

**JOINT COMMITTEE ON
GOVERNMENT AND FINANCE**

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

Sunday, June 12, 2016 - 01:00 PM

Joint Committee on Government and Finance

Attended:

Delegate Shott
Delegate Nelson, E.
Delegate Miley
Delegate Cowles
Delegate Boggs
Speaker Armstead
Senator Trump
Senator Prezioso
Senator M. Hall
Senator Carmichael
President Cole

Submitter:

Marlene

Phone:

4802

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(Speaker Armstead presides)

AGENDA
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
June 12, 2016

1:00 - 2:00pm

Senate Finance Room

1. Approval of May 19, 2016 minutes

2. Committee Reports/Requests:

3. 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, Acting Deputy Executive Director)

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

(Gail Given, Deputy 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

4. Other Business

5. Adjournment

JOINT COMMITTEE ON GOVERNMENT AND FINANCE

May 19, 2016

8:30 am – 9:30 am

Senate	House
Cole, Chair	Armstead, Chair
Carmichael	Cowles
M. Hall	Miller, C.
Trump	Nelson, E.
Kessler	Shott - Absent
Plymale – Absent	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 12th minutes. President Cole.”

President Cole: “I move the minutes of the January 12th meeting of the Joint Committee on Government and Finance, as contained in the members’ packets, be approved.”

Speaker Armstead: “President Cole moves the minutes be approved. Is there discussion? If not, all in favor say aye, those opposed no. The ayes appear to have it. The ayes do have it. The minutes are approved.”

Speaker Armstead: “I recognize the President for a motion.”

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

- May 19-20
- June 12-13
- August 21-22
- September 18-20
- December 4-6
- January 9-11, 2017

Speaker Armstead: “Discussion? All in favor of the President’s motion say aye, those opposed no. The ayes appear to have it. The ayes do have it. Motion is approved.”

Speaker Armstead: “I recognize President Cole for another motion.”

President Cole: “So move that the President of the Senate and Speaker of the House of Delegates be authorized to call interim committee meetings without the approval of the Joint Committee on Government and Finance.”

Speaker Armstead: “Is there discussion? All in favor say aye, those opposed no. Ayes appear to have it. The ayes do have it. I declare the motion adopted.”

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

President Cole: “Move that the Senate President and the Speaker be authorized to jointly assign study topics to the interim committees as they deem appropriate.”

Speaker Armstead: “Is there discussion? All in favor say aye, those opposed no. Ayes appear to have it. The ayes do have it. I declare the motion adopted.”

Speaker Armstead: “I will just note for the record that the Legislative Manager will be posting a list of the topics on the Legislative Website and send out notices to all the members what those topics will be.”

Speaker Armstead: “I recognize the President for a motion.”

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

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

Speaker Armstead: “Next on the Agenda is the report of the Lottery, Unemployment Compensation Fund, General Revenue Fund and State Road Fund. William Spencer, the Director is here for the report. Is there any questions of Mr. Spencer? Hearing none, next on the Agenda is Workforce WV Unemployment Compensation Trust Fund Distribution. Beth Carenbauer is here. Ms. Carenbauer.”

Ms. Carenbauer: “Good morning. Mr. Speaker, Mr. President and members of the Committee, my name is Beth Carenbauer, the director of the Unemployment Compensation Program for Workforce WV. I would like to call your attention to the Trust Fund Projections dated May 3rd that are in your packet. You will note for the months of March, April and May, there are asterisks next to those balances. Per the note below that we, Workforce WV, borrowed \$38M from the so-called ‘Rainy Day Fund’ on March 11th. After that, subsequent to that, we received the largest portion of our contributions in May and the loan was repaid on May 17th, therefore, the balances for those three months do not reflect the \$38M. It has been borrowed and repaid. You will see, going down to take a look at the balances, we do anticipate a deficit prior to the year’s end. We do anticipate borrowing again from the Rainy Day Trust Fund later in the year dependent upon (where these are projections) depending upon where the actual outlays lie. I would be happy to take any questions.”

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

Delegate Nelson: “Thank you Mr. Speaker. Thank you Ms. Carenbauer.”

Ms. Carenbauer: “Good morning.”

Delegate Nelson: “I guess the month of May or April are your largest collection months, is that correct?”

Ms. Carenbauer: “Yes sir.”

Delegate Nelson: “How did this year’s collections compare to last year’s?”

Ms. Carenbauer: “I believe we are going to be about \$4M under that \$73M. You will see the receipts of projected for May are \$73M. We are about \$4M under that. We do have a couple weeks left, but the majority of our contributions have been received so we will be running slightly below that.”

Delegate Nelson: “It seems to be a trend as we receive these reports each time, the numbers keep dropping, if you will, or our projections keep dropping. Have you seen a leveling of this negative trend?”

Ms. Carenbauer: “No sir, we have not. One of the things that have happened with the contributions is as the companies lay off, they don’t have workers to pay the contributions on it so we are seeing a decrease in contributions. What we have seen, however, is some leveling off in the disbursements that are going out and the benefits that are going out. Initial claims are down slightly. That’s good news, but not so good news is that individuals are collecting for a longer period and they are collecting at the maximum weekly benefits which are the coal miners. But, we have seen a slight decrease in the amount of disbursements but we are tracking it extremely carefully. We are adjusting as we go along.”

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

Ms. Carenbauer: “Yes sir.”

Mr. Speaker: “Any further questions? President Cole.”

President Cole: “We borrowed from Rainy Day because the fund was going to fall under \$50M?”

Ms. Carenbauer: “Yes sir.”

President Cole: “When do you, as you project forward, assume later this year you would expect the fund back below the \$50M?”

Ms. Carenbauer: “Yes, you will see here in August we are anticipated an ending balance of \$50M and then coming into September, down to \$31M. So, we anticipate sometime in late August another borrowing from the fund. So, you will see that \$50M mark will hit we anticipate in September.”

President Cole: “I assume that negative trend, you believe will continue all the way through March, April of next year?”

Ms. Carenbauer: “Yes sir. We are on, literally, a day-by-day analysis of the fund as we go along. Our toughest months are January, February and March. It’s the greatest pay-out that we have and it’s also the lowest amount of receipts that we have, so those are our toughest months. Once we get through that, and you will see here again in April, you will see a little bit of a bounce and then in May, when we get the bulk of the contributions in, that will bounce back.”

President Cole: “So if nothing changes in the present trend you probably expect that you will dip into Rainy Day or somewhere for \$100M before we get to bounce back in April/May?”

Ms. Carenbauer: “Right now we are anticipating a \$50M loan. For example, in the September time frame, depending upon receipts, we will see how long that \$50M will last us. It’s just a day by day and we will pay it back. We have a 180 day balance on that, so we must pay it back to be able to borrow again, because we can only borrow for 180 days under the statute.”

President Cole: “Thank you.”

Speaker Armstead: “Senator Kessler.”

Senator Kessler: “Thank you Mr. Speaker. Hi Beth, how are you doing? I understand in the Finance Committee meeting the other day, Mike McOwen made a presentation in response to some inquiries about the Rainy Day Fund and I may, thought I heard him say that we were in a position to repay back the Rainy Day Fund - like \$38M?”

Ms. Carenbauer: “We did. We did. Yes sir.”

Senator Kessler: “That has been done?”

Ms. Carenbauer: “Yes sir. The money was borrowed on March 11th and repaid May 17th. As of now the Rainy, we...”

Senator Kessler: “There is not a penny borrowed now, but you may need to come back to the well?”

Ms. Carenbauer: “Yes sir.”

Senator Kessler: “Up to another...”

Ms. Carenbauer: “\$50M is the max by the statute.”

Senator Kessler: “I just wanted to make sure. I thought I heard him say there was a repayment made recently.”

Ms. Carenbauer: “Yes sir, there was on Tuesday.”

Senator Kessler: “Thank you.”

Mr. Speaker: “Delegate Miller.”

Delegate Miller: “Thank you for being here today. Back in March, when you all decided that you had missed your projections by 22% in employment, are your current projections - have you moved them up to a higher percentage?”

Ms. Carenbauer: “Absolutely. Yes ma’am. Especially on the payouts. You will on the payouts. You will see the payouts are extremely high. Well, relatively high going forward this year. So we are keeping our payouts high. We have not adjusted them; although we have seen a slight decrease in the initial claim. So we are trying to error on the side of being too high rather than to low.”

Delegate Miller: “Good. Thank you.”

Speaker Armstead: “Further questions for Ms. Carenbauer? If not, thank you.”

Ms. Carenbauer: “Thank you.”

Mr. Speaker: “Next on our Agenda is the monthly quarterly report from PEIA, BRIM and Real Estate Report. Mary Jane Pickens, Acting Cabinet Secretary, Department of Administration.”

Ms. Pickens: “Good afternoon Mr. Speaker, Mr. President and members of the Committee. My name is Mary Jane Pickens, Acting Cabinet Secretary for the Department of Administration. We filed reports regarding the PEIA, BRIM and Real Estate Divisions, and I have folks here from those agencies in the event of any questions. We stand ready to answer any questions you might have about the reports.”

Mr. Speaker: “Are there any questions for any of the representatives? Senator Trump.”

Senator Trump: “Thank you Mr. Speaker. Secretary Pickens, can you tell us anything about the status of any developments with that Patient Injury Compensation Fund since we enacted the Senate Bill 602?”

Ms. Pickens: “Sure. We have been rather busy at BRIM on that front. We have met a few times with the Osteopath Licensing Board and the State Medical Licensing Board because as you recall some of the funding - some of the more quick funding, we hope, will come from those fees associated with those medical licenses. We have met with the Treasurer’s Office to get a mechanism in place for when those licensing fees are assessed. They can go into an efficient manner into the Patient Injury Compensation Fund. I have spoken with a representative from the trial bar concerning, you know, wanting to make sure the word is out there on the fees assessed, on the settlements and the judgments under the MPLA cases. Just this week, BRIM sent a letter to all the circuit clerks around the state so that they are aware of the change in the law and the fact that the filing fee for the med mal cases went up, and that there is a larger portion of that that will now come into from the circuit clerks, you know, to help fund the PICF. Our CFO, Steve Shumaker, is working to get ready to transfer the Medical Liability Fund, which is a little over \$2.7M on July 1 or thereabouts into the Patient Injury Compensation Fund and then shut down that Medical Liability Fund. That will be our first real significant source of money in the PICF. At the beginning of this next fiscal and at that point, we will be able to see what we have ready to pay, you know, in that status and we’ll know what money we have to work with. We have gotten a few more in as we expected. It hasn’t been a flood but there is still the rest of May and the rest of June.”

Senator Trump: “July 1 was the cut off for that, right?”

Ms. Pickens: “Correct, yeah.”

Senator Trump: “Is it planned that, after July 1, to put the actuary back to work to figure out exactly what that unfunded liability is going to be?”

Ms. Pickens: “Sure, we will have to work through the process because there is a two committee process. You know, we will have all the claims by then; we should have all the claims. Then it is just a matter of working through those claims and determining what the

awards should be and letting that process run its course, and that should not extend beyond 17. I mean, we should know at the end of fiscal year 17 what the liability is and we should have a better handle on how the money is going to come in. As you recall, it will come in over a period of about four years and as we go through we will be able to determine, you know, whether that's going to be enough or not. But with the amendments in SB 602, BRIM was given a lot more options or some more options on how to handle the fact that the money may not match up with the amount of claims that you have to pay right now. For example, putting things in a non-payment status until additional funds come in, or things of that nature. We have more options than we had before."

Senator Trump: "Thank you."

Mr. Speaker: "Further questions? Delegate Nelson."

Delegate Nelson: "Thank you Mr. Speaker, and thank you Ms. Pickens. You've sat in a couple of our meetings so far. Can you give us an update on Building 3?"

Ms. Pickens: "Sure. We are approaching 60% construction completion. As with, I guess, I'm learning any major renovation of a building of that age and that significance, sometimes you get in there and you find things out that you didn't know going in. There are some matters that are of a concern to the Fire Marshall which I think is going to push back the timing of the completion. We have been saying very late calendar year 2016. It could be, actually, the early part of calendar year 2017 before we are complete. The Real Estate Division, I think, has done a great job of getting tenants ready to move into that building. It's not 100% full but its pretty close. We are pretty comfortable with the tenant mix that is in there. Largely Commerce, but some other agencies as well. And they're humming along as far as getting their ducks in a row to make those moves. I'm not sure what else you might want to know."

Delegate Nelson: "How are we in regards to budget? Actual expenditures to budget?"

Ms. Pickens: "The actual numbers, I would probably need to get you, and I can do that and be prepared to talk about that later, if I need to. It is not..."

Delegate Nelson: "I think we are having you this afternoon, are we not?"

Ms. Pickens: "Yes. It is not to my knowledge, other than the fire marshall issues (which may add another) and again I am talking off the top of my head here, \$1.5M to \$2M. That's the only thing I am aware of that has come up that was not initially planned for. So in other words I guess my point is we haven't run into what I would consider significant change orders at this stage."

Delegate Nelson: “We sold special revenue bonds to pay for that building.”

Ms. Pickens: “We did.”

Delegate Nelson: “And the repayment of those bonds is through charging rent to the agencies that are going in. Is that correct?”

Ms. Pickens: “That is correct.”

Delegate Nelson: “And as I think we heard from the Secretary of Commerce, Burdette, the other day in committee, as we were looking at expense reductions and special revenues accounts. He indicated that his rent will be like going from \$11 a square foot what he is paying now, to \$17 a square foot in this new building. Is that a correct statement?”

Ms. Pickens: “If that is what he said, I don’t dispute that. I know he will pay more rent in Building 3 for sure.”

Delegate Nelson: “And then also, I believe it was reported to the committee that there was certain special revenue account that had at least \$17M in it that has been growing over time and as we were looking at areas for additional funds, he said I guess that was not available because those monies would be needed to pay for his move into Building 3.”

Ms. Pickens: “Uh hum.”

Delegate Nelson: “Do you know anything about that?”

Ms. Pickens: “If he is referring to one of his accounts, I can’t speak to it, but I mean, it doesn’t surprise me. One of the things that I think you need to keep, that we all need to keep in mind, I mean yes, its, it’s an expensive renovation; it is a wonderful building. I think it has some historical significance. There are other buildings on this campus that are similar, in that you know renovation is going to get you decades of value. The goal, I think, of this Administration, is to get more agencies into state owned properties and not so much out, you know, renting from commercial property owners. A lot of the tenants that will go into 3 are already around here on the campus but as a general rule, you know the goal is to use the assets that we have and that requires improvements of those assets. As far as the rents are concerned, the Department of Administration has garnered some criticism over the years about rent being way to low. I mean, so low that you can’t really afford to maintain the assets that you have. So there has been an effort over the last few years to increase rents to a level where you can take care of the buildings that you have and keep them safe for the people that work there and the people that visit there.”

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

Mr. Speaker: “Further questions? If not, thank you Secretary Pickens.”

Ms. Pickens: “Thank you.”

Mr. Speaker: “Next, we have Department of Health and Human Resources, Medicaid Report and Medicaid Waiver, CHIP Program, Melanie Pagliaro, Legislative Liaison.”

Ms. Pagliaro: “Mr. Speaker, Mr. President and members of the Committee. Melanie Pagliaro, DHHRI. You have a copy of your report - Medicaid and CHIP. We have members here to answer questions if you have any.”

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

Delegate Boggs: “Thank you Mr. Speaker. Good morning Mel. How are you?”

Ms. Pagliaro: “Good morning. Fine, thank you.”

Delegate Boggs: “Could you give us an update on the AD Waiver.”

Ms. Pagliaro: “That would be Commissioner Beane. We also have someone here in case you have a finance question.”

Ms. Beane: “Good morning. Commissioner Beane.”

Delegate Boggs: “Good morning Cindy. How are you?”

Ms. Beane: “I’m good. How are you?”

Delegate Boggs: “Just a brief overview, if you would please, of the AD Waiver Program. Where we are at on the waiting lists?”

Ms. Beane: “Absolutely. So, I pulled some numbers to give you more recent numbers. Actually, yesterday I anticipated some questions, so as of yesterday, we have 430 people on the wait list that have been found both medically and financially eligible. We have another 167 that are still working through that financial eligibility, so we don’t know if they will actually be on the wait list. That is where we are at. The longest wait so far from somebody on that list is 255 days.”

Delegate Boggs: “255 days. Have we approached CMS or anyone about the problem of the unduplicated slots?”

Ms. Beane: “We have. We have done that several times in the past. We actually even wrote a letter to CMS, and how CMS views the unduplicated slots is you can always come and ask for additional slots if you have the money to fund the additional slots. So, the unduplicated slots count to them as like, it isn’t an issue to them because they are like, in their opinion if you want to add more people to your program, just add more slots. Because we can amend the waiver during the year and add more slots, but we don’t have the funding to do so.”

Delegate Boggs: “What would the funding that would be necessary because obviously you know in the past I think (and I do commend you for the fact that the wait is not as long as it used to be) but still, when someone is in the situation, many of these people have terminal illness, and 255 day wait is that amounts to a death sentence waiting for (in some cases) waiting for a slot to open up. So, I know we have had BBER at WVU do some research a few years ago about the economic benefits versus the costs to that, but what do you believe would be a, I’m asking you your opinion, how many slots do we need? In addition to what we have now?”

Ms. Beane: “Well the good thing Delegate Boggs, is we are coming up towards the end of the year so in July I should be able to clear those 430 people because we do in this waiver program more than the rest of our waiver programs, just like you said. Due to the nature of the age of most of the recipients of the program, we usually historically have about 1,000 turn off the program every year. So, in July, I should be able to clear the wait list for a while and then eventually the wait list will start back up, much like it did this year.”

Delegate Boggs: “One final question. When it comes to the wait list, is there any weight given to the severity of one’s illness?”

Ms. Beane: “No. It is a first come, first serve list. One of the programs we do have that we do hold back a few slots for every year (and people do take advantage of it) is our Money Follows the Person Program, so if you are somebody who actually had to go into a nursing facility and you’re somebody who has family supports (because you know this is a no 24 hour support in your home) so you have to have some actual supports bear with it. If you are in a nursing facility and you qualify for this program, you can apply for that Money Follows the Person Program. They will help you transition out of that nursing home and you can receive an Aged and Disabled Waiver slot. There’s very few slots for that, but we do hold back a few each year for that.”

Delegate Boggs: “I ask those questions because in these lean financial times, as we all know, the costs in a nursing home is much higher to when people have, and that is

certainly appropriate in some cases, and being at home isn't. But at a time when some people have no choice, because of no informal support network, no family support, nothing but, you know, to serve them; they really don't need to be in a nursing home facility. They need to be at home at much less costs and that would, therefore, save taxpayers money. So, I just really hope that we can continue to work. Anything we can do to facilitate getting people back in their homes at a lower cost and a better outcome which certainly would be appreciated. Thank you Mr. Speaker."

Speaker Armstead: "President Cole."

President Cole: "You mentioned financial requirements. Is that means testing?"

Ms. Beane: "Yes, so the financial requirements for the Aged and Disabled Waiver Program is the same means as to go into a nursing home. It's 300% of the federal poverty level."

President Cole: "Is that new or has that been in place all along?"

Ms. Beane: "That's always been in place. So when I said that those 430 people actually on the waiting list and we had 167 pending, those 167 pending haven't determined whether or not they are going to meet that financial eligibility test. That was one of the reasons our wait list went down so much, because if the Committee recalls, you know a year or a year half or so we had up to 2,000 members on that list, but we weren't getting their financial eligibility done expeditiously. We were leaving them on the list and then a lot of them never met the financial eligibility for the program."

President Cole: "Ok. So that is not new. That's been there all along, since the program was submitted and we are just doing a better job of ..."

Ms. Beane: "We streamlined it so that you don't have to wait until you actually get the slot to determine whether you are financial eligible. So many know early on, yeah, I am medically eligible. I have the medical needs for this program but I have too much means to qualify for Medicaid."

President Cole: "Ok, thank you."

Speaker Armstead: "Further questions? Delegate Boggs."

Delegate Boggs: "Thank you, and thank you again Mr. Speaker. Cindy, I know several years ago, we stopped using some of the providers' case management agencies to do the past form and that function was turned over to a private entity to the tune of about \$10M over a four year period, I believe initially, was what the contract was. So at \$2.5M

a year, and I believe the case management agencies were only billing fifteen minutes and they weren't determining the eligibility, they were only taking the form because the form still had to be signed by the individual's physician. Has there been any thoughts of being able to recoup some money by going back to the way that used to be because it still has to be approved by a physician?"

Ms. Beane: "So, CMS prohibits and all the waivers programs are this way now. They want an independent entity doing those determinations, because in CMS's mind, if somebody is going to benefit by having somebody onto the program, there is a kind of a biases as to what could happen with the assessment. So I will say, that we do have an independent entity doing that. I don't have the numbers on what the cost of that contract currently is. I can certainly provide that to you. It's a QIO, so we do get a 75% match, which is a higher administrative match than our other administrative match."

Delegate Boggs: "The only reason, and I appreciate there should be some other eye looking at that. However, the people we are taking the applications were not the ones determining the eligibility. That was the physician, not the person taking the application or the entity that was taking the application, and so, I think if you kind of impugn the integrity of the agency that was taking care of people. You're also doing so with the doctor that was treating that person as well, to make an honest determination. So, I think it might be an area that we might want to look at to save some money - at least compare a few counties with what is going on with the way it's now versus the way it was, and see if there is any cost savings."

Ms. Beane: "We can certainly inquire to see if they would be willing to accept that."

Delegate Boggs: "Thank you. Thank you again Mr. Speaker."

Speaker Armstead: "Delegate Miller."

Delegate Miller: "Thank you. Cindy thank you for being here today. In the past year, there has been quite a lot of interest in the IDD Waiver. Could you kind of bring me up-to-date into what has been occurring there?"

Ms. Beane: "So our IDD Waiver, we did have, you know, the new application and there was lots of questions and concerns about the new application. We had a new policy manual come out in December. We have had members transitioning onto their new plans. As you come up onto your annual date, you transition to your new plan. It is running smoothly. We do have decreases in some of the service areas, which I'm sure the Committee was well aware of. Some of the person-centered support and respite (which are some of the services that families typically provide) but so far, so good."

Delegate Miller: “Has the wait list gone down some?”

Ms. Beane: “No, we are just now starting to recognize some of the savings for that program. That program was actually over budget by 20 some Million Dollars, so we are recognizing savings as people are coming up onto the year. We have not gotten down to below to the savings yet, to where we are below the budget line to where we can add slots, but when we do that, we have a commitment to add slots to where we are budgeted for the program.”

Delegate Miller: “Thank you.”

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

Mr. Slaughter: “Good morning ladies and gentlemen. Craig Slaughter, Executive Director of the WV Investment Management Board. As always, you have your monthly Performance Report, it's dated March 31, 2016. Happy to take questions. The March month was great. The Pension Plans are up 5.1% or so. It brings us pretty close to even over the fiscal year. April was also a decent month, not nearly up, but was 1% or 2%”. So far, in May, it looks like we are okay. Optimistic for the remainder of the fiscal year we have another month and half and at least maybe, I anticipate being in positive territory, but you know how the markets are; they can play havoc with anybody's plans. More than happy to take questions.”

Speaker Armstead: “Senator Hall.”

Senator Hall: “Thank you Craig. What I would like to do is refer to as what is page 4 of your report on – its call Participation Plans Allocations and Strategies. I want to go down to the Endowment Assets and I just want to look at a couple of things here. First of all, I assume Endowment Assets are more generally long term money. Is that correct?”

Mr. Slaughter: “That's probably overstating the case, because it is, most of these are longer term. Generally that is what we do, but the Revenue Shortfall Reserve Fall Fund I wouldn't consider that.”

Senator Hall: “The Revenue Shortfall Reserve Fund A is the one that's not referred to as A, but its 100% in fixed income strategy. Is that correct?”

Mr. Slaughter: “That is correct. Let me elaborate a little bit more. It's actually 50/50 core fixed income and 50% treasury inflation.”

Senator Hall: “Okay, we’ll get to returns too in a minute, but Revenue Shortfall Reserve Fund B is more longer return. We have never taken a dime out of that, have we?”

Mr. Slaughter: “That is correct. I think the flow is, you know, the flow from Revenue Shortfall Reserve Fund is first from the Treasurer because he has a \$100M and then from Revenue Shortfall Reserve Fund B.”

Senator Hall: “Wasn’t B – now, I want to talk about the history of the asset allocation for Revenue Resort for B. Has it always been 70% fixed income and 15% domestic and 15% international equity? Did you change that allocation somewhere in the recent past?”

Mr. Slaughter: “I wouldn’t say recent past.”

Senator Hall: “It changed a few years ago.”

Mr. Slaughter: “It changed back in 2009 or 2010, after...”

Senator Hall: “That was the result of the financial crisis. What was the allocation at the time you changed it? Was it similar to the Wildlife Fund or the Prepaid Tuition Fund or any of those?”

Mr. Slaughter: “Yes.”

Senator Hall: “So at that time, it was which - you didn’t change, but that one, how was that decision made. How was that decision made to change that allocation?”

Mr. Slaughter: “Well, the original allocation was made on the basis that the representations, that this fund would unlikely - it was unlikely that this fund would be tapped into for a long time. That if there were given WV as an economy - if there were structural changes, if there shortfalls, they were more than likely structural and would need to be shored up some other way. Of course, that’s changed the great financial crisis kind of made people reassess the ...”

Senator Hall: “You reacted to the 2008 market crisis with this fund, correct? Didn’t react with the other ones, but you reacted with this one?”

Mr. Slaughter: “That’s correct.”

Senator Hall: “And who drove that decision? Why was that reaction - was that your Board? Did you get a call from the Governor? What happened?”

Mr. Slaughter: “Well, it’s ultimately the Board’s decision to come up with an allocation that meets the expectations given to us by the participant, which is the government, you know...”

Senator Hall: “So, you probably got a call from the Governor, somebody saying we are concerned about the 2018, so like most investors, you reacted to 2008 and changed your - you were asked to change the allocation. You didn’t change it with the rest of them, but that one was changed.”

Mr. Slaughter: “Yeah, it probably, more precisely, it was. We were told that there was a better chance in the future that these monies would have to be tapped in than originally thought, so with that information we come back and say well, you can’t have as long term asset allocation, you can’t be as aggressive ...”

Senator Hall: “So they anticipated the use of the Rainy Day B, six or seven years ago?”

Mr. Slaughter: “They anticipated the possibility, I think. I don’t think there were any specific plans to use it. Part of it was us too being probably more conservative than less certain about projections.”

Senator Hall: “So, like most investors back then, people pulled their money out of 401K and whatever, but you didn’t do it for a lot of the other endowment funds; but I just want to point to the Committee something. If now we go back to page 2, and we look at the rate of the returns of say, the Wildlife Fund, or the Berkeley County Development Authority Fund, or the Prepaid Tuition Fund (particularly the Wildlife Fund, which was where the money was so that its always been of interest to me and now I see it black and white) they - you really lost a couple of percent in terms of growth by the moving the allocation. Would you agree with me on that?”

Mr. Slaughter: “Yeah, the return was definitely lower.”

Senator Hall: “You know, at 2% loss on this account (and maybe it was a prudent decision) and, you know, I am just listening to how it was made, I think it’s interesting to point out that the fund more aggressively invested, but it’s not aggressively invested. Wouldn’t you say?”

Mr. Slaughter: “I think that’s fair.”

Senator Hall: “Yeah. So that we probably lost some potential. Isn’t it true, when we talk about these shortfall reserve funds, you started out with Rainy Day with Revenue Shortfall B with about what, \$200,000? Correct?” You know what your base investment was?”

Mr. Slaughter: “I really can’t remember.”

Senator Hall: “I think it was in that. So you doubled it, but you know it could of - I mean, you know its money that has been sitting there. It wasn’t anticipated that we ever use, it’s our base underneath the two other less liquid or more liquid options, but for the members to know, since this is a big discussion about the use of the Rainy Day money - so you will know where it is. As he said, \$100M of it is with the Treasurer, probably making what percent, minimal?”

Mr. Slaughter: “It’s in a cash...”

Senator Hall: “It’s in a cash account?”

Mr. Slaughter: “Money market type.”

Senator Hall: “The rate of return, obviously, this year you’ve had, you know, expected that you had good market years, and this year it’s been relatively flat. Although Revenue Shortfall A has actually made more because it’s totally fixed income than the other one. But over time, I would think that you’d make less money than that. If we had to go into the Revenue Shortfall A, you would have to then liquid it, some of this cash correct? If we got above \$100,000, and then you would just have to go in and sell what, you would be selling just short term instruments.”

Mr. Slaughter: “We would sell on a pro-rata basis, whatever we have.”

Senator Hall: “Across the allocation. Alright, thank you very much.”

Speaker Armstead: “Further questions? If not, thank you Mr. Slaughter. Next we have Workers’ Compensation Report, Commissioner Riley.”

Mr. Riley: “Good morning Mr. Speaker, Mr. President and Committee Members. Mike Riley, Insurance Commissioner. You have a copy of our Workers’ Compensation Fund. I will just hit the highlighted numbers and answer any questions. Our report is as of April 30th, Old Fund: 13,781 active claims; the Coal Workers: 855 active claims; Uninsured Fund: 21 active claims. The Self Insured Security and Guaranty Fund, that’s up to 938 active claims, and that is due to Patriot Bankruptcy and the default and us taking over that. On page 12, is the Old Fund Cash Statement. As you guys are well aware, Senate Bill 419 stopped deposits into the Old Fund as of mostly March 1st and redirected those to General Revenue so this fund is now operating on investments only - Year-to-Date Revenues of \$154M. Investment Income has been negative for the year. It has improved slightly. It still at negative \$19M, but it was at negative \$60M. Expenditures remain as of

what is expected at \$150M, and we end our cash balance with \$1.2M. I would be happy to answer questions.”

Speaker Armstead: “Are there any questions for Commissioner Riley? Senator Trump.”

Senator Trump: “Thank you Mr. Speaker. Commissioner, we passed legislation that allowed, with some limitations and restrictions people, to enter into settlements on the medical claims. Do you know anything about the status of that?”

Mr. Riley: “No, we have been settling claims, and that legislation has been around for a long time. I think there was more recent legislation on decease claims or the OP claims. I am not aware of any settlements in the Old Fund, if there has been, it’s been a small amount, maybe a hand full.”

Senator Trump: “Okay, thank you.”

Speaker Armstead: “Any further questions? If not, thank you Commissioner.”

Mr. Riley: “Thank you.”

Speaker Armstead: “I see the Board of Treasury Report which is in your packet.”

Speaker Armstead: “Is there any further business to come before the Committee? If not, I recognize President Cole.”

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

Speaker Armstead: “President Cole moves 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

June 6, 2016

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

- West Virginia Lottery as of April 30, 2016:
Gross profit for July 2015 - April 2016 was \$440 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 May 31, 2016:
The general revenue collections ended the eleventh month of fiscal year 2015-2016 at 93% of the estimate for the year.
- State Road Fund as of May 31, 2016:
The state road fund collections ended the eleventh month of fiscal year 2015-2016 at 100% 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: June 6, 2016

Re: Review of West Virginia Lottery Financial Information
As of April 30, 2016

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for April 30, 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 \$953 million for July - April 2016. Table games accounted for \$36.3 million of this total. Historic Resort Hotel video lottery and table games accounted for \$5.4 million of total gross receipts. Gross lottery revenue has decreased by 1.6% when compared with July - April 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 – April 2016 was \$440 million; for July - April of last fiscal year it was \$449 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 \$421,529,000.00 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	\$4,998,000.00
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	\$9,995,000.00
Department of Education and Arts	\$1,586,000.00
School Building Authority	\$18,000,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$156,129,000.00

Lottery continued

Excess Lottery Fund

Economic Development Fund	\$18,988,000.00
Higher Education Improvement Fund	\$15,000,000.00
General Purpose Fund	\$55,927,000.00
Higher Education Improvement Fund	\$24,952,000.00
State Park Improvement Fund	\$4,302,000.00
School Building Authority	\$18,992,000.00
Refundable Credit	\$9,182,000.00
WV Racing Commission	\$1,721,000.00
WV DHHR	\$20,000,000.00
Teacher's Retirement Savings	\$0.00
Division of Human Services	\$10,090,000.00
WV Lottery Statutory Transfers	\$53,718,000.00
Excess Lottery Surplus	\$0.00
WV Infrastructure Council Fund	\$31,813,000.00
Total State Excess Lottery Revenue Fund	\$264,685,000.00

Total Budgetary Distributions:	\$420,814,000.00
Veterans Instant Ticket Fund	\$558,000.00
TOTAL TRANSFERS	*\$421,372,000.00

* CASH BASIS

Total Accrued last FY 2015:	\$123,920,000.00
Total Cash Distributions FY 2016:	\$421,372,000.00
Applied to FY 2015	\$123,920,000.00
Applied to FY 2016:	\$297,452,000.00
Accrued for FY 2016 as of April 30:	\$124,077,000.00



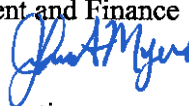
P.O. BOX 2067
CHARLESTON, WV 25327

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 
RE: Monthly Report on Lottery Operations
Month Ending April 30, 2016

DATE: May 17, 2016

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

Financial statements of the Lottery for the month ending April 30, 2016 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$96,935,782 for the month of April.

Transfers of lottery revenue totaling \$37,256,166 made for the month of April to the designated state agencies per Senate Bill 160, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (§29-22A-10), and the Racetrack Table Games Act (§29-22C-27). The amount transferred to each agency is shown in Note 10 on pages 18 and 19 of the attached financial statements.

The number of traditional and limited retailers active as of April 30, 2016 was 1,515 and 1,398 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-**

April 30, 2016

WEST VIRGINIA LOTTERY

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

	April 30, 2016	June 30, 2015
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 144,509	\$ 163,592
Accounts receivable	34,738	33,929
Inventory	460	457
Other assets	1,750	1,894
Total Current Assets	<u>181,457</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>(10,890)</u>	<u>(10,000)</u>
Net Capital Assets	<u>45,045</u>	<u>37,763</u>
Total Noncurrent Assets	<u>45,045</u>	<u>38,893</u>
Total Assets	<u>\$ 226,502</u>	<u>\$ 238,765</u>
Deferred outflows of resources	<u>\$ 1,099</u>	<u>\$ 1,099</u>
Total assets and deferred outflows	<u>\$ 227,601</u>	<u>\$ 239,864</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 124,077	\$ 123,920
Estimated prize claims	16,171	15,911
Accounts payable	1,732	2,158
Other accrued liabilities	29,312	41,566
Total Current Liabilities	<u>171,292</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	45,045	37,763
Unrestricted	<u>9,111</u>	<u>15,263</u>
Total Net Position	<u>54,156</u>	<u>54,156</u>
Total net position, liabilities, and deferred inflows	<u>\$ 227,601</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 TEN MONTH PERIOD ENDED APRIL 30, 2016
(In Thousands)
-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	FY 2016	FY 2015	FY 2016	FY 2015
Lottery revenues				
On-line games	\$ 6,178	\$ 5,473	\$ 72,820	\$ 64,933
Instant games	8,278	8,260	86,833	86,885
Racetrack video lottery	46,920	46,210	449,275	461,497
Limited video lottery	31,326	33,193	302,647	311,697
Table games	3,619	3,854	36,287	39,078
Historic resort	615	449	5,432	4,946
	<u>96,936</u>	<u>97,439</u>	<u>953,294</u>	<u>969,036</u>
Less commissions				
On-line games	425	379	5,089	4,543
Instant games	580	578	6,079	6,082
Racetrack video lottery	22,601	22,440	232,946	240,390
Limited video lottery	15,350	16,265	148,297	152,732
Table games	1,534	1,633	15,377	16,559
Historic resort	350	258	2,795	2,498
	<u>40,840</u>	<u>41,553</u>	<u>410,583</u>	<u>422,804</u>
Less on-line prizes	3,280	2,678	36,550	32,087
Less instant prizes	5,456	5,445	57,400	57,504
Less ticket costs	251	53	1,357	1,277
Less vendor fees and costs	720	644	6,975	6,239
	<u>9,707</u>	<u>8,820</u>	<u>102,282</u>	<u>97,107</u>
Gross profit	<u>46,389</u>	<u>47,066</u>	<u>440,429</u>	<u>449,125</u>
Administrative expenses				
Advertising and promotions	569	842	3,734	4,532
Wages and related benefits	922	924	8,526	8,844
Telecommunications	75	59	814	856
Contractual and professional	375	503	3,896	4,183
Rental	37	21	363	230
Depreciation and amortization	89	89	890	1,176
Other administrative expenses	102	68	1,036	1,147
	<u>2,169</u>	<u>2,506</u>	<u>19,259</u>	<u>20,968</u>
Other Operating Income	<u>7,973</u>	<u>3,823</u>	<u>9,965</u>	<u>6,480</u>
Operating Income	<u>52,193</u>	<u>48,383</u>	<u>431,135</u>	<u>434,637</u>
Nonoperating income (expense)				
Investment income	125	9	552	394
Distributions to municipalities and counties	(614)	(650)	(5,932)	(6,109)
Distributions -capital reinvestment	(963)	(889)	(4,226)	(3,983)
Distributions to the State of West Virginia	(50,741)	(46,853)	(421,529)	(424,939)
	<u>(52,193)</u>	<u>(48,383)</u>	<u>(431,135)</u>	<u>(434,637)</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>54,156</u>	<u>55,020</u>
Net position, end of period	<u>\$ 54,156</u>	<u>\$ 55,020</u>	<u>\$ 54,156</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 TEN MONTH PERIOD ENDED APRIL 30, 2016

(In Thousands)

-Unaudited-

	2016	2015
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 962,450	\$ 981,706
Cash payments for:		
Personnel costs	(8,226)	(8,583)
Suppliers	(10,200)	(11,286)
Other operating costs	(514,559)	(518,734)
Cash provided by operating activities	<u>429,465</u>	<u>443,103</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(421,372)	(422,592)
Distributions to municipalities and counties	(5,905)	(6,032)
Distributions to racetrack from racetrack cap. reinv. fund	(14,800)	(10,728)
Cash used in noncapital financing activities	<u>(442,077)</u>	<u>(439,352)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(8,172)</u>	<u>(372)</u>
Cash flows from investing activities:		
Investment earnings received	<u>571</u>	<u>332</u>
Cash provided by investing activities	<u>571</u>	<u>332</u>
Increase (decrease) in cash and cash equivalents	(20,213)	3,711
Cash and cash equivalents - beginning of period	<u>164,722</u>	<u>151,109</u>
Cash and cash equivalents - end of period	<u>\$ 144,509</u>	<u>\$ 154,820</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 431,135	\$ 434,637
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	890	1,176
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(809)	6,190
(Increase) decrease in inventory	(3)	(4)
(Increase) decrease in other assets	125	(25)
Increase (decrease) in estimated prize claims	260	782
Increase (decrease) in accounts payable	(426)	(360)
Increase (decrease) in other accrued liabilities	(1,707)	707
Cash provided by operating activities	<u>\$ 429,465</u>	<u>\$ 443,103</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 April 30, 2016 the carrying amounts of deposits (overdraft) with financial institutions were \$479 thousand with a bank balance (overdraft) of \$530 thousand. Of this balance \$250 thousand was covered by federal depository insurance with the remaining balance collateralized with securities held by the State of West Virginia’s agent in the State’s name.

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

	April 30, 2016	June 30, 2015
Deposits with financial institutions	\$ 479	\$ 477
Cash on hand at the Treasurer's Office	11,700	21,525
Investments with BTI reported as cash equivalents	132,330	142,720
	\$ 144,509	\$ 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
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NOTE 4 – CAPITAL ASSETS

A summary of capital asset activity for the month ended April 30, 2016 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2015	Additions	Deletions	Historical Cost At April 30, 2016
Construction in Progress	\$ 1,090	\$ 49	\$ -	\$ 1,139
Buildings	38,084	8,123	-	46,207
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 April 30, 2016
Buildings	\$ 3,093	\$ 793	\$ -	\$ 3,886
Improvements	260	-	-	260
Equipment	6,647	97	-	6,744
	<u>\$ 10,000</u>	<u>\$ 890</u>	<u>\$ -</u>	<u>\$ 10,890</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 April 30, 2016 and fiscal year-to-date is as follows:

WEST VIRGINIA LOTTERY
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-Unaudited-

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

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 3,101,328	\$ 41,041,649
Hot Lotto	394,757	4,023,461
Mega Millions	806,188	9,071,203
Total	\$ 4,302,273	\$ 54,136,313

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,551,016	\$ 20,535,886
Hot Lotto	197,400	2,012,398
Mega Millions	403,179	4,540,148
Total	\$ 2,151,595	\$ 27,088,432

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 April 30, 2016, the Lotteries share of the prize reserve fund balances were as follows:

Game	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 110,025,073	\$ 1,625,725
Hot Lotto	7,170,477	497,214
Mega Millions	37,686,732	544,873
Total	<u>\$ 154,882,282</u>	<u>\$ 2,667,812</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
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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 April 30, 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
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NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

The remaining net terminal revenue (51%) is allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 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 April 30, 2016 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2016	2015	2016	2015
Total credits played	\$ 523,724	\$ 525,708	\$ 4,977,780	\$ 5,204,966
Credits (prizes) won	(469,882)	(472,149)	(4,464,594)	(4,669,828)
Promotional credits played	(6,901)	(7,323)	(63,701)	(73,352)
MWAP Contributions	(21)	(26)	(210)	(289)
Gross terminal income	46,920	46,210	449,275	461,497
Administrative costs	(842)	(889)	(13,341)	(14,073)
Net Terminal Income	46,078	45,321	435,934	447,424
Less distribution to agents	(22,601)	(22,440)	(232,946)	(240,390)
Racetrack video lottery revenues	<u>\$ 23,477</u>	<u>\$ 22,881</u>	<u>\$ 202,988</u>	<u>\$ 207,034</u>

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

	April 30, 2016	Year-to-Date
State Lottery Fund	\$ 6,061	\$ 97,259
State Excess Lottery Revenue Fund	16,477	101,680
Capital Reinvestment Fund	939	4,049
Total nonoperating distributions	<u>\$ 23,477</u>	<u>\$ 202,988</u>

NOTE 7 - LIMITED VIDEO LOTTERY

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

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

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

A summary of limited video lottery revenues for the month ended April 30, 2016 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2016	2015	2016	2015
Total credits played	\$ 380,936	\$ 394,795	\$ 3,636,974	\$ 3,720,641
Credits (prizes) won	(349,610)	(361,602)	(3,334,327)	(3,408,944)
Gross terminal income	\$ 31,326	\$ 33,193	\$ 302,647	\$ 311,697
Administrative costs	(626)	(664)	(6,053)	(6,234)
Gross Profit	30,700	32,529	296,594	305,463
Commissions	(15,350)	(16,265)	(148,297)	(152,732)
Municipalities and Counties	(614)	(650)	(5,932)	(6,109)
Limited video lottery revenues	<u>\$ 14,736</u>	<u>\$ 15,614</u>	<u>\$ 142,365</u>	<u>\$ 146,622</u>

NOTE 8 – TABLE GAMES

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 8 – TABLE GAMES (continued)

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

The cash transferred to the State Excess Lottery Revenue Fund in the current month is included in Note 10- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended April 30, 2016 were \$10,338,596 and \$103,678,092, 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	\$ 3,619	\$ 3,854	\$ 36,287	\$ 39,078
Interest on Table Games Fund	1	-	7	3
Administrative costs	(310)	(330)	(3,110)	(3,350)
Total Available for Distribution	3,310	3,524	33,184	35,731
<u>Less Distributions:</u>				
Racetrack Purse Funds	233	248	2,333	2,512
Thoroughbred & Greyhound Development Funds	186	198	1,866	2,010
Racing Association Pension Plan	91	97	913	983
Municipalities/ Counties	1,024	1,090	10,265	11,054
Total Distributions	1,534	1,633	15,377	16,559
Excess Lottery Fund	\$ 1,776	\$ 1,891	\$ 17,807	\$ 19,172

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

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

Historic Resort Video Lottery

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

A summary of historic resort hotel video lottery revenues for the month ended April 30, 2016 and fiscal year-to-date follows (in thousands):

	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Total credits played	\$ 7,257	\$ 4,796	\$ 53,666	\$ 50,610
Credits (prizes) won	(6,663)	(4,358)	(49,179)	(46,491)
Promotional credits played	(84)	(61)	(725)	(816)
MWAP Contributions	-	-	-	-
Gross terminal income	<u>510</u>	<u>377</u>	<u>3,762</u>	<u>3,303</u>
Capital reinvestment	(24)	(18)	(177)	(155)
Excess Lottery Fund	(4)	(3)	(34)	(30)
Administrative costs	(27)	(20)	(203)	(178)
Hotel commissions	<u>(216)</u>	<u>(159)</u>	<u>(1,591)</u>	<u>(1,397)</u>
Net terminal income	239	177	1,757	1,543
Historic Resort Hotel Fund	152	113	1,118	981
Human Resource Benefit Fund	87	64	639	562

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 April 30, 2016 were \$300,140 and \$4,771,241, 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	\$ 105	\$ 72	\$ 1,670	\$ 1,643
Administrative Costs	<u>(14)</u>	<u>(9)</u>	<u>(215)</u>	<u>(211)</u>
Total Available for Distribution	91	63	1,455	1,432
Historic Resort Hotel Fund	77	53	1,217	1,197
Human Resource Benefit Fund	14	10	238	235

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	\$ 152	\$ 1,118
Historic Resort Table Games	77	1,217
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	<u>229</u>	<u>2,335</u>
Municipalities/ Counties	33	327
Excess Lottery Fund	196	2,008
Total Distributions	<u>\$ 229</u>	<u>\$ 2,335</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 April 30, 2016 the Lottery has accrued additional distributions of \$124,077,296. 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>April 30, 2016</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 4,998
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	1,000	9,995
School Building Authority	1,800	18,000
Total State Lottery Fund	\$ 3,300	\$ 156,129

WEST VIRGINIA LOTTERY
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-Unaudited-

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 1,899	\$ 18,988
Higher Education Improvement Fund	1,500	15,000
General Purpose Account	8,470	55,927
Higher Education Improvement Fund	3,779	24,952
State Park Improvement Fund	652	4,302
School Building Authority	1,899	18,992
Refundable Credit	3,768	9,182
WV Racing Commission	261	1,721
WV Department of Health and Human Resources		20,000
Teacher's Retirement Savings		-
Division of Human Services		10,090
WV Lottery Statutory Transfers	7,115	53,718
Excess Lottery Surplus		-
West Va. Infrastructure Council	4,509	31,813
Total State Excess Lottery Revenue Fund	\$ 33,852	\$ 264,685
Total Budgetary distributions:	\$ 37,152	\$ 420,814
Veterans Instant Ticket Fund	\$ 104	\$ 558
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 37,256	\$ 421,372
Accrued nonoperating distributions, beginning	(110,592)	(123,920)
Accrued nonoperating distributions, end	124,077	124,077
	\$ 50,741	\$ 421,529

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 April 30, 2016 and April 30, 2015 approximated \$363,003 and \$230,147 respectively.

The Lottery leases office space under the terms of a non-cancellable operating lease to various tenants. Rental revenues for the fiscal year-to-date ended April 30, 2016 and April 30, 2015 approximated \$422,004 and \$641,985 respectively.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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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 April 30, 2016 and fiscal year-to-date are as follows (in thousands):

	April 30, 2016	Year-to-Date
Employee contributions	\$ 27	\$ 270
Lottery contributions	151	897
Total contributions	\$ 178	\$ 1,167

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 APRIL 30, 2016
 (In Thousands)**

	Current Month		FISCAL YEAR	
	Actual	Projected	Actual	Projected
Gross Revenues				
Instant games	8,278	7,917	86,833	79,166
On-line games	6,179	5,792	72,822	57,916
Racetrack video lottery	46,919	38,505	449,272	383,359
Limited video lottery	31,326	32,165	302,646	307,695
Racetrack table games	3,618	2,692	36,289	30,811
Historic resort	615	364	5,431	5,068
Total gross revenues	96,935	87,435	953,293	864,015
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,011	1,036	10,700	10,355
On-line games	1,613	1,693	21,043	16,925
Racetrack Video Lottery	6,065	5,431	97,290	92,836
Total Lottery Fund net revenues	8,689	8,160	129,033	120,116
Excess Lottery Fund				
Racetrack Video Lottery	16,489	12,866	101,722	72,661
Limited Video Lottery	14,836	15,131	142,798	144,740
Limited Video Lottery Fees	7,799	7,500	8,962	7,500
Racetrack table games	1,776	1,320	17,808	15,116
Historic resort	201	142	2,042	2,008
Total Excess Lottery Fund Net Revenues	41,101	36,959	273,332	242,025
Total Net Revenues	49,790	45,119	402,365	362,141

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

304-347-4870

Memorandum

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

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

Date: June 7, 2016

Re: Status of General Revenue Fund and State Road Fund as of
May 31, 2016 (FY 16)

We have reviewed the cash flow of the West Virginia general revenue fund as of May 31, 2016 which is the end of the eleventh month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 93% of the estimate for the fiscal year. Total collections were \$256.4 million below the estimate for the fiscal year.

Personal Income Tax collections were \$37.7 million below the estimate for the fiscal year.

Consumer sales and use tax collections were \$31.7 million below the estimate for the year.

Severance Tax was \$167 million below the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$20.7 million below the estimate for the fiscal year.

State Road Fund

The state road fund collections were 99.8% of the estimate for the fiscal year. Total collections were \$1.5 million below the estimate for the fiscal year.

Rainy Day and Personal Income Tax Reserve

Revenue Shortfall Reserve Fund A (Rainy Day Fund) had a cash balance of \$424,747,032.61 as of May 31, 2016.

Balance July 1, 2015	480,055,439.54
Earnings	-55,308,406.93
Balance May 31, 2016	424,747,032.61

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$388,176,083.51 as of May 31, 2016.

Balance July 1, 2015	389,044,490.55
Earnings	-868,407.04
Balance May 31, 2016	388,176,083.51

The Personal Income Tax Reserve Fund had an \$8 million cash balance as of May 31, 2016.

Balance July 1, 2015	8,000,000.00
Revenues	0.00
Balance May 31, 2016	8,000,000.00

GENERAL REVENUE FUND FY 2015-2016

By Source and by Month
 Monthly Revenue Estimates
 as of May 31, 2016 OASIS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	FINAL MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES
Personal Income Tax	96,700,000	124,291,091	27,591,091	1,672,000,000	1,634,341,247	-37,658,753
Consumer Sales Tax & Use Tax	107,800,000	100,601,883	-7,198,117	1,137,300,000	1,105,619,031	-31,680,969
Severance Tax	41,100,000	32,760,641	-8,339,359	403,500,000	236,434,146	-167,065,854
Corp Income /Business Franchise	2,000,000	-758,166	-2,758,166	139,900,000	119,235,188	-20,664,812
Insurance Tax	1,600,000	1,214,382	-385,618	119,700,000	116,702,414	-2,997,586
Tobacco Products Tax	9,000,000	7,647,136	-1,352,864	92,600,000	90,987,819	-1,612,181
Business and Occupation	9,500,000	14,523,624	5,023,624	107,100,000	108,626,335	1,526,335
Liquor Profit Transfers	2,090,000	2,366,200	276,200	13,920,000	14,830,192	910,192
Departmental Collections	1,060,000	1,181,119	121,119	16,970,000	17,849,874	879,874
Property Transfer Tax	1,007,000	911,075	-95,925	12,385,000	9,751,803	-2,633,197
Property Tax	297,000	304,592	7,592	6,753,000	6,803,734	50,734
Beer Tax and Licenses	804,000	827,350	23,350	6,787,000	7,034,893	247,893
Miscellaneous Transfers	0	0	0	1,300,000	209,231	-1,090,769
Interest Income	1,250,000	768,470	-481,530	13,750,000	2,198,247	-11,551,753
Senior Tax Credit Reimbur Lot	1,225,000	817,522	-407,478	10,000,000	10,000,000	0
HB 102 - Lottery Transfers	10,515,000	20,746,150	10,231,150	57,853,000	76,673,552	18,820,552
Miscellaneous Receipts	704,000	445,307	-258,693	19,365,000	16,879,478	-2,485,522
Business Fran Registration Fees	55,000	53,749	-1,251	588,000	611,391	23,391
Liquor License Renewal	0	0	0	71,000	70,724	-276
Special Revenue Transfer - SB 364	0	5,952,529	5,952,529	0	65,655,774	65,655,774
Charter Tax	0	565	565	0	164	164
Video Lottery Transfers	0	38,484	38,484	0	620,414	620,414
July-Dec Retro Rev Adj	0	0	0	0	0	0
Cash Flow Transfer	0	0	0	0	0	0
SUBTOTALS	286,707,000	314,693,704	27,986,704	3,831,842,000	3,641,135,650	-190,706,350
Less: <i>Special Revenue Transfer</i>		<i>5,952,529</i>	<i>5,952,529</i>		<i>65,655,774</i>	<i>65,655,774</i>
TOTALS	286,707,000	308,741,175	22,034,175	3,831,842,000	3,575,479,876	-256,362,124

Percent of Estimates

107.69%

93.31%

Collections this day

19,687,981

STATE ROAD FUND FY 2015-2016
 By Source and by Month
 Monthly Revenue Estimates
 as of May 31, 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	53,900,000	29,720,753	-24,179,247	401,000,000	366,305,549	-34,694,451
Privilege Tax	16,083,000	18,268,660	2,185,660	172,712,000	188,451,026	15,739,026
Licenses & Registration	7,556,000	7,115,581	-440,419	76,542,000	71,538,583	-5,003,417
Miscellaneous	0	631,136	631,136	0	22,383,572	22,383,572
Highway Litter Control	143,000	101,706	-41,295	1,445,000	1,538,355	93,355
TOTALS	77,682,000	55,837,835	-21,844,165	651,699,000	650,217,085	-1,481,915

Percent of Estimates

71.88%

99.77%

Collections this day

7,557,415

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of April 30, 2016 : \$384,545,090.69

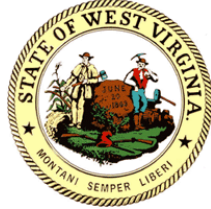
Note: \$38 million is currently on temporary loan to the unemployment funds

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of April 30, 2016: \$383,417,051.91

PERSONAL INCOME TAX REFUND RESERVE FUND as of April 30, 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: June 6, 2016

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 April 2016 were 6.4 percent for West Virginia and 5.0 percent nationally.

Since April 2015, employment has decreased by 4,900. Employment gains included 2,100 in educational and health services, 600 in leisure and hospitality, 900 in government, and 200 in financial activities. Employment declines included 5,700 in mining and logging, 700 in information, 1,200 in professional and business services, 300 in construction, 200 in other services, and 400 in trade, transportation, and utilities. Employment in manufacturing was unchanged for the year.

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.

UC TRUST FUND PROJECTIONS FOR 2016
June 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	\$ 71,069,093	\$ 27,930,544	\$ 71,104,290 *
June	\$ 2,085,181	\$ 25,810,996	\$ 47,378,475
July	\$ 23,163,364	\$ 27,259,960	\$ 43,281,879
August	\$ 26,551,976	\$ 26,496,809	\$ 43,337,046
September	\$ 1,537,315	\$ 19,846,090	\$ 25,028,271
October	\$ 11,932,478	\$ 20,184,985	\$ 16,775,764
November	\$ 17,163,896	\$ 27,050,230	\$ 6,889,430
December	\$ 1,371,454	\$ 26,253,209	\$ (17,992,325)
Totals - 2016	\$ 209,039,755	\$ 309,892,768	\$ (17,992,325)

*Totals do not include \$38 million borrowed from the Revenue Shortfall Reserve Fund on March 11, 2016 that was repaid on May 17, 2016. WorkForce West Virginia anticipates borrowing from the Revenue Shortfall Reserve Fund later in 2016.

PEIA June Interim Talking Points

- **PEIA and RHBT financial results for April 2016 are available for your review.**
- **PEIA is currently behind plan \$9.7 million for FY 2016 due to lower than forecast investment income.**
- **And RHBT is currently behind plan \$32 million for FY 2016. This is also attributable to lower than forecast investment income.**



Financial Statements

April 2016

West Virginia Legislative Interims
June 2016

West Virginia Public Employees Insurance Agency
Statement of Changes in Plan Net Position
For the Ten Months Ending Saturday, April 30, 2016
(Dollars in Thousands)
(Unaudited-For Internal Use Only)

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
			PREMIUM REVENUE				
\$387,942	\$390,615	\$391,361	Health Insurance - State Gov. - Employers	(\$2,673)	(1%)	(\$3,419)	(1%)
98,487	99,273	100,402	Health Insurance - State Gov. - Employees	(786)	(1%)	(1,915)	(2%)
91,147	90,843	95,208	Health Insurance - Local Gov. - All	304	0%	(4,061)	(4%)
1,760	1,853	1,773	Life Insurance	(93)	(5%)	(13)	(1%)
(2,012)	7,686	6,710	Interest and Investment Income	(9,698)	(126%)	(8,722)	(130%)
1,734	2,074	1,755	Other Premium Revenue	(340)	(16%)	(21)	(1%)
4,023	3,875	4,059	Administrative Fees, Net of Refunds	148	4%	(36)	(1%)
583,081	596,219	601,268	TOTAL REVENUE	(13,138)	(2%)	(18,187)	(3%)
			OPERATING EXPENSES				
346,452	343,616	344,399	Claims Expense - Medical	(2,836)	(1%)	(2,053)	(1%)
110,761	114,840	111,472	Claims Expense - Drugs	4,079	4%	711	1%
30,680	30,271	32,667	Payments to Managed Care Org.	(409)	(1%)	1,987	6%
10,450	11,788	11,437	Administrative Service Fees	1,338	11%	987	9%
1,765	1,864	1,779	Life Insurance Expense	99	5%	14	1%
1,420	1,208	1,492	Wellness and Disease Management	(212)	(18%)	72	5%
287	287	287	ACA Comparative Effectiveness Fee	0	0%	0	0%
4,500	4,500	7,083	ACA Reinsurance Contribution	0	0%	2,583	36%
3,681	3,928	3,821	Other Operating Expenses	247	6%	140	4%
123,838	125,000	125,425	WV RHBT Pay Go Premiums	1,162	1%	1,587	1%
633,834	637,302	639,862	TOTAL EXPENSES	3,468	1%	6,028	1%
(50,753)	(41,083)	(38,594)	YTD SURPLUS (DEFICIT)	(9,670)	24%	(12,159)	32%
129,978	129,978	181,388	Total Net Position, Beginning of Period	0	0%	(51,410)	(28%)
\$79,225	\$88,895	\$142,794	TOTAL NET POSITION, END OF PERIOD	(\$9,670)	(11%)	(\$63,569)	(45%)

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For the Ten Months Ending Saturday, April 30, 2016
(In Thousands)

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
ADDITIONS							
Employer Premiums:							
\$2,677	\$2,683	\$2,675	Health premiums	(\$5)	(0%)	\$2	0%
103,157	104,250	104,474	Pay Go Premiums	(1,093)	(1%)	(1,318)	(1%)
90	0	95	Annual required contributions	90	0%	(5)	(5%)
<u>105,924</u>	<u>106,933</u>	<u>107,244</u>	Total Employer Premiums	(1,009)	(1%)	(1,320)	(1%)
Member Premiums:							
65,494	67,418	64,911	Health premiums	(1,924)	(3%)	583	1%
20,684	20,750	20,915	Pay Go Premiums	(66)	(0%)	(231)	(1%)
19,739	20,035	19,176	Life insurance Premiums	(296)	(1%)	563	3%
<u>105,917</u>	<u>108,203</u>	<u>105,002</u>	Total Member Premiums	(2,286)	(2%)	915	1%
211,841	215,135	212,246	Total Premium Additions	(3,294)	(2%)	(405)	(0%)
Other Additions:							
1,000	598	667	Retiree Drug Subsidy	402	67%	333	50%
(2,837)	39,474	26,253	Investment Income	(42,311)	(107%)	(29,090)	(111%)
<u>210,004</u>	<u>255,207</u>	<u>239,166</u>	TOTAL ADDITIONS	(45,203)	(18%)	(29,162)	(12%)
DEDUCTIONS							
124,253	122,728	113,395	Payments to Managed Care Org.	(1,525)	(1%)	(10,858)	(10%)
19,506	18,750	18,841	Life Insurance Expense	(755)	(4%)	(665)	(4%)
54,539	63,464	56,774	Medical Claims Expense	8,925	14%	2,235	4%
25,313	31,651	25,500	Pharmacy Claims Expense	6,338	20%	186	1%
25	25	28	Comparative Effectiveness Research Fee	0	0%	3	11%
458	458	708	ACA Reinsurance Contribution	0	0%	250	35%
1,527	1,698	1,620	Administrative Service Fees (External)	171	10%	93	6%
2,244	2,288	2,150	Other Operating Expenses	44	2%	(93)	(4%)
68	0	0	Bad Debt Expense	(68)	0%	(68)	0%
<u>227,935</u>	<u>241,063</u>	<u>219,017</u>	TOTAL DEDUCTIONS	13,128	5%	(8,918)	(4%)
(17,931)	14,144	20,149	NET POSITION INCREASE (DECREASE)	(32,075)	(227%)	(38,080)	(189%)
Net Position Restricted for Post Employment Benefits							
704,582	704,582	691,558	Beginning of Period Total Net Position	0	0%	13,034	2%
<u>\$686,661</u>	<u>\$718,736</u>	<u>\$711,707</u>	End of Period Total Net Position	(\$32,075)	(4%)	(\$25,046)	(4%)

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West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Ten Months Ended April 30th

	<u>2016</u>	<u>2015</u>
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	11,267	9,982
Advance deposits with insurance company and trustee	215,955	214,461
Receivables	7,060	4,657
Prepaid insurance	1,140	1,037
Restricted cash and cash equivalents	9,884	8,068
Restricted receivables:	0	0
Premiums due from other entities	597	710
Total current assets	<u>245,903</u>	238,916
Noncurrent assets:		
Equity position in internal investments pools	83,598	90,248
Restricted investments	48,298	49,105
Total noncurrent assets	<u>131,896</u>	139,353
Total assets	<u>377,799</u>	378,269
Deferred Outflows of Resources	127	0
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	47,890	53,448
Unearned premiums	12,029	10,931
Agent commissions payable	722	724
Claims Payable	48	0
Accrued expenses and other liabilities	3,253	2,889
Total current liabilities	<u>63,941</u>	67,992
Estimated unpaid claims and claims adjustment expense net of current portion	120,374	105,761
Compensated absences	76	76
Net pension liability	253	0
Total noncurrent liabilities	<u>120,703</u>	<u>105,836</u>
Total liabilities	<u>184,645</u>	173,828
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)	192	(4,469)
Net position	<u>\$ 193,012</u>	<u>\$ 204,441</u>

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Ten Months Ended April 30th

	2016	2015
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 54,038	\$ 48,526
Less coverage/reinsurance programs	(5,672)	(5,159)
Net operating revenues	48,366	43,367
Operating expenses		
Claims and claims adjustment expense	49,552	51,212
General and administrative	3,066	2,926
Total operating expenses	52,618	54,138
Operating income (loss)	(4,252)	(10,771)
Nonoperating revenues		
Investment income	4,444	7,052
Appropriation Transfer HB4261		0
Payment to transfer HB601 estimated future IBNR	-	(750)
Net nonoperating revenues	4,444	6,302
Changes in net position	192	(4,469)
Total net position, beginning of year	192,820	208,910
Total net position, end of period	\$ 193,012	\$ 204,441

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

There were a total of 16 leasing changes for this period and they are as follows:

- 1 – New Contract of Lease
- 4 – Straight Renewal – DOA Owned
- 5 – Straight Renewal
- 2 – Renewal with Increase in Rent
- 1 – Renewal with Decrease in Square Feet & Increase in Rent
- 3 – Cancellation

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

NEW CONTRACT OF LEASE

DIVISION OF PROTECTIVE SERVICES

DPS-002 New Contract of Lease for 1 year consisting of 797 square feet of office at the annual per square foot rate of \$10.72, annual cost \$8,543.88, full service, 1900 Kanawha Boulevard East, Building #1, in the City of Charleston, Kanawha County, West Virginia.

STRAIGHT RENEWAL – DOA OWNED

PUBLIC EMPLOYEES INSURANCE AGENCY

PEI-003 Renewal for 3 years consisting of 17,962 square feet of office space at the current annual per square foot rate of \$16.68, annual cost \$299,606.16, full service, 610 57th Street, in the City of Charleston, Kanawha County, West Virginia.

WORKFORCE WEST VIRGINIA

WWV-007 Renewal for 3 years consisting of 70,952 square feet of office/storage space at the current annual per square foot rate of \$11.00, annual cost \$780,472.00, 112 California Avenue, in the City of Charleston, Kanawha County, West Virginia.

DIVISION OF REHABILITATION SERVICES

DRS-120 Renewal for 3 years consisting of 4,285 square feet of office space at the current annual per square foot rate of \$12.00, annual cost \$51,420.00, full service, 130 Stratton Street, in the City of Logan, Logan County, West Virginia.

STATE TAX DEPARTMENT

TAX-057 Renewal for 3 years consisting of 375 square feet of office space at the current annual per square foot rate of \$12.00, annual cost \$4,500.00, full service, 130 Stratton Place, in the City of Logan, Logan County, West Virginia.

STRAIGHT RENEWAL

WEST VIRGINIA STATE POLICE

PSA-078 Renewal for 5 years consisting of 2,670 square feet of office space at the current annual per square foot rate of \$3.00, annual cost \$8,010.00, utilities only, Lick Creek Road, in the City of Danville, Boone County, West Virginia.

DIVISION OF JUVENILE SERVICES

DJS-015 Renewal for 3 years consisting of 600 square feet of storage space at the current annual per square foot rate of \$10.80, annual cost \$6,480.00, full service, 2013 Wilson Street Lock Six, in the City of Dunbar, Kanawha County, West Virginia.

STRAIGHT RENEWAL - CONTINUED

ATTORNEY GENERAL'S OFFICE

AGO-017 Renewal for 5 years consisting of 2,470 square feet of office space at the current annual per square foot rate of \$11.00, annual cost \$27,170.00, full service, 269 Aikens Center, in the City of Martinsburg, Berkeley County, West Virginia.

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-085 Renewal for 1 year consisting of 2,002 square feet of office and storage space at the current annual per square foot rate of \$12.00, annual cost \$24,024.00, full service, 2311 Ohio Avenue, in the City of Parkersburg, Wood County, West Virginia.

DEP-189 Renewal for 3 years consisting of 2,000 square feet of office and storage space at the current annual per square foot rate of \$6.00, annual cost \$12,000.00, full service, 4998 Elk River Road, in the City of Elkview, Kanawha County, West Virginia.

RENEWAL WITH INCREASE IN RENT

WEST VIRGINIA COMMISSION FOR NATIONAL AND COMMUNITY SERVICE

NCS-004 Renewal for 5 years consisting of 4,136 square feet of office space with an increase in the annual per square foot rate from \$7.89 to \$8.68, annual cost \$35,900.48, full service, 710 Central Avenue, in the City of Charleston, Kanawha County, West Virginia.

DIVISION OF REHABILITATION SERVICES

Renewal for 5 years consisting of 19,739 square feet of office space with an increase in the annual per square foot rate from \$9.00 to \$9.27, annual cost \$182,980.53, 10 McJunkin Road, in the City of Nitro, Putnam, County, West Virginia.

RENEWAL WITH DECREASE IN SQUARE FEET & INCREASE IN RENT

NORTHERN PANHANDLE WORKFORCE DEVELOPMENT BOARD

NPW-001-SUB Renewal for 1 year with a decrease of square feet from 1,247 square feet to 776 square feet of office space with an increase in the annual per square foot rate from \$13.00 to \$17.00, annual cost \$13,192, full service, 100 Municipal Plaza in the City of Weirton, Hancock County, West Virginia.

CANCELLATION

DIVISION OF NATURAL RESOURCES

NAT-016 Lease cancellation consisting of 2,240 square feet of storage space, at the monthly rate of \$175.00 annual cost \$2,100.00, River Street, in the City of Gassaway, Braxton County, West Virginia.

NAT-127 Lease cancellation consisting of 3,460 square feet of office space, at the annual per square foot rate of \$9.88 annual cost \$34,184.80, 4300 1st Avenue, in the City of Nitro, Kanawha County, West Virginia.

HUMAN RESOURCES DEVELOPMENT FOUNDATION

HRD-003 Lease cancellation consisting of 180 square feet of office space, at the annual per square foot rate of \$13.00 annual cost \$2,340.00, full service, 2,699 Park Avenue, in the City of Huntington, Cabell County, West Virginia.

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

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Division of Protective Services	DPS-002	Kanawha	797	10.72	8,544	1	8,544
2	Public Employees Insurance Agency	PEI-003	Kanawha	17,962	16.68	299,606	3	898,818
3	Workforce West Virginia	WWV-007	Kanawha	70,952	11.00	780,472	3	2,341,416 *
4	Division of Rehabilitation Services	DRS-120	Logan	4,285	12.00	51,420	3	154,260
5	State Tax Department	TAX-057	Logan	375	12.00	4,500	3	13,500
6	West Virginia State Police	PSA-078	Boone	2,670	3.00	8,010	5	40,050
7	Division of Juvenile Services	DJS-015	Kanawha	600	10.80	6,480	3	19,440
8	Attorney General's Office	AGO-017	Berkeley	2,470	11.00	27,170	5	135,850
9	Department of Environmental Protection	DEP-085	Wood	2,002	12.00	24,024	1	24,024
10	Department of Environmental Protection	DEP-189	Kanawha	2,000	6.00	12,000	3	36,000
11	WV Commission for National&Community Service	NCS-004	Kanawha	4,136	8.68	35,900	5	179,502
12	Northern Panhandle Workforce Development Brd	NPW-001	Hancock	776	17.00	13,192	1	13,192

130.88
Total Rentable Square Feet 109,025
Average Annual Rental Rate 10.91
Total Annual Rent 1,271,318

*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 Natural Resources	NAT-016	Braxton	2,240	0.00	2,100
2	Division of Natural Resources	NAT-127	Kanawha	3,460	9.88	34,185
3	Human Resources Development Foundation	HRD-003	Cabell	180	13.00	2,340

Total Rentable Square Feet 5,880
Total Annual Rent 38,625

Joint Committee on Government and Finance

June 2016

Department of Health and Human Resources

**MEDICAID REPORT
April 2016 Data**

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

	MONTH OF APRIL 2016		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2015	SFY2016	Current Month Ended 4/30/16	SFY2016	Current Month Ended 4/30/16	Current Month Ended 4/30/16	Year To-Date Thru 4/30/16	5/1/16 Thru 6/30/16
EXPENDITURES:								
Inpatient Hospital - Reg. Payments	259,534,546	192,501,502	9,004,357	192,501,502	9,004,357	14,816,699	159,156,034	33,345,467
Inpatient Hospital - DSH	54,744,826	56,379,600	-	56,379,600	-	-	41,029,104	15,350,496
Inpatient Hospital - Supplemental Payments	84,334,445	94,593,746	5,301,925	94,593,746	5,301,925	5,307,873	71,456,179	23,137,567
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	3,762,180	107,767,853	3,762,180	8,462,954	51,937,366	55,830,487
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	54,042,131	597,169,653	54,042,131	49,786,542	523,544,708	73,624,945
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	66,746,902	70,498,800	5,786,020	70,498,800	5,786,020	5,874,900	57,793,797	12,705,003
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-	-	-
Physicians Services - Regular Payments	203,212,970	105,826,502	7,680,942	105,826,502	7,680,942	8,147,328	97,921,915	7,904,587
Physicians Services - Supplemental Payments	32,315,705	29,033,600	5,214,021	29,033,600	5,214,021	7,266,543	33,313,589	(4,279,989)
Physician and Surgical Services - Evaluation and Management	10,747,712	-	(371)	-	(371)	-	127,721	(127,721)
Physician and Surgical Services - Vaccine Codes	39,310	-	11	-	11	-	293	(293)
Outpatient Hospital Services - Regular Payments	183,696,235	108,150,368	6,031,052	108,150,368	6,031,052	8,328,127	91,644,012	16,506,356
Outpatient Hospital Services - Supplemental Payments	74,671,549	188,691,259	1,282,111	188,691,259	1,282,111	2,955,113	64,430,763	124,260,496
Prescribed Drugs	446,971,859	308,412,374	20,034,746	308,412,374	20,034,746	23,925,449	260,726,740	47,685,634
Drug Rebate Offset - National Agreement	(225,015,927)	(168,559,200)	(31,889,212)	(168,559,200)	(31,889,212)	(33,576,993)	(236,356,320)	67,797,120
Drug Rebate Offset - State Sidebar Agreement	(15,905,952)	(9,007,200)	(1,084,333)	(9,007,200)	(1,084,333)	(1,794,234)	(8,166,320)	(840,880)
Drug Rebate Offset - MCO National	(45,732,577)	(36,008,400)	(30,981,597)	(36,008,400)	(30,981,597)	(7,172,873)	(82,541,710)	46,533,310
Drug Rebate Offset - MCO State Sidebar Agreement	(4,151,916)	(3,098,400)	(1,109,654)	(3,098,400)	(1,109,654)	(617,201)	(5,966,100)	2,867,700
Dental Services	31,430,204	20,361,430	1,361,075	20,361,430	1,361,075	1,568,360	15,244,869	5,116,561
Other Practitioners Services - Regular Payments	20,379,468	12,984,934	684,316	12,984,934	684,316	1,013,196	9,371,201	3,613,734
Other Practitioners Services - Supplemental Payments	-	75,536	-	75,536	-	5,810	-	75,536
Clinic Services	7,081,157	5,832,562	164,268	5,832,562	164,268	453,326	2,929,713	2,902,850
Lab & Radiological Services	46,852,349	25,678,438	1,369,867	25,678,438	1,369,867	1,982,566	23,945,499	1,732,939
Home Health Services	55,466,443	48,869,575	2,949,487	48,869,575	2,949,487	3,783,953	35,902,523	12,967,052
Hysterectomies/Sterilizations	406,748	173,529	11,914	173,529	11,914	13,348	214,167	(40,638)
Pregnancy Terminations ⁽⁴⁾	375,310	246,000	36,669	246,000	36,669	18,923	36,669	209,331
EPSDT Services	1,226,053	836,130	115,498	836,130	115,498	64,336	1,315,231	(479,101)
Rural Health Clinic Services	17,179,959	10,556,545	1,106,908	10,556,545	1,106,908	813,627	8,055,001	2,501,544
Medicare Health Insurance Payments - Part A Premiums	16,692,882	16,664,400	1,499,687	16,664,400	1,499,687	1,388,700	15,054,609	1,609,791
Medicare Health Insurance Payments - Part B Premiums	90,742,492	99,588,000	8,092,024	99,588,000	8,092,024	8,299,000	78,142,823	21,445,177
120% - 134% Of Poverty	7,003,332	7,789,300	560,036	7,789,300	560,036	599,177	6,092,654	1,696,646
135% - 175% Of Poverty	-	-	-	-	-	-	-	-
Coinsurance And Deductibles	10,430,719	9,640,800	910,590	9,640,800	910,590	741,600	7,949,605	1,691,195

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

	MONTH OF APRIL 2016		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2015	SFY2016	Current Month Ended 4/30/16	SFY2016	Current Month Ended 4/30/16	Current Month Ended 4/30/16	Year To-Date Thru 4/30/16	5/1/16 Thru 6/30/16
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	604,638,556	1,191,411,185	156,139,589		99,284,265	995,942,611	195,468,574	
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	43,459		42,215	409,542	139,258	
Medicaid Health Insurance Payments: Coinsurance	-	-	-		-	-	-	
Medicaid Health Insurance Payments: Other	-	-	-		-	-	-	
Home & Community-Based Services (MR/DD)	363,978,617	375,103,800	24,885,653		28,854,138	281,654,665	93,449,135	
Home & Community-Based Services (Aged/Disabled)	102,849,082	117,097,831	8,183,245		9,020,911	86,596,595	30,501,236	
Home & Community-Based Services (Traumatic Brain Injury)	876,006	2,253,300	95,039		173,331	1,079,252	1,174,048	
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	6,140,989		5,662,995	62,353,205	11,264,148	
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	175,381		221,042	2,197,906	669,763	
Primary Care Case Management Services	103,803	122,413	9,324		9,416	101,934	20,479	
Hospice Benefits ⁽³⁾	26,445,147	26,313,918	2,349,506		2,024,148	20,444,266	5,869,652	
Emergency Services Undocumented Aliens	72,090	139,700	32,418		10,746	634,839	(495,139)	
Federally Qualified Health Center	61,804,749	43,953,670	2,026,635		3,384,707	23,007,605	20,946,066	
Non-Emergency Medical Transportation	34,823,256	33,703,796	2,965,082		2,592,664	27,095,414	6,608,382	
Physical Therapy	5,722,233	2,936,965	174,477		225,932	2,379,679	557,286	
Occupational Therapy	624,577	574,815	50,105		44,217	529,767	45,048	
Services for Speech, Hearing & Language	633,232	536,529	50,520		41,271	457,954	78,575	
Prosthetic Devices, Dentures, Eyeglasses	2,305,840	1,886,791	120,916		145,219	1,579,960	306,831	
Diagnostic Screening & Preventive Services	1,704,754	757,500	46,907		58,282	793,067	(35,567)	
Nurse Mid-Wife	503,608	635,487	21,092		48,884	258,792	376,695	
Emergency Hospital Services	(448)	-	-		-	192	(192)	
Critical Access Hospitals	71,608,002	47,924,409	2,370,999		3,687,392	38,724,284	9,200,125	
Nurse Practitioner Services	5,052,021	3,702,293	267,058		284,907	3,257,682	444,611	
School Based Services	36,294,586	56,575,009	865,372		4,351,931	9,309,271	47,265,738	
Rehabilitative Services (Non-School Based)	94,547,692	84,537,087	5,079,537		6,535,009	60,447,027	24,090,060	
Private Duty Nursing	7,642,494	7,570,500	546,033		582,346	6,085,448	1,485,052	
Health Home for Enrollees w Chronic Conditions	238,519	600,000	20,933		46,154	255,846	344,154	
Other Care Services	31,453,484	23,625,311	1,555,376		1,827,591	20,043,105	3,582,206	
Less: Recoupments	-	-	(676,033)		-	(676,033)	676,033	
NET EXPENDITURES:	3,688,116,621	4,025,858,052	285,476,280		281,615,862	2,989,831,956	1,036,026,097	

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

MONTH OF APRIL 2016

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2015	SFY2016	Current Month Ended 4/30/16	Current Month Ended 4/30/16	Year To-Date Thru 4/30/16	5/1/16 Thru 6/30/16
Collections: Third Party Liability (line 9A on CMS-64)	(9,862,202)	-	-	-	(14,551,987)	14,551,987
Collections: Probate (line 9B on CMS-64)	(919,956)	-	-	-	(357,154)	357,154
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	-	-	-	-	(95,387)	95,387
Collections: Other (line 9D on CMS-64)	(13,822,233)	-	-	-	(13,743,126)	13,743,126
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	3,663,512,229	4,025,858,052	285,476,280	281,615,862	2,961,084,302	1,064,773,750
Plus: Medicaid Part D Expenditures	36,926,444	39,285,595	3,377,409	3,273,800	31,509,391	7,776,204
Plus: State Only Medicaid Expenditures	606,484	1,017,615	56,777	78,278	549,728	467,886
Plus: Money Follow the Person Expenditures	1,298,632	5,140,141	64,825	395,395	882,865	4,257,276
TOTAL MEDICAID EXPENDITURES	\$ 3,702,343,790	\$ 4,071,301,403	\$ 288,975,292	\$ 285,363,335	\$ 2,994,026,287	\$ 1,077,275,117
Plus: Reimbursables ⁽¹⁾	5,039,370	5,615,668	265,066	431,974	3,181,705	2,433,962
Plus: NATCEP/PASARR/Eligibility Exams	267,913	332,214	20,036	25,555	226,937	105,277
Plus: HIT Incentive Payments	12,584,631	45,905,723	1,530,003	3,531,209	4,366,893	41,538,829
TOTAL EXPENDITURES	\$ 3,720,235,704	\$ 4,123,155,008	\$ 290,790,396	\$ 289,352,073	\$ 3,001,801,823	\$ 1,121,353,186

(1) This amount will revert to State Only if not reimbursed.
 (2) Of the amount in the "Nursing Facility Services-Regular Payments" line, \$17,973,142 is the amount paid to State Facilities year to date.
 (3) Of the amount in the "Hospice Benefits" line, \$15,305,339 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

10 Months Actuals 2 Months Remaining

MONTH OF APRIL 2016	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2015	Current Month Ended 4/30/16	Year-To-Date Thru 4/30/16	5/1/2016 Thru 6/30/16	SFY2016
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	\$ 32,021,465	\$ 20,606,704	\$ 19,802,059	\$ (4,541)	\$ 19,797,518
MATCHING FUNDS					
General Revenue (0403/189)	304,124,566	45,943,203	340,675,970	125,474,361	466,150,331
MRDD Waiver (0403/466)	87,841,010	9,762,883	69,227,717	19,525,766	88,753,483
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,333	2,163,333	432,667	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,667	5,296,667	1,059,333	6,356,000
Traumatic Brain Injury (0403/835)	800,000	88,000	624,000	176,000	800,000
Title XIX Waiver for Seniors (0403-533)	13,593,620	1,495,300	8,387,278	5,206,342	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	-	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	-	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	14,000,000	52,292,331	6,931,226	59,223,557
Provider Tax (5090/189)	199,790,969	19,471,938	175,621,938	31,832,755	207,454,693
NSGO UPL (5084/6717)	861,352	366,428	1,498,429	(257,026)	1,241,403
Certified Match	19,862,122	913,105	10,134,219	15,129,455	25,263,674
Reimbursables - Amount Reimbursed	14,043,214	92,396	3,584,813	2,030,854	5,615,668
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	888,274	50,788	501,833	398,167	900,000
CHIP State Share	14,794,668	-	3,567,160	(3,567,160)	-
CMS - 64 Adjustments	1,050,260	-	471,005	585,486	1,056,491
TOTAL MATCHING FUNDS	\$ 961,001,047	\$ 113,536,745	\$ 770,935,165	\$ 214,925,872	\$ 985,861,037
FEDERAL FUNDS	\$ 2,809,228,738	\$ 233,044,807	\$ 2,289,814,420	\$ 873,103,463	\$ 3,162,917,884
TOTAL REVENUE SOURCES	\$ 3,770,229,785	\$ 346,581,552	\$ 3,060,749,586	\$ 1,088,029,335	\$ 4,148,778,920
TOTAL EXPENDITURES:					
Provider Payments	\$ 3,720,235,704	\$ 290,790,396	\$ 3,001,801,823	\$ 1,121,353,186	\$ 4,123,155,008
TOTAL	\$ 49,994,081	\$ 55,791,156	\$ 58,947,763		\$ 25,623,912

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

Joint Committee on Government and Finance

June 2016

Department of Health and Human Resources

MEDICAID WAIVER REPORT
April 2016 Data

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

Aged & Disabled Waiver Reported April 30, 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	6,232			6,232
Applicants determined eligible this month and added to MEL (3)		2,596	237	179	166	174	217	255	183	139	62	110			1,722
Applicants determined ineligible		249	42	11	37	14	18	23	16	10	1	7			179
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	5,631			5,631
Active members enrolled during the calendar month		1,380	173	125	89	60	39	62	14	17	9	44			632
Members discharged during the calendar month		900	72	53	5	82	104	111	70	95	111	89			792
ADW Members whose case was closed by reason	Member is deceased	432	42	25	2	44	54	68	45	43	67	53			443
	Other (4)	468	30	28	3	38	50	43	25	52	44	36			349
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	93			1,161
ADW Applicants removed from the MEL	Applicant offered a slot	2,958	10	62	70	75	33	10	4	1	169	13			447
	Applicant became deceased	258	21	9	10	14	18	22	18	17	12	9			150
	Other (5)	1,217	61	32	29	46	53	65	39	68	100	71			564
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	34			34
Applicants on the MEL receiving Personal Care YTD Column reflects average # members in setting		111	0	0	0	0	0	77	113	99	129	108			108
Applicants on the MEL at the end of the month		280	425	501	558	597	710	868	990	1,043	824	841			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	257			257

- (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 April 30, 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			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	4,633			4,633
Applicants determined eligible (2)		376	42	24	19	27	21	26	18	24	16	22			239
Applicants determined ineligible (3)		362	43	21	23	28	11	17	49	23	14	25			254
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	4,558			4,558
Discharged members at the end of the calendar month		126	2	13	10	7	0	14	9	13	11	0			79
Discharged members who were discharged by reason	Deceased	58	1	6	6	1	0	8	5	7	6	0			40
	Left program to enter a facility	16	1	2	2	0	0	0	0	0	1	0			6
	Other (6)	52	0	5	2	6	0	6	2	6	4	0			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	1,214			1,214
Number of applicants added to the MEL (4)		376	42	24	19	27	21	26	18	24	16	22			239
Applicants enrolled (moved from the MEL)		209	98	0	11	0	0	1	0	0	1	3			114
Applicants removed from the MEL due to Death (5)		10	1	0	0	0	0	0	0	0	0	7			8
Applicants on the MEL who are in a Nursing Facility		3	3	3	3	3	3	1	1	1	1	2			2
Applicants on the MEL who are in an ICF/IID Group Home		73	70	77	80	81	83	84	75	86	88	34			34
Applicants on the MEL receiving Personal Care Services each month		71	70	74	71	78	75	72	76	76	77	78			78
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	1,214	1,244			1,244 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 April 30, 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	71			71
Applicants determined eligible and became active this month (2)		31	2	0	1	2	2	3	4	0	3	1			18
Applicants determined ineligible (3)		5	4	0	0	1	0	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	65			65
Closed member at the end of the calendar month		11	1	3	3	1	0	0	1	1	2	0			12
TBI Members whose case was closed by reason	Deceased	2	0	1	1	1	0	0	0	0	1	0			4
	Left program to enter a faculty	0	0	0	1	0	0	0	0	1	1	0			3
	Other (4)	9	1	2	1	0	0	0	1	0	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	3			3
Number of applicants added to the MEL		N/A	NA	NA	NA	NA	NA	NA	NA	NA	NA	3			3
Applicants enrolled (moved from the MEL due to slot releases)		N/A	NA	NA	NA	NA	NA	NA	NA	NA	NA	0			0
Applicants removed from the MEL due to death		N/A	NA	NA	NA	NA	NA	NA	NA	NA	NA	0			0
New Applicants on the MEL who are in a nursing facility		N/A	NA	NA	NA	NA	NA	NA	NA	NA	NA	1			1
New Applicants on the MEL receiving Personal Care each month		N/A	NA	NA	NA	NA	NA	NA	NA	NA	NA	0			0
Longest on the MEL to date		N/A	NA	NA	NA	NA	NA	NA	NA	NA	NA	8			8

(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.

Joint Committee on
Government and Finance

JUNE 2016

Department of Health and Human Resources

State Children's Health Insurance Program
UPDATE



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

	Budgeted for Year	Year to Date Budgeted Amt	Year to Date Actual Amt	Year to Date Variance*		Monthly Budgeted Amt	Actual Amt Apr-16	Actual Amt Mar-16	Actual Amt Feb-16
Projected Cost	\$46,514,413	\$38,762,011	\$31,580,282	\$7,181,728	19%	\$3,876,201	\$2,700,505	\$2,831,212	\$1,869,678
Premiums	1,854,664	1,545,553	\$1,151,953	(\$393,600)	-25%	\$154,555	\$103,800	\$133,760	\$129,612
Subrogation & Rebates	<u>1,015,410</u>	<u>846,175</u>	<u>\$969,051</u>	<u>122,876</u>	<u>15%</u>	<u>\$84,618</u>	<u>\$0</u>	<u>\$318,880</u>	<u>\$0</u>
Net Benefit Cost	\$43,644,339	36,370,283	\$29,459,278	\$6,911,004	19%	\$3,714,594	\$2,596,705	\$2,378,572	\$1,740,066
Salaries & Benefits	\$646,556	\$538,796.67	\$482,994	\$55,803	10%	\$53,880	\$42,532	\$43,215	\$43,284
Program Administration	3,500,000	2,916,667	\$2,074,322	\$842,345	29%	\$291,667	\$56,195	\$91,775	\$264,470
Eligibility	250,000	208,333	\$36,421	\$171,912	83%	\$20,833	\$6,101	\$0	\$540
Outreach & Health Prom.	300,000	250,000	\$22,893	\$227,107	91%	\$25,000	\$300	\$795	\$1,696
Current Expense	<u>250,000</u>	<u>208,333</u>	<u>\$135,229</u>	<u>\$73,104</u>	<u>35%</u>	<u>\$20,833</u>	<u>\$12,166</u>	<u>\$19,037</u>	<u>\$8,043</u>
Total Admin Cost	\$4,946,556	\$4,122,130	\$2,751,859	\$1,370,271	33%	\$412,213	\$117,294	\$154,822	\$318,033
Total Program Cost	<u>\$48,590,895</u>	<u>\$40,492,413</u>	<u>\$32,211,137</u>	<u>\$8,281,275</u>	<u>20%</u>	<u>\$4,126,807</u>	<u>\$2,713,999</u>	<u>\$2,533,394</u>	<u>\$2,058,099</u>
Federal Share 100.00%	\$46,155,276	\$38,056,794	\$30,123,490	\$7,933,304	21%	\$3,291,541	\$2,713,999	\$2,533,394	\$2,058,099
State Share 0.00%	<u>2,435,619</u>	<u>\$2,435,619</u>	<u>\$2,087,647</u>	<u>\$347,972</u>	<u>14%</u>	<u>\$835,266</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Program Cost **	<u>\$48,590,895</u>	<u>\$40,492,413</u>	<u>\$32,211,137</u>	<u>\$8,281,275</u>	<u>20%</u>	<u>\$4,126,807</u>	<u>\$2,713,999</u>	<u>\$2,533,394</u>	<u>\$2,058,099</u>

* Positive percentages indicate favorable variances

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

Unaudited - Cash Basis For Management Purposes Only - Unaudited

**West Virginia CHIP is providing an abbreviated report for this period due to unavailability of certain financial reporting data until claims system conversion has been finalized.*

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

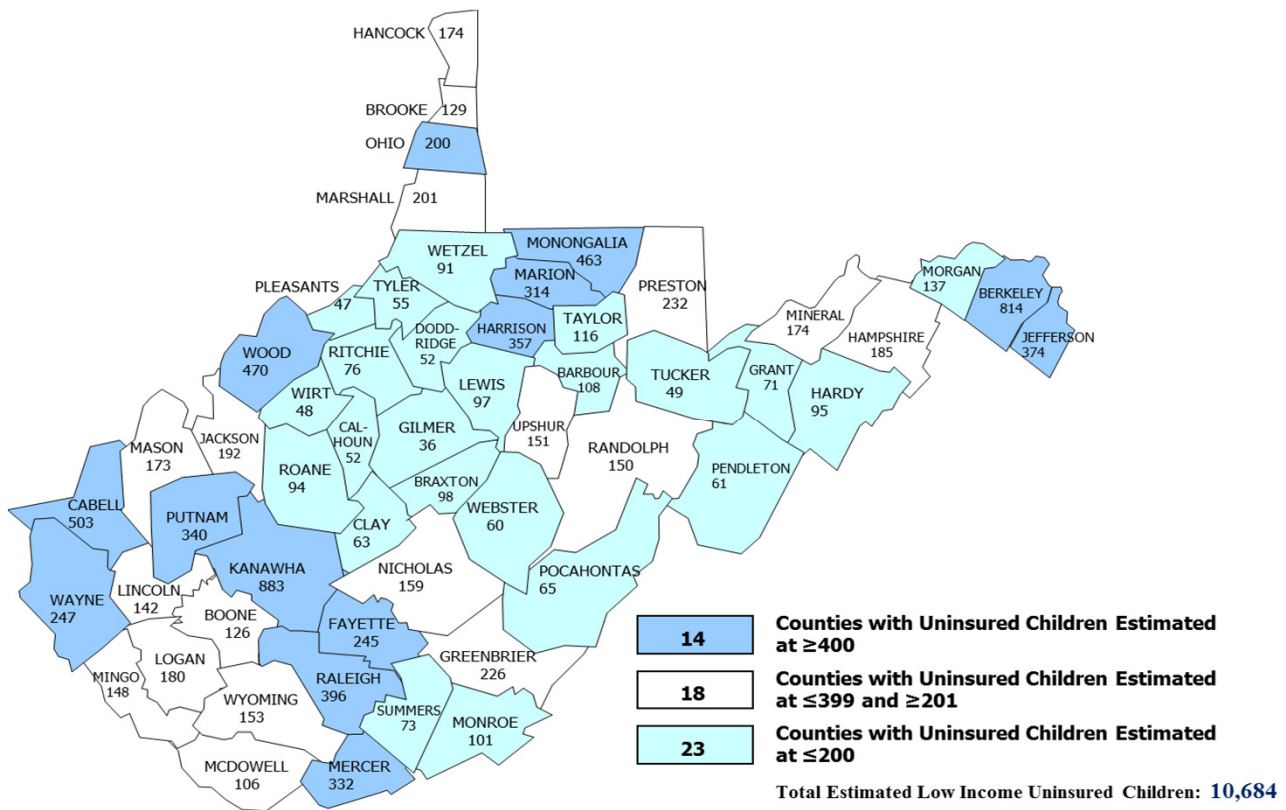
May 2016

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment May-16	Total Medicaid Enrollment May-16	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2010 Est. Uninsured 3%	2010 # Children Uninsured Ranking*
Barbour	3,600	218	1,754	1,972	54.8%	108	33
Berkeley	26,251	1,379	11,671	13,050	49.7%	788	2
Boone	5,615	266	3,384	3,650	65.0%	168	25
Braxton	3,006	173	1,719	1,892	62.9%	90	40
Brooke	4,573	223	1,703	1,926	42.1%	137	31
Cabell	18,879	972	9,528	10,500	55.6%	566	4
Calhoun	1,518	74	860	934	61.5%	46	51
Clay	2,215	148	1,461	1,609	72.6%	66	44
Doddridge	1,673	86	800	886	53.0%	50	48
Fayette	9,438	689	5,477	6,166	65.3%	283	13
Gilmer	1,260	56	603	659	52.3%	38	54
Grant	2,555	107	1,094	1,201	47.0%	77	42
Greenbrier	7,131	554	3,690	4,244	59.5%	214	16
Hampshire	5,392	227	2,489	2,716	50.4%	162	27
Hancock	6,166	318	2,805	3,123	50.6%	185	20
Hardy	3,015	159	1,650	1,809	60.0%	90	39
Harrison	15,202	844	6,573	7,417	48.8%	456	7
Jackson	6,602	376	3,128	3,504	53.1%	198	18
Jefferson	12,679	554	3,892	4,446	35.1%	380	10
Kanawha	39,771	1,942	19,902	21,844	54.9%	1,193	1
Lewis	3,389	200	1,943	2,143	63.2%	102	37
Lincoln	4,930	261	3,244	3,505	71.1%	148	30
Logan	7,496	393	4,693	5,086	67.9%	225	15
Marion	11,227	579	5,299	5,878	52.4%	337	11
Marshall	6,886	249	3,037	3,286	47.7%	207	17
Mason	5,929	232	2,968	3,200	54.0%	178	21
McDowell	4,423	187	3,396	3,583	81.0%	133	32
Mercer	12,764	811	8,124	8,935	70.0%	383	9
Mineral	5,868	237	2,411	2,648	45.1%	176	23
Mingo	5,905	219	4,120	4,339	73.5%	177	22
Monongalia	15,294	758	5,416	6,174	40.4%	459	6
Monroe	2,835	228	1,216	1,444	50.9%	85	41
Morgan	3,596	220	1,558	1,778	49.4%	108	34
Nicholas	5,561	322	3,049	3,371	60.6%	167	26
Ohio	8,444	417	3,540	3,957	46.9%	253	14
Pendleton	1,462	75	642	717	49.0%	44	52
Pleasants	1,551	88	639	727	46.9%	47	50
Pocahontas	1,561	135	874	1,009	64.7%	47	49
Preston	6,536	392	3,218	3,610	55.2%	196	19
Putnam	13,150	569	4,459	5,028	38.2%	395	8
Raleigh	16,403	1,001	9,611	10,612	64.7%	492	5
Randolph	5,705	457	2,929	3,386	59.4%	171	24
Ritchie	2,205	111	1,097	1,208	54.8%	66	45
Roane	3,239	281	1,879	2,160	66.7%	97	38
Summers	2,521	156	1,427	1,583	62.8%	76	43
Taylor	3,514	187	1,564	1,751	49.8%	105	35
Tucker	1,371	95	603	698	50.9%	41	53
Tyler	1,924	94	854	948	49.3%	58	47

WVCHIP Enrollment Report

May 2016

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment May-16	Total Medicaid Enrollment May-16	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	2010 Est. Uninsured 3%	2010 # Children Uninsured Ranking*
Upshur	4,996	296	2,884	3,180	63.6%	150	29
Wayne	9,516	366	4,960	5,326	56.0%	285	12
Webster	1,977	123	1,353	1,476	74.6%	59	46
Wetzel	3,466	169	1,871	2,040	58.9%	104	36
Wirt	1,201	57	780	837	69.7%	36	55
Wood	18,956	872	9,439	10,311	54.4%	569	3
Wyoming	5,116	298	3,110	3,408	66.6%	153	28
Totals	387,459	20,500	192,390	212,890	54.9%	11,624	

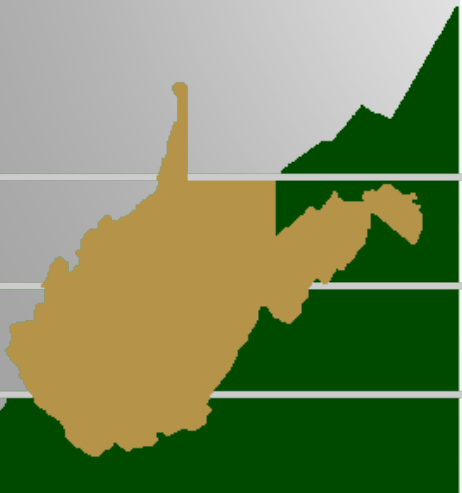


The above map shows the most recent 2013 county level data provided by the U.S. Census Bureau Small Area Health Insurance Estimates (SAHIE) for children under 19 years. While the statewide average for children under 19 is now about 3%, the SAHIE data reflects more accurately the variation from county 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

April 30, 2016



Participant Plans Allocation & Performance Net of Fees

Period Ending: April 30, 2016

	6/30/2015		4/30/2016		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	16,677,978	100.0							
Pension Assets	13,635,608	79.4	13,145,373	78.8							
Public Employees' Retirement System	5,742,388	33.5	5,604,781	33.6	1.4	6.4	(0.5)	(1.1)	6.1	6.6	5.8
Teachers' Retirement System	6,753,118	39.3	6,434,150	38.6	1.3	6.3	(0.6)	(1.1)	6.0	6.5	5.5
EMS Retirement System	56,547	0.3	58,215	0.4	1.3	6.3	(0.6)	(1.1)	6.1	6.5	
Public Safety Retirement System	607,339	3.5	569,849	3.4	1.4	6.4	(0.5)	(1.0)	6.1	6.6	5.8
Judges' Retirement System	170,727	1.0	166,922	1.0	1.4	6.4	(0.5)	(1.0)	6.1	6.6	5.8
State Police Retirement System	131,954	0.8	136,314	0.8	1.3	6.3	(0.5)	(1.0)	6.1	6.6	5.8
Deputy Sheriffs' Retirement System	170,181	1.0	170,847	1.0	1.3	6.4	(0.5)	(1.1)	6.1	6.6	5.8
Municipal Police & Firefighter Retirement System	1,944	0.0	2,954	0.0	1.3	6.0	(0.6)	(1.1)	5.8	7.0	
Municipal Model A	1,410	0.0	1,341	0.0	1.3	6.2	(0.7)	(1.1)			
Insurance Assets	2,550,823	14.8	2,569,693	15.4							
Workers' Compensation Old Fund	1,290,486	7.5	1,309,578	7.8	1.2	5.0	1.0	(0.3)	2.6	3.8	4.2
Workers' Comp. Self-Insured Guaranty Risk Pool	15,756	0.1	33,880	0.2	1.1	4.2	(0.5)	(1.6)	2.8	4.0	3.8
Workers' Comp. Self-Insured Security Risk Pool	9,046	0.0	54,556	0.3	1.1	4.3	(0.4)	(1.5)			
Workers' Comp. Uninsured Employers' Fund	10,889	0.1	10,815	0.1	1.1	4.0	(0.7)	(1.7)	2.7	3.8	3.6
Pneumoconiosis	261,369	1.5	248,634	1.5	1.1	4.2	(0.6)	(1.7)	2.8	3.9	4.6
Board of Risk & Insurance Management	137,824	0.8	131,891	0.8	1.1	4.2	(0.7)	(1.8)	2.7	4.0	5.1
Public Employees' Insurance Agency	218,202	1.3	176,156	1.1	1.2	4.3	(0.5)	(1.6)	2.9	4.4	4.8
WV Retiree Health Benefit Trust Fund	607,251	3.5	604,183	3.6	1.3	6.4	(0.5)	(1.0)	6.0	6.4	
Endowment Assets	994,422	5.8	962,912	5.8							
Berkeley County Development Authority	-	0.0	6,062	0.1	1.4	6.4					
Wildlife Fund	54,655	0.3	54,225	0.3	1.3	6.4	(0.5)	(1.0)	6.0	6.5	5.8
Prepaid Tuition Trust	66,440	0.4	54,727	0.3	1.3	6.0	1.7	0.5	5.2	5.7	5.7
Revenue Shortfall Reserve Fund	376,714	2.2	332,734	2.0	0.7	2.9	2.3	1.1	0.6	3.0	
Revenue Shortfall Reserve Fund - Part B	384,146	2.2	388,176	2.3	1.2	5.1	1.0	(0.3)	2.5	4.0	
WV DEP Trust	8,254	0.1	7,838	0.1	1.4	6.5	(2.3)	(3.8)	4.8		
WV DEP Agency	104,213	0.6	119,150	0.7	1.3	5.0	(1.0)	(2.2)			

Composite Asset Allocation & Performance Net of Fees

Period Ending: April 30, 2016

	Asset (\$000)	%	Performance %						
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
Investment Pools Composite	16,687,821	100.00							
Total Equity Composite +/- Total Equity Policy Index (b)	8,494,239	50.90	1.69 0.01	9.57 0.62	(2.61) 0.48	(4.70) 0.41	6.45 0.69	6.42 0.92	5.37 1.18
US Equity Composite +/- Russell 3000 Index	4,061,090	24.33	0.39 (0.23)	7.11 (0.56)	(0.50) (0.64)	(0.90) (0.72)	10.72 (0.05)	10.54 0.04	6.84 (0.01)
Large Cap Composite +/- S&P 500 Index	3,254,887	19.50	0.03 (0.36)	6.44 (0.61)	1.51 (0.38)	0.83 (0.38)	11.47 0.21	11.20 0.18	6.96 0.05
Non-Large Cap Composite +/- Russell 2500 Index	806,203	4.83	1.84 0.37	9.94 (0.76)	(9.06) (3.44)	(8.41) (4.14)	7.39 (1.18)	7.90 (0.38)	6.69 0.10
International Equity Composite +/- MSCI AC World ex US IMI Index (c)	4,433,149	26.57	2.92 0.18	11.96 1.73	(4.89) 1.39	(8.49) 1.39	2.11 1.28	2.18 1.60	4.04 1.76
Fixed Income Composite +/- Barclays Capital Universal (d)	3,254,369	19.50	1.30 0.62	3.20 0.56	2.48 (1.43)	1.73 (0.84)	2.30 (0.07)	3.66 (0.16)	4.90 (0.28)
Core Fixed Income +/- Barclays Capital Aggregate	974,855	5.84	0.50 0.12	2.11 0.09	4.19 0.09	3.40 0.68	2.83 0.54	4.19 0.59	
Total Return Fixed Income +/- Barclays Capital Universal	2,279,514	13.66	1.65 0.97	3.66 1.02	1.70 (2.21)	0.96 (1.61)	2.08 (0.29)	3.42 (0.40)	5.09 (0.02)
TIPS Composite +/- Barclays Capital U.S.TIPS	385,615	2.31	0.36 0.02	3.30 0.01	2.96 0.00	1.12 0.01	(0.88) (0.02)	2.56 (0.02)	
Cash Composite +/- Citigroup 90 Day T-Bill (e)	184,911	1.11	0.03 0.01	0.08 0.01	0.17 0.05	0.19 0.07	0.14 0.05	0.13 (0.01)	1.24 0.02
Private Equity Composite +/- Russell 3000 + 3% (f, g)	1,366,792	8.19	1.24	4.57	2.69	7.84	11.60	12.47 (2.15)	
Real Estate Composite +/- NCREIF + 1% (f)	1,482,354	8.88	0.56	3.05	7.19	10.20	9.82	9.62 (3.47)	
Hedge Fund Composite +/- HFRI FOF + 1% (h)	1,519,541	9.11	0.66 0.12	(0.55) (0.69)	(4.93) (0.30)	(4.93) (0.43)	3.00 1.16	3.60 0.75	

Participant Plans Allocation vs. Strategy

Period Ending: April 30, 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	26.5	27.5	29.1	27.5	13.6	15.0	9.9	10.0	10.6	10.0	9.8	10.0	0.5	0.0
Teachers' Retirement System	26.5	27.5	29.0	27.5	13.4	15.0	9.9	10.0	10.8	10.0	10.0	10.0	0.4	0.0
EMS Retirement System	26.9	27.5	28.7	27.5	14.3	15.0	9.8	10.0	10.2	10.0	9.4	10.0	0.7	0.0
Public Safety Retirement System	26.4	27.5	29.3	27.5	13.3	15.0	9.9	10.0	10.9	10.0	9.9	10.0	0.3	0.0
Judges' Retirement System	26.7	27.5	29.1	27.5	13.7	15.0	9.9	10.0	10.7	10.0	9.7	10.0	0.2	0.0
State Police Retirement System	26.8	27.5	28.7	27.5	14.3	15.0	9.8	10.0	10.2	10.0	9.4	10.0	0.8	0.0
Deputy Sheriffs' Retirement System	26.8	27.5	28.9	27.5	14.1	15.0	9.8	10.0	10.4	10.0	9.6	10.0	0.4	0.0
Municipal Police & Firefighter Retirement System	26.3	27.5	27.2	27.5	13.9	15.0	9.3	10.0	9.2	10.0	9.1	10.0	5.0	0.0
Municipal Model A	27.3	27.5	29.2	27.5	13.3	15.0	9.8	10.0	10.4	10.0	9.5	10.0	0.5	0.0

Insurance Assets

Workers' Compensation Old Fund	15.1	15.0	16.2	15.0	65.9	70.0	0.0	0.0	0.0	0.0	0.0	0.0	2.8	0.0
Workers' Comp. Self-Insured Guaranty Risk Pool	14.6	15.0	15.6	15.0	42.7	45.0	0.0	0.0	0.0	0.0	19.1	20.0	8.0	5.0
Workers' Comp. Self-Insured Security Risk Pool	15.2	15.0	16.2	15.0	44.7	45.0	0.0	0.0	0.0	0.0	20.0	20.0	3.9	5.0
Workers' Comp. Uninsured Employers Fund	15.1	15.0	16.1	15.0	39.6	40.0	0.0	0.0	0.0	0.0	19.3	20.0	9.9	10.0
Pneumoconiosis	15.1	15.0	16.3	15.0	44.5	45.0	0.0	0.0	0.0	0.0	19.8	20.0	4.3	5.0
Board of Risk & Insurance Mgmt.	15.0	15.0	16.1	15.0	44.4	45.0	0.0	0.0	0.0	0.0	19.4	20.0	5.1	5.0
Public Employees' Insurance Agency	15.1	15.0	16.3	15.0	47.7	50.0	0.0	0.0	0.0	0.0	20.5	20.0	0.4	0.0
WV Retiree Health Benefit Trust Fund	26.7	27.5	29.0	27.5	14.3	15.0	9.9	10.0	10.5	10.0	9.6	10.0	0.0	0.0

Endowment Assets

Berkeley County Development Authority	26.5	27.5	29.0	27.5	14.4	15.0	9.9	10.0	10.5	10.0	9.6	10.0	0.1	0.0
Wildlife Fund	26.7	27.5	29.0	27.5	14.3	15.0	9.8	10.0	10.5	10.0	9.6	10.0	0.1	0.0
Prepaid Tuition Trust	27.7	27.5	23.6	22.5	46.6	50.0	0.0	0.0	0.0	0.0	0.0	0.0	2.1	0.0
Revenue Shortfall Reserve Fund	0.0	0.0	0.0	0.0	80.8	100.0	0.0	0.0	0.0	0.0	0.0	0.0	19.2	0.0
Revenue Shortfall Reserve Fund - Part B	15.0	15.0	16.0	15.0	68.7	70.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0
WV DEP Trust	31.7	32.5	34.4	32.5	14.2	15.0	0.0	0.0	0.0	0.0	19.6	20.0	0.1	0.0
WV DEP Agency	19.9	20.0	20.8	20.0	39.0	40.0	0.0	0.0	0.0	0.0	18.9	20.0	1.4	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.

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

June 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.

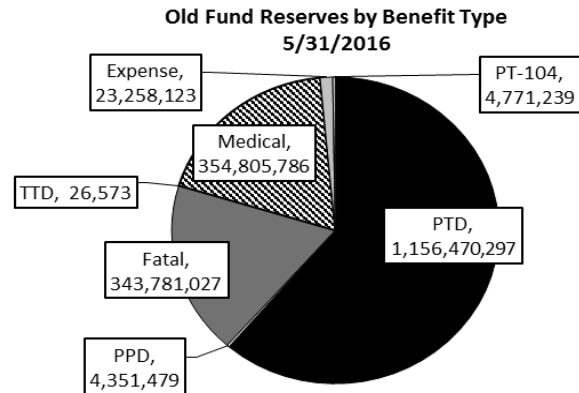
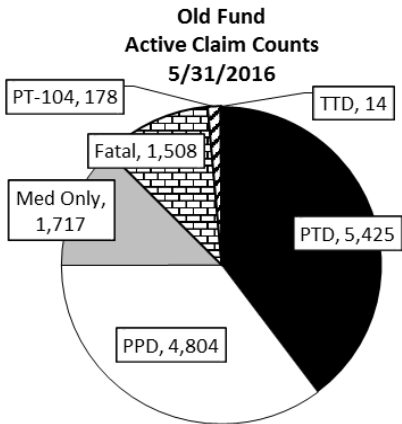
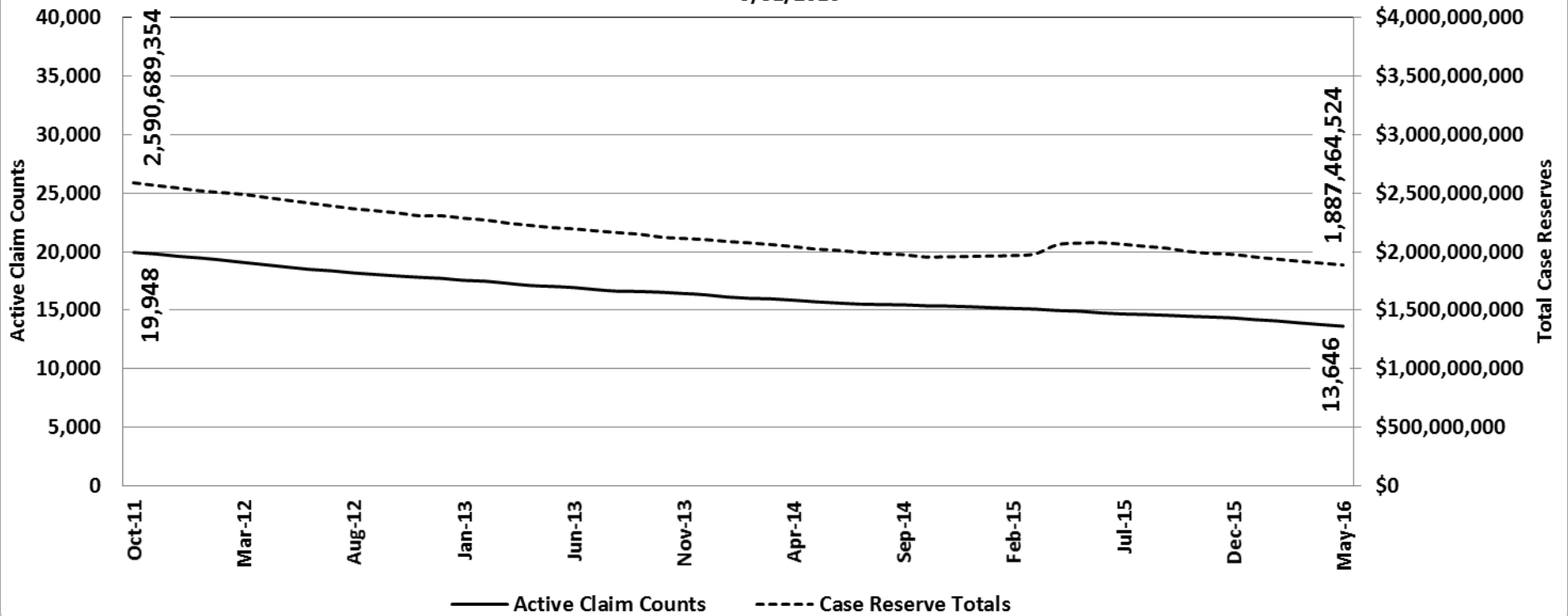
Self-Insured Security Fund: State managed fund consisting of those funds paid into it thru the WVOIC's administration of 85 CSR §19 (2004), and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last 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.

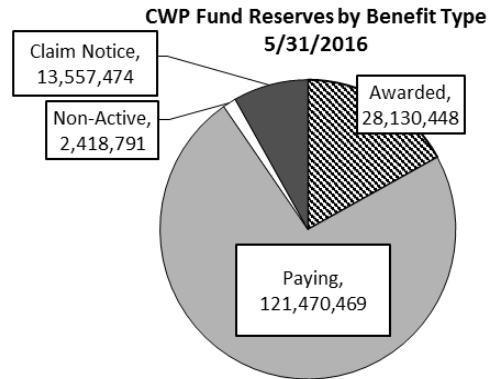
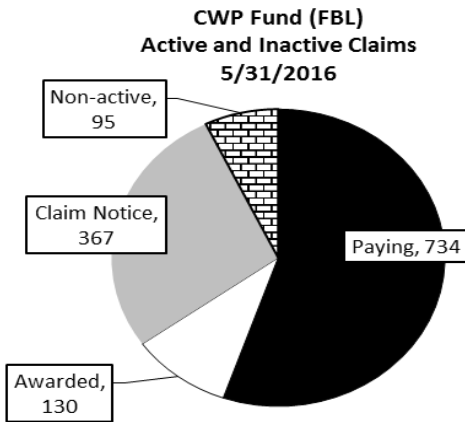
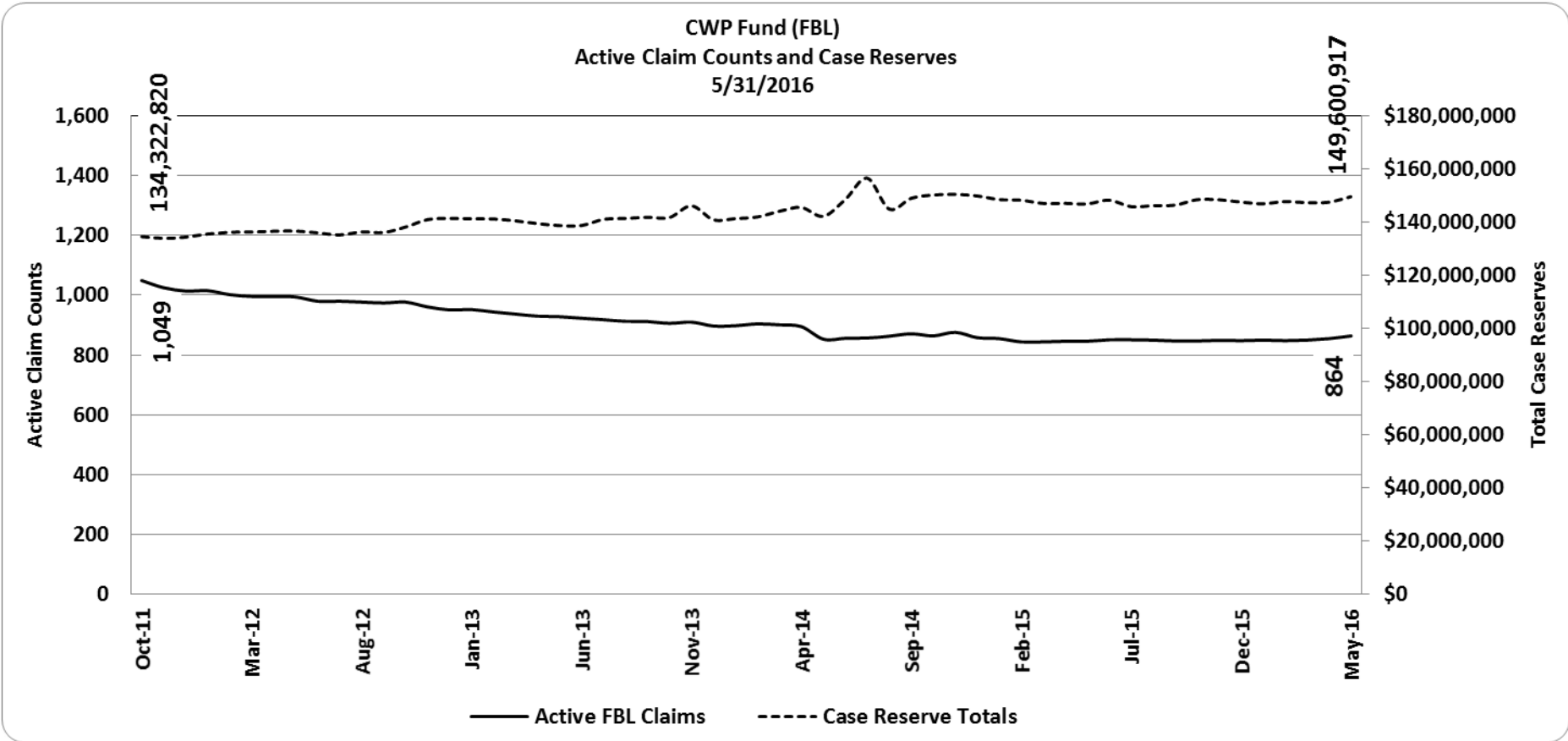
TPD: (Temporary Partial Disability) also referred to as TPR, is paid when an injured worker is released to return to work with restrictions or modifications that restrict he/she from obtaining their pre-injury wages. The TPD benefit is paid at seventy percent of the difference between the average weekly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

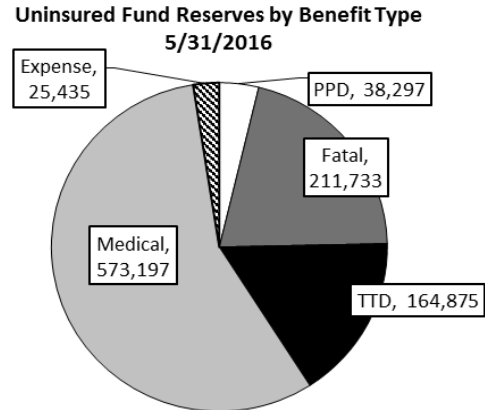
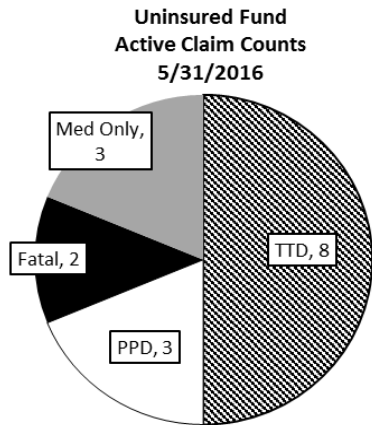
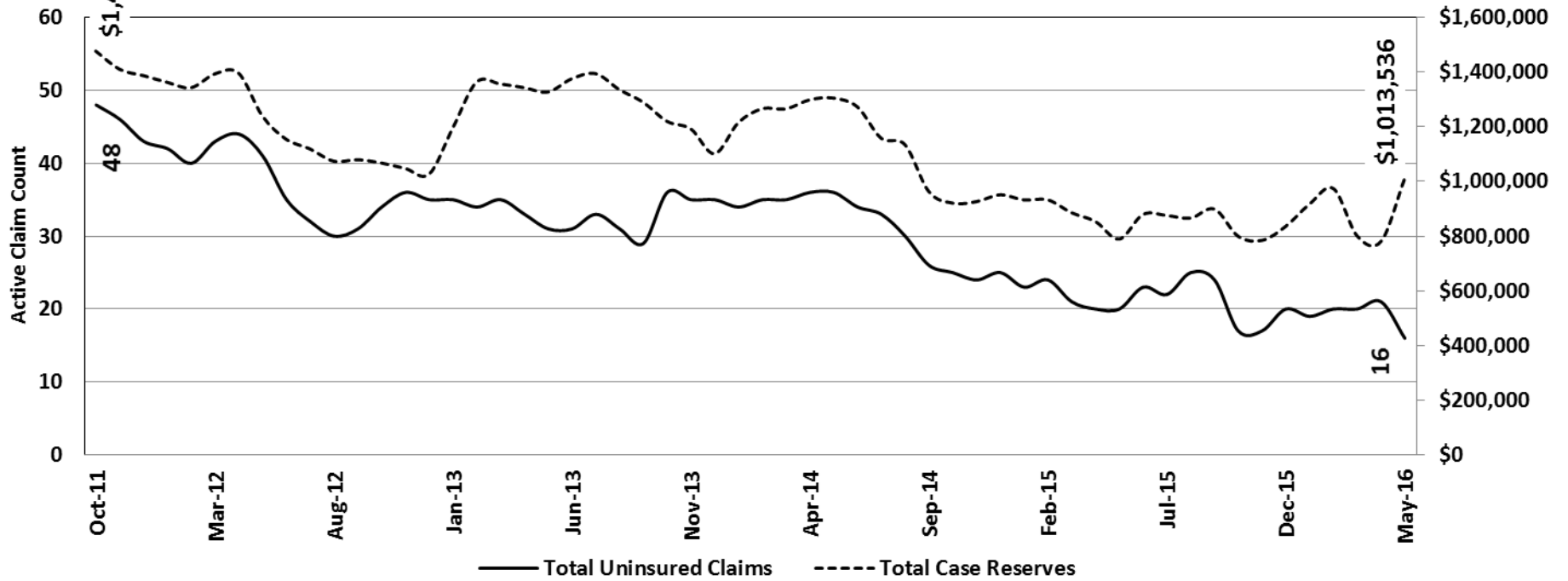
Uninsured Fund: State managed fund into which assessments to carriers or employers received are held, and out of which workers' compensation benefits may be paid to claimant employees of employers who were uninsured if the date of injury or date of last exposure is January 1, 2006 or later.

**Old Fund
Active Claim Counts and Case Reserves
5/31/2016**

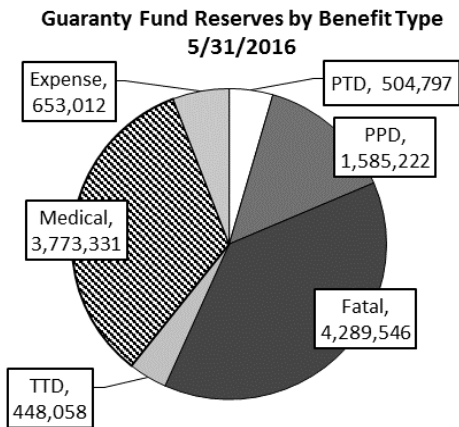
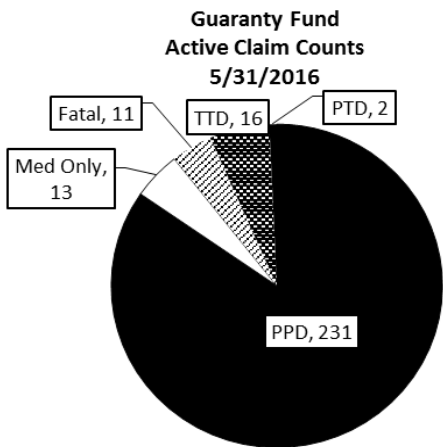
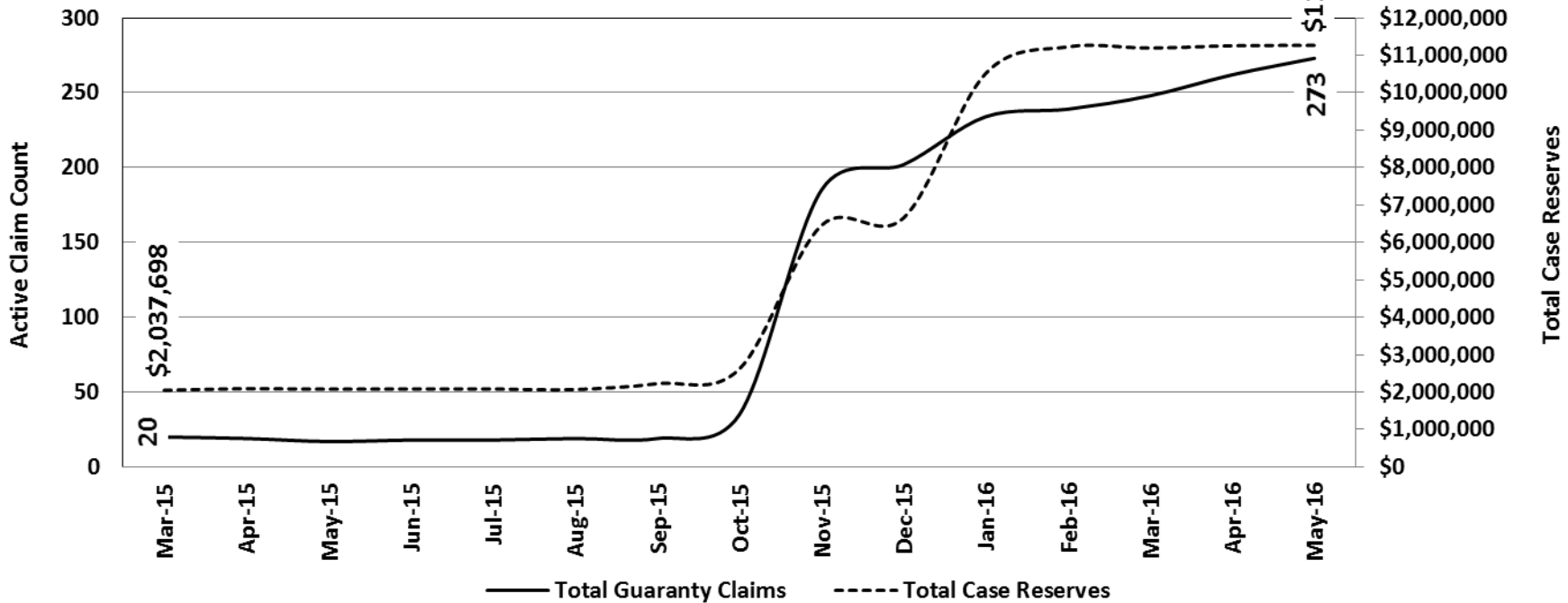




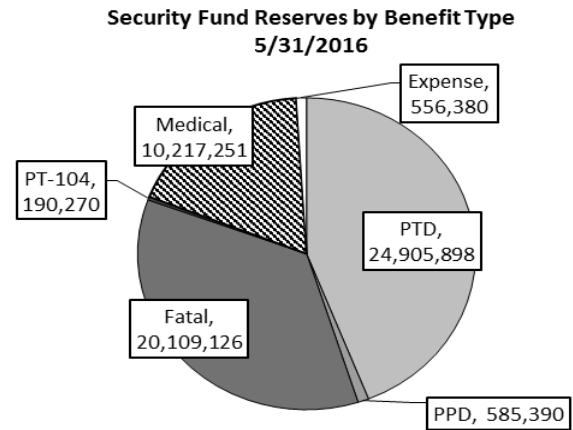
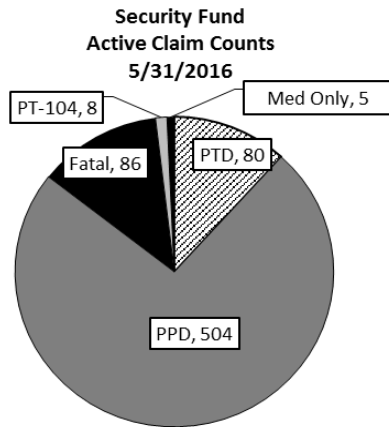
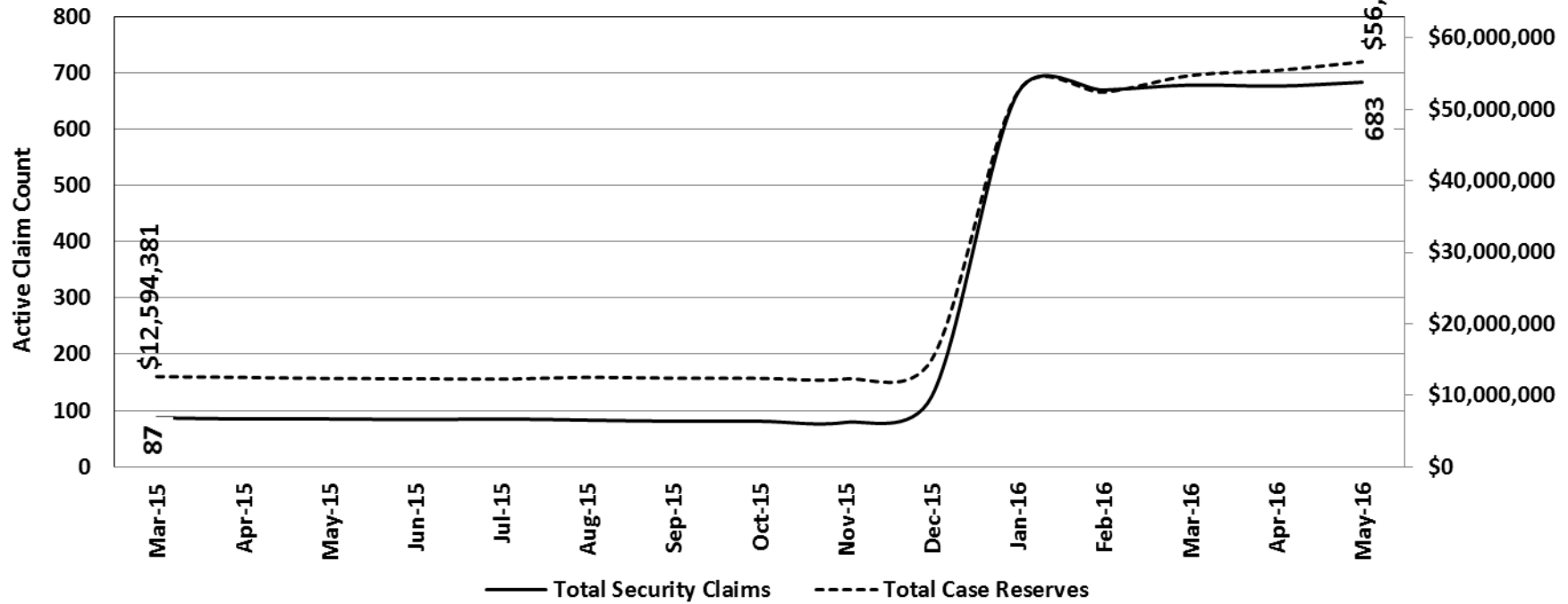
**Uninsured Fund
Active Claim Counts and Case Reserves
5/31/2016**



**Guaranty Fund
Active Claim Counts and Case Reserves
5/31/2016**



**Security Fund
Active Claim Counts and Case Reserves
5/31/2016**



OLD FUND CASH STATEMENT

May 31, 2016

Three Year History for years ended:

	YTD FY2016	YTD FY2015	Change	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	84,800,000	(42,400,000)	95,400,000	95,400,000	95,400,000
Severance Tax	73,068,796	110,766,898	(37,698,102)	125,703,925	109,467,900	94,562,969
Debt Reduction Surcharge	25,211,458	34,094,424	(8,882,965)	34,106,221	34,138,820	36,853,941
Self-Insured Debt Reduction Surcharge	6,209,330	8,795,476	(2,586,146)	8,859,759	8,493,207	8,733,494
Video Lottery	6,734,934	11,000,000	(4,265,066)	11,000,000	11,000,000	11,000,000
Employer Premium	97,299	197,511	(100,212)	202,532	284,075	335,102
Other Income - Return of Unclaimed Property	177,513	153,137	24,376	153,763	92,953	48,332
Operating Revenues	153,899,330	249,807,446	(95,908,116)	275,426,199	258,876,955	246,933,837
Investment / Interest Earnings (Losses)	(2,869,561)	35,187,896	(38,057,456)	34,715,474	67,734,120	77,380,803
Total Revenues	151,029,769	284,995,342	(133,965,573)	310,141,673	326,611,075	324,314,640
Expenditures						
Claims Benefits Paid:						
Medical	24,456,976	27,165,486	(2,708,511)	29,881,043	31,791,671	33,512,816
Permanent Total Disability	90,832,568	96,475,196	(5,642,628)	104,948,107	111,490,282	118,396,619
Permanent Partial Disability	211,570	337,353	(125,782)	353,749	720,723	1,137,910
Temporary Disability	8,554	-	8,554	-	7,741	59,227
Fatales	22,166,230	23,427,981	(1,261,751)	25,497,598	26,407,057	26,966,847
104 weeks death benefit	6,446,993	5,349,041	1,097,952	5,883,387	6,200,020	6,670,578
Settlements	11,826,684	11,713,370	113,314	12,206,388	9,136,495	9,011,730
Loss Adjustment Expenses	1,850,508	1,869,964	(19,455)	2,029,136	1,467,221	998,774
Total	157,800,084	166,338,391	(8,538,307)	180,799,408	187,221,209	196,754,501
Less: Claims credits and overpayments	2,837,697	1,969,566	868,131	2,240,415	3,265,629	4,617,178
Total Benefits Paid	154,962,387	164,368,825	(9,406,438)	178,558,993	183,955,580	192,137,323
Administrative Expenses	8,319,027	9,168,380	(849,352)	10,060,064	14,108,365	13,087,043
Total Expenditures	163,281,414	173,537,204	(10,255,790)	188,619,057	198,063,945	205,224,366
Excess (Deficiency) of Revenues over Expenditures	(12,251,645)	111,458,138	(123,709,783)	121,522,616	128,547,130	119,090,274
	-					
	-					
Cash Ending Balances	1,299,401,624	1,301,600,949	(2,199,325)	1,311,665,427	1,190,142,811	1,061,595,681

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

COAL WORKERS PNEUMOCONIOSIS FUND

May 31, 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)	(5,031,577)	10,010,440	(15,042,017)	10,347,881	17,915,475	24,801,113
Other Income - Return of Unclaimed Property	2,521	1,502	1,019	876	-	-
Total Revenues	(5,029,056)	10,011,942	(15,040,998)	10,348,758	17,915,475	24,801,113
Expenditures						
Payment of Claims	11,769,762	11,244,573	525,189	11,990,810	17,376,923	12,550,216
Contractual / Professional	673,524	813,853	(140,329)	873,390	85,747	53,287
Legal	-	-	-	-	-	932
General and Administrative	285	255	30	420	45	-
Total Expenditures	12,443,571	12,058,681	384,890	12,864,620	17,462,715	12,604,435
Excess (Deficiency) of Revenues over Expenditures	(17,472,626)	(2,046,738)	(15,425,888)	(2,515,863)	452,760	12,196,678
Cash Ending Balances	247,184,701	265,126,452	(17,941,750)	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. Assets of the CWP Fund are invested with the WV Investment Management Board. The investment earnings are presented in the month in which the State Treasurer records the earnings. The liabilities of the CWP Fund consist of the claims for coal miners who are totally disabled or beneficiaries of coal miners who have died as a result of coal worker's pneumoconiosis. To be eligible for benefits from the CWP Fund, the date of last exposure of the coal miner must be on or before December 31, 2005. The Coal Workers Cash Statement is unaudited information.

SELF-INSURED GUARANTY RISK POOL
May 31, 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)	(147,625)	593,385	(741,010)	612,972	1,027,230	1,186,338
Total Revenues	19,279,400	667,041	18,612,358	702,542	1,151,751	4,437,128
Expenditures						
Payment of Claims	1,477,191	249,680	1,227,511	263,947	255,607	332,894
Contractual / Professional	148,684	26,679	122,005	27,575	107,348	92,122
Legal	-	-	-	-	815	26,750
Total Expenditures	1,625,875	276,359	1,349,516	291,522	363,769	451,765
Excess (Deficiency) of Revenues over Expenditures	17,653,525	390,683	17,262,842	411,021	787,981	3,985,363
Cash Ending Balances	33,667,865	15,994,002	17,673,863	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 assets of the Self-insured Guaranty Risk Pool are invested with the WV Investment Management Board. Investment earnings are presented in the month in which the State Treasurer records the earnings in the statewide accounting system, wvOASIS. The Self Insured Guaranty Cash Statement is unaudited information.

SELF-INSURED SECURITY RISK POOL
May 31, 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	1,006,178	(775,838)	1,114,180	1,072,311	2,575,705
Collateral Proceeds	47,503,193	1,425,061	46,078,132	1,425,061	-	4,657,620
Investment Earnings (Losses)	216,490	299,845	(83,355)	310,550	151,334	-
Total Revenues	47,950,023	2,731,085	45,218,938	2,849,791	1,223,645	7,233,325
Expenditures						
Payment of Claims	2,616,413	673,846	1,942,567	736,434	789,254	530,804
Contractual / Professional	318,942	38,372	280,570	41,774	48,446	60,413
Legal	-	96	(96)	96	3,230	91,025
Total Expenditures	2,935,355	712,314	2,223,041	778,304	840,930	682,242
Excess (Deficiency) of Revenues over Expenditures	45,014,668	2,018,770	42,995,897	2,071,487	382,715	6,551,083
Cash Ending Balances	54,223,471	9,156,086	45,067,384	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 assets of the Self-insured Security Risk Pool are invested with the WV Investment Management Board. Investment earnings are presented in the month in which the State Treasurer records the earnings in the statewide accounting system, wvOASIS. The Self Insured Security Cash Statement is unaudited information.

UNINSURED EMPLOYERS FUND
May 31, 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	565,982	693,190	(127,207)	765,082	768,532	747,771
Investment Earnings (Losses)	(203,724)	394,824	(598,548)	408,442	682,644	871,603
Total Revenues	362,258	1,088,014	(725,755)	1,173,523	1,451,176	1,619,374
Expenditures						
Payment of Claims	330,931	581,684	(250,753)	589,781	286,421	262,002
Contractual/Professional	11,938	8,889	3,049	8,922	26,825	15,024
General and Administrative	105	45	60	60	105	60
Insurance	215,000	163,750	51,250	163,750	225,000	115,000
Total Expenditures	557,974	754,368	(196,394)	762,513	538,351	392,086
Excess (Deficiency) of Revenues over Expenditures	(195,716)	333,646	(529,361)	411,010	912,825	1,227,288
Cash Ending Balances	11,929,473	12,047,824	(118,351)	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 assets of the UEF are invested with the WV Investment Management Board. Investment earnings are presented in the month in which the State Treasurer records the earnings in the statewide accounting system, wvOASIS. The Insurance Commissioner has the right to levy assessments on employers in order to maintain the solvency of the Fund. The Commissioner may recover all payments made from this fund, including interest, from an uninsured employer who is found liable for benefits paid from the UEF. The Uninsured Cash Statement is unaudited information.

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
July 28, 2016

OPERATING REPORT

APRIL 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,
Chairman

Earl Ray Tomblin,
Governor

Glen B. Gainer III,
State Auditor

Richard "Chap"
Donovan, CPA
Appointed by the
Governor

Executive Staff

Executive
Director

Kara K. Hughes,
CPA, MBA, CFE

Chief Financial
Officer

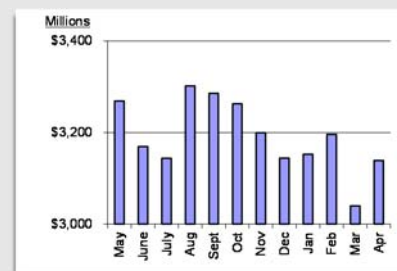
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$3,138,911,000

Last Month
\$3,039,597,000

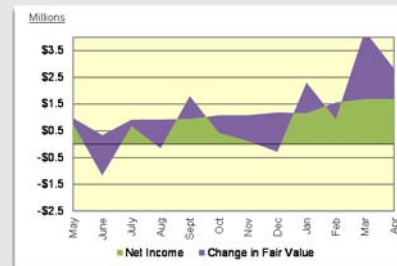
Beginning of Fiscal Year
\$3,169,521,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$12,900,000



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

Money Market Pools

As of April 30, 2016

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	0.4780%	50 Days	\$1.8 Billion
WV Gov't Money Market	0.3026%	57 Days	\$182.2 Million

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

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

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

APRIL 2016

Global Markets Show Signs of Reduced Volatility

Market Environment

Global markets were calmer in April following a volatile first quarter amid easing concerns of a sharp economic slowdown in China and as the Federal Reserve reconfirmed a gradual pace to increasing interest rates. The S&P 500 gained 0.4% while emerging market equities returned 0.5%. Non-US developed equity markets led the way with the MSCI EAFE Index returning 2.9%, as appreciation in the euro and yen represented the bulk of returns for the index. Global bonds also benefited from a weaker dollar; the Citigroup WGBI increased 1.3% despite government bond yields moving higher in Germany and the United Kingdom. In the US, Treasury yields increased modestly as inflation expectations rose moderately.

Among the major asset classes, commodities led the pack with gains of 8.5% last month. Oil was the main contributor as a decline in US inventories pushed prices higher to nearly \$46 a barrel; gold continued to rally, up nearly 5% for the month and over 21% for the year. The strong performance of commodity markets was a significant tailwind for many asset classes. High-yield bonds benefited from the recovery in oil prices, with the Barclays High Yield Index up 3.9% for the month. Local emerging market debt gained from the stabilization in commodities, increasing 2.6%, according to the JPM GBI-EM Global Diversified Index. The index is now up nearly 14% for the year as currency levels in Brazil, Russia and South Africa come off multi-year lows.

Equity Market Results

As noted above, US equity markets were up during April. Blue chip stocks, represented by the S&P 500 Index, posted a return of 0.39%. Small cap stocks, as represented by the Russell 2000 Index, fared better, registering a 1.57% return. Within U.S. equity styles, both value continued to outperform growth, with the Russell large value index returning 2.10% and the Russell large value index returning -0.91%.

International equity markets also posted gains in April. Developed international markets, represented by the MSCI EAFE Index, rose 2.90%, while their less established counterparts, represented by the MSCI Emerging Markets Index, increased 0.54%.

Bond Market Results

Bond investors generally enjoyed positive returns in April. Core US bonds, represented by the Barclays Capital Aggregate Index, rose 0.38% during the month. International bonds, as represented by the Citigroup World Government Bond Index (WGBI) hedged, fell 0.18% due to the weakening dollar. High yield and emerging market bonds also posted positive results, increasing 4.00% 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

While global markets have largely recovered from the bout of volatility in the first quarter, we hold firm in our belief that investors must attempt to capture quickly-evolving opportunities when they arise. Should volatility re-emerge, we encourage investors to be prepared to rebalance back into risk assets. Currently, expected returns for US equities and high-yield bonds remain muted. To this end, we recommend investors be selective, specifically in high yield. In emerging market equities, we encourage greater use of consumer-focused and small-cap strategies to capture increases in consumer wealth. We still suggest an overweight for non-US developed market equities and believe small-cap strategies offer the purest opportunity to benefit from local country earnings growth.

West Virginia Board of Treasury Investments

Financial Highlights as of April 30, 2016

WV Short Term Bond Pool

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

<u>May 1 - April 30</u>	<u>Return</u>	<u>Net Assets At Apr 30 (In Millions)</u>
2016	1.0%	\$ 803.1
2015	0.9%	\$ 768.9
2014	0.6%	\$ 767.6
2013	1.1%	\$ 552.1
2012	0.5%	\$ 503.6

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

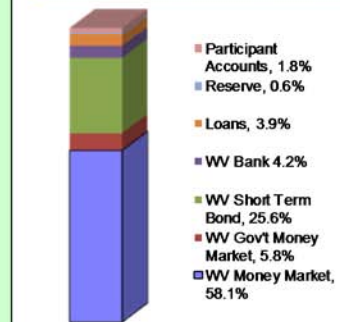
WV Short Term Bond Pool Rates of Return



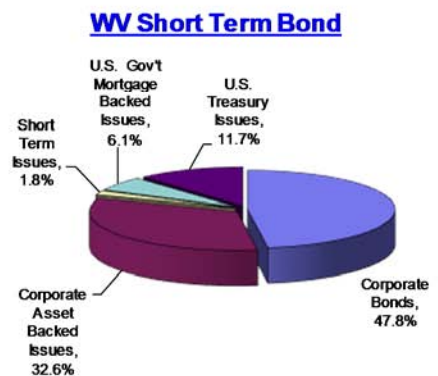
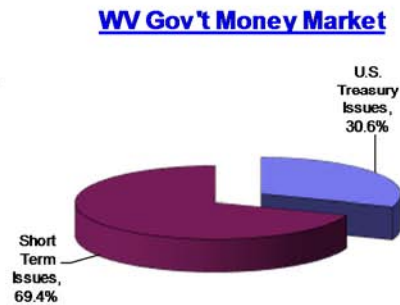
Summary of Value and Earnings (In Thousands)

<u>Pool</u>	<u>Net Asset Value</u>	<u>Apr Net Income (Loss)</u>	<u>Fiscal YTD Net Income(Loss)</u>
WV Money Market	\$ 1,823,711	\$ 722	\$ 4,325
WV Gov't Money Market	182,200	62	275
WV Short Term Bond	803,099	1,967	7,969
WV Bank	130,202	40	232
Loans	123,236	16	(132)
Reserve	18,757	5	41
Participant Accounts	57,706	13	190
	<u>\$ 3,138,911</u>	<u>\$ 2,825</u>	<u>\$ 12,900</u>

Percent of Total Net Asset Value



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



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
APRIL 30, 2016

(IN THOUSANDS)

	<u>WV Money Market Pool</u>	<u>WV Government Money Market Pool</u>	<u>WV Short Term Bond Pool</u>	<u>WV Bank Pool</u>	<u>Other Pools</u>	<u>Participant Directed Accounts</u>	<u>Total</u>
Assets							
Investments:							
At amortized cost	\$ 1,825,823	\$ 182,153	\$ -	\$ 130,066	\$ 141,972	\$ 54,014	\$ 2,334,028
At fair value	-	-	801,262	-	-	3,394	804,656
Other assets	1,147	85	2,958	140	25	298	4,653
Total assets	<u>1,826,970</u>	<u>182,238</u>	<u>804,220</u>	<u>130,206</u>	<u>141,997</u>	<u>57,706</u>	<u>3,143,337</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased	3,259	38	1,121	4	4	-	4,426
Total liabilities	<u>3,259</u>	<u>38</u>	<u>1,121</u>	<u>4</u>	<u>4</u>	<u>-</u>	<u>4,426</u>
Net Position							
Held in trust for investment pool participants	1,823,711	182,200	803,099	130,202	141,993	-	3,081,205
Held in trust for individual investment account holders	-	-	-	-	-	57,706	57,706
Total net position	<u>\$ 1,823,711</u>	<u>\$ 182,200</u>	<u>\$ 803,099</u>	<u>\$ 130,202</u>	<u>\$ 141,993</u>	<u>\$ 57,706</u>	<u>\$ 3,138,911</u>
Additions							
Investment income:							
Interest and dividends	\$ 457	\$ 35	\$ 1,018	\$ 44	\$ 25	\$ 60	\$ 1,639
Net (amortization) accretion	378	39	(91)	-	-	(39)	287
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>835</u>	<u>74</u>	<u>927</u>	<u>44</u>	<u>25</u>	<u>21</u>	<u>1,926</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	113	17	89	4	4	-	227
Total investment expenses	<u>113</u>	<u>17</u>	<u>89</u>	<u>4</u>	<u>4</u>	<u>-</u>	<u>227</u>
Net investment income	722	57	838	40	21	21	1,699
Net realized gain (loss) from investments	-	5	16	-	-	-	21
Net increase (decrease) in fair value of investments	-	-	1,113	-	-	(8)	1,105
Net increase (decrease) in net position from operations	722	62	1,967	40	21	13	2,825
Participant transaction additions:							
Purchase of pool units by participants	1,007,839	34,672	10,103	3,011	5	-	1,055,630
Reinvestment of pool distributions	722	62	850	40	20	-	1,694
Contributions to individual investment accounts	-	-	-	-	-	3,741	3,741
Total participant transaction additions	<u>1,008,561</u>	<u>34,734</u>	<u>10,953</u>	<u>3,051</u>	<u>25</u>	<u>3,741</u>	<u>1,061,065</u>
Total additions	1,009,283	34,796	12,920	3,091	46	3,754	1,063,890
Deductions							
Distributions to pool participants:							
Net investment income	722	57	838	40	21	-	1,678
Net realized gain (loss) from investments	-	5	16	-	-	-	21
Total distributions to pool participants	<u>722</u>	<u>62</u>	<u>854</u>	<u>40</u>	<u>21</u>	<u>-</u>	<u>1,699</u>
Participant transaction deductions:							
Redemption of pool units by participants	867,915	90,980	-	3,011	971	-	962,877
Withdrawals from individual investment accounts	-	-	-	-	-	-	-
Total participant transaction deductions	<u>867,915</u>	<u>90,980</u>	<u>-</u>	<u>3,011</u>	<u>971</u>	<u>-</u>	<u>962,877</u>
Total deductions	<u>868,637</u>	<u>91,042</u>	<u>854</u>	<u>3,051</u>	<u>992</u>	<u>-</u>	<u>964,576</u>
Net increase (decrease) in net position from operations	140,646	(56,246)	12,066	40	(946)	3,754	99,314
Inter-pool transfers in	-	-	-	2,975	-	-	2,975
Inter-pool transfers out	(2,975)	-	-	-	-	-	(2,975)
Net inter-pool transfers in (out)	<u>(2,975)</u>	<u>-</u>	<u>-</u>	<u>2,975</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	137,671	(56,246)	12,066	3,015	(946)	3,754	99,314
Net position at beginning 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>
Net position at end of period	<u>\$ 1,823,711</u>	<u>\$ 182,200</u>	<u>\$ 803,099</u>	<u>\$ 130,202</u>	<u>\$ 141,993</u>	<u>\$ 57,706</u>	<u>\$ 3,138,911</u>