



JOINT COMMITTEE
ON GOVERNMENT & FINANCE
INTERIM BOOK

Materials Distributed
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Joint Committee on Government & Finance Interim Book

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

Prepared by the
West Virginia Office of Broadband
December 4, 2024

<https://broadband.wv.gov>

<https://internetforallwv.wv.gov>

American Rescue Plan Act (ARPA) Funding

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

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

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

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

The WVBIP includes three separate programs for projects that can be awarded funding from Capital Projects Fund or State and Local Fiscal Recovery Fund (SLFRF). The programs were developed to align with ARPA rules and guidance and contain three well defined infrastructure grant initiatives.

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

ARPA Key Performance Indicators

Progress reports are collected from grantees and submitted to the U.S. Treasury on a quarterly basis. As of the third quarter of 2024, a total of 3,045 locations are now served by ARPA funded networks.

Total investment to date includes \$108.1 million in U.S. Treasury Capital Projects Funds and \$64.4 million in State Local Fiscal Recovery Funds. Private investment has exceeded \$68 million, for a total investment of \$236 million under West Virginia's ARPA initiative. As of the third quarter of 2024, a total of \$9,941,944.43 of SLFRF funds have been disbursed to grantees.

Below lists the project status for active projects in construction:

- LEAD Citynet Green Valley Line Extension - **Complete**
- LEAD Comcast Brooke, Hancock, Marshall, Ohio Line Extension - **Construction**
- LEAD Comcast Cabell, Kanawha, Morgan, Putnam Line Extension - **Construction**

- LEAD Prodigy North-Central Preston Extensions - **Construction**
- LEAD Prodigy West Preston-Valley District Extension - **Construction**
- LEAD Hardy Telecommunications - East Hardy Line Extension - **Complete**
- LEAD Citynet Shavers Fork, Helvetta, Crestview Line Extension - **Complete**
- LEAD Shentel North Fork - **Complete**
- LEAD Hardy Telecommunications - South Mill Creek Road Line Extension - **Construction**
- LEAD Prodigy East Monongalia and East Preston Rural Broadband - **Construction**
- LEAD Prodigy Preston to Barbour Rural Expansion - **Construction**
- MBPS Frontier Boone County - Turtle Creek - **Construction**
- MBPS Frontier West Mason - **Construction**
- MBPS Citynet Thornton, Gladesville & Morgantown South - **Construction**
- MBPS Micrologic Randolph County MBPS - **Construction**

Projects not under construction are currently in permitting through the West Virginia Division of Highways (WVDOH) and utility pole owners.

Progress Snapshot: Projects in Each Phase			
Preliminary Steps	Permitting and Design	Construction	Close Out
3			
23			
12			
4			

Current ARPA Projects

ARPA Funds Awarded to Date

- \$172.46 Million
- \$108.1 Million CPF
- \$64.4 Million SLFRF

Matching Funds \$68.01 Million

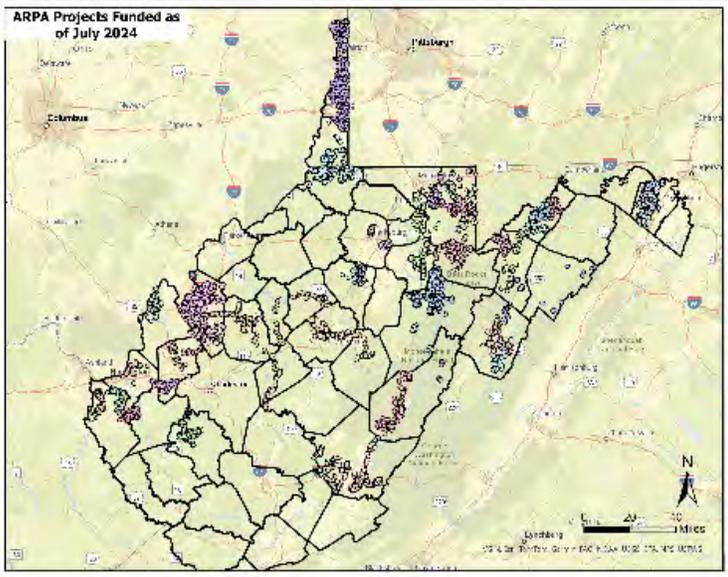
Total Investment \$236.28 Million

Last-Mile Projects 42

Total Miles of New Plant 3,875

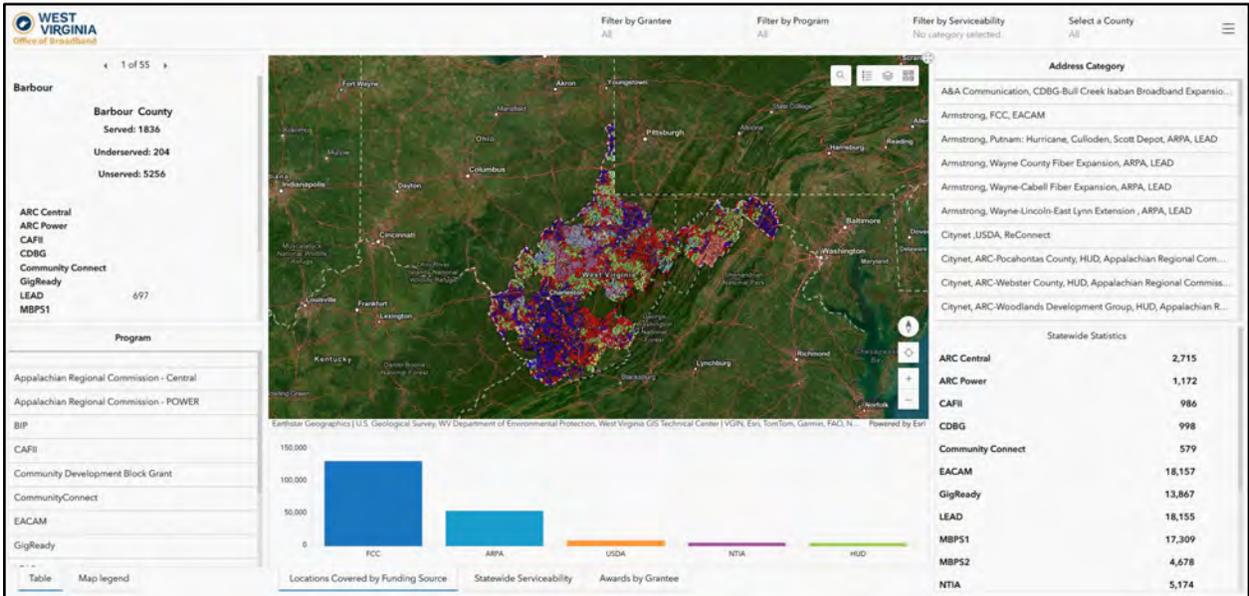
41 Counties

39,617 Targeted Locations



West Virginia Broadband Dashboard

To demonstrate broadband availability across West Virginia, the WVDED has created an interactive application for end users to learn more about all funding sources including ARPA project details. Using the CostQuest Fabric data, broadband availability is represented at the address level. The data is currently under review by CostQuest to ensure compliance with the License User Agreement. This dashboard will be available at broadband.wv.gov.



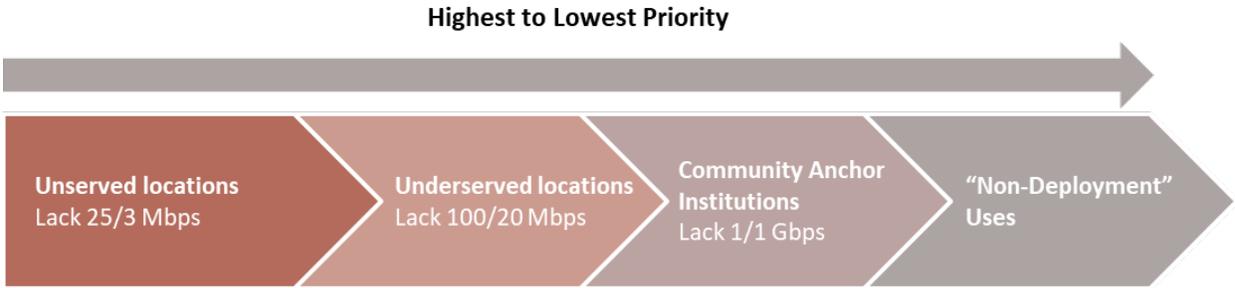
Infrastructure Investment and Jobs Act (IIJA) Broadband Programs

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

West Virginia Vision for Digital Equity and BEAD

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

The BEAD application requires several steps: a Five-Year Action Plan, Initial Proposal Volumes I and II, followed by a Final Proposal. Additionally, the BEAD Program requires states to coordinate efforts with Digital Equity planning, capacity building, and workforce development. West Virginia’s Initial Proposal Volumes I and II will build upon the goals, objectives, and strategies outlined in West Virginia’s BEAD Five-Year Action Plan. As directed by NTIA, BEAD funding places the highest priority on expanding broadband to unserved locations, followed by underserved locations, community anchor institutions, and non-deployment uses.



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

¹ West Virginia is 50th of 50 states, Washington, D.C., and Puerto Rico.
² West Virginia’s broadband availability falls short; of all 50 states, the District of Columbia, and Puerto Rico, West Virginia ranks 50th. This number reflects residential broadband availability rankings; the FCC does not provide data for statewide combined residential, mixed-use, and non-residential rankings.

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

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

The IJA includes three major programs:

- 1. Broadband Equity, Access, and Deployment (BEAD) Program (\$42.5 billion)**
- 2. State Digital Equity Act programs (Digital Equity Capacity Grant and Digital Equity Competitive Grant (\$2.75 billion))**
- 3. Enabling Middle Mile Broadband Infrastructure Program (BIP)**

Each program is briefly detailed below:

- 1. Broadband, Equity, Access, and Deployment (BEAD)**
 - a. The BEAD program provides funding for broadband planning, deployment, mapping, equity, and adoption activities.
 - b. On June 26, 2023, NTIA announced that West Virginia will receive \$1,210,800,969.15 in BEAD funding.
 - c. **West Virginia was among the first states in the nation to gain NTIA approval of its Initial Proposal Volume 1.** The plan approval date was January 29, 2024, and is posted at broadband.wv.gov.
 - d. **West Virginia was among the first states in the nation to begin its BEAD Challenge Process.** The process began on February 10 and concluded on April 14, 2024. A list of all challenged locations was publicly posted at broadband.wv.gov on April 24, 2024.
 - e. NTIA approved West Virginia's post-challenge results on August 20, 2024.
 - f. West Virginia's Initial Proposal Volume 2 is posted at <https://broadband.wv.gov/>. NTIA announced approval of the state's BEAD IPV II on April 18, 2024.
 - g. West Virginia was among the first states in the nation to achieve approval of Initial Approval Volume 2.
 - h. **West Virginia was among the first states in the nation to open its BEAD Full Application Portal.** The application portal opened on August 26 and closed on October 24, 2024.

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

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

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

Key Takeaways from the BEAD Planning Process

- WVDED is coordinating the deployment of BEAD funding with other existing broadband infrastructure programs in the State.
- Only 65% of broadband serviceable locations in West Virginia are served, according to NTIA's definitions.
- **BEAD funding will support deployment to unserved and underserved locations following adjustments from the challenge process, existing enforceable commitments, and areas newly served since the initial BEAD assessment.**
- In addition to NTIA's community anchor institution categories, WVDED will consider adding correctional and rehabilitation facilities, courthouses, job training centers, and senior centers because they facilitate greater use of broadband service by vulnerable populations.
- **To ensure "future-proof" broadband service, any location served through DSL will be considered "underserved" for the purposes of the BEAD program.**

Recent BEAD Benchmarks

- WVDED opened its BEAD Deployment Extension Application Period on November 13, 2024, which will remain open until December 19, 2024. The Extension application portal makes a subset of regions, areas and locations available for proposals as reflected in the BEAD Extension guidance distributed publicly. During the Extension, additional funding for broadband deployment will be accessible through the Appalachian Regional Commission (ARC) and the U.S. Department of Treasury's Capital Projects Fund (CPF) and State and Local Fiscal Recovery Fund (SLFRF). Learn more here: <https://broadband.wv.gov/west-virginia-opens-bead-extension-extension-target-areas-posted/>
- West Virginia's Full Application portal closed October 24. Analysis of applications in alignment with approved BEAD plans and procedures progressed immediately, with some factors already known based on pre-applicant data.
- WVDED distributed an interest form for BEAD participants to indicate their intent to utilize or apply for loan and grant assistance through the state Broadband Loan Insurance (BLINS) program. These were due by Nov 1, 2024.
- The West Virginia Department of Economic Development, the Office of Broadband, along with the West Virginia Broadband Enhancement Council and the West Virginia Economic Development Council, hosted broadband industry leaders from throughout West Virginia and the nation at the 2024 West Virginia Broadband Summit, held October 22-23, in Charleston. The event included presentations detailing West Virginia's broadband expansion initiatives, broadband data and mapping, focused discussions on workforce development initiatives in the broadband industry, and specific requirements of federal funding programs. Projects that are under construction throughout West Virginia were highlighted during the event.

Next Steps for BEAD

WVDED is releasing a series of five recorded webinar videos in early December, to assist applicants further with completion of applications for the BEAD Extension.

Webinar topics and online access to the videos is available here: <https://broadband.wv.gov/bead-extension-webinar-series-videos-1-3-of-5-released/>

On October 9, 2024, WVDED conducted an Extension Webinar on the upcoming BEAD Extension. While the Application Extension Program Procedures for the BEAD Program are very similar to the West Virginia BEAD Program Procedures, there are some differences, and the webinar will focus on helping potential applicants understand the differences.

On September 16, 2024, NTIA released Final Proposal Guidance, https://broadbandusa.ntia.doc.gov/sites/default/files/2024-09/BEAD_Final_Proposal_Guidance.pdf, which more fully clarifies what content and reporting requirements will be involved in the state’s final submission which is due April 18, 2024. The WVDED is adjusting its timeline to allow required 14-day public comment period prior to submission to NTIA.

The West Virginia Broadband Summit was held October 22-23, 2024, and serve to convene partners and stakeholders for informative speakers, environmental training, updates on pole attachment efforts and policy, and coordination for the upcoming non-deployment application process.

BEAD Non-Deployment

The West Virginia Office of Broadband has posted draft procedures for BEAD Non-Deployment Programs broadband.wv.gov including Workforce Development, Device Distribution, and Digital Skills and Navigators. While WVDED expects that BEAD funds will be available for these non-deployment programs, the final budget will not be known until funds are budgeted for BEAD deployment projects for all unserved and underserved locations statewide.

To facilitate the efficient and impactful deployment of anticipated non-deployment activities, WVDED has been awarded Appalachian Regional Commission (ARC) funding to complement BEAD efforts to provide technical assistance to applicants, and is pursuing the development of a Broadband Industry Career Exploration Program through the West Virginia Department of Education. Priorities are being refined and Workforce needs explored in part through the West Virginia Broadband Workforce Council, in particular through a Workforce Committee which is meeting quarterly.

West Virginia’s Digital Equity Program

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

West Virginia Vision for Digital Equity

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

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

1. 97% of West Virginians fall into one or more of the Digital Equity Act’s covered populations categories—the highest of any state in the country.
2. More than 35% of West Virginians live in unserved or underserved areas as defined by the NTIA.⁷
3. West Virginia has the highest percentage of individuals living in a rural area (90%) in the country.⁸

The Digital Equity Act contains three grant programs:

1. The Digital Equity Planning Grant (\$60 million)
2. The Digital Equity Capacity Grant (\$1.44 billion)
3. The Digital Equity Competitive Grant (\$1.25 billion)

Digital Equity Planning Grant

West Virginia was allocated over \$700,000 to complete a State Digital Equity Plan. Grant funds were used to collect data, coordinate with partners and relevant stakeholders, and draft the plan. After a public comment period, multiple rounds of revisions, and two rounds of curing, the West Virginia Digital Equity Plan was completed and submitted to NTIA on December 14, 2023. **West Virginia’s Plan was approved by NTIA on February 29, 2024—one of the first six states to be granted approval.** WVDED completed the remaining reports and requirements to close out the Digital Equity Planning Grant on April 26, 2024.

Digital Equity Capacity Grant

On March 29, 2024, NTIA released the Notice of Funding Opportunity (NOFO) for the \$1.44 billion Digital Equity Capacity Grant Program. This grant program is for each state and territory to implement its Digital Equity Plan.

The first of three NOFOs under the program has **tentatively allocated over \$9 million to West Virginia to increase adoption of high-speed internet through affordability, digital skills training, and device access programs.** West Virginia's funding allocation was determined by its total population, percentage of covered populations, and lack of broadband availability and adoption compared to other states. The Office of Broadband submitted the application for DE Capacity Grant funding on May 15, 2024.

WVDED received formal approval of its DE Capacity Grant application on November 1, 2024. West Virginia’s period of performance for the DE Capacity Grant began on December 1, 2024.

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

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

⁸ Ibid.

Each state must apply for two additional funding tranches in 2025 and 2026 to receive the full award amount under the DE Capacity Grant program. NTIA expects to release the next funding application in late March 2025. **WVDED estimates allocations of roughly \$3 million in the second and third funding rounds.**

With the official wind-down of the Affordable Connectivity Program (ACP), WVDED will be exploring new methods of ensuring affordability of high-speed internet service, including spreading awareness of existing affordable internet packages and other relevant consumer information.

WVDED will invest funds to support:

1. Digital Equity (DE) Plan Updates and Data Collection
2. Grant Program Development, Implementation and Evaluation
3. Broadband Affordability Awareness.

WVDED will design three grant programs that empower local organizations to serve Covered Populations, as described in both the State's DE Plan and BEAD Initial Proposal Volume II.

Digital Skills and Navigators Program: WVDED is prioritizing implementation of a Digital Skills subgrant program to address a "lack of technical knowledge," as identified in the DE Plan Needs Assessment. This program will leverage experienced West Virginia organizations to provide training and education to members of the Covered Populations on the use of digital tools, accessing online resources, and practicing safe and responsible online behavior.

Local Digital Equity Planning: This grant program will be available to local governments (e.g. municipal, county) to support the development of local Digital Equity plans. Successful plans will include strategies and key activities aligned with the State DE Plan so that subgrantees are prepared to secure implementation funding, such as the DE Competitive Grant Program. The goal of the program is to ensure interest and activity in digital inclusion work at the local level after the end of the Digital Equity Act programs.

Pilot Device Program: WVDED will pilot its Affordable Device Program to provide eligible residents with new, used, or refurbished devices. The program, connected to the digital skills training program, will ensure participants have the technical assistance needed to operate their new devices. This program, targeted for low-income individuals as defined by the "Covered Households" category of the DEA, will be scaled in subsequent years based on best practices learned from the pilot.

DE Plan Updates and Data Collection: WVDED will revise the State's DE Plan, specifically regarding affordability activities, the Local DE Planning Program, and implementation timeline. Additionally, WVDED will continue to collect data and administer surveys to establish more precise baseline figures and subsequent monitoring of Key Performance Indicators (KPIs). WVDED will partner with the National Digital Inclusion Alliance (NDIA), the Digital Equity Research Center (DERC), Merit Network, and seven other states to create a State Evaluation Tool to assist with evaluating both individual projects and overall statewide progress.

Highlights:

- a. The Digital Equity Capacity Grant Program is meant to fund implementation and revision of each state Digital Equity Plan (https://broadbandusa.ntia.doc.gov/funding-programs/Digital_Equity_Capacity_Grant_Program)
- b. NTIA announced the opening of the application period and released the Notice of Funding Opportunity (NOFO) on March 29, 2024. Applications from States were due by May 28, 2024.
- c. West Virginia has tentatively been allocated over \$9 million to carry out the State Digital Equity Plan for the next five years. Two more funding allocations will become available in 2025 and 2026.
- d. The Office of Broadband completed the Capacity Grant application and submitted its application on May 15, 2024. The Program structure features three subgrant programs and data collection activities to annually update the State Digital Equity Plan.
- e. West Virginia was granted formal approval of its DE Capacity Grant Application on November 1, 2024.
- f. On November 1, 2024, the West Virginia Office of Broadband joined NTIA for a press call announcing this approval. Partners from AARP-West Virginia, West Virginia University, and Marshall University also joined this call.
- g. West Virginia's period of performance began on December 1, 2024.
- h. WVDED must apply for two additional funding rounds. The next round of funding is expected to be released in March 2025 and is estimated to be over \$3 million.

Digital Equity Competitive Grant

The Digital Equity Competitive Grant Program will allocate \$1.25 billion to state agencies, local governments, community anchor institutions, nonprofit organizations, local education agencies, workforce development entities, and partnerships to implement digital inclusion projects. **NTIA released the Notice of Funding Opportunity (NOFO) for the DE Competitive Grant Program on July 24, 2024. Applicants had to then submit their applications by September 23, 2024.**

Applicants may request between \$5 million and \$12 million, with smaller or larger awards allowed with sufficient justification. Eligible uses of funding include educational and workforce development activities, constructing public computer labs, providing broadband service at low or no cost, broadband adoption programs, and a wide variety of digital inclusion projects—all of which must focus on serving members of the DEA covered populations.

Among other scoring criteria, **NTIA will place priority on projects that identify and fill a gap in the State Digital Equity Plan.** The program is meant to fill implementation gaps and remove systemic barriers to digital equity across the country.

It was initially announced that the DE Competitive Grant would award \$750 million across U.S. States, territories, and tribal entities. Depending on Congressional approval, an additional \$250 million—allocated for Fiscal Year 2025—may be awarded under this initial round of funding. There will be at least one more round of awards totaling \$250 million for Fiscal Year 2026.

NTIA anticipates granting 150 to 200 awards in total. NTIA anticipates announcing awards on a rolling basis beginning Winter 2024.

In October 2024, NTIA announced that they had received well over 700 applications, amounting to over \$6.5 billion in requested funding. **Also announced was that funding allocated for FY 2025 would be awarded under this first round, increasing the total grant amount from \$750 million to \$1 billion.**

The West Virginia Office of Broadband is strongly encouraging state agencies, local governments, nonprofit organizations, and other eligible entities to consider applying for the next round of the program. The DE Competitive Grant Program is a major opportunity to bring federal funds to West Virginia for education, workforce development, and digital inclusion programs. The Office of Broadband worked to spread awareness and provide assistance to potential applicants during the application window. Upon request, WVDED provided letters of support for three applicants.

The Office of Broadband is aware of at least six organizations that completed and submitted DE Competitive Grant applications for projects in West Virginia. As NTIA announces awards on a rolling basis, the Office of Broadband will coordinate with any West Virginia awardees to ensure successful cooperation.

When more details are available for future rounds of the DE Competitive Grant Program, the Office of Broadband will again encourage potential applicants to apply and provide assistance.

Highlights:

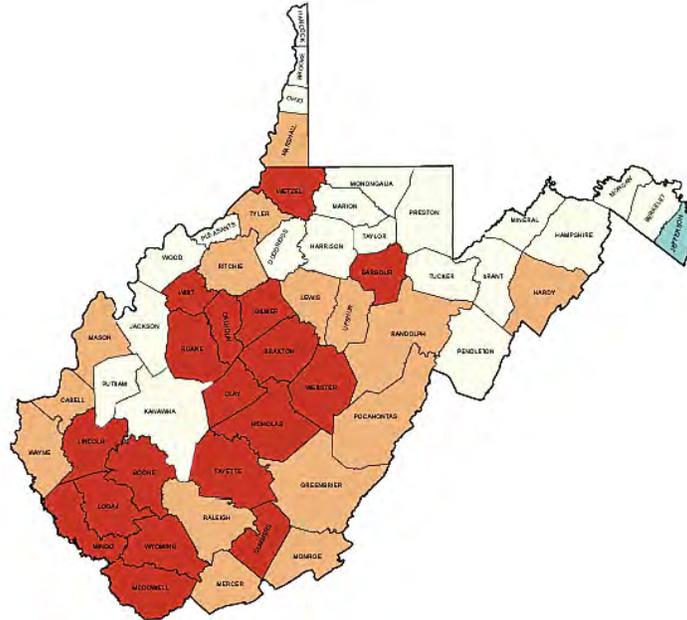
- a. The DE Competitive Grant Program is meant to fund digital inclusion projects from state agencies, nonprofit organizations, community anchor institutions, and partnerships. (https://broadbandusa.ntia.doc.gov/funding-programs/Digital_Equity_Competitive_Grant_Program)
- b. NTIA announced the opening of the application period and released the NOFO on July 24, 2024. Applications from eligible entities were due to NTIA by September 23, 2024.
- c. Awards will be between \$5 to \$12 million. The first round of awards will allocate \$1 billion across the country. A final round of awards, totaling \$250 million, will be awarded in either 2025 or 2026.
- d. NTIA will begin announcing awards on a rolling basis in Winter 2024.
- e. WVDED promoted the DE Competitive Grant Program, monitored potential applicants, and provided assistance wherever possible. WVDED provided letters of support for three applicants.
- f. At least six organizations submitted applications for digital inclusion projects in West Virginia. These include both West Virginia based organizations and national groups.

Connect Humanity - Appalachia Digital Accelerator Project

Connect Humanity, a national nonprofit organization working to assist communities with broadband access and adoption, was awarded a \$6.3 million Appalachian Regional Commission (ARC) ARISE grant in 2023 to assist communities throughout Appalachia. Connect Humanity launched the **Appalachia Digital Accelerator Project**, working with trusted partners in each state to close the digital divide. More information: <https://connecthumanity.fund/appalachia-digital-accelerator/>

In West Virginia, Connect Humanity has partnered with Generation WV, Regional Optical Communications (ROC), and WVDED. Because broadband infrastructure deployment has been largely planned out by WVDED through BEAD program planning and by ROC independently, Connect Humanity's project in West Virginia has focused on digital equity planning.

The core goal of the Appalachia Digital Accelerator Project in West Virginia is to convene stakeholders, gather data, and draft a county-level digital equity plan for each of the state's 18 ARC distressed counties from Fiscal Year 2023. The digital equity plans will assist each county in coordinating digital inclusion activities and assist with applying for upcoming grant opportunities.



Map of West Virginia by ARC economic status (FY 2023). Targeted counties shown in red.

Targeted counties include: Barbour; Boone; Braxton; Calhoun; Clay; Fayette; Gilmer; Lincoln; Logan; McDowell; Mingo; Nicholas; Roane; Summers; Webster; Wetzel; Wirt; Wyoming.

The core planning team, consisting of Generation WV, WVDED, and ROC, has convened county level steering committees in each of the 18 counties. These steering committees include public officials, local educators, community leaders, and more. County steering committees have met monthly, helping guide each county's priorities and potential projects. In June 2024, Generation WV hosted 3 planning workshops across the state. These were held:

- On June 24 at the Progressive Women's Association Uptown Event Center in Clarksburg, WV
- On June 25 at Hawks Nest State Park in Ansted, WV
- On June 26 at the Larry Joe Harless Community Center in Gilbert, WV

The core planning team, as well as visiting staff from Connect Humanity and NDIA, spoke to county steering committee members from across the state about a variety of topics. These included digital equity basics, best practices, upcoming grant opportunities, statewide goals, data collection, and ideal project structure. Local leaders discussed local barriers to broadband adoption, potential digital inclusion projects, funding sources, and partners.

All 18 county-level digital equity plans are currently available here: <https://generationwv.org/digital-equity/>

The county-level digital equity plans review demographic, economic, and infrastructure data for each county. **Using feedback and discussion from county residents, each plan identifies key focus areas and potential solutions to increase high-speed internet access and adoption.**

Officially, the project is completed, as the county plans are complete. Currently, Generation WV and partners are on standby to provide technical assistance to those counties and sub-county organizations planning for digital inclusion projects.

Highlights:

- a. Connect Humanity was awarded a \$6.3 million ARC ARISE grant to assist communities across Appalachia with broadband access and adoption. Through the Appalachia Digital Accelerator Project, Connect Humanity has convened partners in each state to carry out activities.
- b. West Virginia's core planning team under this project consists of Generation WV, WVDED, and ROC, with support from Connect Humanity and NDIA.
- c. The goal of the project is to create a county-level digital equity plan for each of the state's 18 ARC distressed counties from FY 2023. These plans identify county specific barriers to digital equity and propose local goals and activities to address these barriers. These plans will also support each county in applying for grant funding.
- d. Generation WV hosted three planning workshops in June 2024. Staff from Connect Humanity and NDIA visited to speak to local leaders about digital equity best practices from projects across the country.
- e. All 18 county-level plans are completed and available to view.

JOINT COMMITTEE ON GOVERNMENT AND FINANCE

(Speaker Hanshaw)

November 12, 2024

10:00 a.m. – 11:00 a.m.

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

Speaker Hanshaw: "...this meeting of the Joint Committee on Government Finance to order. Chair notes for the record that we are short of quorum. So, we will delay approval of the Minutes of the previous meetings until we have the arrival of a quorum today but we can nevertheless move into our periodic updates. Let's first have our regular update on the general revenue. Mr. Muchow, welcome."

Secretary Muchow: "Thank you and good morning. I'm going to talk about general revenues for October and for the year to date. In October, we collected \$393.6 million, that was 0.7% ahead of last year, but it was \$15 million below estimate. Key items in the...during the month...the severance tax missed estimate by fifteen and a half million dollars and actually shows up as a negative \$5.7 million. The reason why it shows up as a negative number is October is the biggest tax distribution month of the year for

severance tax. We have the quarterly coal severance tax that comes out as normal. We have once a year distributions for oil and gas, local coal bed methane, also the DEP Well Plugging Fund, and the new DEP Inspector Fund...and those distributions totaled 30...about 40...\$45.5 million dollars in distributions. So, actual severance tax collections in the month of October were about \$39.8 million dollars, which we're down 28.7% from last October. So, we did have a little bit of a decrease in severance tax, a little more than we thought we would have and that's the reason why we were below estimate for the month. On the distribution side, for the most part the distributions came in at or below expectations with one exception. The oil and gas was 64% lower than last year, that's because of pricing. Coal severance was...the two coal severance combined were down 26.4% from last year. That's a combination of pricing and also some decline in...in production...but the DEP Well Inspector Fund...not the Well Inspector Fund. The DEP Well Plugging Fund was up 32% which is...was not expected but what went on there is that's...that's (...inaudible...) the filing of annual tax returns by the various taxpayers affected by that special rate and a couple...a couple of taxpayers did not file their '22 returns in time for last year's distribution. So, it was picked up in this year's distribution. So, that meant an increase from...it's about \$6.7 million last year to almost \$8.9 million this year for the...the Well Plugging Fund. The new DEP Inspector Fund, which is also derived off of annual tax returns, first distribution was a little over \$800,000 dollars. So, that kind of...that kind of played a little bit with the...the numbers in...in the month of October.

I'll go through a couple of the major components. The sales tax was below estimate by \$2.1 million and a little bit below last year. Of course, October is also a local distribution

month for...for local sales tax and the local sales tax distribution for municipalities turned in to be over \$38 million dollars, which is 3% higher than last year. We also have a wine liquor sales tax that was up one and a half percent from last year. When you had all of those together the overall collections were actually positive for the month, but more money went out to...to local governments and the state got to keep a little less. For the year to date on sales tax we've collected \$549 million, which is just slightly below estimate, but 1.7% ahead of last year. I will note that the...the objective for the year is only 1.3%. So, we're still very much on target for the year and once we get past these quarterly distribution months, the other months should be pretty good. Personal income tax collections were a little bit weak in October, one hundred sixty-eight and a half million, that was 11% below last year, and \$16.4 million below estimate. Year to date, we've collected close to \$702 million dollars, which is thirty-three and a half million below estimate, 11.9% below last year and the reason why we were below last year...last year in the...in the first half of the year, we collected a significant amount of additional income tax payments associated with Senate Bill 151, which was made retroactive. So, if you're a pass-through entity, you elected...and it was elective...you elected to pay tax on behalf of your owners and you had to pay a whole year of tax that your owners already paid. So, it was a double payment, and that double payment was ultimately refunded back to the owners in terms of tax refunds, mostly in the February March period of last fiscal year. So, we will not have that repeat this year. In February and March this year there will not be those...all those additional refunds associated with the salt money. So, that...that kept the personal income tax revenues a little bit elevated last year. It's no longer elevated as much this year. Withholding tax was a little bit weak in...in the month of October, but that

may be timing related. Overall, the wage and salary income is still very positive. The last available quarter had a 6% increase in wage earnings for the state of West Virginia. Those numbers probably are trending down a little bit as inflation is lower than it has been but still positive on...on that side and that should still lead to some pretty good withholding tax collections going forward. Did mention the severance tax because of the unusual size of the local tax distributions. Year to date on severance tax, even though we we're \$19.3 million below estimate, we're 95.8% ahead of last year. Overall severance taxes when you include all the distributions, the total year to date is \$147.7 million, that's \$13.3 million below estimate, and 8.9% below last year. The economic trends would suggest that natural gas prices are starting to trend a little higher, but it has not yet been reflected in the tax receipts. The natural gas tax receipts are still on the decline. Sometimes there's a bit of a lag there between when those prices hit and when the tax hits but we...we would expect a little bit of a leveling off or enhancement of natural gas going forward. I noted yesterday that a number...at least a couple major drillers...have stopped drilling wells in the hope that prices would increase and as a result, natural gas production in both Pennsylvania and Ohio are a little bit lower this year than they were last year. In West Virginia, production is still up but...but it's up by about 7% where in recent past years we've had double digit increases. We had a good month in corporate income tax collections for October, \$27.4 million and that is \$15 million ahead of estimate, 4% ahead of last year. Year to date, we're now \$10.9 million above estimate on corporate income tax. Still down from last year by twenty-nine four, we were...expected the numbers would be down a little bit from last year. Insurance tax doing well \$27.3 million in the month of October, that was \$700,000 above estimate, 4.2% ahead of last year and year to date

\$4.7 million above estimate, 10.7% ahead of last year. So, pretty strong numbers on the insurance premium tax side. Interest income continues to do well even though interest rates are starting to fall. We were \$6.3 million above estimate in October and for the year to date we're thirty point...almost \$30.3 million above estimate and 7.8% ahead of last year. That would pretty much wrap up...overall \$1.7 billion, that's ninety...over ninety-nine, almost ninety-nine and half percent of the estimate for the year, down 6% from last year. The target for the year is down 7.8, so we're above the target on terms of decline rate for the year and I'll also say that we...we track revenues on a daily basis and for whatever it's worth as of Friday...Friday, November 8th...we're now for the year about three and a half million above estimate. So, it...it is...we're right, we're right in the neighborhood of where we're supposed to be for...for the year.

I'll mention State Road real quickly and I'm only going to mention year to date because the monthly numbers are much more dependent upon calendar type, calendar type events and timing. For the year to date the State Road Fund overall for...for the state sources we've collected \$342.2 million, that's two and a half million below estimate. We're below last year by about \$172 million but that's because last year the legislature appropriated \$150 million dollars of general revenue for the State Road Fund. You take that away, we're pretty...pretty neutral. Individual components, the motor fuel tax is \$5.3 million above estimate for the year to date, down 9.4% from last year but last year's tax rate was higher than this year's tax rate, so that plays into that equation. Registration fees are up 13.6% this year, they are below estimate by about \$4.3 million. Motor vehicle sales tax doing quite well, up 7.1% year to date, ten and a half million above estimate, so consumers are still buying motor vehicles and...the federal reimbursement component

which is separate, we've collected 308.3 million for the year to date. That's actually below the estimate that was set by...by the Department of Transportation, but it is 9.6% ahead of last year. So, overall, the Road Fund is fairly stable and with that I'll open up to any questions you might have.”

Speaker Hanshaw: “Very good. Thank you very much. Delegate Howell.”

Delegate Howell: “Thank you, Mr. Speaker. Mark, thanks for being here. With the results of the election last week, we...I kind of expect energy production to increase in the United States and of course we're an energy producing state which will probably depress prices as supply increases. Have you begun to look at that to see how...if we're going need to adjust our estimates on what our severance tax and stuff will be?”

Secretary Muchow: “We...when we do next year's estimates we'll rely on the November forecast, November forecast for Energy Information Administration...and the other vendors we rely upon...has not come out yet. So, that'll...we wait as long as we can when we do that forecast—”

Delegate Howell: “Right.”

Secretary Muchow: “—because things do change very rapidly. It's going to depend upon markets and uses of...of the energy. If...as long as there is expanding markets, definitely there is increased demand for exports in that product, we'd like to see a little bit more production or a little more uses here locally. If that that develops more uses in West Virginia, that would be great but...but certainly it's...it's a two-sided equation. So, as long as the economy is growing well there will be increased demand for product which will help to offset increases, but the industry itself is not going to increase

production if they're not making money. So, it's going to have to make money in the process. So, that's got to be part of the equation.”

Delegate Howell: “Okay. Thank you.”

Speaker Hanshaw: “Other questions for Mr. Muchow? Okay, if not, Mark thank you very much.”

Secretary Muchow: “Thank you.”

Speaker Hanshaw: “Yeah, we do. We'll come back and take our...our minutes in just a moment. We have Secretary Wriston available. Let's talk about the Road Fund for just a moment. Questions about the Road Fund? Mr. Secretary, welcome. Please come up.”

Secretary Wriston: “Thank you, Mr. Chair.”

Speaker Hanshaw: “Jump right into that.”

Secretary Wriston: “Alrighty, Mark...Mark actually did a very good job in giving you the brief highlights. The...the Road Fund is absolutely stable. We're probably in as good a shape as we've ever been as far as the Road Fund due to the practices that we put in place over the last five years or so. The...I would like to point out and take...take part of my time here to point out the unique nature of transportation funding. The Road Fund is the Special Revenue Fund, not the General Revenue Fund, and those numbers are captured separately from, you know, as Mark...Mark reported, it...it...the revenue themselves are fairly flat. Fairly flat and have been for years and years. One of the big issues with...is the variable part of the tax that's adjusted every January and that that can

make a swing in the Road Fund between twelve and \$20 million dollars on any given year. So, the...the Road Fund, when we submit our budget to the legislature, we...we are not asking for you to appropriate dollars. We are asking you to appropriate the authority to spend those dollars as that revenue comes into the Road Fund. So, we got...we do not have the ability to overspend that Road Fund, but we take that...that Road Fund and we break it into different categories internally for all the aspects and all...all the operations that we do. We do that with two big, big categories. One we look at fixed cost, and secondly, we look at project cost, the variable cost if you will and we...the fixed costs are fixed costs. That...that's exactly what...that's the cost of doing business, the cost of keeping the lights on, the cost of buying fuel, the cost of paying payroll, and those...those type of things.

Now our federal aid program is very, very different than the State Road Fund. The State Road Fund is managed on an expenditure basis between and...at the state fiscal year. The federal aid program is managed on an obligation basis. That...those spending obligations and those...authority to obligate those funds is typically over a three-year period and those funds have to be obligated. West Virginia is in a unique position among most of the states in that we have never in our history ever not obligated funds. As a matter of fact, we...we over obligate from time to time, particularly since the mess that federal government has made with the August redistribution process and dumping the massive amounts of discretionary funds into the federal funding program. That massive amount and then making the...the rules for that federal...federal delivery system so complex and so complicated and so...take so much time that across this country, we really failed miserably in delivering the discretionary part of our federal aid. West Virginia

has been a leader in doing that. We...we've captured every federal dollar we can. We...but projects have been delayed simply because it's taking 12 to 18 months to get the grant agreements necessary in order to start expending that money. We can't even front the projects with state dollars while we're waiting on that...on that agreement because that would make that project ineligible for federal reimbursement.

Second thing I would tell you on the federal aid program is a few years ago, Deputy Secretary Muchow and I used to have conversations almost every time I saw him and he...he would tell me I needed to get the federal aid reimbursement levels up, get them up, get them up. So, I started looking into that. I went back to the...to the federal registry and looked at the CFR's and realized that we were taking...we were getting reimbursements every 14 days, and the CFR says that they're obligated to reimburse us every 24 hours if we ask...within 24 hours. So, actually getting the dollars in our hand quicker made it...made a big difference in keeping our reimbursements level up. We've had record reimbursements over the last two years and that's continuing. We're on pace to break that record again this year. So, the federal, not just the level...but the level of reimbursements that we get...and that is how we utilize our federal aid. We front those dollars with our state dollars and then we apply...we, we invoice the federal government, and they return those dollars to us. That's captured in our budget.

Some of the difficult part...it's a...it's basically a juggling act between the two systems. Some of the difficult part is the difference in the two federal...in the two fiscal...years. The state rules are very very different. I cannot carry spending authority over from one fiscal year to another. Most agencies have...have reappropriation language in their budgets to where when they get to June 30th, those...that spending authority

that's not...not used or any spending authority that...that we may be coming up on...on short, that would carry over into the next year. You could borrow that from that one but that doesn't that doesn't occur in...in us. Once...once that spending authority ends on June 30th, it's over. It's like you've closed that book and you're moving forward with the next fiscal year's book. So, the idea of running the Department of Transportation like a business is...literally what you're asking me to do is to bankrupt the business every...every June 30th. So, that makes it very difficult. It also makes it very difficult where I cannot move funding from one line item to another and...and we we've had these discussions with...with, with the legislative body and it...it makes it very difficult at the end of a fiscal year when you have spending authority in one place and needing it in another and not being able to quickly move that to take care of the needs on the ground there. It's not asking for additional funding in any way. The funding is flat as I told you earlier, the funding is what it is. The funding is generated from the DMV fees. It is what it is.

Additional funding, the only way to access additional funding for the State Road Fund would be to ask the legislature for general revenue funds or a different...a different funding source altogether. It's very important for us to be able to do that and going through the election cycle...as Delegate Howell just mentioned, the events of last Tuesday...many times you, you run into these election cycles and priorities come up to the top because citizens become heightened to the needs that they have. So, they reach out to our legislators, and they point out those needs. The flexibility for me to be able to have that, moving that...those, the spending authority between those buckets would make...make a big difference in delivering on those needs, particularly at the end of a fiscal year. The federal aid program in general, as I told you before, we have had record reimbursements.

Typically, over the last 10 years that would have...or, prior to the last five years, the 10 years before that, we would have averaged about 350 to 381 in federal reimbursements. We're...we're up around 900 million today and that...that keeps climbing with our success in capturing some of those discretionary funds. Very difficult to manage a federal aid discretionary fund stream over a two-year period just waiting on those agreements. We too think we will get some relief in Washington going forward. So, I'd be happy to take any questions."

Speaker Hanshaw: "Very good. Thank you, Mr. Secretary. Questions on the Road Fund? Yep, Senator Nelson."

Senator Nelson: "Yes. Thank you, Mr. Chair. Thank you, Mr. Secretary. Not so much on the Road Fund, but how are payables these days?"

Secretary Wriston: "We...we implemented a new system July 1st and we...we did have some...some bit of a backlog. We...we've been working with the Auditors Office over the last year to try to streamline some of these processes. The...the big issue though appeared to be human error. The word...now the ADO document needs to be loaded in front of any invoices processed and I think we've...we, we put on a big training blitz recently and we've...we've taken care of that. We're, we're...we, we have a backlog of less than 1%. So, we're...we're getting the bills paid. Most of...most of our...some of our issues were...were with the ADA and switching that system.

We do continue to have the...the same issue that we've always had. The folks sending us the invoices have difficulty giving us an invoice that the auditor can actually pay. One example would be for pothole patching. In that...in that statewide contract,

the...the piece of equipment we use to mill out a pothole would be known as a front-end loader and that's the language in the contract. When they invoice, they would invoice for a skid steer. So, to the auditors, it looks like that's two different pieces of equipment and they're billing for something that we don't have a contract for. So, that gets kicked back. If that...doesn't sound like a big deal, but if you realize the number of potholes that we patched and the number, you know, the number of those...those invoices that we do. It's staggering how many times that single issue literally comes up, and it can...it can cause a 6–7-week delay in getting a...in getting an invoice processed simply because the piece of equipment in the line item was mentioned in the description as being different. So, that that happens.

We are working with the Auditors Office very carefully to try to streamline and work out some of these details, but there's there's...there's literally tens and maybe even hundreds of those type of issues that come up. You...you've all heard the stories about the comma being in a company's name or not being there and...and sometimes that kicks it out. It...it's, it's more the approach that we've that we've come to realize with the...while working with the auditors, we have to get, we have to be more diligent on the front end and we have to look for these things before they occur and try to be proactive in getting the documents right up front and that's the way the new system works as well...to get the ADO document in...in first, get it perfect...then when the invoices come in, they'll flow much, much better.”

Senator Nelson: “Where do you think you are on that process right now—”

Secretary Wriston: “I think we’re—”

Senator Nelson: “—on a 1-10 scale?”

Secretary Wriston: “I think we're 7 1/2 maybe. Probably by the end of the year we'll be at 9.”

Senator Nelson: “Maybe if it's okay for our next meeting to provide this group a listing of your payables, or at least the timing of them just to...”

Secretary Wriston: “Absolutely. The one point I would make too is the number of invoices. There was a time when we would process seven or eight thousand invoices a month. Now we're processing tens of thousands of invoices a month and that's due to the...to all the work that you see out there on the roadways.”

Senator Nelson: “All is good out there—”

Secretary Wriston: “All is good out there.”

Senator Nelson: “—especially in District 17. So, thank you very much.”

Speaker Hanshaw: “Okay, other questions about the Road Fund? Okay, if not, Mr. Secretary, thank you very much.”

Secretary Wriston: “Certainly.”

Speaker Hanshaw: “All right, let's talk about workers compensation and black lung. Miss Kiss, welcome back.”

Melinda A. Kiss: “Thank you, Mr. Speaker. We thank the Committee for the opportunity to make this presentation on the status of the Coal Workers Pneumoconiosis Fund. The presentation was requested because it was observed with our interim reports that we submit to this committee every month that both the number of claims and the

related reserves on those claims has increased since privatization, instead of...or remain flat, which is unusual for a runoff fund. So, the inquiry was made to try to explain why this is occurring and has been occurring.

Just some background information. Historically, the Coal Workers Pneumoconiosis Fund has never been insolvent. It remains solvent today with a net asset balance of \$38.8 million dollars at the end of fiscal year 2024 and as having a positive net asset balance implies, the CWP fund is currently predicted to have adequate resources to cover its actuarially determined liabilities, and the OIC is not seeking additional funding for the CWP fund. As noted in our presentation, the CWP fund is administered by the Federal Department of Labor in accordance with federal law and the DOL rules. The rules that govern federal black lung filings, eligibility, evidentiary proceedings, are vastly different than from the state workers compensation claims. The OIC does engage experienced professional third-party administrators and specialized legal counsel to appropriately address the claims management and any litigation that arises in Coal Workers Pneumoconiosis claims. We have sometimes been asked when we can expect the CWP claims to be fully paid out and based on...it's important to realize that federal black lung claims are very long in duration just by nature...and based on our most recent actuarial report, the majority of the CWP claims will be fully paid out in 2079, which is 55 years from now. So, it'll be a while...and then I believe that the committee has had and hopefully has a copy of the presentation and so I can either entertain any questions on the presentation or if you would prefer, I can go over that, whatever the committee's preference is."

Speaker Hanshaw: "Let's...let's start with questions."

Melinda A. Kiss: "Okay."

Speaker Hanshaw: "Questions from any member of the committee about...about the written materials or where we stand? Yes, Delegate Criss."

Delegate Criss: "Thank you. Mr. Speaker. I...I will be the guilty one that I brought...brought forth the questions earlier and...and she did a very good job yesterday in front of Joint Committee on Finance of explaining why we were here and I want to thank them for that because you're right it is a...it is a runoff, quote unquote, runoff fund and that means it...it is designed to close but we do know that because of delay in black lung recognition that some of these cases were after the deadline in...is it '05?"

Melinda A. Kiss: "Yes, sir."

Delegate Criss: "Yes. So, in '05 these...the cutoff date was...but we know that some of the miners didn't and...Dr. Takubo can address some of this too but it was a delayed process involved in finding out after that and some of the...some of the situations are such now that...that the ability to do the medicine and do whatever needs to be done gets increased as we go...they go...further along. Is that correct?"

Melinda A. Kiss: "Yes, sir."

Delegate Criss: "So, that's where we're at. That's why we saw these increases coming. Is that correct?"

Melinda A. Kiss: "That is correct, sir."

Delegate Criss: "Okay. All right, thank you."

Speaker Hanshaw: “Other questions about the status of black lung? Okay, is there a desire from anybody to go through in any...the presentation in any more detail? Okay. If not, thank you, very much.

I'll note for the benefit of all the committee, we do have other reports that were requested by members of the committee that have been provided by our staff and the agencies in our packets for this month, including the Board of Treasury Report that is available for inspection. That concludes our reports for today. We do have one item of other business and that's approval of our interim dates for January and February of 2025. The proposed dates are January 5, 6, & 7 and February 9, 10 & 11. So, these do coincide with the Sunday, Monday, Tuesday in the lead up to the January opening day and February opening day. So, if there is no...are there questions about those proposed dates? Okay, if not, Chair will look to the President for a motion for approval of the dates.”

President Blair: “Mr. Speaker, I move that we approve those dates.”

Speaker Hanshaw: “The question is on the gentleman or the President's motion that we approve the dates of January 5, 6, & 7 and February 9, 10 & 11 as interim meetings for January and February of 2025. Is there debate on the motion? Okay if not, those in favor of the motion please say aye, opposed please say no. The ayes have it, that motion is adopted. Do we have any other business to come before today's meeting? Oh, yes, we do...or we did...yeah, we do now have a quorum present. In your packets are the meeting minutes from our August 25th meeting and September 9th meeting of the committee. At this time the Chair will look to the President for a motion for approval of those drafts as presented.”

President Blair: “I move the minutes from August 25th, 2024, and September 9th, 2024, meeting of the Joint Committee of Government Finance, as contained in the members packets be approved.”

Speaker Hanshaw: “Very good. The question is on the President's motion that we approve as distributed the draft minutes of the August 25th, 2024, and September 9th, 2024, meeting of the committee. Is there debate or discussion on the motion? Okay, if not, those in favor of adoption the motion, please say aye, opposed, please say no. The ayes have it, we are...the motion is adopted. Do we have other business now? Okay if not, Mr. President?”

President Blair: “I move we adjourn.”

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

WEST VIRGINIA LEGISLATURE

Office of the Legislative Auditor



*Budget Division
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Charleston, WV 25301*

304-347-4870

December 03, 2024

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

- West Virginia Lottery as of October 31, 2024
Gross profit as of October 31, 2024, was \$192.7 million. Gross profit as of October 31, 2023, was \$197.8 million.
- West Virginia Unemployment Compensation Fund as of October 31, 2024
Total disbursements were \$16.8 million higher than in fiscal year 2024. Overall ending trust fund balance was \$5.1 million higher on October 31, 2024, than on October 31, 2023.
- General Revenue Fund as of November 30, 2024
The general revenue collections ended the fifth month of fiscal year 2025 at 100% of the estimate for the year. Total collections were \$5.0 million above the estimate for the fiscal year.
- State Road Fund as of November 30, 2024
The road revenue collections ended the fifth month of fiscal year 2025 at 94% of the estimate for the year. Total collections were \$24.4 million below the estimate for the fiscal year.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



*Budget Division
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Charleston, WV 25305-0590*

MEMORANDUM

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

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

Date: November 26, 2024

Re: Review of West Virginia Lottery Financial Information
As of October 31, 2024

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for October 31, 2024, 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 \$420 million for July-October of fiscal year 2024-2025. Table games accounted for \$10.4 million of this total. Historic Resort Hotel video lottery accounted for \$1.5 million of total gross receipts. Gross lottery revenue has decreased by \$19.3 million or -4.4% when compared with July-October of fiscal year 2023-2024. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July-October was \$192.7 million; for July-October of last fiscal year, it was \$197.8 million. Expressed as a percentage, gross profit is -2.6% lower for fiscal year 2025 than for fiscal year 2024.

Lottery continued

Operating Transfers to the State of West Virginia:

A total of \$182,549,000.00 has been accrued to the state of West Virginia for fiscal year 2024-2025. This is on an accrual basis and may not correspond to the actual cash transfers made during the same time period. Amount owed to the different accounts according to the Lottery Act are calculated monthly and accrued to the state; actual cash transfers are often made based upon actual cash flow needs of the day-to-day operation of the lottery.

A schedule of cash transfers follows:

State Lottery Fund

Bureau of Senior Services	\$63,425,000.00
Community and Technical College	\$1,997,000.00
Department of Education	\$10,276,000.00
Library Commission	\$8,019,000.00
Higher Education-Policy Commission	\$5,246,000.00
Tourism	\$4,934,000.00
Department of Natural Resources	\$2,718,000.00
Division of Culture and History	\$2,990,000.00
General Revenue Fund	\$000.00
Economic Development Authority	\$3,999,000.00
School Building Authority	\$7,200,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$110,804,000.00

Lottery continued

Excess Lottery Fund

Economic Development Fund	\$8,407,000.00
Higher Education Improvement Fund	\$6,000,000.00
Economic Development Authority	\$1,756,000.00
General Purpose Fund	\$18,793,000.00
Higher Education Improvement Fund	\$8,384,000.00
State Park Improvement Fund	\$435,000.00
School Building Authority	\$7,056,000.00
Refundable Credit	\$412,000.00
WV Racing Commission	\$1,379,000.00
WV DHHR	\$000.00
Teacher's Retirement Savings	\$000.00
Division of Human Services	\$17,000,000.00
WV Lottery Statutory Transfers	\$17,642,000.00
Economic Development Authority	\$000.00
General Revenue Fund	\$000.00
Office of Technology	\$000.00
Excess Lottery Surplus	\$000.00
WV Infrastructure Council Fund	\$13,966,000.00
Total State Excess Lottery Revenue Fund	\$101,230,000.00

Total Budgetary Distributions:	\$212,034,000.00
Veterans Instant Ticket Fund	\$155,000.00
Pension Plan	\$00.00
TOTAL TRANSFERS	*\$212,189,000.00

Lottery continued

* CASH BASIS

Total Accrued last FY 2023:	\$190,015,000.00
Total Cash Distributions FY 2024:	\$212,189,000.00
Applied to FY 2024:	\$190,015,000.00
Applied to FY 2025:	\$22,174,000.00
Accrued for FY 2025 as of October 31:	\$160,375,000.00



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 that reads "John A. Myers".

RE: Monthly Report on Lottery Operations
Month Ending October 31, 2024

DATE: November 18, 2024

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, 2024 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, sports wagering, and interactive gaming was \$105,428,161 for the month of October.

Transfers of lottery revenue totaling \$41,851,375 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, 2024 was 1,505 and 1,168 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
Larry Pack, 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, 2024

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

ASSETS	October 31, 2024	June 30, 2024
Current Assets:		
Cash and cash equivalents	\$ 199,778	\$ 227,763
Accounts receivable	33,666	38,583
Inventory	1,417	1,330
Other assets	215	213
Total Current Assets	<u>235,076</u>	<u>267,889</u>
Capital assets	65,165	63,915
Less accumulated depreciation and amortization	<u>(23,970)</u>	<u>(23,544)</u>
Net Capital Assets	<u>41,195</u>	<u>40,371</u>
Net Pension Asset	24	24
Net OPEB Asset	<u>204</u>	<u>204</u>
Total Noncurrent Assets	<u>41,423</u>	<u>40,599</u>
Total Assets	<u>\$ 276,499</u>	<u>\$ 308,488</u>
Deferred outflows of resources	<u>\$ 1,471</u>	<u>\$ 1,471</u>
Total assets and deferred outflows	<u>\$ 277,970</u>	<u>\$ 309,959</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 160,375	\$ 190,015
Estimated prize claims	20,326	19,293
Accounts payable	3,612	5,104
Other accrued liabilities	<u>31,755</u>	<u>33,645</u>
Total Current Liabilities	216,068	248,057
Deferred inflows	<u>\$ 370</u>	<u>370</u>
Net Position:		
Net Investment in capital assets	41,195	40,371
Unrestricted	<u>20,337</u>	<u>21,161</u>
Total Net Position	<u>61,532</u>	<u>61,532</u>
Total net position, liabilities, and deferred inflows	<u>\$ 277,970</u>	<u>\$ 309,959</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, 2024
(In Thousands)
-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	FY 2025	FY 2024	FY 2025	FY 2024
Lottery revenues				
On-line games	\$ 5,661	\$ 9,932	\$ 22,906	\$ 39,920
Instant games	14,649	14,230	53,575	55,571
E Instants	15	-	15	-
Racetrack video lottery	38,926	36,794	159,452	161,117
Limited video lottery	39,388	39,365	157,176	159,929
Table games	2,449	2,590	10,391	10,940
Historic resort	300	600	1,493	2,475
Sports Wagering	455	621	1,916	1,586
Interactive Wagering	3,585	2,202	12,847	7,559
	<u>105,428</u>	<u>106,334</u>	<u>419,771</u>	<u>439,097</u>
Less commissions				
On-line games	396	697	1,604	2,786
Instant games	1,025	996	3,750	3,890
Racetrack video lottery	21,356	20,187	87,482	88,396
Limited video lottery	19,300	19,289	77,016	78,365
Table games	1,042	1,103	4,425	4,661
Historic resort	156	330	748	1,231
	<u>43,275</u>	<u>42,602</u>	<u>175,025</u>	<u>179,329</u>
Less on-line prizes	2,851	4,675	11,541	19,274
Less instant prizes	10,052	9,736	36,753	38,009
Less e instant prizes	12	-	12	-
Less ticket costs	165	190	614	714
Less vendor fees and costs	759	923	3,139	3,947
	<u>13,839</u>	<u>15,524</u>	<u>52,059</u>	<u>61,944</u>
Gross profit	<u>48,314</u>	<u>48,208</u>	<u>192,687</u>	<u>197,824</u>
Administrative expenses				
Advertising and promotions	826	550	2,701	1,847
Wages and related benefits	1,116	1,004	4,118	4,105
Telecommunications	64	50	271	143
Contractual and professional	1,139	974	4,538	3,521
Rental	29	14	74	98
Depreciation and amortization	144	141	567	565
Other administrative expenses	346	(118)	618	978
	<u>3,664</u>	<u>2,615</u>	<u>12,887</u>	<u>11,257</u>
Other Operating Income	<u>400</u>	<u>275</u>	<u>2,407</u>	<u>2,528</u>
Operating Income	<u>45,050</u>	<u>45,868</u>	<u>182,207</u>	<u>189,095</u>
Nonoperating income (expense)				
Investment income	781	1,120	3,580	4,701
Distributions to municipalities and counties	(772)	(771)	(3,081)	(3,135)
Distributions -capital reinvestment	(41)	(41)	(157)	(141)
Distributions to the State of West Virginia	(45,018)	(46,176)	(182,549)	(190,520)
	<u>(45,050)</u>	<u>(45,868)</u>	<u>(182,207)</u>	<u>(189,095)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	<u>61,532</u>	<u>61,430</u>	<u>61,532</u>	<u>61,430</u>
Net position, end of period	<u>\$ 61,532</u>	<u>\$ 61,430</u>	<u>\$ 61,532</u>	<u>\$ 61,430</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE FOUR MONTH PERIOD ENDED OCTOBER 31, 2023

(In Thousands)

-Unaudited-

	2025	2024
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 427,095	\$ 437,058
Cash payments for:		
Personnel costs	(4,118)	(4,105)
Suppliers	(8,085)	(7,402)
Other operating costs	<u>(223,356)</u>	<u>(238,220)</u>
Cash provided by operating activities	<u>191,536</u>	<u>187,331</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(212,189)	(217,208)
Distributions to municipalities and counties	(3,100)	(3,155)
Distributions to racetrack from racetrack cap. reinv. fund	<u>(6,420)</u>	<u>(6,152)</u>
Cash used in noncapital financing activities	<u>(221,709)</u>	<u>(226,515)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(1,392)</u>	<u>(279)</u>
Cash flows from investing activities:		
Investment earnings received	<u>3,580</u>	<u>4,701</u>
Increase (decrease) in cash and cash equivalents	(27,985)	(34,762)
Cash and cash equivalents - beginning of period	<u>227,763</u>	<u>288,680</u>
Cash and cash equivalents - end of period	<u>\$ 199,778</u>	<u>\$ 253,918</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 182,207	\$ 189,095
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	568	565
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	4,917	(4,567)
(Increase) decrease in inventory	(87)	(45)
(Increase) decrease in other assets	(2)	1,197
Increase (decrease) in estimated prize claims	1,033	561
Increase (decrease) in accounts payable	(1,492)	(1,642)
Increase (decrease) in other accrued liabilities	<u>4,392</u>	<u>2,167</u>
Cash provided by operating activities	<u>\$ 191,536</u>	<u>\$ 187,331</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 \$887,847 and \$807,352 at June 30, 2024 and 2023, 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, 2024 the carrying amounts of deposits (overdraft) with financial institutions were \$494 thousand with a bank balance (overdraft) of \$519 thousand. Of this balance \$250 thousand was covered by federal depository insurance with the remaining balance collateralized with securities held by the State of West Virginia's agent in the State's name.

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

	<u>October 31, 2024</u>	<u>June 30, 2024</u>
Deposits with financial institutions	\$ 494	\$ 491
Cash on hand at the Treasurer's Office	9,302	4,236
Investments with BTI reported as cash equivalents	<u>189,982</u>	<u>223,036</u>
	<u>\$ 199,778</u>	<u>\$ 227,763</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 4 – CAPITAL ASSETS

A summary of capital asset activity for the month ended October 31, 2024 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2024	Additions	Deletions	Historical Cost At October 31, 2024
Construction in Progress	2,812	1,250	-	4,062
Buildings	48,243	-	-	48,243
Land	1,681	-	-	1,681
Equipment	11,180	141	-	11,321
	<u>\$ 63,916</u>	<u>\$ 1,391</u>	<u>\$ -</u>	<u>\$ 65,307</u>

Accumulated Depreciation:

	Historical Cost At June 30, 2024	Additions	Deletions	Historical Cost At October 31, 2024
Buildings	\$ 13,865	\$ 409	\$ -	\$ 14,274
Equipment	9,679	157	-	9,836
	<u>\$ 23,544</u>	<u>\$ 566</u>	<u>\$ -</u>	<u>\$ 24,110</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, 2024 and fiscal year-to-date is as follows:

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 2,165,124	\$ 7,633,594
Lotto America	539,556	1,998,014
Mega Millions	1,025,879	5,752,537
Total	\$ 3,730,559	\$ 15,384,145

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,086,825	\$ 3,832,019
Lotto America	269,760	998,990
Mega Millions	517,699	2,883,118
Total	\$ 1,874,284	\$ 7,714,127

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

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

At October 31, 2024, 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	\$ 127,140,672	\$ 1,137,959
Lotto America	9,988,434	735,824
Mega Millions	94,581,854	696,371
Total	<u>\$ 231,710,960</u>	<u>\$ 2,570,154</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

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

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of \$23,197,039 at October 31, 2024, of which the Lottery's share was \$215,470.

NOTE 6 - RACETRACK VIDEO LOTTERY

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

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

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

A summary of racetrack video lottery revenues for the month ended October 31, 2024 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2025	2024	2025	2024
Total credits played	\$ 463,493	\$ 437,461	\$ 1,917,732	\$ 1,895,633
Credits (prizes) won	(416,517)	(393,680)	(1,725,805)	(1,705,019)
Promotional credits played	(8,050)	(6,987)	(32,476)	(29,497)
Gross terminal income	38,926	36,794	159,451	161,117
Administrative costs	(1,557)	(1,471)	(6,378)	(6,445)
Net Terminal Income	37,369	35,323	153,073	154,672
Less distribution to agents	(21,356)	(20,187)	(87,482)	(88,396)
Racetrack video lottery revenues	<u>\$ 16,013</u>	<u>\$ 15,136</u>	<u>\$ 65,591</u>	<u>\$ 66,276</u>

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

	Current Month	Year-to-Date
State Lottery Fund	\$ 11,211	\$ 45,922
State Excess Lottery Revenue Fund	4,802	19,669
Capital Reinvestment Fund	-	-
Total nonoperating distributions	<u>\$ 16,013</u>	<u>\$ 65,591</u>

NOTE 7 - LIMITED VIDEO LOTTERY

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

**WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-**

NOTE 7 - LIMITED VIDEO LOTTERY (continued)

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

A summary of limited video lottery revenues for the month ended October 31, 2024 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2025	2024	2025	2024
Total credits played	\$ 532,774	\$ 531,401	\$ 2,112,213	\$ 2,133,129
Credits (prizes) won	(493,386)	(492,036)	(1,955,037)	(1,973,200)
Gross terminal income	\$ 39,388	\$ 39,365	\$ 157,176	\$ 159,929
Administrative costs	(788)	(787)	(3,144)	(3,199)
Gross Profit	38,600	38,578	154,032	156,730
Commissions	(19,300)	(19,289)	(77,016)	(78,365)
Municipalities and Counties	(772)	(771)	(3,080)	(3,135)
Limited video lottery revenues	\$ 18,528	\$ 18,518	\$ 73,936	\$ 75,230

NOTE 8 – TABLE GAMES

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 8 – TABLE GAMES (continued)

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

The cash transferred to the State Excess Lottery Revenue Fund in the current month is included in Note 12- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended October 31, 2024 were \$6,996,327 and \$29,688,052, 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	
	2025	2024	2025	2024
Table Games Privilege Tax	\$ 2,449	\$ 2,590	\$ 10,391	\$ 10,940
Interest on Table Games Fund	19	25	93	106
Administrative costs	(210)	(222)	(891)	(938)
Total Available for Distribution	<u>2,258</u>	<u>2,393</u>	<u>9,593</u>	<u>10,108</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	157	166	668	703
Thoroughbred & Greyhound Development Funds	126	133	534	563
Racing Association Pension Plan	62	66	265	279
Municipalities/ Counties	697	738	2,958	3,116
Total Distributions	<u>1,042</u>	<u>1,103</u>	<u>4,425</u>	<u>4,661</u>
Excess Lottery Fund	<u>\$ 1,216</u>	<u>\$ 1,290</u>	<u>\$ 5,168</u>	<u>\$ 5,447</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL

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

Historic Resort Video Lottery

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

A summary of historic resort hotel video lottery revenues for the month ended October 31, 2024 and fiscal year-to-date follows (in thousands):

	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Total credits played	\$ 3,217	\$ 4,222	\$ 14,513	\$ 20,197
Credits (prizes) won	(2,952)	(3,687)	(13,335)	(18,259)
Promotional credits played	(54)	(70)	(205)	(343)
Gross terminal income	211	465	973	1,595
Capital reinvestment	(10)	(22)	(46)	(75)
Excess Lottery Fund	(2)	(4)	(9)	(14)
Administrative costs	(11)	(25)	(53)	(86)
Hotel commissions	(89)	(197)	(412)	(675)
Net terminal income	99	217	453	745
Historic Resort Hotel Fund	63	138	288	474
Human Resource Benefit Fund	36	79	165	271

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL (continued)

Historic Resort Table Games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the month and year ended October 31, 2024 were \$254,876 and \$1,485,931 respectively.

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

	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Table games privilege tax	\$ 89	\$ 135	\$ 520	\$ 880
Administrative Costs	<u>(11)</u>	<u>(17)</u>	<u>(67)</u>	<u>(113)</u>
Total Available for Distribution	78	118	453	767
Historic Resort Hotel Fund	65	99	379	642
Human Resource Benefit Fund	13	19	74	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;
- 5) 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; 20+19+
- 6) +74
- 7) 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;
- 8) Two and one-half percent (2.5%) is divided and paid in equal shares, to each municipality in the state not already receiving a distribution as described in item five (5) or item six (6) above.

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

	<u>Current Month</u>	<u>Year-to-Date</u>
Historic Resort Hotel Video Lottery	\$ 63	\$ 288
Historic Resort Table Games	65	379
Interest on Historic Resort Hotel Fund	4	20
Historic Resort Hotel Fund Net Income	<u>132</u>	<u>687</u>
Municipalities/ Counties	19	95
Excess Lottery Fund	113	592
Total Distributions	<u>\$ 132</u>	<u>\$ 687</u>

**WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-**

NOTE 10– SPORTS WAGERING

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

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

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

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

The Sports Wagering adjusted gross wagering receipts for the month and year-to-date periods ended October 31, 2024 were \$4,552,885 and \$19,160,615, 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	
	2025	2024	2025	2024
Sports Wagering Privilege Tax	\$ 455	\$ 621	\$ 1,916	\$ 1,586
Interest on Sports Waging Fund	7	-	26	
Administrative Costs	(68)	(93)	(287)	(238)
Total Available for Distribution	394	528	1,655	1,348

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 11– INTERACTIVE WAGERING

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

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

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

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

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

The Interactive Wagering adjusted gross interactive gaming receipts for the month and year-to-date periods ended October 31, 2024 were \$23,898,060 and \$85,643,649 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	
	2025	2024	2025	2024
Interactive Wagering Privilege Tax	\$ 3,585	\$ 2,202	\$ 12,846	\$ 7,559
Interest on Interactive Wagering Fund	47	46	190	184
Administrative Costs	(538)	(330)	(1,927)	1,134
Total Available for Distribution	<u>3,094</u>	<u>1,918</u>	<u>11,109</u>	<u>8,877</u>

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

	Current Month	Year-to-Date
Pensions	31	111
Lottery Fund	3,063	10,998
Total Distributions	<u>\$ 3,094</u>	<u>\$ 11,109</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 12- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA

The Lottery periodically distributes surplus funds, exclusive of amounts incurred and derived from limited video lottery and a portion of racetrack video lottery funds, to the State of West Virginia in accordance with the legislation. For the year ending June 30, 2025 the State Legislature budgeted \$149,094,042 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 \$6,404,184 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, 2024 the Lottery has accrued additional distributions of \$160,375,198. 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, 2024</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 499	\$ 1,997
Bureau of Senior Services	8,157	63,425
Department of Education	1,796	10,276
Library Commission	1,401	8,019
Higher Education-Policy Commission	917	5,246
Tourism	862	4,934
General Revenue		
Natural Resources	475	2,718
Fire Protection Fund		
Division of Culture & History	522	2,990
Economic Development Authority	1,000	3,999
School Building Authority	1,800	7,200
Total State Lottery Fund	<u>\$ 17,429</u>	<u>\$ 110,804</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 2,102	\$ 8,407
Higher Education Improvement Fund	1,500	6,000
Economic Development Authority	439	1,756
General Purpose Account	5,840	18,793
Higher Education Improvement Fund	2,605	8,384
State Park Improvement Fund	135	435
School Building Authority	1,764	7,056
Refundable Credit	145	412
WV Racing Commission	180	1,379
Division of Human Services		17,000
WV Lottery Statutory Transfers	5,482	17,642
General Revenue Fund		
West Va. Infrastructure Council	4,194	13,966
Total State Excess Lottery Revenue Fund	<u>\$ 24,386</u>	<u>\$ 101,230</u>
Total Budgetary distributions:	<u>\$ 41,815</u>	<u>\$ 212,034</u>
Veterans Instant Ticket Fund	\$ 36	\$ 155
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 41,851	\$ 212,189
Accrued nonoperating distributions, beginning	(157,208)	(190,015)
Accrued nonoperating distributions, end	<u>160,375</u>	<u>160,375</u>
	<u>\$ 45,018</u>	<u>\$ 182,549</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 13 – LEASES

The Lottery leases, under a cancelable operating lease, its office and warehouse facilities. The Lottery also leases various office equipment under agreements considered to be cancellable operating leases. Rental expense for the fiscal year-to-date ended October 31, 2024 and October 31, 2023 approximated \$74,341 and \$98,016 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, 2024 and October 31, 2023 approximated \$370,160 and \$359,525 respectively.

NOTE 14 – COMMITMENTS

For the years ended June 30, 2024 and June 30, 2023 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. As of June 30, 2024 and 2023, \$5,321,574 and \$5,986,994, 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 the employment, multiplied by the number of years of the employee's credited service at the time of retirement.

Covered employees hired prior to July 1, 2015 are required to contribute 4.5% of their salary to the PERS. Covered employees hired on or after July 1, 2015 will contribute 6.0% of their salary to the PERS Tier II. The Lottery is required to contribute 10% of covered employees' salaries to the PERS. The required employee and employer contribution percentages have been established and changed from time to time by action of the State Legislature. The required contributions are not actuarially determined; however, actuarial valuations are performed to assist the Legislature in determining appropriate contributions. The Lottery and employee contributions, for the month ending October 31, 2024 and fiscal year-to-date are as follows (in thousands):

	<u>October 31, 2024</u>	<u>Year-to-Date</u>
Employee contributions	\$ 41	\$ 134
Lottery contributions	73	234
Total contributions	<u>\$ 114</u>	<u>\$ 368</u>

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, 2024
 (In Thousands)**

	Current Month		FISCAL YEAR	
	Actual	Projected	Actual	Projected
Gross Revenues				
Instant games	14,664	12,500	53,590	50,000
On-line games	5,661	5,834	22,906	23,333
Racetrack video lottery	38,926	36,666	159,452	151,175
Limited video lottery	39,388	37,925	157,176	149,966
Racetrack table games	2,449	2,000	10,391	8,404
Historic resort	300	500	1,493	1,656
Sports wagering	455	343	1,916	1,282
Interactive wagering	3,585	1,214	12,847	4,563
Total gross revenues	<u>105,428</u>	<u>96,982</u>	<u>419,771</u>	<u>390,379</u>
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,531	1,223	5,742	4,892
On-line games	1,888	1,674	7,089	6,697
Racetrack Video Lottery	11,412	11,420	46,858	44,196
Sports wagering	394	253	1,655	1,012
Interactive wagering	3,094	1,022	11,030	3,840
Total Lottery Fund net revenues	<u>18,319</u>	<u>15,592</u>	<u>72,374</u>	<u>60,637</u>
Excess Lottery Fund				
Racetrack Video Lottery	4,877	4,891	20,028	18,930
Limited Video Lottery	18,832	17,840	75,222	70,544
Limited Video Lottery Fees	-	-	1,019	-
Racetrack table games	1,216	981	5,169	4,123
Historic resort	115	190	600	630
Total Excess Lottery Fund Net Revenues	<u>25,040</u>	<u>23,902</u>	<u>102,038</u>	<u>94,227</u>
Total Net Revenues	<u>43,359</u>	<u>39,494</u>	<u>174,412</u>	<u>154,864</u>

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

304-347-4870

Memorandum

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

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

Date: December 02, 2024

Re: Status of General Revenue Fund and State Road Fund as of
November 30, 2024 (FY 25)

We have read the cash flow of the West Virginia general revenue fund as of November 30, 2024, which is the fifth month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 100% of the estimate for the fiscal year. Total collections were \$5.0 million above the estimate for the fiscal year.

Personal Income Tax collections were \$25.2 million below the estimate for the fiscal year.

Consumer sales and use tax collections were \$5.0 million above the estimate for the year.

Severance Tax was \$27.1 million below the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$21.9 million above the estimate for the fiscal year.

State Road Fund

The state road fund collections were 94% of the estimate for the fiscal year. Total collections were \$24.4 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 \$728,049,443.49 as of November 30, 2024.

Balance July 1, 2024	\$ 706,059,828.24
* Fiscal year 24 Surplus	\$ 00.00
**Loan to General Revenue Fund	\$ (78,500,000.00)
Loan paid off 09-16-2024	\$(78,500,000.00)
Earnings/(Loss)	\$21,989,615.25
Balance November 30, 2024	\$ 728,049,443.49

***No transfer in accordance with SB 1015.**

****\$78.5 million loan to state General Revenue Fund 7/01/2024 for beginning of the year cash flow, to be repaid within 90 days. Loan was paid off 09-16-2024.**

Revenue Shortfall Reserve **Fund B** (Tobacco Settlement Monies) had a cash balance of \$571,020,564.03 as of November 30, 2024.

Balance July 1, 2024	\$ 550,104,765.71
Earnings	\$20,915,798.32
Balance November 30, 2024	\$ 571,020,564.03

The **Personal Income Tax Reserve** Fund had a \$460,000,000.00 cash balance as of November 30, 2024.

Balance July 1, 2024	\$460,000,000.00
**Loan to General Revenue Fund	\$(12,903,957.81)
Loan paid off 09-18-2024	\$12,903,957.81
Balance November 30, 2024	\$460,000,000.00

****Loan 7/01/2024 for beginning of year cash flow, to pay income tax refunds, and is expected to be repaid later this year in a similar manner to the funds borrowed from the Rainy Day Fund. Loan paid off 9-18-2024.**

**REVENUE COLLECTIONS
FISCAL YEAR 2025
as of November 30, 2024**

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	\$ 143,300,000	\$ 151,626,263	\$ 8,326,263	\$ 878,700,000	\$ 853,545,356	\$ (25,154,644)	97%
Consumer Sales Tax & Use Tax	165,400,000	170,847,205	5,447,205	714,800,000	719,849,660	5,049,660	101%
Severance Tax	26,600,000	18,872,701	(7,727,299)	114,400,000	87,344,561	(27,055,439)	76%
Corporate Net Income Tax	4,600,000	15,564,126	10,964,126	101,200,000	123,067,381	21,867,381	122%
Insurance Tax	100,000	1,365,510	1,265,510	53,240,000	59,209,806	5,969,806	111%
Tobacco Products Tax	11,500,000	12,159,046	659,046	64,500,000	60,561,880	(3,938,120)	94%
Business and Occupation	6,000,000	2,143,838	(3,856,162)	42,300,000	39,009,638	(3,290,362)	92%
Liquor Profit Transfers	2,019,000	4,043,800	2,024,800	13,339,000	16,023,137	2,684,137	120%
Departmental Collections	1,450,000	1,509,784	59,784	7,500,000	6,954,321	(545,679)	93%
Property Transfer Tax	550,000	510,030	(39,970)	2,900,000	3,097,601	197,601	107%
Property Tax	425,000	568,966	143,966	5,565,000	6,409,061	844,061	115%
Beer Tax and Licenses	500,000	526,012	26,012	2,900,000	2,746,553	(153,447)	95%
Miscellaneous Transfers	20,000	399,175	379,175	1,260,000	677,901	(582,099)	54%
Interest Income	12,500,000	13,873,249	1,373,249	62,500,000	94,143,598	31,643,598	151%
Refundable Credit Reimb Liability	0	-	-	500,000	412,559	(87,441)	0%
HB 102 - Lottery Transfers	6,350,000	6,104,553	(245,447)	25,300,000	24,897,777	(402,222.89)	0%
Miscellaneous	180,000	195,909	15,909	3,780,000	927,401	(2,852,599)	25%
Business Franchise Fees	68,000	92,631	24,631	393,000	276,992	(116,008)	70%
Estate & Inheritance Tax	-	-	-	-	-	-	0%
Liquor License Renewal	45,000	42,642	(2,358)	317,000	325,440	8,440	103%
Special Revenue Transfers	-	-	-	-	-	-	0%
Charter Tax	-	438	438	-	1,008	1,008	0%
Telecommunications Tax	-	-	-	-	-	-	0%
Video Lottery Transfers	-	4,647	4,647	-	45,233	45,233	0%
July-Dec Retro Rev Adj	-	-	-	-	-	-	0%
Cash Flow Transfer	-	-	-	-	-	-	0%
Soft Drink Excise Tax	0	126	126	500,000	1,400,582	900,582	280%
SUBTOTALS	\$ 381,607,000	\$ 400,450,650	\$ 18,843,650	\$ 2,095,894,000	\$ 2,100,927,444	\$ 5,033,444	
Less: Cash Flow Transfer	-	-	-	-	-	-	
Less: Special Revenue Transfer	-	-	-	-	-	-	
TOTALS	\$ 381,607,000	\$ 400,450,650	\$ 18,843,650	\$ 2,095,894,000	\$ 2,100,927,444	\$ 5,033,444	

Percent of Estimates

105%

100%

Collections past three days

\$ (993,145)

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

December 02, 2024

**STATE OF WEST VIRGINIA
COMPARISON OF REVENUE
NOV 2023 vs NOV 2024**

GENERAL REVENUE FUND

	Actual Collections Nov 2023	Actual Collections Nov 2024	Actual Collections 5 Months Jul-Nov 2023	Actual Collections 5 Months Jul-Nov 2024	YTD \$ Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Personal Income Tax	\$ 140,738,891	\$ 151,626,263	\$ 937,522,990	\$ 853,545,356	\$ (83,977,634)	-9%
Consumer Sales Tax & Use Tax	162,008,594	170,847,205	701,730,979	719,849,660	18,118,681	3%
Severance Tax	41,320,025	18,872,701	76,290,756	87,344,561	11,053,805	14%
Corporate Net Income Tax	9,501,048	15,564,126	161,788,608	123,067,381	(38,721,227)	-24%
Insurance Tax	(44,758)	1,365,510	52,195,320	59,209,806	7,014,486	13%
Tobacco Products Tax	12,254,133	12,159,046	66,165,690	60,561,880	(5,603,810)	-8%
Business and Occupation	7,863,379	2,143,838	43,912,669	39,009,638	(4,903,031)	-11%
Liquor Profit Transfers	2,018,550	4,043,800	13,588,636	16,023,137	2,434,501	18%
Departmental Collections	1,364,733	1,509,784	7,184,031	6,954,321	(229,710)	-3%
Property Transfer Tax	939,025	510,030	6,174,938	3,097,601	(3,077,337)	-50%
Property Tax	617,878	568,966	5,601,677	6,409,061	807,384	14%
Beer Tax and Licenses	539,311	526,012	2,840,765	2,746,553	(94,211)	-3%
Miscellaneous Transfers	301,450	399,175	461,222	677,901	216,679	47%
Interest Income	17,788,260	13,873,249	92,245,006	94,143,598	1,898,591	2%
Refundable Credit Reimb Liability	-	-	1,026,889	412,559	(614,330.00)	-60%
HB 102 - Lottery Transfers	6,086,908	6,104,553	25,428,368	24,897,777	(530,590.66)	-2%
Miscellaneous	201,173	195,909	12,511,678	927,401	(11,584,277)	-93%
Business Franchise Fees	68,204	92,631	399,299	276,992	(122,307)	-31%
Estate & Inheritance Tax	-	-	-	-	-	0%
Liquor License Renewal	42,642	42,642	325,440	325,440	0	0%
Special Revenue Transfers	-	-	-	-	-	0%
Charter Tax	230	438	2,132	1,008	(1,124)	-53%
Video Lottery Transfers	23,830	-	258,632	-	(258,632)	-100%
July-Dec Retro Rev Adj	-	4,647	-	45,233	-	0%
Cash Flow Transfer	-	-	-	-	-	0%
Soft Drink Excise Tax	1,152,113	126	5,890,593	1,400,582	(4,490,011)	-76%
SUBTOTALS	\$ 404,785,618	\$ 400,450,650	\$ 2,213,546,317	\$ 2,100,927,444	\$ (112,664,106)	
Less: Cash Flow Transfer	-	-	-	-	-	
Less: Special Revenue Transfer	-	-	-	-	-	
TOTALS	\$ 404,785,618	\$ 400,450,650	\$ 2,213,546,317	\$ 2,100,927,444	\$ (112,664,106)	
Increase/Decrease over Prior Period		\$ (4,334,968)		\$ (112,618,873)		
% Increase/Decrease over Prior Period		-1.07%		-5.09%		

Source: WV OASIS
Prepared by: Legislative Auditor's Office, Budget Division
December 02, 2024

**STATE OF WEST VIRGINIA
COMPARISON OF REVENUE
NOV 2023 vs NOV 2024**

STATE ROAD FUND

	Actual Collections Nov 2023	Actual Collections Nov 2024	Actual Collections 5 Months Jul-Nov 2023	Actual Collections 5 Months Jul-Nov 2024	YTD Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Gasoline & Motor Carrier Rd Tax	\$ 16,036,895	\$ 11,350,643	\$ 186,536,753	\$ 165,902,027	\$ (20,634,725)	-11%
Privilege Tax	23,626,579	21,551,589	136,121,200	142,030,016	5,908,816	4%
Licenses & Registration	9,753,111	9,182,987	50,799,684	55,829,364	5,029,680	10%
Miscellaneous	6,401,096	8,303,039	196,924,797	28,233,540	(168,691,257)	-86%
Highway Litter Control	119,173	94,329	684,961	735,601	50,640	7%
Federal Reimbursement	114,956,427	28,265,649	396,293,999	336,604,955	(59,689,044)	-15%
SUBTOTALS	<u>\$ 170,893,280</u>	<u>\$ 78,748,236</u>	<u>\$ 967,361,393</u>	<u>\$ 729,335,504</u>	<u>\$ (238,025,889)</u>	
Less: Federal Reimbursement	114,956,427	28,265,649	396,293,999	336,604,955	(59,689,044)	
TOTALS	<u>\$ 55,936,853</u>	<u>\$ 50,482,588</u>	<u>\$ 571,067,394</u>	<u>\$ 392,730,548</u>	<u>\$ (178,336,845)</u>	
 Increase/Decrease over Prior Period		\$ (5,454,266)		\$ (178,336,845)		
 % Increase/Decrease over Prior Period		-9.8%		-31.2%		

Source: WV OASIS
Prepared by: Legislative Auditor's Office, Budget Division
December 02, 2024

**REVENUE COLLECTIONS
FISCAL YEAR 2025
as of November 30, 2024**

STATE ROAD FUND

	MONTH ESTIMATES	NET MONTH COLLECTIONS	FINAL COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES	YTD PERCENT COLLECTED
Motor Fuel Tax	\$ 30,700,000	\$ 11,350,643	\$ (19,349,357)	\$ 179,900,000	\$ 165,902,027	\$ (13,997,973)	92%
Sales/Privilege Tax	23,500,000	21,551,589	(1,948,411)	133,500,000	142,030,016	8,530,016	106%
Licenses & Registration	11,500,000	9,182,987	(2,317,013)	62,500,000	55,829,364	(6,670,636)	89%
Miscellaneous	6,500,000	8,303,039	1,803,039	40,500,000	28,233,540	(12,266,460)	70%
Highway Litter Control	120,000	94,329	(25,671)	710,000	735,601	25,601	104%
Federal Reimbursement	91,500,000	28,265,649	(63,234,351)	417,500,000	336,604,955	(80,895,045)	81%
SUBTOTALS	\$ 163,820,000	\$ 78,748,236	\$ (85,071,764)	\$ 834,610,000	\$ 729,335,504	\$ (105,274,496)	
Less: Federal Reimbursement	91,500,000	28,265,649	(63,234,351)	417,500,000	336,604,955	(80,895,045)	
TOTALS	\$ 72,320,000	\$ 50,482,588	\$ (21,837,412)	\$ 417,110,000	\$ 392,730,548	\$ (24,379,452)	

Percent of Estimates

70%

94%

Collections past three days

\$ 8,990,236

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of November 30, 2024 : \$728,049,443.49

\$78.5 million loan to General Revenue fund 7/1/24 for beginning of the year cash flow, to be repaid within 90 days, not reflected.

Loan repaid 9-16-2024.

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of November 30, 2024: \$ 571,020,564.03

SPECIAL INCOME TAX REFUND RESERVE FUND as of November 30, 2024: \$460,000,000.00

\$400 million appropriated on 9/8/23 - HB 2024 will be used to pay for the first year of the Personal Income Tax and Personal Property Tax Exemption.

Loan to General Revenue Fund for beginning of the year cash flow. Loan repaid 9-18-2024.

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

December 02, 2024

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 29, 2024

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the October 31, 2024, monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of October 31, 2024, of fiscal year 2024-2025, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2024	\$ 434,053,523.79
Receipts July 1,2024 thru June 30, 2025	\$ 130,412,244.68
Disbursements July 1,2024 thru June 30, 2025	\$ 137,868,001.34
Balance September 30, 2024	\$ 427,289,467.04

ITEMS OF NOTE:

Regular benefits paid for July-October 2024 were \$ 8.8 million more than July-October 2023.

Federal emergency benefits totaled \$0 for July-October 2024. For July-October 2023, federal emergency benefits totaled \$0.

Total disbursements were \$16.8 million more in July-October 2024 than the preceding July-October 2023.

Receipts as of July-October 2024, were \$7.7 million more than in July-October 2023. Overall ending trust fund balance was \$5.1 million higher on October 31, 2024, than on October 31, 2023.

Seasonally adjusted unemployment rates for October 2024 were 4.2 percent for West Virginia and 4.1 percent nationally.

Since October 2023, employment has increased by 3,600. Employment increases included 5,500 in private education and health services, 400 in government, 800 in leisure and hospitality, and 800 mining and logging. Employment declines included 2,400 in trade, transportation, and utilities, 400 in professional and business services, 100 in construction, 200 in financial activities, and 400 in manufacturing. Employment was unchanged in information, other services, and government.

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING AUGUST 2023 AND AUGUST 2024**

	AUGUST 2023	SEPTEMBER 2023	OCTOBER 2023	AUGUST 2024	SEPTEMBER 2024	OCTOBER 2024	THREE MONTH TOTAL VARIANCE *	
Balance Forward	<u>\$ 422,838,146.62</u>	<u>\$ 423,531,699.22</u>	<u>\$ 417,043,653.52</u>	<u>\$ 437,834,850.04</u>	<u>\$ 436,056,954.48</u>	<u>\$427,289,467.04</u>	<u>\$ 37,767,772.20</u>	
Add Receipts:								
1. Bond Assessment							\$ -	1. Bond Assessment
2. Regular Contributions:	10,920,131.47	916,581.81	14,860,238.43	10,029,087.73	186,101.35	13,382,400.34	(3,099,362.29)	2. Regular Contributions:
3. Federal Emergency Benefits (PEUC)	4,951.89	3,291.67	1,267.61	-	3,216.00	(0.01)	(6,295.18)	3. Federal Emergency Benefits (PEUC)
4. Federal Share Extended Benefits (EB)	-	-	-	-	-	-	-	4. Federal Share Extended Benefits (EB)
5. Federal Additional Compensation - FPUC	70,327.64	58,284.06	40,187.10	3,030.00	4,976.00	-	(160,792.80)	5. Federal Additional Compensation - FPUC
6. Pandemic Unemployment Assistance PUA	(96,527.94)	(12,343.65)	(4,128.00)	226.00	(100.00)	(5,824.00)	107,301.59	6. Pandemic Unemployment Assistance PUA
7. UCFE (Federal Agencies)	87,787.58	31,268.45	41,345.54	49,506.82	58,695.48	52,191.80	(7.47)	7. UCFE (Federal Agencies)
8. TSFR From Non-Invstd FUA	-	-	-	-	-	-	-	8. TSFR From Non-Invstd FUA
9. EUISAA - EMER US RELIEF/STC	-	-	-	-	-	-	-	9. EUISAA - EMER US RELIEF/STC
10. Treasury Interest Credits	-	2,772,628.98	-	-	3,309,254.49	-	536,625.51	10. Treasury Interest Credits
11. UCX (Military Agencies)	15,034.96	17,342.57	37,325.42	40,283.84	28,816.90	29,032.37	28,430.16	11. UCX (Military Agencies)
12. Temporary Compensation	-	-	-	-	-	-	-	12. Temporary Compensation
13. BT to State UI Account	-	1,329.00	14,519.46	-	-	-	(15,848.46)	13. BT to State UI Account
14. UI Modernization	-	-	-	-	-	-	-	14. UI Modernization
15. Loan Advance	-	-	-	-	-	-	-	15. Loan Advance
16. Return of Overpayments FPUC/PUA/EUO	-	-	-	-	-	-	-	16. Return of Overpayments FPUC/PUA/EUO
Total Monthly Receipts	<u>\$ 31,593,212.99</u>	<u>\$ 13,233,259.02</u>	<u>\$ 37,545,497.19</u>	<u>\$ 31,371,798.50</u>	<u>\$ 15,204,500.80</u>	<u>\$ 35,676,337.82</u>	<u>\$ (119,332.08)</u>	Total Monthly Receipts
Less Disbursements:								
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	Debt Bond Repayment
Regular Benefits:	\$ 10,242,958.74	\$ 8,671,273.90	\$ 10,404,621.76	\$ 11,805,237.59	\$ 12,257,859.68	\$ 12,084,499.85	6,828,742.72	Regular Benefits:
Federal Emergency Compensation - PEUC	3,754.89	3,291.67	1,267.61	-	3,216.00	(0.01)	(5,098.18)	PEUC
Federal Additional Compensation - FPUC	71,827.45	65,184.22	29,387.13	2,700.00	4,976.00	-	(158,722.80)	FPUC
Pandemic Unemployment Assistance PUA	(100,730.94)	(8,140.65)	(4,413.00)	226.00	(100.00)	(5,824.00)	107,586.59	PUA
Federal Emergency Benefits (EUC08)	-	-	-	-	-	-	-	Federal Emergency Benefits (EUC08)
Federal Extended - 2112	-	-	-	-	-	-	-	Federal Extended - 2112
Emergency Benefits (TEUC)	-	-	-	-	-	-	-	Emergency Benefits (TEUC)
UCFE (Federal Workers) Benefits	74,659.69	27,701.31	43,998.43	51,006.52	62,067.97	47,741.31	14,456.37	UCFE (Federal Workers) Benefits
UCX (Military Workers) Benefits	13,925.77	17,041.87	37,747.12	40,859.84	30,428.01	28,083.26	30,656.35	UCX (Military Workers) Benefits
Reed Act Funds	-	-	-	-	-	-	-	Reed Act Funds
EUISAA Title IX/STC	1,757.40	1,500,076.27	75.27	-	-	1,995,000.00	493,091.06	EUISAA Title IX/STC
Total Monthly Disbursements	<u>\$30,899,660.39</u>	<u>\$ 19,721,304.72</u>	<u>\$33,067,425.95</u>	<u>\$33,149,694.06</u>	<u>\$23,971,988.24</u>	<u>\$36,368,037.73</u>	<u>\$ 9,801,328.97</u>	Total Monthly Disbursements
Trust Fund Balance	<u>\$423,531,699.22</u>	<u>\$ 417,043,653.52</u>	<u>\$421,521,724.76</u>	<u>\$436,056,954.48</u>	<u>\$427,289,467.04</u>	<u>\$426,597,767.13</u>	<u>\$ 27,847,111.15</u>	Trust Fund Balance

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

Indicates prior month values that have been updated

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

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

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

UC TRUST FUND – 2024

Month	Receipts	Disbursements	Trust Fund Balance
2023			
Balance 1/1/2023			\$ 382,161,959
January	\$ 35,795,306	\$ 41,052,758	\$ 376,904,507
February	\$ 25,495,204	\$ 33,091,940	\$ 369,307,771
March	\$ 17,679,370	\$ 25,286,212	\$ 361,700,928
April	\$ 53,423,465	\$ 41,376,931	\$ 373,747,462
May	\$ 135,614,882	\$ 83,183,401	\$ 426,178,943
June	\$ 14,588,998	\$ 20,890,953	\$ 419,876,988
July	\$ 40,323,764	\$ 37,362,605	\$ 422,838,147
August	\$ 31,593,212	\$ 30,899,660	\$ 423,531,699
September	\$ 13,233,259	\$ 19,721,305	\$ 417,043,653
October	\$ 37,545,497	\$ 33,067,426	\$ 421,521,724
November	\$ 21,846,092	\$ 26,399,918	\$ 416,967,898
December	\$ 16,677,941	\$ 27,336,411	\$ 406,309,428
Totals - 2023	\$ 443,816,990	\$ 419,669,520	\$ 406,309,428
2024			
January	\$ 41,041,993	\$ 47,064,592	\$ 400,286,829
February	\$ 28,824,885	\$ 37,422,044	\$ 389,689,670
March	\$ 17,566,730	\$ 29,810,943	\$ 377,424,125
April	\$ 127,728,175	\$ 83,769,711	\$ 421,382,589
May	\$ 74,642,045	\$ 57,199,763	\$ 438,824,871
June	\$ 27,730,470	\$ 32,501,817	\$ 434,053,524
July	\$ 48,159,607	\$ 44,378,281	\$ 437,834,850
August	\$ 31,371,798	\$ 33,149,694	\$ 436,056,954
September	\$ 15,204,501	\$ 23,971,988	\$ 427,289,467
October	\$ 35,676,337	\$ 36,368,037	\$ 426,597,767
November	\$	\$	\$
December	\$	\$	\$
Totals - 2024	\$	\$	\$

Benefits and Technical Support Section • Unemployment Compensation Division
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**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING AUGUST 2023 AND AUGUST 2024**

	AUGUST 2023	SEPTEMBER 2023	OCTOBER 2023	AUGUST 2024	SEPTEMBER 2024	OCTOBER 2024	THREE MONTH TOTAL VARIANCE *	
Balance Forward	<u>\$ 422,838,146.62</u>	<u>\$ 423,531,699.22</u>	<u>\$ 417,043,653.52</u>	<u>\$ 437,834,850.04</u>	<u>\$ 436,056,954.48</u>	<u>\$427,289,467.04</u>	<u>\$ 37,767,772.20</u>	
Add Receipts:								
1. Bond Assessment							\$ -	1. Bond Assessment
2. Regular Contributions:	10,920,131.47	916,581.81	14,860,238.43	10,029,087.73	186,101.35	13,382,400.34	(3,099,362.29)	2. Regular Contributions:
3. Federal Emergency Benefits (PEUC)	4,951.89	3,291.67	1,267.61	-	3,216.00	(0.01)	(6,295.18)	3. Federal Emergency Benefits (PEUC)
4. Federal Share Extended Benefits (EB)	-	-	-	-	-	-	-	4. Federal Share Extended Benefits (EB)
5. Federal Additional Compensation - FPUC	70,327.64	58,284.06	40,187.10	3,030.00	4,976.00	-	(160,792.80)	5. Federal Additional Compensation - FPUC
6. Pandemic Unemployment Assistance PUA	(96,527.94)	(12,343.65)	(4,128.00)	226.00	(100.00)	(5,824.00)	107,301.59	6. Pandemic Unemployment Assistance PUA
7. UCFE (Federal Agencies)	87,787.58	31,268.45	41,345.54	49,506.82	58,695.48	52,191.80	(7.47)	7. UCFE (Federal Agencies)
8. TSFR From Non-Invstd FUA	-	-	-	-	-	-	-	8. TSFR From Non-Invstd FUA
9. EUISAA - EMER US RELIEF/STC	-	-	-	-	-	-	-	9. EUISAA - EMER US RELIEF/STC
10. Treasury Interest Credits	-	2,772,628.98	-	-	3,309,254.49	-	536,625.51	10. Treasury Interest Credits
11. UCX (Military Agencies)	15,034.96	17,342.57	37,325.42	40,283.84	28,816.90	29,032.37	28,430.16	11. UCX (Military Agencies)
12. Temporary Compensation	-	-	-	-	-	-	-	12. Temporary Compensation
13. BT to State UI Account	-	1,329.00	14,519.46	-	-	-	(15,848.46)	13. BT to State UI Account
14. UI Modernization	-	-	-	-	-	-	-	14. UI Modernization
15. Loan Advance	-	-	-	-	-	-	-	15. Loan Advance
16. Return of Overpayments FPUC/PUA/EUO	-	-	-	-	-	-	-	16. Return of Overpayments FPUC/PUA/EUO
Total Monthly Receipts	<u>\$ 31,593,212.99</u>	<u>\$ 13,233,259.02</u>	<u>\$ 37,545,497.19</u>	<u>\$ 31,371,798.50</u>	<u>\$ 15,204,500.80</u>	<u>\$ 35,676,337.82</u>	<u>\$ (119,332.08)</u>	Total Monthly Receipts
Less Disbursements:								
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	Debt Bond Repayment
Regular Benefits:	\$ 10,242,958.74	\$ 8,671,273.90	\$ 10,404,621.76	\$ 11,805,237.59	\$ 12,257,859.68	\$ 12,084,499.85	6,828,742.72	Regular Benefits:
Federal Emergency Compensation - PEUC	3,754.89	3,291.67	1,267.61	-	3,216.00	(0.01)	(5,098.18)	PEUC
Federal Additional Compensation - FPUC	71,827.45	65,184.22	29,387.13	2,700.00	4,976.00	-	(158,722.80)	FPUC
Pandemic Unemployment Assistance PUA	(100,730.94)	(8,140.65)	(4,413.00)	226.00	(100.00)	(5,824.00)	107,586.59	PUA
Federal Emergency Benefits (EUC08)	-	-	-	-	-	-	-	Federal Emergency Benefits (EUC08)
Federal Extended - 2112	-	-	-	-	-	-	-	Federal Extended - 2112
Emergency Benefits (TEUC)	-	-	-	-	-	-	-	Emergency Benefits (TEUC)
UCFE (Federal Workers) Benefits	74,659.69	27,701.31	43,998.43	51,006.52	62,067.97	47,741.31	14,456.37	UCFE (Federal Workers) Benefits
UCX (Military Workers) Benefits	13,925.77	17,041.87	37,747.12	40,859.84	30,428.01	28,083.26	30,656.35	UCX (Military Workers) Benefits
Reed Act Funds	-	-	-	-	-	-	-	Reed Act Funds
EUISAA Title IX/STC	1,757.40	1,500,076.27	75.27	-	-	1,995,000.00	493,091.06	EUISAA Title IX/STC
Total Monthly Disbursements	<u>\$30,899,660.39</u>	<u>\$ 19,721,304.72</u>	<u>\$33,067,425.95</u>	<u>\$33,149,694.06</u>	<u>\$23,971,988.24</u>	<u>\$36,368,037.73</u>	<u>\$ 9,801,328.97</u>	Total Monthly Disbursements
Trust Fund Balance	<u>\$423,531,699.22</u>	<u>\$ 417,043,653.52</u>	<u>\$421,521,724.76</u>	<u>\$436,056,954.48</u>	<u>\$427,289,467.04</u>	<u>\$426,597,767.13</u>	<u>\$ 27,847,111.15</u>	Trust Fund Balance

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

Indicates prior month values that have been updated

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

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

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

Regular UI Account Summary

	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24
Beginning UI Balance	\$400,316,770.70	\$390,647,716.66	\$384,518,696.57	\$371,695,077.18	\$379,586,296.72	\$434,187,565.42	\$423,283,239.93	\$420,588,931.32	\$426,180,577.05	\$415,700,722.00
UI Deposits - Contributions	4,695,647.45	9,097,559.27	392,787.45	18,136,774.70	65,873,387.24	600,337.63	7,120,022.80	15,809,644.58	391,485.28	4,869,838.28
Interstate Payments In	1,529,771.18	810,535.42	91,361.62	3,023,983.71	502,939.08	746,089.64	2,354,765.51	1,165,197.53	41,095.07	2,052,425.54
U.S. Treasury Interest Credits	2,745,303.64			2,656,195.21			2,913,562.02	-	-	3,309,254.49
UI Deposits - Reimbursement	519,352.55	591,340.73	193,612.55	381,675.77	855,012.76	190,762.37	742,877.20	493,255.42	127,614.72	660,061.72
Total UI Receipts	\$9,490,074.82	\$10,499,435.42	\$677,761.62	\$24,198,629.39	\$67,231,339.08	\$1,537,189.64	\$13,131,227.53	\$17,468,097.53	\$560,195.07	\$10,891,580.03
UI Withdrawals Benefit PMT - Contribution	18,573,610.26	15,331,051.73	12,877,209.15	14,843,679.44	11,810,462.53	11,699,279.58	14,666,560.98	10,817,177.48	10,364,617.11	11,342,784.57
Interstate Payments Out	-	754,770.54	52,288.10	884,486.63	286,141.08	56,830.16	473,569.77	409,741.67	7,140.51	1,346,542.53
UI Withdrawals Benefit PMT - Reimbursement	585,518.60	542,633.24	571,883.76	579,243.78	533,466.77	685,405.39	685,405.39	649,532.65	668,292.50	588,939.60
Total UI Monthly Disbursements	\$19,159,128.86	\$16,628,455.51	\$13,501,381.01	\$16,307,409.85	\$12,630,070.38	\$12,441,515.13	\$15,825,536.14	\$11,876,451.80	\$11,040,050.12	\$13,278,266.70
UI Trust Fund Balance	\$390,647,716.66	\$384,518,696.57	\$371,695,077.18	\$379,586,296.72	\$434,187,565.42	\$423,283,239.93	\$420,588,931.32	\$426,180,577.05	\$415,700,722.00	\$413,314,035.33
ASAP Daily report total	\$390,647,716.66	\$384,518,696.57	\$371,695,077.18	\$379,586,296.72	\$434,187,565.42	\$423,283,239.93	\$420,588,931.32	\$426,180,577.05	\$415,700,722.00	\$413,314,035.33

FOR RELEASE: November 14, 2024
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State Unemployment Rate Remains at 4.2 Percent in October

West Virginia's seasonally adjusted unemployment rate remained at 4.2 percent in October 2024. The number of unemployed state residents inched upward 100 to 33,400. Total employment declined 600 over the month. The national seasonally adjusted unemployment rate was unchanged at 4.1 percent in October 2024.

Total nonfarm payroll employment declined 1,200 in October, with a decline of 1,400 in the service-providing sector easily overpowering a slight gain of 200 in the goods-producing sector.

Within the goods-producing sector, manufacturing added 300 jobs, while employment declined 100 in construction. Employment was unchanged in mining and logging.

Within the service-providing sector, government added 100 jobs, solely in the federal sector. Employment declines included 800 in professional and business services, 300 in trade, transportation, and utilities, 200 in leisure and hospitality, 100 in financial activities, and 100 in other services. Employment was unchanged in both information and in private education and health services.

Since October 2023, total nonfarm payroll employment has risen 3,600. Employment gains included 5,500 in private education and health services, 800 in mining and logging, and 800 in leisure and hospitality. Employment declines included 2,400 in trade, transportation, and utilities, 400 in manufacturing, 400 in professional and business services, 200 in financial activities, and 100 in construction. Employment was unchanged in information, other services, and government.

West Virginia's not seasonally adjusted unemployment rate declined four-tenths of a percentage point to 3.6 percent in October.

The state's seasonally adjusted labor force participation rate declined one-tenth of a percentage point to 55.0 percent in October 2024.

WEST VIRGINIA
(In Thousands - Seasonally Adjusted)
October 2024

	Prelim. Oct 2024	Revised Sep 2024	Revised Oct 2023	Change from:	
				Sep 2024	Oct 2023
Civilian Labor Force	787.6	788.3	790.6	-0.7	-3.0
Total Employment	754.3	754.9	756.4	-0.6	-2.1
Total Unemployment	33.4	33.3	34.2	0.1	-0.8
Unemployment Rate	4.2	4.2	4.3	xx	xx
Labor Force Participation Rate	55.0	55.1	55.2	xx	xx
NONFARM PAYROLL EMPLOYMENT BY INDUSTRY					
Total Nonfarm	717.6	718.8	714.0	-1.2	3.6
Total Private	563.9	565.2	560.3	-1.3	3.6
Goods Producing	101.2	101.0	100.9	0.2	0.3
Mining and Logging	21.9	21.9	21.1	0.0	0.8
Construction	33.9	34.0	34.0	-0.1	-0.1
Manufacturing	45.4	45.1	45.8	0.3	-0.4
Durable Goods	27.2	26.9	27.8	0.3	-0.6
Non-Durable Goods	18.2	18.2	18.0	0.0	0.2
Service-Providing	616.4	617.8	613.1	-1.4	3.3
Private Service-Providing	462.7	464.2	459.4	-1.5	3.3
Trade, Transportation, and Utilities	120.2	120.5	122.6	-0.3	-2.4
Wholesale Trade	18.6	18.7	19.2	-0.1	-0.6
Retail Trade	77.2	77.2	78.3	0.0	-1.1
Transportation, Warehousing, and Utilities	24.4	24.6	25.1	-0.2	-0.7
Information	7.7	7.7	7.7	0.0	0.0
Financial Activities	25.9	26.0	26.1	-0.1	-0.2
Finance and Insurance	19.1	19.2	19.2	-0.1	-0.1
Real Estate and Rental and Leasing	6.8	6.8	6.9	0.0	-0.1
Professional and Business Services	72.6	73.4	73.0	-0.8	-0.4
Professional, Scientific & Technical Services	30.3	31.2	29.7	-0.9	0.6
Administrative and Support and Waste Mgmt	35.2	35.1	36.1	0.1	-0.9
Private Education and Health Services	140.2	140.2	134.7	0.0	5.5
Private Educational Services	7.0	7.0	7.1	0.0	-0.1
Health Care and Social Assistance	133.2	133.2	127.6	0.0	5.6
Leisure and Hospitality	72.0	72.2	71.2	-0.2	0.8
Arts, Entertainment, and Recreation	8.8	8.8	8.5	0.0	0.3
Accommodation and Food Service	63.2	63.4	62.7	-0.2	0.5
Other Services	24.1	24.2	24.1	-0.1	0.0
Government	153.7	153.6	153.7	0.1	0.0
Federal Government	26.7	26.5	26.1	0.2	0.6
State Government	47.2	47.2	48.1	0.0	-0.9
Local Government	79.8	79.9	79.5	-0.1	0.3

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

2024	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	790,900	790,500	790,500	789,600	789,200	788,700	789,000	788,100	788,300	787,600			
Employment	756,800	756,400	756,200	756,000	756,100	756,000	755,900	755,300	754,900	754,300			
Unemployment	34,000	34,100	34,300	33,600	33,000	32,700	33,100	32,900	33,300	33,400			
Rate	4.3	4.3	4.3	4.3	4.2	4.1	4.2	4.2	4.2	4.2			
Participation Rate	55.3	55.2	55.2	55.2	55.1	55.1	55.1	55.1	55.1	55.0			
2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	779,400	780,100	780,800	781,900	783,300	785,100	786,900	788,600	789,900	790,600	790,500	790,200	785,600
Employment	751,500	752,800	753,800	754,500	754,800	755,200	755,500	755,900	756,200	756,400	756,400	756,300	755,000
Unemployment	27,900	27,200	27,000	27,400	28,500	29,900	31,400	32,700	33,700	34,200	34,100	33,900	30,700
Rate	3.6	3.5	3.5	3.5	3.6	3.8	4.0	4.2	4.3	4.3	4.3	4.3	3.9
Participation Rate	54.5	54.5	54.6	54.7	54.8	54.9	55.0	55.1	55.2	55.2	55.2	55.2	54.9
2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	777,400	778,700	779,500	779,700	779,400	778,800	778,300	778,000	777,800	777,900	778,300	778,800	778,700
Employment	747,000	748,900	750,000	750,200	749,500	748,400	747,300	746,500	746,400	747,000	748,300	750,000	748,300
Unemployment	30,400	29,700	29,400	29,500	29,900	30,400	31,000	31,400	31,400	30,900	30,000	28,900	30,400
Rate	3.9	3.8	3.8	3.8	3.8	3.9	4.0	4.0	4.0	4.0	3.8	3.7	3.9
Participation Rate	54.2	54.3	54.4	54.4	54.4	54.4	54.4	54.4	54.3	54.3	54.4	54.4	54.4
2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	771,500	771,600	772,600	773,800	774,800	775,400	774,900	774,300	773,800	774,000	774,800	775,900	788,800
Employment	724,400	725,600	727,400	729,600	731,900	733,800	735,200	736,600	738,200	740,100	742,300	744,600	749,100
Unemployment	47,100	46,100	45,300	44,300	43,000	41,600	39,700	37,600	35,600	33,800	32,400	31,300	39,700
Rate	6.1	6.0	5.9	5.7	5.5	5.4	5.1	4.9	4.6	4.4	4.2	4.0	5.0
Participation Rate	53.6	53.6	53.7	53.8	53.9	53.9	53.9	53.8	53.8	53.9	53.9	54.0	54.7
2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	797,900	795,900	792,900	791,100	772,900	769,700	772,800	771,500	773,700	772,500	772,300	772,400	792,200
Employment	755,800	753,300	750,400	750,200	676,900	689,000	700,200	708,800	715,400	719,400	721,900	723,300	726,000
Unemployment	42,100	42,500	42,500	41,900	96,000	80,700	72,600	62,700	58,300	53,100	50,500	49,000	66,100
Rate	5.3	5.3	5.4	5.3	12.4	10.5	9.4	8.1	7.5	6.9	6.5	6.3	8.3
Participation Rate	55.0	54.9	54.7	52.6	53.6	53.4	53.6	53.5	53.7	53.6	53.6	53.6	54.1
2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	793,400	792,500	791,700	791,700	792,300	793,600	795,100	796,500	797,600	798,500	798,900	798,800	798,300
Employment	753,700	753,400	753,400	753,800	754,700	755,800	756,600	757,100	757,700	758,100	758,200	757,500	759,000
Unemployment	39,700	39,100	38,400	37,800	37,600	37,800	38,500	39,300	39,900	40,300	40,800	41,400	39,300
Rate	5.0	4.9	4.8	4.8	4.7	4.8	4.8	4.9	5.0	5.1	5.1	5.2	4.9
Participation Rate	54.5	54.5	54.4	54.5	54.5	54.6	54.7	54.9	54.9	55.0	55.0	55.1	54.8
2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	788,500	789,900	791,700	793,400	794,500	795,000	794,900	794,600	794,500	794,600	794,700	794,500	793,400
Employment	746,000	747,400	749,400	751,500	753,100	754,200	754,700	754,900	754,800	754,700	754,500	754,300	752,200
Unemployment	42,500	42,500	42,300	41,900	41,400	40,800	40,200	39,800	39,700	39,900	40,200	40,200	41,200
Rate	5.4	5.4	5.3	5.3	5.2	5.1	5.1	5.0	5.0	5.0	5.1	5.1	5.2
Participation Rate	53.9	54.0	54.2	54.3	54.4	54.5	54.5	54.5	54.5	54.5	54.5	54.6	54.4
2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	782,300	781,900	781,700	781,900	782,800	783,900	785,300	786,400	787,200	787,400	787,400	787,500	783,800
Employment	739,900	741,000	741,800	742,500	743,400	744,300	745,000	745,500	745,700	745,500	745,100	745,000	742,700
Unemployment	42,300	40,900	39,900	39,400	39,400	39,700	40,200	40,900	41,500	41,900	42,300	42,500	41,000
Rate	5.4	5.2	5.1	5.0	5.0	5.1	5.1	5.2	5.3	5.3	5.4	5.4	5.2
Participation Rate	53.2	53.2	53.2	53.2	53.3	53.4	53.5	53.6	53.7	53.7	53.8	53.8	53.5
2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	789,400	789,400	788,800	787,500	785,900	784,600	783,600	783,000	782,600	782,300	782,000	781,700	785,100
Employment	739,200	739,300	739,000	738,300	737,300	736,300	735,600	735,300	735,400	735,800	736,700	737,800	737,200
Unemployment	50,200	50,100	49,700	49,200	48,700	48,300	48,000	47,700	47,200	46,400	45,300	44,000	47,900
Rate	6.4	6.3	6.3	6.2	6.2	6.2	6.1	6.1	6.0	5.9	5.8	5.6	6.1
Participation Rate	53.4	53.5	53.4	53.4	53.3	53.2	53.2	53.1	53.1	53.1	53.2	53.2	53.3
2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	793,800	793,600	793,800	794,000	794,000	793,300	792,000	790,400	789,000	788,300	788,300	788,800	791,500
Employment	742,900	741,800	740,900	740,200	739,800	739,300	738,700	738,200	737,900	737,900	738,200	738,700	739,500
Unemployment	50,900	51,800	52,900	53,800	54,200	54,000	53,200	52,200	51,200	50,500	50,200	50,100	52,100
Rate	6.4	6.5	6.7	6.8	6.8	6.8	6.7	6.6	6.5	6.4	6.4	6.4	6.6
Participation Rate	53.5	53.5	53.6	53.6	53.6	53.6	53.5	53.4	53.3	53.3	53.3	53.4	53.5
2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	797,600	797,900	797,800	797,100	796,000	795,000	794,400	794,300	794,500	794,700	794,600	794,200	795,700
Employment	743,700	744,300	744,600	744,400	743,900	743,400	743,200	743,300	743,700	744,100	744,200	743,800	744,000
Unemployment	53,800	53,700	53,200	52,700	52,100	51,500	51,100	50,900	50,800	50,600	50,400	50,500	51,800
Rate	6.7	6.7	6.7	6.6	6.5	6.5	6.4	6.4	6.4	6.4	6.3	6.4	6.5
Participation Rate	53.7	53.7	53.7	53.7	53.6	53.5	53.5	53.5	53.5	53.5	53.5	53.5	53.6
2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	804,800	802,800	801,200	800,300	799,900	799,700	799,500	798,900	798,000	797,100	796,800	797,000	799,500
Employment	747,900	747,100	746,600	746,800	747,100	747,200	746,900	746,200	745,100	744,100	743,400	743,300	745,800
Unemployment	56,900	55,700	54,600	53,500	52,800	52,500	52,600	52,700	52,800	53,000	53,300	53,700	53,600
Rate	7.1	6.9	6.8	6.7	6.6	6.6	6.6	6.6	6.6	6.7	6.7	6.7	6.7
Participation Rate	54.1	54.0	53.9	53.8	53.8	53.8	53.8	53.7	53.7	53.6	53.6	53.6	53.8
2012	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	808,100	807,800	807,900	808,200	808,600	808,900	808,900	808,800	808,700	808,400	807,800	806,600	808,000
Employment	750,900	751,000	750,900	750,300	749,700	749,300	749,000	749,000	749,100	749,200	749,100	748,700	749,600
Unemployment	57,200	56,800											

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

2024	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	782,500	783,900	784,900	784,500	789,300	800,500	798,100	788,900	791,600	787,100			
Employment	745,200	744,800	746,500	754,500	759,500	764,500	760,900	754,300	760,300	758,600			
Unemployment	37,200	39,100	38,300	30,000	29,900	36,000	37,200	34,600	31,300	28,500			
Rate	4.8	5.0	4.9	3.8	3.8	4.5	4.7	4.4	4.0	3.6			
Participation Rate	54.7	54.8	54.8	54.8	55.2	55.9	55.8	55.1	55.3	55.0			
2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	770,000	776,400	775,400	781,100	783,600	797,900	793,000	794,400	793,400	793,100	787,100	782,300	785,600
Employment	738,700	744,300	744,500	753,600	755,600	765,000	761,600	759,200	763,900	763,700	758,300	751,500	755,000
Unemployment	31,300	32,100	30,900	27,500	28,000	32,900	31,400	35,300	29,500	29,400	28,800	30,800	30,700
Rate	4.1	4.1	4.0	3.5	3.6	4.1	4.0	4.4	3.7	3.7	3.7	3.9	3.9
Participation Rate	53.8	54.3	54.2	54.6	54.8	55.8	55.4	55.5	55.4	55.4	55.0	54.7	54.9
2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	770,500	776,300	773,200	776,500	781,700	792,200	784,800	782,800	779,500	781,000	774,200	771,800	778,700
Employment	734,700	739,900	740,500	747,200	753,900	758,100	752,200	749,300	753,900	755,000	748,100	746,500	748,300
Unemployment	35,800	36,400	32,600	29,400	27,800	34,200	32,500	33,500	25,600	26,000	26,100	25,300	30,400
Rate	4.6	4.7	4.2	3.8	3.6	4.3	4.1	4.3	3.3	3.3	3.4	3.3	3.9
Participation Rate	53.7	54.2	54.0	54.2	54.6	55.3	54.8	54.7	54.5	54.6	54.1	53.9	54.4
2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	760,700	767,900	765,700	773,800	775,200	787,900	783,700	779,000	776,100	775,300	770,100	768,000	788,800
Employment	708,700	715,500	716,900	728,300	733,400	742,800	743,600	740,500	745,600	747,000	742,600	741,200	749,100
Unemployment	52,000	52,400	48,800	45,500	41,800	45,100	40,200	38,500	30,600	28,300	27,500	26,800	39,700
Rate	6.8	6.8	6.4	5.9	5.4	5.7	5.1	4.9	3.9	3.6	3.6	3.5	5.0
Participation Rate	52.8	53.4	53.2	53.8	53.9	54.8	54.5	54.2	54.0	54.0	53.6	53.5	54.7
2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	790,800	795,500	785,800	784,900	772,700	781,300	778,400	777,400	776,900	778,700	768,100	765,100	792,200
Employment	745,200	749,000	733,000	636,800	674,400	703,000	703,700	715,800	721,700	732,100	723,400	718,400	726,000
Unemployment	45,600	46,400	52,800	118,100	98,300	78,400	74,800	61,600	55,200	46,600	44,700	46,700	66,100
Rate	5.8	5.8	6.7	15.6	12.7	10.0	9.6	7.9	7.1	6.0	5.8	6.1	8.3
Participation Rate	54.5	54.9	54.2	52.3	53.6	54.2	54.0	53.9	53.9	54.0	53.3	53.1	54.1
2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	786,600	789,900	783,000	786,800	791,400	807,000	804,200	800,400	800,200	803,000	793,900	792,000	798,300
Employment	739,400	743,300	740,400	751,000	755,700	766,400	764,500	761,200	766,300	767,000	757,200	753,600	759,000
Unemployment	47,200	46,600	42,600	35,800	35,600	40,600	39,700	39,200	33,900	35,900	36,700	38,400	39,300
Rate	6.0	5.9	5.4	4.5	4.5	5.0	4.9	4.9	4.2	4.5	4.6	4.8	4.9
Participation Rate	54.0	54.3	53.8	54.1	54.5	55.6	55.4	55.1	55.1	55.3	54.7	54.6	54.8
2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	779,100	789,200	783,600	790,400	794,700	808,800	805,300	794,500	795,600	799,400	791,300	789,200	793,400
Employment	731,800	738,000	736,000	748,900	756,800	765,100	763,800	755,700	762,000	764,800	757,000	751,200	752,200
Unemployment	47,300	51,300	47,600	41,500	37,800	43,600	41,400	38,800	33,600	34,600	34,300	38,000	41,200
Rate	6.1	6.5	6.1	5.3	4.8	5.4	5.1	4.9	4.2	4.3	4.3	4.8	5.2
Participation Rate	53.3	54.0	53.6	54.1	54.5	55.4	55.2	54.5	54.6	54.9	54.3	54.2	54.4
2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	775,600	779,900	775,100	781,500	780,000	795,200	792,500	790,400	792,900	789,400	784,100	780,400	783,800
Employment	726,200	730,700	731,100	743,000	744,500	753,600	751,500	747,700	757,600	754,300	745,400	739,900	742,700
Unemployment	49,300	49,200	44,000	38,500	35,500	41,600	41,100	42,700	35,300	35,100	38,700	40,400	41,000
Rate	6.4	6.3	5.7	4.9	4.6	5.2	5.2	5.4	4.5	4.4	4.9	5.2	5.2
Participation Rate	52.7	53.0	52.7	53.2	53.1	54.2	54.0	53.9	54.1	53.9	53.5	53.3	53.5
2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	782,600	787,400	782,200	786,200	788,300	796,900	789,000	785,800	784,800	786,700	778,300	773,100	785,100
Employment	726,500	728,800	727,800	737,800	742,300	746,200	741,700	737,600	741,600	744,500	739,100	732,500	737,200
Unemployment	56,100	58,500	54,400	48,400	45,900	50,700	47,300	48,300	43,200	42,200	39,300	40,600	47,900
Rate	7.2	7.4	7.0	6.2	5.8	6.4	6.0	6.1	5.5	5.4	5.0	5.2	6.1
Participation Rate	53.0	53.3	53.0	53.3	53.4	54.0	53.5	53.3	53.3	53.4	52.9	52.6	53.3
2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	787,000	789,700	784,900	793,800	797,700	806,900	799,800	793,900	788,100	790,200	783,900	782,400	791,500
Employment	730,400	730,400	727,800	741,200	744,400	750,700	744,400	741,500	743,100	745,900	738,400	735,300	739,500
Unemployment	56,600	59,300	57,100	52,600	53,300	56,200	55,400	52,400	45,000	44,400	45,500	47,100	52,100
Rate	7.2	7.5	7.3	6.6	6.7	7.0	6.9	6.6	5.7	5.6	5.8	6.0	6.6
Participation Rate	53.1	53.3	53.0	53.6	53.9	54.5	54.0	53.6	53.3	53.4	53.0	52.9	53.5
2014	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	789,400	795,700	792,000	795,300	800,800	805,300	800,900	796,900	795,800	799,900	791,000	785,700	795,700
Employment	730,800	732,700	733,300	745,400	750,400	753,500	748,000	744,200	749,900	754,700	745,000	739,600	744,000
Unemployment	58,700	63,100	58,700	49,900	50,400	51,800	52,900	52,700	45,900	45,200	46,000	46,100	51,800
Rate	7.4	7.9	7.4	6.3	6.3	6.4	6.6	6.6	5.8	5.7	5.8	5.9	6.5
Participation Rate	53.1	53.6	53.3	53.5	53.9	54.2	53.9	53.7	53.6	53.9	53.3	53.0	53.6
2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	798,800	798,000	790,900	799,200	802,400	814,200	807,700	802,100	800,700	798,100	792,900	788,800	799,500
Employment	734,500	734,900	733,800	747,400	752,100	758,400	754,200	749,400	752,500	749,100	744,500	739,200	745,800
Unemployment	64,300	63,100	57,100	51,800	50,300	55,800	53,500	52,700	48,100	49,000	48,400	49,600	53,600
Rate	8.0	7.9	7.2	6.5	6.3	6.9	6.6	6.6	6.0	6.1	6.1	6.3	6.7
Participation Rate	53.7	53.6	53.2	53.7	54.0	54.8	54.3	53.9	53.8	53.7	53.3	53.1	53.8
2012	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG
Labor Force	797,500	802,500	799,100	806,600	815,200	822,700	815,800	809,500	811,600	813,000	802,600	800,200	808,000
Employment	736,100	738,000	738,900	750,500	757,200	760,400	754,300	749,300	757,500	759,400	749,400	744,000	749,600
Unemployment	61,400	64,500											

BRIM
December 2024
Interim Packet

West Virginia Board of Risk and Insurance Management
UNAUDITED BALANCE SHEET AND INCOME STATEMENT
For the Four Months Ending October 31, 2024

Talking Points for Joint Committee on Government and Finance Meeting
December 2024

1. **Premium Revenue** for October reflects the premiums earned for the first four months of the current fiscal year. BRIM premiums in FY'25 reflect an increase in premium revenue including an increase in premium to fund the higher actuarially estimated losses for the current year.
2. **Claims Expense** reflects net claims payments made through October plus estimated accruals for the months of July through October. Claim payments through October were lower than in October of last year.
3. **Investments** reflect a gain of \$9.1 million year to date. Investment returns in October of last year were lower than in October of this year. Interest rates fluctuated during FY'24 and there was volatility in the equities markets. In FY'25 the outlook for investment income is uncertain given the continued volatility of the equities markets and the interest rate environment.
4. BRIM continues to pursue pro-active loss control initiatives.

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Four Months Ended October 31st

	2024	2023
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 21,818	\$ 15,843
Advance deposits with insurance company and trustee	259,348	239,163
Receivables	25,396	5,069
Prepaid insurance	11,467	8,604
Restricted cash and cash equivalents	10,076	6,168
Premiums due from other entities	1,539	1,534
Total current assets	329,645	276,382
Noncurrent assets:		
Equity position in internal investments pools	60,050	85,789
Restricted investments	33,607	29,074
Total noncurrent assets	93,657	114,863
Total assets	423,302	391,244
Deferred Outflows of Resources		
Deferred Outflows of Resources - OPEB	243	399
	10	59
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	91,641	155,023
Unearned premiums	23,723	22,066
Agent commissions payable	1,673	1,090
Claims Payable	108	0
Accrued expenses and other liabilities	23,103	2,366
Total current liabilities	140,249	180,545
Estimated unpaid claims and claims adjustment expense net of current portion		
	197,102	170,054
Compensated absences	182	192
Net pension liability	(04)	148
Total noncurrent liabilities	197,280	170,393
Total liabilities	337,529	350,938
Deferred Inflows of Resources		
Deferred Inflows of Resources - OPEB	0	0
	64	137
Net position:		
Restricted by State code for mine subsidence coverage	38,026	32,363
Unrestricted	37,826	36,438
Net Assets (Deficiency)	10,111	(28,174)
Net position	\$ 85,963	\$ 40,627

Unaudited

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

For the Four Months Ended October 31st

	2024	2023
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	41,362	\$ 38,554
Less coverage/reinsurance programs	(4,586)	(4,966)
Net operating revenues	36,776	33,588
Operating expenses		
Claims and claims adjustment expense	33,700	54,241
General and administrative	2,113	2,126
Total operating expenses	35,813	56,367
Operating income (loss)	963	(22,779)
Nonoperating revenues		
Investment income	9,148	(5,395)
Legislative Appropriation	0	0
OPEB Non Operating Income	0	0
Net nonoperating revenues	9,148	(5,395)
Changes in net position	10,111	(28,174)
Total net position, beginning of year	75,852	68,801
Total net position, end of period	\$ 85,963	\$ 40,627

Unaudited

PEIA
December 2024
Interim Packet

PEIA December Interim Talking Points

- **PEIA and RHBT interim financial statements for October 31, 2024, are available for your review.**
- **PEIA statements indicate PEIA is currently ahead of plan by \$3 million. This is due to higher than forecast investments.**
- **RHBT statements indicate RHBT is currently ahead of plan by \$7 million. This is due to higher than forecast investment income.**
- **The 2025 year-end reserve for the State Fund, non-State Fund and RHBT is projected to be \$87, \$1.4 and \$125 million respectively.**
- **These reserve levels represent 10%, .07% and 62% of the respective funds' expenses. The required reserve for the State Fund is 12% of expenses.**

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For Four Months Ending Thursday, October 31, 2024

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
			ADDITIONS				
			Employer Premiums:				
\$695	\$653	\$673	Health premiums - Non Par	\$42	6%	\$22	3%
2,441	2,187	2,646	Health Premiums - RLC Health, Life	254	12%	(205)	(8%)
9,691	9,667	-	Pay Go Premiums	24	0%	9,691	100%
10,000	10,000	10,000	State appropriation - OPEB	-	0%	-	0%
22,827	22,507	13,319	Total Employer Premiums	320	1%	9,508	71%
			Other Additions:				
167	167	167	Retiree Drug Subsidy	-	0%	-	0%
53,956	45,279	(51,963)	Investment Income	8,677	19%	105,919	(204%)
76,950	67,953	(38,477)	TOTAL ADDITIONS	8,997	13%	115,427	(300%)
			DEDUCTIONS				
18,807	18,454	16,746	Payments to Managed Care Org.	(353)	(2%)	(2,061)	(12%)
8,609	9,231	8,791	Life Insurance Expense	622	7%	182	2%
19,309	19,788	15,845	Medical Claims Expense	479	2%	(3,464)	(22%)
11,207	10,099	9,322	Pharmacy Claims Expense	(1,108)	(11%)	(1,885)	(20%)
423	331	1,053	Administrative Service Fees (External)	(92)	(28%)	630	60%
(19,847)	(20,470)	(19,433)	Member Health premiums	(623)	3%	414	(2%)
(8,745)	(9,244)	(8,804)	Member Life Insurance Premiums	(499)	5%	(59)	1%
1,032	1,382	943	Other Operating Expenses	350	25%	(89)	(9%)
30,795	29,571	24,463	TOTAL DEDUCTIONS	(1,224)	(4%)	(6,332)	(26%)
46,155	38,382	(62,940)	NET POSITION INCREASE (DECREASE)	7,773	20%	109,095	(173%)
			Net Position Restricted for Post Employment Benefits				
1,945,517	1,945,517	1,795,666	Beginning of Period Total Net Position	-	0%	149,851	8%
1,790,327	1,782,554	1,531,381	End of Period Net Position - Restricted	7,773	0%	258,946	17%
201,345	201,345	201,345	End of Period Net Position - PSR	-	0%	-	0%
\$1,991,672	\$1,983,899	\$1,732,726	End of Period Total Net Position	\$7,773	0%	\$258,946	15%

West Virginia Public Employees Insurance Agency
Statement of Changes in Plan Net Position
For the Four Months Ending Thursday, October 31, 2024
(Dollars in Thousands)
(Unaudited-For Internal Use Only)

ACTUAL	BUDGET	PRIOR YR			BUDGET VARIANCE		PRIOR YR VARIANCE		
			\$	%	\$	%			
			OPERATING REVENUE						
			Premium Revenue						
\$213,775	\$212,953	\$199,772	Health Insurance - State Gov. - Employers	\$822	0%	\$14,003	7%		
54,717	54,730	49,497	Health Insurance - State Gov. - Employees	(\$13)	(0%)	\$5,220	11%		
60,662	60,058	54,406	Health Insurance - Local Gov. - All	\$604	1%	\$6,256	11%		
1,560	1,540	1,540	Administrative Fees, Net of Refunds	\$20	1%	\$20	1%		
584	817	757	Other Premium Revenue	(\$233)	(29%)	(\$173)	(23%)		
331,298	330,098	305,972	Total Operating Revenue	1,200	0%	25,326	8%		
			NON-OPERATING REVENUE						
874	818	779	Life Insurance	56	7%	95	12%		
29,000	-	-	Direct Transfer	29,000	100%	29,000	100%		
5,055	3,190	(2,291)	Interest and Investment Income	1,865	58%	7,346	(321%)		
9,691	9,667	0	WV RHBT Pay Go Premiums	24	0%	9,691	100%		
44,620	13,675	(1,512)	Total Non-Operating Revenue	30,945	226%	46,132	(3,051%)		
375,918	343,773	304,460	TOTAL REVENUE	32,145	9%	71,458	23%		
			EXPENSES						
192,810	199,446	180,742	Claims Expense - Medical	6,636	3%	(12,068)	(7%)		
131,686	123,623	119,138	Gross Claims Expense - Drugs	(8,063)	(7%)	(12,548)	(11%)		
(49,532)	(51,379)	(48,787)	Prescription Rebate	(1,847)	4%	745	(2%)		
82,154	72,244	70,351	Net Claims Expense- Drugs	(9,910)	(14%)	(11,803)	(17%)		
23,324	22,472	21,200	Payments to Managed Care Org.	(852)	(4%)	(2,124)	(10%)		
7,157	10,557	6,982	Administrative Service Fees	3,400	32%	(175)	(3%)		
297	738	154	Wellness and Disease Management	441	60%	(143)	(93%)		
2,226	2,697	1,961	Other Operating Expenses	471	17%	(265)	(14%)		
357	724	610	Life Insurance Expense	367	51%	253	41%		
156	156	155	ACA Comparative Effectiveness Fee	0	0%	(1)	(1%)		
9,691	9,667	-	WV RHBT Pay Go Premiums	(24)	(0%)	(9,691)	100%		
318,172	318,701	282,155	TOTAL EXPENSES	529	0%	(36,017)	(13%)		
57,746	25,072	22,305	YTD Surplus (Deficit)	32,674	130%	35,441	159%		
81,292	81,292	124,830	Total Net Position, Beginning of Period	-	0%	(43,538)	(35%)		
\$139,038	\$106,364	\$147,135	Total Net Position, End of Period	\$32,674	31%	(\$8,097)	(6%)		

Real Estate Division
December 2024
Interim Packet

Department of Administration Real Estate Division Leasing Report

For the period of November 1 - 30, 2024

There are 6 leasing changes for this period, and they are as follows:

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

Department of Administration Real Estate Division Leasing Report

For the period of November 1 - 30, 2024

NEW CONTRACT OF LEASE

DEPARTMENT OF HEALTH

HEA-015 New Contract of Lease for 3 years consisting of 92 square feet of office space at the annual per square foot rate of \$32.61, annual cost \$3,000.00, full service, 15 North Locust Street, in the City of Buckhannon, Upshur County, West Virginia.

HEA-016 New Contract of Lease for 3 years consisting of 234 square feet of office space at the monthly rate of \$400.00, annual cost \$4,800.00, Utilities included, 511 7th Street, in the City of Moundsville, Marshall County, West Virginia.

STRAIGHT RENEWAL

DIVISION OF CORRECTIONS AND REHABILITATION, BUREAU OF JUVENILE SERVICES

BJS-042 Renewal for 5 years consisting of 1,927 square feet of office, classroom, and storage space at the current annual per square foot rate of \$10.28, annual cost \$19,809.56, full service, 241 Mercer Springs Road, in the City of Princeton, Mercer County, West Virginia.

RENEWAL WITH INCREASE IN RENT

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-188 Renewal for 5 years consisting of 1,200 square feet of air quality monitoring space at the current monthly rate of \$400.00, annual cost \$4,800.00, from September 1, 2024 to August 31, 2026, then an increase in the monthly rate to \$420.00, annual cost \$5,040.00, from September 1, 2026 to August 31, 2028, then an increase in the monthly rate to \$440.00 \$5,280.00, from September 1, 2028 to August 31, 2029, 1436 Dixie Street, in the City of Charleston, Kanawha County, West Virginia.

DIVISION OF CORRECTIONS AND REHABILITATION

COR-092 Renewal for 5 years consisting of 4,340 square feet of office space at the current annual per square foot rate of \$11.47, annual cost \$49,779.80, from September 1, 2024 to October 31, 2024, then an increase in the annual per square foot rate to \$11.81, annual cost \$51,255.40, from November 1, 2024 to August 31, 2027, then an increase in the annual per square foot rate to \$12.16, annual cost \$52,774.40, from September 1, 2027 to August 31, 2029, 3225 Robert C. Byrd Drive, in the City of Beckley, Raleigh County, West Virginia.

CANCELLATION

AVIATION DIVISION

AVD-002 Lease cancellation consisting of 2,040 square feet of office space, at the annual per square foot rate of \$19.00 annual cost \$38,760.00, utilities included, 400 Eagle Mountain Road, in the City of Charleston, Kanawha County, West Virginia.

MEDICAID REPORT

October 2024



Joint Committee on Government and Finance and
Legislative Oversight Commission on Health and
Human Resources Accountability
December 2024

WV DEPARTMENT OF HUMAN SERVICES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2025

MONTH OF OCTOBER 2024

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2024	SFY2025	Current Month Ended 10/31/24	Current Month Ended 10/31/24	Year To-Date Thru 10/31/24	11/01/24 Thru 6/30/2025
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	83,817,704	80,487,667	4,740,204	7,243,890	26,626,138	53,861,529
Inpatient Hospital - DSH	50,312,786	53,500,000	1,855,717	4,815,000	15,106,079	38,393,921
Inpatient Hospital - Supplemental Payments	-	-	-	-	-	-
Inpatient Hospital - GME Payments	14,955,984	13,452,984	-	1,210,769	3,737,007	9,715,977
Mental Health Facilities	9,303,347	6,126,772	795,883	551,409	3,805,936	2,320,836
Mental Health Facilities - DSH Adjustment Payments	21,401,331	18,887,045	4,721,761	1,699,834	9,443,522	9,443,523
Nursing Facility Services - Regular Payments	1,015,122,804	977,819,307	86,119,557	88,003,738	362,389,523	615,429,785
Nursing Facility Services - Supplemental Payments	-	25,000,000	-	2,250,000	-	25,000,000
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	72,228,418	63,354,257	6,167,744	5,701,883	25,409,882	37,944,375
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	31,193,313	26,937,348	2,408,332	2,424,361	9,122,535	17,814,814
Physicians Services - Supplemental Payments	-	-	-	-	-	-
Physician and Surgical Services - Evaluation and Management	-	-	-	-	-	-
Physician and Surgical Services - Vaccine Codes	-	-	-	-	-	-
Outpatient Hospital Services - Regular Payments	40,442,837	36,161,261	3,466,212	3,254,514	16,596,785	19,564,476
Outpatient Hospital Services - Supplemental Payments	-	-	-	-	-	-
Prescribed Drugs	870,892,219	982,436,076	67,955,827	88,419,247	281,902,695	700,533,381
Drug Rebate Offset - National Agreement	(499,047,033)	(555,000,000)	(47,110,724)	(49,950,000)	(181,277,157)	(373,722,843)
Drug Rebate Offset - State Sidebar Agreement	(110,721,125)	(50,000,000)	(21,983,281)	(4,500,000)	(47,591,102)	(2,408,898)
Drug Rebate Offset - MCO National	(6,058,271)	(10,600,000)	(640,442)	(954,000)	(2,369,429)	(8,230,571)
Drug Rebate Offset - MCO State Sidebar Agreement	-	-	-	-	263	(263)
ODD Medication Assisted Treatment—Drugs	88,015,331	-	6,808,925	-	29,226,040	(29,226,040)
Dental Services	4,984,609	3,176,416	391,057	285,877	1,665,298	1,511,118
Other Practitioners Services - Regular Payments	204,036,097	148,476,163	300,365	13,362,855	3,939,633	144,536,530
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	3,424,613	2,830,187	17,633	254,717	121,073	2,709,114
Lab & Radiological Services	6,347,377	2,973,175	443,974	267,586	1,938,337	1,034,838
Home Health Services	19,827,448	22,173,528	(23,921)	1,995,618	4,346,792	17,826,736
Hysterectomies/Sterilizations	4,402	2,617	(196)	236	390	2,227
Pregnancy Terminations ⁽²⁾	-	9,500	-	855	-	9,500
EPSDT Services	1,624,351	984,638	95,791	88,617	494,223	490,415
Rural Health Clinic Services	3,596,071	1,635,084	178,237	147,158	854,433	780,651
Medicare Health Insurance Payments - Part A Premiums	29,878,225	30,546,783	2,557,219	2,749,210	10,193,228	20,353,555
Medicare Health Insurance Payments - Part B Premiums	147,248,461	171,623,734	12,447,590	15,446,136	49,555,958	122,067,776
120% - 134% Of Poverty	16,268,702	16,303,907	1,189,008	1,467,352	4,737,864	11,566,043
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	13,872,088	13,234,165	958,465	1,191,075	4,364,207	8,869,958

WV DEPARTMENT OF HUMAN SERVICES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2025

	MONTH OF OCTOBER 2024		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2024	SFY2025	Current Month Ended 10/31/24	SFY2025	Current Month Ended 10/31/24	Current Month Ended 10/31/24	Year To-Date Thru 10/31/24	11/01/24 Thru 6/30/2025
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	2,266,208,133	2,252,164,686	161,302,680		202,694,822		717,064,574	1,535,100,112
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	2,557,631	2,345,281	233,877		211,075		1,216,621	1,128,660
Medicaid Health Insurance Payments: Coinsurance	-	-	-		-		-	-
Medicaid Health Insurance Payments: Other	-	-	-		-		-	-
Home & Community-Based Services (IDD)	329,808,774	425,642,440	27,922,443		38,307,820		122,789,313	302,853,127
Home & Community-Based Services (Aged/Disabled)	56,452,071	173,750,658	14,042,190		15,637,559		60,989,014	112,761,644
Home & Community-Based Services (Traumatic Brain Injury)	1,275,260	2,366,248	153,232		212,962		912,144	1,454,104
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	15,087,039	79,295,592	6,495,319		7,136,603		26,699,205	52,596,387
Personal Care Services - SDS 1915(j)	-	-	-		-		-	-
Targeted Case Management Services - Com. Case Management	-	-	-		-		-	-
Targeted Case Management Services - State Wide	675,729	2,173,559	56,200		195,620		178,494	1,995,065
Primary Care Case Management Services	-	-	-		-		-	-
Hospice Benefits	37,776,695	27,406,107	3,237,617		2,466,550		13,311,876	14,094,231
Emergency Services Undocumented Aliens	862,430	599,959	45,928		53,996		332,941	267,018
Federally Qualified Health Center	16,145,868	19,980,394	782,160		1,798,235		3,346,978	16,633,416
Non-Emergency Medical Transportation	39,975,647	38,198,127	3,247,215		3,437,831		13,052,035	25,146,092
Physical Therapy	1,022,382	970,227	69,739		87,320		310,534	659,693
Occupational Therapy	424,227	377,068	27,327		33,936		126,273	250,795
Services for Speech, Hearing & Language	285,602	250,955	27,040		22,586		113,490	137,465
Prosthetic Devices, Dentures, Eyeglasses	830,381	784,017	54,448		70,562		274,347	509,670
Diagnostic Screening & Preventive Services	92,984	62,227	6,038		5,600		24,664	37,563
Nurse Mid-Wife	119,754	99,331	6,833		8,940		30,819	68,512
Emergency Hospital Services	1,347	-	-		-		-	-
Critical Access Hospitals	24,477,636	23,478,001	2,065,921		2,113,020		10,210,792	13,267,209
Nurse Practitioner Services	6,088,515	4,369,853	488,900		393,287		1,826,632	2,543,221
School Based Services	32,300,499	30,000,000	141,716		2,700,000		1,105,591	28,894,409
Rehabilitative Services (Non-School Based)	32,984,078	28,282,709	3,097,892		2,356,892		11,006,190	17,276,519
2a Opioid Treatment Program (OTP) - Methadone services	163,700	-	18,179		-		2,846,272	(2,846,272)
2a Opioid Treatment Program (OTP) - Peer Recovery Support Services	4,567	-	76,697		-		189,679	(189,679)
2a Opioid Treatment Program (OTP) - Residential Adult Services	11,203,875	-	936,850		-		2,868,800	(2,868,800)
2a OUD Medicaid Assisted Treatment Services	16,943,910	-	1,216,812		-		3,959,740	(3,959,740)
2a Opioid Treatment Program (OTP) - Other	689,814	-	54,563		-		190,670	(190,670)
Private Duty Nursing	5,407,133	3,524,030	262,860		317,163		1,746,356	1,777,674
Freestanding Birth Centers	-	-	-		-		-	-
Health Home for Enrollees w Chronic Conditions	2,022,694	2,494,719	21,318		224,525		244,305	2,250,414
Other Care Services	33,133,542	34,525,780	2,374,100		3,107,320		10,253,765	24,278,015
Less: Recoupments	-	-	(2,554,065)		-		(2,554,065)	2,554,065
NET MEDICAID EXPENDITURES:	5,067,994,004	5,235,674,582	359,772,966		471,022,161		1,639,008,201	3,596,666,381

WV DEPARTMENT OF HUMAN SERVICES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2025

MONTH OF OCTOBER 2024

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2024	SFY2025	Current Month Ended 10/31/24	Current Month Ended 10/31/24	Year To-Date Thru 10/31/24	11/01/24 Thru 6/30/2025
Collections: Third Party Liability (line 9A on CMS-64)	(6,776,262)	-	-	-	(3,802,871)	3,802,871
Collections: Probate (line 9B on CMS-64)	(4,205,201)	-	-	-	(384,667)	384,667
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(472,244)	-	-	-	(36,003)	36,003
Collections: Other (line 9D on CMS-64)	(32,211,509)	-	-	-	(10,678,525)	10,678,525
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	5,024,328,788	5,235,674,582	359,772,966	471,022,161	1,624,106,135	3,611,568,446
Plus: Medicaid Part D Expenditures	52,812,392	53,881,349	4,655,281	4,849,321	18,662,055	35,219,294
Plus: State Only Medicaid Expenditures	204,570	258,896	15,494	23,301	72,925	185,971
Plus: Money Follow the Person Expenditures	1,049,581	1,194,667	74,811	107,520	327,412	867,256
TOTAL MEDICAID EXPENDITURES	\$5,078,395,331	\$5,291,009,494	\$364,518,552	\$476,002,303	\$1,643,168,527	\$3,647,840,966
Plus: Reimbursables ⁽¹⁾	5,819,748	-	449,306	-	2,140,420	(2,140,420)
Plus: NATCEP/PASARR/Eligibility Exams	242,674	209,422	2,510	18,848	106,952	102,470
Plus: HIT Incentive Payments	-	-	-	-	-	-
TOTAL EXPENDITURES	\$5,084,457,753	\$5,291,218,915	\$364,970,368	\$476,021,151	\$1,645,415,899	\$3,645,803,017

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

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

(3) Of the amount in the 'Nursing Facility Services - Regular Payments' line \$ 9,257,008 is the amount paid to State Facilities year to date.

WV DEPARTMENT OF HUMAN SERVICES
 BUREAU FOR MEDICAL SERVICES
 MEDICAID CASH REPORT
 SFY2025

	MONTH OF OCTOBER 2024		ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2024		SFY2024	Current Month Ended 10/31/24	Year-To-Date Thru 10/31/24	11/01/24 Thru 06/30/25	SFY2025
REVENUE SOURCES							
Beg. Bal. 7/01/22 (5084/1020 prior mth)		127,247,384	24,668,534	51,699,646	-	51,699,646	
MATCHING FUNDS							
General Revenue (0403/189)		267,202,774	4,965,005	18,505,929	49,198,691	67,704,620	
Prescription Drugs (FFS)		-	1,447,651	5,395,791	14,344,907	19,740,698	
Physical and Occupational Therapy (FFS)		-	5,044	18,802	49,990	68,792	
Speech, Hearing, and Language Disorders (FFS)		-	939	3,502	9,311	12,813	
Respiratory Care Services (FFS)		-	739	2,756	7,327	10,083	
Clinic Services (FFS)		-	10,594	39,488	104,983	144,471	
Diagnostic, Screening, Preventive and Rehabilitative Services (FFS)		-	232	867	2,309	3,176	
Dental Services (FFS)		-	12,201	45,479	120,911	166,390	
Podiatry Services, Optometry Services, and Prosthetics (FFS)		-	2,279	8,495	22,583	31,078	
Chiropractic Services (FFS)		-	381	1,422	3,784	5,206	
Private Duty Nurses, Personal Care, and Other Practitioner Services (FFS)		-	868,801	3,238,260	8,609,034	11,847,294	
Hospice Benefits (FFS)		-	102,578	382,337	1,016,456	1,398,793	
Case Management (FFS)		-	8,135	30,323	80,615	110,938	
Institution for Mental Disease Services (FFS)		-	93,645	349,042	927,943	1,276,985	
Intermediate Care Facility Services (FFS)		-	237,128	883,841	2,349,726	3,233,567	
Health Homes for Enrollees with Chronic Conditions (FFS)		-	9,337	34,803	92,526	127,329	
Managed Care Organizations (FFS)		-	8,322,883	23,455,397	90,038,472	113,493,869	
Substance Use Disorder Waiver (FFS)		-	61,757	230,187	611,964	842,151	
IDD Waiver (0403/466)		108,541,736	7,163,754	20,188,762	77,498,800	97,687,562	
Rural Hospitals Under 150 Beds (0403/940)		2,596,000	171,336	638,616	1,697,784	2,336,400	
Tertiary Funding (0403/547)		6,356,000	419,496	1,563,576	4,156,824	5,720,400	
Traumatic Brain Injury (0403/835)		800,000	52,800	196,800	523,200	720,000	
Title XIX Waiver for Seniors (0403-533)		13,593,620	996,865	3,715,589	9,878,031	13,593,620	
Medical Services Surplus (0403/633)		-	-	-	3,176	18,000,000	
Waiver for Senior Citizens Surplus (0403/526)		-	-	-	18,000,000	-	
Lottery Waiver (Less 550,000) (5405/539)		23,126,633	-	6,396,523	(6,396,523)	27,386,092	
Lottery Waiver (0420/539)		10,839,825	-	1,645,092	25,741,000	6,580,366	
Lottery Transfer (5405/871)		16,400,070	-	4,100,018	2,480,348	16,400,070	
Excess Lottery (5365/189)		60,716,750	-	17,000,000	(599,930)	63,232,578	
Lottery Surplus (5405/68199)		14,750,000	-	14,750,000	48,482,578	14,750,000	
Lottery Surplus (5365/68100)		17,000,000	-	-	14,750,000	17,000,000	
Trust Fund Appropriation (5185/189)		55,000,000	-	15,226,818	1,773,182	49,276,082	
Provider Tax (5090/189)		393,594,315	49,490,000	338,577,684	(289,301,602)	515,071,932	
NSGO UPL (5084/6717)		-	-	-	515,071,932	-	
Expirations (5084)		-	-	-	-	-	

WV DEPARTMENT OF HUMAN SERVICES
 BUREAU FOR MEDICAL SERVICES
 MEDICAID CASH REPORT
 SFY2025

MONTH OF OCTOBER 2024	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2024	Current Month Ended 10/31/24	Year-To-Date Thru 10/31/24	11/01/24 Thru 06/30/25	SFY2025
Certified Match	18,829,653	892,883	3,530,203	10,822,047	14,352,250
Reimbursables - Amount Reimbursed	5,281,103	1,012,404	1,348,219	(1,348,219)	-
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	512,476	67,348	274,609	(274,609)	-
CHIP State Share	-	-	-	-	-
CMS - 64 Adjustments	1,563,870	-	324,340	(324,340)	-
TOTAL MATCHING FUNDS	\$ 1,143,952,210	\$ 101,084,748	\$ 533,803,215	\$ 600,225,211	\$ 1,134,025,251
FEDERAL FUNDS	3,991,384,983	290,238,568	1,137,607,759	2,954,122,550	4,091,730,309
TOTAL REVENUE SOURCES	\$ 5,135,337,193	\$ 391,323,316	\$ 1,671,410,974	\$ 3,554,344,586	\$ 5,225,755,560
TOTAL EXPENDITURES:					
Provider Payments	\$ 5,084,457,753	\$ 364,970,368	\$ 1,645,415,899	\$ 3,645,803,017	\$ 5,291,218,915
TOTAL	\$ 50,879,440	\$ 26,352,948	\$ 25,995,075	\$ (91,458,431)	\$ (65,463,356)

Notes: FMAP (73.84% applicable Oct 2024 - Jun 2025)
 FFS: Fee For Service

MEDICAID WAIVER REPORT

October 2024



Joint Committee on Government and Finance and
Legislative Oversight Commission on Health and
Human Resources Accountability
December 2024

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

Aged & Disabled Waiver Reported October 31, 2024		FY2024	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	FY2025 YTD
Slots Approved By CMS (1)		8,750	8,750	8,750	8,750	8,750									8,750
-Slots Available for Traditional (ADW-WV) enrollees		8,674	8,424	8,674	8,674	8,674									8,674
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees		76	76	76	76	76									76
-Slots reserved for Money Follows the Person (MFP-WV) enrollees															
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count		8,551	7,568	7,708	7,851	7,931									7,931
Applicants determined eligible this month and added to MEL (3) * 87 of 87 are awaiting Financial Eligibility not yet on MEL		87	130	98	111	146									146
Applicants determined ineligible		2	1	5	1	1									1
ACTIVE MEMBERS															
Active Traditional Members at the end of the month		7,530	7,516	7,533	7,565	7,539									7,539
Active Take Me Home Members at the end of the month		50	48	51	53	55									55
Active Money Follows the Person Members at the end of the month															
Total Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count		7,580	7,564	7,584	7,618	7,594									7,594
Active members enrolled during the calendar month		1,592	75	187	139	142									543
-Total Active Traditional members enrolled during the calendar month		1,541	71	182	135	135									523
-Total Active TMH-WV members enrolled during the calendar month		51	4	5	4	7									20
-Total Active MFP-WV members enrolled during the calendar month															
Members discharged during the calendar month		1,619	91	167	105	166									529
ADW Members whose case was closed by reason	Member is deceased	742	56	78	44	96									274
	Other (4)	877	35	89	61	70									255
MANAGED ENROLLMENT LIST (MEL)															
# Eligible applicants closed during the calendar month (removed from MEL)		2,270	368	156	177	209									910
ADW Applicants removed from the MEL	Applicant offered a slot (Traditional + MFP)	1,010	270	49	76	98									493
	Applicant became deceased	116	9	14	4	9									36
	Other (5)	1,144	89	93	97	102									381
Applicants on the MEL who are in a nursing facility YTD Column reflects # members in setting during reporting month		0	2	4	2	0									0
Applicants on the MEL receiving Personal Care YTD Column reflects # members receiving service during reporting month		0	3	1	2	0									0
Applicants on the MEL at the end of month		208	19	23	31	17									17
Days - Average time spent on the MEL to date Minus MFP Applicants		9	1	3	3	2									2

(1) Beginning January 1, 2024, an additional 250 slots were approved by CMS, increasing the total to 8750. Of these slots, 76 are reserved for Money Follows the Person and Rebalancing Demonstration Grant.

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

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

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

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

**WV Department of Human Services
Bureau for Medical Services /DD Waiver Program Report**

Intellectual/Developmental Disabilities Waiver Reported October 31, 2024	FY2024	July-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	YTD2025
Slots approved by CMS	6,115	6,115	6,165	6,165	6,165									6,165
Total number of members served YTD (unduplicated slots used) (1)	6,109	6,033	6,037	6,040	6,045									6,045
Total number of members served YTD in Traditional Slots	6,101	6,033	6,036	6,039	6,043									6,043
Total number of members served YTD in Adult Ben H. slots (Active)	5	0	0	0	1									1
Total number of members served YTD in Children Ben H. slots (Active)	3	0	1	1	1									1
Applicants determined eligible (2)	459	51	43	39	47									180
Applicants determined ineligible (3)	556	51	38	44	46									179
ACTIVE MEMBERS														
# of active members at the end of the month (unduplicated slots active) (1)	5,957	6,015	6,006	6,001	5,992									5,992
Discharged members at the end of the calendar month	168	18	15	9	12									54
Discharged members who were discharged by reason	Deceased	63	6	7	5	4								22
	Left program to enter a facility	39	6	1	2	2								11
	a. Hospital	0	0	0	0	0								0
	b. ICF/IID	18	5	0	2	1								8
	c. Nursing Facility	21	1	1	0	0								2
	d. Psychiatric Facility	0	0	0	0	0								0
	e. Rehabilitation Facility	0	0	0	0	0								0
	f. Other Facility	0	0	0	0	0								0
Other (6)	66	6	7	2	6								21	
MANAGED ENROLLMENT LIST (MEL)														
Total number of applicants on the MEL at the end of the month	753	726	759	792	836									836
Number of applicants added to the MEL (4)	459	51	43	39	47									180
Applicants enrolled (removed from the MEL)	220	76	6	4	3									89
Applicants removed from the MEL due to Death (5)	4	0	0	0	0									0
Applicants removed from the MEL due to Other (6)	30	2	4	2	0									8
Applicants on the MEL who are in a Nursing Facility	2	2	2	1	2									2
Applicants on the MEL who are in an ICF/IID Group Home	23	35	37	42	42									42
Applicants on the MEL receiving Personal Care Services each month	14	10	9	13	16									16
Longest on the MEL to date (7)	1,098	1,129	1,160	1,190	1,221									1,221

(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 Human Services
Bureau for Medical Services TBI Waiver Program Report**

Traumatic Brain Injury Waiver Reported October 31, 2024	FY2024	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	FY2025 YTD
Slots Approved By CMS (1)	102	102	102	102	102									102
-Slots Available for Traditional (non TMH-WV) enrollees	100	6	6	6	6									6
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	2	4	4	4	4									4
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count	100	92	92	92	92									92
Applicants determined eligible this month and added to MEL (3)	14	0	0	1	5									6
Applicants determined ineligible	0	0	0	0	0									0
ACTIVE MEMBERS														
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count	92	92	92	92	92									92
Active members enrolled during the calendar month	15	0	0	0	0									0
-Total Active Traditional members enrolled during the calendar month	13	0	0	0	0									0
-Total Active TMH-WV members enrolled during the calendar month	2	0	0	0	0									0
Members discharged during the calendar month	15	0	0	0	0									0
TBIW Members whose case was closed by reason	Member is deceased	5	0	0	0	0								0
	Other (4)	10	0	0	0	0								0
MANAGED ENROLLMENT LIST (MEL)														
# Eligible applicants closed during the calendar month (removed from MEL)	16	0	0	0	0									0
TBIW Applicants removed from the MEL	Applicant offered a slot	16	0	0	0	0								0
	Applicant became deceased	0	0	0	0	0								0
	Other (5)	2	0	0	0	0								0
Applicants on the MEL who are in a nursing facility	1	0	0	0	0									0
Applicants on the MEL receiving Personal Care	2	0	0	0	0									0
Applicants on the MEL at the end of the month	0	0	0	0	0									0
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days	78	0	0	0	0									0

(1) CMS Approved 96+6=102 slots. Of the 102 slots approved by CMS, four (4) are reserved for the Money Follows the Person and Rebalancing Demonstration Grant for SFY 2024. 2/2024-two (2) reserved slots released for non TMH applicants. 5/2024-six (6) slots approved by CMS.

(2) Unduplicated slots used refers to the total number of members who accessed services during the fiscal year. Two (2) funded slots became available, no services paid for this SFY .

(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

JOINT COMMITTEE ON GOVERNMENT AND FINANCE

December 2024



West Virginia Children's
Health Insurance Program
Stacey Shamblin, Deputy
Commissioner, WVCHIP, BMS

West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures, Changes in Fund Balance, and Budget-to-Actual
For the Years Ending September 30, 2024 and September 30, 2025

	Annual Budget 2025	Budget Year-to-Date	Actual September 30, 2024	Actual September 30, 2023	Actual Variance \$	%	Budget Variance \$	%
Beginning Operating Fund Balance			\$3,255,799	\$5,382,999	(\$2,127,200)	-40%		
Revenues								
Federal Grants	\$63,527,759	\$15,881,940	\$17,455,942	\$14,739,606	\$2,716,336	18%	\$1,574,002	10%
Appropriations	\$12,755,475	\$3,188,869	\$2,551,690	\$2,212,919	\$0	0%	(\$637,179)	-20%
Insurance Revenues	\$83,500	\$20,875	\$158,474	\$6,595	\$151,879	2303%	\$137,599	659%
Investment Earnings (Interest)	\$155,000	\$38,750	\$69,909	\$33,889	\$36,019	106%	\$31,159	80%
Operating Fund Revenues	\$76,521,734	\$19,130,434	\$20,236,014	\$16,993,009	\$3,243,005	19%	\$1,105,581	6%
Expenditures:								
Administrative Expenses:								
Managed Care Organizations			\$14,339,861	\$11,050,984	\$3,288,878	30%		
Prescribed Drugs			\$3,703,382	\$2,840,512	\$862,870	30%		
Physicians & Surgical			\$427,540	\$1,034,867	(\$607,326)	-59%		
Outpatient Hospital Services			\$265,239	\$571,637	(\$306,398)	-54%		
Medical Transportation			\$546,448	\$426,090	\$120,358	28%		
Outpatient Services			\$287,338	\$277,953	\$9,385	3%		
Outpatient			\$149,660	\$166,525	(\$16,865)	-10%		
Therapy			\$75,997	\$85,745	(\$9,748)	-11%		
Other Services			\$42,692	\$49,162	(\$6,471)	-13%		
Outpatient Mental Health			\$10,765	\$21,570	(\$10,805)	-50%		
Information			\$10,855	\$11,030	(\$175)	-2%		
Medical & Disposable Med. Equip.			\$5,684	\$8,365	(\$2,681)	-32%		
Outpatient Mental Health			\$0	\$6,896	(\$6,896)	-100%		
Other Collections**			\$0	(\$3,718)	\$3,718	-100%		
Drug Rebates	\$0	\$0	(\$1,059,543)	\$0	(\$1,059,543)	0%	\$1,059,543	0%
Total Claims Expenses	\$70,153,130	\$17,538,283	\$18,805,919	\$16,547,618	\$2,258,300	14%	\$1,267,636	7%
Administrative Expenses:								
Salaries and Benefits	\$557,031	\$139,258	\$85,966	\$81,170	\$4,795	6%	(\$53,292)	-38%
Program Administration	\$5,222,107	\$1,305,527	\$507,806	\$1,255,198	(\$747,392)	-60%	(\$797,721)	-61%
Reach & Health Promotion	\$0	\$0	\$0	\$0	\$0	0%	\$0	0%
Health Service Initiative	\$225,000	\$56,250	\$56,250	\$56,250	\$0	0%	\$0	0%
Contract	\$413,409	\$103,352	\$9,841	\$7,939	\$1,902	24%	(\$93,511)	-90%
Total Administrative Expenses in Operating Fund	\$6,417,547	\$1,604,387	\$659,863	\$1,400,558	(\$740,695)	-53%	(\$944,524)	-59%
Operating Fund Expenditures	\$76,570,677	\$19,142,669	\$19,465,782	\$17,948,176	\$1,517,606	8%	\$323,112	2%
Investments			\$3,429	(\$617)				
Ending Operating Fund Balance			\$4,029,460.92	\$4,427,215	(\$397,754)	-9%		
Investment by Market			\$0	\$0				
Investment Pool			\$2,486,656	\$3,770,698				
Investment on Deposit			\$1,542,805	\$656,516				
Revenues Outside of Operating Funds:								
Federal Grants			\$0	\$0	\$0	0%		
WVCHIP Revenues			\$20,236,014	\$16,993,009	\$3,243,005	19%		
Expenses outside of Operating Funds:								
Eligibility	\$1,500,000	\$1,500,000	\$0	\$114,895	(\$114,895)	-100%	(\$1,500,000)	-100%
Administrative Expenses	\$7,917,547	\$3,104,387	\$659,863	\$1,515,453	(\$855,590)	-56%	(\$2,444,524)	-79%
WVCHIP Expenditures	\$78,070,677	\$20,642,669	\$19,465,782	\$18,063,071	\$1,402,711	8%	(\$1,176,888)	-6%

Notes:

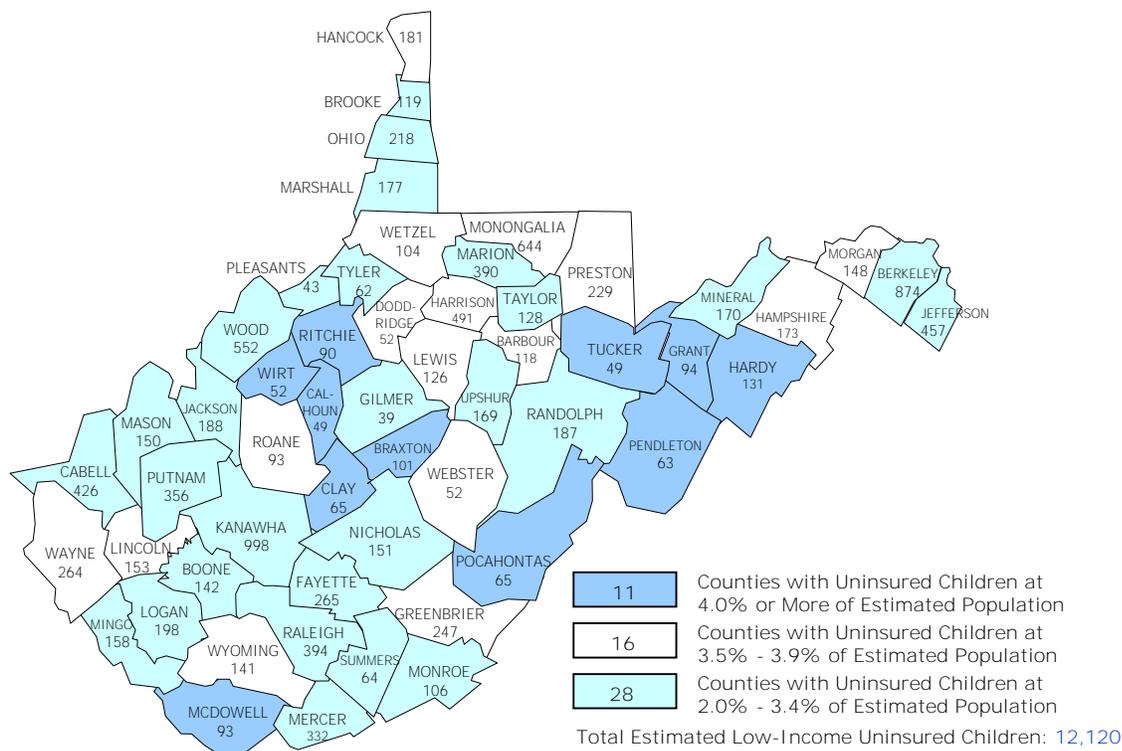
Statement is on cash basis.
 Estimate of Incurred but Not Reported (IBNR) claims on September 30, 2024 is \$998,704. The September 30, 2023 estimate was \$558,624.
 Administrative Accounts Payable balance on September 30, 2024 was \$758,866. The September 30, 2023 balance was \$386,446.
 2024 and 2023 adjustments to fund balances represents timing issues between the payment of expense and the draw-down of federal revenues.
 Revenues are primarily federal funds. WVCHIP's Federal Matching Assistance Percentage (FMAP) during SFY25 is 81.87% (11/1/24); 82.92% (10/1/23); 83.56% (7/1/23).
 Other Collections are primarily provider refunds and subrogation (amounts received from other insurers responsible for bills WVCHIP paid - primarily auto).
 Physician & Surgical services include physicians, clinics, lab, Federally Qualified Health Centers (FQHC), and vaccine payments.
 Other Services includes home health, chiropractors, psychologists, podiatrists, and nurse practitioners.
 Eligibility costs outside the fund represent the costs allocated to the WVCHIP for eligibility and enrollment processing (RAPIDS/WVPATH).

Unaudited - For Management Purposes Only
PRELIMINARY STATEMENT

WVCHIP Enrollment Report

OCTOBER 2024

County	County Pop.	MATERNITY			Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2021 SAHIE Uninsured Est.	2021 SAHIE % Uninsured		
	2021 Est. (0-18 Yrs)	BLUE Oct-24	GOLD Oct-24	PREM Oct-24	BLUE Oct-24	PREM Oct-24	Enrollment Oct-24	Enrollment Oct-24			Enrollment % of Population	
Arbour	3,204	101	45	82	1	3	232	1,620	1,852	57.8%	107	3.3%
Berkeley	30,213	1,386	373	736	20	23	2,538	12,558	15,096	50.0%	879	2.9%
Bone	4,539	138	57	85	4	2	286	2,505	2,791	61.5%	145	3.2%
Baxton	2,378	67	23	54	3	3	150	1,317	1,467	61.7%	98	4.1%
Booke	4,043	0	0	0	0	0	0	4	4	0.1%	121	3.0%
Bell	19,300	570	165	353	5	15	1,108	8,613	9,721	50.4%	562	2.9%
Bilhou	1,178	64	14	39	1	1	119	718	837	71.1%	47	4.0%
Day	1,793	68	16	33	2	2	121	1,150	1,271	70.9%	76	4.2%
Beddridge	1,084	43	9	29	0	1	82	704	786	72.5%	39	3.6%
Brette	8,467	349	103	188	3	10	653	4,440	5,093	60.2%	254	3.0%
Bimer	1,140	33	19	35	1	0	88	505	593	52.0%	35	3.1%
Bant	2,230	77	25	70	5	1	178	1,174	1,352	60.6%	93	4.2%
Beenbrier	6,534	336	101	203	5	9	654	3,324	3,978	60.9%	246	3.8%
Bempshire	4,248	176	54	86	6	3	325	2,221	2,546	59.9%	159	3.7%
Bincock	5,604	269	106	167	4	9	555	3,702	4,257	76.0%	205	3.7%
Birdy	2,892	136	30	89	4	4	263	1,274	1,537	53.1%	139	4.8%
Birrison	14,585	492	153	323	4	11	983	5,921	6,904	47.3%	555	3.8%
Bickson	6,181	182	70	104	3	0	359	2,716	3,075	49.7%	196	3.2%
Bifferson	13,328	433	126	275	6	3	843	3,584	4,427	33.2%	473	3.5%
Binawha	36,989	1,226	391	756	23	28	2,424	30,147	32,571	88.1%	1103	3.0%
Bewis	3,706	148	66	82	1	2	299	1,867	2,166	58.4%	133	3.6%
Bicoln	4,606	164	40	80	1	13	298	2,476	2,774	60.2%	169	3.7%
Bigan	6,800	208	67	125	7	0	407	3,987	4,394	64.6%	225	3.3%
Birion	11,652	424	129	239	2	8	802	4,907	5,709	49.0%	380	3.3%
Birshall	5,954	156	68	93	1	1	319	2,514	2,833	47.6%	154	2.6%
Bison	5,368	186	61	97	2	4	350	3,948	4,298	80.1%	157	2.9%
B.Dowell	3,143	605	186	269	6	12	1,078	7,337	8,415	267.7%	128	4.1%
Bircer	3,802	216	70	113	0	1	400	2,326	2,726	71.7%	110	2.9%
Birneral	12,788	174	50	76	3	3	306	3,580	3,886	30.4%	433	3.4%
Birngo	5,538	482	167	348	11	11	1,019	5,439	6,458	116.6%	144	2.6%
Birngalia	5,227	107	43	85	0	4	239	1,139	1,378	26.4%	188	3.6%
Birnoe	18,601	143	57	87	2	0	289	1,356	1,645	8.8%	540	2.9%
Birrgan	2,520	117	34	67	2	2	222	2,444	2,666	105.8%	97	3.8%
Birholas	5,074	178	71	119	3	5	376	2,378	2,754	54.3%	166	3.3%
Birio	8,461	188	84	123	4	4	403	3,444	3,847	45.5%	257	3.0%
Birndleton	1,195	42	11	42	1	1	97	518	615	51.5%	60	5.0%
Birasants	1,522	37	6	32	1	0	76	647	723	47.5%	37	2.4%
Birahontas	1,417	64	19	26	0	1	110	651	761	53.7%	66	4.7%
Biraston	6,770	258	73	153	4	5	493	2,847	3,340	49.3%	238	3.5%
Birtnam	13,220	382	121	235	7	13	758	3,773	4,531	34.3%	392	3.0%
Birleigh	16,094	572	185	402	10	11	1,180	8,146	9,326	57.9%	481	3.0%
Birndolph	5,312	254	68	143	5	5	475	2,445	2,920	55.0%	176	3.3%
Birchie	1,750	64	16	26	1	0	168	929	1,097	62.7%	90	5.1%
Birane	2,946	129	43	87	0	4	224	1,332	1,556	52.8%	107	3.6%
Birimmers	1,967	90	32	48	3	2	189	1,334	1,523	77.4%	65	3.3%
Birylor	3,325	140	47	62	1	5	237	1,388	1,625	48.9%	112	3.4%
Bircker	920	49	29	44	1	2	116	474	590	64.1%	45	4.9%
Birler	1,667	58	12	35	0	0	215	679	894	53.6%	55	3.3%
Birshur	4,995	179	67	145	2	3	385	2,543	2,928	58.6%	164	3.3%
Birayne	8,022	313	89	134	5	4	444	4,275	4,719	58.8%	300	3.7%
Birbster	1,639	74	30	33	0	4	164	952	1,116	68.1%	60	3.7%
Biretzal	3,033	72	24	56	1	5	131	1,846	1,977	65.2%	106	3.5%
Birirt	1,108	37	4	29	1	0	367	538	905	81.7%	44	4.0%
Birood	18,255	577	149	325	8	6	885	8,024	8,909	48.8%	548	3.0%
Biryoming	4,418	113	45	145	4	4	311	2,103	2,414	54.6%	161	3.6%
Totals	372,745	13,146	4,143	7,912	200	273	25,674	182,783	208,457	55.9%	12,120	3.3%

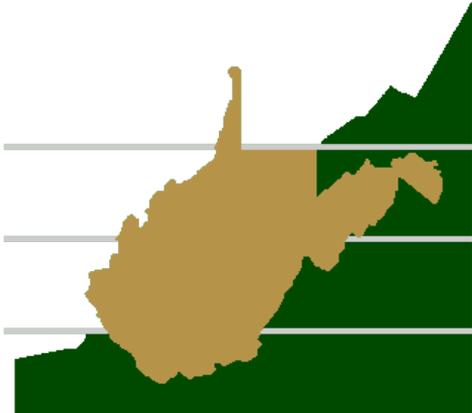


The above map shows the most recent 2021 county level data provided by the U.S. Census Bureau Small Area Health Insurance Estimates (SAHIE) for children under 19 years. While the statewide average for children under 19 is now about 3.3%, the SAHIE data reflects more accurately the variation from county to county depending on the availability of employer-sponsored insurance and should be a more accurate way to target outreach than in previous years.

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

October 31, 2024



Participant Plans Allocation & Performance Net of Fees

Period Ending: October 31, 2024

	6/30/2024		10/31/2024		Performance %							
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year
WVIMB Fund Assets	26,315,335	100.0	26,732,146	100.0								
Pension Assets	21,418,293	81.3	21,725,593	81.3								
Public Employees' Retirement System	9,060,044	34.4	9,238,882	34.5	(1.5)	1.2	2.8	18.1	4.5	9.2	8.4	7.9
Teachers' Retirement System	10,042,974	38.2	10,121,641	37.9	(1.5)	1.2	2.7	18.1	4.5	9.2	8.3	7.8
EMS Retirement System	142,608	0.5	147,332	0.6	(1.5)	1.2	2.7	18.1	4.5	9.2	8.3	
Public Safety Retirement System	820,831	3.1	824,659	3.1	(1.5)	1.2	2.8	18.1	4.5	9.3	8.4	7.9
Judges' Retirement System	306,539	1.2	313,442	1.2	(1.5)	1.2	2.8	18.2	4.5	9.3	8.4	7.9
State Police Retirement System	365,544	1.4	377,435	1.4	(1.5)	1.2	2.8	18.1	4.5	9.2	8.4	7.9
Deputy Sheriffs' Retirement System	352,093	1.3	361,956	1.4	(1.5)	1.2	2.8	18.1	4.5	9.2	8.3	7.9
Municipal Police & Firefighter Retirement System	46,198	0.2	49,750	0.2	(1.5)	1.2	2.7	18.0	4.4	9.2	8.2	
Natural Resources Police Office Retirement System	32,082	0.1	33,298	0.1	(1.5)	1.2	2.7	18.1	4.5			
Municipal Model A	246,093	0.9	253,671	0.9	(1.5)	1.2	2.8	18.4	5.1	9.7	8.6	
Municipal Model B	3,287	0.0	3,527	0.0	(2.1)	1.5	3.7	22.5	3.1	6.9		
Insurance Assets	3,329,471	12.8	3,391,159	12.8								
Workers' Compensation Old Fund	836,283	3.2	833,771	3.1	(1.2)	1.5	3.1	15.6	1.9	5.2	4.9	
Workers' Comp. Self-Insured Guaranty Risk Pool	40,246	0.2	41,384	0.2	(1.2)	1.5	3.1	15.6	2.2	5.5	5.0	
Workers' Comp. Self-Insured Security Risk Pool	50,726	0.2	51,574	0.2	(1.2)	1.5	3.1	15.6	2.3	5.5	5.0	
Workers' Comp. Uninsured Employers' Fund	18,638	0.1	19,383	0.1	(1.2)	1.5	3.1	15.6	2.3	5.4	4.9	
Pneumoconiosis	201,841	0.8	201,927	0.8	(1.2)	1.5	3.1	15.7	2.3	5.5	5.0	5.2
Board of Risk & Insurance Management	90,829	0.3	93,658	0.3	(1.2)	1.5	3.1	15.6	2.2	5.5	5.0	
Public Employees' Insurance Agency	148,452	0.6	153,221	0.6	(1.2)	1.5	3.2	15.4	2.0	5.0	4.7	
WV Retiree Health Benefit Trust Fund	1,942,456	7.4	1,996,241	7.5	(1.6)	1.2	2.8	18.1	4.5	9.2	8.4	
Endowment Assets	1,567,571	5.9	1,615,394	5.9								
Berkeley County Development Authority	6,800	0.0	6,988	0.0	(1.6)	1.2	2.8	17.6	4.3	9.1		
Wildlife Fund	74,682	0.3	74,605	0.3	(1.5)	1.2	2.8	18.1	4.5	9.2	8.3	7.9
WV State Parks and Recreation Endowment Fund	47,125	0.2	51,015	0.2	(1.5)	1.2	2.8	18.1	4.7			
Revenue Shortfall Reserve Fund	609,682	2.3	627,261	2.3	(1.5)	0.9	2.6	11.4	0.2	1.5	2.2	
Revenue Shortfall Reserve Fund - Part B	554,537	2.1	571,021	2.1	(1.7)	1.1	3.0	14.0	0.4	3.7	4.2	
WV DEP Trust	10,997	0.0	11,354	0.0	(1.4)	1.6	3.2	19.8	3.7	8.4	7.2	
WV DEP Agency	263,748	1.0	273,150	1.0	(1.3)	1.8	3.6	19.1	3.1	6.5	5.8	

Composite Asset Allocation & Performance Net of Fees

Period Ending: October 31, 2024

	Asset (\$000)	%	Performance %								
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year	
Investment Pools Composite	26,746,454	100.00									
Portable Alpha Composite +/- S&P 500 Index	6,159,672	23.03	(1.95) (1.04)	2.24 (1.42)	3.74 (1.19)	37.30 (0.72)	8.47 (0.61)				
Large Cap Domestic Equity Composite +/- S&P 500 Index	342,895	1.28	(0.91) 0.00	3.67 0.01	4.88 (0.05)	37.99 (0.03)	8.99 (0.09)	15.26 (0.01)	12.84 (0.16)	10.64 0.06	
Non-Large Cap Domestic Equity Composite +/- Russell 2500 Index	1,198,719	4.48	(1.37) (0.44)	1.77 1.48	6.77 (0.97)	34.10 1.02	4.81 3.30	11.71 1.90	9.33 0.41	9.86 0.56	
International Equity Composite +/- MSCI AC World ex US IMI Index (a)	4,250,518	15.89	(3.99) 0.92	0.31 (0.10)	3.15 0.18	25.13 0.24	2.78 1.02	7.37 1.03	6.11 0.70	7.44 1.22	
Fixed Income Composite +/- Bloomberg Universal (b)	4,922,812	18.41	(2.15) 0.12	0.66 0.13	2.95 0.14	11.69 0.49	(0.67) 1.11	1.27 1.09	2.60 0.78	3.77 0.43	
Core Fixed Income Composite +/- Bloomberg US Aggregate	2,222,908	8.31	(2.40) 0.08	0.31 0.06	2.73 0.14	11.35 0.80	(1.29) 0.91	0.68 0.91	2.17 0.68		
Total Return Fixed Income Composite (c) +/- Bloomberg Universal	2,699,904	10.10	(1.95) 0.32	0.95 0.42	3.13 0.32	11.97 0.77	(0.15) 1.63	1.66 1.48	2.84 1.02	4.18 0.83	
TIPS Composite +/- Bloomberg US TIPS 1-10 Yr (d)	524,501	1.96	(1.32) 0.00	0.62 (0.02)	2.09 (0.05)	7.67 (0.03)	(1.10) 0.03	2.52 0.06	2.43 0.04		
Cash Composite +/- FTSE 3 Month US T-Bill (e)	167,871	0.63	0.41 (0.02)	1.29 (0.05)	1.77 (0.04)	5.37 (0.22)	3.63 (0.15)	2.30 (0.14)	1.65 (0.06)	1.68 (0.03)	
Private Equity Composite +/- Russell 3000 + 3% (f, g)	2,679,671	10.02	0.01 0.50	0.01 (4.26)	0.00 (6.44)	4.80 (36.05)	5.95 (4.69)	17.32 (0.28)	16.82 1.38		
Real Estate Composite +/- NCREIF + 1% (f)	2,475,692	9.26	(0.47) (0.81)	0.44 0.10	0.79 0.45	(3.54) 0.31	0.35 (2.50)	2.89 (1.46)	5.93 (1.08)		
Hedge Fund Composite +/- HFRI FOF + 1% (h)	2,905,037	10.86	1.17 0.70	3.34 1.20	3.91 1.20	15.23 2.29	7.50 4.34	8.29 1.87	5.65 0.87		
Private Credit & Income Composite +/- SOFR + 4% (f, i)	1,119,066	4.18	0.14 (0.61)	(0.57) (2.87)	0.03 (3.07)	6.57 (2.93)	5.52 (1.12)	6.20 (0.56)			

Participant Plans Allocation vs. Strategy

Period Ending: October 31, 2024

	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	47.5	45.0	15.8	15.0	11.0	12.0	10.1	12.0	4.6	6.0	10.8	10.0	0.2	0.0
Teachers' Retirement System	47.5	45.0	15.8	15.0	11.0	12.0	10.1	12.0	4.6	6.0	10.8	10.0	0.2	0.0
EMS Retirement System	47.3	45.0	15.8	15.0	10.9	12.0	10.1	12.0	4.6	6.0	10.8	10.0	0.5	0.0
Public Safety Retirement System	47.5	45.0	15.7	15.0	11.0	12.0	10.2	12.0	4.6	6.0	10.9	10.0	0.1	0.0
Judges' Retirement System	47.3	45.0	16.1	15.0	11.0	12.0	10.1	12.0	4.6	6.0	10.8	10.0	0.1	0.0
State Police Retirement System	47.2	45.0	16.0	15.0	10.9	12.0	10.1	12.0	4.6	6.0	10.8	10.0	0.4	0.0
Deputy Sheriffs' Retirement System	47.3	45.0	15.7	15.0	10.9	12.0	10.1	12.0	4.6	6.0	10.8	10.0	0.6	0.0
Municipal Police & Firefighter Retirement System	47.0	45.0	15.6	15.0	10.8	12.0	10.0	12.0	4.5	6.0	10.7	10.0	1.4	0.0
Natural Resources Police Office Retirement System	47.1	45.0	15.5	15.0	10.9	12.0	10.1	12.0	4.6	6.0	10.8	10.0	1.0	0.0
Municipal Model A	46.7	45.0	15.6	15.0	10.8	12.0	10.0	12.0	4.5	6.0	10.6	10.0	1.8	0.0
Municipal Model B	54.8	55.0	43.4	45.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.8	0.0

Insurance Assets

Workers' Compensation Old Fund	26.0	25.0	45.0	45.0	3.7	4.0	3.4	4.0	1.5	2.0	16.2	15.0	4.2	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	25.9	25.0	44.6	45.0	3.6	4.0	3.4	4.0	1.5	2.0	16.1	15.0	4.9	5.0
Workers' Comp. Self-Insured Security Risk Pool	25.9	25.0	44.7	45.0	3.6	4.0	3.4	4.0	1.5	2.0	16.2	15.0	4.7	5.0
Workers' Comp. Uninsured Employers' Fund	25.8	25.0	44.4	45.0	3.6	4.0	3.3	4.0	1.5	2.0	16.1	15.0	5.3	5.0
Pneumoconiosis	26.0	25.0	45.0	45.0	3.7	4.0	3.4	4.0	1.5	2.0	16.2	15.0	4.2	5.0
Board of Risk & Insurance Management	25.9	25.0	44.5	45.0	3.6	4.0	3.4	4.0	1.5	2.0	16.1	15.0	5.0	5.0
Public Employees' Insurance Agency	20.3	20.0	53.9	55.0	1.8	2.0	1.7	2.0	0.8	1.0	21.5	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	47.3	45.0	16.3	15.0	10.9	12.0	10.1	12.0	4.6	6.0	10.8	10.0	0.0	0.0

Endowment Assets

Berkeley County Development Authority	47.4	45.0	16.2	15.0	10.9	12.0	10.1	12.0	4.6	6.0	10.8	10.0	0.0	0.0
Wildlife Fund	47.1	45.0	16.3	15.0	10.9	12.0	10.1	12.0	4.6	6.0	10.8	10.0	0.2	0.0
WV State Parks and Recreation Endowment Fund	46.6	45.0	16.0	15.0	10.8	12.0	9.9	12.0	4.5	6.0	10.6	10.0	1.6	0.0
Revenue Shortfall Reserve Fund	10.3	10.0	79.6	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.1	10.0
Revenue Shortfall Reserve Fund - Part B	18.1	17.5	72.2	72.5	1.8	2.0	1.7	2.0	0.8	1.0	5.4	5.0	0.0	0.0
WV DEP Trust	52.0	50.0	16.0	15.0	9.1	10.0	8.4	10.0	3.8	5.0	10.7	10.0	0.0	0.0
WV DEP Agency	35.3	35.0	39.0	40.0	1.8	2.0	1.7	2.0	0.8	1.0	21.4	20.0	0.0	0.0

Footnotes

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

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

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WEST VIRGINIA OFFICES *OF THE* INSURANCE COMMISSIONER

Allan L. McVey
Insurance Commissioner

Insurance Commissioner

December 2024 Report

to

Joint Committee on Government & Finance

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Introduction

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

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

As of November 2024, there were 6,010 active claims remaining in the Old Fund. This report provides updates on the status of the various workers' compensation funds and the activities associated with the regulation of workers' compensation insurance by the Insurance Commissioner.

Definitions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

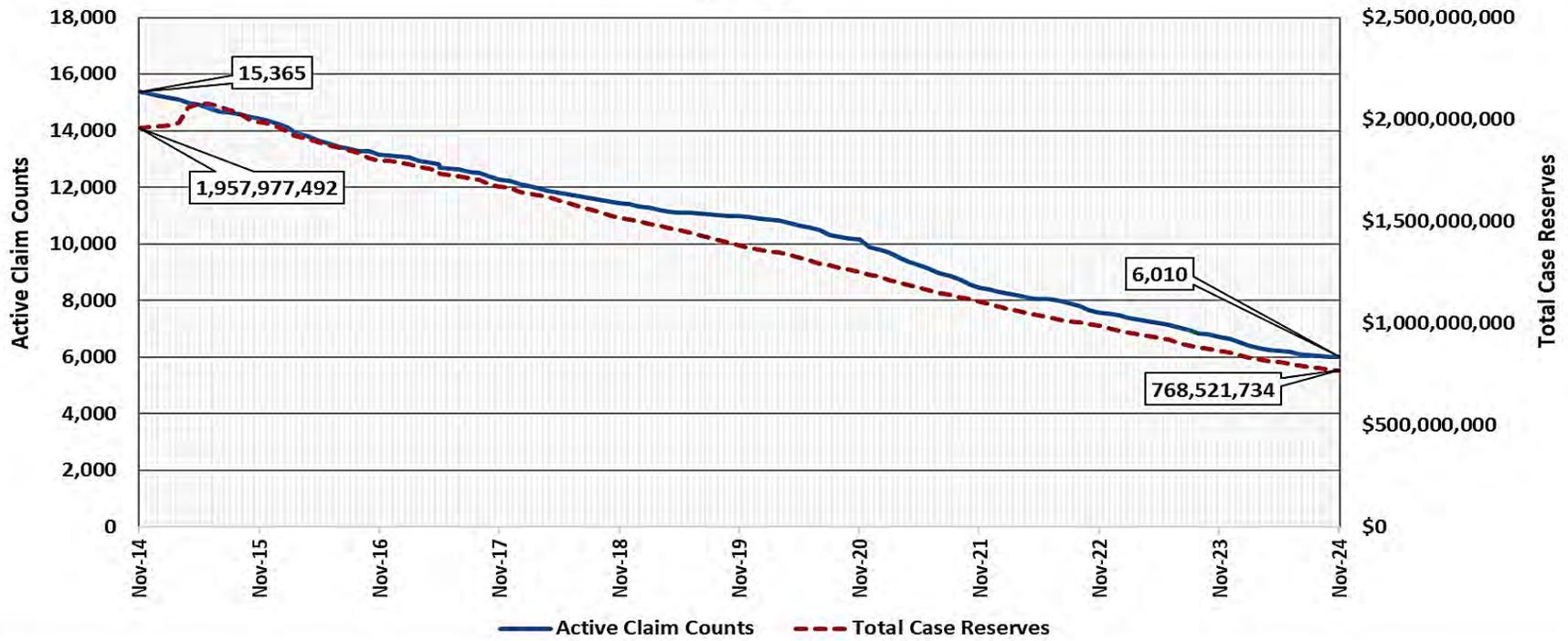
Self-Insured Guaranty Fund: State managed fund consisting of those funds transferred to it from the guaranty pool created pursuant to 85 CSR §19 (2004) and any future funds collected through continued administration of that exempt legislative rule as administered by the WVOIC and out of which workers'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

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

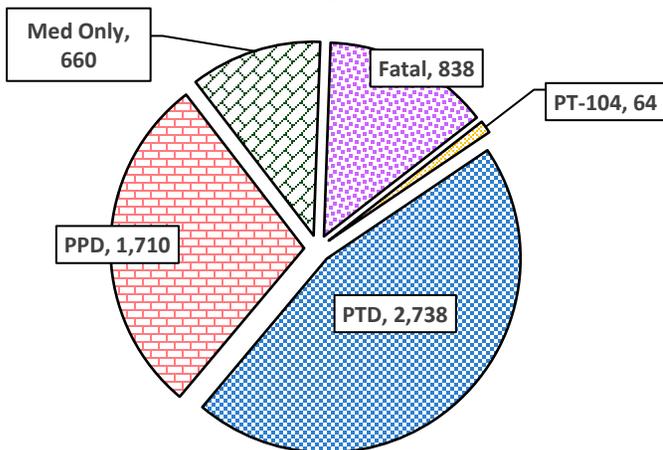
TTD: (Temporary Total Disability) an inability to return to substantial gainful employment requiring skills or activities comparable to those of one's previous gainful employment during the healing or recovery period after the injury. In order to receive TTD benefits, the injured worker must be certified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

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

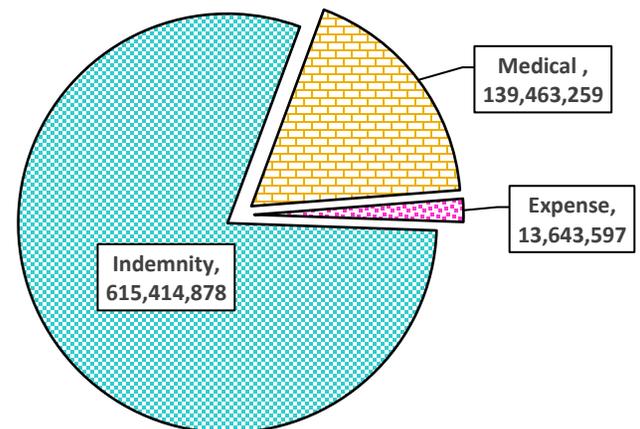
**Old Fund
Active Claim Counts and Case Reserves
11/30/2024**

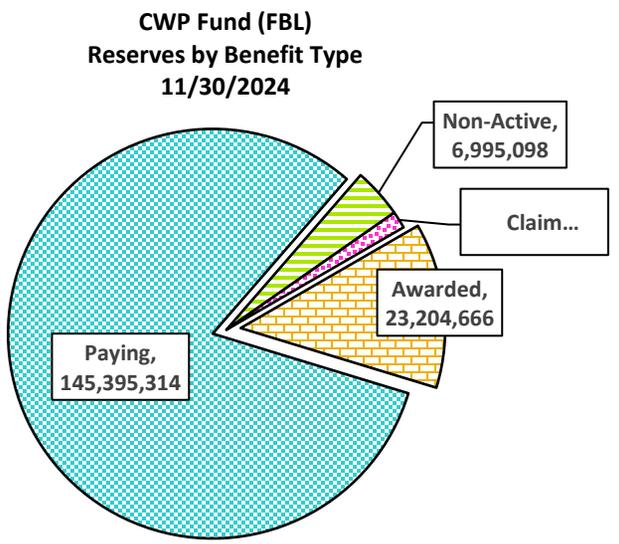
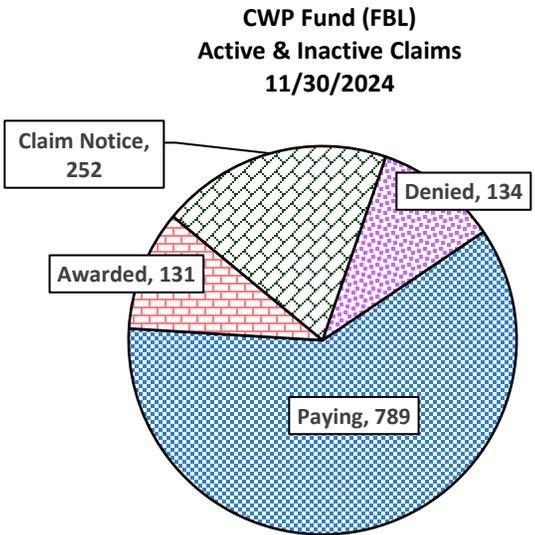
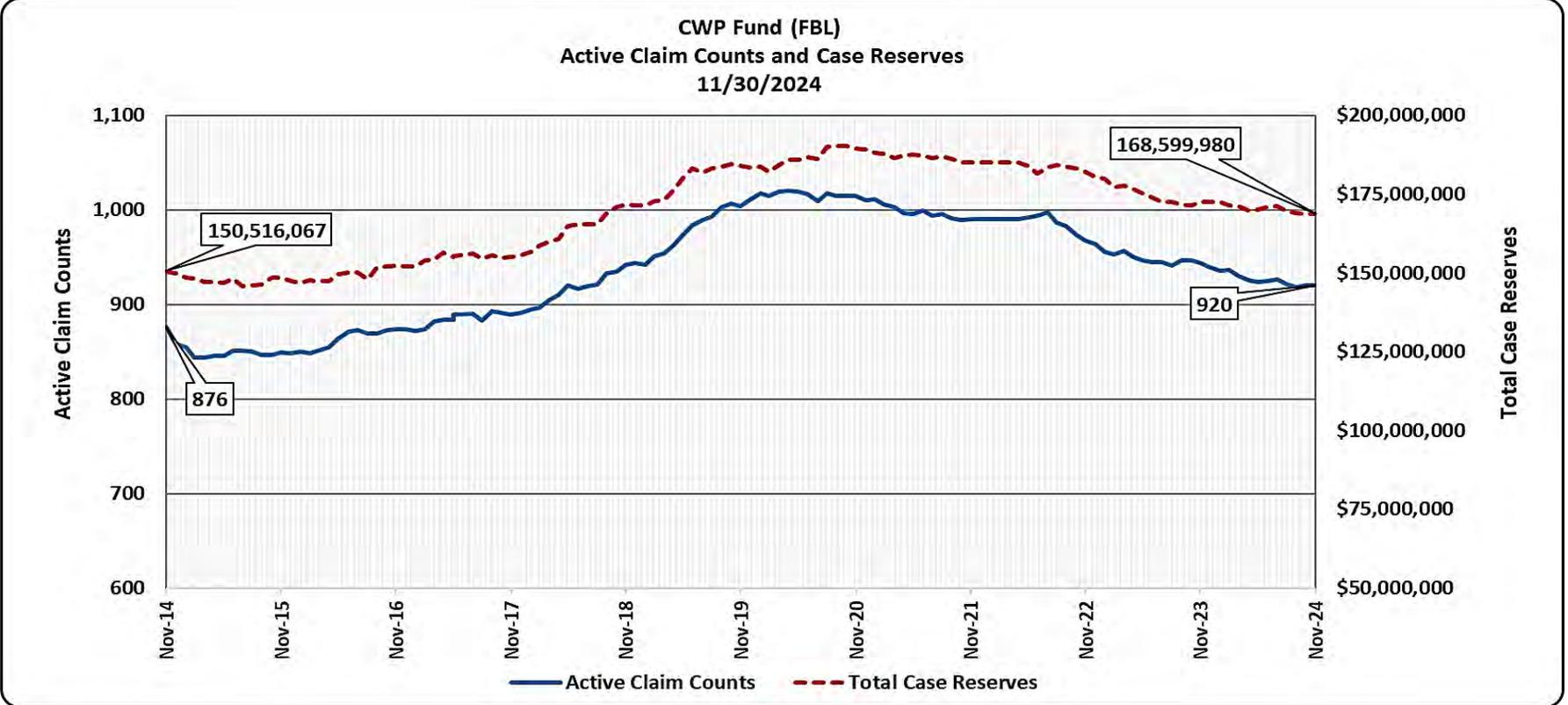


**Old Fund
Active Claim Counts
11/30/2024**



**Old Fund
Reserves by Benefit Type
11/30/2024**

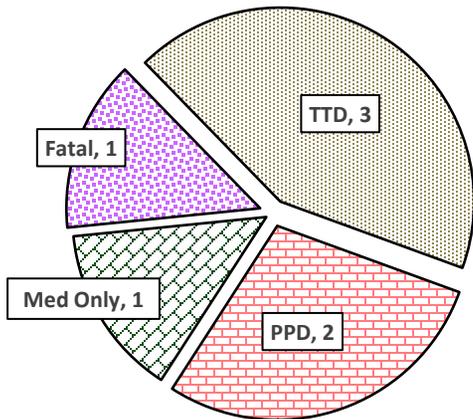




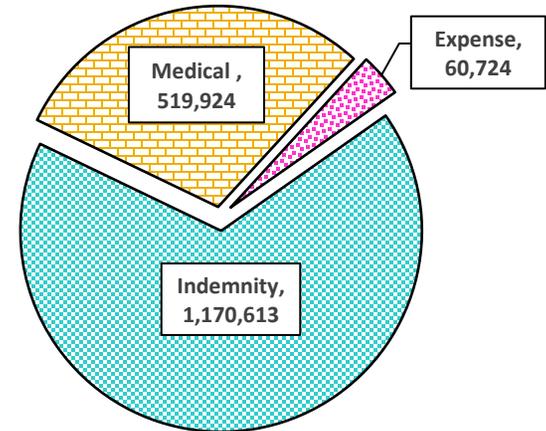
**Uninsured Fund
Active Claim Counts and Case Reserves
11/30/2024**



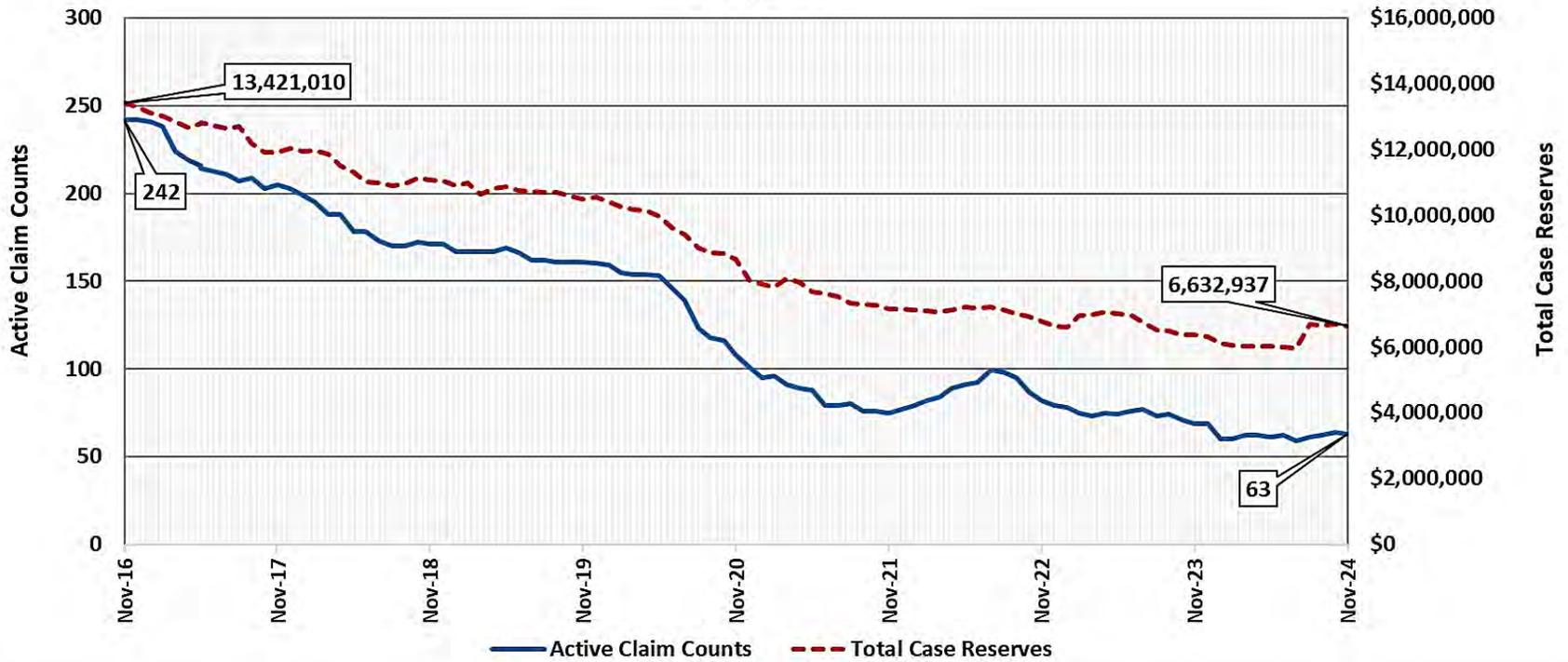
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Active Claim Counts
11/30/2024**



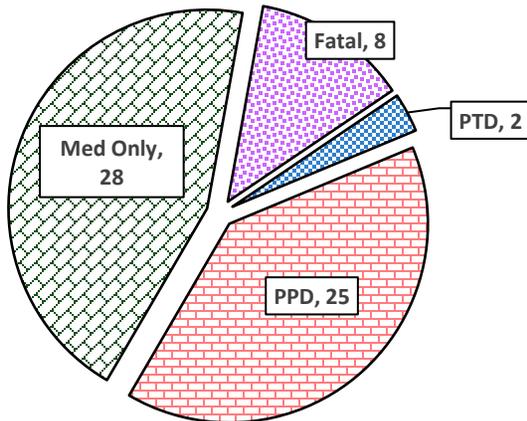
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Reserves by Benefit Type
11/30/2024**



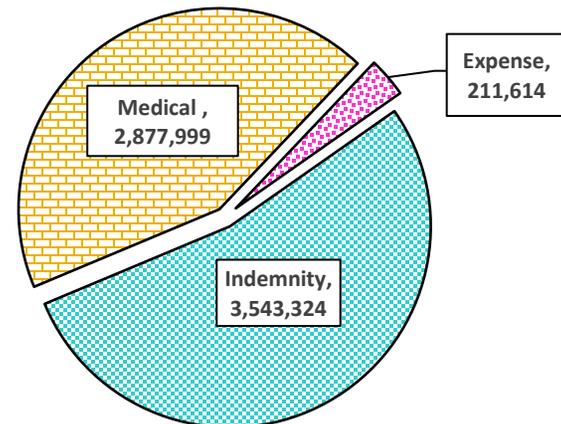
**Guaranty Fund
Active Claim Counts and Case Reserves
11/30/2024**



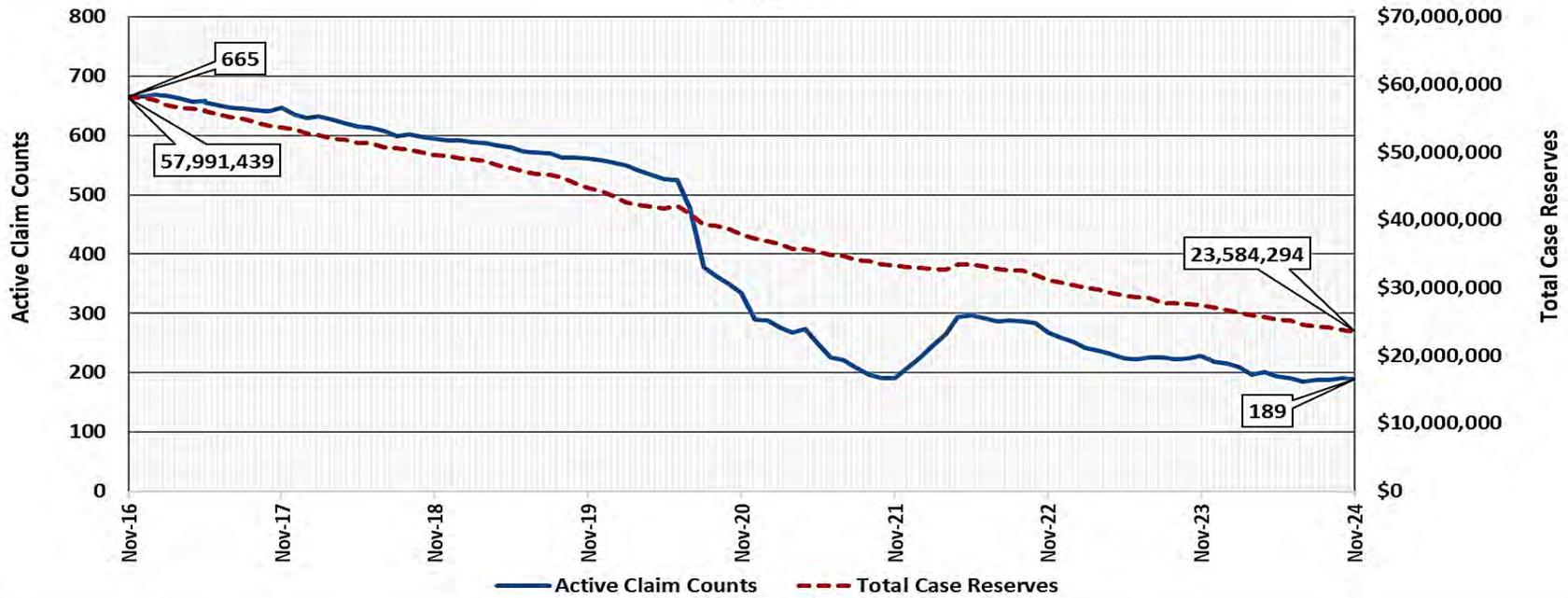
**Guaranty Fund
Active Claim Counts
11/30/2024**



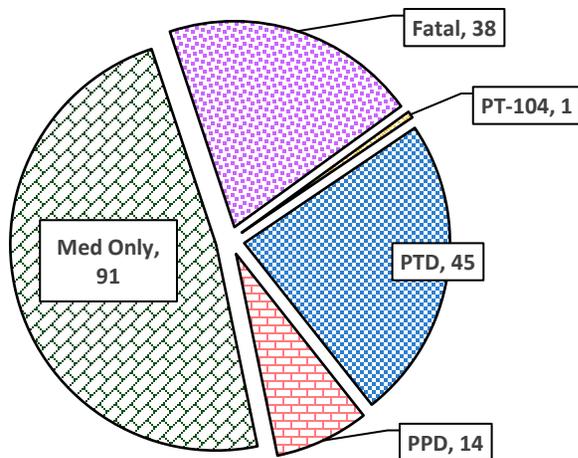
**Guaranty Fund
Reserves by Benefit Type
11/30/2024**



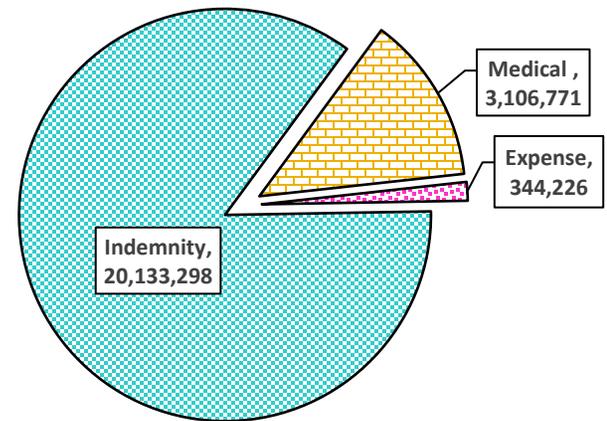
**Security Fund
Active Claim Counts and Case Reserves
11/30/2024**



**Security Fund
Active Claim Counts
11/30/2024**



**Security Fund
Reserves by Benefit Type
11/30/2024**



OLD FUND CASH STATEMENT
NOVEMBER 30, 2024

	YTD FY2025	YTD FY2024	Change	Three Year History for years ended:		
				FY2024	FY2023	FY2022
Cash Beginning Balances	830,202,565	834,791,874	(4,589,309)	834,791,874	919,242,416	1,080,592,100
Revenues						
Employer Premium	19,619	19,384	234	40,195	41,326	238,786
Other Income	-	-	-	-	-	-
Operating Revenues	19,619	19,384	234	40,195	41,326	238,786
Investment / Interest Earnings (Losses)	32,605,379	(1,702,355)	34,307,733	86,594,939	(11,188,287)	(52,668,067)
Total Revenues	32,624,997	(1,682,970)	34,307,968	86,635,134	(11,146,961)	(52,429,280)
Expenditures						
Claims Benefits Paid:						
Medical	5,681,171	6,345,675	(664,504)	14,966,677	14,732,152	14,588,442
Permanent Total Disability	20,445,075	22,472,569	(2,027,493)	52,493,813	57,045,856	63,031,618
Permanent Partial Disability	25,980	21,346	4,634	82,200	66,107	163,078
Temporary Disability	1,372	-	1,372	-	-	-
Fatals	6,943,258	6,540,004	403,254	15,351,375	16,153,932	17,124,757
104 weeks death benefit	1,044,866	2,216,776	(1,171,911)	4,272,093	4,611,340	6,011,709
Settlements	-	505,342	(505,342)	505,342	1,249,524	2,382,067
Loss Adjustment Expenses	282,532	258,834	23,698	610,318	899,017	1,284,295
Total	34,424,254	38,360,546	(3,936,291)	88,281,817	94,757,927	104,585,967
Less: Formulary Rebates	249,500	139,714	109,786	538,673	-	-
Less: Claims credits and overpayments	76,179	144,981	(68,802)	397,531	550,422	454,800
Total Benefits Paid	34,098,575	38,075,851	(3,977,276)	87,345,614	94,207,505	104,131,167
Administrative Expenses	1,190,997	1,027,507	163,490	3,878,830	4,096,075	4,789,237
Total Expenditures	35,289,572	39,103,357	(3,813,785)	91,224,443	98,303,580	108,920,405
Excess (Deficiency) of Revenues over Expenditures	(2,664,574)	(40,786,328)	38,121,753	(4,589,309)	(109,450,541)	(161,349,685)
Transfer from Operating Fund	-	-	-	-	25,000,000	-
Cash Ending Balances	827,537,991	794,005,547	33,532,444	830,202,565	834,791,874	919,242,416

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

COAL WORKERS PNEUMOCONIOSIS FUND
NOVEMBER 30, 2024

				Three Year History for years ended:		
	YTD FY2025	YTD FY2024	Change	FY2024	FY2023	FY2022
Cash Beginning Balances	200,485,305	196,484,406	4,000,899	196,484,406	215,931,727	246,613,162
Revenues						
Investment Earnings (Losses)	7,858,078	(458,495)	8,316,573	20,658,281	(1,550,178)	(11,131,323)
Other Income	-	-	-	-	-	-
Total Revenues	7,858,078	(458,495)	8,316,573	20,658,281	(1,550,178)	(11,131,323)
Expenditures						
Claims Benefits Paid:						
Medical	938,178	681,906	256,272	2,155,296	2,799,907	6,033,252
PTD and Fatal Indemnity	4,462,863	4,695,429	(232,566)	10,859,596	10,613,261	9,518,418
Settlements	-	-	-	-	-	1,837
Loss Adjustment Expenses	1,896,311	1,564,257	332,054	3,720,334	4,660,713	3,513,844
Total	7,297,352	6,941,592	355,760	16,735,226	18,073,881	19,067,350
Less: Formulary Rebates	52,246	27,349	24,898	105,443	-	-
Less: Claims Credits and Overpayments	57,796	580,778	(522,982)	637,167	738,146	387,376
Total Benefits Paid	7,187,309	6,333,466	853,844	15,992,616	17,335,735	18,679,974
Administrative Expenses	293,395	216,475	76,920	664,765	561,407	870,138
Total Expenditures	7,480,704	6,549,941	930,764	16,657,381	17,897,142	19,550,112
Excess (Deficiency) of Revenues over Expenditures	377,374	(7,008,436)	7,385,809	4,000,899	(19,447,321)	(30,681,436)
Cash Ending Balances	200,862,679	189,475,970	11,386,710	200,485,305	196,484,406	215,931,727

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

SELF-INSURED GUARANTY RISK POOL
NOVEMBER 30, 2024

	Three Year History for years ended:					
	YTD FY2025	YTD FY2024	Change	FY2024	FY2023	FY2022
Cash Beginning Balances	40,026,888	36,425,695	3,601,193	36,425,695	37,187,942	39,659,496
Revenues						
Guaranty Risk Pool Assessments	54,337	113,674	(59,337)	213,674	15,000	10,000
Collateral Proceeds	-	-	-	-	-	-
Investment Earnings (Losses)	1,572,915	(103,989)	1,676,904	3,942,002	(209,276)	(1,884,585)
Total Revenues	1,627,252	9,685	1,617,567	4,155,676	(194,276)	(1,874,585)
Expenditures						
Claims Benefits Paid:						
Medical	64,683	106,552	(41,869)	257,106	167,151	178,127
Permanent Total Disability	-	11,849	(11,849)	12,316	37,257	63,717
Permanent Partial Disability	-	27,403	(27,403)	52,003	33,839	83,562
Temporary Disability	-	-	-	-	-	-
Fatals	99,464	77,479	21,985	185,950	201,734	206,996
104 Weeks Death Benefit	1,837	14,700	(12,864)	35,280	26,460	-
Settlement Agreements	-	-	-	-	43,500	62,000
Non Awarded Partial Disability	-	-	-	-	-	-
Loss Adjustment Expenses	11,651	17,161	(5,510)	38,735	63,319	31,743
Total	177,634	255,144	(77,509)	581,389	573,261	626,144
Less: Formulary Rebates	1,873	1,054	819	4,063	-	-
Less: Claims Credits and Overpayments	-	93	(93)	22,843	409	53,649
Total Benefits Paid	175,761	253,996	(78,235)	554,483	572,851	572,495
Administrative Expenses	500	-	500	-	(4,880)	24,473
Total Expenditures	176,261	253,996	(77,735)	554,483	567,971	596,968
Excess (Deficiency) of Revenues over Expenditures	1,450,990	(244,312)	1,695,302	3,601,193	(762,247)	(2,471,554)
Cash Ending Balances	41,477,878	36,181,383	5,296,495	40,026,888	36,425,695	37,187,942

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

SELF-INSURED SECURITY RISK POOL
NOVEMBER 30, 2024

Three Year History for years ended:

	YTD FY2025	YTD FY2024	Change	FY2024	FY2023	FY2022
Cash Beginning Balances	50,430,275	47,666,403	2,763,872	47,666,403	50,605,643	55,995,948
Revenues						
Security Risk Pool Assessments	-	-	-	150,000	-	-
Collateral Proceeds	-	-	-	-	-	-
Investment Earnings (Losses)	1,979,845	(115,504)	2,095,349	5,070,845	(325,785)	(2,592,281)
Total Revenues	1,979,845	(115,504)	2,095,349	5,220,845	(325,785)	(2,592,281)
Expenditures						
Claims Benefits Paid:						
Medical	239,698	311,338	(71,640)	615,450	717,600	585,099
Permanent Total Disability	403,910	446,743	(42,833)	1,031,307	1,086,424	1,177,138
Permanent Partial Disability	-	7,818	(7,818)	8,996	8,906	11,540
Temporary Disability	-	-	-	-	-	-
Fatals	289,338	326,130	(36,792)	807,206	849,667	838,483
104 Weeks Death Benefit	4,194	24,791	(20,596)	30,662	35,632	50,458
Settlement Agreements	-	-	-	-	16,000	61,325
Loss Adjustment Expenses	13,774	15,233	(1,458)	24,558	39,671	36,980
Total	950,915	1,132,052	(181,137)	2,518,181	2,753,900	2,761,024
Less: Formulary Rebates	7,817	4,354	3,464	16,786	-	-
Less: Claims Credits and Overpayments	32,895	22,271	10,623	45,050	117,966	31,348
Total Benefits Paid	910,203	1,105,428	(195,224)	2,456,345	2,635,934	2,729,676
Administrative Expenses	45	15	30	627	(22,479)	68,348
Total Expenditures	910,248	1,105,443	(195,194)	2,456,972	2,613,455	2,798,024
Excess (Deficiency) of Revenues over Expenditures	1,069,597	(1,220,947)	2,290,544	2,763,872	(2,939,240)	(5,390,305)
Cash Ending Balances	51,499,872	46,445,456	5,054,416	50,430,275	47,666,403	50,605,643

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

UNINSURED EMPLOYERS FUND
NOVEMBER 30, 2024

	Three Year History for years ended:					
	YTD FY2025	YTD FY2024	Change	FY2024	FY2023	FY2022
Cash Beginning Balances	18,510,591	16,468,190	2,042,401	16,468,190	16,195,294	16,844,759
Revenues						
Fines and Penalties	257,808	148,657	109,151	488,794	477,594	341,220
Investment Earnings (Losses)	728,379	(51,830)	780,210	1,798,818	(74,574)	(828,855)
Total Revenues	986,187	96,827	889,360	2,287,612	403,021	(487,635)
Expenditures						
Claims Benefits Paid:						
Medical	4,701	16,066	(11,365)	192,619	46,236	118,279
Permanent Total Disability	-	-	-	-	-	-
Permanent Partial Disability	17,944	11,155	6,789	41,300	5,809	6,929
Temporary Disability	-	34,340	(34,340)	34,340	26,145	64,151
Fatals	5,334	5,542	(208)	12,067	-	19,201
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	8,900	6,000	2,900	6,000	54,000	22,000
Loss Adjustment Expenses	19,177	15,902	3,274	38,953	34,594	39,974
Total	56,055	89,005	(32,950)	325,279	166,784	270,534
Less: Employer Reimbursement	10,459	60,422	(49,962)	80,972	40,241	-
Less: Formulary Rebates	560	294	267	1,132	-	-
Less: Claims Credits and Overpayments	(79)	79	(158)	79	332	116,115
Total Benefits Paid	45,115	28,210	16,904	243,096	126,210	154,419
Administrative Expenses	1,080	1,050	30	2,115	3,915	7,410
Total Expenditures	46,195	29,260	16,934	245,211	130,125	161,829
Excess (Deficiency) of Revenues over Expenditures	939,992	67,566	872,426	2,042,401	272,895	(649,465)
Cash Ending Balances	19,450,583	16,535,756	2,914,827	18,510,591	16,468,190	16,195,294

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 30, 2025

OPERATING REPORT

OCTOBER 2024

Board of Treasury Investments

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

Board of Directors

Riley M. Moore,
State Treasurer,
Chairman

James C. Justice II,
Governor

John B. McCuskey,
State Auditor

Patrick M. Smith,
CPA
Appointed by the
Governor

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

Executive Staff

Executive
Director

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

Chief Financial
Officer

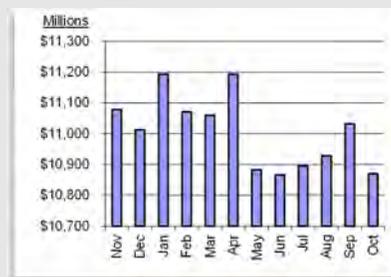
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$10,870,891,000

Last Month
\$11,032,283,000

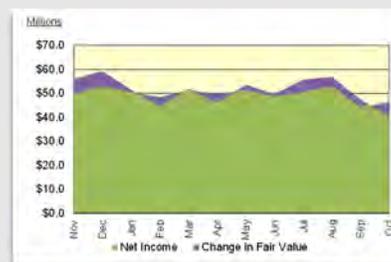
Beginning of Fiscal Year
\$10,866,862,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$200,356,000



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

Money Market Pools

As of October 31, 2024

Pool	30-Day Avg. Yield *	W.A.M. **	Net Assets
WV Money Market	5.0506%	39 Days	\$9.5 Billion
WV Gov't Money Market	4.9196%	35 Days	\$563.7 Million

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

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

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

OCTOBER 2024

Election, Policy Outcomes & Geopolitical Backdrop

Halloween treats were abundant in October, with positive economic data from spending to inflation to GDP growth. The first cut estimate of GDP data for the third quarter was a strong 4.7% (2.8% real), and positive revisions to earlier quarters added to the strength of the numbers, including disposable income upward revisions. Labor data was a little cooler in September but was negatively influenced by Hurricane Milton and the Boeing strike. Adjusting for those events, the labor backdrop remains constructive, albeit slower.

Equity Markets

October is often a bewitching month for a lot of reasons, but with regard to the markets has a spooky history of producing big declines, including some of the worst one day declines (think Black Monday October 1987, or October 1929). We were close to escaping that fate, until the last day of the month, when the S&P declined 1.9% and pulled the index into the red for the month. The market declined with the backdrop of third quarter earnings season providing positive results (with about 70% of companies having reported through October 31). According to Factset, earnings were up over 8% year over year with Health Care and Communications sectors providing the highest positive changes so far and the energy sector posting negative results.

Non-U.S. returns were also negative with the EAFE down -5.4% and the Emerging Markets Index down -4.4%. But, both market indices are still positive year to date, (6.8%, 11.7%)

Fixed Income

Interest rates rose during the month, in response to strong economic data and the assumption that the Federal Reserve could limit the amount of future rate cuts. No part of the bond market was spared, with negative returns in short duration, (one-to-three-year bonds (-0.6%), the Aggregate Index (-2.5%) and long duration bonds down the most. The Long Treasury Bond Index and Long Government Credit Long Indices were down -5.2% and -4.7% respectively, reversing the strong returns in the month of September.

Looking Ahead

We ended the third quarter with the S&P 500 up 22.1%, and the bond market up 4.5%. One month later, the S&P is up 21% and the bond market just 1.9%. With the yield on the 10-year Treasury bond of 4.28%, and AA Corporate bonds about 4.8%, bonds do remain attractive despite the recent volatility. Equity and bond market volatility in the month was to be expected given the uncertainties related to the election, the policy outcomes, and the geopolitical backdrop. However, volatility may not just be reminiscent of Halloween ghouls and ghosts.

West Virginia Board of Treasury Investments Financial Highlights as of October 31, 2024

WV Short Term Bond Pool

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

November 1 - October 31	Return	Net Assets At Oct 31 (In Millions)
2024	7.2%	\$ 699.1
2023	4.1%	\$ 674.0
2022	(4.2%)	\$ 685.2
2021	0.5%	\$ 829.1
2020	3.9%	\$ 815.3

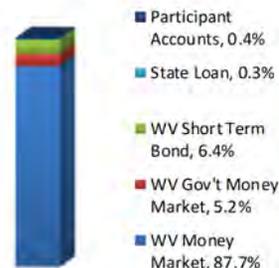


Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool

Summary of Value and Earnings (In Thousands)

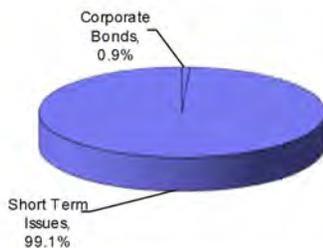
Pool	Net Asset Value	Oct Net Income (Loss)	Fiscal YTD Net Income (Loss)
WV Money Market	\$ 9,526,175	\$ 40,791	\$ 172,607
WV Gov't Money Market	563,651	2,300	9,150
WV Short Term Bond	699,083	(3,132)	17,535
Loans	39,842	110	414
Participant Accounts	42,140	151	650
	\$ 10,870,891	\$ 40,220	\$ 200,356

Percent of Total Net Asset Value

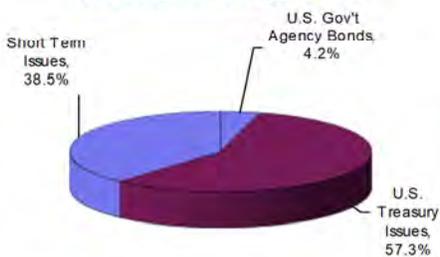


Securities by Type for Operating Pools (Percentage of Asset Value)

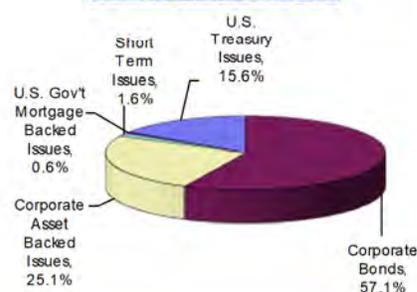
WV Money Market



WV Gov't Money Market



WV Short Term Bond



SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED

OCTOBER 31, 2024

(IN THOUSANDS)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	Other Pools	Participant Directed Accounts	Total
Assets						
Investments:						
At amortized cost	\$ 9,529,886	\$ 569,391	\$ -	\$ 39,733	\$ 40,990	\$ 10,180,000
At fair value	-	-	702,923	-	1,000	703,923
Other assets	16,329	266	6,397	110	152	23,254
Total assets	9,546,215	569,657	709,320	39,843	42,142	10,907,177
Liabilities						
Accrued expenses, dividends payable & payables for investments purchased	20,040	6,006	10,237	1	2	36,286
Total liabilities	20,040	6,006	10,237	1	2	36,286
Net Position						
Held in trust for investment pool participants	9,526,175	563,651	699,083	-	-	10,788,909
Held in trust for individual investment account holders	-	-	-	39,842	42,140	81,982
Total net position	\$ 9,526,175	\$ 563,651	\$ 699,083	\$ 39,842	\$ 42,140	\$ 10,870,891
Additions						
Investment income:						
Interest and dividends	\$ 18,213	\$ 1,220	\$ 2,597	\$ 110	\$ 152	\$ 22,292
Net (amortization) accretion	22,944	1,103	268	-	-	24,315
Provision for uncollectible loans	-	-	-	-	-	-
Total investment income	41,157	2,323	2,865	110	152	46,607
Investment expenses:						
Investment advisor, custodian bank & administrative fees	366	23	44	-	1	434
Total investment expenses	366	23	44	-	1	434
Net investment income	40,791	2,300	2,821	110	151	46,173
Net realized gain (loss) from investments	-	-	143	-	-	143
Net increase (decrease) in fair value of investments	-	-	(6,096)	-	-	(6,096)
Net increase (decrease) in net position from operations	40,791	2,300	(3,132)	110	151	40,220
Participant transaction additions:						
Purchase of pool units by participants	1,285,066	37,177	-	-	-	1,322,243
Reinvestment of pool distributions	40,791	2,300	2,878	-	-	45,969
Contributions to individual investment accounts	-	-	-	-	148	148
Total participant transaction additions	1,325,857	39,477	2,878	-	148	1,368,360
Total additions	1,366,648	41,777	(254)	110	299	1,408,580
Deductions						
Distributions to pool participants:						
Net investment income	40,791	2,300	2,821	-	-	45,912
Net realized gain (loss) from investments	-	-	143	-	-	143
Total distributions to pool participants	40,791	2,300	2,964	-	-	46,055
Participant transaction deductions:						
Redemption of pool units by participants	1,511,447	12,192	-	-	-	1,523,639
Withdrawals from individual investment accounts	-	-	-	99	179	278
Total participant transaction deductions	1,511,447	12,192	-	99	179	1,523,917
Total deductions	1,552,238	14,492	2,964	99	179	1,569,972
Net increase (decrease) in net position from operations	(185,590)	27,285	(3,218)	11	120	(161,392)
Inter-pool transfers in	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-
Net inter-pool transfers in (out)	-	-	-	-	-	-
Change in net position	(185,590)	27,285	(3,218)	11	120	(161,392)
Net position at beginning of period	9,711,765	536,366	702,301	39,831	42,020	11,032,283
Net position at end of period	\$ 9,526,175	\$ 563,651	\$ 699,083	\$ 39,842	\$ 42,140	\$ 10,870,891

Governor Jim Justice

Director Brett W. McMillion

December 1, 2024

West Virginia Legislature
Joint Committee on Government and Finance
The Honorable Craig Blair, Chairman
The Honorable Roger Hanshaw, Chairman
State Capitol Complex
1900 Kanawha Boulevard, East.
Charleston, WV 25305

Dear Chairman Blair and Chairman Hanshaw:

Pursuant to West Virginia Code §20-5-24, the West Virginia Division of Natural Resources, Parks and Recreation Section respectfully submits a status report on the development of a comprehensive plan that encourages the use state parks and state forests by veterans of this state.

Sincerely,



Brett W. McMillion

BWM/wlg
Attachment

December 2024

West Virginia Division of Natural Resources
Parks and Recreation Section
Report to the
Joint Committee on Government and Finance

Prepared by the
Parks and Recreation Section
of the
West Virginia Division of Natural Resources

Veterans Incentive Plan Report FY 2024

Pursuant to West Virginia Code §20-5-24 (effective June 7, 2024.), the West Virginia Division of Natural Resources, Parks and Recreation Section, conducted a thorough review of all existing Veteran focused discounts and incentives in place within the state parks system in order to develop a comprehensive incentive plan for all United States and West Virginia Veterans of the United States armed forces. Included is the FY 2024 data compiled from program use, available opportunities, and other benefits currently available to veterans within the West Virginia Park System.

Veteran focused programs and discounts on services play a crucial role in supporting and honoring military veterans. These initiatives are designed to provide a variety of benefits and incentives to veterans, with the goal of enhancing their experiences and expanding participation throughout the West Virginia State Parks and Recreation system. Expansion, refinement, and promotion of the plan through collaboration is the next step planned by the state parks system.

The importance of discounts is recognized by the West Virginia State Parks system.

- **Recognition and Appreciation:** Discounts can serve as a form of material recognition and appreciation for veterans' service and sacrifice while helping to encourage an inclusive experience within the state parks system.
- **Financial Support:** Discounts on goods and services reduce the financial burden on veterans and their families, making it easier for them to participate in activities within the state parks system.
- **Encourages Engagement:** By reducing the financial burden, discounts encourage veterans to engage in a variety of activities and programs leading to increased participation in both free and discounted activities offered by the state parks system.

Enhancing participation of existing opportunities is a valuable resource to improving veteran's experiences within the West Virginia State Parks system.

- **Awareness Campaigns:** Promoting no cost activities, veterans' programs and discounts through an awareness campaign can increase participation by informing veterans of available benefits throughout the West Virginia State Parks system.
- **Collaboration:** Collaboration between government agencies, businesses, and non-profit organizations can create unique opportunities for veterans to participate in programs in West Virginia State Parks through tailored programs and discounts.
- **Feedback Mechanisms:** Establishing feedback mechanisms to seek input from veterans can help improve existing programs.

Veterans' programs and discounts within the state parks system play a vital role in enhancing veteran's lifestyle and experiences within West Virginia. By increasing participation and enjoyment of the varied activities and services offered in state parks, these initiatives can contribute to both the physical and mental well-being of veterans within the state.

2024 FY Report Data

This report highlights the use of programs and discounts designed to support veterans and promote their active participation in programs, activities and amenities within the West Virginia State Parks system.

The following no charge services and activities are available for veterans to participate in.

- Entry to all state parks, state forests, and state rail trails.
- Parking.
- Naturalist led interpretative programming.
- Access to hiking and biking trails.
- Access to nature centers.
- Use of game courts.
- Non-reservable picnic tables.

The following are active discounts for active military and veterans

- 50% discount off lodging for reservations booked during the month of November.
- 10% discount off lodging and camping available year round
- 15% discount off golf greens fees available year round
- 15% discount off restaurant meals available year round
- 10% discount off spa services available year round

Program Incentives and Report: The following information details the use of discounts and programs by both West Virginia and United States veterans. This information includes lodging (lodge rooms, cabins and campsites) and other discounts.

- Total discounts used by veterans for FY 2024 was \$87,000.00
 - West Virginia residents: \$28,500.00
 - Non-Residents: \$58,500.00
 - 46 of 50 states had residents who participated in this program
- Participants of this program represent 7% of total overnight accommodations revenue



December 2024
PE 24-08-681

COMPLIANCE REVIEW

BROADBAND LOAN INSURANCE PROGRAM

AUDIT OVERVIEW

The West Virginia Economic Development Authority
Is Mostly in Compliance with Statutory Requirements
Related to the Broadband Loan Insurance Program



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John Sylvia
Director

December 8, 2024

The Honorable Craig Blair
State Senate
Building 1, Room 229M
1900 Kanawha Boulevard, East
Charleston, WV 25305

The Honorable Roger Hanshaw
House of Delegates
Building 1, Room 228M
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305

Dear Chairs:

Pursuant to West Virginia Code §31-15-8a(g)(3), we are transmitting a compliance review of the Broadband Loan Insurance Program administered by the West Virginia Economic Development Authority. The issue covered herein is:

1. The West Virginia Economic Development Authority Is Mostly in Compliance with Statutory Requirements Related to the Broadband Loan Insurance Program.

We transmitted a draft copy of the report to the agency on October 22, 2024. The agency agreed with the findings of the report and opted not to have an exit conference as offered by the Performance Evaluation and Research Division. We received the agency's response on October 29, 2024. If you have further inquiries on this report, please let me know.

Sincerely,
John Sylvia
John Sylvia

Enclosure

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3

EXECUTIVE SUMMARY

Pursuant to West Virginia Code §31-15-8a(g)(3), the Performance Evaluation and Research Division (PERD) conducted a compliance review of the Broadband Loan Insurance Program (BLINS) administered by the West Virginia Economic Development Authority (Authority). The objective of this review was to determine if the procedures, accounting practices, and internal controls for the Authority's Broadband Loan Insurance Program comply with West Virginia Code §31-15-8a and §12-6C-11a.

Frequently Used Acronyms in the Report:

BLINS – Broadband Loan Insurance Program
BTI – West Virginia Board of Treasury Investments
ISP – Internet Service Provider
PERD – Performance Evaluation and Research Division

Report Highlights:

Issue 1: The West Virginia Economic Development Authority Is Mostly in Compliance with Statutory Requirements Related to the Broadband Loan Insurance Program

- The BLINS program was established in 2021 to facilitate an expansion of broadband service to households and businesses located in unserved or underserved areas in West Virginia.
- The Authority is authorized to provide up to \$80 million in loan insurance to encourage financial lenders to make loans it normally would not make for broadband services in unserved and underserved areas.
- PERD finds that the Authority has established and practices adequate procedures, accounting practices, and internal controls to minimize the State's risk of loan defaults by internet service providers.
- PERD finds that the Authority does not document the analyses used to arrive at decisions to approve or deny loan insurance applications. With respect to transparency requirements, some quarterly and annual reports do not contain all the required information on the status of each project, and information required to be available on the agency's website is sometimes incomplete and is not easy for the public to locate.

PERD's Response to the Authority's Written Response:

The Authority provided its written response to this report on October 29, 2024 (see Appendix C). The Authority did not dispute any finding of the report and indicated that it is working towards complying with all recommendations.

Recommendations:

1. *The Authority should develop documentation and require its Lenders to explain the financial implications of the various components of a loan insurance application and why an application should be approved or denied.*

2. *The Authority should remove the contradiction in its policies and procedures document to be consistent with the statutory requirement that the Authority cannot issue loan insurance to a provider if the provider or the parent company has previously defaulted on a debt or security instrument insured by the Authority.*
3. *The Authority should publish on its website all statutorily required information for each loan insurance agreement in a central location that is relatively easy to locate.*
4. *The Authority should take steps to ensure that all statutorily required information is included in quarterly and annual reports submitted to the Legislature and the governor.*

ISSUE 1

The West Virginia Economic Development Authority Is Mostly in Compliance with Statutory Requirements Related to the Broadband Loan Insurance Program

Issue Summary

Pursuant to West Virginia Code §31-15-8a(g)(3), the Performance Evaluation and Research Division (PERD) conducted a compliance review of the Broadband Loan Insurance Program (BLINS) administered by the West Virginia Economic Development Authority (Authority). This loan insurance program was established in 2021 to facilitate broadband service expansion to households and businesses located in unserved or underserved areas in West Virginia. Through BLINS, the Authority is authorized to provide up to \$80 million in loan insurance to financial institutions as a means to encourage them to provide loans to internet service providers for qualified projects in the state. The Authority may insure up to 80 percent of a traditional broadband loan or up to 100 percent of a federal broadband loan. West Virginia Code §31-15-8a requires the Authority to comply with several procedures and requirements designed to minimize the State's exposure to loan default, and to promote transparency of the program's progress. PERD finds that the Authority has established and practices adequate procedures, accounting practices, and internal controls that provide reasonable assurance that insured projects have been properly vetted and loan payments are monitored. However, PERD finds that the Authority does not document the analysis used to arrive at the decision to approve or deny a loan insurance application. PERD also finds that on the transparency side, some quarterly and annual reports do not contain all the required information on the status of each project, and information required to be available on the agency's website is sometimes incomplete and is not easy for the public to locate.

Through BLINS, the Authority is authorized to provide up to \$80 million in loan insurance to financial institutions as a means to encourage them to provide loans to internet service providers for qualified projects in the state.

Although Progress Is Being Made to Improve Quality Broadband Connectivity in West Virginia, a Significant Population Still Lacks Such Service

The Federal Communications Commission (FCC) expressed the importance of broadband internet service by stating that “*high-speed broadband and the digital opportunity it brings are increasingly essential to innovation, economic opportunity, healthcare, and civic engagement in today's modern society.*”¹ Broadband service is defined by the FCC as internet access with a download speed of at least 25 megabytes per second (Mbps) and an upload speed of 3 Mbps, which is often referred to as 25/3 Mbps. For many years the FCC considered the 25/3 Mbps standard to be an appropriate high-speed broadband measure because it

¹ *Federal Communications Commission, Fourteenth Broadband Deployment Report, (January 2021), 2.*

allowed users to receive high quality data, graphics, voice, and video telecommunication. However, as of March 14, 2024, the FCC raised its benchmark for high-speed fixed broadband to download speeds of 100 Mbps and upload speeds of 20 Mbps. This is a sizable increase from the previous 25/3 Mbps benchmark set by the FCC in 2015. The FCC’s decision to increase the broadband standard was based on changes in the standards used by multiple federal and state programs, consumer usage patterns, and what has become available from and marketed by internet service providers.²

Table 1 below shows the percentages of the United States’ and West Virginia’s population with access to fixed 25/3 Mbps in 2013 and in 2019. Fixed broadband is generally referred to as “at home” broadband services, as opposed to mobile broadband such as smartphones. The FCC considers mobile and fixed broadband as distinct services. Fixed broadband accommodates multiple simultaneously connected devices and much larger data-intensive applications than mobile broadband. Although mobile broadband provides mobility and video capabilities for smaller screens, mobile broadband has data limitations that justify the FCC determining that fixed and mobile broadband services have distinct and non-interchangeable functionalities. West Virginia has seen a substantial increase in the percentage of its population with access to fixed 25/3 Mbps broadband from 44 percent in 2013 to 82.2 percent in 2019. The state’s rural population went from 26 percent in 2013 to 71.3 percent in 2019. As of 2019, the state still lags behind national figures, but significant progress has been achieved.

As of March 14, 2024, the FCC raised its benchmark for high-speed fixed broadband to download speeds of 100 Mbps and upload speeds of 20 Mbps. This is a sizable increase from the previous 25/3 Mbps benchmark set by the FCC in 2015.

Table 1		
Percent of Population with Access to at least Fixed Broadband 25/3 Mbps		
	2013	2019
United States:	83%	95.6%
Rural:	47%	82.8%
Urban:	92%	98.8%
West Virginia:	44%	82.2%
Rural:	26%	71.3%
Urban:	64%	93.5%

Source: Federal Communications Commission, Broadband Availability in America, January 30, 2015 (2013 data); Fourteenth Broadband Deployment Report, January 19, 2021 (2019 data).

West Virginia has seen a substantial increase in the percentage of its population with access to fixed 25/3 Mbps broadband from 44 percent in 2013 to 82.2 percent in 2019.

² Office of Media Relations, Federal Communications Commission, FCC Increases Broadband Speed Benchmark, March 14, 2024, 1.

The Broadband Loan Insurance Program Is Advancing the Expansion of Accessible Broadband Services

The West Virginia Legislature established the Broadband Loan Insurance Program (BLINS) during the 2021 regular session to promote the expansion of broadband internet services to unserved and underserved areas of the state. The BLINS program is administered by the West Virginia Economic Development Authority (Authority). The objective of the BLINS program is to offer loan insurance to banks and financial institutions as a way to encourage them to loan funds to internet service providers (ISP) that will establish broadband service in unserved or underserved areas in West Virginia. The Authority will insure bank loans to ISPs for qualifying projects from 80 to 100 percent of the original loan amount. The funds used by the Authority to provide loan insurance come from an interest-bearing loan, not to exceed \$80 million, from the West Virginia Board of Treasury Investments (BTI) out of the State's Consolidated Fund.³ This BTI loan is nonrecourse and considered a long-term fixed income investment (W. Va. Code §12-6C-11a(c)(1)). The BTI loan must be set aside in a separate fund of the Authority and the funds can only be used to insure broadband loan projects. None of the BTI loan can be used for the Authority's administrative or operating costs (W. Va. Code §12-6C-11a(b)(6)). The set-aside funds remain with the Authority unless an ISP defaults on its loan, in which case the Authority will pay the bank 80 to 100 percent of the outstanding balance depending on the terms of the loan. As ISPs make loan payments to participating banks, the amount being insured by the Authority declines, which in turn frees funds for future broadband projects.

According to the West Virginia Office of Broadband, which has the statutory responsibility (W. Va. Code §31G-1A-3) to map the status of broadband services in the state, 22 percent of the state's broadband serviceable locations are unserved, and 3 percent are underserved as of December 31, 2022. An unserved location is defined as a location where internet service that below the speed of 25/3 Mbps. An underserved location is defined as a location where internet service is above 25/3 Mbps but is below 100/20 Mbps.

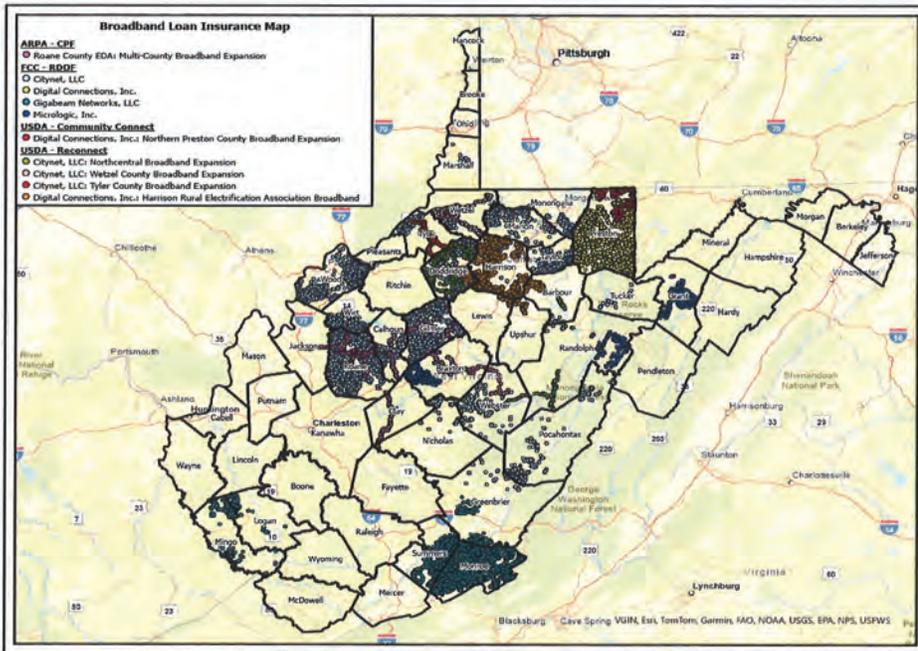
Figure 1 below is a map showing current BLINS projects. Each color-coded dot represents a broadband serviceable location, business or residential, associated with a particular BLINS project. Currently, there are 5 ISPs that have received bank loans and are establishing qualified broadband services for residents or businesses in 30 counties.

³ During the 2024 Second Extraordinary Session, Senate Bill 2035 passed and was signed into law, effective upon passage, which authorizes the Authority to transfer funds, not to exceed \$125 million, from the Economic Development Project Fund to the Broadband Loan Insurance Program to issue loan insurance to eligible broadband providers.

The funds used by the Authority to provide loan insurance come from an interest-bearing loan, not to exceed \$80 million, from the West Virginia Board of Treasury Investments (BTI) out of the State's Consolidated Fund. This BTI loan is nonrecourse and considered a long-term fixed income investment (W. Va. Code §12-6C-11a(c)(1)).

22 percent of the state's broadband serviceable locations are unserved, and 3 percent are underserved as of December 31, 2022. An unserved location is defined as internet service that is below the speed of 25/3 Mbps. An underserved location is defined as internet service that is above 25/3 Mbps but is below 100/20 Mbps.

Figure 1
Map of Current Broadband Loan Insurance Program Projects



Source: Map courtesy of the West Virginia Department of Economic Development Office of Broadband.

A broadband loan insurance commitment is a project for which a participating financial institution has loaned funds to an ISP and the Authority has set aside state funds totaling 80 percent of the loan to insure against the ISP defaulting on the loan.

There Are Two Types of Broadband Loan Insurance Offered

Broadband loan insurance can fall under one of two categories: Traditional Broadband Loan Insurance or the Rural Digital Opportunity Fund Broadband Insurance Program. Under the traditional BLINS Program, the Authority may insure up to 80 percent of a bank loan for a broadband expansion project. The insured portion of a single project may not exceed \$10 million and can be insured for a maximum of 20 years (W. Va. Code §12-6C-11a(b)(4)). As of June 30, 2024, the Authority has committed \$48,425,439 for traditional BLINS programs (see Table 2). A broadband loan insurance commitment is a project for which a participating financial institution has loaned funds to an ISP and the Authority has set aside state funds totaling 80 percent of the loan to insure against the ISP defaulting on the loan.

Table 2
Current Traditional BLINS Commitments
FY 2024

ISP Name	Service Area	Financial Institution	WVEDA Exposure	Loan Maturity Date	Loan Status
Digital Connections, Inc	North Central WV	Clear Mountain Bank	\$1,480,000	March 26, 2030	Current
CityNet, LLC	Harrison County	MVB Bank	\$5,117,167	April 29, 2040	Current
Roane County EDA	Roane County	Wesbanco Bank	\$4,548,765	June 15, 2043	Current
Micrologic, Inc.	Randolph County	Citizens Bank of WV	\$6,800,000	October 31, 2042	Current
Digital Connections, Inc.	North Central WV	Clear Mountain Bank	\$529,200	October 17, 2043	Current
CityNet West Virginia, LLC	Harrison County	MVB Bank	\$20,000,000	Unknown	Current
CityNet West Virginia, LLC	Harrison County	MVB Bank	\$9,950,306	Unknown	Current
Total:			\$48,425,439	---	---
<i>Source: West Virginia Economic Development Authority, July 31, 2024, Broadband Loan Insurance Report.</i>					

A Rural Digital Opportunity Fund Broadband Insurance Program refers to a federally funded broadband expansion or enhancement program established by Congress, including the Broadband ReConnect Program of the United States Department of Agriculture. These loans may be insured for up to 100 percent of a bank-issued letter of credit for a broadband development or infrastructure program. The insured portion of a single project may not exceed \$20 million and can be insured for a maximum of 20 years (W. Va. Code §12-6C-11a(b)(4)). As of April 29, 2024, the Authority has committed \$32,016,421 for Rural Digital Opportunity Fund BLINS projects (see Table 3).

Table 3
Current Rural Digital Opportunity Fund BLINS Commitments
FY 2024

ISP Name	Service Area	Financial Institution	Commitment Amount	Loan Maturity Date	Loan Status
CityNet West Virginia, LLC	Harrison County	MVB Bank	\$16,055,057	October 15, 2028	Current
CityNet West Virginia, LLC	Harrison County	MVB Bank	\$652,312	July 29, 2027	Current
CityNet West Virginia, LLC	Harrison County	MVB Bank	\$1,303,000	July 29, 2027	Current
Micrologic, Inc.	Upshur County	Pioneer Community Bank	\$3,010,814	January 4, 2029	Current
Digital Connections, Inc.	North Central WV	Clear Mountain Bank	\$2,574,900	November 24, 2028	Current
Gigabeam Networks, LLC	Upshur County	Pioneer Community Bank	\$8,420,336	December 12, 2032	Current
Total:			\$32,016,421	---	---

Source: West Virginia Economic Development Authority, July 31, 2024, Broadband Loan Insurance Report.

It is important to emphasize that the committed funds shown in Tables 2 and 3 above are not loans issued by the Authority. These tables reflect the amount of money the Authority has committed to insure loans made by participating banks for broadband expansion projects. The committed funds for BLINS projects are held in reserve accounts controlled by the Authority, and a withdrawal can only be made in the event that an ISP defaults on a loan insured by the Authority (W. Va. §12-6C-11a(d)). Depending on the terms of the loan, 80 to 100 percent of the outstanding principal and interest balance of the defaulted loan is paid to the insured financial institution (W. Va. §31-15-8a(b)(1)). To date, no ISP has defaulted on a loan under a Traditional BLINS or a Rural Digital Opportunity Fund BLINS agreement.

It is important to emphasize that the committed funds shown in Tables 2 and 3 above are not loans issued by the Authority. These tables reflect the amount of money the Authority has committed to insure loans made by participating banks for broadband expansion projects.

The Authority's Financial Management of the BLINS Program Minimizes the State's Risks of Loan Defaults

Under W. Va. Code §31-15-8a(g)(3), if any broadband loan agreement remains in effect, an audit is required every other year on the procedures, accounting practices, and internal controls of the Authority for compliance with W. Va. Code §31-15-8a and W. Va. Code §12-6C-11a.⁴

⁴ Senate Bill 2035, passed during the 2024 Second Extraordinary Session, amended W. Va. Code §31-15-8a(g)(3) to require an audit every year in which any broadband loan agreement is in effect.

In examining the statutory requirements of these code citations, PERD determines that there are two components to the requirements: 1) the financial management of BLINS, and 2) the transparency of the program. The financial management procedures and accounting practices are intended to minimize the State's risk of losing funds due to ISPs defaulting on loan agreements. The transparency of the program is important to keep the public informed and to observe the program's progress.

The financial management of BLINS has several statutory requirements the Authority is required to follow before it can approve a loan insurance agreement. Below are the basic elements of the loan approval process:

- Confirm that a bank loan for an ISP meets the criteria for providing broadband services to an unserved or underserved area.
- Prescribe application forms for ISPs to submit required information and review the information to determine if they are eligible to receive loan insurance and if they constitute a minimal risk of default.
- Monitor the payments of ISPs to respective banks to determine the outstanding balances of loan agreements, and the status of loans including delinquent or default status.

In examining the statutory requirements of these code citations, PERD determines that there are two components to the requirements: 1) the financial management of BLINS, and 2) the transparency of the program.

The Authority Confirms Unserved or Underserved Criteria Through the Office of Broadband

The Authority requests certification by the Office of Broadband, within the West Virginia Department of Economic Development, that a project meets the criteria of serving unserved or underserved areas of the state. This must be done before the application can be processed by the Authority. According to W. Va. Code §31-15-8a(b)(A), an underserved area is one in which internet access service is only available by wireline or fixed wireless technology and where 15 percent or more of households and businesses cannot obtain internet service with a data rate equivalent to, or faster than, the current FCC definitions and standards (25/3 Mbps). An unserved area is a community with no access to broadband service (W. Va. Code 31G-1-2(6)).

The Authority Reviews ISP Financial Information for Loan Approval; However, the Authority Does Not Document Its Analysis

Once a project has been certified by the Office of Broadband that it will serve unserved or underserved areas, the application is evaluated by Authority employees called Loan Officers ("Lenders") to ensure it

is compliant with state law and that an ISP demonstrates a minimal risk of default of the loan (W. Va. Code §31-15-8a(c)(3)). The Authority's Lenders review a host of detailed information much of which is required by law (W. Va. Code §31-15-8a(c)) to be submitted by ISPs. Such information includes:

- proof of business ownership and other business registration information;
- detailed information regarding all business debt, including any past instances of default;
- detailed records of the ISP's financial history for the previous five years;
- the number of ISP employees and the contact information for all managers of the project;
- detailed information regarding assets being presented as collateral;
- detailed business and financial plans related to the broadband deployment project; and
- any additional information that is relevant to the ISP's ability to receive loan insurance and the ISP's ability to deploy broadband in the state.

It is important to note that applications received by the Authority have already been analyzed by respective financial institutions seeking loan insurance since they are taking some risk of default. If discrepancies are identified between the Lender's and bank's analyses, the Lender is required to obtain a satisfactory explanation of the discrepancy from the ISP. In determining whether to submit a loan insurance application to the Authority's Board of Directors for approval, the Authority, by law (W. Va. Code §31-15-8a(c)(3)), shall consider at a minimum the following criteria:

- the financial ability of the applicant to complete the project and repay the loan,
- the credit history of the ISP,
- the past earnings and projected cash flow of the ISP,
- the ISP's past performance as a participant in any economic development program of this state or of any other state,
- the ISP's experience with broadband service deployment in the state and any other state, and
- the nature and value of the collateral being offered for the loan insurance.

The Authority stated that it has not rejected any applications for broadband loan insurance. Appendix I shows the BLINS application that ISPs must submit to the Authority.

It is important to note that applications received by the Authority have already been analyzed by respective financial institutions seeking loan insurance since they are taking some risk of default. If discrepancies are identified between the Lender's and bank's analyses, the Lender is required to obtain a satisfactory explanation of the discrepancy from the ISP.

PERD requested from the Authority documented analysis of each Lender that resulted from his or her review of ISP financial information. The Authority stated that the review process of Lenders does not result in documented analysis of BLINS applications. After reviewing a loan application, a Lender will determine whether to approve the application and provide the determination to the Board of Directors for its decision; however, the Lender's analysis is not documented. A statutory requirement (W. Va. Code §31-15-8a(f)) of the BLINS program is for the Authority to develop internal controls and appropriate accounting practices, including compliance with W. Va. Code §5A-8-9, which mandates that records be made and maintained with proper and adequate documentation of functions, policies, procedures, decisions, and essential transactions of the agency. Such documentation should be designed to protect the legal and financial rights of the State (W. Va. Code 5A-8-9(b)). A Lender's review of a loan insurance application is an important function of the agency that should result in appropriate documentation of a decision to approve or deny a loan application. Denying an application could become a legal matter for the agency. The Authority has a document (see Appendix II) titled "BLINS Documentation Checklist" that could serve well in documenting a Lender's review and decision. It may need to be slightly modified to provide a section that would allow the Lender to explain his or her decision on approving or denying the application based on the information received from an ISP. **PERD recommends that the Authority develop documentation and require Lenders to explain the financial implications of the various components of a loan insurance application and why an application should be approved or denied.**

PERD also noticed a conflicting statement in the Authority's "Broadband Loan Insurance Policy and Procedures" document. On page seven, the statement is made that:

An eligible broadband provider is a business or enterprise certified in writing by the Broadband Enhancement Council to the authority to be a broadband provider, and **is not disqualified from participating in the Broadband Loan Insurance Program due to the provider or a parent company of the provider defaulting on a debt or security instrument insured by the authority.** [emphasis added]

This directive conflicts with the statutory stipulation (W. Va. Code 31-15-8a(c)(4)) that:

The authority may not issue loan insurance to a provider if the provider, or a parent company of the provider, has previously defaulted on a debt or security instrument insured by the authority.

PERD requested from the Authority documented analysis of each Lender that resulted from his or her review of ISP financial information. The Authority stated that the review process of Lenders does not result in documented analysis of BLINS applications.

PERD recommends that the Authority develop documentation and require Lenders to explain the financial implications of the various components of a loan insurance application and why an application should be approved or denied.

When this was brought to the attention of the Authority, it had not noticed the discrepancy. It is not clear if the conflict in the agency's policy and procedures is inadvertent or an intended policy. **The Authority should remove the contradiction in its policy and procedures document to be consistent with the statutory requirement that the Authority cannot issue loan insurance to a provider if the provider or the parent company has previously defaulted on a debt or security instrument insured by the Authority.**

The Authority Monitors ISP Loan Payments to Determine Outstanding Balances and Loan Status

If a BLINS project is approved by the Authority's Board of Directors, then the Authority must make a written request that the BTI transfer a loan amount to the Authority to cover the approved loan insurance, and a written statement certifying the Authority is in compliance with all applicable federal and state laws. An example of a draw certificate to the BTI is shown in Appendix III. The BTI must determine if the BLINS commitment will cause the outstanding balance of all commitments to exceed the total loan program cap (\$80 million) as specified in W. Va. Code §12-6C-11a(b)(2). If the commitment would cause the outstanding balance to exceed the BLINS program loan cap, the BTI would notify the Authority and the application would cease to proceed. However, if the loan cap threshold is not exceeded, then the BTI submits a notice to the State Treasurer's Office authorizing that the loan amount be transferred to the Authority.

Monitoring the status of loans once they have been approved is an important internal control to minimize the State's risk of a loan default. PERD's review of evidence found that Authority staff communicate monthly with BLINS-participating financial institutions to review current loan status. Since financial institutions are still exposed to risk of default in traditional broadband loan insurance, they monitor insured ISPs' payment status, or in the case of a Rural Digital Opportunity Fund project, the federal agency monitors and reports any problems to the Authority. Any late loan payments are discovered through monthly balance monitoring between the Authority's associate director and participating financial institutions, and are then investigated to verify the payment status and follow-up if required.

Monitoring loan payments is also important because as ISPs make loan payments to participating banks, the amount being insured by the Authority declines, which in turn frees funds for future broadband projects. The Authority's policy is to provide the BTI a BLINS Report every month, and every quarter the Authority is to notify both the BTI and the State Treasurer of all BLINS loan amounts. According to evidence provided by the Authority, its staff utilize Excel spreadsheets

The Authority should remove the contradiction in its policy and procedures document to be consistent with the statutory requirement that the Authority cannot issue loan insurance to a provider if the provider or the parent company has previously defaulted on a debt or security instrument insured by the Authority.

Monitoring the status of loans once they have been approved is an important internal control to minimize the State's risk of a loan default. PERD's review of evidence found that Authority staff communicate monthly with BLINS-participating financial institutions to review current loan status.

to monitor the monetary status of BLINS loans. These records are reconciled monthly by executive and accounting staff to assure all Authority records are accurate, complete, and reconciled. The Authority additionally employs two Documentation Specialists who, among other duties, maintain files for each issuance of broadband loan insurance.

The Authority does not have staff dedicated solely to BLINS due to the program's activity being relatively low. All staff involved with BLINS have experience, education, and training in financial underwriting. The Authority states that staff turnover is relatively low, with the least experienced staff members having slightly less than two years' experience with the Authority and the most experienced staff members having more than 20 years' experience. While the Authority prefers to hire Lenders with commercial bank underwriting experience, it stated that trained staff is becoming increasingly difficult to find and attract to state employment. Consequently, the Authority offers in-house training to less-experienced staff in economic development matters, loan underwriting, and lending skills whenever possible.

The Authority Complies with Most Transparency Requirements of the BLINS Program

The Authority complies with most statutory requirements related to the transparency of the status and progress of the BLINS program. Below is a list of the major transparency requirements specified in statute:

- Within the county or counties in which any portion of a proposed broadband project is to be constructed, the ISP shall publish a Class II legal advertisement of the project if it will not provide a downstream data rate of at least one gigabyte to the end user. The Authority is responsible for the form of the public notice, and it shall include a map of the area to be served (W. Va. Code §31-15-8a(d)).
- The Authority shall make certain information available pertaining to all loan insurance agreements on its website (W. Va. Code §31-15-8a(e)).
- The Authority shall prepare and submit quarterly and annual reports describing the status of each insured project, to the Joint Committee on Government and Finance, the governor, and the BTI on or before the 30th day of January, April, July, and October (W. Va. Code §31-15-8a(g)).

The Authority complies with most statutory requirements related to the transparency of the status and progress of the BLINS program.

Class II Legal Advertisement Notices:

With respect to the requirement of ISPs providing Class II legal advertisements on forms provided by the Authority, PERD confirmed the Authority's statement that since the March 15, 2021, effective date of this requirement, all new BLINS projects are offering a downstream data rate of at least one gigabyte per second to the end user. Therefore, Class II legal advertisements were not required for any current project. PERD reviewed correspondence from the West Virginia Broadband Enhancement Council to the Authority that shows insured projects are advertising two-tier data rates of either 500 megabytes per second or 1,000 megabytes (one gigabyte) per second to the end user.

Some Required Information Is Not Provided on the Authority's Website:

West Virginia Code §31-15-8a(e) requires the Authority to make available the following information on its website for all BLINS agreements:

- the name of the insured provider;
- the location(s) of the project;
- the amount of the Authority loan provided by the insurance fund;
- the purpose of the loan or financial assistance;
- the term, rate, and interest of the loan; and
- the fixed assets that serve as security for the loan or insurance provided.

PERD's evaluation of the Authority's website observed that as of June 2024, the agency has all 12 loan insurance agreements posted on its website. However, some of the required information is not posted. Although the names of the providers and the loan amounts are listed, none of the posted loan insurance agreements have the term, rate, and interest of the loans. Only 3 of the 12 agreements indicate the fixed assets serving as loan security, 7 of the 12 indicate the locations of the projects, and 8 of the 12 state the purpose of the loan insurance.

Furthermore, in addition to the omitted information, locating the information on the website is relatively difficult. The intent of the Legislature is to have the required BLINS loan insurance agreement information readily available to the public. The loan insurance agreements are listed on the BLINS Program Page embedded in a link titled "BLINS Press Releases" where there is a link to each loan insurance agreement. **To enhance transparency, PERD recommends that the Authority publish on its website all required information for each loan insurance agreement in a central location.**

PERD's evaluation of the Authority's website observed that as of June 2024, the agency has all 12 loan insurance agreements posted on its website. However, some of the required information is not posted.

To enhance transparency, PERD recommends that the Authority publish on its website all required information for each loan insurance agreement in a central location.

Quarterly and Annual Reports to the Joint Committee, Governor, and State Treasurer’s Office Are Mostly in Compliance

West Virginia Code §31-15-8a(g) requires that the Authority prepare and submit quarterly reports to the Joint Committee on Government and Finance, the governor, and the BTI on or before the 30th day of January, April, July, and October. These reports are to include, at a minimum, for each insured project:

- the ISP name;
- the lending financial institution;
- the total value of the loan;
- the total amount of the loan insured;
- the maturity date of the loan;
- the balance of loan moneys outstanding with the Authority; and
- the status of the loan, including whether the loan is in delinquent or in default status.

Beginning in 2022, the Authority is also required to provide annual BLINS reports to the Joint Committee on Government and Finance, the governor, and the BTI. These reports are to include, at a minimum, for each insured project:

- project-specific data addressing the broadband service levels being provided by the project;
- the geographic area being served by the project; and
- the number of households actively receiving broadband service from the project.

The Authority files its annual reports on a fiscal year basis. West Virginia Code does not define if the report is for a calendar year or a fiscal year. West Virginia Code also does not specify if annual reports must be submitted separately from quarterly reports. Because the Authority’s most recent annual report, filed July 25, 2024, also serves as the June 2024 quarterly report, and they meet the minimum statutory requirements, PERD reviewed the report as meeting the quarterly and annual requirements.

PERD’s evaluation of quarterly and annual reports indicates that for the most part, the Authority’s reports provided at least the minimum information required by statute. When PERD identified missing information from some reports, the Authority stated that “any omission of information would be an oversight.” Specifically in annual reports, project-specific data were missing, to which the Authority responded that the data “do not change as time progresses from the original assessment and reporting of the project, which may account for that omission in the subsequent reporting of information.” PERD notes that this issue was raised before the July 2024 annual/quarterly report was published,

Specifically in annual reports, project-specific data were missing, to which the Authority responded that the data “do not change as time progresses from the original assessment and reporting of the project, which may account for that omission in the subsequent reporting of information.”

and the Authority provided the previously omitted data along with all required information in the July 2024 report.

Conclusion

The Broadband Loan Insurance Program is proving to be beneficial to West Virginia because the State is absorbing most of the financial risks through providing loan insurance that encourages financial lenders to make loans it normally would not make for broadband services in unserved and underserved areas. PERD finds that the West Virginia Economic Development Authority has adequate internal controls, accounting practices, policies, and procedures to minimize the risk of loan defaults. The Authority monitors loan payments, appropriately oversees the status of loan agreements, and makes the necessary reconciliations to the amount insured by the Authority. A shortcoming in the process of reviewing loan insurance applications is that Lenders do not document their analyses and reasoning for approving or denying an application. Such documentation is important to protect the legal and financial rights of the State pursuant to West Virginia Code §5A-8-9(b), and to maintain sufficient records of the decision-making process. PERD also identified the need for the Authority to improve the transparency of BLINS. The Authority's website, quarterly and annual reports should include all the statutorily required information to properly inform the Legislature and the governor of the status and progress of the Broadband Loan Insurance Program. The following recommendations are directed to the agency.

PERD finds that the West Virginia Economic Development Authority has adequate internal controls, accounting practices, policies, and procedures to minimize the risk of loan defaults. The Authority monitors loan payments, appropriately oversees the status of loan agreements, and makes the necessary reconciliations to the amount insured by the Authority.

Recommendations

- 1. The Authority should develop documentation and require its Lenders to explain the financial implications of the various components of a loan insurance application and why an application should be approved or denied.*
- 2. The Authority should remove the contradiction in its policies and procedures document to be consistent with the statutory requirement that the Authority cannot issue loan insurance to a provider if the provider or the parent company has previously defaulted on a debt or security instrument insured by the Authority.*
- 3. The Authority should publish on its website all statutorily required information for each loan insurance agreement in a central location that is relatively easy to locate.*

4. *The Authority should take steps to ensure that all statutorily required information is included in quarterly and annual reports submitted to the Legislature and the governor.*

Appendix A

Transmittal Letter

WEST VIRGINIA LEGISLATURE

Performance Evaluation and Research Division

1900 Kanawha Blvd. East
 Building 1, Room W-314
 Charleston, WV 25305-0610
 (304) 347-4890



John Sylvia
 Director

October 22, 2024

Kris Warner, Executive Director
 West Virginia Economic Development Authority
 Greenway Building
 Northgate Business Park
 180 Association Drive
 Charleston, WV 25311

Dear Director Warner:

This is to transmit a draft copy of the Compliance Review of the West Virginia Economic Development Authority (Authority) pursuant to Chapter 31, Article 15, Section 8a(g)(3) of the *West Virginia Code*. This report is tentatively scheduled to be presented during the November 10-12, 2024, interim meeting of the Joint Committee on Government and Finance, and possibly to the Joint Committee on Government Organization. We will inform you of the exact times and locations once the information becomes available. It is expected that a representative from your agency be present at the meeting to answer any questions committee members may have during or after the meeting.

If you would like to schedule an exit conference to discuss any concerns you may have with the report, please notify us by Thursday, October 24, 2024. In addition, we need your written response by noon on Tuesday, October 29, 2024, in order for it to be included in the final report. If your agency intends to distribute additional material to committee members at the meeting, please contact the House Government Organization staff at 304-340-3192 by Thursday, November 7, 2024, to make arrangements.

We request that your personnel not disclose the report to anyone not affiliated with your agency. However, PERD advises that you inform any non-state government entity of the content of this report if that entity is unfavorably described, and request that it not disclose the content of the report to anyone unaffiliated with its organization. Thank you for your cooperation.

Sincerely,

John Sylvia
 John Sylvia

Enclosure

Appendix B

Objectives, Scope and Methodology

The Performance Evaluation and Research Division (PERD) within the Office of the Legislative Auditor conducted this compliance review of the Broadband Loan Insurance Program (BLINS) as required and authorized by Chapter 31, Article 15, Section 8a(g)(3) of the *West Virginia Code*, as amended. The Broadband Loan Insurance Program is administered by the West Virginia Economic Development Authority (Authority), and the purpose of BLINS is to facilitate broadband service expansion to households and businesses located in unserved or underserved areas in West Virginia by providing loan insurance to financial institutions to encourage them to provide loans to internet service providers for qualified projects in the state.

Objective

The objective of this review is to determine if the procedures, accounting practices, and internal controls for BLINS are in compliance with West Virginia Code §31-15-8a and §12-6C-11a.

Scope

The scope of this review consists of the Authority's procedures, accounting practices, and internal controls for BLINS from fiscal year 2021, when the program was created, through fiscal year 2024. The scope also includes transparency requirements as specified by West Virginia Code §31-15-8a and §12-6C-11a. This review does not include loan insurance agreements made prior to the Code's enactment.

Methodology

PERD gathered and analyzed several sources of information and conducted audit procedures to assess the sufficiency and appropriateness of the information used as audit evidence. The information gathered and audit procedures are described below. Testimonial evidence was gathered through interviews with the Authority's staff and other agencies to gain an understanding agencies' policies, procedures, or internal controls. Testimonial evidence was confirmed by written statements and in some cases by corroborating evidence.

PERD received and analyzed financial documents and loan insurance applications provided by the Authority for approved BLINS projects to determine loan amounts, what percentage of a loan was being insured, how projects were determined to be qualified areas and broadband services, and how Lenders approved or denied loan insurance applications. PERD also evaluated the agency's policies and procedures manual, internal controls, and the process by which the Authority tracks the loan status of internet service providers and respective financial institutions. An examination was conducted of the Authority's website and required quarterly and annual reports to determine the extent to which the agency complied with the transparency requirements of West Virginia Code §31-15-8a. In addition, background information was obtained from the West Virginia Department of Economic Development, Office of Broadband, to show the progress being made in expanding broadband internet services to unserved and underserved areas of the state. PERD determined that the evidence provided was sufficient and appropriate to arrive at reasonably accurate conclusions concerning the agency's compliance with West Virginia Code §31-15-8a and §12-6C-11a.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix C Agency Response



Mr. John Sylvia, Director
Mr. Chris Carney, Research Manager
Legislative Auditor's Office
Performance Evaluation and Research Division
Building 1, Room W-314
1900 Kanawha Blvd., East
Charleston, WV 25304-0610

Director Sylvia and Manager Carney,

The WVEDA is in receipt of your draft copy of the Compliance Review of the West Virginia Economic Development Authority pursuant to Chapter 31, Article 15, Section 8a(g)(3) of the *West Virginia Code*. Please consider this as the Authority's draft response pending the final version of the Compliance Review. The only additional materials that may be distributed to the committee members at the upcoming November 10-12 meeting would be the attachment to this letter designated BROADBAND LOAN INSURANCE INFORMATION SUMMARY, the prospective amended Policy and Procedure eliminating the contradiction mentioned in your Recommendation #2 of the draft copy of the Compliance Review, and perhaps a printed screenshot of the new Public Information Sheet section of the WVEDA's re-designed website if it is available by the time of the meeting (mentioned this morning to our website designer and now underway). The quarterly report submitted to the Legislature and the Governor's Office will ensure that all statutorily required information is included effective with the quarter ended September 30, 2024.

This report has not been disclosed to any parties outside the confines of the WVEDA office and staff.

As mentioned before, the WVEDA and its staff appreciates the work you have performed in conducting this audit and all recommendations to improve the operations and efficiencies of the WVEDA. Your cooperation and professionalism are appreciated as well.

On behalf of Executive Director Kris Warner,

A handwritten signature in blue ink that reads "J. Steven Webb".

J. Steven Webb, Associate Director

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY																	
BROADBAND LOAN INSURANCE INFORMATION SUMMARY																	
(Presentation Date (MM/DD/YYYY))																	
(Loan Officer Name)																	
BUSINESS BENEFICIARY:				BANK SPONSOR:													
Name 1				Name													
Name 2				Street Address													
Street Address				City, State Zip Code													
City, WV Zip Code																	
BLIMS BENEFICIARY CONTACT:				BANK CONTACT:													
Name				Name													
Phone #				Phone #													
Email:				Email:													
NAICS:				COMPANY BACKGROUND:													
325199				All Other Basic Organic Chemical Manufacturing													
LEGAL ENTITY:				CREDIT EXPOSURE:													
(C-corp., S-corp., LLC, Partnership, etc.)				Existing WVEDA exposure:													
				Proposed WVEDA exposure:													
				Total WVEDA exposure:													
BROADBAND LOAN INSURANCE REQUEST:																	
WVEDA FEE:				BANK LOAN TERMS:													
				Amount:													
				Rate:													
				Term:													
JOB CREATION INFORMATION:																	
Existing:																	
New:																	
BANK COLLATERAL:				VALUE		LTV											
OWNER(S):																	
		GUARANTOR? (Y or N)	% ownership	Credit Score	FIS Data	Liquid Assets	Total Assets	Net worth									
ANALYSIS SUMMARY:																	
HISTORICAL FINANCIAL PERFORMANCE:																	
(\$ in actual)		MM/DD/YY		%		MM/DD/YY		%		MM/DD/YY		%		MM/DD/YY		%	
Sales		\$0		100.0%		\$0		100.0%		\$0		100.0%		0		0	
Net Profit (Loss)		\$0		#DIV/0!		\$0		#DIV/0!		\$0		#DIV/0!		0		#DIV/0!	
Liquid Assets		\$0		#DIV/0!		\$0		#DIV/0!		\$0		#DIV/0!		0		#DIV/0!	
Net Worth		\$0		#DIV/0!		\$0		#DIV/0!		\$0		#DIV/0!		0		#DIV/0!	
EBITDA		\$0		#DIV/0!		\$0		#DIV/0!		\$0		#DIV/0!		0		#DIV/0!	
LIQUIDITY RATIOS:																	
Current Ratio:																	
Quick Ratio:																	
LEVERAGE RATIOS:																	
Debt/Worth																	
Adjusted Debt/Worth																	
DEBT SERVICE COVERAGE:																	
EBITDA																	
Proposed debt service - \$1.2 million @ 3.5625% for 20 years																	
Existing Debt Service																	
Debt Service Coverage																	
Schedule of Existing Debt and/or Past Debt Default:																	
Creditor		Balance		Payment		Collateral:		Payment Status:									

ATTACHMENTS REQUIRED	
1)	A narrative memorandum including a discussion of the following: <ul style="list-style-type: none"> a) Discussion of the past earnings and projected cash flow of the ISP. b) Discussion of liquidity and leverage of the beneficiary ISP. c) Statement attesting to the financial ability of the applicant to complete the project and repay the loan. d) Discussion of the credit history of the ISP. e) The ISP's or any affiliated company's past financial performance as a participant in any economic development program of this or any other state. f) The nature and value of the collateral being offered for the broadband loan insurance. g) The nature and value of all guarantors of the BLINS. h) The service level being offered on this project. If the service is below a rate of one gigabyte/second of downstream service to the end user, a published Class II legal advertisement of the project is required within the county or counties in which any portion of the proposed project is to be constructed. i) The ISP's experience with broadband service deployment in this or any other state. j) A recommendation based upon the lender's thorough analysis of the above criteria.
2)	Complete financial spreadsheets covering a minimum of the past five full years of financial results.
3)	A detailed description of the location of the project, including specific areas and counties, and the number of prospective end-users to be served.

Appendix I

Lender Application for Loan Insurance

**BROADBAND LOAN INSURANCE PROGRAM (BLINS)
LENDER APPLICATION FOR LOAN INSURANCE OR LETTER OF CREDIT INSURANCE**

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY NorthGate Business Park, 180 Association Drive Charleston, West Virginia 25311-1217 304-558-3650	
LENDER APPLICATION FOR LOAN INSURANCE OR LETTER OF CREDIT INSURANCE	
1. APPLICANT INFORMATION	
Borrower	
Address	
Email Address	
Telephone No.	
Federal Tax ID No:	
Workers Comp No.	
2. FINANCIAL INSTITUTION	
Financial Institution	
Address	
Loan Officer	
Telephone	
E-mail	
3. FURTHER FINANCIAL INFORMATION	
Borrower's Primary	
Businesses Activity	
4. PURPOSE OF LOAN OR LETTER OF CREDIT (ATTACH DOCUMENT IF NECESSARY)	

**BROADBAND LOAN INSURANCE PROGRAM (BLINS)
LENDER APPLICATION FOR LOAN INSURANCE OR LETTER OF CREDIT INSURANCE**

5. PRINCIPAL AMOUNT OF LOAN OR LETTER OF CREDIT					
\$ _____					
Rate		Mo. Pmt.		Term	

6. REQUESTED LOAN INSURANCE OR LETTER OF CREDIT INSURANCE	
A. Amount (80% traditional LINS, 100% FCC RDOF, maximum)	_____
B. Term (not to exceed 20 years)	_____

7. FEES PAYABLE TO THE WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY	
A. 0.5% of Insurance Amount (from section 6a) - Payable at Closing	_____
B. Application Fee - <i>Enclose check</i>	+ \$1,000
TOTAL	_____

8. FURTHER INFORMATION	
Collateral	_____
Value	_____
Lien Position	_____

9. GUARANTOR(S)
_____ _____ _____

**BROADBAND LOAN INSURANCE PROGRAM (BLINS)
LENDER APPLICATION FOR LOAN INSURANCE OR LETTER OF CREDIT INSURANCE**

10. CERTIFICATION AND BANK OFFICER	
Certification	The undersigned bank officer hereby certifies that the bank would not approve a loan or issue a letter of credit without the WVEDA Broadband Loan Insurance enhancement.
Bank Officer Signature	
Type or Print Name	
Title	
Date	

FOR WVEDA USE ONLY	
BLINS Number	
Date of Board Action	

**BROADBAND LOAN INSURANCE PROGRAM (BLINS)
LENDER APPLICATION FOR LOAN INSURANCE OR LETTER OF CREDIT INSURANCE**

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY BROADBAND LOAN INSURANCE OR LETTER OF CREDIT INSURANCE PROGRAM	
-BANK MUST SUBMIT THESE DOCUMENTS WITH APPLICATION-	
1. PROJECT ELIGIBILITY AND DESCRIPTION	
<ol style="list-style-type: none"> 1. <input type="checkbox"/> Proof of business ownership and other business registration information. 2. <input type="checkbox"/> Detailed information regarding all current, previous, and pending business debt, including any past instances of loan delinquency or default or any breach of a borrower covenant. 3. <input type="checkbox"/> Detailed records of the provider's financial history, including, but not limited to, tax returns and financial statements detailing the providers income, cash flow, and account balances for the past five years. 4. <input type="checkbox"/> The number of persons employed by the provider and the names and contact information for all managers of the project to be insured. 5. <input type="checkbox"/> Detailed information regarding assets being presented as collateral, including, but not limited to, serial or identification numbers for all large value machinery, equipment, furniture and fixtures, inventory records, and accounts receivable. 6. <input type="checkbox"/> Detailed business plans, financial plans, and financial projections related to the broadband deployment project for which the applicant is requesting loan insurance. 7. <input type="checkbox"/> Any additional information that is relevant to the provider's eligibility to receive loan insurance and the provider's ability to deploy broadband in the state, including, but not limited to, any required authorizations or determinations by any applicable regulatory bodies. 8. <input type="checkbox"/> Broadband Enhancement Council or Federal Funding Program certification of the project. 9. <input type="checkbox"/> Bank statement that it would not provide loan or letter of credit without the BLINS enhancement. 10. <input type="checkbox"/> Copy of public notice as outlined in the program requirements. 11. <input type="checkbox"/> Map of the area or areas to be serviced. 12. <input type="checkbox"/> Copy of letter sent to current (if any) broadband providers. 13. <input type="checkbox"/> A brief history and description of the business*. 14. <input type="checkbox"/> Summary of the education/ experience of business owners/management *. 15. <input type="checkbox"/> Business structure (proprietorship, partnership, corporation, etc.). * 16. <input type="checkbox"/> Certificate of Good Standing from WV Sec. of State (for borrower). 17. <input type="checkbox"/> \$1,000 check payable to the WV Economic Development Authority for the application fee. 18. <input type="checkbox"/> .05% origination fee is due upon the execution of the Standard Broadband Loan Insurance Agreement. 	
* These can be provided as attachments or in the credit analysis or bank cover letter. :	

**BROADBAND LOAN INSURANCE PROGRAM (BLINS)
LENDER APPLICATION FOR LOAN INSURANCE OR LETTER OF CREDIT INSURANCE**

2. FINANCIAL, CREDIT, AND COLLATERAL INFORMATION	
1.	Financial spread sheets covering the Company's last 3 fiscal years, plus year-to-date interim balance sheet and income statement current within 90 days. If the Bank does not utilize financial spreadsheets, please include copies of the Company's last 3 years' financial statements and year-to-date interims.
2.	Credit Analysis of the loan or letter of credit request. If the financial institution routinely performs a credit analysis as part of its review/ approval process, the Lender must release a complete copy to WVEDA. In all other cases, the Lender may address its credit consideration in a cover letter to WVEDA. The analysis/cover letter should also address the construction monitoring process of the project.
3.	Guarantor(s) PFS Current signed and dated personal financial statement for each guarantor
4.	Credit Reports for the Borrower and its owners :
5.	Disclosure of adverse conditions - any litigation, credit problems, bankruptcies, judgments, etc., of the Borrower or its owner(s).
As available and appropriate to the proposed loan:	
<input type="checkbox"/>	Financial projections for the next two (2) years
<input type="checkbox"/>	Appraisal
<input type="checkbox"/>	Environmental:
<input type="checkbox"/>	Site Assessment <input type="checkbox"/> Phase I <input type="checkbox"/> Phase II
<input type="checkbox"/>	Other

**BROADBAND LOAN INSURANCE PROGRAM (BLINS)
LENDER APPLICATION FOR LOAN INSURANCE OR LETTER OF CREDIT INSURANCE**

**AUTHORIZATION TO OBTAIN/RELEASE INFORMATION
(Business Owner and/or Guarantor)**

The West Virginia Economic Development Authority ("WVEDA") has received an Application for Financial Assistance for a loan or letter of credit for which the undersigned would be obligated to WVEDA, either directly or indirectly (as a business owner and/or loan guarantor). Accordingly, each of the undersigned hereby authorize the West Virginia Economic Development Authority ("WVEDA") to obtain credit information and tax information to the extent the WVEDA in its sole discretion deems appropriate to evaluate and/or administer the requested loan, now and throughout the term of the WVEDA loan (if approved).

Tax Review:

The undersigned hereby authorizes the State Tax Commissioner to review records relating to the tax returns of the undersigned to the State of West Virginia or any of its political subdivisions, together with any particulars found thereon or matters related thereto, and report to the WVEDA on his/her findings.

Third-Party Information:

The undersigned authorizes WVEDA to obtain information from or exchange information with the undersigned's financial institution(s), creditors, credit bureaus, accountant, attorney, insurance agent and other parties, as deemed necessary to WVEDA in its sole discretion in consideration of such loan or letter of credit insurance request, and (if such loan or letter of credit insurance request is approved) thereafter until such time as such loan or reimbursement agreement relating to the letter of credit is repaid in full. By his or her signature hereunder, each of the undersigned authorizes such parties to release information to WVEDA as requested.

By		Date	
RESIDENCE			
By		Date	
RESIDENCE			
By		Date	
RESIDENCE			

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY
NorthGate Business Park
180 Association Drive, Charleston, WV 25311-1217
Phone: 304-558-3650

**BROADBAND LOAN INSURANCE PROGRAM (BLINS)
LENDER APPLICATION FOR LOAN INSURANCE OR LETTER OF CREDIT INSURANCE**

Privacy Protection Notice

Protecting your privacy is important to the West Virginia Economic Development Authority

The West Virginia Economic Development Authority (WVEDA) is a public body corporately organized pursuant to West Virginia Code Section 31-15-1 et seq. with the authority to originate, acquire and service loans and leases as well as provide loan insurance for the purposes set forth in W Va. Code Section 31-15-8.

Important Notice About Customer Information

The WVEDA values the trust and confidence you have placed in us as your financial assistance service provider. We want you to understand what information we collect and how we use it. We believe every customer's personal information should be handled with care and confidentiality. To ensure that we live up to your trust, we have defined the procedures we will use to protect customer information. We also want you to understand how we obtain and use information about our customers.

WVEDA Consumer Privacy Notice

Our Consumer Privacy Notice tells you the kind of information we collect, with whom we share it, and how it is protected. The Notice applies to consumers who obtain our financial products or services. The examples that you will find throughout this Notice are for purposes of illustration only and should not be considered a complete description of our information practices.

Categories of Information We May Collect

We collect the following information about you to evaluate a transaction that you initiate with us:

- Information we receive from you on applications (either obtained on line or provided in person), personal financial statements, tax returns, and other oral, written, or electronic communications, such as your name, address, Social Security number, assets, liabilities and income.
- Information about your transactions or relationships with us, such as information about your balances and payment history.
- Information we receive from consumer reporting agencies, such as your creditworthiness and credit history.
- Information we receive from persons providing services in connection with your transactions, such as your legal counsel, your accountant, an appraiser, a title company, a surveyor or the sponsor bank representative involved with your transaction.
- Authorizations you provide to us for information, such as a Tax Clearance to assess your status with the State of WV.
- Authorizations you provide to us direct debit payments due to the WVEDA.
- Information we obtain from others to verify information provided by you, such as your employment history and credit or other relationships with third parties.

Disclosure of Information to Third Parties

We do not disclose information about our customers or former customers to third parties outside of the WVEDA, except as required or permitted by law. If you close your accounts or your relationship with the WVEDA becomes inactive, we will continue to treat the information we have collected about you in accordance with this notice. Since this is our policy, there is nothing you need to do to request us not to share customer information with such third parties.

Examples of when we disclose customer information outside of the WVEDA are as follows:

- To consumer reporting agencies.
- In connection with audits.
- For fraud, security or risk control.

BROADBAND LOAN INSURANCE PROGRAM (BLINS)
LENDER APPLICATION FOR LOAN INSURANCE OR LETTER OF CREDIT INSURANCE

- To help complete a transaction you initiate, including information requested to verify the existence or condition of an account.
- To resolve disputes or inquiries about your account.
- With your consent or at your direction.
- When disclosure is required by law, such as pursuant to court order, subpoena, legal process or government agency examination or investigation, or to protect or enforce our rights.
- To companies that perform services for us in connection with your accounts, such as collection agencies.
- As otherwise necessary to service your account, or as permitted or required by law.

Our Security Procedures

We maintain physical, electronic, and procedural safeguards that comply with federal guidelines to safeguard consumer information. Our employees are bound by laws, including W. Va. Code Section 31-15-22, and policies limiting access to consumer information only for legitimate business purposes and to keep information about you confidential.

Our Privacy Protections

You may have other privacy protections under some state laws. We will comply with applicable state and federal laws regarding your personal information maintained by us.

Our Commitment

We will continue to maintain our dedication to protecting your privacy. Should you have questions concerning our Notice, you may call 1-304-558-3650 between the hours of 8:30 A.M. – 4:30 P.M. (Eastern Standard Time) weekdays.

Effective Date

This Customer Notice is effective as of 11/19/20.

Appendix II West Virginia Economic Development Authority BLINS Documentation Checklist

WVEDA BLINS DOCUMENTATION CHECKLIST

Financial Institution (applicant):

Broadband Provider:

BLINS Amount:

\$ _____

(\$20 million or less in any single calendar year)

Instrument Type:

Loan

Letter of credit

Percent insured:

Approval Date:

Expiration Date:

Application Fee Received:

(Date and amount received) Copy of check/wire in the file.

Origination/Issuance Fee Received:

(Date and amount received) Copy of check/wire in the file.

Collateral description:

Corporate Guarantor:

Personal Guarantor:

Assigned Loan Officer:

definition of broadband service as defined by the Federal Communications Commission/A project which has as its principal purpose building a segment of a telecommunications network that links a network operators core network to a local network plant that serves either an unserved area or, an area in which no more than two wireline providers are operating.

10. Effective 3/15/2021 submit detailed information regarding all current, previous and pending business debt, including any past instances of loan delinquency or default or any breach of a borrower covenant. Describe information submitted:

11. Effective 3/15/2021 submit detailed records of the providers financial history, including, but not limited to, tax returns and financial statements detailing the providers income, cash flow and account balances for the past five years. Describe information submitted:

12. Effective 3/15/2021 submit the number of persons employed by the provider and the names and contact information for all managers of the project to be insured. Describe information submitted:

13. Effective 3/15/2021 submit detailed information regarding assets being presented as collateral, including, but not limited to, serial or identification numbers for all large value machinery, equipment, furniture and fixtures, inventory records and accounts receivable. Describe where information is located:

14. Effective 3/15/2021 submit detailed business plans, financial plans and financial projections related to the broadband deployment project for which the applicant is requesting loan insurance. Describe information submitted:

15. Effective 3/15/2021 submit any additional information that is relevant to the provider's eligibility to receive loan insurance and the providers ability to deploy broadband in the state, including, but not limited to, any required authorizations or determinations by any applicable regulatory bodies. Describe information submitted:

Review completed: _____
(date review completed)

By: _____

Appendix III
 Draw Certificate
 From the West Virginia Economic Development Authority to the
 West Virginia Board of Treasury Investments

Exhibit B

DRAW CERTIFICATE

THIS DRAW CERTIFICATE ("Draw Certificate") is submitted by the WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY ("WVEDA") to the WEST VIRGINIA BOARD OF TREASURY INVESTMENTS ("Board") pursuant to that certain Note of the WVEDA and that certain Loan Agreement between the Board and WVEDA, both dated February 15, 2018, as amended.

1. WVEDA hereby requests from the advance specified in the Notice dated _____ and deposited in the WVSTO Broadband Loan Guaranty Account pursuant to the Note and Loan Agreement the amount of _____ Dollars (\$ _____) be transferred to the WVEDA.

2. As provided in the Notice of Intent to Request Advance, the purpose of this advance is to enable WVEDA to fund insurance for the payment or repayment of all or any part of the principal, the redemption or prepayment premiums or penalties on, and any interest on any form of the debt instrument entered into by a broadband provider ("Borrower") with a financial institution ("Lender"), as authorized in W. Va. Code §12-6C-11(h).

3. The aggregate principal amount drawn upon under the Loan Agreement by WVEDA will not exceed Eighty Million Dollars (\$80,000,000.00) after the funding of the advance requested herein.

4. Interest on the advance shall commence on the date the advance is transferred to the WVEDA at the Interest Rate determined in accordance with the Note and Loan Agreement.

5. WVEDA again provides the following information in connection with the advance being requested:

- a. Advance requested: _____
- b. Name of Borrower: _____
- c. Name of Lender: _____
- d. Lender has certified that but for the WVEDA insuring the debt instrument, the Lender would not have made the loan solely on the creditworthiness of the Borrower,
- e. Type of debt instrument: _____
- f. Amount of the debt instrument: _____
- g. Term of the debt instrument: _____
- h. Amount insured by WVEDA for the debt instrument: _____
- i. Debt instrument is not to refinance an existing debt, _____

- j. WVEDA is in full compliance with the Revolving Broadband Loan and all associated documents and with all applicable provisions of federal and state law, and
- k. In the event of any noncompliance or Event of Default under the Loan Agreement, WVEDA will notify the Board about the event within Thirty (30) days.

WVEDA has submitted this Draw Certificate to the Board by email, facsimile transmission, or hand delivery on _____, _____.

**WEST VIRGINIA ECONOMIC
DEVELOPMENT AUTHORITY**

By: _____
Name: _____
Title: _____



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