

**JOINT COMMITTEE ON  
GOVERNMENT AND FINANCE**

**Materials Distributed**

**April 13, 2015**

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<small>1ST SESSION OF THE 82ND LEGISLATURE</small>								
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### Interim Committee Attendance - Results

Monday, April 13, 2015 - 03:00 PM

Joint Committee on Government and Finance

**Attended:**

- Delegate Shott
- Delegate Nelson, E.
- Delegate Miller, C.
- Delegate Miley
- Delegate Cowles
- Delegate Boggs
- Speaker Armstead
- Senator Trump
- Senator Prezioso
- Senator Plymale
- Senator M. Hall
- Senator Carmichael
- President Cole

**Submittor:**

Marlene

**Phone:**

4802

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## **Joint Committee on Government and Finance**

January 13, 2015

1:00pm - 2:00pm

### **Senate**

Kessler, Chair  
Palumbo  
Plymale (Absent)  
Prezioso  
Unger  
Barnes (Absent)  
Hall

### **House**

Miley, Chair  
Boggs  
Caputo  
Manchin  
White  
Armstead  
Cowles

### **President Kessler presides:**

President Kessler: "The committee will come to order. The clerk will take a silent roll call. The first item on the Agenda is the approval of the minutes of December 17, 2014 meeting. Speaker Miley moves the adoption of the minutes. Any amendments or discussion? All those in favor say aye, all those opposed, the ayes appear to have it. The ayes do have it, I declare the motion adopted."

President Kessler: "First item on the Agenda is the presentation of Workforce West Virginia by Ms. Beth Carenbauer."

Beth Carenbauer: "Good afternoon Mr. President, Mr. Speaker and Members of the Committee. I'm Beth Carenbauer, I am the Director of Unemployment Compensation for Workforce WV. As of this morning, the Trust Fund had a balance of \$95,943,000. You'll see for the calendar year of 2014, the Trust Fund had revenues of \$225,576,000 and Benefits of \$221,741,000 for an end of balance of \$106M. I would be happy to answer any questions."

President Kessler: "Any questions of Ms. Carenbauer? Thank you."

President Kessler: "Next we have Mr. Pizatella, Acting Secretary of Finance and Administration."

Mr. Pizatella: "Thank you Mr. President, Mr. Speaker and Members of the Joint Committee. Jason Pizatella, Acting Secretary for the WV Department of Administration. I am joined this afternoon by Ted Cheatham from PEIA, Sharon Carte from CHIP, Mary Jane Pickens from Board of Risk and Insurance Management and John Amores from Real Estate Division. You have our report

in the packet, I would be pleased to answer any questions about any of those agencies or if there is anything further with regard to the Department of Administration."

President Kessler: "Are there questions? I have one probably for PEIA. I know that there has been some public hearings held throughout the fall concerning change in the benefits and premiums co-pay to try offset \$40M. I just wonder where we are in terms of that implementation."

Mr. Cheatham: "Ted Cheatham, PEIA. We are working on the communication plan as we speak. Should have some talking points out by the end of this week to get everybody educated on all the plan changes for next year."

President Kessler: "Was my number correct?"

Mr. Cheatham: "Your number was correct. On the overall it was about \$40M split between actives, non-states pre-65 retirees and retirees."

President Kessler: "Any other questions of Mr. Cheatham? Any other questions of Mr. Pizatella? If none, thank you."

President Kessler: "Next item on the Agenda would be the monthly report from the Department of Health and Human Resources by Cindy Beane, Acting Commissioner of the WV Bureau of Medical Service."

Ms. Beane: "Good afternoon Mr. President, Mr. Speaker and Members of the Committee. You have your reports before you from the Bureau of Medical Services. Do you have any questions? I would happy to answer them."

President Kessler: "Are there any questions of Ms. Beane? Delegate Boggs."

Delegate Boggs: "Thank you Mr. Chairman. I would hate to pass up the opportunity. Thanks for being here. First of all, I know at the last meeting I asked you specific question about any overages. I think I found the answer to that in going over with the Finance staff and especially with Fred Lewis. I know that while that one line item that reflects the Aged and Disabled Waiver Program does not always reflect the total cost because there are other lines of acute care and other things that actually play into that. I guess I basically answered my own question that I asked you last month but I appreciate Finance staff getting that information for me. Now, my question, where are we this month with the Waiver Program?"

Ms. Beane: "Ok. I'm pleased to announce last month I reported there were 1505 members on our Management Enrollment List. This month as of January 6, we are at 1373. So our efforts to decrease the list are continuing to work. As of January 13, we have 5,809 active members on the program. The previous month when I was here I reported 5,772, so our efforts to get people to actually access their slots and to come on to the program are also effectively working. We are going to continue to work this process and hopefully the wait list will continue to decrease and our active members will go up to our slot capacity."

Delegate Boggs: "Ok. On the difference between last month and this month on those that are on the waiting list, are those all attributed to financial eligibility or deaths that people have gone off the list because they died waiting?"

Ms. Beane: "Most of those and I can pull the report but the issue is we issue the letters and we have since July, we actually list 641 letters to have you access your slot. A lot of times the individual passes on the slot for various numerous reasons. They don't want the supports any more, state recovery, different things."

Delegate Boggs: "How are they dealt with, for instance if you send a letter and you don't get a response. How is that dealt with? Is that considered somebody's not interested again? Do you do a follow-up?"

Ms. Beane: "Our Bureau of Senior Services is also partnering with us. They help operate this program. If we actually give a slot letter and we sent you the letter and its like you have your slot, its time to go. They also do a follow-up phone call for us as well. For a variety of reasons, people do not access their slots."

Delegate Boggs: "Have you found any instances where someone was eligible but has come back and said, I did not get the notification that I was eligible, has that been an issue in any way?"

Ms. Beane: "That has not happened as of now as far as I know. I have no reports of that."

Delegate Boggs: "I know a lot of the population we are dealing with, it would be very easy for sometimes things to be lost in the mail or maybe someone else is getting their mail for them and might not have attached the importance to a particular letter that actually realizes how important is was to them or their well being. I appreciate the update and look forward to hearing continuing

updates from you as well. Thank you."

Ms. Beane: "Sure."

President Kessler: "I have a question and it probably doesn't deal with this tangentially to the Aged and Waiver Program, but I have received information some time ago, that the state provides a certain amount of fixed nursing home beds that we pay for whether its 5,000 or 6,000 per year and those are obligated to be paid for whether they are full or empty or 50% occupancy or 80%."

Ms. Beane: "That is not correct information. We do have various, I don't have the number of nursing beds in front of me, but there are a number of nursing home beds let's say 10,000 in the state and so many of those beds are also medicaid certified. There is a misnomer that we pay for the bed whether there is someone in there or not. That is not correct. Certainly if you need an explanation of nursing home payment, I can get that for you."

President Kessler: "We are not contractually required to pay for a certain amount of beds whether they are being used or not?"

Ms. Beane: "We are not."

President Kessler: "Delegate Boggs."

Delegate Boggs: "Thank you again Mr. President. One thing that has come to my attention in the last couple of weeks, I know that there has been on-gong audits which I am not complaining about that, I think it is a good thing on different issues, specifically travel expenses and travel allocations for people that are on either Aged and Disabled Program or receiving other services. Apparently, in some of these audits that they have gone back to the agencies and said this is not allowed, there has been no documentation in the rules or regulations that said it is not allowed. Someone just basically said we don't think that is right and when it was contested they admitted, 'well we don't really have any rules to that effect'. The problem is that causing a lot of concern to the provider network and it also causes a great deal of expense to them when there are possibly changes that have been implemented or at least internal policies that have been changed that have really been changed in the broader picture to make them actually something that will stick. I would just ask that maybe we could do a little better job of informing the providers of what the rules and regulations are with travel and some of these other things before they are audited and then they are made to feel like they have done something

wrong when they didn't."

Ms. Beane: "I would be happy to speak to issue of the audits on the Aged and Disabled Waiver Program if that is ok with you. The Aged and Disabled Waiver Program along with all of our waiver programs have public forums that we are required to do. We did public forums for that program in the months of October and November. In those forums the providers were basically telling us some of the issues they are having with some of their members and how to do travel that they thought was inconsistent with policy and procedure. Based on that, January 14, we did a Transportation Tool Kit that we provided to all the providers. Additionally we had a web seminar in March for all the providers and in the spring we did an audit and basically mileage over 500 miles a month for individual, those were the individuals that were pulled for audit. I think that the providers were aware that audits were coming. We did do some informational outreach to them and it trickled down to every provider, I certainly hope so."

Delegate Boggs: "I think one of the problems was, it wasn't that the audit was conducted or maybe the information wasn't out there. It was some of the things that during the audit that came back asking for reimbursement for things that were actually allowable. The rules didn't say they weren't. For instance, certain circumstances going over the 500 miles a month because people had to have dialysis treatment and the nearest dialysis treatment was 150 miles away, each way."

Ms. Beane: "Certainly if anything like that was pulled on an audit. Of course those expenses are liable. Anybody who has an audit, has a disagreement with the audit, there's also an appeals process for that provider to basically show the evidence that this is what we did, this is what we think is in compliance with the policy."

Delegate Boggs: "If you don't mind, I would like to get you some information that I have that might shed some additional light on that. It might help going forward."

Ms. Beane: "Sure, absolutely."

Delegate Boggs: "Thank you."

President Kessler: "Any other Questions? Thank you."

President Kessler: "Next we have Mr. Slaughter from the Investment Management Board."

Mr. Slaughter: "Good afternoon. You have in your packet the November 30, 2014, Investment Performance Report. For the fiscal year to date we're just a little above even through that date. December was not a particularly good month so we are still right around even for the fiscal year, half way through the year. I think I told you in the past months that we should expect a difficult year and I think that is what we are seeing. Any questions?"

President Kessler: "Any questions of Mr. Slaughter? Thank you."

President Kessler: "Next is Mr. Riley from Workers Compensation."

Mr. Riley: "Good afternoon Mr. President, Mr. Speaker and Committee Members. Mike Riley, Insurance Commissioner. You have our copy of this month's report for the Workers Comp Funds. Some of the numbers, the Old Fund Active Claims 15,311; Coal Workers 858 active claims and the Uninsured Fund only 25 active claims. On page 11 is the Cash Statement Operating Revenues Year to Date including investments \$127.6M and expenditures \$96M, leaving an ending cash balance of \$1.2B. I would happy to answer any questions."

President Kessler: "Any questions of Mr. Riley? Delegate Manchin."

Delegate Manchin: "Thank you Mr. President. Where is the money coming from to pay these claims right now?"

Mr. Riley: "We get about \$90 some million from General Revenue, personal income taxes."

Delegate Manchin: "Is that per year?"

Mr. Riley: "Per year. Severance taxes. I'll give you a breakdown real quick. \$11M from Lottery Funds; \$9M from Surcharge on Self-Insured Employees; \$95.4M in Personal Income Taxes; \$108 Severance Taxes; and the Policy Surcharge on Employees Premiums is about \$30M."

Delegate Manchin: "What is that?"

Mr. Riley: "Everybody that buys Worker's Compensation Policy through private market is about \$30M."

Delegate Manchin: "Some of those are suppose to come off and some point, is that correct?"

Mr. Riley: "Correct. Once the deficit is reduced which is about \$350M right now then it would be up to the Legislature on what would happen to those funds, yes."

Delegate Manchin: "Once its reduced to what?"

Mr. Riley: "Once its eliminated - ZERO."

Delegate Manchin: "Once its eliminated. Based on the last 3 to 4 years how much have we been reducing each year?"

Mr. Riley: "Current Cash Flow Project is at fiscal year 2016, we may hit that position. In fiscal year 2016, we may actually remove the deficit. If our projections hold true."

Delegate Manchin: "So what have we been doing about \$100M a year, is that we have been reducing by?"

Mr. Riley: "It varies, I think last year it was about \$200M it reduced the deficit."

Delegate Manchin: "The Severance Taxes that are going towards it, part of that is on oil and gas and part of that is on coal, is that right?"

Mr. Riley: "Oil, gas, coal and timber."

Delegate Manchin: "I thought we removed it on timber? Is timber still paying?"

Mr. Riley: "I believe timber is still paying. Off the top of my head, maybe a couple million dollars."

Delegate Manchin: "And how is it computed on oil and gas versus on how its computed on coal?"

Mr. Riley: "The Tax Department does that. I can get you that information."

Delegate Manchin: "Would you please."

Mr. Riley: "I certainly will."

Delegate Manchin: "I appreciate it. Thank you."

President Kessler: "Any other questions of Mr. Riley? Thank you sir."

President Kessler: "Board of Treasury report is in our file. Other business. We have a Legislative Oversight Committee on Regional Jail and Correction Facility Authority has a proposal plan to address recruitment, retention and vacancies. There is no action necessary, it is just for your consideration. "

President Kessler: "Is there any other business to come before the committee, if not, prior to adjournment, I would like to thank all the members of the Committee, certainly to all the staff, for their support over the last couple years and certainly over the interim period with this Joint Standing Committee on Government and Finance. I look forward to continue to work with you in future capacity. Again, thanks for all work for all the agencies and all your support for state government and the Legislature. Speaker Miley moves we adjourn. All of those in favor say aye, all those oppose? The ayes appear to have it, that ayes do have it. I declare the meeting adjourned."

# WEST VIRGINIA LEGISLATURE

*Office of the Legislative Auditor*



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

*304-347-4870*

April 1, 2015

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

- West Virginia Lottery as of February 28, 2015:  
Gross profit for July 2014 – February 2015 was \$353 million.
- West Virginia Unemployment Compensation Fund as of February 28, 2015:  
Total disbursements were \$ 62.8 million less than last fiscal year. Overall ending trust fund balance was \$ 9.4 million higher on February 28, 2015, than on February 28, 2014.
- General Revenue Fund as of March 31, 2015:  
The general revenue collections ended the ninth month of fiscal year 2014-2015 at 98.31% of the estimate for the year.
- State Road Fund as of March 31, 2015:  
The state road fund collections ended the ninth month of fiscal year 2014-2015 at 109.35% of the estimate for the year.

WEST VIRGINIA LEGISLATURE  
*Office of the Legislative Auditor*



*Budget Division  
Building 1, Room 314-West Wing  
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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: March 23, 2015

Re: Review of West Virginia Lottery Financial Information  
As of February 28, 2015

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for February 28, 2015, from monthly unaudited financial reports furnished to our office by the West Virginia Lottery Commission. The results are as follows:

**Lottery Revenues:**

Gross lottery revenues are receipts from on-line games, instant games, table games and video lottery. These gross receipts totaled \$769 million for July – February 28, 2015. Table games accounted for \$31.2 million of this total. Historic Resort Hotel video lottery and table games accounted for \$4.2 million of total gross receipts. Gross lottery revenue has decreased by 3.9% when compared with July – February of fiscal year 2013-2014. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July – February 2015 was \$353 million; for July – February of last fiscal year it was \$348 million. Expressed as a percentage, gross profit is 1% higher for fiscal year 2015 than for fiscal year 2014.

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

A total of \$331,793,000.00 has been accrued to the state of West Virginia for fiscal year 2014-2015. 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:

Bureau of Senior Services	\$47,327,000.00
Community and Technical College	\$3,996,000.00
Department of Education	\$19,633,000.00
Library Commission	\$11,457,000.00
Higher Education-Central Office	\$7,329,000.00
Tourism	\$8,060,000.00
Department of Natural Resources	\$3,196,000.00
Division of Culture and History	\$4,746,000.00
Economic Development Authority	\$7,996,000.00
Department of Education and Arts	\$1,673,000.00
School Building Authority	\$14,400,000.00
<b><u>SUBTOTAL BUDGETARY TRANSFERS</u></b>	<b>\$129,813,000.00</b>

Lottery continued

**Excess Lottery Fund**

Economic Development Fund	\$15,189,000.00
Higher Education Improvement Fund	\$12,000,000.00
WV Infrastructure Council Fund	\$17,323,000.00
Higher Education Improvement Fund	\$19,322,000.00
Refundable Credit	\$522,000.00
General Purpose Fund	\$43,308,000.00
DHHR	\$0.00
State Park Improvement Fund	\$3,331,000.00
School Building Authority	\$15,195,000.00
Excess Lottery Surplus	\$0.00
WV Lottery Statutory Transfers	\$46,619,000.00
WV Racing Commission	\$1,333,000.00
<b>Total State Excess Lottery Revenue Fund</b>	<b>\$174,142,000.00</b>

Historic Resort Hotel Distributions:

State General Revenue Fund	\$148,000.00
State Debt Reduction Fund	\$44,000.00
Tourism Promotion Fund	<u>\$7,000.00</u>
Total Historic Hotel	\$199,000.00

Veterans Instant Ticket Fund \$348,000.00

Table Games State Debt Reduction Fund \$ 1,765,000.00

<b>RACETRACK VIDEO LOTTERY TRANSFERS:</b>	
Tourism Promotion Fund 1.375%	\$175,000.00
Development Office Promo Fund .375%	\$47,000.00
Research Challenge Fund .5%	\$64,000.00

Lottery continued

Capitol Renovation and Improvement Fund .6875%	\$88,000.00
Parking Garage Fund .0625%	\$8,000.00
Parking Garage Fund 1%	\$0.00
Cultural Facilities and Cap. Resources Fund .5%	\$0.00
Capitol Dome & Cap. Improvements Fund .5%	\$128,000.00
Workers Compensation Debt Reduction Fund 7%	\$0.00
<b>SUBTOTAL VIDEO LOTTERY TRANSFERS:</b>	<b>\$510,000.00</b>
<b>TOTAL TRANSFERS</b>	<b>*\$306,777,000.00</b>

\* CASH BASIS

Total Accrued last FY 2014:	\$114,914,000.00
Total Cash Distributions FY 2015:	\$306,777,000.00
Applied to FY 2014:	\$114,914,000.00
Applied to FY 2015:	\$191,863,000.00
Accrued for FY 2015 as of February 28:	\$139,930,000.00



P.O. BOX 2067  
CHARLESTON, WV 25327

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

Earl Ray Tomblin  
Governor

John C. Musgrave  
Director

**MEMORANDUM**

TO: Joint Committee on Government and Finance

FROM: John C. Musgrave, Director

A handwritten signature in black ink, appearing to read "John C. Musgrave".

RE: Monthly Report on Lottery Operations  
Month Ending February 28, 2015

DATE: March 16, 2015

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

Financial statements of the Lottery for the month ending February 28, 2015 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$94,652,602 for the month of February.

Transfers of lottery revenue totaling \$31,745,011 made for the month of February to the designated state agencies per Senate Bill 160, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (§29-22A-10), and the Racetrack Table Games Act (§29-22C-27). The amount transferred to each agency is shown in Note 10 on pages 19 and 20 of the attached financial statements.

The number of traditional and limited retailers active as of February 28, 2015 was 1,539 and 1,428 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.

JCM  
Attachment

pc: Honorable Earl Ray Tomblin, Governor  
Robert S. Kiss, Cabinet Secretary – Dept. of Revenue  
John Perdue, Treasurer  
Glen B. Gainer III, Auditor  
Members of the West Virginia Lottery Commission

## MEMORANDUM

TO: Joint Committee on Government and Finance  
FROM: John C. Musgrave, Director

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JCM  
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Members of the West Virginia Lottery Commission



**WEST VIRGINIA LOTTERY**

**STATE OF WEST VIRGINIA**

**FINANCIAL STATEMENTS  
-UNAUDITED-**

**February 28, 2015**

**WEST VIRGINIA LOTTERY**

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

ASSETS	February 28, 2015	June 30, 2014
Current Assets:		
Cash and cash equivalents	\$ 166,264	\$ 149,712
Accounts receivable	36,288	34,790
Inventory	382	633
Other assets	2,000	1,946
Total Current Assets	<u>204,934</u>	<u>187,081</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	1,215	1,397
Capital assets	47,665	47,391
Less accumulated depreciation and amortization	<u>(9,644)</u>	<u>(8,644)</u>
Net Capital Assets	<u>38,021</u>	<u>38,745</u>
Total Noncurrent Assets	<u>39,236</u>	<u>40,142</u>
Total Assets	<u>\$ 244,170</u>	<u>\$ 227,223</u>
LIABILITIES		
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 139,930	\$ 114,914
Estimated prize claims	16,449	14,983
Accounts payable	1,931	1,505
Other accrued liabilities	30,840	40,801
Total Current Liabilities	<u>189,150</u>	<u>172,203</u>
Total Liabilities	<u>\$ 189,150</u>	<u>172,203</u>
Net Position:		
Restricted by enabling legislation	\$ 1,198	1,397
Net Investment in capital assets	38,021	38,745
Unrestricted	15,801	14,878
Total Net Position	<u>55,020</u>	<u>55,020</u>
Total Net Position	<u>\$ 244,170</u>	<u>\$ 227,223</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 EIGHT MONTH PERIOD ENDED FEBRUARY 28, 2015**  
(In Thousands)  
-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	FY 2015	FY 2014	FY 2015	FY 2014
Lottery revenues				
On-line games	\$ 9,115	\$ 7,953	\$ 53,903	\$ 57,460
Instant games	8,819	8,485	69,246	69,386
Racetrack video lottery	41,412	45,868	366,647	387,635
Limited video lottery	31,200	32,155	244,127	247,255
Table games	3,679	3,927	31,237	34,078
Historic resort	428	541	4,200	5,063
	<u>94,653</u>	<u>98,929</u>	<u>769,360</u>	<u>800,877</u>
Less commissions				
On-line games	638	555	3,765	4,029
Instant games	617	595	4,847	4,857
Racetrack video lottery	20,043	25,312	194,338	224,189
Limited video lottery	15,288	15,756	119,622	121,155
Table games	1,559	1,714	13,236	14,877
Historic resort	230	273	2,101	2,462
	<u>38,375</u>	<u>44,205</u>	<u>337,909</u>	<u>371,569</u>
Less on-line prizes	4,502	4,115	26,564	28,752
Less instant prizes	5,801	5,600	45,876	45,782
Less ticket costs	127	95	1,019	1,119
Less vendor fees and costs	767	811	5,292	5,447
	<u>11,197</u>	<u>10,621</u>	<u>78,751</u>	<u>81,100</u>
Gross profit	<u>45,081</u>	<u>44,103</u>	<u>352,700</u>	<u>348,208</u>
Administrative expenses				
Advertising and promotions	356	862	3,544	4,019
Wages and related benefits	879	886	7,047	7,142
Telecommunications	70	67	742	502
Contractual and professional	411	374	3,282	3,077
Rental	25	30	190	192
Depreciation and amortization	89	165	998	1,343
Other administrative expenses	88	110	953	818
	<u>1,918</u>	<u>2,494</u>	<u>16,756</u>	<u>17,093</u>
Other Operating Income	<u>88</u>	<u>167</u>	<u>2,512</u>	<u>2,543</u>
Operating Income	<u>43,251</u>	<u>41,776</u>	<u>338,456</u>	<u>333,658</u>
Nonoperating income (expense)				
Investment income	(26)	77	289	251
Distributions to municipalities and counties	(612)	(630)	(4,785)	(4,846)
Distributions -capital reinvestment	(815)	(974)	(2,167)	(2,826)
Distributions to the State of West Virginia	(41,798)	(40,249)	(331,793)	(326,237)
	<u>(43,251)</u>	<u>(41,776)</u>	<u>(338,456)</u>	<u>(333,658)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	<u>55,020</u>	<u>54,866</u>	<u>55,020</u>	<u>54,866</u>
Net position, end of period	<u>\$ 55,020</u>	<u>\$ 54,866</u>	<u>\$ 55,020</u>	<u>\$ 54,866</u>

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

**WEST VIRGINIA LOTTERY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE EIGHT MONTH PERIOD ENDED FEBRUARY 28, 2015**

(In Thousands)

-Unaudited-

	2015	2014
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 770,374	\$ 808,031
Cash payments for:		
Personnel costs	(6,838)	(7,056)
Suppliers	(8,448)	(8,723)
Other operating costs	(416,757)	(454,451)
Cash provided by operating activities	<u>338,331</u>	<u>337,801</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(306,777)	(454,150)
Distributions to municipalities and counties	(4,747)	(4,823)
Distributions from racetrack cap. reinv. fund	(10,447)	(13,882)
Cash used in noncapital financing activities	<u>(321,971)</u>	<u>(472,855)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(274)</u>	<u>(190)</u>
Cash flows from investing activities:		
Investment earnings received	<u>284</u>	<u>176</u>
Increase (decrease) in cash and cash equivalents	16,370	(135,068)
Cash and cash equivalents - beginning of period	<u>151,109</u>	<u>275,058</u>
Cash and cash equivalents - end of period	<u>\$ 167,479</u>	<u>\$ 139,990</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 338,456	\$ 333,658
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	998	1,343
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(1,498)	4,611
(Increase) decrease in inventory	251	118
(Increase) decrease in other assets	(49)	258
Increase (decrease) in estimated prize claims	1,466	1,233
Increase (decrease) in accounts payable	426	(481)
Increase (decrease) in other accrued liabilities	(1,719)	(2,939)
Cash provided by operating activities	<u>\$ 338,331</u>	<u>\$ 337,801</u>

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

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

**NOTE 1 - LEGISLATIVE ENACTMENT**

The West Virginia Lottery (Lottery) was established by the State Lottery Act (Act) passed April 13, 1985, which created a special fund in the State Treasury designated as the “State Lottery Fund.” The purpose of the Act was to establish and implement a state-operated lottery under the supervision of a state lottery commission (Commission) and a director. The Commission, consisting of seven members and the Director are appointed by the Governor. Under the Act, the Commission has certain powers and the duty to establish rules for conducting games, to select the type and number of gaming systems or games and to enter into contracts and agreements, and to do all acts necessary or incidental to the performance of its duties and exercise of its power and duty to operate the Lottery in a highly efficient manner. The Act provides that a minimum annual average of 45% of the gross amount received from each lottery shall be allocated for prizes and also provides for certain limitations on expenses necessary for operation and administration of the Lottery. To the extent available, remaining net profits are to be distributed to the State of West Virginia. As the State is able to impose its will over the Lottery, the Lottery is considered a component unit of the State and its financial statements are presented in the comprehensive annual financial report of the State as a blended proprietary fund component unit.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies of the Lottery is presented below.

**BASIS OF PRESENTATION** – The West Virginia Lottery is a component unit of the State of West Virginia, and is accounted for as a proprietary fund special purpose government engaged in business type activities. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments,” and with accounting principles generally accepted in the United States of America, the financial statements are prepared on the accrual basis of accounting which requires recognition of revenue when earned and expenses when incurred. As permitted by Governmental Accounting Standards Board (GASB) Statement No. 20, “*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*,” the Lottery has elected not to adopt Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989 unless the GASB specifically adopts such FASB statements or interpretations.

The Lottery is included in the State’s basic financial statements as a proprietary fund and business type activity using the accrual basis of accounting. Because of the Lottery’s presentation in these financial statements as a special purpose government engaged in business type activities, there may be differences in presentation of amounts reported in these financial statements and the basic financial statements of the State as a result of major fund determination.

**USE OF ESTIMATES** – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and develop assumptions that affect the amounts reported in the financial statements and related notes to financial statements. Actual results could differ from management’s estimates.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**LOTTERY GAME OPERATIONS** – The West Virginia Lottery derives its revenues from four basic types of lottery games: instant, on-line, video type games, and table games. The Lottery develops multiple game themes and prize structures to comply with its enabling legislation, including aggregate annual minimum prize provisions. All bonded retailers and agents comprised principally of grocery and convenience stores serve as the primary distribution channel for instant and on-line lottery sales to the general public.

The Lottery has contracted with a private vendor to manufacture, distribute, and provide data processing support for instant and on-line games. Under the terms of the agreements, the Lottery pays a percentage of gross revenues or gross profits for the processing and manufacture of the games.

Revenue from instant games is recognized when game tickets are sold to the retailers, and the related prize expense is recorded based on the specific game prize structure. Instant ticket sales and related prizes do not include the value of free plays issued for the purpose of increasing the odds of winning a prize.

Sales of on-line lottery tickets are made by licensed agents to the public with the use of computerized terminals. On-line games include POWERBALL®, a multi-state “jackpot” game; HOT LOTTO®, a multi-state “lotto” game; Mega Millions®, a multi-state “jackpot” game; Cash25 “lotto” game; Daily 3 and 4 “numbers” games; and Travel, a daily “keno” game. Revenue is recognized when the agent sells the tickets to the public. Prize expense is recognized on the basis of actual drawing results.

Commissions are paid to instant game retailers and on-line agents at the rate of seven percent of gross sales. A portion of the commission not to exceed one and one quarter percent of gross sales may be paid from unclaimed prize moneys. The amount paid from unclaimed prize moneys is credited against prize costs. In addition, retailers and agents are paid limited bonus incentives that include prize shares on winning tickets they sold and a ticket cashing bonus on winning tickets they cash. On a weekly basis, retailers and agents must remit amounts due to the Lottery. Retailers may not be able to order additional instant tickets if payment has not been made for the previous billing period, while an agent’s on-line terminal may be rendered inactive if payment is not received each week. No one retailer or agent accounts for a significant amount of the Lottery’s sales or accounts receivable. Historically credit losses have been nominal and no allowance for doubtful accounts receivable is considered necessary.

Video lottery is a self-activated video version of lottery games which is operated by an authorized licensee. The board-operated games allow a player to place bets for the chance to be awarded credits which can either be redeemed for cash or be replayed as additional bets. The coin operated games allow a player to use coins, currency, or tokens to place bets for the chance to receive coin or token awards which may be redeemed for cash or used for replay in the coin operated games. The video lottery games’ prize structures are designed to award prizes, or credits, at a stipulated rate of total bets played, and prize expense is netted against total video credits played. The Lottery recognizes as video lottery revenue “gross terminal income” equivalent to all wagers, net of related prizes. Amounts required by statute to be paid to the private and local government entities are reported as commissions. WV Lottery statutes have established specific requirements for video lottery and imposed certain restrictions limiting the licensing for operation of video lottery games to horse and dog racetracks in West Virginia (subject to local county elections permitting the same), limited licensed retailer areas restricted for adult amusement, and licensed historic resort hotels as defined by WV Code.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The legislation further stipulates the distribution of revenues from video lottery games, and requires any video lottery licensee to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

Table games are lotteries as each game involves consideration, the possibility of a prize, and their outcome is determined predominantly by chance, which the common law of West Virginia has long held are the three essential elements of a lottery. Table games are the exclusive intangible intellectual property of the state of West Virginia. Table games legislation has established specific requirements for table games and imposed certain restrictions limiting the licensing for operation of table games to horse and dog racetracks in West Virginia (subject to local county elections permitting the same), and licensed historic resort hotels as defined by WV Code. Each licensee as an agent of the Lottery Commission to operate West Virginia table games shall have written rules of play for each table game it operates which must be approved by the Commission. All wagers and pay-offs of winning wagers shall be made according to those rules of play. For the privilege of holding a table games license, there is levied a privilege tax of thirty-five percent of each licensee's adjusted gross receipts for the operation of West Virginia Lottery table games. Amounts required by statute to be paid to private and local government entities are reported as commissions. The legislation further stipulates the distribution of revenues from West Virginia table games, and requires any licensee to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

**CASH AND CASH EQUIVALENTS** – Cash and cash equivalents primarily consist of interest-earning deposits in an external investment pool maintained by the West Virginia Board of Treasury Investments (BTI). The BTI pool is a 2a-7 like pool carried at amortized cost which approximates fair value of the underlying securities.

**INVENTORY** – Inventory consists of instant game tickets available for sale to approved Lottery retailers and is carried at cost as determined by the specific identification method.

**OTHER ASSETS** – Other assets consist of deposits restricted for payment of certain Multi-State Lottery Association activities and prepaid expenses.

**CAPITAL ASSETS** – The Lottery has adopted a policy of capitalizing assets with individual amounts exceeding \$25,000. These assets include leasehold improvements and purchased equipment, comprised principally of technology property, office furnishings and equipment necessary to administer lottery games, are carried at cost. Depreciation is computed by the straight-line method using three to ten year lives.

**ADVERTISING AND PROMOTIONS** – The Lottery expenses the costs of advertising and promotions as they are incurred.

**COMPENSATED ABSENCES** – The Lottery has accrued \$573,313 and \$555,325 of at June 30, 2014 and 2013, respectively, for estimated obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. Employees fully vest in all earned but unused vacation. To the extent that accumulated sick leave is expected to be converted to benefits on termination or retirement, the Lottery participates in another postemployment benefits plan (see Note 16).

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

**NOTE 3 - CASH AND CASH EQUIVALENTS**

At February 28, 2015 the carrying amounts of deposits (overdraft) with financial institutions were \$476 thousand with a bank balance (overdraft) of \$517 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):

	February 28, 2015	June 30, 2014
Deposits with financial institutions	\$ 476	\$ 473
Cash on hand at the Treasurer's Office	22,134	21,310
Investments with BTI reported as cash equivalents	144,869	129,326
	\$ 167,479	\$ 151,109

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

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

**NOTE 4 – CAPITAL ASSETS**

A summary of capital asset activity for the month ended February 28, 2015 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2014	Additions	Deletions	Historical Cost At February 28, 2015
Construction in Progress	\$ 792	\$ 200	\$ -	\$ 992
Buildings	38,084	-	-	38,084
Land	1,434	-	-	1,434
Improvements	260	-	-	260
Equipment	6,821	74	-	6,895
	<u>\$ 47,391</u>	<u>\$ 274</u>	<u>\$ -</u>	<u>\$ 47,665</u>

Accumulated Depreciation:

	Historical Cost At June 30, 2014	Additions	Deletions	Historical Cost At February 28, 2015
Buildings	\$ 2,141	\$ 635	\$ -	\$ 2,776
Improvements	260	-	-	260
Equipment	6,245	363	-	6,608
	<u>\$ 8,646</u>	<u>\$ 998</u>	<u>\$ -</u>	<u>\$ 9,644</u>

**NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY**

The Lottery is a member of the Multi-State Lottery (MUSL), which operates the semi-weekly POWERBALL® jackpot lotto game, the HOT LOTTO® game, and the MEGA MILLIONS® jackpot game on behalf of participating state lotteries. MUSL is currently comprised of 33 member state lotteries, including the District of Columbia and the United States Virgin Islands. MUSL is managed by a Board of Directors, which is comprised of the lottery directors or their designee from each of the party states. The Board of Directors' responsibilities to administer the Multi-State Lottery Powerball, Hot Lotto, and Mega Millions games are performed by advisory committees or panels staffed by officers and independent contractors appointed by the board. These officers and consultants serve at the pleasure of the board and the board prescribes their powers, duties and qualifications. The Executive Committee carries out the budgeting and financing of MUSL, while the board contracts the annual independent audit. A copy of the audit may be obtained by writing to the Multi-State Lottery Association, 1701-48th Street, Suite 210, West Des Moines, Iowa 50266-6723.

Each MUSL member sells game tickets through its agents and makes weekly wire transfers to the MUSL in an amount equivalent to the total prize pool less the amount of prizes won in each state. Lesser prizes are paid directly to the winners by each member lottery. The prize pool for POWERBALL®, HOT LOTTO® and MEGA MILLIONS® is 50% of each drawing period's sales, with minimum jackpot levels. The Lottery's revenues and expenses from MUSL games participation for the month ended February 28, 2015 and fiscal year-to-date is as follows:

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

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

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 5,857,915	\$ 25,117,169
Hot Lotto	439,576	3,726,236
Mega Millions	1,002,826	9,575,610
Total	\$ 7,300,317	\$ 38,419,015

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 2,936,106	\$ 12,566,518
Hot Lotto	219,801	1,863,201
Mega Millions	501,502	4,788,154
Total	\$ 3,657,409	\$ 19,217,873

MUSL places a percentage of game sales from each game in separate prize reserve funds that serve as a contingency reserve to protect the respective MUSL Product Groups from unforeseen prize liabilities. These funds can only be used at the discretion of the respective MUSL Product Group. Once the prize reserve funds exceed the designated limit, the excess becomes part of that particular prize pool. Prize reserve fund monies are refundable to MUSL Product Group members if the MUSL disbands or, after one year, if a member leaves the MUSL. The applicable sales percentage contribution as well as the reserve fund limit for the MUSL games is as follows:

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

At February 28, 2015, the Lotteries share of the prize reserve fund balances were as follows:

Game	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 110,413,610	\$ 1,887,126
Hot Lotto	7,751,759	547,805
Mega Millions	36,741,397	561,458
Total	<u>\$ 154,906,766</u>	<u>\$ 2,996,389</u>

Lottery prize reserves held by the MUSL are invested according to a Trust agreement the Lottery has with MUSL outlining investment policies. The policies restrict investments to direct obligations of the United States Government, perfected repurchase agreements, and obligations issued or guaranteed as to payment of principal and interest by agencies or instrumentalities of the United States Government, and mutual funds of approved investments. The average portfolio maturity is never more than one year, except that up to one third

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

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

of the portfolio may have an average maturity of up to two years. The maximum maturity for any one security does not exceed five years.

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of \$15,653,831 at January 31, 2015, of which the Lottery's share was \$1,586,735.

**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. For fiscal year 2014, sixty-six percent (66%) and for fiscal year 2015, fifty-seven percent (57%) of net terminal revenue (gross less 4%) is allocated in lieu of commissions as follows:

	<b>FY 2014</b>	<b>FY 2015</b>
Racetracks	46.5%	46.5%
Other private entities associated with the racing industry	17.5%	8.7%
Local county and municipal governments	2%	2%

The remaining revenues (34% for fiscal year 2014 and 42.8% for fiscal year 2015) of net terminal revenue is allocated for distribution to State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in the Note 10 titled "Nonoperating Distributions to the State of West Virginia."

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

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

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

After deduction of the surcharge, for fiscal year 2014 and 2015 respectively, 55% and 49% of net terminal revenue is allocated in lieu of commissions as follows:

	<b>FY 2014</b>	<b>FY 2015</b>
Racetracks	42%	42%
Other private entities associated with the racing industry	11%	5%
Local county and municipal governments	2%	2%

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

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

The remaining net terminal revenue (45% for fiscal year 2014 and 51% for fiscal year 2015) is allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 10.

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

The WV Lottery, along with the Ohio, Rhode Island, 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 January 31, 2015 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2015	2014	2015	2014
Total credits played	\$ 467,720	\$ 505,878	\$ 4,138,223	\$ 4,319,717
Credits (prizes) won	(419,665)	(453,685)	(3,712,671)	(3,875,861)
Promotional credits played	(6,618)	(6,302)	(58,669)	(56,020)
MWAP Contributions	(25)	(23)	(236)	(201)
Gross terminal income	41,412	45,868	366,647	387,635
Administrative costs	(774)	(888)	(12,252)	(12,708)
Net Terminal Income	40,638	44,980	354,395	374,927
Less distribution to agents	(20,043)	(25,312)	(194,338)	(224,189)
Racetrack video lottery revenues	<u>\$ 20,595</u>	<u>\$ 19,668</u>	<u>\$ 160,057</u>	<u>\$ 150,738</u>

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

	February 28, 2015	Year-to-Date
State Lottery Fund	\$ 5,574	\$ 89,416
State Excess Lottery Revenue Fund	14,221	68,603
Capital Reinvestment Fund	800	2,038
Total nonoperating distributions	<u>\$ 20,595</u>	<u>\$ 160,057</u>

**NOTE 7 - LIMITED VIDEO LOTTERY**

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

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

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

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

A summary of limited video lottery revenues for the month ended February 28, 2015 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2015	2014	2015	2014
Total credits played	\$ 372,165	\$ 382,178	\$ 2,914,784	\$ 2,938,876
Credits (prizes) won	(340,965)	(350,023)	(2,670,657)	(2,691,621)
Gross terminal income	\$ 31,200	\$ 32,155	\$ 244,127	\$ 247,255
Administrative costs	(624)	(643)	(4,883)	(4,945)
Gross Profit	30,576	31,512	239,244	242,310
Commissions	(15,288)	(15,756)	(119,622)	(121,155)
Municipalities and Counties	(612)	(630)	(4,785)	(4,846)
Limited video lottery revenues	<u>\$ 14,676</u>	<u>\$ 15,126</u>	<u>\$ 114,837</u>	<u>\$ 116,309</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. For fiscal year 2014 and fiscal year 2015 make transfers as follows:

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

**NOTE 8 – TABLE GAMES (continued)**

Fiscal Year 2014	Fiscal Year 2015	
2.5% of adjusted gross receipts	2.25% of adjusted gross receipts	from all thoroughbred racetracks with West Virginia Lottery table games to the special funds established by each thoroughbred racetrack table games licensee for the payment of regular racetrack purses to be divided equally among each licensee
2.5% of adjusted gross receipts	2.25% of adjusted gross receipts	from all greyhound racetracks with West Virginia Lottery table games to the special funds established by each greyhound racetrack table games licensee for the payment of regular racetrack purses to be divided equally among each licensee
2% of adjusted gross receipts	1.8% of adjusted gross receipts	from all licensed racetracks to the Thoroughbred Development Fund and the Greyhound Breeding Development Fund to be divided pro rata among the development funds

The Commission will distribute the remaining amounts, hereinafter referred to as the net amounts in the Racetrack Table Games Funds as follows:

- 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 Debt Reduction Fund for fiscal year 2014 and to the State Excess Lottery Revenue Fund for fiscal year 2015.

The cash transferred to the State Excess Lottery Revenue Fund in the current month is included in Note 10- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended February 28, 2015 were \$10,510,784 and \$89,248,356, 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:

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

**NOTE 8 – TABLE GAMES (continued)**

	Current Month		Year-to-Date	
	2015	2014	2015	2014
Table Games Privilege Tax	\$ 3,679	\$ 3,927	\$ 31,237	\$ 34,078
Interest on Table Games Fund	-	-	2	2
Administrative costs	(315)	(337)	(2,677)	(2,921)
Total Available for Distribution	<b>3,364</b>	3,590	<b>28,562</b>	31,159
<u>Less Distributions:</u>				
Racetrack Purse Funds	236	281	2,008	2,434
Thoroughbred & Greyhound Development Funds	189	224	1,606	1,947
Racing Association Pension Plan	93	99	785	857
Municipalities/ Counties	1,041	1,110	8,837	9,639
Total Distributions	<b>1,559</b>	1,714	<b>13,236</b>	14,877
Excess Lottery Fund	<b>\$ 1,805</b>	\$ 1,876	<b>\$ 15,326</b>	\$ 16,282

**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.

The WV Lottery, along with the Ohio, Rhode Island, 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 .75% of the amount wagered. A summary of historic resort hotel video lottery revenues for the month ended February 28, 2015 and fiscal year-to-date follows (in thousands):

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

**NOTE 9 – HISTORIC RESORT HOTEL (continued)**

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Total credits played	\$ 4,096	\$ 5,481	\$ 41,459	\$ 43,763
Credits (prizes) won	(3,685)	(4,984)	(38,017)	(39,978)
Promotional credits played	(90)	(137)	(690)	(649)
MWAP Contributions	-	-	-	(3)
Gross terminal income	<u>321</u>	<u>360</u>	<u>2,752</u>	<u>3,133</u>
Capital reinvestment	(15)	(17)	(129)	(147)
Excess Lottery Fund	(3)	(3)	(25)	(28)
Administrative costs	(17)	(20)	(149)	(169)
Hotel commissions	<u>(136)</u>	<u>(152)</u>	<u>(1,164)</u>	<u>(1,325)</u>
Net terminal income	150	168	1,285	1,464
Historic Resort Hotel Fund	95	107	817	931
Human Resource Benefit Fund	55	61	468	533

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 February 28, 2015 were \$306,171 and \$4,136,549, 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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Table games privilege tax	\$ 107	\$ 181	\$ 1,448	\$ 1,930
Administrative Costs	<u>(14)</u>	<u>(23)</u>	<u>(186)</u>	<u>(248)</u>
Total Available for Distribution	93	158	1,262	1,682
Historic Resort Hotel Fund	78	132	1,055	1,406
Human Resource Benefit Fund	15	26	207	276

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

**NOTE 9 – HISTORIC RESORT HOTEL (continued)**

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) Sixty-four percent (64%) is paid to the State of West Virginia General Revenue Fund for fiscal year 2014 and to the State Excess Lottery Revenue Fund for fiscal year 2015;
- 2) Nineteen percent (19%) is paid to the State Debt Reduction Fund for fiscal year 2014 and to the State Excess Lottery Revenue Fund for fiscal year 2015;
- 3) Three percent (3%) is paid to the State of West Virginia Tourism Promotion Fund and to the State Excess Lottery Revenue Fund for fiscal year 2015;
- 4) Four percent (4%) is paid to the county where the gaming facility is located;
- 5) Two and one-half percent (2.5%) is paid to the municipality where the gaming facility is located as prescribed by statute;
- 6) 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;
- 7) 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;
- 8) 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	\$ 95	\$ 817
Historic Resort Table Games	78	1,055
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	<u>173</u>	<u>1,872</u>
Municipalities/ Counties	24	262
Excess Lottery Fund	149	1,610
Total Distributions	<u>\$ 173</u>	<u>\$ 1,872</u>

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

**NOTE 10- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA**

The Lottery periodically distributes surplus funds, exclusive of amounts incurred and derived from limited video lottery and a portion of racetrack video lottery funds, to the State of West Virginia in accordance with the legislation. For the year ending June 30, 2015 the State Legislature budgeted \$136,411,350 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 February 28, 2015 the Lottery has accrued additional distributions of \$139,929,957. The Lottery is a non-appropriated state agency and therefore does not have a budget adopted by the Legislature.

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

<u>BUDGETARY DISTRIBUTIONS</u>	<u>February 28, 2015</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 499	\$ 3,996
Bureau of Senior Services	-	47,327
Department of Education	-	19,633
Library Commission	-	11,457
Higher Education-Policy Commission	-	7,329
Tourism	-	8,060
Natural Resources	-	3,196
Division of Culture & History	-	4,746
Department of Education & Arts	-	1,673
Economic Development Authority	1,000	7,996
School Building Authority	1,800	14,400
Total State Lottery Fund	\$ 3,299	\$ 129,813

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

**NOTE 10- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA  
(continued)**

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 1,899	\$ 15,189
Higher Education Improvement Fund	1,500	12,000
General Purpose Account	7,612	43,308
Higher Education Improvement Fund	3,396	19,322
State Park Improvement Fund	585	3,331
School Building Authority	1,899	15,195
Refundable Credit	-	522
WV Racing Commission	234	1,333
WV Department of Health and Human Resources	-	-
WV Development Office	-	-
WV Lottery Statutory Transfers	8,194	46,619
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	3,045	17,323
Total State Excess Lottery Revenue Fund	\$ 28,364	\$ 174,142
Total Budgetary distributions:	\$ 31,663	\$ 303,955
Veterans Instant Ticket Fund	\$ 82	\$ 348

Other Racetrack Video Lottery distributions:

Tourism Promotion Fund 1.375%	\$ -	\$ 175
Development Office Promotion Fund .375%	-	47
Research Challenge Fund .5%	-	64
Capitol Renovation & Improvement Fund .6875%	-	88
Parking Garage Fund .0625 %	-	8
Parking Garage Fund 1 %	-	-
Cultural Facilities & Cap. Resources Fund .5%	-	-
Capitol Dome & Cap. Improvements Fund .5%	-	128
Workers Compensation Debt Reduction Fund 7%	-	-
Total	\$ -	\$ 510
Table Games State Debt Reduction Fund	\$ -	\$ 1,765

Historic Resort Hotel distributions:

State General Revenue Fund	\$ -	\$ 148
State Debt Reduction Fund	-	44
Tourism Promotion Fund	-	7
Total	\$ -	\$ 199

Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 31,745	\$ 306,777
Accrued nonoperating distributions, beginning	(129,877)	(114,914)
Accrued nonoperating distributions, end	139,930	139,930
	\$ 41,798	\$ 331,793

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

**NOTE 11 – SUMMARY IMPACT OF RECENT LEGISLATION**

The West Virginia Legislature enacted House Bill 101 during the First Extraordinary Session of 2014 which affected the State Excess Lottery Revenue Fund. House Bill 101 created a mechanism by which revenues that were previously transferred pursuant to statutory direction and distributed to certain entities prior to being deposited to either the State Lottery Fund or the State Excess Lottery Revenue Fund will now be deposited directly to the State Excess Lottery Revenue Fund. This new deposit of funds represents additional deposits of: (i) certain video lottery net terminal income (see Note 6) and table games adjusted gross receipts (Note 8) from the four racetrack casinos; and (ii) certain gross terminal income and certain net income from the Greenbrier Casino (Note 9). The impact of House Bill 101 has the effect of reducing commissions as defined in Note 2 and increasing nonoperating income (expense) Distributions to the State of West Virginia.

The impact (in thousands) for the month ended February 28, 2015 to the Statement of Revenues, Expenses, and Changes in Fund Net Positions is summarized as follows:

	<u>Pre HB 101</u>	<u>As Stated</u>	<u>Difference</u>
Less commissions			
Racetrack video lottery	20,306	20,043	(263)
Table games	1,606	1,559	(47)
Gross profit	44,771	45,081	310
Operating Income	42,941	43,251	310
Nonoperating income (expense)			
Distributions -capital reinvestment	(818)	(815)	3
Distributions to the State of West Virginia	(41,485)	(41,798)	(313)

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

**NOTE 11 – SUMMARY IMPACT OF RECENT LEGISLATION (continued)**

The impact (in thousands) for the fiscal year-to-date ended February 28, 2015 to the Statement of Revenues, Expenses, and Changes in Fund Net Positions is summarized as follows:

	<u>Pre HB 101</u>	<u>As Stated</u>	<u>Difference</u>
Less commissions			
Racetrack video lottery	197,138	194,338	(2,800)
Table games	13,638	13,236	(402)
 Gross profit	 349,498	 352,700	 3,202
Operating Income	335,254	338,456	3,202
Nonoperating income (expense)			
Distributions -capital reinvestment	(2,192)	(2,167)	25
Distributions to the State of West Virginia	(328,566)	(331,793)	(3,227)

**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 February 28, 2015 and February 28, 2014 approximated \$190,153 and \$192,492 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 February 28, 2015 and February 28, 2014 approximated \$563,355 and \$938,198 respectively.

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

**NOTE 13 – RESTRICTED NET POSITION**

On June 14, 2006, House Bill 106 was enacted by the West Virginia State Legislature to set aside unexpended administrative expenses of the Lottery up to the limits for such expenses established by the enabling legislation of traditional, racetrack video lottery, and limited video lottery games in an amount not to exceed \$20,000,000 beginning in fiscal year 2006 and each year through fiscal year 2012. These assets are to be set aside for the design and construction of a building for the use of the Lottery and certain other State of West Virginia governmental entities. Contributions to the fund for fiscal years ending June 30, 2014 and June 30, 2013 were as follows:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Beginning balance	\$ 1,640	\$ 1,690
Additions		
Legislative Appropriations		
Deductions		
Asset acquisition	(243)	(50)
Surplus of excess funds		
Ending balance	<u>\$ 1,397</u>	<u>\$ 1,640</u>

**NOTE 14 – COMMITMENTS**

For the years ended June 30, 2014 and 2013 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. As of June 30, 2014 and 2013, \$7,653,177 and \$2,003,028, respectively, are included in unrestricted net position and net investment in capital assets for this purpose.

**NOTE 15 - 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

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

**NOTE 15 - RETIREMENT BENEFITS (continued)**

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 are required to contribute 4.5% of their salary to the PERS. The Lottery is required to contribute 14.5% 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 February 28, 2015 and fiscal year-to-date are as follows (in thousands):

	February 28, 2015	Year-to-Date
Lottery contributions	\$ 85	\$ 712
Employee contributions	27	226
Total contributions	\$ 112	\$ 938

**NOTE 16 - 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.

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

**NOTE 16 - RISK MANAGEMENT (continued)**

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.

**NOTE 17– OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

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

Funding Policy

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

The ARC rate is \$270 and \$257 per employee per month for the years ending June 30, 2014 and 2013 respectively. Through June 30, 2014 and 2013, the Lottery has paid premiums of \$291,750 and \$332,615. As of June 30, 2014 and 2013, the Lottery has recorded a liability of \$4,318,481 and \$4,188,445 on its balance sheet for OPEB.

**SCHEDULE OF REVENUES AND NET REVENUES OF THE  
 LOTTERY FUND AND EXCESS LOTTERY FUND  
 FOR THE EIGHT MONTH PERIOD ENDED FEBRUARY 28, 2015  
 (In Thousands)**

	Current Month		FISCAL YEAR	
	<u>Actual</u>	<u>Projected</u>	<u>Actual</u>	<u>Projected</u>
Gross Revenues				
Instant games	8,819	8,750	69,246	70,000
On-line games	9,114	6,284	53,902	50,272
Racetrack video lottery	41,412	37,652	366,647	312,863
Limited video lottery	31,200	35,832	244,127	252,020
Racetrack table games	3,679	3,492	31,237	27,567
Historic resort	428	446	4,200	4,253
Total gross revenues	<u>94,652</u>	<u>92,456</u>	<u>769,359</u>	<u>716,975</u>
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,139	957	8,555	8,999
On-line games	2,704	1,618	16,060	14,119
Racetrack Video Lottery	5,575	5,686	89,435	79,650
Total Lottery Fund net revenues	<u>9,418</u>	<u>8,261</u>	<u>114,050</u>	<u>102,768</u>
Excess Lottery Fund				
Racetrack Video Lottery	14,224	12,762	68,616	49,344
Limited Video Lottery	14,643	16,856	115,080	118,553
Limited Video Lottery Fees	(4)	-	1,507	0
Racetrack table games	1,805	1,713	15,326	13,521
Historic resort	152	160	1,633	1,703
Total Excess Lottery Fund Net Revenues	<u>30,820</u>	<u>31,491</u>	<u>202,162</u>	<u>183,121</u>
Total Net Revenues	<u>40,238</u>	<u>39,752</u>	<u>316,212</u>	<u>285,889</u>

WEST VIRGINIA LEGISLATURE  
*Office of the Legislative Auditor*



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

304-347-4870

Memorandum

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

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

Date: April 1, 2015

Re: Status of General Revenue Fund and State Road Fund as of  
March 31, 2015 (FY 15)

We have reviewed the cash flow of the West Virginia general revenue fund as of March 31, 2015 which is the end of the ninth month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 98.3% of the estimate for the fiscal year. Total collections were \$ 50 million below the estimate for the fiscal year.

Personal Income Tax collections were \$ 22.7 million below the estimate for the fiscal year.

Consumer sales and use tax collections were \$ 5.4 million below the estimate for the year.

Severance Tax was \$ 49 million below the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$ 12.5 million above the estimate for the fiscal year.

**State Road Fund**

The state road fund collections were 109.3% of the estimate for the fiscal year. Total collections were \$48.4 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 \$479,794,401.57 as of March 31, 2015.

Balance July 1, 2014	576,905,662.48
Earnings	-97,111,260.91
Balance March 31, 2015	479,794,401.57

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 386,058,408.73 as of March 31, 2015.

Balance July 1, 2014	378,984,822.70
Earnings	7,073,586.03
Balance March 31, 2015	386,058,408.73

The Personal Income Tax Reserve Fund had a \$26.6 million cash balance as of March 31, 2015.

Balance July 1, 2014	11,000,000.00
Revenues	15,600,000.00
Balance March 31, 2015	26,600,000.00

**GENERAL REVENUE FUND FY 2014-2015**

**By Source and by Month**

**Monthly Revenue Estimates**

**as of March 31, 2015 OASIS**

	MONTH ESTIMATES	NET MONTH COLLECTIONS	<b>FINAL</b> MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES
Personal Income Tax	108,800,000	127,925,666	19,125,666	1,212,800,000	1,190,059,240	-22,740,760
Consumer Sales Tax & Use Tax	90,000,000	85,322,657	-4,677,343	919,000,000	913,591,876	-5,408,124
Severance Tax	54,300,000	29,961,468	-24,338,532	347,500,000	298,527,583	-48,972,417
Corp Income /Business Franchise	22,925,000	28,711,459	5,786,459	134,475,000	146,973,629	12,498,629
Insurance Tax	25,677,000	25,356,770	-320,230	89,971,000	87,544,391	-2,426,609
Tobacco Products Tax	8,000,000	6,307,558	-1,692,442	77,600,000	76,262,198	-1,337,802
Business and Occupation	11,700,000	13,366,768	1,666,768	76,700,000	86,946,552	10,246,552
Liquor Profit Transfers	1,030,000	1,037,000	7,000	9,970,000	10,666,634	696,634
Departmental Collections	1,013,000	1,102,290	89,290	14,371,000	14,850,149	479,149
Property Transfer Tax	868,000	702,290	-165,711	9,088,000	8,412,419	-675,581
Property Tax	1,307,000	924,565	-382,435	5,546,000	5,137,438	-408,562
Beer Tax and Licenses	605,000	520,046	-84,954	5,667,000	5,128,618	-538,382
Miscellaneous Transfers	57,000	0	-57,000	831,000	2,886,926	2,055,926
Interest Income	125,000	-378,995	-503,995	1,125,000	1,340,971	215,971
Senior Tax Credit Reimbur Lot	2,600,000	5,942,566	3,342,566	6,080,000	6,464,209	384,209
HB 102 - Lottery Transfers	7,645,000	7,286,443	-358,557	44,160,000	50,593,975	6,433,975
Miscellaneous Receipts	3,497,000	3,410,579	-86,421	13,308,000	12,440,739	-867,261
Business Fran Registration Fees	54,000	57,640	3,640	504,000	522,795	18,795
Liquor License Renewal	21,000	21,054	54	339,000	338,496	-504
Special Revenue Transfer	0	0	0	0	0	0
Charter Tax	0	1,522	1,522	0	36,564	36,564
Telecommunications Tax	0	0	0	0	0	0
Video Lottery Transfers	0	151,961	151,961	0	253,801	253,801
Racing Fees	0	0	0	0	0	0
Estate and Inheritance Tax	0	0	0	0	7,178	7,178
July-Dec Retro Rev Adj	0	0	0	0	0	0
Cash Flow Transfer	0	0	0	0	0	0
<b>TOTALS</b>	<b>340,224,000</b>	<b>337,731,307</b>	<b>-2,492,693</b>	<b>2,969,035,000</b>	<b>2,918,986,382</b>	<b>-50,048,618</b>
Minus Cash Flow Transfer		0			0	
<b>TOTALS</b>	<b>340,224,000</b>	<b>337,731,307</b>	<b>-2,492,693</b>	<b>2,969,035,000</b>	<b>2,918,986,382</b>	<b>-50,048,618</b>

Percent of Estimates

99.27%

98.31%

Collections this day

18,503,727

**STATE ROAD FUND FY 2014-2015  
By Source and by Month  
Monthly Revenue Estimates  
as of March 31, 2015 OASIS**

	MONTH ESTIMATES	NET MONTH COLLECTIONS	<b>FINAL</b> MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES
<b>Gasoline &amp; Motor Carrier Rd Tax</b>	56,000,000	31,103,959	<b>-24,896,041</b>	325,400,000	327,072,178	1,672,178
<b>Privilege Tax</b>	15,680,000	16,739,156	1,059,156	130,416,000	149,861,740	19,445,740
<b>Licenses &amp; Registration</b>	8,604,000	7,450,048	<b>-1,153,952</b>	60,932,000	64,489,098	3,557,098
<b>Miscellaneous</b>	0	747,803	747,803	0	23,968,863	23,968,863
<b>Highway Litter Control</b>	163,000	94,790	<b>-68,210</b>	1,152,000	916,793	<b>-235,207</b>
<b>TOTALS</b>	<b>80,447,000</b>	<b>56,135,756</b>	<b>-24,311,244</b>	<b>517,900,000</b>	<b>566,308,672</b>	<b>48,408,672</b>

Percent of Estimates

**69.78%**

**109.35%**

Collections this day

**14,308,040**

**REVENUE SHORTFALL RESERVE FUND 7005, Part A as of March 31, 2015 : \$479,794,401.57**

**REVENUE SHORTFALL RESERVE FUND 7006, Part B as of March 31, 2015: \$386,058,408.73**

**PERSONAL INCOME TAX REFUND RESERVE FUND as of March 31, 2015: \$26,600,000.00**

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

WEST VIRGINIA LEGISLATURE  
Office of the Legislative Auditor



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

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

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

Date: March 20, 2015

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the February 28, 2015 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of February 28, 2015 of fiscal year 2014-2015, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2014	\$ 111,805,447.81
Receipts July 1, 2014 thru February 28, 2015	\$ 114,912,944.84
Disbursements July 1, 2014 thru February 28, 2015	\$ 138,906,499.89
Balance February 28, 2015	\$ 87,811,892.76

ITEMS OF NOTE:

Regular benefits paid for July 2014 - February 2015 were \$ 17 million less than July 2013 - February 2014.

Federal emergency benefits totaled \$ -457 thousand for July 2014 - February 2015. For July 2013 - February 2014, federal emergency benefits totaled \$ 44.5 million.

Total disbursements were \$ 62.8 million less in July 2014 - February 2015 than the preceding July 2013 - February 2014.

Receipts as of February 2015 were \$ 45.7 million less than in July 2013 - February 2014. Overall ending trust fund balance was \$ 9.4 million more on February 28, 2015 than on February 28, 2014.

Seasonally adjusted unemployment rates for February 2015 were 6.1 percent for West Virginia and 5.5 percent nationally.

Since February 2014, employment has increased by 2,300. Employment gains included 3,400 in professional and business services, 1,700 in trade, transportation and utilities, 1,300 in educational and health services, 800 in government, and 100 in manufacturing. Employment declines included 2,300 in leisure and hospitality, 1,000 in mining and logging, 700 in construction, 100 in information, 600 in financial activities, and 300 in other services.

March 16, 2015

William Spencer  
Budget Division  
Office of the Legislative Auditor  
Building 1, Room 332-West Wing  
1900 Kanawha Boulevard East  
Charleston, WV 25305-0590

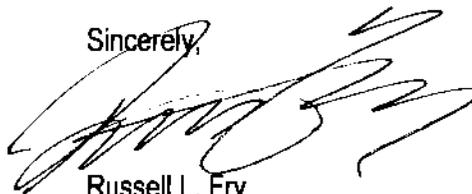
RE: Monthly Status Report

Dear Mr. Spencer:

The Monthly Status Report for the Unemployment Compensation Trust Fund for the month of February 2015, December 2014 and January 2015 is included with this letter.

If you have any questions or need any additional information, please feel free to contact Brock Jarrett at 304-558-2631 or [Brock.A.Jarrett@wv.gov](mailto:Brock.A.Jarrett@wv.gov).

Sincerely,



Russell L. Fry  
Acting Executive Director

RLF/gew

Enclosure

pc: Earl Ray Tomblin

Fiscal and Administrative Management  
112 California Avenue, Charleston, WV 25305-0112  
Telephone: 304-558-2631 – Fax: 304-558-3512

An agency of the Department of Commerce

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

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

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE  
FOR THREE MONTHS STARTING DECEMBER 2013 AND DECEMBER 2014**

	DECEMBER 2013	JANUARY 2014	FEBRUARY 2014	DECEMBER 2014	JANUARY 2015	FEBRUARY 2015	THREE MONTH TOTAL VARIANCE *
<b>Balance Forward</b>	<u>\$124,180,155.06</u>	<u>\$102,165,787.02</u>	<u>\$88,527,855.70</u>	<u>\$123,336,934.47</u>	<u>\$106,142,503.67</u>	<u>\$93,507,079.73</u>	<u>\$8,112,720.10</u>
Add Receipts:							
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions:	\$1,216,818.13	\$11,474,320.45	\$13,483,812.12	\$1,415,282.55	\$8,714,175.89	\$16,694,587.27	\$549,095.01
3. Federal Emergency Benefits (EUC08)	\$8,014,079.33	\$1,382,601.63	(\$295,623.17)	\$170.00	(\$169,806.00)	\$194.98	(\$9,290,698.81)
4. Federal Share Extended Benefits (EB)	\$0.00	\$0.00	\$0.00	\$0.00	(\$95,000.00)	\$0.00	(\$95,000.00)
5. Temp Federal Additional Comp (FAC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6. UCFE (Federal Agencies)	\$132,481.65	\$124,290.62	\$133,068.77	\$139,857.43	\$125,750.50	\$124,912.18	\$679.17
7. Special Administrative Transfer	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8. Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$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	\$716,168.90	\$0.00	\$0.00	\$698,220.50	\$0.00	\$0.00	(\$17,948.40)
11. UCX (Military Agencies)	\$302,203.97	\$267,487.22	\$240,874.29	\$228,777.82	\$188,421.13	\$164,817.35	(\$228,349.18)
12. WV Insurance Committee-Senale Bill 246	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
13. CMIA Receipts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Monthly Receipts</b>	<u>\$10,381,751.88</u>	<u>\$13,248,699.92</u>	<u>\$13,562,032.01</u>	<u>\$2,482,308.30</u>	<u>\$8,743,441.52</u>	<u>\$16,884,511.78</u>	<u>(\$9,082,222.21)</u>
Less Disbursements:							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)
Regular Benefits:	\$23,930,396.63	\$25,508,011.03	\$23,548,497.91	\$19,361,443.39	\$21,093,357.83	\$22,593,038.52	(\$9,939,066.03)
Federal Emergency Benefits (EUC08)	\$8,026,960.41	\$984,016.65	(\$243,456.35)	(\$18,908.66)	(\$19,014.69)	(\$305,022.18)	(\$9,110,465.14)
Federal Share Extended Benefits (EB)	(\$615.00)	(\$440.00)	(\$9,651.00)	(\$474.00)	(\$760.00)	(\$8,111.03)	\$1,360.97
Emergency Benefits (TEUC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Temp Federal Additional Comp (FAC)	\$0.00	\$75.00	(\$12.00)	\$0.00	\$0.00	\$0.00	(\$63.00)
UCFE (Federal Workers) Benefits	\$130,612.77	\$134,193.23	\$146,745.84	\$127,780.86	\$125,676.93	\$123,946.17	(\$33,149.88)
UCX (Military Workers) Benefits	\$308,764.90	\$260,776.33	\$234,123.99	\$206,897.51	\$179,806.29	\$175,848.27	(\$241,313.15)
Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Special Administrative Transfer**	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Monthly Disbursements</b>	<u>\$32,396,119.91</u>	<u>\$26,886,631.24</u>	<u>\$23,675,248.39</u>	<u>\$19,676,739.10</u>	<u>\$21,378,866.46</u>	<u>\$22,579,698.75</u>	<u>(\$19,322,696.23)</u>
<b>Trust Fund Balance</b>	<u>\$102,165,787.02</u>	<u>\$88,527,855.70</u>	<u>\$78,414,639.32</u>	<u>\$106,142,503.67</u>	<u>\$93,507,079.73</u>	<u>\$87,811,892.76</u>	<u>\$18,353,194.12</u>

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

## UC TRUST FUND PROJECTIONS FOR 2015

April 7, 2015

Month	Revenues	Benefits	Trust Fund Balance
<b>2014</b>			
Balance - 1/1/2014			\$ 102,165,000
January	\$ 11,870,000	\$ 25,508,000	\$ 88,527,000
February	\$ 13,435,000	\$ 23,548,000	\$ 78,414,000
March	\$ 1,966,000	\$ 24,909,000	\$ 55,471,000
April	\$ 32,023,000	\$ 18,904,000	\$ 68,590,000
May	\$ 75,811,000	\$ 14,612,000	\$ 129,789,000
June	\$ 2,894,000	\$ 20,878,000	\$ 111,805,000
July	\$ 23,213,000	\$ 16,876,000	\$ 118,142,000
August	\$ 27,921,000	\$ 15,139,000	\$ 130,924,000
September	\$ 2,175,000	\$ 14,304,000	\$ 118,795,000
October	\$ 15,170,000	\$ 13,016,000	\$ 120,949,000
November	\$ 16,985,000	\$ 14,598,000	\$ 123,336,000
December	\$ 2,113,000	\$ 19,449,000	\$ 106,000,000
<b>Totals - 2014</b>	<b>\$ 225,576,000</b>	<b>\$ 221,741,000</b>	<b>\$ 106,000,000</b>

<b>2015</b>			
January	\$ 8,600,000	\$ 21,093,000	\$ 93,507,000
February	\$ 16,594,000	\$ 22,290,000	\$ 87,811,000
March	\$ 1,767,000	\$ 24,343,000	\$ 65,235,000
April	\$ 31,507,000	\$ 19,217,000	\$ 77,525,000
May	\$ 79,480,000	\$ 13,936,000	\$ 143,069,000
June	\$ 2,667,000	\$ 22,646,000	\$ 123,090,000
July	\$ 23,593,000	\$ 16,604,000	\$ 130,079,000
August	\$ 30,210,000	\$ 13,991,000	\$ 146,298,000
September	\$ 2,251,000	\$ 13,819,000	\$ 134,730,000
October	\$ 15,170,000	\$ 13,016,000	\$ 136,884,000
November	\$ 16,985,000	\$ 14,598,000	\$ 139,271,000
December	\$ 2,113,000	\$ 19,449,000	\$ 121,935,000
<b>Totals - 2015</b>	<b>\$ 230,937,000</b>	<b>\$ 215,002,000</b>	<b>\$ 121,935,000</b>

The average unemployment rate in West Virginia for CY 2014 was 6.3%.

The average projected unemployment rate for West Virginia for CY 2015 is 6.2%

Executive Division  
112 California Avenue  
Charleston, WV 25305

An agency of the Department of Commerce

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

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



# **Financial Statements**

## **February 2015**

*West Virginia Legislative Interims*  
*April 2015*

**West Virginia Public Employees Insurance Agency**

Statement of Changes in Plan Net Assets

**For the Eight Months Ending Saturday, February 28, 2015**

(Dollars in Thousands)

(Unaudited-For Internal Use Only)

<b>( \$ 0 0 0 's )</b>				<b>BUDGET VARIANCE</b>		<b>PRIOR YR VARIANCE</b>	
<b>ACTUAL</b>	<b>BUDGET</b>	<b>PRIOR YR</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>
			<b>PREMIUM REVENUE</b>				
\$312,810	\$315,730	\$316,849	Health Insurance - State Gov. - Employers	(\$2,920)	(1%)	(\$4,039)	(1%)
80,181	80,529	84,430	Health Insurance - State Gov. - Employees	(348)	(0%)	(4,249)	(5%)
75,918	72,875	74,095	Health Insurance - Local Gov. - All	3,043	4%	1,823	2%
1,416	1,483	1,419	Life Insurance	(67)	(5%)	(3)	(0%)
4,485	5,547	13,162	Interest and Investment Income	(1,062)	(19%)	(8,677)	(66%)
1,368	1,510	1,239	Other Premium Revenue	(142)	(9%)	129	10%
3,207	3,090	3,186	Administrative Fees, Net of Refunds	117	4%	21	1%
<b>479,385</b>	<b>480,764</b>	<b>494,380</b>	<b>TOTAL REVENUE</b>	<b>(1,379)</b>	<b>(0%)</b>	<b>(14,995)</b>	<b>(3%)</b>
			<b>OPERATING EXPENSES</b>				
274,471	256,605	245,995	Claims Expense - Medical	(17,866)	(7%)	(28,476)	(12%)
87,209	81,192	79,816	Claims Expense - Drugs	(6,017)	(7%)	(7,393)	(9%)
26,127	27,119	25,465	Payments to Managed Care Org.	992	4%	(662)	(3%)
9,175	8,908	8,886	Administrative Service Fees	(267)	(3%)	(289)	(3%)
1,419	1,483	1,419	Life Insurance Expense	64	4%		0%
1,179	1,720	1,230	Wellness and Disease Management	541	31%	51	4%
230	230	228	ACA Comparative Effectiveness Fee		0%	(2)	(1%)
5,667	5,667	3,267	ACA Reinsurance Contribution		0%	(2,400)	(73%)
2,964	3,333	3,076	Other Operating Expenses	369	11%	112	4%
100,219	100,000	107,617	WV RHBT Pay Go Premiums	(219)	(0%)	7,398	7%
<b>508,660</b>	<b>486,257</b>	<b>476,999</b>	<b>TOTAL EXPENSES</b>	<b>(22,403)</b>	<b>(5%)</b>	<b>(31,661)</b>	<b>(7%)</b>
<b>(29,275)</b>	<b>(5,493)</b>	<b>17,381</b>	<b>YTD SURPLUS (DEFICIT)</b>	<b>(23,782)</b>	<b>(433%)</b>	<b>(46,656)</b>	<b>(268%)</b>
181,388	181,388	198,348	Total Net Assets, Beginning of Period			(16,960)	(9%)
<b>\$152,113</b>	<b>\$175,895</b>	<b>\$215,729</b>	<b>TOTAL NET ASSETS, END OF PERIOD</b>	<b>(23,782)</b>	<b>(14%)</b>	<b>(63,616)</b>	<b>(29%)</b>

**West Virginia Retiree Health Benefit Trust Fund**  
**STATEMENT OF CHANGES IN PLAN NET POSITION**  
**For the Eight Months Ending Saturday, February 28, 2015**  
**(In Thousands)**

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
<b>ADDITIONS</b>							
<b>Employer Premiums:</b>							
\$2,137	\$2,164	\$2,182	Health premiums	(\$28)	(1%)	(\$46)	(2%)
83,466	83,400	89,508	Pay Go Premiums	66	0%	(6,041)	(7%)
77	0	961	Annual required contributions	77	0%	(884)	(92%)
<b>85,680</b>	<b>85,564</b>	<b>92,652</b>	<b>Total Employer Premiums</b>	<b>116</b>	<b>0%</b>	<b>(6,971)</b>	<b>(8%)</b>
<b>Member Premiums:</b>							
52,086	53,218	51,784	Health premiums	(1,132)	(2%)	301	1%
16,722	16,600	18,068	Pay Go Premiums	122	1%	(1,346)	(7%)
15,326	14,678	14,892	Life Insurance Premiums	648	4%	434	3%
<b>84,134</b>	<b>84,496</b>	<b>84,744</b>	<b>Total Member Premiums</b>	<b>(362)</b>	<b>(0%)</b>	<b>(610)</b>	<b>(1%)</b>
<b>169,814</b>	<b>170,060</b>	<b>177,395</b>	<b>Total Premium Additions</b>	<b>(246)</b>	<b>(0%)</b>	<b>(7,581)</b>	<b>(4%)</b>
<b>Other Additions:</b>							
533	533	640	Retiree Drug Subsidy	0	0%	(107)	(17%)
15,645	28,282	58,672	Investment Income	(12,637)	(45%)	(43,027)	(73%)
<b>185,992</b>	<b>198,875</b>	<b>236,707</b>	<b>TOTAL ADDITIONS</b>	<b>(12,883)</b>	<b>(6%)</b>	<b>(50,715)</b>	<b>(21%)</b>
<b>DEDUCTIONS</b>							
89,983	92,599	89,406	Payments to Managed Care Org.	2,616	3%	(577)	(1%)
15,183	14,678	14,735	Life Insurance Expense	(505)	(3%)	(448)	(3%)
46,491	44,235	43,787	Medical Claims Expense	(2,256)	(5%)	(2,704)	(6%)
20,845	19,032	17,711	Pharmacy Claims Expense	(1,813)	(10%)	(3,134)	(18%)
22	25	24	Comparative Effectiveness Research Fee	3	11%	2	7%
567	533	337	ACA Reinsurance Contribution	(33)	(6%)	(229)	(68%)
1,313	1,183	1,173	Administrative Service Fees (External)	(129)	(11%)	(139)	(12%)
1,776	1,862	1,798	Other Operating Expenses	85	5%	21	1%
<b>176,180</b>	<b>174,147</b>	<b>168,971</b>	<b>TOTAL DEDUCTIONS</b>	<b>(2,033)</b>	<b>(1%)</b>	<b>(7,209)</b>	<b>(4%)</b>
<b>9,812</b>	<b>24,728</b>	<b>67,736</b>	<b>NET POSITION INCREASE</b>	<b>(14,916)</b>	<b>(60%)</b>	<b>(57,924)</b>	<b>(86%)</b>
<b>Net Position Restricted for Post Employment Benefits</b>							
691,558	691,558	590,230	Beginning of period	0	0%	101,328	17%
<b>\$701,370</b>	<b>\$716,286</b>	<b>\$657,966</b>	End of period	<b>(\$14,916)</b>	<b>(2%)</b>	<b>\$43,404</b>	<b>7%</b>

Accrual Basis / Unaudited / Internal Use Only  
3/25/2015 8:21 AM

**West Virginia Board of Risk and Insurance Management  
UNAUDITED BALANCE SHEET**



**February 28**

	2015	2014
(in thousands)		
<b>ASSETS</b>		
Short Term Assets		
Cash and Equivalents	\$ 13,457	\$ 23,908
Advance Deposit with Carrier/Trustee	212,406	206,528
Receivables - Net	10,627	8,746
Prepaid Insurance	2,075	1,971
Total Short Term Assets	238,565	241,153
Long Term Assets		
Investments	139,011	142,692
Total Long Term Assets	139,011	142,692
<b>TOTAL ASSETS</b>	377,576	383,845
<b>LIABILITIES</b>		
Short Term Liabilities		
Accounts payable	2,605	5,898
Claims Payable	164	20
OPEB Liability	388	372
Agents Commissions Payable	578	621
Unearned Revenue	12,258	10,984
Current Estimated Claim Reserve	53,448	49,793
Total Short Term Liabilities	69,441	67,688
Long Term Liabilities		
Compensated Absences	76	64
Estimated Noncurrent Claim Reserve	101,883	102,631
Total Long Term Liabilities	101,959	102,695
<b>TOTAL LIABILITIES</b>	171,400	170,383
Prior Year Net Assets	208,911	215,009
Current Year Earnings	(2,735)	(1,547)
<b>TOTAL NET ASSETS</b>	206,176	213,462
<b>TOTAL LIABILITIES AND RETAINED EARNINGS</b>	\$ 377,576	\$ 383,845

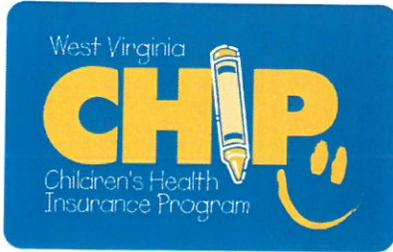
DRAFT - Unaudited - Management Purposes Only

**West Virginia Board of Risk and Insurance Management**  
**UNAUDITED INCOME STATEMENT**  
**For the eight months ending**



	February 28	
	2015	2014
	(in thousands)	
Operating Revenues		
Premium Revenues	\$ 39,116	\$ 35,900
Less - Excess Insurance	(4,121)	(4,131)
Total Operating Revenues	34,995	31,769
Operating Expenses		
Claims Expense	37,485	39,921
Property & MS Claims Expense	2,908	1,949
Personal Services	896	930
General & Administrative Expense	1,380	1,796
Total Operating Expenses	42,669	44,596
Operating Income (Loss)	(7,674)	(12,827)
Nonoperating Revenues		
Investment Income	4,939	11,280
Total Nonoperating Revenues	4,939	11,280
Net Income (Loss)	\$ (2,735)	\$ (1,547)

DRAFT - Unaudited - Management Purposes Only

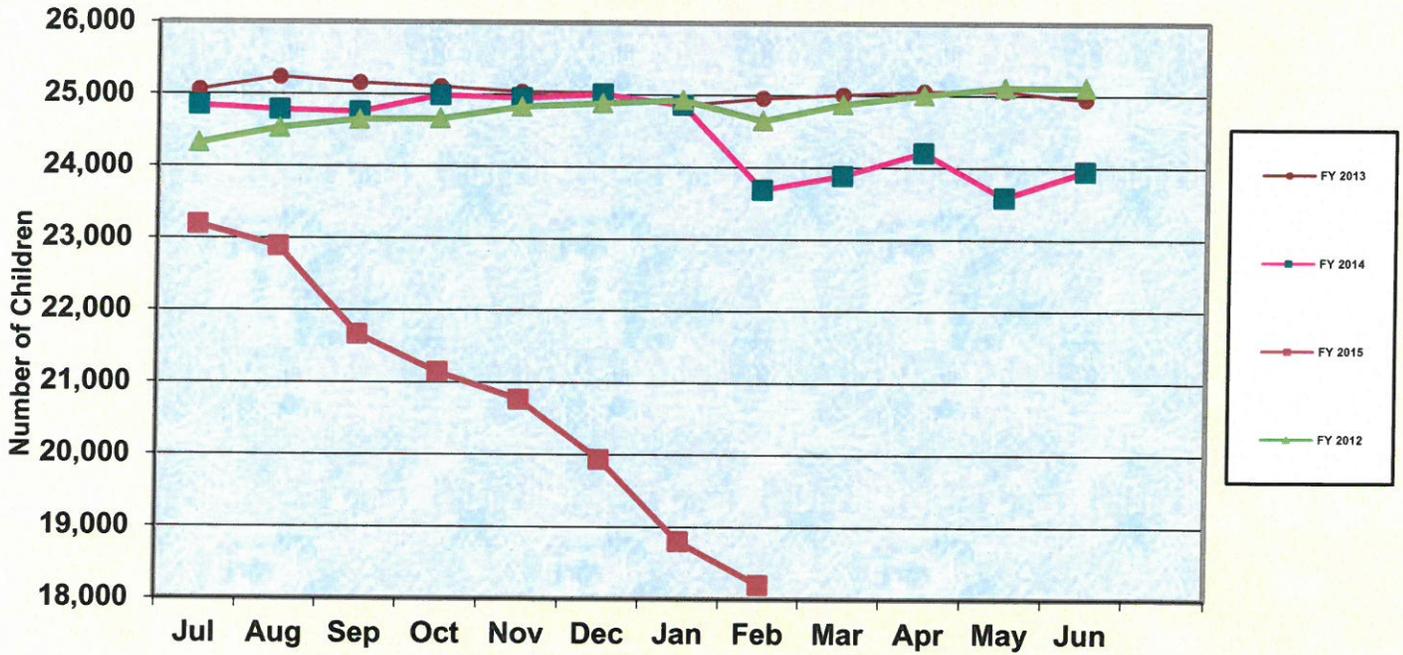


West Virginia Children's Health Insurance Program  
2 Hale Street  
Suite 101  
Charleston, WV 25301  
304-558-2732 voice / 304-558-2741 fax  
Helpline 877-982-2447  
[www.chip.wv.gov](http://www.chip.wv.gov)

## **Joint Committee on Government and Finance Report**

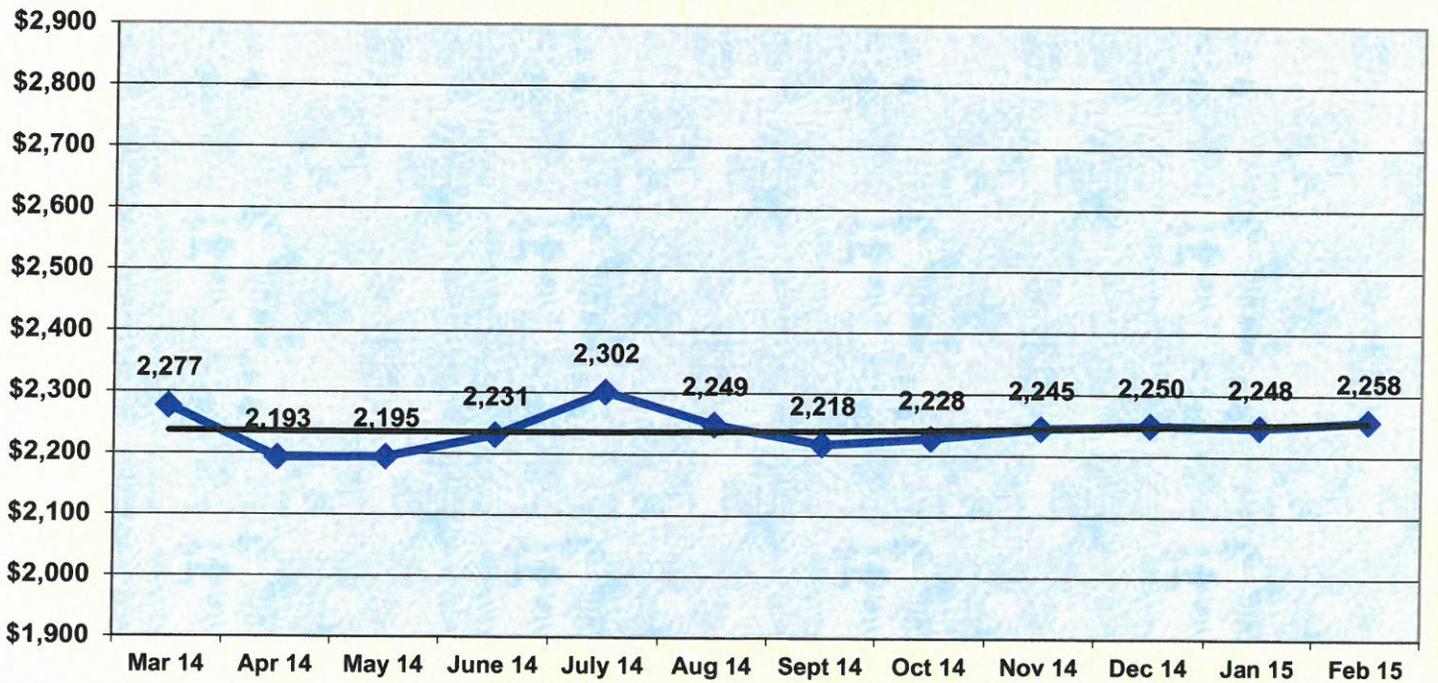
**April 2015**

## WV CHIP Enrollment



February 28th Enrollment 18,202

## Annualized Health Care Expenditures (Cost per Child)



**West Virginia Children's Health Insurance Program  
Comparative Balance Sheet  
February 2015 and 2014  
(Accrual Basis)**

	February 28, 2015	February 28, 2014	Variance	
<b>Assets:</b>				
Cash & Cash Equivalents	\$11,054,706	\$13,586,260	(\$2,531,554)	-19%
Due From Federal Government	\$2,748,232	\$4,037,694	(\$1,289,462)	-32%
Due From Other Funds	\$689,207	\$1,024,611	(\$335,404)	-33%
Accrued Interest Receivable	\$432	\$4,237	(\$3,805)	-90%
Fixed Assets, at Historical Cost	<u>\$82,046</u>	<u>\$93,386</u>	<u>(\$11,341)</u>	<u>-12%</u>
<b>Total Assets</b>	<b><u>\$14,574,623</u></b>	<b><u>\$18,746,189</u></b>	<b><u>(\$4,171,566)</u></b>	<b><u>-22%</u></b>
<b>Liabilities:</b>				
Accounts Payable	\$237,439	\$302,305	(\$64,866)	-21%
Deferred Revenue	-\$149,498	\$37,098	(\$186,596)	-503%
Unpaid Insurance Claims Liability	<u>\$3,200,000</u>	<u>\$4,760,000</u>	<u>(\$1,560,000)</u>	<u>-33%</u>
<b>Total Liabilities</b>	<b><u>\$3,287,941</u></b>	<b><u>\$5,099,403</u></b>	<b><u>(\$1,811,462)</u></b>	<b><u>-36%</u></b>
<b>Fund Equity</b>	<b><u>\$11,286,682</u></b>	<b><u>\$13,646,786</u></b>	<b><u>(\$2,360,104)</u></b>	<b><u>-17%</u></b>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$14,574,623</u></b>	<b><u>\$18,746,189</u></b>	<b><u>(\$4,171,566)</u></b>	<b><u>-22%</u></b>

## PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program**  
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Eight Months Ending February 28, 2015 and February 28, 2014**  
**(Modified Accrual Basis)**

	February 28, 2015	February 28, 2014	Variance	
<b>Revenues</b>				
Federal Grants	26,408,249	30,628,527	(4,220,279)	-14%
State Appropriations	4,195,490	6,691,790	(2,496,300)	-37%
Premium Revenues	751,639	575,845	175,794	31%
Investment Income:				
Investment Earnings	<u>50,418</u>	<u>49,212</u>	<u>1,206</u>	<u>2%</u>
<b>Total Revenues</b>	<b><u>31,405,796</u></b>	<b><u>37,945,374</u></b>	<b><u>(6,539,579)</u></b>	<b><u>-17%</u></b>
<b>Expenditures:</b>				
Claims:				
Outpatient Services	8,447,612	9,474,965	(1,027,353)	-11%
Physicians & Surgical	6,268,883	6,041,207	227,676	4%
Prescribed Drugs	5,685,374	6,589,517	(904,143)	-14%
Dental	4,340,817	5,352,417	(1,011,600)	-19%
Inpatient Hospital Services	2,196,670	3,221,126	(1,024,456)	-32%
Outpatient Mental Health	859,076	1,041,970	(182,894)	-18%
Durable & Disposable Med. Equip.	703,969	864,079	(160,110)	-19%
Inpatient Mental Health	556,900	931,650	(374,750)	-40%
Vision	488,701	572,130	(83,429)	-15%
Therapy	407,640	495,411	(87,771)	-18%
Medical Transportation	259,924	269,287	(9,363)	-3%
Other Services	61,015	87,037	(26,022)	-30%
Less: Collections**	<u>(396,336)</u>	<u>(661,035)</u>	<u>264,700</u>	<u>-40%</u>
Total Claims	<u>29,880,245</u>	<u>34,279,761</u>	<u>(4,399,515)</u>	<u>-13%</u>
General and Admin Expenses:				
Salaries and Benefits	423,318	417,929	5,389	1%
Program Administration	2,093,434	1,776,536	316,898	18%
Eligibility	52,304	258,743	(206,439)	-80%
Outreach & Health Promotion	400,451	408,450	(7,999)	-2%
Current	<u>131,997</u>	<u>122,896</u>	<u>9,101</u>	<u>7%</u>
Total Administrative	<u>3,101,504</u>	<u>2,984,554</u>	<u>116,950</u>	<u>4%</u>
<b>Total Expenditures</b>	<b><u>32,981,749</u></b>	<b><u>37,264,315</u></b>	<b><u>(4,282,565)</u></b>	<b><u>-11%</u></b>
<b>Excess of Revenues</b>				
<b>Over (Under) Expenditures</b>	<b>(1,575,954)</b>	<b>681,060</b>	<b>(2,257,014)</b>	<b>-331%</b>
Unrealized Gain(loss) On Investments*	(3,477)	24,402	(27,878)	-114%
<b>Fund Equity, Beginning</b>	<b><u>12,866,112</u></b>	<b><u>12,941,324</u></b>	<b><u>(75,212)</u></b>	<b><u>-1%</u></b>
<b>Fund Equity, Ending</b>	<b><u>11,286,682</u></b>	<b><u>13,646,786</u></b>	<b><u>(2,360,104)</u></b>	<b><u>-17%</u></b>

\* Short Term Bond Fund Investment began in November 2009

\*\* Collections are primarily drug rebates and subrogation

## PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program  
Budget to Actual Statement  
State Fiscal Year 2015  
For the Eight Months Ended February 28, 2015**

	<u>Budgeted for Year</u>	<u>Year to Date Budgeted Amt</u>	<u>Year to Date Actual Amt</u>	<u>Year to Date Variance*</u>		<u>Monthly Budgeted Amt</u>	<u>Actual Amt Feb-15</u>	<u>Actual Amt Jan-15</u>	<u>Actual Amt Dec-14</u>
Projected Cost	\$44,941,229	\$29,960,819	\$31,188,060	(\$1,227,240)	-4%	\$3,745,102	\$3,263,600	\$3,666,069	\$4,246,278
Premiums	1,687,540	1,125,027	\$751,639	(\$373,388)	-33%	140,628	124,145	97,342	110,542
Subrogation & Rebates	<u>1,100,607</u>	<u>733,738</u>	<u>\$396,336</u>	<u>(337,402)</u>	<u>-46%</u>	<u>91,717</u>	<u>10,636</u>	<u>0</u>	<u>155,406</u>
Net Benefit Cost	42,153,082	28,102,055	\$30,040,085	(\$1,938,030)	-7%	3,596,831	3,128,819	3,568,728	3,980,330
Salaries & Benefits	\$680,653	\$453,769	\$423,320	\$30,449	7%	\$56,721	\$51,166	\$51,166	\$52,043
Program Administration	1,781,676	1,187,784	\$2,094,098	(906,314)	-76%	148,473	224,543	291,604	314,574
Eligibility	250,000	166,667	\$37,713	128,954	77%	20,833	1,713	595	13,200
Outreach & Health Prom.	380,900	253,933	\$397,489	(143,556)	-57%	31,742	2,785	30,643	193,257
Current Expense	<u>220,000</u>	<u>146,667</u>	<u>\$138,980</u>	<u>7,687</u>	<u>5%</u>	<u>18,333</u>	<u>11,764</u>	<u>20,198</u>	<u>3,504</u>
Total Admin Cost	\$3,313,229	\$2,208,819	\$3,091,600	(\$882,781)	-40%	\$276,102	\$291,971	\$394,206	\$576,578
Total Program Cost	<u>\$45,466,311</u>	<u>\$30,310,874</u>	<u>\$33,131,685</u>	<u>(\$2,820,811)</u>	<u>-9%</u>	<u>\$3,872,933</u>	<u>\$3,420,790</u>	<u>\$3,962,934</u>	<u>\$4,556,908</u>
Federal Share 79.95%	36,350,316	24,233,544	\$26,464,731	(2,231,187)	-9%	3,089,052	2,734,922	3,168,365	3,643,248
State Share 20.05%	<u>9,115,995</u>	<u>6,077,330</u>	<u>\$6,666,954</u>	<u>(589,624)</u>	<u>-10%</u>	<u>783,882</u>	<u>685,868</u>	<u>794,568</u>	<u>913,660</u>
Total Program Cost **	<u>\$45,466,311</u>	<u>\$30,310,874</u>	<u>\$33,131,685</u>	<u>(\$2,820,811)</u>	<u>-9%</u>	<u>\$3,872,933</u>	<u>\$3,420,790</u>	<u>\$3,962,934</u>	<u>\$4,556,908</u>

\* Positive percentages indicate favorable variances

\*\* Budgeted Year Based on CCRC Actuary 6/30/2014 Report.

Unaudited - Cash Basis For Management Purposes Only - Unaudited

Memo for Calculations Above:

Notes:

- 1/. Total budgeted for Year Program costs are CCRC Actuary's Base Line Scenerio dated 6/30/14 Final worksheet Net Paid Program Costs.
- 2/. Federal Share for FFY 2015 is 79.95%. Federal Share for FFY 2014 (10/1/13 - 9/30/14) is set at 79.76%.

# WVCHIP Enrollment Report

ATTACHMENT 1

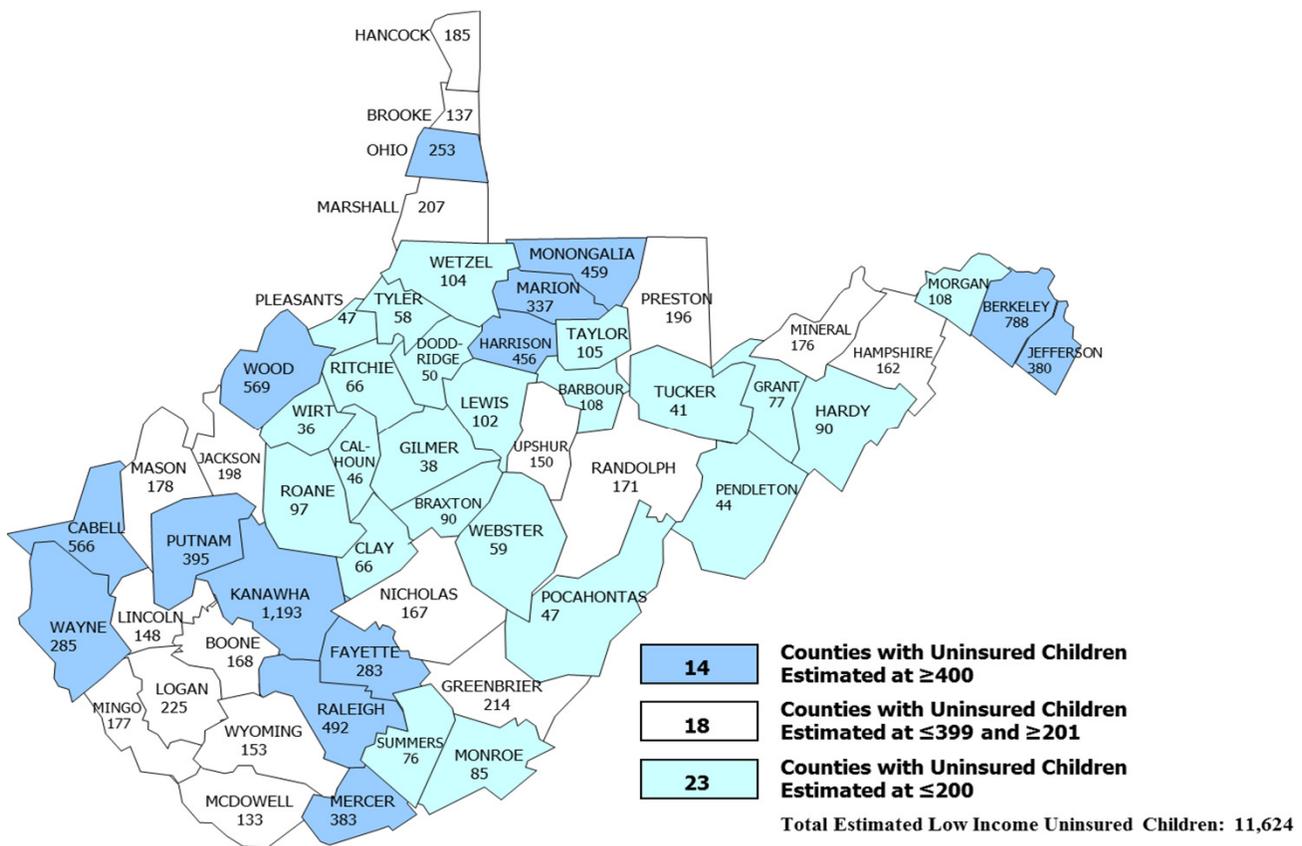
March 2015

County	County Pop.	Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2010	2010
	2010 Est. (0-18 Yrs)	Enrollment Mar-15	Enrollment Mar-15	CHIP/Medicaid Enrollment	% of Population	Est. Uninsured 3%	# Children Uninsured Ranking*
Barbour	3,600	218	1,728	1,946	54.1%	108	33
Berkeley	26,251	1,168	11,049	12,217	46.5%	788	2
Boone	5,615	216	3,126	3,342	59.5%	168	25
Braxton	3,006	183	1,606	1,789	59.5%	90	40
Brooke	4,573	194	1,701	1,895	41.4%	137	31
Cabell	18,879	793	9,523	10,316	54.6%	566	4
Calhoun	1,518	111	837	948	62.5%	46	51
Clay	2,215	132	1,472	1,604	72.4%	66	44
Doddridge	1,673	83	705	788	47.1%	50	48
Fayette	9,438	695	5,269	5,964	63.2%	283	13
Gilmer	1,260	69	584	653	51.8%	38	54
Grant	2,555	117	1,097	1,214	47.5%	77	42
Greenbrier	7,131	466	3,668	4,134	58.0%	214	16
Hampshire	5,392	205	2,377	2,582	47.9%	162	27
Hancock	6,166	282	2,778	3,060	49.6%	185	20
Hardy	3,015	138	1,644	1,782	59.1%	90	39
Harrison	15,202	790	6,160	6,950	45.7%	456	7
Jackson	6,602	305	3,153	3,458	52.4%	198	18
Jefferson	12,679	451	3,922	4,373	34.5%	380	10
Kanawha	39,771	1,646	19,668	21,314	53.6%	1,193	1
Lewis	3,389	180	1,849	2,029	59.9%	102	37
Lincoln	4,930	263	3,197	3,460	70.2%	148	30
Logan	7,496	334	4,577	4,911	65.5%	225	15
Marion	11,227	481	5,117	5,598	49.9%	337	11
Marshall	6,886	259	2,945	3,204	46.5%	207	17
Mason	5,929	210	2,830	3,040	51.3%	178	21
McDowell	4,423	169	3,362	3,531	79.8%	133	32
Mercer	12,764	746	7,920	8,666	67.9%	383	9
Mineral	5,868	220	2,372	2,592	44.2%	176	23
Mingo	5,905	233	3,868	4,101	69.5%	177	22
Monongalia	15,294	655	5,185	5,840	38.2%	459	6
Monroe	2,835	177	1,150	1,327	46.8%	85	41
Morgan	3,596	182	1,619	1,801	50.1%	108	34
Nicholas	5,561	323	2,976	3,299	59.3%	167	26
Ohio	8,444	376	3,474	3,850	45.6%	253	14
Pendleton	1,462	96	587	683	46.7%	44	52
Pleasants	1,551	106	562	668	43.1%	47	50
Pocahontas	1,561	120	818	938	60.1%	47	49
Preston	6,536	359	3,037	3,396	52.0%	196	19
Putnam	13,150	503	4,343	4,846	36.9%	395	8
Raleigh	16,403	922	9,048	9,970	60.8%	492	5
Randolph	5,705	401	2,868	3,269	57.3%	171	24
Ritchie	2,205	124	958	1,082	49.1%	66	45
Roane	3,239	244	1,767	2,011	62.1%	97	38
Summers	2,521	149	1,353	1,502	59.6%	76	43
Taylor	3,514	174	1,508	1,682	47.9%	105	35
Tucker	1,371	82	593	675	49.2%	41	53
Tyler	1,924	116	747	863	44.8%	58	47

# WVCHIP Enrollment Report

March 2015

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment Mar-15	Total Medicaid Enrollment Mar-15	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	2010 Est. Uninsured 3%	2010 # Children Uninsured Ranking*
Upshur	4,996	278	2,715	2,993	59.9%	150	29
Wayne	9,516	331	4,914	5,245	55.1%	285	12
Webster	1,977	117	1,258	1,375	69.5%	59	46
Wetzel	3,466	177	1,775	1,952	56.3%	104	36
Wirt	1,201	73	728	801	66.7%	36	55
Wood	18,956	811	9,453	10,264	54.1%	569	3
Wyoming	5,116	361	2,921	3,282	64.1%	153	28
<b>Totals</b>	<b>387,459</b>	<b>18,614</b>	<b>186,461</b>	<b>205,075</b>	<b>52.9%</b>	<b>11,624</b>	



**Note 1:** The most recent estimate for all uninsured children statewide from the US Census Current Population Survey is 3%. It should be noted that even this three percent extrapolation to the county level could vary significantly from county to county depending on the availability of employee sponsored insurance. However, it remains our best gross estimate of the remaining uninsured children.

**Note 2:** It has been estimated that 7 of 10 uninsured children qualify or may have qualified for CHIP or Medicaid in the past, WVCHIP uses the 3% uninsured estimate as a target number for outreach.

**Department of Administration Real Estate Division Leasing Report**  
For the period of March 1, 2015 through March 31, 2015

**NEW CONTRACT OF LEASE**

**WORKFORCE WEST VIRGINIA**

**WWV-018** New Contract of Lease for 1 year consisting of 7,500 square feet of office space at the annual per square foot rate of \$19.00, annual cost \$142,500.00, full service, 16 Sterling Drive, in the City of Bridgeport, Harrison County, West Virginia.

**STRAIGHT RENEWAL**

**WEST VIRGINIA STATE POLICE**

**PSA-080** Renewal for 1 year consisting of 3,600 square feet of office space at the current annual per square foot rate of \$5.00, annual cost \$18,000.00, Route 3 Box 357, in the City of Fairmont, Marion County, West Virginia.

**SMALL BUSINESS DEVELOPMENT**

**SBD-003** Renewal for 2 years consisting of 646 square feet of office space at the current annual per square foot rate of \$13.00, annual cost \$8,398.00, full service, 1050 Fourth Avenue, in the City of Huntington, Cabell County, West Virginia.

**DIVISION OF MOTOR VEHICLES**

**DMV-012** Renewal for 3 years consisting of 8,866 square feet of office/storage space at the current annual per square foot rate of \$3.29, annual cost \$29,196.00, 1317 & 1321 Hansford Street, in the City of Charleston, Kanawha County, West Virginia.

**DIVISION OF FORESTRY**

**FOR-076-SUB** Renewal for 1 year(s) consisting of 1 square foot of tower space at the current monthly rate of \$100.00, annual cost \$1,200.00, Phyllis Carrier Property, Mason County, West Virginia.

**DIVISION OF NATURAL RESOURCES**

**NAT-085** Renewal for 1 year consisting of 8,980 square feet of office and storage space at the current annual per square foot rate of \$7.50, annual cost \$67,350.00, 2311 Ohio Avenue, in the City of Parkersburg, Wood County, West Virginia.

**DEPARTMENT OF VETERANS ASSISTANCE**

**VET-036** Renewal for 1 year consisting of 300 square feet of storage space at the current monthly rate of \$135.00, annual cost \$1,620.00, 425 rosebud plaza, in the City of Clarksburg, Harrison County, West Virginia.

**DEPARTMENT OF HEALTH AND HUMAN RESOURCES**

**HHR-148** Renewal for 1 year consisting of 21,280 square feet of office space at the current annual per square foot rate of \$8.47, annual cost \$180,240, 213 north Court Street, in the City of Fairlea, Greenbrier County, West Virginia.

Real Estate Division  
 Monthly Summary of Lease Activity  
 March 1 -31, 2015

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	WorkForce West Virginia	WWV-018	Harrison	7,500	19.00	142,500	1	142,500
2	West Virginia State Police	PSA-080	Marion	3,600	5.00	18,000	1	18,000
3	Small Business Development	SBD-003	Cabell	646	13.00	8,398	2	16,796
4	Division of Motor Vehicles	DMV-012	Kanawha	8,866	3.29	29,196	3	87,588
5	Division of Forestry	FOR-076	Mason	0	0.00	1,200	1	1,200
6	Division of Natural Resources	NAT-085	Wood	8,980	7.50	67,350	1	67,350
7	Department of Veterans Assistance	VET-036	Harrison	300	0.00	1,620	1	1,620
8	Department of Health and Human Resources	HHR-148	Greenbrier	21,280	8.47	180,242	1	180,242
9	Division of Corrections	COR-033	Kanawha	10,358	8.10	83,900	0.5	41,950

		64.36
<b>Total Rentable Square Feet</b>	<u>61,530</u>	
<b>Average Annual Rental Rate</b>		9.19
<b>Total Annual Rent</b>		<u>532,405</u>

**Department of Administration Real Estate Division Leasing Report**  
For the period of February 1, 2015 through February 28, 2015

**NEW CONTRACT OF LEASE**

**WEST VIRGINIA REAL ESTATE APPRAISER LICENSING AND CERTIFICATION BOARD**

**APR-003** New Contract of Lease for 5 years consisting of 1,650 square feet of office space at the annual per square foot rate of \$15.00, annual cost \$24,750.00, full service, 405 Capitol Street, Suite 906, in the City of Charleston, Kanawha County, West Virginia.

**DIVISION OF REHABILITATION SERVICES**

**DRS-123** New Contract of Lease for 3 years consisting of 254 square feet of office space at the monthly rate of \$350.00, annual cost \$4,200.00, full service, 1601 Armory Drive, in the City of Williamson, Mingo County, West Virginia.

**STRAIGHT RENEWAL**

**WEST VIRGINIA STATE POLICE**

**PSA-012** Renewal for 2 years consisting of tower/monitoring space at the current annual rate of \$1,200.00, Millers Fork in Stonewall District, Wayne County, West Virginia.

**DEPARTMENT OF ENVIRONMENTAL PROTECTION**

**DEP-143** Renewal for 5 years consisting of 437 square feet of air monitoring space at the current annual rate of \$1.00, 1501 Ninth Street, in the City of Moundsville, Marshall County, West Virginia

**DIVISION OF REHABILITATION SERVICES**

**DRS-094** Renewal for 2 years consisting of 524 square feet of office space at the current annual per square foot rate of \$12.60, annual cost \$6,602.40, full service, #20 Putnam Shopping Village Center, in the City of Hurricane, Putnam County, West Virginia.

**RENEWAL WITH INCREASE IN RENT**

**DEPARTMENT OF VETERANS ASSISTANCE**

**VET-008** Renewal for 5 years consisting of 405 square feet of office space with an increase in the monthly rate from \$270.00 to \$290.00, annual cost \$3,480.00, full service, 51 Eleventh Street, in the City of Wheeling, Ohio County, West Virginia.

**WEST VIRGINIA STATE TREASURER'S OFFICE**

**STO-007** Renewal for 3 years consisting of 1,172 square feet of office space with an increase in the annual per square foot rate from \$8.55 to \$8.75, annual cost \$10,255.00, full service, 200 Main Street, in the City of Beckley, Raleigh County, West Virginia.

Real Estate Division  
 Monthly Summary of Lease Activity  
 February 1 - 28, 2015

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	WV Real Estate Appraiser Licensing and Cert Board	APR-003	Kanawha	1,650	15.00	24,750	5	123,750
2	Division of Rehabilitation Services	DRS-123	Mingo	254	0.00	4,200	3	12,600
3	West Virginia State Police	PSA-012	Wayne	0	0.00	1,200	2	2,400
4	Department of Environmental Protection	DEP-143	Marshall	437	0.00	1	5	5
5	Division of Rehabilitation Services	DRS-094	Putnam	524	12.60	6,602	2	13,205
6	Department of Veterans Assistance	VET-008	Ohio	405	0.00	3,480	5	17,400
7	West Virginia State Treasurer's Office	STO-007	Raleigh	1,172	8.75	10,255	3	30,765
8	Division of Forestry	FOR-085	Wirt	3,012	8.37	25,210	4	100,842
9	Division of Natural Resources	NAT-111	Raleigh	0	0.00	3,240	3	9,720

		44.72
<b>Total Rentable Square Feet</b>	<u>7,454</u>	
<b>Average Annual Rental Rate</b>	11.18	
<b>Total Annual Rent</b>		<u>78,939</u>

**CANCELLATIONS**

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	West Virginia State Police	PSA-076	Clay	0	0.00	450

<b>Total Rentable Square Feet</b>	<u>0</u>
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**Department of Administration Real Estate Division Leasing Report**  
For the period of January 1, 2015 through January 31, 2015

**RENEWAL WITH INCREASE IN RENT**

**DIVISION OF FORESTRY**

**FOR-084** Renewal for 5 years consisting of 200 square feet of storage space with an increase in the monthly rate from \$65.00 to \$85.00, annual cost \$1,020.00, Railroad Street, in the City of Farmington, Marion County, West Virginia.

**ATTORNEY GENERAL'S OFFICE**

**AGO-014** Renewal for 1 year consisting of 10,183 square feet of office space with an increase in the annual per square foot rate from \$12.50 to \$12.75, annual cost \$129,833.28, full service, #1 Player Club Drive, in the City of Charleston, Kanawha County, West Virginia.

**DEPARTMENT OF HEALTH AND HUMAN RESOURCES**

**DHS-158** Renewal for 5 years consisting of tower/monitoring space with an increase in the monthly rate from \$350.00 to \$800.00, annual cost \$9,600.00, 235 Craig Road, in the City of Wayne, Wayne County, West Virginia.

**DIVISION OF REHABILITATION SERVICES**

**DRS-030** Renewal for 3 years consisting of 1,512 square feet of office space with an increase in the annual per square foot rate from \$5.95 to \$7.95, annual cost \$12,020.40 annual rent, full service, 316 Howard Street, in the City of Mullens, Wyoming County, West Virginia.

Real Estate Division  
 Monthly Summary of Lease Activity  
 January 1- 31, 2015

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Division of Forestry	FOR-084	Marion	200	0.00	85	5	425
2	Attorney General's Office	AGO-014	Kanawha	10,183	12.75	129,833	1	129,833
3	Department of Health and Human Resources	DHS-158	Wayne	0	0.00	9,600	5	48,000
4	Division of Rehabilitation Services	DRS-030	Wyoming	1,512	7.95	12,020	3	36,061

		20.70
<b>Total Rentable Square Feet</b>	<u>11,895</u>	
<b>Average Annual Rental Rate</b>		10.35
<b>Total Annual Rent</b>		<u>151,539</u>

**Joint Committee on Government and Finance**

**April 2015**

**Department of Health and Human Resources**

**MEDICAID REPORT**

**February 2015 Data**

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 EXPENDITURES BY PROVIDER TYPE  
 SFY2015

MONTH OF FEBRUARY 2015

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2014	SFY2015	Current Month Ended 2/28/15	Current Month Ended 2/28/15	Year To-Date Thru 2/28/15	3/1/15 Thru 6/30/15
<b>EXPENDITURES:</b>						
Inpatient Hospital - Reg. Payments	202,966,397	257,510,523	16,034,823	19,822,036	157,023,201	100,487,322
Inpatient Hospital - DSH	54,939,002	56,248,557	13,430,304	14,062,139	41,323,718	14,924,839
Inpatient Hospital - Supplemental Payments	95,218,203	89,243,734	1,846,008	2,003,996	48,755,512	40,488,222
Inpatient Hospital - GME Payments	5,949,840	6,326,500	1,581,469	1,619,337	4,631,434	1,695,066
Mental Health Facilities	87,806,454	114,697,300	6,772,945	9,086,402	64,117,363	50,579,937
Mental Health Facilities - DSH Adjustment Payments	18,887,345	18,890,400	4,721,761	4,722,600	14,148,607	4,741,793
Nursing Facility Services - Regular Payments <sup>(2)</sup>	559,628,460	584,456,530	53,394,626	48,729,996	397,269,278	187,187,252
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	67,221,628	72,056,000	5,618,158	6,004,667	45,335,516	26,720,484
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	116,054,513	228,145,782	15,138,693	17,560,070	132,833,734	95,312,049
Physicians Services - Supplemental Payments	28,165,918	28,329,758	-	-	22,934,258	5,395,500
Physician and Surgical Services - Evaluation and Management	29,338,785	18,441,600	730,438	1,418,585	9,928,154	8,513,446
Physician and Surgical Services - Vaccine Codes	110,721	75,600	1,034	5,815	37,360	38,240
Outpatient Hospital Services - Regular Payments	123,004,028	192,455,924	12,989,117	14,817,801	121,444,656	71,011,267
Outpatient Hospital Services - Supplemental Payments	69,977,049	73,215,247	18,039,988	17,183,729	55,590,799	17,624,448
Prescribed Drugs	287,304,468	446,947,072	34,561,316	34,687,159	290,606,921	156,340,151
Drug Rebate Offset - National Agreement	(168,922,640)	(203,924,131)	(6,566,013)	(4,139,661)	(150,906,694)	(53,017,437)
Drug Rebate Offset - State Sidebar Agreement	(12,751,219)	(12,751,272)	(1,691,263)	(258,851)	(11,146,173)	(1,605,099)
Drug Rebate Offset - MCO National	(27,180,928)	(42,180,975)	(1,006,117)	(856,274)	(29,084,558)	(13,096,417)
Drug Rebate Offset - MCO State Sidebar Agreement	(2,850,937)	(2,850,937)	(531,106)	(57,874)	(2,835,287)	(15,650)
Dental Services	45,190,521	35,122,899	2,356,466	2,704,953	20,837,490	14,285,409
Other Practitioners Services - Regular Payments	12,358,000	21,873,690	1,491,351	1,704,443	12,978,942	8,894,748
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	4,864,483	8,074,090	555,986	628,189	4,377,906	3,696,184
Lab & Radiological Services	29,768,394	50,660,543	3,223,883	3,908,079	30,897,533	19,763,010
Home Health Services	46,115,847	68,007,137	2,496,413	5,269,002	35,781,316	32,225,821
Hysterectomies/Sterilizations	190,026	495,741	20,807	38,134	252,249	243,492
Pregnancy Terminations	-	-	-	-	-	-
EPSDT Services	532,619	1,135,687	106,973	87,389	662,105	473,582
Rural Health Clinic Services	9,274,142	15,546,108	1,412,594	1,198,267	8,953,932	6,592,176
Medicare Health Insurance Payments - Part A Premiums	18,059,667	18,933,000	1,471,880	1,577,750	10,679,779	8,253,221
Medicare Health Insurance Payments - Part B Premiums	85,786,596	96,349,700	7,736,084	8,029,142	61,683,814	34,665,886
120% - 134% Of Poverty	6,855,111	8,084,583	673,248	621,891	5,126,986	2,957,597
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	8,655,028	10,033,336	1,038,105	771,795	6,490,032	3,543,304

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 EXPENDITURES BY PROVIDER TYPE  
 SFY2015

	MONTH OF FEBRUARY 2015		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2014	SFY2015	Current Month Ended 2/28/15	SFY2015	Current Month Ended 2/28/15	Current Month Ended 2/28/15	Year To-Date Thru 2/28/15	3/1/15 Thru 6/30/15
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	539,256,030	604,449,230	49,363,293	604,449,230	49,363,293	50,370,769	401,631,318	202,817,912
Medicaid MCO - Evaluation and Management	25,540,683	24,047,677	16,140	24,047,677	16,140	2,003,973	10,171,850	13,875,827
Medicaid MCO - Vaccine Codes	1,356,766	1,182,784	819	1,182,784	819	98,565	516,700	666,084
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-	-	-	-	-	-
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-	-	-	-	-	-
Medicaid Health Insurance Payments: Group Health Plan Payments	466,213	475,900	-	475,900	-	36,608	244,035	231,865
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-	-	-
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-	-	-
Home & Community-Based Services (MR/DD)	353,850,681	377,765,200	29,231,949	377,765,200	29,231,949	29,058,862	244,180,961	133,584,239
Home & Community-Based Services (Aged/Disabled)	105,482,065	113,605,917	7,959,103	113,605,917	7,959,103	8,759,292	67,583,957	46,021,960
Home & Community-Based Services (Traumatic Brain Injury)	613,943	3,617,500	76,816	3,617,500	76,816	278,269	552,750	3,064,750
Home & Community-Based Services (State Plan 1915(i) Only)	-	-	-	-	-	-	-	-
Home & Community-Based Services (State Plan 1915(j) Only)	-	-	-	-	-	-	-	-
Community Supported Living Services	-	-	-	-	-	-	-	-
Programs Of All-Inclusive Care Elderly	-	-	-	-	-	-	-	-
Personal Care Services - Regular Payments	68,109,380	79,419,705	5,990,005	79,419,705	5,990,005	6,109,394	50,060,555	29,359,150
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-	-	-
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-	-	-
Targeted Case Management Services - State Wide	2,704,666	4,481,780	289,350	4,481,780	289,350	345,441	1,982,619	2,499,161
Primary Care Case Management Services	135,444	218,673	8,493	218,673	8,493	16,821	70,257	148,416
Hospice Benefits <sup>(3)</sup>	27,186,553	37,987,006	1,576,216	37,987,006	1,576,216	2,922,077	16,592,521	21,394,485
Emergency Services Undocumented Aliens	266,289	557,722	10,057	557,722	10,057	42,902	43,655	514,067
Federally Qualified Health Center	22,567,905	62,176,521	5,074,800	62,176,521	5,074,800	4,788,374	35,041,593	27,134,928
Non-Emergency Medical Transportation	26,428,386	42,581,936	2,709,242	42,581,936	2,709,242	3,275,631	23,620,017	18,961,919
Physical Therapy	2,705,214	6,527,008	502,939	6,527,008	502,939	502,095	3,567,647	2,959,361
Occupational Therapy	475,840	772,306	57,668	772,306	57,668	59,408	363,221	409,085
Services for Speech, Hearing & Language	482,117	815,158	59,674	815,158	59,674	62,704	391,330	423,828
Prosthetic Devices, Dentures, Eyeglasses	1,866,935	3,116,235	171,497	3,116,235	171,497	239,834	1,595,303	1,520,932
Diagnostic Screening & Preventive Services	878,891	2,136,348	109,863	2,136,348	109,863	164,353	1,087,263	1,049,085
Nurse Mid-Wife	264,176	674,173	25,959	674,173	25,959	51,859	290,870	383,303
Emergency Hospital Services	(3,569)	(3,700)	-	(3,700)	-	(285)	(256)	(3,444)
Critical Access Hospitals	41,779,836	73,073,296	5,706,327	73,073,296	5,706,327	5,622,391	46,893,460	26,179,835
Nurse Practitioner Services	2,455,160	6,151,638	457,042	6,151,638	457,042	473,378	2,760,346	3,391,292
School Based Services	41,449,335	50,270,801	2,692,977	50,270,801	2,692,977	3,866,996	26,485,935	23,784,866
Rehabilitative Services (Non-School Based)	84,277,000	105,820,519	7,626,609	105,820,519	7,626,609	8,188,990	62,218,968	43,601,551
Private Duty Nursing	6,330,885	10,581,348	739,380	10,581,348	739,380	813,950	5,053,690	5,527,658
Health Home for Enrollees w Chronic Conditions	-	-	26,418	-	26,418	-	72,782	(72,782)
Other Care Services	22,375,566	42,294,100	2,626,430	42,294,100	2,626,430	3,269,009	20,437,251	21,856,849
Less: Recoupments	-	-	(100,327)	-	(100,327)	-	(188,247)	188,247
<b>NET EXPENDITURES:</b>	<b>3,181,819,910</b>	<b>3,914,446,507</b>	<b>320,658,710</b>	<b>3,914,446,507</b>	<b>320,658,710</b>	<b>344,372,366</b>	<b>2,434,052,232</b>	<b>1,480,394,275</b>

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 EXPENDITURES BY PROVIDER TYPE  
 SFY2015

**MONTH OF FEBRUARY 2015**

	<b>ACTUALS</b>	<b>TOTAL</b>	<b>ACTUALS</b>	<b>ESTIMATE</b>	<b>ACTUALS</b>	<b>PROJECTED</b>
	SFY2014	SFY2015	Current Month Ended 2/28/15	Current Month Ended 2/28/15	Year To-Date Thru 2/28/15	3/1/15 Thru 6/30/15
Collections: Third Party Liability (line 9A on CMS-64)	(7,458,103)	-	-	-	(3,232,689)	3,232,689
Collections: Probate (line 9B on CMS-64)	(529,196)	-	-	-	(544,467)	544,467
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(173,874)	-	-	-	-	-
Collections: Other (line 9D on CMS-64)	(5,395,229)	-	-	-	(7,446,429)	7,446,429
<b>NET EXPENDITURES and CMS-64 ADJUSTMENTS:</b>	<b>3,168,263,508</b>	<b>3,914,446,507</b>	<b>320,658,710</b>	<b>344,372,366</b>	<b>2,422,828,646</b>	<b>1,491,617,861</b>
Plus: Medicaid Part D Expenditures	37,132,361	36,765,889	3,044,036	3,063,824	24,599,178	12,166,711
Plus: State Only Medicaid Expenditures	2,040,451	2,067,598	75,388	159,046	694,450	1,373,148
Plus: Money Follow the Person Expenditures	677,570	4,319,230	108,971	332,248	793,432	3,525,798
<b>TOTAL MEDICAID EXPENDITURES</b>	<b>\$ 3,208,113,890</b>	<b>\$ 3,957,599,224</b>	<b>\$ 323,887,105</b>	<b>\$ 347,927,484</b>	<b>\$ 2,448,915,706</b>	<b>\$ 1,508,683,518</b>
Plus: Reimbursables <sup>(1)</sup>	6,526,128	7,593,130	434,842	584,087	3,249,700	4,343,430
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,214,640,017</b>	<b>\$ 3,965,192,354</b>	<b>\$ 324,321,948</b>	<b>\$ 348,511,571</b>	<b>\$ 2,452,165,406</b>	<b>\$ 1,513,026,948</b>

(1) This amount will revert to State Only if not reimbursed.

(2) Of the amount in the "Nursing Facility Services-Regular Payments" line, \$15,956,484 is the amount paid to State Facilities year to date.

(3) Of the amount in the "Hospice Benefits" line, \$12,142,890 is the amount paid to Nursing Facilities for Hospice Benefits year to date.

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 MEDICAID CASH REPORT  
 SFY2015

8 Months Actuals      4 Months Remaining

MONTH OF FEBRUARY 2015	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2014	Current Month Ended 2/28/15	Year-To-Date Thru 2/28/15	3/1/2015 Thru 6/30/15	SFY2015
<b>REVENUE SOURCES</b>					
Beg. Bal. (5084/1020 prior mth)	\$ 34,992,812	\$ 8,971,027	\$ 19,168,922	\$ -	\$ 19,168,922
<b>MATCHING FUNDS</b>					
General Revenue (0403/189)	276,200,578	36,281,341	246,144,641	66,431,451	312,576,092
MRDD Waiver (0403/466)	88,753,483	7,396,124	52,068,711	36,684,772	88,753,483
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,333	1,730,666	865,334	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,667	4,237,334	2,118,666	6,356,000
Traumatic Brain Injury (0403/835)	800,000	66,667	469,334	330,666	800,000
Title XIX Waiver for Seniors (0403-533)	13,593,620	1,132,802	7,974,924	5,618,696	13,593,620
Medical Services Surplus (0403/633)	7,400,000	-	-	41,238,413	41,238,413
Waiver for Senior Citizens Surplus (0403/526)	1,000,000	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	21,335,090	4,402,192	12,606,576	4,402,192	17,008,768
Lottery Waiver (0420/539)	10,131,368	3,989,423	11,968,269	3,989,421	15,957,690
Lottery Transfer (5405/871)	50,588,667	2,167,500	6,502,500	33,522,962	40,025,462
Excess Lottery (5365/189)	96,543,971	-	-	35,901,082	35,901,082
Lottery Surplus (5365/681)	-	-	-	-	-
Trust Fund Appropriation (5185/189)	82,714,900	-	100,875,793	31,405,484	132,281,277
Provider Tax (5090/189)	205,581,008	18,257,386	132,814,034	70,266,973	203,081,007
Certified Match	20,992,555	1,952,205	14,053,841	9,469,146	23,522,988
Reimbursables - Amount Reimbursed	6,824,604	3,037	3,252,060	4,341,069	7,593,130
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	5,845,141	47,320	687,043	1,479,360	2,166,403
CHIP State Share	-	4,876,758	8,088,707	-	3,958,641
CMS - 64 Adjustments	690,029	-	574,531	(574,531)	-
<b>TOTAL MATCHING FUNDS</b>	\$ 932,939,826	\$ 90,289,783	\$ 623,217,888	\$ 347,491,156	\$ 966,578,978
<b>FEDERAL FUNDS</b>	\$ 2,332,959,079	\$ 245,373,788	\$ 1,854,406,341	\$ 1,189,362,765	\$ 3,043,769,106
<b>TOTAL REVENUE SOURCES</b>	\$ 3,265,898,904	\$ 335,663,571	\$ 2,477,624,229	\$ 1,532,723,855	\$ 4,010,348,084
<b>TOTAL EXPENDITURES:</b>					
Provider Payments	\$ 3,214,640,017	\$ 324,321,948	\$ 2,452,165,406	\$ 1,513,026,948	\$ 3,965,192,354
<b>TOTAL</b>	\$ 51,258,887	\$ 11,341,623	\$ 25,458,824		\$ 45,155,731

Note: FMAP (71.09% applicable Jul. - Sep. 2014) (71.35% applicable Oct. 2014 - Jun. 2015)

**Joint Committee on Government and Finance**

**April 2015**

**Department of Health and Human Resources**

**MEDICAID WAIVER REPORT**

**February 2015 Data**

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

<b>Aged Disabled Waiver Reported February 28, 2015</b>		<b>FY 2014 YTD</b>	<b>Jul-14</b>	<b>Aug-14</b>	<b>Sep-14</b>	<b>Oct-14</b>	<b>Nov-14</b>	<b>Dec-14</b>	<b>Jan-15</b>	<b>Feb-15</b>	<b>Mar-15</b>	<b>Apr-15</b>	<b>May-15</b>	<b>Jun-15</b>	<b>YTD 2015</b>
Slots Approved By CMS (1)		6,409	6,199	6,199	6,199	6,199	6,199	6,199	6,199	6,199					6,199
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count		6,183	5,412	5,544	5,654	5,675	5,731	5,776	5,821	5,864					5,864
Applicants determined eligible this month and added to MEL (3)		1,245	199	70	224	190	194	223	198	226					1,524
Applicants determined ineligible		210	8	11	18	25	12	12	16	20					122
<b>ACTIVE MEMBERS</b>															
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count		5,330	5,412	5,453	5,535	5,480	5,520	5,488	5,495	5,456					5,456
Active members enrolled during the calendar month		470	101	181	143	131	70	68	60	51					805
Members discharged during the calendar month		853	0	140	61	186	30	100	53	90					660
ADW Members whose case was closed by reason	Member is deceased	518	0	77	16	70	10	40	39	39					291
	Other (4)	267	0	63	45	116	20	60	14	51					369
<b>MANAGED ENROLLMENT LIST (MEL)</b>															
# Eligible applicants closed during the calendar month (removed from		new	529	216	284	347	186	140	236	494					2,432
ADW Applicants removed from the MEL	Applicant offered a slot	new	458	207	200	270	59	50	146	325					1,715
	Applicant became deceased		532	29	9	50	24	19	23	15					187
	Other (5)	new	40	0	34	53	108	67	72	154					528
Applicants on the MEL who are in a nursing facility YTD Column reflects average # members in setting		55	138	88	51	82	82	81	80	37					80
Applicants on the MEL receiving Personal Care YTD Column reflects average # members in setting		140	69	227	199	173	167	172	158	61					153
Applicants on the MEL at the end of the month		2,119	1,789	1,643	1,583	1,426	1,434	1,517	1,479	1,211					N/A
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days		Jul-12	510	541	539	450	465	516	556	166					468

(1) Of the 6,199 slots approved by CMS, 70 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant. This includes slots created by legislative appropriations but not yet submitted to CMS for approval due to the State-wide transition plan requirement.

(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) Was previously reported in month/year. Now reported in actual days on the MEL

All data reported by Utilization Management Contractor is effective as of transpire date in 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 February 28, 2015	FY 2014	July-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	YTD 2015
Slots approved by CMS	4,534	4,634	4,634	4,634	4,634	4,634	4,634	4,634	4,634					4,634
Total number of members served YTD (unduplicated slots used) (1)	4,534	4,634	4,634	4,634	4,634	4,634	4,634	4,634	4,634					4,634
Applicants determined eligible (2)	348	52	35	34	35	37	17	36	19					265
Applicants determined ineligible (3)	292	38	33	31	42	29	24	49	14					260
<b>ACTIVE MEMBERS</b>														
# of active members at the end of the month (unduplicated slots active) (1)	4,435	4,603	4,607	4,596	4,591	4,585	4,571	4,563	4,551					4,551
Discharged members at the end of the calendar month	114	8	11	12	9	6	15	9	16					86
Discharged members who were discharged by reason	Deceased	49	3	6	5	4	4	10	2	5				39
	Left program to enter a facility	10	0	0	3	1	0	1	0	2				7
	Other (6)	55	5	5	4	4	2	4	7	9				40
<b>MANAGED ENROLLMENT LIST (MEL)</b>														
Total number of applicants on the MEL at the end of the month	972	848	868	899	932	966	978	1,012	1,025					1,025
Number of applicants added to the MEL (4)	348	52	35	34	35	37	17	36	19					265
Applicants enrolled (moved from the MEL)	155	176	15	0	6	0	1	1	4					203
Applicants removed from the MEL due to Death (5)	10	0	0	1	1	0	2	0	0					4
Applicants on the MEL who are in a Nursing Facility	2 Avg.	3	3	3	3	3	3	3	4					3
Applicants on the MEL who are in an ICF/IID Group Home	52 Avg.	53	54	57	57	59	63	64	69					69
Applicants on the MEL receiving Personal Care Services each month	40 Avg.	47	51	54	56	57	59	61	62					62
Longest on the MEL to date (7)	945	738 Days	769 Days	799 Days	830 Days	860 Days	891 Days	908 Days	915 Days					908 Days

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

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

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

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

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

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

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

<b>Traumatic Brain Injury Waiver Reported February 28, 2015</b>		<b>FY 2014</b>	<b>July-14</b>	<b>Aug-14</b>	<b>Sep-14</b>	<b>Oct-14</b>	<b>Nov-14</b>	<b>Dec-14</b>	<b>Jan-15</b>	<b>Feb-15</b>	<b>Mar-15</b>	<b>Apr-15</b>	<b>May-15</b>	<b>Jun-15</b>	<b>YTD 2015</b>
Slots Approved By CMS		125	125	125	125	125	125	125	125	125	125	125	125	125	125
Total number of members served YTD (unduplicated slots used) (1)		46	43	44	48	48	50	56	59	61					61
Applicants determined eligible and became active this month (2)		37	6	1	4	0	2	6	3	2					24
Applicants determined ineligible (3)		17	0	0	0	0	2	0	2	0					4
<b>ACTIVE MEMBERS</b>															
Active members at the end of the month (unduplicated slots active)		37	43	44	48	44	46	52	51	52					52
Closed member at the end of the calendar month		9	0	0	0	4	0	0	4	1					9
TBI Members whose case was closed by reason	Deceased	1	0	0	0	1	0	0	1	0					2
	Left program to enter a faculty	1	0	0	0	0	0	0	0	0					0
	Other (4)	7	0	0	0	3	0	0	3	1					7
<b>MANAGED ENROLLMENT LIST (MEL) *</b>															
Total number of applicants on the MEL at the end of the month		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A					N/A
Number of applicants added to the MEL		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A					N/A
Applicants enrolled (moved from the MEL due to slot releases)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A					N/A
Applicants removed from the MEL due to death		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A					N/A
New Applicants on the MEL who are in a nursing facility		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A					N/A
New Applicants on the MEL receiving Personal Care each month		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A					N/A
Longest on the MEL to date		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A					N/A

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

(2 and 3) Numbers determined eligible and ineligible reflect the activity for the month reported. Eligibility refers to medical eligibility only. Financial eligibility is determined at a later date.

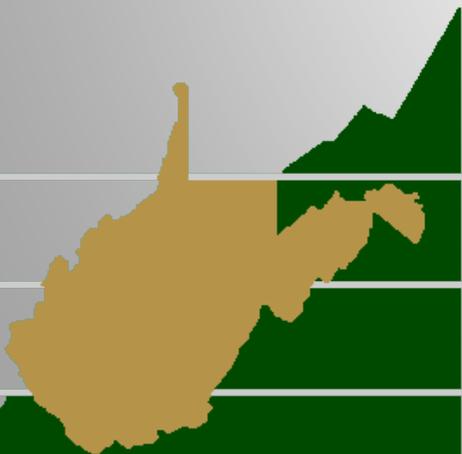
(4) Currently there is no way to track other reasons why someone may leave the MEL for reasons such as moved out of state, decided not to participate in program, etc.

\* There is currently no Managed Enrollment List for the TBI Waiver Program.

# WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

February 28, 2015



**West Virginia Investment Management Board**

Participant Plans Allocation & Performance Net of Fees

As of February 28, 2015

	6/30/2014		2/28/2015		Performance %						
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
<b>WVIMB Fund Assets</b>	<b>16,877,312</b>	<b>100.0</b>	<b>16,954,420</b>	<b>100.0</b>							
<b>Pension Assets</b>	<b>13,389,464</b>	<b>79.3</b>	<b>13,459,015</b>	<b>79.4</b>							
Public Employees' Retirement System	5,629,812	33.4	5,707,602	33.7	3.3	2.1	2.7	8.2	10.5	10.7	7.1
Teachers' Retirement System	6,655,376	39.3	6,637,918	39.2	3.3	2.1	2.7	8.2	10.4	10.6	6.8
EMS Retirement System	53,343	0.3	55,098	0.3	3.3	2.1	2.7	8.2	10.5	10.6	
Public Safety Retirement System	601,077	3.6	591,770	3.5	3.3	2.1	2.7	8.1	10.5	10.7	7.1
Judges' Retirement System	165,239	1.0	168,445	1.0	3.2	2.1	2.7	8.2	10.5	10.7	7.1
State Police Retirement System	120,572	0.7	127,795	0.8	3.2	2.1	2.7	8.2	10.5	10.6	7.1
Deputy Sheriffs' Retirement System	161,491	1.0	167,271	1.0	3.3	2.1	2.7	8.2	10.5	10.7	7.1
Municipal Police & Firefighter Retirement System	1,150	0.0	1,722	0.0	3.2	2.1	2.7	8.0	9.8		
Municipal Model A	1,404	0.0	1,394	0.0	3.3	2.1	2.7	8.1			
<b>Insurance Assets</b>	<b>2,449,418</b>	<b>14.5</b>	<b>2,504,524</b>	<b>14.8</b>							
Workers' Compensation Old Fund	1,197,954	7.0	1,244,339	7.3	1.5	1.1	1.2	4.6	5.1	6.0	
Workers' Comp. Self-Insured Guaranty Risk Pool	15,707	0.1	15,878	0.1	1.7	1.5	1.9	5.3	6.0	5.5	
Workers' Comp. Self-Insured Security Risk Pool	7,165	0.0	8,467	0.0	1.7	1.5	1.8	5.0			
Workers' Comp. Uninsured Employers' Fund	10,704	0.1	10,902	0.1	1.7	1.5	1.9	5.1	5.9	5.1	
Pneumoconiosis	269,556	1.6	265,504	1.6	1.7	1.5	1.9	5.3	6.1	6.7	5.3
Board of Risk & Insurance Management	147,378	0.9	139,011	0.8	1.7	1.5	2.0	5.3	6.1	6.8	5.9
Public Employees' Insurance Agency	214,210	1.3	218,479	1.3	1.7	1.5	2.0	5.5	6.2	6.7	
WV Retiree Health Benefit Trust Fund	584,257	3.5	599,807	3.5	3.2	2.0	2.7	8.2	10.2	9.5	
AccessWV	2,487	0.0	2,137	0.0	0.0	0.0	0.0	0.0	1.1	4.5	
<b>Endowment Assets</b>	<b>1,038,430</b>	<b>6.2</b>	<b>990,881</b>	<b>5.8</b>							
Wildlife Fund	52,488	0.3	53,680	0.3	3.2	2.0	2.7	8.2	10.4	10.6	7.1
Prepaid Tuition Trust	77,100	0.5	69,323	0.4	2.1	2.0	3.6	7.3	8.5	9.3	6.9
Revenue Shortfall Reserve Fund	477,831	2.8	379,743	2.2	(0.6)	0.6	0.5	3.4	2.1	4.3	
Revenue Shortfall Reserve Fund - Part B	381,423	2.3	386,058	2.3	1.4	1.1	1.2	4.6	5.2	6.6	
WV DEP Trust	8,717	0.1	8,265	0.0	3.9	2.4	3.1	7.9	10.4		
WV DEP Agency	40,871	0.2	93,812	0.6	2.3	1.5	2.4	6.0			

## West Virginia Investment Management Board

Composite Asset Allocation & Performance Net of Fees

As of February 28, 2015

	Asset (\$000)	%	Performance %							
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	
Investment Pools Composite	16,960,235	100.00								
Total Equity Composite	8,601,511	50.72	5.56	2.63	1.97	8.10	13.52	13.03	7.74	
+/- Total Equity Policy Index (b)			(0.02)	0.31	0.10	0.73	1.08	1.35	1.21	
US Equity Composite	4,301,460	25.36	5.63	3.49	9.19	14.59	18.47	17.16	8.65	
+/- Russell 3000 Index			(0.16)	0.65	0.94	0.47	0.45	0.80	0.35	
Large Cap Composite	3,477,204	20.50	5.51	3.13	10.37	16.54	18.63	16.83	8.27	
+/- S&P 500 Index			(0.24)	0.82	1.52	1.03	0.63	0.65	0.28	
Non-Large Cap Composite	824,256	4.86	6.15	5.03	5.33	8.60	17.71	18.48	9.86	
+/- Russell 2500 Index			0.19	(0.17)	0.44	0.36	0.26	1.59	0.61	
International Equity Composite	4,300,051	25.36	5.48	1.67	(5.20)	1.51	8.55	8.78	7.37	
+/- MSCI AC World ex US IMI Index (c)			0.11	(0.09)	(0.92)	0.64	1.60	1.77	1.57	
Fixed Income Composite	3,398,295	20.04	(0.08)	0.55	1.34	3.97	3.76	4.98	4.94	
+/- Barclays Capital Universal (d)			0.50	(0.58)	(1.30)	(0.83)	0.57	0.29	(0.11)	
Core Fixed Income	1,052,843	6.21	(0.85)	1.24	3.18	4.99	3.30	5.00		
+/- Barclays Capital Aggregate			0.09	0.01	0.06	(0.06)	0.54	0.71		
Total Return Fixed Income	2,345,452	13.83	0.27	0.23	0.51	3.51	4.04	4.93	5.38	
+/- Barclays Capital Universal			0.85	(0.90)	(2.13)	(1.29)	0.85	0.24	0.35	
TIPS Composite	437,812	2.58	(1.18)	0.76	(0.27)	2.99	0.41	4.37		
+/- Barclays Capital U.S. TIPS			0.02	0.01	(0.07)	(0.12)	(0.01)	(0.05)		
Cash Composite	117,168	0.69	0.01	0.03	0.07	0.11	0.14	0.13	1.65	
+/- Citigroup 90 Day T-Bill (e)			0.01	0.03	0.06	0.09	0.00	(0.06)	0.01	
Private Equity Composite	1,391,854	8.21	1.11	0.64	4.16	14.53	12.10	14.38		
+/- Russell 3000 + 3% (f, g)								(6.16)		
Real Estate Composite	1,426,593	8.41	0.00	2.46	5.62	11.87	10.40	10.45		
+/- NCREIF + 1% (f)								(2.30)		
Hedge Fund Composite	1,587,002	9.35	1.14	2.38	4.70	6.15	7.59	6.48		
+/- HFRI FOF + 1% (h)			(0.68)	(0.15)	0.88	1.08	2.81	1.87		

**West Virginia Investment Management Board**

Participant Plans Allocation vs. Strategy

As of February 28, 2015

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

**Pension Assets**

Public Employees' Retirement System	27.6	27.5	27.8	27.5	14.3	15.0	9.9	10.0	10.1	10.0	10.2	10.0	0.1	0.0
Teachers' Retirement System	27.7	27.5	27.8	27.5	14.0	15.0	9.8	10.0	10.2	10.0	10.2	10.0	0.3	0.0
EMS Retirement System	27.6	27.5	27.7	27.5	14.6	15.0	9.8	10.0	9.9	10.0	10.1	10.0	0.3	0.0
Public Safety Retirement System	27.7	27.5	27.9	27.5	14.0	15.0	9.9	10.0	10.1	10.0	10.3	10.0	0.1	0.0
Judges' Retirement System	27.7	27.5	27.6	27.5	14.4	15.0	9.9	10.0	10.0	10.0	10.2	10.0	0.2	0.0
State Police Retirement System	27.5	27.5	27.6	27.5	14.6	15.0	9.8	10.0	9.9	10.0	10.1	10.0	0.5	0.0
Deputy Sheriffs' Retirement System	27.6	27.5	27.7	27.5	14.6	15.0	9.8	10.0	10.0	10.0	10.1	10.0	0.2	0.0
Municipal Police & Firefighter Retirement System	26.0	27.5	26.4	27.5	13.2	15.0	9.2	10.0	9.3	10.0	9.3	10.0	6.6	0.0
Municipal Model A	27.7	27.5	28.3	27.5	13.7	15.0	9.8	10.0	9.9	10.0	9.9	10.0	0.7	0.0

**Insurance Assets**

Workers' Compensation Old Fund	15.2	15.0	15.1	15.0	65.0	70.0	0.0	0.0	0.0	0.0	0.0	0.0	4.7	0.0
Workers' Comp. Self-Insured Guaranty Risk Pool	15.3	15.0	15.1	15.0	44.5	45.0	0.0	0.0	0.0	0.0	20.2	20.0	4.9	5.0
Workers' Comp. Self-Insured Security Risk Pool	15.2	15.0	14.8	15.0	44.9	45.0	0.0	0.0	0.0	0.0	20.2	20.0	4.9	5.0
Workers' Comp. Uninsured Employers Fund	15.3	15.0	15.0	15.0	39.6	40.0	0.0	0.0	0.0	0.0	20.2	20.0	9.9	10.0
Pneumoconiosis	15.2	15.0	15.1	15.0	44.7	45.0	0.0	0.0	0.0	0.0	20.3	20.0	4.7	5.0
Board of Risk & Insurance Mgmt.	15.2	15.0	14.8	15.0	44.5	45.0	0.0	0.0	0.0	0.0	20.5	20.0	5.0	5.0
Public Employees' Insurance Agency	15.2	15.0	15.2	15.0	49.4	50.0	0.0	0.0	0.0	0.0	20.2	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	27.6	27.5	27.7	27.5	14.7	15.0	9.9	10.0	10.0	10.0	10.1	10.0	0.0	0.0
AccessWV	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0

**Endowment Assets**

Wildlife Fund	27.6	27.5	27.8	27.5	14.7	15.0	9.8	10.0	10.0	10.0	10.0	10.0	0.1	0.0
Prepaid Tuition Trust	30.2	30.0	16.3	16.0	51.9	54.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6	0.0
Revenue Shortfall Reserve Fund	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Shortfall Reserve Fund - Part B	15.4	15.0	15.1	15.0	69.5	70.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WV DEP Trust	40.4	37.0	30.3	28.0	7.3	15.0	0.0	0.0	0.0	0.0	21.7	20.0	0.3	0.0
WV DEP Agency	19.8	20.0	19.5	20.0	39.1	40.0	0.0	0.0	0.0	0.0	19.5	20.0	2.1	0.0

## West Virginia Investment Management Board

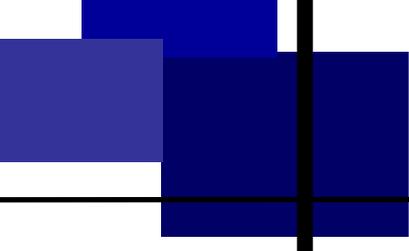
### Footnotes

As of February 28, 2015

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- (a) As of January 2014, the PERS Policy is 30% Russell 3000, 30% MSCI ACW ex USA (IMI), and 40% Barclays Capital Universal. From April 2008 to December 2013, the PERS Policy was 30% Russell 3000, 30% MSCI ACW ex USA (Standard), and 40% Barclays Capital Universal. Prior periods were 42% Russell 3000, 18% MSCI ACW ex USA, and 40% Barclays Capital Aggregate.
- (b) As of January 2014, the Total Equity Policy Index is 50% Russell 3000 and 50% MSCI ACW ex USA (IMI). From April 2008 to December 2013, the Total Equity Policy Index was 50% Russell 3000 and 50% MSCI ACW ex USA (Standard). Prior periods were 40% S&P 500, 30% Russell 2500, and 30% MSCI ACW ex USA.
- (c) Prior to January 2014, the index was the MSCI ACW ex USA (Standard).
- (d) Prior to April 2008, the index was Barclays Capital Aggregate.
- (e) Prior to January 2014, the index was Citigroup 90 Day T-Bill plus 15 basis points.
- (f) The Private Equity Composite and Real Estate Composite are long-term programs whose benchmarks are only reported for 5 years and beyond.
- (g) Prior to January 2014, the index was S&P 500 plus 500 basis points.
- (h) Prior to January 2014, the index was Libor plus 400 basis points.
- (i) Franklin Benchmark is 50% JPM EMBI Global Diversified and 50% JPM GBI EM Diversified.
- (j) Prior to April 2008, the index was a custom index.
- (k) Security Capital Benchmark is 40% Wilshire US REIT Index, 30% Wells Fargo Hybrid & Preferred Securities REIT Index, and 30% BC REIT Bond Index.
- (l) Oberweis replaced Pictet in February 2015. Performance reporting will start April 2015.

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



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

Joint Committee on Government & Finance

April 2015

*Provided by the West Virginia Offices of the Insurance Commissioner*

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## Introduction

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

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

Although belonging to the State of West Virginia, the administration of the Old Fund was initially placed via statute with BrickStreet. By January 2008, however, BrickStreet relinquished the administration of the Old Fund back to the State to be managed by the West Virginia Offices of the Insurance Commissioner. The West Virginia Offices of the Insurance Commissioner contracted with three Third Party Administrators (TPA's: Sedgwick Claims Management Services, Wells Fargo Disability Management, and American Mining Insurance Company) to ensure timely claim payments and proper claims management with the ultimate goal of claim resolution.

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:** State managed fund into which FBL premiums 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.

**Inactive FBL 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. Some variance in the number of reported "inactive" claims has occurred in the past due to one TPA holding active reserves on "inactive" claims. This has subsequently been rectified. Denied Old Fund FBL claims are closed administratively after 6 months, as the TPA's bill for claims management services monthly on an open claims basis.

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

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

**Non-FBL:** claim for benefits other than a Federal Black Lung award, i.e. all other claim types.

**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.)

**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.

**Partial Award:** claim for which benefits are being paid, but no official award has been made.

**Payment Agreement:** individual legal agreements that were made in order to settle a particular payment issue on a specific claim. These are different than your "standard" claim types, such as PTD or TPD. They identify a sub-set of claims that are not settled in the same philosophy that is practiced today. This normally references a situation in which a PT was granted years ago and the "onset" date was in litigation. A compromise was reached and a settlement was executed to the agreed up "onset" date. Although a settlement was executed, it was only applicable to an issue, not to the entire claim, so monthly payments continue to pay on these claims.

**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 into which premiums received are held, 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.

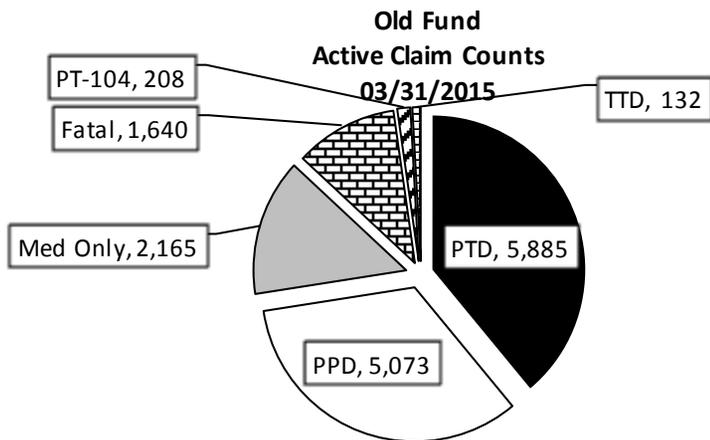
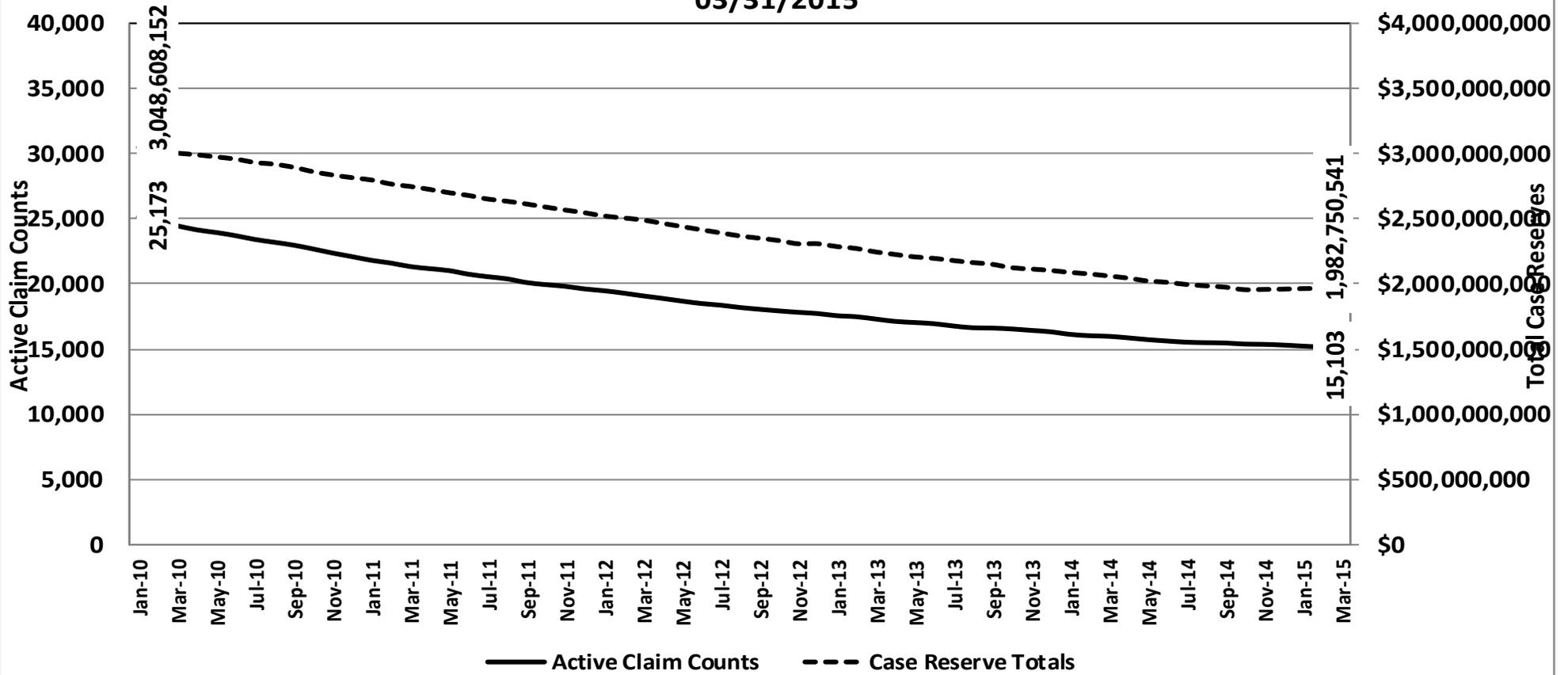
**Self-Insured Security Fund:** State managed fund into which premiums received are held, and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last exposure before 07/01/2004. This fund is limited 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.

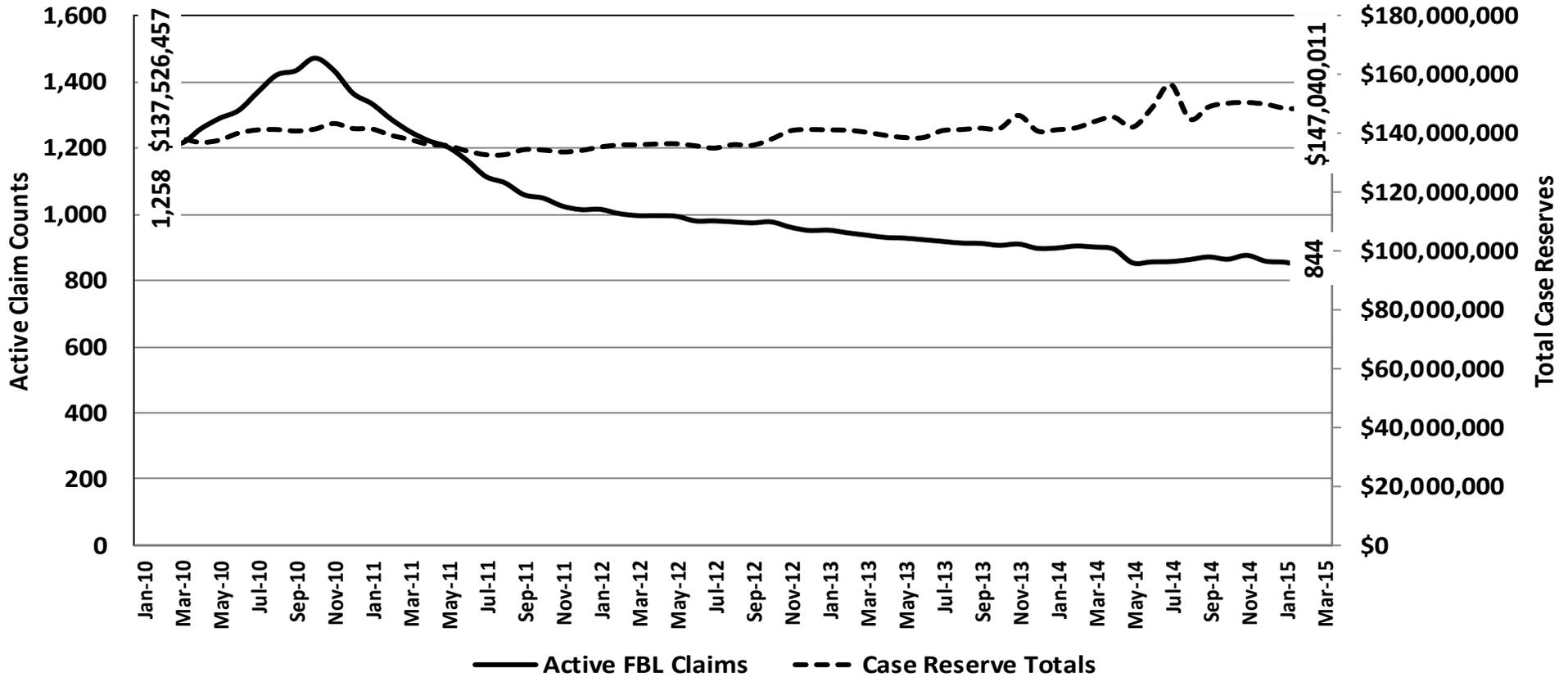
**Uninsured Fund:** State managed fund into which assessments to carriers or employers received are held, and out of which workers' compensation benefits may be paid to claimant employees of employers who were uninsured if the date of injury or date of last exposure is January 1, 2006 or later.

## Old Fund Active Claim Counts and Case Reserves 03/31/2015

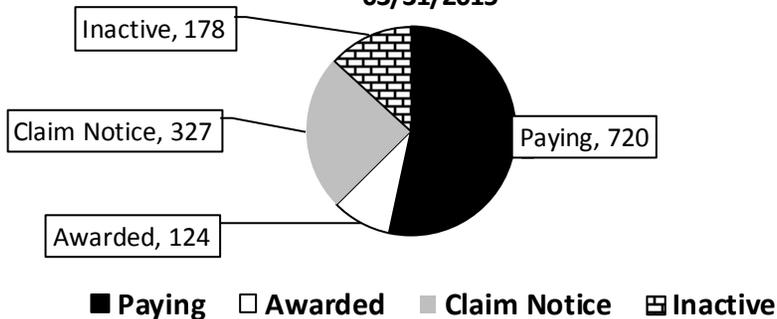


- Agreements** – a legal agreement to settle a payment issue
- Fatal** – worker died due to injury or illness
- Med Only** – payment of medical benefits without wage replacement
- OP/OD** - Occupational Pneumoconiosis or Occupational Disease
- Partial Awd** – benefits being paid without official awards
- PPD** - Permanent Partial Disability; unlikely to improve with treatment
- PTD** - Permanent Total Disability; unable to engage in employment
- TPD** - Temporary Partial Disability released to work with restrictions
- TTD** - Temporary Total Disability; unable to engage in employment

### CWP Fund (FBL) Active Claim Counts and Case Reserves 03/31/2015



**CWP Fund (FBL)  
Active and Inactive Claims  
03/31/2015**



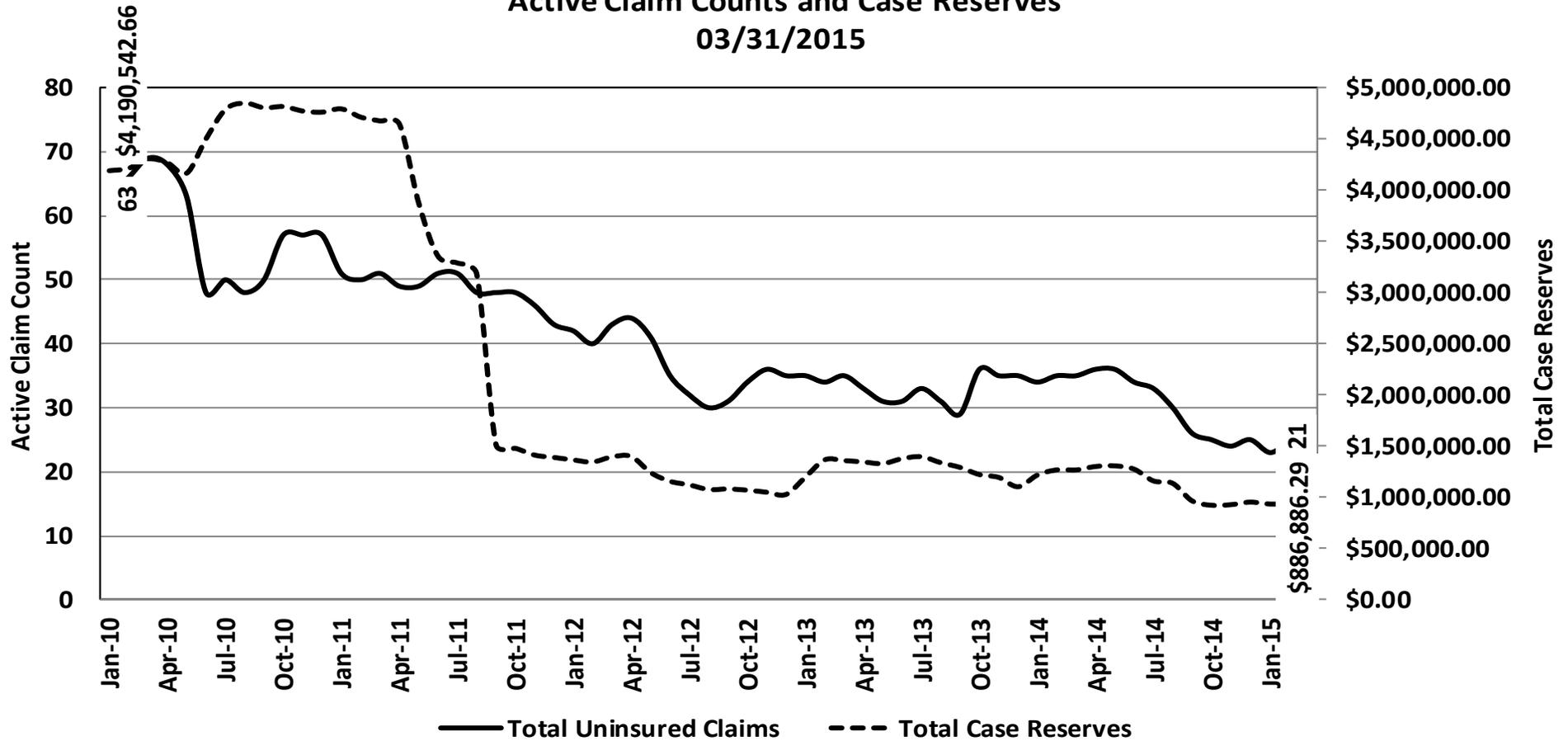
**Active** – Benefits being paid to claimant/beneficiary

**CWP Fund** - Coal Worker's Pneumoconiosis; miners/beneficiaries disabled or deceased

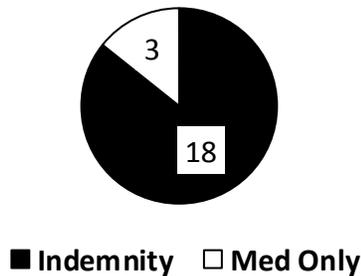
**FBL** - Occupational Pneumoconiosis (Black Lung) under Title IV of the federal Coal Mine Health and Safety Act of 1969, i.e. Federal Black lung, or FBL.

**Inactive** – claim for which an award was sought, but not afforded. Federal statutes permit an appeal, so claim may be reopened

## Uninsured Fund Active Claim Counts and Case Reserves 03/31/2015



**Uninsured Fund  
Active Claim Counts  
03/31/2015**



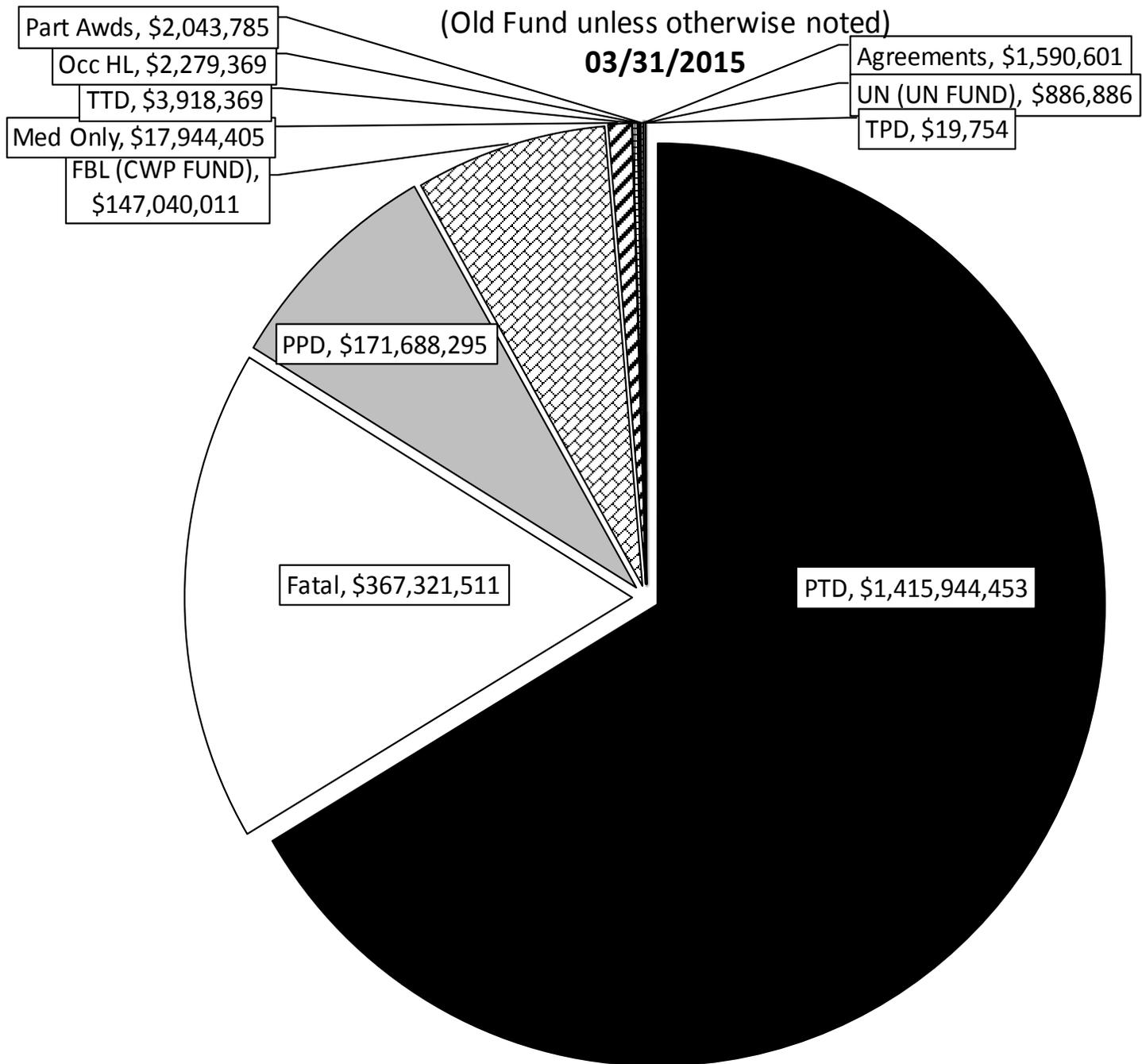
**Indemnity** – statutory wage replacement and medical benefits awarded

**Med Only** – payment of medical benefits without wage replacement

**Uninsured (Employer’s) Fund** - (UEF) established January 1, 2006 to provide worker’s compensation benefits to injured workers of uninsured WV employers. 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.

**Total Case Reserves by Fund**  
(Old Fund unless otherwise noted)

**03/31/2015**



OLD FUND CASH STATEMENT

March 31, 2015

	Three Year History for years ended:					
	YTD FY2015	YTD FY2014	Change	FY2014	FY2013	FY2012
<b>Cash Beginning Balances</b>	<b>1,190,142,811</b>	<b>1,061,595,681</b>	<b>128,547,130</b>	<b>1,061,595,681</b>	<b>942,505,408</b>	<b>943,172,539</b>
<b>Revenues</b>						
Personal Income Tax	63,600,000	63,600,000	-	95,400,000	95,400,000	95,400,000
Severance Tax	88,278,156	74,923,433	13,354,723	109,467,900	94,562,969	93,947,355
Debt Reduction Surcharge	25,840,097	26,623,554	(783,457)	34,138,820	36,853,941	39,758,082
Self-Insured Debt Reduction Surcharge	6,677,093	6,281,708	395,385	8,493,207	8,733,494	9,620,197
Video Lottery	8,562,057	11,000,000	(2,437,943)	11,000,000	11,000,000	11,000,000
Employer Premium	182,815	120,979	61,836	284,075	335,102	575,167
Other Income - Return of Unclaimed Property	1,749	80,786	(79,037)	92,953	48,332	202,103
<b>Operating Revenues</b>	<b>193,141,967</b>	<b>182,630,460</b>	<b>10,511,508</b>	<b>258,876,955</b>	<b>246,933,837</b>	<b>250,502,904</b>
Investment / Interest Earnings (Losses)	24,427,226	38,369,514	(13,942,287)	67,734,120	77,380,803	18,284,929
<b>Total Revenues</b>	<b>217,569,194</b>	<b>220,999,973</b>	<b>(3,430,780)</b>	<b>326,611,075</b>	<b>324,314,640</b>	<b>268,787,833</b>
<b>Expenditures</b>						
Claims Benefits Paid:						
Medical	20,834,428	23,621,986	(2,787,558)	31,791,671	33,512,816	39,226,318
Permanent Total Disability	79,315,812	83,990,769	(4,674,957)	111,490,282	118,396,619	124,963,432
Permanent Partial Disability	299,363	573,063	(273,700)	720,723	1,137,910	1,822,571
Temporary Disability	-	-	-	7,741	59,227	188,666
Fatales	19,249,793	19,777,528	(527,735)	26,407,057	26,966,847	28,139,830
104 weeks death benefit	4,436,200	4,378,983	57,217	6,200,020	6,670,578	6,729,656
Settlements	10,077,279	5,976,664	4,100,615	9,136,495	9,011,730	56,164,626
Loss Adjustment Expenses	1,479,497	985,225	494,271	1,467,221	998,774	2,333,885
Total	135,692,372	139,304,218	(3,611,846)	187,221,209	196,754,501	259,568,984
Less: Claims credits and overpayments	1,432,052	2,328,358	(896,306)	3,265,629	4,617,178	8,161,625
Total Benefits Paid	134,260,320	136,975,859	(2,715,539)	183,955,580	192,137,323	251,407,359
Administrative Expenses	5,894,358	11,038,387	(5,144,029)	14,108,365	13,087,043	18,047,605
<b>Total Expenditures</b>	<b>140,154,678</b>	<b>148,014,246</b>	<b>(7,859,568)</b>	<b>198,063,945</b>	<b>205,224,366</b>	<b>269,454,964</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>77,414,516</b>	<b>72,985,728</b>	<b>4,428,789</b>	<b>128,547,130</b>	<b>119,090,274</b>	<b>(667,131)</b>
<b>Cash Ending Balances</b>	<b>1,267,557,327</b>	<b>1,134,581,409</b>	<b>132,975,918</b>	<b>1,190,142,811</b>	<b>1,061,595,681</b>	<b>942,505,408</b>

Note: The purpose of the report is to enhance the user's ability to monitor the cash activities of the Old Fund. The Old Fund assets consist of the Old Fund cash, IMB and BTI Investment accounts and any deposits in transit from the Debt Reduction Fund. The liabilities of the Old Fund consist of the worker's compensation claims and related expenses for all claims, actual and incurred but not reported for claims with dates of injury on or before June 30, 2005. This report is intended to provide a summary of the cash based transactions related to the Fund's assets and liabilities and is not an accrual based presentation. The Old Fund Cash Statement is unaudited information.

COAL WORKERS PNEUMOCONIOSIS FUND

March 31, 2015

	YTD FY2015	YTD FY2014	Change	Three Year History for years ended:		
				FY2014	FY2013	FY2012
<b>Cash Beginning Balances</b>	<b>267,173,190</b>	<b>266,720,430</b>	<b>452,760</b>	<b>266,720,430</b>	<b>254,523,752</b>	<b>262,926,105</b>
<b>Revenues</b>						
Investment Earnings (Losses)	7,427,363	11,729,629	(4,302,267)	17,915,475	24,801,113	2,745,783
<b>Total Revenues</b>	<b>7,427,363</b>	<b>11,729,629</b>	<b>(4,302,267)</b>	<b>17,915,475</b>	<b>24,801,113</b>	<b>2,745,783</b>
<b>Expenditures</b>						
Payment of Claims	9,372,642	14,388,241	(5,015,599)	17,376,923	12,550,216	11,131,012
Contractual / Professional	687,108	6,594	680,515	85,747	53,287	17,124
Legal	-	-	-	-	932	-
General and Administrative	225	45	180	45	-	-
<b>Total Expenditures</b>	<b>10,059,975</b>	<b>14,394,879</b>	<b>(4,334,905)</b>	<b>17,462,715</b>	<b>12,604,435</b>	<b>11,148,136</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(2,632,612)</b>	<b>(2,665,250)</b>	<b>32,638</b>	<b>452,760</b>	<b>12,196,678</b>	<b>(8,402,353)</b>
<b>Cash Ending Balances</b>	<b>264,540,578</b>	<b>264,055,180</b>	<b>485,398</b>	<b>267,173,190</b>	<b>266,720,430</b>	<b>254,523,752</b>

Note: The Coal Worker's Pneumoconiosis Fund (CWP Fund) ceased operations December 31, 2005 and is in run-off status under the administrative oversight of the Insurance Commissioner. Established in 1973, the CWP Fund existed to provide insurance coverage to companies for liabilities incurred as a result of the Federal Coal Mine Health and Safety Act of 1969. Participation in the CWP Fund was voluntary for employers. The current revenues of the CWP Fund are limited to the earnings from invested assets. 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  
March 31, 2015

	YTD FY2015	YTD FY2014	Change	Three Year History for years ended:		
				FY2014	FY2013	FY2012
<b>Cash Beginning Balances</b>	15,603,319	14,815,337	787,982	14,815,337	10,829,975	9,744,809
<b>Revenues</b>						
Guaranty Risk Pool Assessments	50,242	88,703	(38,461)	124,520	851,410	1,093,066
Collateral Proceeds	-	-	-	-	2,399,380	-
Investment Earnings (Losses)	438,620	667,463	(228,843)	1,027,230	1,186,338	125,813
<b>Total Revenues</b>	<b>488,863</b>	<b>756,165</b>	<b>(267,303)</b>	<b>1,151,751</b>	<b>4,437,128</b>	<b>1,218,879</b>
<b>Expenditures</b>						
Payment of Claims	225,988	204,979	21,009	255,607	332,894	28,466
Contractual / Professional	24,846	54,037	(29,191)	107,348	92,122	105,247
Legal	-	815	(815)	815	26,750	-
<b>Total Expenditures</b>	<b>250,834</b>	<b>259,831</b>	<b>(8,997)</b>	<b>363,769</b>	<b>451,765</b>	<b>133,713</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>238,029</b>	<b>496,334</b>	<b>(258,306)</b>	<b>787,981</b>	<b>3,985,363</b>	<b>1,085,166</b>
<b>Cash Ending Balances</b>	<b>15,841,348</b>	<b>15,311,672</b>	<b>529,675</b>	<b>15,603,319</b>	<b>14,815,337</b>	<b>10,829,975</b>

The Self-Insured Guaranty Risk Pool covers the claims liabilities of bankrupt or defaulted self-insured employers with dates of injury subsequent to July 1, 2004. The revenues of the Self-Insured Guaranty Fund are comprised of the guaranty risk pool assessments levied on all self-insured employers and the earnings on invested assets. The Self Insured Guaranty Cash Statement is unaudited information.

SELF-INSURED SECURITY RISK POOL  
March 31, 2015

	YTD FY2015	YTD FY2014	Change	Three Year History for years ended:		
				FY2014	FY2013	FY2012
<b>Cash Beginning Balances</b>	<b>7,137,316</b>	<b>6,754,601</b>	<b>382,715</b>	<b>6,754,601</b>	<b>203,518</b>	<b>205,705</b>
<b>Revenues</b>						
Security Risk Pool Assessments	2,331,677	954,279	1,377,399	1,072,311	2,575,705	-
Collateral Proceeds	-	-	-	-	4,657,620	-
Investment Earnings (Losses)	213,044	6	213,037	151,334	-	-
<b>Total Revenues</b>	<b>2,544,721</b>	<b>954,285</b>	<b>1,590,436</b>	<b>1,223,645</b>	<b>7,233,325</b>	<b>-</b>
<b>Expenditures</b>						
Payment of Claims	547,319	609,381	(62,063)	789,254	530,804	2,187
Contractual / Professional	31,404	39,228	(7,824)	48,446	60,413	-
Legal	96	2,905	(2,809)	3,230	91,025	-
<b>Total Expenditures</b>	<b>578,819</b>	<b>651,515</b>	<b>(72,696)</b>	<b>840,930</b>	<b>682,242</b>	<b>2,187</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>1,965,902</b>	<b>302,770</b>	<b>1,663,132</b>	<b>382,715</b>	<b>6,551,083</b>	<b>(2,187)</b>
<b>Cash Ending Balances</b>	<b>9,103,219</b>	<b>7,057,371</b>	<b>2,045,847</b>	<b>7,137,316</b>	<b>6,754,601</b>	<b>203,518</b>

The Self-Insured Security Risk Pool is liable for the worker's compensation claims of bankrupt or defaulted self-insured employers with dates of injury prior to July 1, 2004. However, the obligations of this Fund are limited to the exposures of self-insured employers who default subsequent to December 31, 2005. The Self Insured Security Cash Statement is unaudited information.

UNINSURED EMPLOYERS FUND  
March 31, 2015

	YTD FY2015	YTD FY2014	Change	Three Year History for years ended:		
				FY2014	FY2013	FY2012
<b>Cash Beginning Balances</b>	<b>11,714,178</b>	<b>10,801,353</b>	<b>912,825</b>	<b>10,801,353</b>	<b>9,574,065</b>	<b>9,086,330</b>
<b>Revenues</b>						
Fines and Penalties	538,629	584,867	(46,238)	768,532	747,771	948,896
Investment Earnings (Losses)	291,343	443,233	(151,890)	682,644	871,603	99,906
<b>Total Revenues</b>	<b>829,972</b>	<b>1,028,100</b>	<b>(198,128)</b>	<b>1,451,176</b>	<b>1,619,374</b>	<b>1,048,802</b>
<b>Expenditures</b>						
Payment of Claims	560,017	230,008	330,008	286,421	262,002	553,676
Contractual/Professional	8,823	23,606	(14,783)	26,825	15,024	7,392
General and Administrative	30	90	(60)	105	60	-
Insurance	110,000	115,000	(5,000)	225,000	115,000	-
<b>Total Expenditures</b>	<b>678,870</b>	<b>368,705</b>	<b>310,165</b>	<b>538,351</b>	<b>392,086</b>	<b>561,067</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>151,102</b>	<b>659,395</b>	<b>(508,293)</b>	<b>912,825</b>	<b>1,227,288</b>	<b>487,735</b>
<b>Cash Ending Balances</b>	<b>11,865,280</b>	<b>11,460,748</b>	<b>404,532</b>	<b>11,714,178</b>	<b>10,801,353</b>	<b>9,574,065</b>

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 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.

# OFFICE OF JUDGES

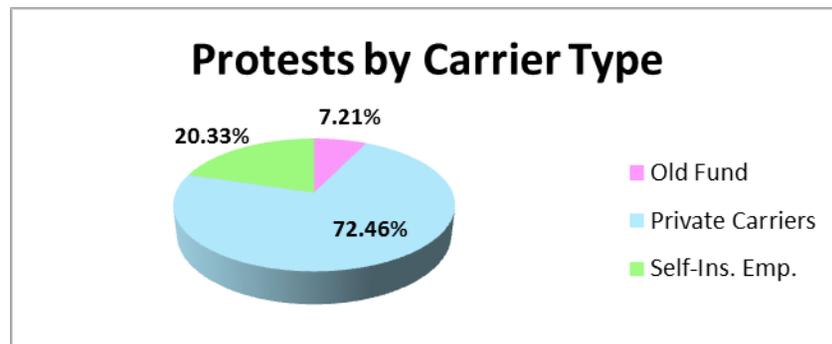
## STATISTICAL ANALYSIS

Protests Acknowledged:	<u>2014</u>	<u>Mar.</u>	<u>2015</u>
	4090	305	823

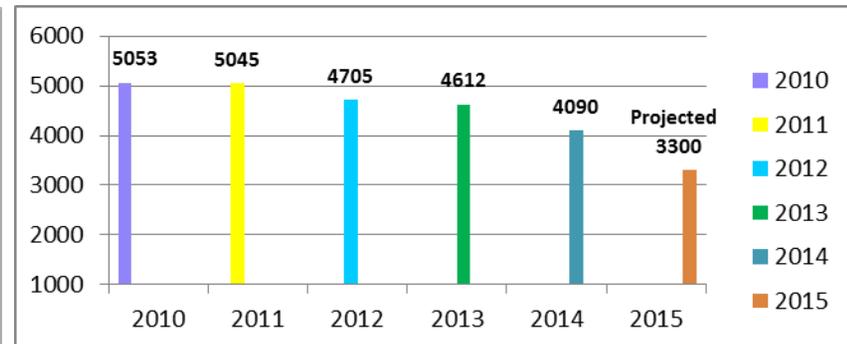
FUND	2014	% of Protests	Mar. '15	% of Protests	2015	% of Protests
Old Fund	348	8.51%	22	7.21%	69	8.38%
Private Carriers	3048	74.52%	221	72.46%	621	75.46%
Self-Insured Employers	694	16.97%	62	20.33%	133	16.16%
<b>Subtotal</b>	<b>4090</b>		<b>305</b>		<b>823</b>	
Temporary Category	615		51		114	
<b>Total</b>	<b>4705</b>		<b>356</b>		<b>937</b>	

Source: AIMS Database Reports

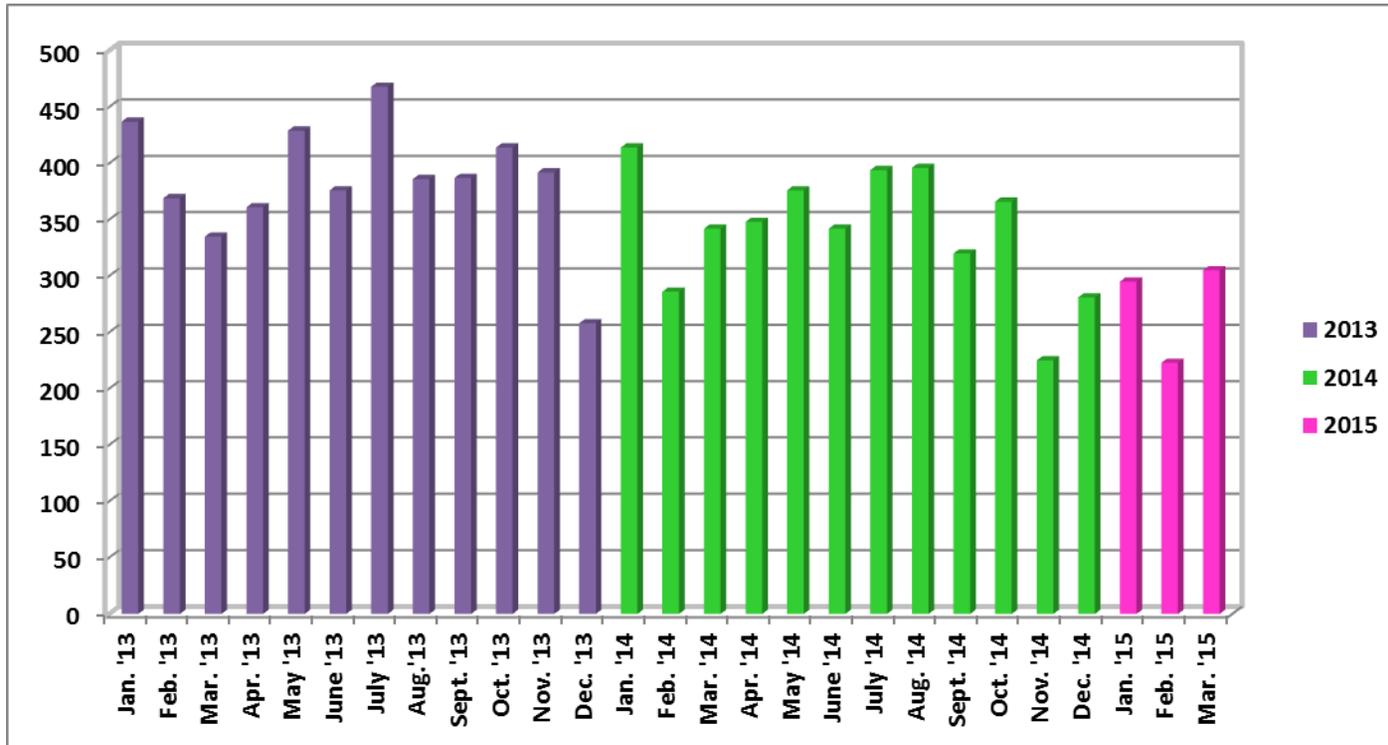
Protests Acknowledged in March 2015  
by Carrier Type



Protests Acknowledged by Year



## PROTEST COMPARISON BY MONTH/YEAR



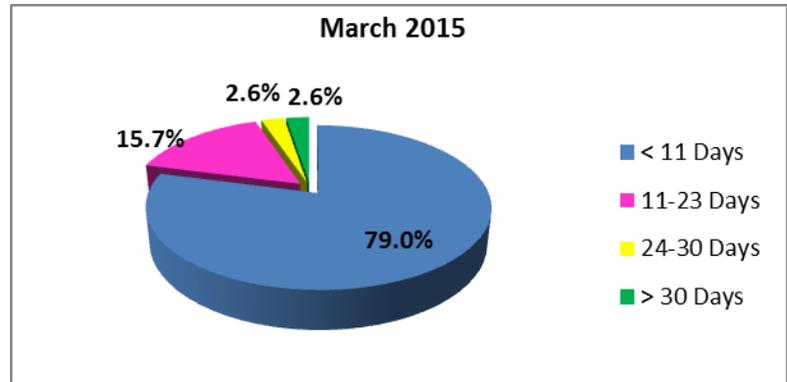
## PROTEST ACKNOWLEDGMENTS – MARCH 2015

Description	Acknowledged	Days to Acknowledgement							
		> 30 Days		30 - 24		23 - 11		<11	
		Count	%	Count	%	Count	%	Count	%
<b>BENEFIT RATE</b>	Total: 1	0	0	0	0	0	0	1	100
CBR-CL PRSTS BEN RATE	1	0	0	0	0	0	0	1	100
<b>COMPENSABILITY</b>	Total: 47	2	4	2	4	12	25	31	65
CCS-CL SEC.CONDITION	13	0	0	0	0	1	7	12	92
CHC-CL COMPENSABILITY	1	0	0	0	0	0	0	1	100
CIS-CL SI SEC.CONDITION	3	1	33	0	0	0	0	2	66
CPI-CL SI REJECT CLAIM	4	1	25	0	0	3	75	0	0
CPJ-CL REJECT CLAIM	21	0	0	2	9	6	28	13	61
CQR-CL SI REJ OCCDISEASE	1	0	0	0	0	0	0	1	100
CRZ-CL REJ OCC DISEASE	4	0	0	0	0	2	50	2	50
<b>DEP BEN FATAL</b>	Total: 9	0	0	0	0	4	44	5	55
CDF-CL DENY/GRNT DTH BEN	5	0	0	0	0	1	20	4	80
CIF-CL SI DY/GNT DTH BEN	3	0	0	0	0	2	66	1	33
EDF-EM DENY/GRNT DTH BEN	1	0	0	0	0	1	100	0	0
<b>FAILURE TO ACT 15 DAY</b>	Total: 5	1	20	0	0	4	80	0	0
C01-CL FTA INJ COMPENSAB	1	1	100	0	0	0	0	0	0
C03-CL FTA TREATMENT	3	0	0	0	0	3	100	0	0
FTA Diagnosis Update-FTA DIAGNOSIS UPATE	1	0	0	0	0	1	100	0	0
<b>FAILURE TO ACT 30 DAY</b>	Total: 1	0	0	0	0	0	0	1	100
C7E-CL FTA CPLY OJ/BR/SC	1	0	0	0	0	0	0	1	100
<b>OP NON-MED</b>	Total: 4	0	0	0	0	0	0	4	100
CIR-CL SI NON-MED ORDER	2	0	0	0	0	0	0	2	100
CNR-CL NON-MED ORDER	2	0	0	0	0	0	0	2	100
<b>OPBD</b>	Total: 14	0	0	0	0	2	14	12	85
CAO-CL ADD BOARD FINDING	4	0	0	0	0	0	0	4	100
CBF-CL % BOARD FINDING	5	0	0	0	0	0	0	5	100
CSF-CL% SI BOARD FINDING	2	0	0	0	0	0	0	2	100
CSO-CL SI AD.BRD FINDING	2	0	0	0	0	2	100	0	0
EBF-EM % BOARD FINDING	1	0	0	0	0	0	0	1	100
<b>PPD</b>	Total: 82	1	1	0	0	12	14	69	84
CAA-CL ADDL % AWARD D/G	5	0	0	0	0	0	0	5	100
CAD-CL % AWARD DENY/GRNT	66	1	1	0	0	11	16	54	81
CIG-CL SI %AWARD DNY/GNT	11	0	0	0	0	1	9	10	90
<b>REHABILITATION</b>	Total: 4	0	0	0	0	0	0	4	100

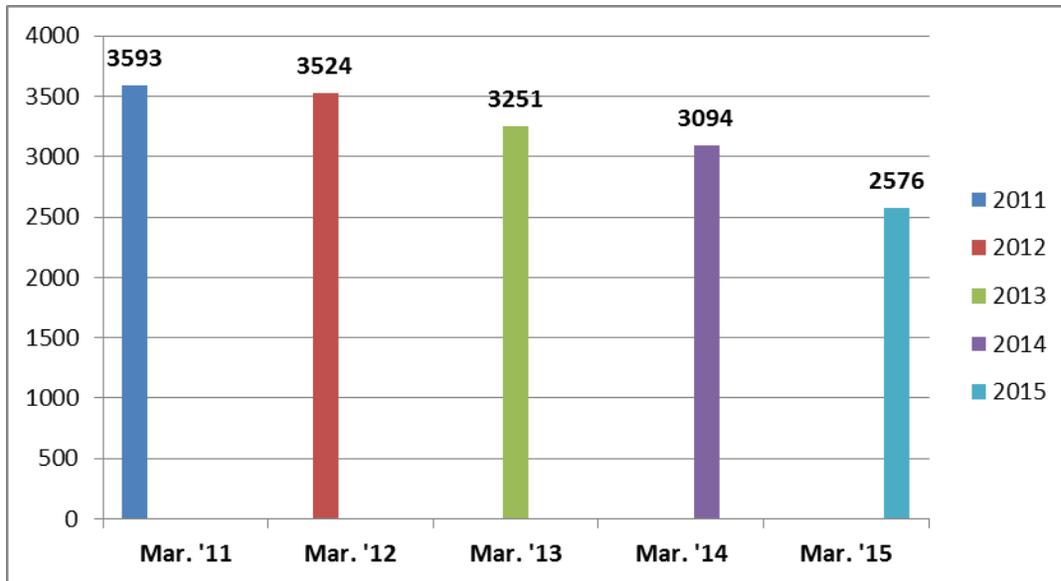
Description	Acknowledged	Days to Acknowledgement							
		> 30 Days		30 - 24		23 - 11		<11	
		Count	%	Count	%	Count	%	Count	%
CPB-CL GRNT/DNY VOC REHA	2	0	0	0	0	0	0	2	100
CPV-CL DY/GRNT REHAB PLN	2	0	0	0	0	0	0	2	100
REOPENING	Total: 14	0	0	0	0	2	14	12	85
CIQ-CL SI DY/GNT R/O PPD	2	0	0	0	0	0	0	2	100
CIY-CL SI DY/GNT R/O TTD	2	0	0	0	0	0	0	2	100
CJV-CL DNY/GRNT R/O PPD	6	0	0	0	0	1	16	5	83
CRD-CL DENY/GRNT R/O TTD	4	0	0	0	0	1	25	3	75
SPECIAL CATEGORY	Total: 9	0	0	0	0	1	11	8	88
C1I-CL SI SL CATEGORY	1	0	0	0	0	0	0	1	100
CNW-CL SPL CATEGORY	8	0	0	0	0	1	12	7	87
TRMT/EQUIP CL	Total: 92	4	4	4	4	11	11	73	79
CBX-CL TRMT DENY	66	1	1	3	4	10	15	52	78
CED-CL EQUIP DENY/GRANT	1	0	0	0	0	0	0	1	100
CIH-CL SI AUT/RPR HA D/G	1	1	100	0	0	0	0	0	0
CSX-CL SI TRMT DENY	24	2	8	1	4	1	4	20	83
TTD	Total: 23	0	0	2	8	0	0	21	91
CCC-CL CLOSING THE CLAIM	17	0	0	1	5	0	0	16	94
CIC-CL SI CLSING THE CLM	3	0	0	1	33	0	0	2	66
CIJ-CL SI TTD	1	0	0	0	0	0	0	1	100
CJS-CL TTD	1	0	0	0	0	0	0	1	100
CPX-CL INITIAL TTD	1	0	0	0	0	0	0	1	100
<b>TOTALS:</b>	<b>305</b>	<b>8</b>	<b>2.6</b>	<b>8</b>	<b>2.6</b>	<b>48</b>	<b>15.7</b>	<b>241</b>	<b>79.0</b>

## PROTEST ACKNOWLEDGMENT TIMELINESS

Acknowledgment Timeliness	2014	Mar.'15	2015
Protest Ack. < 11 Days	81.7%	79.0%	77.6%
Protest Ack. 11 – 23 Days	12.1%	15.7%	16.5%
Protest Ack. 24 – 30 Days	1.9%	2.6%	2.2%
Protest Ack. > 30 Days	4.3%	2.6%	3.6%



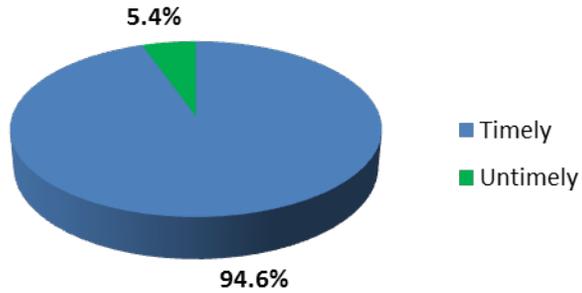
## PENDING CASELOAD COMPARISON BY MONTH/YEAR



Pending as of April 1, 2015	2576
Pending 1 Month Before	2634
Pending 2 Months Before	2740
Pending 3 Months Before	2776
Pending 6 Months Before	2989
Pending 12 Months Before	3094

## TIME STANDARD COMPLIANCE

Time Standard Compliance  
March 2015



2014	March	2015
94.1%	94.6%	94.5%

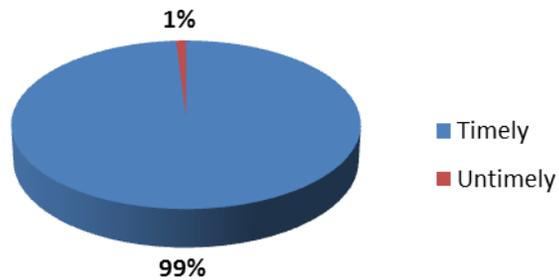
Time Standard Compliance – March 2015

Time Standard Compliance	Issues		Timely		Late	
	Resolved	Count	%	Count	%	
BENEFIT OVERPAYMENT	1	1	100	0	100	
COMPENSABILITY	15	10	66.7	5	66.7	
DEP BEN FATAL	4	4	100	0	100	
OP NON-MED	4	4	100	0	100	
OPBD	5	5	100	0	100	
PPD	46	46	100	0	100	
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	1	1	100	0	100	
REHABILITATION	2	2	100	0	100	
REOPENING	2	2	100	0	100	
TRMT/EQUIP CL	22	21	95.5	1	95.5	
TTD	9	9	100	0	100	
<b>TOTALS:</b>	<b>111</b>	<b>105</b>	<b>94.6</b>	<b>6</b>	<b>5.4</b>	

## MOTION RESOLUTION COMPLIANCE

2014	March	2015
98.5%	99.0%	98.3%

Motion Compliance  
March 2015



Motion Resolution Compliance – March 2015

Motion Compliance	Total	TIMELY		UNTIMELY	
	Motions	Count	%	Count	%
APPLICATION THRESHOLD	3	3	100	0	0
BENEFIT OVERPAYMENT	1	1	100	0	0
BENEFIT RATE	3	3	100	0	0
COMPENSABILITY	172	172	100	0	0
DEP BEN FATAL	10	10	100	0	0
FAILURE TO ACT 15 DAY	7	7	100	0	0
FAILURE TO ACT 30 DAY	3	3	100	0	0
OP NON-MED	8	8	100	0	0
OPBD	34	33	97.1	1	2.9
PPD	157	154	98.1	3	1.9
PTD ENTITLEMENT	2	2	100	0	0
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	2	1	50	1	50
REHABILITATION	2	2	100	0	0
REOPENING	24	24	100	0	0
SPECIAL CATEGORY	10	10	100	0	0
TRMT/EQUIP CL	206	205	99.5	1	0.5
TTD	65	64	98.5	1	1.5
<b>TOTALS:</b>	<b>709</b>	<b>702</b>	<b>99.0</b>	<b>7</b>	<b>1.0</b>

# PROTEST RESOLUTIONS

<b>Protests Resolved:</b>	<b>Mar. 2015</b>	<b>2015</b>
<b>Protests Decided</b>	<b>232</b>	<b>640</b>
<b>Protest Withdrawals</b>	<b>65</b>	<b>188</b>
<b>"No Evidence" Dismissals</b>	<b>41</b>	<b>131</b>

## Resolution of Issues – March 1, 2015 through March 31, 2015

Time Standard	Decisions		REVERSED		AFFIRMED		AFFIRMED by RULE		DISMISSED		MODIFIED		MOOT		OTHER		REMADED	
	Issued	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	
APPLICATION THRESHOLD	2	0	0	0	0	0	0	2	100	0	0	0	0	0	0	0	0	0
BENEFIT OVERPAYMENT	3	1	33.3	1	33.3	1	33.3	0	0	0	0	0	0	0	0	0	0	0
BENEFIT RATE	1	0	0	0	0	0	0	1	100	0	0	0	0	0	0	0	0	0
COMPENSABILITY	76	26	34.2	34	44.7	3	3.9	11	14.5	2	2.6	0	0	0	0	0	0	0
DEP BEN FATAL	5	0	0	5	100	0	0	0	0	0	0	0	0	0	0	0	0	0
FAILURE TO ACT 15 DAY	5	0	0	0	0	0	0	4	80	0	0	1	20	0	0	0	0	0
FAILURE TO ACT 30 DAY	2	0	0	0	0	0	0	2	100	0	0	0	0	0	0	0	0	0
OP NON-MED	7	1	14.3	4	57.1	0	0	2	28.6	0	0	0	0	0	0	0	0	0
OPBD	14	2	14.3	3	21.4	3	21.4	5	35.7	1	7.1	0	0	0	0	0	0	0
PPD	104	12	11.5	30	28.8	23	22.1	37	35.6	1	1	0	0	0	0	1	1	1
PTD ENTITLEMENT	3	1	33.3	0	0	1	33.3	1	33.3	0	0	0	0	0	0	0	0	0
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	1	0	0	1	100	0	0	0	0	0	0	0	0	0	0	0	0	0
REHABILITATION	3	1	33.3	1	33.3	1	33.3	0	0	0	0	0	0	0	0	0	0	0
REOPENING	12	4	33.3	6	50	0	0	2	16.7	0	0	0	0	0	0	0	0	0
SPECIAL CATEGORY	10	1	10	7	70	1	10	0	0	1	10	0	0	0	0	0	0	0
TRMT/EQUIP CL	84	22	26.2	32	38.1	6	7.1	18	21.4	4	4.8	2	2.4	0	0	0	0	0
TTD	33	12	36.4	10	30.3	2	6.1	9	27.3	0	0	0	0	0	0	0	0	0
<b>TOTALS:</b>	<b>365</b>	<b>83</b>	<b>22.7</b>	<b>134</b>	<b>36.7</b>	<b>41</b>	<b>11.2</b>	<b>94</b>	<b>25.8</b>	<b>9</b>	<b>2.5</b>	<b>3</b>	<b>0.8</b>	<b>0</b>	<b>0.0</b>	<b>1</b>	<b>0.3</b>	

## FINAL DECISION TIMELINESS

Final Decision Timeliness:	2014	Mar. 2015	2015
< 30 Days	25.4%	33.8%	27.7%
30 – 60 Days	62.7%	54.7%	60.8%
60 – 90 Days	9.8%	11.1%	10.5%
>90 Days	2.1%	0.4%	1.1%

### Final Decision Compliance – March 1, 2015 through March 31, 2015

Time Standard	Days to Decision								
	Issues Resolved	< 30 Days		30 - 60		61 - 90		Over 90	
	Count	Count	%	Count	%	Count	%	Count	%
BENEFIT OVERPAYMENT	2	0	0	1	0	1	0	0	0
COMPENSABILITY	61	23	0	30	0	8	0	0	0
DEP BEN FATAL	5	3	0	2	0	0	0	0	0
FAILURE TO ACT 30 DAY	2	1	0	0	0	1	0	0	0
OP NON-MED	6	3	0	3	0	0	0	0	0
OPBD	5	1	0	3	0	1	0	0	0
PPD	44	14	0	21	0	9	0	0	0
PTD ENTITLEMENT	1	0	0	0	0	0	0	1	100
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	2	1	0	1	0	0	0	0	0
REHABILITATION	2	0	0	2	100	0	0	0	0
REOPENING	10	2	0	6	0	2	0	0	0
SPECIAL CATEGORY	9	6	0	3	0	0	0	0	0
TRMT/EQUIP CL	63	18	0	42	0	3	0	0	0
TTD	22	7	0	14	0	1	0	0	0
<b>TOTALS:</b>	<b>234</b>	<b>79</b>	<b>33.8</b>	<b>128</b>	<b>54.7</b>	<b>26</b>	<b>11.1</b>	<b>1</b>	<b>0.4</b>

## FAILURE TO TIMELY ACT PROCESS

<b>Failure to Timely Act Process</b>	
<b>Petitions Filed 1/1/15 through 3/31/2015</b>	
<b>Filed:</b>	<b>30</b>
<b>Denied/Dismissed:</b>	<b>15</b>
<b>Reports to OIC:</b>	<b>12</b>
<b>Pending:</b>	<b>26</b>
<i>(Resolutions/Pending include petitions filed from previous year)</i>	

## EXPEDITED HEARING PROCESS

YEAR	MONTHLY TOTAL FOR MARCH	YEARLY TOTAL
2012	18	113
2013	11	173
2014	10	161
2015	15	38

## PETITIONS FOR ATTORNEY FEES

### Petitions for Attorney Fees & Costs WV Code §23-5-16(c)

Petitions Received 1/1/2015 through 3/31/2015	<b>18</b>
Granted	<b>11</b>
Denied	<b>6</b>
Pending	<b>0</b>
Other ( <i>Forwarded to BOR</i> )	<b>1</b>
<i>(Grants include petitions filed prior to 1/1/15)</i>	

### Petitions for Attorney Fees for Unreasonable Denial WV Code §23-2C-21(c)

Petitions Received 1/1/2015 through 3/31/2015	<b>4</b>
Granted	
Denied on face	<b>1</b>
Denied by ALJ decision	
Withdrawn (including settlements)	
Pending	<b>3</b>

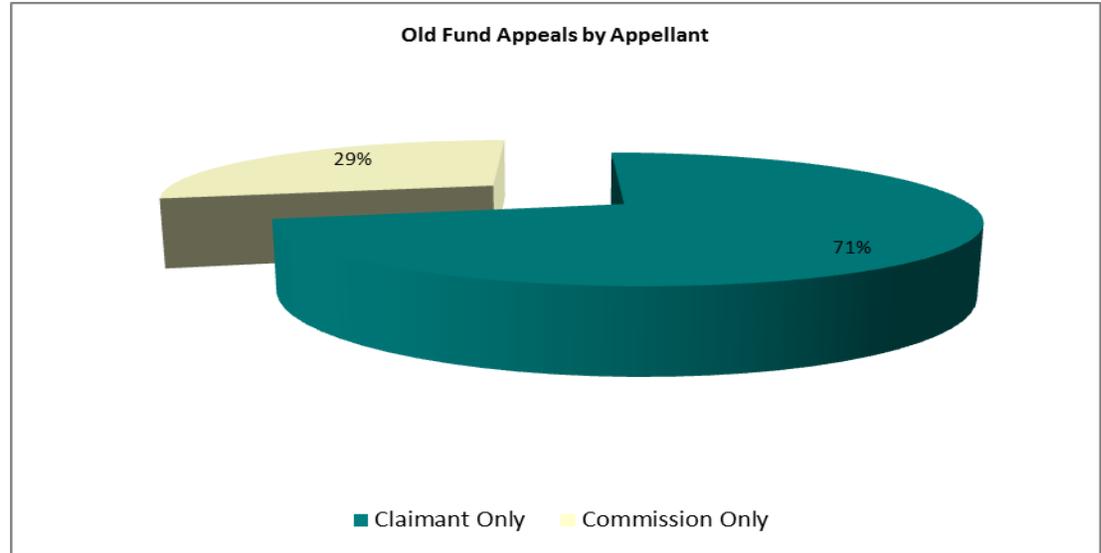
# BOARD OF REVIEW

Appeals Received

From March 1, 2015 thru March 31, 2015

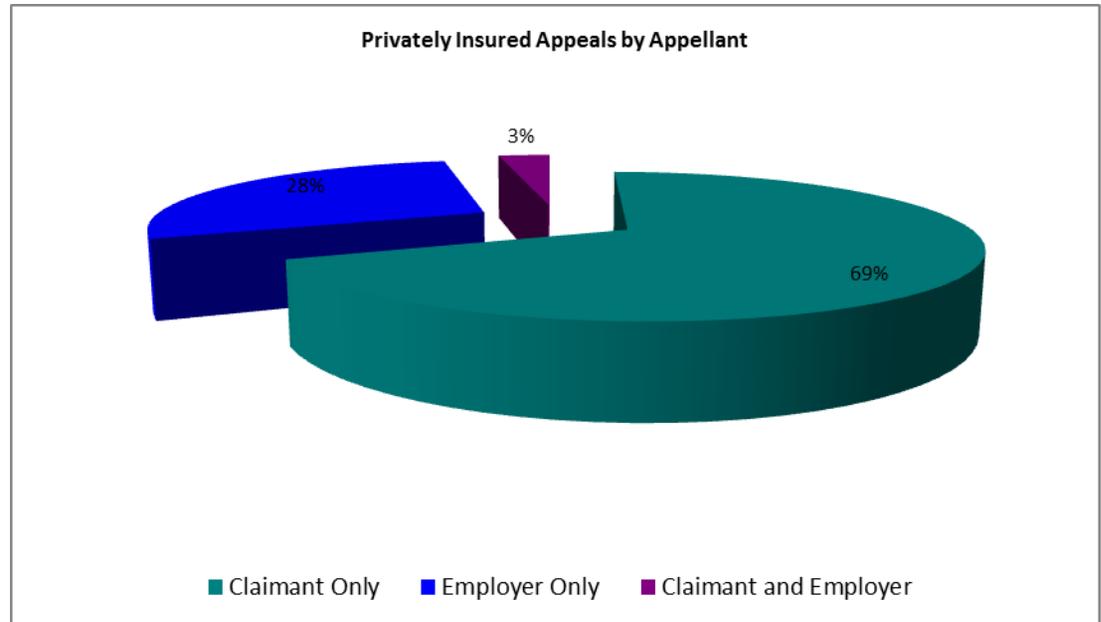
## Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	5
Commission Only	2
Old Fund Total	7



## Privately Insured Appeals (DOI > Jun-30-2005)

Appellant	Count
Claimant Only	44
Employer Only	18
Claimant and Employer	2
Privately Insured Total	64
Total Appeals	71

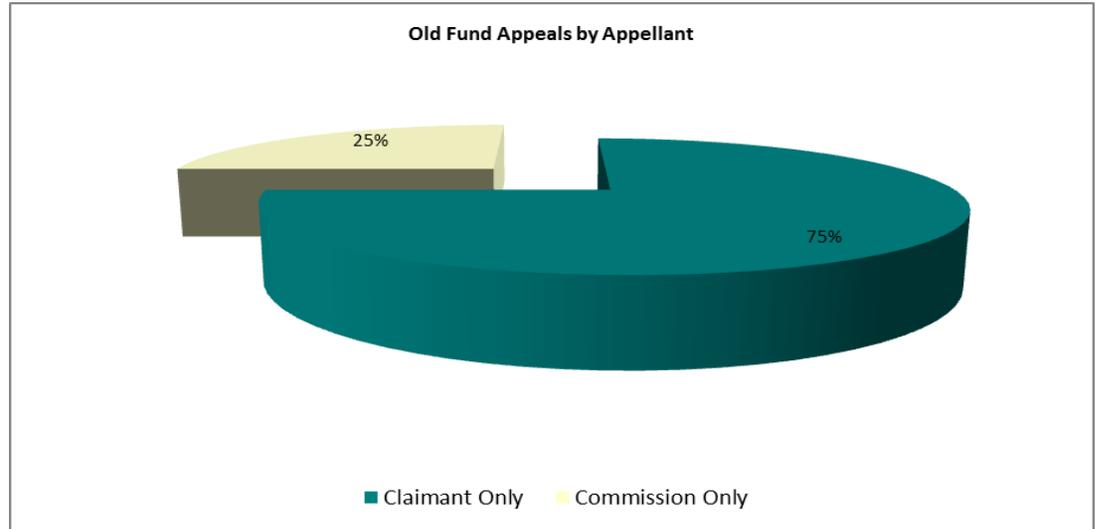


Appeals counted more than once:

Yearly Appeals Received  
From January 1, 2015 thru March 31, 2015

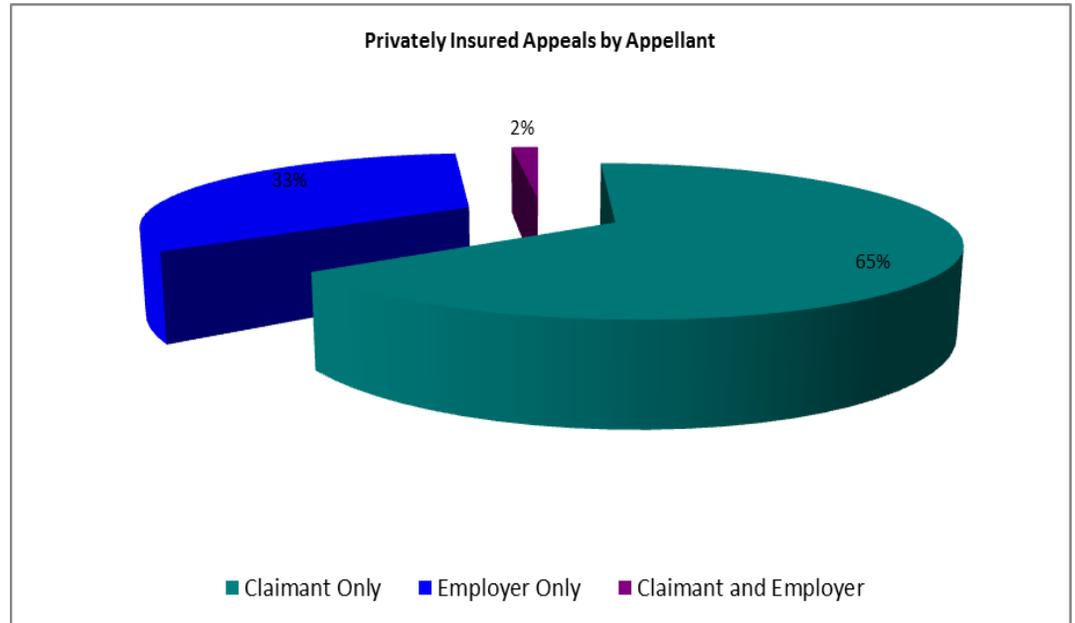
**Old Fund Appeals (DOI < Jul-1-2005)**

Appellant	Count
Claimant Only	18
Commission Only	6
Old Fund Total	24



**Privately Insured Appeals (DOI > Jun-30-2005)**

Appellant	Count
Claimant Only	116
Employer Only	59
Claimant and Employer	3
Privately Insured Total	178
Total Appeals	202



Appeals counted more than once:

Appeals Received By Issue  
 Old Fund Appeals (DOI < Jul-1-2005) vs Privately Insured Appeals (DOI > Jun-30-2005)  
 From March 1, 2015 thru March 31, 2015

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	14	0	0.0	14	100.0
CL BEN. OVERPAYMENT	1	0	0.0	1	100.0
CL CLOSING THE CLAIM	4	0	0.0	4	100.0
CL COMP ON LIMITED BASIS	3	0	0.0	3	100.0
CL DENY/GRNT DTH BEN	2	1	50.0	1	50.0
CL DENY/GRNT R/O TTD	3	0	0.0	3	100.0
CL GRNT/DNY VOC REHA	1	0	0.0	1	100.0
CL PTD REV. BODY DETERMINATION	1	1	100.0	0	0.0
CL REJ OCC DISEASE	3	0	0.0	3	100.0
CL REJECT CLAIM	8	0	0.0	8	100.0
CL SEC.CONDITION	8	0	0.0	8	100.0
CL SI %AWARD DNY/GNT	3	0	0.0	3	100.0
CL SI ADD% AWARD D/G	1	0	0.0	1	100.0
CL SI D/G 104 WKS	1	1	100.0	0	0.0
CL SI DENY/GRANT PTD	1	1	100.0	0	0.0
CL SI DY/GNT R/O PPD	1	1	100.0	0	0.0
CL SI REJ OCCDISEASE	1	0	0.0	1	100.0
CL SI REJECT CLAIM	1	0	0.0	1	100.0
CL SI SL CATEGORY	1	0	0.0	1	100.0
CL SI TRMT DENY	3	0	0.0	3	100.0
CL SI TTD	1	0	0.0	1	100.0
CL SPL CATEGORY	1	0	0.0	1	100.0
CL TRMT DENY	20	1	5.0	19	95.0
CL TRMT GRANT	1	1	100.0	0	0.0
CL TTD	2	0	0.0	2	100.0
<b>Totals</b>	<b>86</b>	<b>7</b>	<b>8.1</b>	<b>79</b>	<b>91.9</b>

Yearly Appeals Received By Issue  
 Old Fund Appeals (DOI < Jul-1-2005) vs Privately Insured Appeals (DOI > Jun-30-2005)  
 From January 1, 2015 thru March 31, 2015

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	29	0	0.0	29	100.0
CL % BOARD FINDING	1	0	0.0	1	100.0
CL ADD BOARD FINDING	1	0	0.0	1	100.0
CL ADDL % AWARD D/G	1	0	0.0	1	100.0
CL APP.THRESHOLD	1	0	0.0	1	100.0
CL BEN. OVERPAYMENT	1	0	0.0	1	100.0
CL CLOSING THE CLAIM	12	0	0.0	12	100.0
CL COMP ON LIMITED BASIS	3	0	0.0	3	100.0
CL COMPENSABILITY	1	0	0.0	1	100.0
CL DENY/GRNT DTH BEN	3	2	66.7	1	33.3
CL DENY/GRNT R/O TTD	8	1	12.5	7	87.5
CL DNY/GRNT R/O PPD	1	0	0.0	1	100.0
CL EQUIP DENY/GRANT	1	1	100.0	0	0.0
CL GRNT/DNY VOC REHA	2	0	0.0	2	100.0
CL INITIAL TTD	1	0	0.0	1	100.0
CL NON-MED ORDER	2	1	50.0	1	50.0
CL PTD REV. BODY DETERMINATION	2	1	50.0	1	50.0
CL REJ OCC DISEASE	4	0	0.0	4	100.0
CL REJECT CLAIM	30	0	0.0	30	100.0
CL SEC.CONDITION	24	2	8.3	22	91.7
CL SI %AWARD DNY/GNT	8	1	12.5	7	87.5
CL SI ADD% AWARD D/G	1	0	0.0	1	100.0
CL SI CLSING THE CLM	3	0	0.0	3	100.0
CL SI COMP ON LIMITED BASIS	1	0	0.0	1	100.0
CL SI D/G 104 WKS	1	1	100.0	0	0.0
CL SI DENY/GRANT PTD	2	1	50.0	1	50.0
CL SI DY/GNT R/O PPD	2	1	50.0	1	50.0
CL SI INITIAL TTD	1	0	0.0	1	100.0
CL SI NON-MED ORDER	1	0	0.0	1	100.0
CL SI REJ OCCDISEASE	1	0	0.0	1	100.0
CL SI REJECT CLAIM	5	0	0.0	5	100.0
CL SI SEC.CONDITION	6	0	0.0	6	100.0
CL SI SL CATEGORY	1	0	0.0	1	100.0
CL SI TRMT DENY	12	2	16.7	10	83.3
CL SI TRMT GRANT	1	0	0.0	1	100.0
CL SI TTD	1	0	0.0	1	100.0
CL SPL CATEGORY	4	1	25.0	3	75.0
CL TRMT DENY	55	8	14.5	47	85.5

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL TRMT GRANT	1	1	100.0	0	0.0
CL TTD	3	0	0.0	3	100.0
EM SI AD.BRD FINDING	1	0	0.0	1	100.0
Not All Parties cc'd	1	0	0.0	1	100.0
<b>Totals</b>	240	24	10.0	216	90.0

Appeals Received By Issue  
From March 1, 2015 thru March 31, 2015

Type of Issue	Total Issues	Claimant		Employer		OIC		Emp and OIC	
		#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	15	14	93.3	1	6.7	0	0.0	0	0.0
CL BEN. OVERPAYMENT	1	0	0.0	1	100.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	5	3	60.0	2	40.0	0	0.0	0	0.0
CL COMP ON LIMITED BASIS	4	3	75.0	1	25.0	0	0.0	0	0.0
CL DENY/GRNT DTH BEN	2	2	100.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	3	2	66.7	1	33.3	0	0.0	0	0.0
CL GRNT/DNY VOC REHA	1	1	100.0	0	0.0	0	0.0	0	0.0
CL PTD REV. BODY DETERMINATION	1	1	100.0	0	0.0	0	0.0	0	0.0
CL REJ OCC DISEASE	3	2	66.7	1	33.3	0	0.0	0	0.0
CL REJECT CLAIM	8	3	37.5	5	62.5	0	0.0	0	0.0
CL SEC.CONDITION	9	5	55.6	4	44.4	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	3	2	66.7	1	33.3	0	0.0	0	0.0
CL SI ADD% AWARD D/G	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI D/G 104 WKS	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI DENY/GRANT PTD	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O PPD	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI REJ OCCDISEASE	1	0	0.0	1	100.0	0	0.0	0	0.0
CL SI REJECT CLAIM	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI SL CATEGORY	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	3	2	66.7	1	33.3	0	0.0	0	0.0
CL SI TTD	1	0	0.0	1	100.0	0	0.0	0	0.0
CL SPL CATEGORY	1	0	0.0	1	100.0	0	0.0	0	0.0
CL TRMT DENY	21	13	61.9	7	33.3	0	0.0	1	4.8
CL TRMT GRANT	1	0	0.0	0	0.0	0	0.0	1	100.0
CL TTD	2	1	50.0	1	50.0	0	0.0	0	0.0
<b>Totals</b>	<b>91</b>	<b>60</b>	<b>65.9</b>	<b>29</b>	<b>31.9</b>	<b>0</b>	<b>0.0</b>	<b>2</b>	<b>2.2</b>

**WORKER COMPENSATION BOARD OF REVIEW  
FOR MARCH 2015**

Appealed By	BOR Disposition	Disposition		Year to Date		Disp %	Total %
		Count	Disp %	Total %	Date		
<b>CLAIMANT</b>	AFFIRMED	13	54.2%	26.5%	95	79.2%	52.5%
	DISMISSED	6	25.0%	12.2%	10	8.3%	5.5%
	MODIFY				2	1.7%	1.1%
	REMAND	2	8.3%	4.1%	7	5.8%	3.9%
	REVERSE	3	12.5%	6.1%	6	5.0%	3.3%
	Total Dispositions	24			120		
<b>CLAIMANT/EMPLOYER</b>	REMAND				1	50.0%	0.6%
	REVERSE				1	50.0%	0.6%
	Total Dispositions				2		
<b>EMPLOYER</b>	AFFIRMED	12	52.2%	24.5%	33	62.3%	18.2%
	DISMISSED	1	4.3%	2.0%	1	1.9%	0.6%
	MODIFY	1	4.3%	2.0%	1	1.9%	0.6%
	MODIFY AND REMAND	1	4.3%	2.0%	1	1.9%	0.6%
	REMAND	2	8.7%	4.1%	5	9.4%	2.8%
	REVERSE	6	26.1%	12.2%	12	22.6%	6.6%
	Total Dispositions	23			53		
<b>DIVISION/OIC</b>	AFFIRMED	1	50.0%	2.0%	4	66.7%	2.2%
	REVERSE	1	50.0%	2.0%	2	33.3%	1.1%
	Total Dispositions	2			6		
	Grand Totals	49			181		

Dispositions by Issues  
BOR Orders Mailed From March 1, 2015 thru March 31, 2015

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	6	2	33.3	1	16.7	2	33.3	0	0.0	0	0.0	0	0.0	1	16.7
CL % BOARD FINDING	2	0	0.0	0	0.0	1	50.0	0	0.0	1	50.0	0	0.0	0	0.0
CL ADDL % AWARD D/G	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL APP.THRESHOLD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	3	1	33.3	2	66.7	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL COMP ON LIMITED BASIS	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT DTH BEN	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJ OCC DISEASE	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	9	5	55.6	4	44.4	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SEC.CONDITION	6	3	50.0	0	0.0	1	16.7	0	0.0	1	16.7	0	0.0	1	16.7
CL SI %AWARD DNY/GNT	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI AUT/RPR HA D/G	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	4	2	50.0	0	0.0	0	0.0	1	25.0	1	25.0	0	0.0	0	0.0
CL SI SEC.CONDITION	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SPL CATEGORY	1	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0
CL TRMT DENY	12	4	33.3	2	16.7	4	33.3	0	0.0	1	8.3	0	0.0	1	8.3
CL TRMT GRANT	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL TTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
EM SI AD.BRD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>55</b>	<b>27</b>	<b>49.1</b>	<b>11</b>	<b>20.0</b>	<b>8</b>	<b>14.5</b>	<b>1</b>	<b>1.8</b>	<b>5</b>	<b>9.1</b>	<b>0</b>	<b>0.0</b>	<b>3</b>	<b>5.5</b>

Yearly Dispositions by Issues  
BOR Orders Mailed From January 1, 2015 thru March 31, 2015

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	27	17	63.0	3	11.1	4	14.8	0	0.0	2	7.4	0	0.0	1	3.7
CL % BOARD FINDING	3	1	33.3	0	0.0	1	33.3	0	0.0	1	33.3	0	0.0	0	0.0
CL ADDL % AWARD D/G	5	5	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL APP.THRESHOLD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL BEN. OVERPAYMENT	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	17	13	76.5	3	17.6	0	0.0	0	0.0	1	5.9	0	0.0	0	0.0
CL COMP ON LIMITED BASIS	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRANT PTD	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT 104 WKS	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT DTH BEN	4	4	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	6	5	83.3	0	0.0	0	0.0	0	0.0	1	16.7	0	0.0	0	0.0
CL DNY/GRNT R/O PPD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL GRNT/DNY VOC REHA	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL INITIAL TTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL NON-MED ORDER	3	2	66.7	0	0.0	0	0.0	1	33.3	0	0.0	0	0.0	0	0.0
CL PTD REV. BODY DETERMINATION	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJ OCC DISEASE	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	34	26	76.5	6	17.6	1	2.9	0	0.0	1	2.9	0	0.0	0	0.0
CL SEC.CONDITION	16	13	81.3	0	0.0	1	6.3	0	0.0	1	6.3	0	0.0	1	6.3
CL SI %AWARD DNY/GNT	5	4	80.0	1	20.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI AD.BRD FINDING	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI AUT/RPR HA D/G	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI CLSING THE CLM	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT DTH BEN	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O TTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI NON-MED ORDER	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	5	3	60.0	0	0.0	0	0.0	1	20.0	1	20.0	0	0.0	0	0.0
CL SI SEC.CONDITION	3	2	66.7	1	33.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	6	6	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SPL CATEGORY	2	0	0.0	0	0.0	0	0.0	0	0.0	2	100.0	0	0.0	0	0.0
CL TRMT DENY	40	31	77.5	3	7.5	4	10.0	0	0.0	1	2.5	0	0.0	1	2.5
CL TRMT GRANT	2	0	0.0	1	50.0	0	0.0	1	50.0	0	0.0	0	0.0	0	0.0
CL TTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
EM % BOARD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
EM NON-MED ORDER	1	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0
EM SI AD.BRD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Not All Parties cc'd	1	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0
<b>Totals</b>	<b>202</b>	<b>150</b>	<b>74.3</b>	<b>21</b>	<b>10.4</b>	<b>12</b>	<b>5.9</b>	<b>4</b>	<b>2.0</b>	<b>12</b>	<b>5.9</b>	<b>0</b>	<b>0.0</b>	<b>3</b>	<b>1.5</b>

# REVENUE RECOVERY

## Workers' Compensation – March 2015

COLLECTION ACTIVITY	Current Month	Fiscal Year 2015
<b>Receipts - Old Fund</b> (Employer out of business)	\$ 5,647.07	\$ 103,674.05
<b>Receipts - PC &amp; NU</b> (Private Carrier Cancellation & Rogue Employers)	\$ 47,810.04	\$ 477,589.97
<b>Receipts - Payment Agreements</b> (Old Fund and UEF Combined)	\$ 8,202.30	\$ 81,664.72
# of active accounts uninsured (cumulative) / (average)	331	1,556
\$ of active accounts uninsured (cumulative) / (average)	\$ 1,237,801.40	5,795,296.62
Telephone contacts	1,415	11,136
Walk-ins	1	129

LIENS	Current Month	Fiscal Year 2015
Liens sent to county clerks for recordation	212	1222
Liens sent to county clerks for release	88	344
Intent to lien letters sent to employer/owner/officer/member	73	844

<b>Uninsured Accounts Resolved</b>	227	1751
<b>All Cash Receipts from WC accounts</b>	\$ 61,659.41	\$ 597,847.50

INJUNCTIONS	Current Month	Fiscal Year 2015
Affidavits for injunction submitted to legal	12	72
Hearings attended	2	10
# of injunction complaints accepted by court	7	28
# of injunctions granted	2	7
# of agreed orders entered	0	0
PAYMENT AGREEMENTS	Current Month	Fiscal Year 2015
# of repayment agreements applications	2	26
Agreements set up	2	26
Total # of agreements on system (cumulative) / (average)	46	222
Intent to void letters mailed	6	64
Agreements voided	0	21

MISCELLANEOUS	Current Month	Fiscal Year 2015
Terminations Processed	59	488
Rule 11 Letters Mailed	173	1628
Rule 11 hearings	0	3

# BOARD OF TREASURY INVESTMENTS

## CALENDAR NOTE

Board Meeting  
April 30, 2015

## OPERATING REPORT

### FEBRUARY 2015

#### Board of Treasury Investments

1900 Kanawha  
Boulevard East  
Suite E-122  
Charleston WV  
25305

(304) 340-1564

www.wvbti.com

#### Board of Directors

John D. Perdue,  
State Treasurer,  
Chairman

Earl Ray Tomblin,  
Governor

Glen B. Gainer III,  
State Auditor

Martin Glasser, Esq.  
Attorney  
Appointed by the  
Governor

Richard "Chap"  
Donovan, CPA  
Appointed by the  
Governor

#### Executive Staff

Executive  
Director

Kara K. Hughes,  
CPA, MBA, CFE

Chief Financial  
Officer

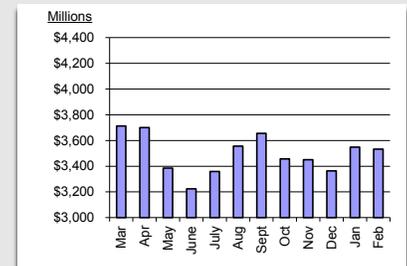
Karl Shanholtzer,  
CFA, CPA, CIA

### Total Net Assets Under Management

**\$3,533,193,000**

Last Month  
**\$3,548,945,000**

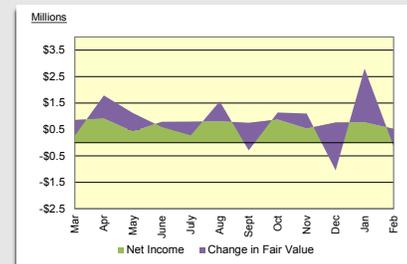
Beginning of Fiscal Year  
**\$3,223,614,000**



Net Assets for the Past 12 Months

### Total Net Income & Changes in Fair Value

Fiscal Year  
**\$5,415,000**



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

### Money Market Pools

As of February 28, 2015

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	0.1309%	56 Days	\$2.2 Billion
WV Gov't Money Market	0.0331%	59 Days	\$296.1 Million

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

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

# WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

## THE ECONOMIC STATE

### FEBRUARY 2015

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#### Global Financial Markets Influenced By Central Banking Policies

##### Market Environment

Financial markets reversed course in February as global equities rallied. The MSCI EAFE Index returned 6.0% amid investor anticipation of the European Central Bank's quantitative easing program, which kicks off this month. The gains were also driven by strong returns from Japan, where multinational companies reaped the benefits of a weakened yen and recent inflation readings muted deflationary concerns. At home, a string of solid earnings reports spurred growth stocks, with the Russell 1000 Growth Index gaining 6.7% and the Russell 2000 Growth Index returning 7.2%. In contrast, strengthening expectations for growth took a bite out of fixed income returns with a rise in global bond yields. Yield on the 10-year Treasury climbed to 2.0% from 1.68% in the beginning of February. The Barclays US Aggregate Bond Index fell 0.9% and the Citigroup World Global Bond Index declined 1.1% on the month. Oil prices remained under duress as the WTI Crude price ended February at \$49.76 a barrel with the Bloomberg Commodity Index returning 2.6%. The impact of sustained low oil prices continued to spill over to other markets with spreads on non-investment grade debt hovering above historical medians due, in large part, to widening spreads in the energy sector.

Globally, financial markets are being heavily influenced by a divergence in central bank policies. More recently, this divergence has highlighted other cross-regional discrepancies as markets appear more sensitive to economic data and news amid backdrops of varied levels of monetary stimulus. In the US, volatility in Treasuries has ticked up with the yield curve in flux—reacting to positive reports on employment and growth in a landscape framed by low yields abroad. This increase in volatility is also notable across commodities and currencies, and is coming on the back of historically low volatility up until mid-2014. We believe these increases in cross- and intra-asset volatility are likely to persist, creating opportunities for skilled managers. We remain constructive on dynamically-oriented approaches with reduced constraints such as macro hedge funds and global asset allocation strategies. We also believe the recent drop in energy prices has created pockets of buying opportunities for select managers in private markets focusing on energy and may provide an opportune environment for investors looking to build a diversified position in real assets. In traditional equities, we continue to recommend investors stay committed and rebalance to their diversified targets as valuation metrics indicate few dislocations.

##### Equity Market Results

US equity market return rallied sharply in February. The broad US equity market, represented by the Russell 3000 Index, rose 5.79%. Positive returns could be found across all market segments as risk assets were back in favor with investors. Blue chip stocks, represented by the S&P 500 Index rose 5.75%, while small cap stocks, represented by the Russell 2000 Index, rose 5.94%.

International equity markets continued their winning ways in February also generating positive returns. Developed international markets, represented by the MSCI EAFE Index, rose 5.98%, while their less established counterparts, represented by the MSCI Emerging Markets Index, rose 3.10%.

##### Bond Market Results

Rising equity markets drew capital away from the fixed income market. As a result, the US bond market gave back part of their year-to-date gains. The Barclays Capital Aggregate Index, a leading index for bond investors, fell 0.94%. International bonds, as represented by the Citigroup World Government Bond Index (WGBI) hedged declined 1.14%. Cash-like instruments continued to post small returns, with the BofA ML 3-month T-bill and LIBOR returning 0.00% and 0.02%, respectively.

# West Virginia Board of Treasury Investments

## Financial Highlights as of February 28, 2015

### WV Short Term Bond Pool

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

<u>March 1 - February 28</u>	<u>Return</u>	<u>Net Assets At Feb. 28 (In Millions)</u>
2015	0.9%	\$ 766.8
2014	0.5%	\$ 767.0
2013	1.2%	\$ 501.8
2012	0.6%	\$ 503.6
2011	2.6%	\$ 477.2

#### WV Short Term Bond Pool Rates of Return

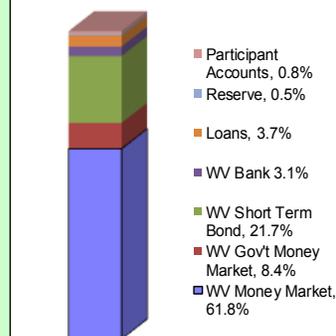


Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool

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

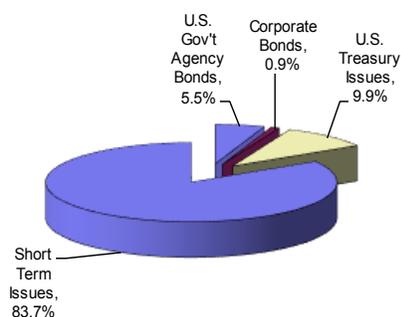
<u>Pool</u>	<u>Net Asset Value</u>	<u>Feb Net Income (Loss)</u>	<u>Fiscal YTD Net Income(Loss)</u>
WV Money Market	\$ 2,184,724	\$ 226	\$ 1,694
WV Gov't Money Market	296,098	8	46
WV Short Term Bond	766,828	(148)	3,542
WV Bank	109,087	10	82
Loans	129,144	(196)	(104)
Reserve	19,315	4	34
Participant Accounts	27,997	(37)	121
	<u>\$ 3,533,193</u>	<u>\$ (133)</u>	<u>\$ 5,415</u>

#### Percent of Total Net Asset Value

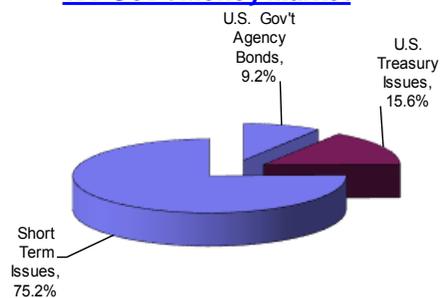


### Securities by Type for Operating Pools (Percentage of Asset Value)

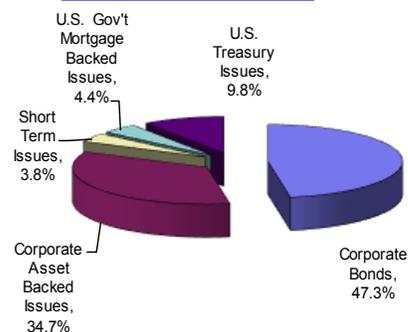
#### WV Money Market



#### WV Gov't Money Market



#### WV Short Term Bond



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

**FEBRUARY 28, 2015**

(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>
<b>Assets</b>							
Investments:							
At amortized cost	\$ 2,184,307	\$ 295,928	\$ -	\$ 109,044	\$ 148,442	\$ 23,980	\$ 2,761,701
At fair value	-	-	773,722	-	-	3,920	777,642
Other assets	625	198	1,964	47	21	97	2,952
Total assets	<u>2,184,932</u>	<u>296,126</u>	<u>775,686</u>	<u>109,091</u>	<u>148,463</u>	<u>27,997</u>	<u>3,542,295</u>
<b>Liabilities</b>							
Accrued expenses, dividends payable & payables for investments purchased	208	28	8,858	4	4	-	9,102
Total liabilities	<u>208</u>	<u>28</u>	<u>8,858</u>	<u>4</u>	<u>4</u>	<u>-</u>	<u>9,102</u>
<b>Net Position</b>							
Held in trust for investment pool participants	2,184,724	296,098	766,828	109,087	148,459	-	3,505,196
Held in trust for individual investment account holders	-	-	-	-	-	27,997	27,997
Total net position	<u>\$ 2,184,724</u>	<u>\$ 296,098</u>	<u>\$ 766,828</u>	<u>\$ 109,087</u>	<u>\$ 148,459</u>	<u>\$ 27,997</u>	<u>\$ 3,533,193</u>
<b>Additions</b>							
Investment income:							
Interest and dividends	\$ 328	\$ 56	\$ 759	\$ 13	\$ 21	\$ 31	\$ 1,208
Net (amortization) accretion	30	(31)	(211)	-	-	(21)	(233)
Provision for uncollectible loans	-	-	-	-	(209)	-	(209)
Total investment income	<u>358</u>	<u>25</u>	<u>548</u>	<u>13</u>	<u>(188)</u>	<u>10</u>	<u>766</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	132	17	83	3	4	-	239
Total investment expenses	<u>132</u>	<u>17</u>	<u>83</u>	<u>3</u>	<u>4</u>	<u>-</u>	<u>239</u>
Net investment income	226	8	465	10	(192)	10	527
Net realized gain (loss) from investments	-	-	-	-	-	-	-
Net increase (decrease) in fair value of investments	<u>-</u>	<u>-</u>	<u>(613)</u>	<u>-</u>	<u>-</u>	<u>(47)</u>	<u>(660)</u>
Net increase (decrease) in net position from operations	226	8	(148)	10	(192)	(37)	(133)
Participant transaction additions:							
Purchase of pool units by participants	795,649	36,683	9,290	13	4	-	841,639
Reinvestment of pool distributions	226	8	476	10	(192)	-	528
Contributions to individual investment accounts	-	-	-	-	-	25	25
Total participant transaction additions	<u>795,875</u>	<u>36,691</u>	<u>9,766</u>	<u>23</u>	<u>(188)</u>	<u>25</u>	<u>842,192</u>
Total additions	796,101	36,699	9,618	33	(380)	(12)	842,059
<b>Deductions</b>							
Distributions to pool participants:							
Net investment income	226	8	465	10	(192)	-	517
Net realized gain (loss) from investments	-	-	-	-	-	-	-
Total distributions to pool participants	<u>226</u>	<u>8</u>	<u>465</u>	<u>10</u>	<u>(192)</u>	<u>-</u>	<u>517</u>
Participant transaction deductions:							
Redemption of pool units by participants	825,535	29,963	453	13	1,330	-	857,294
Withdrawals from individual investment accounts	-	-	-	-	-	-	-
Total participant transaction deductions	<u>825,535</u>	<u>29,963</u>	<u>453</u>	<u>13</u>	<u>1,330</u>	<u>-</u>	<u>857,294</u>
Total deductions	<u>825,761</u>	<u>29,971</u>	<u>918</u>	<u>23</u>	<u>1,138</u>	<u>-</u>	<u>857,811</u>
Net increase (decrease) in net position from operations	(29,660)	6,728	8,700	10	(1,518)	(12)	(15,752)
Inter-pool transfers in	-	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-	-
Net inter-pool transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(29,660)	6,728	8,700	10	(1,518)	(12)	(15,752)
Net position at beginning of period	<u>2,214,384</u>	<u>289,370</u>	<u>758,128</u>	<u>109,077</u>	<u>149,977</u>	<u>28,009</u>	<u>3,548,945</u>
Net position at end of period	<u>\$ 2,184,724</u>	<u>\$ 296,098</u>	<u>\$ 766,828</u>	<u>\$ 109,087</u>	<u>\$ 148,459</u>	<u>\$ 27,997</u>	<u>\$ 3,533,193</u>

March 9, 2015

Mr. Aaron Allred, 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 West Virginia Code §18B-19-13*

Dear Joint Committee on Government and Finance,

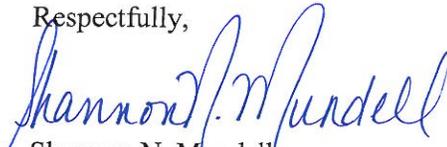
Pursuant to West Virginia Code § 18B-19-13 and appended for your review, please find a copy of the following documents: i) that certain Real Estate Exchange and Development Agreement, dated February 6, 2015, between WEST VIRGINIA UNIVERSITY BOARD OF GOVERNORS, on behalf of WEST VIRGINIA UNIVERSITY (“University”) and AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP, a Maryland limited partnership (“ACC”) 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 acquire from ACC that certain part of Parcel 4, Tax Map 14-A, containing approximately 0.11 acres, located in the Fourth Ward of the City of Morgantown, Monongalia County, West Virginia. In exchange, ACC has agreed to acquire from WVU that certain real property consisting of Parcels 201, 202, 203, 204, 205, 206, 207, and 208, of Tax Map 20, in the Fourth Ward of the City of Morgantown, Monongalia County, West Virginia, together with all improvements, easements, appurtenances and rights relating thereto. WVU intends to purchase the real property to operate, and maintain a parking garage that will provide vehicular parking for the residents of University Place, as well as visitors to the commercial space contained therein.

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 304.293.0394.

Respectfully,

  
Shannon N. Mundell  
Director of Real Estate



March 9, 2015

Dr. Paul Hill  
Chancellor  
West Virginia Higher Education Policy Commission  
1018 Kanawha Boulevard, East, Suite 700  
Charleston, West Virginia 25301

*Re: Pursuant to West Virginia Code §18B-19-13, West Virginia University notification to Joint Committee on Government & Finance*

Dear Chancellor Hill:

Pursuant to West Virginia Code Section 18B-19-13(g), appended please find a copy of West Virginia University's report submitted to the Joint Committee on Government and Finance regarding the proposed acquisition.

If you have any questions or concerns regarding the above, please call me at 304.293.0394.

Respectfully,  
West Virginia University

A handwritten signature in blue ink that reads 'Shannon N. Mundell'.

Shannon N. Mundell  
Director of Real Estate

**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 Real Estate Exchange and Development Agreement dated February 6, 2015, AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP, LP, a Maryland limited partnership, (“ACC”) agrees to convey 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”) that certain real property located and situate in the Fourth Ward of the City of Morgantown, Monongalia County, West Virginia, consisting of approximately 0.11 acres, more or less, and being a part of Parcel 4 of Tax Map 14-A. In exchange, WVU has agreed to convey to ACC that certain real property (“Exchange Property”) located and situate in Fourth Ward of the City of Morgantown, Monongalia County, West Virginia, consisting of approximately 0.51 acres, more or less, and being parcels 201, 202, 203, 204, 205, 206, 207 and 208, of Tax Map 20.

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

To operate, and maintain a parking garage facility that will provide vehicular parking for residents of WVU’s University Place, visitors to the retail space contained therein, as well as the general public.

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 in the City of Morgantown, West Virginia 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 ACC 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:

A tract of land, situate along University Avenue, in Fourth Ward of Morgantown, Monongalia County, West Virginia, more particularly described as follows:

Beginning at a P-K nail set on the northeastern right of way line of University Avenue, at the common corner between American Campus Communities Operating Partnership, LP, recorded in Deed Book 1360 at page 9, and the West Virginia University Board of Governors recorded in deed Book 1468 at page 379, thence running with the right of way line of said University Avenue N 30°57’38” W, 62.55 feet to a P-K nail set, thence leaving said University Avenue and running through and across the property of said American Campus Communities Operating Partnership, LP, from which this conveyance is a part of around a curve to the left, having an arc length of 11.73 feet, a radius of 13.00 feet, and a chord bearing and distance of N86°59’53” E, 11.34 feet to a point, thence N61°08’25” E, 9.86 feet to a point, thence around a curve to the right, having an arc length of 26.35 feet, a radius of 56.00 feet, and a chord bearing and distance of S74°37’12” W, 26.11 feet to a point, thence N58°57’41” E, 51.19 feet to a 5/8 inch rebar with plastic cap set, thence S30°52’12” E, 50.09 feet to a 5/8 inch rebar with plastic cap set in the common division line of said West Virginia University Board of Governors, from which a ½ inch rebar found bears N59°07’48” E at 15.74 feet, thence with said division line S59°07’48” W, 96.13 feet to the point of beginning, containing 0.11 acres, more or less.



## REAL ESTATE EXCHANGE AND DEVELOPMENT AGREEMENT

THIS REAL ESTATE EXCHANGE AND DEVELOPMENT AGREEMENT ("Agreement") is made this 10th day of February, 2015, by and between WEST VIRGINIA UNIVERSITY BOARD OF GOVERNORS, on behalf of WEST VIRGINIA UNIVERSITY, an agency and higher education institution of the State of West Virginia ("University"), and AMERICAN CAMPUS COMMUNITIES OPERATING PARTNERSHIP LP, a Maryland limited partnership ("ACC") (the University and ACC are sometimes hereinafter collectively referred to as "Parties" and individually as a "Party").

WHEREAS, ACC is the owner of certain real property located in Morgantown, Monongalia County, West Virginia, adjacent to the University's downtown campus contiguous to the Parking Garage Property (as hereinafter defined) being utilized by the University for construction of a parking garage as part of the University's "University Place" student housing project, more particularly described on Exhibit A attached hereto and made a part hereof (the "ACC Property");

WHEREAS, the University is the owner of certain real property located in Morgantown, Monongalia County, West Virginia described as the "University Exchange Parcel" in Section 1;

WHEREAS, ACC and the University desire to exchange (the "Exchange") the ACC Exchange Parcel (being a portion of the ACC Property and as further described in Section 1) and the University Exchange Parcel (the ACC Exchange Parcel and the University Exchange Parcel are sometimes hereinafter collectively referred to as "Parcels" and individually as a "Parcel") for the consideration recited and subject to the terms and conditions set forth in this Agreement;

WHEREAS, the University is the owner of certain real property located in Morgantown, Monongalia County, West Virginia, more particularly depicted as Tract No. 2 Part B on Exhibit B attached hereto and made a part hereof (the "Parking Garage Property");

WHEREAS, the University intends to use the ACC Exchange Parcel for construction of entry drive improvements for use as a means of ingress, egress to and from University Avenue and the Parking Garage (as hereinafter defined);

WHEREAS, in connection with the Exchange, the University has agreed to cause to be constructed by Downtown Campus Parking Associates, LLC, a West Virginia limited liability company ("D CPA") surface parking improvements consisting of forty-one (41) parking spaces (the "Parking Improvements") on the University Exchange Parcel;

WHEREAS, the University and WV Campus Housing, LLC, a West Virginia limited liability company ("WVCH") have entered into that certain Lease and Development Agreement dated as of October 26, 2012, as subsequently amended (the "Lease and Development Agreement"), which grants WVCH all leasehold rights to the Parking Garage Property and which requires WVCH to design, develop, finance, construct, and operate, and take all other necessary actions for the construction and completion of certain parking garage facilities on the Parking Garage Property (the "Parking Garage") and related parking facilities projects;

**WHEREAS**, WVCH and DCPA, with the express written consent of the University, have entered into that certain Parking Facilities Sublease, Delegation and Assumption Agreement of Duties, and Development Agreement dated as of October 9, 2014 (the "Delegation Agreement"), by which WVCH delegated its obligations and duties respecting the design, development, financing, construction and operation of the Parking Garage and related parking facilities projects;

**WHEREAS**, DCPA and the University and have entered into that certain Parking Facilities Sublease Agreement dated as of October 9, 2014 (the "Parking Garage Ground Lease"), which provides for the subleasing of the Parking Garage and related parking facilities projects by DCPA to the University;

**WHEREAS**, in connection with the Exchange, the University has agreed to grant and convey to ACC, for the benefit of and as an appurtenance to the ACC Property (inclusive of the University Exchange Parcel following consummation of the Exchange) a sublease for a period of twenty (20) years for approximately twenty (20) designated vehicle parking spaces in the Parking Garage for the parking of motor vehicles by ACC, its successors, assigns, transferees, tenants, subtenants, licensees or occupants of ACC and/or the ACC Property (the "Dedicated Parking Spaces");

**WHEREAS**, in connection with the Exchange, ACC has agreed to grant and convey to DCPA and its assigns, licensees, contractors or subcontractors a temporary, non-exclusive construction easement (the "Temporary Garage Construction Easement") on, over and across the portion of the ACC Property described on Exhibit C attached hereto and made a part hereof (the "Construction Easement Area") for the sole purposes of (a) demolishing and removing, at DCPA's sole cost and expense, the existing buildings, sidewalks, drives and parking areas on the Construction Easement Area (the "Demolition Work"), which Demolition Work shall be performed in accordance with the plans described in Exhibit D attached hereto and made a part hereof (the "Plans") and (b) excavation, site work and construction of retaining walls, foundations and improvements for the Parking Garage, at DCPA's sole cost and expense (the "Construction Work") and, together with the Demolition Work, the "Work"), which Construction Work shall be performed in accordance with the Plans, and construction storage, staging and placing a construction trailer in connection with the Work;

**WHEREAS**, in connection with the Exchange, ACC has agreed to grant and convey to DCPA and its assigns, licensees, contractors or subcontractors a temporary, non-exclusive construction easement (the "Temporary Surface Parking Construction Easement") on, over and across the University Exchange Parcel to be acquired by ACC pursuant to the Exchange for the sole purposes of the installation and construction of the Parking Improvements;

**NOW, THEREFORE**, in consideration of the mutual covenants contained herein, the Parties agree as follows:

1. ACC EXCHANGE PARCEL AND UNIVERSITY EXCHANGE PARCEL.

1.1 ACC Exchange Parcel. Subject to the terms and conditions hereof, ACC hereby agrees to exchange, convey and assign to the University, and the University hereby agrees to accept from ACC, the ACC Exchange Parcel. The "ACC Exchange Parcel" is located in the Fourth Ward of the City of Morgantown, Monongalia County, West Virginia, more particularly described on Exhibit E attached hereto and made a part hereof, and is further identified as follows:

Parcel(s) 4 of Tax Map 14-A.

Being part of the same real estate conveyed to ACC by deed dated February 15, 2008, of record in the Office of the Clerk of the County Commission of Monongalia County, West Virginia, in Deed Book 1360, at Page 39.

1.2 University Exchange Parcel. Subject to the terms and conditions hereof, the University hereby agrees to exchange, convey and assign to ACC, and ACC hereby agrees to accept from the University, the University Exchange Parcel. The "University Exchange Parcel" is located in the Fourth Ward of the City of Morgantown, Monongalia County, West Virginia, more particularly depicted as Tract No. 2 Part A on Exhibit F attached hereto and made a part hereof, and is further identified as follows:

Parcels 201, 202, 203, 204, 205, 206, 207, and 208 of Tax Map 20

Being part of the same real estate conveyed to the University by deed dated October 26, 2012, of record in the Office of the Clerk of the County Commission of Monongalia County, West Virginia, in Deed Book 1468, at Page 379.

## 2. VALUATION & CONSIDERATION.

2.1 Valuation. The Parties agree that the value of the University Exchange Parcel for purposes of this Agreement shall be determined by averaging the values of two (2) appraisals to be obtained from independent licensed appraisers in accordance with the requirements of W. Va. Code § 18B-19-10(a)(1) through (4).

2.2 Consideration. University and ACC agree that this Exchange of the ACC Exchange Property and the University Exchange Property is an even exchange; accordingly, no additional monetary consideration will be paid by either Party to the other with respect solely to the Exchange.

## 3. TITLE AND SURVEY.

3.1 Title Company. The ACC Title Company (herein so called) shall be Heritage Title Company of Austin, Inc., whose address is 401 Congress Avenue, Suite 1500, Austin, TX 78701, Attention: Amy Love Fisher. University may elect to choose its own title company upon election to obtain a Title Commitment and Owner's Policy of Title Insurance.

3.2 Title Commitment and Survey. Contemporaneously with the execution of this Agreement, both the University and ACC agree that each may, at their respective sole cost

and expense, obtain a current form ALTA Commitment for Owner Policy of Title Insurance covering the applicable property to be ultimately acquired by the University or ACC, as applicable (hereinafter referred to as a "Title Commitment"), issued by their respective Title Company, legible copies of all instruments shown as exceptions in the Title Commitment and any survey which either Party might, at their respective sole cost and expense, wish to obtain with respect to the Parcel to be acquired by such Party pursuant to the terms and provisions of this Agreement. Alternatively, both the University and ACC may have the title to the applicable property to be ultimately acquired by the University or ACC, as applicable, examined by legal counsel of its choosing. The Parties agree that each shall have until 5:00 p.m., local Morgantown, West Virginia time on February 28, 2015 (the "Review Period") in which to review such Title Commitments and surveys with respect to the Parcel to be acquired by such Party. The failure of the University and/or ACC to terminate this Agreement prior to the expiration of the Review Period (as hereinafter defined) shall be deemed to constitute such Party's acceptance of any exceptions to title appearing in the Title Commitment or disclosed in the examination as same may have been amended up to and including the end of the Review Period (which items shall then be deemed to constitute "Permitted Exceptions") with respect to the University Exchange Parcel and ACC Exchange Parcel, as applicable. In the event either Party elects to not obtain a Title Commitment covering the applicable property to be ultimately acquired by such Party, the term "Permitted Exceptions" with respect to such property shall be deemed to mean all liens, restrictions, covenants, easements and other matters in existence, affecting title to the property and of record in Monongalia County, West Virginia or that could be ascertained by an inspection of the property or that may be asserted by persons in possession of the property, easements, liens or encumbrances, or claims thereof, not shown by the public records, and any encroachment, encumbrance, violation, variation or adverse circumstance affecting the title that would be disclosed by an accurate and complete land survey of the property and not shown by the public records. Notwithstanding the foregoing, however, (a) the term "Permitted Exceptions" with respect to the ACC Exchange Parcel shall not include that certain Sunnyside Commons Sub-Division Covenants and Agreements (the "Covenants") recorded in the Office of the Clerk of the County Commission of Monongalia County (the "Records") at Deed Book 1020, Page 540, and ACC shall cause such instrument to be terminated in its entirety of record prior to Closing and (b) the term "Permitted Exceptions" with respect to the WVU Exchange Parcel shall not include (a) that certain Memorandum of Lease recorded in the Records at Deed Book 1473, Page 689, (b) that certain First Amendment to Memorandum of Lease recorded in the Records at Deed Book 1474, Page 854, (c) that certain Assignment of Lease, Contracts and Agreements recorded in the Records at Assignment Book 118, Page 220, (d) those certain Subordination, Non-Disturbance and Attornment Agreements recorded in the Records in Assignment Book 123, Page 636 and Assignment Book 123, Page 654, and (e) any other documents evidencing, governing or securing any lease of the WVU Exchange Parcel to WV Campus Housing, LLC, Downtown Campus Parking Associates, LLC, Paradigm Development Group, LLC or any other party or any indebtedness of the University, WVU Campus Housing, LLC, Downtown Campus Parking Associates, LLC, Paradigm Development Group, LLC or any other party.

#### 4. CONDITION OF PROPERTY.

4.1 Due Diligence. ACC and the University agree that ACC has made all inspections or investigations desired by ACC with respect to the University Exchange Parcel or any portion thereof and the University has made all inspections or investigations desired by the University with respect to the ACC Exchange Parcel. In that regard, the University, through its authorized agents or representatives, shall be entitled to enter upon the ACC Exchange Parcel at all reasonable times prior to the expiration of the Review Period, upon reasonable prior notice to ACC.

4.2 Condition of Property.

4.2.1 BOTH THE UNIVERSITY AND ACC ACKNOWLEDGE AND AGREE THAT IT IS EXPERIENCED IN ACQUIRING, OWNING, DEVELOPING, MARKETING, LEASING, OPERATING, MANAGING AND SELLING OF PROPERTIES SIMILAR TO THE APPLICABLE PARCEL TO BE ULTIMATELY ACQUIRED BY THE UNIVERSITY OR ACC, AS APPLICABLE, AND THAT EACH HAS INSPECTED, TESTED, STUDIED, REVIEWED AND INVESTIGATED ALL ASPECTS OF THE PROPERTY TO BE ULTIMATELY ACQUIRED BY IT. BOTH THE UNIVERSITY AND ACC FURTHER ACKNOWLEDGE AND AGREE THAT EXCEPT AS OTHERWISE SPECIFICALLY STATED IN THIS AGREEMENT, THE OTHER PARTY HAS NOT MADE, DOES NOT MAKE, AND HEREBY SPECIFICALLY DISCLAIMS MAKING ANY PROMISE, COVENANT, AGREEMENT, WARRANTY, GUARANTY OR REPRESENTATION, OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS, IMPLIED, STATUTORY OR ARISING BY OPERATION OF LAW, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, OR CONCERNING THE PARCEL TO BE CONVEYED BY SUCH PARTY, INCLUDING, WITHOUT LIMITATION, (I) THE PHYSICAL AND ENVIRONMENTAL NATURE AND CONDITION OF THE PARCEL, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY, AND THE SUITABILITY THEREOF AND OF THE PARCEL FOR ANY AND ALL ACTIVITIES AND USES WHICH THE ACQUIRING PARTY MAY ELECT TO CONDUCT THEREON, AND THE EXISTENCE OF ANY ENVIRONMENTAL HAZARDS OR CONDITIONS THEREON (INCLUDING THE PRESENCE OF ASBESTOS OR OTHER HAZARDOUS SUBSTANCES) OR THE COMPLIANCE OF THE PARCEL WITH ANY AND ALL APPLICABLE ENVIRONMENTAL LAWS, RULES OR REGULATIONS; (II) EXCEPT FOR ANY WARRANTIES CONTAINED IN THE DOCUMENTS TO BE DELIVERED BY SUCH PARTY AT CLOSING, THE NATURE AND EXTENT OF ANY RIGHT-OF-WAY, LEASE, POSSESSION, LIEN, ENCUMBRANCE, LICENSE, RESERVATION, CONDITION OR OTHER MATTER AFFECTING TITLE; (III) THE COMPLIANCE OF THE PARCEL OR ITS OPERATION WITH ANY LAWS, STATUTES, ORDINANCES, RULES, REQUIREMENTS OR REGULATIONS OF ANY GOVERNMENT OR OTHER BODY, INCLUDING, BUT NOT LIMITED TO, THE EXISTENCE OR STATUS OF ANY AND ALL ENTITLEMENTS; (IV) THE INCOME, ECONOMIC VIABILITY OR MARKETABILITY OF THE PARCEL; (V) TAX MATTERS PERTAINING TO THE TRANSACTION CONTEMPLATED HEREBY; (VI) THE ACCURACY OR COMPLETENESS OF ANY REPORTS OR OTHER INFORMATION FURNISHED BY SUCH PARTY TO THE OTHER PARTY WITH RESPECT TO THE PARCEL AND ENGINEERING, ENVIRONMENTAL OR OTHER REPORTS, STUDIES OR INVESTIGATIONS, IF ANY; (VII) ZONING; (VIII) VALUATION; (IX) HABITABILITY; (X) MERCHANTABILITY; (XI) SUITABILITY OR FITNESS FOR A

PARTICULAR PURPOSE; OR (XII) ANY OTHER MATTER WITH RESPECT TO THE PARCEL. BOTH THE UNIVERSITY AND ACC FURTHER ACKNOWLEDGE AND AGREE THAT IT HAS BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PARCEL TO BE ULTIMATELY ACQUIRED BY IT, AND THAT IT IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE PARCEL AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY THE OTHER PARTY WITH RESPECT TO THE PARCEL IN MAKING ITS DECISION TO ACQUIRE THE PARCEL. FURTHER, BOTH UNIVERSITY AND ACC HEREBY EXPRESSLY ACKNOWLEDGES AND AGREES THAT THE EXCHANGE OF THE PARCELS, AS PROVIDED FOR HEREIN, IS BEING MADE ON AN "AS IS" BASIS, "WITH ALL FAULTS," AND UPON CLOSING, EACH PARTY SHALL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING, WITHOUT LIMITATION, ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS, MAY EXIST WITH RESPECT TO THE PARCEL ACQUIRED BY SUCH PARTY AND WITH FULL KNOWLEDGE AND ACCEPTANCE BY SUCH PARTY OF ALL INFORMATION AND MATTERS DISCLOSED IN ANY AND ALL REPORTS, STUDIES, ASSESSMENTS, INVESTIGATIONS, PROPOSALS AND DOCUMENTS FURNISHED TO, OR OBTAINED BY, SUCH PARTY WITH RESPECT TO THE PARCEL. FURTHER, BOTH THE UNIVERSITY AND ACC ACKNOWLEDGE AND AGREE THAT THERE ARE NO ORAL AGREEMENTS, WARRANTIES OR REPRESENTATIONS COLLATERAL TO OR AFFECTING THE TRANSACTION CONTEMPLATED HEREBY WHICH HAVE BEEN MADE BY THE OTHER PARTY OR ANY THIRD PARTY.

4.2.2 IN THE EVENT THAT FROM AND AFTER CLOSING ANY INVESTIGATION, REMOVAL, ABATEMENT, REMEDIATION, OR OTHER CORRECTIVE ACTION IS AT ANY TIME REQUIRED IN CONNECTION WITH A PARCEL OR ANY ADJACENT OR NEARBY PROPERTY AS A RESULT OF THE PRESENCE OF ANY ENVIRONMENTAL PROBLEMS, HAZARDOUS SUBSTANCES, HAZARDOUS MATERIALS, OR ENVIRONMENTAL CONTAMINATION AT OR ON A PARCEL OR EMANATING FROM A PARCEL TO ANY ADJACENT OR NEARBY PROPERTY, INCLUDING, WITHOUT LIMITATION, ASBESTOS AND PETROLEUM PRODUCTS AND BYPRODUCTS AND ANY CONSTITUENTS THEREOF, REGARDLESS OF WHEN SAME OCCURRED, THE PARTY ACQUIRING SUCH PARCEL ACKNOWLEDGES AND AGREES THAT: (A) ANY SUCH INVESTIGATION, REMOVAL, REMEDIATION, OR CORRECTIVE ACTION SHALL BE PERFORMED BY SUCH ACQUIRING PARTY AND AT ACQUIRING PARTY'S SOLE COST AND EXPENSE; AND (B) THE CONVEYING PARTY HAS NO DUTY OR OBLIGATION TO THE ACQUIRING PARTY TO PERFORM OR CAUSE TO BE PERFORMED ANY SUCH INVESTIGATION, REMOVAL, REMEDIATION, OR CORRECTIVE ACTION. BOTH UNIVERSITY AND ACC FURTHER ACKNOWLEDGE AND AGREE THAT, EFFECTIVE UPON CLOSING, SUCH PARTY, FOR ITSELF, AND ITS SUCCESSORS AND ASSIGNS, HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES AND RELEASES THE OTHER PARTY FROM AND RELINQUISHES ANY AND ALL CLAIMS OR RIGHTS OF CONTRIBUTION (INCLUDING ANY RIGHT TO CONTRIBUTION UNDER 42 U.S.C. §9613(F)) WHICH SUCH PARTY OR ITS SUCCESSORS, LEGAL REPRESENTATIVES OR ASSIGNS NOW HAS OR MAY HAVE AGAINST THE CONVEYING PARTY, ITS PARTNERS, PRINCIPALS, AFFILIATES, AGENTS OR ANY OF ITS EMPLOYEES OR

AGENTS BY REASON OF THE PRESENCE OF ANY HAZARDOUS SUBSTANCE (INCLUDING, BUT NOT LIMITED TO, ASBESTOS AND PETROLEUM PRODUCTS AND BYPRODUCTS AND THE CONSTITUENTS THEREOF) OR ANY OTHER ADVERSE ENVIRONMENTAL CONDITION, DEFECT, OR PROBLEM WITH RESPECT TO THE PARCEL ACQUIRED BY SUCH PARTY (WHETHER SUCH CONDITION, DEFECT, OR CONDITION BE KNOWN OR UNKNOWN, LATENT OR PATENT, OR WHETHER OR NOT ANY INVESTIGATION, REMEDIATION, OR CORRECTIVE ACTION MAY BE REQUIRED OR DESIRABLE WITH RESPECT TO THE PARCEL).

4.2.3 WITHOUT LIMITING THE FOREGOING PROVISIONS, EFFECTIVE UPON CLOSING, BOTH THE UNIVERSITY AND ACC HEREBY UNCONDITIONALLY AND IRREVOCABLY RELEASE THE OTHER PARTY FROM ANY AND ALL CLAIMS, DEMANDS, ACTIONS, LIABILITIES, LOSSES, COSTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES) ARISING FROM OR RELATED TO THE PHYSICAL OR ENVIRONMENTAL CONDITION OF THE PARCEL ACQUIRED BY SUCH RELEASING PARTY. THE RELEASE SET FORTH IN THIS SECTION 4.2.3 SPECIFICALLY INCLUDES ANY CLAIMS UNDER ANY ENVIRONMENTAL LAWS. "ENVIRONMENTAL LAWS" INCLUDES, BUT IS NOT LIMITED TO, THE RESOURCE CONSERVATION AND RECOVERY ACT (42 U.S.C. 6901, ET SEQ.), THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT OF 1980, AS AMENDED BY THE SUPERFUND AMENDMENTS AND REAUTHORIZATION ACT (42 U.S.C. 9601, ET SEQ.) ("CERCLA"); THE CLEAN AIR ACT (42 U.S.C. 4701, ET SEQ.); THE EMERGENCY PLANNING AND COMMUNITY RIGHT-TO-KNOW ACT (42 U.S.C. §1101, ET SEQ.); THE HAZARDOUS MATERIALS TRANSPORTATION ACT OF 1974 (49 U.S.C. §1801, ET SEQ.); THE FEDERAL WATER POLLUTION CONTROL ACT (33 U.S.C. §1251, ET SEQ.); THE FEDERAL INSECTICIDE, FUNGICIDE AND RODENTICIDE ACT (7 U.S.C. §137, ET SEQ.) ("FIFRA"); THE SAFE DRINKING WATER ACT (42 U.S.C. §3001, ET SEQ.); AND THE TOXIC SUBSTANCE CONTROL ACT (15 U.S.C. §2601, ET SEQ.) ("TSCA"), AS ANY OF THE SAME MAY BE AMENDED FROM TIME TO TIME, AND ANY COMPARABLE OR SUCCESSOR PROVISIONS OF FEDERAL, STATE OR LOCAL LAW, AND ANY REGULATIONS, ORDERS, RULES, PROCEDURES, GUIDELINES AND THE LIKE PROMULGATED IN CONNECTION THEREWITH. THE TERMS "HAZARDOUS SUBSTANCES AND HAZARDOUS MATERIALS" SHALL INCLUDE, WITHOUT LIMITATION, ANY HAZARDOUS SUBSTANCE, POLLUTANT, OR CONTAMINANT REGULATED UNDER CERCLA; OIL AND PETROLEUM PRODUCTS AND NATURAL GAS, NATURAL GAS LIQUIDS, LIQUEFIED NATURAL GAS, AND SYNTHETIC GAS USABLE FOR FUEL; PESTICIDES REGULATED UNDER FIFRA; ASBESTOS, POLYCHLORINATED BIPHENYLS, AND OTHER SUBSTANCES REGULATED UNDER TSCA; SOURCE MATERIAL, SPECIAL NUCLEAR MATERIAL, AND BY-PRODUCT MATERIALS REGULATED UNDER THE ATOMIC ENERGY ACT; AND INDUSTRIAL PROCESS AND POLLUTION CONTROL WASTES TO THE EXTENT REGULATED UNDER APPLICABLE ENVIRONMENTAL LAWS.

4.2.4 THE DISCLAIMERS AND RELEASES SET FORTH IN THIS SECTION 4.2 SHALL EXPRESSLY SURVIVE THE CLOSING (AND SHALL NOT MERGE

THEREIN OR INTO ANY DOCUMENTS EXECUTED IN CONNECTION THEREWITH) OR ANY EARLIER TERMINATION OF THIS AGREEMENT.

5. CLOSING AND DEED.

5.1 Closing Date. Unless otherwise mutually agreed upon in writing, the Exchange shall be completed and all necessary legal documents or instruments executed and delivered (the "Closing") on or before April 30, 2015 (the "Closing Date").

5.2 Closing. The Parties may effect Closing by delivery of all requisite documents and funds to the Title Company with appropriate instructions for delivery and disbursement thereof on or before Closing Date.

5.3 University to Deliver. At Closing, the University shall furnish and deliver to the Title Company for delivery to ACC, at the University's expense, the following:

5.3.1 A special warranty deed (the "University Deed") dated as of the Closing Date in form and substance reasonably acceptable to ACC and the University, conveying good and indefeasible title to the University Exchange Parcel, subject only to the Permitted Exceptions applicable to the University Exchange Parcel;

5.3.2 Possession of the University Exchange Parcel, subject only to the Permitted Exceptions applicable thereto;

5.3.3 A certificate in such form as may be required by the Internal Revenue Service pursuant to Section 1445 of the Internal Revenue Code of 1986, as amended, or the regulations issued pursuant thereto, certifying as to the non-foreign status of the University;

5.3.4 The Dedicated Spaces Parking Lease (as hereinafter defined) and Escrow Agreement (as hereinafter defined);

5.3.5 The consent of DCPA and WVCH to the Dedicated Spaces Parking Lease and their agreement that in the event of the termination of the Parking Garage Sublease Agreement or Delegation Agreement, as applicable, by reentry, notice, conditional limitation, surrender, summary proceeding or other action or proceeding, or otherwise, or, if the Parking Garage Sublease Agreement or Delegation Agreement, as applicable, shall terminate for any reason (including expiration of the term) before the date provided in the Dedicated Spaces Parking Lease for the termination of the term of the Dedicated Spaces Parking Lease, the tenant under the Dedicated Spaces Parking Lease shall not be made a party in any removal or eviction action or proceeding (unless required to do so in order to commence and/or continue any such proceeding), nor shall the tenant be evicted or removed of its possession or its right of possession be disturbed or in any way interfered with, and the Dedicated Spaces Parking Lease shall continue in full force and effect as a direct lease from DCPA or WVCH, as applicable, to the tenant.

5.3.6 The consent in writing of Bank of America, N.A., the holder of a lien against WVCH's interest in the Parking Garage Property, to the Dedicated Spaces Parking Lease, its agreement to subordinate its lien to the Dedicated Spaces Parking Lease, and its agreement that in the event of a foreclosure of the lien (or deed in lieu thereof), the Dedicated Spaces Parking Lease will remain in full force and effect and shall not be extinguished by such foreclosure.

5.3.7 Evidence of the authority of the University and the person(s) executing and delivering closing documents on its behalf to consummate the Closing, in form and content reasonably acceptable to the Title Company and ACC; and

5.3.8 Such other items, instruments and documents as are reasonably appropriate, necessary and/or required by the Title Company to consummate the transactions contemplated hereby, including the release of the lease and leasehold financing currently encumbering the University Exchange Parcel.

5.4 ACC to Deliver. At Closing, ACC shall furnish and deliver to the Title Company for delivery to the University, at ACC's expense, the following:

5.4.1 A special warranty deed (the "ACC Deed") dated as of the Closing Date in form and substance reasonably acceptable to the University and ACC, conveying good and indefeasible title to the ACC Exchange Parcel, subject only to the Permitted Exceptions applicable to the ACC Exchange Parcel;

5.4.2 Possession of the ACC Exchange Parcel, subject only to the Permitted Exceptions applicable thereto;

5.4.3 A certificate in such form as may be required by the Internal Revenue Service pursuant to Section 1445 of the Internal Revenue Code of 1986, as amended, or the regulations issued pursuant thereto, certifying as to the non-foreign status of ACC;

5.4.4 The Dedicated Spaces Parking Lease, Escrow Agreement and Easement Agreement;

5.4.5 Provided that the City Council of the City of Morgantown, West Virginia has theretofore approved by final hearing the annulment of an unnamed alley (6.83' wide right of way) containing 0.02 acre, more or less, all as more particularly set forth on the Plat of Survey Showing Portion of Unnamed Alley to be Annulled dated January 15, 2015 prepared by Potesta & Associates, Inc., a quitclaim deed dated as of the Closing Date in form and substance reasonably acceptable to the University and ACC, quitclaiming to the University ACC's right, title and interest in and to that portion of the alley abutting and sharing a common boundary with the ACC Exchange Parcel (and ACC shall retain its right, title and interest in and to that portion of the alley abutting and sharing a common boundary with the remainder of the ACC Property);

5.4.6 Evidence of the authority of ACC and the person(s) executing and delivering closing documents on its behalf to consummate the Closing, in form and content reasonably acceptable to the Title Company and the University; and

5.4.7 Such other items, instruments and documents as are reasonably appropriate, necessary and/or required by the Title Company to consummate the transactions contemplated hereby, including, a termination of the Covenants.

5.5 The parties agree that initial drafts of the University Deed, ACC Deed, Dedicated Spaces Parking Lease, Escrow Agreement and Easement shall be prepared by ACC and submitted to the University at least ten (10) business days in advance of the Closing for review and approval.

5.6 The University is an agency of the State of West Virginia; therefore, the University Deed and ACC Deed 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 or from the State of West Virginia, or to or from 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.

5.7 With respect to the University Exchange Parcel, the University agrees to pay for preparation of the University Deed; the cost of clearing any liens or encumbrances affecting the University Exchange Parcel; any local, county or state transfer or recording or documentary stamp tax assessed in connection with the transfer; recordation of any releases executed by any and all creditors, if any; and other charges typically paid by sellers in transactions of this nature in the county in which the University Exchange Parcel is located.

5.8 With respect to the ACC Exchange Parcel, ACC agrees to pay for preparation of the ACC Deed; the cost of clearing any liens or encumbrances affecting the ACC Exchange Parcel; any local, county or state transfer or recording or documentary stamp tax assessed in connection with the transfer; recordation of any releases executed by any and all creditors, if any; and other charges typically paid by sellers in transactions of this nature in the county in which the ACC Exchange Parcel is located.

5.9 In addition to the foregoing, each Party shall pay the cost of the issuance of any Owner Policy of Title Insurance desired to be obtained by such Party in connection with the transactions contemplated by this Agreement. Each Party shall pay its own attorneys' fees.

6. CONTINGENCIES. The following shall be conditions precedent to the obligations of the University to consummate this Agreement, the failure of which shall permit the University to exercise the remedies set forth below:

6.1 The University having fulfilled its obligations with respect to W. Va. Code § 18B-19-10(a)(1) through (3).

6.2 In the event that the University Exchange Parcel is valued at greater than \$1 million, the University having fulfilled its obligations with respect to W. Va. Code § 18B-19-13.

If any such conditions precedent are not satisfied on or before three (3) business days' prior to the Closing Date (as the Closing Date may be extended to such later date and time that is agreeable to the University and ACC), the University shall be entitled to terminate this Agreement by written notice to ACC on or before three (3) business days' prior to the Closing Date, whereupon the University and ACC shall have no obligations hereunder, except with respect to any such obligations that expressly survive the termination hereof. In the event the University fails to terminate this Agreement by written notice to ACC on or before three (3) business days prior to the Closing Date, the University shall constitute the University's waiver of its right to terminate this Agreement pursuant to this Section 6.

7. TAXES AND ASSESSMENTS. University, as a state agency, is exempt from taxation; therefore, ACC, with respect to the ACC Exchange Parcel, agrees to pay:

7.1 All real and personal property taxes that may be due and payable for the current and all prior tax years, as assessed by the applicable County Assessor and to be collected by the applicable County Sheriff. ACC agrees to provide proof of payment to the University on or before Closing. ACC agrees to escrow sufficient funds to be held by the Title Company, for the sole purpose of paying in a timely manner real estate taxes for the ACC Exchange Parcel assessed in the name of the ACC (or its predecessor in title) for the 2015 tax year. To the extent that excess funds are escrowed and are not used to pay taxes, the funds shall be reimbursed to ACC pursuant to the terms of a formal escrow agreement (the "Escrow Agreement") in form mutually acceptable for the University and ACC to be executed and delivered by the University and ACC at Closing.

7.2 Any and all other state, county, or municipal assessments (including Fire Services Fees) that shall be due and payable for all current and prior years, as assessed and determined by the applicable authority.

8. PARKING IMPROVEMENTS, DEDICATED SPACES PARKING LEASE AND EASEMENT.

8.1 Parking Improvements.

8.1.1 The University shall cause to be constructed by DCPA the Parking Improvements (as depicted in Exhibit G attached hereto and made a part hereof) in a good and workmanlike manner, and, at ACC's request, substantially in accordance, where applicable, with the City of Morgantown Planning and Zoning Code (the "Surface Parking Plans") and all applicable governmental requirements. The agreement of the University

contained in this Section 8.1 shall expressly survive the Closing of this Agreement. In connection therewith, the University agrees that the University shall cause DCPA to do the following:

8.1.1.1 Obtain all approvals required from all governmental authorities for construction of the Parking Improvements;

8.1.1.2 Cause the ACC to be provided with copies of all performance, maintenance and other bonds, if any, required in connection with construction of the Parking Improvements;

8.1.1.3 Cause such bonds to remain in full force and effect during the entire term of construction of the Parking Improvements;

8.1.1.4 Provide ACC, within two (2) business days following receipt, with copies of any and all correspondence between the University and DCPA regarding the Parking Improvements; and

8.1.2 The University shall cause DCPA to commence construction of the Parking Improvements on or before February 15, 2015 and diligently pursue same to completion on or before September 15, 2015.

8.1.3 The University shall cause DCPA to pay all hard and soft costs and expenses for and relating to the construction of the Parking Improvements in accordance with the Surface Parking Plans and the requirements of all governmental authorities.

8.1.4 The University will cause all warranties issued in connection with the construction of the Parking Improvements to be issued jointly in the name of ACC, DCPA and the University and shall cooperate with ACC in the enforcement thereof.

8.2 Dedicated Spaces Parking Lease. At the Closing, the University shall lease the Dedicated Parking Spaces in the University's subleased premises in the Parking Garage on the Parking Garage Property pursuant to the Parking Garage Sublease Agreement (the "Dedicated Spaces Parking Lease") in form and upon the terms and provisions mutually acceptable to the University and ACC. The Dedicated Spaces Parking Lease will provide, in part, as follows:

8.2.1 The Dedicated Parking Spaces shall be for the purpose of the parking of personal motor vehicles (non-commercial) by ACC, its successors, assigns, transferees, tenants, subtenants, licensees, invitees or occupants of ACC and/or the ACC Property.

8.2.2 The Dedicated Parking Spaces shall be allocated to specific space locations mutually acceptable to the University and ACC. ACC agrees to cooperate with the University in the use of parking stickers, tokens or other forms of identification to permit the University to monitor the use of spaces in the Parking Garage. The total number of parking spaces in the Parking Improvements and the Dedicated Parking Spaces shall be sixty (60) spaces.

8.2.3 The lease of the Dedicated Parking Spaces shall be at no cost to ACC or to its tenants, subtenants, licensees, invitees or occupants of the ACC Property using the spaces.

8.2.4 The Dedicated Spaces Parking Lease shall be for a term of twenty (20) years.

8.2.5 The University may, at any time and from time to time, promulgate such rules and regulations in connection with the use of the Parking Garage as the the University may deem necessary or appropriate, in its reasonable discretion, and so long as all such rules and regulations shall be enforced equally against the respective tenants, subtenants, licensees, invitees or occupants of the University and the ACC Property.

8.3 At the Closing, ACC shall grant and convey grant and convey the Temporary Garage Construction Easement and Temporary Surface Parking Construction Easement pursuant to the terms and provisions of an Easement Agreement (herein so called) substantially similar to the Easement Agreement dated of even date herewith by and between ACC and DCPA or otherwise upon terms and conditions acceptable to ACC, the University and DCPA.

9. RISK OF LOSS. The risk of loss or damage to the University Exchange Parcel by fire or other casualty or a taking by condemnation, eminent domain or similar proceedings shall remain with the University until Closing and the risk of loss or damage to the ACC Exchange Parcel by fire or other casualty or a taking by condemnation, eminent domain or similar proceedings shall remain with ACC until Closing. If, prior to Closing, the University Exchange Parcel or the ACC Exchange Parcel shall be destroyed or damaged by fire or other casualty or condemned or threatened to be condemned to any extent, the respective Party otherwise acquiring such property pursuant to the terms of this Agreement may terminate this Agreement by written notice to the other Party within the earlier to occur of (a) ten (10) days following discovery by such Party of such damage or taking or threatened taking or (b) the Closing Date. If such Party fails to timely terminate this Agreement as a result thereof, despite such damage or condemnation or threatened condemnation, such Party shall (despite such damage or condemnation or threatened condemnation) close and consummate the purchase of the University Exchange Parcel or ACC Exchange Parcel then remaining (after any such damage or condemnation or threatened condemnation) without any reduction or adjustment in the consideration associated therewith and the selling party shall at Closing assign to the purchasing party any and all insurance proceeds or condemnation proceeds theretofore received by the selling party in connection with such damage or condemnation or threatened condemnation and all rights of the selling party in and to any and all claims therefor existing on the part of such selling party and applicable to such damage or condemnation or threatened condemnation.

10. NO SHOP. As partial but material consideration for this Agreement and the transaction subject to this Agreement as well as all related covenants and agreements under this Agreement, the Parties agree that during the period commencing on the date of this Agreement and ending on the earlier of the Closing Date or the termination of this Agreement, the Parties will not, directly or indirectly (a) encourage, solicit or initiate discussions or negotiations with

any corporation, partnership, person, entity or group, other than with each other, concerning any sale of the University Exchange Parcel and ACC Exchange Parcel, or acquisition of beneficial ownership with respect to the University Exchange Parcel and ACC Exchange Parcel, or (b) otherwise initiate any action (unless in response to an unsolicited offer) which would prejudice the ability of each Party to close under this Agreement.

11. CONFIDENTIALITY AND PUBLICITY. Except to the extent required or permitted by law, the provisions of this Agreement shall be held in strictest confidence by the University and ACC and shall not be publicized or disclosed in any manner whatsoever; provided, however, that (a) the parties may disclose this Agreement, in confidence, to their respective attorneys, accountants, auditors, tax preparers, financial advisors, and other parties necessary to perform due diligence prior to closing; and (b) the parties may disclose this Agreement insofar as such disclosure may be necessary to enforce its terms or as otherwise required by law.

12. NOTICES. Any notice required or permitted to be given by any provision of this Agreement shall be in writing, executed by the party giving such notice, and delivered by certified mail, return receipt requested, postage prepaid, addressed as follows:

ACC: American Campus Communities Operating Partnership LP  
Attn: Jennifer Jones  
12700 Hill Country Blvd.  
Suite T-200  
Austin, TX 78738

University: West Virginia University  
Attn: Shannon N. Mundell, Director of Real Estate  
PO Box 6555  
48 Donley Street, 4<sup>th</sup> Floor  
Morgantown, West Virginia 26506-6555

with copy to: West Virginia University  
Attn: General Counsel  
PO Box 6204  
Morgantown, WV 26506-6204

DCPA: Downtown Campus Parking Associates, LLC  
Attn: Ryan Lynch  
PO Box 4034  
Morgantown, WV 26504-4034

and

Brian Helmick, Esq.  
Spilman Thomas & Battle, PLLC  
300 Kanawha Boulevard, East  
Charleston, WV 25301

13. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of West Virginia.

14. ASSIGNMENT. This Agreement may not be assigned by either the University or ACC without the prior written consent of the other Party.

15. ENTIRE AGREEMENT. This Agreement constitutes and contains all stipulations and agreements between the University and ACC, superseding any prior written or oral agreements between them respecting the subject matter of this Agreement, and unless in subsequent writing which has been signed and dated by the parties, no representations by either of the parties other than contained in this Agreement shall be binding upon either Party. This Agreement may be executed in one or more counterparts, and all so executed shall constitute one (1) and the same agreement, binding upon the Parties hereto, notwithstanding that all of the Parties are not signatories to the same counterparts. Executed copies hereof may be delivered by email transmission or other electronic means and upon receipt will be deemed originals and binding upon the parties hereto, regardless of whether originals are delivered thereafter.

16. MODIFICATIONS. Any provision to modify, alter, enlarge, or change this Agreement shall be in writing, signed and dated by both Parties.

17. BINDING AGREEMENT. This Agreement and all of its terms and conditions shall extend to and be binding upon the Parties hereto and upon each of their respective heirs, executors, administrators, successors and permitted assigns.

18. REPRESENTATIONS AND WARRANTIES. The Parties mutually hereby represent and warrant to each other as to their respective Parcel to be conveyed as follows, which representations and warranties shall be true and correct as of the date hereof and as of the date of Closing and the truth and correctness of which shall be a conditions precedent to University's and ACC's obligations to close the transaction contemplated by this Agreement:

18.1 There are no existing or pending actions, suits or proceedings with respect to or affecting any aspect of any of the University Exchange Property or ACC Exchange Parcel nor, to the actual knowledge of the University or ACC, as applicable, have any such actions, suits or proceedings been threatened or asserted.

18.2 Neither party has knowledge of any pending or, to the actual knowledge of the University or ACC, as applicable, threatened condemnation, or similar proceeding affecting the University Exchange Parcel or ACC Exchange Parcel, respectively, or any portion thereof.

18.3 To the actual knowledge of the University or ACC, as applicable, there are not now any Hazardous Substances used, generated, stored, treated or disposed of on the University Exchange Parcel and ACC Exchange Parcel in such manner or quantity so as to constitute a violation under Environmental Laws, except as in the normal course of business for each tenant and owner of the University Exchange Parcel and ACC Exchange Parcel which, to

the actual knowledge of the University or ACC, as applicable, was in compliance with Environmental Laws.

18.4 At the time of Closing, the University Exchange Parcel and ACC Exchange Parcel shall be vacant and not subject to any written or unwritten agreement or lease.

For all purposes of this Agreement, the "actual knowledge" of the University and ACC shall mean, with respect to the University, the actual conscious knowledge of Dusty Hays, without inquiry, and, with respect to ACC, the actual, conscious knowledge of Brett Hahnel, without inquiry.

Notwithstanding the foregoing provisions of this Section 18, in the event that (a) any of the representations is made "to the actual knowledge" of a Party and (b) subsequent to the date hereof but prior to Closing information (collectively, the "New Information") is discovered and presented to the Party making the representation or is discovered by the other Party, which New Information, if in the possession of the Party making the representation on the date hereof, would have rendered such representation false in a material respect (i.e., if such Party had actual knowledge of the New Information on the date hereof then such representation, as made by such Party, would have been false in a material respect) then, provided that the Party making the representation discloses such New Information not otherwise discovered by the other Party to the other Party prior to the Closing Date or in the event the other Party discovers New Information: (i) such representation shall be deemed to have been remade as of the date such disclosure is made to take such New Information into account, and (ii) such remaking of such representation shall not be deemed a breach of such representation by the Party making the representation; provided, however, that such remaking of such representation shall give the other Party the right to terminate this Agreement, so long as written notice of the same is delivered within ten (10) days after the other Party's receipt of the New Information, as its sole and exclusive remedy.

## 19. DEFAULT AND REMEDIES.

19.1 In the event ACC defaults under this Agreement or fails to perform any obligation of ACC under this Agreement, including, without limitation, the obligation to convey good and indefeasible title to the ACC Exchange Parcel to the University on the Closing Date subject only to the ACC Exchange Parcel Permitted Exceptions in accordance with the provisions of this Agreement, or in the event of a breach of any of ACC's representations or warranties, and if such default or breach is not cured within five (5) days after written notice thereof from the University, then the University, at its option, and as its sole and exclusive remedies, may (a) bring suit against ACC for specific performance of ACC's obligations under this Agreement or (b) terminate this Agreement by written notice to ACC, in which event ACC agrees to pay to the University, as liquidated damages, and not as a penalty, the amount of One Million and No/100 Dollars (\$1,000,000.00) within thirty (30) days of receipt from the University of written demand therefor whereupon neither the University nor ACC shall have any further liability hereunder, except those expressly surviving the termination of this Agreement. Should ACC fail to pay when due such amount demanded, the amount demanded shall bear interest at the rate of twelve percent (12%) per annum until paid. Such liquidated damages are hereby agreed to be a reasonable estimate of damages the University will incur as a result of the

failure of the Exchange to be consummated pursuant to this Agreement and further agreed that it would be otherwise impractical and extremely difficult to estimate the damages that the University may suffer.

19.2 Subject to Section 6 herein (but only so long as the University has not waived its right to terminate this Agreement thereunder), in the event the University defaults under this Agreement or fails to perform any obligation of the University under this Agreement, including, without limitation, the obligation to convey good and indefeasible title to the University Exchange Parcel to ACC on the Closing Date subject only to the University Exchange Parcel Permitted Exceptions in accordance with the provisions of this Agreement, or in the event of a breach of the University's representations or warranties, and if such default or breach is not cured within five (5) days after written notice thereof from ACC, then ACC at its option, and as its sole and exclusive remedies, may (a) bring suit against the University for specific performance of the University's obligations under this Agreement or (b) terminate this Agreement by written notice to ACC. In addition, if this Agreement is terminated by either Party for any reason other than the default of ACC hereunder (including, without limitation, the failure of the conditions precedent to the University's obligations to perform hereunder as set forth in Section 6 and the termination by the University of this Agreement pursuant to Section 6, the termination of the Agreement by either Party pursuant to the express provisions thereof and/or the default of the University hereunder and the termination by ACC of this Agreement pursuant to (b) above), the University agrees to pay ACC, as liquidated damages, and not as a penalty, the amount of One Million and No/100 Dollars (\$1,000,000.00) within thirty (30) days of receipt from ACC of written demand therefor whereupon neither the University nor ACC shall have any further liability hereunder, except those expressly surviving the termination of this Agreement. Should the University fail to pay when due such amount demanded, the amount demanded shall bear interest at the rate of twelve percent (12%) per annum until paid. Such liquidated damages are hereby agreed to be a reasonable estimate of damages ACC will incur as a result of the failure of the Exchange to be consummated pursuant to this Agreement and further agreed that it would be otherwise impractical and extremely difficult to estimate the damages that ACC may suffer.

19.3 Notwithstanding the foregoing provisions, in the event of a failure by the University to perform any obligation, covenant or agreement of the University under Section 8.1 and the continuance of such failure for a period of five (5) days following the receipt of written notice from ACC to the University specifying such failure (or such longer period as may be reasonable under the circumstances, not to exceed sixty (60) days following ACC's initial notice to the University, as long as the University commences the cure of such failure within such five (5) day period and thereafter diligently pursues same to completion), ACC may pursue such remedies which may be available to ACC at law or in equity, including, without limitation, the right to seek to enforce specific performance of the University's obligations hereunder or, by written notice to the University may elect to take over construction of the Parking Improvements in accordance with the terms of Section 8.1, in which event, the following shall apply: (a) the University shall have no further right to cause to be constructed the Parking Improvements, (b) ACC shall be entitled to: (i) take all necessary action to cause the Parking Improvements to be completed substantially in accordance with the Surface Parking Plans; (ii) have the benefit of all easements which may be required, necessary or appropriate in order for ACC to cause the

Parking Improvements to be completed, as may be reasonably necessary for construction and staging, for the purposes of constructing the Parking Improvements in the locations shown in the Plans; (iii) engage all contractors and subcontractors deemed necessary or appropriate by ACC to complete the Parking Improvements, use all or any part or parts of the labor, materials, supplies and equipment contracted for by or on behalf of the University, whether or not previously incorporated into the Parking Improvements, all in the sole and absolute discretion of ACC; (iv) pay, settle or compromise all bills or claims for labor performed and materials furnished in connection with the construction and installation of the Parking Improvements, including, without limitation, claims arising prior to or after the taking over construction by ACC; and as costs are incurred by ACC in connection with completing the construction of the Parking Improvements in accordance with the terms hereof, present invoices for labor performed or materials furnished in connection with such construction to the University. If ACC elects to take over construction of the Parking Improvements in accordance with the provisions of this Section 19.3, the University shall cause DCPA to pay ACC on demand all sums paid or incurred by ACC in connection with the construction of the Parking Improvements in accordance with the terms hereof.

19.4 The provisions of this Section 19 shall expressly survive the termination of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the date first above written.

**UNIVERSITY:**

WEST VIRGINIA UNIVERSITY BOARD OF GOVERNORS on behalf of WEST VIRGINIA UNIVERSITY, E. Gordon Gee, President

By: Narvel G. Weese, Jr.  
Narvel G. Weese, Jr.  
Its: Vice President for Administration and Finance

**ACC:**

AMERICAN CAMPUS COMMUNITIES, OPERATING PARTNERSHIP

By: \_\_\_\_\_  
Its: \_\_\_\_\_

The undersigned does hereby acknowledge its obligations to construct the Parking Improvements all as more particularly set forth under Section 8 and Section 19.3 of this Real Estate Exchange and Development Agreement.

Downtown Campus Parking Associates, LLC,  
a West Virginia limited liability company

By: \_\_\_\_\_  
Its: \_\_\_\_\_

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the date first above written.

UNIVERSITY:

WEST VIRGINIA UNIVERSITY BOARD OF GOVERNORS on behalf of WEST VIRGINIA UNIVERSITY, E. Gordon Gee, President

By: \_\_\_\_\_  
Narvel G. Weese, Jr.  
Its: Vice President for Administration and Finance

ACC:

AMERICAN CAMPUS COMMUNITIES, OPERATING PARTNERSHIP

By: *[Signature]*  
Its: vice president

The undersigned does hereby acknowledge its obligations to construct the Parking Improvements all as more particularly set forth under Section 8 and Section 19.3 of this Real Estate Exchange and Development Agreement.

Downtown Campus Parking Associates, LLC,  
a West Virginia limited liability company

By: \_\_\_\_\_  
Its: \_\_\_\_\_

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the date first above written.

**UNIVERSITY:**

WEST VIRGINIA UNIVERSITY BOARD OF GOVERNORS on behalf of WEST VIRGINIA UNIVERSITY, E. Gordon Gee, President

By: \_\_\_\_\_  
Narvel G. Weese, Jr.  
Its: Vice President for Administration and Finance

**ACC:**

AMERICAN CAMPUS COMMUNITIES, OPERATING PARTNERSHIP

By: \_\_\_\_\_  
Its: \_\_\_\_\_

The undersigned does hereby acknowledge its obligations to construct the Parking Improvements all as more particularly set forth under Section 8 and Section 19.3 of this Real Estate Exchange and Development Agreement.

Downtown Campus Parking Associates, LLC,  
a West Virginia limited liability company

By: Ray L. [Signature]  
Its: Managing Member

EXHIBIT A  
ACC Property



EXHIBIT B

Parking Garage Property



EXHIBIT C

Construction Easement Area

DESCRIPTION OF  
0.48 ACRE  
Temporary Construction Easement

A tract of land, situate along University Avenue, in Forth Ward of Morgantown, Morgan District, Monongalia County, West Virginia, more particularly described as follows;

Beginning at a P-K nail set on the northeastern right of way line of University Avenue, at the common corner between American Campus Communities Operating Partnership, LP, recorded in Deed Book 1360 at page 39, and the West Virginia University Board of Governors, recorded in Deed Book 1468 at page 379, thence running with the right of way line of said University Avenue

N30°57'38"W, at 62.55 feet crossing a P-K nail found, at 82.27 feet crossing the common corner between Lot D and Lot E, in all a total distance of 138.37 feet to a point at the common corner between Lot E and Lot F, thence leaving said University Avenue and running through and across the property of said American Campus Communities Operating Partnership, LP, from which this conveyance is a part of for six (6) calls

N59°12'34"E, 112.40 feet to a point at the common corner between said Lots E and F, said point also being in the common division line of Lot B, thence

S67°26'59"E, 88.65 feet to a point in the common division line between Lot A and Lot C, thence

S31°28'27"E, 62.77 feet to a Railroad Spike found at the northern corner to Quay Avenue, thence

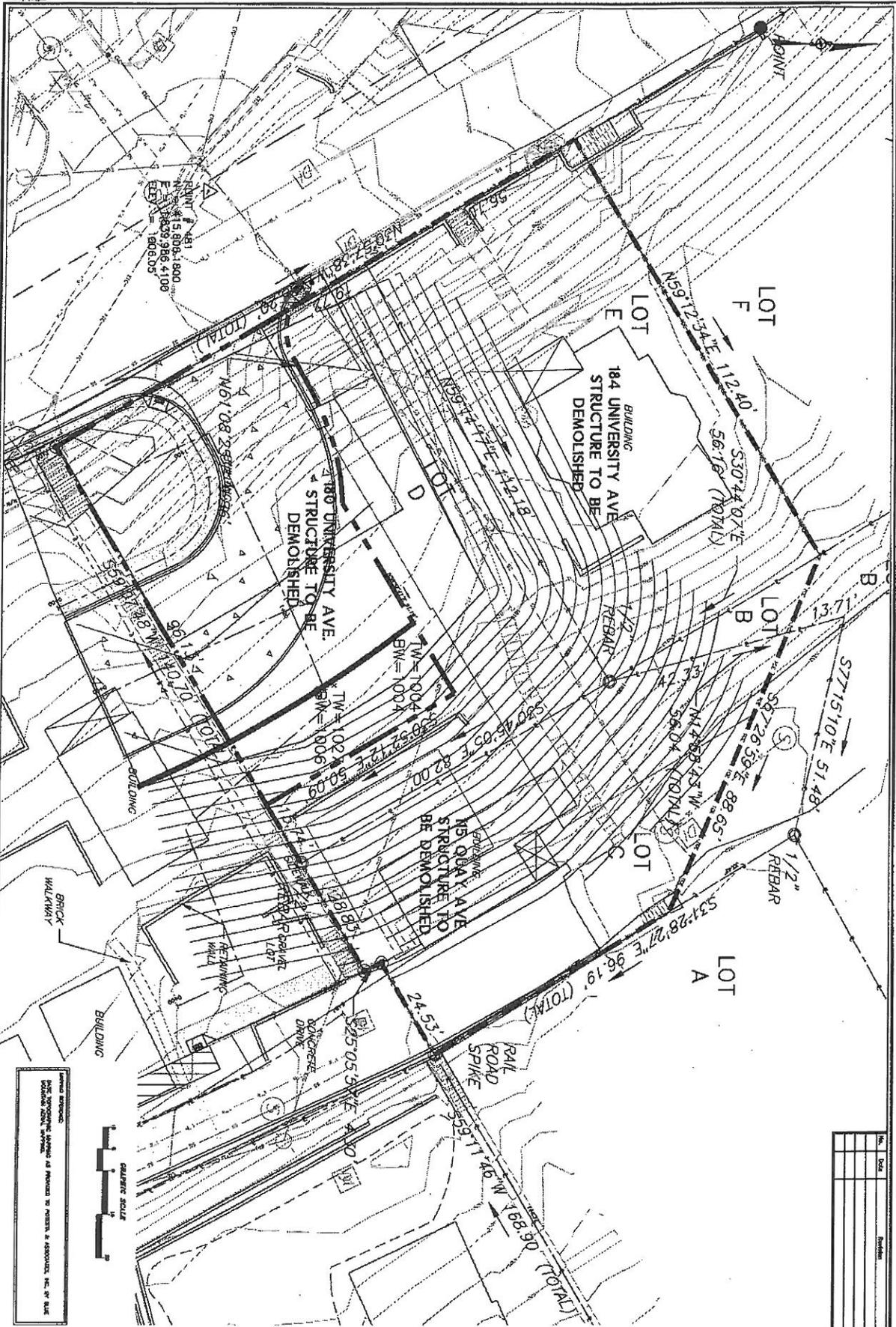
S59°11'46"W, 24.53 feet to a 5/8 inch rebar with plastic cap found at the southern corner to said Quay Avenue, thence

S25°05'57"E, 4.30 feet to a 5/8 inch rebar with plastic cap found at the common corner to said West Virginia University Board of Governors, recorded in Deed Book 1468 at page 379, thence leaving Quay Avenue and running with said West Virginia University Board of Governors

S59°07'48"W, at 28.83 feet crossing a 1/2 inch rebar found, at 44.75 feet crossing a 5/8 inch rebar with plastic cap found, in all a total distance of 140.70 feet to the point of beginning, containing 0.48 acres more or less.

EXHIBIT D

Plans



ENTRANCE ROUGH GRADING PLAN  
UNIVERSITY PLACE PARKING GARAGE  
MORGANTOWN, WV

Client: DOWNTOWN CAMPUS PARKING ASSOCIATES, LLC  
P.O. BOX 4034  
MORGANTOWN, WV 26505

**POTESTA**

POTESTA & ASSOCIATES, INC.  
ENGINEERS AND ENVIRONMENTAL CONSULTANTS  
155 Lakeside Drive, Morgantown, WV 26505  
Tel: (304) 336-2546 Fax: (304) 336-5500  
E-Mail Address: potesta@potesta.com

NO.	DATE	REVISION

EXHIBIT E  
ACC Exchange Parcel  
DESCRIPTION OF  
0.11 ACRE  
PROPERTY TRANSFER TO  
WEST VIRGINIA UNIVERSITY BOARD OF GOVERNORS

A tract of land, situate along University Avenue, in Forth Ward of Morgantown, Morgan District, Monongalia County, West Virginia, more particularly described as follows;

Beginning at a P-K nail set on the northeastern right of way line of University Avenue, at the common corner between American Campus Communities Operating Partnership, LP, recorded in Deed Book 1360 at page 39, and the West Virginia University Board of Governors, recorded in Deed Book 1468 at page 379, thence running with the right of way line of said University Avenue

N30°57'38"W, 62.55 feet to a P-K nail set, thence leaving said University Avenue and running through and across the property of said American Campus Communities Operating Partnership, LP, from which this conveyance is a part of

around a curve to the left, having an arc length of 11.73 feet, a radius of 13.00 feet, and a chord bearing and distance of N86°59'53"E, 11.34 feet to a point, thence

N61°08'25"E, 9.86 feet to a point, thence

around a curve to the right, having an arc length of 26.35 feet, a radius of 56.00 feet, and a chord bearing and distance of S74°37'12"W, 26.11 feet to a point, thence

N58°57'41"E, 51.19 feet to a 5/8 inch rebar with plastic cap set, thence

S30°52'12"E, 50.09 feet to a 5/8 inch rebar with plastic cap set in the common division line of said West Virginia University Board of Governors, from which a 1/2 inch rebar found bears N59°07'48"E at 15.74 feet, thence with said division line

S59°07'48"W, 96.13 feet to the point of beginning, containing 0.11 acres more or less.

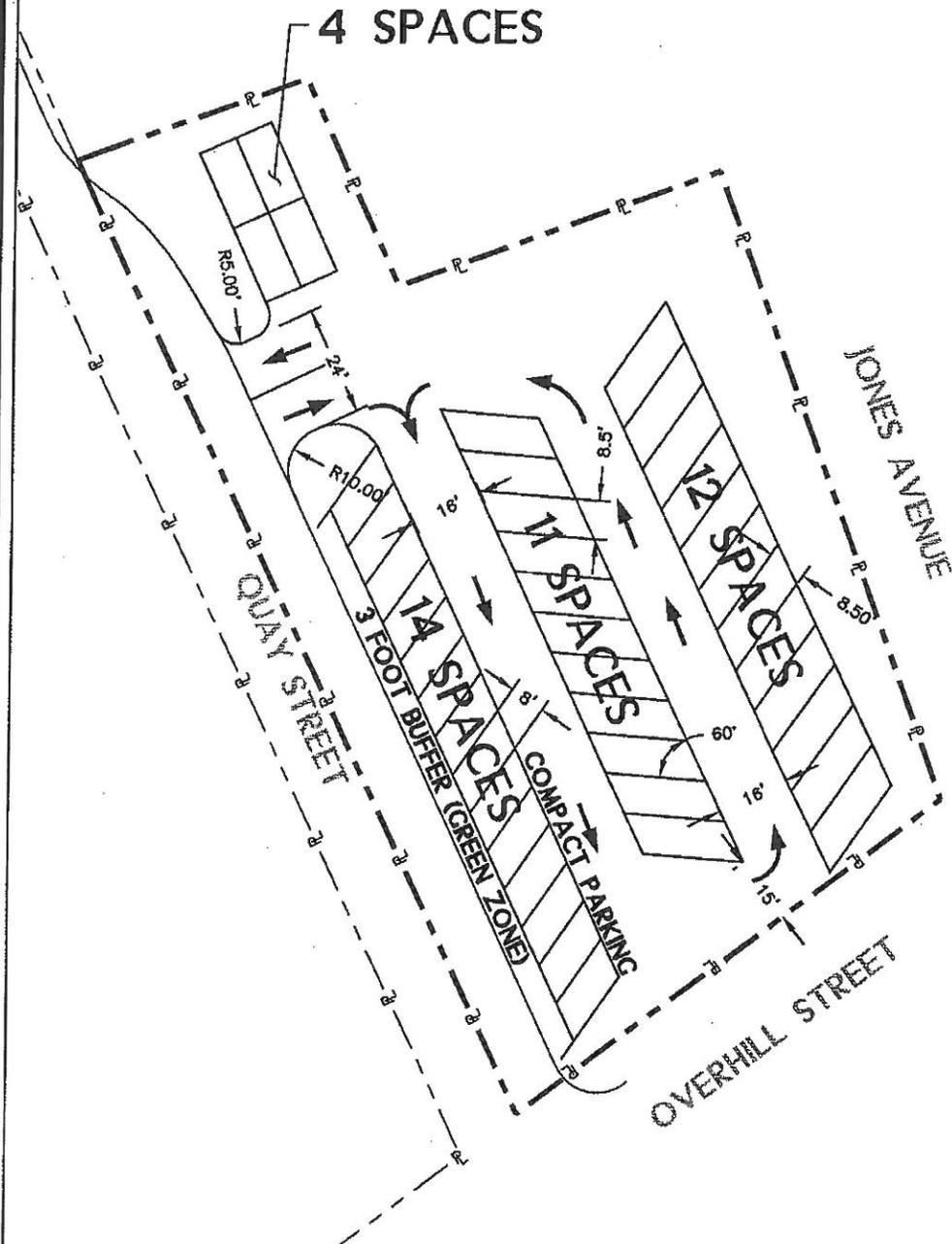
EXHIBIT F

University Exchange Parcel



EXHIBIT G  
Surface Parking Plans

# PARKING AREA FOR SUNNYSIDE COMMONS 41 PARKING SPACES



File: C:\Users\robbyard\AppData\Local\Temp\AcPublish\_1296\14-0426-DESIGN.dwg  
 Plot Date/Time: Feb 06, 2015 - 2:31pm  
 Plotted By: robbyard

**POTESTA & ASSOCIATES, INC.**  
 ENGINEERS AND ENVIRONMENTAL CONSULTANTS  
 125 Lakeview Drive, Morgantown, WV 26508  
 TEL: (304) 225-2245 FAX: (304) 225-2248  
 E-Mail Address: potesta@potesta.com