



JOINT COMMITTEE
ON GOVERNMENT & FINANCE
INTERIM BOOK

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

Prepared by the
West Virginia Office of Broadband
December 7, 2023

<https://broadband.wv.gov>

<https://internetforallwv.wv.gov>

American Rescue Plan Act (ARPA) Funding

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

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

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

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

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

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

Following Treasury guidelines, ARPA programs focus on last mile connections to locations without access to reliable wireline service of 25/3 Mbps. Deployed networks will deliver a minimum of 100/20 Mbps and are scalable to symmetrical 100 Mbps.

2023 ARPA Progress

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

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

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

Table 1: Key metrics for projects awarded under SLFRF.

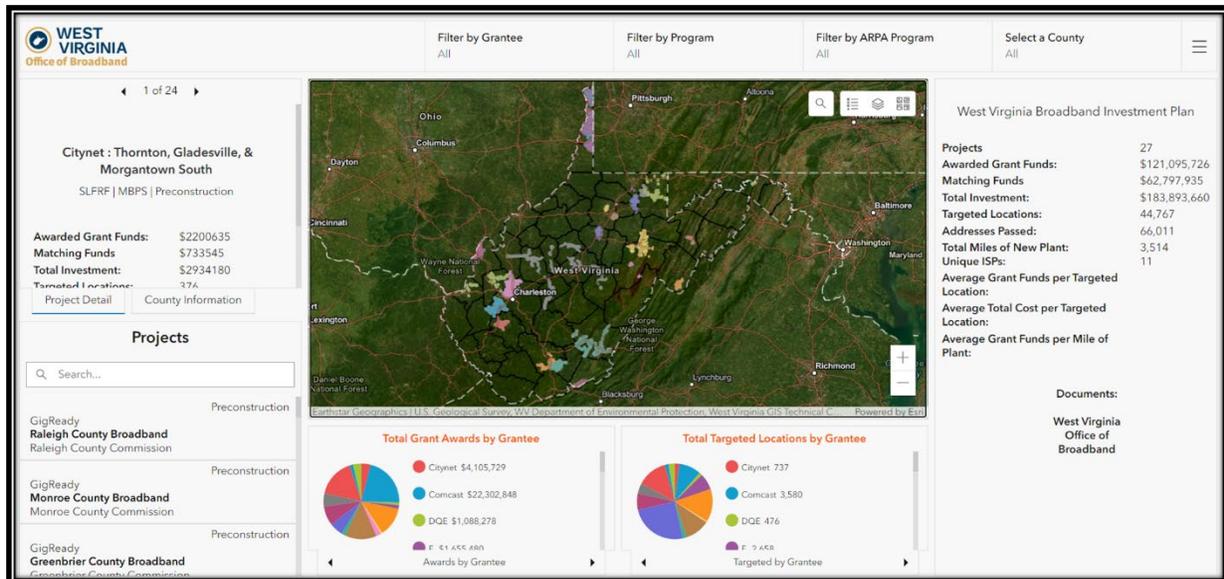
Table 2 shows key metrics for projects awarded with Capital Project Funds program funds.

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

Table 2: Key metrics for projects awarded under CPF.

Project Dashboard Launched August 2023

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



2023 ARPA Construction Forecast

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

Five ARPA projects are currently under construction, two of which have already been completed. An additional seven projects are currently in design phase and expected to be authorized to begin construction near the end of December 2023, as noted in the table below.

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

Table 3: Construction status of ARPA projects anticipated to be authorized to begin by the end of December 2023, pending pole permits.

ARPA Key Performance Indicators

Progress reports are collected from grantees and submitted to the U.S. Treasury on a quarterly basis. As of the third quarter of 2023, a total of 114 miles of fiber infrastructure has been deployed with a total of 1,381 passed locations. Total passings and deployed miles of fiber for December 2023 will be reported to Treasury in January 2024. The most recent application cycle for ARPA LEAD Round 3 funds closed on November 30, 2023. Additional project recommendations will be prepared in early 2024.

Infrastructure Investment and Jobs Act (IIJA) Broadband Programs

In June 2023, NTIA announced that West Virginia would be awarded \$1.2 billion in federal Broadband Equity, Access and Deployment (BEAD) funding for broadband development in West Virginia. BEAD is administered by the National Telecommunication and Information Administration (NTIA). This historic investment in broadband infrastructure and related digital inclusion efforts will support West Virginia’s universal broadband access vision:

West Virginia Vision for Digital Equity and BEAD

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

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

Initial Proposal Requirements

Volume I

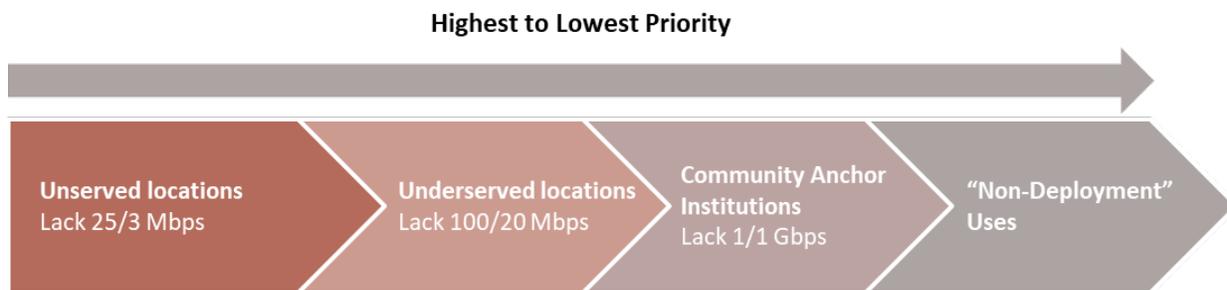
Volume II

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

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



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



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

To be considered fully served, a BSL must have a terrestrial or licensed fixed wireless internet service provider that provides, or could easily provide, a minimum connection speed of 100/20 Mbps, with latency less than or equal to 100 milliseconds. Underserved locations are subsequently defined as BSLs with maximum speeds between 25/3 Mbps, and 100/20 Mbps. Finally, unserved locations are defined by the BEAD program as BSLs with speeds less than 25/3 Mbps.³

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

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

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

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

The IJA includes three major programs:

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

Each program is briefly detailed below:

1. Broadband, Equity, Access, and Deployment (BEAD)

- a. The BEAD program provides funding for broadband planning, deployment, mapping, equity, and adoption activities.
- b. On June 26, 2023, NTIA announced that West Virginia will receive \$1,210,800,969.15 in BEAD funding.
- c. West Virginia's Five-Year Action Plan is approved by NTIA. The plan posted at broadband.wv.gov.
- d. West Virginia's Initial Proposal Volume 1 was available for public comment through September 30, 2023. Volume 1 has been submitted to NTIA 2023, and is posted at broadband.wv.gov.
- e. West Virginia's Initial Proposal Volume 2 is posted for a 30-day public comment period at <https://broadband.wv.gov>. The comment period closed on November 20, 2023.

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

- WVDED is coordinating the deployment of BEAD funding with other existing broadband infrastructure programs in the State.
- Only 65% of broadband serviceable locations in West Virginia are served, according to NTIA's definitions.
- **BEAD funding will support deployment to the 167,965 unserved and underserved locations that do not have existing enforceable commitments.**
- In addition to NTIA's community anchor institution categories, WVDED will consider adding correctional and rehabilitation facilities, courthouses, job training centers, and senior centers because they facilitate greater use of broadband service by vulnerable populations.
- **To ensure "future-proof" broadband service, any location served through DSL will be considered "underserved" for the purposes of the BEAD program.**
- Using NTIA's model, WVDED will launch its own challenge process in January 2024 to give nonprofit organizations, units of local governments, and broadband service providers the opportunity to confirm which locations will be eligible for BEAD funding.

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

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

Next Steps for BEAD

Initial Proposal Volume 2 is anticipated to be submitted by December 8, 2023. Following the approval of the Initial Proposal Volume, I and submittal of Initial Proposal Volume 2, the Office of Broadband will become eligible to launch the Challenge Process. The Office of Broadband has procured Ready.net as its challenge portal platform.

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

2. State Digital Equity Planning Grant Program

- a. The State Digital Equity Planning Grant (<https://broadbandusa.ntia.doc.gov/resources/grant-programs/digital-equity-programs>) will be awarded to States and territories to develop State Digital Equity Plans designed to identify barriers to digital equity and implement strategies to overcome these barriers.
- b. The final Digital Equity Plan was submitted to NTIA in November 2023.
- c. Upon approval, the State will be eligible to apply for Digital Equity Capacity Grant from NTIA. The amount of this grant is not yet known.

West Virginia's Digital Equity Initiative

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

West Virginia Vision for Digital Equity

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

High quality, accessible, and affordable broadband for all is critical for a more just and equitable West Virginia, a healthier society, and an economy that offers opportunity for everyone. West Virginia’s low rate of access to broadband, coupled with its demographic profile, creates many challenges for digital equity⁶:

1. 97% of West Virginians are covered by the Digital Equity Act.
2. More than 35% of its citizens live in unserved or underserved areas as defined by the NTIA.⁷

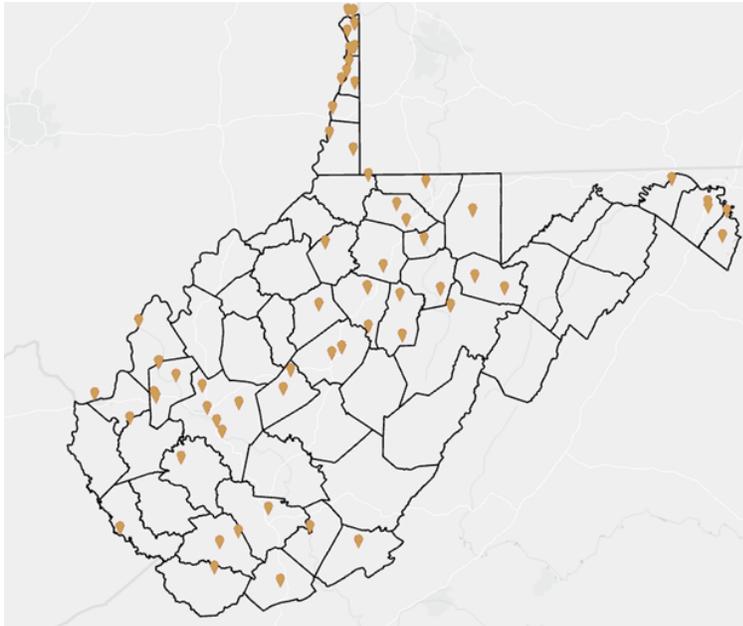
⁶ NTIA defines digital equity as a condition in which all individuals and communities have the information technology capacity needed for full participation in our society, democracy, and economy. Digital equity is necessary for access to essential services, civic and cultural participation, employment,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

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

3. West Virginia has the highest rate in the U.S. of individuals living in a rural area (90%).⁸

West Virginia Digital Equity Outreach Meetings

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



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

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

West Virginia Statewide Broadband Survey

In addition to listening sessions, WVDED procured a professional survey firm to execute the West Virginia Broadband Survey, a randomized survey of at least 1,000 citizens across the State. The survey sample was weighted to reflect the digital equity target populations. The selected survey firm, TPMA, and the Office of Broadband collaboratively to create the survey, which launched on June 30, 2023, and closed on July 30. The final survey report will be provided to the West Virginia Broadband Enhancement Council in December 2023, and will be published to broadband.wv.gov in January 2024.

BEAD Allocation and the FCC National Broadband Map

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

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

⁸ Ibid.

West Virginia ranks second in the nation for the percentage of unserved locations, following Alaska's percentage of 31.97.

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

Mapping and Data Quick Facts

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

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

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

FCC Affordable Connectivity Program (ACP)

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

The West Virginia Office of Broadband has received a \$400,000 grant from the FCC to promote the ACP in West Virginia. **As of December 4, 2023, nearly 121,000 West Virginians have enrolled in ACP benefits. A household is eligible if one member of the household meets at least one of the criteria below:**

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

- Eligibility for provider’s existing low-income program.

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

Steps to Enroll:

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

Support Contact

ACPSupport@usac.org or 1-877-384-2575

FCC ACP Information

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

JOINT COMMITTEE ON GOVERNMENT AND FINANCE

(Speaker Hanshaw)

November 14, 2023

1:00 p.m. – 2:30 p.m.

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

Speaker Hanshaw: “Good afternoon, folks. We are assembled. Let’s go ahead and call the meeting to order. Chair notes for the record the presence of a quorum today. Our first order of business is approval of our draft minutes from the October 17th meeting of the committee. The meeting minutes are in your packets for inspection. Let’s all take a moment to review the draft that’s available. Are there questions about the draft minutes in the packet?”

Delegate Householder: “Mr. Speaker.”

Speaker Hanshaw: “Yeah, Chair recognize Delegate Householder.”

Delegate Householder: “I believe that I was present at the October the 17th meeting.”

Speaker Hanshaw: “Okay, Chair notes as a correction Delegate Householder was present for the meeting. So, let’s go ahead and make that correction to the minutes. Are there other corrections to the draft? Okay if not, Chair recognize the President.”

President Blair: “Mr. Speaker, I move the minutes from October the 17th, 2023, as amended, be approved.”

Speaker Hanshaw: “The question is on the President’s motion that the draft minutes of the October 17th, 2023, meeting be approved as amended. Is there discussion on the motion? If not, those in favor of the motion will please say aye, any opposed please say no. The ayes have it, that motion is adopted, the draft minutes are approved as amended. Let’s jump right into it. Our first report today is our financial report. Mr. Muchow?”

Secretary Muchow: “Okay, sorry about the technicalities, for some reason it’s not allowing me to watch. I apologize.

If folks can hear me, the October collections for general revenue totaled \$390.8 million dollars, collections were \$7.4 million above estimate, they were below last year by 20.7%. On the various, the major tax...the sales tax, we collected \$125.2 million dollars, that was about \$300,000 below estimate, 1.4% ahead of last year. October’s the month when we do local tax distributions and the local sales tax distribution that went out in October was \$36.7 million, which was up 8.8% over the prior year and that had a little bit of an impact on the sales tax numbers. Personal income tax, we collected \$189.3 million dollars, that was \$9.8 million above estimate, about 12% below last year but of course we had the tax cut in place, 21 and a ¼ percent tax cut so anything less than that tax cut is

pretty good and...withholding taxes for the month were down about 11.4% on wage and salary income. Severance tax showed a negative \$37.5 million for the month which was down about...oh, about \$106.6 million from last year but in the sales tax...in the severance tax though, we had some local tax distributions and other distributions totaling ninety-three and a quarter million dollars, which was \$31.6 million higher than last year, about a 51.3% increase. The biggest of those was the annual oil and gas distribution, that's (...inaudible...) money that goes back to local governments. It was a record of \$73.4 million dollars; it was up 75.7% from last year. So, all local governments saw a big rise in their severance tax take from oil and gas this year. We also had local coal distributions that went out totaling...oh, about \$11.9 million dollars and funds went to DEP Well Plugging Fund once a year, that was \$6.75 million dollars. So, throw all that together the severance tax is actually down about 57.3% from last year, and in October we actually collected \$55.8 million dollars in revenue but a hundred...basically the \$93.25 million of that went out to these distributions that resulted in the negative collection for the month.

Corporate income tax doing very well, continues to do well, \$26.3 million for the month, that was 37.6% ahead of last year. Insurance premium tax, which clearly comes in on a quarterly basis, we collected \$26.2 million and that was one...almost one and a half million above estimate, 6.2% ahead of last year...and then the other big item would be probably interest income, we collected \$17 million this year versus four and a half million last year, up 275%. So, for the year to date, we're running \$242.2 million above estimate, 1.8...almost at \$1.81 billion dollars in collections. Compared to last year, down about 10.4%. On the individual taxes, the sales tax is doing fairly well, we were \$11.9 million above estimate on the sales tax, we collected \$539.7 million, 4.1% ahead of last

year. Personal income tax is doing better than expected, we collected \$796.8 million, that's \$121.4 million above estimate, down 3.2% from last year. The severance tax, we've collected a total of...on the severance tax we've collected a total of 30...almost \$35 million dollars this year, versus \$341.2 million last year, so that's down 89.8% or about \$306 million dollars from last year. When you add in all the other severance taxes together, with the various distributions, we're actually down about 63% from last year. Now, for the official estimate for this year...calls for a negative 66.9%. So, we're not far off of that, just a greater amount of money went to other funds so far this year compared to last year and I suspect that in future months we'll be able to see severance tax meet or exceed estimates for the most part. So, we should see better results in future months on the severance tax. Corporate income tax, \$152.3 million dollars, that's \$86.2 million above estimate, 24.8% ahead of last year...so, still continued strong numbers there. On the insurance premium tax, we're running about \$900,000 above estimate, 3.9% ahead of last year. Interest income, \$58.9 million for the year so far...oh actually, \$74.4 million dollars for the year, we're \$58.8 million above estimate, 339% ahead of last year. Of course, we have higher interest rates this year and we also have more cash invested receiving that interest income including the Personal Income Tax Refund Reserve Account has \$460 million dollars in it and all interest that's earned on that account gets deposited in the general revenue fund (...inaudible...) general revenue fund interest. So, that by itself is well over \$2 million dollars a month.

Moving to the state road fund, state road fund collections for the month of October totaled \$106.9 million dollars, that was \$20.8 million above estimate, about 42% ahead of last year. Individual components, the motor fuel tax, we had sixty-two and a half million

dollars in collections in October, that was \$18.8 million above estimate, 70.4% ahead of last year. Now, the motor fuel tax is always due on the last calendar day of the month and in October this year we got money that last year would have been deposited in early November. In fact, going through the first couple days in November this year, collections were only about two and a half million dollars versus about \$21 million dollars last year. So, this will kind of level itself out when the November collections come in. Registration fees, \$8.7 million for the month, that was 5.8% above last year but still \$2.1 million below estimate. Motor vehicle sales tax, twenty-seven and a half million dollars, that was nearly two million above estimate, down from last year by about 3.6%. Higher interest rates, they slow a lot of the fuel sales down a little bit and the other item that's happening in the automobile market is used car prices are beginning to fall a little bit off of some record highs so if you...certainly if you pay less for a car, your...the sales tax on that car is going to be a little lower than it otherwise would be. The big item is federal reimbursements, we collected \$61.2 million in federal reimbursements in October, that was 7.4% ahead of last year. Year to date on the road fund, total collections \$515.1 million, that's twenty-nine and a half million above estimate, eleven and a half percent ahead of last year. Motor fuel tax, we're ahead of estimate by fifteen and a half million dollars. Of course, we had some accelerated collections in October. So, for the most part, for the year we're pretty much on estimate. We're actually technically 17.3% ahead of last year but when November collections come in it'll level out a little bit. Registration fees, we've collected \$41 million, that's \$11 million below estimate, and 8.9% below last year. So, we still have a...we have a ways to come back on the registration fees and...on the motor vehicle sales tax, a hundred twelve and a half million dollars in collections, that's about \$7 million above

estimate, and 0.2% ahead of last year. Numbers are generally pretty strong but they've slowed down in recent months. The other big item would be miscellaneous...miscellaneous year to date, we have \$190.5 million, last year we had \$158.7 million, and both years the legislature appropriated \$150 million dollars to general revenue to the state road fund and that \$150 million dollars shows up in the miscellaneous receipt category. On the federal reimbursements, year to date \$281.3 million, that's \$46.6 million above estimate, and 30.7% ahead of last year and last year was a record year for federal reimbursements. I believe we had federal reimbursements last year of over \$600 million dollars, \$639.2 million dollars in fiscal year '23, where in past years we would average closer to \$400 million dollars in federal reimbursements. So, the federal reimbursements are running strong. With that, I'll open up to any questions you might have."

Speaker Hanshaw: "Thank you, Mark. Questions for Mr. Muchow? Going once, going twice, okay Mark, thank you very much."

Secretary Muchow: "Thank you."

Speaker Hanshaw: "Okay, our financial report was the only item on our agenda today. Is there other business to come before this meeting? Chair recognize Delegate Summers."

Delegate Summers: "Thank you, Mr. Speaker. For the December meeting, I would like to suggest that we ask Medicaid to present to us. It's anticipated they're going to have over \$130 million dollar shortfall. We need to understand how they're approaching that and if that's going to be adjusted in the Governor's Budget. We also don't know about

the expanded use population during the pandemic, how many people are going to drop off of that, and how much that's going to be. So, I think that would be very beneficial for our budget development.”

Speaker Hanshaw: “Okay, the question is on Delegate Summers’ request that we add Medicaid to our December agenda. Is there discussion on the question? Okay, is there any objection to the request? If not, Chair will ask our staff to add that item to our December agenda. Is there other business to come before this meeting?”

Okay if not, before we entertain a motion to adjourn, I would like to take this opportunity to publicly acknowledge the work of our staff and our sponsors and our team who helped bring our interim meeting to Wheeling this week. I’d like to acknowledge the hospitality of the people here of Ohio County, of Wheeling, and at Oglebay, for the reception that we’ve received and the warm hospitality that was shown to all visitors from parts beyond to come here to the Northern Panhandle and see part of our state that far too few of us get to visit on a regular basis. So, with that, Chair will entertain a motion from the President.”

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

Speaker Hanshaw: “Question is on the motion to adjourn the meeting. Those in favor of the motion please say aye, opposed please say no, the ayes have it. Thanks to all, the meeting is adjourned.”

WEST VIRGINIA LEGISLATURE

Office of the Legislative Auditor



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

304-347-4870

December 04, 2023

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

- **West Virginia Lottery as of October 31, 2023**
Gross profit as of October 31, 2023, was \$197.8 million. Gross profit as of October 31, 2022, was \$195.5 million.
- **West Virginia Unemployment Compensation Fund as of October 31, 2023**
Total disbursements were \$26.5 million higher than in fiscal year 2023. Overall ending trust fund balance was \$31.3 million higher on October 31, 2023, than on October 31, 2022.
- **General Revenue Fund as of November 30, 2023**
The general revenue collections ended the fifth month of fiscal year 2024 at 115% of the estimate for the year. Total collections were \$286.2 million above the estimate for the fiscal year.
- **State Road Fund as of November 30, 2023**
The road revenue collections ended the fifth month of fiscal year 2024 at 102% of the estimate for the year. Total collections were \$11.9 million above the estimate for the fiscal year.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

MEMORANDUM

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

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

Date: November 22, 2023

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

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for October 31, 2023, from monthly unaudited financial reports furnished to our office by the West Virginia Lottery Commission. The results are as follows:

Lottery Revenues:

Gross lottery revenues are receipts from on-line games, instant games, table games and video lottery. These gross receipts totaled \$439.1 million for July-October of fiscal year 2023-2024. Table games accounted for \$10.9 million of this total. Historic Resort Hotel video lottery accounted for \$2.5 million of total gross receipts. Gross lottery revenue has increased by \$2.4 million or 0.6% when compared with July-October of fiscal year 2022-2023. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July-October was \$197.8 million; for July-October of last fiscal year gross profit was \$195.5 million. Expressed as a percentage, gross profit is 1.2% higher for fiscal year 2024 than for fiscal

Lottery continued

year 2023.

Operating Transfers to the State of West Virginia:

A total of \$190,520,000.00 has been accrued to the state of West Virginia for fiscal year 2023-2024. This is on an accrual basis and may not correspond to the actual cash transfers made during the same time period. Amount owed to the different accounts according to the Lottery Act are calculated monthly and accrued to the state; actual cash transfers are often made based upon actual cash flow needs of the day-to-day operation of the lottery.

A schedule of cash transfers follows:

State Lottery Fund

Bureau of Senior Services	\$63,641,000.00
Community and Technical College	\$1,999,000.00
Department of Education	\$10,753,000.00
Library Commission	\$8,606,000.00
Higher Education-Policy Commission	\$5,555,000.00
Tourism	\$5,201,000.00
Department of Natural Resources	\$2,825,000.00
Division of Culture and History	\$3,202,000.00
General Revenue Fund	\$000.00
Economic Development Authority	\$3,997,000.00
School Building Authority	\$7,200,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$112,979,000.00

Lottery continued

Excess Lottery Fund

Economic Development Fund	\$8,408,000.00
Higher Education Improvement Fund	\$6,000,000.00
General Purpose Fund	\$19,342,000.00
Higher Education Improvement Fund	\$8,629,000.00
State Park Improvement Fund	\$448,000.00
School Building Authority	\$7,587,000.00
Refundable Credit	\$1,027,000.00
WV Racing Commission	\$1,394,000.00
WV DHHR	\$000.00
Teacher's Retirement Savings	\$000.00
Department of Education	\$000.00
Division of Human Services	\$17,000,000.00
WV Lottery Statutory Transfers	\$18,158,000.00
Economic Development Authority	\$1,756,000.00
General Revenue Fund	\$000.00
Office of Technology	\$000.00
Excess Lottery Surplus	\$000.00
WV Infrastructure Council Fund	\$14,302,000.00
Total State Excess Lottery Revenue Fund	\$104,051,000.00

Total Budgetary Distributions:	\$217,030,000.00
Veterans Instant Ticket Fund	\$178,000.00
Pension Plan	\$00.00
TOTAL TRANSFERS	*\$217,208,000.00

Lottery continued

* CASH BASIS

Total Accrued last FY 2023:	\$252,394,000.00
Total Cash Distributions FY 2024:	\$217,208,000.00
Applied to FY 2023:	\$217,208,000.00
Applied to FY 2024:	\$000.00
Accrued for FY 2023 as of October 31:	\$35,186,000.00
Accrued for FY 2024 as of October 31:	\$225,706,000.00



P.O. BOX 2067
CHARLESTON, WV 25327

JOHN A. MYERS
DIRECTOR

PHONE: 304.558.0500
wvlottery.com

MEMORANDUM

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

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

Financial statements of the Lottery for the month ending October 31, 2023 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, sports wagering, and interactive gaming was \$106,334,236 for the month of October.

Transfers of lottery revenue totaling \$43,544,267 made for the month of October to the designated state agencies per Senate Bill 160, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (§29-22A-10), and the Racetrack Table Games Act (§29-22C-27). The amount transferred to each agency is shown in Note 12 on pages 20 and 21 of the attached financial statements.

The number of traditional and limited retailers active as of October 31, 2023 was 1,522 and 1,180 respectively.

A listing of the names and amounts of prize winners has been provided to the Clerk of the Senate, the Clerk of the House and Legislative Services.

If any member of the Committee has questions concerning the Lottery, please call me. Also if any members of the Legislature wish to visit the Lottery offices, I would be pleased to show them our facilities and discuss the Lottery with them.

JAM
Attachment

pc: Honorable Jim Justice, Governor
Dave Hardy, Cabinet Secretary – Dept. of Revenue
Riley Moore, Treasurer
J. B. McCuskey, Auditor
Members of the West Virginia Lottery Commission

WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

October 31, 2023

WEST VIRGINIA LOTTERY

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

ASSETS	October 31, 2023	June 30, 2023
Current Assets:		
Cash and cash equivalents	\$ 253,918	\$ 288,680
Accounts receivable	39,822	35,255
Inventory	1,273	1,228
Other assets	210	1,407
Total Current Assets	<u>295,223</u>	<u>326,570</u>
Capital assets	63,536	63,256
Less accumulated depreciation and amortization	<u>(22,413)</u>	<u>(21,847)</u>
Net Capital Assets	<u>41,123</u>	<u>41,409</u>
Total Noncurrent Assets	<u>41,123</u>	<u>41,409</u>
Total Assets	<u>\$ 336,346</u>	<u>\$ 367,979</u>
Deferred outflows of resources	<u>\$ 2,340</u>	<u>\$ 2,340</u>
Total assets and deferred outflows	<u>\$ 338,686</u>	<u>\$ 370,319</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 225,706	\$ 252,394
Estimated prize claims	18,642	18,081
Accounts payable	2,030	3,672
Other accrued liabilities	30,112	33,976
Total Current Liabilities	<u>276,490</u>	<u>308,123</u>
Deferred inflows	<u>\$ 766</u>	<u>766</u>
Net Position:		
Net Investment in capital assets	41,123	41,409
Unrestricted	<u>20,307</u>	<u>20,021</u>
Total Net Position	<u>61,430</u>	<u>61,430</u>
Total net position, liabilities, and deferred inflows	<u>\$ 338,686</u>	<u>\$ 370,319</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FOUR MONTH PERIOD ENDED OCTOBER 31, 2023

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	FY 2024	FY 2023	FY 2024	FY 2023
Lottery revenues				
On-line games	\$ 9,932	\$ 9,769	\$ 39,920	\$ 32,308
Instant games	14,230	12,851	55,571	55,411
Racetrack video lottery	36,794	40,425	161,117	166,634
Limited video lottery	39,365	40,699	159,929	160,933
Table games	2,590	2,923	10,940	11,601
Historic resort	600	617	2,475	2,055
Sports Wagering	621	498	1,586	1,801
Interactive Wagering	2,202	1,579	7,559	5,952
	<u>106,334</u>	<u>109,361</u>	<u>439,097</u>	<u>436,695</u>
Less commissions				
On-line games	697	685	2,786	2,264
Instant games	996	900	3,890	3,879
Racetrack video lottery	20,187	22,179	88,396	91,422
Limited video lottery	19,289	19,942	78,365	78,857
Table games	1,103	1,242	4,661	4,926
Historic resort	330	314	1,231	1,020
	<u>42,602</u>	<u>45,262</u>	<u>179,329</u>	<u>182,368</u>
Less on-line prizes	4,675	5,976	19,274	16,765
Less instant prizes	9,736	8,794	38,009	37,765
Less ticket costs	190	68	714	505
Less vendor fees and costs	923	853	3,947	3,806
	<u>15,524</u>	<u>15,691</u>	<u>61,944</u>	<u>58,841</u>
Gross profit	<u>48,208</u>	<u>48,408</u>	<u>197,824</u>	<u>195,486</u>
Administrative expenses				
Advertising and promotions	550	677	1,847	2,351
Wages and related benefits	1,004	917	4,105	3,675
Telecommunications	50	62	143	253
Contractual and professional	974	442	3,521	2,294
Rental	14	26	98	101
Depreciation and amortization	141	141	565	556
Other administrative expenses	(118)	216	978	922
	<u>2,615</u>	<u>2,481</u>	<u>11,257</u>	<u>10,152</u>
Other Operating Income	<u>275</u>	<u>224</u>	<u>2,528</u>	<u>2,256</u>
Operating Income	<u>45,868</u>	<u>46,151</u>	<u>189,095</u>	<u>187,590</u>
Nonoperating income (expense)				
Investment income	1,120	586	4,701	1,896
Distributions to municipalities and counties	(771)	(798)	(3,135)	(3,154)
Distributions -capital reinvestment	(41)	(32)	(141)	(113)
Distributions to the State of West Virginia	(46,176)	(45,907)	(190,520)	(186,219)
	<u>(45,868)</u>	<u>(46,151)</u>	<u>(189,095)</u>	<u>(187,590)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	<u>61,430</u>	<u>60,896</u>	<u>61,430</u>	<u>60,896</u>
Net position, end of period	<u>\$ 61,430</u>	<u>\$ 60,896</u>	<u>\$ 61,430</u>	<u>\$ 60,896</u>

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

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

	2024	2023
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 437,058	\$ 428,368
Cash payments for:		
Personnel costs	(4,105)	(3,675)
Suppliers	(7,402)	(8,154)
Other operating costs	(238,220)	(239,783)
Cash provided by operating activities	<u>187,331</u>	<u>176,756</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(217,208)	(215,841)
Distributions to municipalities and counties	(3,155)	(3,118)
Distributions to racetrack from racetrack cap. reinv. fund	(6,152)	(6,601)
Cash used in noncapital financing activities	<u>(226,515)</u>	<u>(225,560)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(279)</u>	<u>(457)</u>
Cash flows from investing activities:		
Investment earnings received	<u>4,701</u>	<u>1,896</u>
Increase (decrease) in cash and cash equivalents	(34,762)	(47,365)
Cash and cash equivalents - beginning of period	288,680	281,709
Cash and cash equivalents - end of period	<u>\$ 253,918</u>	<u>\$ 234,344</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 189,095	\$ 187,590
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	565	556
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(4,567)	(10,583)
(Increase) decrease in inventory	(45)	6
(Increase) decrease in other assets	1,197	70
Increase (decrease) in estimated prize claims	561	2,044
Increase (decrease) in accounts payable	(1,642)	(2,341)
Increase (decrease) in other accrued liabilities	2,167	(586)
Cash provided by operating activities	<u>\$ 187,331</u>	<u>\$ 176,756</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 1 - LEGISLATIVE ENACTMENT

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

NOTE 3 - CASH AND CASH EQUIVALENTS

At October 31, 2023 the carrying amounts of deposits (overdraft) with financial institutions were \$491 thousand with a bank balance (overdraft) of \$546 thousand. Of this balance \$250 thousand was covered by federal depository insurance with the remaining balance collateralized with securities held by the State of West Virginia’s agent in the State’s name.

A summary of the amount on deposit with the West Virginia Board of Treasury Investments (BTI) is as follows (in thousands):

	<u>October 31, 2023</u>	<u>June 30, 2023</u>
Deposits with financial institutions	\$ 491	\$ 458
Cash on hand at the Treasurer's Office	16,387	13,834
Investments with BTI reported as cash equivalents	<u>237,040</u>	<u>274,388</u>
	<u>\$ 253,918</u>	<u>\$ 288,680</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 4 – CAPITAL ASSETS

A summary of capital asset activity for the month ended October 31, 2023 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2023	Additions	Deletions	Historical Cost At October 31, 2023
Construction in Progress	2,152	280	-	2,432
Buildings	48,243	-	-	48,243
Land	1,681	-	-	1,681
Equipment	11,180	-	-	11,180
	<u>\$ 63,256</u>	<u>\$ 280</u>	<u>\$ -</u>	<u>\$ 63,536</u>

Accumulated Depreciation:

	Historical Cost At June 30, 2023	Additions	Deletions	Historical Cost At October 31, 2023
Buildings	\$ 12,631	\$ 412	\$ -	\$ 13,043
Equipment	9,216	153	-	9,369
	<u>\$ 21,847</u>	<u>\$ 565</u>	<u>\$ -</u>	<u>\$ 22,412</u>

NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY

The Lottery is a member of the Multi-State Lottery (MUSL), which operates the semi-weekly POWERBALL® jackpot lotto game, the LOTTO AMERICA® game, and the MEGA MILLIONS® jackpot game on behalf of participating state lotteries. MUSL is currently comprised of 33 member state lotteries, including the District of Columbia and the United States Virgin Islands. MUSL is managed by a Board of Directors, which is comprised of the lottery directors or their designee from each of the party states. The Board of Directors' responsibilities to administer the Multi-State Lottery Powerball, Lotto America, and Mega Millions games are performed by advisory committees or panels staffed by officers and independent contractors appointed by the board. These officers and consultants serve at the pleasure of the board and the board prescribes their powers, duties and qualifications. The Executive Committee carries out the budgeting and financing of MUSL, while the board contracts the annual independent audit. A copy of the audit may be obtained by writing to the Multi-State Lottery Association, 1701-48th Street, Suite 210, West Des Moines, Iowa 50266-6723.

Each MUSL member sells game tickets through its agents and makes weekly wire transfers to the MUSL in an amount equivalent to the total prize pool less the amount of prizes won in each state. Lesser prizes are paid directly to the winners by each member lottery. The prize pool for POWERBALL®, LOTTO AMERICA®, and MEGA MILLIONS® is 50% of each drawing period's sales, with minimum jackpot levels. The Lottery's revenues and expenses from MUSL games participation for the month ended October 31, 2023 and fiscal year-to-date is as follows:

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

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 6,281,779	\$ 19,746,786
Lotto America	440,425	1,988,019
Mega Millions	1,279,814	10,291,039
Total	\$ 8,002,018	\$ 32,025,844

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 3,088,598	\$ 9,848,469
Lotto America	220,212	994,072
Mega Millions	616,728	5,122,528
Total	\$ 3,925,538	\$ 15,965,069

MUSL places a percentage of game sales from each game in separate prize reserve funds that serve as a contingency reserve to protect the respective MUSL Product Groups from unforeseen prize liabilities. These funds can only be used at the discretion of the respective MUSL Product Group. Once the prize reserve funds exceed the designated limit, the excess becomes part of that particular prize pool. Prize reserve fund monies are refundable to MUSL Product Group members if the MUSL disbands or, after one year, if a member leaves the MUSL. The applicable sales percentage contribution as well as the reserve fund limit for the MUSL games is as follows:

	<u>PowerBall</u>	<u>Lotto America</u>	<u>Mega Millions</u>
Required Contribution (% of sales)	2%	3%	1%
Reserve Fund Cap	\$132,000,000	\$12,000,000	\$110,000,000

At October 31, 2023, the Lotteries share of the prize reserve fund balances were as follows:

Game	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 124,223,804	\$ 1,148,109
Lotto America	8,841,162	680,362
Mega Millions	99,572,741	766,957
Total	<u>\$ 232,637,707</u>	<u>\$ 2,595,428</u>

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

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

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

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of \$17,926,056 at October 31, 2023, of which the Lottery's share was \$210,209.

NOTE 6 - RACETRACK VIDEO LOTTERY

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

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

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

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

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

WEST VIRGINIA LOTTERY
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NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

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

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

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

	Current Month		Year-to-Date	
	2024	2023	2024	2023
Total credits played	\$ 437,461	\$ 472,654	\$ 1,895,633	\$ 1,922,885
Credits (prizes) won	(393,680)	(425,102)	(1,705,019)	(1,728,743)
Promotional credits played	(6,987)	(7,127)	(29,497)	(27,508)
Gross terminal income	36,794	40,425	161,117	166,634
Administrative costs	(1,471)	(1,617)	(6,445)	(6,665)
Net Terminal Income	35,323	38,808	154,672	159,969
Less distribution to agents	(20,187)	(22,179)	(88,396)	(91,422)
Racetrack video lottery revenues	<u>\$ 15,136</u>	<u>\$ 16,629</u>	<u>\$ 66,276</u>	<u>\$ 68,547</u>

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

	October 31, 2023	Year-to-Date
State Lottery Fund	\$ 10,597	\$ 46,401
State Excess Lottery Revenue Fund	4,539	19,875
Capital Reinvestment Fund	-	-
Total nonoperating distributions	<u>\$ 15,136</u>	<u>\$ 66,276</u>

NOTE 7 - LIMITED VIDEO LOTTERY

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

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

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

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

	Current Month		Year-to-Date	
	2024	2023	2024	2023
Total credits played	\$ 531,401	\$ 534,661	\$ 2,133,129	\$ 2,119,421
Credits (prizes) won	(492,036)	(493,962)	(1,973,200)	(1,958,488)
Gross terminal income	\$ 39,365	\$ 40,699	\$ 159,929	\$ 160,933
Administrative costs	(787)	(814)	(3,199)	(3,219)
Gross Profit	38,578	39,885	156,730	157,714
Commissions	(19,289)	(19,942)	(78,365)	(78,857)
Municipalities and Counties	(771)	(798)	(3,135)	(3,154)
Limited video lottery revenues	<u>\$ 18,518</u>	<u>\$ 19,145</u>	<u>\$ 75,230</u>	<u>\$ 75,703</u>

NOTE 8 – TABLE GAMES

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

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

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

WEST VIRGINIA LOTTERY
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NOTE 8 – TABLE GAMES (continued)

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

The cash transferred to the State Excess Lottery Revenue Fund in the current month is included in Note 12- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended October 31, 2023 were \$7,398,414 and \$31,256,840, respectively. The following table shows the month and year totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2024	2023	2024	2023
Table Games Privilege Tax	\$ 2,590	\$ 2,923	\$ 10,940	\$ 11,601
Interest on Table Games Fund	25	14	106	44
Administrative costs	(222)	(251)	(938)	(994)
Total Available for Distribution	<u>2,393</u>	<u>2,686</u>	<u>10,108</u>	<u>10,651</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	166	188	703	746
Thoroughbred & Greyhound Development Funds	133	150	563	597
Racing Association Pension Plan	66	74	279	293
Municipalities/ Counties	738	830	3,116	3,290
Total Distributions	<u>1,103</u>	<u>1,242</u>	<u>4,661</u>	<u>4,926</u>
Excess Lottery Fund	<u>\$ 1,290</u>	<u>\$ 1,444</u>	<u>\$ 5,447</u>	<u>\$ 5,725</u>

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

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

Historic Resort Video Lottery

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

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

	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Total credits played	\$ 4,222	\$ 5,775	\$ 20,197	\$ 21,428
Credits (prizes) won	(3,687)	(5,242)	(18,259)	(19,729)
Promotional credits played	(70)	(115)	(343)	(378)
Gross terminal income	465	418	1,595	1,321
Capital reinvestment	(22)	(19)	(75)	(62)
Excess Lottery Fund	(4)	(4)	(14)	(12)
Administrative costs	(25)	(23)	(86)	(71)
Hotel commissions	(197)	(177)	(675)	(559)
Net terminal income	217	195	745	617
Historic Resort Hotel Fund	138	124	474	392
Human Resource Benefit Fund	79	71	271	225

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

Historic Resort Table Games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the month and year ended October 31, 2023 were \$384,410 and \$2,514,519 respectively.

The following table shows the month and fiscal year -to- date totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Table games privilege tax	\$ 135	\$ 199	\$ 880	\$ 734
Administrative Costs	(17)	(26)	(113)	(94)
Total Available for Distribution	<u>118</u>	<u>173</u>	<u>767</u>	<u>640</u>
Historic Resort Hotel Fund	99	145	642	535
Human Resource Benefit Fund	19	28	125	105

Historic Resort Hotel Fund

Of the monies deposited into the Historic Resort Hotel Fund, fifteen percent (15%) is allocated for lottery administrative costs. The remaining Historic Resort Hotel Fund net income (gross deposits less 15%) is distributed as follows:

- 1) Eighty-six percent (86%) is paid to the State Excess Lottery Revenue Fund;
- 2) Four percent (4%) is paid to the county where the gaming facility is located;
- 3) Two and one-half percent (2.5%) is paid to the municipality where the gaming facility is located as prescribed by statute;
- 4) Two and one-half percent (2.5%) is divided and paid in equal shares to the remaining municipalities in the county where the gaming facility is located;
- 5) Two and one-half percent (2.5%) is divided and paid in equal shares, to each county commission in the state where the gaming facility is not located;
- 6) Two and one-half percent (2.5%) is divided and paid in equal shares, to each municipality in the state not already receiving a distribution as described in item five (5) or item six (6) above.

A summary of Historic Resort Hotel Fund revenues and related distributions is as follows (in thousands):

	<u>Current Month</u>	<u>Year-to-Date</u>
Historic Resort Hotel Video Lottery	\$ 138	\$ 474
Historic Resort Table Games	99	642
Interest on Historic Resort Hotel Fund	7	25
Historic Resort Hotel Fund Net Income	<u>244</u>	<u>1,141</u>
Municipalities/ Counties	35	160
Excess Lottery Fund	209	981
Total Distributions	<u>\$ 244</u>	<u>\$ 1,141</u>

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

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

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

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

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

The Sports Wagering adjusted gross wagering receipts for the month and year-to-date periods ended October 31, 2023 were \$6,210,208 and \$15,859,209, respectively. The following table shows the month and year-to-date totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2024	2023	2024	2023
Sports Wagering Privilege Tax	\$ 621	\$ 498	\$ 1,586	\$ 1,801
Interest on Sports Waging Fund	-	-	-	-
Administrative Costs	(93)	(75)	(238)	(270)
Total Available for Distribution	528	423	1,348	1,531

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 11– INTERACTIVE WAGERING

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

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

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

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

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

The Interactive Wagering adjusted gross interactive gaming receipts for the month and year-to-date periods ended October 31, 2023 were \$14,678,353 and \$50,395,617 respectively. The following table shows the month and year-to-date totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2024	2023	2024	2023
Interactive Wagering Privilege Tax	\$ 2,202	\$ 1,579	\$ 7,559	\$ 5,952
Interest on Interactive Wagering Fund	46	12	184	40
Administrative Costs	<u>(330)</u>	<u>(237)</u>	<u>(1,134)</u>	<u>(892)</u>
Total Available for Distribution	1,918	1,354	6,609	5,100

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

	Current Month	Year-to-Date
Pensions	19	66
Lottery Fund	1,899	6,544
Total Distributions	<u>\$ 1,918</u>	<u>\$ 6,610</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 12- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA

The Lottery periodically distributes surplus funds, exclusive of amounts incurred and derived from limited video lottery and a portion of racetrack video lottery funds, to the State of West Virginia in accordance with the legislation. For the year ending June 30, 2024 the State Legislature budgeted \$144,069,148 of estimated profits of the Lottery for distributions to designated special revenue accounts of the State of West Virginia. With regard to the State Lottery Fund, legislation stipulates that debt service payments be given a priority over all other transfers in instances where estimated profits are not sufficient to provide for payment of all appropriated distributions. Debt service payments of \$1,800,000, \$1,000,000, and \$500,000 per month for the first ten months of each fiscal year currently have such priority. Transfers made pursuant to the State Excess Lottery Revenue Fund have similar requirements; currently payments are \$6,537,211 per month for the first ten months of each fiscal year. In addition, Legislation provides that, if in any month, there is a shortage of funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be transferred from the State Lottery Fund to cover such shortfall, after the State Lottery Fund debt service payments have been made. Repayments to the State Lottery Fund are required to be made in subsequent months as funds become available. For the month ended October 31, 2023 the Lottery has accrued additional distributions of \$225,705,859. The Lottery is a non-appropriated state agency and therefore does not have a legally adopted annual budget.

A summary of the cash distributions made to certain state agencies to conform to the legislation follows (in thousands):

<u>BUDGETARY DISTRIBUTIONS</u>	<u>October 31, 2023</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 1,999
Bureau of Senior Services	8,158	63,641
Department of Education	1,871	10,753
Library Commission	1,497	8,606
Higher Education-Policy Commission	967	5,555
Tourism	905	5,201
General Revenue	-	-
Natural Resources	491	2,825
Division of Culture & History	557	3,202
Economic Development Authority	999	3,997
School Building Authority	1,800	7,200
Total State Lottery Fund	<u>\$ 17,745</u>	<u>\$ 112,979</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 2,102	\$ 8,408
Higher Education Improvement Fund	1,500	6,000
General Purpose Account	6,089	19,342
Education Improvement Fund	2,716	8,629
State Park Improvement Fund	141	448
School Building Authority	1,897	7,587
Refundable Credit	624	1,027
WVRacing Commission	187	1,394
WVDepartment of Health and Human Resources		
Teacher's Retirement Savings		
Department of Education		
Division of Human Services		17,000
WV Lottery Statutory Transfers	5,716	18,158
Economic Development Authority	439	1,756
General Revenue Fund		
Office of Technology		
Excess Lottery Surplus		
West Va. Infrastructure Council	4,346	14,302
Total State Excess Lottery Revenue Fund	<u>\$ 25,757</u>	<u>\$ 104,051</u>
Total Budgetary distributions:	<u>\$ 43,502</u>	<u>\$ 217,030</u>
Veterans Instant Ticket Fund	\$ 42	\$ 178
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 43,544	\$ 217,208
Accrued nonoperating distributions, beginning	(223,074)	(252,394)
Accrued nonoperating distributions, end	<u>225,706</u>	<u>225,706</u>
	<u>\$ 46,176</u>	<u>\$ 190,520</u>

WEST VIRGINIA LOTTERY
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NOTE 13 – LEASES

The Lottery leases, under a cancelable operating lease, its office and warehouse facilities. The Lottery also leases various office equipment under agreements considered to be cancellable operating leases. Rental expense for the fiscal year-to-date ended October 31, 2023 and October 31, 2022 approximated \$98,016 and \$101,172 respectively.

The Lottery leases office space under the terms of a non-cancellable operating lease to various tenants. Rental revenues for the fiscal year-to-date ended October 31, 2023 and October 31, 2022 approximated \$359,525 and \$371,482 respectively.

NOTE 14 – COMMITMENTS

For the year ended June 30, 2023 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. For the year ended June 30, 2022 the Lottery Commission designated \$4,512,722 of unexpended administrative funds for the acquisition of capital assets. As of June 30, 2023 and 2022, \$5,986,994 and \$7,075,367, respectively, are included in unrestricted net position and net investment in capital assets for this purpose.

NOTE 15 - RETIREMENT BENEFITS

All full-time Lottery employees are eligible to participate in the State of West Virginia Public Employees' Retirement System (PERS), a cost-sharing multiple-employer defined benefit public employee retirement system. The PERS is one of several plans administered by the West Virginia Consolidated Public Retirement (CPRB) under the direction of its Board of Trustees, which consists of the Governor, State Auditor, State Treasurer, Secretary of the Department of Administration, and nine members appointed by the Governor. CPRB prepares separately issued financial statements covering all retirement systems it administers, which can be obtained from Consolidated Public Retirement Board, 4101 MacCorkle Ave. S.E., Charleston, West Virginia 25304-1636.

Employees who retire at or after age sixty with five or more years of contributory service or who retire at or after age fifty-five and have completed twenty-five years of credited service with age and credited service equal to eighty or greater are eligible for retirement benefits as established by State statute. Retirement benefits are payable monthly for life, in the form of a straight-line annuity equal to two percent of the employee's average annual salary from the highest 36 consecutive months within the last 10 years of employment, multiplied by the number of years of the employee's credited service at the time of retirement.

Covered employees hired prior to July 1, 2015 are required to contribute 4.5% of their salary to the PERS. Covered employees hired on or after July 1, 2015 will contribute 6.0% of their salary to the PERS Tier II. The Lottery is required to contribute 10% of covered employees' salaries to the PERS. The required employee and employer contribution percentages have been established and changed from time to time by action of the State Legislature. The required contributions are not actuarially determined; however, actuarial valuations are performed to assist the Legislature in determining appropriate contributions. The Lottery and employee contributions, for the month ending October 31, 2023 and fiscal year-to-date are as follows (in thousands):

	October 31, 2023	Year-to-Date
Employee contributions	\$ 37	\$ 154
Lottery contributions	67	280
Total contributions	\$ 104	\$ 434

WEST VIRGINIA LOTTERY
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NOTE 16 - RISK MANAGEMENT

The Lottery is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Lottery participates in several risk management programs administered by the State of West Virginia. Each of these risk pools has issued separate audited financial reports on their operations. Those reports include the required supplementary information concerning the reconciliation of claims liabilities by type of contract and ten-year claim development information. Complete financial statements of the individual insurance enterprise funds can be obtained directly from their respective administrative offices.

WORKERS' COMPENSATION INSURANCE

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

PUBLIC EMPLOYEES' INSURANCE AGENCY (PEIA)

The Lottery participates in the Public Employees' Insurance Agency which provides an employee benefit insurance program to employees. PEIA was established by the State of West Virginia for State agencies, institutions of higher education, Boards of Education and component units of the State. In addition, local governmental entities and certain charitable and public service organizations may request to be covered by PEIA. PEIA provides a base employee benefit insurance program which includes hospital, surgical, major medical, prescription drug and basic life and accidental death. Underwriting and rate setting policies are established by PEIA. The cost of all coverage as determined by PEIA shall be paid by the participants. Premiums are established by PEIA and are paid monthly, and are dependent upon, among other things, coverage required, number of dependents, state vs. non state employees and active employees vs. retired employees and level of compensation. Coverage under these programs is limited to \$1 million lifetime for health and \$10,000 of life insurance coverage.

The PEIA risk pool retains all risks for the health and prescription features of its indemnity plan. PEIA has fully transferred the risks of coverage to the Managed Care Organization (MCO) Plan to the plan provider, and has transferred the risks of the life insurance coverage to a third party insurer. PEIA presently charges equivalent premiums for participants in either the indemnity plan or the MCO Plan. Altogether, PEIA insures approximately 205,000 individuals, including participants and dependents.

BOARD OF RISK AND INSURANCE MANAGEMENT (BRIM)

The Lottery participates in the West Virginia Board of Risk and Insurance Management (BRIM), a common risk pool currently operating as a common risk management and insurance program for all State agencies, component units, and other local governmental agencies who wish to participate. The Lottery pays an annual premium to BRIM for its general insurance coverage. Fund underwriting and rate setting policies are established by BRIM. The cost of all coverage as determined by BRIM shall be paid by the participants. The BRIM risk pool retains the risk of the first \$1 million per property event and purchases excess insurance on losses above that level. Excess coverage, through an outside insurer under this program is limited to \$200 million per event, subject to limits on certain property. BRIM has \$1 million per occurrence coverage maximum on all third-party liability claims.

**SCHEDULE OF REVENUES AND NET REVENUES OF THE
 LOTTERY FUND AND EXCESS LOTTERY FUND
 FOR THE FOUR MONTH PERIOD ENDED OCTOBER 31, 2023
 (In Thousands)**

	Current Month		FISCAL YEAR	
	Actual	Projected	Actual	Projected
Gross Revenues				
Instant games	14,230	12,084	55,571	48,334
On-line games	9,932	5,834	39,920	23,333
Racetrack video lottery	36,794	37,007	161,117	156,335
Limited video lottery	39,365	36,890	159,929	147,420
Racetrack table games	2,590	2,000	10,940	8,404
Historic resort	600	787	2,475	2,842
Sports wagering	621	297	1,586	1,189
Interactive wagering	2,202	662	7,559	2,650
Total gross revenues	<u>106,334</u>	<u>95,561</u>	<u>439,097</u>	<u>390,507</u>
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,556	1,423	6,097	5,690
On-line games	3,261	1,674	12,644	6,697
Racetrack Video Lottery	10,895	10,658	47,717	45,025
Sports wagering	535	253	1,373	1,012
Interactive wagering	1,898	558	6,543	2,231
Total Lottery Fund net revenues	<u>18,145</u>	<u>14,566</u>	<u>74,374</u>	<u>60,655</u>
Excess Lottery Fund				
Racetrack Video Lottery	4,654	4,565	20,382	19,286
Limited Video Lottery	18,966	17,353	77,059	69,346
Limited Video Lottery Fees	7	-	959	-
Racetrack table games	1,289	981	5,446	4,123
Historic resort	213	300	995	1,082
Total Excess Lottery Fund Net Revenues	<u>25,129</u>	<u>23,199</u>	<u>104,841</u>	<u>93,837</u>
Total Net Revenues	<u>43,274</u>	<u>37,765</u>	<u>179,215</u>	<u>154,492</u>

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

304-347-4870

Memorandum

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

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

Date: December 04, 2023

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

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

The net collections were 115% of the estimate for the fiscal year. Total collections were \$286.2 million above the estimate for the fiscal year.

Personal Income Tax collections were \$130.7 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$17.3 million above the estimate for the year.

Severance Tax was \$44.6 million below the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$92.7 million above the estimate for the fiscal year.

State Road Fund

The state road fund collections were 102% of the estimate for the fiscal year. Total collections were \$11.9 million above the estimate for the fiscal year.

Rainy Day and Personal Income Tax Reserve

Revenue Shortfall Reserve **Fund A** (Rainy Day Fund) had a cash balance of \$659,505,622.25 as of November 30, 2023.

Balance July 1, 2023	\$ 435,167,871.58
Fiscal year 23 Surplus	\$ 231,584,774.65
*Loan to General Revenue Fund	\$ (70,000,000.00)
Loan paid off 09-23-23	\$ 70,000,000.00
Earnings/(Loss)	\$ (7,247,023.98)
Balance November 30, 2023	\$ 659,505,622.25

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

Revenue Shortfall Reserve **Fund B** (Tobacco Settlement Monies) had a cash balance of \$500,797,285.19 as of November 30, 2023.

Balance July 1, 2023	\$ 508,162,521.37
Earnings	\$(7,365,236.18)
Balance November 30, 2023	\$ 500,797,285.19

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

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

**REVENUE COLLECTIONS
FISCAL YEAR 2024
as of November 30, 2023**

GENERAL REVENUE FUND

	MONTH ESTIMATES	ACTUAL MONTH COLLECTIONS	FINAL MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	ACTUAL YTD COLLECTIONS	YTD COLLECTIONS OVER ESTIMATES	YTD PERCENT COLLECTED
Personal Income Tax	\$ 131,400,000	\$ 140,738,891	\$ 9,338,891	\$ 806,800,000	\$ 937,522,990	\$ 130,722,990	116%
Consumer Sales Tax & Use Tax	156,600,000	162,008,594	5,408,594	684,400,000	701,730,979	17,330,979	103%
Severance Tax	32,400,000	41,320,025	8,920,025	120,900,000	76,290,756	(44,609,244)	63%
Corporate Net Income Tax	3,000,000	9,501,048	6,501,048	69,100,000	161,788,608	92,688,608	234%
Insurance Tax	600,000	(44,758)	(644,758)	51,950,000	52,195,320	245,320	100%
Tobacco Products Tax	12,700,000	12,254,133	(445,867)	68,100,000	66,165,690	(1,934,310)	97%
Business and Occupation	7,300,000	7,863,379	563,379	41,800,000	43,912,669	2,112,669	105%
Liquor Profit Transfers	2,000,000	2,018,550	18,550	12,000,000	13,588,636	1,588,636	113%
Departmental Collections	1,380,000	1,364,733	(15,267)	6,860,000	7,184,031	324,031	105%
Property Transfer Tax	900,000	939,025	39,025	4,900,000	6,174,938	1,274,938	126%
Property Tax	400,000	617,878	217,878	4,050,000	5,601,677	1,551,677	138%
Beer Tax and Licenses	500,000	539,311	39,311	2,900,000	2,840,765	(59,235)	98%
Miscellaneous Transfers	20,000	301,450	281,450	1,260,000	461,222	(798,778)	37%
Interest Income	3,900,000	17,788,260	13,888,260	19,500,000	92,245,006	72,745,006	473%
Refundable Credit Reimb Liability	0	-	-	500,000	1,026,889	526,889	0%
HB 102 - Lottery Transfers	6,350,000	6,086,908	(263,092)	25,300,000	25,428,368	128,367.77	0%
Miscellaneous	180,000	201,173	21,173	780,000	12,511,678	11,731,678	1604%
Business Franchise Fees	60,000	68,204	8,204	295,000	399,299	104,299	135%
Estate & Inheritance Tax	-	-	-	-	-	-	0%
Liquor License Renewal	45,000	42,642	(2,358)	317,000	325,440	8,440	103%
Special Revenue Transfers	-	-	-	-	-	-	0%
Charter Tax	-	230	230	-	2,132	2,132	0%
Telecommunications Tax	-	-	-	-	-	-	0%
Video Lottery Transfers	-	23,830	23,830	-	258,632	258,632	0%
July-Dec Retro Rev Adj	-	-	-	-	-	-	0%
Cash Flow Transfer	-	-	-	-	-	-	0%
Soft Drink Excise Tax	1,000,000	1,152,113	152,113	5,600,000	5,890,593	290,593	105%
SUBTOTALS	\$ 360,735,000	\$ 404,785,618	\$ 44,050,618	\$ 1,927,312,000	\$ 2,213,546,317	\$ 286,234,317	
Less: Cash Flow Transfer	-	-	-	-	-	-	
Less: Special Revenue Transfer	-	-	-	-	-	-	
TOTALS	\$ 360,735,000	\$ 404,785,618	\$ 44,050,618	\$ 1,927,312,000	\$ 2,213,546,317	\$ 286,234,317	

Percent of Estimates

112%

115%

Collections past two days

\$ 24,383,546

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

December 01, 2023

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

GENERAL REVENUE FUND

	Actual Collections November 2022	Actual Collections November 2023	Actual Collections 5 Months Jul-Nov 2022	Actual Collections 5 Months Jul-Nov 2023	YTD \$ Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Personal Income Tax	\$ 158,917,781	\$ 140,738,891	\$ 982,205,970	\$ 937,522,990	\$ (44,682,981)	-5%
Consumer Sales Tax & Use Tax	153,201,328	162,008,594	671,542,964	701,730,979	30,188,015	4%
Severance Tax	112,366,220	41,320,025	453,596,241	76,290,756	(377,305,486)	-83%
Corporate Net Income Tax	11,829,633	9,501,048	133,894,959	161,788,608	27,893,649	21%
Insurance Tax	584,807	(44,758)	50,844,597	52,195,320	1,350,723	3%
Tobacco Products Tax	14,403,838	12,254,133	69,874,630	66,165,690	(3,708,940)	-5%
Business and Occupation	6,847,777	7,863,379	42,660,889	43,912,669	1,251,779	3%
Liquor Profit Transfers	2,018,133	2,018,550	13,035,733	13,588,636	552,903	4%
Departmental Collections	1,405,623	1,364,733	7,111,669	7,184,031	72,362	1%
Property Transfer Tax	1,123,243	939,025	6,827,841	6,174,938	(652,903)	-10%
Property Tax	378,498	617,878	4,798,747	5,601,677	802,930	17%
Beer Tax and Licenses	574,360	539,311	2,901,868	2,840,765	(61,103)	-2%
Miscellaneous Transfers	-	301,450	262,230	461,222	198,993	0%
Interest Income	8,835,286	17,788,260	25,779,242	92,245,006	66,465,764	258%
Refundable Credit Reimb Liability	-	-	1,390,470	1,026,889	(363,581.00)	0%
HB 102 - Lottery Transfers	6,339,739	6,086,908	25,329,968	25,428,368	98,400.03	0%
Miscellaneous	225,741	201,173	960,922	12,511,678	11,550,756	1202%
Business Franchise Fees	29,546	68,204	279,077	399,299	120,223	43%
Estate & Inheritance Tax	-	-	-	-	-	0%
Liquor License Renewal	42,642	42,642	484,711	325,440	(159,271)	-33%
Special Revenue Transfers	-	-	-	-	-	0%
Charter Tax	116	230	1,756	2,132	376	21%
Video Lottery Transfers	7,259	23,830	70,114	258,632	188,519	0%
July-Dec Retro Rev Adj	-	-	-	-	-	0%
Cash Flow Transfer	-	-	-	-	-	0%
Soft Drink Excise Tax	1,092,392	1,152,113	5,821,686	5,890,593	68,907	100%
SUBTOTALS	\$ 480,223,960	\$ 404,785,618	\$ 2,499,676,282	\$ 2,213,546,317	\$ (286,129,965)	
Less: Cash Flow Transfer	-	-	-	-	-	
Less: Special Revenue Transfer	-	-	-	-	-	
TOTALS	\$ 480,223,960	\$ 404,785,618	\$ 2,499,676,282	\$ 2,213,546,317	\$ (286,129,965)	
Increase/Decrease over Prior Period		\$ (75,438,342)		\$ (286,129,965)		
% Increase/Decrease over Prior Period		-16%		-11%		

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

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

STATE ROAD FUND

	Actual Collections Nov 2022	Actual Collections Nov 2023	Actual Collections 5 Months Jul-Nov 2022	Actual Collections 5 months Jul- Nov 2023	YTD Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Gasoline & Motor Carrier Rd Tax	\$ 34,940,184	\$ 16,036,895	\$ 180,323,447	\$ 186,536,753	\$ 6,213,306	3%
Privilege Tax	23,592,924	23,626,579	135,834,652	136,121,200	286,548	0%
Licenses & Registration	11,471,066	9,753,111	56,515,440	50,799,684	(5,715,756)	-10%
Miscellaneous	1,521,954	6,401,096	160,181,980	196,924,797	36,742,816	23%
Highway Litter Control	124,202	119,173	708,752	684,961	(23,792)	-3%
Federal Reimbursement	46,308,589	114,956,427	261,482,914	396,293,999	134,811,085	52%
 SUBTOTALS	\$ 117,958,919	\$ 170,893,280	\$ 795,047,186	\$ 967,361,393	\$ 172,314,207	
Less: Federal Reimbursement	46,308,589	114,956,427	261,482,914	396,293,999	134,811,085	
 TOTALS	\$ 71,650,330	\$ 55,936,853	\$ 533,564,271	\$ 571,067,394	\$ 37,503,122	
 Increase/Decrease over Prior Period		\$ (15,713,476)		\$ 37,503,122		
 % Increase/Decrease over Prior Period		-22%		7%		

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

Office of the Legislative Auditor



Budget Division
Building 1, Room 314-West Wing
1900 Kanawha Blvd. East
Charleston, WV 25305-0590
304-347-4870

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

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

Date: November 22, 2023

Re: West Virginia Unemployment Compensation Trust Fund

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

As of October 30, 2023, of fiscal year 2023-2024, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2023	\$ 419,876,988.10
Receipts July 1,2023 thru June 30, 2024	\$ 122,695,733.30
Disbursements July 1,2023 thru June 30, 2024	\$ 121,050,896.64
Balance October 30, 2023	\$ 421,521,824.76

ITEMS OF NOTE:

Regular benefits paid for July-October 2023 were \$ 14 million more than July-October 2022.

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

Total disbursements were \$26.5 million more in July-October 2023 than the preceding July-October 2022.

Receipts as of July-October 2023, were \$15.9 million more than in July-October 2022. Overall ending trust fund balance was \$31.3 million higher on October 30, 2023, than on October 30, 2022.

Seasonally adjusted unemployment rates for October 2023 were 4.0 percent for West Virginia and 3.9 percent nationally.

Since October 2022, employment has increased by 10,100. Employment increases included 1,700 in mining and logging, 1,800 in other services, 2,900 in private education and health services, 1,000 in construction, 3,500 in government, 1,100 in professional and business services, 100 in financial activities and 100 in information. Employment declines included 1,100 in manufacturing, 200 in leisure and hospitality, and 800 in trade, transportation, and utilities.

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

	AUGUST 2022	SEPTEMBER 2022	OCTOBER 2022	AUGUST 2023	SEPTEMBER 2023	OCTOBER 2023	THREE MONTH TOTAL VARIANCE *
Balance Forward	\$ 380,192,897.83	\$ 390,353,159.63	\$ 384,144,017.29	\$ 422,838,146.62	\$ 423,531,699.22	\$ 417,043,653.52	\$ 108,723,424.61
Add Receipts:							
1. Bond Assessment							\$ -
2. Regular Contributions:	17,308,661.77	910,266.89	12,863,071.20	10,920,131.47	916,581.81	14,860,238.43	(4,385,048.15)
3. Federal Emergency Benefits (PEUC)	51,924.98	28,907.98	30,556.08	4,951.89	3,291.67	1,267.61	(101,877.87)
4. Federal Share Extended Benefits (EE)	-	42.00	(10,460.57)	-	-	-	10,418.57
5. Federal Additional Compensation - FP	187,690.81	89,378.65	(151,948.17)	70,327.64	58,284.06	40,187.10	43,677.51
6. Pandemic Unemployment Assistance	-	(95,477.32)	(27,323.20)	(96,527.94)	(12,343.65)	(4,128.00)	9,800.93
7. UCFE (Federal Agencies)	76,680.94	68,109.56	44,853.58	87,787.58	31,268.45	41,345.54	(29,242.51)
8. TSFR From Non-Invstd FUA	-	-	-	-	-	-	-
9. EUISAA - EMER US RELIEF/STC	-	-	-	-	-	-	-
10. Treasury Interest Credits	-	1,586,713.14	-	-	2,772,628.98	-	1,185,915.84
11. UCX (Military Agencies)	41,101.14	28,970.75	(70,175.67)	15,034.96	17,342.57	37,325.42	69,806.73
12. Temporary Compensation	-	-	-	-	-	-	-
13. BT to State UI Account	-	586.00	(3,537.29)	-	1,329.00	14,519.46	18,799.75
14. UI Modernization	-	-	-	-	-	-	-
15. Loan Advance	-	-	-	-	-	-	-
16. Return of Overpayments FPUC/PUA/	-	-	-	-	-	-	-
Total Monthly Receipts	\$ 44,849,046.31	\$ 9,274,519.47	\$ 29,373,905.47	\$ 31,593,212.99	\$ 13,233,259.02	\$ 37,545,497.19	\$ (1,125,502.05)
Less Disbursements:							
Debt Bond Repayment	(Retired)						
Regular Benefits:	\$ 7,187,409.85	\$ 5,892,565.61	\$ 6,896,095.12	\$ 10,242,958.74	\$ 8,671,273.90	\$ 10,404,521.76	9,342,683.82
Federal Emergency Compensation - PEUC	50,128.99	36,411.98	(79,766.77)	3,754.89	3,291.67	1,267.61	1,539.97
Federal Additional Compensation - FPL	159,907.95	59,240.35	(264,311.23)	71,827.45	65,184.22	29,387.13	211,561.73
Pandemic Unemployment Assistance P	-	-	(33,778.33)	(100,730.94)	(8,140.65)	(4,413.00)	(79,506.26)
Federal Emergency Benefits (EUC08)	-	-	-	-	-	-	-
Federal Extended - 2112	-	-	-	-	-	-	-
Emergency Benefits (TEUC)	-	-	-	-	-	-	-
UCFE (Federal Workers) Benefits	67,682.81	72,679.60	46,674.95	74,659.69	27,701.31	43,998.43	(40,677.93)
UCX (Military Workers) Benefits	40,668.24	25,318.45	34,290.92	13,925.77	17,041.87	37,747.12	(31,562.85)
Reed Act Funds	-	2,740,000.00	-	-	-	-	(2,740,000.00)
EUISAA Title IX/STC	-	-	-	1,757.40	1,500,076.27	75.27	1,501,908.94
Total Monthly Disbursements	\$34,688,784.51	\$ 15,483,661.81	\$23,295,702.52	\$30,899,660.39	\$19,721,304.72	\$33,067,325.95	\$ 10,220,142.22
Trust Fund Balance	\$390,353,159.63	\$ 384,144,017.29	\$390,222,220.24	\$ 423,531,699.22	\$ 417,043,653.52	\$ 421,521,824.76	\$ 97,377,780.34

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

Indicates prior month values that have been updated

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

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

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

UC TRUST FUND ACTUAL – 2023

Month	Receipts	Disbursements	Trust Fund Balance
2022			
Balance 1/1/2022			\$ 320,721,323
January	\$ 37,538,718	\$ 36,452,450	\$ 321,552,258
February	\$ 28,916,869	\$ 31,697,188	\$ 318,771,939
March	\$ 12,011,605	\$ 19,158,780	\$ 311,624,765
April	\$ 58,377,090	\$ 38,864,190	\$ 331,141,453
May	\$ 119,518,142	\$ 68,430,700	\$ 382,227,590
June	\$ 10,606,226	\$ 14,860,237	\$ 377,973,650
July	\$ 23,347,631	\$ 21,136,193	\$ 380,185,088
August	\$ 44,849,046	\$ 34,688,784	\$ 390,353,159
September	\$ 9,274,519	\$ 15,483,662	\$ 384,144,017
October	\$ 29,373,905	\$ 23,295,702	\$ 390,222,220
November	\$ 21,420,345	\$ 22,714,535	\$ 388,928,030
December	\$ 12,704,112	\$ 19,470,183	\$ 382,161,959
Totals - 2022	\$ 407,938,208	\$ 346,252,604	\$ 382,161,959
2023			
January	\$ 35,795,306	\$ 41,052,758	\$ 376,904,507
February	\$ 25,495,204	\$ 33,091,940	\$ 369,307,771
March	\$ 17,679,370	\$ 25,286,212	\$ 361,700,928
April	\$ 53,423,465	\$ 41,376,931	\$ 373,747,462
May	\$ 135,614,882	\$ 83,183,401	\$ 426,178,943
June	\$ 14,588,998	\$ 20,890,953	\$ 419,876,988
July	\$ 40,323,764	\$ 37,362,605	\$ 422,838,147
August	\$ 31,593,212	\$ 30,899,660	\$ 423,531,699
September	\$ 13,233,259	\$ 19,721,305	\$ 417,043,653
October	\$ 37,545,497	\$ 33,067,325	\$ 421,521,825
November	\$	\$	\$
December	\$	\$	\$
Totals - 2023	\$	\$	\$

Benefits and Technical Support Section • Unemployment Compensation Division
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**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING AUGUST 2022 AND AUGUST 2023**

	AUGUST 2022	SEPTEMBER 2022	OCTOBER 2022	AUGUST 2023	SEPTEMBER 2023	OCTOBER 2023	THREE MONTH TOTAL VARIANCE *
Balance Forward	\$ 380,192,897.83	\$ 390,353,159.63	\$ 384,144,017.29	\$ 422,838,146.62	\$ 423,531,699.22	\$ 417,043,653.52	\$ 108,723,424.61
Add Receipts:							
1. Bond Assessment							\$ -
2. Regular Contributions:	17,308,661.77	910,266.89	12,863,071.20	10,920,131.47	916,581.81	14,860,238.43	(4,385,048.15)
3. Federal Emergency Benefits (PEUC)	51,924.98	28,907.98	30,556.08	4,951.89	3,291.67	1,267.61	(101,877.87)
4. Federal Share Extended Benefits (EE)	-	42.00	(10,460.57)	-	-	-	10,418.57
5. Federal Additional Compensation - FP	187,690.81	89,378.65	(151,948.17)	70,327.64	58,284.06	40,187.10	43,677.51
6. Pandemic Unemployment Assistance	-	(95,477.32)	(27,323.20)	(96,527.94)	(12,343.65)	(4,128.00)	9,800.93
7. UCFE (Federal Agencies)	76,680.94	68,109.56	44,853.58	87,787.58	31,268.45	41,345.54	(29,242.51)
8. TSFR From Non-Invstd FUA	-	-	-	-	-	-	-
9. EUISAA - EMER US RELIEF/STC	-	-	-	-	-	-	-
10. Treasury Interest Credits	-	1,586,713.14	-	-	2,772,628.98	-	1,185,915.84
11. UCX (Military Agencies)	41,101.14	28,970.75	(70,175.67)	15,034.96	17,342.57	37,325.42	69,806.73
12. Temporary Compensation	-	-	-	-	-	-	-
13. BT to State UI Account	-	586.00	(3,537.29)	-	1,329.00	14,519.46	18,799.75
14. UI Modernization	-	-	-	-	-	-	-
15. Loan Advance	-	-	-	-	-	-	-
16. Return of Overpayments FPUC/PUA/	-	-	-	-	-	-	-
Total Monthly Receipts	\$ 44,849,046.31	\$ 9,274,519.47	\$ 29,373,905.47	\$ 31,593,212.99	\$ 13,233,259.02	\$ 37,545,497.19	\$ (1,125,502.05)
Less Disbursements:							
Debt Bond Repayment	(Retired)						
Regular Benefits:	\$ 7,187,409.85	\$ 5,892,565.61	\$ 6,896,095.12	\$ 10,242,958.74	\$ 8,671,273.90	\$ 10,404,521.76	9,342,683.82
Federal Emergency Compensation - PEUC	50,128.99	36,411.98	(79,766.77)	3,754.89	3,291.67	1,267.61	1,539.97
Federal Additional Compensation - FPL	159,907.95	59,240.35	(264,311.23)	71,827.45	65,184.22	29,387.13	211,561.73
Pandemic Unemployment Assistance P	-	-	(33,778.33)	(100,730.94)	(8,140.65)	(4,413.00)	(79,506.26)
Federal Emergency Benefits (EUC08)	-	-	-	-	-	-	-
Federal Extended - 2112	-	-	-	-	-	-	-
Emergency Benefits (TEUC)	-	-	-	-	-	-	-
UCFE (Federal Workers) Benefits	67,682.81	72,679.60	46,674.95	74,659.69	27,701.31	43,998.43	(40,677.93)
UCX (Military Workers) Benefits	40,668.24	25,318.45	34,290.92	13,925.77	17,041.87	37,747.12	(31,562.85)
Reed Act Funds	-	2,740,000.00	-	-	-	-	(2,740,000.00)
EUISAA Title IX/STC	-	-	-	1,757.40	1,500,076.27	75.27	1,501,908.94
Total Monthly Disbursements	\$34,688,784.51	\$ 15,483,661.81	\$23,295,702.52	\$30,899,660.39	\$19,721,304.72	\$33,067,325.95	\$ 10,220,142.22
Trust Fund Balance	\$390,353,159.63	\$ 384,144,017.29	\$390,222,220.24	\$ 423,531,699.22	\$ 417,043,653.52	\$ 421,521,824.76	\$ 97,377,780.34

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

Indicates prior month values that have been updated

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

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

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

BRIM
December 2023
Interim Packet

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

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

1. **Premium Revenue** for October reflects the premiums earned for the first four months of the current fiscal year. BRIM premiums in FY'24 reflect an increase in premium revenue including an increase in premium to fund the higher actuarially estimated losses for the current year.
2. **Claims Expense** reflects net claims payments made through October plus estimated accruals for the months of July, August, September and October. Also included is the reserve adjustment for the September 30th actuarial report. Claim payments made in the first four months of the fiscal year are higher than through October of last year due to several large abuse claims.
3. **Investments** reflect a loss of \$5.4 million year to date. Investment losses through October of last year were higher due to interest rates rising and volatility in the equities markets at that time. Interest rates could continue to rise but at slower pace, and the volatility of the equities markets make for an uncertain outlook for investment income for FY'24.
4. BRIM continues to pursue pro-active loss control initiatives.

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Four Months Ended October 31st

	2023	2022
	(In Thousands)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 15,843	\$ 11,784
Advance deposits with insurance company and trustee	246,175	242,004
Receivables	5,099	2,837
Prepaid insurance	8,777	5,629
Restricted cash and cash equivalents	6,168	14,772
Premiums due from other entities	1,534	1,222
Total current assets	283,597	278,247
Noncurrent assets:		
Equity position in internal investments pools	85,789	107,012
Restricted investments	29,074	63,441
Total noncurrent assets	114,863	170,453
Total assets	398,460	448,700
Deferred Outflows of Resources		
Deferred Outflows of Resources	399	434
Deferred Outflows of Resources - OPEB	59	61
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	155,023	103,306
Unearned premiums	22,066	17,602
Agent commissions payable	1,090	795
Claims Payable	00	100
Accrued expenses and other liabilities	9,432	1,903
Total current liabilities	187,611	123,705
Estimated unpaid claims and claims adjustment expense net of current portion		
	170,054	187,105
Compensated absences	192	167
Net pension liability	148	(894)
Total noncurrent liabilities	170,394	186,378
Total liabilities	358,005	310,084
Deferred Inflows of Resources		
Deferred Inflows of Resources	0	1,156
Deferred Inflows of Resources - OPEB	137	280
Net position:		
Restricted by State code for mine subsidence coverage	32,363	75,988
Unrestricted	36,438	75,415
Net Assets (Deficiency)	(28,025)	(13,728)
Net position	\$ 40,776	\$ 137,675

Unaudited

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Four Months Ended October 31st

	<u>2023</u>	<u>2022</u>
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 38,448	\$ 32,142
Less coverage/reinsurance programs	(4,793)	(3,340)
Net operating revenues	<u>33,655</u>	<u>28,802</u>
Operating expenses		
Claims and claims adjustment expense	54,163	27,801
General and administrative	2,122	1,910
Total operating expenses	<u>56,285</u>	<u>29,711</u>
Operating income (loss)	(22,630)	(909)
Nonoperating revenues		
Investment income	(5,395)	(12,819)
Legislative Appropriation	0	0
OPEB Non Operating Income	0	0
Net nonoperating revenues	<u>(5,395)</u>	<u>(12,819)</u>
Changes in net position	(28,025)	(13,728)
Total net position, beginning of year	68,801	151,403
Total net position, end of period	<u>\$ 40,776</u>	<u>\$ 137,675</u>

Unaudited

PEIA
December 2023
Interim Packet

PEIA

December Interim Talking Points

- **PEIA and RHBT FY 2024 year to date interim financial statements for September 30, 2023 are available for your review.**
- **PEIA statements indicate PEIA is currently ahead of plan by \$18 million. This is due to lower than forecast claims expense.**
- **RHBT statements indicate RHBT is currently behind plan by \$49 million. This is due to lower than forecast investment income.**
- **The 2024 year-end reserve for the State Fund, non-State Fund and RHBT is projected to be \$91, \$21 and \$206 million respectively.**
- **These reserve levels represent 12%, 12% and 120% of the respective funds' expenses. The required reserve for the State Fund is 12% of expenses.**

West Virginia Public Employees Insurance Agency
Statement of Changes in Plan Net Position
For the Three Months Ending Saturday, September 30, 2023
(Dollars in Thousands)
(Unaudited-For Internal Use Only)

ACTUAL	BUDGET	PRIOR YR	BUDGET VARIANCE		PRIOR YR VARIANCE	
			\$	%	\$	%
OPERATING REVENUE						
Premium Revenue						
			\$2,054	1%	\$40,509	37%
Health Insurance - State Gov. - Employers	\$147,689	\$109,234				
Health Insurance - State Gov. - Employees	37,203	29,766	309	1%	7,437	25%
Health Insurance - Local Gov. - All	40,764	35,299	(876)	(2%)	5,465	15%
Administrative Fees, Net of Refunds	1,142	1,149	(52)	(4%)	(7)	(1%)
Other Premium Revenue	577	691	(114)	(16%)	59	11%
Total Operating Revenue	228,108	175,966	1,321	1%	53,463	30%
NON-OPERATING REVENUE						
Life Insurance	601	526	75	14%	73	14%
Direct Transfer	0	13,000	0	0%	(13,000)	(100%)
Interest and Investment Income	(892)	(4,896)	(2,996)	(142%)	4,004	(82%)
WV RHBT Pay Go Premiums	0	14,808	0	0%	(14,808)	(100%)
Total Non-Operating Revenue	(291)	23,440	(2,921)	(111%)	(23,731)	(101%)
TOTAL REVENUE	229,138	199,406	(1,600)	(1%)	29,732	15%
EXPENSES						
Claims Expense - Medical	139,806	133,602	(6,204)	(5%)	(14,188)	(11%)
Claims Expense - Drugs	48,810	77,338	28,528	37%	(4,963)	(11%)
Payments to Managed Care Org.	15,905	16,937	1,032	6%	(2,335)	(17%)
Administrative Service Fees	9,008	5,818	(3,190)	(55%)	(4,378)	(95%)
Wellness and Disease Management	136	23	(113)	(491%)	(134)	(6,700%)
Other Operating Expenses	1,382	1,387	5	0%	(269)	(24%)
Life Insurance Expense	456	545	89	16%	(1)	(0%)
ACA Comparative Effectiveness Fee	120	119	(1)	(1%)	0	0%
WV RHBT Pay Go Premiums	0	14,808	0	0%	14,808	100%
TOTAL EXPENSES	215,623	235,769	20,146	9%	(11,460)	(6%)
YTD Surplus (Deficit)	13,438	(4,756)	18,470	(367%)	18,194	(383%)
Total Net Position, Beginning of Period	124,830	124,830	0	0%	31,405	34%
Total Net Position, End of Period	\$138,268	\$119,798	\$18,470	15%	\$49,599	56%

Real Estate Division
December 2023
Interim Packet

Department of Administration Real Estate Division Leasing Report

For the period of November 1 - 30, 2023

There are 4 leasing changes for this period, and they are as follows:

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

Department of Administration Real Estate Division Leasing Report
For the period of November 1-30, 2023

NEW CONTRACT OF LEASE

OFFICE OF THE STATE FIRE MARSHAL

SFM-004 New Contract of Lease for 3 years consisting of 13,500 square feet of office space at the annual per square foot rate of \$12.00, annual cost \$162,000.00, for year 1, with an increase in the annual per square foot rate to \$12.24, annual cost \$165,240.00 for year 2, with an increase in the annual per square foot rate to \$12.48, annual cost \$168,480.00 for year 3, full service, 1700 MacCorkle Avenue, in the City of Charleston, Kanawha County, West Virginia.

WEST VIRGINIA DEPARTMENT OF AGRICULTURE

AGR-058 New Contract of Lease for 5 years consisting of 115 square feet of office space at the annual per square foot rate of \$18.13, annual cost \$2,085.00, full service, 463 Ragland Road, in the City of Beckley, Raleigh County, West Virginia.

STRAIGHT RENEWAL

DIVISION OF MOTOR VEHICLES

DMV-026 Renewal for 10 years consisting of 8,428 square feet of office space at the current annual per square foot rate of \$12.95, annual cost \$109,142.60, full service, 400 Teletech Drive, Suite #100, in the City of Moundsville, Marshall County, West Virginia.

RENEWAL WITH INCREASE IN RENT

WEST VIRGINIA DEPARTMENT OF AGRICULTURE

AGR-030 Renewal for 5 years consisting of 247 square feet of office space with an increase in the annual per square foot rate from \$13.70 to \$18.06, annual cost \$4,460.88, full service, 463 Ragland Road, in the City of Beckley, Raleigh County, West Virginia.

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

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Office of the State Fire Marshal	SFM-004	Kanawha	13,500	12.00	162,000	1.00	162,000
	Office of the State Fire Marshal	SFM-004	Kanawha	13,500	12.24	165,240	1.00	165,240
	Office of the State Fire Marshal	SFM-004	Kanawha	13,500	12.48	168,480	1.00	168,480
2	West Virginia Department of Agriculture	AGR-058	Raleigh	115	18.13	2,085	5.00	10,425
3	Division of Motor Vehicles	DMV-026	Marshall	8,428	12.95	109,143	10.00	1,091,426 *
4	West Virginia Department of Agriculture	AGR-030	Raleigh	247	18.06	4,461	5.00	22,304

	85.86
Total Rentable :	<u>49,290</u>
Average Annual Rental Rate	<u>10.73</u>
Total Annual Rent	<u>611,408</u>

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

Department of Health and Human Resources
Bureau for Medical Services

Medicaid Report
OCTOBER 2023

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

DECEMBER 2023

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

	MONTH OF OCTOBER 2023		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2023	SFY2024	Current Month Ended 10/31/23	SFY2024	Current Month Ended 10/31/23	Current Month Ended 10/31/23	Year To-Date Thru 10/31/23	11/01/23 Thru 6/30/2024
EXPENDITURES:								
Inpatient Hospital - Reg. Payments	81,103,148	92,979,426	6,590,358	92,979,426	8,368,148	28,031,640	64,947,786	
Inpatient Hospital - DSH	57,339,873	53,500,000	(1,867,523)	53,500,000	4,815,000	11,214,057	42,285,943	
Inpatient Hospital - Supplemental Payments	1,098,674	-	-	-	-	-	-	
Inpatient Hospital - GME Payments	14,461,737	13,452,984	-	13,452,984	1,210,769	3,744,963	9,708,021	
Mental Health Facilities	6,295,274	9,855,666	620,210	9,855,666	887,010	3,821,453	6,034,213	
Mental Health Facilities - DSH Adjustment Payments	16,372,757	18,887,045	6,123,720	18,887,045	1,699,834	10,845,481	8,041,564	
Nursing Facility Services - Regular Payments	909,736,563	910,851,905	81,276,191	910,851,905	81,976,671	333,334,414	577,517,491	
Nursing Facility Services - Supplemental Payments	-	25,000,000	-	25,000,000	2,250,000	-	25,000,000	
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-	-	
Intermediate Care Facilities - Private Providers	70,285,738	61,773,950	6,058,979	61,773,950	5,559,656	23,719,231	38,054,719	
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-	-	
Physicians Services - Regular Payments	27,303,815	27,571,075	2,782,205	27,571,075	2,481,397	10,720,308	16,850,768	
Physicians Services - Supplemental Payments	-	-	-	-	-	-	-	
Physician and Surgical Services - Evaluation and Management	-	-	-	-	-	-	-	
Physician and Surgical Services - Vaccine Codes	-	-	-	-	-	-	-	
Outpatient Hospital Services - Regular Payments	34,572,879	36,497,510	3,624,768	36,497,510	3,284,776	13,392,240	23,105,270	
Outpatient Hospital Services - Supplemental Payments	-	-	-	-	-	-	-	
Prescribed Drugs	889,666,463	961,587,502	84,311,767	961,587,502	86,542,875	326,008,280	635,579,222	
Drug Rebate Offset - National Agreement	(591,930,088)	(466,000,000)	(78,276,862)	(466,000,000)	(41,940,000)	(177,299,878)	(288,700,122)	
Drug Rebate Offset - State Sidebar Agreement	(97,081,651)	(48,000,000)	(23,700,066)	(48,000,000)	(4,320,000)	(51,113,845)	3,113,845	
Drug Rebate Offset - MCO National	(8,746,526)	(12,600,000)	(949,039)	(12,600,000)	(1,134,000)	(3,134,042)	(9,465,958)	
Drug Rebate Offset - MCO State Sidebar Agreement	17,601	-	-	-	-	-	-	
ODD Medication Assisted Treatment—Drugs	86,680,518	-	8,333,626	-	-	32,102,593	(32,102,593)	
Dental Services	4,326,025	4,399,087	503,525	4,399,087	395,918	1,811,927	2,587,160	
Other Practitioners Services - Regular Payments	146,588,874	17,263,355	20,507,219	17,263,355	1,553,702	77,317,582	(60,054,227)	
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-	-	
Clinic Services	2,442,194	1,433,269	284,365	1,433,269	128,994	1,022,060	411,209	
Lab & Radiological Services	5,444,721	6,061,343	607,086	6,061,343	545,521	2,182,312	3,879,031	
Home Health Services	22,635,227	31,691,744	1,154,487	31,691,744	2,852,257	6,155,271	25,536,473	
Hysterectomies/Sterilizations	7,015	2,928	540	2,928	264	1,994	934	
Pregnancy Terminations ⁽²⁾	-	19,089	-	19,089	1,718	-	19,089	
EPSDT Services	1,214,270	771,690	218,650	771,690	69,452	573,470	198,220	
Rural Health Clinic Services	2,449,746	2,237,118	257,425	2,237,118	201,341	1,135,816	1,101,302	
Medicare Health Insurance Payments - Part A Premiums	28,308,602	30,240,573	2,422,043	30,240,573	2,721,652	9,993,798	20,246,775	
Medicare Health Insurance Payments - Part B Premiums	150,906,037	170,705,833	11,841,926	170,705,833	15,363,525	47,884,318	122,821,515	
120% - 134% Of Poverty	15,979,491	16,226,884	1,332,887	16,226,884	1,460,420	5,639,251	10,587,633	
135% - 175% Of Poverty	-	-	-	-	-	-	-	
Coinsurance And Deductibles	13,687,829	12,394,747	1,206,493	12,394,747	1,115,527	4,503,759	7,890,988	

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

	MONTH OF OCTOBER 2023		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2023	SFY2024	Current Month Ended 10/31/23	SFY2024	Current Month Ended 10/31/23	Current Month Ended 10/31/23	Year To-Date Thru 10/31/23	11/01/23 Thru 6/30/2024
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	2,699,447,506	2,316,592,754	173,654,991		208,493,348		796,111,401	1,520,481,353
Medicaid MCO - Evaluation and Management	-	-	-		-		-	-
Medicaid MCO - Vaccine Codes	-	-	-		-		-	-
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-		-		-	-
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-		-		-	-
Medicaid Health Insurance Payments: Group Health Plan Payments	2,311,560	2,219,207	208,400		199,729		1,022,199	1,197,008
Medicaid Health Insurance Payments: Coinsurance	-	-	-		-		-	-
Medicaid Health Insurance Payments: Other	-	-	-		-		-	-
Home & Community-Based Services (IDD)	399,436,614	425,644,479	32,264,708		38,308,003		115,171,844	310,472,635
Home & Community-Based Services (Aged/Disabled)	114,651,033	162,465,610	5,357,672		14,621,905		18,201,290	144,264,321
Home & Community-Based Services (Traumatic Brain Injury)	3,938,462	2,368,144	170,697		213,133		452,187	1,915,957
Home & Community-Based Services (State Plan 1915(i) Only)	-	-	-		-		-	-
Home & Community-Based Services (State Plan 1915(j) Only)	-	-	-		-		-	-
Community Supported Living Services	-	-	-		-		-	-
Programs Of All-Inclusive Care Elderly	-	-	-		-		-	-
Personal Care Services - Regular Payments	58,767,481	86,842,302	1,546,749		7,815,807		5,500,472	81,341,830
Personal Care Services - SDS 1915(j)	-	-	-		-		-	-
Targeted Case Management Services - Com. Case Management	-	-	-		-		-	-
Targeted Case Management Services - State Wide	1,953,673	2,125,804	61,571		191,322		282,566	1,843,238
Primary Care Case Management Services	-	-	-		-		-	-
Hospice Benefits	30,179,762	27,812,852	3,284,921		2,503,157		12,424,654	15,388,198
Emergency Services Undocumented Aliens	1,591,557	599,899	46,959		53,991		236,356	363,543
Federally Qualified Health Center	11,339,883	6,515,541	1,070,531		586,399		3,577,190	2,938,351
Non-Emergency Medical Transportation	41,612,362	42,182,568	3,343,906		3,796,431		13,796,467	28,386,101
Physical Therapy	1,001,192	985,693	91,594		88,712		362,817	622,876
Occupational Therapy	417,926	408,056	37,664		36,725		142,359	265,697
Services for Speech, Hearing & Language	286,823	236,711	28,513		21,304		102,655	134,056
Prosthetic Devices, Dentures, Eyeglasses	799,272	564,182	62,394		50,776		322,429	241,753
Diagnostic Screening & Preventive Services	74,116	63,414	12,913		5,707		37,797	25,617
Nurse Mid-Wife	96,015	101,173	12,708		9,106		47,218	53,955
Emergency Hospital Services	-	-	-		-		-	-
Critical Access Hospitals	23,286,462	21,496,408	2,129,954		1,934,677		8,416,618	13,079,790
Nurse Practitioner Services	4,696,653	3,859,208	547,353		347,329		1,953,337	1,905,871
School Based Services	32,482,763	29,998,882	83,731		2,699,899		1,228,340	28,770,542
Rehabilitative Services (Non-School Based)	36,592,651	26,807,946	2,756,252		2,233,995		11,474,063	15,333,882
2a) Opioid Treatment Program (OTP) - Methadone services	146,007	-	(124,307)		-		(82,735)	82,735
2a) Opioid Treatment Program (OTP) - Peer Recovery Support Services	2,322,357	-	461		-		4,567	(4,567)
2a) Opioid Treatment Program (OTP) - Residential Adult Services	7,008,425	-	1,087,050		-		3,883,625	(3,883,625)
2a) OUD Medicaid Assisted Treatment Services	16,386,491	-	1,892,835		-		6,595,764	(6,595,764)
2a) Opioid Treatment Program (OTP) - Other	629,873	-	67,761		-		247,679	(247,679)
Private Duty Nursing	4,636,150	4,807,324	492,770		432,659		1,910,278	2,897,046
Freestanding Birth Centers	-	-	-		-		-	-
Health Home for Enrollees w Chronic Conditions	2,657,501	2,507,273	239,624		225,655		789,545	1,717,729
Other Care Services	26,284,761	36,847,337	3,386,138		3,316,260		11,991,704	24,855,633
Less: Recoupments	-	-	(11,013,192)		-		(11,013,192)	11,013,192
NET MEDICAID EXPENDITURES:	5,416,202,136	5,182,857,492	358,068,301		466,278,455		1,728,799,947	3,454,057,545

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

MONTH OF OCTOBER 2023

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2023	SFY2024	Current Month Ended 10/31/23	Current Month Ended 10/31/23	Year To-Date Thru 10/31/23	11/01/23 Thru 6/30/2024
Collections: Third Party Liability (line 9A on CMS-64)	(8,071,960)	-	-	-	(1,394,624)	1,394,624
Collections: Probate (line 9B on CMS-64)	(2,609,787)	-	-	-	(1,827,193)	1,827,193
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(917,727)	-	-	-	(394,540)	394,540
Collections: Other (line 9D on CMS-64)	(35,290,306)	-	-	-	(8,631,357)	8,631,357
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	5,369,312,356	5,182,857,492	358,068,301	466,278,455	1,716,552,233	3,466,305,259
Plus: Medicaid Part D Expenditures	43,535,275	52,661,876	4,168,740	4,739,569	16,798,377	35,863,499
Plus: State Only Medicaid Expenditures	187,230	262,845	14,360	23,656	59,409	203,436
Plus: Money Follow the Person Expenditures	1,170,896	1,037,688	121,127	93,392	435,531	602,157
TOTAL MEDICAID EXPENDITURES	\$5,414,205,758	\$5,236,819,901	\$362,372,528	\$471,135,071	\$1,733,845,550	\$3,502,974,351
Plus: Reimbursables ⁽¹⁾	4,404,092	-	591,568	-	1,815,553	(1,815,553)
Plus: NATCEP/PASARR/Eligibility Exams	241,251	29,578	64,364	2,662	128,948	(99,370)
Plus: HIT Incentive Payments	-	-	-	-	-	-
TOTAL EXPENDITURES	\$5,418,851,102	\$5,236,849,480	\$363,028,460	\$471,137,734	\$1,735,790,051	\$3,501,059,428

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

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

(3) Of the amount in the 'Nursing Facility Services - Regular Payments' line \$7,638,080 is the amount paid to State Facilities year to date.

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

MONTH OF OCTOBER 2023

REVENUE SOURCES

Beg. Bal. (5084/1020 prior mth)

MATCHING FUNDS

General Revenue (0403/189)
 IDD Waiver (0403/466)

Rural Hospitals Under 150 Beds (0403/940)

Tertiary Funding (0403/547)

Traumatic Brain Injury (0403/835)

Title XIX Waiver for Seniors (0403-533)

Medical Services Surplus (0403/633)

Waiver for Senior Citizens Surplus (0403/526)

Lottery Waiver (Less 550,000) (5405/539)

Lottery Waiver (0420/539)

Lottery Transfer (5405/871)

Excess Lottery (5365/189)

Lottery Surplus (5405/68199)

Lottery Surplus (5365/68100)

Trust Fund Appropriation (5185/189)

Provider Tax (5090/189)

NSGO UPL (5084/6717)

Expirations (5084)

Certified Match

Reimbursables - Amount Reimbursed

Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015

CHIP State Share

CMS - 64 Adjustments

TOTAL MATCHING FUNDS

FEDERAL FUNDS

TOTAL REVENUE SOURCES

TOTAL EXPENDITURES:

Provider Payments

TOTAL

Note: FMAP (75.60% applicable Oct 2023 - Dec 2023)

ACTUALS	ACTUALS Current Month Ended 10/31/23	ACTUALS Year-To-Date Thru 10/31/23	PROJECTED 11/01/23 Thru 06/30/24	TOTAL SFY2024
81,507,579	39,303,230	127,247,384	-	127,247,384
292,112,801	19,786,175	55,860,445	211,342,329	267,202,774
108,541,736	7,959,728	29,668,075	78,873,661	108,541,736
2,596,000	216,333	865,333	1,730,667	2,596,000
6,356,000	529,667	2,118,667	4,237,333	6,356,000
800,000	58,667	218,667	581,333	800,000
13,593,620	996,865	3,715,589	9,878,031	13,593,620
8,800,000	-	-	-	-
-	-	-	-	-
13,603,501	-	5,781,658	17,344,975	23,126,633
19,612,957	-	2,709,956	8,129,869	10,839,825
16,400,070	-	4,100,018	12,300,052	16,400,070
26,697,960	-	-	60,716,750	60,716,750
14,750,000	-	-	14,750,000	14,750,000
16,200,000	-	17,000,000	-	17,000,000
14,208,033	-	-	71,085,999	71,085,999
290,400,000	41,040,000	154,322,589	484,929,073	639,251,662
-	-	-	-	-
-	-	-	-	-
15,218,760	583,266	2,654,326	11,051,674	13,706,000
7,427,510	267,045	1,965,487	(1,965,487)	-
10,461	23,263	79,753	(79,753)	-
-	-	-	-	-
196,666	-	1,136,257	(1,136,257)	-
\$ 949,033,654	\$ 110,764,240	\$ 409,444,203	\$ 983,770,250	\$ 1,393,214,454
4,596,740,061	291,216,725	1,365,251,703	2,737,768,621	4,103,020,324
\$ 5,545,773,715	\$ 401,980,965	\$ 1,774,695,906	\$ 3,721,538,871	\$ 5,496,234,777

\$ 5,418,851,102	\$ 363,028,460	\$ 1,735,790,051	\$ 3,501,059,428	\$ 5,236,849,480
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\$ 126,922,614	\$ 38,952,504	\$ 38,905,855	\$ 220,479,443	\$ 259,385,298
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Department of Health and Human Resources

Bureau for Medical Services

Medicaid Waiver Report
OCTOBER 2023

Submitted to

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

DECEMBER 2023

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

Aged & Disabled Waiver Reported October 31, 2023	FY2023	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	FY2024 YTD
Slots Approved By CMS (1)	8,500	8,500	8,500	8,500	8,500									8,500
-Slots Available for Traditional (ADW-WV) enrollees	8,424	8,424	8,424	8,424	8,424									8,424
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	76	76	76	76	76									76
-Slots reserved for Money Follows the Person (MFP-WV) enrollees														
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count	8,613	7,675	7,772	7,846	7,889									7,889
Applicants determined eligible this month and added to MEL (3) * 66 of 151 are awaiting Financial Eligibility not yet on MEL	2,416	137	157	125	151*									151
Applicants determined ineligible	123	11	10	7	4									4
ACTIVE MEMBERS														
Active Traditional Members at the end of the month	7,559	7,554	7,596	7,599	7,596									7,596
Active Take Me Home Members at the end of the month	48	41	44	42	45									45
Active Money Follows the Person Members at the end of the month														
Total Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count	7,607	7,595	7,640	7,641	7,641									7,641
Active members enrolled during the calendar month	1,835	187	195	113	153									648
-Total Active Traditional members enrolled during the calendar month	1,787	186	190	108	151									635
-Total Active TMH-WV members enrolled during the calendar month	48	1	5	5	2									13
-Total Active MFP-WV members enrolled during the calendar month														
Members discharged during the calendar month	1,516	199	150	112	153									614
ADW Members whose case was closed by reason														
Member is deceased	874	71	31	33	74									209
Other (4)	642	128	119	79	79									405
MANAGED ENROLLMENT LIST (MEL)														
# Eligible applicants closed during the calendar month (removed from MEL)	2,499	248	164	173	178									763
ADW Applicants removed from the MEL														
Applicant offered a slot (Traditional + MFP)	1,330	143	69	74	79									365
Applicant became deceased	222	12	8	16	8									44
Other (5)	947	93	87	83	91									354
Applicants on the MEL who are in a nursing facility YTD Column reflects # members in setting during reporting month	0	0	1	1	1									1
Applicants on the MEL receiving Personal Care YTD Column reflects # members receiving service during reporting month	1	0	4	4	0									0
Applicants on the MEL at the end of month	83	5	25	22	18									18
Days - Average time spent on the MEL to date Minus MFP Applicants	127	28	2	3	1									9

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

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

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

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

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

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

Intellectual/Developmental Disabilities Waiver Reported October 31, 2023		FY2023	July-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	YTD2024
Slots approved by CMS		6,115	6,115	6,115	6,115	6,115									6,115
Total number of members served YTD (unduplicated slots used) (1)		6,075	6,015	6,017	6,023	6,032									6,032
Total number of members served YTD in Traditional Slots		6,073	6,013	6,015	6,021	6,029									6,029
Total number of members served YTD in Adult Ben H. slots (Active)		2	0	1	1	2									2
Total number of members served YTD in Children Ben H. slots (Active)		2	1	1	1	1									1
Applicants determined eligible (2)		503	31	28	43	37									139
Applicants determined ineligible (3)		546	40	58	49	61									208
ACTIVE MEMBERS															
# of active members at the end of the month (unduplicated slots active) (1)		5,905	6,004	5,994	5,987	5,993									5,993
Discharged members at the end of the calendar month		183	19	14	14	3									50
Discharged members who were discharged by reason	Deceased	67	7	5	5	2									19
	Left program to enter a facility	56	4	2	4	0									10
	a. Hospital	0	0	0	0	0									0
	b. ICF/IID	30	1	0	3	0									4
	c. Nursing Facility	25	3	2	1	0									6
	d. Psychiatric Facility	0	0	0	0	0									0
	e. Rehabilitation Facility	0	0	0	0	0									0
	f. Other Facility	1	0	0	0	0									0
Other (6)	60	8	7	5	1									21	
MANAGED ENROLLMENT LIST (MEL)															
Total number of applicants on the MEL at the end of the month		548	459	483	516	540									540
Number of applicants added to the MEL (4)		503	31	28	43	37									139
Applicants enrolled (removed from the MEL)		208	118	4	7	9									138
Applicants removed from the MEL due to Death (5)		2	1	0	1	1									3
Applicants removed from the MEL due to Other (6)		17	1	0	2	3									6
Applicants on the MEL who are in a Nursing Facility		1	3	3	5	4									4
Applicants on the MEL who are in an ICF/IID Group Home		20	20	24	22	20									20
Applicants on the MEL receiving Personal Care Services each month		10	10	13	13	8									8
Longest on the MEL to date (7)		1173	1,204	1,235	1,265	1,296									1,296

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

(2) and (3) Numbers determined medically eligible and ineligible reflect the activity for the month reported. Financial eligibility is not determined until after slot release.

(4) Monthly managed enrollment is being reported in the month an applicant is determined medically eligible; however, the individual's placement date on the managed enrollment list will be based on the date the Medical Eligibility Contract Agent (MECA) determines medical eligibility.

(5) Currently there is no way to track other reasons why someone may leave the MEL for reasons such as moved out of state, decided not to participate in program, etc.

(6) Other reason for program discharge may include, but is not limited to, member is no longer financial or medically eligible, moved out of state, no longer wants the service, etc.

(7) Longest number of days an applicant has been on the MEL.

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

Traumatic Brain Injury Waiver Reported October 31, 2023	FY2023	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	FY2024 YTD
Slots Approved By CMS (1)	96	96	96	96	96									96
-Slots Available for Traditional (non TMH-WV) enrollees	95	92	92	92	92									92
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	1	4	4	4	4									4
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count	96	92	90	93	93									93
Applicants determined eligible this month and added to MEL (3)	12	1	3	2	1									7
Applicants determined ineligible	0	0	0	0	0									0
ACTIVE MEMBERS														
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count	92	92	90	92	92									92
Active members enrolled during the calendar month	13	0	0	7	0									7
-Total Active Traditional members enrolled during the calendar month	12	0	0	6	0									6
-Total Active TMH-WV members enrolled during the calendar month	1	0	0	1	0									1
Members discharged during the calendar month	5	0	2	5	0									7
TBIW Members whose case was closed by reason	Member is deceased	1	0	1	1	0								2
	Other (4)	4	0	1	4	0								5
MANAGED ENROLLMENT LIST (MEL)														
# Eligible applicants closed during the calendar month (removed from MEL)	2	0	2	4	0									6
TBIW Applicants removed from the MEL	Applicant offered a slot	0	0	2	4	0								6
	Applicant became deceased	0	0	0	0	0								0
	Other (5)	0	0	0	0	0								0
Applicants on the MEL who are in a nursing facility	0	0	0	0	1									1
Applicants on the MEL receiving Personal Care	0	1	0	0	0									1
Applicants on the MEL at the end of the month	2	3	4	2	3									3
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days	15	46	31	23	54									39

(1) CMS Approved 96 slots. Of the 96 slots approved by CMS, four (4) are reserved for the Money Follows the Person and Rebalancing Demonstration Grant for SFY 2024. Four (4) slots are reserved for TMH applicants.

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

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

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

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

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

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



West Virginia
Department of Health and Human Resources

Children's Health Insurance Program

DECEMBER 2023
Report

to

Joint Committee on
Government and Finance

West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures, Changes in Fund Balance, and Budget-to-Actual
For the Four Months Ending October 31, 2023 and October 31, 2022

	Annual Budget 2024	Budget Year-to-Date	Actual October 31, 2023	Actual October 31, 2022	Actual Variance \$	%	Budget Variance \$	%
Beginning Operating Fund Balance			\$5,382,999	\$6,999,256	(\$1,616,257)	-23%		
Revenues								
Federal Grants	\$57,889,868	\$19,296,623	\$19,239,606	\$8,692,939	\$10,546,667	121%	(\$57,017)	0%
State Appropriations	\$11,026,842	\$3,675,614	\$3,021,750	\$1,405,854	\$0	0%	(\$653,864)	-18%
Premium Revenues	\$52,500	\$17,500	\$12,517	\$8,377	\$4,140	49%	(\$4,984)	-28%
Investment Earnings (Interest)	\$100,000	\$33,333	\$20,273	(\$24,647)	\$44,920	-182%	(\$13,061)	-39%
Total Operating Fund Revenues	\$69,069,210	\$23,023,070	\$22,294,145	\$10,082,523	\$12,211,622	121%	(\$728,925)	-3%
Expenditures:								
Claims Expenses:								
Managed Care Organizations			\$15,295,513	\$11,912,159.00	\$3,383,354	28%		
Prescribed Drugs			\$3,930,143	\$2,384,137	\$1,546,006	65%		
Physicians & Surgical			\$1,222,164	\$711,785	\$510,379	72%		
Inpatient Hospital Services			\$662,120	\$113,780	\$548,340	482%		
Medical Transportation			\$244,955	\$34,721	\$210,234	605%		
Outpatient Services			\$359,104	\$119,025	\$240,079	202%		
Dental			\$121,058	\$22,236	\$98,822	444%		
Therapy			\$64,275	\$16,623	\$47,652	287%		
Other Services			\$14,021	\$18,760	(\$4,739)	-25%		
Outpatient Mental Health			\$15,797	\$2,349	\$13,448	572%		
Vision			\$10,323	\$1,605	\$8,718	543%		
Durable & Disposable Med. Equip.			\$25,973	\$1,210	\$24,763	2047%		
Inpatient Mental Health			\$577,900	\$17,178	\$560,722	3264%		
Less: Other Collections**			(\$4,128)	(\$304)	(\$3,824)	1258%		
Drug Rebates	(\$2,517,954)	(\$839,318)	(\$842,262)	(\$605,196)	(\$237,066)	39%	\$7,072	-1%
Total Claims Expenses	\$64,732,739	\$21,577,580	\$21,696,955	\$14,750,068	\$6,946,887	47%	\$119,375	1%
Administrative Expenses:								
Salaries and Benefits	\$557,031	\$185,677	\$105,583	\$112,014	(\$6,431)	-6%	(\$80,094)	-43%
Program Administration	\$4,864,472	\$1,621,491	\$1,344,014	\$1,513,918	(\$169,904)	-11%	(\$277,477)	-17%
Outreach & Health Promotion	\$0	\$0	\$0	\$0	\$0	0%	\$0	0%
Health Service Initiative	\$225,000	\$56,250	\$56,250	\$0	\$56,250	0%	\$0	0%
Current	\$413,409	\$137,803	\$8,967	\$15,397	(\$6,430)	-42%	(\$128,836)	-93%
Total Administrative Expenses in Operating Fund	\$6,059,912	\$2,001,221	\$1,514,814	\$1,641,329	(\$126,515)	-8%	(\$486,407)	-24%
Total Operating Fund Expenditures	\$70,792,651	\$23,578,800	\$23,211,769	\$16,391,397	\$6,820,372	42%	(\$367,032)	-2%
Adjustments			(\$700)	\$4,758,834				
Ending Operating Fund Balance			\$4,464,676	\$5,449,216	(\$984,540)	-18%		
Money Market			\$13,891	\$13,216				
Bond Pool			\$3,750,920	\$3,619,868				
Cash on Deposit			\$699,864	\$1,816,132				
Revenues Outside of Operating Funds:								
Federal Grants			\$0	\$450,000	(\$450,000)	-100%		
Total WVCHIP Revenues			\$22,294,145	\$10,532,523	\$11,761,622	112%		
Program Expenses outside of Operating Funds:								
Eligibility	\$1,500,000	\$500,000	\$57,620	\$920,785	(\$863,165)	-94%	(\$442,380)	-88%
Total Administrative Expenses	\$7,559,912	\$2,501,221	\$1,572,433	\$2,562,114	(\$989,681)	-39%	(\$928,787)	-37%
Total WVCHIP Expenditures	\$72,292,651	\$24,078,800	\$23,269,388	\$17,312,182	\$5,957,206	34%	(\$809,412)	-3%

Footnotes:

- 1) Statement is on cash basis.
- 2) Estimate of Incurred but Not Reported (IBNR) claims on October 31, 2023 is \$558,624. The October 31, 2022 estimate was \$360,000.
- 3) Administrative Accounts Payable balance on October 31, 2023 was \$386,446. The October 31, 2022 balance was \$358,984.
- 4) 2024 and 2023 adjustments to fund balances represents timing issues between the payment of expense and the draw-down of federal revenues.
- 5) Revenues are primarily federal funds. WVCHIP's Federal Matching Assistance Percentage (FMAP) during SFY24 is 82.92% (10/1/23-12/31/23) and 83.56% (7/1/23-9/30/23). SFY23 was 85.00%.
- 6) Other Collections are primarily provider refunds and subrogation (amounts received from other insurers responsible for bills WVCHIP paid - primarily auto).
- 7) Physician & Surgical services include physicians, clinics, lab, Federally Qualified Health Centers (FQHC), and vaccine payments.
- 8) Other Services includes home health, chiropractors, psychologists, podiatrists, and nurse practitioners.
- 9) Eligibility costs outside the fund represent the costs allocated to the WVCHIP for eligibility and enrollment processing (RAPIDS/WVPATH).

Unaudited - For Management Purposes Only

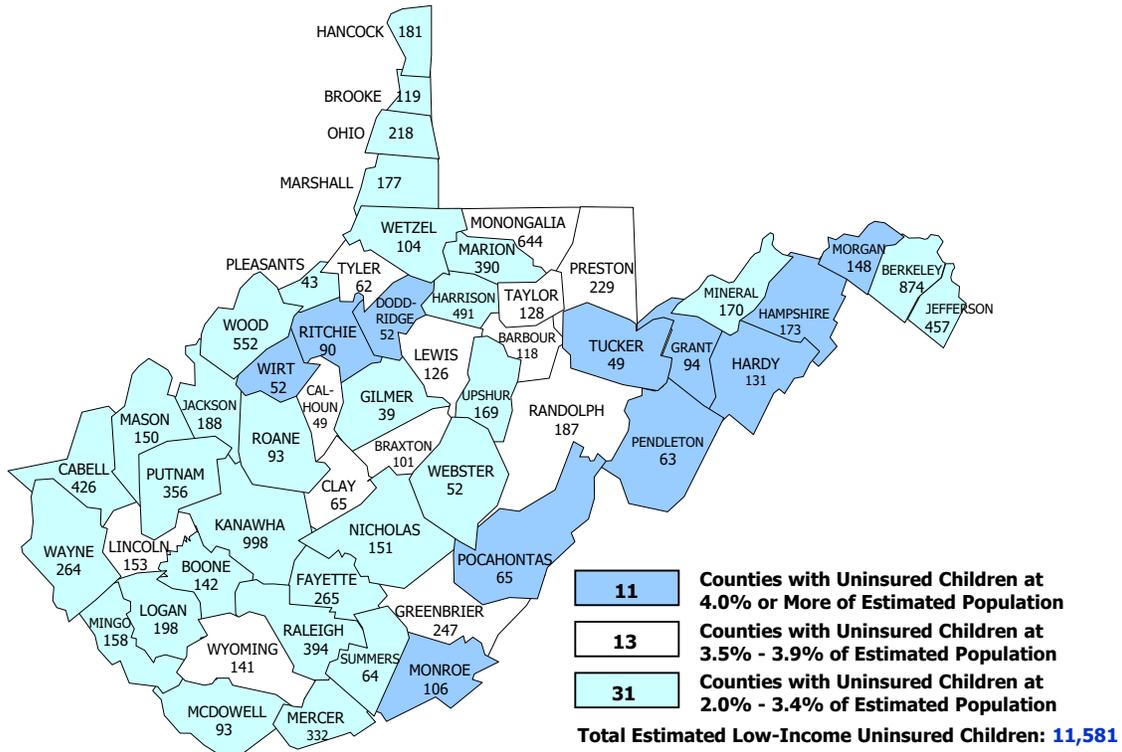
WVCHIP Enrollment Report

OCTOBER 2023

County	County Pop.	MATERNTY			Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2020	2020		
	2020 Est. (0-18 Yrs)	BLUE Oct-23	GOLD Oct-23	PREM Oct-23	BLUE Oct-23	PREM Oct-23	Enrollment Oct-23	Enrollment Oct-23	CHIP/Medicaid Enrollment	% of Population	SAHIE Uninsured Est.	SAHIE % Uninsured
Barbour	3,243	111	32	87	1	2	233	1,763	1,996	61.5%	118	3.6%
Berkeley	28,759	1,134	397	709	18	20	2,278	12,959	15,237	53.0%	874	3.0%
Boone	4,366	130	46	64	2	1	243	2,701	2,944	67.4%	142	3.3%
Braxton	2,579	69	25	37	0	2	133	1,381	1,514	58.7%	101	3.9%
Brooke	3,888	0	0	0			0	1	1	0.0%	119	3.1%
Cabell	18,302	463	164	300	9	8	944	8,973	9,917	54.2%	426	2.3%
Calhoun	1,265	55	15	22	1	2	95	774	869	68.7%	49	3.9%
Clay	1,818	47	19	32	2	1	101	1,194	1,295	71.2%	65	3.6%
Doddridge	1,181	46	9	17	0	2	74	690	764	64.7%	52	4.4%
Fayette	8,609	355	89	166	2	8	620	4,830	5,450	63.3%	265	3.1%
Gilmer	1,142	24	16	30	1	0	71	572	643	56.3%	39	3.4%
Grant	2,261	77	28	60	5	0	170	1,206	1,376	60.9%	94	4.2%
Greenbrier	6,618	267	107	207	6	4	591	3,671	4,262	64.4%	247	3.7%
Hampshire	4,103	166	52	74	2	0	294	2,316	2,610	63.6%	173	4.2%
Hancock	5,501	292	100	142	4	2	540	4,035	4,575	83.2%	181	3.3%
Hardy	2,742	107	37	71	2	0	217	1,421	1,638	59.7%	131	4.8%
Harrison	14,649	452	170	293	6	8	929	6,279	7,208	49.2%	491	3.4%
Jackson	6,156	153	56	97	0	2	308	2,871	3,179	51.6%	188	3.1%
Jefferson	13,252	401	131	225	6	0	763	3,768	4,531	34.2%	457	3.4%
Kanawha	35,737	1,046	350	641	17	24	2,078	32,932	35,010	98.0%	998	2.8%
Lewis	3,385	127	45	84	2	5	263	2,032	2,295	67.8%	126	3.7%
Lincoln	4,432	121	23	84	3	2	233	2,773	3,006	67.8%	153	3.5%
Logan	6,538	192	67	112	3	2	376	4,238	4,614	70.6%	198	3.0%
Marion	11,397	375	106	232	4	6	723	5,147	5,870	51.5%	390	3.4%
Marshall	5,847	145	52	77	3	4	281	2,641	2,922	50.0%	177	3.0%
Mason	5,492	153	50	72	0	5	280	2,952	3,232	58.8%	150	2.7%
Mercer	12,047	470	147	232	6	7	862	7,958	8,820	73.2%	332	2.8%
Mineral	5,365	221	59	93	2	0	375	2,459	2,834	52.8%	170	3.2%
Mingo	5,013	132	54	70	1	1	258	3,713	3,971	79.2%	158	3.2%
Monongalia	18,331	471	146	296	5	9	927	5,730	6,657	36.3%	644	3.5%
Monroe	2,635	88	32	96	2	2	220	1,196	1,416	53.7%	106	4.0%
Morgan	3,167	133	49	91	3	0	276	1,449	1,725	54.5%	148	4.7%
McDowell	3,372	67	39	65	0	1	172	2,684	2,856	84.7%	93	2.8%
Nicholas	4,952	206	50	110	3	6	375	2,648	3,023	61.0%	151	3.0%
Ohio	8,140	221	80	134	2	1	438	3,734	4,172	51.3%	218	2.7%
Pendleton	1,250	42	20	40	2	0	104	535	639	51.1%	63	5.0%
Pleasants	1,461	48	4	27	0	2	81	650	731	50.0%	43	2.9%
Pocahontas	1,406	41	20	33	0	1	95	742	837	59.5%	65	4.6%
Preston	6,396	254	68	149	2	4	477	2,970	3,447	53.9%	229	3.6%
Putnam	13,000	410	135	221	1	6	773	4,279	5,052	38.9%	356	2.7%
Raleigh	15,247	511	131	372	10	9	1,033	9,122	10,155	66.6%	394	2.6%
Randolph	5,224	212	61	135	3	3	414	2,651	3,065	58.7%	187	3.6%
Ritchie	1,896	61	14	31	1	0	165	1,006	1,171	61.8%	90	4.7%
Roane	2,757	151	56	89	0	2	258	1,426	1,684	61.1%	93	3.4%
Summers	1,981	93	15	49	0	2	174	1,424	1,598	80.7%	64	3.2%
Taylor	3,413	113	37	64	1	1	196	1,423	1,619	47.4%	128	3.8%
Tucker	946	44	25	44	0	2	92	500	592	62.6%	49	5.2%
Tyler	1,718	46	20	21	0	3	195	787	982	57.2%	62	3.6%
Upshur	4,938	155	72	126	1	2	357	2,688	3,045	61.7%	169	3.4%
Wayne	7,913	255	94	127	4	2	388	4,505	4,893	61.8%	264	3.3%
Webster	1,559	84	22	33	1	1	147	1,052	1,199	76.9%	52	3.3%
Wetzel	3,053	75	14	39	2	1	115	1,921	2,036	66.7%	104	3.4%
Wirt	1,209	34	7	23	1	0	318	632	950	78.6%	52	4.3%
Wood	17,613	506	138	276	5	6	773	8,642	9,415	53.5%	552	3.1%
Wyoming	4,086	133	48	118	3	4	306	2,394	2,700	66.1%	141	3.5%
Totals	363,350	11,785	3,843	7,139	160	188	23,115	195,040	218,155	60.0%	11,581	3.2%

WVCHIP Enrollment Report

OCTOBER 2023

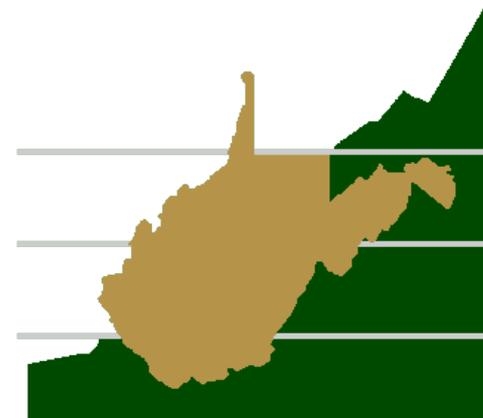


The above map shows the most recent 2020 county level data provided by the U.S. Census Bureau Small Area Health Insurance Estimates (SAHIE) for children under 19 years. While the statewide average for children under 19 is now about 3.2%, the SAHIE data reflects more accurately the variation from county to county depending on the availability of employer-sponsored insurance and should be a more accurate way to target outreach than in previous years.

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

October 31, 2023



Participant Plans Allocation & Performance Net of Fees

Period Ending: October 31, 2023

	6/30/2023		10/31/2023		Performance %							
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year
WVIMB Fund Assets	24,219,305	100.0	23,422,342	100.0								
Pension Assets	19,790,811	81.7	18,984,502	81.1								
Public Employees' Retirement System	8,398,434	34.7	8,046,472	34.4	(1.8)	(4.9)	(3.0)	6.3	7.9	7.9	7.5	7.5
Teachers' Retirement System	9,319,703	38.5	8,908,158	38.0	(1.8)	(4.9)	(3.0)	6.3	7.9	7.8	7.4	7.4
EMS Retirement System	125,180	0.5	122,069	0.5	(1.8)	(4.9)	(3.0)	6.3	7.8	7.9	7.5	
Public Safety Retirement System	778,439	3.2	737,443	3.2	(1.8)	(4.9)	(3.0)	6.4	7.9	7.9	7.5	7.5
Judges' Retirement System	278,545	1.2	268,832	1.2	(1.8)	(4.9)	(3.0)	6.3	7.9	7.9	7.5	7.5
State Police Retirement System	320,094	1.3	312,773	1.3	(1.8)	(4.9)	(3.0)	6.3	7.8	7.9	7.5	7.5
Deputy Sheriffs' Retirement System	316,039	1.3	305,986	1.3	(1.8)	(4.9)	(3.0)	6.3	7.8	7.9	7.5	7.5
Municipal Police & Firefighter Retirement System	34,945	0.1	35,607	0.2	(1.7)	(4.9)	(3.0)	6.2	7.7	7.8	7.3	
Natural Resources Police Office Retirement System	27,643	0.1	27,140	0.1	(1.8)	(4.9)	(3.0)	6.3				
Municipal Model A	189,153	0.8	217,354	0.9	(1.8)	(4.7)	(2.8)	6.6	8.4	8.2	7.7	
Municipal Model B	2,636	0.0	2,668	0.0	(2.4)	(6.8)	(4.6)	7.7	2.7			
Insurance Assets	3,216,097	13.3	3,027,988	12.9								
Workers' Compensation Old Fund	851,245	3.4	800,610	3.4	(1.3)	(3.7)	(2.2)	5.5	1.8	4.0	3.9	
Workers' Comp. Self-Insured Guaranty Risk Pool	37,044	0.2	36,122	0.1	(1.3)	(3.7)	(2.2)	5.5	2.4	4.2	4.0	
Workers' Comp. Self-Insured Security Risk Pool	48,517	0.2	46,559	0.2	(1.3)	(3.7)	(2.2)	5.5	2.4	4.2		
Workers' Comp. Uninsured Employers' Fund	16,767	0.1	16,518	0.1	(1.3)	(3.7)	(2.2)	5.5	2.3	4.1	3.9	
Pneumoconiosis	200,150	0.8	190,488	0.8	(1.3)	(3.7)	(2.2)	5.5	2.4	4.2	4.0	4.8
Board of Risk & Insurance Management	183,857	0.8	114,863	0.5	(1.3)	(3.7)	(2.2)	5.5	2.4	4.2	4.0	
Public Employees' Insurance Agency	135,642	0.6	132,798	0.6	(1.2)	(3.5)	(2.1)	5.4	1.8	3.9	3.8	
WV Retiree Health Benefit Trust Fund	1,742,875	7.2	1,690,030	7.2	(1.8)	(4.9)	(3.0)	6.3	7.8	7.9	7.5	
Endowment Assets	1,212,397	5.0	1,409,852	6.0								
Berkeley County Development Authority	8,558	0.0	5,943	0.0	(1.8)	(4.9)	(3.0)	6.3	7.8	7.9		
Wildlife Fund	72,283	0.3	66,945	0.3	(1.8)	(4.9)	(3.0)	6.3	7.8	7.8	7.4	7.5
WV State Parks and Recreation Endowment Fund	35,050	0.1	37,058	0.2	(1.8)	(4.9)	(3.0)	6.2				
Revenue Shortfall Reserve Fund	334,187	1.4	558,573	2.4	(0.9)	(2.7)	(1.8)	3.9	(2.2)	1.3	1.5	
Revenue Shortfall Reserve Fund - Part B	514,884	2.2	500,797	2.1	(1.3)	(3.9)	(2.7)	4.5	(0.4)	3.1	3.3	
WV DEP Trust	11,478	0.0	11,106	0.0	(2.0)	(5.4)	(3.2)	9.5	6.1	6.5	6.1	
WV DEP Agency	235,957	1.0	229,430	1.0	(1.7)	(4.6)	(2.8)	6.9	3.1	4.7	4.6	

Composite Asset Allocation & Performance Net of Fees

Period Ending: October 31, 2023

	Asset (\$000)	%	Performance %								
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year	
Investment Pools Composite	23,435,327	100.00									
Portable Alpha Composite +/- S&P 500 Index	4,869,124	20.78	(1.82) 0.28	(7.86) 0.39	(5.18) 0.13	8.48 (1.66)	10.68 0.32				
Large Cap Domestic Equity Composite +/- S&P 500 Index	282,050	1.20	(2.09) 0.01	(8.24) 0.01	(5.33) (0.02)	10.06 (0.08)	10.26 (0.10)	11.08 0.07	11.08 (0.10)	9.34 0.04	
Non-Large Cap Domestic Equity Composite +/- Russell 2500 Index	928,313	3.96	(6.13) (0.06)	(12.72) 2.08	(9.53) 1.04	0.38 5.01	8.59 3.08	6.90 1.42	7.39 0.50	9.03 0.65	
International Equity Composite +/- MSCI AC World ex US IMI Index (a)	3,694,752	15.77	(4.65) (0.33)	(9.64) 1.68	(5.15) 2.41	15.84 3.64	4.67 1.15	4.55 0.60	3.91 0.78	6.88 0.88	
Fixed Income Composite +/- Bloomberg Universal (b)	4,148,000	17.70	(1.35) 0.15	(3.99) 0.44	(3.45) 0.89	3.11 1.92	(3.43) 1.61	1.16 0.95	1.95 0.77	3.54 0.31	
Core Fixed Income Composite +/- Bloomberg US Aggregate	1,853,835	7.91	(1.62) (0.04)	(4.41) 0.28	(4.55) 0.21	1.09 0.73	(4.55) 1.02	0.78 0.84	1.52 0.64		
Total Return Fixed Income Composite (c) +/- Bloomberg Universal	2,294,165	9.79	(1.14) 0.36	(3.65) 0.78	(2.55) 1.79	4.66 3.47	(2.73) 2.31	1.43 1.22	2.18 1.00	3.97 0.86	
TIPS Composite +/- Bloomberg US TIPS 1-10 Yr (d)	485,116	2.07	(0.14) (0.02)	(1.56) 0.01	(1.13) 0.00	1.42 0.05	(1.27) 0.05	2.77 0.08	1.86 0.03		
Cash Composite +/- FTSE 3 Month US T-Bill (e)	164,902	0.70	0.44 (0.03)	1.35 (0.04)	1.76 (0.10)	4.75 (0.19)	1.85 (0.09)	1.69 (0.11)	1.13 (0.03)	1.48 (0.02)	
Private Equity Composite +/- Russell 3000 + 3% (f, g)	2,785,465	11.89	0.23 2.63	0.15 8.49	0.16 4.99	5.52 (5.86)	21.86 9.67	20.75 7.52	18.18 4.62		
Real Estate Composite +/- NCREIF + 1% (f)	2,492,773	10.64	(1.17) (0.80)	(1.93) (0.40)	(1.73) 0.36	(6.50) (0.30)	6.22 (1.33)	5.16 (1.53)	7.44 (1.24)		
Hedge Fund Composite +/- HFRI FOF + 1% (h)	2,538,539	10.83	0.15 1.29	1.32 2.86	2.55 2.91	7.19 3.30	7.88 3.63	6.07 1.33	4.77 0.94		
Private Credit & Income Composite +/- SOFR + 4% (f, i)	1,046,293	4.46	(0.17) (0.96)	(0.54) (2.89)	(0.10) (3.23)	3.23 (7.49)	7.22 0.26	6.38 0.59			

Participant Plans Allocation vs. Strategy

Period Ending: October 31, 2023

	Equity		Fixed Income		Private Equity		Real Estate		Private Credit & Income		Hedge Funds		Cash	
	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %

Pension Assets

Public Employees' Retirement System	44.3	45.0	14.9	15.0	13.0	12.0	11.7	12.0	4.9	6.0	10.8	10.0	0.4	0.0
Teachers' Retirement System	44.5	45.0	14.9	15.0	13.1	12.0	11.7	12.0	4.9	6.0	10.8	10.0	0.1	0.0
EMS Retirement System	44.3	45.0	14.6	15.0	13.0	12.0	11.6	12.0	4.9	6.0	10.6	10.0	1.0	0.0
Public Safety Retirement System	44.6	45.0	14.9	15.0	13.1	12.0	11.7	12.0	4.9	6.0	10.8	10.0	0.0	0.0
Judges' Retirement System	44.4	45.0	15.2	15.0	13.0	12.0	11.6	12.0	4.9	6.0	10.7	10.0	0.2	0.0
State Police Retirement System	44.0	45.0	15.0	15.0	12.9	12.0	11.6	12.0	4.9	6.0	10.6	10.0	1.0	0.0
Deputy Sheriffs' Retirement System	44.3	45.0	14.8	15.0	13.0	12.0	11.6	12.0	4.9	6.0	10.7	10.0	0.7	0.0
Municipal Police & Firefighter Retirement System	43.0	45.0	14.2	15.0	12.5	12.0	11.2	12.0	4.7	6.0	10.2	10.0	4.2	0.0
Natural Resources Police Office Retirement System	43.9	45.0	14.3	15.0	12.9	12.0	11.5	12.0	4.8	6.0	10.6	10.0	2.0	0.0
Municipal Model A	44.6	45.0	14.8	15.0	13.0	12.0	11.6	12.0	4.9	6.0	10.7	10.0	0.4	0.0
Municipal Model B	51.6	55.0	42.9	45.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.5	0.0

Insurance Assets

Workers' Compensation Old Fund	24.2	25.0	45.5	45.0	4.4	4.0	3.9	4.0	1.6	2.0	16.2	15.0	4.2	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	24.1	25.0	45.1	45.0	4.3	4.0	3.9	4.0	1.6	2.0	15.9	15.0	5.1	5.0
Workers' Comp. Self-Insured Security Risk Pool	24.2	25.0	45.3	45.0	4.3	4.0	3.9	4.0	1.6	2.0	16.0	15.0	4.7	5.0
Workers' Comp. Uninsured Employers' Fund	24.1	25.0	45.0	45.0	4.3	4.0	3.9	4.0	1.6	2.0	15.8	15.0	5.3	5.0
Pneumoconiosis	24.2	25.0	45.5	45.0	4.4	4.0	3.9	4.0	1.6	2.0	16.1	15.0	4.3	5.0
Board of Risk & Insurance Management	24.0	25.0	44.8	45.0	4.3	4.0	3.9	4.0	1.6	2.0	16.2	15.0	5.2	5.0
Public Employees' Insurance Agency	19.3	20.0	54.8	55.0	2.1	2.0	1.9	2.0	0.8	1.0	21.1	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	44.3	45.0	15.4	15.0	13.0	12.0	11.7	12.0	4.9	6.0	10.7	10.0	0.0	0.0

Endowment Assets

Berkeley County Development Authority	44.3	45.0	15.2	15.0	13.1	12.0	11.7	12.0	4.9	6.0	10.8	10.0	0.0	0.0
Wildlife Fund	44.3	45.0	15.3	15.0	13.0	12.0	11.6	12.0	4.9	6.0	10.7	10.0	0.2	0.0
WV State Parks and Recreation Endowment Fund	43.0	45.0	14.8	15.0	12.5	12.0	11.2	12.0	4.7	6.0	10.3	10.0	3.5	0.0
Revenue Shortfall Reserve Fund	9.5	10.0	80.1	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.4	10.0
Revenue Shortfall Reserve Fund - Part B	16.9	17.5	72.9	72.5	2.2	2.0	1.9	2.0	0.8	1.0	5.3	5.0	0.0	0.0
WV DEP Trust	48.7	50.0	15.4	15.0	11.1	10.0	9.9	10.0	4.2	5.0	10.7	10.0	0.0	0.0
WV DEP Agency	33.8	35.0	40.0	40.0	2.2	2.0	1.9	2.0	0.8	1.0	21.3	20.0	0.0	0.0

Footnotes

- (a) Prior to January 2014, the index was the MSCIACW ex USA (Standard).
- (b) Prior to April 2008, the index was Bloomberg US Aggregate.
- (c) From October 2015 to March 2017, performance returns from the Opportunistic Income Pool were included in the Total Return Fixed Income Composite.
- (d) Prior to June 2023, the index was Bloomberg US TIPS.
- (e) Prior to January 2014, the index was FTSE 3 Month US T-Bill plus 15 basis points.
- (f) Private Equity, Real Estate, and Private Credit & Income consist primarily of private market investments. The time lag in determining the fair value of these investments makes the comparison to their public market benchmarks less meaningful over shorter time periods.
- (g) Prior to January 2014, the index was S&P 500 plus 500 basis points.
- (h) Prior to January 2014, the index was Libor plus 400 basis points.
- (i) From April 2017 to May 2023, the index was CS Leveraged Loan plus 200 basis points. Prior to April 2017, the index was CS Leveraged Loan plus 250 basis points.

Note: Participant returns are net of fees. Portfolio returns are net of management fees. Returns shorter than one year are unannualized.

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WEST VIRGINIA OFFICES *OF THE* INSURANCE COMMISSIONER

Allan L. McVey
Insurance Commissioner

Insurance Commissioner

December 2023 Report

to

Joint Committee on Government & Finance

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Introduction

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

Although workers' compensation insurance in WV was privatized, a large legacy liability existed from the operation of the State-administered monopolistic fund. This legacy liability was retained by the State of West Virginia in what is known as the "Old Fund." The Old Fund consists of all historical claims with dates of injuries or last exposure through June 30, 2005.

As of November 2023, there were 6,701 active claims remaining in the Old Fund. This report provides updates on the status of the various workers' compensation funds and the activities associated with the regulation of workers' compensation insurance by the Insurance Commissioner.

Definitions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

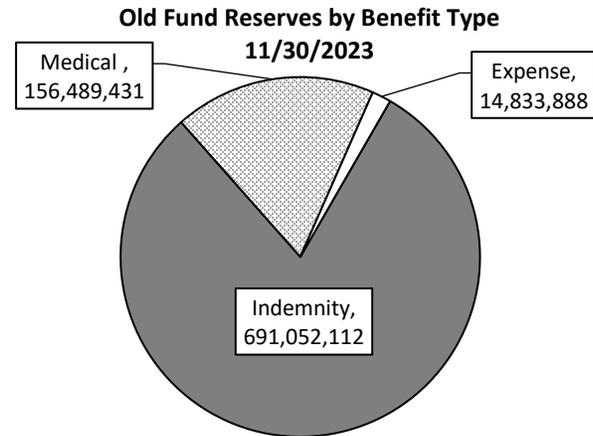
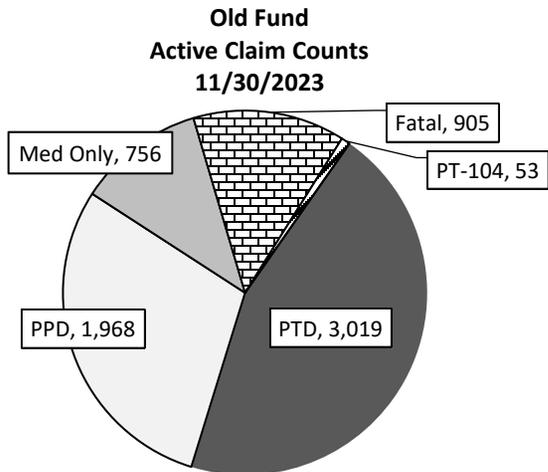
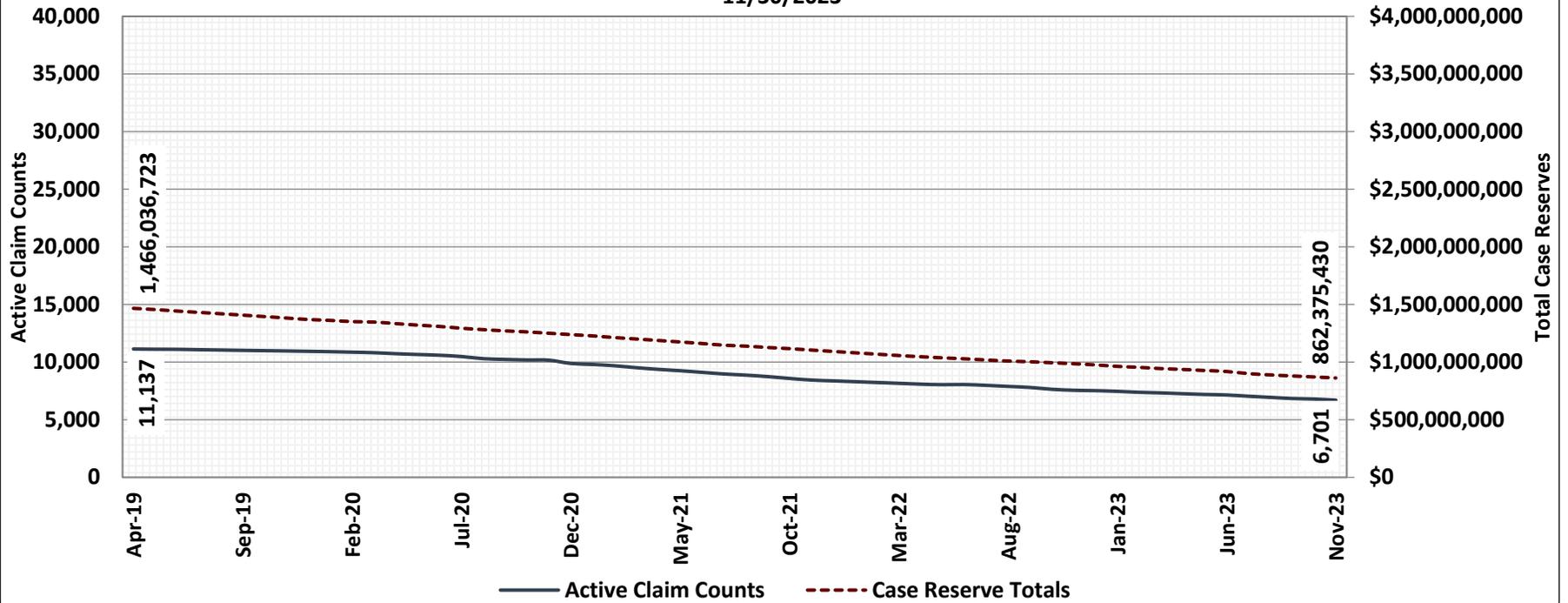
Self-Insured Guaranty Fund: State managed fund consisting of those funds transferred to it from the guaranty pool created pursuant to 85 CSR §19 (2004) and any future funds collected through continued administration of that exempt legislative rule as administered by the WVOIC and out of which workers'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

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

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

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

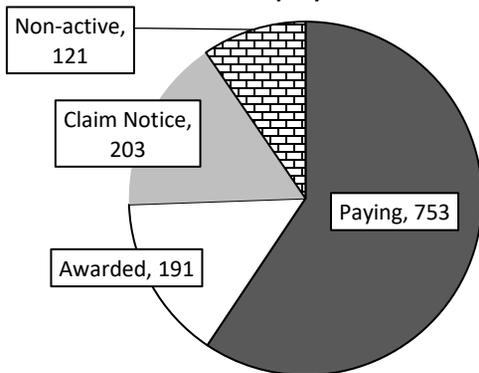
**Old Fund
Active Claim Counts and Case Reserves
11/30/2023**



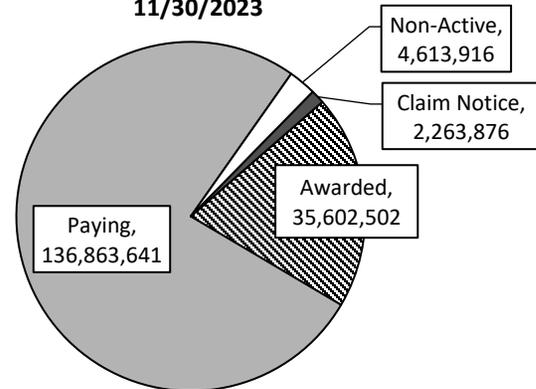
CWP Fund (FBL)
Active Claim Counts and Case Reserves
11/30/2023



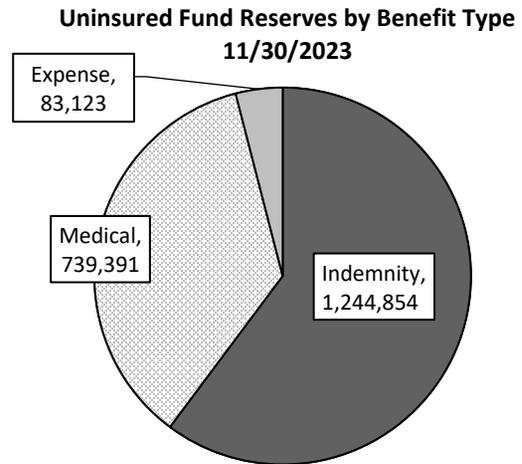
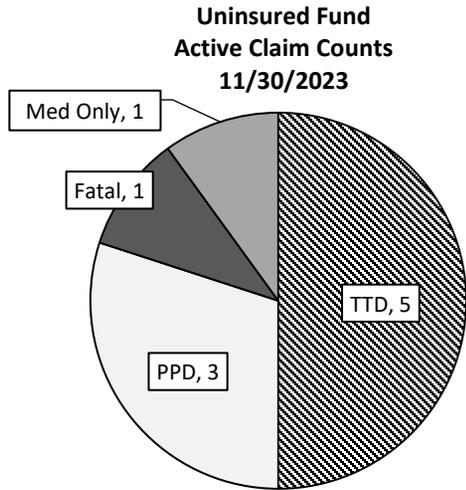
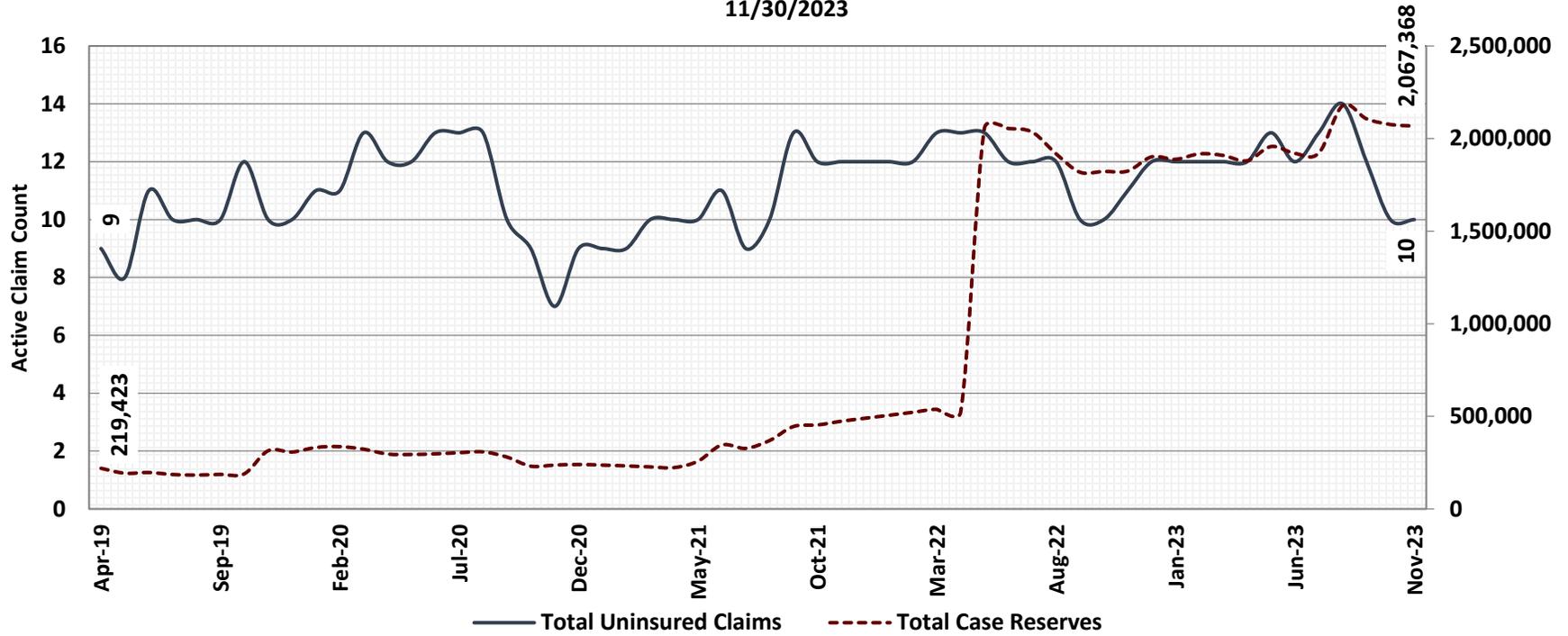
CWP Fund (FBL)
Active and Inactive Claims
11/30/2023



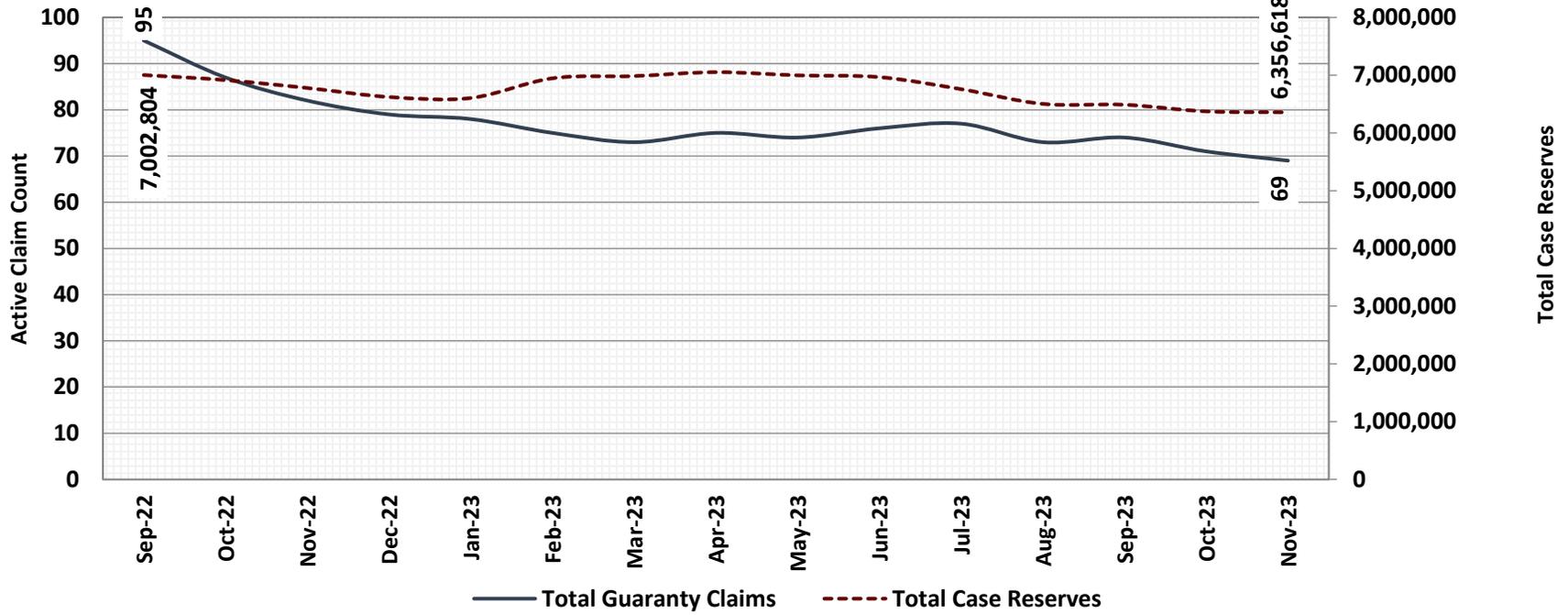
CWP Fund Reserves by Benefit Type
11/30/2023



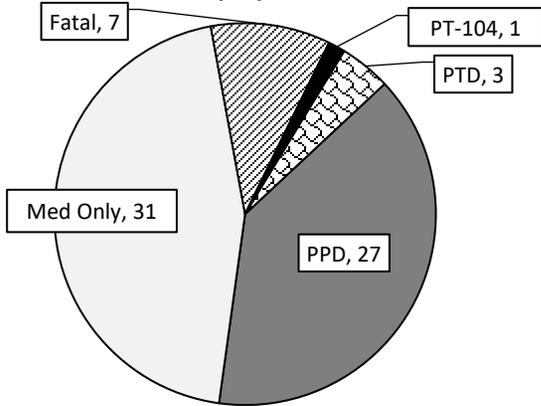
**Uninsured Fund
Active Claim Counts and Case Reserves
11/30/2023**



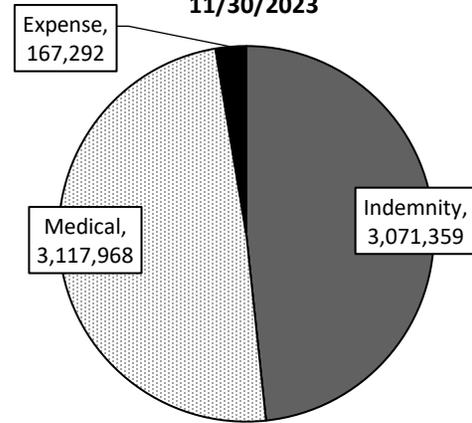
**Guaranty Fund
Active Claim Counts and Case Reserves
11/30/2023**



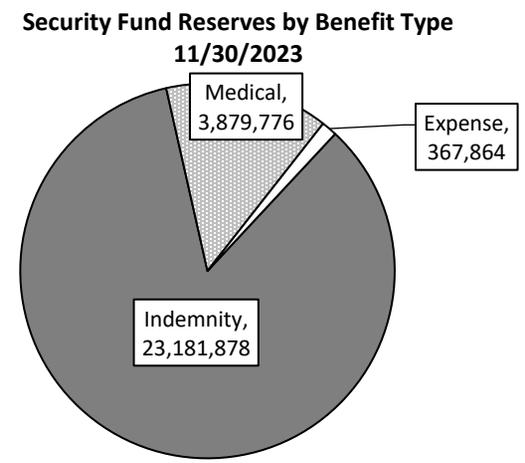
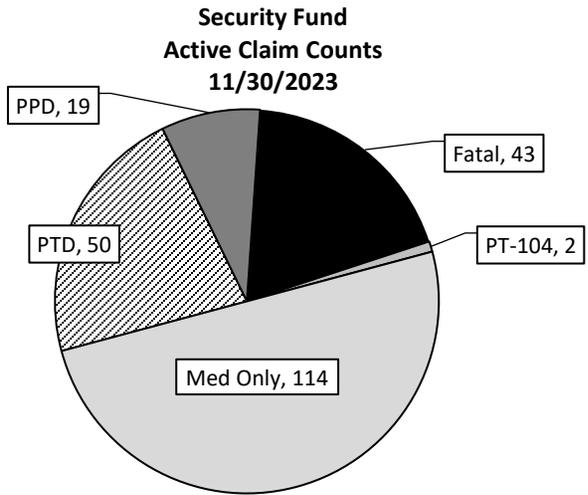
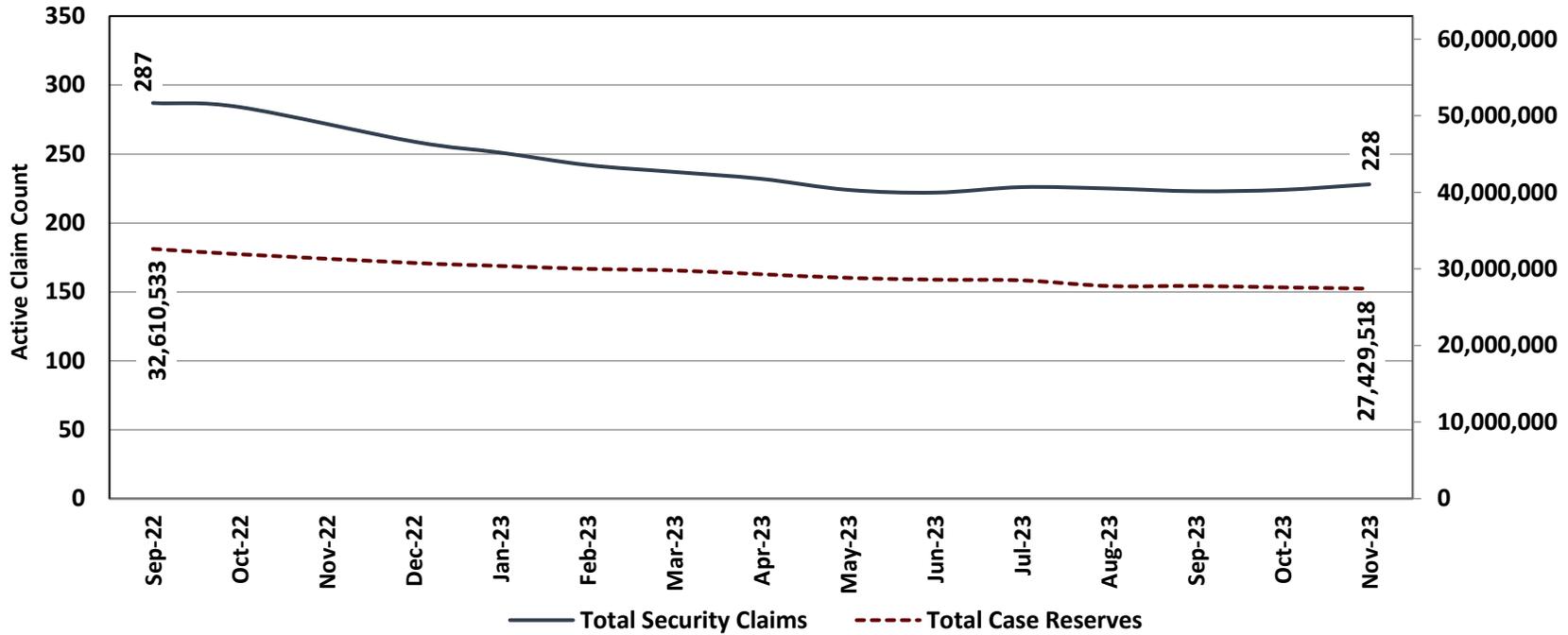
**Guaranty Fund
Active Claim Counts
11/30/2023**



**Guaranty Fund Reserves by Benefit Type
11/30/2023**



**Security Fund
Active Claim Counts and Case Reserves
11/30/2023**



OLD FUND CASH STATEMENT
NOVEMBER 30, 2023

Three Year History for years ended:

	YTD FY2024	YTD FY2023	Change	FY2023	FY2022	FY2021
Cash Beginning Balances	834,791,874	919,242,416	(84,450,541)	919,242,416	1,080,592,100	993,229,138
Revenues						
Employer Premium	19,384	11,573	7,811	41,326	238,786	189,298
Other Income	-	-	-	-	-	-
Operating Revenues	19,384	11,573	7,811	41,326	238,786	189,298
Investment / Interest Earnings (Losses)	(1,702,355)	(58,501,131)	56,798,777	(11,188,287)	(52,668,067)	187,370,470
Total Revenues	(1,682,970)	(58,489,558)	56,806,588	(11,146,961)	(52,429,280)	187,559,768
Expenditures						
Claims Benefits Paid:						
Medical	6,345,675	6,247,155	98,520	14,732,152	14,588,442	16,509,277
Permanent Total Disability	22,472,569	24,363,868	(1,891,299)	57,045,856	63,031,618	69,561,392
Permanent Partial Disability	21,346	35,696	(14,351)	66,107	163,078	112,956
Temporary Disability	-	-	-	-	-	-
Fatals	6,540,004	6,776,147	(236,143)	16,153,932	17,124,757	18,386,146
104 weeks death benefit	2,216,776	2,211,562	5,214	4,611,340	6,011,709	6,353,928
Settlements	505,342	1,003,076	(497,733)	1,249,524	2,382,067	2,708,581
Loss Adjustment Expenses	258,834	507,259	(248,425)	899,017	1,284,295	1,095,241
Total	38,360,546	41,144,763	(2,784,217)	94,757,927	104,585,967	114,727,520
Less: Formulary Rebates	139,714	-	139,714	-	-	-
Less: Claims credits and overpayments	144,981	169,540	(24,559)	550,422	454,800	334,334
Total Benefits Paid	38,075,851	40,975,223	(2,899,372)	94,207,505	104,131,167	114,393,187
Administrative Expenses	1,027,507	1,253,339	(225,833)	4,096,075	4,789,237	5,803,619
Total Expenditures	39,103,357	42,228,562	(3,125,205)	98,303,580	108,920,405	120,196,805
Excess (Deficiency) of Revenues over Expenditures	(40,786,328)	(100,718,120)	59,931,793	(109,450,541)	(161,349,685)	67,362,963
Transfer from Operating Fund	-	-	-	25,000,000	-	20,000,000
Cash Ending Balances	794,005,547	818,524,295	(24,518,749)	834,791,874	919,242,416	1,080,592,100

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

COAL WORKERS PNEUMOCONIOSIS FUND
NOVEMBER 30, 2023

Three Year History for years ended:

	YTD FY2024	YTD FY2023	Change	FY2023	FY2022	FY2021
Cash Beginning Balances	196,484,406	215,931,727	(19,447,321)	215,931,727	246,613,162	220,914,521
Revenues						
Investment Earnings (Losses)	(458,495)	(12,823,717)	12,365,222	(1,550,178)	(11,131,323)	43,567,242
Other Income	-	-	-	-	-	-
Total Revenues	(458,495)	(12,823,717)	12,365,222	(1,550,178)	(11,131,323)	43,567,242
Expenditures						
Claims Benefits Paid:						
Medical	681,906	1,255,575	(573,669)	2,799,907	6,033,252	5,107,159
PTD and Fatal Indemnity	4,695,429	3,831,091	864,338	10,613,261	9,518,418	8,726,207
Settlements	-	113,877	(113,877)	-	1,837	-
Loss Adjustment Expenses	1,564,257	1,928,679	(364,422)	4,660,713	3,513,844	3,343,071
Total	6,941,592	7,129,221	(187,629)	18,073,881	19,067,350	17,176,438
Less: Formulary Rebates	27,349	-	27,349	-	-	-
Less: Claims Credits and Overpayments	580,778	69,912	510,867	738,146	387,376	94,896
Total Benefits Paid	6,333,466	7,059,310	(725,844)	17,335,735	18,679,974	17,081,541
Administrative Expenses	216,475	164,888	51,587	561,407	870,138	787,060
Total Expenditures	6,549,941	7,224,198	(674,258)	17,897,142	19,550,112	17,868,601
Excess (Deficiency) of Revenues over Expenditures	(7,008,436)	(20,047,915)	13,039,480	(19,447,321)	(30,681,436)	25,698,641
Cash Ending Balances	189,475,970	195,883,811	(6,407,840)	196,484,406	215,931,727	246,613,162

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

SELF-INSURED GUARANTY RISK POOL
NOVEMBER 30, 2023

Three Year History for years ended:

	YTD FY2024	YTD FY2023	Change	FY2023	FY2022	FY2021
Cash Beginning Balances	36,425,695	37,187,942	(762,247)	37,187,942	39,659,496	33,724,356
Revenues						
Guaranty Risk Pool Assessments	113,674	5,000	108,674	15,000	10,000	-
Collateral Proceeds	-	-	-	-	-	-
Investment Earnings (Losses)	(103,989)	(2,212,235)	2,108,246	(209,276)	(1,884,585)	6,763,880
Total Revenues	9,685	(2,207,235)	2,216,920	(194,276)	(1,874,585)	6,763,880
Expenditures						
Claims Benefits Paid:						
Medical	106,552	86,872	19,680	167,151	178,127	280,185
Permanent Total Disability	11,849	20,669	(8,820)	37,257	63,717	89,242
Permanent Partial Disability	27,403	25,770	1,633	33,839	83,562	91,922
Temporary Disability	-	-	-	-	-	-
Fatals	77,479	86,248	(8,769)	201,734	206,996	206,996
104 Weeks Death Benefit	14,700	5,880	8,820	26,460	-	-
Settlement Agreements	-	28,500	(28,500)	43,500	62,000	39,699
Non Awarded Partial Disability	-	-	-	-	-	-
Loss Adjustment Expenses	17,161	46,294	(29,133)	63,319	31,743	52,455
Total	255,144	300,233	(45,089)	573,261	626,144	760,498
Less: Formulary Rebates	1,054	-	1,054	-	-	-
Less: Claims Credits and Overpayments	93	9	84	409	53,649	150
Total Benefits Paid	253,996	300,224	(46,227)	572,851	572,495	760,348
Administrative Expenses	-	(2,112)	2,112	(4,880)	24,473	68,392
Total Expenditures	253,996	298,112	(44,115)	567,971	596,968	828,740
Excess (Deficiency) of Revenues over Expenditures	(244,312)	(2,505,346)	2,261,035	(762,247)	(2,471,554)	5,935,140
Cash Ending Balances	36,181,383	34,682,596	1,498,787	36,425,695	37,187,942	39,659,496

The Self-Insured Guaranty Risk Pool covers the claims liabilities of bankrupt or defaulted self-insured employers with dates of injury subsequent to July 1, 2004. The revenues of the Self-Insured Guaranty Fund are comprised of the guaranty risk pool assessments levied on all self-insured employers and the earnings on invested assets. The assets of the Self-insured Guaranty Risk Pool are invested with the WV Investment Management Board. Investment earnings are presented in the month in which the State Treasurer records the earnings in the statewide accounting system, wvOASIS. The Self Insured Guaranty Cash Statement is unaudited information.

SELF-INSURED SECURITY RISK POOL
NOVEMBER 30, 2023

Three Year History for years ended:

	YTD FY2024	YTD FY2023	Change	FY2023	FY2022	FY2021
Cash Beginning Balances	47,666,403	50,605,643	(2,939,240)	50,605,643	55,995,948	49,568,499
Revenues						
Security Risk Pool Assessments	-	-	-	-	-	-
Collateral Proceeds	-	-	-	-	-	-
Investment Earnings (Losses)	(115,504)	(3,004,071)	2,888,567	(325,785)	(2,592,281)	9,805,453
Total Revenues	(115,504)	(3,004,071)	2,888,567	(325,785)	(2,592,281)	9,805,453
Expenditures						
Claims Benefits Paid:						
Medical	311,338	348,253	(36,916)	717,600	585,099	531,814
Permanent Total Disability	446,743	461,497	(14,754)	1,086,424	1,177,138	1,250,688
Permanent Partial Disability	7,818	8,906	(1,088)	8,906	11,540	4,243
Temporary Disability	-	-	-	-	-	-
Fatals	326,130	372,199	(46,069)	849,667	838,483	918,152
104 Weeks Death Benefit	24,791	10,746	14,045	35,632	50,458	171,468
Settlement Agreements	-	-	-	16,000	61,325	315,463
Loss Adjustment Expenses	15,233	23,053	(7,820)	39,671	36,980	73,223
Total	1,132,052	1,224,654	(92,601)	2,753,900	2,761,024	3,265,052
Less: Formulary Rebates	4,354	-	4,354	-	-	-
Less: Claims Credits and Overpayments	22,271	38,603	(16,332)	117,966	31,348	84,004
Total Benefits Paid	1,105,428	1,186,051	(80,623)	2,635,934	2,729,676	3,181,048
Administrative Expenses	15	(9,730)	9,745	(22,479)	68,348	196,956
Total Expenditures	1,105,443	1,176,321	(70,878)	2,613,455	2,798,024	3,378,004
Excess (Deficiency) of Revenues over Expenditures	(1,220,947)	(4,180,392)	2,959,445	(2,939,240)	(5,390,305)	6,427,449
Cash Ending Balances	46,445,456	46,425,252	20,204	47,666,403	50,605,643	55,995,948

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

UNINSURED EMPLOYERS FUND
NOVEMBER 30, 2023

Three Year History for years ended:

	YTD FY2024	YTD FY2023	Change	FY2023	FY2022	FY2021
Cash Beginning Balances	16,468,190	16,195,294	272,895	16,195,294	16,844,759	13,817,714
Revenues						
Fines and Penalties	148,657	195,866	(47,209)	477,594	341,220	322,680
Investment Earnings (Losses)	(51,830)	(965,789)	913,959	(74,574)	(828,855)	2,767,995
Total Revenues	96,827	(769,923)	866,750	403,021	(487,635)	3,090,675
Expenditures						
Claims Benefits Paid:						
Medical	16,066	27,300	(11,234)	46,236	118,279	2,096
Permanent Total Disability	-	-	-	-	-	-
Permanent Partial Disability	11,155	4,845	6,310	5,809	6,929	-
Temporary Disability	34,340	8,687	25,653	26,145	64,151	3,048
Fatals	5,542	-	5,542	-	19,201	25,601
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	6,000	17,000	(11,000)	54,000	22,000	44,276
Loss Adjustment Expenses	15,902	16,974	(1,071)	34,594	39,974	26,492
Total	89,005	74,805	14,200	166,784	270,534	101,513
Less: Employer Reimbursement	60,422	33,997	26,424	40,241	-	-
Less: Formulary Rebates	294	-	294	-	-	-
Less: Claims Credits and Overpayments	79	-	79	332	116,115	42,742
Total Benefits Paid	28,210	40,808	(12,598)	126,210	154,419	58,770
Administrative Expenses	1,050	477	573	3,915	7,410	4,860
Total Expenditures	29,260	41,285	(12,024)	130,125	161,829	63,630
Excess (Deficiency) of Revenues over Expenditures	67,566	(811,208)	878,774	272,895	(649,465)	3,027,045
Cash Ending Balances	16,535,756	15,384,087	1,151,669	16,468,190	16,195,294	16,844,759

The Uninsured Employer's Fund (UEF) was established January 1, 2006 to provide worker's compensation benefits to injured workers of uninsured WV employers. The revenues of the UEF consist of fines levied on uninsured employers and the earnings on invested assets. The assets of the UEF are invested with the WV Investment Management Board. Investment earnings are presented in the month in which the State Treasurer records the earnings in the statewide accounting system, wvOASIS. The Insurance Commissioner has the right to levy assessments on employers in order to maintain the solvency of the Fund. The Commissioner may recover all payments made from this fund, including interest, from an uninsured employer who is found liable for benefits paid from the UEF. The Uninsured Cash Statement is unaudited information.

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
January 25, 2024

OPERATING REPORT

OCTOBER 2023

Board of Treasury Investments

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

Board of Directors

Riley M. Moore,
State Treasurer,
Chairman

James C. Justice II,
Governor

John B. McCuskey,
State Auditor

Patrick M. Smith,
CPA
Appointed by the
Governor

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

Executive Staff

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

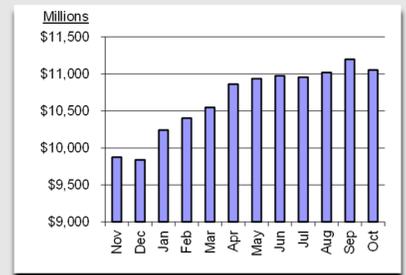
Chief Financial
Officer
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$11,054,296,000

Last Month
\$11,200,852,000

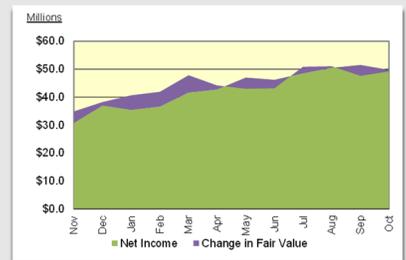
Beginning of Fiscal Year
\$10,975,194,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$200,031,000



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

Money Market Pools

As of October 31, 2023

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	5.5550%	37 Days	\$9.9 Billion
WV Gov't Money Market	5.3530%	24 Days	\$426.2 Million

* Yields represent the simple money market yield net of fees.
** W.A.M. is the weighted average maturity.

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

OCTOBER 2023

October Marked With Difficulties

Overview:

October was a difficult month on various levels. First, our thoughts are with all the families who have suffered and lost loved ones amidst the Israel Palestine conflict. Elsewhere on a macro level, for the first time in history the U.S. House of Representatives effectively fired its Speaker. And, while now sharing the front-page headlines in the wake of other recent global events, the Ukraine war is over 18 months old and millions of people continue to attempt to survive amidst this tragedy. These macro and human factors weighed heavily on markets in the most recent month, a month in which the "higher for longer" interest rate narrative and resilient economic data drove rapid yield curve increases longer out on the yield curve. Not surprisingly, equity prices also declined during the month.

Equity Returns

The markets pulled-back from the high point earlier in the year, with all sectors falling back from previous highs, with information technology, in particular, holding up much better than other sectors. The result is a growth versus value disparity that resulted in a 25% differential year to date (Russell 1000 Growth up 23.2% and Russell 1000 Value down 1.8%). Non-US Developed markets still have a positive return year to date (2.7%), but were negative in the month, with growth and inflation concerns weighing on the markets. Emerging markets were negative in the month and year-to-date with China (-1.1%) leading the decline year to date.

Fixed Income

As mentioned, the market seems to have finally begun to accept that the Fed means business and are not inclined to lower rates anytime soon. The result was the increase in longer term yields, which was counter to the markets' previous expectations and pricing. High yield credit is positive year-to-date, with the higher yields offsetting price declines, but even credit had a negative return in October. Only short dated fixed income was positive for the month. At the risk of sounding like a broken record, we continue to believe that while this near-term pain has been difficult, investing with a positive real return in fixed income is ultimately very good for the markets longer term. Importantly, investing in fixed income the current environment should be additive to portfolios over time.

Looking Forward

The stock market seems to have finally reacted to a) stiffer competition from bond yields, b) a normal pullback after a very strong first six months of 2023, and c) the outlook for the economy and earnings in the final half of the year. The resilient fundamental strength in the economy is a positive overall. With the labor market strong, the consumer, while less flush with cash, is still spending. The lagged effects of the higher rates will likely be felt at some point, but that timeframe continues to push back.

With just two months left in 2023, it has been an extraordinary year so far in many ways. The negative returns for most equity, bond, and real estate markets have resulted in more anemic returns for Plans. Historically, the last two months for markets have been the best of the year, so we will see what transpires as we march toward the close.

West Virginia Board of Treasury Investments

Financial Highlights as of October 31, 2023

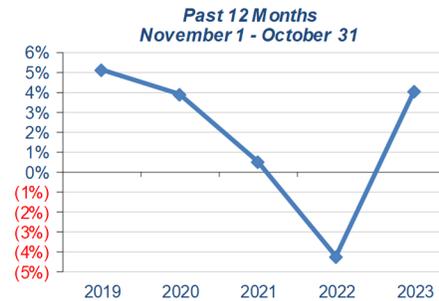
WV Short Term Bond Pool

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

<u>November 1 - October 31</u>	<u>Return</u>	<u>Net Assets At Oct 31 (In Millions)</u>
2023	4.1%	\$ 674.0
2022	(4.2%)	\$ 685.2
2021	0.5%	\$ 829.1
2020	3.9%	\$ 815.3
2019	5.2%	\$ 821.0

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

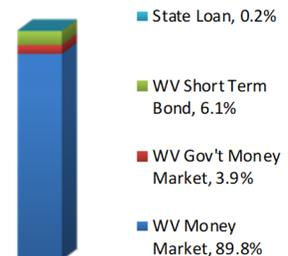
WV Short Term Bond Pool Rates of Return



Summary of Value and Earnings *(In Thousands)*

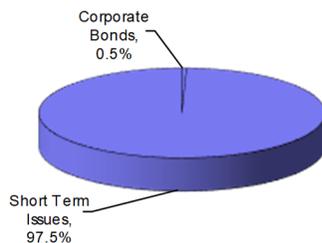
<u>Pool</u>	<u>Net Asset Value</u>	<u>Oct Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 9,927,660	\$ 45,478	\$ 184,276
WV Gov't Money Market	426,164	1,870	7,131
WV Short Term Bond	673,958	1,818	8,446
WV Bank	0	0	1
Loans	25,473	41	149
Participant Accounts	1,041	4	28
	<u>\$ 11,054,296</u>	<u>\$ 49,211</u>	<u>\$ 200,031</u>

Percent of Total Net Asset Value

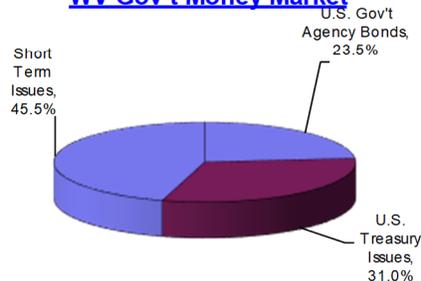


Securities by Type for Operating Pools *(Percentage of Asset Value)*

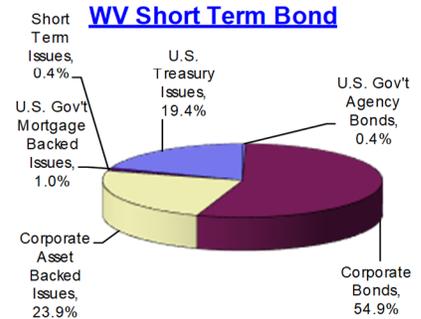
WV Money Market



WV Gov't Money Market



WV Short Term Bond



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

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	Other Pools	Participant Directed Accounts	Total
Assets						
Investments:						
At amortized cost	\$ 9,904,391	\$ 433,723	\$ -	\$ 25,433	\$ -	\$ 10,363,547
At fair value	-	-	672,078	-	1,037	673,115
Other assets	24,823	359	7,429	41	4	32,656
Total assets	<u>9,929,214</u>	<u>434,082</u>	<u>679,507</u>	<u>25,474</u>	<u>1,041</u>	<u>11,069,318</u>
Liabilities						
Accrued expenses, dividends payable & payables for investments purchased						
	1,554	7,918	5,549	1	-	15,022
Total liabilities	<u>1,554</u>	<u>7,918</u>	<u>5,549</u>	<u>1</u>	<u>-</u>	<u>15,022</u>
Net Position						
Held in trust for investment pool participants	9,927,660	426,164	673,958	-	-	11,027,782
Held in trust for individual investment account holders	-	-	-	25,473	1,041	26,514
Total net position	<u>\$ 9,927,660</u>	<u>\$ 426,164</u>	<u>\$ 673,958</u>	<u>\$ 25,473</u>	<u>\$ 1,041</u>	<u>\$ 11,054,296</u>
Additions						
Investment income:						
Interest and dividends	\$ 21,410	\$ 1,125	\$ 2,243	\$ 41	\$ 4	\$ 24,823
Net (amortization) accretion	24,446	763	128	-	-	25,337
Provision for uncollectible loans	-	-	-	-	-	-
Total investment income	<u>45,856</u>	<u>1,888</u>	<u>2,371</u>	<u>41</u>	<u>4</u>	<u>50,160</u>
Investment expenses:						
Investment advisor, custodian bank & administrative fees	379	18	45	-	-	442
Total investment expenses	<u>379</u>	<u>18</u>	<u>45</u>	<u>-</u>	<u>-</u>	<u>442</u>
Net investment income	45,477	1,870	2,326	41	4	49,718
Net realized gain (loss) from investments	1	-	(458)	-	-	(457)
Net increase (decrease) in fair value of investments	<u>-</u>	<u>-</u>	<u>(50)</u>	<u>-</u>	<u>-</u>	<u>(50)</u>
Net increase (decrease) in net position from operations	45,478	1,870	1,818	41	4	49,211
Participant transaction additions:						
Purchase of pool units by participants	1,125,934	24,633	-	-	-	1,150,567
Reinvestment of pool distributions	45,478	1,870	1,439	-	-	48,787
Contributions to individual investment accounts	-	-	-	5,997	-	5,997
Total participant transaction additions	<u>1,171,412</u>	<u>26,503</u>	<u>1,439</u>	<u>5,997</u>	<u>-</u>	<u>1,205,351</u>
Total additions	1,216,890	28,373	3,257	6,038	4	1,254,562
Deductions						
Distributions to pool participants:						
Net investment income	45,477	1,870	2,327	-	-	49,674
Net realized gain (loss) from investments	1	-	(458)	-	-	(457)
Total distributions to pool participants	<u>45,478</u>	<u>1,870</u>	<u>1,869</u>	<u>-</u>	<u>-</u>	<u>49,217</u>
Participant transaction deductions:						
Redemption of pool units by participants	1,322,971	18,390	10,500	-	-	1,351,861
Withdrawals from individual investment accounts	-	-	-	40	-	40
Total participant transaction deductions	<u>1,322,971</u>	<u>18,390</u>	<u>10,500</u>	<u>40</u>	<u>-</u>	<u>1,351,901</u>
Total deductions	<u>1,368,449</u>	<u>20,260</u>	<u>12,369</u>	<u>40</u>	<u>-</u>	<u>1,401,118</u>
Net increase (decrease) in net position from operations	(151,559)	8,113	(9,112)	5,998	4	(146,556)
Inter-pool transfers in	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-
Net inter-pool transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(151,559)	8,113	(9,112)	5,998	4	(146,556)
Net position at beginning of period	<u>10,079,219</u>	<u>418,051</u>	<u>683,070</u>	<u>19,475</u>	<u>1,037</u>	<u>11,200,852</u>
Net position at end of period	<u>\$ 9,927,660</u>	<u>\$ 426,164</u>	<u>\$ 673,958</u>	<u>\$ 25,473</u>	<u>\$ 1,041</u>	<u>\$ 11,054,296</u>