(39,744)	5,343,557
Less accumulated depreciation for:				
Buildings	(1,692,284)	(172,075)	-	(1,864,359)
Equipment	(1,582,797)	(60,689)	39,744	(1,603,742)
Total accumulated depreciation	(3,275,081)	(232,764)	39,744	(3,468,101)
Total capital assets being depreciated, net	1,988,295	(112,839)	-	1,875,456
Total capital assets, net	\$ 2,599,676	\$ (112,839)	\$ -	\$ 2,486,837

Note 4 – Other Postemployment Benefits

Plan Description

The West Virginia Other Postemployment Benefit Plan (the OPEB Plan) is a cost-sharing, multiple-employer, defined benefit other post-employment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code Section 5-16D-2 (the Code). The financial activities of the OPEB Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia. The OPEB Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. OPEB Plan benefits are established and revised by PEIA and the RHBT management with approval of their Finance Board. The PEIA issues a publicly available financial report of the RHBT that can be obtained at www.peia.wv.gov or by writing to the West Virginia Public Employees Insurance Agency, 601 57th Street, SE Suite 2, Charleston, WV 25304.

Benefits Provided

Administration employees who retire are eligible for PEIA health and life benefits, provided they meet the minimum eligibility requirements of the Public Employees' Retirement System (PERS) or meet certain other eligibility requirements of other West Virginia Consolidated Public Retirement Board (CPRB) sponsored retirement plans. RHBT provides medical and prescription drug insurance and life insurance benefits to those qualified participants. Life insurance is provided through a vendor and is primarily funded by member contributions. The medical and prescription drug insurance is provided through two options; Self-Insured Preferred Provider Benefit Plan - primarily for non-Medicare-eligible retirees and spouses or External Managed Care Organizations - primarily for Medicare-eligible retirees and spouses.

The RHBT Medicare-eligible retired employees and their Medicare-eligible dependents receive medical and drug coverage from a Medicare Advantage Prescription Drug Plan (MAPD) administered by a vendor. Under this arrangement, the vendor assumes the financial risk of providing comprehensive medical and drug coverage with limited copayments. Non-Medicare retirees will continue enrollment in PEIA's Preferred Provider Benefit or the Managed Care Option. The RHBT collects employer contributions for Managed Care Organization (MCO) participants and remits capitation payments to the MCO. Survivors of retirees have the option of purchasing the medical and prescription drug coverage.

West Virginia Alcohol Beverage Control Administration

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June 30, 2024

Eligible participants hired after June 30, 2010, will be required to fully fund premium contributions upon retirement. The Plan is a closed plan to new entrants.

Contributions

West Virginia Code section 5-16D-6 assigns to the PEIA Finance Board the authority to establish and amend contribution requirements of the plan members and the participating employers. Participating employers are required by statute to contribute at a rate assessed each year by the RHBT. The annual contractually required rate is the same for all participating employers. Employer contributions represent what the employer was billed during the respective year for their portion of the pay as you go premiums, commonly referred to as paygo, retiree leave conversion billings, and other matters, including billing adjustments. The annual contractually required per active policyholder per month rates for State non-general funded agencies and other participating employers effective June 30, 2024, 2023, and 2022, respectively, were:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>
			<u>2/1/22 – 6/30/22</u>	<u>7/1/21 – 1/31/22</u>
Paygo Premium	\$ -	\$ 70	\$ 48	\$ 116

Contributions to the OPEB plan from the Administration were \$0, \$46,307, and \$62,401 for the years ended June 30, 2024, 2023, and 2022, respectively.

Members retired before July 1, 1997, pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired between July 1, 1997, and June 30, 2010, pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010, pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

Retiree leave conversion contributions from the employer depend on the retiree's date of hire and years of service at retirement as described below;

- Members hired before July 1, 1988, may convert accrued sick or leave days into 100% of the required retiree healthcare contribution.
- Members hired from July 1, 1988, to June 30, 2001, may convert accrued sick or leave days into 50% of the required retiree healthcare contribution.

The conversion rate is two days of unused sick and annual leave days per month for single healthcare coverage and three days of unused sick and annual leave days per month for family healthcare coverage.

Contributions by Nonemployer Contributing Entities in Special Funding Situations

The State of West Virginia is a nonemployer contributing entity that provides funding through SB 419, effective July 1, 2012, amended by West Virginia Code §11-21-96. The State provides a supplemental pre-funding source dedicating \$30 million annually to the RHBT Fund from annual collections of the Personal Income Tax Fund and dedicated for payment of the unfunded liability of the RHBT. The \$30 million transferred pursuant to this Code shall be transferred until the Governor certifies to the Legislature that an independent actuarial study has determined that the unfunded liability of RHBT has been provided for in its entirety or July 1, 2037, whichever date is later. This funding is to the advantage of all RHBT contributing employers.

The State is a nonemployer contributing entity that provides funding through SB 469, which was passed February 10, 2012, granting OPEB liability relief to the 55 County Boards of Education effective July 1, 2012. The public school support plan (PSSP) is a basic foundation allowance program that provides funding to the local school boards for "any amount of the

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employer's annual required contribution allocated and billed to the county boards for employees who are employed as professional employees, employees who are employed as service personnel and employees who are employed as professional student support personnel", within the limits authorized by the State Code. This special funding under the school aid formula subsidizes employer contributions of the county boards of education.

OPEB Liabilities (Asset), OPEB Expense (Revenues), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024 and 2023, the Administration reported a liability (asset) for its proportionate share of the RHBT net OPEB liability (asset) that reflected a reduction for State OPEB support provided to the Administration. The amount recognized by the Administration as its proportionate share of the net OPEB liability (asset), the related State support, and the total portion of the net OPEB liability (asset) that was associated with the Administration was as follows:

	2024	2023
The Administration's proportionate share of the net OPEB liability (asset)	\$ (105,502)	\$ 79,162
State's special funding proportionate share of the net OPEB liability (asset) associated with the Administration	(45,031)	27,118
Total portion of net OPEB liability (asset) associated with the Administration	\$ (150,533)	\$ 106,280

The net OPEB liability (asset) reported at June 30, 2024 was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2022, and rolled forward to a measurement date of June 30, 2023. The Administration's proportion of the net OPEB liability (asset) was based on its proportionate share of employer and non-employer contributions to the OPEB Plan for the fiscal year ended on the measurement date. At June 30, 2023, the Administration's proportion was 0.066668%, which is a decrease of 0.004457 from its proportion measured as of June 30, 2022.

For the years ended June 30, 2024 and 2023, respectively, the Administration recognized OPEB expense of (\$379,620) and (\$313,458) and for support provided by the State under special funding situations revenue of (\$66,022) and (\$76,821). At June 30, 2024 and 2023, the Administration reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 61,413
Net difference between projected and actual earnings on OPEB plan investments	-	1,759
Changes in assumptions	29,091	58,861
Changes in proportion and differences between the Administration's contributions and proportionate share of contributions	11,941	48,614
The Administration's contributions subsequent to the measurement date of June 30, 2023	-	-
Total	\$ 41,032	\$ 170,647

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	June 30, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 100,987
Net difference between projected and actual earnings on OPEB plan investments	12,288	-
Changes in assumptions	50,767	201,136
Changes in proportion and differences between the Administration's contributions and proportionate share of contributions	27,316	92,542
Reallocation of opt-out employer change in proportionate share	-	486
The Administration's contributions subsequent to the measurement date of June 30, 2022	46,301	-
Total	\$ 136,672	\$ 395,151

There were no contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability (or an increase in the net OPEB asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:

2025	\$	(66,320)
2026		(61,061)
2027		1,692
2028		(3,926)

Actuarial Assumptions

The total OPEB liability, reported as of June 30, 2024, was determined by an actuarial valuation as of June 30, 2022, with a measurement date of June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	Rates bases on 2015-2020 OPEB experience study and dependent on pension plan participation and attained age and range from 2.75% to 5.18%, including inflation
Investment rate of return	7.40% net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Trend rate for pre-Medicare and Medicare per capita costs of 7.0% medical and 8.0% drug. The trends increase over four years to 9.0% and 9.5% respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan yearend 2032.
Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of payroll
Remaining amortization period	20 years closed period beginning June 30, 2017

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Mortality Rates

Post-retirement mortality retirement rates were based on Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females for Teachers' Retirement System (TRS), Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females for PERS, and Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2021 and scaling factors of 100% for males and females for West Virginia Death, Disability, and Retirement Fund (Trooper A) and West Virginia State Police Retirement System (Trooper B). Pre-retirement mortality rates were based on Pub-2010 General Employee Mortality Tables projected with MP-2021 and scaling factors of 100% for males and females for TRS, Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021 for PERS, and Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2021 for Troopers A and B.

The total OPEB liability, reported as of June 30, 2023, was determined by an actuarial valuation as of June 30, 2021, with a measurement date of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Rates bases on 2015-2020 OPEB experience study and dependent on pension plan participation and attained age and range from 2.75% to 5.18%, including inflation
Investment rate of return	6.65% net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years, then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capital costs of 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan yead end 2032.
Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of payroll
Remaining amortization period	20 years closed period beginning June 30, 2017

Mortality Rates

Post-retirement mortality retirement rates were based on Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females for Teachers' Retirement System (TRS), Pub-2010 Below-Median Income General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females for PERS, and Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2021 and scaling factors of 100% for males and females for West Virginia Death, Disability and Retirement Fund (Trooper A) and West Virginia State Police Retirement System (Trooper B). Pre-retirement mortality rates were based on Pub-2010 General Employee Mortality Tables projected with MP-2021 for TRS, Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021 for PERS, and Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2021 for Troopers A and B.

The actuarial assumptions used in the June 30, 2022 and 2021 valuations were based on the results of an actuarial experience study for the period of July 1, 2015 - June 30, 2020.

West Virginia Alcohol Beverage Control Administration

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June 30, 2024

The actuarial valuation as of June 30, 2022, reflects updates to the following assumptions which are reviewed at each measurement date:

- Per capita claim costs;
- Healthcare trend rates;
- Aging factors;
- Participation rates

The long-term expected rate of return of 7.40% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.60% for long-term assets invested with the West Virginia Investment Management Board (WVIMB) and an expected short-term rate of return of 2.75% for assets invested with the WVBTI. Long-term pre-funding assets are invested with the WVIMB. The strategic asset allocation consists of 45% equity, 15% fixed income, 6% private credit and income, 12% private equity, 10% hedge fund and 12% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the WVBTI.

The long-term rate of return on OPEB plan investments are determined using a building block method in which best estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. The plan's investment advisors, including the WVIMB, provided target asset allocations, capital market assumptions, and forecast returns. The projected return for the Money Market Pool held with the WVBTI was estimated based on the WVIMB assumed inflation of 2.50% plus a 25 basis point spread. The target allocation and estimates of annualized long-term expected real returns assuming a 10-year horizon are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	45.00%	7.4%
Fixed Income	15.00%	3.9%
Private Credit and Income	6.00%	7.4%
Private Equity	12.00%	10.0%
Hedge Funds	10.00%	4.5%
Real Estate	12.00%	7.2%

Discount Rate

A single discount rate of 7.40% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.40%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Other Key Assumptions

Members hired on or after July 1, 2010, pay 100% of the costs of coverage, resulting in no implicit or explicit employer cost. Consequently, these members are excluded from the actuarial valuation.

OPEB Subsequent Event

RHBT had significant savings with the Humana (a key Plan vendor) contract renewal beginning fiscal years 2022 through 2025. In addition to the Humana contract savings, RHBT experienced favorable investment returns in fiscal year 2021,

West Virginia Alcohol Beverage Control Administration

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resulting in an excess in the premium stabilization reserve. RHBT is passing on these savings to PEIA active employers and as a result, there was no PAYGO billed in fiscal year 2024. The 5-year financial plan, which was passed by the PEIA Finance Board in December 2021, originally had PAYGO to be billed at \$20M for fiscal year 2024.

For the fiscal year ending June 30, 2025, financial reporting, many OPEB eligible employers will see \$0 OPEB contributions and a \$0 net OPEB liability (asset) on the GASB 75 Schedules of Employer OPEB Allocations and OPEB Amounts by Employer.

The net OPEB liability (asset) is allocated to all OPEB eligible employers based on OPEB contributions. These contributions include PAYGO, retiree leave conversion (health & life) and non-participating billings for a given fiscal year. For fiscal year 2024, there were \$0 billed in PAYGO leaving only the remaining contribution types to be allocated. Many OPEB eligible employers are billed PAYGO only. These employers will have \$0 OPEB contributions resulting in a \$0 net OPEB liability (asset) on the schedules for fiscal year 2025 (based on FY 2024 contributions), resulting in the remaining employers that do have other types of OPEB contributions absorbing the entire net OPEB liability (asset). Based off the current year schedules, approximately 413 out of the 700+ employers have only PAYGO billings as contributions.

Sensitivity of the Administration's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following presents the Administration's proportionate share of the net OPEB asset calculated using the current discount rate, as well as what the Administration's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
The Administration's proportionate share of the net OPEB asset	\$ 17,852	\$ 105,502	\$ 201,633

Sensitivity of the Administration's Proportionate Share of Net OPEB Asset (Liability) to Changes in the Healthcare Cost Trend Rate

The following presents the Administration's proportionate share of the net OPEB (liability) asset, as well as what the Administration's proportionate share of the net OPEB (liability) asset would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
The Administration's proportionate share of the net OPEB asset (liability)	\$ 268,755	\$ 105,502	\$ (88,639)

Note 5 – Pension Plan

Plan Description

The Administration contributes to the Public Employees' Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board (CPRB). PERS covers

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substantially all employees of the State and its component units, as well as employees of participating non-state governmental entities who are not participants of another state or municipal retirement system. Benefits under PERS include retirement, death, and disability benefits, and have been established and may be amended by action of the State Legislature. The CPRB issues a publicly available financial report that includes financial statements for PERS that may be obtained at www.wvretirement.com.

Benefits Provided

PERS provides retirement benefits as well as death and disability benefits. Qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. For all employees hired after July 1, 2015, qualification for normal retirement is age 62 with 10 years of service. The straight-life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. Final average salary is the average annual salary from the highest 36 consecutive months within the last fifteen years of employment. For all employees hired after July 1, 2015, final average salary is the average annual salary of the highest 60 consecutive months within the last fifteen years of employment. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired after July 1, 2015, this age increases to 64 with 10 years of service.

Contributions

Contributions as a percentage of payroll for members are established by statutes, subject to legislative limitations and are not actuarially determined. Contributions as a percentage of payroll for employers are established by the CPRB. Current funding policy requires contributions, consisting of member contributions of 4.5% of annual earnings and employer contributions of 9.0%, 9.0%, and 10.0% of covered payroll for the years ended June 30, 2024, 2023, and 2022, respectively. All members hired after July 1, 2015, will contribute 6% of annual earnings.

During the years ended June 30, 2024, 2023, and 2022, the Administration's contributions to PERS required and made were \$290,547, \$268,632, and \$278,289, respectively.

Pension, Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024 and 2023, respectively, the Administration reported a liability (asset) of (\$7,945) and \$246,010 for its proportionate share of the net pension liability (asset). The net pension liability (asset) reported at June 30, 2024, was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of July 1, 2022, rolled forward to the measurement date of June 30, 2023. The Administration's proportion of the net pension liability (asset) was based on the Administration's share of contributions to the pension plan relative to the contributions of all employers participating in PERS for the year ended June 30, 2023. At June 30, 2023, the Administration's proportion was 0.177260%, which was an increase of 0.012063 from its proportion measured as of June 30, 2022.

For the years ended June 30, 2024, and 2023, the Administration recognized pension expense of \$256,695 and \$136,044, respectively. At June 30, 2024 and 2023, the Administration reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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June 30, 2024

	June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 48,277	\$ -
Difference between expected and actual experience	67,288	-
Changes in assumptions	51,386	-
Changes in proportion and differences between Administration contributions and proportionate share of contributions	529	10,441
The Administration's contributions made subsequent to the measurement date of June 30, 2023	290,547	-
Total	\$ 458,027	\$ 10,441

	June 30, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 148,342	\$ -
Difference between expected and actual experience	94,377	-
Changes in assumptions	161,918	-
Changes in proportion and differences between Administration contributions and proportionate share of contributions	919	6,498
The Administration's contributions made subsequent to the measurement date of June 30, 2022	268,632	-
Total	\$ 674,188	\$ 6,498

Deferred outflows of resources related to pensions of \$290,547 resulting from the Administration's contributions subsequent to the measurement date will be recognized as an increase in the net pension asset in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2025	\$ (8,100)
2026	(187,359)
2027	386,593
2028	(34,095)

Actuarial Assumptions

The total pension liability reported as of June 30, 2024 and 2023, was determined by actuarial valuations as of July 1, 2022 and June 30, 2021, respectively, with measurement dates of June 30, 2023 and 2022, respectively, using the following actuarial assumptions, applied to all periods included in the measurements unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75-6.75 percent, average, including inflation
Investment rate of return	7.25 percent, net of pension plan investment expense

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Mortality rates were based on 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018 for active employees, 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018 for retired healthy males, 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2018 for retired healthy females, 118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018 for disabled males, and 117% of Pub-2010 General / Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2018 for disabled females.

Experience studies, which were based on the years 2015 through 2020 for economic assumptions and 2013 through 2018 for all other assumptions, were used for the 2022 and 2021 actuarial valuations.

The long-term rates of return on pension plan investments were determined using the building block method in which estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of long-term geometric rates of return are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic equity	27.5%	6.5%
International equity	27.5%	9.1%
Fixed income	15.0%	4.3%
Real estate	10.0%	5.8%
Private equity	10.0%	9.2%
Hedge funds	10.0%	4.6%

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rates assumed that employer contributions will continue to follow the current funding policies. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Administration's Proportionate Share of the Net Pension Asset (Liability) to Changes in the Discount Rate

The following presents the Administration's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.25 percent, as well as what the Administration's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Administration's proportionate share of the net pension asset (liability)	\$ (1,646,820)	\$ 7,945	\$ 1,404,264

West Virginia Alcohol Beverage Control Administration

Notes to Financial Statements

June 30, 2024

Note 6 – Risk Management

The Administration 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 Administration participates in several risk management programs administered by the State of West Virginia and other providers. In exchange for the payment of premiums, the Administration has transferred its risks for these identified risks to the following entities. There were no changes in coverage or claims in excess of coverage for the years ended June 30, 2024 and 2023, respectively.

Public Employees' Insurance Agency (PEIA)

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 of 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 Administration 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 Administration pays an annual premium to BRIM for its general insurance coverage. 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. BRIM has \$1 million per occurrence coverage maximum on all third-party liability claims.

Workers Compensation Insurance

The Administration carries workers compensation insurance coverage through a commercial carrier. The carrier is paid a monthly premium to provide compensation for injuries sustained in the course of employment.

Note 7 – Contingencies

The Administration is involved in certain claims and legal actions arising from the ordinary course of conducting business. Although the outcome of these claims and legal actions are presently indeterminable; it is the opinion of the Administration's management, after a review of legal activities, that no adjustments to the financial statements are warranted and that any resolution of outstanding claims or legal actions are not expected to have a material adverse effect on the accompanying financial statements.

Note 8 – Effect of New Accounting Pronouncement

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, *Compensated Absences*. This Statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

West Virginia Alcohol Beverage Control Administration

Notes to Financial Statements

June 30, 2024

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement defines and requires governments to disclose the risks related to constraints and concentrations of inflows or outflows of resources. The objective is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

In April 2024, The GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement specifically addresses changes to elements impacting Management's Discussion and Analysis, Unusual or Infrequent Items, the presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position, Major Component Unit Information, Budgetary Comparison Information, and addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Management has not determined the impact of these new GASB Statements on the prospective financial statements of the Administration.



Required Supplementary Information

West Virginia Alcohol Beverage Control Administration

Schedules of Proportionate Share of the Net OPEB Liability (Asset)

Retiree Health Benefit Trust

	Years Ended June 30						
	2024	2023	2022	2021	2020	2019	2018
The Administration's proportion (percentage) of the net OPEB liability (asset)	0.066668%	0.071125%	0.078403%	0.074910%	0.081847%	0.081610%	0.082283%
The Administration's proportionate share of the net OPEB liability (asset)	\$ (105,502)	\$ 79,162	\$ (23,313)	\$ 330,873	\$ 1,357,943	\$ 1,750,895	\$ 2,023,319
West Virginia special funding proportionate share of the net OPEB liability (asset) associated with the Administration	\$ (45,031)	\$ 27,118	\$ (4,590)	\$ 73,161	\$ 277,896	\$ 361,863	\$ 415,592
Total portion of the net OPEB liability (asset) associated with the Administration	\$ (150,533)	\$ 106,280	\$ (27,903)	\$ 404,034	\$ 1,635,839	\$ 2,112,758	\$ 2,438,911
The Administration's covered employee payroll	\$ 1,429,550	\$ 1,495,397	\$ 1,544,694	\$ 1,669,155	\$ 1,592,378	\$ 1,503,555	\$ 1,530,548
The Administration's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	(7.38%)	5.29%	(1.51%)	19.82%	85.28%	116.45%	132.20%
Plan fiduciary net position as a percentage of the total OPEB liability	109.66%	93.59%	101.81%	73.49%	39.69%	30.98%	25.10%

Note: All amounts presented are as of the measurement date, which is one year prior to the fiscal year end date.

West Virginia Alcohol Beverage Control Administration

Schedules of Contributions to the RHBT

	Years Ended June 30							
	2024	2023	2022	2021	2020	2019	2018	2017
Required contribution	\$ -	\$ 46,301	\$ 62,401	\$ 129,069	\$ 128,390	\$ 158,850	\$ 171,450	\$ 169,009
Contributions in relation to the required contribution	-	46,301	62,401	129,069	128,390	158,850	171,450	169,009
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The Administration's covered employee payroll	\$1,329,268	\$ 1,429,550	\$ 1,495,397	\$ 1,544,694	\$ 1,669,155	\$1,592,378	\$1,503,555	\$ 1,530,548
Contributions as a percentage of covered employee payroll	0.00%	3.24%	4.17%	8.36%	7.69%	9.98%	11.40%	11.04%

West Virginia Alcohol Beverage Control Administration
Schedules of Proportionate Share of the Net Pension Liability (Asset)
Public Employees Retirement System

	Years Ended June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Administration's proportion (percentage) of the net pension liability (asset)	0.177260%	0.165197%	0.177988%	0.182911%	0.182932%	0.175709%	0.187315%	0.179381%	0.189669%	0.185831%
Administration's proportionate share of the net pension liability (asset)	\$ (7,945)	\$ 246,010	\$ (1,562,621)	\$ 966,996	\$ 393,328	\$ 453,772	\$ 808,537	\$ 1,648,721	\$ 1,059,119	\$ 685,838
Administration's covered payroll	\$ 2,984,800	\$ 2,782,890	\$ 3,007,750	\$ 2,956,000	\$ 2,680,860	\$ 2,469,345	\$ 2,581,475	\$ 2,632,593	\$ 2,583,821	\$ 2,551,483
Administration's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(0.27%)	8.84%	(51.95%)	32.71%	14.67%	18.38%	31.32%	62.63%	40.99%	26.88%
Plan fiduciary net position as a percentage of the total pension liability	100.05%	98.17%	111.07%	92.89%	96.99%	96.33%	93.67%	86.11%	91.29%	93.98%

Note: All amounts presented are as of the measurement date, which is one year prior to the fiscal year end date.

West Virginia Alcohol Beverage Control Administration

Schedules of Contributions to the PERS

	Years Ended June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 290,547	\$ 268,632	\$ 278,289	\$ 300,775	\$ 295,600	\$ 268,086	\$ 271,628	\$ 309,777	\$ 355,400	\$ 361,735
Contributions in relation to the statutorily required contribution	290,547	268,632	278,289	300,775	295,600	268,086	271,628	309,777	355,400	361,735
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administration's covered payroll	\$ 3,228,300	\$ 2,984,800	\$ 2,782,890	\$ 3,007,750	\$ 2,956,000	\$ 2,680,860	\$ 2,469,345	\$ 2,581,475	\$ 2,632,593	\$ 2,583,821
Contributions as a percentage of covered payroll	9.00%	9.00%	10.00%	10.00%	10.00%	10.00%	11.00%	12.00%	13.50%	14.00%

West Virginia Alcohol Beverage Control Administration

Notes to Required Supplementary Information

June 30, 2024

Note 1 – Trend Information Presented

The accompanying schedules of the Administration's proportionate share of the net pension and OPEB liabilities (assets) and contributions to the PERS and RHBT are required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedules for those years for which information is available.

Note 2 – Pension Plan Amendments

The PERS was amended to make changes, which apply, to new employees hired on or after July 1, 2015, as follows:

- For employees hired prior to July 1, 2015, qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. A member may retire with the pension reduced actuarially if the member is at least 55 and has at least 10 years of contributory service, or at any age with 30 years of contributory service. For employees hired after July 1, 2015, qualification for normal retirement is 62 with 10 years of service. A member hired after July 1, 2015, may retire with the pension reduced actuarially if the member is between the ages 60 and 62 with at least ten years of contributory service, between ages 57 and 62 with at least twenty years of contributory service, or between the ages 55 and 62 with at least thirty years of contributory service.
- The straight life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. For employees hired prior to July 1, 2015, average salary is the average of the three consecutive highest annual earnings out of the last fifteen years of earnings. For all employees hired on or after July 1, 2015, average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings.
- For employees hired prior to July 1, 2015, terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired on or after July 1, 2015, this age increases to 64 with at least ten years of contributory service, or age 63 with at least twenty years of contributory service.
- For all employees hired prior to July 1, 2015, employees are required to contribute 4.5% of annual earnings. All employees hired on or after July 1, 2015, are required to contribute 6% of annual earnings.

West Virginia Alcohol Beverage Control Administration

**Notes to Required Supplementary Information
June 30, 2024**

Note 3 – Pension Plan Changes in Assumptions

The information in the schedules of the proportionate share of the net pension liability (asset) was based on actuarial valuations rolled forward to measurement dates of June 30 of each year presented below using the following actuarial assumptions:

	Projected Salary Increases				Mortality Rates	Withdrawal rates			
	State	Nonstate	Inflation Rate	Discount Rate		State	Nonstate	Disability Rates	Experience Study
2023	2.75% - 5.55%	3.6% - 6.75%	2.75%	7.25%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with Scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018; Disabled females-118% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018	2.28 - 45.63%	2.50 - 35.88%	0.005 - 0.540%	2015-2020 - economic assumptions and 2013-2018 all other assumptions
2022	2.75% - 5.55%	3.6% - 6.75%	2.75%	7.25%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with Scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018; Disabled females-118% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018	2.28 - 45.63%	2.50 - 35.88%	0.005 - 0.540%	2015-2020 - economic assumptions and 2013-2018 all other assumptions
2021	2.75% - 5.55%	3.6% - 6.75%	2.75%	7.25%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with Scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018; Disabled females-118% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018	2.28 - 45.63%	2.50 - 35.88%	0.005 - 0.540%	2015-2020 - economic assumptions and 2013-2018 all other assumptions
2020	3.1% - 5.3%	3.35% - 6.5%	3.00%	7.50%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with Scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018; Disabled females-118% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018	2.28 - 45.63%	2.50 - 35.88%	0.005 - 0.540%	2013-2018

West Virginia Alcohol Beverage Control Administration

**Notes to Required Supplementary Information
June 30, 2024**

Note 3 – Pension Plan Changes in Assumptions (Continued)

	Projected Salary Increases		Inflation Rate	Discount Rate	Mortality Rates	Withdrawal rates		Disability Rates	Experience Study
	State	Nonstate				State	Nonstate		
2019	3.1% - 5.3%	3.35% - 6.5%	3.00%	7.50%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with Scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018; Disabled females-118% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018	2.28 - 45.63%	2.00 - 35.88%	0.005 - 0.540%	2013-2018
2018	3.0% - 4.6%	3.35% - 6.0%	3.00%	7.50%	Healthy males -110% of RP-2000 Non-Annuitant, Scale AA fully generational Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101 % of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled Males-96% of RP-2000 Disabled Annuitant, Scale AA fully generational Disabled Females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational	1.75 - 35.1%	2 - 35.8%	0 - 0.675%	2009-2014
2017	3.0% - 4.6%	3.35% - 6.0%	3.00%	7.50%	Healthy males -110% of RP-2000 Non-Annuitant, Scale AA fully generational Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101 % of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled Males-96% of RP-2000 Disabled Annuitant, Scale AA fully generational Disabled Females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational	1.75 - 35.1%	2 - 35.8%	0 - 0.675%	2009-2014
2016	3.0% - 4.6%	3.35% - 6.0%	3.00%	7.50%	Healthy males -110% of RP-2000 Non-Annuitant, Scale AA fully generational Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101 % of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled Males-96% of RP-2000 Disabled Annuitant, Scale AA fully generational Disabled Females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational	1.75 - 35.1%	2 - 35.8%	0 - 0.675%	2009-2014
2015	3.0% - 4.6%	3.35% - 6.0%	1.90%	7.50%	Healthy males - 110% of RP-2000 Non-Annuitant, Scale AA; Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA; Disabled males - 96% of RP-2000 Disabled Annuitant, Scale AA; Disabled females - 107% of RP-2000 Disabled Annuitant, Scale AA	1.75 - 35.1%	2 - 35.8%	0 - 0.675%	2009-2014
2014	4.25% - 6.0%	4.25% - 6.0%	2.20%	7.50%	Healthy males - 1983 GAM; Healthy females-1971 GAM; Disabled males - 1971 GAM; Disabled females - Revenue ruling 96-7	1 - 26%	2 - 31.2%	0 - 0.8%	2004-2009

West Virginia Alcohol Beverage Control Administration

**Notes to Required Supplementary Information
June 30, 2024**

Note 4 – OPEB Plan Changes in Assumptions

The information in the schedules of the proportionate share of the net OPEB liability (asset) was based on actuarial valuations rolled forward to measurement dates of June 30 of each year presented below using the following actuarial assumptions:

	Inflation	Salary Increases	Investment Rate of Return & Discount Rate	Mortality Rates	Healthcare Cost Trend Rates	Experience Study
2023	2.50%	Rates based on 2015-2020 OPEB experience study an dependent on pension plan participation and attained age and range from 2.75% to 5.18%, including inflation	7.40%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females for TRS; Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females for PERS; Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2021 and scaling factors of 100% for males and females for Trooper A and Trooper B; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021 for TRS; Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021 for PERS; Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2021 for Trooper A and Trooper B	Trend rate for pre-Medicare per capita costs of 7.0% medical and 8.0% drug. The trends increase over four years to 9.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2032.	2015-2020
2022	2.25%	Rates based on 2015-2020 OPEB experience study an dependent on pension plan participation and attained age and range from 2.75% to 5.18%, including inflation	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females for TRS; Pub-2010 Below-Median Income General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females for PERS; Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2021 and scaling factors of 100% for males and females for Trooper A and Trooper B; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021 for TRS; Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021 for PERS; Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2021 for Trooper A and Trooper B	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.	2015-2020
2021	2.25%	Rates based on 2015-2020 OPEB experience study an dependent on pension plan participation and attained age and range from 2.75% to 5.18%, including inflation	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females for TRS; Pub-2010 Below-Median Income General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 106% for males and 113% for females for PERS; Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2019 and scaling factors of 100% for males and females for Trooper A and Trooper B; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019 for TRS; Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2019 for PERS; Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2019 for Trooper A and Trooper B	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of (31.11%) for plan year end 2022, 9.15% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.	2015-2020
2020	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females for TRS; Pub-2010 Below-Median Income General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 106% for males and 113% for females for PERS; Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2019 and scaling factors of 100% for males and females for Trooper A and Trooper B; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019 for TRS; Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2019 for PERS; Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2019 for Trooper A and Trooper B	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of (31.11%) for plan year end 2022, 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.	2015-2020
2019	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS; RP-2014 Healthy Annuitant Mortality Table projected with scale MP-2016 on a fully generational basis for Trooper A and Trooper B); Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS; RP-2014 Employee Mortality Table projected to 2020 with Scale MP-2016 on a fully generational basis for Trooper A and Trooper B	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.	2013-2018
2018	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS; RP-2014 Healthy Annuitant Mortality Table projected with scale MP-2016 on a fully generational basis for Trooper A and Trooper B); Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS; RP-2014 Employee Mortality Table projected to 2020 with Scale MP-2016 on a fully generational basis for Trooper A and Trooper B	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.	2010-2015
2017	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS; RP-2000 Healthy Annuitant Mortality Table projected to 2025 with scale BB for Trooper A and Trooper B); Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS; RP-2000 Non-Annuitant Mortality Table projected to 2020 with Scale BB for Trooper A and Trooper B	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.	2010-2015



Supplementary Information

West Virginia Alcohol Beverage Control Administration

Combining Statement of Net Position
June 30, 2024

	Administrative / Liquor Fund #7352	Enforcement Fund #7356	Wine Fund #7351	Grants #7355 / Gift #7357	Beer Operations Fund #7358	Wine & Liquor Operations Fund #7359	Total
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	\$ 17,940,878	\$ 300,180	\$ 5,229,248	\$ 115,384	\$ 718,418	\$ 755,577	\$ 25,059,685
Inventory	60,492	-	-	-	-	-	60,492
Accounts receivable	706,678	-	-	-	-	-	706,678
Notes receivable - current, restricted	715,833	-	-	-	-	-	715,833
Accrued interest - current, restricted	20,331	-	-	-	-	-	20,331
Total current assets	<u>19,444,212</u>	<u>300,180</u>	<u>5,229,248</u>	<u>115,384</u>	<u>718,418</u>	<u>755,577</u>	<u>26,563,019</u>
NONCURRENT ASSETS							
Notes receivable - noncurrent, restricted	98,059	-	-	-	-	-	98,059
Accrued interest - noncurrent, restricted	698	-	-	-	-	-	698
Capital assets, net	1,608,308	18,803	263,184	67,815	-	353,925	2,312,035
Restricted assets:							
Restricted net OPEB asset	105,502	-	-	-	-	-	105,502
Restricted net pension asset	7,584	-	102	-	259	-	7,945
Total noncurrent assets	<u>1,820,151</u>	<u>18,803</u>	<u>263,286</u>	<u>67,815</u>	<u>259</u>	<u>353,925</u>	<u>2,524,239</u>
Total assets	<u>21,264,363</u>	<u>318,983</u>	<u>5,492,534</u>	<u>183,199</u>	<u>718,677</u>	<u>1,109,502</u>	<u>29,087,258</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows of resources from OPEB and pension	481,583	-	2,560	-	14,916	-	499,059
LIABILITIES							
CURRENT LIABILITIES							
Accrued expenses	190,103	-	2,487	-	7,565	-	200,155
Accounts payable	3,900,327	-	35,241	-	4,118	-	3,939,686
Total current liabilities	<u>4,090,430</u>	<u>-</u>	<u>37,728</u>	<u>-</u>	<u>11,683</u>	<u>-</u>	<u>4,139,841</u>
NONCURRENT LIABILITIES							
Accrued annual leave	273,810	-	-	-	-	-	273,810
Total noncurrent liabilities	<u>273,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>273,810</u>
Total liabilities	<u>4,364,240</u>	<u>-</u>	<u>37,728</u>	<u>-</u>	<u>11,683</u>	<u>-</u>	<u>4,413,651</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows of resources from OPEB and pension	181,202	-	(454)	-	340	-	181,088
NET POSITION							
Net investment in capital assets	1,608,308	18,803	263,184	67,815	-	353,925	2,312,035
Restricted by enabling legislation	834,921	-	-	-	-	-	834,921
Restricted for pension and OPEB	113,086	-	102	-	259	-	113,447
Unrestricted	14,644,189	300,180	5,194,534	115,384	721,311	755,577	21,731,175
Total net position	<u>\$ 17,200,504</u>	<u>\$ 318,983</u>	<u>\$ 5,457,820</u>	<u>\$ 183,199</u>	<u>\$ 721,570</u>	<u>\$ 1,109,502</u>	<u>\$ 24,991,578</u>

West Virginia Alcohol Beverage Control Administration

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended June 30, 2024**

	Administrative / Liquor Fund #7352	Enforcement Fund #7356	Wine Fund #7351	Grants #7355/ Gift #7357	Beer Operations Fund #7358	Wine & Liquor Operations Fund #7359	Total
OPERATING REVENUES							
Sales	\$ 135,229,526	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,229,526
Licenses, permits and fees	3,845,294	281,307	623,025	35,549	311,650	232,100	5,328,925
Administrative hearing fines	-	113,700	-	-	-	-	113,700
Total revenues	139,074,820	395,007	623,025	35,549	311,650	232,100	140,672,151
OPERATING EXPENSES							
Cost of sales	101,873,957	-	35,030	15	-	-	101,909,002
General and administrative	5,120,649	113,221	64,993	22,338	341,697.00	1,485	5,664,383
Depreciation	135,052	8,345	49,459	17,952	-	28,058	238,866
	107,129,658	121,566	149,482	40,305	341,697	29,543	107,812,251
OPERATING INCOME (LOSS)	31,945,162	273,441	473,543	(4,756)	(30,047)	202,557	32,859,900
NONOPERATING REVENUE (EXPENSE)							
Grants	84,877	-	-	55,000	-	-	139,877
Statutory distributions	(30,188,331)	(33,136)	(11,400)	-	-	-	(30,232,867)
Other	(66,022)	-	-	-	-	-	(66,022)
	(30,169,476)	(33,136)	(11,400)	55,000	-	-	(30,159,012)
Change in net position	1,775,686	240,305	462,143	50,244	(30,047)	202,557	2,700,888
NET POSITION, beginning of year	15,424,818	78,678	4,995,677	132,955	751,617	906,945	22,290,690
NET POSITION, end of year	\$ 17,200,504	\$ 318,983	\$ 5,457,820	\$ 183,199	\$ 721,570	\$ 1,109,502	\$ 24,991,578

Audited Agency **West Virginia Alcohol Beverage Control Administration - June 30, 2024**

Per GASB Statement 40 the Agency must disclose its deposit policy. The deposit policy must be formally adopted through legal or contractual provisions. Disclosure of any statutory policies are also required. Please provide in the space below the Agency's deposit policy.

See Note 2 to the Financial Statements

	Carrying Amount	Restricted Carrying Amount	Total Carrying Amount	Bank Balance	FDIC Insured Amount	Collateralized Amount	2	3A	3B	3C	Foreign Currency Risk						
							Amount Collateralized with securities held by the pledging financial institution's trust department or agent in the government's name	Amount Uninsured and Uncollateralized	Collateralized with securities held by the pledging financial institution but not in the name of the depositor	Collateralized with securities held by the pledging financial institution trust department or agency but not in the name of the depositor	Currency Type	Maturity	Fair Value				
Balances as of June 30, 2024																	
Cash with Treasurer																	
Per wvOASIS Opening Balance Re	24,784,339		24,784,339														
Cash with Municipal Bond Commission																	
Cash on Hand																	
Cash in Transit to wvOASIS	275,346		275,346														
Cash with Board of Trustees																	
Cash in Outside Bank Accounts																	
Cash in Escrow																	
Certificates of Deposits (Non-Negotiable)																	
Other: Reconciling Item																	
Total	25,059,685	-	25,059,685	-	0	0	0	0	0	0	0						0

PLEASE SEND COMPLETED FORMS TO:
State of West Virginia
Financial Accounting and Reporting Section
2101 Washington Street East
Building 17, 3rd Floor
Charleston, WV 25305
Telephone Number (304) 558-4083
Fax Number (304) 558-4084

GAAP REPORTING FORM - DEPOSIT AND INVESTMENT RECONCILIATION

Audited Agency **West Virginia Alcohol Beverage Control Administration - June 30, 2024**

Reconciliation of cash, cash equivalents and investments as reported in the financial statements to the amounts disclosed in the footnote:

Deposits:		
Cash and cash equivalents as reported on balance sheet		\$ 25,059,685
Less: cash equivalents disclosed as investments		_____
Add: restricted assets disclosed as deposits		_____
Other (describe) _____		_____
_____		_____
_____		_____

Carrying amount of deposits as disclosed on Form 7	\$ 25,059,685
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Investments:		
Investments as reported on balance sheet		\$ -
Add: restricted assets disclosed as investments		_____
Add: cash equivalents disclosed as investments		_____
Other (describe) _____		_____
_____		_____
_____		_____

Reported amount of investments as disclosed on Form 8	\$ -
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PLEASE SEND COMPLETED FORMS TO:

State of West Virginia
 Financial Accounting and Reporting Sec
 2101 Washington Street East
 Building 17, 3rd Floor
 Charleston, WV 25305

Telephone Number (304) 558-4083
 Fax Number (304) 558-4084

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Members of the West Virginia
Alcohol Beverage Control Administration
Charleston, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the West Virginia Alcohol Beverage Control Administration (the Administration), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Administration’s basic financial statements, and have issued our report thereon dated October 10, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Administration’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Administration’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Administration’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Administration's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
October 10, 2024