



JOINT COMMITTEE ON GOVERNMENT AND FINANCE

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JUNE 18, 2019

AGENDA
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
June 18, 2019

5:00 pm – 6:00 pm

Senate Finance Room

1) **Approval of May 20, 2019 minutes:**

Speaker Hanshaw: “The Committee will come to order. The first item on the agenda is the approval of the May 20, 2019. President Carmichael is recognized.”

President Carmichael: “I move the minutes of the May 20, 2019 meeting of the Joint Committee on Government and Finance as contained in the members packets be approved.”

Speaker Hanshaw: “President Carmichael moves that the minutes be approved. Discussion? All in favor say aye, opposed no. The ayes appear to have it, the ayes do have it. The minutes are approved.”

2. **Committee Reports/Requests:**

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

Speaker Hanshaw: The next order of business before the Committee are the Monthly/Quarterly Reports. Members will find in their packets the reports from each Agency.

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

(William Spencer, Director – he doesn’t go over his reports – if there are any questions he will answer.)

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

(Allan McVey, 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

(Rod Livingston, Sr. Investment Officer, West Virginia Investment Management Board)

Workers Compensation

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

Board of Treasury Report Distribution

5. **Adjournment:**

Speaker Hanshaw: “Any further business to come before the Committee? If not, I recognize President Carmichael for a motion to adjourn.”

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

Speaker Hanshaw: “All those in favor say aye, opposed no. The ayes appear to have it, the ayes do have it, the meeting is adjourned.”

Speaker Hanshaw Presides

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Board of Treasury Report Distribution

4. **Other Business**

5. **Adjournment**

JOINT COMMITTEE ON GOVERNMENT AND FINANCE
(President Carmichael)

May 30, 2019

5:00 p.m. – 6:00 p.m.

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

President Carmichael: “ ... all in favor will say aye. Those opposed, no. The ayes appear to have it, the ayes do have it. I declare the motion adopted. The next item on the agenda is the committee reports. You have the packet before you. Let’s see, get the first one up here. The ... which one are we doing first, here? The Lottery, Unemployment Compensation Fund, I call Mr. Spencer for it.”

William Spencer: “My name is William Spencer. I’m the Director of the Legislative Budget Division, here to answer any questions on the monthly status reports.”

President Carmichael: “Thank you, Mr. Spencer. Are there questions of Mr. Spencer? If not, I’d like to request Mr. Muchow to come to the podium to discuss the General Revenue Fund and State Road Fund.”

Mark Muchow: “I’m Mark Muchow with the Department of Revenue, and I have numbers through the month of April for General Revenue and State Road fund. In the month of April, the General Revenue Fund received \$604.7 million of revenue. That was \$53.6 million above estimate and more importantly 13% ahead of last year. So, it’s a double-digit growth month lead by a pretty good surge in year-end income tax payments. So, if you’re a corporation or an individual, your income tax annual return is due in April, and there was some shifting going on associated with federal tax reform. What we’ve seen is lower estimated income tax payments on the quarterly basis. They’re down about 8.9%. But that’s been offset by higher payments made on the annual return and that ... it showed up in the income tax numbers for personal income tax in the month of April, we collected \$333.2 million, and that was 25.3 million above estimate, 13.4% ahead of last year, and on the corporate side, we collected \$45.2 million. Which was 15 million above estimate, almost 79% ahead of last year. It’s a very strong growth there. Add that to go

with severance tax, which was 15.9% ahead of last year, \$11 million above estimate. Put those together, you've got your \$53 million and then some, and then surplus. That's really the sources of the surplus for the month. For the year-to-date ... and that ... and by the way, West Virginia is not unique that way. Throughout the country virtually every state that imposes income taxes saw a big surge in revenues. Just a couple of headlines, in Kentucky the General Revenue Fund receipts rose 10.7% in April. In North Carolina, tax collections could lead to a \$700 million windfall. In Pennsylvania, state coffers flooded with an extra \$800 million in tax revenue. So, they get this type of headlines throughout the country. So, the income tax ... that's federal tax reform at play there and the impact on behavior.

Year-to-date, our collection is \$3.897 billion. That's nearly \$77 million above estimate, still very strong, eleven and a half percent growth over last year. Again, led by the aforementioned revenue sources. Corporate income tax collections year-to-date are 73% ahead of last year. On (14:02) fund, the severance tax year-to-date is up 34% compared to last year. Personal income tax, up 8.4% and consumer sales tax up ten and a half percent. Those are the main drivers of the year-to-date numbers.

State Road Fund in the month of April, overall, we were \$19.7 million above estimate compared to last year. For the year-to-date, technically we're \$64.7 million below estimate. But that's solely to do with the federal reimbursement numbers. Federal reimbursements through April actually totaled \$316.6 million vs. \$314.5 million last year. So, that's two million dollars more in federal reimbursements this year vs. last year. What we have is a very optimistic estimate for federal reimbursements, but we will get ... the State of West Virginia highway folks tell me that we will get every single dime that the federal government has to offer this year in federal reimbursements.

If you take away the federal funds, year-to-date on the State Road Fund for state sources, we've collected \$722.1 million. That's \$20.8 million above estimate. Compared to last year, up 0.9% or almost 6.2 million. Year-to-date motor fuel taxes are up 4.2%. Registration fees, 12.7% compared to last year. Motor vehicle sales tax up 4.8%. Compared to estimate, everyone's ... every source is above estimate with the exception of the Motor Fuel Tax. The Motor Fuel Tax is below estimate by \$3.9 million. What really counts there, of course is going to be the year-end numbers because motor fuel tax is very erratic in terms of collection patterns because the due date is on the last calendar day of every month and that just creates an unusual pattern of up and down movements on the fuel tax from one month to the next. I open up to any questions you might have.

President Carmichael: "Thank you, Mark. Are there questions? I recognize Senator Plymale."

Senator Plymale: "Thank you. Mark, if you could, go over the ... I know that from the federal reimbursement side of it from State Road, since they're on a different fiscal year, is that part of the problem or is it just the nature of the reimbursements being late in terms of ...?"

Mark Muchow: "Well we ... earlier in this fiscal year we ran behind last year's reimbursement rate because of a conversion in Oasis that was going on. But the

highways, with the April deposit ... April deposits of federal reimbursements for \$58.6 million. The April estimate was only \$26.3 million. So, that was \$32.3 million ahead and that put us on a situation where we now have higher federal reimbursements this year vs. last year.

In terms ... if you look at the history of federal reimbursements, we average a little over \$400 million a year in federal reimbursements, and that's where we'll end up this year and federal reimbursements have been relatively flat. Fifteen years ago, it was a little over \$400 million, this year it'll be a little over \$400 million. That's consistent across the country."

Senator Plymale: "Are you talking just on the state road?"

Mark Muchow: "On the State Road Fund, federal reimbursements for the State Road Fund. It's about the same today as it was about 15 years ago."

Senator Plymale: "So, if you say that we're 64 million under, explain to me within this fiscal year, how that will be done. Or will it go into the next fiscal year according to match up with the federal fiscal year?"

Mark Muchow: "This was the first year that the Department of Highways was asked to put out an estimate for federal reimbursement and I think a couple of motivations led them to a high estimate. One is they wanted to make sure they had plenty of spending authority. Because if you go below the estimate, you get more money than the estimate. But if your spending authority is flat, you can't spend it. This gives them the opportunity to spend it. But I ... they were just optimistic overall. That \$471, we haven't been anywhere near \$471 in recent memory on federal reimbursements. Certainly, the federal reimbursement yearly rate that ends at the end of September and the Secretary of Transportation assures me that every single dime will be collected and he'll ... they will attempt to maximize the use of his federal funds."

Senator Plymale: "And we've never, ever missed that. You know, we've always drawn down the maximum amount because we've ... from state matches and things like that."

Mark Muchow: "That's correct. This is the first time ever that there was actually an estimate for it on how much that would be, and again, I think part of that motivation for the high estimate was to make sure that there is plenty of spending authority available in case the monies arrived."

Senator Plymale: "Okay, thank you."

President Carmichael: "Further questions? I recognize Senator Blair."

Senator Blair: "I have a question of the Chairman, Mr. Chairman."

President Carmichael: “Yes.”

Senator Blair: “Actually, it’s not so much a question, but a request. We’ve got supplementals coming up, here. I want to expand the scope of this committee a little bit if it’s possible and float this idea out here by you. Mark’s given the information on the Road Fund, but you know, we’ve got supplementals that we’re getting ready to deal with here this afternoon, the Roads to Prosperity. I’d like to see the Department of Transportation come into this committee. It’s a priority of ... for us in the State of West Virginia to be able to tackle these roads, especially the secondary roads. But, have a better understanding and be able to ask questions of that. I think it’s somewhat inappropriate for me to be going down into the details of the Roads of Prosperity and things like that with Mark, and if it’s possible, let’s get ready and do that and make it a little bit more of a priority for us. Especially when we see the amount of resources that we’re contributing to this into the future, moving along. So, I thought I’d bring this up at this point in time, and see whether we can’t do that with this committee since it is government and finance. It covers both.”

President Carmichael: “Yea, dealing with this as a request of the Chair, I think the question is well put. That we are experiencing incredible stress on our transportation system in West Virginia, and we’ve heard all these complaints and rightly so. So, I believe ... I believe that it would be helpful to have the Secretary of Transportation here, to appear before the Joint Committee with you as we delve deeper down into the issues surrounding roads. Yea, thank you.

Senator Blair: “Thank you.”

President Carmichael: “We’ll have that scheduled. I recognize Delegate Cowles.”

Delegate Cowles: “Thank you, Mr. President. Mark, there’s a balance of several funds on the report. One of which is the Personal Income Tax Reserve Fund of \$11 million, and that’s as of April 30th. That’s a cash flow account for refunds. Did we use any of that or is that ...?”

Mark Muchow: “This particular year is a very healthy year. We have not used the Income Tax Refund Reserve Account for this year. The Income Tax Reserve Account, if you go back 10-15 years, it maxed out somewhere around \$45 million. So, in recent years with ... specifically some of the lean years, that money has been drawn on and used to pay income tax refunds. But, it’s designed ... I think it was set up when the income tax was created back in 1961 or thereabouts. But, it was set up to be able to provide the cash flow necessary to pay income tax refunds in the event you had a very lean year where there is ... you basically were having trouble balancing the budget. So, it meant that individuals would get their income tax refunds regardless of the state’s financial situation, and it was really invigorated ... started up back in the early 1990s following a period in the late 80s where we ran into some cash flow issues and for one reason or another, some people’s income tax refunds got delayed from one fiscal year to another fiscal year.”

Delegate Cowles: “So, we didn’t use it this year, but it’s not necessarily surplus right now?”

Mark Muchow: “It’s money in a balanced account that’s available, but right now it’s earmarked for future refund payments.”

Delegate Cowles: “Thank you. Thank you, Mr. President.”

President Carmichael: “Thank you. Further questions? I recognize Delegate Bates.”

Delegate Bates: “Thank you, Mr. President. Mark, the report I’m looking at with the surplus ... I’m sorry, the excess of \$73 million, my understanding is the Governor or the Executive tends to raise the revenue estimate again at some point today, if he’s not done so already.”

Mark Muchow: “If it hasn’t been done yet, I won’t spill the beans. But there is some talk about raising the revenue estimate and the message will be coming forward when that occurs.”

Delegate Bates: “Okay, so the \$73 million that appears there, we’ve raised the revenue estimate a couple of times previously haven’t we?”

Mark Muchow: “Yes we have.”

Delegate Bates: “And has this chart been adjusted to account for that?”

Mark Muchow: “Yes, it counts for the revisions all the way up through early March. There are two sets of revisions and this happens frequently in a number of other states. It doesn’t happen very often in West Virginia, but this year because the revenue growth is so strong, we’re afforded the ability to be able to raise those estimates a couple of times.”

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

President Carmichael: “Thank you for pointing that out. Are there further questions? Further questions? I want to ... just a quick question about ... again, to the State Road Fund. We ... I just want to make sure I understand this. How much money do they have available right now for maintenance work on secondary roads? Is that a question that can be answered?”

Mark Muchow: “That’s a question that’s budgetary in nature that I don’t have ... I don’t have a good answer because I don’t know enough about it to provide you an answer. But certainly, our budget folks, or people at transportation can provide you that

information.”

President Carmichael: “Well, thank you. I probably put you on the spot with that. But that does underscore Senator Blair’s request that we have the transportation folks here. So, thank you. Are there further questions then? Great report Mark. Thank you very much. Next item on the agenda is status report on Lottery. Is Mr. Myers with us? Yes.”

John Myers: “Good morning. Mr. President, Mr. Speaker, members of the committee, we’ve submitted our report that should be included in you packet for the month of April. If there are any questions, myself and staff are here and we’d be glad to take those.

President Carmichael: “Thank you. Are there questions of the committee for the lottery? I recognize Delegate Bates.”

Delegate Bates: “Thank you again, Mr. President. Update? And you’re going to keep getting every ...”

John Myers: “We are actually testing an app this week and hopefully by the end of next week we should have it in place.”

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

President Carmichael: “Thank you. Are there further questions? If not, thank you very much, Mr. Myers. The next item on the agenda is Connie Kirk, Unemployment Compensation Fund, the way I read this.”

Connie Kirk: “Good Morning Mr. Speaker, Mr. President, and members of the committee. I’m here, I’m Connie Kirk and I’m with Workforce WV and I’m here to report on the Unemployment Compensation Trust Fund. The projection for May is \$236,659,488. I pulled today’s actual account balance for you and it’s \$220,089,338 and we have not seen a balance of that extent since 2008. The unemployment rate for this April was 4.9, which is the one that I could retrieve this morning, and the national rate is 3.6. I’ll be glad to answer any questions that you have.”

President Carmichael: “Are there questions of Ms. Kirk? I recognize Senator Blair.

Senator Blair: “Thank you, Mr. President. Items in note, I just wanted a little bit of clarification on this. Total disbursements were six million more in July through March 2019 than the proceeding March through 2018, July through March. And then you follow down to that next paragraph, you’re reading it along with me. I can see, right? Help me understand. Aren’t we doing actually better in this state? Help me understand those two items.”

Connie Kirk: “Well, we are actually doing better in this state. Actually, I have a

report that shows, if I can retrieve it here, will show you what we paid out in benefits thus far in 2019 vs. what we have taken in. So far from January through April, I don't have May's yet, we've paid in benefits \$77 million, and we've actually taken in in revenue \$103. So, we actually are on the trend which is actually helping our trust fund go up. The only thing that I can think of, that we probably would have been further along if it hadn't been for Milan laying off over 400 people. Which every one of those drawled maximum benefits and that hit the trust fund. We probably would have been a few million dollars ahead if we would have not had that happen here. But, I mean we're doing really well with the trust fund. Unemployment rate is dropping, we're seeing less people on the rolls. I think now ... the report I got this morning, there's like 15,000 on the unemployment rolls at this point. Which is really low. Like I said, we haven't had a balance like this in the trust fund since 2008. So, that tells you that it's really ... it, you know, the help from the Legislature in the loans and stuff has really helped us, plus the unemployment drop has really helped us."

Senator Blair: "Well, I appreciate that. Because I knew that we were trending right and ... but when I looked at the items in note, that's, those two paragraphs stood out to me and you could ... Milan is the clarification, I believe that I needed to help understand."

Connie Kirk: "Yea Milan, and you would also see an increase this year because of the federal layoff. Because those benefits would be in here even though a lot of those people had overpayments, you still payed out the benefits. So, you would see that as well and I don't ... I doubt honestly if we've recouped all those overpayments either. They usually lag behind in paying us back."

Senator Blair: "But they will be recouped?"

Connie Kirk: "Yea, we will pursue them, yes."

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

Connie Kirk: "But it normally takes us a while to retrieve some of the money back."

Senator Blair: "Thank you. Thank you, Mr. Chairman."

President Carmichael: "Thank you. Are there further questions? Further questions? Let me just ask a real quick question, I've asked this in the past. Is there a certain point that the trust fund balance equals X, that on a particular date, you know, Y ... ?"

Connie Kirk: "It's in the law, and I haven't actually ... I don't have the lawbook with me. But if memory serves me correctly, every February the Legislature looks at the trust fund balance and I believe it's ... it's like \$220 million, and I could be a few million off. They look to see if we will go from \$12,000 back to \$8,000 as far as paying on your individuals that work for you, as far as total dollars paid. I would caution the Legislature to maybe consider that this coming session because they're projecting another recession"

in two years, and we really need to make sure that the trust fund is high enough to be able to pay those benefits without us dropping below what we did before, like to the \$50 million.”

President Carmichael: “Well, for the next meeting, can you have that specific for us, in terms of the dollar amount and the day at which it’s implemented?”

Connie Kirk: “I know you look at it once a year, and I’m pretty sure it’s February. But, I will look everything up and I’ll bring it with me the next time.”

President Carmichael: “Okay, and then the other thing, I just wanted to mention is I hope you’re utilizing the community and technical college bill to help place people in, like in career paths in Workforce WV.”

Connie Kirk: “Workforce is doing that, yes.”

President Carmichael: “Okay, alright. Are there further questions? Yes, I recognize Delegate Summers.”

Delegate Summers: “I don’t have a question, but I just wanted to publicly thank you for your help during the federal layoff. I came over to your office and it was extremely helpful trying to figure out the federal vs. the state and the unemployment and what to do with that, and the employees at the FBI up in Clarksburg really appreciated your assistance as well.”

Connie Kirk: “Thank you very much.”

President Carmichael: “Others desiring to ask questions before I recognize Senator Blair for a second time? Senator Blair.”

Senator Blair: “Sorry I didn’t do this to start with. The chairman sitting next to me brought up something that is of interest, and that is, is there a trigger point? We were here ... or I was here but I can’t remember, when we took the first \$8,000 in wages to \$12,000. Is there a trigger point when there’s so much into the ... we have a certain amount in the fund that actually reduces that back down? Seems to me that there was discussion about that, but I can’t remember whether that was passed or not, and I want to say one other thing too, while I ... “

President Carmichael: “It’s an excellent question.”

Senator Blair: “I’m asking her the question.”

President Carmichael: “It’s a great question.”

Delegate Bates: “That’s what he just asked.”

President Carmichael: "I just asked it."

Senator Blair: "I didn't hear it worded like that. Well, let me finish, and maybe I was sitting here talking to him when he was asking the question."

Connie Kirk: "That's okay."

Senator Blair: "What shade of red is my face right now? And in clarification too, employees don't pay one penny into unemployment in the State of West Virginia. Is that correct?"

Connie Kirk: "That is definitely correct. Most people do think they pay into unemployment, but all of the benefits are paid by the employers for the employees, and to answer your question, it is true. It is in the law, when they change the base period, the base benefit part for the ... what you pay on by the employer, as far as \$8,000 to \$12,000, there is a stipulation in the law, and I'm going on memory and I could not be ... I might be a little off, but I will bring it with me next time for sure. It's my understanding that once a year, and I believe it's in February, the Legislature looks at the trust fund balance and if the trust fund balance is over \$220 million, thereabouts, they decide whether they're going to go back to the \$8,000 ... it's in the law. So, yes it would be looked at this coming February, if we continue to increase the trust fund balance."

Senator Blair: "Thank you, and I apologize for lack of ... I can blame my hearing also on that, but it's not the case."

President Carmichael: "Thank you. Further questions? Anybody got a question about the trust fund balance? Alright, thank you, Ms. Kirk. Thank you very much."

Connie Kirk: "Thank you all. You have a great day."

President Carmichael: "Thank you. Next item on the agenda is the PEIA, BRIM, Real Estate Report, Allan."

Allan McVey: "And I'm not Mary Jane Pickens again. But she is here."

President Carmichael: "You're not Mary Jane. Alright."

Allan McVey: "Mr. President and Mr. Speaker, Members of the committee, you have our reports in your packet. I would ask if you have any questions, I'd be happy to answer them, or I have all of our directors here that can assist me with that."

President Carmichael: "Thank you, Mr. Loughry. Are there questions? Anyone have any questions about the PEIA? Alright, if not, thank you very much, sir. Next item is DHHR, Medicaid, Medicaid Waiver Report, Cindy."

Cindy Beane: “Thank you Mr. President and Mr. Speaker. You have our reports. Are there any questions?”

President Carmichael: “Questions of Ms. Beane? I recognize Delegate Bates.”

Delegate Bates: “Thank you ... wrong one. Thank you, Mr. President. What’s currently in the reserve at Medicaid? The money that’s sitting in Medicaid as surplus.”

Cindy Beane: “I’m going to defer to Mr. Samples. I don’t have my CFA with me and I think he brought that number.”

President Carmichael: “Could you repeat the question?”

Delegate Bates: “Yes. Thank you, Mr. President. I’m interested in knowing what’s in the reserve, what’s in the surplus, unspent money in Medicaid.”

Jeremiah Samples: “Jeremiah Samples, Deputy Secretary, DHHR. We were projecting, and I’m trying to pull up the most recent number, and I’ll give you the specific. But it was going to be roughly \$120 million for state fiscal year 2020. Just to keep in mind these numbers are looked at by the bonding agencies and Medicaid has a six-year budget projection. Which we’ve shared with various members in the past and can certainly do so again. That money carries over to cover future year liabilities. Year five and year six, we start to see those numbers turn red for the Medicaid budget. But, it’s approximately \$120, but I’ll get you a specific when I can.”

Delegate Bates: “Yes, if I could, and Mr. President, if I could ... would request for myself and also the members of the committee, something that shows me what that balance has been the past five years and then what it’s projected to be the next five years, or six years depending upon ... whatever’s easiest.”

Jeremiah Samples: “Yes sir.”

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

President Carmichael: “Just so I’m clear, the ... you’re seeking a status of the balance for the last five years ... “

Delegate Bates: “And a look forward as well. So, what’s that balance been over the last five years. I think in the last several years we’ve used some of that money to plug up some holes.”

President Carmichael: “Good point.”

Delegate Bates: “... and there’s also some movement with Medicaid money, I understand, before us shortly. So, I’d be interested in knowing what those amounts are. Thank you, sir.”

President Carmichael: “So, we have that and we’ll get that to you. Further questions? Further questions? If not, thank you very much. The next item is the CHIP program, Stacey.”

Stacey Shamblin: “Hello, Mr. President, Mr. Speaker, members of the committee. You have your report and I can answer any questions for you.”

President Carmichael: “Thank you, are there questions? Questions? If not, thank you very much. The next item is our Investment Management Board. I’ll call Craig to the podium and with the recognition that there’s a recession on the way.”

Craig Slaughter: “Craig Slaughter, Executive Director of the WV Investment Management Board. Yea, there’s always one on the way. It just depends on when it comes. You have the March 31st numbers before you. We’re up over 2%. April is good, I think. It wasn’t that long ago I talked to you. I don’t know that there’s all that much new information. Through April though, we’re probably up about 4%. We don’t have final numbers yet. As you ... I’m sure you guys are well aware that May hasn’t been particularly exciting in the stock markets. So, that leaves us just one ... a little over one month to try to make up three plus percent, and well, that’s difficult to do.”

President Carmichael: “Questions? Questions. If not, thank you so very much. So, the next item on the agenda is the Insurance Commissioner, Mr. Dodrill.”

Jim Dodrill: “Good morning, Mr. President, Mr. Speaker, members of the committee. You have our report as of the end of April, and I’ll be happy to answer any questions.”

President Carmichael: “Are there questions? Any questions for Mr. Dodrill? Thank you very much.”

Jim Dodrill: “That’s the way I like it.”

President Carmichael: “That’s good, yeah. So, the Board of Treasury Report Distribution is in your packet. Is there other business to come before the committee? I recognize Senator Trump.”

Senator Trump: “Thank you Mr. President. We have in the audience today, I think he’s here, on behalf of the WV Law Institute, the distinguished Bob Bastress, Professor of Law at the WVU College of Law and I would ask unanimous consent that he be permitted to address the committee regarding the Law Institute’s activities and funding.”

President Carmichael: “Without objection, Mr. Bastress. Please approach the podium, state your name, and begin your presentation.”

Bob Bastress: “Bob Bastress from the West Virginia University College of Law and Director of the WV Law Institute. We’re here with our hands out as we were last year, seeking additional support for the law institute. The institute was statutorily created ... I believe I put the statute in your packet ... in around 1986. For its first two decades, it primarily worked on producing model legislation. In the last 20 years or so, we have ... or 15 years at least, focused on research projects to support the legislative work, and you have in your packet what we have undertaken since 2010 basically then, the past decade, and I think we’ve produced some very substantial reports as well as some smaller ones, and we are currently ... we just initiated two additional major projects, one on probate reform. Which we had already done some work on. But the probate law in this state is frankly a mess. It’s spread out over various sections of four different chapters in the code and badly needs both modernization and rationalization, and we plan to be working with members of the bar specializing in probate to try to propose something that the Legislature could implement there for significant reform. And the other project, major project, we’re undertaking is a bail reform survey. I do know that there was interest in the last legislative session in doing something about bail reform and our governing council which consists of ... which was statutorily created to include veteran, and ... or experienced and well-informed attorneys thought that we could supplement that process by doing a survey of what other states have done on bail reform. So, we have just begun that process. Our support for this work ... the work is largely being done by law students under the supervision of either me or somebody with significant expertise in the particular area which we’re researching, and that ... sometimes that comes from the faculty at the college of law and on a couple of occasions we have engaged, not hired, but brought in outside counsel with a particular expertise.

We ... the institute received a grant from the Legislature in about 2012 for, I believe it was \$30,000, and that fund has now ... is now under \$3,900, and with these major undertakings, I think we will need additional support. And so, we’re requesting additional funding to support these law students’ research. None of the money goes to any attorney. I do not get paid. That’s provided by the statute. You could think about amending the statute by the way, but we’re not asking for that today. What we’re asking for is to support the work of these researchers, and so that’s ... we’re requesting that.”

President Carmichael: “Thank you for your presentation. Are there questions? I recognize Senator Trump.”

Senator Trump: “Thank you, Mr. President. Bob, be specific if your hand’s out. Are you suggesting a number for the Joint Committee?”

Bob Bastress: “We had requested last year \$50,000. We’ll ... that would be great. I think this \$30,000 has lasted us eight years. So, a \$50,000 grant would last us for at least another decade at the rate we’re going. We pay peanuts, by the way.”

President Carmichael: “Thank you. Are there further questions? Further questions? Thank you for your presentation.”

Bob Bastress: “Thank you, Mr. President. I appreciate the time.”

President Carmichael: “Is there further business to come before the committee? Further business to come before the committee? I recognize Senator Trump.”

Senator Trump: “Thank you, Mr. President. I move that the Joint Committee on Government and Finance, this year, find and fund an allocation of \$15 – one, five, zero, zero, zero, \$15,000 to the WV Law Institute so that its work, valuable work for this legislature, and the citizens of this state can continue, and that we set this matter for the Joint Committee to look at a year hence, and talk about it and see where we are.”

President Carmichael: “I recognize Senator Hanshaw, or Delegate Hanshaw.”

Delegate Hanshaw: “I’ll second it.”

President Carmichael: “A motion has been made and seconded. Is there discussion? Is there discussion? If not, you’ve heard the motion. 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. Is there further business to come before the committee? If not, I recognize Delegate Hanshaw for a motion, Speaker Hanshaw.”

Speaker Hanshaw “I move the committee adjourn.”

President Carmichael: “All those in favor will say aye, those opposed no. The motion carries. 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

June 7, 2019

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

- West Virginia Lottery as of April 30, 2019:
Gross profit year to date was \$434.7 million. Gross profit for fiscal year 2018 was \$416.5 million.
- West Virginia Unemployment Compensation Fund as of April 30, 2019:
Total disbursements were \$10 million higher than in fiscal year 2018. Overall ending trust fund balance was \$80.8 million higher on April 30, 2019 than on April 30, 2018.
- General Revenue Fund as of May 31, 2019:
The general revenue collections ended the eleventh month of fiscal year 2019 at 103% of the estimate for the year.
- State Road Fund as of May 31, 2019:
The state road fund collections ended the eleventh 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: June 07, 2019

Re: Review of West Virginia Lottery Financial Information
As of April 30, 2019

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for April 30, 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 \$949.2 million for July - April 2019. Table games accounted for \$29.4 million of this total. Historic Resort Hotel accounted for \$6.2 million of total gross receipts. Gross lottery revenue has increased by 5% when compared with July - April 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 - April 2019 was \$434.7 million; for July - April of last fiscal year it was \$416.5 million. Expressed as a percentage, gross profit is 4.4% higher for fiscal year 2019 than for fiscal year 2018.

Lottery continued

Operating Transfers to the State of West Virginia:

A total of \$416,562,000.00 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	\$4,997,000.00
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
Educational Broadcast Authority	\$7,359,000
General Revenue Fund	\$0.00
Economic Development Authority	\$9,993,000.00
School Building Authority	\$18,000,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$136,657,000.00

Lottery continued

Excess Lottery Fund

Economic Development Fund	\$21,020,000.00
Higher Education Improvement Fund	\$15,000,000.00
General Purpose Fund	\$55,970,000.00
Higher Education Improvement Fund	\$24,971,000.00
State Park Improvement Fund	\$4,305,000.00
School Building Authority	\$18,989,000.00
Refundable Credit	\$3,155,000.00
WV Racing Commission	\$1,722,000.00
WV DHHR	\$0.00
Teacher's Retirement Savings	\$0.00
Division of Human Services	\$8,000,000.00
WV Lottery Statutory Transfers	\$43,073,000.00
General Revenue	\$0.00
Office of Technology	\$18,425,000.00
Excess Lottery Surplus	\$0.00
WV Infrastructure Council Fund	\$40,445,000.00
Total State Excess Lottery Revenue Fund	\$255,075,000.00

Total Budgetary Distributions:	\$391,732,000.00
Veterans Instant Ticket Fund	\$396,000.00
TOTAL TRANSFERS	*\$392,128,000.00

* CASH BASIS

Lottery continued

Total Accrued last FY 2018:	\$120,860,000.00
Total Cash Distributions FY 2019:	\$392,128,000.00
Applied to FY 2018:	\$120,860,000.00
Applied to FY 2019:	\$271,268,000.00
Accrued for FY 2019 as of April 30:	\$145,294,000.00



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 April 30, 2019

DATE: May 16, 2019

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

Financial statements of the Lottery for the month ending April 30, 2019 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$96,107,140 for the month of April.

Transfers of lottery revenue totaling \$61,908,414 made for the month of April 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 April 30, 2019 was 1,482 and 1,260 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

MEMORANDUM

TO: Joint Committee on Government and Finance
FROM: John A. Myers, Director

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Month Ending April 30, 2019

DATE: May 16, 2019

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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-**

April 30, 2019

WEST VIRGINIA LOTTERY

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

ASSETS	April 30, 2019	June 30, 2018
Current Assets:		
Cash and cash equivalents	\$ 164,729	\$ 146,661
Accounts receivable	35,453	32,136
Inventory	574	529
Other assets	<u>1,529</u>	<u>1,175</u>
Total Current Assets	<u>202,285</u>	<u>180,501</u>
Capital assets	61,552	61,552
Less accumulated depreciation and amortization	<u>(14,900)</u>	<u>(13,505)</u>
Net Capital Assets	<u>46,652</u>	<u>48,047</u>
Total Noncurrent Assets	<u>46,652</u>	<u>48,047</u>
Total Assets	<u>\$ 248,937</u>	<u>\$ 228,548</u>
Deferred outflows of resources	<u>\$ 1,339</u>	<u>\$ 1,339</u>
Total assets and deferred outflows	<u>\$ 250,276</u>	<u>\$ 229,887</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 145,294	\$ 120,860
Estimated prize claims	14,974	15,783
Accounts payable	2,086	1,581
Other accrued liabilities	<u>31,349</u>	<u>35,090</u>
Total Current Liabilities	<u>193,703</u>	<u>173,314</u>
Deferred inflows	<u>\$ 1,374</u>	<u>1,374</u>
Net Position:		
Net Investment in capital assets	46,652	48,047
Unrestricted	<u>8,547</u>	<u>7,152</u>
Total Net Position	<u>55,199</u>	<u>55,199</u>
Total net position, liabilities, and deferred inflows	<u>\$ 250,276</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 TEN MONTH PERIOD ENDED APRIL 30, 2019

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	FY 2019	FY 2018	FY 2019	FY 2018
Lottery revenues				
On-line games	\$ 5,407	\$ 4,968	\$ 72,145	\$ 66,891
Instant games	10,525	8,753	95,465	81,170
Racetrack video lottery	42,614	42,385	419,075	416,670
Limited video lottery	34,093	32,584	325,912	304,857
Table games	2,815	2,760	29,367	29,529
Historic resort	591	446	6,184	5,329
Sports Wagering	62	-	1,070	-
	<u>96,107</u>	<u>91,896</u>	<u>949,218</u>	<u>904,446</u>
Less commissions				
On-line games	383	356	5,053	4,680
Instant games	735	613	6,669	5,682
Racetrack video lottery	20,682	20,483	219,714	217,922
Limited video lottery	16,706	15,966	159,697	149,380
Table games	1,194	1,171	12,457	12,520
Historic resort	338	234	3,236	2,830
	<u>40,038</u>	<u>38,823</u>	<u>406,826</u>	<u>393,014</u>
Less on-line prizes	2,596	2,544	35,819	33,854
Less instant prizes	7,027	5,823	63,888	53,559
Less ticket costs	199	105	1,075	1,051
Less vendor fees and costs	638	563	6,894	6,463
	<u>10,460</u>	<u>9,035</u>	<u>107,676</u>	<u>94,927</u>
Gross profit	<u>45,609</u>	<u>44,038</u>	<u>434,716</u>	<u>416,505</u>
Administrative expenses				
Advertising and promotions	657	305	4,407	4,265
Wages and related benefits	887	831	8,939	8,368
Telecommunications	86	75	759	678
Contractual and professional	538	195	5,880	4,014
Rental	22	9	173	130
Depreciation and amortization	139	104	1,395	1,026
Other administrative expenses	115	211	1,194	1,422
	<u>2,444</u>	<u>1,730</u>	<u>22,747</u>	<u>19,903</u>
Other Operating Income	<u>8,221</u>	<u>7,833</u>	<u>11,223</u>	<u>11,818</u>
Operating Income	<u>51,386</u>	<u>50,141</u>	<u>423,192</u>	<u>408,420</u>
Nonoperating income (expense)				
Investment income	329	132	3,016	1,077
Distributions to municipalities and counties	(668)	(639)	(6,388)	(5,975)
Distributions -capital reinvestment	(830)	(843)	(3,258)	(3,376)
Distributions to the State of West Virginia	(50,217)	(48,791)	(416,562)	(400,146)
	<u>(51,386)</u>	<u>(50,141)</u>	<u>(423,192)</u>	<u>(408,420)</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 TEN MONTH PERIOD ENDED APRIL 30, 2019

(In Thousands)

-Unaudited-

	2019	2018
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 957,124	\$ 906,047
Cash payments for:		
Personnel costs	(8,939)	(8,368)
Suppliers	(12,453)	(10,208)
Other operating costs	(513,951)	(485,870)
Cash provided by operating activities	<u>421,781</u>	<u>401,601</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(392,128)	(413,569)
Distributions to municipalities and counties	(6,332)	(5,884)
Distributions to racetrack from racetrack cap. reinv. fund	(7,890)	(6,933)
Cash used in noncapital financing activities	<u>(406,350)</u>	<u>(426,386)</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>2,637</u>	<u>1,287</u>
Cash provided by investing activities	<u>2,637</u>	<u>1,287</u>
Increase (decrease) in cash and cash equivalents	18,068	(25,060)
Cash and cash equivalents - beginning of period	<u>146,661</u>	<u>156,550</u>
Cash and cash equivalents - end of period	<u>\$ 164,729</u>	<u>\$ 131,490</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 423,192	\$ 408,420
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	1,395	1,026
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(3,317)	(10,217)
(Increase) decrease in inventory	(45)	(46)
(Increase) decrease in other assets	25	82
Increase (decrease) in estimated prize claims	(809)	200
Increase (decrease) in accounts payable	505	5
Increase (decrease) in other accrued liabilities	835	2,131
Cash provided by operating activities	<u>\$ 421,781</u>	<u>\$ 401,601</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
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

NOTE 3 - CASH AND CASH EQUIVALENTS

At April 30, 2019 the carrying amounts of deposits (overdraft) with financial institutions were \$494 thousand with a bank balance (overdraft) of \$513 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):

	April 30, 2019	June 30, 2018
Deposits with financial institutions	\$ 494	\$ 489
Cash on hand at the Treasurer's Office	19,942	5,022
Investments with BTI reported as cash equivalents	144,293	141,150
	\$ 164,729	\$ 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
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NOTE 4 – CAPITAL ASSETS

A summary of capital asset activity for the month ended April 30, 2019 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2018	Additions	Deletions	Historical Cost At April 30, 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 April 30, 2019
Buildings	\$ 6,466	\$ 1,027	\$ -	\$ 7,493
Equipment	7,039	368	-	7,407
	<u>\$ 13,505</u>	<u>\$ 1,395</u>	<u>\$ -</u>	<u>\$ 14,900</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 April 30, 2019 and fiscal year-to-date is as follows:

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

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,903,199	\$ 28,652,016
Lotta America	450,185	4,333,958
Mega Millions	<u>1,242,566</u>	<u>21,279,466</u>
Total	\$ 3,595,950	\$ 54,265,440

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 965,118	\$ 14,362,769
Lotta America	225,160	2,167,378
Mega Millions	<u>621,314</u>	<u>10,980,706</u>
Total	\$ 1,811,592	\$ 27,510,853

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 April 30, 2019, the Lotteries share of the prize reserve fund balances were as follows:

Game	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 121,374,340	\$ 1,553,687
Lotto America	2,861,735	209,245
Mega Millions	<u>91,304,155</u>	<u>1,034,093</u>
Total	<u>\$ 215,540,230</u>	<u>\$ 2,797,025</u>

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

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

principal and interest by agencies or instrumentalities of the United States Government, and mutual funds of approved investments. The average portfolio maturity is never more than one year, except that up to one third of the portfolio may have an average maturity of up to two years. The maximum maturity for any one security does not exceed five years.

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of \$14,521,769 at April 30, 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
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NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

The remaining net terminal revenue (51%) is allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 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 April 30, 2019 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2019	2018	2019	2018
Total credits played	\$ 446,539	\$ 478,485	\$ 4,579,359	\$ 4,661,430
Credits (prizes) won	(399,253)	(429,417)	(4,101,368)	(4,181,039)
Promotional credits played	(5,900)	(6,683)	(60,144)	(63,695)
MWAP Contributions	1,228	-	1,228	(26)
Gross terminal income	42,614	42,385	419,075	416,670
Administrative costs	(815)	(782)	(13,232)	(12,981)
Net Terminal Income	41,799	41,603	405,843	403,689
Less distribution to agents	(20,682)	(20,483)	(219,714)	(217,922)
Racetrack video lottery revenues	<u>\$ 21,117</u>	<u>\$ 21,120</u>	<u>\$ 186,129</u>	<u>\$ 185,767</u>

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

	April 30, 2019	Year-to-Date
State Lottery Fund	\$ 5,869	\$ 96,476
State Excess Lottery Revenue Fund	14,441	86,602
Capital Reinvestment Fund	807	3,051
Total nonoperating distributions	<u>\$ 21,117</u>	<u>\$ 186,129</u>

NOTE 7 - LIMITED VIDEO LOTTERY

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

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

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

A summary of limited video lottery revenues for the month ended April 30, 2019 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2019	2018	2019	2018
Total credits played	\$ 432,310	\$ 408,037	\$ 4,137,396	\$ 3,786,532
Credits (prizes) won	(398,217)	(375,453)	(3,811,484)	(3,481,675)
Gross terminal income	\$ 34,093	\$ 32,584	\$ 325,912	\$ 304,857
Administrative costs	(682)	(652)	(6,518)	(6,097)
Gross Profit	33,411	31,932	319,394	298,760
Commissions	(16,706)	(15,966)	(159,697)	(149,380)
Municipalities and Counties	(668)	(639)	(6,388)	(5,975)
Limited video lottery revenues	<u>\$ 16,037</u>	<u>\$ 15,327</u>	<u>\$ 153,309</u>	<u>\$ 143,405</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
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NOTE 8 – TABLE GAMES (continued)

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

The cash transferred to the State Excess Lottery Revenue Fund in the current month is included in Note 11- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended April 30, 2019 were \$8,042,904 and \$83,906,437, respectively. The following table shows the month and year totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2019	2018	2019	2018
Table Games Privilege Tax	\$ 2,815	\$ 2,760	\$ 29,367	\$ 29,529
Interest on Table Games Fund	5	5	55	34
Administrative costs	(241)	(237)	(2,517)	(2,531)
Total Available for Distribution	<u>2,579</u>	<u>2,528</u>	<u>26,905</u>	<u>27,032</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	181	177	1,888	1,898
Thoroughbred & Greyhound Development Funds	145	142	1,510	1,519
Racing Association Pension Plan	71	70	741	744
Municipalities/ Counties	797	782	8,318	8,359
Total Distributions	<u>1,194</u>	<u>1,171</u>	<u>12,457</u>	<u>12,520</u>
Excess Lottery Fund	<u>\$ 1,385</u>	<u>\$ 1,357</u>	<u>\$ 14,448</u>	<u>\$ 14,512</u>

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

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

Historic Resort Video Lottery

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

A summary of historic resort hotel video lottery revenues for the month ended April 30, 2019 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2019	2018	2019	2018
Total credits played	\$ 6,333	\$ 5,109	\$ 71,672	\$ 63,592
Credits (prizes) won	(5,699)	(4,741)	(66,346)	(59,080)
Promotional credits played	(137)	(49)	(912)	(602)
Gross terminal income	497	319	4,414	3,910
Capital reinvestment	(23)	(15)	(207)	(184)
Excess Lottery Fund	(5)	(3)	(40)	(35)
Administrative costs	(27)	(17)	(238)	(211)
Hotel commissions	(210)	(135)	(1,867)	(1,654)
Net terminal income	232	149	2,062	1,826
Historic Resort Hotel Fund	147	95	1,312	1,161
Human Resource Benefit Fund	85	54	750	665

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

Historic Resort Table Games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the month and year ended April 30, 2019 were \$269,574 and \$5,058,344, respectively.

The following table shows the month and fiscal year -to- date totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Table games privilege tax	\$ 94	\$ 127	\$ 1,770	\$ 1,419
Administrative Costs	<u>(12)</u>	<u>(16)</u>	<u>(228)</u>	<u>(182)</u>
Total Available for Distribution	82	111	1,542	1,237
Historic Resort Hotel Fund	69	93	1,289	1,034
Human Resource Benefit Fund	13	18	253	203

Historic Resort Hotel Fund

Of the monies deposited into the Historic Resort Hotel Fund, fifteen percent (15%) is allocated for lottery administrative costs. The remaining Historic Resort Hotel Fund net income (gross deposits less 15%) is distributed as follows:

- 1) Eighty-six percent (86%) is paid to the State Excess Lottery Revenue Fund;
- 2) Four percent (4%) is paid to the county where the gaming facility is located;
- 3) Two and one-half percent (2.5%) is paid to the municipality where the gaming facility is located as prescribed by statute;
- 4) Two and one-half percent (2.5%) is divided and paid in equal shares to the remaining municipalities in the county where the gaming facility is located;
- 5) Two and one-half percent (2.5%) is divided and paid in equal shares, to each county commission in the state where the gaming facility is not located;
- 6) Two and one-half percent (2.5%) is divided and paid in equal shares, to each municipality in the state not already receiving a distribution as described in item five (5) or item six (6) above.

A summary of Historic Resort Hotel Fund revenues and related distributions is as follows (in thousands):

	<u>Current Month</u>	<u>Year-to-Date</u>
Historic Resort Hotel Video Lottery	\$ 147	\$ 1,312
Historic Resort Table Games	69	1,289
Interest on Historic Resort Hotel Fund	<u>1</u>	<u>9</u>
Historic Resort Hotel Fund Net Income	217	2,610
Municipalities/ Counties	30	366
Excess Lottery Fund	187	2,244
Total Distributions	<u>\$ 217</u>	<u>\$ 2,610</u>

**WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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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 April 30, 2019 were \$624,169 and \$10,700,054, respectively. The following table shows the month and year-to-date totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Sports Wagering Privilege Tax	\$ 62	\$ -	\$ 1,070	\$ -
Interest on Sports Waging Fund	-	-	-	-
Administrative Costs	<u>(9)</u>	<u>-</u>	<u>(160)</u>	<u>-</u>
Total Available for Distribution	53	-	910	-

WEST VIRGINIA LOTTERY
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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 April 30, 2019 the Lottery has accrued additional distributions of \$145,294,090. 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>April 30, 2019</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 4,997
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
Educational Broadcast Authority	7,359	7,359
Economic Development Authority	999	9,993
School Building Authority	1,800	18,000
Total State Lottery Fund	<u>\$ 10,658</u>	<u>\$ 136,657</u>

WEST VIRGINIA LOTTERY
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State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 2,102	\$ 21,020
Higher Education Improvement Fund	1,500	15,000
General Purpose Account	9,077	55,970
Higher Education Improvement Fund	4,050	24,971
State Park Improvement Fund	698	4,305
School Building Authority	1,899	18,989
Refundable Credit	-	3,155
WV Racing Commission	279	1,722
WV Department of Health and Human Resources		
Teacher's Retirement Savings		
Division of Human Services		8,000
WV Lottery Statutory Transfers	6,985	43,073
General Revenue		-
Office of Technology	18,425	18,425
Excess Lottery Surplus		-
West Va. Infrastructure Council	6,186	40,445
Total State Excess Lottery Revenue Fund	\$ 51,201	\$ 255,075
Total Budgetary distributions:	\$ 61,859	\$ 391,732
Veterans Instant Ticket Fund	\$ 49	\$ 396
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 61,908	\$ 392,128
Accrued nonoperating distributions, beginning	(156,985)	(120,860)
Accrued nonoperating distributions, end	145,294	145,294
	\$ 50,217	\$ 416,562

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 April 30, 2019 and April 30, 2018 approximated \$172,975 and \$129,932 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 April 30, 2019 and April 30, 2018 approximated \$854,504 and \$860,651 respectively.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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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 April 30, 2019 and fiscal year-to-date are as follows (in thousands):

	April 30, 2019	Year-to-Date
Employee contributions	\$ 27	\$ 309
Lottery contributions	135	748
Total contributions	\$ 162	\$ 1,057

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 APRIL 30, 2019
 (In Thousands)**

	Current Month		FISCAL YEAR	
	Actual	Projected	Actual	Projected
Gross Revenues				
Instant games	10,525	7,500	95,464	75,000
On-line games	5,407	5,033	72,146	50,333
Racetrack video lottery	42,613	36,939	419,176	368,393
Limited video lottery	34,093	29,767	325,912	291,435
Racetrack table games	2,815	2,449	29,367	24,404
Historic resort	591	360	6,184	3,673
Sports wagering	62	-	1,032	-
Total gross revenues	96,106	82,048	949,281	813,238
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,416	870	11,447	8,705
On-line games	1,697	1,445	21,415	14,445
Racetrack Video Lottery	5,908	4,744	96,911	86,141
Sports wagering	53	-	1,414	-
Total Lottery Fund net revenues	9,074	7,059	131,187	109,291
Excess Lottery Fund				
Racetrack Video Lottery	14,531	13,010	87,079	74,235
Limited Video Lottery	16,188	14,002	154,935	137,091
Limited Video Lottery Fees	8,116	8,500	9,099	8,500
Racetrack table games	1,385	1,201	14,449	11,971
Historic resort	191	116	2,283	1,345
Total Excess Lottery Fund Net Revenues	40,411	36,829	267,845	233,142
Total Net Revenues	49,485	43,888	399,032	342,433

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: June 7, 2019

Re: Status of General Revenue Fund and State Road Fund as of
May 31, 2019 (FY 19)

We have reviewed the cash flow of the West Virginia general revenue fund as of May 31, 2019 which is the end of the eleventh month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 103% of the estimate for the fiscal year. Total collections were \$123.4 million above the estimate for the fiscal year.

Personal Income Tax collections were \$40.6 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$3.2 million above the estimate for the year.

Severance Tax was \$25.2 million above the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$36.3 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 \$26.6 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 \$295,652,332.45 as of May 31, 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	8,621,717.50
Balance May 31, 2019	295,652,332.45

Revenue Shortfall Reserve **Fund B** (Tobacco Settlement Monies) had a cash balance of \$456,182,176.58 as of May 31, 2019.

Balance July 1, 2018	440,709,603.60
Earnings	15,472,572.98
Balance May 31, 2019	456,182,176.58

The **Personal Income Tax Reserve** Fund had a \$11 million cash balance as of May 31, 2019.

Balance July 1, 2018	11,000,000.00
Balance May 31, 2019	11,000,000.00

STATE OF WEST VIRGINIA
REVENUE COLLECTIONS
FISCAL YEAR 2019
as of MAY 31, 2019

GENERAL REVENUE FUND

	MONTH ESTIMATES	ACTUAL MONTH COLLECTIONS	MONTHLY COLLECTIONS OVER ESTIMATES		YTD ESTIMATES	ACTUAL YTD COLLECTIONS	COLLECTIONS OVER ESTIMATES		YTD PERCENT COLLECTED
			ESTIMATES	OVER			ESTIMATES	OVER	
Personal Income Tax	\$ 130,400,000	\$ 156,245,524	\$ 25,845,524	\$ 1,855,700,000	\$ 1,896,326,029	\$ 40,626,029	102%		
Consumer Sales Tax & Use Tax	116,200,000	116,799,639	599,639	1,215,700,000	1,218,905,397	3,205,397	100%		
Severance Tax	37,200,000	43,405,100	6,205,100	385,400,000	410,590,291	25,190,291	107%		
Corporate Net Income Tax	2,700,000	11,518,285	8,818,285	125,213,000	161,486,228	36,273,228	129%		
Insurance Tax	800,000	282,824	(517,176)	123,200,000	128,497,340	5,297,340	104%		
Tobacco Products Tax	15,600,000	18,088,335	2,488,335	164,200,000	158,342,300	(5,857,700)	96%		
Business and Occupation	10,200,000	11,673,736	1,473,736	102,463,372	113,367,614	10,904,243	111%		
Liquor Profit Transfers	2,200,000	2,277,250	77,250	18,000,000	19,572,094	1,572,094	109%		
Departmental Collections	1,400,000	1,531,298	131,298	22,200,000	21,479,195	(720,805)	97%		
Property Transfer Tax	900,000	1,045,414	145,414	12,000,000	11,686,293	(313,707)	97%		
Property Tax	300,000	354,319	54,319	6,815,000	6,911,924	96,924	101%		
Beer Tax and Licenses	985,000	913,623	(71,377)	6,640,000	6,621,098	(18,902)	100%		
Miscellaneous Transfers	60,000	-	(60,000)	940,000	2,053,321	1,113,321	218%		
Interest Income	2,500,000	2,754,669	254,669	20,500,000	23,635,940	3,135,940	115%		
Refundable Credit Reimb Liability	700,000	4,588,874	3,888,874	10,000,000	7,744,369	(2,255,631)	77%		
HB 102 - Lottery Transfers	12,000,000	9,029,515	(2,970,485)	60,000,000	65,000,000	5,000,000	108%		
Miscellaneous	300,000	304,082	4,082	8,200,000	7,962,554	(237,446)	97%		
Business Franchise Fees	68,000	73,848	5,848	621,000	703,519	82,519	113%		
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	181	181	0	8,952	8,952	0%		
Video Lottery Transfers	0	11,927	11,927	0	323,232	323,232	0%		
July-Dec Retro Rev Adj	0	-	-	0	-	-	0%		
Cash Flow Transfer	0	-	-	0	-	-	0%		
SUBTOTALS	\$ 334,513,000	\$ 380,898,441	\$ 46,385,441	\$ 4,151,042,372	\$ 4,278,341,017	\$ 127,298,646			
Less: Cash Flow Transfer	0	0	0	0	0	0	0		
Less: Special Revenue Transfer	0	0	0	13,250,000	17,123,327	3,873,327	0		
TOTALS	\$ 334,513,000	\$ 380,898,441	\$ 46,385,441	\$ 4,137,792,372	\$ 4,261,217,690	\$ 123,425,319			
Percent of Estimates		114%			103%				
Collections this day		\$ 24,304,254							

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

STATE OF WEST VIRGINIA
COMPARISON OF REVENUE
MAY 2018 vs MAY 2019

GENERAL REVENUE FUND

	Actual Collections May 2018	Actual Collections May 2019	Actual Collections 11 Months July 2017-May 2018	Actual Collections 11 Months July 2018-May 2019	YTD Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Personal Income Tax	130,921,724	\$ 156,245,524	1,736,699,654	\$ 1,896,326,029	\$ 159,626,375	9%
Consumer Sales Tax & Use Tax	105,972,958	116,799,639	1,103,281,169	1,218,905,397	115,624,228	10%
Severance Tax	36,818,945	43,405,100	310,529,417	410,590,291	100,060,875	32%
Corporate Net Income Tax	5,409,148	11,518,285	92,106,540	161,486,228	69,379,688	75%
Insurance Tax	51,766	282,824	123,501,436	128,497,340	4,995,904	4%
Tobacco Products Tax	15,979,913	18,088,335	162,306,305	158,342,300	(3,964,005)	-2%
Business and Occupation	10,969,289	11,673,736	104,991,401	113,367,614	8,376,213	8%
Liquor Profit Transfers	2,344,500	2,277,250	19,544,426	19,572,094	27,668	0%
Departmental Collections	1,250,313	1,531,298	21,140,564	21,479,195	338,630	2%
Property Transfer Tax	1,137,457	1,045,414	10,801,439	11,686,293	884,854	8%
Property Tax	206,616	354,319	6,972,429	6,911,924	(60,504)	-1%
Beer Tax and Licenses	905,148	913,623	6,421,795	6,621,098	199,303	3%
Miscellaneous Transfers	0	-	2,263,560	2,053,321	(210,239)	-9%
Interest Income	783,271	2,754,669	6,335,796	23,635,940	17,300,144	273%
Refundable Credit Reimb Liability	753,151	4,588,874	10,000,000	7,744,369	(2,255,631)	-23%
HB 102 - Lottery Transfers	12,237,971	9,029,515	62,336,765	65,000,000	2,663,235	4%
Miscellaneous	1,983,287	304,082	19,075,090	7,962,554	(11,112,537)	-58%
Business Franchise Fees	97,004	73,848	641,370	703,519	62,149	10%
Estate & Inheritance Tax	0	-	100	-	(100)	-100%
Liquor License Renewal	0	-	0	-	0	0%
Special Revenue Transfers	1,060,111	-	26,390,307	17,123,327	(9,266,980)	-35%
Charter Tax	1,511	181	8,284	8,952	669	8%
Video Lottery Transfers	24,178	11,927	396,615	323,232	(73,383)	-19%
July-Dec Retro Rev Adj	0	0	0	0	0	0%
Cash Flow Transfer	0	0	0	0	0	0%
SUBTOTALS	\$ 328,908,259	\$ 380,898,441	\$ 3,825,744,461	\$ 4,278,341,017	\$ 452,596,556	
Less: Cash Flow Transfer	0	0	0	0	0	
Less: Special Revenue Transfer	1,060,111	0	26,390,307	17,123,327	(9,266,980)	
TOTALS	\$ 327,848,149	\$ 380,898,441	\$ 3,799,354,154	\$ 4,261,217,690	\$ 461,863,536	

Increase/Decrease over Prior Period

\$ 53,050,292

\$ 461,863,536

% Increase/Decrease over Prior Period

16%

12%

Source: WV OASIS
Prepared by: Legislative Auditor's Office, Budget Division
June 7, 2019

STATE OF WEST VIRGINIA
COMPARISON OF REVENUE
MAY 2018 vs MAY 2019

STATE ROAD FUND

	Actual Collections May 2018	Actual Collections May 2019	Actual Collections 8 Months July 2017-May 2018	Actual Collections 8 Months July 2018-May 2019	YTD Increase (Decrease) over prior period	YTD % Increase (Decrease) over prior period
Gasoline & Motor Carrier Rd Tax	36,053,703	\$ 35,458,450	403,134,492	\$ 417,855,454	\$ 14,720,962	4%
Privilege Tax	23,226,350	22,400,518	208,256,454	216,298,419	8,041,965	4%
Licenses & Registration	12,398,406	19,320,339	125,752,089	147,094,165	21,342,076	17%
Miscellaneous	1,607,422	1,093,653	50,842,327	17,827,088	-33,015,238	-65%
Highway Litter Control	88,066	145,389	1,323,441	1,458,571	135,130	10%
Federal Reimbursement	47,625,602	23,742,593	362,173,456	340,321,522	-21,851,934	-6%
SUBTOTALS	\$ 120,999,549	\$ 102,160,941	\$ 1,151,482,258	\$ 1,140,855,219	\$ (10,627,039)	
Less: Federal Reimbursement	47,625,602	23,742,593	362,173,456	340,321,522	-21,851,934	
TOTALS	\$ 73,373,947	\$ 78,418,349	\$ 789,308,802	\$ 800,533,697	\$ 11,224,895	

Increase/Decrease over Prior Period \$ 5,044,401

% Increase/Decrease over Prior Period 6.9%

Increase/Decrease over Prior Period \$ 11,224,895

1.4%

Source: WV OASIS
Prepared by: Legislative Auditor's Office, Budget Division
June 7, 2019

STATE OF WEST VIRGINIA
 REVENUE COLLECTIONS
 FISCAL YEAR 2019
 as of MAY 31, 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	\$ 35,800,000	\$ 35,458,450	\$ (341,550)	\$ 422,100,000	\$ 417,855,454	\$ (4,244,546)	99.6%
Sales/Privilege Tax	23,768,000	22,400,518	(1,367,482)	213,109,000	216,298,419	3,189,419	101%
Licenses & Registration	12,038,000	19,320,339	7,282,339	122,093,000	147,094,165	25,001,165	120%
Miscellaneous	883,000	1,093,653	210,653	15,190,000	17,827,088	2,637,088	117%
Highway Litter Control	141,000	145,389	4,389	1,426,000	1,458,571	32,571	102%
Federal Reimbursement	27,119,000	23,742,593	(3,376,407)	429,198,000	340,321,522	(88,876,478)	79%
SUBTOTALS	\$ 99,749,000	\$ 102,160,941	\$ 2,411,941	\$ 1,203,116,000	\$ 1,140,855,219	\$ (62,260,781)	
Less: Federal Reimbursement	27,119,000	23,742,593	(3,376,407)	429,198,000	340,321,522	(88,876,478)	
TOTALS	\$ 72,630,000	\$ 78,418,349	\$ 5,788,349	\$ 773,918,000	\$ 800,533,697	\$ 26,615,697	

Percent of Estimates 108%

103%

Collections this day \$ 16,664,506

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of May 31, 2019 : \$ 295,652,332.45

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

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of May 31, 2019: \$456,182,176.58

PERSONAL INCOME TAX REFUND RESERVE FUND as of May 31, 2019: \$11,000,000.00

Source: WV OASIS
 Prepared by: Legislative Auditor's Office, Budget Division
 June 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: June 7, 2019

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the April 30, 2019 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of April 30, 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	\$ 196,466,539.33
Disbursements July 1, 2018 thru June 30, 2019	\$ 137,715,526.39
Balance April 30, 2019	\$ 195,969,059.83

ITEMS OF NOTE:

Regular benefits paid for July - April 2019 were \$ 10 million more than July - April 2018.

Federal emergency benefits totaled -\$26 thousand for July - April 2019. For July - April 2018, federal emergency benefits totaled -\$43 thousand.

Total disbursements were \$ 10 million more in July - April 2019 than the preceding July - April 2018.

Receipts as of July - April 2019, were \$ 22 million more than in July - April 2018. Overall ending trust fund balance was \$80.8 million higher on April 30, 2019 than on April 30, 2018.

Seasonally adjusted unemployment rates for April 2019 were 4.9 percent for West Virginia and 3.6 percent nationally.

Since April 2018, employment has increased by 13,200. Employment gains included 1,900 in educational and health services, 12,200 in construction, 700 in manufacturing, 400 in trade, transportation, and utilities, 500 in financial activities, and 1,000 in mining and logging. Employment declines included 800 in other services, 1,000 in government, 500 in information, 300 in professional and business services, and 900 in leisure and hospitality.

May 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

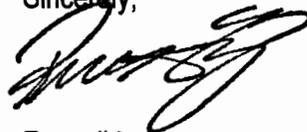
RE: Monthly Status Report

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 April 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 FEBRUARY 2018 AND FEBRUARY 2019**

	FEBRUARY 2016	MARCH 2018	APRIL 2018	FEBRUARY 2019	MARCH 2019	APRIL 2019	THREE MONTH TOTAL VARIANCE*
Balance Forward	\$80,474,378.85	\$73,375,667.75	\$62,041,198.92	\$189,779,249.09	\$159,646,410.75	\$142,633,817.90	\$256,167,332.43
Add Receipts:							
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions:	\$8,790,878.99	\$994,790.81	\$67,554,637.08	\$9,774,285.64	\$1,728,366.84	\$71,984,976.86	\$6,151,521.46
3. Federal Emergency Benefits (EUC08)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
4. Federal Share Extended Benefits (EB)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5. Temp Federal Additional Comp (FAC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6. UCFE (Federal Agencies)	\$94,836.61	\$77,409.79	\$74,680.16	\$80,868.40	\$69,655.90	\$75,541.44	(\$21,970.72)
7. Special Administrative Transfer	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8. Reel Act Funds**	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9. UC Modernization Incentive	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10. Treasury Interest Credits	\$0.00	\$414,462.64	\$0.00	\$0.00	\$947,014.40	\$0.00	\$532,551.76
11. UCX (Military Agencies)	\$72,633.58	\$69,540.23	\$63,276.12	\$34,171.46	\$30,010.22	\$28,293.74	(\$112,973.49)
12. WV Senate Bill 558	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
13. CMA Receipts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Receipts	\$8,984,248.08	\$1,656,203.47	\$67,692,592.36	\$9,889,315.52	\$2,774,046.36	\$72,098,812.04	\$6,549,129.01
Less Disbursements:							
Debt Bond Repayment	\$16,996,362.86	\$12,767,132.66	\$14,384,360.37	\$19,949,275.00	\$19,701,660.69	\$18,696,682.19	\$15,309,661.99
Regular Benefits:	(\$2,920.88)	(\$2,344.88)	(\$3,205.00)	(\$1,965.00)	(\$2,095.00)	(\$1,602.00)	\$2,808.76
Federal Emergency Benefits (EUC08)	(\$90.00)	(\$16.00)	(\$65.00)	\$0.00	\$0.00	\$0.00	\$170.00
Federal Share Extended Benefits (EB)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Emergency Benefits (TEUC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Temp Federal Additional Comp (FAC)	\$96,328.68	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
UCFE (Federal Workers) Benefits	\$74,359.34	\$75,654.61	\$65,594.15	\$42,422.47	\$58,699.77	\$45,911.93	(\$90,843.25)
UCX (Military Workers) Benefits	\$0.00	\$58,944.81	\$71,355.11	\$33,421.39	\$27,653.75	\$22,577.99	(\$121,106.23)
Reel Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Special Administrative Transfer**	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Disbursements	\$16,063,059.98	\$12,890,672.30	\$14,618,039.63	\$20,023,153.86	\$19,785,639.21	\$18,763,670.11	\$15,100,691.27
Trust Fund Balance	\$73,375,667.75	\$62,041,198.92	\$116,215,751.65	\$159,646,410.75	\$142,633,817.90	\$195,869,069.83	\$247,615,770.11

*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	36,000,000.00
Repaid on 5/17/2016	(36,000,000.00)
Borrowed on 12/5/2016	50,000,000.00
Repaid on 5/4/2017	(50,000,000.00)
Outstanding Loan from Revenue Shortfall Reserve Fund	\$0.00

**Note: Reel Act funds of \$46,469.24 previously drawn down were unexpended and returned to Trust Fund on deposit with the U.S. Treasury.

UC TRUST FUND PROJECTIONS - 2019
June 10, 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	\$ 18,777,789	\$ 195,954,841
May	\$ 34,807,294	\$ 15,041,211	\$ 215,720,924
June	\$ 2,178,045	\$ 11,190,144	\$ 206,708,825
July	\$ 36,798,051	\$ 14,713,693	\$ 228,793,183
August	\$ 23,678,055	\$ 11,380,411	\$ 241,090,827
September	\$ 2,367,624	\$ 9,920,481	\$ 233,537,970
October	\$ 30,929,614	\$ 10,480,180	\$ 253,987,404
November	\$ 12,847,614	\$ 11,954,601	\$ 254,880,417
December	\$ 2,479,234	\$ 16,741,994	\$ 240,617,657
Totals - 2019	\$ 249,494,928	\$ 178,655,751	\$ 240,617,657

Benefits and Technical Support Section • Unemployment Compensation Division
 1900 Kanawha Blvd., East • Building 3, Room 300 • Charleston, West Virginia 25305
 Telephone: (304) 558-3309 • Fax: (304) 558-3252

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PEIA June Interim Talking Points

- **PEIA and RHBT preliminary financial results for April 2019 are available for your review.**
- **PEIA year to date statements indicate PEIA is ahead of plan by \$35 million. This is primarily due to lower than forecast prescription drug claim expenses.**
- **RHBT year to date statements indicate RHBT is ahead of plan by \$18 million. This is attributable to lower than forecast Medicare capitation and medical claims expense.**
- **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

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June 10, 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
April 2019	\$50,916,000	\$15,704,000	\$66,620,000

Sincerely,



Jason A. Haight, CPA
Chief Financial Officer

West Virginia Public Employees Insurance Agency
Statement of Changes in Plan Net Position
For the Ten Months Ending Tuesday, April 30, 2019
(Dollars in Thousands)
(Unaudited-For Internal Use Only)

	ACTUAL	BUDGET	PRIOR YR	BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
OPERATING REVENUE							
Premium Revenue							
Health Insurance - State Gov. - Employers	\$307,143	\$318,780	\$312,220	(\$11,637)	(4%)	(\$5,077)	(2%)
Health Insurance - State Gov. - Employees	102,231	105,910	105,806	(3,679)	(3%)	(3,575)	(3%)
Health Insurance - Local Gov. - All	82,802	81,302	83,429	1,500	2%	(627)	(1%)
Administrative Fees, Net of Refunds	3,921	3,769	4,233	152	4%	(312)	(7%)
Other Premium Revenue	1,182	1,856	2,012	(674)	(36%)	(830)	(41%)
Total Operating Revenue	497,279	511,617	507,700	(14,338)	(3%)	(10,421)	(2%)
NON-OPERATING REVENUE							
Life Insurance	1,133	1,079	1,117	54	5%	16	1%
Direct Transfer	25,833	25,833	8,333	0	0%	17,500	210%
Interest and Investment Income	8,898	3,672	7,877	5,226	142%	1,021	13%
WV RHBT Pay Go Premiums	126,971	128,333	124,113	(1,362)	(1%)	2,858	2%
Total Non-Operating Revenue	162,835	158,917	141,440	3,918	2%	21,395	15%
TOTAL REVENUE	660,114	670,534	649,140	(10,420)	(2%)	10,974	2%
EXPENSES							
Claims Expense - Medical	319,406	325,030	312,141	5,624	2%	(7,265)	(2%)
Claims Expense - Drugs	112,578	151,587	108,961	39,009	26%	(3,617)	(3%)
Payments to Managed Care Org.	38,835	38,135	36,016	(700)	(2%)	(2,819)	(8%)
Administrative Service Fees	9,776	9,582	9,306	(194)	(2%)	(470)	(5%)
Wellness and Disease Management	301	871	389	570	65%	88	23%
Other Operating Expenses	4,087	4,090	3,931	3	0%	(156)	(4%)
Life Insurance Expense	1,022	903	1,032	(119)	(13%)	10	1%
ACA Comparative Effectiveness Fee	267	267	269	0	0%	2	1%
WV RHBT Pay Go Premiums	126,971	128,333	124,113	1,362	1%	(2,858)	(2%)
TOTAL EXPENSES	613,243	658,798	596,158	45,555	7%	(17,085)	(3%)
YTD Surplus (Deficit)	46,871	11,736	52,982	35,135	299%	(6,111)	(17%)
Total Net Position, Beginning of Period							
Total Net Position, Beginning of Period	194,554	194,554	149,046	0	0%	45,508	31%
Total Net Position, Actuarially Required Reserve							
End of Period Net Position, Actuarially Required Reserve	116,443	115,760	115,760	0	0%	683	0%
Total Net Position, PEIA PSR							
End of Period Net Position, PEIA PSR	124,982	86,268	86,268	0	0%	38,714	0%
Total Net Position, End of Period	\$241,425	\$206,290	\$202,028	\$35,135	17%	\$39,397	20%

**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 Ten Months Ending April 30, 2019**

Talking Points for June 2019 Interim Joint Committee Meeting

1. **Premium Revenue** thru April reflects the premiums earned for the first ten months of the fiscal year. Premium revenue has increased by about \$4.0 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 April plus reserve increases. Net claims payments for the current fiscal year to date are approximately \$0.9 million less than the same period last year. Claims reserves provisions have increased claims expense by \$10.1 million for the current year vs. the prior year. The net result is claims expense is \$9.2 million higher for the current year.
3. **Investment Income** for fiscal year 2019 reflects net earnings of \$13.8 million for the first ten months and is \$7.7 million more than last year due to better overall returns on fixed income holdings 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 Ten Months Ended April 30th

	<u>2019</u>	<u>2018</u>
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 35,449	\$ 30,551
Advance deposits with insurance company and trustee	217,783	200,135
Receivables	2,627	3,366
Prepaid insurance	1,042	1,117
Restricted cash and cash equivalents	16,517	13,185
Premiums due from other entities	878	643
Total current assets	<u>274,296</u>	<u>248,997</u>
Noncurrent assets:		
Equity position in internal investments pools	99,327	96,411
Restricted investments	57,361	55,677
Total noncurrent assets	<u>156,688</u>	<u>152,088</u>
Total assets	<u>430,984</u>	<u>401,085</u>
Deferred Outflows of Resources		
Deferred Outflows of Resources - OPEB	438	458
	44	0
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	50,453	47,713
Unearned premiums	15,407	14,838
Agent commissions payable	1,114	900
Claims Payable	102	287
Accrued expenses and other liabilities	3,332	3,471
Total current liabilities	<u>70,408</u>	<u>67,209</u>
Estimated unpaid claims and claims adjustment expense net of current portion	131,775	124,409
Compensated absences	122	107
Net pension liability	331	766
Total noncurrent liabilities	<u>132,228</u>	<u>125,282</u>
Total liabilities	<u>202,636</u>	<u>192,491</u>
Deferred Inflows of Resources		
Deferred Inflows of Resources - OPEB	330	37
	73	0
Net position:		
Restricted by State code for mine subsidence coverage	61,059	61,063
Unrestricted	155,552	138,265
Net Assets (Deficiency)	11,816	9,686
Net position	<u>\$ 228,427</u>	<u>\$ 209,014</u>

Unaudited

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

For the Ten Months Ended April 30th

	2019	2018
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 69,520	\$ 65,355
Less coverage/reinsurance programs	(5,585)	(5,401)
Net operating revenues	63,935	59,954
Operating expenses		
Claims and claims adjustment expense	62,037	52,806
General and administrative	3,859	3,560
Total operating expenses	65,896	56,366
Operating income (loss)	(1,961)	3,588
Nonoperating revenues		
Investment income	13,777	6,098
Net nonoperating revenues	13,777	6,098
Changes in net position	11,816	9,686
Total net position, beginning of year	216,611	199,328
Total net position, end of period	\$ 228,427	\$ 209,014

Unaudited

Department of Administration Real Estate Division Leasing Report
For the period of May 1 - 31, 2019

There are 24 leasing changes for this period and they are as follows:

- 1 – New Contract of Lease – DOA Owned
- 9 – Straight Renewal – DOA Owned
- 7 – Straight Renewal
- 1 – Cancellation – DOA Owned
- 3 – Cancellation
- 2 – Non-Renewal – DOA Owned
- 1 – Non-Renewal

Department of Administration Real Estate Division Leasing Report
For the period of May 1, 2019 through May 31, 2019

NEW CONTRACT OF LEASE – DOA OWNED

WEST VIRGINIA STATE TAX DEPARTMENT

TAX-062 New Contract of Lease for 3 years consisting of 1,786 square feet of office space at the annual per square foot rate of \$12.00, annual cost \$21,432.00, full service, Building #55, in the City of Logan, Logan County, West Virginia.

STRAIGHT RENEWAL – DOA OWNED

DIVISION OF CORRECTIONS AND REHABILITATION

COR-085 Renewal for 3 years consisting of 24,722 square feet of office/storage space at the current annual per square foot rate of \$9.81, annual cost \$242,522.82, full service, Building #84, 1409 Greenbrier Street, in the City of Charleston, Kanawha County, West Virginia.

DIVISION OF ADMINISTRATIVE SERVICES, JUSTICE AND COMMUNITY SERVICES

DAS-001 Renewal for 2 years and 10 months consisting of 15,274 square feet of office space at the current annual per square foot rate of \$13.00, annual cost \$198,562.00, full service, Building #86, 1124 Smith Street, in the City of Charleston, Kanawha County, West Virginia.

DEPARTMENT OF MILITARY AFFAIRS AND PUBLIC SAFETY

MAP-002 Renewal for 3 years consisting of 5,590 square feet of office space at the current annual per square foot rate of \$10.72, annual cost \$59,924.80, full service, Building #1, 1900 Kanawha Boulevard, East, in the City of Charleston, Kanawha County, West Virginia.

BOARD OF RISK AND MANAGEMENT

RIM-005 Renewal for 3 years consisting of 13,364 square feet of office space at the current annual per square foot rate of \$16.59, annual cost \$221,708.76, full service, Building #86, 1124 Smith Street, in the City of Charleston, Kanawha County, West Virginia.

WEST VIRGINIA STATE TAX DEPARTMENT

TAX-007 Renewal for 3 years consisting of 63,682 square feet of office space at the current annual per square foot rate of \$8.64, annual cost \$550,212.48, Building # 22, 1001 Lee Street, in the City of Charleston, Kanawha County, West Virginia.

TAX-010 Renewal for 3 years consisting of 4,562 square feet of office space at the current annual per square foot rate of \$12.94, annual cost \$59,032.28, full service, Building #23, 407 Neville Street, in the City of Beckley, Raleigh County, West Virginia.

TAX-025 Renewal for 3 years consisting of 2,271 square feet of office space at the current annual per square foot rate of \$13.15, annual cost \$29,863.65, full service, Building #25, 5th and Avery Streets, in the City of Parkersburg, Wood County, West Virginia.

STRAIGHT RENEWAL – DOA OWNED (Continued)

WEST VIRGINIA STATE TAX DEPARTMENT

TAX-060 Renewal for 3 years consisting of 4,352 square feet of office space at the current annual per square foot rate of \$19.00, annual cost \$82,688, full service, Building #53, 153 W. Main Street, in the City of Clarksburg, Harrison County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-246 Renewal for 3 years consisting of 38,415 square feet of office/storage/training space at the current annual per square foot rate of \$19.00, annual cost \$729,885.00, full service, Building #53, 153 West Main Street, in the City of Clarksburg, Harrison County, West Virginia.

STRAIGHT RENEWAL

DIVISION OF CORRECTIONS AND REHABILITATION, BUREAU OF JUVENILE SERVICES

BJS-003 Renewal for 3 years consisting of 12,266 square feet of office/classroom/storage space at the current annual per square foot rate of \$10.49, annual cost \$128,670.34, full service, 1201 Quarrier Street, in the City of Charleston, Kanawha County, West Virginia.

DEPARTMENT OF ENVIRONMENTAL PROTECTION

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

DEP-134 Renewal for 5 years consisting of land for an air monitoring site at the current annual rate of \$1.00, located at Tyrone Road, in the City of Lawrenceville, Hancock County, West Virginia.

DEP-135 Renewal for 5 years consisting of land for an air monitoring site at the current annual rate of \$1.00, located at A. T. Allison Elementary School, in the City of Chester, Hancock County, West Virginia.

DEP-136 Renewal for 5 years consisting of land for an air monitoring site at the current annual rate of \$1.00, located at New Manchester Elementary School, in the City of New Manchester, Hancock County, West Virginia.

DEP-179 Renewal for 1 year consisting of land for an air monitoring site at the current annual rate of \$240.00 located at Boaz Public Service District, Wood County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-184 Renewal for 5 years consisting of 9,981 square feet of office space at the current annual per square foot rate of \$12.00, annual cost \$119,772.00, full service minus janitorial supplies, 34 Auction Lane, in the City of Buckhannon, Upshur County, West Virginia.

CANCELLATION – DOA OWNED

STATE AUDITOR'S OFFICE

SAO-014 Lease cancellation consisting of 4,324 square feet of office space, at the annual per square foot rate of \$19.00, annual cost \$82,156.00, full service, Building #53, 153 West Main Street, in the City of Clarksburg, Kanawha County, West Virginia.

CANCELLATION

PUBLIC EMPLOYEES GRIEVANCE BOARD

EGB-014 Lease cancellation consisting of 5,691 square feet of office space, at the annual per square foot rate of \$15.81, annual cost \$90,000.00 1596 Kanawha Boulevard, East, in the City of Charleston, Kanawha County, West Virginia.

DIVISION OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT

OES-015 Lease cancellation consisting of 4,000 square feet of office and storage space, at the annual per square foot rate of \$6.00, annual cost \$24,000.00, 4510 Pennsylvania Avenue, in the City of Big Chimney, Kanawha County, West Virginia.

OES-017 Lease cancellation consisting of 8,000 square feet of storage space, at the annual per square foot rate of \$6.00, annual cost \$48,000.00, 4510 Pennsylvania Avenue, in the City of Big Chimney, Kanawha County, West Virginia.

NON-RENEWAL – DOA OWNED

OFFICES OF THE INSURANCE COMMISSIONER

INS-021 Lease non-renewal consisting of 1,201 square feet of office space, at the annual per square foot rate of \$12.00, annual cost \$20,417.00, full service, Building #32, 2699 Park Avenue, in the City of Huntington, Cabell County, West Virginia

INS-032 Lease non-renewal consisting of 878 square feet of office space, at the annual per square foot rate of \$12.00, annual cost \$10,536, full service, Building #55, 130 Stratton Street, in the City of Logan, Logan County, West Virginia

NON-RENEWAL

DIVISION OF JUVENILE SERVICES

DJS-030 Lease non-renewal consisting of 950 square feet of storage space, at the monthly rate of \$300.00, annual cost \$3,600.00, electricity, 1900 Katy Lane, in the City of Fairmont, Marion County, West Virginia.

Real Estate Division
 Monthly Summary of Lease Activity
 May 1 - 31, 2019

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	West Virginia Tax Department	TAX-062	Logan	1,786	12.00	21,432	3	64,296
2	Division of Corrections and Rehabilitation	COR-085	Kanawha	24,722	9.81	242,523	3	727,568
3	Division of Administrative Services	DAS-001	Kanawha	15,274	13.00	198,562	3	595,686
4	Department of Military Affairs and Public Safety	MAP-002	Kanawha	5,590	10.72	59,925	3	179,774
5	Board of Risk and Insurance Management	RIM-005	Kanawha	13,364	16.59	221,709	3	665,126
6	West Virginia Tax Department	TAX-007	Kanawha	63,682	8.64	550,212	3	1,650,637 *
7	West Virginia Tax Department	TAX-010	Raleigh	4,562	12.94	59,032	3	177,097
8	West Virginia Tax Department	TAX-025	Wood	2,271	13.15	29,864	3	89,591
9	West Virginia Tax Department	TAX-060	Harrison	4,352	19.00	82,688	3	248,064
10	Department of Health and Human Resources	HHR-246	Harrison	38,415	19.00	729,885	3	2,189,655 *
11	Division of Corrections and Rehabilitation, BJS	BJS-003	Kanawha	12,266	10.49	128,670	3	386,011
12	Department of Environmental Protection	DEP-085	Wood	2,587	12.00	31,044	1	31,044
13	Department of Environmental Protection	DEP-134	Hancock	1	1.00	1	5	5
14	Department of Environmental Protection	DEP-135	Hancock	1	1.00	1	5	5
15	Department of Environmental Protection	DEP-136	Hancock	1	1.00	1	5	5
16	Department of Environmental Protection	DEP-179	Wood	1	240.00	240	1	240
17	Department of Health and Human Resources	HHR-184	Upshur	9,981	12.00	119,772	5	598,860

	412.34
Total Rentable Square Feet	<u>198,856</u>
Average Annual Rental Rate	<u>13.03</u>
Total Annual Rent	<u>2,475,561</u>

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

CANCELLATIONS

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	Div of Homeland Security & Emergency Management	OES-015	Kanawha	4,000	6.00	24,000
2	Div of Homeland Security & Emergency Management	OES-017	Kanawha	8,000	6.00	48,000
3	Division of Juvenile Services	DJS-030	Marion	950	3.79	3,600
4	Offices of the Insurance Commissioner	INS-021	Cabell	1,201	12.00	20,417
5	Offices of the Insurance Commissioner	INS-032	Logan	878	12.00	10,536
6	Public Employees Grievance Board	EGB-014	Kanawha	5,691	15.81	90,000
7	State Auditor's Office	SAO-014	Kanawha	4,324	19.00	82,156

Total Rentable Square Feet	<u>13,044</u>
Total Annual Rent	<u>206,709</u>

Joint Committee on Government and Finance

June 2019

Department of Health and Human Resources

**MEDICAID REPORT
April 2019 Data**

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

MONTH OF APRIL 2019

	ACTUALS SFY2018	TOTAL SFY2019	ACTUALS Current Month Ended 4/30/19	ESTIMATE Current Month Ended 4/30/19	ACTUALS Year To-Date Thru 4/30/19	PROJECTED 5/1/19 Thru 6/30/19
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	94,761,538	96,410,403	8,808,122	9,270,231	75,964,550	20,445,853
Inpatient Hospital - DSH	53,388,507	53,789,156	-	-	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	3,793,946	4,844,635	33,145,808	17,238,400
Mental Health Facilities - DSH Adjustment Payments	18,875,284	18,867,767	-	-	14,160,075	4,707,692
Nursing Facility Services - Regular Payments ⁽⁶⁾	671,659,070	689,519,663	61,314,989	57,459,972	589,810,504	99,709,159
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	68,595,148	71,463,278	5,454,349	5,955,273	59,689,645	11,773,633
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	39,370,539	43,038,020	3,887,999	4,138,271	32,669,864	10,368,156
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	5,047,840	4,120,785	39,119,393	3,736,772
Outpatient Hospital Services - Supplemental Payments	21,123,658	-	-	-	-	-
Prescribed Drugs	620,504,383	720,618,600	66,173,863	69,290,250	575,192,093	145,426,507
Drug Rebate Offset - National Agreement	(226,683,504)	(407,000,000)	(85,702,797)	(121,175,892)	(415,510,865)	8,510,865
Drug Rebate Offset - State Sidebar Agreement	(15,371,390)	(24,000,000)	(2,779,530)	(1,517,208)	(27,039,647)	3,039,647
Drug Rebate Offset - MCO National	(149,057,165)	(11,000,000)	(2,055,726)	(670,143)	(13,760,804)	2,760,804
Drug Rebate Offset - MCO State Sidebar Agreement	(11,602,345)	-	(3,409)	-	(82,822)	82,822
Dental Services	10,677,304	11,217,737	1,137,661	1,078,629	9,211,952	2,005,785
Other Practitioners Services - Regular Payments	4,145,198	4,940,938	555,769	475,090	4,628,138	312,800
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	1,514,622	1,638,650	197,003	157,563	1,377,084	261,566
Lab & Radiological Services	8,989,515	9,500,531	814,259	913,513	6,459,279	3,041,252
Home Health Services	25,275,940	28,416,781	1,391,568	2,732,383	20,172,625	8,244,156
Hysterectomies/Sterilizations	55,843	65,026	2,258	6,253	23,809	41,217
Pregnancy Terminations ⁽²⁾	346,043	370,405	4,278	35,616	174,982	195,423
EPSDT Services	1,411,597	1,472,595	138,792	141,596	1,228,788	243,807
Rural Health Clinic Services	4,514,194	4,167,233	416,606	400,695	3,521,241	645,993
Medicare Health Insurance Payments - Part A Premiums	20,115,325	21,934,452	1,740,614	1,827,871	17,599,349	4,335,103
Medicare Health Insurance Payments - Part B Premiums	114,914,746	124,130,622	9,163,392	10,344,219	95,287,933	28,842,689
120% - 134% Of Poverty	9,100,320	9,229,482	716,660	887,450	8,147,561	1,081,921
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	11,432,888	11,469,643	1,357,509	1,102,850	10,662,460	807,183

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

MONTH OF APRIL 2019

ACTUALS	TOTAL	ACTUALS Current Month Ended 4/30/19	ESTIMATE Current Month Ended 4/30/19	ACTUALS Year To-Date Thru 4/30/19	PROJECTED 5/1/19 Thru 6/30/19
1,592,796,041	1,909,119,745	112,806,648	159,093,312	1,457,171,954	451,947,791
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
659,533	712,510	98,577	68,511	849,138	(136,628)
-	-	-	-	-	-
306,244,186	326,961,878	25,830,265	31,438,642	251,721,937	75,239,941
99,410,189	111,621,217	12,052,676	10,732,809	93,499,331	18,121,887
1,500,251	1,962,566	161,627	188,708	1,463,460	499,106
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
69,433,451	72,630,935	5,934,029	6,983,744	56,448,586	16,182,349
-	-	-	-	-	-
2,768,851	2,852,904	163,757	274,318	1,947,699	905,205
-	-	-	-	-	-
28,742,764	27,296,696	2,387,719	2,624,682	25,064,263	2,232,433
660,126	757,363	24,568	72,823	240,047	517,316
9,878,997	10,234,965	2,157,123	984,131	11,596,329	(1,361,364)
34,217,803	34,042,483	2,711,904	3,273,316	27,620,142	6,422,341
999,248	1,063,603	117,960	102,270	831,152	232,452
632,758	603,289	78,542	58,009	422,980	180,309
336,441	318,750	34,015	30,649	276,822	41,929
859,918	922,875	85,367	88,738	842,988	79,887
169,078	201,488	9,771	19,374	70,547	130,941
112,942	153,959	18,326	14,804	107,025	46,934
-	-	-	-	-	-
24,242,329	25,303,451	2,043,525	2,433,024	18,656,599	6,646,852
2,263,595	2,755,598	412,488	264,961	2,611,761	143,836
34,971,816	35,000,000	498,253	3,365,385	30,722,459	4,277,542
59,129,439	63,204,418	5,276,261	6,077,348	46,192,333	17,012,086
2,303,658	7,480,200	1,027,731	719,250	7,876,655	(396,455)
-	13,431,600	192,434	1,291,500	625,702	12,805,898
-	31,159,549	1,376,725	2,996,110	4,662,850	26,496,699
-	-	110,276	-	122,779	(122,779)
5,533,239	5,709,872	481,894	549,026	4,295,637	1,414,235
-	-	-	-	1,092	(1,092)
883,711	983,085	187,546	94,527	1,557,261	(574,176)
15,448,541	25,766,900	2,977,611	2,477,586	17,760,783	8,006,116
-	-	(85,630)	-	(85,630)	85,630
3,809,413,601	4,297,413,175	260,748,003	288,137,458	3,255,009,084	1,042,404,091
NET EXPENDITURES:					

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

MONTH OF APRIL 2019

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

NET EXPENDITURES and CMS-64 ADJUSTMENTS:

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

TOTAL MEDICAID EXPENDITURES

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

TOTAL EXPENDITURES

- (1) This amount will revert to State Only if not reimbursed.
- (2) Pregnancy Terminations are State Only expenditures and are not currently claimed.
- (3) Of the amount in the 'Nursing Facility Services - Regular Payments' line \$16,798,825.58 is the amount paid to State Facilities year to date.

ACTUALS	TOTAL	ACTUALS Current Month Ended 4/30/19	ESTIMATE Current Month Ended 4/30/19	ACTUALS Year To-Date Thru 4/30/19	PROJECTED 5/1/19 Thru 6/30/19
SFY2018	SFY2019				
(6,012,117)	-	-	-	(7,207,215)	7,207,215
(512,319)	-	-	-	(82,371)	82,371
(213,356)	-	-	-	(122,292)	122,292
(17,039,628)	-	-	-	(9,884,609)	9,884,609
3,785,636,180	4,297,413,175	260,748,003	288,137,458	3,237,712,596	1,059,700,579
43,197,126	42,983,609	3,408,430	3,581,967	34,610,444	8,373,164
628,208	250,000	20,894	24,038	182,685	67,315
2,101,617	2,100,000	145,138	201,923	1,420,494	679,506
\$ 3,831,563,132	\$ 4,342,746,783	\$ 264,322,465	\$ 291,945,387	\$ 3,273,926,219	\$ 1,068,820,564
4,491,826	-	522,480	-	4,072,118	(4,072,118)
223,954	239,990	38,090	23,076	266,130	(26,140)
2,074,212	3,000,000	466,868	288,462	1,361,079	1,638,921
\$ 3,838,353,124	\$ 4,345,986,773	\$ 265,349,903	\$ 292,256,925	\$ 3,279,625,546	\$ 1,066,361,228

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

10 Months Actuals 2 Months Remaining

MONTH OF APRIL 2019		ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
		SFY2018	Current Month Ended 4/30/19	Year-To-Date Thru 4/30/19	5/1/2019 Thru 6/30/19	SFY2019
REVENUE SOURCES	Beg. Bal. (5084/1020 prior mth)	86,992,634	52,818,979	121,710,366		\$121,710,366
MATCHING FUNDS	General Revenue (0403/189)	368,772,081	48,447,709	300,177,426	113,779,937	413,957,363
	MRDD Waiver (0403/466)	88,753,483	9,762,883	69,227,717	19,525,766	88,753,483
	Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,333	2,163,333	432,667	2,596,000
	Tertiary Funding (0403/547)	6,356,000	529,667	5,296,667	1,059,333	6,356,000
	Traumatic Brain Injury (0403/835)	800,000	88,000	624,000	176,000	800,000
	Title XIX Waiver for Seniors (0403-533)	13,593,620	1,495,298	10,603,023	2,990,597	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	16,000,000	193,537,029	30,125,422	223,662,451
	NSGO UPL (5084/6717)	68,035	-	-	1,241,403	1,241,403
	Certified Match	16,157,488	661,452	13,956,949	47,951	14,004,900
	Reimbursables - Amount Reimbursed	4,371,388	82,644	2,079,627	(2,079,627)	-
	Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	956,436	58,137	590,583	309,417	900,000
	CHIP State Share	-	-	-	-	-
	CMS - 64 Adjustments	(80,352)	-	278,310	(278,310)	-
TOTAL MATCHING FUNDS		\$ 966,606,216	\$ 130,161,102	\$ 762,596,608	\$ 289,128,612	\$ 1,051,725,221
FEDERAL FUNDS		2,991,755,848	204,657,240	2,585,373,035	830,039,908	3,415,412,942
TOTAL REVENUE SOURCES		\$ 3,958,362,065	\$ 334,818,342	\$ 3,347,969,643	\$ 1,119,168,520	\$ 4,467,138,163
TOTAL EXPENDITURES:		\$ 3,838,353,124	\$ 265,349,903	\$ 3,279,625,546	\$ 1,066,361,228	\$ 4,345,986,773
Provider Payments		\$ 120,008,941	\$ 69,468,440	\$ 68,344,097		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

June 2019

Department of Health and Human Resources

MEDICAID WAIVER REPORT

April 2019 Data

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

Aged & Disabled Waiver Reported April 30, 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	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	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	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	6,657	6,657	6,657	6,657
Applicants determined eligible this month and added to MEL (3)	1,401	93	99	94	96	127	128	103	82	86	86	86	86	994
Applicants determined ineligible	96	7	3	8	4	4	11	1	4	2	7	7	7	51
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	5,996	5,996	5,996	5,996
Active members enrolled during the calendar month	1,264	274	120	24	103	118	31	79	151	183	143	143	143	1,226
-Total Active Traditional members enrolled during the calendar month	1,178	272	115	22	96	110	22	75	150	181	139	139	139	1,182
-Total Active TMH-WV members enrolled during the calendar month	86	2	5	2	7	8	9	4	1	2	4	4	4	44
Members discharged during the calendar month	952	83	94	89	106	83	62	98	75	86	111	111	111	887
ADW Members whose case was closed by reason	533	39	54	43	57	46	35	62	39	36	61	61	61	472
Other (4)	419	44	40	46	49	37	27	36	36	50	50	50	50	415
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	86	86	86	1,024
ADW Applicants removed from the MEL	1,963	8	13	15	161	6	0	294	54	90	52	52	52	693
Applicant offered a slot (Traditional + MFP)	100	9	6	22	13	7	12	13	9	15	17	17	17	123
Applicant became deceased	71	5	2	0	21	26	6	43	10	78	17	17	17	208
Other (5)	1	5	8	2	4	3	1	0	0	0	0	0	0	2
Applicants on the MEL who are in a nursing facility YTD Column reflects average # members in setting	7	18	29	1	15	33	33	0	0	0	0	0	0	13
Applicants on the MEL receiving Personal Care YTD Column reflects average # members in setting	30	101	179	236	137	225	335	88	97	0	0	0	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	145	145	145	91

(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 April 30, 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	YTD 2019
Slots approved by CMS	4,634	4,684	4,684	4,696	4,696	4,696	4,696	4,796	4,796	4,796	4,896			4,896
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	4,888			4,888
Ben H. Slots approved for Adults by CMS	0	0	0	6	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	2			2
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	4,854			4,854
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	4,847			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			6
Total number of members served YTD in Children Ben H. slots (unduplicated)	0	0	0	0	0	0	0	0	1	1	1			1
Applicants determined eligible (2)	218	17	22	13	20	21	6	27	16	17	19			178
Applicants determined ineligible (3)	194	10	20	24	12	21	13	16	19	11	28			174
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	4,750			4,750
Discharged members at the end of the calendar month	106	10	12	11	10	9	12	11	14	19	11			119
Deceased	52	4	2	4	4	8	4	3	3	11	5			48
Left program to enter a facility	22	1	3	2	1	1	2	4	2	1	2			19
a. Hospital	0	0	0	0	0	0	0	0	0	0	0			0
b. ICF/IID	11	0	2	1	0	0	0	0	0	1	1			5
c. Nursing Facility	11	1	1	1	1	1	2	4	2	0	1			14
d. Psychiatric Facility	0	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			0
f. Other Facility	0	0	0	0	0	0	0	0	0	0	0			0
Other (6)	31	5	7	5	5	0	6	4	9	7	4			52
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	1,129			1,129
Number of applicants added to the MEL (4)	218	17	22	13	20	21	6	27	16	17	19			178
Applicants enrolled (removed from the MEL)	139	95	3	2	28	13	4	74	12	4	98			333
Applicants removed from the MEL due to Death (5)	10	1	0	0	0	0	0	0	0	2	1			4
Applicants removed from the MEL due to Other (6)	43	8	1	2	4	4	5	5	12	4	10			55
Applicants on the MEL who are in a Nursing Facility (9)	2	5	3	6	3	4	3	5	3	5	4			4
Applicants on the MEL who are in an ICF/IID Group Home (9)	112	113	113	113	114	117	117	116	116	117	112			112
Applicants on the MEL receiving Personal Care Services each month (8) (9)	87	87	83	85	88	93	93	89	90	89	74			74
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	1,552			1,552

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

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

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

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

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

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

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

Traumatic Brain Injury Waiver Reported April 30, 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	82	82	82
-Slots Available for Traditional (non TMH-WV) enrollees	56	78	78	78	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	4	4	4
Total number of members served YTD (unduplicated slots used) (2)	84	73	76	78	82	81	81	81	81	81	81	81	81	81
YTD Column reflects most recent month's count														
Applicants determined eligible this month and/or added to MEL (3)	14	0	2*	3*	1*	1	2	2	1	1	0	0	0	7
Applicants determined ineligible	4	0	0	0	1	0	0	1	0	0	0	0	0	2
ACTIVE MEMBERS														
Active members at the end of the month (unduplicated slots active)	71	73	76	75	78	77	76	76	76	76	75	75	75	75
YTD Column reflects most recent month's count														
Active members enrolled during the calendar month	24	2	3	2	4	0	0	0	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	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	0	0	0
Members discharged during the calendar month	14	0	0	3	1	1	1	0	0	0	1	1	1	7
TBIWV Members	6	0	0	0	0	0	0	0	0	0	0	0	0	1
Member is deceased														
Other (4)	8	0	0	3	1	1	1	0	0	0	0	0	0	6
MANAGED ENROLLMENT LIST (MEL)														
# Eligible applicants closed during the calendar month (removed from MEL)	21	3	0	0	0	0	0	0	0	0	0	0	0	3
TBIWV Applicants	20	3	0	0	0	0	0	0	0	0	0	0	0	3
Applicant offered a slot														
Applicant removed from the MEL	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Applicant became deceased														
Other (5)	2	0	0	0	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	0	0	0
Applicants on the MEL receiving Personal Care	0	0	0	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	7	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	166	166	166	91

(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

JUNE 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 Ten Months Ending April 30, 2019 and April 30, 2018

	Annual Budget 2019	Budget Year-to-Date	Actual April 30, 2019	Actual April 30, 2018	Actual Variance		Budget Variance	
					\$	%	\$	%
Beginning Operating Fund Balance			\$5,541,320	\$6,049,877	(\$508,557)	-8%		
Revenues								
Federal Grants			\$41,657,254	\$41,212,956	\$444,298	1%		
State Appropriations								
Premium Revenues	\$1,525,752	\$1,271,460	\$1,322,163	\$1,231,506	\$90,657	7%	\$50,703	4%
Investment Earnings (Interest)			\$149,986	\$47,720	\$102,266	214%		
Total Operating Fund Revenues			\$43,129,403	\$42,492,181	\$637,222	1%		
Expenditures:								
Claims Expenses:								
Physicians & Surgical			\$11,633,306	\$11,104,438	\$528,868	5%		
Prescribed Drugs			\$7,783,240	\$7,429,996	\$353,244	5%		
Outpatient Services			\$6,781,119	\$6,570,552	\$210,567	3%		
Dental			\$6,209,687	\$5,634,570	\$575,117	10%		
Inpatient Hospital Services			\$3,216,282	\$3,217,755	(\$1,473)	0%		
Other Services			\$2,483,684	\$1,917,602	\$566,082	30%		
Therapy			\$1,661,398	\$1,669,596	(\$8,198)	0%		
Inpatient Mental Health			\$511,922	\$641,195	(\$129,273)	-20%		
Vision			\$575,644	\$581,091	(\$5,447)	-1%		
Durable & Disposable Med. Equip.			\$353,295	\$340,203	\$13,092	4%		
Medical Transportation			\$380,176	\$324,586	\$55,590	17%		
Outpatient Mental Health			\$305,059	\$389,049	(\$83,990)	-22%		
Less: Other Collections**			(\$133,412)	(\$15,495)	(\$117,918)	761%		
Drug Rebates	(\$1,440,966)	(\$1,200,805)	(\$1,695,346)	(\$1,032,033)	(\$663,312)	64%	\$627,953	-52%
Total Claims Expenses	\$48,725,436	\$40,604,530	\$40,066,054	\$38,773,105	\$1,292,949	3%	(\$538,476)	-1%
Administrative Expenses:								
Salaries and Benefits			\$0	\$0	\$0			
Program Administration	\$2,822,417	\$2,352,014	\$1,706,306	\$2,648,378	(\$942,072)	-36%	(\$645,708)	-27%
Eligibility			\$1,688	\$9,980	(\$8,292)	100%		
Outreach & Health Promotion	\$100,000	\$83,333	\$320	\$10,190	(\$9,870)	-97%	(\$83,013)	-100%
Current	\$326,676	\$272,230	\$194,089	\$44,015	\$150,074	341%	(\$78,141)	-29%
Total Administrative Expenses in Operating Fund	\$3,249,093	\$2,707,577	\$1,902,403	\$2,712,563	(\$810,160)	-30%	(\$805,174)	-30%
Total Operating Fund Expenditures	\$51,974,529	\$43,312,108	\$41,968,457	\$41,485,668	\$482,789	1%	(\$1,343,651)	-3%
Adjustments			(\$80,135)	(\$164,122)				
Ending Operating Fund Balance			\$6,782,401	\$7,220,512	(\$438,111)	-6%		
Money Market			\$1,052,665	\$1,030,721	\$21,944	2%		
Bond Pool			\$4,492,992	\$4,337,808	\$155,184	4%		
Cash on Deposit			\$1,236,745	\$1,851,983	(\$615,239)	-33%		
Unrealized Gain/Loss on Investment			\$52,635	(\$32,737)	\$85,371	-261%		
Ending Fund Balance (Accrued Basis)			\$6,835,036	\$7,187,776	(\$352,740)	-5%		
Program Expenses outside of Operating Funds:								
Salaries and Benefits	\$702,625	\$585,521	\$450,141	\$479,681	(\$29,540)	-6%	(\$135,380)	-23%
Eligibility	\$326,676	\$272,230	\$31,588	\$37,185	(\$5,597)	-15%	(\$238,954)	-88%
Total Administrative Expenses:	\$4,278,384	\$3,565,328	\$2,384,132	\$3,229,429	(\$845,297)	-26%	(\$1,181,196)	-33%
Total WVCHIP Expenditures	\$53,003,830	\$44,169,858	\$42,450,186	\$42,002,534	\$447,652	1%	(\$1,719,672)	-4%

Footnotes:

- 1) Statement is on cash basis
- 2) Estimate of Incurred but Not Reported (IBNR) claims on April 30, 2019 is \$4,790,000. The April 30, 2018 estimate was \$4,240,435
- 3) Administrative Accounts Payable balance on April 30, 2019 is \$550,260. The April 30, 2018 balance is \$412,934
- 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

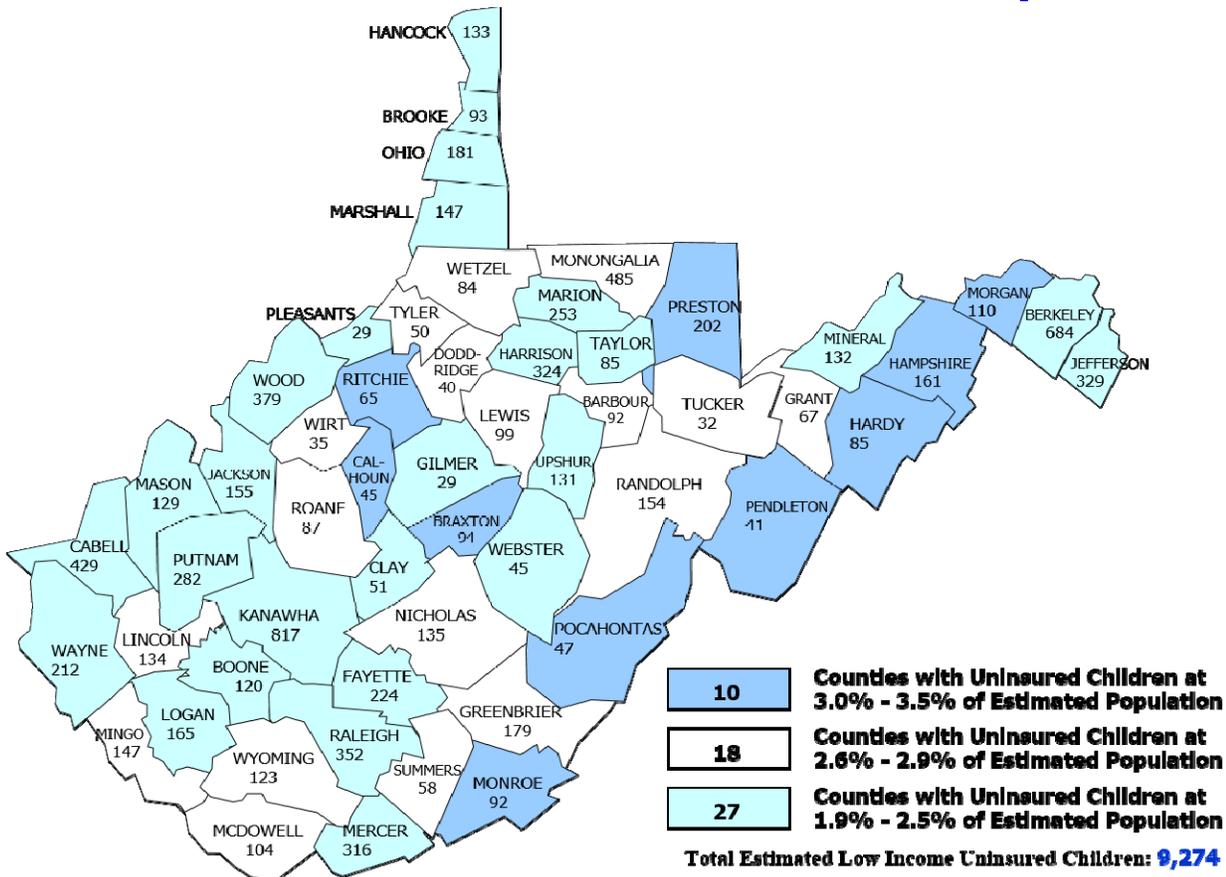
May 2019

County	County Pop.	Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2016	2016
	2016 Est. (0-18 Yrs)	Enrollment May-19	Enrollment May-19	CHIP/Medicaid Enrollment	% of Population	Est. Uninsured 3%	# Children Uninsured Ranking*
Barbour	3,470	249	1,631	1,880	54.2%	104	33
Berkeley	27,800	1,839	11,576	13,415	48.3%	834	2
Boone	5,087	258	2,924	3,182	62.6%	153	27
Braxton	2,947	162	1,395	1,557	52.8%	88	39
Brooke	4,185	1	49	50	1.2%	126	31
Cabell	19,601	873	8,750	9,623	49.1%	588	3
Calhoun	1,427	105	722	827	58.0%	43	51
Clay	2,041	138	1,197	1,335	65.4%	61	44
Doddridge	1,479	95	650	745	50.4%	44	49
Fayette	9,297	721	4,939	5,660	60.9%	279	12
Gilmer	1,212	87	561	648	53.5%	36	54
Grant	2,343	120	1,138	1,258	53.7%	70	42
Greenbrier	7,018	579	3,483	4,062	57.9%	211	16
Hampshire	4,619	275	2,215	2,490	53.9%	139	30
Hancock	5,876	540	4,095	4,635	78.9%	176	20
Hardy	2,847	231	1,553	1,784	62.7%	85	40
Harrison	15,199	893	6,129	7,022	46.2%	456	7
Jackson	6,506	321	2,827	3,148	48.4%	195	18
Jefferson	13,304	673	3,882	4,555	34.2%	399	9
Kanawha	38,824	2,100	18,653	20,753	53.5%	1,165	1
Lewis	3,432	252	1,805	2,057	59.9%	103	35
Lincoln	4,849	267	2,817	3,084	63.6%	145	28
Logan	7,095	383	4,213	4,596	64.8%	213	15
Marion	11,654	657	5,108	5,765	49.5%	350	11
Marshall	6,478	310	2,522	2,832	43.7%	194	19
Mason	5,798	249	2,803	3,052	52.6%	174	21
McDowell	3,994	197	2,837	3,034	76.0%	120	32
Mercer	12,774	821	7,705	8,526	66.7%	383	10
Mineral	5,626	257	2,189	2,446	43.5%	169	23
Mingo	5,632	256	3,555	3,811	67.7%	169	22
Monongalia	17,905	919	5,308	6,227	34.8%	537	5
Monroe	2,781	244	1,139	1,383	49.7%	83	41
Morgan	3,367	270	1,440	1,710	50.8%	101	36
Nicholas	5,271	345	2,743	3,088	58.6%	158	25
Ohio	8,365	384	3,534	3,918	46.8%	251	14
Pendleton	1,269	97	578	675	53.2%	38	52
Pleasants	1,473	82	586	668	45.3%	44	50
Pocahontas	1,517	116	722	838	55.2%	46	48
Preston	6,658	384	2,883	3,267	49.1%	200	17
Putnam	13,446	659	4,397	5,056	37.6%	403	8
Raleigh	16,494	1,023	8,669	9,692	58.8%	495	6
Randolph	5,586	422	2,765	3,187	57.1%	168	24
Ritchie	2,034	101	1,079	1,180	58.0%	61	45
Roane	3,116	253	1,603	1,856	59.6%	93	38
Summers	2,225	167	1,384	1,551	69.7%	67	43
Taylor	3,449	200	1,569	1,769	51.3%	103	34
Tucker	1,199	111	509	620	51.7%	36	55
Tyler	1,848	90	699	789	42.7%	55	46

WVCHIP Enrollment Report

May 2019

County	County Pop. 2016 Est. (0-18 Yrs)	Total CHIP Enrollment May-19	Total Medicaid Enrollment May-19	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	2016 Est. Uninsured 3%	2016 # Children Uninsured Ranking*
Upshur	5,197	346	2,838	3,184	61.3%	156	26
Wayne	8,809	419	4,627	5,046	57.3%	264	13
Webster	1,787	93	1,185	1,278	71.5%	54	47
Wetzel	3,255	152	1,762	1,914	58.8%	98	37
Wirt	1,245	69	659	728	58.5%	37	53
Wood	18,641	1,077	8,661	9,738	52.2%	559	4
Wyoming	4,707	272	2,461	2,733	58.1%	141	29
Totals	384,058	22,204	177,723		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

April 30, 2019



Participant Plans Allocation & Performance Net of Fees

Period Ending: April 30, 2019

	6/30/2018		4/30/2019		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	19,677,992	100.0								
Pension Assets	15,795,451	81.0	15,883,061	80.7								
Public Employees' Retirement System	6,718,698	34.5	6,811,529	34.6	2.1	4.2	4.1	4.9	10.0	7.3	10.8	6.8
Teachers' Retirement System	7,691,788	39.5	7,663,782	38.9	2.1	4.2	4.1	4.9	9.9	7.3	10.6	6.6
EMS Retirement System	78,921	0.4	82,868	0.4	2.1	4.2	4.1	4.8	9.9	7.3	10.7	
Public Safety Retirement System	682,799	3.5	670,240	3.4	2.1	4.2	4.1	4.8	9.9	7.3	10.8	6.8
Judges' Retirement System	204,484	1.0	209,442	1.1	2.1	4.2	4.1	4.9	10.0	7.4	10.8	6.7
State Police Retirement System	188,912	1.0	202,415	1.0	2.1	4.2	4.1	4.9	10.0	7.3	10.7	6.7
Deputy Sheriffs' Retirement System	219,368	1.1	228,348	1.2	2.1	4.2	4.1	4.9	9.9	7.3	10.8	6.7
Municipal Police & Firefighter Retirement System	7,843	0.0	10,400	0.1	2.0	4.2	4.2	4.9	9.7	7.2		
Municipal Model A	1,514	0.0	2,872	0.0	2.1	4.2	4.5	5.3	10.1	7.4		
Municipal Model C	1,124	0.0	1,165	0.0	1.9	4.0	3.9	3.8				
Insurance Assets	2,785,522	14.3	2,831,195	14.4								
Workers' Compensation Old Fund	1,185,505	6.0	1,114,789	5.6	1.3	3.2	3.5	3.0	5.8	4.2	6.6	
Workers' Comp. Self-Insured Guaranty Risk Pool	33,908	0.2	34,026	0.2	1.3	3.3	3.3	3.0	5.9	4.3	4.4	
Workers' Comp. Self-Insured Security Risk Pool	53,204	0.3	52,225	0.3	1.3	3.3	3.3	3.0	6.0	4.3		
Workers' Comp. Uninsured Employers' Fund	12,881	0.1	13,363	0.1	1.3	3.2	3.2	2.9	5.8	4.1	4.2	
Pneumoconiosis	245,797	1.3	239,259	1.2	1.3	3.3	3.3	3.0	5.9	4.2	6.9	5.6
Board of Risk & Insurance Management	151,588	0.8	156,688	0.8	1.3	3.2	3.4	3.0	5.9	4.2	7.0	
Public Employees' Insurance Agency	198,826	1.0	237,086	1.2	1.2	3.1	3.5	3.3	5.8	4.2	6.8	
WV Retiree Health Benefit Trust Fund	903,813	4.6	983,759	5.0	2.1	4.2	4.2	5.0	10.0	7.4	9.6	
Endowment Assets	925,255	4.7	963,736	4.9								
Berkeley County Development Authority	7,742	0.0	6,067	0.0	2.1	4.2	4.1	4.8	10.0			
Wildlife Fund	63,823	0.3	63,726	0.3	2.1	4.2	4.2	4.9	10.0	7.4	10.8	7.3
Prepaid Tuition Trust	42,256	0.2	33,739	0.2	0.2	1.7	4.3	4.3	7.1	5.7	9.5	
Revenue Shortfall Reserve Fund	167,666	0.9	192,408	1.0	0.3	2.1	3.6	3.9	2.5	2.3	5.3	
Revenue Shortfall Reserve Fund - Part B	438,711	2.3	456,183	2.4	1.0	2.9	4.0	3.5	5.5	4.1	7.3	
WV DEP Trust	9,658	0.0	9,211	0.0	2.3	4.6	3.1	2.0	8.8	6.0		
WV DEP Agency	195,399	1.0	202,402	1.0	1.6	3.7	3.6	2.9	6.9	4.9		

Composite Asset Allocation & Performance Net of Fees

Period Ending: April 30, 2019

	Asset (\$000)	%	Performance %																	
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year										
Investment Pools Composite	19,688,125	100.00																		
Total Equity Composite	9,529,345	48.40	3.24	5.86	3.12	1.08	11.35	7.33	12.74	6.87										
+/- Total Equity Base Index (b)			(0.19)	(1.79)	(1.74)	(3.51)	(0.34)	(0.03)	0.88	0.95										
Domestic Equity Composite	4,752,019	24.14	3.97	9.07	7.23	10.08	14.08	10.72	15.31	7.45										
+/- Russell 3000 Index			(0.02)	(0.15)	(1.65)	(2.60)	(0.66)	(0.48)	0.02	0.99										
International Equity Composite	4,777,326	24.26	2.52	2.84	(0.79)	(6.97)	8.64	3.87	9.96	7.01										
+/- MSCI AC World ex US IMI Index (c)			(0.14)	(2.50)	(1.23)	(3.45)	0.22	0.45	1.65	2.05										
Fixed Income Composite	3,275,614	16.64	0.38	1.95	4.99	4.64	3.79	3.30	5.68	5.36										
+/- Bloomberg Barclays Capital Universal (d)			0.24	(0.11)	0.03	(0.74)	1.33	0.44	1.42	0.45										
Core Fixed Income Composite	990,367	5.03	0.03	2.09	4.96	5.57	2.23	2.98	4.39											
+/- Bloomberg Barclays Capital Aggregate			0.00	0.20	0.29	0.28	0.33	0.41	0.67											
Total Return Fixed Income Composite (k)	2,285,247	11.61	0.53	1.89	5.00	4.23	4.48	3.43	6.09	5.82										
+/- Bloomberg Barclays Capital Universal			0.39	(0.17)	0.04	(1.15)	2.02	0.57	1.83	0.85										
TIPS Composite	396,152	2.01	0.34	2.18	2.32	3.20	1.73	1.74												
+/- Bloomberg Barclays Capital U.S. TIPS			0.01	0.02	0.06	0.09	0.04	0.01												
Cash Composite	118,580	0.60	0.20	0.59	1.83	2.13	1.24	0.80	0.47	1.95										
+/- Citigroup 90 Day T-Bill (e)			0.00	0.00	(0.05)	(0.05)	0.01	0.04	(0.03)	(0.02)										
Private Equity Composite	1,735,593	8.82	2.01	4.31	9.71	22.69	18.52	15.58	15.03											
+/- Russell 3000 + 3% (f, g)							1.38	(3.94)												
Real Estate Composite	1,889,704	9.60	0.56	1.93	4.91	8.50	8.74	9.46	9.19											
+/- NCREIF + 1% (f)							(0.80)													
Hedge Fund Composite	2,166,333	11.00	0.93	2.78	1.78	3.05	4.73	3.37	5.60											
+/- HFRI/FOF + 1% (h)			(0.15)	(0.48)	0.27	1.11	(0.37)	(0.16)	1.79											
Opportunistic Income Composite	576,804	2.93	0.51	0.76	3.37	6.46	4.64													
+/- CS Leveraged Loan + 2.5%			(1.28)	(2.91)	(2.86)	(0.50)	(3.62)													

Participant Plans Allocation vs. Strategy

Period Ending: April 30, 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	51.8	55.0	12.6	15.0	10.2	10.0	11.1	10.0	10.5	10.0	3.4	0.0	0.4	0.0
Teachers' Retirement System	51.8	55.0	12.4	15.0	10.3	10.0	11.2	10.0	10.6	10.0	3.4	0.0	0.3	0.0
EMS Retirement System	51.8	55.0	13.2	15.0	10.1	10.0	11.0	10.0	10.2	10.0	3.4	0.0	0.3	0.0
Public Safety Retirement System	52.0	55.0	12.3	15.0	10.4	10.0	11.3	10.0	10.5	10.0	3.4	0.0	0.1	0.0
Judges' Retirement System	52.0	55.0	12.8	15.0	10.2	10.0	11.1	10.0	10.4	10.0	3.4	0.0	0.1	0.0
State Police Retirement System	51.6	55.0	13.4	15.0	10.0	10.0	10.9	10.0	10.1	10.0	3.3	0.0	0.7	0.0
Deputy Sheriffs' Retirement System	51.8	55.0	13.1	15.0	10.1	10.0	11.0	10.0	10.3	10.0	3.4	0.0	0.3	0.0
Municipal Police & Firefighter Retirement System	50.1	55.0	14.1	15.0	9.6	10.0	10.4	10.0	9.6	10.0	3.2	0.0	3.0	0.0
Municipal Model A	51.8	55.0	12.8	15.0	10.1	10.0	11.0	10.0	10.1	10.0	3.4	0.0	0.8	0.0
Municipal Model C	48.7	50.0	27.5	30.0	5.0	5.0	5.5	5.0	9.9	10.0	1.7	0.0	1.7	0.0
Insurance Assets														
Workers' Compensation Old Fund	30.6	30.0	48.7	50.0	0.0	0.0	0.0	0.0	16.6	15.0	0.0	0.0	4.1	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	30.6	30.0	43.6	45.0	0.0	0.0	0.0	0.0	21.6	20.0	0.0	0.0	4.2	5.0
Workers' Comp. Self-Insured Security Risk Pool	30.5	30.0	43.1	45.0	0.0	0.0	0.0	0.0	21.9	20.0	0.0	0.0	4.5	5.0
Workers' Comp. Uninsured Employers Fund	30.4	30.0	38.9	40.0	0.0	0.0	0.0	0.0	20.9	20.0	0.0	0.0	9.8	10.0
Pneumococcosis	30.6	30.0	43.1	45.0	0.0	0.0	0.0	0.0	22.0	20.0	0.0	0.0	4.3	5.0
Board of Risk & Insurance Mgmt.	30.4	30.0	43.7	45.0	0.0	0.0	0.0	0.0	21.0	20.0	0.0	0.0	4.9	5.0
Public Employees' Insurance Agency	25.4	25.0	54.7	55.0	0.0	0.0	0.0	0.0	19.9	20.0	0.0	0.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	52.0	55.0	13.8	15.0	10.0	10.0	10.9	10.0	10.0	10.0	3.3	0.0	0.0	0.0
Endowment Assets														
Berkeley County Development Authority	51.8	55.0	14.1	15.0	10.0	10.0	10.9	10.0	9.9	10.0	3.3	0.0	0.0	0.0
Wildlife Fund	51.7	55.0	13.1	15.0	10.1	10.0	11.0	10.0	10.4	10.0	3.4	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	65.4	65.0	13.6	15.0	0.0	0.0	0.0	0.0	21.0	20.0	0.0	0.0	0.0	0.0
WV DEP Agency	40.4	40.0	38.7	40.0	0.0	0.0	0.0	0.0	20.9	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 GBIE M 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

James A. Dodrill
Insurance Commissioner

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

JUNE 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.

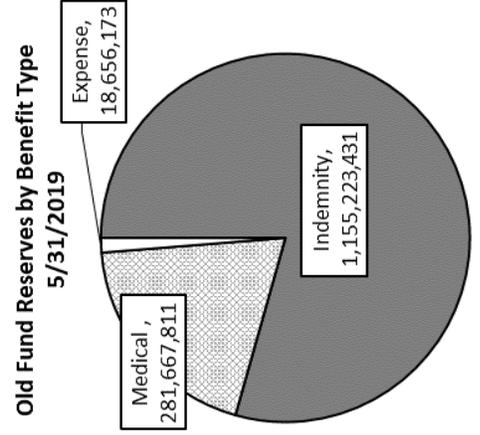
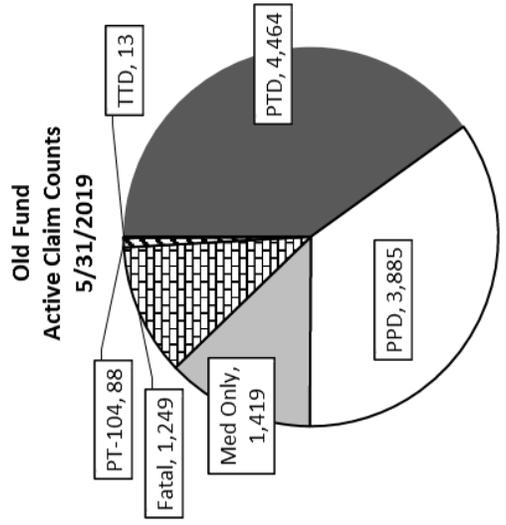
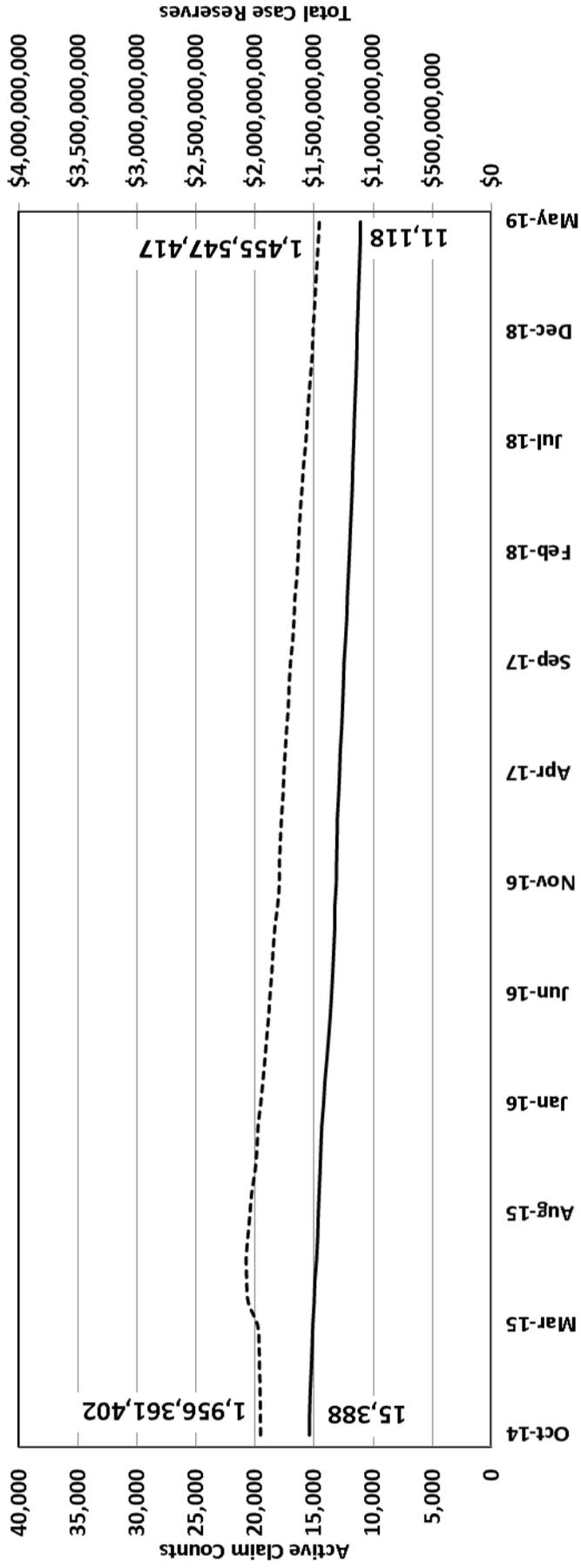
Self-Insured Security Fund: State managed fund consisting of those funds paid into it thru the WVOIC's administration of 85 CSR §19 (2004), and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last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

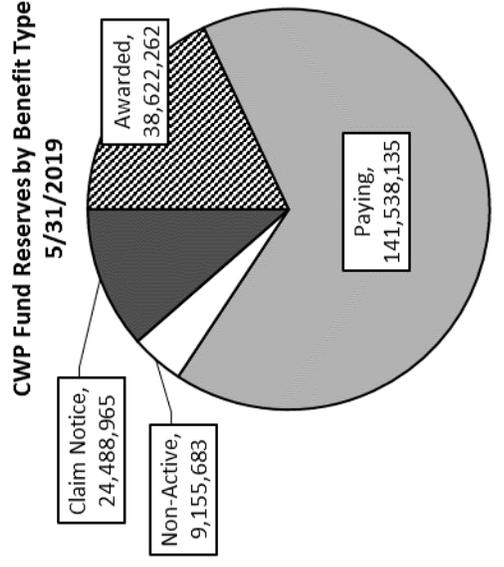
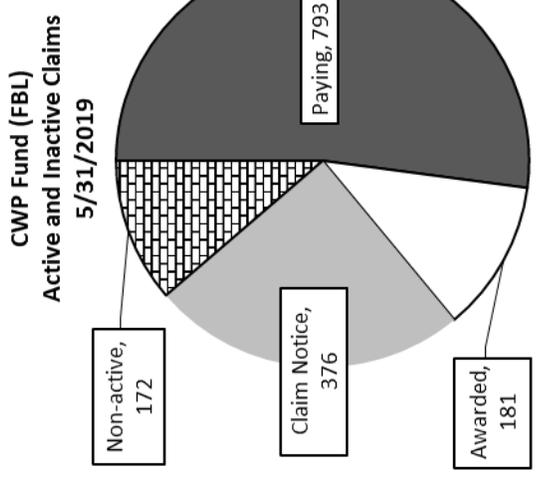
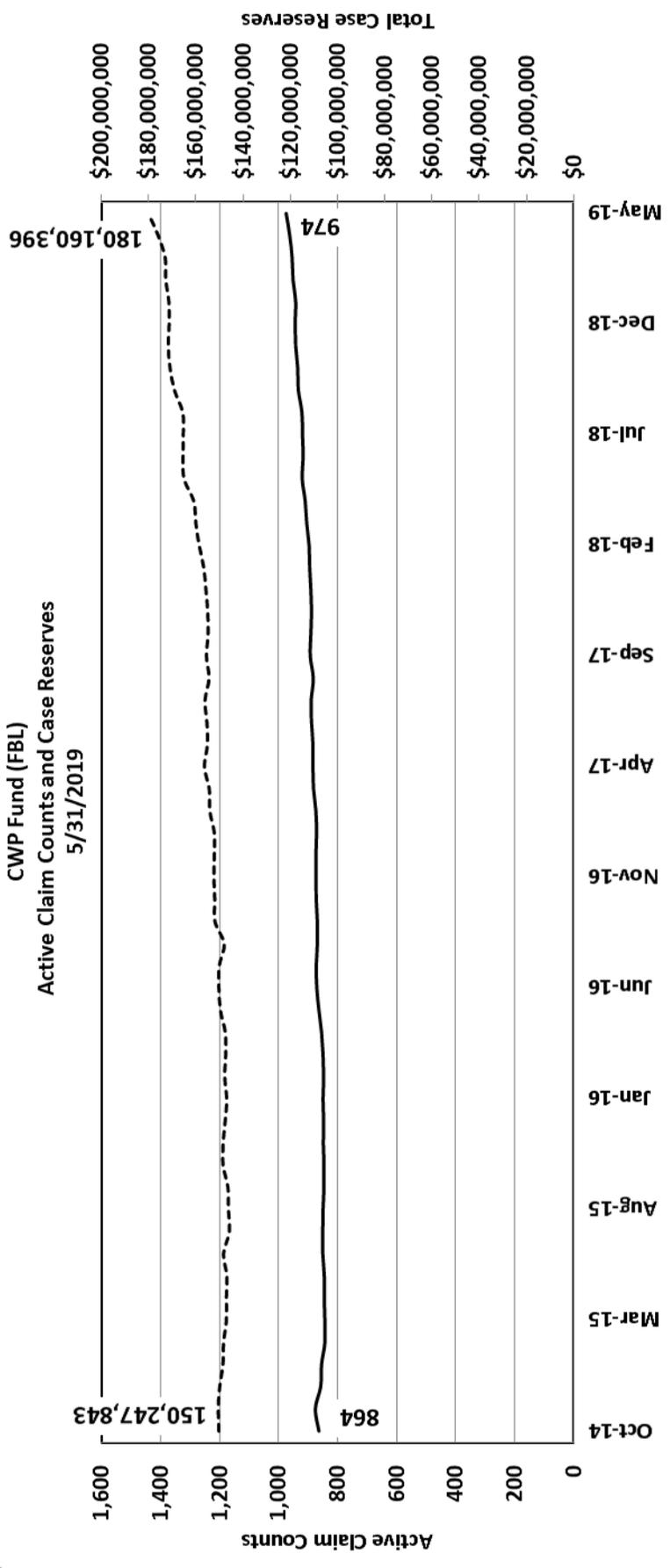
TTD: (Temporary Total Disability) an inability to return to substantial gainful employment requiring skills or activities comparable to those of one's previous gainful employment during the healing or recovery period after the injury. In order to receive TTD benefits, the injured worker must be certified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

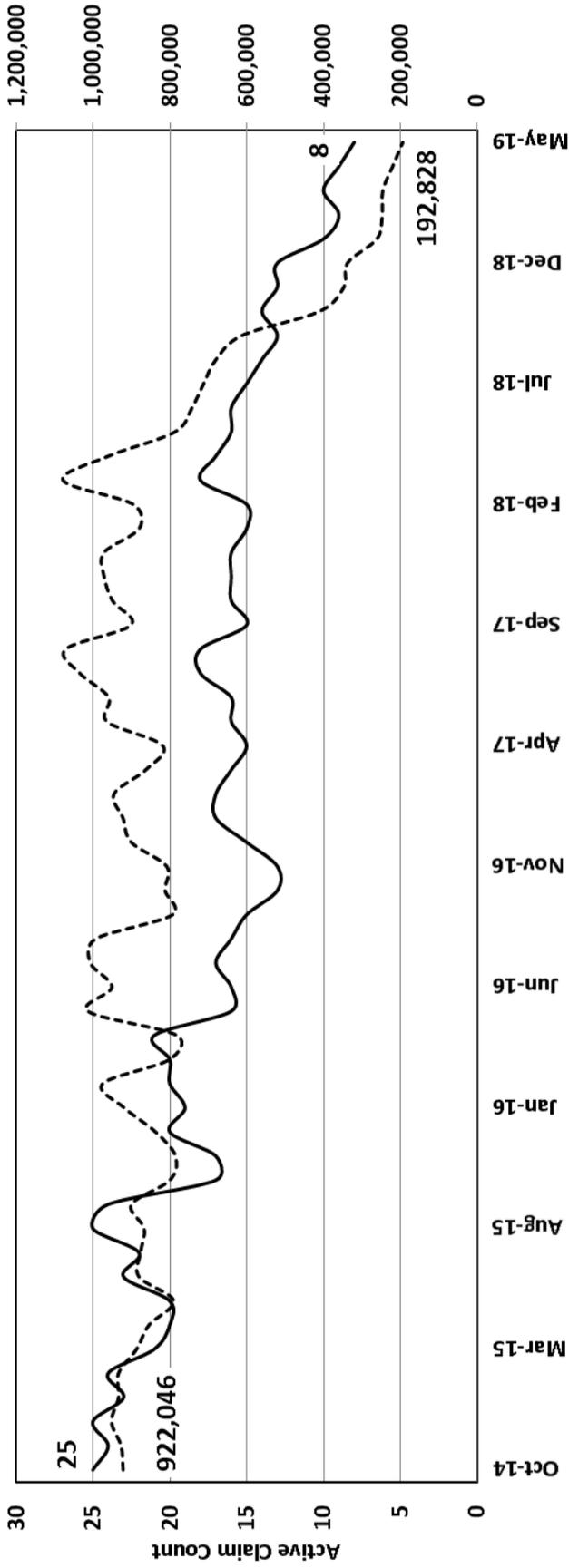
Old Fund
Active Claim Counts and Case Reserves
5/31/2019



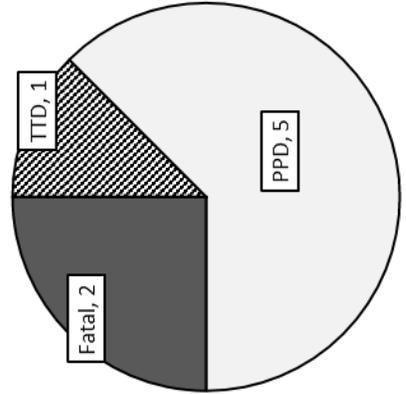
**CWP Fund (FBL)
Active Claim Counts and Case Reserves
5/31/2019**



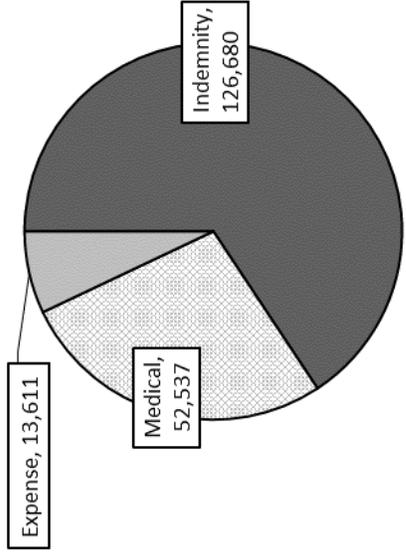
**Uninsured Fund
Active Claim Counts and Case Reserves
5/31/2019**



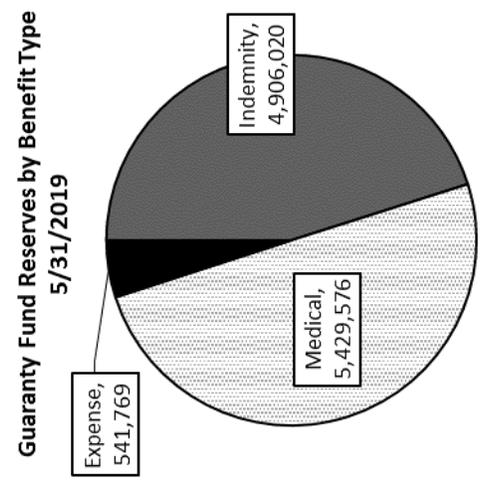
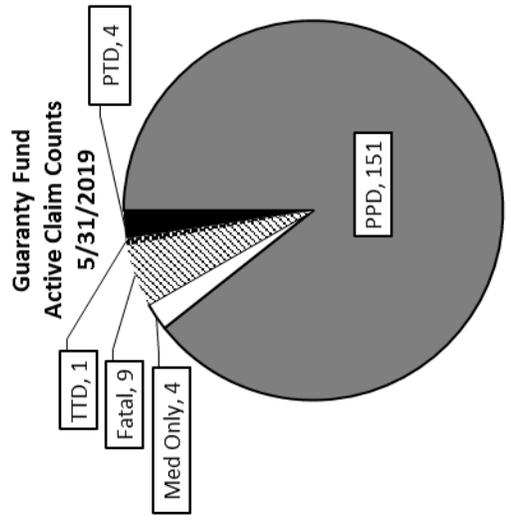
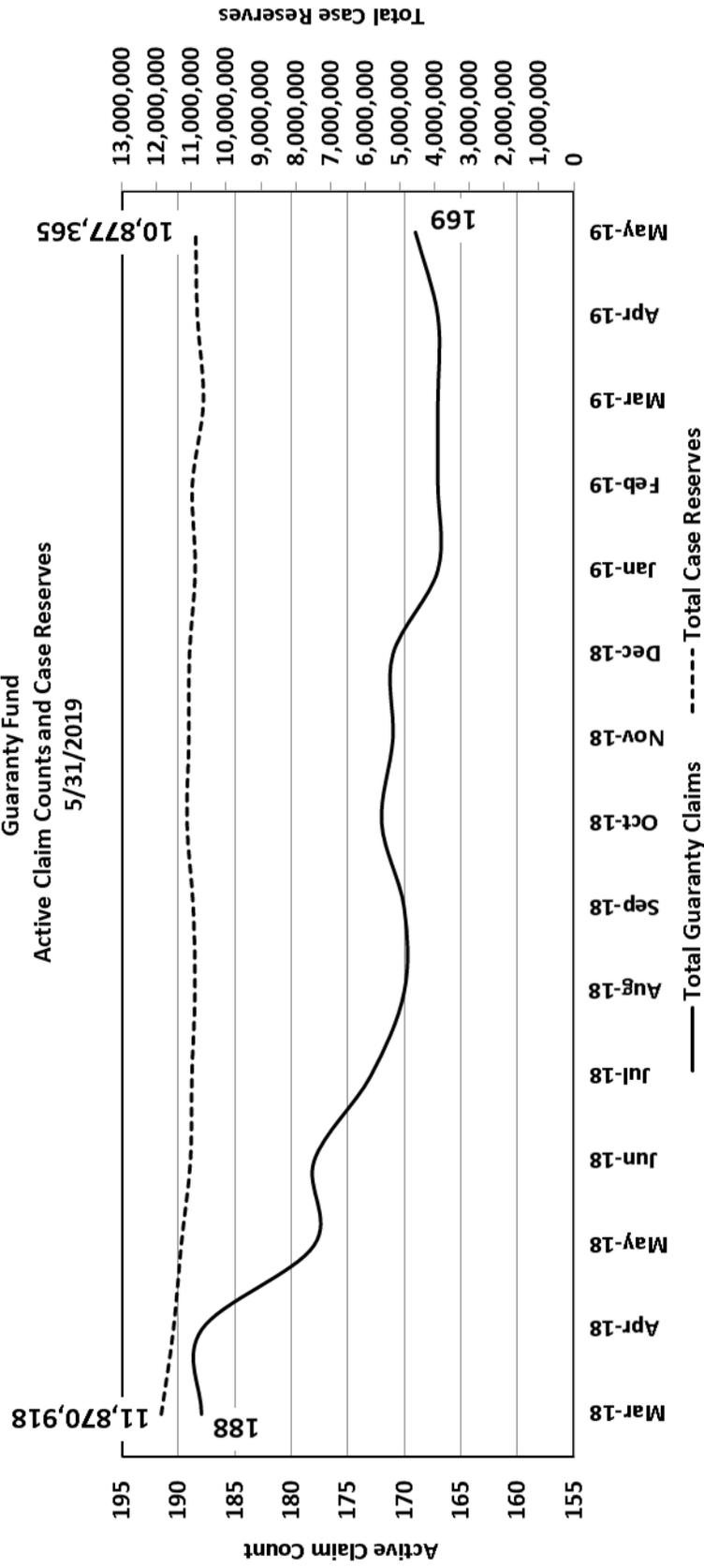
**Uninsured Fund
Active Claim Counts
5/31/2019**



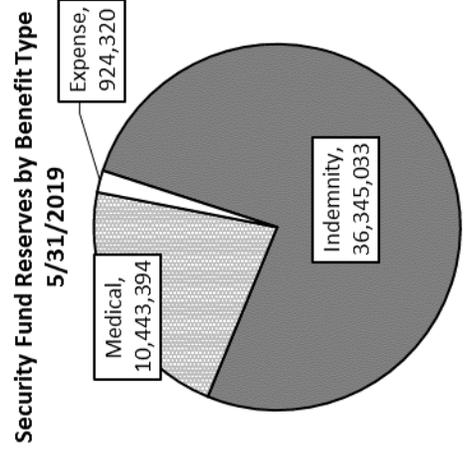
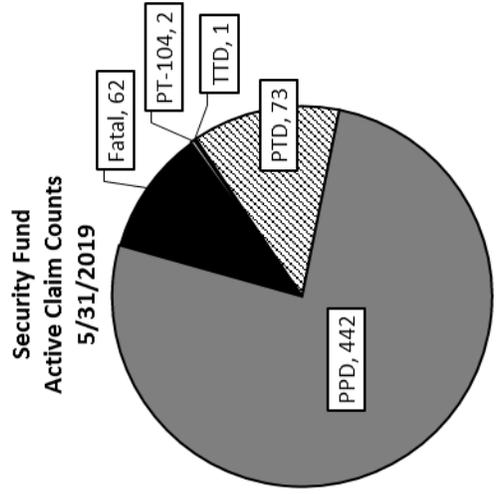
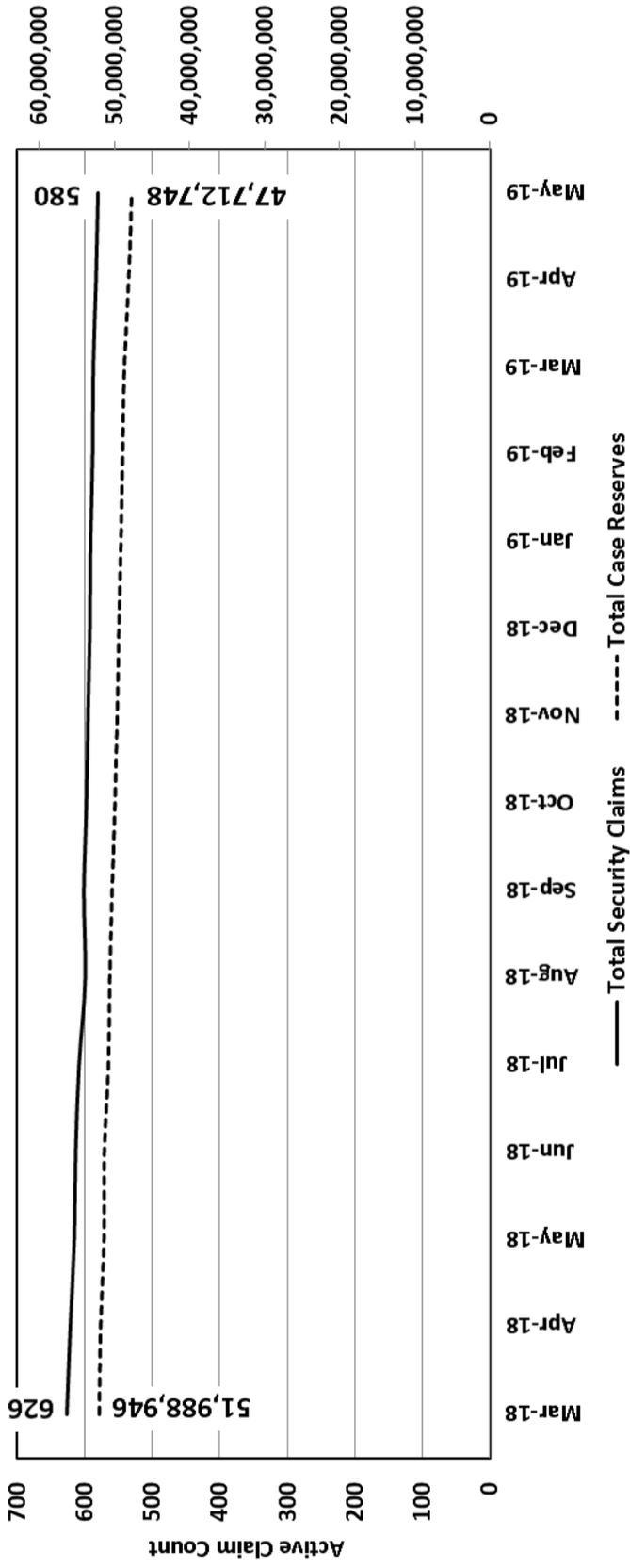
**Uninsured Fund Reserves by Benefit Type
5/31/2019**



Guaranty Fund
Active Claim Counts and Case Reserves
5/31/2019



**Security Fund
Active Claim Counts and Case Reserves
5/31/2019**



OLD FUND CASH STATEMENT
May 31, 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	6,666,641	(2,587,746)	6,668,291	12,336,645	25,211,458
Self-Insured Debt Reduction Surcharge	1,628,881	2,130,127	(501,245)	2,130,127	4,346,111	6,209,330
Video Lottery	-	2,637,325	(2,637,325)	2,750,000	5,500,000	6,734,934
Employer Premium	70,004	512,159	(442,155)	513,387	62,806	111,955
Other Income - Return of Unclaimed Property	-	273,871	(273,871)	273,871	354,423	184,888
Operating Revenues	6,589,943	12,220,122	(5,630,179)	12,335,675	36,487,535	153,921,361
Investment / Interest Earnings (Losses)	32,366,699	67,258,009	(34,891,310)	67,551,779	112,116,554	(5,981,504)
Total Revenues	38,956,642	79,478,131	(40,521,489)	79,887,454	148,604,089	147,939,857
Expenditures						
Claims Benefits Paid:						
Medical	20,532,855	23,755,117	(3,222,262)	25,531,399	27,437,375	26,890,541
Permanent Total Disability	74,507,922	79,772,856	(5,264,934)	86,779,468	92,140,733	98,784,921
Permanent Partial Disability	115,122	275,395	(160,273)	301,824	336,015	232,699
Temporary Disability	49,001	18,268	30,733	18,268	-	8,554
Fatals	18,795,294	19,876,031	(1,080,737)	21,608,332	22,990,499	24,098,586
104 weeks death benefit	4,160,928	4,895,987	(735,059)	5,182,930	5,825,439	6,990,581
Settlements	3,467,430	6,374,154	(2,906,723)	7,058,622	11,716,131	12,718,425
Loss Adjustment Expenses	1,283,479	1,244,209	39,270	1,324,887	1,446,808	1,970,779
Total	122,912,033	136,212,017	(13,299,985)	147,805,732	161,893,000	171,695,087
Less: Claims credits and overpayments	2,429,526	2,756,892	(327,366)	2,877,784	5,080,389	3,044,395
Total Benefits Paid	120,482,507	133,455,126	(12,972,619)	144,927,948	156,812,611	168,650,692
Administrative Expenses	5,718,197	6,880,454	(1,162,258)	8,168,444	9,066,663	10,294,801
Total Expenditures	126,200,703	140,335,580	(14,134,877)	153,096,392	165,879,274	178,945,493
Excess (Deficiency) of Revenues over Expenditures	(87,244,061)	(60,857,449)	(26,386,612)	(73,208,938)	(17,275,184)	(31,005,636)
Cash Ending Balances	1,102,919,448	1,202,514,998	(99,595,550)	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 PNEUMOCOONIOSIS FUND

May 31, 2019

	YTD FY2019	YTD FY2018	Change	Three Year History for years ended:		
				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)	6,807,728	13,789,081	(6,981,354)	13,912,317	22,100,417	(5,091,164)
Other Income - Return of Unclaimed Property	-	645	(645)	645	8,353	3,797
Total Revenues	6,807,728	13,789,725	(6,981,998)	13,912,961	22,108,770	(5,087,367)
Expenditures						
Claims Benefits Paid:						
Medical	4,221,970	6,422,822	(2,200,851)	6,709,112	4,032,649	2,830,426
PTD and Fatal Indeminty	7,931,845	7,270,947	660,897	7,945,389	8,174,289	7,548,752
Loss Adjustment Expenses	3,308,589	3,086,607	221,982	3,165,542	3,783,923	2,629,468
Total	15,462,404	16,780,376	(1,317,972)	17,820,043	15,990,861	13,008,646
Less: Claims Credits and Overpayments	76,448	265,556	(189,108)	268,646	125,895	130,620
Total Benefits Paid	15,385,956	16,514,820	(1,128,864)	17,551,397	15,864,966	12,878,025
Administrative Expenses	903,442	830,349	73,093	906,527	875,715	746,696
Total Expenditures	16,289,398	17,345,169	(1,055,771)	18,457,924	16,740,681	13,624,721
Excess (Deficiency) of Revenues over Expenditures	(9,481,670)	(3,555,444)	(5,926,227)	(4,544,963)	5,368,089	(18,712,088)
Cash Ending Balances	237,286,695	247,757,884	(10,471,188)	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
May 31, 2019

	Three Year History for years ended:			
	FY2016	FY2017	FY2018	FY2019
Cash Beginning Balances	16,014,340	33,462,454	33,836,322	34,042,831
Revenues				
Guaranty Risk Pool Assessments	18,684	-	-	(354)
Collateral Proceeds	19,422,025	-	-	252,925
Investment Earnings (Losses)	(155,883)	3,012,508	1,873,190	1,856,994
Total Revenues	19,284,826	3,012,508	1,873,190	1,856,994
Change	206,509			
YTD FY2018	33,836,322			
YTD FY2019				34,042,831
Expenditures				
Claims Benefits Paid:				
Medical	309,470	503,912	239,490	479,619
Permanent Total Disability	43,638	63,717	181,821	93,856
Permanent Partial Disability	612,823	972,712	522,798	245,025
Temporary Disability	303,724	375,328	56,649	13,148
Fatals	257,806	277,011	253,055	207,907
104 Weeks Death Benefit	-	-	-	-
Settlement Agreements	-	3,800	170,000	125,000
Non Awarded Partial Disability	9,377	4,407	10,904	-
Loss Adjustment Expenses	163,819	255,219	123,706	110,047
Total	1,700,657	2,456,105	1,558,423	1,274,603
Less: Claims Credits and Overpayments	17,176	2,723	12,868	205
Total Benefits Paid	1,683,481	2,453,382	1,545,555	1,274,398
Administrative Expenses	153,231	185,258	121,127	91,823
Total Expenditures	1,836,711	2,638,640	1,666,682	1,366,221
Excess (Deficiency) of Revenues over Expenditures	17,448,114	373,868	206,509	(137,074)
Cash Ending Balances	33,462,454	33,836,322	34,042,831	33,905,756

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
May 31, 2019

	Three Year History for years ended:		
	FY2018	FY2017	FY2016
Cash Beginning Balances	54,448,203	53,859,338	9,208,803
Revenues			
Security Risk Pool Assessments	-	-	230,340
Collateral Proceeds	243,007	-	47,503,193
Investment Earnings (Losses)	1,479,090	4,914,238	201,775
Total Revenues	1,722,097	4,914,238	47,935,308
Change	(1,043,944)		
YTD FY2019	54,448,203		
YTD FY2018	54,448,203		
Total Expenditures	3,208,649	4,325,374	3,284,773
Excess (Deficiency) of Revenues over Expenditures	(1,486,552)	588,865	44,650,535
Cash Ending Balances	51,917,707	54,448,203	53,859,338
Expenditures			
Claims Benefits Paid:			
Medical	498,779	778,632	479,295
Permanent Total Disability	1,394,923	1,576,942	1,163,198
Permanent Partial Disability	5,702	-	7,560
Temporary Disability	-	-	-
Fatals	1,005,650	1,333,911	1,183,728
104 Weeks Death Benefit	-	37,804	92,595
Settlement Agreements	18,018	207,565	21,177
Loss Adjustment Expenses	90,836	88,371	54,047
Total	3,013,909	3,990,143	3,001,600
Less: Claims Credits and Overpayments	54,962	38,143	4,925
Total Benefits Paid	2,958,947	3,952,000	2,996,676
Administrative Expenses	249,702	373,374	288,097
Total Expenditures	3,208,649	4,325,374	3,284,773
Excess (Deficiency) of Revenues over Expenditures	(1,486,552)	588,865	44,650,535
Cash Ending Balances	51,917,707	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, wWOASIS. The Self-Insured Security Cash Statement is unaudited information.

UNINSURED EMPLOYERS FUND
May 31, 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	554,448	387,823	166,625	436,728	595,742	625,093
Investment Earnings (Losses)	363,706	653,213	(289,507)	660,537	962,646	(205,615)
Total Revenues	918,154	1,041,037	(122,882)	1,097,265	1,558,387	419,478
Expenditures						
Claims Benefits Paid:						
Medical	129,892	144,307	(14,415)	164,187	30,783	47,718
Permanent Total Disability	-	-	-	-	-	-
Permanent Partial Disability	28,894	29,259	(365)	33,025	51,760	4,738
Temporary Disability	35,751	96,541	(60,790)	104,582	25,414	113,212
Fatals	45,861	45,861	-	50,030	50,030	52,164
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	106,000	344,000	(238,000)	344,000	255,715	228,577
Loss Adjustment Expenses	52,714	5,753	46,961	5,846	6,969	5,868
Total	399,113	665,721	(266,608)	701,671	420,672	452,276
Less: Claims Credits and Overpayments	47,778	3,083	44,696	47,333	33,341	1,558
Total Benefits Paid	351,335	662,639	(311,304)	654,338	387,331	450,719
Administrative Expenses	147,345	163,425	(16,080)	213,501	275,304	229,156
Total Expenditures	498,680	826,064	(327,384)	867,839	662,635	679,875
Excess (Deficiency) of Revenues over Expenditures	419,474	214,973	204,502	229,426	895,753	(260,397)
Cash Ending Balances	13,409,445	12,975,517	433,928	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
August 8, 2019

OPERATING REPORT

APRIL 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

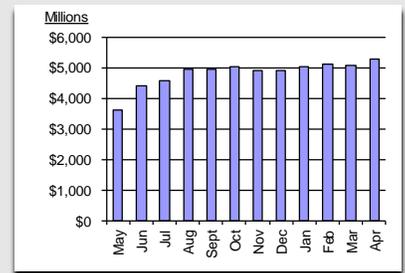
Chief Financial
Officer
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$5,305,721,000

Last Month
\$5,079,241,000

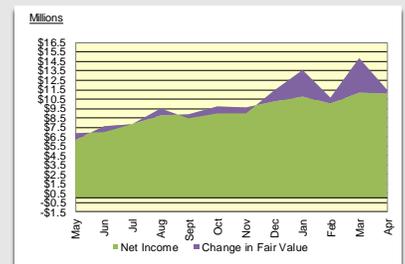
Beginning of Fiscal Year
\$4,429,483,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$105,789,000



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

Money Market Pools

As of April 30, 2019

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	2.5499%	40 Days	\$4.1 Billion
WV Gov't Money Market	2.3656%	28 Days	\$205.7 Million

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

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

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

APRIL 2019

2019 - Strong First Quarter

Market Results

Coming off a strong first quarter, stocks continued their run in April amid the Federal Reserve's more dovish stance. The US led the way, with the S&P 500 Index increasing 4% during the month – pushing year-to-date returns to 18.2%. International equities were up 2.8%, according to the MSCI EAFE Index, while emerging market stocks gained 2.1%, according to the MSCI Emerging Markets Index.

Within fixed income, global yields moved modestly higher while spreads declined, causing dispersion in rates and credit index returns. The 30-year Treasury yield increased 11 basis points to 2.93%, which caused the Barclays Long Treasury Index to decline 1.8% in April. High-yield spreads saw the most significant decline with the Barclays US High Yield Index falling 33 basis points to 3.58%, corresponding to returns of 1.4%. In emerging markets, local debt, as measured by the JPM GBI-EM Global Diversified Index, fell 0.2%, underscoring the strength of the US dollar, and political and economic uncertainties in Argentina and Turkey.

In real assets, spot WTI Crude Oil maintained its winning streak, up 6.1% last month – racking up returns of 41.4% so far this year. The rally was fueled by news that the United States will discontinue temporary waivers for nations, such as China and India, that import Iranian oil.

Market Outlook

While we have seen minimal volatility in 2019 so far, we still believe the US is in the late stage of an economic cycle, a phase often characterized by greater risks and volatility. To this end, we remind investors of the importance of diversification. We encourage rebalancing in light of the hefty returns from risky assets and advocate increasing exposure to safe-haven fixed income.

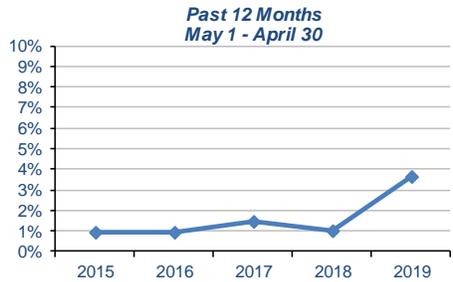
West Virginia Board of Treasury Investments Financial Highlights as of April 30, 2019

WV Short Term Bond Pool

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

<u>May 1 - April 30</u>	<u>Return</u>	<u>Net Assets At Apr 30 (In Millions)</u>
2019	3.6%	\$ 728.5
2018	1.0%	\$ 706.9
2017	1.5%	\$ 754.3
2016	1.0%	\$ 803.1
2015	0.9%	\$ 768.9

WV Short Term Bond Pool Rates of Return

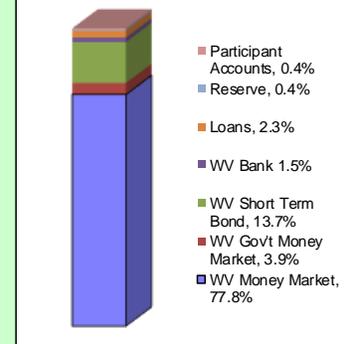


Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool

Summary of Value and Earnings *(In Thousands)*

<u>Pool</u>	<u>Net Asset Value</u>	<u>Apr Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 4,127,862	\$ 8,345	\$ 75,050
WV Gov't Money Market	205,678	491	4,249
WV Short Term Bond	728,531	2,302	23,042
WV Bank	80,587	176	1,589
Loans	121,369	156	1,243
Reserve	19,506	41	380
Participant Accounts	22,188	16	236
	<u>\$ 5,305,721</u>	<u>\$ 11,527</u>	<u>\$ 105,789</u>

Percent of Total Net Asset Value

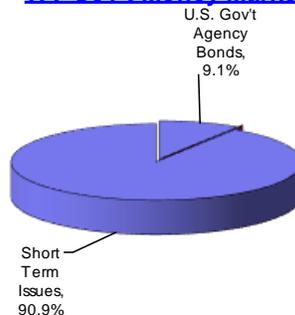


Securities by Type for Operating Pools *(Percentage of Asset Value)*

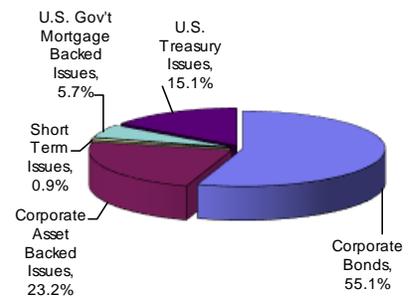
WV Money Market



WV Gov't Money Market



WV Short Term Bond



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

APRIL 30, 2019

(IN THOUSANDS)

	<u>WV Money Market Pool</u>	<u>WV Government Money Market Pool</u>	<u>WV Short Term Bond Pool</u>	<u>WV Bank Pool</u>	<u>Other Pools</u>	<u>Participant Directed Accounts</u>	<u>Total</u>
Assets							
Investments:							
At amortized cost	\$ 4,125,304	\$ 208,675	\$ -	\$ 80,011	\$ 140,678	\$ -	\$ 4,554,668
At fair value	-	-	726,616	-	-	22,095	748,711
Other assets	3,073	36	3,952	579	201	93	7,934
Total assets	<u>4,128,377</u>	<u>208,711</u>	<u>730,568</u>	<u>80,590</u>	<u>140,879</u>	<u>22,188</u>	<u>5,311,313</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased	515	3,033	2,037	3	4	-	5,592
Total liabilities	<u>515</u>	<u>3,033</u>	<u>2,037</u>	<u>3</u>	<u>4</u>	<u>-</u>	<u>5,592</u>
Net Position							
Held in trust for investment pool participants	4,127,862	205,678	728,531	80,587	140,875	-	5,283,533
Held in trust for individual investment account holders	-	-	-	-	-	22,188	22,188
Total net position	<u>\$ 4,127,862</u>	<u>\$ 205,678</u>	<u>\$ 728,531</u>	<u>\$ 80,587</u>	<u>\$ 140,875</u>	<u>\$ 22,188</u>	<u>\$ 5,305,721</u>
Additions							
Investment income:							
Interest and dividends	\$ 3,710	\$ 151	\$ 1,836	\$ 179	\$ 201	\$ 22	\$ 6,099
Net (amortization) accretion	4,851	356	49	-	-	(1)	5,255
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>8,561</u>	<u>507</u>	<u>1,885</u>	<u>179</u>	<u>201</u>	<u>21</u>	<u>11,354</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	216	16	60	3	4	-	299
Total investment expenses	<u>216</u>	<u>16</u>	<u>60</u>	<u>3</u>	<u>4</u>	<u>-</u>	<u>299</u>
Net investment income	8,345	491	1,825	176	197	21	11,055
Net realized gain (loss) from investments	-	-	45	-	-	-	45
Net increase (decrease) in fair value of investments	-	-	432	-	-	(5)	427
Net increase (decrease) in net position from operations	8,345	491	2,302	176	197	16	11,527
Participant transaction additions:							
Purchase of pool units by participants	1,086,846	71,188	-	186	42	-	1,158,262
Reinvestment of pool distributions	8,345	492	1,693	176	197	-	10,903
Contributions to individual investment accounts	-	-	-	-	-	-	-
Total participant transaction additions	<u>1,095,191</u>	<u>71,680</u>	<u>1,693</u>	<u>362</u>	<u>239</u>	<u>-</u>	<u>1,169,165</u>
Total additions	1,103,536	72,171	3,995	538	436	16	1,180,692
Deductions							
Distributions to pool participants:							
Net investment income	8,345	491	1,825	176	197	-	11,034
Net realized gain (loss) from investments	-	-	45	-	-	-	45
Total distributions to pool participants	<u>8,345</u>	<u>491</u>	<u>1,870</u>	<u>176</u>	<u>197</u>	<u>-</u>	<u>11,079</u>
Participant transaction deductions:							
Redemption of pool units by participants	828,975	112,924	74	186	975	-	943,134
Withdrawals from individual investment accounts	-	-	-	-	-	-	-
Total participant transaction deductions	<u>828,975</u>	<u>112,924</u>	<u>74</u>	<u>186</u>	<u>975</u>	<u>-</u>	<u>943,134</u>
Total deductions	<u>837,320</u>	<u>113,415</u>	<u>1,944</u>	<u>362</u>	<u>1,172</u>	<u>-</u>	<u>954,213</u>
Net increase (decrease) in net position from operations	266,216	(41,244)	2,051	176	(736)	16	226,479
Inter-pool transfers in	3,200	-	-	-	-	-	3,200
Inter-pool transfers out	-	-	-	(3,200)	-	-	(3,200)
Net inter-pool transfers in (out)	<u>3,200</u>	<u>-</u>	<u>-</u>	<u>(3,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	269,416	(41,244)	2,051	(3,024)	(736)	16	226,479
Net position at beginning of period	3,858,446	246,922	726,480	83,611	141,611	22,172	5,079,242
Net position at end of period	<u>\$ 4,127,862</u>	<u>\$ 205,678</u>	<u>\$ 728,531</u>	<u>\$ 80,587</u>	<u>\$ 140,875</u>	<u>\$ 22,188</u>	<u>\$ 5,305,721</u>

May 31, 2019

Mr. Aaron Allred, Legislative Auditor, Legislative Manager
West Virginia Legislature
Joint Committee on Government and Finance
Building 1, Room E-132
1900 Kanawha Blvd., E.
Charleston, West Virginia 25305

Re: West Virginia University Notification
Pursuant to W. Va. Code §18B-19-13

Dear Joint Committee on Government and Finance,

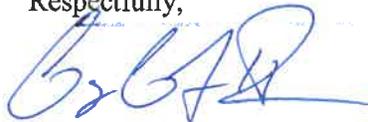
Pursuant to West Virginia Code § 18B-19-13 and appended for your review, please find a copy of the following documents: i) that certain Contract of Lease, dated December 15, 2017, between ACAP, LLC, A WEST VIRGINIA LIMITED LIABILITY COMPANY, (“SELLER”) and WEST VIRGINIA UNIVERSITY BOARD OF GOVERNORS, on behalf of WEST VIRGINIA UNIVERSITY, an agency and higher education institution of the State of West Virginia (“WVU”) and ii) a report setting forth a detailed summary of the terms of the acquisition, including the name of the property owner and agent involved in the sale, if any.

In the above-referenced Agreement, WVU agrees to purchase from SELLER all of the seller’s right, title, and interest in and to that certain real property located and situate in Winfield District, Marion County, West Virginia, together with all improvements, easements, appurtenances and rights relating thereto, for the purchase price of One Million and Seven Hundred Fifty Thousand Dollars (\$1,750,000.00). WVU intends to purchase the real property to construct, operate, and maintain a practice facility to serve the West Virginia University Golf team.

Pursuant to West Virginia Code Section 18B-19-13(c), the attached agreement and report are being provided at least thirty (30) days prior to the consummation of this acquisition, and pursuant to subsection (f), your committee will meet and review the agreements within thirty (30) days of receipt.

In the event that you have any questions or need additional information, please feel free to contact me at 304.293.4671.

Respectfully,



Gary G. Furbee, II
Deputy General Counsel

Report to Joint Committee on Government & Finance

**Acquisition of Parcels of Real Property, Morgantown, West Virginia
by**

West Virginia University Board of Governors on behalf of West Virginia University

By that certain Contract of Lease dated December 15, 2017, ACAP, LLC, a West Virginia limited liability company, leased to WEST VIRGINIA UNIVERSITY BOARD OF GOVERNORS, on behalf of WEST VIRGINIA UNIVERSITY, an agency and higher education institution of the State of West Virginia, ("WVU"), including the option to purchase, that certain real property located and situate in Winfield District, Marion County, West Virginia, consisting of all of the real estate and real property further described on Exhibit A, attached hereto.

By that certain Amendment One to Contract of Lease dated November 8, 2018, the parties agreed to extend the term of said Contract of Lease through June 30, 2019.

WVU now intends to acquire the real property by exercising the option to purchase the Premises, provided in the above referenced Contract of Lease.

WVU intends to acquire the real property for the following express purpose:

To operate and maintain a West Virginia University Men's Golf Practice Facility.

This acquisition has been approved by the West Virginia University Board of Governors, and the closing of such sale shall occur at a mutually agreeable time and place not later than thirty one (31) days following Purchaser's submission of this Contract and other required information to the Joint Committee on Government and Finance, pursuant to W. Va. Code § 18B-19-13(a) through (c). Neither ACAP, LLC nor WVU have engaged any real estate broker, finder, or agent in connection with this transaction.

The property is more particularly designated as the following:

EXHIBIT A

A CERTAIN TRACT OR PARCEL OF LAND SITUATE NEAR INTERSTATE 79 AND WHITE DAY CREEK, ON MONONGALIA COUNTY ROUTE 73, IN THE WINFIELD DISTRICT, MARION COUNTY AND THE CLINTON DISTRICT, MONONGALIA COUNTY, WEST VIRGINIA, AND MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS:

Beginning at a 60" white oak found at a common corner to a parcel of land owned by ACAP, LLC (Tax Map 36 Parcel 9.1, Deed Book 982 Page 188), another parcel of land owned by ACAP, LLC (Tax Map 36 Parcel 11, Deed Book 1027 Page 514) and John R. Hart (Tax Map 36 Parcel 9, Deed Book 698 Page 401) said white oak bears, South 66 degrees 24 minutes 38 seconds West, a distance of 1483.64 feet from a stone found at a corner common to said ACAP, LLC (Parcel 9.1) and said ACAP, LLC (Parcel 11);

Thence, leaving said ACAP, LLC (Parcel 11) and with said Hart (Parcel 9) for three (3) lines, North 39 degrees 07 minutes 09 seconds West, a distance of 322.50 feet to a ¾" iron rebar now set;

Thence, North 08 degrees 49 minutes 59 seconds East, a distance of 459.00 feet to a ¾" iron rebar now set;

Thence, North 25 degrees 10 minutes 01 seconds West, a distance of 207.93 feet to a ¾" iron rebar now set on the southerly right of way line of Monongalia County Route 73 (Smithtown Road);

Thence, with said Monongalia County Route 73, for a curve to the left having a radius of 1081.74 feet, an arc length of 78.79 feet, and a chord bearing of North 32 degrees 38 minutes 33 seconds East, a distance of 78.77 feet to a concrete DOH monument found;

Thence, North 31 degrees 17 minutes 53 seconds East, a distance of 193.00 feet to a concrete DOH monument found;

Thence, South 58 degrees 32 minutes 13 seconds East, a distance of 9.94 feet to a concrete DOH monument found;

Thence, North 31 degrees 43 minutes 49 seconds East, a distance of 249.38 feet to a concrete DOH monument found;

Thence, by a curve to the right having a radius of 1381.02 feet, an arc length of 771.54 feet, and a chord bearing of North 47 degrees 12 minutes 00 seconds East, a distance of 761.54 feet to concrete DOH monument found;

Thence, North 15 degrees 07 minutes 09 seconds West, a distance of 14.15 feet to a concrete DOH monument found;

Thence, by a curve to the right having a radius of 1392.29 feet, an arc length of

344.46 feet, and a chord bearing of North 71 degrees 10 minutes 24 seconds East, a distance of 343.58 feet to point;

Thence, North 77 degrees 37 minutes 19 seconds East, a distance of 73.01 feet to point;

Thence, South 12 degrees 56 minutes 12 seconds East, a distance of 54.92 feet to a 5/8" iron rebar found;

Thence, North 77 degrees 37 minutes 39 seconds East, a distance of 213.42 feet to a 5/8" iron rebar found at the corner to William E. & Nancy Carpenter (Tax Map 21 Parcel 12, Deed Book 938 Page 142);

Thence, leaving said Monongalia County Route 73 and with said William E. & Nancy Carpenter (Parcel 12) for two (2) lines, South 14 degrees 46 minutes 10 seconds East, a distance of 187.76 feet to a 3/4" iron rebar now set;

Thence, North 89 degrees 09 minutes 59 seconds East, a distance of 200.00 feet to a 3/4" iron rebar now set at a corner to Roger Leeson Et Al (Tax Map 20 Parcel 17, Deed Book 150 Page 728) said rebar bears, South 14 degrees 40 minutes 01 seconds East, a distance of 250.00 feet from a 48" white oak;

Thence, leaving said Carpenter (Parcel 12) and with said Leeson (Parcel 17) for two (2) lines, South 14 degrees 46 minutes 01 seconds East, a distance of 64.07 feet to a 3/4" iron rebar now set;

Thence, North 45 degrees 12 minutes 15 seconds East, passing a 5/8" iron rebar found at a distance of 249.87 feet, and passing a 3/4" iron rebar now set at a distance of 428.59 feet, for a total distance of 478.59 feet to a point in the center of White Day creek;

Thence, with said White Day creek for seventeen (17) lines, South 06 degrees 26 minutes 14 seconds East, a distance of 138.14 feet to a point;

Thence, South 11 degrees 40 minutes 38 seconds West, a distance of 153.48 feet to a point;

Thence, South 18 degrees 54 minutes 10 seconds West, a distance of 170.59 feet to a point;

Thence, South 12 degrees 45 minutes 33 seconds West, a distance of 81.01 feet to a point;

Thence, South 04 degrees 16 minutes 46 seconds West, a distance of 81.11 feet to a point;

Thence, South 00 degrees 10 minutes 40 seconds West, a distance of 89.87 feet to a point;

Thence, South 24 degrees 06 minutes 16 seconds East, a distance of 78.79 feet to a

point;

Thence, South 51 degrees 04 minutes 00 seconds East, a distance of 64.72 feet to a point;

Thence, South 85 degrees 40 minutes 33 seconds East, a distance of 124.04 feet to a point;

Thence, South 80 degrees 09 minutes 47 seconds East, a distance of 211.34 feet to a point;

Thence, South 60 degrees 09 minutes 50 seconds East, a distance of 52.49 feet to a point;

Thence, South 21 degrees 02 minutes 03 seconds East, a distance of 78.75 feet to a point;

Thence, South 05 degrees 03 minutes 36 seconds East, a distance of 329.18 feet to a point;

Thence, South 28 degrees 12 minutes 38 seconds West, a distance of 74.69 feet to a point;

Thence, South 56 degrees 57 minutes 15 seconds West, a distance of 216.53 feet to a point;

Thence, South 36 degrees 05 minutes 35 seconds West, a distance of 107.31 feet to a point;

Thence, South 50 degrees 20 minutes 37 seconds West, a distance of 162.05 feet to a point;

Thence, leaving said White Day Creek, South 87 degrees 33 minutes 44 seconds West, passing a $\frac{3}{4}$ " iron rebar now set at a distance of 20.00 feet, for a total distance of 210.62 feet to a stone found at a corner to Daniel R. and Kerry L. Black (Tax Map 36 Parcel 13, Deed Book 798 Page 736) said stone bears, South 88 degrees 51 minutes 48 seconds East, a distance of 80.36 feet from a 48" white oak, a corner to said ACAP, LLC (Parcel 11);

Thence, with said Black (Parcel 13), South 34 degrees 06 minutes 40 seconds West, a distance of 878.37 feet to a stone found at the corner common to said Black (Parcel 13), and Jason K. and Julie A. Black (Tax Map 36 Parcel 12, Deed Book 1039 Page 905);

Thence, leaving said Black (Parcel 13) and with said Black (Parcel 12), South 46 degrees 22 minutes 53 seconds West, a distance of 976.69 feet to a stone found at the corner of said Black (Parcel 12) and said Hart (Parcel 9);

Thence, leaving said Black (Parcel 12), and with said Hart (Parcel 9) for two lines, North 07 degrees 30 minutes 59 seconds East, a distance of 431.95 feet to a $\frac{3}{4}$ " iron

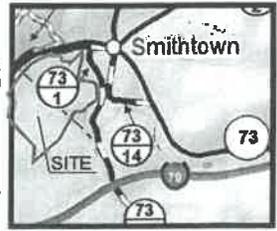
rebar now set;

Thence, North 41 degrees 38 minutes 05 seconds West, a distance of 753.98 feet to the **Point of Beginning**, containing 95.78 acres, **More or Less**, as shown on a plat attached hereto and made a part of this description.

The above described tracts being the same lands conveyed to ACAP, LLC from Victoria R. Gianola Et Al as recorded in Deed Book 1244 Page 647, at the Office of the Clerk, Monongalia County, West Virginia, and conveyed to ACAP, LLC from Victoria R. Gianola Et Al as recorded in Deed Book 982 Page 188, and R. Fred Steele & ACAP, LLC from Terry Allen Steele Et Al as recorded in Deed Book 1027 Page 514, at the Office of the Clerk, Marion County, West Virginia.

LINE	BEARING	DISTANCE
L1	N 39°07'09" W	322.50'
L2	N 25°10'01" W	207.93'
L3	N 31°17'53" E	193.00'
L4	S 58°32'13" E	9.94'
L5	N 31°43'49" E	249.38'
L6	N 14°39'04" W	14.08'
L7	N 77°37'19" E	73.01'
L8	S 12°56'12" E	54.92'
L9	N 77°38'39" E	213.43'
L10	S 14°46'00" E	187.70'
L11	N 89°09'59" E	200.00'
L12	S 14°46'01" E	64.07'
L13	N 45°11'13" E	249.95'
L14	N 45°21'51" E	50.06'
L15	N 45°12'59" E	178.51'
L16	S 06°26'14" E	138.01'
L17	S 11°40'38" W	153.48'
L18	S 18°54'10" W	170.59'
L19	S 12°45'33" W	81.01'
L20	S 04°16'46" W	81.11'
L21	S 00°10'40" W	89.87'
L22	S 24°06'16" E	78.79'
L23	S 51°04'00" E	64.72'
L24	S 85°40'33" E	124.04'
L25	S 80°09'47" E	211.34'
L26	S 60°09'50" E	52.49'
L27	S 21°02'03" E	78.75'
L28	S 28°12'38" W	74.69'
L29	S 56°57'15" W	216.53'
L30	S 36°05'35" W	107.31'
L31	S 50°20'37" W	162.05'
L32	S 88°27'55" W	216.79'
L33	N 04°57'19" E	429.00'

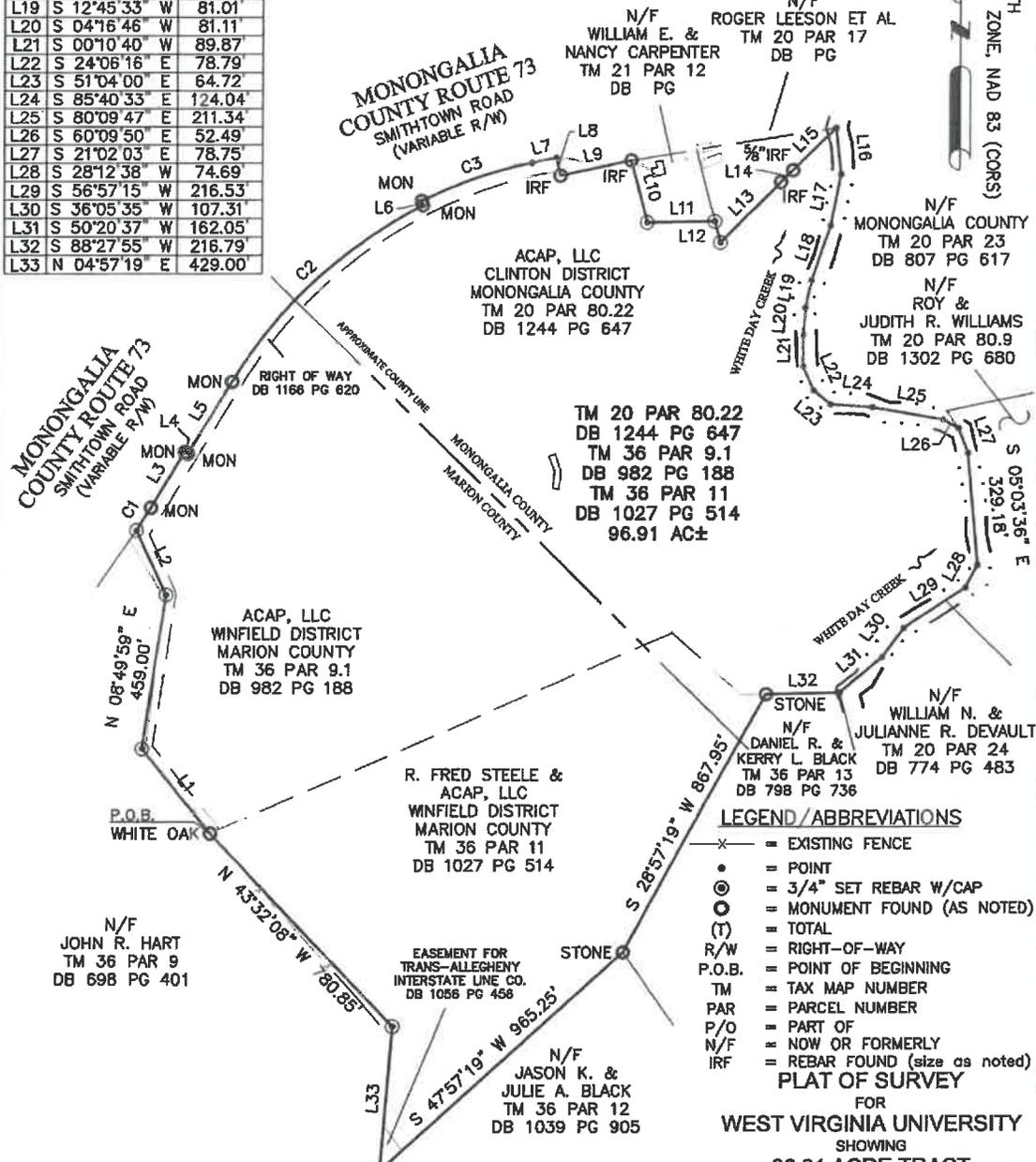
NOTE: THE TRACTS SHOWN BEING THE SAME LANDS CONVEYED TO ACAP, LLC BY VICTORIA R. GIANOLA ET AL AS RECORDED IN DEED BOOK 1244 PAGE 647 AS RECORDED IN DEED BOOK 1027 PAGE 514, AT THE OFFICE OF THE CLERK, MONONGALIA COUNTY, WEST VIRGINIA, AND CONVEYED TO ACAP, LLC BY VICTORIA R. GIANOLA ET AL AS RECORDED IN DEED BOOK 982 PAGE 188, AND R. FRED STEELE & ACAP, LLC BY TERRY ALLEN STEELE ET AL AS RECORDED IN DEED BOOK 1027 PAGE 514, AT THE OFFICE OF THE CLERK, MARION COUNTY, WEST VIRGINIA. NOTE: THIS SURVEY WAS CONDUCTED WITHOUT BENEFIT OF A LAWYER'S TITLE REPORT AND MAY NOT REFLECT ALL EXCEPTIONS, RIGHT-OF-WAYS, EASEMENTS OR RESTRICTIONS



VICINITY MAP NOT TO SCALE

CURVE	RADIUS	ARC LENGTH	CHORD BEARING	CHORD LENGTH
C1	1081.74'	78.79'	N 32°38'33" E	78.77'
C2	1382.29'	771.45'	N 47°11'27" E	761.48'
C3	1382.29'	344.46'	N 71°10'24" E	343.58'

GRID NORTH
WY NORTH ZONE, NAD 83 (CONS)



- LEGEND / ABBREVIATIONS**
- * = EXISTING FENCE
 - = POINT
 - ⊙ = 3/4" SET REBAR W/CAP
 - ⊙ = MONUMENT FOUND (AS NOTED)
 - (T) = TOTAL
 - R/W = RIGHT-OF-WAY
 - P.O.B. = POINT OF BEGINNING
 - TM = TAX MAP NUMBER
 - PAR = PARCEL NUMBER
 - P/O = PART OF
 - N/F = NOW OR FORMERLY
 - IRF = REBAR FOUND (size as noted)



THRASHER
THE THRASHER GROUP, INC.
800 WHITE OAKS BOULEVARD
BRIDGEPORT, WV 26330
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WWW.THRASHERENG.COM

PLAT OF SURVEY FOR WEST VIRGINIA UNIVERSITY SHOWING 96.91 ACRE TRACT ON THE LANDS OF ACAP, LLC ET AL CLINTON DIST. MONONGALIA CO. WEST VIRGINIA TM 20 PAR 80.22 DB 1244 PG 647 R. FRED STEELE & ACAP, LLC WINFIELD DIST. MARION CO. WEST VIRGINIA TM 36 PAR 11 DB 1027 PG 514 TM 36 PAR 9.1 DB 982 PG 188 DATE: 10-10-2018



CAD FILE: R:\050-6918-WHITE DAY BOUNDARY-WVU-1\SURVEY\PROPERTY NEEDS\050-6918_deeds_1th.dwg

CONTRACT OF LEASE

THIS CONTRACT OF LEASE ("Lease"), made December 15, 2017, by and between ACAP, LLC, a West Virginia limited liability company, hereinafter referred to as "Lessor," and the West Virginia University Board of Governors on behalf of West Virginia University ("WVU"), a state agency, hereinafter also referred to as "Lessee."

WHEREAS, WVU has sole authority to select and to acquire by contract or lease all grounds, buildings, office space or other space, the rental of which is required necessarily by the institution;

WHEREAS, the space herein leased is necessary for the proper function of the WVU Department of Intercollegiate Athletics, on behalf of WVU's golf team, hereinafter referred to as "Tenant;"

NOW THEREFORE, in consideration of the full and complete performance of the covenants, terms, and provisions contained herein, The Lessor and Lessee agree to the following:

1. BASIC LEASE PROVISIONS

The Basic Lease Provisions are presented as follows for the purpose of providing a summary of certain basic terms of the Lease. Their being so presented is not in derogation of any other provisions of this Lease, and shall not imply that such Basic Lease Provisions are to be construed in any other manner than in summary of the context of all of the other terms and conditions of this Lease.

- a. Premises: Name: White Day Golf Course
 Address: 3911 Smithtown Rd, Fairmont, WV 26554
 Size: 95.55 acres more or less (Surface Only)

- b. Rent: Cost per Month: \$3,000
 Cost per Year: \$36,000

- c. Utilities and Services: The Tenant shall provide for all utilities and services on the Premises, as necessary.

- d. Initial Term of Lease: One (1) year, beginning on January 1, 2018, and ending on December 31, 2018.

- e. Option: WVU shall have the option to purchase the Premises, during the Term of Lease.

2. PREMISES; COMMON AREAS

The Lessor hereby leases to the Lessee, and Lessee hereby leases from Lessor for use by the Tenant, the leased premises described in Sections 1a above and as further described as follows ("Premises"):

Parcel 1 (Surface Only): Containing approximately 71.05 acres, as further described in that certain deed to ACAP, LLC, dated January 27, 2003, and recorded on February 3, 2003, in the Clerk of the County Commission of Monongalia County, in Deed Book 1244, at Page 647; and also recorded on February 21, 2003, in the Clerk of the County Commission of Marion County in Deed Book 982, at Page 188.

Parcel 2 (Surface Only): Containing approximately 24 ½ acres, more or less, as further described in that certain deed to ACAP, LLC, dated August 2, 2007, and recorded on August 27, 2007, in the Clerk of the County Commission of Marion County in Deed Book 1027, at Page 514; and also in that certain Deed of Correction to ACAP, LLC, dated March 13, 2008, and recorded on _____ in the Clerk of the County Commission of Marion County in Deed Book _____, at Page _____.

3. TERM

The initial term of this Lease, subject to the provisions hereof, shall begin on January 1, 2018 ("Start Date") and end at midnight on December 31, 2018 ("Term"). PROVIDED HOWEVER, this Lease may be canceled by the Lessee as hereinafter provided in Sections 8, 10 and 21, before the end of the term. Pursuant to provisions of W.Va. Code §18B-19-12 (e) (3), this Lease shall be considered renewed for each succeeding state fiscal year during the Term of the Lease unless this Lease is canceled by the Lessee before the end of the then current fiscal year pursuant to Section 21 hereunder.

4. RENT

The Lessee covenants that the Tenant shall pay rent unto the Lessor, as rent for the Premises herein leased, the sum of Three Thousand Dollars (\$3,000), per month, payable in arrears, upon receipt of invoice from the Lessor to the Tenant. Invoices shall be prepared by the Lessor and provided to the for payment processing.

Payment shall be due thirty (30) days after a month completion and upon receipt of invoice. Any further delay shall be communicated to the Lessor who may be entitled to interest per WV State Code.

5. OPTION TO PURCHASE

Lessee, as part of the consideration herein, is hereby granted the exclusive right, option and privilege of purchasing the Premises, together with all rights, privileges, easements, improvements and appurtenances relating thereto ("Option to Purchase"). Lessee must exercise the Option to Purchase on or before the expiration of the Term of this Lease. Upon exercise of the Option to Purchase pursuant to and in accordance with the terms and conditions of this agreement, subject only to formal approval of the West Virginia University Board of Governors, Lessee shall purchase the Premises from Lessor and Lessor shall sell the Premises to Lessee, on a date as is mutually agreeable to the parties ("Closing") but no later than sixty (60) days after the exercise of the Option to Purchase, pursuant to the terms and conditions set here:

- a. If the Option to Purchase is exercised by Lessee, Lessee shall pay or otherwise deliver to Lessor and Lessor agrees to accept, as and for consideration for the Premises a purchase price of One Million Seven Hundred Fifty Thousand Dollars (\$1,750,000) which shall be paid in the form of cash or immediately available funds ("Purchase Price").
- b. Lessor agrees to convey the Premises to Lessee and Lessee agrees to purchase from Lessor with covenants of General Warranty free and clear of all encumbrances arising after the Start Date, and all monetary liens, excepting the lien for the real estate taxes or other governmental assessments not yet due or payable, and other title matters which do not substantially affect the marketability of title to the Premises. The deed from Lessor to Lessee shall include the following as the declaration of consideration or value:

Under the penalties of fine and imprisonment as provided by law, the undersigned hereby declares that the transfer involved in the document to which this Declaration is appended is a transfer to the State of West Virginia, or to any of its instrumentalities, agencies or political subdivisions, and therefore is not subject to West Virginia excise tax and is exempt under the provisions of Chapter 11, Article 22, Section 1 of the West Virginia Code, 1931, as amended.

- c. Upon execution of this Lease and expiring the earlier to occur between (i) receipt by Lessor of Lessee's exercise of the Option to Purchase, or (ii) one hundred twenty (120) days after the Start Date, Lessee shall have the right to conduct due diligence investigations of the Premises as Lessee deems appropriate, including surveying and physical inspections of the Premises ("Inspections"). Lessor shall allow Lessee reasonable access to the Premises for purposes of performing the Inspections. Lessee shall pay the costs of any and all Inspections and not permit or allow any mechanic's lien against the Premises. If any part of the Premises is or has been damaged or excavated by Lessee or Lessee's agents or representatives, Lessee shall return the

Premises to its condition immediately prior to such damage or excavation if Closing does not occur.

- d. Lessee shall obtain a title search of the Premises. If the title search discloses restrictions, encumbrances, defects, irregularities, or other matters that prevent Lessor from conveying good and marketable title to the Premises to Lessee, subject to the lien for the real estate taxes or other governmental assessments not yet due or payable, and other title matters which do not substantially affect the marketability of title to the Premises, Lessee is entitled to (i) terminate this agreement without any further obligation; (ii) negotiate a period of time during which Lessor may elect to reasonably attempt to cure the objectionable matter; or (iii) proceed to Closing.
- e. The Closing shall occur at the Morgantown office of Spilman, Thomas & Battle, PLLC, on a date and time agreed to by the Lessee and Lessor ("Closing Date"). The following shall occur at or before Closing:
 - (1) Lessor shall deliver to Lessee a General Warranty Deed, subject to the lien for the real estate taxes or other governmental assessments not yet due or payable, and other title matters which do not substantially affect the marketability of title to the Premises, for the Premises and Lessor shall be responsible for all costs associated with preparing the deed.
 - (2) Lessee shall pay to Lessor the Purchase Price, less a gift-in-kind from Lessor to Lessee of Five Hundred Thousand Dollars (\$500,000) and less a credit for the sum of all Rent paid by Lessee to Lessor ("Net Purchase Price"). Accordingly, at or prior to Closing, Lessee will cause to be paid, by certified check or by wire transfer, the Net Purchase Price. Lessee's counsel will make the disbursements contemplated herein and otherwise required by law.
 - (3) Lessor shall pay the 2017 real estate taxes and shall escrow 125% of the 2017 face value real estate taxes sufficient to cover the cost of the 2018 real estate taxes. A formal escrow agreement shall be signed by the parties at the Closing. The 2018 taxes shall be paid prior to September 1, 2018, and any escrowed funds that go unused shall be returned to the Lessor. In the event that Closing occurs on or after July 1, 2018, then the obligation in this subsection shall apply to the 2018 and 2019 real estate taxes, respectively. . However any increase in the real estate taxes due to the use of Lessee or Tenant and/or any improvements made by Lessee or Tenant, shall not be the responsibility of Lessor, and shall be paid by Lessee or Tenant.

- (4) Any liens and encumbrances required to be satisfied by Lessor shall be paid at or before completion of Closing, from the Purchase Price if sufficient net proceeds, or if not, from some other source.
- (5) Lessor shall be responsible for paying attorney's fees incurred by Lessor; and Lessee shall be responsible for paying attorney's fees incurred by Lessee.
- (6) Lessor and Lessee shall cooperate to provide such additional documents as are customary in connection with the sale of commercial property in the State of West Virginia and all settlement documents as the escrow agent, legal counsel for either party, or any such title company providing title insurance to Lessee may reasonably require.

6. INTENTIONALLY DELETED.

7. MANAGEMENT OF LEASE

The Lessor and the Tenant's Representative are encouraged to discuss matters relative to the occupancy, finance, repair, and maintenance of the Premises directly; however, the Lessee should be contacted if changes are needed to the Lease, renewal, termination or financial issues or if either party is unresponsive to the other.

8. UTILITIES AND OTHER RELATED SERVICES

The Lessee covenants that the Tenant, at its expense, shall furnish and provide payment to the applicable company or vendor, to the extent necessary, all electricity, gas, water, sewage, trash removal, custodial, maintenance including mowing, landscaping, and snow removal from walkways, roads, and parking areas. If Lessee or Tenant fails to pay any charge for any utility or service payable by Lessee or Tenant hereunder, Lessor may elect to pay the same and shall have the right to collect the same and any expense incurred by Lessor in connection therewith from Lessee or Tenant by exercising all remedies provided by law and provided herein for collection of rent. Lessor shall not be liable for any such discontinuance and the same shall not constitute a termination of this Lease, or eviction, constructive or otherwise.

9. MAINTENANCE

The Lessee covenants that the Tenant binds itself to maintain the Premises, which includes the facility and grounds, in a good and tenantable condition equal to that of the Premises as at the time possession thereof is delivered to the Lessee/Tenant.

10. INTENTIONALLY DELETED.

11. INSURANCE

The Lessee and Tenant are insured through the West Virginia Board of Risk and Insurance Management (BRIM) in the amount of One Million Dollars (\$1,000,000) combined single limits per occurrence. The Lessee agrees to supply and deliver to the Lessor, a Certificate of Insurance evidencing the required liability insurance coverage. Lessee and Tenant agree to name Lessor as an additional insured.

12. SUITABILITY OF PREMISES.

The Lessor warrants the Premises to be suitable for use by Lessee and Tenant's golf team.

- a. Environmental. The Lessor represents and warrants to the Lessee and Tenant, to the best of its actual knowledge, that there are no hazardous or unsafe substances in, on or under the Premises, or the underlying real property, and agrees to indemnify, defend and hold harmless the Lessee and Tenant, its affiliates, and their respective officers, agents and employees, against any and all claims, damages, costs, liabilities and expenses, including attorneys' fees, resulting from a breach of the Lessor's representations and warranties as of the Start Date.
- b. Compliance with Laws. Lessee and Tenant shall comply with all applicable laws, rules, orders, directions, regulations and requirements of applicable agencies pertaining to Tenant's use of the Premises during the term of the Lease. Lessee and Tenant agree to immediately notify Lessor of Lessee or Tenant's receipt of any communication from any governmental entity regarding any concerning use of the Premises or any change in Lessee's or Tenant's operation on the Premises which will change or has the potential to change Lessee's and Tenant's obligations or liabilities under any of the applicable laws. To the extent applicable Lessee covenants that Tenant will be compliant with all such factors. To the extent allowed by law, Lessee shall indemnify, defend and hold Lessor and Lessor's owners, directors, officers, employees, agents, successors, and assigns harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses that arise during or after the term of the Lease as a result of the violation of any laws, including but not limited to applicable environmental laws and any release or presence of hazardous materials.

13. LESSEE OR TENANT IMPROVEMENTS. The Lessee or Tenant, at its sole cost and expense, and in good and workmanlike manner, construct improvements, additions or installations in and to the Premises in order to conform the Premises to its intended use; provided, however, Lessee and Tenant first obtain consent from Lessor, which consent shall not be unreasonably withheld. If Lessor consents, all such improvements, additions and installations in and to the Premises shall become part of the Premises as the time of their installation and shall remain in or upon the Premises at the expiration or termination of this Agreement without compensation or credit to

Lessee or Tenant; provided, however, that Lessee and Tenant may remove any trade fixtures used by Lessee or Tenant in connection with its use of the Premises on the condition that Lessee and Tenant shall repair any damage to the Premises arising from such removal. Lessee and Tenant shall keep the Premises free, clear and discharged of any and all mechanics and materialmen liens, claims and encumbrances.

14. NEGLECT OF PREMISES

The Lessee covenants that it shall not commit waste on the Premises herein leased, and the Premises will be returned to the Lessor at the termination of this Lease in substantially as good condition as at the commencement thereof, damages from reasonable wear and tear, natural elements, normal depreciation and decay excepted.

15. TRANSFER OR ASSIGNMENT OF LEASE

- a. The Lessee shall have the right to assign or transfer this Lease; provided, however, Lessor must first consent to the proposed assignment or transfer and use of the Premises, which consent shall not be unreasonably withheld, and any such attempts at assigning or subletting without Lessor's consent shall be null and void. Consent by Lessor to any assignment or subletting shall not constitute a waiver of the necessity for such consent to any subsequent assignment or subletting. .
- b. The Lessee may, at its option, reassign this Lease and the Premises to another WVU department/unit other than the Tenant named herein; provided, Lessor must first consent to the proposed assignment or transfer and use of the Premises, which consent shall not be unreasonably withheld, and any such attempts at assigning or subletting without Lessor's consent shall be null and void. Consent by Lessor to any assignment or subletting shall not constitute a waiver of the necessity for such consent to any subsequent assignment or subletting.
- c. Lessor may assign this Lease with notice to Lessee, with the understanding that any such assignment shall be in accordance with the same terms and conditions herein.
- d. Upon any assignment or transfer of this Lease, Lessee's Option to Purchase shall survive.

16. SUBORDINATION AND NONDISTURBANCE

- a. Subordination and Nondisturbance. The Lessor shall have the right to place upon the underlying real property any mortgages which the Lessor or its lender(s) deem advisable. Such mortgages shall have priority over this Lease and the Lessee's and Tenant's rights hereunder. At the

Lessor's request, the Lessee shall execute any and all instruments, the form of which must conform to the State of West Virginia's Constitution and laws, necessary to subordinate this Lease to any such mortgages, provided that each such mortgagee executes a non-disturbance agreement which provides that so long as the Lessee or Tenant is not in default of this Lease, Lessee's and Tenant's right to possession of the Premises and other rights under this Lease, including, without limitation, any options to renew, rights of first refusal, and right to terminate, shall not be affected or disturbed by the mortgagee in the exercise of any of its rights or remedies against the Lessor, nor shall the Lessee or Tenant be named as a party defendant to any foreclosure of the lien or mortgage. Furthermore, the Lessee shall, within thirty (30) days after receipt of a request therefore, execute and deliver to the Lessor an estoppel certificate setting forth the name of both the Lessee and Tenant, the date of this Lease, a description of the Premises and the Rent payable therefore, certifying that this Lease is in full force and effect, and certifying that the Lessor is not in default of this Lease or specifically enumerating any outstanding events of default by the Lessor.

- b. Attornment. In the event that the Lessor's mortgagee or any other person acquires title to the Premises pursuant to the exercise of any remedy provided for in its mortgage, the Lessee agrees to attorn to such transferee as its new Lessor via an agreement in conformance with the State of West Virginia's Constitution and laws, and this Lease shall continue in full force and effect as a direct lease between the Lessee and such transferee, upon all of the terms and conditions contained herein.

17. DEFAULT

In the event any party defaults in any of the covenants contained herein, the requesting party shall notify the other, in writing, of such default and if such default is not corrected within fifteen (15) days after receipt of notification, unless a shorter correction period is required elsewhere in this Lease, the requesting party may notify the other party that the Lease is terminated, without further obligation, and reenter/vacate the Premises herein leased.

18. TAXES AND ASSESSMENTS

The Lessor will pay taxes and assessments levied on the Premises during the Term of this lease.

19. TOBACCO FREE FACILITY

The Lessor agrees to assist the Lessee and Tenant in maintaining the Premises as a tobacco free environment in accordance with the policy of the Lessee. Lessee has implemented a tobacco free policy to provide a smoke-free and tobacco-free environment for the University community. Smoking or use of any tobacco or other

similar products is prohibited in all buildings, facilities, and lands of Lessee and applies to all locations including each branch campus, each off-campus location, and to the leased Premises under the tenancy of Lessee. The Premises shall be tobacco free, but if the entire facility containing the Premises is not capable of same, the Lessor agrees to assist the Lessee and Tenant in minimally designating one tobacco free entrance/exit, if at all possible.

20. INTENTIONALLY DELETED.

21. PROVISIONS FOR IMMEDIATE TERMINATION

In addition to the other events set forth herein which permit the immediate termination of this Lease, pursuant to provisions of W.Va. Code §18B-19-12 (e) (1), the Lessee shall have the right to cancel this lease, without further obligation on the part of the Lessee, upon giving thirty (30) days' written notice to the Lessor, such notice being given at least thirty (30) days prior to the last day of the succeeding month,

It is further agreed by and between the parties hereto that this Lease shall be considered canceled, pursuant to provisions of W.Va. Code §18B-19-12 (e) (2), without further obligation on the part of the Lessee, if, as determined by the Lessee, Lessee's granting source, Tenant's granting source, West Virginia State Legislature, or the Federal Government should subsequently fail to appropriate sufficient funds therefor, or should otherwise act to impair this lease or cause it to be canceled, or in the event it shall become unlawful for the Premises to be used. In any event aforementioned, the Lessee may immediately redeliver possession of the Premises to the Lessor and thereupon be relieved from any and all obligations hereunder or concerning the Premises except for rent accruing prior to such date of redelivery.

22. INTENTIONALLY DELETED.

23. MISCELLANEOUS

- a. Notices. Notices may be given by personal service upon the party(s) entitled to such notice, or by certified mail, duly stamped and directed to the last-known address of the party to be notified, and deposited in the post office. The proper mailing of such notice and not the receipt thereof shall constitute the giving of such notice by either party to the other. Notices shall be directed as follows:

Lessor

ACAP, LLC
Attn: Brian Petitto or Jason
Robbins
P.O. Box 758
Morgantown, WV 26507-0758
Phone: 304-292-3936
Fax: 304-292-6023
Email: bpetitto@petittomule.com;

Lessee

WVU Real Estate
Attn: Susan McCollum

P. O. Box 6555, 48 Donley Street
Morgantown, WV 26506-6555
Phone: 304.293.2864
Fax: 304.293.7156
Email: susan.mccollum@mail.wvu.edu

Tenant

WVU ATHLETICS
Attn: Steve Uryasz

3450 Monongahela Blvd.
Morgantown, WV 26506-0877
Phone: 304.293. 5682
Fax: 304.
Email: Steven.Uryasz@mail.wvu.edu

jason.robbins@petittomule.com
After Hours Emergency Phone:
304-692-8478

After Hours Emergency Phone:
304- -290-7559

- b. Quiet Enjoyment. The Lessor covenants that at the Start Date of this Lease, the Lessor was seized of said Premises as the sole owner(s) thereof, in fee simple, free of all liens, encumbrances and any outstanding interests whatsoever and that upon payment of the rentals as herein set forth, the Lessor will warrant and defend the title of the Lessee against any and all claims whatsoever, not arising hereunder, during the term of this Lease; that the Lessee and Tenant shall, at all times during the term of this Lease, peaceably and quietly have, hold, and enjoy the Premises.
- c. Force Majeure. If either party shall be delayed in the performance of any act required hereunder by reason of strikes, lockouts, inability to procure labor or materials, riots, insurrections, wars, catastrophic events or other reasons beyond the reasonable control of such party, then performance of such act shall be extended for a period equivalent to the period of such delay.
- d. Authority. The Lessor hereby represents and warrants that it owns the building and underlying real property in fee simple. Each party represents and warrants that it is fully authorized to execute this Lease without obtaining the consent of any third party.
- e. Binding Effect. All the terms and conditions of this Lease shall be binding upon and inure to the benefit of legal representatives, successors, and assigns of the parties.
- f. Modification. This Lease shall not be amended or modified in any respect except by a writing which is duly executed by all parties.
- g. Construction. The language used in this Lease was mutually negotiated by the parties and shall not be construed for or against either party. The headings in this Lease are for convenience only and are not to be construed as a part of this Lease or in any way defining, limiting, modifying or amplifying the provisions hereof. Time is of the essence of this Lease and of every term, covenant, and condition hereof.
- h. Severability. If any provision of this Lease is rendered void or invalid by the decision of any court or by the enactment of any Law, such provision will be deemed to have never been included herein and the remainder of the Lease shall continue in full force and effect.
- i. Entire Agreement. This Lease constitutes the entire understanding between the parties. Any representation, obligation, term or condition not contained herein is not binding on the parties.

- j. Multiple Counterparts. This Lease may be executed in multiple counterparts, each of which shall constitute an original and which taken together, shall constitute one and the same Lease.

[Remainder of Page Left Blank Intentionally; Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused their names to be affixed to this contract of lease.

LESSOR:

ACAP, LLC

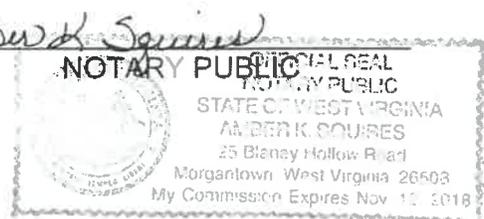
By *Brian Petitto*
BRIAN PETITTO
Its: Managing Member

STATE OF WEST VIRGINIA
COUNTY OF Monongalia, TO-WIT:

I Amber K. Squires, notary public in and for said county and state, do hereby certify that Brian Petitto, who as Managing Member signed the foregoing lease for ACAP, LLC, Lessor, has this day acknowledged the same before me in my said county and declared the same to be the act and deed of said limited liability company.

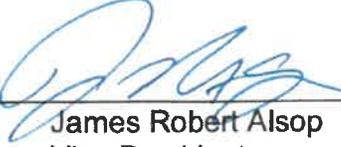
Given under my hand this 27th day of December, 2017.

My commission will expire November 12 2018.



LESSEE:

WEST VIRGINIA UNIVERSITY BOARD
OF GOVERNORS, on behalf of
West Virginia University;
E. Gordon Gee, President

By 
James Robert Alsop
Vice President
Strategic Initiatives

STATE OF WEST VIRGINIA
COUNTY OF MONONGALIA, TO-WIT:

I Melissa A. Patterson, notary public in and for said county and state, do hereby certify that James Robert Alsop who, as Vice President for Strategic Initiatives, signed the foregoing lease for the West Virginia University Board of Governors on behalf of West Virginia University, Lessee, has this day acknowledged the same before me in my said county and declared the same to be the act and deed of said agency.

Given under my hand this 28th day of December, 2017.

My commission will expire March 17, 2019.


NOTARY PUBLIC



AMENDMENT ONE TO CONTRACT OF LEASE

THIS AMENDMENT ONE TO CONTRACT OF LEASE ("Amendment"), made November 8, 2018, by and between ACAP, LLC, a West Virginia limited liability company, hereinafter referred to as "Lessor," and the West Virginia University Board of Governors on behalf of West Virginia University ("WVU"), a state agency, hereinafter also referred to as "Lessee."

WHEREAS, Lessor and WVU entered into that certain Contract of Lease ("Lease") dated December 15, 2017 for 95.55 acres known as White Day Golf Course;

WHEREAS, the Lease is necessary for the proper function of the WVU Department of Intercollegiate Athletics, on behalf of WVU's golf team, hereinafter referred to as "Tenant;" and

WHEREAS, both parties desire to extend the Term of the Lease and clarify arrangements for taxes.

NOW THEREFORE, in consideration of the full and complete performance of the covenants, terms, and provisions contained herein, the Lessor and Lessee agree to the following:

1. Section 1(d), Initial Term of Lease, and Section 3, Term, are modified to reflect that end date of the Lease shall be extended to midnight on June 30, 2019. For the avoidance of doubt, the Option to Purchase set forth in Section 7 of the Lease remains in effect and WVU may exercise the Option to Purchase on or before June 30, 2019.
2. Section 7(e)(3), shall be deleted and replaced with the following:

Lessor shall pay the 2018 real estate taxes and shall escrow 125% of the 2019 face value of the real estate taxes sufficient to cover the cost of the 2019 assessment. A formal escrow agreement shall be signed by the parties at the Closing. The 2019 taxes shall be paid prior to September 1, 2019, and any escrowed funds that go unused shall be returned to the Lessor. In the event that Closing occurs on or after July 1, 2019, then the obligation in this subsection shall apply to the 2019 and 2020 real estate taxes, respectively. However, any increase in the real estate taxes due to the use of Lessee or Tenant and/or any improvements made by Lessee or Tenant, shall not be the responsibility of Lessor, and shall be paid by Lessee or Tenant.

3. All other terms and conditions of the Lease shall remain.

IN WITNESS WHEREOF, the parties hereto have caused their names to be affixed to this Amendment.

LESSOR:

ACAP, LLC

By Brian Petitto

BRIAN PETITTO

Its: Managing Member

STATE OF WEST VIRGINIA
COUNTY OF Monongalia, TO-WIT:

I Amber K. Squires, notary public in and for said county and state, do hereby certify that Brian Petitto, who as Managing Member signed the foregoing Amendment for ACAP, LLC, Lessor, has this day acknowledged the same before me in my said county and declared the same to be the act and deed of said limited liability company.

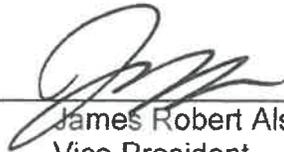
Given under my hand this 8th day of November, 2018.

My commission will expire November 12 2023.

Amber K. Squires
NOTARY PUBLIC
OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
AMBER K SQUIRES
25 Blaney Hollow Road
Morgantown, West Virginia 26508
My Commission Expires Nov 12, 2023

LESSEE:

WEST VIRGINIA UNIVERSITY BOARD
OF GOVERNORS, on behalf of
West Virginia University;
E. Gordon Gee, President

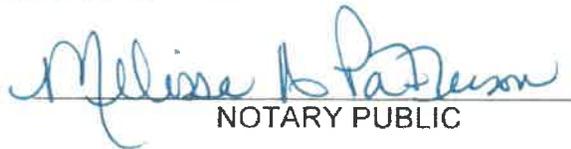
By 
James Robert Alsop
Vice President
Strategic Initiatives

STATE OF WEST VIRGINIA
COUNTY OF MONONGALIA, TO-WIT:

I Melissa A. Patterson, notary public in and for said county and state, do hereby certify that James Robert Alsop who, as Vice President for Strategic Initiatives, signed the foregoing Amendment for the West Virginia University Board of Governors on behalf of West Virginia University, Lessee, has this day acknowledged the same before me in my said county and declared the same to be the act and deed of said agency.

Given under my hand this 17th day of December, 2018.

My commission will expire March 17, 2019.


NOTARY PUBLIC



Bureau For Medical Services

SFY 2019 - 2024 Expenditure Estimate

	2019	2020	2021	2022	2023	2024
Estimated Expenditures	0.046460167	0.037273753	0.020800126	0.017470608	0.018150417	0.028136717
a), g)	4,339,903,972	4,501,668,480	4,595,303,753	4,675,586,503	4,760,450,346	4,894,393,790
State Match Required to meet estimated expenditures	928,812,836	969,899,132	1,020,078,512	1,057,628,478	1,096,212,661	1,145,161,500
e)	1,055,925,221	1,160,629,601	1,211,324,344	1,220,843,628	1,202,230,705	1,154,960,686
Total State Match available (from below)						
Increase in State Match needed from prior year						
Beginning Balance	121,710,366	127,112,384	190,730,468	191,245,832	163,215,150	106,018,044
General Revenue (0403/18900)	413,957,363	507,409,605	540,409,605	540,409,605	540,409,605	540,409,605
General Revenue (0403/18900) - Prior year avail July						
Medical Service Surplus (0403/63300)						
MRDD Waiver (0403/46600 - New in 2010)	88,753,483	88,753,483	88,753,483	88,753,483	88,753,483	88,753,483
Rural Hospitals Under 150 Beds (0403/94000)	2,596,000	2,596,000	2,596,000	2,596,000	2,596,000	2,596,000
Tertiary Funding (0403/54700)	6,356,000	6,356,000	6,356,000	6,356,000	6,356,000	6,356,000
Traumatic Brain Injury (0403/83500)	800,000	800,000	800,000	800,000	800,000	800,000
Transfer to Division of Human Services for Health Care and Title XIX Waiver for Senior Citizens-Surplus (0420/76500)						
Title XIX Waiver for Senior Citizens (0403/53300)	13,593,620	13,593,620	13,593,620	13,593,620	13,593,620	13,593,620
Title XIX Waiver for Senior Citizens (0403/52600)						
CHIP State Share						
O Lottery Waiver (Less 600,000) (5405/53900)	4,015,503	4,015,503	4,015,503	4,015,503	4,015,503	4,015,503
O Lottery Waiver (0420/53900)	29,950,955	29,950,955	29,950,955	29,950,955	29,950,955	29,950,955
O Lottery Transfer (5405/87100)	14,502,312	16,400,070	16,400,070	16,400,070	16,400,070	16,400,070
O Lottery Surplus (5405/68199)	6,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000
Excess Lottery (5365/18900)	28,202,960	27,302,960	27,302,960	27,302,960	27,302,960	27,302,960
Lottery Surplus (5365/68100)						
Trust Fund Appropriation (5185/18900)	8,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000
Provider Tax (5090/18900)	73,477,905	52,021,766	30,551,277	30,551,277	30,551,277	30,551,277
Provider Tax-Eligible Acute Care Tax	197,568,451	205,268,451	213,568,451	222,168,451	231,168,451	240,668,451
Certified Match	30,294,000	30,294,000	30,294,000	30,294,000	30,294,000	30,294,000
O NSGO State Share	14,004,900	13,613,400	13,860,549	14,264,469	14,682,228	15,109,315
O MWIN	1,241,403	1,241,403	1,241,403	1,241,403	1,241,403	1,241,403
Escheated Warrants	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000	\$900,000
Net State Match Available	1,055,925,221	1,160,629,601	1,211,324,344	1,220,843,628	1,202,230,705	1,154,960,686
State Match (Surplus/(Deficit))	127,112,384	190,730,468	191,245,832	163,215,150	106,018,044	9,799,186
f)						

Bureau For Medical Services
SFY 2019 - 2024 Expenditure Estimate

FOOTNOTES

SFY2019-SFY2024

- a) Current estimate does not include estimates relating to the multiple ACA repeal and replace scenarios.
- b) The provider tax estimates reflect updated information supplied by the State Tax Department in October 2018. The amounts above excludes the administrative portion indicated in the Budget Bill (509078900). Assumes eligible acute care tax continues.
- c) The Medicaid Trust Fund receives approximately \$31M per year in receipts from the hospitals, special revenue appropriations, and interest.
- d) There is potential impact from a CMS regulation requiring that the Disproportionate Share Hospital payments made to the State facilities remain with the State facilities. Historically, these monies have been transferred back to the Medicaid Trust Fund Account. If and when this becomes a requirement, the general revenue appropriation for the State facilities will have to be reduced by this amount and redirected to the Medicaid program to offset this change. Additionally, this would require a code change to WV Code §16-1-13.
- e) FMAP - FFY2020 reflects a FMAP rate of 74.94% per federal register. This is an increase of 0.60% from the FFY2019 FMAP rate of 74.34. SFY2021-SFY2024 reflect FMAP decreases of 0.50% per year. A 0.50% change in FMAP for a \$3,200,000,000 (non-expansion) budget equates to \$16,000,000.
- f) If funding for deficit amount from prior year is not received, then the deficit in the following year will be higher. (Ex. If SFY2022 showed a deficit of \$76.2M. If \$76.2M of funding is not received for SFY2023, then the deficit for SFY2023 will be \$76.2M plus the \$50.2M showing in SFY2023.)
- g) Amounts include estimate for Substance Use Disorder Waiver.



Prepared: 11/14/2018

Medicaid surplus balances

At end of SFY (including Medical Services Fund, Trust Fund, and Provider Tax)

	Total
SFY2014	19,596,832.63
SFY2015	33,377,876.47
SFY2016	42,768,822.65
SFY2017	125,675,864.69
SFY2018	218,556,379.75

(B) under or to an annuity plan which, at the time of such payment, is a plan described in Section 403(a) of the federal Internal Revenue Code;

(6) The payment by an employer of the tax imposed upon an employer under Section 3101 of the federal Internal Revenue Code with respect to remuneration paid to an employee for domestic service in a private home or the employer of agricultural labor;

(7) Remuneration paid by an employer in any medium other than cash to an individual in its employ for service not in the course of the employer's trade or business;

(8) Any payment (other than vacation or sick pay) made by an employer to an individual in its employ after the month in which he or she attains the age of sixty-five if he or she did not work for the employer in the period for which such payment is made;

(9) Payments, not required under any contract of hire, made to an individual with respect to his or her period of training or service in the armed forces of the United States by an employer by which such individual was formerly employed; and

(10) Vacation pay, severance pay or savings plans received by an individual before or after becoming totally or partially unemployed but earned prior to becoming totally or partially unemployed: Provided, That the term totally or partially unemployed does not include: (A) Employees who are on vacation by reason of the request of the employees or their duly authorized agent, for a vacation at a specific time, and which request by the employees or their agent is acceded to by their employer; (B) employees who are on vacation by reason of the employer's request provided they are so informed at least ninety days prior to such vacation; or (C) employees who are on vacation by reason of the employer's request where such vacation is in addition to the regular vacation and the employer compensates such employee at a rate equal to or exceeding their regular daily rate of pay during the vacation period.

(c) The reasonable cash value of remuneration in any medium other than cash shall be estimated and determined in accordance with rules prescribed by the commissioner, except for remuneration other than cash for services performed in agricultural labor and domestic service.

(d) "Average annual wage" means the state's average annual wage which is computed on or before September 30 of the year immediately preceding the rate year and is the total remuneration paid by employers as reported on contribution reports on or before that date with respect to all employment during the four consecutive calendar quarters ending on June 30 of that year divided by the average monthly number of individuals performing services in employment during the same four calendar quarters as reported on the contribution reports.

"Threshold wage" means the wage amount the employer pays unemployment taxes on for each person in his or her employ during a calendar year. On and after the effective date of the amendment and reenactment of this chapter by the Legislature in 2009, the threshold wage will be \$12,000: Provided, That when the moneys in the unemployment fund reach \$220 million on February

15 of any year, the threshold wage thereafter will be reduced to \$9,000: Provided, however, That each year thereafter the threshold wage shall increase or decrease by the same percentage that the state's average wage increases or decreases.

History. 1996, c. 252; 2002, c. 316; 2009, c. 218.

Editor's notes. — The Federal Unemployment Tax Act is codified generally at 26 USCS §§ 3301 et seq.

The Internal Revenue Code is codified generally at 26 USCS §§ 1 et seq.

Effect of amendment of 2002. — Acts 2002, c. 316, effective June 6, 2002, added the second sentence in (a); and made minor stylistic changes.

Effect of amendment of 2009. — Acts 2009, c. 218, effective July 10, 2009, added "average annual wage; threshold wage" in the section heading; inserted "or, after the amendment and reenactment of this section during the 2009 legislative session, the threshold wage" three times in (b)(1); added (d); and made stylistic changes.

NOTES TO DECISIONS

"Wages". — The term wages shall not include vacation pay received by an individual before or after becoming totally or partially unemployed but earned prior to becoming totally or partially unemployed, provided that the term totally or partially unemployed shall not be interpreted to include employees who are on vacation by reason of the employer's request provided they are unequivocally so informed at least ninety days prior to such vacation. *Davis v. Gatson*, 195 W. Va. 143, 464 S.E.2d 785, 1995 W. Va. LEXIS 218 (W. Va. 1995).

"Separated from employment". — Where

employee was suspended from employment for disciplinary reasons and reinstatement was conditioned on availability of work and on employee passing physical examination, and during suspension the employee performed no services and no wages were payable to him from suspending employer, employee was "otherwise" separated from employment within the meaning of this section. *Kisamore v. Rutledge*, 166 W. Va. 675, 276 S.E.2d 821, 1981 W. Va. LEXIS 589 (W. Va. 1981); *Farmer v. Cole*, 171 W. Va. 524, 300 S.E.2d 637, 1983 W. Va. LEXIS 462 (W. Va. 1983).

NOTES TO OPINIONS

"Wages" does not include payments from security benefit account although contributions thereto were wages. — The five cent per hour contribution of the company to the employee's security benefit account will not constitute wages with respect to a week of unemployment, if the employee should be paid benefits due to layoff by reason of reduction in force, or if his employment should be terminated and he were to receive a lump sum payment of the balance in his security benefit account. However, such contributions must be considered to have been wages paid to such employee at the time they were contributed to the security benefit account. 46 Op. Att'y Gen. 344 (1956).

Contributions to benefit fund are not wages where benefits will not be proportional. — Under the United Steelworkers'

supplemental unemployment benefit plan, the employees whose hours of work have been used in computing company contributions to the plan will not, except under rare circumstances, receive benefits proportional to the payments made into the fund on their behalf, and may never receive any benefits at all from the supplemental unemployment benefit fund. For this reason, payments by a participating company into a supplemental unemployment benefit fund will not constitute wages upon which contributions must be paid to the Unemployment Compensation Fund of this State within the definition of that term as used in the Unemployment Compensation Law. 47 Op. Att'y Gen. 86 (1956).

§ 21A-1A-29. Week.

"Week" means a calendar week, ending at midnight Saturday, or the