



JOINT COMMITTEE ON GOVERNMENT AND FINANCE

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MAY 20, 2019

AGENDA
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
May 20, 2019

11:00 pm – 12:00 pm

Senate Finance Room

1. **Approval of April 30, 2019 minutes**

2. **Committee Reports/Requests**

3. **Monthly/Quarterly Reports Received**

Status Reports on Lottery, Unemployment Compensation Fund, General Revenue Fund & State Road Fund

(William Spencer, Director)

Status Reports on Lottery

(John Myers, Director, West Virginia Lottery Commission)

General Revenue Fund & State Road Fund

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

WorkForce WV Unemployment Compensation Trust Fund Distribution

(Connie Kirk, UI Director, WorkForce West Virginia)

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

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

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

(Cindy Beane, Commissioner, West Virginia Bureau for Medical Services)

Children's Health Insurance Program Report

(Stacey Shamblin, CHIP Director, WVCHIP)

Investment Management Board Distribution

(Craig Slaughter, Executive Director, West Virginia Investment Management Board)

Workers Compensation

(James Dodrill, Insurance Commissioner, West Virginia Offices of the Insurance Commissioner)

Board of Treasury Report Distribution

4. **Other Business**

5. **Adjournment**

JOINT COMMITTEE ON GOVERNMENT AND FINANCE
(President Carmichael)

April 30, 2019

5:00 p.m. – 6:00 p.m.

Senate	House
Carmichael, Chair	Hanshaw, Chair
Blair	Bates
Plymale	Cowles (Absent)
Prezioso	Householder
Takubo	Miley
Trump	Shott
Weld	Summers

President Carmichael: “ ... take a silent roll. I recognize the Speaker for a motion.”

Speaker Hanshaw: “Yes Sir, Mr. President. I move that the minutes of December 11, 2018 Meeting of the Joint Committee be approved as distributed.”

President Carmichael: “Per the motion, is there discussion? If not all those in favor will say aye, those opposed, no. The ayes appear to have it. They ayes do have it. I declare the motion adopted. Recognize the Speaker for a procedural motion.”

Speaker Hanshaw: “Yes, Mr. President. I move that the Joint Committee on Government and Finance hereby reappoint Aaron Allred as the Legislative Manager to oversee the offices of the Committee and that’s subject to the general direction and control of the President and the Speaker. The Legislative Manager shall 1) be ... shall have complete charge of the administrative operations of the committee and the management of the offices thereunder under, except the Commission on Special Investigations, to serve as the chief administrative manager for all Joint Committee personnel except the Commission on Special Investigations, and finally, have authority to enter into contracts on behalf of the committee.”

President Carmichael: “Speaker Hanshaw moves the motion be approved. Is there discussion? If not all that is in favor will say aye, those opposed, no. The ayes appear to have it. The ayes do have it. I declare the motion adopted. I recognize Speaker Hanshaw.”

Speaker Hanshaw: “Yes, Mr. President. I move that the Joint Committee on

Government and Finance, being authorized by WV Code 4-2-3, Hereby reappoint Aaron Allred as the Legislative Auditor.”

President Carmichael: “Per the motion, is there discussion? If not all those in favor will say aye, those opposed, no. The motion is adopted. So, where are we at here? I recognize the Speaker for another motion.”

Speaker Hanshaw: “Yes, Mr. President. I move that the President and the Speaker of the House be authorized to jointly establish the interim committees and subcommittees as deemed appropriate and to appoint as many members as desired to any committee and subcommittee other than statutory and standing committees.”

President Carmichael: “Is there question on the motion or discussion? If not, all those in favor will say aye, those opposed, no, the ayes appear have it. The ayes do have it. I declare the motion adopted. I recognize the Speaker for another motion.”

Speaker Hanshaw: “Yes, Mr. President. I move that the interim committees and subcommittees established by the President and the Speaker and interim committees established by statute and all joint standing committees be authorized to meet during the 2019 interim period.”

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

Speaker Hanshaw: “Mr. President, I move that the Legislative Rule-Making Review Committee and the Joint Legislative Committee on Flooding be authorized to meet outside the interim periods as necessary to complete their statutorily required work with the approval of the President and the Speaker.”

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

Speaker Hanshaw: “Mr. President, I move that the President and Speaker be authorized to jointly assign study topics to the interim committees as deemed appropriate.”

President Carmichael: “Is there discussion? You’ve heard the motion. If not, all those in favor will say aye, those opposed, no. The ayes appear to have it. The ayes do have it. I declare the motion adopted. I recognize the Speaker for a motion.”

Speaker Hanshaw: “Mr. President, I move that all committees, subcommittees, and commissions meeting during the interim period for which there are an unequal number

of delegates and senators, require that all motions considered must be adopted by a separate majority vote of the committee members from each legislative body.”

President Carmichael: “ You’ve heard the motion. Is there discussion? If not, all those in favor will say aye, those opposed, no. The ayes appear to have it. The ayes do have it. I declare the motion adopted. I recognize the Speaker for a final motion.”

Speaker Hanshaw: “Mr. President, I move that the following dates be approved for interim meetings for 2019; May 20 and 21, June 17 and 18, July 22 and 23, September 23 and 24, November 18 and 19, and December 16 and 17.”

President Carmichael: “Yes, are there questions? I recognize Delegate Bates.”

Delegate Bates: “Could you repeat those dates again?”

President Carmichael: “Yes, if you could read those again.”

Speaker Hanshaw: “Yes, those are May 20 and 21, June 17 and 18, July 22 and 23, September 23 and 24, November 18 and 19, and December 16 and 17.”

President Carmichael: “So, you’ve heard the motion and the dates. Is there discussion? If not, all those in favor will say aye, those opposed, no. The ayes appear to have it. The ayes do have it. I declare the motion adopted.

Will, could you shut that door?

So, the next order of business before the committee are the monthly and quarter reports. Members will find the information in their packets from each agency. Prior to calling our first ... prior to calling our first gentleman to the podium, I’m going to call on our newly appointed HEPC interim director for a brief report and status update on the Community and Technical College aspects.”

Sarah Tucker: “Thank you. Good evening. My name is Sarah Tucker, I’m the chancellor of the community and technical college system and the interim chancellor of the Higher Education Policy Commission as of yesterday. That’s a lot of words to say for a title. So, as you all know this past legislative session, the legislature passed SB1. SB1 has several components to it, but one of those components is the West Virginia Invest Grant. That is the last dollar in tuition grant, and my office has been busily working, trying to make sure that we have all the pieces in place for this grant to be successful for its launch for this fall semester. So, I wanted to give you a quick update about what has been going on.

First you will see this is our website. It is WVInvest.org. I apologize, it’s not .com, but someone stole the .com right before we were able to get it, and I wasn’t going to buy it from them. I thought that was a waste of tax-payer money. So, we went to .org.

You will find on this website a series of questions about how it works, how you're eligible ... whether or not you're an eligible student, a series of questions that we know that students are asking and answers to each of those questions. You can certainly direct your constituents to this website if they have any questions about the grant. We also have a site for finding a college. It talks about the institutions that are eligible for the grant program. Now, you'll see here right now it only has the nine public community and technical colleges. That's because the four-year institutions are still trying to decide which of their programs they want to make eligible for this grant. I didn't want to put their institution or their program up if they ultimately decided that they didn't want that to be eligible for the grant. So, I'm waiting on their list back. The second I get them back, we'll put those institutions back on this website.

You can also go and find what programs that each of the institutions are eligible. We have worked very closely with the department of commerce. So, I'll just give you a quick look at the first one in alphabetical order. Blue Ridge, you can see that many of their programs are covered by this grant. Students can go find those programs. They can then click on those programs and it will link directly to the institution's website with that program, so that they can see how they can enroll in that program. We work with the Department of Commerce to find out which the ... what those programs would be. We used economic modeling software to make sure that we understood what programs were in high demand, where the jobs were in the State of West Virginia, and then we then categorized those programs with them to make sure that we're capturing exactly what they wanted. In the instance that there were programs where there was a question, where perhaps economic modeling software didn't show that that was an in-demand program, and the institution wanted to challenge the program and whether or not it could be included. The institution was able to do so, but it had to provide a list of letters from local employers that said that they would hire people from that program. And we have that documentation, and then that documentation was sent to the Department of Commerce who then made a determination about whether or not that program could be included. Some of those were included and some of those were not included.

To give you an update about where we have gone besides the website, we have put an application on line. That application went online last Wednesday at 4:30 in the afternoon. We told no one. We wanted to make sure that the links were working and everything was working appropriately. Within five minutes of that application going live, with us telling no one, we had our first applicant. We have not done a social media campaign yet. That social media campaign will start at the end of this week or early next week. We are using the governor's communication hub to push that information out. They have done a tremendous job in putting together a communications plan for us. We will have a push on social media, as I said; Facebook, Instagram, YouTube, LinkedIn. They will also be Geo-fencing different locations and so I have long been interested in Geo-fencing certain business that I knew would attract people who would be going into some of these programs. Cabela's, for example, is a pretty good place to try to find folks who would be entering in some of these technical programs who would be interested in it. So, we're going to do some of that Geo-fencing. I'm also going to Geo-fence events.

We'll Geo-fence the State Fair. So, what that does is when folks are entering into those spaces they'll immediately get push notifications about the West Virginia Invest Grant. Are you interested in applying? Do you want to go to college? So, that information will come out. Let me go to the 'apply now' ... So, you'll see here, this is how you apply for the grant. Click on the 'Let's Apply' app. It'll send you to the link. It'll show you how to apply for the grant. I will tell you that as of noon today our website had more than 17,000 hits. If you're interested in checking it out as you go along, and want to monitor it yourself, if you go to the main ... sorry ... if you go to the main page, and you scroll down, there's a tiny little number right here. So, since noon, another 171 people have hit this page. Seventeen thousand, one hundred and seventy-one people have gone to this website to get more information about the West Virginia Invest Grant. That tells me that the people of the State of West Virginia are looking for hope, that the people of the State of West Virginia are looking for jobs and they're looking for training programs that will get them in. I'm thrilled that this number is as high as it is. I frankly can't believe it, especially when all that's gone out is a press release at this point. So, I have a feeling that once we see the social media campaign take root, these numbers are going to go through the roof.

Again, as of noon today, we had 724 applications for the West Virginia Invest Grant without a social media campaign. This is going to be a big deal. Of those applicants 424 were 24 years and under, 237 were age 25-40, and we had 63 applicants that were 40 years or older. We have 238 distinct programs that are eligible for the West Virginia Invest Grants and right now nursing is the leading academic program that students are applying for for the grant.

We have sent banners, posters, and flyers to workforce offices across the state, to high schools across the state, to local DHHR offices across the state. We're having weekly updates with the financial aid officers to answer any questions that they have as questions come in about the West Virginia Invest Grant. We will be sending electronic award letters just like we do with the Promise Scholarship to everybody who is ... has ... is going to receive an Invest Grand Award, so that they know that they're getting the award and they know the dollar amount of what that award will be. We're doing online promissory notes for the West Virginia Invest recipients. So, that will help us with tracking so that when they're no longer enrolled, we can determine whether they must repay the grant and whether or not they're working in West Virginia, and the final piece of this that we're working on ... it's a lot that we've ... we're trying to really get this right.

The last piece that we're working on is a statewide drug testing contract. It is my desire to have one drug testing contract for all of the community colleges and all of the four-year institutions that want to participate. Because that will drive down the cost of the drug test for each of the students that would participate. So, we're looking into putting that contract together now and putting that out to bid so that we have that in place before the beginning of this semester."

President Carmichael: "Thank you so much. We'll take a few questions and fantastic job. I recognize Delegate Shott."

Delegate Shott: “Thank you, Mr. President, and congratulations on a good and speedy job so far. My question deals with the four-year institutions. You mentioned that you hadn’t heard from them as to whether or not they might want to participate. I’m curious why they wouldn’t. Have you gotten any feedback as to why a particular institution might qualify ... otherwise would not want to participate in this program?”

Sarah Tucker: “Sure. So, when the legislation was being passed ... I’m sorry, I have a tree pollen allergy that is killing me right now. So, I’m going to put a throat lozenger in. When the legislation passed, the ... it passed with the stipulation that the four-year institutions who offer the associate degree programs use the average tuition and fee cost of the associate degree programs at the community colleges for their tuition and fee costs to be enrolled in the West Virginia Invest Grant. Currently those associate degree programs are about twice the cost at the four-year institutions than they are at the community colleges. So, participating in this grant program and having to lower their cost is now a numbers game for them. So, if they have, let’s say full enrollment in a program or a waiting list. It doesn’t make financial sense for them to cut their program cost in half. So, those folks would choose not to participate. So, I think the colleges right now are doing some negotiations to see what makes sense for them and what doesn’t make sense for them.”

Delegate Shott: “Have any of the four-year institutions definitely told you they weren’t going to participate in any of the programs that would be available yet?”

Sarah Tucker: “I don’t want to say that. I’m not positive. I’ll get back to you and find out.”

Delegate Shott: “Thank you.”

President Carmichael: “Further questions? I recognize Senator Blair.”

Senator Blair: “Thank you, Mr. President. Wonderful implementation. I cant say that enough. In a matter of just months, you’ve got this in place and moving through the process. I’ve got a couple things I want to make comments on. Number one, as you talk about 17,000 hits, that can be ... you’re not separating bots out from that search engine, bots. Right? So, they’re in that.”

Sarah Tucker: “Yes.”

Senator Blair: “Okay, that’s still a good thing, make no mistake about that. Because they’re picking up on it and being able to disseminate that information further out. I just wanted to make sure that I’m not so far behind the technology that those were actual ... that the bots could be actually increasing those numbers.

The last one, you went through a whole host of ways of impenentating this. I had a conversation with Pete Checkovich and of ... I made the suggestion, and I think it’s a good suggestion, and that is to get with all these high school guidance counselors as

well. Build this relationship with them. The four-year institutions have done a very good job with that over decades and decades. We ... but it ... again, I'm using myself as an example, enough to slip by, we need to make sure that these two years are out there and making the relationships with these guidance counselors and utilizing it so that they know that this exists.”

Sarah Tucker: “I agree with you completely and actually that’s a very timely comment. Because about an hour before I came here, Dr. D’Antoni and I co-submitted a request to an organization called Advanced CTE that is willing to come into the State of West Virginia and train our guidance counselors about the importance of career and technical education. We’ve asked them to specifically tailor it towards SB1, the ACE Pathways, and the West Virginia Invest Grant. They’re willing to do all that for free. So, we sent that in on the staff ... on behalf of the State of West Virginia in the hopes of having some outside expertise come in and help us figure out how to work with those guidance counselors.”

Senator Blair: “Excellent! Because I believe when this is over and done with, this is going to do more for economic development than anything else that we’ve done in the State of West Virginia for a long, long time.”

Sarah Tucker: “I hope you’re right”

Senator Blair: “I believe that I am right on that. Because we’re looking at our education of our workforce, our people that live here. This is going to change that dynamic in a matter of just years, a few short years. It’s working now, already. We don’t even have them in there. So, thank you for the implementation of it. It’s ... great work!”

Sarah Tucker: “Thank you all for passing it, and really thank you for making this a possibility.”

Senator Blair: “Thank you.”

President Carmichael: “Are there others desiring to speak? Let me just say first, thank you. This is the way government should work. We came together. You know, everyone I think on this committee voted for it and I want to commend the minority party on this too. Because ... and this sends a message to America that West Virginia can work together. Democrats, Republicans, you know, Senator Plymale and Senator Prezioso and Delegate Miley and Bates, have worked together with the majority party to implement ... you guys have been great advocates for these type of programs for a long time. And then you implemented this at the speed of business. This didn’t take government time to do it. This was done at the speed of business, less than two months after the end of the legislative session, and we see this significant impact on people’s lives, that will change their lives. So, ... “

Sarah Tucker: “If I don’t say that I have an incredible team that I work with that made this possible, I would be remiss. So, I would like to acknowledge how hard they have worked to do this with us.”

President Carmichael: “Well, thank you and thank you for your work on this.”

Sarah Tucker: “Thank you. I appreciate it.”

President Carmichael: “The next item on our agenda is ... I’ll call William Spencer to the podium, a status report on Lottery, Unemployment Compensation, General Revenue Fund, and State Road Fund.”

William Spencer: “Thank you, Mr. President, Mr. Speaker, Members of the subcommittee. My name is William Spencer and I am the Director of the Legislative Budget Division here to answer any questions on the monthly status report.”

President Carmichael: “Are there questions? I recognize Delegate Summers.”

Delegate Summers: “Thank you. I did have one question in reviewing this. It had quarter million dollars going to the Department of Education and Arts. I was wondering where that’s really going.”

William Spencer: “Again, I’ll have to get back to you and tell you ... “

Delegate Summers: “Okay, we don’t have that department anymore. So, I just wanted to see what that was ... am I mis ... am I misinformed on that, or ...”

President Carmichael: “Well, if we could call ... you may be somebody else in the audience you may want to call to the podium. Maybe Mark Muchow. Is he here? Oh, okay.”

Mark Muchow: “I’m Mark Muchow with the Department of Revenue, but I can honestly say that I know nothing about the matter at hand. So, ... “

President Carmichael: “But you know plenty about General Revenue, right? So, ... Are there questions? I’m going to ask you to stay at the podium, Mark. Are there questions for Mark that relates to the General Revenue Fund? Why don’t you give us an update from your prospective?”

Mark Muchow: “Okay. I’ve got the General Revenue Fund numbers through March and at the end of March on General Revenue we were running 23.3 million above the revised estimate for the year to date. Now, the Governor advised the estimate is up by 167.9 million and some loose change. So, that means we were ahead of original estimates by about \$190 million through the first nine months of the year, a

very outstanding performance. Revenue growth through the first nine months of the year is 11.2%. Some good numbers, particularly the severance tax and corporate income taxes. The severance tax through the first nine months of the year is ahead of last by over 37%. Mostly natural gas, and oil and gas liquids in play there.

The corporate income tax is ahead of last year by over 70% through nine months, and on the income taxes, both corporate income and the personal income tax are greatly affected by federal tax reform that happened that the ... in the middle of the fiscal year, last year, and the federal tax reform, one of the other things that caused ... especially at the corporate level, but also to some extent on the individual level, caused folks to maximize deductions in the year before the tax rates went down, and to max ... and push income into the year when the tax rates are lower. So, you have a short-term impact of pushing of income into 2018, pushing deductions in 2017, and that's really showing up quite well in the corporate numbers with that 70% gain.

Also, will show up a little bit in the personal income numbers so that the pattern is a little different on personal income tax. Personal income tax actually estimated tax payments are down about eight and a half percent year to date. But that's because folks accelerated some of those estimated payments into 2017 to capture a maximum federal deduction. That deduction is much more limited in 2018. So, it's a little play on the federal tax reform. But it's had a positive overall impact on the income tax collections year to date. The sales tax year to date for general revenue is up 10.9%. It's been a little softer recently. In March, we were up only four percent but March reflects February sales and February is not a particularly strong sales month. And particularly for our construction industry, not a big month for construction, especially outdoor construction. So, that is to be expected. But overall the numbers are pretty good.

State Road Fund numbers also. We're doing as expected. In March, we were 10 ½ million above estimate. Actually, technically 36% ahead of last year, but that's because of the timing of payments related to the fuel tax. You can never quite figure out when they're going to make those payments. They're not due until the last day of the month. The last day of March was the 29th, which usually is not a good last day. But for whatever reason, the fuel tax came in a little earlier than expected. Year to date, the ... on the state source revenues were 3.2% ahead of last year and 33.4 million ahead of estimate for the state road components.

The federal reimbursements, we're still running behind last year by 13.8% but I can assure you that they're playing catch-up on that and by the end of April the federal reimbursements will be a little bit higher than they were last year. So, they're right on target and I've also been assured by the Department of Highways that every single federal dollar that's available to the state will be claimed. So, we ... you can't take more federal dollars than the federal government is willing to provide. So, we will get the maximum federal tax dollars this year for the State Road Fund. I'll open up to any questions that folks might have."

President Carmichael: "Are there questions? I recognize Delegate Shott."

Delegate Shott: "Thank you, Mr. President. I think you may have indirectly

answered my question regarding the Governor's revision of his estimates. I was trying to compare what you reported to us and ... on January 8, as to the end of the year, and how far we were ahead of estimates, and it appears from the comparison of those numbers that we slipped as far as the pace of being ahead of estimates. But was this \$168 million revision since the first of the year?"

Mark Muchow: "Yea, it was in two steps. One step in January, and then the second step I believe was sometime in March. We had the 167.9, they were reflected in the first ... basically the first six or seven months of the year. So, just play catch-up to what we actually had achieved. Revenue growth the second half of the year is definitely slower than the first half of the year and that was expected. We were expecting to double ... I think at the end of ... at the end of December we were running over 180 million ahead. Now we're about over 190 plus ahead. The numbers are still portraying positively, but the momentum has slowed down a little bit, and that was, again expected. The construction season is not particularly healthy in the winter months. When we get into the Spring months things should pick up again. The road construction activity I trust will pick up quite a bit this year. In addition to additional activity in the pipeline realm. Severance tax, the gas and oil industry are doing quite well. Coal severance has been for the most part pretty flat since the beginning of this calendar year. It hasn't gone down, but it's been relatively flat in recent months."

Delegate Shott: "So, the pace of the first quarter has declined, but it sounds like you're thinking that the pace of improvement, or at least at keeping up ... ahead of estimates will accelerate in the second quarter."

Mark Muchow: "We will probably see better numbers in the final ... second quarter calendar year, final quarter of this fiscal year. But, I'm really confident that we'll meet or likely exceed the revised estimates for the year."

Delegate Shott: "Great. Thank you."

President Carmichael: "Very good. Further questions? Further questions? I recognize Senator Trump."

Senator Trump: "Thank you, Mr. President. It's 5:30 pm on the last day of the month. So, can you give us any insight into April at all?"

Mark Muchow: "April will be a good month. That's my insight and the income taxes again, federal tax reform at play here, but April is a big month for income taxes and the income taxes perform fairly well in the month of April."

Senator Trump: "Thank you."

Mark Muchow: "But I won't jump on somebody else's news on the ... and we

don't have the final numbers. Final numbers don't come out until sometime tomorrow. So ..."

Senator Trump: "You've opened all the mail though, right?"

Mark Muchow: "The tax department is working hard. April is the busiest month of the year for revenues and also the busiest month of the year for what I call paper revenues. Most of our revenues come in electronically now days, but in April there's a lot of still paper checks."

Senator Trump: "Thank you."

President Carmichael: "Further questions? Further questions, comments? A couple of quick things. I want to highlight an observation, a principle maybe is that, you know, we hear a lot of people running around saying, "Ah, you're just cutting ... or the federal government is just cutting corporate taxes, you know, giving it to the rich people and the business" and all this ... but the truth is we've collected more in corporate net income taxes in spite of the fact that tax rates have gone down. Now, let that resonate."

Mark Muchow: "At the state level we've collected more. I'd have to look at the federal numbers. Federal numbers may have gone down because that's where they cut the tax rates is at the federal level. But, still good numbers overall for corporate tax, and one has to keep in mind that the number of corporations today are less than 30 or 40 years ago a lot of businesses are pass-through entities nowadays and that was due to the federal tax reform act of 1986 that contributed to that shift. So, just because corporate revenues may not be as relative to the economy as high today as they may have been 50 years ago, it doesn't mean that the business tax collections as a whole are ... "

President Carmichael: "And they're up?"

Mark Muchow: "They're up."

President Carmichael: "And then the other thing, from a State Road Fund perspective, we're \$20 million ahead of last year, a similar time frame, right?"

Mark Muchow: "Yes, we are running ahead and the revenue enhancements that were put in place are working just as expected. If anything, the license and registration fees are running a little ahead of expected. The motor vehicle sales tax, a little less than expected. But overall the numbers are right on target or a little bit higher than target on the road fund."

President Carmichael: "Okay, thank you. Are there other questions? If not, thank you very much, Mark. Next item on our agenda is Mr. Myers, status of the lottery."

John Myers: “Good evening. I’m John Myers, I’m Director of the West Virginia Lottery. Mr. President, Mr. Speaker, Members of the committee, we have included our financial report for the month of March in your packets. I’m here to answer any questions that you may have about that. I will briefly give you a little update on sports wagering. That seems to be of interest to everyone these days. At this point we have had handle of \$107,045,000. Which is the amount wagered. The actual ... after tickets have been cashed out, the taxable receipts that are there have been \$10,647,000. The privilege tax to the State of West Virginia is \$1,064,772.

President Carmichael: “Thank you. Are there questions? Yes, I recognize Delegate Summers.”

Delegate Summers: “Thank you, Mr. President. Perhaps you heard my question earlier, Director Myers. In the allocation of the State Lottery Fund when it says cash transfers, it says a quarter of a million dollars to the Department of Education and the Arts. Can you clarify where that’s going since that department doesn’t exist?”

John Myers: “No Ma’am, I can’t”

Delegate Summers: “Okay, you can get back to us on that?”

John Myers: “I absolutely will.”

Delegate Summers: “Thank you.”

President Carmichael: “Yea, we’ll ask you to provide an answer to the committee. Are there other questions? I recognize Delegate Bates.”

Delegate Bates: “Thank you, Mr. President. John, what’s the status on the app?”

John Myers: “We actually have no mobile apps operating at this time.”

Delegate Bates: “Okay, do you have any sense that that issue is going to be resolved so that ... “

John Myers: “We’ve been working with a couple of other companies that are nearing their ability to put those in place. They would be at different casinos than what we’ve had in the previous ... “

Delegate Bates: “Do you have any timeline on that?”

John Myers: “I would say 60 days maybe, something like that.”

Delegate Bates: “And those individuals that perhaps participated through another vendor and, you know, used that service. What’s the status of those accounts and the monies that they may have placed into those accounts? Where do ... where does the ... where do individuals stand?”

John Myers: “Yea, we’ve worked very closely with the Delaware North folks trying to make sure that we want the customers and the citizens of West Virginia to be guaranteed they’re going to get their money back or pay out the wagers that are still remaining there. At this time, there are still 2,367 wagers still in place that have been placed into the future. So, once the NBA finals, once the National Hockey League is finished for this year, that number will continue to drop down even more. But we have some that have been placed on the Super Bowl for next year already. So, those are going to remain in place for quite some time. The amount of money ... the wagers that are out there now are \$42,495. The potential maximum payout on that is \$1,462,000. But in the balances held in player accounts of that ... it’s \$78,446. Of that, \$42,000 is still open wagers. So, we’ve got about \$30,000 in people’s accounts that they have not pulled out yet, and there’s \$42,000 that are on wagers out in the future.

Delegate Bates: “So, your office is monitoring that fairly closely.”

John Myers: “Very closely.”

Delegate Bates: “Okay, thank you. Thank you, Mr. President.”

President Carmichael: “Thank you. Further questions? Further questions? If not, thank you very much, John ... Mr. Myers. Next item on our agenda is Workforce WV, Unemployment Compensation Trust Fund, Connie Kirk.”

Connie Kirk: “Good Evening Mr. President, Mr. Speaker, and Members of the committee. I’m Connie Kirk and I’m with Workforce WV and I’m the UI Director and I’m here to report on the Trust Fund. The actual projections for April is \$203,952,142. We had a rate of 5.1 in March of unemployment and the national average was 3.8. I also pulled a report today on the actual balance as of today, and it was \$150,486,995 and the reason of the projection being a lot higher is because April 30th is our due date for the first quarter of unemployment taxes and it is our high quarter and it usually ranges somewhere between \$70 and \$80 million. If you have any questions, I’ll be glad to answer them.”

President Carmichael: “Are there questions? Questions of committee members? If not, thank you very much.”

Connie Kirk: “Thank you and I also want to thank you for coming up with the West Virginia Invest. Because I think it’ll help the unemployment program as well. Thanks a lot.”

President Carmichael: “Thank you. Next item on our agenda is PEIA, BRIM, Real Estate report. Mary Jane? Or, no ... “

Allan McVey: “Two things, My name is Allen McVey. I’m the Secretary for the Department of Administration and number two, I cannot top higher education’s story right now. That is a tremendous story and I thank all of you for that. Mr. President, Mr. Speaker, members of the committee, you do have our reports and I do have our division directors here to assist in answering any questions you may have.”

President Carmichael: “Are there questions of the ... Mr. McVey or other members of his organization? PEIA questions or anything? Alright. If not, thank you very much.”

Allan McVey: “Thank you, Sir.”

President Carmichael: “Then next item on our agenda is DHHR, Medicaid, Medicaid Waiver Report, Jeremiah.”

Jeremiah Samples: “Mr. President, Mr. Speaker, Jeremiah Samples, Deputy Secretary, DHHR. You have your waiver and Medicaid financial reports in your packet. I’d be happy to take any questions that you may have.”

President Carmichael: “Thank you. Are there questions? I recognize Delegate Summers.”

Delegate Summers: “Thank you, Mr. President. Mr. Samples, can you explain to us, when I see the line item about school-based services, can you give me a little bit of explanation of ... that seems to be a lot of money there, how that’s distributed? “

Jeremiah Samples: “Yes Ma’am, and so the Medicaid program pays for services in schools in two significant ways. One is a component of our state plan by which we transfer funds that are matched to the Department of Education. It’s approximately five to six million dollars a year, and that covers services like speech, language and audiology services, physical therapy, transportation services for children with special healthcare needs, targeted case management, etc. We also, through the Medicaid program, pay for what we call school-based health clinics, and that’s where a provider ... and we have about 120 of them around the state, 128 to be specific. They set up a location, a clinic within a school and then those entities bill Medicaid as they would if they had a clinic down the street. “

Delegate Summers: “And can they provide mental health services through those school-based health clinics?”

Jeremiah Samples: “Yes ma’am. I believe it’s approximately 40 of the 128 provide behavioral health services and the expenditure on all of the services provided through that line is about \$60 million a year. So, you’re looking ...”

Delegate Summers: “How much?”

Jeremiah Samples: “Sixteen million.”

Delegate Summers: “Sixteen million?”

Jeremiah Samples: “Yes. So, if you aggregate the 16 and the roughly six, you’re looking at about \$22 million from Medicaid for services in the school.”

Delegate Summers: “Okay, thank you.”

President Carmichael: “Thank you. Are there further questions for Mr. Samples? I recognize Senator Blair.

Senator Blair: “Thank you, Mr. President. Jeremiah, I’ve got a whole list of things here for you, and what I’m going to do is just give them to you. But I wanted to do one, one’s highlighted and then the next one, next month come back and have the answers for that. Would you please?”

Jeremiah Samples: “Yes Mr. Chair.”

Senator Blair: “I appreciate it, and I didn’t have this with me when we met a while ago to talking about the other issues. So ... Hey, what’s the status of the Federally Mandated Electronic Visit Verification Program? Can you answer that question?”

Jeremiah Samples: “Federally ... Can you repeat that, Mr. Chairman?”

Senator Blair: “The Federally Mandated Electronic Visit Verification Program. Don’t even worry about it. I’ll give you this and you can give it back to me next month. You come back to the committee and you can get this to me earlier if you choose to. But then I want to be able to have all these questions answered for the committee.”

Jeremiah Samples: “Is that the asset verification system, sir, that you’re referencing?”

Senator Blair: “I believe so.”

Jeremiah Samples: “I do have Tony Atkins, the CFO for Medicaid with me. I believe he does have ... “

Senator Blair: “Well, I didn’t mean to put you on the spot.”

Jeremiah Samples: “It’s okay, sir.”

Senator Blair: “... on this. Because You’re ... as I said a half an hour ago, you’re an asset to the State of West Virginia on that. So, don’t even worry about it. We won’t do it here and ... but I’m going to give you ... when we’re finished up the meeting, I’m going to give you this list and then would you please put together a report for us and bring it back to the committee? I’ll take it even earlier.”

Jeremiah Samples: “Sure. Yes, Mr. Chairman.”

Senator Blair: “Thank you.”

President Carmichael: “Thank you. I recognize Senator Plymale.”

Senator Plymale: “Thank you. If we could go back to the school-based health care. You know, the clinics that are there, can you outline or just provide the information of where they are located, how many are high schools, middle schools, and elementary schools?”

Jeremiah Samples: “Yes, Senator Plymale. We’ll provide you all a list of where all those locations are.”

Senator Plymale: “Thanks.”

President Carmichael: “Further questions? Further questions of the committee?”

Senator Blair: “Can I get the (*inaudible*) from Plymale for a minute?”

President Carmichael: “Does the Senator yield? The senator does yield, hesitantly.”

Senator Blair: “And rightfully so. I wanted to share something with you. We met with the State Board of Education this morning. It’s good for the whole committee to hear this for that matter, and we broke up into two subcommittees. But one of the questions that came up this morning was just talking about ... in the schools. I’m trying to find the right word for it. Therapists or whatever they are, counselors for these children that are having issues, and this is what Jeremiah and I was talking about. A few months ago, and there was ... what was the name of the principal that I was telling about? Mike Kelly, and then Senator Weld down here, is working on something that all ties in to, I believe a neat little package to where we’re going to be able to get counselors in these schools to be able to manage these programs at a cost-efficient

manner that will actually be moved in and out. I wanted to share that with the committee. We're working hard on being able to get this done. It's hard to get it into a bill, but it's all coming together very well. So, I just wanted to share that with you and, Senator Ferns ... or, excuse me, Senator Weld is running lead on some of this as well."

President Carmichael: "Does the Senator have a response?"

Senator Plymal: "That's great!"

Senator Blair: "That's what I wanted to hear."

President Carmichael: "Well said. Are there further questions of the committee for Mr. Samples? If not, thank you very much."

Jeremiah Samples: "Thank you, Mr. President."

President Carmichael: "Next item on our agenda is the Children's Health Insurance Program Report, Ms. Shamblin."

Stacey Shamblin: "Good afternoon, Mr. President, Mr. Speaker, Members of the committee. I am Stacey Shamblin. I am acting director of the Children's Health Insurance Program. I'm sure you've had a chance to review your reports, and I'll take any questions you may have."

President Carmichael: "Thank you. Are there questions of the committee? If not, thank you very much for your report. The next item on our agenda is the Investment Management Board. I call Executive Director, Craig Slaughter to the podium."

Craig Slaughter: "Good afternoon, Craig Slaughter, Executive Director of the Investment Management Board. You have February 28, 2019 performance report in your packet. It shows that we are up 1.4% for that month. As you recall we were ... everybody got slammed pretty hard in December and frankly every month since then has been good. So, January was good, February was good. We know what we got in March. We're up another 70 basis points in March and then in April we're in the last day of the month and the stock market looks good this month too. So, things should be positive this month as well. The, you know, longer term, we're up 11.7 for ten years. Which sounds great. Looking forward, I ... there are some ... you know, what we're looking at is, you know, the feds pause so they, you know, they've eased up on their tightening. That's definitely had a positive impact. There's no apparent asset bubbles floating around that we're ... that we can see. China's easing also, which should be good for international market, especially EM and Commodities, and especially Germany for the ... in the European market. But again, we're late in the cycle it looks like. The yield curve is inverted. Which is always a negative signal. The only ... the problem with that is it's ... nobody can tell when ... it's negative, but is it tomorrow or is it two years

from now that it's ... it doesn't really tell you a whole lot, and then longer term, Europe and Japan are structurally ... have a lot of structural problems that don't bode well for them. So, I think all told we see things as being moderate at best, growth wise around the world. I think for the investment management board for this fiscal year, it's ... I think it's unlikely we'll hit seven and a half percent, which is our target return for their pension plans. You never know, but we only have two more months left in the year. That'll have some impact on fiscal year 2021 budget. So, I'd be happy to take questions."

President Carmichael: "Thank you. Are there questions from the committee? If not, thank you very much. Our next item is the Workers Compensation Fund by our newly appointed Insurance Commissioner, Jim Dodrill. Congratulations and welcome."

Jim Dodrill: "Thank you very much. It's a pleasure to be here. Mr. President, Mr. Speaker, Members of the committee, I am Jim Dodrill, the new Insurance Commissioner. You have our report. I believe you all have it and if there are any questions, I'll try to wade my way through them or I'll offer up my newly minted deputy commissioner and general counselor, Erin Hunter."

President Carmichael: "Alright, very good. Are there questions from the committee? If not ... oh yes. I recognize Delegate Bates."

Delegate Bates: "Thank you, Mr. President, Jim. Can you tell me when the last actuarial report was done for the old fund?"

Jim Dodrill: "I believe it was the end of the last fiscal year."

Delegate Bates: "And when is the next one due? Did you hear my question?"

President Carmichael: "Please state your name for the ... "

Erin Hunter: "Yea, Erin Hunter, deputy commissioner, general counsel at the offices of the Insurance Commissioner. Yes, we do them on a fiscal year basis, and our last one was published about ... I think in October and it was for the year ending June 30, 2018. So, we will start on a ... embark on a new one this summer and have the yearend numbers as of June 30, 2019 and it will be available in October. And those are always on our website too, under our reports."

Delegate Bates: "The reports, fiscal year, and it comes out in October, and I can look for the next one in October of this year? Thank you for answering my question. Thank you, Mr. President."

President Carmichael: "Thank you. Are there further questions? Further questions? If not, thank you very much. To the members, the Board of Treasury report distribution is in your packet. Is there other business to come before the committee?"

First let me say members of the committee will also take note of a copy of the OIG audit and legislative claims commission in your packet. Janet Kawash, Clerk of the Claims Commission is available if there are any questions. Are there? From the Claims Commission, Janet?"

Janet Kawash: "I'm Janet Kawash. I'm the Clerk of the Legislative Claims Commission. Our office also administers the West Virginia Crime Victims Compensation Fund and we were notified by the Office of Inspector General, last summer, that we would have an audit of three of our grants. We received federal monies from the federal government. With the fund, operates ... we collect state revenue, a special revenue from criminal fines and assessments, that sort, and then we also are supplemented by federal grants.

The audit team had two on-site visits last summer where they interviewed all of our personnel, spoke extensively with me and our business manager and our fiscal officer, went through all of our claims, tracking systems, talked to our computer people, our IT department. They were very, very thorough, and their investigation went through many, many documents. They were here twice but we had continuous conversations with them online and submitted many documents online. During their initial visit, they highlighted various areas that they saw where there were gaps and where we needed to tighten things up. One of those was fraud training and we implemented that immediately. They also saw some concerns in our CVIC, our claim tracking database. We tightened up some of the ones that we were able to do fairly quickly.

They issued their final report last Tuesday. It has eight recommendations for the Crime Victims Compensation Fund to implement. They have given us an initial deadline of 30 days for us to put together a time frame of when to do those recommendations. The biggest recommendation that came ... the number one recommendation was the lack of written procedures and policies that were in place in this office. We are essentially starting at ground zero to have that recommendation.

I have been in this position since November 2017 and the grants that they were investigating were grants that were issued in 2015, 2016, and 2017, before my arrival. So, we're backtracking with those federal funds, but we are committed to getting them up to par and getting these internal guidelines put into place. The other big thing that they found was there were incorrect calculations included in the applications for these three grants, and ... which resulted in the compensation fund being awarded with more than one million dollars than it should have been. So, the compensation fund owes the federal government \$1,048,000 and that is broken out over the three grants, 2016, 2017, and they actually looked at the 2018 grant as well. We have been working with the office of justice programs to implement the payment plan and the one that we have agreed on is to deobligate the entire 2016 grant. That grant was \$1,043,000. So, if they deobligate that money. That means we had not drawn down any of the monies on that grant which allows us to do that. So, they will just basically take that grant back and then we owe them \$5000 from that point. This will not adversely have an effect on any future grants that we apply for and we will have ... our written guidelines will be very detailed as to what goes into those calculations for those grant applications.

Mistakes were made, we acknowledge that. Figures that were included in those grant calculations such as salaries, that should not have been there. Going forward, we are ... we know exactly ... we have tweaked all of our financial accounting records, so that when we pull reports, we have exactly what the federal government wants. We have been working with the IT department, so far, to tighten up our database and to make sure that the fields that we enter on each claim, track their performance measure tools that we have to issue in the federal quarterly reports. So, there are certain things they are looking for types of crime, and whether it falls into certain categories. So, we are fine tuning our IT department to make those corrections in our database so that when we need a report for how many bullying cases we have, for example, we don't have to go through manual claims. We can just, you know, push the correct data field and pull that in.

Like I said, there were eight areas of concerns that they have highlighted. We have submitted our recommendations and ack ... we ... acknowledgements of those areas which need to be improved and we have just today received our assignment from the justice department as to who our liaison team member will be that we will be working with to implement all these recommendations and expectations. Our number one priority going forward is to correct all these deficiencies and to make sure that all future applications are correct and use the correct data. And I just would really like to recognize the efforts of Londa Sabatino and Leslie Roberts, our business manager who spent countless, countless hours working with this audit team in person and on the phone and electronically, and who painstakingly pulled these reports together manually and found where all these deficiencies were. So, we would not have survived this audit without them and they have just done above and beyond the call of duty."

President Carmichael: "Well, thank you. That's a very thorough report and we really appreciate it. Are there questions of committee members? If not, thank you very much, Ms. Kawash. Also as a separate hand out is West Virginia Sponsorship Program Study. Are you passing that out? It's required by the 2018 HB2694. Byrd White, the Secretary of the Department of Transportation, is available if there are any questions. Otherwise there is no action that the committee need take at this time. If you don't mind, I will call Mr. White to the podium. Welcome, if you would state your name."

Byrd White: "Good evening, Byrd White, Secretary of Transportation."

President Carmichael: "Yes, can you tell us just ... just in a synopsis what this report contains?"

Byrd White: "As you said, this report was requested by the legislature last year. C.D.M. Smith prepared this report. It's 80 pages that says, "Don't do it." Okay?"

President Carmichael: "Questions of the committee. Oh, I recognize Delegate Bates."

Delegate Bates: "Thank you. Were you able to get a sponsor for the report?"

Byrd White: "Pardon me?"

Delegate Bates: "Were you able to get a sponsor for the report?"

Byrd White: "Yes sir, you did."

Delegate Bates: "That's what I thought. Thank you very much."

President Carmichael: "Yea, it's ... thank you. That's a good synopsis. That's the way I understand it as well. So, are there other questions? I recognize Senator Weld."

Senator Weld: "... Secretary, I wish you the best of luck in your new position. The state is counting on you all and your success will be all of our success. So, good luck in your new position and we welcome ... any help that we can give to you, we're ready."

Byrd White: "Thank you. I appreciate it."

President Carmichael: "Yes, very well said. Thank you. Alright, thank you. No further questions. Is there any other further business to come before the committee? Other further business? If not, I recognize Speaker Hanshaw for a motion to adjourn."

Speaker Hanshaw: "I move the committee adjourn."

President Carmichael: "All those in favor will say aye, those opposed no. The ayes appear to have it. The ayes do have it. I declare the meeting adjourned."

WEST VIRGINIA LEGISLATURE

Office of the Legislative Auditor



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

304-347-4870

May 6, 2019

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

- West Virginia Lottery as of March 31, 2019:
Gross profit year to date was \$389.1 million. Gross profit for fiscal year 2018 was \$372.5 million.
- West Virginia Unemployment Compensation Fund as of March 31, 2019:
Total disbursements were \$6 million higher than in fiscal year 2018. Overall ending trust fund balance was \$80.6 million higher on March 31, 2019 than on March 31, 2018.
- General Revenue Fund as of April 30, 2019:
The general revenue collections ended the tenth month of fiscal year 2019 at 102% of the estimate for the year.
- State Road Fund as of April 30, 2019:
The state road fund collections ended the tenth month of fiscal year 2019 at 103% of the estimate for the year.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

MEMORANDUM

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

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

Date: May 03, 2019

Re: Review of West Virginia Lottery Financial Information
As of March 31, 2019

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for March 31, 2019, 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, video lottery, table games, historic resort, and sports wagering. These gross receipts totaled \$853.1 million for July - March 2019. Table games accounted for \$26.6 million of this total. Historic Resort Hotel accounted for \$5.6 million of total gross receipts. Gross lottery revenue has increased by 5% when compared with July - March 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 - March 2019 was \$389.1 million; for July - March of last fiscal year it was \$372.5 million. Expressed as a percentage, gross profit is 4.5% higher for fiscal year 2019 than for fiscal year 2018.

Operating Transfers to the State of West Virginia:

Lottery continued

A total of \$366,345,000.00 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:

Community and Technical College	\$4,498,000.00
Bureau of Senior Services	\$45,169,000.00
Department of Education	\$18,527,000.00
Library Commission	\$11,454,000.00
Higher Education-Policy Commission	\$7,084,000.00
Tourism	\$6,550,000.00
Department of Natural Resources	\$3,196,000.00
Division of Culture and History	\$4,078,000.00
Department of Education and Arts	\$250,000.00
General Revenue Fund	\$0.00
Economic Development Authority	\$8,994,000.00
School Building Authority	\$16,200,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$126,000,000.00

Excess Lottery Fund

Lottery continued

Economic Development Fund	\$18,918,000.00
Higher Education Improvement Fund	\$13,500,000.00
General Purpose Fund	\$46,894,000.00
Higher Education Improvement Fund	\$20,922,000.00
State Park Improvement Fund	\$3,607,000.00
School Building Authority	\$17,090,000.00
Refundable Credit	\$3,155,000.00
WV Racing Commission	\$1,443,000.00
WV DHHR	\$0.00
Teacher's Retirement Savings	\$0.00
Division of Human Services	\$8,000,000.00
WV Lottery Statutory Transfers	\$36,088,000.00
General Revenue	\$0.00
Excess Lottery Surplus	\$0.00
WV Infrastructure Council Fund	\$34,257,000.00
Total State Excess Lottery Revenue Fund	\$203,874,000.00

Total Budgetary Distributions:	\$329,874,000.00
Veterans Instant Ticket Fund	\$346,000.00
TOTAL TRANSFERS	*\$330,220,000.00

* CASH BASIS

Total Accrued last FY 2018:	\$120,860,000.00
Total Cash Distributions FY 2019:	\$330,220,000.00
Applied to FY 2018:	\$120,860,000.00
Applied to FY 2019:	\$209,360,000.00
Accrued for FY 2019 as of March 31:	\$156,985,000.00



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

A handwritten signature in blue ink that reads "John A. Myers".

RE: Monthly Report on Lottery Operations
Month Ending March 31, 2019

DATE: April 17, 2019

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

Financial statements of the Lottery for the month ending March 31, 2019 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$110,031,140 for the month of March.

Transfers of lottery revenue totaling \$32,204,928 made for the month of March to the designated state agencies per Senate Bill 160, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (§29-22A-10), and the Racetrack Table Games Act (§29-22C-27). The amount transferred to each agency is shown in Note 11 on pages 19 and 20 of the attached financial statements.

The number of traditional and limited retailers active as of March 31, 2019 was 1,481 and 1,257 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

WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

March 31, 2019

WEST VIRGINIA LOTTERY

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

ASSETS	March 31, 2019	June 30, 2018
Current Assets:		
Cash and cash equivalents	\$ 173,058	\$ 146,661
Accounts receivable	38,571	32,136
Inventory	654	529
Other assets	1,510	1,175
Total Current Assets	<u>213,793</u>	<u>180,501</u>
Capital assets	61,552	61,552
Less accumulated depreciation and amortization	<u>(14,760)</u>	<u>(13,505)</u>
Net Capital Assets	<u>46,792</u>	<u>48,047</u>
Total Noncurrent Assets	<u>46,792</u>	<u>48,047</u>
Total Assets	<u>\$ 260,585</u>	<u>\$ 228,548</u>
Deferred outflows of resources	<u>\$ 1,339</u>	<u>\$ 1,339</u>
Total assets and deferred outflows	<u>\$ 261,924</u>	<u>\$ 229,887</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 156,985	\$ 120,860
Estimated prize claims	15,157	15,783
Accounts payable	2,122	1,581
Other accrued liabilities	31,087	35,090
Total Current Liabilities	<u>205,351</u>	<u>173,314</u>
Deferred inflows	<u>\$ 1,374</u>	<u>1,374</u>
Net Position:		
Net Investment in capital assets	46,792	48,047
Unrestricted	<u>8,407</u>	<u>7,152</u>
Total Net Position	<u>55,199</u>	<u>55,199</u>
Total net position, liabilities, and deferred inflows	<u>\$ 261,924</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 FIVE MONTH PERIOD ENDED MARCH 31, 2019
(In Thousands)
-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	FY 2019	FY 2018	FY 2019	FY 2018
Lottery revenues				
On-line games	\$ 9,397	\$ 8,184	\$ 66,738	\$ 61,924
Instant games	11,194	9,964	84,940	72,416
Racetrack video lottery	47,551	47,254	376,462	374,286
Limited video lottery	37,922	36,704	291,819	272,273
Table games	3,186	3,423	26,552	26,768
Historic resort	581	564	5,593	4,884
Sports wagering	199	-	1,007	-
	<u>110,030</u>	<u>106,093</u>	<u>853,111</u>	<u>811,551</u>
Less commissions				
On-line games	652	570	4,669	4,324
Instant games	783	698	5,934	5,069
Racetrack video lottery	23,121	22,862	199,033	197,439
Limited video lottery	18,582	17,985	142,991	133,414
Table games	1,351	1,451	11,263	11,349
Historic resort	321	292	2,896	2,596
	<u>44,810</u>	<u>43,858</u>	<u>366,786</u>	<u>354,191</u>
Less on-line prizes	4,701	4,092	33,223	31,310
Less instant prizes	7,464	6,617	56,862	47,736
Less ticket costs	103	139	876	946
Less vendor fees and costs	1,583	913	6,255	5,900
	<u>13,851</u>	<u>11,761</u>	<u>97,216</u>	<u>85,892</u>
Gross profit	<u>51,369</u>	<u>50,474</u>	<u>389,109</u>	<u>372,468</u>
Administrative expenses				
Advertising and promotions	113	509	3,750	3,960
Wages and related benefits	1,186	1,096	8,053	7,537
Telecommunications	126	68	673	602
Contractual and professional	570	733	5,342	3,819
Rental	13	15	151	121
Depreciation and amortization	139	104	1,255	922
Other administrative expenses	93	256	1,079	1,211
	<u>2,240</u>	<u>2,781</u>	<u>20,303</u>	<u>18,172</u>
Other Operating Income	<u>259</u>	<u>150</u>	<u>3,001</u>	<u>3,984</u>
Operating Income	<u>49,388</u>	<u>47,843</u>	<u>371,807</u>	<u>358,280</u>
Nonoperating income (expense)				
Investment income	501	141	2,687	945
Distributions to municipalities and counties	(743)	(719)	(5,720)	(5,337)
Distributions -capital reinvestment	(909)	(935)	(2,429)	(2,533)
Distributions to the State of West Virginia	(48,237)	(46,330)	(366,345)	(351,355)
	<u>(49,388)</u>	<u>(47,843)</u>	<u>(371,807)</u>	<u>(358,280)</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 NINE MONTH PERIOD ENDED MARCH 31, 2019**

(In Thousands)
-Unaudited-

	2019	2018
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 849,677	\$ 804,547
Cash payments for:		
Personnel costs	(8,053)	(7,537)
Suppliers	(9,928)	(9,455)
Other operating costs	(464,025)	(437,728)
Cash provided by operating activities	<u>367,671</u>	<u>349,827</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(330,220)	(374,999)
Distributions to municipalities and counties	(5,589)	(5,165)
Distributions to racetrack from racetrack cap. reinv. fund	(7,792)	(6,889)
Cash used in noncapital financing activities	<u>(343,601)</u>	<u>(387,053)</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>2,327</u>	<u>1,155</u>
Cash provided by investing activities	<u>2,327</u>	<u>1,155</u>
Increase (decrease) in cash and cash equivalents	26,397	(37,633)
Cash and cash equivalents - beginning of period	146,661	156,550
Cash and cash equivalents - end of period	\$ <u>173,058</u>	\$ <u>118,917</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 371,807	\$ 358,280
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	1,255	922
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(6,435)	(11,988)
(Increase) decrease in inventory	(125)	140
(Increase) decrease in other assets	25	82
Increase (decrease) in estimated prize claims	(626)	858
Increase (decrease) in accounts payable	541	158
Increase (decrease) in other accrued liabilities	1,229	1,375
	<u>\$ 367,671</u>	<u>\$ 349,827</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 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 March 31, 2019 the carrying amounts of deposits (overdraft) with financial institutions were \$491 thousand with a bank balance (overdraft) of \$501 thousand. Of this balance \$250 thousand was covered by federal depository insurance with the remaining balance collateralized with securities held by the State of West Virginia's agent in the State's name.

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

	March 31, 2019	June 30, 2018
Deposits with financial institutions	\$ 491	\$ 489
Cash on hand at the Treasurer's Office	18,017	5,022
Investments with BTI reported as cash equivalents	154,550	141,150
	\$ 173,058	\$ 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 March 31, 2019 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2018	Additions	Deletions	Historical Cost At March 31, 2019
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 March 31, 2019
Buildings	\$ 6,466	\$ 925	\$ -	\$ 7,391
Equipment	7,039	330	-	7,369
	<u>\$ 13,505</u>	<u>\$ 1,255</u>	<u>\$ -</u>	<u>\$ 14,760</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 March 31, 2019 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	\$ 5,882,857	\$ 26,748,817
Lotta America	519,529	3,883,773
Mega Millions	1,139,177	20,036,900
Total	\$ 7,541,563	\$ 50,669,490

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 2,953,410	\$ 13,397,651
Lotta America	259,815	1,942,218
Mega Millions	580,639	10,359,392
Total	\$ 3,793,864	\$ 25,699,261

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 March 31, 2019, the Lotteries share of the prize reserve fund balances were as follows:

<u>Game</u>	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 121,046,534	\$ 1,553,687
Lotto America	2,658,184	194,486
Mega Millions	90,308,882	1,034,093
Total	\$ 214,013,600	\$ 2,782,266

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 \$14,521,769 at March 31, 2019, of which the Lottery's share was \$1,325,326.

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 11 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 11.

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

The WV Lottery, along with the Ohio, Rhode Island, Maryland, and Delaware lotteries, participate in Multi-Jurisdictional Wide Area Progressive (MWAP) video games. This allows each of the lotteries to offer a higher progressive jackpot than they could generate alone. MUSL manages the progressive games and charges each participant a MWAP contribution fee of .74% of the amount wagered. A summary of racetrack video lottery revenues for the month ended March 31, 2019 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2019	2018	2019	2018
Total credits played	\$ 512,851	\$ 518,482	\$ 4,132,820	\$ 4,182,945
Credits (prizes) won	(459,048)	(464,489)	(3,702,115)	(3,751,622)
Promotional credits played	(6,252)	(6,736)	(54,243)	(57,012)
MWAP Contributions	-	(3)	-	(25)
Gross terminal income	47,551	47,254	376,462	374,286
Administrative costs	(924)	(881)	(12,417)	(12,198)
Net Terminal Income	46,627	46,373	364,045	362,088
Less distribution to agents	(23,121)	(22,862)	(199,033)	(197,439)
Racetrack video lottery revenues	\$ 23,506	\$ 23,511	\$ 165,012	\$ 164,649

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

	March 31, 2019	Year-to-Date
State Lottery Fund	\$ 6,653	\$ 90,606
State Excess Lottery Revenue Fund	15,966	72,161
Capital Reinvestment Fund	887	2,245
Total nonoperating distributions	\$ 23,506	\$ 165,012

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 March 31, 2019 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2019	2018	2019	2018
Total credits played	\$ 489,793	\$ 462,164	\$ 3,705,086	\$ 3,378,494
Credits (prizes) won	(451,871)	(425,460)	(3,413,267)	(3,106,221)
Gross terminal income	\$ 37,922	\$ 36,704	\$ 291,819	\$ 272,273
Administrative costs	(759)	(734)	(5,836)	(5,445)
Gross Profit	37,163	35,970	285,983	266,828
Commissions	(18,582)	(17,985)	(142,991)	(133,414)
Municipalities and Counties	(743)	(719)	(5,720)	(5,337)
Limited video lottery revenues	<u>\$ 17,838</u>	<u>\$ 17,266</u>	<u>\$ 137,272</u>	<u>\$ 128,077</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 11- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended March 31, 2019 were \$9,104,124 and \$75,863,532, 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	\$ 3,186	\$ 3,423	\$ 26,552	\$ 26,768
Interest on Table Games Fund	6	5	50	29
Administrative costs	(273)	(293)	(2,276)	(2,294)
Total Available for Distribution	<u>2,919</u>	<u>3,135</u>	<u>24,326</u>	<u>24,503</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	205	220	1,707	1,721
Thoroughbred & Greyhound Development Funds	164	176	1,366	1,377
Racing Association Pension Plan	80	86	670	674
Municipalities/ Counties	<u>902</u>	<u>969</u>	<u>7,520</u>	<u>7,577</u>
Total Distributions	<u>1,351</u>	<u>1,451</u>	<u>11,263</u>	<u>11,349</u>
Excess Lottery Fund	<u>\$ 1,568</u>	<u>\$ 1,684</u>	<u>\$ 13,063</u>	<u>\$ 13,154</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 March 31, 2019 and fiscal year-to-date follows (in thousands):

	2019	2018	2019	2018
Total credits played	\$ 6,611	\$ 6,073	\$ 65,339	\$ 58,483
Credits (prizes) won	(6,035)	(5,599)	(60,647)	(54,339)
Promotional credits played	(117)	(79)	(775)	(552)
Gross terminal income	459	395	3,917	3,592
Capital reinvestment	(22)	(19)	(184)	(168)
Excess Lottery Fund	(4)	(3)	(35)	(32)
Administrative costs	(24)	(21)	(212)	(194)
Hotel commissions	(194)	(167)	(1,657)	(1,519)
Net terminal income	215	185	1,829	1,679
Historic Resort Hotel Fund	137	118	1,164	1,069
Human Resource Benefit Fund	78	67	665	610

**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 March 31, 2019 were \$348,412 and \$4,788,771, 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:

	2019	2018	2019	2018
Table games privilege tax	\$ 122	\$ 169	\$ 1,676	\$ 1,292
Administrative Costs	(16)	(22)	(215)	(166)
Total Available for Distribution	106	147	1,461	1,126
Historic Resort Hotel Fund	89	123	1,222	941
Human Resource Benefit Fund	17	24	239	185

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):

	Current Month	Year-to-Date
Historic Resort Hotel Video Lottery	\$ 137	\$ 1,164
Historic Resort Table Games	89	1,222
Interest on Historic Resort Hotel Fund	1	7
Historic Resort Hotel Fund Net Income	227	2,393
Municipalities/ Counties	32	335
Excess Lottery Fund	195	2,058
Total Distributions	\$ 227	\$ 2,393

**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 March 31, 2019 were \$1,993,865 and \$10,075,885, 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	
	2019	2018	2019	2018
Sports Wagering Privilege Tax	\$ 199	\$ -	\$ 1,007	\$ -
Interest on Sports Waging Fund	-	-	-	-
Administrative Costs	(30)	-	(151)	-
Total Available for Distribution	169	-	856	-

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 March 31, 2019 the Lottery has accrued additional distributions of \$156,985,264. The Lottery is a non-appropriated state agency and therefore does not have a legally adopted annual budget.

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

<u>BUDGETARY DISTRIBUTIONS</u>	<u>March 31, 2019</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 4,498
Bureau of Senior Services		45,169
Department of Education		18,527
Library Commission		11,454
Higher Education-Policy Commission		7,084
Tourism		6,550
Natural Resources		3,196
Division of Culture & History		4,078
Department of Education & Arts		250
Economic Development Authority	999	8,994
School Building Authority	1,800	16,200
Total State Lottery Fund	<u>\$ 3,299</u>	<u>\$ 126,000</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 2,102	\$ 18,918
Higher Education Improvement Fund	1,500	13,500
General Purpose Account	7,262	46,894
Higher Education Improvement Fund	3,240	20,922
State Park Improvement Fund	559	3,607
School Building Authority	1,899	17,090
Refundable Credit	1,441	3,155
WV Racing Commission	223	1,443
WV Department of Health and Human Resources		
Teacher's Retirement Savings		
Division of Human Services		8,000
WV Lottery Statutory Transfers	5,588	36,088
General Revenue		-
Excess Lottery Surplus		-
West Va. Infrastructure Council	5,069	34,257
Total State Excess Lottery Revenue Fund	\$ 28,883	\$ 203,874
Total Budgetary distributions:	\$ 32,182	\$ 329,874
Veterans Instant Ticket Fund	\$ 23	\$ 346
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 32,205	\$ 330,220
Accrued nonoperating distributions, beginning	(140,953)	(120,860)
Accrued nonoperating distributions, end	156,985	156,985
	\$ 48,237	\$ 366,345

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 March 31, 2019 and March 31, 2018 approximated \$150,789 and \$120,839 respectively.

The Lottery leases office space under the terms of a non-cancellable operating lease to various tenants. Rental revenues for the fiscal year-to-date ended March 31, 2019 and March 31, 2018 approximated \$814,127 and \$767,565 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 March 31, 2019 and fiscal year-to-date are as follows (in thousands):

	<u>March 31, 2019</u>	<u>Year-to-Date</u>
Employee contributions	\$ 42	\$ 281
Lottery contributions	89	613
Total contributions	<u>\$ 131</u>	<u>\$ 894</u>

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 SIX MONTH PERIOD ENDED MARCH 31, 2019
 (In Thousands)**

	Current Month		FISCAL YEAR	
	Actual	Projected	Actual	Projected
Gross Revenues				
Instant games	11,194	7,500	84,939	67,500
On-line games	9,397	5,034	66,739	45,300
Racetrack video lottery	47,552	40,015	376,563	331,454
Limited video lottery	37,922	34,006	291,819	261,668
Racetrack table games	3,186	2,605	26,552	21,955
Historic resort	581	318	5,593	3,313
Sports wagering	199	-	970	-
Total gross revenues	110,031	89,478	853,175	731,190
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,361	871	10,031	7,835
On-line games	2,758	1,444	19,718	13,000
Racetrack Video Lottery	6,697	5,151	91,003	81,397
Sports wagering	170	-	1,361	-
Total Lottery Fund net revenues	10,986	7,466	122,113	102,232
Excess Lottery Fund				
Racetrack Video Lottery	16,064	14,078	72,548	61,225
Limited Video Lottery	18,141	15,996	138,747	123,089
Limited Video Lottery Fees	5	-	983	-
Racetrack table games	1,568	1,279	13,064	10,770
Historic resort	199	111	2,092	1,229
Total Excess Lottery Fund Net Revenues	35,977	31,464	227,434	196,313
Total Net Revenues	46,963	38,930	349,547	298,545

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

304-347-4870

Memorandum

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

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

Date: May 3, 2019

Re: Status of General Revenue Fund and State Road Fund as of
April 30, 2019 (FY 19)

We have reviewed the cash flow of the West Virginia general revenue fund as of April 30, 2019 which is the end of the tenth month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 102% of the estimate for the fiscal year. Total collections were \$73 million above the estimate for the fiscal year.

Personal Income Tax collections were \$14.8 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$2.6 million above the estimate for the year.

Severance Tax was \$19 million above the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$27.5 million above the estimate for the fiscal year.

State Road Fund

The state road fund collections were 103% of the estimate for the fiscal year. Total collections were \$20.8 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 \$291,516,869.24 as of April 30, 2019.

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	4,486,254.29
Balance April 30, 2019	291,516,869.24

Revenue Shortfall Reserve **Fund B** (Tobacco Settlement Monies) had a cash balance of \$446,811,850.90 as of April 30, 2019.

Balance July 1, 2018	440,709,603.60
Earnings	(6,102,247.30)
Balance April 30, 2018	446,811,850.90

The **Personal Income Tax Reserve** Fund had a \$11 million cash balance as of April 30, 2019.

Balance July 1, 2018	11,000,000.00
Balance April 30, 2019	11,000,000.00

**STATE OF WEST VIRGINIA
REVENUE COLLECTIONS
FISCAL YEAR 2019
as of APRIL 30, 2019**

GENERAL REVENUE FUND

	MONTH ESTIMATES	ACTUAL MONTH COLLECTIONS	FINAL MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	ACTUAL YTD COLLECTIONS	YTD COLLECTIONS OVER ESTIMATES	YTD PERCENT COLLECTED
Personal Income Tax	\$ 307,900,000	\$ 333,190,222	\$ 25,290,222	\$ 1,725,300,000	\$ 1,740,080,504	\$ 14,780,504	101%
Consumer Sales Tax & Use Tax	98,000,000	100,556,706	2,556,706	1,099,500,000	1,102,105,759	2,605,759	100%
Severance Tax	35,300,000	46,397,260	11,097,260	348,200,000	367,185,191	18,985,191	105%
Corporate Net Income Tax	30,200,000	45,235,166	15,035,166	122,513,000	149,967,944	27,454,944	122%
Insurance Tax	30,400,000	29,847,555	(552,445)	122,400,000	128,214,517	5,814,517	105%
Tobacco Products Tax	13,900,000	13,307,010	(592,990)	148,600,000	140,253,965	(8,346,035)	94%
Business and Occupation	15,500,000	17,198,761	1,698,761	96,200,000	101,693,879	5,493,879	106%
Liquor Profit Transfers	2,000,000	2,009,850	9,850	15,800,000	17,294,844	1,494,844	109%
Departmental Collections	1,400,000	1,223,935	(176,065)	20,800,000	19,947,897	(852,103)	96%
Property Transfer Tax	930,000	901,243	(28,757)	11,100,000	10,640,878	(459,122)	96%
Property Tax	680,000	558,657	(121,343)	6,515,000	6,557,605	42,605	101%
Beer Tax and Licenses	595,000	638,039	43,039	5,655,000	5,707,475	52,475	101%
Miscellaneous Transfers	60,000	31,850	(28,150)	880,000	2,053,321	1,173,321	233%
Interest Income	2,500,000	4,099,485	1,599,485	18,000,000	20,881,271	2,881,271	116%
Refundable Credit Reimb Liability	3,200,000	-	(3,200,000)	9,300,000	3,155,495	(6,144,505)	34%
HB 102 - Lottery Transfers	8,100,000	9,076,958	976,958	48,000,000	55,970,485	7,970,485	117%
Miscellaneous	350,000	345,867	(4,133)	7,900,000	7,658,472	(241,528)	97%
Business Franchise Fees	54,000	62,976	8,976	553,000	629,671	76,671	114%
Estate & Inheritance Tax	0	-	-	0	-	-	0%
Liquor License Renewal	0	-	-	0	-	-	0%
Special Revenue Transfers	0	-	-	13,250,000	17,123,327	3,873,327	129%
Charter Tax	0	325	325	0	8,771	8,771	0%
Video Lottery Transfers	0	13,174	13,174	0	311,305	311,305	0%
July-Dec Retro Rev Adj	0	-	-	0	-	-	0%
Cash Flow Transfer	0	-	-	0	-	-	0%
SUBTOTALS	\$ 551,069,000	\$ 604,695,041	\$ 53,626,041	\$ 3,820,466,000	\$ 3,897,442,576	\$ 76,976,576	
Less: Cash Flow Transfer	0	0	0	0	0	0	
Less: Special Revenue Transfer	0	0	0	13,250,000	17,123,327	3,873,327	
TOTALS	\$ 551,069,000	\$ 604,695,041	\$ 53,626,041	\$ 3,807,216,000	\$ 3,880,319,249	\$ 73,103,249	

Percent of Estimates

110%

102%

Collections this day

\$ 59,920,375

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

May 1, 2019

**STATE OF WEST VIRGINIA
REVENUE COLLECTIONS
FISCAL YEAR 2019
as of APRIL 30, 2019**

STATE ROAD FUND

	MONTH ESTIMATES	NET MONTH COLLECTIONS	FINAL COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES	YTD PERCENT COLLECTED
Motor Fuel Tax	\$ 51,700,000	\$ 39,195,563	\$ (12,504,437)	\$ 386,300,000	\$ 382,397,004	\$ (3,902,996)	99.6%
Sales/Privilege Tax	22,188,000	22,633,105	445,105	189,341,000	193,897,901	4,556,901	102%
Licenses & Registration	11,799,000	11,026,309	(772,691)	110,055,000	127,773,827	17,718,827	116%
Miscellaneous	992,000	1,242,561	250,561	14,307,000	16,733,436	2,426,436	117%
Highway Litter Control	142,000	143,151	1,151	1,285,000	1,313,182	28,182	102%
Federal Reimbursement	26,325,000	58,622,146	32,297,146	402,079,000	316,578,929	(85,500,071)	79%
SUBTOTALS	\$ 113,146,000	\$ 132,862,835	\$ 19,716,835	\$ 1,103,367,000	\$ 1,038,694,278	\$ (64,672,722)	
Less: Federal Reimbursement	26,325,000	58,622,146	32,297,146	402,079,000	316,578,929	(85,500,071)	
TOTALS	\$ 86,821,000	\$ 74,240,688	\$ (12,580,312)	\$ 701,288,000	\$ 722,115,349	\$ 20,827,349	

Percent of Estimates

86%

103%

Collections this day

\$ 10,115,740

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of April 30, 2019 : \$ 291,516,869.24

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of April 30, 2019: \$446,811,850.90

PERSONAL INCOME TAX REFUND RESERVE FUND as of April 30, 2019: \$11,000,000.00

Source: WV OASIS

Prepared by: Legislative Auditor's Office, Budget Division

May 1, 2019

**STATE OF WEST VIRGINIA
COMPARISON OF REVENUE
APRIL 2018 vs APRIL 2019**

STATE ROAD FUND

	Actual Collections April 2018	Actual Collections April 2019	Actual Collections 8 Months July 2017-April 2018	Actual Collections 8 Months July 2018-April 2019	YTD Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Gasoline & Motor Carrier Rd Tax	53,472,160	\$ 39,195,563	367,080,789	\$ 382,397,004	\$ 15,316,215	4%
Privilege Tax	21,683,067	22,633,105	185,030,104	193,897,901	8,867,797	5%
Licenses & Registration	12,153,014	11,026,309	113,353,683	127,773,827	14,420,144	13%
Miscellaneous	987,870	1,242,561	49,234,905	16,733,436	(32,501,469)	-66%
Highway Litter Control	87,809	143,151	1,235,375	1,313,182	77,807	6%
Federal Reimbursement	0	58,622,146	0	316,578,929	316,578,929	0%
SUBTOTALS	<u>\$ 88,383,920</u>	<u>\$ 132,862,835</u>	<u>\$ 715,934,855</u>	<u>\$ 1,038,694,278</u>	<u>\$ 322,759,423</u>	
Less: Federal Reimbursement	0	\$58,622,146	0	316,578,929	316,578,929	
TOTALS	<u>\$ 88,383,920</u>	<u>\$ 74,240,688</u>	<u>\$ 715,934,855</u>	<u>\$ 722,115,349</u>	<u>\$ 6,180,494</u>	
 Increase/Decrease over Prior Period		\$ (14,143,232)		\$ 6,180,494		
 % Increase/Decrease over Prior Period		-16.0%		0.9%		

Source: WV OASIS
Prepared by: Legislative Auditor's Office, Budget Division
May 3, 2019

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

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

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

Date: May 3, 2019

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the March 31, 2019 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of March 31, 2019 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	\$ 124,367,727.29
Disbursements July 1, 2018 thru June 30, 2019	\$ 118,951,956.28
Balance March 31, 2019	\$ 142,633,817.90

ITEMS OF NOTE:

Regular benefits paid for July - March 2019 were \$ 6 million more than July - March 2018.

Federal emergency benefits totaled -\$25 thousand for July - March 2019. For July - March 2018, federal emergency benefits totaled -\$40 thousand.

Total disbursements were \$ 6 million more in July - March 2019 than the preceding July - March 2018.

Receipts as of July - March 2019, were \$ 17.6 million more than in July - March 2018. Overall ending trust fund balance was \$80.6 million higher on March 31, 2019 than on March 31, 2018.

Seasonally adjusted unemployment rates for March 2019 were 5.1 percent for West Virginia and 3.8 percent nationally.

Since March 2018, employment has increased by 19,200. Employment gains included 800 in educational and health services, 15,800 in construction, 1,100 in manufacturing, 300 in government, 200 in trade, transportation, and utilities, 500 in information, 300 in financial activities, and 1,100 in mining and logging. Employment declines included 300 in other services, and 600 in professional and business services. Employment in leisure and hospitality was unchanged over the year.

April 15, 2019

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 March 2019.

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

Sincerely,



Russell L. Fry
Acting Executive Director

RLF/gew

Enclosure

pc: Jim Justice

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING JANUARY 2018 2017 AND JANUARY 2019**

	<u>JANUARY 2018</u>	<u>FEBRUARY 2018</u>	<u>MARCH 2018</u>	<u>JANUARY 2019</u>	<u>FEBRUARY 2019</u>	<u>MARCH 2019</u>	<u>THREE MONTH TOTAL VARIANCE *</u>	
Balance Forward	<u>\$82,800,185.87</u>	<u>\$80,474,378.65</u>	<u>\$73,375,587.75</u>	<u>\$169,778,480.26</u>	<u>\$169,779,249.09</u>	<u>\$159,645,410.75</u>	<u>\$262,553,007.84</u>	
Add Receipts:								
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1. Bond Assessment
2. Regular Contributions:	<u>\$15,674,280.52</u>	<u>\$8,796,678.99</u>	<u>\$994,790.81</u>	<u>\$18,352,446.90</u>	<u>\$9,774,285.64</u>	<u>\$1,728,365.84</u>	<u>\$4,389,348.06</u>	2. Regular Contributions:
3. Federal Emergency Benefits (EUC08)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	3. Federal Emergency Benefits (EUC08)
4. Federal Share Extended Benefits (EB)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	4. Federal Share Extended Benefits (EB)
5. Temp Federal Additional Comp (FAC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	5. Temp Federal Additional Comp (FAC)
6. UCFE (Federal Agencies)	<u>\$99,137.83</u>	<u>\$94,936.51</u>	<u>\$77,409.79</u>	<u>\$259,347.24</u>	<u>\$80,858.40</u>	<u>\$68,655.90</u>	<u>\$137,377.61</u>	6. UCFE (Federal Agencies)
7. Special Administrative Transfer	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	7. Special Administrative Transfer **
8. Reed Act Funds**	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	8. Reed Act Funds
9. UC Modernization Incentive	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	9. UC Modernization Incentive
10. Treasury Interest Credits	\$0.00	\$0.00	\$414,462.84	\$0.00	\$0.00	\$947,014.40	\$532,551.76	10. Treasury Interest Credits
11. UCX (Military Agencies)	<u>\$81,553.48</u>	<u>\$72,633.58</u>	<u>\$69,540.23</u>	<u>\$35,428.70</u>	<u>\$34,171.48</u>	<u>\$30,010.22</u>	<u>(\$124,116.89)</u>	11. UCX (Military Agencies)
12. WV Senate Bill 558	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	12. WV Senate Bill 558
13. CMIA Receipts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	13. CMIA Receipts
Total Monthly Receipts	<u>\$15,854,971.63</u>	<u>\$8,964,249.08</u>	<u>\$1,558,203.47</u>	<u>\$18,647,222.84</u>	<u>\$9,889,315.52</u>	<u>\$2,774,046.36</u>	<u>\$4,935,160.54</u>	Total Monthly Receipts
Less Disbursements:								Less Disbursements:
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	Debt Bond Repayment
Regular Benefits:	<u>\$18,024,210.90</u>	<u>\$15,895,382.86</u>	<u>\$12,758,132.66</u>	<u>\$18,366,996.68</u>	<u>\$19,949,275.00</u>	<u>\$19,701,580.69</u>	<u>\$11,340,125.95</u>	Regular Benefits:
Federal Emergency Benefits (EUC08)	<u>(\$3,110.00)</u>	<u>(\$2,920.88)</u>	<u>(\$2,344.88)</u>	<u>(\$9,825.00)</u>	<u>(\$1,965.00)</u>	<u>(\$2,095.00)</u>	<u>(\$5,509.24)</u>	Federal Emergency Benefits (EUC08)
Federal Share Extended Benefits (EB)	\$0.00	(\$90.00)	(\$15.00)	\$0.00	\$0.00	\$0.00	\$105.00	Federal Share Extended Benefits (EB)
Emergency Benefits (TEUC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Emergency Benefits (TEUC)
Temp Federal Additional Comp (FAC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Temp Federal Additional Comp (FAC)
UCFE (Federal Workers) Benefits	<u>\$89,066.21</u>	<u>\$96,328.66</u>	<u>\$75,854.61</u>	<u>\$254,988.39</u>	<u>\$42,422.47</u>	<u>\$58,599.77</u>	<u>\$94,761.15</u>	UCFE (Federal Workers) Benefits
UCX (Military Workers) Benefits	<u>\$70,611.74</u>	<u>\$74,359.34</u>	<u>\$58,944.91</u>	<u>\$34,293.94</u>	<u>\$33,421.39</u>	<u>\$27,553.75</u>	<u>(\$108,646.91)</u>	UCX (Military Workers) Benefits
Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Reed Act Funds
Special Administrative Transfer**	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Special Administrative Transfer**
Total Monthly Disbursements	<u>\$18,180,778.85</u>	<u>\$16,063,059.98</u>	<u>\$12,890,572.30</u>	<u>\$18,646,454.01</u>	<u>\$20,023,163.86</u>	<u>\$19,785,639.21</u>	<u>\$11,320,835.95</u>	Total Monthly Disbursements
Trust Fund Balance	<u>\$80,474,378.65</u>	<u>\$73,375,567.75</u>	<u>\$62,041,198.92</u>	<u>\$169,779,249.09</u>	<u>\$159,645,410.75</u>	<u>\$142,633,817.90</u>	<u>\$256,167,332.43</u>	Trust Fund Balance

* Three month total variance column is the difference between the sum of the previous year's three months data for each category and the current year's three months data. The purpose of the report is to show significant changes in receipts, disbursements, or balances.

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

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

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

UC TRUST FUND PROJECTIONS - 2019

May 8, 2019

Month	Receipts	Disbursements	Trust Fund Balance
2018			
Balance 1/1/2018			\$ 82,800,186
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	\$ 10,958,388	\$ 9,618,313	\$ 181,133,919
December	\$ 2,114,666	\$ 13,470,105	\$ 169,778,480
Totals - 2018	\$ 228,717,450	\$ 141,739,156	\$ 169,778,480

2019			
January	\$ 18,647,223	\$ 18,646,454	\$ 169,779,249
February	\$ 9,889,316	\$ 20,023,154	\$ 159,645,411
March	\$ 2,774,046	\$ 19,785,639	\$ 142,633,818
April	\$ 72,098,812	\$ 18,763,620	\$ 195,969,010
May	\$ 53,848,741	\$ 13,158,263	\$ 236,659,488
June	\$ 2,178,045	\$ 11,190,144	\$ 227,647,389
July	\$ 36,798,051	\$ 14,713,693	\$ 249,731,747
August	\$ 23,678,055	\$ 11,380,411	\$ 262,029,391
September	\$ 2,367,624	\$ 9,920,481	\$ 254,476,534
October	\$ 30,929,614	\$ 10,480,180	\$ 274,925,968
November	\$ 12,847,614	\$ 11,954,601	\$ 275,818,981
December	\$ 2,479,234	\$ 16,741,994	\$ 261,556,221
Totals - 2019	\$ 268,536,375	\$ 176,758,634	\$ 261,556,221

PEIA

May 2019

Interim Packet

PEIA May Interim Talking Points

- **PEIA and RHBT preliminary financial results for March 2019 are available for your review.**
- **PEIA year to date statements indicate PEIA is ahead of plan by \$27 million. This is primarily due to lower than forecast prescription drug claim expenses.**
- **RHBT year to date statements indicate RHBT behind plan by (\$1) 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 \$167 and \$52 million respectively.**
- **These reserve levels represent 24% and 37% 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

May 13, 2019

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

1. The December 31, 2018 Quarterly Report issued March 31, 2019, 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	\$167,759,582	\$52,377,111	\$1,020,010,023

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	\$167,759,582	\$52,377,111	\$220,136,693
Percentage	23.6%	37.4%	25.9%
	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 29% of the actuarially required balance:

	RHBT
June 30, 2019	OPEB Reserve
Reserve Balance	\$1,020,010,023
Percentage	29%
	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 \$314 million over the next four years, requiring an average of \$78 million a year in either increased premiums or benefit reductions.

	FY 2020	FY 2021	FY 2022	FY 2023
Medical Trend	8.0%	8.5%	9.0%	9.5%
Rx Trend	12.0%	12.5%	13.0%	13.5%

5. Total amount of benefit payments paid for the month:

	PEIA	RHBT	Total
March 2019	\$60,648,000	\$16,776,000	\$77,424,000

Sincerely,



Jason A. Haught, CPA
Chief Financial Officer

West Virginia Public Employees Insurance Agency
Statement of Changes in Plan Net Position
For the Nine Months Ending Sunday, March 31, 2019
(Dollars in Thousands)
(Unaudited-For Internal Use Only)

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
OPERATING REVENUE							
Premium Revenue							
\$276,451	\$286,902	\$281,275	Health Insurance - State Gov. - Employers	(\$10,451)	(4%)	(\$4,824)	(2%)
92,018	95,319	95,268	Health Insurance - State Gov. - Employees	(3,301)	(3%)	(3,250)	(3%)
74,458	73,172	70,167	Health Insurance - Local Gov. - All	1,286	2%	4,291	6%
3,505	3,392	3,522	Administrative Fees, Net of Refunds	113	3%	(17)	(0%)
1,087	1,671	1,878	Other Premium Revenue	(584)	(35%)	(791)	(42%)
447,519	460,456	452,110	Total Operating Revenue	(12,937)	(3%)	(4,591)	(1%)
NON-OPERATING REVENUE							
1,012	971	1,000	Life Insurance	41	4%	12	1%
23,250	23,250	7,500	Direct Transfer	0	0%	15,750	210%
6,096	3,305	7,994	Interest and Investment Income	2,791	84%	(1,898)	(24%)
113,534	115,500	116,676	WV RHBT Pay Go Premiums	(1,966)	(2%)	(3,142)	(3%)
143,892	143,026	133,170	Total Non-Operating Revenue	866	1%	10,722	8%
591,411	603,482	585,280	TOTAL REVENUE	(12,071)	(2%)	6,131	1%
EXPENSES							
287,254	287,953	281,464	Claims Expense - Medical	699	0%	(5,790)	(2%)
97,730	135,146	98,100	Claims Expense - Drugs	37,416	28%	370	0%
34,919	34,321	32,412	Payments to Managed Care Org.	(598)	(2%)	(2,507)	(8%)
8,776	8,624	8,367	Administrative Service Fees	(152)	(2%)	(409)	(5%)
300	784	354	Wellness and Disease Management	484	62%	54	15%
3,535	3,681	3,542	Other Operating Expenses	146	4%	7	0%
919	813	929	Life Insurance Expense	(106)	(13%)	10	1%
240	240	242	ACA Comparative Effectiveness Fee	0	0%	2	1%
113,534	115,500	116,676	WV RHBT Pay Go Premiums	1,966	2%	3,142	3%
547,207	587,062	542,086	TOTAL EXPENSES	39,855	7%	(5,121)	(1%)
44,204	16,420	43,194	YTD Surplus (Deficit)	27,784	169%	1,010	2%
194,554	194,554	149,046	Total Net Position, Beginning of Period	0	0%	45,508	31%
135,064	107,280	192,240	End of Period Net Position, Unrestricted	27,784	0%	(57,176)	(30%)
103,694	103,694	0	End of Period Net Position, PEIA PSR	0	0%	103,694	100%
\$238,758	\$210,974	\$192,240	Total Net Position, End of Period	\$27,784	13%	\$46,518	24%

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For the Nine Months Ending Sunday, March 31, 2019
In Thousands

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
			ADDITIONS				
			Employer Premiums:				
\$2,271	\$2,244	\$2,313	Health premiums - Non Par	\$27	1%	(\$42)	(2%)
11,774	11,895	13,159	Health Premiums - RLC Health, Life	(121)	(1%)	(1,385)	(11%)
114,213	115,500	116,676	Pay Go Premiums	(1,287)	(1%)	(2,463)	(2%)
22,500	22,500	22,500	State appropriation - OPEB	-	0%	-	0%
3,750	3,750	3,750	State appropriation - Premium	-	0%	-	0%
154,508	155,889	158,398	Total Employer Premiums	(1,381)	(1%)	(3,890)	(2%)
			Other Additions:				
1,109	900	900	Retiree Drug Subsidy	209	23%	209	23%
21,162	43,283	62,377	Investment Income	(22,121)	(51%)	(41,215)	(66%)
176,779	200,072	221,675	TOTAL ADDITIONS	(23,293)	(12%)	(44,896)	(20%)
			DEDUCTIONS				
96,534	112,726	104,541	Payments to Managed Care Org.	16,192	14%	8,007	8%
17,816	18,290	17,419	Life Insurance Expense	474	3%	(397)	(2%)
39,313	46,737	40,373	Medical Claims Expense	7,424	16%	1,060	3%
21,212	22,081	21,200	Pharmacy Claims Expense	869	4%	(12)	(0%)
25	25	24	Comparative Effectiveness Research Fee	-	0%	(1)	(4%)
1,103	1,067	1,050	Administrative Service Fees (External)	(36)	(3%)	(53)	(5%)
(50,249)	(52,406)	(50,245)	Member Health premiums	(2,157)	4%	4	(0%)
(17,845)	(18,568)	(17,389)	Member Life Insurance Premiums	(723)	4%	456	(3%)
2,206	2,198	1,930	Other Operating Expenses	(8)	(0%)	(276)	(14%)
110,115	132,150	118,903	TOTAL DEDUCTIONS	22,035	17%	8,788	7%
66,664	67,922	102,772	NET POSITION INCREASE	(1,258)	(2%)	(36,108)	(35%)
			Net Position Restricted for Post Employment Benefits				
963,115	963,115	823,911	Beginning of Period Total Net Position	-	0%	139,204	17%
991,672	992,930	926,683	End of Period Net Position - Restricted	(1,258)	(0%)	64,989	7%
38,107	38,107	-	End of Period Net Position - PSR	-	0%	38,107	100%
\$1,029,779	\$1,031,037	\$926,683	End of Period Total Net Position	(\$1,258)	(0%)	\$103,096	11%

West Virginia Board of Risk and Insurance Management
Unaudited Statement of Net Position and
Statement of Revenues, Expenses and Changes in Net Position
For the Nine Months Ending March 31, 2019

Talking Points for May 2019 Interim Joint Committee on Government & Finance Meeting

1. **Premium Revenue** thru March reflects the premiums earned for the first nine months of the fiscal year. Premium revenue has increased by \$3.6 million for FY'19 based on the actuarially projected increase in loss pics for the current year.
2. **Claims Expense** reflects all claims payments made thru March plus reserve increases. Net claims payments for the current fiscal year to date are approximately \$1.4 million higher than for the same period last year. Claims reserves and IBNR have increased \$10.1 million over the prior year. The combined effect of these two items results in claims expense being \$11.5 million higher for the current year.
3. **Investment Income** for fiscal year 2019 reflects net earnings of \$11.5 million for the first nine months and is \$4.5 million more than last year due to better fixed income returns this fiscal year.
4. BRIM has no un-funded liability and continues to pursue pro-active loss control initiatives.

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Nine Months Ended March 31st

	2019	2018
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 30,445	\$ 27,071
Advance deposits with insurance company and trustee	215,738	201,775
Receivables	1,277	826
Prepaid insurance	1,562	1,675
Restricted cash and cash equivalents	16,571	13,045
Premiums due from other entities	878	643
Total current assets	266,471	245,036
Noncurrent assets:		
Equity position in internal investments pools	98,033	96,402
Restricted investments	56,614	55,672
Total noncurrent assets	154,647	152,074
Total assets	421,118	397,110
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	9,800	9,445
Agent commissions payable	1,004	810
Claims Payable	05	78
Accrued expenses and other liabilities	2,971	2,981
Total current liabilities	64,233	61,028
Estimated unpaid claims and claims adjustment expense net of current portion	131,475	124,109
Compensated absences	122	107
Net pension liability	331	766
Total noncurrent liabilities	131,928	124,982
Total liabilities	196,161	186,010
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)	8,426	12,192
Net position	\$ 225,037	\$ 211,520

Unaudited

West Virginia Board of Risk and Insurance Management
 Statements of Revenues, Expenses, and Changes in Net Position

For the Nine Months Ended March 31st

	2019	2018
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 62,939	\$ 59,116
Less coverage/reinsurance programs	(5,064)	(4,843)
Net operating revenues	57,875	54,272
 Operating expenses		
Claims and claims adjustment expense	57,329	45,878
General and administrative	3,571	3,224
Total operating expenses	60,900	49,102
 Operating income (loss)	(3,025)	5,170
 Nonoperating revenues		
Investment income	11,451	7,022
Net nonoperating revenues	11,451	7,022
Changes in net position	8,426	12,192
 Total net position, beginning of year	216,611	199,328
 Total net position, end of period	\$ 225,037	\$ 211,520

Unaudited

Department of Administration Real Estate Division Leasing Report
For the period of April 1 - 30, 2019

There are 12 leasing changes for this period and they are as follows:

- 1 – New Contract of Lease (SUB) – DOA Owned
- 8 – Straight Renewal – DOA Owned
- 2 – Straight Renewal
- 1 – Renewal with Increase in Rent

Department of Administration Real Estate Division Leasing Report
For the period of April 1, 2019 through April 30, 2019

NEW CONTRACT OF LEASE – DOA OWNED

FBMC BENEFITS MANAGEMENT, INC.

FMB-001-SUB New Contract of Sub-Lease for 53 month(s) consisting of 176 square feet of office space at the annual rate of \$1.00, full service, 601 57th Street, S.E., Suite #1087, in the City of Charleston, Kanawha County, West Virginia.

STRAIGHT RENEWAL – DOA OWNED

DIVISION OF NATURAL RESOURCES

NAT-131 Renewal for 1 year consisting of 35,460 square feet of office space at the current annual per square foot rate of \$11.00, annual cost \$390,060.00, full service, 318-324 Fourth Avenue, in the City of South Charleston, Kanawha County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-139 Renewal for 3 years consisting of 46,108 square feet of office space at the current annual per square foot rate of \$17.00, annual cost \$783,836.00, full service, 2699 Park Avenue, in the City of Huntington, Cabell County, West Virginia.

HHR-147 Renewal for 3 years consisting of 11,272 square feet of office space at the current annual per square foot rate of \$11.00, annual cost \$123,991.92, full service, 1900 Kanawha Boulevard, East, in the City of Charleston, Kanawha County, West Virginia.

HHR-256 Renewal for 3 years consisting of 30,200 square feet of office space at the current annual per square foot rate of \$12.00, annual cost \$362,400.00, full service, 130 Stratton Street, in the City of Logan, Logan County, West Virginia.

HHR-238 Renewal for 3 years consisting of 46,981 square feet of office space at the current annual per square foot rate of \$19.00, annual cost \$892,650.96, full service, 416 Adams Street, in the City of Fairmont, Marion County, West Virginia.

HHR-168 Renewal for 3 years consisting of 38,209 square feet of office space at the current annual per square foot rate of \$13.15, annual cost \$502,448.35, full service, corner of 5th Street and Avery Street, in the City of Parkersburg, Wood County, West Virginia.

HHR-193 Renewal for 3 years consisting of 20,514 square feet of office space at the current annual per square foot rate of \$17.00, annual cost \$348,738.00, full service, 100 Municipal Plaza, in the City of Weirton, Hancock County, West Virginia.

HHR-206 Renewal for 3 years consisting of 79,227 square feet of office space at the current annual per square foot rate of \$11.00, annual cost \$ 871,497.00, full service, One Davis Square, in the City of Charleston, Kanawha County, West Virginia.

STRAIGHT RENEWAL

GENERAL SERVICES DIVISION

GSD-012 Renewal for 1 year consisting of 80 parking spaces at the current monthly rate of \$1,650.00, annual cost \$19,800.00, 168 Main Street and 222 Hewes Avenue, in the City of Clarksburg, Harrison County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-170 Renewal for 3 years consisting of 140 square feet of office space at the current monthly rate of \$200.00, annual cost \$2,400.00, full service, 330 West Main Street, in the City of Clarksburg, Harrison County, West Virginia.

RENEWAL WITH INCREASE IN RENT

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-224 Renewal for 5 years consisting of 19,240 square feet of office space with an increase in the annual per square foot rate from \$6.98 to \$8.50, annual cost \$163,539.96, 91 Arnold Avenue, in the City of Weston, Lewis County, West Virginia.

Real Estate Division
 Monthly Summary of Lease Activity
 April 1 - 30, 2019

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	FBMC Benefits Management, Inc.	FBM-001	Kanawha	176	0.00	1	4.4167	4
2	Division of Natural Resources	NAT-131	Kanawha	35,460	11.00	390,060	1	390,060
3	Department of Health and Human Resources	HHR-139	Cabell	46,108	17.00	783,836	3	2,351,508 *
4	Department of Health and Human Resources	HHR-147	Kanawha	11,272	11.00	123,992	3	371,976
5	Department of Health and Human Resources	HHR-256	Logan	30,200	12.00	362,400	3	1,087,200 *
6	Department of Health and Human Resources	HHR-238	Marion	46,981	19.00	892,651	3	2,677,953 *
7	Department of Health and Human Resources	HHR-168	Wood	38,209	13.15	502,448	3	1,507,345 *
8	Department of Health and Human Resources	HHR-193	Hancock	20,514	17.00	348,738	3	1,046,214 *
9	Department of Health and Human Resources	HHR-206	Kanawha	79,227	11.00	871,497	3	2,614,491 *
10	General Services Division	GSD-012	Harrison	80sp	0.00	19,800	1	19,800
11	Department of Health and Human Resources	HHR-170	Harrison	140	17.14	2,400	3	7,199
12	Department of Health and Human Resources	HHR-224	Lewis	19,240	8.50	163,540	5	817,700

	136.79
Total Rentable Square Feet	<u>327,527</u>
Average Annual Rental Rate	<u>13.68</u>
Total Annual Rent	<u>4,461,363</u>

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

Joint Committee on Government and Finance

May 2019

Department of Health and Human Resources

**MEDICAID REPORT
March 2019 Data**

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

MONTH OF MARCH 2019

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2018	SFY2019	Current Month Ended 03/31/19	Current Month Ended 03/31/19	Year To-Date Thru 3/31/19	4/1/19 Thru 06/30/19
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	94,761,538	96,410,403	5,500,247	7,416,185	63,769,327	32,641,076
Inpatient Hospital - DSH	53,388,507	53,789,156	99,390	-	39,629,972	14,159,184
Inpatient Hospital - Supplemental Payments	18,315,895	-	-	-	-	-
Inpatient Hospital - GME Payments	9,637,536	11,659,921	-	-	8,352,960	3,306,961
Mental Health Facilities	42,213,663	50,384,207	3,355,724	3,875,708	29,351,862	21,032,346
Mental Health Facilities - DSH Adjustment Payments	18,875,284	18,867,767	-	-	14,160,075	4,707,692
Nursing Facility Services - Regular Payments ⁽¹⁾	671,659,070	689,519,663	59,545,245	57,459,972	527,890,839	161,628,824
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	68,595,148	71,463,278	5,515,445	5,955,273	54,235,296	17,227,982
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	39,370,539	43,038,020	3,406,710	3,310,617	28,738,132	14,299,888
Physicians Services - Supplemental Payments	5,241,246	-	-	-	(3)	3
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	3,686,075	3,296,628	34,070,427	8,785,738
Outpatient Hospital Services - Supplemental Payments	21,123,658	-	-	-	-	-
Prescribed Drugs	620,504,383	720,618,600	58,731,085	55,432,200	508,049,188	212,569,412
Drug Rebate Offset - National Agreement	(226,683,504)	(407,000,000)	(17,069,002)	(52,519,165)	(330,033,675)	(76,966,325)
Drug Rebate Offset - State Sidebar Agreement	(15,371,390)	(24,000,000)	(1,415)	(57,947)	(24,049,060)	49,060
Drug Rebate Offset - MCO National	(149,057,165)	(11,000,000)	(988,585)	(9,545)	(11,706,439)	706,439
Drug Rebate Offset - MCO State Sidebar Agreement	(11,602,345)	-	(25,262)	-	(79,662)	79,662
Dental Services	10,677,304	11,217,737	884,540	862,903	8,072,855	3,144,882
Other Practitioners Services - Regular Payments	4,145,198	4,940,938	508,952	380,072	4,072,170	868,768
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	1,514,622	1,638,650	168,735	126,050	1,180,081	458,569
Lab & Radiological Services	8,989,515	9,500,531	657,992	730,810	5,643,297	3,857,234
Home Health Services	25,275,940	28,416,781	2,646,185	2,185,906	18,712,145	9,704,636
Hysterectomies/Sterilizations	55,843	65,026	1,099	5,002	21,551	43,475
Pregnancy Terminations ⁽²⁾	346,043	370,405	4,611	28,493	170,704	199,701
EPSDT Services	1,411,597	1,472,595	106,240	113,277	1,089,996	382,599
Rural Health Clinic Services	4,514,194	4,167,233	534,840	320,556	3,101,450	1,065,783
Medicare Health Insurance Payments - Part A Premiums	20,115,325	21,934,452	1,864,581	1,827,871	15,858,735	6,075,717
Medicare Health Insurance Payments - Part B Premiums	114,914,746	124,130,622	9,627,379	10,344,219	86,124,541	38,006,081
120% - 134% Of Poverty	9,100,320	9,229,482	865,303	709,960	7,430,901	1,798,581
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	11,432,888	11,469,643	1,390,139	882,280	9,304,951	2,164,692

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

MONTH OF MARCH 2019

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2018	SFY2019	Current Month Ended 03/31/19	Current Month Ended 03/31/19	Year To-Date Thru 3/31/19	4/1/19 Thru 06/30/19
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	1,592,796,041	1,909,119,745	179,846,996	159,093,312	1,343,533,483	565,586,262
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	659,533	712,510	87,006	54,808	750,561	(38,051)
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-
Home & Community-Based Services (MR/DD)	306,244,186	326,961,878	23,409,754	25,150,914	225,806,278	101,155,599
Home & Community-Based Services (Aged/Disabled)	99,410,189	111,621,217	9,188,530	8,586,247	81,408,862	30,212,355
Home & Community-Based Services (Traumatic Brain Injury)	1,500,251	1,962,566	163,009	150,967	1,301,833	660,733
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	69,433,451	72,630,935	5,325,343	5,586,995	50,507,004	22,123,931
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-
Targeted Case Management Services - State Wide	2,768,851	2,852,904	246,179	219,454	1,783,942	1,068,962
Primary Care Case Management Services	-	-	-	-	-	-
Hospice Benefits	28,742,764	27,296,696	2,446,782	2,099,746	22,651,125	4,645,571
Emergency Services Undocumented Aliens	660,126	757,363	17,410	58,259	215,479	541,884
Federally Qualified Health Center	9,878,997	10,234,965	3,012,274	787,305	9,438,081	796,884
Non-Emergency Medical Transportation	34,217,803	34,042,483	2,714,304	2,618,653	24,883,329	9,159,154
Physical Therapy	999,248	1,063,603	87,800	81,816	712,205	351,398
Occupational Therapy	632,758	603,289	53,751	46,407	344,438	258,851
Services for Speech, Hearing & Language	336,441	318,750	24,824	24,519	242,737	76,013
Prosthetic Devices, Dentures, Eyeglasses	859,918	922,875	65,892	70,990	757,621	165,254
Diagnostic Screening & Preventive Services	169,078	201,488	7,689	15,499	60,776	140,712
Nurse Mid-Wife	112,942	153,959	9,689	11,843	88,699	65,260
Emergency Hospital Services	-	(80)	-	(0)	-	(80)
Critical Access Hospitals	24,242,329	25,303,531	1,965,694	1,946,419	16,563,902	8,739,629
Nurse Practitioner Services	2,263,595	2,755,598	367,219	211,969	2,199,199	556,399
School Based Services	34,971,816	35,000,000	425,656	2,692,308	30,230,958	4,769,043
Rehabilitative Services (Non-School Based)	59,129,439	63,204,418	5,959,855	4,861,878	44,635,463	18,568,956
Substance Use Disorder Waiver	2,303,658	52,071,349	1,023,369	4,005,488	6,861,428	45,209,921
Private Duty Nursing	5,533,239	5,709,872	359,143	439,221	3,813,453	1,896,419
Freestanding Birth Centers	-	-	-	-	1,092	(1,092)
Health Home for Enrollees w Chronic Conditions	883,711	983,085	161,484	75,622	1,369,715	(386,630)
Other Care Services	15,448,541	25,766,900	2,357,783	1,982,069	14,780,218	10,986,682
Less: Recoupments	-	-	(704,284)	-	(814,776)	814,776
NET EXPENDITURES:	3,809,413,601	4,297,413,175	379,639,404	323,550,034	2,987,288,199	1,310,124,975

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

MONTH OF MARCH 2019

	ACTUALS SFY2018	TOTAL SFY2019	ACTUALS Current Month Ended 03/31/19	ESTIMATE Current Month Ended 03/31/19	ACTUALS Year To-Date Thru 3/31/19	PROJECTED 4/1/19 Thru 06/30/19
Collections: Third Party Liability (line 9A on CMS-64)	(6,012,117)	-	-	-	(4,141,792)	4,141,792
Collections: Probate (line 9B on CMS-64)	(512,319)	-	-	-	(40,029)	40,029
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(213,356)	-	-	-	(67,103)	67,103
Collections: Other (line 9D on CMS-64)	(17,039,628)	-	-	-	(7,798,707)	7,798,707
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	3,785,636,180	4,297,413,175	379,639,404	323,550,034	2,975,240,568	1,322,172,607
Plus: Medicaid Part D Expenditures	43,197,126	42,983,609	3,391,519	3,581,967	31,202,015	11,781,594
Plus: State Only Medicaid Expenditures	628,208	250,000	(2,722,177)	19,231	157,132	92,868
Plus: Money Follow the Person Expenditures	2,101,617	2,100,000	132,829	161,538	1,275,356	824,644
TOTAL MEDICAID EXPENDITURES	\$ 3,831,563,132	\$ 4,342,746,783	\$ 380,441,575	\$ 327,312,770	\$ 3,007,875,071	\$ 1,334,871,713
Plus: Reimbursables ⁽¹⁾	4,491,826	-	438,137	-	3,549,638	(3,549,638)
Plus: NATCEP/PASARR/Eligibility Exams	223,954	239,990	29,410	18,461	228,039	11,951
Plus: HIT Incentive Payments	2,074,212	3,000,000	1,300,120	230,769	1,640,268	1,359,732
TOTAL EXPENDITURES	\$ 3,838,353,124	\$ 4,345,986,773	\$ 382,209,242	\$ 327,562,000	\$ 3,013,293,017	\$ 1,332,693,757

(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 \$15,252,955,924 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

9 Months Actuals Months Remaining

MONTH OF MARCH 2019	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2018	Current Month Ended 3/31/2019	Year-To-Date Thru 3/31/2019	4/1/2019 Thru 6/30/2019	SFY2019
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	86,992,634	65,151,743	121,710,366		121,710,366
MATCHING FUNDS					
General Revenue (0403/189)	368,772,081	36,675,134	251,729,717	162,227,646	413,957,363
MRDD Waiver (0403/466)	88,753,483	7,396,123	59,464,834	29,288,649	88,753,483
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,334	1,947,000	649,000	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,666	4,767,000	1,589,000	6,356,000
Traumatic Brain Injury (0403/835)	800,000	66,666	536,000	264,000	800,000
Title XIX Waiver for Seniors (0403-533)	13,593,620	1,132,801	9,107,725	4,485,895	13,593,620
Medical Services Surplus (0403/633)	30,021,770	-	-	-	-
Waiver for Senior Citizens Surplus (0403/526)	-	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	12,382,692	-	3,011,628	1,003,875	4,015,503
Lottery Waiver (0420/539)	21,583,766	-	22,463,217	7,487,738	29,950,955
Lottery Transfer (5405/871)	14,502,312	-	10,876,734	3,625,578	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	-	-	73,477,905	73,477,905
Provider Tax (5090/189)	213,058,153	19,400,000	177,537,029	46,125,422	223,662,451
NSGO UPL (5084/6717)	68,035	-	-	1,241,403	1,241,403
Certified Match	16,157,488	1,083,994	13,302,385	702,515	14,004,900
Reimbursables - Amount Reimbursed	4,371,388	-	1,996,982	(1,996,982)	-
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	956,436	62,460	532,446	367,554	900,000
CHIP State Share	-	-	-	-	-
CMS - 64 Adjustments	(80,352)	-	231,189	(231,189)	-
TOTAL MATCHING FUNDS	966,606,216	131,714,922	685,214,253	366,510,967	1,051,725,221
	-	-	-	-	-
FEDERAL FUNDS	2,991,755,848	303,608,039	2,380,715,795	1,034,697,148	3,415,412,942
TOTAL REVENUE SOURCES	\$ 3,958,362,065	\$ 435,322,960	\$ 3,065,930,048	\$ 1,401,208,115	\$ 4,467,138,163
TOTAL EXPENDITURES:					
Provider Payments	\$ 3,838,353,124	\$ 382,209,242	\$ 3,013,293,017	\$ 1,332,693,757	\$ 4,345,986,773
TOTAL	\$ 120,008,941	\$ 53,113,719	\$ 52,637,032		\$ 121,151,390

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

Joint Committee on Government and Finance

May 2019

Department of Health and Human Resources

**MEDICAID WAIVER REPORT
March 2019 Data**

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

Aged & Disabled Waiver Reported March 31, 2019		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	6,192	6,192	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	6,102	6,102	6,102	6,102	6,102				6,102
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees		90	90	90	90	90	90	90	90	90	90				90
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count		6,419	5,871	5,954.0	5,950	6,002	6,122	6,136	6,189	6,337	6,535				6,535
Applicants determined eligible this month and added to MEL (3)		1,401	93	99	94	96	127	128	103	82	86				2,309
Applicants determined ineligible		96	7	3	8	4	4	11	1	4	2				44
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	5,810	5,845	5,814	5,791	5,867	5,964				5,964
Active members enrolled during the calendar month		1,264	274	120	24	103	118	31	79	151	183				1,083
-Total Active Traditional members enrolled during the calendar month		1,178	272	115	22	96	110	22	75	150	181				1,043
-Total Active TMH-WV members enrolled during the calendar month		86	2	5	2	7	8	9	4	1	2				40
Members discharged during the calendar month		952	83	94	89	106	83	62	98	75	86				776
ADW Members whose case was closed by reason	Member is deceased	533	39	54	43	57	46	35	62	39	36				411
	Other (4)	419	44	40	46	49	37	27	36	36	50				365
MANAGED ENROLLMENT LIST (MEL)															
# Eligible applicants closed during the calendar month (removed from MEL)		2,134	22	21	37	195	39	18	350	73	183				938
ADW Applicants removed from the MEL	Applicant offered a slot (Traditional + MFP)	1,963	8	13	15	161	6	0	294	54	90				641
	Applicant became deceased	100	9	6	22	13	7	12	13	9	15				106
	Other (5)	71	5	2	0	21	26	6	43	10	78				191
Applicants on the MEL who are in a nursing facility YTD Column reflects average # members in setting		1	5	8	2	4	3	1	0	0	0				3
Applicants on the MEL receiving Personal Care YTD Column reflects average # members in setting		7	18	29	1	15	33	33	0	0	0				14
Applicants on the MEL at the end of the month		30	101	179	236	137	225	335	88	97	0				0
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days		156	33	63	90	71	65	94	99	111	142				85

(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 March 31, 2019	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	4,634	4,684	4,684	4,696	4,696	4,696	4,696	4,796	4,796	4,796				4,796
Traditional Slots approved by CMS	4,634	4,684	4,684	4,684	4,684	4,684	4,684	4,784	4,784	4,784				4,784
Ben H. Slots approved for Adults by CMS	0	0	0	6	6	6	6	6	6	6				6
Ben H. Slots approved for Children by CMS	0	0	0	6	6	6	6	6	6	6				6
Total number of members served YTD (unduplicated slots used) (1)	4,634	4,629	4,629	4,628	4,656	4,668	4,671	4,743	4,752	4,756				4,756
Total number of members served YTD in Traditional Slots	4,634	4,629	4,629	4,628	4,652	4,662	4,665	4,737	4,745	4,749				4,730
Total number of members served YTD in Adult Ben H. slots (unduplicated)	0	0	0	0	4	4	4	6	6	6				6
Total number of members served YTD in Children Ben H. slots (unduplicated)	0	0	0	0	0	0	0	0	1	1				1
Applicants determined eligible (2)	218	17	22	13	20	21	6	27	16	17				159
Applicants determined ineligible (3)	194	10	20	24	12	21	13	16	19	11				146
ACTIVE MEMBERS														
# of active members at the end of the month (unduplicated slots active) (1)	4,536	4,621	4,612	4,603	4,621	4,625	4,617	4,680	4,678	4,663				4,663
Discharged members at the end of the calendar month	106	10	12	11	10	9	12	11	14	19				108
Discharged members who were discharged by reason	Deceased	52	4	2	4	4	8	4	3	3	11			43
	Left program to enter a facility	22	1	3	2	1	1	2	4	2	1			17
	a. Hospital	0	0	0	0	0	0	0	0	0	0			0
	b. ICF/IID	11	0	2	1	0	0	0	0	0	1			4
	c. Nursing Facility	11	1	1	1	1	1	2	4	2	0			13
	d. Psychiatric Facility	0	0	0	0	0	0	0	0	0	0			0
	e. Rehabilitation Facility	0	0	0	0	0	0	0	0	0	0			0
	f. Other Facility	0	0	0	0	0	0	0	0	0	0			0
Other (6)	31	5	7	5	5	0	6	4	9	7			48	
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	1,271	1,275	1,272	1,220	1,212	1,219				1,219
Number of applicants added to the MEL (4)	218	17	22	13	20	21	6	27	16	17				159
Applicants enrolled (removed from the MEL)	139	95	3	2	28	13	4	74	12	4				235
Applicants removed from the MEL due to Death (5)	10	1	0	0	0	0	0	0	0	2				3
Applicants removed from the MEL due to Other (6)	43	8	1	2	4	4	5	5	12	4				45
Applicants on the MEL who are in a Nursing Facility (9)	2	5	3	6	3	4	3	5	3	5				5
Applicants on the MEL who are in an ICF/IID Group Home (9)	112	113	113	113	114	117	117	116	116	117				117
Applicants on the MEL receiving Personal Care Services each month (8) (9)	87	87	83	85	88	93	93	89	90	89				89
Longest on the MEL to date (7)	1634	1,624	1,635	1,663	1,582	1,607	1,638	1,589	1,590	1,607				1,607

(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.

(8) This number is very different from the previous two months. We are working on getting a more accurate report.

(9) The report has been changed to more accurately reflect the correct numbers, no data reported for November due to the reprogramming of the report parameters

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

Traumatic Brain Injury Waiver Reported March 31, 2019	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	82	82	82	82	82				82
-Slots Available for Traditional (non TMH-WV) enrollees	56	78	78	78	78	78	78	78	78	78				78
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	10	4	4	4	4	4	4	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	82	81	81	81	81	81				81
Applicants determined eligible this month and/or added to MEL (3)	14	0	2*	3*	1*	1	2	2	1	1				7
Applicants determined ineligible	4	0	0	0	1	0	0	1	0	0				2
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	79	78	77	77	77	77				77
Active members enrolled during the calendar month	24	2	3	2	4	0	0	0	0	0				11
-Total Active Traditional members enrolled during the calendar month	20	2	3	2	4	0	0	0	0	0				11
-Total Active TMH-WV members enrolled during the calendar month	4	0	0	0	0	0	0	0	0	0				0
Members discharged during the calendar month	14	0	0	2	1	1	1	0	0	0				5
TBIW Members whose case was closed by reason														
Member is deceased	6	0	0	0	0	0	0	0	0	0				0
Other (4)	8	0	0	2	1	1	1	0	0	0				5
MANAGED ENROLLMENT LIST (MEL)														
# Eligible applicants closed during the calendar month (removed from MEL)	21	3	0	0	0	0	0	0	0	0				3
TBIW Applicants removed from the MEL														
Applicant offered a slot	20	3	0	0	0	0	0	0	0	0				3
Applicant became deceased	0	0	0	0	0	0	0	0	0	0				0
Other (5)	2	0	0	0	0	0	0	0	0	0				0
Applicants on the MEL who are in a nursing facility	0	0	0	0	0	0	0	0	0	0				0
Applicants on the MEL receiving Personal Care	0	0	0	0	0	0	0	0	0	0				0
Applicants on the MEL at the end of the month	3	0	0	0	0	1	3	5	6	7				7
Days-Longest time spent on the MEL to date (6) YTD Column reflects average # of days	226	0	0	0	0	15	46	77	105	136				76

(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

MAY 2019

Department of Health and Human Resources

State Children's Health Insurance Program
UPDATE



West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures, Changes in Fund Balance, and Budget-to-Actual
For the Nine Months Ending March 2019 and March 2018

	Annual	Budget	Actual	Actual	Actual		Budget	
	Budget 2019	Year-to-Date	March 31, 2019	March 31, 2018	Variance		Variance	
					\$	%	\$	%
Beginning Operating Fund Balance			\$5,541,320	\$6,049,877	(\$508,557)	-8%		
Revenues								
Federal Grants			\$37,540,308	\$37,463,728	\$76,580	0%		
State Appropriations								
Premium Revenues	\$1,525,752	\$1,144,314	\$1,183,127	\$1,100,961	\$82,166	7%	\$38,813	3%
Investment Earnings (Interest)			\$115,914	\$42,885	\$73,029	170%		
Total Operating Fund Revenues			<u>\$38,839,349</u>	<u>\$38,607,573</u>	<u>\$231,775</u>	<u>1%</u>		
Expenditures:								
Claims:								
Physicians & Surgical			\$10,560,347	\$10,228,542	\$331,805	3%		
Prescribed Drugs			\$6,920,011	\$6,879,064	\$40,947	1%		
Outpatient Services			\$6,107,261	\$5,903,325	\$203,936	3%		
Dental			\$5,569,440	\$5,057,336	\$512,104	10%		
Inpatient Hospital Services			\$2,656,821	\$2,970,567	(\$313,746)	-11%		
Other Services			\$2,267,089	\$1,727,133	\$539,956	31%		
Therapy			\$1,441,804	\$1,545,939	(\$104,135)	-7%		
Inpatient Mental Health			\$456,016	\$603,865	(\$147,849)	-24%		
Vision			\$519,596	\$521,117	(\$1,521)	0%		
Durable & Disposable Med. Equip.			\$316,717	\$305,114	\$11,603	4%		
Medical Transportation			\$327,012	\$298,482	\$28,530	10%		
Outpatient Mental Health			\$273,756	\$363,903	(\$90,147)	-25%		
Less: Other Collections**			(\$120,293)	(\$57,657)	(\$62,637)	109%		
Drug Rebates	(\$1,440,966)	\$1,080,725	(\$1,299,749)	(\$1,032,033)	(\$267,715)	26%	\$2,500,767	231%
Total Claims	\$48,725,446	\$28,423,177	\$35,995,828	\$35,314,697	\$681,131	2%	\$7,572,651	27%
General and Admin Expenses:								
Salaries and Benefits			\$0	\$0	\$0			
Program Administration	\$2,822,417	\$2,116,813	\$1,601,989	\$2,076,939	(\$474,950)	-23%	(\$514,824)	-24%
Eligibility			\$1,598	\$7,609	(\$6,011)	100%		
Outreach & Health Promotion	\$100,000	\$75,000	\$320	\$10,190	(\$9,870)	-97%	(\$74,680)	-100%
Current	\$326,676	\$245,007	\$67,439	\$36,060	\$31,379	87%	(\$177,568)	-72%
Total Administrative	\$3,249,093	\$2,436,820	\$1,671,346	\$2,130,798	(\$459,452)	-22%	(\$765,474)	-31%
Total Operating Fund Expenditures	\$51,974,539	\$30,318,481	\$37,667,174	\$37,445,495	\$221,679	1%	\$7,348,693	24%
Adjustments			<u>(\$37,513)</u>	<u>\$304,859</u>				
Ending Operating Fund Balance			<u>\$6,751,008</u>	<u>\$6,907,096</u>	<u>(\$156,088)</u>	<u>-2%</u>		
Money Market			\$1,052,665	\$1,027,635	\$25,030	2%		
Bond Pool			\$4,480,034	\$4,333,976	\$146,058	3%		
Cash on Deposit			\$1,218,309	\$1,545,486	(\$327,177)	-21%		
Unrealized Gain/Loss on Investment			\$49,971	(\$29,343)	\$79,314	-270%		
Ending Fund Balance (Accrued Basis)			<u>\$6,800,979</u>	<u>\$6,877,754</u>	<u>(\$76,775)</u>	<u>-1%</u>		
Program Expenses outside of Operating Funds:								
Salaries and Benefits	\$702,625	\$526,969	\$414,174	\$436,987	(\$22,813)	-5%	(\$112,795)	-21%
Eligibility	\$326,666	\$190,555	\$31,588	\$325,668	(\$294,080)	-90%	(\$157,369)	-83%
Total WVCHIP Expenditures	\$53,003,830	\$30,918,901	\$38,112,936	\$38,208,150	(\$95,214)	0%	\$7,194,035	23%

Footnotes:

- 1) Statement is on cash basis
- 2) Estimate of Incurred but Not Reported (IBNR) claims on March 31, 2019 is \$4,790,000. The March 31, 2018 estimate was \$4,620,073.
- 3) Administrative Accounts Payable balance on March 31, 2019 is \$326,721. The March 31, 2018 balance is \$566,311.
- 4) 2018 and 2017 adjustments to fund balance represent timing issues between the payment of expense and the draw-down of federal revenues.
- 5) Revenues are primarily federal funds. During State Fiscal Years 2019 and 2018 WVCHIP's Federal Matching Assistance Percentage (FMAP) was 100%.
- 6) Other Collections are primarily provider refunds and subrogations (amounts received from other insurers responsible for bill WVCHIP paid - primarily auto).
- 7) Physician & Surgical services include physicians, clinics, lab, Federally Qualified Health Centers (FQHC), and vaccine payments.
- 8) Other Services include home health, chiropractors, psychologists, podiatrists, and nurse practitioners.

Unaudited - For Management Purposes Only

WVCHIP Enrollment Report

ATTACHMENT 1

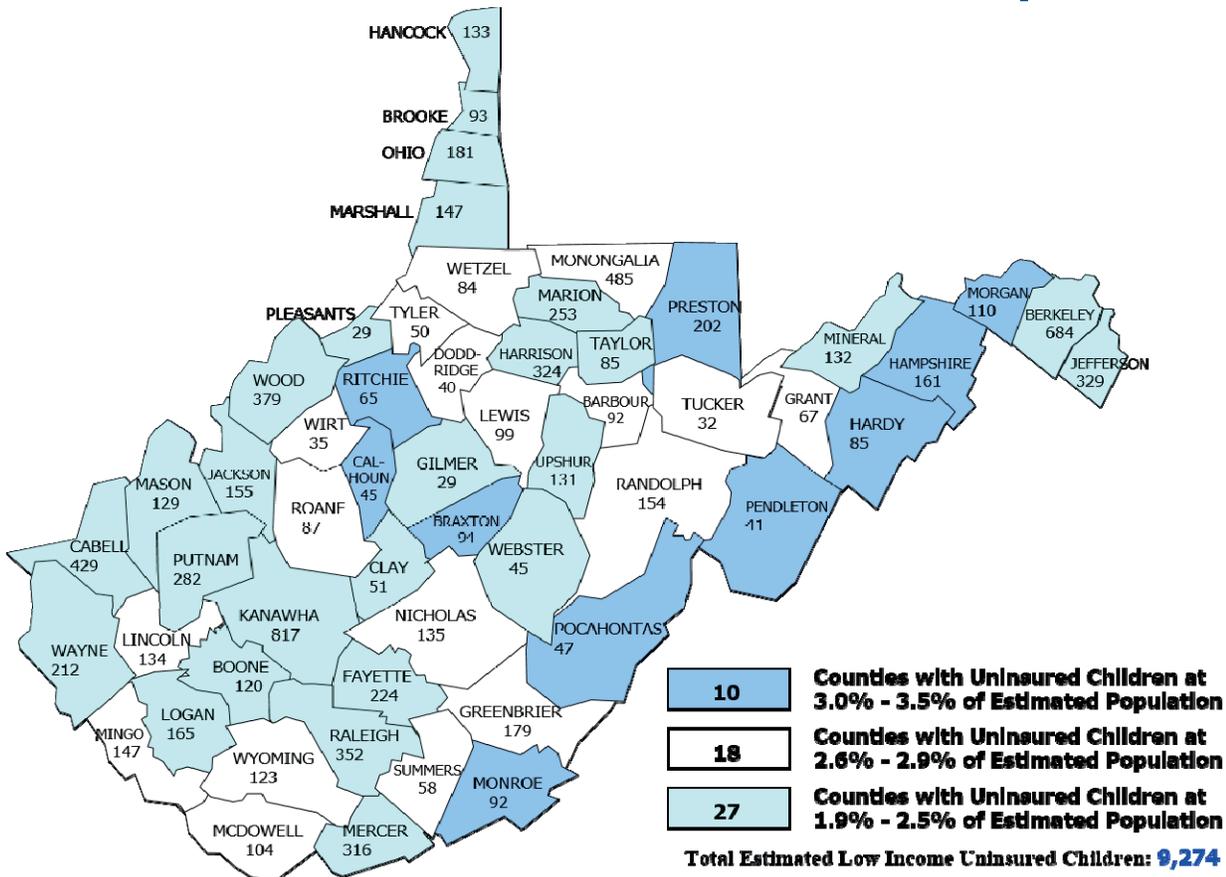
April 2019

County	County Pop.	Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2016	2016
	2016 Est. (0-18 Yrs)	Enrollment Apr-19	Enrollment Apr-19	CHIP/Medicaid Enrollment	% of Population	Est. Uninsured 3%	# Children Uninsured Ranking*
Barbour	3,470	261	1,608	1,869	53.9%	104	33
Berkeley	27,800	1,835	11,430	13,265	47.7%	834	2
Boone	5,087	256	2,918	3,174	62.4%	153	27
Braxton	2,947	158	1,415	1,573	53.4%	88	39
Brooke	4,185	1	85	86	2.1%	126	31
Cabell	19,601	892	8,637	9,529	48.6%	588	3
Calhoun	1,427	101	718	819	57.4%	43	51
Clay	2,041	142	1,186	1,328	65.1%	61	44
Doddridge	1,479	91	659	750	50.7%	44	49
Fayette	9,297	704	4,941	5,645	60.7%	279	12
Gilmer	1,212	83	586	669	55.2%	36	54
Grant	2,343	118	1,107	1,225	52.3%	70	42
Greenbrier	7,018	581	3,475	4,056	57.8%	211	16
Hampshire	4,619	279	2,191	2,470	53.5%	139	30
Hancock	5,876	537	4,070	4,607	78.4%	176	20
Hardy	2,847	228	1,535	1,763	61.9%	85	40
Harrison	15,199	910	6,100	7,010	46.1%	456	7
Jackson	6,506	323	2,797	3,120	48.0%	195	18
Jefferson	13,304	683	3,847	4,530	34.0%	399	9
Kanawha	38,824	2,079	18,584	20,663	53.2%	1,165	1
Lewis	3,432	248	1,774	2,022	58.9%	103	35
Lincoln	4,849	267	2,834	3,101	64.0%	145	28
Logan	7,095	375	4,195	4,570	64.4%	213	15
Marion	11,654	658	5,123	5,781	49.6%	350	11
Marshall	6,478	316	2,553	2,869	44.3%	194	19
Mason	5,798	243	2,787	3,030	52.3%	174	21
McDowell	3,994	193	2,836	3,029	75.8%	120	32
Mercer	12,774	809	7,720	8,529	66.8%	383	10
Mineral	5,626	270	2,180	2,450	43.5%	169	23
Mingo	5,632	253	3,517	3,770	66.9%	169	22
Monongalia	17,905	923	5,303	6,226	34.8%	537	5
Monroe	2,781	239	1,127	1,366	49.1%	83	41
Morgan	3,367	268	1,406	1,674	49.7%	101	36
Nicholas	5,271	352	2,735	3,087	58.6%	158	25
Ohio	8,365	373	3,554	3,927	46.9%	251	14
Pendleton	1,269	96	565	661	52.1%	38	52
Pleasants	1,473	80	604	684	46.4%	44	50
Pocahontas	1,517	124	718	842	55.5%	46	48
Preston	6,658	393	2,885	3,278	49.2%	200	17
Putnam	13,446	664	4,362	5,026	37.4%	403	8
Raleigh	16,494	1,013	8,658	9,671	58.6%	495	6
Randolph	5,586	419	2,722	3,141	56.2%	168	24
Ritchie	2,034	103	1,057	1,160	57.0%	61	45
Roane	3,116	256	1,591	1,847	59.3%	93	38
Summers	2,225	166	1,371	1,537	69.1%	67	43
Taylor	3,449	196	1,547	1,743	50.5%	103	34
Tucker	1,199	105	511	616	51.4%	36	55
Tyler	1,848	95	703	798	43.2%	55	46

WVCHIP Enrollment Report

April 2019

County	County Pop. 2016 Est. (0-18 Yrs)	Total CHIP Enrollment Apr-19	Total Medicaid Enrollment Apr-19	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	2016 Est. Uninsured 3%	2016 # Children Uninsured Ranking*
Upshur	5,197	333	2,833	3,166	60.9%	156	26
Wayne	8,809	423	4,617	5,040	57.2%	264	13
Webster	1,787	96	1,207	1,303	72.9%	54	47
Wetzel	3,255	160	1,750	1,910	58.7%	98	37
Wirt	1,245	72	647	719	57.8%	37	53
Wood	18,641	1,072	8,608	9,680	51.9%	559	4
Wyoming	4,707	277	2,423	2,700	57.4%	141	29
Totals	384,058	22,192	176,912		0.0%	11,522	

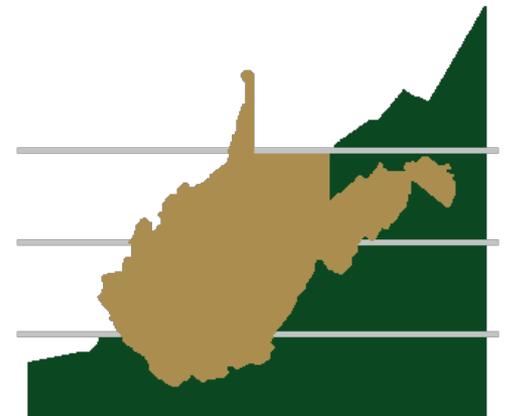


The above map shows the most recent 2016 county level data provided by the U.S. Census Bureau Small Area Health Insurance Estimates (SAHIE) for children under 19 years. While the statewide average for children under 19 is now about 3%, the SAHIE data reflects more accurately the variation from county 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

March 31, 2019



Participant Plans Allocation & Performance Net of Fees

Period Ending: March 31, 2019

	6/30/2018		3/31/2019		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	19,363,606	100.0								
Pension Assets	15,795,451	81.0	15,607,173	80.6								
Public Employees' Retirement System	6,718,698	34.5	6,688,525	34.5	0.7	6.8	2.0	3.3	9.7	7.1	11.4	6.7
Teachers' Retirement System	7,691,788	39.5	7,536,076	38.9	0.7	6.8	2.0	3.3	9.6	7.0	11.1	6.5
EMS Retirement System	78,921	0.4	81,119	0.4	0.7	6.8	2.0	3.3	9.7	7.1	11.3	
Public Safety Retirement System	682,799	3.5	660,514	3.4	0.7	6.8	1.9	3.3	9.6	7.0	11.4	6.8
Judges' Retirement System	204,484	1.0	205,553	1.1	0.7	6.8	2.0	3.3	9.7	7.1	11.3	6.7
State Police Retirement System	188,912	1.0	197,785	1.0	0.7	6.8	2.0	3.3	9.7	7.1	11.3	6.7
Deputy Sheriffs' Retirement System	219,368	1.1	223,658	1.2	0.7	6.8	2.0	3.3	9.7	7.1	11.3	6.7
Municipal Police & Firefighter Retirement System	7,843	0.0	9,971	0.1	0.7	6.9	2.2	3.4	9.5	6.9		
Municipal Model A	1,514	0.0	2,828	0.0	0.7	6.9	2.4	3.8	9.8	7.1		
Municipal Model C	1,124	0.0	1,144	0.0	0.8	6.7	2.0	2.2				
Insurance Assets	2,785,522	14.3	2,799,738	14.5								
Workers' Compensation Old Fund	1,185,505	6.0	1,110,650	5.7	1.0	5.3	2.1	1.7	5.7	4.1	7.1	
Workers' Comp. Self-Insured Guaranty Risk Pool	33,908	0.2	33,666	0.2	0.9	5.3	2.0	1.7	5.8	4.2	4.3	
Workers' Comp. Self-Insured Security Risk Pool	53,204	0.3	51,791	0.3	0.9	5.3	2.0	1.7	5.9	4.1		
Workers' Comp. Uninsured Employers' Fund	12,881	0.1	13,201	0.1	0.9	5.2	1.8	1.6	5.7	4.0	4.0	
Pneumoconiosis	245,797	1.3	237,678	1.2	0.9	5.3	2.0	1.7	5.8	4.1	7.3	5.6
Board of Risk & Insurance Management	151,588	0.8	154,647	0.8	0.9	5.3	2.0	1.7	5.8	4.1	7.4	
Public Employees' Insurance Agency	198,826	1.0	234,322	1.2	1.1	5.1	2.3	2.0	5.8	4.1	7.2	
WV Retiree Health Benefit Trust Fund	903,813	4.6	963,783	5.0	0.7	6.9	2.1	3.4	9.7	7.1	9.8	
Endowment Assets	925,255	4.7	956,695	4.9								
Berkeley County Development Authority	7,742	0.0	7,894	0.0	0.7	6.8	2.0	3.3	9.7			
Wildlife Fund	63,823	0.3	63,501	0.3	0.7	6.9	2.1	3.4	9.7	7.1	11.3	7.2
Prepaid Tuition Trust	42,256	0.2	33,656	0.2	1.3	2.6	4.1	3.3	7.5	5.8	10.5	
Revenue Shortfall Reserve Fund	167,666	0.9	191,745	1.0	1.6	3.2	3.2	3.1	2.6	2.4	6.0	
Revenue Shortfall Reserve Fund - Part B	438,711	2.3	451,709	2.4	1.2	4.9	3.0	2.2	5.6	4.1	7.9	
WV DEP Trust	9,658	0.0	9,002	0.0	0.6	8.2	0.7	0.0	8.5	5.7		
WV DEP Agency	195,399	1.0	199,188	1.0	0.8	6.2	1.9	1.3	6.8	4.7		

Composite Asset Allocation & Performance Net of Fees

Period Ending: March 31, 2019

	Asset (\$000)	%	Performance %								
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year	
Investment Pools Composite	19,371,634	100.00									
Total Equity Composite +/- Total Equity Base Index (b)	9,332,640	48.18	0.32 (1.00)	11.28 (1.05)	(0.11) (1.49)	(1.51) (3.64)	10.79 (0.27)	6.81 0.03	13.64 0.87	6.96 0.94	
Domestic Equity Composite +/- Russell 3000 Index	4,649,939	24.01	1.12 (0.34)	14.06 0.02	3.14 (1.55)	6.10 (2.67)	12.75 (0.73)	9.82 (0.53)	15.89 (0.11)	7.51 1.03	
International Equity Composite +/- MSCI AC World ex US IMI Index (c)	4,682,701	24.17	(0.47) (1.09)	8.68 (1.75)	(3.23) (1.07)	(8.41) (3.91)	8.79 0.35	3.70 0.57	11.17 1.74	7.09 2.02	
Fixed Income Composite +/- Bloomberg Barclays Capital Universal (d)	3,233,917	16.69	1.43 (0.38)	3.22 (0.10)	4.60 (0.21)	3.51 (1.02)	4.11 1.46	3.40 0.40	6.12 1.76	5.35 0.43	
Core Fixed Income Composite +/- Bloomberg Barclays Capital Aggregate	980,202	5.06	2.00 0.08	3.03 0.09	4.93 0.28	4.78 0.30	2.40 0.37	3.12 0.38	4.40 0.63		
Total Return Fixed Income Composite (k) +/- Bloomberg Barclays Capital Universal	2,253,715	11.63	1.19 (0.62)	3.30 (0.02)	4.45 (0.36)	2.96 (1.57)	4.86 2.21	3.50 0.50	6.58 2.22	5.83 0.83	
TIPS Composite +/- Bloomberg Barclays Capital U.S.TIPS	394,821	2.04	1.85 0.01	3.23 0.04	1.98 0.06	2.78 0.08	1.74 0.04	1.95 0.01			
Cash Composite +/- Citigroup 90 Day T-Bill (e)	95,658	0.49	0.21 0.00	0.59 (0.01)	1.63 (0.04)	2.07 (0.04)	1.18 0.01	0.76 0.04	0.45 (0.04)	1.96 (0.02)	
Private Equity Composite +/- Russell 3000 + 3% (f, g)	1,702,565	8.79	1.60	2.06	7.55	23.12	18.22	15.56 2.21	14.72 (4.87)		
Real Estate Composite +/- NCREIF + 1% (f)	1,870,934	9.66	0.88	2.95	4.33	9.07	8.74	9.69 (0.64)	9.25 0.76		
Hedge Fund Composite +/- HFRI FOF + 1% (h)	2,147,254	11.08	0.87 (0.11)	3.08 (1.76)	0.84 0.44	2.58 1.47	4.64 (0.28)	3.18 (0.01)	5.69 1.95		
Opportunistic Income Composite +/- CS Leveraged Loan + 2.5%	593,845	3.07	0.12 0.04	0.40 (4.00)	2.85 (1.54)	5.87 0.04	4.47 (3.90)				

Participant Plans Allocation vs. Strategy

Period Ending: March 31, 2019

	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 %

Pension Assets

Public Employees' Retirement System	51.6	55.0	12.5	15.0	10.2	10.0	11.2	10.0	10.6	10.0	3.6	0.0	0.3	0.0
Teachers' Retirement System	51.6	55.0	12.4	15.0	10.3	10.0	11.3	10.0	10.7	10.0	3.6	0.0	0.1	0.0
EMS Retirement System	51.5	55.0	13.2	15.0	10.1	10.0	11.1	10.0	10.4	10.0	3.5	0.0	0.2	0.0
Public Safety Retirement System	51.8	55.0	12.3	15.0	10.3	10.0	11.4	10.0	10.6	10.0	3.6	0.0	0.0	0.0
Judges' Retirement System	51.6	55.0	12.8	15.0	10.2	10.0	11.2	10.0	10.6	10.0	3.6	0.0	0.0	0.0
State Police Retirement System	51.4	55.0	13.4	15.0	10.0	10.0	11.0	10.0	10.2	10.0	3.5	0.0	0.5	0.0
Deputy Sheriffs' Retirement System	51.6	55.0	13.1	15.0	10.1	10.0	11.1	10.0	10.4	10.0	3.5	0.0	0.2	0.0
Municipal Police & Firefighter Retirement System	50.2	55.0	14.0	15.0	9.5	10.0	10.5	10.0	9.7	10.0	3.3	0.0	2.8	0.0
Municipal Model A	51.5	55.0	12.8	15.0	10.0	10.0	11.0	10.0	10.1	10.0	3.5	0.0	1.1	0.0
Municipal Model C	48.5	50.0	27.5	30.0	5.0	5.0	5.5	5.0	10.0	10.0	1.8	0.0	1.7	0.0

Insurance Assets

Workers' Compensation Old Fund	30.8	30.0	49.4	50.0	0.0	0.0	0.0	0.0	16.6	15.0	0.0	0.0	3.2	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	30.7	30.0	44.0	45.0	0.0	0.0	0.0	0.0	21.6	20.0	0.0	0.0	3.7	5.0
Workers' Comp. Self-Insured Security Risk Pool	30.6	30.0	43.5	45.0	0.0	0.0	0.0	0.0	21.9	20.0	0.0	0.0	4.0	5.0
Workers' Comp. Uninsured Employers Fund	30.2	30.0	38.7	40.0	0.0	0.0	0.0	0.0	21.0	20.0	0.0	0.0	10.1	10.0
Pneumoconiosis	30.5	30.0	43.3	45.0	0.0	0.0	0.0	0.0	21.9	20.0	0.0	0.0	4.3	5.0
Board of Risk & Insurance Mgmt.	30.3	30.0	43.7	45.0	0.0	0.0	0.0	0.0	21.0	20.0	0.0	0.0	5.0	5.0
Public Employees' Insurance Agency	25.1	25.0	54.9	55.0	0.0	0.0	0.0	0.0	20.0	20.0	0.0	0.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	51.5	55.0	14.1	15.0	9.9	10.0	10.9	10.0	10.1	10.0	3.5	0.0	0.0	0.0

Endowment Assets

Berkeley County Development Authority	51.6	55.0	13.3	15.0	10.1	10.0	11.1	10.0	10.4	10.0	3.5	0.0	0.0	0.0
Wildlife Fund	51.5	55.0	13.5	15.0	9.9	10.0	10.9	10.0	10.4	10.0	3.5	0.0	0.3	0.0
Prepaid Tuition Trust	0.0	0.0	80.2	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.8	20.0
Revenue Shortfall Reserve Fund	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Shortfall Reserve Fund - Part B	22.8	22.5	77.2	77.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WV DEP Trust	65.3	65.0	13.4	15.0	0.0	0.0	0.0	0.0	21.3	20.0	0.0	0.0	0.0	0.0
WV DEP Agency	40.3	40.0	38.6	40.0	0.0	0.0	0.0	0.0	21.1	20.0	0.0	0.0	0.0	0.0

- (a) As of January 2019, the PERS Base is 60% MSCI ACWI Gross and 40% Bloomberg Barclays Capital Universal. From January 2014 to December 2018, the PERS Base was 30% Russell 3000, 30% MSCI ACWI ex USA (IMI), and 40% Bloomberg Barclays Capital Universal. From April 2008 to December 2013, the PERS Base was 30% Russell 3000, 30% MSCI ACWI ex USA (Standard), and 40% Bloomberg Barclays Capital Universal. Prior periods were 42% Russell 3000, 18% MSCI ACWI ex USA, and 40% Bloomberg Barclays Capital Aggregate.
- (b) As of January 2019, the Total Equity Base Index is 100% MSCI ACWI Gross. From January 2014 to December 2018, the Total Equity Base Index was 50% Russell 3000 and 50% MSCI ACWI ex USA (IMI). From April 2008 to December 2013, the Total Equity Base Index was 50% Russell 3000 and 50% MSCI ACWI ex USA (Standard). Prior periods were 40% S&P 500, 30% Russell 2500, and 30% MSCI ACWI 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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WEST VIRGINIA OFFICES OF THE INSURANCE COMMISSIONER

Status Report: Workers' Compensation

Joint Committee on Government & Finance

MAY 2019

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Introduction

With the passage of S.B. 1004 in January 2005, significant changes were made to workers' compensation insurance in West Virginia. The State administered monopolistic fund effectively ended when a new domestic mutual insurance company, "BrickStreet", was formed to issue workers' compensation insurance on a going forward basis. BrickStreet began writing new workers' compensation insurance liabilities effective January 2006. (They also retained the workers' compensation insurance premium and incurred liability starting in July 2005.) The West Virginia workers' compensation insurance market was later opened to competition beginning in July 2008.

At the time when the domestic mutual insurance company was formed in order to begin to privatize the workers' compensation insurance market in West Virginia, a large legacy liability existed stemming from the historical operation of the State administered monopolistic fund. Subsequent to privatization, this legacy liability was retained by the State of West Virginia in what is now known as the "Old Fund." The Old Fund consists of all historical claims with dates of injuries or last exposure through June 30, 2005. Apart from those sections which specifically reference other "funds," the "private market," or the "self-insured" community (which began in July 2004), this report concerns the workers' compensation legacy liability of the State of West Virginia, i.e. the Old Fund.

At January 2008, there were 47,961 active Old Fund workers' compensation insurance claims. The first Workers' Compensation Status Report to the Joint Committee on Government and Finance was issued in June 2008. The following pages update the status of the various workers' compensation funds and the activities associated with the administration of the workers' compensation responsibilities transitioned to the Offices of the Insurance Commissioner.

Definitions:

Appeal (BOR): A formal procedure conducted by the Board of Review at which a decision of an administrative law judge (OOJ) having presided over a matter of workers' compensation (Old Fund or Privately Insured) is to be afforded additional consideration. An appeal may be filed by any aggrieved party, such as a claimant, employer, dependent of a claimant, private insurance carrier, etc.

Board of Review: (BOR) A three judge panel that serves as an intermediate appellate tribunal in workers' compensation litigation. Specifically, the Board of Review reviews all appeals taken from any final decision of the Office of Judges. The BOR may reverse, vacate, modify or remand a decision of the Office of Judges. Any appeal taken from a Board of Review final order must be filed with the West Virginia Supreme Court of Appeals.

Claim Reserve: individual claim level cost estimate that is projected on the ultimate probable exposure; must be the best projection based on the facts and findings of the claim. This function is to capture the key components that impact the range of any impending cost in workers' compensation claims. No discounting is applied. The Indemnity Reserve is adjusted to cover the cost of loss or exposure both on a temporary and permanent basis. The reserve should also be adjusted to include the projected cost of any death and/or dependent benefits when appropriate. The Medical Reserve covers medical cost, hospital stays, specialized treatment, rehabilitation, durable medical equipment, and medications, etc. The Expense Reserve is placed for the cost of legal defense and investigations, etc. The reserves may be reduced based on the findings of early mortality factors.

Coal Workers' Pneumoconiosis Fund (CWP): State managed fund into which FBL premiums previously received are held, and out of which FBL benefits are paid. This fund was closed to future liabilities as of 12/31/2005. Because of the latency period between the date of last exposure and the onset of disease, new FBL claims will occur.

Fatal: claim under which the worker died as a result of injury or illness.

FBL: claim for Occupational Pneumoconiosis (Black Lung) benefits under Title IV of the federal Coal Mine Health and Safety Act of 1969, i.e. "Federal Black Lung", or FBL.

FBL Awarded Claim: an FBL claim that has been awarded but has not yet been accepted by the responsible operator/insurer

FBL Claim Notice: an FBL claim for which not initial decision has yet been made, but evidence in the claims indicates the potential for an award

FBL Non-active Claim: an FBL claim for which an award had been sought but was not afforded. Federal statutes permit an appeal process which lasts for 1 year, so the claim would be reopened for consideration upon appeal. Denied FBL claims are closed administratively after 6 months, as the TPA's bill for claims management services monthly on an open claims basis.

FBL Paying Claim: an FBL claim for which an award has been made and the responsible operator/insurer has accepted liability. Payments are being made to the claimant or dependents.

Indemnity: statutory wage replacement benefits awarded as a result of a worker's occupational illness or injury.

Med Only: claim under which only the payment of medical benefits was sought or awarded, i.e. no payment of wage replacement benefits (indemnity) is being made.

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

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

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

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

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

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

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

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

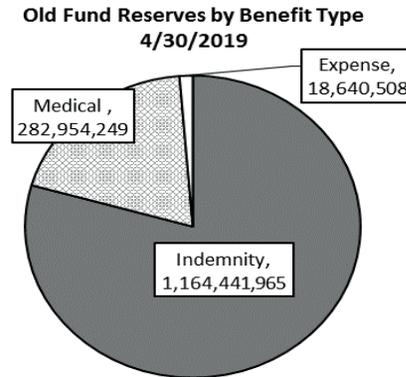
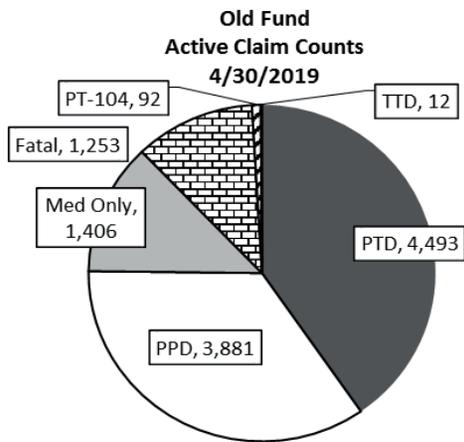
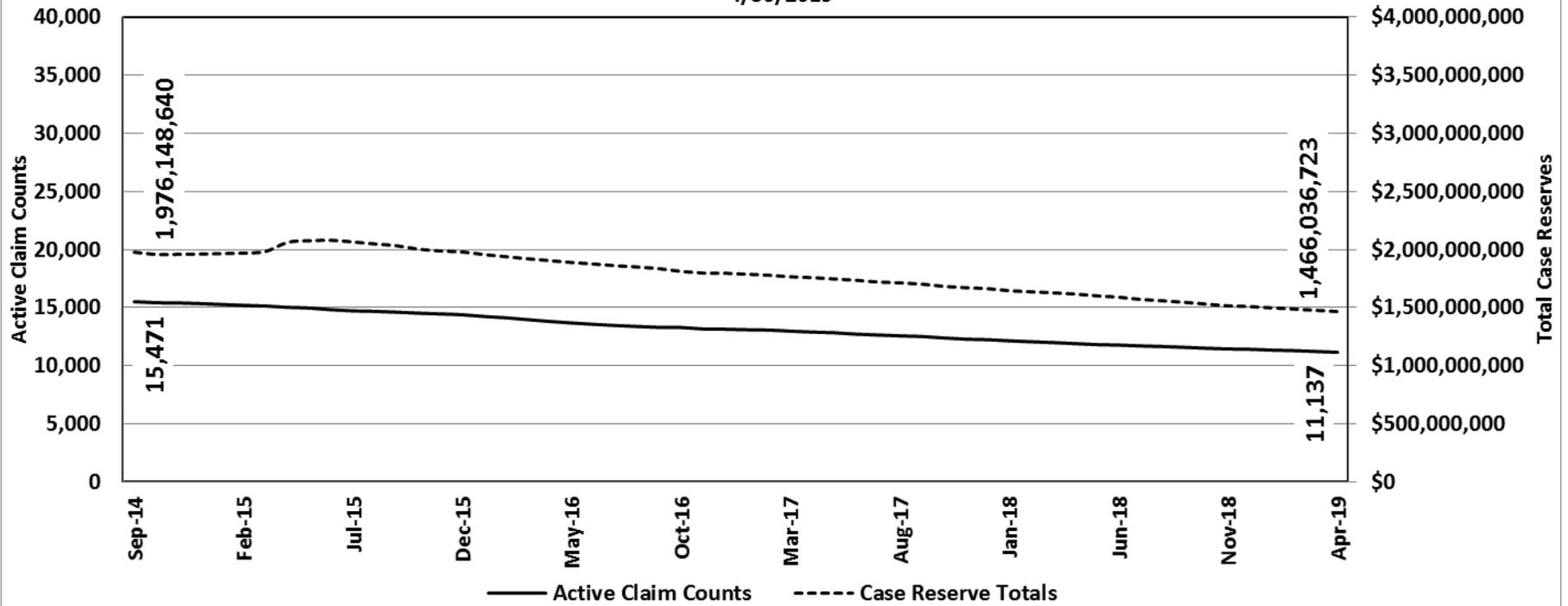
Self-Insured Security Fund: State managed fund consisting of those funds paid into it thru the WVOIC's administration of 85 CSR §19 (2004), and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last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

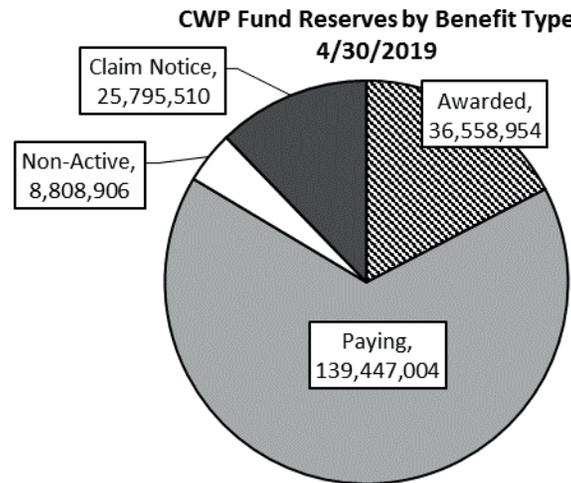
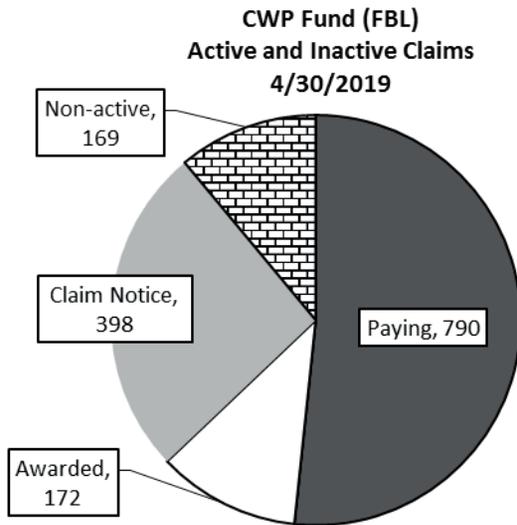
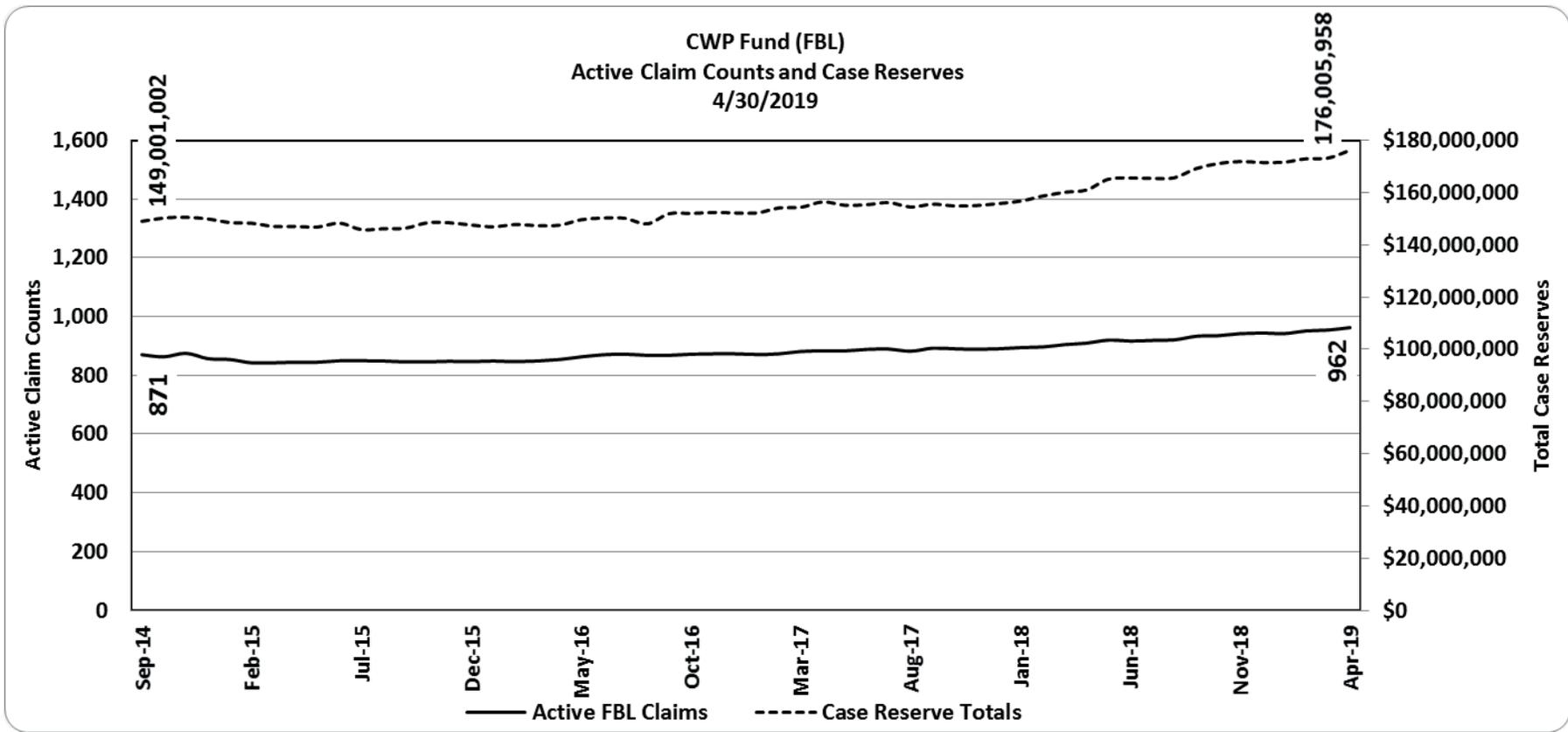
TPD: (Temporary Partial Disability) also referred to as TPR, is paid when an injured worker is released to return to work with restrictions or modifications that restrict, he/she from obtaining their pre-injury wages. The TPD benefit is paid at seventy percent of the difference between the average weekly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

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

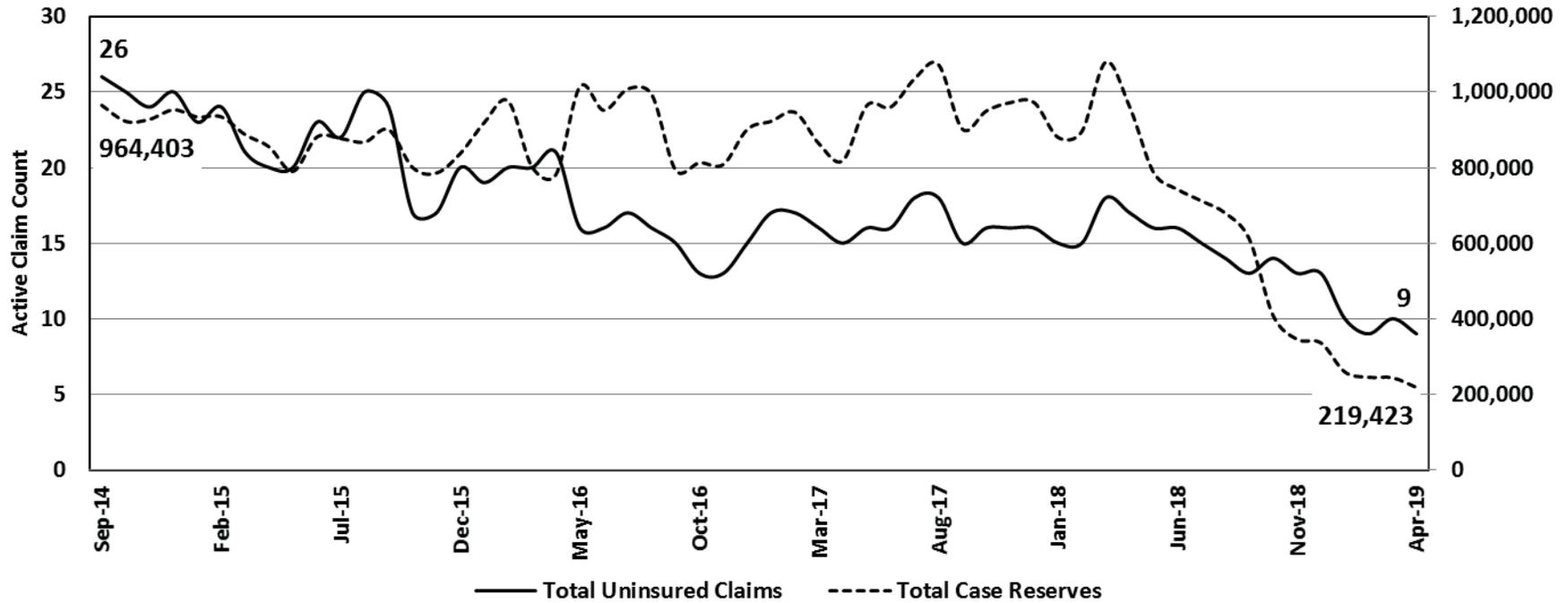
Uninsured Fund: State managed fund into which assessments to carriers or employers received are held, and out of which workers' compensation benefits may be paid to claimant employees of employers who were uninsured if the date of injury or date of last exposure is January 1, 2006 or later.

**Old Fund
Active Claim Counts and Case Reserves
4/30/2019**

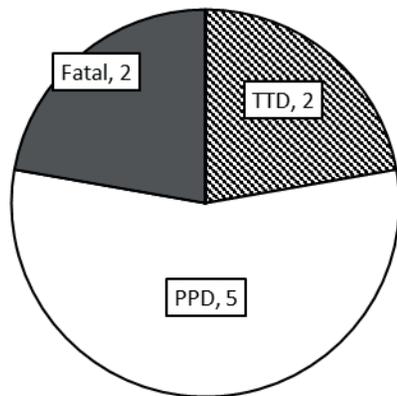




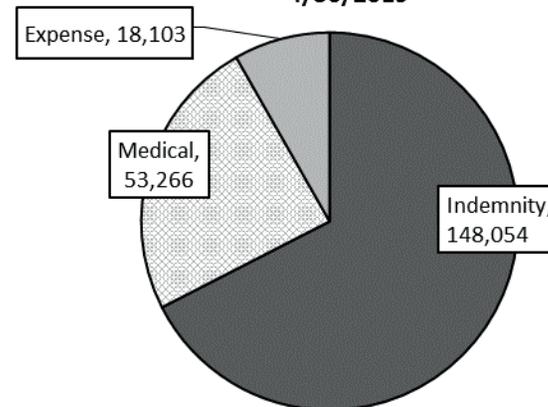
**Uninsured Fund
Active Claim Counts and Case Reserves
4/30/2019**



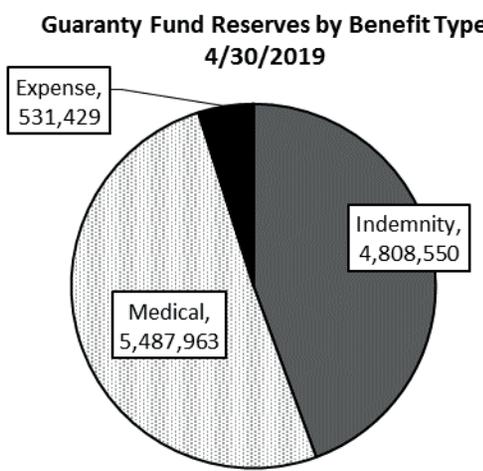
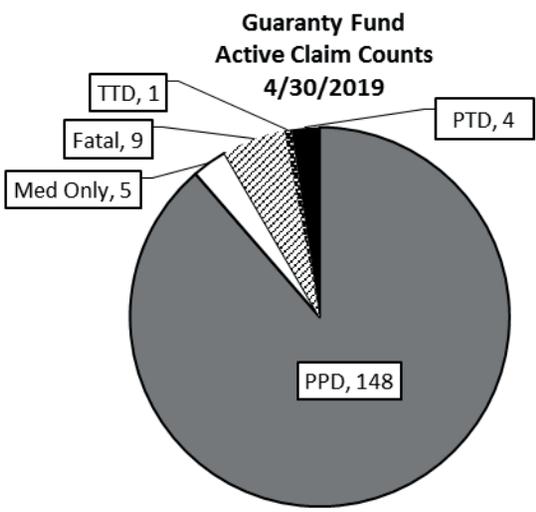
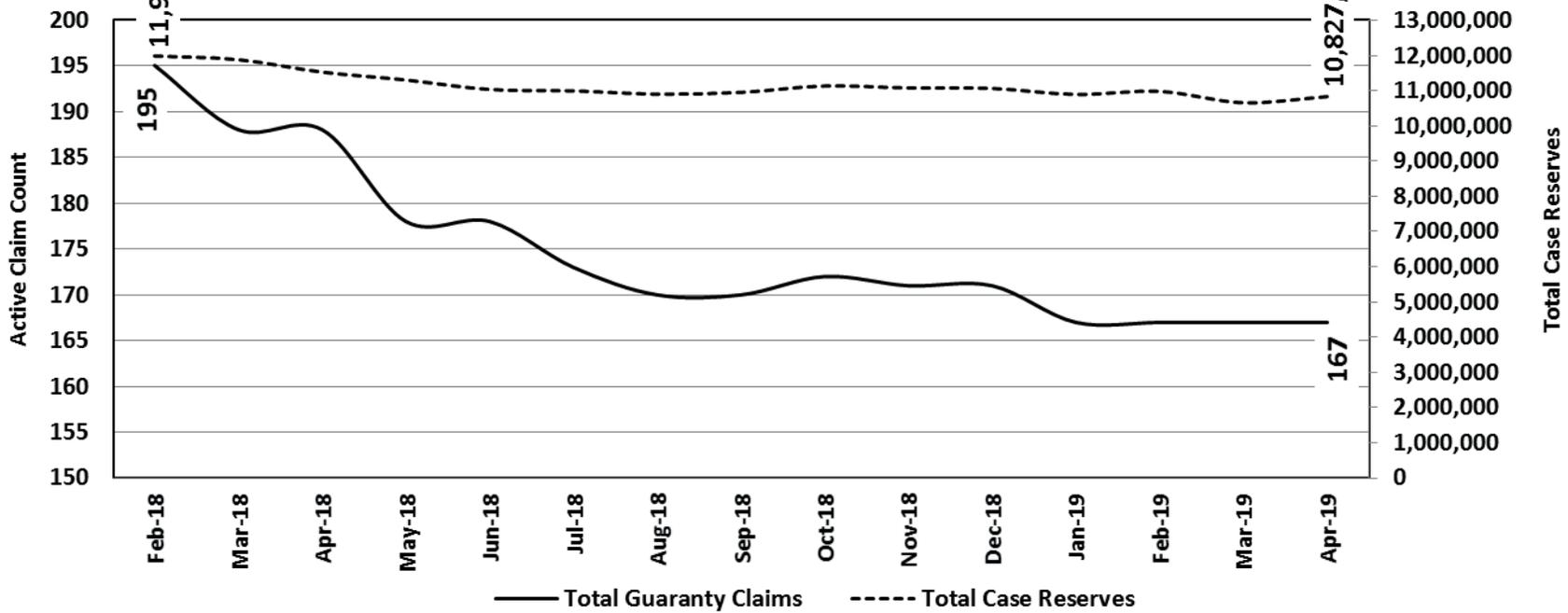
**Uninsured Fund
Active Claim Counts
4/30/2019**



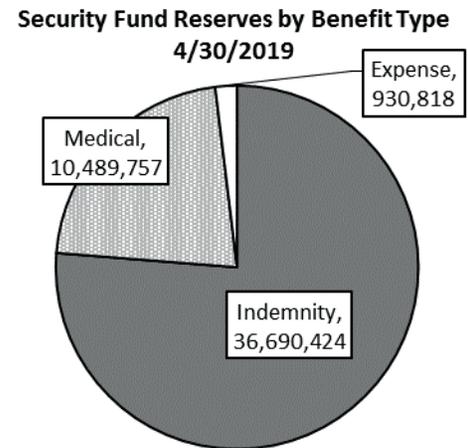
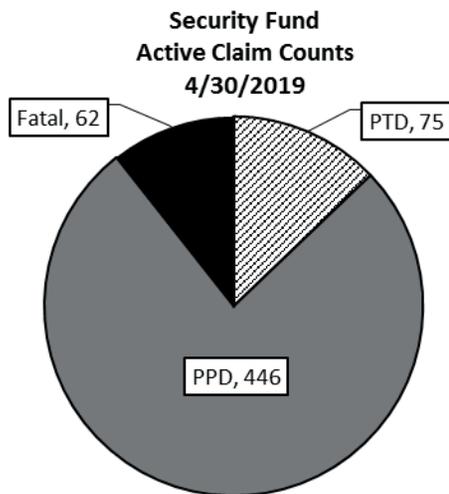
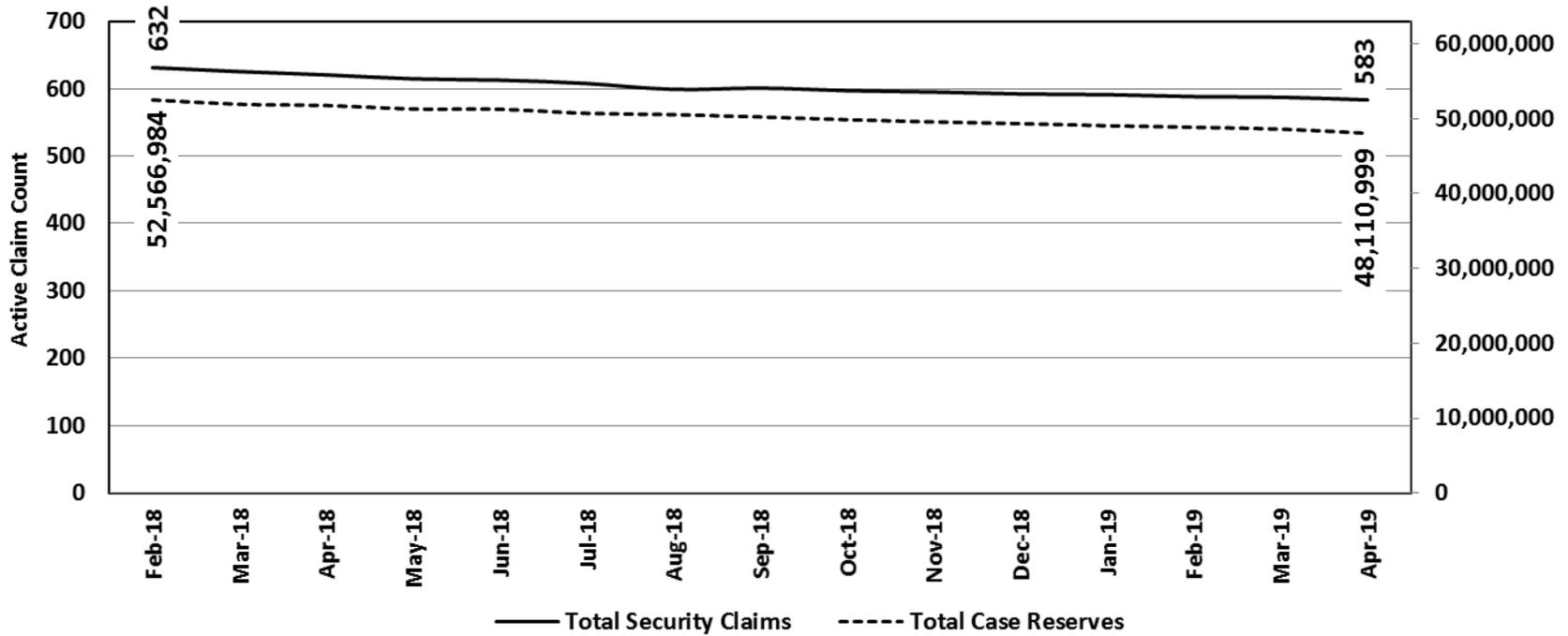
**Uninsured Fund Reserves by Benefit Type
4/30/2019**



**Guaranty Fund
Active Claim Counts and Case Reserves
4/30/2019**



**Security Fund
Active Claim Counts and Case Reserves
4/30/2019**



OLD FUND CASH STATEMENT

April 30, 2019

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	4,078,894	6,658,419	(2,579,525)	6,668,291	12,336,645	25,211,458
Self-Insured Debt Reduction Surcharge	1,628,881	1,784,978	(156,096)	2,130,127	4,346,111	6,209,330
Video Lottery	-	2,119,564	(2,119,564)	2,750,000	5,500,000	6,734,934
Employer Premium	61,000	499,350	(438,350)	513,387	62,806	111,955
Other Income - Return of Unclaimed Property	-	271,283	(271,283)	273,871	354,423	184,888
Operating Revenues	6,580,939	11,333,594	(4,752,655)	12,335,675	36,487,535	153,921,361
Investment / Interest Earnings (Losses)	18,021,496	67,781,675	(49,760,179)	67,551,779	112,116,554	(5,981,504)
Total Revenues	24,602,435	79,115,269	(54,512,835)	79,887,454	148,604,089	147,939,857
Expenditures						
Claims Benefits Paid:						
Medical	17,922,867	21,336,336	(3,413,469)	25,531,399	27,437,375	26,890,541
Permanent Total Disability	67,973,035	72,729,147	(4,756,113)	86,779,468	92,140,733	98,784,921
Permanent Partial Disability	109,322	250,002	(140,680)	301,824	336,015	232,699
Temporary Disability	49,001	18,268	30,733	18,268	-	8,554
Fatals	17,054,888	18,121,615	(1,066,727)	21,608,332	22,990,499	24,098,586
104 weeks death benefit	3,682,673	4,478,886	(796,213)	5,182,930	5,825,439	6,990,581
Settlements	3,211,526	6,285,391	(3,073,865)	7,058,622	11,716,131	12,718,425
Loss Adjustment Expenses	1,119,546	1,137,559	(18,013)	1,324,887	1,446,808	1,970,779
Total	111,122,859	124,357,205	(13,234,347)	147,805,732	161,893,000	171,695,087
Less: Claims credits and overpayments	2,203,351	2,613,730	(410,379)	2,877,784	5,080,389	3,044,395
Total Benefits Paid	108,919,508	121,743,476	(12,823,967)	144,927,948	156,812,611	168,650,692
Administrative Expenses	5,091,371	6,230,452	(1,139,081)	8,168,444	9,066,663	10,294,801
Total Expenditures	114,010,880	127,973,928	(13,963,048)	153,096,392	165,879,274	178,945,493
Excess (Deficiency) of Revenues over Expenditures	(89,408,445)	(48,858,659)	(40,549,786)	(73,208,938)	(17,275,184)	(31,005,636)
Cash Ending Balances	1,100,755,065	1,214,513,789	(113,758,724)	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

April 30, 2019

Three Year History for years ended:

	YTD FY2019	YTD FY2018	Change	FY2018	FY2017	FY2016
Cash Beginning Balances	246,768,365	251,313,328	(4,544,963)	251,313,328	245,945,240	264,657,327
Revenues						
Investment Earnings (Losses)	3,665,713	13,753,705	(10,087,992)	13,912,317	22,100,417	(5,091,164)
Other Income - Return of Unclaimed Property	-	645	(645)	645	8,353	3,797
Total Revenues	3,665,713	13,754,349	(10,088,636)	13,912,961	22,108,770	(5,087,367)
Expenditures						
Claims Benefits Paid:						
Medical	3,711,361	5,803,353	(2,091,991)	6,709,112	4,032,649	2,830,426
PTD and Fatal Indeminty	7,108,306	6,565,719	542,587	7,945,389	8,174,289	7,548,752
Loss Adjustment Expenses	2,735,542	2,794,017	(58,475)	3,165,542	3,783,923	2,629,468
Total	13,555,209	15,163,089	(1,607,880)	17,820,043	15,990,861	13,008,646
Less: Claims Credits and Overpayments	73,728	245,501	(171,773)	268,646	125,895	130,620
Total Benefits Paid	13,481,481	14,917,588	(1,436,107)	17,551,397	15,864,966	12,878,025
Administrative Expenses	734,862	748,484	(13,622)	906,527	875,715	746,696
Total Expenditures	14,216,343	15,666,072	(1,449,729)	18,457,924	16,740,681	13,624,721
Excess (Deficiency) of Revenues over Expenditures	(10,550,630)	(1,911,723)	(8,638,907)	(4,544,963)	5,368,089	(18,712,088)
Cash Ending Balances	236,217,736	249,401,605	(13,183,869)	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

April 30, 2019

	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)	530,493	1,852,560	(1,322,067)	1,873,190	3,012,508	(155,883)
Total Revenues	783,065	1,852,560	(1,069,495)	1,873,190	3,012,508	19,284,826
Expenditures						
Claims Benefits Paid:						
Medical	408,673	197,518	211,155	239,490	503,912	309,470
Permanent Total Disability	85,324	164,757	(79,433)	181,821	63,717	43,638
Permanent Partial Disability	227,197	455,810	(228,613)	522,798	972,712	612,823
Temporary Disability	12,384	56,649	(44,265)	56,649	375,328	303,724
Fatals	189,007	213,542	(24,536)	253,055	277,011	257,806
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	125,000	20,000	105,000	170,000	3,800	-
Non Awarded Partial Disability	-	10,904	(10,904)	10,904	4,407	9,377
Loss Adjustment Expenses	100,024	110,360	(10,336)	123,706	255,219	163,819
Total	1,147,608	1,229,539	(81,931)	1,558,423	2,456,105	1,700,657
Less: Claims Credits and Overpayments	205	11,148	(10,944)	12,868	2,723	17,176
Total Benefits Paid	1,147,404	1,218,391	(70,987)	1,545,555	2,453,382	1,683,481
Administrative Expenses	74,790	95,340	(20,550)	121,127	185,258	153,231
Total Expenditures	1,222,194	1,313,731	(91,537)	1,666,682	2,638,640	1,836,711
Excess (Deficiency) of Revenues over Expenditures	(439,128)	538,829	(977,957)	206,509	373,868	17,448,114
Cash Ending Balances	33,603,702	34,375,151	(771,449)	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.

SELF-INSURED SECURITY RISK POOL

April 30, 2019

	YTD FY2019	YTD FY2018	Change	Three Year History for years ended:		
				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	-	-	-	-	-	230,340
Collateral Proceeds	243,007	-	243,007	-	-	47,503,193
Investment Earnings (Losses)	794,136	2,981,803	(2,187,667)	3,015,368	4,914,238	201,775
Total Revenues	1,037,142	2,981,803	(1,944,660)	3,015,368	4,914,238	47,935,308
Expenditures						
Claims Benefits Paid:						
Medical	431,381	686,082	(254,701)	802,935	778,632	479,295
Permanent Total Disability	1,272,960	1,261,196	11,764	1,603,037	1,576,942	1,163,198
Permanent Partial Disability	5,212	-	5,212	-	-	7,560
Temporary Disability	-	-	-	-	-	-
Fatals	921,457	1,038,450	(116,993)	1,230,799	1,333,911	1,183,728
104 Weeks Death Benefit	-	37,804	(37,804)	37,804	134,935	92,595
Settlement Agreements	16,971	205,471	(188,500)	207,565	14,165	21,177
Loss Adjustment Expenses	82,752	75,101	7,651	88,371	151,558	54,047
Total	2,730,733	3,304,105	(573,372)	3,970,511	3,990,143	3,001,600
Less: Claims Credits and Overpayments	54,962	216,441	(161,479)	223,585	38,143	4,925
Total Benefits Paid	2,675,771	3,087,664	(411,893)	3,746,926	3,952,000	2,996,676
Administrative Expenses	199,789	235,617	(35,828)	312,386	373,374	288,097
Total Expenditures	2,875,560	3,323,281	(447,721)	4,059,312	4,325,374	3,284,773
Excess (Deficiency) of Revenues over Expenditures	(1,838,418)	(341,478)	(1,496,939)	(1,043,944)	588,865	44,650,535
Cash Ending Balances	51,565,841	54,106,725	(2,540,883)	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.

UNINSURED EMPLOYERS FUND

April 30, 2019

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	521,867	339,960	181,906	436,728	595,742	625,093
Investment Earnings (Losses)	190,680	647,459	(456,778)	660,537	962,646	(205,615)
Total Revenues	712,547	987,419	(274,872)	1,097,265	1,558,387	419,478
Expenditures						
Claims Benefits Paid:						
Medical	129,697	84,167	45,530	164,187	30,783	47,718
Permanent Total Disability	-	-	-	-	-	-
Permanent Partial Disability	27,156	25,493	1,663	33,025	51,760	4,738
Temporary Disability	35,751	78,721	(42,970)	104,582	25,414	113,212
Fatals	41,692	41,692	-	50,030	50,030	52,164
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	96,000	344,000	(248,000)	344,000	255,715	228,577
Loss Adjustment Expenses	50,346	5,753	44,594	5,846	6,969	5,868
Total	380,643	579,826	(199,182)	701,671	420,672	452,276
Less: Claims Credits and Overpayments	47,024	3,083	43,942	47,333	33,341	1,558
Total Benefits Paid	333,619	576,743	(243,124)	654,338	387,331	450,719
Administrative Expenses	103,517	161,287	(57,770)	213,501	275,304	229,156
Total Expenditures	437,136	738,030	(300,894)	867,839	662,635	679,875
Excess (Deficiency) of Revenues over Expenditures	275,410	249,389	26,022	229,426	895,753	(260,397)
Cash Ending Balances	13,265,381	13,009,933	255,448	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, wvOASIS. The Insurance Commissioner has the right to levy assessments on employers in order to maintain the solvency of the Fund. The Commissioner may recover all payments made from this fund, including interest, from an uninsured employer who is found liable for benefits paid from the UEF. The Uninsured Cash Statement is unaudited information.

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
April 23, 2019

OPERATING REPORT

MARCH 2019

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,
CGIP

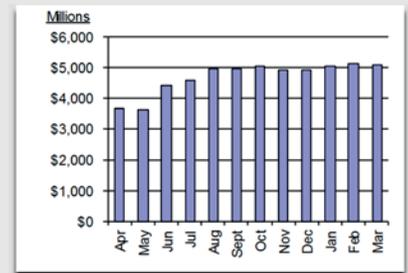
Chief Financial
Officer
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$5,079,241,000

Last Month
\$5,136,345,000

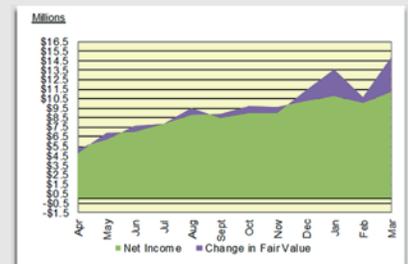
Beginning of Fiscal Year
\$4,429,483,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$94,261,000



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

Money Market Pools

As of March 31, 2019

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	2.5771%	44 Days	\$3.9 Billion
WV Gov't Money Market	2.3506%	25 Days	\$246.9 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

MARCH 2019

Feds Signal: No Rate Hikes 2019

Market Results

Following the market rout at the end of 2018, equities made a strong comeback in the first quarter. Risk assets pushed higher as the Fed signaled no additional rate hikes in 2019. The US led the way, with the S&P 500 Index increasing 1.9% in March; international and emerging market equities were also in the black, with the MSCI EAFE and MSCI Emerging Markets Indexes up 0.6% and 0.8%, respectively.

The dovish pivot by the Fed also bolstered fixed-income returns, broadly causing yields to decline. In the US, a segment of the yield curve—measured by the spread between the 10-year Treasury note and 3-month Treasury bill—inverted. By the end of the month, the inversion had reversed, even as the 10-year US Treasury yield declined 30 basis points to 2.42%. Meanwhile, 10-year German and Japanese bond yields fell 0.26% and 0.07%, respectively – both ending in negative territory. Within credit, spreads continued to tighten with the Barclays US High Yield spread declining 1.35% to 3.91%, which corresponded to an index return of 0.9%. In emerging markets, local debt, as measured by the JPM GBI-EM Global Diversified Index, fell 1.3% with modest currency depreciation relative to the dollar.

In real assets, spot WTI Crude Oil maintained its rally, increasing 5.2% during the month and up 33.3% for the quarter. Additionally, midstream energy benefitted from higher oil prices, which fueled a 3.4% increase in the Alerian MLP Index in March.

Market Outlook

With the US advancing into the late stage of its expansionary economic cycle, we remind investors of the importance of diversification given the more pronounced risks and volatility historically associated with this stage. As such, after a strong first quarter for risk assets, we encourage investors to consider rebalancing recent equity gains and increasing safe-haven fixed-income exposure.

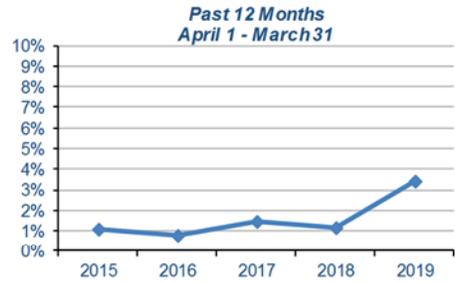
West Virginia Board of Treasury Investments Financial Highlights as of March 31, 2019

WV Short Term Bond Pool

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

<u>April 1 - March 31</u>	<u>Return</u>	<u>Net Assets At Mar 31 (In Millions)</u>
2019	3.4%	\$ 726.5
2018	1.1%	\$ 705.8
2017	1.5%	\$ 758.0
2016	0.8%	\$ 791.0
2015	1.1%	\$ 769.8

WV Short Term Bond Pool Rates of Return

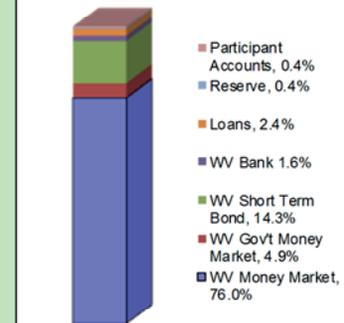


Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool

Summary of Value and Earnings *(In Thousands)*

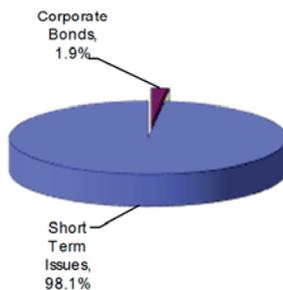
<u>Pool</u>	<u>Net Asset Value</u>	<u>Mar Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 3,858,446	\$ 8,629	\$ 66,704
WV Gov't Money Market	246,922	497	3,757
WV Short Term Bond	726,480	5,302	20,740
WV Bank	83,611	186	1,413
Loans	122,145	153	1,087
Reserve	19,465	42	339
Participant Accounts	22,172	37	221
	<u>\$ 5,079,241</u>	<u>\$ 14,846</u>	<u>\$ 94,261</u>

Percent of Total Net Asset Value

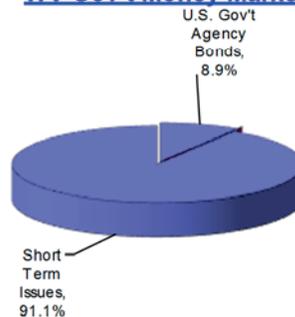


Securities by Type for Operating Pools *(Percentage of Asset Value)*

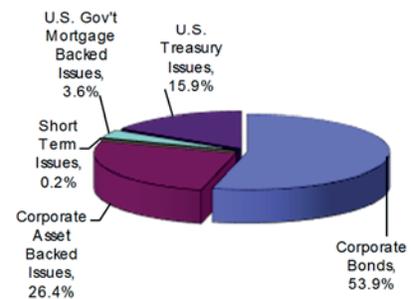
WV Money Market



WV Gov't Money Market



WV Short Term Bond



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

MARCH 31, 2019

(IN THOUSANDS)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Other Pools	Participant Directed Accounts	Total
Assets							
Investments:							
At amortized cost	\$ 3,855,510	\$ 246,954	\$ -	\$ 83,055	\$ 141,418	\$ -	\$ 4,326,937
At fair value	-	-	725,567	-	-	22,099	747,666
Other assets	3,870	41	10,063	564	202	74	14,814
Total assets	<u>3,859,380</u>	<u>246,995</u>	<u>735,630</u>	<u>83,619</u>	<u>141,620</u>	<u>22,173</u>	<u>5,089,417</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased							
	934	73	9,150	8	10	1	10,176
Total liabilities	<u>934</u>	<u>73</u>	<u>9,150</u>	<u>8</u>	<u>10</u>	<u>1</u>	<u>10,176</u>
Net Position							
Held in trust for investment pool participants	3,858,446	246,922	726,480	83,611	141,610	-	5,057,069
Held in trust for individual investment account holders	-	-	-	-	-	22,172	22,172
Total net position	<u>\$ 3,858,446</u>	<u>\$ 246,922</u>	<u>\$ 726,480</u>	<u>\$ 83,611</u>	<u>\$ 141,610</u>	<u>\$ 22,172</u>	<u>\$ 5,079,241</u>
Additions							
Investment income:							
Interest and dividends	\$ 3,664	\$ 160	\$ 1,666	\$ 189	\$ 198	\$ 24	\$ 5,901
Net (amortization) accretion	5,186	354	90	-	-	(1)	5,629
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>8,850</u>	<u>514</u>	<u>1,756</u>	<u>189</u>	<u>198</u>	<u>23</u>	<u>11,530</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	221	17	63	3	3	-	307
Total investment expenses	<u>221</u>	<u>17</u>	<u>63</u>	<u>3</u>	<u>3</u>	<u>-</u>	<u>307</u>
Net investment income	8,629	497	1,693	186	195	23	11,223
Net realized gain (loss) from investments	-	-	(24)	-	-	-	(24)
Net increase (decrease) in fair value of investments	-	-	3,633	-	-	14	3,647
Net increase (decrease) in net position from operations	8,629	497	5,302	186	195	37	14,846
Participant transaction additions:							
Purchase of pool units by participants	729,619	31,133	-	164	8,038	-	768,954
Reinvestment of pool distributions	8,629	497	1,635	186	195	-	11,142
Contributions to individual investment accounts	-	-	-	-	-	104	104
Total participant transaction additions	<u>738,248</u>	<u>31,630</u>	<u>1,635</u>	<u>350</u>	<u>8,233</u>	<u>104</u>	<u>780,200</u>
Total additions	746,877	32,127	6,937	536	8,428	141	795,046
Deductions							
Distributions to pool participants:							
Net investment income	8,629	497	1,693	186	195	-	11,200
Net realized gain (loss) from investments	-	-	(24)	-	-	-	(24)
Total distributions to pool participants	<u>8,629</u>	<u>497</u>	<u>1,669</u>	<u>186</u>	<u>195</u>	<u>-</u>	<u>11,176</u>
Participant transaction deductions:							
Redemption of pool units by participants	821,637	18,882	116	164	176	-	840,975
Withdrawals from individual investment accounts	-	-	-	-	-	-	-
Total participant transaction deductions	<u>821,637</u>	<u>18,882</u>	<u>116</u>	<u>164</u>	<u>176</u>	<u>-</u>	<u>840,975</u>
Total deductions	<u>830,266</u>	<u>19,379</u>	<u>1,785</u>	<u>350</u>	<u>371</u>	<u>-</u>	<u>852,151</u>
Net increase (decrease) in net position from operations	(83,389)	12,748	5,152	186	8,057	141	(57,105)
Inter-pool transfers in	5,300	-	-	1,000	-	-	6,300
Inter-pool transfers out	(1,000)	-	-	(5,300)	-	-	(6,300)
Net inter-pool transfers in (out)	<u>4,300</u>	<u>-</u>	<u>-</u>	<u>(4,300)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(79,089)	12,748	5,152	(4,114)	8,057	141	(57,105)
Net position at beginning of period	<u>3,937,535</u>	<u>234,174</u>	<u>721,328</u>	<u>87,725</u>	<u>133,553</u>	<u>22,031</u>	<u>5,136,346</u>
Net position at end of period	<u>\$ 3,858,446</u>	<u>\$ 246,922</u>	<u>\$ 726,480</u>	<u>\$ 83,611</u>	<u>\$ 141,610</u>	<u>\$ 22,172</u>	<u>\$ 5,079,241</u>