

The Honorable Mitch Carmichael, Chair

**JOINT COMMITTEE ON
GOVERNMENT AND FINANCE**

Materials Distributed

August 22, 2017



West Virginia Legislature
1ST SESSION OF THE 83RD LEGISLATURE



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INTERIM COMMITTEE ATTENDANCE - RESULTS

TUESDAY, AUGUST 22, 2017 - 11:00 AM

JOINT COMMITTEE ON GOVERNMENT AND FINANCE

Attended:

- Delegate Shott
- Delegate Nelson
- Delegate Miller, C.
- Delegate Cowles
- Delegate Boggs
- Speaker Armstead
- Senator Trump
- Senator Prezioso
- Senator Plymale
- Senator Ferns
- Senator Blair
- President Carmichael

Submitter:

Terri Stowers

Phone:

304 347-4813

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Speaker Armstead Presides

AGENDA
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
August 22, 2017

11:00 a.m – 12:00 pm

Senate Finance Room

1. Approval of June 26, 2017 minutes

2. Committee Reports/Requests:

A. Parks, Recreation and Natural Resources Subcommittee Request of on site Tours to Cacapon Resort State Park, Berkeley Springs State Park and Ridge State Fish Hatchery on September 10, September 11, and September 12, 2017 and reimbursement for expenses.

B. New Committees

3. Monthly/Quarterly Reports Received:

Status Reports on Lottery. Unemployment Compensation Fund, General Revenue Fund & State Road Fund (**William Spencer**, *Director of Legislative Budget Division –will answer any questions if needed.*)

Workforce WV Unemployment Compensation Trust Fund Distribution
(**Connie Kirk**, *UI Director for Workforce West Virginia*)

Monthly/Quarterly Reports from PEIA, BRIM, Real Estate Report
(**John Myers**, *Secretary, Department of Administration*)

Department of Health & Human Resources, Medicaid Report & Medicaid Waiver Report
(**Cindy Beane**, *Commissioner*)

Childrens Health Insurance Program Report
(**Stacey L. Shamblin**, *Acting Director, WVCHIP*)

Investment Management Board Distribution
(**Tom Sauvageot**, *Fixed Income and Real Estate Officer*)

Workers' Compensation
(**Allan McVey**, *Insurance Commissioner*)

Board of Treasury Report Distribution

4. Other Business

5. Adjournment

JOINT COMMITTEE ON GOVERNMENT AND FINANCE

June 26, 2017

2:00 pm – 3:00 pm

Senate	House
Carmichael, Chair	Armstead, Chair
Blair	Cowles
Ferns (Absent)	Miller, C.
Hall	Nelson, E.
Plymale (Absent)	Shott
Prezioso (Absent)	Boggs
Trump	Miley (Absent)

President Carmichael: “The meeting will come to order. The first item on the agenda is the approval of the June 5, 2017 minutes. Speaker Armstead is recognized.”

Speaker Armstead: “Mr. President, I move the minutes be approved.”

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

President Carmichael: “This meeting was called with the purpose of hearing the presentation for Glenville State University and at this time I will call representatives from Glenville to the podium. State your name.”

Larry Porter: “My name is Larry Porter with Glenville State College.”

President Carmichael: “Thank you for being here and we look forward to your presentation.”

Larry Porter: “Or report.”

President Carmichael: “However you want to phrase it.”

Larry Porter: “I was told that there were some questions down here. So, I wasn’t really prepared for a presentation but I can tell you a synopsis of what is going on. The college

has decided that it has five different obligations that are out there...four bond series and one promissory note with United Bank. The bonds series cover the Goodwin Hall Facility, the Pioneer Village Facility, the Mollahan Community Campus Center and the Science Hall. In over the last several years, the college has taken on each one of those obligations. The United Facility, each of the bonds were used to either renovate, purchase, or build dormitories for the Community Center for the Science Hall. The United Facility was utilized to purchase the Conrad Motel in connection with a correctional officer training academy that was created. It was also used to purchase and renovate the Morris Criminal Justice Training Center. The rationale for refinancing is due primarily to the compliance issues for each one of the facilities. The Goodwin Hall Facility and the Pioneer Village Facility are in basic competition with one another. A student who determines that they want to go into Pioneer Village... if we have to put them into Goodwin to meet our code ratios, then the student is not able to determine where they want to go. Add to that, the fact that the Goodwin Hall debt has gone from a fixed rate because it was swapped...terminated in January... to a floating rate...sorry, a little broad there...to a floating rate that means that 75% of the college's debt is now at a floating standpoint at a time when rates are going to start moving in the opposite direction. The Pioneer Village Facility has a rating facility with Moody's and Moody's has downgraded the facility twice. And, based upon preliminary conversations with Chris Collins, who is the analyst at Moody's, there will be a further downgrade coming this year in order to keep that facility in place. Based upon what is going on with the State and based upon the floating rate and the fact that the Goodwin Hall Facility has a tender option; that tender option allows BB&T to tender the debt back to the College with a 120 day notice. The new facility that we are looking at is a separate credit all together and it's based upon a change in the Code that occurred in, I think in 2011... 2002... thank you. And, where each one of the current facilities are, either secured by the board revenue that comes into them or student fees, the new facility would be secured with a diversified base of revenues. It would have the room fees, the board fees, and student fees. It would also include auxiliary revenues for the Correctional Officer Training Academy and it would include housing. And that, broad base of revenues will allow us a much better coverage ratio than what we currently have right now. We go from a little under 1.1 on our facilities to a 168 based upon a flat budget for next year for the 2018 fiscal year and that climbs up to a 181 - 182 for the next two years. Additionally, we have worked a deal with the underwriter where the first two years would be interest only. And, that will allow us to rebuild our cash reserves to a point of about \$1M a year. And, then we can also include a \$2M traunche that would be there that would allow the school to deal with some further maintenance and investments on three of the facilities to make the revenue generators more than what they are generating right now. We would take the motel, take a link of it... this will sound convoluted here... So, we would take Pickens Hall and we would renovate Pickens Hall so that the cadets that are with the Correctional Officer Training Academy would be held inside Pickens Hall. That would allow us to move offices that we currently have in an older building on campus into the rooms that are being vacated and close that down, because of energy costs, it would make it more efficient. We would take some of our non-traditional students that are displaced in Pickens Hall and we would renovate Conrad into apartments. With the use

of the motel would go into Pickens and we would renovate those rooms into apartments that would serve to create housing. And, the non-traditional students who are over the age of 25, that we do not want to put into the regular dormitories with the students who are 18-21. And then, we would make some deferred maintenance investments on campus. The key to the deal is that when you look at the maximum annual debt service the savings with the Dow for the first two years, once we get moved forward would be \$400,000.00 a year less than what we are spending in fiscal year 2016. We are going to be a \$1M under that in fiscal year 2018-2019 and we will not have the tender option in place and we will not have a rate of facilities, so we will not have Moody's in place. We will have removed the variable. The variable will be a fixed rate. From a compliance standpoint, we will go from having five different issuances that we are having to juggle from a compliance side to one issue where that will allow us better operational decisions and remove some of the negative aspects of the declines.

President Carmichael: "Thank you. Are there questions for our presenter? Delegate Boggs."

Delegate Boggs: "Thank you Mr. President. I appreciate you being here and I appreciate the really great explanation of what's occurring or hopefully will occur. When you talk about the old facility, are you talking about Louis Bennett Hall?"

Larry Porter: "The one that needs the... Louis Bennett Hall has four sections to it."

Delegate Boggs: "Right."

Larry Porter: "The oldest section is being utilized right now to house the print shop, the business office for the college operations, the business apartment for the faculty operations, social science faculty and criminal justice faculty. That wing needs to be... it's the oldest building on campus that has not been renovated. Its utility costs are higher than usual on campus. It is not something that is feasible in terms of renovations or those types of things. Actually, Dr. McGhee has talked about one of the programs that HEPC has in terms of utilities and demolition and we will be looking at that. But, currently, it would be blocked off for the moment."

Delegate Boggs: "Should demolition occur, would the newer sections...would they remain?"

Larry Porter: "Yes."

Delegate Boggs: "Ok."

Larry Porter: "The way it was built, you could actually demolish it and wall it up on the end, but right now, there are fire doors and you could close it down and be able to lock it away."

Delegate Boggs: “Ok. Thank you.”

President Carmichael: “Further questions? Delegate Nelson?”

Delegate Nelson: “Thank you Mr. President. So, what is the total issuance when you add all these five facilities together?”

Larry Porter: “It’s going to be about \$36.5M.”

Delegate Nelson: “\$36.5M. And, is the term being extended out?”

Larry Porter: “It is. It’s a thirty year.”

Delegate Nelson: “So, some of these look like they will either mature in twenty years and now they are going out to thirty years?”

Larry Porter: “That’s correct.”

Delegate Nelson: “Interest only for two years. You mentioned, I guess, entering into a swap that went from a fixed to a variable.”

Larry Porter: “It went from a variable to a fixed.”

Delegate Nelson: “Oh, I thought you said just the opposite. You said that 75% of your debt outstanding is floating right now.”

Larry Porter: “It is. The 75% represents the Goodwin Hall debt. That debt was a floating debt when it was issued back in 2009. It has always been a floating issuance. There was a swap that was entered into, when it was issued, that turned it into a fixed and that swap terminated on January 2017.”

Delegate Nelson: “Can you speak to the trends that the University as it relates to enrollment?”

Larry Porter: “Yes, Sir. So, our enrollment over the last four or five years has seen a steady decline as tuitions have been increased in relation to appropriations being cut. As each appropriation cut occurred, there was a tuition increase that happened correspondingly and that resulted in a loss in enrollment of roughly to about five to eight percent a year on average. We’ve seen a leveling off of that prior to any budget coming out for this year. We’ve seen it fairly stay flat. We have had growth enrollment in non-traditional avenues. The College applied for and received two experimental site initiatives from the United States Federal Government. One is related to Pell Grants for dual enrollment which is for our junior and seniors in high school that are not of means, and

those students can utilize their Pell Grant funds to take up to twelve hours of dual enrollment classes. And they also receive tutoring, academic advising and help in filling out their FASFA forms with their parents. The other program was for second chance incarcerated and that program leveraged a current program that we have going on with the Bureau of Prisons' Gilmer Facility. So, we also made an alliance with the Department of Corrections with their Huttonsville Facility and in that program the incarcerated student of need will be able to utilize their Pell Grant and have funds to take classes to earn a two or four year degree."

Delegate Nelson: "What is the enrollment?"

Larry Porter: "On those?"

Delegate Nelson: "At the College, do you know?"

Larry Porter: "1641 in head count."

Delegate Nelson: "What other outstanding debt other than this \$35M?"

Larry Porter: "There is about \$4.5M-\$5M dollars that is related to some debt with HEPC on energy projects, construction projects and a lease on a server and I think..."

Delegate Nelson: "And, the security for this is in real estate?"

Larry Porter: "Solely. The revenue is from pledge revenues."

Delegate Nelson: "Who is helping with the underwriting and who do you expect to buy it?"

Larry Porter: "The underwriting is Piper Jaffray. It is going to be a limited placement offering that will go out to institutional and accredited investors. And they are one of two people who actually have a non-rated debt test. So, they will be going out a week after July 4, 2017 and marking that."

President Carmichael: "Senator Trump."

Senator Trump: "Thank you Mr. President. Thank you for coming today."

Larry Porter: "Certainly."

Senator Trump: "The report we have which is under a cover letter from Fred Williams, from Steptoe and Johnson says that there was to be a meeting of the Higher Education Policy Commission on June 23, 2017 at which the HEPC would could consider approval of this plan. Did that happen?"

Larry Porter: “That did happen.”

Senator Trump: “And, so it was approved by the HEPC?”

Larry Porter: “They did approve it. Yes, Sir.”

Senator Trump: And so, just an inquiry of the chairs, I think for us it is a matter of information right? I don't think we have any approval authority on this or anything. But, so, you said \$36.5M total? It looks like I am trying to add these up and that's not my strong suit. But, the ones that have acquisitions tied to them is about \$28M or...?

Larry Porter: “So, the Goodwin Hall Facility...when that facility is paid off... the way it was done was through Gilmer County and through the Housing Corporation and there is a lease between the college and the Housing Corporation. When the bond is paid off that the college is able to...through that...buy the property back in for a nominal amount on the dollar. The Pioneer Village Facility is the same way if they buy that back in. The Conrad Motel and the Morris Criminal Justice Training Center are owned by the Housing Corporation right now and when the funds are utilized through the new bond to pay off the promissory note, those facilities will be transferred to the College as well. And, the other two facilities, the Mollahan and the Science Hall are already owned by the College.”

Senator Trump: “They are not included in this report for that reason I guess. The requirement of the report is when there is a transfer, I guess... Is that...”

Fred Williams: “Fred Williams, Steptoe & Johnson. What this does and I think you have identified that. Under the statute, if there is an acquisition of real property in excess of a \$1M dollars it needs to report it and this committee review it. It doesn't say decision or anything like that. This report deals with those situations where real property is being acquired for more than \$1M dollars. It explains the bond issues to give you all some background as to what is going on and if there is a difference. Part of the difference between the total debt of what is listed here and what the bond issue would be is that there is a reserve fund that will need to be funded from the bond issue. And, in addition, there will be fees and costs. With respect to...with one of the bond issues, there is a 1% pre-payment. So, I believe we totaled all of those up. But, I believe that we captured every situation where real property was being acquired and it was being acquired for excess of \$1M.”

Senator Trump: “And, so now that I am understanding it though, when ones where real property is being acquired for part of what is a larger consolidation and refinancing of things...”

Fred Williams: “Yes, that is the vast majority of it. Part of what is required which would be included in it was some equipment and things of that nature. And, in the other part of

it is that several of these parcels are not really being acquired because they are owned by the College ground-leased to the Housing Corporation. And, then the acquisition involves the acquisition of the improvements and the parcels that the Housing Corporation owned that they would transfer that aren't otherwise...the other parts just revert back to the College when it's paid off."

Senator Trump: "Thank you very much."

President Carmichael: "Any further questions? Senator Blair."

Senator Blair: "Mine were just answered."

President Carmichael: "Further questions of the Committee? If not, thank you for your discussion of the report."

Fred Williams: "Dismissed?"

President Carmichael: "Yes. Any further business to come before the Committee?"

Speaker Armstead: "Mr. President, I move that we adjourn."

President Carmichael: "Speaker Armstead moves that we adjourn. All those in favor say aye, those opposed 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, 2017

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

- West Virginia Lottery as of June 30, 2017:
Gross profit for July 2016 - June 2017 was \$503.6 million.
- West Virginia Unemployment Compensation Fund as of July 31, 2017:
Total disbursements were \$9 million lower than last fiscal year. Overall ending trust fund balance was \$35.6 million higher on July 31, 2017, than on July 31, 2016.
- General Revenue Fund as of July 31, 2017:
The general revenue collections ended the first month of fiscal year 2017-2018 at 98.9% of the estimate for the year.
- State Road Fund as of July 31, 2017:
The state road fund collections ended the first month of fiscal year 2017-2018 at 126.4 % 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 10, 2017

Re: Review of West Virginia Lottery Financial Information
As of June 30, 2017

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for June 30, 2017, 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 2017. Table games accounted for \$39 million of this total. Historic Resort Hotel video lottery and table games accounted for \$5.2 million of total gross receipts. Gross lottery revenue has decreased by 5% when compared with July - June of fiscal year 2015-2016. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July - June 2017 was \$503.6 million; for July - June of last fiscal year it was \$528.8 million. Expressed as a percentage, gross profit is 4.8% lower for fiscal year 2017 than for fiscal year 2016.

Lottery continued

Operating Transfers to the State of West Virginia:

A total of \$477,053,000.00 has been accrued to the state of West Virginia for fiscal year 2016-2017. This is on an accrual basis and may not correspond to the actual cash transfers made during the same time period. Amount owed to the different accounts according to the Lottery Act are calculated monthly and accrued to the state; actual cash transfers are often made based upon actual cash flow needs of the day-to-day operation of the lottery.

A schedule of cash transfers follows:

State Lottery Fund:

Bureau of Senior Services	\$59,139,000.00
Community and Technical College	\$4,998,000.00
Department of Education	\$18,006,000.00
Library Commission	\$11,429,000.00
Higher Education-Policy Commission	\$7,157,000.00
Tourism	\$6,216,000.00
Department of Natural Resources	\$3,096,000.00
Division of Culture and History	\$4,332,000.00
Department of Education and Arts	\$1,186,000.00
General Revenue Fund	13,700,000.00
Economic Development Authority	\$9,998,000.00
School Building Authority	\$18,000,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$157,257,000.00

Lottery continued

Excess Lottery Fund

Economic Development Fund	\$18,986,000.00
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	\$0.00
Teacher's Retirement Savings	\$0.00
Division of Human Services	\$61,378,000.00
WV Lottery Statutory Transfers	\$57,582,000.00
General Revenue	\$12,800,000.00
Excess Lottery Surplus	\$0.00
WV Infrastructure Council Fund	\$26,000,000.00
Total State Excess Lottery Revenue Fund	\$321,738,000.00

Total Budgetary Distributions:	\$478,995,000.00
Veterans Instant Ticket Fund	\$630,000.00
TOTAL TRANSFERS	*\$479,625,000.00

* CASH BASIS

Lottery continued

Total Accrued last FY 2016:	\$135,265,000.00
Total Cash Distributions FY 2017:	\$479,625,000.00
Applied to FY 2016:	\$135,265,000.00
Applied to FY 2017:	\$344,360,000.00
Accrued for FY 2017 as of June 30:	\$132,693,000.00



P.O. BOX 2067
CHARLESTON, WV 25327

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

Jim Justice
Governor

Alan H. Larrick
Director

MEMORANDUM

TO: Joint Committee on Government and Finance
FROM: Alan H. Larrick, Director

RE: Monthly Report on Lottery Operations
Month Ending June 30, 2017

DATE: July 19, 2017

A handwritten signature in blue ink, appearing to be "ALH", located to the right of the TO and FROM fields.

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, 2017 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$88,532,874 for the month of June.

Transfers of lottery revenue totaling \$20,505,141 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, 2017 was 1,482 and 1,325 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.

AHL
Attachment

pc: Honorable Jim Justice, Governor
Dave Hardy, Cabinet Secretary – Dept. of Revenue
John Perdue, Treasurer
J. B. McCuskey, Auditor
Members of the West Virginia Lottery Commission

MEMORANDUM

TO: Joint Committee on Government and Finance
FROM: Alan H. Larrick, Director

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Month Ending June 30, 2017

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AHL
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pc: Honorable Jim Justice, Governor
Dave Hardy, Cabinet Secretary – Dept. of Revenue
John Perdue, Treasurer
J. B. McCuskey, Auditor
Members of the West Virginia Lottery Commission



WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

June 30, 2017

WEST VIRGINIA LOTTERY

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

ASSETS	June 30, 2017	June 30, 2016
Current Assets:		
Cash and cash equivalents	\$ 156,550	\$ 166,621
Accounts receivable	27,533	26,643
Inventory	553	380
Other assets	<u>1,482</u>	<u>1,788</u>
Total Current Assets	<u>186,118</u>	<u>195,432</u>
Capital assets	55,732	55,960
Less accumulated depreciation and amortization	<u>(11,953)</u>	<u>(11,086)</u>
Net Capital Assets	<u>43,779</u>	<u>44,874</u>
Total Noncurrent Assets	<u>43,779</u>	<u>44,874</u>
Total Assets	<u>\$ 229,897</u>	<u>\$ 240,306</u>
Deferred outflows of resources	<u>\$ 2,573</u>	<u>\$ 2,573</u>
Total assets and deferred outflows	<u>\$ 232,470</u>	<u>\$ 242,879</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 132,693	\$ 135,265
Estimated prize claims	15,621	15,981
Accounts payable	1,404	1,961
Other accrued liabilities	<u>27,832</u>	<u>35,302</u>
Total Current Liabilities	<u>177,550</u>	<u>188,509</u>
Deferred inflows	<u>\$ 1,998</u>	<u>1,998</u>
Net Position:		
Net Investment in capital assets	43,779	44,874
Unrestricted	<u>9,143</u>	<u>7,498</u>
Total Net Position	<u>52,922</u>	<u>52,372</u>
Total net position, liabilities, and deferred inflows	<u>\$ 232,470</u>	<u>\$ 242,879</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, 2017

(In Thousands)
-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	FY 2017	FY 2016	FY 2017	FY 2016
Lottery revenues				
On-line games	\$ 6,396	\$ 6,425	\$ 72,110	\$ 85,660
Instant games	7,926	7,404	94,369	102,542
Racetrack video lottery	42,863	41,477	521,318	537,729
Limited video lottery	27,934	27,743	347,555	360,814
Table games	2,964	3,331	38,958	43,545
Historic resort	449	393	5,207	6,346
	<u>88,532</u>	<u>86,773</u>	<u>1,079,517</u>	<u>1,136,636</u>
Less commissions				
On-line games	455	456	5,043	6,001
Instant games	555	518	6,606	7,178
Racetrack video lottery	20,710	19,961	268,177	275,496
Limited video lottery	13,688	13,594	170,302	176,799
Table games	1,256	1,412	16,512	18,453
Historic resort	227	198	2,733	3,302
	<u>36,891</u>	<u>36,139</u>	<u>469,373</u>	<u>487,229</u>
Less on-line prizes	3,259	3,420	36,227	43,132
Less instant prizes	5,194	4,844	61,959	67,695
Less ticket costs	137	113	1,408	1,618
Less vendor fees and costs	526	680	6,915	8,116
	<u>9,116</u>	<u>9,057</u>	<u>106,509</u>	<u>120,561</u>
Gross profit	<u>42,525</u>	<u>41,577</u>	<u>503,635</u>	<u>528,846</u>
Administrative expenses				
Advertising and promotions	(164)	508	4,157	4,975
Wages and related benefits	1,126	505	10,402	9,885
Telecommunications	89	118	1,037	965
Contractual and professional	278	481	4,520	4,560
Rental	33	33	394	425
Depreciation and amortization	100	108	1,281	1,086
Other administrative expenses	230	9	1,572	1,230
	<u>1,692</u>	<u>1,762</u>	<u>23,363</u>	<u>23,126</u>
Other Operating Income	<u>267</u>	<u>379</u>	<u>10,677</u>	<u>10,528</u>
Operating Income	<u>41,100</u>	<u>40,194</u>	<u>490,949</u>	<u>516,248</u>
Nonoperating income (expense)				
Investment income	108	163	934	788
Distributions to municipalities and counties	(547)	(544)	(6,812)	(7,072)
Distributions -capital reinvestment	(2,812)	(5,246)	(7,468)	(10,446)
Distributions to the State of West Virginia	(37,299)	(36,351)	(477,053)	(501,302)
	<u>(40,550)</u>	<u>(41,978)</u>	<u>(490,399)</u>	<u>(518,032)</u>
Net income	<u>550</u>	<u>(1,784)</u>	<u>550</u>	<u>(1,784)</u>
Net position, beginning of period	<u>52,372</u>	<u>54,156</u>	<u>52,372</u>	<u>54,156</u>
Net position, end of period	<u>\$ 52,922</u>	<u>\$ 52,372</u>	<u>\$ 52,922</u>	<u>\$ 52,372</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, 2017

(In Thousands)

-Unaudited-

	2017	2016
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 1,089,304	\$ 1,154,450
Cash payments for:		
Personnel costs	(10,181)	(10,140)
Suppliers	(12,098)	(12,135)
Other operating costs	(580,167)	(607,531)
Cash provided by operating activities	<u>486,858</u>	<u>524,644</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(479,625)	(489,957)
Distributions to municipalities and counties	(6,808)	(7,117)
Distributions to racetrack from racetrack cap. reinv. fund	(11,309)	(18,203)
Cash used in noncapital financing activities	<u>(497,742)</u>	<u>(515,277)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(186)</u>	<u>(8,197)</u>
Cash flows from investing activities:		
Investment earnings received	<u>999</u>	<u>729</u>
Cash provided by investing activities	<u>999</u>	<u>729</u>
Increase (decrease) in cash and cash equivalents	(10,071)	1,899
Cash and cash equivalents - beginning of period	<u>166,621</u>	<u>164,722</u>
Cash and cash equivalents - end of period	<u>\$ 156,550</u>	<u>\$ 166,621</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 490,949	\$ 516,248
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	1,281	1,086
Pension Expense	-	360
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(890)	7,286
(Increase) decrease in inventory	(173)	77
(Increase) decrease in other assets	241	165
(Increase) decrease in deferred outflow of resources	-	(980)
Increase (decrease) in estimated prize claims	(360)	70
Increase (decrease) in accounts payable	(557)	(197)
Increase (decrease) in other accrued liabilities	(3,633)	529
Cash provided by operating activities	<u>\$ 486,858</u>	<u>\$ 524,644</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 \$573,725 and \$569,988 of at June 30, 2017 and 2016, 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, 2017 the carrying amounts of deposits (overdraft) with financial institutions were \$468 thousand with a bank balance (overdraft) of \$553 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, 2017	June 30, 2016
Deposits with financial institutions	\$ 468	\$ 1,430
Cash on hand at the Treasurer's Office	17,228	7,386
Investments with BTI reported as cash equivalents	138,854	157,805
	\$ 156,550	\$ 166,621

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, 2017 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2016	Additions	Deletions	Historical Cost At June 30, 2017
Construction in Progress	\$ 1,164	\$ 186	\$ -	\$ 1,350
Buildings	46,207	-	-	46,207
Land	1,434	-	-	1,434
Improvements	260	-	(260)	-
Equipment	6,895	-	(154)	6,741
	<u>\$ 55,960</u>	<u>\$ 186</u>	<u>\$ (414)</u>	<u>\$ 55,732</u>

Accumulated Depreciation:

	Historical Cost At June 30, 2016	Additions	Deletions	Historical Cost At June 30, 2017
Buildings	\$ 4,064	\$ 1,183	\$ -	\$ 5,247
Improvements	260	-	(260)	-
Equipment	6,762	98	(154)	6,706
	<u>\$ 11,086</u>	<u>\$ 1,281</u>	<u>\$ (414)</u>	<u>\$ 11,953</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, 2017 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	\$ 3,237,272	\$ 34,514,013
Hot Lotto	448,939	4,848,437
Mega Millions	976,672	11,057,403
Total	\$ 4,662,883	\$ 50,419,853
<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,618,814	\$ 17,258,816
Hot Lotto	224,498	2,424,609
Mega Millions	488,356	5,591,600
Total	\$ 2,331,668	\$ 25,275,025

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, 2017, the Lotteries share of the prize reserve fund balances were as follows:

Game	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 117,892,423	\$ 1,625,725
Hot Lotto	6,070,116	440,010
Mega Millions	38,041,470	541,564
Total	<u>\$ 162,004,009</u>	<u>\$ 2,607,299</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 \$15,316,619 at June 30, 2017, of which the Lottery's share was \$1,403,281.

NOTE 6 - RACETRACK VIDEO LOTTERY

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

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

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

The WV Lottery, along with the Ohio, Rhode Island, Maryland, and Delaware lotteries, participate in Multi-Jurisdictional Wide Area Progressive (MWAP) video games. This allows each of the lotteries to offer a higher progressive jackpot than they could generate alone. MUSL manages the progressive games and charges each participant a MWAP contribution fee of .74% of the amount wagered. A summary of racetrack video lottery revenues for the month ended June 30, 2017 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2017	2016	2017	2016
Total credits played	\$ 474,578	\$ 464,131	\$ 5,799,475	\$ 5,965,083
Credits (prizes) won	(425,445)	(416,639)	(5,203,814)	(5,350,676)
Promotional credits played	(6,267)	(6,006)	(74,278)	(76,444)
MWAP Contributions	(3)	(9)	(65)	(234)
Gross terminal income	42,863	41,477	521,318	537,729
Administrative costs	(747)	(738)	(14,765)	(14,909)
Net Terminal Income	42,116	40,739	506,553	522,820
Less distribution to agents	(20,710)	(19,961)	(268,177)	(275,496)
Racetrack video lottery revenues	<u>\$ 21,406</u>	<u>\$ 20,778</u>	<u>\$ 238,376</u>	<u>\$ 247,324</u>

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

	June 30, 2017	Year-to-Date
State Lottery Fund	\$ 5,687	\$ 107,819
State Excess Lottery Revenue Fund	14,880	125,225
Capital Reinvestment Fund	839	5,332
Total nonoperating distributions	<u>\$ 21,406</u>	<u>\$ 238,376</u>

NOTE 7 - LIMITED VIDEO LOTTERY

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 7 - LIMITED VIDEO LOTTERY (continued)

stipulates that 2% of gross terminal income be deposited into the state lottery fund for administrative costs. Then, the state share percentage of gross profit is to be transferred to the State Excess Lottery Revenue Fund. 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, 2017 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2017	2016	2017	2016
Total credits played	\$ 346,185	\$ 337,555	\$ 4,259,475	\$ 4,339,155
Credits (prizes) won	(318,251)	(309,812)	(3,911,920)	(3,978,341)
Gross terminal income	\$ 27,934	\$ 27,743	\$ 347,555	\$ 360,814
Administrative costs	(559)	(555)	(6,951)	(7,216)
Gross Profit	27,375	27,188	340,604	353,598
Commissions	(13,688)	(13,594)	(170,302)	(176,799)
Municipalities and Counties	(547)	(544)	(6,812)	(7,072)
Limited video lottery revenues	<u>\$ 13,140</u>	<u>\$ 13,050</u>	<u>\$ 163,490</u>	<u>\$ 169,727</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, 2017 were \$8,467,852 and \$111,308,255, 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	
	2017	2016	2017	2016
Table Games Privilege Tax	\$ 2,964	\$ 3,331	\$ 38,958	\$ 43,545
Interest on Table Games Fund	2	1	21	9
Administrative costs	(254)	(286)	(3,339)	(3,732)
Total Available for Distribution	<u>2,712</u>	<u>3,046</u>	<u>35,640</u>	<u>39,822</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	191	214	2,504	2,799
Thoroughbred & Greyhound Development Funds	152	171	2,004	2,239
Racing Association Pension Plan	75	84	980	1,096
Municipalities/ Counties	838	943	11,024	12,319
Total Distributions	<u>1,256</u>	<u>1,412</u>	<u>16,512</u>	<u>18,453</u>
Excess Lottery Fund	<u>\$ 1,456</u>	<u>\$ 1,634</u>	<u>\$ 19,128</u>	<u>\$ 21,369</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, 2017 and fiscal year-to-date follows (in thousands):

	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Total credits played	\$ 6,575	\$ 4,144	\$ 68,721	\$ 64,217
Credits (prizes) won	(6,191)	(3,834)	(63,853)	(58,842)
Promotional credits played	(84)	(49)	(1,129)	(888)
Gross terminal income	<u>300</u>	<u>261</u>	<u>3,739</u>	<u>4,487</u>
Capital reinvestment	(14)	(13)	(176)	(211)
Excess Lottery Fund	(3)	(3)	(33)	(40)
Administrative costs	(16)	(13)	(202)	(242)
Hotel commissions	<u>(127)</u>	<u>(110)</u>	<u>(1,581)</u>	<u>(1,898)</u>
Net terminal income	140	122	1,747	2,096
Historic Resort Hotel Fund	89	78	1,112	1,333
Human Resource Benefit Fund	51	44	635	763

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, 2017 were \$424,850 and \$4,193,851, 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Table games privilege tax	\$ 149	\$ 132	\$ 1,468	\$ 1,859
Administrative Costs	<u>(19)</u>	<u>(17)</u>	<u>(188)</u>	<u>(239)</u>
Total Available for Distribution	130	115	1,280	1,620
Historic Resort Hotel Fund	109	96	1,070	1,355
Human Resource Benefit Fund	21	19	210	265

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	\$ 89	\$ 1,112
Historic Resort Table Games	109	1,070
Interest on Historic Resort Hotel Fund	-	2
Historic Resort Hotel Fund Net Income	<u>198</u>	<u>2,184</u>
Municipalities/ Counties	28	307
Excess Lottery Fund	170	1,877
Total Distributions	<u>\$ 198</u>	<u>\$ 2,184</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, 2017 the State Legislature budgeted \$135,557,444 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, 2017 the Lottery has accrued additional distributions of \$132,692,744. The Lottery is a non-appropriated state agency and therefore does not 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, 2017</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$	\$ 4,998
Bureau of Senior Services		59,139
Department of Education		18,006
Library Commission		11,429
Higher Education-Policy Commission		7,157
Tourism		6,216
Natural Resources		3,096
Division of Culture & History		4,332
Department of Education & Arts		1,186
General Revenue Fund		13,700
Economic Development Authority		9,998
School Building Authority		18,000
Total State Lottery Fund	\$ -	\$ 157,257

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ -	\$ 18,986
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	-	-
Teacher's Retirement Savings	-	-
Division of Human Services	20,453	61,378
WV Lottery Statutory Transfers	-	57,582
General Revenue	-	12,800
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	-	26,000
Total State Excess Lottery Revenue Fund	\$ 20,453	\$ 321,738
Total Budgetary distributions:	\$ 20,453	\$ 478,995
Veterans Instant Ticket Fund	\$ 52	\$ 630
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 20,505	\$ 479,625
Accrued nonoperating distributions, beginning	(115,899)	(135,265)
Accrued nonoperating distributions, end	132,693	132,693
	\$ 37,299	\$ 477,053

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, 2017 and June 30, 2016 approximated \$394,515 and \$424,517 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, 2017 and June 30, 2016 approximated \$1,004,928 and \$593,960 respectively.

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

NOTE 12 – COMMITMENTS

For the years ended June 30, 2017 and 2016 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. As of June 30, 2017 and 2016, \$9,460,433 and \$9,655,947, respectively, are included in unrestricted net position and net investment in capital assets for this purpose.

NOTE 13 - RETIREMENT BENEFITS

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

Employees who retire at or after age sixty with five or more years of contributory service or who retire at or after age fifty-five and have completed twenty-five years of credited service with age and credited service equal to eighty or greater are eligible for retirement benefits as established by State statute. Retirement benefits are payable monthly for life, in the form of a straight-line annuity equal to two percent of the employee's average annual salary from the highest 36 consecutive months within the last 10 years of 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, 2017 and fiscal year-to-date are as follows (in thousands):

	June 30, 2017	Year-to-Date
Employee contributions	\$ 25	\$ 332
Lottery contributions	66	934
Total contributions	\$ 91	\$ 1,266

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 14 - RISK MANAGEMENT

The Lottery is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Lottery participates in several risk management programs administered by the State of West Virginia. Each of these risk pools has issued separate audited financial reports on their operations. Those reports include the required supplementary information concerning the reconciliation of claims liabilities by type of contract and ten-year claim development information. Complete financial statements of the individual insurance enterprise funds can be obtained directly from their respective administrative offices.

WORKERS' COMPENSATION INSURANCE

The Lottery carries workers compensation insurance coverage through a commercial insurance carrier. The commercial insurance carrier is paid a monthly rated premium to provide compensation for injuries sustained in the course of employment.

PUBLIC EMPLOYEES' INSURANCE AGENCY (PEIA)

The Lottery participates in the Public Employees' Insurance Agency which provides an employee benefit insurance program to employees. PEIA was established by the State of West Virginia for State agencies, institutions of higher education, Boards of Education and component units of the State. In addition, local governmental entities and certain charitable and public service organizations may request to be covered by PEIA. PEIA provides a base employee benefit insurance program which includes hospital, surgical, major medical, prescription drug and basic life and accidental death. Underwriting and rate setting policies are established by PEIA. The cost of all coverage as determined by PEIA shall be paid by the participants. Premiums are established by PEIA and are paid monthly, and are dependent upon, among other things, coverage required, number of dependents, state vs. non state employees and active employees vs. retired employees and level of compensation. Coverage under these programs is limited to \$1 million lifetime for health and \$10,000 of life insurance coverage.

The PEIA risk pool retains all risks for the health and prescription features of its indemnity plan. PEIA has fully transferred the risks of coverage to the Managed Care Organization (MCO) Plan to the plan provider, and has transferred the risks of the life insurance coverage to a third party insurer. PEIA presently charges equivalent premiums for participants in either the indemnity plan or the MCO Plan. Altogether, PEIA insures approximately 205,000 individuals, including participants and dependents.

BOARD OF RISK AND INSURANCE MANAGEMENT (BRIM)

The Lottery participates in the West Virginia Board of Risk and Insurance Management (BRIM), a common risk pool currently operating as a common risk management and insurance program for all State agencies, component units, and other local governmental agencies who wish to participate. The Lottery pays an annual premium to BRIM for its general insurance coverage. Fund underwriting and rate setting policies are established by BRIM. The cost of all coverage as determined by BRIM shall be paid by the participants. The BRIM risk pool retains the risk of the first \$1 million per property event and purchases excess insurance on losses above that level. Excess coverage, through an outside insurer under this program is limited to \$200 million per event, subject to limits on certain property. BRIM has \$1 million per occurrence coverage maximum on all third-party liability claims.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 15– 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 \$357 and \$429 per employee per month for the years ending June 30, 2017 and 2016 respectively. Through June 30, 2017 and 2016, the Lottery has paid premiums of \$288,942 and \$284,421. As of June 30, 2017 and 2016, the Lottery has recorded a liability of \$5,206,989 and \$4,990,361 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, 2017
 (In Thousands)**

	Current Month		FISCAL YEAR	
	<u>Actual</u>	<u>Projected</u>	<u>Actual</u>	<u>Projected</u>
Gross Revenues				
Instant games	7,927	7,917	94,368	95,000
On-line games	6,396	5,417	72,110	65,000
Racetrack video lottery	42,863	36,042	521,317	452,000
Limited video lottery	27,934	27,074	347,554	349,600
Racetrack table games	2,963	2,702	38,958	37,600
Historic resort	449	483	5,208	5,500
Total gross revenues	88,532	79,635	1,079,515	1,004,700
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,003	999	12,052	11,998
On-line games	1,801	1,545	20,828	18,531
Racetrack Video Lottery	5,569	5,294	107,792	105,032
Total Lottery Fund net revenues	<u>8,373</u>	<u>7,838</u>	<u>140,672</u>	<u>135,561</u>
Excess Lottery Fund				
Racetrack Video Lottery	15,176	11,741	125,631	91,992
Limited Video Lottery	13,180	12,735	164,058	164,452
Limited Video Lottery Fees	10	-	8,846	7,500
Racetrack table games	1,456	1,325	19,127	18,445
Historic resort	173	201	1,911	2,070
Total Excess Lottery Fund Net Revenues	<u>29,995</u>	<u>26,002</u>	<u>319,573</u>	<u>284,459</u>
Total Net Revenues	<u>38,368</u>	<u>33,840</u>	<u>460,245</u>	<u>420,020</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 9, 2017

Re: Status of General Revenue Fund and State Road Fund as of
July 31, 2017 (FY 18)

We have reviewed the cash flow of the West Virginia general revenue fund as of July 31, 2017 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 98.9% of the estimate for the fiscal year. Total collections were \$2.9 million below the estimate for the fiscal year.

Personal Income Tax collections were \$9.7 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$4.9 million below the estimate for the year.

Severance Tax was \$7.9 million below the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$1 million below the estimate for the fiscal year.

State Road Fund

The state road fund collections were 126.4% of the estimate for the fiscal year. Total collections were \$18.5 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 \$168,388,199.39 as of July 31, 2017.

Balance July 1, 2017	228,627,586.89
Earnings	(239,387.50)
Loan to General Revenue Fund *	(60,000,000.00)
Balance July 31, 2017	168,388,199.39

Revenue Shortfall Reserve **Fund B** (Tobacco Settlement Monies) had a cash balance of \$425,111,038.30 as of July 31, 2017.

Balance July 1, 2017	423,784,505.60
Earnings	1,326,532.70
Balance July 31, 2017	425,111,038.30

The **Personal Income Tax Reserve** Fund had a \$5 million cash balance as of July 31, 2017.

Balance July 1, 2017	5,000,000.00
Balance July 31, 2017	5,000,000.00

*loan made 7/1/2017 to allow for beginning of year cash flow, to be repaid within 90 days.

GENERAL REVENUE FUND FY 2017-2018

By Source and by Month
 Monthly Revenue Estimates
 as of July 31, 2017 OASIS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	FINAL MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES
Personal Income Tax	118,400,000	128,145,597	9,745,597	118,400,000	128,145,597	9,745,597
Consumer Sales Tax & Use Tax	70,200,000	65,272,412	-4,927,588	70,200,000	65,272,412	-4,927,588
Severance Tax	4,400,000	-3,472,710	-7,872,710	4,400,000	-3,472,710	-7,872,710
Corp Income /Business Franchise	4,700,000	3,619,086	-1,080,914	4,700,000	3,619,086	-1,080,914
Insurance Tax	25,000,000	26,807,879	1,807,879	25,000,000	26,807,879	1,807,879
Tobacco Products Tax	12,600,000	17,015,545	4,415,545	12,600,000	17,015,545	4,415,545
Business and Occupation	9,550,000	8,960,409	-589,591	9,550,000	8,960,409	-589,591
Liquor Profit Transfers	1,500,000	2,572,000	1,072,000	1,500,000	2,572,000	1,072,000
Departmental Collections	1,000,000	1,032,919	32,919	1,000,000	1,032,919	32,919
Property Transfer Tax	910,000	1,350,231	440,231	910,000	1,350,231	440,231
Property Tax	100,000	162,476	62,476	100,000	162,476	62,476
Beer Tax and Licenses	720,000	621,370	-98,630	720,000	621,370	-98,630
Miscellaneous Transfers	10,000	96,300	86,300	10,000	96,300	86,300
Interest Income	1,000,000	367,665	-632,335	1,000,000	367,665	-632,335
Senior Tax Credit Reimbur Lot	0	0	0	0	0	0
HB 102 - Lottery Transfers	0	0	0	0	0	0
Miscellaneous Receipts	100,000	153,079	53,079	100,000	153,079	53,079
Business Fran Registration Fees	50,000	57,123	7,123	50,000	57,123	7,123
Estate & Inheritance Tax	0	0	0	0	0	0
Liquor License Renewal	0	0	0	0	0	0
Special Revenue Transfers	5,400,000	6	-5,399,995	5,400,000	6	-5,399,995
Charter Tax	0	1,313	1,313	0	1,313	1,313
Video Lottery Transfers	0	18,744	18,744	0	18,744	18,744
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	255,640,000	312,781,444	57,141,444	255,640,000	312,781,444	57,141,444
<i>Less: 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	255,640,000	252,781,444	-2,858,556	255,640,000	252,781,444	-2,858,556

Percent of Estimates

98.88%

98.88%

Collections this day

41,756,066

GENERAL REVENUE FUND FY 2017-2018

By Source and by Month

Monthly Revenue Estimates

as of July 31, 2017 OASIS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	FINAL MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES
Personal Income Tax	118,400,000	128,145,597	9,745,597	118,400,000	128,145,597	9,745,597
Consumer Sales Tax & Use Tax	70,200,000	65,272,412	-4,927,588	70,200,000	65,272,412	-4,927,588
Severance Tax	4,400,000	-3,472,710	-7,872,710	4,400,000	-3,472,710	-7,872,710
Corp Income /Business Franchise	4,700,000	3,619,086	-1,080,914	4,700,000	3,619,086	-1,080,914
Insurance Tax	25,000,000	26,807,879	1,807,879	25,000,000	26,807,879	1,807,879

STATE ROAD FUND FY 2017-2018
 By Source and by Month
 Monthly Revenue Estimates
 as of July 31, 2017 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	35,400,000	44,538,629	9,138,629	35,400,000	44,538,629	9,138,629
Privilege Tax	21,388,000	15,953,304	-5,434,696	21,388,000	15,953,304	-5,434,696
Licenses & Registration	13,169,000	12,916,710	-252,290	13,169,000	12,916,710	-252,290
Miscellaneous	0	15,059,004	15,059,004	0	15,059,004	15,059,004
Highway Litter Control	183,000	178,660	-4,340	183,000	178,660	-4,340
TOTALS	70,140,000	88,646,308	18,506,308	70,140,000	88,646,308	18,506,308

Percent of Estimates **126.38%** **126.38%**

Collections this day **17,262,442**

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of June 30, 2017 : \$ 228,627,586.89

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of June 30, 2017: \$423,784,505.60

PERSONAL INCOME TAX REFUND RESERVE FUND as of June 30, 2017: \$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 9, 2017

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the July 31, 2017 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of July 31, 2017 of fiscal year 2017-2018, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2017	\$ 68,378,244.21
Receipts July 1, 2017 thru June 30, 2018	\$ 27,491,686.71
Disbursements July 1, 2017 thru June 30, 2018	\$ 13,035,011.25
Balance July 31, 2017	\$ 82,834,919.67

ITEMS OF NOTE:

Regular benefits paid for July 2017 were \$ 9.3 million less than July 2016.

Federal emergency benefits totaled \$ -8 thousand for July 2016. For July 2017, federal emergency benefits totaled \$ -6 thousand.

Total disbursements were \$ 9 million less in July 2017 than the preceding July 2016.

Receipts as of July 2017, were \$ 11 million more than in July 2016. Overall ending trust fund balance was \$ 35.6 million higher on July 31, 2017 than on July 31, 2016.

Seasonally adjusted unemployment rates for June 2017 were 4.6 percent for West Virginia and 4.4 percent nationally.

Since June 2016, employment has increased by 1,500. Employment gains included 3,700 in educational and health services, 2,400 in mining and logging, 1,600 in construction, 100 in professional and business services, and 600 in other services. Employment declines included 100 in information, 200 in financial activities, 1,700 in leisure and hospitality, 1,400 in manufacturing, 3,300 in trade, transportation, and utilities, and 200 in government.

August 8, 2017

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 Joint Committee on Government and Finance, Unemployment Compensation Trust Fund for the month of July 2017.

If you have any questions or need any additional information, please feel free to contact Michelle Painter at 304-558-2631 or Michelle.Painter@wv.gov.

Sincerely,



Russell L. Fry
Acting Executive Director

RLF/gew

Enclosure

pc: Jim Justice

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING MAY 2016 AND MAY 2017**

	MAY 2016	JUNE 2016	JULY 2016	MAY 2017	JUNE 2017	JULY 2017	THREE MONTH TOTAL VARIANCE *
Balance Forward	<u>\$65,965,741.28</u>	<u>\$71,104,289.89</u>	<u>\$53,108,141.17</u>	<u>\$62,043,102.87</u>	<u>\$76,524,585.04</u>	<u>\$68,378,244.21</u>	<u>\$16,767,759.78</u>
Add Receipts:							
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions:	\$71,069,093.45	\$1,457,020.62	\$16,353,671.14	\$76,515,247.65	\$1,149,639.82	\$27,364,632.48	\$16,149,734.74
3. Federal Emergency Benefits (EUCOB)	\$0.00	(\$430,000.00)	\$0.00	\$0.00	(\$129,871.00)	\$0.00	\$300,129.00
4. Federal Share Extended Benefits (EB)	\$0.00	(\$2,500.00)	\$0.00	\$0.00	(\$1,000.00)	\$0.00	\$1,500.00
5. Temp Federal Additional Comp (FAC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6. UCFE (Federal Agencies)	\$55,429.80	\$58,251.96	\$54,001.98	\$59,034.96	\$53,325.34	\$70,041.58	\$14,718.14
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	\$549,468.24	\$0.00	\$549,468.24
9. UC Modernization Incentive	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10. Treasury Interest Credits	\$0.00	\$403,149.00	\$0.00	\$0.00	\$383,958.15	\$0.00	(\$19,190.85)
11. UCX (Military Agencies)	\$116,862.61	\$100,483.48	\$94,350.96	\$67,205.24	\$49,273.43	\$57,012.65	(\$138,205.73)
12. WV Senate Bill 558	(\$38,000,000.00)	\$0.00	\$0.00	(\$50,000,000.00)	\$0.00	\$0.00	(\$12,000,000.00)
13. CMIA Receipts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Receipts	<u>\$33,241,385.86</u>	<u>\$1,586,405.06</u>	<u>\$16,502,024.08</u>	<u>\$26,641,487.85</u>	<u>\$2,054,793.98</u>	<u>\$27,491,686.71</u>	<u>\$4,858,153.54</u>
Less Disbursements:							
Debt Bond Repayment	(Retired)						
Regular Benefits:	\$27,935,019.49	\$19,442,745.48	\$22,171,265.89	\$12,050,869.57	\$10,102,421.00	\$12,912,529.83	(\$34,483,210.46)
Federal Emergency Benefits (EUCOB)	(\$6,846.12)	(\$19,143.08)	(\$7,606.28)	(\$4,955.00)	(\$4,925.21)	(\$6,400.88)	\$17,314.39
Federal Share Extended Benefits (EB)	\$0.00	\$0.00	(\$40.00)	(\$295.00)	(\$100.00)	(\$15.00)	(\$370.00)
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	\$56,117.55	\$60,601.45	\$59,400.59	\$53,209.30	\$53,539.89	\$72,860.60	\$3,490.20
UCX (Military Workers) Benefits	\$118,546.33	\$98,350.01	\$105,156.36	\$61,176.81	\$50,199.13	\$56,036.70	(\$154,640.06)
Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Special Administrative Transfer**	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Disbursements	<u>\$28,102,837.25</u>	<u>\$19,582,553.86</u>	<u>\$22,328,176.56</u>	<u>\$12,160,005.68</u>	<u>\$10,201,134.81</u>	<u>\$13,035,011.25</u>	<u>(\$34,617,415.93)</u>
Trust Fund Balance	<u>\$71,104,289.89</u>	<u>\$53,108,141.17</u>	<u>\$47,281,988.69</u>	<u>\$76,524,585.04</u>	<u>\$68,378,244.21</u>	<u>\$82,834,919.67</u>	<u>\$56,243,329.25</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.

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

Borrowed on 3/11/2016	38,000,000.00
Repaid on 5/17/2016	(38,000,000.00)
Borrowed on 12/5/2016	50,000,000.00
Repaid on 5/4/2017	(50,000,000.00)
Outstanding Loan from Revenue Shortfall Reserve Fund	<u>\$0.00</u>

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

UC TRUST FUND PROJECTIONS AND BALANCES FOR 2017

August 3, 2017

Month	Receipts	Disbursements	Trust Fund Balance
2016			
Balance - 1/1/2016			\$ 82,860,688
January	\$ 8,457,305	\$ 30,452,715	\$ 60,865,278
February	\$ 16,233,520	\$ 31,257,255	\$ 45,841,543
March	\$ 1,961,704	\$ 24,325,242	\$ 23,478,005
April	\$ 28,362,516	\$ 23,874,780	\$ 27,965,741
May	\$ 71,241,386	\$ 28,102,837	\$ 71,104,290
June	\$ 1,586,405	\$ 19,582,554	\$ 53,108,141
July	\$ 16,502,024	\$ 22,328,176	\$ 47,281,989
August	\$ 30,886,158	\$ 19,471,122	\$ 58,697,025
September	\$ 1,851,871	\$ 13,874,341	\$ 46,674,555
October	\$ 17,129,992	\$ 16,437,037	\$ 47,367,510
November	\$ 12,095,617	\$ 14,319,014	\$ 45,144,113
December	\$ 1,485,248	\$ 15,074,251	\$ 31,555,110
Totals - 2016	\$ 207,793,746	\$ 259,099,324	\$ 31,555,110

2017			
January	\$ 15,548,229	\$ 22,205,764	\$ 24,897,575
February	\$ 7,902,487	\$ 18,214,907	\$ 14,585,155
March	\$ 1,765,440	\$ 14,720,577	\$ 1,630,018
April	\$ 25,313,026	\$ 14,899,941	\$ 12,043,103
May	\$ 76,641,488	\$ 12,160,006	\$ 76,524,585
June	\$ 2,054,794	\$ 10,201,135	\$ 68,378,244
July	\$ 27,491,687	\$ 13,035,011	\$ 82,834,920
August	\$ 20,891,647	\$ 10,128,878	\$ 93,597,689
September	\$ 1,890,760	\$ 7,217,432	\$ 88,271,017
October	\$ 17,489,722	\$ 8,550,547	\$ 97,210,192
November	\$ 12,349,625	\$ 7,448,751	\$ 102,111,066
December	\$ 1,516,438	\$ 7,841,625	\$ 95,785,879
Totals - 2017	\$ 210,855,343	\$ 146,624,574	\$ 95,785,879

The Trust Fund balances shown here do not include the loan proceeds of \$ 50,000,000 received on November 29, 2017. The loan was repaid in May 2017.

PEIA August Interim Talking Points

- **PEIA and RHBT preliminary financial results for June 2017 are available for your review.**
- **PEIA preliminary results indicate finishing ahead of plan by \$5 million. This is primarily due to marginally higher than forecast revenue.**
- **RHBT preliminary results indicate finishing ahead of plan by \$55 million. This is attributable to higher than forecast investment income and lower than forecast Humana capitations.**
- **The 2018 year-end reserve for the State Fund and non-State Fund are projected to be \$111 and \$26 million respectively.**
- **These reserve levels represent 14.6% and 17% of the respective funds' expenses. The required reserve for the State Fund is 14% of expenses.**

Jim Justice
Governor



Ted Cheatham
Director

WV Toll-free: 1-888-680-7342 • Phone: 1-304-558-7850 • Fax: 1-304-558-2470 • Internet: www.wvpeia.com

August 15, 2017

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

1. The June 2017 Quarterly Report page A-1 indicates the June 30, 2018 fund balances will be as follows:

	PEIA		RHBT
	State Fund	Non-State Fund	OPEB Fund
June 30, 2018	\$110,638,266	\$25,744,763	\$136,383,029

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 the fiscal year expenses for PEIA and RHBT. Per the Quarterly Report, the percentage will be as follows at year end:

June 30, 2018	State Fund Reserve	Non-State Fund Reserve	Total
Reserve Balance	\$110,638,266	\$25,744,763	\$136,383,029
Percentage	14.6%	17%	15%
	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 reserve balance represents 24% of the actuarially required balance:

	RHBT
June 30, 2018	OPEB Reserve
Reserve Balance	\$854,783,400
Percentage	24%
	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 \$296 million over the next four years, requiring an average of \$74 million a year in either increased premiums or benefit reductions.

West Virginia Public Employees Insurance Agency
Statement of Net Position
Friday, June 30, 2017
(Dollars in Thousands)

(Unaudited-For Internal Use Only)
PRELIMINARY DRAFT

	CURRENT YR	PRIOR YR	V A R I A N C E	
			\$	%
Assets				
Current assets:				
Cash and cash equivalents	\$8,322	\$9,201	(\$879)	(10%)
Equity position in internal investment pool	34,669	(483)	35,152	(7,278%)
Premiums receivable:				
Other, less allowance for doubtful accounts	4,574	9,646	(5,072)	(53%)
Due From RHBT	461	(8,587)	9,048	(105%)
Accounts receivable:				
Provider refunds, less allowance for doubtful accounts	1,116	225	891	396%
Prescription rebates	9,031	11,292	(2,261)	(20%)
Other	754	779	(25)	(3%)
Total current assets	58,927	22,073	36,854	167%
Noncurrent assets:				
Equity position in internal investment pools	153,908	176,829	(22,921)	(13%)
Equity position in internal investment pool – restricted	17,870	26,549	(8,679)	(33%)
Capital assets, net of accumulated depreciation	228	165	63	38%
Total noncurrent assets	172,006	203,543	(31,537)	(15%)
Total assets	230,933	225,616	5,317	2%
Deferred Outflows of Resources Related to Pensions				
	460	460		0%
Liabilities				
Current liabilities:				
Claims payable	71,949	73,523	(1,574)	(2%)
Premium deficiency reserve	6,860	6,860		0%
Accounts payable	6,406	8,966	(2,560)	(29%)
Unearned revenue	3,794	8,902	(5,108)	(57%)
Computer Software Reseve	1,766		1,766	0%
Other accrued liabilities	3,100	3,145	(45)	(1%)
Total current liabilities	93,875	101,396	(7,521)	(7%)
Noncurrent liabilities:				
Other Liabilities	528	528		0%
Other accrued liabilities: Premium stabilization fund	17,870	26,549	(8,679)	(33%)
Total liabilities	112,273	128,473	(16,200)	(13%)
Deferred Inflows of Resources Related to Pensions				
	343	343		0%
Net position				
Invested in capital assets	228	165	63	38%
Unrestricted	118,550	97,094	21,456	22%
Total net position	118,778	97,259	21,519	22%

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF PLAN NET POSITION
Friday, June 30, 2017
(In Thousands)
PRELIMINARY

	CURRENT YR	PRIOR YR	VARIANCE \$	%
ASSETS				
Cash - Operating Fund	\$592	\$758	(\$166)	(22%)
INVESTMENTS				
WV Board of Treasury Investments	91,191	87,470	3,721	4%
WV Investment Management Board	733,104	607,091	126,013	21%
Total Investments	824,295	694,561	129,734	19%
Due From / (To) WV PEIA	(1,446)	8,587	(10,033)	(117%)
PREMIUM ACCOUNTS RECEIVABLE				
Premium Accounts Receivable	2,397	1,808	589	33%
Less: Allowance for Doubtful Accounts	(406)	(406)	0	0%
Net - Premium Accounts Receivable	1,991	1,402	589	42%
Premium A/R - Annual Required Contributions	2,374,407	2,301,664	72,743	3%
Less: Allowance for Doubtful Accounts	(2,374,407)	(2,301,664)	(72,743)	3%
Net Premium A/R - ARC	0	0	0	0%
Other Receivables	17,464	3,948	13,516	342%
TOTAL ASSETS	842,896	709,256	133,640	19%
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources Related to Pension	241	241	0	0%
LIABILITIES				
Claims payable	10,090	11,950	(1,860)	(16%)
Accounts payable	20	20	0	0%
Accrued Liabilities	16,456	11,663	4,793	41%
Deferred revenues	0	0	0	0%
TOTAL LIABILITIES	26,566	23,633	2,933	12%
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources Related to Pension	196	196	0	0%
NET POSITION RESTRICTED FOR POST EMPLOYMENT BENEFITS	\$816,375	\$685,668	\$130,707	19%

Unaudited / Internal Use / Accrual Basis
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West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For the Twelve Months Ending Friday, June 30, 2017
(In Thousands)
PRELIMINARY

	ACTUAL	BUDGET	PRIOR YR	BUDGET VARIANCE	PRIOR YR VARIANCE
				\$	%
ADDITIONS					
Employer Premiums:					
Health premiums	\$3,199	\$3,306	\$3,191	(\$107)	(3%)
Pay Go Premiums	124,156	150,480	123,812	(26,324)	(17%)
Annual required contributions	71	0	103	(32)	0%
Total Employer Premiums	127,427	153,786	127,106	(26,359)	(17%)
Member Premiums:					
Health premiums	81,449	83,777	78,204	(2,328)	(3%)
Pay Go Premiums	24,752	29,520	24,826	(4,768)	(16%)
Life Insurance Premiums	22,952	24,824	23,691	(1,872)	(8%)
Total Member Premiums	129,153	138,121	126,721	(8,968)	(6%)
Total Premium Additions	256,580	291,907	253,826	(35,327)	(12%)
Other Additions:					
Retiree Drug Subsidy	1,150	1,200	804	(50)	(4%)
Investment Income	96,734	42,487	157	54,247	128%
General Revenue Transfer Premium	5,000	5,000	0	0	0%
General Revenue Transfer OPEB	30,000	30,000	0	0	0%
TOTAL ADDITIONS	389,464	370,594	254,787	18,870	5%
DEDUCTIONS					
Payments to Managed Care Org.	134,915	164,750	149,962	29,835	18%
Life Insurance Expense	22,333	24,563	23,383	2,231	9%
Medical Claims Expense	64,654	70,608	66,963	5,953	8%
Pharmacy Claims Expense	31,582	29,852	28,475	(1,730)	(6%)
Comparative Effectiveness Research Fee	34	32	31	(2)	(6%)
ACA Reinsurance Contribution	184	200	515	16	8%
Administrative Service Fees (External)	1,447	1,899	1,770	452	24%
Computer Software Reserve Expense	1,236	282	0	(954)	(338%)
Other Operating Expenses	2,371	2,860	2,511	489	(15%)
Bad Debt Expense	0	0	102	0	0%
TOTAL DEDUCTIONS	258,757	295,046	273,711	36,290	12%
NET POSITION INCREASE	130,707	75,548	(18,924)	55,160	73%
Net Position Restricted for Post Employment Benefits					
Beginning of Period Total Net Position	685,668	685,668	704,592	0	0%
End of Period Total Net Position	\$816,375	\$761,216	\$685,668	\$55,159	7%

Accrual Basis / Unaudited / Internal Use Only
8/1/2017 7:16

West Virginia Board of Risk and Insurance Management
UNAUDITED BALANCE SHEET AND INCOME STATEMENT
For the Fiscal Year Ending June 30, 2017

Talking Points

Note: The balance sheet and income statement presented reflects preliminary results for the fiscal year ending June 30, 2017. BRIM's financial statements for FY'17 are still subject to the final review and the completion of the year-end external audit.

- Net premium revenue for FY'17 is \$6.3 million higher than FY'16. BRIM increased premiums to cover actuarially projected increased claims costs for FY'17.
- Claims expense for FY'17 was \$4.6 million less than FY'16 primarily due to a \$3.5 million reduction of outstanding claims liabilities for the current fiscal year.
- Investment earnings for FY'17 are \$2.4 million higher than for FY'16. Equity returns provided BRIM's improved investment earnings for FY'17.
- During FY'17, \$2.8 million of funds were transferred to the Patient Injury Compensation Fund resulting from the passage of SB 602. This negatively impacted BRIM's net financial position.
- BRIM's overall financial results increased its net position by \$8.3 million for FY'17 versus a net decrease of \$1.9 million for FY'16. The combination of higher premium revenue, lower claims expenses and better overall investment returns in FY'17 provided the improved results when compared to FY'16.
- BRIM has no unfunded liability.
- BRIM continues to pursue pro-active loss control initiatives.

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Twelve Months Ended June 30th

	<u>2017</u>	<u>2016</u>
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 71,368	\$ 65,293
Less coverage/reinsurance programs	<u>(6,681)</u>	<u>(6,909)</u>
Net operating revenues	64,687	58,384
Operating expenses		
Claims and claims adjustment expense	59,189	63,753
General and administrative	4,238	3,904
Total operating expenses	<u>63,427</u>	<u>67,657</u>
Operating income (loss)	1,260	(9,273)
Nonoperating revenues		
Investment income	9,841	7,413
Appropriation Transfer HB4261	<u>(2,810)</u>	<u>0</u>
Net nonoperating revenues	7,031	7,413
Changes in net position	8,290	(1,860)
Total net position, beginning of year	190,960	192,820
Total net position, end of period	<u>\$ 199,250</u>	<u>\$ 190,960</u>

Unaudited

West Virginia Board of Risk and Insurance Management

Statements of Net Position

June 30th

	2017	2016
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	26,291	15,748
Advance deposits with insurance company and trustee	193,352	210,152
Receivables	1,163	1,402
Restricted cash and cash equivalents	10,168	10,198
Premiums due from other entities	643	620
Total current assets	231,618	238,121
Noncurrent assets:		
Equity position in internal investments pools	91,500	83,881
Restricted investments	52,841	48,441
Total noncurrent assets	144,341	132,322
Total assets	375,959	370,443
Deferred Outflows of Resources	387	387
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	47,713	50,819
Unearned premiums	9,174	8,300
Agent commissions payable	1,279	1,100
Accrued expenses and other liabilities	846	1,173
Total current liabilities	59,013	61,392
Estimated unpaid claims and claims adjustment expense net of current portion	117,206	117,616
Compensated absences	107	91
Net pension liability	467	467
Total noncurrent liabilities	117,780	118,175
Total liabilities	176,793	179,567
Deferred Inflows of Resources	304	304
Net position:		
Restricted by State code for House Bill 601 Program and mine subsidence coverage	57,123	55,427
Unrestricted	133,837	137,393
Net Assets (Deficiency)	8,290	(1,860)
Net position	\$ 199,250	\$ 190,960

Unaudited

Department of Administration Real Estate Division Leasing Report
For the period of May 1 - 31, 2017

There were a total of 9 leasing changes for this period and they are as follows:

- 1 – Straight Renewal – DOA Owned
- 3 – Straight Renewal
- 2 – Increase in Square Feet
- 3 – Cancellation

Department of Administration Real Estate Division Leasing Report
For the period of May 1, 2017 through May 31, 2017

STRAIGHT RENEWAL – DOA OWNED

DIVISION OF PROTECTIVE SERVICES

DPS-002 Renewal for 5 years consisting of 797 square feet of office at the current annual per square foot rate of \$10.72, annual cost \$8,543.84, full service, 1900 Kanawha Boulevard, East, Building #1, in the City of Charleston, Kanawha County, West Virginia.

STRAIGHT RENEWAL

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-171 Renewal for 1 year consisting of 416 square feet of storage space at the current monthly rate of \$180.00, annual cost \$2,160.00, full service, 104 Van Kirk Drive, in the City of Fairmont, Marion County, West Virginia.

OFFICE OF TAX APPEALS

OTA-001 Renewal for 3 year consisting of 5,000 square feet of office space at the current annual per square foot rate of \$9.31, annual cost \$46,550.00, 1012 Kanawha Boulevard, in the City of Charleston, Kanawha County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-174 Renewal for 3 years consisting of 3,022 square feet of office space at the current annual per square foot rate of \$9.80, annual cost \$29,615.60, full service, 100 Prince Street, in the City of Beckley, Raleigh County, West Virginia.

INCREASE IN SQUARE FEET

DIVISION OF CORRECTIONS

COR-049 Increase of square feet from 3,798 square feet to 4,299 square feet of office space at the current annual per square foot rate of \$11.60, annual cost \$49,868.40, 215 West Main, in the City of Clarksburg, Harrison County, West Virginia.

COR-090 Increase in square feet from 1,351 square feet to 2,284 square feet at the current annual per square foot rate of \$10.50, annual cost \$23,982.00, 1200 Harrison Avenue in Elkins, Randolph County, West Virginia.

CANCELLATION

CENTER FOR PROFESSIONAL DEVELOPMENT

CPD-003 Lease cancellation consisting of 6,000 square feet of office space, at the annual per square foot rate of \$9.70, annual cost \$58,200, full service, 208 Hale Street, in the City of Charleston, Kanawha County, West Virginia.

CANCELLATION - Continued

CENTER FOR PROFESSIONAL DEVELOPMENT

CPD-004 Lease cancellation consisting of 5,728 square feet of office space, at the annual per square foot rate of \$12.24, annual cost \$70,110.72, full service, 209 Hale Street, in the City of Charleston, Kanawha County, West Virginia.

DEPARTMENT OF EDUCATION

EDU-026 Lease cancellation consisting of 3,493 square feet of office space, at the annual per square foot rate of \$12.95 annual cost \$45,240.00, full service, 3918 MacCorkle Avenue, SE, in the City of Charleston, Kanawha County, West Virginia.

**Real Estate Division
 Monthly Summary of Lease Activity
 May 1 - 31, 2017**

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Division of Protective Services	DPS-002	Kanawha	797	10.72	8,544	5	42,719
2	Department of Environmental Protection	DEP-171	Marion	416	0.00	2,160	1	2,160
3	Office of Tax Appeals	OTA-001	Kanawha	5,000	9.31	46,550	3	139,650
4	Department of Health and Human Resources	HHR-174	Raleigh	3,022	9.80	29,616	3	88,847
5	Division of Corrections	COR-049	Harrison	4,299	11.60	49,868	1.67	83,280
6	Division of Corrections	COR-090	Randolph	2,284	10.50	23,982	2	47,964

		51.93
Total Rentable Square Feet	<u>15,818</u>	
Average Annual Rental Rate	<u>10.39</u>	
Total Annual Rent		<u>160,720</u>

CANCELLATIONS

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	Center for Professional Development	CPD-003	Kanawha	6,000	9.70	58,200
2	Center for Professional Development	CPD-004	Kanawha	5,728	12.24	70,111
3	Department of Education	EDU-026	Kanawha	3,493	12.95	45,240

Total Rentable Square Feet	<u>15,221</u>	
Total Annual Rent		<u>173,551</u>

Department of Administration Real Estate Division Leasing Report
For the period of June 1 - 30, 2017

There were a total of 19 leasing changes for this period and they are as follows:

- 4 – New Contract of Lease – DOA Owned
- 4 – New Contract of Lease
- 7 – Straight Renewal – DOA Owned
- 1 – Decrease in Square Feet
- 3 – Cancellation

Department of Administration Real Estate Division Leasing Report
For the period of June 1, 2017 through June 30, 2017

NEW CONTRACT OF LEASE – DOA OWNED

DIVISION OF ENERGY

DOE-001-SUB New Contract of Lease for 3 years consisting of 1,455 square feet of office space at the annual per square foot rate of \$19.00, annual cost \$27,645.00, full service, Building #3, 1900 Kanawha Boulevard, East, in the City of Charleston, Kanawha County, West Virginia.

DIVISION OF LABOR

LAB-002-SUB New Contract of Lease for 3 years consisting of 21,758 square feet of office space at the annual per square foot rate of \$19.00, annual cost \$413,402.00, full service, Building #3, 1900 Kanawha Boulevard, East, in the City of Charleston, Kanawha County, West Virginia.

WEST VIRGINIA DEVELOPMENT OFFICE

CID-012-SUB New Contract of Lease for 3 years consisting of 51,800 square feet of office space at the annual per square foot rate of \$19.00, annual cost \$984,200.00, full service, Building #3, 1900 Kanawha Boulevard, East, in the City of Charleston, Kanawha County, West Virginia.

DIVISION OF TOURISM

TOR-009-SUB New Contract of Lease for 3 years consisting of 6,432 square feet of storage space at the annual per square foot rate of \$14.00, annual cost of \$90,048.00, and 14,926 square feet of office space at the annual per square foot rate of \$19.00, annual cost \$283,594.00, full service, Building #3, 1900 Kanawha Boulevard, East, in the City of Charleston, Kanawha County, West Virginia.

NEW CONTRACT OF LEASE

DIVISION OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT

OES-018 New Contract of Lease for 10 years consisting of land for a tower at the monthly rate of \$1,000.00 for years 1 – 5, annual cost \$12,000.00 and \$1,250.00 for years 6 - 10, annual cost \$15,000.00, Rich Mountain, in the City of Elkins, Randolph County, West Virginia.

WEST VIRGINIA SECRETARY OF STATE

SOS-003 New Contract of Lease for 5 years consisting of two offices at the monthly rate of \$365.00, annual cost \$4,380, full service, 229 East Martin Street, in the City of Martinsburg, Berkeley County, West Virginia.

SOS-004 New Contract of Lease for 5 years consisting of 4,391 square feet of office space at the annual per square foot rate of \$10.53, annual cost \$46,237.23, 1615 Washington Street, East, in the City of Charleston, Kanawha County, West Virginia.

SOS-005 New Contract of Sub-Lease for 5 years consisting of six offices at the monthly rate of \$1,000, annual cost \$12,000, full service, 200 West Main Street, Clarksburg, Harrison County, West Virginia.

STRAIGHT RENEWAL

WEST VIRGINIA CONSERVATION AGENCY

SCC-005 Renewal for 5 years consisting of 300 square feet of office space at the current annual per square foot rate of \$15.00, annual cost \$4,500, full service, USDA Service Center on Route 4, in the City of Philippi, Barbour County, West Virginia.

SCC-014 Renewal for 5 years consisting of 470 square feet of office space at the current annual per square foot rate of \$12.62, annual cost \$5,931.36, full service, 195 Davis Street, in the City of Princeton, Mercer County, West Virginia.

DIVISION OF JUVENILE SERVICES

DJS-026 Renewal for 6 years consisting of 1,152 square feet of office and classroom space at the annual cost of \$12.00, full service, two 1-story metal and brick buildings, located behind Point Pleasant Intermediate School, 1 Walden Roush Way in the City of Point Pleasant, Mason County, West Virginia.

DEPARTMENT OF VETERANS ASSISTANCE

VET-006 Renewal of 5 years consisting of 529 square feet of office space at the current annual per square foot rate of \$5.67, annual cost \$3,000.00, full service, 3rd and Market Street in the City of Parkersburg, Wood County, West Virginia.

VET-007 Renewal of 3 years consisting of 739 square feet of office space at the current annual per square foot rate of \$1.62, annual cost \$1,200.00, full service, 1500 Main Street, in the City of Princeton, Mercer County, West Virginia.

DEPARTMENT OF EDUCATION

EDU-027 Renewal for 1 year consisting of 238 square feet of office space at the current annual per square foot rate of \$7.56, annual cost \$1,800.00, full service, 2507 9th Avenue, in the City of Parkersburg, Wood County, West Virginia.

DIVISION OF CORRECTIONS

COR-050 Renewal for 1 Year consisting of 1,316 square feet of office space at the current annual per square foot rate of \$13.50, annual cost \$17,766.00, full service excluding janitorial, 117 Court Street, in the City of Ripley, Jackson County, West Virginia.

WEST VIRGINIA CONSERVATION AGENCY

SCC-005 Renewal for 5 years consisting of 300 square feet of office space at the current annual per square foot rate of \$15.00, annual cost \$4,500.00, full service, USDA Service Center on Route 4, in the City of Philippi, Barbour County, West Virginia.

SCC-014 Renewal for 5 years consisting of 470 square feet of office space at the current annual per square foot rate of \$12.62, annual cost \$5,931.36, full service, 195 Davis Street, in the City of Princeton, Mercer County, West Virginia.

DECREASE IN SQUARE FEET

HEALTH CARE AUTHORITY

HCA-001 Decrease of square feet from 18,400 square feet to 9,200 square feet of office space at the current annual per square foot rate of \$11.75 for the period of July 1, 2017 to July 31, 2017, annual cost \$108,100.00, \$12.00 annual per square foot rate for the period of August 1, 2017 to July 31, 2019, annual cost \$110,400.00 annually and \$12.25 per annual square foot rate for the period of August 1, 2019 to July 31, 2021, annual cost \$112,700.00, full service, 100 Dee Drive, in the City of Charleston, Kanawha County, West Virginia.

CANCELLATION

DIVISION OF LABOR

LAB-001 Lease cancellation consisting of 15,334 square feet of office space, at the annual per square foot rate of \$11.00 annual cost \$168,674.00, full service, in the City of Charleston, Kanawha County, West Virginia.

DIVISION OF TOURISM

TOR-005 Lease cancellation consisting of 27,769 square feet of office space at the annual per square foot rate of \$12.34, annual cost \$342,618.24, 90 MacCorkle Avenue, in the City of South Charleston, Kanawha County, West Virginia.

WEST VIRGINIA DEVELOPMENT OFFICE

CID-002 Lease cancellation, consisting of 35,093 square feet of office space, at the annual per square foot rate of \$11.00, annual cost \$386,023.00, full service, Building #6 1900 Kanawha Boulevard, East in the City of Charleston, Kanawha County, West Virginia.

Real Estate Division
Monthly Summary of Lease Activity
June 1 - 30, 2017

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Division of Energy	DOE-001	Kanawha	1,455	19.00	27,645	3	82,935
2	Division of Labor	LAB-002	Kanawha	21,758	19.00	413,402	3	1,240,206 *
3	West Virginia Development Office	CID-012	Kanawha	51,800	19.00	984,200	3	2,952,600 *
4	Division of Tourism - Storage	TOR-009	Kanawha	6,432	14.00	90,048	3	270,144
	Division of Tourism - Office	TOR-009	Kanawha	14,926	19.00	283,594	3	850,782
5	Div of Homeland Security & Emergency Mngmnt	OES-018	Randolph	1	0.00	12,000	5	60,000
	Div of Homeland Security & Emergency Mngmnt	OES-018	Randolph	1	0.00	15,000	5	75,000
6	West Virginia Secretary of State	SOS-003	Berkeley	1	0.00	4,380	5	21,900
7	West Virginia Secretary of State	SOS-004	Kanawha	4,391	10.53	46,237	5	231,186
8	West Virginia Secretary of State	SOS-005	Harrison	1	0.00	12,000	5	60,000
9	West Virginia Conservation Agency	SCC-005	Barbour	300	15.00	4,500	5	22,500
10	West Virginia Conservation Agency	SCC-014	Mercer	470	12.62	5,931	5	29,657
11	Division of Juevnile Services	DJS-026	Mason	1,152	12.00	13,824	6	82,944
12	Department of Veterans Assistance	VET-006	Parkersburg	529	5.67	2,999	5	14,997
13	Department of Veterans Assistance	VET-007	Mercer	739	1.62	1,197	3	3,592
14	Department of Education	EDU-027	Wood	238	7.56	1,799	1	1,799
15	Division of Corrections	COR-050	Jackson	1,316	13.50	17,766	1	17,766
16	Health Care Authority	HCA-001	Kanawha	9,200	11.75	108,100	0.08	8,648
	Health Care Authority	HCA-001	Kanawha	9,200	12.00	110,400	2	220,800
	Health Care Authority	HCA-001	Kanawha	9,200	12.25	112,700	2	225,400

	204.50
Total Rentable Square Feet	133,110
Average Annual Rental Rate	12.78
Total Annual Rent	2,267,724

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

CANCELLATIONS

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	Division of Labor	LAB-001	Kanawha	15,334	11.00	168,674
2	Division of Tourism	TOR-005	Kanawha	27,769	12.34	342,669
3	West Virginia Development Office	CID-002	Kanawha	35,093	11.00	386,023

Total Rentable Square Feet	78,196
Total Annual Rent	897,366

Department of Administration Real Estate Division Leasing Report
For the period of July 1 - 31, 2017

There were a total of 9 leasing changes for this period and they are as follows:

- 1 – New Contract of Lease
- 4 – Straight Renewal – DOA Owned
- 3 – Renewal with Increase in Rent
- 1 – Renewal with Increase then Decrease in Rent

Department of Administration Real Estate Division Leasing Report
For the period of July 1, 2017 through July 31, 2017

NEW CONTRACT OF LEASE

DIVISION OF FORESTRY

FOR-092 New Contract of Lease for 2 years consisting of 110 square feet of office space at the monthly rate of \$100.00, annual cost \$1,200.00, full service excluding janitorial, 200 Confederate Road, in the City of in the City of Franklin, Pendleton County, West Virginia.

STRAIGHT RENEWAL

EDUCATIONAL BROADCASTING AUTHORITY

EBA-018 Renewal for 5 years consisting of a one acre lot for the use of a TV translator tower, at the current annual cost of \$1.00, located at the Allegheny Wildlife Management Area in Mineral County, West Virginia.

GENERAL SERVICES DIVISION

GSD-012 Renewal for 1 year consisting of 100 parking spaces at the current monthly rate of \$2,150.00, annual cost \$25,800.00, full service, West Main & West Pike and 222 Hewes Avenue, in the City of Clarksburg, Harrison County, West Virginia.

WORKFORCE WEST VIRGINIA

WWV-010 Renewal for 3 years consisting of 2,658 square feet of office space at the current annual per square foot rate of \$6.90, annual cost \$18,340.20, full service, 20 Red Oaks Shopping Center, in the City of Fairlea, Greenbrier County, West Virginia.

DEPARTMENT OF VETERANS ASSISTANCE

VET-039 Renewal for 3 years consisting of 760 square feet of office space at the current annual per square foot rate of \$15.79, annual cost \$12,000.00, full service, 20 Red Oaks Shopping Center located at 330 Red Oaks Shopping Center, in the City of Fairlea, Greenbrier County, West Virginia

RENEWAL WITH INCREASE IN RENT

WV BOARD OF OPTOMETRY

BOO-002 Renewal for 3 years consisting of 697 square feet of office/storage/parking space with an increase in the annual per square foot rate from \$11.19 to \$11.74, annual cost \$8,182.78, full service, 179 Summers Street, in the City of Charleston, Kanawha County, West Virginia.

STATE TAX DEPARTMENT

TAX-002 Renewal for 2 years consisting of 13,245 square feet of storage space with an increase in the annual per square foot rate from \$2.29 to \$2.41, annual cost \$31,920.36, full service, located at 1315 Hansford Street, in the City of Charleston, Kanawha County, West Virginia.

RENEWAL WITH INCREASE IN RENT - CONTINUED

WORKFORCE WEST VIRGINIA

WWV-017 Renewal for 1 year consisting of 324 square feet of office space with an increase in the monthly rate from \$700.00 to \$750.00, annual cost \$9,000.00, full service, 404 Main Street, in the City of Point Pleasant, Mason County, West Virginia.

RENEWAL WITH INCREASE THEN DECREASE IN RENT

MINERS' HEALTH SAFETY AND TRAINING

MHS-027 Renewal for 3 years consisting of 6,100 square feet of office/garage space with an increase in the per square foot rate from \$4.77 to \$11.31, annual cost \$68,991.00 for the period of August 1, 2017 – July 31, 2018 to reflect a reimbursement for tenant requested renovations plus the base rent, then a decrease in the per square foot rate from \$11.31 to \$4.77, annual cost \$29,097.00 for the period of August 1, 2018 – July 31, 2020, full service excluding janitorial and snow removal, Stewart Street (UMWA Office), in the City of Welch, McDowell County, West Virginia.

Real Estate Division
Monthly Summary of Lease Activity
July 1 - 31, 2017

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Division of Forestry	FOR-092	Pendleton	110	10.91	1,200	2	2,400
2	Educational Broadcasting Authority	EBA-018	Mineral	1	0.00	1	5	5
3	General Services Division	GSD-012	Harrison	1	0.00	25,800	1	25,800
4	Workforce West Virginia	WWV-010	Greenbrier	2,658	6.90	18,340	3	55,021
5	Department of Veterans Assistance	VET-039	Greenbrier	760	15.79	12,000	3	36,001
6	WV Board of Optometry	BOO-002	Kanawha	697	11.74	8,183	3	24,548
7	State Tax Department	TAX-002	Kanawha	13,245	2.41	31,920	2	63,841
8	Workforce West Virginia	WWV-017	Mason	324	27.78	9,001	1	9,001
9	Miners' Health Safety and Training	MHS-027	McDowell	6,100	11.31	68,991	1	68,991
	Miners' Health Safety and Training	MHS-027	McDowell	6,100	4.77	29,097	2	58,194

	91.61
Total Rentable Square Feet	<u>29,996</u>
Average Annual Rental Rate	<u>11.45</u>
Total Annual Rent	<u>204,534</u>

Joint Committee on Government and Finance

August 2017

Department of Health and Human Resources

MEDICAID REPORT

June 2017 Data

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2017

MONTH OF JUNE 2017

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	DIFFERENCE
	SFY2016	SFY2017	Current Month Ended 6/30/2017	Current Month Ended 6/30/2017	Year To-Date Thru 6/30/17	Budget vs 6/30/2017
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	186,720,433	191,663,554	4,601,209	14,745,169	138,558,788	53,104,766
Inpatient Hospital - DSH	54,542,207	53,803,200	-	-	54,140,231	(337,031)
Inpatient Hospital - Supplemental Payments	88,772,449	126,027,542	13,999,782	13,917,653	109,348,510	16,679,032
Inpatient Hospital - GME Payments	9,200,784	8,027,882	-	-	8,211,278	(183,396)
Mental Health Facilities	60,774,362	76,856,261	3,083,267	5,914,798	57,062,243	19,794,019
Mental Health Facilities - DSH Adjustment Payments	18,887,044	18,886,800	-	-	18,878,878	7,922
Nursing Facility Services - Regular Payments ⁽²⁾	630,230,973	644,177,879	52,981,732	53,701,443	642,606,703	1,571,176
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	68,590,373	69,718,700	6,212,949	5,809,892	68,638,994	1,079,706
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	117,140,779	107,471,018	3,340,363	8,269,557	72,228,097	35,242,921
Physicians Services - Supplemental Payments	33,313,589	21,769,930	-	-	22,615,437	(845,507)
Physician and Surgical Services - Evaluation and Management	129,275	-	(8)	-	3,028	(3,028)
Physician and Surgical Services - Vaccine Codes	288	-	-	-	-	-
Outpatient Hospital Services - Regular Payments	107,370,522	97,980,515	3,227,462	7,539,840	72,861,569	25,118,946
Outpatient Hospital Services - Supplemental Payments	85,182,603	208,258,173	-	-	217,795,914	(9,537,741)
Prescribed Drugs	310,642,861	299,765,411	7,953,958	23,334,267	208,489,640	91,275,771
Drug Rebate Offset - National Agreement	(247,362,655)	(238,221,600)	(17,470,543)	(6,717,850)	(183,696,895)	(54,524,705)
Drug Rebate Offset - State Sidebar Agreement	(9,422,134)	(13,890,000)	(93,897)	(391,698)	(7,530,862)	(6,359,138)
Drug Rebate Offset - MCO National	(89,719,160)	(46,188,000)	(35,092,342)	(1,302,502)	(236,314,178)	190,126,178
Drug Rebate Offset - MCO State Sidebar Agreement	(7,465,402)	(4,285,200)	-	(120,843)	(10,567,513)	6,282,313
Dental Services	17,904,695	18,576,878	742,565	1,431,563	13,820,921	4,755,956
Other Practitioners Services - Regular Payments	10,762,231	12,001,150	23,818	928,566	6,489,545	5,511,605
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	3,328,805	4,401,083	110,829	341,029	2,022,281	2,378,802
Lab & Radiological Services	26,879,927	22,300,416	813,685	1,716,188	14,821,051	7,479,365
Home Health Services	42,832,510	46,917,519	2,963,314	3,663,124	34,328,331	12,589,188
Hysterectomies/Sterilizations	234,860	215,096	6,708	16,546	61,552	153,544
Pregnancy Terminations ⁽⁴⁾	-	274,326	29,652	21,102	92,535	181,791
EPSDT Services	1,557,174	1,920,918	96,932	147,886	1,552,044	368,874
Rural Health Clinic Services	9,206,515	12,285,791	235,159	945,175	5,541,594	6,744,197
Medicare Health Insurance Payments - Part A Premiums	18,084,672	18,042,000	1,630,269	1,503,500	18,956,782	(914,782)
Medicare Health Insurance Payments - Part B Premiums	96,216,407	111,651,355	9,735,968	9,304,280	110,218,602	1,432,753
120% - 134% Of Poverty	7,659,976	6,920,700	709,128	532,362	8,849,389	(1,928,689)
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	9,743,197	10,599,800	895,598	815,369	11,080,319	(480,519)

**WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR MEDICAL SERVICES
EXPENDITURES BY PROVIDER TYPE
SFY2017**

MONTH OF JUNE 2017

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	DIFFERENCE
	SFY2016	SFY2017	Current Month Ended 6/30/2017	Current Month Ended 6/30/2017	Year To-Date Thru 6/30/17	Budget vs 6/30/2017
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	1,286,596,440	1,501,169,123	226,642,111	125,097,427	1,776,593,830	(275,424,707)
Medicaid MCO - Evaluation and Management	1,760	-	-	-	-	-
Medicaid MCO - Vaccine Codes	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	577,361	645,800	60,233	49,677	657,626	(11,826)
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-
Home & Community-Based Services (MR/DD)	331,969,032	370,267,300	25,375,138	28,482,099	310,425,197	59,842,103
Home & Community-Based Services (Aged/Disabled)	103,740,104	109,486,361	7,431,427	8,471,417	103,822,796	5,663,565
Home & Community-Based Services (Traumatic Brain Injury)	1,288,545	1,338,311	115,723	102,924	1,488,043	(149,732)
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	75,461,043	81,069,514	5,657,534	6,245,366	73,973,411	7,096,103
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-
Targeted Case Management Services - State Wide	2,684,324	3,134,547	192,134	241,151	2,360,158	774,389
Primary Care Case Management Services	118,509	-	-	-	36	(36)
Hospice Benefits ⁽³⁾	24,326,119	28,764,002	1,706,944	2,212,616	26,270,558	2,493,443
Emergency Services Undocumented Aliens	726,066	567,619	35,776	43,663	496,071	71,548
Federally Qualified Health Center	26,234,192	36,013,699	578,021	2,770,737	18,236,515	17,777,184
Non-Emergency Medical Transportation	33,057,538	31,937,126	2,915,366	2,459,718	35,411,670	(3,474,544)
Physical Therapy	2,760,390	2,429,083	82,771	186,949	1,905,207	523,876
Occupational Therapy	636,335	754,433	40,922	58,033	680,348	74,085
Services for Speech, Hearing & Language	572,905	585,848	22,486	45,070	478,442	107,405
Prosthetic Devices, Dentures, Eyeglasses	1,889,277	1,840,232	68,769	141,752	1,463,138	377,094
Diagnostic Screening & Preventive Services	896,178	699,236	20,660	53,787	437,675	261,561
Nurse Mid-Wife	292,426	418,463	8,358	32,189	136,524	281,939
Emergency Hospital Services	192	-	-	-	(77)	77
Critical Access Hospitals	45,094,773	41,345,935	1,496,185	3,181,609	34,563,374	6,782,561
Nurse Practitioner Services	3,879,118	4,269,983	160,711	328,525	3,220,367	1,049,616
School Based Services	10,725,290	27,116,380	535,386	2,085,882	12,829,805	14,286,575
Rehabilitative Services (Non-School Based)	72,279,284	81,100,199	5,910,935	6,243,932	64,792,629	16,307,570
Private Duty Nursing	7,572,074	8,116,442	426,148	625,262	7,552,345	564,097
Freestanding Birth Centers	-	52,723	-	4,056	-	52,723
Health Home for Enrollees w Chronic Conditions	283,848	310,938	40,112	23,918	263,932	47,005
Other Care Services	23,840,734	24,979,301	1,149,913	1,938,929	19,658,448	5,320,854
Less: Recoupments	-	-	(992,521)	-	(1,945,186)	1,945,186
NET EXPENDITURES:	3,679,171,049	4,246,341,693	340,418,799	337,193,104	3,976,937,689	269,404,004

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2017

MONTH OF JUNE 2017

Collections: Third Party Liability (line 9A on CMS-64)
 Collections: Probate (line 9B on CMS-64)
 Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)
 Collections: Other (line 9D on CMS-64)

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	DIFFERENCE
	SFY2016	SFY2017	Current Month Ended 6/30/2017	Current Month Ended 6/30/2017	Year To-Date Thru 6/30/17	Budget vs 6/30/2017
	(16,895,131)	-	-	-	(5,983,098)	5,983,098
	(528,556)	-	-	-	(305,812)	305,812
	(136,975)	-	-	-	(179,876)	179,876
	(22,712,394)	-	-	-	(18,397,915)	18,397,915
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	3,679,171,049	4,246,341,693	340,418,799	337,193,104	3,952,070,989	294,270,704
Plus: Medicaid Part D Expenditures	38,334,392	43,492,293	3,699,622	3,624,358	42,112,339	1,379,954
Plus: State Only Medicaid Expenditures ⁴	643,193	677,984	53,462	52,153	537,596	140,388
Plus: Money Follow the Person Expenditures	1,225,231	2,372,514	172,770	182,501	1,896,869	475,645
TOTAL MEDICAID EXPENDITURES	\$ 3,719,373,866	\$ 4,292,884,484	\$ 344,344,653	\$ 341,052,116	\$ 3,996,617,792	\$ 296,266,691
Plus: Reimbursables ⁽¹⁾	3,982,371	4,980,394	344,427	383,107	3,888,247	1,092,147
Plus: NATCEP/PASARR/Eligibility Exams	271,038	280,566	23,125	21,582	265,071	15,496
Plus: HIT Incentive Payments	6,343,904	20,000,000	21,250	1,538,462	3,998,589	16,001,411
TOTAL EXPENDITURES	\$ 3,729,971,178	\$ 4,318,145,444	\$ 344,733,455	\$ 342,995,267	\$ 4,004,769,698	\$ 313,375,745

- (1) This amount will revert to State Only if not reimbursed.
 (2) Of the amount in the "Nursing Facility Services-Regular Payments" line, \$19,862,139 is the amount paid to State Facilities year to date.
 (3) Of the amount in the Hospice Benefits line, \$21,581,335 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
 SFY2017

12 Months Actuals 0 Months Remaining

MONTH OF JUNE 2017	ACTUALS	ACTUALS	ACTUALS	Difference	TOTAL
	SFY2016	Current Month Ended 6/30/17	Year-To-Date Thru 6/30/17	Budget vs Actual	SFY2017
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	\$ 19,797,518	\$ 52,941,436	\$ 22,715,798	\$ -	\$ 22,715,798
MATCHING FUNDS					
General Revenue (0403/189)	367,629,797	29,149,607	394,899,115	25,098,559	419,997,674
MRDD Waiver (0403/466)	88,753,483	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)	11,377,874	1,495,299	13,593,620	-	13,593,620
Medical Services Surplus (0403/633)	-	-	5,500,000	-	5,500,000
Waiver for Senior Citizens Surplus (0403/526)	-	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	29,713,026	-	21,824,274	-	21,824,274
Lottery Waiver (0420/539)	5,906,641	-	12,142,184	-	12,142,184
Lottery Transfer (5405/871)	8,670,000	-	8,670,000	-	8,670,000
Excess Lottery (5365/189)	24,512,140	31,377,985	31,377,985	-	31,377,985
Lottery Surplus (5405/68199)	10,000,000	8,000,000	8,000,000	-	8,000,000
Lottery Surplus (5365/68100)	20,000,000	-	30,000,000	-	30,000,000
Trust Fund Appropriation (5185/189)	66,292,331	-	131,250,000	18,404,988	149,654,988
Provider Tax (5090/189)	209,832,017	10,131,008	196,831,229	6,449,778	203,281,007
NSGO UPL (5084/6717)	4,378,592	-	1,210,392	31,011	1,241,403
Certified Match	11,857,611	738,758	9,881,262	4,967,729	14,848,990
Reimbursables - Amount Reimbursed	4,138,564	304,276	4,460,819	519,574	4,980,394
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	602,343	51,430	627,152	272,848	900,000
CHIP State Share	3,567,160	-	-	-	-
CMS - 64 Adjustments	647,987	-	(1,087,138)	1,087,138	-
TOTAL MATCHING FUNDS	\$ 897,429,083	\$ 144,786,681	\$ 990,402,175	\$ 56,831,625	\$ 1,047,233,800
FEDERAL FUNDS	\$ 2,887,088,843	\$ 286,889,266	\$ 3,098,950,199	\$ 219,374,467	\$ 3,318,324,666
TOTAL REVENUE SOURCES	\$3,784,517,927	\$ 431,675,947	\$ 4,089,352,374	\$ 276,206,092	\$ 4,365,558,466
TOTAL EXPENDITURES:					
Provider Payments	\$ 3,729,971,178	\$ 344,733,455	\$ 4,004,769,698	\$ 313,375,745	\$ 4,318,145,444
TOTAL	\$ 54,546,748.35	\$ 86,942,492.05	\$ 84,582,675.67		\$ 47,413,022.26

Note: FMAP (71.42% applicable Jul. - Sep. 2016) (71.80% applicable Oct. 2016 - Jun. 2017)

Joint Committee on Government and Finance

August 2017

Department of Health and Human Resources

**MEDICAID WAIVER REPORT
June 2017 Data**

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

Aged & Disabled Waiver Reported June 30, 2017		FY 2016 YTD	Jul 16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	FY2017 YTD
Slots Approved By CMS (1)		6,385	6,151	6,151	6,151	6,151	6,151	6,151	6,151	6,151	6,151	6,151	6,151	6,151	6,151
-Slots Available for Traditional (non TMH-WV) enrollees		6,305	6,071	6,071	6,071	6,071	6,071	6,071	6,071	6,071	6,071	6,078	6,078	6,078	6,078
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees		80	80	80	80	80	80	80	80	80	80	73	73	73	73
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count		6,385	5,760	5,801	5,873	5,920	5,952	5,975	6,001	6,018	6,096	6,122	6,144	6,151	6,151
Applicants determined eligible this month and added to MEL (3)		1,897	78	77	84	90	116	142	134	103	136	118	149	213	1,440
Applicants determined ineligible		195	3	7	7	5	6	9	11	11	9	4	16	10	98
ACTIVE MEMBERS															
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count		5,571	5,726	5,718	5,732	5,708	5,677	5,647	5,590	5,520	5,509	5,481	5,418	5,349	5,349
Active members enrolled during the calendar month		825	234	134	112	71	48	43	40	27	77	54	30	7	877
-Total Active Traditional members enrolled during the calendar month		N/A	230	128	111	65	44	29	29	24	75	45	21	4	805
-Total Active TMH-WV members enrolled during the calendar month		N/A	4	6	1	6	4	14	11	3	2	9	9	3	72
Members discharged during the calendar month		1,045	79	142	98	95	79	73	97	97	88	82	93	76	1,099
ADW Members whose case was closed by reason	Member is deceased	573	46	87	40	53	52	35	64	52	46	44	48	33	600
	Other (4)	472	33	55	58	42	27	38	33	45	42	38	45	43	499
MANAGED ENROLLMENT LIST (MEL)															
# Eligible applicants closed during the calendar month (removed from MEL)		1,903	165	137	79	50	62	62	55	186	43	36	30	46	951
ADW Applicants removed from the MEL	Applicant offered a slot	919	113	111	58	29	33	38	30	159	14	10	13	18	626
	Applicant became deceased	169	33	2	7	11	5	9	10	12	8	8	3	6	114
	Other (5)	815	19	24	14	10	24	15	15	15	21	18	14	22	211
Applicants on the MEL who are in a nursing facility YTD Column reflects average # members in setting		34	5	13	6	5	9	12	10	15	12	10	28	32	13
Applicants on the MEL receiving Personal Care YTD Column reflects average # members in setting		86	26	26	17	13	11	23	23	5	15	31	25	36	21
Applicants on the MEL at the end of the month		274	187	127	132	172	226	306	385	302	395	477	596	763	763
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days		190	195	188	186	152	146	177	188	161	192	222	245	242	191

(1) Of the 6,151 slots approved by CMS, 80 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant. When it is identified that slots cannot be used for MFP transitions, these slots are made available for traditional (non-MFP) enrollees.

(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) Reported in actual number of days on the MEL.

NOTE: All data reported by Utilization Management Contractor is effective as of the transpire date in the web-based system. Data is point-in-time.

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

Intellectual/Developmental Disabilities Waiver Reported June 30, 2017		FY 2016	July-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	YTD2017
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	4,587	4,588	4,588	4,588	4,619	4,621	4,620	4,620	4,622	4,627	4,633	4,634	4,634
Applicants determined eligible (2)		293	16	14	24	18	21	16	18	16	24	9	23	8	207
Applicants determined ineligible (3)		287	11	20	21	17	25	15	15	18	18	11	18	13	202
ACTIVE MEMBERS															
# of active members at the end of the month (unduplicated slots active) (1)		4,534	4,577	4,564	4,556	4,541	4,557	4,549	4,540	4,525	4,520	4,513	4,510	4,503	4,503
Discharged members at the end of the calendar month		104	11	15	10	16	16	14	9	16	9	13	9	9	147
Discharged members who were discharged by reason	Deceased	53	6	9	6	7	9	9	3	6	3	6	4	4	72
	Left program to enter a facility		2	2	0	0	0	0	2	5	3	2	3	2	21
	a. Hospital									0	0	0	0	0	0
	b. ICF/IID									2	0	0	0	1	3
	c. Nursing Facility									2	3	2	3	1	11
	d. Psychiatric Facility									0	0	0	0	0	0
	e. Rehabilitation Facility									0	0	0	0	0	0
	f. Other Facility	9								1	0	0	0	0	1
Other (6)	40	3	3	4	9	7	5	4	5	3	5	2	3	53	
MANAGED ENROLLMENT LIST (MEL)															
Total number of applicants on the MEL at the end of the month		1,260	1,220	1,228	1,250	1,264	1,252	1,260	1,276	1,290	1,301	1,300	1,313	1,317	1,317
Number of applicants added to the MEL (4)		293	16	14	24	18	21	16	18	16	24	9	23	8	207
Applicants enrolled (removed from the MEL)		115	54	2	2	1	32	6	0	1	4	6	6	2	116
Applicants removed from the MEL due to Death (5)		9	0	0	0	1	0	0	2	1	0	0	3	0	7
Applicants removed from the MEL due to Other (6)		7	2	4	0	2	1	2	0	0	9	4	1	2	27
Applicants on the MEL who are in a Nursing Facility		2	1	2	2	1	4	1	1	1	2	4	2	0	0
Applicants on the MEL who are in an ICF/IID Group Home		85	93	96	93	84	93	91	94	96	100	100	30	22	22
Applicants on the MEL receiving Personal Care Services each month		76	82	88	88	96	61	79	39	62	81	42	79	70	70
Longest on the MEL to date (7)		1303 Days	1,334	1,315	1,341	1,372	1,395	1,426	1,457	1,400	1,414	1,433	1,464	1,494	1,494

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

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

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

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

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

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

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

Traumatic Brain Injury Waiver Reported June 30, 2017		FY 2016 YTD	Jul 16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	FY2017 YTD
Slots Approved By CMS (1)		74	70	70	70	70	70	70	70	70	70	70	70	70	70
-Slots Available for Traditional (non TMH-WV) enrollees		64	60	60	60	60	60	60	64	64	70	70	70	70	70
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees		10	10	10	10	10	10	10	6	6	0	0	0	0	0
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count		73	63	63	62	62	62	61	63	63	63	66	68	69	69
Applicants determined eligible this month and added to MEL (3)		NA	1	4	3	3	2	3	0	1	3	3	1	3	27
Applicants determined ineligible		5	0	0	1	1	0	0	0	0	0	0	0	0	2
ACTIVE MEMBERS															
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count		63	63	63	62	62	60	60	62	60	59	59	61	61	61
Active members enrolled during the calendar month		63	0	0	0	0	0	1	2	0	0	3	2	1	9
-Total Active Traditional members enrolled during the calendar month		62	0	0	0	0	0	0	2	0	0	3	2	1	8
-Total Active TMH-WV members enrolled during the calendar month		1	0	0	0	0	0	1	0	0	0	0	0	0	1
Members discharged during the calendar month		17	0	0	1	0	2	1	0	2	1	3	0	1	11
TBIW Members whose case was closed by reason	Member is deceased	4	0	0	0	0	0	0	0	0	0	1	0	0	1
	Other (4)	13	0	0	1	0	2	1	0	2	1	2	0	1	10
MANAGED ENROLLMENT LIST (MEL)															
# Eligible applicants closed during the calendar month (removed from MEL)		0	0	0	0	0	0	1	5	0	7	0	2	0	15
TBIW Applicants removed from the MEL	Applicant offered a slot	6	0	0	0	0	0	1	4	0	7	0	2	0	14
	Applicant became deceased	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Other (5)	0	0	0	0	0	0	0	1	0	0	0	0	0	1
Applicants on the MEL who are in a nursing facility		1	1	1	0	0	1	0	0	1	0	0	0	1	1
Applicants on the MEL receiving Personal Care		0	0	1	1	1	0	1	0	0	0	1	1	0	0
Applicants on the MEL at the end of the month		0	1	5	8	11	13	15	10	11	7	10	9	12	12
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days		39	3	34	64	95	125	156	187	215	246	276	307	337	170

(1) Of the 70 slots approved by CMS, 10 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant. Beginning SFY 2016-2017, the program was over the number of slots available for Traditional enrollees. There are no available Traditional slots beginning SFY 2016-2017, therefore medically eligible applicants that are Traditional will be placed on the MEL.

(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) Reported in actual number of days on the MEL.

NOTE: All data as reported by the Utilization Management Contractor is point-in-time

Joint Committee on
Government and Finance
Report

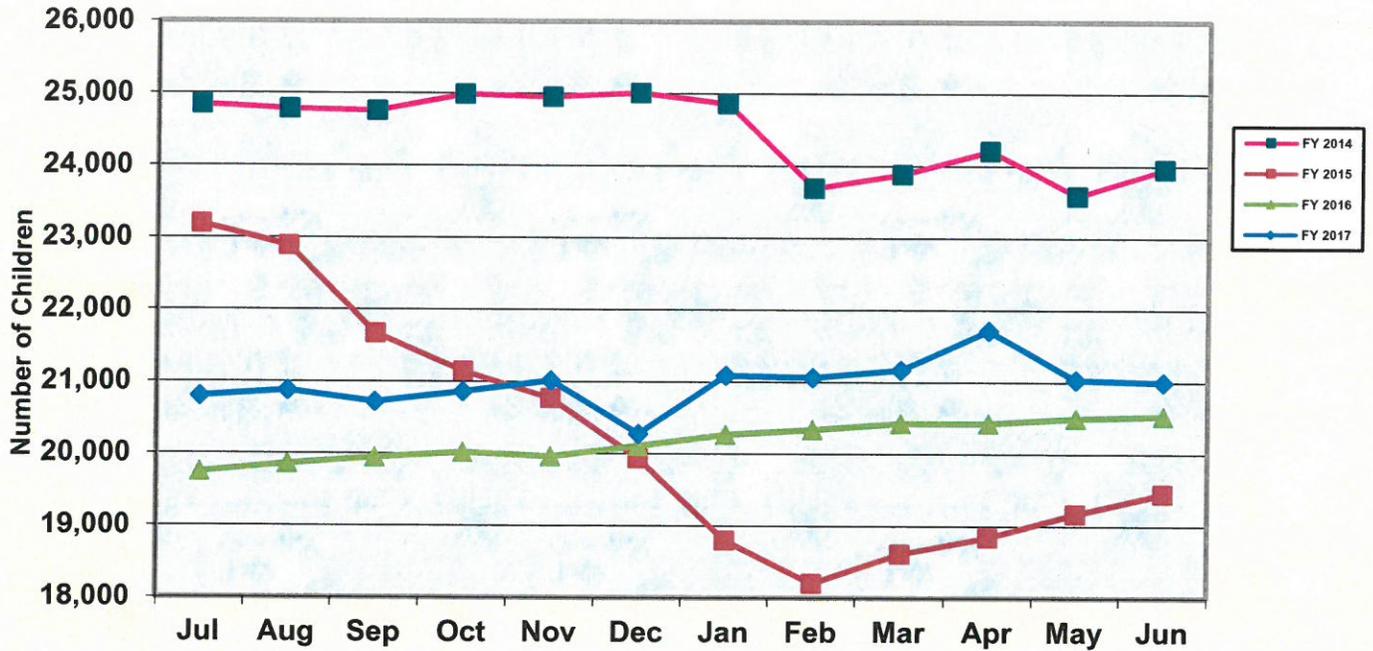
AUGUST 2017

Department of Health and Human Resources

State Children's Health Insurance Program
UPDATE

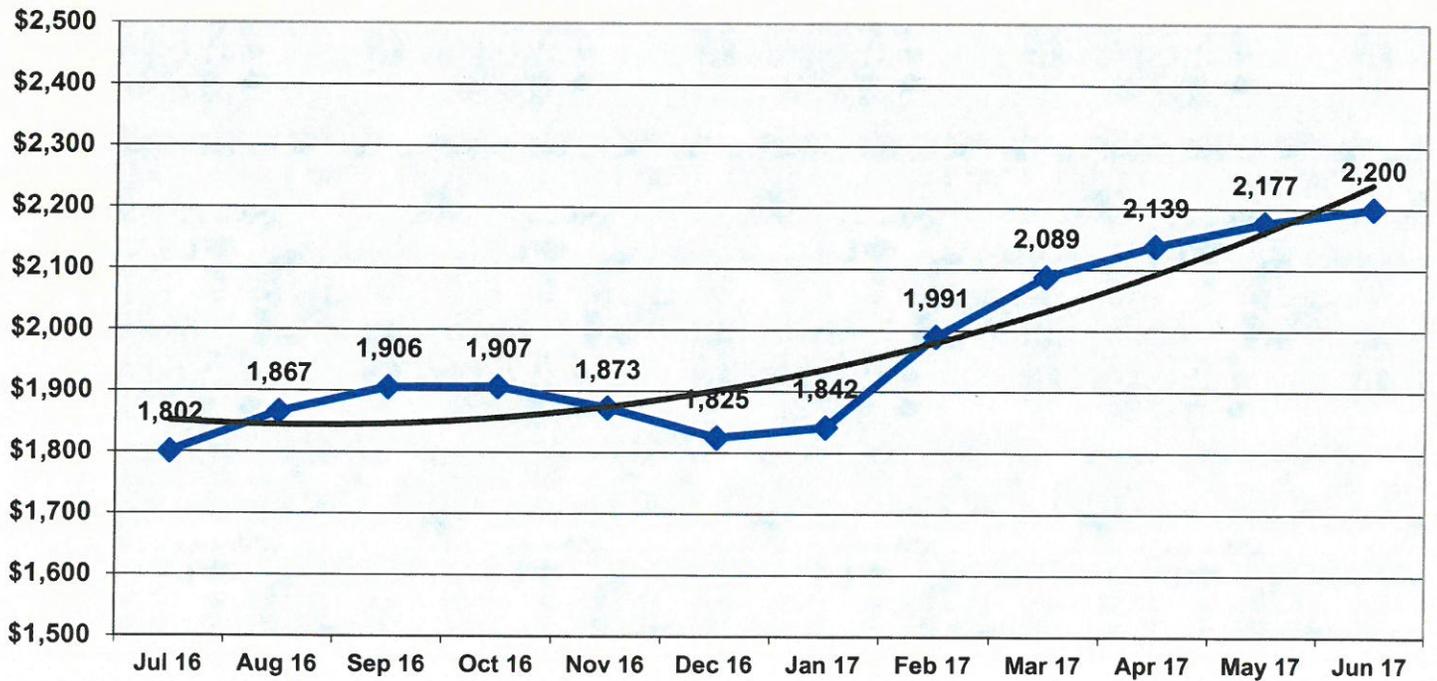


WV CHIP Enrollment



July 31st Enrollment 21,022

Annualized Health Care Expenditures (Cost per Child)



West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Twelve Months Ending June 30, 2017 and June 30, 2016
(Modified Accrual Basis)

	June 30, 2017	June 30, 2016	Variance	
Revenues				
Federal Grants	49,534,939	43,044,683	6,490,256	15%
State Appropriations	0	0	0	
Premium Revenues	1,395,272	1,366,018	29,254	2%
Investment Income:				
Investment Earnings	<u>85,260</u>	<u>65,271</u>	<u>19,989</u>	<u>31%</u>
Total Revenues	<u>51,015,471</u>	<u>44,475,972</u>	<u>6,539,499</u>	<u>15%</u>
Expenditures:				
Claims:				
Physicians & Surgical	14,479,032	9,973,349	4,505,683	45%
Prescribed Drugs	9,162,687	8,622,477	540,210	6%
Outpatient Services	7,256,569	9,938,808	(2,682,239)	-27%
Dental	7,083,188	5,641,186	1,442,002	26%
Inpatient Hospital Services	5,342,198	3,643,043	1,699,155	47%
Other Services	2,200,605	446,414	1,754,191	393%
Therapy	1,926,280	995,392	930,888	94%
Inpatient Mental Health	821,249	521,846	299,403	57%
Vision	710,911	571,025	139,886	24%
Durable & Disposable Med. Equip.	427,098	791,973	(364,875)	-46%
Medical Transportation	315,508	408,642	(93,134)	-23%
Outpatient Mental Health	161,814	814,324	(652,510)	-80%
Less: Collections**	<u>(1,081,273)</u>	<u>(1,158,986)</u>	<u>77,713</u>	<u>-7%</u>
Total Claims	<u>48,805,866</u>	<u>41,209,493</u>	<u>7,596,373</u>	<u>18%</u>
General and Admin Expenses:				
Salaries and Benefits	550,239	570,269	(20,030)	-4%
Program Administration	3,219,789	3,131,085	88,704	3%
Eligibility	69,823	363,476	(293,653)	-81%
Outreach & Health Promotion	82,702	12,898	69,804	541%
Current	<u>152,586</u>	<u>160,177</u>	<u>(7,591)</u>	<u>-5%</u>
Total Administrative	<u>4,075,139</u>	<u>4,237,905</u>	<u>(162,766)</u>	<u>-4%</u>
Total Expenditures	<u>52,881,005</u>	<u>45,447,398</u>	<u>7,433,607</u>	<u>16%</u>
Excess of Revenues				
Over (Under) Expenditures	(1,865,534)	(971,426)	(894,108)	92%
Unrealized Gain(loss) On Investments*	(512,578)	20,261	(532,839)	-2630%
Fund Equity, Beginning	<u>8,268,031</u>	<u>9,219,196</u>	<u>(951,165)</u>	<u>-10%</u>
Adjustments to Fund Equity	1,891,588	0	1,891,588	0%
Fund Equity, Ending	<u>7,781,507</u>	<u>8,268,031</u>	<u>(486,524)</u>	<u>-6%</u>

** Collections are primarily drug rebates and subrogation

PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program
Budget to Actual Statement
State Fiscal Year 2017
For the 12 Months Ending June 30, 2017

	<u>Budgeted for</u> <u>Year</u>	<u>Year to Date</u> <u>Budgeted Amt</u>	<u>Year to Date</u> <u>Actual Amt</u>	<u>Year to Date</u> <u>Variance*</u>		<u>Monthly</u> <u>Budgeted Amt</u>	<u>Jun-17</u>	<u>Actual Amt</u> <u>May-17</u>	<u>Actual Amt</u> <u>Apr-17</u>
Projected Cost	\$46,142,615	\$46,142,615	\$46,841,828	(\$699,213)	-2%	\$3,845,218	\$4,085,997	\$3,757,994	\$4,829,812
Premiums	2,196,180	\$2,196,180	\$1,395,272	(\$800,909)	-36%	183,015	115,507	134,937	108,443
Subrogation & Rebates	<u>1,282,512</u>	<u>\$1,282,512</u>	<u>\$1,043,564</u>	<u>(238,948)</u>	<u>-19%</u>	<u>106,876</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Benefit Cost	\$42,663,923	\$42,663,923	\$44,402,992	(\$1,739,069)	-4%	3,653,297	3,970,490	3,623,057	4,721,369
Salaries & Benefits	\$702,625	\$702,625	\$550,238	\$152,387	22%	\$58,552	\$42,663	\$44,101	\$43,039
Program Administration	\$1,993,918	\$1,993,918	\$3,415,056	(1,421,138)	-71%	166,160	1,669,233	150,320	88,828
Eligibility	\$326,676	\$326,676	\$0	326,676	100%	27,223	0	0	0
Outreach & Health Prom.	\$392,012	\$392,012	\$82,702	309,310	79%	32,668	725	3,540	13,253
Current Expense	<u>\$326,676</u>	<u>\$326,676</u>	<u>\$160,794</u>	<u>165,882</u>	<u>51%</u>	<u>27,223</u>	<u>10,751</u>	<u>14,484</u>	<u>12,379</u>
Total Admin Cost	\$3,741,907	\$3,741,907	\$4,208,791	(\$466,884)	-12%	\$311,826	\$1,723,371	\$212,445	\$157,498
Total Program Cost	<u>\$46,405,830</u>	<u>\$46,405,830</u>	<u>\$48,611,784</u>	<u>(\$2,205,954)</u>	<u>-5%</u>	<u>\$3,965,122</u>	<u>\$5,693,861</u>	<u>\$3,835,502</u>	<u>\$4,878,868</u>
Federal Share 100%	46,405,830	46,405,830	\$48,611,784	(2,205,954)	-5%	\$3,965,122	5,693,861	3,835,502	4,878,868
State Share 0%	<u>0</u>	<u>0</u>	<u>\$0</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Program Cost **	<u>\$46,405,830</u>	<u>\$46,405,830</u>	<u>\$48,611,784</u>	<u>(\$2,205,954)</u>	<u>-5%</u>	<u>\$3,965,122</u>	<u>\$5,693,861</u>	<u>\$3,835,502</u>	<u>\$4,878,868</u>

* Positive percentages indicate favorable variances

** Budgeted Year Based on CCRC Actuary 6/30/2016 Report.

Unaudited - Cash Basis For Management Purposes Only - Unaudited

WVCHIP Enrollment Report

ATTACHMENT 1

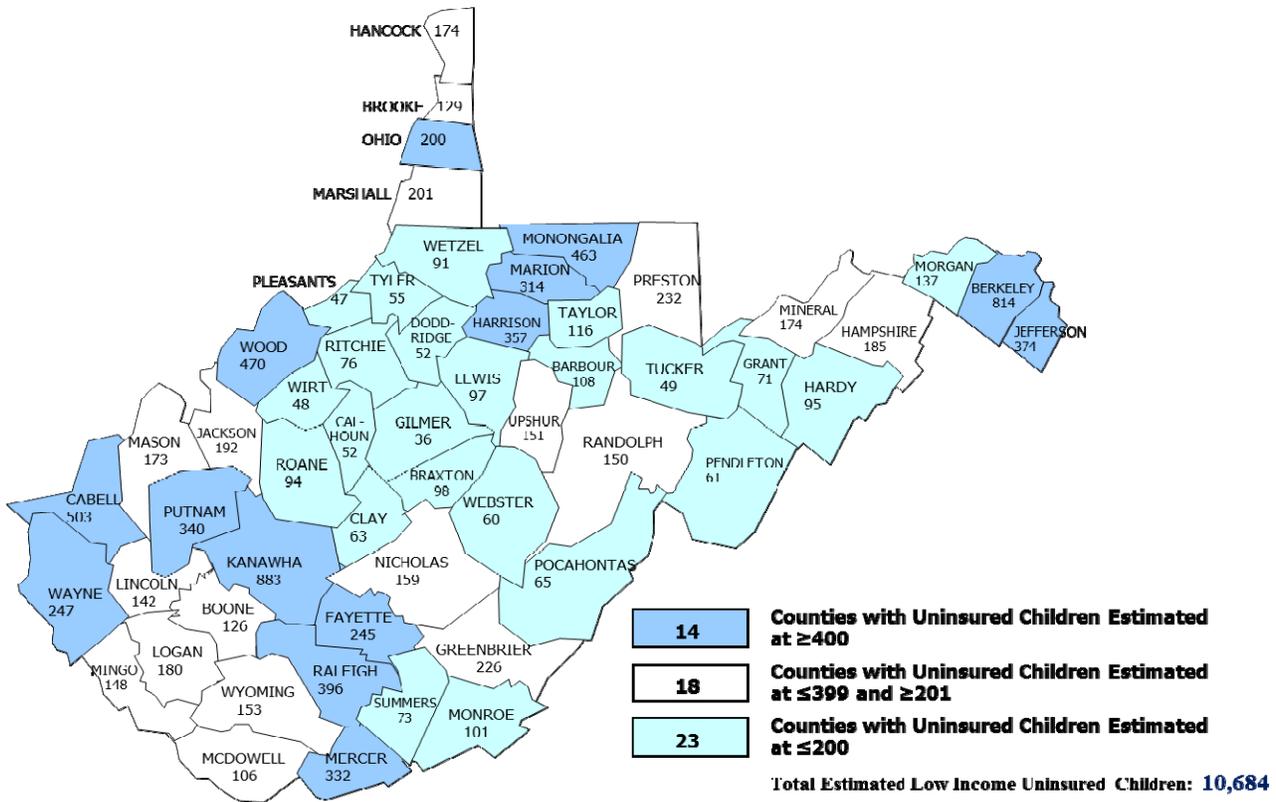
July 2017

County	County Pop.	Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2010	2010
	2010 Est. (0-18 Yrs)	Enrollment Jul-17	Enrollment Jul-17	CHIP/Medicaid Enrollment	Enrollment % of Population	Est. Uninsured 3%	# Children Uninsured Ranking*
Barbour	3,600	231	1,677	1,908	53.0%	108	33
Berkeley	26,251	1,535	11,584	13,119	50.0%	788	2
Boone	5,615	246	3,256	3,502	62.4%	168	25
Braxton	3,006	149	1,703	1,852	61.6%	90	40
Brooke	4,573	28	1,335	1,363	29.8%	137	31
Cabell	18,879	928	9,143	10,071	53.3%	566	4
Calhoun	1,518	85	879	964	63.5%	46	51
Clay	2,215	141	1,404	1,545	69.7%	66	44
Doddridge	1,673	96	746	842	50.3%	50	48
Fayette	9,438	648	5,330	5,978	63.3%	283	13
Gilmer	1,260	74	599	673	53.4%	38	54
Grant	2,555	121	1,070	1,191	46.6%	77	42
Greenbrier	7,131	569	3,637	4,206	59.0%	214	16
Hampshire	5,392	222	2,397	2,619	48.6%	162	27
Hancock	6,166	497	3,122	3,619	58.7%	185	20
Hardy	3,015	225	1,571	1,796	59.6%	90	39
Harrison	15,202	870	6,503	7,373	48.5%	456	7
Jackson	6,602	335	3,042	3,377	51.2%	198	18
Jefferson	12,679	598	3,866	4,464	35.2%	380	10
Kanawha	39,771	2,083	19,285	21,368	53.7%	1,193	1
Lewis	3,389	232	1,935	2,167	63.9%	102	37
Lincoln	4,930	239	3,137	3,376	68.5%	148	30
Logan	7,496	362	4,496	4,858	64.8%	225	15
Marion	11,227	602	5,345	5,947	53.0%	337	11
Marshall	6,886	252	3,006	3,258	47.3%	207	17
Mason	5,929	242	2,901	3,143	53.0%	178	21
McDowell	4,423	197	3,238	3,435	77.7%	133	32
Mercer	12,764	791	7,832	8,623	67.6%	383	9
Mineral	5,868	280	2,371	2,651	45.2%	176	23
Mingo	5,905	253	3,995	4,248	71.9%	177	22
Monongalia	15,294	818	5,479	6,297	41.2%	459	6
Monroe	2,835	242	1,207	1,449	51.1%	85	41
Morgan	3,596	239	1,457	1,696	47.2%	108	34
Nicholas	5,561	330	3,058	3,388	60.9%	167	26
Ohio	8,444	404	3,491	3,895	46.1%	253	14
Pendleton	1,462	73	609	682	46.6%	44	52
Pleasants	1,551	68	666	734	47.3%	47	50
Pocahontas	1,561	146	814	960	61.5%	47	49
Preston	6,536	405	3,171	3,576	54.7%	196	19
Putnam	13,150	658	4,298	4,956	37.7%	395	8
Raleigh	16,403	953	9,400	10,353	63.1%	492	5
Randolph	5,705	478	2,975	3,453	60.5%	171	24
Ritchie	2,205	106	1,107	1,213	55.0%	66	45
Roane	3,239	244	1,795	2,039	63.0%	97	38
Summers	2,521	153	1,415	1,568	62.2%	76	43
Taylor	3,514	181	1,630	1,811	51.5%	105	35
Tucker	1,371	99	583	682	49.7%	41	53
Tyler	1,924	97	803	900	46.8%	58	47

WVCHIP Enrollment Report

July 2017

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment Jul-17	Total Medicaid Enrollment Jul-17	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	2010 Est. Uninsured 3%	2010 # Children Uninsured Ranking*
Upshur	4,996	310	2,877	3,187	63.8%	150	29
Wayne	9,516	371	4,835	5,206	54.7%	285	12
Webster	1,977	106	1,341	1,447	73.2%	59	46
Wetzel	3,466	164	1,842	2,006	57.9%	104	36
Wirt	1,201	61	715	776	64.6%	36	55
Wood	18,956	906	9,310	10,216	53.9%	569	3
Wyoming	5,116	279	2,835	3,114	60.9%	153	28
Totals	387,459	21,022	188,118	209,140	54.0%	11,624	

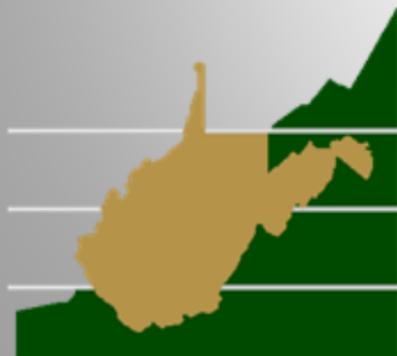


The above map shows the most recent 2013 county level data provided by the U.S. Census Bureau Small Area Health Insurance Estimates (SAHIE) for children under 19 years. While the statewide average for children under 19 is now about 3%, the SAHIE data reflects more accurately the variation from county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

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

June 30, 2017



Participant Plans Allocation & Performance Net of Fees - Preliminary

Period Ending: June 30, 2017

	6/30/2016		6/30/2017		Performance %						
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
WVIMB Fund Assets	16,747,244	100.0	18,283,189	100.0							
Pension Assets	13,230,134	79.0	14,791,142	80.9							
Public Employees' Retirement System	5,597,558	33.4	6,288,320	34.4	0.6	3.8	15.4	15.4	6.2	9.8	6.0
Teachers' Retirement System	6,513,312	38.9	7,232,585	39.6	0.6	3.8	15.3	15.3	6.2	9.8	5.6
EMS Retirement System	58,844	0.4	70,196	0.4	0.6	3.8	15.4	15.4	6.2	9.8	
Public Safety Retirement System	578,762	3.5	639,380	3.5	0.6	3.8	15.3	15.3	6.2	9.8	5.9
Judges' Retirement System	167,178	1.0	189,254	1.0	0.6	3.8	15.5	15.5	6.3	9.9	5.9
State Police Retirement System	138,127	0.8	165,873	0.9	0.6	3.8	15.4	15.4	6.3	9.8	6.0
Deputy Sheriffs' Retirement System	171,949	1.0	198,732	1.1	0.6	3.8	15.4	15.4	6.2	9.8	6.0
Municipal Police & Firefighter Retirement System	3,080	0.0	5,356	0.0	0.6	3.8	15.1	15.1	6.1	9.3	
Municipal Model A	1,324	0.0	1,446	0.0	0.6	3.9	15.4	15.4	6.2		
Insurance Assets	2,545,860	15.2	2,641,811	14.4							
Workers' Compensation Old Fund	1,284,843	7.7	1,260,911	6.8	0.2	2.3	8.5	8.5	3.6	4.9	4.0
Workers' Comp. Self-Insured Guaranty Risk Pool	33,418	0.2	33,211	0.2	0.2	2.2	9.1	9.1	3.5	5.4	4.1
Workers' Comp. Self-Insured Security Risk Pool	53,881	0.3	53,908	0.3	0.2	2.2	9.2	9.2	3.5		
Workers' Comp. Uninsured Employers' Fund	10,841	0.1	11,797	0.1	0.2	2.1	8.8	8.8	3.3	5.2	3.9
Pneumoconiosis	246,635	1.5	250,631	1.4	0.2	2.2	9.1	9.1	3.5	5.4	4.6
Board of Risk & Insurance Management	132,322	0.8	144,341	0.8	0.2	2.2	9.1	9.1	3.4	5.4	5.1
Public Employees' Insurance Agency	176,829	1.0	153,908	0.8	0.1	2.0	8.8	8.8	3.5	5.3	4.8
WV Retiree Health Benefit Trust Fund	607,091	3.6	733,104	4.0	0.6	3.9	15.4	15.4	6.2	9.6	
Endowment Assets	971,250	5.8	850,236	4.7							
Berkeley County Development Authority	6,089	0.0	7,031	0.0	0.6	3.8	15.5	15.5			
Wildlife Fund	54,571	0.3	63,648	0.4	0.6	3.9	15.4	15.4	6.3	9.8	5.9
Prepaid Tuition Trust	54,948	0.3	49,025	0.3	0.5	3.2	12.0	12.0	5.6	7.9	5.5
Revenue Shortfall Reserve Fund	336,013	2.0	145,150	0.8	(0.2)	0.7	1.8	1.8	1.6	1.8	1.4
Revenue Shortfall Reserve Fund - Part B	390,670	2.4	425,111	2.4	0.3	2.6	8.8	8.8	3.7	5.0	3.0
WV DEP Trust	7,808	0.1	9,044	0.0	0.4	3.4	15.8	15.8	5.1	9.1	
WV DEP Agency	121,151	0.7	151,227	0.8	0.4	2.8	11.5	11.5	4.2		

Composite Asset Allocation & Performance Net of Fees - Preliminary

Period Ending: June 30, 2017

	Asset (\$000)	%	Performance %							
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	
Investment Pools Composite	18,292,719	100.00								
Total Equity Composite +/- Total Equity Policy Index (b)	9,077,581	49.64	0.64 0.01	4.70 0.17	22.04 2.21	22.04 2.21	6.11 0.75	12.45 1.15	5.52 1.23	
US Equity Composite +/- Russell 3000 Index	4,267,662	23.35	0.66 (0.24)	3.30 0.28	18.03 (0.48)	18.03 (0.48)	8.87 (0.23)	14.61 0.03	7.27 0.01	
Large Cap Composite +/- S&P 500 Index	3,546,895	19.40	0.39 (0.23)	3.67 0.58	17.06 (0.84)	17.06 (0.84)	9.76 0.15	14.69 0.06	7.35 0.17	
Non-Large Cap Composite +/- Russell 2500 Index	720,767	3.95	1.98 (0.52)	1.50 (0.63)	22.06 2.22	22.06 2.22	5.30 (1.63)	13.65 (0.39)	7.28 (0.14)	
International Equity Composite +/- MSCI AC World ex US IMI Index (c)	4,809,919	26.29	0.62 0.25	5.94 (0.11)	25.73 4.76	25.73 4.76	3.11 1.52	10.09 2.14	3.59 1.89	
Fixed Income Composite +/- Bloomberg Barclays Capital Universal (d)	3,328,279	18.19	0.49 0.58	2.20 0.68	4.56 3.65	4.56 3.65	3.19 0.43	3.60 0.87	4.72 (0.12)	
Core Fixed Income Composite +/- Bloomberg Barclays Capital Aggregate	998,981	5.46	(0.08) 0.02	1.53 0.08	0.09 0.40	0.09 0.40	2.96 0.48	2.76 0.55		
Total Return Fixed Income Composite (k) +/- Bloomberg Barclays Capital Universal	2,329,298	12.73	0.74 0.83	2.49 0.97	6.58 5.67	6.58 5.67	3.26 0.50	4.02 1.29	5.02 0.29	
TIPS Composite +/- Bloomberg Barclays Capital U.S.TIPS	328,221	1.79	(0.94) 0.01	(0.42) (0.02)	(0.63) 0.00	(0.63) 0.00	0.60 (0.03)	0.26 (0.01)		
Cash Composite +/- Citigroup 90 Day T-Bill (e)	218,066	1.19	0.07 0.00	0.19 0.01	0.50 0.04	0.50 0.04	0.28 0.08	0.23 0.04	0.67 0.01	
Private Equity Composite +/- Russell 3000 + 3% (f, g)	1,586,901	8.68	1.29	6.54	16.71	16.71	12.78	13.29 (4.57)		
Real Estate Composite +/- NCREIF + 1% (f)	1,623,238	8.87	1.19	3.20	7.20	7.20	9.56	9.99 (1.70)		
Hedge Fund Composite +/- HFRI FOF + 1% (h)	1,825,908	9.98	(0.39) (0.26)	0.02 (0.85)	5.74 (1.55)	5.74 (1.55)	2.24 (0.25)	5.15 1.85		
Opportunistic Income Composite +/- CS Leveraged Loan + 2.5%	304,525	1.66	1.68 1.54	2.68 1.31	4.85 (5.14)	4.85 (5.14)				

Participant Plans Allocation vs. Strategy - Preliminary

Period Ending: June 30, 2017

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

Pension Assets

Public Employees' Retirement System	25.1	27.5	28.3	27.5	14.2	15.0	10.2	10.0	10.3	10.0	9.6	10.0	2.0	0.0	0.3	0.0
Teachers' Retirement System	24.6	27.5	27.9	27.5	13.8	15.0	10.1	10.0	10.5	10.0	9.5	10.0	1.9	0.0	1.7	0.0
EMS Retirement System	25.4	27.5	28.2	27.5	14.7	15.0	10.2	10.0	10.0	10.0	9.2	10.0	2.0	0.0	0.3	0.0
Public Safety Retirement System	24.6	27.5	27.6	27.5	13.3	15.0	10.0	10.0	10.5	10.0	9.3	10.0	1.9	0.0	2.8	0.0
Judges' Retirement System	25.5	27.5	28.3	27.5	14.4	15.0	10.2	10.0	10.0	10.0	9.4	10.0	2.0	0.0	0.2	0.0
State Police Retirement System	25.3	27.5	28.2	27.5	14.9	15.0	10.2	10.0	9.9	10.0	9.1	10.0	2.0	0.0	0.4	0.0
Deputy Sheriffs' Retirement System	25.4	27.5	28.2	27.5	14.6	15.0	10.2	10.0	10.0	10.0	9.3	10.0	2.0	0.0	0.3	0.0
Municipal Police & Firefighter Retirement System	24.2	27.5	26.5	27.5	14.4	15.0	9.6	10.0	9.4	10.0	8.3	10.0	1.9	0.0	5.7	0.0
Municipal Model A	26.6	27.5	29.6	27.5	13.4	15.0	10.3	10.0	10.1	10.0	9.8	10.0	0.0	0.0	0.2	0.0

Insurance Assets

Workers' Compensation Old Fund	14.7	15.0	16.5	15.0	50.3	50.0	0.0	0.0	0.0	0.0	14.8	15.0	0.0	0.0	3.7	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	14.8	15.0	16.6	15.0	46.0	45.0	0.0	0.0	0.0	0.0	20.1	20.0	0.0	0.0	2.5	5.0
Workers' Comp. Self-Insured Security Risk Pool	14.7	15.0	16.6	15.0	45.5	45.0	0.0	0.0	0.0	0.0	19.8	20.0	0.0	0.0	3.4	5.0
Workers' Comp. Uninsured Employers Fund	14.9	15.0	16.3	15.0	39.6	40.0	0.0	0.0	0.0	0.0	19.3	20.0	0.0	0.0	9.9	10.0
Pneumoconiosis	14.7	15.0	16.3	15.0	45.3	45.0	0.0	0.0	0.0	0.0	19.9	20.0	0.0	0.0	3.8	5.0
Board of Risk & Insurance Mgmt.	14.7	15.0	16.3	15.0	44.8	45.0	0.0	0.0	0.0	0.0	19.2	20.0	0.0	0.0	5.0	5.0
Public Employees' Insurance Agency	12.3	12.5	13.7	12.5	54.7	55.0	0.0	0.0	0.0	0.0	19.3	20.0	0.0	0.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	25.3	27.5	28.3	27.5	14.8	15.0	10.2	10.0	10.0	10.0	9.3	10.0	2.0	0.0	0.1	0.0

Endowment Assets

Berkeley County Development Authority	25.4	27.5	28.2	27.5	14.9	15.0	10.2	10.0	10.0	10.0	9.3	10.0	2.0	0.0	0.0	0.0
Wildlife Fund	25.4	27.5	28.3	27.5	14.8	15.0	10.2	10.0	10.0	10.0	9.2	10.0	2.0	0.0	0.1	0.0
Prepaid Tuition Trust	27.4	27.5	23.2	22.5	47.4	50.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	0.0
Revenue Shortfall Reserve Fund	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Shortfall Reserve Fund - Part B	14.6	15.0	16.2	15.0	69.2	70.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WV DEP Trust	31.7	32.5	34.7	32.5	14.9	15.0	0.0	0.0	0.0	0.0	18.7	20.0	0.0	0.0	0.0	0.0
WV DEP Agency	19.2	20.0	21.4	20.0	39.3	40.0	0.0	0.0	0.0	0.0	18.6	20.0	0.0	0.0	1.5	0.0

- (a) As of January 2014, the PERS Policy is 30% Russell 3000, 30% MSCI ACW ex USA (IMI), and 40% Bloomberg Barclays Capital Universal. From April 2008 to December 2013, the PERS Policy was 30% Russell 3000, 30% MSCI ACW ex USA (Standard), and 40% Bloomberg Barclays Capital Universal. Prior periods were 42% Russell 3000, 18% MSCI ACW ex USA, and 40% Bloomberg Barclays Capital Aggregate.
- (b) As of January 2014, the Total Equity Policy Index is 50% Russell 3000 and 50% MSCI ACW ex USA (IMI). From April 2008 to December 2013, the Total Equity Policy Index was 50% Russell 3000 and 50% MSCI ACW ex USA (Standard). Prior periods were 40% S&P 500, 30% Russell 2500, and 30% MSCI ACW ex USA.
- (c) Prior to January 2014, the index was the MSCI ACW ex USA (Standard).
- (d) Prior to April 2008, the index was Bloomberg Barclays Capital Aggregate.
- (e) Prior to January 2014, the index was Citigroup 90 Day T-Bill plus 15 basis points.
- (f) The Private Equity Composite and Real Estate Composite are long-term programs whose benchmarks are only reported for 5 years and beyond.
- (g) Prior to January 2014, the index was S&P 500 plus 500 basis points.
- (h) Prior to January 2014, the index was Libor plus 400 basis points.
- (i) Franklin Benchmark is 50% JPM EMBI Global Diversified and 50% JPM GBI EM Diversified.
- (j) Prior to April 2008, the index was a custom index.
- (k) From October 2015, to March 2017, performance returns from the Opportunistic Income Pool are included in the Total Return Fixed Income Composite.

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

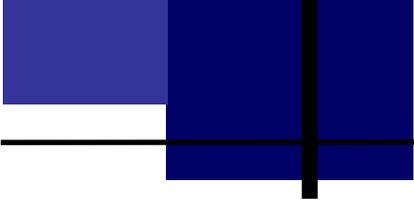
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The information presented may be deemed to contain forward-looking information. Examples of forward looking information include, but are not limited to, (a) projections of or statements regarding return on investment, future earnings, interest income, other income, growth prospects, capital structure and other financial terms, (b) statements of plans or objectives of management, (c) statements of future economic performance, and (d) statements of assumptions, such as economic conditions underlying other statements. Such forward-looking information can be identified by the use of forward looking terminology such as believes, expects, may, will, should, anticipates, or the negative of any of the foregoing or other variations thereon comparable terminology, or by discussion of strategy. No assurance can be given that the future results described by the forward-looking information will be achieved. Such statements are subject to risks, uncertainties, and other factors which could cause the actual results to differ materially from future results expressed or implied by such forward looking information. The findings, rankings, and opinions expressed herein are the intellectual property of Verus and are subject to change without notice. The information presented does not claim to be all-inclusive, nor does it contain all information that clients may desire for their purposes. The information presented should be read in conjunction with any other material provided by Verus, investment managers, and custodians.

Verus will make every reasonable effort to obtain and include accurate market values. However, if managers or custodians are unable to provide the reporting period's market values prior to the report issuance, Verus may use the last reported market value or make estimates based on the manager's stated or estimated returns and other information available at the time. These estimates may differ materially from the actual value. Hedge fund market values presented in this report are provided by the fund manager or custodian. Market values presented for private equity investments reflect the last reported NAV by the custodian or manager net of capital calls and distributions as of the end of the reporting period. These values are estimates and may differ materially from the investments actual value. Private equity managers report performance using an internal rate of return (IRR), which differs from the time-weighted rate of return (TWRR) calculation done by Verus. It is inappropriate to compare IRR and TWRR to each other. IRR figures reported in the illiquid alternative pages are provided by the respective managers, and Verus has not made any attempts to verify these returns. Until a partnership is liquidated (typically over 10-12 years), the IRR is only an interim estimated return. The actual IRR performance of any LP is not known until the final liquidation.

Verus receives universe data from InvestorForce, eVestment Alliance, and Morningstar. We believe this data to be robust and appropriate for peer comparison. Nevertheless, these universes may not be comprehensive of all peer investors/managers but rather of the investors/managers that comprise that database. The resulting universe composition is not static and will change over time. Returns are annualized when they cover more than one year. Investment managers may revise their data after report distribution. Verus will make the appropriate correction to the client account but may or may not disclose the change to the client based on the materiality of the change.



Status Report:

Workers' Compensation

Joint Committee on Government & Finance

August 2017

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.

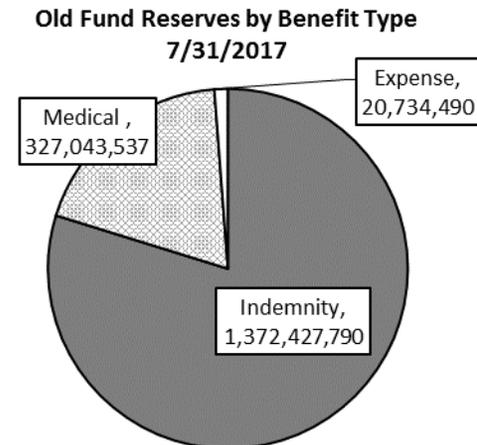
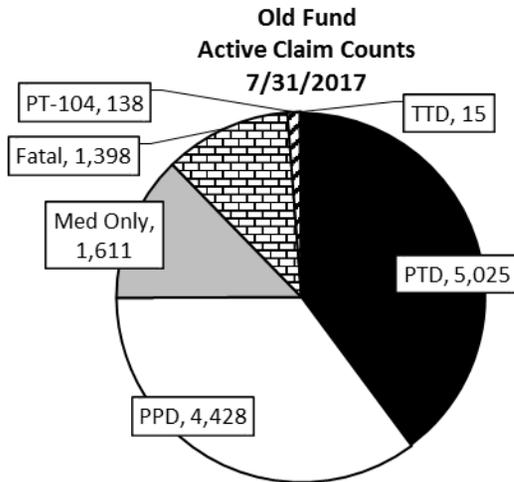
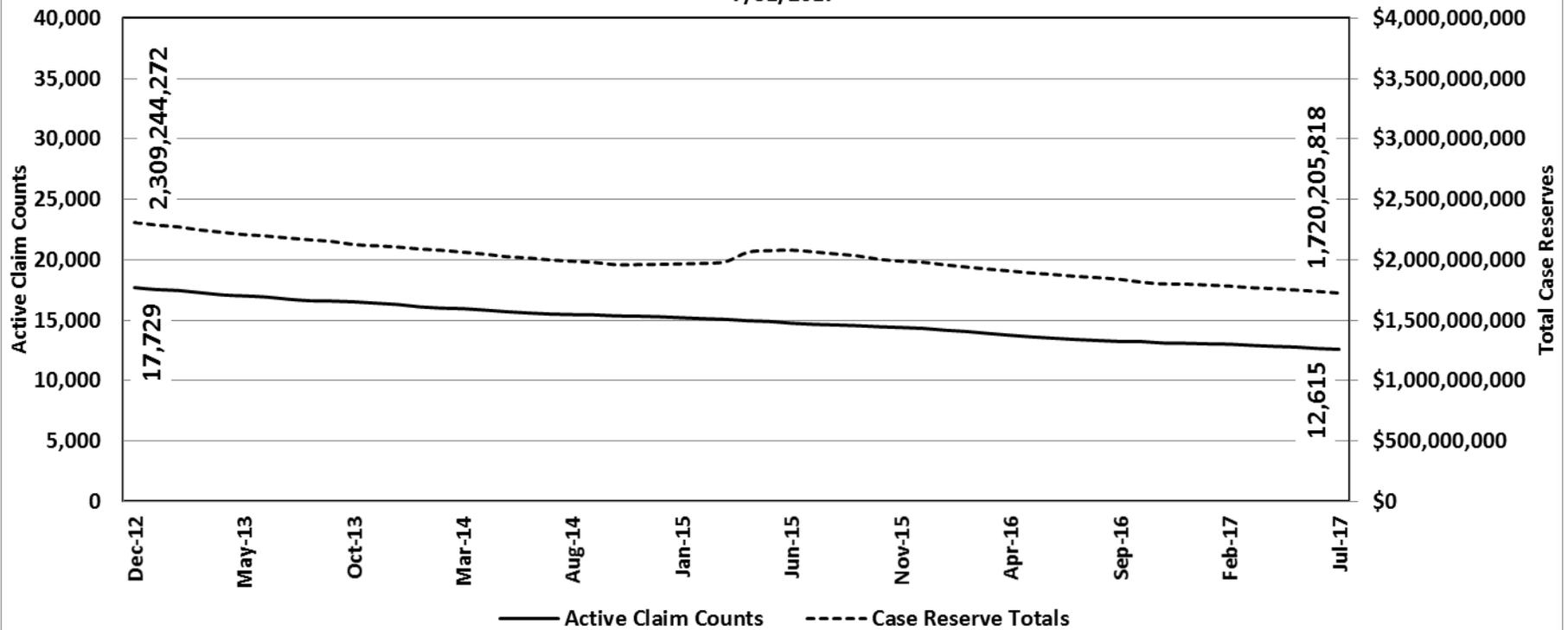
Self-Insured Security Fund: State managed fund consisting of those funds paid into it thru the WVOIC's administration of 85 CSR §19 (2004), and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last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

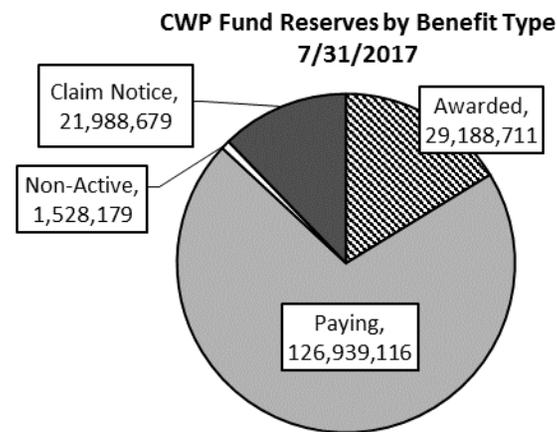
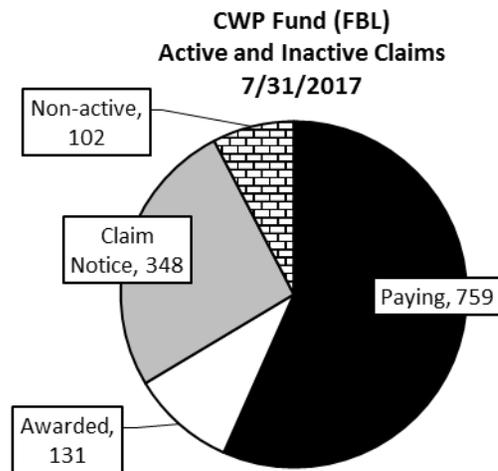
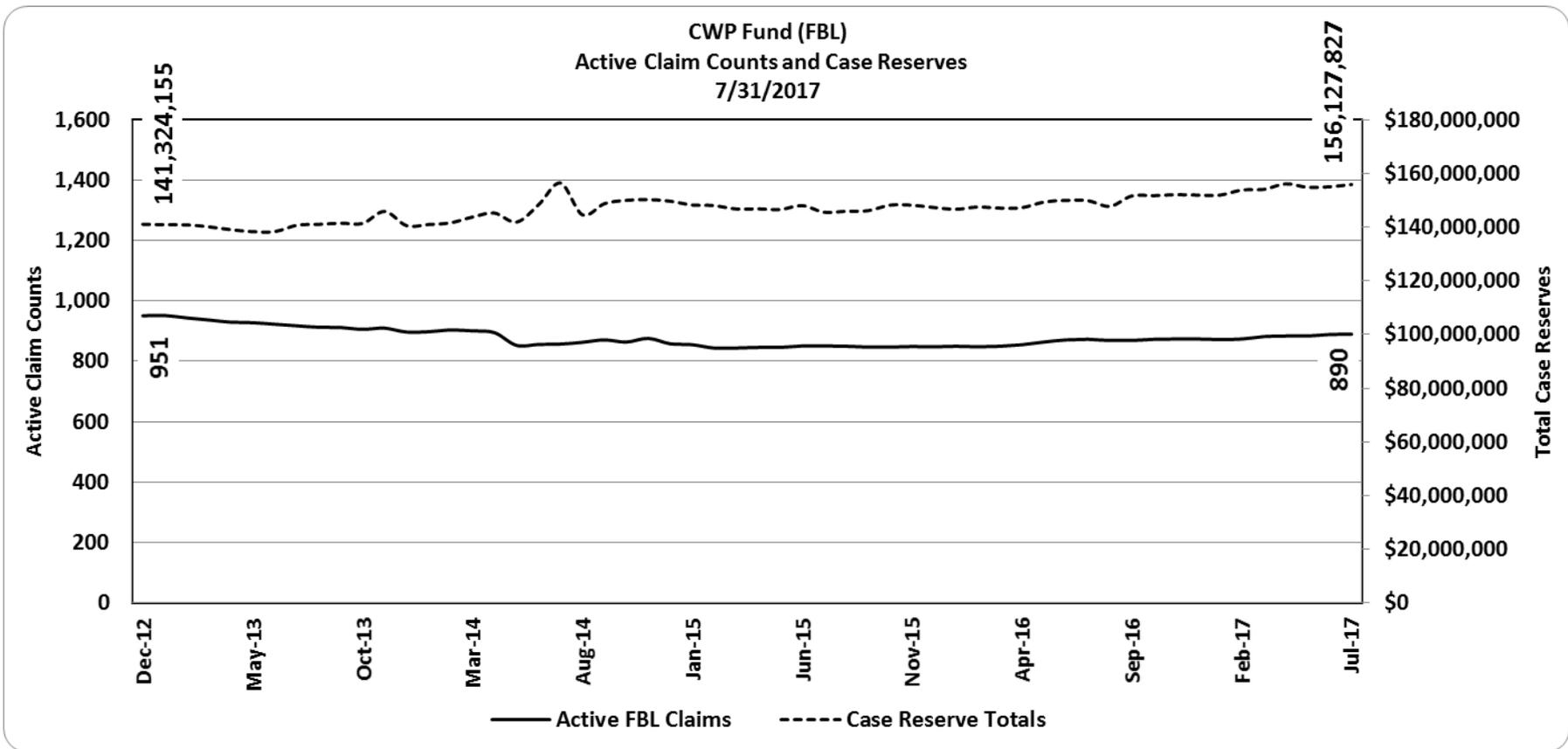
TPD: (Temporary Partial Disability) also referred to as TPR, is paid when an injured worker is released to return to work with restrictions or modifications that restrict he/she from obtaining their pre-injury wages. The TPD benefit is paid at seventy percent of the difference between the average weekly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

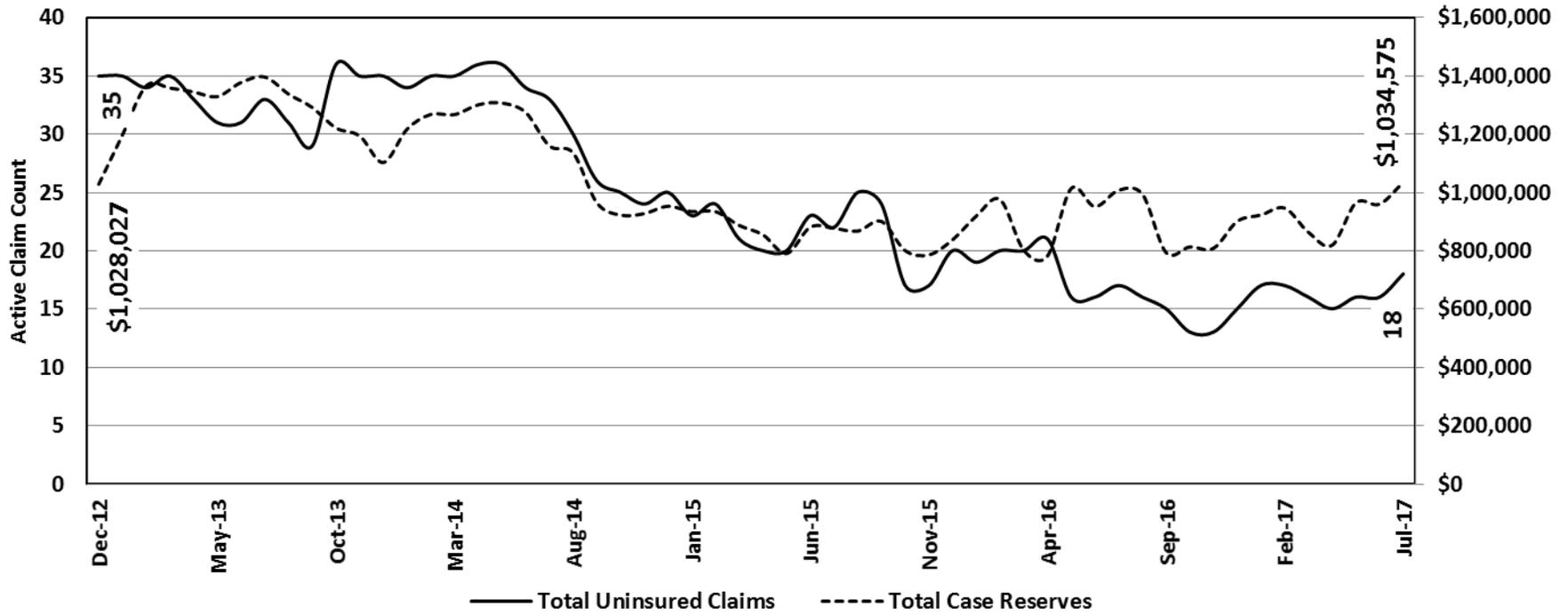
Uninsured Fund: State managed fund into which assessments to carriers or employers received are held, and out of which workers' compensation benefits may be paid to claimant employees of employers who were uninsured if the date of injury or date of last exposure is January 1, 2006 or later.

**Old Fund
Active Claim Counts and Case Reserves
7/31/2017**

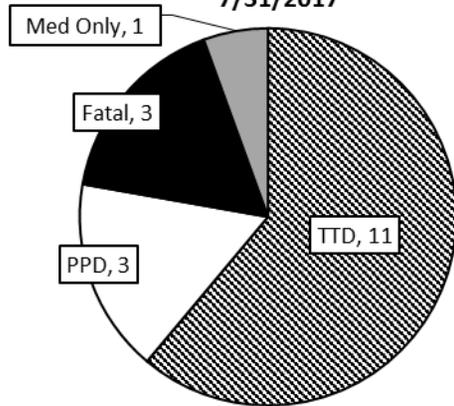




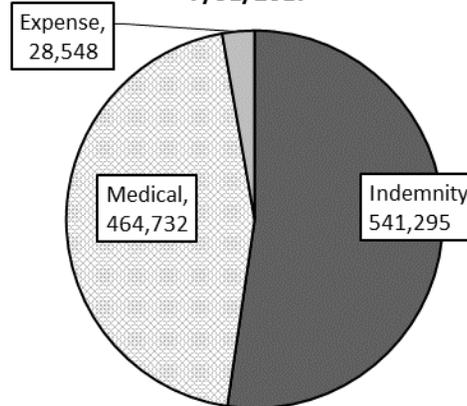
**Uninsured Fund
Active Claim Counts and Case Reserves
7/31/2017**



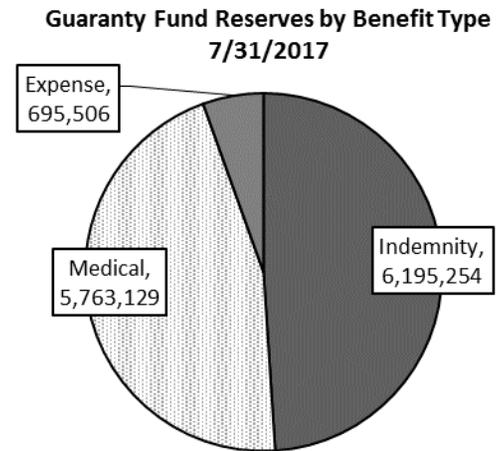
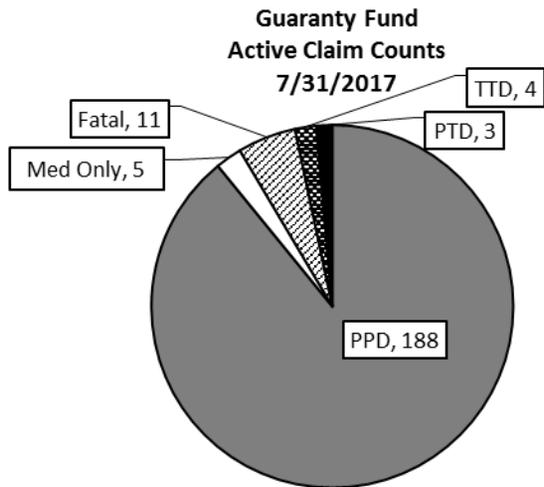
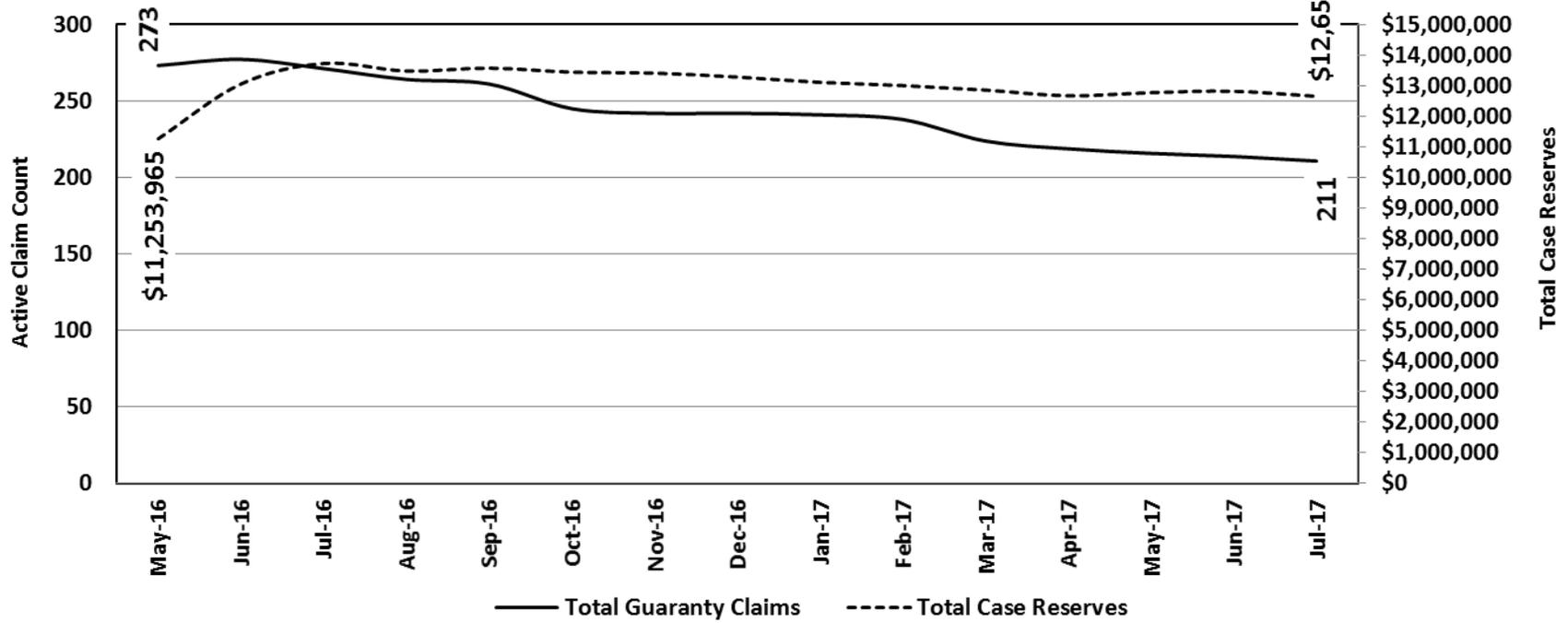
**Uninsured Fund
Active Claim Counts
7/31/2017**



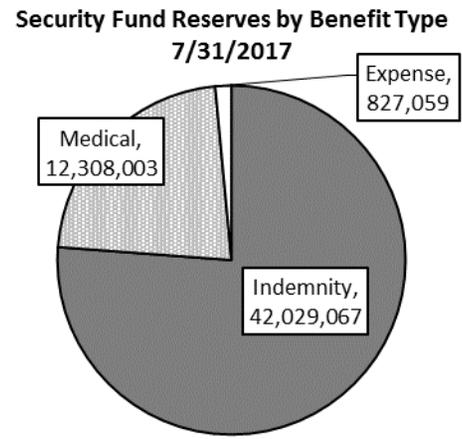
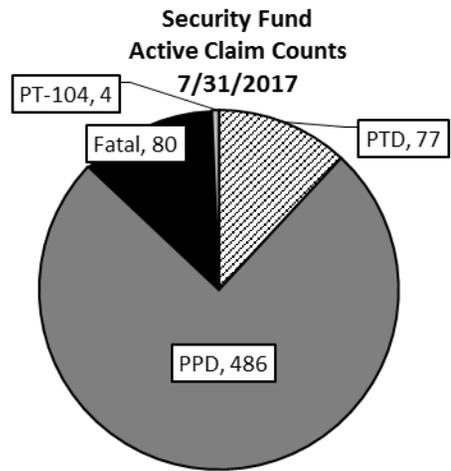
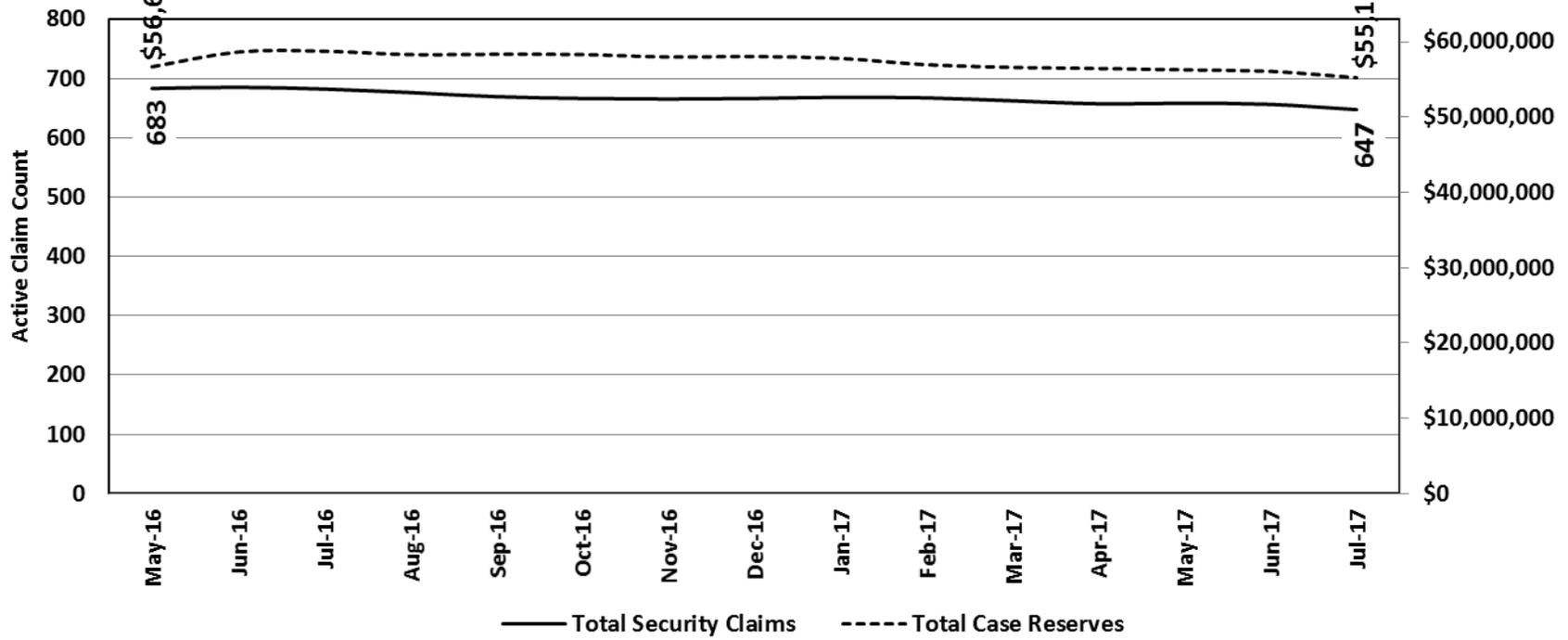
**Uninsured Fund Reserves by Benefit Type
7/31/2017**



**Guaranty Fund
Active Claim Counts and Case Reserves
7/31/2017**



**Security Fund
Active Claim Counts and Case Reserves
7/31/2017**



OLD FUND CASH STATEMENT
July 31, 2017

	Three Year History for years ended:					
	YTD FY2018	YTD FY2017	Change	FY2017	FY2016	FY2015
Cash Beginning Balances	1,263,372,448	1,280,647,632	(17,275,184)	1,280,647,632	1,311,653,269	1,190,142,811
Revenues						
Personal Income Tax	-	-	-	-	42,400,000	95,400,000
Severance Tax	-	5,712,038	(5,712,038)	13,887,551	73,068,796	125,703,925
Debt Reduction Surcharge	-	2,729,626	(2,729,626)	12,336,645	25,211,458	34,106,221
Self-Insured Debt Reduction Surcharge	-	303,297	(303,297)	4,346,111	6,209,330	8,859,759
Video Lottery	-	-	-	5,500,000	6,734,934	11,000,000
Employer Premium	8,938	13,416	(4,478)	62,806	111,955	202,532
Other Income - Return of Unclaimed Property	-	-	-	354,423	184,888	153,763
Operating Revenues	8,938	8,758,377	(8,749,439)	36,487,535	153,921,361	275,426,199
Investment / Interest Earnings (Losses)	2,968,146	10,387,958	(7,419,812)	112,116,554	(5,981,504)	34,715,474
Total Revenues	2,977,084	19,146,335	(16,169,251)	148,604,089	147,939,857	310,141,673
Expenditures						
Claims Benefits Paid:						
Medical	1,727,883	2,343,878	(615,996)	27,437,375	26,890,541	29,881,043
Permanent Total Disability	7,427,851	7,900,310	(472,458)	92,140,733	98,784,921	104,948,107
Permanent Partial Disability	25,682	22,697	2,986	336,015	232,699	353,749
Temporary Disability	-	-	-	-	8,554	-
Fatals	1,832,571	1,947,689	(115,118)	22,990,499	24,098,586	25,497,598
104 weeks death benefit	375,977	492,955	(116,978)	5,825,439	6,990,581	5,883,387
Settlements	430,294	906,420	(476,126)	11,716,131	12,718,425	12,206,388
Loss Adjustment Expenses	95,174	108,823	(13,649)	1,446,808	1,970,779	2,029,136
Total	11,915,432	13,722,772	(1,807,340)	161,893,000	171,695,087	180,799,408
Less: Claims credits and overpayments	112,906	400,237	(287,330)	5,080,389	3,044,395	2,240,415
Total Benefits Paid	11,802,526	13,322,535	(1,520,009)	156,812,611	168,650,692	178,558,993
Administrative Expenses	1,268	290,302	(289,034)	9,066,663	10,294,801	10,060,064
Total Expenditures	11,803,794	13,612,837	(1,809,044)	165,879,274	178,945,493	188,619,057
Excess (Deficiency) of Revenues over Expenditures	(8,826,710)	5,533,498	(14,360,208)	(17,275,184)	(31,005,636)	121,522,616
Cash Ending Balances	1,254,545,738	1,286,181,130	(31,635,392)	1,263,372,448	1,280,647,632	1,311,665,427

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, 2017

	YTD FY2018	YTD FY2017	Change	Three Year History for years ended:		
				FY2017	FY2016	FY2015
Cash Beginning Balances	251,313,328	245,945,240	5,368,089	245,945,240	264,657,327	267,173,190
Revenues						
Investment Earnings (Losses)	475,179	910,921	(435,742)	22,100,417	(5,091,164)	10,347,881
Other Income - Return of Unclaimed Property	-	-	-	8,353	3,797	876
Total Revenues	475,179	910,921	(435,742)	22,108,770	(5,087,367)	10,348,758
Expenditures						
Claims Benefits Paid:						
Medical	155,127	171,056	(15,929)	4,032,649	2,830,426	2,629,364
Permanent Total Disability	679,488	601,283	78,205	8,174,289	7,548,752	6,857,612
Permanent Partial Disability	-	-	-	-	-	-
Temporary Disability	-	-	-	-	-	-
Fatals	-	-	-	-	-	-
104 Weeks Death Benefit	-	-	-	-	-	-
Medical Settlement Agreements	-	-	-	-	-	-
Settlement Agreements	-	-	-	-	-	-
Loss Adjustment Expenses	197,139	272,992	(75,853)	3,783,923	2,629,468	2,633,172
Total	1,031,753	1,045,331	(13,578)	15,990,861	13,008,646	12,120,148
Less: Claims Credits and Overpayments	63,807	23,839	39,968	125,895	130,620	129,338
Total Benefits Paid	967,947	1,021,492	(53,545)	15,864,966	12,878,025	11,990,810
Administrative Expenses	68,984	73,001	(4,017)	875,715	746,696	873,810
Total Expenditures	1,036,931	1,094,493	(57,562)	16,740,681	13,624,721	12,864,620
Excess (Deficiency) of Revenues over Expenditures	(561,751)	(183,572)	(378,179)	5,368,089	(18,712,088)	(2,515,863)
Cash Ending Balances	250,751,577	245,761,667	4,989,910	251,313,328	245,945,240	264,657,327

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, 2017

				Three Year History for years ended:		
	YTD FY2018	YTD FY2017	Change	FY2017	FY2016	FY2015
Cash Beginning Balances	33,836,322	33,462,454	373,868	33,462,454	16,014,340	15,603,319
Revenues						
Guaranty Risk Pool Assessments	-	-	-	-	18,684	89,571
Collateral Proceeds	-	-	-	-	19,422,025	-
Investment Earnings (Losses)	64,794	134,292	(69,498)	3,012,508	(155,883)	612,972
Total Revenues	64,794	134,292	(69,498)	3,012,508	19,284,826	702,542
Expenditures						
Claims Benefits Paid:						
Medical	28,388	31,204	(2,816)	503,912	309,470	51,752
Permanent Total Disability	5,310	5,310	-	63,717	43,638	-
Permanent Partial Disability	59,200	74,256	(15,056)	972,712	612,823	20,788
Temporary Disability	7,457	28,580	(21,123)	375,328	303,724	114,835
Fataals	23,084	23,084	-	277,011	257,806	55,093
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	-	-	-	3,800	-	-
Non Awarded Partial Disability	-	-	-	4,407	9,377	-
Loss Adjustment Expenses	8,943	26,929	(17,985)	255,219	163,819	12,414
Total	132,383	189,363	(56,981)	2,456,105	1,700,657	254,882
Less: Claims Credits and Overpayments	13	-	13	2,723	17,176	(9,064)
Total Benefits Paid	132,370	189,363	(56,993)	2,453,382	1,683,481	263,947
Administrative Expenses	-	20,561	(20,561)	185,258	153,231	27,575
Total Expenditures	132,370	209,924	(77,554)	2,638,640	1,836,711	291,522
Excess (Deficiency) of Revenues over Expenditures	(67,576)	(75,632)	8,056	373,868	17,448,114	411,021
Cash Ending Balances	33,768,746	33,386,822	381,924	33,836,322	33,462,454	16,014,340

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, 2017

	YTD FY2018	YTD FY2017	Change	Three Year History for years ended:		
				FY2017	FY2016	FY2015
Cash Beginning Balances	54,448,203	53,859,338	588,865	53,859,338	9,208,803	7,137,316
Revenues						
Security Risk Pool Assessments	-	-	-	-	230,340	1,114,180
Collateral Proceeds	-	-	-	-	47,503,193	1,425,061
Investment Earnings (Losses)	105,597	257,590	(151,993)	4,914,238	201,775	310,550
Total Revenues	105,597	257,590	(151,993)	4,914,238	47,935,308	2,849,791
Expenditures						
Payment of Claims						
Claims Benefits Paid:						
Medical	110,038	64,481	45,557	778,632	479,295	71,000
Permanent Total Disability	127,985	132,862	(4,878)	1,576,942	1,163,198	208,590
Permanent Partial Disability	-	-	-	-	7,560	38,698
Temporary Disability	-	-	-	-	-	-
Fatals	108,204	113,226	(5,022)	1,333,911	1,183,728	404,642
104 Weeks Death Benefit	6,095	29,744	(23,649)	134,935	92,595	-
Settlement Agreements	1,047	2,647	(1,600)	14,165	21,177	-
Loss Adjustment Expenses	8,595	15,460	(6,865)	151,558	54,047	12,113
Total	361,963	358,420	3,544	3,990,143	3,001,600	735,042
Less: Claims Credits and Overpayments	-	-	-	38,143	4,925	(1,392)
Total Benefits Paid	361,963	358,420	3,544	3,952,000	2,996,676	736,434
Administrative Expenses	-	26,261	(26,261)	373,374	288,097	41,870
Total Expenditures	361,963	384,681	(22,717)	4,325,374	3,284,773	778,304
Excess (Deficiency) of Revenues over Expenditures	(256,366)	(127,091)	(129,276)	588,865	44,650,535	2,071,487
Cash Ending Balances	54,191,837	53,732,248	459,589	54,448,203	53,859,338	9,208,803

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, 2017

	Three Year History for years ended:					
	YTD FY2018	YTD FY2017	Change	FY2017	FY2016	FY2015
Cash Beginning Balances	12,760,544	11,864,792	895,753	11,864,792	12,125,188	11,714,178
Revenues						
Fines and Penalties	30,577	43,240	(12,664)	595,742	625,093	765,082
Investment Earnings (Losses)	20,655	27,142	(6,487)	962,646	(205,615)	408,442
Total Revenues	<u>51,231</u>	<u>70,383</u>	<u>(19,151)</u>	<u>1,558,387</u>	<u>419,478</u>	<u>1,173,523</u>
Expenditures						
Claims Benefits Paid:						
Medical	155	6,087	(5,932)	30,783	47,718	22,011
Permanent Total Disability	-	-	-	-	-	-
Permanent Partial Disability	2,028	2,369	(341)	51,760	4,738	50,684
Temporary Disability	2,992	5,425	(2,433)	25,414	113,212	22,997
Fatals	4,169	4,169	-	50,030	52,164	87,881
104 Weeks Death Benefit	-	-	-	-	-	-
Medical Settlement Agreements	-	-	-	209,315	75,000	16,610
Settlement Agreements	-	-	-	46,400	153,577	65,500
Loss Adjustment Expenses	950	92	858	6,969	5,868	3,225
Total	<u>10,294</u>	<u>18,143</u>	<u>(7,848)</u>	<u>420,672</u>	<u>452,276</u>	<u>268,909</u>
Less: Claims Credits and Overpayments	-	-	-	33,341	1,558	(320,872)
Total Benefits Paid	<u>10,294</u>	<u>18,143</u>	<u>(7,848)</u>	<u>387,331</u>	<u>450,719</u>	<u>589,781</u>
Administrative Expenses	-	53,798	(53,798)	275,304	229,156	172,732
Total Expenditures	<u>10,294</u>	<u>71,941</u>	<u>(61,646)</u>	<u>662,635</u>	<u>679,875</u>	<u>762,513</u>
Excess (Deficiency) of Revenues over Expenditures	<u>40,937</u>	<u>(1,558)</u>	<u>42,495</u>	<u>895,753</u>	<u>(260,397)</u>	<u>411,010</u>
Cash Ending Balances	<u><u>12,801,481</u></u>	<u><u>11,863,234</u></u>	<u><u>938,248</u></u>	<u><u>12,760,544</u></u>	<u><u>11,864,792</u></u>	<u><u>12,125,188</u></u>

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 27, 2017

OPERATING REPORT

JUNE 2017

Board of Treasury Investments

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

Board of Directors

John D. Perdue,
State Treasurer,
Chairman

James C. Justice II,
Governor

John B. McCuskey,
State Auditor

Richard "Chap"
Donovan, CPA
Appointed by the
Governor

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

Executive Staff

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

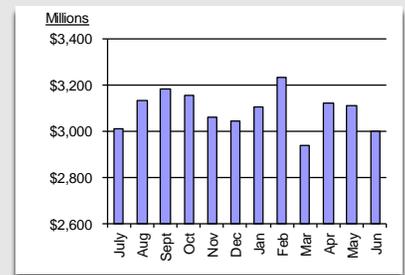
Chief Financial
Officer
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$3,000,350,000

Last Month
\$3,108,276,000

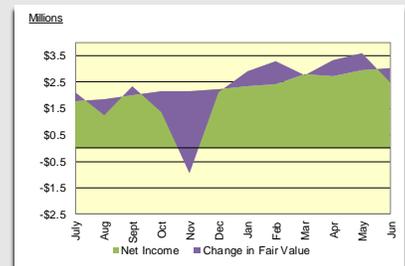
Beginning of Fiscal Year
\$2,839,161,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$26,708,000



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

Money Market Pools

As of June 30, 2017

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	1.1182%	36 Days	\$1.8 Billion
WV Gov't Money Market	0.7997%	35 Days	\$202.1 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 2017

Global Equities Continue Rallying

Market Results

Global equities were modestly up in June with the MSCI ACWI Index returning 0.5%. At home, small-cap stocks bested large-cap equities with the S&P 500 Index gaining 0.6% and the Russell 2000 Index returning 3.5%. In Europe, stocks sold off as the European Central Bank hinted it may slow down its quantitative easing program as reflationary pressures build. The MSCI Europe Index fell 1.1% in June but losses were partially offset as the euro gained 1.6% against the US dollar. The MSCI EAFE was nearly flat as Japanese equities rallied to balance losses in Europe. Emerging market equities rose 1% with the MSCI EM Index ending June up 18.4% this year.

In fixed-income, the 10-year Treasury yield rose to 2.31% and the 10-year German bund yield jumped 16 basis points to 0.47%, eroding returns in the US and Europe. The Barclays US Aggregate Bond Index fell 0.2% and the Barclays Global Aggregate Index declined 0.1% in the month. In the US, rising real rates fueled a decline in inflation-protected securities with the Barclays US TIPS Index falling 0.9%. Emerging market bonds were little changed in June, with the JPM Morgan GBI-EM Global Diversified Index eking out a return of 0.5%.

Market Outlook

Many investors have likely realized strong gains due to a sustained rally in global equities through the first half of the year. We maintain our overweight recommendation for non-US developed market equities and emerging market stocks. Given the continued spread compression in US high-yield debt, we recommend investors employ dynamic credit strategies and suggest allocating to TIPS in place of core bonds.

West Virginia Board of Treasury Investments

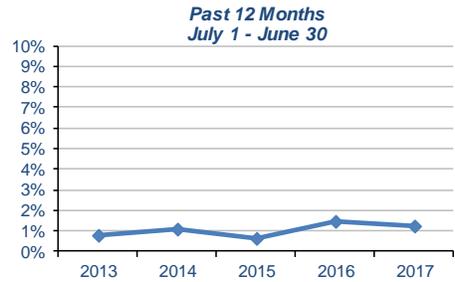
Financial Highlights as of June 30, 2017

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>
2017	1.3%	\$ 753.7
2016	1.5%	\$ 791.1
2015	0.7%	\$ 761.5
2014	1.1%	\$ 773.6
2013	0.8%	\$ 617.3

WV Short Term Bond Pool Rates of Return

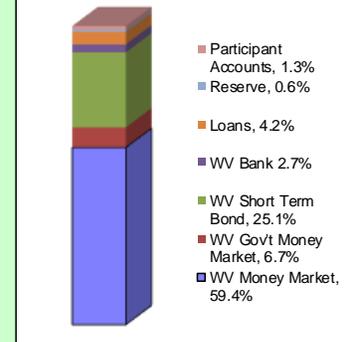


Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool

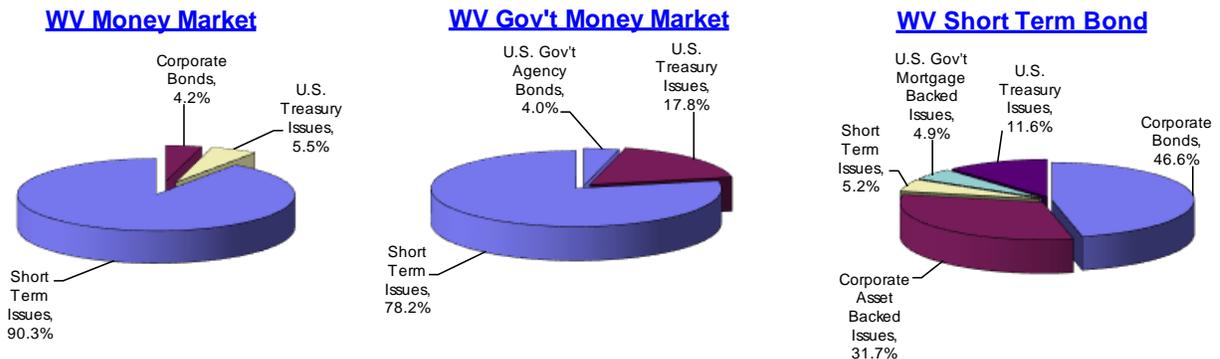
Summary of Value and Earnings (In Thousands)

<u>Pool</u>	<u>Net Asset Value</u>	<u>June Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 1,780,967	\$ 1,744	\$ 15,096
WV Gov't Money Market	202,070	129	985
WV Short Term Bond	753,731	503	9,495
WV Bank	79,774	69	700
Loans	125,823	35	191
Reserve	18,854	9	87
Participant Accounts	39,131	14	154
	<u>\$ 3,000,350</u>	<u>\$ 2,503</u>	<u>\$ 26,708</u>

Percent of Total Net Asset Value



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



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

JUNE 30, 2017

(IN THOUSANDS)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Other Pools	Participant Directed Accounts	Total
Assets							
Investments:							
At amortized cost	\$ 1,782,953	\$ 201,994	\$ -	\$ 79,548	\$ 144,634	\$ -	\$ 2,209,129
At fair value	-	-	754,962	-	-	39,042	794,004
Other assets	1,498	118	2,036	230	49	89	4,020
Total assets	<u>1,784,451</u>	<u>202,112</u>	<u>756,998</u>	<u>79,778</u>	<u>144,683</u>	<u>39,131</u>	<u>3,007,153</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased							
	3,484	42	3,267	4	6	-	6,803
Total liabilities	<u>3,484</u>	<u>42</u>	<u>3,267</u>	<u>4</u>	<u>6</u>	<u>-</u>	<u>6,803</u>
Net Position							
Held in trust for investment pool participants	1,780,967	202,070	753,731	79,774	144,677	-	2,961,219
Held in trust for individual investment account holders	-	-	-	-	-	39,131	39,131
Total net position	<u>\$ 1,780,967</u>	<u>\$ 202,070</u>	<u>\$ 753,731</u>	<u>\$ 79,774</u>	<u>\$ 144,677</u>	<u>\$ 39,131</u>	<u>\$ 3,000,350</u>
Additions							
Investment income:							
Interest and dividends	\$ 1,034	\$ 78	\$ 1,115	\$ 72	\$ 48	\$ 36	\$ 2,383
Net (amortization) accretion	811	62	1	-	-	(8)	866
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>1,845</u>	<u>140</u>	<u>1,116</u>	<u>72</u>	<u>48</u>	<u>28</u>	<u>3,249</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	117	13	88	3	4	-	225
Total investment expenses	<u>117</u>	<u>13</u>	<u>88</u>	<u>3</u>	<u>4</u>	<u>-</u>	<u>225</u>
Net investment income	1,728	127	1,028	69	44	28	3,024
Net realized gain (loss) from investments	16	2	32	-	-	-	50
Net increase (decrease) in fair value of investments	<u>-</u>	<u>-</u>	<u>(558)</u>	<u>-</u>	<u>-</u>	<u>(14)</u>	<u>(572)</u>
Net increase (decrease) in net position from operations	1,744	129	502	69	44	14	2,502
Participant transaction additions:							
Purchase of pool units by participants	1,099,712	24,589	2,723	64	8	-	1,127,096
Reinvestment of pool distributions	1,743	129	1,031	69	44	-	3,016
Contributions to individual investment accounts	-	-	-	-	-	13	13
Total participant transaction additions	<u>1,101,455</u>	<u>24,718</u>	<u>3,754</u>	<u>133</u>	<u>52</u>	<u>13</u>	<u>1,130,125</u>
Total additions	1,103,199	24,847	4,256	202	96	27	1,132,627
Deductions							
Distributions to pool participants:							
Net investment income	1,728	127	1,028	69	44	-	2,996
Net realized gain (loss) from investments	16	2	32	-	-	-	50
Total distributions to pool participants	<u>1,744</u>	<u>129</u>	<u>1,060</u>	<u>69</u>	<u>44</u>	<u>-</u>	<u>3,046</u>
Participant transaction deductions:							
Redemption of pool units by participants	1,226,079	10,320	-	64	1,044	-	1,237,507
Withdrawals from individual investment accounts	-	-	-	-	-	-	-
Total participant transaction deductions	<u>1,226,079</u>	<u>10,320</u>	<u>-</u>	<u>64</u>	<u>1,044</u>	<u>-</u>	<u>1,237,507</u>
Total deductions	<u>1,227,823</u>	<u>10,449</u>	<u>1,060</u>	<u>133</u>	<u>1,088</u>	<u>-</u>	<u>1,240,553</u>
Net increase (decrease) in net position from operations	(124,624)	14,398	3,196	69	(992)	27	(107,926)
Inter-pool transfers in	6,100	-	-	-	-	-	6,100
Inter-pool transfers out	-	-	-	(6,100)	-	-	(6,100)
Net inter-pool transfers in (out)	<u>6,100</u>	<u>-</u>	<u>-</u>	<u>(6,100)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(118,524)	14,398	3,196	(6,031)	(992)	27	(107,926)
Net position at beginning of period	1,899,491	187,672	750,535	85,805	145,669	39,104	3,108,276
Net position at end of period	<u>\$ 1,780,967</u>	<u>\$ 202,070</u>	<u>\$ 753,731</u>	<u>\$ 79,774</u>	<u>\$ 144,677</u>	<u>\$ 39,131</u>	<u>\$ 3,000,350</u>

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
July 27, 2017

OPERATING REPORT

MAY 2017

Board of Treasury Investments

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

Board of Directors

John D. Perdue,
State Treasurer,
Chairman

James C. Justice II,
Governor

John B. McCuskey,
State Auditor

Richard "Chap"
Donovan, CPA
Appointed by the
Governor

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

Executive Staff

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

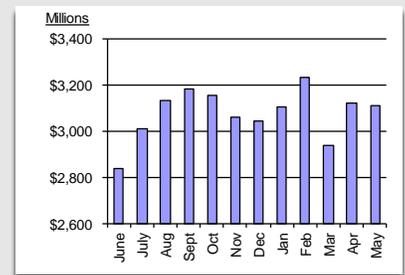
Chief Financial
Officer
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$3,108,277,000

Last Month
\$3,123,680,000

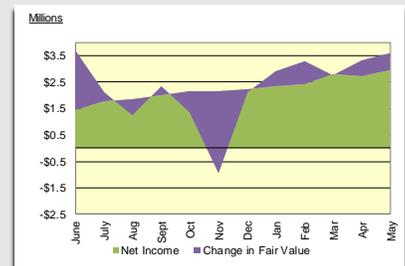
Beginning of Fiscal Year
\$2,839,161,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$24,209,000



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

Money Market Pools

As of May 31, 2017

Pool	30-Day Avg. Yield *	W.A.M. **	Net Assets
WV Money Market	1.0344%	39 Days	\$1.9 Billion
WV Gov't Money Market	0.6884%	44 Days	\$187.7 Million

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

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

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

MAY 2017

Proceed with Dynamic Strategies

Market Results

Global equities forged ahead in May with international stocks continuing to lead the way. The MSCI EAFE Index returned 3.7% on the month as investors took comfort in the victory of centrist candidate Emmanuel Macron in the French presidential elections. Emerging market equities posted their fifth consecutive monthly gain with the MSCI EM Index rising 3.0% in May; the index is up 17.3% so far this year. US equities trailed their international counterparts with the S&P 500 returning 1.4% as a steady jobs report and an accommodative Fed bolstered gains.

The 10-year US Treasury yield fell eight basis points to 2.21% at month end as the Fed announced no changes to its interest rate or balance sheet policy. As a result, the Barclays US Aggregate Bond Index was up 0.8% and the Barclays Long Treasury Index returned 2.0%. Within emerging markets, the JP Morgan GBI-EM Global Diversified Index returned 2.0% with appreciating currencies accounting for around half the gains. The Bloomberg Commodity Index fell 1.3% in May as subdued energy prices continued to hurt returns.

Market Outlook

At NEPC, we maintain an overweight position in international equities despite the recent rally because we believe in the potential for strong economic growth in emerging markets and greater increase in corporate earnings in Europe. Within US fixed income, we believe dynamic strategies are the way to proceed as credit spreads continue to decline. Lastly, we still recommend investors consider a dedicated allocation to macro hedge funds.

West Virginia Board of Treasury Investments

Financial Highlights as of May 31, 2017

WV Short Term Bond Pool

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

<u>June 1 - May 31</u>	<u>Return</u>	<u>Net Assets At May 31 (In Millions)</u>
2017	1.6%	\$ 750.5
2016	1.0%	\$ 790.3
2015	0.8%	\$ 769.0
2014	0.8%	\$ 773.8
2013	1.1%	\$ 552.2

WV Short Term Bond Pool Rates of Return

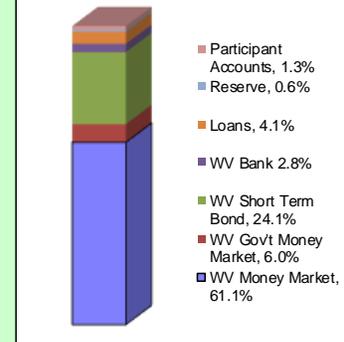


Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool

Summary of Value and Earnings (In Thousands)

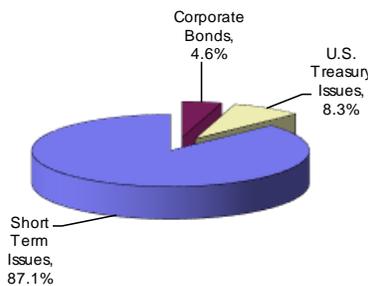
<u>Pool</u>	<u>Net Asset Value</u>	<u>May Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 1,899,491	\$ 1,706	\$ 13,352
WV Gov't Money Market	187,672	124	855
WV Short Term Bond	750,535	1,629	8,992
WV Bank	85,805	63	631
Loans	126,824	36	157
Reserve	18,846	9	79
Participant Accounts	39,104	33	143
	<u>\$ 3,108,277</u>	<u>\$ 3,600</u>	<u>\$ 24,209</u>

Percent of Total Net Asset Value

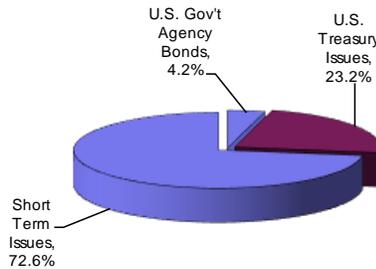


Securities by Type for Operating Pools (Percentage of Asset Value)

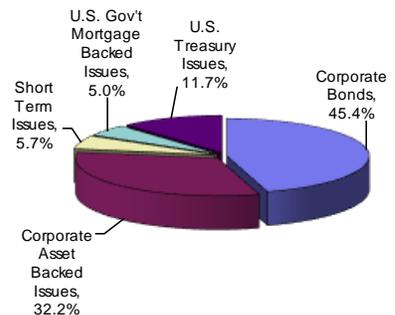
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
MAY 31, 2017

(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	\$ 1,905,371	\$ 187,624	\$ -	\$ 85,595	\$ 145,625	\$ -	\$ 2,324,215
At fair value	-	-	751,886	-	-	39,052	790,938
Other assets	1,529	114	2,020	214	50	52	3,979
Total assets	1,906,900	187,738	753,906	85,809	145,675	39,104	3,119,132
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased							
	7,409	66	3,372	4	5	-	10,856
Total liabilities	7,409	66	3,372	4	5	-	10,856
Net Position							
Held in trust for investment pool participants	1,899,491	187,672	750,534	85,805	145,670	-	3,069,172
Held in trust for individual investment account holders	-	-	-	-	-	39,104	39,104
Total net position	\$ 1,899,491	\$ 187,672	\$ 750,534	\$ 85,805	\$ 145,670	\$ 39,104	\$ 3,108,276
Additions							
Investment income:							
Interest and dividends	\$ 1,039	\$ 83	\$ 1,120	\$ 67	\$ 50	\$ 41	\$ 2,400
Net (amortization) accretion	800	58	(28)	-	-	(13)	817
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	1,839	141	1,092	67	50	28	3,217
Investment expenses:							
Investment advisor, custodian bank & administrative fees	133	17	88	4	5	-	247
Total investment expenses	133	17	88	4	5	-	247
Net investment income	1,706	124	1,004	63	45	28	2,970
Net realized gain (loss) from investments	-	-	28	-	-	-	28
Net increase (decrease) in fair value of investments	-	-	597	-	-	5	602
Net increase (decrease) in net position from operations	1,706	124	1,629	63	45	33	3,600
Participant transaction additions:							
Purchase of pool units by participants	913,065	22,683	-	60	8	-	935,816
Reinvestment of pool distributions	1,706	123	1,005	63	45	-	2,942
Contributions to individual investment accounts	-	-	-	-	-	15	15
Total participant transaction additions	914,771	22,806	1,005	123	53	15	938,773
Total additions	916,477	22,930	2,634	186	98	48	942,373
Deductions							
Distributions to pool participants:							
Net investment income	1,706	124	1,004	63	45	-	2,942
Net realized gain (loss) from investments	-	-	28	-	-	-	28
Total distributions to pool participants	1,706	124	1,032	63	45	-	2,970
Participant transaction deductions:							
Redemption of pool units by participants	905,757	37,432	5,370	60	1,042	-	949,661
Withdrawals from individual investment accounts	-	-	-	-	-	5,145	5,145
Total participant transaction deductions	905,757	37,432	5,370	60	1,042	5,145	954,806
Total deductions	907,463	37,556	6,402	123	1,087	5,145	957,776
Net increase (decrease) in net position from operations	9,014	(14,626)	(3,768)	63	(989)	(5,097)	(15,403)
Inter-pool transfers in	-	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-	-
Net inter-pool transfers in (out)	-	-	-	-	-	-	-
Change in net position	9,014	(14,626)	(3,768)	63	(989)	(5,097)	(15,403)
Net position at beginning of period	1,890,477	202,298	754,303	85,742	146,659	44,201	3,123,680
Net position at end of period	\$ 1,899,491	\$ 187,672	\$ 750,535	\$ 85,805	\$ 145,670	\$ 39,104	\$ 3,108,277