

JOINT COMMITTEE ON GOVERNMENT AND FINANCE

Materials Distributed

May 19, 2016

(Speaker Armstead presides)

AGENDA
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
May 19, 2016

8:30 - 9:30am

Senate Finance Room

1. **Approval of January 12, 2016 minutes**

2. **2016 Interim Meetings:**

3. **Committee Reports/Requests:**

4. **Monthly/Quarterly Reports Received:**

Status Reports on Lottery, Unemployment Compensation Fund, General Revenue Fund & State Road Fund

(William Spencer, Director)

Workforce WV Unemployment Compensation Trust Fund Distribution

(Beth Carenbauer, Director)

Monthly/Quarterly Reports from PEIA, BRIM, Real Estate Report

(Mary Jane Pickens, Acting Cabinet Secretary, Department of Administration)

Department of Health & Human Resources, Medicaid Report & Medicaid Waiver, CHIP

(Melanie Pagliaro, Legislative Liaison, Department of Health & Human Resources)

Investment Management Board Distribution

(Craig Slaughter, Executive Director)

Workers' Compensation

(Mike Riley, Commissioner)

Board of Treasury Report Distribution

5. **Other Business**

6. **Adjournment**



West Virginia Legislature
2ND SESSION OF THE 82ND LEGISLATURE



Senate	House	Joint	Bill Status	WV Code	Audits/ Reports	Educational	Contact	
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Interim Committee Attendance - Results

Thursday, May 19, 2016 - 08:30 AM

Joint Committee on Government and Finance

Attended:

- Delegate Nelson, E.
- Delegate Miller, C.
- Delegate Miley
- Delegate Cowles
- Delegate Boggs
- Speaker Armstead
- Senator Trump
- Senator Prezioso
- Senator M. Hall
- Senator Kessler
- Senator Carmichael
- President Cole

Submittor:

Marlene

Phone:

4802

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JOINT COMMITTEE ON GOVERNMENT AND FINANCE

January 12, 2016

2:00 pm – 3:00 pm

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 please. The first item on our agenda today is the approval of the January 10th minutes. President Cole is recognized.”

President Cole: “I move the minutes of the January 10th meeting of the Joint Committee on Government and Finance as contained in the members’ packet be approved.”

Speaker Armstead: “Any Discussion? President Cole moves the minutes be approved. All in favor say aye, opposed no. The ayes appear to have it, the ayes do have it, the minutes are approved.”

Speaker Armstead: “First on our Agenda is the status reports on Lottery, Unemployment Compensation Fund, General Revenue Fund and State Road Fund, William Spencer is here if anyone has questions. Next is Workforce WV Unemployment Compensation Trust Fund. I’m sorry. Mr. Spencer I believe there is a question.”

Delegate Nelson: “Hopefully you can answer this but if a West Virginian happens to win tomorrow night, what affect would that have on our personal income tax?”

Mr. Spencer: “It would skyrocket.”

Delegate Nelson: “So, if a West Virginian, he or she wins, that would be West Virginia tax 6% on the winnings, is that correct?”

Mr. Spencer: “Yes sir that is correct.”

Delegate Nelson: “Likewise if the state would happen to, no I’m not going there. (Laughter) Thank you Mr. Speaker.”

Speaker Armstead: “If the state bought one wouldn’t you have to divide the proceeds among all citizens of West Virginia? (Laughter) Any other questions regarding Lottery or otherwise. Ok.

Speaker Armstead: “Next is Beth Carenbauer here for Workforce WV Unemployment Compensation Trust Fund.

Ms. Carenbauer: “Hello I’m Beth Carenbauer of WV Unemployment Compensation Trust Fund. As of this morning the trust fund had a balance of \$71,857,000. As you see in your packet in the 2016 projection, we are currently projecting Receipts of \$239,657,473, Disbursements of \$232,572,732 for a Year-in-Balance of 2015 is \$89,868,000. I would be happy to answer any questions.

Speaker Armstead: “Are there any questions for Ms. Carenbauer? Delegate Nelson.”

Delegate Nelson: “Thank you Mr. Speaker. You just said that our balance is \$70 some million as of the end of the year?”

Ms. Carenbauer: “Yes sir as of today.”

Delegate Nelson: “So what we see here I guess as of the end of December was \$82M so we have dropped another \$10M. Obviously it looks like this balance may come up in May for various reasons. Are we subject to with our unfortunate happenings in the coal industry and others, that this balance goes into trouble zone?”

Ms. Carenbauer: “Yes sir. We are working with the Governor’s Office on legislation that would provide for if the Trust Fund falls below \$25M, Workforce WV would have the authority to be able to borrow \$25M from the Rainy Day Fund which we would then pay back at the end of the second quarter when our revenues improve.”

Delegate Nelson: “Would that require legislation to do that?”

Ms. Carenbauer: “Yes sir. I anticipate that a bill would be introduced.”

Delegate Nelson: “And so in your worse projections, the biggest need is \$25M or could that be worse?”

Ms. Carenbauer: “It could be worse but according to our projections we simply want to stay out of the zero zone so if we get to \$25M, we will add another \$25M to it.”

Delegate Nelson: “Ok. Thank you. Thank you Mr. Speaker.”

Speaker Armstead: “Senator Hall.”

Senator Hall: “This is not about your finances so much as it is about something that goes on. How many people, I looked up I believe, most of you are federally funded pretty much. You have about 275 employees under one and 30 to 40, how many of those people are devoted to auditing businesses?”

Ms. Carenbauer: “We have about 8 people devoted to our field audits.”

Senator Hall: “Do you?”

Ms. Carenbauer: “Yes sir.”

Senator Hall: “Are you, I have a citizen who wrote me a letter and I won’t read it all, but basically he deals with small employers that you audit and since you only can collect on the first \$12,000 of salary. Most of the time these audits never bring about any money to you for smaller employers. His story of 50 to 60 very few brought more than \$25.”

Ms. Carenbauer: “Yes sir.”

Senator Hall: “So when you send out a notice, this is one of the notices, you ask a small employer to provide, take the committee’s time, payroll records show gross wages, W-2’s, W-3’s, Federal 94941, WV Unemployment Reports, General Ledgers, Check Registers for two years or something, Petty Cash. It’s over whelming to a lot of small employers. They just get this and they will pay this practitioner \$400 to \$500 to deal with it and you get \$25, it’s just an impediment to, people are aggravated I’m telling you.”

Ms. Carenbauer: “Absolutely, I can understand that.”

Senator Hall: “So what are we going to do about it?”

Ms. Carenbauer: “Well what we do we have to follow the law and we do have to do..”

Senator Hall: “Do we need to change the law? What does the law say? Does it say that we have to audit all these small employers?”

Ms. Carenbauer: “We do audits based on a survey that we conduct and also based on 1099 reports. I would be happy to provide you with detailed information about our audits each year and the specifications...”

Senator Hall: “I would like to see it. Because I am very familiar with one, that has one secretary that got this letter. It’s intimidating. It basically says to the small employer, they

look at this and a busy day and they are looking at least 2 or 3 days, so they will just pay somebody, I don't know if you all are familiar with this, but I can see that large employers perhaps, but you got a lot of 1099, you got a lot of employers with 1 or 2 W-2's and here we go. I don't know if this is wide spread or just happens to have a pocket of it in my district but its one guy that I know well who does these all the time and its like and his letter begins Mr. Speaker: 'I've heard much discussion about regulations and red tape encountered by business in WV. I would like to share another example with you and then he ends his letter 'An employer would be a complete idiot to form a business in this state and expose themselves to apparently limitless regulations and bureaucracy for the state government.' So I hate to, I am not picking on you ma'am, I'm not, you just happen to be there."

Ms. Carenbauer: "That's my job."

Senator Hall: "You just pointed out to us that if it's something that we have in our law but I just you know, it just seems to me like in this audit process, that you are not gaining much money but you certainly are, well the fees my friend is collecting is quite substantial but he doesn't necessarily want to make money this way. Alright, if we can talk more about this about how to deal with it, that would be great. Thank you."

Ms. Carenbauer: "I would be happy to look into that."

Speaker Armstead: "Delegate Cowles."

Delegate Cowles: "Thank you Mr. Speaker. Just a follow up with Ms. Carenbauer. Just so I understand the chart that is in my packet, the Trust Fund Balance Projections for 2016. January of 2016 is projected to have \$70M. Are you saying that that projections is not right now?"

Ms. Carenbauer: "Well right now, as of today we have \$71M. The issue is do we expect to fall below the \$70M based on the amount claims that we are taking, it will probably fall but we will not be adjusting the January projection until February until we have the actual revenues. This \$70M balance in January is a projection, it will be adjusted at the close of the month."

Delegate Cowles: "And you expect that number to be considerably less?"

Ms. Carenbauer: "Yes sir. Unfortunately I do. We have had a huge, a huge increase in unemployment claims recently."

Delegate Cowles: "And the corresponding numbers for every month after that, you expect to be less than displayed in this chart before me?"

Ms. Carenbauer: “Yes sir. Typically our toughest months are, as I mentioned to you the last time I spoke with you, the toughest months are January, February and March. So we will have our lowest balance in revenues and we also have our highest number of unemployment typically during that month primarily due to seasonal layoffs and then of course what is going on in the coal industry. So we adjust this. We follow it very very closely. Last week alone we had almost 4000 new claims which we could not have anticipated.”

Delegate Cowles: “And you expect the Trust Fund Balance to, not as reflected here but, fall to zero?”

Ms. Carenbauer: “No sir. What we are doing is, as the caveat in the legislation would provide, if the Trust Fund Balance would hit a balance of \$25M, then we would kick in a loan from the Rainy Day Fund. So that on top of that would be \$45M and hopefully that will take us through until we build up our balances again at the end of the first quarter.”

Delegate Cowles: “Right. Is there some way you could give an updated projection through the year so I can see if we are in danger of getting anywhere close to \$25M?”

Ms. Carenbauer: “Absolutely, we provide this on a monthly basis to you all. Would you like it more quickly than that?”

Delegate Cowles: “Are we going to consider that bill before then?”

Ms. Carenbauer: “Yes, sometime during the legislative session sir.”

Delegate Cowles: “Before I seriously consider that bill I will need to see that projection, this Delegate from the 58th any way.”

Ms. Carenbauer: “Yes sir.”

Delegate Cowles: “Thank you. Thank you Mr. Chairman.”

Speaker Armstead: “Delegate Miley.”

Delegate Miley: “Thank you Mr. Speaker. Ms. Carenbauer, I want to follow up on the line of questioning that Senator Hall was asking because I have been through one of these audits and I have a part-time bookkeeper who is there 5 days a week 4 hours a day. She took care of it. I wasn't really bothered or troubled by it. But it has only happened once in the 15 years or so that I have owned a business. My question to is, do you keep track or does Workforce WV keep track of the average number of times businesses get

audited and over what that time period is? Because it is easy to point out one anecdotal instance of what happens to a business and they may have been in business for 25 years and it has only happened once. And granted perhaps inconvenient but it is nice to know what the average number of frequent audits are that occurred in small business or any business for that matter.”

Ms. Carenbauer: “Yes sir. We provide extremely detailed reports on that and I would be happy to provide that information to you all.”

Delegate Miley: “But it was two days the auditor spent in our conference room with the stuff, and I again, I didn’t have to do it my bookkeeper did but it is still time out of her day that she otherwise could be performing other work.”

Ms. Carenbauer: “I do understand that it can be frustrating.”

Delegate Miley: “Thank you.”

Speaker Armstead: “Further questions? Delegate Nelson.”

Delegate Nelson: “I have no question.”

Speaker Armstead: “Ok, Senator Cole.”

President Cole: “What makes you believe if we are falling that far behind on projections for the total fund based on the understanding that you couldn’t perceive perhaps the layoffs coming? What then makes you believe that in March there’s going to be a recovery? I understand the seasonal aspect that we are talking about historically, winter time being a tough time but with all these additional layoffs, why do you think that the fund will recover? In other words how are you going to pay back the \$25M, I guess is what I am saying?”

Ms. Carenbauer: “Ok, yes sir that is a very good question. It’s not that we think the economy will recover so much as that is our largest revenue because when employers pay on the first \$12,000 salary, after the first quarter taking our largest amount of revenue. So what we anticipate, if you would look down there you will see pretty typically that the largest amount of revenue occurs in April and May as you saw from last year as well as this year, so anticipate that after the first quarter filings are done we will have enough money to repay the loan and take us back to a more comfort level with the Trust Fund.”

President Cole: “But then if unemployment stays high and your revenues fall off, then you are in trouble all over again at the end of the summer.”

Ms. Carenbauer: “Well, yes sir. I think that is something we are watching extremely carefully. We do know that in the summer, we will usually see a slight increase in employment numbers due to construction and the seasonal workers go back. We take, everything we do with the Trust Fund is based on historical action within the fund so we know historically generally speaking we will see a little bit of a pickup in the economy when the weather warms.”

President Cole: “Good. Thank you very much.”

Speaker Armstead: “Further questions? Senator Trump.”

Senator Trump: “Thank you Mr. Speaker. Ms. Carenbauer how long can a person receive unemployment benefits?”

Ms. Carenbauer: “State benefits are provided for 26 weeks.”

Mr. Speaker: “Further questions? Alright, thank you Ms. Carenbauer.”

Ms. Carenbauer: “Thank you.”

Mr. Speaker: “Next on our Agenda is Mary Jane Pickens, Deputy Secretary to Department of Administration regarding monthly and quarterly reports from PEIA, BRIM and Real Estate Reports.”

Ms. Pickens: “Good afternoon Mr. President, Mr. Speaker and members of the Committee. On behalf of the Department of Administration we have provided the reports regarding the Board of Risk and Insurance Management, PEIA and Real Estate and those are in your packets. We have representatives from those agencies here and happy to entertain any questions if you have any. I just wanted to provide a couple of little updates on the capitol building projects around the campus. Building 3 renovations continues to move on, completion of asbestos removal is recent on the first floor, all of the upper floors have had hard demolition completed. We are expecting some revised floor layouts from the architect on a couple of floors relating to where the Department of Commerce elected to or requested to give back a couple of floors if you will. The exterior restoration project on Buildings 5, 6 and 7 is completed. The perimeter fencing project is moving on. The pavers are installed, the fences are installed, the pavers on the walkway rather. There is work under way on gate access and so that all seems to be moving forward. If there is any questions on anything, we are happy to entertain those.”

Mr. Speaker: “Are there any questions for Ms. Pickens? If not, thank you. Next is Department of Health and Human Resources, Medicaid Report and Medicaid Waiver, CHIP Program, Cindy Beane, Acting Commissioner.”

Ms. Beane: “Good afternoon Mr. President, Mr. Speaker and members of the Committee. In you packets you will have the Waiver Report along with the Financial Reports. I am pleased to announce today that all 3 of our Home and Community Based Waivers were approved by the centers for Medicaid and Medicare Services and for their 5 year renewals and those new waivers for the next 5 year policies have been put into effect. I will entertain any questions.”

Mr. Speaker: “Any questions? Delegate Boggs.”

Delegate Boggs: “Thank you Mr. Speaker. Happy New Year’s Cindy.”

Ms. Beane: “Happy New Year’s Delegate.”

Delegate Boggs: “On the AD Waiver Report, if you could kind of walk us through that. How many, 136 on the waiting list or am I reading that wrong?”

Ms. Beane: “I can give you an update. The reports that you all have, you know of course have a lag. Knowing that I might receive some questions I did get some updated numbers for our Aged & Disabled Waiver. So currently we are at the capacity in our Aged & Disabled Waiver Program. We do have a few slots less than 40 that are reserved for our Money Follows the Person Program. That program is a program in which somebody is actually in a nursing home and which is to move to the community is allowed to do so onto that program. So we are at capacity of the program. We have 900 members on our Managed Enrollment List as of 1/9/16, however, only 300 of those members we are sure are waiting because they are both financially and medically eligible. We are waiting for the other two-thirds of that 900 to determine whether they are not financially eligible. They have so much time to make sure that they are financially eligible. We anticipate not all those members will be financial eligible due to historical turnover with regards, usually when we mail those letters half of the list is usually financially eligible.”

Delegate Boggs: “So you know that there are 300 that are eligible and we are just unsure of the other 600 until all of the information is back in. So potentially you can either have 300 or you can have 900 or somewhere in between?”

Ms. Beane: “Potentially. People do apply, it is a point and time number. People do apply you know every day for the program. I can tell you that as of today we do have 300 on the Managed Enrollment List. That number will continue to grow until we access additional slots in July.”

Delegate Boggs: “So you have 300 that are actually, you deemed eligible both financially and medically but the others are pending their financials eligibility?”

Ms. Beane: “There are in the process of seeking whether or not they are financial eligible.”

Delegate Boggs: “Ok. What is the longest, I noticed on one of the pages on this, it talks about the longest time spent on the Managed Enrollment List to date. Is that total number of days or is that, how do you, how is that interpreted? I mean how long do we have some people that have actually been waiting that have been deemed financially as well as medically eligible? I was just in one county a few nights ago and I was hearing about someone, 101 years old. This was from one of the senior directors that is on the list waiting and there is a real question as to how long that person can actually wait at 101 years old before they are going to be picked up on the program? So, I mean..”

Ms. Beane: “I will say that not only that the, someone who is 101 that all 300 of those individuals are waiting of course have a need for services. One of the options if that individual is already Medicaid eligible, meaning that they can financially meet Medicaid eligibility without the waiver program because the financial eligibility for the waiver program is a little bit higher than your standard Medicaid recipient. We do have a Personal Care Program that a 101 year old individual that personal care worker can go into the home and provide as many hours as Aged & Disabled Waiver Program. But the person has to already meet that financial eligibility. It means they already have a medicaid card. I don't know the name of your constituent but certainly if you could give me the name we could certainly find out.”

Delegate Boggs: “I will communicate with you on that in the next day or so. And Mr. Speaker just a couple of very brief questions. Also on this it talks about applicants on the Managed Enrollment List who are in a nursing facility. So I take that to mean we have people who are actually on the waiting list that are in a nursing home that is costing probably two-thirds than it would be if they were in their home but they are on the waiting list to get out of there and to get into their home. Am I interpreting that correctly?”

Ms. Beane: “You are interpreting that correctly. We do have a program for that if that individual has the supports to come out called Money Follows the person they can certainly be referred to as well.”

Delegate Boggs: “Meanwhile the money is being racked up as far as the, probably a half to two-thirds more as opposed to being in their own home for much less taxpayer money?”

Ms. Beane: “The cost for nursing home services is more than the cost for Aged & Disabled Waivers.”

Delegate Boggs: “And likewise I noticed that the next line ‘Applicants on the Managed Enrollment List receiving Personal Care’. To me I interpret that those 111 people that are showing up there are receiving some type of personal assistance and they probably would be in a nursing home were it not for that personal care? Is that reasonable to assume?”

Ms. Beane: “Conceivably so but that with the Safety Net Program that I was telling you about. So our Personal Care Program which we are not asked so much about because it doesn’t have a slot capacity, it’s a state run program but you do have to meet that Medicaid Financial Eligibility. You do have to already have a medical card. It provides those in-home services for senior or people with disabilities who might need someone to come into their home and help them with bathing, dressing, grooming, those personal care activities.”

Delegate Boggs: “As always I appreciate the information and I will communicate that information. Thank you. Thank you Mr. Speaker.”

Speaker Armstead: “Any further questions? If not, thank you. Next is the Investment Management Board Report, Mr. Slaughter.”

Mr. Slaughter: “Craig Slaughter, Executive Director of the Investment Management Board. You should have the November Participant Plan Performance Report in your packet. As you all well know the capital markets haven’t been kind to me or anyone else in the world quite honestly. So it’s been rough lately, as you know. We’ve been down, we were down slightly in the month of November. It’s not gotten really any better since then. For the fiscal year we are down, we are down over a couple of percent for sure. Looking at it right now, so happy to take questions. Not a positive report I know but.”

Speaker Armstead: “Any questions for Mr. Slaughter? If not, thank you Mr. Slaughter. Next is our Workers’ Compensation Report, Mike Riley Commissioner.”

Mr. Riley: “Good afternoon Mr. Speaker, Mr. President and Committee Members, Mike Riley, Insurance Commissioner. You have a copy of the Workers’ Comp Report. I will just highlight a few numbers. As usual on page 7 as of December 31st, the Old Fund had 14,491 active claims. On the next page the Coal Workers’ Fund has 848 active claims and the Uninsured Fund 20 active claims. If you turn to page 10 you will see the graph changes dramatically there for the Guaranty Fund and next fund which is the Security Fund, those are our self-insured funds. With the Patriot Bankruptcy those Workers’ Compensation Claims for Patriot came to us, you will see these numbers increasing with the next report. We got about, you will see on the Guaranty Fund it went up about 200, that is just one transfer from AIG and then we will get the next transfer as of January 1st of about another 700, for a total of 800 Active Workers’ Compensation Claims from Patriots came to us. We do have security from lines of credit that we pulled down and we

do think we are fully secured for those but obviously as triages claims and come up with the values. That may change but right now we think we are in an ok position. Moving over to page 12, is the Old Fund Cash Statement as it was just mentioned you will see revenues look fine, expenses look fine, obviously the big issue is our return on investments. For our model we project 5% return which would generate about \$60M for the entire year. You can see we are down \$29M so we got a ways to go before June 30th, the end of the fiscal year. Other than that, we got an Ending Cash Balance of \$1.3B and I would be happy to answer questions.”

Speaker Armstead: “Are there any questions for Mr. Riley? If not, thank you Mr. Riley.”

Mr. Riley: “Thank you Mr. Speaker. As of the Year End Date our Deficiency Balance between, as of June 30, 2015 which was our last audit the Deficiency Balance was at \$90M which is significant progress. It was about \$300M last year so we have made a significant dent in that and certainly are getting to a close to a fully funded position, obviously the concern being we need this investment income on our return on our investments not only in the future. Thank you Mr. Speaker.

Speaker Armstead: “Thank you. Any further questions? Alright. In your packet is the Board of Treasury Report and State Fire Marshall Report.

Next on our Agenda is John McBrayer, Deputy Secretary of the Department of Administration, to respond to the Highway Performance Audit.”

Mr. McBrayer: “Thank you Mr. Speaker and Committee Members. You know this is a big deal and I know that you want to look at highways very close. I am not going to try and get into specific issues what I am going to tell you is what we plan to do, to go forward to create an environment that you all can look at highways, how you want to look at it, and let us help you see what it is you feel you need to see. We received the report yesterday I guess or the day before. We have distributed it among our senior level managers. Next week we are going to sit down with them and get their assessment of the report. Once we conclude that, we will move forward with communicating with whoever is going to help put the oversight committee together and we would like to be involved in that process with you. And we want to go through this audit report and clarify and save every dime we can just as you folks want us to do and we want to be very transparent with the whole report and we want you to get what it is you want to get out of it. There’s always a lot of conversation about highways about how we spend our money, how we create a budget for each county. How we come up with the number of dollars that we are going to give each district. What happens to money that we budget for SRIC in the winter time and as of, like this year it’s been kind of a mild winter. So obviously if you got a county organization that’s budget was \$3.2M, they are probably going to have some surplus money. However that don’t actually mean its surplus money, that means that’s

money that was not spent during SRIC and those monies are generally spent on our outlaying roads our county roads. Those roads don't make into a spring paving program or summer paving program. Those programs address our interstates, our APDs our corridors and things like that. There is some WV and US routes that those paving programs address. What I want to make clear today is I want to work with you all. And every what you want to do to get what you need to look at in highways, I want to be instrumental in making sure you get that. That's a lengthy report. I'm not going to stand, if you have a specific area or something that you want to ask me a question about today, I will respond but if you don't then I suggest we put together a committee that works in your best interest, the citizens of this state's best interest and the agency's best interest. And if there's \$25M we can save, then we need to save that. You know there is a lot of things that goes on in highways, particularly when you start talking about you know the federal budget runs out in October, the state budget ends on June 30th. So on June 30th we're right in the middle of construction season. So we are working through a budget and we are also taking up a budget. So all those things need to be clarified for you folks so you can see how the dollars are put in place. Why money is carried over from one year to the next and sometimes it seems like enormous amount of money that's carried over from one year to the next and there is reasons for that. It could be that we put enough work out on the street and by that I mean just paving work that the contractor couldn't get to it this fiscal year so that work is pushed over until the next spring and he picks it up in the spring. It could be that we was working on Rte. 35 and that contract was due to be let in October, I am just hypothetically speaking to give you an example, that contract was due to be let in October and for some environmental reason or for some other reasons whether it buying property or whatever we need to go through to let that contract, that was carried over to the next calendar year. So you are going to see those monies that's there that it looks like we have a large surplus of money when those monies are actually committed to a particular project. I think once you start becoming educated to highways and how we function. I will be very transparent, you know, whatever you want to look at, I certainly will help you and the things that you don't know to ask for, I certainly help with that too. As far as moving forward with the audit, I want to convey to you, I've got 32 years over there. I have worked in about every aspect of the agency you can work in. When I hired in for highways I hired in as a welder, was a coalminer earlier. Managed two districts. I have been the Acting Director of Human Resources. I have interacted with Secretaries and Commissioners for the past 25 years from both political parties, prospered under both political parties and I want to convey to you that I am going to be very transparent. Whatever you want to look at that's what we will look at. I won't expect you to know what you want to look at because you probably not going to know but we will explain the process to you. If you want to know why that money was carried over from 2013 to 2014, we will give you an explanation to show you on paper why. Again, let me say if there is a particular question that you want to ask of me today, I will respond. If there's not, then I look forward to putting a committee together and moving forward with this. I know that we have a lot of interest in what goes on in highways and rightfully so. You folks are elected

officials, you represent the citizens and some of you represent me over here. So I am open to whatever you all want to do.”

Speaker Armstead: “Senator Hall.”

Senator Hall: “Part of what I was going to ask you, you already answered, you know in terms of some of those, let me ask you a couple, point something out or note something. On January 1st our wholesale gasoline tax price went down, didn’t it?”

Mr. McBrayer: “It did.”

Senator Hall: “So that is going to cost you what, what are taxpayers going to save or what are you going to lose? It depends on how you look at it.”

Mr. McBrayer: “I don’t have those numbers right now.”

Senator Hall: “Well I’ve been told it’s about \$20M. Something in that range.”

Mr. McBrayer: “It very well could be.”

Senator Hall: “My sense would be if you, you said one thing about well we had a lot of these paving projects out there but they couldn’t get to them. Are you telling us that there is capacity or capability of our paving, what is the right word here, for our ability to do paving that there is a point above which you just can’t spend the money or if you had more money could you spend it on this or that? Like I’m thinking of a slip out in Mason County that has been there for five years. Where they are down to one lane, you know I am sure that every Delegate and Senator in this room, could point the same thing out on the back roads somewhere. It just seems like its taking forever. If you had more money could you do that or are you saying no there just isn’t the capacity to do it?”

Mr. McBrayer: “You know I am not going to dodge answering that but there are a lot of things that come into play with that. One is, let me give you an example, let’s say that we had monies that was above our projected revenues and the Commissioner decides or somebody decides that we are going to get x amount of dollars per district and get that allocation by road miles and different things that is in the formula that you get. And so in October we get that money. We put projects together and put them out to bid and the contractor will bid on them, get the project but he can’t do the work until next spring. We put out the work. The work is out on the street and the contractor just can’t get the work done. You know WV is a state, a very small rural state, we have probably a lack of and I think the folks that do the work here in the state do a good job but there is just not a lot of paving companies. There is not a lot of different, we have a completely different situation

than if you go to Ohio, if you go to Pennsylvania the largest states. Is that answering question as to why work is being pushed back?"

Senator Hall: "Well yeah. What I was asking was the capacity question and your ability to, if you knew in advance six months in advance that you had fifty more million dollars next year than you think you are going now. Then can you spend it? I mean is there enough, are there enough contractors? You said we've got one paving option or whatever. Is the capacity to do projects limited or if you have more money could you get to some of these secondary road issues that exist, that are right in front of a lot of us almost every day? I mean."

Mr. McBrayer: "I think a lot of that would depend on the industry. I think if the industry had a fore warning, if you will, that highways was going to have \$50M extra to spend on paving, if they knew that in January that we was going to have that money between April and October, I think they would be better equipped to gear up to accommodate that work. If there is a lot of guess work about you know the revenues are being projected and come in under the projected numbers, then they certainly can't beef up their staff to accommodate work that is just not going to be there."

Senator Hall: "So the contractor community has got a, they sort of developed sort of a sense of where you are going to be and they make other plans but they need lead time six months or year to know that revenue is going to be there in order for us to get the things done. Is that what you are saying?"

Mr. McBrayer: "I won't try to answer for the contractors but yes sir that is my opinion."

Senator Hall: "Ok, thank you."

Speaker Armstead: "Further questions? Delegate Nelson."

Delegate Nelson: "Last one I promise. Thank you Mr. Speaker. The report did lay out I guess some color coding as far as easy projects difficult, even laid out what we thought or what they thought could be saved over a twelve month period, do you care to speak to some of that low hanging fruit and once your committee gets together the ability to hits some of those savings?"

Mr. McBrayer: "If I recall, you are talking about where they consider the same staff doing things in different districts or combining? We do some of that now. I mean I was before the Committee one time and the question came to me about are we going to be able to put people in all of our snow plows? Well we make arrangements for that. If there is a big snow storm in the central part of the state and not down here, we ship people from down here up there to accommodate that need. I think that we can expand on what you are

asking me and that probably needs to be doveed into and looked at. We may be able to do that. I know that they gave some projected savings numbers too. I read through those, some of them, when you are talking about a \$1.1B agency and they're trying to isolate the savings of a \$1M. Sometimes it's hard to identify exactly what they are identifying. But I think a committee with an objective outlook that wants, I want it to improve. Quite honestly I want WV to get the biggest bang for the buck. I live here too, have all my life. I think that we are probably at a cross-roads, you folks want to look at highways. I'm fine with that. We spent some money to get an outside firm to come in and do an audit. I'm not exactly sure what the amount was, but I think we owe it to ourselves and to the citizens that we do produce. To answer your question, I think the Committee will help to put a lot of that together. I think it's very hard to look at what, you know I heard their comments. And some of what highways does, please don't be offended by what I am going to say, but if you don't really relate to that work and how monies are spent you know it's very hard to see what they are talking about. How you go to talk about county money and what's there and what is set aside for construction work, what is set aside for improvement, what is in a bridge program and then all of a sudden you got slide somewhere and you got to take money from the bridge program and fix that slide. Well you told somebody that a bridge was going to get replaced and now the money ain't there to replace the bridge. I think what is needed right now is for you folks to take a good deep look. That's just about what we can do to help you."

Delegate Nelson: "I appreciate that and obviously the agency will be coming before both Finance Committees with an update and maybe that would be an appropriate time that you can have your committee give us an update. Thank you, thank you Mr. Speaker."

Mr. McBrayer: "Yes sir, and we will bring some expert subject matters experts on whatever area. We will have some people there."

Speaker Armstead: "President Cole."

President Cole: "Just real quickly. I'm trying to hear what you are saying but on the paving example it sounded to me like you put the jobs out for bid. The successful contractor bids and gets awarded those jobs but they are not getting them done in time? Is that?"

Mr. McBrayer: "I think that, yes sir there are times when they don't get that work completed and they get pushed over to the next calendar year."

President Cole: "Is there any? And that went on this year apparently?"

Mr. McBrayer: "Yes sir."

President Cole: “Is there a penalty? I mean there is no completion agreement that a company makes before they bid? It’s easy to be low bidder and then if you don’t do the work, we didn’t get the work done as a state and somebody says ‘well, whoops I’m sorry but my competitor didn’t get that job either’.”

Mr. McBrayer: “I think with all due respect Mr. President, I think the Committee will uncover and sees some things that needs to be corrected. I know that doesn’t answer your question, but I will say this, and I would really like for you all to start looking at. We have, we put out work in the beginning of the year, actually we put out work all year round. We have a spring paving program and we have a summer paving program. Every district submits their spring paving program by the first day of January of each year. They submit their summer paving program by the last day of January every year. Outside of those two paving programs, we have other monies that come in counties that we do other projects with. Every end date on every contract we do, I’m probably going to get ragged over this, it’s got October 25th on it. I can’t tell you why. I’m probably crawling out there a little bit on that one. I think the Committee will uncover some things that we need to correct. I think the industry, you know I can speculate on why they would like things certain ways. I got the upmost respect for them and from the way I read the audit, they want the industry included in some of that. I think there needs to be some open dialog, you know we can’t put the same end date on every contract. What we put out for a spring program needs to be done by June 30th. You know what motivates them I can tell from where I sit sometimes you know the paving plants located in Kanawha County. So as the year goes on, the weather gets colder, they want to do those outlaying work prior to the cold weather so Kanawha County sometimes when I manage District 1 has a tough time getting things done. I’m not criticizing, that’s a business. That’s how you do business.”

President Cole: “Well I agree with you but who decision is it to put October 25th on it? I mean if you are aware that doesn’t make sense and I agree with you that it doesn’t make sense, who should we look to, to say let’s do something that does make sense? That certainly is not a committee. You know we expect departments to operate efficiently or as best they can. So if we identified that, who would it fall on to say hey, we need to look at this a different way?”

Mr. McBrayer: “Well I’ve voiced my concerns about it. I have done that. I think this Committee can have enough insight and enough sight that things that need to be changed will get changed.”

President Cole: “One other thing in that audit that came up was almost a passing comment. You spoke to the lack of competition in the paving. So the price is exorbitant, is that?”

Mr. McBrayer: “Well you know if you read through the audit, the report and I know you folks are very busy, they show where the prices are not that much out of line. We as an

agency feel like we are paying more. There's a lot of things that come into play with that, you know people talk about are you getting real good work, are you getting inferior work and you are paying the same dollar amount that they paying over here but the quality ain't where it should be. There's just a lot of things that comes into this whole thing. And I think that sometimes where people like yourself who want to see inside the agency what's going on. I mean somebody has to take time to look at all that. You want to fix it, well we need to convey to whoever, and I really can't answer who has the final work on putting that end date. It needs to be changed."

President Cole: "You know I heard the same thing you did about the pricing being ok but that was when he first talked about it and then towards the end it was almost in passing and he blew out a couple of \$130 or \$140 number I don't remember what it was, but it was pretty high I thought."

Mr. McBrayer: "It is. And our state is very diverse, you go down to McDowell County and down in there prices aren't going to be so high. They probably buy a lot of their asphalt from Virginia and there or so. There is a fluctuation. And that needs to be looked at, I think from their numbers in their report, while we have done some internal things, we think we are paying far too much compared to other people."

President Cole: "But generally speaking there is probably a lack of competition that drives that?"

Mr. McBrayer: "Yes sir. That is my opinion."

President Cole: "Ok, thank you very much."

Mr. McBrayer: "You're welcome. Thank you."

Speaker Armstead: "I just have a couple of questions. You have touched on it but I think there was sort of an assumption on my part and probably other members part, part of the reason some of the paving was behind was lack of funding that actually appropriated in. As we looked at the audit report, it appeared for the last three years in the three years that they looked at that the amount that was given to highways to do paving was higher than the amount was actually used. I know you said there was some projects that lagged over from year to year but over a three year period it looks like we actually had given more money to highways than they actually used to pave roads. So is, can you explain why we would not be using basically every dollar that's given to highways to actually be out and doing the road work or I again I understand there are some projects that may get delayed but overall over a three year period, it seemed like every year there was more money that was appropriated to highways for road construction than was actually used. Sometimes significantly more."

Mr. McBrayer: "Again Mr. Speaker, with all due respect, I don't think that there is a lot but there could be some monies that's not spent that is appropriated. I managed two

districts and when you manage an organization like that, it's almost like you know every morning you've got to a war room. Here's the budget and here is what we got because you spend your money by the end of the fiscal year. And we paved this amount of county roads and we got a list of priority of what the needs are. And you spend this amount and then all of sudden your money is improved a little bit because certain counties have more money left and so you work that budget down to where you don't want to go into the red but you work it to where, I recall years where I finished with \$28,000. You know out of \$37M. You really got to pay attention, I don't think there is a lot of money that's actually carried over that's allocated. Again, I think once you get into looking at highways you are going to see there is no doubt we need some improvements. I don't dispute that. I don't think it is what you all think it is. Again, let me say, I do whatever I can to explain that. You know we have projected money, you can almost look at it daily as to what the cash balance is and when you are working with that, then you have this part of the agency who is in charge of programming and planning work well they make recommendations and I'm not talking about districts, I'm talking where major projects come from. They're wanting to fund certain projects and you're allocating from where the funds are and you got to keep a certain amount of money in the bank to meet payroll, you know I recall a gentleman I had great respect for, Fred Van Kirk, you'll probably heard of him. He kept a balance of \$100M. I mean that was his daily balance, if it got below that he got a little bit nervous. If you, that sounds like an enormous amount of money but if you come out the next day and you got a disaster somewhere, you have to spend your money or the state's money to address the disaster. Granted you get it back most of time from FEMA and the federal government, but you still have to have money in the bank to pay for it. I mean that's how you operate just like a business. I think that once this Committee is put together and you start getting it little bits at a time or some of you may get large bits of it, I think you will start to see how it operates. Again, I am not going to say there ain't some things that need improved upon, because there are."

Speaker Armstead: "Just one last question. In the other finding, it wasn't really a funded in terms of funding but just, I heard this statement from a number people who, either a number of employees in highways and supervisors, that it takes so long in order to be able get an employee approval and a lot of times they have moved on and gotten a job somewhere else. What do you see as a reason for that? Is there something that we can do from legislative standpoint to speed that up?"

Mr. McBrayer: "I think you probably could maybe just encourage your, ever how you all do those things, the agencies that's in involved in the oversight of that hiring process to improve it. You know we are going through a change right now, going to OASIS and a thing called ERP. Prior to that we had a program that was referred to as Reamis. We turned transactions around in 8 to 10 working days. But with the new program it's a whole different flow of approvals, some agencies feel like there is too much oversight as to who's approved of what and why they are approved. That something that definitely needs to be looked at. In highways that's one of the organizations that's under me is Human Resources and there is a real problem there. I mean we have a terrible time and when you need truck drivers to plow snow, you got have them then you can't wait. But it's

referred to in the audit and I think that there certainly can be some discussion about that. Any changes it needed.”

Speaker Armstead: “Alright. Any further questions of Mr. McBrayer? If not, thank you.”

Mr. McBrayer: “Thank you all.”

Speaker Armstead: “Any further business to come before the Committee? If not, President Cole.”

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

Speaker Armstead: “President Cole moves that we adjourn. All those in favor say aye, oppose no. The ayes appear to have it, the ayes do have it, I declare the meeting 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

May 12, 2015

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

- West Virginia Lottery as of March 31, 2016:
Gross profit for July 2015 - March 2016 was \$394 million.
- West Virginia Unemployment Compensation Fund as of April 30, 2016:
Total disbursements were \$ 45 million higher than last fiscal year. Overall ending trust fund balance was \$ 10 million lower on April 30, 2016, than on April 30, 2015.
- General Revenue Fund as of April 30, 2016:
The general revenue collections ended the tenth month of fiscal year 2015-2016 at 92% of the estimate for the year.
- State Road Fund as of April 30, 2016:
The state road fund collections ended the tenth month of fiscal year 2015-2016 at 104% 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 2, 2016

Re: Review of West Virginia Lottery Financial Information
As of March 31, 2016

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for March 31, 2016, 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 \$856 million for July - March 2016. Table games accounted for \$32.7 million of this total. Historic Resort Hotel video lottery and table games accounted for \$4.8 million of total gross receipts. Gross lottery revenue has decreased by 1.7% when compared with July - March of fiscal year 2014-2015. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July – March 2016 was \$394 million; for July - March of last fiscal year it was \$402 million. Expressed as a percentage, gross profit is 2% lower for fiscal year 2016 than for fiscal year 2015.

Lottery continued

Operating Transfers to the State of West Virginia:

A total of \$370,789,000.00 has been accrued to the state of West Virginia for fiscal year 2015-2016. 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	\$69,027,000.00
Community and Technical College	\$4,499,000.00
Department of Education	\$17,953,000.00
Library Commission	\$11,421,000.00
Higher Education-Policy Commission	\$7,215,000.00
Tourism	\$8,000,000.00
Department of Natural Resources	\$3,189,000.00
Division of Culture and History	\$4,745,000.00
Economic Development Authority	\$8,996,000.00
Department of Education and Arts	\$1,586,000.00
School Building Authority	\$16,200,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$152,831,000.00

Excess Lottery Fund

Economic Development Fund	\$17,089,000.00
Higher Education Improvement Fund	\$13,500,000.00
General Purpose Fund	\$47,457,000.00
Higher Education Improvement Fund	\$21,173,000.00
State Park Improvement Fund	\$3,651,000.00
School Building Authority	\$17,093,000.00
Refundable Credit	\$5,414,000.00
WV Racing Commission	\$1,460,000.00
WV DHHR	\$20,000,000.00
Teacher's Retirement Savings	\$0.00
Division of Human Services	\$10,090,000.00
WV Lottery Statutory Transfers	\$46,602,000.00
Excess Lottery Surplus	\$0.00
WV Infrastructure Council Fund	\$27,303,000.00
Total State Excess Lottery Revenue Fund	\$230,832,000.00

Total Budgetary Distributions:	\$383,663,000.00
Veterans Instant Ticket Fund	\$454,000.00
TOTAL TRANSFERS	*\$384,117,000.00

* CASH BASIS

Total Accrued last FY 2015:	\$123,920,000.00
Total Cash Distributions FY 2016:	\$384,117,000.00
Applied to FY 2015	\$123,920,000.00
Applied to FY 2016:	\$260,197,000.00
Accrued for FY 2016 as of March 31:	\$110,592,000.00



P.O. BOX 2067
CHARLESTON, WV 25327

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

Earl Ray Tomblin
Governor

John A. Myers
Acting Director

MEMORANDUM

TO: Joint Committee on Government and Finance
FROM: John Myers, Acting Director

A handwritten signature in blue ink that reads "John A. Myers".

RE: Monthly Report on Lottery Operations
Month Ending March 31, 2016

DATE: April 15, 2016

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

Financial statements of the Lottery for the month ending March 31, 2016 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$99,992,975 for the month of March.

Transfers of lottery revenue totaling \$34,159,137 made for the month of March 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 18 and 19 of the attached financial statements.

The number of traditional and limited retailers active as of March 31, 2016 was 1,515 and 1,387 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.

JM

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 Myers, Acting Director

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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



WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

March 31, 2016

WEST VIRGINIA LOTTERY

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

ASSETS	March 31, 2016	June 30, 2015
Current Assets:		
Cash and cash equivalents	\$ 139,464	\$ 163,592
Accounts receivable	31,200	33,929
Inventory	426	457
Other assets	1,714	1,894
Total Current Assets	<u>172,804</u>	<u>199,872</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	-	1,130
Capital assets	55,935	47,763
Less accumulated depreciation and amortization	<u>(10,801)</u>	<u>(10,000)</u>
Net Capital Assets	<u>45,134</u>	<u>37,763</u>
Total Noncurrent Assets	<u>45,134</u>	<u>38,893</u>
Total Assets	<u>\$ 217,938</u>	<u>\$ 238,765</u>
Deferred outflows of resources	<u>\$ 1,099</u>	<u>\$ 1,099</u>
Total assets and deferred outflows	<u>\$ 219,037</u>	<u>\$ 239,864</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 110,592	\$ 123,920
Estimated prize claims	16,479	15,911
Accounts payable	2,361	2,158
Other accrued liabilities	33,296	41,566
Total Current Liabilities	<u>162,728</u>	<u>183,555</u>
Deferred inflows	<u>\$ 2,153</u>	<u>2,153</u>
Net Position:		
Restricted by enabling legislation	-	1,130
Net Investment in capital assets	45,134	37,763
Unrestricted	<u>9,022</u>	<u>15,263</u>
Total Net Position	<u>54,156</u>	<u>54,156</u>
Total net position, liabilities, and deferred inflows	<u>\$ 219,037</u>	<u>\$ 239,864</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2016

(In Thousands)
-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	FY 2016	FY 2015	FY 2016	FY 2015
Lottery revenues				
On-line games	\$ 5,687	\$ 5,558	\$ 66,644	\$ 59,461
Instant games	9,918	9,379	78,555	78,625
Racetrack video lottery	46,899	48,640	402,354	415,287
Limited video lottery	33,183	34,376	271,320	278,503
Table games	3,865	3,987	32,669	35,224
Historic resort	442	298	4,817	4,497
	<u>99,994</u>	<u>102,238</u>	<u>856,359</u>	<u>871,597</u>
Less commissions				
On-line games	393	399	4,660	4,164
Instant games	695	657	5,499	5,504
Racetrack video lottery	22,606	23,612	210,346	217,950
Limited video lottery	16,259	16,844	132,947	136,467
Table games	1,638	1,689	13,844	14,926
Historic resort	236	141	2,448	2,241
	<u>41,827</u>	<u>43,342</u>	<u>369,744</u>	<u>381,252</u>
Less on-line prizes	2,810	2,845	33,270	29,409
Less instant prizes	6,540	6,182	51,945	52,058
Less ticket costs	136	205	1,105	1,224
Less vendor fees and costs	725	303	6,255	5,595
	<u>10,211</u>	<u>9,535</u>	<u>92,575</u>	<u>88,286</u>
Gross profit	<u>47,956</u>	<u>49,361</u>	<u>394,040</u>	<u>402,059</u>
Administrative expenses				
Advertising and promotions	182	146	3,165	3,690
Wages and related benefits	856	873	7,604	7,919
Telecommunications	78	55	740	796
Contractual and professional	314	399	3,520	3,680
Rental	38	19	326	210
Depreciation and amortization	89	89	801	1,087
Other administrative expenses	140	127	934	1,080
	<u>1,697</u>	<u>1,708</u>	<u>17,090</u>	<u>18,462</u>
Other Operating Income	<u>124</u>	<u>145</u>	<u>1,992</u>	<u>2,657</u>
Operating Income	<u>46,383</u>	<u>47,798</u>	<u>378,942</u>	<u>386,254</u>
Nonoperating income (expense)				
Investment income	182	96	428	385
Distributions to municipalities and counties	(650)	(674)	(5,318)	(5,458)
Distributions -capital reinvestment	(950)	(927)	(3,263)	(3,095)
Distributions to the State of West Virginia	(44,965)	(46,293)	(370,789)	(378,086)
	<u>(46,383)</u>	<u>(47,798)</u>	<u>(378,942)</u>	<u>(386,254)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	<u>54,156</u>	<u>55,020</u>	<u>54,096</u>	<u>55,020</u>
Net position, end of period	<u>\$ 54,156</u>	<u>\$ 55,020</u>	<u>\$ 54,096</u>	<u>\$ 55,020</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2016

(In Thousands)

-Unaudited-

	2016	2015
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 861,080	\$ 869,199
Cash payments for:		
Personnel costs	(7,688)	(7,684)
Suppliers	(4,903)	(9,044)
Other operating costs	(463,853)	(468,809)
Cash provided by operating activities	<u>384,636</u>	<u>383,662</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(384,117)	(384,457)
Distributions to municipalities and counties	(5,255)	(5,358)
Distributions to racetrack from racetrack cap. reinv. fund	(12,845)	(10,733)
Cash used in noncapital financing activities	<u>(402,217)</u>	<u>(400,548)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(8,172)</u>	<u>(281)</u>
Cash flows from investing activities:		
Investment earnings received	<u>495</u>	<u>323</u>
Cash provided by investing activities	<u>495</u>	<u>323</u>
Increase (decrease) in cash and cash equivalents	(25,258)	(16,844)
Cash and cash equivalents - beginning of period	<u>164,722</u>	<u>151,109</u>
Cash and cash equivalents - end of period	<u>\$ 139,464</u>	<u>\$ 134,265</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 378,942	\$ 386,254
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	801	1,087
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	2,729	(5,055)
(Increase) decrease in inventory	31	(62)
(Increase) decrease in other assets	113	(38)
Increase (decrease) in estimated prize claims	568	1,167
Increase (decrease) in accounts payable	203	423
Increase (decrease) in other accrued liabilities	1,249	(114)
Cash provided by operating activities	<u>\$ 384,636</u>	<u>\$ 383,662</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 1 - LEGISLATIVE ENACTMENT

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Sales of on-line lottery tickets are made by licensed agents to the public with the use of computerized terminals. On-line games include POWERBALL®, a multi-state “jackpot” game; 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.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

COMPENSATED ABSENCES – The Lottery has accrued \$563,913 and \$573,313 of at June 30, 2015 and 2014, 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).

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

NOTE 3 - CASH AND CASH EQUIVALENTS

At March 31, 2016 the carrying amounts of deposits (overdraft) with financial institutions were \$492 thousand with a bank balance (overdraft) of \$536 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):

	March 31, 2016	June 30, 2015
Deposits with financial institutions	\$ 492	\$ 477
Cash on hand at the Treasurer's Office	8,141	21,525
Investments with BTI reported as cash equivalents	130,831	142,720
	\$ 139,464	\$ 164,722

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 4 – CAPITAL ASSETS

A summary of capital asset activity for the month ended March 31, 2016 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2015	Additions	Deletions	Historical Cost At March 31, 2016
Construction in Progress	\$ 1,090	\$ 8,172	\$ -	\$ 9,262
Buildings	38,084	-	-	38,084
Land	1,434	-	-	1,434
Improvements	260	-	-	260
Equipment	6,895	-	-	6,895
	<u>\$ 47,763</u>	<u>\$ 8,172</u>	<u>\$ -</u>	<u>\$ 55,935</u>

Accumulated Depreciation:

	Historical Cost At June 30, 2015	Additions	Deletions	Historical Cost At March 31, 2016
Buildings	\$ 3,093	\$ 714	\$ -	\$ 3,807
Improvements	260	-	-	260
Equipment	6,647	87	-	6,734
	<u>\$ 10,000</u>	<u>\$ 801</u>	<u>\$ -</u>	<u>\$ 10,801</u>

NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY

The Lottery is a member of the Multi-State Lottery (MUSL), which operates the semi-weekly POWERBALL® jackpot lotto game, the 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 March 31, 2016 and fiscal year-to-date is as follows:

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 2,479,490	\$ 37,940,321
Hot Lotto	384,938	3,628,704
Mega Millions	839,019	8,265,015
Total	\$ 3,703,447	\$ 49,834,040
<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,240,617	\$ 18,984,870
Hot Lotto	192,701	1,814,998
Mega Millions	149,785	4,136,969
Total	\$ 1,583,103	\$ 24,936,837

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

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

At March 31, 2016, the Lotteries share of the prize reserve fund balances were as follows:

Game	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 112,279,529	\$ 1,859,155
Hot Lotto	7,170,477	497,214
Mega Millions	37,932,614	544,873
Total	<u>\$ 157,382,620</u>	<u>\$ 2,901,242</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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 \$14,794,432 at March 31, 2016, of which the Lottery's share was \$1,581,796.

NOTE 6 - RACETRACK VIDEO LOTTERY

The Racetrack Video Lottery legislation stipulates the distribution of racetrack video lottery revenues. This legislation has been amended since inception to restate revenue distribution based on revenue benchmarks and has been amended again by HB 101 as passed during the first extraordinary session of 2014. For a complete summary of the impacts of HB 101, see Note 11 titled "Summary Impact of Recent Legislation." Initially, four percent (4%) of gross terminal revenue is allocated for lottery administrative costs. Sixty-six percent (57%) of net terminal revenue (gross less 4%) is allocated in lieu of commissions to: the racetracks (46.5%); other private entities associated with the racing industry (8.7%); and the local county and municipal governments (2%). The remaining revenues (42.8%) of net terminal revenue is allocated for distribution to State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in the Note 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, 49% of net terminal revenue is allocated in lieu of commissions to: the racetracks (42%); other private entities associated with the racing industry (5%); and the local county and incorporated municipality governments (2%).

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

The remaining net terminal revenue (51%) is allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 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, Maryland, 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 March 31, 2016 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2016	2015	2016	2015
Total credits played	\$ 514,034	\$ 541,035	\$ 4,454,056	\$ 4,679,258
Credits (prizes) won	(460,328)	(485,008)	(3,994,712)	(4,197,679)
Promotional credits played	(6,786)	(7,360)	(56,800)	(66,029)
MWAP Contributions	(21)	(27)	(190)	(263)
Gross terminal income	46,899	48,640	402,354	415,287
Administrative costs	(847)	(932)	(12,499)	(13,184)
Net Terminal Income	46,052	47,708	389,855	402,103
Less distribution to agents	(22,606)	(23,612)	(210,346)	(217,950)
Racetrack video lottery revenues	<u>\$ 23,446</u>	<u>\$ 24,096</u>	<u>\$ 179,509</u>	<u>\$ 184,153</u>

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

	March 31, 2016	Year-to-Date
State Lottery Fund	\$ 6,095	\$ 91,199
State Excess Lottery Revenue Fund	16,417	85,200
Capital Reinvestment Fund	934	3,110
Total nonoperating distributions	<u>\$ 23,446</u>	<u>\$ 179,509</u>

NOTE 7 - LIMITED VIDEO LOTTERY

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 - LIMITED VIDEO LOTTERY (continued)

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

A summary of limited video lottery revenues for the month ended March 31, 2016 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2016	2015	2016	2015
Total credits played	\$ 400,860	\$ 411,062	\$ 3,256,038	\$ 3,325,846
Credits (prizes) won	(367,677)	(376,686)	(2,984,718)	(3,047,343)
Gross terminal income	\$ 33,183	\$ 34,376	\$ 271,320	\$ 278,503
Administrative costs	(664)	(688)	(5,426)	(5,570)
Gross Profit	32,519	33,688	265,894	272,933
Commissions	(16,259)	(16,844)	(132,947)	(136,467)
Municipalities and Counties	(650)	(674)	(5,318)	(5,458)
Limited video lottery revenues	\$ 15,610	\$ 16,170	\$ 127,629	\$ 131,008

NOTE 8 – TABLE GAMES

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

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

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

**WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 – TABLE GAMES (continued)

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

The cash transferred to the State Excess Lottery Revenue Fund in the current month is included in Note 10- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended March 31, 2016 were \$11,042,277 and \$93,339,496, respectively. The following table shows the month and year totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2016	2015	2016	2015
Table Games Privilege Tax	\$ 3,865	\$ 3,987	\$ 32,669	\$ 35,224
Interest on Table Games Fund	1	-	6	3
Administrative costs	(331)	(342)	(2,800)	(3,019)
Total Available for Distribution	<u>3,535</u>	<u>3,645</u>	<u>29,875</u>	<u>32,208</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	248	256	2,100	2,264
Thoroughbred & Greyhound Development Funds	199	205	1,680	1,812
Racing Association Pension Plan	97	100	822	886
Municipalities/ Counties	<u>1,094</u>	<u>1,128</u>	<u>9,242</u>	<u>9,964</u>
Total Distributions	<u>1,638</u>	<u>1,689</u>	<u>13,844</u>	<u>14,926</u>
Excess Lottery Fund	<u>\$ 1,897</u>	<u>\$ 1,956</u>	<u>\$ 16,031</u>	<u>\$ 17,282</u>

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

NOTE 9 – HISTORIC RESORT HOTEL

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

Historic Resort Video Lottery

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

A summary of historic resort hotel video lottery revenues for the month ended March 31, 2016 and fiscal year-to-date follows (in thousands):

	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Total credits played	\$ 5,305	\$ 4,356	\$ 46,409	\$ 45,814
Credits (prizes) won	(4,852)	(4,117)	(42,516)	(42,133)
Promotional credits played	(123)	(65)	(641)	(755)
MWAP Contributions	-	-	-	-
Gross terminal income	<u>330</u>	<u>174</u>	<u>3,252</u>	<u>2,926</u>
Capital reinvestment	(16)	(8)	(153)	(138)
Excess Lottery Fund	(3)	(2)	(29)	(26)
Administrative costs	(18)	(9)	(176)	(158)
Hotel commissions	<u>(139)</u>	<u>(74)</u>	<u>(1,375)</u>	<u>(1,238)</u>
Net terminal income	154	81	1,519	1,366
Historic Resort Hotel Fund	98	51	966	869
Human Resource Benefit Fund	56	30	553	497

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL (continued)

Historic Resort Table Games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the month and year ended March 31, 2016 were \$320,776 and \$4,471,101, respectively.

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

	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Table games privilege tax	\$ 112	\$ 124	\$ 1,565	\$ 1,571
Administrative Costs	<u>(14)</u>	<u>(16)</u>	<u>(201)</u>	<u>(202)</u>
Total Available for Distribution	98	108	1,364	1,369
Historic Resort Hotel Fund	82	90	1,140	1,145
Human Resource Benefit Fund	16	18	224	224

Historic Resort Hotel Fund

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

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

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

	<u>Current Month</u>	<u>Year-to-Date</u>
Historic Resort Hotel Video Lottery	\$ 98	\$ 966
Historic Resort Table Games	82	1,140
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	<u>180</u>	<u>2,106</u>
Municipalities/ Counties	25	296
Excess Lottery Fund	155	1,812
Total Distributions	<u>\$ 180</u>	<u>\$ 2,108</u>

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

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, 2016 the State Legislature budgeted \$136,319,575 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 March 31, 2016 the Lottery has accrued additional distributions of \$110,591,963. 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):

<u>BUDGETARY DISTRIBUTIONS</u>	<u>March 31, 2016</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 4,499
Bureau of Senior Services		69,027
Department of Education		17,953
Library Commission		11,421
Higher Education-Policy Commission		7,215
Tourism		8,000
Natural Resources		3,189
Division of Culture & History		4,745
Department of Education & Arts		1,586
Economic Development Authority	999	8,996
School Building Authority	1,800	16,200
Total State Lottery Fund	\$ 3,299	\$ 152,831

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 1,899	\$ 17,089
Higher Education Improvement Fund	1,500	13,500
General Purpose Account	7,660	47,457
Higher Education Improvement Fund	3,417	21,173
State Park Improvement Fund	589	3,651
School Building Authority	1,899	17,093
Refundable Credit	3,039	5,414
WV Racing Commission	236	1,460
WV Department of Health and Human Resources		20,000
Teacher's Retirement Savings		-
Division of Human Services		10,090
WV Lottery Statutory Transfers	6,442	46,602
Excess Lottery Surplus		-
West Va. Infrastructure Council	4,135	27,303
Total State Excess Lottery Revenue Fund	\$ 30,816	\$ 230,832
Total Budgetary distributions:	\$ 34,115	\$ 383,663
Veterans Instant Ticket Fund	\$ 44	\$ 454
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 34,159	\$ 384,117
Accrued nonoperating distributions, beginning	(99,786)	(123,920)
Accrued nonoperating distributions, end	110,592	110,592
	\$ 44,965	\$ 370,789

NOTE 11 – 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 March 31, 2016 and March 31, 2015 approximated \$325,654 and \$209,543 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 March 31, 2016 and March 31, 2015 approximated \$377,236 and \$613,547 respectively.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 12 – 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, 2015 and June 30, 2014 were as follows:

	June 30, 2015	June 30, 2014
Beginning balance	\$ 1,397	\$ 1,640
Additions		
Legislative Appropriations		
Deductions		
Asset acquisition	(267)	(243)
Surplus of excess funds		
Ending balance	\$ 1,130	\$ 1,397

NOTE 13 – COMMITMENTS

For the years ended June 30, 2015 and 2014 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. As of June 30, 2015 and 2014, \$8,416,061 and \$7,653,177, respectively, are included in unrestricted net position and net investment in capital assets for this purpose.

NOTE 14 - RETIREMENT BENEFITS

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

Employees who retire at or after age sixty with five or more years of contributory service or who retire at or after age fifty-five and have completed twenty-five years of credited service with age and credited service equal to eighty or greater are eligible for retirement benefits as established by State statute. Retirement benefits are payable monthly for life, in the form of a straight-line annuity equal to two percent of the

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 14 - RETIREMENT BENEFITS (continued)

employee's average annual salary from the highest 36 consecutive months within the last 10 years of employment, multiplied by the number of years of the employee's credited service at the time of retirement.

Covered employees hired prior to July 1, 2015 are required to contribute 4.5% of their salary to the PERS. Covered employees hired on or after July 1, 2015 will contribute 6.0% of their salary to the PERS Tier II. The Lottery is required to contribute 13.5% of covered employees' salaries to the PERS. The required employee and employer contribution percentages have been established and changed from time to time by action of the State Legislature. The required contributions are not actuarially determined; however, actuarial valuations are performed to assist the Legislature in determining appropriate contributions. The Lottery and employee contributions, for the month ending March 31, 2016 and fiscal year-to-date are as follows (in thousands):

	March 31, 2016	Year-to-Date
Employee contributions	\$ 27	\$ 243
Lottery contributions	80	747
Total contributions	\$ 107	\$ 990

NOTE 15 - 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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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 15 - 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 16– 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 57th 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 \$389 and \$270 per employee per month for the years ending June 30, 2015 and 2014 respectively. Through June 30, 2015 and 2014, the Lottery has paid premiums of \$287,861 and \$291,750. As of June 30, 2015 and 2014, the Lottery has recorded a liability of \$4,631,089 and \$4,318,481 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 MARCH 31, 2016
 (In Thousands)**

	Current Month		FISCAL YEAR	
	<u>Actual</u>	<u>Projected</u>	<u>Actual</u>	<u>Projected</u>
Gross Revenues				
Instant games	9,918	7,917	78,555	71,249
On-line games	5,687	5,792	66,643	52,124
Racetrack video lottery	46,898	41,835	402,353	344,854
Limited video lottery	33,183	34,318	271,320	275,530
Racetrack table games	3,865	3,306	32,671	28,119
Historic resort	441	399	4,816	4,704
Total gross revenues	<u>99,992</u>	<u>93,567</u>	<u>856,358</u>	<u>776,580</u>
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,199	1,035	10,332	9,319
On-line games	1,694	1,692	19,739	15,232
Racetrack Video Lottery	6,099	5,930	91,225	87,405
Total Lottery Fund net revenues	<u>8,992</u>	<u>8,657</u>	<u>121,296</u>	<u>111,956</u>
Excess Lottery Fund				
Racetrack Video Lottery	16,425	13,937	85,233	59,795
Limited Video Lottery	15,770	16,143	127,962	129,609
Limited Video Lottery Fees	7	-	1,163	0
Racetrack table games	1,897	1,622	16,032	13,796
Historic resort	158	150	1,841	1,866
Total Excess Lottery Fund Net Revenues	<u>34,257</u>	<u>31,852</u>	<u>232,231</u>	<u>205,066</u>
Total Net Revenues	<u>43,249</u>	<u>40,509</u>	<u>353,527</u>	<u>317,022</u>

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

304-347-4870

Memorandum

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

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

Date: May 2, 2016

Re: Status of General Revenue Fund and State Road Fund as of
April 30, 2016 (FY 16)

We have reviewed the cash flow of the West Virginia general revenue fund as of April 30, 2016 which is the end of the tenth month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 92% of the estimate for the fiscal year. Total collections were \$278.4 million below the estimate for the fiscal year.

Personal Income Tax collections were \$65.2 million below the estimate for the fiscal year.

Consumer sales and use tax collections were \$24.5 million below the estimate for the year.

Severance Tax was \$158.7 million below the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$18 million below the estimate for the fiscal year.

State Road Fund

The state road fund collections were 104% of the estimate for the fiscal year. Total collections were \$20.4 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 \$384,545,090.69 as of April 30, 2016.

Balance July 1, 2015	480,055,439.54
Earnings	-95,510,348.85
Balance April 30, 2016	384,545,090.69

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$383,417,051.91 as of April 30, 2016.

Balance July 1, 2015	389,044,490.55
Earnings	-5,627,438.64
Balance April 30, 2016	383,417,051.91

The Personal Income Tax Reserve Fund had an \$8 million cash balance as of April 30, 2016.

Balance July 1, 2015	8,000,000.00
Revenues	0.00
Balance April 30, 2016	8,000,000.00

GENERAL REVENUE FUND FY 2015-2016

By Source and by Month

Monthly Revenue Estimates

as of April 29, 2016 OASIS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	FINAL MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES
Personal Income Tax	332,100,000	287,660,344	-44,439,656	1,575,300,000	1,510,050,157	-65,249,843
Consumer Sales Tax & Use Tax	96,500,000	95,433,754	-1,066,246	1,029,500,000	1,005,017,149	-24,482,851
Severance Tax	39,000,000	22,073,323	-16,926,677	362,400,000	203,673,505	-158,726,495
Corp Income /Business Franchise	24,000,000	15,125,845	-8,874,155	137,900,000	119,993,354	-17,906,646
Insurance Tax	27,500,000	27,337,652	-162,348	118,100,000	115,488,032	-2,611,968
Tobacco Products Tax	8,300,000	8,268,074	-31,926	83,600,000	83,340,682	-259,318
Business and Occupation	11,700,000	6,867,089	-4,832,911	97,600,000	94,102,711	-3,497,289
Liquor Profit Transfers	1,810,000	1,863,425	53,425	11,830,000	12,463,992	633,992
Departmental Collections	1,150,000	1,165,654	15,654	15,910,000	16,668,755	758,755
Property Transfer Tax	901,000	810,524	-90,476	11,378,000	8,840,728	-2,537,272
Property Tax	997,000	601,575	-395,425	6,456,000	6,499,142	43,142
Beer Tax and Licenses	618,000	769,068	151,068	5,983,000	6,207,543	224,543
Miscellaneous Transfers	0	0	0	1,300,000	209,231	-1,090,769
Interest Income	1,250,000	1,278,146	28,146	12,500,000	1,429,777	-11,070,223
Senior Tax Credit Reimbur Lot	2,600,000	3,768,236	1,168,236	8,775,000	9,182,478	407,478
HB 102 - Lottery Transfers	7,722,000	8,470,309	748,309	47,338,000	55,927,402	8,589,402
Miscellaneous Receipts	925,000	2,130,102	1,205,102	18,661,000	16,434,171	-2,226,829
Business Fran Registration Fees	69,000	62,120	-6,880	533,000	557,641	24,641
Liquor License Renewal	0	0	0	71,000	70,724	-276
Special Revenue Transfer - SB 364	0	1,162,745	1,162,745	0	59,703,245	59,703,245
Charter Tax	0	2,395	2,395	0	-402	-402
Video Lottery Transfers	0	18,780	18,780	0	581,929	581,929
July-Dec Retro Rev Adj	0	0	0	0	0	0
Cash Flow Transfer	0	0	0	0	0	0
SUBTOTALS	557,142,000	484,869,161	-72,272,839	3,545,135,000	3,326,441,946	-218,693,054
Less: <i>Special Revenue Transfer</i>		<i>1,162,745</i>	<i>1,162,745</i>		<i>59,703,245</i>	<i>59,703,245</i>
TOTALS	557,142,000	483,706,416	-73,435,584	3,545,135,000	3,266,738,701	-278,396,299

Percent of Estimates

86.82%

92.15%

Collections this day

44,995,416

STATE ROAD FUND FY 2015-2016
 By Source and by Month
 Monthly Revenue Estimates
 as of April 29, 2016 OASIS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	FINAL MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES
Gasoline & Motor Carrier Rd Tax	21,900,000	30,073,635	8,173,635	347,100,000	336,584,795	-10,515,205
Privilege Tax	17,096,000	16,937,384	-158,616	156,629,000	170,182,366	13,553,366
Licenses & Registration	7,647,000	8,285,226	638,226	68,986,000	64,423,003	-4,562,997
Miscellaneous	0	641,150	641,150	0	21,752,436	21,752,436
Highway Litter Control	144,000	89,164	-54,836	1,302,000	1,436,650	134,650
TOTALS	46,787,000	56,026,559	9,239,559	574,017,000	594,379,250	20,362,250

Percent of Estimates

119.75%

103.55%

Collections this day

11,801,446

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of March 31, 2016 : \$378,493,141.33

Note: \$38 million is currently on temporary loan to the unemployment funds

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of March 31, 2016: \$369,654,805.07

PERSONAL INCOME TAX REFUND RESERVE FUND as of March 31, 2016: \$8,000,000.00

Prepared by the 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 11, 2015

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the April 30, 2016 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of April 30, 2016 of fiscal year 2015-2016, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2015	\$ 115,210,747.46
Receipts July 1, 2015 thru April 30, 2016	\$ 179,348,924.10
Disbursements July 1, 2015 thru April 30, 2016	\$ 228,593,930.28
Balance April 30, 2016	\$ 65,965,741.28

ITEMS OF NOTE:

Regular benefits paid for July 2015 - April 2016 were \$ 43 million more than July 2014 - April 2015.

Federal emergency benefits totaled \$ -344 thousand for July 2015 - April 2016. For July 2014 - April 2015, federal emergency benefits totaled \$ -690 thousand.

Total disbursements were \$ 45 million more in July 2015 - April 2016 than the preceding July 2014 - April 2015.

Receipts as of April 2016 were \$ 31.7 million more than in July 2014 - April 2015. Overall ending trust fund balance was \$ 10 million lower on April 30, 2016 than on April 30, 2015.

Seasonally adjusted unemployment rates for March 2016 were 6.5 percent for West Virginia and 5.0 percent nationally.

Since March 2015, employment has decreased by 5,200. Employment gains included 800 in educational and health services, 800 in leisure and hospitality, 600 in government, 500 in financial activities, and 200 in other services. Employment declines included 5,700 in mining and logging, 700 in manufacturing, 600 in information, 500 in professional and business services, 400 in construction, and 200 in trade, transportation, and utilities.

May 6, 2016

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

RE: Monthly Status Report

Dear Mr. Spencer:

Please find attached, the Monthly Status Report for the Unemployment Compensation Trust Fund for the month of April 2016.

If you have any questions or need any additional information, please feel free to contact this office at 304-558-7024.

Sincerely,



Russell L. Fry
Acting Executive Director

RLF/gew

Enclosure

pc: Earl Ray Tomblin

112 California Avenue
Charleston, WV 25305

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

www.workforcewv.org

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING FEBRUARY 2015 AND FEBRUARY 2016**

	FEBRUARY 2015	MARCH 2015	APRIL 2015	FEBRUARY 2016	MARCH 2016	APRIL 2016	THREE MONTH TOTAL VARIANCE *
Balance Forward	<u>\$93,507,079.73</u>	<u>\$87,811,892.76</u>	<u>\$65,235,394.45</u>	<u>\$60,865,278.13</u>	<u>\$45,841,542.51</u>	<u>\$61,478,005.07</u>	<u>(\$78,369,541.23)</u>
Add Receipts:							
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions:	\$16,594,587.27	\$1,246,387.39	\$30,340,647.96	\$15,974,620.32	\$1,397,140.74	\$28,214,028.48	(\$2,595,833.08)
3. Federal Emergency Benefits (EUC08)	\$194.98	\$3,654.00	\$554.98	\$0.00	\$0.00	\$0.00	(\$4,403.96)
4. Federal Share Extended Benefits (EB)	\$0.00	\$210.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$210.00)
5. Temp Federal Additional Comp (FAC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6. UCFE (Federal Agencies)	\$124,912.18	\$157,422.63	\$124,729.21	\$129,456.82	\$101,993.16	\$59,673.62	(\$115,940.42)
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
9. UC Modernization Incentive	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10. Treasury Interest Credits	\$0.00	\$520,935.06	\$0.00	\$0.00	\$362,262.51	\$0.00	(\$158,672.55)
11. UCX (Military Agencies)	\$164,817.35	\$193,699.09	\$152,959.45	\$129,441.98	\$100,307.81	\$88,813.62	(\$192,912.48)
12. WV Senate Bill 558	\$0.00	\$0.00	\$0.00	\$0.00	\$38,000,000.00	\$0.00	\$38,000,000.00
13. CMIA Receipts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Receipts	<u>\$16,884,511.78</u>	<u>\$2,122,308.17</u>	<u>\$30,618,891.60</u>	<u>\$16,233,519.12</u>	<u>\$39,961,704.22</u>	<u>\$28,362,515.72</u>	<u>\$34,932,027.51</u>
Less Disbursements:							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)
Regular Benefits:	\$22,593,038.52	\$24,496,552.18	\$19,668,982.42	\$31,152,772.76	\$24,259,464.88	\$23,732,513.32	\$12,386,177.84
Federal Emergency Benefits (EUC08)	(\$305,022.18)	(\$148,589.43)	(\$84,383.26)	(\$134,485.38)	(\$124,571.88)	(\$7,879.70)	\$271,057.91
Federal Share Extended Benefits (EB)	(\$8,111.03)	(\$5,412.00)	(\$1,781.63)	(\$140.00)	(\$315.97)	(\$40.00)	\$14,808.69
Emergency Benefits (TEUC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Temp Federal Additional Comp (FAC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
UCFE (Federal Workers) Benefits	\$123,945.17	\$160,810.08	\$123,424.22	\$118,186.19	\$96,854.34	\$57,899.49	(\$135,239.45)
UCX (Military Workers) Benefits	\$175,848.27	\$195,445.65	\$149,046.65	\$120,921.17	\$93,810.29	\$92,286.40	(\$213,322.71)
Reed Act Funds	\$0.00	\$0.00	\$123,259.72	\$0.00	\$0.00	\$0.00	(\$123,259.72)
Special Administrative Transfer**	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Disbursements	<u>\$22,579,698.75</u>	<u>\$24,698,806.48</u>	<u>\$19,978,548.12</u>	<u>\$31,257,254.74</u>	<u>\$24,325,241.66</u>	<u>\$23,874,779.51</u>	<u>\$12,200,222.56</u>
Trust Fund Balance	<u>\$87,811,892.76</u>	<u>\$65,235,394.45</u>	<u>\$75,875,737.93</u>	<u>\$45,841,542.51</u>	<u>\$61,478,005.07</u>	<u>\$65,965,741.28</u>	<u>(\$55,637,736.28)</u>

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

Marlene Elliott

From: Carenbauer, Beth N <Beth.N.Carenbauer@wv.gov>
Sent: Wednesday, January 13, 2016 3:53 PM
To: Mike Hall
Cc: Allred, Aaron; Marlene Elliott
Subject: WorkForce West Virginia's Audit Program

January 13, 2016

Dear Senator Hall:

Below are responses to your questions regarding WorkForce West Virginia's field audit program made during the interim meeting of the Joint Committee on Government and Finance on January 12, 2016.

WorkForce West Virginia currently has 8 tax examiners.

Audits are generally selected one of three ways:

- 1- Most audits are randomly selected by the computer;
- 2- Some audits are requested; and
- 3- Some audits are selected based on the 1099 listing from the IRS.

WorkForce West Virginia is required to conduct audits by the U.S. Department of Labor, which provides funding for the agency.

Audited employers are required to provide certain information in order to comply with all U.S. Department of Labor standards for audit quality and completeness. If the audit is not conducted in compliance with the U.S. Department of Labor standards, WorkForce could face sanctions from the U.S. Department of Labor. Audits may be reviewed by independent auditors as part of the agency audit, by the U.S. Department of Labor, and are reviewed annually as part of the Tax Performance System Review.

Below are some of the code sections that apply to audits:

21A-1A-16 Employment.

Part (7) Services performed by an individual for wages are employment subject to this chapter unless and until it is shown to the satisfaction of the commissioner that:

- (A) The individual has been and will continue to be free from control or direction over the performance of the services, both under his or her contract of services and in fact; and
- (B) The service is either outside the usual course of the business for which the service is performed or that such service is performed outside of all the places of business of the enterprise for which such service is performed; and
- (C) The individual is customarily engaged in an independently established, trade, occupation, profession or business.

21A-10-4 Records and reports; preservation; copies; admissibility; destruction.

WorkForce uses this section to explain why employers are required to keep "true and accurate work records".

Between December 2014 and November 2015, WorkForce conducted 978 audits of various sized employers.

Please let me know if you would like any additional information.

Sincerely,

Beth Nogay Carenbauer
Acting Deputy Executive Director

UC TRUST FUND PROJECTIONS FOR 2016

May 3, 2016

Month	Receipts	Disbursements	Trust Fund Balance
2015			
Balance - 1/1/2015			\$ 106,142,501
January	\$ 8,714,176	\$ 21,349,596	\$ 93,507,081
February	\$ 16,594,587	\$ 22,289,775	\$ 87,811,893
March	\$ 1,767,322	\$ 24,343,821	\$ 65,235,394
April	\$ 30,340,648	\$ 19,700,305	\$ 75,875,737
May	\$ 76,657,428	\$ 18,928,027	\$ 133,605,138
June	\$ 2,163,949	\$ 20,558,340	\$ 115,210,747
July	\$ 24,038,360	\$ 21,712,433	\$ 117,536,674
August	\$ 27,554,977	\$ 21,104,587	\$ 123,987,064
September	\$ 1,595,387	\$ 15,807,320	\$ 109,775,131
October	\$ 12,383,227	\$ 16,077,248	\$ 106,081,110
November	\$ 17,812,262	\$ 21,545,384	\$ 102,347,988
December	\$ 1,423,261	\$ 20,910,561	\$ 82,860,688
Totals - 2015	\$ 221,045,584	\$ 244,327,397	\$ 82,860,688

2016			
January	\$ 8,216,947	\$ 30,212,357	\$ 60,865,278
February	\$ 15,974,620	\$ 30,998,355	\$ 45,841,543
March	\$ 1,759,403	\$ 24,122,941	\$ 23,478,005 *
April	\$ 28,214,028	\$ 23,726,292	\$ 27,965,741 *
May	\$ 73,867,098	\$ 23,764,138	\$ 78,068,701 *
June	\$ 2,085,181	\$ 25,810,996	\$ 54,342,886
July	\$ 23,163,364	\$ 27,259,960	\$ 50,246,290
August	\$ 26,551,976	\$ 26,496,809	\$ 50,301,457
September	\$ 1,537,315	\$ 19,846,090	\$ 31,992,682
October	\$ 11,932,478	\$ 20,184,985	\$ 23,740,175
November	\$ 17,163,896	\$ 27,050,230	\$ 13,853,841
December	\$ 1,371,454	\$ 26,253,209	\$ (11,027,914)
Totals - 2016	\$ 211,837,760	\$ 305,726,362	\$ (11,027,914)

*Balances do not include \$38 million borrowed from the Revenue Shortfall Reserve Fund on March 11, 2016. WorkForce West Virginia plans to repay the loan by May 31, 2016. WorkForce West Virginia anticipates borrowing from the Revenue Shortfall Reserve Fund later in 2016.

112 California Avenue • Charleston, WV 25305

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PEIA May Interim Talking Points

- **PEIA and RHBT financial results for March 2016 are available for your review.**
- **PEIA is currently behind plan \$3.4 million for FY 2016 due to lower than forecast investment income.**
- **And RHBT is currently behind plan \$22 million for FY 2016. This is also attributable to lower than forecast investment income.**



Financial Statements

March 2016

West Virginia Legislative Interims
May 2016

West Virginia Public Employees Insurance Agency

Statement of Net Assets

Thursday March 31, 2016

(Dollars in Thousands)

(Unaudited-For Internal Use Only)

	CURRENT YR	PRIOR YR	VARIANCE	
			\$	%
Assets				
Current assets:				
Cash and cash equivalents	\$11,643	\$5,175	\$6,468	125%
Equity position in internal investment pool	4,942	46,187	(41,245)	(89%)
Premiums receivable:				
Due from State of West Virginia	411	387	24	6%
Other, less allowance for doubtful accounts	22,788	6,320	16,468	261%
Accounts receivable:				
Provider refunds, less allowance for doubtful accounts	439	852	(413)	(48%)
Prescription rebates	4,126	1,864	2,262	121%
Other	212	933	(721)	(77%)
Total current assets	44,561	61,718	(17,157)	(28%)
Noncurrent assets:				
Equity position in internal investment pools	174,113	218,187	(44,074)	(20%)
Equity position in internal investment pool – restricted	23,887	23,501	386	2%
Capital assets, net of accumulated depreciation	50	81	(31)	(38%)
Total noncurrent assets	198,050	241,769	(43,719)	(18%)
Total assets	242,611	303,487	(60,876)	(20%)
Deferred outflows of resources	190		190	0%
Liabilities				
Current liabilities:				
Claims payable	66,195	66,163	32	0%
Premium deficiency reserve	41,528	48,708	(7,180)	(15%)
Accounts payable	2,142	3,582	(1,440)	(40%)
Unearned revenue	10,240	10,362	(122)	(1%)
Other accrued liabilities	7,374	7,523	(149)	(2%)
Due to RHBT	(2,522)	(5,248)	2,726	(52%)
Total current liabilities	124,957	131,090	(6,133)	(5%)
Noncurrent liabilities:				
Other liabilities	367		367	0%
Other accrued liabilities: Premium stabilization fund	23,887	23,501	386	2%
Total liabilities	149,211	154,591	(5,380)	(3%)
Deferred inflows of resources	391		391	0%
Net position				
Invested in capital assets	50	81	(31)	(38%)
Unrestricted	93,149	148,815	(55,666)	(37%)
Total net position	\$93,199	\$148,896	(\$55,697)	(37%)

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For the Nine Months Ending Thursday, March 31, 2016
(In Thousands)

ACTUAL	BUDGET	PRIOR YR	BUDGET VARIANCE		PRIOR YR VARIANCE	
			\$	%	\$	%
ADDITIONS						
Employer Premiums:						
\$2,409	\$2,414	\$2,406	(\$5)	(0%)	\$3	0%
92,815	93,825	93,979	(1,010)	(1%)	(1,165)	(1%)
76	0	86	78	0%	(8)	(9%)
95,301	96,239	96,471	(938)	(1%)	(1,169)	(1%)
Member Premiums:						
59,059	60,676	58,556	(1,617)	(3%)	503	1%
18,609	18,675	18,818	(66)	(0%)	(209)	(1%)
17,766	18,031	17,250	(265)	(1%)	516	3%
95,435	97,382	94,625	(1,948)	(2%)	810	1%
190,736	193,622	191,095	(2,886)	(1%)	(359)	(0%)
Other Additions:						
900	539	600	361	67%	300	50%
(10,902)	35,526	14,458	(46,428)	(131%)	(25,359)	(175%)
180,734	229,637	206,153	(48,953)	(21%)	(25,419)	(12%)
DEDUCTIONS						
110,988	110,455	102,083	(533)	(0%)	(8,906)	(9%)
17,559	16,875	17,073	(684)	(4%)	(487)	(3%)
47,480	56,282	51,349	8,802	16%	3,869	8%
22,714	28,472	23,019	5,758	20%	304	1%
23	23	25	0	0%	3	11%
412	412	637	0	0%	225	35%
1,332	1,528	1,922	196	13%	590	31%
2,012	2,061	1,942	48	2%	(69)	(4%)
68	0	0	(68)	0%	(68)	0%
202,588	216,108	198,050	(13,520)	(6%)	4,538	2%
(21,854)	13,579	8,103	(35,433)	(261%)	(29,957)	(370%)
Net Position Restricted for Post Employment Benefits						
704,592	704,592	691,558	0	0%	13,034	2%
\$682,738	\$718,171	\$699,661	(\$35,433)	(5%)	(\$16,923)	(2%)

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West Virginia Board of Risk and Insurance Management
UNAUDITED STATEMENTS OF NET REVENUE, EXPENSES,
AND CHANGES IN NET POSITION
For the Nine Months Ending March 31, 2016

Talking Points

1. **Premium Revenue** thru March reflects the premiums earned for the first nine months of the fiscal year.
2. **Claims Expense** reflects all claims payments made thru March plus any change in the actuarial reserve estimates. Actual claims payments for the current fiscal year to date are lower than for the same period last year. Although claims reserves increased both years, the net effect of the lower payments resulted in the lower claims expense for the current fiscal year.
3. **Investment Income** for fiscal year 2016 reflects net earnings of \$3.0 million for the first nine months. The returns are \$2.5 million lower when compared to the prior year due to lower overall returns on fixed income holdings this year.
4. BRIM has no un-funded liability and continues to pursue pro-active loss control initiatives.

West Virginia Board of Risk and Insurance Management

Statements of Net Position

As of March 31st

	2016	2015
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	13,414	9,849
Advance deposits with insurance company and trustee	215,753	214,235
Receivables	966	2,164
Prepaid insurance	1,710	1,556
Restricted cash and cash equivalents	9,791	8,680
Premiums due from other entities	597	710
Total current assets	242,231	237,193
Noncurrent assets		
Equity position in internal investments pools	82,664	89,220
Restricted investments	47,783	48,569
Total noncurrent assets	130,446	137,789
Total assets	372,677	374,982
Deferred Outflows of Resources	127	0
Liabilities		
Current liabilities		
Estimated unpaid claims and claims adjustment expense	47,890	53,448
Unearned Premiums	7,676	7,398
Agent commissions payable	649	651
Claims Payable	276	0
Accrued expenses and other liabilities	3,139	3,094
Total current liabilities	59,629	64,591
Noncurrent liabilities		
Estimated unpaid claims and claims adjustment expense net of current portion	119,714	104,911
Compensated absences	76	76
Net pension liability	253	0
Total noncurrent liabilities	120,043	104,986
Total liabilities	179,672	169,577
Deferred Inflows of Resources	270	
Net position:		
Restricted by State code for House Bill 601 Program and mine subsidence coverage	55,427	53,527
Unrestricted	137,393	155,383
Net Assets (Deficiency)	43	(3,505)
Net position	\$ 192,862	\$ 205,405

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Nine Months Ended March 31st

	<u>2016</u>	<u>2015</u>
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 48,639	\$ 43,761
Less coverage/reinsurance programs	<u>(5,102)</u>	<u>(4,640)</u>
Net operating revenues	43,537	39,121
Operating expenses		
Claims and claims adjustment expense	43,795	45,519
General and administrative	<u>2,685</u>	<u>2,596</u>
Total operating expenses	46,480	48,114
Operating income (loss)	(2,943)	(8,993)
Nonoperating revenues		
Investment income	2,986	5,488
Appropriation Transfer HB4261		0
Payment to transfer HB601 estimated future IBNR	–	0
Net nonoperating revenues	<u>2,986</u>	<u>5,488</u>
Changes in net position	43	(3,505)
Total net position, beginning of year	192,820	208,910
Total net position, end of period	<u>\$ 192,862</u>	<u>\$ 205,405</u>

Department of Administration Real Estate Division Leasing Report
For the period of April 1 - 30, 2016

There were a total of 20 leasing changes for this period and they are as follows:

- 4 – New Contract of Lease
- 9 – Straight Renewal
- 3 – Renewal with Increase in Rent
- 2 – Renewal with Increase in Rent and Square Feet
- 1 – Renewal with Decrease in Rent and Square Feet
- 1 - Cancellation

Department of Administration Real Estate Division Leasing Report
For the period of April 1, 2016 through April 30, 2016

NEW CONTRACT OF LEASE

DIVISION OF JUVENILE SERVICES

DJS-033 New Contract of Lease for 3 years consisting of 3,324 square feet of office/classroom space at the annual per square foot rate of \$10.00, annual cost \$33,240.00, full service minus janitorial, 113 Randolph Street, in the City of Beckley, Raleigh County, West Virginia.

WORKFORCE WEST VIRGINIA

WWV-037-SUB New Contract of Sub-Lease for 5 years consisting of 1,500 square feet of office space at the annual per square foot rate of \$16.00, annual cost \$24,000.00, full service, 3554 Teays Valley Road, in the City of Hurricane, Putnam County, West Virginia.

DIVISION OF CORRECTIONS

COR-093 New Contract of Lease for 3 years consisting of 1,300 square feet of office space at the annual per square foot rate of \$12.00, annual cost \$15,600.00, gas, electric and janitorial, 765 South Jefferson, in the City of Lewisburg, Greenbrier County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-245 New Contract of Lease for 1 year consisting of 490 square feet of office space at the monthly rate of \$700.00, annual cost \$8,400.00, full service, 330 North Main Street, in the City of Clarksburg, Harrison County, West Virginia.

STRAIGHT RENEWAL

DIVISION OF FORESTRY

FOR-076-SUB Renewal for 1 year consisting of tower/monitoring space at the current monthly rate of \$100.00, annual cost \$1,200.00, in Mason County, West Virginia.

PUBLIC SERVICE COMMISSION

PSC-006 Renewal for 1 year consisting of 3,352 square feet of office space at the current annual per square foot rate of \$10.45, annual cost \$35,028.40, full service, 723 Kanawha Boulevard, in the City of Charleston, Kanawha County, West Virginia.

LOTTERY COMMISSION

LOT-008 Renewal for 5 years consisting of 229 square feet of office space at the current annual per square foot rate of \$12.00, annual cost \$2748.00, Charles Town Races, in the City of Charles Town, Jefferson County, West Virginia.

STRAIGHT RENEWAL - CONTINUED

DIVISION OF NATURAL RESOURCES

NAT-085-517 Renewal for 1 year consisting of 8,980 square feet of office and storage space at the current annual per square foot rate of \$7.50, annual cost \$67,350.00, 2311 Ohio Avenue, in the City of Parkersburg, Wood County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-224 Renewal for 3 years consisting of 19,240 square feet of office space at the current annual per square foot rate of \$6.98, annual cost \$134,295.20, full service, B&W Shopping Center in the City of Weston, Lewis County, West Virginia.

HHR-243 Renewal for 10 years consisting of 11,877 square feet of office space at the current annual per square foot rate of \$9.10, annual cost \$108,080.70, Route 97 in the City of Pineville, Wyoming County, West Virginia.

STATE TAX DIVISION

TAX-058-SUB Renewal for 1 year consisting of 1,925 square feet of office space at the current annual per square foot rate of \$9.50, annual cost \$18,287.50, full service, 200 West Main Street, in the City of Clarksburg, Harrison County, West Virginia.

WEST VIRGINIA CONSERVATION AGENCY

SCC-007 Renewal for 5 years consisting of 974 square feet of office space at the current annual per square foot rate of \$16.25, annual cost \$15,827.50, full service, 201 Scott Avenue, in the City of Morgantown, Monongalia County, West Virginia.

DIVISION OF REHABILITATION SERVICES

DRS-112 Renewal for 5 years consisting of 9,161 square feet of office space at the current annual per square foot rate of \$15.25, annual cost \$139,705.25, full service, located at 280 Value City Center, in the City of Beckley, Raleigh County, West Virginia.

RENEWAL WITH INCREASE IN RENT

WEST VIRGINIA BOARD OF MEDICINE

BOM-001 Renewal for 5 years consisting of 9,245 square feet of office space with an increase in the annual per square foot rate from \$13.25 to \$13.70, annual cost \$126,656.50, full service, 100 Dee Drive, in the City of Charleston, Kanawha County, West Virginia.

DEPARTMENT OF VETERANS ASSISTANCE

VET-036 Renewal for 2 years consisting of 300 square feet of storage space with an increase in the monthly rate from \$135.00 to \$150.00, annual cost \$1,800.00, 425 Rosebud Plaza, in the City of Clarksburg, Harrison County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-242 Renewal for 5 years consisting of 12,896 square feet of office space with an increase in the annual per square foot rate from \$7.99 to \$8.24, annual cost \$106,263.04, Rock Creek Road, in the City of Danville, Boone County, West Virginia.

RENEWAL WITH INCREASE IN RENT AND SQUARE FEET

REAL ESTATE DIVISION

RED-002 Month-to- Month lease with an increase of square feet from 7,413 square feet to 8,045 square feet of office/storage space and an increase in the annual per square foot rate of from \$12.00 to \$12.50 annual cost \$100,562.50, full service, 900 Pennsylvania Avenue, in the City of Charleston, Kanawha County, West Virginia.

DIVISION OF MOTOR VEHICLES

DMV-016 Renewal for 5 years with an increase of square feet from 8,185 square feet to 8,693 square feet of office space and an increase in the annual per square foot rate of from \$17.65 to \$18.00, annual cost \$156,474.00, 116 Liberty Square, in the City of Hurricane, Putnam County, West Virginia.

RENEWAL WITH DECREASE IN RENT AND SQUARE FEET

WORKFORCE WEST VIRGINIA

WWV-017-SUB Renewal for 6 months with a decrease of square feet from 324 square feet to 224 square feet of office space with a decrease in the monthly rate from \$1,000.00 to \$800.00, annual cost \$9,600.00, full service, 404 Main Street, in the City of Point Pleasant, Mason County, West Virginia.

CANCELLATION

DIVISION OF CORRECTIONS

COR-012 Lease cancellation consisting of 578 square feet of office space, at the annual per square foot rate of \$8.80, annual cost \$5,086.40, full service, 101 South Court Street, in the City of Lewisburg, Greenbrier County, West Virginia.

Real Estate Division
 Monthly Summary of Lease Activity
 April 1 - 30, 2016

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Division of Juvenile Services	DJS-033	Raleigh	3,324	10.00	33,240	3	99,720
2	Workforce West Virginia	WWV-037	Putnam	1,500	16.00	24,000	5	120,000
3	Division of Corrections	COR-093	Greenbrier	1,300	12.00	15,600	3	46,800
4	Department of Health and Human Resources	HHR-245	Harrison	490	0.00	8,400	1	8,400
5	Division of Forestry	FOR-076	Mason	0	0.00	1,200	1	1,200
6	Public Service Commission	PSC-006	Kanawha	3,352	10.45	35,028	1	35,028
7	Lottery Commission	LOT-008	Jefferson	229	12.00	2,748	5	13,740
8	Division of Natural Resources	NAT-085	Wood	8,980	7.50	67,350	1	67,350
9	Department of Health and Human Resources	HHR-224	Lewis	19,240	6.98	134,295	3	402,886
10	Department of Health and Human Resources	HHR-243	Wyoming	11,877	9.10	108,081	10	1,080,807 *
11	State Tax Department	TAX-058	Harrison	1,925	9.50	18,288	1	18,288
12	West Virginia Conservation Agency	SCC-007	Monongalia	974	16.25	15,828	5	79,138
13	Division of Rehabilitation Services	DRS-112	Raleigh	9,161	15.25	139,705	5	698,526
14	West Virginia Board of Medicine	BOM-001	Kanawha	9,245	13.70	126,657	5	633,283
15	Department of Veterans Assistance	VET-036	Harrison	300	0.00	1,800	2	3,600
16	Department of Health and Human Resources	HHR-242	Boone	12,896	8.24	106,263	5	531,315
17	Real Estate Division	RED-002	Kanawha	8,045	12.50	100,563	1	100,563
18	Division of Motor Vehicles	DMV-016	Putnam	8,693	18.00	156,474	5	782,370
19	Workforce West Virginia	WWV-017	Mason	224	0.00	9,600	0.5	4,800

177.47
Total Rentable Square Feet 101,755
Average Annual Rental Rate 11.83
Total Annual Rent 1,105,119

*Indicates the total will be over \$1,000,000.00 during the term of the lease.

CANCELLATIONS

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	Division of Corrections	COR-012	Greenbrier	578	8.80	5,086

Total Rentable Square Feet 578
Total Annual Rent 5,086

Department of Administration Real Estate Division Leasing Report
For the period of March 1 - 31, 2016

There were a total of 14 leasing changes for this period and they are as follows:

- 5 – Straight Renewal – DOA Owned
- 2 – Straight Renewal
- 1 – Renewal with Increase in Rent – DOA Owned
- 2 – Renewal with Increase in Rent
- 3 – Renewal with Increase in Rent and Square Feet
- 1 – Renewal with Decrease in Square Feet and Increase in Rent – DOA Owned

Department of Administration Real Estate Division Leasing Report
For the period of March 1, 2016 through March 31, 2016

STRAIGHT RENEWAL – DOA OWNED

WORKFORCE WEST VIRGINIA

WWV-034 Renewal for 3 years consisting of 6,842 square feet of office space at the current annual per square foot rate of \$12.00, annual cost \$82,104.00, full service, 130 Stratton Street, in the City of Logan, Logan County, West Virginia.

GENERAL SERVICES DIVISION

GSD-007 Renewal for 3 years consisting of 459 square feet of office space at the current annual per square foot rate of \$12.00, annual cost \$5,508.00, full service, 130 Stratton Street, in the City of Logan, Logan County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-226 Renewal for 3 years consisting of 30,200 square feet of office space at the current annual per square foot rate of \$12.00, annual cost \$362,400.00, full service, 130 Stratton Street, in the City of Logan, Logan County, West Virginia.

SOUTH WESTERN WEST VIRGINIA REGION 2 WORKFORCE INVESTMENT BOARD

WB2-005 Renewal for 1 year consisting of 948 square feet of office space at the current annual per square foot rate of \$12.00, annual cost \$11,376.00, full service, 130 Stratton Street, in the City of Logan, Logan County, West Virginia.

SECRETARY OF STATE'S OFFICE

SOS-001 Renewal for 1 year consisting of 1,323 square feet of office space at the current annual per square foot rate of \$19.00, annual cost \$25,137.00, full service, 416 Adams Street, in the City of Fairmont, Marion County, West Virginia.

STRAIGHT RENEWAL

DEPARTMENT OF HEALTH OF HUMAN RESOURCES

HHR-170 Renewal for 3 years consisting of 140 square feet of office space at the current monthly rate of \$200.00, annual cost \$2,400.00, full service, 330 West Main Street, in the City of Clarksburg, Harrison County, West Virginia.

CORNERSTONE SOLUTIONS, INC.

JPA-002-SUB Renewal for 1 year consisting of 200 square feet of office space at the current monthly rate of \$200.00, annual cost \$2,400.00, full service, 304 Scott Avenue, in the City of Morgantown, Monongalia County, West Virginia.

RENEWAL WITH INCREASE IN RENT – DOA OWNED

HUMAN RESOURCE DEVELOPMENT FOUNDATIONS, INC

HRD-003 Renewal for 3 years consisting of 180 square feet of office space with an increase in the monthly rate from \$195.00 to \$255.00, annual cost \$3,060.00, full service, 2699 Park Avenue, in the City of Huntington, Cabell County, West Virginia.

RENEWAL WITH INCREASE IN RENT

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-231 Renewal for 3 years consisting of 100 square feet of storage space with an increase in the in monthly rate from \$162.00 to \$165.00, annual cost \$1,980.00, 200 Piedmont Road, in the City of Charleston, Kanawha County, West Virginia.

HEALTH CARE AUTHORITY

HCA-001 Renewal for 5 years consisting of 18,400 square feet of office space with an increase in the annual per square foot rate, first (1) year at the current annual per square foot rate of \$11.75, second (2) and third (3) year will increase to \$12.00 annual per square foot rate, fourth (4) and fifth (5) year will increase to \$12.25 annual per square foot rate, annual cost \$216,200.00 first (1) year, \$220,800.00 second (2) and third (3) year, and \$225,400.00 fourth (4) and fifth (5) year, full service, 100 Dee Drive, in the City of Charleston, Kanawha County, West Virginia.

RENEWAL WITH INCREASE IN RENT AND SQUARE FEET

ALCOHOL AND BEVERAGE CONTROL COMMISSION

ABC-001 Renewal for 1 year with an increase of square feet from 14,949 square feet to 16,176 square feet of office/storage space and an increase in the annual per square foot rate of from \$12.00 to \$12.50, annual cost \$202,200.00, full service, 900 Pennsylvania Avenue, in the City of Charleston, Kanawha County, West Virginia.

MUNICIPAL BOND COMMISSION

MBC-005 Renewal for 1 year with an increase of square feet from 2,286 square feet to 2,484 square feet of office/storage space and an increase in the annual per square foot rate from \$12.00 to \$12.50, annual cost \$31,050.00, full service, 900 Pennsylvania Avenue, in the City of Charleston, Kanawha County, West Virginia.

DIVISION OF FINANCIAL INSTITUTIONS

FIN-001 Renewal for 1 year with an increase of square feet from 7,308 square feet to 7,944 square feet of office/storage space and an increase in the annual per square foot rate of from \$12.00 to \$12.50, annual cost \$99,300.00, full service, 900 Pennsylvania Avenue, in the City of Charleston, Kanawha County, West Virginia.

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

REGION 2 WORKFORCE INVESTMENT BOARD

WB2-004 Renewal for 1 year with a decrease of square feet from 7,451square feet to 4,936 square feet of office space and an increase in the annual per square foot rate of \$13.00 to \$17.00, annual cost \$83,912.00, full service, 2999 Park Avenue, in the City of Huntington, Cabell County, West Virginia.

Real Estate Division
 Monthly Summary of Lease Activity
 March 1 - 31, 2016

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Workforce West Virginia	WWV-034	Logan	6,842	12.00	82,104	3	246,312
2	General Services Division	GSD-007	Logan	459	12.00	5,508	3	16,524
3	Department of Health and Human Resources	HHR-226	Logan	30,200	12.00	362,400	3	1,087,200 *
4	South Western WV Region 2 WIB	WB2-005	Logan	948	12.00	11,376	3	34,128
5	Secretary of State's Office	SOS-001	Marion	1,323	19.00	25,137	1	25,137
6	Department of Health and Human Resources	HHR-170	Harrison	140	0.00	2,400	3	7,200
7	Cornerstone Solutions, Inc.	JPA-002	Monongalia	200	0.00	2,400	1	2,400
8	Human Resource Development Foundations, Inc.	HRD-003	Cabell	180	0.00	3,060	3	9,180
9	Department of Health and Human Resources	HHR-231	Kanawha	100	0.00	1,980	3	5,940
10	Health Care Authority 1st year	HCA-001	Kanawha	18,400	11.75	216,200	1	216,200
	Health Care Authority 2nd & 3rd years	HCA-001	Kanawha	18,400	12.00	220,800	2	441,600
	Health Care Authority 4th & 5th years	HCA-001	Kanawha	18,400	12.25	225,400	2	450,800
11	Alcohol and Beverage Control Commission	ABC-001	Kanawha	16,176	12.50	202,200	1	202,200
12	Municipal Bond Commission	MBC-005	Kanawha	2,484	12.50	31,050	1	31,050
13	Division of Financial Institutions	FIN-001	Kanawha	7,944	12.50	99,300	1	99,300
14	Region 2 Workforce Investment Board	WB2-004	Cabell	4,936	17.00	83,912	1	83,912

	157.50
Total Rentable Square Feet	<u>127,132</u>
Average Annual Rental Rate	13.13
Total Annual Rent	<u>1,575,227</u>

* Indicates the total will be over \$1,000,000.00 during the term of the lease.

Department of Administration Real Estate Division Leasing Report
For the period of February 1 - 29, 2016

There were a total of 14 leasing changes for this period and they are as follows:

- 5 – Straight Renewal
- 6 – Renewal with Increase in Rent
- 1 – Renewal with Increase in Square Feet
- 2 – Cancellation

Department of Administration Real Estate Division Leasing Report
For the period of February 1, 2016 through February 29, 2016

STRAIGHT RENEWAL

DEPARTMENT OF VETERANS ASSISTANCE

VET-042 Renewal for 1 years consisting of 759 square feet of office at the current annual per square foot rate of \$13.25, annual cost \$10,062.72, full service, 216 Market Street, in the City of Spencer, Roane County, West Virginia.

DIVISION OF JUVENILE SERVICES

DJS-003 Renewal for 3 years consisting of 12,266 square feet of office space at the current annual per square foot rate of \$10.49, annual cost \$128,670.00, full service, 1200 Quarrier Street, in the City of Charleston, Kanawha County, West Virginia.

DIVISION OF FORESTRY

FOR-086 Renewal for 3 years consisting of 2,371 square feet of office space at the current annual per square foot rate of \$7.59, annual cost \$17,995.89, full service, 61 5th Street, in the City of Buckhannon, Upshur County, West Virginia.

GENERAL SERVICES DIVISION

GSD-010 Renewal for 1 year consisting of 158 parking spaces at the current monthly rate of \$3,950.00, annual cost \$47,400.00, 405 Adams Street, in the City of Fairmont, Marion County, West Virginia.

WEST VIRGINIA CONSERVATION AGENCY

SCC-011 Renewal for 5 years consisting of 450 square feet of office space at the current monthly rate of \$750.00, annual cost \$9,000.00, full service, USDA Service Center, in the City of McMechan, Marshal County, West Virginia.

RENEWAL WITH INCREASE IN RENT

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-149 Renewal for 3 years consisting of 11,922 of office and storage space with an increase in the annual per square foot rate from \$12.13 to \$12.68, annual cost \$151,170.96, 2031 Pleasant Valley Road, in the City of Fairmont, Marion County, West Virginia.

BOARD OF EXAMINERS OF PSYCHOLOGISTS

PSY-001 Renewal for 3 year(s) consisting of 600 square feet of office space with an increase in the annual per square foot rate from \$9.05 to \$9.32, annual cost \$5592.00, full service, 1205 Quarrier Street, in the City of Charleston, Kanawha County, West Virginia.

WORKFORCE WEST VIRGINIA

WWV-023 Renewal for 5 years consisting of 6,775 square feet of office space with an increase in the annual per square foot rate in years 2-5 from \$9.74 to \$10.36, annual cost \$70,189.00, 304 Scott Avenue, in the City of Morgantown, Monongalia County, West Virginia.

RENEWAL WITH INCREASE IN RENT - CONTINUED

OFFICES OF THE INSURANCE COMMISSION

INS-011 Renewal for 3 years consisting of 13,425 square feet of office space with an increase in the annual per square foot rate from \$11.50 to \$12.00, annual cost \$161,100, full service, #1 Players Club Road, in the City of Charleston, Kanawha County, West Virginia.

DIVISION OF REHABILITATION SERVICES

DRS-103 Renewal for 5 years consisting of 4,619 square feet of office space with an increase in the annual per square foot rate from \$15.00 to \$15.45, annual cost \$71,040.22, full service, 1415 Earl Core Road, in the City of Morgantown, Monongalia County, West Virginia.

DRS-102 Renewal for 5 years consisting of 2,672 square feet of office space with an increase in the annual per square foot rate from \$15.00 to \$15.38, annual cost \$41,095.36, full service, Mountaineer Mall in the City of Morgantown, Monongalia County, West Virginia.

INCREASE IN SQUARE FEET

STATE TAX DEPARTMENT

TAX-059 Addition of two (2) parking spaces, at the current monthly rate per space of \$68.00 to the existing 107 parking spaces for a total of 109 parking spaces, annual cost \$88,944.00, located at 1001 Lee Street, in the City of Charleston, Kanawha County, West Virginia.

CANCELLATION

DIVISION OF NATURAL RESOURCES

NAT-106 Lease cancellation consisting of 600 square feet of storage space, at the monthly rate of \$270.00, annual cost \$3,240.00, 105 Pickens Road, in the City of Nitro, Putnam County, West Virginia.

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-148 Lease cancellation consisting of 87 square feet for air monitoring station, at the monthly cost of \$125.00, annual cost \$1,500.00, full service, in the City of Charleston, Kanawha County, West Virginia

Real Estate Division
 Monthly Summary of Lease Activity
 February 1 - 29, 2016

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Department of Veterans Assistance	VET-042	Roane	759	13.25	10,063	1	10,063
2	Division of Juvenile Services	DJS-003	Kanawha	12,266	10.49	128,670	3	386,011
3	Division of Forestry	FOR-086	Upshur	2,371	7.59	17,996	3	53,988
4	General Services Division	GSD-010	Marion	0	0.00	47,400	1	47,400
5	West Virginia Conservation Agency	SCC-011	Marshall	450	0.00	9,000	5	45,000
6	Department of Environmental Protection	DEP-149	Marion	11,922	12.68	151,171	3	453,513
7	Board of Examiners of Psychologists	PSY-001	Kanawha	600	9.32	5,592	3	16,776
8	Workforce West Virginia	WWV-023	Monongalia	6,775	10.36	70,189	5	350,945
9	Offices of the Insurance Commission	INS-011	Kanawha	13,425	12.00	161,100	3	483,300
10	Division of Rehabilitation Services	DRS-103	Monongalia	4,619	15.45	71,364	5	3,840
11	Division of Rehabilitation Services	DRS-102	Monongalia	2,672	15.38	41,095	5	205,477
12	State Tax Department	TAX-059	Kanawha	0	0.00	88,944	2	177,888

Total Rentable Square Feet	<u>55,859</u>	106.52
Average Annual Rental Rate		11.84
Total Annual Rent		<u>802,584</u>

CANCELLATIONS

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	Division of Natural Resources	NAT-106	Putnam	600	0.00	3,240
2	Department of Environmental Protection	DEP-148	Kanawha	87	0.00	1,500

Total Rentable Square Feet	<u>687</u>
Total Annual Rent	<u>4,740</u>

Department of Administration Real Estate Division Leasing Report
For the period of January 1 - 31, 2016

There were a total of 14 leasing changes for this period and they are as follows:

- 5 – Straight Renewal
- 5 – Renewal with Increase in Rent
- 1 – Renewal with Increase in Square Feet
- 1 – Increase in Square Feet
- 1 – Decrease in Square Feet
- 1 – Cancellation

Department of Administration Real Estate Division Leasing Report
For the period of January 1, 2016 through January 31, 2016

STRAIGHT RENEWAL

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-169 Renewal for 3 years consisting of 300 square feet of storage space at the current monthly rate of \$255.00, annual cost \$3,060.00, 2013 Wilson Street, in the City of Dunbar, Kanawha County, West Virginia.

WORKFORCE WEST VIRGINIA

WWV-029 Renewal for 5 years consisting of 6,306 square feet of office space at the current annual per square foot rate of \$15.25, annual cost \$96,166.50, full service, 300 New River City Center, in the City of Beckley, Raleigh County, West Virginia.

DIVISION OF MOTOR VEHICLES

DMV-018 Renewal for 5 year consisting of 6,450 square feet of office space at the current annual rate of \$1.00, annual cost \$1.00, full service, 801 Madison Avenue, in the City of Huntington, Cabell County, West Virginia.

DEPARTMENT OF VETERANS ASSISTANCE

VET-025 Renewal for 2 years consisting of 646 square feet of office space at the current annual per square foot rate of \$6.50, annual cost \$4,199 full service, at the Elkins-Randolph Regional Airport, in the City of Elkins, Randolph County, West Virginia.

ATTORNEY GENERAL'S OFFICE

AGO-014 Renewal for 1 year consisting of 10,183 square feet of office space at the current annual per square foot rate of \$12.75, annual cost \$129,833.25, full service, One Players Club Drive, in the City of Charleston, Kanawha County, West Virginia.

RENEWAL WITH INCREASE IN RENT

WEST VIRGINIA STATE POLICE

PSA-108 Renewal for 3 years consisting of 4,800 square feet of office space with an increase in the annual per square foot rate from \$1.63 to \$1.70, annual cost \$8,160.00, Route 25, in the City of Hundred, Wetzel County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

DHS-163 Renewal for 10 years consisting of 10,198 square feet of office space with an increase in the annual per square foot rate from \$9.86 to \$12.00 in years 1 - 5 then to \$14.00 in years 6 - 10, annual cost \$122,376.00 in years 1 - 5 and \$142,772.04 in years 6 - 10, HC-64 P.O. Box 3622, in the City of Romney, Hampshire County, West Virginia.

RENEWAL WITH INCREASE IN RENT - CONTINUED

DIVISION OF MINERS' HEALTH, SAFETY AND TRAINING

MHS-029 Renewal for 1 year consisting of 7,125 square feet of office space with an increase in the annual per square foot rate from \$6.80 to \$6.87, annual cost \$48,948.72, Lick Creek Road, in the City of Danville, Boone County, West Virginia.

PUBLIC EMPLOYEES GRIEVANCE BOARD

EGB-014 Renewal for 7 years consisting of 5,691 square feet of office and storage space with an increase in the annual per square foot rate from \$13.60 to \$15.81, annual cost \$89,974.71, 1596 Kanawha Boulevard, East, in the City of Charleston, Kanawha County, West Virginia.

REHABILITATION SERVICES

DRS-118-SUB Renewal for 1 year consisting of one cubicle of office space with an increase in the annual monthly rate from \$220.00 to \$320.00, \$3,840 annual cost, full service, 1275 Warwood Avenue, in the City of Wheeling, Ohio County, West Virginia.

RENEWAL WITH INCREASE IN SQUARE FEET

PUBLIC DEFENDER SERVICES

PLS-002 Renewal for 3 years with an increase of square feet from 6,494 square feet to 7,195 square feet of office space at the current annual per square foot rate of \$12.60, annual cost \$90,657.00, full service, One Players Club Drive, in the City of Charleston, Kanawha County, West Virginia.

INCREASE IN SQUARE FEET

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-214 Increase of square feet from 747 square feet to 915 square feet of office space at the current annual per square foot rate of \$14.00, annual cost \$12,810.00, full service, 1000 Elmer Drive, in the City of Morgantown, Monongalia County, West Virginia.

DECREASE IN SQUARE FEET

WORKFORCE WEST VIRGINIA

WWV-028 Decrease of square feet from 6,806 square feet to 6,514 square feet of office space at the current annual per square foot rate of \$15.76, annual cost \$102,660.64, full service, Shockey Commerce Center, in the City of Martinsburg, Berkeley County, West Virginia.

CANCELLATION

LOTTERY COMMISSION

LOT-011 Lease cancellation consisting of 120 parking spaces, at the monthly rate of \$4,200, annual cost \$50,400.00, 910 Pennsylvania Avenue, in the City of Charleston, Kanawha County, West Virginia.

Real Estate Division
 Monthly Summary of Lease Activity
 January 1 -31, 2016

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Department of Health and Human Resources	HHR-169	Kanawha	300	0.00	3,060	3	9,180
2	Workforce West Virginia	WWV-029	Raleigh	6,306	15.25	96,167	5	480,833
3	Department of Motor Vehicles	DMV-018	Cabell	6,450	0.00	1	5	5
4	Department of Veterans Assistance	VET-025	Randolph	646	6.50	4,199	2	8,398
5	Attorney General's Office	AGO-014	Kanawha	10,183	12.75	129,833	1	129,833
6	West Virginia State Police	PSA-108	Wetzel	4,800	1.70	8,160	3	24,480
7	Department of Health and Human Resources 1-5	HHR-163	Hampshire	10,198	12.00	122,376	5	611,880
continued	Department of Health and Human Resources 6-10	HHR-163	Hampshire	10,198	14.00	142,772	5	713,860
8	Division of Miners' Health, Safety and Training	MHS-029	Boone	7,125	6.87	48,949	1	48,949
9	Public Employees Grievance Board	EGB-014	Kanawha	5,691	15.81	89,975	7	629,823
10	Rehabilitation Services	DRS-118	Ohio	0	0.00	3,840	1	3,840
11	Public Defender Services	PLS-002	Kanawha	7,195	12.60	90,657	3	271,971
12	Department of Health and Human Resources	HHR-214	Monongalia	915	14.00	12,810	5	64,050
13	Workforce West Virginia	WWV-028	Berkeley	6,514	15.76	102,661	2	205,321

	127.24
Total Rentable Square Feet	<u>76,521</u>
Average Annual Rental Rate	11.57
Total Annual Rent	<u>855,459</u>

CANCELLATIONS

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	Lottery Commission	LOT-011	Kanawha	0	4,200.00	50,400

Total Rentable Square Feet	<u>0</u>
Total Annual Rent	<u>50,400</u>

Joint Committee on Government and Finance

May 2016

Department of Health and Human Resources

**MEDICAID REPORT
March 2016 Data**

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2016

	MONTH OF MARCH 2016		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2015	SFY2016	Current Month Ended 03/31/16	SFY2016	Current Month Ended 03/31/16	Current Month Ended 03/31/16	Year To-Date Thru 3/31/16	4/1/16 Thru 06/30/16
EXPENDITURES:								
Inpatient Hospital - Reg. Payments	259,534,546	192,501,502	9,412,291	192,501,502	9,412,291	14,816,699	140,360,539	52,140,963
Inpatient Hospital - DSH	54,744,826	56,379,600	220,980	56,379,600	220,980	-	41,029,104	15,350,496
Inpatient Hospital - Supplemental Payments	84,334,445	94,593,746	1,610,887	94,593,746	1,610,887	-	67,765,141	26,828,605
Inpatient Hospital - GME Payments	6,212,903	6,325,883	-	6,325,883	-	-	6,394,613	(68,730)
Mental Health Facilities	92,645,721	107,767,853	3,540,591	107,767,853	3,540,591	8,462,954	47,977,319	59,790,534
Mental Health Facilities - DSH Adjustment Payments	18,878,790	18,886,800	-	18,886,800	-	-	14,165,283	4,721,517
Nursing Facility Services - Regular Payments ⁽²⁾	595,055,199	597,169,653	50,396,962	597,169,653	50,396,962	49,786,542	469,471,323	127,698,330
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	66,746,902	70,498,800	5,606,145	70,498,800	5,606,145	5,874,900	52,007,777	18,491,023
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-	-	-
Physicians Services - Regular Payments	203,212,970	105,826,502	7,094,413	105,826,502	7,094,413	8,147,328	90,080,179	15,746,323
Physicians Services - Supplemental Payments	32,315,705	29,033,600	-	29,033,600	-	-	28,099,568	934,032
Physician and Surgical Services - Evaluation and Management	10,747,712	-	198	-	198	-	131,827	(131,827)
Physician and Surgical Services - Vaccine Codes	39,310	-	-	-	-	-	330	(330)
Outpatient Hospital Services - Regular Payments	183,696,235	108,150,368	6,764,698	108,150,368	6,764,698	8,328,127	85,582,153	22,568,215
Outpatient Hospital Services - Supplemental Payments	74,671,549	188,691,259	8,093,651	188,691,259	8,093,651	-	71,242,303	117,448,956
Prescribed Drugs	446,971,859	308,412,374	21,036,115	308,412,374	21,036,115	23,925,449	239,835,498	68,576,876
Drug Rebate Offset - National Agreement	(225,015,927)	(168,559,200)	(10,456,006)	(168,559,200)	(10,456,006)	(7,726,754)	(207,258,467)	38,699,267
Drug Rebate Offset - State Sidebar Agreement	(15,905,952)	(9,007,200)	(61,366)	(9,007,200)	(61,366)	(412,890)	(7,283,426)	(1,723,774)
Drug Rebate Offset - MCO National	(45,732,577)	(36,008,400)	(12,743,639)	(36,008,400)	(12,743,639)	(1,650,625)	(48,706,918)	12,698,518
Drug Rebate Offset - MCO State Sidebar Agreement	(4,151,916)	(3,098,400)	(4,527)	(3,098,400)	(4,527)	(142,031)	(4,722,851)	1,624,451
Dental Services	31,430,204	20,361,430	1,182,351	20,361,430	1,182,351	1,568,360	13,874,354	6,487,076
Other Practitioners Services - Regular Payments	20,379,468	12,984,934	631,282	12,984,934	631,282	1,013,196	8,686,718	4,298,216
Other Practitioners Services - Supplemental Payments	-	75,536	-	75,536	-	5,810	-	75,536
Clinic Services	7,081,157	5,832,562	146,563	5,832,562	146,563	453,326	2,740,875	3,091,687
Lab & Radiological Services	46,852,349	25,678,438	1,295,954	25,678,438	1,295,954	1,982,566	22,556,974	3,121,464
Home Health Services	55,466,443	48,869,575	2,989,369	48,869,575	2,989,369	3,783,953	32,872,257	15,997,318
Hysterectomies/Sterilizations	406,748	173,529	8,444	173,529	8,444	13,348	202,253	(28,724)
Pregnancy Terminations ⁽⁴⁾	375,310	246,000	36,934	246,000	36,934	18,923	98,082	147,918
EPSDT Services	1,226,053	836,130	111,279	836,130	111,279	64,336	1,199,733	(363,603)
Rural Health Clinic Services	17,179,959	10,556,545	562,122	10,556,545	562,122	813,627	6,947,974	3,608,571
Medicare Health Insurance Payments - Part A Premiums	16,692,882	16,664,400	1,538,625	16,664,400	1,538,625	1,388,700	13,554,922	3,109,478
Medicare Health Insurance Payments - Part B Premiums	90,742,492	99,588,000	8,352,289	99,588,000	8,352,289	8,299,000	70,050,799	29,537,201
120% - 134% Of Poverty	7,003,332	7,789,300	720,325	7,789,300	720,325	599,177	5,532,618	2,256,682
135% - 175% Of Poverty	-	-	-	-	-	-	-	-
Coinsurance And Deductibles	10,430,719	9,640,800	1,045,503	9,640,800	1,045,503	741,600	7,039,015	2,601,785

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2016

	MONTH OF MARCH 2016		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2015	SFY2016	Current Month Ended 03/31/16	SFY2016	Current Month Ended 03/31/16	Current Month Ended 03/31/16	Year To-Date Thru 3/31/16	4/1/16 Thru 06/30/16
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	604,638,556	1,191,411,185	108,244,201		99,284,265	839,803,022	351,608,163	
Medicaid MCO - Evaluation and Management	10,183,868	-	-		-	1,760	(1,760)	
Medicaid MCO - Vaccine Codes	517,315	-	-		-	89	(89)	
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-		-	-	-	
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-		-	-	-	
Medicaid Health Insurance Payments: Group Health Plan Payments	560,514	548,800	-		42,215	366,083	182,717	
Medicaid Health Insurance Payments: Coinsurance	-	-	-		-	-	-	
Medicaid Health Insurance Payments: Other	-	-	-		-	-	-	
Home & Community-Based Services (MR/DD)	363,978,617	375,103,800	25,277,947		28,854,138	256,723,647	118,380,153	
Home & Community-Based Services (Aged/Disabled)	102,849,082	117,097,831	7,700,370		9,020,911	78,354,245	38,743,586	
Home & Community-Based Services (Traumatic Brain Injury)	876,006	2,253,300	119,540		173,331	983,896	1,269,404	
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	75,577,907	73,617,354	5,655,140		5,662,995	56,119,723	17,497,631	
Personal Care Services - SDS 1915(j)	-	-	-		-	-	-	
Targeted Case Management Services - Com. Case Management	-	-	-		-	-	-	
Targeted Case Management Services - State Wide	3,085,702	2,867,669	186,348		221,042	2,022,525	845,144	
Primary Care Case Management Services	103,803	122,413	9,936		9,416	92,610	29,803	
Hospice Benefits ⁽³⁾	26,445,147	26,313,918	2,883,560		2,024,148	18,094,760	8,219,158	
Emergency Services Undocumented Aliens	72,090	139,700	28,648		10,746	602,421	(462,721)	
Federally Qualified Health Center	61,804,749	43,953,670	1,126,858		3,384,707	20,971,988	22,981,682	
Non-Emergency Medical Transportation	34,823,256	33,703,796	2,952,393		2,592,664	24,126,352	9,577,444	
Physical Therapy	5,722,233	2,936,965	147,689		225,932	2,205,202	731,763	
Occupational Therapy	624,577	574,815	65,523		44,217	479,662	95,153	
Services for Speech, Hearing & Language	633,232	536,529	57,854		41,271	407,434	129,095	
Prosthetic Devices, Dentures, Eyeglasses	2,305,840	1,886,791	149,315		145,219	1,457,662	429,130	
Diagnostic Screening & Preventive Services	1,704,754	757,500	44,024		58,282	746,160	11,340	
Nurse Mid-Wife	503,608	635,487	12,989		48,884	237,700	397,787	
Emergency Hospital Services	(448)	-	-		-	192	(192)	
Critical Access Hospitals	71,608,002	47,924,409	2,438,524		3,687,392	36,361,258	11,563,151	
Nurse Practitioner Services	5,052,021	3,702,293	261,885		284,907	2,990,437	711,856	
School Based Services	36,294,586	56,575,009	254,332		4,351,931	8,503,185	48,071,824	
Rehabilitative Services (Non-School Based)	94,547,692	84,537,087	5,856,728		6,535,009	55,346,871	29,190,216	
Private Duty Nursing	7,642,494	7,570,500	596,835		582,346	5,530,708	2,039,792	
Health Home for Enrollees w Chronic Conditions	238,519	600,000	13,675		46,154	234,913	365,087	
Other Care Services	31,453,484	23,625,311	1,649,389		1,827,591	18,472,272	5,153,040	
Less: Recoupments	-	-	(575,898)		-	(2,329,580)	2,329,580	
NET EXPENDITURES:	3,688,116,621	4,025,858,052	274,290,238		299,315,334	2,700,435,064	1,325,422,989	

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2016

MONTH OF MARCH 2016

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2015	SFY2016	Current Month Ended 03/31/16	Current Month Ended 03/31/16	Year To-Date Thru 3/31/16	4/1/16 Thru 06/30/16
Collections: Third Party Liability (line 9A on CMS-64)	(9,862,202)	-	-	-	(6,471,824)	6,471,824
Collections: Probate (line 9B on CMS-64)	(919,956)	-	-	-	(125,627)	125,627
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	-	-	-	-	(93,147)	93,147
Collections: Other (line 9D on CMS-64)	(13,822,233)	-	-	-	(8,495,854)	8,495,854
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	3,663,512,229	4,025,858,052	274,290,238	299,315,334	2,685,248,613	1,340,609,440
Plus: Medicaid Part D Expenditures	36,926,444	39,285,595	3,356,165	3,273,800	28,131,982	11,153,613
Plus: State Only Medicaid Expenditures	606,484	1,017,615	50,647	78,278	492,951	524,664
Plus: Money Follow the Person Expenditures	1,298,632	5,140,141	52,185	395,395	818,040	4,322,101
TOTAL MEDICAID EXPENDITURES	\$ 3,702,343,790	\$ 4,071,301,403	\$ 277,749,235	\$ 303,062,807	\$ 2,714,691,586	\$ 1,356,609,817
Plus: Reimbursables ⁽¹⁾	5,039,370	5,615,668	460,695	431,974	2,916,640	2,699,028
Plus: NATCEP/PASARR/Eligibility Exams	267,913	332,214	4,041	25,555	206,901	125,313
Plus: HIT Incentive Payments	12,584,631	45,905,723	2,253,920	3,531,209	2,836,890	43,068,832
TOTAL EXPENDITURES	\$ 3,720,235,704	\$ 4,123,155,008	\$ 280,467,890	\$ 307,051,545	\$ 2,720,652,017	\$ 1,402,502,991

(1) This amount will revert to State Only if not reimbursed.
 (2) Of the amount in the "Nursing Facility Services-Regular Payments" line, \$16,309,386 is the amount paid to State Facilities year to date.
 (3) Of the amount in the "Hospice Benefits" line, \$13,491,023 is the amount paid to Nursing Facilities for Hospice Benefits year to date.
 (4) Pregnancy Terminations are State Only expenditures and are not currently claimed.

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 MEDICAID CASH REPORT
 SFY2016

9 Months Actuals 3 Months Remaining

MONTH OF MARCH 2016	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2015	Current Month Ended 3/31/2016	Year-To-Date Thru 3/31/2016	4/1/2016 Thru 6/30/2016	SFY2016
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	\$ 32,021,465	\$ 10,316,161	\$ 19,802,059	\$ (4,541)	\$ 19,797,518
MATCHING FUNDS					
General Revenue (0403/189)	304,124,566	34,313,209	294,732,767	171,417,564	466,150,331
MRDD Waiver (0403/466)	87,841,010	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	6,891,978	6,701,642	13,593,620
Medical Services Surplus (0403/633)	41,238,413	-	-	-	-
Waiver for Senior Citizens Surplus (0403/526)	-	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	17,008,768	16,228,000	24,587,271	(4,684,245)	19,903,026
Lottery Waiver (0420/539)	15,957,690	-	5,906,641	8,156,791	14,063,432
Lottery Transfer (5405/871)	40,025,462	2,861,100	6,502,500	2,167,500	8,670,000
Excess Lottery (5365/189)	35,901,082	-	10,090,000	4,332,140	14,422,140
Lottery Surplus (5405/68199)	-	-	10,000,000	-	10,000,000
Lottery Surplus (5365/68100)	-	-	20,000,000	-	20,000,000
Trust Fund Appropriation (5185/189)	112,246,112	-	38,292,331	20,931,226	59,223,557
Provider Tax (5090/189)	199,790,969	13,531,653	156,150,000	51,304,693	207,454,693
NSGO UPL (5084/6717)	861,352	231,967	1,132,001	109,402	1,241,403
Certified Match	19,862,122	684,697	9,238,480	16,025,194	25,263,674
Reimbursables - Amount Reimbursed	14,043,214	420,025	3,492,418	2,123,250	5,615,668
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	888,274	48,633	451,045	448,955	900,000
CHIP State Share	14,794,668	-	3,567,160	(3,567,160)	-
CMS - 64 Adjustments	1,050,260	-	248,397	808,095	1,056,491
TOTAL MATCHING FUNDS	\$ 961,001,047	\$ 87,977,036	\$ 677,799,881	\$ 308,061,156	\$ 985,861,037
FEDERAL FUNDS	\$ 2,809,228,738	\$ 213,243,541	\$ 2,056,769,614	\$ 1,106,148,270	\$ 3,162,917,884
TOTAL REVENUE SOURCES	\$ 3,770,229,785	\$ 301,220,577	\$ 2,734,569,495	\$ 1,414,209,426	\$ 4,148,778,920
TOTAL EXPENDITURES:					
Provider Payments	\$ 3,720,235,704	\$ 280,467,890	\$ 2,720,652,017	\$ 1,402,502,991	\$ 4,123,155,008
TOTAL	\$ 49,994,081	\$ 20,752,687	\$ 13,917,478		\$ 25,623,912

Note: FMAP (71.35% applicable Jul. - Sep. 2015) (71.42% applicable Oct. 2015 - Jun. 2016)

Joint Committee on Government and Finance

May 2016

Department of Health and Human Resources

**MEDICAID WAIVER REPORT
March 2016 Data**

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

Aged & Disabled Waiver Reported March 31, 2016		FY 2015 YTD	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	YTD 2016
Slots Approved By CMS (1)		6,464	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count		6,450	5,936	6,080	6,165	6,159	6,176	6,211	6,218	6,220	6,207				6,207
Applicants determined eligible this month and added to MEL (3)		2,596	237	179	166	174	217	255	183	139	62				1,612
Applicants determined ineligible		249	42	11	37	14	18	23	16	10	1				172
ACTIVE MEMBERS															
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count		5,791	5,892	5,964	6,048	6,026	5,961	5,912	5,856	5,778	5,676				5,676
Active members enrolled during the calendar month		1,380	173	125	89	60	39	62	14	17	9				588
Members discharged during the calendar month		900	72	53	5	82	104	111	70	95	111				703
ADW Members whose case was closed by reason	Member is deceased	432	42	25	2	44	54	68	45	43	67				390
	Other (4)	468	30	28	3	38	50	43	25	52	44				313
MANAGED ENROLLMENT LIST (MEL)															
# Eligible applicants closed during the calendar month (removed from MEL)		4,435	92	103	109	135	104	97	61	86	281				1,068
ADW Applicants removed from the MEL	Applicant offered a slot	2,958	10	62	70	75	33	10	4	1	169				434
	Applicant became deceased	258	21	9	10	14	18	22	18	17	12				141
	Other (5)	1,217	61	32	29	46	53	65	39	68	100				493
Applicants on the MEL who are in a nursing facility YTD Column reflects average # members in setting		58	0	0	0	0	0	47	31	45	37				37
Applicants on the MEL receiving Personal Care YTD Column reflects average # members in setting		111	0	0	0	0	0	77	113	99	129				129
Applicants on the MEL at the end of the month		280	425	501	558	597	710	868	990	1,043	824				N/A
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days		136	114	110	126	132	158	189	220	249	253				253

(1) Of the 6,385 slots approved by CMS, 90 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: 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/Developmental Disabilities Waiver Reported March 31, 2016		FY 2015	July-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	YTD 2016
Slots approved by CMS		4,634	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	4,628	4,625	4,626	4,630				4,630
Applicants determined eligible (2)		376	42	24	19	27	21	26	18	24	16				217
Applicants determined ineligible (3)		362	43	21	23	28	11	17	49	23	14				229
ACTIVE MEMBERS															
# of active members at the end of the month (unduplicated slots active) (1)		4,511	4,607	4,594	4,595	4,597	4,598	4,584*	4,575	4,562	4,555				4,555
Discharged members at the end of the calendar month		126	2	13	10	7	0	14	9	13	11				79
Discharged members who were discharged by reason	Deceased	58	1	6	6	1	0	8	5	7	6				40
	Left program to enter a facility	16	1	2	2	0	0	0	0	0	1				6
	Other (6)	52	0	5	2	6	0	6	2	6	4				31
MANAGED ENROLLMENT LIST (MEL)															
Total number of applicants on the MEL at the end of the month		1,116	1,057	1,079	1,087	1,105	1,125	1,149	1,167	1,191	1,202				1,202
Number of applicants added to the MEL (4)		376	42	24	19	27	21	26	18	24	16				217
Applicants enrolled (moved from the MEL)		209	98	0	11	0	0	1	0	0	1				111
Applicants removed from the MEL due to Death (5)		10	1	0	0	0	0	0	0	0	0				1
Applicants on the MEL who are in a Nursing Facility		3	3	3	3	3	3	1	1	1	1				1
Applicants on the MEL who are in an ICF/IID Group Home		73	70	77	80	81	83	84	75	86	88				88
Applicants on the MEL receiving Personal Care Services each month		71	70	74	71	78	75	72	76	76	77				77
Longest on the MEL to date (7)		985 Days	1,016	1,047	1,077	1,108	1,138	1,168	1,199	1,221	1214				1,214 Days

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

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

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

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

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

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

*12/2015 - 1 member removed this month that was previously inadvertently counted as active

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

Traumatic Brain Injury Waiver Reported March 31, 2016		FY 2015	July-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	YTD 2016
Slots Approved By CMS		125	74	74	74	74	74	74	74	74	74	74	74	74	74
Total number of members served YTD (unduplicated slots used) (1)		68	57	57	57	59	61	64	68	67	70				70
Applicants determined eligible and became active this month (2)		31	2	0	1	2	2	3	4	0	3				17
Applicants determined ineligible (3)		5	4	0	0	1	0	0	0	0	0				5
ACTIVE MEMBERS															
Active members at the end of the month (unduplicated slots active)		56	57	54	56	56	58	61	64	63	64				64
Closed member at the end of the calendar month		11	1	3	3	1	0	0	1	1	2				12
TBI Members whose case was closed by reason	Deceased	2	0	1	1	1	0	0	0	0	1				4
	Left program to enter a faculty	0	0	0	1	0	0	0	0	1	1				3
	Other (4)	9	1	2	1	0	0	0	1	0	0				5
MANAGED ENROLLMENT LIST (MEL) *															
Total number of applicants on the MEL at the end of the month		N/A	NA	NA	NA	NA	NA	NA	NA	NA	NA				NA
Number of applicants added to the MEL		N/A	NA	NA	NA	NA	NA	NA	NA	NA	NA				NA
Applicants enrolled (moved from the MEL due to slot releases)		N/A	NA	NA	NA	NA	NA	NA	NA	NA	NA				NA
Applicants removed from the MEL due to death		N/A	NA	NA	NA	NA	NA	NA	NA	NA	NA				NA
New Applicants on the MEL who are in a nursing facility		N/A	NA	NA	NA	NA	NA	NA	NA	NA	NA				NA
New Applicants on the MEL receiving Personal Care each month		N/A	NA	NA	NA	NA	NA	NA	NA	NA	NA				NA
Longest on the MEL to date		N/A	NA	NA	NA	NA	NA	NA	NA	NA	NA				NA

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

(2 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.

(4) 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.

* There is currently no Managed Enrollment List for the TBI Waiver Program.

Joint Committee on
Government and Finance
Report

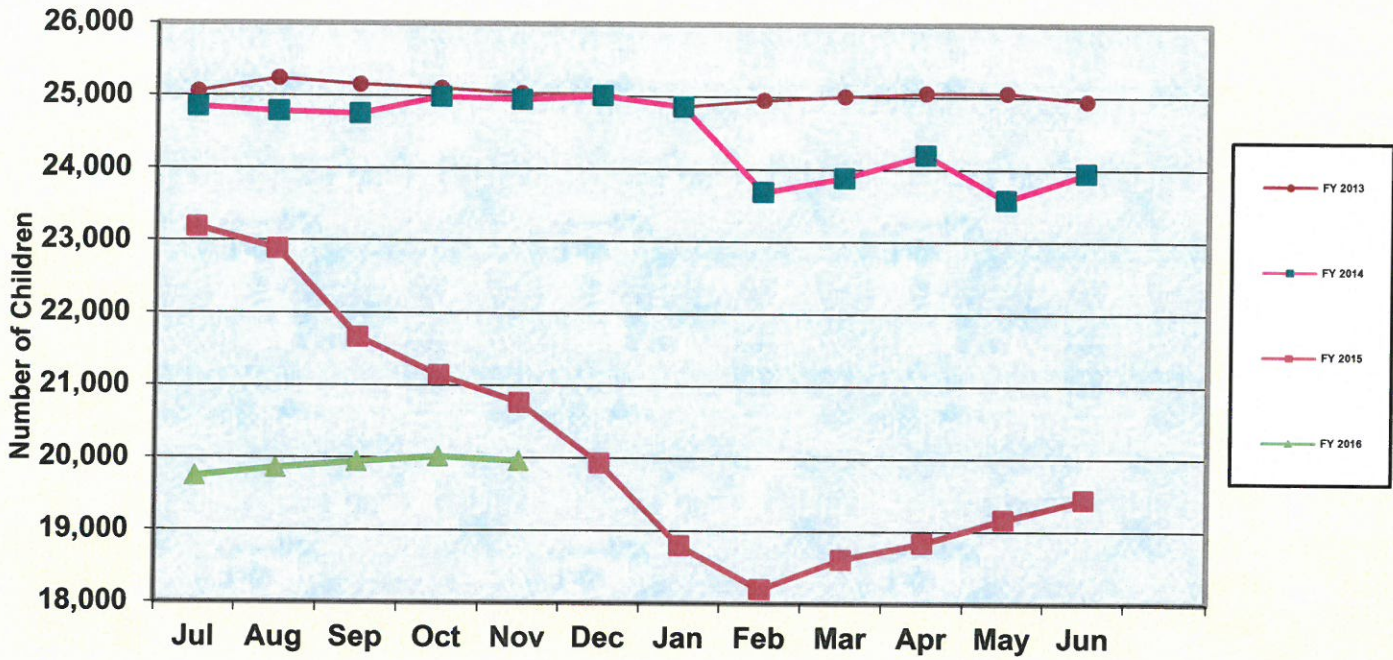
MAY 2016

Department of Health and Human Resources

State Children's Health Insurance Program
UPDATE

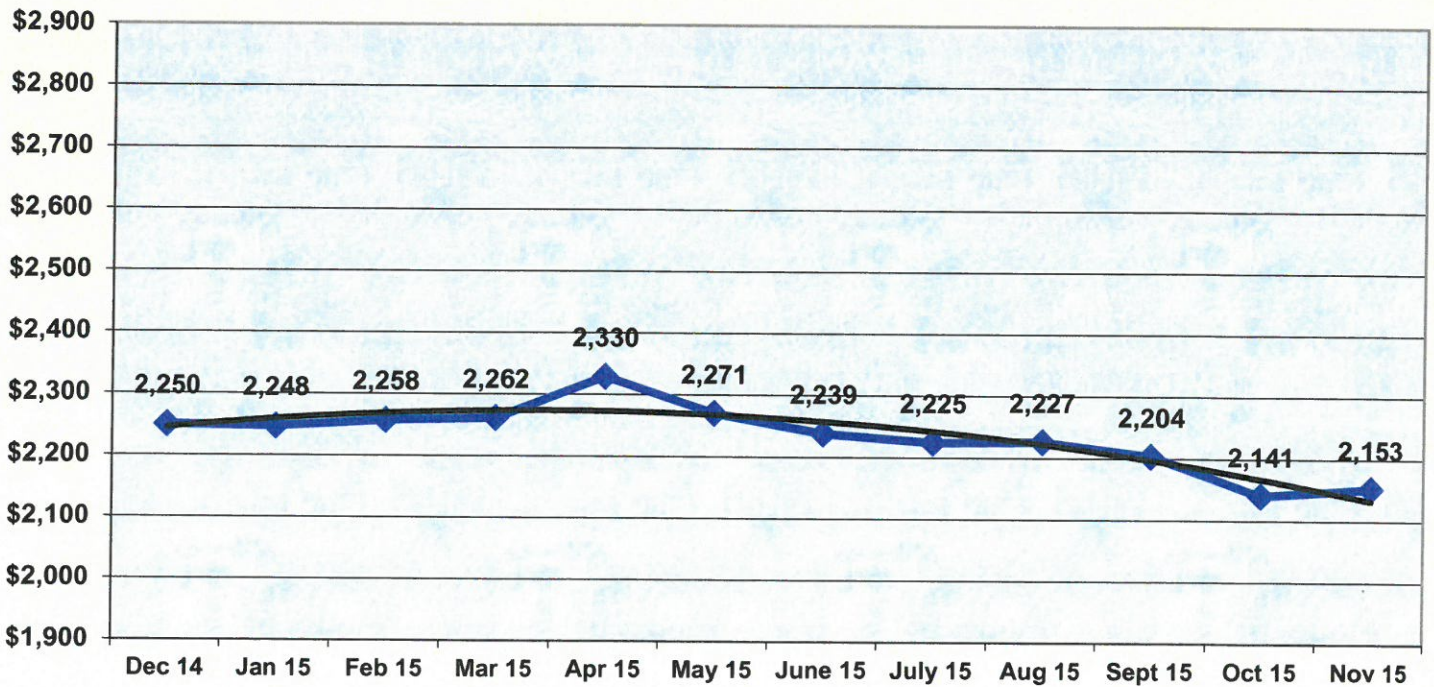


WV CHIP Enrollment



November 30th Enrollment 19,961

Annualized Health Care Expenditures (Cost per Child)



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

	November 30, 2015	November 30, 2014	Variance	
Assets:				
Cash & Cash Equivalents	\$7,465,614	\$13,451,714	(\$5,986,100)	-45%
Due From Federal Government	\$5,115,655	\$3,724,776	\$1,390,879	37%
Due From Other Funds	\$0	\$909,247	(\$909,247)	-100%
Accrued Interest Receivable	\$8,949	\$8,949	\$0	0%
Fixed Assets, at Historical Cost	<u>\$82,046</u>	<u>\$93,386</u>	<u>(\$11,340)</u>	<u>-12%</u>
Total Assets	<u>\$12,672,264</u>	<u>\$18,188,073</u>	<u>(\$5,515,808)</u>	<u>-30%</u>
Liabilities:				
Accounts Payable	\$589,499	\$534,899	\$54,600	10%
Deferred Revenue	-\$1,472,104	\$663,263	(\$2,135,366)	-322%
Unpaid Insurance Claims Liability	<u>\$3,780,000</u>	<u>\$4,000,000</u>	<u>(\$220,000)</u>	<u>-6%</u>
Total Liabilities	<u>\$2,897,395</u>	<u>\$5,198,162</u>	<u>(\$2,300,766)</u>	<u>-44%</u>
Fund Equity	<u>\$9,774,869</u>	<u>\$12,989,911</u>	<u>(\$3,215,042)</u>	<u>-25%</u>
Total Liabilities and Fund Equity	<u>\$12,672,264</u>	<u>\$18,188,073</u>	<u>(\$5,515,808)</u>	<u>-30%</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 Five Months Ending November 30, 2015 and November 30, 2014
(Modified Accrual Basis)

	November 30, 2015	November 30, 2014	Variance	
Revenues				
Federal Grants	17,574,810	18,192,858	(618,048)	-3%
State Appropriations	0	4,195,490	(4,195,490)	-100%
Premium Revenues	556,180	419,610	136,570	33%
Investment Income:				
Investment Earnings	<u>25,708</u>	<u>39,035</u>	<u>(13,327)</u>	<u>-34%</u>
Total Revenues	<u>18,156,698</u>	<u>22,846,993</u>	<u>(4,690,295)</u>	<u>-21%</u>
Expenditures:				
Claims:				
Outpatient Services	4,431,836	5,987,518	(1,555,682)	-26%
Physicians & Surgical	3,726,203	4,488,569	(762,366)	-17%
Prescribed Drugs	3,567,498	3,290,494	277,004	8%
Dental	2,394,610	3,090,369	(695,759)	-23%
Inpatient Hospital Services	1,619,008	1,426,620	192,388	13%
Outpatient Mental Health	414,284	627,914	(213,630)	-34%
Durable & Disposable Med. Equip.	365,407	529,393	(163,986)	-31%
Therapy	325,880	275,527	50,353	18%
Inpatient Mental Health	305,189	464,648	(159,459)	-34%
Vision	282,001	384,657	(102,656)	-27%
Medical Transportation	151,891	210,442	(58,551)	-28%
Other Services	24,540	41,074	(16,534)	-40%
Less: Collections**	<u>(192,972)</u>	<u>(230,294)</u>	<u>37,322</u>	<u>-16%</u>
Total Claims	<u>17,415,375</u>	<u>20,586,931</u>	<u>(3,171,556)</u>	<u>-15%</u>
General and Admin Expenses:				
Salaries and Benefits	256,640	268,944	(12,304)	-5%
Program Administration	1,254,713	1,368,525	(113,812)	-8%
Eligibility	25,685	36,000	(10,315)	-29%
Outreach & Health Promotion	9,735	361,977	(352,242)	-97%
Current	<u>79,397</u>	<u>100,764</u>	<u>(21,367)</u>	<u>-21%</u>
Total Administrative	<u>1,626,170</u>	<u>2,136,210</u>	<u>(510,040)</u>	<u>-24%</u>
Total Expenditures	<u>19,041,545</u>	<u>22,723,141</u>	<u>(3,681,596)</u>	<u>-16%</u>
Excess of Revenues				
Over (Under) Expenditures	(884,847)	123,852	(1,008,699)	-814%
Unrealized Gain(loss) On Investments*	(14,965)	(52)	(14,913)	28558%
Fund Equity, Beginning	<u>10,674,681</u>	<u>12,866,112</u>	<u>(2,191,431)</u>	<u>-17%</u>
Fund Equity, Ending	<u>9,774,869</u>	<u>12,989,911</u>	<u>(3,215,043)</u>	<u>-25%</u>

* Short Term Bond Fund Investment began in November 2009

** Collections are primarily drug rebates and subrogation

PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program
Budget to Actual Statement
State Fiscal Year 2016
For the Five Months Ended November 30, 2015**

	Budgeted for Year	Year to Date Budgeted Amt	Year to Date Actual Amt	Year to Date Variance*		Monthly Budgeted Amt	Actual Amt Nov-15	Actual Amt Oct-15	Actual Amt Sep-15
Projected Cost	\$46,514,413	\$19,381,005	\$17,771,364	\$1,609,642	8%	\$3,876,201	\$3,824,311	\$3,702,313	3,067,167
Premiums	1,854,664	772,777	\$556,038	(\$216,739)	-28%	154,555	105,671	109,124	112,258
Subrogation & Rebates	<u>1,015,410</u>	<u>423,088</u>	<u>\$192,972</u>	<u>(230,116)</u>	<u>-54%</u>	<u>84,618</u>	<u>0</u>	<u>0</u>	<u>176,107</u>
Net Benefit Cost	\$43,644,339	18,572,971	\$17,022,354	\$1,550,618	8%	3,714,594	3,718,640	3,593,189	\$2,778,802
Salaries & Benefits	\$646,556	\$269,398.33	\$256,640	\$12,758	5%	\$53,880	\$48,977	\$48,184	\$49,972
Program Administration	3,500,000	1,458,333	\$903,539	554,794	38%	291,667	220,933	186,820	234,636
Eligibility	250,000	104,167	\$13,485	90,682	87%	20,833	585	12,000	0
Outreach & Health Prom.	300,000	125,000	\$18,061	106,939	86%	25,000	3,648	0	5,751
Current Expense	<u>250,000</u>	<u>104,167</u>	<u>\$72,548</u>	<u>31,619</u>	<u>30%</u>	<u>20,833</u>	<u>26,057</u>	<u>15,388</u>	<u>17,285</u>
Total Admin Cost	\$4,946,556	\$2,061,065	\$1,264,273	\$796,792	39%	\$412,213	\$300,200	\$262,392	\$307,644
Total Program Cost	<u>\$48,590,895</u>	<u>\$20,634,036</u>	<u>\$18,286,627</u>	<u>\$2,347,410</u>	<u>11%</u>	<u>\$4,126,807</u>	<u>\$4,018,840</u>	<u>\$3,855,581</u>	<u>\$3,086,446</u>
Federal Share 100.00%	38,848,421	16,186,842	\$16,198,980	(12,138)	0%	3,291,541	4,018,840	3,855,581	2,467,613
State Share 0.00%	<u>9,742,474</u>	<u>4,447,195</u>	<u>\$2,087,647</u>	<u>2,359,547</u>	<u>53%</u>	<u>835,266</u>	<u>0</u>	<u>0</u>	<u>618,832</u>
Total Program Cost **	<u>\$48,590,895</u>	<u>\$20,634,036</u>	<u>\$18,286,627</u>	<u>\$2,347,410</u>	<u>11%</u>	<u>\$4,126,807</u>	<u>\$4,018,840</u>	<u>\$3,855,581</u>	<u>\$3,086,446</u>

* Positive percentages indicate favorable variances

** Budgeted Year Based on CCRC Actuary 6/30/2015 Report.

Unaudited - Cash Basis For Management Purposes Only - Unaudited

Memo for Calculations Above:

Notes:

- 1/. Total budgeted for Year Program costs are CCRC Actuary's Base Line Scenerio dated 6/30/15 Final worksheet Net Paid Program Costs.
- 2/. Federal Share for FFY 2016 is 100.00%. Federal Share for FFY 2015 (10/1/14 - 9/30/15) is set at 79.95%.

WVCHIP Enrollment Report

ATTACHMENT 1

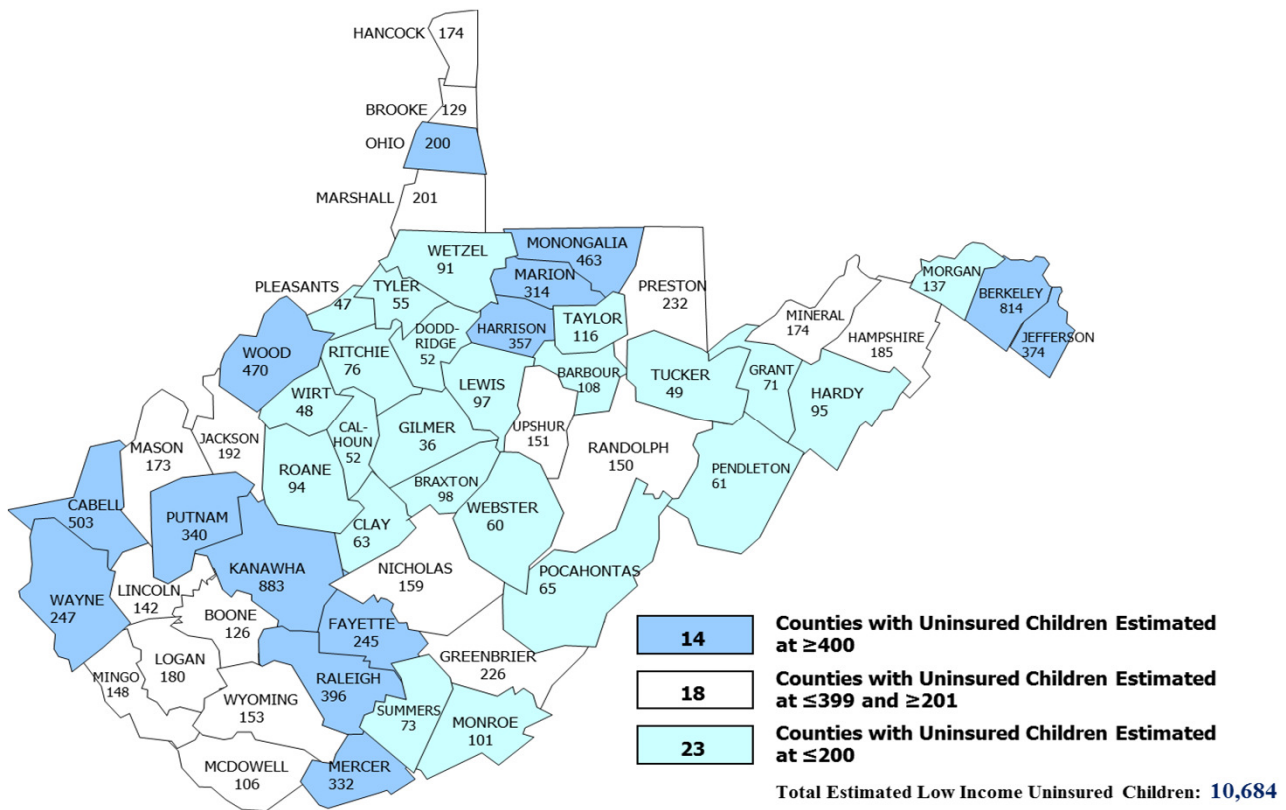
April 2016

County	County Pop.	Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2010	2010
	2010 Est. (0-18 Yrs)	Enrollment Apr-16	Enrollment Dec-15	CHIP/Medicaid Enrollment	Enrollment % of Population	Est. Uninsured 3%	# Children Uninsured Ranking*
Barbour	3,600	214	1,777	1,991	55.3%	108	33
Berkeley	26,251	1,376	11,384	12,760	48.6%	788	2
Boone	5,615	266	3,276	3,542	63.1%	168	25
Braxton	3,006	172	1,673	1,845	61.4%	90	40
Brooke	4,573	222	1,690	1,912	41.8%	137	31
Cabell	18,879	946	9,472	10,418	55.2%	566	4
Calhoun	1,518	80	840	920	60.6%	46	51
Clay	2,215	139	1,431	1,570	70.9%	66	44
Doddridge	1,673	80	756	836	50.0%	50	48
Fayette	9,438	684	5,458	6,142	65.1%	283	13
Gilmer	1,260	56	598	654	51.9%	38	54
Grant	2,555	106	1,084	1,190	46.6%	77	42
Greenbrier	7,131	560	3,635	4,195	58.8%	214	16
Hampshire	5,392	218	2,466	2,684	49.8%	162	27
Hancock	6,166	318	2,718	3,036	49.2%	185	20
Hardy	3,015	165	1,661	1,826	60.6%	90	39
Harrison	15,202	864	6,484	7,348	48.3%	456	7
Jackson	6,602	376	3,099	3,475	52.6%	198	18
Jefferson	12,679	550	3,916	4,466	35.2%	380	10
Kanawha	39,771	1,912	19,790	21,702	54.6%	1,193	1
Lewis	3,389	199	1,899	2,098	61.9%	102	37
Lincoln	4,930	265	3,175	3,440	69.8%	148	30
Logan	7,496	398	4,652	5,050	67.4%	225	15
Marion	11,227	543	5,232	5,775	51.4%	337	11
Marshall	6,886	251	2,971	3,222	46.8%	207	17
Mason	5,929	226	2,906	3,132	52.8%	178	21
McDowell	4,423	194	3,356	3,550	80.3%	133	32
Mercer	12,764	808	8,022	8,830	69.2%	383	9
Mineral	5,868	241	2,357	2,598	44.3%	176	23
Mingo	5,905	220	4,021	4,241	71.8%	177	22
Monongalia	15,294	759	5,289	6,048	39.5%	459	6
Monroe	2,835	232	1,240	1,472	51.9%	85	41
Morgan	3,596	216	1,586	1,802	50.1%	108	34
Nicholas	5,561	323	2,930	3,253	58.5%	167	26
Ohio	8,444	417	3,462	3,879	45.9%	253	14
Pendleton	1,462	74	609	683	46.7%	44	52
Pleasants	1,551	89	655	744	48.0%	47	50
Pocahontas	1,561	136	825	961	61.6%	47	49
Preston	6,536	387	3,102	3,489	53.4%	196	19
Putnam	13,150	562	4,370	4,932	37.5%	395	8
Raleigh	16,403	1,008	9,223	10,231	62.4%	492	5
Randolph	5,705	457	2,903	3,360	58.9%	171	24
Ritchie	2,205	112	1,025	1,137	51.6%	66	45
Roane	3,239	266	1,842	2,108	65.1%	97	38
Summers	2,521	156	1,357	1,513	60.0%	76	43
Taylor	3,514	194	1,530	1,724	49.1%	105	35
Tucker	1,371	102	549	651	47.5%	41	53
Tyler	1,924	98	794	892	46.4%	58	47

WVCHIP Enrollment Report

April 2016

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment Apr-16	Total Medicaid Enrollment Dec-15	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2010 Est. Uninsured 3%	2010 # Children Uninsured Ranking*
Upshur	4,996	285	2,805	3,090	61.8%	150	29
Wayne	9,516	372	4,813	5,185	54.5%	285	12
Webster	1,977	131	1,320	1,451	73.4%	59	46
Wetzel	3,466	170	1,739	1,909	55.1%	104	36
Wirt	1,201	59	748	807	67.2%	36	55
Wood	18,956	882	9,344	10,226	53.9%	569	3
Wyoming	5,116	291	2,932	3,223	63.0%	153	28
Totals	387,459	20,427	188,791	209,218	54.0%	11,624	

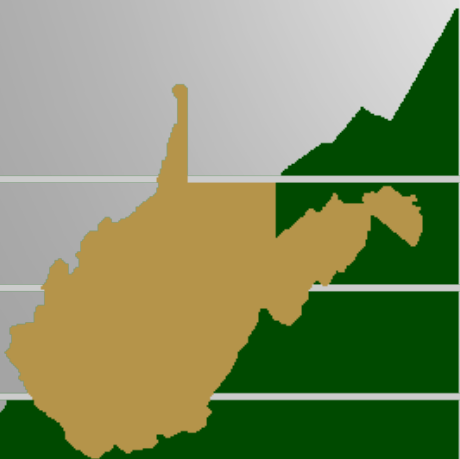


The above map shows the most recent 2013 county level data provided by the U.S. Census Bureau Small Area Health Insurance Estimates (SAHIE) for children under 19 years. While the statewide average for children under 19 is now about 3%, the SAHIE data reflects more accurately the variation from county to county depending on the availability of employer sponsored insurance and should be a more accurate way to target outreach than in previous years.

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

March 31, 2016



Participant Plans Allocation & Performance Net of Fees

Period Ending: March 31, 2016

	6/30/2015		3/31/2016		Performance %						
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
WVIMB Fund Assets	17,180,853	100.0	16,509,775	100.0							
Pension Assets	13,635,608	79.4	13,004,089	78.7							
Public Employees' Retirement System	5,742,388	33.5	5,535,031	33.5	5.1	1.2	(1.9)	(0.5)	6.3	6.9	5.8
Teachers' Retirement System	6,753,118	39.3	6,374,530	38.6	5.0	1.1	(1.9)	(0.6)	6.3	6.8	5.5
EMS Retirement System	56,547	0.3	57,402	0.4	5.1	1.1	(1.9)	(0.5)	6.3	6.9	
Public Safety Retirement System	607,339	3.5	565,577	3.4	5.1	1.2	(1.8)	(0.4)	6.3	6.9	5.8
Judges' Retirement System	170,727	1.0	165,021	1.0	5.1	1.2	(1.8)	(0.4)	6.3	6.9	5.8
State Police Retirement System	131,954	0.8	133,906	0.8	5.1	1.1	(1.9)	(0.5)	6.3	6.9	5.8
Deputy Sheriffs' Retirement System	170,181	1.0	168,446	1.0	5.1	1.2	(1.9)	(0.5)	6.3	6.9	5.8
Municipal Police & Firefighter Retirement System	1,944	0.0	2,842	0.0	4.8	1.0	(1.9)	(0.5)	6.0	6.7	
Municipal Model A	1,410	0.0	1,334	0.0	5.0	1.1	(2.0)	(0.6)			
Insurance Assets	2,550,823	14.8	2,553,494	15.5							
Workers' Compensation Old Fund	1,290,486	7.5	1,308,431	7.9	3.7	1.7	(0.3)	(0.4)	2.6	3.9	4.1
Workers' Comp. Self-Insured Guaranty Risk Pool	15,756	0.1	32,331	0.2	3.3	0.9	(1.5)	(1.5)	2.9	4.1	3.8
Workers' Comp. Self-Insured Security Risk Pool	9,046	0.0	54,395	0.3	3.4	0.9	(1.5)	(1.5)			
Workers' Comp. Uninsured Employers' Fund	10,889	0.1	10,702	0.1	3.1	0.8	(1.7)	(1.7)	2.8	4.0	3.5
Pneumoconiosis	261,369	1.5	246,923	1.5	3.3	0.9	(1.7)	(1.7)	2.8	4.1	4.5
Board of Risk & Insurance Management	137,824	0.8	130,441	0.8	3.3	0.9	(1.8)	(1.8)	2.8	4.1	5.0
Public Employees' Insurance Agency	218,202	1.3	174,113	1.1	3.3	0.9	(1.6)	(1.6)	2.9	4.5	4.7
WV Retiree Health Benefit Trust Fund	607,251	3.5	596,158	3.6	5.1	1.2	(1.8)	(0.4)	6.3	6.6	
Endowment Assets	994,422	5.8	952,192	5.8							
Berkeley County Development Authority	-	0.0	5,980	0.1	5.1	1.2					
Wildlife Fund	54,655	0.3	53,463	0.3	5.1	1.2	(1.8)	(0.4)	6.3	6.9	5.8
Prepaid Tuition Trust	66,440	0.4	54,047	0.3	4.7	1.5	0.4	0.0	5.2	5.9	5.7
Revenue Shortfall Reserve Fund	376,714	2.2	330,554	2.0	1.7	2.8	1.7	0.9	0.6	3.3	
Revenue Shortfall Reserve Fund - Part B	384,146	2.2	383,417	2.3	3.7	1.9	(0.2)	(0.4)	2.5	4.1	
WV DEP Trust	8,254	0.1	7,730	0.1	5.5	0.4	(3.7)	(3.3)	5.0		
WV DEP Agency	104,213	0.6	117,001	0.7	4.0	0.7	(2.2)	(2.1)			

Composite Asset Allocation & Performance Net of Fees

Period Ending: March 31, 2016

	Asset (\$000)	%	Performance %							
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	
Investment Pools Composite	16,517,425	100.00								
Total Equity Composite	8,411,102	50.92	7.98	0.99	(4.23)	(3.59)	6.82	6.91	5.47	
+/- Total Equity Policy Index (b)			0.32	0.56	0.46	0.44	0.70	0.93	1.23	
US Equity Composite	4,155,253	25.15	6.81	0.17	(0.88)	(1.32)	11.10	11.19	6.91	
+/- Russell 3000 Index			(0.23)	(0.80)	(0.40)	(0.98)	(0.05)	0.18	0.01	
Large Cap Composite	3,374,593	20.42	6.37	0.87	1.48	1.04	12.16	11.90	7.05	
+/- S&P 500 Index			(0.41)	(0.48)	(0.02)	(0.74)	0.34	0.32	0.04	
Non-Large Cap Composite	780,660	4.73	8.76	(3.01)	(10.70)	(11.10)	6.79	8.31	6.63	
+/- Russell 2500 Index			0.43	(3.40)	(3.71)	(3.79)	(1.37)	(0.27)	0.16	
International Equity Composite	4,255,849	25.77	9.14	1.80	(7.59)	(5.97)	2.48	2.55	4.29	
+/- MSCI AC World ex US IMI Index (c)			0.86	1.92	1.18	1.72	1.31	1.54	1.77	
Fixed Income Composite	3,266,308	19.77	1.94	1.61	1.17	0.75	2.15	3.61	4.74	
+/- Barclays Capital Universal (d)			0.72	(1.46)	(2.03)	(1.00)	(0.36)	(0.34)	(0.35)	
Core Fixed Income	991,273	6.00	0.91	3.01	3.66	2.61	2.91	4.34		
+/- Barclays Capital Aggregate			(0.01)	(0.02)	(0.05)	0.65	0.41	0.56		
Total Return Fixed Income	2,275,035	13.77	2.40	0.99	0.06	(0.09)	1.83	3.29	4.90	
+/- Barclays Capital Universal			1.18	(2.08)	(3.14)	(1.84)	(0.68)	(0.66)	(0.13)	
TIPS Composite	421,050	2.55	1.79	4.45	2.59	1.50	(0.74)	3.00		
+/- Barclays Capital U.S.TIPS			(0.01)	(0.01)	(0.01)	(0.01)	(0.02)	(0.02)		
Cash Composite	126,241	0.77	0.03	0.08	0.14	0.17	0.15	0.13	1.27	
+/- Citigroup 90 Day T-Bill (e)			0.01	0.01	0.04	0.06	0.06	(0.01)	0.01	
Private Equity Composite	1,345,076	8.14	2.48	2.78	1.43	9.02	11.73	12.95		
+/- Russell 3000 + 3% (f, g)								(2.22)		
Real Estate Composite	1,438,130	8.71	2.23	3.01	6.59	10.35	10.31	10.00		
+/- NCREIF + 1% (f)								(3.18)		
Hedge Fund Composite	1,509,518	9.14	0.13	(2.48)	(5.55)	(5.09)	3.33	3.59		
+/- HFRI FOF + 1% (h)			(0.69)	0.10	(0.69)	(0.68)	1.45	0.72		

Participant Plans Allocation vs. Strategy

Period Ending: March 31, 2016

	Domestic Equity		Int'l Equity		Fixed Income		Private Equity		Real Estate		Hedge Funds		Cash	
	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %

Pension Assets

Public Employees' Retirement System	27.8	27.5	28.2	27.5	13.6	15.0	9.9	10.0	10.5	10.0	9.9	10.0	0.1	0.0
Teachers' Retirement System	27.2	27.5	28.2	27.5	13.4	15.0	9.8	10.0	10.6	10.0	10.0	10.0	0.8	0.0
EMS Retirement System	27.5	27.5	27.7	27.5	14.4	15.0	9.8	10.0	10.1	10.0	9.5	10.0	1.0	0.0
Public Safety Retirement System	27.7	27.5	28.4	27.5	13.4	15.0	9.9	10.0	10.6	10.0	9.9	10.0	0.1	0.0
Judges' Retirement System	27.6	27.5	28.1	27.5	13.9	15.0	9.9	10.0	10.5	10.0	9.8	10.0	0.2	0.0
State Police Retirement System	27.6	27.5	27.9	27.5	14.3	15.0	9.8	10.0	10.2	10.0	9.6	10.0	0.6	0.0
Deputy Sheriffs' Retirement System	27.7	27.5	28.0	27.5	14.1	15.0	9.8	10.0	10.3	10.0	9.7	10.0	0.4	0.0
Municipal Police & Firefighter Retirement System	25.4	27.5	26.1	27.5	13.5	15.0	9.1	10.0	9.0	10.0	8.7	10.0	8.2	0.0
Municipal Model A	27.3	27.5	27.8	27.5	12.9	15.0	9.7	10.0	10.1	10.0	9.6	10.0	2.6	0.0

Insurance Assets

Workers' Compensation Old Fund	15.1	15.0	15.4	15.0	66.4	70.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1	0.0
Workers' Comp. Self-Insured Guaranty Risk Pool	15.6	15.0	15.7	15.0	45.2	45.0	0.0	0.0	0.0	0.0	19.9	20.0	3.6	5.0
Workers' Comp. Self-Insured Security Risk Pool	15.6	15.0	15.6	15.0	45.4	45.0	0.0	0.0	0.0	0.0	19.9	20.0	3.5	5.0
Workers' Comp. Uninsured Employers Fund	15.4	15.0	15.5	15.0	40.0	40.0	0.0	0.0	0.0	0.0	19.3	20.0	9.8	10.0
Pneumoconiosis	15.2	15.0	15.7	15.0	44.9	45.0	0.0	0.0	0.0	0.0	19.8	20.0	4.4	5.0
Board of Risk & Insurance Mgmt.	15.4	15.0	15.5	15.0	44.6	45.0	0.0	0.0	0.0	0.0	19.5	20.0	5.0	5.0
Public Employees' Insurance Agency	15.5	15.0	15.9	15.0	47.8	50.0	0.0	0.0	0.0	0.0	20.6	20.0	0.2	0.0
WV Retiree Health Benefit Trust Fund	27.5	27.5	28.1	27.5	14.5	15.0	9.8	10.0	10.4	10.0	9.7	10.0	0.0	0.0

Endowment Assets

Berkeley County Development Authority	27.7	27.5	28.1	27.5	14.3	15.0	9.9	10.0	10.4	10.0	9.6	10.0	0.0	0.0
Wildlife Fund	27.5	27.5	28.0	27.5	14.5	15.0	9.8	10.0	10.3	10.0	9.6	10.0	0.3	0.0
Prepaid Tuition Trust	27.8	27.5	23.0	22.5	46.9	50.0	0.0	0.0	0.0	0.0	0.0	0.0	2.3	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 - Part B	15.3	15.0	15.4	15.0	69.1	70.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
WV DEP Trust	32.4	32.5	33.4	32.5	14.4	15.0	0.0	0.0	0.0	0.0	19.8	20.0	0.0	0.0
WV DEP Agency	20.1	20.0	20.0	20.0	39.4	40.0	0.0	0.0	0.0	0.0	18.9	20.0	1.6	0.0

- (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.
- (i) 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.

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Status Report:
Workers' Compensation

Joint Committee on Government & Finance

May 2016

Provided by the West Virginia Offices of the Insurance Commissioner



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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.

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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

of the claimant's home, or within the distance from the claimant's home to his or her pre-injury employment, whichever is greater, is a factor to be considered in determining whether or not a claimant is PTD.

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

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

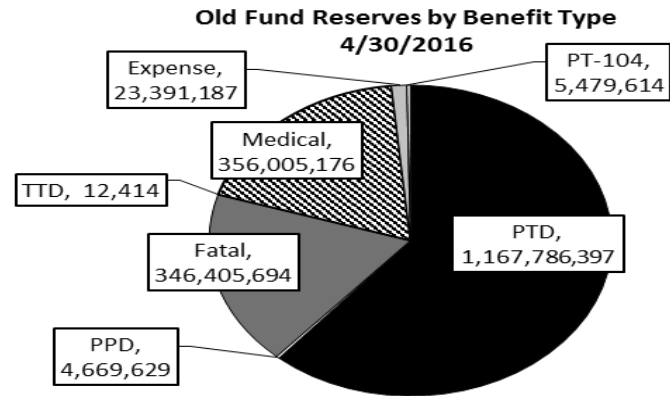
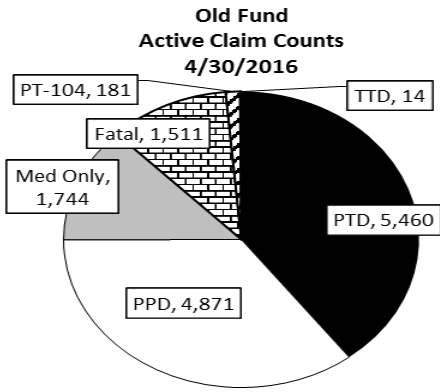
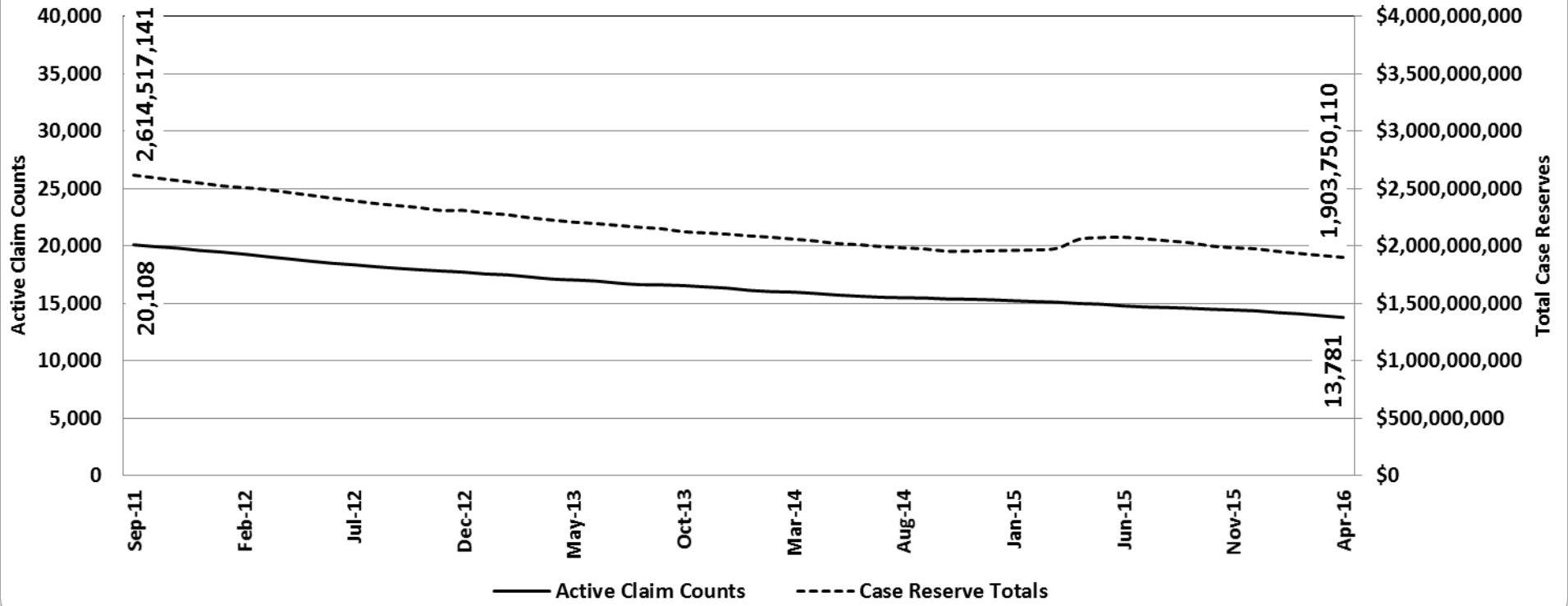
Self-Insured Security Fund: State managed fund consisting of those funds paid into it thru the WVOIC's administration of 85 CSR §19 (2004), and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last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

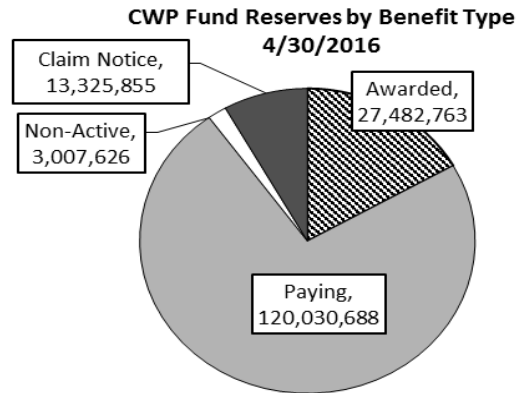
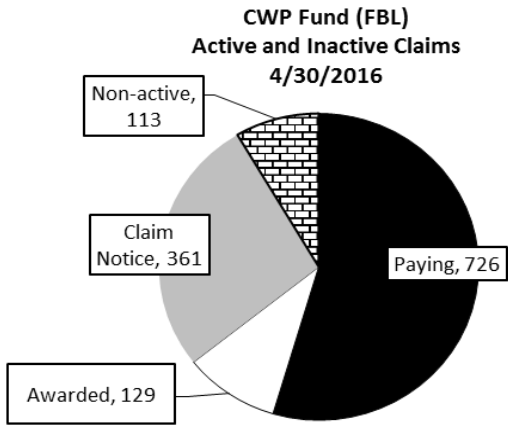
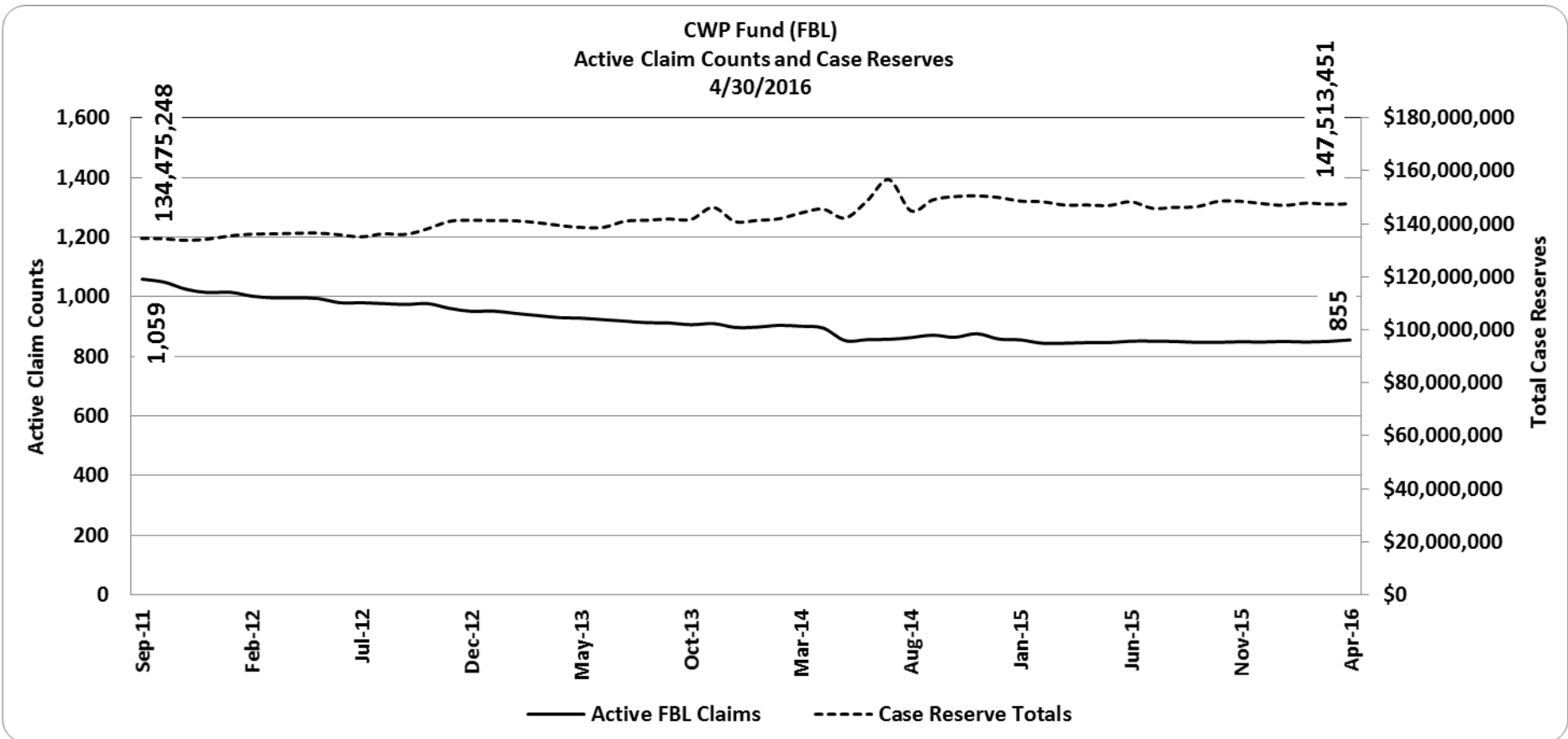
TPD: (Temporary Partial Disability) also referred to as TPR, is paid when an injured worker is released to return to work with restrictions or modifications that restrict he/she from obtaining their pre-injury wages. The TPD benefit is paid at seventy percent of the difference between the average weekly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

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

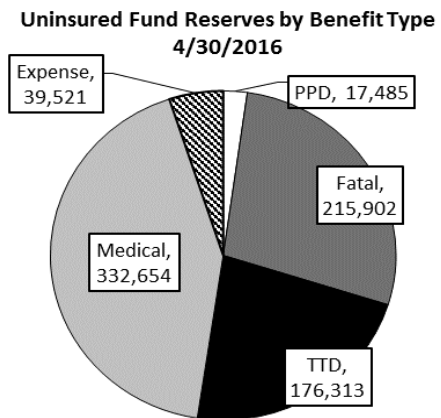
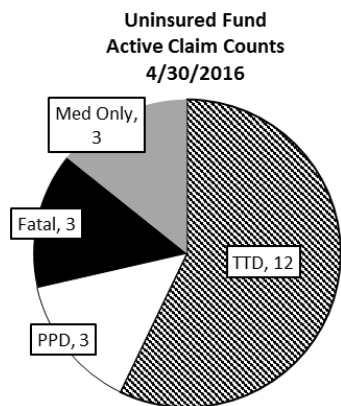
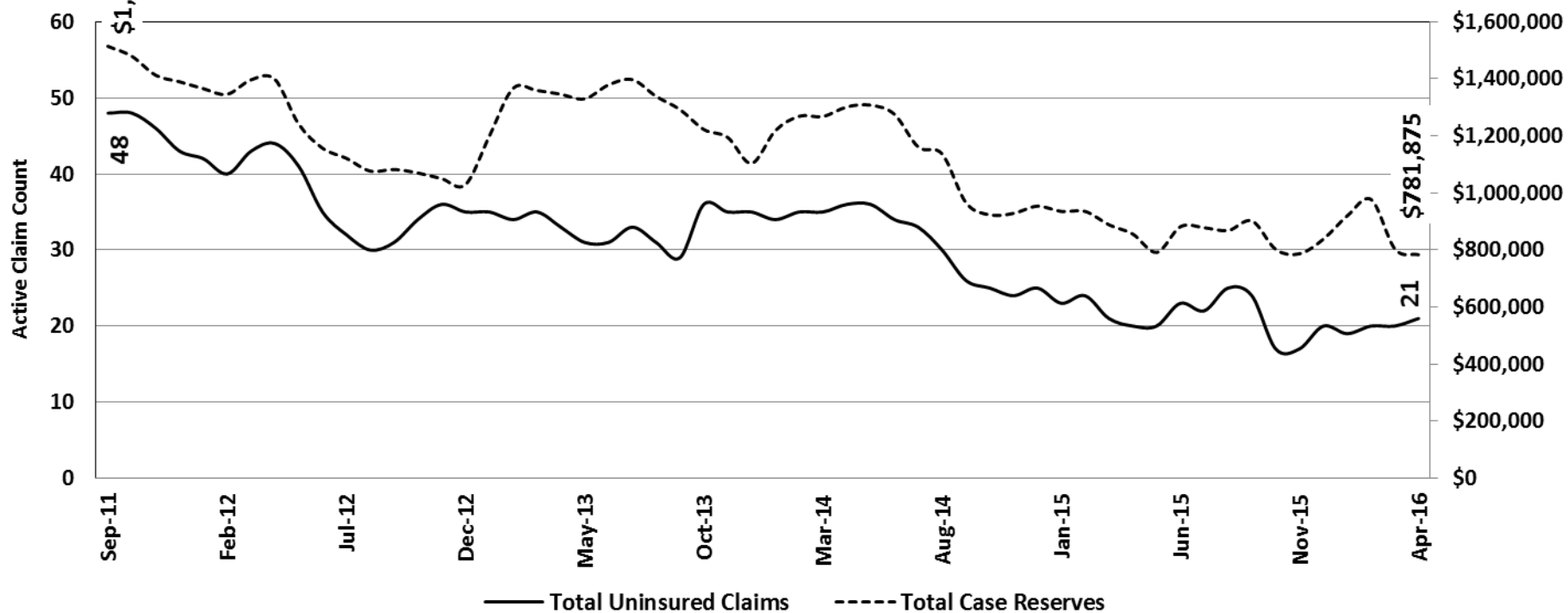
Uninsured Fund: State managed fund into which assessments to carriers or employers received are held, and out of which workers' compensation benefits may be paid to claimant employees of employers who were uninsured if the date of injury or date of last exposure is January 1, 2006 or later.

**Old Fund
Active Claim Counts and Case Reserves
4/30/2016**

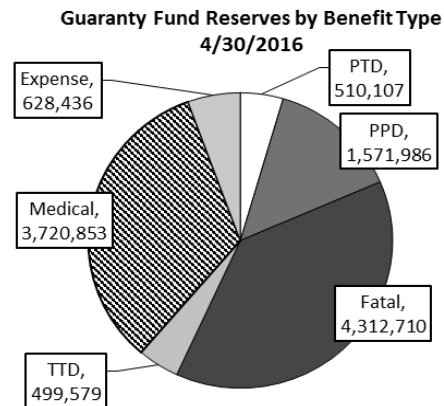
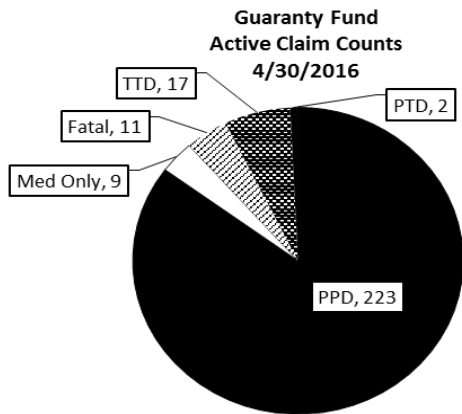
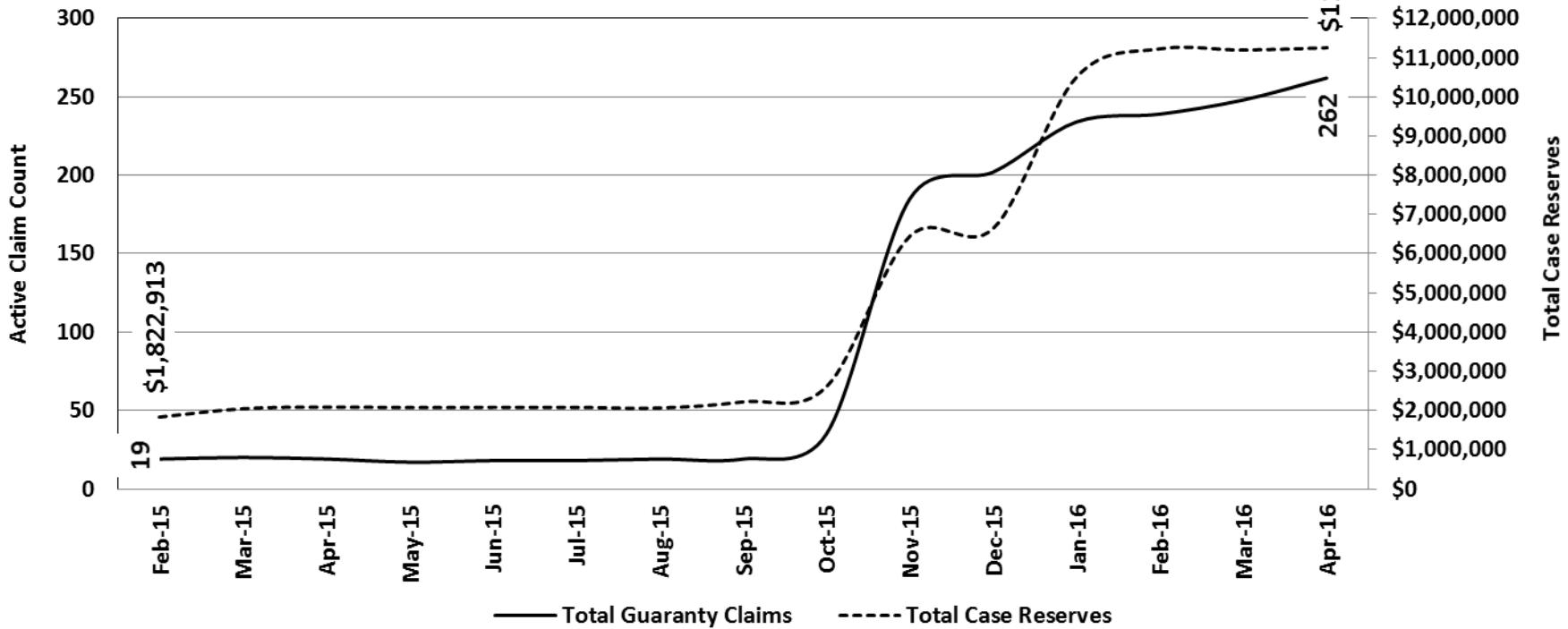




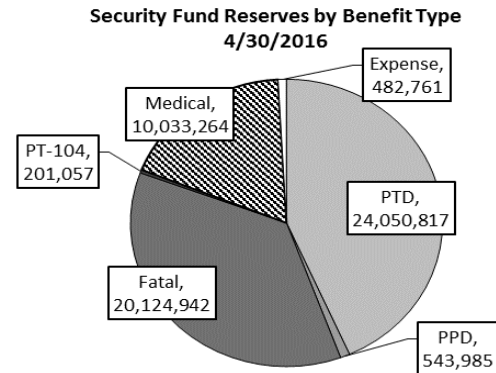
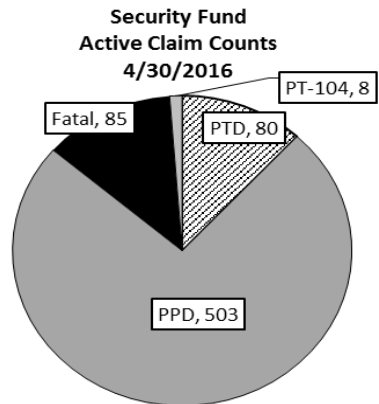
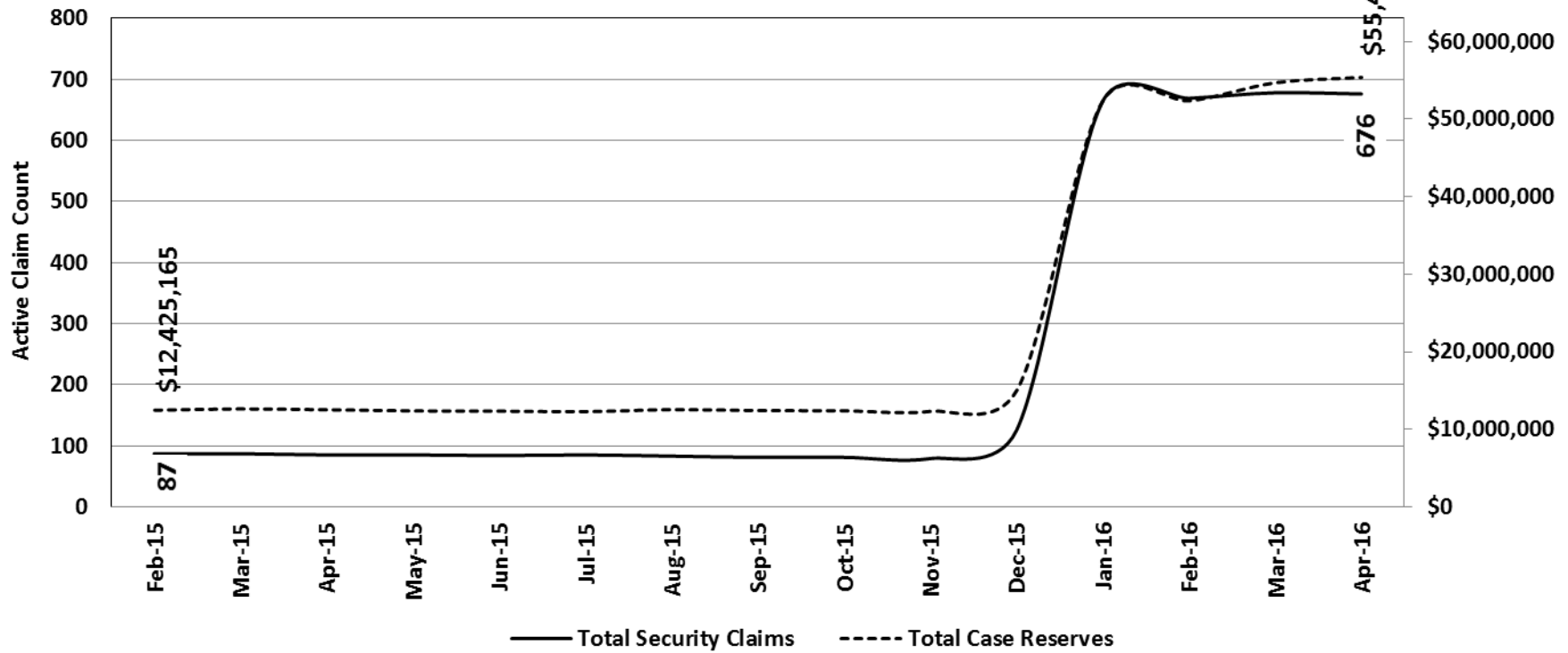
**Uninsured Fund
Active Claim Counts and Case Reserves
4/30/2016**



**Guaranty Fund
Active Claim Counts and Case Reserves
4/30/2016**



**Security Fund
Active Claim Counts and Case Reserves
4/30/2016**



OLD FUND CASH STATEMENT

April 30, 2016

	YTD FY2016	YTD FY2015	Change	Three Year History for years ended:		
				FY2015	FY2014	FY2013
Cash Beginning Balances	1,311,653,269	1,190,142,811	121,510,458	1,190,142,811	1,061,595,681	942,505,408
Revenues						
Personal Income Tax	42,400,000	74,200,000	(31,800,000)	95,400,000	95,400,000	95,400,000
Severance Tax	73,068,796	98,826,782	(25,757,986)	125,703,925	109,467,900	94,562,969
Debt Reduction Surcharge	25,211,458	33,894,366	(8,682,907)	34,106,221	34,138,820	36,853,941
Self-Insured Debt Reduction Surcharge	6,209,330	7,953,105	(1,743,775)	8,859,759	8,493,207	8,733,494
Video Lottery	6,734,934	10,012,648	(3,277,715)	11,000,000	11,000,000	11,000,000
Employer Premium	88,508	189,899	(101,390)	202,532	284,075	335,102
Other Income - Return of Unclaimed Property	177,513	3,350	174,163	153,763	92,953	48,332
Operating Revenues	153,890,539	225,080,149	(71,189,610)	275,426,199	258,876,955	246,933,837
Investment / Interest Earnings (Losses)	(19,136,132)	21,304,394	(40,440,525)	34,715,474	67,734,120	77,380,803
Total Revenues	134,754,407	246,384,543	(111,630,135)	310,141,673	326,611,075	324,314,640
Expenditures						
Claims Benefits Paid:						
Medical	22,628,059	24,555,128	(1,927,069)	29,881,043	31,791,671	33,512,816
Permanent Total Disability	82,847,390	87,872,134	(5,024,744)	104,948,107	111,490,282	118,396,619
Permanent Partial Disability	190,207	321,000	(130,793)	353,749	720,723	1,137,910
Temporary Disability	8,554	-	8,554	-	7,741	59,227
Fatalis	20,176,411	21,398,279	(1,221,868)	25,497,598	26,407,057	26,966,847
104 weeks death benefit	5,881,056	4,901,810	979,246	5,883,387	6,200,020	6,670,578
Settlements	11,247,122	11,089,146	157,976	12,206,388	9,136,495	9,011,730
Loss Adjustment Expenses	1,707,243	1,692,696	14,547	2,029,136	1,467,221	998,774
Total	144,686,043	151,830,194	(7,144,151)	180,799,408	187,221,209	196,754,501
Less: Claims credits and overpayments	2,147,781	1,550,400	597,381	2,240,415	3,265,629	4,617,178
Total Benefits Paid	142,538,261	150,279,794	(7,741,532)	178,558,993	183,955,580	192,137,323
Administrative Expenses	7,536,952	7,360,418	176,534	10,060,064	14,108,365	13,087,043
Total Expenditures	150,075,213	157,640,212	(7,564,999)	188,619,057	198,063,945	205,224,366
Excess (Deficiency) of Revenues over Expenditures	(15,320,806)	88,744,331	(104,065,137)	121,522,616	128,547,130	119,090,274
Cash Ending Balances	1,296,332,463	1,278,887,142	17,445,321	1,311,665,427	1,190,142,811	1,061,595,681

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 and WVIMB 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

April 30, 2016

	YTD FY2016	YTD FY2015	Change	Three Year History for years ended:		
				FY2015	FY2014	FY2013
Cash Beginning Balances	264,657,327	267,173,190	(2,515,863)	267,173,190	266,720,430	254,523,752
Revenues						
Investment Earnings (Losses)	(7,793,118)	7,016,853	(14,809,971)	10,347,881	17,915,475	24,801,113
Other Income - Return of Unclaimed Property	2,521	-	2,521	876	-	-
Total Revenues	(7,790,597)	7,016,853	(14,807,450)	10,348,758	17,915,475	24,801,113
Expenditures						
Payment of Claims	10,335,105	10,382,273	(47,167)	11,990,810	17,376,923	12,550,216
Contractual / Professional	608,067	748,982	(140,915)	873,390	85,747	53,287
Legal	-	-	-	-	-	932
General and Administrative	270	255	15	420	45	-
Total Expenditures	10,943,442	11,131,510	(188,067)	12,864,620	17,462,715	12,604,435
Excess (Deficiency) of Revenues over Expenditures	(18,734,040)	(4,114,657)	(14,619,383)	(2,515,863)	452,760	12,196,678
Cash Ending Balances	245,923,288	263,058,533	(17,135,244)	264,657,327	267,173,190	266,720,430

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
April 30, 2016

	YTD FY2016	YTD FY2015	Change	Three Year History for years ended:		
				FY2015	FY2014	FY2013
Cash Beginning Balances	16,014,340	15,603,319	411,021	15,603,319	14,815,337	10,829,975
Revenues						
Guaranty Risk Pool Assessments	5,000	73,656	(68,656)	89,571	124,520	851,410
Collateral Proceeds	19,422,025	-	19,422,025	-	-	2,399,380
Investment Earnings (Losses)	(502,623)	414,874	(917,497)	612,972	1,027,230	1,186,338
Total Revenues	18,924,402	488,531	18,435,871	702,542	1,151,751	4,437,128
Expenditures						
Payment of Claims	1,201,005	238,769	962,236	263,947	255,607	332,894
Contractual / Professional	126,445	25,767	100,678	27,575	107,348	92,122
Legal	-	-	-	-	815	26,750
Total Expenditures	1,327,449	264,536	1,062,913	291,522	363,769	451,765
Excess (Deficiency) of Revenues over Expenditures	17,596,952	223,995	17,372,957	411,021	787,981	3,985,363
Cash Ending Balances	33,611,292	15,827,314	17,783,978	16,014,340	15,603,319	14,815,337

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

April 30, 2016

	YTD FY2016	YTD FY2015	Change	Three Year History for years ended:		
				FY2015	FY2014	FY2013
Cash Beginning Balances	9,208,803	7,137,316	2,071,487	7,137,316	6,754,601	203,518
Revenues						
Security Risk Pool Assessments	230,340	2,422,636	(2,192,296)	1,114,180	1,072,311	2,575,705
Collateral Proceeds	47,503,193	-	47,503,193	1,425,061	-	4,657,620
Investment Earnings (Losses)	(371,610)	199,650	(571,260)	310,550	151,334	-
Total Revenues	47,361,923	2,622,286	44,739,637	2,849,791	1,223,645	7,233,325
Expenditures						
Payment of Claims	2,227,885	611,433	1,616,453	736,434	789,254	530,804
Contractual / Professional	293,074	34,888	258,186	41,774	48,446	60,413
Legal	-	96	(96)	96	3,230	91,025
Total Expenditures	2,520,960	646,417	1,874,543	778,304	840,930	682,242
Excess (Deficiency) of Revenues over Expenditures	44,840,963	1,975,869	42,865,094	2,071,487	382,715	6,551,083
Cash Ending Balances	54,049,767	9,113,185	44,936,581	9,208,803	7,137,316	6,754,601

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

April 30, 2016

	YTD FY2016	YTD FY2015	Change	Three Year History for years ended:		
				FY2015	FY2014	FY2013
Cash Beginning Balances	12,125,188	11,714,178	411,010	11,714,178	10,801,353	9,574,065
Revenues						
Fines and Penalties	539,990	634,938	(94,948)	765,082	768,532	747,771
Investment Earnings (Losses)	(317,015)	273,348	(590,363)	408,442	682,644	871,603
Total Revenues	222,975	908,286	(685,311)	1,173,523	1,451,176	1,619,374
Expenditures						
Payment of Claims	301,774	572,344	(270,569)	589,781	286,421	262,002
Contractual/Professional	10,865	8,856	2,009	8,922	26,825	15,024
General and Administrative	105	45	60	60	105	60
Insurance	161,250	163,750	(2,500)	163,750	225,000	115,000
Total Expenditures	473,994	744,995	(271,000)	762,513	538,351	392,086
Excess (Deficiency) of Revenues over Expenditures	(251,019)	163,292	(414,311)	411,010	912,825	1,227,288
Cash Ending Balances	11,874,169	11,877,470	(3,301)	12,125,188	11,714,178	10,801,353

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.

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
April 28, 2016

OPERATING REPORT

MARCH 2016

Board of Treasury Investments

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

Board of Directors

John D. Perdue,
State Treasurer,
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Earl Ray Tomblin,
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Donovan, CPA
Appointed by the
Governor

Executive Staff

Executive
Director

Kara K. Hughes,
CPA, MBA, CFE

Chief Financial
Officer

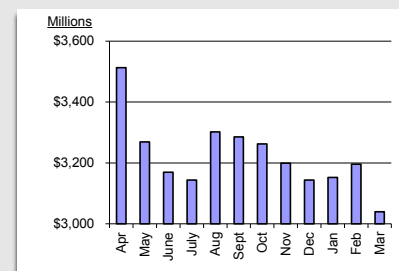
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$3,039,597,000

Last Month
\$3,196,298,000

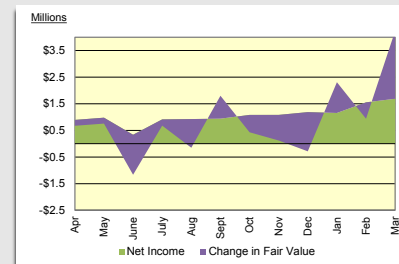
Beginning of Fiscal Year
\$3,169,521,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$10,076,000



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

Money Market Pools

As of March 31, 2016

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	0.4544%	49 Days	\$1.7 Billion
WV Gov't Money Market	0.2639%	43 Days	\$238.4 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

MARCH 2016

Markets Showing Strength

Market Environment

Following a rocky start to the first quarter, stocks rallied in March as global currencies strengthened versus the dollar amid renewed investor confidence, and commodity prices showed signs of stabilization. Emerging market equities led the charge with the MSCI EM Index returning 13.2%; the S&P 500 gained 6.8%, swinging back to positive territory year-to-date as the Fed indicated it would take a more measured approach to raising rates. Small-cap stocks, which experienced an even stronger drawdown in January, returned 8% last month, according to the Russell 2000 Index. Stocks in international developed markets were in the black with the MSCI EAFE Index gaining 6.5%.

Global bonds also benefited from currency strength. Gains were especially pronounced in local currency emerging market debt, with the JPM GBI-EM Global Diversified Index returning 9.1%. Sovereign debt yields in the US and Germany seesawed during the month but ended near recent lows, while Japanese bond yields were pushed further into negative territory. US high-yield debt got a boost from net inflows, while a continued rise in oil prices helped compress spreads for some distressed energy-related issues. The Bloomberg Commodity Index returned 3.8% as oil prices are now nearly flat for the year, halting their precipitous decline.

Equity Market Results

As noted above, US equity markets rallied strongly in March. Blue chip stocks, represented by the S&P 500 Index, posted a return of 6.78%. Small cap stocks, as represented by the Russell 2000 Index, fared better, registering a 7.98% return. Within U.S. equity styles, both value continued to outperform growth, with the Russell large value index returning 7.20% and the Russell large value index returning 6.74%.

International equity markets also posted strong gains in March. Developed international markets, represented by the MSCI EAFE Index, rose 6.51%, while their less established counterparts, represented by the MSCI Emerging Markets Index, increased 13.23%.

Bond Market Results

Bond investors generally enjoyed positive returns in March. Core US bonds, represented by the Barclays Capital Aggregate Index, rose 0.92% during the month. International bonds, as represented by the Citigroup World Government Bond Index (WGBI) hedged, rose 0.52%. High yield and emerging market bonds also posted positive results, increasing 4.42% and 3.22%, respectively.

Cash-like instruments generated positive results during the month, with the BofA ML 3-month T-bill and LIBOR each returning 0.02% and 0.05%, respectively.

Market Outlook

With the first quarter behind us, we have observed a continuation of the trends which distinguished the market environment in 2015 from the protracted bull markets of 2012-2014. While the US economy seems on stable footing, providing a backdrop for earnings growth, stretched profit margins indicate lower expected returns for US equities. Though we expect continued volatility in emerging market stocks amid concerns around slowing growth in China, we have seen positive developments in the form of currency stabilization and the return of investors to these regions. We still recommend clients maintain exposure to emerging market equities, especially in select opportunities such as small-cap and consumer-oriented strategies. We also continue to suggest an overweight to non-US developed equities and believe that a partial currency hedge will benefit investors in a time of pervasive central bank influence. In credit markets, especially high yield, we are seeing some pockets of opportunity but recommend investors approach these areas selectively in what appears to be the mid-to-later stages of the credit cycle.

West Virginia Board of Treasury Investments

Financial Highlights as of March 31, 2016

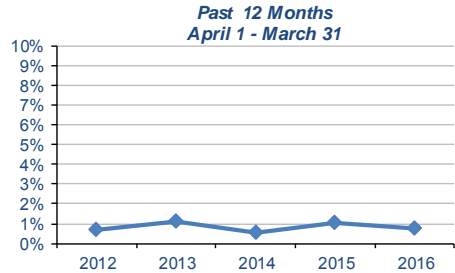
WV Short Term Bond Pool

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

April 1 - March 31	Return	Net Assets At Mar 31 (In Millions)
2016	0.8%	\$ 791.0
2015	1.1%	\$ 769.8
2014	0.5%	\$ 766.6
2013	1.1%	\$ 502.0
2012	0.7%	\$ 503.7

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

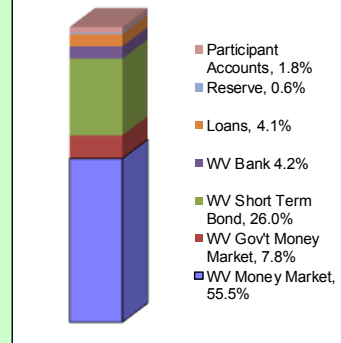
WV Short Term Bond Pool Rates of Return



Summary of Value and Earnings (In Thousands)

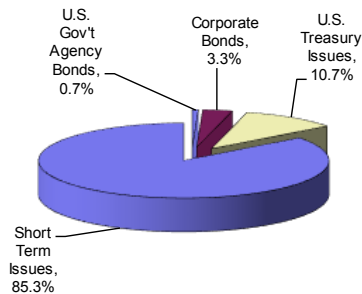
Pool	Net Asset Value	Mar Net Income (Loss)	Fiscal YTD Net Income(Loss)
WV Money Market	\$ 1,686,040	\$ 713	\$ 3,603
WV Gov't Money Market	238,446	55	214
WV Short Term Bond	791,033	3,398	6,002
WV Bank	127,187	36	191
Loans	124,186	16	(148)
Reserve	18,753	5	37
Participant Accounts	53,952	16	177
	\$ 3,039,597	\$ 4,239	\$ 10,076

Percent of Total Net Asset Value

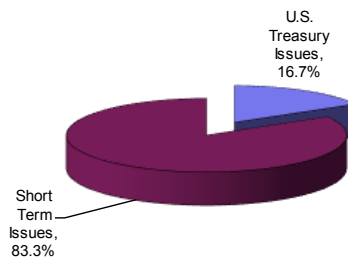


Securities by Type for Operating Pools (Percentage of Asset Value)

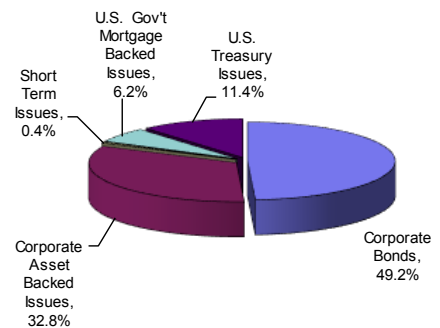
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
MARCH 31, 2016

(IN THOUSANDS)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Other Pools	Participant Directed Accounts	Total
Assets							
Investments:							
At amortized cost	\$ 1,685,435	\$ 238,424	\$ -	\$ 127,072	\$ 142,919	\$ 50,327	\$ 2,244,177
At fair value	-	-	790,095	-	-	3,387	793,482
Other assets	829	55	2,001	120	25	238	3,268
Total assets	<u>1,686,264</u>	<u>238,479</u>	<u>792,096</u>	<u>127,192</u>	<u>142,944</u>	<u>53,952</u>	<u>3,040,927</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased	224	33	1,063	5	5	-	1,330
Total liabilities	<u>224</u>	<u>33</u>	<u>1,063</u>	<u>5</u>	<u>5</u>	<u>-</u>	<u>1,330</u>
Net Position							
Held in trust for investment pool participants	1,686,040	238,446	791,033	127,187	142,939	-	2,985,645
Held in trust for individual investment account holders	-	-	-	-	-	53,952	53,952
Total net position	<u>\$ 1,686,040</u>	<u>\$ 238,446</u>	<u>\$ 791,033</u>	<u>\$ 127,187</u>	<u>\$ 142,939</u>	<u>\$ 53,952</u>	<u>\$ 3,039,597</u>
Additions							
Investment income:							
Interest and dividends	\$ 437	\$ 26	\$ 961	\$ 40	\$ 25	\$ 59	\$ 1,548
Net (amortization) accretion	388	46	(23)	-	-	(39)	372
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>825</u>	<u>72</u>	<u>938</u>	<u>40</u>	<u>25</u>	<u>20</u>	<u>1,920</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	118	17	88	4	4	-	231
Total investment expenses	<u>118</u>	<u>17</u>	<u>88</u>	<u>4</u>	<u>4</u>	<u>-</u>	<u>231</u>
Net investment income	707	55	850	36	21	20	1,689
Net realized gain (loss) from investments	6	-	-	-	-	-	6
Net increase (decrease) in fair value of investments	-	-	2,548	-	-	(4)	2,544
Net increase (decrease) in net position from operations	713	55	3,398	36	21	16	4,239
Participant transaction additions:							
Purchase of pool units by participants	587,910	36,749	-	30	5,904	-	630,593
Reinvestment of pool distributions	713	55	813	36	21	-	1,638
Contributions to individual investment accounts	-	-	-	-	-	61	61
Total participant transaction additions	<u>588,623</u>	<u>36,804</u>	<u>813</u>	<u>66</u>	<u>5,925</u>	<u>61</u>	<u>632,292</u>
Total additions	589,336	36,859	4,211	102	5,946	77	636,531
Deductions							
Distributions to pool participants:							
Net investment income	707	55	850	36	21	-	1,669
Net realized gain (loss) from investments	6	-	-	-	-	-	6
Total distributions to pool participants	<u>713</u>	<u>55</u>	<u>850</u>	<u>36</u>	<u>21</u>	<u>-</u>	<u>1,675</u>
Participant transaction deductions:							
Redemption of pool units by participants	761,062	23,640	6,762	30	19	-	791,513
Withdrawals from individual investment accounts	-	-	-	-	-	45	45
Total participant transaction deductions	<u>761,062</u>	<u>23,640</u>	<u>6,762</u>	<u>30</u>	<u>19</u>	<u>45</u>	<u>791,558</u>
Total deductions	<u>761,775</u>	<u>23,695</u>	<u>7,612</u>	<u>66</u>	<u>40</u>	<u>45</u>	<u>793,233</u>
Net increase (decrease) in net position from operations	(172,439)	13,164	(3,401)	36	5,906	32	(156,702)
Inter-pool transfers in	-	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-	-
Net inter-pool transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(172,439)	13,164	(3,401)	36	5,906	32	(156,702)
Net position at beginning of period	<u>1,858,479</u>	<u>225,282</u>	<u>794,434</u>	<u>127,151</u>	<u>137,033</u>	<u>53,920</u>	<u>3,196,299</u>
Net position at end of period	<u>\$ 1,686,040</u>	<u>\$ 238,446</u>	<u>\$ 791,033</u>	<u>\$ 127,187</u>	<u>\$ 142,939</u>	<u>\$ 53,952</u>	<u>\$ 3,039,597</u>