

The Honorable Mitch Carmichael, Chair

**JOINT COMMITTEE ON
GOVERNMENT AND FINANCE**

Materials Distributed

November 11, 2018



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2ND SESSION OF THE 83RD LEGISLATURE

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INTERIM COMMITTEE ATTENDANCE - RESULTS

SUNDAY, NOVEMBER 11, 2018 - 04:00 PM

JOINT COMMITTEE ON GOVERNMENT AND FINANCE

Attended:

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

Submitter:

Terri Stowers

Phone:

(304) 347-4813

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JOINT COMMITTEE ON GOVERNMENT AND FINANCE
(President Carmichael Presided)

September 16, 2018

5:00 p.m. – 6:00 p.m.

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

President Carmichael: “The Committee will come to order. The first item on the Agenda is the approval of the June 26, 2018 minutes. I recognize Speaker Hanshaw.”

Speaker Hanshaw: “I move the minutes of the meeting on June 26, 2016 of the Joint Committee on Government and Finance as contained in the members packets be approved as distributed.”

President Carmichael: “Heard the motion. Is there discussion? If not, all of those in favor will say aye. Those opposed no. The ayes appear to have it, the ayes do have it. I declare the motion adopted and the minutes are approved.”

President Carmichael: “Committee reports. The monthly committee reports are in your packets. We’ll call on each agency to come forward and discuss it briefly. So, we will call on Lottery and Unemployment Compensation Fund first. Is there someone there in our audience? Please come forward and state your name.”

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

President Carmichael: “Thank you Mr. Spencer. Are there questions? If not, thank you very much. The next item is the General Revenue Fund and State Road Fund. Mark Muchow. Mark if you would, approach the podium.”

Mark Muchow: “I’m Mark Muchow, Department of Revenue and I think I’ll talk about the

first two months of the year because I think the last meeting might have been in June. And, the numbers are highly positive in the first two months of the fiscal year. The Governor has had some press conferences on the subject matter. We were above estimate through the end of August by \$65.8M and compared to last year, ahead by 19%. A 19% growth is usually unheard of in any place. Not just here. So, that's just a very wild level of growth. Half of the surplus... almost half of the surplus... \$30.3M is in the area of severance tax. Severance tax collections for the General Revenue Fund were about 150% higher this year vs. last year. And, that's really good numbers and that's helping to propel all the other various tax collections. But, it's not just in the severance area. Construction sector is doing well, and we are seeing some strong gains particularly in the wages salary areas of construction, as well as healthcare... going on... which is helping to propel the personal income side. I might add that July and August are a couple of the smallest months of the year. So, we usually don't get a good feel for things until we get that first quarter in, which would be September-October type of revenues. But, very good numbers.

The natural gas numbers are way up. Oil production numbers are way up on severance so far this year. Coal is up so far on severance as well... strong numbers. Now, that comes after the second half of the last fiscal year ... in which we actually had a decline in the severance revenues from the prior year. So, in any given year, you could have both a boom and a bust in severance. It all depends on the market conditions that could change pretty rapidly. I think the Governor stressed a little bit of caution overall. The numbers are great. We don't want to downplay those. The economy is doing pretty well underlying that. But, just some caution on that because things can change from time to time.

Beyond the severance tax, the sales tax is doing strongly, since June actually... very strongly ... it reflected \$206M in sales tax. That's \$16M above estimate and for the General Revenue Fund, 20.7% ahead of last year. This is a tax that through most of last year was growing at 2% or less. So, now in real terms, it has actually grown at least 13%. So, going from 2%-13%, that's a pretty big jump. A lot of construction industry related activity in the numbers. But, also, keep in mind that we had a significant Federal Tax Reform that occurred at the tail end of the calendar year 2017 that affects 2018. And, that tax reform involved a relatively significant federal tax cut. So, most people have more money in their wallets to spend as well. So, now you not only have the construction industry, but you also have a greater spin with a little bit of optimism in the economy.

The Personal Income Tax is also above estimate. We collected \$284.7M in the first two months of the year. So, that's about \$14.3M above estimate, about 11 1/2 % ahead of last year.

Payroll employment growth, the last two months has been running at about 1 1/2%. Basically, about double what we had in the underlying forecasts a few months ago. So, that's good news. Definitely a lot of good activity, especially in the Eastern Panhandle, the northern part of the state, the counties that have the natural gas pipelines going through them. So, that's some strong growth there as well. And, those pipelines are a

significant amount of concentrated investment in a short period of time. That's definitely a big plus for the state's economy. We are talking about billions of dollars of investments in pipeline. Beyond that, most everything else in General Revenue is about at estimate or slightly above estimate.

The Corporate Tax was slightly below estimate by about \$900,000.00. Not a lot of corporate collections the first two months of the year. But, even though it was slightly below estimate, it's still about 22.2% ahead of last year. Those are good numbers.

The Tobacco Tax also running above estimate at about \$1.3M above estimate. Just about nine tenths of a percent less than last year. So, that's getting back to a little more of a trend like we would see in past years.

The State Road Fund... numbers are pretty good there. We are still coming off of the... there were several fee and tax increases imposed on July 1, 2017 and once we get into September and beyond we will basically cycle through an entire year of that. So, the numbers should start to flatten out a little bit after this.

But, the Motor Fuel Tax year to date is about 14.7% higher than last year. The Registration Fees are up 29.2%. The Vehicle Sales Tax is up 20.6% and the total monies that are put into the State Road Fund by the State of West Virginia is up 9% over last year. So, the monies are there. The state issued some bonds back at the end of May. Those are in place. Had a good return on that. The federal reimbursement was the only thing that was below estimate and federal reimbursements come in nice, large chunks so I don't attribute anything bad about that. Those monies will show up. It's just that when they do show up, they come in large chunks. I would defer to Highways as to how that comes in. But, I'm not worried about that either. Any questions?

President Carmichael: "Now that's a great report. I recognize Speaker Hanshaw."

Speaker Hanshaw: "Thank you, Mr. President. Thank you Mark for that. Positive numbers are always good to hear. Can you help me understand if any of the increases that you described there can be attributable to what we would consider to be extraordinary payment or anything beyond the scope of normal collection activity? For example, none of that is attributable to some huge settlement or some huge influx of a payment that was past due or was otherwise indicative of general growth?"

Mark Muchow: "Almost all of it is general growth. But, there is always no matter what year we talk about, there is always some unexpected payments that come in that the state gets 90-95% the regular way, and then there are billings that come in, in the regular points of time. So, I would say that some billings have had an influence in the collection numbers. As to the total amount of that, I'm not sure. They come in erratically. Overall, even if you take away the billings, the numbers are going to be way up from last year. I don't think it's going to be that big of a material effect."

Speaker Hanshaw: “Ok, thank you.”

President Carmichael: “I recognize Delegate Nelson.”

Delegate Nelson: “Yes thank you, Mr. President. You mentioned both...focusing in on the severance tax. You mentioned both coal and gas. Can you attribute the doubling year to date of one versus the other?”

Mark Muchow: “Basically, both are contributing positively. I would say that at this point, the gas and oil... it’s a smaller share though...”

Delegate Nelson: “Is it price or volume?”

Mark Muchow: “Probably a little bit of both. I look at the price numbers and I am very happy with the price numbers so far this summer. Sometimes we have a summer swoon which has been very detrimental here in this state for a number of years. The national price will stay, let’s say at \$2.50 per million BTU and all of a sudden, the West Virginia price will dive well under a \$1.00 per million BTU. We are not seeing quite so big of a divergence this summer. The infrastructure investments are beginning to pay off a little bit on that. And, because we are not seeing that drop or divergence southward... I don’t have the data until it comes in... but it’s having a positive impact on the gas numbers. On both.”

Delegate Nelson: “So, nice upward movement on Personal Income Tax, Consumer Sales Tax... can you attribute that to any particular region of the state? Or industry? Or even coming down to the pipeline construction and how much of a positive effect that has had? And, for how much longer?”

Mark Muchow: “You can’t underestimate the pipeline. The pipelines are several billion dollars of investment. It looks like it can continue into 2019. These pipelines have not been completed for various reasons. Significant amount of concentration and investment in a short period of time. That’s definitely having an impact on income and sales tax... no doubt about that... new manufacturing facility of a fairly great size in the Eastern Panhandle... Proctor and Gamble... probably a good impact. The Eastern Panhandle is doing well. If you take a look at employment numbers... employment numbers are up 1 1/2%. But, it tends to be concentrated in the lower counties in the Eastern Panhandle of the state in terms of the extraordinary growth.”

Delegate Nelson: “Thanks Mark. Thanks, Mr. President.”

President Carmichael: “I recognize Delegate Cowles.”

Delegate Cowles: “Thank you, Mr. President. Mark, I was wondering... the \$65.9M... estimate... above estimates... that is in addition to the \$58M of the surplus that we didn’t spend in the budget already? Is that right?”

Mark Muchow: “That’s correct, year to date. That’s good news for a number of reasons. The Governor and the Legislature decided together not to spend the extra \$58M when developing the budget this year. West Virginia would not be the only state where that occurs. There are a number of states where that is routine for the Legislature not to spend the full amount of an estimate. That’s not unheard of. Keep in mind there’s over a \$100M of one-time funding in the current budget. So, not spending the \$58M is a good step that way and this extra money coming in will likely make it plausible that when we get into the next budget cycle that there will not be the need to use the one-time funds anymore, which has always had some criticism, of using one-time funds. Again, getting away from the one-time funds might be one of the positive outcomes that would arise from this.”

Delegate Cowles: “Thank you. But, for the snapshot today, I would add those two numbers together to anticipate the budget surplus.”

Mark Muchow: “You would add those two numbers together under the assumption, and I’m not saying that this is a bad assumption, that the assumption that the final nine months/ten months of the year we will meet estimate.”

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

President Carmichael: “Further questions? Further questions or comments? I hate to see you sit down. This is a great report really. Just real quickly, I noticed you mentioned that the federal tax reform is having a very positive impact on these numbers. Was that your statement?”

Mark Muchow: “That’s correct. It’s a stimulus program because ultimately it cut taxes for a number of folks but did not cut the federal budget. So, that effectively is a very significant stimulus that only the federal government can bring to the table. So, yes definitely having a positive...”

President Carmichael: “Definitely having a positive impact. Thank you. Are there any other questions or comments? Thank you very much Mark. Next is Workers Compensation Trust Fund, Connie Kirk. Connie?”

Connie Kirk: “Good evening. I’m Connie Kirk with Workforce West Virginia and I’m the UI Director. One thing that I do want to note is that the report that you have in your packet, I got a better report. We actually had the Trust Fund completely resolved after I sent the first report over. So, I thought I would update you on the new numbers. August ended up with a balance of \$167,800,879.00. The projection for September is \$161,750,309.00. I also looked up this morning to see what the balance was as of the 14th of September, and right now the Trust Fund Balance is \$164,285,087.00. And, the Unemployment Rate right now is at 5.4. I’ll be glad to answer any questions that you have.”

President Carmichael: “Questions from the committee? Fantastic report. Thank you,

very much.”

Connie Kirk: “Thank you.”

President Carmichael: “The next item on the agenda is PEIA, BRIM, and Real Estate Reports, John Myers.”

John Myers: “Good afternoon, I am John Myers, Secretary of Administration. In your packets today, we have the reports on PEIA, BRIM, and Real Estate. My staff and I are here to answer any questions.”

President Carmichael: “Are there questions of the Committee? Of John, or anyone within his organization? If not, thank you very much.”

John Myers: “Thank you.”

President Carmichael: “The next item on the agenda is DHHR, Cynthia Beane.”

Cynthia Beane: “Good afternoon, Cindy Beane, Commissioner, West Virginia Medicaid. Thank you, members of the committee for letting me being here to give you your report. The reports are in your packet. Let me know if you have any questions.”

President Carmichael: “Are there questions from the Committee? I recognize Delegate Boggs for his monthly questioning.”

Delegate Boggs: “Thank you very much and I am sorry that I missed you the last time.”

Cynthia Beane: “I am sorry. I missed you as well.”

Delegate Boggs: “I was just going through the numbers. Just a few questions. I know that when we’ve talked in the past, there were discussions underway about getting CMS to increase the number of slots. Has that been accomplished?”

Cynthia Beane: “It has. We increased the number of slots by 693 slots. We originally had 5,499 increased by 693. So, for fiscal year 2019 we are at 6,192.”

Delegate Boggs: “Ok. Now, with the additional slots, are there plans to request additional funding? Or are you going to just basically take the money that you have and basically just spread it over additional slots?”

Cynthia Beane: “We are staying within our budget for the additional slots.”

Delegate Boggs: “As of right now, that is going to be the request come January?”

Cynthia Beane: “Absolutely, we are staying within the budget.”

Delegate Boggs: “Do you know how much of a reduction that will make in the number of ... I mean I know you have more slots... but is that going to require a reduction in services?”

Cynthia Beane: “It will not require a reduction in services. The services for the Aged and Disabled Waiver Program, are based on the person’s level of need. There are four different levels of need. That level of need still stays the same. So, we have some individuals that require the maximum amount of services and some individuals that require very little. It’s really based on need. We have found that we have people not stay in the program as long, which is increasing efficiency... different levels of need... Not everybody is at that higher level, so we have the money to serve these individuals.”

Delegate Boggs: “The number of days on the waitlist, is that trending upward or downward?”

Cynthia Beane: “It’s downward because we added all of those slots. And, so right now as of the end of July we have 101 members on the waitlist. Chances are, those 101 members will eventually get a slot, because what we have found in this program, is that a lot of times, you know, you award the slot to the individual and then for whatever reason, a lot of times the family doesn’t take us up on the service.”

Delegate Boggs: “Cindy, were the slots added in anticipation of the approval of CMS? Or did you actually have to wait until the approval was granted?”

Cynthia Beane: “No. We started adding slots and we cleared the waitlist, I believe it was during session, but I would have to go back and look. I believe it was sometime in January. We actually cleared the waitlist, started adding slots and we added slots up until we had a stop date, around May... that we had to stop in order to make sure that we ask CMS... because you have to get that request in before the end of the fiscal year. And, you have to have the exact number. If not, then we could have been at risk for not getting the federal match, if we did not have the exact number.”

Delegate Boggs: “And right now the federal match is? What’s the percentage?”

Cynthia Beane: “Hold on one second and I will tell you. It’s 73.24.”

Delegate Boggs: “And do we know in FY20, how far out in advance... do we know what the match is going to be?”

Cynthia Beane: “So, 73.24 is 18, and the match for FMAP actually goes onto your January... it’s a different type of date... and January is 73.34.”

Delegate Boggs: “Beginning this January?”

Cynthia Beane: “Yes.”

Delegate Boggs: “Ok, that’s as far out as we..?”

Cynthia Beane: “That’s as far out as we have it.”

Delegate Boggs: “Ok. One more question. I know that a few months ago there were some discussions underway about trying to... with some of the providers... trying to increase the reimbursement rate because of the acute need of having providers. And, it was putting the squeeze on... Have those discussions concluded? Has there been a resolution? Can you inform us on that?”

Cynthia Beane: “Yes. We had two different meetings with the providers that provide services for Aged and Disabled Waiver. And, a rate increase was given to those providers. Those providers were notified, actually just last week, of that increase. And, so homemaker service is a fifteen minute service... it went from \$3.75 per fifteen minutes to \$4.25 per fifteen minutes. And, case management is a monthly service. It’s a one-time fee for everything that you do.”

Delegate Boggs: “Right.”

Cynthia Beane: “And it went up to \$80.00 a month pm.”

Delegate Boggs: “From?”

Cynthia Beane: “\$71.07.”

Delegate Boggs: “Ok. When was that accomplished and will that take effect immediately?”

Cynthia Beane: “January. When the FMAP goes up.”

Delegate Boggs: “In order to get that, were there any changes made in things that were previously reimbursed?”

Cynthia Beane: “We did not change the services to the individuals at all. No.”

Delegate Boggs: “Alright. So, that should give some relief to the providers.”

Cynthia Beane: “I’m keeping to the trend of the good news reporting, yes.”

Delegate Boggs: “Ok. Very good. Thank you. Thank you very much. Thank you, Mr. President.”

President Carmichael: “Thank you. Are there any other questions for Cynthia? I

recognize Delegate Nelson.”

Delegate Nelson: “Since our FMAP increases by a little over 1%, each 1% equates to how many extra federal dollars?”

Cynthia Beane: “Hold on one second and I will get that for you. So, the percent increase will mean that we will need \$11M less in state dollars. That doesn’t technically answer your question.”

Delegate Nelson: “Thank you.”

President Carmichael: “Thank you. Further questions of Ms. Beane?”

Cynthia Beane: “I’m also here for the CHIP report.”

President Carmichael: “Yes, if you will continue then with the CHIP report?”

Cynthia Beane: “You have the report in your packet. Are there any questions?”

President Carmichael: “Are there any questions of Ms. Beane regarding the CHIP Program? Anyone? If not, thank you very much.”

Cynthia Beane: “Thank you.”

President Carmichael: “The next item on the agenda is the Investment Management Board. Director Slaughter.”

Craig Slaughter: “Yes, I am Craig Slaughter, Executive Director of the Investment Management Board. I believe in your packet you have the July 31st numbers. I didn’t think of it, but the committee hasn’t met since June, so you wouldn’t have the June 30th numbers either and they are probably much more important to you. So, those July numbers, they look good. We are up 1 ½ % for the month...for this fiscal year. But, I don’t think that we should really focus on that too much. The fiscal year 2018 numbers were also pretty good. Not as good as last year. If you recall, we did really really well last year. They should be around 8.9%. Those are preliminary numbers because it takes about three months to get final numbers for the June 30th year in. We really focus hard on getting those June 30th year end in. Throughout the rest of the year, we have to estimate numbers because of the private markets. Private market assets take a long time to value. So, it takes about 2 ½ months to value them. So, that’s why we have to estimate during the course of the year. But, we are pretty confident or we should be around 8.9 or a little better for fiscal year 2018.

Couple of things. Ten- year numbers are over 7 ½% for all but the Teachers’ Retirement System. They are 7.6 and 7.7 for the others. Teachers’ retirement comes in at 7.4. The difference between the Teachers’ Retirement System and the others has everything to

do with the VALIC investment that came over that defined... the teachers contribution plan back in 2008. I don't know if you recall that they refused to give us the money... all of the money... immediately and they insisted on a 5 year pay-out. The difference between our return over that 5 years and what they gave us was about 90 plus million dollars plus interest. And, that translates into a 20 basis point system difference in long term return. So, that's probably enough. I will have you take questions."

President Carmichael: "Well, it's above 7 ½% which is the key marker here."

Craig Slaughter: "I tried to give you another good report."

President Carmichael: "Yes, it's a great report. Are there questions of Mr. Slaughter? I recognize Senator Blair."

Senator Blair: "Don't leave. When you're finished don't walk out the door, okay? Thank you."

President Carmichael: "That worries me. Well, have a seat then. The next item on our agenda is the Workers Compensation Fund, Mr. McVey."

Allan McVey: "Thank you Mr. President, Mr. Speaker, members of the committee. I'm glad to be here today and I will continue the good story that you have heard today. Your report for the joint committee is in your packets. I'm assuming that you have reviewed them extensively. But, I will tell you that, for the most part, the claims in all of the funds continue to reduce. We have had a slight uptake in occupational pneumoconiosis claims, but, we expected that. Our reserves are very adequate. We feel we have everything in line. So, the good story is the continuation of the workers compensation story since we privatized that line of insurance, thanks to you fine folks. So, with that I will take any questions you may have."

President Carmichael: "Well, thank you for the report. Are there questions of Mr. McVey?"

Senator Blair: "He can stay too."

Allan McVey: "I was hoping that he wasn't going to tell me to stay too, but I will be happy to."

President Carmichael: "Well, he asked me to tell you to stay. So, if you would have a seat please."

Allan McVey: "Absolutely. Thank you very much."

President Carmichael: "Yes, thank you. Another great report. The Board of Treasury Report is in your packet as well. So, is there other business to come before the

committee? I recognize Senator Blair.”

Senator Blair: “Thank you, Mr. Chairman. I want to tell a little story here if I may. This past week, Senator Boso, Delegate Fluharty, and myself went to the NCSL financial conference. By the way, no state dollars were used. The PEW Institute paid for that for us to go down there to NCSL. But, it was actually the southern legislative states that participated in this meeting. I’ve been to a good many meetings over the years and I tell you, this is the first time that West Virginia stood out as rock stars in a meeting. It was amazing. And, in fact, the comment that Delegate Nelson had been there for many years, and we were missing you for that matter. But, they were so interested and positive about the things that have taken place in West Virginia. And now you are going to understand why I asked you guys to stay. Workers Comp...on how things have been changed in West Virginia... when it pertains to that. Our Pensions and Investment Management Board being one of the best. Instead of us being ranked 50th. And, I’m going to keep going. Roads to Prosperity. Other states asking how did you get that passed? We can’t get this passed in our state. Sports betting. Everybody was treating... we were like the poster child of how to be aggressive in doing things differently and not doing as it is in the past. They’re seeing that it is making a change for what we are doing in West Virginia. It wasn’t republican or democrat. This is about West Virginia and the government itself. And, one of them said, I have been here a long time and I can remember the days when we used to make fun of West Virginia behind your guys’ back because you didn’t have any email when everybody else did. And, we were questioned whether we were one of the last to have elevators. And, now we’re actually coming to you and saying, “hey, how did you manage to get this done? That done?” I tell you what, it was one of the best feelings that I ever had, and it comes from the collective...everybody working together, the state government, the legislators, the Governor’s Office on getting things done. It was really a good feeling. I just wanted to share that with everybody. Because, it’s one thing when we see the numbers. They can go up and down. But, when we get up here, and we do the right things for the people of West Virginia, and other states are starting to recognize that... that means it’s really good... because that means business and the rest of this country is starting to pay attention to us as well. I just had to share that. Thank you.”

President Carmichael: “Thank you. You guys are glad you stayed. Well, thanks to everyone on this committee and to the leadership over the years to put West Virginia on the right trajectory. Other business to come before the committee? I recognize Speaker Hanshaw.”

Speaker Hanshaw: “Thank you, Mr. President. A brief administrative matter. In addition to the June 26, minutes that we just approved, we also need to approve this stack of minutes of the Joint Committee’s joint meeting with the Committee on Flooding, on July 12, 2018. So, I move approval of these joint minutes.”

President Carmichael: “Heard the motion. Is there discussion? If not, all of those in favor say aye. Those oppose no, the ayes appear to have it. The ayes do have it. I declare the minutes adopted. Further business to come before the committee?”

Speaker Hanshaw: “I move that the committee adjourn.”

President Carmichael: “Motion is to adjourn. All of those in favor say aye. Those oppose no, the ayes appear to have it. The ayes do have it. The Committee is adjourned.”

WEST VIRGINIA LEGISLATURE

Office of the Legislative Auditor



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

304-347-4870

November 7, 2018

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

- West Virginia Lottery as of September 30, 2018:
Gross profit year to date was \$126 million. Gross profit for fiscal year 2018 was \$124 million.
- West Virginia Unemployment Compensation Fund as of September 30, 2018:
Total disbursements were \$3 million lower than in fiscal year 2018. Overall ending trust fund balance was \$77.5 million higher on September 30, 2018 than on September 30, 2017.
- General Revenue Fund as of October 31, 2018:
The general revenue collections ended the fourth month of fiscal year 2019 at 109% of the estimate for the year.
- State Road Fund as of October 31, 2018:
The state road fund collections ended the fourth month of fiscal year 2019 at 106.8% of the estimate for the year.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

MEMORANDUM

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

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

Date: November 02, 2018

Re: Review of West Virginia Lottery Financial Information
As of September 30, 2018

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for September 30, 2018, from monthly unaudited financial reports furnished to our office by the West Virginia Lottery Commission. The results are as follows:

Lottery Revenues:

Gross lottery revenues are receipts from on-line games, instant games, table games and video lottery. These gross receipts totaled \$280 million for July - September 2018. Table games accounted for \$9 million of this total. Historic Resort Hotel video lottery and table games accounted for \$2.2 million of total gross receipts. Gross lottery revenue has increased by 1.4% when compared with July - September of fiscal year 2017-2018. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July - September 2018 was \$126 million; for July - September of last fiscal year it was \$124 million. Expressed as a percentage, gross profit is 1.5% higher for fiscal year 2019 than for fiscal year 2018.

Lottery continued

Operating Transfers to the State of West Virginia:

A total of \$119,115,000.00 has been accrued to the state of West Virginia for fiscal year 2018-2019. This is on an accrual basis and may not correspond to the actual cash transfers made during the same time period. Amount owed to the different accounts according to the Lottery Act are calculated monthly and accrued to the state; actual cash transfers are often made based upon actual cash flow needs of the day-to-day operation of the lottery.

A schedule of cash transfers follows:

State Lottery Fund:

Bureau of Senior Services	\$33,026,000.00
Community and Technical College	\$1,499,000.00
Department of Education	\$12,290,000.00
Library Commission	\$7,598,000.00
Higher Education-Policy Commission	\$4,699,000.00
Tourism	\$4,333,000.00
Department of Natural Resources	\$2,120,000.00
Division of Culture and History	\$2,633,000.00
Department of Education and Arts	\$166,000.00
General Revenue Fund	\$0.00
Economic Development Authority	\$2,998,000.00
School Building Authority	\$5,400,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$76,762,000.00

Lottery continued

Excess Lottery Fund

Economic Development Fund	\$6,306,000.00
Higher Education Improvement Fund	\$4,500,000.00
General Purpose Fund	\$10,890,000.00
Higher Education Improvement Fund	\$4,858,000.00
State Park Improvement Fund	\$838,000.00
School Building Authority	\$5,697,000.00
Refundable Credit	\$576,000.00
WV Racing Commission	\$335,000.00
WV DHHR	\$0.00
Teacher's Retirement Savings	\$0.00
Division of Human Services	\$8,000,000.00
WV Lottery Statutory Transfers	\$8,381,000.00
General Revenue	\$0.00
Excess Lottery Surplus	\$0.00
WV Infrastructure Council Fund	\$8,502,000.00
Total State Excess Lottery Revenue Fund	\$58,883,000.00

Total Budgetary Distributions:	\$135,645,000.00
Veterans Instant Ticket Fund	\$117,000.00
TOTAL TRANSFERS	*\$135,762,000.00

* CASH BASIS

Lottery continued

Total Accrued last FY 2018:	\$120,860,000.00
Total Cash Distributions FY 2019:	\$135,762,000.00
Applied to FY 2018:	\$120,860,000.00
Applied to FY 2019:	\$14,902,000.00
Accrued for FY 2019 as of September 30:	\$104,214,000.00



P.O. BOX 2067
CHARLESTON, WV 25327

JOHN A. MYERS
DIRECTOR

PHONE: 304.558.0500
wvlottery.com

MEMORANDUM

TO: Joint Committee on Government and Finance
FROM: John Myers, Director *DPB for John Myers*
RE: Monthly Report on Lottery Operations
Month Ending September 30, 2018
DATE: October 18, 2018

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

Financial statements of the Lottery for the month ending September 30, 2018 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$92,322,288 for the month of September.

Transfers of lottery revenue totaling \$38,116,363 made for the month of September to the designated state agencies per Senate Bill 160, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (§29-22A-10), and the Racetrack Table Games Act (§29-22C-27). The amount transferred to each agency is shown in Note 11 on pages 19 and 20 of the attached financial statements.

The number of traditional and limited retailers active as of September 30, 2018 was 1,469 and 1,221 respectively.

A listing of the names and amounts of prize winners has been provided to the Clerk of the Senate, the Clerk of the House and Legislative Services.

If any member of the Committee has questions concerning the Lottery, please call me. Also if any members of the Legislature wish to visit the Lottery offices, I would be pleased to show them our facilities and discuss the Lottery with them.

JAM
Attachment

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

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WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

September 30, 2018

WEST VIRGINIA LOTTERY

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

ASSETS	September 30, 2018	June 30, 2018
Current Assets:		
Cash and cash equivalents	\$ 126,798	\$ 146,661
Accounts receivable	32,172	32,136
Inventory	651	529
Other assets	<u>1,202</u>	<u>1,175</u>
Total Current Assets	<u>160,823</u>	<u>180,501</u>
Capital assets	61,552	61,552
Less accumulated depreciation and amortization	<u>(13,924)</u>	<u>(13,505)</u>
Net Capital Assets	<u>47,628</u>	<u>48,047</u>
Total Noncurrent Assets	<u>47,628</u>	<u>48,047</u>
Total Assets	<u>\$ 208,451</u>	<u>\$ 228,548</u>
Deferred outflows of resources	<u>\$ 1,339</u>	<u>\$ 1,339</u>
Total assets and deferred outflows	<u>\$ 209,790</u>	<u>\$ 229,887</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 104,213	\$ 120,860
Estimated prize claims	14,644	15,783
Accounts payable	1,994	1,581
Other accrued liabilities	<u>32,366</u>	<u>35,090</u>
Total Current Liabilities	<u>153,217</u>	<u>173,314</u>
Deferred inflows	<u>\$ 1,374</u>	<u>1,374</u>
Net Position:		
Net Investment in capital assets	47,628	48,047
Unrestricted	<u>7,571</u>	<u>7,152</u>
Total Net Position	<u>55,199</u>	<u>55,199</u>
Total net position, liabilities, and deferred inflows	<u>\$ 209,790</u>	<u>\$ 229,887</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2018
(In Thousands)
-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2019	2018	2019	2018
Lottery revenues				
On-line games	\$ 5,652	\$ 5,340	\$ 17,964	\$ 23,190
Instant games	8,835	6,819	25,479	22,589
Racetrack video lottery	42,922	43,754	131,008	132,879
Limited video lottery	30,887	29,339	94,098	86,704
Table games	2,992	2,785	9,009	9,036
Historic resort	827	581	2,186	1,620
Sports wagering	207	-	207	-
	<u>92,322</u>	<u>88,618</u>	<u>279,951</u>	<u>276,018</u>
Less commissions				
On-line games	393	366	1,261	1,613
Instant games	617	477	1,780	1,581
Racetrack video lottery	23,549	24,006	71,876	72,903
Limited video lottery	15,135	14,376	46,108	42,485
Table games	1,269	1,181	3,822	3,831
Historic resort	431	287	1,148	928
	<u>41,394</u>	<u>40,693</u>	<u>125,995</u>	<u>123,341</u>
Less on-line prizes	2,727	2,660	9,130	11,658
Less instant prizes	5,867	4,485	17,091	14,833
Less ticket costs	89	83	279	312
Less vendor fees and costs	1,013	409	1,621	1,874
	<u>9,696</u>	<u>7,637</u>	<u>28,121</u>	<u>28,677</u>
Gross profit	<u>41,232</u>	<u>40,288</u>	<u>125,835</u>	<u>124,000</u>
Administrative expenses				
Advertising and promotions	890	398	1,832	1,449
Wages and related benefits	827	1,105	2,671	2,540
Telecommunications	10	73	207	187
Contractual and professional	811	502	1,657	1,120
Rental	12	24	64	81
Depreciation and amortization	139	100	419	299
Other administrative expenses	136	159	562	411
	<u>2,825</u>	<u>2,361</u>	<u>7,412</u>	<u>6,087</u>
Other Operating Income	<u>1,024</u>	<u>752</u>	<u>1,893</u>	<u>3,130</u>
Operating Income	<u>39,431</u>	<u>38,679</u>	<u>120,316</u>	<u>121,043</u>
Nonoperating income (expense)				
Investment income	201	79	717	405
Distributions to municipalities and counties	(605)	(575)	(1,844)	(1,699)
Distributions -capital reinvestment	(28)	(17)	(74)	(64)
Distributions to the State of West Virginia	(38,999)	(38,166)	(119,115)	(119,685)
	<u>(39,431)</u>	<u>(38,679)</u>	<u>(120,316)</u>	<u>(121,043)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	<u>55,199</u>	<u>53,019</u>	<u>55,199</u>	<u>53,019</u>
Net position, end of period	<u>\$ 55,199</u>	<u>\$ 53,019</u>	<u>\$ 55,199</u>	<u>\$ 53,019</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2018

(In Thousands)
- Unaudited -

	2019	2018
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 281,808	\$ 275,032
Cash payments for:		
Personnel costs	(2,671)	(2,541)
Suppliers	(2,598)	(3,599)
Other operating costs	(154,262)	(150,215)
Cash provided by operating activities	<u>122,277</u>	<u>118,677</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(135,762)	(162,947)
Distributions to municipalities and counties	(1,851)	(1,671)
Distributions to racetrack from racetrack cap. reinv. fund	(5,224)	(5,477)
Cash used in noncapital financing activities	<u>(142,837)</u>	<u>(170,095)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>-</u>	<u>(20)</u>
Cash flows from investing activities:		
Investment earnings received	<u>697</u>	<u>397</u>
Increase (decrease) in cash and cash equivalents	(19,863)	(51,041)
Cash and cash equivalents - beginning of period	<u>146,661</u>	<u>156,550</u>
Cash and cash equivalents - end of period	<u>\$ 126,798</u>	<u>\$ 105,509</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 120,316	\$ 121,043
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	419	299
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(36)	(4,116)
(Increase) decrease in inventory	(122)	120
(Increase) decrease in other assets	(7)	15
Increase (decrease) in estimated prize claims	(1,139)	172
Increase (decrease) in accounts payable	413	(359)
Increase (decrease) in other accrued liabilities	2,433	1,503
Cash provided by operating activities	<u>\$ 122,277</u>	<u>\$ 118,677</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 1 - LEGISLATIVE ENACTMENT

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

COMPENSATED ABSENCES – The Lottery has accrued \$631,080 and \$573,725 of at June 30, 2018 and 2017, respectively, for estimated obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. Employees fully vest in all earned but unused vacation. To the extent that accumulated sick leave is expected to be converted to benefits on termination or retirement, the Lottery participates in another postemployment benefits plan (see Note 16).

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

NOTE 3 - CASH AND CASH EQUIVALENTS

At September 30, 2018 the carrying amounts of deposits (overdraft) with financial institutions were \$500 thousand with a bank balance (overdraft) of \$518 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):

	September 30, 2018	June 30, 2018
Deposits with financial institutions	\$ 500	\$ 489
Cash on hand at the Treasurer's Office	9,398	5,022
Investments with BTI reported as cash equivalents	116,900	141,150
	<u>\$ 126,798</u>	<u>\$ 146,661</u>

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 September 30, 2018 is as follows (in thousands):

	Historical Cost At June 30, 2018	Additions	Deletions	Historical Cost At September 30, 2018
Construction in Progress	\$ 629	\$ -	\$ -	\$ 629
Buildings	48,243	-	-	48,243
Land	1,681	-	-	1,681
Equipment	10,999	-	-	10,999
	<u>\$ 61,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,552</u>
Accumulated Depreciation:				
	Historical Cost At June 30, 2018	Additions	Deletions	Historical Cost At September 30, 2018
Buildings	\$ 6,466	\$ 308	\$ -	\$ 6,774
Equipment	7,039	111	-	7,150
	<u>\$ 13,505</u>	<u>\$ 419</u>	<u>\$ -</u>	<u>\$ 13,924</u>

NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY

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

Each MUSL member sells game tickets through its agents and makes weekly wire transfers to the MUSL in an amount equivalent to the total prize pool less the amount of prizes won in each state. Lesser prizes are paid directly to the winners by each member lottery. The prize pool for POWERBALL®, LOTTO AMERICA®, and MEGA MILLIONS® is 50% of each drawing period's sales, with minimum jackpot levels. The Lottery's revenues and expenses from MUSL games participation for the month ended September 30, 2018 and fiscal year-to-date is as follows:

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 2,187,390	\$ 6,423,096
Lotta America	415,087	1,169,004
Mega Millions	<u>1,382,136</u>	<u>4,993,064</u>
Total	\$ 3,984,613	\$ 12,585,164

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,094,822	\$ 3,213,004
Lotta America	207,790	584,748
Mega Millions	<u>718,783</u>	<u>2,596,757</u>
Total	\$ 2,021,395	\$ 6,394,509

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

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

At September 30, 2018, the Lotteries share of the prize reserve fund balances were as follows:

Game	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 117,251,201	\$ 1,525,832
Lotto America	1,469,879	105,508
Mega Millions	<u>67,238,647</u>	<u>825,753</u>
Total	<u>\$ 185,959,727</u>	<u>\$ 2,457,093</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

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

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of \$15,154,327 at September 30, 2018, of which the Lottery's share was \$1,357,865

NOTE 6 - RACETRACK VIDEO LOTTERY

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

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

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

The WV Lottery, along with the Ohio, Rhode Island, Maryland, and Delaware lotteries, participate in Multi-Jurisdictional Wide Area Progressive (MWAP) video games. This allows each of the lotteries to offer a higher progressive jackpot than they could generate alone. MUSL manages the progressive games and charges each participant a MWAP contribution fee of .74% of the amount wagered. A summary of racetrack video lottery revenues for the month ended September 30, 2018 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2019	2018	2019	2018
Total credits played	\$ 473,619	\$ 492,250	\$ 1,455,839	\$ 1,492,657
Credits (prizes) won	(424,467)	(441,607)	(1,304,744)	(1,339,358)
Promotional credits played	(6,230)	(6,886)	(20,087)	(20,411)
MWAP Contributions	-	(3)	-	(9)
Gross terminal income	42,922	43,754	131,008	132,879
Administrative costs	(1,717)	(1,750)	(5,240)	(5,315)
Net Terminal Income	41,205	42,004	125,768	127,564
Less distribution to agents	(23,549)	(24,006)	(71,876)	(72,903)
Racetrack video lottery revenues	<u>\$ 17,656</u>	<u>\$ 17,998</u>	<u>\$ 53,892</u>	<u>\$ 54,661</u>

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

	September 30, 2018	Year-to-Date
State Lottery Fund	\$ 12,361	\$ 37,731
State Excess Lottery Revenue Fund	5,295	16,161
Capital Reinvestment Fund	-	-
Total nonoperating distributions	<u>\$ 17,656</u>	<u>\$ 53,892</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 September 30, 2018 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2019	2018	2019	2018
Total credits played	\$ 395,053	\$ 364,391	\$ 1,189,057	\$ 1,074,884
Credits (prizes) won	(364,166)	(335,052)	(1,094,959)	(988,180)
Gross terminal income	\$ 30,887	\$ 29,339	\$ 94,098	\$ 86,704
Administrative costs	(618)	(587)	(1,882)	(1,734)
Gross Profit	30,269	28,752	92,216	84,970
Commissions	(15,135)	(14,376)	(46,108)	(42,485)
Municipalities and Counties	(605)	(575)	(1,844)	(1,699)
Limited video lottery revenues	<u>\$ 14,529</u>	<u>\$ 13,801</u>	<u>\$ 44,264</u>	<u>\$ 40,786</u>

NOTE 8 – TABLE GAMES

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 8 – TABLE GAMES (continued)

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

The cash transferred to the State Excess Lottery Revenue Fund in the current month is included in Note 10- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended September 30, 2018 were \$8,548,806 and \$25,741,321, respectively. The following table shows the month and year totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2019	2018	2019	2018
Table Games Privilege Tax	\$ 2,992	\$ 2,785	\$ 9,009	\$ 9,036
Interest on Table Games Fund	5	3	19	10
Administrative costs	(257)	(239)	(772)	(775)
Total Available for Distribution	<u>2,740</u>	<u>2,549</u>	<u>8,256</u>	<u>8,271</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	192	179	579	581
Thoroughbred & Greyhound Development Funds	154	143	464	464
Racing Association Pension Plan	75	70	227	228
Municipalities/ Counties	<u>848</u>	<u>789</u>	<u>2,552</u>	<u>2,558</u>
Total Distributions	<u>1,269</u>	<u>1,181</u>	<u>3,822</u>	<u>3,831</u>
Excess Lottery Fund	<u>\$ 1,471</u>	<u>\$ 1,368</u>	<u>\$ 4,434</u>	<u>\$ 4,440</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL

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

Historic Resort Video Lottery

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

A summary of historic resort hotel video lottery revenues for the month ended September 30, 2018 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2019	2018	2019	2018
Total credits played	\$ 8,859	\$ 6,347	\$ 23,328	\$ 21,595
Credits (prizes) won	(8,196)	(5,911)	(21,543)	(20,062)
Promotional credits played	(76)	(66)	(212)	(171)
Gross terminal income	587	370	1,573	1,362
Capital reinvestment	(28)	(17)	(74)	(64)
Excess Lottery Fund	(5)	(3)	(15)	(12)
Administrative costs	(32)	(20)	(85)	(73)
Hotel commissions	(248)	(157)	(665)	(576)
Net terminal income	274	173	734	637
Historic Resort Hotel Fund	174	110	467	405
Human Resource Benefit Fund	100	63	267	232

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL (continued)

Historic Resort Table Games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the month and year ended September 30, 2018 were \$684,791 and \$1,750,359, respectively.

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

	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Table games privilege tax	\$ 240	\$ 211	\$ 613	\$ 258
Administrative Costs	<u>(31)</u>	<u>(27)</u>	<u>(79)</u>	<u>(33)</u>
Total Available for Distribution	209	184	534	225
Historic Resort Hotel Fund	175	154	446	188
Human Resource Benefit Fund	34	30	88	37

Historic Resort Hotel Fund

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

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

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

	<u>Current Month</u>	<u>Year-to-Date</u>
Historic Resort Hotel Video Lottery	\$ 174	\$ 467
Historic Resort Table Games	175	446
Interest on Historic Resort Hotel Fund	<u>1</u>	<u>3</u>
Historic Resort Hotel Fund Net Income	350	916
Municipalities/ Counties	49	128
Excess Lottery Fund	301	788
Total Distributions	<u>\$ 350</u>	<u>\$ 916</u>

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

NOTE 10– SPORTS WAGERING

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

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

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

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

The Sports Wagering adjusted gross wagering receipts for the month and year-to-date periods ended September 30, 2018 were \$2,071,954 and \$2,071,954, respectively. The following table shows the month and year-to-date totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Sports Wagering Privilege Tax	\$ 207	\$ -	\$ 207	\$ -
Interest on Sports Waging Fund	-	-	-	-
Administrative Costs	<u>(31)</u>	<u>-</u>	<u>(31)</u>	<u>-</u>
Total Available for Distribution	176	-	176	-

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 11- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA

The Lottery periodically distributes surplus funds, exclusive of amounts incurred and derived from limited video lottery and a portion of racetrack video lottery funds, to the State of West Virginia in accordance with the legislation. For the year ending June 30, 2019 the State Legislature budgeted \$129,298,650 of estimated profits of the Lottery for distributions to designated special revenue accounts of the State of West Virginia. With regard to the State Lottery Fund, legislation stipulates that debt service payments be given a priority over all other transfers in instances where estimated profits are not sufficient to provide for payment of all appropriated distributions. Debt service payments of \$1,800,000, \$1,000,000, and \$500,000 per month for the first ten months of each fiscal year currently have such priority. Transfers made pursuant to the State Excess Lottery Revenue Fund have similar requirements; currently payments are \$5,300,000 per month for the first ten months of each fiscal year. In addition, Legislation provides that, if in any month, there is a shortage of funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be transferred from the State Lottery Fund to cover such shortfall, after the State Lottery Fund debt service payments have been made. Repayments to the State Lottery Fund are required to be made in subsequent months as funds become available. For the month ended September 30, 2018 the Lottery has accrued additional distributions of \$104,213,419. The Lottery is a non-appropriated state agency and therefore does not have a legally adopted annual budget.

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

<u>BUDGETARY DISTRIBUTIONS</u>	<u>September 30, 2018</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 1,499
Bureau of Senior Services	5,927	33,026
Department of Education	2,310	12,290
Library Commission	1,428	7,598
Higher Education-Policy Commission	883	4,699
Tourism	805	4,333
Natural Resources	399	2,120
Division of Culture & History	437	2,633
Department of Education & Arts	31	166
Economic Development Authority	999	2,998
School Building Authority	1,800	5,400
Total State Lottery Fund	<u>\$ 15,519</u>	<u>\$ 76,762</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 2,102	\$ 6,306
Higher Education Improvement Fund	1,500	4,500
General Purpose Account	5,601	10,890
Higher Education Improvement Fund	2,499	4,858
State Park Improvement Fund	431	838
School Building Authority	1,899	5,697
Refundable Credit	-	576
WV Racing Commission	173	335
WV Department of Health and Human Resources	-	-
Teacher's Retirement Savings	-	-
Division of Human Services	-	8,000
WV Lottery Statutory Transfers	4,310	8,381
General Revenue	-	-
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	4,046	8,502
Total State Excess Lottery Revenue Fund	<u>\$ 22,561</u>	<u>\$ 58,883</u>
Total Budgetary distributions:	<u>\$ 38,080</u>	<u>\$ 135,645</u>
Veterans Instant Ticket Fund	\$ 37	\$ 117
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 38,117	\$ 135,762
Accrued nonoperating distributions, beginning	(103,331)	(120,860)
Accrued nonoperating distributions, end	<u>104,213</u>	<u>104,213</u>
	<u>\$ 38,999</u>	<u>\$ 119,115</u>

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 September 30, 2018 and September 30, 2017 approximated \$63,554 and \$80,904 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 September 30, 2018 and September 30, 2017 approximated \$273,593 and \$251,543 respectively.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 13 – COMMITMENTS

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

NOTE 14 - RETIREMENT BENEFITS

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

Employees who retire at or after age sixty with five or more years of contributory service or who retire at or after age fifty-five and have completed twenty-five years of credited service with age and credited service equal to eighty or greater are eligible for retirement benefits as established by State statute. Retirement benefits are payable monthly for life, in the form of a straight-line annuity equal to two percent of the employee's average annual salary from the highest 36 consecutive months within the last 10 years of employment, multiplied by the number of years of the employee's credited service at the time of retirement.

Covered employees hired prior to July 1, 2015 are required to contribute 4.5% of their salary to the PERS. Covered employees hired on or after July 1, 2015 will contribute 6.0% of their salary to the PERS Tier II. The Lottery is required to contribute 13.5% of covered employees' salaries to the PERS. The required employee and employer contribution percentages have been established and changed from time to time by action of the State Legislature. The required contributions are not actuarially determined; however, actuarial valuations are performed to assist the Legislature in determining appropriate contributions. The Lottery and employee contributions, for the month ending September 30, 2018 and fiscal year-to-date are as follows (in thousands):

	September 30, 2018	Year-to-Date
Employee contributions	\$ 28	\$ 99
Lottery contributions	59	222
Total contributions	\$ 87	\$ 321

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 15 - RISK MANAGEMENT

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

WORKERS' COMPENSATION INSURANCE

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

PUBLIC EMPLOYEES' INSURANCE AGENCY (PEIA)

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

The PEIA risk pool retains all risks for the health and prescription features of its indemnity plan. PEIA has fully transferred the risks of coverage to the Managed Care Organization (MCO) Plan to the plan provider, and has transferred the risks of the life insurance coverage to a third party insurer. PEIA presently charges equivalent premiums for participants in either the indemnity plan or the MCO Plan. Altogether, PEIA insures approximately 205,000 individuals, including participants and dependents.

BOARD OF RISK AND INSURANCE MANAGEMENT (BRIM)

The Lottery participates in the West Virginia Board of Risk and Insurance Management (BRIM), a common risk pool currently operating as a common risk management and insurance program for all State agencies, component units, and other local governmental agencies who wish to participate. The Lottery pays an annual premium to BRIM for its general insurance coverage. Fund underwriting and rate setting policies are established by BRIM. The cost of all coverage as determined by BRIM shall be paid by the participants. The BRIM risk pool retains the risk of the first \$1 million per property event and purchases excess insurance on losses above that level. Excess coverage, through an outside insurer under this program is limited to \$200 million per event, subject to limits on certain property. BRIM has \$1 million per occurrence coverage maximum on all third-party liability claims.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 16– OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

Funding Policy

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

The ARC rate is \$357 and \$429 per employee per month for the years ending June 30, 2017 and 2016 respectively. Through June 30, 2017 and 2016, the Lottery has paid premiums of \$288,942 and \$284,421. As of June 30, 2017 and 2016, the Lottery has recorded a liability of \$5,206,989 and \$4,990,361 on its balance sheet for OPEB.

**SCHEDULE OF REVENUES AND NET REVENUES OF THE
 LOTTERY FUND AND EXCESS LOTTERY FUND
 FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2018
 (In Thousands)**

	Current Month		FISCAL YEAR	
	<u>Actual</u>	<u>Projected</u>	<u>Actual</u>	<u>Projected</u>
Gross Revenues				
Instant games	8,835	7,500	25,480	22,500
On-line games	5,653	5,033	17,964	15,099
Racetrack video lottery	42,923	36,704	131,009	117,673
Limited video lottery	30,887	29,041	94,098	85,206
Racetrack table games	2,992	2,351	9,009	7,504
Historic resort	827	406	2,186	1,201
Total gross revenues	<u>92,117</u>	<u>81,035</u>	<u>279,746</u>	<u>249,183</u>
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,108	871	3,021	2,612
On-line games	1,759	1,444	5,125	4,333
Racetrack Video Lottery	12,408	10,571	37,869	33,890
Total Lottery Fund net revenues	<u>15,275</u>	<u>12,886</u>	<u>46,015</u>	<u>40,835</u>
Excess Lottery Fund				
Racetrack Video Lottery	5,313	4,526	16,247	14,515
Limited Video Lottery	14,628	13,661	44,619	40,081
Limited Video Lottery Fees	446	-	909	-
Racetrack table games	1,471	1,153	4,433	3,680
Historic resort	306	157	802	462
Total Excess Lottery Fund Net Revenues	<u>22,164</u>	<u>19,497</u>	<u>67,010</u>	<u>58,738</u>
Total Net Revenues	<u>37,439</u>	<u>32,383</u>	<u>113,025</u>	<u>99,573</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: November 7, 2018

Re: Status of General Revenue Fund and State Road Fund as of
October 31, 2018 (FY 19)

We have reviewed the cash flow of the West Virginia general revenue fund as of October 31, 2018 which is the end of the fourth month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 109% of the estimate for the fiscal year. Total collections were \$121.7 million above the estimate for the fiscal year.

Personal Income Tax collections were \$37.3 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$25.4 million above the estimate for the year.

Severance Tax was \$40.4 million above the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$7 million above the estimate for the fiscal year.

State Road Fund

The state road fund collections were 106.8% of the estimate for the fiscal year. Total collections were \$20 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 \$283,766,485.34 as of October 31, 2018.

Balance July 1, 2018	268,964,086.07
Loan-General Revenue Fund 7-1-18	60,000,000.00
Loan Payment 8-31-18	(60,000,000.00)
Fiscal year 18 surplus	18,066,528.88
Earnings	(3,264,129.61)
Balance October 31, 2018	283,766,485.34

Revenue Shortfall Reserve **Fund B** (Tobacco Settlement Monies) had a cash balance of \$436,990,445.11 as of October 31, 2018.

Balance July 1, 2018	440,709,603.60
Earnings	(3,719,158.49)
Balance October 31, 2018	436,990,445.11

The **Personal Income Tax Reserve** Fund had a \$5 million cash balance as of October 31, 2018.

Balance July 1, 2018	11,000,000.00
Balance October 31, 2018	11,000,000.00

GENERAL REVENUE FUND FY 2017-2018

By Source and by Month
 Monthly Revenue Estimates
 as of October 31, 2018 OASIS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	FINAL MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES
Personal Income Tax	162,200,000	155,686,252	-6,513,748	620,700,000	657,997,603	37,297,603
Consumer Sales Tax & Use Tax	95,800,000	99,960,358	4,160,358	401,800,000	427,189,234	25,389,234
Severance Tax	19,400,000	24,823,422	5,423,422	81,000,000	121,369,568	40,369,568
Corporate Net Income Tax	5,500,000	2,266,760	-3,233,240	42,200,000	49,318,891	7,118,891
Insurance Tax	29,100,000	30,844,926	1,744,926	57,700,000	60,747,487	3,047,487
Tobacco Products Tax	14,800,000	14,018,472	-781,528	60,000,000	60,285,250	285,250
Business and Occupation	11,400,000	12,787,674	1,387,674	35,800,000	38,553,506	2,753,506
Liquor Profit Transfers	1,500,000	1,518,500	18,500	6,300,000	7,725,594	1,425,594
Departmental Collections	1,500,000	1,191,892	-308,108	5,100,000	5,126,219	26,219
Property Transfer Tax	1,200,000	1,033,084	-166,916	4,370,000	4,767,439	397,439
Property Tax	1,000,000	1,231,042	231,042	3,660,000	3,713,190	53,190
Beer Tax and Licenses	555,000	381,502	-173,498	2,570,000	2,617,482	47,482
Miscellaneous Transfers	60,000	246,560	186,560	560,000	1,962,371	1,402,371
Interest Income	1,600,000	1,465,308	-134,692	5,700,000	5,442,897	-257,103
Refundable Credit Reimb Liability	300,000	232,875	-67,125	600,000	808,602	208,602
HB 102 - Lottery Transfers	5,300,000	5,365,638	65,638	14,400,000	16,255,640	1,855,640
Miscellaneous	200,000	219,565	19,565	2,400,000	2,592,709	192,709
Business Franchise Fees	53,000	47,243	-5,757	217,000	215,931	-1,069
Estate & Inheritance Tax	0	0	0	0	0	0
Liquor License Renewal	0	0	0	0	0	0
Special Revenue Transfers	5,300,000	5,830,388	530,388	10,600,000	11,177,946	577,946
Charter Tax	0	1,494	1,494	0	4,053	4,053
Video Lottery Transfers	0	6,711	6,711	0	81,208	81,208
July-Dec Retro Rev Adj	0	0	0	0	0	0
Cash Flow Transfer	0	0	0	0	0	0
SUBTOTALS	356,768,000	359,159,665	2,391,665	1,355,677,000	1,477,952,820	122,275,820
Less: Cash Flow Transfer	0	0	0	0	0	0
Less: Special Revenue Transfer	5,300,000	5,830,388	530,388	10,600,000	11,177,946	577,946
TOTALS	351,468,000	353,329,278	1,861,278	1,345,077,000	1,466,774,873	121,697,873

Percent of Estimates 100.53% 109.05%

Collections this day 45,649,471

**STATE ROAD FUND FY 2017-2018
By Source and by Month
Monthly Revenue Estimates
as of October 31, 2018 OASIS**

	MONTH ESTIMATES	NET MONTH COLLECTIONS	FINAL MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES
Motor Fuel Tax	57,600,000	48,525,343	-9,074,657	163,200,000	169,489,884	6,289,884
Sales/Privilege Tax	20,087,000	21,704,340	1,617,340	75,779,000	84,170,705	8,391,705
Licenses & Registration	12,841,000	9,179,844	-3,661,156	48,375,000	54,642,095	6,267,095
Miscellaneous	1,019,000	1,340,551	321,551	7,024,000	6,134,040	-889,960
Highway Litter Control	126,000	81,778	-44,222	574,000	494,216	-79,784
Federal Reimbursement	44,756,000	0	-44,756,000	214,409,000	137,124,603	-77,284,397
SUBTOTALS	136,429,000	80,831,856	-55,597,144	509,361,000	452,055,544	-57,305,456
Less: Federal Reimbursement	44,756,000	0	-44,756,000	214,409,000	137,124,603	-77,284,397
TOTALS	91,673,000	80,831,856	-10,841,144	294,952,000	314,930,941	19,978,941

Percent of Estimates

88.17%

106.77%

Collections this day

12,046,667

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of October 31, 2018 : \$ 283,766,485.34

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

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of October 31, 2018: \$436,990,445.11

PERSONAL INCOME TAX REFUND RESERVE FUND as of October 31, 2018: \$11,000,000.00

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: November 7, 2018

Re: West Virginia Unemployment Compensation Trust Fund

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

As of September 30, 2018 of fiscal year 2018-2019, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2018	\$ 137,218,046.89
Receipts July 1, 2018 thru June 30, 2019	\$ 53,602,635.63
Disbursements July 1, 2018 thru June 30, 2019	\$ 28,976,252.83
Balance September 30, 2018	\$ 161,844,429.69

ITEMS OF NOTE:

Regular benefits paid for July - September 2018 were \$ 3 million less than September 2017.

Federal emergency benefits totaled \$-16 thousand for July - September 2017. For July - September 2018, federal emergency benefits totaled \$-6 thousand.

Total disbursements were \$ 3 million less in July - September 2018 than the preceding July - September 2017.

Receipts as of July - September 2018, were \$ 5.7 million more than in July - September 2017. Overall ending trust fund balance was \$ 77.5 million higher on September 30, 2018 than on September 30, 2017.

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

Since September 2017, employment has increased by 5,900. Employment gains included 2,500 in educational and health services, 1,900 in construction, 1,900 in trade, transportation, and utilities, 700 in leisure and hospitality, 300 in manufacturing, and 1,500 in government. Employment declines included 1,400 in other services, 600 in professional and business services, 500 in financial activities, 100 in mining and logging, and 300 in information.

October 15, 2018

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

RE: Monthly Status Report

Dear Mr. Spencer:

Please find attached, the Monthly Status Report for the Joint Committee on Government and Finance, Unemployment Compensation Trust Fund for the month of September 2018.

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

Sincerely,


Russell L. Fry
Acting Executive Director

RLF/gew

Enclosure

pc: Jim Justice

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

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

	JULY 2017	AUGUST 2017	SEPTEMBER 2017	JULY 2018	AUGUST 2018	SEPTEMBER 2018	THREE MONTH TOTAL VARIANCE *	
Balance Forward	<u>\$68,378,244.21</u>	<u>\$82,834,919.67</u>	<u>\$91,175,365.16</u>	<u>\$137,218,046.89</u>	<u>\$156,766,794.00</u>	<u>\$167,806,683.07</u>	<u>\$219,402,994.93</u>	
Add Receipts:								
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1. Bond Assessment
2. Regular Contributions:	\$27,364,632.48	\$18,796,623.49	\$938,664.87	\$31,247,111.67	\$20,087,433.11	\$1,013,017.91	\$5,247,641.85	2. Regular Contributions:
3. Federal Emergency Benefits (EUC08)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	3. Federal Emergency Benefits (EUC08)
4. Federal Share Extended Benefits (EB)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	4. Federal Share Extended Benefits (EB)
5. Temp Federal Additional Comp (FAC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	5. Temp Federal Additional Comp (FAC)
6. UCFE (Federal Agencies)	\$70,041.58	\$69,621.24	\$50,517.26	\$86,766.91	\$66,399.30	\$57,307.00	\$20,293.13	6. UCFE (Federal Agencies)
7. Special Administrative Transfer	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	7. Special Administrative Transfer **
8. Reed Act Funds**	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	8. Reed Act Funds
9. UC Modernization Incentive	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	9. UC Modernization Incentive
10. Treasury Interest Credits	\$0.00	\$0.00	\$462,909.85	\$0.00	\$0.00	\$909,662.63	\$446,752.78	10. Treasury Interest Credits
11. UCX (Military Agencies)	\$57,012.65	\$46,188.88	\$41,109.96	\$53,063.19	\$42,393.80	\$39,480.11	(\$9,374.39)	11. UCX (Military Agencies)
12. WV Senate Bill 558	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	12. WV Senate Bill 558
13. CMA Receipts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	13. CMA Receipts
Total Monthly Receipts	<u>\$27,491,686.71</u>	<u>\$18,912,433.61</u>	<u>\$1,493,201.94</u>	<u>\$31,386,941.77</u>	<u>\$20,196,226.21</u>	<u>\$2,019,467.65</u>	<u>\$5,705,313.37</u>	Total Monthly Receipts
Less Disbursements:								
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	Debt Bond Repayment
Regular Benefits:	\$12,912,529.83	\$10,470,565.70	\$8,264,846.09	\$11,692,602.89	\$9,055,163.86	\$7,873,469.21	(\$3,026,705.66)	Regular Benefits:
Federal Emergency Benefits (EUC08)	(\$6,400.88)	(\$5,621.88)	(\$3,723.00)	(\$1,684.00)	(\$2,026.00)	(\$2,349.00)	\$9,686.76	Federal Emergency Benefits (EUC08)
Federal Share Extended Benefits (EB)	(\$15.00)	(\$100.00)	(\$15.00)	\$0.00	(\$15.00)	(\$15.00)	\$100.00	Federal Share Extended Benefits (EB)
Emergency Benefits (TEUC)	\$0.00	\$0.00	\$0.00	\$0.00	(\$50.00)	\$0.00	(\$50.00)	Emergency Benefits (TEUC)
Temp Federal Additional Comp (FAC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Temp Federal Additional Comp (FAC)
UCFE (Federal Workers) Benefits	\$72,860.60	\$63,039.45	\$45,509.36	\$89,298.09	\$62,845.48	\$65,829.07	\$36,563.23	UCFE (Federal Workers) Benefits
UCX (Military Workers) Benefits	\$56,036.70	\$44,104.85	\$44,185.96	\$57,977.68	\$40,418.80	\$44,786.75	(\$1,144.28)	UCX (Military Workers) Benefits
Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Reed Act Funds
Special Administrative Transfer**	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Special Administrative Transfer**
Total Monthly Disbursements	<u>\$13,035,011.25</u>	<u>\$10,571,988.12</u>	<u>\$8,350,803.41</u>	<u>\$11,838,194.66</u>	<u>\$9,156,337.14</u>	<u>\$7,981,721.03</u>	<u>(\$2,981,549.95)</u>	Total Monthly Disbursements
Trust Fund Balance	<u>\$82,834,919.67</u>	<u>\$91,175,365.16</u>	<u>\$84,317,763.69</u>	<u>\$156,766,794.00</u>	<u>\$167,806,683.07</u>	<u>\$161,844,429.69</u>	<u>\$228,089,858.25</u>	Trust Fund Balance

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

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

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

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

UC TRUST FUND BALANCES & PROJECTIONS - 2018

November 7, 2018

Month	Receipts	Disbursements	Trust Fund Balance
2017			
Balance 1/1/2017			\$ 31,555,110
January	\$ 15,548,229	\$ 22,205,764	\$ 24,897,575
February	\$ 7,902,487	\$ 18,214,907	\$ 14,585,155
March	\$ 1,765,440	\$ 14,720,577	\$ 1,630,018
April	\$ 25,313,026	\$ 14,899,941	\$ 12,043,103
May	\$ 76,641,488	\$ 12,160,006	\$ 76,524,585
June	\$ 2,054,794	\$ 10,201,135	\$ 68,378,244
July	\$ 27,491,687	\$ 13,035,011	\$ 82,834,920
August	\$ 18,912,434	\$ 10,571,989	\$ 91,175,365
September	\$ 1,493,202	\$ 8,350,803	\$ 84,317,764
October	\$ 19,641,158	\$ 10,656,054	\$ 93,302,868
November	\$ 11,449,630	\$ 9,823,071	\$ 94,929,427
December	\$ 1,381,472	\$ 13,510,713	\$ 82,800,186
Totals - 2017	\$ 209,595,047	\$ 158,349,971	\$ 82,800,186

2018			
January	\$ 15,854,972	\$ 18,180,779	\$ 80,474,379
February	\$ 8,964,249	\$ 16,063,060	\$ 73,375,568
March	\$ 1,556,203	\$ 12,890,572	\$ 62,041,199
April	\$ 67,692,592	\$ 14,518,039	\$ 115,215,752
May	\$ 39,734,526	\$ 10,586,743	\$ 144,363,535
June	\$ 1,857,766	\$ 9,003,254	\$ 137,218,047
July	\$ 31,386,942	\$ 11,838,195	\$ 156,766,794
August	\$ 20,196,226	\$ 9,156,337	\$ 167,806,683
September	\$ 2,019,468	\$ 7,981,721	\$ 161,844,430
October	\$ 26,381,452	\$ 8,432,038	\$ 179,793,844
November	\$ 8,172,850	\$ 8,878,092	\$ 179,088,602
December	\$ 1,535,368	\$ 12,210,982	\$ 168,412,988
Totals - 2018	\$ 225,352,614	\$ 139,739,812	\$ 168,412,988

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PEIA

November Interim Talking Points

- **PEIA and RHBT preliminary financial results for September 2018 are available for your review.**
- **PEIA preliminary numbers show PEIA finishing the year ahead of plan by \$9.3 million. This is primarily due to lower than forecast expenses.**
- **RHBT preliminary numbers show RHBT finishing the year ahead of plan by \$7.4 million. This is attributable to higher than forecast investment income and favorable claims experience.**
- **The 2019 year-end reserve for the State Fund and non-State Fund is projected to be \$146 and \$48 million respectively.**
- **These reserve levels represent 20% and 34% of the respective funds' expenses. The required reserve for the State Fund is 14% of expenses.**

Jim Justice
Governor



Ted Cheatham
Director

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November 6, 2018

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

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

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

2. Per §5-16-25 the statutorily required reserve for the purposes of offsetting unanticipated claims losses (current FY costs) is the actuarial recommended reserve.

The current recommendation is 14% of the fiscal year expenses for PEIA and RHBT. Per the Quarterly Report, the percentage will be as follows at year end:

June 30, 2019	State Fund Reserve	Non-State Fund Reserve	Total
Reserve Balance	\$146,213,310	\$48,340,828	\$194,554,138
Percentage	20.5%	33.8%	22.7%
	reserve/current FY costs		

3. The objective of the OPEB Reserve is to reach a fully funded status of the actuarially accrued liability (AAL). Therefore, the target is 100%. The reserve balance represents 28% of the actuarially required balance:

	RHBT
June 30, 2019	OPEB Reserve
Reserve Balance	\$1,046,769,033
Percentage	31%
	OPEB Reserve/Actuarial Accrued Liability

4. Anticipated events that may significantly reduce or increase the amount of funds:

The primary anticipated reduction events are the ongoing forecast increases in the cost of healthcare. The below chart indicates the actuarial projected increases in costs for the medical and prescription drugs of the plan. These increased costs represent a total increase of \$339 million over the next four years, requiring an average of \$85 million a year in either increased premiums or benefit reductions.

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

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

	PEIA	RHBT	Total
September 2018	\$45,120,000	\$17,768,000	\$62,888,000

Sincerely,



Jason A. Haught, CPA
Chief Financial Officer

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For the Three Months Ending Sunday, September 30, 2018

ACTUAL	BUDGET	PRIOR YR	BUDGET VARIANCE	PRIOR YR VARIANCE
	\$		\$	\$
			%	%
ADDITIONS				
Employer Premiums:				
Health premiums - Non Par	\$747,909	\$731,345	(\$6,107)	\$10,457
Health Premiums - RLC Health, Life	3,965,064	4,442,705	1,577	(476,064)
Pay Go Premiums	38,499,999	38,951,802	(539,562)	(991,365)
State appropriation - OPEB	7,500,000	7,500,000	-	-
State appropriation - Premium	1,250,000	1,250,000	-	-
Annual required contributions	180	425,791	180	(425,611)
Total Employer Premiums	51,962,972	53,301,643	(543,912)	(1,882,583)
Other Additions:				
Retiree Drug Subsidy	300,000	300,000	0	0
Investment Income	14,427,762	30,783,839	2,279,708	(14,076,369)
TOTAL ADDITIONS	66,690,734	84,385,482	1,735,796	(15,958,952)
DEDUCTIONS				
Payments to Managed Care Org.	37,575,216	35,031,747	3,224,181	680,712
Life Insurance Expense	6,096,537	5,718,761	226,878	(150,898)
Medical Claims Expense	15,578,925	11,663,255	2,768,552	(1,147,118)
Pharmacy Claims Expense	7,360,212	7,872,219	829,850	1,341,857
Comparative Effectiveness Research Fee	8,223	8,049	3	(174)
Administrative Service Fees (External)	355,548	361,458	(3,902)	2,008
Member Health premiums	(17,468,514)	(16,649,632)	(720,778)	98,104
Member Life Insurance Premiums	(6,189,474)	(5,769,768)	(264,904)	154,802
Other Operating Expenses	732,768	600,271	(424,898)	(557,395)
TOTAL DEDUCTIONS	44,049,444	38,836,360	5,634,982	421,898
NET POSITION INCREASE	22,641,290	45,549,122	7,370,778	(15,537,054)
Net Position Restricted for Post Employment Benefits				
Beginning of Period Total Net Position	963,114,601	823,911,316	-	139,203,285
End of Period Net Position - Restricted	955,020,165	869,460,438	7,370,778	85,559,727
End of Period Net Position - PSR	38,106,504	38,106,504	-	38,106,504
End of Period Total Net Position	\$993,126,669	\$869,460,438	\$7,370,778	\$123,666,231
			1%	14%

**West Virginia Public E
Statement of Chan
For the Three Months End
(Dollars
(Unaudited-Fc**

	ACTUAL	BUDGET	PRIOR YR	
				OPERATING
				Premium
	\$92,124	\$101,842	\$94,119	Health Insurance - S
	30,702	25,444	31,814	Health Insurance - S
	24,979	24,391	23,428	Health Insurance -
	1,110	1,131	1,120	Administrative Fe
	305	557	588	Other Premi
	149,220	153,365	151,069	Total Opera
				NON-OPERATING
	347	324	343	Life In
	7,750	7,750	2,500	Direct
	2,019	1,102	4,134	Interest and Inv
	37,960	38,500	<u>38,952</u>	WV RHBT Pa
	48,076	47,676	45,929	Total Non-Opera
	197,296	201,041	196,998	TOTAL F
				EXPENSES
	86,430	89,193	84,337	Claims Expe
	30,981	40,730	37,789	Claims Exp
	11,552	11,440	10,772	Payments to Ma
	2,911	2,875	2,860	Administrativ
	283	261	95	Wellness and Dis
	1,032	1,227	1,183	Other Opera
	306	271	310	Life Insura
	80	80	81	ACA Comparative
	37,960	38,500	38,952	WV RHBT Pa
	171,535	184,577	176,379	TOTAL E
	25,761	16,464	20,619	YTD Surpl
	194,554	194,554	149,044	Total Net Position,
	\$220,315	\$211,018	\$169,663	Total Net Positi

**Employees Insurance Agency
 Budget Variances in Plan Net Position
 Ending Sunday, September 30, 2018
 (in Thousands)
 For Internal Use Only**

BUDGET REVENUE

	BUDGET VARIANCE	%	PRIOR YR VARIANCE	%
	\$		\$	
Revenue				
State Gov. - Employers	(\$9,718)	(10%)	(\$1,995)	(2%)
State Gov. - Employees	5,258	21%	(1,112)	(3%)
Local Gov. - All	588	2%	1,551	7%
Net of Refunds	(21)	(2%)	(10)	(1%)
Turn Revenue	(252)	(45%)	(283)	(48%)
Operating Revenue	(4,145)	(3%)	(1,849)	(1%)

OPERATING REVENUE

Insurance	23	7%	4	1%
Transfer	0	0%	5,250	210%
Investment Income	917	83%	(2,115)	(51%)
Policy Go Premiums	(540)	(1%)	(992)	(3%)
Rating Revenue	400	1%	2,147	5%

REVENUE

	(3,745)	(2%)	298	0%
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EXPENSES

Medical	2,763	3%	(2,093)	(2%)
Pharmaceuticals - Drugs	9,749	24%	6,808	18%
Managed Care Org.	(112)	(1%)	(780)	(7%)
Administrative Service Fees	(36)	(1%)	(51)	(2%)
Investment Management	(22)	(8%)	(188)	(198%)
Operating Expenses	195	16%	151	13%
Interest Expense	(35)	(13%)	4	1%
Effectiveness Fee	0	0%	1	1%
Policy Go Premiums	540	1%	992	3%
EXPENSES	13,042	7%	4,844	3%

Surplus (Deficit)

	9,297	56%	5,142	25%
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Beginning of Period
 End of Period

	\$9,297	4%	\$50,652	30%
			45,510	31%
			\$50,652	30%

West Virginia Board of Risk and Insurance Management
UNAUDITED BALANCE SHEET AND INCOME STATEMENT
For the Three Months Ending September 30, 2018

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

1. **Premium Revenue** thru September reflects the premiums earned for the first three months of the fiscal year.
2. **Claims Expense** reflects claims payments made thru September. Net claims payments made for the first three months of this year are \$4.9 million higher when compared to the same period a year ago. Higher payments plus a slight increase in estimated claims reserves for the current fiscal year have increased claims expense by \$2.1 million when compared to the same quarter last fiscal year.
3. **Investment Income** for fiscal year 2018-19 reflects net earnings of \$1.8 million for the first 3 months, primarily due to positive returns in the equity market vs. net earnings of \$5.3 million for the same period of fiscal year 2017-18.
4. BRIM has no un-funded liability and continues to pursue pro-active loss control initiatives.

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Three Months Ended September 30th

	<u>2018</u>	<u>2017</u>
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 26,954	\$ 23,913
Advance deposits with insurance company and trustee	201,143	199,259
Receivables	1,371	923
Prepaid insurance	3,468	3,516
Restricted cash and cash equivalents	14,750	11,137
Premiums due from other entities	878	643
Total current assets	<u>248,564</u>	<u>239,391</u>
Noncurrent assets:		
Equity position in internal investments pools	97,196	94,076
Restricted investments	56,131	54,329
Total noncurrent assets	<u>153,327</u>	<u>148,405</u>
Total assets	<u>401,891</u>	<u>387,796</u>
Deferred Outflows of Resources	438	458
Deferred Outflows of Resources - OPEB	44	0
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	50,453	47,713
Unearned premiums	10,045	9,174
Agent commissions payable	1,594	270
Claims Payable	107	0
Accrued expenses and other liabilities	1,745	1,672
Total current liabilities	<u>63,944</u>	<u>58,830</u>
Estimated unpaid claims and claims adjustment expense net of current portion	116,741	120,131
Compensated absences	122	107
Net pension liability	331	766
Total noncurrent liabilities	<u>117,194</u>	<u>121,005</u>
Total liabilities	<u>181,138</u>	<u>179,834</u>
Deferred Inflows of Resources	330	37
Deferred Inflows of Resources - OPEB	73	0
Net position:		
Restricted by State code for mine subsidence coverage	61,059	61,063
Unrestricted	155,552	138,265
Net Assets (Deficiency)	4,222	9,054
Net position	<u>\$ 220,833</u>	<u>\$ 208,382</u>

Unaudited

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Three Months Ended September 30th

	<u>2018</u>	<u>2017</u>
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 21,121	\$ 20,063
Less coverage/reinsurance programs	(1,825)	(1,584)
Net operating revenues	<u>19,296</u>	<u>18,479</u>
Operating expenses		
Claims and claims adjustment expense	15,747	13,609
General and administrative	1,106	1,125
Total operating expenses	<u>16,853</u>	<u>14,734</u>
Operating income (loss)	2,443	3,745
Nonoperating revenues		
Investment income	1,779	5,309
Net nonoperating revenues	<u>1,779</u>	<u>5,309</u>
Changes in net position	4,222	9,054
Total net position, beginning of year	216,611	199,328
Total net position, end of period	<u><u>\$ 220,833</u></u>	<u><u>\$ 208,382</u></u>

Unaudited

Department of Administration Real Estate Division Leasing Report

For the period of September 1 - 30, 2018

There is a total of 11 leasing changes for this period and they are as follows:

- 1 – Straight Renewal – DOA OWNED
- 6 – Straight Renewal
- 3 – Renewal with Increase in Rent
- 1 – Increase in Square Feet

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

STRAIGHT RENEWAL – DOA OWNED

GENERAL SERVICES DIVISION

GSD-011 Renewal for 1 year consisting of 2,074 square feet of office space at the current annual per square foot rate of \$19.00, annual cost \$39,406.00, full service, 416 Adams Street, in the City of Fairmont, Marion County, West Virginia.

STRAIGHT RENEWAL

DIVISION OF CORRECTIONS AND REHABILITATION, BUREAU OF JUVENILE SERVICES

BJS-027 Renewal for 1 year consisting of 6,188 square feet of office/classroom space at the current annual per square foot rate of \$5.82, annual cost \$36,014.16, full service, 467 Main Street, in the City of Madison, Boone County, West Virginia.

DIVISION OF CORRECTIONS AND REHABILITATION

COR-049 Renewal for 10 years consisting of 4,299 square feet of office space at the current annual per square foot rate of \$11.60, annual cost \$49,868.40, full service, 215 West Main Street, in the City of Clarksburg, Harrison County, West Virginia.

WEST VIRGINIA STATE POLICE

PSA-010 Renewal for 5 years consisting of 1,272 square feet of office space at the current annual per square foot rate of \$2.83, annual cost \$3,599.76, 12 White Avenue, in the City of Richwood, Nicholas County, West Virginia.

PSA-113 Renewal for 5 years consisting of tower/monitoring space at the current monthly rate of \$300.00, annual cost \$3,600.00, Chester Tower, Hancock County, West Virginia.

DEPARTMENT OF VETERANS ASSISTANCE

VET-031 Renewal for 2 years consisting of 900 square feet of storage space at the current annual per square foot rate of \$5.40, annual cost \$4,860.00, full service, 54 Rose Bud Avenue, in the City of Clarksburg, Harrison County, West Virginia.

DIVISION OF FORESTRY

FOR-091 Renewal for 2 years consisting of the use of one room, in lieu of rent DOF agrees to 15 guest lectures in GSC courses. GSC students will be able to receive 5 DOF certificates on the GSC campus., in the City of Glenville, Gilmer County, West Virginia.

RENEWAL WITH INCREASE IN RENT

DIVISION OF CORRECTIONS AND REHABILITATION

COR-082 Renewal for 2 years consisting of 2,100 square feet of office space with an increase in the annual per square foot rate from \$6.50 to \$6.70, annual cost \$14,070.00, full service except janitorial, 102 North Main Street, in the City of Keyser, Mineral County, West Virginia.

COR-089 Renewal for 5 years consisting of 4,182 square feet of office space with an increase in the annual per square foot rate from \$12.65 to \$12.90 for years 1 – 3 and then increase from \$12.90 to \$13.29 for years 4 - 5, annual cost \$53,947.80 for years 1 – 3 and \$55,578.78, full service, 1339 A Lewis Street, in the City of Charleston, Kanawha County, West Virginia.

COR-091 Renewal for 10 years consisting of 3,850 square feet of office space with an increase in the annual per square foot rate from \$11.00 to \$11.28 for years 1 – 5 and then increase from \$11.28 to \$11.56 for years 6 - 10, annual cost \$43,428.00 for years 1 – 5 and annual cost \$44,506.00 for years 6 – 10, 159 Davis Street, in the City of Princeton, Mercer County, West Virginia.

INCREASE IN SQUARE FEET

DIVISION OF CORRECTIONS AND REHABILITATION, BUREAU OF JUVENILE SERVICES

BJS-038 Increase of square feet from 3,123 square feet to 3,401 square feet of office/classroom space at the current annual per square foot rate of \$14.80, annual cost \$50,334.80, full service except janitorial, 408 EB Saunders Way, in the City of Clarksburg, Harrison County, West Virginia.

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

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	General Services Division	GSD-011	Marion	2,074	19.00	39,406	1	39,406
2	DOCR, Bureau of Juvenile Services	BJS-027	Boone	6,188	5.82	36,014	1	36,014
3	Division of Corrections and Rehabilitation	COR-049	Harrison	4,299	11.60	49,868	10	498,684
4	West Virginia State Police	PSA-010	Nicholas	1,272	2.83	3,600	5	17,999
5	West Virginia State Police	PSA-113	Hancock	0	0.00	3,600	5	18,000
6	Department of Veterans Assistance	VET-031	Harrison	900	5.40	4,860	2	9,720
7	Division of Forestry	FOR-091	Gilmer	1	0.00	0	0	0
8	Division of Corrections and Rehabilitation	COR-082	Mineral	2,100	6.70	14,070	2	28,140
9	Division of Corrections and Rehabilitation	COR-089	Kanawha	4,182	12.90	53,948	3	161,843
	Division of Corrections and Rehabilitation	COR-089	Kanawha	4,182	13.29	55,579	2	111,158
10	Division of Corrections and Rehabilitation	COR-091	Mercer	3,850	11.28	43,428	5	217,140
	Division of Corrections and Rehabilitation	COR-091	Mercer	3,850	11.56	44,506	5	222,530
11	DOCR, Bureau of Juvenile Services	BJS-038	Harrison	3,401	14.80	50,335	4.5	226,507

		115.18
Total Rentable Square Feet	<u>36,299</u>	
Average Annual Rental Rate	<u>10.47</u>	
Total Annual Rent		<u>399,214</u>

Joint Committee on Government and Finance

November 2018

Department of Health and Human Resources

**MEDICAID REPORT
July 2018 Data**

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

MONTH OF JULY 2018

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2018	SFY2019	Current Month Ended 07/31/18	Current Month Ended 07/31/18	Year To-Date Thru 07/31/18	08/01/18 Thru 06/30/19
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	94,761,538	96,410,403	6,645,837	9,270,231	6,645,837	89,764,566
Inpatient Hospital - DSH	53,388,507	53,789,156	-	-	-	53,789,156
Inpatient Hospital - Supplemental Payments	18,315,895	-	-	-	-	-
Inpatient Hospital - GME Payments	9,637,536	11,659,921	-	-	-	11,659,921
Mental Health Facilities	42,213,663	50,384,207	4,070,050	4,844,635	4,070,050	46,314,157
Mental Health Facilities - DSH Adjustment Payments	18,875,284	18,867,767	-	-	-	18,867,767
Nursing Facility Services - Regular Payments ⁽¹⁾	671,659,070	689,519,663	54,571,437	57,459,972	54,571,437	634,948,226
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	68,595,148	71,463,278	7,249,439	5,955,273	7,249,439	64,213,839
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	39,370,539	43,038,020	3,573,009	4,138,271	3,573,009	39,465,011
Physicians Services - Supplemental Payments	5,241,246	-	-	-	-	-
Physician and Surgical Services - Evaluation and Management	93	-	(1,520)	-	(1,520)	1,520
Physician and Surgical Services - Vaccine Codes	-	-	-	-	-	-
Outpatient Hospital Services - Regular Payments	41,749,006	42,856,165	3,848,537	4,120,785	3,848,537	39,007,628
Outpatient Hospital Services - Supplemental Payments	21,123,658	-	-	-	-	-
Prescribed Drugs	620,504,383	720,618,600	64,251,291	69,290,250	64,251,291	656,367,309
Drug Rebate Offset - National Agreement	(226,683,504)	(407,000,000)	(76,984,480)	(19,420,878)	(76,984,480)	(330,015,520)
Drug Rebate Offset - State Sidebar Agreement	(15,371,390)	(24,000,000)	(1,066,270)	(2,887,991)	(1,066,270)	(22,933,730)
Drug Rebate Offset - MCO National	(149,057,165)	(11,000,000)	(3,435,424)	(1,588,687)	(3,435,424)	(7,564,576)
Drug Rebate Offset - MCO State Sidebar Agreement	(11,602,345)	-	(40,596)	-	(40,596)	40,596
Dental Services	10,677,304	11,217,737	888,605	1,078,629	888,605	10,329,132
Other Practitioners Services - Regular Payments	4,145,198	4,940,938	512,842	475,090	512,842	4,428,096
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	1,514,622	1,638,650	141,829	157,563	141,829	1,496,821
Lab & Radiological Services	8,989,515	9,500,531	814,843	913,513	814,843	8,685,688
Home Health Services	25,275,940	28,416,781	2,617,085	2,732,383	2,617,085	25,799,696
Hysterectomies/Sterilizations	55,843	65,026	4,250	6,253	4,250	60,776
Pregnancy Terminations ⁽²⁾	346,043	370,405	29,705	35,616	29,705	340,700
EPSDT Services	1,411,597	1,472,595	133,642	141,596	133,642	1,338,953
Rural Health Clinic Services	4,514,194	4,167,233	676,123	400,695	676,123	3,491,110
Medicare Health Insurance Payments - Part A Premiums	20,115,325	21,934,452	1,699,403	1,827,871	1,699,403	20,235,049
Medicare Health Insurance Payments - Part B Premiums	114,914,746	124,130,622	9,555,892	10,344,219	9,555,892	114,574,730
120% - 134% Of Poverty	9,100,320	9,229,482	781,488	887,450	781,488	8,447,994
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	11,432,888	11,469,643	1,076,281	1,102,850	1,076,281	10,393,362

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

	MONTH OF JULY 2018		ACTUALS Current Month Ended 07/31/18	ESTIMATE Current Month Ended 07/31/18	ACTUALS Year To-Date Thru 07/31/18	PROJECTED 08/01/18 Thru 06/30/19
	ACTUALS SFY2018	TOTAL SFY2019				
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	1,592,796,041	1,909,119,745	116,319,998	159,093,312	116,319,998	1,792,799,747
Medicaid MCO - Evaluation and Management	-	-	-	-	-	-
Medicaid MCO - Vaccine Codes	-	-	-	-	-	-
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-	-	-	-
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-	-	-	-
Medicaid Health Insurance Payments: Group Health Plan Payments	659,533	712,510	-	68,511	-	712,510
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-
Home & Community-Based Services (MR/DD)	306,244,186	326,961,878	27,875,126	31,438,642	27,875,126	299,086,752
Home & Community-Based Services (Aged/Disabled)	99,410,189	111,621,217	7,869,999	10,732,809	7,869,999	103,751,218
Home & Community-Based Services (Traumatic Brain Injury)	1,500,251	1,962,566	169,207	188,708	169,207	1,793,359
Home & Community-Based Services (State Plan 1915(i) Only)	-	-	-	-	-	-
Home & Community-Based Services (State Plan 1915(j) Only)	-	-	-	-	-	-
Community Supported Living Services	-	-	-	-	-	-
Programs Of All-Inclusive Care Elderly	-	-	-	-	-	-
Personal Care Services - Regular Payments	69,433,451	72,630,935	5,775,988	6,983,744	5,775,988	66,854,947
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-
Targeted Case Management Services - State Wide	2,768,851	2,852,904	222,315	274,318	222,315	2,630,589
Primary Care Case Management Services	-	-	-	-	-	-
Hospice Benefits	28,742,764	27,296,696	2,886,802	2,624,682	2,886,802	24,409,894
Emergency Services Undocumented Aliens	660,126	757,363	5,042	72,823	5,042	752,321
Federally Qualified Health Center	9,878,997	10,234,965	817,659	984,131	817,659	9,417,306
Non-Emergency Medical Transportation	34,217,803	34,042,483	2,786,974	3,273,316	2,786,974	31,255,509
Physical Therapy	999,248	1,063,603	97,080	102,270	97,080	966,523
Occupational Therapy	632,758	603,289	55,548	58,009	55,548	547,741
Services for Speech, Hearing & Language	336,441	318,750	29,902	30,649	29,902	288,848
Prosthetic Devices, Dentures, Eyeglasses	859,918	922,875	97,983	88,738	97,983	824,892
Diagnostic Screening & Preventive Services	169,078	201,488	7,821	19,374	7,821	193,667
Nurse Mid-Wife	112,942	153,959	10,046	14,804	10,046	143,913
Emergency Hospital Services	-	(80)	-	(8)	-	(80)
Critical Access Hospitals	24,242,329	25,303,531	1,922,805	2,433,032	1,922,805	23,380,726
Nurse Practitioner Services	2,263,595	2,755,598	217,701	264,961	217,701	2,537,897
School Based Services	34,971,816	35,000,000	649,429	3,365,385	649,429	34,350,571
Rehabilitative Services (Non-School Based)	59,129,439	63,204,418	5,204,228	6,077,348	5,204,228	58,000,190
Substance Use Disorder Waiver	2,303,658	52,071,349	883,175	5,006,860	883,175	51,188,174
Private Duty Nursing	5,533,239	5,709,872	504,810	549,026	504,810	5,205,062
Freestanding Birth Centers	-	-	-	-	-	-
Health Home for Enrollees w Chronic Conditions	883,711	983,085	158,628	94,527	158,628	824,457
Other Care Services	15,448,541	25,766,900	1,953,198	2,477,586	1,953,198	23,813,702
Less: Recoupments	-	-	(444,061)	-	(444,061)	444,061
NET MEDICAID EXPENDITURES:	3,809,413,601	4,297,413,175	257,690,701	387,603,146	257,690,701	4,039,722,474

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

MONTH OF JULY 2018

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

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2018	SFY2019	Current Month Ended 07/31/18	Current Month Ended 07/31/18	Year To-Date Thru 07/31/18	08/01/18 Thru 06/30/19
	(6,012,117)	-	-	-	-	-
	(512,319)	-	-	-	-	-
	(213,356)	-	-	-	-	-
	(17,039,628)	-	-	-	-	-
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	3,785,636,180	4,297,413,175	257,690,701	387,603,146	257,690,701	4,039,722,474
Plus: Medicaid Part D Expenditures	43,197,126	42,983,609	3,555,503	3,581,967	3,555,503	39,428,106
Plus: State Only Medicaid Expenditures	628,208	250,000	22,278	24,038	22,278	227,722
Plus: Money Follow the Person Expenditures	2,101,617	2,100,000	141,179	201,923	141,179	1,958,821
TOTAL MEDICAID EXPENDITURES	\$ 3,831,563,132	\$ 4,342,746,783	\$ 261,409,660	\$ 391,411,075	\$ 261,409,660	\$ 4,081,337,123
Plus: Reimbursables ⁽³⁾	4,491,826	-	364,765	-	364,765	(364,765)
Plus: NATCEP/PASARR/Eligibility Exams	223,954	-	10,517	-	10,517	(10,517)
Plus: HIT Incentive Payments	2,074,212	3,000,000	-	288,462	-	3,000,000
TOTAL EXPENDITURES	\$ 3,838,353,124	\$ 4,345,746,783	\$ 261,784,943	\$ 391,699,536	\$ 261,784,943	\$ 4,083,961,841

(1) Of the amount in the 'Nursing Facility Services - Regular Payments' line 3A, \$1,164,079 is the amount paid to State Facilities year to date.
 (2) Pregnancy Terminations are State Only expenditures and are not currently claimed.
 (3) This amount will revert to State Only if not reimbursed.

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

MONTH OF JULY 2018	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2018	Current Month Ended 7/31/2018	Year-To-Date Thru 7/31/2018	8/1/2018 Thru 6/30/2019	SFY2019
REVENUE SOURCES					
Beg. Bal. 7/01/18 (5084/1020 prior mth)	86,992,634	121,710,366	121,710,366	-	121,710,366
MATCHING FUNDS					
General Revenue (0403/189)	368,772,081	10,791,473	10,791,473	403,165,890	413,957,363
MRDD Waiver (0403/466)	88,753,483	5,916,899	5,916,899	82,836,584	88,753,483
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,333	216,333	2,379,667	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,667	529,667	5,826,333	6,356,000
Traumatic Brain Injury (0403/835)	800,000	53,334	53,334	746,666	800,000
Title XIX Waiver for Seniors (0403-533)	13,593,620	906,241	906,241	12,687,379	13,593,620
Medical Services Surplus (0403/633)	30,021,770	-	-	-	-
Waiver for Senior Citizens Surplus (0403/526)	-	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	12,382,692	-	-	4,015,503	4,015,503
Lottery Waiver (0420/539)	21,583,766	-	-	29,950,955	29,950,955
Lottery Transfer (5405/871)	14,502,312	-	-	14,502,312	14,502,312
Excess Lottery (5365/189)	34,406,170	-	-	28,202,960	28,202,960
Lottery Surplus (5405/68199)	15,500,000	-	-	6,000,000	6,000,000
Lottery Surplus (5365/68100)	26,900,000	-	-	8,000,000	8,000,000
Trust Fund Appropriation (5185/189)	8,914,540	-	-	73,477,905	73,477,905
Provider Tax (5090/189)	213,058,153	15,000,000	15,000,000	208,662,451	223,662,451
NSGO UPL (5084/6717)	68,035	-	-	1,241,403	1,241,403
Certified Match	16,157,488	599,111	599,111	13,405,789	14,004,900
Reimbursables - Amount Reimbursed	4,371,388	-	-	-	-
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	956,436	61,590	61,590	838,410	900,000
CHIP State Share	-	-	-	-	-
CMS - 64 Adjustments	(80,352)	-	-	-	-
TOTAL MATCHING FUNDS	\$ 966,606,216	\$ 155,785,014	\$ 155,785,014	\$ 895,940,207	\$ 1,051,725,221
FEDERAL FUNDS	2,991,755,848	198,090,806	198,090,806	3,217,322,136	3,415,412,942
TOTAL REVENUE SOURCES	\$ 3,958,362,065	\$ 353,875,820	\$ 353,875,820	\$ 4,113,262,343	\$ 4,467,138,163
TOTAL EXPENDITURES:					
Provider Payments	\$ 3,838,353,124	\$ 261,784,943	\$ 261,784,943	\$ 4,083,961,841	\$ 4,345,746,783
TOTAL	\$ 120,008,941	\$ 92,090,878	\$ 92,090,878		\$ 121,391,380

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

Joint Committee on Government and Finance

November 2018

Department of Health and Human Resources

MEDICAID WAIVER REPORT

July 2018 Data

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

Aged & Disabled Waiver Reported July 31, 2018	FY 2018	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	FY 2019 YTD
Slots Approved By CMS (1)	6,445	6,192												6,192
-Slots Available for Traditional (non TMH-WV) enrollees	5,662	6,102												6,102
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	90	90												90
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count	6,419	5,871												5,871
Applicants determined eligible this month and added to MEL (3)	1,401	93												93
Applicants determined ineligible	96	7												7
ACTIVE MEMBERS														
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count	5,661	5,852												5,852
Active members enrolled during the calendar month	1,264	274												274
-Total Active Traditional members enrolled during the calendar month	1,178	272												272
-Total Active TMH-WV members enrolled during the calendar month	86	2												2
Members discharged during the calendar month	952	83												83
ADW Members whose case was closed by reason	Member is deceased	533	39											39
	Other (4)	419	44											44
MANAGED ENROLLMENT LIST (MEL)														
# Eligible applicants closed during the calendar month (removed from MEL)	2,134	22												22
ADW Applicants removed from the MEL	Applicant offered a slot (Traditional + MFP)	1,963	8											8
	Applicant became deceased	100	9											9
	Other (5)	71	5											5
Applicants on the MEL who are in a nursing facility YTD Column reflects average # members in setting	1	5												5
Applicants on the MEL receiving Personal Care YTD Column reflects average # members in setting	7	18												18
Applicants on the MEL at the end of the month	30	101												101
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days	156	33												33

(1) Of the 6,192 slots approved by CMS, 90 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant. When it is identified that slots cannot be used for MFP transitions, these slots are made available for traditional (non-MFP) enrollees.

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

(3) Monthly number added to MEL is being reported in the month an applicant is determined medically eligible; however, the individual's placement date on the managed enrollment list will be based on their initial application date.

(4) Other reason for closing a case may include, but is not limited to: No services for 180 days, unsafe environment, member non-compliance with program, member no longer desires services, member no longer a WV resident, member no longer medically or financially eligible.

(5) "Other" includes those who are no longer a WV resident, voluntarily decline the program, etc.

(6) Reported in actual number of days on the MEL.

NOTE: All data reported by Utilization Management Contractor is effective as of the transpire date in the web-based system. Data is point-in-time.

**WV Department of Health and Human Resources
Bureau for Medical Services I/DD Waiver Program Report**

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

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

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

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

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

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

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

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

Traumatic Brain Injury Waiver Reported July 31, 2018		FY 2018	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Y 2019 YTD
Slots Approved By CMS (1)		66	82												82
-Slots Available for Traditional (non TMH-WV) enrollees		56	78												78
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees		10	4												4
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count		84	73												73
Applicants determined eligible this month and added to MEL (3)		14	0												0
Applicants determined ineligible		4	0												0
ACTIVE MEMBERS															
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count		71	73												73
Active members enrolled during the calendar month		24	2												2
-Total Active Traditional members enrolled during the calendar month		20	2												2
-Total Active TMH-WV members enrolled during the calendar month		4	0												0
Members discharged during the calendar month		14	0												0
TBIW Members whose case was closed by reason	Member is deceased	6	0												0
	Other (4)	8	0												0
MANAGED ENROLLMENT LIST (MEL)															
# Eligible applicants closed during the calendar month (removed from MEL)		21	3												3
TBIW Applicants removed from the MEL	Applicant offered a slot	20	3												3
	Applicant became deceased	0	0												0
	Other (5)	2	0												0
Applicants on the MEL who are in a nursing facility		0	0												0
Applicants on the MEL receiving Personal Care		0	0												0
Applicants on the MEL at the end of the month		3	0												0
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days		226	0												0

(1) Of the 82 slots approved by CMS, 4 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant for 2018-2019. When there are no available Traditional slots medically eligible applicants that are Traditional will be placed on the MEL.

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

(3) Monthly number added to MEL is being reported in the month an applicant is determined medically eligible; however, the individual's placement date on the managed enrollment list will be based on their initial application date.

(4) Other reason for closing a case may include, but is not limited to: No services for 180 days, unsafe environment, member non-compliance with program, member no longer desires services, member no longer a WV resident, member no longer medically or financially eligible.

(5) "Other" includes those who are no longer a WV resident, voluntarily decline the program, etc.

(6) Reported in actual number of days on the MEL.

NOTE: All data as reported by the Utilization Management Contractor is point-in-time

Joint Committee on Government and Finance

November 2018

Department of Health and Human Resources

**MEDICAID REPORT
August 2018 Data**

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

	MONTH OF AUGUST 2018		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2018	SFY2019	Current Month Ended 08/31/18	Current Month Ended 08/31/18	Year To-Date Thru 08/31/18	09/01/18 Thru 06/30/19		
EXPENDITURES:								
Inpatient Hospital - Reg. Payments	94,761,538	96,410,403	5,923,658	7,416,185	12,569,495	83,840,908		
Inpatient Hospital - DSH	53,388,507	53,789,156	13,155,106	13,447,289	13,155,106	40,634,050		
Inpatient Hospital - Supplemental Payments	18,315,895	-	-	-	-	-		
Inpatient Hospital - GME Payments	9,637,536	11,659,921	2,523,146	2,914,980	2,523,146	9,136,775		
Mental Health Facilities	42,213,663	50,384,207	3,105,517	3,875,708	7,175,567	43,208,640		
Mental Health Facilities - DSH Adjustment Payments	18,875,284	18,867,767	4,718,005	4,718,942	4,718,005	14,149,762		
Nursing Facility Services - Regular Payments ⁽¹⁾	671,659,070	689,519,663	56,839,515	57,459,972	111,410,952	578,108,711		
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-		
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-		
Intermediate Care Facilities - Private Providers	68,595,148	71,463,278	5,473,844	5,955,273	12,723,283	58,739,995		
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-		
Physicians Services - Regular Payments	39,370,539	43,038,020	2,730,393	3,310,617	6,303,402	36,734,618		
Physicians Services - Supplemental Payments	5,241,246	(0)	-	(0)	-	(0)		
Physician and Surgical Services - Evaluation and Management	93	-	-	-	(1,520)	1,520		
Physician and Surgical Services - Vaccine Codes	-	-	-	-	-	-		
Outpatient Hospital Services - Regular Payments	41,749,006	42,856,165	3,238,577	3,296,628	7,087,114	35,769,051		
Outpatient Hospital Services - Supplemental Payments	21,123,658	-	-	-	-	-		
Prescribed Drugs	620,504,383	720,618,600	51,604,907	55,432,200	115,856,198	604,762,402		
Drug Rebate Offset - National Agreement	(226,683,504)	(407,000,000)	(12,739,296)	(5,461,474)	(89,723,776)	(317,276,224)		
Drug Rebate Offset - State Sidebar Agreement	(15,371,390)	(24,000,000)	(5,966,056)	(2,031,065)	(7,032,326)	(16,967,674)		
Drug Rebate Offset - MCO National	(149,057,165)	(11,000,000)	(236,655)	(397,429)	(3,672,079)	(7,327,921)		
Drug Rebate Offset - MCO State Sidebar Agreement	(11,602,345)	-	(824)	-	(41,420)	41,420		
Dental Services	10,677,304	11,217,737	832,807	862,903	1,721,412	9,496,325		
Other Practitioners Services - Regular Payments	4,145,198	4,940,938	381,816	380,072	894,658	4,046,280		
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-		
Clinic Services	1,514,622	1,638,650	119,573	126,050	261,402	1,377,248		
Lab & Radiological Services	8,989,515	9,500,531	554,417	730,810	1,369,260	8,131,271		
Home Health Services	25,275,940	28,416,781	927,487	2,185,906	3,544,572	24,872,209		
Hysterectomies/Sterilizations	55,843	65,026	1,168	5,002	5,418	59,608		
Pregnancy Terminations ⁽²⁾	346,043	370,405	18,478	28,493	48,183	322,222		
EPSDT Services	1,411,597	1,472,595	112,560	113,277	246,202	1,226,393		
Rural Health Clinic Services	4,514,194	4,167,233	201,935	320,556	878,058	3,289,175		
Medicare Health Insurance Payments - Part A Premiums	20,115,325	21,934,452	1,735,553	1,827,871	3,434,956	18,499,496		
Medicare Health Insurance Payments - Part B Premiums	114,914,746	124,130,622	9,288,080	10,344,219	18,843,972	105,286,650		
120% - 134% Of Poverty	9,100,320	9,229,482	789,528	709,960	1,571,016	7,658,466		
135% - 175% Of Poverty	-	-	-	-	-	-		
Coinsurance And Deductibles	11,432,888	11,469,643	943,274	882,280	2,019,555	9,450,088		

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

	MONTH OF AUGUST 2018		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2018	SFY2019	Current Month Ended 08/31/18	Current Month Ended 08/31/18	Year To-Date Thru 08/31/18	09/01/18 Thru 06/30/19		
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	1,592,796,041	1,909,119,745	183,112,131	159,093,312	299,432,129	1,609,687,616		
Medicaid MCO - Evaluation and Management	-	-	-	-	-	-		
Medicaid MCO - Vaccine Codes	-	-	-	-	-	-		
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-	-	-	-		
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-	-	-	-		
Medicaid Health Insurance Payments: Group Health Plan Payments	659,533	712,510	166,376	54,808	166,376	546,134		
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-		
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-		
Home & Community-Based Services (MR/DD)	306,244,186	326,961,878	25,474,651	25,150,914	53,349,777	273,612,101		
Home & Community-Based Services (Aged/Disabled)	99,410,189	111,621,217	9,877,464	8,586,247	17,747,463	93,873,754		
Home & Community-Based Services (Traumatic Brain Injury)	1,500,251	1,962,566	120,039	150,967	289,246	1,673,320		
Home & Community-Based Services (State Plan 1915(i) Only)	-	-	-	-	-	-		
Home & Community-Based Services (State Plan 1915(j) Only)	-	-	-	-	-	-		
Community Supported Living Services	-	-	-	-	-	-		
Programs Of All-Inclusive Care Elderly	-	-	-	-	-	-		
Personal Care Services - Regular Payments	69,433,451	72,630,935	5,582,008	5,586,995	11,357,996	61,272,939		
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-		
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-		
Targeted Case Management Services - State Wide	2,768,851	2,852,904	174,475	219,454	396,790	2,456,114		
Primary Care Case Management Services	-	-	-	-	-	-		
Hospice Benefits	28,742,764	27,296,696	2,251,666	2,099,746	5,138,468	22,158,228		
Emergency Services Undocumented Aliens	660,126	757,363	32,075	58,259	37,117	720,246		
Federally Qualified Health Center	9,878,997	10,234,965	(614,452)	787,305	203,207	10,031,758		
Non-Emergency Medical Transportation	34,217,803	34,042,483	2,781,201	2,618,653	5,568,175	28,474,308		
Physical Therapy	999,248	1,063,603	68,480	81,816	165,560	898,043		
Occupational Therapy	632,758	603,289	28,964	46,407	84,512	518,777		
Services for Speech, Hearing & Language	336,441	318,750	23,600	24,519	53,502	265,248		
Prosthetic Devices, Dentures, Eyeglasses	859,918	922,875	67,676	70,990	165,659	757,216		
Diagnostic Screening & Preventive Services	169,078	201,488	6,959	15,499	14,780	186,708		
Nurse Mid-Wife	112,942	153,959	5,777	11,843	15,823	138,136		
Emergency Hospital Services	-	(80)	-	(6)	-	(80)		
Critical Access Hospitals	24,242,329	25,303,531	1,607,123	1,946,425	3,529,928	21,773,603		
Nurse Practitioner Services	2,263,595	2,755,598	162,132	211,969	379,833	2,375,765		
School Based Services	34,971,816	35,000,000	25,550,980	2,692,308	26,200,409	8,799,591		
Rehabilitative Services (Non-School Based)	59,129,439	63,204,418	4,128,357	4,861,878	9,332,585	53,871,833		
Substance Use Disorder Waiver	2,303,658	52,071,349	537,713	4,005,488	1,420,888	50,650,461		
Private Duty Nursing	5,533,239	5,709,872	379,781	439,221	884,591	4,825,281		
Freestanding Birth Centers	-	-	-	-	-	-		
Health Home for Enrollees w Chronic Conditions	883,711	983,085	149,770	75,622	308,398	674,687		
Other Care Services	15,448,541	25,766,900	1,416,419	1,982,069	3,369,617	22,397,283		
Less: Recoupments	-	-	(283,793)	-	(727,854)	727,854		
NET MEDICAID EXPENDITURES:	3,809,413,601	4,297,413,175	409,084,085	389,325,934	666,774,786	3,630,638,389		

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

MONTH OF AUGUST 2018	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2018	SFY2019	Current Month Ended 08/31/18	Current Month Ended 08/31/18	Year To-Date Thru 08/31/18	09/01/18 Thru 06/30/19
Collections: Third Party Liability (line 9A on CMS-64)	(6,012,117)	-	-	-	-	-
Collections: Probate (line 9B on CMS-64)	(512,319)	-	-	-	-	-
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(213,356)	-	-	-	-	-
Collections: Other (line 9D on CMS-64)	(17,039,628)	-	-	-	-	-
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	3,785,636,180	4,297,413,175	409,084,085	389,325,934	666,774,786	3,630,638,389
Plus: Medicaid Part D Expenditures	43,197,126	42,983,609	3,550,683	3,581,967	7,106,185	35,877,424
Plus: State Only Medicaid Expenditures	628,208	250,000	8,974	19,231	31,252	218,748
Plus: Money Follow the Person Expenditures	2,101,617	2,100,000	150,066	161,538	291,245	1,808,755
				-		
TOTAL MEDICAID EXPENDITURES	3,831,563,132	\$4,342,746,783	\$412,793,808	393,088,670	\$674,203,468	\$3,668,543,315
Plus: Reimbursables ⁽³⁾	4,491,826	-	416,972	-	781,736	(781,736)
Plus: NATCEP/PASARR/Eligibility Exams	223,954	-	3,428	-	13,945	(13,945)
Plus: HIT Incentive Payments	2,074,212	3,000,000	8,500	230,769	8,500	2,991,500
TOTAL EXPENDITURES	3,838,353,124	4,345,746,783	413,222,707	393,319,439	675,007,649	3,670,739,134

(1) Of the amount in the 'Nursing Facility Services - Regular Payments' line 3A, \$2,836,856 is the amount paid to State Facilities year to date.

(2) Pregnancy Terminations are State Only expenditures and are not currently claimed.

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

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

2 Months Actuals 10 Months Remaining

MONTH OF AUGUST 2018	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2018	Current Month Ended 8/31/18	Year-To-Date Thru 8/31/18	9/1/2018 Thru 6/30/19	SFY2019
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	86,992,634	91,944,334	121,710,366	-	121,710,366
MATCHING FUNDS					
General Revenue (0403/189)	368,772,081	7,500,000	18,291,473	395,665,890	413,957,363
MRDD Waiver (0403/466)	88,753,483	5,916,899	11,833,798	76,919,685	88,753,483
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,333	432,666	2,163,334	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,667	1,059,334	5,296,666	6,356,000
Traumatic Brain Injury (0403/835)	800,000	53,333	106,667	693,333	800,000
Title XIX Waiver for Seniors (0403-533)	13,593,620	906,241	1,812,482	11,781,138	13,593,620
Medical Services Surplus (0403/633)	30,021,770	-	-	-	-
Waiver for Senior Citizens Surplus (0403/526)	-	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	12,382,692	1,003,876	1,003,876	3,011,627	4,015,503
Lottery Waiver (0420/539)	21,583,766	7,487,739	7,487,739	22,463,216	29,950,955
Lottery Transfer (5405/871)	14,502,312	3,625,578	3,625,578	10,876,734	14,502,312
Excess Lottery (5365/189)	34,406,170	-	-	28,202,960	28,202,960
Lottery Surplus (5405/68199)	15,500,000	6,000,000	6,000,000	-	6,000,000
Lottery Surplus (5365/68100)	26,900,000	-	-	8,000,000	8,000,000
Trust Fund Appropriation (5185/189)	8,914,540	-	-	73,477,905	73,477,905
Provider Tax (5090/189)	213,058,153	17,310,000	32,310,000	191,352,451	223,662,451
NSGO UPL (5084/6717)	68,035	-	-	1,241,403	1,241,403
Certified Match	16,157,488	7,448,632	8,047,743	5,957,157	14,004,900
Reimbursables - Amount Reimbursed	4,371,388	-	-	-	-
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	956,436	57,719	119,309	780,691	900,000
CHIP State Share	-	-	-	-	-
CMS - 64 Adjustments	(80,352)	-	-	-	-
TOTAL MATCHING FUNDS	\$ 966,606,216	\$ 150,000,350	\$ 213,841,030	\$ 837,884,190	\$ 1,051,725,221
FEDERAL FUNDS	2,991,755,848	332,328,168	530,418,974	2,884,993,969	3,415,412,942
TOTAL REVENUE SOURCES	\$ 3,958,362,065	\$ 482,328,517	\$ 744,260,004	\$ 3,722,878,159	\$ 4,467,138,163
TOTAL EXPENDITURES:					
Provider Payments	\$ 3,838,353,124	\$ 413,222,707	\$ 675,007,649	\$ 3,670,739,134	\$ 4,345,746,783
TOTAL	\$ 120,008,941	\$ 69,105,811	\$ 69,252,355		121,391,380

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

Joint Committee on Government and Finance

November 2018

Department of Health and Human Resources

**MEDICAID WAIVER REPORT
August 2018 Data**

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

**WV Department of Health and Human Resources
Bureau for Medical Services A&D Waiver Program Report**

Aged & Disabled Waiver Reported August 31, 2018	FY 2018	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	FY 2019 YTD
Slots Approved By CMS (1)	5,752	6,192	6,192											6,192
-Slots Available for Traditional (non TMH-WV) enrollees	5,662	6,102	6,102											6,102
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees	90	90	90											90
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count	6,419	5,871	5,954											5,954
Applicants determined eligible this month and added to MEL (3)	1,401	93	99											192
Applicants determined ineligible	96	7	3											10
ACTIVE MEMBERS														
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count	5,661	5,852	5,878											5,878
Active members enrolled during the calendar month	1,264	274	120											394
-Total Active Traditional members enrolled during the calendar month	1,178	272	115											387
-Total Active TMH-WV members enrolled during the calendar month	86	2	5											7
Members discharged during the calendar month	952	83	94											177
ADW Members whose case was closed by reason														
Member is deceased	533	39	54											93
Other (4)	419	44	40											84
MANAGED ENROLLMENT LIST (MEL)														
# Eligible applicants closed during the calendar month (removed from MEL)	2,134	22	21											43
ADW Applicants removed from the MEL														
Applicant offered a slot (Traditional + MFP)	1,963	8	13											21
Applicant became deceased	100	9	6											15
Other (5)	71	5	2											7
Applicants on the MEL who are in a nursing facility YTD Column reflects average # members in setting	1	5	8											7
Applicants on the MEL receiving Personal Care YTD Column reflects average # members in setting	7	18	29											24
Applicants on the MEL at the end of the month	30	101	179											179
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days	156	33	63											48

(1) Of the 6,192 slots approved by CMS, 90 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant. When it is identified that slots cannot be used for MFP transitions, these slots are made available for traditional (non-MFP) enrollees.

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

(3) Monthly number added to MEL is being reported in the month an applicant is determined medically eligible; however, the individual's placement date on the managed enrollment list will be based on their initial application date.

(4) Other reason for closing a case may include, but is not limited to: No services for 180 days, unsafe environment, member non-compliance with program, member no longer desires services, member no longer a WV resident, member no longer medically or financially eligible.

(5) "Other" includes those who are no longer a WV resident, voluntarily decline the program, etc.

(6) Reported in actual number of days on the MEL.

NOTE: All data reported by Utilization Management Contractor is effective as of the transpire date in the web-based system. Data is point-in-time.

**WV Department of Health and Human Resources
Bureau for Medical Services I/DD Waiver Program Report**

Intellectual/Developmental Disabilities Waiver Reported August 31, 2018	FY 2018	July-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	YTD2019
Slots approved by CMS	4,634	4,684	4,684											4,684
Traditional Slots approved by CMS	4,634	4,684	4,684											4,684
Ben H. Slots approved for Adults by CMS	0	0	0											0
Ben H. Slots approved for Children by CMS	0	0	0											0
Total number of members served YTD (unduplicated slots used) (1)	4,634	4,629	4,629											4,629
Total number of members served YTD in Traditional Slots	4,634	4,629	4,629											4,629
Total number of members served YTD in Adult Ben H. slots (unduplicated)	0	0	0											0
Total number of members served YTD in Children Ben H. slots (unduplicated)	0	0	0											0
Applicants determined eligible (2)	218	17	22											39
Applicants determined ineligible (3)	194	10	20											30
ACTIVE MEMBERS														
# of active members at the end of the month (unduplicated slots active) (1)	4,536	4,621	4,612											4,612
Discharged members at the end of the calendar month	106	10	12											22
Discharged members who were discharged by reason	Deceased	52	4	2										6
	Left program to enter a facility	22	1	3										4
	a. Hospital	0	0	0										0
	b. ICF/IID	11	0	2										2
	c. Nursing Facility	11	1	1										2
	d. Psychiatric Facility	0	0	0										0
	e. Rehabilitation Facility	0	0	0										0
	f. Other Facility	0	0	0										0
Other (6)	31	5	7										12	
MANAGED ENROLLMENT LIST (MEL)														
Total number of applicants on the MEL at the end of the month	1,343	1,256	1,274											1,274
Number of applicants added to the MEL (4)	218	17	22											39
Applicants enrolled (removed from the MEL)	139	95	3											98
Applicants removed from the MEL due to Death (5)	10	1	0											1
Applicants removed from the MEL due to Other (6)	43	8	1											9
Applicants on the MEL who are in a Nursing Facility (9)	2	5	3											3
Applicants on the MEL who are in an ICF/IID Group Home (9)	112	113	113											113
Applicants on the MEL receiving Personal Care Services each month (8) (9)	87	87	83											83
Longest on the MEL to date (7)	1634	1,624	1,635											1,635

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

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

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

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

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

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

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

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

(1) Of the 82 slots approved by CMS, 4 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant for 2018-2019. When there are no available Traditional slots medically eligible applicants that are Traditional will be placed on the MEL.

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

(3) Monthly number added to MEL is being reported in the month an applicant is determined medically eligible; however, the individual's placement date on the managed enrollment list will be based on their initial application date.

(4) Other reason for closing a case may include, but is not limited to: No services for 180 days, unsafe environment, member non-compliance with program, member no longer desires services, member no longer a WV resident, member no longer medically or financially eligible.

(5) "Other" includes those who are no longer a WV resident, voluntarily decline the program, etc.

(6) Reported in actual number of days on the MEL.

NOTE: All data as reported by the Utilization Management Contractor is point-in-time *There was not a MEL at this time, the number reflects applicants that were eligible and received a slot.

Joint Committee on
Government and Finance
Report

NOVEMBER 2018

Department of Health and Human Resources

State Children's Health Insurance Program
UPDATE



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

	Budgeted for Year	Year to Date Budgeted Amt	Year to Date Actual Amt	Year to Date Variance*		Monthly Budgeted Amt	Actual Amt Sep-18	Actual Amt Aug-18	Actual Amt Jul-18
Projected Cost	\$51,692,154	\$12,923,039	\$12,280,550	\$642,489	5%	\$4,307,680	\$3,664,105	\$4,816,022	\$3,800,423
Premiums	1,525,752	\$381,438	\$375,412	(\$6,026)	-2%	\$127,146	\$118,835	\$126,104	\$130,474
Subrogation & Rebates	<u>1,440,966</u>	<u>\$360,242</u>	<u>\$473,938</u>	<u>\$113,696</u>	<u>32%</u>	<u>\$120,081</u>	<u>\$79,062</u>	<u>\$3,726</u>	<u>\$391,150</u>
Net Benefit Cost	\$48,725,436	\$12,181,359	\$11,431,200	\$750,159	6%	\$4,170,527	\$3,466,208	\$4,686,192	\$3,278,800
Salaries & Benefits	\$702,625	\$175,656	\$161,999	\$13,658	8%	\$58,552	\$44,313	\$64,692	\$52,994
Program Administration	\$2,822,417	\$705,604	\$283,661	\$421,944	60%	\$235,201	\$208,125	\$48,819	\$26,717
Eligibility	\$326,676	\$81,669	\$1,170	\$80,499	99%	\$27,223	\$0	\$0	\$1,170
Outreach & Health Prom.	\$100,000	\$25,000	\$0	\$25,000	100%	\$8,333	\$0	\$0	\$0
Current Expense	<u>\$326,676</u>	<u>\$81,669</u>	<u>\$22,229</u>	<u>\$59,440</u>	<u>73%</u>	<u>\$27,223</u>	\$5,118	\$12,473	\$4,638
Total Admin Cost	\$4,278,394	\$1,069,599	\$469,058	\$600,541	56%	\$356,533	\$257,555	\$125,984	\$85,519
Total Program Cost	<u>\$53,003,830</u>	<u>\$13,250,958</u>	<u>\$11,900,258</u>	<u>\$1,350,700</u>	<u>10%</u>	<u>\$4,527,060</u>	<u>\$3,723,763</u>	<u>\$4,812,176</u>	<u>\$3,364,319</u>
Federal Share 100%	\$53,003,830	\$13,250,958	\$11,900,258	\$1,350,700	10%	\$4,527,060	\$3,723,763	\$4,812,176	\$3,364,319
State Share 0%	<u>0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0%</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Program Cost **	<u>\$53,003,830</u>	<u>\$13,250,958</u>	<u>\$11,900,258</u>	<u>\$1,350,700</u>	<u>10%</u>	<u>\$4,527,060</u>	<u>\$3,723,763</u>	<u>\$4,812,176</u>	<u>\$3,364,319</u>

* Positive percentages indicate favorable variances

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

Unaudited - Cash Basis For Management Purposes Only - Unaudited

WVCHIP Enrollment Report

ATTACHMENT 1

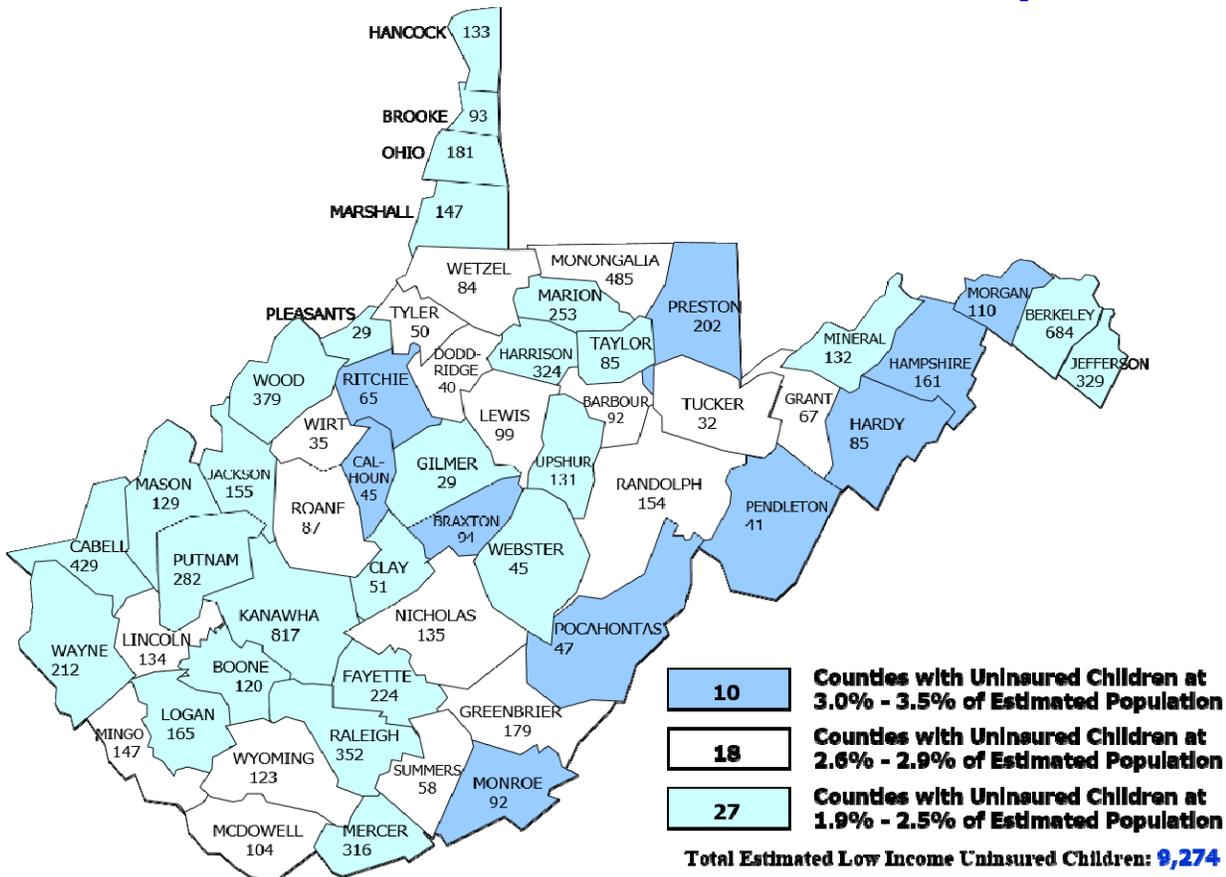
October 2018

County	County Pop.	Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2016	2016
	2016 Est. (0-18 Yrs)	Enrollment Oct-18	Enrollment Oct-18	CHIP/Medicaid Enrollment	Enrollment % of Population	Est. Uninsured 3%	# Children Uninsured Ranking*
Barbour	3,470	239	1,564	1,803	52.0%	104	33
Berkeley	27,800	1,754	11,702	13,456	48.4%	834	2
Boone	5,087	244	3,035	3,279	64.5%	153	27
Braxton	2,947	150	1,459	1,609	54.6%	88	39
Brooke	4,185	1	444	445	10.6%	126	31
Cabell	19,601	952	8,769	9,721	49.6%	588	3
Calhoun	1,427	95	725	820	57.5%	43	51
Clay	2,041	138	1,274	1,412	69.2%	61	44
Doddridge	1,479	88	697	785	53.1%	44	49
Fayette	9,297	666	5,002	5,668	61.0%	279	12
Gilmer	1,212	81	594	675	55.7%	36	54
Grant	2,343	130	1,139	1,269	54.2%	70	42
Greenbrier	7,018	597	3,526	4,123	58.7%	211	16
Hampshire	4,619	268	2,200	2,468	53.4%	139	30
Hancock	5,876	530	3,819	4,349	74.0%	176	20
Hardy	2,847	256	1,496	1,752	61.5%	85	40
Harrison	15,199	911	6,265	7,176	47.2%	456	7
Jackson	6,506	332	2,813	3,145	48.3%	195	18
Jefferson	13,304	659	3,814	4,473	33.6%	399	9
Kanawha	38,824	2,116	18,787	20,903	53.8%	1,165	1
Lewis	3,432	259	1,774	2,033	59.2%	103	35
Lincoln	4,849	268	2,924	3,192	65.8%	145	28
Logan	7,095	386	4,312	4,698	66.2%	213	15
Marion	11,654	638	5,201	5,839	50.1%	350	11
Marshall	6,478	296	2,701	2,997	46.3%	194	19
Mason	5,798	242	2,912	3,154	54.4%	174	21
McDowell	3,994	171	2,989	3,160	79.1%	120	32
Mercer	12,774	825	7,803	8,628	67.5%	383	10
Mineral	5,626	276	2,258	2,534	45.0%	169	23
Mingo	5,632	258	3,701	3,959	70.3%	169	22
Monongalia	17,905	952	5,213	6,165	34.4%	537	5
Monroe	2,781	248	1,139	1,387	49.9%	83	41
Morgan	3,367	270	1,405	1,675	49.7%	101	36
Nicholas	5,271	386	2,838	3,224	61.2%	158	25
Ohio	8,365	410	3,485	3,895	46.6%	251	14
Pendleton	1,269	96	574	670	52.8%	38	52
Pleasants	1,473	85	591	676	45.9%	44	50
Pocahontas	1,517	137	734	871	57.4%	46	48
Preston	6,658	403	3,059	3,462	52.0%	200	17
Putnam	13,446	656	4,362	5,018	37.3%	403	8
Raleigh	16,494	1,027	8,717	9,744	59.1%	495	6
Randolph	5,586	453	2,844	3,297	59.0%	168	24
Ritchie	2,034	118	1,060	1,178	57.9%	61	45
Roane	3,116	247	1,666	1,913	61.4%	93	38
Summers	2,225	179	1,421	1,600	71.9%	67	43
Taylor	3,449	198	1,566	1,764	51.1%	103	34
Tucker	1,199	90	544	634	52.9%	36	55
Tyler	1,848	93	766	859	46.5%	55	46

WVCHIP Enrollment Report

October 2018

County	County Pop. 2016 Est. (0-18 Yrs)	Total CHIP Enrollment Oct-18	Total Medicaid Enrollment Oct-18	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	2016 Est. Uninsured 3%	2016 # Children Uninsured Ranking*
Upshur	5,197	331	2,822	3,153	60.7%	156	26
Wayne	8,809	398	4,598	4,996	56.7%	264	13
Webster	1,787	117	1,243	1,360	76.1%	54	47
Wetzel	3,255	170	1,735	1,905	58.5%	98	37
Wirt	1,245	69	666	735	59.0%	37	53
Wood	18,641	1,012	8,815	9,827	52.7%	559	4
Wyoming	4,707	288	2,462	2,750	58.4%	141	29
Totals	384,058	22,259	180,024		0.0%	11,522	



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

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

September 30, 2018



Composite Asset Allocation & Performance Net of Fees

Period Ending: September 30, 2018

	Asset (\$000)	%	Performance %																	
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year										
Investment Pools Composite	19,636,658	100.00																		
Total Equity Composite	9,456,968	48.16	0.25	3.27	3.27	7.63	14.06	9.56	10.19	8.03										
+/- Total Equity Base Index (b)			0.04	(0.52)	(0.52)	(2.12)	0.16	0.41	1.24	0.81										
Domestic Equity Composite	4,698,282	23.93	(0.09)	6.55	6.55	16.79	16.22	13.32	12.05	8.74										
+/- Russell 3000 Index			(0.26)	(0.57)	(0.57)	(0.79)	(0.85)	(0.14)	0.04	0.92										
International Equity Composite	4,758,686	24.23	0.58	0.16	0.16	(0.53)	11.87	5.78	8.13	7.75										
+/- MSCIAC World ex US IMI Index (c)			0.32	(0.32)	(0.32)	(2.79)	1.22	0.92	2.33	1.43										
Fixed Income Composite	3,494,790	17.80	(0.03)	0.34	0.34	(0.54)	3.23	3.12	5.08	5.12										
+/- Bloomberg Barclays Capital Universal (d)			0.40	0.07	0.07	0.46	1.25	0.59	0.86	0.44										
Core Fixed Income Composite	1,068,237	5.44	(0.64)	0.05	0.05	(0.86)	1.55	2.52												
+/- Bloomberg Barclays Capital Aggregate			0.00	0.03	0.03	0.36	0.24	0.36												
Total Return Fixed Income Composite (k)	2,426,553	12.36	0.24	0.47	0.47	(0.41)	3.97	3.37	5.48	5.62										
+/- Bloomberg Barclays Capital Universal			0.67	0.20	0.20	0.59	1.99	0.84	1.26	0.82										
TIPS Composite	389,394	1.98	(1.05)	(0.80)	(0.80)	0.46	2.06	1.37												
+/- Bloomberg Barclays Capital U.S. TIPS			0.00	0.02	0.02	0.05	0.02	0.00												
Cash Composite	75,043	0.38	0.15	0.47	0.47	1.52	0.83	0.54	0.39	2.01										
+/- Citigroup 90 Day T-Bill (e)			(0.02)	(0.03)	(0.03)	(0.05)	0.03	0.04	(0.02)	(0.03)										
Private Equity Composite	1,773,950	9.04	0.03	0.73	0.73	21.16	16.95	16.12	12.32											
+/- Russell 3000 + 3% (f, g)								(0.52)	(3.49)											
Real Estate Composite	1,792,867	9.13	(0.13)	(0.04)	(0.04)	9.24	9.02	9.82	7.71											
+/- NCREIF + 1% (f)								(0.95)	0.49											
Hedge Fund Composite	2,196,120	11.18	0.57	0.59	0.59	5.42	3.39	4.11	5.15											
+/- HFRI/FOF + 1% (h)			0.66	0.07	0.07	1.34	(0.90)	0.52	1.08											
Opportunistic Income Composite	457,526	2.33	0.01	0.02	0.02	4.99	3.67													
+/- CS Leveraged Loan + 2.5%			(0.88)	(2.53)	(2.53)	(3.09)	(4.26)													

Participant Plans Allocation vs. Strategy

Period Ending: September 30, 2018

	Domestic Equity		Intl Equity		Fixed Income		Private Equity		Real Estate		Hedge Funds		Opportunistic Income		Cash	
	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %
Pension Assets																
Public Employees' Retirement System	25.5	27.5	25.9	27.5	13.9	15.0	10.5	10.0	10.6	10.0	10.7	10.0	2.7	0.0	0.2	0.0
Teachers' Retirement System	25.7	27.5	26.0	27.5	13.7	15.0	10.5	10.0	10.6	10.0	10.7	10.0	2.7	0.0	0.1	0.0
EMS Retirement System	25.5	27.5	25.9	27.5	14.2	15.0	10.4	10.0	10.6	10.0	10.6	10.0	2.7	0.0	0.1	0.0
Public Safety Retirement System	25.5	27.5	25.9	27.5	14.4	15.0	10.5	10.0	10.5	10.0	10.5	10.0	2.7	0.0	0.0	0.0
Judges' Retirement System	25.6	27.5	25.9	27.5	13.9	15.0	10.5	10.0	10.6	10.0	10.7	10.0	2.7	0.0	0.1	0.0
State Police Retirement System	25.6	27.5	25.8	27.5	14.2	15.0	10.4	10.0	10.5	10.0	10.5	10.0	2.7	0.0	0.3	0.0
Deputy Sheriffs' Retirement System	25.4	27.5	25.9	27.5	14.3	15.0	10.4	10.0	10.6	10.0	10.6	10.0	2.7	0.0	0.1	0.0
Municipal Police & Firefighter Retirement System	25.2	27.5	24.2	27.5	14.3	15.0	10.0	10.0	10.1	10.0	9.6	10.0	2.6	0.0	4.0	0.0
Municipal Model A	24.9	27.5	24.7	27.5	13.3	15.0	9.7	10.0	9.8	10.0	9.5	10.0	2.5	0.0	5.6	0.0
Municipal Model C	24.4	25.0	24.2	25.0	27.9	30.0	5.2	5.0	5.2	5.0	10.0	10.0	1.3	0.0	1.8	0.0
Insurance Assets																
Workers' Compensation Old Fund	15.2	15.0	15.3	15.0	49.8	50.0	0.0	0.0	0.0	0.0	16.9	15.0	0.0	0.0	2.8	5.0
Workers' Comp. Self-Insured Guaranty Risk Pool	15.0	15.0	15.1	15.0	43.3	45.0	0.0	0.0	0.0	0.0	22.0	20.0	0.0	0.0	4.6	5.0
Workers' Comp. Self-Insured Security Risk Pool	14.9	15.0	15.2	15.0	43.7	45.0	0.0	0.0	0.0	0.0	22.2	20.0	0.0	0.0	4.0	5.0
Workers' Comp. Uninsured Employers Fund	14.8	15.0	15.0	15.0	38.2	40.0	0.0	0.0	0.0	0.0	21.6	20.0	0.0	0.0	10.4	10.0
Pneumococciosis	14.5	15.0	14.9	15.0	44.2	45.0	0.0	0.0	0.0	0.0	22.1	20.0	0.0	0.0	4.3	5.0
Board of Risk & Insurance Mgmt.	14.9	15.0	15.0	15.0	43.5	45.0	0.0	0.0	0.0	0.0	21.6	20.0	0.0	0.0	5.0	5.0
Public Employees' Insurance Agency	12.5	12.5	12.6	12.5	53.2	55.0	0.0	0.0	0.0	0.0	21.6	20.0	0.0	0.0	0.1	0.0
WV Retiree Health Benefit Trust Fund	25.7	27.5	25.9	27.5	14.1	15.0	10.5	10.0	10.5	10.0	10.6	10.0	2.7	0.0	0.0	0.0
Endowment Assets																
Berkeley County Development Authority	25.6	27.5	25.9	27.5	14.2	15.0	10.5	10.0	10.5	10.0	10.6	10.0	2.7	0.0	0.0	0.0
Wildlife Fund	25.6	27.5	25.3	27.5	14.9	15.0	10.4	10.0	10.4	10.0	10.3	10.0	2.7	0.0	0.4	0.0
Prepaid Tuition Trust	0.0	0.0	0.0	0.0	80.0	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.0	20.0
Revenue Shortfall Reserve Fund	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Shortfall Reserve Fund - Part B	11.2	11.3	11.4	11.3	77.4	77.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WV DEP Trust	31.3	32.5	32.8	32.5	14.4	15.0	0.0	0.0	0.0	0.0	21.5	20.0	0.0	0.0	0.0	0.0
WV DEP Agency	19.9	20.0	20.0	20.0	38.5	40.0	0.0	0.0	0.0	0.0	21.6	20.0	0.0	0.0	0.0	0.0

- (a) As of January 2014, the PERS Base is 30% Russell 3000, 30% MSCIACW ex USA (IM), and 40% Bloomberg Barclays Capital Universal. From April 2008 to December 2013, the PERS Base was 30% Russell 3000, 30% MSCIACW ex USA (Standard), and 40% Bloomberg Barclays Capital Universal. Prior periods were 42% Russell 3000, 18% MSCIACW ex USA, and 40% Bloomberg Barclays Capital Aggregate.
- (b) As of January 2014, the Total Equity Base Index is 50% Russell 3000 and 50% MSCIACW ex USA (IM). From April 2008 to December 2013, the Total Equity Base Index was 50% Russell 3000 and 50% MSCIACW ex USA (Standard). Prior periods were 40% S&P 500, 30% Russell 2500, and 30% MSCIACW ex USA.
- (c) Prior to January 2014, the index was the MSCIACW ex USA (Standard).
- (d) Prior to April 2008, the index was Bloomberg Barclays Capital Aggregate.
- (e) Prior to January 2014, the index was Citigroup 90 Day T-Bill plus 15 basis points.
- (f) The Private Equity Composite and Real Estate Composite are long-term programs whose benchmarks are only reported for 5 years and beyond.
- (g) Prior to January 2014, the index was S&P 500 plus 500 basis points.
- (h) Prior to January 2014, the index was Libor plus 400 basis points.
- (i) Franklin Benchmark is 50% JPM EMBI Global Diversified and 50% JPM GBIEM Diversified.
- (j) Prior to April 2008, the index was a custom index.
- (k) From October 2015, to March 2017, performance returns from the Opportunistic Income Pool are included in the Total Return Fixed Income Composite.

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

Disclaimer

Period Ending: September 30, 2018

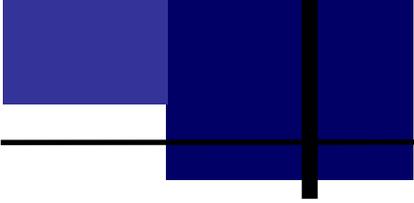
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Status Report:
Workers' Compensation

Joint Committee on Government & Finance

November 2018

Provided by the West Virginia Offices of the Insurance Commissioner



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Introduction

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

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

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

Definitions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

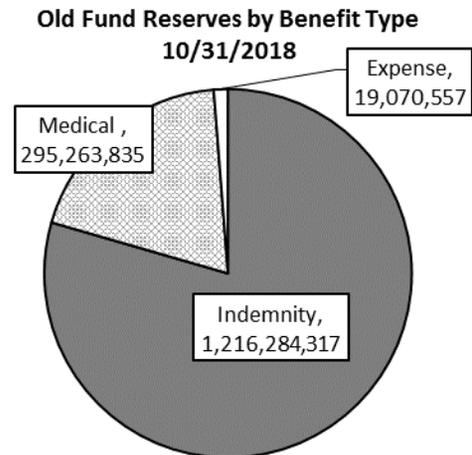
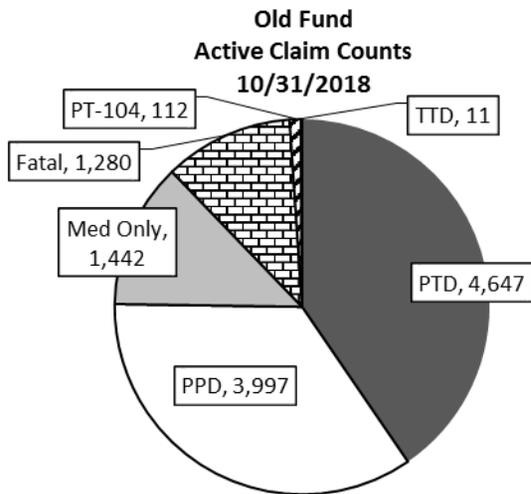
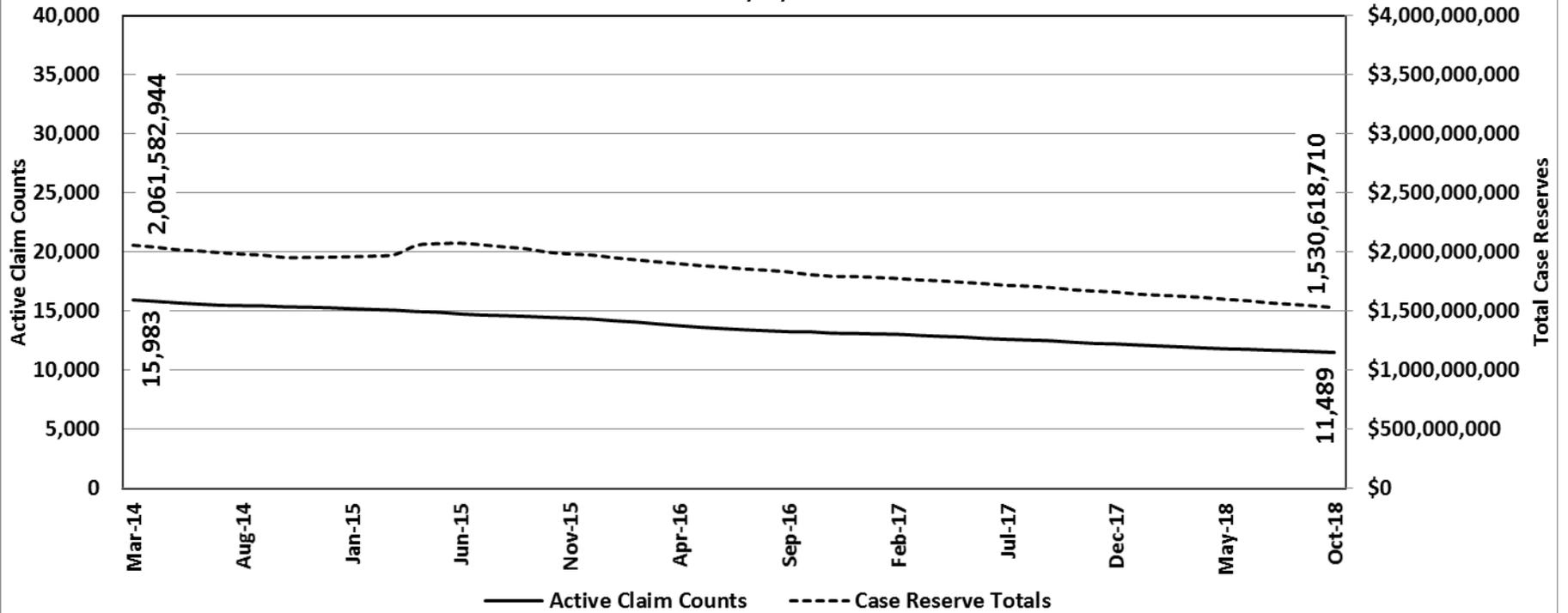
Self-Insured Security Fund: State managed fund consisting of those funds paid into it thru the WVOIC's administration of 85 CSR §19 (2004), and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last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

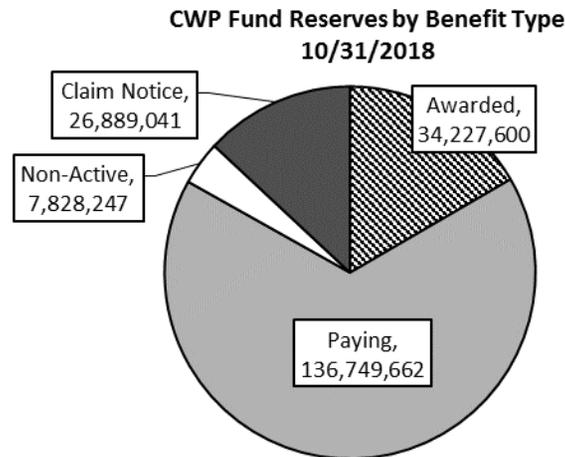
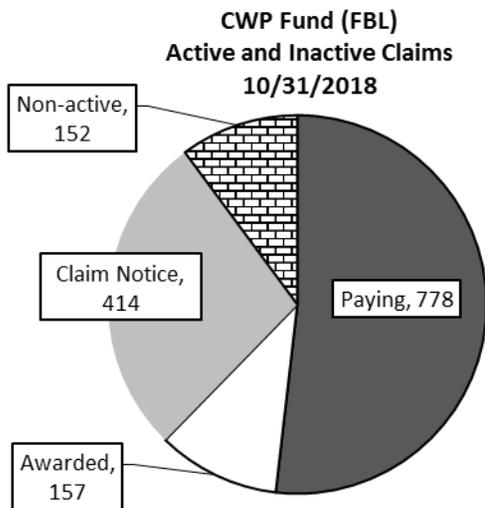
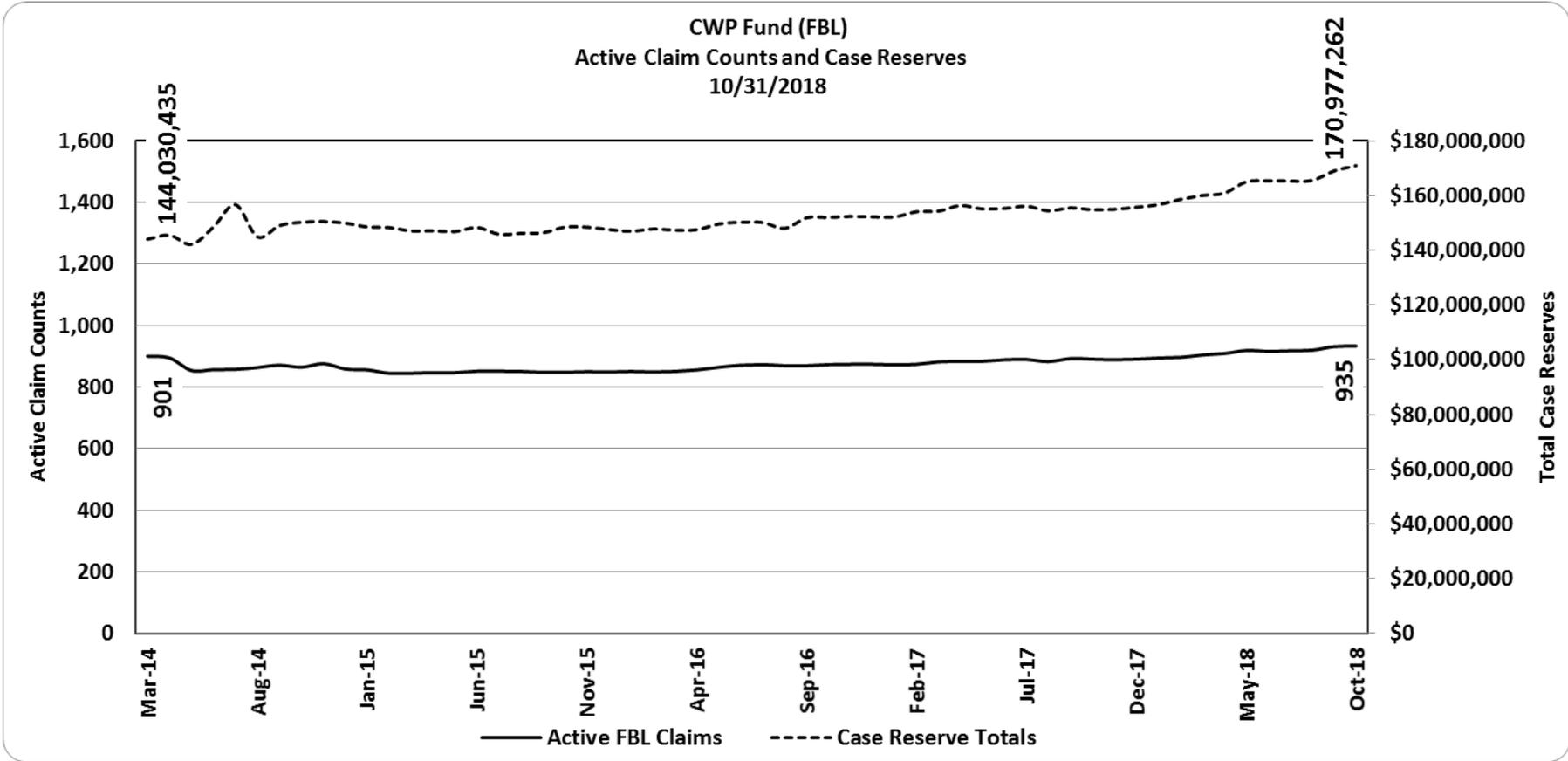
TPD: (Temporary Partial Disability) also referred to as TPR, is paid when an injured worker is released to return to work with restrictions or modifications that restrict he/she from obtaining their pre-injury wages. The TPD benefit is paid at seventy percent of the difference between the average weekly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

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

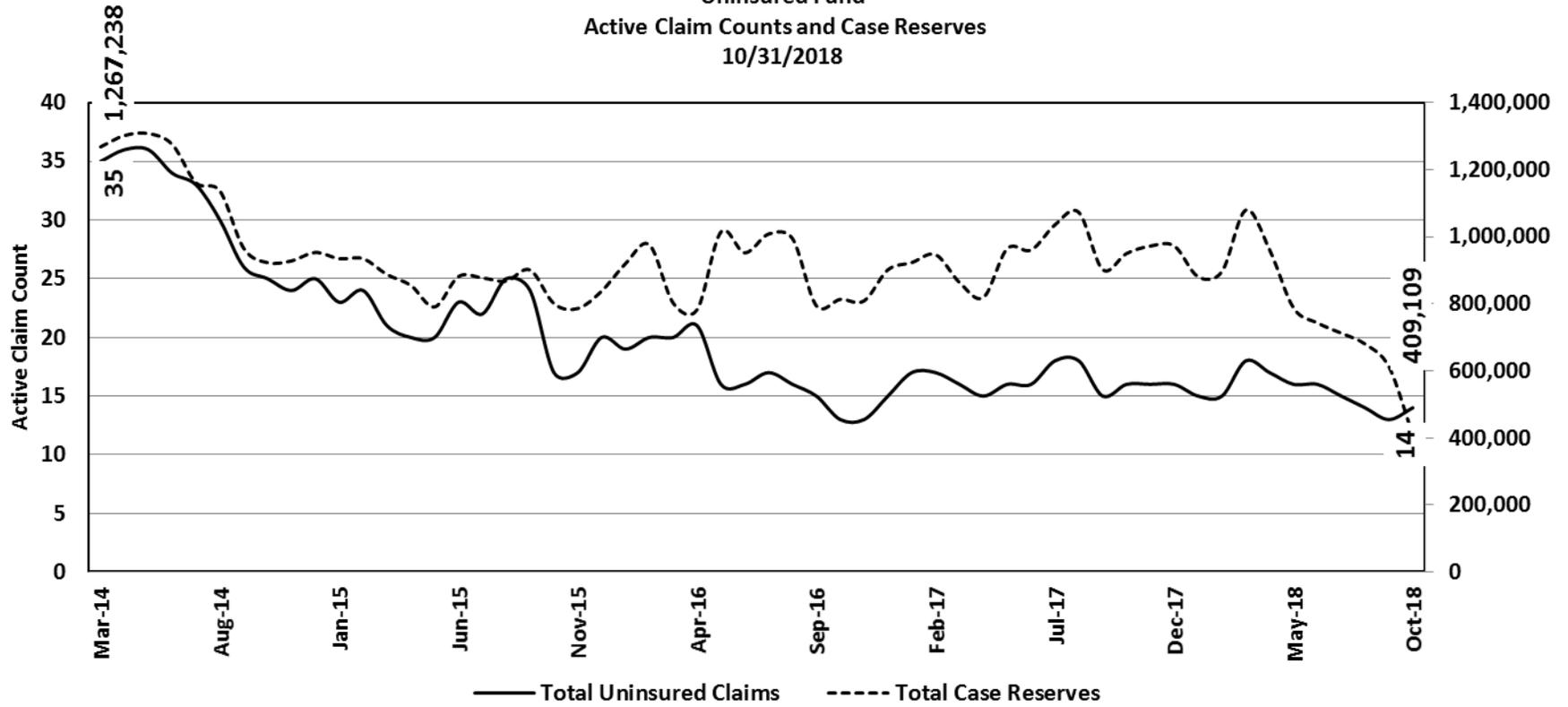
Uninsured Fund: State managed fund into which assessments to carriers or employers received are held, and out of which workers' compensation benefits may be paid to claimant employees of employers who were uninsured if the date of injury or date of last exposure is January 1, 2006 or later.

**Old Fund
Active Claim Counts and Case Reserves
10/31/2018**

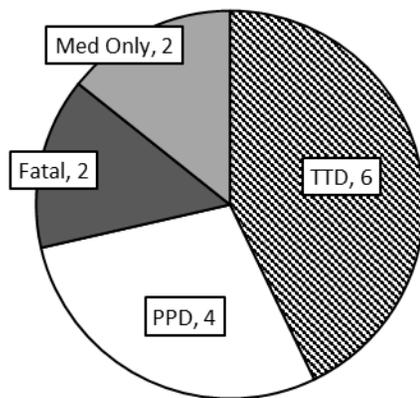




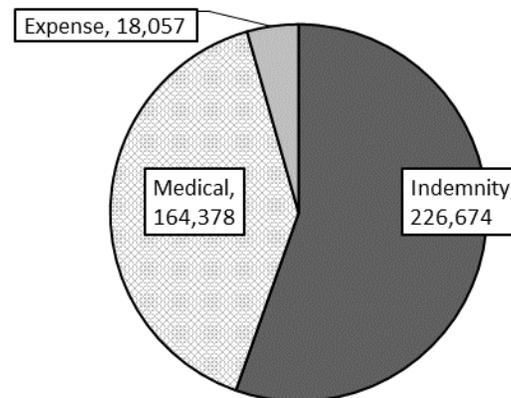
**Uninsured Fund
Active Claim Counts and Case Reserves
10/31/2018**



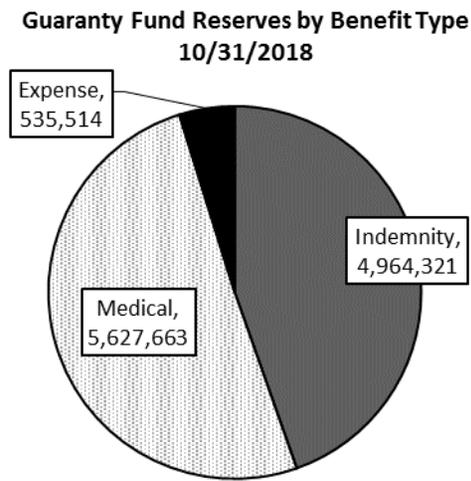
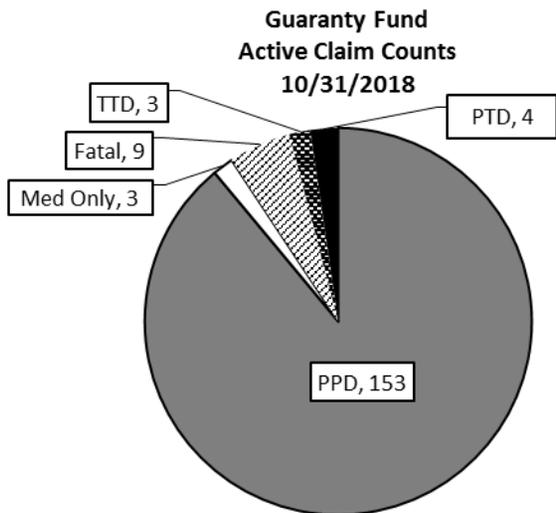
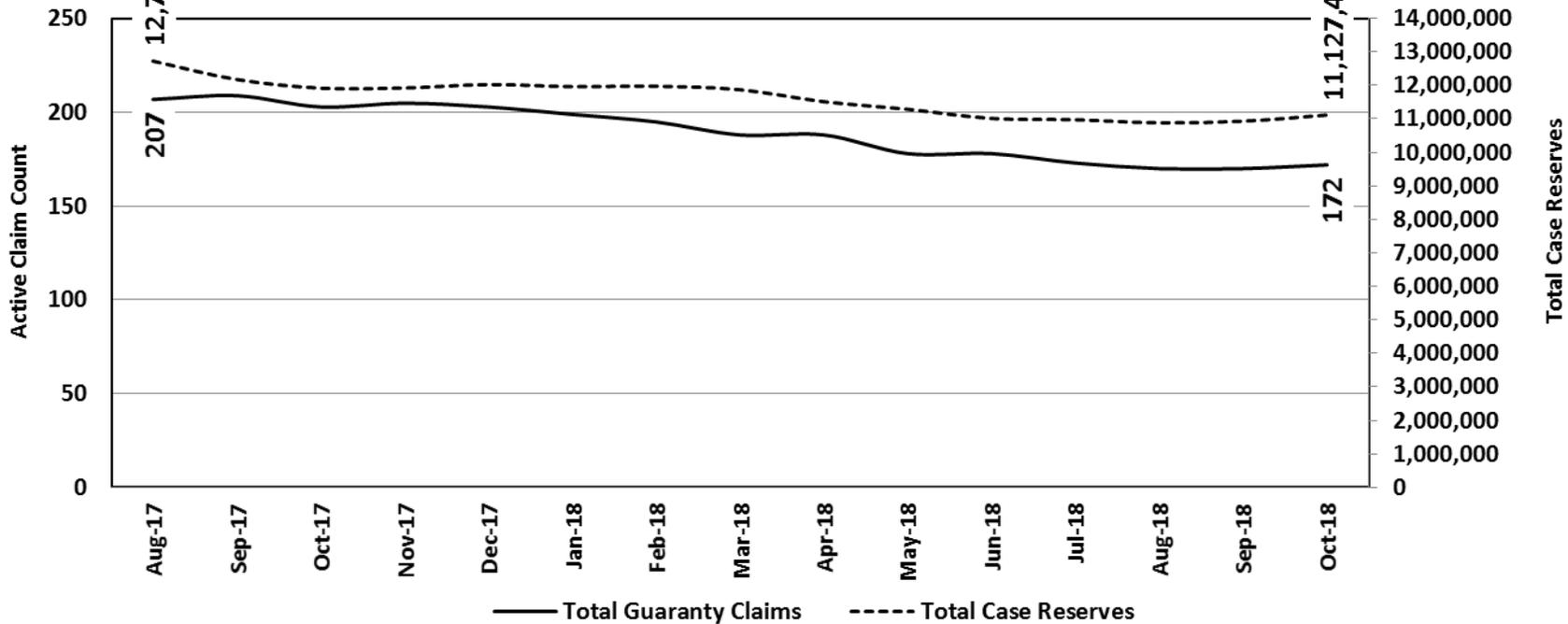
**Uninsured Fund
Active Claim Counts
10/31/2018**



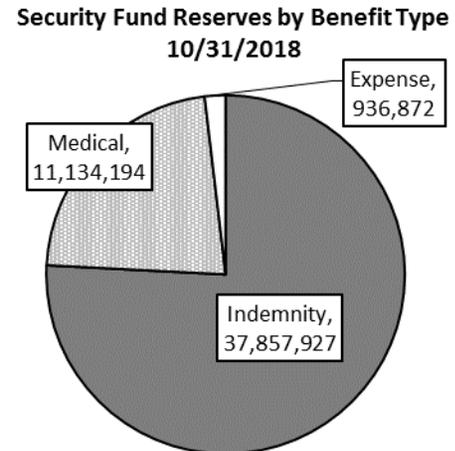
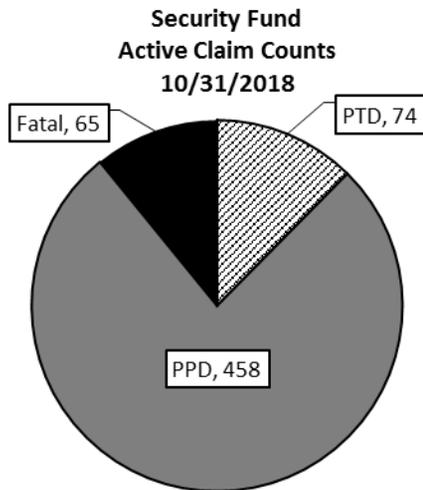
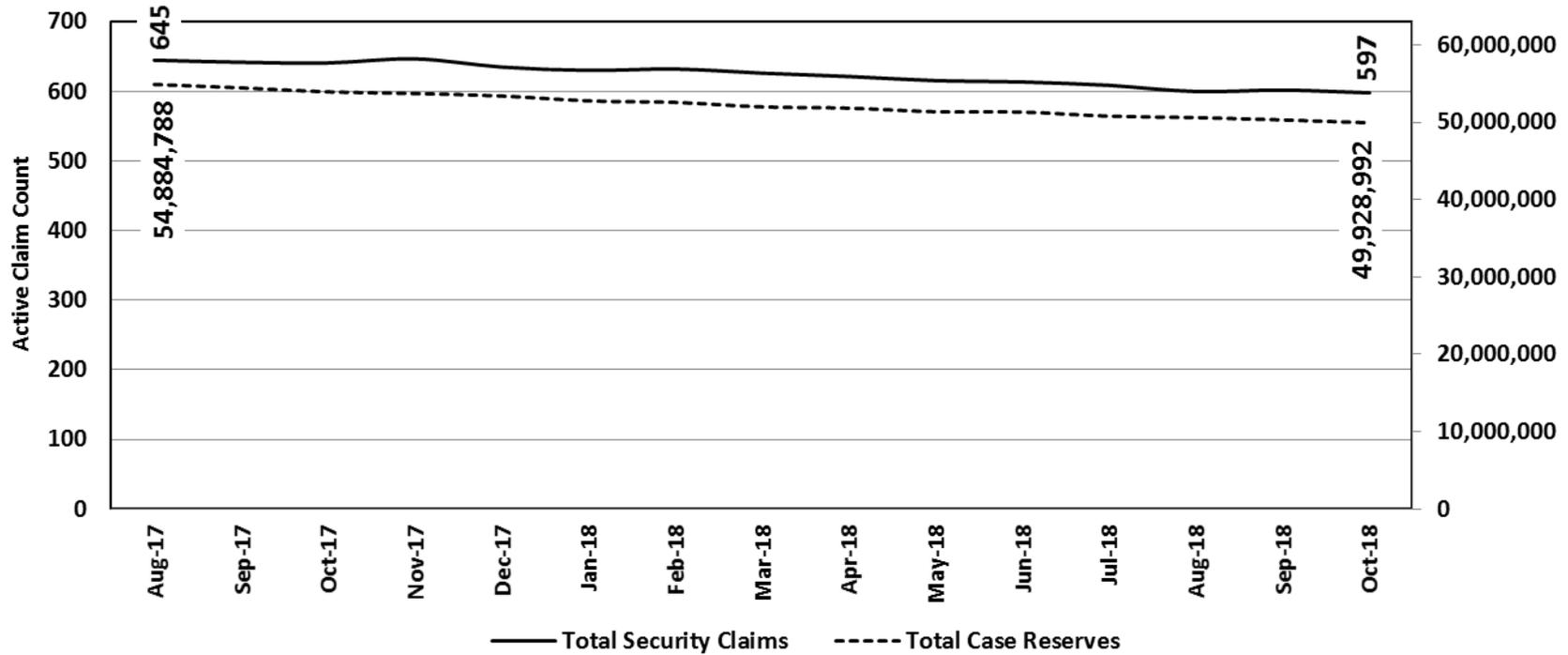
**Uninsured Fund Reserves by Benefit Type
10/31/2018**



**Guaranty Fund
Active Claim Counts and Case Reserves
10/31/2018**



**Security Fund
Active Claim Counts and Case Reserves
10/31/2018**



OLD FUND CASH STATEMENT

October 31, 2018

Three Year History for years ended:

	YTD FY2019	YTD FY2018	Change	FY2018	FY2017	FY2016
Cash Beginning Balances	1,190,163,510	1,263,372,448	(73,208,938)	1,263,372,448	1,280,647,632	1,311,653,269
Revenues						
Personal Income Tax	-	-	-	-	-	42,400,000
Severance Tax	812,164	-	812,164	-	13,887,551	73,068,796
Debt Reduction Surcharge	2,863,300	3,361,352	(498,052)	6,668,291	12,336,645	25,211,458
Self-Insured Debt Reduction Surcharge	862,682	588,878	273,805	2,130,127	4,346,111	6,209,330
Video Lottery	-	630,071	(630,071)	2,750,000	5,500,000	6,734,934
Employer Premium	15,284	19,388	(4,105)	513,387	62,806	111,955
Other Income - Return of Unclaimed Property	-	150,814	(150,814)	273,871	354,423	184,888
Operating Revenues	4,553,429	4,750,503	(197,073)	12,335,675	36,487,535	153,921,361
Investment / Interest Earnings (Losses)	8,170,848	38,416,656	(30,245,808)	67,551,779	112,116,554	(5,981,504)
Total Revenues	12,724,278	43,167,159	(30,442,881)	79,887,454	148,604,089	147,939,857
Expenditures						
Claims Benefits Paid:						
Medical	8,016,556	7,094,817	921,739	25,531,399	27,437,375	26,890,541
Permanent Total Disability	27,842,374	29,602,179	(1,759,805)	86,779,468	92,140,733	98,784,921
Permanent Partial Disability	67,579	86,908	(19,329)	301,824	336,015	232,699
Temporary Disability	34,622	4,939	29,683	18,268	-	8,554
Fatals	6,851,700	7,290,354	(438,654)	21,608,332	22,990,499	24,098,586
104 weeks death benefit	1,575,288	1,634,034	(58,746)	5,182,930	5,825,439	6,990,581
Settlements	1,188,755	1,995,132	(806,378)	7,058,622	11,716,131	12,718,425
Loss Adjustment Expenses	489,079	452,901	36,179	1,324,887	1,446,808	1,970,779
Total	46,065,953	48,161,263	(2,095,310)	147,805,732	161,893,000	171,695,087
Less: Claims credits and overpayments	1,441,678	781,738	659,939	2,877,784	5,080,389	3,044,395
Total Benefits Paid	44,624,275	47,379,524	(2,755,249)	144,927,948	156,812,611	168,650,692
Administrative Expenses	1,767,369	2,060,224	(292,855)	8,168,444	9,066,663	10,294,801
Total Expenditures	46,391,644	49,439,748	(3,048,104)	153,096,392	165,879,274	178,945,493
Excess (Deficiency) of Revenues over Expenditures	(33,667,366)	(6,272,589)	(27,394,777)	(73,208,938)	(17,275,184)	(31,005,636)
Cash Ending Balances	1,156,496,143	1,257,099,858	(100,603,715)	1,190,163,510	1,263,372,448	1,280,647,632

Note: The purpose of this report is to enhance the user's ability to monitor the cash activities of the Old Fund. The Old Fund assets consist of cash and investments with the WV Investment Management Board. Investment earnings are presented in the month in which the State Treasurer records the earnings in the statewide accounting system, wvOASIS. The liabilities of the Old Fund consist of the worker's compensation claims and related expenses for all claims, actual and incurred but not reported for claims with dates of injury on or before June 30, 2005. This report is intended to provide a summary of the cash based transactions related to the Fund's assets and liabilities and is not an accrual based presentation. The Old Fund Cash Statement is unaudited information.

COAL WORKERS PNEUMOCONIOSIS FUND
October 31, 2018

Three Year History for years ended:

	YTD FY2019	YTD FY2018	Change	FY2018	FY2017	FY2016
Cash Beginning Balances	246,768,365	251,313,328	(4,544,963)	251,313,328	245,945,240	264,657,327
Revenues						
Investment Earnings (Losses)	1,880,241	7,517,823	(5,637,583)	13,912,317	22,100,417	(5,091,164)
Other Income - Return of Unclaimed Property	-	-	-	645	8,353	3,797
Total Revenues	1,880,241	7,517,823	(5,637,583)	13,912,961	22,108,770	(5,087,367)
Expenditures						
Claims Benefits Paid:						
Medical	1,422,164	1,180,097	242,067	6,709,112	4,032,649	2,830,426
PTD and Fatal Indeminty	2,853,209	2,671,736	181,472	7,945,389	8,174,289	7,548,752
Loss Adjustment Expenses	1,204,043	1,166,707	37,336	3,165,542	3,783,923	2,629,468
Total	5,479,415	5,018,540	460,876	17,820,043	15,990,861	13,008,646
Less: Claims Credits and Overpayments	33,377	170,041	(136,664)	268,646	125,895	130,620
Total Benefits Paid	5,446,038	4,848,499	597,539	17,551,397	15,864,966	12,878,025
Administrative Expenses	249,561	294,830	(45,269)	906,527	875,715	746,696
Total Expenditures	5,695,599	5,143,329	552,270	18,457,924	16,740,681	13,624,721
Excess (Deficiency) of Revenues over Expenditures	(3,815,359)	2,374,494	(6,189,853)	(4,544,963)	5,368,089	(18,712,088)
Cash Ending Balances	242,953,007	253,687,822	(10,734,814)	246,768,365	251,313,328	245,945,240

Note: The Coal Worker's Pneumoconiosis Fund (CWP Fund) ceased operations December 31, 2005 and is in run-off status under the administrative oversight of the Insurance Commissioner. Established in 1973, the CWP Fund existed to provide insurance coverage to companies for liabilities incurred as a result of the Federal Coal Mine Health and Safety Act of 1969. Participation in the CWP Fund was voluntary for employers. The current revenues of the CWP Fund are limited to the earnings from invested assets. Assets of the CWP Fund are invested with the WV Investment Management Board. The investment earnings are presented in the month in which the State Treasurer records the earnings. The liabilities of the CWP Fund consist of the claims for coal miners who are totally disabled or beneficiaries of coal miners who have died as a result of coal worker's pneumoconiosis. To be eligible for benefits from the CWP Fund, the date of last exposure of the coal miner must be on or before December 31, 2005. The Coal Workers Cash Statement is unaudited information.

SELF-INSURED GUARANTY RISK POOL
October 31, 2018

				Three Year History for years ended:		
	YTD FY2019	YTD FY2018	Change	FY2018	FY2017	FY2016
Cash Beginning Balances	34,042,831	33,836,322	206,509	33,836,322	33,462,454	16,014,340
Revenues						
Guaranty Risk Pool Assessments	(354)	-	(354)	-	-	18,684
Collateral Proceeds	252,925	-	252,925	-	-	19,422,025
Investment Earnings (Losses)	253,656	1,008,680	(755,023)	1,873,190	3,012,508	(155,883)
Total Revenues	506,228	1,008,680	(502,452)	1,873,190	3,012,508	19,284,826
Expenditures						
Claims Benefits Paid:						
Medical	125,422	82,206	43,216	239,490	503,912	309,470
Permanent Total Disability	34,130	113,562	(79,433)	181,821	63,717	43,638
Permanent Partial Disability	113,203	215,787	(102,583)	522,798	972,712	612,823
Temporary Disability	-	23,604	(23,604)	56,649	375,328	303,724
Fatals	75,603	89,865	(14,263)	253,055	277,011	257,806
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	-	-	-	170,000	3,800	-
Non Awarded Partial Disability	-	2,181	(2,181)	10,904	4,407	9,377
Loss Adjustment Expenses	44,713	47,507	(2,794)	123,706	255,219	163,819
Total	393,071	574,713	(181,642)	1,558,423	2,456,105	1,700,657
Less: Claims Credits and Overpayments	205	2,471	(2,267)	12,868	2,723	17,176
Total Benefits Paid	392,866	572,241	(179,375)	1,545,555	2,453,382	1,683,481
Administrative Expenses	20,090	31,668	(11,578)	121,127	185,258	153,231
Total Expenditures	412,956	603,909	(190,953)	1,666,682	2,638,640	1,836,711
Excess (Deficiency) of Revenues over Expenditures	93,272	404,770	(311,498)	206,509	373,868	17,448,114
Cash Ending Balances	34,136,103	34,241,092	(104,989)	34,042,831	33,836,322	33,462,454

The Self-Insured Guaranty Risk Pool covers the claims liabilities of bankrupt or defaulted self-insured employers with dates of injury subsequent to July 1, 2004. The revenues of the Self-Insured Guaranty Fund are comprised of the guaranty risk pool assessments levied on all self-insured employers and the earnings on invested assets. The assets of the Self-insured Guaranty Risk Pool are invested with the WV Investment Management Board. Investment earnings are presented in the month in which the State Treasurer records the earnings in the statewide accounting system, wvOASIS. The Self Insured Guaranty Cash Statement is unaudited information.

SELF-INSURED SECURITY RISK POOL

October 31, 2018

				Three Year History for years ended:		
	YTD FY2019	YTD FY2018	Change	FY2018	FY2017	FY2016
Cash Beginning Balances	53,404,259	54,448,203	(1,043,944)	54,448,203	53,859,338	9,208,803
Revenues						
Security Risk Pool Assessments	-	-	-	-	-	230,340
Collateral Proceeds	243,007	-	243,007	-	-	47,503,193
Investment Earnings (Losses)	409,566	1,632,260	(1,222,694)	3,015,368	4,914,238	201,775
Total Revenues	652,572	1,632,260	(979,688)	3,015,368	4,914,238	47,935,308
Expenditures						
Claims Benefits Paid:						
Medical	176,541	316,683	(140,142)	802,935	778,632	479,295
Permanent Total Disability	507,853	507,014	839	1,603,037	1,576,942	1,163,198
Permanent Partial Disability	5,229	-	5,229	-	-	7,560
Temporary Disability	-	-	-	-	-	-
Fatals	378,801	429,294	(50,492)	1,230,799	1,333,911	1,183,728
104 Weeks Death Benefit	-	24,197	(24,197)	37,804	134,935	92,595
Settlement Agreements	4,188	4,188	-	207,565	14,165	21,177
Loss Adjustment Expenses	38,616	27,737	10,879	88,371	151,558	54,047
Total	1,111,229	1,309,113	(197,884)	3,970,511	3,990,143	3,001,600
Less: Claims Credits and Overpayments	33,394	857	32,537	223,585	38,143	4,925
Total Benefits Paid	1,077,835	1,308,256	(230,421)	3,746,926	3,952,000	2,996,676
Administrative Expenses	50,254	78,785	(28,531)	312,386	373,374	288,097
Total Expenditures	1,128,089	1,387,041	(258,952)	4,059,312	4,325,374	3,284,773
Excess (Deficiency) of Revenues over Expenditures	(475,517)	245,219	(720,736)	(1,043,944)	588,865	44,650,535
Cash Ending Balances	52,928,742	54,693,422	(1,764,680)	53,404,259	54,448,203	53,859,338

The Self-Insured Security Risk Pool is liable for the worker's compensation claims of bankrupt or defaulted self-insured employers with dates of injury prior to July 1, 2004. However, the obligations of this Fund are limited to the exposures of self-insured employers who default subsequent to December 31, 2005. The assets of the Self-insured Security Risk Pool are invested with the WV Investment Management Board. Investment earnings are presented in the month in which the State Treasurer records the earnings in the statewide accounting system, wvOASIS. The Self Insured Security Cash Statement is unaudited information.

UNINSURED EMPLOYERS FUND
October 31, 2018

Three Year History for years ended:

	YTD FY2019	YTD FY2018	Change	FY2018	FY2017	FY2016
Cash Beginning Balances	12,989,971	12,760,544	229,426	12,760,544	11,864,792	12,125,188
Revenues						
Fines and Penalties	302,381	120,681	181,700	436,728	595,742	625,093
Investment Earnings (Losses)	101,524	345,904	(244,380)	660,537	962,646	(205,615)
Total Revenues	403,904	466,585	(62,680)	1,097,265	1,558,387	419,478
Expenditures						
Claims Benefits Paid:						
Medical	120,024	3,798	116,225	164,187	30,783	47,718
Permanent Total Disability	-	-	-	-	-	-
Permanent Partial Disability	15,264	8,112	7,153	33,025	51,760	4,738
Temporary Disability	25,915	64,536	(38,620)	104,582	25,414	113,212
Fatals	16,677	16,677	-	50,030	50,030	52,164
104 Weeks Death Benefit	-	-	-	-	-	-
Settlement Agreements	35,000	85,000	(50,000)	344,000	255,715	228,577
Loss Adjustment Expenses	20,023	985	19,038	5,846	6,969	5,868
Total	232,904	179,107	53,796	701,671	420,672	452,276
Less: Claims Credits and Overpayments	8,434	-	8,434	47,333	33,341	1,558
Total Benefits Paid	224,470	179,107	45,362	654,338	387,331	450,719
Administrative Expenses	51,126	54,514	(3,388)	213,501	275,304	229,156
Total Expenditures	275,596	233,621	41,974	867,839	662,635	679,875
Excess (Deficiency) of Revenues over Expenditures	128,308	232,963	(104,655)	229,426	895,753	(260,397)
Cash Ending Balances	13,118,279	12,993,508	124,771	12,989,971	12,760,544	11,864,792

The Uninsured Employer's Fund (UEF) was established January 1, 2006 to provide worker's compensation benefits to injured workers of uninsured WV employers. The revenues of the UEF consist of fines levied on uninsured employers and the earnings on invested assets. The assets of the UEF are invested with the WV Investment Management Board. Investment earnings are presented in the month in which the State Treasurer records the earnings in the statewide accounting system, wvOASIS. The Insurance Commissioner has the right to levy assessments on employers in order to maintain the solvency of the Fund. The Commissioner may recover all payments made from this fund, including interest, from an uninsured employer who is found liable for benefits paid from the UEF. The Uninsured Cash Statement is unaudited information.

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
October 25, 2018

OPERATING REPORT AUGUST 2018

Board of Treasury Investments

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

Board of Directors

John D. Perdue,
State Treasurer,
Chairman

James C. Justice II,
Governor

John B. McCuskey,
State Auditor

Glenda Probst
Appointed by the
Governor

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

Executive Staff

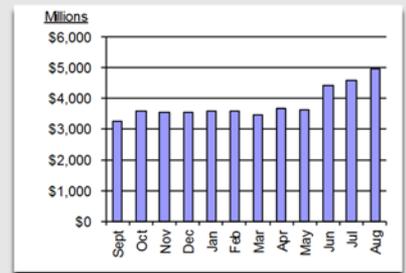
Executive Director
Kara K. Hughes,
CPA, MBA, CFE
Chief Financial Officer
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$4,971,361,000

Last Month
\$4,583,591,000

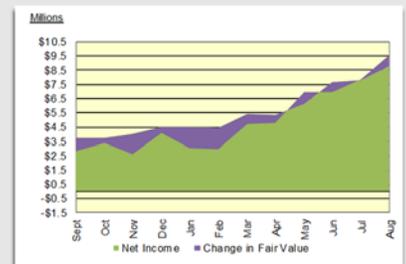
Beginning of Fiscal Year
\$4,429,483,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$17,400,000



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

Money Market Pools

As of August 31, 2018

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	2.1367%	24 Days	\$3.8 Billion
WV Gov't Money Market	1.8775%	22 Days	\$208.2 Million

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

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

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

AUGUST 2018

Seasons Change – Outlook Remains the Same

Market Results

Non-US equities declined in August amid escalating trade tensions between the US and its major trading partners, a currency crisis in Turkey, and uncertainty in Italy. A spate of positive macroeconomic data was unable to lift the MSCI Europe Index, which fell 2.8% last month. Emerging market equities also ended lower, losing 2.7%, according to the MSCI Emerging Markets Index. Meanwhile, US stocks held firm with the S&P 500 Index gaining 3.3%, as robust GDP growth in the second quarter overshadowed trade disputes and macroeconomic worries.

Within fixed income, geopolitical turmoil pushed safe-haven debt higher with the 10-year US Treasury yield falling 10 basis points to 2.86% and the 10-year German bund yield declining 12 basis points to 0.33%. Credit spreads were modestly wider across the board with emerging markets bearing the brunt, declining 1.7%, according to the JPM Emerging Market Bond Index; local emerging market debt fared worse with the JPM GBI-EM Global Diversified Index falling 6.1% as Turkey's currency travails and US dollar strength impacted returns.

In real assets, the Bloomberg Commodity Index declined 1.8% as the trade dispute between the US and China weighed on the agriculture sub-index, which fell 6.0% in August. Meanwhile, master limited partnerships (MLPs) continued their run, ending the month up 1.6% with year-to-date gains totaling 7.6%.

Market Outlook

As the seasons change, our recommendation to add international and emerging market equities remains unchanged, especially given the recent sell-off in emerging markets. Further, we encourage the addition of safe-haven fixed-income exposure because of their attractive yields and their ability to mitigate potential economic disruption.

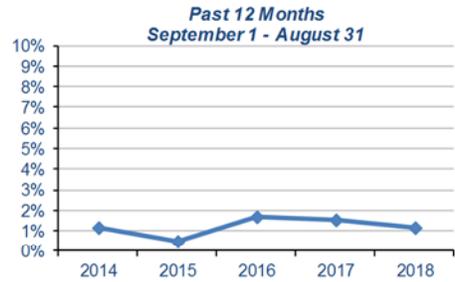
West Virginia Board of Treasury Investments Financial Highlights as of August 31, 2018

WV Short Term Bond Pool

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

<u>September 1 - August 31</u>	<u>Return</u>	<u>Net Assets At Aug 31 (In Millions)</u>
2018	1.2%	\$ 711.9
2017	1.5%	\$ 752.1
2016	1.7%	\$ 774.0
2015	0.5%	\$ 804.1
2014	1.2%	\$ 787.6

WV Short Term Bond Pool Rates of Return

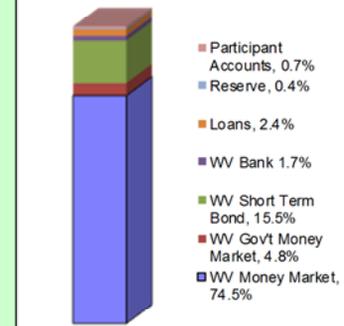


Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool

Summary of Value and Earnings *(In Thousands)*

<u>Pool</u>	<u>Net Asset Value</u>	<u>Aug Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 3,812,686	\$ 6,647	\$ 12,649
WV Gov't Money Market	208,181	364	703
WV Short Term Bond	711,907	2,178	3,551
WV Bank	78,721	140	273
Loans	109,187	144	98
Reserve	19,195	35	69
Participant Accounts	31,484	37	57
	<u>\$ 4,971,361</u>	<u>\$ 9,545</u>	<u>\$ 17,400</u>

Percent of Total Net Asset Value

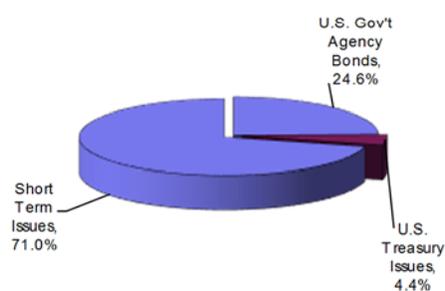


Securities by Type for Operating Pools *(Percentage of Asset Value)*

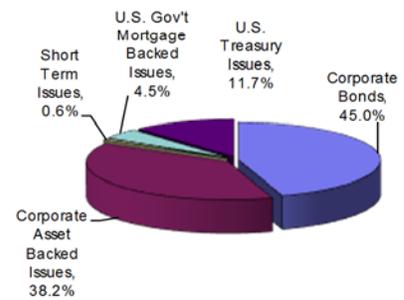
WV Money Market



WV Gov't Money Market



WV Short Term Bond



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

(IN THOUSANDS)

	<u>WV Money Market Pool</u>	<u>WV Government Money Market Pool</u>	<u>WV Short Term Bond Pool</u>	<u>WV Bank Pool</u>	<u>Other Pools</u>	<u>Participant Directed Accounts</u>	<u>Total</u>
Assets							
Investments:							
At amortized cost	\$ 3,835,643	\$ 208,168	\$ -	\$ 78,292	\$ 128,208	\$ -	\$ 4,250,311
At fair value	-	-	711,313	-	-	31,327	742,640
Other assets	2,764	87	2,295	437	185	158	5,926
Total assets	<u>3,838,407</u>	<u>208,255</u>	<u>713,608</u>	<u>78,729</u>	<u>128,393</u>	<u>31,485</u>	<u>4,998,877</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased	25,721	74	1,701	8	11	1	27,516
Total liabilities	<u>25,721</u>	<u>74</u>	<u>1,701</u>	<u>8</u>	<u>11</u>	<u>1</u>	<u>27,516</u>
Net Position							
Held in trust for investment pool participants	3,812,686	208,181	711,907	78,721	128,382	-	4,939,877
Held in trust for individual investment account holders	-	-	-	-	-	31,484	31,484
Total net position	<u>\$ 3,812,686</u>	<u>\$ 208,181</u>	<u>\$ 711,907</u>	<u>\$ 78,721</u>	<u>\$ 128,382</u>	<u>\$ 31,484</u>	<u>\$ 4,971,361</u>
Additions							
Investment income:							
Interest and dividends	\$ 3,323	\$ 170	\$ 1,475	\$ 142	\$ 182	\$ 33	\$ 5,325
Net (amortization) accretion	3,533	210	(2)	-	-	(1)	3,740
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>6,856</u>	<u>380</u>	<u>1,473</u>	<u>142</u>	<u>182</u>	<u>32</u>	<u>9,065</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	209	16	77	2	3	-	307
Total investment expenses	<u>209</u>	<u>16</u>	<u>77</u>	<u>2</u>	<u>3</u>	<u>-</u>	<u>307</u>
Net investment income	6,647	364	1,396	140	179	32	8,758
Net realized gain (loss) from investments	-	-	(48)	-	-	-	(48)
Net increase (decrease) in fair value of investments	<u>-</u>	<u>-</u>	<u>830</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>835</u>
Net increase (decrease) in net position from operations	6,647	364	2,178	140	179	37	9,545
Participant transaction additions:							
Purchase of pool units by participants	1,410,127	14,878	-	133	79	-	1,425,217
Reinvestment of pool distributions	6,646	364	1,333	140	179	-	8,662
Contributions to individual investment accounts	-	-	-	-	-	24	24
Total participant transaction additions	<u>1,416,773</u>	<u>15,242</u>	<u>1,333</u>	<u>273</u>	<u>258</u>	<u>24</u>	<u>1,433,903</u>
Total additions	1,423,420	15,606	3,511	413	437	61	1,443,448
Deductions							
Distributions to pool participants:							
Net investment income	6,647	364	1,396	140	179	-	8,726
Net realized gain (loss) from investments	-	-	(48)	-	-	-	(48)
Total distributions to pool participants	<u>6,647</u>	<u>364</u>	<u>1,348</u>	<u>140</u>	<u>179</u>	<u>-</u>	<u>8,678</u>
Participant transaction deductions:							
Redemption of pool units by participants	1,016,561	28,279	1,123	133	859	-	1,046,955
Withdrawals from individual investment accounts	-	-	-	-	-	45	45
Total participant transaction deductions	<u>1,016,561</u>	<u>28,279</u>	<u>1,123</u>	<u>133</u>	<u>859</u>	<u>45</u>	<u>1,047,000</u>
Total deductions	<u>1,023,208</u>	<u>28,643</u>	<u>2,471</u>	<u>273</u>	<u>1,038</u>	<u>45</u>	<u>1,055,678</u>
Net increase (decrease) in net position from operations	400,212	(13,037)	1,040	140	(601)	16	387,770
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	400,212	(13,037)	1,040	140	(601)	16	387,770
Net position at beginning of period	3,412,474	221,218	710,867	78,581	128,983	31,468	4,583,591
Net position at end of period	<u>\$ 3,812,686</u>	<u>\$ 208,181</u>	<u>\$ 711,907</u>	<u>\$ 78,721</u>	<u>\$ 128,382</u>	<u>\$ 31,484</u>	<u>\$ 4,971,361</u>

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
October 25, 2018

OPERATING REPORT SEPTEMBER 2018

Board of Treasury Investments

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

Board of Directors

John D. Perdue,
State Treasurer,
Chairman

James C. Justice II,
Governor

John B. McCuskey,
State Auditor

Glenda Probst
Appointed by the
Governor

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

Executive Staff

Executive
Director
Kara K. Hughes,
CPA, MBA, CFE

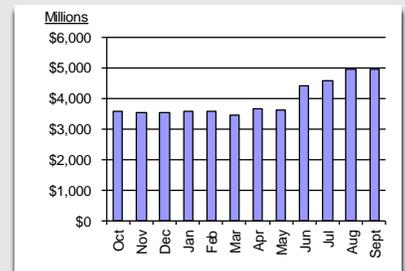
Chief Financial
Officer
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$4,961,566,000

Last Month
\$4,971,361,000

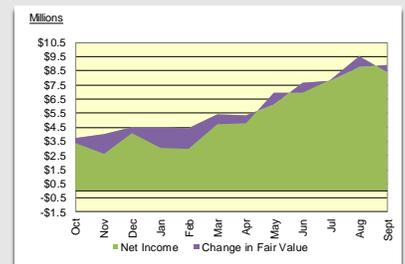
Beginning of Fiscal Year
\$4,429,483,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$25,816,000



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

Money Market Pools

As of September 30, 2018

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	2.1367%	25 Days	\$3.8 Billion
WV Gov't Money Market	1.9301%	21 Days	\$212.2 Million

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

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

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

SEPTEMBER 2018

Safe-Haven in Fixed Income

Market Results

Strong economic data and positive sentiment pushed US stocks higher with the S&P 500 Index gaining 0.6% in September, bringing quarterly returns to 7.7%. Outside the US, Japan led the way with gains of 3% last month on the back of the country's strongest job market in decades. In Europe, concerns around the United Kingdom and the European Union unable to reach a deal on Brexit at the upcoming October summit and fears of a debt crisis in Italy weighed on markets, with the MSCI Europe Index eking out a 0.4% monthly return. Meanwhile, emerging markets fell behind amid ongoing uncertainty around trade with the US and the Federal Reserve's tightening monetary policy; the MSCI Emerging Markets Index declined 0.5%, with small-cap emerging markets faring worse with losses of 3.3%.

Still, it was not all bad news for emerging markets: fixed income rebounded after the recent sell-off with the JPM EMBI Global Diversified Index increasing 1.5% as spreads narrowed nearly 40 basis points during the month. Additionally, local debt, as measured by the JPM GBI-EM Global Diversified Index, rose 2.6% as dollar strength stalled and concerns related to Turkey's currency stabilized following a central bank rate hike of 6.25%. In the US, the Fed raised rates for the third time this year to a range of 2.00% to 2.25%. Global yields continued to rise with the 10-year Treasury increasing 20 basis points to 3.06% and the 10-year German bund rising 14 basis points to 0.47%.

In real assets, WTI crude oil touched a four-year high of \$76.41 per barrel—despite an increase in supply—ending September up 4.9%.

Market Outlook

With the macroeconomic backdrop relatively unchanged, we maintain our recommendation of an overweight to emerging market equities, given their attractive valuations and fundamentals. Further, we encourage the addition of safe-haven fixed-income exposure as rates continue to rise.

West Virginia Board of Treasury Investments Financial Highlights as of September 30, 2018

WV Short Term Bond Pool

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

<u>October 1 - September 30</u>	<u>Return</u>	<u>Net Assets At Sept 30 (In Millions)</u>
2018	1.3%	\$ 712.5
2017	1.4%	\$ 760.0
2016	1.6%	\$ 781.4
2015	0.7%	\$ 804.3
2014	1.0%	\$ 781.1

WV Short Term Bond Pool Rates of Return

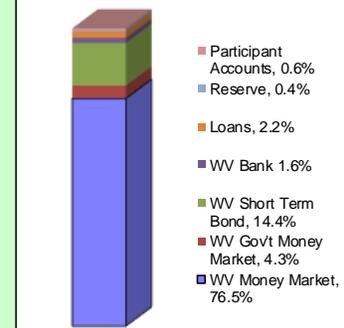


Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool

Summary of Value and Earnings *(In Thousands)*

<u>Pool</u>	<u>Net Asset Value</u>	<u>Sept Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 3,795,235	\$ 6,843	\$ 19,492
WV Gov't Money Market	212,235	352	1,054
WV Short Term Bond	712,525	894	4,445
WV Bank	82,513	143	415
Loans	108,331	138	236
Reserve	19,229	34	103
Participant Accounts	31,498	14	71
	<u>\$ 4,961,566</u>	<u>\$ 8,418</u>	<u>\$ 25,816</u>

Percent of Total Net Asset Value

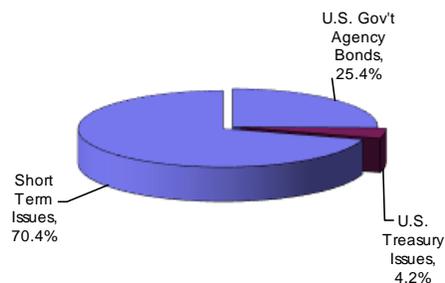


Securities by Type for Operating Pools *(Percentage of Asset Value)*

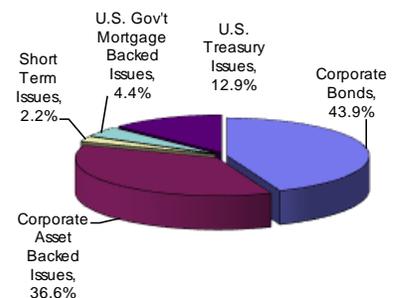
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
SEPTEMBER 30, 2018

(In THOUSANDS)

	<u>WV Money Market Pool</u>	<u>WV Government Money Market Pool</u>	<u>WV Short Term Bond Pool</u>	<u>WV Bank Pool</u>	<u>Other Pools</u>	<u>Participant Directed Accounts</u>	<u>Total</u>
Assets							
Investments:							
At amortized cost	\$ 3,876,794	\$ 212,167	\$ -	\$ 82,044	\$ 127,385	\$ -	\$ 4,298,390
At fair value	-	-	720,683	-	-	31,310	751,993
Other assets	3,074	99	2,394	472	179	188	6,406
Total assets	<u>3,879,868</u>	<u>212,266</u>	<u>723,077</u>	<u>82,516</u>	<u>127,564</u>	<u>31,498</u>	<u>5,056,789</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased							
	<u>84,633</u>	<u>31</u>	<u>10,552</u>	<u>3</u>	<u>4</u>	<u>-</u>	<u>95,223</u>
Total liabilities	<u>84,633</u>	<u>31</u>	<u>10,552</u>	<u>3</u>	<u>4</u>	<u>-</u>	<u>95,223</u>
Net Position							
Held in trust for investment pool participants	3,795,235	212,235	712,525	82,513	127,560	-	4,930,068
Held in trust for individual investment account holders	-	-	-	-	-	31,498	31,498
Total net position	<u>\$ 3,795,235</u>	<u>\$ 212,235</u>	<u>\$ 712,525</u>	<u>\$ 82,513</u>	<u>\$ 127,560</u>	<u>\$ 31,498</u>	<u>\$ 4,961,566</u>
Additions							
Investment income:							
Interest and dividends	\$ 3,400	\$ 155	\$ 1,469	\$ 145	\$ 175	\$ 31	\$ 5,375
Net (amortization) accretion	3,658	211	(2)	-	-	(1)	3,866
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>7,058</u>	<u>366</u>	<u>1,467</u>	<u>145</u>	<u>175</u>	<u>30</u>	<u>9,241</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	<u>217</u>	<u>14</u>	<u>77</u>	<u>2</u>	<u>3</u>	<u>-</u>	<u>313</u>
Total investment expenses	<u>217</u>	<u>14</u>	<u>77</u>	<u>2</u>	<u>3</u>	<u>-</u>	<u>313</u>
Net investment income	6,841	352	1,390	143	172	30	8,928
Net realized gain (loss) from investments	2	-	(15)	-	-	-	(13)
Net increase (decrease) in fair value of investments	<u>-</u>	<u>-</u>	<u>(481)</u>	<u>-</u>	<u>-</u>	<u>(16)</u>	<u>(497)</u>
Net increase (decrease) in net position from operations	6,843	352	894	143	172	14	8,418
Participant transaction additions:							
Purchase of pool units by participants	944,425	35,851	-	140	184	-	980,600
Reinvestment of pool distributions	6,810	352	1,396	143	172	-	8,873
Contributions to individual investment accounts	-	-	-	-	-	-	-
Total participant transaction additions	<u>951,235</u>	<u>36,203</u>	<u>1,396</u>	<u>283</u>	<u>356</u>	<u>-</u>	<u>989,473</u>
Total additions	958,078	36,555	2,290	426	528	14	997,891
Deductions							
Distributions to pool participants:							
Net investment income	6,841	352	1,390	143	172	-	8,898
Net realized gain (loss) from investments	2	-	(15)	-	-	-	(13)
Total distributions to pool participants	<u>6,843</u>	<u>352</u>	<u>1,375</u>	<u>143</u>	<u>172</u>	<u>-</u>	<u>8,885</u>
Participant transaction deductions:							
Redemption of pool units by participants	965,036	32,149	297	140	1,178	-	998,800
Withdrawals from individual investment accounts	-	-	-	-	-	-	-
Total participant transaction deductions	<u>965,036</u>	<u>32,149</u>	<u>297</u>	<u>140</u>	<u>1,178</u>	<u>-</u>	<u>998,800</u>
Total deductions	<u>971,879</u>	<u>32,501</u>	<u>1,672</u>	<u>283</u>	<u>1,350</u>	<u>-</u>	<u>1,007,685</u>
Net increase (decrease) in net position from operations	(13,801)	4,054	618	143	(822)	14	(9,794)
Inter-pool transfers in	-	-	-	3,650	-	-	3,650
Inter-pool transfers out	(3,650)	-	-	-	-	-	(3,650)
Net inter-pool transfers in (out)	<u>(3,650)</u>	<u>-</u>	<u>-</u>	<u>3,650</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(17,451)	4,054	618	3,793	(822)	14	(9,794)
Net position at beginning of period	<u>3,812,686</u>	<u>208,181</u>	<u>711,907</u>	<u>78,720</u>	<u>128,382</u>	<u>31,484</u>	<u>4,971,360</u>
Net position at end of period	<u>\$ 3,795,235</u>	<u>\$ 212,235</u>	<u>\$ 712,525</u>	<u>\$ 82,513</u>	<u>\$ 127,560</u>	<u>\$ 31,498</u>	<u>\$ 4,961,566</u>