# JOINT COMMITTEE ON GOVERNMENT AND FINANCE

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June 8, 2015



Interim Committee Attendance - Results

Monday, June 08, 2015 - 02:00 PM

Joint Committee on Government and Finance

#### Attended:

Delegate Shott Delegate Nelson, E.
Delegate Miley
Delegate Cowles
Delegate Boggs Speaker Armstead Senator Trump Senator Kessler Senator Carmichael

#### Submittor:

President Cole

Marlene

Phone: 4802

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# AGENDA JOINT COMMITTEE ON GOVERNMENT AND FINANCE June 8, 2015

2:00 - 3:00pm Senate Finance Room

- 1. Approval of January 13, 2015 minutes
- 2. <u>Prevailing Wage.</u> <u>Presentation of methodology for determination of the prevailing hourly rate of wages pursuant to Senate Bill 361, §21-5A-5</u>
  - Jeff Green, Director, Research, Information and Analysis Division, Workforce
     WV
  - Jennifer M. Shand, Ph.D., Director, Center for Business and Economic Research, Marshall University
  - John Deskins, Ph.D., Director/Associate Professor of Economics, Bureau of Business and Economic Research
- 3. Monthly/Quarterly Reports Received:
- 4. Other Business
- 5. Adjournment

#### **Joint Committee on Government and Finance**

April 13, 2015

# 3:00pm - 400pm

Senate	House
Cole, Chair	Armstead, Chair
Carmichael	Cowles
M. Hall	Miller,C.
Trump	Nelson, E.
Kessler	Shott
Plymale	Boggs
Prezioso	Miley

# **Speaker Armstead presides:**

**Speaker Armstead:** "The committee will come to order. The clerk will take a silent roll call. The first item on the agenda is the approval of the January 13<sup>th</sup> minutes. The Senate President is recognized."

**President Cole:** "I move the minutes of the January 13 meeting of the Joint Committee on Government and Finance as contained in the members packets be approved."

**Speaker Armstead:** "President Cole moves the minutes be approved. Is there discussion? All in favor say aye, opposed. The ayes appear to have it, the ayes do have it, I declare the minutes adopted."

**Speaker Armstead:** "I recognize the President for a motion."

**President Cole:** "I hereby move that the Joint Committee on Government and Finance hereby reappoints Aaron Allred as the Legislative Manager to oversee the offices of the Committee. Subject to the general direction and control of the President of the WV Senate and the Speaker of the WV House of Delegates, the Legislative Manager: 1) shall be in complete charge of the administrative operations of the Committee and the management of the offices thereunder except for the Commission of Special Investigation; 2) serve as the chief administrative manager for all Joint Committee personnel except for the Commission on Special Investigation; and 3) have authority to enter into contracts on behalf of the Committee."

**Speaker Armstead:** "Heard the motion by President Cole. Is there discussion? If not, all in favor say aye, opposed say nay. The ayes appear to have it, the

ayes do have it, I declare the motion adopted."

Speaker Armstead: "I recognize the President for an additional motion."

**President Cole:** "I move that the Joint Committee on Government and Finance being authorized by the West Virginia Code §4-2-3 hereby reappoints Aaron Allred as the Legislative Auditor."

**Speaker Armstead:** "Question on the motion? Is there discussion? If not, all in favor say aye, opposed no. The ayes appear to have it, the ayes do have it, I declare the motion adopted."

**Speaker Armstead:** "Next we will deal with the 2015 Interim Studies. I recognize President Cole."

**President Cole:** "I so move that the President and Speaker of the House be authorized to jointly establish the interim committees and subcommittees as deemed appropriate and to appoint as many members as desired to any committee or subcommittee other than statutory and standing committees."

**Speaker Armstead:** "Heard the motion by President Cole. Is there discussion? If not, all in favor say aye, opposed no. The ayes appear to have it, the ayes do have it, I declare the motion adopted."

Speaker Armstead: "Chair recognizes President Cole."

**President Cole:** "I also move Mr. Speaker that the interim committee and subcommittees established by the President and the Speaker of the House and interim committees established by statute and all joint standing committees be authorized to meet during the 2015 Interim Period."

**Speaker Armstead:** "Heard the motion by President Cole. Is there discussion? If not, all in favor say aye, opposed no. The ayes appear to have it, the ayes do have it, I declare the motion adopted."

**Speaker Armstead:** "Chair recognizes President Cole."

**President Cole:** "I also move Mr. Speaker that the Legislative Rule-Making Review Committee be authorized to meet outside of the interim periods as necessary to complete their statutorily required work with the approval of the President and the Speaker."

**Speaker Armstead:** "Heard the motion by President Cole. Is there discussion? If not, all in favor say aye, opposed no. The ayes appear to have it, the ayes do have it, I declare the motion adopted."

**Speaker Armstead:** "Chair recognizes President Cole."

**President Cole:** "I also move Mr. Speaker that the Joint Select Committee on Tax Reform be authorized to meet outside of the interim periods as necessary to complete their duties as set forth in Senate Concurrent Resolution 31 with the approval of the President and the Speaker."

**Speaker Armstead:** "Heard the motion by President Cole. Is there discussion? If not, all in favor say aye, opposed no. The ayes appear to have it, the ayes do have it, I declare the motion adopted."

**Speaker Armstead:** "I recognize the President for an additional motion."

**President Cole:** "Mr. Speaker I move that the President and the Speaker be authorized to jointly assign study topics to the interim committees as they deem appropriate. The list is attached to your Agenda."

**Speaker Armstead:** "Question for the Committee is the motion by President Cole. Is there discussion? If not, all in favor say aye, opposed no. The ayes appear to have it, the ayes do have it, I declare the motion adopted."

**Speaker Armstead:** "I want to mention that we have a tentative list of the Study topics that will, subject to additions and modifications, be provided to the general public on the Legislature's web site this evening."

Speaker Armstead: "I recognize the President Cole for an additional motion."

**President Cole:** "I move that all committees, subcommittee and commissions meeting during the interim period for which there are an unequal number of Delegates and Senators, that all motions considered must be adopted by a separate majority vote of the committee members from each legislative body."

**Speaker Armstead:** "Heard the motion by President Cole. Is there discussion? If not, all in favor say aye, opposed no. The ayes appear to have it, the ayes do have it, I declare the motion adopted."

**Speaker Armstead:** "Chair recognizes President Cole for an additional motion."

**President Cole:** "I move that the following dates be approved for Interim Meetings:

June 7-8

September 13-14 October 18-19 November 15-16

**Speaker Armstead:** "Question before the Committee is the motion, is there discussion? If not, all in favor say aye, those opposed no. The ayes appear to have it, the ayes do have it, I declare the motion adopted."

**Speaker Armstead:** "Next order of business before the Committee are the Monthly/Quarterly Reports. Members will find in their packets the reports from the Legislative Auditor's Office's Budget Division outlining the present financial positions of the West Virginia Lottery, the State's General Revenue Fund, the State's Road Fund, and the State's Unemployment Compensation Fund. Staff of the Legislative Auditor's Office is here and present if there are any questions. Are there questions for Aaron or any of his staff."

**Speaker Armstead:** "If not, we have Ms. Beth Carenbauer, the Director of Unemployment Compensation Division at Workforce West Virginia to discuss the present trust fund balances. Ms. Carenbauer, would you please state your name and title for the record?

**Ms. Carenbauer:** "Yes sir. Good afternoon Mr. President, Mr. Speaker and Members of the Committee. I'm Beth Carenbauer, I am the Director of Unemployment Compensation for Workforce WV. As of this morning, the Unemployment Trust Fund had a balance of \$55,653,000. According to the projections that you have in your packet dated April 7<sup>th</sup>, we are projecting that the Trust Fund during the calendar year of 2015, will have Revenues of \$230,937,000 and Benefits of \$215,002,000 for an end of balance projected at this point to be \$121,935,000. I would be happy to answer any questions."

**Speaker Armstead:** "Are there questions of Ms. Carenbauer? If not, thank you."

**Speaker Armstead:** "Next we have Mary Jane Pickens Deputy Secretary of Administration and Director of the Board of Risk and Insurance Management here on behalf of Acting Secretary of Finance & Administration Jason Pizatella. Thank you for being here Ms. Pickens."

Ms. Pickens: "Thank you. Good afternoon Mr. President, Mr. Speaker and

Members of the Committee. My name is Mary Jane Pickens, I am Deputy Secretary of Administration. Jason was unable to make it today so I am filling in. We have provided information relating to the agencies on which DOA reports on a regular basis to this Committee and I just wanted to go through some information generally. With regard to PEIA, the results for PEIA and the Retiring Health Benefits Trust Fund for February 2015 are available for your review and that should be hopefully before you right now. PEIA is currently \$24M behind plan for fiscal year 2015 and that is due to actual Claims Expense being higher than the budget of medical and pharmacies expenses to date and lower investment and premium income than expected. The Retiring Health Benefits Trust Fund is currently behind about \$15M for the fiscal year 2015. Also attributable to actual claims expenses being higher than budgeted and interest income being lower than expected or projected. We do have a representative, Mr. Cheatham, from PEIA here if there are any requests for details regarding that report."

**Speaker Armstead:** "Are there any questions from the Committee for Mr. Cheatham regarding PEIA?"

**Ms. Pickens:** "Ok. Thank you. With regard to CHIP we have some information in the packet showing enrollment. Enrollment is going down and enrollment as of March 31<sup>st</sup> was down to 18,614 a decrease of 28.3% over enrollment this time last year. There is quite a bit of information regarding CHIP in the packets if there are any questions I'll do my best or certainly bring back answers to the Committee as quickly as possible."

Speaker Armstead: "Are there any questions regarding CHIPS? Senator Hall."

**Senator Hall:** "Is CHIP going to be reauthorized federally or is this population moving..?"

**Ms. Pickens:** "There is a lot of population moving to Medicaid because of the changes in the Medicaid Program. But yes I believe the House before the Easter Recess, passed with bipartisan support a reauthorization and funding bill for CHIP and the US Senate is back today and so they should be voting on that very soon."

**Senator Hall:** "So we are going to continue to get funding for CHIP?"

**Ms. Pickens:** "It sounds optimistic to me. It sounds like it is in a pretty good place and I can certainly follow up and answer your question specifically."

Senator Hall: "Ok. Good enough. Thank you."

**Speaker Armstead:** "Are there further questions regarding CHIP?"

**Ms. Pickens:** "With regarding to BRIM, we have some information. I also have BRIM's CFO is here as well if there are any further detail that is needed. In a similar vein to what we have already talked about, BRIM Claims Expense that is in your packet reflects Claims payments made through February of 2015 plus Reserve Increases. Actual Claim Payments for the current fiscal year to date are a little higher, about \$4.3M higher than for the same period last year. Reserves also have increased but not as greatly as they increased for this period to the prior year, they have increased \$2.1M in the current year versus an increase of \$8.8M for the prior year. The combined effect of these two items results in Claims Expense being \$2.4M lower for the current year. Investment Income is down for the fiscal year 2015. Our results reflect Net Earnings of \$4.9M for the first 8 months and that is \$6.4M less than last year due to lower interest rates and equity returns this fiscal year. Are there any questions regarding BRIM?"

**Speaker Armstead:** "Are there any questions for Ms. Pickens regarding BRIM report?"

**Ms. Pickens:** "Alright, moving on to the Real Estate Division Leasing Report. We have some pages in the packet that show changes: either leasing changes, renewals, renewals with increases and new contracts for the periods of January, February and March of 2015. Behind that there should be some detailed information. If anyone has any questions about the new contracts, straight renewals and renewals with increases and rent and specifics of those we can provide them to you."

**Speaker Armstead:** "Any questions for Ms. Pickens regarding the Real Estate Report?"

**Ms. Pickens:** "Alright I might also just add that during the summer months and into the fall everyone is going to notice some things going on around campus. I think we already started to notice some things and I just wanted to mention a few of them. The house on California Avenue, the roof has been coming off, asbestos removal and that sort of thing. The house will be torn down to make way for Legislative and some metered parking. That is scheduled to begin tomorrow and it should take about 60 to 90 days to complete. There are some clean-up and caulking and cleaning of Buildings 5, 6 and 7 that you will notice will be going on this year. The bid opening on Building 3 is May 20<sup>th</sup> and that is

on schedule. That is a revised bid opening date but it is on schedule. I just wanted to point out those types of things. There is also going to be some work on Holly Grove and the Governor's Mansion some different things you will notice going on this summer and fall. That is my report."

**Speaker Armstead:** "Are there any other questions of Ms. Pickens regarding any of the Department of Administration's Reports? Thank you for being here."

**Speaker Armstead:** "Next we have the Monthly/Quarterly Reports from the Department of Health and Human Resources and also I believe Tony Atkins, Deputy Director of Finance for DHHR is here and Cindy Beane, the Acting Commissioner for the Bureau for Medical Service."

**Ms. Beane:** "Good afternoon Mr. President, Mr. Speaker and Members of the Committee. I am Acting Commissioner Cindy Beane. Before you, you have your financial report and a report on each of our Home and Community Based Waivers with regards to members served. Are there any questions about the report?"

**Speaker Armstead:** "Do the members have questions regarding the DHHR report? Delegate Boggs."

Delegate Boggs: "Surprise, surprise."

**Ms. Beane:** "That's alright Delegate Boggs I have really good news for you. I think I might anticipate your question."

**Delegate Boggs:** "Why don't you go ahead and tell me your good news."

**Ms. Beane:** "As of the beginning of March we actually got the wait list down to zero. Today I am up to 200 people but those are people who are still waiting their financial eligibility. We are having them get financial eligibility and once they receive that we can get them a slot letter. We have cleared the wait list."

**Delegate Boggs:** "Obviously people will continue to apply and will have to deal with that as it comes. I was looking here at the unduplicated slots. Now we have never solved the issue about the unduplicated slots as far as not being able to fill them for a year after they are vacated. Is that correct?"

**Ms. Beane:** "You cannot. That is a CMS regulation. We have written more than one letter to CMS, you know is there any other way to do this? CMS looks at it as no. Because you can always ask for more slots. The unduplicated slots

are not going to be resolved. However at the beginning of July we will actually have some more slots for people than have gone off this year and we shouldn't have a wait list for at least a few months."

**Delegate Boggs:** "A few months? It varies. Its going to go up and down. We are still going to have needs and some lists at least to a lesser degree. What do you attribute the rapid decline of the list because we have not served that many more people? I guess we have taken people off because they were not financially eligible, is that correct?"

**Ms. Beane:** "Your are correct. What we did it was a three phrase process. The last phrase was the financial eligibility phrase. What happens is you can be medically eligible for the program but not financially eligible for the program. These members might have needs and might need someone in their home but they don't meet Medicaid eligibility with regards to income. We have never established that financial eligibility for those members on the list so we did that letter process that I have spoken to this Committee about where we sent them a letter. You go ahead and get your financial eligibility as long as we have slots we are going to go ahead and give those to you. That has worked tremendously. What we found, of course, because the list at one time was up to 2,500 people, is a lot of people on the list, while they still might have medical needs they don't meet the financial eligibility for Medicaid."

Delegate Boggs: "Thank you."

Speaker Armstead: "Delegate Cowles."

**Delegate Cowles:** "Thank you Mr. Speaker. The IDD Waiver Program, are you able to give us some status update? We have gotten a lot of emails and contacts by the IDD Waiver and then some of the information that I got has been some discussion about pre 2010 at some point where we changed to program? How do we compare to surrounding states, could you give me a status update so I can answer those questions better?"

**Ms. Beane:** "Absolutely. With regards to the IDD Waiver, all three of our waivers actually are out now for every five years you do a new application for your waiver program. The IDD Waiver we have proposed changes in that application so it is out for a comment period. We are accepting comments for the proposed changes until April 24<sup>th</sup>. With regards to the program and what you are probably getting calls about is we did look at the program, its very rich in benefit, we have been over budget by millions of dollars for the last three years of the program. So we wanted to get the program back in line with the

budget and we have over a thousand people waiting for that program. Unlike the Aged and Disabled Waiver Program where you have a lot of turn over, on this program, people once they receive the program are usually on that program for life so to speak. We don't see a lot of turn over. The average waiting time is almost three years. We have proposed some changes to the program to be align with what other states are doing and hopefully to get the program within budget to where we can serve some people on the wait list.

**Delegate Cowles:** "Do you have some projections for that might be for the waiting list?"

**Ms. Beane:** "First of all we are in the comment period. Once we get the comments we will decide what changes are going to go forward. Once we decide what changes are going to go forward then we can do some projections but we don't have those numbers with us."

**Delegate Cowles:** "In comparison with other states, how far out of line are we in that program?"

**Ms. Beane:** "Currently one of the changes you are probably getting a lot of calls about. We currently offer 4.7 hours a day in respite care. We are offering now to go to 2 hours a day in respite care and when I say that you can still bank those hours. You don't have to take them every day, you can bank them. It equates it around 730 a year in respite care. Other states might offer respite but more around the 2 hours that we are talking about. The other thing is some states, we are one of the states that do choose to pay parents of minor of children. I know that Virginia and Maryland do not do that."

**Delegate Cowles:** "I do have a break down of what we have and what we had before and some information related to other states but that is where I struggle to understand. Is there some sort of break down where I can see 4.7 hours is changing to 2 hours. I don't know how it relates to other states or how generous."

**Ms. Beane:** "We can get you that information. I can tell you that our waiver program historically has been a very generous program. Even with the proposed changes it will still be a generous program because a family of a minor child is still going to be able to receive 4 to 6 hours a day of person centered support that family would bill for and in addition to that there is nursing and service coordination and behavior support. There is lots of other services in that program. We see lots of comments, the comments that we are getting in our three main areas is the cuts to what the families are currently

providing and getting paid for and the respite. The other comment is the respite and receiving the family support on the same day. Those are our main three themes that we are getting lots of comments on."

**Delegate Cowles:** "So you can put together a sheet for me with the comparison with surrounding states?"

Ms. Beane: "Absolutely."

Delegate Cowles: "Thank you. Thank you Mr. Speaker."

Speaker Armstead: "Senator Hall."

**Senator Hall:** "What is the rate you pay for respite care per hour. When you say 4.7 some hours, 2 hours a day, what is the rate or is there a rate? Is it consistent with everything. How much does that translate to annually for example?"

**Ms. Beane:** "Respite care is approximately, and I don't have the exact rate, but it is approximately \$20 an hour."

**Senator Hall:** "Ok. Is that true for the actual care? I have heard it was \$48,000 a year. What is the amount of money if a care giver stays home they get paid? I don't know what it is."

**Ms. Beane:** "Those are the maximum figures. Basically right now currently parents of a minor child can be paid up to \$32,000 annually. What we are proposes is getting that back to \$20,000."

**Senator Hall:** "Is that the respite care?"

Ms. Beane: "No that is their person center support."

**Senator Hall:** "Is this means tested or how does that work? If you are on the program do you have to, like the other waiver program, do you have to submit an income sheet or whatever?"

**Ms. Beane:** "It is based on the individual. So the individual, of course the individual more than likely has a very significant disability. We are serving the most severe individuals with regards to their disabilities on this program. That individual more times than not has already been deemed Medicaid eligible by the Social Security Administration for the disability. So it is not based on the

family income at all. It is based on that person with the disability. Some families might have means and some might not."

**Senator Hall:** "Alright. So the care is \$32,000 and the respite care you are not touching that, it is the other one? Correct?"

**Ms. Beane:** "There are cuts to both. From respite we went from 4.7 down to 2 hours. With leave of the Committee I would like to refer to Pat Nisbet who is the Director of Home and Community Based Services. She has the number with her."

**Ms. Nisbet:** "Currently \$34,629.12 is the maximum amount."

**Senator Hall:** "Does everyone receive the maximum amount or is that based upon the person? You are funding the person in their condition, is that correct?"

**Ms. Beane:** "You are correct. So what we are giving you are the maximum numbers. Not necessarily what everyone gets. You might have some families that might choose not to have respite for whatever reason. You might have some families that want to choose to have all the respite. You know it is based upon the individual family."

**Senator Hall:** "So respite care amount is \$34,000. So if I am out and I can have someone, ok you are proposing to lower that at the maximum to \$20,000 is that right? I hate to take the Committee's time but I just want to get it straight."

**Ms. Nisbet:** "We are proposing to lower it to 730 hours a year which would equal \$14,629.20."

Senator Hall: "So you are going from \$34,000 to \$14,000?"

**Ms. Beane:** "Yes. Where I think the confusion is the personal family support. So I am a parent and I'm not on respite but I'm treating my child that is going from \$32,000 to \$20,000."

Senator Hall: "Ok."

**Ms. Beane:** "There is two different services. Respite is not done by the parent because the parent needs respite."

**Senator Hall:** "If you are on the one and then you access the respite, does the other drop?"

**Ms. Beane:** "That is one of the proposed changes that you cannot receive both on the same day and we are getting a lot of feed back on that."

**Senator Hall:** "Today are both being receiving on the same day?"

Ms. Beane: "Yes."

**Senator Hall:** "And there is no like decline in the one for the other?"

Ms. Beane: "No."

**Senator Hall:** "So there is no offset or coordination as you might say in an insurance terms?"

**Ms. Beane:** "It can't be billed at the same time but they can receive it on the same day."

**Senator Hall:** "Ok. So that is the change."

**Ms. Beane:** "That is one of the changes we are hearing a lot of feedback about."

Senator Hall: "OK thank you."

Speaker Armstead: "Delegate Boggs."

**Delegate Boggs:** "Thank you. Cindy, just to follow up on Senator Hall's question. I know that you are in the comment period now. Will you be categorizing and making some type of information available to this Committee or to the Legislature as far as what type of comments you receive, how many, what categories?"

**Ms. Beane:** "What we plan to do and typically what we have done, this happens every five years, any time you make changes to any of our waiver programs, we will categorize the themes and like I said we have just a few major themes and then we will put our response to the comment. We usually put that up on our website but we will certainly send copies to the Committee as well."

**Delegate Boggs:** "Do you intend to make those available prior to making the changes that you are proposing?"

**Ms. Beane:** "We will put the comments up and then we will have what our proposed changes are and then they will go up prior to submission to CMS. Then we will be submitting to CMS soon after in order to get the waiver renewed for July."

**Delegate Boggs:** "One thing that I would ask, as you gather these comments I hope that you are also going to look at what other back door costs that are possibly going to be incurred by some federal or state agency or agencies as a result of some of these cuts because I suspect it is not going to be just as black and white as we are going to cut. This is how much we are going to save and we are going to be able to pick up more people. There may be some unintended consequences that may well cost the state money too and we may not be doing justice to those that are in such profound need as many of the people that are on this program. I think of you know people that are on this program or know parents that are on this program, this is a life line. It's a life line and there is a lot of people may well have to quit their jobs as a result. I hope that is part of your strategy when you put your comments together for the public."

Ms. Beane: "We certainly will take all comments into consideration."

Delegate Boggs: "Thank you."

Speaker Armstead: "Delegate Nelson."

**Delegate Nelson:** "Thank you Mr. Speaker. Thank you Cindy. During our budget hearings, House Finance received a report that the average spent per, correct me if I don't have the terminology right, but maybe recipient had basically increased from \$64,000 give or take, couple of years back to the amount of roughly \$85,000 these past couple of years. With the proposed changes, is the overall goal to get these 1,000 that are supposedly on the waiting list fully covered or is it one to also save money from the Department's standpoint?"

**Ms. Beane:** "I think there is two roles. First of all, we have overspent the program in the last three years like I said by 10's of millions of dollars. We need to get it within its budget. The second goal is to get those people because the people on the wait list now they are receiving no life line as Delegate Boggs put it and it is an invaluable program. So the overall goal is to get those people

that are waiting now up to three years for the program to get them some services."

Delegate Nelson: "OK. Thank you Mr. Speaker."

**Speaker Armstead:** "Any further questions for Ms. Beane? Thank you for being here."

Ms. Beane: "Thank you."

**Speaker Armstead:** "Next on the Agenda is the Investment Management Board. Mr. Slaughter is here. Mr. Slaughter, would you please for the record state your name and title."

Mr. Slaughter: "Craig Slaughter, Executive Director of the West Virginia Investment Management Board. You should have a document in your packet that looks like that. It is the Participant Plan Report for the periods ending February 28, 2015. We manage a number of different participant plans, many have different returns and different allocations so I don't think we really want to go through all of them but I usually focus on the Pension Assets because they carry the most impact on the budget and for the most people. For the month of February we are up 3.3%. For the fiscal year we are up to 2.7%. This past month, March, we are estimating about .7% for the month. It looks like we are going to be up around 2% for the fiscal year. That doesn't portend well for the end of the fiscal year. We try to hit 7.5% every year. We know that is not possible. It is going to go and down. Last year we were up 17.9%. This year it looks like we will be below the 7.5% unless things change dramatically. I think going forward we should expect a difficult period and I think it is going to be a lot of volatility in the market, up and down, month to month. That is our expectation. I just wanted to leave that with you. Any questions?"

Speaker Armstead: "Any questions for Mr. Slaughter? Senator Plymale."

**Senator Plymale:** "Thank you. Craig let me make sure - in every fund that you manage, including we are now doing some of the municipal funds, correct? You have a portfolio?"

**Mr. Slaughter:** "We have the large statewide municipal plan but then we have one of the municipalities has also elected to invest with and that is the City of Belle."

**Senator Plymale:** "Ok. So when they elect that they have to agree to the 7.5% as well, is that what they go for that they have to be?"

**Mr. Slaughter:** "Those individual municipalities if they are still continuing with the plan and investing with us, like Belle. No, we don't pick, we help them understand what rate of return assumption they can expect. Now their actuaries actually are going to set a rate of return of assumption for them based on their"

**Senator Plymale:** "That's what I want to make sure that we are not getting into that, we are on the statewide municipal plan where that's under the 7.5%, is that correct?"

Mr. Slaughter: "That's correct. Yes, sir."

**Senator Plymale:** "Once again, its been how many years since we haven't met the 7.5%?"

**Mr. Slaughter:** "It depends. Last fiscal year we were sitting above, you know the ten year return was above 7.5%. I can recall that. Right now our ten year return is falling below that. So every month has an impact. It depends what month falls off."

**Senator Plymale:** "Wasn't it about 2010 or 2011 that particularly in some of the counties that we had to let them do some equalizing over about three years to pay back on some of the retirement funds that weren't gained in that time?"

Mr. Slaughter: "I'm not the best person to answer that question."

**Senator Plymale:** "I think it is important for us to know. If we are getting ready to hit upon less than 7.5% returns in June 30<sup>th</sup>, this past year when we were doing the budget, part of the reason we had a little better situation is because we did not have to pay as much into Teachers' Retirement. Now if we come around this next year and it doesn't look as good from that standpoint that difference has to be reviewed because that's the way you build your forty year plan."

**Mr. Slaughter:** "That is correct. If we do not hit the 7.5%, the actuary is going to factor that in to the actuary numbers that he gives you which you build the budget off of. The actuary process has a smoothing mechanism built into it so you don't see all that impact at one time."

**Senator Plymale:** "What we had do in the case before, and I think it was with the counties in particular that we had to do the smoothing over 2 or 3 years so that it wouldn't be such an impact to them on the county level."

**Mr. Slaughter:** "I'm not really sure I know what you are talking about it. Are you talking about for public employees retirement system?"

**Senator Plymale: "Yes."** 

**Mr. Slaughter:** "They adopted a 4-year smoothing plan which the other plans have not adopted. They face the music so speak every year. All at one time."

**Senator Plymale:** "Because that was I think it was 2007, 2008, 2009 time frame obviously had a big down fall on Black Monday."

**Mr. Slaughter:** "Right, that period was so dramatic, the draw down was so dramatic the subsequent budget year put a significant stress on all the counties and everybody for that matter. At a time when their revenues were low, they are also having to make greater contributions to make up for the market losses."

Senator Plymale: "Thanks."

Speaker Armstead: "Senator Hall"

**Senator Hall:** "You didn't answer my question so I will have you to restate it. The smoothing - we don't do it for teachers' retirement system."

Mr. Slaughter: "No we don't."

**Senator Hall:** "You said there was an actuary smoothing but it didn't appear to be."

**Mr. Slaughter:** "No what I meant by that is just the actuary process means that you don't recognize .. they are projecting the rate of return over a long time period. So even if you fall below one period, that impact in that one period isn't captured completely in that one period but is laid over the top. Public employees adopted a 4-year smoothing mechanism that even smooths even more."

**Senator Hall:** "If we would have had smoothing mechanism for Teachers' Retirement, we wouldn't have that \$44M."

Mr. Slaughter: "That's right it works both ways."

**Senator Hall:** "Right, it works both ways. So last year you get the \$44M and this year if equities, they got one more quarter to go and they don't return 7.5% then we are going to be asked to put in more money next year."

Mr. Slaughter: "That is correct."

**Senator Hall:** "It would be interesting to know how much. We will take a look and see in advance."

**Mr. Slaughter:** "That question unfortunately I can't answer. The question how much, that's an actuary."

**Senator Hall:** "It's trailing because if the July to June return is what it is, we are dealing with the budget a year down the road on what happened a year before. It's kind of funny in that sense."

Mr. Slaughter: "I would agree. It makes it difficult."

**Senator Hall:** "Its not funny as it was good last year but I mean we are going to pay the piper next year or somebody is going to pay it."

Speaker Armstead: "Senator Plymale"

**Senator Plymale:** "Thank you Mr. Speaker. Craig, the thing is with Teachers' Retirement System, you have multiple sources that are actually going in to pay off the unfunded liability, to accelerate the payment of the unfunded liability. We started a 40-year plan I believe in '94', was that correct?"

Mr. Slaughter: "Yes."

**Senator Plymale:** "And part of that is what you gain. You have to meet 7.5% and if you gain anything above that, that's better for us because it could mean that in that 40-year plan, which concludes in 2034 when that finalizes it will take less contributing, correct?"

Mr. Slaughter: "That is correct."

**Senator Plymale:** "One of the reasons why you don't do a smoothing in that respect is because we bit the bullet in '94' and started paying it every year to accelerate the payment plan because if I remember correctly in early 90's we

were only 6% funded in the Teachers' Retirement Plan."

**Mr. Slaughter:** "I can't remember the number but I do believe it was in the single digits. The progress has been extraordinary."

**Speaker Armstead:** "Further questions for Mr. Slaughter? If not, thank you Mr. Slaughter."

**Speaker Armstead:** "Next on the Agenda is Workers' Compensation. The report is in your packet. Mr. Riley, would you please for the record state your name and title?"

**Mr. Riley:** "Good afternoon Mr. Speaker, Mr. President, Committee Members, Mike Riley, Insurance Commissioner. You should have a copy of our interim report in your package. I will just highlight a couple of numbers. These are the Workers' Compensation Funds that the state manages. As of March 31<sup>st</sup>, the Old Fund had 15,103 active claims. We also have the Coal Workers Fund which is the Federal Black Lung, that had 844 active claims and the Uninsured Fund, which is a fund that the state manages if an employer out there does not have their mandatory workers' compensation claim, an individual gets hurt, the state will step in and make sure the employee is taken care of and then will go back and try to recoup the claim payments from the employer who was not carrying coverage. On page 11, is an Old Fund Cash Statement – you will see Operating Revenues plus Investment Income and the Investment Income has been a little bit low which we just spoke about earlier of \$218M; Claim Payments and Expenditures year-to-date of \$104M and that leaves the Cash Balance of \$1B. I would be happy to answer any questions."

**Senator Hall:** "Are we going to meet the date of being funded next year or sooner or later?"

**Mr. Riley:** "It certainly seems that we continue to trend positively and follow the assumptions that have been made. This is highly dependent on the health and claim payments and health expenses of these injured workers in addition to the returns that we earn of revenue or our investments. This year has been a little bit lower than the previous years. The numbers that we use are discounted at 5%, we certainly are not going to earn 5% this year as we have in the past. Our latest model, we will update the latest model again at the end of the fiscal year, should have us pretty darn close to it. The latest model for fiscal year 2016 or 2017, but we will know more in October when that model comes in."

Senator Hall: "I thought we were looking at fiscal year 2016."

**Mr. Riley:** "2016 but I can..just looking at the little revenue number here that where you anticipate \$60M and we got \$20M. I don't know where we will be at by the end of the year. Those numbers do fluctuate. But then again so does the liabilities. It may be we are little bit of head of the game on that, but we are behind on the game on returns, unfortunately"

Senator Hall: "I guess it gets clear in October, right?"

Mr. Riley: "It will get clear in October."

Senator Hall: "Alright, thank you."

**Speaker Armstead:** "Further questions of Mr. Riley? If not, thank you Mr. Riley."

**Speaker Armstead:** The Board of Treasury report distribution is in your packet. Next we have Secretary Mattox, Department of Transportation."

Mr. Mattox: "Good afternoon Mr. Speaker, Mr. President, Committee Members. Mr. Speaker asked me to come over and talk specifically this afternoon about potholes and what we are doing to alleviate them. I would just like to first off recognize that we do realize that we do have a very severe situation with potholes in regards to this past year particularly in certain parts of the state. Charleston and Huntington area, the Ohio Valley from Parkersburg north, north central WV. Other parts were not affected quite as badly but those areas in particular were hard hit this winter. At the end of January we were coming through the winter in pretty good shape but the roads fell apart on us in February and in March. It seems like now every time we get a hard rain, the potholes are getting bigger. I would like to ask for your patience. The asphalt plants just opened up this past couple of weeks. We have not had the materials to go out and properly repair the potholes using lasting patch the way we like to do it. We've been using cold patch that doesn't last. Cold patch stays in maybe a few days and it comes right back out, but at least fills the holes temporarily. Winter storm Thor happened March the 3<sup>rd</sup> and 4<sup>th</sup>. That created more than \$50M in damages. District 1 and 2 are the Charleston and Huntington area of the state. On April 3<sup>rd</sup> we had another flood event that again affected District 1 and 2 for another \$10M in flood damages to the state road system. Not only do we have the potholes in the Charleston Huntington districts, we also have a lot of flood damage in those areas. The flood damage throughout the state, but in particular those two districts have been hard hit.

Well what are we going to do about it? We have a program and I have reshuffled a lot of our budget to put money more emphasis into our paving program. We have almost \$250M going into our paving program this year. That's the majority of our highway construction program for the entire year. That \$250M is about .. still keeps us about a 25 year paving cycle. That is what we have been on for the past several years. It has not gotten any worse, nor gotten any better either. If you do some simple math with the 25 year cycle, our goal is to have a 12 year paving cycle. I just told you we are putting \$250M into our paving program this year and that is all we can afford to put into it. I need to put more into it. That basically tells you that you need to double the size of the paving program to get us on a 12 year cycle. \$500M plus. The way that's broken down, we are putting this year's \$60M into our We had a situation on I-77 this spring, its interstate highway system. something that I have never seen in my 35 career as a civil engineer. We basically had 15 to 20 miles of I-77 from just outside of Charleston up to Ripley that basically came apart at the seams, literally. The longitude seams from that highway were so disintegrated the potholes got so deep that we had to actually close down for safety reasons 15 to 20 miles of I-77 this spring. Until we can get the asphalt plants here locally to open so we can make some permanent repairs out there on I-77 and that section of the interstate we didn't have any projects programed so we had to reshuffle our interstate paving program, let out an emergency contract which we are taking bids on tomorrow to pave nearly 20 miles of I-77 outside of Charleston heading up towards the end of Jackson County out of Kanawha. We got almost \$30M going to the APD, Appalachian Development Highway System for paving projects. We go another \$47M on other federal aid projects that's US in WV routes basically, statewide. We are putting \$12M in payment preservation. Our engineers are now looking at .. we are stuck in this 25 year cycle. There is no additional funding coming our way. We got to figure out ways, we can't keep doing the same thing we have been doing. Mill out inch and half and putting an inch and half back on. We got to figure out ways how to make our pavement life last longer. So we are investing in pavement preservation practices and we're investing more and more of our financial resources into pavement preservation type projects which will mean thinner overlays what is called fog seals, sand seals, recycle in place, new techniques that have been used successfully elsewhere you are going to see more and more of that here in WV. We have almost \$100M of our state funds going into our paving program this year. The reason we can put more of our state funds into our paving program is because through the end of March our revenues are rough, a little over \$27M over what was estimated in our budget this year which is very good news. We need it. We also are refinancing some of our late 1990 road bonds that were sold under the Underwood Administration. We anticipate that we will get around \$21M to be put into the

State Road Fund after July 1<sup>st</sup> which will go to paving, part of the state paving program. We also put back into our budget the \$11M that we thought we were going to have to take out of the budget for the construction sales tax which is around \$11M. That will go towards our paving program also. So with that, that is kind of where we are at currently I do know our maintenance crews are busy patching the potholes, worse cases starting from the interstates down to the local roads. It is so bad, it is going to take time to for us to get the roads into a condition that we are all expecting them to be in. Mr. Speaker I will take any questions that the Committee may have."

**Speaker Armstead:** "President Cole."

**President Cole:** "Thank you Mr. Speaker. Secretary Mattox. You mentioned that the Revenue was up \$27M, you didn't say why and I would be interested where that came from."

**Mr. Mattox:** "Ok. The bulk of that is in the privilege tax. We are up almost \$20M in the privilege tax as to what was anticipated to be collected so far this year. Car sales Mr. President are good this year. And we are happy for that."

**President Cole:** "Apparently that must be a different part of the state."

**Mr. Mattox:** "The gas tax is up a little over \$4M and our registration fees are up a little over \$3M. Those are the three biggest components of the State Road Fund."

**President Cole:** "You mentioned Thor and as I recall the Governor declared a state of emergency. Then you mentioned some of the costs that were incurred or came about because of that storm. Was there disaster relief dollars; was there federal money made available to us to backstop some of that?"

**Mr. Mattox:** "Yes, Mr. President there will be. In general the federal government can be counted on to fund about 75% of those costs and it is a reimbursement program. It comes out of the State Road Fund. First, we invoice and get paid 75% of what we pay out. It's a reimbursement program."

**President Cole:** "How much money do you expect? What is the top line; what's the total?"

**Mr. Mattox:** "Its above the \$60M figure now, but I believe that probably about the threshold Mr. President."

President Cole: "So 15 of that is.."

Mr. Mattox: "Would be state funds."

President Cole: "We got to figure out where its coming from."

**Mr. Mattox:** "That means I will have to shift some projects out that I was hoping to get done this year and pay for the emergency repairs."

**President Cole:** "We'll try and sell some more cars."

Mr. Mattox: "That would be great."

President Cole: "Thank you."

Speaker Armstead: "Senator Trump."

**Senator Trump:** "Thank you Mr. Speaker. Mr. Secretary, first of all thank you for your report. You mentioned refinancing of the road bonds, the Legislature authorize general obligation bonds were submitted to the voters I think that was 1994 and then they were issued over a series of years after that. What is the unpaid balance of those paid roughly?"

**Mr. Mattox:** "Roughly I don't know the total cost off the top of my head. Currently, we paid \$50M a year in debt service for a number of years that number has dropped to \$37M. In 2017 that number drops to \$24M. But it doesn't get paid off until 2025."

**Senator Trump:** "They were 25 year bonds?"

Mr. Mattox: "Yes sir."

**Senator Trump:** "If memory serves me right, the issue authorized by the voters was \$550M, is that correct?"

Mr. Mattox: "That is correct. You are right."

**Senator Trump:** "My recollection is at that time we were close to paying out the last GO Bonds that had been issued before that which went back to the 1970's. Do we have any general obligation bonds for highways on which we have an unpaid balance other than those issued as a result of action of the people amending the Constitution in 1994?"

**Mr. Mattox:** "Those are the only ones that I am aware of. We do have some Garby Bonds. We issued almost 2M in Garby Bonds a few years ago. We make our last Garby Bond payment which is around \$27.2M this year. The Legislature gave us a cap of \$200M of Garby Bond authority. So we will have that restored where we would have \$200M in Garby Bonds available."

Senator Trump: "Thank you."

Speaker Armstead: "Senator Carmichael."

**Senator Carmichael:** "Thank you Mr. Speaker. Thank you Secretary Mattox and thank you for your attention to the road between Jackson County and here. It is horrible and I was paying attention to that. I am curious about the paving program in which you are using primary state money, right? No federal money, only state money?"

Mr. Mattox: "Yes sir."

**Senator Carmichael:** "The impact of the changes, I know we don't know what the rate will be yet, but the prevailing wage component of that calculation from a labor perspective, do you have any concept in terms of how much further you would be able to spread the money?"

**Mr. Mattox:** "At this point and time I do not. I think over a period of time we will build up that information but off the top of my head I don't have an answer for that yet."

**Senator Carmichael:** "As you're contemplating the paving of the roads and so forth, you know the new prevailing wage rates will be published in June, July time frame. As you put those projects out to bid and so forth just be cognizant of that and make sure we are taking advantage of all avenues to make our state dollars do the most that they can for our state roads and so forth. Because there are great needs that you mentioned."

**Mr. Mattox:** "There are Senator and you are exactly right. Most of our state funded paving projects are less than the \$500,000 threshold so for most of those, the WV prevailing wage rate would not apply."

**Senator Carmichael:** "Ok. How much off the top of your head do we spend in state money only for pothole repair and paving projects and so forth?"

Mr. Mattox: "This year its going to be around \$110M."

Senator Carmichael: "Ok. Ok. Thank you."

Speaker Armstead: "Delegate Miley."

**Delegate Miley:** "Thank you Mr. Mattox. With regards to District 4, how many vacancies do we have in that district?"

**Mr. Mattox:** "I don't know off the top of my head how many vacancies, but in general we have been running about 10% below our quotas. We recently adjusted those quotas because we had been operating at that level for over 10 years and operating I think pretty successful over the past 10 years within those quotas so we adjusted them recently downward to reflect what we actually have been operating with."

**Delegate Miley:** "10% doesn't mean much to me, if I don't know the overall number."

**Mr. Mattox:** "Overall in District 4, you are probably looking at 550 employees total."

Delegate Miley: "I've heard there are between 40 and 60 vacancies."

**Mr. Mattox:** "That would be right in line with what I thought off the top of my head."

Delegate Miley: "Ok. What plans if any do you have to fill those vacancies?"

**Mr. Mattox:** "That has been on-going for more than ten years I've been Commissioner of Highways, and its awful tough in your part of the state because we are competing with the oil and gas industry. Its awful hard to find CDL drivers for example to drive our trucks and engineers even. We've have lost a lot of engineers to the oil and gas industry over the years. I have no magic bullets, we just keep trying."

Delegate Miley: "Thank you."

Speaker Armstead: "Senator Plymale."

**Senator Plymale:** "Thank you Mr. Speaker. Paul, on the issues that I see and I hope that we are trying to address it, is the drainage issue. We have not worked on the drainage and we get more water on the roads that are freezing and causing areas at least in the district Delegate Miller and I represent. That's

what I am finding is we haven't done a lot of maintenance where in particular from your counties systems."

**Mr. Mattox:** "You are absolutely correct and there is a reason for that because I thought the same thing. The data that I look at shows we should be doing our ditching work along any stretch of road once every three years on a three-year cycle. We are actually at a six-year cycle now but the reason being is we are spending so much time with our county maintenance forces repairing the paving surfaces. But you are right, the drainage is the key to have good pavement surfaces. So we have gotten to get that reversed and spend more time on the drainage problems. But the pavements on a 25-year cycle over a prolonged period of time, it is really eating us alive."

Senator Plymale: "Ok. Thanks."

**Speaker Armstead:** "Further questions of Secretary Mattox? I just have one question. Mr. Secretary, there has been some discussion of what we might expect moving forward from terms of federal road funding. Is there any update on that, has there been any thing clarified on that? Are we still kind of waiting to see what is going to happen from a federal perspective?"

**Mr. Mattox:** "I wish I had some good news. My opinion is it is more the same. Over the past six years, we have had 32 extensions over the past six years since we had the last long term federal highway bill. Even the most robust bill that is out there now, which happens to be sponsored by the administration, it keeps our funding levels on the federal side about the same. Very little small bump for inflation over the next six years. They are proposing a six year federal highway bill. President Obama's administration is. But the funding levels are basically the same that we are getting now here in WV which is about \$425M per year with a \$1M or \$2M increase each year of the six year cycle of the bill. That one has not got much traction in Congress, neither the house side nor the senate side have a bill to move on. The current bill expires at the end of May so it looks to me like we are going down to the wire again. We'll get another extension, we'll get another influx of probably general fund money because federal highway administration sent out a notice the other day saying that in July they expect the Highway Trust Fund to start needing additional money so we are just in that endless loop it seems like."

**Speaker Armstead:** "Alright. Any further questions for Secretary Mattox? If not, thank you Mr. Secretary."

Mr. Mattox: "Thank you."

**Speaker Armstead:** "Further business is that WV Code §18B-19-13, provides for a review by the Joint Committee of real estate property contracts and agreements if the transaction exceed \$1M. Therefore, members will find in your packet under WVU Acquisition Property tab a Real Estate and Development Agreement between the West Virginia University Board of Governors, on behalf of West Virginia University, just note that the agreement is there for informational purposes and as a notice to the Members of the Committee. There is no action required by the Committee."

**Speaker Armstead:** "Is there further business to come before the Committee? Senator Carmichael."

**Senator Carmichael:** "Thank you Mr. Speaker. I just wanted to mention that this Committee is to review the new calculations from the prevailing wage documentation. I wanted to make sure we are all, from a timing perspective, lined up and aware and cognizant of the fact that is our responsibility to undertake that task and so making sure from a timing perspective that we are lined up to do that."

**Speaker Armstead:** "Senator I think we have the authority if need be to convene this Committee for whatever purposes that we would need to convene it. If it is necessary to do that at a time when we are not regularly scheduled for interim meeting, we would have that ability to do that."

**Speaker Armstead:** "Any further business to come before the Committee? If not, I recognize President Cole for a motion to adjourn."

President Cole: "Mr. Speaker, I move we adjourn."

**Speaker Armstead:** "All those in favor say aye, opposed no. The ayes appear to have it, the ayes have it, the meeting is adjourned."

#### WEST VIRGINIA LEGISLATURE

Office of the Legislative Auditor



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

304-347-4870

June 1, 2015

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

- West Virginia Lottery as of April 30, 2015:
   Gross profit for July 2014 April 2015 was \$449 million.
- West Virginia Unemployment Compensation Fund as of April 30, 2015:
   Total disbursements were \$ 63 million less than last fiscal year. Overall ending trust fund balance was \$ 7.3 million higher on April 30, 2015, than on April 30, 2014.
- General Revenue Fund as of May 31, 2015:
   The general revenue collections ended the eleventh month of fiscal year 2014-2015 at 99.05% of the estimate for the year.
- State Road Fund as of May 31, 2015:
   The state road fund collections ended the eleventh month of fiscal year 2014-2015 at 112.38% of the estimate for the year.

#### WEST VIRGINIA LEGISLATURE

Office of the Legislative Auditor



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

#### **MEMORANDUM**

To: Honorable Chairmen and Members of the Joint Committee on

Government and Finance

From: William Spencer, CPA

Director Budget Division Legislative Auditor's Office

Date: May 27, 2015

Re: Review of West Virginia Lottery Financial Information

As of April 30, 2015

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for April 30, 2015, 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 \$969 million for July – April 30, 2015. Table games accounted for \$39.1 million of this total. Historic Resort Hotel video lottery and table games accounted for \$5 million of total gross receipts. Gross lottery revenue has decreased by 4.3% when compared with July – April of fiscal year 2013-2014. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July – April 2015 was \$449 million; for July – April of last fiscal year it was \$443 million. Expressed as a percentage, gross profit is 1% higher for fiscal year 2015 than for fiscal year 2014.

# **Operating Transfers to the State of West Virginia:**

A total of \$424,939,000.00 has been accrued to the state of West Virginia for fiscal year 2014-2015. 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:

Bureau of Senior Services	\$78,682,000.00
Community and Technical College	\$4,995,000.00
Department of Education	\$19,633,000.00
Library Commission	\$11,457,000.00
Higher Education-Central Office	\$7,329,000.00
Tourism	\$8,060,000.00
Department of Natural Resources	\$3,196,000.00
Division of Culture and History	\$4,746,000.00
Economic Development Authority	\$9,996,000.00
Department of Education and Arts	\$1,673,000.00
School Building Authority	\$18,000,000.00
SUBTOTAL BUDGETARY TRANSFERS	\$167,767,000.00

**Excess Lottery Fund** 

Economic Development Fund	\$18,986,000.00
Higher Education Improvement Fund	\$15,000,000.00
WV Infrastructure Council Fund	\$23,666,000.00
Higher Education Improvement Fund	\$26,397,000.00
Refundable Credit	\$10,000,000.00
General Purpose Fund	\$59,166,000.00
DHHR	\$9,673,000.00
State Park Improvement Fund	\$4,551,000.00
School Building Authority	\$18,994,000.00
Excess Lottery Surplus	\$0.00
WV Lottery Statutory Transfers	\$63,690,000.00
WV Racing Commission	\$1,821,000.00
Total State Excess Lottery Revenue Fund	\$251,944,000.00

Historic Resort Hotel Distributions:

State General Revenue Fund \$148,000.00
State Debt Reduction Fund \$44,000.00
Tourism Promotion Fund \$7,000.00
Total Historic Hotel \$199,000.00

Veterans Instant Ticket Fund \$407,000.00

Table Games State Debt Reduction Fund \$1,765,000.00

RACETRACK VIDEO LOTTERY TRANSFERS:	
Tourism Promotion Fund 1.375%	\$175,000.00
Development Office Promo Fund .375%	\$47,000.00
Research Challenge Fund .5%	\$64,000.00

Capitol Renovation and Improvement Fund .6875%	\$88,000.00
Parking Garage Fund .0625%	\$8,000.00
Parking Garage Fund 1%	\$0.00
Cultural Facilities and Cap. Resources Fund .5%	\$0.00
Capitol Dome & Cap. Improvements Fund .5%	\$128,000.00
Workers Compensation Debt Reduction Fund 7%	\$0.00
SUBTOTAL VIDEO LOTTERY TRANSFERS:	\$510,000.00
TOTAL TRANSFERS	*\$422,592,000.00

<sup>\*</sup> CASH BASIS

 Total Accrued last FY 2014:
 \$114,914,000.00

 Total Cash Distributions FY 2015:
 \$422,592,000.00

 Applied to FY 2014:
 \$114,914,000.00

 Applied to FY 2015:
 \$307,678,000.00

 Accrued for FY 2015 as of April 30:
 \$117,261,000.00



## P.O. BOX 2067 CHARLESTON, WV 25327

PHONE: 304-558-0500 1-800-WVA-CASH

## Earl Ray Tomblin Governor

John C. Musgrave Director

#### **MEMORANDUM**

TO:

Joint Committee on Government and Finance

FROM:

John C. Musgrave, Director

RE:

Monthly Report on Lottery Operations

Month Ending April 30, 2015

DATE:

May 15, 2015

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

Financial statements of the Lottery for the month ending April 30, 2015 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$97,439,448 for the month of April.

Transfers of lottery revenue totaling \$38,135,149 made for the month of April 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 10 on pages 19 and 20 of the attached financial statements.

The number of traditional and limited retailers active as of April 30, 2015 was 1,532 and 1,421 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.

JCM Attachment

pc: Honorable Earl Ray Tomblin, Governor
 Robert S. Kiss, Cabinet Secretary – Dept. of Revenue
 John Perdue, Treasurer
 Glen B. Gainer III, Auditor
 Members of the West Virginia Lottery Commission

#### MEMORANDUM

TO: Joint Committee on Government and Finance

FROM: John C. Musgrave, Director

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Month Ending April 30, 2015

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JCM Attachment

pc: Honorable Earl Ray Tomblin, Governor
 Robert S. Kiss, Cabinet Secretary – Dept. of Revenue
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 Glen B. Gainer III, Auditor
 Members of the West Virginia Lottery Commission



WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

FINANCIAL STATEMENTS
-UNAUDITED-

**April 30, 2015** 

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### WEST VIRGINIA LOTTERY STATEMENT OF NET POSITION

### (In Thousands) -Unaudited-

ASSETS		April 30, 2015		June 30, 2014
Current Assets:				
Cash and cash equivalents	\$	153,629	\$	149,712
Accounts receivable		28,600		34,790
Inventory		637		633
Other assets		2,033	_	1,946
Total Current Assets		184,899	_	187,081
Noncurrent Assets:				
Restricted cash and cash equivalents		1,191		1,397
Capital assets		47,763		47,391
Less accumulated depreciation and amortization		(9,822)	_	(8,646)
Net Capital Assets	_	37,941		38,745
Total Noncurrent Assets		39,132	_	40,142
Total Assets	\$ <u></u>	224,031	\$_	227,223
Current Liabilities:				
Accrued nonoperating distributions to the				
State of West Virginia	\$	117,261	\$	114,914
Estimated prize claims		15,765		14,983
Accounts payable		1,145		1,505
Other accrued liabilities	_	34,840	_	40,801
Total Current Liabilities		169,011		172,203
Total Liabilities	<b>\$</b>	169,011		172,203
Net Position: Restricted by enabling legislation	\$	1,130		1,397
Net Investment in capital assets	Ψ	37,941		38,745
Unrestricted		15,949		14,878
Total Net Position		55,020	_	55,020
2000-200-200-200-200-200-200-200-200-20	_		_	
Total Net Position	<b>\$</b>	224,031	\$	227,223

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 TEN MONTH PERIOD ENDED APRIL 30, 2015

(In Thousands)
-Unaudited-

		CURRE	NT N	MONTH		YEAR	то	DATE
		FY 2015		FY 2014		FY 2015		FY 2014
Lottery revenues								
On-line games	\$	5,473	\$	5,971	\$	64,933	\$	70,753
Instant games		8,260		8,891		86,885		87,994
Racetrack video lottery		46,210		49,250		461,497		490,353
Limited video lottery		33,193		32,971		311,697		315,405
Table games		3,854		3,796		39,078		42,060
Historic resort		449		549		4,946		5,957
		97,439	•	101,428	_	969,036		1,012,522
Less commissions					-		•	
On-line games		379		411		4,543		4,951
Instant games		578		622		6,082		6,160
Racetrack video lottery		22,440		27,193		240,390		280,920
Limited video lottery		16,265		16,156		152,732		154,548
Table games		1,633		1,657		16,559		18,363
Historic resort		258		288	_	2,498		2,916
		41,553		46,327	_	422,804		467,858
Less on-line prizes		2,678		2,966		32,087		35,524
Less instant prizes		5,445		5,871		57,504		58,077
Less ticket costs		53		167		1,277		1,440
Less vendor fees and costs		644		589		6,239		6,717
		8,820		9,593	-	97,107	•	101,758
Gross profit		47,066	•	45,508	_	449,125		442,906
Administrative expenses								
Advertising and promotions		842		503		4,532		4,667
Wages and related benefits		924		969		8,844		8,988
Telecommunications		59		80		856		642
Contractual and professional		503		442		4,183		4,083
Rental		21		23		230		236
Depreciation and amortization		89		165		1,176		1,673
Other administrative expenses		68		128		1,147		1,042
		2,506		2,310		20,968	•	21,331
Other Operating Income		3,823		5,058	_	6,480		7,792
Operating Income		48,383		48,256		434,637		429,367
Nonoperating income (expense)			•		_			
Investment income		9		92		394		343
Distributions to municipalities and counties		(650)		(646)		(6,109)		(6,182)
Distributions -capital reinvestment		(889)		(1,043)		(3,983)		(4,986)
Distributions to the State of West Virginia		(46,853)		(46,659)		(424,939)		(426,042)
		(48,383)		(48,256)	_	(434,637)		(436,867)
Net income				-			•	(7,500)
Net position, beginning of period		55,020		47,366		55,020		54,866
Net position, end of period	\$		\$	47,366	\$	55,020	\$	47,366
reci position, ond or period	Ф	22,040	Ψ	77,300	Ψ	22,020	Ψ	77,500

## WEST VIRGINIA LOTTERY STATEMENTS OF CASH FLOWS FOR THE TEN MONTH PERIOD ENDED APRIL 30, 2015

### (In Thousands) -Unaudited-

		2015		2014
Cash flows from operating activities:	φ.	004 =0.6	Φ.	4.00<.074
Cash received from customers and other sources	\$	981,706	\$	1,026,874
Cash payments for:		(0.502)		(0.000)
Personnel costs		(8,583)		(8,880)
Suppliers Other constitutions		(11,286)		(10,902)
Other operating costs		(518,734)	_	(567,770)
Cash provided by operating activities		443,103		439,322
Cash flows from noncapital financing activities:				
Nonoperating distributions to the State of West Virginia		(422,592)		(532,662)
Distributions to municipalities and counties		(6,032)		(6,143)
Distributions to racetrack from racetrack cap. reinv. fund		(10,728)		(14,391)
Cash used in noncapital financing activities		(439,352)		(553,196)
Cash flows from capital and related financing acitivities:				
Purchases of capital assets	_	(372)		(545)
Cash flows from investing activities:				
Investment earnings received		332		251
Cash provided by investing activities		332		251
Increase (decrease) in cash and cash equivalents		3,711		(114,168)
Cash and cash equivalents - beginning of period		151,109		275,058
Cash and cash equivalents - end of period	\$	154,820	\$	160,890
Reconciliation of operating income to net cash provided by operatin	g activi	ties:		
Operating income	\$	434,637	\$	429,367
Adjustments to reconcile operating income to		•		ŕ
cash provided by operating activities:				
Depreciation and amortization		1,176		1,673
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable		6,190		6,560
(Increase) decrease in inventory		(4)		158
(Increase) decrease in other assets		(25)		284
Increase (decrease) in estimated prize claims		782		765
Increase (decrease) in accounts payable		(360)		(580)
Increase (decrease) in other accrued liabilities		707		1,095
Cash provided by operating activities	\$	443,103	\$	439,322

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

#### **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.

#### 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; HOT LOTTO®, a multi-state "lotto" 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.

#### 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 \$573,313 and \$555,325 of at June 30, 2014 and 2013, 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 (see Note 16).

#### 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 April 30, 2015 the carrying amounts of deposits (overdraft) with financial institutions were \$480 thousand with a bank balance (overdraft) of \$533 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):

	April 30, 2015			June 30, 2014
Deposits with financial institutions	\$	480	\$	473
Cash on hand at the Treasurer's Office		26,928		21,310
Investments with BTI reported as cash equivalents		127,412		129,326
	\$	154,820	\$	151,109

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.

#### **NOTE 4 – CAPITAL ASSETS**

A summary of capital asset activity for the month ended April 30, 2015 is as follows (in thousands):

Capita	al Assets:
--------	------------

	Historical Cost			Historical Cost
	At June 30, 2014	Additions	Deletions	At April 30, 2015
Construction in	<u> </u>			
Progress	\$ 792	\$ 298	\$ -	\$ 1,090
Buildings	38,084	-	-	38,084
Land	1,434	-	-	1,434
Improvements	260	-	-	260
Equipment	6,821	74	-	6,895
	\$ 47,391	\$ 372	\$ -	\$ 47,763
Accumulated				
Depreciation:				
	Historical Cost			Historical Cost
	At June 30, 2014	Additions	Deletions	At April 30, 2015
Buildings	\$ 2,141	\$ 793	\$ -	\$ 2,934
Improvements	260	-	-	260
Equipment	6,245	383	-	6,628
	\$ 8,646	\$ 1,176	\$ -	\$ 9,822

#### 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 HOT LOTTO® 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, Hot Lotto, 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®, HOT LOTTO® 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 April 30, 2015 and fiscal year-to-date is as follows:

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

Revenues	 Month	<u> </u>	Y-T-D
Powerball	\$ 2,188,375	\$	29,552,460
Hot Lotto	530,059		4,712,148
Mega Millions	 767,592		11,184,872
Total	\$ 3,486,026	\$	45,449,480
Expenses (Prizes)	 Month		Y-T-D
Powerball	\$ 1,096,051	\$	14,788,237
Hot Lotto	265,077		2,356,309
Mega Millions	 383,966		5,593,150
Total	\$ 1,745,094	\$	22,737,696

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:

	PowerBall	Hot Lotto	Mega Millions
Required Contribution (% of sales)	2%	3%	1%
Reserve Fund Cap	\$125,000,000	\$9,000,000	\$45,000,000

At April 30, 2015, the Lotteries share of the prize reserve fund balances were as follows:

Game	Total Prize Reserve	Lottery Share		
Powerball	\$ 110,549,964	\$ 1,887,126		
Hot Lotto	7,899,926	547,805		
Mega Millions	37,189,229	561,458		
Total	\$ 155,639,119	\$ 2,996,389		

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 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

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

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 \$14,997,868 at April 30, 2015, of which the Lottery's share was \$1,587,250.

#### **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. For fiscal year 2014, sixty-six percent (66%) and for fiscal year 2015, fifty-seven percent (57%) of net terminal revenue (gross less 4%) is allocated in lieu of commissions as follows:

	FY 2014	FY 2015
Racetracks	46.5%	46.5%
Other private entities associated with the racing industry	17.5%	8.7%
Local county and municipal governments	2%	2%

The remaining revenues (34% for fiscal year 2014 and 42.8% for fiscal year 2015) 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 10 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, for fiscal year 2014 and 2015 respectively, 55% and 49% of net terminal revenue is allocated in lieu of commissions as follows:

	FY 2014	FY 2015
Racetracks	42%	42%
Other private entities associated with the racing industry	11%	5%
Local county and municipal governments	2%	2%

#### **NOTE 6 - RACETRACK VIDEO LOTTERY (continued)**

The remaining net terminal revenue (45% for fiscal year 2014 and 51% for fiscal year 2015) is allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 10.

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.

The WV Lottery, along with the Ohio, Rhode Island, and Delaware lotteries, participate in Multi-Jurisdictional Wide Area Progressive (MWAP) video games. This allows each of the lotteries to offer a higher progressive jackpot than they could generate alone. MUSL manages the progressive games and charges each participant a MWAP contribution fee of .74% of the amount wagered. A summary of racetrack video lottery revenues for the month ended April 30, 2015 and fiscal year-to-date follows (in thousands):

	Current	Month		Year-to	o-Date	
	2015		2014	2015		2014
Total credits played	\$ 525,708	\$	545,272	\$ 5,204,966	\$	5,453,388
Credits (prizes) won	(472,149)		(488,737)	(4,669,828)		(4,892,288)
Promotional credits played	(7,323)		(7,255)	(73,352)		(70,487)
MWAP Contributions	(26)		(30)	(289)		(260)
Gross terminal income	46,210		49,250	461,497		490,353
Administrative costs	 (889)		(957)	 (14,073)		(14,708)
Net Terminal Income	45,321		48,293	447,424		475,645
Less distribution to agents	(22,440)		(27,193)	(240,390)		(280,920)
Racetrack video lottery revenues	\$ 22,881	\$	21,100	\$ 207,034	\$	194,725

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

	April 30, 2015	Year-to-Date
State Lottery Fund	\$ 6,398	\$ 102,530
State Excess Lottery Revenue Fund	15,612	100,676
Capital Reinvestment Fund	871	3,828
Total nonoperating distributions	\$ 22,881	\$ 207,034

#### **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

#### **NOTE 7 - LIMITED VIDEO LOTTERY (continued)**

stipulates that 2% of gross terminal income be deposited into the state lottery fund for administrative costs. Then, the state share percentage of gross profit is to be transferred to the State Excess Lottery Revenue Fund. Such percentage is between 30 and 50 percent and is subject to change on a quarterly basis. Two percent is distributed to counties and incorporated municipalities in the manner prescribed by the statute. The remaining amount of gross profit is paid to retailers and/or operators as prescribed in the Act, and is recorded as limited video lottery commissions in the financial statements. Municipal and county distributions are accounted for as nonoperating expenses.

A summary of limited video lottery revenues for the month ended April 30, 2015 and fiscal year-to-date follows (in thousands):

	Current	Month			Year-to	o-Date					
	2015		2014		2014		2014		2015		2014
Total credits played	\$ 394,795	\$	387,600	\$	3,720,641	\$	3,746,562				
Credits (prizes) won	(361,602)		(354,629)		(3,408,944)		(3,431,157)				
Gross terminal income	\$ 33,193	\$	32,971	\$	311,697	\$	315,405				
Administrative costs	(664)		(659)		(6,234)		(6,308)				
Gross Profit	32,529		32,312		305,463		309,097				
Commissions	(16,265)		(16,156)		(152,732)		(154,548)				
Municipalities and Counties	(650)		(646)		(6,109)		(6,182)				
Limited video lottery revenues	\$ 15,614	\$	15,510	\$	146,622	\$	148,367				

#### **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. For fiscal year 2014 and fiscal year 2015 make transfers as follows:

#### **NOTE 8 – TABLE GAMES (continued)**

Fiscal Year	Fiscal Year	
2014	2015	
2.5% of	2.25% of	from all thoroughbred racetracks with West Virginia Lottery table games
adjusted gross	adjusted gross	to the special funds established by each thoroughbred racetrack table
receipts	receipts	games licensee for the payment of regular racetrack purses to be divided
		equally among each licensee
2.5% of	2.25% of	from all greyhound racetracks with West Virginia Lottery table games to
adjusted gross	adjusted gross	the special funds established by each greyhound racetrack table games
receipts	receipts	licensee for the payment of regular racetrack purses to be divided equally
		among each licensee
2% of adjusted	1.8% of	from all licensed racetracks to the Thoroughbred Development Fund and
gross receipts	adjusted gross	the Greyhound Breeding Development Fund to be divided pro rata among
	receipts	the development funds

The Commission will distribute the remaining amounts, hereinafter referred to as the net amounts in the Racetrack Table Games Funds as follows:

- 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 Debt Reduction Fund for fiscal year 2014 and to the State Excess Lottery Revenue Fund for fiscal year 2015.

The cash transferred to the State Excess Lottery Revenue Fund in the current month is included in Note 10-Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended April 30, 2015 were \$11,011,968 and \$111,652,835, 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:

#### **NOTE 8 – TABLE GAMES (continued)**

	Current Month			Year-to-Date			:	
	2015		2014		2015			2014
Table Games Privilege Tax Interest on Table Games Fund Administrative costs	\$	3,854 (330)	\$	3,796 - (325)	\$	39,078 3 (3,350)	\$	42,060 3 (3,605)
Total Available for Distribution <u>Less Distributions:</u>		3,524		3,471		35,731		38,458
Racetrack Purse Funds		248		271		2,512		3,004
Thoroughbred & Greyhound Development Funds Racing Association Pension Plan		198 97		217 95		2,010 983		2,403 1,058
Municipalities/ Counties		1,090		1,074		11,054		11,898
Total Distributions		1,633		1,657		16,559		18,363
Excess Lottery Fund	\$	1,891	\$	1,814	\$	19,172	\$	20,095

#### 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.

The WV Lottery, along with the Ohio, Rhode Island, and Delaware lotteries, participate in Multi-Jurisdictional Wide Area Progressive (MWAP) video games. This allows each of the lotteries to offer a higher progressive jackpot than they could generate alone. MUSL manages the progressive games and charges each participant a MWAP contribution fee of .75% of the amount wagered. A summary of historic resort hotel video lottery revenues for the month ended April 30, 2015 and fiscal year-to-date follows (in thousands):

**NOTE 9 – HISTORIC RESORT HOTEL (continued)** 

	2015	_	2014	2015		2014
Total credits played	\$ 4,796	\$	5,944	\$ 50,610	\$	53,830
Credits (prizes) won	(4,358)		(5,440)	(46,491)		(49,230)
Promotional credits played	(61)		(111)	(816)		(857)
MWAP Contributions	-		-	-		(3)
Gross terminal income	377		393	3,303		3,740
Capital reinvestment	(18)		(18)	(155)		(175)
Excess Lottery Fund	(3)		(4)	(30)		(34)
Administrative costs	(20)		(21)	(178)		(202)
Hotel commissions	(159)		(166)	(1,397)		(1,582)
Net terminal income	177		184	1,543	,	1,747
Historic Resort Hotel Fund	113		117	981		1,111
Human Resource Benefit Fund	64		67	562		636

#### **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 April 30, 2015 were \$204,630 and \$4,694,326, 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:

	2015		2014	2015	 2014
Table games privilege tax	\$ 72	\$	156	\$ 1,643	\$ 2,218
Administrative Costs	 (9)	_	(20)	 (211)	 (285)
Total Available for Distribution	63		136	1,432	1,933
Historic Resort Hotel Fund	53		114	1,197	1,616
Human Resource Benefit Fund	10		22	235	317

#### **NOTE 9 – HISTORIC RESORT HOTEL (continued)**

#### 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) Sixty-four percent (64%) is paid to the State of West Virginia General Revenue Fund for fiscal year 2014 and to the State Excess Lottery Revenue Fund for fiscal year 2015;
- 2) Nineteen percent (19%) is paid to the State Debt Reduction Fund for fiscal year 2014 and to the State Excess Lottery Revenue Fund for fiscal year 2015;
- 3) Three percent (3%) is paid to the State of West Virginia Tourism Promotion Fund and to the State Excess Lottery Revenue Fund for fiscal year 2015;
- 4) Four percent (4%) is paid to the county where the gaming facility is located;
- 5) Two and one-half percent (2.5%) is paid to the municipality where the gaming facility is located as prescribed by statute;
- 6) 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;
- 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):

	Cur	rent Month	Year-to-Date		
Historic Resort Hotel Video Lottery	\$	113	\$ 981		
Historic Resort Table Games		53	1,197		
Interest on Historic Resort Hotel Fund		-	-		
Historic Resort Hotel Fund Net Income		166	2,178		
Municipalities/ Counties		25	304		
Excess Lottery Fund		141	1,874		
Total Distributions	\$	166	\$ 2,178		

#### NOTE 10- 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, 2015 the State Legislature budgeted \$136,411,350 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 \$5,300,000 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 April 30, 2015 the Lottery has accrued additional distributions of \$117,260,750. The Lottery is a non-appropriated state agency and therefore does not have a budget adopted by the Legislature.

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

BUDGETARY DISTRIBUTIONS	Ap	ril 30, 2015	Year-to-Date		
State Lottery Fund:					
Community and Technical College	\$	500	\$	4,995	
Bureau of Senior Services		-		78,682	
Department of Education		-		19,633	
Library Commission		-		11,457	
Higher Education-Policy Commission		-		7,329	
Tourism		-		8,060	
Natural Resources		-		3,196	
Division of Culture & History		-		4,746	
Department of Education & Arts		-		1,673	
Economic Development Authority		1,000		9,996	
School Building Authority		1,800		18,000	
Total State Lottery Fund	\$	3,300	\$	167,767	

### NOTE 10- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA (continued)

onunuea)				
ate Excess Lottery Revenue Fund:				
Economic Development Fund	\$	1,899	\$	18,986
Higher Education Improvement Fund		1,500		15,000
General Purpose Account		8,572		59,166
Higher Education Improvement Fund		3,824		26,397
State Park Improvement Fund		659		4,551
School Building Authority		1,899		18,994
Refundable Credit		3,536		10,000
WV Racing Commission		264		1,821
WV Department of Health and Human Resources		-		9,673
WV Development Office		-		-
WV Lottery Statutory Transfers		9,226		63,690
Excess Lottery Surplus		-		-
West Va. Infrastructure Council		3,429		23,666
Total State Excess Lottery Revenue Fund	\$	34,808	\$	251,944
	T	- 1,000	-	
Total Budgetary distributions:	\$	38,108	\$	419,711
Veterans Instant Ticket Fund	\$	27	\$	407
Other Racetrack Video Lottery distributions:				
Tourism Promotion Fund 1.375%	\$	-	\$	175
Development Office Promotion Fund .375%		-		47
Research Challenge Fund .5%		-		64
Capitol Renovation & Improvement Fund .6875%		_		88
Parking Garage Fund .0625 %		_		8
Parking Garage Fund 1 %		_		_
Cultural Facilities & Cap. Resources Fund .5%		_		_
Capitol Dome & Cap. Improvements Fund .5%		_		128
Workers Compensation Debt Reduction Fund 7%		_		-
Total	\$		\$	510
Total	Ψ	_	Ψ	310
Table Games State Debt Reduction Fund	\$	-	\$	1,765
Historic Resort Hotel distributions:				
State General Revenue Fund	\$	-	\$	148
State Debt Reduction Fund		-		44
Tourism Promotion Fund		-		7
Total	\$	-	\$	199
Total nonoperating distributions to the				
State of West Virginia (cash basis)	\$	38,135	\$	422,592
Accrued nonoperating distributions, beginning		(108,543)		(114,914)
Accrued nonoperating distributions, end		117,261	_	117,261
	•	16 952	_	424.020
	\$	46,853	\$	424,939

#### NOTE 11 – SUMMARY IMPACT OF RECENT LEGISLATION

The West Virginia Legislature enacted House Bill 101 during the First Extraordinary Session of 2014 which affected the State Excess Lottery Revenue Fund. House Bill 101 created a mechanism by which revenues that were previously transferred pursuant to statutory direction and distributed to certain entities prior to being deposited to either the State Lottery Fund or the State Excess Lottery Revenue Fund will now be deposited directly to the State Excess Lottery Revenue Fund. This new deposit of funds represents additional deposits of: (i) certain video lottery net terminal income (see Note 6) and table games adjusted gross receipts (Note 8) from the four racetrack casinos; and (ii) certain gross terminal income and certain net income from the Greenbrier Casino (Note 9). The impact of House Bill 101 has the effect of reducing commissions as defined in Note 2 and increasing nonoperating income (expense) Distributions to the State of West Virginia.

The impact (in thousands) for the month ended April 30, 2015 to the Statement of Revenues, Expenses, and Changes in Fund Net Positions is summarized as follows:

	Pre HB 101	As Stated	Difference
Less commissions			
Racetrack video lottery	22,735	22,440	(295)
Table games	1,682	1,633	(49)
Gross profit	46,722	47,066	344
Operating Income Nonoperating income (expense)	48,039	48,383	344
Distributions -capital reinvestment	(892)	(889)	3
Distributions to the State of West Virginia	(46,506)	(46,853)	(347)

#### **NOTE 11 – SUMMARY IMPACT OF RECENT LEGISLATION (continued)**

The impact (in thousands) for the fiscal year-to-date ended April 30, 2015 to the Statement of Revenues, Expenses, and Changes in Fund Net Positions is summarized as follows:

	Pre HB 101	As Stated	Difference
Less commissions			
Racetrack video lottery	243,796	240,390	(3,406)
Table games	17,061	16,559	(502)
Gross profit	445,217	449,125	3,908
Gloss profit	443,217	449,123	3,908
Operating Income	430,729	434,637	3,908
Nonoperating income (expense)	(4.04.1)	(2.002)	•
Distributions -capital reinvestment	(4,014)	(3,983)	31
Distributions to the State of West Virginia	(421,000)	(424,939)	(3,939)

#### **NOTE 12 – LEASES**

The Lottery leases, under a cancelable operating lease, its office and warehouse facilities. The Lottery also leases various office equipment under agreements considered to be cancelable operating leases. Rental expense for the fiscal year-to-date ended April 30, 2015 and April 30, 2014 approximated \$230,147 and \$236,441 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 April 30, 2015 and April 30, 2014 approximated \$641,985 and \$1,185,641 respectively.

#### **NOTE 13 – RESTRICTED NET POSITION**

On June 14, 2006, House Bill 106 was enacted by the West Virginia State Legislature to set aside unexpended administrative expenses of the Lottery up to the limits for such expenses established by the enabling legislation of traditional, racetrack video lottery, and limited video lottery games in an amount not to exceed \$20,000,000 beginning in fiscal year 2006 and each year through fiscal year 2012. These assets are to be set aside for the design and construction of a building for the use of the Lottery and certain other State of West Virginia governmental entities. Contributions to the fund for fiscal years ending June 30, 2014 and June 30, 2013 were as follows:

	June 30, 2014		Jui	ne 30, 2013
Beginning balance Additions	<b>\$</b> 1,640		\$	1,690
Legislative Appropriations				
Deductions				
Asset acquistion		(243)		(50)
Surplus of excess funds				
Ending balance	\$	1,397	\$	1,640

#### **NOTE 14 – COMMITMENTS**

For the years ended June 30, 2014 and 2013 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. As of June 30, 2014 and 2013, \$7,653,177 and \$2,003,028, 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

#### **NOTE 15 - RETIREMENT BENEFITS (continued)**

benefits are payable monthly for life, in the form of a straight-line annuity equal to two percent of the employee's average annual salary from the highest 36 consecutive months within the last 10 years of employment, multiplied by the number of years of the employee's credited service at the time of retirement.

Covered employees are required to contribute 4.5% of their salary to the PERS. The Lottery is required to contribute 14.5% of covered employees' salaries to the PERS. The required employee and employer contribution percentages have been established and changed from time to time by action of the State Legislature. The required contributions are not actuarially determined; however, actuarial valuations are performed to assist the Legislature in determining appropriate contributions. The Lottery and employee contributions, for the month ending April 30, 2015 and fiscal year-to-date are as follows (in thousands):

	Ap	oril 30, 2015	Year-to-Date		
Lottery contributions	\$	155	\$	952	
Employee contributions		27		279	
Total contributions	\$	182	\$	1,231	

#### **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.

#### **NOTE 16 - RISK MANAGEMENT (continued)**

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.

#### NOTE 17- OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Lottery participates in the West Virginia Other Postemployment Benefits Plan (OPEB Plan) of the West Virginia Retiree Health Benefit Trust Fund (Trust), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Employee Insurance Agency (WVPEIA). The OPEB Plan provides retiree post-employment health care benefits for participating state and local government employers. The provisions of the Code of West Virginia, 1931, as amended (the Code), assigns the authority to establish and amend benefit provisions to the WVPEIA board of trustees. The WVPEIA issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to Public Employees Insurance Agency, 601 57<sup>th</sup> Street, South East, Suite 2, Charleston, West Virginia, or by calling 1-888-680-7342.

#### **Funding Policy**

The Code requires the OPEB Plan bill the participating employers 100% of the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. State of West Virginia plan employers are billed per active health policy per month.

The ARC rate is \$270 and \$257 per employee per month for the years ending June 30, 2014 and 2013 respectively. Through June 30, 2014 and 2013, the Lottery has paid premiums of \$291,750 and \$332,615. As of June 30, 2014 and 2013, the Lottery has recorded a liability of \$4,318,481 and \$4,188,445 on its balance sheet for OPEB.

# SCHEDULE OF REVENUES AND NET REVENUES OF THE LOTTERY FUND AND EXCESS LOTTERY FUND FOR THE NINE MONTH PERIOD ENDED APRIL 30, 2015 (In Thousands)

	<b>Current Month</b>		FISCAL YEAR		
	Actual	Projected	Actual	Projected	
Gross Revenues					
Instant games	8,260	8,750	86,885	87,500	
On-line games	5,473	6,285	64,933	62,842	
Racetrack video lottery	46,210	39,233	461,496	396,391	
Limited video lottery	33,193	35,539	311,696	325,300	
Racetrack table games	3,853	3,201	39,077	34,645	
Historic resort	449	404	4,947	5,072	
Total gross revenues	97,438	93,412	969,034	911,750	
Net Revenues - Lottery Fund and Excess Lottery Fund					
Lottery Fund					
Instant games	1,011	1,181	10,771	11,810	
On-line games	1,652	1,814	19,253	18,140	
Racetrack Video Lottery	6,370	5,423	102,522	94,183	
Total Lottery Fund net nevenues	9,033	8,418	132,546	124,133	
Excess Lottery Fund					
Racetrack Video Lottery	15,616	13,268	100,696	77,722	
Limited Video Lottery	15,616	16,718	146,954	153,024	
Limited Video Lottery Fees	3,735	3,560	5,248	3,560	
Racetrack table games	1,891	1,570	19,173	16,993	
Historic resort	145	153	1,902	2,010	
Total Excess Lottery Fund Net Revenues	37,003	35,269	273,973	253,309	
Total Net Revenues	46,036	43,687	406,519	377,442	

#### 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: June 1, 2015

Re: Status of General Revenue Fund and State Road Fund as of

May 31, 2015 (FY 15)

We have reviewed the cash flow of the West Virginia general revenue fund as of May 31, 2015 which is the end of the eleventh month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 99% of the estimate for the fiscal year. Total collections were \$ 36 million below the estimate for the fiscal year.

Personal Income Tax collections were \$ 16.6 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$ 18 million below the estimate for the year.

Severance Tax was \$ 58 million below the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$ 5.2 million below the estimate for the fiscal year.

#### State Road Fund

The state road fund collections were 112.4% of the estimate for the fiscal year. Total collections were \$76 million above the estimate for the fiscal year.

#### Rainy Day and Personal Income Tax Reserve

Revenue Shortfall Reserve Fund A (Rainy Day Fund) had a cash balance of \$481,507,192.31 as of May 31, 2015.

Balance July 1, 2014	576,905,662.48
Earnings	-95,398,470.17
Balance May 31, 2015	481,507,192.31

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 389,349,462.96 as of May 31, 2015.

Balance July 1, 2014	378,984,822.70
Earnings	10,364,640.26
Balance May 31, 2015	389,349,462.96

The Personal Income Tax Reserve Fund had an \$11 million cash balance as of May 31, 2015.

Balance July 1, 2014	11,000,000.00
Revenues	0.00
Balance May 31, 2015	11,000,000.00

#### **GENERAL REVENUE FUND FY 2014-2015**

**Cash Flow Transfer** 

Minus Cash Flow Transfer

**TOTALS** 

**TOTALS** 

By Source and by Month **FINAL YEARLY Monthly Revenue Estimates** MONTHLY NET as of May 31, 2015 OASIS COLLECTIONS NET COLLECTIONS MONTH MONTH **OVER** YTD YTD **OVER COLLECTIONS COLLECTIONS ESTIMATES ESTIMATES ESTIMATES ESTIMATES** 16,634,147 **Personal Income Tax** 103,700,000 117,480,675 13,780,675 1,629,100,000 1,645,734,147 91,733.824 Consumer Sales Tax & Use Tax 103,400,000 -11,666,176 1,124,900,000 1,106,910,211 -17,989,789 **Severance Tax** 33.800.000 32.999.908 -800.092 421.700.000 363.657.608 -58.042.392 Corp Income /Business Franchise 4,000,000 -10,071,903 -14,071,903 161,175,000 156,004,688 -5,170,312 Insurance Tax 4,006,000 1,629,803 -2,376,197 116,778,000 115,435,437 -1,342,563 **Tobacco Products Tax** 9,100,000 8,900,735 -199,265 95,400,000 94,057,424 -1,342,576**Business and Occupation** 9,600,000 6,931,137 -2,668,863 96,800,000 106,030,064 9,230,064 **Liquor Profit Transfers** 2,090,000 2,101,250 11.250 13,870,000 14,592,634 722,634 **Departmental Collections** 992,000 994,440 2,440 16,398,000 17,012,002 614,002 **Property Transfer Tax** 1,162,000 1,052,646 -109,355 11,279,000 10,140,020 -1,138,980 **Property Tax** 319,000 202,920 -116,080 6,590,000 6,585,257 -4,743**Beer Tax and Licenses** 875.000 898.782 23.782 7.219.000 6.632.509 -586.491 Miscellaneous Transfers 57.000 75.468 18.468 944.000 2.962.394 2.018.394 155,389 **Interest Income** 125,000 30,389 1,375,000 2,169,009 794,009 **Senior Tax Credit Reimbur Lot** 520.000 0 -520.000 10.000.000 10.000.000 n 25.156.902 **HB 102 - Lottery Transfers** 11.174.000 13.982.902 64.202.000 84.322.552 20.120.552 **Miscellaneous Receipts** 498,000 385,222 -112,778 14,303,000 13,302,166 -1,000,834 **Business Fran Registration Fees** 54.000 54.527 527 609.000 645.246 36.246 430,000 **Liquor License Renewal** 21.000 21.054 54 430,274 274 **Special Revenue Transfer** 0 0 0 0 0 **Charter Tax** 0 2,239 2,239 0 40,998 40,998 **Telecommunications Tax** 0 0 0 0 **Video Lottery Transfers** 12.418 12,418 0 350,242 350,242 0 Racing Fees 0 0 0 7,178 **Estate and Inheritance Tax** 0 0 7.178 July-Dec Retro Rev Adj 0 0 0 0 0 0

O

3.757.022.062

3,757,022,062

0

-36.049.938

-36,049,938

Percent of Estimates 98.33% 99.05%

280.717.434

280,717,434

-4,775,566

-4,775,566

3.793.072.000

3,793,072,000

Collections this day (5/29/15) 16,060,852

285,493,000

285,493,000

STATE ROAD FUND FY 2014-2015 By Source and by Month Monthly Revenue Estimates as of May 31, 2015 OASIS

ш	-	

			MONTHLY			YEARLY
		NET	COLLECTIONS		NET	COLLECTIONS
	MONTH	MONTH	OVER	YTD	YTD	OVER
	ESTIMATES	COLLECTIONS	ESTIMATES	ESTIMATES	COLLECTIONS	ESTIMATES
Gasoline & Motor Carrier Rd Tax	14,100,000	31,632,622	17,532,622	375,500,000	392,390,440	16,890,440
Privilege Tax	15,032,000	18,617,118	3,585,118	161,427,000	187,947,694	26,520,694
Licenses & Registration	7,506,000	8,003,256	497,256	76,034,000	83,382,782	7,348,782
Miscellaneous	0	1,013,485	1,013,485	0	25,669,604	25,669,604
Highway Litter Control	142,000	97,536	-44,464	1,438,000	1,098,704	-339,296
TOTALS	36,780,000	59,364,017	22,584,017	614,399,000	690,489,222	76,090,222

Percent of Estimates 161,40% 112,38%

Collections this day (5/29/15) 15,450,575

**REVENUE SHORTFALL RESERVE FUND 7005, Part A as of April 30, 2015 : \$479,504,273.00** 

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of April 30, 2015: \$384,952,291.03

PERSONAL INCOME TAX REFUND RESERVE FUND as of April 30, 2015: \$26,600,000.00

Prepared by Legislative Auditor's Office, Budget Division

### 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

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: May 27, 2015

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the April 30, 2015 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of April 30, 2015 of fiscal year 2014-2015, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2014	\$ 111,805,447.81
Receipts July 1, 2014 thru April 30, 2015	\$ 147,654,144.61
Disbursements July 1, 2014 thru April 30, 2015	\$ 183,583,854.49
Balance April 30, 2015	\$ 75,875,737.93

#### ITEMS OF NOTE:

Regular benefits paid for July 2014 - April 2015 were \$ 16.6 million less than July 2013 - April 2014.

Federal emergency benefits totaled \$ -690 thousand for July 2014 - April 2015. For July 2013 - April 2014, federal emergency benefits totaled \$ 44 million.

Total disbursements were \$62.6\$ million less in July 2014 - April 2015 than the preceding July 2013 - April 2014.

Receipts as of April 2015 were \$ 47.6 million less than in July 2013 - April 2014. Overall ending trust fund balance was \$ 7.3 million more on April 30, 2015 than on April 30, 2014.

Seasonally adjusted unemployment rates for April 2015 were 7 percent for West Virginia and 5.4 percent nationally.

Since April 2014, employment has decreased by 5,500. Employment gains included 1,900 in professional and business services, 1,900 in educational and health services, and 1,300 in government, and 300 in manufacturing. Employment declines included 4,400 in construction, 2,300 in mining and logging, 1,900 in leisure and hospitality, 1,400 in financial activities, 500 in other services, 200 in trade, transportation, and utilities, and 200 in information.

#### MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE FOR THREE MONTHS STARTING FEBRUARY 2014 AND FEBRUARY 2015

THREE MONTH **FEBRUARY 2014 MARCH 2014 APRIL 2014 FEBRUARY 2015 MARCH 2015 APRIL 2015 TOTAL VARIANCE \* Balance Forward** \$88,527,855.70 \$78,414,639.32 \$55,471,964.75 \$93,507,079.73 \$87,811,892.76 \$65,235,394.45 \$24,139,907.17 Add Receipts: \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 1. Bond Assessment \$13.483.812.12 \$1,490,352,20 \$31.941.907.70 \$16.594.587.27 \$1,246,387,39 \$30.340.647.96 \$1,265,550,60 2. Regular Contributions: (\$295,523.17) \$2,912.97 \$554.98 \$293,525.18 3. Federal Emergency Benefits (EUC08) \$3,488.98 \$194.98 \$3,654.00 \$0.00 \$0.00 \$0.00 \$0.00 \$210.00 \$0.00 \$210.00 4. Federal Share Extended Benefits (EB) \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 5. Temp Federal Additional Comp (FAC) \$157,422,63 6. UCFE (Federal Agencies) \$133.068.77 \$142.670.67 \$121.557.73 \$124,912.18 \$124,729,21 \$9.766.85 7. Special Administrative Transfer \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 8. Reed Act Funds \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 9. UC Modernization Incentive \$0.00 \$0.00 \$520,935.06 \$39,570.11 10. Treasury Interest Credits \$481,364.95 \$0.00 \$0.00 \$240,674.29 \$232,875.26 \$189,278.68 \$164,817.35 \$193,699.09 \$152,959.45 (\$151,352.34) 11. UCX (Military Agencies) 12. WV Insurance Committee-Senate Bill 246 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 13. CMIA Receipts \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 **Total Monthly Receipts** \$13,562,032.01 \$2,350,176.05 \$32,256,233.09 \$16,884,511.78 \$2,122,308.17 \$30,618,891.60 \$1,457,270.40 Less Disbursements: (Retired) (Retired) (Retired) (Retired) (Retired) (Retired) (Retired) **Debt Bond Repayment** Regular Benefits: \$23.548.497.91 \$24.909.347.79 \$18.904.064.17 \$22.593.038.52 \$24.496.552.18 \$19.668.982.42 (\$603.336.75) Federal Emergency Benefits (EUC08) (\$243,456.35) (\$174,144.24) (\$58,945.55) (\$305,022.18) (\$148.589.43) (\$84,383.26) (\$61,448.73) (\$9.651.00) (\$3,464.42) (\$448.00) (\$8.111.03) (\$5.412.00) (\$1,781.63) (\$1.741.24)Federal Share Extended Benefits (EB) Emergency Benefits (TEUC) \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 (\$12.00)(\$12.00)(\$210.00) \$0.00 \$0.00 \$0.00 \$234.00 Temp Federal Additional Comp (FAC) UCFE (Federal Workers) Benefits \$145.745.84 \$153.842.09 \$104.956.20 \$123.945.17 \$160.810.08 \$123,424,22 \$3.635.34 UCX (Military Workers) Benefits \$234.123.99 \$252.887.62 \$187.982.06 \$175.848.27 \$195.445.65 \$149.046.65 (\$154.653.10) \$0.00 \$154,393.78 \$0.00 \$123,259,72 (\$31,134.06)\$0.00 \$0.00 Reed Act Funds Special Administrative Transfer\*\* \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$24,698,806.48 **Total Monthly Disbursements** \$23,675,248.39 \$25,292,850.62 \$19,137,398.88 \$22,579,698.75 \$19,978,548.12 (\$848,444.54)Trust Fund Balance **\$78,414,639.32 \$55,471,964.75** \$68,590,798.96 \$87,811,892.76 \$65,235,394.45 \$75,875,737.93 \$26,445,622.11

<sup>\*</sup> 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.



#### UC TRUST FUND PROJECTIONS FOR 2015

June 2, 2015

Month		Povonuos	Benefits		Trust Fund Balance
	Revenues		belletits		Trust Fully Balance
<u>2014</u>	ı			ı	
Balance - 1/1/2014				\$	102,165,000
January	\$	11,870,000	\$ 25,508,000	\$	88,527,000
February	\$	13,435,000	\$ 23,548,000	\$	78,414,000
March	\$	1,966,000	\$ 24,909,000	\$	55,471,000
April	\$	32,023,000	\$ 18,904,000	\$	68,590,000
May	\$	75,811,000	\$ 14,612,000	\$	129,789,000
June	\$	2,894,000	\$ 20,878,000	\$	111,805,000
July	\$	23,213,000	\$ 16,876,000	\$	118,142,000
August	\$	27,921,000	\$ 15,139,000	\$	130,924,000
September	\$	2,175,000	\$ 14,304,000	\$	118,795,000
October	\$	15,170,000	\$ 13,016,000	\$	120,949,000
November	\$	16,985,000	\$ 14,598,000	\$	123,336,000
December	\$	2,113,000	\$ 19,449,000	\$	106,000,000
Totals - 2014	\$	225,576,000	\$ 221,741,000	\$	106,000,000

<u>2015</u>			
January	\$ 8,600,000	\$ 21,093,000	\$ 93,507,000
February	\$ 16,594,000	\$ 22,290,000	\$ 87,811,000
March	\$ 1,767,000	\$ 24,343,000	\$ 65,235,000
April	\$ 30,308,000	\$ 19,668,000	\$ 75,875,000
May	\$ 76,149,000	\$ 18,419,000	\$ 133,605,000
June	\$ 2,667,000	\$ 22,646,000	\$ 113,626,000
July	\$ 23,593,000	\$ 16,604,000	\$ 120,615,000
August	\$ 30,210,000	\$ 13,991,000	\$ 136,834,000
September	\$ 2,251,000	\$ 13,819,000	\$ 125,266,000
October	\$ 15,170,000	\$ 13,016,000	\$ 127,420,000
November	\$ 16,985,000	\$ 14,598,000	\$ 129,807,000
December	\$ 2,113,000	\$ 19,449,000	\$ 112,471,000
Totals - 2015	\$ 226,407,000	\$ 219,936,000	\$ 112,471,000

The average unemployment rate in West Virginia for CY 2014 was 6.3%.

The average projected unemployment rate for West Virginia for CY 2015 is 6.2%



## Financial Statements April 2015

West Virginia Legislative Interims June 2015

### Page 2

#### West Virginia Retiree Health Benefit Trust Fund STATEMENT OF CHANGES IN PLAN NET POSITION For the Ten Months Ending Thursday, April 30, 2015

		_	BUDGET VAR	IANCE	PRIOR YR V	ARIANCE	
ACTUAL	BUDGET	PRIOR YR	-	\$	%	\$	%
			ADDITIONS				
			Employer Premiums:				
\$2,675	\$2,706	\$2,718	Health premiums	(\$30)	(1%)	(\$43)	(2%)
104,474	104,250	112,031	Pay Go Premiums	224	`0%	(7,557)	(7%)
95	0	968	Annual required contributions	95	0%	(873)	(90%)
107,244	106,956	115,717	Total Employer Premiums	289	0%	(8,473)	(7%)
			Member Premiums:				
64,911	66,523	64,505	Health premiums	(1,612)	(2%)	406	1%
20,915	20,750	22,615	Pay Go Premiums	165	1%	(1,700)	(8%)
19,176	18,347	18,634	Life Insurance Premiums	829	5%	542	3%
105,002	105,620	105,754	Total Member Premiums	(618)	(1%)	(752)	(1%)
212,246	212,576	221,471	<b>Total Premium Additions</b>	(329)	(0%)	(9,225)	(4%)
			Other Additions:				
667	667	800	Retiree Drug Subsidy	0	0%	(133)	(17%)
26,253	35,352	67,842	Investment Income	(9,099)	(26%)	(41,589)	(61%)
239,166	248,595	290,113	TOTAL ADDITIONS	(9,428)	(4%)	(50,947)	(18%)
112 205	115 740	111 646	DEDUCTIONS				
113,395	115,749	111,646	Payments to Managed Care Org.	2,354	2%	(1,749)	(2%)
18,841	18,347	18,420	Life Insurance Expense	(493)	(3%)	(420)	(2%)
56,774	57,476	56,058	Medical Claims Expense	702	1%	(716)	(1%)
25,500	23,781	22,618	Pharmacy Claims Expense	(1,718)	(7%)	(2,882)	(13%)
28	31	30	Comparative Effectiveness Research Fee	3	8%	2	5%
708	667	421	ACA Reinsurance Contribution	(42)	(6%)	(288)	(68%)
1,620	1,479	1,456	Administrative Service Fees (External)	(141)	(10%)	(165)	(11%)
2,151	2,327	2,236	Other Operating Expenses	177	8%	86	4%
219,017	219,857	212,885	TOTAL DEDUCTIONS	842	0%	(6,132)	(3%)
20,149	28,738	77,228	NET POSITION INCREASE	(8,586)	(30%)	(57,079)	(74%)
			Net Position Restricted for Post Employment Benefits				
691,558	691,558	590,230	Beginning of Period Total Net Position	0	0%	101,328	17%
\$711,707	\$720,296	\$667,458	End of Period Total Net Position	(\$8,589)	(1%)	\$44,249	7%

#### West Virginia Public Employees Insurance Agency

#### Statement of Changes in Plan Net Assets

#### For the Ten Months Ending Thursday, April 30, 2015

(Dollars in Thousands)
(Unaudited-For Internal Use Only)

(\$000's)

	(\$000's)			<b>BUDGET VA</b>	RIANCE	PRIOR YR VAF	RIANCE
ACTUAL	BUDGET	PRIOR YR		\$	%	\$	%
			PREMIUM REVENUE			· · · · · · · · · · · · · · · · · · ·	
\$391,361	\$394,662	\$396,428	Health Insurance - State Gov Employers	(\$3,301)	(1%)	(\$5,067)	(1%)
100,402	100,662	105,504	Health Insurance - State Gov Employees	(260)	(0%)	(5,102)	(5%)
95,208	91,094	92,687	Health Insurance - Local Gov All	4,114	5%	2,521	3%
1,773	1,853	1,775	Life Insurance	(80)	(4%)	(2)	(0%)
6,710	6,933	15,041	Interest and Investment Income	(223)	(3%)	(8,331)	(55%)
1,755	1,887	<sub>25</sub> 1,583	Other Premium Revenue	(132)	(7%)	172	11%
4,059	3,863	4,029	Administrative Fees, Net of Refunds	196	5%	30	1%
601,268	600,954	617,047	TOTAL REVENUE	314	0%	(15,779)	(3%)
			OPERATING EXPENSES				
344,399	331,767	313,418	Claims Expense - Medical	(12,632)	(4%)	(30,981)	(10%)
111,472	102,681	102,698	Claims Expense - Drugs	(8,791)	(9%)	(8,774)	(9%)
32,667	33,899	31,787	Payments to Managed Care Org.	1,232	4%	(880)	(3%)
11,437	11,135	11,115	Administrative Service Fees	(302)	(3%)	(322)	(3%)
1,779	1,853	1,777	Life Insurance Expense	74	4%	(2)	(0%)
1,492	2,150	1,473	Wellness and Disease Management	658	31%	(19)	(1%)
287	287	286	ACA Comparative Effectiveness Fee		0%	(1)	(0%)
7,083	7,083	4,083	ACA Reinsurance Contribution		0%	(3,000)	(73%)
3,821	4,166	3,921	Other Operating Expenses	345	8%	100	3%
125,425	125,000	134,688	WV RHBT Pay Go Premiums	(425)	(0%)	9,263	7%
639,862	620,021	605,246	TOTAL EXPENSES	(19,841)	(3%)	(34,616)	(6%)
(38,594)	(19,067)	11,801	YTD SURPLUS (DEFICIT)	(19,527)	(102%)	(50,395)	(427%)
						·	
181,388	181,388	198,348	Total Net Assets, Beginning of Period			(16,960)	(9%)
\$142,794	\$162,321	\$210,149	TOTAL NET ASSETS, END OF PERIOD	(\$19,527)	(12%)	(\$67,355)	(32%)

## West Virginia Board of Risk and Insurance Management UNAUDITED BALANCE SHEET

DRAI

April 30

	7 (5111 00	
	2015	2014
100570	(in thousar	ids)
ASSETS Short Town Assets		
Short Term Assets	\$ 18,050 \$	15,744
Cash and Equivalents Advance Deposit with Carrier/Trustee	\$ 18,050 \$ 214,460	213,161
Receivables - Net	5,515	5,625
Prepaid Insurance	1,037	984
Total Short Term Assets	239,062	235,514
Total Griott Territ Assets	259,002	200,014
Long Term Assets		
Investments	139,352	143,857
Total Long Term Assets	139,352	143,857
•		
TOTAL ASSETS	378,414	379,371
LIABILITIES		
Short Term Liabilities		
Accounts payable	2,647	5,900
Claims Payable	-	71
OPEB Liability	388	372
Agents Commissions Payable	724	767
Unearned Revenue	10,931	9,582
Current Estimated Claim Reserve	53,448	49,793
Total Short Term Liabilities	68,138	66,485
Long Term Liabilities		
Compensated Absences	76	64
Estimated Noncurrent Claim Reserve	105,760	100,949
Total Long Term Liabilities	105,836	101,013
TOTAL LIABILITIES	173,974	167,498
Prior Year Net Assets	208,911	213,366
Current Year Earnings	(4,471)	(1,493)
TOTAL NET ASSETS	204,440	211,873
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 378,414 \$	379,371



# West Virginia Board of Risk and Insurance Management UNAUDITED INCOME STATEMENT For the ten months ending

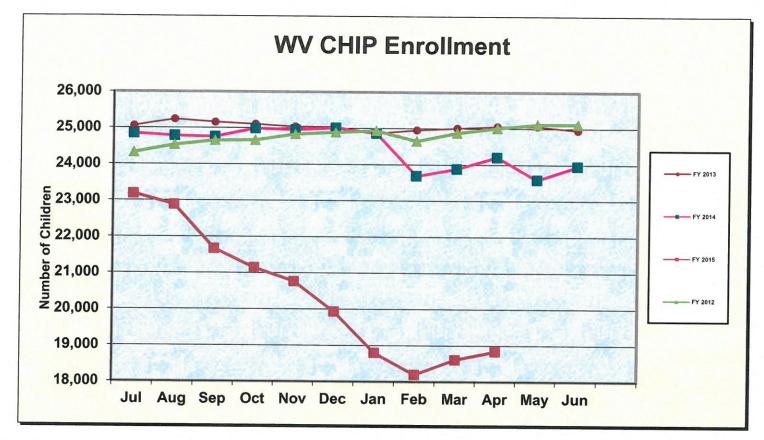
	April 30				
	2015	2014			
	 (in thousands)				
Operating Revenues					
Premium Revenues	\$ 48,518 \$	44,516			
Less - Excess Insurance	 (5,158)	(5,118)			
Total Operating Revenues	43,360	39,398			
Operating Expenses					
Claims Expense	48,556	47,495			
Property & MS Claims Expense	3,406	2,589			
Personal Services	1,130	1,169			
General & Administrative Expense	 1,791	2,114			
Total Operating Expenses	54,883	53,367			
Operating Income (Loss)	 (11,523)	(13,969)			
Nonoperating Revenues					
Investment Income	7,052	12,476			
Total Nonoperating Revenues	7,052	12,476			
Net Income (Loss)	\$ (4,471) \$	(1,493)			



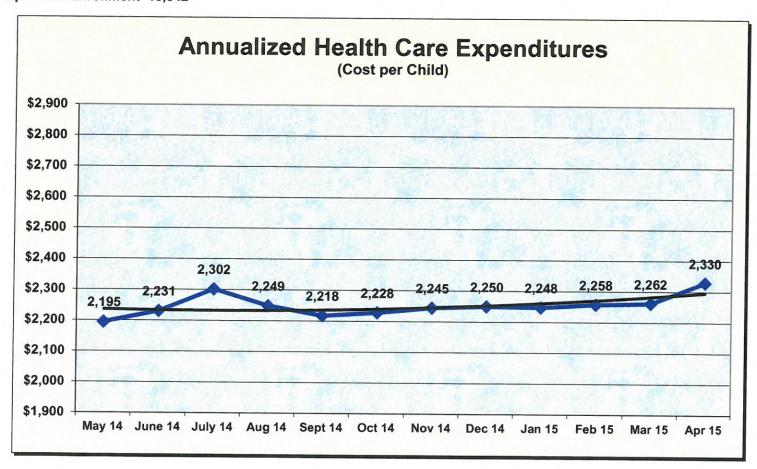
West Virginia Children's Health Insurance Program 2 Hale Street Suite 101 Charleston, WV 25301 304-558-2732 voice / 304-558-2741 fax Helpline 877-982-2447 www.chip.wv.gov

## Joint Committee on Government and Finance Report

**June 2015** 



April 30th Enrollment 18,842



# West Virginia Children's Health Insurance Program Comparative Balance Sheet April 2015 and 2014 (Accrual Basis)

Assets:	April 30, 2015	April 30, 2014	April 30, 2014 Variance		
Cash & Cash Equivalents Due From Federal Government Due From Other Funds Accrued Interest Receivable Fixed Assets, at Historical Cost	\$8,818,363 \$3,887,396 \$727,291 \$5,726 \$82,046	\$15,388,395 \$4,034,873 \$1,023,894 \$7,439 \$93,386	(\$6,570,032) (\$147,477) (\$296,603) (\$1,713) (\$11,340)	-43% -4% -29% -23% <u>-12%</u>	
Total Assets	<u>\$13,520,821</u>	\$20,547,987	(\$7,027,166)	<u>-34%</u>	
Liabilities:					
Accounts Payable Deferred Revenue Unpaid Insurance Claims Liability	\$347,389 \$270,630 <u>\$3,280,000</u>	\$198,767 (\$77,075) <u>\$4,860,000</u>	\$148,622 \$347,705 (\$1,580,000)	75% 451% <u>-33%</u>	
Total Liabilities	\$3,898,019	\$4,981,692	(\$1,083,673)	<u>-22%</u>	
Fund Equity	\$9,622,802	<u>\$15,566,295</u>	(\$5,943,493)	<u>-38%</u>	
Total Liabilities and Fund Equity	<u>\$13,520,821</u>	\$20,547,987	(\$7,027,166)	<u>-34%</u>	

## PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

# West Virginia Children's Health Insurance Program Comparative Statement of Revenues, Expenditures and Changes in Fund Balances For the Ten Months Ending April 30, 2015 and April 30, 2014 (Modified Accrual Basis)

	April 30, 2015	April 30, 2014	Varian	ice
Revenues		10 10 10 10 10 10 10 10 10 10 10 10 10 1		
Federal Grants	31,735,565	36,813,237	(5,077,672)	-14%
State Appropriations	4,195,490	9,987,748	(5,792,258)	-58%
Premium Revenues	985,043	751,635	233,408	31%
Investment Income:	333,513	701,000	200,400	3176
Investment Earnings	61,525	62,668	(1,143)	-2%
Total Revenues	<u>36,977,622</u>	47,615,288	(10,637,666)	-22%
Expenditures:				
Claims:				
Outpatient Services	40.070.000		98 8	
	10,273,633	11,429,322	(1,155,689)	-10%
Physicians & Surgical	7,855,813	7,390,325	465,488	6%
Prescribed Drugs	7,133,555	8,009,904	(876,349)	-11%
Dental	5,261,335	6,442,237	(1,180,902)	-18%
Inpatient Hospital Services	2,521,019	3,619,205	(1,098,186)	-30%
Outpatient Mental Health	1,049,458	1,253,390	(203,932)	-16%
Durable & Disposable Med. Equip.	830,028	1,041,686	(211,658)	-20%
Inpatient Mental Health	673,574	1,281,190	(607,616)	-47%
Vision	570,198	671,793	(101,595)	-15%
Therapy	515,561	579,324	(63,763)	-11%
Medical Transportation	291,545	317,841	(26,296)	-8%
Other Services	76,425	107,059	(30,634)	-29%
Less: Collections**	(657,616)	(866,716)	209,100	-24%
Total Claims	36,394,528	41,276,560	(4,882,032)	-12%
General and Admin Expenses:				
Salaries and Benefits	516,632	520,003	(3,371)	-1%
Program Administration	2,637,545	2,276,028	361,517	16%
Eligibility	52,814	201,800	(148,986)	-74%
Outreach & Health Promotion	447,877	588,074	(140,197)	-24%
Current	176,418	155,997	20,421	13%
Total Administrative	3,831,286	3,741,902	89,384	2%
Total Expenditures	40,225,814	<u>45,018,462</u>	(4,792,648)	<u>-11%</u>
Excess of Revenues				
Over (Under) Expenditures	(3,248,191)	2,596,826	(5,845,017)	-225%
Unrealized Gain(loss) On Investments*	4,881	28,145	(23,264)	-83%
Fund Equity, Beginning	12,866,112	12,941,324	(75,212)	<u>-1%</u>
Fund Equity, Ending	9,622,802	<u>15,566,295</u>	(5,943,493)	<u>-38%</u>

<sup>\*</sup> Short Term Bond Fund Investment began in November 2009

### PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

<sup>\*\*</sup> Collections are primarily drug rebates and subrogation

West Virginia Children's Health Insurance Program Budget to Actual Statement State Fiscal Year 2015 For the Ten Months Ended April 30, 2015

	Budgeted for <u>Year</u>	Year to Date Budgeted Amt	Year to Date Actual Amt	Year to Date Variance*		Monthly Budgeted Amt	Actual Amt Apr-15	Actual Amt Mar-15	Actual Amt Feb-15
Projected Cost Premiums Subrogation & Rebates Net Benefit Cost	\$44,941,229 1,687,540 1,100,607 42,153,082	\$37,451,024 1,406,283 <u>917,173</u> 35,127,568	\$38,111,036 \$985,043 \$657,616 \$36,468,376	(\$660,011) (\$421,241) (259,556) (\$1,340,808)	-2% -30% <u>-28%</u> -4%	\$3,745,102 140,628 <u>91,717</u> 3,596,831	\$3,722,149 116,959 39,075 3,566,115	\$3,200,827 116,445 <u>222,206</u> 2,862,176	\$3,263,600 124,145 <u>10,636</u> 3,128,819
Salaries & Benefits Program Administration Eligibility Outreach & Health Prom. Current Expense	\$680,653 1,781,676 250,000 380,900 220,000	\$567,211 1,484,730 208,333 317,417 183,333	\$516,633 \$2,570,369 \$52,814 \$401,056 \$170,561	\$50,578 (1,085,639) 155,519 (83,639) 12,772	9% -73% 75% -26% <u>7%</u>	\$56,721 148,473 20,833 31,742 <u>18,333</u>	\$44,954 270,622 510 636 16,186	\$48,359 205,649 14,591 2,931 <u>15,395</u>	\$51,166 224,543 1,713 2,785 11,764
Total Admin Cost	\$3,313,229	\$2,761,024	\$3,711,433	(\$950,409)	-34%	\$276,102	\$332,908	\$286,925	\$291,971
Total Program Cost	\$45,466,311	\$37,888,593	\$40,179,809	(\$2,291,217)	<u>-6%</u>	\$3,872,933	\$3,899,023	\$3,149,101	\$3,420,790
Federal Share 79.95% State Share 20.05%	36,350,316 <u>9,115,995</u>	30,291,930 <u>7,596,663</u>	\$32,099,706 \$8,080,103	(1,807,777) (483,440)	-6% <u>-6%</u>	3,089,052 <u>783,882</u>	3,117,269 <u>781,754</u>	2,517,706 631,395	2,734,922 685,868
Total Program Cost *	* <u>\$45.466.311</u>	\$37,888,593	\$40.179.809	(\$2.291.217)	<u>-6%</u>	\$3.872.933	\$3,899,023	\$3,149,101	\$3,420,790

<sup>\*</sup> Positive percentages indicate favorable variances

Unaudited - Cash Basis For Management Purposes Only - Unaudited

Memo for Calculations Above:

Notes:

<sup>\*\*</sup> Budgeted Year Based on CCRC Actuary 6/30/2014 Report.

Total budgeted for Year Program costs are CCRC Actuary's Base Line Scenerio dated 6/30/14 Final worksheet Net Paid Program Costs.

<sup>2/.</sup> Federal Share for FFY 2015 is 79.95%. Federal Share for FFY 2014 (10/1/13 - 9/30/14) is set at 79.76%.

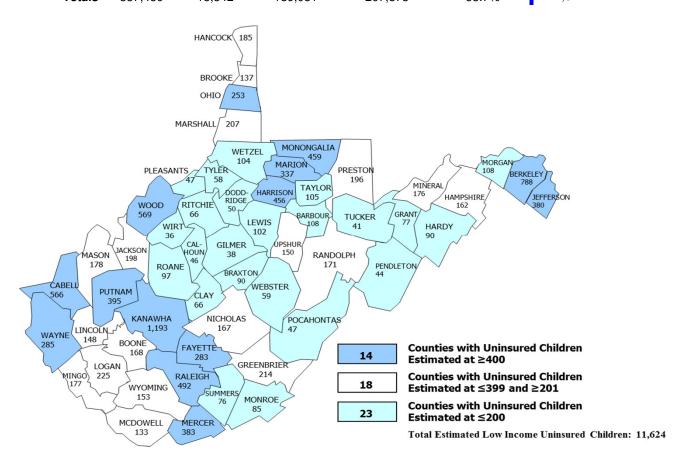
# WVCHIP Enrollment Report April 2015

			Aprii	2015			
					1	2010	2010
	County Pop.	Total CHIP	Total Medicaid	Total	CHIP/Medicaid	Est.	# Children
_	2010 Est.	Enrollment	Enrollment	CHIP/Medicaid	Enrollment	Uninsured	Uninsured
County	(0-18 Yrs)	<u> Apr-15</u>	<u> Apr-15</u>	<u>Enrollment</u>	% of Population	<u>3%</u>	Ranking*
5 .	0.000	000	4.700	4.050	<b>5</b> 4 407	100	00
Barbour	3,600	220	1,738	1,958	54.4%	108	33
Berkeley	26,251	1,202	11,186	12,388	47.2%	788	2
Boone	5,615	214	3,173	3,387	60.3%	168	25
Braxton	3,006	171	1,620	1,791	59.6%	90 107	40
Brooke	4,573	196	1,721	1,917	41.9%	137	31
Cabell	18,879	803	9,702	10,505	55.6%	566 46	4 51
Calhoun	1,518	111	836	947	62.4%	46 66	44
Clay	2,215	133	1,470	1,603	72.4%	50	44 48
Doddridge	1,673	84	726 5.205	810	48.4%	283	46 13
Fayette	9,438	703	5,385	6,088	64.5%	38	54
Gilmer	1,260	63	570	633	50.2%	36 77	54 42
Grant	2,555	115	1,104	1,219	47.7%	77 214	16
Greenbrier	7,131	470	3,737	4,207	59.0%		27
Hampshire	5,392	205	2,399	2,604	48.3%	162	20
Hancock	6,166	290	2,839	3,129	50.7%	185 90	20 39
Hardy	3,015	137	1,654	1,791	59.4%	90 456	39 7
Harrison	15,202	793	6,312	7,105	46.7%	456 198	, 18
Jackson	6,602	312	3,169	3,481	52.7%	380	10
Jefferson	12,679	452	3,942	4,394	34.7%		
Kanawha	39,771	1,676	19,943	21,619	54.4%	1,193	1
Lewis	3,389	183	1,860	2,043	60.3%	102	37
Lincoln	4,930	268	3,240	3,508	71.1%	148	30
Logan	7,496	346	4,624	4,970	66.3%	225	15 11
Marion	11,227	482	5,147	5,629	50.1%	337	
Marshall	6,886	264	3,007	3,271	47.5%	207 178	17 21
Mason	5,929	214	2,902	3,116	52.6%		32
McDowell	4,423	173	3,399	3,572	80.8%	133 383	32 9
Mercer	12,764	767	8,068	8,835	69.2%	363 176	9 23
Mineral	5,868	220 233	2,382 3,981	2,602	44.3%	176	22
Mingo	5,905	233 674	,	4,214	71.4% 39.1%	459	6
Monongalia Monroe	15,294		5,300	5,974	47.8%	459 85	41
Monroe Morgan	2,835 3,596	188 188	1,166 1,615	1,354 1,803	50.1%	108	34
Nicholas	5,590 5,561	314	3,036	3,350	60.2%	167	26
Ohio	8,444	365	3,477	3,842	45.5%	253	14
Pendleton	1,462	93	607	700	47.9%	44	52
Pleasants	1,551	107	568	675	43.5%	47	50
Pocahontas	1,561	130	809	939	60.2%	47	49
Preston	6,536	359	3,076	3,435	52.6%	196	19
Putnam	13,150	516	4,390	4,906	37.3%	395	8
Raleigh	16,403	956	9,161	10,117	61.7%	492	5
Randolph	5,705	405	2,911	3,316	58.1%	171	24
Ritchie	2,205	123	994	1,117	50.7%	66	45
Roane	3,239	253	1,809	2,062	63.7%	97	38
Summers	2,521	152	1,374	1,526	60.5%	76	43
Taylor	3,514	183	1,492	1,675	47.7%	105	35
Tucker	1,371	83	590	673	49.1%	41	53
Tyler	1,924	108	776	884	45.9%	58	47
. ,	1,027	100	,,,	001	10.0 /0		• •

### **WVCHIP Enrollment Report**

April 2015

						2010	2010
	County Pop.	Total CHIP	Total Medicaid	Total	CHIP/Medicaid	Est.	# Children
	2010 Est.	Enrollment	Enrollment	CHIP/Medicaid	Enrollment	Uninsured	Uninsured
County	(0-18 Yrs)	<u> Apr-15</u>	<u> Apr-15</u>	<b>Enrollment</b>	% of Population	<u>3%</u>	Ranking*
Upshur	4,996	287	2,750	3,037	60.8%	150	29
Wayne	9,516	350	5,004	5,354	56.3%	285	12
Webster	1,977	119	1,264	1,383	69.9%	59	46
Wetzel	3,466	178	1,792	1,970	56.8%	104	36
Wirt	1,201	70	722	792	66.0%	36	55
Wood	18,956	791	9,561	10,352	54.6%	569	3
Wyoming	5,116	350	2,951	3,301	64.5%	153	28
Totals	387,459	18,842	189,031	207,873	53.7%	11,624	



<u>Note 1:</u> The most recent estimate for all uninsured children statewide from the US Census Current Population Survey is 3%. It should be noted that even this three percent extrapolation to the county level could vary significantly from county to county depending on the availability of employee sponsored insurance. However, it remains our best gross estimate of the remaining uninsured children.

**Note 2:** It has been estimated that 7 of 10 uninsured children qualify or may have qualified for CHIP or Medicaid in the past, WVCHIP uses the 3% uninsured estimate as a target number for outreach.

## Department of Administration Real Estate Division Leasing Report For the period of May 1, 2015 through May 31, 2015

#### **NEW CONTRACT OF LEASE**

#### DEPARTMENT OF VETERANS ASSISTANCE

**VET-042** New Contract of Lease for 7 months consisting of 759 square feet of office space at the annual per square foot rate of \$13.25, annual cost \$10,062.72, 216 Market Street Suite 301, in the City of Spencer, Roane County, West Virginia.

#### **DIVISION OF REHABILITATION SERVICES**

**DRS-124** New Contract of Lease for 1 year consisting of 3,550 square feet of office space at the annual per square foot rate of \$16.75, annual cost \$59,462.52, full service, 109 Capitol Street, in the City of Charleston, Kanawha County, West Virginia.

#### **DIVISION OF MOTOR VEHICLES**

**DMV-057** New Contract of Lease for 43 months consisting of 1,228 square feet of office space at the annual per square foot rate of \$13.20 from June 1, 2015 through February 29, 2016, annual cost \$16,209.60, then the annual per square foot rate of \$13.70 from March 1, 2016 through February 28, 2019, annual cost \$16,823.64, full service, Shops at Kanawha, in the City of Charleston, Kanawha County, West Virginia.

#### STRAIGHT RENEWAL

#### WEST VIRGINIA ENTERPRISE RESOURCE BOARD

**ERP-004** Renewal for 1 year consisting of 82 parking spaces at the current monthly rate of \$1,600.00, annual cost \$19,200.00, 320 MacCorkle Avenue, in the City of Charleston, Kanawha County, West Virginia.

#### **LOTTERY COMMISSION**

**LOT-006** Renewal for 1 year consisting of 190 square feet of office space at the current annual monthly rate of \$126.66, annual cost \$1,519.92, Wheeling Downs Racetrack, in the City of Wheeling, Ohio County, West Virginia.

**LOT-003** Renewal for 1 year consisting of 6,498 square feet of office space, at the current annual per square foot rate of \$9.80, monthly cost of \$5,306.70, in the Middletown Mall, in the City of Fairmont, Marion County

#### RENEWAL WITH INCREASE IN RENT - DOA OWNED

#### LOTTERY COMMISSION

**LOT-009-SUB** Renewal for 3 years consisting of 3,003 square feet of office space at the current annual per square foot rate of \$13.00 from July 1, 2015 through June 30, 2016, annual cost \$39,039.00, then the annual per square foot rate to \$17.00 from July 1, 2016 through June 30, 2018, annual cost \$51,051.00, full service, 100 Municipal Plaza, in the City of Weirton, Hancock County.

### RENEWAL WITH INCREASE IN RENT - DOA OWNED - CONTINUED

#### **DIVISION OF REHABILITATION SERVICES**

**DRS-089-SUB** Renewal for 3 years consisting of 2,796 square feet of office space at the current annual per square foot rate of \$13.00 from July 1, 2015 through June 30, 2016, annual cost \$36,348.00, then the annual per square foot rate to \$17.00 from July 1, 2016 through June 30, 2018, annual cost \$47,532.00, full service, 100 Municipal Plaza, in the City of Weirton, Hancock County.

**DRS-082** Renewal for 3 years consisting of 8,701 square feet of office space at the current annual per square foot rate of \$13.00 from July 1, 2015 through June 30, 2016, annual cost \$113,113.00, then the annual per square foot rate to \$17.00 from July 1, 2016 through June 30, 2018, annual cost \$147,917.00, full service, 2699 Park Avenue, in the City of Huntington, Cabell County.

#### WV GEOLOGICAL AND ECONOMIC SURVEY

**GES-002** Renewal for 3 years consisting of 1,390 square feet of office space at the current annual per square foot rate of \$14.50 from July 1, 2015 through June 30, 2016, annual cost \$20,155.00, then the annual per square foot rate to \$17.00 from July 1, 2016 through June 30, 2018, annual cost \$23,630.00, full service, 1124 Smith Street, in the City of Charleston, Kanawha County

#### OFFICES OF THE INSURANCE COMMISSIONER

**INS-028** Renewal for 3 years consisting of 49,334 square feet of office space at the current annual per square foot rate of \$14.50 from July 1, 2015 through June 30, 2016, annual cost \$715,343.00, then the annual per square foot rate to \$17.00 from July 1, 2016 through June 30, 2018, annual cost \$838,678, full service, 1124 Smith Street in the City of Charleston, Kanawha County

#### STATE TAX DEPARTMENT

**TAX-050** Renewal for 3 years consisting of 2,459 square feet of office space at the current annual per square foot rate of \$13.00 from July 1, 2015 through June 30, 2016, annual cost \$31,967.00, then the annual per square foot rate to \$17.00 from July 1, 2016 through June 30, 2018, annual cost \$41,803.00, full service, 2699 Park Avenue, in the City of Huntington, Cabell County.

#### DEPARTMENT OF HEALTH AND HUMAN RESOURCES

**HHR-139** Renewal for 3 years consisting of 43,649 square feet of office space at the current annual per square foot rate of \$13.00 from July 1, 2015 through June 30, 2016, annual cost \$567,437.00, then the annual per square foot rate to \$17.00 from July 1, 2016 through June 30, 2018, annual cost \$742,033.00, full service, 2699 Park Avenue, in the City of Huntington, Cabell County.

#### **DIVISION OF MOTOR VEHICLES**

**DMV-050** Renewal for 3 years consisting of 6,099 square feet of office space at the current annual per square foot rate of \$13.00 from July 1, 2015 through June 30, 2016, annual cost \$79,287.00, then the annual per square foot rate to \$17.00 from July 1, 2016 through June 30, 2018, annual cost \$103,683.00, full service, 100 Municipal Plaza, in the City of Weirton, Hancock County.

#### RENEWAL WITH INCREASE IN RENT

#### **WORKFORCE WEST VIRGINIA**

**WWV-017** Renewal for 1 year consisting of 324 square feet of office space with an increase in the monthly rate from \$800.00 to \$1,000.00, annual cost \$12,000.00, full service, 404 Main Street, in the City of Point Pleasant, Mason County, West Virginia.

#### **CANCELLATION**

#### **DIVISION OF REHABILITATION SERVICES**

**DRS-095** Lease cancellation consisting of 3,265 square feet of office space, at the annual per square foot rate of \$16.50, annual cost \$53,872.56, full service, in the City of Fairmont, Marion County, West Virginia.

#### ATTORNEY GENERAL'S OFFICE

**AGO-013** Lease cancellation consisting of 4,000 square feet of storage space, at the annual per square foot rate of \$4.50, annual cost \$18,000, full service, in the City of Charleston, Kanawha County, West Virginia.

#### DEPARTMENT OF HEALTH AND HUMAN RESOURCES

**HHR-198** Lease cancellation consisting of 600 square feet of storage space, at the annual per square foot rate of \$7.40 annual cost \$4,440.00, in the City of Fairmont, Marion County, West Virginia.

#### Real Estate Division Monthly Summary of Lease Activity May 1 - 31, 2015

# of				TO STE		N. D. Style		
ransaci				Square	Rental	Annual	Term in	Total
ons	Agency	Lease #	County	Feet	Rate	Rent	years	Aggregate
1	Department of Veterans Assistance	VET-042	Roane	759	13.25	10,062	0.58	5,835.96
2	Division of Rehabilitation Services	DRS-124	Kanawha	3,550	16.75	59,463	1	59,463
3	Division of Motor Vehicles	DMV-057	Kanawha	1,228	13.70	16,824	4	62,628
4	West Virginia Enterprise Resource Board	ERP-004	Kanawha	0	0.00	19,200	1	19,200
5	Lottery Commission	LOT-006	Ohio	190	0.00	1,520	1	1,520
6	Lottery Commission	LOT-003	Marion	6,498	9.80	63,680	1	63,680
7	Lottery Commission	LOT-009	Hancock	3,003	17.00	51,051	3	141,141
8	Division of Rehabilitation Services	DRS-089	Hancock	2,796	17.00	47,532	3	131,412
9	Division of Rehabilitation Services	DRS-082	Cabell	8,701	17.00	147,917	3	408,947
10	WV Geological and Economic Survey	GES-002	Kanawha	1,390	17.00	23,630	3	67,415
11	Offices of the Insurance Commissioner	INS-028	Kanawha	49,334	17.00	838,678	3	2,392,699
12	State Tax Department	TAX-050	Cabell	2,459	17.00	41,803	3	115,573
13	Department of Health and Human Resources	HHR-139	Cabell	43,649	17.00	742,033	3	2,051,503
14	Division of Motor Vehicles	DMV-050	Hancock	6,099	17.00	103,683	3	286,653
15	WorkForce West Virginia	WWV	Mason	324	0.00	12,000	1	12,000

Total Rentable Square Feet 129,980
Average Annual Rental Rate
Total Annual Rent

#### **CANCELLATIONS**

# of	Agency	Lease #	County	Square	Rental	Annual
1	Division of Rehabilitation Services	DRS-095	Marion	3,265	16.50	53,873
2	Attorney General's Office	AGO-013	Kanawha	4,000	4.50	18,000
3	Department of Health and Human Resources	HHR-198	Marion	600	7.40	4,440

Total Rentable Square Feet 7,865
Total Annual Rent 76,313

<sup>\*</sup> Indicates that rent will exceed \$1,000,000.00 within the lease term. DOA Owned.

# Joint Committee on Government and Finance June 2015

**Department of Health and Human Resources** 

MEDICAID REPORT
March 2015 Data

# WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES BUREAU FOR MEDICAL SERVICES EXPENDITURES BY PROVIDER TYPE SFY2015

MONTH OF MARCH 2015	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
			Current	Current	Year To-Date	4/1/15
	SFY2014	SFY2015	Month Ended	Month Ended	Thru	Thru
			3/31/15	3/31/15	3/31/15	6/30/15
EVDENDITUDES.						
EXPENDITURES: Inpatient Hospital - Reg. Payments	202,966,397	257,510,523	23,757,387	24,777,545	180,780,588	76,729,935
Inpatient Hospital - Neg. Fayments  Inpatient Hospital - DSH	54,939,002	56,248,557	23,737,307	24,777,343	41,323,718	14,924,839
Inpatient Hospital - Supplemental Payments	95,218,203	89,243,734	13,646,043	15,187,562	62,401,555	26,842,179
Inpatient Hospital - GME Payments	5,949,840	6,326,500	13,040,043	13,107,302	4,631,434	1,695,066
Mental Health Facilities	87,806,454	114,697,300	6,240,721	11,358,003	70,358,084	44,339,216
Mental Health Facilities - DSH Adjustment Payments		18,890,400	0,240,721	11,336,003	14,148,607	
Nursing Facility Services - Regular Payments (2)	18,887,345	· · · · ·	46 650 124	49 720 006		4,741,793
	559,628,460	584,456,530	46,650,134	48,729,996	443,919,412	140,537,118
Nursing Facility Services - Supplemental Payments Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
	67 221 629	72.056.000	5 040 052	6 004 667	EO 20E 460	24 670 524
Intermediate Care Facilities - Private Providers	67,221,628	72,056,000	5,049,953	6,004,667	50,385,469	21,670,531
Intermediate Care Facilities - Supplemental Payments	116.054.512	220 145 792	17 570 122	24 050 000	150 412 967	77 722 016
Physicians Services - Regular Payments  Physicians Services - Supplemental Payments	116,054,513	228,145,782	17,579,133	21,950,088	150,412,867	77,732,916
Physicians Services - Supplemental Payments  Physician and Surgical Services - Evaluation and Management	28,165,918	28,329,758	220 024	1 772 221	22,934,258	5,395,500
Physician and Surgical Services - Evaluation and Management	29,338,785	18,441,600	229,021	1,773,231	10,157,175	8,284,425
Physician and Surgical Services - Vaccine Codes	110,721	75,600	601	7,269	37,961	37,639
Outpatient Hospital Services - Regular Payments	123,004,028	192,455,924	15,031,641	18,522,251	136,476,297	55,979,626
Outpatient Hospital Services - Supplemental Payments	69,977,049	73,215,247	20.046.027	40.050.040	55,590,799	17,624,448
Prescribed Drugs	287,304,468	446,947,072	38,846,837	43,358,948	329,453,758	117,493,314
Drug Rebate Offset - National Agreement	(168,922,640)	(203,924,131)	(7,709,090)	(10,461,308)	(158,615,784)	(45,308,347)
Drug Rebate Offset - State Sidebar Agreement	(12,751,219)	(12,751,272)	(21,616)	(654,140)	(11,167,789)	(1,583,483)
Drug Rebate Offset - MCO National	(27,180,928)	(42,180,975)	(4,602,430)	(2,163,884)	(33,686,988)	(8,493,987)
Drug Rebate Offset - MCO State Sidebar Agreement	(2,850,937)	(2,850,937)	(2,067)	(146,253)	(2,837,354)	(13,583)
Dental Services Other Prostitioners Services Regular Poyments	45,190,521	35,122,899	2,328,582	3,381,191	23,166,072	11,956,827
Other Practitioners Services - Regular Payments	12,358,000	21,873,690	1,912,720	2,130,554	14,891,662	6,982,028
Other Practitioners Services - Supplemental Payments	4 964 493	9.074.000	620,004	705 226	- 5 007 007	2 066 002
Clinic Services	4,864,483	8,074,090	630,091	785,236	5,007,997	3,066,093
Lab & Radiological Services	29,768,394	50,660,543	3,982,007	4,885,099	34,879,540	15,781,003
Home Health Services	46,115,847	68,007,137	5,088,755	6,586,252	40,870,071	27,137,066
Hysterectomies/Sterilizations	190,026	495,741	57,705	47,667	309,954	185,787
Pregnancy Terminations	522.640	1 105 007	120,007	400 220	- 004 770	222.045
EPSDT Services	532,619	1,135,687	139,667	109,236	801,772	333,915
Rural Health Clinic Services  Medicare Health Insurance Revments - Port A Bromiums	9,274,142	15,546,108	4,721,497	1,497,834	13,675,429	1,870,679
Medicare Health Insurance Payments - Part A Premiums	18,059,667	18,933,000	1,526,979	1,577,750	12,206,758	6,726,242
Medicare Health Insurance Payments - Part B Premiums	85,786,596	96,349,700	6,765,580	8,029,142	68,449,394	27,900,306
120% - 134% Of Poverty	6,855,111	8,084,583	428,831	777,364	5,555,817	2,528,766
135% - 175% Of Poverty	9 655 000	10 022 226	1 202 112	064.744	7 602 444	2 240 402
Coinsurance And Deductibles	8,655,028	10,033,336	1,203,112	964,744	7,693,144	2,340,192

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# WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES BUREAU FOR MEDICAL SERVICES EXPENDITURES BY PROVIDER TYPE SFY2015

MONTH OF MARCH 2015	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
			Current	Current	Year To-Date	4/1/15
	SFY2014	SFY2015	Month Ended	Month Ended	Thru	Thru
			3/31/15	3/31/15	3/31/15	6/30/15
					.==	
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	539,256,030	604,449,230	51,483,545	50,370,769	453,114,863	151,334,367
Medicaid MCO - Evaluation and Management	25,540,683	24,047,677	10,330	2,003,973	10,182,180	13,865,497
Medicaid MCO - Vaccine Codes	1,356,766	1,182,784	528	98,565	517,228	665,556
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-	-	-	-
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-			-	-
Medicaid Health Insurance Payments: Group Health Plan Payments	466,213	475,900	174,968	45,760	419,003	56,897
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-
Medicaid Health Insurance Payments: Other	-	-	-	-		-
Home & Community-Based Services (MR/DD)	353,850,681	377,765,200	31,083,379	36,323,577	275,264,340	102,500,860
Home & Community-Based Services (Aged/Disabled)	105,482,065	113,605,917	9,428,563	10,949,115	77,012,520	36,593,397
Home & Community-Based Services (Traumatic Brain Injury)	613,943	3,617,500	84,030	347,837	636,780	2,980,720
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	68,109,380	79,419,705	6,372,179	7,636,742	56,432,734	22,986,971
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-
Targeted Case Management Services - State Wide	2,704,666	4,481,780	201,274	431,801	2,183,893	2,297,887
Primary Care Case Management Services	135,444	218,673	8,379	21,026	78,636	140,037
Hospice Benefits (3)	27,186,553	37,987,006	3,122,306	3,652,597	19,714,827	18,272,179
Emergency Services Undocumented Aliens	266,289	557,722	6,977	53,627	50,632	507,090
Federally Qualified Health Center	22,567,905	62,176,521	14,566,988	5,985,468	49,608,581	12,567,940
Non-Emergency Medical Transportation	26,428,386	42,581,936	2,737,663	4,094,539	26,357,680	16,224,256
Physical Therapy	2,705,214	6,527,008	580,140	627,619	4,147,787	2,379,221
Occupational Therapy	475,840	772,306	65,748	74,260	428,969	343,337
Services for Speech, Hearing & Language	482,117	815,158	75,153	78,381	466,483	348,675
Prosthetic Devices, Dentures, Eyeglasses	1,866,935	3,116,235	189,380	299,793	1,784,683	1,331,552
Diagnostic Screening & Preventive Services	878,891	2,136,348	137,454	205,442	1,224,717	911,631
Nurse Mid-Wife	264,176	674,173	68,215	64,824	359,085	315,088
Emergency Hospital Services	(3,569)	(3,700)	(192)	(356)	(448)	(3,252)
Critical Access Hospitals	41,779,836	73,073,296	6,908,337	7,027,988	53,801,797	19,271,498
Nurse Practitioner Services	2,455,160	6,151,638	589,182	591,723	3,349,528	2,802,110
School Based Services	41,449,335	50,270,801	2,794,598	4,833,745	29,280,533	20,990,268
Rehabilitative Services (Non-School Based)	84,277,000	105,820,519	7,953,371	10,236,237	70,172,339	35,648,180
Private Duty Nursing	6,330,885	10,581,348	696,828	1,017,437	5,750,518	4,830,830
Health Home for Enrollees w Chronic Conditions	-	-	43,616	-	116,398	(116,398)
Other Care Services	22,375,566	42,294,100	3,238,938	4,086,262	23,676,189	18,617,911
Less: Recoupments	-	-	(616,526)	-	(804,773)	804,773
NET EXPENDITURES:	3,181,819,910	3,914,446,507	325,487,145	360,174,795	2,759,539,377	1,154,907,130

### WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES BUREAU FOR MEDICAL SERVICES **EXPENDITURES BY PROVIDER TYPE** SFY2015

MONTH OF MARCH 2015	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
			Current	Current	Year To-Date	4/1/15
	SFY2014	SFY2015	Month Ended	Month Ended	Thru	Thru
			3/31/15	3/31/15	3/31/15	6/30/15
Collections: Third Party Liability (line 9A on CMS-64)	(7,458,103)	-	-	-	(3,232,689)	3,232,689
Collections: Probate (line 9B on CMS-64)	(529,196)	-	-	-	(544,467)	544,467
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(173,874)	-	-	-	-	-
Collections: Other (line 9D on CMS-64)	(5,395,229)	-	-	-	(7,446,429)	7,446,429
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	3,168,263,508	3,914,446,507	325,487,145	360,174,795	2,748,315,791	1,166,130,716
Plus: Medicaid Part D Expenditures	37,132,361	36,765,889	3,093,307	3,063,824	27,692,485	9,073,404
Plus: State Only Medicaid Expenditures	2,040,451	2,067,598	59,179	198,808	753,628	1,313,969
Plus: Money Follow the Person Expenditures	677,570	4,319,230	146,918	415,311	940,350	3,378,880
TOTAL MEDICAID EVDENDITUDES	(t. 2.200.442.000	¢ 2.057.500.004	¢ 200 700 540	¢ 202.052.720	¢ 0.777.700.055	(t) 4 470 000 000
TOTAL MEDICAID EXPENDITURES	\$ 3,208,113,890	\$ 3,957,599,224	\$ 328,786,549	\$ 363,852,738	\$ 2,777,702,255	\$ 1,179,896,969
Plus: Reimbursables <sup>(1)</sup>	6,526,128	7,593,130	488,761	730,109	3,738,461	3,854,669
TOTAL EXPENDITURES	\$ 3,214,640,017	\$ 3,965,192,354	\$ 329,275,310	\$ 364,582,847	\$ 2,781,440,716	\$ 1,183,751,638

- (1) This amount will revert to State Only if not reimbursed.
- (2) Of the amount in the "Nursing Facility Services-Regular Payments" line, \$17,502,464 is the amount paid to State Facilities year to date.
  (3) Of the amount in the "Hospice Benefits" line, \$14,587,875 is the amount paid to Nursing Facilities for Hospice Benefits year to date.

# WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES BUREAU FOR MEDICAL SERVICES MEDICAID CASH REPORT SFY2015

MONTH OF MARCH 2015	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
		Current	Year-To-Date	4/1/2015	
	SFY2014	Month Ended	Thru	Thru	SFY2015
REVENUE SOURCES		3/31/2015	3/31/2015	6/30/2015	
Beg. Bal. (5084/1020 prior mth)	\$ 34,992,812	\$ 9,394,576	\$ 19,168,922	\$ -	\$ 19,168,922
MATCHING FUNDS					
General Revenue (0403/189)	276,200,578	36,281,341	282,425,982	30,150,110	312,576,092
MRDD Waiver (0403/466)	88,753,483	7,396,123	59,464,834	29,288,649	88,753,483
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,334	1,947,000	649,000	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,666	4,767,000	1,589,000	6,356,000
Traumatic Brain Injury (0403/835)	800,000	66,666	536,000	264,000	800,000
Title XIX Waiver for Seniors (0403-533)	13,593,620	1,132,801	9,107,725	4,485,895	13,593,620
Medical Services Surplus (0403/633)	7,400,000	-	-	41,238,413	41,238,413
Waiver for Senior Citizens Surplus (0403/526)	1,000,000	_	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	21,335,090	_	12,606,576	4,402,192	17,008,768
Lottery Waiver (0420/539)	10,131,368	_	11,968,269	3,989,421	15,957,690
Lottery Transfer (5405/871)	50,588,667	31,355,462	37,857,962	2,167,500	40,025,462
Excess Lottery (5365/189)	96,543,971	9,672,664	9,672,664	26,228,418	35,901,082
Lottery Surplus (5365/681)	-	-	-	-	-
Trust Fund Appropriation (5185/189)	82,714,900	11,370,319	112,246,112	20,035,165	132,281,277
Provider Tax (5090/189)	205,581,008	15,914,760	148,728,795	54,136,212	203,081,007
Certified Match	20,992,555	1,952,205	16,006,047	7,516,941	23,522,988
Reimbursables - Amount Reimbursed	6,824,604	9,072,173	12,324,234	(4,731,104)	7,593,130
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	5,845,141	39,743	726,787	1,439,616	2,166,403
CHIP State Share	-	-	8,088,707	(4,130,066)	3,958,641
CMS - 64 Adjustments	690,029	_	574,531	(574,531)	- 0,000,011
TOTAL MATCHING FUNDS	\$ 932,939,826	\$ 134,394,835	\$ 748,218,146	\$ 218,144,831	\$ 966,578,978
FEDERAL FUNDS	\$ 2,332,959,079	\$ 254,497,577	\$ 2,108,903,919	\$ 934,865,188	\$ 3,043,769,106
TOTAL REVENUE SOURCES	\$ 3,265,898,904	\$ 388,892,412	\$ 2,857,122,065	\$ 1,153,010,019	\$ 4,010,348,084
	Ψ 0,200,000,001	Ψ 000,002,112	<u>Ψ 2,007,122,000</u>	Ψ 1,100,010,010	ψ 1,010,010,00
TOTAL EXPENDITURES:	(h 0 044 040 047	(h 000 075 040	Φ 0.704.440.740	(h	<b>6</b> 0005 100 05
Provider Payments	\$ 3,214,640,017	\$ 329,275,310	\$ 2,781,440,716	\$ 1,183,535,638	\$ 3,965,192,354
TOTAL	\$ 51,258,887	\$ 59,617,102	\$ 75,681,349		\$ 45,155,731

9 Months Actuals

3 Months Remaining

Note: FMAP (71.09% applicable Jul. - Sep. 2014) (71.35% applicable Oct. 2014 - Jun. 2015)

# Joint Committee on Government and Finance June 2015

**Department of Health and Human Resources** 

# MEDICAID WAIVER REPORT March 2015 Data

#### WV Department of Health and Human Resources Bureau for Medical Services AD Waiver Program Report

Aged Dis	abled Waiver Reported March 31, 2015	FY 2014 YTD	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	YTD 2015
Slots Approved By	CMS (1)	6,409	6,199	6,199	6,199	6,199	6,199	6,199	6,199	6,199	6,199				6,199
Total number of mo	6,183	5,412	5,544	5,654	5,675	5,731	5,776	5,821	5,864	6,027				6,027	
Applicants determi	ned eligible this month and added to MEL (3)	1,245	199	70	224	190	194	223	198	139	139				1,576
Applicants determi	ned ineligible	210	8	11	18	25	12	12	16	20	27				149
	ACTIVE MEMBERS														
YTD Column reflec	ets most recent month's count	5,330	5,412	5,453	5,535	5,480	5,520	5,488	5,495	5,456	5,570				5,570
Active members e	nrolled during the calendar month	470	101	181	143	131	70	68	60	51	165				970
	ed during the calendar month	853	0	140	61	186	30	100	53	90	51				711
ADW Members whose case was	Member is deceased	518	0	77	16	70	10	40	39	39	37				328
closed by reason			0	63	45	116	20	60	14	51	14				383
	NAGED ENROLLMENT LIST (MEL)														
# Eligible applicant from MEL)	s closed during the calendar month (removed	new	529	216	284	347	186	140	248	793	781				3,524
ADW Applicants	Applicant offered a slot	new	458	207	200	270	59	50	158	460	584				2,446
removed from the	Applicant became deceased	532	29	9	50	24	19	23	18	15	17				204
MEL	Other (5)	new	40	0	34	53	108	67	72	318	180				872
1 ' '	MEL who are in a nursing facility ets average # members in setting	55	138	88	51	82	82	81	80	37	0				71
	MEL receiving Personal Care cts average # members in setting	140	69	227	199	173	167	172	158	61	0				136
Applicants on the	Applicants on the MEL at the end of the month		1,789	1,643	1,583	1,426	1,434	1,517	1,467	813	171				N/A
, ,	e spent on the MEL to date (6) cts average # of days	Jul-12	33	64	94	125	155	186	217	245	91	_	_		134

- (1) Of the 6,199 slots approved by CMS, 70 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant. This includes slots created by legislative appropriations but not yet submitted to CMS for approval due to the State-wide transition plan requirement.
- (2) Unduplicated slots used refers to the total number of members who accessed services during the fiscal year.
- (3) Monthly number added to MEL is being reported in the month an applicant is determined medically eligible; however, the individual's placement date on the managed enrollment list will be based on their initial application date.
- (4) Other reason for closing a case may include, but is not limited to: No services for 180 days, unsafe environment, member non-compliance with program, member no longer desires services, member no longer a WV resident, member no longer medically or financially eligible.
- (5) "Other" includes those who are no longer a WV resident, voluntarily decline the program, etc.
- (6) Was previously reported in month/year. Now reported in actual days on the MEL
- All data reported by Utilization Management Contractor is effective as of transpire date in web-based system. Data is point-in-time.

NOTE: 5/4/2015 Report included a change in methodology for calculating longest time spent on the MEL. If applicant became ineligible for waiver services (voluntarily declined services or no longer waiver eligible due to income/assets) but then regained eligibility, the number of days is counted beginning with newest instance of applicant-eligible status. This accounts for those who were not responsive to financial eligibility requirements, but then finally complied after the deadline and/or those who declined services and then shortly thereafter changed their mind. Previous months' data was revised to reflect this new methodology.

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

Intellectual/Dev	relopmental Disabilities Waiver Reported March 31, 2015	FY 2014	July-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	YTD 2015
Slots approved by	CMS	4,534	4,634	4,634	4,634	4,634	4,634	4,634	4,634	4,634	4,634				4,634
Total number of members served YTD (unduplicated slots used) (1)			4,634	4,634	4,634	4,634	4,634	4,634	4,634	4,634	4,634				4,634
Applicants determi	ned eligible (2)	348	52	35	34	35	37	17	36	19	25				290
Applicants determi	ned ineligible (3)	292	38	33	31	42	29	24	49	14	17				277
ACTIVE MEMBERS				-	-	=	-				-	-		-	•
# of active membe	rs at the end of the month (unduplicated slots active) (1)	4,435	4,603	4,607	4,596	4,591	4,585	4,571	4,563	4,551	4,539				4,539
Discharged member	ers at the end of the calendar month	114	8	11	12	9	6	15	9	16	12				98
Discharged	Deceased	49	3	6	5	4	4	10	2	5	5				44
members who were discharged	Left program to enter a facility	10	0	0	3	1	0	1	0	2	2				9
by reason	Other (6)	55	5	5	4	4	2	4	7	9	5				45
	MANAGED ENROLLMENT LIST (MEL)														
Total number of ap	plicants on the MEL at the end of the month	972	848	868	899	932	966	978	1,012	1,025	1,049				1,049
Number of applicat	nts added to the MEL (4)	348	52	35	34	35	37	17	36	19	25				290
Applicants enrolled	(moved from the MEL)	155	176	15	0	6	0	1	1	4	0				203
Applicants removed from the MEL due to Death (5)		10	0	0	1	1	0	2	0	0	0				4
Applicants on the MEL who are in a Nursing Facility		2 Avg.	3	3	3	3	3	3	3	4	4				4
Applicants on the MEL who are in an ICF/IID Group Home		52 Avg.	53	54	57	57	59	63	64	69	70				70
Applicants on the MEL receiving Personal Care Services each month		40 Avg.	47	51	54	56	57	59	61	62	66				66
Longest on the ME	L to date (7)	945	738 Days	769 Days	799 Days	830 Days	860 Days	891 Days	908 Days	915 Days	946 Days				946 Days

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

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

<sup>(4)</sup> 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.

<sup>(5)</sup> 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.

<sup>(6)</sup> 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.

<sup>(7)</sup> Longest number of days an applicant has been on the MEL.

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

Traumatic Brain I	njury Waiver Reported March 31, 2015	FY 2014	July-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	YTD 2015
Slots Approved By	CMS	125	125	125	125	125	125	125	125	125	125	125	125	125	125
Total number of me	embers served YTD (unduplicated slots used) (1)	46	43	44	48	48	50	56	59	61	66				65
Applicants determine	ned eligible and became active this month (2)	37	6	1	4	0	2	6	3	2	4				28
Applicants determined ineligible (3)			0	0	0	0	2	0	2	0	0				4
	ACTIVE MEMBERS														
Active members at the end of the month (unduplicated slots active)			43	44	48	44	46	52	51	52	56				56
Closed member at the end of the calendar month		9	0	0	0	4	0	0	4	1	0				9
TBI Members	Deceased	1	0	0	0	1	0	0	1	0	0				2
whose case was	Left program to enter a faculty	1	0	0	0	0	0	0	0	0	0				0
closed by reason	Other (4)	7	0	0	0	3	0	0	3	1	0				7
MAN	AGED ENROLLMENT LIST (MEL) *														
Total number of ap	plicants on the MEL at the end of the month	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A				N/A
Number of applicar	nts added to the MEL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A				N/A
Applicants enrolled	(moved from the MEL due to slot releases)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A				N/A
Applicants removed from the MEL due to death		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A				N/A
New Applicants on the MEL who are in a nursing facility		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A				N/A
New Applicants on the MEL receiving Personal Care each month		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A				N/A
Longest on the ME	L to date	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A				N/A

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

<sup>(2</sup> and 3) Numbers determined eligible and ineligible reflect the activity for the month reported. Eligibility refers to medical eligibility only. Financial eligibility is determined at a later date.

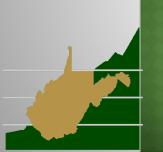
<sup>(4)</sup> Currently there is no way to track other reasons why someone may leave the MEL for reasons such as moved out of state, decided not to participate in program, etc.

<sup>\*</sup> There is currently no Managed Enrollment List for the TBI Waiver Program.

## WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

April 30, 2015



	6/30/2014		4/30/2015				Pe	erformance	%		
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
WVIMB Fund Assets	16,877,312	100.0	17,194,203	100.0							
Pension Assets	13,389,464	79.3	13,636,707	79.3							
Public Employees' Retirement System	5,629,812	33.4	5,790,772	33.7	1.9	5.1	4.5	8.3	10.9	9.9	7.6
Teachers' Retirement System	6,655,376	39.3	6,716,631	39.1	1.9	5.1	4.5	8.3	10.9	9.8	7.3
EMS Retirement System	53,343	0.3	56,525	0.3	2.0	5.1	4.5	8.3	10.9	9.8	
Public Safety Retirement System	601,077	3.6	595,971	3.5	2.0	5.1	4.5	8.2	11.0	10.0	7.5
Judges' Retirement System	165,239	1.0	171,508	1.0	2.0	5.1	4.5	8.3	10.9	9.9	7.5
State Police Retirement System	120,572	0.7	131,301	0.8	2.0	5.1	4.5	8.3	10.9	9.9	7.5
Deputy Sheriffs' Retirement System	161,491	1.0	170,725	1.0	2.0	5.1	4.5	8.3	10.9	9.9	7.6
Municipal Police & Firefighter Retirement System	1,150	0.0	1,845	0.0	1.9	5.0	4.5	8.2	10.2		
Municipal Model A	1,404	0.0	1,429	0.0	1.9	5.0	4.5	8.2			
Insurance Assets	2,449,418	14.5	2,553,544	14.9							
Workers' Compensation Old Fund	1,197,954	7.0	1,278,839	7.4	1.1	2.3	2.1	4.4	5.2	5.6	
Workers' Comp. Self-Insured Guaranty Risk Pool	15,707	0.1	15,958	0.1	1.1	2.7	2.9	5.4	6.2	5.7	
Workers' Comp. Self-Insured Security Risk Pool	7,165	0.0	9,157	0.1	1.1	2.7	2.8	5.3			
Workers' Comp. Uninsured Employers' Fund	10,704	0.1	11,006	0.1	1.1	2.7	2.8	5.3	6.1	5.3	
Pneumoconiosis	269,556	1.6	266,002	1.5	1.1	2.7	2.9	5.4	6.3	6.2	5.5
Board of Risk & Insurance Management	147,378	0.9	139,352	8.0	1.1	2.7	2.9	5.5	6.3	6.3	6.1
Public Employees' Insurance Agency	214,210	1.3	220,703	1.3	1.2	2.8	3.0	5.6	6.4	6.3	
WV Retiree Health Benefit Trust Fund	584,257	3.5	610,390	3.5	2.0	5.1	4.5	8.3	10.7	9.4	
AccessWV	2,487	0.0	2,137	0.0	0.0	0.0	0.0	0.0	0.8	3.5	
Endowment Assets	1,038,430	6.2	1,003,952	5.8							
Wildlife Fund	52,488	0.3	54,811	0.3	2.0	5.1	4.5	8.3	10.9	9.9	7.5
Prepaid Tuition Trust	77,100	0.5	69,211	0.4	0.8	2.7	4.2	7.0	8.4	8.4	7.2
Revenue Shortfall Reserve Fund	477,831	2.8	381,433	2.2	0.5	(0.2)	1.0	2.9	1.9	4.0	
Revenue Shortfall Reserve Fund - Part B	381,423	2.3	389,350	2.3	1.1	2.3	2.1	4.3	5.3	5.9	
WV DEP Trust	8,717	0.1	8,379	0.0	1.9	5.3	4.5	8.0	10.8		
WV DEP Agency	40,871	0.2	100,768	0.6	1.3	3.4	3.5	6.1			

#### **West Virginia Investment Management Board**

Composite Asset Allocation & Performance Net of Fees As of April 30, 2015

					Pe	rformance '	%		
<u>-</u>	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
Investment Pools Composite	17,204,936	100.00							
Total Equity Composite +/- Total Equity Policy Index (b)	8,650,788	50.28	2.88 <i>0.04</i>	7.37 0.14	3.72 <i>0.</i> 26	8.25 <i>0.36</i>	14.24 1.14	11.74 <i>1.</i> 28	8.42 1.19
US Equity Composite +/- Russell 3000 Index	4,177,792	24.28	(0.03) (0.48)	4.64 (0.55)	8.16 <i>0.5</i> 3	13.10 <i>0.3</i> 6	17.14 <i>0.</i> 28	15.05 <i>0.7</i> 2	9.01 <i>0.35</i>
Large Cap Composite +/- S& <i>P 500 Index</i>	3,363,671	19.55	0.24 <i>(0.72)</i>	4.39 <i>(0.68)</i>	9.20 <i>1.05</i>	14.36 <i>1.38</i>	17.02 <i>0.</i> 29	14.80 <i>0.4</i> 7	8.49 <i>0.17</i>
Non-Large Cap Composite +/- Russell 2500 Index	814,121	4.73	(1.15) <i>0.60</i>	5.71 <i>0.2</i> 2	4.90 <i>0.4</i> 8	9.21 <i>(1.4</i> 9)	17.27 <i>0.54</i>	15.98 <i>1.</i> 97	10.48 <i>0.55</i>
International Equity Composite +/- MSCI AC World ex US IMI Index (c)	4,472,996	26.00	5.77 <i>0.5</i> 3	10.04 <i>0.7</i> 9	(1.10) <i>(0.35)</i>	3.03 <i>(0.01)</i>	11.13 <i>1.8</i> 6	8.24 1.70	8.38 1.64
Fixed Income Composite +/- Barclays Capital Universal (d)	3,495,215	20.32	0.33 <i>0.4</i> 5	0.60 <i>0.8</i> 9	2.02 <i>(0.92)</i>	3.41 <i>(0.93)</i>	3.73 <i>0.65</i>	4.67 <i>0.18</i>	4.97 <i>(0.02)</i>
Core Fixed Income +/- Barclays Capital Aggregate	1,071,108	6.23	(0.26) 0.10	(0.48) 0.36	3.57 <i>0.34</i>	4.80 <i>0.34</i>	3.15 <i>0.5</i> 5	4.87 <i>0.75</i>	
Total Return Fixed Income +/- Barclays Capital Universal	2,424,107	14.09	0.59 <i>0.71</i>	1.09 <i>1.38</i>	1.32 <i>(1.62)</i>	2.79 <u>(1.55)</u>	4.06 <i>0.98</i>	4.44 (0.05)	5.43 <i>0.4</i> 2
TIPS Composite +/- Barclays Capital U.S.TIPS	440,685	2.56	0.74 <i>0.00</i>	(0.93) 0.02	(0.01) <i>(0.06)</i>	2.39 <i>(0.09)</i>	0.19 <i>(0.01)</i>	3.89 <i>(0.07)</i>	
Cash Composite +/- Citigroup 90 Day T-Bill (e)	131,892	0.77	0.01 <i>0.01</i>	0.03 <i>0.0</i> 3	0.09 <i>0.0</i> 8	0.11 <i>0.0</i> 9	0.14 <i>0.01</i>	0.13 <i>(0.05)</i>	1.60 <i>0.01</i>
Private Equity Composite +/- Russell 3000 + 3% (f, g)	1,390,752	8.08	2.35	5.80	9.00	14.90	12.70	14.15 <i>(4.48)</i>	
Real Estate Composite +/- NCREIF + 1% (f)	1,448,887	8.42	0.70	1.95	7.68	10.88	10.32	10.33 <i>(</i> 3.01)	
Hedge Fund Composite +/- HFRI FOF + 1% (h)	1,646,717	9.57	0.49 <i>(0.12)</i>	2.40 (0.75)	6.01 <i>0.86</i>	8.11 <i>0.52</i>	7.93 2.96	6.12 1.39	

#### West Virginia Investment Management Board

Participant Plans Allocation vs. Strategy As of April 30, 2015

As of April 30, 2015		Domestic			Equity		Income		e Equity		Estate	0	Funds	Cas	
		Actual % Si	trategy % A	ctual %	Strategy %	Actual %	Strategy % A	Actual %	strategy %						
Pension Assets															
Public Employees' Retirement System		26.5	27.5	28.5	27.5	14.5	15.0	9.6	10.0	10.1	10.0	10.5	10.0	0.3	0.0
Teachers' Retirement System		26.5	27.5	28.5	27.5	14.3	15.0	9.7	10.0	10.2	10.0	10.5	10.0	0.3	0.0
EMS Retirement System		26.4	27.5	28.4	27.5	14.7	15.0	10.0	10.0	9.9	10.0	9.9	10.0	0.7	0.0
Public Safety Retirement System		26.3	27.5	28.9	27.5	14.3	15.0	10.2	10.0	10.1	10.0	10.1	10.0	0.1	0.0
Judges' Retirement System		26.3	27.5	28.6	27.5	14.5	15.0	10.1	10.0	10.0	10.0	10.1	10.0	0.4	0.0
State Police Retirement System		26.3	27.5	28.4	27.5	14.6	15.0	10.0	10.0	9.9	10.0	10.1	10.0	0.7	0.0
Deputy Sheriffs' Retirement System		26.4	27.5	28.5	27.5	14.7	15.0	10.0	10.0	10.0	10.0	10.2	10.0	0.2	0.0
Municipal Police & Firefighter Retireme	ent System	26.4	27.5	27.0	27.5	14.3	15.0	9.1	10.0	9.6	10.0	9.6	10.0	4.0	0.0
Municipal Model A		26.5	27.5	27.8	27.5	13.6	15.0	10.1	10.0	9.9	10.0	9.8	10.0	2.3	0.0
Insurance Assets															
Workers' Compensation Old Fund		14.8	15.0	15.2		65.5	70.0					0.0	0.0	4.5	0.0
Workers' Comp. Self-Insured Guaranty		14.2	15.0	15.6		45.1	45.0				0.0	20.0	20.0	5.1	5.0
Workers' Comp. Self-Insured Security		14.7	15.0	14.9		44.6						19.9	20.0	5.9	5.0
Workers' Comp. Uninsured Employers	Fund	14.8	15.0	15.6		39.7	40.0	0.0		0.0	0.0	20.1	20.0	9.8	10.0
Pneumoconiosis		14.8	15.0	15.5		45.0						20.1	20.0	4.6	5.0
Board of Risk & Insurance Mgmt.		14.9	15.0	15.4		44.7	45.0	0.0			0.0	20.1	20.0	4.9	5.0
Public Employees' Insurance Agency		14.5	15.0	15.6		49.8						20.0	20.0	0.1	0.0
WV Retiree Health Benefit Trust Fund		26.7	27.5	28.4		14.8	15.0		10.0		10.0	9.9	10.0	0.1	0.0
AccessWV		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0
Endowment Assets															
Wildlife Fund		26.7	27.5	28.3	27.5	14.8	15.0	10.0	10.0	10.0	10.0	9.9	10.0	0.3	0.0
Prepaid Tuition Trust		29.2	30.0	16.9	16.0	52.4	54.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5	0.0
Revenue Shortfall Reserve Fund		0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Shortfall Reserve Fund - Par	t B	14.9	15.0	15.3	15.0	69.7	70.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
WV DEP Trust		32.5	32.5	32.5	32.5	14.9	15.0	0.0	0.0	0.0	0.0	20.0	20.0	0.1	0.0
WV DEP Agency		19.0	20.0	19.2	20.0	37.9	40.0	0.0	0.0	0.0	0.0	19.1	20.0	4.8	0.0

#### **West Virginia Investment Management Board**

Footnotes As of April 30, 2015

- (a) As of January 2014, the PERS Policy is 30% Russell 3000, 30% MSCI ACW ex USA (IMI), and 40% Barclays Capital Universal. From April 2008 to December 2013, the PERS Policy was 30% Russell 3000, 30% MSCI ACW ex USA (Standard), and 40% Barclays Capital Universal. Prior periods were 42% Russell 3000, 18% MSCI ACW ex USA, and 40% Barclays Capital Aggregate.
- (b) As of January 2014, the Total Equity Policy Index is 50% Russell 3000 and 50% MSCI ACW ex USA (IMI). From April 2008 to December 2013, the Total Equity Policy Index was 50% Russell 3000 and 50% MSCI ACW ex USA (Standard). Prior periods were 40% S&P 500, 30% Russell 2500, and 30% MSCI ACW ex USA.
- (c) Prior to January 2014, the index was the MSCI ACW ex USA (Standard).
- (d) Prior to April 2008, the index was Barclays Capital Aggregate.
- (e) Prior to January 2014, the index was Citigroup 90 Day T-Bill plus 15 basis points.
- (f) The Private Equity Composite and Real Estate Composite are long-term programs whose benchmarks are only reported for 5 years and beyond.
- (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.
- Franklin Benchmark is 50% JPM EMBI Global Diversified and 50% JPM GBI EM Diversified.
- (j) Prior to April 2008, the index was a custom index.
- (k) Security Capital Benchmark is 40% Wilshire US REIT Index, 30% Wells Fargo Hybrid & Preferred Securities REIT Index, and 30% BC REIT Bond Index.

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

# **Status Report:**

## **Workers' Compensation**

Joint Committee on Government & Finance

June 2015



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#### Introduction

With the passage of S.B. 1004 in January 2005, significant changes were made to workers' compensation insurance in West Virginia. The State administered monopolistic fund effectively ended when a new domestic mutual insurance company, "BrickStreet", was formed to issue workers' compensation insurance on a going forward basis. BrickStreet began writing new workers' compensation insurance liabilities effective January 2006. (They also retained the workers' compensation insurance premium and incurred liability starting in July 2005.) The West Virginia workers' compensation insurance market was later opened to competition beginning in July 2008.

At the time when the domestic mutual insurance company was formed in order to begin to privatize the workers' compensation insurance market in West Virginia, a large legacy liability existed stemming from the historical operation of the State administered monopolistic fund. Subsequent to privatization, this legacy liability was retained by the State of West Virginia in what is now known as the "Old Fund." The Old Fund consists of all historical claims with dates of injuries or last exposure through June 30, 2005. Apart from those sections which specifically reference other "funds," the "private market," or the "self-insured" community (which began in July 2004), this report concerns the workers' compensation legacy liability of the State of West Virginia, i.e. the Old Fund.

Although belonging to the State of West Virginia, the administration of the Old Fund was initially placed via statute with BrickStreet. By January 2008, however, BrickStreet relinquished the administration of the Old Fund back to the State to be managed by the West Virginia Offices of the Insurance Commissioner contracted with three Third Party Administrators (TPA's: Sedgwick Claims Management Services, Wells Fargo Disability Management, and American Mining Insurance Company) to ensure timely claim payments and proper claims management with the ultimate goal of claim resolution.

At January 2008, there were 47,961 active Old Fund workers' compensation insurance claims. The first Workers' Compensation Status Report to the Joint Committee on Government and Finance was issued in June 2008. The following pages update the status of the various workers' compensation funds and the activities associated with the administration of the workers' compensation responsibilities transitioned to the Offices of the Insurance Commissioner.

#### **Definitions:**

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

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

<u>Claim Reserve:</u> 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.

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

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

**<u>FBL:</u>** 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.

<u>Inactive FBL Claim:</u> an FBL claim for which an award had been sought, but was not afforded. Federal statues permit an appeal process which lasts for 1 year, so the claim would be reopened for consideration upon appeal. Some variance in the number of reported "inactive" claims has occurred in the past due to one TPA holding active reserves on "inactive" claims. This has subsequently been rectified. Denied Old Fund FBL claims are closed administratively after 6 months, as the TPA's bill for claims management services monthly on an open claims basis.

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

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

**Non-FBL:** claim for benefits other than a Federal Black Lung award, i.e. all other claim types.

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

<u>OP/OD</u>: 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.

**Partial Award:** claim for which benefits are being paid, but no official award has been made.

<u>Payment Agreement:</u> individual legal agreements that were made in order to settle a particular payment issue on a specific claim. These are different than your "standard" claim types, such as PTD or TPD. They identify a sub-set of claims that are not settled in the same philosophy that is practiced today. This normally references a situation in which a PT was granted years ago and the "onset" date was in litigation. A compromise was reached and a settlement was executed to the agreed up "onset" date. Although a settlement was executed, it was only applicable to an issue, not to the entire claim, so monthly payments continue to pay on these claims.

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

<u>PPD</u>: (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.

<u>PTD:</u> (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.

<u>Self-Insured:</u> 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.

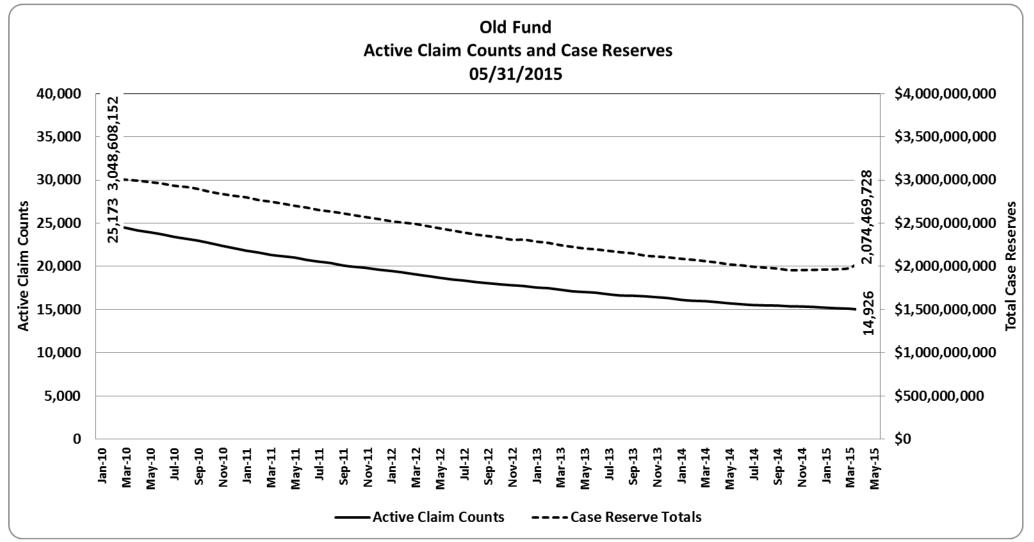
<u>Self-Insured Guaranty Fund:</u> State managed fund into which premiums received are held, and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last exposure after 07/01/2004.

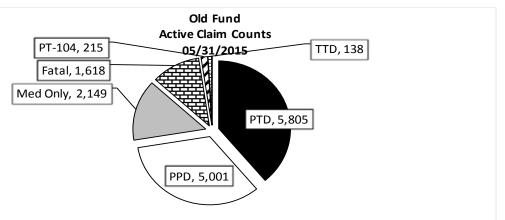
<u>Self-Insured Security Fund:</u> State managed fund into which premiums received are held, and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last exposure <u>before</u> 07/01/2004. This fund is limited to claimants of those self-insured employers who have defaulted on their claims obligations after 12/31/2005.

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

<u>TTD:</u> (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.

<u>Uninsured Fund:</u> 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.





Fatal – worker died due to injury or illness

**Med Only** –payment of medical benefits without wage replacement

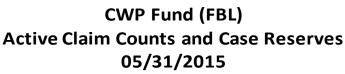
**PPD** - Permanent Partial Disability; unlikely to improve with treatment

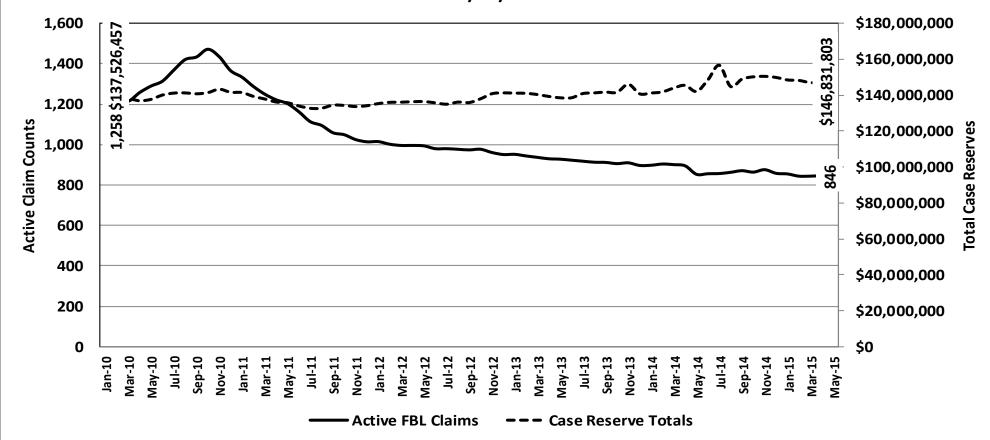
PT-104 – Final 2 years (104 weeks) of payments being made to the

surviving beneficiary on behalf of the injured worker

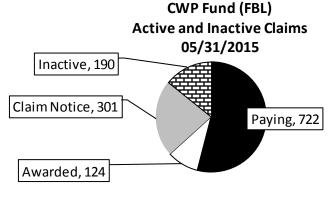
**PTD** - Permanent Total Disability; unable to engage in employment

**TTD** - Temporary Total Disability; unable to engage in employment





8



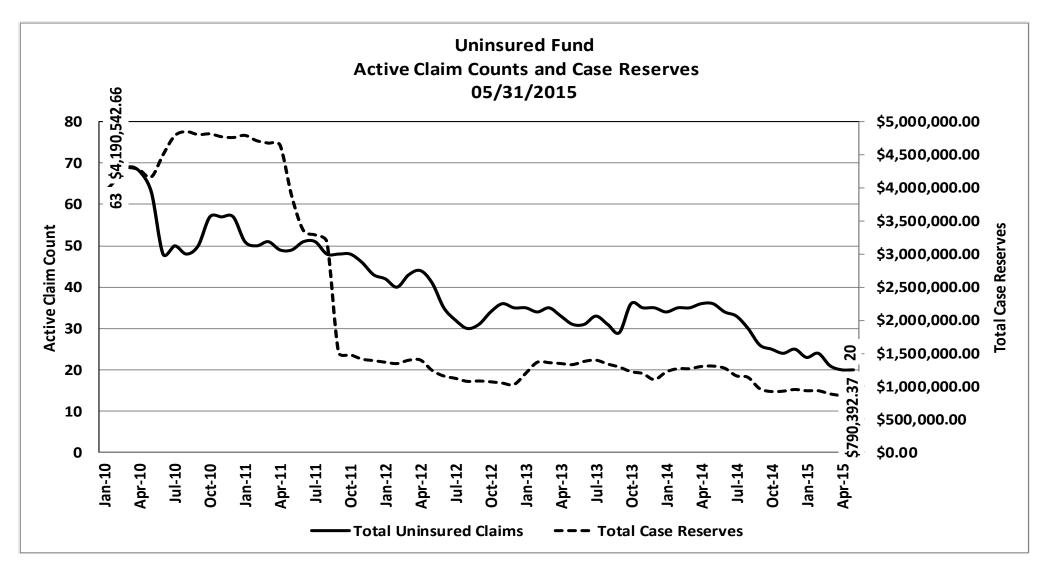
■ Paying □ Awarded ■ Claim Notice □ Inactive

**Awarded/Paying** – Award made and/or benefits being paid to claimant/beneficiary

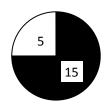
**Claim notice/Inactive** – claim for which an award was or is being sought, but not yet afforded. Federal statues permit an appeal, so claim may be reopened

**CWP Fund** - Coal Worker's Pneumoconiosis; miners/beneficiaries disabled or deceased

**FBL** - Occupational Pneumoconiosis (Black Lung) under Title IV of the federal Coal Mine Health and Safety Act of 1969, i.e. Federal Black lung, or FBL.



Uninsured Fund Active Claim Counts 05/31/2015

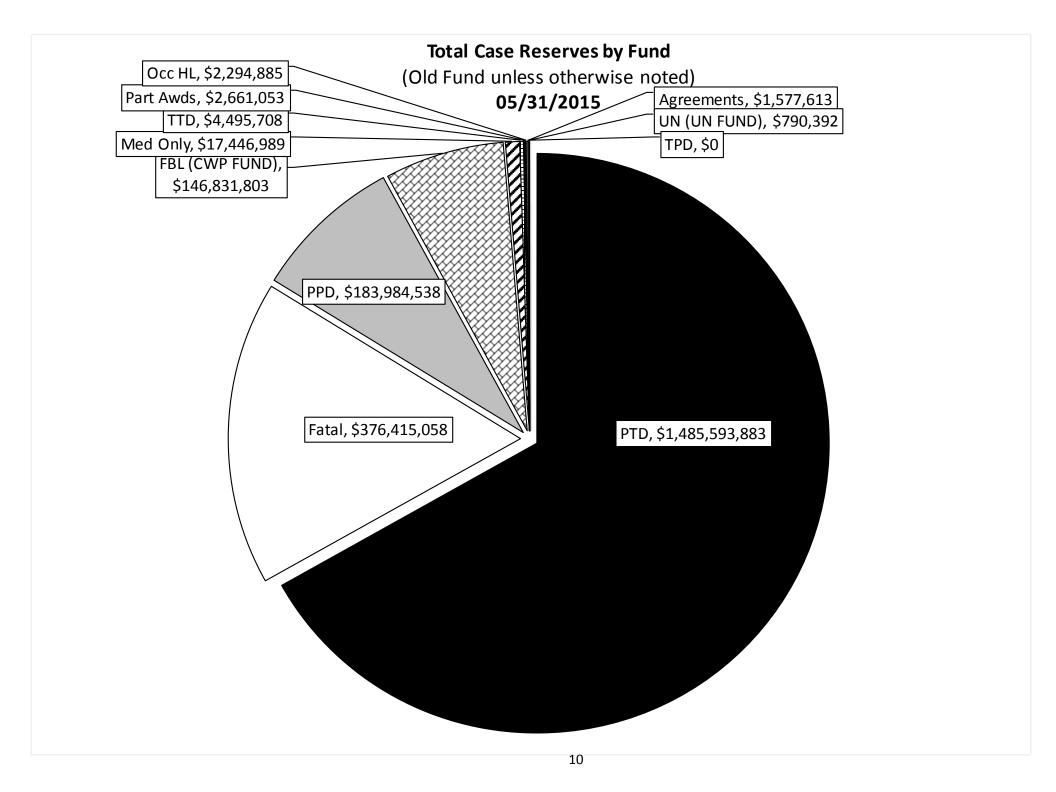


■ Indemnity □ Med Only

**Indemnity** – statutory wage replacement and medical benefits awarded

**Med Only** –payment of medical benefits without wage replacement

**Uninsured (Employer's) Fund** - (UEF) established January 1, 2006 to provide worker's compensation benefits to injured workers of uninsured WV employers. 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.



### OLD FUND CASH STATEMENT May 31, 2015

#### Three Year History for years ended:

				Tillee	real flistory for years	ciidea.
	YTD FY2015	YTD FY2014	Change	FY2014	FY2013	FY2012
Cash Beginning Balances	1,190,142,811	1,061,595,681	128,547,130	1,061,595,681	942,505,408	943,172,539
Revenues						
Personal Income Tax	84,800,000	84,800,000	-	95,400,000	95,400,000	95,400,000
Severance Tax	110,766,898	94,049,063	16,717,835	109,467,900	94,562,969	93,947,355
Debt Reduction Surcharge	34,094,424	33,665,313	429,111	34,138,820	36,853,941	39,758,082
Self-Insured Debt Reduction Surcharge	8,795,476	8,007,623	787,853	8,493,207	8,733,494	9,620,197
Video Lottery	11,000,000	11,000,000	-	11,000,000	11,000,000	11,000,000
Employer Premium	197,511	197,038	473	284,075	335,102	575,167
Other Income - Return of Unclaimed Property	153,137	92,953	60,184	92,953	48,332	202,103
Operating Revenues	249,807,446	231,811,989	17,995,457	258,876,955	246,933,837	250,502,904
Investment / Interest Earnings (Losses)	35,187,896	50,871,057	(15,683,161)	67,734,120	77,380,803	18,284,929
Total Revenues	284,995,342	282,683,046	2,312,296	326,611,075	324,314,640	268,787,833
Expenditures						
Claims Benefits Paid:						
Medical	27,165,486	29,208,165	(2,042,679)	31,791,671	33,512,816	39,226,318
Permanent Total Disability	96,475,196	102,259,033	(5,783,837)	111,490,282	118,396,619	124,963,432
Permanent Partial Disability	337,353	673,911	(336,558)	720,723	1,137,910	1,822,571
Temporary Disability	-	-	-	7,741	59,227	188,666
Fatals	23,427,981	24,054,246	(626,265)	26,407,057	26,966,847	28,139,830
104 weeks death benefit	5,349,041	5,498,834	(149,793)	6,200,020	6,670,578	6,729,656
Settlements	11,713,370	7,951,077	3,762,293	9,136,495	9,011,730	56,164,626
Loss Adjustment Expenses	1,869,964	1,323,087	546,877	1,467,221	998,774	2,333,885
Total	166,338,391	170,968,353	(4,629,962)	187,221,209	196,754,501	259,568,984
Less: Claims credits and overpayments	1,969,566	3,090,630	(1,121,065)	3,265,629	4,617,178	8,161,625
Total Benefits Paid	164,368,825	167,877,722	(3,508,897)	183,955,580	192,137,323	251,407,359
Administrative Expenses	9,168,380	13,040,199	(3,871,819)	14,108,365	13,087,043	18,047,605
Total Expenditures	173,537,204	180,917,921	(7,380,717)	198,063,945	205,224,366	269,454,964
Excess (Deficiency) of Revenues over Expenditures	111,458,138	101,765,125	9,693,012	128,547,130	119,090,274	(667,131)
Cash Ending Balances	1,301,600,949	1,163,360,807	138,240,142	1,190,142,811	1,061,595,681	942,505,408

Note: The purpose of the report is to enhance the user's ability to monitor the cash activities of the Old Fund. The Old Fund assets consist of the Old Fund cash, IMB and BTI Investment accounts and any deposits in transit from the Debt Reduction Fund. 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 May 31, 2015

#### Three Year History for years ended:

		YTD FY2015	YTD FY2014	Change	FY2014	FY2013	FY2012
Boyonyoo	Cash Beginning Balances	267,173,190	266,720,430	452,760	266,720,430	254,523,752	262,926,105
Revenues Other Income - Return of I	, ,	1,502	-	1,502	-	-	-
Investment Earnings (Loss	ses)	10,010,440	13,859,884	(3,849,444)	17,915,475	24,801,113	2,745,783
	Total Revenues	10,011,942	13,859,884	(3,847,942)	17,915,475	24,801,113	2,745,783
Expenditures							
Payment of Claims		11,244,573	16,442,810	(5,198,238)	17,376,923	12,550,216	11,131,012
Contractual / Professional		813,853	6,594	807,260	85,747	53,287	17,124
Legal		-	-	-	-	932	-
General and Administrativ	е	255	45	210	45	-	-
	Total Expenditures	12,058,681	16,449,449	(4,390,768)	17,462,715	12,604,435	11,148,136
Excess (Deficiency) of R	evenues over Expenditures	(2,046,738)	(2,589,565)	542,826	452,760	12,196,678	(8,402,353)
	Cash Ending Balances	265,126,452	264,130,865	995,587	267,173,190	266,720,430	254,523,752

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. 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 May 31, 2015

				Three Year	History for yea	rs ended:
	YTD FY2015	YTD FY2014	Change	FY2014	FY2013	FY2012
Cash Beginning Balances	15,603,319	14,815,337	787,981	14,815,337	10,829,975	9,744,809
Revenues						
Guaranty Risk Pool Assessments	73,656	122,020	(48,364)	124,520	851,410	1,093,066
Collateral Proceeds	-	-	-	-	2,399,380	-
Investment Earnings (Losses)	593,385	792,582	(199,197)	1,027,230	1,186,338	125,813
Total Revenues	667,041	914,603	(247,561)	1,151,751	4,437,128	1,218,879
Expenditures						
Payment of Claims	249,680	235,233	14,447	255,607	332,894	28,466
Contractual / Professional	26,679	86,060	(59,381)	107,348	92,122	105,247
Legal	-	815	(815)	815	26,750	-
Total Expenditures	276,359	322,107	(45,748)	363,769	451,765	133,713
Excess (Deficiency) of Revenues over Expenditures	390,683	592,495	(201,813)	787,981	3,985,363	1,085,166
Cash Ending Balances	15,994,002	15,407,833	586,169	15,603,319	14,815,337	10,829,975

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 Self Insured Guaranty Cash Statement is unaudited information.

### SELF-INSURED SECURITY RISK POOL May 31, 2015

					Three Year	History for yea	rs ended:
		YTD FY2015	YTD FY2014	Change	FY2014	FY2013	FY2012
Cash	Beginning Balances	7,137,316	6,754,601	382,715	6,754,601	203,518	205,705
Revenues Security Risk Pool Assessments Collateral Proceeds		2,431,239	998,358 -	1,432,881 -	1,072,311 -	2,575,705 4,657,620	-
Investment Earnings (Losses)		299,845	44,590	255,255	151,334	-	-
	Total Revenues	2,731,085	1,042,948	1,688,137	1,223,645	7,233,325	
Expenditures		070.040	740.000	(45.040)	700.054	500.004	0.407
Payment of Claims Contractual / Professional		673,846 38,372	719,062 45,381	(45,216) (7,009)	789,254 48,446	530,804 60,413	2,187
Legal		96	2,929	(2,833)	3,230	91,025	-
	Total Expenditures	712,314	767,373	(55,058)	840,930	682,242	2,187
Excess (Deficiency) of Revenue	es over Expenditures	2,018,770	275,575	1,743,195	382,715	6,551,083	(2,187)
Ca	nsh Ending Balances	9,156,086	7,030,176	2,125,910	7,137,316	6,754,601	203,518

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 Self Insured Security Cash Statement is unaudited information.

#### UNINSURED EMPLOYERS FUND

May 31, 2015

				Three Year	History for ye	ears ended:
	YTD FY2015	YTD FY2014	Change	FY2014	FY2013	FY2012
Cash Beginning Balances Revenues	11,714,178	10,801,353	912,825	10,801,353	9,574,065	9,086,330
Fines and Penalties	693,190	701,792	(8,602)	768,532	747,771	948,896
Investment Earnings (Losses)	394,824	523,648	(128,824)	682,644	871,603	99,906
Total Revenues	1,088,014	1,225,440	(137,426)	1,451,176	1,619,374	1,048,802
Expenditures						
Payment of Claims	581,684	269,826	311,858	286,421	262,002	553,676
Contractual/Professional	8,889	26,792	(17,903)	26,825	15,024	7,392
General and Administrative	45	105	(60)	105	60	-
Insurance	163,750	170,000	(6,250)	225,000	115,000	-
Total Expenditures	754,368	466,723	287,645	538,351	392,086	561,067
Excess (Deficiency) of Revenues over Expenditures	333,646	758,717	(425,070)	912,825	1,227,288	487,735
Cash Ending Balances	12,047,824	11,560,070	487,755	11,714,178	10,801,353	9,574,065

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 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.

### **OFFICE OF JUDGES**

### STATISTICAL ANALYSIS

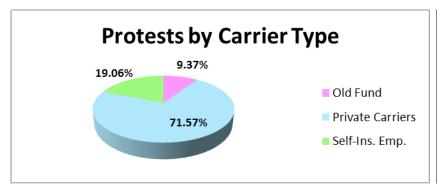
Protests Acknowledged: 2014 May 2015

4090 299 1460

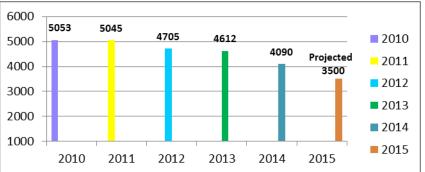
Old Fund	348	8.51%	28	9.37%	135	9.24%
Private Carriers	3048	74.52%	214	71.57%	1071	73.36%
Self-Insured Employers	694	16.97%	57	19.06%	254	17.40%
Subtotal	4090		299		1460	
Temporary Category	615		43		203	
Total	4705		342		1663	

**Source: AIMS Database Reports** 

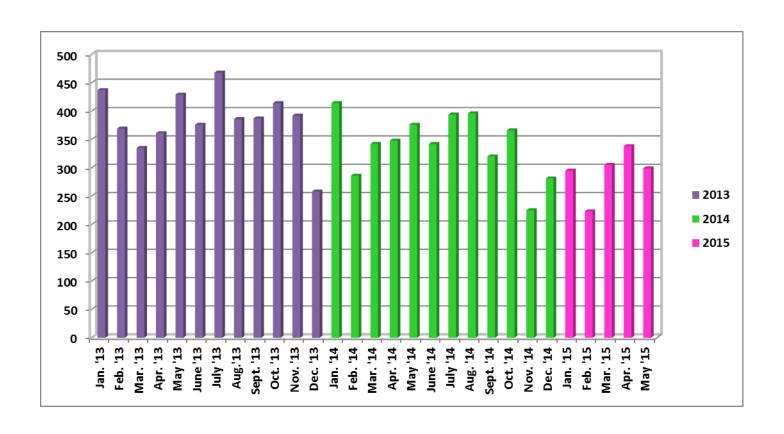
## Protests Acknowledged in May 2015 by Carrier Type



### **Protests Acknowledged by Year**



### PROTEST COMPARISON BY MONTH/YEAR



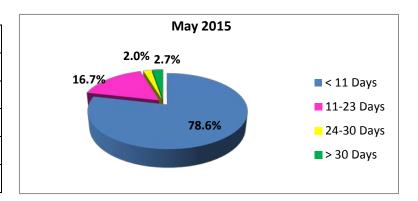
### PROTEST ACKNOWLEDGMENTS – May 2015

	Acknowledgement					owledger	ment		
		> 30	Days		- 24		- 11	<1	11
Description	Acknowledged	Count	<u>%</u>	Count	%	Count	%	Count	%
BENEFIT RATE	Total: 2	0	0	0	0	0	0	2	100
CBR-CL PRSTS BEN RATE	2	0	0	0	0	0	0	2	100
COMPENSABILITY	Total: 54	3	5	0	0	9	16	42	77
CCS-CL SEC.CONDITION	11	1	9	0	0	0	0	10	90
CHC-CL COMPENSABILITY	2	1	50	0	0	0	0	1	50
CIS-CL SI SEC.CONDITION	3	0	0	0	0	1	33	2	66
CLB-CL COMP ON LIMITED BASIS	2	0	0	0	0	1	50	1	50
CLB-CL SI COMP ON LIMITED BASIS	1	0	0	0	0	1	100	0	0
CPI-CL SI REJECT CLAIM	2	0	0	0	0	1	50	1	50
CPJ-CL REJECT CLAIM	30	1	3	0	0	4	13	25	83
CRZ-CL REJ OCC DISEASE	3	0	0	0	0	1	33	2	66
DEP BEN 104	Total: 1	0	0	0	0	0	0	1	100
CWK-CL DENY/GRNT 104 WKS	1	0	0	0	0	0	0	1	100
DEP BEN FATAL	Total: 3	0	0	0	0	2	66	1	33
CDF-CL DENY/GRNT DTH BEN	3	0	0	0	0	2	66	1	33
FAILURE TO ACT 10 DAY	Total: 5	0	0	1	20	3	60	1	20
C5N-CL FTA NOT COVERED	5	0	0	1	20	3	60	1	20
FAILURE TO ACT 15 DAY	Total: 9	1	11	0	0	8	88	0	0
C01-CL FTA INJ COMPENSAB	2	1	50	0	0	1	50	0	0
C03-CL FTA TREATMENT	3	0	0	0	0	3	100	0	0
FTA Diagnosis Update-FTA DIAGNOSIS UPATE	1	0	0	0	0	1	100	0	0
FTA Multiple Issues-FTA MULITPLE ISSUES	3	0	0	0	0	3	100	0	0
FAILURE TO ACT 30 DAY	Total: 5	0	0	0	0	4	80	1	20
C6A-CL FTA ACT UPON PPD	1	0	0	0	0	1	100	0	0
C7B-CL FTA RO PPD	1	0	0	0	0	1	100	0	0
C7D-CL FTA REF FOR EXAM	1	0	0	0	0	1	100	0	0
C7E-CL FTA CPLY OJ/BR/SC	2	0	0	0	0	1	50	1	50
OPBD	Total: 23	1	4	1	4	3	13	18	78
CBF-CL % BOARD FINDING	9	0	0	0	0	2	22	7	77
CSF-CL% SI BOARD FINDING	7	0	0	0	0	0	0	7	100
EAO-EM ADD BOARD FINDING	1	0	0	0	0	0	0	1	100
EBF-EM % BOARD FINDING	3	0	0	0	0	0	0	3	100
ESF-EM% SI BOARD FINDING	3	1	33	1	33	1	33	0	0

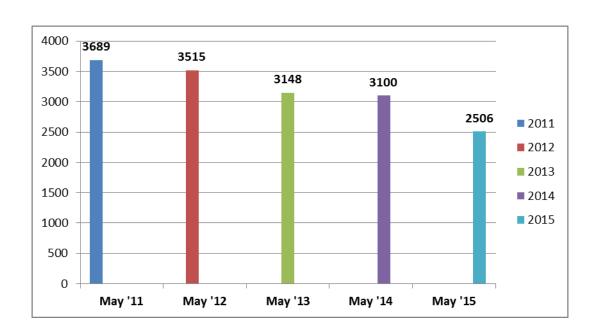
PPD	Total: 75	0	0	0	0	4	5	71	94
CAA-CL ADDL % AWARD D/G	3	0	0	0	0	1	33	2	66
CAD-CL % AWARD DENY/GRNT	58	0	0	0	0	3	5	55	94
CIG-CL SI %AWARD DNY/GNT	14	0	0	0	0	0	0	14	100
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	Total: 1	0	0	0	0	0	0	1	100
CEB-CL PTD REV. BODY DETERMINATION	1	0	0	0	0	0	0	1	100
REOPENING	Total: 7	0	0	0	0	1	14	6	85
CIY-CL SI DY/GNT R/O TTD	2	0	0	0	0	0	0	2	100
CJV-CL DNY/GRNT R/O PPD	1	0	0	0	0	0	0	1	100
CRD-CL DENY/GRNT R/O TTD	4	0	0	0	0	1	25	3	75
SPECIAL CATEGORY	Total: 3	0	0	0	0	0	0	3	100
CNW-CL SPL CATEGORY	3	0	0	0	0	0	0	3	100
TRMT/EQUIP CL	Total: 80	2	2	4	5	11	13	63	78
CBX-CL TRMT DENY	63	1	1	4	6	10	15	48	76
CED-CL EQUIP DENY/GRANT	1	0	0	0	0	0	0	1	100
CSX-CL SI TRMT DENY	14	0	0	0	0	1	7	13	92
CYY-CL TRMT GRANT	2	1	50	0	0	0	0	1	50
TTD	Total: 31	1	3	0	0	5	16	25	80
CCC-CL CLOSING THE CLAIM	16	0	0	0	0	4	25	12	75
CIC-CL SI CLSING THE CLM	6	0	0	0	0	0	0	6	100
CIJ-CL SI TTD	2	0	0	0	0	0	0	2	100
CJS-CL TTD	3	0	0	0	0	0	0	3	100
CPX-CL INITIAL TTD	2	1	50	0	0	0	0	1	50
CSG-CL SI INITIAL TTD	2	0	0	0	0	1	50	1	50
TOTALS:	299	8	2.7	6	2.0	50	16.7	235	78.6

### PROTEST ACKNOWLEDGMENT TIMELINESS

Acknowledgment Timeliness	2014	2014 May '15	
Protest Ack. < 11 Days	81.7%	78.6%	79.9%
Protest Ack. 11 – 23 Days	12.1%	16.7%	14.9%
Protest Ack. 24 – 30 Days	1.9%	2.0%	2.3%
Protest Ack. > 30 Days	4.3%	2.7%	2.9%



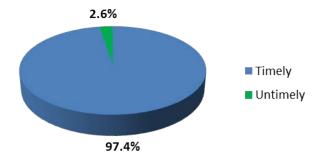
### PENDING CASELOAD COMPARISON BY MONTH/YEAR



Pending as of June 1, 2015	2506
Pending 1 Month Before	2541
Pending 2 Months Before	2576
Pending 3 Months Before	2634
Pending 6 Months Before	2882
Pending 12 Months Before	3100

### TIME STANDARD COMPLIANCE

Time Standard Compliance May 2015



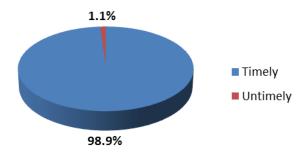
2014	Мау	2015
94.1%	97.4%	95.3%

### **Time Standard Compliance - May 2015**

Time Standard Compliance 5/1/2015 thru 5/31/2015						
	Issues Timely Late					
Time Standard	Resolved	Count	%	Count	%	
COMPENSABILITY	10	10	100	0	100	
DEP BEN FATAL	2	2	100	0	100	
OPBD	6	5	83.3	1	83.3	
PPD	37	37	100	0	100	
REHABILITATION	1	1	100	0	100	
REOPENING	2	2	100	0	100	
TRMT/EQUIP CL	16	15	93.8	1	93.8	
TTD	4	4	100	0	100	
TOTALS:	78	76	97.4	2	2.6	

### **MOTION RESOLUTION COMPLIANCE**

Motion Compliance May 2015



2014	May	2015
98.5%	98.9%	98.5%

### **Motion Resolution Compliance - May 2015**

	Total	TIM	ELY	HINITI	MELY
		-			
Motion Compliance	Motions	Count	%	Count	%
BENEFIT OVERPAYMENT	3	3	100	0	0
COMPENSABILITY	119	117	98.3	2	1.7
DEP BEN FATAL	10	10	100	0	0
FAILURE TO ACT 10 DAY	2	2	100	0	0
FAILURE TO ACT 15 DAY	3	3	100	0	0
FAILURE TO ACT 30 DAY	1	1	100	0	0
OP NON-MED	5	5	100	0	0
OPBD	37	37	100	0	0
PPD	108	108	100	0	0
PTD ENTITLEMENT	2	2	100	0	0
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	1	1	100	0	0
REHABILITATION	2	1	50	1	50
REOPENING	20	20	100	0	0
SPECIAL CATEGORY	10	10	100	0	0
TRMT/EQUIP CL	183	181	98.9	2	1.1
TTD	58	57	98.3	1	1.7
TOTALS:	564	558	98.9	6	1.1

### **PROTEST RESOLUTIONS**

Protests Resolved:	May 2015	2015
Protests Decided	201	1070
Protest Withdrawals	55	312
"No Evidence" Dismissals	32	208

### Resolution of Issues – May 1, 2015 through May 31, 2015

	Decisions	REVE	RSED	AFFIR	MED	AFFIRM RUI		DISM	SSED	MODI	FIED	МО	OΤ	ОТН	IER	REMA	NDED
Time Standard	Issued	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
BENEFIT OVERPAYMENT	3	2	66.7	1	33.3	0	0	0	0	0	0	0	0	0	0	0	0
COMPENSABILITY	68	22	32.4	23	33.8	1	1.5	16	23.5	6	8.8	0	0	0	0	0	0
DEP BEN FATAL	4	0	0	3	75	1	25	0	0	0	0	0	0	0	0	0	0
FAILURE TO ACT 30 DAY	1	0	0	0	0	0	0	1	100	0	0	0	0	0	0	0	0
OP NON-MED	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OPBD	17	5	29.4	3	17.6	2	11.8	7	41.2	0	0	0	0	0	0	0	0
PPD	83	12	14.5	14	16.9	25	30.1	31	37.3	0	0	0	0	0	0	1	1.2
REHABILITATION	1	0	0	1	100	0	0	0	0	0	0	0	0	0	0	0	0
REOPENING	8	1	12.5	5	62.5	0	0	2	25	0	0	0	0	0	0	0	0
SPECIAL CATEGORY	3	2	66.7	1	33.3	0	0	0	0	0	0	0	0	0	0	0	0
TRMT/EQUIP CL	82	24	29.3	29	35.4	1	1.2	22	26.8	5	6.1	1	1.2	0	0	0	0
TTD	37	14	37.8	10	27	2	5.4	11	29.7	0	0	0	0	0	0	0	0
TOTALS:	308	83	26.9	90	29.2	32	10.4	90	29.2	11	3.6	1	0.3	0	0.0	1	0.3

### **FINAL DECISION TIMELINESS**

Final Decision Timeliness:	2014	May 2015	2015
< 30 Days	25.4%	38.3%	31.9%
30 – 60 Days	62.7%	51.7%	58.0%
60 – 90 Days	9.8%	10.0%	9.2%
>90 Days	2.1%	0.0%	0.9%

### Final Decision Compliance – May 1, 2015 through May 31, 2015

	Days to Decision								
	Issues	< 30	Days	30 -	- 60	61 -	90	Ove	r 90
Decision Compliance	Resolved	Count	%	Count	%	Count	%	Count	%
BENEFIT OVERPAYMENT	3	1	0	2	0	0	0	0	0
COMPENSABILITY	53	24	0	21	0	8	0	0	0
DEP BEN FATAL	3	2	0	1	0	0	0	0	0
FAILURE TO ACT 15 DAY	3	0	0	2	0	1	0	0	0
OP NON-MED	1	0	0	1	100	0	0	0	0
OPBD	8	5	0	3	0	0	0	0	0
PPD	30	7	0	20	0	3	0	0	0
PTD ENTITLEMENT	1	0	0	0	0	1	100	0	0
REHABILITATION	1	0	0	1	100	0	0	0	0
REOPENING	7	3	0	4	0	0	0	0	0
SPECIAL CATEGORY	3	0	0	2	0	1	0	0	0
TRMT/EQUIP CL	70	32	0	32	0	6	0	0	0
TTD	26	6	0	19	0	1	0	0	0
TOTALS:	209	80	38.3	108	51.7	21	10.0	0	0.0

### **FAILURE TO TIMELY ACT PROCESS**

Failure to Timely Act Process	
Petitions Filed 1/1/15 through 5/31/2015	
Filed:	60
Denied/Dismissed:	27
Reports to OIC:	19
Pending:	36
(Resolutions/Pending include petitions filed from	
previous year)	

### **EXPEDITED HEARING PROCESS**

YEAR	MONTHLY TOTAL FOR MAY	YEARLY TOTAL
2012	13	113
2013	12	173
2014	22	161
2015	11	58

### **PETITIONS FOR ATTORNEY FEES**

# Petitions for Attorney Fees & Costs WV Code §23-5-16(c)

Petitions Received 1/1/2015 through 5/31/2015	30
Granted	21
Denied	8
Pending	4
Other (Forwarded to BOR)	1
(Grants include petitions filed prior to 1/1/15)	

# Petitions for Attorney Fees for Unreasonable Denial WV Code §23-2C-21(c)

Petitions Received 1/1/2015 through 5/31/2015	6
Granted	
Denied on face	1
Denied by ALJ decision	1
Withdrawn (including settlements)	
Pending	4

### **BOARD OF REVIEW**

Appeals Received From May 1, 2015 thru May 31, 2015

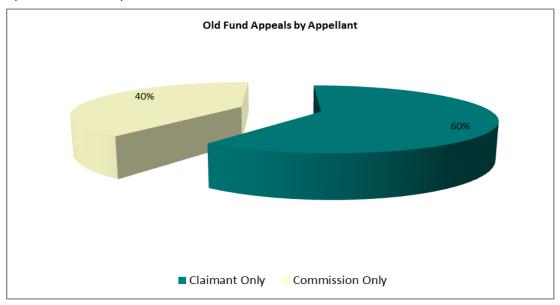
### Old Fund Appeals (DOI < Jul-1-2005)

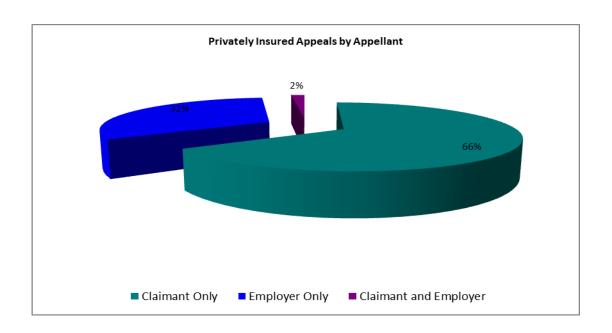
Appellant	Count
Claimant Only	3
Commission Only	2
Old Fund Total	5

### Privately Insured Appeals (DOI > Jun-30-2005)

Appellant	Count
Claimant Only	41
Employer Only	20
Claimant and Employer	1
Privately Insured Total	62
Total Appeals	67

Appeals counted more than once:

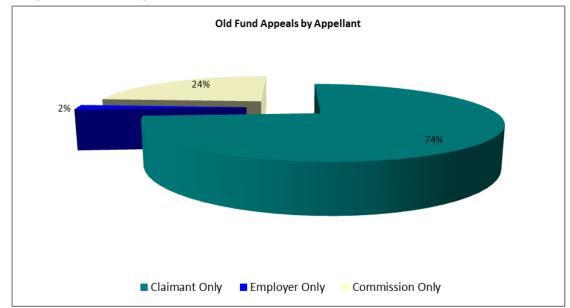




### Yearly Appeals Received From January 1, 2015 thru May 31, 2015

### Old Fund Appeals (DOI < Jul-1-2005)

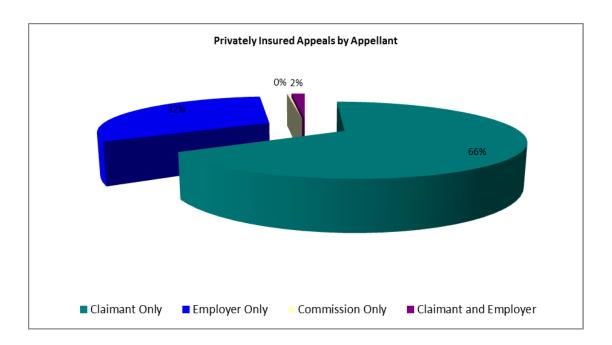
Appellant	Count
Claimant Only	34
Employer Only	1
Commission Only	11
Old Fund Total	46



### Privately Insured Appeals (DOI > Jun-30-2005)

Appellant	Count
Claimant Only	206
Employer Only	98
Commission Only	1
Claimant and Employer	5
Privately Insured Total	310
Total Appeals	356

Appeals counted more than once:



# Appeals Received By Issue Old Fund Appeals (DOI < Jul-1-2005) vs Privately Insured Appeals (DOI > Jun-30-2005) From May 1, 2015 thru May 31, 2015

Time of locus	Tetal legues	Old	Fund	Privately	Insured
Type of Issue	Total Issues	#	%	#	%
CL % AWARD DENY/GRNT	8	0	0.0	8	100.0
CL % BOARD FINDING	2	1	50.0	1	50.0
CL ADD BOARD FINDING	1	0	0.0	1	100.0
CL CLOSING THE CLAIM	8	0	0.0	8	100.0
CL COMP ON LIMITED BASIS	1	0	0.0	1	100.0
CL DENY/GRNT R/O TTD	3	0	0.0	3	100.0
CL DNY/GRNT R/O PPD	1	0	0.0	1	100.0
CL GRNT/DNY VOC REHA	1	0	0.0	1	100.0
CL NON-MED ORDER	1	0	0.0	1	100.0
CL OIC REJECT CLAIM	1	0	0.0	1	100.0
CL REJ OCC DISEASE	4	0	0.0	4	100.0
CL REJECT CLAIM	9	0	0.0	9	100.0
CL SEC.CONDITION	9	0	0.0	9	100.0
CL SI ADD% AWARD D/G	1	0	0.0	1	100.0
CL SI BEN. OVR PAYMT	1	0	0.0	1	100.0
CL SI CLSING THE CLM	3	0	0.0	3	100.0
CL SI COMP ON LIMITED BASIS	1	0	0.0	1	100.0
CL SI D/G PROV CHNG	1	0	0.0	1	100.0
CL SI DY/GNT R/O TTD	1	0	0.0	1	100.0
CL SI SEC.CONDITION	1	0	0.0	1	100.0
CL SI TRMT DENY	3	1	33.3	2	66.7
CL SI TTD	1	0	0.0	1	100.0
CL SPL CATEGORY	2	0	0.0	2	100.0
CL TRMT DENY	15	3	20.0	12	80.0
CL TTD	4	0	0.0	4	100.0
Not All Parties cc'd	2	0	0.0	2	100.0
Totals	85	5	5.9	80	94.1

# Yearly Appeals Received By Issue Old Fund Appeals (DOI < Jul-1-2005) vs Privately Insured Appeals (DOI > Jun-30-2005) From January 1, 2015 thru May 31, 2015

Type of Issue	Total Issues	Old	Fund	Privately	Insured
Type of issue	10tal issues	#	%	#	%
CL % AWARD DENY/GRNT	49	1	2.0	48	98.0
CL % BOARD FINDING	3	1	33.3	2	66.7
CL ADD BOARD FINDING	2	0	0.0	2	100.0
CL ADDL % AWARD D/G	1	0	0.0	1	100.0
CL APP.THRESHOLD	1	0	0.0	1	100.0
CL BEN. OVERPAYMENT	3	0	0.0	3	100.0
CL CLOSING THE CLAIM	25	0	0.0	25	100.0
CL COMP ON LIMITED BASIS	7	1	14.3	6	85.7
CL COMPENSABILITY	1	0	0.0	1	100.0
CL DENY/GRANT PTD	1	1	100.0	0	0.0
CL DENY/GRNT DTH BEN	4	3	75.0	1	25.0
CL DENY/GRNT R/O TTD	13	1	7.7	12	92.3
CL DNY/GRNT R/O PPD	4	1	25.0	3	75.0
CL EQUIP DENY/GRANT	1	1	100.0	0	0.0
CL GRNT/DNY VOC REHA	3	0	0.0	3	100.0
CL INITIAL TTD	1	0	0.0	1	100.0
CL NON-MED ORDER	5	3	60.0	2	40.0
CL OIC REJECT CLAIM	2	0	0.0	2	100.0
CL PTD REV. BODY DETERMINATION	2	1	50.0	1	50.0
CL REJ OCC DISEASE	11	0	0.0	11	100.0
CL REJECT CLAIM	50	0	0.0	50	100.0
CL SEC.CONDITION	43	3	7.0	40	93.0
CL SI %AWARD DNY/GNT	11	1	9.1	10	90.9
CL SI ADD% AWARD D/G	4	0	0.0	4	100.0
CL SI BEN. OVR PAYMT	1	0	0.0	1	100.0
CL SI CLSING THE CLM	7	0	0.0	7	100.0
CL SI COMP ON LIMITED BASIS	3	0	0.0	3	100.0
CL SI D/G 104 WKS	1	1	100.0	0	0.0
CL SI D/G PROV CHNG	1	0	0.0	1	100.0
CL SI DENY/GRANT PTD	2	1	50.0	1	50.0
CL SI DY/GNT R/O PPD	2	1	50.0	1	50.0
CL SI DY/GNT R/O TTD	1	0	0.0	1	100.0
CL SI INITIAL TTD	1	0	0.0	1	100.0
CL SI NON-MED ORDER	1	0	0.0	1	100.0

CL SI TTD CL SPL CATEGORY	10	1	10.0	9	100.0 90.0
		1			
CL TRMT DENY	89	18	20.2	71	79.8
CL TRMT GRANT	1	1	100.0	0	0.0
CL TTD	9	0	0.0	9	100.0
EM SI AD.BRD FINDING	1	0	0.0	1	100.0
EM SI DY/GNT DTH BEN	1	1	100.0	0	0.0
Not All Parties cc'd	3	0	0.0	3	100.0
Totals	422	47	11.1	375	88.9

### Appeals Received By Issue From May 1, 2015 thru May 31, 2015

Type of leave	Total Issues	Clai	mant	Emp	loyer	0	IC	Emp an	d OIC
Type of Issue	Total issues	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	8	8	100.0	0	0.0	0	0.0	0	0.0
CL % BOARD FINDING	2	2	100.0	0	0.0	0	0.0	0	0.0
CL ADD BOARD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	8	4	50.0	4	50.0	0	0.0	0	0.0
CL COMP ON LIMITED BASIS	1	0	0.0	1	100.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	3	2	66.7	1	33.3	0	0.0	0	0.0
CL DNY/GRNT R/O PPD	1	1	100.0	0	0.0	0	0.0	0	0.0
CL GRNT/DNY VOC REHA	1	0	0.0	1	100.0	0	0.0	0	0.0
CL NON-MED ORDER	1	1	100.0	0	0.0	0	0.0	0	0.0
CL OIC REJECT CLAIM	1	1	100.0	0	0.0	0	0.0	0	0.0
CL REJ OCC DISEASE	4	0	0.0	4	100.0	0	0.0	0	0.0
CL REJECT CLAIM	10	5	50.0	5	50.0	0	0.0	0	0.0
CL SEC.CONDITION	9	6	66.7	3	33.3	0	0.0	0	0.0
CL SI ADD% AWARD D/G	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI BEN. OVR PAYMT	1	0	0.0	1	100.0	0	0.0	0	0.0
CL SI CLSING THE CLM	3	3	100.0	0	0.0	0	0.0	0	0.0
CL SI COMP ON LIMITED BASIS	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI D/G PROV CHNG	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O TTD	1	0	0.0	1	100.0	0	0.0	0	0.0
CL SI SEC.CONDITION	1	0	0.0	1	100.0	0	0.0	0	0.0
CL SI TRMT DENY	3	3	100.0	0	0.0	0	0.0	0	0.0
CL SI TTD	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SPL CATEGORY	2	1	50.0	1	50.0	0	0.0	0	0.0
CL TRMT DENY	16	9	56.3	5	31.3	0	0.0	2	12.5
CL TTD	4	3	75.0	1	25.0	0	0.0	0	0.0
Not All Parties cc'd	2	2	100.0	0	0.0	0	0.0	0	0.0
Totals	87	56	64.4	29	33.3	0	0.0	2	2.3

### WORKER COMPENSATION BOARD OF REVIEW FOR MAY 2015

	Count	Disp %	Total %	Date	Disp %	Total %
AFFIRMED	26	76.5%	41.9%	178	80.2%	52.0%
DISMISSED	4	11.8%	6.5%	18	8.1%	5.3%
MODIFY				2	0.9%	0.6%
REMAND	1	2.9%	1.6%	9	4.1%	2.6%
REVERSE	3	8.8%	4.8%	15	6.8%	4.4%
Total Dispositions	34			222		
AFFIRMED				2	50.0%	0.6%
REMAND				1	25.0%	0.3%
REVERSE				1	25.0%	0.3%
Total Dispositions				4		
AFFIRMED	17	68.0%	27.4%	68	64.2%	19.9%
DISMISSED	2	8.0%	3.2%	7	6.6%	2.0%
MODIFY	2	8.0%	3.2%	5	4.7%	1.5%
MODIFY AND REMAND				1	0.9%	0.3%
REMAND				5	4.7%	1.5%
REVERSE	4	16.0%	6.5%	20	18.9%	5.8%
Total Dispositions	25			106		
AFFIRMED	2	66.7%	3.2%	7	70.0%	2.0%
REVERSE	1	33.3%	1.6%	3	30.0%	0.9%
Total Dispositions	3			10		
Grand Totals	62			342		
	MODIFY REMAND REVERSE  Total Dispositions  AFFIRMED REMAND REVERSE  Total Dispositions  AFFIRMED DISMISSED MODIFY MODIFY MODIFY AND REMAND REMAND REVERSE  Total Dispositions  AFFIRMED Total Dispositions	MODIFY         1           REMAND         1           REVERSE         3           Total Dispositions         34           AFFIRMED         REMAND           REVERSE         17           DISMISSED         2           MODIFY         2           MODIFY AND REMAND         REMAND           REVERSE         4           Total Dispositions         25           AFFIRMED         2           REVERSE         1           Total Dispositions         3	MODIFY         REMAND         1         2.9%           REVERSE         3         8.8%           Total Dispositions         34         34           AFFIRMED         REMAND         REMAND           REVERSE         17         68.0%           DISMISSED         2         8.0%           MODIFY         2         8.0%           MODIFY AND REMAND         REMAND         16.0%           Total Dispositions         25         4           AFFIRMED         2         66.7%           REVERSE         1         33.3%           Total Dispositions         3	MODIFY         REMAND         1         2.9%         1.6%           REVERSE         3         8.8%         4.8%           Total Dispositions         34         34         34           AFFIRMED         REMAND         REMAND         34         34           AFFIRMED         REMAND         34	MODIFY REMAND         1         2.9%         1.6%         9           REVERSE         3         8.8%         4.8%         15           Total Dispositions         34         222           AFFIRMED         2         2           REMAND         1         1           REVERSE         1         1           Total Dispositions         4         4           AFFIRMED         17         68.0%         27.4%         68           DISMISSED         2         8.0%         3.2%         7           MODIFY         2         8.0%         3.2%         5           MODIFY AND REMAND         1         1         1           REMAND         5         5         20           Total Dispositions         25         106           AFFIRMED         2         66.7%         3.2%         7           REVERSE         1         33.3%         1.6%         3           Total Dispositions         3         10	MODIFY         2         0.9%           REMAND         1         2.9%         1.6%         9         4.1%           REVERSE         3         8.8%         4.8%         15         6.8%           Total Dispositions         34         222         2           AFFIRMED         2         50.0%           REMAND         1         25.0%           REVERSE         1         25.0%           Total Dispositions         4         4           AFFIRMED         17         68.0%         27.4%         68         64.2%           DISMISSED         2         8.0%         3.2%         7         6.6%           MODIFY         2         8.0%         3.2%         5         4.7%           MODIFY AND REMAND         1         0.9%         5         4.7%           REVERSE         4         16.0%         6.5%         20         18.9%           Total Dispositions         25         106           AFFIRMED         2         66.7%         3.2%         7         70.0%           REVERSE         1         33.3%         1.6%         3         30.0%           Total Dispositions         3

### Dispositions by Issues BOR Orders Mailed From May 1, 2015 thru May 31, 2015

Time of leave	laawaa	A	ffirmed	Re	eversed	D	ismissed	ı	Modified	R	emanded	٧	acated		Other
Type of Issue	Issues	#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	6	4	66.7	1	16.7	0	0.0	0	0.0	1	16.7	0	0.0	0	0.0
CL ADDL % AWARD D/G	3	2	66.7	1	33.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL BEN. OVERPAYMENT	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	3	3	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL COMP ON LIMITED BASIS	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL COMPENSABILITY	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT DTH BEN	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL EQUIP DENY/GRANT	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL NON-MED ORDER	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	19	12	63.2	3	15.8	2	10.5	2	10.5	0	0.0	0	0.0	0	0.0
CL SEC.CONDITION	9	6	66.7	2	22.2	1	11.1	0	0.0	0	0.0	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI ADD% AWARD D/G	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI BEN. OVR PAYMT	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI CLSING THE CLM	3	3	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O PPD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI SEC.CONDITION	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	13	9	69.2	2	15.4	2	15.4	0	0.0	0	0.0	0	0.0	0	0.0
CL TTD	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Totals	74	55	74.3	10	13.5	6	8.1	2	2.7	1	1.4	0	0.0	0	0.0

### Yearly Dispositions by Issues BOR Orders Mailed From January 1, 2015 thru May 31, 2015

	_	Aff	irmed	Re	versed	Dis	missed	M	odified	Rei	manded	Va	cated		Other
Type of Issue	Issues	#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	50	34	68.0	6	12.0	6	12.0	0	0.0	3	6.0	0	0.0	1	2.0
CL % BOARD FINDING	4	2	50.0	0	0.0	1	25.0	0	0.0	1	25.0	0	0.0	0	0.0
CL ADDL % AWARD D/G	8	7	87.5	1	12.5	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL APP.THRESHOLD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL BEN. OVERPAYMENT	3	1	33.3	0	0.0	2	66.7	0	0.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	25	20	80.0	3	12.0	1	4.0	0	0.0	1	4.0	0	0.0	0	0.0
CL COMP ON LIMITED BASIS	4	4	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL COMPENSABILITY	3	3	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRANT PTD	2	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT 104 WKS	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT DTH BEN	6	5	83.3	1	16.7	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	8	7	87.5	0	0.0	0	0.0	0	0.0	1	12.5	0	0.0	0	0.0
CL DNY/GRNT R/O PPD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL EQUIP DENY/GRANT	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL GRNT/DNY TP REHAB	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL GRNT/DNY VOC REHA	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL INITIAL TTD	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL NON-MED ORDER	4	2	50.0	0	0.0	1	25.0	1	25.0	0	0.0	0	0.0	0	0.0
CL PTD REV. BODY DETERMINATION	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJ OCC DISEASE	4	3	75.0	1	25.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	69	48	69.6	12	17.4	4	5.8	4	5.8	1	1.4	0	0.0	0	0.0
CL SEC.CONDITION	34	26	76.5	2	5.9	4	11.8	0	0.0	1	2.9	0	0.0	1	2.9
CL SI %AWARD DNY/GNT	10	7	70.0	2	20.0	1	10.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI AD.BRD FINDING	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI ADD% AWARD D/G	4	4	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI AUT/RPR HA D/G	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI BEN. OVR PAYMT	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI CLSING THE CLM	4	4	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT DTH BEN	3	3	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O PPD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O TTD	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI NON-MED ORDER	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	11	9	81.8	0	0.0	0	0.0	1	9.1	1	9.1	0	0.0	0	0.0
CL SI SEC.CONDITION	5	4	80.0	1	20.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	12	10	83.3	1	8.3	0	0.0	0	0.0	1	8.3	0	0.0	0	0.0
CL SPL CATEGORY	5	3	60.0	0	0.0	0	0.0	0	0.0	2	40.0	0	0.0	0	0.0
CL TRMT DENY	79	61	77.2	7	8.9	9	11.4	0	0.0	1	1.3	0	0.0	1	1.3
CL TRMT GRANT	2	0	0.0	1	50.0	0	0.0	1	50.0	0	0.0	0	0.0	0	0.0
CL TTD	5	5	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0

Totals	385	290	75.325	41	10.649	29	7.5325	8	2.0779	14	3.6364	0	0	3	0.7792
Not All Parties cc'd	1	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0
EM SI AD.BRD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
EM NON-MED ORDER	1	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0
EM % BOARD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL% SI BOARD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0

### **REVENUE RECOVERY**

### Workers' Compensation – May 2015

COLLECTION ACTIVITY	Curre	nt Month	Fiscal	Year 2015
Receipts - Old Fund (Employer out of business)	\$	1,131.51	\$	110,095.98
Receipts - PC & NU (Private Carrier Cancellation & Rogue Employers)	\$	55,423.50	\$	630,043.78
Receipts - Payment Agreements (Old Fund and UEF Combined)	\$	6,943.00	\$	97,121.92
# of active accounts uninsured (cumulative) /(average)		306		1,873
\$ of active accounts uninsured (cumulative) / (average)	\$ 1	,167,786.40		7,013,978.62
Telephone contacts		1,148		13,620
Walk-ins		7		62

LIENS	Current Mont	h Fiscal Year 2015
Liens sent to county clerks for recordation	10	2 1500
Liens sent to county clerks for release	5	8 492
Intent to lien letters sent to employer/owner/officer/member	7	8 1000
Uninsured Accounts Resolved	19	0 2141
All Cash Receipts from WC accounts	\$ 63,498.0	1 \$ 710,521.03

INJUNCTIONS	Current Month	Fiscal Year 2015			
Affidavits for injunction submitted to legal	0	82			
Hearings attended	0	22			
# of injunction complaints accepted by court	0	32			
# of injunctions granted	1	8			
# of agreed orders entered	0	0			
PAYMENT AGREEMENTS	Current Month	Fiscal Year 2015			
# of repayment agreements applications	3	32			
Agreements set up	3	31			
Total # of agreements on system (cumulative) / (average)	45	268			
Intent to void letters mailed	7	78			
intent to void letters mailed					

MISCELLANEOUS	Current Month	
Terminations Processed	52	589
Rule 11 Letters Mailed	170	1967
Rule 11 hearings	0	3

WEST VIRGINIA

# BOARD OF TREASURY INVESTMENTS

#### **CALENDAR NOTE**

Board Meeting July 30, 2015

# OPERATING REPORT APRIL 2015

### Board of Treasury Investments

1900 Kanawha Boulevard East Suite E-122 Charleston WV 25305 (304) 340-1564 www.wvbti.com

### **Board of Directors**

John D. Perdue, State Treasurer, Chairman

Earl Ray Tomblin, Governor

Glen B. Gainer III, State Auditor

Martin Glasser, Esq.
Attorney
Appointed by the
Governor

Richard "Chap" Donovan, CPA Appointed by the Governor

### **Executive Staff**

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

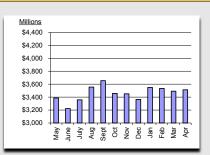
Chief Financial Officer Karl Shanholtzer, CFA, CPA, CIA

# Total Net Assets Under Management

\$3,512,888,000

Last Month \$3,491,628,000

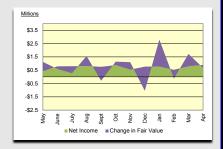
Beginning of Fiscal Year \$3,223,614,000



Net Assets for the Past 12 Months

# **Total Net Income & Changes in Fair Value**

Fiscal Year \$7,810,000



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

### **Money Market Pools**

As of April 30, 2015

<u>Pool</u>	30-Day <u>Avg. Yield *</u>	<u>W.A.M.</u> **	Net Assets				
WV Money Market	0.1353%	46 Days	\$2.2 Billion				
WV Gov't Money Market	0.0385%	56 Days	\$256.5 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 APRIL 2015

### **April Posts Positives for Economic Markets**

#### **Market Environment**

International equities surged in April, with the MSCI EAFE Index gaining 4.1%, as monetary easing policies in Europe and Japan emboldened investors. Emerging market stocks also rallied as investors embraced the likelihood that the Fed would delay raising rates in light of softening economic data at home. The MSCI EM Index returned 7.7% last month, also helped, in part, by a rebound in oil prices that stabilized export-reliant economies. In the US, the S&P 500 Index gained 1.0% while the Russell 2000 lost 2.6% amid anemic GDP growth of 0.2% in the first quarter. Despite signs of economic weakening, Treasury yields rose in April as government bonds of many developed countries sold off. The rise was especially pronounced at the long-end of the curve, with yields on the 30-year Treasury going up to 2.75% from 2.54%; yields on the 10-year Treasury were up 11 basis points at 2.05%. As a result, the Barclays Aggregate Bond Index fell 0.4%. On the other hand, the Barclays High Yield Index gained 1.2% in April as rising oil prices compressed spreads on the high-yield debt of companies in the energy sector. Higher oil prices, boosted by declining US production and the prospect of stimulus measures in China, fueled gains of 5.7% in the Bloomberg Commodity Index. Higher commodity prices also served as a tailwind for emerging market debt, especially bolstering Brazilian and Russian securities.

At NEPC, we expect monetary easing programs in Japan and especially Europe to continue to support equity markets. We also believe such efforts can provide a favorable backdrop for improvements in underlying economic and corporate fundamentals. We recommend investors employ an equally weighted approach between US and international developed equities, while maintaining a market weight in emerging markets. Though we have a positive view of international equities relative to US markets, we do recognize the prevailing political risks in Europe and the high level of uncertainty stemming from the unprecedented actions of the Bank of Japan. To this end, we suggest a partial currency hedge for developed market equity exposure and expect hedging to provide a benefit in the form of lower realized volatility to investors over the long term. We still believe the low yields of international developed bond markets do not offer an attractive return and risk profile and encourage investors with a dedicated global bond allocation to reevaluate their exposure. Lastly, we continue to favor dynamic multi-asset strategies as they benefit from the diverging monetary policies of central banks.

#### **Equity Market Results**

The Q1 GDP numbers for the slowing US economy took a toll on small and midcap stocks, while their larger brethren reported modest gains. The broad US equity market, represented by the Russell 3000 Index, ended the month in positive territory returning 0.45%. The Russell 2000 Index, which is representative of smaller companies, fell 2.55%, while the Russell 1000 Index, indicative of larger companies, rose 0.71%.

International equity markets fared well during the month. Developed international markets, represented by the MSCI EAFE Index, rose 4.08%, while their less established counterparts, represented by the MSCI Emerging Markets Index, soared nearly 8%, driven largely by commodity-related price improvements.

#### **Bond Market Results**

Globally, bonds sold off on slower growth prospects and US bonds, normally a safe haven, provided little respite. The US bond market, represented by the Barclays Aggregate Index, declined 0.4% in April. International bonds, as represented by the Citigroup World Government Bond Index (WGBI) hedged, fell even further, declining 0.77%. Cashlike instruments continued to post small returns, with the BofA ML 3-month T-bill and LIBOR returning 0.00% and 0.02%, respectively.

# West Virginia Board of Treasury Investments Financial Highlights as of April 30, 2015

### **WV Short Term Bond Pool**

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

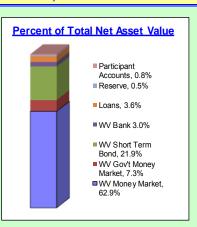
**Net Assets** At Apr 30 **May 1 - April 30** Return (In Millions) 2015 0.9% \$ 768.9 \$ 0.6% 767.6 2014 1.1% 2013 \$ 552.1 2012 0.5% \$ 503.6 2011 2.3% \$ 478.1

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	Inc	r Net come oss)	Fiscal YTD Net Income(Loss)			
WV Money Market	\$2,208,113	\$	241	\$	2,179		
WV Gov't Money Market	256,515		10		64		
WV Short Term Bond	768,855		403		5,363		
WV Bank	104,109		11		104		
Loans	127,959		14		(75)		
Reserve	19,206		4		42		
Participant Accounts	28,131		(9)		133		
	\$3,512,888	\$	674	\$	7,810		



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



### WEST VIRGINIA BOARD OF TREASURY INVESTMENTS SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED APRIL 30, 2015 (IN THOUSANDS)

			(IN THOU	J <b>SAND</b>	S)												
	WV Money Market Pool	WV Government Money Market Pool		WV Short Term Bond Pool		WV Bank Pool		Other :	Doola	Participant Directed Accounts		Total					
Assets	Market Foor		1001		001	100	01	Other	TOUIS	Accou	ints	<del></del>	otai				
Investments:																	
At amortized cost	\$ 2,222,437	\$	256,408	\$	-	\$104,072		\$ 147	7,147	\$ 23,	935	\$2,7	53,999				
At fair value	-		-	7	69,913		-	-		4,033		7	73,946				
Other assets	997		152		1,903		40		22	163			3,277				
Total assets	2,223,434		256,560	7	71,816	104,	,112	147	147,169		131	3,5	31,222				
Liabilities																	
Accrued expenses, dividends payable &																	
payables for investments purchased	15,321		45		2,961		3		4		-		18,334				
Total liabilities	15,321		45		2,961		3		4						-		18,334
NI-A D																	
Net Position	2,208,113		256 515	7	68,855	104,	100	1.45	,165			2.4	84,757				
Held in trust for investment pool participants Held in trust for individual investment	2,208,113		256,515	,	00,033	104,	,109	14	,103		-	3,4	-64,737				
account holders									- 28,131		29 121						
Total net position	\$ 2,208,113	\$	256,515	\$ 7	68,855	\$104,	109	\$ 147	7,165		131	28,131 \$3,512,888					
			,														
Additions																	
Investment income:																	
Interest and dividends	\$ 363	\$	45	\$	888	\$	14	\$	22	\$	33	\$	1,365				
Net (amortization) accretion	11		(15)		(199)		-		-		(23)		(226)				
Provision for uncollectible loans	- 27.4		- 20		-		- 1.4		-		10		1 120				
Total investment income	374		30		689		14		22		10		1,139				
Investment expenses:																	
Investment advisor, custodian bank &																	
administrative fees	134		20		83		3		4		-		244				
Total investment expenses	134		20		83		3		4		-		244				
Net investment income	240		10		606		11		18		10		895				
Net realized gain (loss) from investments	1		-		-		-		-		-		1				
Net increase (decrease) in fair value of					(202)						(10)		(222)				
investments			<del></del>		(203)						(19)		(222)				
Net increase (decrease) in net position																	
from operations	241		10		403		11		18		(9)		674				
Participant transaction additions:																	
Purchase of pool units by participants	1,019,575		60,055		-		11		904		-	1,0	80,545				
Reinvestment of pool distributions	240		10		494		11		18		-		773				
Contributions to individual investment accounts			_				_		_		103		103				
Total participant transaction additions	1,019,815		60,065		494		22		922		103	1.0	81,421				
			,			-		-									
Total additions	1,020,056		60,075		897		33		940		94	1,0	82,095				
Deductions																	
Distributions to pool participants:																	
Net investment income	240		10		606		11		18		_		885				
Net realized gain (loss) from investments	1		-		-		-		-		-		1				
Total distributions to pool participants	241		10		606		11		18		-		886				
Participant transaction deductions:																	
Redemption of pool units by participants	952,525		104,891		1,253		11	1	,269		-	1,0	59,949				
Withdrawals from individual investment accounts																	
Total participant transaction deductions	952,525		104,891		1,253		11		,269	-	<del>-</del>	1.0	59,949				
Total participant transaction deductions			104,021		1,233	-			,,20)				37,747				
Total deductions	952,766		104,901		1,859		22	1	,287		-	1,0	60,835				
Net increase (decrease) in net position from																	
operations	67,290		(44,826)		(962)		11		(347)		94		21,260				
Inter-pool transfers in	_		_		_		_		_		_		_				
Inter-pool transfers out	-		-		-		-		-		_		_				
Net inter-pool transfers in (out)			-		-	-	-		-		-		-				
Change in net position	67,290		(44,826)		(962)		11		(347)		94		21,260				
Net position at beginning of period	2,140,823		301,341		69,817		,098		,512		037	-	91,628				
Net position at end of period	\$ 2,208,113	\$	256,515	\$ 7	68,855	\$104,	,109	\$ 147	,165	\$ 28,	131	\$3,5	12,888				