

**JOINT COMMITTEE ON  
GOVERNMENT AND FINANCE**

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**May 22, 2018**

 **West Virginia Legislature**  
2ND SESSION OF THE 83RD LEGISLATURE 

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**INTERIM COMMITTEE ATTENDANCE - RESULTS**

TUESDAY, MAY 22, 2018 - 02:00 PM

JOINT COMMITTEE ON GOVERNMENT AND FINANCE

**Attended:**

Delegate Shott  
Delegate Miller, C.  
Delegate Miley  
Delegate Cowles  
Delegate Boggs  
Speaker Armstead  
Senator Trump  
Senator Prezioso  
Senator Blair  
President Carmichael

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**AGENDA**  
**JOINT COMMITTEE ON GOVERNMENT AND FINANCE**  
**May 22, 2018**

2:00 pm – 3:00 pm

Senate Finance Room

1. **Approval of April 16, 2018 minutes:**

2. **Committee Reports/Requests:**

Joint Legislative Committee on Flooding approval of expenses for upcoming site visitations

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

Status Reports on Lottery & Unemployment Compensation Fund

General Revenue Fund & State Road Fund

*(Mark Muchow, Deputy Secretary, West Virginia Department of Revenue)*

Workforce WV Unemployment Compensation Trust Fund Distribution

*(Connie Kirk, UI Director, Workforce West Virginia)*

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

*(Mary Jane Pickens, Deputy Secretary, Department of Administration)*

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

*(Cynthia Beane, Commissioner of Bureau of Medical Services)*

Childrens Health Insurance Program Report,

*(Jeremiah Samples, Deputy Secretary, DHHR)*

Investment Management Board Distribution

*(Rodney Livingston, Senior Investment Officer, West Virginia Investment Management Board)*

Workers Compensation

*(Melinda Kiss, (Assistant Commissioner of Finance) & Erin Hunter, (General Counsel) West Virginia Office of the Insurance Commissioner)*

Board of Treasury Report Distribution

4. **Other Business:**

*Scott Curnutte, WV Law Institute*

*Professor Bob Bastress, WV Law Institute*

4a. **Consideration for the West Virginia Legislature to accept the invitation to become a member of The Energy Council:**

5. **Adjournment:**

**JOINT COMMITTEE ON GOVERNMENT AND FINANCE  
(Speaker Armstead Presided)**

April 16, 2018

1:30 p.m. – 2:30 p.m.

<b>Senate</b>	<b>House</b>
Carmichael, Chair	Armstead, Chair
Blair	Cowles
Ferns (Absent)	Miller, C.
Karnes	Nelson, E. (Absent)
Plymale	Shott
Prezioso	Boggs
Trump	Miley

**Speaker Armstead:** “The Committee will come to order. The first item on the agenda is the approval of the January 9, 2018 minutes. President Carmichael is recognized for a motion.”

**President Carmichael:** “Thank you Mr. Speaker. I move the minutes of the January 9, 2018 meeting of the Joint Committee on Government and Finance as contained in the members packets be approved.”

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

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

**President Carmichael:** “Thank you, Mr. Speaker. I move that the 2018 Interim Meetings be held on April 16 which is today, May 20-22, June 24-26, September 16-18, November 11-13, and December 9-11.”

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

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

**President Carmichael:** “Thank you, Mr. Speaker. I move that the President and Speaker be authorized to set additional dates for the 2018 Interim Meetings and to approve interim

committees, when necessary, to meet outside of the interim dates, as they deem appropriate.”

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

**Speaker Armstead:** “I recognize President Carmichael.”

**President Carmichael:** “I move that the Senate President and Speaker be authorized to jointly assign study topics to the interim committees as they deem appropriate.”

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

**Speaker Armstead:** “I will just note for the record that we will as we have in the past, once those topics are finalized, we have been in discussion on those topics that the Legislative Manager will be post those online, so that all members and the public know what subjects were approved for study during interim committee meetings.”

**Speaker Armstead:** “I recognize President Carmichael.”

**President Carmichael:** “Thank you, Mr. Speaker. I move that for all committees, subcommittees and commissions meeting during the interim period for which there are an unequal number of delegates and senators, all motions considered must be adopted by a separate majority vote of the committee members from each legislative body.”

**Speaker Armstead:** “Heard the President’s motion. Is there discussion? If not, all in favor will say aye, those opposed no. The ayes appear to have it. The ayes do have it. I declare the motion adopted. Next, we have before the committee, the monthly and quarterly reports. Members will find in their packets the reports from each of the agencies the status report on the Lottery and Unemployment Compensation Fund as in the packet. We have with us, next to discuss the General Revenue Fund and State Road Fund, Mark Muchow, the Deputy Secretary of the West Virginia Department of Revenue. Mr. Muchow.”

**Mark Muchow:** “Good afternoon. I am Mark Muchow with the West Virginia Department of Revenue and I’m here to discuss the performance of the State General Revenue Fund and State Road Fund in March and also year-to-date. In the month of March, the overall estimate for General Revenue was \$338.5M, and we collected \$327.6M which was \$10.9M below estimate. Compared to the prior year, we were actually below prior year collections by 1.2%. The month of March was going to be a slow month because...couple of things...1) we had pretty good performance in February...our numbers were above estimate in a number of categories. But, 2) the calendar for the month of March, the last day of the month fell on Friday, the 30<sup>th</sup>. And, there are a few taxes, particularly the Severance and B&O Tax that are due on the last calendar day of the month.

Some of those collections will roll over into April. Determining what the portion of the roll-over is is always a bit of guess work. Year-to-date the estimate is almost \$2.99B. We've collected over \$2.96B...\$28.4M below estimate...that's about 99.1% of collections year-to-date. Compared to last year, we are up 4%. Year-to-date are an extra \$114.3M, and I like the 4% revenue growth. When you take out the Special Revenue one-time effects for the whole year, we need 3.1%. So, as long as we stay anywhere near 4%, or slightly less than 4%, the rest of the way we will be in good shape for the year.

On the individual components, both the Consumer Sales Tax and Personal Income Tax fell short of estimate in the month of March. Those estimates were probably a little bit on the aggressive side. For the Sales Tax, we collected \$96.1M. The estimate was \$99.2. That was almost \$3.1M below estimate. But, compared to last year, it was up 2.9%. And, if you notice year-to-date, the Sales Tax is up 1.3%. So, in recent months the Sales Tax growth rate has been much greater than the growth rate year-to-date. We started the year off slow and we have accelerated as the year goes on. And for the most part, the short-fall at the end of the year-to-date at the end of March is the same as it was at the end of January. So, I expect that short-fall to shrink a little bit in the remaining three months of the year as the collection rate improves. Personal Income Tax...we were \$2.6M below estimate in March, \$127.9M. The estimate was \$130.5. But, we had a good growth rate...6% compared to last year.

We had a very strong February in terms of Withholding Tax. In March, the Withholding Tax was a bit more tepid with the growth rate of only 1.7%. So, I suggest there might be some factors that played into the March numbers. There was a significant labor strike at one of the major companies in West Virginia...several thousand workers or so were involved with...that may have had an impact on the withholding for that one month as well. Year-to-date collections was \$1.31B compared to \$1.27B estimate, up \$39.3M and again a very good growth rate from last year of 5.9%. So, the Income Tax and Sales Tax both have been moving up as the fiscal year goes on and they are going to be the taxes that will lead us in the fourth quarter as we seek to reach year-end-estimate.

The Severance Tax in March we were \$5.2M above estimate...collected \$33.2M. The estimate was \$28M, but that was still 17.6% below last year. The reason for the small estimate in March had to do again with that March 30<sup>th</sup> due date and we actually collected more than we thought we would. Year-to-date we are down \$20.9M...on Severance...16.4% above last year...We are beginning to have what I call a little bit of a switch out where Severance Tax has hit a few bumps in the road and slowed down a little bit which was expected. It's really going to be more of the Sales Tax and Income Tax in the 4<sup>th</sup> quarter that will drive the growth rather than the Severance Tax. Those are the major taxes, and if you have any questions about any other General Revenue funded tax, I will save that for questions and answers.

For the month of March, I will note that it was a big month for Insurance Tax...\$22.1M. We were slightly above estimate for the month. Year-to-date we were also above estimate by about \$1.3M, so that will probably be the other tax with some significance in March.

On the Road Fund, one of the dominant taxes in the Road Fund is the Motor Fuel Tax. Motor Fuel Tax is due on the last calendar day of each month. So, when you look at the March numbers they look rather terrible. But, it is just purely a calendar impact and we are never quite sure of who is paying when. And, this year, more folks waited until about the last day of March or April 1<sup>st</sup> to pay rather than at the end of March. The estimate of Motor Fuel Tax is \$30.1M and we collected 16.3. That was \$13.8M below estimate and about 39.7% below last year. Because of that shortfall, year-to-date \$14.7M below estimate. Still ahead of last year by 6.1%. That was all made up on the first day of April. So, we will be in balance when the April numbers come in.

Registration fees were a little bit below estimate in March by about \$800,000.00. Year-to-date is still \$19M above estimate....63.4% ahead of last year and that's purely driven by the fee increases that were imposed on July 1<sup>st</sup>. Motor Vehicle Sales Tax... a good month in March...\$21.7M vs. the estimate of 20.5 that was about \$1.2M above estimate...18.8% above last year which was roughly the area that we need to see for the increase in the sales tax rate. Year-to-date actual collections is 163.3. The estimate was 170.9 but is still \$7.5M below estimate year-to-date. Ahead of last year by about 6.2% and as the year goes on, we will see a better growth rate in the Motor Vehicles Sales Tax than at the beginning of the year.

Overall State Road Fund ahead 13% year-to-date compared to last year. Still a little short of estimate \$3.2M, but again, when the April numbers come in, it will all balance back out and we will be in good shape later on. And, at the end of the fiscal year there is a plan to issue about \$800M worth of bonds to start a major construction project this summer. Any questions?"

**Speaker Armstead:** "Thank you, Mr. Muchow. Any questions? Delegate Boggs."

**Delegate Boggs:** "Thank you, Mr. Speaker. Mark, a couple of questions. On the Road Fund, the Miscellaneous, which is?"

**Mark Muchow:** "The Miscellaneous, I don't usually represent it in my numbers. But, Miscellaneous has a bunch of different sources of revenue. One of which came about fairly recently. The Department of Highways upfronted the cost of the interchange up in Morgantown for the Tax Increment Finance District. The Tax Increment Finance District reimbursed the Department of Highways within the last couple of months for that money which was rather significant. You probably need to go to the highway people for more information on that. But, it's all kinds of different pieces of funding that they get in terms of reimbursements that come and go that are just not necessarily consistent from one year to the next."

**Delegate Boggs:** "FEMA funds to Highways... would that also play into that as well? Or could it?"

**Mark Muchow:** "I suppose it could. But, they also have a federal line there. Now, whether

that should end up at the federal line would be up to the accountants to determine.”

**Delegate Boggs:** “Ok. I want to go back to General Revenue, if I can for just a minute. We are half way through April and with last month ending on a Friday, any predictions about how the revenue is going to look for General Revenue for April?”

**Mark Muchow:** “In April, if we hit estimate we will be doing pretty well. I think April is a pretty aggressive month. I think May and June are much more conservative. But, the key in April will be the income taxes. Between the Corporate Income Tax and the Personal Income Tax you’ve got over \$300M dollars in the estimate. This is the month when the annual returns are due for both corporations and individuals, as well as the first quarter estimated tax payments. And, if we get it to 300 or above 300, we are in good shape. If we fall significantly below 300, that would be a little bit of a sign of caution. There’s a little bit of uncertainty there.

It looks like the Withholding Tax is fine because our payroll employment numbers have greatly improved during this fiscal year. We have had some good numbers in recent months on payroll employment, and that feeds into income withholding. It would be more of a behavioral impact associated with federal tax reform from a couple of different angles. One, would be to the extent that people made extra payments of state income taxes for estimated purposes in December than they needed to, because they wanted to enhance that federal deduction. That may come against the April payment a little bit. On the other hand, this is the first quarter estimated payment under the new federal tax system, and there could be some behavioral impacts associated with that first quarter estimated payment.

So far, the numbers on Personal Income look pretty good, but we are only half way through the month. The real bulk of the money comes in the second half of the month in personal income. Corporate Tax...as of today, we are right on estimate for the year-to-date on the Corporate Tax. So, again, if those two meet or exceed estimates this month we are in pretty good shape. The soft spot is the Severance Tax. The carryover on Severance Tax at the beginning of April was softer than expected so that put us a little bit behind. But, again, it hit a bump in the road.

Employment and mining would suggest there is stabilization, but it’s is not any type of retraction. Energy prices, at least for natural gas seemed to have stabilized in recent months at a level that is pretty close to what we need for the year. So, the one other tax to watch besides the Income Tax would be the Severance Tax. Year-to-date we are sort of pretty much on track toward the severance estimate but you never know about the Severance Tax.”

**Delegate Boggs:** “So, in the fourth quarter, April is the pivotal month?”

**Mark Muchow:** “April...if you take away special revenue...one-time revenues... you need 8% revenue growth in April to meet the estimate. The month of May and June, it is far

less.”

**Delegate Boggs:** “May, June, July, but as far as April ending in the... before we start into that fourth quarter?”

**Mark Muchow:** “Well, April is the start of the first quarter.”

**Delegate Boggs:** “But, that’s kind of pivotal for what we need to do.”

**Mark Muchow:** “It’s a big month. We don’t necessarily have to hit estimate overall, but we have to hit a reasonably good month on the income taxes.”

**Delegate Boggs:** “Right. Ok. Alright. Thank you.”

**Speaker Armstead:** “Any other questions? Delegate Shott.”

**Delegate Shott:** “Thank you, Mr. Speaker. Regarding the Tobacco Tax, when the Legislature raised that tax a few years ago there were projections as to what additional revenue would be gained by that increased tax, along with some of us who are on border counties concerned about slippage in the sales to competing states, particularly in my case, Virginia. What has the performance been in relation to the projections? I noticed we are \$10M dollars behind this year’s estimate. Overall, what’s been the...”

**Mark Muchow:** “In recent months, we have been stabilized on the tobacco side. After the beginning of the year, things went down from last year a little more than we anticipated because last year we started the fiscal year off with the Floor Stock Tax which provided a little extra enhancement. So, that brought it down a little bit. And, as of year-to-date compared to last year we are down by 10.2% through March. And, that’s a little more than we expected and that’s the reason we have a \$10M shortfall for the year-to-date. In the month of March itself, we were down 20.3%. I suggest that is bigger than it normally is...that’s simply the movement of timing when people buy their stamps. Cigarettes are the biggest driver. Smokeless tobacco is somewhat important, but cigarettes is really where the money is. The purchase of the stamps and timing of that...it comes in spurts. So, we should probably have pretty good tobacco numbers in April relative to what we saw in March. If you look at the five-year projections in the Budget Book you will see a decline rate over time on that. And, that was going to happen regardless of the activity.

We might have a little bit of help in that our neighboring state of Kentucky recently...I read that it is raising its cigarettes to about \$1.10 a pack. So, that puts them in the neighborhood of where we are. And, for the most part, we are still lower than what you see in other states, except for Virginia. And, that was a weak spot before the tax was increased a while back, and certainly across border concerns we have...if we had to choose products...tobacco would be at the top of my list as to products that one could purchase across the border pretty easily. Because you can pack a whole lot of cigarettes...now you aren’t supposed to buy more than a couple of cartons at a time, but

you could theoretically pack a lot of cigarettes in a small space. Whereas, other items such as motor fuel...you can't overly pack that to any great extent for a big savings."

**Delegate Shott:** "Overall, have the projections of the overall increase in the tobacco revenue...tax revenue been about on target?"

**Mark Muchow:** "In the initial year it was on target. This year, the decline rate has been a little greater than we thought. That's the reason why we are running short."

**Delegate Shott:** "Thank you."

**Mark Muchow:** "Last year, we were pretty close to being on target."

**Speaker Armstead:** "Senator Karnes."

**Senator Karnes:** "Thank you, Mr. Speaker. I'm sorry if you touched on this and I just missed it. But, when we see such an increase in the Personal Income Tax above estimates, I'm kind of curious 1) about the Sales Tax coming in short. But, you figure that's just a lag? I mean, when people have more money, that just seems to be an indicator of more disposable income."

**Mark Muchow:** "Would it be more disposable income? There's several factors there. One is...and this is changing a little bit over time...but, the recovery in the West Virginia economy started out mainly being an energy recovery, not a broad based every sector is ahead recovery. So, I think that that has a little bit to do with it and with the energy prices rising, and people working in that industry...as well as the folks make profits in that industry be it royalties or income. As those prices stabilize and rise, and you start to get a little bit of an increase in coal production... some nice international sales activity...that's going to boost that income tax up. The sales tax...not that many people, relatively speaking, work in the natural resource side. As the rest of the economy starts to expand, we start to see some expansion in the construction side. I think the federal tax reform should lead to more disposable income. That's the only reason the sales tax is just now starting to move up a little bit in the last couple months."

**Senator Karnes:** "I mean...roughly in-my-head math the \$40M overage on income tax which I believe, our effective tax rate is right at a little over 5%. So, that would indicate about \$800M in disposable income being represented, which if we are collecting that in sales tax...assuming they spend that money. You know, another thing I am curious about...that wasn't my original question...but, we got a hundred bucks...am I reading that right? A hundred bucks in the Estate Tax?"

**Mark Muchow:** "The Estate Tax ended for West Virginia around 2005."

**Senator Karnes:** "Why are we?..."

**Mark Muchow:** “Once in a while, some estates that...who knows... was hung up for a while...”

**Senator Karnes:** “Finally clears.”

**Mark Muchow:** “It clears. But, that would be something that occurred in 2005 or before.”

**Senator Karnes:** “Right. I am just kind of curious when I see that. I didn’t think we had one, but...”

**Mark Muchow:** “We do not. We were one of the first states to...when the Federal government got rid of the credit for death taxes paid, we were probably the first to eliminate the Estate Tax.”

**Senator Karnes:** “In the last five years have we seen anything?”

**Mark Muchow:** “A little bit. Some years nothing, but, some years a little bit. And, now the \$100.00 might be the last \$100.00 we see.”

**Senator Karnes:** “The only reason I am asking that question is that it probably cost us more than \$100.00 to get this \$100.00.”

**Mark Muchow:** “This one comes in free of charge. I don’t think we are out there progressively pursuing it. It just walks in the door on its own. When a check comes in, we usually cash it.”

**Senator Karnes:** “That’s the best kind of money to get.”

**Mark Muchow:** “No, they are not out there auditing people’s estates. That’s not going on.”

**Senator Karnes:** “A lot of these other things too... we are ahead on beer and so on for year-to-date, I believe, right?”

**Mark Muchow:** “No. Beer we’re actually running a little short.”

**Senator Karnes:** “Ok, I’m looking at the wrong column. Not that we necessarily want to see all the money flow that way. But, when we are talking about sales tax, cigarette tax, beer tax...when we see a rising income...eventually we expect to see all of those taxes also follow suit...in a lagging manner perhaps...”

**Mark Muchow:** “They should follow suit. You know, unfortunately, we are getting older as a state and as we transition to the senior citizen type economy, seniors spend less money on goods and services than the rest of us. I’m probably getting closer to that senior citizen category myself. But, what we do spend money on is health care. And, health care

is largely going to be exempt from your consumption tax. So, to the extent that we are spending less on health care that means there is less for us to spend on other things. Demographics over time is playing a role here as well.”

**Senator Karnes:** “Right, thanks.”

**Speaker Armstead:** “Any further questions? If not, thank you Mark. Next, we have the Workforce WV Unemployment Compensation Trust Fund Report, Connie Kirk, Director for Workforce West Virginia. Ms. Kirk, how are you?”

**Connie Kirk:** “Good afternoon. The projections for April for the Unemployment Trust Fund is \$75,813,283.00 and we are expecting the first quarter to come rolling in about the end of April. So, that is why you see the big jump in April to May. And, if we end the year with the \$166M that we are projecting, we will have not have seen that balance in the UI Trust Fund since 2009. So, the Trust Fund is doing really well right now. The claims are still decreasing. So, people are going back to work. The Trust Fund is building. If you have any questions, I will be glad to answer them.”

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

**Connie Kirk:** “Thank you. And, by the way, thank you all for all of your work during the Legislative Session.”

**Speaker Armstead:** “Thank you. Next, we have the report from PEIA, BRIM & Real Estate. With us is Secretary John Myers, Department of Administration. Secretary Myers.”

**Secretary Myers:** “I’m John Myers, Secretary of Administration. Mr. Speaker, Mr. President and Members of the Committee, thank you for inviting us here today. In your packets, you have the quarterly reports for BRIM, PEIA, and the Real Estate Division. My staff and I are here to answer any questions that you may have in regard to those reports.”

**Speaker Armstead:** “Are there any questions for Secretary Myers? Delegate Cowles.”

**Delegate Cowles:** “Thank you, Mr. Speaker. Mr. Secretary, there was a news report out a couple of days ago about a \$65M surplus in PEIA revenues, and I was wondering if you could help me understand that.”

**Secretary Myers:** “I can bring Ted up, if that’s alright. He knows all the details about PEIA more so than me.”

**Delegate Cowles:** “Thank you.”

**Ted Cheatham:** “Ted Cheatham, PEIA. To say it lightly, PEIA is having a rather good year this year. There are investment income earnings still...favorable...both in the retiree trust and in PEIA and enrollment is down slightly. Thus, claims are down slightly, so we

are having a good year. I can break that out specifically for you if you let me pull out my phone. We are just having a great year this year and good returns on investment.”

**Delegate Cowles:** “Is that \$65M considerably higher than you anticipated? Is it \$65M higher or?”

**Ted Cheatham:** “I don’t remember it being quite that high in the article, but it is about right...it’s about \$20M... yeah...we are about \$20M ahead in PEIA and about \$40M ahead in RHBT.”

**Delegate Cowles:** “Ok. That’s good news.”

**Ted Cheatham:** “It’s great news.”

**Delegate Cowles:** “Thank you.”

**Speaker Armstead:** “Are there any other questions for Mr. Cheatham or Secretary Myers? If not, thank you. Next, we have Department of Health and Human Resources, Medicaid Report & Medicaid Waiver Report, Cynthia Beane, Commissioner of Behavior and Medical Services.”

**Speaker Armstead:** “Someone in place of Cynthia.”

**Tony Atkins:** “Cynthia Beane is out town. I am Tony Atkins, Deputy Commissioner.”

**Speaker Armstead:** “Mr. Atkins, thank you for being here.”

**Tony Atkins:** “Your reports are in your packets if you have any questions.”

**Speaker Armstead:** “Are there any questions? Delegate Boggs.”

**Delegate Boggs:** “Thank you, Mr. Speaker. Tony, good to see you as always. Just real briefly, we’ve talked during the session leading up to this about the elimination of the waiting list, which is certainly good news, and it has a lot of people excited. Is that something that is planning to...is that already under way or is that going to be something that is after July 1?”

**Tony Atkins:** “That is already underway. The whole wait list was cleared back in January or February on the Age and Disabled Waiver. There’s currently 124 on it, but, that’s occurred since we released all of the slots that were on there.”

**Delegate Boggs:** “Are we still...when it comes to the slots...when one becomes open, are we still operating under the unduplicated slots or do we have to wait a year from the time that person went on if they were on their six months...do we have to wait the additional six months before we can put somebody in that slot?”

**Tony Atkins:** “Yes, that’s a federal requirement. But, we are requesting the addition of slots from CMS.”

**Delegate Boggs:** “And has CMS actually?”

**Tony Atkins:** “Not yet, no.”

**Delegate Boggs:** “What kind of time frame are we anticipating on that?”

**Tony Atkins:** “To coincide that with July 1<sup>st</sup> at the start of the fiscal year.”

**Delegate Boggs:** “I thought also that there was some talk about maybe adding, I believe, 50 IDD Waiver slots?”

**Tony Atkins:** “That’s correct.”

**Delegate Boggs:** “Is that now or is that something that is going to come into the next fiscal year?”

**Tony Atkins:** “That would be effective July 1<sup>st</sup> as well.”

**Delegate Boggs:** “Ok. What kind of waiting list will that leave in the IDD Waiver if the additional 50 slots...I realize that it’s fluid...”

**Tony Atkins:** “Yes.”

**Delegate Boggs:** “Those tend to be long term slots.”

**Tony Atkins:** “Yes. Right now, as of today there is 1,316 people on the IDD wait list. So, 50 is not even reducing that.”

**Delegate Boggs:** “Well, it’s certainly good news to see that for the AD Waiver, the number is going down. In order to accomplish that, are any hours being cut or any services being cut?”

**Tony Atkins:** “No.”

**Delegate Boggs:** “Ok. That’s even better news. And, I will ask one more thing. Are there any discussions about working with the providers to see about increasing their reimbursement because they are really up against it as far as...with all of the mandates that have been placed on them. Is that something that is ongoing?”

**Tony Atkins:** “Yes, I can report to you that Commissioner Beane already has a meeting scheduled with some of the ADW providers to discuss the possibility of rate increases.”

**Delegate Boggs:** “Very good. Thank you, Tony. I appreciate it.”

**Tony Atkins:** “Thank you.”

**Speaker Armstead:** “Thank you. Any additional questions related to the DHHR Medicaid Reports? If not, thank you very much. Next, we have the Children’s Health Insurance Report, Stacy Shamblin, Director of West Virginia CHIP.”

**Stacey Shamblin:** “Good afternoon, Mr. Speaker, Mr. President and Members of the Committee. I’m Stacey Shamblin, Acting Director of CHIP. I hope you have had the opportunity to review your reports, and I can answer any questions you may have.”

**Speaker Armstead:** “Are there any questions for Ms. Shamblin? If not, thank you very much. Next, is our Investment Management Board Distribution, Craig Slaughter, Executive Director of the West Virginia Investment Management Board. Mr. Slaughter.”

**Craig Slaughter:** “Ladies and gentlemen. I am Craig Slaughter, Executive Director of the West Virginia Investment Management Board. You should have the performance report for February 28, 2018 in your materials. For February, it was a bad month for all assets, bonds and stocks. So, we are down 2.1% in the pension plans and every plan we were down some. Still, the fiscal year-to-date numbers as of February 28, we were up 8.9% in pension plans, 7.4% over ten years. So, March, as you probably well know, March equities were down again. So, that’s not going to help. Fixed income was up. So, it moderates it a little bit. But, we may have lost a little bit more in March. So, that’s my report. That’s where we are.”

**Speaker Armstead:** “Are there any questions for Mr. Slaughter? Senator Plymale.”

**Senator Plymale:** “Thank you, Mr. Speaker. So, just from what your forecast is for the last few months, do you see us meeting the threshold that is set forth in statute?”

**Craig Slaughter:** “Let’s put it this way. I think it is entirely...reasonably likely that we will hit the 7 ½ percent which is the actuarial (inaudible) at the end of the year. You just don’t know. We are at the late part of an economic cycle and it’s a tricky period with volatility involved and it may be one of those situations. It just depends on how the market will fall at the end of the month.”

**Senator Plymale:** “So, you said you were at 8.9 is that correct?”

**Craig Slaughter:** “That’s right.”

**Senator Plymale:** “And, that was at the end of February. March wasn’t much better?”

**Craig Slaughter:** “We probably lost a little bit more in March...a half of a point or so,

maybe a full point. That puts us close to 7 ½ percent is my guess for March. Now, on the flip side of it, you...well...I shouldn't say that..."

**Senator Plymale:** "I was going to say, I'm not sure that there is a flip side."

**Craig Slaughter:** "There's never a flip side to negative numbers. But, you know, the economy still looks great. You know, that's the way it is in late cycles. But, we have a lot of political things going on that have affected the markets. And, in all likelihood, it's those political things that affected the markets on a short-term basis. That's what I think is happening. But, it could be that even though the economy is going well the world's financial markets...you know...they have been up for a long time. It's been a long bull market and people are getting nervous trying to anticipate the next down turn. Not knowing when it will happen. And, we just know it will happen at some point."

**Senator Plymale:** "Ok. Thank you."

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

**Craig Slaughter:** "Thank you."

**Speaker Armstead:** "Next, is the report on Workers Compensation. We have Melinda Kiss-Assistant Commissioner of Finance and Amanda Hunter-General Counsel. Miss Kiss, how are you?"

**Melinda Kiss:** "Good afternoon, Mr. Speaker, Mr. President, and members of the committee. I'm Melinda Kiss, Assistant Commissioner for the Office of Insurance Commissioner. You should have received our normal monthly report, and I would be happy to answer any questions anyone has."

**Speaker Armstead:** "Are there any questions for Ms. Kiss? If not, thank you very much for being here. You have in the packet the Board of Treasury Report. Is there any other business to come before the committee? President Carmichael."

**President Carmichael:** "Well, I just wanted to comment really. This report is very encouraging. I just wanted to commend all the members of the Legislature...the group that is in this room here. The General Revenue is on the increase. We are a little bit behind, but it is looking like we will meet our projections after many years of missing it. Unemployment Compensation is in good shape. PEIA has a surplus. The Aged Disabled Program is whittling away at the wait list. It's just a good encouraging report. And, so, I think we ought to take a moment here to recognize that we are on the up swing and that things are going well. So, thanks to everyone in this room and for all the hard work. I appreciate it."

**Speaker Armstead:** "Delegate Shott."

**Delegate Shott:** “Mr. Speaker, I will just ask that for our next meeting agenda, if we would add an item for the Law Institute. I am on that Institute and they would like to convey a request for a renewal for a refurbishing of their funding. I can get the details, but if you would please put that on the agenda, I would appreciate it as a discussion item.”

**Speaker Armstead:** “Alright. Certainly. We will make sure that is on the Agenda for our next meeting. Is there any further business to come before the Committee? If not, I recognize President Carmichael.”

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

**Speaker Armstead:** “President Carmichael moves we adjourn. All those in favor say aye, those opposed no. The ayes appear to have it, the ayes do have it, the meeting is adjourned.”

# WEST VIRGINIA LEGISLATURE

*Office of the Legislative Auditor*



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

*304-347-4870*

May 14, 2018

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

- West Virginia Lottery as of March 31, 2018:  
Gross profit year to date was \$372 million. Gross profit for fiscal year 2017 was \$373 million.
- West Virginia Unemployment Compensation Fund as of April 30, 2018:  
Total disbursements were \$44 million lower than in fiscal year 2017. Overall ending trust fund balance was \$53 million higher on April 30, 2018 than on April 30, 2017.
- General Revenue Fund as of April 30, 2018:  
The general revenue collections ended the tenth month of fiscal year 2018 at 100.03% of the estimate for the year.
- State Road Fund as of April 30, 2018:  
The state road fund collections ended the tenth month of fiscal year 2018 at 111.1% of the estimate for the year.

WEST VIRGINIA LEGISLATURE  
*Office of the Legislative Auditor*



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

MEMORANDUM

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

From: William Spencer, CPA  
Director Budget Division  
Legislative Auditor's Office

Date: May 15, 2018

Re: Review of West Virginia Lottery Financial Information  
As of March 31, 2018

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for March 31, 2018, 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 \$812.6 million for July - March 2018. Table games accounted for \$26.8 million of this total. Historic Resort Hotel video lottery and table games accounted for \$4.9 million of total gross receipts. Gross lottery revenue has increased by 0.5% when compared with July - March of fiscal year 2016-2017. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July - March 2018 was \$372 million; for July - March of last fiscal year it was \$373 million. Expressed as a percentage, gross profit is less than 1% lower for fiscal year 2018 than for fiscal year 2017.

Lottery continued

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

A total of \$351,355,000.00 has been accrued to the state of West Virginia for fiscal year 2017-2018. 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	\$67,329,000.00
Community and Technical College	\$4,498,000.00
Department of Education	\$18,006,000.00
Library Commission	\$11,423,000.00
Higher Education-Policy Commission	\$6,974,000.00
Tourism	\$6,456,000.00
Department of Natural Resources	\$3,081,000.00
Division of Culture and History	\$3,500,000.00
Department of Education and Arts	\$948,000.00
General Revenue Fund	\$0.00
Economic Development Authority	\$8,996,000.00
School Building Authority	\$16,200,000.00
<b><u>SUBTOTAL BUDGETARY TRANSFERS</u></b>	<b>\$147,411,000.00</b>

Lottery continued

**Excess Lottery Fund**

Economic Development Fund	\$17,090,000.00
Higher Education Improvement Fund	\$13,500,000.00
General Purpose Fund	\$41,722,000.00
Higher Education Improvement Fund	\$18,614,000.00
State Park Improvement Fund	\$3,209,000.00
School Building Authority	\$17,095,000.00
Refundable Credit	\$6,227,000.00
WV Racing Commission	\$1,284,000.00
WV DHHR	\$0.00
Teacher's Retirement Savings	\$0.00
Division of Human Services	\$36,800,000.00
WV Lottery Statutory Transfers	\$40,490,000.00
General Revenue	\$0.00
Excess Lottery Surplus	\$0.00
WV Infrastructure Council Fund	\$31,074,000.00
<b>Total State Excess Lottery Revenue Fund</b>	<b>\$227,105,000.00</b>

Total Budgetary Distributions:	\$374,516,000.00
Veterans Instant Ticket Fund	\$483,000.00
<b>TOTAL TRANSFERS</b>	<b>*\$374,999,000.00</b>

\* CASH BASIS

Total Accrued last FY 2017:	\$132,693,000.00
Total Cash Distributions FY 2018:	\$374,999,000.00
Applied to FY 2017:	\$132,693,000.00
Applied to FY 2018:	\$242,306,000.00
Accrued for FY 2018 as of March 31:	\$109,049,000.00



P.O. BOX 2067  
CHARLESTON, WV 25327

ALAN H. LARRICK  
DIRECTOR

PHONE: 304.558.0500  
wvlottery.com

**MEMORANDUM**

TO: Joint Committee on Government and Finance  
FROM: Alan H. Larrick, Director  
RE: Monthly Report on Lottery Operations  
Month Ending March 31, 2018  
DATE: April 16, 2018

A handwritten signature in blue ink, appearing to be "DML".

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

Financial statements of the Lottery for the month ending March 31, 2018 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$106,092,761 for the month of March.

Transfers of lottery revenue totaling \$47,722,785 made for the month of March to the designated state agencies per Senate Bill 160, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (§29-22A-10), and the Racetrack Table Games Act (§29-22C-27). The amount transferred to each agency is shown in Note 10 on pages 18 and 19 of the attached financial statements.

The number of traditional and limited retailers active as of March 31, 2018 was 1,437 and 1,297 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

RE: Monthly Report on Lottery Operations  
Month Ending March 31, 2018

DATE: April 16, 2018

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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



**WEST VIRGINIA LOTTERY**

**STATE OF WEST VIRGINIA**

**FINANCIAL STATEMENTS  
-UNAUDITED-**

**March 31, 2018**

**WEST VIRGINIA LOTTERY**

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

ASSETS	March 31, 2018	June 30, 2017
Current Assets:		
Cash and cash equivalents	\$ 118,917	\$ 156,550
Accounts receivable	39,521	27,533
Inventory	413	553
Other assets	<u>1,190</u>	<u>1,482</u>
Total Current Assets	<u>160,041</u>	<u>186,118</u>
Capital assets	57,294	55,732
Less accumulated depreciation and amortization	<u>(12,875)</u>	<u>(11,953)</u>
Net Capital Assets	<u>44,419</u>	<u>43,779</u>
Total Noncurrent Assets	<u>44,419</u>	<u>43,779</u>
Total Assets	<u>\$ 204,460</u>	<u>\$ 229,897</u>
Deferred outflows of resources	<u>\$ 2,795</u>	<u>\$ 2,795</u>
Total assets and deferred outflows	<u>\$ 207,255</u>	<u>\$ 232,692</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 109,049	\$ 132,693
Estimated prize claims	16,479	15,621
Accounts payable	1,562	1,404
Other accrued liabilities	<u>26,779</u>	<u>29,588</u>
Total Current Liabilities	<u>153,869</u>	<u>179,306</u>
Deferred inflows	<u>\$ 367</u>	<u>367</u>
Net Position:		
Net Investment in capital assets	44,419	43,779
Unrestricted	<u>8,600</u>	<u>9,240</u>
Total Net Position	<u>53,019</u>	<u>53,019</u>
Total net position, liabilities, and deferred inflows	<u>\$ 207,255</u>	<u>\$ 232,692</u>

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

**WEST VIRGINIA LOTTERY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2018**

(In Thousands)  
- Unaudited -

	CURRENT MONTH		YEAR TO DATE	
	FY 2018	FY 2017	FY 2018	FY 2017
Lottery revenues				
On-line games	\$ 8,184	\$ 5,761	\$ 61,924	\$ 54,740
Instant games	9,964	8,648	72,416	70,145
Racetrack video lottery	47,254	46,066	374,286	389,487
Limited video lottery	36,704	33,789	272,273	260,002
Table games	3,423	3,249	26,768	29,928
Historic resort	564	495	4,884	4,015
	<u>106,093</u>	<u>98,008</u>	<u>812,551</u>	<u>808,317</u>
Less commissions				
On-line games	570	401	4,324	3,825
Instant games	698	605	5,069	4,910
Racetrack video lottery	22,862	22,360	197,439	204,470
Limited video lottery	17,985	16,557	133,414	127,401
Table games	1,451	1,377	11,349	12,685
Historic resort	292	278	2,596	2,098
	<u>43,858</u>	<u>41,578</u>	<u>354,191</u>	<u>355,389</u>
Less on-line prizes	4,092	2,950	31,310	27,685
Less instant prizes	6,617	5,688	47,736	46,046
Less ticket costs	139	148	946	1,031
Less vendor fees and costs	913	458	5,900	5,008
	<u>11,761</u>	<u>9,244</u>	<u>85,892</u>	<u>79,770</u>
Gross profit	<u>50,474</u>	<u>47,186</u>	<u>372,468</u>	<u>373,158</u>
Administrative expenses				
Advertising and promotions	509	185	3,960	3,742
Wages and related benefits	1,096	1,176	7,537	7,658
Telecommunications	68	121	602	875
Contractual and professional	733	357	3,819	3,525
Rental	15	32	121	277
Depreciation and amortization	104	108	922	974
Other administrative expenses	256	87	1,211	1,170
	<u>2,781</u>	<u>2,066</u>	<u>18,172</u>	<u>18,221</u>
Other Operating Income	<u>150</u>	<u>123</u>	<u>3,984</u>	<u>2,294</u>
Operating Income	<u>47,843</u>	<u>45,243</u>	<u>358,280</u>	<u>357,231</u>
Nonoperating income (expense)				
Investment income	141	86	945	557
Distributions to municipalities and counties	(719)	(662)	(5,337)	(5,096)
Distributions -capital reinvestment	(935)	(890)	(2,533)	(2,891)
Distributions to the State of West Virginia	(46,330)	(43,777)	(351,355)	(349,801)
	<u>(47,843)</u>	<u>(45,243)</u>	<u>(358,280)</u>	<u>(357,231)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	<u>53,019</u>	<u>52,372</u>	<u>53,019</u>	<u>52,372</u>
Net position, end of period	<u>\$ 53,019</u>	<u>\$ 52,372</u>	<u>\$ 53,019</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 NINE MONTH PERIOD ENDED MARCH 31, 2018**

(In Thousands)

-Unaudited-

	<b>2018</b>	<b>2017</b>
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 804,547	\$ 804,559
Cash payments for:		
Personnel costs	(7,537)	(7,511)
Suppliers	(9,455)	(9,720)
Other operating costs	(437,728)	(440,226)
Cash provided by operating activities	<u>349,827</u>	<u>347,102</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(374,999)	(383,896)
Distributions to municipalities and counties	(5,165)	(4,977)
Distributions to racetrack from racetrack cap. reinv. fund	(6,889)	(9,901)
Cash used in noncapital financing activities	<u>(387,053)</u>	<u>(398,774)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(1,562)</u>	<u>(150)</u>
Cash flows from investing activities:		
Investment earnings received	<u>1,155</u>	<u>650</u>
Cash provided by investing activities	<u>1,155</u>	<u>650</u>
Increase (decrease) in cash and cash equivalents	(37,633)	(51,172)
Cash and cash equivalents - beginning of period	<u>156,550</u>	<u>166,621</u>
Cash and cash equivalents - end of period	<u>\$ 118,917</u>	<u>\$ 115,449</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 358,280	\$ 357,231
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	922	974
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(11,988)	(6,052)
(Increase) decrease in inventory	140	(394)
(Increase) decrease in other assets	82	226
Increase (decrease) in estimated prize claims	858	(934)
Increase (decrease) in accounts payable	158	(269)
Increase (decrease) in other accrued liabilities	1,375	(3,680)
	<u>\$ 349,827</u>	<u>\$ 347,102</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  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

**NOTE 3 - CASH AND CASH EQUIVALENTS**

At March 31, 2018 the carrying amounts of deposits (overdraft) with financial institutions were \$482 thousand with a bank balance (overdraft) of \$521 thousand. Of this balance \$250 thousand was covered by federal depository insurance with the remaining balance collateralized with securities held by the State of West Virginia’s agent in the State’s name.

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

	March 31, 2018	June 30, 2017
Deposits with financial institutions	\$ 482	\$ 468
Cash on hand at the Treasurer's Office	10,292	17,239
Investments with BTI reported as cash equivalents	108,143	138,843
	\$ 118,917	\$ 156,550

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**  
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**NOTE 4 – CAPITAL ASSETS**

A summary of capital asset activity for the month ended March 31, 2018 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2017	Additions	Deletions	Historical Cost At March 31, 2018
Construction in Progress	\$ 1,350	\$ 20	\$ (741)	\$ 629
Buildings	46,207	2,036	-	48,243
Land	1,434	247	-	1,681
Equipment	6,741	-	-	6,741
	<u>\$ 55,732</u>	<u>\$ 2,303</u>	<u>\$ (741)</u>	<u>\$ 57,294</u>

Accumulated Depreciation:

	Historical Cost At June 30, 2017	Additions	Deletions	Historical Cost At March 31, 2018
Buildings	\$ 5,247	\$ 911	\$ -	\$ 6,158
Equipment	6,706	11	-	6,717
	<u>\$ 11,953</u>	<u>\$ 922</u>	<u>\$ -</u>	<u>\$ 12,875</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, the LOTTO AMERICA® 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®, LOTTO AMERICA®, and MEGA MILLIONS® is 50% of each drawing period's sales, with minimum jackpot levels. The Lottery's revenues and expenses from MUSL games participation for the month ended March 31, 2018 and fiscal year-to-date is as follows:

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

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 3,357,346	\$ 29,977,384
Hot Lotto	-	2,219,730
Lotta America	444,340	2,051,652
Mega Millions	2,489,385	11,859,804
Total	\$ 6,291,071	\$ 46,108,570

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,678,769	\$ 14,989,894
Hot Lotto	-	974,129
Lotta America	222,183	1,025,859
Mega Millions	1,294,510	6,085,152
Total	\$ 3,195,462	\$ 23,075,034

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

At March 31, 2018, the Lotteries share of the prize reserve fund balances were as follows:

Game	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 120,020,153	\$ 1,582,256
Hot Lotto	6,918,607	493,881
Lotto America	856,696	59,423
Mega Millions	36,729,172	541,564
Total	\$ 164,524,628	\$ 2,677,124

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

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

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 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 \$15,355,042 at March 31, 2018, of which the Lottery's share was \$1,346,423.

**NOTE 6 - RACETRACK VIDEO LOTTERY**

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

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

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

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

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

**WEST VIRGINIA LOTTERY**  
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**NOTE 6 - RACETRACK VIDEO LOTTERY (continued)**

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

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

The WV Lottery, along with the Ohio, Rhode Island, Maryland, and Delaware lotteries, participate in Multi-Jurisdictional Wide Area Progressive (MWAP) video games. This allows each of the lotteries to offer a higher progressive jackpot than they could generate alone. MUSL manages the progressive games and charges each participant a MWAP contribution fee of .74% of the amount wagered. A summary of racetrack video lottery revenues for the month ended March 31, 2018 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	<b>2018</b>	2017	<b>2018</b>	2017
Total credits played	\$ 518,482	\$ 505,512	\$ 4,182,945	\$ 4,333,931
Credits (prizes) won	(464,489)	(453,291)	(3,751,622)	(3,889,233)
Promotional credits played	(6,736)	(6,152)	(57,012)	(55,154)
MWAP Contributions	(3)	(3)	(25)	(57)
Gross terminal income	47,254	46,066	374,286	389,487
Administrative costs	(881)	(882)	(12,198)	(12,375)
Net Terminal Income	46,373	45,184	362,088	377,112
Less distribution to agents	(22,862)	(22,360)	(197,439)	(204,470)
Racetrack video lottery revenues	<b>\$ 23,511</b>	<b>\$ 22,824</b>	<b>\$ 164,649</b>	<b>\$ 172,642</b>

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

	March 31, 2018	Year-to-Date
State Lottery Fund	\$ 6,342	\$ 89,030
State Excess Lottery Revenue Fund	16,253	73,254
Capital Reinvestment Fund	916	2,365
Total nonoperating distributions	<b>\$ 23,511</b>	<b>\$ 164,649</b>

**NOTE 7 - LIMITED VIDEO LOTTERY**

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

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

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

A summary of limited video lottery revenues for the month ended March 31, 2018 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2018	2017	2018	2017
Total credits played	\$ 462,164	\$ 413,274	\$ 3,378,494	\$ 3,178,193
Credits (prizes) won	(425,460)	(379,485)	(3,106,221)	(2,918,191)
Gross terminal income	\$ 36,704	\$ 33,789	\$ 272,273	\$ 260,002
Administrative costs	(734)	(676)	(5,445)	(5,200)
Gross Profit	35,970	33,113	266,828	254,802
Commissions	(17,985)	(16,557)	(133,414)	(127,401)
Municipalities and Counties	(719)	(662)	(5,337)	(5,096)
Limited video lottery revenues	<u>\$ 17,266</u>	<u>\$ 15,894</u>	<u>\$ 128,077</u>	<u>\$ 122,305</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:

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**NOTE 8 – TABLE GAMES (continued)**

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

The cash transferred to the State Excess Lottery Revenue Fund in the current month is included in Note 10- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended March 31, 2018 were \$9,779,085 and \$76,480,540, 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	
	2018	2017	2018	2017
Table Games Privilege Tax	\$ 3,423	\$ 3,249	\$ 26,768	\$ 29,928
Interest on Table Games Fund	5	2	29	15
Administrative costs	(293)	(278)	(2,294)	(2,565)
Total Available for Distribution	<u>3,135</u>	<u>2,973</u>	<u>24,503</u>	<u>27,378</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	220	209	1,721	1,924
Thoroughbred & Greyhound Development Funds	176	167	1,377	1,539
Racing Association Pension Plan	86	82	674	753
Municipalities/ Counties	969	919	7,577	8,469
Total Distributions	<u>1,451</u>	<u>1,377</u>	<u>11,349</u>	<u>12,685</u>
Excess Lottery Fund	<u>\$ 1,684</u>	<u>\$ 1,596</u>	<u>\$ 13,154</u>	<u>\$ 14,693</u>

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

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

Historic Resort Video Lottery

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

A summary of historic resort hotel video lottery revenues for the month ended March 31, 2018 and fiscal year-to-date follows (in thousands):

	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Total credits played	\$ 6,073	\$ 6,538	\$ 58,483	\$ 49,922
Credits (prizes) won	(5,599)	(5,986)	(54,339)	(46,393)
Promotional credits played	(79)	(150)	(552)	(667)
Gross terminal income	<u>395</u>	<u>402</u>	<u>3,592</u>	<u>2,862</u>
Capital reinvestment	(19)	(19)	(168)	(135)
Excess Lottery Fund	(3)	(3)	(32)	(26)
Administrative costs	(21)	(22)	(194)	(155)
Hotel commissions	<u>(167)</u>	<u>(170)</u>	<u>(1,519)</u>	<u>(1,210)</u>
Net terminal income	<b>185</b>	188	<b>1,679</b>	1,336
Historic Resort Hotel Fund	<b>118</b>	120	<b>1,069</b>	850
Human Resource Benefit Fund	<b>67</b>	68	<b>610</b>	486

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

Historic Resort Table Games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the month and year ended March 31, 2018 were \$483,523 and \$3,690,889, 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Table games privilege tax	\$ 169	\$ 93	\$ 1,292	\$ 1,153
Administrative Costs	<u>(22)</u>	<u>(12)</u>	<u>(166)</u>	<u>(148)</u>
Total Available for Distribution	<b>147</b>	81	<b>1,126</b>	1,005
Historic Resort Hotel Fund	<b>123</b>	68	<b>941</b>	841
Human Resource Benefit Fund	<b>24</b>	13	<b>185</b>	164

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	\$ 118	\$ 1,069
Historic Resort Table Games	123	941
Interest on Historic Resort Hotel Fund	<u>1</u>	<u>2</u>
Historic Resort Hotel Fund Net Income	242	2,012
Municipalities/ Counties	34	282
Excess Lottery Fund	208	1,730
Total Distributions	<u>\$ 242</u>	<u>\$ 2,012</u>

**WEST VIRGINIA LOTTERY**  
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**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, 2018 the State Legislature budgeted \$146,410,008 of estimated profits of the Lottery for distributions to designated special revenue accounts of the State of West Virginia. With regard to the State Lottery Fund, legislation stipulates that debt service payments be given a priority over all other transfers in instances where estimated profits are not sufficient to provide for payment of all appropriated distributions. Debt service payments of \$1,800,000, \$1,000,000, and \$500,000 per month for the first ten months of each fiscal year currently have such priority. Transfers made pursuant to the State Excess Lottery Revenue Fund have similar requirements; currently payments are \$5,300,000 per month for the first ten months of each fiscal year. In addition, Legislation provides that, if in any month, there is a shortage of funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be transferred from the State Lottery Fund to cover such shortfall, after the State Lottery Fund debt service payments have been made. Repayments to the State Lottery Fund are required to be made in subsequent months as funds become available. For the month ended March 31, 2018 the Lottery has accrued additional distributions of \$109,048,964. The Lottery is a non-appropriated state agency and therefore does not have a legally adopted annual budget.

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

<u>BUDGETARY DISTRIBUTIONS</u>	<u>March 31, 2018</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 4,498
Bureau of Senior Services	4,300	67,329
Department of Education		18,006
Library Commission		11,423
Higher Education-Policy Commission		6,974
Tourism		6,456
Natural Resources		3,081
Division of Culture & History		3,500
Department of Education & Arts		948
General Revenue Fund		-
Economic Development Authority	999	8,996
School Building Authority	1,800	16,200
Total State Lottery Fund	<u>\$ 7,599</u>	<u>\$ 147,411</u>

**WEST VIRGINIA LOTTERY**  
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State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 1,899	\$ 17,090
Higher Education Improvement Fund	1,500	13,500
General Purpose Account	6,733	41,722
Higher Education Improvement Fund	3,004	18,614
State Park Improvement Fund	518	3,209
School Building Authority	1,899	17,095
Refundable Credit	3,088	6,227
WV Racing Commission	207	1,284
WV Department of Health and Human Resources	-	-
Teacher's Retirement Savings	-	-
Division of Human Services	9,900	36,800
WV Lottery Statutory Transfers	6,534	40,490
General Revenue	-	-
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	4,744	31,074
Total State Excess Lottery Revenue Fund	\$ 40,026	\$ 227,105
Total Budgetary distributions:	\$ 47,625	\$ 374,516
Veterans Instant Ticket Fund	\$ 98	\$ 483
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 47,723	\$ 374,999
Accrued nonoperating distributions, beginning	(110,442)	(132,693)
Accrued nonoperating distributions, end	109,049	109,049
	\$ 46,330	\$ 351,355

**NOTE 11 – LEASES**

The Lottery leases, under a cancelable operating lease, its office and warehouse facilities. The Lottery also leases various office equipment under agreements considered to be cancelable operating leases. Rental expense for the fiscal year-to-date ended March 31, 2018 and March 31, 2017 approximated \$120,839 and \$276,859 respectively.

The Lottery leases office space under the terms of a non-cancellable operating lease to various tenants. Rental revenues for the fiscal year-to-date ended March 31, 2018 and March 31, 2017 approximated \$767,565 and \$733,619 respectively.

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**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 March 31, 2018 and fiscal year-to-date are as follows (in thousands):

	March 31, 2018	Year-to-Date
Employee contributions	\$ 38	\$ 261
Lottery contributions	91	622
Total contributions	\$ 129	\$ 883

**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 57<sup>th</sup> Street, South East, Suite 2, Charleston, West Virginia, or by calling 1-888-680-7342.

Funding Policy

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

The ARC rate is \$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 NINE MONTH PERIOD ENDED MARCH 31, 2018  
 (In Thousands)**

	Current Month		FISCAL YEAR	
	<u>Actual</u>	<u>Projected</u>	<u>Actual</u>	<u>Projected</u>
Gross Revenues				
Instant games	9,965	7,666	72,416	69,000
On-line games	8,184	5,416	61,924	48,750
Racetrack video lottery	47,253	41,533	374,284	343,407
Limited video lottery	36,704	34,006	272,274	261,668
Racetrack table games	3,423	3,063	26,756	25,871
Historic resort	564	394	4,883	4,158
Total gross revenues	<u>106,093</u>	<u>92,078</u>	<u>812,537</u>	<u>752,854</u>
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,224	891	9,127	8,019
On-line games	2,393	1,555	17,721	13,995
Racetrack Video Lottery	6,358	5,715	89,201	85,913
Total Lottery Fund net revenues	<u>9,975</u>	<u>8,161</u>	<u>116,049</u>	<u>107,927</u>
Excess Lottery Fund				
Racetrack Video Lottery	16,290	14,083	73,397	61,158
Limited Video Lottery	17,321	15,124	128,530	123,662
Limited Video Lottery Fees	4	-	2,782	5,454
Racetrack table games	1,683	1,503	13,154	12,691
Historic resort	211	142	1,761	1,601
Total Excess Lottery Fund Net Revenues	<u>35,509</u>	<u>30,852</u>	<u>219,624</u>	<u>204,566</u>
Total Net Revenues	<u>45,484</u>	<u>39,013</u>	<u>335,673</u>	<u>312,493</u>

WEST VIRGINIA LEGISLATURE  
*Office of the Legislative Auditor*



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

304-347-4870

Memorandum

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

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

Date: May 14, 2018

Re: Status of General Revenue Fund and State Road Fund as of  
April 30, 2018 (FY 18)

We have reviewed the cash flow of the West Virginia general revenue fund as of April 30, 2018 which is the end of the tenth month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 100.03% of the estimate for the fiscal year. Total collections were \$1.2 million above the estimate for the fiscal year.

Personal Income Tax collections were \$52.4 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$26.9 million below the estimate for the year.

Severance Tax was \$15.8 million below the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$1.8 million above the estimate for the fiscal year.

**State Road Fund**

The state road fund collections were 111.1% of the estimate for the fiscal year. Total collections were \$71.7 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 \$269,001,856.06 as of April 30, 2018.

Balance July 1, 2017	228,627,586.89
Fiscal year 17 surplus	38,000,000.00
Earnings	2,374,269.17
Balance April 30, 2018	269,001,856.06

Revenue Shortfall Reserve **Fund B** (Tobacco Settlement Monies) had a cash balance of \$441,865,378.07 as of April 30, 2018.

Balance July 1, 2017	423,784,505.60
Earnings	18,080,872.47
Balance April 30, 2018	441,865,378.07

The **Personal Income Tax Reserve** Fund had a \$5 million cash balance as of April 30, 2018.

Balance July 1, 2017	5,000,000.00
Balance April 30, 2018	5,000,000.00

\* - \$60 million loaned to General Revenue Fund 7/1/2017 for beginning of year cash flow, paid 9/18/2017; re-loaned 09/28/17, repaid 12/18/17.

GENERAL REVENUE FUND FY 2017-2018

By Source and by Month  
 Monthly Revenue Estimates  
 as of April 30, 2018 OASIS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	<b>FINAL</b> MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES
Personal Income Tax	280,700,000	293,771,778	13,071,778	1,553,420,000	1,605,777,930	52,357,930
Consumer Sales Tax & Use Tax	96,900,000	93,933,757	-2,966,243	1,024,200,000	997,308,212	-26,891,788
Severance Tax	34,900,000	40,017,055	5,117,055	289,500,000	273,710,472	-15,789,528
Corporate Net Income Tax	20,700,000	25,291,505	4,591,505	84,900,000	86,697,392	1,797,392
Insurance Tax	25,000,000	30,261,539	5,261,539	116,900,000	123,449,671	6,549,671
Tobacco Products Tax	16,600,000	12,829,210	-3,770,790	160,100,000	146,326,391	-13,773,609
Business and Occupation	11,500,000	14,571,174	3,071,174	95,250,000	94,022,112	-1,227,888
Liquor Profit Transfers	2,000,000	2,010,500	10,500	15,800,000	17,199,926	1,399,926
Departmental Collections	1,100,000	1,347,402	247,402	20,600,000	19,890,252	-709,748
Property Transfer Tax	700,000	643,982	-56,018	8,700,000	9,663,981	963,981
Property Tax	690,000	771,627	81,627	6,580,000	6,765,813	185,813
Beer Tax and Licenses	600,000	605,685	5,685	5,740,000	5,516,647	-223,353
Miscellaneous Transfers	25,000	0	-25,000	435,000	2,263,560	1,828,560
Interest Income	1,500,000	844,836	-655,164	13,000,000	5,552,525	-7,447,475
Refundable Credit Reimb Liability	3,500,000	3,020,103	-479,897	9,500,000	9,246,849	-253,151
HB 102 - Lottery Transfers	8,442,000	8,377,186	-64,814	55,427,000	50,098,794	-5,328,206
Miscellaneous	600,000	1,478,456	878,456	9,700,000	17,091,803	7,391,803
Business Franchise Fees	46,000	58,055	12,055	540,000	544,366	4,366
Estate & Inheritance Tax	0	0	0	0	100	100
Liquor License Renewal	0	0	0	0	0	0
Special Revenue Transfers	6,150,000	5,451,100	-698,900	31,230,000	25,330,196	-5,899,804
Charter Tax	0	287	287	0	6,773	6,773
Video Lottery Transfers	0	41,928	41,928	0	372,437	372,437
July-Dec Retro Rev Adj	0	0	0	0	0	0
Cash Flow Transfer	0	0	0	0	0	0
<b>SUBTOTALS</b>	<b>511,653,000</b>	<b>535,327,166</b>	<b>23,674,166</b>	<b>3,501,522,000</b>	<b>3,496,836,202</b>	<b>-4,685,798</b>
Less: Cash Flow Transfer	0	0	0	0	0	0
Less: Special Revenue Transfer	6,150,000	5,451,100	-698,900	31,230,000	25,330,196	-5,899,804
<b>TOTALS</b>	<b>505,503,000</b>	<b>529,876,065</b>	<b>24,373,065</b>	<b>3,470,292,000</b>	<b>3,471,506,006</b>	<b>1,214,006</b>

Percent of Estimates 104.82% 100.03%

Collections this day 67,614,560

**STATE ROAD FUND FY 2017-2018  
By Source and by Month  
Monthly Revenue Estimates  
as of April 30, 2018 OASIS**

	MONTH ESTIMATES	NET MONTH COLLECTIONS	<b>FINAL</b> MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES
<b>Motor Fuel Tax</b>	30,400,000	53,472,160	23,072,160	358,700,000	367,080,789	8,380,789
<b>Sales/Privilege Tax</b>	20,940,000	21,683,067	743,067	191,846,000	185,030,104	-6,815,896
<b>Licenses &amp; Registration</b>	10,246,000	12,153,014	1,907,014	92,433,000	113,353,683	20,920,683
<b>Miscellaneous</b>	0	987,870	987,870	0	49,234,905	49,234,905
<b>Highway Litter Control</b>	142,000	87,809	-54,191	1,285,000	1,235,375	-49,625
<b>TOTALS</b>	<b>61,728,000</b>	<b>88,383,920</b>	<b>26,655,920</b>	<b>644,264,000</b>	<b>715,934,855</b>	<b>71,670,855</b>

**Percent of Estimates**

**143.18%**

**111.12%**

**Collections this day**

**17,233,979**

**REVENUE SHORTFALL RESERVE FUND 7005, Part A as of April 30, 2018 : \$ 269,001,856.06**

*\$60 million loaned to General Revenue Fund 7/1/2017 for beginning of year cash flow, repaid 09/18/2017; reloaned 9/28/17, repaid 12/18/17.*

**REVENUE SHORTFALL RESERVE FUND 7006, Part B as of April 30, 2018: \$441,865,378.07**

**PERSONAL INCOME TAX REFUND RESERVE FUND as of April 30, 2018: \$5,000,000.00**

**Prepared by the Legislative Auditor's Office, Budget Division**

WEST VIRGINIA LEGISLATURE  
Office of the Legislative Auditor



Budget Division  
Building 1, Room 314-West Wing  
1900 Kanawha Blvd. East  
Charleston, WV 25305-0590  
304-347-4870

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

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

Date: May 15, 2018

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the April 30, 2018 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of April 30, 2018 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	\$ 174,437,598.62
Disbursements July 1, 2017 thru June 30, 2018	\$ 127,600,091.18
Balance April 30, 2018	\$ 115,215,751.65

ITEMS OF NOTE:

Regular benefits paid for July - April 2018 were \$ 43.8 million less than July - April 2017.

Federal emergency benefits totaled \$ -43 thousand for July - April 2018. For July - April 2017, federal emergency benefits totaled \$ -105 thousand.

Total disbursements were \$ 44 million less in July - April 2018 than the preceding July - April 2017.

Receipts for July - April 2018, were \$ 6 million less than in July - April 2017. Overall ending trust fund balance was \$ 53 million higher on April 30, 2018 than on April 30, 2017.

Seasonally adjusted unemployment rates for March 2018 were 5.4 percent for West Virginia and 4.1 percent nationally.

Since March 2017, employment has increased by 5,000. Employment gains included 1,100 in educational and health services, 1,700 in mining and logging, 3,400 in construction, 1,300 in leisure and hospitality, 1,200 in trade, transportation, and utilities, 400 in manufacturing, and 200 in financial activities. Employment declines included 1,600 in information, 200 in professional and business services, 600 in other services, and 1,900 in government.

May 7, 2018

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 April 2018.

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](mailto:Michelle.Painter@wv.gov).

Sincerely,



Russell L. Fry  
Acting Executive Director

RLF/gew

Enclosure

pc: Jim Justice

1900 Kanawha Blvd., E. • Building 3, Suite 300 • Charleston, WV 25305  
304.558.2631 304.558.3512 (fax)

An agency of the Department of Commerce

*An equal opportunity employer/program and auxiliary aids are available upon request to individuals with disabilities.*

[www.workforcewv.org](http://www.workforcewv.org)

WorkForce West Virginia is a proud member of the American Job Center network.

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE  
FOR THREE MONTHS STARTING FEBRUARY 2017 AND FEBRUARY 2018**

	FEBRUARY 2017	MARCH 2017	APRIL 2017	FEBRUARY 2018	MARCH 2018	APRIL 2018	THREE MONTH TOTAL VARIANCE *	
<b>Balance Forward</b>	<u>\$74,897,575.04</u>	<u>\$64,585,155.37</u>	<u>\$51,630,018.66</u>	<u>\$80,474,378.65</u>	<u>\$73,375,567.75</u>	<u>\$62,041,198.92</u>	<u>\$24,778,396.25</u>	
<b>Add Receipts:</b>								
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1. Bond Assessment
2. Regular Contributions:	\$7,744,552.59	\$1,239,068.27	\$25,194,314.69	\$8,796,678.99	\$994,790.81	\$67,554,837.08	\$43,168,171.33	2. Regular Contributions:
3. Federal Emergency Benefits (EUC08)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	3. Federal Emergency Ben
4. Federal Share Extended Benefits (EB)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	4. Federal Share Extended E
5. Temp Federal Additional Comp (FAC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	5. Temp Federal Addition:
6. UCFE (Federal Agencies)	\$78,030.15	\$72,187.84	\$54,230.16	\$94,938.51	\$77,409.79	\$74,680.18	\$42,578.31	6. UCFE (Federal Agencies
7. Special Administrative Transfer	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	7. Special Administrative T
8. Reed Act Funds**	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	8. Reed Act Funds
9. UC Modernization Incentive	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	9. UC Modernization Ince
10. Treasury Interest Credits	\$0.00	\$377,995.78	\$0.00	\$0.00	\$414,462.64	\$0.00	\$38,466.86	10. Treasury Interest Crea
11. UCX (Military Agencies)	\$79,904.14	\$76,188.45	\$64,480.77	\$72,633.58	\$69,540.23	\$63,275.12	(\$15,124.43)	11. UCX (Military Agencie:
12. WV Senate Bill 558	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	12. WV Senate Bill 558
13. CMIA Receipts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	13. CMIA Receipts
<b>Total Monthly Receipts</b>	<u>\$7,902,486.88</u>	<u>\$1,765,440.34</u>	<u>\$25,313,025.62</u>	<u>\$8,964,249.08</u>	<u>\$1,556,203.47</u>	<u>\$67,692,592.36</u>	<u>\$43,232,092.07</u>	<b>Total Monthly Receipts</b>
<b>Less Disbursements:</b>								<b>Less Disbursements:</b>
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	Debt Bond Repayment
Regular Benefits:	\$18,064,600.93	\$14,587,882.21	\$14,802,347.95	\$15,895,382.86	\$12,758,132.66	\$14,384,360.37	(\$4,416,955.20)	Regular Benefits:
Federal Emergency Benefits (EUC08)	(\$7,375.76)	(\$9,958.63)	(\$36,053.79)	(\$2,920.88)	(\$2,344.88)	(\$3,205.00)	\$44,917.42	Federal Emergency Benefit
Federal Share Extended Benefits (EB)	(\$195.00)	(\$155.00)	(\$90.00)	(\$90.00)	(\$15.00)	(\$65.00)	\$270.00	Federal Share Extended E
Emergency Benefits (TEUC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Emergency Benefits (TEI
Temp Federal Additional Comp (FAC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Temp Federal Additional
UCFE (Federal Workers) Benefits	\$78,570.24	\$74,712.27	\$55,978.52	\$96,328.66	\$75,854.61	\$65,594.15	\$28,516.39	UCFE (Federal Workers) E
UCX (Military Workers) Benefits	\$79,308.14	\$68,096.20	\$77,758.73	\$74,359.34	\$58,944.91	\$71,355.11	(\$20,501.71)	UCX (Military Workers) B
Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Reed Act Funds
Special Administrative Transfer**	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Special Administrative Tr
<b>Total Monthly Disbursements</b>	<u>\$18,214,906.55</u>	<u>\$14,720,577.05</u>	<u>\$14,899,941.41</u>	<u>\$16,063,059.98</u>	<u>\$12,890,572.30</u>	<u>\$14,518,039.63</u>	<u>(\$4,363,753.10)</u>	<b>Total Monthly Disbur</b>
<b>Trust Fund Balance</b>	<u>\$64,585,155.37</u>	<u>\$51,630,018.66</u>	<u>\$62,043,102.87</u>	<u>\$73,375,567.75</u>	<u>\$82,041,198.92</u>	<u>\$115,215,751.65</u>	<u>\$72,374,241.42</u>	<b>Trust Fund Balance</b>

\* 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>

### UC TRUST FUND BALANCES & PROJECTIONS - 2018

May 7, 2018

Month	Receipts	Disbursements	Trust Fund Balance
<b>2017</b>			
Balance 1/1/2017			\$ 31,555,110
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	\$ 18,912,434	\$ 10,571,989	\$ 91,175,365
September	\$ 1,493,202	\$ 8,350,803	\$ 84,317,764
October	\$ 19,641,158	\$ 10,656,054	\$ 93,302,868
November	\$ 11,449,630	\$ 9,823,071	\$ 94,929,427
December	\$ 1,381,472	\$ 13,510,713	\$ 82,800,186
<b>Totals - 2017</b>	<b>\$ 209,595,047</b>	<b>\$ 158,349,971</b>	<b>\$ 82,800,186</b>

<b>2018</b>			
January	\$ 15,854,972	\$ 18,180,779	\$ 80,474,379
February	\$ 8,964,249	\$ 16,063,060	\$ 73,375,568
March	\$ 1,556,203	\$ 12,890,572	\$ 62,041,199
April	\$ 67,692,592	\$ 14,518,039	\$ 115,215,752
May	\$ 39,023,197	\$ 10,383,429	\$ 143,855,520
June	\$ 2,150,753	\$ 8,710,749	\$ 137,295,524
July	\$ 28,775,549	\$ 11,130,596	\$ 154,940,477
August	\$ 19,795,645	\$ 9,027,421	\$ 165,708,701
September	\$ 1,562,935	\$ 7,130,751	\$ 160,140,885
October	\$ 20,558,400	\$ 9,099,205	\$ 171,600,080
November	\$ 11,984,328	\$ 8,387,920	\$ 175,196,488
December	\$ 1,445,987	\$ 11,536,798	\$ 165,105,677
<b>Totals - 2018</b>	<b>\$ 219,364,810</b>	<b>\$ 137,059,319</b>	<b>\$ 165,105,677</b>

## **PEIA May Interim Talking Points**

- **PEIA and RHBT preliminary financial results for March 2018 are available for your review.**
- **PEIA is currently ahead of plan by \$23 million. This is primarily due to lower than forecast expenses.**
- **RHBT is currently ahead of plan by \$49 million. This is attributable to higher than forecast investment income and favorable claims experience.**
- **The 2018 year-end reserve for the State Fund and non-State Fund are projected to be \$139 and \$42 million respectively.**
- **These reserve levels represent 20% and 29% 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](http://www.wvpeia.com)

May 14, 2018

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

1. The Fiscal Year 2018 12/31/17 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	\$139,206,427	\$41,685,646	\$960,348,474

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	\$139,206,427	\$41,685,646	\$180,892,073
Percentage	19.7%	29.6%	21%
	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 28% of the actuarially required balance:

	RHBT
June 30, 2018	OPEB Reserve
Reserve Balance	\$960,348,474
Percentage	28%
	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 \$362 million over the next four years, requiring an average of \$90 million a year in either increased premiums or benefit reductions.

**West Virginia Public Employees Insurance Agency**

**Statement of Net Position**

Saturday, March 31, 2018

(Dollars in Thousands)

(Unaudited-For Internal Use Only)

	CURRENT YR	PRIOR YR	VARIANCE	
			\$	%
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$5,698	\$11,138	(\$5,440)	(49%)
Equity position in internal investment pool	23,800	33,105	(9,305)	(28%)
Premiums receivable:				
Other, less allowance for doubtful accounts	8,725	4,740	3,985	84%
Due From RHBT	9,654	3,119	6,535	210%
Accounts receivable:				
Provider refunds, less allowance for doubtful accounts	1,472	619	853	138%
Prescription rebates	22,739	11,780	10,959	93%
Other	3,043	645	2,398	372%
<b>Total current assets</b>	<b>75,131</b>	<b>65,146</b>	<b>9,985</b>	<b>15%</b>
Noncurrent assets:				
Equity position in internal investment pools	199,441	150,892	48,549	32%
Equity position in internal investment pool – restricted	13,240	19,572	(6,332)	(32%)
Capital assets, net of accumulated depreciation	212	235	(23)	(10%)
<b>Total noncurrent assets</b>	<b>212,893</b>	<b>170,699</b>	<b>42,194</b>	<b>25%</b>
<b>Total assets</b>	<b>288,024</b>	<b>235,845</b>	<b>52,179</b>	<b>22%</b>
Deferred Outflows of Resources Related to Pensions				
	575	460	115	25%
<b>Liabilities</b>				
Current liabilities:				
IBNR	53,180	55,050	(1,870)	(3%)
Current claims payable	11,205	13,482	(2,277)	(17%)
Premium deficiency reserve		6,860	(6,860)	(100%)
Accounts payable	4,128	4,493	(365)	(8%)
Unearned revenue	8,426	5,499	2,927	53%
Other accrued liabilities	3,066	2,927	139	5%
<b>Total current liabilities</b>	<b>80,005</b>	<b>88,311</b>	<b>(8,306)</b>	<b>(9%)</b>
Noncurrent liabilities:				
Other Liabilities	903	528	375	71%
Other accrued liabilities: Premium stabilization fund	15,406	19,572	(4,166)	(21%)
<b>Total liabilities</b>	<b>96,314</b>	<b>108,411</b>	<b>(12,097)</b>	<b>(11%)</b>
Deferred Inflows of Resources Related to Pensions				
	44	343	(299)	(87%)
<b>Net position</b>				
Invested in capital assets	212	235	(23)	(10%)
Unrestricted	192,026	127,316	64,710	51%
<b>Total net position</b>	<b>192,238</b>	<b>127,551</b>	<b>64,687</b>	<b>51%</b>

**West Virginia Public Employees Insurance Agency**  
**Statement of Changes in Plan Net Position**  
**For the Nine Months Ending Saturday, March 31, 2018**  
(Dollars in Thousands)  
(Unaudited-For Internal Use Only)

	<b>ACTUAL</b>	<b>BUDGET</b>	<b>PRIOR YR</b>	<b>BUDGET VARIANCE</b>	<b>%</b>	<b>PRIOR YR VARIANCE</b>	<b>%</b>
				<b>\$</b>		<b>\$</b>	
<b>OPERATING REVENUE</b>							
<b>Premium Revenue</b>							
Health Insurance - State Gov. - Employers	\$281,275	\$292,958	\$391,720	(\$11,683)	(4%)	(\$110,445)	(28%)
Health Insurance - State Gov. - Employees	95,268	97,405	97,358	(2,137)	(2%)	(2,090)	(2%)
Health Insurance - Local Gov. - All	70,167	69,688	85,656	479	1%	(15,489)	(18%)
Administrative Fees, Net of Refunds	3,522	3,971	3,583	(449)	(11%)	(61)	(2%)
Other Premium Revenue	1,878	1,250	1,114	628	50%	764	69%
<b>Total Operating Revenue</b>	<b>452,110</b>	<b>465,272</b>	<b>579,431</b>	<b>(13,162)</b>	<b>(3%)</b>	<b>(127,321)</b>	<b>(22%)</b>
<b>NON-OPERATING REVENUE</b>							
Life Insurance	1,000	989	1,243	11	1%	(243)	(20%)
Direct Transfer	7,500	7,500	7,500	0	0%	0	0%
Interest and Investment Income	7,994	4,538	9,711	3,456	76%	(1,717)	(18%)
WV RHBT Pay Go Premiums	116,676	120,000	0	(3,324)	(3%)	116,676	0%
<b>Total Non-Operating Revenue</b>	<b>133,170</b>	<b>133,027</b>	<b>18,454</b>	<b>143</b>	<b>0%</b>	<b>114,716</b>	<b>622%</b>
<b>TOTAL REVENUE</b>	<b>585,280</b>	<b>598,299</b>	<b>597,885</b>	<b>(13,019)</b>	<b>(2%)</b>	<b>(12,605)</b>	<b>(2%)</b>
<b>EXPENSES</b>							
Claims Expense - Medical	281,464	315,003	295,661	33,539	11%	14,197	5%
Claims Expense - Drugs	98,100	98,475	107,776	375	0%	9,676	9%
Payments to Managed Care Org.	32,412	33,223	31,293	811	2%	(1,119)	(4%)
Administrative Service Fees	8,367	6,659	7,938	(1,708)	(26%)	(429)	(5%)
Wellness and Disease Management	354	1,093	1,223	739	68%	869	71%
Other Operating Expenses	3,542	2,352	3,244	(1,190)	(51%)	(298)	(9%)
Life Insurance Expense	929	990	1,156	61	6%	227	20%
ACA Comparative Effectiveness Fee	242	242	237	0	0%	(5)	(2%)
ACA Reinsurance Contribution	0	0	1,350	0	0%	1,350	100%
WV RHBT Pay Go Premiums	116,676	120,000	118,586	3,324	3%	1,910	2%
<b>TOTAL EXPENSES</b>	<b>542,086</b>	<b>578,037</b>	<b>568,464</b>	<b>35,951</b>	<b>6%</b>	<b>26,378</b>	<b>5%</b>
<b>YTD Surplus (Deficit)</b>	<b>43,194</b>	<b>20,262</b>	<b>29,421</b>	<b>22,932</b>	<b>113%</b>	<b>13,773</b>	<b>47%</b>
Total Net Position, Beginning of Period	149,044	149,044	98,130	0	0%	50,914	52%
<b>Total Net Position, End of Period</b>	<b>\$192,238</b>	<b>\$169,306</b>	<b>\$127,551</b>	<b>\$22,932</b>	<b>14%</b>	<b>\$64,687</b>	<b>51%</b>

**West Virginia Retiree Health Benefit Trust Fund**  
**STATEMENT OF PLAN NET POSITION**  
**Saturday, March 31, 2018**  
(In Thousands)

	CURRENT YR	PRIOR YR	\$	VARIANCE	%
<b>ASSETS</b>					
Cash - Operating Fund	\$4,468	\$14,850	(\$10,382)		(70%)
<b>INVESTMENTS</b>					
WV Board of Treasury Investments	48,961	86,471	(37,510)		(43%)
WV Investment Management Board	892,423	705,871	186,552		26%
Total Investments	941,384	792,342	149,042		19%
Due From / (To) WV PEIA	(9,831)	(3,119)	(6,712)		215%
<b>PREMIUM ACCOUNTS RECEIVABLE</b>					
Premium Accounts Receivable	2,595	1,203	1,392		116%
Less: Allowance for Doubtful Accounts	(104)	(406)	302		(74%)
Net - Premium Accounts Receivable	2,491	797	1,694		213%
Premium A/R - Annual Required Contributions	2,374,403	2,349,646	24,757		1%
Less: Allowance for Doubtful Accounts	(2,374,403)	(2,349,646)	(24,757)		1%
Net Premium A/R - ARC	0	0	0		0%
Other Receivables	(1,700)	(4,126)	2,426		(59%)
<b>TOTAL ASSETS</b>	<b>936,812</b>	<b>800,744</b>	<b>136,068</b>		<b>17%</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Outflows of Resources Related to Pension	339	241	98		41%
<b>LIABILITIES</b>					
Claims payable	8,430	9,890	(1,460)		(15%)
Accounts payable	20	20	0		0%
Accrued Liabilities	1,993	16,438	(14,445)		(88%)
<b>TOTAL LIABILITIES</b>	<b>10,443</b>	<b>26,348</b>	<b>(15,905)</b>		<b>(60%)</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows of Resources Related to Pension	25	196	(171)		(87%)
<b>NET POSITION RESTRICTED</b>					
<b>FOR POST EMPLOYMENT BENEFITS</b>	<b>\$926,683</b>	<b>\$774,441</b>	<b>\$152,242</b>		<b>20%</b>

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 Nine Months Ending Saturday, March 31, 2018  
(In Thousands)

	ACTUAL	BUDGET	PRIOR YR	BUDGET VARIANCE	PRIOR YR VARIANCE
				\$	\$
				%	%
<b>ADDITIONS</b>					
<b>Employer Premiums:</b>					
Health premiums	\$2,313	\$2,483	\$2,401	(\$170)	(\$88)
Pay Go Premiums	97,386	100,320	98,868	(2,934)	(1,482)
Annual required contributions	0	0	49	0	(49)
<b>Total Employer Premiums</b>	<b>99,699</b>	<b>102,803</b>	<b>101,318</b>	<b>(3,103)</b>	<b>(1,619)</b>
<b>Member Premiums:</b>					
Health premiums	63,108	66,945	60,995	(3,836)	2,114
Pay Go Premiums	19,290	19,680	19,718	(390)	(429)
Life Insurance Premiums	17,684	17,939	17,171	(255)	514
<b>Total Member Premiums</b>	<b>100,082</b>	<b>104,563</b>	<b>97,884</b>	<b>(4,481)</b>	<b>2,198</b>
<b>Total Premium Additions</b>	<b>199,782</b>	<b>207,366</b>	<b>199,202</b>	<b>(7,585)</b>	<b>580</b>
<b>Other Additions:</b>					
Retiree Drug Subsidy	900	900	900	0	0
Investment Income	62,377	33,932	69,282	28,444	(6,905)
General Revenue Transfer - OPEB Liability	22,500	22,500	22,500	0	0
General Revenue Transfer - Premium	3,750	3,750	3,750	0	0
<b>TOTAL ADDITIONS</b>	<b>289,309</b>	<b>268,448</b>	<b>295,634</b>	<b>20,859</b>	<b>(6,325)</b>
<b>DEDUCTIONS</b>					
Payments to Managed Care Org.	104,541	113,516	114,204	8,974	9,662
Life Insurance Expense	17,419	17,679	16,923	260	(495)
Medical Claims Expense	40,373	53,930	47,913	13,557	7,540
Pharmacy Claims Expense	21,200	25,408	23,834	4,208	2,634
Comparative Effectiveness Research Fee	24	24	24	0	0
ACA Reinsurance Contribution	0	0	150	0	150
Administrative Service Fees (External)	1,050	795	1,104	(255)	54
Other Operating Expenses	1,930	3,194	2,709	1,263	779
<b>TOTAL DEDUCTIONS</b>	<b>186,537</b>	<b>214,546</b>	<b>206,861</b>	<b>28,007</b>	<b>20,324</b>
<b>NET POSITION INCREASE</b>	<b>102,772</b>	<b>53,902</b>	<b>88,773</b>	<b>48,866</b>	<b>13,999</b>
<b>Net Position Restricted for Post Employment Benefits</b>					
Beginning of Period Total Net Position	823,911	823,911	685,668	0	138,243
<b>End of Period Total Net Position</b>	<b>\$926,683</b>	<b>\$877,813</b>	<b>\$774,441</b>	<b>\$48,866</b>	<b>\$152,242</b>

Accrual Basis / Unaudited / Internal Use Only  
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**West Virginia Board of Risk and Insurance Management  
Unaudited Statement of Net Position and  
Statement of Revenues, Expenses and Changes in Net Position  
For the Nine Months Ending March 31, 2018**

**Talking Points for May 2018 Interim Joint Committee Meeting**

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1. **Premium Revenue** thru March reflects the premiums earned for the first nine months of the fiscal year. Premium revenue has increased by \$5.5 million for FY'18 based on the actuarially projected increase in loss pics for the current year.
2. **Claims Expense** reflects all claims payments made thru March plus reserve increases. Net claims payments for the current fiscal year to date are approximately \$9.4 million lower than for the same period last year. Claims reserves provisions have increased claims expense \$6.9 million in the current year vs. an increase of \$1.5 million for the prior year. The combined effect of these two items results in claims expense being \$4.0 million lower for the current year.
3. **Investment Income** for fiscal year 2018 reflects net earnings of \$7.0 million for the first nine months and is \$1.5 million more than last year due to better equity returns this fiscal year.
4. BRIM has no un-funded liability and continues to pursue pro-active loss control initiatives.

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Nine Months Ended March 31st

	2018	2017
	<i>(In Thousands)</i>	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 27,071	\$ 21,783
Advance deposits with insurance company and trustee	201,775	196,628
Receivables	826	517
Prepaid insurance	1,675	1,669
Restricted cash and cash equivalents	13,045	9,550
Premiums due from other entities	643	620
Total current assets	245,036	230,767
Noncurrent assets:		
Equity position in internal investments pools	96,402	89,562
Restricted investments	55,672	51,722
Total noncurrent assets	152,074	141,283
Total assets	397,110	372,050
 Deferred Outflows of Resources	 458	 387
<b>Liabilities</b>		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	47,713	50,819
Unearned premiums	9,445	8,173
Agent commissions payable	810	800
Claims Payable	78	452
Accrued expenses and other liabilities	2,981	2,629
Total current liabilities	61,028	62,873
Estimated unpaid claims and claims adjustment expense net of current portion	124,109	119,153
Compensated absences	107	91
Net pension liability	766	467
Total noncurrent liabilities	124,982	119,712
Total liabilities	186,010	182,585
 Deferred Inflows of Resources	 37	 304
Net position:		
Restricted by State code for House Bill 601 Program and mine subsidence coverage	61,063	57,123
Unrestricted	138,265	133,837
Net Assets (Deficiency)	12,192	(1,411)
Net position	\$ 211,520	\$ 189,549

*Unaudited*

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Nine Months Ended March 31st

	<u>2018</u>	<u>2017</u>
	<i>(In Thousands)</i>	
<b>Operating revenues</b>		
Premiums	\$ 59,116	\$ 53,828
Less coverage/reinsurance programs	(4,843)	(5,010)
Net operating revenues	<u>54,272</u>	<u>48,818</u>
<b>Operating expenses</b>		
Claims and claims adjustment expense	45,878	49,838
General and administrative	3,224	3,137
Total operating expenses	<u>49,102</u>	<u>52,974</u>
Operating income (loss)	5,170	(4,156)
<b>Nonoperating revenues</b>		
Investment income	7,022	5,556
Appropriation Transfer SB 602	-	(2,810)
Net nonoperating revenues	<u>7,022</u>	<u>2,746</u>
Changes in net position	12,192	(1,411)
Total net position, beginning of year	199,328	190,960
Total net position, end of period	<u>\$ 211,520</u>	<u>\$ 189,549</u>

*Unaudited*

# Department of Administration Real Estate Division Leasing Report

For the period of April 1 - 30, 2018

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

- 1 – New Contract – DOA OWNED
- 12 – Straight Renewal – DOA OWNED
- 1 – Straight Renewal
- 1 – Decrease in Square Feet
- 1 – Renewal with Decrease in Rent Rate and Square Feet

**Department of Administration Real Estate Division Leasing Report**  
For the period of April 1, 2018 through April 30, 2018

**NEW CONTRACT OF LEASE – DOA OWNED**

**OFFICE OF TECHNOLOGY**

**OOT-002** New Contract of Lease for 3 years consisting of 3,670 square feet of office space at the annual per square foot rate of \$11.00, annual cost \$40,370.00, full service, Building #4, 1900 Kanawha Boulevard, East, in the City of Charleston, Kanawha County, West Virginia.

**STRAIGHT RENEWAL – DOA OWNED**

**DEPARTMENT OF HEALTH AND HUMAN RESOURCES**

**HHR-139** Renewal for 1 year consisting of 46,108 square feet of office space at the annual per square foot rate of \$17.00, annual cost \$783,836.04, full service, 2699 Park Avenue, in the City of Huntington, Cabell County, West Virginia.

**HHR-193** Renewal for 1 year consisting of 20,514 square feet of office space at the annual per square foot rate of \$17.00, annual cost \$348,738.00, full service, 100 Municipal Plaza, in the City of Weirton, Hancock County, West Virginia.

**HHR-238** Renewal for 1 year consisting of 46,981 square feet of office and storage space at the annual per square foot rate of \$19.00, annual cost \$892,650.96, full service, 416 Adams Street, in the City of Fairmont, Marion County, West Virginia.

**HHR-133** Renewal for 1 year consisting of 39,617 square feet of office space at the annual per square foot rate of \$12.94, annual cost \$512,643.96, full service, in the City of Beckley, Raleigh County, West Virginia.

**HHR-168** Renewal for 1 year consisting of 38,209 square feet of office space at the annual per square foot rate of \$13.15, annual cost \$502,448.40, full service, Corner of 5<sup>th</sup> Street and Avery Street, in the City of Parkersburg, Wood County, West Virginia.

**HHR-147** Renewal for 1 year consisting of 11,272 square feet of office space at the annual per square foot rate of \$11.00, annual cost \$123,991.92, full service, Capitol Complex Building #6, 1900 Kanawha Boulevard, East, in the City of Charleston, Kanawha County, West Virginia.

**STATE TAX DEPARTMENT**

**TAX-007** Renewal for 1 year consisting of 63,682 square feet of office space at the current annual per square foot rate of \$8.64, annual cost \$550,212.48, full service, 1001 Lee Street, Building #22, in the City of Charleston, Kanawha County, West Virginia.

**TAX-054** Renewal for 1 year consisting of 29,701 square feet of office space at the current annual per square foot rate of \$17.00, annual cost \$504,917.00, full service, 1124 Smith Street, Building #86, in the City of Charleston, Kanawha County, West Virginia.

**TAX-056** Renewal for 1 year consisting of 4,146 square feet of office space at the current annual per square foot rate of \$10.72, annual cost \$44,445.12, full service, 1900 Kanawha Boulevard, East, Building #1, in the City of Charleston, Kanawha County, West Virginia.

## **STRAIGHT RENEWAL – DOA OWNED - Continued**

### **STATE BUDGET OFFICE**

**REV-001** Renewal for 1 year consisting of 3,391 square feet of office space at the current annual per square foot rate of \$10.72, annual cost \$36,351.48, full service, 1900 Kanawha Boulevard, East, Building #1, in the City of Charleston, Kanawha County, West Virginia.

**REV-030** Renewal for 1 year consisting of 4,722 square feet of office space at the current annual per square foot rate of \$10.72, annual cost \$50,619.84, full service, 1900 Kanawha Boulevard, East, Building #1, in the city of Charleston, Kanawha County, West Virginia.

### **AERONAUTICS COMMISSION**

**AER-003** Renewal for 1 year consisting of 1,311 square feet of office space at the current annual per square foot rate of \$10.93, annual cost \$14,329.20, full service 1900 Kanawha Boulevard, East, Building #5, in the City of Charleston, Kanawha County, West Virginia.

## **STRAIGHT RENEWAL**

### **DEPARTMENT OF ENVIRONMENTAL PROTECTION**

**DEP-161** Renewal for 3 years consisting of rooftop air monitoring space at the current annual rate of \$1.00, 4720 Brenda Lane, in the City of Charleston, Kanawha County, West Virginia

## **DECREASE IN SQUARE FEET**

### **DEPARTMENT OF HEALTH AND HUMAN RESOURCES**

**HHR-241** Decrease of square feet from 12,603 square feet to 12,486 square feet of office space at the current annual per square foot rate of \$16.03, annual cost \$200,150.64, full service, 231 Capitol Street, in the City of Charleston, Kanawha County, West Virginia.

## **RENEWAL WITH DECREASE IN RENT RATE AND SQUARE FEET**

### **AVIATION DIVISION**

**AVD-002** Renewal for 3 years with a decrease of square feet from 4,180 square feet to 2,040 square feet of office space and a decrease in the annual per square foot rate from \$17.65, to \$16.32 per square foot, annual cost \$33,292.80, full service, 400 Eagle Mountain Road, in the City of Charleston, Kanawha County, West Virginia.

Real Estate Division  
 Monthly Summary of Lease Activity  
 April 1 - 30, 2018

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Office of Technology	OOT-002	Kanawha	3,670	11.00	40,370	1	40,370
2	Department of Health and Human Resources	HHR-139	Cabell	46,108	17.00	783,836	1	783,836
3	Department of Health and Human Resources	HHR-193	Hancock	20,514	17.00	348,738	1	348,738
4	Department of Health and Human Resources	HHR-238	Marion	46,981	19.00	892,639	1	892,639
5	Department of Health and Human Resources	HHR-133	Raleigh	39,617	12.94	512,644	1	512,644
6	Department of Health and Human Resources	HHR-168	Wood	38,209	13.15	502,448	1	502,448
7	Department of Health and Human Resources	HHR-147	Kanawha	11,272	11.00	123,992	1	123,992
8	State Tax Department	TAX-007	Kanawha	63,682	8.64	550,212	1	550,212
9	State Tax Department	TAX054	Kanawha	29,701	17.00	504,917	1	504,917
10	State Tax Department	TAX-056	Kanawha	4,146	10.72	44,445	1	44,445
11	State Budget Office	REV-001	Kanawha	3,391	10.72	36,352	1	36,352
12	State Budget Office	REV-030	Kanawha	4,722	10.72	50,620	1	50,620
13	Aeronautics Commission	AER-003	Kanawha	1,311	10.93	14,329	1	14,329
14	Department of Environmental Protection	DEP-161	Kanawha	1	1.00	1	3	3
15	Department of Health and Human Resources	HHR-241	Kanawha	12,486	16.03	200,151	2	400,301
16	Aviation Division	AVD-002	Kanawha	2,040	16.32	33,293	3	99,878

		203.17
<b>Total Rentable Square Feet</b>	<u>327,851</u>	
<b>Average Annual Rental Rate</b>		<u>12.70</u>
<b>Total Annual Rent</b>		<u><u>4,638,987</u></u>

**Joint Committee on Government and Finance**

**May 2018**

**Department of Health and Human Resources**

**MEDICAID REPORT  
March 2018 Data**

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 EXPENDITURES BY PROVIDER TYPE  
 SFY2018

MONTH OF MARCH 2018

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2017	SFY2018	Current Month Ended 03/31/18	Current Month Ended 03/31/18	Year To-Date Thru 03/31/18	4/1/18 Thru 06/30/18
<b>EXPENDITURES:</b>						
Inpatient Hospital - Reg. Payments	141,892,118	79,122,814	6,799,342	5,867,180	66,802,285	12,320,529
Inpatient Hospital - DSH	54,140,231	54,000,000	9,067,952	4,485,699	40,237,156	13,762,844
Inpatient Hospital - Supplemental Payments	109,348,510	13,443,469	-	1,200,229	6,242,098	7,201,371
Inpatient Hospital - GME Payments	8,211,278	5,543,536	-	158,715	7,114,390	(1,570,854)
Mental Health Facilities	57,563,254	41,802,957	3,371,465	3,438,119	30,962,983	10,839,974
Mental Health Facilities - DSH Adjustment Payments	18,878,878	19,000,000	3,756	1,594,706	14,153,523	4,846,477
Nursing Facility Services - Regular Payments <sup>(4)</sup>	642,716,564	668,129,443	52,290,229	54,850,685	502,791,559	165,337,885
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	68,638,994	72,429,100	5,608,707	6,218,939	52,783,571	19,645,529
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	72,513,494	40,593,136	3,629,412	3,681,071	28,873,568	11,719,568
Physicians Services - Supplemental Payments	22,615,437	2,780,376	-	(410,145)	5,241,246	(2,460,870)
Physician and Surgical Services - Evaluation and Management	3,028	2,400	-	385	93	2,307
Physician and Surgical Services - Vaccine Codes	-	-	-	-	-	-
Outpatient Hospital Services - Regular Payments	72,863,760	40,439,473	3,702,872	3,521,634	29,809,939	10,629,534
Outpatient Hospital Services - Supplemental Payments	217,795,914	26,776,155	-	942,083	21,123,658	5,652,497
Prescribed Drugs	208,527,799	874,100,228	54,989,332	99,260,791	449,991,190	424,109,038
Drug Rebate Offset - National Agreement	(183,668,526)	(361,441,697)	(30,225,852)	(50,214,796)	(132,947,097)	(228,494,600)
Drug Rebate Offset - State Sidebar Agreement	(7,530,775)	(19,598,573)	(70,032)	(2,768,831)	(7,838,742)	(11,759,831)
Drug Rebate Offset - MCO National	(236,294,808)	(60,753,263)	(177,818)	11,237,357	(135,092,099)	74,338,836
Drug Rebate Offset - MCO State Sidebar Agreement	(10,567,359)	(2,009,216)	4,926	1,435,675	(11,540,185)	9,530,969
Dental Services	13,832,447	11,544,365	820,006	993,592	8,044,513	3,499,852
Other Practitioners Services - Regular Payments	6,492,548	4,336,150	324,462	386,730	2,957,135	1,379,015
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	2,024,001	1,454,644	114,702	113,207	1,130,997	323,647
Lab & Radiological Services	14,824,783	8,032,059	829,385	624,608	6,656,805	1,375,255
Home Health Services	34,416,617	19,349,700	2,206,245	1,114,216	18,883,087	466,613
Hysterectomies/Sterilizations	61,552	43,000	4,260	1,881	46,013	(3,013)
Pregnancy Terminations <sup>(2)</sup>	326,102	350,700	33,128	31,853	261,382	89,318
EPSDT Services	1,552,044	1,385,662	104,838	108,788	1,062,173	323,489
Rural Health Clinic Services	5,544,926	3,073,135	260,296	125,361	3,092,269	(19,134)
Medicare Health Insurance Payments - Part A Premiums	18,956,782	19,557,254	1,722,566	1,603,681	15,046,299	4,510,955
Medicare Health Insurance Payments - Part B Premiums	110,218,602	114,952,633	9,533,710	9,468,075	86,694,894	28,257,739
120% - 134% Of Poverty	8,849,389	9,229,482	772,200	777,350	6,907,256	2,322,226
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	11,080,319	11,635,392	1,302,627	1,112,254	8,099,179	3,536,213

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 EXPENDITURES BY PROVIDER TYPE  
 SFY2018

MONTH OF MARCH 2018

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2017	SFY2018	Current Month Ended 03/31/18	Current Month Ended 03/31/18	Year To-Date Thru 03/31/18	4/1/18 Thru 06/30/18
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	1,776,593,830	1,755,736,548	113,666,614	172,161,526	1,073,869,073	681,867,475
Medicaid MCO - Evaluation and Management	-	-	-	-	-	-
Medicaid MCO - Vaccine Codes	-	-	-	-	-	-
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-	-	-	-
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-	-	-	-
Medicaid Health Insurance Payments: Group Health Plan Payments	657,626	679,300	50,504	68,266	444,475	234,825
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-
Home & Community-Based Services (MR/DD)	310,492,734	382,486,200	24,597,421	38,212,295	231,927,777	150,558,423
Home & Community-Based Services (Aged/Disabled)	103,840,769	110,289,297	7,326,356	10,108,687	74,080,039	36,209,258
Home & Community-Based Services (Traumatic Brain Injury)	1,488,193	1,511,600	110,492	125,735	1,143,527	368,073
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	73,980,196	79,356,029	5,588,408	7,346,064	52,433,998	26,922,031
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-
Targeted Case Management Services - State Wide	2,360,158	2,152,607	210,740	99,271	2,138,306	14,301
Primary Care Case Management Services	36	-	-	-	-	-
Hospice Benefits <sup>(3)</sup>	26,276,477	24,926,457	2,507,909	1,903,669	20,846,643	4,079,815
Emergency Services Undocumented Aliens	496,071	507,245	64,012	4,384	601,673	(94,428)
Federally Qualified Health Center	18,358,792	9,518,587	821,312	793,330	7,186,600	2,331,988
Non-Emergency Medical Transportation	35,431,782	36,856,203	2,835,879	3,272,122	25,729,623	11,126,580
Physical Therapy	1,905,207	1,124,844	78,241	106,011	735,881	388,963
Occupational Therapy	680,426	402,384	62,627	24,093	437,283	(34,899)
Services for Speech, Hearing & Language	478,404	286,408	19,882	19,855	233,295	53,113
Prosthetic Devices, Dentures, Eyeglasses	1,463,138	883,770	68,346	73,736	654,313	229,457
Diagnostic Screening & Preventive Services	437,675	225,171	6,102	19,563	143,266	81,905
Nurse Mid-Wife	136,524	146,453	10,529	15,700	83,935	62,518
Emergency Hospital Services	(77)	-	-	-	-	-
Critical Access Hospitals	34,698,879	19,515,585	1,685,547	1,002,907	18,763,383	752,202
Nurse Practitioner Services	3,220,367	2,024,085	244,269	178,802	1,620,486	403,599
School Based Services	12,819,369	12,999,994	588,906	(2,921,395)	32,516,127	(19,516,133)
Rehabilitative Services (Non-School Based)	64,792,629	53,725,474	5,591,512	3,651,326	45,159,734	8,565,739
Private Duty Nursing	7,552,577	5,105,500	426,633	361,706	4,139,937	965,563
Freestanding Birth Centers	-	-	-	-	-	-
Health Home for Enrollees w Chronic Conditions	263,932	224,565	61,226	(17,790)	516,800	(292,235)
Other Care Services	19,658,448	12,701,841	1,203,695	829,631	11,016,751	1,685,090
Less: Recoupments	-	-	(295,828)	91,925	(1,131,902)	1,131,902
<b>NET EXPENDITURES:</b>	<b>3,983,912,063</b>	<b>4,212,690,662</b>	<b>294,554,050</b>	<b>398,492,512</b>	<b>2,732,882,160</b>	<b>1,479,808,502</b>

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 EXPENDITURES BY PROVIDER TYPE  
 SFY2018

**MONTH OF MARCH 2018**

	<b>ACTUALS</b>	<b>TOTAL</b>	<b>ACTUALS</b>	<b>ESTIMATE</b>	<b>ACTUALS</b>	<b>PROJECTED</b>
	SFY2017	SFY2018	Current Month Ended 03/31/18	Current Month Ended 03/31/18	Year To-Date Thru 03/31/18	4/1/18 Thru 06/30/18
Collections: Third Party Liability (line 9A on CMS-64)	(8,663,735)	-	-	-	(2,054,125)	2,054,125
Collections: Probate (line 9B on CMS-64)	(513,508)	-	-	-	(168,725)	168,725
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(338,612)	-	-	-	(106,488)	106,488
Collections: Other (line 9D on CMS-64)	(21,817,774)	-	-	-	(10,054,413)	10,054,413
<b>NET EXPENDITURES and CMS-64 ADJUSTMENTS:</b>	<b>3,952,578,434</b>	<b>4,212,690,662</b>	<b>294,554,050</b>	<b>398,492,512</b>	<b>2,720,498,410</b>	<b>1,492,192,252</b>
Plus: Medicaid Part D Expenditures	42,112,339	44,357,292	3,530,059	3,722,114	32,562,721	11,794,571
Plus: State Only Medicaid Expenditures	211,494	275,000	17,034	25,386	47,022,924	(46,747,924)
Plus: Money Follow the Person Expenditures	1,896,869	2,126,650	142,569	163,010	1,552,215	574,435
<b>TOTAL MEDICAID EXPENDITURES</b>	<b>\$ 3,996,799,136</b>	<b>\$ 4,259,449,604</b>	<b>\$ 298,243,712</b>	<b>\$ 402,403,022</b>	<b>\$ 2,801,636,269</b>	<b>\$ 1,457,813,335</b>
Plus: Reimbursables <sup>(1)</sup>	3,888,247	-	432,792	-	3,371,226	(3,371,226)
Plus: NATCEP/PASARR/Eligibility Exams	265,071	288,422	31,050	31,764	159,525	128,897
Plus: HIT Incentive Payments	3,894,001	5,000,000	964,925	604,105	1,694,100	3,305,900
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,004,846,454</b>	<b>\$ 4,264,738,026</b>	<b>\$ 299,672,479</b>	<b>\$ 403,038,891</b>	<b>\$ 2,806,861,120</b>	<b>\$ 1,457,876,906</b>

- (1) This amount will revert to State Only if not reimbursed.  
 (2) Pregnancy Terminations are State Only expenditures and are not currently claimed.  
 (3) Of the amount in the "Hospice Benefits" line, \$20,730,240 is the amount paid to Nursing Facilities for Hopsice Benefits year to date.  
 (4) Of the amount in the "Nursing Facility Services - Regular Payments" line, \$14,121,215 is the amount paid to State Facilities year to date.

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 MEDICAID CASH REPORT  
 SFY2018

9 Months Actuals

3 Months Remaining

MONTH OF MARCH 2018	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2017	Current Month Ended 3/31/2018	Year-To-Date Thru 3/31/2018	4/1/2018 Thru 6/30/2018	SFY2018
<b>REVENUE SOURCES</b>					
Beg. Bal. (5084/1020 prior mth)	22,715,798	30,277,273	86,992,634		86,992,634
<b>MATCHING FUNDS</b>					
General Revenue (0403/189)	394,899,115	25,703,944	265,495,309	183,036,772	448,532,081
MRDD Waiver (0403/466)	88,753,483	7,396,123	59,464,834	29,288,649	88,753,483
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,334	1,947,000	649,000	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,666	4,767,000	1,589,000	6,356,000
Traumatic Brain Injury (0403/835)	800,000	66,666	536,000	264,000	800,000
Title XIX Waiver for Seniors (0403-533)	13,593,620	1,132,801	9,107,725	4,485,895	13,593,620
Medical Services Surplus (0403/633)	5,500,000	-	30,021,770	-	30,021,770
Waiver for Senior Citizens Surplus (0403/526)	-	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	21,824,274	-	9,287,019	3,095,673	12,382,692
Lottery Waiver (0420/539)	12,142,184	4,300,000	20,487,825	1,095,941	21,583,766
Lottery Transfer (5405/871)	8,670,000	-	10,876,734	3,625,578	14,502,312
Excess Lottery (5365/189)	31,377,985	9,900,000	9,900,000	14,606,170	24,506,170
Lottery Surplus (5405/68199)	8,000,000	-	15,500,000	-	15,500,000
Lottery Surplus (5365/68100)	30,000,000	-	26,900,000	-	26,900,000
Trust Fund Appropriation (5185/189)	131,250,000	-	8,914,539.61	63,987,986	72,902,526
Provider Tax (5090/189)	196,831,229	17,790,976	142,365,128	71,936,719	214,301,847
NSGO UPL (5084/6717)	1,210,392	-	68,035	1,173,368	1,241,403
Certified Match	9,870,547	603,283	14,244,728	1,171,090	15,415,818
Reimbursables - Amount Reimbursed	4,460,819	-	3,084,669	-3,084,669	0
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	627,152	62,324	784,718	115,282	900,000
CHIP State Share	-	-	-	-	-
CMS - 64 Adjustments	(973,293)	-	37,396	-37,396	-
<b>TOTAL MATCHING FUNDS</b>	990,505,306	97,979,390	720,783,063	376,999,059	1,097,782,122
<b>FEDERAL FUNDS</b>	3,098,950,199	275,209,749	2,158,743,534	1,154,650,006	3,313,393,540
<b>TOTAL REVENUE SOURCES</b>	\$ 4,089,455,505	\$ 373,189,138	\$ 2,879,526,598	\$ 1,531,649,065	\$ 4,411,175,663
<b>TOTAL EXPENDITURES:</b>					
Provider Payments	\$ 4,004,846,454	\$ 299,672,479	\$ 2,806,861,120	\$ 1,457,876,906	\$ 4,264,738,026
<b>TOTAL</b>	\$ 84,609,050	\$ 73,516,659	\$ 72,665,478		146,437,637

Note: FMAP (71.80% applicable Jul. - Sep. 2017) (73.24% applicable Oct. 2017 - Jun. 2018)

**Joint Committee on Government and Finance**

**May 2018**

**Department of Health and Human Resources**

**MEDICAID WAIVER REPORT  
March 2018 Data**

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

<b>Aged &amp; Disabled Waiver Reported March 31, 2018</b>	<b>FY2017 YTD</b>	<b>Jul 17</b>	<b>Aug 17</b>	<b>Sep 17</b>	<b>Oct 17</b>	<b>Nov 17</b>	<b>Dec 17</b>	<b>Jan 18</b>	<b>Feb 18</b>	<b>Mar 18</b>	<b>Apr 18</b>	<b>May 18</b>	<b>Jun 18</b>	<b>FY2018 YTD</b>
<b>Slots Approved By CMS (1)</b>	6,151	5,752	5,752	5,752	5,752	5,752	5,752	5,752	5,752	5,752				5,752
-Slots Available for Traditional (non TMH-WV) enrollees	6,078	5,662	5,662	5,662	5,662	5,662	5,662	5,662	5,662	5,662				5,662
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	73	90	90	90	90	90	90	90	90	90				90
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count	6,151	5,324	5,449	5,523	5,566	5,590	5,610	5,627	5,944	6,239				6,239
Applicants determined eligible this month and added to MEL (3)	1,440	98	119	116	112	106	93	83	93	118				938
Applicants determined ineligible	98	12	12	7	8	8	7	6	9	7				76
<b>ACTIVE MEMBERS</b>														
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count	5,349	5,302	5,373	5,395	5,381	5,338	5,291	5,256	5,486	5,685				5,685
<b>Active members enrolled during the calendar month</b>	877	28	150	95	65	40	30	57	313	289				1,067
-Total Active Traditional members enrolled during the calendar month	805	22	138	88	58	32	20	50	310	284				1,002
-Total Active TMH-WV members enrolled during the calendar month	72	6	12	7	7	8	10	7	3	5				65
Members discharged during the calendar month	1,099	75	79	73	79	83	77	92	83	90				731
ADW Members whose case was closed by reason														
Member is deceased	600	40	39	36	45	45	44	55	45	57				406
Other (4)	499	35	40	37	34	38	33	37	38	33				325
<b>MANAGED ENROLLMENT LIST (MEL)</b>														
# Eligible applicants closed during the calendar month (removed from MEL)	951	341	87	60	41	54	28	879	24	83				1,597
ADW Applicants removed from the MEL														
Applicant offered a slot (Traditional + MFP)	626	325	79	41	29	39	10	858	16	65				1,462
Applicant became deceased	114	14	7	8	9	8	10	7	7	12				82
Other (5)	211	2	1	11	3	7	8	14	1	6				53
Applicants on the MEL who are in a nursing facility YTD Column reflects average # members in setting	32	28	28	33	36	N/A	40	0	0	3				21
Applicants on the MEL receiving Personal Care YTD Column reflects average # members in setting	36	52	34	31	32	N/A	96	0	6	13				33
Applicants on the MEL at the end of the month	763	520	552	608	679	731	796	0	69	104				104
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days	242	272	283	261	272	248	226	0	22	30				179

(1) Of the 5,752 slots approved by CMS, 90 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**

<b>Intellectual/Developmental Disabilities Waiver Reported March 31, 2018</b>		<b>FY 2016</b>	<b>July-17</b>	<b>Aug-17</b>	<b>Sep-17</b>	<b>Oct-17</b>	<b>Nov-17</b>	<b>Dec-17</b>	<b>Jan-18</b>	<b>Feb-18</b>	<b>Mar-18</b>	<b>Apr-18</b>	<b>May-18</b>	<b>Jun-18</b>	<b>YTD2018</b>
Slots approved by CMS		4,634	4,634	4,634	4,634	4,634	4,634	4,634	4,634	4,634	4,634				4,634
Total number of members served YTD (unduplicated slots used) (1)		4,634	4,568	4,568	4,567	4,567	4,619	4,623	4,625	4,625	4,626				4,626
Applicants determined eligible (2)		207	12	14	20	32	14	19	20	18	11				160
Applicants determined ineligible (3)		202	18	10	14	12	19	13	17	12	12				127
<b>ACTIVE MEMBERS</b>															
# of active members at the end of the month (unduplicated slots active) (1)		4,503	4,565	4,553	4,549	4,579	4,587	4,584	4,569	4,562	4,553				4,553
Discharged members at the end of the calendar month		147	5	12	6	8	7	7	18	8	10				81
Discharged members who were discharged by reason	Deceased	72	3	6	4	6	4	4	8	4	4				43
	Left program to enter a facility	21	2	3	0	0	2	1	3	1	5				17
	a. Hospital	0	0	0	0	0	0	0	0	0	0				0
	b. ICF/IID	2	1	1	0	0	2	1	3	0	1				9
	c. Nursing Facility	11	0	2	1	0	0	0	0	1	4				8
	d. Psychiatric Facility	0	0	0	0	0	0	0	0	0	0				0
	e. Rehabilitation Facility	0	0	0	0	0	0	0	0	0	0				0
	f. Other Facility	1	0	0	0	0	0	0	0	0	0				0
Other (6)	53	1	3	1	2	1	2	7	2	1				20	
<b>MANAGED ENROLLMENT LIST (MEL)</b>															
Total number of applicants on the MEL at the end of the month		1,317	1,256	1,262	1,278	1,267	1,265	1,278	1,292	1,306	1,316				1,316
Number of applicants added to the MEL (4)		207	12	14	20	32	14	19	20	18	11				160
Applicants enrolled (removed from the MEL)		116	67	0	2	38	15	4	3	1	1				131
Applicants removed from the MEL due to Death (5)		7	0	2	0	2	0	1	3	2	0				10
Applicants removed from the MEL due to Other (6)		27	6	6	2	3	1	1	0	1	0				20
Applicants on the MEL who are in a Nursing Facility (9)		0	0	3	9	10	N/A	7	6	7	5				5
Applicants on the MEL who are in an ICF/IID Group Home (9)		22	24	26	22	49	N/A	103	104	111	112				112
Applicants on the MEL receiving Personal Care Services each month (8) (9)		70	65	75	9	9	N/A	84	84	85	88				88
Longest on the MEL to date (7)		1494 Days	1,470	1,491	1,521	1,552	1,581	1,612	1,640	1,668	1,585				1,585

(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**

<b>Traumatic Brain Injury Waiver Reported March 31, 2018</b>		<b>FY 2017 YTD</b>	<b>Jul 17</b>	<b>Aug-17</b>	<b>Sep-17</b>	<b>Oct-17</b>	<b>Nov-17</b>	<b>Dec-17</b>	<b>Jan-18</b>	<b>Feb-18</b>	<b>Mar-18</b>	<b>Apr-18</b>	<b>May-18</b>	<b>Jun-18</b>	<b>FY2018 YTD</b>
Slots Approved By CMS (1)		70	66	66	66	66	66	66	66	66	66				66
-Slots Available for Traditional (non TMH-WV) enrollees		70	56	56	56	56	56	56	56	56	56				56
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees		0	10	10	10	10	10	10	10	10	10				10
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count		69	62	62	62	62	63	63	66	76	81				81
Applicants determined eligible this month and added to MEL (3)		27	3	2	0	0	3	1	0	0	0				9
Applicants determined ineligible		2	1	0	0	0	2	0	0	0	0				3
<b>ACTIVE MEMBERS</b>															
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count		61	62	62	62	59	60	59	62	71	75				75
Active members enrolled during the calendar month		9	2	0	0	0	1	0	3	10	5				21
-Total Active Traditional members enrolled during the calendar month		8	1	0	0	0	0	0	2	10	4				17
-Total Active TMH-WV members enrolled during the calendar month		1	1	0	0	0	1	0	1	0	1				4
Members discharged during the calendar month		11	1	0	0	3	0	1	0	1	1				7
TBIW Members whose case was closed by reason	Member is deceased	1	0	0	0	3	0	0	0	0	1				4
	Other (4)	10	1	0	0	0	0	1	0	1	0				3
<b>MANAGED ENROLLMENT LIST (MEL)</b>															
# Eligible applicants closed during the calendar month (removed from MEL)		15	0	0	0	0	0	0	19	0	0				19
TBIW Applicants removed from the MEL	Applicant offered a slot	14	0	0	0	0	0	0	18	0	0				18
	Applicant became deceased	0	0	0	0	0	0	0	0	0	0				0
	Other (5)	1	0	0	0	0	0	0	1	0	0				1
Applicants on the MEL who are in a nursing facility		1	0	0	0	0	0	0	0	0	0				0
Applicants on the MEL receiving Personal Care		0	1	1	0	0	1	1	0	0	0				0
Applicants on the MEL at the end of the month		12	13	15	15	15	18	19	0	0	0				0
Days - Longest time spent on the MEL to date (6) YTD Column reflects average # of days		170	368	399	429	460	490	521	0	0	0				296

(1) Of the 66 slots approved by CMS, 10 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant. Beginning SFY 2017-2018, the program was over the number of slots available for Traditional enrollees. There are no available Traditional slots beginning SFY 2017-2018, 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

*MAY 2018*

Department of Health and Human Resources

State Children's Health Insurance Program  
UPDATE



**West Virginia Children's Health Insurance Program**  
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Nine Months Ending March 31, 2017 and March 31, 2016**  
**(Modified Accrual Basis)**

	March 31, 2018	March 31, 2017	Variance	
<b>Revenues</b>				
Federal Grants	33,122,640	37,137,535	(4,014,895)	-11%
State Appropriations		0	0	0%
Premium Revenues	1,100,961	1,036,385	64,577	6%
Investment Income:				
Investment Earnings	<u>73,227</u>	<u>55,899</u>	<u>17,328</u>	<u>31%</u>
<b>Total Revenues</b>	<b><u>34,296,828</u></b>	<b><u>38,229,819</u></b>	<b><u>(3,932,991)</u></b>	<b><u>-10%</u></b>
<b>Expenditures:</b>				
Claims:				
Physicians & Surgical	8,588,136	12,278,275	(3,690,139)	-30%
Prescribed Drugs	6,897,812	6,834,109	63,703	1%
Dental	5,039,545	5,363,673	(324,128)	-6%
Outpatient Services	4,937,590	5,428,215	(490,625)	-9%
Inpatient Hospital Services	2,149,462	2,650,442	(500,980)	-19%
Other Services	1,599,559	1,688,454	(88,895)	-5%
Therapy	1,402,673	1,516,301	(113,628)	-7%
Inpatient Mental Health	517,695	608,843	(91,148)	-15%
Vision	433,048	579,421	(146,373)	-25%
Outpatient Mental Health	362,704	91,286	271,418	297%
Medical Transportation	270,541	195,976	74,565	38%
Durable & Disposable Med. Equip.	222,138	318,730	(96,592)	-30%
Less: Collections**	<u>(1,089,690)</u>	<u>(1,050,175)</u>	<u>(39,516)</u>	<u>4%</u>
Total Claims	<u>31,331,213</u>	<u>36,503,550</u>	<u>(5,172,338)</u>	<u>-14%</u>
General and Admin Expenses:				
Salaries and Benefits	436,987	420,437	16,550	4%
Program Administration	2,076,939	1,678,673	398,266	24%
Eligibility	7,609	69,823	(62,214)	-89%
Outreach & Health Promotion	10,190	65,484	(55,294)	-84%
Current	<u>36,060</u>	<u>115,026</u>	<u>(78,966)</u>	<u>-69%</u>
Total Administrative	<u>2,567,785</u>	<u>2,349,443</u>	<u>218,342</u>	<u>9%</u>
<b>Total Expenditures</b>	<b><u>33,898,998</u></b>	<b><u>38,852,993</u></b>	<b><u>(4,953,996)</u></b>	<b><u>-13%</u></b>
<b>Excess of Revenues</b>				
<b>Over (Under) Expenditures</b>	<b>397,830</b>	<b>(623,175)</b>	<b>1,021,005</b>	<b>-164%</b>
Unrealized Gain(loss) On Investments*	(29,343)	(512,456)	483,113	-94%
<b>Fund Equity, Beginning</b>	<b><u>7,119,917</u></b>	<b><u>8,268,031</u></b>	<b><u>(1,148,114)</u></b>	<b><u>-14%</u></b>
<b>Fund Equity, Ending</b>	<b><u>7,488,404</u></b>	<b><u>7,132,400</u></b>	<b><u>356,004</u></b>	<b><u>5%</u></b>

\* Short Term Bond Fund Investment began in November 2009

\*\* Collections are primarily drug rebates and subrogation

## PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program  
 Budget to Actual Statement  
 State Fiscal Year 2018  
 For the Nine Months Ending March 31, 2018**

	<u>Budgeted for Year</u>	<u>Year to Date Budgeted Amt</u>	<u>Year to Date Actual Amt</u>	<u>Year to Date Variance*</u>		<u>Monthly Budgeted Amt</u>	<u>Actual Amt Mar-18</u>	<u>Actual Amt Feb-18</u>	<u>Actual Amt Jan-18</u>
Projected Cost	\$50,205,506	\$37,654,130	\$38,253,532	(\$599,402)	-2%	\$4,183,792	\$5,291,217	\$5,382,809	\$2,940,004
Premiums	2,403,240	\$1,802,430	\$1,100,961	(\$701,469)	-39%	\$200,270	\$139,698	\$123,142	\$143,745
Subrogation & Rebates	<u>1,398,828</u>	<u>\$1,049,121</u>	<u>\$1,047,528</u>	<u>(\$1,593)</u>	<u>0%</u>	<u>\$116,569</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Net Benefit Cost	\$46,403,438	\$34,802,579	\$36,105,043	(\$1,302,465)	-4%	\$3,973,808	\$5,151,519	\$5,259,667	\$2,796,259
Salaries & Benefits	\$702,625	\$526,969	\$436,987	\$89,982	17%	\$58,552	\$62,862	\$43,588	\$43,179
Program Administration	\$2,626,570	\$1,969,928	\$2,380,610	(\$410,682)	-21%	\$218,881	\$266,489	\$204,073	\$49,554
Eligibility	\$326,676	\$245,007	\$7,609	\$237,398	97%	\$27,223	\$0	\$45	\$0
Outreach & Health Prom.	\$392,012	\$294,009	\$10,190	\$283,819	97%	\$32,668	\$0	\$0	\$0
Current Expense	<u>\$326,676</u>	<u>\$245,007</u>	<u>\$36,060</u>	<u>\$208,947</u>	<u>85%</u>	<u>\$27,223</u>	<u>\$994</u>	<u>\$9,353</u>	<u>\$1,493</u>
Total Admin Cost	\$4,374,559	\$3,280,919	\$2,871,456	\$409,463	12%	\$364,547	\$330,344	\$257,058	\$94,226
Total Program Cost	<u>\$50,777,997</u>	<u>\$38,083,498</u>	<u>\$38,976,499</u>	<u>(\$893,001)</u>	<u>-2%</u>	<u>\$4,338,355</u>	<u>\$5,481,864</u>	<u>\$5,516,725</u>	<u>\$2,890,485</u>
Federal Share 100%	\$50,777,997	\$38,083,498	\$38,976,499	(\$893,001)	-2%	\$4,338,355	\$5,481,864	\$5,516,725	\$2,890,485
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>\$50,777,997</u>	<u>\$38,083,498</u>	<u>\$38,976,499</u>	<u>(\$893,001)</u>	<u>-2%</u>	<u>\$4,338,355</u>	<u>\$5,481,864</u>	<u>\$5,516,725</u>	<u>\$2,890,485</u>

\* Positive percentages indicate favorable variances

\*\* Budgeted Year Based on CCRC Actuary 6/30/2017 Report.

Unaudited - Cash Basis For Management Purposes Only - Unaudited

# WVCHIP Enrollment Report

ATTACHMENT 1

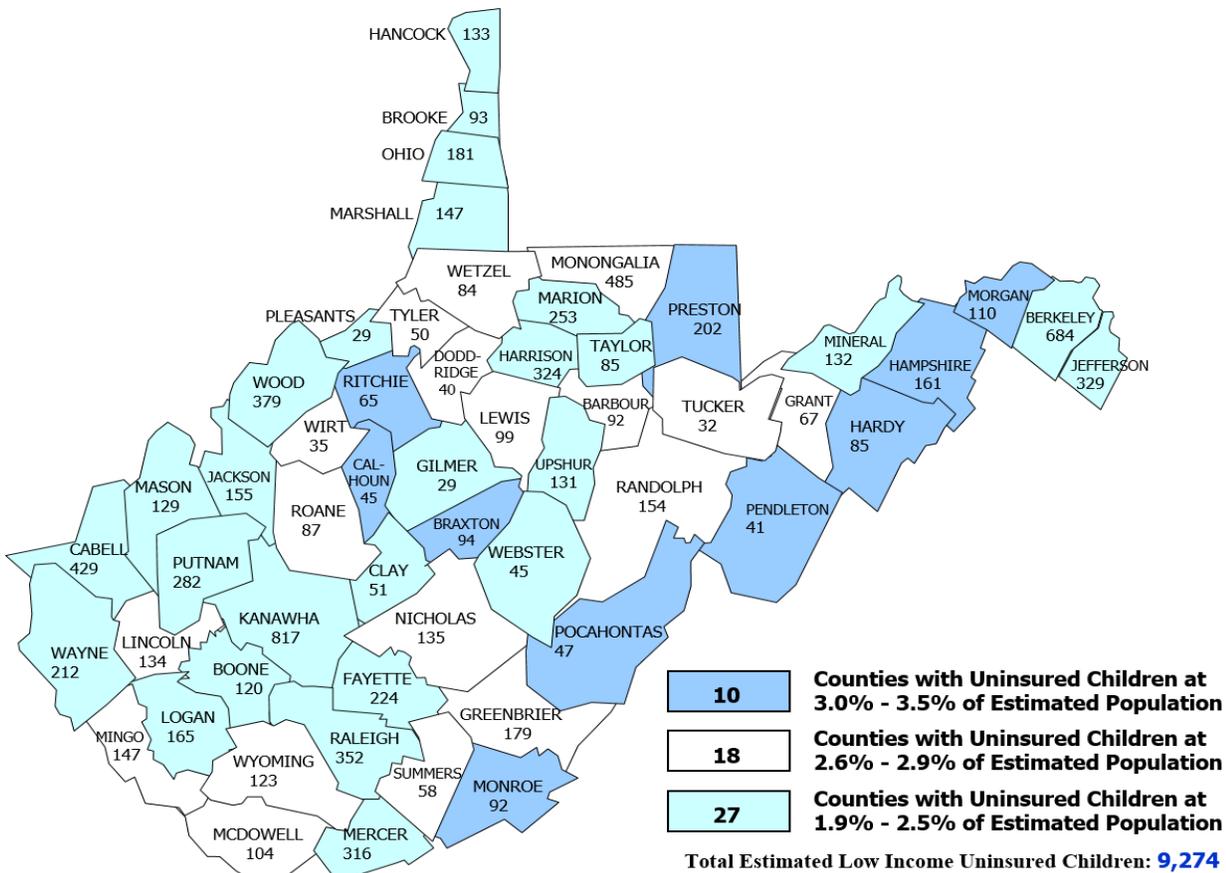
April 2018

County	County Pop.	Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2016	2016
	2016 Est. (0-18 Yrs)	Enrollment Apr-18	Enrollment Apr-18	CHIP/Medicaid Enrollment	% of Population	Est. Uninsured 3%	# Children Uninsured Ranking*
Barbour	3,470	235	1,648	1,883	54.3%	104	33
Berkeley	27,800	1,692	11,514	13,206	47.5%	834	2
Boone	5,087	244	3,166	3,410	67.0%	153	27
Braxton	2,947	173	1,579	1,752	59.5%	88	39
Brooke	4,185	1	1,183	1,184	28.3%	126	31
Cabell	19,601	965	9,001	9,966	50.8%	588	3
Calhoun	1,427	92	774	866	60.7%	43	51
Clay	2,041	124	1,329	1,453	71.2%	61	44
Doddridge	1,479	93	731	824	55.7%	44	49
Fayette	9,297	677	5,080	5,757	61.9%	279	12
Gilmer	1,212	68	579	647	53.4%	36	54
Grant	2,343	127	1,142	1,269	54.2%	70	42
Greenbrier	7,018	581	3,608	4,189	59.7%	211	16
Hampshire	4,619	268	2,321	2,589	56.1%	139	30
Hancock	5,876	527	3,201	3,728	63.4%	176	20
Hardy	2,847	249	1,504	1,753	61.6%	85	40
Harrison	15,199	898	6,348	7,246	47.7%	456	7
Jackson	6,506	333	2,979	3,312	50.9%	195	18
Jefferson	13,304	645	3,932	4,577	34.4%	399	9
Kanawha	38,824	2,089	19,027	21,116	54.4%	1,165	1
Lewis	3,432	269	1,831	2,100	61.2%	103	35
Lincoln	4,849	252	3,071	3,323	68.5%	145	28
Logan	7,095	407	4,408	4,815	67.9%	213	15
Marion	11,654	590	5,231	5,821	49.9%	350	11
Marshall	6,478	257	2,807	3,064	47.3%	194	19
Mason	5,798	245	2,882	3,127	53.9%	174	21
McDowell	3,994	179	3,081	3,260	81.6%	120	32
Mercer	12,774	769	7,689	8,458	66.2%	383	10
Mineral	5,626	286	2,328	2,614	46.5%	169	23
Mingo	5,632	256	3,778	4,034	71.6%	169	22
Monongalia	17,905	887	5,355	6,242	34.9%	537	5
Monroe	2,781	229	1,161	1,390	50.0%	83	41
Morgan	3,367	257	1,432	1,689	50.2%	101	36
Nicholas	5,271	381	2,933	3,314	62.9%	158	25
Ohio	8,365	427	3,446	3,873	46.3%	251	14
Pendleton	1,269	93	572	665	52.4%	38	52
Pleasants	1,473	83	639	722	49.0%	44	50
Pocahontas	1,517	143	783	926	61.0%	46	48
Preston	6,658	406	3,095	3,501	52.6%	200	17
Putnam	13,446	625	4,326	4,951	36.8%	403	8
Raleigh	16,494	997	8,972	9,969	60.4%	495	6
Randolph	5,586	445	2,990	3,435	61.5%	168	24
Ritchie	2,034	118	1,064	1,182	58.1%	61	45
Roane	3,116	247	1,738	1,985	63.7%	93	38
Summers	2,225	184	1,372	1,556	69.9%	67	43
Taylor	3,449	202	1,548	1,750	50.7%	103	34
Tucker	1,199	105	552	657	54.8%	36	55
Tyler	1,848	87	818	905	49.0%	55	46

# WVCHIP Enrollment Report

April 2018

County	County Pop. 2016 Est. (0-18 Yrs)	Total CHIP Enrollment Apr-18	Total Medicaid Enrollment Apr-18	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	2016 Est. Uninsured 3%	2016 # Children Uninsured Ranking*
Upshur	5,197	338	2,907	3,245	62.4%	156	26
Wayne	8,809	390	4,769	5,159	58.6%	264	13
Webster	1,787	114	1,279	1,393	78.0%	54	47
Wetzel	3,255	159	1,785	1,944	59.7%	98	37
Wirt	1,245	66	684	750	60.2%	37	53
Wood	18,641	955	9,017	9,972	53.5%	559	4
Wyoming	4,707	267	2,631	2,898	61.6%	141	29
<b>Totals</b>	<b>384,058</b>	<b>21,796</b>	<b>183,620</b>	<b>205,416</b>	<b>53.5%</b>	<b>11,522</b>	

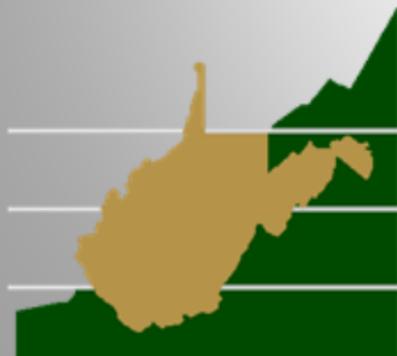


The above map shows the most recent 2016 county level data provided by the U.S. Census Bureau Small Area Health Insurance Estimates (SAHIE) for children under 19 years. While the statewide average for children under 19 is now about 3%, the SAHIE data reflects more accurately the variation from county to county depending on the availability of employer sponsored insurance and should be a more accurate way to target outreach than in previous years.

# WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

March 31, 2018



# Participant Plans Allocation & Performance Net of Fees

Period Ending: March 31, 2018

	6/30/2017		3/31/2018		Performance %						
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
<b>WVIMB Fund Assets</b>	<b>18,283,189</b>	<b>100.0</b>	<b>19,351,083</b>	<b>100.0</b>							
<b>Pension Assets</b>	<b>14,791,142</b>	<b>80.9</b>	<b>15,596,378</b>	<b>80.6</b>							
Public Employees' Retirement System	6,288,320	34.4	6,687,739	34.6	(0.6)	0.5	8.3	12.9	8.3	8.9	7.4
Teachers' Retirement System	7,232,585	39.6	7,556,644	39.1	(0.6)	0.5	8.2	12.8	8.2	8.9	7.1
EMS Retirement System	70,196	0.4	77,444	0.4	(0.6)	0.5	8.3	12.9	8.3	8.9	7.2
Public Safety Retirement System	639,380	3.5	660,500	3.4	(0.6)	0.6	8.3	12.8	8.3	8.9	7.4
Judges' Retirement System	189,254	1.0	202,761	1.0	(0.6)	0.6	8.3	12.9	8.4	9.0	7.4
State Police Retirement System	165,873	0.9	185,254	1.0	(0.6)	0.5	8.3	12.9	8.3	8.9	7.4
Deputy Sheriffs' Retirement System	198,732	1.1	216,260	1.1	(0.6)	0.5	8.3	12.9	8.3	8.9	7.4
Municipal Police & Firefighter Retirement System	5,356	0.0	7,166	0.0	(0.6)	0.5	8.0	12.5	8.1	8.6	
Municipal Model A	1,446	0.0	1,489	0.0	(0.6)	0.6	8.3	12.9	8.3		
Municipal Model C			1,121	0.0	(0.6)	0.3					
<b>Insurance Assets</b>	<b>2,641,811</b>	<b>14.4</b>	<b>2,823,803</b>	<b>14.6</b>							
Workers' Compensation Old Fund	1,260,911	6.8	1,224,381	6.3	(0.3)	(0.1)	5.2	7.6	5.0	4.6	4.6
Workers' Comp. Self-Insured Guaranty Risk Pool	33,211	0.2	34,477	0.2	(0.3)	0.0	5.3	7.7	4.7	4.9	4.3
Workers' Comp. Self-Insured Security Risk Pool	53,908	0.3	54,399	0.3	(0.3)	0.0	5.4	7.7	4.8		
Workers' Comp. Uninsured Employers' Fund	11,797	0.1	13,014	0.1	(0.3)	0.1	5.4	7.5	4.5	4.7	4.0
Pneumoconiosis	250,631	1.4	253,594	1.3	(0.3)	0.0	5.3	7.6	4.7	4.9	5.1
Board of Risk & Insurance Management	144,341	0.8	152,074	0.8	(0.3)	0.0	5.4	7.6	4.6	4.9	5.5
Public Employees' Insurance Agency	153,908	0.8	199,441	1.0	(0.1)	(0.1)	4.9	7.0	4.5	4.8	5.2
WV Retiree Health Benefit Trust Fund	733,104	4.0	892,423	4.6	(0.6)	0.6	8.3	12.9	8.3	8.9	8.4
<b>Endowment Assets</b>	<b>850,236</b>	<b>4.7</b>	<b>930,902</b>	<b>4.8</b>							
Berkeley County Development Authority	7,031	0.0	7,643	0.0	(0.6)	0.5	8.3	12.9			
Wildlife Fund	63,648	0.4	64,502	0.3	(0.6)	0.5	8.3	12.8	8.3	8.9	7.4
Prepaid Tuition Trust	49,025	0.3	42,581	0.2	(0.3)	(0.4)	5.5	8.9	6.3	7.0	6.6
Revenue Shortfall Reserve Fund	145,150	0.8	167,975	0.9	0.6	(0.9)	1.3	2.1	1.9	1.3	2.1
Revenue Shortfall Reserve Fund - Part B	425,111	2.4	441,865	2.3	0.1	(0.6)	3.9	6.6	4.7	4.4	4.0
WV DEP Trust	9,044	0.0	9,727	0.1	(1.1)	0.2	9.2	12.9	7.3	8.2	
WV DEP Agency	151,227	0.8	196,609	1.0	(0.6)	(0.2)	6.3	9.2	5.6		

Composite Asset Allocation & Performance Net of Fees

Period Ending: March 31, 2018

	Asset (\$000)	%	Performance %							
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	
Investment Pools Composite	19,359,985	100.00								
Total Equity Composite +/- Total Equity Base Index (b)	9,291,517	48.00	(1.61) 0.19	0.15 0.95	12.33 1.63	17.61 1.89	10.01 1.23	10.97 1.08	8.05 1.52	
Domestic Equity Composite +/- Russell 3000 Index	4,457,311	23.02	(1.35) 0.66	0.49 1.13	11.80 1.32	15.49 1.68	10.06 (0.16)	13.13 0.10	9.87 0.25	
International Equity Composite +/- MSCI AC World ex US IMI Index (c)	4,834,206	24.98	(1.85) (0.25)	(0.15) 0.81	12.75 1.85	19.45 1.84	9.75 2.52	8.63 1.93	5.96 2.63	
Fixed Income Composite +/- Bloomberg Barclays Capital Universal (d)	3,583,510	18.51	0.44 (0.07)	(0.79) 0.62	1.66 1.66	3.89 2.37	3.18 1.45	3.05 0.86	4.51 0.50	
Core Fixed Income Composite +/- Bloomberg Barclays Capital Aggregate	1,084,825	5.60	0.70 0.06	(1.23) 0.23	0.02 0.26	1.54 0.34	1.68 0.48	2.23 0.41		
Total Return Fixed Income Composite (k) +/- Bloomberg Barclays Capital Universal	2,498,685	12.91	0.33 (0.18)	(0.60) 0.81	2.37 2.37	4.92 3.40	3.82 2.09	3.41 1.22	4.99 0.98	
TIPS Composite +/- Bloomberg Barclays Capital U.S.TIPS	371,518	1.92	1.07 0.02	(0.77) 0.02	1.37 0.04	0.94 0.02	1.31 0.01	0.04 (0.01)		
Cash Composite +/- Citigroup 90 Day T-Bill (e)	168,416	0.87	0.13 0.00	0.35 0.00	0.89 0.00	1.08 0.01	0.54 0.05	0.38 0.05	0.41 0.00	
Private Equity Composite +/- Russell 3000 + 3% (f, g)	1,712,190	8.84	1.16	2.09	5.95	15.74	13.53	13.36 (2.87)		
Real Estate Composite +/- NCREIF + 1% (f)	1,696,377	8.76	1.01	2.20	4.62	9.16	9.16	9.61 (1.58)		
Hedge Fund Composite +/- HFRI FOF + 1% (h)	2,058,096	10.63	(0.54) (0.25)	1.29 0.48	4.61 (1.15)	4.64 (2.22)	1.96 (1.00)	4.26 0.43		
Opportunistic Income Composite +/- CS Leveraged Loan + 2.5%	478,361	2.47	0.58 0.06	1.07 (1.13)	2.01 (3.72)	4.74 (2.40)				

# Participant Plans Allocation vs. Strategy

Period Ending: March 31, 2018

	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	24.7	27.5	26.8	27.5	14.7	15.0	10.3	10.0	10.2	10.0	10.2	10.0	2.9	0.0	0.2	0.0
Teachers' Retirement System	24.7	27.5	26.8	27.5	14.5	15.0	10.4	10.0	10.3	10.0	10.2	10.0	2.9	0.0	0.2	0.0
EMS Retirement System	24.7	27.5	26.7	27.5	14.8	15.0	10.3	10.0	10.2	10.0	10.2	10.0	2.9	0.0	0.2	0.0
Public Safety Retirement System	24.8	27.5	26.8	27.5	14.5	15.0	10.4	10.0	10.3	10.0	10.3	10.0	2.9	0.0	0.0	0.0
Judges' Retirement System	24.8	27.5	26.7	27.5	14.7	15.0	10.3	10.0	10.2	10.0	10.2	10.0	2.9	0.0	0.2	0.0
State Police Retirement System	24.7	27.5	26.7	27.5	14.7	15.0	10.2	10.0	10.1	10.0	10.2	10.0	2.9	0.0	0.5	0.0
Deputy Sheriffs' Retirement System	24.8	27.5	26.7	27.5	14.8	15.0	10.3	10.0	10.2	10.0	10.2	10.0	2.9	0.0	0.1	0.0
Municipal Police & Firefighter Retirement System	23.7	27.5	25.6	27.5	14.3	15.0	9.8	10.0	9.8	10.0	9.8	10.0	2.8	0.0	4.2	0.0
Municipal Model A	24.8	27.5	26.7	27.5	14.1	15.0	10.4	10.0	10.3	10.0	10.2	10.0	2.9	0.0	0.6	0.0
Municipal Model C	23.1	25.0	24.9	25.0	28.4	30.0	5.1	5.0	5.0	5.0	10.2	10.0	1.4	0.0	1.9	0.0

## Insurance Assets

Workers' Compensation Old Fund	14.5	15.0	15.6	15.0	51.0	50.0	0.0	0.0	0.0	0.0	15.4	15.0	0.0	0.0	3.5	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	14.3	15.0	15.4	15.0	45.3	45.0	0.0	0.0	0.0	0.0	20.3	20.0	0.0	0.0	4.7	5.0
Workers' Comp. Self-Insured Security Risk Pool	14.3	15.0	15.5	15.0	45.7	45.0	0.0	0.0	0.0	0.0	20.4	20.0	0.0	0.0	4.1	5.0
Workers' Comp. Uninsured Employers Fund	14.0	15.0	15.1	15.0	40.6	40.0	0.0	0.0	0.0	0.0	20.3	20.0	0.0	0.0	10.0	10.0
Pneumoconiosis	14.3	15.0	15.4	15.0	45.5	45.0	0.0	0.0	0.0	0.0	20.4	20.0	0.0	0.0	4.4	5.0
Board of Risk & Insurance Mgmt.	14.2	15.0	15.3	15.0	45.1	45.0	0.0	0.0	0.0	0.0	20.2	20.0	0.0	0.0	5.2	5.0
Public Employees' Insurance Agency	9.6	12.5	10.3	12.5	44.7	55.0	0.0	0.0	0.0	0.0	16.3	20.0	0.0	0.0	19.1	0.0
WV Retiree Health Benefit Trust Fund	24.7	27.5	26.5	27.5	15.0	15.0	10.2	10.0	10.1	10.0	10.1	10.0	2.8	0.0	0.6	0.0

## Endowment Assets

Berkeley County Development Authority	24.8	27.5	26.6	27.5	15.0	15.0	10.3	10.0	10.2	10.0	10.2	10.0	2.9	0.0	0.0	0.0
Wildlife Fund	24.7	27.5	26.6	27.5	15.0	15.0	10.3	10.0	10.2	10.0	10.2	10.0	2.9	0.0	0.1	0.0
Prepaid Tuition Trust	21.7	22.0	17.6	18.0	58.4	60.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.3	0.0
Revenue Shortfall Reserve Fund	0.0	0.0	0.0	0.0	82.7	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17.3	0.0
Revenue Shortfall Reserve Fund - Part B	10.7	11.3	11.5	11.3	77.8	77.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WV DEP Trust	31.0	32.5	33.3	32.5	15.1	15.0	0.0	0.0	0.0	0.0	20.6	20.0	0.0	0.0	0.0	0.0
WV DEP Agency	18.7	20.0	20.1	20.0	39.9	40.0	0.0	0.0	0.0	0.0	20.1	20.0	0.0	0.0	1.2	0.0

- (a) As of January 2014, the PERS Base is 30% Russell 3000, 30% MSCI ACW ex USA (IMI), and 40% Bloomberg Barclays Capital Universal. From April 2008 to December 2013, the PERS Base 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 Base Index is 50% Russell 3000 and 50% MSCI ACW ex USA (IMI). From April 2008 to December 2013, the Total Equity Base 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.

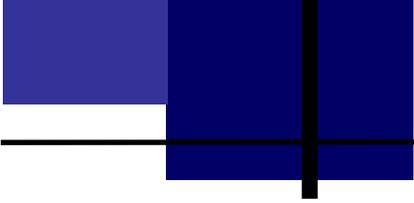
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**Status Report:**  
**Workers' Compensation**

Joint Committee on Government & Finance

May 2018

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*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 was sought or awarded, i.e. no payment of wage replacement benefits (indemnity) is being made.

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

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

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

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

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

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

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

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

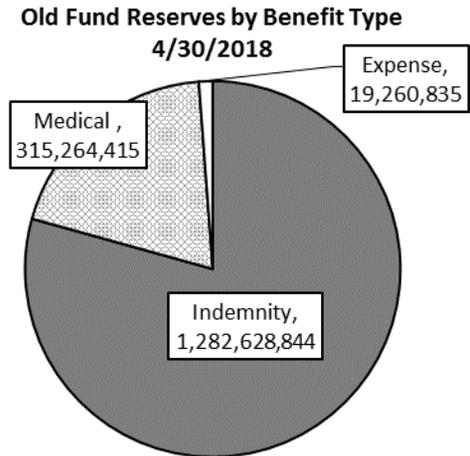
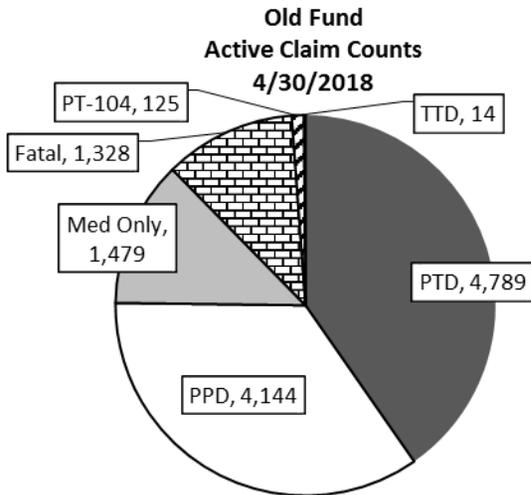
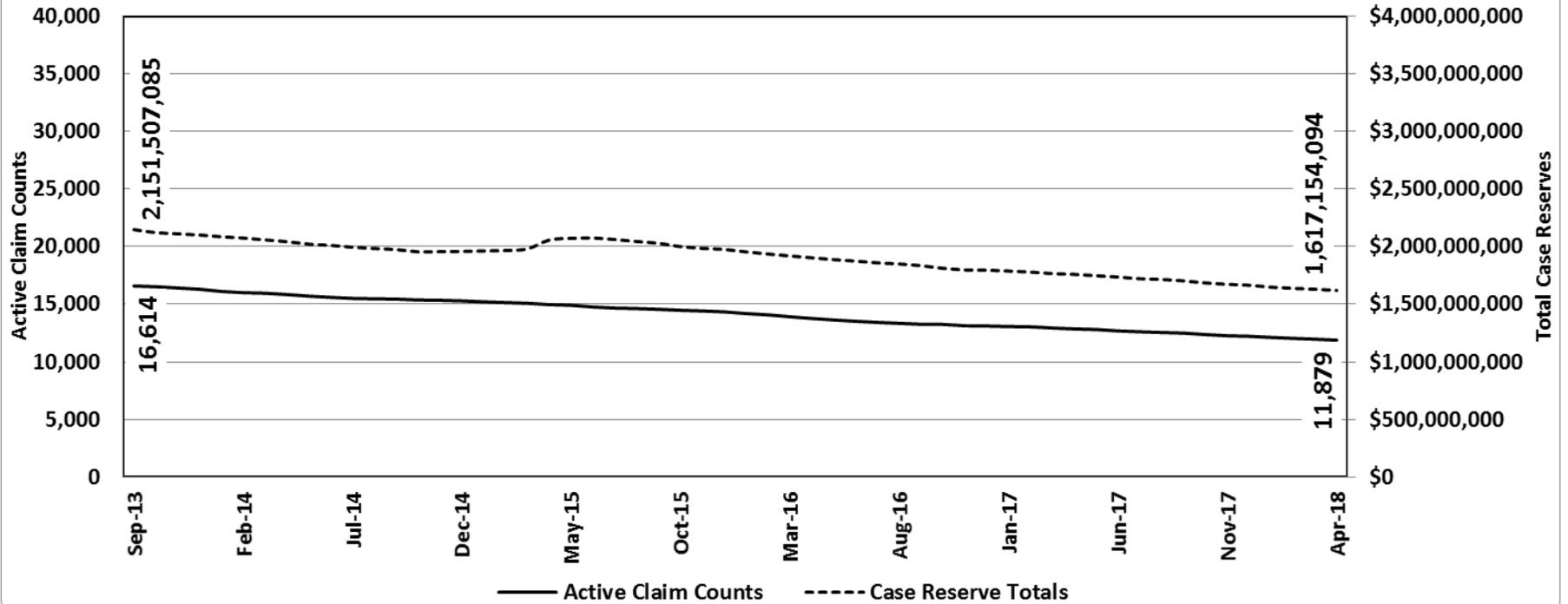
**Self-Insured Security Fund:** State managed fund consisting of those funds paid into it thru the WVOIC's administration of 85 CSR §19 (2004), and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or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

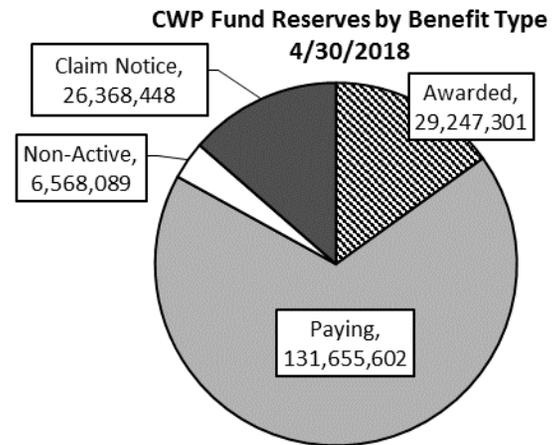
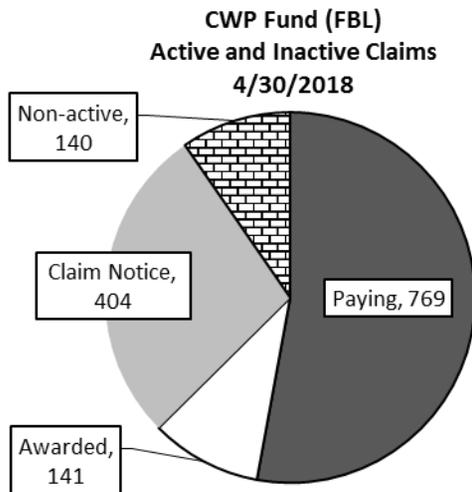
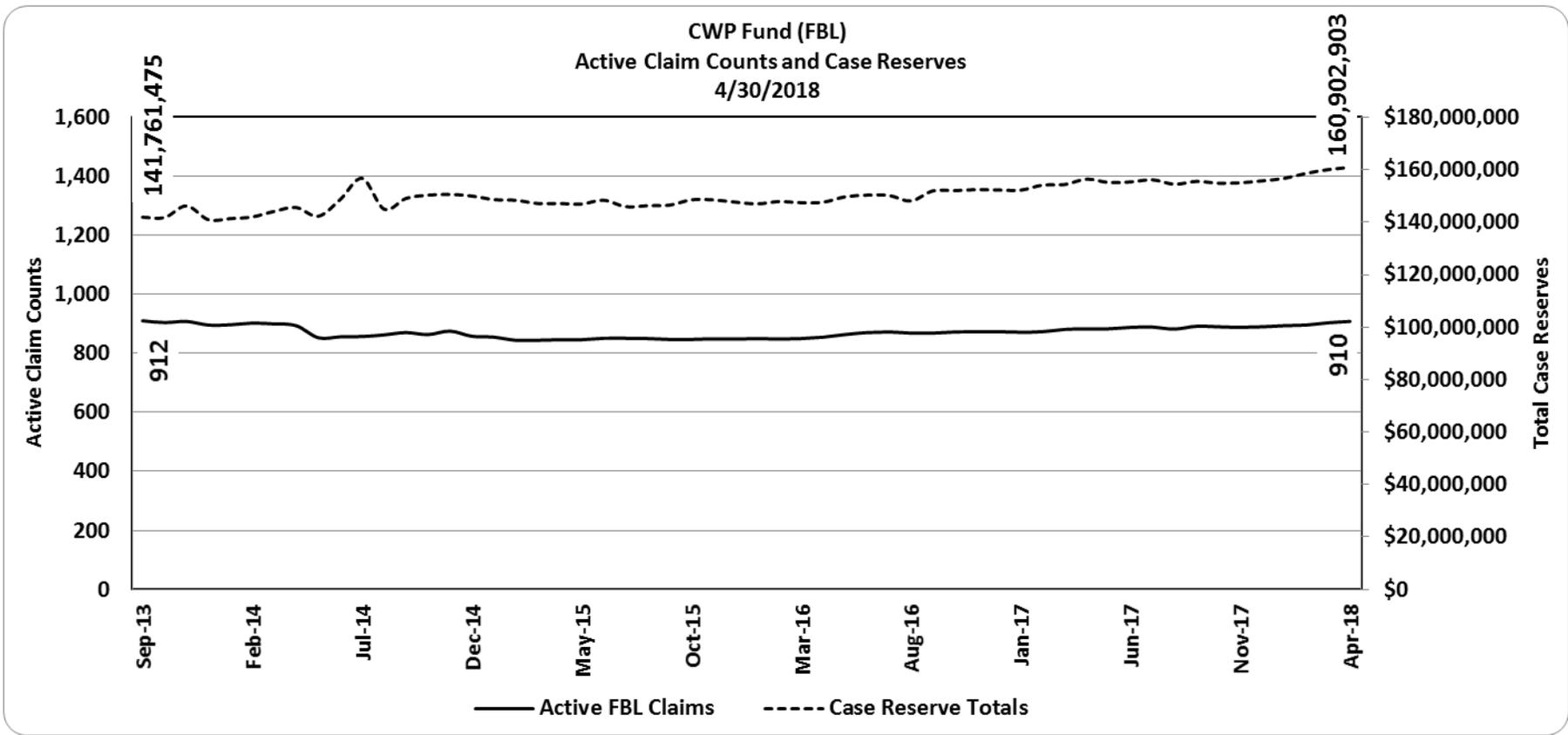
**TPD:** (Temporary Partial Disability) also referred to as TPR, is paid when an injured worker is released to return to work with restrictions or modifications that restrict he/she from obtaining their pre-injury wages. The TPD benefit is paid at seventy percent of the difference between the average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

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

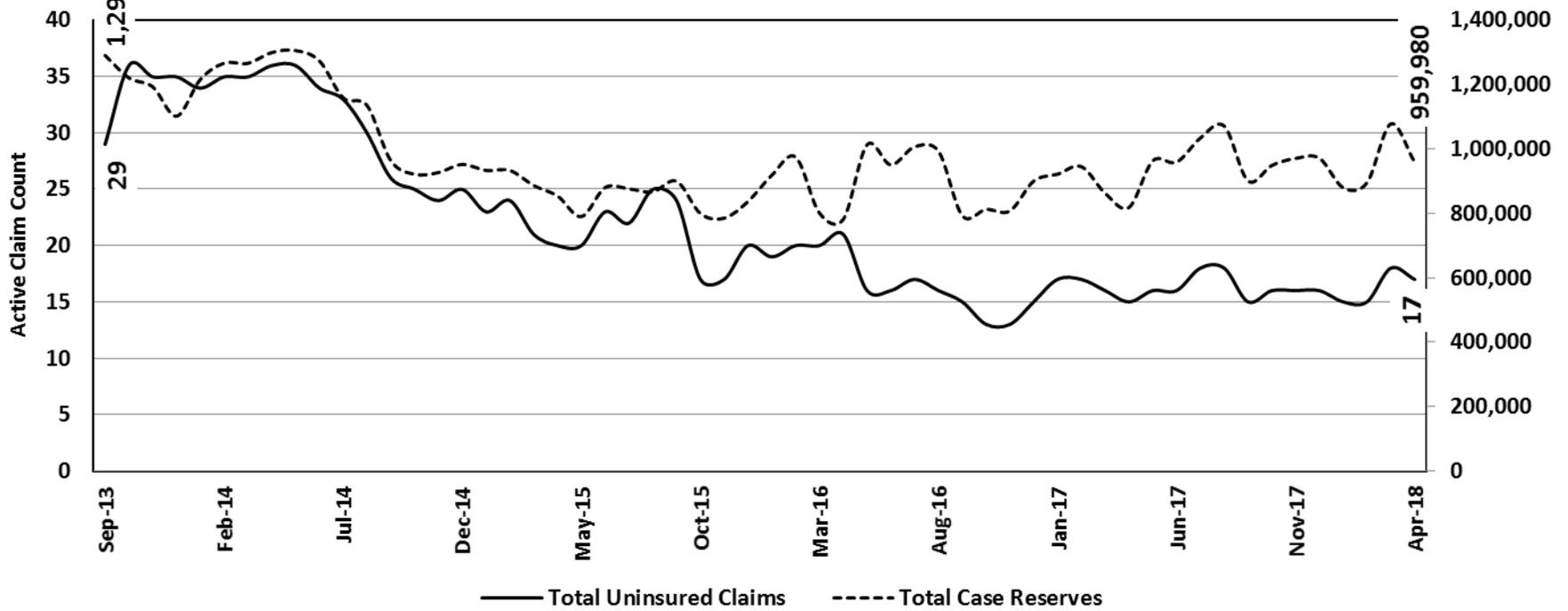
**Uninsured Fund:** State managed fund into which assessments to carriers or employers received are held, and out of which workers' compensation benefits may be paid to claimant employees of employers who were uninsured if the date of injury or date of last exposure is January 1, 2006 or later.

**Old Fund  
Active Claim Counts and Case Reserves  
4/30/2018**

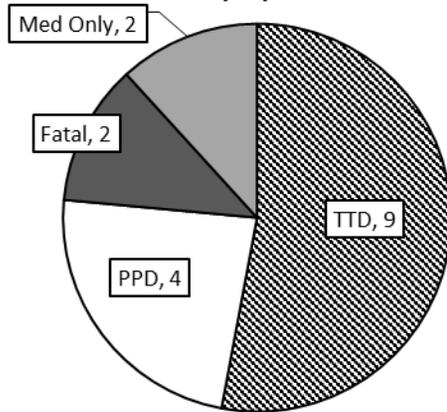




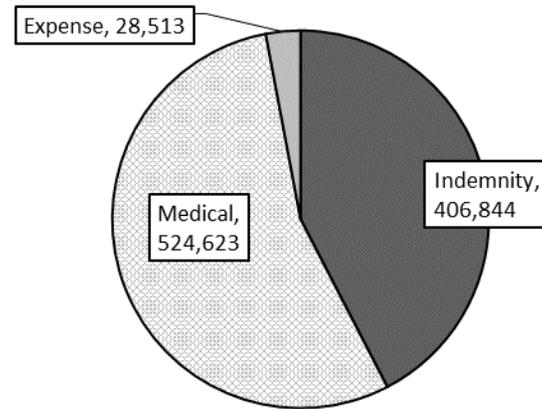
**Uninsured Fund  
Active Claim Counts and Case Reserves  
4/30/2018**



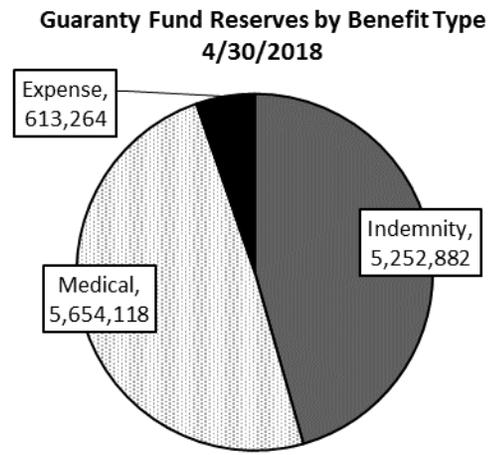
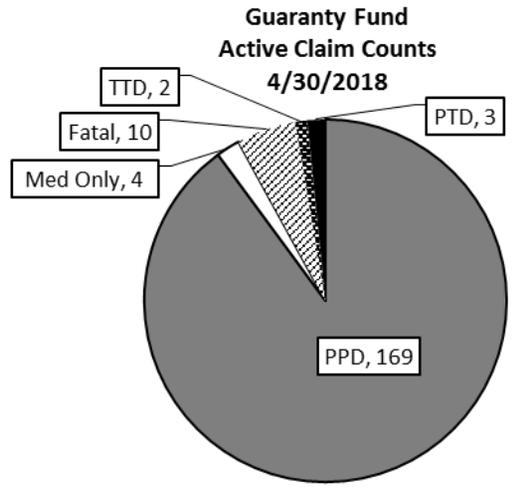
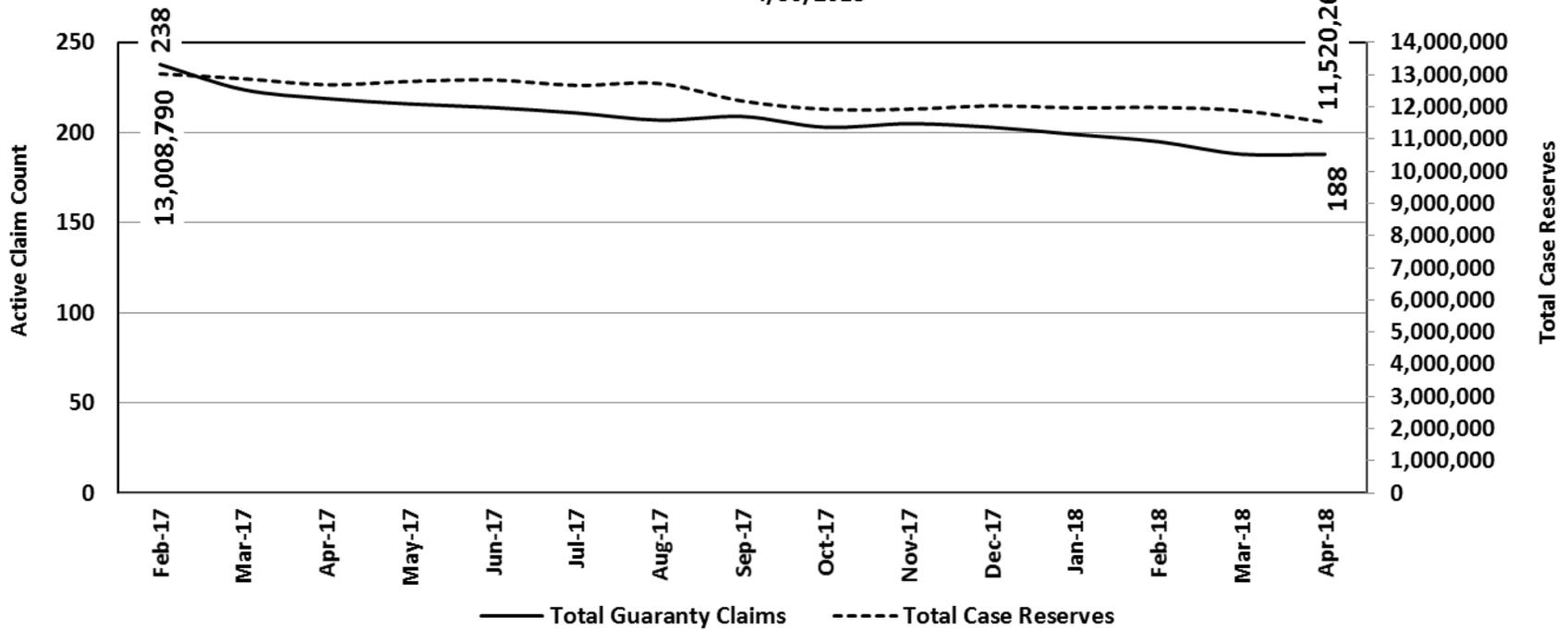
**Uninsured Fund  
Active Claim Counts  
4/30/2018**



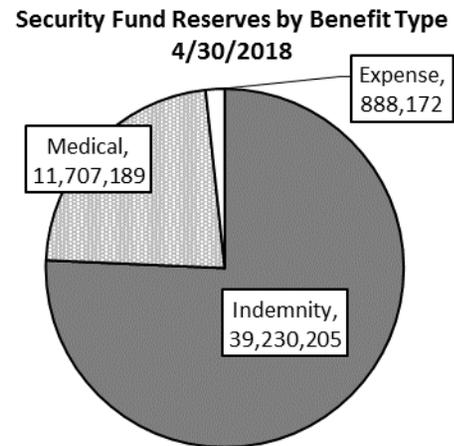
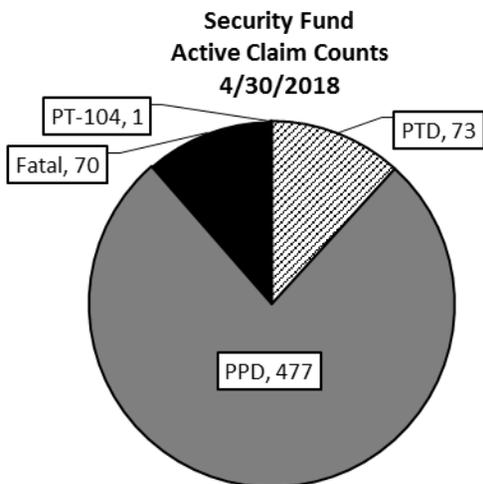
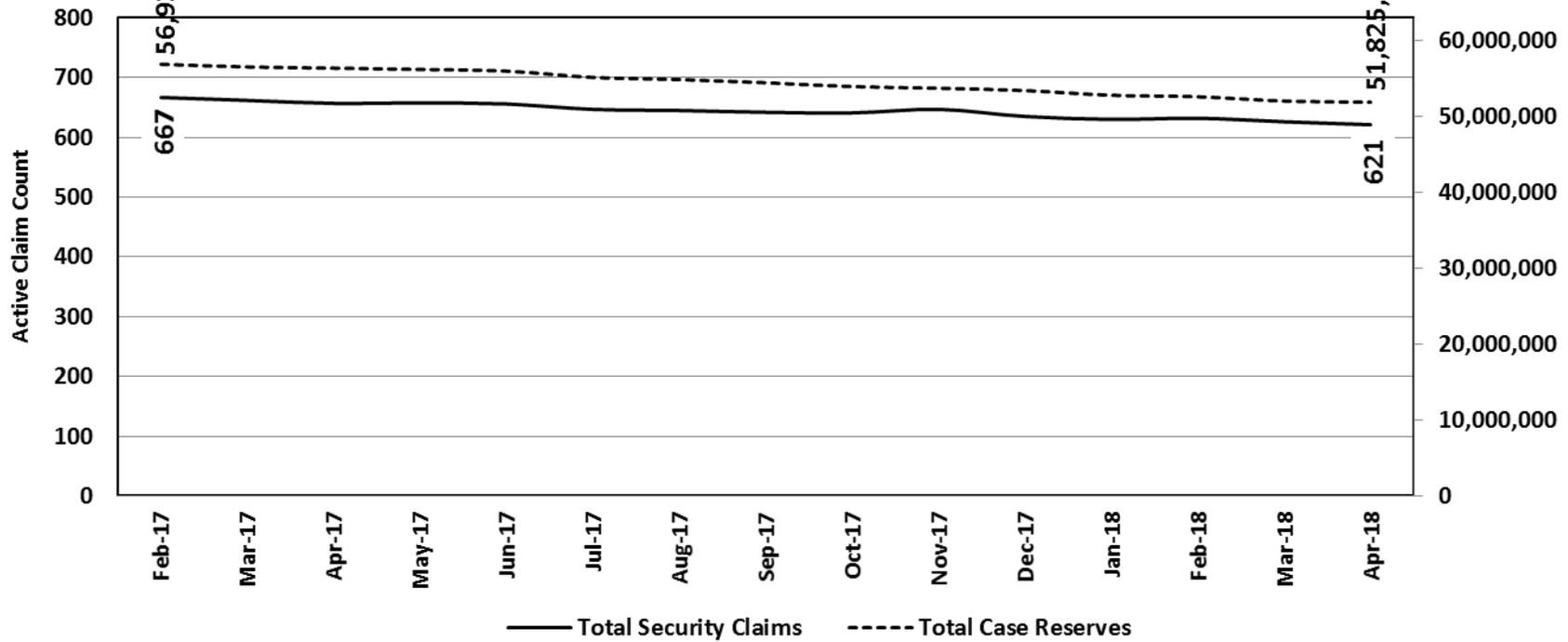
**Uninsured Fund Reserves by Benefit Type  
4/30/2018**



**Guaranty Fund  
Active Claim Counts and Case Reserves  
4/30/2018**



**Security Fund  
Active Claim Counts and Case Reserves  
4/30/2018**



OLD FUND CASH STATEMENT  
April 30, 2018

	YTD FY2018	YTD FY2017	Change	Three Year History for years ended:		
				FY2017	FY2016	FY2015
<b>Cash Beginning Balances</b>	<b>1,263,372,448</b>	<b>1,280,647,632</b>	<b>(17,275,184)</b>	<b>1,280,647,632</b>	<b>1,311,653,269</b>	<b>1,190,142,811</b>
<b>Revenues</b>						
Personal Income Tax	-	-	-	-	42,400,000	95,400,000
Severance Tax	-	13,887,551	(13,887,551)	13,887,551	73,068,796	125,703,925
Debt Reduction Surcharge	6,658,419	9,755,798	(3,097,379)	12,336,645	25,211,458	34,106,221
Self-Insured Debt Reduction Surcharge	1,784,978	3,679,871	(1,894,893)	4,346,111	6,209,330	8,859,759
Video Lottery	2,119,564	3,879,889	(1,760,324)	5,500,000	6,734,934	11,000,000
Employer Premium	499,350	52,726	446,624	62,806	111,955	202,532
Other Income - Return of Unclaimed Property	271,283	354,423	(83,140)	354,423	184,888	153,763
<b>Operating Revenues</b>	<b>11,333,594</b>	<b>31,610,257</b>	<b>(20,276,663)</b>	<b>36,487,535</b>	<b>153,921,361</b>	<b>275,426,199</b>
Investment / Interest Earnings (Losses)	67,781,675	86,486,258	(18,704,583)	112,116,554	(5,981,504)	34,715,474
<b>Total Revenues</b>	<b>79,115,269</b>	<b>118,096,515</b>	<b>(38,981,245)</b>	<b>148,604,089</b>	<b>147,939,857</b>	<b>310,141,673</b>
<b>Expenditures</b>						
Claims Benefits Paid:						
Medical	21,336,336	22,937,902	(1,601,566)	27,437,375	26,890,541	29,881,043
Permanent Total Disability	72,729,147	77,202,655	(4,473,507)	92,140,733	98,784,921	104,948,107
Permanent Partial Disability	250,002	287,804	(37,802)	336,015	232,699	353,749
Temporary Disability	18,268	-	18,268	-	8,554	-
Fatals	18,121,615	19,272,117	(1,150,502)	22,990,499	24,098,586	25,497,598
104 weeks death benefit	4,478,886	4,897,605	(418,719)	5,825,439	6,990,581	5,883,387
Settlements	6,285,391	10,287,603	(4,002,213)	11,716,131	12,718,425	12,206,388
Loss Adjustment Expenses	1,137,559	1,188,640	(51,081)	1,446,808	1,970,779	2,029,136
Total	124,357,205	136,074,327	(11,717,122)	161,893,000	171,695,087	180,799,408
Less: Claims credits and overpayments	2,613,730	4,604,886	(1,991,156)	5,080,389	3,044,395	2,240,415
Total Benefits Paid	121,743,476	131,469,441	(9,725,965)	156,812,611	168,650,692	178,558,993
Administrative Expenses	6,230,452	6,917,916	(687,463)	9,066,663	10,294,801	10,060,064
<b>Total Expenditures</b>	<b>127,973,928</b>	<b>138,387,357</b>	<b>(10,413,429)</b>	<b>165,879,274</b>	<b>178,945,493</b>	<b>188,619,057</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(48,858,659)</b>	<b>(20,290,842)</b>	<b>(28,567,816)</b>	<b>(17,275,184)</b>	<b>(31,005,636)</b>	<b>121,522,616</b>
<b>Cash Ending Balances</b>	<b>1,214,513,789</b>	<b>1,260,356,790</b>	<b>(45,843,000)</b>	<b>1,263,372,448</b>	<b>1,280,647,632</b>	<b>1,311,665,427</b>

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  
April 30, 2018

	Three Year History for years ended:					
	YTD FY2018	YTD FY2017	Change	FY2017	FY2016	FY2015
<b>Cash Beginning Balances</b>	251,313,328	245,945,240	5,368,089	245,945,240	264,657,327	267,173,190
<b>Revenues</b>						
Investment Earnings (Losses)	13,753,705	17,216,254	(3,462,549)	22,100,417	(5,091,164)	10,347,881
Other Income - Return of Unclaimed Property	645	2,552	(1,908)	8,353	3,797	876
<b>Total Revenues</b>	<b>13,754,349</b>	<b>17,218,806</b>	<b>(3,464,457)</b>	<b>22,108,770</b>	<b>(5,087,367)</b>	<b>10,348,758</b>
<b>Expenditures</b>						
Claims Benefits Paid:						
Medical	5,803,353	3,367,201	2,436,152	4,032,649	2,830,426	2,629,364
PTD and Fatal Indeminty	6,565,719	6,776,522	(210,802)	8,174,289	7,548,752	6,857,612
Loss Adjustment Expenses	2,794,017	2,999,609	(205,591)	3,783,923	2,629,468	2,633,172
Total	15,163,089	13,143,331	2,019,758	15,990,861	13,008,646	12,120,148
Less: Claims Credits and Overpayments	245,501	116,767	128,735	125,895	130,620	129,338
Total Benefits Paid	14,917,588	13,026,564	1,891,024	15,864,966	12,878,025	11,990,810
Administrative Expenses	748,484	724,068	24,416	875,715	746,696	873,810
<b>Total Expenditures</b>	<b>15,666,072</b>	<b>13,750,632</b>	<b>1,915,440</b>	<b>16,740,681</b>	<b>13,624,721</b>	<b>12,864,620</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(1,911,723)</b>	<b>3,468,174</b>	<b>(5,379,897)</b>	<b>5,368,089</b>	<b>(18,712,088)</b>	<b>(2,515,863)</b>
<b>Cash Ending Balances</b>	<b>249,401,605</b>	<b>249,413,414</b>	<b>(11,807)</b>	<b>251,313,328</b>	<b>245,945,240</b>	<b>264,657,327</b>

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  
April 30, 2018

	YTD FY2018	YTD FY2017	Change	Three Year History for years ended:		
				FY2017	FY2016	FY2015
<b>Cash Beginning Balances</b>	<b>33,836,322</b>	<b>33,462,454</b>	<b>373,868</b>	<b>33,462,454</b>	<b>16,014,340</b>	<b>15,603,319</b>
<b>Revenues</b>						
Guaranty Risk Pool Assessments	-	-	-	-	18,684	89,571
Collateral Proceeds	-	-	-	-	19,422,025	-
Investment Earnings (Losses)	1,852,560	2,341,413	(488,853)	3,012,508	(155,883)	612,972
<b>Total Revenues</b>	<b>1,852,560</b>	<b>2,341,413</b>	<b>(488,853)</b>	<b>3,012,508</b>	<b>19,284,826</b>	<b>702,542</b>
<b>Expenditures</b>						
Claims Benefits Paid:						
Medical	197,518	354,327	(156,809)	503,912	309,470	51,752
Permanent Total Disability	164,757	53,098	111,659	63,717	43,638	-
Permanent Partial Disability	455,810	849,269	(393,459)	972,712	612,823	20,788
Temporary Disability	56,649	271,806	(215,157)	375,328	303,724	114,835
Fatals	213,542	230,842	(17,300)	277,011	257,806	55,093
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	20,000	3,800	16,200	3,800	-	-
Non Awarded Partial Disability	10,904	4,407	6,496	4,407	9,377	-
Loss Adjustment Expenses	110,360	213,386	(103,026)	255,219	163,819	12,414
Total	1,229,539	1,980,935	(751,396)	2,456,105	1,700,657	254,882
Less: Claims Credits and Overpayments	11,148	2,141	9,008	2,723	17,176	(9,064)
Total Benefits Paid	1,218,391	1,978,794	(760,403)	2,453,382	1,683,481	263,947
Administrative Expenses	95,340	153,144	(57,804)	185,258	153,231	27,575
<b>Total Expenditures</b>	<b>1,313,731</b>	<b>2,131,938</b>	<b>(818,207)</b>	<b>2,638,640</b>	<b>1,836,711</b>	<b>291,522</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>538,829</b>	<b>209,475</b>	<b>329,354</b>	<b>373,868</b>	<b>17,448,114</b>	<b>411,021</b>
<b>Cash Ending Balances</b>	<b>34,375,151</b>	<b>33,671,929</b>	<b>703,222</b>	<b>33,836,322</b>	<b>33,462,454</b>	<b>16,014,340</b>

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  
April 30, 2018

	YTD FY2018	YTD FY2017	Change	Three Year History for years ended:		
				FY2017	FY2016	FY2015
<b>Cash Beginning Balances</b>	<b>54,448,203</b>	<b>53,859,338</b>	<b>588,865</b>	<b>53,859,338</b>	<b>9,208,803</b>	<b>7,137,316</b>
<b>Revenues</b>						
Security Risk Pool Assessments	-	-	-	-	230,340	1,114,180
Collateral Proceeds	-	-	-	-	47,503,193	1,425,061
Investment Earnings (Losses)	2,981,803	3,831,434	(849,632)	4,914,238	201,775	310,550
<b>Total Revenues</b>	<b>2,981,803</b>	<b>3,831,434</b>	<b>(849,632)</b>	<b>4,914,238</b>	<b>47,935,308</b>	<b>2,849,791</b>
<b>Expenditures</b>						
Claims Benefits Paid:						
Medical	686,082	679,181	6,901	778,632	479,295	71,000
Permanent Total Disability	1,261,196	1,319,081	(57,885)	1,576,942	1,163,198	208,590
Permanent Partial Disability	-	-	-	-	7,560	38,698
Temporary Disability	-	-	-	-	-	-
Fatals	1,038,450	1,115,274	(76,824)	1,333,911	1,183,728	404,642
104 Weeks Death Benefit	37,804	122,745	(84,941)	134,935	92,595	-
Settlement Agreements	205,471	12,071	193,400	14,165	21,177	-
Loss Adjustment Expenses	75,101	126,585	(51,484)	151,558	54,047	12,113
<b>Total</b>	<b>3,304,105</b>	<b>3,374,938</b>	<b>(70,833)</b>	<b>3,990,143</b>	<b>3,001,600</b>	<b>735,042</b>
Less: Claims Credits and Overpayments	216,441	8,597	207,843	38,143	4,925	(1,392)
<b>Total Benefits Paid</b>	<b>3,087,664</b>	<b>3,366,341</b>	<b>(278,677)</b>	<b>3,952,000</b>	<b>2,996,676</b>	<b>736,434</b>
Administrative Expenses	235,617	290,869	(55,252)	373,374	288,097	41,870
<b>Total Expenditures</b>	<b>3,323,281</b>	<b>3,657,210</b>	<b>(333,928)</b>	<b>4,325,374</b>	<b>3,284,773</b>	<b>778,304</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(341,478)</b>	<b>174,225</b>	<b>(515,703)</b>	<b>588,865</b>	<b>44,650,535</b>	<b>2,071,487</b>
<b>Cash Ending Balances</b>	<b>54,106,725</b>	<b>54,033,563</b>	<b>73,162</b>	<b>54,448,203</b>	<b>53,859,338</b>	<b>9,208,803</b>

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  
April 30, 2018

	Three Year History for years ended:					
	YTD FY2018	YTD FY2017	Change	FY2017	FY2016	FY2015
<b>Cash Beginning Balances</b>	12,760,544	11,864,792	895,753	11,864,792	12,125,188	11,714,178
<b>Revenues</b>						
Fines and Penalties	339,960	472,869	(132,908)	595,742	625,093	765,082
Investment Earnings (Losses)	647,459	745,456	(97,997)	962,646	(205,615)	408,442
<b>Total Revenues</b>	<u>987,419</u>	<u>1,218,324</u>	<u>(230,905)</u>	<u>1,558,387</u>	<u>419,478</u>	<u>1,173,523</u>
<b>Expenditures</b>						
Claims Benefits Paid:						
Medical	84,167	26,259	57,909	30,783	47,718	22,011
Permanent Total Disability	-	-	-	-	-	-
Permanent Partial Disability	25,493	47,704	(22,211)	51,760	4,738	50,684
Temporary Disability	78,721	22,854	55,867	25,414	113,212	22,997
Fatals	41,692	41,692	-	50,030	52,164	87,881
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	344,000	255,715	88,285	255,715	228,577	82,110
Loss Adjustment Expenses	5,753	6,399	(647)	6,969	5,868	3,225
Total	<u>579,826</u>	<u>400,624</u>	<u>179,202</u>	<u>420,672</u>	<u>452,276</u>	<u>268,909</u>
Less: Claims Credits and Overpayments	<u>3,083</u>	<u>28,800</u>	<u>(25,717)</u>	<u>33,341</u>	<u>1,558</u>	<u>(320,872)</u>
Total Benefits Paid	576,743	371,824	204,920	387,331	450,719	589,781
Administrative Expenses	161,287	219,588	(58,301)	275,304	229,156	172,732
<b>Total Expenditures</b>	<u>738,030</u>	<u>591,412</u>	<u>146,619</u>	<u>662,635</u>	<u>679,875</u>	<u>762,513</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>249,389</u>	<u>626,912</u>	<u>(377,524)</u>	<u>895,753</u>	<u>(260,397)</u>	<u>411,010</u>
<b>Cash Ending Balances</b>	<u>13,009,933</u>	<u>12,491,704</u>	<u>518,229</u>	<u>12,760,544</u>	<u>11,864,792</u>	<u>12,125,188</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  
May 03, 2018

## OPERATING REPORT

### MARCH 2018

**Board of Treasury Investments**

315 70<sup>th</sup> 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

Glenda Probst  
Appointed by the  
Governor

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

**Executive Staff**

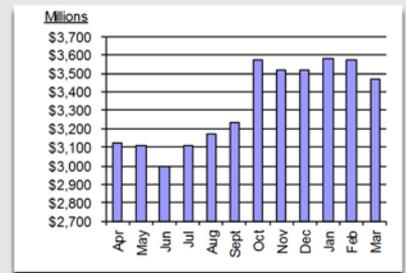
Executive Director  
Kara K. Hughes,  
CPA, MBA, CFE  
Chief Financial Officer  
Karl Shanholtzer,  
CFA, CPA, CIA

### Total Net Assets Under Management

**\$3,469,142,000**

Last Month  
**\$3,575,191,000**

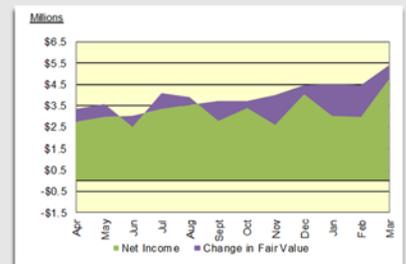
Beginning of Fiscal Year  
**\$2,999,927,000**



**Net Assets for the Past 12 Months**

### Total Net Income & Changes in Fair Value

Fiscal Year  
**\$31,595,000**



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

### Money Market Pools

As of March 31, 2018

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	1.8112%	36 Days	\$2.3 Billion
WV Gov't Money Market	1.4814%	29 Days	\$241.2 Million

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

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

# WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

## THE ECONOMIC STATE

### MARCH 2018

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#### **Staying Committed to a Risk-Balanced Approach**

##### **Market Results**

Volatility hobbled equity markets in March amid escalating tensions over a potential trade war between the United States and China. With a tit-for-tat tariff battle underway between the world's two largest economies, the S&P 500 Index slumped 2.5% and the MSCI Emerging Markets Index declined 1.9% last month; the S&P 500 fell 0.8% for the three months ended March 31, its first negative quarter in over two years.

The Federal Reserve raised rates in its first meeting under new chair Jerome Powell. In response, the Treasury curve flattened as the long-end of the curve declined with the 10-year Treasury yield down 12 basis points to 2.74%, and the 30-year Treasury yield falling 15 basis points to 2.97%. As such, long duration fared well with the Barclays Long Treasury Index up 3% on the month. Additionally, credit spreads widened slightly, with the Barclays US High Yield Index declining 0.6%. Similar to February, liquid real assets fell sharply with the Alerian MLP Index losing 6.9% as higher Treasury yields took some of the shine off risky assets.

##### **Market Outlook**

Despite the recent volatility, our global outlook remains broadly unchanged. While we are likely to experience continued volatility, strong economic growth and fundamentals underscore a positive outlook for international and emerging market equities. As such, we remind clients to stay committed to a risk-balanced approach and to evaluate market opportunities should short-term dislocations occur as a result of escalating trade tensions.

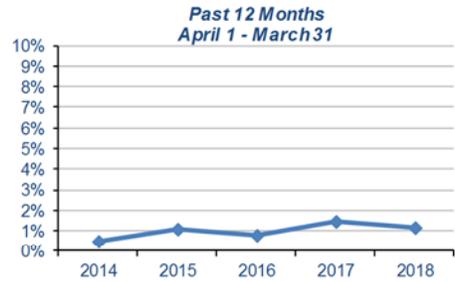
# West Virginia Board of Treasury Investments Financial Highlights as of March 31, 2018

## WV Short Term Bond Pool

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

<u>April 1 - March 31</u>	<u>Return</u>	<u>Net Assets At Mar 31 (In Millions)</u>
2018	1.1%	\$ 705.8
2017	1.5%	\$ 758.0
2016	0.8%	\$ 791.0
2015	1.1%	\$ 769.8
2014	0.5%	\$ 766.6

### WV Short Term Bond Pool Rates of Return

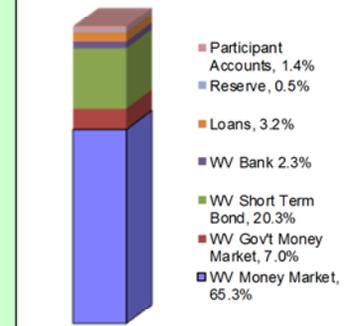


*Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool*

## Summary of Value and Earnings *(In Thousands)*

<u>Pool</u>	<u>Net Asset Value</u>	<u>Mar Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 2,265,747	\$ 3,572	\$ 22,893
WV Gov't Money Market	241,195	302	1,894
WV Short Term Bond	705,825	576	4,817
WV Bank	78,389	109	765
Loans	111,619	81	761
Reserve	19,032	29	178
Participant Accounts	47,335	55	287
	<u>\$ 3,469,142</u>	<u>\$ 4,724</u>	<u>\$ 31,595</u>

### Percent of Total Net Asset Value

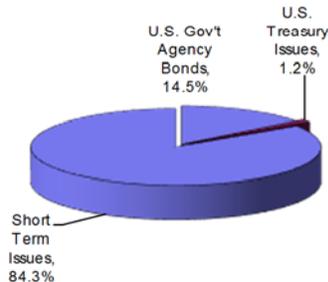


## Securities by Type for Operating Pools *(Percentage of Asset Value)*

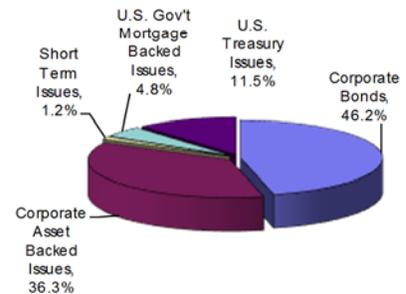
### WV Money Market



### WV Gov't Money Market



### WV Short Term Bond



**WEST VIRGINIA BOARD OF TREASURY INVESTMENTS**  
**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED**  
**MARCH 31, 2018**

(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
<b>Assets</b>							
Investments:							
At amortized cost	\$ 2,264,704	\$ 241,220	\$ -	\$ 78,074	\$ 130,548	\$ -	\$ 2,714,546
At fair value	-	-	707,132	-	-	47,132	754,264
Other assets	1,663	54	2,173	323	113	204	4,530
Total assets	<u>2,266,367</u>	<u>241,274</u>	<u>709,305</u>	<u>78,397</u>	<u>130,661</u>	<u>47,336</u>	<u>3,473,340</u>
<b>Liabilities</b>							
Accrued expenses, dividends payable & payables for investments purchased	620	79	3,480	8	10	1	4,198
Total liabilities	<u>620</u>	<u>79</u>	<u>3,480</u>	<u>8</u>	<u>10</u>	<u>1</u>	<u>4,198</u>
<b>Net Position</b>							
Held in trust for investment pool participants	2,265,747	241,195	705,825	78,389	130,651	-	3,421,807
Held in trust for individual investment account holders	-	-	-	-	-	47,335	47,335
Total net position	<u>\$ 2,265,747</u>	<u>\$ 241,195</u>	<u>\$ 705,825</u>	<u>\$ 78,389</u>	<u>\$ 130,651</u>	<u>\$ 47,335</u>	<u>\$ 3,469,142</u>
<b>Additions</b>							
Investment income:							
Interest and dividends	\$ 1,616	\$ 102	\$ 1,357	\$ 112	\$ 113	\$ 50	\$ 3,350
Net (amortization) accretion	2,102	217	2	-	-	(8)	2,313
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	3,718	319	1,359	112	113	42	5,663
Investment expenses:							
Investment advisor, custodian bank & administrative fees	146	17	77	3	3	-	246
Total investment expenses	<u>146</u>	<u>17</u>	<u>77</u>	<u>3</u>	<u>3</u>	<u>-</u>	<u>246</u>
Net investment income	3,572	302	1,282	109	110	42	5,417
Net realized gain (loss) from investments	-	-	(105)	-	-	-	(105)
Net increase (decrease) in fair value of investments	-	-	(601)	-	-	13	(588)
Net increase (decrease) in net position from operations	3,572	302	576	109	110	55	4,724
Participant transaction additions:							
Purchase of pool units by participants	847,195	30,952	-	92	24	-	878,263
Reinvestment of pool distributions	3,572	302	1,187	109	110	-	5,280
Contributions to individual investment accounts	-	-	-	-	-	-	-
Total participant transaction additions	<u>850,767</u>	<u>31,254</u>	<u>1,187</u>	<u>201</u>	<u>134</u>	<u>-</u>	<u>883,543</u>
Total additions	854,339	31,556	1,763	310	244	55	888,267
<b>Deductions</b>							
Distributions to pool participants:							
Net investment income	3,572	302	1,282	109	110	-	5,375
Net realized gain (loss) from investments	-	-	(105)	-	-	-	(105)
Total distributions to pool participants	<u>3,572</u>	<u>302</u>	<u>1,177</u>	<u>109</u>	<u>110</u>	<u>-</u>	<u>5,270</u>
Participant transaction deductions:							
Redemption of pool units by participants	937,829	19,115	31,063	92	947	-	989,046
Withdrawals from individual investment accounts	-	-	-	-	-	-	-
Total participant transaction deductions	<u>937,829</u>	<u>19,115</u>	<u>31,063</u>	<u>92</u>	<u>947</u>	<u>-</u>	<u>989,046</u>
Total deductions	<u>941,401</u>	<u>19,417</u>	<u>32,240</u>	<u>201</u>	<u>1,057</u>	<u>-</u>	<u>994,316</u>
Net increase (decrease) in net position from operations	(87,062)	12,139	(30,477)	109	(813)	55	(106,049)
Inter-pool transfers in	4,700	-	-	-	-	-	4,700
Inter-pool transfers out	-	-	-	(4,700)	-	-	(4,700)
Net inter-pool transfers in (out)	<u>4,700</u>	<u>-</u>	<u>-</u>	<u>(4,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(82,362)	12,139	(30,477)	(4,591)	(813)	55	(106,049)
Net position at beginning of period	2,348,109	229,056	736,302	82,980	131,464	47,280	3,575,191
Net position at end of period	<u>\$ 2,265,747</u>	<u>\$ 241,195</u>	<u>\$ 705,825</u>	<u>\$ 78,389</u>	<u>\$ 130,651</u>	<u>\$ 47,335</u>	<u>\$ 3,469,142</u>

PROJECTS OF THE WEST VIRGINIA LAW INSTITUTE  
2010-18

COMPLETED PROJECTS

***Criminal Sentencing Reform*** (2010) – This report identified West Virginia statutory provisions affecting criminal sentences that need to be rationalized, clarified, rethought, or repealed. It also identified strategies for reducing recidivism among released convicts and probationers. The comprehensive research provided could enable the State to modernize and standardize its criminal sentencing and, hopefully, reduce the prison population.

***Mine Safety Reform*** (2012-13) – After significant interviewing and research, this report canvassed the State's mine safety laws to identify areas in both safety regulation and governance that need to be addressed and revised. The report was submitted to both the Legislature and the Office of Miners' Health, Safety and Training.

***County Officers' Salaries*** (2012-13) – This survey project examined the laws of each of the fifty states to determine how they determine and provide for the salaries of county officers. The final report synthesized the findings and provided citations to and summaries of the relevant laws of each state.

***Unconstitutional Laws*** (2013) – This project identified West Virginia laws that are still on the books (as of 2013) even though they have been declared unconstitutional by the courts. The final submission provided citations to the cases so holding and a brief statement of the rulings.

***Administrative Procedures Act*** (2012-15) – This undertaking surveyed and summarized the laws of all fifty states regarding how the APAs provide for the creation of administrative regulations. It included citations to all of the relevant state laws. The diversity of methods used was surprising.

***Turnpike Tolls and the Federal Commerce Clause*** (2016) – This memorandum discussed several alternatives that the State could consider for the collection and use of turnpike tolls when the turnpike bonds are paid off. The memo specifically focused on whether the considered alternatives would be consistent with current dormant commerce clause doctrines.

***Landlord-Tenant Reform*** (2015-17) – This project provided a detailed description of the changes that would be made to West Virginia's landlord-tenant if it adopted the Uniform Landlord-Tenant Act. It is an area in which reform is badly needed. West Virginia's laws on the subject are antiquated and, often, unjust.

***Legislative Redistricting*** (2014-17) – This report canvassed all fifty states on how they conduct legislative reapportionment, with summaries of and citations to each state's code. Redistricting is a subject currently in need of reform in West Virginia. The report also identified helpful secondary resources.

***Legislative Bill Drafting Manual*** (2015-17) – The two-year project to rewrite the Legislature's Bill Drafting Manual has been completed and submitted to Legislative Services for its review and approval. Completion of an index will remain to be done after that review.

***Public Defender Systems*** (2017-18) – This report examined how similarly situated states and states in the Appalachian Region handle the selection and payment of state-paid attorneys to represent indigent criminal defendants and compared those states to West Virginia's system. Some recommendations for change were made.

***DUI Procedures*** (2017-18) – This project surveyed surrounding and similarly-sized states to see how they are handling DUI cases and particularly how they are allocating responsibilities between the court systems and administrative agencies.

***Surrogate Decision-Makers*** 2014-18 – This is a survey of other states' systems for appointing and supervising surrogate decision-makers, which has been a source of dissatisfaction in this State. This project is also almost complete.

#### PROJECTS IN PROGRESS

***Probate Reform*** – The Institute has completed an exhaustive comparison of the Uniform Probate Code and current West Virginia Law on probate with citations to the code provisions, which are scattered over several different chapters. This is area for much-needed reform. We await instructions from the State Bar Committee on Probate, which is guiding the effort, as to what the next step should be.

***Partition Laws*** – This project is a survey of how the other energy states deal with mineral rights in the context of partition suits. There have been conflicting circuit court decisions in the State on how to handle the issues. The project is almost complete.

***Surrogate Mothers and Assisted Conception*** – West Virginia currently has no law to deal with issues that can arise when a couple engages a woman to bear a child for them or when a couple obtains another person's sperm. The Institute is researching to determine if other states have addressed the issues and, if so, what they have done.

***Strategies for the Opioid Crisis*** – The Institute recently undertook a research project to identify strategies (legal or otherwise) for dealing with the opioid crisis. This will be a high priority going forward.

***Adoption and Foster Care Systems*** – After receiving numerous expressions of concern about delays and inefficiencies in the State's adoption and foster care systems, several legislators requested a study of the processes and of possible measures to address any problems. That study is just underway.

***Senior Citizen Abuse*** – The Institute has just initiated an investigation into our procedures for dealing with abuse of senior citizens with the goal of recommending or identifying potential reforms.

**WEST VIRGINIA CODE CHAPTER 4. THE LEGISLATURE.**  
**ARTICLE 12. ESTABLISHMENT OF A WEST VIRGINIA LAW INSTITUTE.**

**§4-12-1. Authority of Legislature to establish West Virginia law institute.**

The West Virginia Legislature creates and establishes a state law institute, to be known as the "West Virginia Law Institute," as an official advisory law revision and law reform agency of the state of West Virginia and to be located at the West Virginia University college of law.

**§4-12-2. Purposes and duties.**

The general purposes of the West Virginia law institute are to promote and encourage the clarification and simplification of the law of West Virginia, to improve the better administration of justice and to conduct scholarly legal research and scientific legal work. To that end it shall be the duty of the West Virginia law institute to:

- (a) Consider needed improvements in both substantive and procedural law and to make recommendations concerning the same to the Legislature;
- (b) Examine and study the law of West Virginia to discover defects and inequities and of recommending needed reforms;
- (c) Receive and consider suggestions from judges, justices, public officials, lawyers and the public generally as to defects and anachronisms in the law;
- (d) Recommend from time to time such changes in the law as it deems necessary to modify or eliminate antiquated and inequitable rules of law;
- (e) Render annual reports to the Legislature and, if it deems so advisable, accompany its reports with proposed bills to carry out any of its recommendations;
- (f) Recommend the repeal of obsolete statutes and suggest needed amendments, additions and deletions; and
- (g) Organize and conduct an annual meeting within the state for scholarly discussions of current problems in West Virginia law, bringing together representatives of the Legislature, practicing attorneys, members of the judiciary and West Virginia state bar and representatives of the law teaching profession.

**§4-12-3. Governing council and members.**

- (a) The institute shall have such members and committees as the governing body of the West Virginia law institute may direct. The governing body shall also elect a president, secretary and any other officers as it determines necessary.
- (b) The governing body of the institute shall be a council composed of ex officio members and elected members as follows:
  - (1) One justice of the West Virginia supreme court of appeals to be selected by the justices thereof;

- (2) One circuit court judge, selected by the West Virginia judicial association;
  - (3) One federal judge residing in West Virginia, selected by the federal judges residing in West Virginia;
  - (4) The attorney general of the state of West Virginia;
  - (5) One legal counsel to the governor of the state of West Virginia;
  - (6) The chairperson of the judiciary committees of the Senate and the House of Delegates of the West Virginia Legislature or an attorney member of the respective committees appointed by the chairperson of the committee;
  - (7) One member each from the majority and minority parties of the Senate and the House of Delegates of the West Virginia Legislature to be selected by the president of the Senate and the speaker of the House of Delegates, respectively;
  - (8) The director of West Virginia legislative services;
  - (9) The chairperson of the West Virginia commission on uniform state laws;
  - (10) The president and first vice president of the West Virginia state bar;
  - (11) The chairperson of the young lawyers section of the West Virginia state bar;
  - (12) The dean of the West Virginia university college of law;
  - (13) Two attorneys appointed by the governor of the state of West Virginia for terms to run concurrently with the term of the governor;
  - (14) The director of the continuing legal education program sponsored by the West Virginia state bar and the West Virginia university college of law; and
  - (15) The editor-in-chief of the West Virginia law review.
- (c) The elected membership shall consist of two faculty members who shall be elected from the members of the faculty of the West Virginia university college of law and four practicing attorneys from each of the congressional districts in the state who shall be selected by the board of governors of the West Virginia state bar.
- (d) All ex officio members of the council shall hold their positions during their respective terms of office. The term of office of the elected members of the council shall be four years. The terms of office of the first elected practicing attorney members shall be appointed by the board of governors of the West Virginia state bar such that four shall be appointed for two years, four for three years and four for four years. Thereafter, appointments shall be for four years. Elected members of the council shall be eligible for reelection.
- (e) Vacancies in the elected membership created by death, resignation or otherwise than by the expiration of the terms of office shall be filled by the council under such rules as it may adopt.

**§4-12-4. Compensation of members of the council of the West Virginia law institute, director and assistants.**

The members of the council of the West Virginia law institute shall serve without any compensation for services as such. The council may employ and fix and pay reasonable compensation to the director of the institute and the director's assistants, and may pay honoraria to members of the council who perform professional services for the institute, as authorized by the council. The compensation provided for in this section shall come from private funding and no state funds are to be provided for this institute.

**§4-12-5. Adoption of membership plan.**

The council of the West Virginia law institute shall adopt a plan or plans of membership in the West Virginia law institute so designated as to encourage and invite the cooperation of all members of the legal profession in the work of the institute.

**§4-12-6. Institute to act in advisory capacity only; distribution of reports, studies, and recommended publications.**

The West Virginia law institute, in submitting reports to the Legislature, shall act solely in an advisory capacity. Its reports, studies and recommended publications shall be printed and shall be distributed by the institute in a manner as directed by the council.