



JOINT COMMITTEE ON GOVERNMENT AND FINANCE

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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
November 22, 2021**

1. West Virginia Broadband Infrastructure (WVBIP) Plan: Investing West Virginia's Funding under the American Rescue Plan Act (ARPA) Update

The West Virginia Department of Economic Development (WVDED), in coordination with the West Virginia Broadband Enhancement Council and the State Broadband Office participated in the Governor's official launch of the West Virginia Broadband Investment Plan (WVBIP) on October 15, 2021.

Governor Justice announced the State's bold broadband initiative on Friday, October 15, 2021. Learn more about the Governor's announcement here: <https://governor.wv.gov/News/press-releases/2021/Pages/Gov.-Justice-announces-Billion-Dollar-Broadband-Strategy.aspx>. The webinar recordings will be posted to <https://broadband.wv.gov/>, along with other program resources.

The proposed plan includes four separate programs, each designed to meet West Virginia's broadband development needs. Briefly, the proposed programs include:

- a. Line Extension, Advancement and Development (LEAD): Expansions of existing fiber and cable networks,
- b. GigReady: A state incentive for local governments and organizations to pool some of their ARPA allocations or other local funding,
- c. Major Broadband Project Strategies (MPBS): New networks or major expansions of existing networks, and
- d. *Wireless Internet Networks (WIN): Expansions or upgrades of existing fixed wireless networks.

The application portal is now open for LEAD and GigReady programs. The Office of Broadband is working with internet service providers and local organizations to develop applications for each program. Applications will be accepted with three monthly submission deadlines on November 30, 2021, December 30, 2021, and January 31, 2022.

The application portal for Major Broadband Project Strategies (MBPS) will open on December 2, 2021. This application launch will coincide with release of the MBPS Target Area Map.

*Wireless projects do not appear eligible for funding under current ARPA guidelines. The wireless program is being developed, following the allocation of \$10 million in State general revenue funding.

2. Capital Projects Fund and State and Local Fiscal Recovery Funds Update

The U.S. Department of the Treasury (Treasury) released guidance for the Coronavirus Capital Projects Fund (CPF) program on September 21, 2021. This CPF program provides \$10 billion for eligible governments to carry out critical capital projects that directly enable work, education, and health monitoring, including remote options, in response to the COVID-19 public health emergency. The Capital Projects Fund Guidance, now available at treasury.gov/CPF, describes how governments may access and use these funds.

The Capital Projects Fund includes \$136 million for broadband development in West Virginia. West Virginia became the first state to apply for funding when the portal opened.

The State and Local Fiscal Recovery Funds available through ARPA can also be dedicated to broadband development. Recognizing this potential partnership, the State program will provide an opportunity to coordinate ARPA funding on state and local levels.

The West Virginia Legislature allocated \$90 million of State and Local Fiscal Recovery Funds (SLFRF) funds and \$10 million in general revenue funds to be added to the Capital Projects Fund for a total of \$236 million. The SLFRF funds will be used for the LEAD, GigReady, and MPBS projects, while the \$10 million allocation from general revenue funds will be dedicated to the Wireless Internet Networks (WIN) program.

Broadband Webinar Schedule

Registration is now open for the MBPS webinar, conducted under the West Virginia Broadband Investment Plan. Registration is available at the following links:

1. Wednesday, December 1, 2021: <https://www.eventbrite.com/e/west-virginia-arpa-investment-plan-mbps-webinar-tickets-210105901407>.

Broadband Mapping

On October 29, 2021, the Office of Broadband released the LEAD and GigReady map found here: <https://wv-capitol-wvbroadband.hub.arcgis.com/>. Applicants will utilize the map and downloadable data to complete their applications for both programs. The need for broadband expansion is analyzed at the address level. The focus on broadband availability at the address level is a transition from relying on overexaggerated census block reports from the FCC to granular address level data. This mapping initiative is continuously evolving and improving to identify served and unserved areas in West Virginia.

- The map for MBPS will be released on December 1, 2021. The data focuses on the need for broadband expansion by “service area.”
- The Office of Broadband has implemented a call system to provide West Virginia residents with an opportunity to submit information regarding missing addresses or the lack of access to broadband services.

3. Rural Digital Opportunity Fund Certifications Issued to West Virginia ISPs

The FCC has issued its third RDOF Support Authorization Public Notice which includes support for CityNet. The FCC has also published a public notice for Ready to Authorize Long Form Application and Winning Bids which includes the West Virginia internet service provider, PRODIGI. “Ready to Authorize” public notification opens a 10-day business period for provider to submit a letter of credit to the FCC.

4. FCC Emergency Broadband Benefit Registrations Top 52, 094

The Emergency Broadband Benefit is an [FCC program](#) to help families and households pay for internet service during the pandemic. Congress has recently created the Affordable Connectivity Program, a \$14 billion long term program which will replace the EBB.

The EBB is still available to households and will continue providing benefits through a 60-day transition period. The ACP will provide a discount of up to \$30 per month toward broadband service for eligible households and up to \$75 per month for households on qualifying Tribal lands. This program is to ensure the longevity of providing broadband affordability assistance. Eligible households can receive a one-time discount of up to \$100 to purchase a laptop, desktop



computer, or tablet from participating providers if they contribute between \$10 and \$50 toward the purchase price.

As of November 22, 2021, more than 52,094 West Virginians have registered, and 48 fixed and mobile Internet Service Providers are participating in the EBB program. A complete list of participating providers was included in the August 2021, committee report. For more information, visit fcc.gov/broadbandbenefit or send email to BroadbandBenefit@fcc.gov.

5. West Virginia Secures FCC Emergency Connectivity Fund (ECF)

The FCC's Emergency Connectivity Fund helps provide financial relief to schools and libraries that will help improve remote learning for their communities. ECF covers reasonable costs for devices and connectivity services. As of November 18, 2021, the FCC has committed four rounds of funding to West Virginia for a total of \$33,021,210.53. Below lists the committed funding for each phase:

- Phase 1 - \$4,188,368.24
- Phase 2 - \$12,760,030.87
- Phase 3- \$9,760,113.90
- Phase 4- \$6,312,697.52

The initial ECF Program application filing window closed on August 13. The second filing window closed on October 31, 2021. Participants can request certain changes to their funding requests and request reimbursement through the ECF Portal. For more information about the Post-Commitment and Reimbursement processes, visit emergencyconnectivityfund.org.

- ## **6. National Telecommunications and Information Administration (NTIA):**
- Four West Virginia applications are currently pending with the U.S. Department of Commerce, National Telecommunications and Information Administration (NTIA) Broadband Infrastructure Grant Program. NTIA received more than 230 applications with requests totaling more than \$2.5 billion for the \$288 million program. Applications were submitted from 49 states and U.S. territories. Notably, West Virginia ranked 16th in the nation for the amount of funds requested by state. For more information about the NTIA program, view the [press release](#) summarizing the nationwide response. NTIA has issued request for comment on proposed funded service areas, found here: <https://broadbandusa.ntia.doc.gov/announcement-proposed-service-areas>. The Office of Broadband has assisted in the data submission process related to the NTIA grant program.

7. West Virginia Secures USDA Distance Learning and Telemedicine (DLT) Funding

a. Clay County School District \$464,614

This Rural Development investment will be used to provide distance learning technology and telemedicine stations for each of Clay County's six schools. Distance learning technology will be utilized to provide virtual learning experiences for students across all grade levels, as well as expand opportunities for students to participate in advanced and college level courses not available at their home schools. Telemedicine stations will permit students and their families to confer with medical and mental health professionals at each school-based wellness center. This project will benefit approximately 2,000 residents in Clay County, West Virginia.

b. Pocahontas County Board of Education \$434,779

This Rural Development investment will be used to purchase distance learning supplies that will connect students K-7 grade and teachers, K-12 grade with Microsoft Surface Go 2 and Microsoft Surface Pro 7 devices. Pocahontas County Board of Education will facilitate remote and blended learning, expand capacity of educators with technology to support their ability to teach across campuses and inter-classroom co-teaching efforts, provide remote options for professional development and training for educators, and expand student focused mental health telemedicine capabilities in partnership with Youth Health Services, Inc. The project will benefit approximately 3,000 residents in rural West Virginia.

c. Shepherd University \$96,891

This Rural Development investment will be used to fund the "Bridges to Degrees" project that creates pathways to postsecondary education for rural high school students by providing high quality distance learning through live-streamed, synchronous dual enrollment courses offered at Shepherd University, located in the Eastern Panhandle of West Virginia. Funding will outfit Jefferson High School in Shenandoah Junction, West Virginia and Martinsburg High School in Martinsburg, West Virginia with the technology needed to engage in these distance learning courses and equips the university campus with the hardware necessary to deliver these interactive courses. The university proposes to provide distance learning through synchronous live-streamed dual enrollment courses to over 400 eligible high school students per calendar year.

d. West Virginia Higher Education Policy Commission \$744,328

This Rural Development investment will be used to purchase distance learning equipment that will develop a state-wide network to provide an interactive telecommunications link between hub and end users. The project will increase the availability of opioid and substance abuse prevention programs, establish the base of a statewide synchronous interactive distance learning network, expand the availability of college courses to rural communities, improve retention and graduation rates of college students, expand educational opportunities for high schools, improve academic achievement and college readiness for high schools, and increase community resources. The West Virginia Higher Education Policy Commission will serve as the hub of the project and will serve approximately 5,600 residents in rural West Virginia.

8. Broadband Development in West Virginia

Below is a partial list of broadband projects awarded through various funding agencies. The list includes the grantee and funding source for each broadband infrastructure development project.

USDA ReConnect (Grantee/Award):

- CityNet - \$7,600,000
- Harrison Rural Electrification Association – \$18,700,000
- Tyler County Development Authority - \$1,700,000
- Regional Economic Development Partnership (RED-P) - \$2,100,000

USDA Community Connect (Grantee/Award):

- Hampshire County Commission - \$3,000,000
- Preston County EDA - \$3,000,000
- ClearFiber - \$1,960,000
- Central WV Development Association – 3,000,000

ARC Central Broadband Development (Grantee/Award):

- Webster County EDA - \$1,936,080
- Williamson, City of - \$94,787

ARC POWER (Grantee/Award):

- Pocahontas County Commission - \$2,500,000
- Wayne County Commission - \$1,551,200
- Woodlands Development Group - \$2,500,000
- South Charleston Regional Tech Park - \$500,000
- Thundercloud – \$2,353,788

Community Development Block Grant (Grantee/Award):

- Taylor County Commission - \$131,382
- Greenbrier County Commission (Phase 1) - \$668,227
- Greenbrier County Commission (Phase 2) - \$583,000
- Meadow Bridge, Town of - \$909,600
- Monroe County Commission - \$50,059
- Raleigh County Commission - \$643,999
- Summers County Commission - \$220,500
- McDowell County Commission - \$630,000
- Lewis County Commission - \$500,000
- Mercer County Commission - \$155,000
- Nicholas County Commission - \$800,000
- Hampshire County Commission - \$434,137
- Jackson County Commission - \$137,500

Pending Applications:

- NTIA - \$46,985,108

New Funding Rounds:

- USDA Community Connect
- USDA ReConnect: USDA will host four webinars covering the ReConnect Program Regulation and the recently announced ReConnect Program FY2022 Funding Opportunity Announcement (FOA). Slides, a transcript, and a recording of each webinar will be posted on the [ReConnect website](#) after each session. You can also find registration links at the [events page](#) on the ReConnect website.

9. Action Items

1. **West Virginia Policy Concerning Bridge Attachments:** Bridge Attachments are governed by the WVDOH Utility Manual, available at the following link:

https://transportation.wv.gov/highways/engineering/files/ACCOMMODATION_OF_UTILITIES.pdf

JOINT COMMITTEE ON GOVERNMENT AND FINANCE

(Speaker Hanshaw)

November 16, 2021

4:00 p.m. – 5:00 p.m.

Senate	House
Blair, Chair	Hanshaw, Chair
Baldwin	Boggs
Plymale	Capito (absent)
Takubo (absent)	Householder
Tarr	Howell
Trump	Skaff
Weld (absent)	Summers

Speaker Hanshaw: "...members about the minutes as distributed? If not, then the Chair recognizes President Blair."

President Blair: "Mr. Speaker, I move the minutes from September the 14th, 2021 meeting of the Joint Committee on Government and Finance as contained in the member packets be approved."

Speaker Hanshaw: "Question on the motion is the approval of the September 14th, 2021 meeting minutes. Is there discussion on the motion? If not, those in favor of the motion will please say aye, those opposed will please say no. The ayes have it, that motion is adopted. The minutes of the September 14, 2021 meeting will be approved. That's...that's...let's move now into our monthly and quarterly reports. Our first order of

business today is the Broadband update. Do we have anyone present to deliver that update? I understand the Secretary is unavailable.”

President Blair: “I got a call last night saying that if...asking if it would be okay if nobody came over and I said yes.”

Speaker Hanshaw: “Very well. That report is in your packets, are there any questions from any members or discussion about that report? Okay if not, let’s go ahead and move on then to Lottery. Welcome sir!”

John Myers: “Good afternoon...Mr. Speaker and Mr. President and members of the committee. We have submitted the September financials for the lottery, which are in your packet. I wanted to make just a few comments today about some of our revenue generation so far this year and we’ve been pretty successful up to this point. As far as instant tickets go, we have an 8.23% increase over last year at \$59.8 million dollars. In our draw games, which are the Powerball Mega Millions, we are 25.4% over last year and that’s at \$26.9 million dollars...and so for total for traditional lottery we’re 13.0% above last year at \$86.64 million dollars. The racetracks, the racetracks are doing a little better than last year, they are 19.9% above last year’s revenues at \$170.56 million dollars. The limited video lottery folks are 7.12% above last year at \$171.98 million dollars and that, for a total, having...if you include sports wagering, table games, and all that, our total revenues for this year are 14.6% higher and at \$449,995,000 dollars, so it’s been a pretty good year for revenue this far and hoping to continue.”

Speaker Hanshaw: “Very good, questions for the Director about the lottery report? Yes, Delegate Howell.”

Delegate Howell: “Thank you, I think I know the answer I just want to clarify, you’re on fiscal year not calendar year with the increases, am I correct on that?”

John Myers: “That is correct.”

Delegate Howell: “Okay, thank you.”

John Myers: “Yes sir.”

Speaker Hanshaw: “Other questions for the Director about the lottery report? Okay, Director we thank you very much.”

John Myers: “Thank you all.”

Speaker Hanshaw: “Let’s take up the General Revenue Fund update and the State Road Fund. Good afternoon!”

Mark Muchow: “Good afternoon, Mark Muchow, Department of Revenue, reporting on the October results for General Revenue and State Road Fund as well as the year-to-date. In October, we collected \$381.8 million dollars revenue, the estimate was \$343 million, so that was \$38.7 million above estimate. Compared to last year we’re up 7.3% for the month, so good month. Actually, for some taxes it would be even a better month except that the tail end of the month ended on the 29th and there’s some taxes that are actually due on the last calendar day of the month, particularly severance, so severance tax will do very well in...in November because it’s a nice carry over of severance tax that otherwise would have come in in October but not due ‘til the 31st.

On the individual components, the sales tax was \$5.9 million above estimate in October, 6.3% ahead of last year. For the year-to-date, the sales tax is running at \$484

million dollars or \$26.8 million above estimate, 5.7% ahead of last year, so excellent performance on the sales tax. Personal income tax was the largest source of surplus, in October we collected \$172.3 million, the estimate was \$152.2, that was \$20.1 million above estimate, 8.1% ahead of last year, and income withholding taxes are running somewhere around 9% ahead of last year, so very good numbers on withholding taxes. Wage and salaries are up, particularly in healthcare sector. Year-to-date, the personal income tax, \$685 million dollars versus an estimate of \$615 million, that's \$69.9 million above estimate. Now, technically it's 11.5% below last year but last year we had the influx of \$144 million dollars of deferred tax collections, when we remove that, the personal income tax is actually running 8.7% ahead of last year on an adjusted basis, or \$55 million dollars. The severance tax...energy prices are up considerably, just natural gas by itself between the month of August and the month of October, two months, the average price of natural gas on the eastern hub went up by more than a dollar per million BTU. For comparison purposes, in November last year the total price was only about a dollar per million BTU. So, we're up to around \$4.64 per million BTU, that's you know...big increase from last year. As prices continue to head higher, probably they'll peak sometime in the next couple months before falling back down again...but as a result severance tax done very well. We collected nineteen and a half million dollars in October. October's a month where we distribute a bunch of money out to local governments, so that's the reason why it was 19.5 as opposed to a higher number. That was 10.9, almost \$11 million dollars above estimate, 84% ahead of last year. Year-to-date, severance tax \$116.3 million, is running nearly \$44 million dollars above estimate, and for general revenue purposes 250% ahead of last year. Very good performance there, in fact nearly half of our year-to-

date surplus is coming from the severance and energy side. Corporate income tax performing...continues to perform very well, we collected \$11.6 million in October, that was 8% ahead of last year and \$4.4 million ahead of estimate..."

Shannon Riley: "They have September in their booklets, we can make copies for them."

Mark Muchow: "Oh okay, unfortunately I just was told that you have September numbers in your booklets, so what I'm giving you may not sound so well and I don't have...sorry about that but I'll hit the high points...but corporate income tax collections year-to-date are running about \$38 million above estimate and when I adjust it for the deferred collections from last year 43.6% ahead of last year, very strong performance on the corporate net side. In fact, corporate net has been the strongest performing tax in terms of growth rate since around 2018 or so, it's been consistently strong. That's all the major taxes, unless you want to hear about some of the minor taxes, I'm going to go on to the Road Fund."

The Road Fund in the month of October, we collected \$33.9 million in motor fuel tax, that was one and a half million above estimate, 17.8% ahead of last year. The motor fuel tax is beginning to recover, year-to-date \$143.4 million dollars in collections, that's running close to \$5 million ahead of estimate, seven and a half percent ahead of last year. So, people are beginning to drive on the roads again and when we drive on the roads, we consume more fuel and not quite 100% where we were before but we're moving in the right direction. The registration fees were...continue to be a little on the soft side, we collected \$9.7 million in registration fees in October, that was nine and a half percent below last year, slightly above estimate. The year-to-date running \$7.9 million below

estimate and 1.7% below last year, so still kind of weak on that side. I suspect there's some people out there driving cars that are not up to date on their registrations. Motor vehicle sales tax...which has been the star performer in the State Road Fund in recent months...in October, collections were \$23.7 million, it was slightly below estimate and 7.9% below last year, so there's some signs that the motor vehicle sales tax is starting to level off a bit. Year-to-date motor vehicle sales tax collections are still running 16% ahead of their estimate but only 0.7% ahead of last year. Part of it may be that it's hard to find a motor vehicle to buy, if you can find one...but prices are high on motor vehicles but also some sign that things are starting to slow down on that side and that's just not in West Virginia that's across the country on the motor vehicle sales. Total State Road Fund from state tax collections in October we're half a million dollars above estimate, year-to-date we're actually running about \$2 million dollars below estimate, and we're below last year by about 10.7% but a lot of that has to do with the timing of those tax collections, particularly since the month of October ended on the 29th. Federal reimbursements, they're up for the year, year-to-date almost \$177 million in reimbursements, compared to \$120.2 million last year, that's up 47.2%, so when you throw all.... everything together, the State Road Fund is...with the federal reimbursements included...is running 4.4% ahead of last year but still \$27 million below the estimate put out by the Department of Highways. Department of Highways likes to have an aggressive estimate on federal reimbursements in the event that those federal reimbursements show up that they can use them and spend them and with the new infrastructure plan that just passed there are likely to be some higher federal reimbursements in the future there. If you have any

questions? Numbers are strong...if you take away the deferred collections year-to-date on general revenue, we're running 13% ahead of last year."

Speaker Hanshaw: "All right, questions for Deputy Secretary Muchow from any member? All right Mark, we thank you."

Mark Muchow: "Thank you."

Speaker Hanshaw: "Okay let's move on to WorkForce West Virginia and the Unemployment Compensation Trust Fund."

Chris McCauley: "Good evening."

Speaker Hanshaw: "Hello."

Chris McCauley: "It is evening, right? Mr. Speaker, Mr. President, members of committee, my name's Chris McCauley, I'm the Director of Unemployment. Just want to give a couple quick updates to the reports that you already have for September. Delegate Summers, I've been waiting for a long time to give you a final report to your question. We had borrowed with the Title XII Loan approximately almost \$185 million. In coordination with the Governor's financial team and our financial team, on August the 27th we were able to pay that off with Cares Act funding. I'm proud to say, we were the first state to do that before any interest hit. It was due by September 6th I believe, before any interest was accrued, so that was good news...and as of today because of that, with additional funding that was added from the Cares Act funding to the trust fund...today's daily report we are \$302,292,441.20. We're quite solvent and in pretty good shape...questions?"

Speaker Hanshaw: “All right, thank you very much. Questions for Director McCauley? President Blair.”

President Blair: “Can you tell us how many people in the state of West Virginia are drawing unemployment checks?”

Chris McCauley: “I could tell you; I can get that I don’t know as of today...it has dropped tremendously...”

President Blair: “Rough number...because I know what it is from a meeting—”

Chris McCauley: “Oh boy.”

President Blair: “—that I had here a couple weeks ago.”

Chris McCauley: “I’m not sure I can give you that sir, rough number, I apologize.”

President Blair: “You guys gave me the number, so I’ll say it for you.”

Chris McCauley: “Okay.”

President Blair: “It was right around, just a little bit over 9,200 people. Does that sound right?”

Chris McCauley: “Probably, it’s probably between eight...it fluctuates...but probably between seven to ten-thousand.”

President Blair: “I was surprised, I’ve taken...done a little bit of a game with people and said, “Tell me how many people you think is drawing unemployment?” Most of the time the number is fifty, seventy-five thousand on all...then I drop the number that it’s under 10,000---”

Chris McCauley: “Yeah, yeah---”

President Blair: “—that it’s 9,200 it’s—”

Chris McCauley: “With—”

President Blair: “—it’s surprising.”

Chris McCauley: “It was averaging with...well when you threw in the Pandemic Unemployment Assistance, it was quite large at time. You know, one time we reported we used to average six to 7,000 claims a month and then when it hit, we were averaging that a day and it was a tremendous load at that time. Of course, then you’ve got to factor in the potential for the fraudulent claims and things of that nature, but it has dropped tremendously...”

President Blair: “Yeah.”

Chris McCauley: “...and we’ve actually seen that and still will be catching up for a while with various things that we have to do but--”

President Blair: “Thank you.”

Chris McCauley: “—it’s been very...you’re welcome.”

Speaker Hanshaw: “Senator Trump.”

Senator Trump: “Thank you Mr. Speaker and thanks for the report. That’s a big number, I don’t ever remember seeing \$300 million or over that in these reports and so it has triggered me to ask this question because I think that number is above the magic number...”

Chris McCauley: “Yes sir.”

Senator Trump: “...but there’s a date tied to that, right? So, if we stay above \$300 million or in that vicinity, on what date do the unemployment premium rates drop?”

Chris McCauley: “It’s in mid-February, I’m going to say around the fifth...fifteenth, yeah.”

Senator Trump: “And you’re going to keep that there until then, right?”

Chris McCauley: “I’m going to try.”

Senator Trump: “Thank you.”

President Blair: “It’s a good feeling isn’t it?”

Chris McCauley: “Yeah, it’s...trust me it is a very good feeling. I think we had approximately \$218 million that was deposited into...back into the trust fund from the Governor’s Cares Act funding so...”

Speaker Hanshaw: “Do we have other questions for Director McCauley from any member? If not, we thank you very much.”

Chris McCauley: “Thank you, have a good evening.”

Speaker Hanshaw: “That’ll bring us to PEIA, BRIM and the Real Estate Report.”

Mary Jane Pickens: “Good afternoon Mr. Speaker, Mr. President, members of the committee. My name is Mary Jane Pickens and I’m the Deputy Secretary for the Department. Mark Scott, our new Secretary, wanted to be here but he’s at PEIA Public Hearing in Martinsburg and he asked me to cover. We have filed the reports for the three

agencies, Real Estate Division, BRIM, and PEIA...and there are folks present from those agencies to answer any questions, if there are any. Jason Haught had to cover the PEIA public hearing as well. Bill Hicks is here, general counsel for PEIA.”

Speaker Hanshaw: “Okay, let’s take that first. Do we have questions from any member about the PEIA report? Understanding there is a public hearing going on today. Okay...excuse me...if not let’s move on to the BRIM report. Questions from any member about the BRIM report? If not, lastly, questions from any member about the Real Estate report? Okay, if not, Secretary Pickens we thank you.”

Mary Jane Pickens: “Thank you.”

Speaker Hanshaw: “Let’s move on to DHHR.”

Jeremiah Samples: “Mr. Speaker—”

Speaker Hanshaw: “Mr. Samples, Good Afternoon.”

Jeremiah Samples: “—Mr. President, members of the committee. You have the Medicaid and CHIP reports before you. Just a few quick notes about those programs. Medicaid enrollment has increased during the pandemic, we’re now in excess of 600,000 active members, 604,000 is the total. Approximately 217,000 members are from the expansion population. That increase we anticipate...at the end of the pandemic...to decrease about eighty to 100,000. There’s an increase that’s inflated because of a maintenance of effort for the state to secure the 6.2% additional match rate. Ultimately, it nets out positive for the state about \$50 million a quarter but it does increase our enrollment numbers.

In terms of CHIP, we have seen somewhat of a decrease over recent years in enrollment. We're down to 19,000, I think we were at about 22,000 a couple years ago. We believe a lot of those folks are just on Medicaid because of the MOE and so we'll see at the end of the pandemic if that fluctuates back into...into alignment. In terms of expenditures, we do as of the most recent six-year plan, which is still constantly being revised, we anticipate at the end of this fiscal year approximately \$224 million in surplus. We believe that may be modified due to some shifts in federal policy on the federal Pandemic Emergency, which would increase that amount potentially. Based on current projections, state fiscal year 2025 is when we start to see a negative number. In Medicaid, we would be \$117 million in the red in state fiscal year 2025 on the six-year plan. Major increases in Medicaid expenditure, just of note, we've had approximately \$300 million dollars in pandemic pay from Medicaid to nursing homes from state fiscal year 2020 leading into March 2022. That's due to a \$20 per member, per day, increase, to assist nursing homes with pandemic efforts. We have seen a decrease in overall utilization despite the pandemic. It has created some surpluses in Medicaid in various lines. In terms of the Waiver Reports, the report you have in front of you would indicate the July numbers. We are having issues...as many of you are well aware...with staffing, especially in home staffing. We have about fifty...approximately fifty individuals...that are on the IDD waiver that...just unable to access any staff support and so they're on the waiver but they're not receiving services. The Aged and Disabled Waiver, we're doing quite well, we continue to eliminate that waitlist on a regular basis. We have surplus funds in that line item. Happy to take any questions that you may have."

Speaker Hanshaw: “Questions from any member about Mr. Samples report? Yes, Delegate Boggs.”

Delegate Boggs: “Thank you. Thank you, Mr. Speaker. Jeremiah, as you noted, you know, we’ve got numbers here on the AD waiver, IDD, and TBI through July...but there’s nothing beyond that. Are those available?”

Jeremiah Samples: “The way these reports are run we are a couple months behind in the actual report, but I’d talked to the Medicaid commissioner, who’s actually at a meeting right now, we do have the CFO for Medicaid, she indicated that the Aged and Disable Waiver we have no waitlist currently. Although the IDD waiver waitlist, which shows approximately 158, that would actually be increased from that threshold. Reason being, the IDD waiver, we don’t clear slots as slots become available. Although with recent ARPA funds from the feds, we do anticipate clearing that sometime this fiscal year.”

Delegate Boggs: “Okay but as AD goes, right now there is no waitlist?”

Jeremiah Samples: “That’s correct, yes sir.”

Delegate Boggs: “Okay, thank you. Thank you, Mr. Speaker.”

Speaker Hanshaw: “Delegate Skaff.”

Delegate Skaff: “Question...you mentioned that 2025 we start to possibly go in the red and that’s with the Medicaid numbers?”

Jeremiah Samples: “Yes, Delegate. Yes sir.”

Delegate Skaff: “That’s because of lack of reimbursement or just where our numbers tend to climb to or is it...”

Jeremiah Samples: “So there is one major factor involved in that that would entail a policy decision. If we continue the Managed Care Tax that Medicaid’s currently benefiting from...it sunsets in 2024, impacts hit in 2025...that would mitigate that by about \$50 million.”

Delegate Skaff: “Okay.”

Jeremiah Samples: “Typically downstream you do see red numbers for Medicaid, we use surplus numbers to basically pay for the future of Medicaid. For those that have been involved in some of the bonding discussions...with various bonding agencies...they typically look at Medicaid budgets in each state, so we try to keep control of that long-term budget pretty closely.”

Delegate Skaff: “You mentioned surplus...using surplus funding for that. Is there...I have to ask...I mean with possible current litigation from our Attorney General when it comes to mandates for the vaccine...the federal, if you don’t comply, they would use that as a possibility of withholding Medicaid reimbursement. If that was and that was, and that was upheld in the state of West Virginia, would we have to dip into our surplus to cover some of those Medicaid...lack of funds that would be brought down from...(inaudible)”

Jeremiah Samples: “I wouldn’t want to presume the outcome of the challenge from the Attorney General, the administration’s been supportive of that challenge, we’ll see what occurs. The implementation date of that legislation, I think would allow for the legislature to come back and address any potential differentials or differences but at this time we’re supporting AG’s challenge to that.”

Delegate Skaff: “But we have to, I mean, come up with that money I guess if...”

Jeremiah Samples: “Theoretically--”

Delegate Skaff: “Theoretically.”

Jeremiah Samples: “—if we were to lose and the legislature would make a policy decision not to make a modification and it were deemed by CMS that we weren’t in compliance, then it could put at risk funds.”

Delegate Skaff: “Okay, thank you.”

Speaker Hanshaw: “All right, questions from any other member about any of Mr. Samples reports today? All right Jeremiah, we thank you.”

Jeremiah Samples: “Mr. Speaker.”

Speaker Hanshaw: “Okay Mr. Slaughter, let’s take the IMB report.”

Craig Slaughter: “Craig Slaughter, Executive Director of the West Virginia Investment Management Board. I think you have August 31st numbers in front of you. Last time I think I got the wrong, so...wanted to make sure of that. Okay, so we are...through August...we were up 1.2% for the first two months of the year. I do know that September was not a good month, so I think we’re going to...actually we’re under water through September, the first three months, but then on top of that October was a good month so we’re up again. So, it’s been across the board up and down and I think that just reflects what you often times see after such a large run up. You know, we had last year, which of course 32.1% in an unprecedented return for us. When markets see that kind of...that rapid movement...they tend to want to stall. It’s not surprising that it

stalls out at some point as people get a little nervous about where things are going and...there are a number of things to worry about right now, you know foremost obviously are on the federal level, the infrastructure bills, whatever you want to call them...how that's going to play out. It makes a big difference to markets, it'll have a big impact on longer term expectations, especially about inflation and then getting to that other point is inflation. The big question right now bubbling around is...is this inflation transitory or is it really got more legs than that and is it going to take off even after the pandemic disruption...the effects of the pandemic tail off? So, that's where we are, I guess for really great news...I turned back to the twenty-year number, we're up 8.1% annualized over twenty years, which is...given the fact we're supposed to hit seven and a half should...makes me feel good...and hopefully makes you feel good. I'm happy to answer questions."

Speaker Hanshaw: "Very good, questions for Mr. Slaughter about the IMB report? Take away is, eight's greater than seven and a half, right?"

Craig Slaughter: "Yeah."

Speaker Hanshaw: "Okay, thank you very much."

Craig Slaughter: "Thank you."

Speaker Hanshaw: "The Workers Compensation Report."

Alan McVery: "Mr. Speak—"

Speaker Hanshaw: "Welcome."

Alan McVey: “Oh thank you! Mr. Speaker, Mr. President, ladies and gentlemen of the committee. My name is Alan McVey and I am the West Virginia Insurance Commissioner...again.”

Speaker Hanshaw: “Again.”

Alan McVey: “You have our report of our Workers Compensation Funds and I’ll piggyback a little bit on Craig’s comments. We caught up greatly in all of these funds last year due to the investment income which is basically all we’re putting in there now...which made the funds all healthy. We have an adequate amount in each fund to take care of our claim liabilities and I am here to answer any questions you may have.”

Speaker Hanshaw: “Questions for now Commissioner Dodrill?”

Alan McVey: “McVey.”

Speaker Hanshaw: “I’m sorry, Commissioner McVey.”

Alan McVey: “You’re close.”

Speaker Hanshaw: “All right if not, Alan we thank you.”

Alan McVey: “Thank you very much and it’s a pleasure meeting before your committee and if any of you ever have any questions or challenges with insurance, please contact us. Thank you.”

Speaker Hanshaw: “All right, for distribution only, all members have in your packets for this month, the report of the Board of Treasury Report. So, that’s available for all members. Do we have other business to come before the committee today? If not, Chair recognizes Delegate Howell.”

Delegate Howell: "I move we adjourn."

Speaker Hanshaw: "Delegate Howell moves the committee adjourn. Those in favor will please say aye, those opposed please say no, the ayes have it, the meeting is adjourned. Thank you all."

WEST VIRGINIA LEGISLATURE

Office of the Legislative Auditor



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

304-347-4870

November 30, 2021

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

- West Virginia Lottery as of October 31, 2021
Gross profit as of October 31, 2021 was \$190.2 million. Gross profit as of October 31, 2020 was \$164.8 million.
- West Virginia Unemployment Compensation Fund as of October 31, 2021:
Total disbursements were \$279 million lower than in fiscal year 2021. Overall ending trust fund balance was \$299 million higher on October 31, 2021 than on October 31, 2020.
- General Revenue Fund as of October 31, 2021
The general revenue collections ended the fourth month of fiscal year 2022 at 113% of the estimate for the year. Total collections were \$181.4 million above the estimate for the fiscal year.
- State Road Fund as of October 31, 2021:
The state road fund collections ended the fourth month of fiscal year 2022 at 99% of the estimate for the year. Total collections were \$2.1 million below the estimate for the fiscal year.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

MEMORANDUM

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

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

Date: November 22, 2021

Re: Review of West Virginia Lottery Financial Information
As of October 31, 2021

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for October 31, 2021, 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 \$428 million for July-October of fiscal year 2020-2021. Table games accounted for \$12 million of this total. Historic Resort Hotel video lottery accounted for \$3.1 million of total gross receipts. Gross lottery revenue has increased by 15% when compared with July-October of fiscal year 2020-2021. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July-October was \$190 million; for July-October of last fiscal year it was \$165 million. Expressed as a percentage, gross profit is 15.5% higher for fiscal year 2022 than for fiscal year 2021.

Lottery continued

Operating Transfers to the State of West Virginia:

A total of \$180,757,000.00 has been accrued to the state of West Virginia for fiscal year 2020-2021. 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	\$52,519,000.00
Community and Technical College	\$1,997,000.00
Department of Education	\$11,449,000.00
Library Commission	\$9,182,000.00
Higher Education-Policy Commission	\$5,793,000.00
Tourism	\$5,368,000.00
Department of Natural Resources	\$2,746,000.00
Division of Culture and History	\$3,399,000.00
General Revenue Fund	\$0.00
Economic Development Authority	\$3,998,000.00
School Building Authority	\$7,200,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$103,651,000.00

Lottery continued

Excess Lottery Fund

Economic Development Fund	\$8,408,000.00
Higher Education Improvement Fund	\$6,000,000.00
General Purpose Fund	\$19,252,000.00
Higher Education Improvement Fund	\$8,589,000.00
State Park Improvement Fund	\$445,000.00
School Building Authority	\$7,595,000.00
Refundable Credit	\$558,000.00
WV Racing Commission	\$1,392,000.00
WV DHHR	\$0.00
Teacher's Retirement Savings	\$0.00
Division of Human Services	\$17,000,000.00
WV Lottery Statutory Transfers	\$18,073,000.00
Economic Development Authority	\$1,757,000.00
General Revenue Fund	\$0.00
Office of Technology	\$0.00
Excess Lottery Surplus	\$0.00
WV Infrastructure Council Fund	\$14,250,000.00
Total State Excess Lottery Revenue Fund	\$103,319,000.00

Total Budgetary Distributions:	\$206,970,000.00
Veterans Instant Ticket Fund	\$236,000.00
Pension Plan	0.00
TOTAL TRANSFERS	*\$207,206,000.00

Lottery continued

* CASH BASIS

Total Accrued last FY 2021:	\$166,942,000.00
Total Cash Distributions FY 2022:	\$207,206,000.00
Applied to FY 2021:	\$166,942,000.00
Applied to FY 2022:	\$40,264,000.00
Accrued for FY 2022 as of October 31:	\$140,493,000.00



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

A handwritten signature in blue ink, appearing to read "John A. Myers".

RE: Monthly Report on Lottery Operations
Month Ending October 31, 2021

DATE: November 17, 2021

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, 2021 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, sports wagering, and interactive gaming was \$107,398,765 for the month of October.

Transfers of lottery revenue totaling \$40,552,981 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, 2021 was 1,519 and 1,212 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, 2021

WEST VIRGINIA LOTTERY

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

	October 31, 2021	June 30, 2021
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 161,897	\$ 198,583
Accounts receivable	39,944	35,077
Inventory	1,114	911
Other assets	1,525	1,806
Total Current Assets	<u>204,480</u>	<u>236,377</u>
Capital assets	60,923	60,923
Less accumulated depreciation and amortization	<u>(19,055)</u>	<u>(18,503)</u>
Net Capital Assets	<u>41,868</u>	<u>42,420</u>
Total Noncurrent Assets	<u>41,868</u>	<u>42,420</u>
Total Assets	<u>\$ 246,348</u>	<u>\$ 278,797</u>
Deferred outflows of resources	<u>\$ 2,537</u>	<u>\$ 2,537</u>
Total assets and deferred outflows	<u>\$ 248,885</u>	<u>\$ 281,334</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 140,493	\$ 166,942
Estimated prize claims	15,523	16,445
Accounts payable	2,524	2,265
Other accrued liabilities	30,958	36,295
Total Current Liabilities	<u>189,498</u>	<u>221,947</u>
Deferred inflows	<u>\$ 2,355</u>	<u>2,355</u>
Net Position:		
Net Investment in capital assets	41,868	42,420
Unrestricted	<u>15,164</u>	<u>14,612</u>
Total Net Position	<u>57,032</u>	<u>57,032</u>
Total net position, liabilities, and deferred inflows	<u>\$ 248,885</u>	<u>\$ 281,334</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, 2021
(In Thousands)
-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	FY 2022	FY 2021	FY 2022	FY 2021
Lottery revenues				
On-line games	\$ 6,533	\$ 5,068	\$ 25,633	\$ 20,343
Instant games	12,787	12,983	55,823	52,709
Racetrack video lottery	41,641	35,343	163,086	135,136
Limited video lottery	41,234	37,301	163,497	152,160
Table games	3,023	2,115	11,990	7,939
Historic resort	704	434	3,097	2,697
Sports Wagering	394	455	1,415	1,190
Interactive Wagering	1,084	279	3,386	688
	<u>107,400</u>	<u>93,978</u>	<u>427,927</u>	<u>372,862</u>
Less commissions				
On-line games	449	352	1,798	1,415
Instant games	895	909	3,908	3,690
Racetrack video lottery	22,846	19,391	89,475	74,141
Limited video lottery	20,205	18,277	80,113	74,558
Table games	1,281	896	5,081	3,364
Historic resort	385	206	1,540	1,372
	<u>46,061</u>	<u>40,031</u>	<u>181,915</u>	<u>158,540</u>
Less on-line prizes	3,107	2,430	13,611	10,139
Less instant prizes	8,709	8,800	38,013	35,703
Less ticket costs	110	138	550	511
Less vendor fees and costs	981	1,051	3,597	3,193
	<u>12,907</u>	<u>12,419</u>	<u>55,771</u>	<u>49,546</u>
Gross profit	<u>48,432</u>	<u>41,528</u>	<u>190,241</u>	<u>164,776</u>
Administrative expenses				
Advertising and promotions	655	795	2,307	1,614
Wages and related benefits	838	834	3,480	3,435
Telecommunications	107	55	281	222
Contractual and professional	(210)	535	637	1,959
Rental	29	25	87	61
Depreciation and amortization	138	138	552	553
Other administrative expenses	101	120	792	558
	<u>1,658</u>	<u>2,502</u>	<u>8,136</u>	<u>8,402</u>
Other Operating Income	<u>333</u>	<u>419</u>	<u>1,999</u>	<u>3,691</u>
Operating Income	<u>47,107</u>	<u>39,445</u>	<u>184,104</u>	<u>160,065</u>
Nonoperating income (expense)				
Investment income	(87)	90	(19)	315
Distributions to municipalities and counties	(808)	(731)	(3,205)	(2,982)
Distributions -capital reinvestment	(35)	(12)	(123)	(86)
Distributions to the State of West Virginia	(46,177)	(38,792)	(180,757)	(157,312)
	<u>(47,107)</u>	<u>(39,445)</u>	<u>(184,104)</u>	<u>(160,065)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	57,032	55,589	57,032	55,589
Net position, end of period	<u>\$ 57,032</u>	<u>\$ 55,589</u>	<u>\$ 57,032</u>	<u>\$ 55,589</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, 2021**

(In Thousands)

-Unaudited-

	2022	2021
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 425,059	\$ 486,037
Cash payments for:		
Personnel costs	(3,480)	(3,435)
Suppliers	(4,169)	(5,493)
Other operating costs	(239,648)	(317,476)
Cash provided by operating activities	<u>177,762</u>	<u>159,633</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(207,206)	(191,110)
Distributions to municipalities and counties	(3,191)	(3,052)
Distributions to racetrack from racetrack cap. reinv. fund	(4,293)	(3,608)
Cash used in noncapital financing activities	<u>(214,690)</u>	<u>(197,770)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>-</u>	<u>-</u>
Cash flows from investing activities:		
Investment earnings received	<u>242</u>	<u>470</u>
Increase (decrease) in cash and cash equivalents	(36,686)	(37,667)
Cash and cash equivalents - beginning of period	198,583	132,073
Cash and cash equivalents - end of period	\$ <u>161,897</u>	\$ <u>94,406</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 184,104	\$ 160,065
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	552	553
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(4,867)	109,484
(Increase) decrease in inventory	(203)	(433)
(Increase) decrease in other assets	20	(10)
Increase (decrease) in estimated prize claims	(920)	(107,873)
Increase (decrease) in accounts payable	260	(689)
Increase (decrease) in other accrued liabilities	(1,184)	(1,464)
Cash provided by operating activities	<u>\$ 177,762</u>	<u>\$ 159,633</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 \$835,830 and \$813,247 at June 30, 2021 and 2020, 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, 2021 the carrying amounts of deposits (overdraft) with financial institutions were \$470 thousand with a bank balance (overdraft) of \$498 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):

	October 31, 2021	June 30, 2021
Deposits with financial institutions	\$ 470	\$ 461
Cash on hand at the Treasurer's Office	35,969	26,655
Investments with BTI reported as cash equivalents	125,458	171,467
	<u>\$ 161,897</u>	<u>\$ 198,583</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.

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NOTE 4 – CAPITAL ASSETS

A summary of capital asset activity for the month ended October 31, 2021 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2021	Additions	Deletions	Historical Cost At October 31, 2021
Buildings	48,243	-	-	48,243
Land	1,681	-	-	1,681
Equipment	10,999	-	-	10,999
	<u>\$ 60,923</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,923</u>

Accumulated
Depreciation:

	Historical Cost At June 30, 2021	Additions	Deletions	Historical Cost At October 31, 2021
Buildings	\$ 10,165	\$ 411	\$ -	\$ 10,576
Equipment	8,338	141	-	8,479
	<u>\$ 18,503</u>	<u>\$ 552</u>	<u>\$ -</u>	<u>\$ 19,055</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, 2021 and fiscal year-to-date is as follows:

WEST VIRGINIA LOTTERY
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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	\$ 3,206,936	\$ 11,293,208
Lotta America	382,085	1,528,276
Mega Millions	990,636	4,884,107
Total	\$ 4,579,657	\$ 17,705,591

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,609,939	\$ 5,669,327
Lotta America	191,043	764,159
Mega Millions	495,329	2,442,121
Total	\$ 2,296,311	\$ 8,875,607

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	\$125,000,000	\$9,000,000	\$45,000,000

At October 31, 2021, the Lotteries share of the prize reserve fund balances were as follows:

<u>Game</u>	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 117,022,627	\$ 1,417,358
Lotto America	4,719,272	356,111
Mega Millions	94,358,429	934,469
Total	\$ 216,100,328	\$ 2,707,938

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

WEST VIRGINIA LOTTERY
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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 \$19,282,318 at October 31, 2021, of which the Lottery's share was \$1,421,892.

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 (57%) 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%).

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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 11.

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, 2021 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2022	2021	2022	2021
Total credits played	\$ 473,672	\$ 396,519	\$ 1,861,671	\$ 1,533,564
Credits (prizes) won	(425,092)	(355,343)	(1,670,541)	(1,376,104)
Promotional credits played	(6,939)	(5,833)	(28,044)	(22,324)
Gross terminal income	41,641	35,343	163,086	135,136
Administrative costs	(1,666)	(1,414)	(6,523)	(5,405)
Net Terminal Income	39,975	33,929	156,563	129,731
Less distribution to agents	(22,846)	(19,391)	(89,475)	(74,141)
Racetrack video lottery revenues	\$ 17,129	\$ 14,538	\$ 67,088	\$ 55,590

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

	October 31, 2021	Year-to-Date
State Lottery Fund	\$ 11,992	\$ 46,969
State Excess Lottery Revenue Fund	5,137	20,119
Capital Reinvestment Fund	-	-
Total nonoperating distributions	\$ 17,129	\$ 67,088

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. Such percentage is between 30 and 50 percent and is subject to change on a quarterly basis. 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, 2021 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2022	2021	2022	2021
Total credits played	\$ 536,914	\$ 481,874	\$ 2,117,221	\$ 1,962,995
Credits (prizes) won	(495,680)	(444,573)	(1,953,724)	(1,810,835)
Gross terminal income	\$ 41,234	\$ 37,301	\$ 163,497	\$ 152,160
Administrative costs	(824)	(746)	(3,270)	(3,043)
Gross Profit	40,410	36,555	160,227	149,117
Commissions	(20,205)	(18,277)	(80,113)	(74,558)
Municipalities and Counties	(808)	(731)	(3,205)	(2,982)
Limited video lottery revenues	\$ 19,397	\$ 17,547	\$ 76,909	\$ 71,577

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 11- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended October 31, 2021 were \$8,637,881 and \$34,257,391, 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	
	2022	2021	2022	2021
Table Games Privilege Tax	\$ 3,023	\$ 2,115	\$ 11,990	\$ 7,939
Interest on Table Games Fund	-	-	1	2
Administrative costs	(259)	(181)	(1,028)	(681)
Total Available for Distribution	2,764	1,934	10,963	7,260
Less Distributions:				
Racetrack Purse Funds	194	136	771	510
Thoroughbred & Greyhound Development Funds	155	109	617	408
Racing Association Pension Plan	76	53	301	200
Municipalities/ Counties	856	598	3,392	2,246
Total Distributions	1,281	896	5,081	3,364
Excess Lottery Fund	\$ 1,483	\$ 1,038	\$ 5,882	\$ 3,896

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, 2021 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2022	2021	2022	2021
Total credits played	\$ 8,928	\$ 8,148	\$ 30,687	\$ 35,091
Credits (prizes) won	(8,302)	(7,767)	(28,367)	(32,743)
Promotional credits played	(82)	(126)	(316)	(527)
Gross terminal income	544	255	2,004	1,821
Capital reinvestment	(26)	(12)	(94)	(86)
Excess Lottery Fund	(5)	(2)	(18)	(16)
Administrative costs	(29)	(14)	(108)	(98)
Hotel commissions	(230)	(108)	(848)	(770)
Net terminal income	254	119	936	851
Historic Resort Hotel Fund	161	76	595	541
Human Resource Benefit Fund	93	43	341	310

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, 2021 were \$457,371 and \$3,123,535 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:

	2022	2021	2022	2021
Table games privilege tax	\$ 160	\$ 179	\$ 1,093	\$ 876
Administrative Costs	(20)	(23)	(140)	(112)
Total Available for Distribution	140	156	953	764
Historic Resort Hotel Fund	117	130	797	639
Human Resource Benefit Fund	23	26	156	125

Historic Resort Hotel Fund

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

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

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

	Current Month	Year-to-Date
Historic Resort Hotel Video Lottery	\$ 161	\$ 595
Historic Resort Table Games	117	797
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	278	1,392
Municipalities/ Counties	39	195
Excess Lottery Fund	239	1,197
Total Distributions	\$ 278	\$ 1,392

WEST VIRGINIA LOTTERY
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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, 2021 were \$3,937,348 and \$14,148,047, respectively. The following table shows the month and year-to-date totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Sports Wagering Privilege Tax	\$ 394	\$ 455	\$ 1,415	\$ 1,190
Interest on Sports Waging Fund	-	-	-	-
Administrative Costs	<u>(59)</u>	<u>(68)</u>	<u>(212)</u>	<u>(178)</u>
Total Available for Distribution	335	387	1,203	1,012

WEST VIRGINIA LOTTERY
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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, 2021 were \$7,224,071 and \$22,572,610 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	
	2022	2021	2022	2021
Interactive Wagering Privilege Tax	\$ 1,084	\$ 279	\$ 3,386	\$ 688
Interest on Interactive Wagering Fund	-	-	-	-
Administrative Costs	(163)	(42)	(509)	(103)
Total Available for Distribution	921	237	2,877	585

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

	Current Month	Year-to-Date
Pensions	9	28
Lottery Fund	912	2,849
Total Distributions	\$ 921	\$ 2,877

WEST VIRGINIA LOTTERY
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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, 2022 the State Legislature budgeted \$125,422,650 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 \$6,539,201 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, 2021 the Lottery has accrued additional distributions of \$140,493,179. 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, 2021</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 499	\$ 1,997
Bureau of Senior Services	5,859	52,519
Department of Education	1,875	11,449
Library Commission	1,504	9,182
Higher Education-Policy Commission	949	5,793
Tourism	879	5,368
General Revenue		
Natural Resources	450	2,746
Division of Culture & History	557	3,399
Economic Development Authority	1,000	3,998
School Building Authority	1,800	7,200
Total State Lottery Fund	\$ 15,372	\$ 103,651

WEST VIRGINIA LOTTERY
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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	5,964	19,252
Higher Education Improvement Fund	2,661	8,589
State Park Improvement Fund	138	445
School Building Authority	1,899	7,595
Refundable Credit	377	558
WV Racing Commission	183	1,392
WV Department of Health and Human Resources		
Teacher's Retirement Savings		
Division of Human Services		17,000
WV Lottery Statutory Transfers	5,599	18,073
Economic Development Authority	439	1,757
General Revenue Fund		
Office of Technology		
Excess Lottery Surplus		
West Va. Infrastructure Council	4,271	14,250
Total State Excess Lottery Revenue Fund	\$ 25,133	\$ 103,319
Total Budgetary distributions:	\$ 40,505	\$ 206,970
Veterans Instant Ticket Fund	\$ 48	\$ 236
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 40,553	\$ 207,206
Accrued nonoperating distributions, beginning	(134,869)	(166,942)
Accrued nonoperating distributions, end	140,493	140,493
	<u>\$ 46,177</u>	<u>\$ 180,757</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 cancelable operating leases. Rental expense for the fiscal year-to-date ended October 31, 2021 and October 31, 2020 approximated \$87,101 and \$60,671 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, 2021 and October 31, 2020 approximated \$354,190 and \$349,764 respectively.

NOTE 14 – COMMITMENTS

For the years ended June 30, 2021 and 2020 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. As of June 30, 2021 and 2020, \$7,612,621 and \$8,073,287, 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 13.5% 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, 2021 and fiscal year-to-date are as follows (in thousands):

	October 31, 2021	Year-to-Date
Employee contributions	\$ 29	\$ 139
Lottery contributions	60	290
Total contributions	\$ 89	\$ 429

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 16 - RISK MANAGEMENT

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

WORKERS' COMPENSATION INSURANCE

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

PUBLIC EMPLOYEES' INSURANCE AGENCY (PEIA)

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

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

BOARD OF RISK AND INSURANCE MANAGEMENT (BRIM)

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

**SCHEDULE OF REVENUES AND NET REVENUES OF THE
LOTTERY FUND AND EXCESS LOTTERY FUND
FOR THE FOUR MONTH PERIOD ENDED OCTOBER 31, 2021
(In Thousands)**

	Current Month		FISCAL YEAR	
	Actual	Projected	Actual	Projected
Gross Revenues				
Instant games	12,787	7,500	55,823	30,000
On-line games	6,533	5,034	25,633	20,133
Racetrack video lottery	41,641	36,490	163,086	154,163
Limited video lottery	41,234	28,438	163,497	113,644
Racetrack table games	3,023	2,347	11,990	9,851
Historic resort	704	432	3,098	1,633
Sports wagering	394	208	1,415	833
Interactive wagering	1,084	-	3,386	-
Total gross revenues	<u>107,400</u>	<u>80,449</u>	<u>427,928</u>	<u>330,257</u>
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,354	870	5,884	3,482
On-line games	2,065	1,445	6,651	5,778
Racetrack Video Lottery	11,994	10,509	46,975	44,399
Sports wagering	335	177	1,203	708
Interactive wagering	912	-	2,850	-
Total Lottery Fund net revenues	<u>16,660</u>	<u>13,001</u>	<u>63,563</u>	<u>54,367</u>
Excess Lottery Fund				
Racetrack Video Lottery	5,137	4,500	20,120	19,015
Limited Video Lottery	19,307	13,377	76,875	53,458
Limited Video Lottery Fees	14	-	1,069	-
Racetrack table games	1,483	1,152	5,882	4,832
Historic resort	244	173	1,215	635
Total Excess Lottery Fund Net Revenues	<u>26,185</u>	<u>19,202</u>	<u>105,161</u>	<u>77,940</u>
Total Net Revenues	<u>42,845</u>	<u>32,203</u>	<u>168,724</u>	<u>132,307</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: November 16, 2021

Re: Status of General Revenue Fund and State Road Fund as of
October 31, 2021 (FY 22)

We have read the cash flow of the West Virginia general revenue fund as of October 31, 2021 which is the fourth month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 113% of the estimate for the fiscal year. Total collections were \$181.4 million above the estimate for the fiscal year.

Personal Income Tax collections were \$69.9 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$26.8 million above the estimate for the year.

Severance Tax was \$44 million above the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$38.2 million above the estimate for the fiscal year.

State Road Fund

The state road fund collections were 99% of the estimate for the fiscal year. Total collections were \$2.1 million below the estimate for the fiscal year.

Rainy Day and Personal Income Tax Reserve

Revenue Shortfall Reserve **Fund A** (Rainy Day Fund) had a cash balance of \$461,868,090.61 as of October 31, 2021.

Balance July 1, 2021	\$441,663,052.88
*Loan-General Revenue Fund 7-1-21	(68,500,000.00)
Loan payback 9-17-21	68,500,000.00
Fiscal year 21 Surplus	15,401,416.45
6-24-21 Special Session appropriation	50,000,000.00
Earnings/(Loss)	(45,196,378.72)
Balance October 31, 2021	\$461,868,090.61

*\$68.5 million loan to state General Revenue Fund 7/1/2021 for beginning of the year cash flow, to be repaid within 90 days. Loan was repaid 9-17-21.

Revenue Shortfall Reserve **Fund B** (Tobacco Settlement Monies) had a cash balance of \$558,562,291.57 as of October 31, 2021.

Balance July 1, 2021	\$553,481,351.13
Earnings	5,080,940.44
Balance October 31, 2021	\$558,562,291.57

The **Personal Income Tax Reserve** Fund had a \$11,000,000.00 cash balance as of October 31, 2021.

Balance July 1, 2021	\$11,000,000.00
Balance October 31, 2021	\$11,000,000.00

**STATE OF WEST VIRGINIA
COMPARISON OF REVENUE
OCTOBER 2020 vs OCTOBER 2021**

GENERAL REVENUE FUND

	Actual Collections October 2020	Actual Collections October 2021	Actual Collections 4 Months Jul-Oct 2020	Actual Collections 4 Months Jul-Oct 2021	YTD \$ Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Personal Income Tax	\$ 159,506,192	\$ 172,348,815	\$ 773,991,964	\$ 685,074,127	\$ (88,917,837)	-11%
Consumer Sales Tax & Use Tax	107,296,030	114,097,572	458,024,117	484,126,039	26,101,922	6%
Severance Tax	10,575,239	19,458,606	33,189,712	116,264,642	83,074,930	250%
Corporate Net Income Tax	10,734,996	11,588,624	116,502,681	86,869,733	(29,632,948)	-25%
Insurance Tax	30,144,895	29,553,681	57,898,838	59,986,660	2,087,822	4%
Tobacco Products Tax	14,828,612	14,336,061	59,856,131	58,216,967	(1,639,164)	-3%
Business and Occupation	10,541,384	6,415,765	42,210,668	32,844,413	(9,366,255)	-22%
Liquor Profit Transfers	1,564,350	3,015,300	7,619,427	9,702,112	2,082,685	27%
Departmental Collections	1,476,006	1,580,977	5,653,939	6,062,641	408,702	7%
Property Transfer Tax	1,348,553	1,421,125	5,200,701	6,655,421	1,454,720	28%
Property Tax	1,279,564	1,084,756	4,293,828	4,253,899	(39,929)	-1%
Beer Tax and Licenses	641,360	555,262	2,820,111	2,516,674	(303,437)	-11%
Miscellaneous Transfers	259,344	-	339,794	728,469	388,675	114%
Interest Income	(479,192)	(398,017)	6,020,283	909,006	(5,111,277)	-85%
Refundable Credit Reimb Liability	323,221	377,101	1,188,177	557,719	(630,458.00)	0%
HB 102 - Lottery Transfers	5,277,501	5,964,193	16,628,160	19,252,018	2,623,857.52	0%
Miscellaneous	278,109	191,461	2,767,151	741,019	(2,026,132)	-73%
Business Franchise Fees	95,653	67,849	262,369	386,871	124,502	47%
Estate & Inheritance Tax	0	-	0	-	-	0%
Liquor License Renewal	102,093	101,266	269,050	292,835	23,785	0%
Special Revenue Transfers	0	-	0	-	-	0%
Charter Tax	289	57	5,334	(1,010)	(6,344)	-119%
Video Lottery Transfers	-	-	40,505	-	(40,505)	-100%
July-Dec Retro Rev Adj	-	17,406	-	112,986	112,986.19	0%
Cash Flow Transfer	-	-	-	-	-	0%
SUBTOTALS	\$ 355,794,199	\$ 381,777,862	\$ 1,594,782,940	\$ 1,575,553,242	\$ (19,229,698)	
Less: Cash Flow Transfer	-	-	-	-	-	
Less: Special Revenue Transfer	-	-	-	-	-	
TOTALS	\$ 355,794,199	\$ 381,777,862	\$ 1,594,782,940	\$ 1,575,553,242	\$ (19,229,698)	
 Increase/Decrease over Prior Period		\$ 25,983,663		\$ (19,229,698)		
 % Increase/Decrease over Prior Period		7%		-1%		

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

November 16, 2021

**STATE OF WEST VIRGINIA
REVENUE COLLECTIONS
FISCAL YEAR 2022
as of October 31, 2021**

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	\$ 152,200,000	\$ 172,348,815	\$ 20,148,815	\$ 615,200,000	\$ 685,074,127	\$ 69,874,127	111%
Consumer Sales Tax & Use Tax	108,200,000	114,097,572	5,897,572	457,300,000	484,126,039	26,826,039	106%
Severance Tax	8,500,000	19,458,606	10,958,606	72,300,000	116,264,642	43,964,642	161%
Corporate Net Income Tax	7,200,000	11,588,624	4,388,624	48,700,000	86,869,733	38,169,733	178%
Insurance Tax	30,000,000	29,553,681	(446,319)	56,820,000	59,986,660	3,166,660	106%
Tobacco Products Tax	13,700,000	14,336,061	636,061	56,900,000	58,216,967	1,316,967	102%
Business and Occupation	9,500,000	6,415,765	(3,084,235)	37,500,000	32,844,413	(4,655,587)	88%
Liquor Profit Transfers	3,000,000	3,015,300	15,300	9,000,000	9,702,112	702,112	108%
Departmental Collections	1,460,000	1,580,977	120,977	5,600,000	6,062,641	462,641	108%
Property Transfer Tax	1,100,000	1,421,125	321,125	4,900,000	6,655,421	1,755,421	136%
Property Tax	1,200,000	1,084,756	(115,244)	4,090,000	4,253,899	163,899	104%
Beer Tax and Licenses	560,000	555,262	(4,738)	2,580,000	2,516,674	(63,326)	98%
Miscellaneous Transfers	100,000	-	(100,000)	1,240,000	728,469	(511,531)	59%
Interest Income	400,000	(398,017)	(798,017)	1,700,000	909,006	(790,994)	53%
Refundable Credit Reimb Liability	200,000	377,101	177,101	500,000	557,719	57,719	0%
HB 102 - Lottery Transfers	5,200,000	5,964,193	764,193	16,500,000	19,252,018	2,752,018	0%
Miscellaneous	340,000	191,461	(148,539)	2,790,000	741,019	(2,048,981)	27%
Business Franchise Fees	70,000	67,849	(2,151)	233,000	386,871	153,871	166%
Estate & Inheritance Tax	-	-	-	-	-	-	0%
Liquor License Renewal	101,000	101,266	266	292,000	292,835	835	100%
Special Revenue Transfers	-	-	-	-	-	-	0%
Charter Tax	-	57	57	-	(1,010)	(1,010)	0%
Telecommunications Tax	-	-	-	-	-	-	0%
Video Lottery Transfers	-	17,406	17,406	-	112,986	112,986	0%
July-Dec Retro Rev Adj	-	-	-	-	-	-	0%
Cash Flow Transfer	-	-	-	-	-	-	0%
SUBTOTALS	\$ 343,031,000	\$ 381,777,862	\$ 38,746,862	\$ 1,394,145,000	\$ 1,575,553,242	\$ 181,408,242	
Less: Cash Flow Transfer	-	-	-	-	-	-	
Less: Special Revenue Transfer	-	-	-	-	-	-	
TOTALS	\$ 343,031,000	\$ 381,777,862	\$ 38,746,862	\$ 1,394,145,000	\$ 1,575,553,242	\$ 181,408,242	
Percent of Estimates		111%			113%		
Collections this day		\$ 43,269,427					

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

November 01, 2021

**STATE OF WEST VIRGINIA
REVENUE COLLECTIONS
FISCAL YEAR 2022
as of October 31, 2021**

STATE ROAD FUND

	FINAL				YEARLY		
	MONTH	NET	COLLECTIONS		NET	COLLECTIONS	YTD
	ESTIMATES	MONTH	OVER		YTD	OVER	PERCENT
		COLLECTIONS	ESTIMATES		ESTIMATES	ESTIMATES	COLLECTED
Motor Fuel Tax	\$ 32,400,000	\$ 33,913,284	\$ 1,513,284	\$ 138,400,000	\$ 143,384,702	\$ 4,984,702	104%
Sales/Privilege Tax	23,898,000	23,716,622	(181,378)	92,677,000	108,712,632	16,035,632	117%
Licenses & Registration	9,463,000	9,737,862	274,862	56,330,000	48,413,827	(7,916,173)	86%
Miscellaneous	3,000,000	1,876,847	(1,123,153)	20,000,000	4,720,665	(15,279,335)	24%
Highway Litter Control	83,000	115,478	32,478	504,000	612,264	108,264	121%
Federal Reimbursement	38,000,000	29,072,874	(8,927,126)	202,000,000	176,965,109	(25,034,891)	88%
SUBTOTALS	\$ 106,844,000	\$ 98,432,966	\$ (8,411,034)	\$ 509,911,000	\$ 482,809,198	\$ (27,101,802)	
Less: Federal Reimbursement	38,000,000	29,072,874	(8,927,126)	202,000,000	176,965,109	(25,034,891)	
TOTALS	\$ 68,844,000	\$ 69,360,092	\$ 516,092	\$ 307,911,000	\$ 305,844,089	\$ (2,066,911)	
Percent of Estimates		101%			99%		

Collections this day

\$ 9,655,032

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of October 31, 2021 : \$ 461,868,090.61

\$68.5 million loan to General Revenue fund 7/1/21 for beginning of the year cash flow, to be repaid within 90 days.

Loan was repaid 9-17-21

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of October 31, 2021: \$ 558,562,291.57

SPECIAL INCOME TAX REFUND RESERVE FUND as of October 31, 2021: \$11,000,000.00

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

November 01, 2021

**STATE OF WEST VIRGINIA
COMPARISON OF REVENUE
OCTOBER 2020 vs OCTOBER 2021**

STATE ROAD FUND

	Actual Collections October 2020	Actual Collections October 2021	Actual Collections 4 Months Jul-Oct 2020	Actual Collections 4 months Jul-Oct 2021	YTD Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Gasoline & Motor Carrier Rd Tax	\$ 28,784,003	\$ 33,913,284	\$ 133,369,384	\$ 143,384,702	\$ 10,015,317	8%
Privilege Tax	25,739,710	23,716,622	107,947,564	108,712,632	765,068	1%
Licenses & Registration	10,763,951	9,737,862	49,260,075	48,413,827	(846,248)	-2%
Miscellaneous	50,228,661	1,876,847	51,062,247	4,720,665	(46,341,582)	-91%
Highway Litter Control	107,847	115,478	686,788	612,264	(74,525)	-11%
Federal Reimbursement	20,751,243	29,072,874	120,192,260	176,965,109	56,772,849	47%
SUBTOTALS	\$ 136,375,415	\$ 98,432,966	\$ 462,518,319	\$ 482,809,198	\$ 20,290,879	
Less: Federal Reimbursement	20,751,243	29,072,874	120,192,260	176,965,109	56,772,849	
TOTALS	\$ 115,624,172	\$ 69,360,092	\$ 342,326,059	\$ 305,844,089	\$ (36,481,970)	
 Increase/Decrease over Prior Period		\$ (46,264,080)		\$ (36,481,970)		
 % Increase/Decrease over Prior Period		-40%		-11%		

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

Novmeber 16, 2021

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 30, 2021

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the October 31, 2021 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of October 31, 2021 of fiscal year 2021-2022, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2021	\$ 79,633,106.11
Receipts July 1, 2021 thru October 31, 2022	\$ 737,553,111.17
Disbursements July 1, 2021 thru October 31, 2022	\$ 495,376,955.24
Balance October 31, 2021	\$ 321,809,262.05

ITEMS OF NOTE:

Regular benefits paid for July-October 2021 were \$ 50 million more than July-October 2020.

Federal emergency benefits totaled negative \$250.00 for July-October 2021. For July-October 2020, federal emergency benefits totaled negative \$2,615.

Total disbursements were \$279 million less in July-October 2021 than the preceding July-October 2020.

Receipts as of July-October 2021, were \$51 million less than in July-October 2020. Overall ending trust fund balance was \$299 million higher on October 31, 2021 than on October, 2020.

Seasonally adjusted unemployment rates for October 2021 were 4.3 percent for West Virginia and 4.6 percent nationally.

Since October 2020, employment has increased by 18,300. Employment increases included 2,200 in government, 7,100 in leisure and hospitality, 600 in educational and health services, 100 in other services, 1,200 in construction, 1,300 in manufacturing, 1,500 in professional and business services, 3,100 in trade, transportation, and utilities, and 1,700 in mining and logging. Employment declines included 300 in financial activities and 200 in information over the year.

William Spencer Budget Division
Office of the Legislative Auditor
Building 1, Room 332-West Wing
1900 Kanawha Boulevard East
Charleston, WV 25305-0590

RE: Monthly Status Report Dear Mr. Spencer:

Please Find attached, the Monthly Status Report for the Joint Committee on Government and Finance, Unemployment Compensation Trust Fund for the month of October 2021. If you have any question or need any additional information, please feel free to contact Jeff Perkins at 304-558-2631 or Jeff.S.Perkins@wv.gov.

Sincerely,



Scott Adkins
Acting Commissioner

SSA/smd Enclosure

pc: Jim Justice

1900 Kanawha Blvd. East * Building 3 Suite 300 * Charleston, WV 25305

An agency of the Department of Commerce
An equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities.

www.workforcewv.org

A proud partner of the American  JobCenter network

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING AUGUST 2020 AND AUGUST 2021**

	AUGUST 2020	SEPTEMBER 2020	OCTOBER 2020	AUGUST 2021	SEPTEMBER 2021	OCTOBER 2021	THREE MONTH TOTAL VARIANCE *
Balance Forward	<u>\$25,553,537.54</u>	<u>(\$12,608,708.22)</u>	<u>\$16,355,484.00</u>	<u>\$88,903,495.62</u>	<u>\$102,028,153.60</u>	<u>\$317,033,613.41</u>	<u>\$478,664,949.30</u>
Add Receipts:							
1. Bond Assessments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions:	\$18,529,347.28	\$3,883,159.83	\$10,861,567.94	\$208,051,492.59	\$1,998,882.59	\$8,487,147.80	\$185,263,447.93
3. Federal Emergency Benefits (FEUC)	\$7,160,173.99	\$7,486,766.02	\$14,220,728.60	\$322,607.49	\$321,778.23	\$130,319.55	(\$28,092,963.34)
4. Federal Share Extended Benefits (EB)	\$1,798,459.42	\$2,770,895.81	\$2,518,317.44	\$1,123.00	\$42,036.71	\$218.00	(\$7,044,294.96)
5. Federal Additional Compensation - FPUC	\$25,473,577.35	\$23,939,628.62	\$7,964,831.98	\$1,903,099.75	\$1,718,102.64	\$652,424.75	(\$53,104,410.81)
6. Pandemic Unemployment Assistance PUA	\$7,398,963.00	\$13,988,061.58	\$7,393,071.00	\$213,659.00	\$210,549.00	\$46,952.00	(\$28,308,935.58)
7. UCFE (Federal Agencies)	\$0.00	\$0.00	\$0.00	\$103,756.35	\$92,270.78	\$47,241.20	\$243,268.33
8. TSFR From Non-Invsd FUA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9. EUISAA - EMER US RELIEF	\$1,658,500.00	\$1,355,000.00	\$1,145,648.00	\$360,042.36	\$473,469.00	\$460,844.00	(\$2,864,792.64)
10. Treasury Interest Credits	\$0.00	\$113,362.54	(\$107,631.28)	\$0.00	\$583,614.11	(\$227,160.07)	\$350,722.78
11. UCX (Military Agencies)	\$99,458.53	\$88,852.87	\$89,165.76	\$42,051.61	\$31,124.13	\$34,341.64	(\$169,959.78)
12. Temporary Compensation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
13. BT to State UI Account	\$0.00	\$0.00	\$0.00	\$0.00	\$220,559,606.30	\$0.00	\$220,559,606.30
14. UI Modernization	\$128,225.18	\$91,019.42	\$62,011.06	\$0.00	\$0.00	\$0.00	(\$281,255.66)
15. Loan Advance	\$19,800,353.13	\$34,451,666.42	\$21,962,071.38	\$0.00	\$0.00	\$0.00	(\$76,214,090.93)
Total Monthly Receipts	<u>\$167,261,669.59</u>	<u>\$151,935,458.73</u>	<u>\$121,691,554.26</u>	<u>\$429,831,829.61</u>	<u>\$236,522,852.00</u>	<u>\$23,642,721.99</u>	<u>\$210,336,341.64</u>
Less Disbursements:							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)
Regular Benefits:	\$52,799,022.43	\$36,651,782.41	\$28,424,000.39	\$195,397,989.47	\$8,765,352.19	\$7,303,194.29	\$116,557,959.86
Federal Emergency Compensation - FEUC	\$7,402,177.20	\$7,326,213.70	\$14,224,984.83	\$303,375.37	\$173,063.31	\$128,955.54	(\$16,620,647.44)
Federal Additional Compensation - FPUC	\$42,643,629.54	\$5,612,725.20	\$5,987,356.85	\$1,844,125.83	\$1,486,197.16	(\$2,029,362.00)	(\$46,955,393.75)
Pandemic Unemployment Assistance PUA	\$15,110,048.00	\$6,295,694.58	\$7,244,406.00	\$176,974.00	\$200,694.00	(\$626,281.13)	(\$21,654,355.71)
Federal Emergency Benefits (EUC08)	(\$725.00)	(\$150.00)	(\$910.00)	(\$25.00)	(\$100.00)	(\$125.00)	(\$69,291.61)
Federal Extended - 2112	\$1,920,562.01	\$2,713,454.99	\$2,497,650.76	\$1,633.00	(\$20,341.00)	\$218.00	(\$4,652,507.00)
Emergency Benefits (TEUC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$23,365.98)
UCFE (Federal Workers) Benefits	\$101,944.06	\$90,937.01	\$69,916.61	\$105,795.86	\$94,449.79	\$51,747.19	\$59,111.77
UCX (Military Workers) Benefits	\$128,030.95	\$88,728.91	\$98,618.35	\$43,305.64	\$39,270.27	\$28,333.34	(\$115,020,922.83)
Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EUISAA Title IX	\$104,614.45	\$424,834.09	\$787,276.05	\$0.00	\$287,387.96	\$0.00	(\$23,374,026.62)
Total Monthly Disbursements	<u>\$205,423,915.35</u>	<u>\$122,971,266.51</u>	<u>\$114,915,072.22</u>	<u>\$416,707,171.63</u>	<u>\$21,517,392.20</u>	<u>\$18,867,073.35</u>	<u>(\$111,753,439.31)</u>
Trust Fund Balance	<u>(\$12,608,708.22)</u>	<u>\$16,355,484.00</u>	<u>\$23,131,966.04</u>	<u>\$102,028,153.60</u>	<u>\$317,033,613.41</u>	<u>\$321,809,262.05</u>	<u>\$800,754,730.26</u>

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

**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	38,000,000.00
Repaid on 5/17/2016	(38,000,000.00)
Borrowed on 12/5/2016	50,000,000.00
Repaid on 5/4/2017	(50,000,000.00)
Outstanding Loan from Revenue Shortfall Reserve Fund	\$0.00

**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 – 2021

Month	Receipts	Disbursements	Trust Fund Balance
2020			
Balance 1/1/2020			\$ 191,802,022
January	\$ 14,847,151	\$ 26,915,654	\$ 179,733,519
February	\$ 7,317,928	\$ 25,997,514	\$ 161,053,933
March	\$ 2,375,894	\$ 29,333,537	\$ 134,096,290
April	\$ 254,628,576	\$ 280,291,428	\$ 108,433,438
May	\$ 501,990,833	\$ 609,424,785	\$ 999,486
June	\$ 407,289,482	\$ 399,999,484	\$ 8,289,484
July	\$ 310,154,605	\$ 293,185,225	\$ 25,258,864
August	\$ 128,416,645	\$ 165,111,304	\$ (11,435,795)
September	\$ 99,198,241	\$ 71,775,296	\$ 15,987,150
October	\$ 72,249,659	\$ 65,457,768	\$ 22,779,041
November	\$ 90,121,076	\$ 92,585,739	\$ 20,314,378
December	\$ 53,179,447	\$ 49,949,488	\$ 23,544,337
Totals - 2020	\$ 1,941,769,538	\$ 2,110,027,223	\$ 23,544,337
2021			
January	\$ 95,188,576	\$ 108,717,538	\$ 10,015,373
February	\$ 133,688,137	\$ 138,034,358	\$ 5,649,152
March	\$ 115,410,886	\$ 104,337,623	\$ 16,722,416
April	\$ 218,662,207	\$ 168,209,884	\$ 67,174,738
May	\$ 158,261,915	\$ 149,664,548	\$ 79,937,020
June	\$ 97,054,348	\$ 98,146,445	\$ 78,844,923
July	\$ 47,555,707	\$ 38,271,882	\$ 88,128,748
August	\$ 429,831,829	\$ 416,716,670	\$ 102,018,654
September	\$ 236,522,852	\$ 21,517,392	\$ 317,033,613
October	\$ 23,642,722	\$ 18,867,073	\$ 321,809,262
November	\$	\$	\$
December	\$	\$	\$
Totals - 2021	\$ 95,188,576	\$ 108,717,538	\$ 10,015,373

Benefits and Technical Support Section • Unemployment Compensation Division
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MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE

YEAR 2021

	JANUARY 2021	FEBRUARY 2021	MARCH 2021	APRIL 2021	MAY 2021	JUNE 2021	JULY 2021	AUGUST 2021	SEPTEMBER 2021	OCTOBER 2021	
Balance Forward	<u>\$20,965,535.65</u>	<u>\$10,551,839.17</u>	<u>\$8,162,192.32</u>	<u>\$21,856,122.56</u>	<u>\$72,188,369.18</u>	<u>\$81,255,285.26</u>	<u>\$79,633,106.11</u>	<u>\$88,903,495.62</u>	<u>\$102,028,153.60</u>	<u>\$317,033,613.41</u>	
Add Receipts:											
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1. Bond Assessment
2. Regular Contributions:	\$6,739,492.94	\$17,141,683.89	\$1,362,765.38	\$62,240,702.52	\$31,623,240.36	\$2,554,225.68	\$14,687,138.52	\$208,051,492.59	\$1,998,882.59	\$8,487,147.80	2. Regular Contributions:
3. Federal Emergency Benefits PEUC Draws	\$17,851,426.46	\$20,319,106.52	\$23,641,692.48	\$16,415,532.45	\$16,008,315.41	\$15,217,079.51	\$818,411.01	\$322,607.49	\$321,778.23	\$130,319.55	3. Federal Emergency Benefits (PEUC)
4. Federal Share Extended Benefits (EB)	\$244,099.98	\$102,849.02	\$77,072.00	\$17,300.00	\$41,251.94	\$34,718.00	\$19,505.96	\$1,123.00	\$42,036.71	\$218.00	4. Federal Share Extended Benefits (EB)
5. Federal Additional Compensation - FPUC	\$48,952,491.97	\$57,935,377.43	\$63,020,788.03	\$43,897,607.10	\$41,092,344.60	\$39,326,626.53	\$3,823,584.98	\$1,903,099.75	\$1,718,102.64	\$652,424.75	5. Federal Additional Comp (FPUC)
6. Pandemic Unemployment Assistance PUA	\$4,977,564.00	\$4,837,291.00	\$5,064,117.00	\$4,208,136.00	\$3,782,873.29	\$3,712,629.43	\$380,597.50	\$213,659.00	\$210,549.00	\$46,952.00	6. Pandemic Unemployment Assistance PUA
7. UCFE (Federal Agencies)	\$156,560.00	\$234,130.99	\$376,989.57	\$173,018.05	\$106,198.93	\$147,513.37	\$115,175.24	\$103,756.35	\$92,270.78	\$47,241.20	7. UCFE (Federal Agencies)
8. TSFR From Non-Invsd FUA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	8. TSFR From Non-Invsd FUA
9. EUISAA & REIM US RELIEF	\$551,028.00	\$487,199.00	\$533,722.00	\$0.00	\$0.00	(\$245,792.02)	\$4,592,248.85	\$360,042.36	\$473,469.00	\$460,844.00	9. EUISAA & REIM US RELIEF
10. Treasury Interest Credits	\$0.00	\$0.00	\$130,969.17	(\$130,969.17)	\$0.00	\$376,790.10	(\$376,790.10)	\$0.00	\$583,614.11	(\$227,160.07)	10. Treasury Interest Credits
11. UCX (Military Agencies)	\$60,780.93	\$101,058.68	\$241,379.30	\$62,620.25	\$34,033.89	\$35,297.83	\$27,883.22	\$42,051.61	\$31,124.13	\$34,341.64	11. UCX (Military Agencies)
12. Temporary Federal Compensation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	12. Temporary Federal Compensation
13. Reed Act	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	13. Reed Act
14. BT to State UI Account	\$8,000,000.00	\$2,529,000.00	\$2,298,045.18	\$176,754.95	\$0.00	\$0.00	\$0.00	\$0.00	\$220,559,606.30	\$0.00	14. BT to State UI Account
15. UI Modernization	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	15. UI Modernization
16. Loan Advance	\$16,632,248.54	\$1,266,565.96	\$19,157,152.41	\$2,735,001.66	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	16. Loan Advance
Total Monthly Receipts	<u>\$154,159,645.10</u>	<u>\$167,203,217.18</u>	<u>\$166,656,349.61</u>	<u>\$221,220,453.78</u>	<u>\$158,261,915.24</u>	<u>\$95,153,512.60</u>	<u>\$47,555,707.57</u>	<u>\$429,831,829.61</u>	<u>\$236,522,852.00</u>	<u>\$23,642,721.99</u>	Total Monthly Receipts
Less Disbursements:											Less Disbursements:
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	Debt Bond Repayment
Regular Benefits:	31,289,856.41	23,702,483.89	\$19,824,113.68	\$14,743,509.59	\$13,649,799.91	\$13,349,405.45	\$9,884,075.15	\$195,397,989.47	\$8,765,352.20	\$7,303,194.29	Regular Benefits:
Federal Emergency Compensation - PEUC	\$21,279,571.42	\$20,428,408.94	\$20,293,999.94	\$16,423,541.76	\$19,046,721.48	\$12,123,301.01	\$765,337.01	\$303,375.37	\$173,063.31	\$128,955.54	Federal Emergency Compensation - PEUC
Federal Additional Compensation - FPUC	\$56,453,136.20	\$58,013,641.47	\$56,158,095.92	\$43,571,024.41	\$46,929,595.76	\$33,393,658.61	\$3,626,482.24	\$1,844,125.83	\$1,486,197.16	(\$2,029,362.00)	Federal Additional Compensation - FPUC
Pandemic Unemployment Assistance PUA	\$4,976,993.00	\$4,825,991.00	\$5,168,467.00	\$4,087,643.00	\$3,792,191.29	\$3,716,689.43	\$379,480.50	\$176,974.00	\$200,694.00	(\$626,281.13)	Pandemic Unemployment Assistance PUA
Federal Emergency Benefits (EUC08)	(\$498.00)	\$0.00	\$0.00	(\$240.00)	\$0.00	(\$30.00)	\$0.00	(\$25.00)	(\$100.00)	(\$125.00)	Federal Emergency Benefits (EUC08)
Federal Extended - EB	\$260,589.98	\$92,942.02	\$71,984.00	\$20,268.00	\$39,979.94	\$33,022.00	\$19,505.96	\$1,633.00	(\$20,341.00)	\$218.00	Federal Extended - 2112
Emergency Benefits (TEUC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Emergency Benefits (TEUC)
UCFE (Federal Workers) Benefits	\$212,202.00	\$208,411.26	\$350,438.95	\$170,283.65	\$124,204.90	\$132,158.27	\$112,169.77	\$105,795.86	\$94,449.79	\$51,747.19	UCFE (Federal Workers) Benefits
UCX (Military Workers) Benefits	\$107,538.29	\$72,030.76	\$232,154.43	\$57,156.36	\$38,849.06	\$33,062.81	\$30,315.04	\$43,305.64	\$39,270.27	\$28,333.34	UCX (Military Workers) Benefits
Reed Act Funds											
Title IX Funds- Special Legislation EUISAA											Title IX Funds- Special Legislation EUISAA
Withdrawals	\$0.00	\$0.00	\$111,508.36	\$390,270.42	\$0.00	\$0.00	\$0.00	\$0.00	\$287,387.96	\$0.00	Title IX Funds- Special Legislation EUISAA Withdrawals
Temporary Federal Compensation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Temp Fed Comp
Total Monthly Disbursements	<u>\$164,573,341.58</u>	<u>\$169,592,864.03</u>	<u>\$152,962,419.37</u>	<u>\$170,888,207.16</u>	<u>\$149,194,999.16</u>	<u>\$96,775,691.75</u>	<u>\$38,285,318.06</u>	<u>\$416,716,670.63</u>	<u>\$21,517,392.19</u>	<u>\$18,867,073.35</u>	Total Monthly Disbursements
Trust Fund Balance	<u>\$10,551,839.17</u>	<u>\$8,162,192.32</u>	<u>\$21,856,122.56</u>	<u>\$72,188,369.18</u>	<u>\$81,255,285.26</u>	<u>\$79,633,106.11</u>	<u>\$88,903,495.62</u>	<u>\$102,018,654.60</u>	<u>\$317,033,613.41</u>	<u>\$321,809,262.05</u>	Trust Fund Balance

BRIM

December 2021

Interim Packet

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Three Months Ended September 30th

	2021	2020
	(In Thousands)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 14,248	\$ 19,512
Advance deposits with insurance company and trustee	240,639	266,201
Receivables	1,421	1,004
Prepaid insurance	2,210	1,935
Restricted cash and cash equivalents	12,198	21,926
Premiums due from other entities	1,184	1,134
Total current assets	271,900	311,711
Noncurrent assets:		
Equity position in internal investments pools	123,537	108,673
Restricted investments	71,342	62,758
Total noncurrent assets	194,880	171,431
Total assets	466,780	483,142
Deferred Outflows of Resources	438	215
Deferred Outflows of Resources - OPEB	115	84
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	61,326	69,336
Unearned premiums	10,946	10,216
Agent commissions payable	1,204	1,407
Claims Payable	77	277
Accrued expenses and other liabilities	1,356	1,675
Total current liabilities	74,909	82,910
Estimated unpaid claims and claims adjustment expense net of current portion	129,770	137,691
Compensated absences	172	150
Net pension liability	533	214
Total noncurrent liabilities	130,475	138,055
Total liabilities	205,384	220,965
Deferred Inflows of Resources	35	145
Deferred Inflows of Resources - OPEB	351	171
Net position:		
Restricted by State code for mine subsidence coverage	78,617	78,617
Unrestricted	189,128	179,166
Net Assets (Deficiency)	(6,183)	4,377
Net position	\$ 261,562	\$ 262,160

Unaudited

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Three Months Ended September 30th

	2021	2020
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 19,977	\$ 20,097
Less coverage/reinsurance programs	(1,153)	(1,143)
Net operating revenues	18,824	18,954
Operating expenses		
Claims and claims adjustment expense	23,513	21,156
General and administrative	1,219	1,262
Total operating expenses	24,732	22,418
Operating income (loss)	(5,908)	(3,463)
Nonoperating revenues		
Investment income	(275)	7,840
Net nonoperating revenues	(275)	7,840
Changes in net position	(6,183)	4,377
Total net position, beginning of year	267,745	257,782
Total net position, end of period	\$ 261,562	\$ 262,160

Unaudited

West Virginia Board of Risk and Insurance Management
UNAUDITED BALANCE SHEET AND INCOME STATEMENT
For the Three Months Ending September 30, 2021

Talking Points for Joint Committee on Government and Finance Meeting
December 2021

1. **Premium Revenue** thru September reflects the premiums earned for the first three months of the fiscal year.
2. **Claims Expense** reflects claims payments made thru September. Net claims payments for the first three months of FY'22 are higher than FY'21. This resulted in the increased claims expense when compared to the same quarter last fiscal year.
3. **Investment Income (loss)** for fiscal year FY'22 reflects negative returns of \$0.3 million due to the lower market values for fixed income holdings resulting from the recent rise in short-term interest rates. This compares to investment earnings of \$7.8 million for the first 3 months of last year due to strong equity returns.
4. BRIM has no un-funded liability and continues to pursue pro-active loss control initiatives.

PEIA

December 2021

Interim Packet

PEIA December Interim Talking Points

- **PEIA and RHBT year to date financial statements for September 30, 2021 are available for your review.**
- **PEIA statements indicate PEIA is currently ahead of plan by \$13 million. This is due to lower than forecast medical claims.**
- **RHBT statements indicate RHBT is currently behind plan by \$35 million. This is due to lower than forecast investment income.**
- **The 2022 year-end reserve for the State Fund, non-State Fund and RHBT is projected to be \$141, \$33 and \$68 million respectively.**
- **These reserve levels represent 22%, 22% and 37% of the respective funds' expenses. The required reserve for the State Fund is 14% of expenses.**

West Virginia Public Employees Insurance Agency
Statement of Changes in Plan Net Position
For the Three Months Ending Thursday, September 30, 2021
(Dollars in Thousands)
(Unaudited-For Internal Use Only)

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
OPERATING REVENUE							
Premium Revenue							
\$102,495	\$103,217	\$95,745	Health Insurance - State Gov. - Employers	(\$722)	(1%)	\$6,750	7%
30,120	30,162	30,129	Health Insurance - State Gov. - Employees	(42)	(0%)	(9)	(0%)
31,556	31,383	29,421	Health Insurance - Local Gov. - All	173	1%	2,135	7%
1,238	1,161	1,236	Administrative Fees, Net of Refunds	77	7%	2	0%
475	518	482	Other Premium Revenue	(43)	(8%)	(7)	(1%)
165,884	166,441	157,013	Total Operating Revenue	(557)	(0%)	8,871	6%
NON-OPERATING REVENUE							
594	804	808	Life Insurance	(210)	(26%)	(214)	(26%)
5,250	5,250	5,250	Direct Transfer	0	0%	0	0%
1,173	3,162	8,450	Interest and Investment Income	(1,989)	(63%)	(7,277)	(86%)
24,730	25,000	34,276	WV RHBT Pay Go Premiums	(270)	(1%)	(9,546)	(28%)
31,747	34,216	48,784	Total Non-Operating Revenue	(2,469)	(7%)	(17,037)	(35%)
197,631	200,657	205,797	TOTAL REVENUE	(3,026)	(2%)	(8,166)	(4%)
EXPENSES							
87,499	102,912	94,911	Claims Expense - Medical	15,413	15%	7,412	8%
40,740	41,240	37,691	Claims Expense - Drugs	500	1%	(3,049)	(8%)
13,635	14,082	13,223	Payments to Managed Care Org.	447	3%	(412)	(3%)
5,819	5,209	4,802	Administrative Service Fees	(610)	(12%)	(1,017)	(21%)
143	548	131	Wellness and Disease Management	405	74%	(12)	(9%)
1,118	1,139	1,231	Other Operating Expenses	21	2%	113	9%
527	556	529	Life Insurance Expense	29	5%	2	0%
136	102	102	ACA Comparative Effectiveness Fee	(34)	(33%)	(34)	(33%)
24,730	25,000	34,276	WV RHBT Pay Go Premiums	270	1%	9,546	28%
174,347	190,788	186,896	TOTAL EXPENSES	16,441	9%	12,549	7%
23,284	9,869	18,901	YTD Surplus (Deficit)	13,415	136%	4,383	23%
162,373	162,373	225,402	Total Net Position, Beginning of Period	0	0%	(63,029)	(28%)
126,749	126,749	120,901	End of Period Net Position, Actuarially Required Reserve	0	0%	5,848	5%
58,908	45,493	123,402	End of Period Net Position, PEIA PSR	13,415	29%	(64,494)	(52%)
\$185,657	\$172,242	\$244,303	Total Net Position, End of Period	\$13,415	8%	(\$58,646)	(24%)

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For Three Months Ending Thursday, September 30, 2021
In Thousands

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
ADDITIONS							
Employer Premiums:							
\$535	\$537	\$555	Health premiums - Non Par	(\$2)	(0%)	(\$20)	(4%)
2,886	2,901	3,352	Health Premiums - RLC Health, Life	(15)	(1%)	(466)	(14%)
24,730	24,999	34,276	Pay Go Premiums	(269)	(1%)	(9,546)	(28%)
7,500	7,500	7,500	State appropriation - OPEB	-	0%	-	0%
35,651	35,937	45,683	Total Employer Premiums	(286)	(1%)	(10,032)	(22%)
Other Additions:							
200	249	200	Retiree Drug Subsidy	(49)	(20%)	-	0%
(10,792)	26,106	51,693	Investment Income	(36,898)	(141%)	(62,485)	(121%)
25,059	62,292	97,576	TOTAL ADDITIONS	(37,233)	(60%)	(72,517)	(74%)
DEDUCTIONS							
23,979	26,454	28,437	Payments to Managed Care Org.	2,475	9%	4,458	16%
6,678	7,026	6,538	Life Insurance Expense	348	5%	(140)	(2%)
11,649	12,035	10,412	Medical Claims Expense	386	3%	(1,237)	(12%)
6,282	6,550	6,233	Pharmacy Claims Expense	268	4%	(49)	(1%)
415	417	436	Administrative Service Fees (External)	2	0%	21	5%
(16,847)	(17,661)	(16,910)	Member Health premiums	(814)	5%	(63)	0%
(6,699)	(7,158)	(6,812)	Member Life Insurance Premiums	(459)	6%	(113)	2%
573	807	700	Other Operating Expenses	234	29%	127	18%
26,030	28,470	29,034	TOTAL DEDUCTIONS	2,440	9%	3,004	10%
(971)	33,822	68,542	NET POSITION INCREASE (DECREASE)	(34,793)	(103%)	(69,513)	(101%)
Net Position Restricted for Post Employment Benefits							
1,673,024	1,673,024	1,224,642	Beginning of Period Total Net Position	-	0%	448,382	37%
1,403,946	1,438,739	1,225,077	End of Period Net Position - Restricted	(34,793)	(2%)	178,869	15%
268,107	268,107	68,107	End of Period Net Position - PSR	-	0%	200,000	294%
\$1,672,053	\$1,706,846	\$1,293,184	End of Period Total Net Position	(\$34,793)	(2%)	\$378,869	29%

Real Estate Division

December 2021

Interim Packet

Department of Administration Real Estate Division Leasing Report
For the period of October 1 - 31, 2021

There are 9 leasing changes for this period, and they are as follows:

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

Department of Administration Real Estate Division Leasing Report

For the period of October 1, 2021 through October 31, 2021

NEW CONTRACT OF LEASE

DIVISION OF CORRECTIONS AND REHABILITATION, BUREAU OF JUVENILE SERVICES

BJS-042 New Contract of Lease for 3 years consisting of 1,927 square feet of office and classroom space at the annual per square foot rate of \$10.28, annual cost \$19,800.00, full service, 241 Mercer Springs Road, in the City of Princeton, Mercer County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-263 New Contract of Lease for 3 years consisting of 200 square feet of office space at the monthly rate of \$500.00, annual cost \$6,000.00, full service, 703 Seventh Avenue, in the City of Huntington, Cabell County, West Virginia.

STRAIGHT RENEWAL

OFFICES OF THE INSURANCE COMMISSIONER

INS-037 Renewal for 1 year consisting of 144 square feet of storage space at the current monthly rate of \$125.00, annual cost \$1,500.00, full service, 800 Piedmont Road, in the City of Charleston, Kanawha County, West Virginia.

RENEWAL WITH INCREASE IN RENT

OFFICES OF THE INSURANCE COMMISSIONER

INS-020 Renewal for 5 years consisting of 1,200 square feet of office space with an increase in the annual per square foot rate from \$15.00 to \$15.45, annual cost \$18,540.00, full service, 115-22 Aikens Center, in the City of Martinsburg, Berkeley County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-248 Renewal for 5 years consisting of 11,980 square feet of office space with an increase in the annual per square foot rate from \$12.50 to \$12.75, annual cost \$152,745.00, full service, 235 Barrett Street, in the City of Grafton, Taylor County, West Virginia.

OFFICE OF TECHNOLOGY

OOT-001 Renewal for 5 years consisting of 7,440 square feet of warehouse/storage and office space with an increase in the annual per square foot rate from \$7.50 to \$7.57, annual cost \$27,984.00, snow/ice removal, 908 Bullitt Street, in the City of Charleston, Kanawha County, West Virginia.

RENEWAL WITH INCREASE IN SQUARE FEET AND DECREASE IN RATE – DOA OWNED

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-139 Renewal for 2 years with an increase of square feet from 46,108 square feet to 49,169 square feet of office space at the current annual per square foot rate of \$17.00, annual cost \$835,872.96 for year 1, with a decrease to \$16.15, annual cost \$794,079.36 for year 2, with a decrease to \$15.99, annual cost \$786,212.28 for year 3, full service, Building #32, 2699 Park Avenue, in the City of Huntington, Cabell County, West Virginia.

RENEWAL WITH DECREASE IN SQUARE FEET AND INCREASE IN RENT – DOA OWNED

WORKFORCE WEST VIRGINIA

WWV-034 Renewal for 2 years, 8 months with a decrease of square feet from 6,842 square feet to 6,020 square feet of office space at the current annual per square foot rate of \$12.00, annual cost \$72,240.00 for 8 months, with an increase in the annual per square foot rate to \$13.20, annual cost \$79,464.00 for year 2, with an increase in the annual per square foot rate to \$14.52, annual cost \$87,410.40 for year 3, full service, Building #55, 130 Stratton Street, in the City of Logan, Logan County, West Virginia.

RENEWAL WITH DECREASE IN SQUARE FEET AND DECREASE IN RENT – DOA OWNED

DEPARTMENT OF ADMINISTRATION, REAL ESTATE DIVISION

RED-007 Renewal for 2 years and 8 months with a decrease of square feet from 4,189 square feet to 3,905 square feet of office space at the current annual per square foot rate of \$16.68, annual cost \$65,135.40 for 8 months, with a decrease in the annual per square foot rate to \$15.85, annual cost \$61,894.25, for year 2, with a decrease in the annual per square foot rate to \$15.05, annual cost \$58,770.15 for year 3, full service, Building #37, 601 57th Street, SE, in the City of Charleston, Kanawha County, West Virginia.

Real Estate Division
Monthly Summary of Lease Activity
October 1 - 31, 2021

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	DOCR, Bureau of Juvenile Services	BJS-042	Mercer	1,927	10.28	19,800	3.00	59,400
2	Department of Health and Human Resources	HHR-263	Cabell	200	30.00	6,000	3.00	18,000
3	Offices of the Insurance Commissioner	INS-037	Kanawha	144	10.42	1,500	1.00	1,500
4	Offices of the Insurance Commissioner	INS-020	Berkeley	1,200	15.45	18,540	5.00	92,700
5	Department of Health and Human Resources	HHR-120	Taylor	11,980	12.75	152,745	5.00	763,725
6	Office of Technology	OOT-001	Kanawha	7,440	7.57	56,321	5.00	281,604
7	Department of Health and Human Resources	HHR-139	Cabell	49,169	17.00	835,873	1.00	835,873 *
	Department of Health and Human Resources	HHR-139	Cabell	49,169	16.15	794,079	1.00	794,079 *
	Department of Health and Human Resources	HHR-139	Cabell	49,169	15.99	786,212	1.00	786,212 *
8	Workforce West Virginia	WWV-034	Logan	6,020	12.00	72,240	0.67	48,160
	Workforce West Virginia	WWV-034	Logan	6,020	13.20	79,464	1.00	79,464
	Workforce West Virginia	WWV-034	Logan	6,020	14.52	87,410	1.00	87,410
9	Real Estate Division	RED-007	Kanawha	3,905	16.68	65,135	0.67	43,419
	Real Estate Division	RED-007	Kanawha	3,905	15.85	61,894	1.00	61,894
	Real Estate Division	RED-007	Kanawha	3,905	15.05	58,770	1.00	58,770

	104.18
Total Rentable Square Feet	<u>200,173</u>
Average Annual Rental Rate	<u>6.95</u>
Total Annual Rent	<u>3,095,985</u>

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

Joint Committee on Government and Finance

▪

December 2021

Department of Health and Human Resources

**MEDICAID REPORT
September 2021 Data**

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR MEDICAL SERVICES
EXPENDITURES BY PROVIDER TYPE
SFY2022

MONTH OF SEPTEMBER 2021

EXPENDITURES:

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2021	SFY2022	Current Month Ended 9/30/21	Current Month Ended 9/30/21	Year To-Date Thru 9/30/21	10/1/21 Thru 6/30/22
Inpatient Hospital - Reg. Payments	84,428,379	89,982,568	3,467,035	7,198,605	15,202,836	74,779,732
Inpatient Hospital - DSH	52,900,181	53,500,000	-	4,280,000	13,039,535	40,460,465
Inpatient Hospital - Supplemental Payments	-	-	-	-	-	-
Inpatient Hospital - GME Payments	11,030,081	13,374,392	-	1,069,951	3,184,382	10,190,010
Mental Health Facilities	6,565,065	128,725,918	430,200	10,298,073	1,764,484	126,961,434
Mental Health Facilities - DSH Adjustment Payments	17,062,464	18,887,045	-	1,510,964	4,264,692	14,622,353
Nursing Facility Services - Regular Payments ⁽³⁾	790,659,498	830,157,949	68,348,229	66,412,636	200,600,378	629,557,571
Nursing Facility Services - Supplemental Payments	-	25,500,000	-	2,040,000	-	25,500,000
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	68,387,572	71,800,292	5,092,404	5,744,023	15,629,098	56,171,194
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	29,601,249	36,495,808	2,090,180	2,919,665	6,569,550	29,926,258
Physicians Services - Supplemental Payments	-	-	-	-	-	-
Physician and Surgical Services - Evaluation and Management	-	-	-	-	-	-
Physician and Surgical Services - Vaccine Codes	-	-	-	-	-	-
Outpatient Hospital Services - Regular Payments	38,169,328	47,004,897	2,478,363	3,760,392	9,138,824	37,866,073
Outpatient Hospital Services - Supplemental Payments	-	-	-	-	-	-
Prescribed Drugs	799,557,061	833,558,778	68,701,200	66,684,702	223,459,235	610,099,543
Drug Rebate Offset - National Agreement	(517,706,685)	(466,000,000)	(80,109,747)	(37,280,000)	(111,721,796)	(354,278,204)
Drug Rebate Offset - State Sidebar Agreement	(54,952,249)	(48,000,000)	(723,456)	(3,840,000)	(15,825,271)	(32,174,729)
Drug Rebate Offset - MCO National	(12,128,958)	(12,600,000)	(888,449)	(1,008,000)	(5,283,950)	(7,316,050)
Drug Rebate Offset - MCO State Sidebar Agreement	1,546	-	-	-	-	-
Dental Services	4,639,474	4,480,780	316,885	358,462	1,059,616	3,421,164
Other Practitioners Services - Regular Payments	7,655,590	4,463,814	1,613,710	357,105	4,729,381	(265,567)
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	1,020,452	898,193	44,890	71,855	119,066	779,127
Lab & Radiological Services	6,475,294	7,488,287	469,430	599,063	1,375,385	6,112,902
Home Health Services	25,690,903	31,555,723	2,215,928	2,524,458	5,711,610	25,844,113
Hysterectomies/Sterilizations	54,130	26,190	1,057	2,095	16,304	9,886
Pregnancy Terminations ⁽²⁾	27,041	39,867	467	3,189	2,610	37,257
EPSDT Services	747,578	673,291	52,696	53,863	166,439	506,852
Rural Health Clinic Services	2,181,319	4,104,901	165,626	328,392	566,474	3,538,427
Medicare Health Insurance Payments - Part A Premiums	25,032,749	27,501,864	2,136,591	2,200,149	6,408,220	21,093,644
Medicare Health Insurance Payments - Part B Premiums	128,711,243	149,871,522	11,080,286	11,989,722	33,157,534	116,713,988
120% - 134% Of Poverty	10,805,524	10,914,660	1,050,786	873,173	3,128,153	7,786,507
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	12,082,664	13,473,012	885,899	1,077,841	3,010,138	10,462,874

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR MEDICAL SERVICES
EXPENDITURES BY PROVIDER TYPE
SFY2022

MONTH OF SEPTEMBER 2021	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2021	SFY2022	Current Month Ended 9/30/21	Current Month Ended 9/30/21	Year To-Date Thru 9/30/21	10/1/21 Thru 6/30/22
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	2,242,614,736	2,514,062,580	236,865,074	201,125,006	597,345,246	1,916,717,334
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	2,089,915	1,586,760	-	126,941	160,333	1,426,427
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-
Home & Community-Based Services (IDD)	313,859,226	497,321,983	26,051,977	39,785,759	78,973,266	418,348,717
Home & Community-Based Services (Aged/Disabled)	130,537,179	203,359,736	9,422,996	16,268,779	31,300,085	172,059,651
Home & Community-Based Services (Traumatic Brain Injury)	1,953,384	2,084,341	158,507	166,747	482,611	1,601,730
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	72,895,766	119,909,542	5,258,604	9,592,763	17,856,261	102,053,281
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-
Targeted Case Management Services - State Wide	2,603,240	12,062,600	211,211	965,008	639,248	11,423,352
Primary Care Case Management Services	-	-	-	-	-	-
Hospice Benefits	28,366,378	29,903,554	1,958,137	2,392,284	6,842,542	23,061,012
Emergency Services Undocumented Aliens	981,582	491,378	19,921	39,310	79,993	411,385
Federally Qualified Health Center	6,455,228	22,076,655	491,560	1,766,132	1,715,516	20,361,139
Non-Emergency Medical Transportation	44,226,940	40,838,778	1,133,807	3,267,102	6,424,030	34,414,748
Physical Therapy	1,072,716	932,892	60,565	74,631	207,943	724,949
Occupational Therapy	467,792	372,193	30,797	29,775	90,592	281,601
Services for Speech, Hearing & Language	225,177	159,278	20,645	12,742	53,347	105,931
Prosthetic Devices, Dentures, Eyeglasses	409,992	454,903	49,398	36,392	142,022	312,881
Diagnostic Screening & Preventive Services	72,281	99,618	4,232	7,969	13,856	85,762
Nurse Mid-Wife	91,556	164,969	6,030	13,197	23,000	141,969
Emergency Hospital Services	-	-	-	-	-	-
Critical Access Hospitals	21,241,098	25,417,104	1,417,280	2,033,368	5,226,814	20,190,290
Nurse Practitioner Services	3,739,212	3,589,872	286,135	287,190	874,929	2,714,943
School Based Services	30,958,232	31,999,621	121,996	2,559,970	1,099,474	30,900,147
Rehabilitative Services (Non-School Based)	28,466,999	25,889,896	2,078,854	2,157,491	6,892,574	18,997,322
2a) Opioid Treatment Program (OTP) - Methadone services	13,670,289	-	893,750	-	3,589,115	(3,589,115)
2a) Opioid Treatment Program (OTP) - Peer Recovery Support Services	1,587,654	-	117,521	-	479,205	(479,205)
2a) Opioid Treatment Program (OTP) - Residential Adult Services	3,700,900	-	319,825	-	1,016,050	(1,016,050)
2a) Opioid Treatment Program (OTP) - Other	90,140	-	3,529	-	14,433	(14,433)
Private Duty Nursing	6,430,388	7,484,872	430,177	598,790	1,459,790	6,025,082
Freestanding Birth Centers	-	-	-	-	-	-
Health Home for Enrollees w Chronic Conditions	2,451,102	2,149,445	118,160	171,956	635,694	1,513,751
Other Care Services	24,723,597	31,655,807	1,780,007	2,532,465	6,402,952	25,252,855
Less: Recoupments	-	-	(54,080)	-	(232,996)	232,996
NET EXPENDITURES:	4,524,681,192	5,451,948,129	378,176,825	436,242,150	1,189,280,852	4,262,667,277

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR MEDICAL SERVICES
EXPENDITURES BY PROVIDER TYPE
SFY2022

MONTH OF SEPTEMBER 2021

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

NET EXPENDITURES and CMS-64 ADJUSTMENTS:

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

TOTAL MEDICAID EXPENDITURES

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

TOTAL EXPENDITURES

ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
SFY2021	SFY2022	Current Month Ended 9/30/21	Current Month Ended 9/30/21	Year To-Date Thru 9/30/21	10/1/21 Thru 6/30/22
(10,684,041)	-	-	-	-	-
(159,661)	-	-	-	-	-
(19,438)	-	-	-	-	-
(11,218,738)	-	-	-	-	-
4,502,599,314	5,451,948,129	378,176,825	436,242,150	1,189,280,852	4,262,667,277
30,108,117	34,908,744	2,957,744	2,792,700	8,377,052	26,531,692
341,411	352,058	17,632	28,165	50,562	301,496
1,254,161	1,266,828	72,170	101,346	241,594	1,025,234
\$ 4,534,303,003	\$ 5,488,475,759	\$ 381,224,371	\$ 439,164,360	\$ 1,197,950,059	\$ 4,290,525,700
5,295,579	-	278,672	-	1,103,673	(1,103,673)
1,889,696	83,009	24,925	6,641	78,002	5,007
(182,398)	-	-	-	-	-
\$ 4,541,305,880	\$ 5,488,558,768	\$ 381,527,968	\$ 439,171,001	\$ 1,199,131,735	\$ 4,289,427,033

- (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 \$3,888,645.46 is the amount paid to State Facilities year to date.

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR MEDICAL SERVICES
MEDICAID CASH REPORT
SFY2021

	3 Months Actuals			9 Months Remaining	
MONTH OF SEPTEMBER 2021	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2021	Current Month Ended 9/30/21	Year-To-Date Thru 9/30/21	10/1/2021 Thru 6/30/22	SFY2022
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	25,964,129	20,283,436	\$139,436,683		\$139,436,683
MATCHING FUNDS					
General Revenue (0403/189)	276,148,868	16,126,417	58,379,251	260,132,962	318,512,213
IDD Waiver (0403/466)	108,541,736	7,236,115	21,708,347	86,833,389	108,541,736
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,334	649,000	1,947,000	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,666	1,589,000	4,767,000	6,356,000
Traumatic Brain Injury (0403/835)	800,000	53,333	160,000	640,000	800,000
Title XIX Waiver for Seniors (0403-533)	13,593,620	906,242	2,718,724	10,874,896	13,593,620
Medical Services Surplus (0403/633)	-	-	-	-	-
Waiver for Senior Citizens Surplus (0403/526)	-	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	4,015,503	1,003,875	1,003,875	3,011,628	4,015,503
Lottery Waiver (0420/539)	29,950,955	7,487,739	7,487,739	22,463,216	29,950,955
Lottery Transfer (5405/871)	16,400,070	4,100,018	4,100,018	12,300,052	16,400,070
Excess Lottery (5365/189)	66,302,960	-	-	16,302,960	16,302,960
Lottery Surplus (5405/68199)	14,423,022	-	-	16,000,000	16,000,000
Lottery Surplus (5365/68100)	17,000,000	-	-	17,000,000	17,000,000
Trust Fund Appropriation (5185/189)	64,091,372	-	-	36,570,424	36,570,424
Provider Tax (5090/189)	213,581,236	36,700,000	53,600,000	432,230,608	485,830,608
NSGO UPL (5084/6717)	-	-	-	-	-
Expirations (5084)	-	-	-	-	-
Certified Match	11,568,907	500,201	1,614,348	10,674,740	12,289,088
Reimbursables - Amount Reimbursed	5,574,693	29,971	932,162	(932,162)	-
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	81	-	1,017	(1,017)	-
CHIP State Share	-	-	-	-	-
CMS - 64 Adjustments	55,713	-	-	-	-
TOTAL MATCHING FUNDS	\$ 876,964,865	\$ 95,173,348	\$ 293,380,164	\$ 930,815,696	\$ 1,224,195,859
	-				
FEDERAL FUNDS	3,802,320,381	372,670,931	992,394,310	3,487,470,776	4,479,865,086
TOTAL REVENUE SOURCES	\$ 4,679,285,247	\$ 467,844,279	\$ 1,285,774,474	\$ 4,418,286,472	\$ 5,704,060,945
TOTAL EXPENDITURES:					
Provider Payments	\$ 4,541,305,880	\$ 381,527,968	\$ 1,199,131,735	\$ 4,289,427,033	\$ 5,488,558,768
TOTAL	\$ 137,979,367	\$ 86,316,311	\$ 86,642,739	128,859,438	\$ 215,502,178

Note: 74.99% applicable Oct. 2020 - Sep. 2021

Joint Committee on Government and Finance

December 2021

Department of Health and Human Resources

MEDICAID WAIVER REPORT

September 2021

WV Department of Health and Human Resources
Bureau for Medical Services - Aged and Disabled Waiver Program Report

Aged & Disabled Waiver Reporting Month: SEPTEMBER 2021		FY 2021	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	FY 2022 YTD
Slots Approved By CMS (1)		7,912	7,912	7,912	7,912										7,912
-Slots Available for Traditional (ADW-WV) enrollees		7,596	7,836	7,836	7,836										7,836
-Slots reserved for Take Me Home/Money Follows the Person enrollees		76	76	76	76										76
Total number of members served YTD (unduplicated slots used) YTD Column reflects most recent month's count		7,884	7,039	7,172	7,314										7,314
Applicants determined medically eligible this month Note: 183 of the 248 are awaiting Financially Eligibility Determinations-not yet on MEL		2,580	238	252	248										738
Applicants determined medically ineligible		129	10	12	16										38
ACTIVE MEMBERS															
Active ADW Members at the end of the month minus MFP/TMH		6,865	6,930	7,041	7,104										7,104
Active ADW-TMH/MFP Members at the end of the month		53	49	44	48										48
Total Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count		6,973	6,986	7,085	7,152										7,152
Members enrolled during the calendar month		1,986	101	205	197										503
-Total members enrolled during the calendar month minus MFP/TMH		1,938	99	200	192										491
-Total TMH-MFP members enrolled during the calendar month		48	2	5	5										12
Members discharged during the calendar month		1,190	88	106	130										324
ADW Members whose case was closed by reason	Member is deceased	824	62	67	92										221
	Other (2)	366	26	39	38										103
MANAGED ENROLLMENT LIST (MEL)															
# Eligible applicants closed during the calendar month (removed from MEL)		1,783	380	314	320										1,014
ADW Applicants removed from the MEL	Applicant offered a slot (Traditional + MFP)	1,071	117	158	127										402
	Applicant became deceased	175	14	22	21										57
	Other	537	249	134	230										613
Applicants on the MEL who are in a nursing facility YTD Column reflects <i>average</i> # members in setting		1	8	1	0										0
Applicants on the MEL receiving Personal Care YTD Column reflects <i>average</i> # members in setting		3	8	0	3										3
Applicants on the MEL at the end of the month		30	28	13	36										36
Days -Average time spent on the MEL to date Minus MFP Applicants		61	42	44	45										45

(1) CMS approved 240 additional slots on June 30, 2021, increasing the number of total slots from 7,672 to 7,912 for FY2020 forward.

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

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

Intellectual/Developmental Disabilities Waiver Reported Sept 30, 2021		FY 2021	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	YTD FY2022
Slots approved by CMS		5,964	5,964	5,964	5,964										5,964
Total number of members served YTD (unduplicated slots used) (1)		5,928	5,861	5,869	5,891										5,891
Total number of members served YTD in Traditional Slots		5,918	5,861	5,869	5,891										5,891
Total number of members served YTD in Adult Ben H. slots (Active)		6	0	0	0										0
Total number of members served YTD in Children Ben H. slots (Active)		6	0	0	0										0
Applicants determined eligible (2)		390	53	53	39										145
Applicants determined ineligible (3)		448	46	37	44										127
ACTIVE MEMBERS															
# of active members at the end of the month (unduplicated slots active) (1)		5,761	5,850	5,841	5,849										5,849
Discharged members at the end of the calendar month		191	14	17	19										50
Discharged members who were discharged by reason	Deceased	73	9	9	9										27
	Left program to enter a facility	35	2	1	5										8
	a. Hospital	0	0	0	0										0
	b. ICF/IID	15	0	1	3										4
	c. Nursing Facility	20	2	0	2										4
	d. Psychiatric Facility	0	0	0	0										0
	e. Rehabilitation Facility	0	0	0	0										0
	f. Other Facility	0	0	0	0										0
Other (6)		77	3	7	5										15
MANAGED ENROLLMENT LIST (MEL)															
Total number of applicants on the MEL at the end of the month		n/a	158	203	214										214
Number of applicants added to the MEL (4)		390	53	53	39										145
Applicants enrolled (removed from the MEL)		616	103	8	27										138
Applicants removed from the MEL due to Death (5)		1	0	0	0										0
Applicants removed from the MEL due to Other (6)		85	3	0	1										4
Applicants on the MEL who are in a Nursing Facility (9)		1	2	0	0										2
Applicants on the MEL who are in an ICF/IID Group Home (9)		4	8	0	0										8
Applicants on the MEL receiving Personal Care Services each month (8) (9)		3	9	0	0										9
Longest on the MEL to date (7)		798	829	860	566										566

(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 09/30/2021		FY 2021	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	FY2022 YTD
Slots Approved By CMS (1)		90	90	90	90	90	90	90	90	90	90	90	90	90	90
-Slots Available for Traditional (non TMH-WV) enrollees		90	86	86	87										87
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees		0	4	4	3										3
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count		90	85	86	86										86
Applicants determined eligible this month and added to MEL (3)		2	1	0	0										1
Applicants determined ineligible		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		85	85	86	86										86
Active members enrolled during the calendar month		12	1	1	0										2
-Total Active Traditional members enrolled during the calendar month		12	1	1	0										2
-Total Active TMH-WV members enrolled during the calendar month		0	0	0	0										0
Members discharged during the calendar month		5	1	0	0										1
TBIW Members whose case was closed by reason	Member is deceased	0	1	0	0										1
	Other (4)	5	0	0	0										0
MANAGED ENROLLMENT LIST (MEL)															
# Eligible applicants closed during the calendar month (removed from MEL)		0	1	1	1										3
TBIW Applicants removed from the MEL	Applicant offered a slot	0	1	1	1										3
	Applicant became deceased	0	0	0	0										0
	Other (5)	0	0	0	0										0
Applicants on the MEL who are in a nursing facility		1	0	1	0										1
Applicants on the MEL receiving Personal Care		0	0	0	0										0
Applicants on the MEL at the end of the month		2	2	2	1										1
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days		23	31	62	92										62

(1) Of the 90 slots approved by CMS, four (4) are reserved for the Money Follows the Person and Rebalancing Demonstration Grant for SFY 2022. 9/2021-TMH released one slot for non TMH eligible applicant.

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

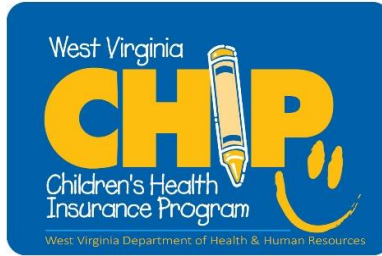
(3) Monthly number added to MEL is being reported in the month an applicant is determined medically eligible; however, the individual's placement date on the managed enrollment list will be based on their initial application date.

(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

NOVEMBER 2021
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 Three Months Ending September 30, 2021 and September 30, 2020

	Annual Budget 2021	Budget Year-to-Date	Actual September 30, 2021	Actual September 30, 2020	Actual Variance \$	%	Budget Variance \$	%
Beginning Operating Fund Balance			\$7,418,708	\$6,218,611	\$1,200,097	19%		
Revenues								
Federal Grants	\$53,211,908	\$13,302,977	\$12,210,758	\$11,362,451	\$848,306	7%	(\$1,092,219)	-8%
State Appropriations	\$7,090,665	\$1,772,666	\$1,418,899	\$1,396,379	\$0	0%	(\$353,767)	-20%
Premium Revenues	\$82,500	\$20,625	\$13,511	\$23,136	(\$9,625)	-42%	(\$7,114)	-34%
Investment Earnings (Interest)	<u>\$100,000</u>	<u>\$25,000</u>	<u>\$3,878</u>	<u>\$55,098</u>	<u>(\$51,220)</u>	<u>-93%</u>	<u>(\$21,122)</u>	<u>-84%</u>
Total Operating Fund Revenues	\$60,485,073	\$15,121,268	\$13,647,046	\$12,837,064	\$809,982	6%	(\$1,474,223)	-10%
Expenditures:								
Claims Expenses:								
Managed Care Organizations			\$9,906,415	\$0	\$9,906,415	0%		
Prescribed Drugs			\$2,681,829	\$2,557,322	\$124,507	5%		
Inpatient Hospital Services			\$202,026	\$1,144,791	(\$942,765)	-82%		
Physicians & Surgical			\$581,191	\$3,041,766	(\$2,460,575)	-81%		
Dental			\$38,628	\$2,151,919	(\$2,113,291)	-98%		
Outpatient Services			\$91,036	\$1,784,321	(\$1,693,285)	-95%		
Therapy			\$25,066	\$402,244	(\$377,178)	-94%		
Other Services			\$19,457	\$736,962	(\$717,505)	-97%		
Inpatient Mental Health			\$9,195	\$53,674	(\$44,479)	-83%		
Vision			\$7,688	\$158,804	(\$151,116)	-95%		
Durable & Disposable Med. Equip.			\$3,407	\$92,548	(\$89,141)	-96%		
Outpatient Mental Health			\$892	\$67,775	(\$66,883)	-99%		
Medical Transportation			\$23,623	\$63,367	(\$39,744)	-63%		
Less: Other Collections**			(\$5,795)	(\$18,196)	\$12,401	-68%		
Drug Rebates	<u>(\$2,517,954)</u>	<u>(\$629,489)</u>	<u>\$0</u>	<u>(\$733,006)</u>	<u>\$733,006</u>	<u>-100%</u>	<u>(\$623,694)</u>	<u>99%</u>
Total Claims Expenses	\$60,430,294	\$15,107,574	\$13,584,658	\$11,504,291	\$2,080,367	18%	(\$1,522,915)	-10%
Administrative Expenses:								
Salaries and Benefits	\$669,704	\$167,426	\$119,890	\$155,827	(\$35,937)	-23%	(\$47,536)	-28%
Program Administration	\$4,393,877	\$1,098,469	\$316,160	\$915,043	(\$598,883)	-65%	(\$782,309)	-71%
Eligibility	\$0	\$0	\$0	\$0	\$0	0%	\$0	0%
Outreach & Health Promotion	\$0	\$0	\$0	\$0	\$0	0%	\$0	0%
Health Service Initiative	\$225,000	\$56,250	\$0	\$0	(\$12,699)	-100%	(\$56,250)	-100%
Current	<u>\$175,000</u>	<u>\$43,750</u>	<u>\$11,625</u>	<u>\$12,699</u>	<u>(\$1,074)</u>	<u>0%</u>	<u>(\$32,125)</u>	<u>-73%</u>
Total Administrative Expenses in Operating Fund	\$5,463,581	\$1,365,895	\$447,676	\$1,083,569	(\$635,893)	-59%	(\$918,220)	-67%
Total Operating Fund Expenditures	\$65,893,875	\$16,473,469	\$14,032,334	\$12,587,860	\$1,444,474	11%	(\$2,441,135)	-15%
Adjustments			\$55,501	(\$9,380)				
Ending Operating Fund Balance			\$7,088,922	\$6,458,435	\$630,487	10%		
Money Market			\$13,071	\$1,012,472				
Bond Pool			\$3,790,031	\$3,741,103				
Cash on Deposit			\$3,285,820	\$1,704,860				
Unrealized Gain/Loss on Investment								
Ending Fund Balance (Accrued Basis)			\$7,088,922	\$6,458,435	\$630,487	10%		
Revenues Outside of Operating Funds:								
Federal Grants			\$0	\$0	\$0	0%		
Total WVCHIP Revenues			\$13,647,046	\$12,837,064	\$809,982	6%		
Program Expenses outside of Operating Funds:								
Eligibility	<u>\$500,000</u>	<u>\$125,000</u>	<u>\$103,710</u>	<u>\$166,451</u>	<u>(\$62,741)</u>	<u>-38%</u>	<u>(\$21,290)</u>	<u>-17%</u>
Total Administrative Expenses	\$5,963,581	\$1,490,895	\$551,386	\$1,250,020	(\$698,634)	-56%	(\$939,509)	-63%
Total WVCHIP Expenditures	\$66,393,875	\$16,598,469	\$14,136,044	\$12,754,311	\$1,381,733	11%	(\$2,462,425)	-15%

Footnotes:

- 1) Statement is on cash basis.
- 2) Estimate of Incurred but Not Reported (IBNR) claims on September 30, 2021 is \$740,000. The September 30, 2020 estimate was \$3,650,000.
- 3) Administrative Accounts Payable balance on September 30, 2021 was \$792,741. The September 30, 2020 balance was \$284,620.
- 4) 2022 and 2021 adjustments to fund balance represent timing issues between the payment of expense and the draw-down of federal revenues.
- 5) Revenues are primarily federal funds. WVCHIP's Federal Matching Assistance Percentage (FMAP) during SFY22 is 85.0%. FMAP during SFY21 was 98.3% through 09/30/20 and 85.00% starting 10/01/20.
- 6) Other Collections are primarily provider refunds and subrogation (amounts received from other insurers responsible for bills WVCHIP paid - primarily auto).
- 7) Physician & Surgical services include physicians, clinics, lab, Federally Qualified Health Centers (FQHC), and vaccine payments.
- 8) Other Services include home health, chiropractors, psychologists, podiatrists, and nurse practitioners.
- 9) Eligibility costs outside the fund represent the costs allocated to the WVCHIP for eligibility and enrollment processing (RAPIDS/WVPATH). Operating fund costs represent those directly billed to WVCHIP.

Unaudited - For Management Purposes Only
PRELIMINARY STATEMENT

WVCHIP Enrollment Report

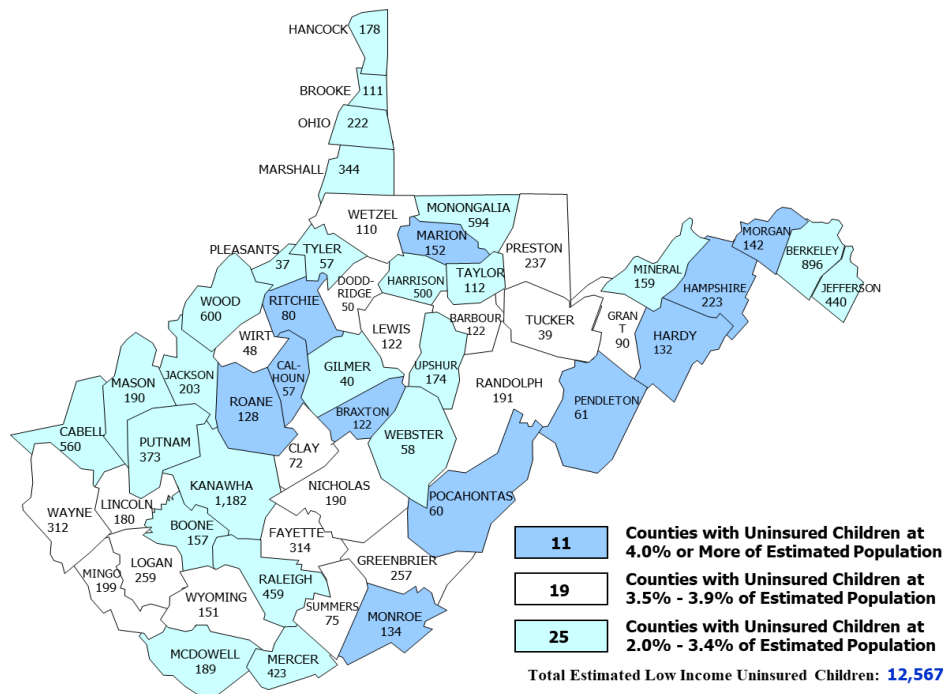
OCTOBER 2021

County	County Pop. 2018 Est. (0-18 Yrs)	BLUE Oct-21	GOLD Oct-21	PREM Oct-21	MATERNITY BLUE PREM Oct-21		Total CHIP Enrollment Oct-21	Total Medicaid Enrollment Oct-21	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2018 SAHIE Uninsured Est.	2018 SAHIE % Uninsured
Barbour	3,332	110	19	80	2	0	211	2,142	2,353	70.6%	122	3.7%
Berkeley	27,917	985	270	564	4	11	1,834	13,998	15,832	56.7%	896	3.2%
Boone	4,775	112	33	37	0	0	182	3,208	3,390	71.0%	157	3.3%
Braxton	2,784	72	13	33	0	1	119	1,639	1,758	63.1%	122	4.4%
Brooke	4,065	0	0	0	0	0	0	69	69	1.7%	111	2.7%
Cabell	18,770	466	129	216	4	4	819	10,553	11,372	60.6%	560	3.0%
Calhoun	1,393	49	13	15	0	0	77	957	1,034	74.2%	57	4.1%
Clay	1,961	54	12	45	0	0	111	1,478	1,589	81.0%	72	3.7%
Doddridge	1,308	44	14	20	0	0	78	781	859	65.7%	50	3.8%
Fayette	9,011	276	60	170	3	4	513	5,712	6,225	69.1%	314	3.5%
Gilmer	1,184	41	3	21	0	0	65	689	754	63.7%	40	3.4%
Grant	2,331	41	15	44	1	0	101	1,412	1,513	64.9%	90	3.9%
Greenbrier	6,860	263	62	160	3	1	489	4,213	4,702	68.5%	257	3.7%
Hampshire	4,388	127	34	81	2	4	248	2,625	2,873	65.5%	223	5.1%
Hancock	5,674	243	75	137	3	2	460	4,514	4,974	87.7%	178	3.1%
Hardy	2,862	113	15	48	0	1	177	1,686	1,863	65.1%	132	4.6%
Harrison	14,835	425	128	276	5	3	837	7,429	8,266	55.7%	500	3.4%
Jackson	6,264	143	37	88	0	0	268	3,478	3,746	59.8%	203	3.2%
Jefferson	13,200	366	64	191	1	2	624	4,251	4,875	36.9%	440	3.3%
Kanawha	36,965	998	212	624	14	12	1,860	21,793	23,653	64.0%	1182	3.2%
Lewis	3,480	89	32	59	2	5	187	2,201	2,388	68.6%	122	3.5%
Lincoln	4,638	106	27	65	0	0	198	3,229	3,427	73.9%	180	3.9%
Logan	6,835	171	46	98	0	2	317	4,875	5,192	76.0%	259	3.8%
Marion	3,764	315	71	184	3	3	576	6,052	6,628	176.1%	152	4.0%
Marshall	11,544	130	34	72	0	2	238	2,917	3,155	27.3%	344	3.0%
Mason	6,140	121	46	70	1	0	238	3,116	3,354	54.6%	190	3.1%
Mercer	12,368	421	104	234	0	5	764	8,864	9,628	77.8%	423	3.4%
Mineral	5,476	146	49	78	1	0	274	2,600	2,874	52.5%	159	2.9%
Mingo	5,369	82	52	59	0	2	195	4,271	4,466	83.2%	199	3.7%
Monongalia	17,965	456	106	222	2	0	786	6,403	7,189	40.0%	594	3.3%
Monroe	2,687	85	27	93	0	3	208	1,335	1,543	57.4%	134	5.0%
Morgan	3,320	126	30	61	0	0	217	1,665	1,882	56.7%	142	4.3%
McDowell	5,708	84	25	43	0	0	152	3,092	3,244	56.8%	189	3.3%
Nicholas	5,199	156	66	100	1	2	325	3,246	3,571	68.7%	190	3.7%
Ohio	8,098	237	54	113	3	1	408	4,435	4,843	59.8%	222	2.7%
Pendleton	1,304	37	16	29	0	0	82	648	730	56.0%	61	4.7%
Pleasants	1,457	26	10	11	0	0	47	776	823	56.5%	37	2.5%
Pocahontas	1,495	38	21	29	0	0	88	892	980	65.6%	60	4.0%
Preston	6,586	253	43	141	0	3	440	3,225	3,665	55.6%	237	3.6%
Putnam	13,145	340	76	202	1	2	621	4,786	5,407	41.1%	373	2.8%
Raleigh	15,751	451	98	298	2	7	856	10,222	11,078	70.3%	459	2.9%
Randolph	5,474	206	39	127	1	2	375	3,358	3,733	68.2%	191	3.5%
Ritchie	1,972	34	3	24	0	0	61	1,192	1,253	63.5%	80	4.1%
Roane	2,970	100	39	90	0	1	230	1,881	2,111	71.1%	128	4.3%
Summers	2,160	72	20	36	0	0	128	1,599	1,727	80.0%	75	3.5%
Taylor	3,493	91	22	59	1	0	173	1,783	1,956	56.0%	112	3.2%
Tucker	1,063	52	17	39	0	0	108	611	719	67.6%	39	3.7%
Tyler	1,792	38	10	20	0	0	68	907	975	54.4%	57	3.2%
Upshur	5,076	172	38	114	0	2	326	3,193	3,519	69.3%	174	3.4%
Wayne	8,373	197	58	110	1	0	366	5,138	5,504	65.7%	312	3.7%
Webster	1,690	48	11	33	0	0	92	1,340	1,432	84.7%	58	3.4%

WVCHIP Enrollment Report

OCTOBER 2021

County	County Pop. 2018 Est. (0-18 Yrs)	BLUE Oct-21	GOLD Oct-21	PREM Oct-21	MATERNITY BLUE Oct-21	MATERNITY PREM Oct-21	Total CHIP Enrollment Oct-21	Total Medicaid Enrollment Oct-21	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2018 SAHIE Uninsured Est.	2018 SAHIE % Uninsured
Wetzel	3,126	61	10	32	1	0	104	2,039	2,143	68.6%	110	3.5%
Wirt	1,269	28	3	20	0	1	52	778	830	65.4%	48	3.8%
Wood	18,016	480	102	231	2	5	820	9,888	10,708	59.4%	600	3.3%
Wyoming	<u>4,317</u>	<u>113</u>	<u>43</u>	<u>90</u>	<u>4</u>	<u>3</u>	<u>253</u>	<u>2,941</u>	<u>3,194</u>	<u>74.0%</u>	<u>151</u>	<u>3.5%</u>
Totals	372,999	10,490	2,656	6,136	68	96	19,446	208,125	227,571	61.0%	12,567	3.4%

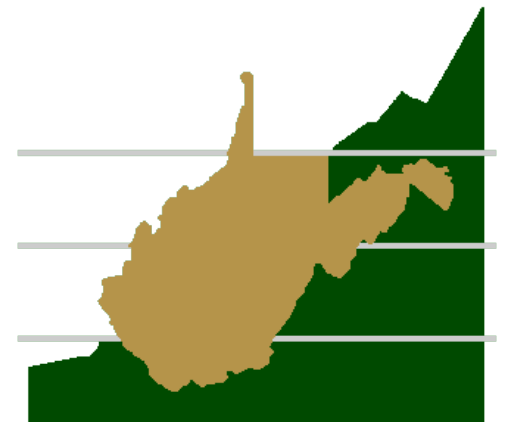


The above map shows the most recent 2018 county level data provided by the U.S. Census Bureau Small Area Health Insurance Estimates (SAHIE) for children under 19 years. While the statewide average for children under 19 is now about 3.4%, the SAHIE data reflects more accurately the variation from county 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

September 30, 2021



Participant Plans Allocation & Performance Net of Fees

Period Ending: September 30, 2021

	6/30/2021		9/30/2021		Performance %							
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year
WVIMB Fund Assets	25,345,298	100.0	24,987,679	100.0								
Pension Assets	20,619,195	81.3	20,297,443	81.2								
Public Employees' Retirement System	8,807,095	34.7	8,678,616	34.8	(1.8)	(0.6)	(0.6)	25.4	12.1	12.0	10.8	8.5
Teachers' Retirement System	9,886,658	39.0	9,717,962	38.9	(1.8)	(0.6)	(0.6)	25.4	12.1	11.9	10.7	8.3
EMS Retirement System	118,769	0.5	118,225	0.5	(1.8)	(0.7)	(0.7)	25.3	12.1	11.9	10.8	
Public Safety Retirement System	851,520	3.4	833,175	3.3	(1.8)	(0.7)	(0.7)	25.5	12.1	11.9	10.8	8.5
Judges' Retirement System	280,670	1.1	277,769	1.1	(1.8)	(0.7)	(0.7)	25.4	12.2	12.0	10.8	8.4
State Police Retirement System	301,156	1.2	300,613	1.2	(1.8)	(0.7)	(0.7)	25.4	12.2	12.0	10.8	8.4
Deputy Sheriffs' Retirement System	314,633	1.2	311,843	1.2	(1.8)	(0.7)	(0.7)	25.4	12.1	12.0	10.8	8.5
Municipal Police & Firefighter Retirement System	23,816	0.1	24,474	0.1	(1.8)	(0.7)	(0.7)	25.0	12.1	11.8	9.8	
Natural Resources Police Office Retirement System	25,063	0.1	25,053	0.1	(1.8)	(0.7)	(0.7)					
Municipal Model A (I)	7,477	0.0	7,373	0.0	(1.8)	(0.6)	(0.6)	25.4	12.4	12.1		
Municipal Model B (I)	2,338	0.0	2,340	0.0	(2.0)	(0.6)	(0.6)	17.4				
Insurance Assets	3,524,704	14.0	3,420,978	13.7								
Workers' Compensation Old Fund	1,086,608	4.3	1,058,727	4.2	(1.2)	0.0	0.0	13.0	8.3	7.2	6.2	
Workers' Comp. Self-Insured Guaranty Risk Pool	39,772	0.2	39,558	0.2	(1.1)	0.0	0.0	13.7	8.3	7.4	6.4	
Workers' Comp. Self-Insured Security Risk Pool	56,201	0.2	55,465	0.2	(1.1)	0.0	0.0	13.6	8.3	7.4		
Workers' Comp. Uninsured Employers' Fund	16,909	0.1	16,966	0.1	(1.1)	0.0	0.0	13.5	8.0	7.2	6.3	
Pneumoconiosis	247,663	1.0	242,301	1.0	(1.1)	0.0	0.0	13.7	8.3	7.4	6.4	6.0
Board of Risk & Insurance Management	194,839	0.8	194,880	0.8	(1.1)	0.0	0.0	13.7	8.3	7.4	6.4	
Public Employees' Insurance Agency	270,948	1.1	212,117	0.8	(1.0)	0.2	0.2	12.6	8.0	7.1	6.2	
WV Retiree Health Benefit Trust Fund	1,611,764	6.3	1,600,964	6.4	(1.8)	(0.7)	(0.7)	25.4	12.2	12.0	10.4	
Endowment Assets	1,201,399	4.7	1,269,258	5.1								
Berkeley County Development Authority	8,428	0.0	8,371	0.0	(1.8)	(0.7)	(0.7)	25.4	12.1	12.0		
Wildlife Fund	78,281	0.3	77,198	0.3	(1.8)	(0.7)	(0.7)	25.3	12.1	11.9	10.8	8.5
WV State Parks and Recreation Endowment Fund	6,465	0.0	6,798	0.0	(1.8)	(0.7)	(0.7)					
Revenue Shortfall Reserve Fund	293,538	1.2	361,865	1.5	(0.7)	1.0	1.0	3.2	5.1	3.4	3.1	
Revenue Shortfall Reserve Fund - Part B	557,458	2.2	558,562	2.2	(1.2)	0.2	0.2	9.4	8.1	6.8	6.0	
WV DEP Trust	11,837	0.0	11,761	0.1	(2.0)	(0.6)	(0.6)	23.3	10.5	10.6	10.0	
WV DEP Agency	245,392	1.0	244,703	1.0	(1.4)	(0.3)	(0.3)	16.3	9.0	8.4		

Composite Asset Allocation & Performance Net of Fees

Period Ending: September 30, 2021

	Asset (\$000)	%	Performance %							
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year
Investment Pools Composite	24,997,612	100.00								
Portable Alpha Composite +/- S&P 500 Index	5,089,743	20.36	(5.40) (0.75)	(0.03) (0.61)	(0.03) (0.61)	31.71 1.71				
Large Cap Domestic Equity Composite +/- S&P 500 Index	357,435	1.43	(4.64) 0.01	0.59 0.01	0.59 0.01	29.92 (0.08)	15.91 (0.08)	16.69 (0.20)	16.57 (0.06)	9.43 (0.08)
Non-Large Cap Domestic Equity Composite +/- Russell 2500 Index	955,931	3.82	0.19 3.34	(1.30) 1.38	(1.30) 1.38	42.31 (2.72)	11.29 (1.17)	14.49 0.24	14.92 (0.35)	11.28 0.18
International Equity Composite +/- MSCI AC World ex US IMI Index (b)	5,288,449	21.16	(2.00) 1.12	(2.92) (0.47)	(2.92) (0.47)	28.71 3.03	9.38 0.55	10.24 0.62	9.15 0.95	8.64 0.90
Fixed Income Composite +/- Bloomberg Universal (c)	4,516,607	18.07	(0.66) 0.19	0.16 0.09	0.16 0.09	2.76 2.56	6.25 0.68	4.47 1.17	4.28 0.82	5.10 0.54
Core Fixed Income Composite +/- Bloomberg US Aggregate	1,355,428	5.42	(0.78) 0.09	0.09 0.04	0.09 0.04	0.33 1.23	6.16 0.80	3.55 0.61	3.64 0.63	
Total Return Fixed Income Composite (j) +/- Bloomberg Universal	3,161,179	12.65	(0.60) 0.25	0.20 0.13	0.20 0.13	3.82 3.62	6.25 0.68	4.84 1.54	4.57 1.11	5.51 0.85
TIPS Composite +/- Bloomberg US TIPS	472,055	1.89	(0.72) 0.00	1.77 0.02	1.77 0.02	5.23 0.04	7.55 0.10	4.41 0.07	3.15 0.03	
Cash Composite +/- FTSE 3 Month US T-Bill (d)	157,495	0.63	0.02 0.02	0.03 0.02	0.03 0.02	0.04 (0.02)	1.04 (0.10)	1.06 (0.07)	0.61 (0.02)	1.36 (0.04)
Private Equity Composite +/- Russell 3000 + 3% (e, f)	2,927,646	11.71	0.05 4.29	0.03 (0.61)	0.03 (0.61)	58.99 24.12	30.77 11.77	26.53 6.68	19.23 (0.64)	
Real Estate Composite +/- NCREIF + 1% (e)	2,178,334	8.71	(0.47) (1.74)	(0.12) (3.96)	(0.12) (3.96)	10.85 2.47	6.19 (0.31)	7.25 0.12	8.86 (0.93)	
Hedge Fund Composite +/- HFRI FOF + 1% (g)	2,326,126	9.31	0.76 0.45	0.89 (0.19)	0.89 (0.19)	16.04 0.63	6.84 (0.69)	6.19 (0.63)	5.61 0.71	
Private Credit & Income Composite +/- CS Leveraged Loan + 2% (e, k)	727,791	2.91	0.03 (0.78)	0.00 (1.63)	0.00 (1.63)	12.55 2.09	7.11 1.02	6.23 (0.46)		

Participant Plans Allocation vs. Strategy

Period Ending: September 30, 2021

	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	49.6	50.0	14.6	15.0	13.4	10.0	9.9	10.0	3.3	5.0	9.0	10.0	0.2	0.0
Teachers' Retirement System	49.6	50.0	14.8	15.0	13.3	10.0	9.9	10.0	3.3	5.0	8.9	10.0	0.2	0.0
EMS Retirement System	49.6	50.0	15.5	15.0	13.0	10.0	9.7	10.0	3.2	5.0	8.8	10.0	0.2	0.0
Public Safety Retirement System	49.9	50.0	14.6	15.0	13.3	10.0	9.9	10.0	3.3	5.0	9.0	10.0	0.0	0.0
Judges' Retirement System	49.8	50.0	15.1	15.0	13.1	10.0	9.7	10.0	3.3	5.0	8.9	10.0	0.1	0.0
State Police Retirement System	49.6	50.0	15.8	15.0	12.8	10.0	9.5	10.0	3.2	5.0	8.8	10.0	0.3	0.0
Deputy Sheriffs' Retirement System	49.8	50.0	15.3	15.0	13.0	10.0	9.7	10.0	3.2	5.0	8.9	10.0	0.1	0.0
Municipal Police & Firefighter Retirement System	48.9	50.0	15.8	15.0	12.5	10.0	9.3	10.0	3.1	5.0	8.5	10.0	1.9	0.0
Natural Resources Police Office Retirement System	49.8	50.0	15.4	15.0	12.9	10.0	9.6	10.0	3.2	5.0	8.8	10.0	0.3	0.0
Municipal Model A	49.5	50.0	14.4	15.0	13.2	10.0	9.8	10.0	3.3	5.0	9.0	10.0	0.8	0.0
Municipal Model B	55.0	55.0	43.8	45.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2	0.0

Insurance Assets

Workers' Compensation Old Fund	30.0	30.0	50.7	50.0	0.0	0.0	0.0	0.0	0.0	0.0	15.2	15.0	4.1	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	30.3	30.0	45.6	45.0	0.0	0.0	0.0	0.0	0.0	0.0	19.3	20.0	4.8	5.0
Workers' Comp. Self-Insured Security Risk Pool	30.1	30.0	45.4	45.0	0.0	0.0	0.0	0.0	0.0	0.0	19.8	20.0	4.7	5.0
Workers' Comp. Uninsured Employers Fund	30.0	30.0	46.1	45.0	0.0	0.0	0.0	0.0	0.0	0.0	18.8	20.0	5.1	5.0
Pneumoconiosis	30.2	30.0	45.7	45.0	0.0	0.0	0.0	0.0	0.0	0.0	20.2	20.0	3.9	5.0
Board of Risk & Insurance Mgmt.	30.1	30.0	45.8	45.0	0.0	0.0	0.0	0.0	0.0	0.0	19.0	20.0	5.1	5.0
Public Employees' Insurance Agency	24.9	25.0	54.7	55.0	0.0	0.0	0.0	0.0	0.0	0.0	20.4	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	49.6	50.0	15.4	15.0	13.1	10.0	9.8	10.0	3.3	5.0	8.8	10.0	0.0	0.0

Endowment Assets

Berkeley County Development Authority	49.6	50.0	15.5	15.0	13.1	10.0	9.7	10.0	3.3	5.0	8.8	10.0	0.0	0.0
Wildlife Fund	49.5	50.0	15.0	15.0	13.4	10.0	9.9	10.0	3.3	5.0	8.9	10.0	0.0	0.0
WV State Parks and Recreation Endowment Fund	50.0	50.0	15.3	15.0	12.6	10.0	9.4	10.0	3.1	5.0	9.6	10.0	0.0	0.0
Revenue Shortfall Reserve Fund	0.0	0.0	81.9	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.1	0.0
Revenue Shortfall Reserve Fund - Part B	22.4	22.5	77.6	77.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WV DEP Trust	65.6	65.0	15.8	15.0	0.0	0.0	0.0	0.0	0.0	0.0	18.6	20.0	0.0	0.0
WV DEP Agency	40.2	40.0	40.9	40.0	0.0	0.0	0.0	0.0	0.0	0.0	18.9	20.0	0.0	0.0

- (a) As of January 2019, the PERS Base is 60% MSCI ACWI Gross and 40% Bloomberg Universal. From January 2014 to December 2018, the PERS Base was 30% Russell 3000, 30% MSCI ACWI ex USA (IMI), and 40% Bloomberg Universal. From April 2008 to December 2013, the PERS Base was 30% Russell 3000, 30% MSCI ACWI ex USA (Standard), and 40% Bloomberg Universal. Prior periods were 42% Russell 3000, 18% MSCI ACWI ex USA, and 40% Bloomberg US Aggregate.
- (b) Prior to January 2014, the index was the MSCI ACW ex USA (Standard).
- (c) Prior to April 2008, the index was Bloomberg US Aggregate.
- (d) Prior to January 2014, the index was FTSE 3 Month US T-Bill plus 15 basis points.
- (e) Private Equity, Real Estate, and Private Credit & Income consist primarily of private market investments. The time lag in determining the fair value of these investments makes the comparison to their public market benchmarks less meaningful over shorter time periods.
- (f) Prior to January 2014, the index was S&P 500 plus 500 basis points.
- (g) Prior to January 2014, the index was Libor plus 400 basis points.
- (h) As of July 2019, the Franklin Benchmark is 50% JPM EMBI Global Diversified ex GCC and 50% JPM GBI EM Diversified. Prior periods were 50% JPM EMBI Global Diversified and 50% JPM GBI EM Diversified.
- (i) Prior to April 2008, the index was a custom index.
- (j) From October 2015 to March 2017, performance returns from the Opportunistic Income Pool were included in the Total Return Fixed Income Composite.
- (k) Prior to April 2017, the index was CS Leveraged Loan plus 250 basis points.
- (l) In July 2020 the municipal plan potential investment models were condensed to Model A and Model B. The June 30, 2020 asset values for Model C and Model D are included in Model A. Model B was formerly Model F.
- (m) From January 2021 to August 2021, the index was S&P 500 Index 2.2x minus 3 Month Libor minus 15 basis points. Prior to January 2021, the index was S&P 500 Index 2.5x minus 3 Month Libor minus 15 basis points.

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

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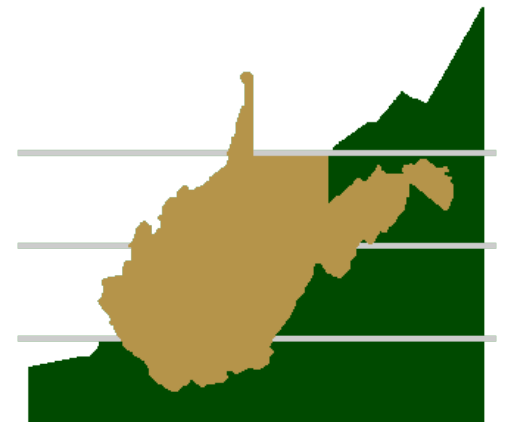
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WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

October 31, 2021



Participant Plans Allocation & Performance Net of Fees

Period Ending: October 31, 2021

	6/30/2021		10/31/2021		Performance %							
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year
WVIMB Fund Assets	25,345,298	100.0	25,545,044	100.0								
Pension Assets	20,619,195	81.3	20,780,567	81.3								
Public Employees' Retirement System	8,807,095	34.7	8,891,867	34.8	2.7	2.1	2.1	29.9	14.8	12.6	10.5	8.5
Teachers' Retirement System	9,886,658	39.0	9,941,017	38.9	2.7	2.1	2.1	29.9	14.7	12.6	10.4	8.3
EMS Retirement System	118,769	0.5	121,437	0.5	2.7	2.0	2.0	29.8	14.8	12.6	10.4	
Public Safety Retirement System	851,520	3.4	851,689	3.3	2.7	2.1	2.1	30.0	14.8	12.6	10.5	8.5
Judges' Retirement System	280,670	1.1	284,926	1.1	2.7	2.0	2.1	29.9	14.8	12.7	10.5	8.4
State Police Retirement System	301,156	1.2	308,770	1.2	2.7	2.0	2.0	29.9	14.8	12.6	10.5	8.4
Deputy Sheriffs' Retirement System	314,633	1.2	319,972	1.3	2.7	2.0	2.0	29.9	14.8	12.6	10.5	8.5
Municipal Police & Firefighter Retirement System	23,816	0.1	25,142	0.1	2.7	2.0	2.1	29.5	14.8	12.5	10.1	
Natural Resources Police Office Retirement System	25,063	0.1	25,735	0.1	2.7	2.0	2.0					
Municipal Model A (I)	7,477	0.0	7,568	0.0	2.7	2.1	2.1	30.0	14.7	12.8		
Municipal Model B (I)	2,338	0.0	2,444	0.0	2.3	1.5	1.7	21.2				
Insurance Assets	3,524,704	14.0	3,479,682	13.7								
Workers' Compensation Old Fund	1,086,608	4.3	1,064,783	4.2	1.4	1.1	1.4	15.2	9.9	7.6	6.1	
Workers' Comp. Self-Insured Guaranty Risk Pool	39,772	0.2	40,102	0.2	1.5	1.3	1.5	16.0	10.0	7.8	6.3	
Workers' Comp. Self-Insured Security Risk Pool	56,201	0.2	56,071	0.2	1.5	1.3	1.5	16.0	10.0	7.8		
Workers' Comp. Uninsured Employers' Fund	16,909	0.1	17,231	0.1	1.5	1.2	1.5	15.8	9.7	7.6	6.1	
Pneumoconiosis	247,663	1.0	244,311	1.0	1.5	1.3	1.5	16.0	10.0	7.8	6.3	5.9
Board of Risk & Insurance Management	194,839	0.8	197,775	0.8	1.5	1.2	1.5	16.0	10.0	7.8	6.3	
Public Employees' Insurance Agency	270,948	1.1	214,916	0.8	1.3	1.1	1.5	14.6	9.6	7.4	6.1	
WV Retiree Health Benefit Trust Fund	1,611,764	6.3	1,644,493	6.4	2.7	2.0	2.0	29.9	14.8	12.6	10.3	
Endowment Assets	1,201,399	4.7	1,284,795	5.0								
Berkeley County Development Authority	8,428	0.0	8,598	0.0	2.7	2.0	2.0	29.9	14.8	12.6		
Wildlife Fund	78,281	0.3	79,056	0.3	2.7	2.0	2.0	29.8	14.8	12.6	10.4	8.5
WV State Parks and Recreation Endowment Fund	6,465	0.0	8,063	0.0	2.5	1.8	1.8					
Revenue Shortfall Reserve Fund	293,538	1.2	363,153	1.4	0.4	(0.4)	1.3	3.6	5.7	3.5	3.0	
Revenue Shortfall Reserve Fund - Part B	557,458	2.2	564,690	2.2	1.1	0.4	1.3	11.3	9.5	7.1	5.9	
WV DEP Trust	11,837	0.0	12,112	0.1	3.0	2.6	2.3	28.3	13.7	11.4	9.5	
WV DEP Agency	245,392	1.0	249,123	1.0	1.8	1.5	1.5	19.2	11.0	8.8		

Composite Asset Allocation & Performance Net of Fees

Period Ending: October 31, 2021

	Asset (\$000)	%	Performance %							
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year
Investment Pools Composite	25,557,625	100.00								
Portable Alpha Composite +/- S&P 500 Index	5,498,220	21.51	7.08 0.07	4.23 (0.90)	7.05 (0.58)	45.89 2.98				
Large Cap Domestic Equity Composite +/- S&P 500 Index	377,030	1.48	7.01 0.00	5.14 0.01	7.64 0.01	42.86 (0.05)	21.69 0.21	18.75 (0.18)	16.11 (0.10)	9.68 (0.09)
Non-Large Cap Domestic Equity Composite +/- Russell 2500 Index	1,065,176	4.17	5.63 0.73	8.66 4.75	4.25 2.16	49.16 (0.27)	17.59 (0.84)	16.67 0.36	13.95 (0.30)	11.36 0.28
International Equity Composite +/- MSCI AC World ex US IMI Index (b)	5,216,980	20.41	1.55 (0.74)	0.77 (0.29)	(1.42) (1.20)	32.19 0.73	12.91 0.03	10.46 (0.01)	8.39 1.03	8.62 0.91
Fixed Income Composite +/- Bloomberg Universal (c)	4,474,174	17.50	(0.23) (0.15)	(0.80) 0.20	(0.07) (0.06)	2.66 2.18	6.48 0.64	4.43 1.01	4.15 0.76	4.93 0.48
Core Fixed Income Composite +/- Bloomberg US Aggregate	1,355,685	5.30	0.02 0.05	(0.93) 0.15	0.11 0.09	0.70 1.18	6.38 0.76	3.71 0.61	3.63 0.63	
Total Return Fixed Income Composite (j) +/- Bloomberg Universal	3,118,489	12.20	(0.34) (0.26)	(0.75) 0.25	(0.15) (0.14)	3.51 3.03	6.49 0.65	4.73 1.31	4.39 1.00	5.30 0.74
TIPS Composite +/- Bloomberg US TIPS	477,341	1.87	1.12 (0.01)	0.23 0.00	2.91 0.00	7.15 0.08	8.47 0.10	4.73 0.07	3.08 0.03	
Cash Composite +/- FTSE 3 Month US T-Bill (d)	160,609	0.63	0.00 0.00	0.03 0.02	0.03 0.02	0.04 (0.01)	0.98 (0.10)	1.06 (0.06)	0.61 (0.02)	1.35 (0.04)
Private Equity Composite +/- Russell 3000 + 3% (e, f)	2,935,157	11.48	0.82 (6.19)	0.87 (4.75)	0.86 (6.78)	59.43 12.53	31.27 6.65	26.61 4.70	19.07 (0.34)	
Real Estate Composite +/- NCREIF + 1% (e)	2,270,903	8.89	3.38 1.58	3.00 (1.38)	3.26 (2.44)	14.39 4.44	7.07 0.16	7.87 0.50	8.91 (0.95)	
Hedge Fund Composite +/- HFRI FOF + 1% (g)	2,343,945	9.17	0.77 (0.94)	2.61 (0.72)	1.66 (1.09)	16.45 (0.39)	7.60 (1.55)	6.22 (0.99)	5.55 0.52	
Private Credit & Income Composite +/- CS Leveraged Loan + 2% (e, k)	738,090	2.89	0.59 0.19	0.61 (1.26)	0.59 (1.44)	11.77 1.24	7.30 1.13	6.36 (0.21)		

Participant Plans Allocation vs. Strategy

Period Ending: October 31, 2021

	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	50.4	50.0	14.2	15.0	13.1	10.0	10.1	10.0	3.3	5.0	8.8	10.0	0.1	0.0
Teachers' Retirement System	50.4	50.0	14.2	15.0	13.1	10.0	10.1	10.0	3.3	5.0	8.8	10.0	0.1	0.0
EMS Retirement System	50.4	50.0	14.8	15.0	12.8	10.0	9.9	10.0	3.2	5.0	8.6	10.0	0.3	0.0
Public Safety Retirement System	50.5	50.0	14.1	15.0	13.1	10.0	10.1	10.0	3.3	5.0	8.9	10.0	0.0	0.0
Judges' Retirement System	50.5	50.0	14.6	15.0	12.9	10.0	10.0	10.0	3.2	5.0	8.7	10.0	0.1	0.0
State Police Retirement System	50.6	50.0	15.0	15.0	12.7	10.0	9.8	10.0	3.2	5.0	8.7	10.0	0.0	0.0
Deputy Sheriffs' Retirement System	50.6	50.0	14.8	15.0	12.8	10.0	9.9	10.0	3.2	5.0	8.7	10.0	0.0	0.0
Municipal Police & Firefighter Retirement System	50.9	50.0	15.4	15.0	12.5	10.0	9.6	10.0	3.1	5.0	8.3	10.0	0.2	0.0
Natural Resources Police Office Retirement System	50.6	50.0	14.7	15.0	12.8	10.0	9.9	10.0	3.2	5.0	8.6	10.0	0.2	0.0
Municipal Model A	50.2	50.0	13.8	15.0	12.9	10.0	10.0	10.0	3.3	5.0	8.8	10.0	1.0	0.0
Municipal Model B	54.3	55.0	41.9	45.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.8	0.0

Insurance Assets

Workers' Compensation Old Fund	30.6	30.0	50.2	50.0	0.0	0.0	0.0	0.0	0.0	0.0	15.3	15.0	3.9	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	31.0	30.0	45.0	45.0	0.0	0.0	0.0	0.0	0.0	0.0	19.2	20.0	4.8	5.0
Workers' Comp. Self-Insured Security Risk Pool	30.7	30.0	45.0	45.0	0.0	0.0	0.0	0.0	0.0	0.0	19.7	20.0	4.6	5.0
Workers' Comp. Uninsured Employers Fund	30.9	30.0	45.4	45.0	0.0	0.0	0.0	0.0	0.0	0.0	18.6	20.0	5.1	5.0
Pneumoconiosis	30.7	30.0	45.2	45.0	0.0	0.0	0.0	0.0	0.0	0.0	20.2	20.0	3.9	5.0
Board of Risk & Insurance Mgmt.	30.6	30.0	45.5	45.0	0.0	0.0	0.0	0.0	0.0	0.0	18.9	20.0	5.0	5.0
Public Employees' Insurance Agency	25.4	25.0	54.3	55.0	0.0	0.0	0.0	0.0	0.0	0.0	20.3	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	50.4	50.0	14.8	15.0	12.9	10.0	10.0	10.0	3.2	5.0	8.7	10.0	0.0	0.0

Endowment Assets

Berkeley County Development Authority	50.3	50.0	14.9	15.0	12.9	10.0	10.0	10.0	3.2	5.0	8.7	10.0	0.0	0.0
Wildlife Fund	50.0	50.0	14.4	15.0	13.0	10.0	10.1	10.0	3.3	5.0	8.8	10.0	0.4	0.0
WV State Parks and Recreation Endowment Fund	43.7	50.0	12.7	15.0	10.9	10.0	8.4	10.0	2.7	5.0	8.2	10.0	13.4	0.0
Revenue Shortfall Reserve Fund	0.0	0.0	82.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.0	0.0
Revenue Shortfall Reserve Fund - Part B	22.9	22.5	77.1	77.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WV DEP Trust	65.9	65.0	15.9	15.0	0.0	0.0	0.0	0.0	0.0	0.0	18.2	20.0	0.0	0.0
WV DEP Agency	40.9	40.0	40.4	40.0	0.0	0.0	0.0	0.0	0.0	0.0	18.7	20.0	0.0	0.0

- (a) As of January 2019, the PERS Base is 60% MSCI ACWI Gross and 40% Bloomberg Universal. From January 2014 to December 2018, the PERS Base was 30% Russell 3000, 30% MSCI ACWI ex USA (IMI), and 40% Bloomberg Universal. From April 2008 to December 2013, the PERS Base was 30% Russell 3000, 30% MSCI ACWI ex USA (Standard), and 40% Bloomberg Universal. Prior periods were 42% Russell 3000, 18% MSCI ACWI ex USA, and 40% Bloomberg US Aggregate.
- (b) Prior to January 2014, the index was the MSCI ACW ex USA (Standard).
- (c) Prior to April 2008, the index was Bloomberg US Aggregate.
- (d) Prior to January 2014, the index was FTSE 3 Month US T-Bill plus 15 basis points.
- (e) Private Equity, Real Estate, and Private Credit & Income consist primarily of private market investments. The time lag in determining the fair value of these investments makes the comparison to their public market benchmarks less meaningful over shorter time periods.
- (f) Prior to January 2014, the index was S&P 500 plus 500 basis points.
- (g) Prior to January 2014, the index was Libor plus 400 basis points.
- (h) As of July 2019, the Franklin Benchmark is 50% JPM EMBI Global Diversified ex GCC and 50% JPM GBI EM Diversified. Prior periods were 50% JPM EMBI Global Diversified and 50% JPM GBI EM Diversified.
- (i) Prior to April 2008, the index was a custom index.
- (j) From October 2015 to March 2017, performance returns from the Opportunistic Income Pool were included in the Total Return Fixed Income Composite.
- (k) Prior to April 2017, the index was CS Leveraged Loan plus 250 basis points.
- (l) In July 2020 the municipal plan potential investment models were condensed to Model A and Model B. The June 30, 2020 asset values for Model C and Model D are included in Model A. Model B was formerly Model F.
- (m) From January 2021 to August 2021, the index was S&P 500 Index 2.2x minus 3 Month Libor minus 15 basis points. Prior to January 2021, the index was S&P 500 Index 2.5x minus 3 Month Libor minus 15 basis points.

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

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WEST VIRGINIA OFFICES *OF THE* INSURANCE COMMISSIONER

Allan L. McVey
Insurance Commissioner

Status Report: **Workers' Compensation**

Joint Committee on Government & Finance

November 2021

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Introduction

The passage of S.B. 1004 in January 2005 brought significant changes to workers' compensation insurance in West Virginia. The State-administered monopolistic system effectively ended when a new, legislatively-created domestic mutual insurance company, "BrickStreet"¹, was formed to thereafter issue workers' compensation insurance. BrickStreet began writing new workers' compensation insurance policies in January 2006 (Brickstreet also retained the workers' compensation insurance premium and incurred liability starting in July 2005). The West Virginia workers' compensation insurance market was further privatized and opened to full competition beginning in July 2008.

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

As of January 2008, there were 47,961 active Old Fund workers' compensation insurance claims. In December 2020, the number of active claims fell to less than 10,000 for the first time and, as of October 2021, there were 8,585 active claims. The first Workers' Compensation Status Report to the Joint Committee on Government and Finance was issued in June 2008. The following pages update the status of the various workers' compensation funds and the activities associated with the administration of the workers' compensation responsibilities transitioned to the Insurance Commissioner by the Legislature.

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

Definitions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

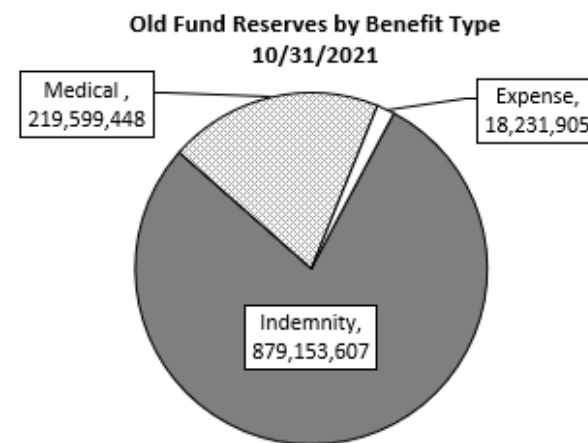
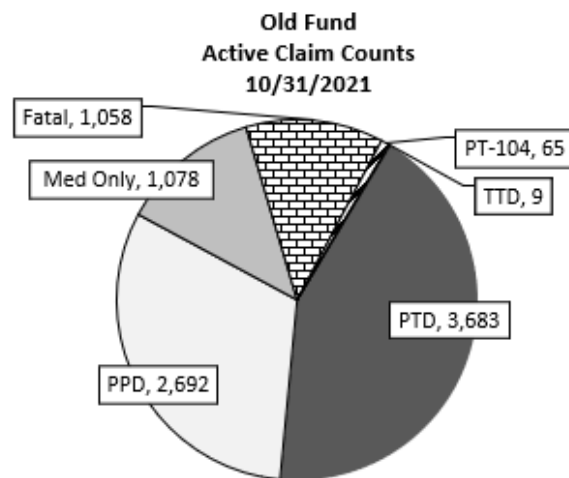
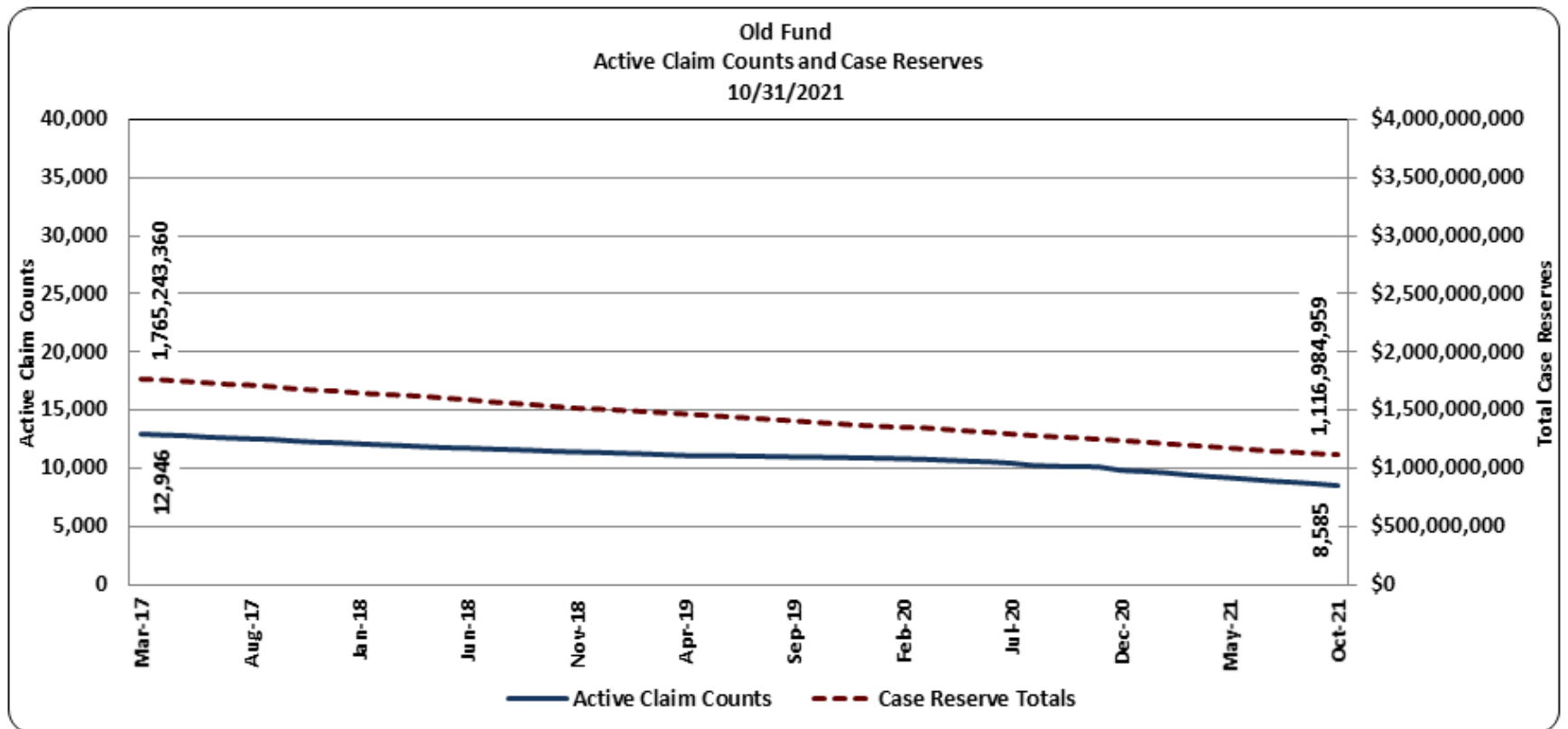
Self-Insured Guaranty Fund: State managed fund consisting of those funds transferred to it from the guaranty pool created pursuant to 85 CSR §19 (2004) and any future funds collected through continued administration of that exempt legislative rule as administered by the WVOIC and out of which workers'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

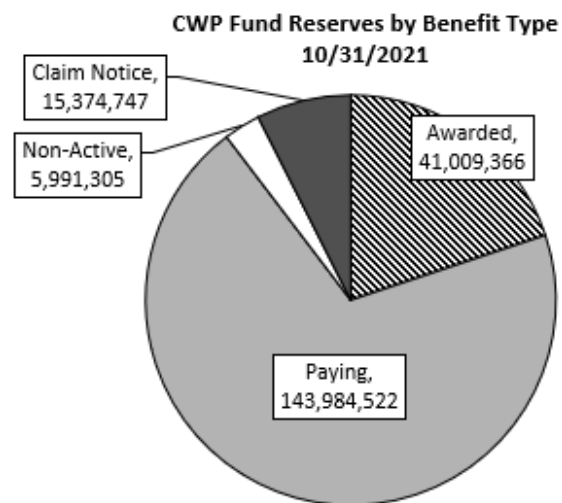
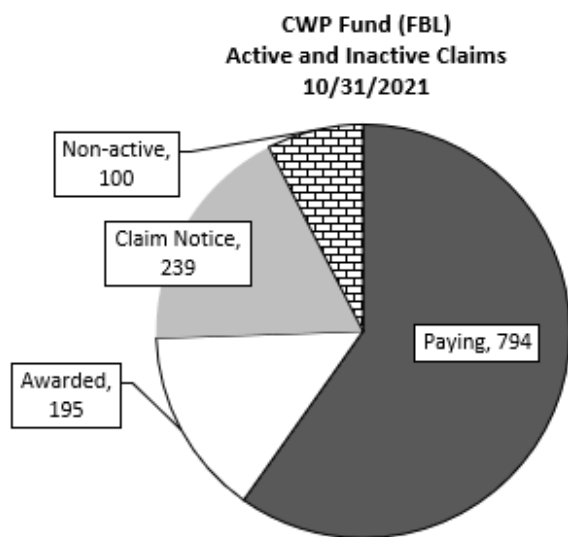
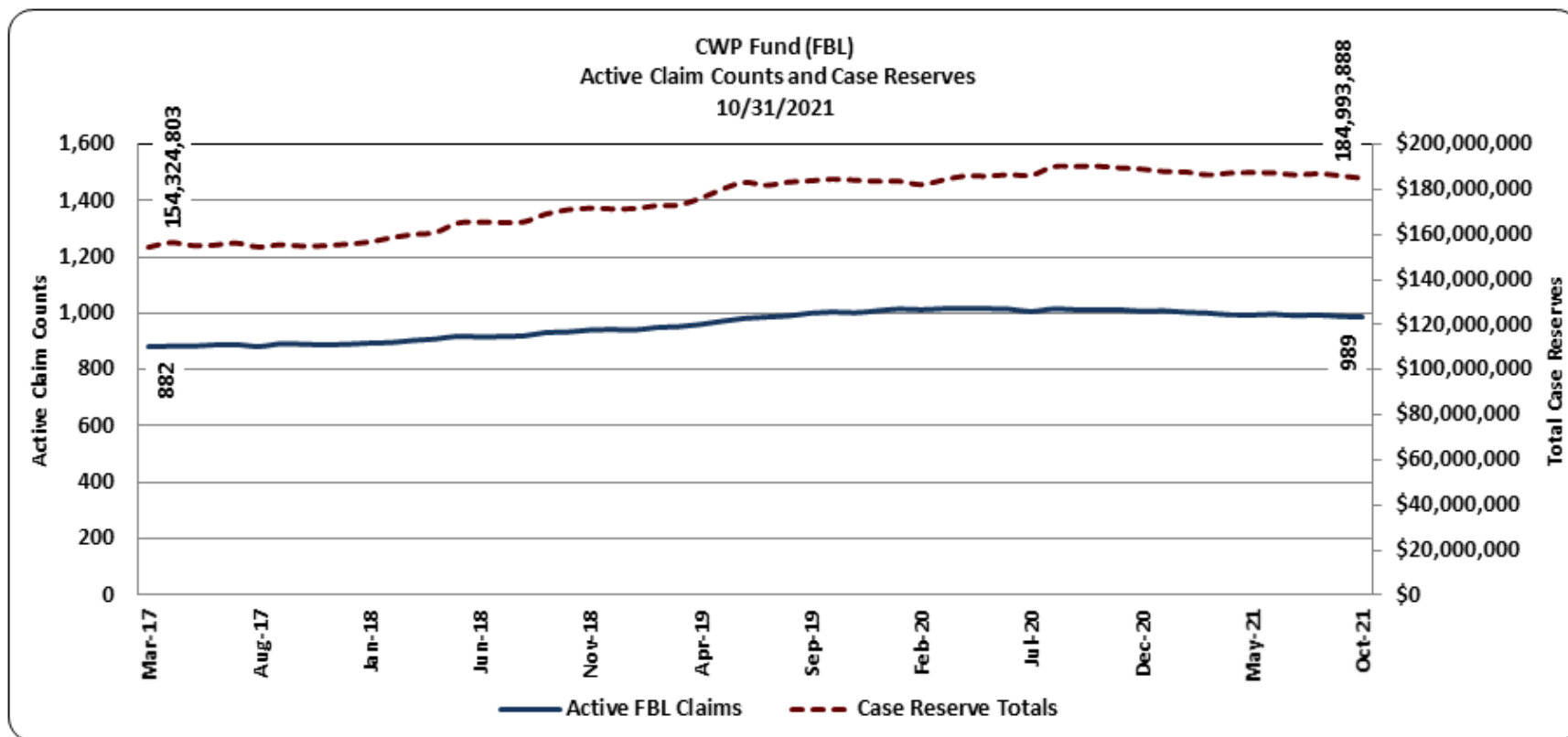
Self-Insured Security Fund: State managed fund consisting of those funds paid into it thru the WVOIC's administration of 85 CSR §19 (2004), and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last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

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

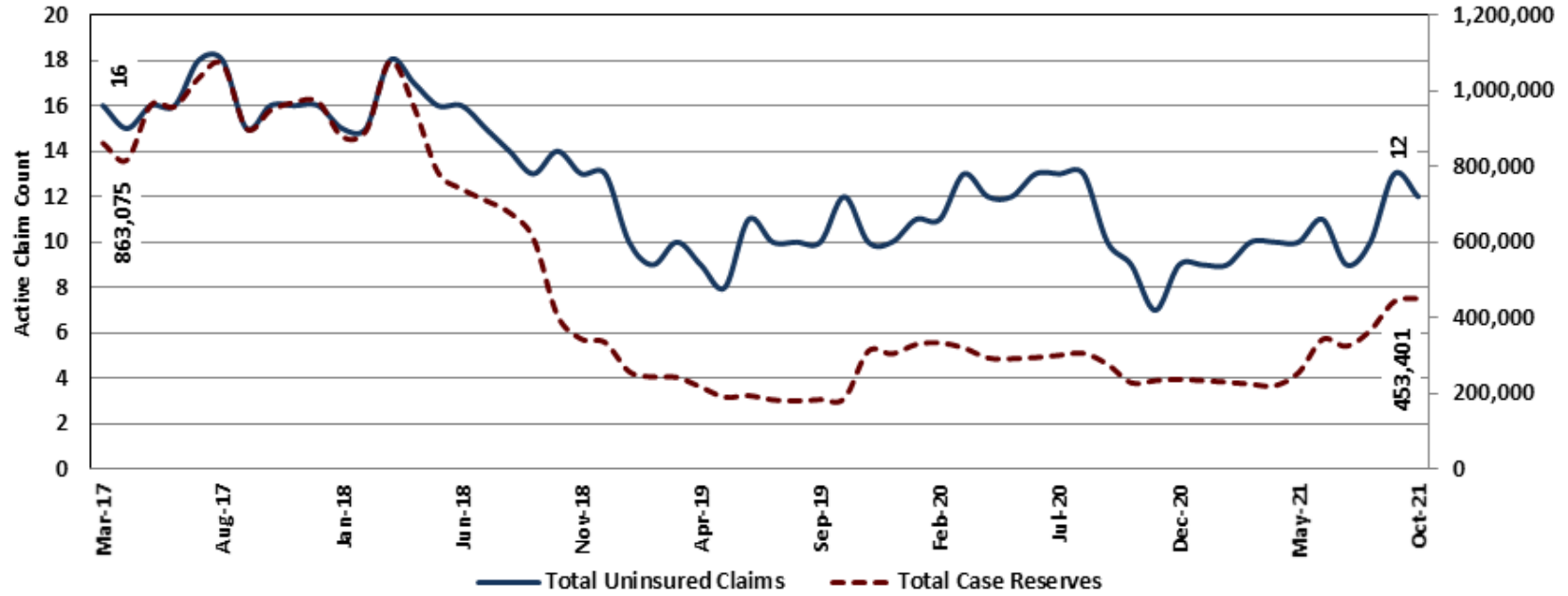
TTD: (Temporary Total Disability) an inability to return to substantial gainful employment requiring skills or activities comparable to those of one's previous gainful employment during the healing or recovery period after the injury. In order to receive TTD benefits, the injured worker must be certified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

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

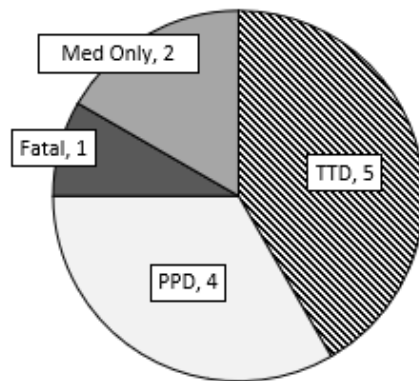




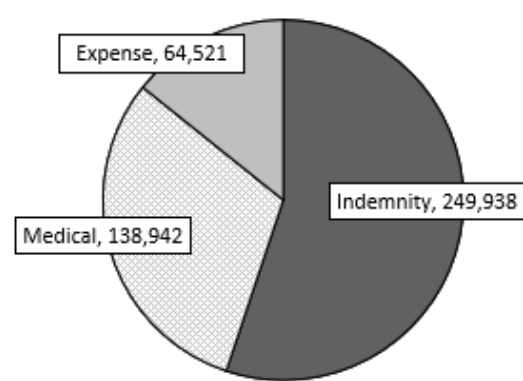
**Uninsured Fund
Active Claim Counts and Case Reserves
10/31/2021**

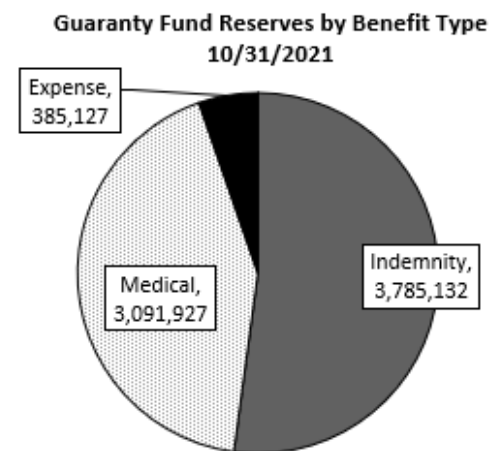
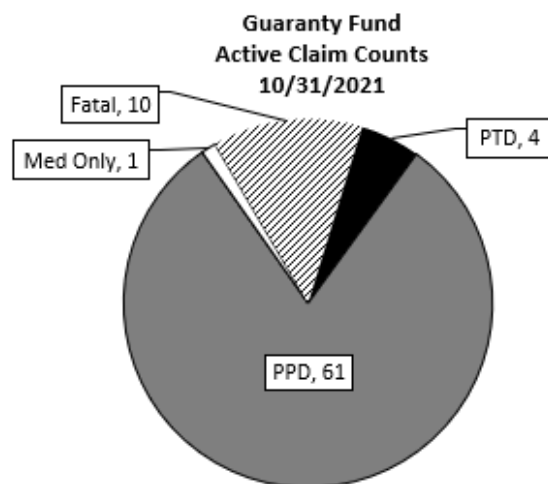
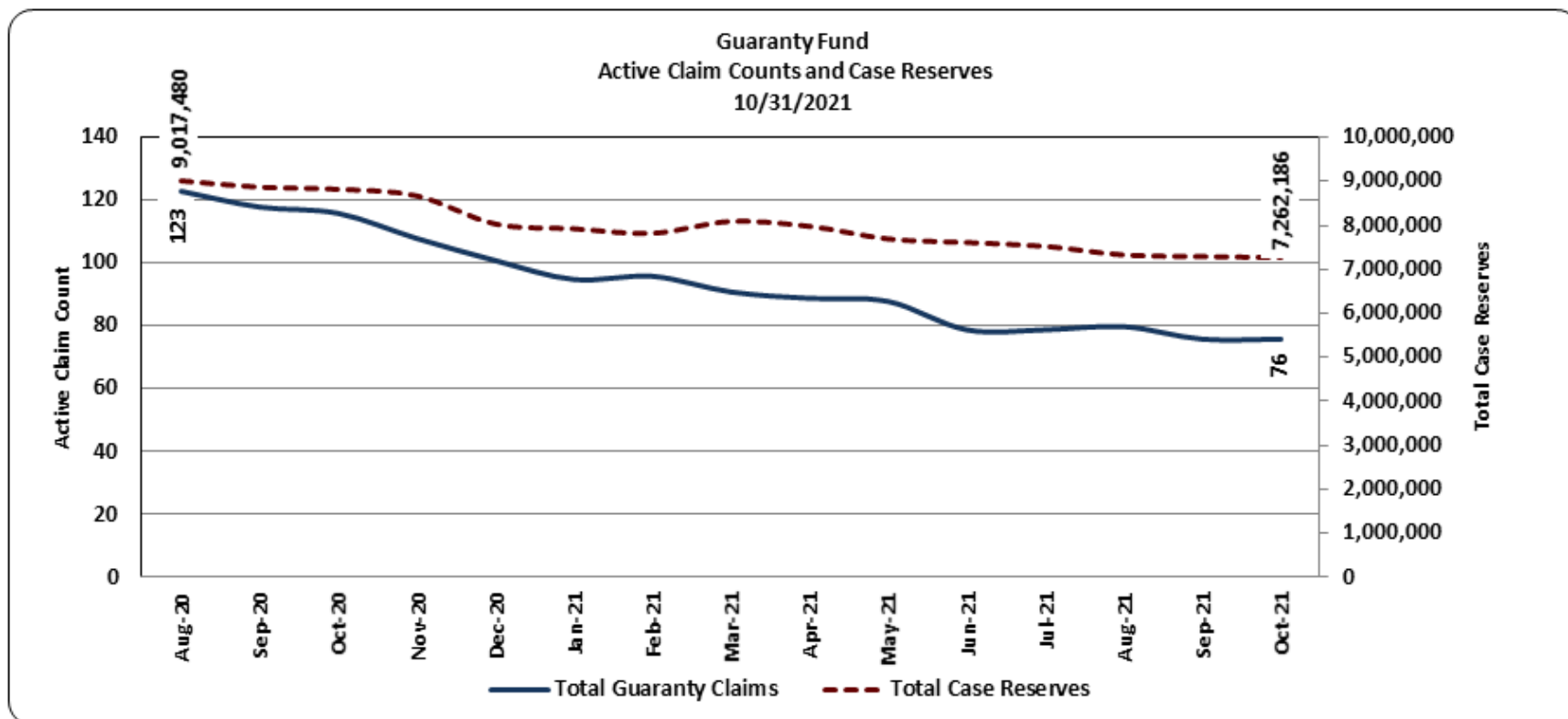


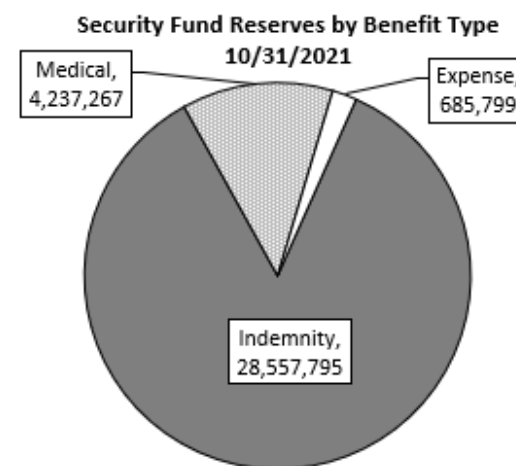
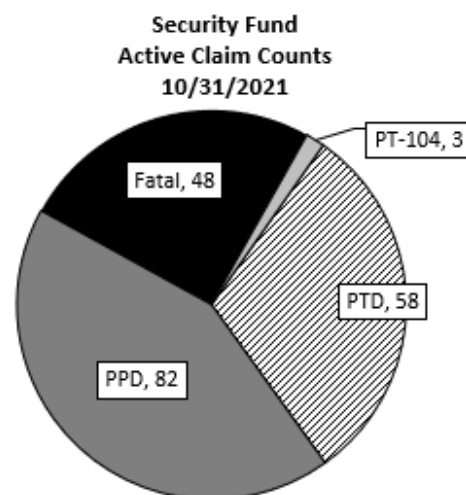
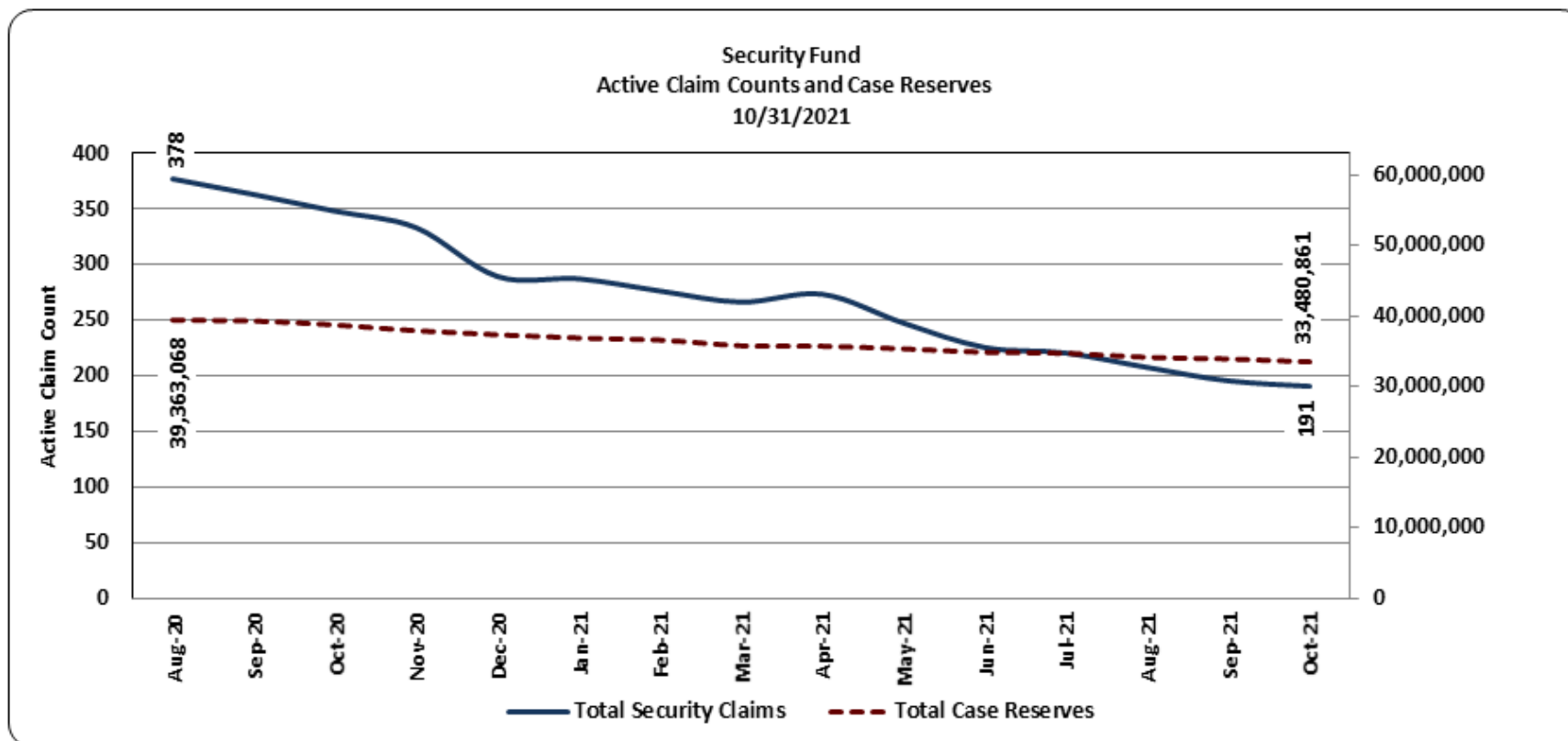
**Uninsured Fund
Active Claim Counts
10/31/2021**



**Uninsured Fund Reserves by Benefit Type
10/31/2021**







OLD FUND CASH STATEMENT
OCTOBER 31, 2021

Three Year History for years ended:

	Cash Beginning Balances	YTD FY2022 1,080,592,100	YTD FY2021 993,229,138	Change 87,362,963	FY2021 993,229,138	FY2020 1,077,104,966	FY2019 1,190,163,510
Revenues							
Personal Income Tax		-	-	-	-	-	-
Severance Tax		-	-	-	-	-	812,164
Debt Reduction Surcharge		-	-	-	-	-	4,078,894
Self-Insured Debt Reduction Surcharge		-	-	-	-	-	1,628,881
Video Lottery		-	-	-	-	-	-
Employer Premium		202,700	124,518	78,182	189,298	138,119	70,302
Other Income - Return of Unclaimed Property		-	-	-	-	-	-
Operating Revenues		202,700	124,518	78,182	189,298	138,119	6,590,241
Investment / Interest Earnings (Losses)		6,250,011	63,993,216	(57,743,205)	187,370,470	48,614,936	17,915,993
Total Revenues		6,452,711	64,117,734	(57,665,023)	187,559,768	48,753,055	24,506,234
Expenditures							
Claims Benefits Paid:							
Medical		5,164,190	6,270,098	(1,105,908)	16,509,277	21,141,087	21,861,068
Permanent Total Disability		21,808,465	23,935,018	(2,126,553)	69,561,392	75,310,561	81,018,639
Permanent Partial Disability		91,243	31,448	59,795	112,956	70,989	120,930
Temporary Disability		-	-	-	-	(486)	49,001
Fatals		5,832,271	6,282,645	(450,374)	18,386,146	19,297,908	20,440,045
104 weeks death benefit		1,806,446	1,733,210	73,236	6,353,928	5,474,959	4,630,636
Settlements		717,741	1,067,909	(350,168)	2,708,581	4,452,419	3,688,819
Loss Adjustment Expenses		637,346	487,677	149,669	1,095,241	1,603,551	1,400,225
Total		36,057,701	39,808,003	(3,750,302)	114,727,520	127,350,987	133,209,364
Less: Claims credits and overpayments		90,646	81,998	8,648	334,334	982,782	2,443,869
Total Benefits Paid		35,967,055	39,726,005	(3,758,950)	114,393,187	126,368,205	130,765,495
Administrative Expenses		937,526	1,578,121	(640,595)	5,803,619	6,260,679	6,799,283
Total Expenditures		36,904,581	41,304,126	(4,399,545)	120,196,805	132,628,883	137,564,778
Excess (Deficiency) of Revenues over Expenditures		(30,451,870)	22,813,608	(53,265,478)	67,362,963	(83,875,828)	(113,058,544)
Transfer from Operating Fund		-	-	-	20,000,000		
Cash Ending Balances		1,050,140,230	1,016,042,746	34,097,484	1,080,592,100	993,229,138	1,077,104,966

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
OCTOBER 31, 2021

				Three Year History for years ended:		
	YTD FY2022	YTD FY2021	Change	FY2021	FY2020	FY2019
Cash Beginning Balances	246,613,162	220,914,521	25,698,641	220,914,521	232,485,887	246,768,365
Revenues						
Investment Earnings (Losses)	1,411,219	14,055,761	(12,644,542)	43,567,242	9,366,126	3,546,660
Other Income - Return of Unclaimed Property	-	-	-	-	-	-
Total Revenues	1,411,219	14,055,761	(12,644,542)	43,567,242	9,366,126	3,546,660
Expenditures						
Claims Benefits Paid:						
Medical	2,237,107	911,474	1,325,633	5,107,159	7,541,269	4,623,840
PTD and Fatal Indemnity	2,919,183	2,865,976	53,207	8,726,207	8,899,722	8,683,360
Loss Adjustment Expenses	1,628,054	1,113,630	514,425	3,343,071	3,933,266	3,620,512
Total	6,784,345	4,891,080	1,893,265	17,176,438	20,374,258	16,927,711
Less: Claims Credits and Overpayments	48,324	19,029	29,295	94,896	360,474	85,884
Total Benefits Paid	6,736,021	4,872,051	1,863,969	17,081,541	20,013,784	16,841,827
Administrative Expenses	276,231	277,228	(997)	787,060	923,707	987,312
Total Expenditures	7,012,252	5,149,279	1,862,972	17,868,601	20,937,491	17,829,139
Excess (Deficiency) of Revenues over Expenditures	(5,601,032)	8,906,482	(14,507,514)	25,698,641	(11,571,365)	(14,282,479)
Cash Ending Balances	241,012,130	229,821,003	11,191,128	246,613,162	220,914,521	232,485,887

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
OCTOBER 31, 2021

				Three Year History for years ended:			
	Cash Beginning Balances	YTD FY2022 39,659,496	YTD FY2021 33,724,356	Change 5,935,140	FY2021 33,724,356	FY2020 33,373,873	FY2019 34,042,831
Revenues							
Guaranty Risk Pool Assessments		-	-	-	-	-	(354)
Collateral Proceeds		-	-	-	-	-	252,925
Investment Earnings (Losses)		220,128	2,146,989	(1,926,861)	6,763,880	1,367,274	523,349
Total Revenues		220,128	2,146,989	(1,926,861)	6,763,880	1,367,274	775,921
Expenditures							
Claims Benefits Paid:							
Medical		71,106	85,416	(14,310)	280,185	346,473	496,368
Permanent Total Disability		21,239	34,130	(12,891)	89,242	102,389	102,389
Permanent Partial Disability		48,881	28,438	20,443	91,922	225,842	260,557
Temporary Disability		-	-	-	-	-	13,148
Fatals		68,999	68,999	-	206,996	223,506	226,808
104 Weeks Death Benefit		-	-	-	-	-	-
Settlement Agreements		62,000	9,000	53,000	39,699	10,000	125,000
Non Awarded Partial Disability		-	-	-	-	-	-
Loss Adjustment Expenses		9,858	25,459	(15,601)	52,455	76,110	112,306
Total		282,083	251,441	30,642	760,498	984,319	1,336,576
Less: Claims Credits and Overpayments		25,544	-	25,544	150	45,480	205
Total Benefits Paid		256,538	251,441	5,097	760,348	938,840	1,336,371
Administrative Expenses		12,129	24,698	(12,569)	68,392	77,951	108,508
Total Expenditures		268,667	276,139	(7,472)	828,740	1,016,791	1,444,879
Excess (Deficiency) of Revenues over Expenditures		(48,540)	1,870,850	(1,919,389)	5,935,140	350,483	(668,958)
Cash Ending Balances		39,610,956	35,595,205	4,015,751	39,659,496	33,724,356	33,373,873

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
OCTOBER 31, 2021

Three Year History for years ended:

	YTD FY2022	YTD FY2021	Change	FY2021	FY2020	FY2019
Cash Beginning Balances	55,995,948	49,568,499	6,427,449	49,568,499	50,905,481	53,404,259
Revenues						
Security Risk Pool Assessments	-	-	-	-	-	-
Collateral Proceeds	-	-	-	-	-	243,007
Investment Earnings (Losses)	313,114	3,185,344	(2,872,230)	9,805,453	2,087,341	770,092
Total Revenues	313,114	3,185,344	(2,872,230)	9,805,453	2,087,341	1,013,099
Expenditures						
Claims Benefits Paid:						
Medical	159,427	171,369	(11,941)	531,814	549,908	527,648
Permanent Total Disability	402,466	431,257	(28,791)	1,250,688	1,379,159	1,519,062
Permanent Partial Disability	-	1,034	(1,034)	4,243	(60)	5,702
Temporary Disability	-	-	-	-	-	-
Fatals	280,121	295,418	(15,296)	918,152	979,631	1,090,855
104 Weeks Death Benefit	29,630	43,441	(13,811)	171,468	78,073	8,932
Settlement Agreements	30,750	108,206	(77,456)	315,463	162,665	19,065
Loss Adjustment Expenses	17,853	18,485	(632)	73,223	118,818	96,587
Total	920,248	1,069,208	(148,961)	3,265,052	3,268,194	3,267,851
Less: Claims Credits and Overpayments	1,105	46,255	(45,150)	84,004	102,299	54,962
Total Benefits Paid	919,143	1,022,954	(103,811)	3,181,048	3,165,895	3,212,889
Administrative Expenses	35,332	80,960	(45,628)	196,956	258,428	298,987
Total Expenditures	954,475	1,103,914	(149,439)	3,378,004	3,424,323	3,511,876
Excess (Deficiency) of Revenues over Expenditures	(641,360)	2,081,431	(2,722,791)	6,427,449	(1,336,982)	(2,498,778)
Cash Ending Balances	55,354,588	51,649,930	3,704,658	55,995,948	49,568,499	50,905,481

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
OCTOBER 31, 2021

Three Year History for years ended:

	YTD FY2022	YTD FY2021	Change	FY2021	FY2020	FY2019
Cash Beginning Balances	16,844,759	13,817,714	3,027,045	13,817,714	13,211,915	12,989,971
Revenues						
Fines and Penalties	118,349	111,805	6,544	322,680	385,577	588,767
Investment Earnings (Losses)	84,714	856,054	(771,340)	2,767,995	517,439	179,479
Total Revenues	203,063	967,859	(764,796)	3,090,675	903,016	768,246
Expenditures						
Claims Benefits Paid:						
Medical	2,468	1,365	1,103	2,096	7,169	129,612
Permanent Total Disability	-	-	-	-	-	-
Permanent Partial Disability	533	-	533	-	15,617	30,633
Temporary Disability	38,065	1,143	36,922	3,048	22,059	35,751
Fatals	8,534	8,534	-	25,601	37,816	50,030
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	-	31,500	(31,500)	44,276	82,000	106,000
Loss Adjustment Expenses	10,244	7,386	2,858	26,492	46,867	52,714
Total	59,843	49,927	9,916	101,513	211,528	404,740
Less: Claims Credits and Overpayments	6,230	17,795	(11,565)	42,742	7,535	50,676
Total Benefits Paid	53,614	32,133	21,481	58,770	203,993	354,064
Administrative Expenses	2,100	1,710	390	4,860	93,224	192,238
Total Expenditures	55,714	33,843	21,871	63,630	297,217	546,302
Excess (Deficiency) of Revenues over Expenditures	147,349	934,016	(786,667)	3,027,045	605,799	221,944
Cash Ending Balances	16,992,108	14,751,730	2,240,378	16,844,759	13,817,714	13,211,915

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.

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
January 28, 2022

OPERATING REPORT OCTOBER 2021

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

Vacant,
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

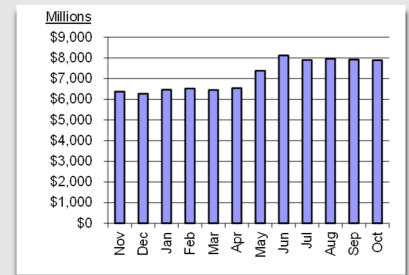
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$7,889,388,000

Last Month
\$7,924,347,000

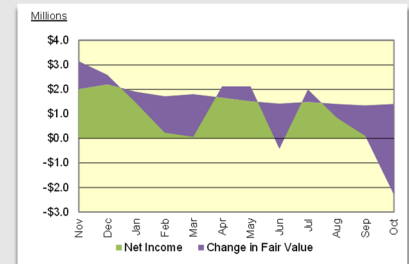
Beginning of Fiscal Year
\$8,119,584,000



**Net Assets for the Past
12 Months**

Total Net Income & Changes in Fair Value

Fiscal Year
\$659,000



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

Money Market Pools As of October 31, 2021

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	0.0646%	56 Days	\$6.5 Billion
WV Gov't Money Market	0.0120%	42 Days	\$244.0 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 2021

Fourth Quarter Upturn Predicted

Market Overview

Third quarter GDP was released and came in at 2% (and without the positive jump in inventories it would have been a negative quarter, versus a gain of 6.7% in the second quarter). So, while it is clear that a slowdown has occurred either due to supply issues, Delta-related restrictions, or inflation, predictions are for an upturn in the fourth quarter. Speaking of inflation, it continues to surprise on the upside, with the U.S. leading global inflation rates. While most countries have the same supply issues, it could be the better U.S. growth rates, ability to pass through costs, or underlying stimulus that is feeding the inflation backdrop.

Equity Markets

After four consecutive weeks of gains and closing the month at a record high, losses in September are just a distant memory. The S&P 500 returned 7.0% for the month - its best October in six years - and the bulls stamped on. Notwithstanding some weakness from market behemoths Apple and Amazon, overall corporate earnings continue to surpass expectations and helped drive markets higher. In the face of increasing costs, companies are finding ways to maintain high profit margins and pass on at least some of the burden to customers. To be sure, as noted above, with underwhelming Q3 GDP data and inflation concerns still front and center, the latest market surge is still confounding for some. U.S. markets once again led the way, with more modest returns for the MSCI EAFE (+2.5%) and Emerging Markets (+1.0%). For the first 10 months of the year, U.S. stocks have outperformed developed and emerging market peers by 13% and 24% respectively. Within the U.S., growth stocks (+8.4%) outpaced value stocks (+5.0%) and large caps (+6.9%) led mid caps (+5.9%) and small caps (+4.3%) for the month.

Fixed Income Markets

With various major central banks on the cusp of paring back bond buying programs while global growth shows signs of slowing, shorter term Treasury yields moved sharply higher without a corresponding increase in longer dated yields. A flatter yield curve suggests that bond markets are less bullish on the growth outlook and more concerned about inflation than the ebullient stock market. The domestic investment grade bond market, as represented by the Bloomberg Barclays U.S. Aggregate Index, was flat for the month as investment grade corporate bonds (+0.2%) offset higher yields and resulting negative returns on Treasuries (-0.1%). High yield bonds were marginally lower (-0.2%), which was somewhat surprising against the backdrop of positive returns for investment grade bonds and sharply higher equity markets. The U.S. Aggregate is down 1.6% with two months left in the year. Strong performance for Treasury Inflation Protected Securities (+4.7%) and high yield (+4.4%) this year has been a sharp contrast to Long Treasuries (-5.9%) and global bonds (-4.3%).

Real Estate Markets

The month also saw the release of quarterly returns for core commercial real estate managers. Strong returns in the industrial and multi-family sectors offset challenges in the retail and office sectors, leading the NCREIF ODCE index to one of its best quarters in years with a 6.4% net return. Income for the index remained steady at a 4% annualized rate. The intermediate and longer term impact of the pandemic on high rise central business district properties is still unknown as leasing activity is subdued, although some managers have reported that office markets rents have stabilized somewhat.

We are now firmly into the fourth quarter. Indeed, just around the corner is Thanksgiving and a prime opportunity for reflection and to give thanks.

West Virginia Board of Treasury Investments Financial Highlights as of October 31, 2021

WV Short Term Bond Pool

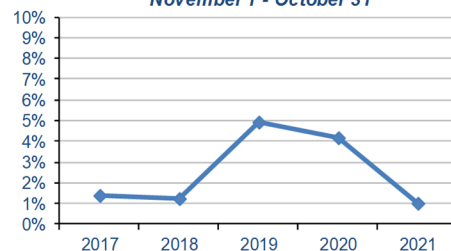
Rates of Return for the Past 12 Months *Net of All Fees*

<u>November 1 - October 31</u>	<u>Return</u>	<u>Net Assets At Oct 31 (In Millions)</u>
2021	0.5%	\$ 829.1
2020	3.9%	\$ 815.3
2019	5.2%	\$ 821.0
2018	1.3%	\$ 714.2
2017	1.5%	\$ 763.7

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

WV Short Term Bond Pool Rates of Return

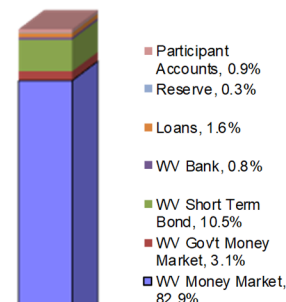
*Past 12 Months
November 1 - October 31*



Summary of Value and Earnings *(In Thousands)*

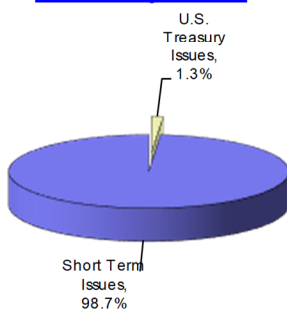
<u>Pool</u>	<u>Net Asset Value</u>	<u>Oct Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 6,539,297	\$ 360	\$ 1,453
WV Gov't Money Market	243,991	3	9
WV Short Term Bond	829,053	(2,863)	(1,625)
WV Bank	60,281	10	38
Loans	122,517	150	597
Reserve	19,951	2	9
Participant Accounts	74,298	42	179
	<u>\$ 7,889,388</u>	<u>\$ (2,296)</u>	<u>\$ 660</u>

Percent of Total Net Asset Value

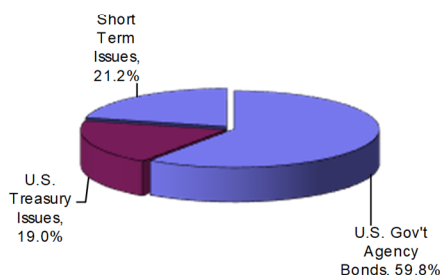


Securities by Type for Operating Pools *(Percentage of Asset Value)*

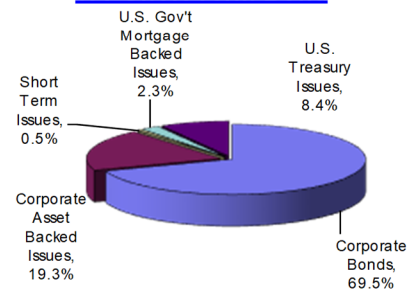
WV Money Market



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, 2021

(IN THOUSANDS)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Other Pools	Participant Directed Accounts	Total
Assets							
Investments:							
At amortized cost	\$ 6,539,804	\$ 247,020	\$ -	\$ 60,251	\$ 142,318	\$ -	\$ 6,989,393
At fair value	-	-	823,107	-	-	74,017	897,124
Other assets	375	8	7,066	32	154	281	7,916
Total assets	6,540,179	247,028	830,173	60,283	142,472	74,298	7,894,433
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased	882	3,037	1,120	2	4	-	5,045
Total liabilities	882	3,037	1,120	2	4	-	5,045
Net Position							
Held in trust for investment pool participants	6,539,297	243,991	829,053	-	-	-	7,612,341
Held in trust for individual investment account holders	-	-	-	60,281	142,468	74,298	277,047
Total net position	\$ 6,539,297	\$ 243,991	\$ 829,053	\$ 60,281	\$ 142,468	\$ 74,298	\$ 7,889,388
Additions							
Investment income:							
Interest and dividends	\$ 180	\$ 6	\$ 1,279	\$ 11	\$ 154	\$ 55	\$ 1,685
Net (amortization) accretion	445	5	(402)	-	-	(2)	46
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	625	11	877	11	154	53	1,731
Investment expenses:							
Investment advisor, custodian bank & administrative fees	265	8	53	1	2	-	329
Total investment expenses	265	8	53	1	2	-	329
Net investment income	360	3	824	10	152	53	1,402
Net realized gain (loss) from investments	-	-	107	-	-	-	107
Net increase (decrease) in fair value of investments	-	-	(3,794)	-	-	(11)	(3,805)
Net increase (decrease) in net position from operations	360	3	(2,863)	10	152	42	(2,296)
Participant transaction additions:							
Purchase of pool units by participants	1,005,660	22,542	10,238	-	-	-	1,038,440
Reinvestment of pool distributions	360	2	1,409	-	-	-	1,771
Contributions to individual investment accounts	-	-	-	10	7,871	100	7,981
Total participant transaction additions	1,006,020	22,544	11,647	10	7,871	100	1,048,192
Total additions	1,006,380	22,547	8,784	20	8,023	142	1,045,896
Deductions							
Distributions to pool participants:							
Net investment income	360	3	824	-	-	-	1,187
Net realized gain (loss) from investments	-	-	107	-	-	-	107
Total distributions to pool participants	360	3	931	-	-	-	1,294
Participant transaction deductions:							
Redemption of pool units by participants	1,066,826	8,873	-	-	-	-	1,075,699
Withdrawals from individual investment accounts	-	-	-	10	3,852	-	3,862
Total participant transaction deductions	1,066,826	8,873	-	10	3,852	-	1,079,561
Total deductions	1,067,186	8,876	931	10	3,852	-	1,080,855
Net increase (decrease) in net position from operations	(60,806)	13,671	7,853	10	4,171	142	(34,959)
Inter-pool transfers in	-	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-	-
Net inter-pool transfers in (out)	-	-	-	-	-	-	-
Change in net position	(60,806)	13,671	7,853	10	4,171	142	(34,959)
Net position at beginning of period	6,600,103	230,320	821,200	60,271	138,297	74,156	7,924,347
Net position at end of period	\$ 6,539,297	\$ 243,991	\$ 829,053	\$ 60,281	\$ 142,468	\$ 74,298	\$ 7,889,388



Understanding Pharmacy Costs and Finding Solutions

Presented by:

Lynne Fruth,

President of Fruth Pharmacy

Andrew Becker, R.Ph.



The net cost of prescription medications has decreased two years in a row, but the pharmacy spend continues to increase.

<https://www.drugchannels.net/2021/06/gross-to-net-bubble-update-net-prices.html>

The practices of many PBMs are a main driver of this increasing cost to healthcare.



Ways that Traditional Pharmacy Benefit Managers (PBMs) Drive Profitability for Themselves

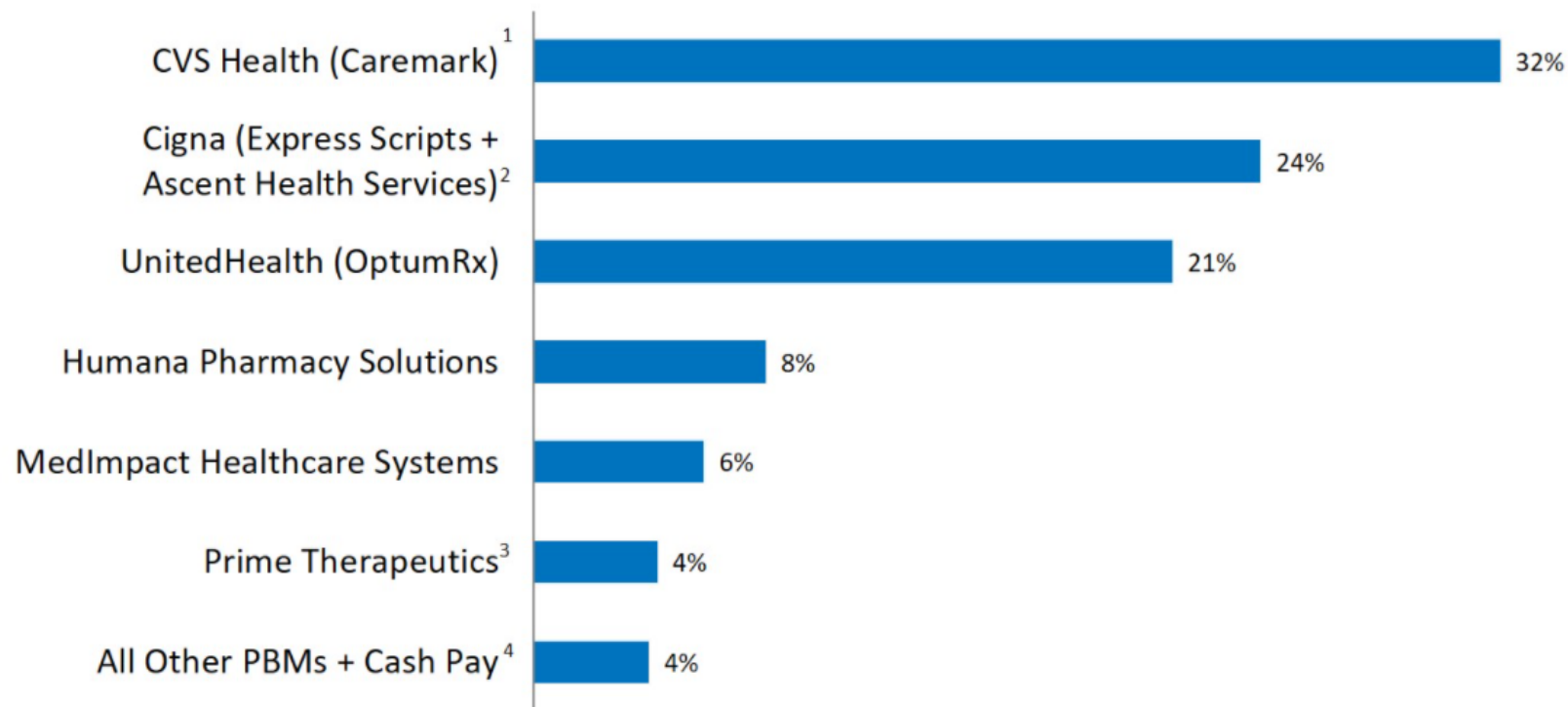
- Charge excessive administration fees
- Manipulate/Direct all Specialty Prescriptions to their own pharmacies in order to capture huge rebates
- Fail to pass on ALL discounts from drug manufacturer
 - Reclassify portion of rebates as marketing fees, access fees, data fees, or other fees
- Use “shared rebate” language in contracts
- Charge plans significant fees for rebate aggregation

More Ways that Traditional PBMs Drive Profitability for Themselves

- Manipulate formulary to dispense higher cost drugs for increased rebates
- Try to force Mail Order. The patient has a lower co-pay, but the plan may actually have *higher* prescription costs
- Use a subcontractor for some administrative services which can add costs
- Engage in claw backs from the pharmacy that may ***not*** be passed on to the plan



PBM Market Share, by Total Equivalent Prescription Claims Managed, 2020



1. Excludes Drug Channels Institute estimates of double-counted network claims for mail choice claims filled at CVS retail pharmacies.

2. Includes Cigna claims, which fully transitioned to Express Scripts by the end of 2020. Includes Ascent Health Services, which includes Kroger Prescription Plans and a partial year of Prime Therapeutics.

3. Excludes Drug Channels Institute estimates of 2020 claims for which Ascent Health Services handled rebate negotiations and pharmacy network contracting.

4. Figure includes some cash pay prescriptions that use a discount card processed by one of the 6 PBMs shown on the chart.

Source: [The 2021 Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers](#), Drug Channels Institute, Exhibit 92. Total equivalent prescription claims includes claims at a PBM's network pharmacies plus prescriptions filled by a PBM's mail and specialty pharmacies. Includes discount card claims. Note that figures may not be comparable with those of previous reports due to changes in publicly reported figures of equivalent prescription claims. Total may not sum due to rounding.



PBM Problems

- Lack of competition has created benefit designs that are favorable to PBMs at the expense of employers and providers.
- Lack of understanding of the role of PBMs within health care system has resulted in an unregulated industry
- States have started to pass PBM legislation directed at reining in unfair PBM practices

Recently, the PBM industry has come under more scrutiny

- ✓ Ohio Managed Medicare PBM – 2018 Caremark Overcharge/Settlement \$224M
- ✓ Ohio Lawsuit/Settlement - Centene Overcharge/Settlement \$88M
- ✓ Delaware Auditor's Report- 2021 Public Employee Plan Estimated Overcharge of \$24M



Pharmacy Benefit Manager's Report 2018

DAVE YOST
Ohio Auditor of State



Ohio Auditor Dave Yost

- Identified \$224M in overcharges by PBM Caremark
- Initiated legal action against Centene resulting in recovery of \$88M
- Recommended use of a pass-through model for PBM
- Recommended better internal controls over drug rebate contract monitoring

Recommendation of Other Items to be Studied Further

Automatic refills

- Potential for filling discontinued medications and stockpiling

Conflicts of interest/anti-competitive practices

- **CVS Caremark** is only PBM that shares ownership with a retail pharmacy

Rebates and rebate audits

- Withholding rebates has been identified as a potential area of fraud. A rebate audit would shed light on the complex and secretive process





State of Delaware
Office of Auditor of Accounts
Kathleen K. McGuiness, RPh, CFE

Lack of Transparency & Accountability
in Drug Pricing Could be Costing Taxpayers Millions



*A Special Report by
State Auditor Kathleen McGuiness*

Delaware Auditor's Report identifies PBM issues impacting State Plan

DELAWARE'S DRUG COSTS INCREASE WAS
NEARLY TRIPLE THAT OF THE NATIONAL
OVERALL DRUG INFLATION PERCENTAGE.
DELAWAREANS COULD HAVE
SAVED \$24.5 MILLION IN PRESCRIPTION
DRUG COSTS.

14.3%



Delaware Auditor's Report of State Employee Plan

- Delaware's overall drug costs increase nearly triple that of overall drug inflation percentage
- PBMs charged the state program for more than 50 administrative services and clinical program fees from a few cents to hundreds of dollars
 - These fees accounted for 13% of total claim cost with an average of \$21.05 per claim for three years audited
 - Fees increased by \$610K for 2019 and \$1.8M for 2020 for basically the same volume of services



WV Fee for Service Medicaid Proof in Results

Show me the Money \$\$

- WV Medicaid Program moved from Managed Medicaid **with a Traditional PBM**– which was intended to save money in 2017
- WV Medicaid moved to straight Fee for Service (NADAC + \$10.49 dispensing fee)
- A retroactive Audit showed WV Medicaid saved \$54 Million dollars in one year

Spread Pricing

- Average Wholesale Price (AWP)
 - “Manufacturer’s Suggested Retail Price”
 - Employer’s discount (e.g. AWP – 50%)
Employer may pay AWP – 50% and Pharmacy is reimbursed AWP – 90%
- Difference between what the employer pays and what is paid to the pharmacy = “Spread Pricing”

The PBMs do not disclose what they pay to pharmacies.

Generic Spread Pricing Example

AWP = \$100

Employer billed AWP \$100 – 50%. Employer is billed \$40.
(\$50 less copay \$10.)

Pharmacy is paid AWP \$100 – 90%.

Co-pay \$5 plus \$5 from PBM. PBM keeps \$40.

This results in large added cost to employer over “cash price”.



The Real Story Behind Rebates

Because PBMs receive rebates on brand-name drugs, they are not incentivized to encourage the use of a less-expensive generic version. Traditional PBMs typically do not pass all the rebated savings back to the plan sponsor.

PBMs frequently require patients to switch drugs – ***so that they are required to take a drug on which the PBM has negotiated a greater rebate*** – increasing the profit to the PBM

In large part, the plan sponsor has no knowledge about the rebate deals the PBM negotiates with the manufacturers and has no knowledge of the “spread” or the difference between what the PBM pays the pharmacy and what the PBM charges them for the same drug

PBMS charge a fee for “aggregation” of rebates. This can be another area of “profit taking” by PBM.

Rebates... the great unknown

- PBMs claim to pass along ALL rebates in some models
- PBMs are beginning to negotiate with Manufacturers to change rebate structure.
- Moving a portion of the drug discount to other categories allows PBMs to keep more of the rebate and still claim 100% pass through of all “REBATES”
 - Example \$200 discount may be \$100 in rebate, \$50 in Data fees and \$50 in Service fees. *The “other” discounts may never make it to the plan*
- With more plans demanding rebate transparency, PBMs are developing complex strategies to continue to outsmart the plans
- The big three PBMs have all started companies for the purpose of “negotiating rebates and service fees”
- This design will create a layer of secrecy between the PBM and the plan sponsor.
- Plans will have no way to audit the PBMs to ensure all drug discounts are being passed through.



Rebates... the great unknown

- CVS Caremark – subsidiary **Zinc**
 - **Purpose to negotiate with drug manufacturers**
- Cigna Express Scripts – subsidiary **Ascent** located in Switzerland
 - **Purpose to negotiate with drug manufacturers**
- United Health Optum – subsidiary **Emisar** located in Ireland
 - **Purpose to negotiate with drug manufacturers**

If PBMs have nothing to hide, why are they creating businesses to obscure the access of transparency?

This additional layer will allow PBMs to provide reporting that reflects 100% of rebate even if there were other discounts not passed through.



“The health benefit provider (payer), however often has no idea that a PBM may not be working in its interest. This lack of awareness is the result of the fact that there is little transparency in a PBM’s dealings with manufacturers and pharmacies.”

- First Circuit Court of Appeals

What Does PEIA Need? Real Transparency

- Zero Spread Pricing
- 100% Pass Through on Pricing
- 100% Pass Through of ALL discounts available from the drug manufacturer
- Clarity in Contracts
- Clear and Concise Administration Fee Schedule
- Elimination of any conflicts of interest in:
 - Pharmacy Networks
 - Formularies
 - Rebates and All available Discounts

No one can manage what they don't understand.

Evaluation of PBMs

- Cost Containment
 - Choose best cost for employer, not PBM
- Accountability of all prescription dollars – Claim level data for audit purposes
- AWP discounts, Rebate guarantees, and Administration fees do not reflect the true cost of a plan
- PBMs should be evaluated on TOTAL Bottom line PBM costs
- Reducing the per person per month cost
- The size of the discount doesn't matter; it's the overall net cost that shows the “true” cost of the program



A Truly Transparent PBM will:

- Charge the plan sponsor exactly what that pharmacy got paid
- Agree to sign a fiduciary statement for the plan
- Will have no financial interest in any pharmacy – retail, specialty or mail order
- Will manage plan design and other programs for defined fees
- Will pass on all revenues that are obtained from drug manufacturers back to the plan sponsor
- Will disclose all fees
- Will make all transactions readily available and auditable

Reduce PEIA's overall spend. After all, "it's West Virginia's money."



PEIA – Pathway to a Better Plan

The Solution Requires a Change in the Traditional PEIA Approach

- 1. NO 3 Year Contract** with Traditional PBM
- 2. Execute an RFP** that will allow **Transparent PBMs** to compete for Contract
- 3. Focus on Lowering the NET Per Person Per Month Spend** on Pharmacy
- 4. Utilize Savings** from Pharmacy Spend to Support other areas of PEIA

Stop the waste of taxpayer dollars and Fix PEIA now!



	GRF											
	ESTIMATE	ACTUAL	DIFFERENCE	ACTUAL	CHANGE	YTD	YTD	YTD	ACTUAL	CHANGE	GAIN OVER	
COMPONENT	NOVEMBER	NOVEMBER	NOVEMBER	NOV FY20-21	PERCENT	ESTIMATE	ACTUAL	DIFFERENCE	YTD FY20-21	PERCENT	PRIOR YEAR	
CST -USE	\$ 130.700	\$ 149.223	\$ 18.523	\$ 133.611	11.7%	\$ 588.000	\$ 633.349	\$ 45.349	\$ 591.636	7.1%	\$ 41.714	
PIT	\$ 149.100	\$ 169.797	\$ 20.697	\$ 149.830	13.3%	\$ 764.300	\$ 854.871	\$ 90.571	\$ 923.822	-7.5%	\$ (68.951)	
B&O	\$ 7.300	\$ 8.776	\$ 1.476	\$ 8.784	-0.1%	\$ 44.800	\$ 41.620	\$ (3.180)	\$ 50.995	-18.4%	\$ (9.375)	
SEV	\$ 32.900	\$ 75.353	\$ 42.453	\$ 21.020	258.5%	\$ 105.200	\$ 191.618	\$ 86.418	\$ 54.210	253.5%	\$ 137.408	
CNIT/BFT	\$ 1.500	\$ 6.838	\$ 5.338	\$ 2.144	218.9%	\$ 50.200	\$ 93.708	\$ 43.508	\$ 118.647	-21.0%	\$ (24.939)	
INSURANCE	\$ 0.400	\$ 0.360	\$ (0.040)	\$ 0.482	-25.3%	\$ 57.220	\$ 60.347	\$ 3.127	\$ 58.381	3.4%	\$ 1.966	
TOBACCO PRODUCTS	\$ 13.700	\$ 13.051	\$ (0.649)	\$ 12.576	3.8%	\$ 70.600	\$ 71.268	\$ 0.668	\$ 72.433	-1.6%	\$ (1.165)	
INTEREST	\$ 0.400	\$ (0.712)	\$ (1.112)	\$ 1.132	-162.9%	\$ 2.100	\$ 0.197	\$ (1.903)	\$ 7.153	-97.2%	\$ (6.955)	
MISC REVENUE	\$ 0.320	\$ 0.233	\$ (0.087)	\$ 2.190	-89.4%	\$ 3.110	\$ 0.974	\$ (2.136)	\$ 4.957	-80.4%	\$ (3.983)	
BEER	\$ 0.530	\$ 0.610	\$ 0.080	\$ 0.528	15.4%	\$ 3.110	\$ 3.126	\$ 0.016	\$ 3.348	-6.6%	\$ (0.222)	
LIQUOR	\$ 2.000	\$ 2.008	\$ 0.008	\$ 1.524	31.7%	\$ 11.000	\$ 11.710	\$ 0.710	\$ 9.144	28.1%	\$ 2.566	
DEPT COLL	\$ 1.330	\$ 1.403	\$ 0.073	\$ 1.337	5.0%	\$ 6.930	\$ 7.466	\$ 0.536	\$ 6.991	6.8%	\$ 0.475	
PROP TRANS	\$ 1.300	\$ 1.403	\$ 0.103	\$ 1.434	-2.2%	\$ 6.200	\$ 8.058	\$ 1.858	\$ 6.635	21.5%	\$ 1.423	
CHARTER	\$ -	\$ 0.001	\$ 0.001	\$ 0.001	-0.8%	\$ -	\$ (0.000)	\$ (0.000)	\$ 0.006	-103.2%	\$ (0.006)	
PROPERTY	\$ 0.450	\$ 0.447	\$ (0.003)	\$ 0.376	18.9%	\$ 4.540	\$ 4.701	\$ 0.161	\$ 4.670	0.7%	\$ 0.031	
MISC TRANS	\$ 0.020	\$ 0.269	\$ 0.249	\$ 0.010	100.0%	\$ 1.260	\$ 1.110	\$ (0.150)	\$ 0.390	184.5%	\$ 0.720	
REFUNDABLE CREDIT	\$ -	\$ -	\$ -	\$ -	0.0%	\$ 0.500	\$ 0.558	\$ 0.058	\$ 1.188	-53.1%	\$ (0.630)	
BFR	\$ 0.050	\$ 0.035	\$ (0.015)	\$ 0.042	-16.0%	\$ 0.283	\$ 0.422	\$ 0.139	\$ 0.305	38.7%	\$ 0.118	
LIQUOR LICENSE	\$ 0.045	\$ 0.045	\$ 0.000	\$ -	0.0%	\$ 0.337	\$ 0.338	\$ 0.001	\$ 0.269	100.0%	\$ 0.069	
HB102-LOTTERY TRANS	\$ 5.500	\$ 6.432	\$ 0.932	\$ 5.472	17.5%	\$ 22.000	\$ 25.684	\$ 3.684	\$ 22.100	16.2%	\$ 3.584	
TOTAL	\$ 347.545	\$ 435.572	\$ 88.027	\$ 342.495	27.2%	\$ 1,741.690	\$ 2,011.125	\$ 269.435	\$ 1,937.278	3.8%	\$ 73.847	
Infrastructure Bond Fund	\$ -	\$ -	\$ -	\$ -	0.0%	\$ 21.955	\$ 21.955	\$ -	\$ 21.936	0.1%	\$ 0.019	
Local Oil and Gas	\$ -	\$ -	\$ -	\$ -	0.0%	\$ 11.300	\$ 13.272	\$ 1.972	\$ 11.867	11.8%	\$ 1.405	
Local Coal Bed Methane	\$ -	\$ -	\$ -	\$ -	0.0%	\$ 0.600	\$ -	\$ (0.600)	\$ 0.563	-100.0%	\$ (0.563)	
DEP Well Fund	\$ -	\$ -	\$ -	\$ -	0.0%	\$ 1.670	\$ 1.910	\$ 0.240	\$ -	100.0%	\$ 1.910	
Local Coal Severance	\$ -	\$ -	\$ -	\$ -	0.0%	\$ 19.500	\$ 13.868	\$ (5.632)	\$ 8.937	55.2%	\$ 4.930	
Total Severance	\$ 32.900	\$ 75.353	\$ 42.453	\$ 21.020	258.5%	\$ 160.225	\$ 242.622	\$ 82.398	\$ 97.514	148.8%	\$ 145.109	
									\$ 1,737.278	15.8%	\$ 273.847	
STATE ROAD FUND	\$ (000)	\$ (000)	\$ (000)	\$ (000)								
	ESTIMATE	ACTUAL	DIFFERENCE	ACTUAL	CHANGE	YTD	YTD	YTD	ACTUAL	CHANGE		
COMPONENT	NOV	NOV	NOV	NOV FY20-21	PERCENT	ESTIMATE	ACTUAL	DIFFERENCE	YTD FY20-21	PERCENT	Chg Rev	
Motor Fuel Tax	\$ 42.200	\$ 39.630	\$ (2.570)	\$ 37.304	6.2%	\$ 180.600	\$ 183.014	\$ 2.414	\$ 170.673	7.2%	\$ 12.341	
Registration Fees	\$ 14.013	\$ 8.112	\$ (5.901)	\$ 10.626	-23.7%	\$ 70.343	\$ 56.526	\$ (13.817)	\$ 59.886	-5.6%	\$ (3.360)	
Motor Vehicle Sales Tax	\$ 19.659	\$ 24.011	\$ 4.352	\$ 19.884	20.8%	\$ 112.336	\$ 132.723	\$ 20.387	\$ 127.832	3.8%	\$ 4.892	
Litter Fees	\$ 0.068	\$ 0.106	\$ 0.038	\$ 0.261	-59.4%	\$ 0.572	\$ 0.718	\$ 0.146	\$ 0.948	-24.2%	\$ (0.230)	
Miscellaneous	\$ 6.000	\$ 0.175	\$ (5.825)	\$ 0.334	-47.7%	\$ 26.000	\$ 4.895	\$ (21.105)	\$ 51.396	-90.5%	\$ (46.501)	
Total State Road Fund	\$ 81.940	\$ 72.033	\$ (9.907)	\$ 68.409	5.3%	\$ 389.851	\$ 377.877	\$ (11.974)	\$ 410.735	-8.0%	\$ (32.857)	
Federal Reimbursement	\$ 58.000	\$ 36.905	\$ (21.095)	\$ 27.090	36.2%	\$ 260.000	\$ 213.870	\$ (46.130)	\$ 147.282	45.2%	\$ 66.588	
Grand Total	\$ 139.940	\$ 108.939	\$ (31.001)	\$ 95.499	14.1%	\$ 649.851	\$ 591.748	\$ (58.103)	\$ 558.017	6.0%	\$ 33.731	