

JOINT COMMITTEE ON GOVERNMENT AND FINANCE

Materials Distributed

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**JOINT COMMITTEE ON GOVERNMENT AND FINANCE
(President Carmichael Presided)**

November 11, 2018

4:00 p.m. – 5:00 p.m.

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

Speaker Hanshaw: “Alright, we have a quorum. Let’s go ahead and call the Joint Committee to order. The first order of business is the approval of the September 16, 2018 minutes. President Carmichael.”

President Carmichael: “I move approval of the minutes.

Speaker Hanshaw: “President’s motion the the minutes of September 16, 2018 be approved and distributed. Those in favor say aye. Any opposed please say no. The ayes have it and the minutes are approved. Committee reports and requests. Chair hears none. That brings us to monthly quarterly reports received. First report today, is status report on Lottery. Mr. Myers.

John Myers: Good afternoon, I am John Myers, Director of the West Virginia State Lottery. Year to date revenues for the lottery... gross revenues are \$372,126,000M. Probably you are a little bit interested in the sports betting. Sports betting has been an issue at two of our casinos and we are in the process of testing it at two additional casinos currently, with the expectation that we will probably bring those up next weekend. So, revenues there have been \$313,948.00 year-to-date.

Speaker Hanshaw: Mr. Myers, thank you. Senator Blair.

Senator Blair: Thank you, Mr. Chairman. Instatnt lotteries...the machines that are out there... you are advertising this now. I noticed that the numbers are up for the year on that. Is that because of the new machines? I’m curious about that.

John Myers: We've made some changes in the product mix that we have and we think that... I'm sorry... we've made some changes in the product mix in the instant games and we've seen some increases in revenues. There has also been some increases as a result of how the money is collected for when we actually book the sale of the lottery tickets to the retailers. So, it used to be upon the activation of the tickets, so when we sell a packet of tickets to a 7-Eleven or Go-Mart, they have to activate that in their store and at that time we collect the money. So, that has been shortened to a period of 21 days where it used to run longer. So, we have seen an increase in revenue as a result of that. From the sale of the power ball mega millions we saw a significant increase in the two weeks that we had the high...

Senator Blair: Ok, but my question is about those machines. Are they paying off? How much did they cost? How much of them are out there for that matter? Because, I am seeing them everywhere now and I have to admit, they are somewhat enticing when you look at them.

John Myers: I don't know if that has resulted in the increase of sales. I can't sit here and tell you that that was the case.

Senator Blair: Are you monitoring that?

John Myers: Ofcourse. We attribute the increase in sales more to the change in our product mix and to the way we collect the money more so than we do of the actual machine that's in the location.

Senator Blair: Ok. I don't know whether I am any farther ahead than when I started out asking that question. One last question, if I may? You guys going to have the scratch-off gift card tags this year?

John Myers: We'll have the scratch-off tickets for the holiday season, yes sir.

Senator Blair: Thank you.

Speaker Hanshaw: Delegate Nelson.

Delegate Nelson: "Thank you, Mr. Speaker. John, can you give the committee an update on the implementation of the mobile aps?"

John Myers: The two tracks that we are currently testing.... Wheeling and Mardi Gra are testing the mobile ap at the same time that they plan to roll out the inhouse data. So, hopefully we are bringing it out next weekend, that will be the first mobile aps to be active.

Delegate Nelson: Before the end of the year?

John Myers: Oh, yes.

Delegate Nelson: Ok, thank you. Thank you, Mr. Speaker.

Speaker Hanshaw: Any questions for Mr. Myers? Delegate Shott.

Delegate Shott: Thank you, Mr. Speaker. I'm just curious, when you have these jackpots like we had with the powerball, can you estimate what kind of impact that has? In other words, you can't base a budget on expecting those jackpots year-in and year-out. But, this year we had two of them right?

John Myers: Well, this fiscal year, we only had one. I think that there was one prior to the end of the fiscal year.

Delegate Shott: Ok. Any way to liquidate or estimate what kind of impact that has?

John Myers: I know that we definitely know that the play increases as the amount of the jackpot increases. This time, we actually saw \$6.9M in sales here in West Virginia in a two week period for the Mega Millions game and \$4.1M in the Power Ball game in that same two week period because those jackpots were up simultaneously. But, to say that we can predict that was going to happen again....no sir, there's no way to do that.

Delegate Shott: You can't count on that. That's \$10M in two weeks. What's typical? If you have normal size jackpots?

John Myers: Somewhere around \$1M to \$1.5M in a week.

Delegate Shott: So, we had a windfall of about \$9M based on those large jack pots?

John Myers: Yes.

Delegate Shott: Thank you.

Speaker Hanshaw: Other questions? I'm sorry.

John Myers: I just want to emphasize that those are gross numbers as well.

Speaker Hanshaw: President Carmichael.

President Carmichael: Thank you, Mr. Speaker. I noticed that LBL numbers were substantial, 10% higher. Is that due to the changes we have allowed in terms of machines

and locations? Can you comment on that?

John Myers: Yes, I think it is partially due to changes of going from five to seven machines and putting those in the better locations. Also, partially due to the increase in the economy. People have more liquid income that they can spend. So, when the economy goes up our play goes up as well.

President Carmichael: Are there more machines deployed or fewer?

John Myers: We have a limit of 9,000 permits out there. So, it can never be more than that. Last week, I think we were somewhere around 7,400 machines that were actually being played. We have more permits than that field, but ofcourse, you always have some that are out for repair or something like that.

President Carmichael: Ok, thank you. Thank you, Mr. Speaker.

Speaker Hanshaw: Other questions for Mr. Myers? If not, Mr. Myers we thank you.

John Myers: Thank you.

Speaker Hanshaw: That brings us to General Revenue Fund and State Road Fund update. Mr. Muchow.

Mark Muchow: I'm Mark Muchow with Department of Revenue and I am going to give you an update on revenues through the month of October for General Revenue and State Road Fund. First, for the General Revenue Fund, collections at the end of October were \$2.4M above estimate. The estimate was \$356.8M. We collected close to \$359.2M. It was above last year about 1.5%. That brings the year-to-date total to more than \$1.47 - \$1.47B which is \$122M above estimate. Compared to last year, we are up 131/2%. That's a very strong growth rate. Probably among our contiguous states, that would be the fastest growth rate. And, compared to last year, that is about a gain of about \$175M. The major components responsible for that increase started off with the Consumer Sales Tax. Sales Tax continued to do very well in October. We collected very close to \$100M for the General Revenue Fund. That was \$4.2M above estimate. Compared to last year, was up by 7.6%. Year-to-date on Sales Tax, \$427.2M, that's \$25.4M above estimate year-to-date. When you include all the special funds we are up over roughly 11% over last year's collections for Sales Tax.

Personal Income Tax took a little bit of the positive in the month of October. We collected over \$155.7M. That was \$6.5M below estimate. It's just slightly below last year's collections. Year-to-date, the numbers are still very strong at nearly \$658M in collections. That's 37.3 above estimate, 11.7% ahead of last year.

In October, Withholding Tax numbers were down about 1-1 1/2%. The prior month of September we were up about 25.7%. And, sometimes, when you get a big push one

month, it's going to come at the expense of the following month. You put September and October together, you get about 11% growth in Withholding Tax, which happens to be also the year-to-date growth rate and Withholding Tax...11% on that. So, our two broad based taxes are both growing at about 11%. That's pretty darn good for the first four months of the year.

Severance tax in the month of October were \$5.4M above estimate. We collected \$24.8M. For the General Revenue Fund, was up about 2% over last year. When you account for all the special revenue funds, because October is a big month for transfers to local governments, the collection rate increase overall was 18.3% for Severance Tax for the month of October. Year-to-date the Severance Tax Collections for General Revenue... \$121.4M. That's \$40.4M above estimate, which on the General Revenue Fund side, 50.4% ahead of last year. So, it's a big increase there. When you include all the Special Revenue Accounts, the increase rate drops a little bit, but it is still 38.2%. And, some of the indications of the health and some of the minerals can be determined by way of the local taxes distributions that went on in October. October is a month where the annual distribution to local government goes up for oil and gas severance tax. And, the transfer to local governments was \$15.6M this October. That was 60% higher than last year.

For the combined local and coal severance tax distributions, the total was... this was a quarterly distribution as opposed to an annual... was over \$8M for the month of October. That was almost 31% higher than last year. So, both gas, oil, as well as coal is up appreciably over last year. In the case of coal it is the exports overseas, it's a big determining factor there. In the case of oil and natural gas, it is a bit higher production numbers along with much more stable pricing this year compared to last year. The prices in the Fall and late Summer of this year are much closer to the national average this year than they were in previous years. So, that's a good sign for the future. The only caution on Severance is that oil prices have taken a little bit of a dip. Just something to take a look at long term because oil can be an indicator of future energy sector activity overall. So, that's good. Those are the real major taxes for the month of October for General Revenue. If anybody has any questions General Revenue or about any of the other taxes, I mentioned, I open it up. The other taxes year-to-date for the most part are running close or at estimate or a little bit above estimate.

In the case of the State Road Fund, if I take away the federal reimbursement... and I might need to explain federal reimbursement. Federal reimbursement numbers for the month of October were zero dollars. I believe the estimate was 44.8M and year-to-date the number is roughly equal to what it was last year... down to about 77.3M from estimate and that is because of some technical matters regarding what is going on in the Department of Transportation. The Department of Transportation is in the process, and I think that they have pretty much finished converting from an old information system to a new information system. And, they purposely timed it for the end of September to beginning of October because the Federal Government normally has a blackout period, when they close the books at the end of the year. And, therefore, very little federal money

tends to come through the beginning part of October. But, the conversion to the new Oasis system according to DOT is fairly complete and those monies will start flowing again. By the end of the year, the numbers will balance out so it's just a timing thing related to a technical conversion going on with information systems that they had to be certified by the Federal Government before they were actually operational. But, absent that, in October the total State Road Funds coming from the State Treasury source revenues, totaled \$80.8M. That was \$10.8M below estimate and 7 ½ percent below last year. Big part of that is the timing with the Motor Fuel Tax, in the case of October, it's down about 9.6% from last year. But, year-to-date, the Motor Fuel Tax collections are \$169.5M. That's 11.5% ahead of last year, and also, \$6.3M above estimate. And, at this point and time, the Motor Fuel Tax is fairly stabilized because the full impact of the tax adjustment is now in place. So, revenues will probably annualize out at about \$440-445M per year, going forward. So, that's pretty stable today.

Registration Fees in the month of October...\$9.2M in collections. That was 30.6% below last year where we collected 13.2% and \$3.7M below estimate. But, year-to-date, Registration Fees are still \$6.3M above estimate and 9.7% ahead of last year. With registration fees, individuals have the option of renewing for two years or for renewing for one year, so, sometimes it creates a little bit of an oscillating flow on that revenue pattern. So, that's part of that explanation. But, those will kind of ebb and flow. But, overall year-to-date... great shape on that. And, again, the registration fee revenue pattern, which is right around \$150M a year, should stabilize at a level of about where it is right now.

Motor Vehicle Sales Tax Collections are about \$1.6M above estimate. In October, 10.6% ahead of last year. Year-to-date \$84.2M for Motor Vehicle Sales Tax, that's \$8.4M above estimate, 13.7% ahead of last year, and overall year-to-date for the state generated revenues for the Road Fund, \$314.9M which is very close to 20M above estimate and at some point, 1% ahead of last year. So, the monies are coming in as needed to fund the road programs that the state has underway. If you have any questions, I will be happy to...

Speaker Hanshaw: Do you have any questions for our visitor? Yes, Delegate Nelson.

Delegate Nelson: Thank you, Mr. Speaker. Mark, with the issue of the federal reimbursement being slow, what effect does that have on our Garvy Bond payment? Because we have issued a couple new bonds.

Mark Muchow: I'm not aware that there is any impact, but I would have to defer to DOT for that. I had a brief conversation with the DOT about federal funds last week and that's the information that I am bringing forward is about their system transfer. But, I have been told by the Secretary that it is all on the right course and the numbers should resume quickly. As far as I know, there would be no impact. Again, they planned for this to happen so that as planning occurred, it should have occurred in the manner... But, again, I would defer to Transportation for a thorough answer on that.

Delegate Nelson: Should there be a delay, maybe you could report back to us? Thank you, Mr. Speaker.

Senator Blair: Thank you, Mr. Speaker. If I veer off of what I should be doing on this Committee, stop me, ok?

Speaker Hanshaw: I appreciate the invitation.

Senator Blair: I've got two questions here and you may not be able to answer them. But, maybe somebody in the audience can. The first is that I was sitting here reading the Act report from the AFLCIO and they were talking about Florida bridge painting companies that owe two years back taxes. Are you familiar with what I'm talking about there? And they are still getting bids.

Mark Muchow: I represent the Department of Revenue and I'm not the Tax Commissioner or anything related to tax matters.

Senator Blair: So, you wouldn't be able to answer that question?

Mark Muchow: I would not.

Senator Blair: Because is there somebody here from tax that can?

Mark Muchow: I will say that the Tax Department will not be able to answer any tax related question related to any specific tax payer.

Senator Blair: Well, my question is how can you forgive or not collect if they are not paying their taxes, collecting the taxes on it and they only go back two years and not all twelve of them, like I'm reading about. I'm offended by what I'm reading here. And, so that's why I brought it up. I wanted to get an understanding if somebody could answer that. And, they are still bidding jobs, when our state law says, "no, you cannot."

Mark Muchow: And, I'm not sure how a third party organization knows whether or not I pay my taxes because it's between me and the Tax Agency. So, I'm not sure...

Senator Blair: I know that too, because we couldn't pass the legislation that make it so that we couldn't see that. We've been through that and the press didn't like it either. But, here is an example where they could actually be able to go in there and look at these wage reports and everything. See, why I told you that you could stop me if you could?

Mark Muchow: I do know that the Governor mentioned in the State of the State Address that an aggressive program... I think they put the term ACE on it... to go out and ensure collections of taxes related to contractors who may employ folks from other states. I'm

sure that that program is underway and is active. But, commenting on any particular tax payer and what's happening now, and I can't do so, and I'm not sure that the Tax Commissioner could either.

Senator Blair: I'm not loved by the unions by any means, but, the fact is is that right is right and wrong is wrong. And, I see this and I am going to try to start to get to the bottom of that. I've got another one too. This is another tax question. But, back in 2013, I can remember voting on it. We added something into the code about operation enduring freedom and made them exempt. But, Tax Department is actually now saying that if you are not in enduring freedom, you are not tax exempt. And, so the Title 10 and Title 32 people are all messed up. The withholdings on it and all that. Are you familiar with any of that?

Mark Muchow: I'm not familiar with that as well.

Senator Blair: Now, Mr. Speaker, you understand why I didn't know. I didn't think you would be the right person, but, I thought somebody in the back might pop up and say, hey that they had the answer to it. But, nobody is going to touch that one either. Thank you for the opportunity. You got a taste of two things that I am looking at for this coming session and I'm going to be going in and looking at the clean-up.

Mark Muchow: We will relay your concerns to the Tax Commissioner and we will have the Tax Commissioner get back in touch with you.

Senator Blair: They can call me.

Speaker Hanshaw: Delegate Miley.

Delegate Miley: Thank you, Mr. Speaker. Mark, several months ago, the Governor entered an executive order to collect internet sales tax based on a Supreme Court opinion, as I recall correctly. Have those collections started to occur?

Mark Muchow: The Tax Department has issued a guidance on that and this is similar to other states. West Virginia would not be unique. It's given folks grace time to get prepared for that. So, collection is supposed to start on January 1, 2019.

Delegate Miley: What's the estimated amount that will be collected? Do you have any idea?

Mark Muchow: f you are looking at Wayfair and Isolation, and this is Wayfare matter, we are looking at about \$21M over a full year. So, collections would start in about February. So, in terms of this year's treasury it might be about \$10M and a full year about \$21M. There are a significant amount of sales that would not be affected under diminimus rules,

and there are some other what I call third party platform issues that remain outstanding as well. So, this is not the whole...but, is certainly a big step, in terms of bringing folks into compliance. And, we already had a number of Internet sellers in compliance before this.

Delegate Miley: Correct. Thank you. Thank you, Mr. Speaker.

Speaker Hanshaw: President Carmichael.

President Carmichael: Thank you, Mark. Just real quickly along Delegate Miley's questions. I was going down the same path as well. Thank you for asking that. The Tobacco Tax is down. Can you speak about that? I mean, what do you attribute that to?

Mark Muchow: The Tobacco Tax absent other outside figures, traditionally will decline from year to year. It's a normal pattern. If you go back 20-40 years, you will see a decline. The decline is attributable to a number of factors. Particularly, demographics. Less population in the state is less people able to smoke. Plus, as we get older we quit, one way or another. Typically, smoking declines over time because at some point and time, our physician tells us that it might be affecting our health.

President Carmichael: Thank you for those comments. But also, we have raised the tobacco tax, which I am in full support of that. To see if that's affecting usage, because we get a lot of discussion of the fact that we have eliminated tobacco cessation fund. But, it appears to me that the most effective way of deterring smoking is what we have already done.

Mark Muchow: Whenever there is an increase in the tax rate, that will enhance the decline in consumption. I don't have the figures right in front of me, but it shows up in these numbers as well.

President Carmichael: Ok.

Mark Muchow: The number of packs sold today is significantly less than it was a couple of years ago. But, at the same time, there has been a decline in some of our surrounding states too. It's just the nature.

President Carmichael: And, they've raised their taxes, as well.

Mark Muchow: Virginia had a little bit of a decline about a year ago or so and they haven't raised theirs in a while. Typically, we also have substitution products. There's people using e-cigarette products and although we have a tax on that, that's a small portion of this revenue. The big portion comes from the traditional cigarettes.

President Carmichael: Ok, thank you. Thank you, Mr. Speaker.

Speaker Hanshaw: Other questions for Mark. If not, Mark, thank you. That brings us to Workforce West Virginia and the Unemployment Compensation Trust Fund, Connie Kirk.

Connie Kirk: Good evening Mr. President and Mr. Speaker and members of the Committee. I'm here to give you the projection of the Unemployment Compensation Trust Fund. The projection for November is \$179,088,602.00. On your report for October, that is the actual balance that we ended up in October with. And, also, I pulled the balance as of November 9, 2018, which was the latest balance I could get and it was \$176,076,497.00. I'll be happy to answer any questions that you have.

Speaker Hanshaw: Any questions for Ms. Kirk? There appear to be none. Connie, thank you.

Connie Kirk: Thank you.

Speaker Hanashaw: That brings us to PEIA, BRIM and the Real Estate Report. Ms. Pickens, good evening.

Mary Jane Pickens: Good afternoon, Mr. Speaker, Mr. President and members of the committee. Mary Jane Pickens, I'm the Deputy Secretary of the Department of Administration. Also, present with me is Robert Fisher with BRIM, Ted Cheatham for PEIA. And, Jon Amores from Real Estate was unable to make it and apologizes. And, if there is anything for Mr. Amores, that we can't handle, we will get right back to the committee. We filed the reports that are in your packet and we're here to answer any questions if you have any.

Speaker Hanshaw: Ok, PEIA, BRIM and the Real Estate Report. Senator Plymale.

Senator Plymale: Thank you, Mr. Speaker. This is for PEIA. I was really trying to differentiate between what you told us in September to what you are saying now. When you look at the RHBT preliminary numbers, it said that it was \$74M ahead of plan. And, now it is saying that it is \$7.4M ahead of plan. Which is it?

Mary Jane Pickens: That's a good question. I know that there was some questions about this late last week and Mr. Cheatham is present. I don't know that I received an update on that, but... I figured you could handle that.

Ted Cheatham: I am sorry, sir. For the September numbers, we gave you the year end for FY19.

Senator Plymale: Ok.

Ted Cheatham: Or 18, I mean. And, we were ahead at RHBT and \$74M. The numbers this year we gave you, oddly, the decimal points were off, but RHBT year-to-date numbers as of our most recent current year financials, which is where we are now in FY19, we will finish the year at RHBT with \$7.4M ahead of plan in FY19.

Senator Plymale: Ok.

Ted Cheatham: So, the difference between the 7.4, 74 was last year. That's current projections for this year.

Senator Plymale: In further, when they give us talking points, if they look at this, if they could explain that a little bit more in detail that this looking at the end of a fiscal year and moving forward and things like that. I think it's important, because when you start looking at this, you think, wait a minute.... what...

Ted Cheatham: Ok.

Senator Plymale: Thanks.

Speaker Hanshaw: Are there other questions? Yes, Mr. President.

President Carmichael: Yes, I have a question regarding BRIM. There's been a lot of reporting and discussion about settlements as it relates to the Secretary of State's Office. And, some discussion about the involvement of the office holders and why these issues are not contested in court, as opposed to agreeing with a settlement structure. I wondered if you would take an opportunity to comment on that.

Mary Jane Pickens: I can comment generally, so, there are still cases pending so we are not able to comment on anything that relates to any of that litigation.

President Carmichael: Right.

Mary Jane Pickens: Generally speaking, BRIM has a policy of always ensuring that our insured...whoever....governmental agency that is...is aware of settlement authority and is either in agreement or can accept it. You know, understands the situation and the lay of the land. And, understands that settlement is an appropriate thing to happen at mediation. And, that policy is followed and has been followed.

President Carmichael: Is there...without specifics at all...in general, do you contest a lot of these cases or is it in general, the policy to settle those before going to court?

Mary Jane Pickens: It is driven by so many factors I don't think you can come up with one approach that kind of affects all. It is driven by the facts and the circumstances around a particular case or claim.

President Carmichael: So, you have had many cases, where you say, what percentage do you settle and what percentage of the cases go to trial? Would you have a breakout of that roughly?

Mary Jane Pickens: I don't today, but I could find out whether we could gather that information.

President Carmichael: Ok.

Mary Jane Pickens: I know that we have had a recent request from Delegate Nelson that we are working on.

President Carmichael: Ok, thank you. Thank you, Mr. Speaker.

Speaker Hanshaw: Ok, back to Senator Plymale.

Senator Plymale: Thank you, Mr. Speaker. Just following up on that, you can comment on the fact that there has been four settlements at \$4M, correct? So, it's gone at the max?

Mary Jane Pickens: No, it was not \$4M, but, there were four settlements.

Senator Plymale: So, what is the amount?

Mary Jane Pickens: I think it is a little less than 2M, but I understand that I have to get this right.

Senator Plymale: That isn't the information that I have received. So, if we can... I mean, they can talk about the four that they have settled, but there is four pending if I understand that correctly.

Mary Jane Pickens: There are eight remaining.

Senator Plymale: Eight remaining. So, at four, give us the amount of that.

Mary Jane Pickens: I can do that.

Senator Plymale: Thank you.

Speaker Hanshaw: Delegate Nelson.

Delegate Nelson: Thank you, Speaker. Just a quick question Mary Jane, as it relates to those four that settled. Did the Secretary of State get to have any final say of going forward or not? What is the policy, as it relates to an agency head or executive branch head

signing off?

Mary Jane Pickens: He was aware. He was present at the beginning of mediation and I was not there. But, BRIM staff had very frequent contact with his defense counsel, and with the AIG adjuster handling those claims, that was present at mediation. And, my understanding and belief is that he was aware and understood that it was going forward, and I believe, accepted that.

Delegate Nelson: Is there anything in Code or policy that speaks to the final say of a department head or an executive head?

Mary Jane Pickens: It is not a consent policy. So, the actual language of the policy allows settlement to occur without the consent of the insured. And, in my opinion, needs to be that way because BRIM runs a whole program of insurance and you many have one claim or a few claims. But, we also have to worry about the whole program. We believe the best approach is to have a policy like we do, that does not require the consent of the insured to settle. I mean, people have strong, strong feelings about these matters and we have to make the best decision for that insured and the best decision for the program.

Delegate Nelson: Thank you. Thank you, Mr. Speaker.

Speaker Nelson: Any other questions for Mary Jane? Delegate Miley.

Delegate Miley: Just to make it very simple... BRIM through its attorneys waives the risk of going to trial and losing more than they can settle at mediation, correct?

Mary Jane Pickens: Sure, that's part of the analysis.

Delegate Miley: There's always a risk of getting a defense verdict at trial. There's always a risk of a verdict in excess of what you can settle a case for, correct?

Mary Jane Pickens: That's correct.

Delegate Miley: And, in these matters that could be settled, a decision was made by BRIM and the lawyers that were hired by BRIM that the amounts that were settled for were I assume, fair and reasonable, based upon the risks of going to trial and the risks of losing, correct?

Mary Jane Pickens: That's correct, or they wouldn't have been settled.

Delegate Miley: Thank you.

Speaker Hanshaw: Other questions for Ms. Pickens? Okay, there appear to be none. Mary Jane, thank you.

Mary Jane Pickens: Thank you.

Speaker Hanshaw: That brings us to DHHR Medicaid and Medicaid Waiver Report, Tony Atkins.

Tony Atkins: Good afternoon Mr. President, Mr. Speaker, and members of the committee. I'm Tony Atkins with Bureau of Medical Services. I'm here to answer any questions you may have about the report you received.

Speaker Hanshaw: Delegate Boggs.

Delegate Boggs: Thanks, sir. I appreciate being the go to person on that. Tony, good to see you. I'm going to be with a group of folks tomorrow that is going to be keenly interested in this program. But, especially the Waiver Program. It looks like the time on the waiting list is starting to creep up. What's the projection on that in the coming months on the management enrollment list?

Tony Atkins: Which one? On the Aged and Disabled or?

Delegate Boggs: Aged and Disabled.

Tony Atkins: Aged and Disabled. The number of folks on the waiting list is...on the Aged and Disabled....you've got some dated numbers there, but, on the Aged and Disabled as of last week, we have 135 folks on the waiting list. So, we currently have 6,049 folks receiving services on the Aged and Disabled.

Delegate Boggs: So, that leaves around 50 slots to be filled?

Tony Atkins: The total slots we have available are 6,192.

Delegate Boggs: Ok, so 150?

Tony Atkins: Yes.

Delegate Boggs: So, 150 more or less?

Tony Atkins: Yes. The folks on the waiting list...we're in the process of processing applications and making determinations of eligibility.

Delegate Boggs: What did the reimbursement rates go to and when did they go up?

Tony Atkins: They're going up effective January 1st and on the Aged and Disabled Waiver, they are going up approximately 13% for the homemaker services and the targeted case management.

Delegate Boggs: How long has it been since those were increased prior to that?
Tony Atkins: 2011.

Delegate Boggs: 2011. Now, it's my understanding that there is now an acute shortage of trying to find providers. Is the information that I am receiving correct on that?

Tony Atkins: Yes. I think the folks that the providers serve on the Aged and Disabled, Intellectual Development, and Disability Waiver, Traumatic Brain Injury Waiver that are in the services providers and staffing and recruiting is a major concern. And, is a management issue that they constantly deal with. I know you haven't asked about the IDD Waiver, but, we have also met with that provider group and we're going to be making adjustments to the provider rate for the homemaker services in that waiver, as well, effective January 1.

Delegate Boggs: That was my next question. I had met with some folks a couple of weeks ago that had a lot of interest in that as well because it's not talked about as much. But, I know it is very expensive, but it is truly a lifeline. One other thing that I wanted to ask you on the Aged and Disabled. On the budget. Actually, for all of the Waiver programs, on the budget. Is there any talk about asking for additional funds? Because, as we increase slots, we increase reimbursement rate, I just have some concerns that that may well leave a deficit at some point, as you go to the fiscal year, to the end of the fiscal year. Are there any discussions underway that would indicate that that budget request might be bumped up considering it is more or less three to one match.

Tony Atkins: I mean, we have had conversations with various provider association groups about ways to look at funding. But, as far as internally, within the department, I'm not aware of any conversations to make requests to assess what the current funding levels are.

Delegate Boggs: Ok. Thank you.

Speaker Hanshaw: Delegate Shott.

Delegate Shott: Thank you, Mr. Speaker. My question deals with the passage of Amendment 1. I'm wondering in the process how that is going to change. If my memory serves me and it doesn't seem to do so as often as it used to. It seemed that there was a form that was filled out by the health care provider that had a number of variables that would either be checked off or maybe an other, when you filled out as to the reason that the abortion was being requested. Is that form going to be changed or is the process going to be changed? Or, can you tell us how that's going to be implemented?

Tony Atkins: Yes, I think currently there is a public notice posted on our website. And, I think that the effect of Amendment 1 takes us back to the law that was in place back in

1993, Code Section 9-2-11, which spells out three specific instances where abortion would be funded by Medicaid. The lawsuit that occurred in 2000 oversaw that law or made it...

Delegate Shott: Panopinto did. Yes, that's correct.

Tony Atkins: And, at that point in time, other reasons for abortion were allowed, primarily psychological and emotional. So, I think that this amendment, as it is our interpretation, takes us back to the law that is currently still on the books that was there in 1993.

Delegate Shott: So, will the form that the professional fills out change as a result of that and be confined to those three variables?

Tony Atkins: That is our intent.

Delegate Shott: When that form is modified, could you provide the members of the committee with a copy of that?

Tony Atkins: We can do that.

Delegate Shott: Thank you.

Speaker Hanshaw: Senator Blair.

Senator Blair: I want to pick up where Delegate Shott left off. I've listened to the Metro News and have listened to them talk a good bit about it, but the time that this takes place, it's upon certification of the election, the votes themselves, is that correct?

Tony Atkins: Our legal counsel has researched that and we believe that it's effective upon passage. There could be some splitting of legal hairs... passage right after the election or when the election is certified. But, we believe that the effective date was when the amendment was passed.

Senator Blair: Okay. So, that confuses me a little bit in how you are able to manage that. Let's say somebody... you know where I am going to go with that... whereas if it was effective from the certification... and that was going to be my follow-up question. Are you guys prepared to have it? But, apparently you are because you already have it in place if your legal counsel assumed it was on November 7, that it was in effect.

Tony Atkins: Like I said, we have published a public notice on the website. It is going to take some time to implement to get the changed forms in place. But, we are moving to get that implemented as quickly as possible.

Senator Blair: Are you going to pay even though it would be unconstitutional? For

somebody that provided? A doctor that provided? That's going back to where I'm... I'm not a lawyer, but it seems to me that no election is actually passed until they are certified. And, at that point and time, that's your drop dead on it. That's not a good terminology for this subject, but, that is your actual date that it becomes effective... your effective date at that point and time. And, if you are able to meet that.

Tony Atkins: Mr. Speaker and Mr. President, our General Counsel is here...Ryan, I don't know if this would be a question that you may want to field? With your permission?

Speaker Hanshaw: Certainly.

Ryan Simms: Hello, Senator. I'm Ryan Simms, General Counsel for Bureau for Medical Services. The amendment took effect upon passage. And, that's pursuant to an attorney general's opinion back in 1992 and that's the caselaw that exists in the Supreme Court. Having said that, it's just as a practical matter, takes time to implement. Now, as far as reimbursement, requests that come in during that small period...I believe we expect to have the form put in place by Monday. We put the public notice on the site, I think, this Friday afternoon. As far as reimbursement requests that come in between that four or five or six day period, that's something that we would have to discuss. But, I think your analysis is essentially correct. We have DHHR senior leadership here but they are in another meeting right now. And, I was specifically told that any policy oriented or questions that tiptoed on policy came in, that they could be here later in this meeting to answer those.

Senator Blair: I think you just answered my question. By the time we get certified, you are going to be saying no.

Ryan Simms: Absolutely, by the time we get certified. Our interpretation, at least on the attorney general's opinion, is that it takes effect from the date of the election. Apparently, according to Metro News, there appears to be some interpretations that say otherwise. I didn't read those articles. And, anyhow, in any event we are doing...as soon as it passed we are taking all measures to put in place as soon as possible.

Senator Blair: Okay. Thank you.

Speaker Hanshaw: Ok. Other questions for Mr. Atkins or Mr. Simms? Yes, Senator Trump.

Senator Trump: Thank you, Mr. Speaker. A question for Mr. Atkins. Tony, I was looking a question about the overall program. Looks like for fiscal year 18. We had state dollars, \$967M all in...that's General Revenue, Lottery, Transprovider tax, everything went to for this fiscal year, operating on a budget of 1.05 by my math...and that's always dangerous. It's an increase of state dollars by about 85M. I guess we will find out for sure in January, when the Governor presents his budget. But, have you guys put it together to know what

you are asking for the Governor to lay before the Legislature in January in terms of total state dollars for this Medicaid program?

Tony Atkins: We have. Are you talking about the 20 budget?

Senator Trump: Yes, that will be the one we are working on when we convene in January.

Tony Atkins: I'm a little reluctant to give you a number that has not been discussed with you by the Cabinet Secretary, prior to his budget presentation. But, yes we have been working and working with the State Budget Office to develop the 20 budget. So, we have those numbers together, but I would prefer that those numbers be initially communicated.

Senator Trump: Well, I don't want to get you in any trouble and we'll find out. Thank you.

Tony Atkins: I'm sorry.

Senator Trump: That's alright.

Speaker Hanshaw: Are there any questions for Mr. Atkins? We thank you. That brings us to the CHIP report, Stacey Shamblin.

Stacey Shamblin: Good evening Mr. Speaker, Mr. President, and members of the committee. I'm Stacey Shamblin, Acting Director of CHIP. You've had a chance to review the report, if you have any questions, I will be happy to answer them.

Speaker Hanshaw: Any questions about the CHIP Report in our packet?

Stacey Shamblin: Wonderful.

Speaker Hanshaw: There appear to be none. Thank you very much. The Investment Management Board, Mr. Slaughter.

Craig Slaughter: Good afternoon ladies and gentlemen. You should have the September 30, 2008...2018...we don't want 2008 numbers. For the first three months of the fiscal year we are up about 2%, actually 1.8%. I'm on the wrong page...1.8%. This is kind of the 10 year anniversary of the beginning of the great financial crisis. So, as you recall, September 15, 2008 was when it really hit and so, that first month was a really bad month. So, if you look at our ten year number, we are up 9.1%. Part of the reason for that is that it is such a dramatic drop in that first month ten years ago. So, I thought that was something interesting. You know, where we are going, where we are headed this past month, this past October, all of you know or are probably aware that this was a bad month for the market. Stocks were down seven. International stocks were down about eight. Fixed income didn't do very well either. So, we lost a little bit. I don't know exactly how much yet. Probably around 2 or 3%. We may be flat or down for the fiscal year through October. November it looks like we got some of it back. So, the big question is whether

that was the beginning of a crash or was it a minor correction towards the end of the cycle because we are at the end of a business cycle. It kind of looks like it is a minor correction, but, the recession is still down the road, around the corner. That question is I'm not sure whether that is sort of a long block or a short block. So, happy to answer any questions.

Speaker Hanshaw: Questions for Mr. Slaughter, Senator Plymale.

Senator Plymale: Thank you, Mr. Speaker. Craig, considering how this is going, what are you... I know the board is well versed in this. What are you doing to try to prevent so we don't have some of the issues we have had in the past? Because if it looks like me, some of the tech stocks there has been some real volatility and some of those things.

Craig Slaughter: The tech stocks, actually, that is where a lot of the hit in October came and that's why we think maybe it will be just a minor correction. Because a lot of other stocks didn't go down all that much. Tech stocks have dominated the market. They have been high flying for quite a while now. So, it's not surprising that they would take a bigger hit than everybody else. We're not doing a whole lot as the Investment Management Board to try to predict what is going to happen. We don't have a lot of confidence in anybody's ability actually to predict where the markets are really going to go. We think that there are some money managers that can predict a good job of picking individual's stocks and if they do that generally well it can work out for you and we've been lucky enough to have some of those managers in our portfolio. You know, for quite a while now, we have underweighted our stock allocation. But, we have been in that position for over a year. And, what we've done is move more towards private credit strategies to give us a little bit of income. But, also, to protect us to have an adjustable rate feature so it protects you a little bit in the rising rate of environment. We've also shortened the duration in our fixed income portfolio. We did that a long time also just because of where rates were. You know, actually about a year or so ago, we reduced our allocation to U.S. stocks in favor of International. That hasn't worked out well for us quite honestly. International stocks out perform for a short period, but, over that entire period they have under performed. So, that was probably not a good move. But, it still may play out for us. Most people tend to think that the U.S. is further along in its cycle than International. The question just becomes whether the International Markets are just handicapped in general.

Senator Plymale: The final question I have is what percentage of your portfolio can you be able to move without hurting your long term on a normal basis?

Craig Slaughter: Actually, we tilted these underweights/overweights and were done really on a staff level. So, we have some ability to do that. And, so, within 10% of stock we can move one way or the other. But, that's the limit of that. We are going to do an asset liability study within the next year. That's where we go in, our consultants come in, they've got the software to do this. We do Monte Carlo simulation which is really...

Senator Plymale: I don't know if I actually like that sound of it.

Craig Slaughter: It's really just a method of running random simulations of what the markets could do.

Senator Plymale: But, you've been doing this on a pretty regular basis as it relates to these funds anyhow.

Craig Slaughter: Yes.

Senator Plymale: Ok, thanks.

Speaker Hanshaw: Other questions for Craig? Yes, Delegate Boggs.

Delegate Boggs: Thank you. You mentioned something about a year from now, running some scenarios and different things. Is there a reason that you need to wait that long? Or, does it take that long to get things set up?

Craig Slaughter: Well, we have a policy of doing it every three years. We don't expect much to change necessarily. But, actually, it takes about a year to do it. So, the process is what we will do in a few months is sit down with staff really and our consultants and talk about what potential changes we could make in a portfolio. Then, we model all of those changes against the current portfolio, but try to assess if there is any... if any of those potential changes make the portfolio a better portfolio going forward. So, you got those models running those through. We do it for every plan we have. So, it takes a while to do all of that. So, we will be done with it by the Fall of next year. We can't continue to do this continuously. And, again, we don't necessarily expect anything to change. Those things haven't produced much change in our portfolio even though we've done them every three years. We really believe in the long term. You have to have a certain allocation to risky assets, especially stocks if you want to get a return in the long run. And, the price you pay for that is having those stocks when the market goes down. We had the same situation in 2000, 2008. What we try to do is structure the portfolios so that even though we had stocks... were not going to get hit as hard as everybody else. That we have good managers that make a decision about individual stocks and end up in being in total... kind of soften the blow a little.

Delegate Boggs: Alright. Thank you.

Speaker Hanshaw: Other questions for Mr. Slaughter? Ok, if not, Craig, thank you. Our final report of the evening is the Workers Compensation Report, Melinda Kiss.

Melinda Kiss: Good afternoon, Mr. Speaker, Mr. President and members of the committee. I'm Melinda Kiss, Assistant Commissioner for the West Virginia Insurance Commission. You should have our monthly status report in front of you and if there are any questions regarding that report, I would be happy to answer them at this time.

Speaker Hanshaw: Questions on the Worker's Compensation Report in the packet? Yes, Delegate Nelson.

Delegate Nelson: Thank you, Mr. Speaker and I understand the hour. Point of clarification, maybe, on page nine on the Uninsured Fund. The cash reserves, obviously, that downward trend is quite troubling. But, then I look at our very last page on 16 and cash balances seem to be significantly higher than the \$400,000. Can you provide us some clarification, please?

Melinda Kiss: I certainly can. What you are looking at on page 9, it is actually a claim count and reserve count which this page 9 is generated from reports we get from our 3rd party administrators. And, so, what they are looking at there, those are the actual reserves on the claims. Those are the dollars there and does not reflect the net assets that fund has at all. This is if you will, one side of the balance sheet. You got the claim count, which is just the number of claims in the Uninsured Fund and the Reserves, the case reserves that our TPA's have assigned to those claims. And, then, when you look over into the UEF Report, which is a financial report, it's cash based. So, it's not an accrual based report. But, the cash basis will tell you that we actually do have \$13M in surplus or in asset, as opposed to the 12 that we had at this time last year.

Speaker Nelson: Okay. Thank you for the clarification. Thank you, Mr. Speaker.

Speaker Hanshaw: Senator Trump.

Senator Trump: Chairman Nelson asked my question.

Speaker Hanshaw: Alright. Anyone else have a question on the Workers Compensation Report? If not, we thank you. That brings us to the end of our scheduled reports. Is there other business with the Committee today?

President Carmichael: I move that we adjourn. Those in favor, please say aye. Those opposed please say no. The ayes appear to have it. The Committee 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

December 3, 2018

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

- West Virginia Lottery as of October 31, 2018:
Gross profit year to date was \$170.5 million. Gross profit for fiscal year 2018 was \$163 million.
- West Virginia Unemployment Compensation Fund as of October 31, 2018:
Total disbursements were \$5.2 million lower than in fiscal year 2018. Overall ending trust fund balance was \$86.5 million higher on October 31, 2018 than on October 31, 2017.
- General Revenue Fund as of November 30, 2018:
The general revenue collections ended the fifth month of fiscal year 2019 at 108.4% of the estimate for the year.
- State Road Fund as of November 30, 2018:
The state road fund collections ended the fifth month of fiscal year 2019 at 106.2% 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: December 03, 2018

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

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for October 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 \$381.6 million for July - October 2018. Table games accounted for \$11.8 million of this total. Historic Resort Hotel video lottery and table games accounted for \$2.6 million of total gross receipts. Gross lottery revenue has increased by 5.1% when compared with July - October of fiscal year 2017-2018. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July - October 2018 was \$170.5 million; for July - October of last fiscal year it was \$163 million. Expressed as a percentage, gross profit is 4.7% higher for fiscal year 2019 than for fiscal year 2018.

Lottery continued

Operating Transfers to the State of West Virginia:

A total of \$161,984,000.00 has been accrued to the state of West Virginia for fiscal year 2018-2019. 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	\$39,114,000.00
Community and Technical College	\$1,999,000.00
Department of Education	\$14,663,000.00
Library Commission	\$9,066,000.00
Higher Education-Policy Commission	\$5,607,000.00
Tourism	\$5,160,000.00
Department of Natural Resources	\$2,530,000.00
Division of Culture and History	\$3,081,000.00
Department of Education and Arts	\$198,000.00
General Revenue Fund	\$0.00
Economic Development Authority	\$3,997,000.00
School Building Authority	\$7,200,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$92,615,000.00

Lottery continued

Excess Lottery Fund

Economic Development Fund	\$8,408,000.00
Higher Education Improvement Fund	\$6,000,000.00
General Purpose Fund	\$16,256,000.00
Higher Education Improvement Fund	\$7,253,000.00
State Park Improvement Fund	\$1,250,000.00
School Building Authority	\$7,595,000.00
Refundable Credit	\$809,000.00
WV Racing Commission	\$500,000.00
WV DHHR	\$0.00
Teacher's Retirement Savings	\$0.00
Division of Human Services	\$8,000,000.00
WV Lottery Statutory Transfers	\$12,510,000.00
General Revenue	\$0.00
Excess Lottery Surplus	\$0.00
WV Infrastructure Council Fund	\$12,404,000.00
Total State Excess Lottery Revenue Fund	\$80,985,000.00

Total Budgetary Distributions:	\$173,600,000.00
Veterans Instant Ticket Fund	\$142,000.00
TOTAL TRANSFERS	*\$173,742,000.00

* CASH BASIS

Total Accrued last FY 2018:	\$120,860,000.00
Total Cash Distributions FY 2019:	\$173,742,000.00
Applied to FY 2018:	\$120,860,000.00
Applied to FY 2019:	\$52,882,000.00
Accrued for FY 2019 as of October 31:	\$109,102,000.00



P.O. BOX 2067
CHARLESTON, WV 25327

JOHN A. MYERS
DIRECTOR

PHONE: 304.558.0500
wvlottery.com

MEMORANDUM

TO: Joint Committee on Government and Finance
FROM: John A. Myers, Director 
RE: Monthly Report on Lottery Operations
Month Ending October 31, 2018
DATE: November 16, 2018

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

Financial statements of the Lottery for the month ending October 31, 2018 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$101,641,840 for the month of October.

Transfers of lottery revenue totaling \$37,980,074 made for the month of October 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 11 on pages 19 and 20 of the attached financial statements.

The number of traditional and limited retailers active as of October 31, 2018 was 1,478 and 1,235 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.

JAM
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

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

WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

October 31, 2018

WEST VIRGINIA LOTTERY

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

	October 31, 2018	June 30, 2018
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 140,717	\$ 146,661
Accounts receivable	25,620	32,136
Inventory	638	529
Other assets	<u>1,174</u>	<u>1,175</u>
Total Current Assets	<u>168,149</u>	<u>180,501</u>
Capital assets	61,552	61,552
Less accumulated depreciation and amortization	<u>(14,063)</u>	<u>(13,505)</u>
Net Capital Assets	<u>47,489</u>	<u>48,047</u>
Total Noncurrent Assets	<u>47,489</u>	<u>48,047</u>
Total Assets	<u>\$ 215,638</u>	<u>\$ 228,548</u>
Deferred outflows of resources	<u>\$ 1,339</u>	<u>\$ 1,339</u>
Total assets and deferred outflows	<u>\$ 216,977</u>	<u>\$ 229,887</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 109,102	\$ 120,860
Estimated prize claims	16,477	15,783
Accounts payable	2,289	1,581
Other accrued liabilities	<u>32,536</u>	<u>35,090</u>
Total Current Liabilities	<u>160,404</u>	<u>173,314</u>
Deferred inflows	<u>\$ 1,374</u>	<u>1,374</u>
Net Position:		
Net Investment in capital assets	47,489	48,047
Unrestricted	<u>7,710</u>	<u>7,152</u>
Total Net Position	<u>55,199</u>	<u>55,199</u>
Total net position, liabilities, and deferred inflows	<u>\$ 216,977</u>	<u>\$ 229,887</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 FOUR MONTH PERIOD ENDED OCTOBER 31, 2018
(In Thousands)
- Unaudited -

	CURRENT MONTH		YEAR TO DATE	
	FY 2019	FY 2018	FY 2019	FY 2018
Lottery revenues				
On-line games	\$ 16,762	\$ 5,051	\$ 34,726	\$ 28,241
Instant games	9,485	8,303	34,964	30,892
Racetrack video lottery	39,958	40,941	170,966	173,820
Limited video lottery	32,225	29,706	126,323	116,410
Table games	2,750	2,763	11,759	11,799
Historic resort	403	446	2,589	2,066
Sports wagering	59	-	267	-
	<u>101,642</u>	<u>87,210</u>	<u>381,594</u>	<u>363,228</u>
Less commissions				
On-line games	1,169	361	2,430	1,972
Instant games	662	581	2,442	2,162
Racetrack video lottery	21,923	22,462	93,799	95,365
Limited video lottery	15,790	14,556	61,898	57,041
Table games	1,166	1,171	4,988	5,003
Historic resort	212	237	1,359	1,164
	<u>40,922</u>	<u>39,368</u>	<u>166,916</u>	<u>162,707</u>
Less on-line prizes	8,374	2,766	17,504	14,424
Less instant prizes	6,314	5,454	23,406	20,288
Less ticket costs	101	81	380	393
Less vendor fees and costs	1,228	704	2,849	2,577
	<u>16,017</u>	<u>9,005</u>	<u>44,139</u>	<u>37,682</u>
Gross profit	<u>44,703</u>	<u>38,837</u>	<u>170,539</u>	<u>162,839</u>
Administrative expenses				
Advertising and promotions	482	404	2,314	1,853
Wages and related benefits	833	788	3,506	3,328
Telecommunications	26	80	233	267
Contractual and professional	190	357	1,847	1,477
Rental	15	(16)	79	64
Depreciation and amortization	139	103	558	402
Other administrative expenses	(32)	140	529	552
	<u>1,653</u>	<u>1,856</u>	<u>9,066</u>	<u>7,943</u>
Other Operating Income	<u>261</u>	<u>167</u>	<u>2,153</u>	<u>3,297</u>
Operating Income	<u>43,311</u>	<u>37,148</u>	<u>163,626</u>	<u>158,193</u>
Nonoperating income (expense)				
Investment income	204	97	921	502
Distributions to municipalities and counties	(632)	(582)	(2,476)	(2,282)
Distributions -capital reinvestment	(14)	(15)	(87)	(80)
Distributions to the State of West Virginia	(42,869)	(36,648)	(161,984)	(156,333)
	<u>(43,311)</u>	<u>(37,148)</u>	<u>(163,626)</u>	<u>(158,193)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	<u>55,199</u>	<u>53,019</u>	<u>55,199</u>	<u>53,019</u>
Net position, end of period	<u>\$ 55,199</u>	<u>\$ 53,019</u>	<u>\$ 55,199</u>	<u>\$ 53,019</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE FOUR MONTH PERIOD ENDED OCTOBER 31, 2018

(In Thousands)

-Unaudited-

	2019	2018
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 390,263	\$ 360,759
Cash payments for:		
Personnel costs	(3,506)	(3,329)
Suppliers	(3,027)	(4,545)
Other operating costs	(208,492)	(196,582)
Cash provided by operating activities	<u>175,238</u>	<u>156,303</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(173,742)	(201,614)
Distributions to municipalities and counties	(2,457)	(2,247)
Distributions to racetrack from racetrack cap. reinv. fund	(5,913)	(5,515)
Cash used in noncapital financing activities	<u>(182,112)</u>	<u>(209,376)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>-</u>	<u>(1,562)</u>
Cash flows from investing activities:		
Investment earnings received	<u>930</u>	<u>507</u>
Increase (decrease) in cash and cash equivalents	(5,944)	(54,128)
Cash and cash equivalents - beginning of period	<u>146,661</u>	<u>156,550</u>
Cash and cash equivalents - end of period	<u><u>\$ 140,717</u></u>	<u><u>\$ 102,422</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 163,626	\$ 158,193
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	558	402
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	6,516	(5,766)
(Increase) decrease in inventory	(109)	101
(Increase) decrease in other assets	(8)	16
Increase (decrease) in estimated prize claims	694	943
Increase (decrease) in accounts payable	708	(436)
Increase (decrease) in other accrued liabilities	3,253	2,850
Cash provided by operating activities	<u><u>\$ 175,238</u></u>	<u><u>\$ 156,303</u></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; 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 \$631,080 and \$573,725 of at June 30, 2018 and 2017, respectively, for estimated obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. Employees fully vest in all earned but unused vacation. To the extent that accumulated sick leave is expected to be converted to benefits on termination or retirement, the Lottery participates in another postemployment benefits plan (see Note 16).

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

NOTE 3 - CASH AND CASH EQUIVALENTS

At October 31, 2018 the carrying amounts of deposits (overdraft) with financial institutions were \$487 thousand with a bank balance (overdraft) of \$527 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):

	October 31, 2018	June 30, 2018
Deposits with financial institutions	\$ 487	\$ 489
Cash on hand at the Treasurer's Office	11,138	5,022
Investments with BTI reported as cash equivalents	129,092	141,150
	\$ 140,717	\$ 146,661

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 4 – CAPITAL ASSETS

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

	Historical Cost At June 30, 2018	Additions	Deletions	Historical Cost At October 31, 2018
Construction in Progress	\$ 629	\$ -	\$ -	\$ 629
Buildings	48,243	-	-	48,243
Land	1,681	-	-	1,681
Equipment	10,999	-	-	10,999
	<u>\$ 61,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,552</u>
Accumulated Depreciation:				
	Historical Cost At June 30, 2018	Additions	Deletions	Historical Cost At October 31, 2018
Buildings	\$ 6,466	\$ 411	\$ -	\$ 6,877
Equipment	7,039	147	-	7,186
	<u>\$ 13,505</u>	<u>\$ 558</u>	<u>\$ -</u>	<u>\$ 14,063</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 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, Lotto America, 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®, 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 October 31, 2018 and fiscal year-to-date is as follows:

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 5,916,015	\$ 12,339,111
Lotta America	462,444	1,631,448
Mega Millions	<u>8,596,147</u>	<u>13,589,211</u>
Total	\$ 14,974,606	\$ 27,559,770

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 2,958,133	\$ 6,171,137
Lotta America	231,225	815,973
Mega Millions	<u>4,470,080</u>	<u>7,066,837</u>
Total	\$ 7,659,438	\$ 14,053,947

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

At October 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	\$ 118,561,816	\$ 1,530,747
Lotto America	1,675,344	120,667
Mega Millions	<u>85,849,419</u>	<u>997,677</u>
Total	<u>\$ 206,086,579</u>	<u>\$ 2,649,091</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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 \$15,154,327 at October 31, 2018, of which the Lottery's share was \$1,357,865

NOTE 6 - RACETRACK VIDEO LOTTERY

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

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

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

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

	Current Month		Year-to-Date	
	2019	2018	2019	2018
Total credits played	\$ 444,727	\$ 460,570	\$ 1,900,566	\$ 1,953,226
Credits (prizes) won	(399,009)	(413,167)	(1,703,753)	(1,752,524)
Promotional credits played	(5,760)	(6,459)	(25,847)	(26,871)
MWAP Contributions	-	(3)	-	(11)
Gross terminal income	39,958	40,941	170,966	173,820
Administrative costs	(1,598)	(1,638)	(6,839)	(6,953)
Net Terminal Income	38,360	39,303	164,127	166,867
Less distribution to agents	(21,923)	(22,462)	(93,799)	(95,365)
Racetrack video lottery revenues	<u>\$ 16,437</u>	<u>\$ 16,841</u>	<u>\$ 70,328</u>	<u>\$ 71,502</u>

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

	October 31, 2018	Year-to-Date
State Lottery Fund	\$ 11,508	\$ 49,238
State Excess Lottery Revenue Fund	4,929	21,090
Capital Reinvestment Fund	-	-
Total nonoperating distributions	<u>\$ 16,437</u>	<u>\$ 70,328</u>

NOTE 7 - LIMITED VIDEO LOTTERY

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 7 - LIMITED VIDEO LOTTERY (continued)

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

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

	Current Month		Year-to-Date	
	2019	2018	2019	2018
Total credits played	\$ 408,384	\$ 366,936	\$ 1,597,440	\$ 1,441,820
Credits (prizes) won	(376,159)	(337,230)	(1,471,117)	(1,325,410)
Gross terminal income	\$ 32,225	\$ 29,706	\$ 126,323	\$ 116,410
Administrative costs	(644)	(594)	(2,527)	(2,328)
Gross Profit	31,581	29,112	123,796	114,082
Commissions	(15,790)	(14,556)	(61,898)	(57,041)
Municipalities and Counties	(632)	(582)	(2,476)	(2,282)
Limited video lottery revenues	<u>\$ 15,159</u>	<u>\$ 13,974</u>	<u>\$ 59,422</u>	<u>\$ 54,759</u>

NOTE 8 – TABLE GAMES

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 8 – TABLE GAMES (continued)

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

The cash transferred to the State Excess Lottery Revenue Fund in the current month is included in Note 10- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended October 31, 2018 were \$7,855,904 and \$33,597,226, 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	
	2019	2018	2019	2018
Table Games Privilege Tax	\$ 2,750	\$ 2,763	\$ 11,759	\$ 11,799
Interest on Table Games Fund	5	2	23	13
Administrative costs	(236)	(237)	(1,008)	(1,011)
Total Available for Distribution	<u>2,519</u>	<u>2,528</u>	<u>10,774</u>	<u>10,801</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	177	177	756	759
Thoroughbred & Greyhound Development Funds	141	142	605	607
Racing Association Pension Plan	69	70	296	297
Municipalities/ Counties	<u>779</u>	<u>782</u>	<u>3,331</u>	<u>3,340</u>
Total Distributions	<u>1,166</u>	<u>1,171</u>	<u>4,988</u>	<u>5,003</u>
Excess Lottery Fund	<u>\$ 1,353</u>	<u>\$ 1,357</u>	<u>\$ 5,786</u>	<u>\$ 5,798</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL

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

Historic Resort Video Lottery

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

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

	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Total credits played	\$ 6,043	\$ 5,149	\$ 29,371	\$ 26,744
Credits (prizes) won	(5,709)	(4,788)	(27,252)	(24,851)
Promotional credits played	(47)	(34)	(259)	(204)
Gross terminal income	<u>287</u>	<u>327</u>	<u>1,860</u>	<u>1,689</u>
Capital reinvestment	(13)	(15)	(87)	(80)
Excess Lottery Fund	(2)	(3)	(17)	(15)
Administrative costs	(15)	(18)	(100)	(91)
Hotel commissions	<u>(122)</u>	<u>(138)</u>	<u>(787)</u>	<u>(714)</u>
Net terminal income	135	153	869	789
Historic Resort Hotel Fund	86	97	553	502
Human Resource Benefit Fund	49	56	316	287

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL (continued)

Historic Resort Table Games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the month and year ended October 31, 2018 were \$331,484 and \$2,081,843, 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Table games privilege tax	\$ 116	\$ 119	\$ 729	\$ 377
Administrative Costs	(15)	(15)	(94)	(48)
Total Available for Distribution	101	104	635	329
Historic Resort Hotel Fund	85	87	531	275
Human Resource Benefit Fund	16	17	104	54

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	\$ 86	\$ 553
Historic Resort Table Games	85	531
Interest on Historic Resort Hotel Fund	1	3
Historic Resort Hotel Fund Net Income	172	1,087
Municipalities/ Counties	25	152
Excess Lottery Fund	147	935
Total Distributions	<u>\$ 172</u>	<u>\$ 1,087</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 10– SPORTS WAGERING

Sports Wagering legislation passed in 2018 per Senate Bill 415. Each racetrack and historic resort hotel licensee is subject to a privilege tax of ten percent (10%) of adjusted gross wagering receipts which will be deposited weekly into the Sports Wagering Fund.

From the privilege tax deposited into the Sports Wagering Fund, the Commission, on a monthly basis shall:

Retain 15% for administrative expenses of which any surplus in excess of \$250,000 shall be reported to the Joint Committee on Government and Finance and remitted to the State Treasurer.

After the reduction for administrative expenses, the net profit shall be deposited into the State Lottery Fund until a total of \$15 million is deposited. The remainder of net profit shall be deposited into the Public Employees Insurance Agency Financial Stability Fund.

The Sports Wagering adjusted gross wagering receipts for the month and year-to-date periods ended October 31, 2018 were \$593,695 and \$2,665,649, respectively. The following table shows the month and year-to-date totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Sports Wagering Privilege Tax	\$ 59	\$ -	\$ 267	\$ -
Interest on Sports Waging Fund	-	-	-	-
Administrative Costs	(9)	-	(40)	-
Total Available for Distribution	<u>50</u>	<u>-</u>	<u>227</u>	<u>-</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 11- 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, 2019 the State Legislature budgeted \$129,298,650 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 October 31, 2018 the Lottery has accrued additional distributions of \$109,102,437. 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>October 31, 2018</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 1,999
Bureau of Senior Services	6,088	39,114
Department of Education	2,373	14,663
Library Commission	1,467	9,066
Higher Education-Policy Commission	908	5,607
Tourism	827	5,160
Natural Resources	410	2,530
Division of Culture & History	448	3,081
Department of Education & Arts	32	198
Economic Development Authority	999	3,997
School Building Authority	1,800	7,200
Total State Lottery Fund	<u>\$ 15,852</u>	<u>\$ 92,615</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 2,102	\$ 8,408
Higher Education Improvement Fund	1,500	6,000
General Purpose Account	5,365	16,256
Higher Education Improvement Fund	2,394	7,253
State Park Improvement Fund	413	1,250
School Building Authority	1,899	7,595
Refundable Credit	233	809
WV Racing Commission	165	500
WV Department of Health and Human Resources	-	-
Teacher's Retirement Savings	-	-
Division of Human Services	-	8,000
WV Lottery Statutory Transfers	4,129	12,510
General Revenue	-	-
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	3,903	12,404
Total State Excess Lottery Revenue Fund	\$ 22,103	\$ 80,985
Total Budgetary distributions:	\$ 37,955	\$ 173,600
Veterans Instant Ticket Fund	\$ 25	\$ 142
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 37,980	\$ 173,742
Accrued nonoperating distributions, beginning	(104,213)	(120,860)
Accrued nonoperating distributions, end	109,102	109,102
	\$ 42,869	\$ 161,984

NOTE 12 – 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 October 31, 2018 and October 31, 2017 approximated \$78,979 and \$64,421 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 October 31, 2018 and October 31, 2017 approximated \$358,369 and \$347,536 respectively.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 13 – COMMITMENTS

For the years ended June 30, 2018 and 2017 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. As of June 30, 2018 and 2017, \$9,414,970 and \$9,460,433, respectively, are included in unrestricted net position and net investment in capital assets for this purpose.

NOTE 14 - RETIREMENT BENEFITS

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

Employees who retire at or after age sixty with five or more years of contributory service or who retire at or after age fifty-five and have completed twenty-five years of credited service with age and credited service equal to eighty or greater are eligible for retirement benefits as established by State statute. Retirement benefits are payable monthly for life, in the form of a straight-line annuity equal to two percent of the 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 October 31, 2018 and fiscal year-to-date are as follows (in thousands):

	October 31, 2018	Year-to-Date
Employee contributions	\$ 28	\$ 127
Lottery contributions	59	281
Total contributions	\$ 87	\$ 408

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 15 - RISK MANAGEMENT

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

WORKERS' COMPENSATION INSURANCE

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

PUBLIC EMPLOYEES' INSURANCE AGENCY (PEIA)

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

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 16– OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Lottery participates in the West Virginia Other Postemployment Benefits Plan (OPEB Plan) of the West Virginia Retiree Health Benefit Trust Fund (Trust), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Employee Insurance Agency (WVPEIA). The OPEB Plan provides retiree post-employment health care benefits for participating state and local government employers. The provisions of the Code of West Virginia, 1931, as amended (the Code), assigns the authority to establish and amend benefit provisions to the WVPEIA board of trustees. The WVPEIA issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to Public Employees Insurance Agency, 601 57th Street, South East, Suite 2, Charleston, West Virginia, or by calling 1-888-680-7342.

Funding Policy

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

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

	Current Month		FISCAL YEAR	
	Actual	Projected	Actual	Projected
Gross Revenues				
Instant games	9,484	7,500	34,964	30,000
On-line games	16,762	5,034	34,726	20,133
Racetrack video lottery	39,958	36,490	170,967	154,163
Limited video lottery	32,225	28,438	126,323	113,644
Racetrack table games	2,750	2,347	11,759	9,851
Historic resort	403	432	2,589	1,633
Sports wagering	59	-	267	-
Total gross revenues	<u>101,641</u>	<u>80,241</u>	<u>381,595</u>	<u>329,424</u>
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,186	870	4,207	3,482
On-line games	4,899	1,445	10,024	5,778
Racetrack Video Lottery	11,556	10,509	49,425	44,399
Sports wagering	151	-	728	-
Total Lottery Fund net revenues	<u>17,792</u>	<u>12,824</u>	<u>64,384</u>	<u>53,659</u>
Excess Lottery Fund				
Racetrack Video Lottery	4,948	4,500	21,195	19,015
Limited Video Lottery	15,253	13,377	59,872	53,458
Limited Video Lottery Fees	27	-	936	-
Racetrack table games	1,352	1,152	5,785	4,832
Historic resort	149	173	951	635
Total Excess Lottery Fund Net Revenues	<u>21,729</u>	<u>19,202</u>	<u>88,739</u>	<u>77,940</u>
Total Net Revenues	<u>39,521</u>	<u>32,026</u>	<u>153,123</u>	<u>131,599</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: December 3, 2018

Re: Status of General Revenue Fund and State Road Fund as of
November 30, 2018 (FY 19)

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

The net collections were 108% of the estimate for the fiscal year. Total collections were \$140 million above the estimate for the fiscal year.

Personal Income Tax collections were \$44.6 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$31.2 million above the estimate for the year.

Severance Tax was \$48.2 million above the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$5.6 million above the estimate for the fiscal year.

State Road Fund

The state road fund collections were 106.2% of the estimate for the fiscal year. Total collections were \$22.3 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 \$281,787,945.63 as of November 30, 2018.

Balance July 1, 2018	268,964,086.07
Loan-General Revenue Fund 7-1-18	60,000,000.00
Loan Payment 8-31-18	(60,000,000.00)
Fiscal year 18 surplus	18,066,528.88
Earnings	(5,242,669.32)
Balance November 30, 2018	281,787,945.63

Revenue Shortfall Reserve **Fund B** (Tobacco Settlement Monies) had a cash balance of \$425,501,612.40 as of November 30, 2018.

Balance July 1, 2018	440,709,603.60
Earnings	(15,207,991.20)
Balance November 30, 2018	425,501,612.40

The **Personal Income Tax Reserve** Fund had a \$11 million cash balance as of November 30, 2018.

Balance July 1, 2018	11,000,000.00
Balance November 30, 2018	11,000,000.00

GENERAL REVENUE FUND FY 2018-2019

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

	MONTH		MONTHLY COLLECTIONS OVER ESTIMATES		YTD ESTIMATES		NET COLLECTIONS		YEARLY COLLECTIONS OVER ESTIMATES	
	ESTIMATES	NET COLLECTIONS	ESTIMATES	OVER ESTIMATES	ESTIMATES	YTD	COLLECTIONS	YTD	ESTIMATES	OVER ESTIMATES
Personal Income Tax	128,300,000	135,634,621	7,334,621		749,000,000	793,632,224	44,632,224		44,632,224	
Consumer Sales Tax & Use Tax	115,400,000	121,197,483	5,797,483		517,200,000	548,386,717	31,186,717		31,186,717	
Severance Tax	34,600,000	42,439,638	7,839,638		115,600,000	163,809,206	48,209,206		48,209,206	
Corporate Net Income Tax	1,000,000	-531,234	-1,531,234		43,200,000	48,787,657	5,587,657		5,587,657	
Insurance Tax	120,000	136,502	16,502		57,820,000	60,883,989	3,063,989		3,063,989	
Tobacco Products Tax	15,200,000	15,020,298	-179,702		75,200,000	75,305,548	105,548		105,548	
Business and Occupation	8,800,000	6,915,131	-1,884,869		44,600,000	45,468,637	868,637		868,637	
Liquor Profit Transfers	1,500,000	1,515,500	15,500		7,800,000	9,241,094	1,441,094		1,441,094	
Departmental Collections	1,300,000	1,494,500	194,500		6,400,000	6,620,718	220,718		220,718	
Property Transfer Tax	1,200,000	1,198,469	-1,531		5,570,000	5,965,908	395,908		395,908	
Property Tax	400,000	365,468	-34,532		4,060,000	4,078,658	18,658		18,658	
Beer Tax and Licenses	520,000	536,783	16,783		3,090,000	3,154,265	64,265		64,265	
Miscellaneous Transfers	50,000	0	-50,000		610,000	1,962,371	1,352,371		1,352,371	
Interest Income	1,700,000	1,436,871	-263,129		7,400,000	6,879,769	-520,232		-520,232	
Refundable Credit Reimb Liability	0	0	0		600,000	808,602	208,602		208,602	
HB 102 - Lottery Transfers	4,500,000	5,318,211	818,211		18,900,000	21,573,851	2,673,851		2,673,851	
Miscellaneous	250,000	206,078	-43,922		2,650,000	2,798,787	148,787		148,787	
Business Franchise Fees	48,000	55,475	7,475		265,000	271,406	6,406		6,406	
Estate & Inheritance Tax	0	0	0		0	0	0		0	
Liquor License Renewal	0	0	0		0	0	0		0	
Special Revenue Transfers	0	689,022	689,022		10,600,000	11,866,968	1,266,968		1,266,968	
Charter Tax	0	467	467		0	4,520	4,520		4,520	
Video Lottery Transfers	0	11,362	11,362		0	92,570	92,570		92,570	
July-Dec Retro Rev Adj	0	0	0		0	0	0		0	
Cash Flow Transfer	0	0	0		0	0	0		0	
SUBTOTALS	314,888,000	333,640,643	18,752,643		1,670,565,000	1,811,593,463	141,028,463		141,028,463	
Less: Cash Flow Transfer	0	0	0		0	0	0		0	
Less: Special Revenue Transfer	0	689,022	689,022		10,600,000	11,866,968	1,266,968		1,266,968	
TOTALS	314,888,000	332,951,622	18,063,622		1,659,965,000	1,799,726,495	139,761,495		139,761,495	

Percent of Estimates 105.74%

108.42%

Collections this day 16,743,320

GENERAL REVENUE FUND FY 2018-2019

By Source and by Month

Monthly Revenue Estimates

as of November 30, 2018 OASIS

FINAL

	MONTH ESTIMATES	NET MONTH COLLECTIONS	MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES
Personal Income Tax	128,300,000	135,634,621	7,334,621	749,000,000	793,632,224	44,632,224
Consumer Sales Tax & Use Tax	115,400,000	121,197,483	5,797,483	517,200,000	548,386,717	31,186,717
Severance Tax	34,600,000	42,439,638	7,839,638	115,600,000	163,809,206	48,209,206
Corporate Net Income Tax	1,000,000	-531,234	-1,531,234	43,200,000	48,787,657	5,587,657
Insurance Tax	120,000	136,502	16,502	57,820,000	60,883,989	3,063,989

STATE ROAD FUND FY 2018-2019
 By Source and by Month
 Monthly Revenue Estimates
 as of November 30, 2018 OASIS

	MONTH		NET MONTHLY COLLECTIONS OVER ESTIMATES		YTD ESTIMATES		NET YTD COLLECTIONS		YEARLY COLLECTIONS OVER ESTIMATES	
	ESTIMATES	COLLECTIONS	ESTIMATES	ESTIMATES	ESTIMATES	COLLECTIONS	ESTIMATES	COLLECTIONS	ESTIMATES	ESTIMATES
Motor Fuel Tax	38,500,000	36,255,461	-2,244,539	201,700,000	205,745,345	4,045,345				
Sales/Privilege Tax	16,911,000	17,854,596	943,596	92,690,000	102,025,301	9,335,301				
Licenses & Registration	9,472,000	13,593,442	4,121,442	57,847,000	68,235,537	10,388,537				
Miscellaneous	2,288,000	1,786,002	-501,998	9,312,000	7,920,042	-1,391,958				
Highway Litter Control	78,000	66,488	-11,513	652,000	560,704	-91,297				
Federal Reimbursement	52,624,000	12,461,748	-40,162,252	267,033,000	149,586,351	-117,446,649				
SUBTOTALS	119,873,000	82,017,736	-37,855,264	629,234,000	534,073,279	-95,160,721				
Less: Federal Reimbursement	52,624,000	12,461,748	-40,162,252	267,033,000	149,586,351	-117,446,649				
TOTALS	67,249,000	69,555,988	2,306,988	362,201,000	384,486,929	22,285,929				

Percent of Estimates 103.43%

106.15%

Collections this day

17,748,915

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of November 30, 2018 : \$ 281,787,945.63

\$60 million loaned to General Revenue Fund 7/1/2018 for beginning of year cash flow, paid back 8/31/2018.

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of November 30, 2018: \$425,501,612.40

PERSONAL INCOME TAX REFUND RESERVE FUND as of November 30, 2018: \$11,000,000.00

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: December 3, 2018

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the October 31, 2018 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of October 31, 2018 of fiscal year 2018-2019, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2018	\$ 137,218,046.89
Receipts July 1, 2018 thru June 30, 2019	\$ 79,984,087.91
Disbursements July 1, 2018 thru June 30, 2019	\$ 37,408,291.09
Balance October 31, 2018	\$ 179,793,843.71

ITEMS OF NOTE:

Regular benefits paid for July - October 2018 were \$ 5.2 million less than October 2017.

Federal emergency benefits totaled \$-22 thousand for July - October 2017. For July - October 2018, federal emergency benefits totaled \$-8 thousand.

Total disbursements were \$ 5.2 million less in July - October 2018 than the preceding July - October 2017.

Receipts as of July - October 2018, were \$ 12.4 million more than in July - October 2017. Overall ending trust fund balance was \$86.5 million higher on October 31, 2018 than on October 31, 2017.

Seasonally adjusted unemployment rates for October 2018 were 5.2 percent for West Virginia and 3.7 percent nationally.

Since October 2017, employment has increased by 6,900. Employment gains included 1,600 in educational and health services, 1,100 in construction, 2,100 in trade, transportation, and utilities, 900 in leisure and hospitality, 600 in manufacturing, 100 in mining and logging, and 1,900 in government. Employment declines included 900 in other services, 300 in professional and business services, and 200 in information. Employment in financial activities was unchanged over the year.

November 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 October 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.

Sincerely,



Russell L. Fry
Acting Executive Director

RLF/gew

Enclosure

pc: Jim Justice

1900 Kanawha Blvd E * Building 3, Suite 300 * Charleston, WV 25305

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

	AUGUST 2017	SEPTEMBER 2017	OCTOBER 2017	AUGUST 2018	SEPTEMBER 2018	OCTOBER 2018	THREE MONTH TOTAL VARIANCE *
Balance Forward	\$82,824,919.67	\$81,176,366.16	\$84,317,763.69	\$166,766,794.00	\$167,806,663.07	\$161,644,429.69	\$229,089,859.26
Add Receipts:							
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions:	\$18,796,623.49	\$938,664.87	\$19,510,960.95	\$20,087,433.11	\$1,013,917.91	\$26,273,050.87	\$8,127,252.58
3. Federal Emergency Benefits (EUC08)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
4. Federal Share Extended I	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5. Temp Federal Additional	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6. UCFE (Federal Agencies)	\$69,621.24	\$60,617.26	\$73,581.28	\$66,399.30	\$67,307.00	\$61,385.09	(\$8,628.39)
7. Special Administrative Transfer	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8. Read Act Funds**	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9. UC Modernization Incentive	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10. Treasury Interest Credits	\$0.00	\$462,909.96	\$0.00	\$0.00	\$0.00	\$0.00	\$446,752.78
11. UCX (Military Agencies)	\$46,188.88	\$41,109.96	\$56,616.82	\$42,393.80	\$39,480.11	\$47,016.32	(\$15,024.43)
12. WV Senate Bill 55B	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
13. CMA Receipts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Receipts	\$18,912,433.61	\$1,493,201.94	\$19,641,156.05	\$20,196,226.21	\$2,019,467.95	\$26,391,482.28	\$8,550,352.54

Less Disbursements:							
Debt Bond Repayment							
Regular Benefits:							
Federal Emergency Benefits (EUC08)	\$10,470,666.70	\$8,266,210.20	\$10,627,869.76	\$9,066,163.86	\$7,873,469.21	\$8,340,348.94	(\$3,994,663.65)
Federal Share Extended Benefits (EB)	(\$5,621.68)	(\$3,723.00)	(\$5,847.88)	(\$2,026.00)	(\$2,349.00)	(\$2,170.00)	\$8,647.76
Emergency Benefits (TEUC)	(\$100.00)	(\$16.00)	(\$16.00)	(\$16.00)	(\$16.00)	(\$85.00)	\$35.00
Temp Federal Additional Comp (FAC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$50.00)
UCFE (Federal Workers) Benefits	\$63,039.45	\$45,146.26	\$77,210.26	\$62,846.48	\$65,829.07	\$62,214.64	(\$4,505.76)
UCX (Military Workers) Benefits	\$44,104.65	\$44,186.96	\$56,836.82	\$40,418.80	\$44,786.76	\$41,708.68	(\$18,212.40)
Read Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Special Administrative Transfer**	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Disbursements	\$10,671,988.12	\$8,360,803.41	\$10,666,053.95	\$9,156,337.14	\$7,981,721.03	\$8,432,036.26	(\$4,008,749.05)
Trust Fund Balance	\$91,175,366.16	\$84,317,763.69	\$93,302,867.79	\$167,806,683.07	\$161,844,429.69	\$179,793,843.71	\$240,648,969.84

* 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 55B 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	\$0.00

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

UC TRUST FUND BALANCES & PROJECTIONS - 2018

December 3, 2018

Month	Receipts	Disbursements	Trust Fund Balance
2017			
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
Totals - 2017	\$ 209,595,047	\$ 158,349,971	\$ 82,800,186

2018			
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	\$ 39,734,526	\$ 10,586,743	\$ 144,363,535
June	\$ 1,857,766	\$ 9,003,254	\$ 137,218,047
July	\$ 31,386,942	\$ 11,838,195	\$ 156,766,794
August	\$ 20,196,226	\$ 9,156,337	\$ 167,806,683
September	\$ 2,019,468	\$ 7,981,721	\$ 161,844,430
October	\$ 26,381,452	\$ 8,432,038	\$ 179,793,844
November	\$ 10,640,987	\$ 9,872,708	\$ 180,562,123
December	\$ 1,535,368	\$ 12,210,982	\$ 169,886,509
Totals - 2018	\$ 227,820,751	\$ 140,734,428	\$ 169,886,509

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PEIA

December Interim Talking Points

- **PEIA and RHBT preliminary financial results for October 2018 are available for your review.**
- **PEIA year to date statements show PEIA ahead of plan by \$5 million. This is primarily due to lower than forecast claim expenses.**
- **RHBT preliminary numbers show RHBT behind plan by (\$37) million. This is attributable to lower than forecast investment income.**
- **The 2019 year-end reserve for the State Fund and non-State Fund is projected to be \$146 and \$48 million respectively.**
- **These reserve levels represent 20% and 34% 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

December 4, 2018

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

1. The Fiscal Year 2018 6/30/18 Fiscal Year Report page A-1 indicates the June 30, 2019 fund balances will be as follows:

	PEIA		RHBT
	State Fund	Non-State Fund	OPEB Fund
June 30, 2019	\$146,213,310	\$48,340,828	\$1,046,769,033

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, 2019	State Fund Reserve	Non-State Fund Reserve	Total
Reserve Balance	\$146,213,310	\$48,340,828	\$194,554,138
Percentage	20.5%	33.8%	22.7%
	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, 2019	OPEB Reserve
Reserve Balance	\$1,046,769,033
Percentage	31%
	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 \$339 million over the next four years, requiring an average of \$85 million a year in either increased premiums or benefit reductions.

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

	ACTUAL	BUDGET	PRIOR YR	BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
OPERATING REVENUE							
Premium Revenue							
Health Insurance - State Gov. - Employers	\$122,835	\$127,512	\$125,382	(\$4,677)	(4%)	(\$2,547)	(2%)
Health Insurance - State Gov. - Employees	40,903	42,364	42,379	(1,461)	(3%)	(1,476)	(3%)
Health Insurance - Local Gov. - All	33,231	32,521	31,231	710	2%	2,000	6%
Administrative Fees, Net of Refunds	1,495	1,508	1,508	(13)	(1%)	(13)	(1%)
Other Premium Revenue	497	743	731	(246)	(33%)	(234)	(32%)
Total Operating Revenue	198,961	204,648	201,231	(5,687)	(3%)	(2,270)	(1%)
NON-OPERATING REVENUE							
Life Insurance	450	431	727	19	4%	(277)	(38%)
Direct Transfer	10,333	10,333	3,333	0	0%	7,000	210%
Interest and Investment Income	(3,536)	1,469	5,543	(5,005)	(341%)	(9,079)	(164%)
WV RHBT Pay Go Premiums	50,684	51,333	51,909	(649)	(1%)	(1,225)	(2%)
Total Non-Operating Revenue	57,931	63,566	61,512	(5,635)	(9%)	(3,581)	(6%)
TOTAL REVENUE	256,892	268,214	262,743	(11,322)	(4%)	(5,851)	(2%)
EXPENSES							
Claims Expense - Medical	118,056	122,081	117,456	4,025	3%	(600)	(1%)
Claims Expense - Drugs	45,026	56,646	52,343	11,620	21%	7,317	14%
Payments to Managed Care Org.	15,437	15,254	14,391	(183)	(1%)	(1,046)	(7%)
Administrative Service Fees	3,880	3,833	3,684	(47)	(1%)	(196)	(5%)
Wellness and Disease Management	284	348	152	64	18%	(132)	(87%)
Other Operating Expenses	1,391	1,636	1,521	245	15%	130	9%
Life Insurance Expense	408	361	344	(47)	(13%)	(64)	(19%)
ACA Comparative Effectiveness Fee	107	107	108	0	0%	1	1%
WV RHBT Pay Go Premiums	50,684	51,333	51,909	649	1%	1,225	2%
TOTAL EXPENSES	235,273	251,599	241,908	16,326	6%	6,635	3%
YTD Surplus (Deficit)	21,619	16,615	20,835	5,004	30%	784	4%
Total Net Position, Beginning of Period	194,554	194,554	149,044		0%	45,510	31%
Total Net Position, End of Period	\$216,173	\$211,169	\$169,879	\$5,004	2%	\$46,294	27%

12/4/2018 11:30 AM

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For the Four Months Ending Wednesday, October 31, 2018
In Thousands

ACTUAL	BUDGET	PRIOR YR	BUDGET VARIANCE	PRIOR YR VARIANCE
	\$	\$	%	%
ADDITIONS				
Employer Premiums:				
	\$ 1,032		(0%)	(4%)
Health premiums - Non Par	5,939		0%	(11%)
Health Premiums - RLC Health, Life	51,909		(1%)	(2%)
Pay Go Premiums	10,000		0%	0%
State appropriation - OPEB	1,667		0%	0%
State appropriation - Premium	475		0%	(100%)
Annual required contributions	71,022		(1%)	(3%)
Total Employer Premiums			(708)	(2,446)
Other Additions:				
Retiree Drug Subsidy	400	400	0%	0%
Investment Income	19,237	41,635	(214%)	(153%)
TOTAL ADDITIONS	46,967	113,057	(47%)	(58%)
DEDUCTIONS				
Payments to Managed Care Org.	45,744	46,620	9%	2%
Life Insurance Expense	7,878	5,501	3%	(43%)
Medical Claims Expense	19,097	16,071	8%	(19%)
Pharmacy Claims Expense	9,614	11,146	2%	14%
Comparative Effectiveness Research Fee	11	11	0%	0%
Administrative Service Fees (External)	504	485	(6%)	(4%)
Member Health premiums	(23,354)	(22,216)	4%	(1%)
Member Life Insurance Premiums	(7,904)	(7,704)	4%	(3%)
Other Operating Expenses	1,006	823	(3%)	(23%)
TOTAL DEDUCTIONS	53,596	50,737	9%	(6%)
(6,629)	30,188	62,319	(122%)	(111%)
NET POSITION INCREASE (DECREASE)				
Net Position Restricted for Post Employment Benefits				
Beginning of Period Total Net Position	963,115	823,911	0%	17%
End of Period Net Position - Restricted	918,379	886,230	(4%)	4%
End of Period Net Position - PSR	38,107	38,107	100%	100%
End of Period Total Net Position	\$956,486	\$886,230	(4%)	8%
	\$993,303	\$886,230	(4%)	8%

West Virginia Board of Risk and Insurance Management
UNAUDITED BALANCE SHEET AND INCOME STATEMENT
For the Four Months Ending October 31, 2018

Talking Points for Joint Committee on Government and Finance Meeting
December 2018

1. Premium Revenue thru October reflects the premiums earned for the first four months of the fiscal year. BRIM increased premiums slightly in FY'19 to cover the actuarially projected increase in claims costs for the current fiscal year.
2. Claims Expense reflects all claims payments made thru October plus reserve changes. Unfavorable claims development has negatively impacted the results for both fiscal years.
3. Investment Income for the current year reflects a net loss of \$2.8 million for the first four months primarily due to the recent volatility and pull back in the equity markets vs. a gain of \$6.6 million for the same period last year. This amounts to a year over year unfavorable swing of \$9.4 million in investment returns.
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 Four Months Ended October 31st

	<u>2018</u>	<u>2017</u>
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 28,135	\$ 24,751
Advance deposits with insurance company and trustee	201,534	199,624
Receivables	4,390	5,013
Prepaid insurance	4,249	4,226
Restricted cash and cash equivalents	14,759	11,534
Premiums due from other entities	878	643
Total current assets	<u>253,945</u>	<u>245,791</u>
Noncurrent assets:		
Equity position in internal investments pools	94,215	94,975
Restricted investments	54,409	54,848
Total noncurrent assets	<u>148,624</u>	<u>149,823</u>
Total assets	<u>402,569</u>	<u>395,614</u>
Deferred Outflows of Resources		
Deferred Outflows of Resources	438	458
Deferred Outflows of Resources - OPEB	44	0
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	50,453	47,713
Unearned premiums	15,598	14,672
Agent commissions payable	1,147	360
Claims Payable	96	108
Accrued expenses and other liabilities	2,100	2,167
Total current liabilities	<u>69,394</u>	<u>65,021</u>
Estimated unpaid claims and claims adjustment expense net of current portion	117,041	124,431
Compensated absences	122	107
Net pension liability	331	766
Total noncurrent liabilities	<u>117,494</u>	<u>125,305</u>
Total liabilities	<u>186,888</u>	<u>190,326</u>
Deferred Inflows of Resources		
Deferred Inflows of Resources	330	37
Deferred Inflows of Resources - OPEB	73	0
Net position:		
Restricted by State code for mine subsidence coverage	61,059	61,063
Unrestricted	155,552	138,265
Net Assets (Deficiency)	(851)	6,380
Net position	<u>\$ 215,760</u>	<u>\$ 205,708</u>

Unaudited

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Four Months Ended October 31st

	<u>2018</u>	<u>2017</u>
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 27,689	\$ 26,336
Less coverage/reinsurance programs	(2,387)	(2,112)
Net operating revenues	<u>25,302</u>	<u>24,224</u>
Operating expenses		
Claims and claims adjustment expense	21,868	22,920
General and administrative	1,498	1,490
Total operating expenses	<u>23,366</u>	<u>24,409</u>
Operating income (loss)	1,936	(185)
Nonoperating revenues		
Investment income	(2,787)	6,565
Net nonoperating revenues	<u>(2,787)</u>	<u>6,565</u>
Changes in net position	(851)	6,380
Total net position, beginning of year	216,611	199,328
Total net position, end of period	<u>\$ 215,760</u>	<u>\$ 205,708</u>

Unaudited

Department of Administration Real Estate Division Leasing Report
For the period of October 1 - November 30, 2018

There is a total of 28 leasing changes for this period and they are as follows:

- 1 – New Contract of Lease – DOA OWNED
- 13 – Straight Renewal
- 6 – Renewal with Increase in Rent
- 1 – Renewal with Increase in Square Feet
- 1 – Renewal with Increase in Rent and Square Feet
- 1 – Increase in Rent and Square Feet – DOA OWNED
- 1 – Increase in Rent and Square Feet
- 2 – Renewal with Decrease in Square Feet
- 2 - Cancellation

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

NEW CONTRACT OF LEASE – DOA OWNED

REAL ESTATE DIVISION

RED-007 New Contract of Lease for 3 years consisting of 4,189 square feet of office space at the annual per square foot rate of \$16.68, annual cost \$69,872.52, full service, 601 57th Street, S.E., in the City of Charleston, Kanawha County, West Virginia.

STRAIGHT RENEWAL

LOTTERY COMMISSION

LOT-006 Renewal for 2 years consisting of 190 square feet of office space at the current monthly rate of \$126.66, annual cost \$1,519.92, full service, Wheeling Downs Racetrack and Gaming Center, South Stone Street, in the City of Wheeling, Ohio County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-196 Renewal for 2 years consisting of 7,500 square feet of office space at the current annual per square foot rate of \$8.00, annual cost \$60,000.00, Cutlip Building, in the City of Webster Springs, Webster County, West Virginia.

DIVISION OF FORESTRY

FOR-085 Renewal for 10 years consisting of 3,012 square feet of office and storage space at the current annual per square foot rate of \$8.47, annual cost \$25,500.00, 25 Schoolview Street, in the City of Elizabeth, Wirt County, West Virginia.

FOR-089 Renewal for 1 year consisting of 250 square feet of office space at the current annual per square foot rate of \$12.00, annual cost \$3,000.00, full service, 300-B Second Avenue, in the City of Marlinton, Pocahontas County, West Virginia.

GENERAL SERVICES DIVISION

GSD-008 Renewal for 5 years consisting of 21,552 square feet of warehouse space at the current annual per square foot rate of \$4.50, annual cost \$96,984.00, 908 Bullitt Street, in the City of Charleston, Kanawha County, West Virginia.

PUBLIC EMPLOYEES GRIEVANCE BOARD

EGB-013 Renewal for 5 years consisting of 2,789 square feet of office space at the current annual per square foot rate of \$12.50, annual cost \$34,862.50, full service, 11 Commerce Drive, Wheeling, Monongalia County, West Virginia.

STRAIGHT RENEWAL - CONTINUED

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-149 Renewal for 3 years consisting of 11,922 square feet of office space at the current annual per square foot rate of \$12.68, annual cost \$151,170.96, full service, 2031 Pleasant Valley Road, in the City of Fairmont, Harrison County, West Virginia.

DEP-144 Renewal for 5 years consisting of 64 square feet of space for an air monitoring station at the current annual rate of \$1.00, John Manchin Sr. Healthcare Center, in the City of Fairmont, Harrison County, West Virginia.

STATE TAX DEPARTMENT

TAX-059 Renewal for 1 year consisting of 109 parking space at the current monthly rate of \$68.00 per space, annual cost \$88,944.00, 1001 Lee Street East, in the City of Charleston, Kanawha County, West Virginia.

STATE FIRE MARSHAL

SFM-003-D21 Renewal for 3 years consisting of 4,000 square feet of warehouse space at the current annual per square foot rate of \$6.95, annual cost \$27,800.00, 4998 – H South Elk River Road, in the City of Elkview, Kanawha County, West Virginia.

DIVISION OF CORRECTIONS AND REHABILITATION

COR-084 Renewal for 6 months consisting of 22,329 square feet of classroom/office/training/lodging facilities space at the current monthly rate of \$22,275.00, annual cost \$267,300.00, full service, Morris Criminal Justice Training Center on the Campus of Glenville State College, in the City of Glenville, Gilmer County, West Virginia.

DIVISION OF CORRECTIONS AND REHABILITATION – BUREAU OF PRISONS AND JAILS

RJA-005 Renewal for 6 months consisting of 14,886 square feet of classroom/office/training/lodging facilities space at the current monthly rate of \$14,850.00, annual cost \$178,200.00, full service, Morris Criminal Justice Training Center on the Campus of Glenville State College, in the City of Glenville, Gilmer County, West Virginia.

DIVISION OF CORRECTIONS AND REHABILITATION – BUREAU OF JUVENILE SERVICES

BJS-035 Renewal for 1 year consisting of 250 square feet of storage space at the current monthly rate of \$100.00, annual cost \$1,200.00, 18 Blackberry Orchard, in the City of Danville, Boone County, West Virginia.

RENEWAL WITH INCREASE IN RENT

DEPARTMENT OF VETERANS ASSISTANCE

VET-043 Renewal for 3 years consisting of 770 square feet of office space with an increase in the annual per square foot rate from \$8.31 to \$9.35, annual cost \$7,200.00, full service, 427 West Pike Street, in the City of Clarksburg, Harrison County, West Virginia.

DIVISION OF FORESTRY

FOR-082 Renewal for 5 years consisting of 4,000 square feet of office space with an increase in the annual per square foot rate from \$8.92 to \$9.37, annual cost \$37,480.00, 1106 Railroad Street, in the City of Farmington, Marion County, West Virginia.

FOR-090 Renewal for 5 years consisting of 1 square foot of tower monitoring space with an increase in the monthly rate from \$218.50 to \$240.00, annual cost \$2,880.00, full service, Summit Road, in the City of Romney, Hampshire County, West Virginia.

DIVISION OF NATURAL RESOURCES

NAT-133 Renewal for 3 years consisting of 200 square feet of storage space with an increase in the annual per square foot rate from \$5.10 to \$5.25, annual cost \$1,050.60, full service, 1112 James Plaza, in the City of Farmington, Marion County, West Virginia.

WV BOARD OF HEARING AID DEALERS

BHD-001 Renewal for 3 years consisting of 234 square feet of office space with an increase in the annual per square foot rate from \$13.00 to \$13.50, annual cost \$3,159.00, full service, 179 Summers Street, in the City of Charleston, Kanawha County, West Virginia.

OFFICES OF THE INSURANCE COMMISSIONER

INS-011 Renewal for 2 years consisting of 13,425 square feet of office space with an increase in the annual per square foot rate from \$12.00 to \$12.25, annual cost \$164,456.25, full service, #1 Players Club Road, in the City of Charleston, Kanawha County, West Virginia.

RENEWAL WITH INCREASE IN SQUARE FEET

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-201 Renewal for 5 years with an increase of square feet from 5,972 square feet to 8,876 square feet of office/storage/lab space at the current annual per square foot rate of \$7.00 for 5,972 square feet and an annual per square foot rate of \$9.00 for 2,904 square feet, annual cost \$67,940.04, 4710 Chimney Drive, in the City of Big Chimney, Kanawha County, West Virginia.

RENEWAL WITH INCREASE IN RENT AND SQUARE FEET

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-247 Increase of square feet from 122 square feet to 219 square feet of office space and an increase in the monthly rate from \$450.00 to \$825.00, annual cost \$9,900.00, full service, 978 Blue Prince Rd, in the City of Bluefield, Mercer County, West Virginia.

INCREASE IN RENT AND SQUARE FEET – DOA OWNED

GENERAL SERVICES DIVISION

GSD-003 Increase in square feet from 9,858 square feet to 10,072 square feet of office space at the current annual per square foot rate of \$10.72, annual cost \$107,971.84, full service, Building #1, 1900 Kanawha Boulevard, East, in the City of Charleston, Kanawha County, West Virginia.

INCREASE IN RENT AND SQUARE FEET

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-160 Increase of square feet from 50,000 square feet to 54,000 square feet of office space and an increase in the annual per square foot rate of from \$8.50 to \$8.83, annual cost \$476,820.00, 4190 Washington Street, in the City of Charleston, Kanawha County, West Virginia.

RENEWAL WITH DECREASE IN SQUARE FEET

PUBLIC EMPLOYEES INSURANCE AGENCY

PEI-003 Renewal for 5 years with a decrease of square feet from 17,962 square feet to 16,638 square feet of office space at the current annual per square foot rate of \$16.68, annual cost \$277,510.12, full service, 601 57th Street, S.E., in the City of Charleston, Kanawha County, West Virginia.

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-160 Renewal for 3 years with a decrease of square footage from 180,663 square feet to 155,180 square feet of office space at the current annual per square foot rate of \$16.68, annual cost \$2,588,402.40, full service, 601 57th Street, in the City of Charleston, Kanawha County, West Virginia.

CANCELLATION

REAL ESTATE DIVISION

RED-006 Lease cancellation consisting of 6,374 square feet of office space, at the annual per square foot rate of \$12.00, annual cost \$76,488.00, full service, 1124 Smith Street, in the City of Charleston, Kanawha County, West Virginia.

OFFICE OF ADMINISTRATIVE HEARINGS

OAH-001 Lease cancellation consisting of 6,404 square feet of office space, at the annual per square foot rate of \$14.52 annual cost \$92,986.00, full service, 300 Capitol Street, in the City of Charleston, Kanawha County, West Virginia.

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

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Real Estate Division	RED-007	Kanawha	4,189	16.68	69,873	3	209,618
2	Lottery Commission	LOT-006	Ohio	190	8.00	1,520	2	3,040
3	Department of Health and Human Resources	HHR-196	Webster	7,500	8.00	60,000	2	120,000
4	Division of Forestry	FOR-085	Wirt	3,012	8.47	25,500	10	255,000
5	Division of Forestry	FOR-089	Pocahontas	250	12.00	3,000	1	3,000
6	General Services Division	GSD-008	Kanawha	21,552	4.50	96,984	5	484,920
7	Public Employees Grievance Board	EGB-013	Monongalia	2,789	12.50	34,863	5	174,313
8	Department of Environmental Protection	DEP-149	Harrison	11,922	12.68	151,171	3	453,513
9	Department of Environmental Protection	DEP-144	Harrison	64	1.00	1	5	5
10	State Tax Department	TAX-059	Kanawha	109	68/ea	88,944	1	88,944
11	State Fire Marshal	SFM-003	Kanawha	4,000	6.95	27,800	3	83,400
12	Division of Corrections and Rehabilitation	COR-084	Gilmer	22,329	11.97	267,300	0.5	133,650
13	DOCR - Bureau of Regional Prisons and Jails	RJA-005	Gilmer	14,886	11.97	178,200	0.5	89,100
14	DOCR - Bureau of Juvenile Services	BJS-035	Boone	250	4.80	1,200	1	1,200
15	Department of Veterans Assistance	VET-043	Harrison	770	9.35	7,200	3	21,599
16	Division of Forestry	FOR-082	Marion	4,000	9.37	37,480	5	187,400
17	Division of Forestry	FOR-090	Hampshire	0	0.00	2,880	5	14,400
18	Division of Natural Resources	NAT-133	Marion	200	5.25	1,050	3	3,150
19	WV Board of Hearing Aid Dealers	BHD-001	Kanawha	234	13.50	3,159	3	9,477
20	Offices of the Insurance Commissioner	INS-011	Kanawha	13,425	12.25	164,456	2	328,913
21	Department of Health and Human Resources	HHR-201	Kanawha	5,972	7.00	41,804	5	209,020
	Department of Health and Human Resources	HHR-201	Kanawha	2,904	9.00	26,136	5	130,680
22	Department of Health and Human Resources	HHR-247	Mercer	219	0.00	9,900	2	19,800
23	General Services Division	GSD-003	Kanawha	10,072	10.72	107,972	0.5	53,986
24	Department of Health and Human Resources	HHR-160	Kanawha	54,000	8.83	476,820	7.5	3,576,150 *
25	Public Employees Insurance Agency	PEI-003	Kanawha	16,638	16.68	277,510	5	1,387,550 *
26	Department of Environmental Protection	DEP-160	Kanawha	155,180	16.68	2,588,402	3	7,765,207 *

238.15

Total Rentable Square Feet 356,656

Average Annual Rental Rate 9.92

Total Annual Rent 4,751,124

CANCELLATIONS

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	Real Estate Division	RED-006	Kanawha	6,374	12.00	76,488
2	Office of Administrative Hearings	OAH-001	Kanawha	6,404	14.52	92,986

Total Rentable Square Feet 12,778

Total Annual Rent 169,474

Joint Committee on Government and Finance

December 2018

Department of Health and Human Resources

**MEDICAID REPORT
September 2018 Data**

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2019

MONTH OF SEPTEMBER 2018

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2018	SFY2019	Current Month Ended 09/30/18	Current Month 09/30/18	Year To-Date Thru 9/30/18	10/1/18 Thru 06/30/19
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	94,761,538	96,410,403	5,864,305	7,416,185	18,433,800	77,976,603
Inpatient Hospital - DSH	53,388,507	53,789,156	-	-	13,155,106	40,634,050
Inpatient Hospital - Supplemental Payments	18,315,895	-	-	-	-	-
Inpatient Hospital - GME Payments	9,637,536	11,659,921	-	-	2,523,146	9,136,775
Mental Health Facilities	42,213,663	50,384,207	2,487,561	3,875,708	9,663,128	40,721,079
Mental Health Facilities - DSH Adjustment Payments	18,875,284	18,867,767	-	-	4,718,005	14,149,762
Mental Health Facilities - Regular Payments ⁽³⁾	671,659,070	689,519,663	57,132,872	57,459,972	168,543,824	520,975,839
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Nursing Facility Services - Regular Payments	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	68,595,148	71,463,278	5,725,027	5,955,273	18,448,310	53,014,968
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	39,370,539	43,038,020	2,666,043	3,310,617	8,969,445	34,068,575
Physicians Services - Supplemental Payments	5,241,246	(0)	-	(0)	-	(0)
Physician and Surgical Services - Evaluation and Management	93	-	-	-	(1,520)	1,520
Physician and Surgical Services - Vaccine Codes	-	-	-	-	-	-
Outpatient Hospital Services - Regular Payments	41,749,006	42,856,165	3,374,081	3,296,628	10,461,195	32,394,970
Outpatient Hospital Services - Supplemental Payments	21,123,658	-	-	-	-	-
Prescribed Drugs	620,504,383	720,618,600	53,480,912	55,432,200	169,337,110	551,281,490
Drug Rebate Offset - National Agreement	(226,683,504)	(407,000,000)	(19,915,088)	(7,530,247)	(109,638,864)	(297,361,136)
Drug Rebate Offset - State Sidebar Agreement	(15,371,390)	(24,000,000)	(227,094)	(965,016)	(7,259,420)	(16,740,580)
Drug Rebate Offset - MCO National	(149,057,165)	(11,000,000)	(701,510)	(1,093,234)	(4,373,589)	(6,626,411)
Drug Rebate Offset - MCO State Sidebar Agreement	(11,602,345)	-	-	-	(41,420)	41,420
Dental Services	10,677,304	11,217,737	837,015	862,903	2,558,427	8,659,310
Other Practitioners Services - Regular Payments	4,145,198	4,940,938	405,044	380,072	1,299,702	3,641,236
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	1,514,622	1,638,650	118,104	126,050	379,506	1,259,144
Lab & Radiological Services	8,989,515	9,500,531	509,309	730,810	1,878,569	7,621,962
Home Health Services	25,275,940	28,416,781	2,192,594	2,185,906	5,737,166	22,679,615
Hysterectomies/Sterilizations	55,843	65,026	2,305	5,002	7,723	57,303
Pregnancy Terminations ⁽²⁾	346,043	370,405	32,457	28,493	80,640	289,765
EPSDT Services	1,411,597	1,472,595	129,647	113,277	375,849	1,096,746
Rural Health Clinic Services	4,514,194	4,167,233	222,420	320,556	1,100,478	3,066,755
Medicare Health Insurance Payments - Part A Premiums	20,115,325	21,934,452	1,759,329	1,827,871	5,194,285	16,740,167
Medicare Health Insurance Payments - Part B Premiums	114,914,746	124,130,622	9,867,260	10,344,219	28,711,232	95,419,390
120% - 134% Of Poverty	9,100,320	9,229,482	806,948	709,960	2,377,964	6,851,518
135% - 175% Of Poverty	-	-	-	-	-	-
Coinurance And Deductibles	11,432,888	11,469,643	968,985	882,280	2,988,540	8,481,103

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2019

MONTH OF SEPTEMBER 2018

ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
SFY2018	SFY2019	Current Month Ended 09/30/18	Current Month 09/30/18	Year To-Date Thru 9/30/18	10/1/18 Thru 06/30/19
1,592,796,041	1,909,119,745	183,790,664	159,093,312	483,222,793	1,425,896,952
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
659,533	712,510	74,979	54,808	241,355	471,155
-	-	-	-	-	-
-	-	-	-	-	-
306,244,186	326,961,878	24,132,612	25,150,914	77,482,389	249,479,489
99,410,189	111,621,217	8,440,672	8,586,247	26,188,135	85,433,082
1,500,251	1,962,566	111,304	150,967	400,550	1,562,016
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
69,433,451	72,630,935	5,382,176	5,586,995	16,740,172	55,890,763
-	-	-	-	-	-
2,768,851	2,852,904	182,654	219,454	579,444	2,273,460
-	-	-	-	-	-
28,742,764	27,296,696	2,101,931	2,099,746	7,240,399	20,056,297
660,126	757,363	48,569	58,259	85,686	671,677
9,878,997	10,234,965	679,370	787,305	882,577	9,352,388
34,217,803	34,042,483	2,784,904	2,618,653	8,353,079	25,689,404
999,248	1,063,603	69,528	81,816	235,088	828,515
632,758	603,289	31,264	46,407	115,776	487,513
336,441	318,750	30,058	24,519	83,560	235,190
859,918	922,875	87,708	70,990	253,367	669,508
169,078	201,488	6,105	15,499	20,885	180,603
112,942	153,959	10,665	11,843	26,488	127,471
-	(80)	-	(6)	-	(80)
24,242,329	25,303,531	1,606,828	1,946,425	5,136,756	20,166,775
2,263,595	2,755,598	179,851	211,969	559,684	2,195,914
34,971,816	35,000,000	785,030	2,692,308	26,985,439	8,014,561
59,129,439	63,204,418	4,337,661	4,861,878	13,670,246	49,534,172
2,303,658	52,071,349	608,005	4,005,488	2,028,893	50,042,456
5,533,239	5,709,872	407,707	439,221	1,292,298	4,417,574
-	-	-	-	-	-
883,711	983,085	129,291	75,622	437,689	545,396
15,448,541	25,766,900	1,355,398	1,982,069	4,725,015	21,041,885
-	-	(47,554)	-	(775,408)	775,408
3,809,413,601	4,297,413,175	365,065,906	366,548,194	1,031,840,692	3,265,572,483

Medicaid Health Insurance Payments: Managed Care Organizations (MCO)
 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
 Medicaid Health Insurance Payments: Coinsurance
 Medicaid Health Insurance Payments: Other
 Home & Community-Based Services (MR/DD)
 Home & Community-Based Services (Aged/Disabled)
 Home & Community-Based Services (Traumatic Brain Injury)
 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
 Personal Care Services - SDS 1915(j)
 Targeted Case Management Services - Com. Case Management
 Targeted Case Management Services - State Wide
 Primary Care Case Management Services
 Hospice Benefits
 Emergency Services Undocumented Aliens
 Federally Qualified Health Center
 Non-Emergency Medical Transportation
 Physical Therapy
 Occupational Therapy
 Services for Speech, Hearing & Language
 Prosthetic Devices, Dentures, Eyeglasses
 Diagnostic Screening & Preventive Services
 Nurse Mid-Wife
 Emergency Hospital Services
 Critical Access Hospitals
 Nurse Practitioner Services
 School Based Services
 Rehabilitative Services (Non-School Based)
 Substance Use Disorder Waiver
 Private Duty Nursing
 Freestanding Birth Centers
 Health Home for Enrollees w Chronic Conditions
 Other Care Services
 Less: Recoupments

NET EXPENDITURES:

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2019

MONTH OF SEPTEMBER 2018

ACTUALS	TOTAL	ACTUALS Current Month Ended 09/30/18	ESTIMATE Current Month 09/30/18	ACTUALS Year To-Date Thru 9/30/18	PROJECTED 10/1/18 Thru 06/30/19
SFY2018	SFY2019				
(6,012,117)	-	-	-	-	-
(512,319)	-	-	-	-	-
(213,356)	-	-	-	-	-
(17,039,626)	-	-	-	-	-
3,785,636,180	4,297,413,175	365,065,906	366,548,194	1,031,840,692	3,265,572,483
43,197,126	42,983,609	3,541,075	3,581,967	10,647,260	32,336,349
628,208	250,000	17,484	19,231	48,736	201,264
2,101,617	2,100,000	168,810	161,538	460,055	1,639,945
\$ 3,831,563,132	\$ 4,342,746,783	\$ 368,793,275	\$ 370,310,930	\$ 1,042,996,743	\$ 3,299,750,040
4,491,826	-	349,645		1,131,382	(1,131,382)
223,954	239,990	26,331	18,461	40,276	199,714
2,074,212	3,000,000	-	230,769	8,500	2,991,500
\$ 3,838,353,124	\$ 4,345,986,773	\$ 369,169,252	\$ 370,560,160	\$ 1,044,176,901	\$ 3,301,809,872

NET EXPENDITURES and CMS-64 ADJUSTMENTS:

Plus: Medicaid Part D Expenditures
 Plus: State Only Medicaid Expenditures
 Plus: Money Follow the Person Expenditures

TOTAL MEDICAID EXPENDITURES

Plus: Reimbursables ⁽¹⁾
 Plus: NATCEP/PASARR/Eligibility Exams
 Plus: HIT Incentive Payments

TOTAL EXPENDITURES

- (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 'Nursing Facility Services -Regular Payments' line \$4,473,915 is the amount paid to State Facilities year to date.

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 MEDICAID CASH REPORT
 SFY2019

3 Months Actuals 9 Months Remaining

MONTH OF SEPTEMBER 2018		ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
		SFY2018	Current Month Ended 9/30/18	Year-To-Date Thru 9/30/18	10/1/2018 Thru 6/30/19	SFY2019
REVENUE SOURCES						
Beg. Bal. (5084/1020 prior mth)		86,992,634	68,880,919	121,710,366		121,710,366
MATCHING FUNDS						
General Revenue (0403/189)		368,772,081	7,500,000	25,791,473	388,165,890	413,957,363
MRDD Waiver (0403/466)		88,753,483	5,916,899	17,750,697	71,002,786	88,753,483
Rural Hospitals Under 150 Beds (0403/940)		2,596,000	216,334	649,000	1,947,000	2,596,000
Tertiary Funding (0403/547)		6,356,000	529,666	1,589,000	4,767,000	6,356,000
Traumatic Brain Injury (0403/835)		800,000	53,333	160,000	640,000	800,000
Title XIX Waiver for Seniors (0403-533)		13,593,620	906,242	2,718,724	10,874,896	13,593,620
Medical Services Surplus (0403/633)		30,021,770	-	-	-	-
Waiver for Senior Citizens Surplus (0403/526)		-	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)		12,382,692	-	1,003,876	3,011,627	4,015,503
Lottery Waiver (0420/539)		21,583,766	-	7,487,739	22,463,216	29,950,955
Lottery Transfer (5405/871)		14,502,312	-	3,625,578	10,876,734	14,502,312
Excess Lottery (5365/189)		34,406,170	-	-	28,202,960	28,202,960
Lottery Surplus (5405/68199)		15,500,000	-	6,000,000	-	6,000,000
Lottery Surplus (5365/68100)		26,900,000	-	-	8,000,000	8,000,000
Trust Fund Appropriation (5185/189)		8,914,540	15,000,000	15,000,000	58,477,905	73,477,905
Provider Tax (5090/189)		213,058,153	46,327,029	78,637,029	145,025,422	223,662,451
NSGO UPL (5084/6717)		68,035	-	-	1,241,403	1,241,403
Certified Match		16,157,488	808,213	8,855,956	5,148,944	14,004,900
Reimbursables - Amount Reimbursed		4,371,388	-	-	724,585	900,000
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015		956,436	56,106	175,415	-	-
CHIP State Share		-	-	-	-	-
CMS - 64 Adjustments		(80,352)	-	-	-	-
TOTAL MATCHING FUNDS		\$ 966,606,216	\$ 146,194,741	\$ 291,154,853	\$ 760,570,368	\$ 1,051,725,221
FEDERAL FUNDS		2,991,755,848	235,987,127	766,406,101	2,649,006,842	3,415,412,942
TOTAL REVENUE SOURCES		\$ 3,958,362,065	\$ 382,181,868	\$ 1,057,560,954	\$ 3,409,577,209	\$ 4,467,138,163
TOTAL EXPENDITURES:						
Provider Payments		\$ 3,838,353,124	\$ 369,169,252	\$ 1,044,176,901	\$ 3,301,809,872	\$ 4,345,986,773
TOTAL		\$ 120,008,941	\$ 13,012,617	\$ 13,384,053		\$ 121,391,380

Note: FMAP (73.24% applicable Oct. 2017 - Sep. 2018) (74.34% applicable Oct. 2018 - Jun. 2019)

Joint Committee on Government and Finance

December 2018

Department of Health and Human Resources

**MEDICAID WAIVER REPORT
September 2018 Data**

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

Aged & Disabled Waiver Reported September 30, 2018	FY 2018	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	FY 2019 YTD
Slots Approved By CMS (1)	5,752	6,192	6,192	6,192										6,192
-Slots Available for Traditional (non TMH-WV) enrollees	5,662	6,102	6,102	6,102										6,102
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	90	90	90	90										90
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count	6,419	5,871	5,954	5,950										5,950
Applicants determined eligible this month and added to MEL (3)	1,401	93	99	94										286
Applicants determined ineligible	96	7	3	8										18
ACTIVE MEMBERS														
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count	5,661	5,852	5,878	5,813										5,813
Active members enrolled during the calendar month	1,264	274	120	24										418
-Total Active Traditional members enrolled during the calendar month	1,178	272	115	22										409
-Total Active TMH-WV members enrolled during the calendar month	86	2	5	2										9
Members discharged during the calendar month	952	83	94	89										266
ADW Members whose case was closed by reason:	533	39	54	43										136
Member is deceased														
Other (4)	419	44	40	46										130
MANAGED ENROLLMENT LIST (MEL)														
# Eligible applicants closed during the calendar month (removed from MEL)	2,134	22	21	37										80
ADW Applicants removed from the MEL	1,963	8	13	15										36
Applicant offered a slot (Traditional + MFP)	100	9	6	22										37
Applicant became deceased	71	5	2	0										7
Other (5)														
Applicants on the MEL who are in a nursing facility YTD Column reflects average # members in setting	1	5	8	2										5
Applicants on the MEL receiving Personal Care YTD Column reflects average # members in setting	7	18	29	1										16
Applicants on the MEL at the end of the month	30	101	179	236										236
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days	156	33	63	90										62

(1) Of the 6,192 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

Intellectual/Developmental Disabilities Waiver Reported Sept 30, 2018	FY 2018	July-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	FY 2019 YTD
Slots approved by CMS	4,634	4,684	4,684	4,696										4,684
Traditional Slots approved by CMS	4,634	4,684	4,684	4,684										4,684
Ben H. Slots approved for Adults by CMS	0	0	0	6										0
Ben H. Slots approved for Children by CMS	0	0	0	6										0
Total number of members served YTD (unduplicated slots used) (1)	4,634	4,629	4,629	4,628										4,628
Total number of members served YTD in Traditional Slots	4,634	4,629	4,629	4,628										4,629
Total number of members served YTD in Adult Ben H. slots (unduplicated)	0	0	0	0										0
Total number of members served YTD in Children Ben H. slots (unduplicated)	0	0	0	0										0
Applicants determined eligible (2)	218	17	22	13										52
Applicants determined ineligible (3)	194	10	20	24										54
ACTIVE MEMBERS														
# of active members at the end of the month (unduplicated slots active) (1)	4,536	4,621	4,612	4,603										4,603
Discharged members at the end of the calendar month	106	10	12	11										33
Deceased	52	4	2	4										10
Left program to enter a facility	22	1	3	2										6
a. Hospital	0	0	0	0										0
b. ICF/IID	11	0	2	1										3
c. Nursing Facility	11	1	1	1										3
d. Psychiatric Facility	0	0	0	0										0
e. Rehabilitation Facility	0	0	0	0										0
f. Other Facility	0	0	0	0										0
Other (6)	31	5	7	5										17
MANAGED ENROLLMENT LIST (MEL)														
Total number of applicants on the MEL at the end of the month	1,343	1,256	1,274	1,283										1,283
Number of applicants added to the MEL (4)	218	17	22	13										52
Applicants enrolled (removed from the MEL)	139	95	3	2										100
Applicants removed from the MEL due to Death (5)	10	1	0	0										1
Applicants removed from the MEL due to Other (6)	43	8	1	2										11
Applicants on the MEL who are in a Nursing Facility (9)	2	5	3	6										6
Applicants on the MEL who are in an ICF/IID Group Home (9)	112	113	113	113										113
Applicants on the MEL receiving Personal Care Services each month (8) (9)	87	87	83	85										85
Longest on the MEL to date (7)	1634	1,624	1,635	1,663										1,663

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

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

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

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

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

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

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

Traumatic Brain Injury Waiver Reported September 30, 2018	FY 2018	Jul -18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	FY 2019 YTD
Slots Approved By CMS (1)	66	82	82	82										82
-Slots Available for Traditional (non TMH-WV) enrollees	56	78	78	78										78
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	10	4	4	4										4
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count	84	73	76	78										78
Applicants determined eligible this month and added to MEL (3)	14	0	2*	3*										5
Applicants determined ineligible	4	0	0	0										0
ACTIVE MEMBERS														
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count	71	73	76	76										76
Active members enrolled during the calendar month	24	2	3	2										7
-Total Active Traditional members enrolled during the calendar month	20	2	3	2										7
-Total Active TMH-WV members enrolled during the calendar month	4	0	0	0										0
Members discharged during the calendar month	14	0	0	2										2
TBIW Members whose case was closed by reason	6	0	0	0										0
Member is deceased														
Other (4)	8	0	0	2										2
MANAGED ENROLLMENT LIST (MEL)														
# Eligible applicants closed during the calendar month (removed from MEL)	21	3	0	0										3
TBIW Applicants removed from the MEL	20	3	0	0										3
Applicant offered a slot														
Applicant became deceased	0	0	0	0										0
Other (5)	2	0	0	0										0
Applicants on the MEL who are in a nursing facility	0	0	0	0										0
Applicants on the MEL receiving Personal Care	0	0	0	0										0
Applicants on the MEL at the end of the month	3	0	0	0										
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days	226	0	0	0										0

(1) Of the 82 slots approved by CMS, 4 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant for SFY 2018-2019. When there are no available Traditional slots 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 *There was not a MEL at this time. the number reflects applicants that were eligible and received a slot.

Joint Committee on
Government and Finance
Report

DECEMBER 2018

Department of Health and Human Resources

State Children's Health Insurance Program
UPDATE



**West Virginia Children's Health Insurance Program
Budget to Actual Statement
State Fiscal Year 2019
For the Month Ending September 30, 2018**

	Budgeted for Year	Year to Date Budgeted Amt	Year to Date Actual Amt	Year to Date Variance*	Monthly Budgeted Amt	Actual Amt Sep-18	Actual Amt Aug-18	Actual Amt Jul-18
Projected Cost	\$51,692,154	\$12,923,039	\$12,280,550	\$642,489	\$4,307,680	\$3,664,105	\$4,816,022	\$3,800,423
Premiums	1,525,752	\$381,438	\$375,412	(\$6,026)	\$127,146	\$118,835	\$126,104	\$130,474
Subrogation & Rebates	1,440,966	\$360,242	\$473,938	\$113,696	\$120,081	\$79,062	\$3,726	\$391,150
Net Benefit Cost	\$48,725,436	\$12,181,359	\$11,431,200	\$750,159	\$4,170,527	\$3,466,208	\$4,686,192	\$3,278,800
Salaries & Benefits	\$702,625	\$175,656	\$161,999	\$13,658	\$58,552	\$44,313	\$64,692	\$52,994
Program Administration	\$2,822,417	\$705,604	\$283,661	\$421,944	\$235,201	\$208,125	\$48,819	\$26,717
Eligibility	\$326,676	\$81,669	\$1,170	\$80,499	\$27,223	\$0	\$0	\$1,170
Outreach & Health Prom.	\$100,000	\$25,000	\$0	\$25,000	\$8,333	\$0	\$0	\$0
Current Expense	\$326,676	\$81,669	\$22,229	\$59,440	\$27,223	\$5,118	\$12,473	\$4,638
Total Admin Cost	\$4,278,394	\$1,069,599	\$469,058	\$600,541	\$356,533	\$257,555	\$125,984	\$85,519
Total Program Cost	\$53,003,830	\$13,250,958	\$11,900,258	\$1,350,700	\$4,527,060	\$3,723,763	\$4,812,176	\$3,364,319
Federal Share 100%	\$53,003,830	\$13,250,958	\$11,900,258	\$1,350,700	\$4,527,060	\$3,723,763	\$4,812,176	\$3,364,319
State Share 0%	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Program Cost **	\$53,003,830	\$13,250,958	\$11,900,258	\$1,350,700	\$4,527,060	\$3,723,763	\$4,812,176	\$3,364,319

* Positive percentages indicate favorable variances

** Budgeted Year Based on CCRC Actuary 6/30/2018 Report.

Unaudited - Cash Basis For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Three Months Ending September 30, 2018 and September 30, 2017
(Modified Accrual Basis)

	September 30, 2018	September 30, 2017	Variance	
Beginning Operating Fund Balance	5,541,320	5,842,337	(301,017)	-5%
Revenues				
Federal Grants	12,774,045	12,160,335	613,710	5%
State Appropriations			0	
Premium Revenues	375,412	349,401	26,011	7%
Investment Income:				
Investment Earnings	31,330	27,766	3,564	13%
Total Revenues	<u>13,180,787</u>	<u>12,537,502</u>	<u>643,285</u>	<u>5%</u>
Expenditures:				
Claims:				
Physicians & Surgical	3,583,587	3,430,884	152,703	4%
Prescribed Drugs	1,872,908	2,305,732	(432,825)	-19%
Outpatient Services	1,967,451	1,826,600	140,851	8%
Dental	1,851,965	1,754,563	97,402	6%
Inpatient Hospital Services	935,111	1,058,536	(123,425)	-12%
Other Services	587,723	513,305	74,418	14%
Therapy	456,584	618,456	(161,871)	-26%
Inpatient Mental Health	164,868	193,989	(29,121)	-15%
Vision	201,340	203,873	(2,533)	-1%
Durable & Disposable Med. Equip.	119,468	105,098	14,370	14%
Medical Transportation	87,802	117,538	(29,736)	-25%
Outpatient Mental Health	75,338	165,393	(90,055)	-54%
Less: Other Collections**	(83,399)	(20,639)	(62,760)	304%
Drug Rebates	(390,539)	(561,081)	170,542	-30%
Total Claims	<u>11,430,206</u>	<u>11,712,248</u>	<u>(282,042)</u>	<u>-2%</u>
General and Admin Expenses:				
Program Administration	283,661	454,555	(170,894)	-38%
Eligibility	1,170	0	1,170	
Outreach & Health Promotion	0	32,677	(32,677)	-100%
Current	22,229	17,045	5,184	30%
Total Administrative	<u>307,060</u>	<u>504,277</u>	<u>(197,217)</u>	<u>-39%</u>
Total Expenditures	<u>11,737,266</u>	<u>12,216,525</u>	<u>(479,259)</u>	<u>-4%</u>
Adjustments				
Ending Fund Balance 9/30/18:	<u>6,984,840</u>	<u>6,163,314</u>	<u>821,526</u>	<u>13%</u>
Money Market	1,039,797	520,730	519,067	100%
Bond Pool	4,381,403	5,324,654	(943,251)	-18%
Cash on Deposit	1,563,640	317,930	1,245,710	392%
Accrual Adjustments:				
Beginning IBNR	5,187,554	11,163,486	(5,975,932)	-54%
Ending IBNR	<u>5,390,000</u>	<u>11,890,000</u>	<u>(6,500,000)</u>	-55%
Net IBNR	<u>202,446</u>	<u>726,514</u>	<u>(524,068)</u>	<u>-72%</u>
Beginning Payables	351,728	869,982	(518,254)	-60%
Ending Payable	<u>537,728</u>	<u>1,543,426</u>	<u>(1,005,698)</u>	-65%
Net Payables	<u>186,000</u>	<u>673,444</u>	<u>(487,444)</u>	<u>-72%</u>
Unrealized Gain/Loss on Investment	2,832	1,493	1,339	90%
Ending Fund Balance (Accrued Basis) 9/30/18	<u>6,599,226</u>	<u>4,764,849</u>	<u>1,834,377</u>	<u>38%</u>
Program Expenses outside of Operating Funds:				
Salaries and Benefits	161,999	157,467	4,532	3%
Eligibility	(44,279)	89,112	(133,391)	-150%

** Collections are primarily subrogations

PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

WVCHIP Enrollment Report

ATTACHMENT 1

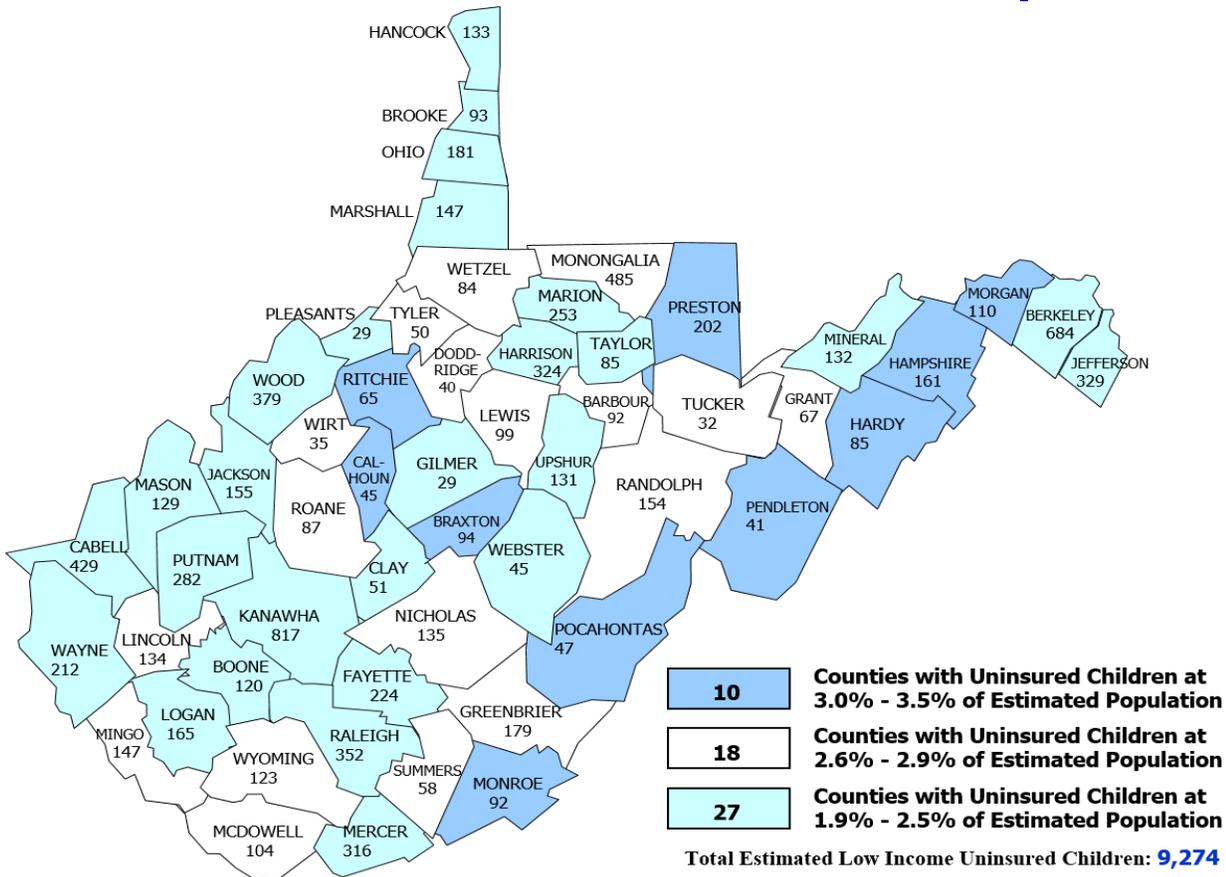
November 2018

County	County Pop.	Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2016	2016
	2016 Est. (0-18 Yrs)	Enrollment Nov-18	Enrollment Nov-18	CHIP/Medicaid Enrollment	Enrollment % of Population	Est. Uninsured 3%	# Children Uninsured Ranking*
Barbour	3,470	239	1,559	1,798	51.8%	104	33
Berkeley	27,800	1,764	11,708	13,472	48.5%	834	2
Boone	5,087	248	3,034	3,282	64.5%	153	27
Braxton	2,947	146	1,470	1,616	54.8%	88	39
Brooke	4,185	1	357	358	8.6%	126	31
Cabell	19,601	916	8,828	9,744	49.7%	588	3
Calhoun	1,427	92	726	818	57.3%	43	51
Clay	2,041	140	1,251	1,391	68.2%	61	44
Doddridge	1,479	92	697	789	53.3%	44	49
Fayette	9,297	676	5,004	5,680	61.1%	279	12
Gilmer	1,212	81	586	667	55.0%	36	54
Grant	2,343	129	1,136	1,265	54.0%	70	42
Greenbrier	7,018	598	3,536	4,134	58.9%	211	16
Hampshire	4,619	273	2,213	2,486	53.8%	139	30
Hancock	5,876	533	3,908	4,441	75.6%	176	20
Hardy	2,847	252	1,499	1,751	61.5%	85	40
Harrison	15,199	922	6,261	7,183	47.3%	456	7
Jackson	6,506	328	2,794	3,122	48.0%	195	18
Jefferson	13,304	671	3,855	4,526	34.0%	399	9
Kanawha	38,824	2,091	18,852	20,943	53.9%	1,165	1
Lewis	3,432	262	1,760	2,022	58.9%	103	35
Lincoln	4,849	262	2,922	3,184	65.7%	145	28
Logan	7,095	384	4,304	4,688	66.1%	213	15
Marion	11,654	659	5,190	5,849	50.2%	350	11
Marshall	6,478	311	2,697	3,008	46.4%	194	19
Mason	5,798	251	2,872	3,123	53.9%	174	21
McDowell	3,994	170	2,953	3,123	78.2%	120	32
Mercer	12,774	812	7,832	8,644	67.7%	383	10
Mineral	5,626	275	2,288	2,563	45.6%	169	23
Mingo	5,632	251	3,686	3,937	69.9%	169	22
Monongalia	17,905	956	5,270	6,226	34.8%	537	5
Monroe	2,781	263	1,141	1,404	50.5%	83	41
Morgan	3,367	262	1,424	1,686	50.1%	101	36
Nicholas	5,271	384	2,855	3,239	61.4%	158	25
Ohio	8,365	418	3,519	3,937	47.1%	251	14
Pendleton	1,269	94	571	665	52.4%	38	52
Pleasants	1,473	89	605	694	47.1%	44	50
Pocahontas	1,517	131	720	851	56.1%	46	48
Preston	6,658	404	3,064	3,468	52.1%	200	17
Putnam	13,446	649	4,378	5,027	37.4%	403	8
Raleigh	16,494	1,029	8,807	9,836	59.6%	495	6
Randolph	5,586	455	2,829	3,284	58.8%	168	24
Ritchie	2,034	119	1,054	1,173	57.7%	61	45
Roane	3,116	241	1,679	1,920	61.6%	93	38
Summers	2,225	181	1,401	1,582	71.1%	67	43
Taylor	3,449	200	1,557	1,757	50.9%	103	34
Tucker	1,199	93	547	640	53.4%	36	55
Tyler	1,848	91	757	848	45.9%	55	46

WVCHIP Enrollment Report

November 2018

County	County Pop. 2016 Est. (0-18 Yrs)	Total CHIP Enrollment Nov-18	Total Medicaid Enrollment Nov-18	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	2016 Est. Uninsured 3%	2016 # Children Uninsured Ranking*
Upshur	5,197	329	2,830	3,159	60.8%	156	26
Wayne	8,809	413	4,618	5,031	57.1%	264	13
Webster	1,787	111	1,228	1,339	74.9%	54	47
Wetzel	3,255	171	1,747	1,918	58.9%	98	37
Wirt	1,245	71	670	741	59.5%	37	53
Wood	18,641	1,007	8,812	9,819	52.7%	559	4
Wyoming	4,707	299	2,452	2,751	58.4%	141	29
Totals	384,058	22,289	180,313		0.0%	11,522	



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

October 31, 2018



Participant Plans Allocation & Performance Net of Fees

Period Ending: October 31, 2018

	6/30/2018		10/31/2018		Performance %							
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year
WVIMB Fund Assets	19,506,228	100.0	18,785,313	100.0								
Pension Assets	15,795,451	81.0	15,178,072	80.8								
Public Employees' Retirement System	6,718,698	34.5	6,488,924	34.5	(4.2)	(3.9)	(2.5)	1.7	7.9	7.1	10.3	6.6
Teachers' Retirement System	7,691,788	39.5	7,350,852	39.2	(4.2)	(3.9)	(2.5)	1.7	7.9	7.0	10.1	6.4
EMS Retirement System	78,921	0.4	76,999	0.4	(4.2)	(3.9)	(2.5)	1.6	7.9	7.1	10.2	6.7
Public Safety Retirement System	682,799	3.5	650,746	3.5	(4.2)	(3.9)	(2.5)	1.7	7.9	7.0	10.3	6.6
Judges' Retirement System	204,484	1.0	198,025	1.1	(4.2)	(3.9)	(2.5)	1.7	8.0	7.1	10.3	6.6
State Police Retirement System	188,912	1.0	186,141	1.0	(4.2)	(3.9)	(2.5)	1.6	7.9	7.1	10.2	6.6
Deputy Sheriffs' Retirement System	219,368	1.1	214,115	1.1	(4.2)	(3.9)	(2.5)	1.7	7.9	7.1	10.3	6.6
Municipal Police & Firefighter Retirement System	7,843	0.0	8,413	0.0	(4.2)	(3.9)	(2.5)	1.5	7.6	6.8		
Municipal Model A	1,514	0.0	2,764	0.0	(3.4)	(3.1)	(1.6)	2.6	8.2	7.2		
Municipal Model C	1,124	0.0	1,093	0.0	(4.2)	(3.9)	(2.5)					
Insurance Assets	2,785,522	14.3	2,687,068	14.3								
Workers' Compensation Old Fund	1,185,505	6.0	1,119,839	5.9	(3.1)	(2.9)	(2.0)	(1.0)	4.5	3.7	6.3	
Workers' Comp. Self-Insured Guaranty Risk Pool	33,908	0.2	33,066	0.2	(3.1)	(2.8)	(2.0)	(0.8)	4.4	3.8	3.9	
Workers' Comp. Self-Insured Security Risk Pool	53,204	0.3	51,228	0.3	(3.1)	(2.9)	(2.0)	(0.8)	4.4			
Workers' Comp. Uninsured Employers' Fund	12,881	0.1	12,699	0.1	(3.0)	(2.8)	(1.9)	(0.6)	4.2	3.7	3.7	
Pneumoconiosis	245,797	1.3	235,202	1.3	(3.1)	(2.9)	(2.0)	(0.8)	4.3	3.8	6.6	5.5
Board of Risk & Insurance Management	151,588	0.8	148,623	0.8	(3.1)	(2.9)	(2.0)	(0.8)	4.3	3.8	7.2	
Public Employees' Insurance Agency	198,826	1.0	195,047	1.0	(2.8)	(2.7)	(1.9)	(0.9)	4.2	3.8	6.7	
WV Retiree Health Benefit Trust Fund	903,813	4.6	891,364	4.7	(4.2)	(3.9)	(2.4)	1.6	7.9	7.1	9.7	
Endowment Assets	925,255	4.7	920,173	4.9								
Berkeley County Development Authority	7,742	0.0	7,548	0.0	(4.2)	(3.9)	(2.5)	1.6	8.0			
Wildlife Fund	63,823	0.3	61,424	0.3	(4.2)	(3.9)	(2.5)	1.6	7.9	7.1	10.3	7.1
Prepaid Tuition Trust	42,256	0.2	38,142	0.2	(0.6)	(0.6)	(0.3)	0.3	5.9	5.6	9.5	
Revenue Shortfall Reserve Fund	167,666	0.9	183,080	1.0	(1.2)	(1.4)	(1.4)	(1.6)	1.7	1.6	4.8	
Revenue Shortfall Reserve Fund - Part B	438,711	2.3	430,400	2.4	(2.6)	(2.6)	(1.9)	(1.7)	4.1	3.5	6.7	
WV DEP Trust	9,658	0.0	8,637	0.0	(5.5)	(5.1)	(3.4)	(1.4)	6.5	5.7		
WV DEP Agency	195,399	1.0	190,942	1.0	(3.8)	(3.5)	(2.3)	(1.3)	5.0	4.4		

Composite Asset Allocation & Performance Net of Fees

Period Ending: October 31, 2018

	Asset (\$000)	%	Performance %																	
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year										
Investment Pools Composite	18,795,681	100.00																		
Total Equity Composite	8,576,394	45.63	(7.84)	(7.39)	(4.83)	(2.82)	8.46	6.88	11.69	7.22										
+/- Total Equity Base Index (b)			0.01	(0.47)	(0.47)	(1.93)	0.29	0.33	1.20	0.85										
Domestic Equity Composite	4,162,494	22.15	(8.00)	(5.11)	(1.98)	4.67	10.40	10.43	13.32	7.83										
+/- Russell 3000 Index			(0.64)	(1.16)	(1.22)	(1.93)	(0.87)	(0.38)	(0.03)	0.81										
International Equity Composite	4,413,900	23.48	(7.68)	(9.58)	(7.53)	(9.56)	6.48	3.28	9.85	7.18										
+/- MSCI AC World ex US IMI Index (c)			0.66	0.29	0.37	(1.55)	1.47	0.97	2.33	1.85										
Fixed Income Composite	3,463,489	18.43	(0.90)	(1.03)	(0.56)	(1.54)	2.65	2.74	5.72	5.10										
+/- Bloomberg Barclays Capital Universal (d)			(0.06)	(0.25)	0.01	0.41	1.06	0.58	1.21	0.44										
Core Fixed Income Composite	1,061,893	5.65	(0.59)	(0.48)	(0.55)	(1.54)	1.38	2.26												
+/- Bloomberg Barclays Capital Aggregate			0.20	0.31	0.22	0.51	0.34	0.43												
Total Return Fixed Income Composite (k)	2,401,596	12.78	(1.03)	(1.27)	(0.56)	(1.55)	3.20	2.94	6.13	5.59										
+/- Bloomberg Barclays Capital Universal			(0.19)	(0.49)	0.01	0.40	1.61	0.78	1.62	0.82										
TIPS Composite	383,842	2.04	(1.43)	(1.75)	(2.21)	(1.18)	1.49	0.97												
+/- Bloomberg Barclays Capital U.S. TIPS			0.00	0.02	0.03	0.06	0.03	0.01												
Cash Composite	118,263	0.63	0.19	0.50	0.66	1.62	0.89	0.58	0.40	2.01										
+/- Citigroup 90 Day T-Bill (e)			0.01	(0.02)	(0.02)	(0.05)	0.03	0.05	(0.01)	(0.02)										
Private Equity Composite	1,775,226	9.44	(0.33)	0.06	0.40	20.03	16.42	15.67	14.54											
+/- Russell 3000 + 3% (f, g)							1.78	(2.46)												
Real Estate Composite	1,809,764	9.63	0.84	0.79	0.79	8.91	9.00	9.76	8.47											
+/- NCREIF + 1% (f)							(0.95)	1.18												
Hedge Fund Composite	2,166,912	11.53	(1.33)	(0.70)	(0.75)	2.60	2.95	3.47	5.60											
+/- HFRI FOF + 1% (h)			1.63	2.10	1.76	2.85	0.03	0.57	1.91											
Opportunistic Income Composite	501,791	2.67	0.05	0.07	0.08	5.02	3.68													
+/- CS Leveraged Loan + 2.5%			(0.16)	(1.65)	(2.69)	(2.37)	(4.30)													

Participant Plans Allocation vs. Strategy

Period Ending: October 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	23.7	27.5	25.1	27.5	14.4	15.0	11.0	11.0	10.0	11.2	11.1	10.0	10.0	3.1	0.0	0.4	0.0
Teachers' Retirement System	23.7	27.5	25.2	27.5	14.4	15.0	11.0	11.0	10.0	11.2	11.1	10.0	10.0	3.1	0.0	0.3	0.0
EMS Retirement System	24.3	27.5	25.1	27.5	14.5	15.0	10.9	10.9	10.0	11.1	10.9	10.0	10.0	3.1	0.0	0.1	0.0
Public Safety Retirement System	24.1	27.5	25.1	27.5	14.5	15.0	11.0	11.0	10.0	11.2	10.8	10.0	10.0	3.1	0.0	0.2	0.0
Judges' Retirement System	23.8	27.5	25.3	27.5	14.4	15.0	11.0	11.0	10.0	11.2	11.0	10.0	10.0	3.1	0.0	0.2	0.0
State Police Retirement System	24.0	27.5	25.1	27.5	14.6	15.0	10.8	10.8	10.0	11.1	10.8	10.0	10.0	3.1	0.0	0.5	0.0
Deputy Sheriffs' Retirement System	23.9	27.5	25.3	27.5	14.6	15.0	10.9	10.9	10.0	11.1	10.9	10.0	10.0	3.1	0.0	0.2	0.0
Municipal Police & Firefighter Retirement System	24.0	27.5	24.8	27.5	15.1	15.0	10.5	10.0	10.0	10.7	10.0	10.0	10.0	3.0	0.0	1.7	0.0
Municipal Model A	12.6	27.5	13.3	27.5	7.6	15.0	5.6	10.0	5.0	5.7	5.4	10.0	5.4	1.6	0.0	48.2	0.0
Municipal Model C	22.8	25.0	23.6	25.0	29.0	30.0	5.4	5.0	5.0	5.5	10.3	10.0	10.0	1.5	0.0	1.9	0.0
Insurance Assets																	
Workers' Compensation Old Fund	14.0	15.0	14.8	15.0	51.0	50.0	0.0	0.0	0.0	0.0	16.8	15.0	0.0	0.0	0.0	3.4	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	13.8	15.0	14.4	15.0	44.1	45.0	0.0	0.0	0.0	0.0	22.2	20.0	0.0	0.0	0.0	5.5	5.0
Workers' Comp. Self-Insured Security Risk Pool	13.9	15.0	14.6	15.0	44.3	45.0	0.0	0.0	0.0	0.0	22.6	20.0	0.0	0.0	0.0	4.6	5.0
Workers' Comp. Uninsured Employers Fund	13.8	15.0	14.4	15.0	39.2	40.0	0.0	0.0	0.0	0.0	21.9	20.0	0.0	0.0	0.0	10.7	10.0
Pneumoconiosis	13.9	15.0	14.5	15.0	44.5	45.0	0.0	0.0	0.0	0.0	22.7	20.0	0.0	0.0	0.0	4.4	5.0
Board of Risk & Insurance Mgmt.	13.9	15.0	14.4	15.0	44.5	45.0	0.0	0.0	0.0	0.0	22.0	20.0	0.0	0.0	0.0	5.2	5.0
Public Employees' Insurance Agency	11.5	12.5	12.1	12.5	54.4	55.0	0.0	0.0	0.0	0.0	22.0	20.0	0.0	0.0	0.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	23.6	27.5	24.9	27.5	14.7	15.0	10.8	10.0	10.0	11.0	10.8	10.0	10.0	3.1	0.0	1.1	0.0
Endowment Assets																	
Berkeley County Development Authority	23.9	27.5	25.4	27.5	14.7	15.0	10.9	10.9	10.0	11.1	10.9	10.0	10.0	3.1	0.0	0.0	0.0
Wildlife Fund	23.9	27.5	25.0	27.5	14.9	15.0	11.0	11.0	10.0	11.2	10.7	10.0	10.0	3.1	0.0	0.2	0.0
Prepaid Tuition Trust	0.0	0.0	0.0	0.0	79.8	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.2	20.0
Revenue Shortfall Reserve Fund	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Shortfall Reserve Fund - Part B	10.5	11.3	10.9	11.3	78.6	77.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WV DEP Trust	30.5	32.5	32.2	32.5	14.9	15.0	0.0	0.0	0.0	0.0	22.4	20.0	0.0	0.0	0.0	0.0	0.0
WV DEP Agency	18.6	20.0	19.4	20.0	39.9	40.0	0.0	0.0	0.0	0.0	22.1	20.0	20.0	0.0	0.0	0.0	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 were 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.

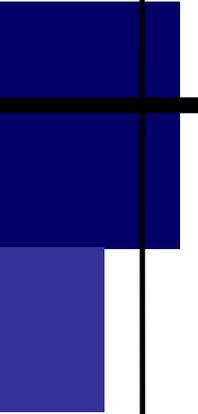
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Status Report:
Workers' Compensation
Joint Committee on Government & Finance
December 2018

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 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.

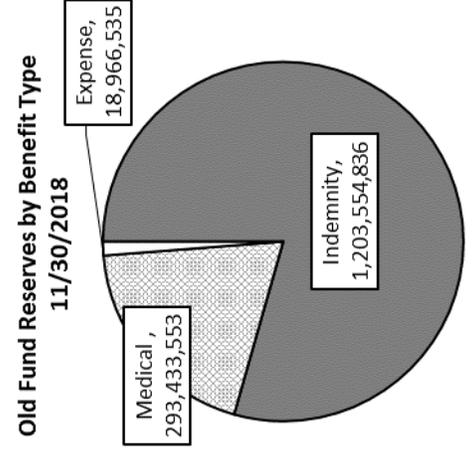
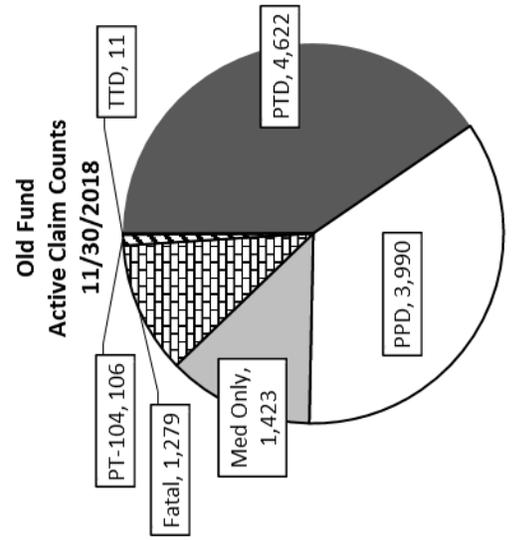
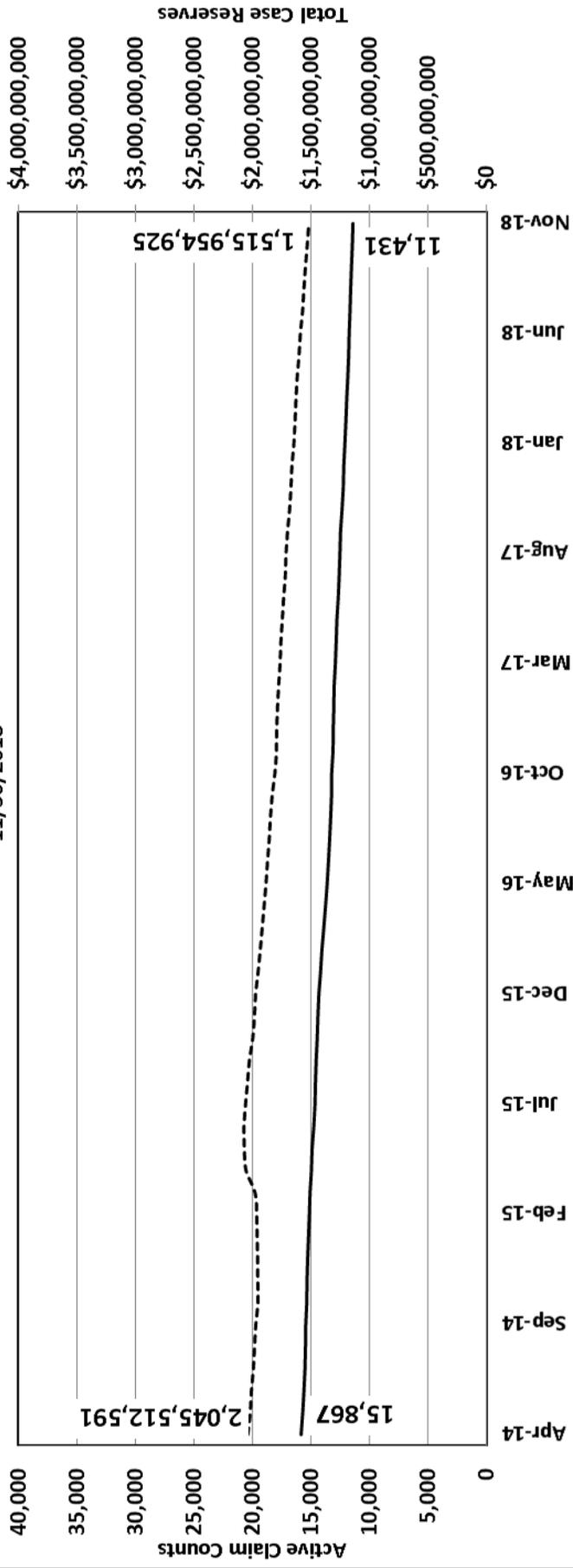
Self-Insured Security Fund: State managed fund consisting of those funds paid into it thru the WVOIC's administration of 85 CSR §19 (2004), and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last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

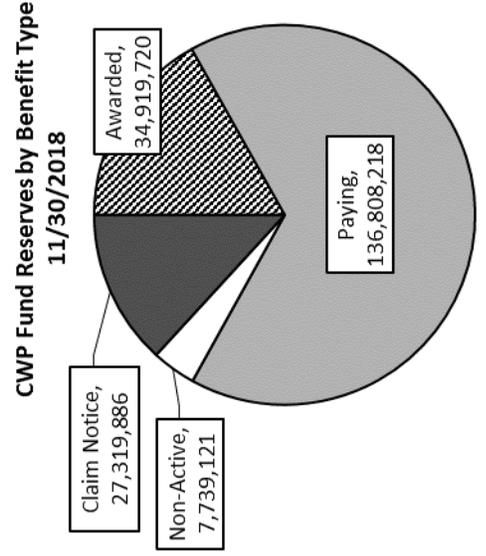
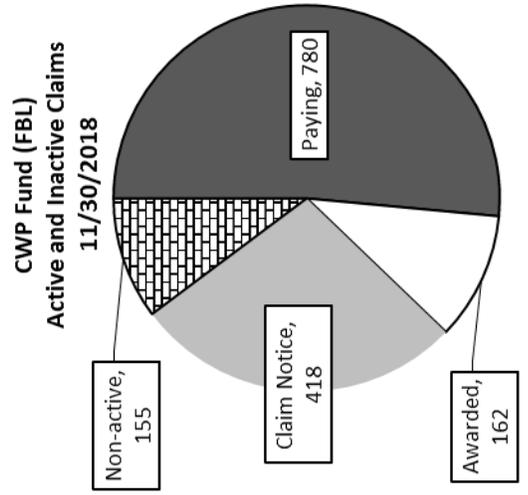
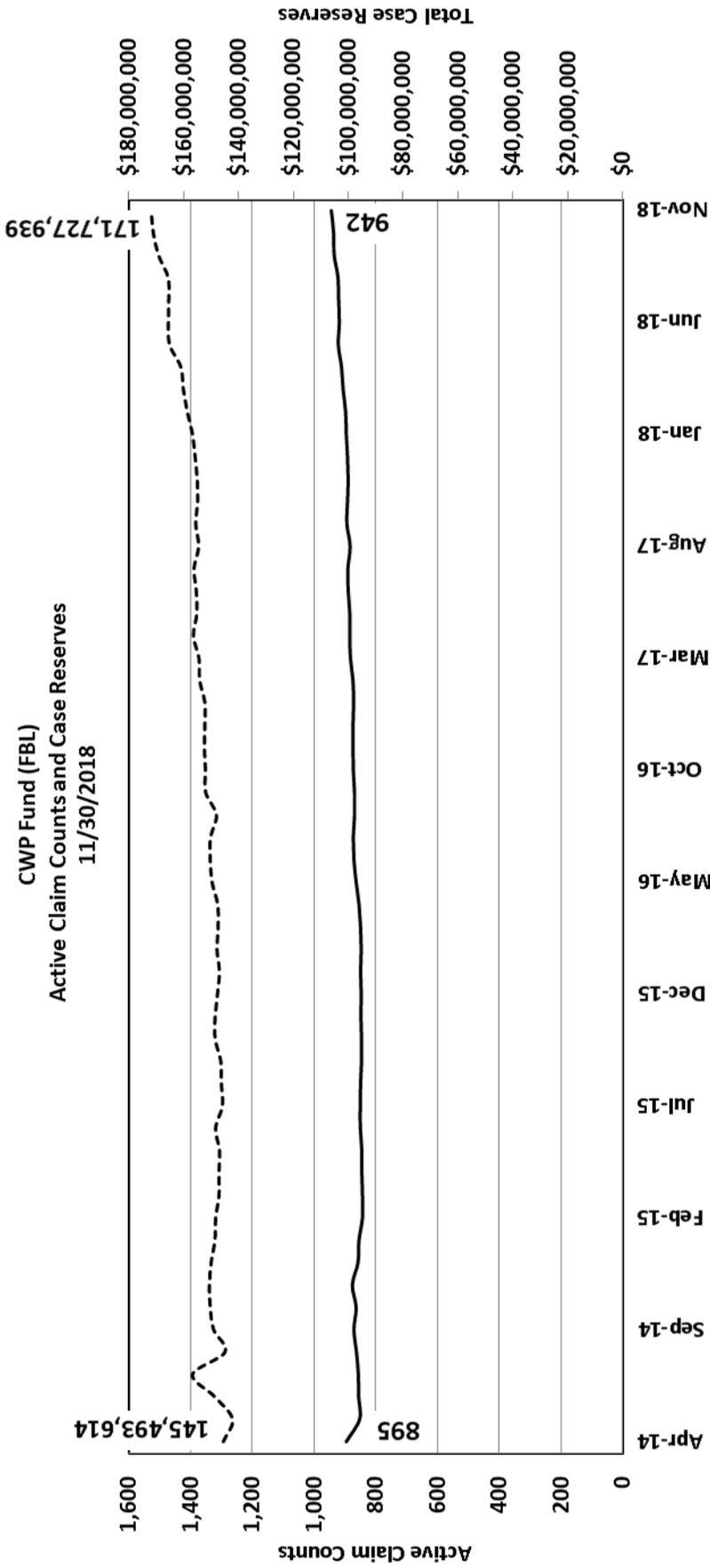
TTD: (Temporary Total Disability) an inability to return to substantial gainful employment requiring skills or activities comparable to those of one's previous gainful employment during the healing or recovery period after the injury. In order to receive TTD benefits, the injured worker must be certified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

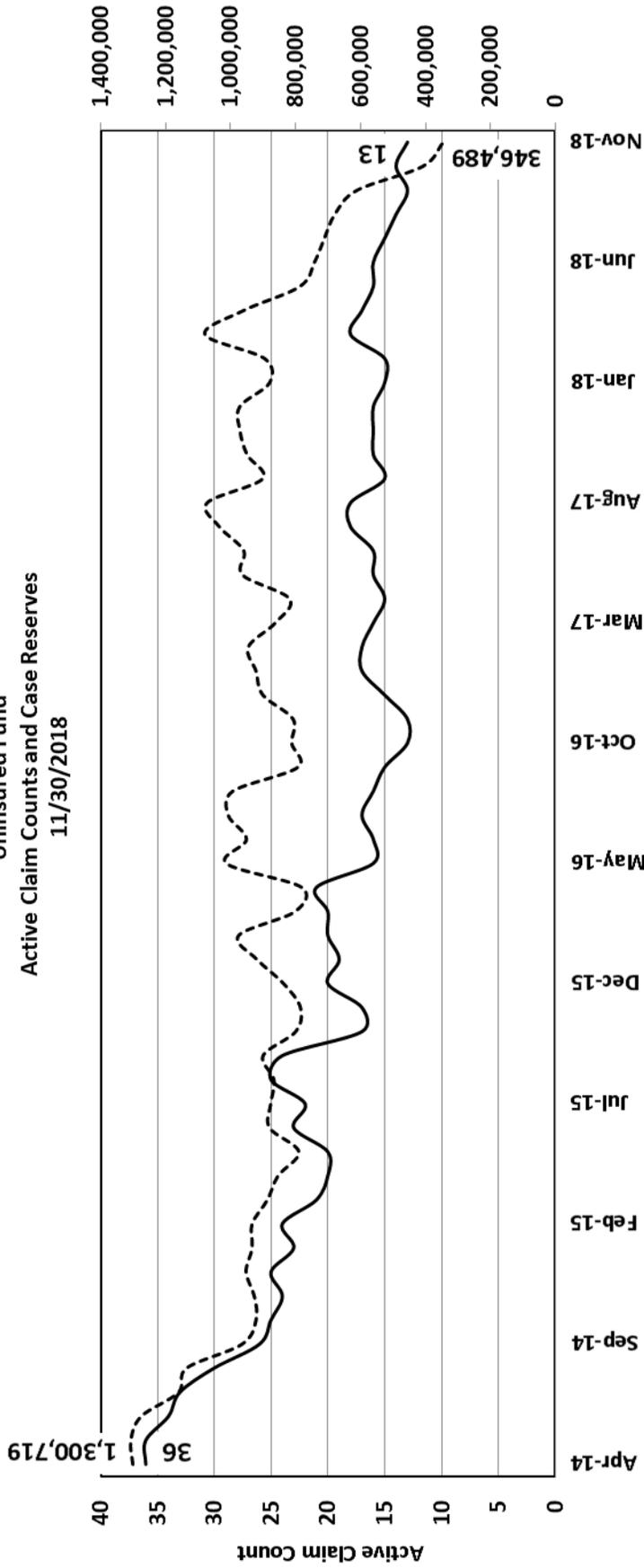
Old Fund
Active Claim Counts and Case Reserves
11/30/2018



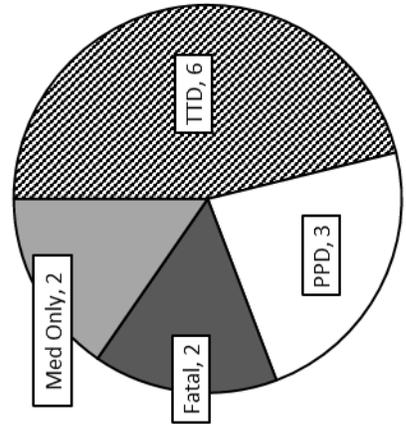
CWP Fund (FBL)
Active Claim Counts and Case Reserves
11/30/2018



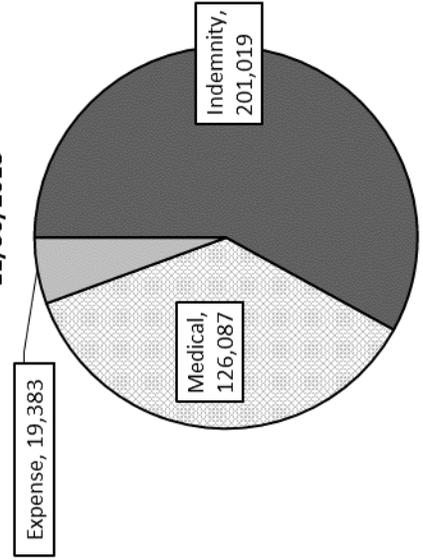
Uninsured Fund
Active Claim Counts and Case Reserves
11/30/2018



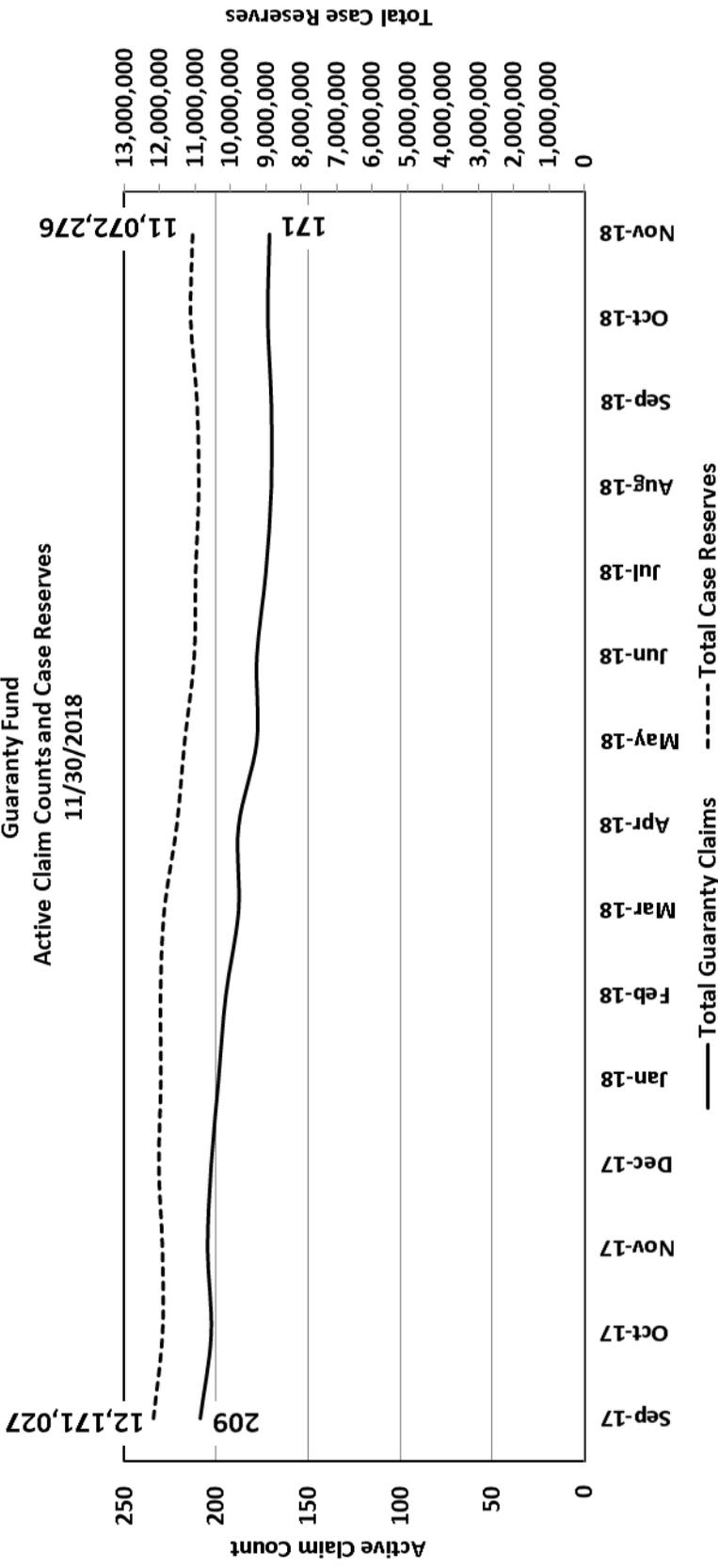
Uninsured Fund
Active Claim Counts
11/30/2018



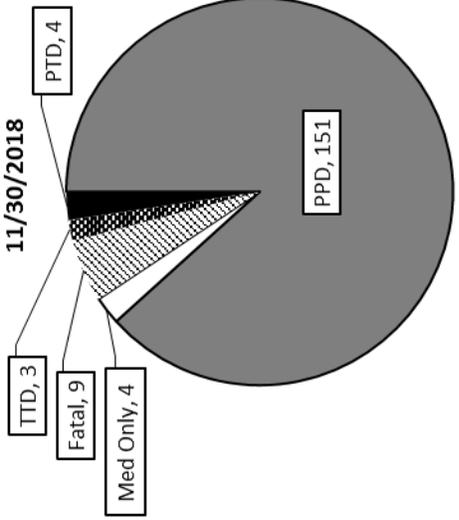
Uninsured Fund Reserves by Benefit Type
11/30/2018



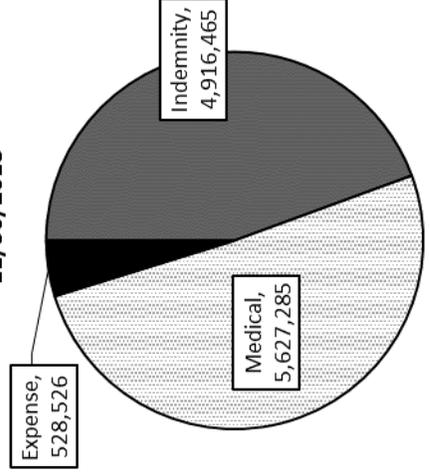
Guaranty Fund
Active Claim Counts and Case Reserves
11/30/2018



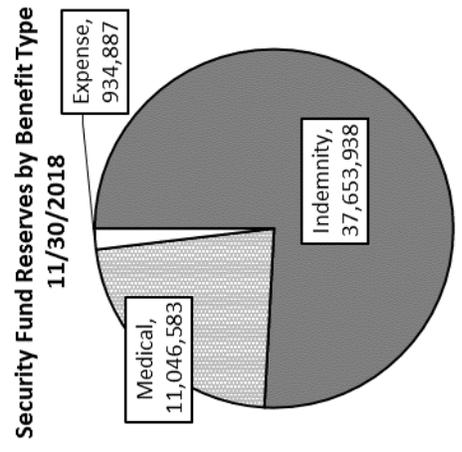
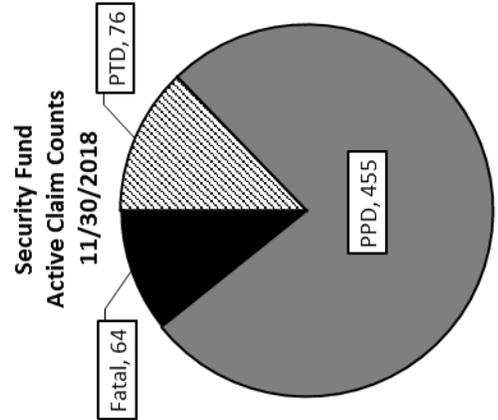
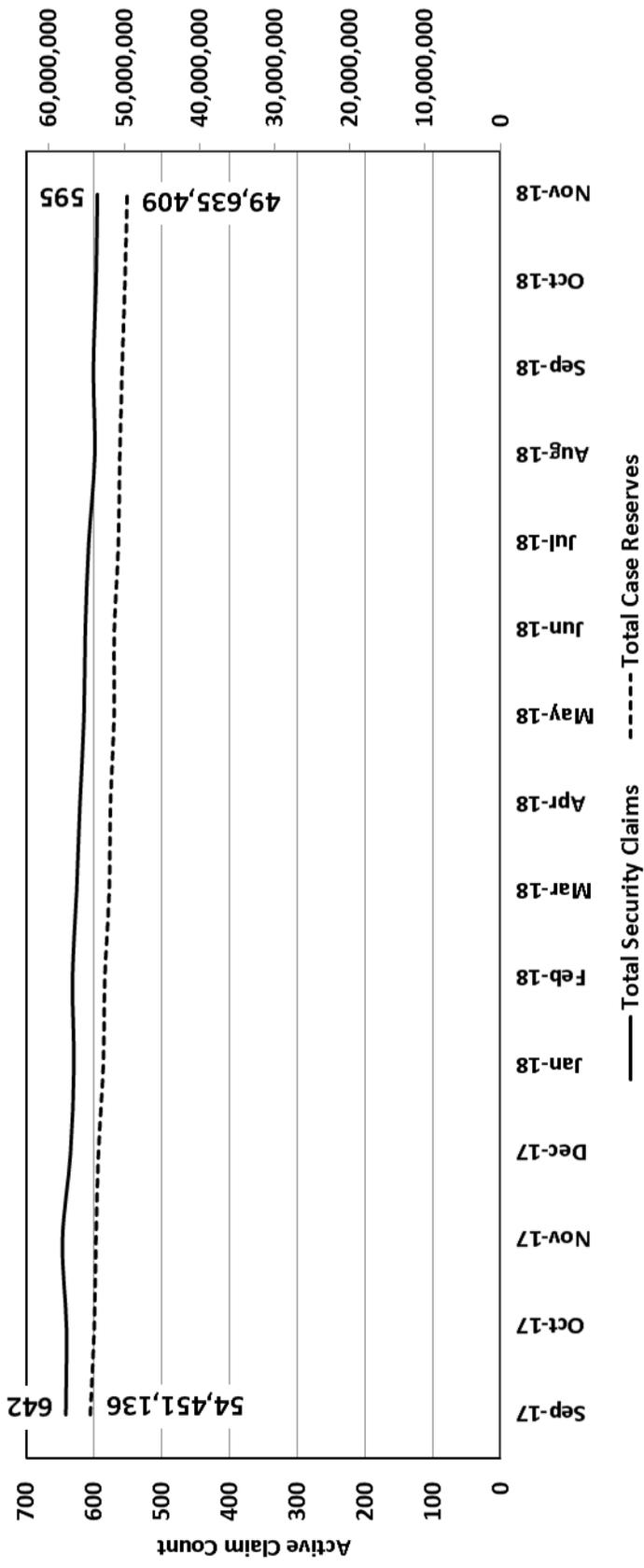
Guaranty Fund
Active Claim Counts
11/30/2018



Guaranty Fund Reserves by Benefit Type
11/30/2018



Security Fund
Active Claim Counts and Case Reserves
11/30/2018



OLD FUND CASH STATEMENT
November 30, 2018

Three Year History for years ended:

	YTD FY2019	YTD FY2018	Change	FY2018	FY2017	FY2016
Cash Beginning Balances	1,190,163,510	1,263,372,448	(73,208,938)	1,263,372,448	1,280,647,632	1,311,653,269
Revenues						
Personal Income Tax	-	-	-	-	-	42,400,000
Severance Tax	812,164	-	812,164	-	13,887,551	73,068,796
Debt Reduction Surcharge	2,885,792	3,383,216	(497,424)	6,668,291	12,336,645	25,211,458
Self-Insured Debt Reduction Surcharge	1,069,864	905,165	164,699	2,130,127	4,346,111	6,209,330
Video Lottery	-	828,759	(828,759)	2,750,000	5,500,000	6,734,934
Employer Premium	26,273	32,463	(6,190)	513,387	62,806	111,955
Other Income - Return of Unclaimed Property	-	150,814	(150,814)	273,871	354,423	184,888
Operating Revenues	4,794,093	5,300,417	(506,324)	12,335,675	36,487,535	153,921,361
Investment / Interest Earnings (Losses)	(27,628,104)	49,822,968	(77,451,071)	67,551,779	112,116,554	(5,981,504)
Total Revenues	(22,834,011)	55,123,385	(77,957,396)	79,887,454	148,604,089	147,939,857
Expenditures						
Claims Benefits Paid:						
Medical	9,866,491	9,244,480	622,011	25,531,399	27,437,375	26,890,541
Permanent Total Disability	34,633,055	36,902,505	(2,269,450)	86,779,468	92,140,733	98,784,921
Permanent Partial Disability	78,677	107,516	(28,840)	301,824	336,015	232,699
Temporary Disability	41,756	4,939	36,817	18,268	-	8,554
Fatals	8,666,019	9,098,312	(432,293)	21,608,332	22,990,499	24,098,586
104 weeks death benefit	1,953,153	2,025,983	(72,830)	5,182,930	5,825,439	6,990,581
Settlements	1,541,658	2,812,026	(1,270,368)	7,058,622	11,716,131	12,718,425
Loss Adjustment Expenses	623,400	593,803	29,597	1,324,887	1,446,808	1,970,779
Total	57,404,209	60,789,564	(3,385,356)	147,805,732	161,893,000	171,695,087
Less: Claims credits and overpayments	1,624,012	928,514	695,498	2,877,784	5,080,389	3,044,395
Total Benefits Paid	55,780,196	59,861,050	(4,080,853)	144,927,948	156,812,611	168,650,692
Administrative Expenses	2,412,288	2,874,906	(462,617)	8,168,444	9,066,663	10,294,801
Total Expenditures	58,192,485	62,735,955	(4,543,470)	153,096,392	165,879,274	178,945,493
Excess (Deficiency) of Revenues over Expenditures	(81,026,496)	(7,612,570)	(73,413,925)	(73,208,938)	(17,275,184)	(31,005,636)
Cash Ending Balances	1,109,137,014	1,255,759,877	(146,622,864)	1,190,163,510	1,263,372,448	1,280,647,632

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
November 30, 2018

Three Year History for years ended:

	YTD FY2019	YTD FY2018	Change	FY2018	FY2017	FY2016
Revenues						
Cash Beginning Balances	246,768,365	251,313,328	(4,544,963)	251,313,328	245,945,240	264,657,327
Investment Earnings (Losses)	(5,602,585)	9,959,913	(15,562,498)	13,912,317	22,100,417	(5,091,164)
Other Income - Return of Unclaimed Property	-	-	-	645	8,353	3,797
Total Revenues	(5,602,585)	9,959,913	(15,562,498)	13,912,961	22,108,770	(5,087,367)
Expenditures						
Claims Benefits Paid:						
Medical	1,848,056	1,645,221	202,835	6,709,112	4,032,649	2,830,426
PTD and Fatal Indeminty	3,524,478	3,353,755	170,723	7,945,389	8,174,289	7,548,752
Loss Adjustment Expenses	1,708,725	1,501,783	206,942	3,165,542	3,783,923	2,629,468
Total	7,081,259	6,500,759	580,500	17,820,043	15,990,861	13,008,646
Less: Claims Credits and Overpayments	49,995	173,539	(123,543)	268,646	125,895	130,620
Total Benefits Paid	7,031,264	6,327,220	704,043	17,551,397	15,864,966	12,878,025
Administrative Expenses	411,430	374,070	37,360	906,527	875,715	746,696
Total Expenditures	7,442,694	6,701,290	741,403	18,457,924	16,740,681	13,624,721
Excess (Deficiency) of Revenues over Expenditures	(13,045,279)	3,258,622	(16,303,901)	(4,544,963)	5,368,089	(18,712,088)
Cash Ending Balances	233,723,087	254,571,950	(20,848,863)	246,768,365	251,313,328	245,945,240

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
November 30, 2018

Three Year History for years ended:

	YTD FY2019	YTD FY2018	Change	FY2018	FY2017	FY2016
Cash Beginning Balances	34,042,831	33,836,322	206,509	33,836,322	33,462,454	16,014,340
Revenues						
Guaranty Risk Pool Assessments	(354)	-	(354)	-	-	18,684
Collateral Proceeds	252,925	-	252,925	-	-	19,422,025
Investment Earnings (Losses)	(791,155)	1,338,194	(2,129,349)	1,873,190	3,012,508	(155,883)
Total Revenues	(538,583)	1,338,194	(1,876,777)	1,873,190	3,012,508	19,284,826
Expenditures						
Claims Benefits Paid:						
Medical	148,889	99,108	49,781	239,490	503,912	309,470
Permanent Total Disability	42,662	122,095	(79,433)	181,821	63,717	43,638
Permanent Partial Disability	133,818	258,755	(124,937)	522,798	972,712	612,823
Temporary Disability	2,537	23,604	(21,068)	56,649	375,328	303,724
Fatals	94,503	110,478	(15,975)	253,055	277,011	257,806
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	-	-	-	170,000	3,800	-
Non Awarded Partial Disability	-	4,361	(4,361)	10,904	4,407	9,377
Loss Adjustment Expenses	54,637	58,695	(4,058)	123,706	255,219	163,819
Total	477,046	677,097	(200,051)	1,558,423	2,456,105	1,700,657
Less: Claims Credits and Overpayments	205	2,471	(2,267)	12,868	2,723	17,176
Total Benefits Paid	476,841	674,626	(197,784)	1,545,555	2,453,382	1,683,481
Administrative Expenses	39,011	41,581	(2,570)	121,127	185,258	153,231
Total Expenditures	515,852	716,207	(200,354)	1,666,682	2,638,640	1,836,711
Excess (Deficiency) of Revenues over Expenditures	(1,054,435)	621,988	(1,676,423)	206,509	373,868	17,448,114
Cash Ending Balances	32,988,395	34,458,309	(1,469,914)	34,042,831	33,836,322	33,462,454

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.

	Three Year History for years ended:			
	YTD FY2019	YTD FY2018	Change	FY2018 FY2017 FY2016
Cash Beginning Balances	53,404,259	54,448,203	(1,043,944)	54,448,203 53,859,338 9,208,803
Revenues				
Security Risk Pool Assessments	-	-	-	-
Collateral Proceeds	243,007	-	243,007	-
Investment Earnings (Losses)	(1,224,268)	2,160,675	(3,384,944)	3,015,368
				4,914,238
Total Revenues	(981,261)	2,160,675	(3,141,937)	4,914,238
				47,935,308
Expenditures				
Claims Benefits Paid:				
Medical	223,834	365,279	(141,445)	802,935
Permanent Total Disability	635,171	632,925	2,246	1,603,037
Permanent Partial Disability	5,229	-	5,229	-
Temporary Disability	-	-	-	-
Fatals	474,199	533,129	(58,930)	1,230,799
104 Weeks Death Benefit	-	28,929	(28,929)	37,804
Settlement Agreements	5,236	5,236	-	207,565
Loss Adjustment Expenses	52,108	36,594	15,514	88,371
Total	1,395,777	1,602,092	(206,315)	3,970,511
Less: Claims Credits and Overpayments	33,394	3,194	30,200	223,585
Total Benefits Paid	1,362,383	1,598,898	(236,515)	3,746,926
Administrative Expenses	100,103	105,705	(5,602)	312,386
				373,374
Total Expenditures	1,462,486	1,704,603	(242,117)	4,059,312
				4,325,374
Excess (Deficiency) of Revenues over Expenditures	(2,443,747)	456,072	(2,899,820)	(1,043,944)
				588,865
Cash Ending Balances	50,960,511	54,904,275	(3,943,764)	53,404,259
				54,448,203
				53,859,338

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.

Three Year History for years ended:

	YTD FY2019	YTD FY2018	Change	FY2018	FY2017	FY2016
Cash Beginning Balances	12,989,971	12,760,544	229,426	12,760,544	11,864,792	12,125,188
Revenues						
Fines and Penalties	340,324	147,689	192,635	436,728	595,742	625,093
Investment Earnings (Losses)	(291,778)	461,108	(752,886)	660,537	962,646	(205,615)
Total Revenues	48,546	608,797	(560,251)	1,097,265	1,558,387	419,478
Expenditures						
Claims Benefits Paid:						
Medical	121,727	7,752	113,975	164,187	30,783	47,718
Permanent Total Disability	-	-	-	-	-	-
Permanent Partial Disability	17,003	10,139	6,863	33,025	51,760	4,738
Temporary Disability	29,850	66,566	(36,716)	104,582	25,414	113,212
Fatals	20,846	20,846	-	50,030	50,030	52,164
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	94,500	85,000	9,500	344,000	255,715	228,577
Loss Adjustment Expenses	26,919	1,007	25,912	5,846	6,969	5,868
Total	310,844	191,310	119,534	701,671	420,672	452,276
Less: Claims Credits and Overpayments	10,007	734	9,272	47,333	33,341	1,558
Total Benefits Paid	300,837	190,576	110,261	654,338	387,331	450,719
Administrative Expenses	53,317	54,567	(1,250)	213,501	275,304	229,156
Total Expenditures	354,154	245,143	109,011	867,839	662,635	679,875
Excess (Deficiency) of Revenues over Expenditures	(305,608)	363,654	(669,262)	229,426	895,753	(260,397)
Cash Ending Balances	12,684,363	13,124,198	(439,836)	12,989,971	12,760,544	11,864,792

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, wOASIS. 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
January 24, 2019

OPERATING REPORT OCTOBER 2018

Board of Treasury Investments

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

Board of Directors

John D. Perdue,
State Treasurer,
Chairman

James C. Justice II,
Governor

John B. McCuskey,
State Auditor

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

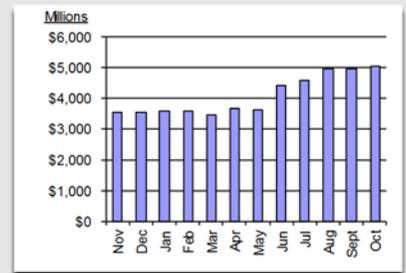
Chief Financial Officer
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$5,052,106,000

Last Month
\$4,961,566,000

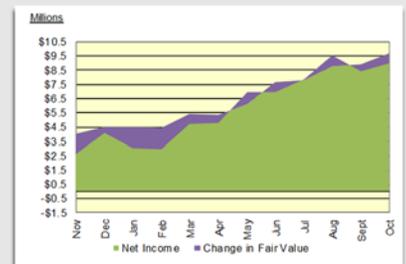
Beginning of Fiscal Year
\$4,429,483,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$34,785,000



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

Money Market Pools

As of October 31, 2018

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	2.2617%	25 Days	\$3.9 Billion
WV Gov't Money Market	2.0743%	23 Days	\$237.9 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

OCTOBER 2018

October Sees Increased Volatility

Market Results

Volatility made a comeback in October as a wave of risk aversion washed over markets amid rising rates in the United States, growing concerns over slowing economic growth in China, and ongoing geopolitical tensions. Equities declined with international and emerging economies faring worse than US markets. The S&P 500 Index fell 6.8% even as the US unemployment rate declined to 3.7%, the lowest it has been in nearly 50 years. The MSCI EAFE Index lost 8%, while the MSCI Emerging Markets Index declined 8.7% last month.

Despite the risk-off sentiment, fixed income moved lower as well with US yields moving higher. The 10-year Treasury increased eight basis points to 3.14% and the 30-year Treasury increased 19 basis points – causing long-duration US assets to decline. The Barclays Long Treasury Index and Barclays Long Credit Index fell 3.0% and 3.6%, respectively. Local- and dollar-denominated emerging market bonds declined during the month. The JPM EMBI Global Diversified Index fell 2% as spreads increased 31 basis points in October.

In real assets, crude oil gave up some of its third-quarter gains, falling 10.8% last month. Despite this decline, spot WTI crude oil remains up 8.1% year-to-date. The Alerian MLP Index declined 8% in October as higher yields in the US render riskier assets relatively less attractive.

Market Outlook

As rates edge higher, we encourage the addition of safe-haven fixed-income debt. We advise investors to trim any overweight positions in US stocks and consider reducing their overall exposure given current valuations and profit margins. Despite the continued pressure on emerging market assets, we still believe these economies are attractive investments and that the macro forces currently weighing on them will moderate in 2019. Finally, we remind investors to remain vigilant in the face of elevated volatility and to maintain a diversified risk-balanced portfolio to weather potential market sell-offs.

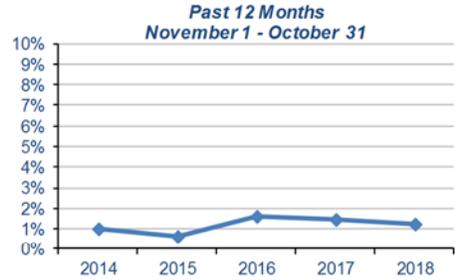
West Virginia Board of Treasury Investments Financial Highlights as of October 31, 2018

WV Short Term Bond Pool

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

<u>November 1 - October 31</u>	<u>Return</u>	<u>Net Assets At Oct 31 (In Millions)</u>
2018	1.3%	\$ 714.2
2017	1.5%	\$ 763.7
2016	1.6%	\$ 778.5
2015	0.7%	\$ 803.4
2014	1.0%	\$ 781.9

WV Short Term Bond Pool Rates of Return

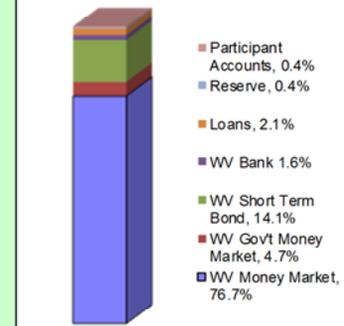


Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool

Summary of Value and Earnings *(In Thousands)*

<u>Pool</u>	<u>Net Asset Value</u>	<u>Oct Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 3,868,370	\$ 7,432	\$ 26,924
WV Gov't Money Market	237,860	416	1,470
WV Short Term Bond	714,230	772	5,217
WV Bank	82,668	155	570
Loans	107,536	143	379
Reserve	19,266	37	140
Participant Accounts	22,176	15	85
	<u>\$ 5,052,106</u>	<u>\$ 8,970</u>	<u>\$ 34,785</u>

Percent of Total Net Asset Value

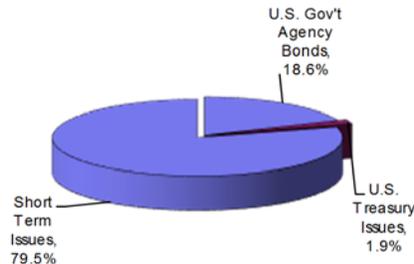


Securities by Type for Operating Pools *(Percentage of Asset Value)*

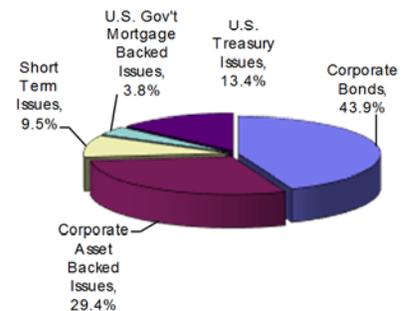
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
OCTOBER 31, 2018
(IN THOUSANDS)

	<u>WV Money Market Pool</u>	<u>WV Government Money Market Pool</u>	<u>WV Short Term Bond Pool</u>	<u>WV Bank Pool</u>	<u>Other Pools</u>	<u>Participant Directed Accounts</u>	<u>Total</u>
Assets							
Investments:							
At amortized cost	\$ 3,871,315	\$ 237,841	\$ -	\$ 82,185	\$ 126,625	\$ -	\$ 4,317,966
At fair value	-	-	713,829	-	-	22,082	735,911
Other assets	2,696	66	2,105	489	184	94	5,634
Total assets	<u>3,874,011</u>	<u>237,907</u>	<u>715,934</u>	<u>82,674</u>	<u>126,809</u>	<u>22,176</u>	<u>5,059,511</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased							
	<u>5,641</u>	<u>47</u>	<u>1,704</u>	<u>6</u>	<u>7</u>	<u>-</u>	<u>7,405</u>
Total liabilities	<u>5,641</u>	<u>47</u>	<u>1,704</u>	<u>6</u>	<u>7</u>	<u>-</u>	<u>7,405</u>
Net Position							
Held in trust for investment pool participants	3,868,370	237,860	714,230	82,668	126,802	-	5,029,930
Held in trust for individual investment account holders	-	-	-	-	-	22,176	22,176
Total net position	<u>\$ 3,868,370</u>	<u>\$ 237,860</u>	<u>\$ 714,230</u>	<u>\$ 82,668</u>	<u>\$ 126,802</u>	<u>\$ 22,176</u>	<u>\$ 5,052,106</u>
Additions							
Investment income:							
Interest and dividends	\$ 3,663	\$ 177	\$ 1,573	\$ 157	\$ 183	\$ 21	\$ 5,774
Net (amortization) accretion	3,989	255	-	-	-	(1)	4,243
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>7,652</u>	<u>432</u>	<u>1,573</u>	<u>157</u>	<u>183</u>	<u>20</u>	<u>10,017</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	<u>220</u>	<u>16</u>	<u>77</u>	<u>2</u>	<u>3</u>	<u>-</u>	<u>318</u>
Total investment expenses	<u>220</u>	<u>16</u>	<u>77</u>	<u>2</u>	<u>3</u>	<u>-</u>	<u>318</u>
Net investment income	7,432	416	1,496	155	180	20	9,699
Net realized gain (loss) from investments	-	-	(61)	-	-	-	(61)
Net increase (decrease) in fair value of investments	<u>-</u>	<u>-</u>	<u>(663)</u>	<u>-</u>	<u>-</u>	<u>(5)</u>	<u>(668)</u>
Net increase (decrease) in net position from operations	7,432	416	772	155	180	15	8,970
Participant transaction additions:							
Purchase of pool units by participants	881,025	33,936	993	143	34	-	916,131
Reinvestment of pool distributions	7,432	416	1,390	155	180	-	9,573
Contributions to individual investment accounts	-	-	-	-	-	-	-
Total participant transaction additions	<u>888,457</u>	<u>34,352</u>	<u>2,383</u>	<u>298</u>	<u>214</u>	<u>-</u>	<u>925,704</u>
Total additions	895,889	34,768	3,155	453	394	15	934,674
Deductions							
Distributions to pool participants:							
Net investment income	7,432	416	1,496	155	180	-	9,679
Net realized gain (loss) from investments	-	-	(61)	-	-	-	(61)
Total distributions to pool participants	<u>7,432</u>	<u>416</u>	<u>1,435</u>	<u>155</u>	<u>180</u>	<u>-</u>	<u>9,618</u>
Participant transaction deductions:							
Redemption of pool units by participants	815,322	8,727	15	143	972	-	825,179
Withdrawals from individual investment accounts	-	-	-	-	-	9,337	9,337
Total participant transaction deductions	<u>815,322</u>	<u>8,727</u>	<u>15</u>	<u>143</u>	<u>972</u>	<u>9,337</u>	<u>834,516</u>
Total deductions	<u>822,754</u>	<u>9,143</u>	<u>1,450</u>	<u>298</u>	<u>1,152</u>	<u>9,337</u>	<u>844,134</u>
Net increase (decrease) in net position from operations	73,135	25,625	1,705	155	(758)	(9,322)	90,540
Inter-pool transfers in							
Inter-pool transfers out	-	-	-	-	-	-	-
Net inter-pool transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	73,135	25,625	1,705	155	(758)	(9,322)	90,540
Net position at beginning of period	3,795,235	212,235	712,525	82,513	127,560	31,498	4,961,566
Net position at end of period	<u>\$ 3,868,370</u>	<u>\$ 237,860</u>	<u>\$ 714,230</u>	<u>\$ 82,668</u>	<u>\$ 126,802</u>	<u>\$ 22,176</u>	<u>\$ 5,052,106</u>

PUBLIC NOTICE

WEST VIRGINIA MEDICAID PROGRAM

REGARDING: WEST VIRGINIA CONSTITUTIONAL AMENDMENT 1

INITIALLY ISSUED: NOVEMBER 9, 2018

AMENDED: NOVEMBER 13, 2018

On November 6, 2018 West Virginia voters ratified West Virginia Constitutional Amendment 1, which states: "Nothing in this Constitution secures or protects a right to abortion or requires funding of abortion." This amendment in turn abrogated the holding by the West Virginia Supreme Court in *Women's Health Center of West Virginia, Inc. v. Panepinto* (1993) that West Virginia Code §9-2-11, which limits Medicaid funds paying for pregnancy terminations to several limited circumstances, is unconstitutional.

As a result of the ratification of this Constitutional Amendment as described above, **effective November 6, 2018 at 7:30 PM**, the West Virginia Bureau for Medical Services will only reimburse providers for pregnancy terminations in the following three circumstances, consistent with W. Va. Code §9-2-11:

- (1) If, on the basis of the physician's best clinical judgment, there is a medical emergency that so complicates a pregnancy as to necessitate an immediate abortion to avert the death of the mother or for which a delay will create grave peril of irreversible loss of major bodily function or an equivalent injury to the mother: Provided, That an independent physician concurs with the physician's clinical judgment;
- (2) If, on the basis of the physician's best clinical judgment, there is clear clinical medical evidence that the fetus has severe congenital defects or terminal disease or is not expected to be delivered; or
- (3) If the individual is a victim of incest or the individual is a victim of rape when the rape is reported to a law-enforcement agency.

If there are any questions, please contact the West Virginia Bureau for Medical Services at (304) 558-1700.



Physician Certification

For Pregnancy Termination Form

The Physician Certification for Pregnancy Termination Form must be completed and maintained on file at the practice location and available for review upon request by BMS and its designee.

Please print or type.

Member's Name

Member's Medicaid Number

Member's Date of Birth

Member's Address

I. Certification of Specific Medical Necessity (only if applicable.)

I, _____ (attending physician), certify that on the basis of my professional judgment, this pregnancy termination was medically necessary due to one or more of the following factors. (Check all that apply):

Pregnancy resulting from rape

Endangerment of mother's life if the fetus were carried to full term

Pregnancy resulting from incest

Fetus has a severe congenital defect or terminal disease or is not expected to be delivered

Physician's Signature

NPI

Date