

The Honorable William P. Cole, III, Chair

**JOINT COMMITTEE ON
GOVERNMENT AND FINANCE**

Materials Distributed

August 22, 2016

(Speaker Armstead presides)

AGENDA
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
August 22, 2016

12:00 - 1:00pm

Senate Finance Room

1. **Approval of June 12, 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 –will answer any questions.)

Workforce WV Unemployment Compensation Trust Fund Distribution
(Connie Kirk, Assistant Director for Benefits & Technical Support)

Monthly/Quarterly Reports from PEIA, BRIM, Real Estate Report
(Mary Jane Pickens, Acting 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**


West Virginia University – Awarding an Energy Savings Contract to Siemens Industries, Inc.
Department of Highways – Wellsburg Bridge

5. **Adjournment**



West Virginia Legislature

2ND SESSION OF THE 82ND LEGISLATURE



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

Monday, August 22, 2016 - 12:00 PM

Joint Committee on Government and Finance

Attended:

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

Submitter:

Marlene

Phone:

4802

[Back to Attendance](#)

[Bill Status](#) | [Bill Tracking](#) | [WV Code](#) | [Bulletin Board](#) | [District Maps](#) | [Senate Roster](#) | [House Roster](#) | [Releases](#) | [Blog](#) | [Links](#) | [Hor](#)

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JOINT COMMITTEE ON GOVERNMENT AND FINANCE

June 12, 2016

1:00 pm – 2:00 pm

Senate	House
Cole, Chair	Armstead, Chair
Carmichael	Cowles
M. Hall	Miller, C. - Absent
Trump	Nelson, E.
Kessler - Absent	Shott
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 May 19th minutes. President Cole is recognized for a motion.”

President Cole: “I move the minutes of the May 19th 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 oppose no. The ayes appear to have it. The ayes do have it. The minutes are approved.”

Speaker Armstead: “Status Report on Lottery, Unemployment Compensation Fund, General Revenue Fund and State Road Fund is in the packet. Mr. Spencer, the Director is here and will answer any questions. Are there any questions regarding those reports? Hearing none, next on the Agenda is Workforce WV Unemployment Compensation Trust Fund Distribution. Beth Carenbauer, Acting Deputy Executive Director.”

Ms. Carenbauer: “Good morning. Mr. Speaker, Mr. President and members of the Committee, I am Beth Carenbauer. I direct the Unemployment Compensation Program in Workforce WV. On Friday, June 10th, the Trust Fund has a balance of \$65,281,000. As you can see from the projections that are in your packet, we borrowed \$38M from the Revenue Short Fall Reserve Fund on March 11. That was repaid on May 17th. The Trust Fund ended the month of May with a balance of \$71M. We do anticipate having to borrow later on in 2016. I would be happy to answer any questions.”

Speaker Armstead: “Are there any questions for Ms. Carenbauer? If not, thank you very much.”

Ms. Carenbauer: “Thank you.”

Mr. Speaker: “Next on our Agenda is the monthly quarterly report from PEIA, BRIM and Real Estate Report. Gail Given, Deputy Secretary, Department of Administration.”

Ms. Given: “Thank you Mr. Speaker, Mr. President and members of the Committee. I am Gail Given, I am Chief Technology Officer and Deputy Secretary for the Department of Administration. The reports from BRIM, PEIA and Real Estate were provided last week and I have representatives from each agency to answer any questions you may have.”

Mr. Speaker: “Thank you. Are there any questions? If not, thank you very much.”

Ms. Pickens: “Thank you.”

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

Ms. Pagliaro: “Thank you Mr. Speaker, Mr. President and members of the Committee. We have provided reports to you and we do have staff available if you all have any questions.”

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

Mr. Slaughter: “Good afternoon gentlemen. Craig Slaughter, Executive Director of the WV Investment Management Board. You have the April 30th report in your packet. It was a good month April. We are 1.4%, which for the fiscal year brings us about even. May, I can tell, is probably going to be about probably didn't gain anything, didn't lose anything so, we are probably about the same place at the end of the May. I'm a little optimistic, we will finish out about the same place. You never know, there is a lot of, a lot of things going on in the world that could have short term negative impact. So, you just never know how it's going to play out but I am guardedly optimistic for the longer term. I think things, especially in international part, I think things are likely to move up rather than down as we move into the future.”

Speaker Armstead: “Are there any questions for Mr. Slaughter? If not, thank you. Next we have Workers' Compensation Report, Mike Riley, Commissioner.”

Mr. Riley: “Good afternoon Mr. Speaker, Mr. President and Committee Members. Mike Riley, Insurance Commissioner. You have a copy of the May 31st Workers' Compensation Report. No significant changes from last month's report and I would be happy to answer any questions.”

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

Speaker Armstead: “The Board of Treasury Report 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

August 9, 2016

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

- West Virginia Lottery as of June 30, 2016:
Gross profit for July 2015 - June 2016 was \$529 million.
- West Virginia Unemployment Compensation Fund as of July 31, 2016:
Total disbursements were \$ 365 thousand higher than last fiscal year. Overall ending trust fund balance was \$ 70 million lower on July 31, 2016, than on July 31, 2015.
- General Revenue Fund as of July 31, 2016:
The general revenue collections ended the first month of fiscal year 2016-2017 at 87% of the estimate for the year.
- State Road Fund as of July 31, 2016:
The state road fund collections ended the first month of fiscal year 2016-2017 at 131% 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: August 8, 2016

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

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for June 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 \$1.1 billion for July - June 2016. Table games accounted for \$43.5 million of this total. Historic Resort Hotel video lottery and table games accounted for \$6.3 million of total gross receipts. Gross lottery revenue has decreased by 2.4% when compared with July - June 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 - June 2016 was \$529 million; for July - June of last fiscal year it was \$543 million. Expressed as a percentage, gross profit is 2.7% lower for fiscal year 2016 than for fiscal year 2015.

Lottery continued

Operating Transfers to the State of West Virginia:

A total of \$501,302,000.00 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:

Administrative Operations Account:

General Revenue Fund \$4,631,000.00

State Lottery Fund:

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

Excess Lottery Fund

Economic Development Fund	\$18,989,000.00
Higher Education Improvement Fund	\$15,000,000.00
General Purpose Fund	\$65,000,000.00
Higher Education Improvement Fund	\$29,000,000.00
State Park Improvement Fund	\$5,000,000.00
School Building Authority	\$18,992,000.00
Refundable Credit	\$10,000,000.00
WV Racing Commission	\$2,000,000.00
WV DHHR	\$20,000,000.00
Teacher's Retirement Savings	\$0.00
Division of Human Services	\$24,512,000.00
WV Lottery Statutory Transfers	\$65,604,000.00
Excess Lottery Surplus	\$18,355,000.00
WV Infrastructure Council Fund	\$36,000,000.00
Total State Excess Lottery Revenue Fund	\$328,452,000.00

Total Budgetary Distributions:	\$489,212,000.00
Veterans Instant Ticket Fund	\$745,000.00
TOTAL TRANSFERS	*\$489,957,000.00

* CASH BASIS

Total Accrued last FY 2015:	\$123,920,000.00
Total Cash Distributions FY 2016:	\$489,957,000.00
Applied to FY 2015	\$123,920,000.00
Applied to FY 2016:	\$366,037,000.00
Accrued for FY 2016 as of June 30:	\$135,265,000.00



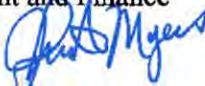
P.O. BOX 2067
CHARLESTON, WV 25327

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 June 30, 2016
DATE: July 21, 2016

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

Financial statements of the Lottery for the month ending June 30, 2016 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$86,773,778 for the month of June.

Transfers of lottery revenue totaling \$30,082,302 made for the month of June 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 June 30, 2016 was 1,496 and 1,374 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
Lisa A. Hopkins, Acting 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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Month Ending June 30, 2016

DATE: July 21, 2016

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pc: Honorable Earl Ray Tomblin, Governor
Robert S. Kiss, Cabinet Secretary – Dept. of Revenue
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Lisa A. Hopkins, Acting Auditor
Members of the West Virginia Lottery Commission



WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

June 30, 2016

WEST VIRGINIA LOTTERY

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

ASSETS	June 30, 2016	June 30, 2015
Current Assets:		
Cash and cash equivalents	\$ 166,621	\$ 163,592
Accounts receivable	26,643	33,929
Inventory	380	457
Other assets	1,788	1,894
Total Current Assets	<u>195,432</u>	<u>199,872</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	-	1,130
Capital assets	55,960	47,763
Less accumulated depreciation and amortization	<u>(11,086)</u>	<u>(10,000)</u>
Net Capital Assets	<u>44,874</u>	<u>37,763</u>
Total Noncurrent Assets	<u>44,874</u>	<u>38,893</u>
Total Assets	<u>\$ 240,306</u>	<u>\$ 238,765</u>
Deferred outflows of resources	<u>\$ 1,099</u>	<u>\$ 1,099</u>
Total assets and deferred outflows	<u>\$ 241,405</u>	<u>\$ 239,864</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 135,265	\$ 123,920
Estimated prize claims	15,981	15,911
Accounts payable	1,961	2,158
Other accrued liabilities	<u>32,257</u>	<u>39,531</u>
Total Current Liabilities	<u>185,464</u>	<u>181,520</u>
Noncurrent Liabilities		
Net pension liability	<u>2,035</u>	<u>2,035</u>
Total liabilities	<u>\$ 187,499</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	44,874	37,763
Unrestricted	<u>6,879</u>	<u>15,263</u>
Total Net Position	<u>51,753</u>	<u>54,156</u>
Total net position, liabilities, and deferred inflows	<u>\$ 241,405</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 TWELVE MONTH PERIOD ENDED JUNE 30, 2016
(In Thousands)
-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	FY 2016	FY 2015	FY 2016	FY 2015
Lottery revenues				
On-line games	\$ 6,425	\$ 5,405	\$ 85,660	\$ 76,724
Instant games	7,404	8,055	102,542	103,276
Racetrack video lottery	41,477	45,273	537,729	557,803
Limited video lottery	27,743	30,015	360,814	373,221
Table games	3,331	3,918	43,545	46,928
Historic resort	393	487	6,346	6,052
	<u>86,773</u>	<u>93,153</u>	<u>1,136,636</u>	<u>1,164,004</u>
Less commissions				
On-line games	456	382	6,001	5,372
Instant games	518	564	7,178	7,229
Racetrack video lottery	19,961	21,846	275,496	286,778
Limited video lottery	13,594	14,707	176,799	182,878
Table games	1,412	1,660	18,453	19,885
Historic resort	198	260	3,302	3,069
	<u>36,139</u>	<u>39,419</u>	<u>487,229</u>	<u>505,211</u>
Less on-line prizes	3,420	2,947	43,132	38,162
Less instant prizes	4,844	5,301	67,695	68,314
Less ticket costs	113	122	1,618	1,516
Less vendor fees and costs	680	663	8,116	7,456
	<u>9,057</u>	<u>9,033</u>	<u>120,561</u>	<u>115,448</u>
Gross profit	<u>41,577</u>	<u>44,701</u>	<u>528,846</u>	<u>543,345</u>
Administrative expenses				
Advertising and promotions	508	441	4,975	5,229
Wages and related benefits	1,124	540	10,504	10,266
Telecommunications	118	25	965	944
Contractual and professional	481	353	4,560	5,160
Rental	33	16	425	271
Depreciation and amortization	108	89	1,086	1,354
Other administrative expenses	9	238	1,230	1,466
	<u>2,381</u>	<u>1,702</u>	<u>23,745</u>	<u>24,690</u>
Other Operating Income	<u>379</u>	<u>317</u>	<u>10,528</u>	<u>11,313</u>
Operating Income	<u>39,575</u>	<u>43,316</u>	<u>515,629</u>	<u>529,968</u>
Nonoperating income (expense)				
Investment income	163	(37)	788	406
Distributions to municipalities and counties	(544)	(588)	(7,072)	(7,315)
Distributions -capital reinvestment	(5,246)	(6,681)	(10,446)	(11,717)
Distributions to the State of West Virginia	(36,351)	(32,997)	(501,302)	(508,329)
	<u>(41,978)</u>	<u>(40,303)</u>	<u>(518,032)</u>	<u>(526,955)</u>
Net income	<u>(2,403)</u>	<u>3,013</u>	<u>(2,403)</u>	<u>3,013</u>
Net position, beginning of period	<u>54,156</u>	<u>51,143</u>	<u>54,156</u>	<u>51,143</u>
Net position, end of period	<u>\$ 51,753</u>	<u>\$ 54,156</u>	<u>\$ 51,753</u>	<u>\$ 54,156</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2016

(In Thousands)

-Unaudited-

	2016	2015
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 1,154,450	\$ 1,176,178
Cash payments for:		
Personnel costs	(10,139)	(10,752)
Suppliers	(12,139)	(12,388)
Other operating costs	(607,529)	(620,065)
Cash provided by operating activities	<u>524,643</u>	<u>532,973</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(489,957)	(499,323)
Distributions to municipalities and counties	(7,116)	(7,300)
Distributions to racetrack from racetrack cap. reinv. fund	(18,203)	(12,829)
Cash used in noncapital financing activities	<u>(515,276)</u>	<u>(519,452)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(8,197)</u>	<u>(372)</u>
Cash flows from investing activities:		
Investment earnings received	<u>729</u>	<u>464</u>
Cash provided by investing activities	<u>729</u>	<u>464</u>
Increase (decrease) in cash and cash equivalents	1,899	13,613
Cash and cash equivalents - beginning of period	<u>164,722</u>	<u>151,109</u>
Cash and cash equivalents - end of period	<u>\$ 166,621</u>	<u>\$ 164,722</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 515,629	\$ 529,968
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	1,086	1,354
Pension Expense	-	250
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	7,286	861
(Increase) decrease in inventory	77	176
(Increase) decrease in other assets	165	(6)
(Increase) decrease in deferred outflow of resources	-	(1,039)
Increase (decrease) in estimated prize claims	70	928
Increase (decrease) in accounts payable	(197)	653
Increase (decrease) in other accrued liabilities	527	(172)
Cash provided by operating activities	<u>\$ 524,643</u>	<u>\$ 532,973</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 \$569,988 and \$563,913 of at June 30, 2016 and 2015, 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 June 30, 2016 the carrying amounts of deposits (overdraft) with financial institutions were \$1,430 thousand with a bank balance (overdraft) of \$1,445 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):

	June 30, 2016	June 30, 2015
Deposits with financial institutions	\$ 1,430	\$ 477
Cash on hand at the Treasurer's Office	7,386	21,525
Investments with BTI reported as cash equivalents	157,805	142,720
	<u>\$ 166,621</u>	<u>\$ 164,722</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 4 – CAPITAL ASSETS

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

Capital Assets:

	Historical Cost At June 30, 2015	Additions	Deletions	Historical Cost At June 30, 2016
Construction in Progress	\$ 1,090	\$ 74	\$ -	\$ 1,164
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>\$ 8,197</u>	<u>\$ -</u>	<u>\$ 55,960</u>

Accumulated Depreciation:

	Historical Cost At June 30, 2015	Additions	Deletions	Historical Cost At June 30, 2016
Buildings	\$ 3,093	\$ 971	\$ -	\$ 4,064
Improvements	260	-	-	260
Equipment	6,647	115	-	6,762
	<u>\$ 10,000</u>	<u>\$ 1,086</u>	<u>\$ -</u>	<u>\$ 11,086</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 June 30, 2016 and fiscal year-to-date is as follows:

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 2,507,079	\$ 46,553,463
Hot Lotto	407,357	4,790,589
Mega Millions	1,752,582	12,035,877
Total	\$ 4,667,018	\$ 63,379,929
<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,253,682	\$ 23,293,171
Hot Lotto	203,808	2,396,142
Mega Millions	876,322	6,022,537
Total	\$ 2,333,812	\$ 31,711,850

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 June 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	\$ 111,421,678	\$ 1,625,725
Hot Lotto	7,170,477	497,214
Mega Millions	38,541,036	544,873
Total	<u>\$ 157,133,191</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
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

of the portfolio may have an average maturity of up to two years. The maximum maturity for any one security does not exceed five years.

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of \$16,259,687 at June 30, 2016, of which the Lottery's share was \$1,565,451.

NOTE 6 - RACETRACK VIDEO LOTTERY

The Racetrack Video Lottery legislation stipulates the distribution of racetrack video lottery revenues. This legislation has been amended since inception to restate revenue distribution based on revenue benchmarks and has been amended again by HB 101 as passed during the first extraordinary session of 2014. For a complete summary of the impacts of HB 101, see Note 11 titled "Summary Impact of Recent Legislation." Initially, four percent (4%) of gross terminal revenue is allocated for lottery administrative costs. Sixty-six percent (57%) of net terminal revenue (gross less 4%) is allocated in lieu of commissions to: the racetracks (46.5%); other private entities associated with the racing industry (8.7%); and the local county and municipal governments (2%). The remaining revenues (42.8%) of net terminal revenue is allocated for distribution to State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in the Note 10 titled "Nonoperating Distributions to the State of West Virginia."

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

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

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

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

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

	Current Month		Year-to-Date	
	2016	2015	2016	2015
Total credits played	\$ 464,131	\$ 497,885	\$ 5,965,083	\$ 6,269,246
Credits (prizes) won	(416,639)	(446,327)	(5,350,676)	(5,624,402)
Promotional credits played	(6,006)	(6,263)	(76,444)	(86,704)
MWAP Contributions	(9)	(22)	(234)	(337)
Gross terminal income	41,477	45,273	537,729	557,803
Administrative costs	(738)	(825)	(14,909)	(15,800)
Net Terminal Income	40,739	44,448	522,820	542,003
Less distribution to agents	(19,961)	(21,846)	(275,496)	(286,778)
Racetrack video lottery revenues	<u>\$ 20,778</u>	<u>\$ 22,602</u>	<u>\$ 247,324</u>	<u>\$ 255,225</u>

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

	June 30, 2016	Year-to-Date
State Lottery Fund	\$ 5,315	\$ 108,547
State Excess Lottery Revenue Fund	14,628	132,941
Capital Reinvestment Fund	835	5,836
Total nonoperating distributions	<u>\$ 20,778</u>	<u>\$ 247,324</u>

NOTE 7 - LIMITED VIDEO LOTTERY

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

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

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

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

	Current Month		Year-to-Date	
	2016	2015	2016	2015
Total credits played	\$ 337,555	\$ 362,592	\$ 4,339,155	\$ 4,462,898
Credits (prizes) won	(309,812)	(332,577)	(3,978,341)	(4,089,677)
Gross terminal income	\$ 27,743	\$ 30,015	\$ 360,814	\$ 373,221
Administrative costs	(555)	(601)	(7,216)	(7,465)
Gross Profit	27,188	29,414	353,598	365,756
Commissions	(13,594)	(14,707)	(176,799)	(182,878)
Municipalities and Counties	(544)	(588)	(7,072)	(7,315)
Limited video lottery revenues	<u>\$ 13,050</u>	<u>\$ 14,119</u>	<u>\$ 169,727</u>	<u>\$ 175,563</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 June 30, 2016 were \$9,517,689 and \$124,415,228, 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	\$ 3,331	\$ 3,918	\$ 43,545	\$ 46,928
Interest on Table Games Fund	1	-	9	4
Administrative costs	(286)	(336)	(3,732)	(4,022)
Total Available for Distribution	<u>3,046</u>	<u>3,582</u>	<u>39,822</u>	<u>42,910</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	214	252	2,799	3,017
Thoroughbred & Greyhound Development Funds	171	202	2,239	2,413
Racing Association Pension Plan	84	99	1,095	1,180
Municipalities/ Counties	<u>943</u>	<u>1,107</u>	<u>12,320</u>	<u>13,275</u>
Total Distributions	<u>1,412</u>	<u>1,660</u>	<u>18,453</u>	<u>19,885</u>
Excess Lottery Fund	<u>\$ 1,634</u>	<u>\$ 1,922</u>	<u>\$ 21,369</u>	<u>\$ 23,025</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL

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

Historic Resort Video Lottery

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

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

	Current Month		Year-to-Date	
	2016	2015	2016	2015
Total credits played	\$ 4,144	\$ 5,262	\$ 64,217	\$ 62,289
Credits (prizes) won	(3,834)	(4,862)	(58,842)	(57,294)
Promotional credits played	(49)	(38)	(888)	(925)
MWAP Contributions	-	-	-	-
Gross terminal income	261	362	4,487	4,070
Capital reinvestment	(13)	(17)	(211)	(191)
Excess Lottery Fund	(3)	(3)	(40)	(36)
Administrative costs	(13)	(20)	(242)	(220)
Hotel commissions	(110)	(153)	(1,898)	(1,722)
Net terminal income	122	169	2,096	1,901
Historic Resort Hotel Fund	78	107	1,333	1,209
Human Resource Benefit Fund	44	62	763	692

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 June 30, 2016 were \$375,964 and \$5,314,061, 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	\$ 132	\$ 125	\$ 1,859	\$ 1,982
Administrative Costs	<u>(17)</u>	<u>(16)</u>	<u>(239)</u>	<u>(254)</u>
Total Available for Distribution	115	109	1,620	1,728
Historic Resort Hotel Fund	96	91	1,355	1,445
Human Resource Benefit Fund	19	18	265	283

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	\$ 78	\$ 1,333
Historic Resort Table Games	96	1,355
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	<u>174</u>	<u>2,688</u>
Municipalities/ Counties	25	376
Excess Lottery Fund	149	2,312
Total Distributions	<u><u>\$ 174</u></u>	<u><u>\$ 2,688</u></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 June 30, 2016 the Lottery has accrued additional distributions of \$135,264,932. 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>June 30, 2016</u>	<u>Year-to-Date</u>
<u>Administrative Operations Account:</u>		
General Revenue Fund	\$ 4,631	\$ 4,631
<u>State Lottery Fund:</u>		
Community and Technical College	\$	\$ 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		9,995
School Building Authority		18,000
Total State Lottery Fund	\$ -	\$ 156,129

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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State Excess Lottery Revenue Fund:

Economic Development Fund	\$	\$	18,989
Higher Education Improvement Fund			15,000
General Purpose Account			65,000
Higher Education Improvement Fund			29,000
State Park Improvement Fund			5,000
School Building Authority			18,992
Refundable Credit			10,000
WV Racing Commission			2,000
WV Department of Health and Human Resources			20,000
Teacher's Retirement Savings			-
Division of Human Services	14,422		24,512
WV Lottery Statutory Transfers	4,265		65,604
Excess Lottery Surplus	6,682		18,355
West Va. Infrastructure Council			36,000
Total State Excess Lottery Revenue Fund	\$ 25,369	\$	328,452
Total Budgetary distributions:	\$ 30,000	\$	489,212
Veterans Instant Ticket Fund	\$ 83	\$	745
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 30,083	\$	489,957
Accrued nonoperating distributions, beginning	(128,997)		(123,920)
Accrued nonoperating distributions, end	135,265		135,265
	\$ 36,351	\$	501,302

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 June 30, 2016 and June 30, 2015 approximated \$424,517 and \$271,181 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 June 30, 2016 and June 30, 2015 approximated \$593,960 and \$734,211 respectively.

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

NOTE 12 – RESTRICTED NET POSITION

On June 14, 2006, House Bill 106 was enacted by the West Virginia State Legislature to set aside unexpended administrative expenses of the Lottery up to the limits for such expenses established by the enabling legislation of traditional, racetrack video lottery, and limited video lottery games in an amount not to exceed \$20,000,000 beginning in fiscal year 2006 and each year through fiscal year 2012. These assets are to be set aside for the design and construction of a building for the use of the Lottery and certain other State of West Virginia governmental entities. Contributions to the fund for fiscal years ending June 30, 2016 and June 30, 2015 were as follows:

	June 30, 2016	June 30, 2015
Beginning balance	\$ 1,130	\$ 1,397
Additions		
Legislative Appropriations		
Deductions		
Asset acquisition	(1,130)	(267)
Surplus of excess funds		
Ending balance	\$ -	\$ 1,130

NOTE 13 – COMMITMENTS

For the years ended June 30, 2016 and 2015 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. As of June 30, 2016 and 2015, \$9,655,947 and \$8,416,061, 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 June 30, 2016 and fiscal year-to-date are as follows (in thousands):

	June 30, 2016	Year-to-Date
Employee contributions	\$ 25	\$ 322
Lottery contributions	74	1,051
Total contributions	\$ 99	\$ 1,373

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 employees and level of compensation. Coverage under these programs is limited to \$1 million lifetime for health and \$10,000 of life insurance coverage.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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 \$429 and \$389 per employee per month for the years ending June 30, 2016 and 2015 respectively. Through June 30, 2016 and 2015, the Lottery has paid premiums of \$284,421 and \$287,861. As of June 30, 2016 and 2015, the Lottery has recorded a liability of \$4,990,361 and \$4,631,089 on its balance sheet for OPEB.

**SCHEDULE OF REVENUES AND NET REVENUES OF THE
 LOTTERY FUND AND EXCESS LOTTERY FUND
 FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2016
 (In Thousands)**

	Current Month		FISCAL YEAR	
	<u>Actual</u>	<u>Projected</u>	<u>Actual</u>	<u>Projected</u>
Gross Revenues				
Instant games	7,404	7,917	102,542	95,000
On-line games	6,425	5,792	85,660	69,500
Racetrack video lottery	41,478	36,807	537,727	462,000
Limited video lottery	27,743	28,498	360,814	368,000
Racetrack table games	3,331	2,624	43,547	36,500
Historic resort	393	555	6,346	6,100
Total gross revenues	<u>86,774</u>	<u>82,193</u>	<u>1,136,636</u>	<u>1,037,100</u>
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	941	1,035	12,652	12,425
On-line games	1,659	1,692	24,605	20,309
Racetrack Video Lottery	5,321	5,176	108,588	103,592
Total Lottery Fund net revenues	<u>7,921</u>	<u>7,903</u>	<u>145,845</u>	<u>136,326</u>
Excess Lottery Fund				
Racetrack Video Lottery	14,642	12,323	133,012	99,422
Limited Video Lottery	13,182	13,405	170,337	173,107
Limited Video Lottery Fees	4	-	8,966	7,500
Racetrack table games	1,635	1,287	21,370	17,906
Historic resort	151	245	2,352	2,446
Total Excess Lottery Fund Net Revenues	<u>29,614</u>	<u>27,260</u>	<u>336,037</u>	<u>300,381</u>
Total Net Revenues	<u>37,535</u>	<u>35,163</u>	<u>481,882</u>	<u>436,707</u>

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

304-347-4870

Memorandum

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

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

Date: August 8, 2016

Re: Status of General Revenue Fund and State Road Fund as of
July 31, 2016 (FY 17)

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

The net collections were 87% of the estimate for the fiscal year. Total collections were \$32.6 million below the estimate for the fiscal year.

Personal Income Tax collections were \$11.2 million below the estimate for the fiscal year.

Consumer sales and use tax collections were \$22 million below the estimate for the year.

Severance Tax was \$2 million above the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$3 million below the estimate for the fiscal year.

State Road Fund

The state road fund collections were 131% of the estimate for the fiscal year. Total collections were \$17.2 million above the estimate for the fiscal year.

Rainy Day and Personal Income Tax Reserve

Revenue Shortfall Reserve Fund A (Rainy Day Fund) had a cash balance of \$336,067,697.15 as of July 31, 2016.

Balance July 1, 2016	391,572,994.64
Earnings	4,494,702.51
Loan to General Revenue Fund 7/1/2016 for beginning of year cash flow, to be repaid within 90 days	-60,000,000.00
Balance July 31, 2016	336,067,697.15

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$390,669,265.59 as of July 31, 2016.

Balance July 1, 2016	387,130,049.09
Earnings	3,539,216.50
Balance July 31, 2016	390,669,265.59

The Personal Income Tax Reserve Fund had a \$5 million cash balance as of July 31, 2016.

Balance July 1, 2016	8,000,000.00
One-time draw for budget resolution	-3,000,000.00
Balance July 31, 2016	5,000,000.00

GENERAL REVENUE FUND FY 2016-2017

By Source and by Month
 Monthly Revenue Estimates
 as of July 29, 2016 OASIS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	FINAL MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES
Personal Income Tax	127,661,000	116,442,061	-11,218,939	127,661,000	116,442,061	-11,218,939
Consumer Sales Tax & Use Tax	86,703,000	64,604,819	-22,098,181	86,703,000	64,604,819	-22,098,181
Severance Tax	-8,829,000	-6,732,824	2,096,176	-8,829,000	-6,732,824	2,096,176
Corp Income /Business Franchise	7,000,000	3,923,653	-3,076,347	7,000,000	3,923,653	-3,076,347
Insurance Tax	26,160,000	22,161,063	-3,998,937	26,160,000	22,161,063	-3,998,937
Tobacco Products Tax	7,800,000	13,503,457	5,703,457	7,800,000	13,503,457	5,703,457
Business and Occupation	6,200,000	5,558,673	-641,327	6,200,000	5,558,673	-641,327
Liquor Profit Transfers	1,300,000	1,469,206	169,206	1,300,000	1,469,206	169,206
Departmental Collections	1,100,000	1,017,985	-82,015	1,100,000	1,017,985	-82,015
Property Transfer Tax	890,000	1,078,294	188,294	890,000	1,078,294	188,294
Property Tax	100,000	92,968	-7,032	100,000	92,968	-7,032
Beer Tax and Licenses	793,000	765,388	-27,612	793,000	765,388	-27,612
Miscellaneous Transfers	0	0	0	0	0	0
Interest Income	500,000	943,384	443,384	500,000	943,384	443,384
Senior Tax Credit Reimbur Lot	0	0	0	0	0	0
HB 102 - Lottery Transfers	0	0	0	0	0	0
Miscellaneous Receipts	120,000	152,156	32,156	120,000	152,156	32,156
Business Fran Registration Fees	130,000	44,050	-85,950	130,000	44,050	-85,950
Liquor License Renewal	0	0	0	0	0	0
Special Revenue Transfer - SB 364	0	0	0	0	0	0
Charter Tax	0	278	278	0	278	278
Video Lottery Transfers	0	9,120	9,120	0	9,120	9,120
July-Dec Retro Rev Adj	0	0	0	0	0	0
Cash Flow Transfer	0	60,000,000	60,000,000	0	60,000,000	60,000,000
SUBTOTALS	257,628,000	285,033,730	27,405,730	257,628,000	285,033,730	27,405,730
Less: <i>Cash Flow Transfer</i>		<i>(60,000,000)</i>	<i>(60,000,000)</i>		<i>(60,000,000)</i>	<i>(60,000,000)</i>
TOTALS	257,628,000	225,033,730	-32,594,270	257,628,000	225,033,730	-32,594,270

Percent of Estimates

87.35%

87.35%

Collections this day

28,213,388

STATE ROAD FUND FY 2016-2017
 By Source and by Month
 Monthly Revenue Estimates
 as of July 29, 2016 OASIS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	FINAL MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES
Gasoline & Motor Carrier Rd Tax	27,900,000	33,050,430	5,150,430	27,900,000	33,050,430	5,150,430
Privilege Tax	17,512,000	16,546,468	-965,532	17,512,000	16,546,468	-965,532
Licenses & Registration	9,805,000	7,934,781	-1,870,219	9,805,000	7,934,781	-1,870,219
Miscellaneous	0	14,944,796	14,944,796	0	14,944,796	14,944,796
Highway Litter Control	184,000	154,302	-29,698	184,000	154,302	-29,698
TOTALS	55,401,000	72,630,777	17,229,777	55,401,000	72,630,777	17,229,777
Percent of Estimates		131.10%			131.10%	
Collections this day		17,174,045				

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of July 05, 2016 : \$331,572,994.64

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of July 05, 2016: \$387,130,049.09

PERSONAL INCOME TAX REFUND RESERVE FUND as of July 05, 2016: \$5,000,000.00

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: August 8, 2016

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the July 31, 2016 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of July 31, 2016 of fiscal year 2016-2017, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2016	\$ 53,100,262.09
Receipts July 1, 2016 thru June 30, 2017	\$ 16,502,024.34
Disbursements July 1, 2016 thru June 30, 2017	\$ 22,328,176.62
Balance July 31, 2016	\$ 47,274,109.61

ITEMS OF NOTE:

Regular benefits paid for July 2016 were \$ 1.4 million more than July 2015.

Federal emergency benefits totaled \$ -12 thousand for July 2015. For July 2016, federal emergency benefits totaled \$ -8 thousand.

Total disbursements were \$ 365 thousand more in July 2016 than the preceding July 2015.

Receipts as of July 2016 were \$ -7.8 million less than in July 2015. Overall ending trust fund balance was \$ 70 million lower on July 31, 2016 than on July 31, 2015.

Seasonally adjusted unemployment rates for July 2016 were 5.7 percent for West Virginia and 4.9 percent nationally.

Since July 2015, employment has decreased by 2,100. Employment gains included 4,700 in educational and health services, 1,900 in leisure and hospitality, 800 in government, and 400 in financial activities. Employment declines included 4,800 in mining and logging, 300 in information, 700 in professional and business services, 1,000 in construction, 700 in other services, 700 in manufacturing and 1,700 in trade, transportation, and utilities.

August 3, 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 July 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 MAY 2015 AND MAY 2016**

	<u>MAY 2015</u>	<u>JUNE 2015</u>	<u>JULY 2015</u>	<u>MAY 2016</u>	<u>JUNE 2016</u>	<u>JULY 2016</u>	<u>THREE MONTH TOTAL VARIANCE *</u>
Balance Forward	<u>\$75,875,737.93</u>	<u>\$133,605,137.80</u>	<u>\$115,210,747.46</u>	<u>\$65,965,741.28</u>	<u>\$71,104,289.89</u>	<u>\$53,100,262.09</u>	<u>(\$134,521,329.93)</u>
Add Receipts:							
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions:	\$76,657,427.92	\$1,554,468.12	\$24,038,360.29	\$71,069,093.45	\$1,457,020.62	\$16,353,671.14	(\$13,370,471.12)
3. Federal Emergency Benefits (EUC08)	(\$499,962.01)	\$178.00	\$196.99	\$0.00	(\$430,000.00)	\$0.00	\$69,587.02
4. Federal Share Extended Benefits (EB)	(\$18,000.00)	\$0.00	\$0.00	\$0.00	(\$2,500.00)	\$0.00	\$15,500.00
5. Temp Federal Additional Comp (FAC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6. UCFE (Federal Agencies)	\$114,055.84	\$158,972.41	\$127,406.22	\$55,429.80	\$58,251.96	\$54,001.98	(\$232,750.73)
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	\$609,481.28	\$0.00	\$0.00	\$403,149.00	\$0.00	(\$206,332.28)
11. UCX (Military Agencies)	\$120,007.82	\$145,330.35	\$123,044.84	\$116,862.61	\$100,483.48	\$94,350.96	(\$76,685.96)
12. WV Senate Bill 558	\$0.00	\$0.00	\$0.00	(\$38,000,000.00)	\$0.00	\$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>\$76,373,529.57</u>	<u>\$2,468,430.16</u>	<u>\$24,289,008.34</u>	<u>\$33,241,385.86</u>	<u>\$1,586,405.06</u>	<u>\$16,502,024.08</u>	<u>(\$51,801,153.07)</u>
Less Disbursements:							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)
Regular Benefits:	\$18,421,859.30	\$20,629,796.23	\$20,725,904.07	\$27,935,019.49	\$19,450,624.48	\$22,171,265.89	\$9,779,350.26
Federal Emergency Benefits (EUC08)	(\$42,294.28)	(\$37,784.88)	(\$12,175.52)	(\$6,846.12)	(\$19,143.08)	(\$7,606.28)	\$58,659.20
Federal Share Extended Benefits (EB)	(\$155.00)	(\$773.00)	(\$50.00)	\$0.00	\$0.00	(\$40.00)	\$938.00
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	\$130,794.47	\$139,634.19	\$127,543.86	\$56,117.55	\$60,601.45	\$59,400.59	(\$221,852.93)
UCX (Military Workers) Benefits	\$133,925.21	\$131,947.96	\$121,859.21	\$118,546.33	\$98,350.01	\$105,156.36	(\$65,679.68)
Reed Act Funds	\$0.00	\$0.00	\$1,000,000.00	\$0.00	\$0.00	\$0.00	(\$1,000,000.00)
Special Administrative Transfer**	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Disbursements	<u>\$18,644,129.70</u>	<u>\$20,862,820.50</u>	<u>\$21,963,081.62</u>	<u>\$28,102,837.25</u>	<u>\$19,590,432.86</u>	<u>\$22,328,176.56</u>	<u>\$8,551,414.85</u>
Trust Fund Balance	<u>\$133,605,137.80</u>	<u>\$115,210,747.46</u>	<u>\$117,536,674.18</u>	<u>\$71,104,289.89</u>	<u>\$53,100,262.09</u>	<u>\$47,274,109.61</u>	<u>(\$194,873,897.85)</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

August 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	\$ 1,860,170	\$ 19,864,198	\$ 53,100,262
July	\$ 16,353,671	\$ 22,179,823	\$ 47,274,110
August	\$ 25,571,019	\$ 25,559,765	\$ 47,285,364
September	\$ 1,480,519	\$ 19,144,245	\$ 29,621,638
October	\$ 11,491,635	\$ 19,471,155	\$ 21,642,118
November	\$ 16,529,779	\$ 26,093,615	\$ 12,078,282
December	\$ 1,320,786	\$ 25,324,780	\$ (11,925,712)
Totals - 2016	\$ 199,841,670	\$ 294,628,070	\$ (11,925,712)

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

PEIA

August Interim Talking Points

- **PEIA and RHBT preliminary financial results for June 2016 are available for your review.**
- **PEIA is projected to complete FY 2016 behind plan by \$16 million. This is primarily due to lower than forecast investment income and higher than forecast Medical claims.**
- **And RHBT is projected to complete FY 2016 behind plan by \$39 million. This is attributable to lower than forecast investment income.**
- **The year-end reserve for the State Fund and non-State Fund are projected to be \$66.8 and \$38.4 million respectively.**
- **These reserve levels represent 9% and 27% of the respective funds' expenses. The required reserve for the State Fund is 14% of expenses.**



Financial Statements
June 2016

West Virginia Legislative Interims
August 2016

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

ACTUAL	BUDGET	PRIOR YR
\$465,432	\$468,738	\$344,276
118,146	119,127	120,435
109,354	109,011	89,200
2,113	2,224	2,128
(1,320)	9,224	4,294
		777
2,047	2,488	2,034
4,883	4,650	4,928
700,655	715,462	568,072
428,925	422,902	418,532
137,528	139,550	130,360
36,840	36,325	39,186
12,443	14,145	13,448
2,118	2,237	2,135
1,343	1,449	1,822
327	344	316
5,400	5,400	8,497
4,609	4,713	4,470
148,635	150,000	
778,168	777,065	618,766
(77,513)	(61,603)	(50,694)
129,978	129,978	180,672
\$52,465	\$68,375	\$129,978

	BUDGET VARIANCE		PRIOR YR VARIANCE	
	\$	%	\$	%
PREMIUM REVENUE				
Health Insurance - State Gov. - Employers	(\$3,306)	(1%)	\$121,156	35%
Health Insurance - State Gov. - Employees	(981)	(1%)	(2,289)	(2%)
Health Insurance - Local Gov. - All	343	0%	20,154	23%
Life Insurance	(111)	(5%)	(15)	(1%)
Direct Transfer		0%		0%
Interest and Investment Income	(10,544)	(114%)	(5,614)	(131%)
Litigation Settlement		0%	(777)	(100%)
Other Premium Revenue	(441)	(18%)	13	1%
Administrative Fees, Net of Refunds	233	5%	(45)	(1%)
TOTAL REVENUE	(14,807)	(2%)	132,583	23%
OPERATING EXPENSES				
Claims Expense - Medical	(6,023)	(1%)	(10,393)	(2%)
Claims Expense - Drugs	2,022	1%	(7,168)	(5%)
Payments to Managed Care Org.	(515)	(1%)	2,346	6%
Administrative Service Fees	1,702	12%	1,005	7%
Life Insurance Expense	119	5%	17	1%
Wellness and Disease Management	106	7%	479	26%
ACA Comparative Effectiveness Fee	17	5%	(11)	(3%)
ACA Reinsurance Contribution		0%	3,097	36%
Other Operating Expenses	104	2%	(139)	(3%)
WV RHBT Pay Go Premiums	1,365	1%	(148,635)	0%
TOTAL EXPENSES	(1,103)	(0%)	(159,402)	(26%)
YTD SURPLUS (DEFICIT)	15,910	(26%)	26,819	(53%)
Total Net Positions, Beginning of Period	0	0%	(50,694)	(28%)
TOTAL NET POSITION, END OF PERIOD	(\$15,910)	(23%)	(\$77,513)	(60%)

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

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
ADDITIONS							
Employer Premiums:							
\$3,191	\$3,219	\$3,213	Health premiums	(\$28)	(1%)	(\$22)	(1%)
123,812	125,100	125,441	Pay Go Premiums	(1,288)	(1%)	(1,630)	(1%)
103	0	117	Annual required contributions	103	0%	(14)	(12%)
127,106	128,319	128,771	Total Employer Premiums	(1,213)	(1%)	(1,666)	(1%)
Member Premiums:							
78,204	80,902	77,651	Health premiums	(2,698)	(3%)	553	1%
24,826	24,900	25,108	Pay Go Premiums	(74)	(0%)	(283)	(1%)
23,691	24,041	23,030	Life Insurance Premiums	(350)	(1%)	661	3%
126,721	129,843	125,789	Total Member Premiums	(3,122)	(2%)	931	1%
253,826	258,162	254,560	Total Premium Additions	(4,336)	(2%)	(735)	(0%)
Other Additions:							
1,200	718	1,481	Retiree Drug Subsidy	482	67%	(281)	(19%)
(1,263)	47,368	23,142	Investment Income	(48,632)	(103%)	(24,405)	(105%)
253,763	306,248	279,183	TOTAL ADDITIONS	(52,485)	(17%)	(25,420)	(9%)
DEDUCTIONS							
150,728	147,274	136,797	Payments to Managed Care Org.	(3,455)	(2%)	(13,931)	(10%)
23,383	22,500	22,760	Life Insurance Expense	(883)	(4%)	(623)	(3%)
67,897	77,696	71,779	Medical Claims Expense	9,799	13%	3,882	5%
30,776	38,225	28,957	Pharmacy Claims Expense	7,449	19%	(1,819)	(6%)
31	30	30	Comparative Effectiveness Research Fee	(1)	(3%)	(1)	(3%)
550	550	850	ACA Reinsurance Contribution	0	0%	300	35%
1,770	2,038	1,954	Administrative Service Fees (External)	268	13%	184	9%
2,666	2,745	2,528	Other Operating Expenses	79	3%	(138)	(5%)
68	0	84	Bad Debt Expense	(68)	0%	16	19%
277,870	291,057	265,739	TOTAL DEDUCTIONS	13,188	5%	(12,130)	(5%)
(24,107)	15,191	13,443	NET POSITION INCREASE (DECREASE)	(39,298)	(259%)	(37,550)	(279%)
Net Position Restricted for Post Employment Benefits							
704,592	704,592	691,149	Beginning of Period Total Net Position	0	0%	13,443	2%
\$680,485	\$719,783	\$704,592	End of Period Total Net Position	(\$39,298)	(5%)	(\$24,107)	(3%)

Accrual Basis / Unaudited / Internal Use Only
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Earl Ray Tomblin
Governor



Ted Cheatham
Director

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August 17, 2016

Joint Committee on Government and Finance
Senate Finance – 451M
State Capitol Complex
Charleston, WV 25305

To Whom It May Concern:

1. The March 31, 2016 Quarterly Report (Quarterly) Appendix for Fiscal Year 2016 indicates the June 30, 2016 balance will be as follows:

	PEIA		RHBT
	State Fund	Non State Fund	OPEB Fund
June 30, 2016	\$66,786,779	\$38,431,586	677,314,811

2. Per §5-16-25 the statutorily required reserve for the purposes of offsetting unanticipated claims losses (current FY costs) is the actuarial recommended reserve.

The current recommendation is 14% of a fiscal year expenses for PEIA and RHBT. Per the Quarterly Report, the percentage will be as follows at year end:

June 30, 2016	State Fund Reserve	Non State Fund Reserve	Total
Reserve Balance	\$66,786,779	\$38,431,586	\$105,218,365
Percentage	9%	27%	12%
	reserve/current FY costs		

3. The objective of the OPEB Reserve is to reach a fully funded status of the actuarially accrued liability (AAL). Therefore the target is 100%. The percentage balance represents of actuarially required balance:

	RHBT
June 30, 2016	OPEB Reserve
Reserve Balance	\$677,314,811
Percentage	19%
	OPEB Reserve/Actuarial Accrued Liability

4. Anticipated events that may significantly reduce or increase the amount of funds:

The primary anticipated reduction events are the ongoing forecast increases in the cost of healthcare. The below chart indicates the actuarial projected increases in costs for the medical and prescription drugs of the plan. These increased costs represent a total increase of \$236 million over the next four years, requiring an average of \$59 million a year in either increased premiums or benefit reductions.

	FY 2017	FY 2018	FY 2019	FY 2020
Medical Trend	7.0%	7.5%	8.0%	8.5%
Rx Trend	9.0%	9.5%	10.0%	10.5%

5. Total amount of benefit payments paid:

	PEIA	RHBT	Total
June 30, 2016	\$66,200,000	\$25,300,000	\$91,500,000

Sincerely,



Jason A. Haught, CPA
Chief Financial Officer

West Virginia Board of Risk and Insurance Management
UNAUDITED BALANCE SHEET AND INCOME STATEMENT
For the Fiscal Year Ending June 30, 2016

Talking Points

Note: The balance sheet and income statement presented reflects preliminary results for the fiscal year ending June 30, 2016. BRIM's financial statements for FY'16 are still subject to the final actuarial review and the completion of the year-end external audit.

- Net premium revenue for FY'16 is \$6.4 million higher than FY'15. BRIM increased premiums to cover projected increased claims costs for FY'16.
- Claims expense for FY'16 was less due to liability claims payments decreasing by \$4.4 million in FY'16.
- Investment earnings for FY'16 are \$2.6 million higher than for FY'15. For FY'16 fixed income returns improved BRIM's investment earnings. Conversely, lower fixed income returns reduced the earnings for FY'15.
- BRIM's overall financial results show a net loss of \$1.8 million for FY'16 versus a net loss of \$15.5 million for FY'15. Operating losses for both years are the result of higher than anticipated claims expenses. However, the combination of higher premium revenue, lower claims payments and better overall investment returns in FY'16 resulted in a much smaller loss than FY'15.
- BRIM has no unfunded liability.
- BRIM continues to pursue pro-active loss control initiatives.

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Twelve Months Ended June

	2016	2015
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	15,748	11,286
Advance deposits with insurance company and trustee	210,152	204,219
Receivables	1,483	1,934
Prepaid insurance	0	0
Restricted cash and cash equivalents	10,198	8,219
Restricted receivables:	0	0
Premiums due from other entities	620	597
Total current assets	238,202	226,254
Noncurrent assets:		
Equity position in internal investments pools	83,881	89,199
Restricted investments	48,441	48,625
Total noncurrent assets	132,322	137,824
Total assets	370,524	364,078
Deferred Outflows of Resources	127	127
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	50,980	47,890
Unearned premiums	8,300	7,659
Agent commissions payable	1,100	1,032
Claims Payable	0	0
Accrued expenses and other liabilities	978	1,137
Total current liabilities	61,358	57,718
Estimated unpaid claims and claims adjustment expense net of current portion	117,643	113,068
Compensated absences	91	76
Net pension liability	253	253
Total noncurrent liabilities	117,988	113,397
Total liabilities	179,346	171,115
Deferred Inflows of Resources	270	270
Net position:		
Restricted by State code for House Bill 601 Program and mine subsidence coverage	55,427	55,427
Unrestricted	137,393	152,988
Net Assets (Deficiency)	(1,785)	(15,595)
Net position	\$ 191,035	\$ 192,820

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Twelve Months Ended June

	2016	2015
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 65,293	\$ 58,204
Less coverage/reinsurance programs	(6,909)	(6,197)
Net operating revenues	58,384	52,007
Operating expenses		
Claims and claims adjustment expense	63,711	68,145
General and administrative	3,871	3,539
Total operating expenses	67,582	71,685
Operating income (loss)	(9,198)	(19,678)
Nonoperating revenues		
Investment income	7,413	4,833
Appropriation Transfer HB4261		0
Payment to transfer HB601 estimated future IBNR	-	(750)
Net nonoperating revenues	7,413	4,083
Changes in net position	(1,785)	(15,595)
Total net position, beginning of year	192,820	208,415
Total net position, end of period	\$ 191,035	\$ 192,820

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

There were a total of 11 leasing changes for this period and they are as follows:

- 1 – New Contract of Lease – DOA Owned
- 1 – New Contract of Lease
- 2 – Straight Renewal – DOA Owned
- 5 – Straight Renewal
- 2 – Cancellation

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

NEW CONTRACT OF LEASE – DOA OWNED

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-246 New Contract of Lease for 3 years consisting of 38,415 square feet of office and storage space at the annual per square foot rate of \$19.00, annual cost \$729,885.00, full service, 153 West Main Street, in the City of Clarksburg, Harrison County, West Virginia.

NEW CONTRACT OF LEASE

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-247 New Contract of Lease for 2 years consisting of 122 square feet of office space at the monthly rate of \$450.00, annual cost \$5,400.00, full service, 978 Blue Prince Road, in the City of Bluefield, Mercer County, West Virginia.

STRAIGHT RENEWAL – DOA OWNED

WEST VIRGINIA STATE TAX DEPARTMENT

TAX-057 Renewal for 3 years consisting of 375 square feet of office space at the current monthly rate of \$375.00, annual cost \$4,500.00, 130 Stratton Street, in the City of Logan, Logan County, West Virginia.

WEST VIRGINIA SUPREME COURT OF APPEALS

SCA-004 Renewal for 5 years consisting of a three story house at the current monthly rate of \$325.00, annual cost \$3,900.00, 2006 Quarrier Street, in the City of Charleston, Kanawha County, West Virginia.

STRAIGHT RENEWAL

DIVISION OF HIGHWAYS

HWY-023 Renewal for 1 year consisting of 650 square feet of office space at the current annual per square foot rate of \$22.15, annual cost \$14,400.00, 886 Chestnut Ridge Road, Campus/Building #0202/0253 in the City of Morgantown, Monongalia County, West Virginia.

OFFICE OF ADMINISTRATIVE HEARINGS

OAH-001 Renewal for 3 years consisting of 6,404 square feet of office space at the annual per square rate \$14.52, annual cost \$92,986.08, 300 Capitol Street, Charleston, Kanawha County, West Virginia.

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-017 Renewal for 5 years consisting of 900 square feet of space for an air monitoring facility at the current annual rate of \$1.00, in the City of Vienna, Wood County, West Virginia.

DEP-179 Renewal for 1 year consisting of a lot to locate an air monitoring facility at the current annual rate of \$240.00, near waste water treatment facility, in the City of Parkersburg, Wood County, West Virginia.

STRAIGHT RENEWAL - CONTINUED

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-076 Renewal for 1 year consisting of 25,049 square feet of office space at the current annual per square foot rate of \$7.39, annual cost \$185,112.11, Fayette Plateau Industrial Park, in the City of Oakhill, Fayette County, West Virginia.

CANCELLATION

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-144 Lease cancellation consisting of 5,718 square feet of training and classroom space, at the annual per square foot rate of \$4.81, annual cost \$27,515.04, full service, 110 North Sixth Street, in the City of Clarksburg, Harrison County, West Virginia

HHR-177 Lease cancellation consisting of 14,000 square feet of office space, at the annual per square foot rate of \$11.71, annual cost \$164,000.04, 633 West Pike Street, in the City of Clarksburg, Harrison County, West Virginia

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

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Department of Health and Human Resources	HHR-246	Harrison	38,415	19.00	729,885	3	2,189,655 *
2	Department of Health and Human Resources	HHR-247	Mercer	122	0.00	5,400	2	10,800
3	West Virginia State Tax Department	TAX-057	Logan	375	12.00	4,500	3	13,500
4	West Virginia Supreme Court of Appeals	SCA-004	Kanawha	1	0.00	3,900	1	3,900
5	Division of Highways	HWY-023	Monongalia	650	22.15	14,400	1	14,400
6	Office of Administrative Hearings	OAH-001	Kanawha	6,404	14.52	92,986	3	278,958
7	Department of Environmental Protection	DEP-017	Wood	900	0.00	1	1	1
8	Department of Environmental Protection	DEP-179	Wood	1	0.00	240	1	240
9	Department of Environmental Protection	DEP-076	Fayette	25,049	7.39	185,112	1	185,112

Total Rentable Square Feet	<u>71,917</u>	75.06
Average Annual Rental Rate		18.77
Total Annual Rent		<u>1,036,424</u>

*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	Department of Health and Human Resources	HHR-144	Harrison	5,718	4.81	27,504
2	Department of Health and Human Resources	HHR-177	Harrison	14,000	11.71	164,000

Total Rentable Square Feet	<u>19,718</u>
Total Annual Rent	<u>191,504</u>

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

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

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

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

NEW CONTRACT OF LEASE

DEPARTMENT OF EDUCATION

EDU-029 New Contract of Lease for 1 year consisting of 408 square feet of storage space at the monthly rate of \$144.50, annual cost \$1,734.00, in the City of Ripley, Jackson County, West Virginia.

WEST VIRGINIA STATE POLICE

PSA-123 New Contract of Lease with Option to Purchase for 25 years consisting of 15,000 square feet of office space at the annual per square foot rate of \$21.00, annual cost \$315,000.00, 320 Lafayette Street, in the City of Fairmont, Marion County, West Virginia.

DIVISION OF CORRECTIONS

COR-094 New Contract of Lease for 1 year consisting of 103 square feet of office space at the monthly rate of \$500.00, annual cost \$6,000.00, full service, 101 Church St, Lewisburg, WV 24901 in the City of Lewisburg, Greenbrier County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-244 New Contract of Lease for 3 years consisting of 64 square feet of office space at the annual monthly rate of \$450.00, annual cost \$5,400.00, full service, 211 Sixth Street, in the City of Parkersburg, Wood County, West Virginia.

STRAIGHT RENEWAL

SMALL BUSINESS DEVELOPMENT CENTER

SBD-004-SUB Renewal for 1 year, consisting of 120 square feet of useable space at the current monthly rate of \$160.00, annual cost \$1,920, 151 Robert C. Byrd Industrial Park, in the City of Moorefield, Hardy County, West Virginia.

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, 601 57th Street, in the City of Charleston, Kanawha County, West Virginia.

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-085 Renewal for 1 year consisting of 2,587 square feet of office space at the current annual per square foot rate of \$12.00, annual cost \$31,044.00, full service, 2311 Ohio Avenue, in the City of Parkersburg, Wood County, West Virginia.

DEP-087 Renewal for 1 year consisting of 4,000 square feet of office space at the current annual per square foot rate of \$8.67, annual cost \$34,680, full service, 331 Court Street, in the City of Welch, McDowell County, West Virginia.

STRAIGHT RENEWAL - CONTINUED

DIVISION OF CORRECTIONS

COR-046 Renewal for 1 years consisting of variable square footage, based on usage for inmates at Work Release Center, \$15 per inmate, per night, in the City of Wheeling, Ohio County, West Virginia.

RENEWAL WITH INCREASE IN SQUARE FEET

DIVISION OF CORRECTIONS

COR-080 Renewal for 1 year with an increase of square feet from 2,217 square feet to 3,132 square feet of office space at the current annual per square foot rate of \$9.85, annual cost \$30,850.20, 1513 Harrison Avenue, in the City of Elkins, Randolph County, West Virginia.

RENEWAL WITH INCREASE IN SQUARE FEET AND DECREASE IN RENT

STATE TREASURER'S OFFICE

STO-018 Renewal for 5 years with an increase of square feet from 7,392 square feet to 15,785 square feet of office space, and a decrease in the annual per square foot rate of from \$11.00 to \$9.55, annual cost \$150,746.75, full service, 315 70th Street, in the City of Charleston, Kanawha County, West Virginia.

CANCELLATION

GEOLOGICAL SURVEY

GES-002 Lease cancellation consisting of 1,390 square feet of office space, at the annual per square foot rate of \$17.00, annual cost \$23,630.00, full service, in the City of Charleston, Kanawha County, West Virginia.

STATE TREASURER'S OFFICE

STO-015 Lease cancellation consisting of 2,760 square feet of office, at the annual per square foot rate of \$11.35, annual cost \$31,326.00, full service, in the City of Charleston, Kanawha County, West Virginia.

STATE TAX DEPARTMENT

TAX-049 Lease cancellation consisting of 13,997 square feet of office space, at the annual per square foot rate of \$13.65, annual cost \$191,059.05, full service, in the City of Charleston, Kanawha County, West Virginia

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

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Department of Education	EDU-029	Jackson	408	0.00	1,734	1	1,734
2	West Virginia State Police	PSA-123	Marion	15,000	21.00	315,000	25	7,875,000 *
3	Division of Corrections	COR-094	Greenbrier	103	0.00	6,000	1	6,000
4	Department of Health and Human Resources	HHR-244	Wood	64	0.00	5,400	3	16,200
5	Small Business Development Center	SBD-004	Hardy	120	0.00	1,920	1	1,920
6	Public Employees Insurance Agency	PEI-003	Kanawha	17,962	16.68	299,606	3	898,818
7	Department of Environmental Protection	DEP-085	Wood	2,587	12.00	31,044	1	31,044
8	Department of Environmental Protection	DEP-087	McDowell	4,000	8.67	34,680	1	34,680
9	Division of Corrections	COR-046	Ohio	0	0.00	0	1	0
10	Division of Corrections	COR-080	Randolph	3,132	9.85	30,850	1	30,850
11	State Treasurer's Office	STO-018	Kanawha	15,785	9.55	150,747	5	753,734

Total Rentable Square Feet	<u>59,161</u>	77.75
Average Annual Rental Rate		12.96
Total Annual Rent		<u>876,981</u>

*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	Geological Survey	GES-002	Kanawha	1,390	17.00	23,630
2	State Treasurer's Office	STO-015	Kanawha	2,760	11.35	31,326
3	State Tax Department	TAX-049	Kanawha	13,997	13.65	191,059

Total Rentable Square Feet	<u>18,147</u>
Total Annual Rent	<u>246,015</u>

Joint Committee on Government and Finance

August 2016

Department of Health and Human Resources

MEDICAID REPORT

June 2016 Data

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

MONTH OF JUNE 2016

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	Difference
	SFY2015	SFY2016	Current Month Ended 6/30/16	Current Month Ended 6/30/16	Year To-Date Thru 6/30/16	Budget vs 6/30/16
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	259,534,546	192,501,502	9,628,441	14,816,699	183,269,033	9,232,468
Inpatient Hospital - DSH	54,744,826	56,379,600	1,360	-	54,542,207	1,837,393
Inpatient Hospital - Supplemental Payments	84,334,445	94,593,746	8,448,504	-	97,220,953	(2,627,207)
Inpatient Hospital - GME Payments	6,212,903	6,325,883	-	-	9,200,784	(2,874,901)
Mental Health Facilities	92,645,721	107,767,853	3,754,443	8,462,954	59,352,226	48,415,627
Mental Health Facilities - DSH Adjustment Payments	18,878,790	18,886,800	-	-	18,887,044	(244)
Nursing Facility Services - Regular Payments ⁽²⁾	595,055,199	597,169,653	55,405,371	49,786,542	630,204,999	(33,035,346)
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	66,746,902	70,498,800	5,456,292	5,874,900	68,588,700	1,910,100
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	203,212,970	105,826,502	7,542,993	8,147,328	113,605,035	(7,778,533)
Physicians Services - Supplemental Payments	32,315,705	29,033,600	-	-	33,313,589	(4,279,989)
Physician and Surgical Services - Evaluation and Management	10,747,712	-	681	-	129,275	(129,275)
Physician and Surgical Services - Vaccine Codes	39,310	-	8	-	288	(288)
Outpatient Hospital Services - Regular Payments	183,696,235	108,150,368	7,174,950	8,328,127	107,367,086	783,282
Outpatient Hospital Services - Supplemental Payments	74,671,549	188,691,259	20,355,089	-	105,537,692	83,153,567
Prescribed Drugs	446,971,859	308,412,374	21,342,098	23,925,449	309,820,218	(1,407,844)
Drug Rebate Offset - National Agreement	(225,015,927)	(168,559,200)	(7,338,734)	(4,220,722)	(247,408,979)	78,849,779
Drug Rebate Offset - State Sidebar Agreement	(15,905,952)	(9,007,200)	(232,777)	(225,540)	(9,422,139)	414,939
Drug Rebate Offset - MCO National	(45,732,577)	(36,008,400)	(4,519,566)	(901,650)	(89,724,636)	53,716,236
Drug Rebate Offset - MCO State Sidebar Agreement	(4,151,916)	(3,098,400)	(46,116)	(77,584)	(7,465,454)	4,367,054
Dental Services	31,430,204	20,361,430	1,247,049	1,568,360	17,893,970	2,467,460
Other Practitioners Services - Regular Payments	20,379,468	12,984,934	668,881	1,013,196	10,761,577	2,223,358
Other Practitioners Services - Supplemental Payments	-	75,536	-	5,810	-	75,536
Clinic Services	7,081,157	5,832,562	165,711	453,326	3,328,805	2,503,758
Lab & Radiological Services	46,852,349	25,678,438	1,274,794	1,982,566	26,850,466	(1,172,028)
Home Health Services	55,466,443	48,869,575	3,181,422	3,783,953	42,694,689	6,174,886
Hysterectomies/Sterilizations	406,748	173,529	10,190	13,348	234,860	(61,331)
Pregnancy Terminations ⁽⁴⁾	375,310	246,000	29,830	18,923	100,445	145,555
EPSDT Services	1,226,053	836,130	116,740	64,336	1,557,159	(721,029)
Rural Health Clinic Services	17,179,959	10,556,545	476,180	813,627	9,196,206	1,360,339
Medicare Health Insurance Payments - Part A Premiums	16,692,882	16,664,400	1,481,267	-	18,084,672	(1,420,272)
Medicare Health Insurance Payments - Part B Premiums	90,742,492	99,588,000	8,734,035	-	96,216,407	3,371,593
120% - 134% Of Poverty	7,003,332	7,789,300	740,909	599,177	7,659,976	129,324
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	10,430,719	9,640,800	769,892	741,600	9,742,453	(101,653)

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

	MONTH OF JUNE 2016		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	Difference
	SFY2015	SFY2016	Current Month Ended 6/30/16	SFY2016	Current Month Ended 6/30/16	Current Month Ended 6/30/16	Year To-Date Thru 6/30/16	Budget vs 6/30/16
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	604,638,556	1,191,411,185	162,462,388		99,284,265	1,286,596,440	(95,185,255)	
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	111,570		42,215	577,361	(28,561)	
Medicaid Health Insurance Payments: Coinsurance	-	-	-		-	-	-	
Medicaid Health Insurance Payments: Other	-	-	-		-	-	-	
Home & Community-Based Services (MR/DD)	363,978,617	375,103,800	24,591,631		28,854,138	331,915,383	43,188,417	
Home & Community-Based Services (Aged/Disabled)	102,849,082	117,097,831	8,500,182		9,020,911	103,722,893	13,374,938	
Home & Community-Based Services (Traumatic Brain Injury)	876,006	2,253,300	101,618		173,331	1,288,545	964,755	
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	6,221,570		5,662,995	75,446,602	(1,829,249)	
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	240,520		221,042	2,684,324	183,345	
Primary Care Case Management Services	103,803	122,413	7,659		9,416	118,509	3,904	
Hospice Benefits ⁽³⁾	26,445,147	26,313,918	1,920,549		2,024,148	24,320,666	1,993,252	
Emergency Services Undocumented Aliens	72,090	139,700	50,514		10,746	726,066	(586,366)	
Federally Qualified Health Center	61,804,749	43,953,670	1,526,384		3,384,707	26,222,679	17,730,992	
Non-Emergency Medical Transportation	34,823,256	33,703,796	2,992,954		2,592,664	33,044,241	659,555	
Physical Therapy	5,722,233	2,936,965	183,456		225,932	2,760,232	176,733	
Occupational Therapy	624,577	574,815	53,860		44,217	636,335	(61,520)	
Services for Speech, Hearing & Language	633,232	536,529	59,352		41,271	572,866	(36,337)	
Prosthetic Devices, Dentures, Eyeglasses	2,305,840	1,886,791	151,149		145,219	1,889,277	(2,486)	
Diagnostic Screening & Preventive Services	1,704,754	757,500	49,036		58,282	896,178	(138,678)	
Nurse Mid-Wife	503,608	635,487	16,637		48,884	292,426	343,061	
Emergency Hospital Services	(448)	-	-		-	192	(192)	
Critical Access Hospitals	71,608,002	47,924,409	3,557,245		3,687,392	45,325,311	2,599,098	
Nurse Practitioner Services	5,052,021	3,702,293	265,724		284,907	3,878,988	(176,695)	
School Based Services	36,294,586	56,575,009	561,824		4,351,931	10,758,594	45,816,415	
Rehabilitative Services (Non-School Based)	94,547,692	84,537,087	5,839,703		6,535,009	72,279,284	12,257,803	
Private Duty Nursing	7,642,494	7,570,500	621,723		582,346	7,569,986	514	
Health Home for Enrollees w Chronic Conditions	238,519	600,000	12,965		46,154	283,848	316,152	
Other Care Services	31,453,484	23,625,311	1,754,106		1,827,591	23,840,500	(215,189)	
Less: Recoupments	-	-	(438,417)		-	(2,409,283)	2,409,283	
NET EXPENDITURES:	3,688,116,621	4,025,858,052	367,285,839		294,134,438	3,736,579,898	289,278,154	

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

MONTH OF JUNE 2016	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	Difference
	SFY2015	SFY2016	Current Month Ended 6/30/16	Current Month Ended 6/30/16	Year To-Date Thru 6/30/16	Budget vs 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	367,285,839	294,134,438	3,707,832,245	318,025,808
Plus: Medicaid Part D Expenditures	36,926,444	39,285,595	3,429,593	3,273,800	38,334,392	951,203
Plus: State Only Medicaid Expenditures	606,484	1,017,615	38,316	78,278	643,193	374,422
Plus: Money Follow the Person Expenditures	1,298,632	5,140,141	204,177	395,395	1,225,231	3,914,910
TOTAL MEDICAID EXPENDITURES	\$ 3,702,343,790	\$ 4,071,301,403	\$ 370,957,924	\$ 297,881,911	\$ 3,748,035,062	\$ 323,266,342
Plus: Reimbursables ⁽¹⁾	5,039,370	5,615,668	333,510	431,974	3,982,371	1,633,297
Plus: NATCEP/PASARR/Eligibility Exams	267,913	332,214	17,967	25,555	271,038	61,177
Plus: HIT Incentive Payments	12,584,631	45,905,723	1,692,261	3,531,209	6,343,904	39,561,818
TOTAL EXPENDITURES	\$ 3,720,235,704	\$ 4,123,155,008	\$ 373,001,661	\$ 301,870,649	\$ 3,758,632,374	\$ 364,522,635

(1) This amount will revert to State Only if not reimbursed.
 (2) Of the amount in the "Nursing Facility Services-Regular Payments" line, \$21,270,142 is the amount paid to State Facilities year to date.
 (3) Of the amount in the "Hospice Benefits" line, \$18,263,725 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

	12 Months Actuals			0 Months Remaining	
MONTH OF JUNE 2016	ACTUALS	ACTUALS	ACTUALS	Difference	TOTAL
	SFY2015	Current Month Ended 6/30/16	Year-To-Date Thru 6/30/16	Budget vs Actual	SFY2016
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	\$ 32,021,465	\$ 16,753,511	\$ 19,802,059	\$ (4,541)	\$ 19,797,518
MATCHING FUNDS					
General Revenue (0403/189)	304,124,566	16,946,744	367,629,797	98,520,534	466,150,331
MRDD Waiver (0403/466)	87,841,010	9,762,883	88,753,483	-	88,753,483
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,334	2,596,000	-	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,666	6,356,000	-	6,356,000
Traumatic Brain Injury (0403/835)	800,000	88,000	800,000	-	800,000
Title XIX Waiver for Seniors (0403-533)	13,593,620	1,495,298	11,377,874	2,215,746	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	-	8,670,000	-	8,670,000
Excess Lottery (5365/189)	35,901,082	14,422,140	24,512,140	(10,090,000)	14,422,140
Lottery Surplus (5405/68199)	-	-	15,125,755	(5,125,755)	10,000,000
Lottery Surplus (5365/68100)	-	-	20,000,000	-	20,000,000
Trust Fund Appropriation (5185/189)	112,246,112	4,000,000	66,292,331	(7,068,774)	59,223,557
Provider Tax (5090/189)	199,790,969	14,895,169	209,832,017	(2,377,323)	207,454,693
NSGO UPL (5084/6717)	861,352	-	4,378,592	(3,137,189)	1,241,403
Certified Match	19,862,122	857,132	11,867,795	13,395,879	25,263,674
Reimbursables - Amount Reimbursed	14,043,214	553,751	4,138,564	1,477,103	5,615,668
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	888,274	50,084	602,343	297,657	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	\$ 80,570,713	\$ 897,266,827	\$ 88,594,209	\$ 985,861,037
FEDERAL FUNDS	\$ 2,809,228,738	\$ 314,929,002	\$ 2,887,088,843	\$ 275,829,040	\$ 3,162,917,884
TOTAL REVENUE SOURCES	\$ 3,770,229,785	\$ 395,499,715	\$ 3,784,355,671	\$ 364,423,250	\$ 4,148,778,920
TOTAL EXPENDITURES:					
Provider Payments	\$ 3,720,235,704	\$ 373,001,661	\$ 3,758,632,374	\$ 364,522,635	\$ 4,123,155,008
TOTAL	\$ 49,994,081	\$ 22,498,054	\$ 25,723,297		\$ 25,623,912

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

Joint Committee on Government and Finance

August 2016

Department of Health and Human Resources

**MEDICAID WAIVER REPORT
June 2016 Data**

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

Aged & Disabled Waiver Reported June 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	6,254	6,385	6,385
Applicants determined eligible this month and added to MEL (3)		2,596	237	179	166	174	217	255	183	139	62	110	91	84	1,897
Applicants determined ineligible		249	42	11	37	14	18	23	16	10	1	7	8	8	195
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	5,555	5,571	5,571
Active members enrolled during the calendar month		1,380	173	125	89	60	39	62	14	17	9	44	50	143	825
Members discharged during the calendar month		900	72	53	5	82	104	111	70	95	111	89	126	127	1,045
ADW Members whose case was closed by reason	Member is deceased	432	42	25	2	44	54	68	45	43	67	53	53	77	573
	Other (4)	468	30	28	3	38	50	43	25	52	44	36	73	50	472
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	541	201	1,903
ADW Applicants removed from the MEL	Applicant offered a slot	2,958	10	62	70	75	33	10	4	1	169	13	360	112	919
	Applicant became deceased	258	21	9	10	14	18	22	18	17	12	9	8	11	169
	Other (5)	1,217	61	32	29	46	53	65	39	68	100	71	173	78	815
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	22	25	25
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	36	38	38
Applicants on the MEL at the end of the month		280	425	501	558	597	710	868	990	1,043	824	841	391	274	274
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	221	190	190

- (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 June 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	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	4,632	4,634	4,634
Applicants determined eligible (2)		376	42	24	19	27	21	26	18	24	16	22	33	21	293
Applicants determined ineligible (3)		362	43	21	23	28	11	17	49	23	14	25	20	13	287
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	4,547	4,534	4,534
Discharged members at the end of the calendar month		126	2	13	10	7	0	14	9	13	11	0	12	13	104
Discharged members who were discharged by reason	Deceased	58	1	6	6	1	0	8	5	7	6	0	7	6	53
	Left program to enter a facility	16	1	2	2	0	0	0	0	0	1	0	0	3	9
	Other (6)	52	0	5	2	6	0	6	2	6	4	0	5	4	40
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	1,241	1,260	1,260
Number of applicants added to the MEL (4)		376	42	24	19	27	21	26	18	24	16	22	33	21	293
Applicants enrolled (removed from the MEL)		209	98	0	11	0	0	1	0	0	1	3	1	0	115
Applicants removed from the MEL due to Death (5)		10	1	0	0	0	0	0	0	0	0	7	1	0	9
Applicants removed from the MEL due to Other (8)		0	0	0	0	0	0	0	0	0	0	0	4	3	7
Applicants on the MEL who are in a Nursing Facility		3	3	3	3	3	3	1	1	1	1	2	2	2	2
Applicants on the MEL who are in an ICF/IID Group Home		73	70	77	80	81	83	84	75	86	88	96	96	101	101
Applicants on the MEL receiving Personal Care Services each month		71	70	74	71	78	75	72	76	76	77	78	84	82	82
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	1,275	1,303	1,303 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) Prior to May 2016, there was no way to track other reasons why someone may leave the MEL, 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.

(8) Began tracking in May 2016. Includes voluntarily declining a slot, moving out of state, leaving MEL for ADW/TBIW or ICF/IID, Nursing Facility

*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 June 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	56	58	60	63	67	67	70	71	71	72	72
Applicants determined eligible and became active this month (2)		31	2	0	1	2	2	3	4	0	3	1	1	5	24
Applicants determined ineligible (3)		5	4	0	0	1	0	0	0	0	0	0	0	0	5
ACTIVE MEMBERS															
Active members at the end of the month (unduplicated slots active)		56	57	54	51	52	54	57	60	59	60	61	62	63	63
Closed member at the end of the calendar month		11	1	3	3	1	0	0	1	1	2	0	1	4	17
TBI Members whose case was closed by reason	Deceased	2	0	1	1	1	0	0	0	0	1	0	0	0	4
	Left program to enter a faculty	0	0	0	1	0	0	0	0	1	1	0	0	0	3
	Other (4)	9	1	2	1	0	0	0	1	0	0	0	1	4	10
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	5	0	0
Number of applicants added to the MEL		N/A	NA	NA	NA	NA	NA	NA	NA	NA	NA	0	3	0	0
Applicants enrolled (moved from the MEL due to slot releases)		N/A	NA	NA	NA	NA	NA	NA	NA	NA	NA	0	1	0	0
Applicants removed from the MEL due to death		N/A	NA	NA	NA	NA	NA	NA	NA	NA	NA	0	0	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	0	0	0
New Applicants on the MEL receiving Personal Care each month		N/A	NA	NA	NA	NA	NA	NA	NA	NA	NA	0	0	0	0
Longest on the MEL to date		N/A	NA	NA	NA	NA	NA	NA	NA	NA	NA	8	39	0	0 days

(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
Report

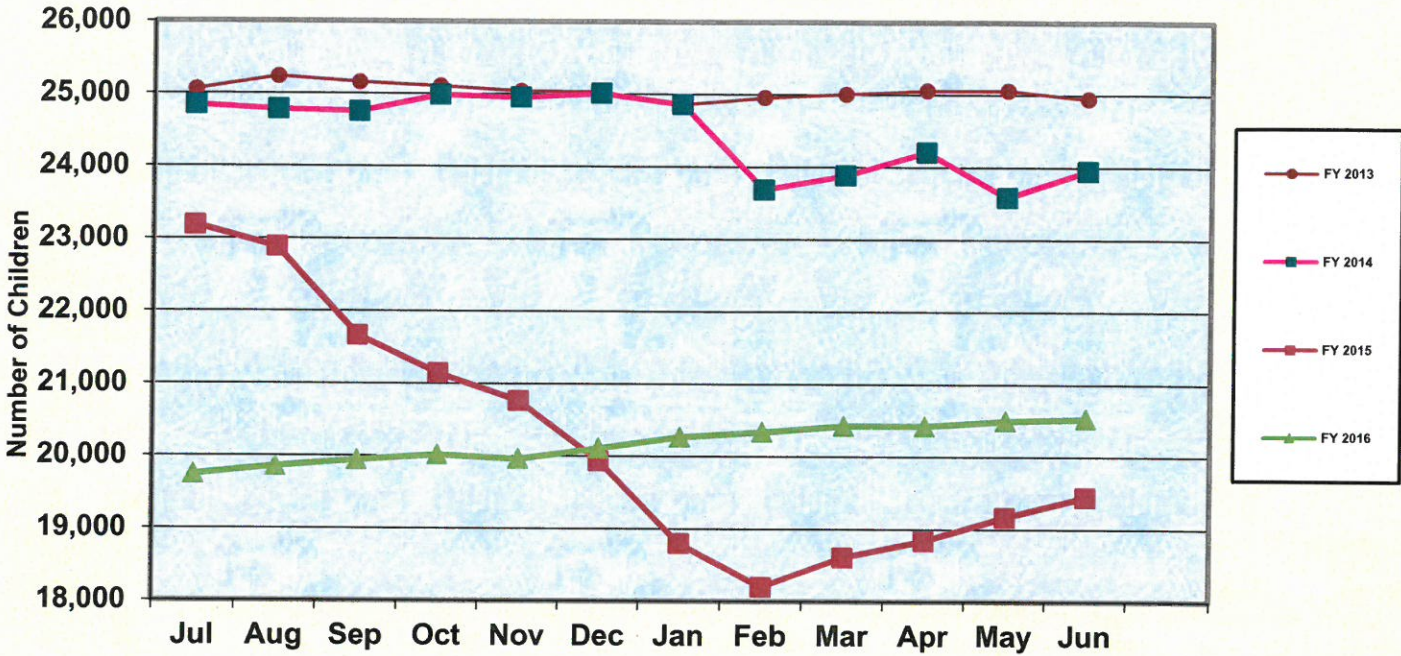
AUGUST 2016

Department of Health and Human Resources

State Children's Health Insurance Program
UPDATE

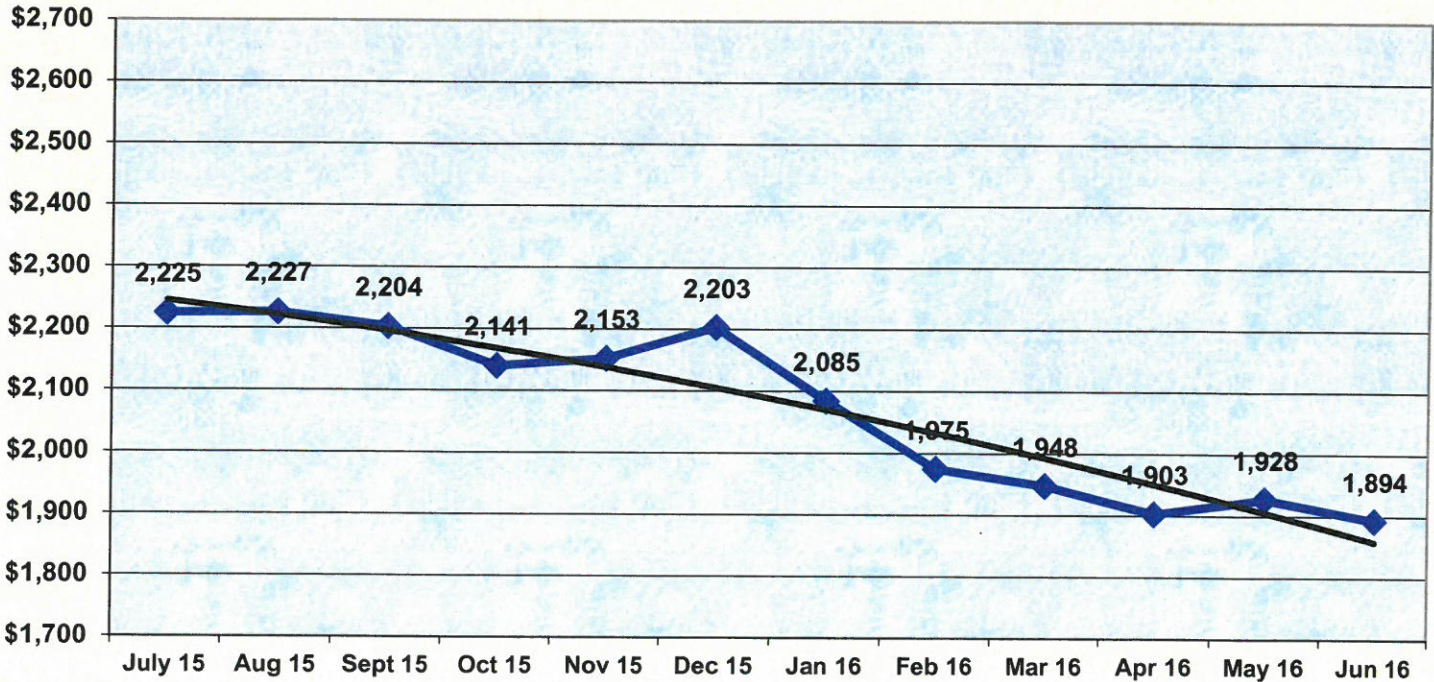


WV CHIP Enrollment



June 30th Enrollment 20,531

Annualized Health Care Expenditures (Cost per Child)



**West Virginia Children's Health Insurance Program
Comparative Balance Sheet**

**June 30, 2016 and 2015
(Accrual Basis)**

	June 30, 2016	June 30, 2015	Variance	
Assets:				
Cash & Cash Equivalents	\$6,546,839	\$9,953,901	(\$3,407,062)	-34%
Due From Federal Government	\$12,321,254	\$3,144,682	\$9,176,572	292%
Due From Other Funds	\$0	\$740,039	(\$740,039)	-100%
Accrued Interest Receivable	\$6,236	\$7,491	(\$1,255)	-17%
Fixed Assets, at Historical Cost	<u>\$82,046</u>	<u>\$82,046</u>	<u>\$0</u>	<u>0%</u>
 Total Assets	 <u>\$18,956,375</u>	 <u>\$13,928,159</u>	 <u>\$5,028,216</u>	 <u>36%</u>
Liabilities:				
Accounts Payable	\$1,238,344	\$227,602	\$1,010,742	444%
Unpaid Insurance Claims Liability	<u>\$9,450,000</u>	<u>\$3,428,717</u>	<u>\$6,021,283</u>	<u>176%</u>
 Total Liabilities	 <u>\$10,688,344</u>	 <u>\$3,656,319</u>	 <u>\$7,032,025</u>	 <u>192%</u>
 Fund Equity	 <u>\$8,268,031</u>	 <u>\$10,271,840</u>	 <u>(\$2,003,809)</u>	 <u>-20%</u>
 Total Liabilities and Fund Equity	 <u>\$18,956,375</u>	 <u>\$13,928,159</u>	 <u>\$5,028,216</u>	 <u>36%</u>

PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Twelve Months Ending June 30, 2016 and June 30, 2015
(Modified Accrual Basis)

	June 30, 2016	June 30, 2015	Variance	
Revenues				
Federal Grants	\$44,164,727	\$37,938,660	\$6,226,067	16%
State Appropriations	\$0	\$6,093,437	(\$6,093,437)	-100%
Premium Revenues	\$1,360,586	\$1,209,744	\$150,842	12%
Investment Income:				
Investment Earnings	<u>\$65,271</u>	<u>\$75,140</u>	<u>(\$9,869)</u>	<u>-13%</u>
Total Revenues	<u>\$45,590,584</u>	<u>\$45,316,981</u>	<u>\$273,603</u>	<u>1%</u>
Expenditures:				
Claims:				
Outpatient Services	\$10,297,894	\$12,319,675	(\$2,021,781)	-16%
Physicians & Surgical	\$10,322,869	\$9,050,279	\$1,272,590	14%
Prescribed Drugs	\$8,913,432	\$8,453,297	\$460,135	5%
Dental	\$5,415,059	\$6,088,365	(\$673,306)	-11%
Inpatient Hospital Services	\$3,770,040	\$3,034,938	\$735,102	24%
Outpatient Mental Health	\$844,630	\$1,265,905	(\$421,275)	-33%
Durable & Disposable Med. Equip.	\$820,628	\$987,524	(\$166,896)	-17%
Inpatient Mental Health	\$541,469	\$840,634	(\$299,165)	-36%
Vision	\$694,743	\$668,068	\$26,675	4%
Therapy	\$1,029,313	\$613,821	\$415,492	68%
Medical Transportation	\$422,902	\$354,895	\$68,007	19%
Other Services	\$461,018	\$87,660	\$373,358	426%
Less: Collections**	-\$1,222,807	-\$976,356	(\$246,451)	25%
Total Claims	<u>\$42,311,190</u>	<u>\$42,788,705</u>	<u>(\$477,515)</u>	<u>-1%</u>
General and Admin Expenses:				
Salaries and Benefits	\$570,269	\$609,865	(\$39,596)	-6%
Program Administration	\$3,177,851	\$3,347,357	(\$169,506)	-5%
Eligibility	\$363,476	\$72,020	\$291,456	405%
Outreach & Health Promotion	\$12,898	\$474,758	(\$461,860)	-97%
Current	<u>\$165,965</u>	<u>\$207,078</u>	<u>(\$41,113)</u>	<u>-20%</u>
Total Administrative	<u>\$4,290,459</u>	<u>\$4,711,078</u>	<u>(\$420,619)</u>	<u>-9%</u>
Total Expenditures	<u>\$46,601,649</u>	<u>\$47,499,783</u>	<u>(\$898,134)</u>	<u>-2%</u>
Excess of Revenues				
Over (Under) Expenditures	<u>-\$1,011,065</u>	<u>-\$2,182,802</u>	<u>\$1,171,737</u>	<u>-54%</u>
Unrealized Gain(loss) On Investments*	\$20,261	-\$8,629	\$28,890	-335%
Fund Equity, Beginning	<u>\$10,674,682</u>	<u>\$12,866,113</u>	<u>(\$2,191,431)</u>	<u>-17%</u>
Adjustments to Fund Equity	-\$1,415,847	-\$402,842	(\$1,013,005)	0%
Fund Equity, Ending	<u>\$8,268,031</u>	<u>\$10,271,840</u>	<u>(\$2,003,809)</u>	<u>-20%</u>

** Collections are primarily drug rebates and subrogation

PRELIMINARY FINANCIAL STATEMENTS

West Virginia Children's Health Insurance Program
WVFIMS Fund 5071
For the Month June 30, 2016
(Accrual Basis)

Investment Account

Funds Invested	\$6,360,354
Interest Earned	<u>6,236</u>
Total	<u>\$6,366,590</u>

Unaudited - For Management Purposes Only - Unaudited

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

	Budgeted for Year	Year to Date Budgeted Amt	Year to Date Actual Amt	Year to Date Variance*		Monthly Budgeted Amt	Actual Amt Jun-16	Actual Amt May-16	Actual Amt Apr-16
Projected Cost	\$46,514,413	\$46,514,413	\$39,495,908	\$7,018,505	15%	\$3,876,201	\$3,331,767	\$3,052,427	\$3,599,185
Premiums	\$1,854,664	\$1,854,664	\$1,366,018	(\$488,646)	-26%	\$154,555	\$98,585	\$108,553	\$116,250
Subrogation & Rebates	<u>\$1,015,410</u>	<u>\$1,015,410</u>	<u>\$1,158,986</u>	<u>\$143,576</u>	<u>14%</u>	<u>\$84,618</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Net Benefit Cost	\$43,644,339	\$43,644,339	\$36,970,904	\$6,673,435	15%	\$3,714,594	\$3,233,182	\$2,943,874	\$3,482,935
Salaries & Benefits	\$646,556	\$646,556	\$570,269	\$76,287	12%	\$53,880	\$43,709	\$43,566	\$42,532
Program Administration	\$3,500,000	\$3,500,000	\$2,469,839	\$1,030,161	29%	\$291,667	\$312,147	\$81,399	\$56,195
Eligibility	\$250,000	\$250,000	\$53,026	\$196,974	79%	\$20,833	\$17,505	\$0	\$6,101
Outreach & Health Prom.	\$300,000	\$300,000	\$22,437	\$277,563	93%	\$25,000	\$0	\$0	\$300
Current Expense	<u>\$250,000</u>	<u>\$250,000</u>	<u>\$164,147</u>	<u>\$85,853</u>	<u>34%</u>	<u>\$20,833</u>	<u>\$26,734</u>	<u>\$2,798</u>	<u>\$12,166</u>
Total Admin Cost	\$4,946,556	\$4,946,556	\$3,279,718	\$1,666,838	34%	\$412,213	\$400,096	\$127,764	\$117,294
Total Program Cost	<u>\$48,590,895</u>	<u>\$48,590,895</u>	<u>\$40,250,622</u>	<u>\$8,340,273</u>	<u>17%</u>	<u>\$4,126,807</u>	<u>\$3,633,278</u>	<u>\$3,071,638</u>	<u>\$3,600,229</u>
Federal Share 100.00%	\$46,155,276	\$46,155,276	\$38,163,858	\$7,991,419	17%	\$3,291,541	\$3,633,278	\$3,071,638	\$3,600,229
State Share 0.00%	<u>\$2,435,619</u>	<u>\$2,435,619</u>	<u>\$2,086,764</u>	<u>\$348,855</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>\$48,590,895</u>	<u>\$40,250,622</u>	<u>\$8,340,273</u>	<u>17%</u>	<u>\$4,126,807</u>	<u>\$3,633,278</u>	<u>\$3,071,638</u>	<u>\$3,600,229</u>

* Positive percentages indicate favorable variances

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

Unaudited - Cash Basis For Management Purposes Only - Unaudited

WVCHIP Enrollment Report

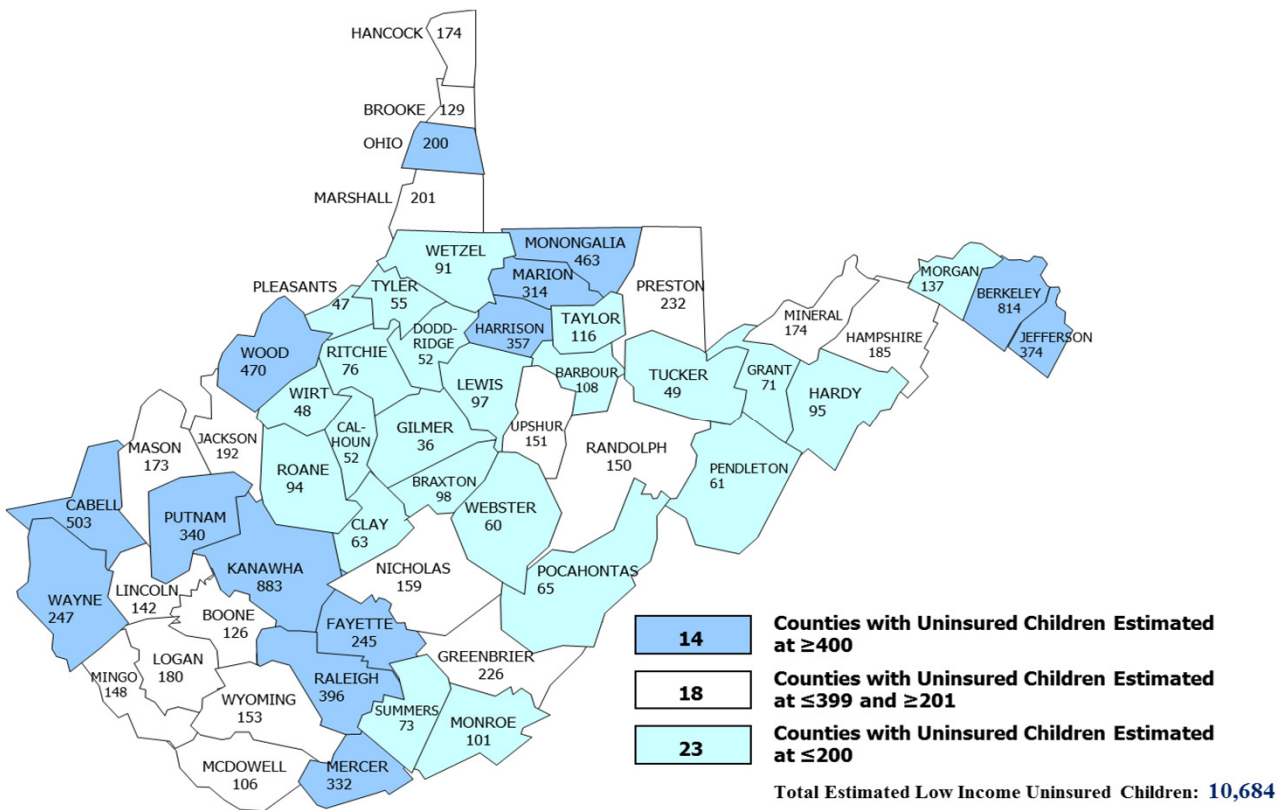
July 2016

County	County Pop.	Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2010	2010
	2010 Est. (0-18 Yrs)	Enrollment Jul-16	Enrollment Jul-16	CHIP/Medicaid Enrollment	Enrollment % of Population	Est. Uninsured 3%	# Children Uninsured Ranking*
Barbour	3,600	238	1,711	1,949	54.1%	108	33
Berkeley	26,251	1,420	11,662	13,082	49.8%	788	2
Boone	5,615	255	3,428	3,683	65.6%	168	25
Braxton	3,006	160	1,717	1,877	62.4%	90	40
Brooke	4,573	232	1,700	1,932	42.2%	137	31
Cabell	18,879	1,005	9,538	10,543	55.8%	566	4
Calhoun	1,518	79	855	934	61.5%	46	51
Clay	2,215	146	1,449	1,595	72.0%	66	44
Doddridge	1,673	82	771	853	51.0%	50	48
Fayette	9,438	695	5,441	6,136	65.0%	283	13
Gilmer	1,260	50	623	673	53.4%	38	54
Grant	2,555	108	1,113	1,221	47.8%	77	42
Greenbrier	7,131	564	3,682	4,246	59.5%	214	16
Hampshire	5,392	227	2,509	2,736	50.7%	162	27
Hancock	6,166	318	2,806	3,124	50.7%	185	20
Hardy	3,015	154	1,639	1,793	59.5%	90	39
Harrison	15,202	853	6,620	7,473	49.2%	456	7
Jackson	6,602	387	3,150	3,537	53.6%	198	18
Jefferson	12,679	544	3,890	4,434	35.0%	380	10
Kanawha	39,771	1,940	19,914	21,854	54.9%	1,193	1
Lewis	3,389	223	1,961	2,184	64.4%	102	37
Lincoln	4,930	262	3,269	3,531	71.6%	148	30
Logan	7,496	387	4,717	5,104	68.1%	225	15
Marion	11,227	584	5,333	5,917	52.7%	337	11
Marshall	6,886	261	3,119	3,380	49.1%	207	17
Mason	5,929	247	2,960	3,207	54.1%	178	21
McDowell	4,423	210	3,376	3,586	81.1%	133	32
Mercer	12,764	845	8,122	8,967	70.3%	383	9
Mineral	5,868	238	2,412	2,650	45.2%	176	23
Mingo	5,905	216	4,087	4,303	72.9%	177	22
Monongalia	15,294	795	5,431	6,226	40.7%	459	6
Monroe	2,835	235	1,206	1,441	50.8%	85	41
Morgan	3,596	225	1,568	1,793	49.9%	108	34
Nicholas	5,561	310	3,073	3,383	60.8%	167	26
Ohio	8,444	424	3,588	4,012	47.5%	253	14
Pendleton	1,462	71	642	713	48.8%	44	52
Pleasants	1,551	77	646	723	46.6%	47	50
Pocahontas	1,561	133	877	1,010	64.7%	47	49
Preston	6,536	394	3,190	3,584	54.8%	196	19
Putnam	13,150	582	4,478	5,060	38.5%	395	8
Raleigh	16,403	1,018	9,645	10,663	65.0%	492	5
Randolph	5,705	460	2,933	3,393	59.5%	171	24
Ritchie	2,205	112	1,104	1,216	55.2%	66	45
Roane	3,239	278	1,879	2,157	66.6%	97	38
Summers	2,521	149	1,420	1,569	62.2%	76	43
Taylor	3,514	185	1,608	1,793	51.0%	105	35
Tucker	1,371	99	592	691	50.4%	41	53
Tyler	1,924	98	868	966	50.2%	58	47

WVCHIP Enrollment Report

July 2016

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment Jul-16	Total Medicaid Enrollment Jul-16	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	2010 Est. Uninsured 3%	2010 # Children Uninsured Ranking*
Upshur	4,996	309	2,895	3,204	64.1%	150	29
Wayne	9,516	364	4,942	5,306	55.8%	285	12
Webster	1,977	112	1,336	1,448	73.2%	59	46
Wetzel	3,466	179	1,847	2,026	58.5%	104	36
Wirt	1,201	63	778	841	70.1%	36	55
Wood	18,956	897	9,565	10,462	55.2%	569	3
Wyoming	5,116	301	3,124	3,425	66.9%	153	28
Totals	387,459	20,800	192,809	213,609	55.1%	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

June 30, 2016



Participant Plans Allocation & Performance Net of Fees - Preliminary

Period Ending: June 30, 2016

	6/30/2015		6/30/2016		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	16,714,806	100.0							
Pension Assets	13,635,608	79.4	13,199,263	79.0							
Public Employees' Retirement System	5,742,388	33.5	5,584,415	33.4	0.2	1.6	(0.3)	(0.3)	6.9	6.9	6.1
Teachers' Retirement System	6,753,118	39.3	6,498,170	38.9	0.2	1.6	(0.4)	(0.4)	6.9	6.8	5.8
EMS Retirement System	56,547	0.3	58,707	0.4	0.2	1.6	(0.3)	(0.3)	6.9	6.9	
Public Safety Retirement System	607,339	3.5	577,433	3.5	0.2	1.6	(0.3)	(0.3)	6.9	6.9	6.1
Judges' Retirement System	170,727	1.0	166,789	1.0	0.2	1.6	(0.3)	(0.3)	6.9	6.9	6.1
State Police Retirement System	131,954	0.8	137,807	0.8	0.2	1.6	(0.3)	(0.3)	6.9	6.9	6.1
Deputy Sheriffs' Retirement System	170,181	1.0	171,548	1.0	0.2	1.6	(0.3)	(0.3)	6.9	6.9	6.1
Municipal Police & Firefighter Retirement System	1,944	0.0	3,073	0.0	0.1	1.5	(0.4)	(0.4)	6.6	7.0	
Municipal Model A	1,410	0.0	1,321	0.0	0.1	1.5	(0.5)	(0.5)			
Insurance Assets	2,550,823	14.8	2,544,436	15.2							
Workers' Compensation Old Fund	1,290,486	7.5	1,284,840	7.7	0.8	1.8	1.5	1.5	3.8	4.0	4.3
Workers' Comp. Self-Insured Guaranty Risk Pool	15,756	0.1	33,418	0.2	0.4	1.5	(0.1)	(0.1)	3.8	4.2	3.8
Workers' Comp. Self-Insured Security Risk Pool	9,046	0.0	53,881	0.3	0.5	1.5	0.0	0.0			
Workers' Comp. Uninsured Employers' Fund	10,889	0.1	10,841	0.1	0.3	1.3	(0.4)	(0.4)	3.6	4.0	3.6
Pneumoconiosis	261,369	1.5	246,635	1.5	0.4	1.5	(0.3)	(0.3)	3.8	4.1	4.8
Board of Risk & Insurance Management	137,824	0.8	132,322	0.8	0.4	1.4	(0.4)	(0.4)	3.7	4.2	5.2
Public Employees' Insurance Agency	218,202	1.3	176,828	1.0	0.4	1.6	(0.1)	(0.1)	3.9	4.5	4.9
WV Retiree Health Benefit Trust Fund	607,251	3.5	605,671	3.6	0.2	1.6	(0.3)	(0.3)	6.9	6.7	
Endowment Assets	994,422	5.8	971,107	5.8							
Berkeley County Development Authority	-	0.0	6,075	0.0	0.2	1.6					
Wildlife Fund	54,655	0.3	54,443	0.3	0.2	1.6	(0.3)	(0.3)	6.9	6.9	6.1
Prepaid Tuition Trust	66,440	0.4	54,948	0.3	0.5	1.7	2.1	2.1	6.1	5.9	6.0
Revenue Shortfall Reserve Fund	376,714	2.2	336,013	2.0	1.3	1.7	3.4	3.4	2.7	3.1	2.7
Revenue Shortfall Reserve Fund - Part B	384,146	2.2	390,669	2.4	0.9	1.9	1.7	1.7	3.8	4.2	3.8
WV DEP Trust	8,254	0.1	7,808	0.1	(0.4)	1.0	(2.7)	(2.7)	5.8	5.9	
WV DEP Agency	104,213	0.6	121,151	0.7	0.2	1.5	(0.8)	(0.8)			

Composite Asset Allocation & Performance Net of Fees - Preliminary

Period Ending: June 30, 2016

	Asset (\$000)	%	Performance %							
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	
Investment Pools Composite	16,724,159	100.00								
Total Equity Composite	8,285,769	49.55	(0.67)	0.72	(3.54)	(3.54)	7.14	6.84	5.72	
+/- Total Equity Policy Index (b)			0.06	(0.38)	0.10	0.10	0.60	0.69	1.17	
US Equity Composite	4,075,222	24.37	0.15	2.39	1.49	1.49	11.20	11.51	7.39	
+/- Russell 3000 Index			(0.06)	(0.24)	(0.65)	(0.65)	0.07	(0.09)	(0.01)	
Large Cap Composite	3,292,922	19.69	0.67	2.63	4.15	4.15	12.19	12.31	7.53	
+/- S&P 500 Index			0.41	0.17	0.16	0.16	0.53	0.21	0.11	
Non-Large Cap Composite	782,300	4.68	(1.99)	1.39	(9.46)	(9.46)	6.94	8.33	7.06	
+/- Russell 2500 Index			(1.95)	(2.18)	(5.79)	(5.79)	(1.67)	(1.15)	(0.26)	
International Equity Composite	4,210,547	25.18	(1.45)	(0.84)	(8.37)	(8.37)	2.99	2.13	4.32	
+/- MSCI AC World ex US IMI Index (c)			0.22	(0.39)	0.82	0.82	0.98	1.34	1.87	
Fixed Income Composite	3,260,365	19.49	1.41	2.57	3.76	3.76	3.58	3.84	5.05	
+/- Barclays Capital Universal (d)			(0.35)	0.04	(2.06)	(2.06)	(0.62)	(0.17)	(0.31)	
Core Fixed Income	995,950	5.95	1.81	2.36	6.11	6.11	4.43	4.35		
+/- Barclays Capital Aggregate			0.01	0.15	0.11	0.11	0.37	0.59		
Total Return Fixed Income	2,264,415	13.54	1.24	2.66	2.71	2.71	3.20	3.61	5.22	
+/- Barclays Capital Universal			(0.52)	0.13	(3.11)	(3.11)	(1.00)	(0.40)	(0.08)	
TIPS Composite	388,615	2.32	2.09	1.71	4.35	4.35	2.29	2.61		
+/- Barclays Capital U.S.TIPS			0.01	0.00	0.00	0.00	(0.02)	(0.02)		
Cash Composite	271,012	1.62	0.03	0.09	0.23	0.23	0.15	0.14	1.16	
+/- Citigroup 90 Day T-Bill (e)			0.01	0.03	0.07	0.07	0.06	0.00	0.02	
Private Equity Composite	1,408,719	8.42	1.94	3.81	5.29	5.29	13.02	12.56		
+/- Russell 3000 + 3% (f, g)								(3.06)		
Real Estate Composite	1,511,270	9.04	2.25	3.64	10.47	10.47	10.63	10.01		
+/- NCREIF + 1% (f)								(2.92)		
Hedge Fund Composite	1,598,409	9.56	(0.62)	0.96	(4.65)	(4.65)	3.16	3.92		
+/- HFRI FOF + 1% (h)			(0.27)	0.11	(0.27)	(0.27)	1.47	1.16		

Participant Plans Allocation vs. Strategy - Preliminary

Period Ending: June 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	26.8	27.5	27.7	27.5	13.8	15.0	10.2	10.0	10.9	10.0	10.4	10.0	0.2	0.0
Teachers' Retirement System	26.4	27.5	27.3	27.5	13.4	15.0	10.1	10.0	10.9	10.0	10.2	10.0	1.7	0.0
EMS Retirement System	26.6	27.5	27.4	27.5	13.9	15.0	10.2	10.0	10.4	10.0	10.8	10.0	0.7	0.0
Public Safety Retirement System	26.1	27.5	27.3	27.5	13.5	15.0	10.0	10.0	11.0	10.0	9.9	10.0	2.2	0.0
Judges' Retirement System	26.6	27.5	27.7	27.5	14.0	15.0	10.2	10.0	10.4	10.0	10.9	10.0	0.2	0.0
State Police Retirement System	26.0	27.5	27.4	27.5	14.7	15.0	10.2	10.0	10.2	10.0	10.9	10.0	0.6	0.0
Deputy Sheriffs' Retirement System	26.7	27.5	27.6	27.5	13.5	15.0	10.2	10.0	10.6	10.0	11.0	10.0	0.4	0.0
Municipal Police & Firefighter Retirement System	25.8	27.5	26.7	27.5	13.3	15.0	9.9	10.0	9.9	10.0	10.5	10.0	3.9	0.0
Municipal Model A	26.7	27.5	28.0	27.5	13.4	15.0	10.2	10.0	10.4	10.0	11.1	10.0	0.2	0.0
Insurance Assets														
Workers' Compensation Old Fund	15.1	15.0	15.4	15.0	66.1	70.0	0.0	0.0	0.0	0.0	0.0	0.0	3.4	0.0
Workers' Comp. Self-Insured Guaranty Risk Pool	14.7	15.0	15.0	15.0	44.4	45.0	0.0	0.0	0.0	0.0	22.2	20.0	3.7	5.0
Workers' Comp. Self-Insured Security Risk Pool	14.9	15.0	15.1	15.0	46.1	45.0	0.0	0.0	0.0	0.0	20.3	20.0	3.6	5.0
Workers' Comp. Uninsured Employers Fund	14.8	15.0	15.1	15.0	38.0	40.0	0.0	0.0	0.0	0.0	22.0	20.0	10.1	10.0
Pneumoconiosis	14.8	15.0	15.3	15.0	45.2	45.0	0.0	0.0	0.0	0.0	20.4	20.0	4.3	5.0
Board of Risk & Insurance Mgmt.	14.7	15.0	15.1	15.0	43.5	45.0	0.0	0.0	0.0	0.0	21.8	20.0	4.9	5.0
Public Employees' Insurance Agency	14.6	15.0	15.1	15.0	49.9	50.0	0.0	0.0	0.0	0.0	20.4	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	26.8	27.5	27.6	27.5	13.9	15.0	10.2	10.0	10.6	10.0	10.9	10.0	0.0	0.0
Endowment Assets														
Berkeley County Development Authority	26.6	27.5	27.6	27.5	13.7	15.0	10.2	10.0	10.8	10.0	11.0	10.0	0.1	0.0
Wildlife Fund	26.7	27.5	27.5	27.5	13.9	15.0	10.2	10.0	10.7	10.0	10.9	10.0	0.1	0.0
Prepaid Tuition Trust	27.6	27.5	21.9	22.5	48.7	50.0	0.0	0.0	0.0	0.0	0.0	0.0	1.8	0.0
Revenue Shortfall Reserve Fund	0.0	0.0	0.0	0.0	77.7	100.0	0.0	0.0	0.0	0.0	0.0	0.0	22.3	0.0
Revenue Shortfall Reserve Fund - Part B	14.7	15.0	15.0	15.0	70.3	70.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WV DEP Trust	31.9	32.5	32.8	32.5	13.7	15.0	0.0	0.0	0.0	0.0	21.6	20.0	0.0	0.0
WV DEP Agency	19.4	20.0	19.5	20.0	37.9	40.0	0.0	0.0	0.0	0.0	21.6	20.0	1.6	0.0

- (a) As of January 2014, the PERS Policy is 30% Russell 3000, 30% MSCIACW ex USA (IMI), and 40% Barclays Capital Universal. From April 2008 to December 2013, the PERS Policy was 30% Russell 3000, 30% MSCIACW ex USA (Standard), and 40% Barclays Capital Universal. Prior periods were 42% Russell 3000, 18% MSCIACW ex USA, and 40% Barclays Capital Aggregate.
- (b) As of January 2014, the Total Equity Policy Index is 50% Russell 3000 and 50% MSCIACW ex USA (IMI). From April 2008 to December 2013, the Total Equity Policy Index was 50% Russell 3000 and 50% MSCIACW ex USA (Standard). Prior periods were 40% S&P 500, 30% Russell 2500, and 30% MSCIACW ex USA.
- (c) Prior to January 2014, the index was the MSCIACW 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 GBIEM 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

August 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.

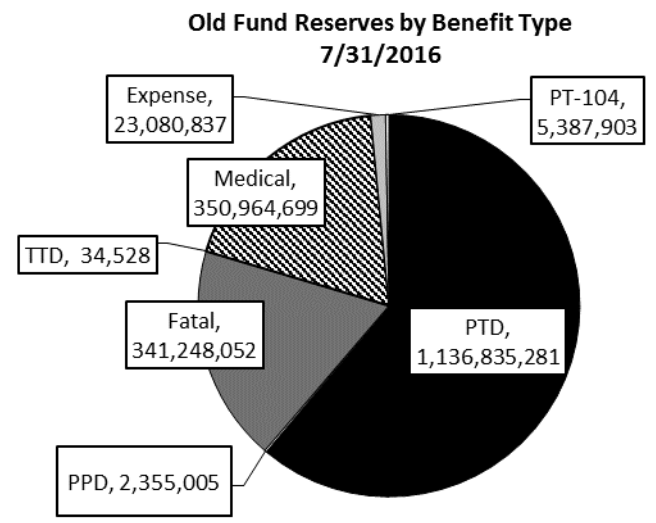
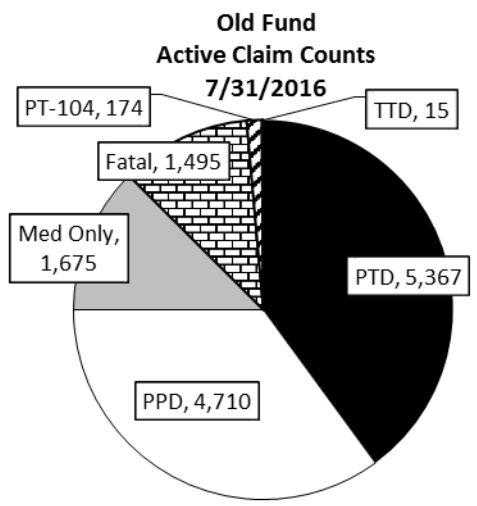
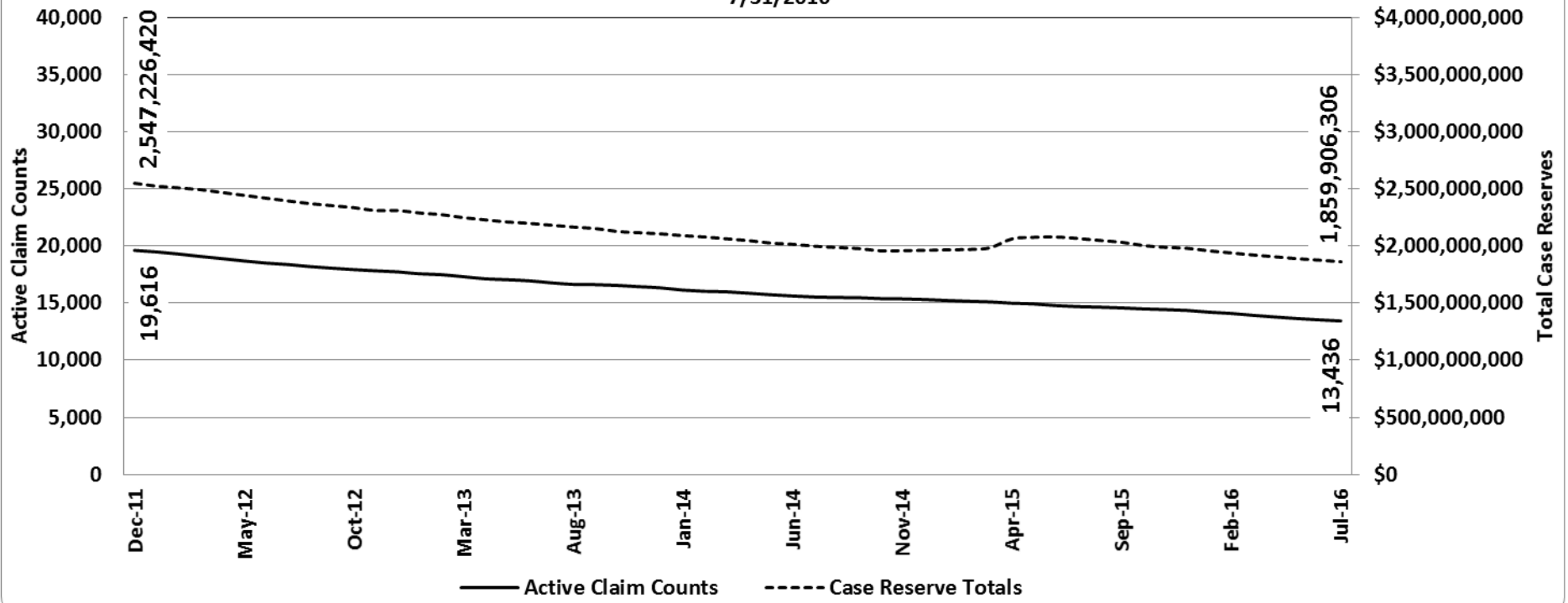
Self-Insured Security Fund: State managed fund consisting of those funds paid into it thru the WVOIC's administration of 85 CSR §19 (2004), and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last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

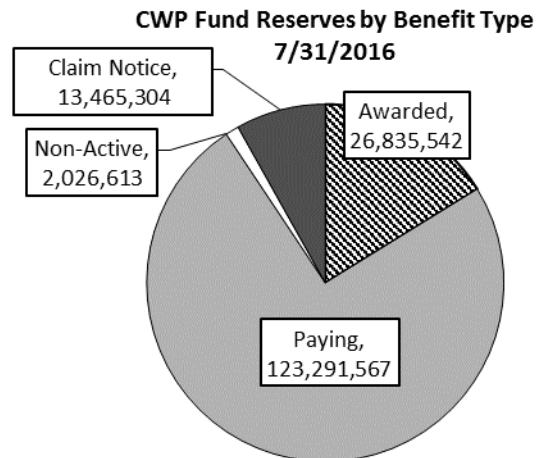
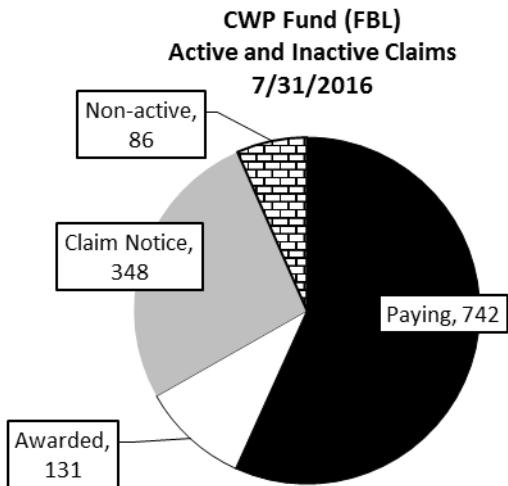
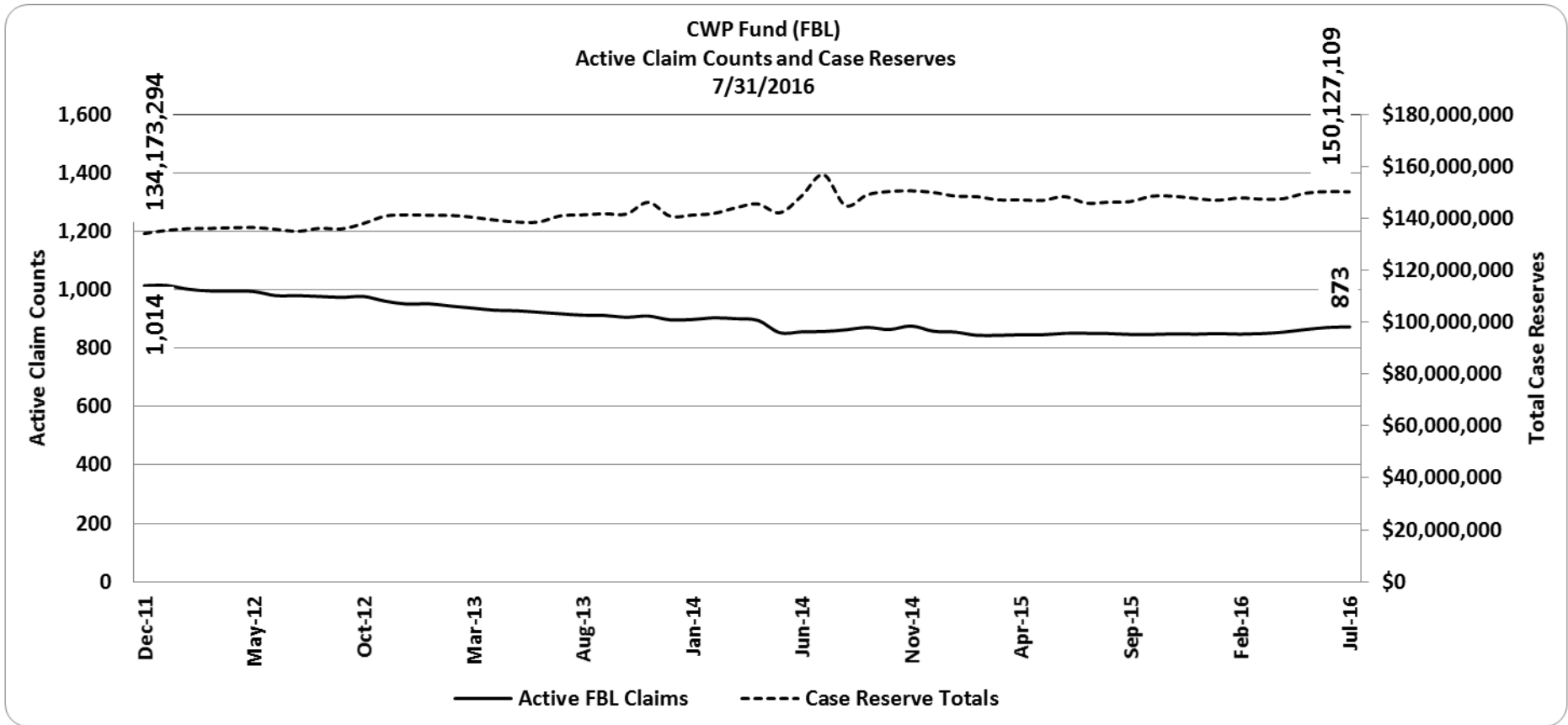
TPD: (Temporary Partial Disability) also referred to as TPR, is paid when an injured worker is released to return to work with restrictions or modifications that restrict he/she from obtaining their pre-injury wages. The TPD benefit is paid at seventy percent of the difference between the average weekly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

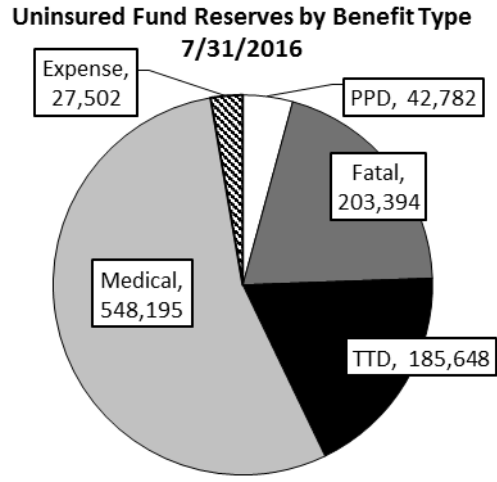
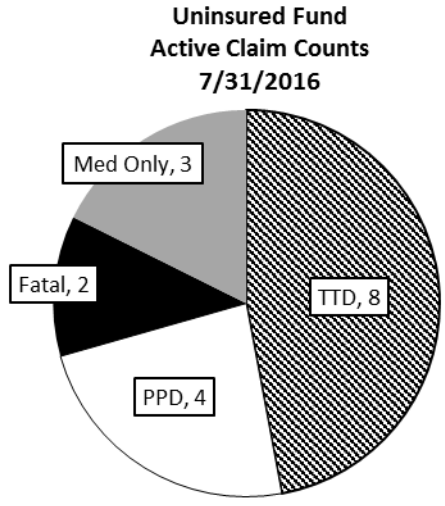
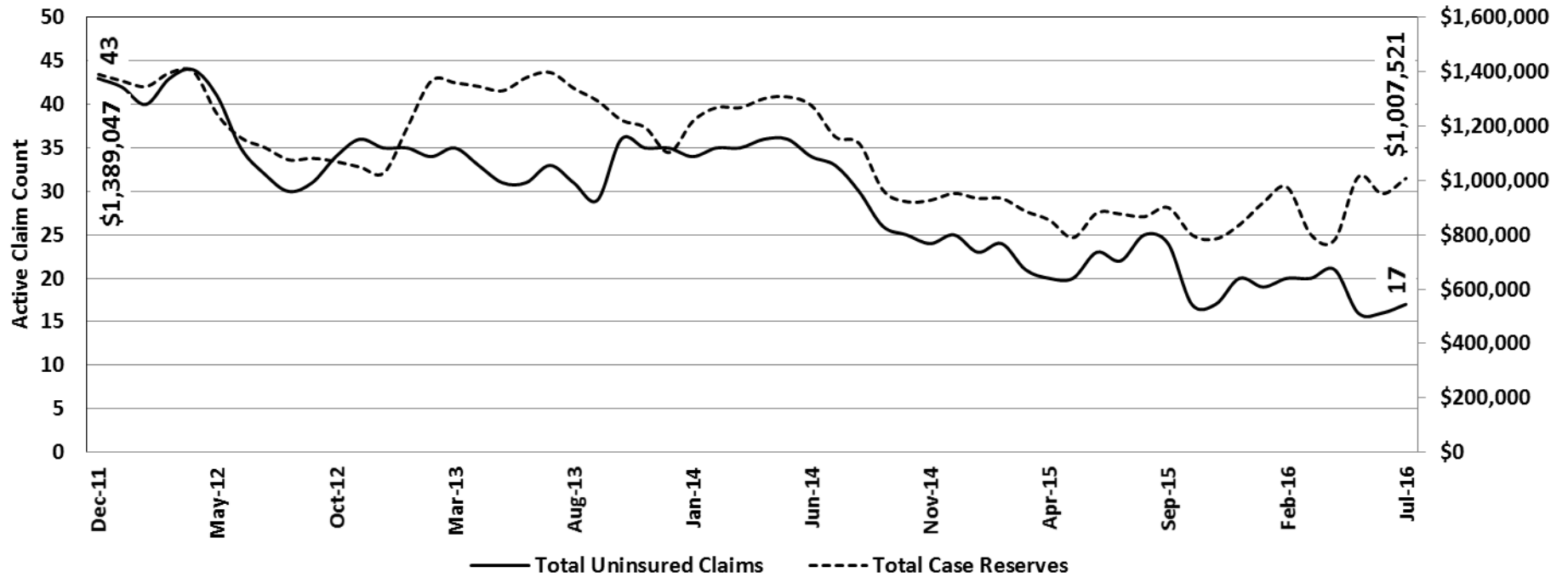
Uninsured Fund: State managed fund into which assessments to carriers or employers received are held, and out of which workers' compensation benefits may be paid to claimant employees of employers who were uninsured if the date of injury or date of last exposure is January 1, 2006 or later.

**Old Fund
Active Claim Counts and Case Reserves
7/31/2016**

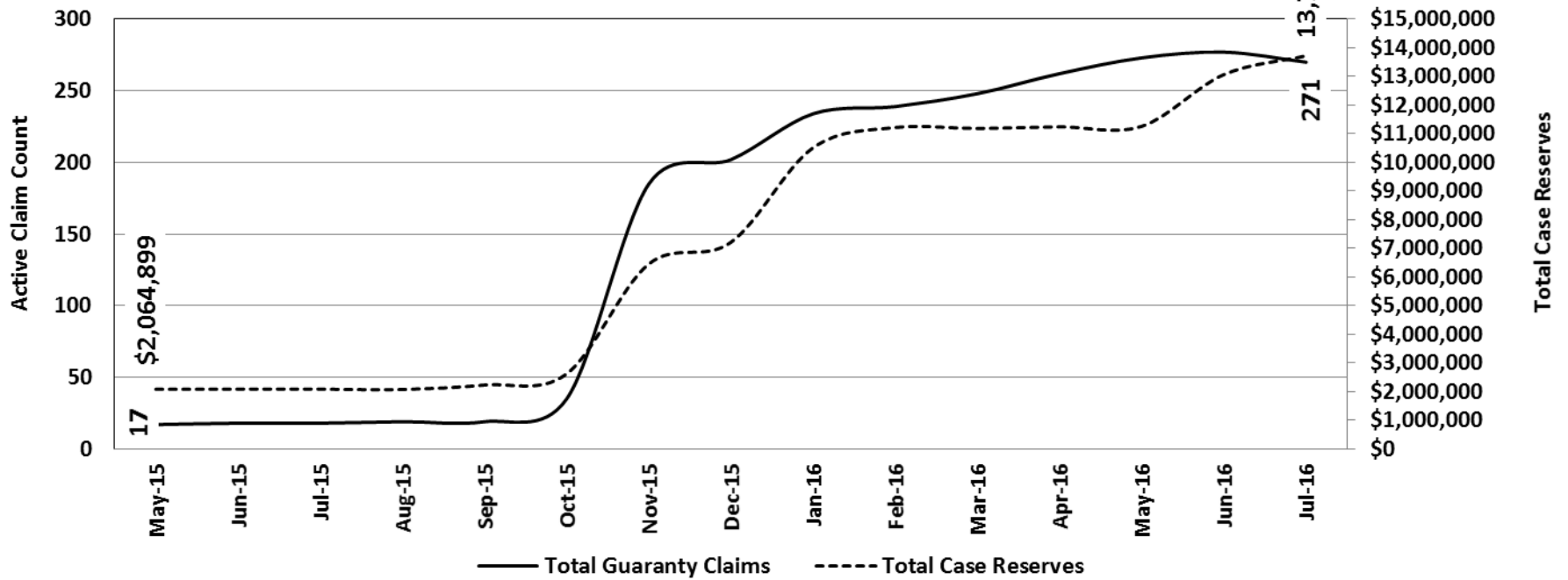




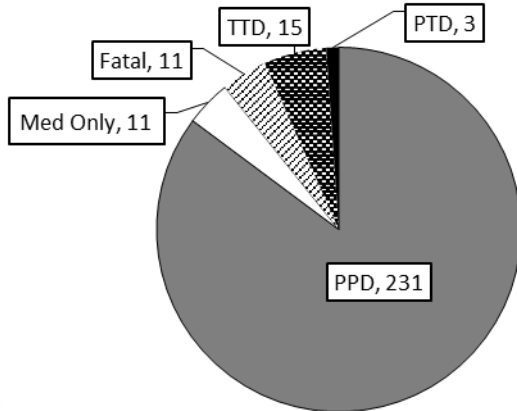
**Uninsured Fund
Active Claim Counts and Case Reserves
7/31/2016**



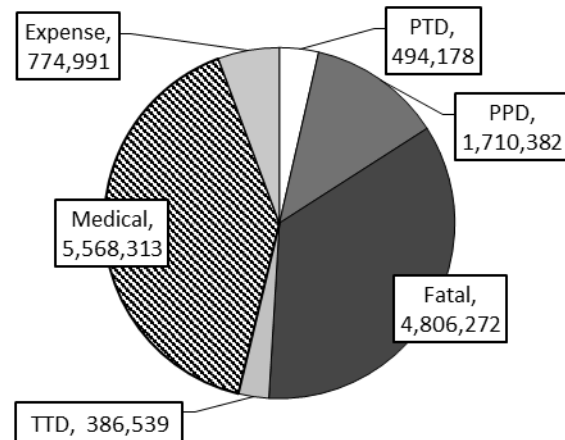
**Guaranty Fund
Active Claim Counts and Case Reserves
7/31/2016**



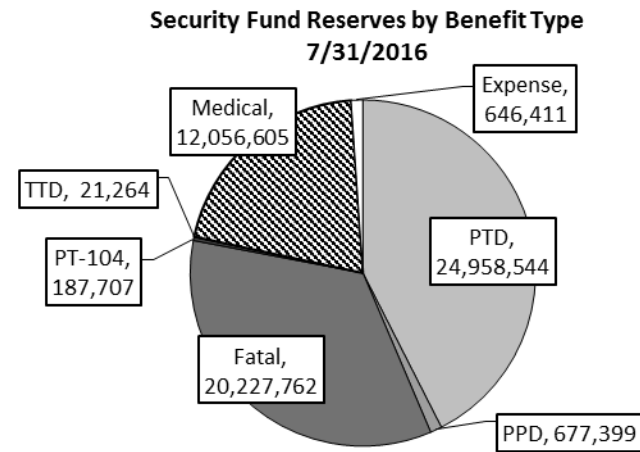
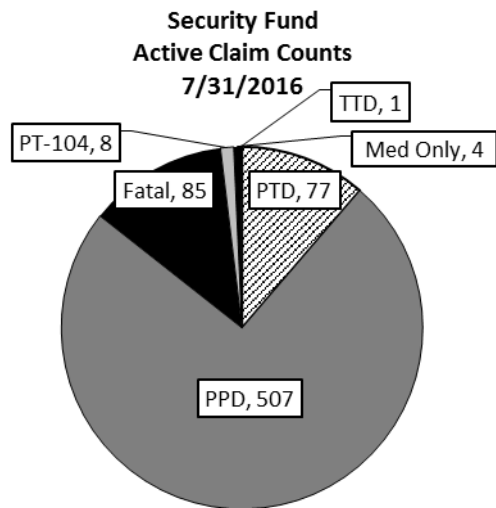
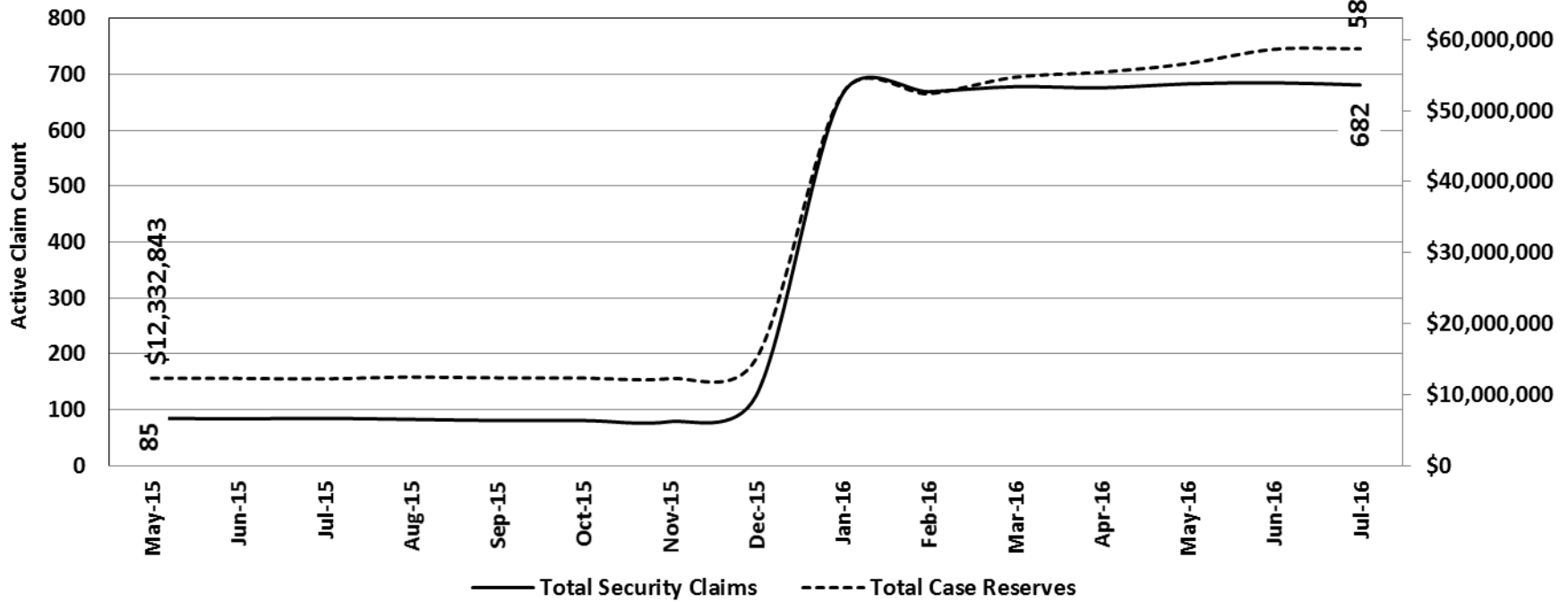
**Guaranty Fund
Active Claim Counts
7/31/2016**



**Guaranty Fund Reserves by Benefit Type
7/31/2016**



**Security Fund
Active Claim Counts and Case Reserves
7/31/2016**



OLD FUND CASH STATEMENT

July 31, 2016

	YTD FY2017	YTD FY2016	Change	Three Year History for years ended:		
				FY2016	FY2015	FY2014
Cash Beginning Balances	1,280,647,632	1,311,665,427	(31,017,795)	1,311,653,269	1,190,142,811	1,061,595,681
Revenues						
Personal Income Tax	-	-	-	42,400,000	95,400,000	95,400,000
Severance Tax	5,712,038	7,419,566	(1,707,527)	73,068,796	125,703,925	109,467,900
Debt Reduction Surcharge	2,729,626	7,551,500	(4,821,875)	25,211,458	34,106,221	34,138,820
Self-Insured Debt Reduction Surcharge	303,297	1,210,425	(907,128)	6,209,330	8,859,759	8,493,207
Video Lottery	-	-	-	6,734,934	11,000,000	11,000,000
Employer Premium	13,416	9,076	4,340	111,955	202,532	284,075
Other Income - Return of Unclaimed Property	-	-	-	184,888	153,763	92,953
Operating Revenues	8,758,377	16,190,567	(7,432,190)	153,921,361	275,426,199	258,876,955
Investment / Interest Earnings (Losses)	10,387,958	(15,778,126)	26,166,084	(5,981,504)	34,715,474	67,734,120
Total Revenues	19,146,335	412,441	18,733,894	147,939,857	310,141,673	326,611,075
Expenditures						
Claims Benefits Paid:						
Medical	2,343,878	2,145,023	198,856	26,890,541	29,881,043	31,791,671
Permanent Total Disability	7,900,310	8,415,460	(515,150)	98,784,921	104,948,107	111,490,282
Permanent Partial Disability	22,697	17,694	5,002	232,699	353,749	720,723
Temporary Disability	-	-	-	8,554	-	7,741
Fatales	1,947,689	2,048,029	(100,340)	24,098,586	25,497,598	26,407,057
104 weeks death benefit	492,955	539,857	(46,902)	6,990,581	5,883,387	6,200,020
Settlements	906,420	402,185	504,236	12,718,425	12,206,388	9,136,495
Loss Adjustment Expenses	108,823	198,924	(90,101)	1,970,779	2,029,136	1,467,221
Total	13,722,772	13,767,171	(44,399)	171,695,087	180,799,408	187,221,209
Less: Claims credits and overpayments	400,237	269,272	130,965	3,044,395	2,240,415	3,265,629
Total Benefits Paid	13,322,535	13,497,899	(175,364)	168,650,692	178,558,993	183,955,580
Administrative Expenses	290,302	241,507	48,795	10,294,801	10,060,064	14,108,365
Total Expenditures	13,612,837	13,739,406	(126,569)	178,945,493	188,619,057	198,063,945
Excess (Deficiency) of Revenues over Expenditures	5,533,498	(13,326,965)	18,860,463	(31,005,636)	121,522,616	128,547,130
Cash Ending Balances	1,286,181,130	1,298,338,462	(12,157,332)	1,280,647,632	1,311,665,427	1,190,142,811

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

July 31, 2016

	YTD FY2017	YTD FY2016	Change	Three Year History for years ended:		
				FY2016	FY2015	FY2014
Cash Beginning Balances	245,945,240	264,657,327	(18,712,088)	264,657,327	267,173,190	266,720,430
Revenues						
Investment Earnings (Losses)	910,921	(3,237,056)	4,147,977	(5,091,164)	10,347,881	17,915,475
Other Income - Return of Unclaimed Property	-	-	-	3,797	876	-
Total Revenues	910,921	(3,237,056)	4,147,977	(5,087,367)	10,348,758	17,915,475
Expenditures						
Payment of Claims	1,021,492	1,096,350	(74,858)	12,878,025	11,990,810	17,376,923
Contractual / Professional	72,971	67,042	5,929	746,381	873,390	85,747
Legal	-	-	-	-	-	-
General and Administrative	30	90	(60)	315	420	45
Total Expenditures	1,094,493	1,163,482	(68,989)	13,624,721	12,864,620	17,462,715
Excess (Deficiency) of Revenues over Expenditures	(183,572)	(4,400,538)	4,216,966	(18,712,088)	(2,515,863)	452,760
Cash Ending Balances	245,761,667	260,256,789	(14,495,121)	245,945,240	264,657,327	267,173,190

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
July 31, 2016

	YTD FY2017	YTD FY2016	Change	Three Year History for years ended:		
				FY2016	FY2015	FY2014
Cash Beginning Balances	33,462,454	16,014,340	17,448,114	16,014,340	15,603,319	14,815,337
Revenues						
Guaranty Risk Pool Assessments	-	-	-	18,684	89,571	124,520
Collateral Proceeds	-	-	-	19,422,025	-	-
Investment Earnings (Losses)	134,292	(194,372)	328,665	(155,883)	612,972	1,027,230
Total Revenues	134,292	(194,372)	328,665	19,284,826	702,542	1,151,751
Expenditures						
Payment of Claims	189,363	15,017	174,346	1,683,481	263,947	255,607
Contractual / Professional	20,561	822	19,739	153,231	27,575	107,348
Legal	-	-	-	-	-	815
Total Expenditures	209,924	15,839	194,085	1,836,711	291,522	363,769
Excess (Deficiency) of Revenues over Expenditures	(75,632)	(210,212)	134,580	17,448,114	411,021	787,981
Cash Ending Balances	33,386,822	15,804,128	17,582,694	33,462,454	16,014,340	15,603,319

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
July 31, 2016

	YTD FY2017	YTD FY2016	Change	Three Year History for years ended:		
				FY2016	FY2015	FY2014
Cash Beginning Balances	53,859,338	9,208,803	44,650,535	9,208,803	7,137,316	6,754,601
Revenues						
Security Risk Pool Assessments	-	-	-	230,340	1,114,180	1,072,311
Collateral Proceeds	-	-	-	47,503,193	1,425,061	-
Investment Earnings (Losses)	257,590	(111,685)	369,276	201,775	310,550	151,334
Total Revenues	257,590	(111,685)	369,276	47,935,308	2,849,791	1,223,645
Expenditures						
Payment of Claims	358,420	56,400	302,020	2,996,676	736,434	789,254
Contractual / Professional	26,261	9,441	16,820	288,097	41,774	48,446
Legal	-	-	-	-	96	3,230
Total Expenditures	384,681	65,841	318,840	3,284,773	778,304	840,930
Excess (Deficiency) of Revenues over Expenditures	(127,091)	(177,526)	50,436	44,650,535	2,071,487	382,715
Cash Ending Balances	53,732,248	9,031,277	44,700,971	53,859,338	9,208,803	7,137,316

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
July 31, 2016

	YTD FY2017	YTD FY2016	Change	Three Year History for years ended:		
				FY2016	FY2015	FY2014
Cash Beginning Balances	11,864,792	12,125,188	(260,397)	12,125,188	11,714,178	10,801,353
Revenues						
Fines and Penalties	43,240	34,172	9,069	625,093	765,082	768,532
Investment Earnings (Losses)	27,142	(129,987)	157,130	(205,615)	408,442	682,644
Total Revenues	70,383	(95,815)	166,198	419,478	1,173,523	1,451,176
Expenditures						
Payment of Claims	18,143	9,445	8,698	450,719	589,781	286,421
Contractual/Professional	33	33	-	14,051	8,922	26,825
General and Administrative	15	15	-	105	60	105
Insurance	53,750	53,750	-	215,000	163,750	225,000
Total Expenditures	71,941	63,243	8,698	679,875	762,513	538,351
Excess (Deficiency) of Revenues over Expenditures	(1,558)	(159,058)	157,501	(260,397)	411,010	912,825
Cash Ending Balances	11,863,234	11,966,130	(102,896)	11,864,792	12,125,188	11,714,178

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

JUNE 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

Lisa A. Hopkins,
State Auditor

Richard "Chap"
Donovan, CPA

Michael L. Glasser,
Esq. Attorney
Appointed by the
Governor

Executive Staff

Executive
Director

Kara K. Hughes,
CPA, MBA, CFE

Chief Financial
Officer

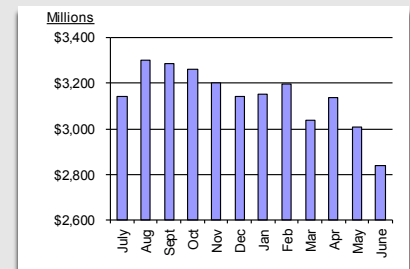
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$2,839,140,000

Last Month
\$3,009,345,000

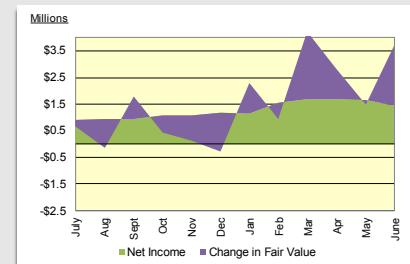
Beginning of Fiscal Year
\$3,169,521,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$18,085,000



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

Money Market Pools

As of June 30, 2016

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	0.4937%	49 Days	\$1.6 Billion
WV Gov't Money Market	0.2723%	50 Days	\$190.2 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

JUNE 2016

Brexit - Anticipation

Market Environment

Global equity market returns in June were marked by anticipation of and then fallout from Britain's referendum to exit the European Union. Leading up to the vote investors expressed cautious optimism as polls remained tight but markets were mostly pricing in a "Remain" outcome. As of June 23rd the MSCI EAFE was up -3.4% and both the Pound and Euro had appreciated versus the US dollar. After the surprising outcome of a majority of UK voters choosing to leave the EU, a wave of volatility swept through currency and equity markets – immediately depreciating the Pound and Euro and sending investors into safe haven assets. All told, the MSCI EAFE lost -3.4% on the month with the Pound down 8.0% and the Euro off 0.2%.

US equity markets felt some volatility but were more insulated from the downturn, as the S&P 500 eked out a 0.3% gain. Emerging market equities and debt both performed positively with the MSCI EM Index returning 4.0% on the month. The JPM GBI-EM Global Diversified Index gained 5.9% as Brexit volatility increased the likelihood that the Fed will wait longer before its next rate hike. Emerging market debt yields were left looking relatively attractive after significant compression in developed markets. Safe haven assets performed well amid the flight to safety and the Citi WGBI Index returned 3.7%. This effect was especially felt in the US as the 10 year Treasury rate fell all the way to 1.49%, down 35 basis points during the month. Investors also expressed demand for real assets toward the end of the month as gold prices spiked to over \$1300 per ounce and the Bloomberg Commodity Index returned 4.1%.

Equity Market Results

As noted above, US equity markets shook off the post-Brexit blues and posted small gains during the month. Blue chip stocks, represented by the S&P 500 Index, posted a return of 0.26%. Small cap stocks, as represented by the Russell 2000 Index, tumbled slightly, falling 0.06%. Value stocks continued their winning ways in 2016, outperforming the growth counterparts during the month. Year-to-date, large cap value stocks, as measured by the Russell 1000 Value Index are up 6.30%, easily besting their growth peers, which have returned 1.36%.

International equity markets gave up some ground during June. Developed international markets, represented by the MSCI EAFE Index, fell 3.36%. Emerging markets, which were somewhat insulated by the post-Brexit shock, rose 4.00% during the month.

Bond Market Results

Bond investors rallied on the back of British sovereignty vote. Core US bonds, represented by the Barclays Capital Aggregate Index, rose 1.80%. International bonds, as represented by the Citigroup Non-US World Government Bond Index (WGBI) hedged, rose 3.69%. High yield bonds, one of the riskier segments, also shrugged off the European news and posted a solid 0.88% gain during the month.

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

Despite the surprise Brexit outcome, many assets seemed to stabilize by the end of June, inconsistent with the market calamity many had expected at the peak of the volatility. While this particular sell off was not large enough to create a major buying opportunity for risk assets, we do remind investors to be vigilant in the face of elevated volatility and to maintain rebalancing discipline when and if deeper sell offs occur. Though we still favor developed market equities outside of the US we acknowledge the likelihood of additional volatility and new political downside risk, especially in Europe, and continue to recommend employing a partially currency hedged approach as a strategy to mitigate volatility. While we recognize long term effects of Brexit are still relative unknowns, we believe investors will benefit by staying the course and maintaining a long term perspective as additional consequences become apparent.

West Virginia Board of Treasury Investments

Financial Highlights as of June 30, 2016

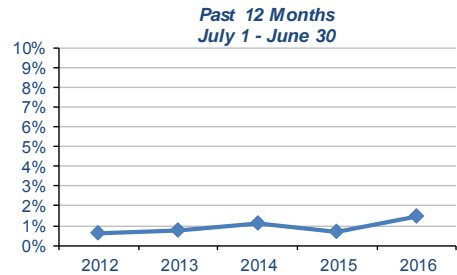
WV Short Term Bond Pool

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

<u>July 1 - June 30</u>	<u>Return</u>	<u>Net Assets At June 30 (In Millions)</u>
2016	1.5%	\$ 791.1
2015	0.7%	\$ 761.5
2014	1.1%	\$ 773.6
2013	0.8%	\$ 617.3
2012	0.6%	\$ 504.3

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

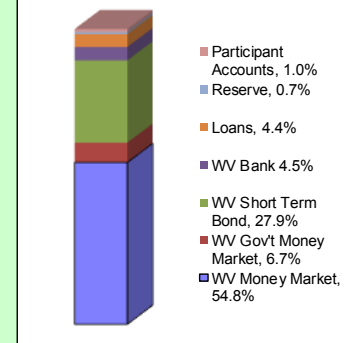
WV Short Term Bond Pool Rates of Return



Summary of Value and Earnings (In Thousands)

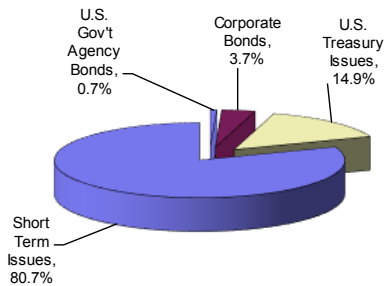
<u>Pool</u>	<u>Net Asset Value</u>	<u>Jun Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 1,556,503	\$ 698	\$ 5,746
WV Gov't Money Market	190,160	45	372
WV Short Term Bond	791,149	3,054	11,664
WV Bank	129,294	48	324
Loans	124,438	(200)	(316)
Reserve	18,767	5	51
Participant Accounts	28,829	50	244
	<u>\$ 2,839,140</u>	<u>\$ 3,700</u>	<u>\$ 18,085</u>

Percent of Total Net Asset Value

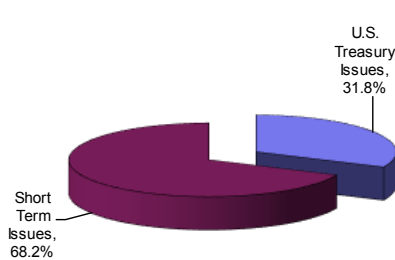


Securities by Type for Operating Pools (Percentage of Asset Value)

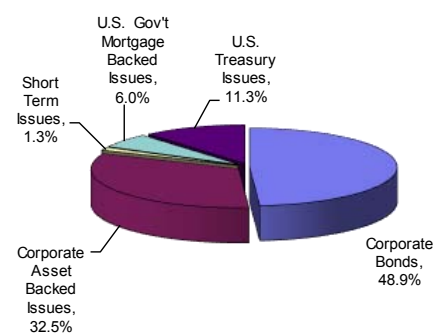
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED

JUNE 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	\$ 1,555,529	\$ 190,078	\$ -	\$ 129,145	\$ 143,189	\$ 25,228	\$2,043,169
At fair value	-	-	790,750	-	-	3,521	794,271
Other assets	1,249	119	5,911	158	25	81	7,543
Total assets	<u>1,556,778</u>	<u>190,197</u>	<u>796,661</u>	<u>129,303</u>	<u>143,214</u>	<u>28,830</u>	<u>2,844,983</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased	275	37	5,512	9	9	1	5,843
Total liabilities	<u>275</u>	<u>37</u>	<u>5,512</u>	<u>9</u>	<u>9</u>	<u>1</u>	<u>5,843</u>
Net Position							
Held in trust for investment pool participants	1,556,503	190,160	791,149	129,294	143,205	-	2,810,311
Held in trust for individual investment account holders	-	-	-	-	-	28,829	28,829
Total net position	<u>\$ 1,556,503</u>	<u>\$ 190,160</u>	<u>\$ 791,149</u>	<u>\$ 129,294</u>	<u>\$ 143,205</u>	<u>\$ 28,829</u>	<u>\$2,839,140</u>
Additions							
Investment income:							
Interest and dividends	\$ 491	\$ 42	\$ 967	\$ 52	\$ 25	\$ 29	\$ 1,606
Net (amortization) accretion	316	17	(49)	-	-	(18)	266
Provision for uncollectible loans	-	-	-	-	(216)	-	(216)
Total investment income	<u>807</u>	<u>59</u>	<u>918</u>	<u>52</u>	<u>(191)</u>	<u>11</u>	<u>1,656</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	109	14	88	4	4	-	219
Total investment expenses	<u>109</u>	<u>14</u>	<u>88</u>	<u>4</u>	<u>4</u>	<u>-</u>	<u>219</u>
Net investment income	698	45	830	48	(195)	11	1,437
Net realized gain (loss) from investments	-	-	39	-	-	-	39
Net increase (decrease) in fair value of investments	-	-	2,185	-	-	39	2,224
Net increase (decrease) in net position from operations	698	45	3,054	48	(195)	50	3,700
Participant transaction additions:							
Purchase of pool units by participants	847,044	23,848	-	44	2,423	-	873,359
Reinvestment of pool distributions	697	45	827	48	(195)	-	1,422
Contributions to individual investment accounts	-	-	-	-	-	13,115	13,115
Total participant transaction additions	<u>847,741</u>	<u>23,893</u>	<u>827</u>	<u>92</u>	<u>2,228</u>	<u>13,115</u>	<u>887,896</u>
Total additions	848,439	23,938	3,881	140	2,033	13,165	891,596
Deductions							
Distributions to pool participants:							
Net investment income	698	45	830	48	(195)	-	1,426
Net realized gain (loss) from investments	-	-	39	-	-	-	39
Total distributions to pool participants	<u>698</u>	<u>45</u>	<u>869</u>	<u>48</u>	<u>(195)</u>	<u>-</u>	<u>1,465</u>
Participant transaction deductions:							
Redemption of pool units by participants	1,036,142	21,134	2,179	44	21	-	1,059,520
Withdrawals from individual investment accounts	-	-	-	-	-	814	814
Total participant transaction deductions	<u>1,036,142</u>	<u>21,134</u>	<u>2,179</u>	<u>44</u>	<u>21</u>	<u>814</u>	<u>1,060,334</u>
Total deductions	<u>1,036,840</u>	<u>21,179</u>	<u>3,048</u>	<u>92</u>	<u>(174)</u>	<u>814</u>	<u>1,061,799</u>
Net increase (decrease) in net position from operations	(188,401)	2,759	833	48	2,207	12,351	(170,203)
Inter-pool transfers in	6,000	-	-	5,000	-	-	11,000
Inter-pool transfers out	(5,000)	-	-	(6,000)	-	-	(11,000)
Net inter-pool transfers in (out)	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(187,401)	2,759	833	(952)	2,207	12,351	(170,203)
Net position at beginning of period	1,743,904	187,401	790,316	130,246	140,998	16,478	3,009,343
Net position at end of period	<u>\$ 1,556,503</u>	<u>\$ 190,160</u>	<u>\$ 791,149</u>	<u>\$ 129,294</u>	<u>\$ 143,205</u>	<u>\$ 28,829</u>	<u>\$2,839,140</u>



Purchasing, Contracts and Payment Services

Date: July 5, 2016

To: The Joint Committee on Government and Finance
Jeffrey V. Kessler, Chair
Richard Thompson, Chair
State Capital Complex
Charleston, WV 25305

From: West Virginia University Department of Procurement, Contracting, and Payment Services

Pursuant to West Virginia Code §5A-3B-2(j), and the university's Request for Proposals 90001100, West Virginia University provides this "thirty days' written notice" of its intent to award an energy savings contact to Siemens Industries, Inc.

A copy of the proposal returning a minimum of \$156,863 annually in guaranteed energy savings is attached, as referenced in paragraph (b) of the West Virginia Code.

Please contact me if you have any questions regarding this notice.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Dan Ke...', written over a horizontal line.

Chief Procurement Officer

WVU-Beckley Campus

Select "X"	FIM ID	Building or Facility	Description	Simple Payback	Selected Savings	Selected Costs
x	B-1	Beckley Campus	Campus Site Lighting	14.4	\$ 1,903	\$ 27,336
x	B-2	Beckley Campus	BAS and training	n/a	\$ -	\$ 43,107
x	B-3	Beckley Campus	Water - Admin Bldgs	4.9	\$ 7,035	\$ 34,379
x	B-4	Beckley Campus	Water - Academic Bldgs	4.7	\$ 6,416	\$ 29,881
x	B-5	Beckley Campus	Water - Dorm Bldgs	13.1	\$ 5,903	\$ 77,107
x	BC-1	Benedum	Lighting - Interior	11.8	\$ 4,242	\$ 49,878
x	BC-3	Benedum	Lighting - Exterior	14.4	\$ 231	\$ 3,333
x	BK-1	Bookstore	Lighting - Interior	11.3	\$ 6,980	\$ 79,078
x	BK-3	Bookstore	Lighting - Exterior	6.4	\$ 563	\$ 3,621
x	BK-5	Bookstore	HVAC scheduling	9.9	\$ 1,864	\$ 18,428
x	CH-1	Carter	Lighting - Interior	8.6	\$ 7,859	\$ 67,824
x	CH-3	Carter	Lighting - Exterior	9.4	\$ 1,780	\$ 16,677
x	CH-6	Carter	Sewer Flow-Liner			\$ 38,635
x	GY-1	Gym	Lighting - Interior	9.3	\$ 3,439	\$ 31,837
x	GY-3	Gym	Lighting - Exterior	3.1	\$ 221	\$ 693
x	HH-1	Hogan	Lighting - Interior	15.4	\$ 3,178	\$ 48,986
x	HH-3	Hogan	Lighting - Exterior	19.3	\$ 1,876	\$ 36,264
x	HS-1	Health Sciences	Lighting - Interior	5.9	\$ 6,602	\$ 38,897
x	HS-3	Health Sciences	Lighting - Exterior	8.3	\$ 837	\$ 6,913
x	LR-1	LRC	Lighting - Interior	11.1	\$ 16,023	\$ 178,394
x	LR-3	LRC	Lighting - Exterior	18.4	\$ 261	\$ 4,806
x	OH-1	O'Dell	Lighting - Interior	9.4	\$ 5,995	\$ 56,093
x	OH-3	O'Dell	Lighting - Exterior	19.1	\$ 1,914	\$ 36,499
x	UH-1	University Hall	Lighting - Interior	21.1	\$ 2,794	\$ 58,881
x	UH-3	University Hall	Lighting - Exterior	16.3	\$ 941	\$ 15,300
x	VD-1	Van Dyke	Lighting - Interior	7.9	\$ 1,331	\$ 10,466
x	VD-3	Van Dyke	Lighting - Exterior	1.2	\$ 399	\$ 466
x	WC-1	Welcome Center	Lighting - Interior	9.5	\$ 272	\$ 2,576
x	WC-3	Welcome Center	Lighting - Exterior	2.5	\$ 20	\$ 51
x	WH-1	Wiseman	Lighting - Interior	20.5	\$ 5,059	\$ 103,611
x	WH-3	Wiseman	Lighting - Exterior	29.4	\$ 356	\$ 10,456
x	SH-1	Shroyer	Lighting - Exterior	13.7	\$ 1,470	\$ 20,127
x	SH-2	Shroyer	New HVAC/Lab Controls (Construction)	9.6	\$ 52,097	\$ 500,000
x	SH-3	Shroyer	Interior Lighting		\$ 7,000	\$ -
x		Project-wide	Project Management	n/a	\$ -	\$ 159,583
x		Project-wide	Performance Assurance	n/a	\$ -	\$ -
				Simple Payback	Selected Energy Savings	Selected Costs
Total for Project Selections =====>				11.5	\$ 156,863	\$ 1,810,183



WEST VIRGINIA DEPARTMENT OF TRANSPORTATION

Division of Highways

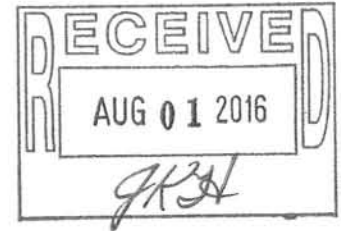
1900 Kanawha Boulevard East • Building Five • Room 110
Charleston, West Virginia 25305-0430 • (304) 558-3505

Earl Ray Tomblin
Governor

Paul A. Mattox, Jr., P. E.
Secretary of Transportation/
Commissioner of Highways

July 22, 2016

The Honorable William P. Cole
President, West Virginia Senate
Chair, Joint Committee on Government and Finance
Building 1, Room 229M
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305



Dear Senator Cole:

In accordance with WV Code §17-27-9h, the West Virginia Division of Highways is pleased to submit to the Joint Committee on Government and Finance a draft copy of the comprehensive agreement for the Wellsburg Bridge public-private-partnership construction project. This project consists of constructing a new bridge across the Ohio River in Brooke County. We anticipate executing the comprehensive agreement with the successful bidder in August 2016.

Should you have any questions or comments, please feel free to contact Mr. Gregory L. Bailey, P. E., our State Highway Engineer, at (304) 558-2804.

Sincerely,

A handwritten signature in cursive script that reads "Paul A. Mattox, Jr.".

Paul A. Mattox, Jr., P. E.
Secretary of Transportation/
Commissioner of Highways

PAM:Bh

cc: The Honorable Tim Armstead

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Please note: The word “Proposer” has been changed throughout the entire document to “CONTRACTOR”.

Exhibit A – Agreement

Amendment 04
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This Agreement, made and executed effective as of the Effective Date as defined herein, between the WEST VIRGINIA DEPARTMENT OF TRANSPORTATION, DIVISION OF HIGHWAYS (DOH) and _____, CONTRACTOR.

WITNESSETH, That,

WHEREAS, the people of the State of West Virginia and the State of Ohio, stand to benefit from the construction of the Wellsburg Ohio River Bridge project from near Wellsburg in Brooke County, West Virginia to Brilliant in Jefferson County, Ohio, including all associated construction activities (hereinafter referred to as "the Project"); and,

WHEREAS, the West Virginia Department of Transportation Division of Highways (DOH), as a servant of the people of the State of West Virginia, and the Ohio Department of Transportation (ODOT), as a servant for the people of the State of Ohio, wish to see this strategic project completed; and,

WHEREAS, the West Virginia Department of Transportation Division of Highways and the Ohio Department of Transportation, working with the people, the federal government, and other agencies of the States of West Virginia and Ohio, have devised an innovative plan to allow the commencement and completion of the Project in a timely and cost-effective manner;

WHEREAS, pursuant to §17-2D-2 (Highway Design-Build Program), §17-27-5 and §17-27-9 (Public-Private Partnerships) et seq. of the Code of West Virginia, the West Virginia Department of Transportation Division of Highways desires to award a highway construction contract using a Design-Build procedure in conjunction with a Public-Private Partnership (PPP); and,

WHEREAS, after a competitive process, CONTRACTOR has been selected to participate in this venture by completing the Project; and,

NOW THEREFORE, for and in consideration of the recitals appearing above and the covenants hereinafter set forth, the parties hereto mutually agree as follows:

I. CONTRACT DOCUMENTS

The Contract shall be composed of this Agreement and all exhibits, DOH's Request for Proposals and all exhibits, and CONTRACTOR's Proposal and all exhibits. In case of conflict, the order of precedence of the Contract documents shall be: (1) this Agreement; (2) Agreement Exhibits; (3) DOH Request for Proposals (RFP) document and remaining exhibits; (4) Written DOH responses to CONTRACTOR's questions; (5) CONTRACTOR's Proposal and exhibits; (6) DOH Request for Qualifications (RFQ) and CONTRACTOR's response.

Elements and concepts presented in the Proposal and its associated exhibits shall be considered as binding elements for incorporation into the project documents. The DOH shall have the authority to require additional elements that were omitted or prohibit elements shown in the Proposal and its exhibits that are not in compliance with the project documents. The failure of the DOH to communicate any omissions or required additions during the review process of the proposal does not resolve the CONTRACTOR from fully adhering to project requirements.

Within all project documents (including this Agreement, Agreement exhibits, RFP and remaining exhibits, and all other project documents), any reference to "DOH" shall also include a "representative of the DOH acting on behalf of the DOH". The DOH has selected a Quality Assurance Management (QAM) Team for the Project.

II. PROJECT SCOPE

A. Scope of Work

CONTRACTOR shall furnish all services, labor, materials, equipment, supplies, tools, transportation, and coordination required to perform all design, preliminary engineering, environmental services, financial services, ROW services, surveying, geotechnical services, scheduling, permitting, procurement, construction, inspection, utility coordination and relocation, demolition, material disposal and any other services necessary to perform the Project as defined in the Project Scope of Work made a part hereof as Exhibit A1.

B. Design and Construction Responsibilities

1. CONTRACTOR, consistent with applicable state licensing laws, shall provide, through qualified West Virginia and Ohio licensed design professionals (as applicable) employed by CONTRACTOR or procured from qualified, independent West Virginia and Ohio licensed design consultants, the necessary design services, shall include ~~including~~ but not limited to: surveys, roadway design, long span bridge design, traffic control, geotechnical investigation, hydraulic analyses, storm water management, erosion control, structure design including seismic analyses for the preparation of the required drawings, specifications and other design submittals to permit CONTRACTOR to complete the work in accordance with the Contract.
2. CONTRACTOR shall provide through itself or subcontractors the necessary supervision, labor, inspection, testing, material, equipment, machinery, temporary utilities and other temporary facilities to permit performance of all demolition, earthwork, drainage, foundation work, all traffic control, roadway work, structural work,

excavation, erosion and sediment control work, field layout work, construction management and inspection, and all other work necessary to complete construction of the Project in accordance with the Contract. CONTRACTOR shall perform all design and construction activities efficiently and with the requisite expertise, skill, and competence to satisfy the requirements of the Contract. CONTRACTOR at all times shall exercise control over the means, methods, sequences, and techniques of construction. CONTRACTOR's operations and construction methods shall comply with all applicable federal, state, and local regulations with regard to worker safety, protection and health, and protection of the environment and applicable permit requirements.

3. CONTRACTOR shall design and construct the Project in such a manner that the construction limits are contained within all Right-of-Way (ROW) either acquired by the CONTRACTOR or acquired previously by ODOT. ROW shall be acquired as stated in Section VIII.

Acquisition of any additional area outside of what has been designated as an existing ROW or easement shall be made by CONTRACTOR for WV parcels. Additional acquisition may be made for design modifications, construction staging, waste or borrow pits, or any other reason approved by DOH. All additional acquisition shall be the responsibility of the CONTRACTOR.

CONTRACTOR shall provide DOH and/or ODOT the location and documentation for ~~these areas~~ any additional acquisition. CONTRACTOR shall furnish DOH and/or ODOT a copy of any agreements for the use of additional properties in conjunction with the construction of the Project. CONTRACTOR shall abide by the provisions of all applicable environmental permits, any conditions of individual ROW agreements, borrow

site agreements, waste site agreements and all environmental commitments.

It shall be the responsibility of CONTRACTOR to determine and comply with all applicable federal, state, and local laws in connection with the services set forth in this Contract. This obligation shall include, but not be limited to, the procurement of any additional permits and licenses not already obtained by DOH or ODOT. However, with respect to any permit or licenses that must be obtained in the name of DOH or ODOT, CONTRACTOR shall perform all functions within its power to obtain the permit, and DOH or ODOT will fully cooperate in this effort and perform any functions that must be performed by DOH or ODOT. CONTRACTOR and DOH or ODOT will be listed as co-applicants on pertinent Clean Water Act permits in accordance with Exhibit E. CONTRACTOR shall be responsible for payment of all charges, fees, and taxes, and providing all notices necessary and incident to the performance of the Project as of the Effective Date of this Agreement. The Contract Price shall include fees related to the above obligations and if any fees are waived by the regulatory or governmental entity, then the amount of the fee waived shall be deducted from the Contract Price.

C. Design Criteria

It shall be the responsibility of CONTRACTOR to design all aspects of the Project in accordance with the contract documents. CONTRACTOR shall review the documents contained in the Project Information Package, provided in the PROPOSAL, for compliance with the specifications and standards cited in the contract documents. The project shall be designed with applicable DOH Design Standards in West Virginia and applicable ODOT Standards in Ohio. The entire Wellsburg River Bridge shall be designed with DOH Design Standards including the portion inside the limits of Ohio. CONTRACTOR shall be responsible for making any changes necessary to ensure that the final construction plans are in compliance with the specifications and standards cited in the contract documents. In case of conflict, the order of precedence of the design criteria for the West Virginia section, as defined above, shall be: (1) the project specific criteria; (2) *WVDOH/DOH Bridge Design Manual* with interim; (3) *WVDOH Design Directives and Traffic Engineering Directives* (latest edition); (4) "Standard Specification for Structural Supports for Highway Signs, Luminaires, and Traffic Signals – Sixth Edition, 2013; (5) Other Department Design Criteria in effect on the date of project advertisement; (6) *AASHTO LRFD Bridge Design Specifications*, latest edition, with current Interim Specifications; and (7) other AASHTO criteria in effect on the date of project advertisement. All design criteria shall be the current edition, including updates or interims, released on or before the advertisement of this document.

In case of conflict, the order of precedence of the design criteria for the Ohio design section, as defined above, shall be: (1) the project specific criteria; (2) Ohio Bridge Design Manual; (3) Ohio Location and Design Manuals (Volumes 1-2); (4) Construction and Material Specifications*; (5) Proposal Notes for Construction and Material Specifications*; (6) Supplemental Specifications for Construction and Material Specifications*; (7) Standard Construction Drawings; (8) Traffic Engineering Manual; (9) Ohio Manual of Uniform Traffic Control Devices; (10) Environmental Services Handbooks and Guidelines; (11) Waterway Permit Manual; (12) AASHTO LRFD Bridge Design Specifications, latest edition, with current Interim Specifications; and (13) other AASHTO criteria in effect on the date of project advertisement. All design criteria shall be the current edition, including updates, released on or before the advertisement of this document. *-denotes that criteria is only applicable for work specifically required.

In the event that a clear order of predominance cannot be established or a difference in the interpretation of the design criteria, standards, specifications, or methodology cannot be resolved, the Engineer, as defined by the DOH Standard Specifications, will be arbiter and the Engineer's decision will be final. Alternatively, a Dispute Resolution Board (DRB) shall be utilized. Arbitration will be conducted in accordance with the project Special Provision.

CONTRACTOR shall provide a completed set of construction plans signed and sealed by a licensed professional engineer in West Virginia and Ohio as applicable. CONTRACTOR shall be fully responsible for the accuracy of the design and compliance with specifications, standards, and Project Criteria.

Plan sheets shall be at 1"=50' scale. Profile sheets shall be 1"=50' scale horizontal, and 1"=10' scale vertical. Cross sections shall be 1"=20' scale horizontal and vertical at

50' intervals maximum. Bridge plans/profiles shall be at a natural scale. A minimum of 150' of WV 2 and Ohio 7 roadway shall be shown beyond the construction limits. For side roads and cross roads the distance shall be 75' minimum.

D. Design Review

1. CONTRACTOR shall provide to DOH twenty-one (21) full calendar days (excluding state and federal holidays, period between Christmas and New Year's Day, and the Friday after Thanksgiving) prior to commencement of the next phase of work, in formats designated by DOH, six (6) sets of all conceptual, preliminary, and final design plans, related documents and one electronic copy (in MicroStation and 'PDF'), so that DOH will have an opportunity to review the plans prior to commencement of each activity (including but not limited to final design, construction, demolition, and material disposal). Project plans shall be submitted at a minimum as conceptual, preliminary, and final plans. The plans shall be developed to an approximate level of 30%, 75% and 100%, respectively. Preliminary Plans shall not be submitted prior to the completion of the 21 calendar day review of the corresponding Preliminary Geotechnical Report. Final Plans shall not be submitted prior to the completion of the 21 calendar day review of the corresponding Final Geotechnical Report. If more than one package is submitted within ~~a seven calendar day~~ an ongoing review period, an additional seven calendar days (excluding state and federal holidays) per submittal package will be allowed for the reviews. Combining separate deliverables into a combined submittal shall not waive the additional seven day extension. Examples of separate deliverables include, but are not limited to: items listed below individually in D.3, roadway sections up to 3 miles in length, and individual structures. All submittals to DOH shall be signed and sealed by the licensed professional engineer of record. CONTRACTOR shall also provide any design calculations requested by the DOH. DOH will have the right, but not the obligation, to review and comment upon the plans. DOH review comments shall be responded to in written form prior to commencement of the next work activity and no longer than fourteen (14) full calendar days from receipt. The CONTRACTOR and DOH shall reach agreement upon all comments prior to next phase of submittal or construction if comments are based on a final submittal. Final design plans shall be approved for construction by the DOH prior to commencement of any construction activity associated with the plan under review. No review or comment nor any failure to review or comment shall operate to absolve CONTRACTOR of its responsibility to design and build the Project in accordance with the contract or to shift responsibility to DOH.
2. Shop Drawings shall be submitted from the originator to the Engineer of Record for approval. Upon approval by the Engineer of Record, all shop drawings shall be submitted to the DOH for final acceptance. Shop Drawings submittals shall be submitted and reviewed according to the D.1.
3. CONTRACTOR shall submit deliverables including, but not limited to, the following as set forth in the CONTRACT.
 - (a) Plans (Article II (D) (1))

Exhibit A – Agreement

Amendment 04
Amendment 06

- (b) Wellsburg Bridge Inspection and Maintenance Manual
- (c) Erosion Control Plan
- (d) Storm Water Pollutant Prevention Plan and Spill Prevention Plan
- (e) Traffic Control Plan
- (f) QC Plan
- (g) Drainage Notebooks for the Project in accordance with DOH Drainage Manual
- (h) Bridge design calculations in notebook form (two sets)
- (i) CPM Schedule
- (j) Shop drawings
- (k) Preliminary & Final Geotechnical Reports
- (l) All final electronic design files for the Project in format acceptable to DOH (Bentley Systems format).
- (m) Escrow Proposal Documents
- (n) CONTRACTOR's Materials Certification

E. Ownership of Documents

Drawings, specifications, test data, inspection reports, QC documents, daily diaries and any other documents, including those in electronic form, prepared by CONTRACTOR or CONTRACTOR's consultants are "Project Documents". CONTRACTOR and CONTRACTOR's consultants shall be the owner of the Project Documents. Upon the Effective Date of this Agreement, CONTRACTOR grants DOH a nonexclusive license to reproduce the Project Documents for the purposes of, but not limited to, promoting, using, maintaining, upgrading, or adding to the Project. Upon completion of the Project or upon default by CONTRACTOR, CONTRACTOR shall provide copies of all Project Documents to DOH and ODOT in the format designated.

F. Construction Criteria

CONTRACTOR shall construct the Project in accordance with all applicable Federal, State, and local statutes and regulations. The entire Project will be constructed according to West Virginia construction criteria including the DOH Standard Specifications in lieu of dividing the project by state, except where specifically required. The CONTRACTOR shall utilize the DOH construction criteria as defined below for items of work required to use Ohio design standards, as approved by the DOH. If Items 1-13 are not applicable

Exhibit A – Agreement

Amendment 04
Amendment 06

within the Ohio Design section for a specific requirement, an Ohio construction criteria shall be utilized in order as defined below. All construction shall be performed in accordance with the following requirements, which are incorporated herein by reference and made a part hereof; provided that, where the following requirements conflict with this Agreement, this Agreement will control in order of precedence:

1. Exhibit A1—Scope of Work
2. Exhibit A2—Project Criteria
3. Exhibit A3—Project Special Provisions
4. DOH Standard Specifications Roads and Bridge (2010), as amended by the 2016 Supplemental Specifications
5. DOH Standard Details Volumes I (2000) and II (1994), including Revised Standard Details
6. DOH Construction Manual (2002)
7. DOH Approval Sheets, Materials Procedures, and New Products Evaluation Summary
8. DOH Design Directives; effective as of October 2006
9. DOH Bridge Design Manual (2004, including 2016 Interim)
10. DOH Manual on Temporary Traffic Control for Streets and Highways (2006)
11. DOH Traffic Engineering Directives (2005)
12. DOH Drainage Manual (2007; including February 2012 Addendum)
13. DOH Erosion and Sediment Control Manual (2003)
14. Ohio Bridge Design Manual
15. Ohio Location and Design Manuals (Volumes 1-2)
16. Construction and Material Specifications (only where applicable)
17. Proposal Notes for Construction and Material Specifications (only where applicable)
18. Supplemental Specifications for Construction and Material Specifications (only where applicable)
19. ODOT Standard Drawings
20. Ohio Manual of Uniform Traffic Control Devices
21. Environmental Services Handbooks and Guidelines
22. Waterway Permit Manual
23. Geotechnical Bulletins

G. Project Management

CONTRACTOR shall be responsible for ensuring that the Project is constructed in conformance with the Contract, all referenced documents and specifications, and applicable laws and regulations.

CONTRACTOR shall provide project management services sufficient to supervise the activities of their own personnel and all subcontractors. CONTRACTOR shall provide project management services sufficient to ensure Quality Control for design development, construction inspection, and materials sampling and testing. All phases of Quality Control shall be accompanied by appropriate levels of documentation as deemed appropriate by DOH. CONTRACTOR shall provide a sufficient number of persons on site, to the satisfaction of DOH, to provide for the construction management of the Project.

CONTRACTOR shall provide two 'Large Field Office and Storage Building', and 'Building Equipment' as detailed in the DOH Standard Specifications for Roads and Bridges (2010) for the exclusive use of the DOH. These items shall meet the requirements of Section 640 of the Specifications. However, the required area of the buildings shall be increased from 80 ft² to 150ft². In addition, the copier detailed in 640.10, Section 12 of the Specifications shall also include a scanning feature for all project documents. All costs for these items to be borne by the CONTRACTOR.

DOH will provide representatives assigned to the Project for Quality Acceptance and to monitor the construction and provide necessary coordination between DOH and CONTRACTOR. All costs for salary and equipment to maintain DOH employees or representatives will be provided by DOH at no expense to CONTRACTOR. DOH representatives shall ~~will~~ have full and complete access to the Project, the work in progress, the daily diaries, and to other technical documents and project records associated with design, construction, demolition, material disposal, materials, quality control, materials installation, and testing. DOH representatives will receive reasonable notice of and have the opportunity to participate in any meetings that may be held concerning the Project ~~or the relationship~~ between CONTRACTOR and their consultants and subcontractors when such meetings are associated with technical matters, progress, or quality of the Project. As used in this paragraph, "notice" shall require actual written notice to DOH's Project Engineer/Project Supervisor.

H. Control of the Work

CONTRACTOR shall determine the appropriate means, methods, and scheduling necessary to complete the work timely and in accordance with all construction requirements. DOH will have the right to review and inspect the work at any time.

1. If, at any time, DOH observes or has actual notice of any fault or defect in CONTRACTOR's performance of this Agreement, DOH will give CONTRACTOR prompt written notice reasonably detailing the nature of the fault or defect. DOH is not required to discover or to accept defective or faulty work. DOH's right to have defective or faulty work promptly corrected shall not be waived by any action of DOH.

2. DOH will have the authority to suspend the work, wholly or in part, for such periods as DOH may deem necessary, due to CONTRACTOR's failure to meet the requirements of the Contract in the performance of the work or observances of safety violations that result in unsafe working conditions. Any decision to suspend the work shall be in the sole discretion of the DOH.
3. No inspection, acceptance, payment, partial waiver, or any other action on the part of DOH will operate as a waiver of any portion of this Agreement or of any power reserved herein or any right to damages or other relief except insofar as expressly waived by DOH in writing. DOH will not be precluded or stopped by anything contained herein from recovering from CONTRACTOR any overpayment as may be made to CONTRACTOR.

III. CONTRACT PRICE/CONTRACT PAYMENTS

A. Contract Price

The "Contract Price" shall be \$ (_____).

The Project shall be awarded based on a single lump sum amount. A breakdown of West Virginia and Ohio costs for the Project shall not be included.

In consideration for the Contract Price, CONTRACTOR shall perform all of its responsibilities under the Contract. The Contract Price shall include all work identified in the Project Scope of Work (Exhibit A1).

In addition, the Contract Price shall be divided into 3 Bid Items. Bid Items shall include:

- 1) WV Right of Way and Utilities
- 2) OH Right of Way and Utilities
- 3) Wellsburg Bridge Project

Bid Item 1 shall include the costs associated with additional ROW in WV required outside the proposed R/W limits in the Exhibit F 30% Construction Plans. Acquisition services shall also be included. The cost of the ROW and utility relocations for items as shown in Exhibit F shall be reimbursable including mineral costs, but shall not be included in this Bid Item.

Bid Item 2 shall include the costs required to acquire additional ROW required in OH and outside the limits in Exhibit F. The cost for demolition of any structures on the Residential Land Parcel, as described in VIII.B, shall be included in Bid Item 2.

Bid Item 3 shall include all remaining items per the scope excluding Bid Items 1 and 2.

B. Contract Price Adjustments

All contract price adjustments will be in accordance with the Standard Specifications for Roads and Bridges (2010), as amended by the Supplemental Specifications (most current edition available at time of RFP advertisement). All contract price adjustments shall be processed after all contract work has been completed on the final contract payment.

Exhibit A – Agreement

Amendment 04

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Non-Specification materials the CONTRACTOR may request to remain in place, at a reduced price, shall have the unit bid cost for this procedure derived from the activity and or group of activities listed in the CONTRACTOR's Critical Path Method (CPM) Schedule that has been submitted and approved.

All mark-ups, however, will be adjusted by 10% and not 16%.

Costs incurred or fees paid for design work related to the change or event shall be in accordance with 109.4.3.4.

The Brooke Pioneer Trail must remain open as specified in commitments included in the FONSI and project criteria. The trail shall remain open during Memorial Day weekends. A \$1000/hr penalty shall be assessed for any period of time in which the trail is not fully open during Memorial Day weekends.

Other than as provided above, the Contract Price shall not be increased for contract time adjustments or delay damages. Contract Price adjustments shall be documented by Change Order signed by both parties and shall be reflected immediately in the Schedule.

C. Contract Payments

1. Gap Financing

CONTRACTOR is to provide Gap Financing for this project. Gap Financing, for the purposes of this Agreement, is defined as the incurrence of a temporary financial obligation on the part of the CONTRACTOR resulting from the CONTRACTOR's monthly expenditures exceeding DOH's monthly payment. Payments will be made monthly based upon the project's schedule and performance. With the exception of the final payment, all payments will be \$2,200,000 per month. The final payment shall not exceed \$2,200,000. The total payout shall not exceed the contract amount plus any contractual adjustments.

2. Critical Path Method (CPM) Schedule

CONTRACTOR shall prepare and maintain a Schedule in accordance with this agreement and the CPM Schedule requirements as defined in Section 108 of the DOH Specifications for Roads & Bridges. A Preliminary CPM Schedule and the narrative report for the Project shall be delivered to DOH within 30 calendar days from the Effective Date of this Agreement. The DOH shall withhold contract payments if the Preliminary CPM Schedule and narrative report are not submitted in this timeframe. In addition, the DOH shall withhold contract payments after 90 calendar days from the Notice to Proceed until such time as the Detailed CPM Schedule and narrative have been reviewed and accepted by the DOH with all comments being addressed by the CONTRACTOR.

The CONTRACTOR may submit a request for initial payment when the contract is fully executed. Requests for subsequent monthly payments shall be submitted on the

Exhibit A – Agreement

Amendment 04
Amendment 06

last day of each month. Payments are contingent upon satisfactory progress and will cease if project is determined by DOH to be detrimentally behind schedule. Any payments omitted during a period of unsatisfactory progress shall be processed upon achieving Schedule adherence.

3. Monthly Progress Payments

DOH will review each monthly Schedule update and request for payment. Upon acceptance by DOH of the Schedule for payment, DOH will pay CONTRACTOR the monthly payment. DOH will make each payment within fourteen (14) calendar days of the receipt of the corresponding undisputed Schedule for payment. In the event of a dispute over the quality of work or percentage of the Project completed, DOH's decision is controlling and final. Payment by DOH will not preclude or stop DOH from correcting any measurement, estimate, or certificate regarding the percentage completion of the Project, and future payments may be adjusted accordingly.

4. Final Payment

Final payment will not be made until Final Completion is met as per Section IV.A.4 of Exhibit A.

5. Withholding of Payment

DOH may withhold all or part of any payment under the Contract for any of the reasons listed below. The decision to withhold funds shall be at the sole discretion of the DOH. Any funds withheld will be released upon CONTRACTOR satisfactorily remedying the defect, fault, or failure. ~~at which time payments will resume.~~

- (a) Defective work not remedied. Defective work shall be defined as work or material not conforming to the requirements of the Contract;
- (b) Reasonable evidence that the Work will not be Substantially Complete within the Contract Time as adjusted and that the unpaid balance of the Contract Price will not be adequate to cover Liquidated Damages for the actual unexcused delay;
- (c) Failure to comply with the prompt payment provision of this Contract;
- (d) Any fines or other charges to DOH due to CONTRACTOR's failure to comply with permit requirements or other regulations;
- (e) Notice of cancellation of insurance;
- (f) Failure to submit updated and accepted CPM as described in bullets 2 & 3 above;

- (g) Violation of QC plan requirements;
- (h) Failure to follow specifications or procedures required by the Contract;
- (i) Failure to comply with DBE, On-the-Job Training, and prevailing wage provisions;
- (j) Failure to provide adequate work zone traffic control;
- (k) Failure to provide adequate sediment and erosion control;
- (l) Failure to provide a safe work site in accordance with all applicable laws or,
- (m) Violation of any contract provisions.

IV. CONTRACT TIME

A. Project Schedule

1. Time for Completion of the Project. The Project shall be complete by ~~July 28, 2020~~
~~March 28, 2021~~.
2. Progress Review Meetings shall be held between CONTRACTOR and DOH at least every 2 weeks or as requested by the DOH. Periodic construction meetings shall be held by CONTRACTOR with its consultants and subcontractors to coordinate the work, update the schedule, provide information, and resolve potential conflicts.
3. DOH and CONTRACTOR will hold a regular CPM Schedule Meeting at which all principal parties are expected to attend. These meetings will be held ~~the~~ 5 working days prior to the due date for the application for payment.
4. Final Completion. When CONTRACTOR believes that all elements of its work on the Project, including all of the requirements of the Contract, have been completed, it shall notify DOH in writing. Within thirty (30) calendar days thereafter, DOH will acknowledge project completion or will advise CONTRACTOR in writing of any aspect of the Contract or the Project Scope that is incomplete or unsatisfactory. CONTRACTOR shall complete all corrective action within thirty (30) calendar days after written notification of incomplete or unsatisfactory items. CONTRACTOR will notify DOH in writing upon completion of necessary corrective action. DOH will verify satisfactory completion of the corrective action in writing to CONTRACTOR. Upon verification, the Project shall be deemed to have achieved Final Completion.
5. Inspection/Acceptance; No Waiver. No inspection, acceptance, payment, partial waiver, or any other action on the part of DOH will operate as a waiver of any portion

of this Agreement or of any power reserved herein or any right to damages or other relief except insofar as expressly waived by DOH in writing. DOH will not be precluded or stopped by anything contained herein from recovering from CONTRACTOR any overpayment as may be made to CONTRACTOR.

B. Contract Time Adjustments shall be as per Section 108 Standard Specifications Roads and Bridges 2010, as amended by the Supplemental Specifications (most current edition available at time of RFP advertisement).

C. Owner's Right to Stop Work

DOH will have the authority to suspend the work, wholly or in part, for such periods, as DOH may deem necessary, due to CONTRACTOR's failure to meet the requirements of the Contract in the performance of the work including providing a safe worksite. DOH shall have sole discretion in making the determination to suspend the work. Such suspension of the work shall not constitute grounds for claims for damages, time extensions, or extra compensation.

V. QUALITY CONTROL / QUALITY ASSURANCE

A. CONTRACTOR's Responsibilities

CONTRACTOR shall be responsible for the items listed below. Work shall not commence until CONTRACTOR has met these requirements.

1. Quality Control Plan: CONTRACTOR shall submit a Quality Control Plan that outlines how CONTRACTOR shall assure and document that the design, materials, and work are in compliance with the drawings, plans, standard specifications, contract special provisions, DOH Construction Manual, Inspection Training Manuals, RFP, and all exhibits. The CONTRACTOR shall coordinate with ~~engage~~ the DOH in the development of the Quality Control Plan to facilitate Approval and ensure understanding of requirements. The DOH's participation in the development of the plan does not waive the CONTRACTOR's responsibility for the quality of the work, nor does it ascribe any responsibility to the DOH for the work. Further, this involvement does not preclude subsequent rejection of the Quality Control Plan by the DOH. The initial plan shall be submitted to DOH for review and approval at least 30 calendar days prior to the beginning of any design or construction activity. The plan shall be updated as necessary prior to the start of any specific design or construction operation. The plan shall include a list of personnel responsible for management, design, inspection, and quality control of the Project, and define the authority of each individual. The plan shall also include how CONTRACTOR will monitor quality and deal with failing materials.
2. Personnel: CONTRACTOR shall provide a sufficient number of qualified personnel to adequately control the work of the Project. Per section 101.1.9.3 of

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the WVDOH Construction Manual, 2002, page 101(14), for all Major Structure construction operations, a minimum of (4) four inspection personnel shall be required. All other inspection staffing requirements shall be evaluated and approved by the DOH as the updated Quality Control Plans are submitted by the CONTRACTOR. All personnel responsible for construction inspection, obtaining samples or conducting material testing shall be certified or adequately trained and qualified as determined by DOH. The CONTRACTOR shall obtain, at the beginning of the project, licensing for AASHTOWare Project Site-Manager records system, and Bentley Project Wise document management software, and a minimum of (3) three individuals proficient in the use of said software shall be required. Additionally, CONTRACTOR must provide training in this system for all additional personnel required to adequately control the work. Training, qualification, and/or certification shall include classroom training, written testing, documented demonstration of proper inspection, sampling and testing procedures, pre-employment training and an on-the-job training period. CONTRACTOR shall provide DOH with copies of each individual's training, qualifications, and/or certifications, in resume form, for review and approval by DOH. All construction inspection personnel shall possess current certification from the WV Transportation Engineering Technician Certification Board. The contact information for the board is:

WV Transportation Engineering Technician Certification Board
1340 Smith Street
Charleston, WV 25301
Phone: 304-558-9774
E-mail: ernie.r.larzo@wv.gov, Beverly.A.Barnes@wv.gov

3. CONTRACTOR Testing: CONTRACTOR is required to conduct asphalt, concrete, and earthwork sampling and testing in accordance with QC/QA special provisions and specifications for earthwork, compaction, concrete, asphalt and any ancillary items necessary to complete the work. CONTRACTOR may elect to conduct other sampling and testing for it's his own benefit. The cost of these activities will be borne by CONTRACTOR.
4. Testing Laboratories: All testing laboratories used on the Project must be approved by DOH thirty (30) days prior to beginning the portion of work for which the laboratory will be performing the testing.
5. Mix Designs: Copies of all initial asphalt mix designs and Portland Cement Concrete mix designs, along with supporting data, shall be submitted to DOH for review at least 30 days prior to use. All asphalt mix designs will be prepared by personnel certified in Mix Design Methods. Portland Cement Concrete mix designs will be prepared by a certified concrete technician or a Professional Engineer. The Portland Cement Concrete mix proportions given in the specifications are to be followed. CONTRACTOR shall design the mix to obtain the strength and water/cement ratios given in the Specifications, and shall provide

workability, air content, gradation and suitable set times as set forth in the ~~standard~~ Specifications. The DOH will be notified of any revisions to CONTRACTOR's mix design. Copies of such revisions will be sent to DOH for review at least 14 days prior to use.

6. Materials Certifications: CONTRACTOR shall submit all material certifications for approval by DOH prior to the CONTRACTOR incorporating the material and applying for payment for work in which the material was incorporated. Each Quality Control Plan submission will include the CONTRACTOR's Proposed Source of Materials (Form 454) as per section 106.1 of the WVDOT Division of Highways Standard Specifications and 106.1.2 of the WVDOT Division of Highways Construction Manual 2002. This shall be submitted in the following format:
 1. All activities in the CONTRACTOR's CPM Schedule that include materials that are to be incorporated into the work shall be detailed as to the source, type, and estimated quantity of material to be used for each activity.
 2. As activities are added to the Schedule. The Source of Materials (Form 454) shall also be updated for each activity.

Upon completion of the Project, CONTRACTOR shall submit to DOH a letter of certification stating that, based upon an analysis of all materials test results, all materials incorporated into the Project were found to be in substantial conformance with the requirements of the plans and specifications. A list of any exceptions and all failing test results will be provided, along with a record of disposition of the material represented by these tests.

7. Design QC: CONTRACTOR will perform Design QC in accordance with Section II. F. of this Agreement. CONTRACTOR'S Engineer of Record will be responsible for ensuring proper performance of all aspects of Design QC.
8. Construction Inspection QC: CONTRACTOR will perform standard construction inspection QC duties in accordance with Section II. F. of this agreement. CONTRACTOR'S QC Manager will be responsible for ensuring proper performance of all aspects of construction inspection. The QC Manager will closely coordinate and cooperate fully with the DOH QA Manager to ensure the proper performance of all aspects of the construction inspection QC/QA process. The CONTRACTOR shall work to continuously improve the effectiveness of the Quality Control Plan throughout the life of the contract.
9. Coordination of Acceptance Testing: PROPOSER is required to coordinate his activities closely with DOH to allow the necessary acceptance testing to be conducted prior to proceeding to the next operation. The disposition of failing materials must be approved by DOH.

B. DOH Responsibilities

1. Acceptance Testing: DOH personnel assigned to the Project, or qualified personnel retained by DOH, will conduct sampling and testing, separate from CONTRACTOR's testing, at the frequencies set forth in the WVDOT Division of Highway's Construction Manual 2002 ~~DOH's construction manual~~. This testing will be used by DOH to determine the acceptability of the materials. All sampling and testing will be in accordance with existing AASHTO, ASTM, or other test methods used by DOH. The cost of these activities will be borne by DOH. ~~CONTRACTOR is required to coordinate his activities closely with DOH to allow the necessary acceptance testing to be conducted prior to proceeding to the next operation. The disposition of failing materials must be approved by DOH.~~
2. Independent Assurance Testing: DOH will be responsible for conducting Independent Assurance Testing. Personnel performing these tests will be DOH employees or qualified persons retained by DOH. Persons performing these tests will not be involved in Acceptance Testing. This testing will be used to ensure that proper sampling and testing procedures are being followed, and that testing equipment is functioning properly. This testing will consist of observing sampling and testing by both DOH personnel (or its representative) performing Acceptance Testing and CONTRACTOR personnel performing Quality Control Testing, as well as taking split samples for the purposes of comparison testing. Independent Assurance Testing will be at an approximate frequency of one-tenth of the Acceptance Testing frequency. Independent Assurance test results will not be used for acceptance. The cost of these activities will be borne by DOH.
3. Materials Certification: DOH will be responsible for preparing the Materials Certification as required by the FHWA on federally funded projects.
4. Design QA: DOH shall perform Design Quality Assurance. Design QA shall evaluate whether the designer assessed the problem appropriately, applied the correct analysis, and assigned qualified personnel to the task. Design QA shall include review of math and engineering computations; technical accuracy; conformance to contract requirements; review of form, content and spelling, and coordination with other disciplines including construction. The Design QA review shall be carried out to a level equal with the complexity of the design approach and the criticality of the design element.
5. Construction Inspection QA: DOH will be responsible for performing Quality Assurance for construction inspection in accordance with Section II.F. of this Agreement. The QA Manager will coordinate ~~closely~~ with the CONTRACTOR'S QC Manager to ensure the proper performance of construction inspection QA.

C. CONTRACTOR's Obligation

DOH's testing in no way relieves CONTRACTOR of its obligation to comply with the Contract requirements. All materials incorporated into the Project must meet or exceed contract requirements and specifications.

VI. INSURANCE AND BONDING

A. Insurance

CONTRACTOR shall meet the requirements of Section 107.8.2 of the Standard Specifications.

CONTRACTOR providing professional design services with the CONTRACTOR's own personnel shall, at the time of execution of this Agreement, obtain Errors and Omissions insurance for their Professional Liability for all claims arising from the performance of professional services on the Project. If the CONTRACTOR retains consultants to provide professional services, the CONTRACTOR shall ensure that the consultants obtain Errors and Omissions Insurance for their Professional Liability for all claims arising from the performance of professional services on the Project. The insurance coverage shall be for not less than One Million Dollars (\$1,000,000) per claim and in the aggregate. The coverage shall be continued for three (3) years after the date of Substantial Completion. Evidence of such insurance shall be provided to DOH at the time of the execution of the Agreement. CONTRACTOR and any of its contractors and/or subcontractors shall include the DOH as an additional insured on all policies of insurance, except worker's compensation.

B. Bonding

CONTRACTOR shall meet the requirements of Section 103.5 of the Standard Specifications.

VII. UTILITIES AND RAILROADS

A. Utilities

Work performed by the CONTRACTOR relative to relocating utilities will be in accordance with the DOH manual titled *Accommodation of Utilities on Highway Right of Way and Adjustment and Relocation of Utility Facilities on Highway Projects*. Anywhere in the referenced manual that states "Division of Highways", "DOH", "Department" or any other form implying such shall read "CONTRACTOR" for this project. The CONTRACTOR shall include in his bid the cost of coordinating and relocating the utilities referenced in the attached Utility Status Report. If any utility relocation is reimbursable, the agreement will be between the DOH and the utility company. The amount reimbursable by the utility agreement will be borne by the CONTRACTOR. A Utility Status Report is attached as 'Exhibit C'. Contact names and telephone numbers for the involved utilities are included with the Utility Status Report. If the utility companies relocate according to the requests of the CONTRACTOR and

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are then asked to perform a second relocation, the cost of the second relocation will be borne by the CONTRACTOR. No additional compensation will be made by DOH due to CONTRACTOR's coordination or lack of coordination with affected utilities. The Division has made every effort to verify existing utilities. The CONTRACTOR shall verify the ownership of any other utilities encountered, both public and private. The DOH has made every effort to verify existing utilities but makes no guarantee of their accuracy. The CONTRACTOR shall verify the ownership of all utilities encountered, both public and private.

B. Railroads

The executed Railroad Agreements are located in Exhibit C E. The CONTRACTOR shall follow all requirements in the Railroad Agreements. The CONTRACTOR is responsible for all technical and engineering coordination with affected railroads. A timeframe for any technical or engineering review by the railroads is not provided or guaranteed and shall be coordinated with the Railroad Company. The CONTRACTOR shall not charge or submit a claim against the DOH, ODOT, or the Railroad Company for hindrance or delay due to railway traffic, any work done by the Railroad Company, or other delay incident to or necessary for safe maintenance or normal operation of railway traffic, or for any delays due to compliance with Railroad Agreements. ODOT will pay the Railroads directly for the following costs: Preliminary Engineering, Construction Engineering, flagging, and all technical and engineering reviews as required by the Railroad. The cost of flaggers beyond the standard 10 hour day or on the weekends will be the responsibility of ODOT and not the CONTRACTOR. All such activities will need to be approved by ODOT in advance. The CONTRACTOR is responsible for other costs, including but not limited to, interfacing with the Railroads and Railroad Protective Liability Insurance. The following ODOT contact can be used for assistance in interfacing with the railroads:

Richard Behrendt
614-387-3097
rbehrendt@dot.state.oh.us

Additional Norfolk Southern Requirements

All work on, over, under, or adjacent to Norfolk Southern (NS) ROW shall be done in accordance with Norfolk Southern "Special Provisions for the Protection of Railway Interests" (NS Special Provisions). It shall be the responsibility of the CONTRACTOR to coordinate all construction activities in accordance with the NS Special Provisions.

"One Call" services do not locate buried railroad signal and communications lines. The contractor shall contact the railroad's representative two (2) days in advance of those places where excavation, pile driving, or heavy loads may damage railroad underground lines on railroad property. Upon request from the contractor or agency, railroad signal forces will locate and paint mark or flag railroad underground signal, communication, and power lines in the area to be disturbed for the contractor. The contractor shall avoid excavation or other disturbance of these lines which are critical to the safety of the railroad and the public. If disturbance or excavation is required near a buried railroad signal, communication, or power

line, the line shall be potholed manually with careful hand excavation by the CONTRACTOR and protected by the CONTRACTOR during the course of the disturbance under the supervision and direction of a railroad signal representative.

All Utility installations or relocations that are required in conjunction with this project can be installed or relocated as part of the project provided the construction is performed by the project CONTRACTOR or project CONTRACTOR's sub-contractor. However, the utility must submit an application for the installation or relocation to AECOM for appropriate handling for license agreement and applicable fees. For utility applications go to: www.nscorp.com>Real Estate>NS Services>Wire, pipeline, & Fiber Optics projects>AECOM. Note: License agreement must be executed prior to utility being installed or relocated.

Norfolk Southern will be provided as-built drawings showing the actual clearances as constructed. Depth, size, and location of all foundation components shall be shown on the drawings.

For projects requiring more than 30 consecutive days of flagging, CONTRACTOR shall provide the flagman a small work area with a desk/counter and chair within the field/site trailer, including the use of bathroom facilities, where the flagman can check in/out with the Project, as well as to the flagman's home terminal. The work area should provide access to two (2) electrical outlets for recharging radio(s), and a laptop computer; and have the ability to print off needed documentation and orders as needed at the field/site trailer. This should aid in maximizing the flagman's time and efficiency on the Project.

Drainage ditches and structure details shall be developed in accordance with the requirements of AREMA Chapter 1 and Norfolk Southern Typical Drawing No. 1 –Overhead Bridge Details – Permanent Clearances. Bridge and roadway plans should indicate all proposed drainage encroachments on railroad ROW.

Additional Wheeling & Lake Erie Requirements

All work on, over, under, or adjacent to Wheeling & Lake Erie ROW shall be done in accordance with Wheeling & Lake Erie Special Provisions. It shall be the responsibility of the CONTRACTOR to coordinate all construction activities in accordance with the Wheeling & Lake Erie Special Provisions.

VIII. RIGHT-OF-WAY

CONTRACTOR shall design and construct the Project in such a manner that the construction limits are contained within all ROW either acquired by the CONTRACTOR or acquired previously by ODOT.

A. West Virginia Right-of-Way

All ROW in West Virginia shall be acquired by the CONTRACTOR. The ROW cost will be reimbursed to the CONTRACTOR by the DOH, and shall not be included in the bid for the Project. The DOH will oversee the acquisition of ROW, to ensure compliance with The Uniform Relocation Assistance and Real Property Acquisition Act of 1970, 49 and 23 CFR, and the DOH's ROW Manual. Any consultant contracted with the CONTRACTOR must be familiar with the requirements of all of these documents. The DOH has a list of approved ROW consultants, any of which the DOH is satisfied with the familiarity of requirements.

The DOH has already obtained appraisals, reviews of those appraisals, and title reports for the surface of all parcels shown on the preliminary ROW Plans. The value of those appraisals is \$320,000. However, if the CONTRACTOR determines that additional ROW, beyond that shown on preliminary ROW plans is necessary or, if the DOH's previously obtained appraisals are more than six months old, the CONTRACTOR shall update the DOH's appraisals, reviews, and title reports before making contact with affected property owners.

The DOH expects coal to be encountered. No appraisal has been prepared for coal interests. However, based upon the DOH's title reports, all coal must be condemned. Once the CONTRACTOR determines value of the coal, the DOH will exercise its power of eminent domain to acquire the coal. If other minerals are encountered, the CONTRACTOR shall obtain appraisals and title reports for such interests, to offer just compensation to the owner.

In the event that after a property owner has been offered just compensation for his property and, such property owner refuses the CONTRACTOR's offers, the DOH will exercise its power of eminent domain to acquire the property.

Any settlement of any acquisition above the approved appraisal amount shall be in the sole discretion of the DOH.

All values to be offered to property owners shall be approved by the DOH, prior to offers being made to property owners.

The DOH does not anticipate the necessity of providing any relocation assistance to any displaced person. However, the CONTRACTOR is responsible to provide such assistance, if necessary, and any payments to any displaced person shall be approved by the DOH, prior to any offers being made to displaced persons.

The CONTRACTOR shall maintain complete files on all parcels, using DOH forms. These files are the property of the DOH and shall be turned over to the DOH, upon the completion of acquisition.

All property acquired by CONTRACTOR shall be transferred to the DOH within 30 days of completion of acquisition on each parcel.

The CONTRACTOR shall prepare RW-3 plans per WVDOH DD-301 and deed descriptions per WVDOH DD-312. Plans and descriptions shall be submitted to the DOH for review.

The CONTRACTOR shall provide RW-4's ~~shall be provided~~ to the DOH after the project is complete.

The CONTRACTOR will be responsible for installation of WVDOH R/W Fence and WVDOH R/W Survey monumentation as shown in the West Virginia Final ROW Plans.

B. Ohio Right-of-Way

ODOT has begun acquisition of ROW in Ohio, and will pay for that acquisition. If additional Rights-of-Way become necessary, the CONTRACTOR shall secure all properties and produce all necessary ROW plans and deed descriptions.

The Ohio side consists of purchasing ROW from 8 land owners (2 Railroad Parcels, 3 Commercial Vacant Land Parcels, 2 Vacant Land Parcels with Personal Property Relocation, and 1 Residential Relocation Parcel).

It is anticipated that all non-relocation parcels will be fully acquired by 9/01/16. The Residential Relocation Parcel will be fully acquired and possession of the structure by 4/1/17. Any structures on the Residential Relocation Parcel shall be demolished by the CONTRACTOR within 24 months of acquisition. ~~The structure will need to be demolished within 24 months of possession.~~ It is anticipated the two vacant land parcels with personal property relocation will be fully acquired by 4/1/17.

The CONTRACTOR will be responsible for installation of ODOT R/W Fence and ODOT R/W Survey monumentation as shown in the Ohio Final ROW Plans.

ODOT does not intend to acquire any additional ROW in Ohio for this project outside what is shown in Exhibit B. It is anticipated at this time that the CONTRACTOR shall design and construct the project in such a manner that the construction limits are contained within existing ROW in Ohio as depicted in Exhibit B. Should the CONTRACTOR need to acquire properties outside of the ROW limits, the full cost of such acquisition shall be borne by the CONTRACTOR.

C. General Right-of-Way

Acquisition of any additional area desired by CONTRACTOR for, but not limited to, construction staging, demolition activities, waste or borrow pits shall be the responsibility of CONTRACTOR. CONTRACTOR shall provide DOH and ODOT the location and documentation for these additional areas. CONTRACTOR shall furnish DOH and ODOT a copy of any agreements for the use of additional properties in conjunction with the construction of the Project. CONTRACTOR shall abide by the provisions of all applicable environmental permits, any conditions of individual ROW agreements, and all environmental commitments.

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Acquisition of any additional area in Ohio or West Virginia desired by CONTRACTOR for design modifications outside the limits shown in Exhibit B shall be the responsibility of CONTRACTOR. Such acquisitions may be obtained by CONTRACTOR only upon the approval of DOH or ODOT. CONTRACTOR must submit an environmental re-evaluation covering the additional areas for DOH and/or ODOT approval prior to any ROW acquisition and/or construction activity. CONTRACTOR will not be entitled to any additional cost or time for the acquisition of these additional areas. CONTRACTOR shall acquire property in accordance with all Federal and State laws and regulations, including but not limited to the Uniform Relocation and Real Property Acquisition Act of 1970, as amended (the "Uniform Act") and as further delineated under the provisions of 23 CFR, 49 CFR and Chapter 54, Articles 1, 2, and 3 of the Official Code of West Virginia of 1931, as amended. The CONTRACTOR shall, as a part of their team, employ the services of a ROW consultant, familiar with the requirements of the Uniform Act and 23 CFR and 49 CFR, whose selection shall be reviewed by the DOH and whose work will be subject to the review of the DOH, to complete any such acquisition. The acquisition of property shall follow the guidelines as established by DOH, together with all other applicable State and Federal guidelines. The CONTRACTOR shall submit procedures for handling ROW acquisitions and relocations to DOH for approval prior to commencing ROW activities. DOH shall make the ultimate determination in each case as to whether settlement is appropriate or whether the filing of a condemnation action is necessary, taking into consideration the recommendations of CONTRACTOR.

Should the CONTRACTOR not be able to acquire any properties outside the ROW limits, and such acquisition is deemed by the DOH as minimally affecting the purchased ROW, the DOH will use its power to acquire such properties by eminent domain. The CONTRACTOR shall pay all costs associated with the use of eminent domain and shall pay the amount of any judgment, settlement or final decree arising from any eminent domain proceeding. The final decision to resolve any such condemnation matter is will be at the sole discretion of the DOH.

The DOH or ODOT will not exercise eminent domain for acquisitions deemed by the DOH or ODOT to substantially affect the current ROW. The DOH or ODOT will consider any proposed ROW action that results in the current ROW limits not being required for construction of the project as substantially affecting the purchased ROW. Therefore, the DOH or ODOT shall not exercise its eminent domain powers to acquire the proposed additional ROW. The final decision to determine whether any proposed ROW action substantially affects the current ROW, and therefore whether eminent domain will be exercised, shall be at the sole discretion of the DOH or ODOT.

CONTRACTOR shall provide adequate access to all occupied properties to ensure emergency and ~~personal~~ vehicle access.

Utility service shall be available to all occupied properties at all times prior to, throughout the relocation process, and after the utility relocation is complete.

Open burning shall not occur within 1,000 feet of an occupied dwelling or any coal.

The DOH shall provide a ROW project manager who will serve as a point of contact through the ~~Quality Assurance Manager~~ QAM for all ROW issues. The DOH ROW project manager shall make the final determination with regard to CONTRACTOR's ~~for determining~~ compliance with the Uniform Act and state regulatory compliance.

IX. PERMITS

CONTRACTOR shall prepare the application for and apply for a US Army Corps of Engineers (USACE) Section 404 Permit for the Project. The DOH shall not be party to any waste and/or borrow sites located outside the ROW limits shown on the ROW plans. The CONTRACTOR and/or property owner shall be responsible for obtaining NPDES registration and/or 404/401 authorization for any waste and/or borrow sites and accesses to them located outside the ROW limits; the DOH shall not be included as a co-applicant on those areas.

CONTRACTOR shall be responsible for preparing the application and obtaining a National Pollutant Discharge Elimination System (NPDES) General Permit as granted by the West Virginia Division of Environmental Protection (WVDEP) and the Ohio Environmental Protection Agency (OEPA) for the Project. Additional information may be found in Exhibit A2 and E.

The DOH is in the process of obtaining the Section 9 US Coast Guard (USCG) Bridge Permit. Preliminary correspondence from USCG establishing constraints during construction will be added to the RFP by amendment upon receipt. CONTRACTOR is responsible for providing additional documents to the DOH for submission to the US Coast Guard during final design to receive the final approved Section 9 Bridge Permit. Specifically, the 401 Water Quality Certification will be required by the US Coast Guard prior to approval of the US Coast Guard Permit.

Pertinent permit information may be found in Exhibit E.

X. ENVIRONMENTAL COMPLIANCE

A. Compliance with Environmental Commitments

CONTRACTOR shall comply with all Environmental commitments and requirements including, but not limited to, the following:

1. Compliance with the provisions of all environmental permits applicable to the Project, including any restrictions and agreements specifically agreed to or entered into by DOH or ODOT in obtaining permits for the Project.
2. Compliance with those stipulations and conditions under which DOH or ODOT received approval of the Environmental Document(s). A copy of Environmental Document(s) is found in Exhibit D.
3. Compliance with applicable laws and regulations relating to potential or actual hazardous materials that may be encountered in the course of carrying out this

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4. Updating or extension of approved permits
5. The resolution of any deviations from the contract documents, drawings or other information included in the permits that would violate the intent or spirit of the permits. Any proposed changes within the permitted areas would need to be coordinated with DOH's Environmental Section.

B. Preconstruction Conference(s)

CONTRACTOR shall conduct one (or more, if appropriate) pre-construction conference(s) prior to any construction activity to discuss environmental, permitting, and construction issues. The conference shall include all, and, to the extent feasible, representatives from the US Army Corps of Engineers, the WVDEP, the OEPA, the WV State Historic Preservation Office, the Ohio State Historic Preservation Office, Utilities, the CONTRACTOR, ODOT, and the DOH.

C. Protection of Archaeological and Paleontological Remains and Materials

1. When archaeological or paleontological remains are uncovered, CONTRACTOR shall immediately halt operations in the area of the discovery and notify DOH.
2. Archaeological remains consist of any materials made or altered by man which remains from past historic or prehistoric times (i.e. older than 50 years). Examples include old pottery fragments, metal, wood, arrowheads, stone implements or tools, human burials, historic sites or structures. Paleontological remains consist of old animal remains, original or fossilized, such as teeth, tusks, bone, or entire skeletons.
3. DOH will have the authority to suspend the work for the purpose of preserving, documenting, and recovering the remains and materials of archaeological and paleontological importance for the State. CONTRACTOR shall carry out all instructions of DOH for the protection of archaeological or paleontological remains, including steps to protect the site from vandalism and unauthorized investigations, from accidental damage and from dangers such as heavy rainfall or runoff.
4. CONTRACTOR's Contract Time and/or Contract Price shall be adjusted to the extent CONTRACTOR's cost and time of performance have been adversely impacted by the presence of archaeological or paleontological remains.

XI. HAZARDOUS MATERIALS

A. CONTRACTOR is not responsible for handling, storage, remediation, or disposal of any