

**JOINT COMMITTEE ON
GOVERNMENT AND FINANCE**

Materials Distributed

August 27, 2014

		<h1>West Virginia Legislature</h1>				<input type="text"/>		<input type="button" value="Search"/>
<small>1ST SESSION OF THE 81ST LEGISLATURE</small>								
Senate	House	Joint	Bill Status	WV Code	Audits/ Reports	Educational	Contact	

Interim Committee Attendance - Results

Wednesday, August 27, 2014 - 01:00 PM

Joint Committee on Government and Finance

Attended:
Delegate White
Delegate Manchin
Delegate Cowles
Delegate Caputo
Delegate Boggs
Delegate Armstead
Speaker Miley
Senator Unger
Senator Prezioso
Senator Hall
Senator Barnes
President Kessler

Submitter:
Marlene

Phone:
4802

[Back to Attendance](#)

[Bill Status](#) | [Bill Tracking](#) | [WV Code](#) | [Bulletin Board](#) | [District Maps](#) | [Senate Roster](#) | [House Roster](#) | [Releases](#) | [Blog](#) | [Links](#) | [Home](#)



This Web site is maintained by the West Virginia Legislature's Office of Reference & Information. | [Terms of Use](#) | [Web Administrator](#) | © 2014 West Virginia Legislature ***

(Speaker Miley presides)

AGENDA
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
August 27, 2014

1:00 - 2:00pm

Bridgeport Conference Center, Ste. 3 & 4

1. **Approval of June 18, 2014 minutes**
2. **Committee Reports/Requests:**
3. **Monthly/Quarterly Reports Distribution:**
Status Reports on Lottery and the General Revenue Fund.
4. **Workforce WV Unemployment Compensation Trust Fund Distribution:**
5. **Monthly/Quarterly Reports Distribution:**
PEIA.
BRIM
CHIP
Real Estate Report
6. **Monthly/Quarterly Report Distribution from Department of Health and Human Resources:**

Medicaid Report
7. **Investment Management Board Distribution:**
8. **Workers' Compensation:**
9. **Board of Treasury Report Distribution**
10. **Other Business**
11. **Adjournment**

Joint Committee on Government and Finance

June 18, 2014

1:00pm - 2:00pm

Senate

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

House

Miley, Chair
Boggs
Caputo
Manchin (Absent)
White
Armstead
Cowles

President Kessler presides:

President Kessler: "The committee will come to order. The clerk will take a silent roll call. The first item on the Agenda is the approval of the minutes of May 21, 2014. Speaker Miley moves the adoption of the minutes. Any amendments or discussion? All those in favor say aye, all those opposed, the ayes appear to have it."

President Kessler: "Chair recognizes Mr. Speaker."

Speaker Miley: "Mr. President, I move that we hold our August interims in Bridgeport/Clarksburg area. To be held on August 25, 26 and 27th."

President Kessler: "Any discussion? All in favor say aye, opposed, the ayes have it. I declare the motion adopted."

President Kessler: "Chair recognizes Mr. Speaker."

Speaker Miley: "Mr. President, I move that Parks, Recreation and Natural Resources be authorized to conduct site visitations to Pipestem State Park and Bluestone Wildlife Management on July 14, 15, and 16, 2014 and for the members and staff to be reimbursed for their expenses."

President Kessler: "Discussion? All in favor say aye, opposed, the ayes appear to have it, the ayes do have it. I declare the motion adopted."

President Kessler: "Next we have Monthly/Quarterly Reports distribution. Reports on Lottery, General Revenue Fund are in your file. Our first presentation is Ms. Beth Carenbauer from Workforce WV Unemployment

Compensation Trust Fund.”

Beth Carenbauer: “Good afternoon Mr. Speaker, Mr. President and members of the Committee. My name is Beth Carenbauer, I am the Director of Unemployment Compensation for Workforce WV. As of this morning the Unemployment Compensation Trust Fund had a balance of \$118,598,383. As reflected in the June 3rd projection that is in your files we anticipate that the Trust Fund as of this month will have \$223M in Revenues and \$233M in Benefits and an end of the year balance of \$92,092,000. I would be happy to answer any questions.”

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

President Kessler: “Next is the reports from Mr. Taylor Secretary of Finance and Administration.”

Mr. Taylor: “Good afternoon. I believe everyone should have my presentation. As far as PEIA, CHIP, BRIM and Leasing goes, there isn’t really a lot to say. PEIA is actually ahead of schedule compared to budget and that is really two reasons: one - the actual expenses are less than what we anticipated and the other part is especially on the retirement side of it is we are having a very good year investment wise. Then the CHIP, BRIM the Leasing I mean there is not really anything I have specifically to say about those.

Also in your packet I believe there should be a very short, maybe 3/4 page handout on WVOasis or the ERP at the request of Senator Plymale. If you would I’d like to go through that rather quickly and then entertain questions regarding it or anything else on DOA. The first slide shows there is 5 particular phases of the new ERP implementation. The First Phase ‘Budget Development’ that’s - we are finished with that. It went relatively smooth. We had a couple bumps in the road but all in all I think everybody who utilized it thought it went pretty well and going forward I am very excited mainly from the standpoint that they do not have to go back and re-enter every year’s budget information. It already populates it so there they just have to make changes and then hit buttons and submit it, get it authorized, get it sent to Budget. Much more timely and also with much less paper.

The Second Phase B was all related actually to Highways. It went live in January 2014. Its my understanding even though I don’t have that much contact with Highways that they are satisfied with what’s transpired there as well to date.

The next one Phase C which is a fairly large phase. Its scheduled to go live in July 8th and with it its basically all of your accounting type modules as well as purchasing and inventory type modules that come on there. We had an ERP Board meeting yesterday and we have been told not only by the project management team, by the consultants - IS&G as well as the vendor CGI that they do not anticipate any issues with us actually going live on July 8th. I suppose I should make a caveat when I say no issues. Any time you go through something like this there's going to be without a doubt, there is going to be bumps in the road, there is going to be some issues that we have to work through. As far as the system being ready to be turned on, that should occur.

The next phase, would be Phase D. It's the HR Payroll, Time & Leave all in one particular system that as of right now we don't have.

The last one is July 2015 of Phase E. It is another where its primarily related to Division of Highways and Transportation.

The next page is where I outlined the financials regarding the project. To date the ERP project has received \$120,400,000 and you can see early on there was \$30M set aside from excess Lottery. There was also a little over \$75M General Revenue Appropriations and Division of Highways, they had reached an agreement because their system - the system that they use was called REMUS and it was basically on its last leg as well. There was an agreement made that Department of Highways would make four \$5M payments over a four-year period to go towards this project because if they did not participate in this project they would spend that type of money or more replacing their old system. Also since the Phase E that I spoke to awhile ago originally was scheduled to go into production on January 2015 instead of July 2015. The Division of Highways requested that it be pushed back to July because there was going to be a new enhancement on CGI's system. They had tested it. They thought it was more robust user friendly than what the version they were going to get so they in turn also agreed to pick up the majority of the cost associated with that. So that is another \$6.5M. In totality, the Division of Highways still owes us one more \$5M payment and a \$6.5M payment to cover the Phase E.

The expenditures to date, they are outlined there. We have spent about \$85M. We currently have a cash balance of just a little over \$35M in our Fund. The next page is beginning FY15, it is our intention to start billing agencies \$200 per FTE to help with on-going costs associated with the system. That will generate about \$8M worth of revenue for the system and we believe if that occurs and we get the billings and we get the monies from Highways, we would have

enough monies to get us past FY15, FY 16 and then hopefully going forward we will visit on an annual basis at \$200 fee. If we need to adjust it for any years going forward 2017, 2018 or into the future then we will look at doing that. The next page, basically the next two pages, just gives a lot of information to where if anybody has questions or concerns, they do have the support team in place. The Help Desk if you will. That is the phone number for it, that's the hours if you wanted to email them, that's their email address. They are currently staffed with about 15 people for anticipation of questions. Over and above the 15 people as of July 8 they also have what they call subject matter experts at hand because when you call the Help Desk depending upon the complexity of the question that you may, the Help Desk people may know it or they may have to reach out to one of the subject matter experts and say hey this one here is a little bit above my head, can you help me on it. Also they have a live chat room available through MyApps within the WVOasis system in case people like to do that. That pretty much concludes my presentation on that and I will entertain any questions that anybody may have. Hopefully I didn't miss very many things that you asked to include."

President Kessler: "Questions of Mr. Taylor? Senator Plymale."

Senate Plymale: "Let me make sure I understand when you say, 'you are setting a fee of \$200 per authorized FTE position?' Does that include Higher Education?"

Mr. Taylor: "Yes sir."

Senator Plymale: "Each Higher Education institution is going to have to come up with additional money?"

Mr. Taylor: "Depending upon their funding. If the agencies that receive General Revenue funding then its already built into the budget. The Budget Department set aside \$200 per FTE and was given that. The others yes."

Senator Plymale: "Others would be like WVU Research?"

Mr. Taylor: "I don't know their funding mechanism as well as maybe I should but if they receive federal monies, if some of their people are paid from federal monies or if some of their people from special revenue."

Senator Plymale: "Any one that is on grants, soft grants, different things like that will have to come up with the additional money. Nine times out of ten that's not included in the grant proposals on the way they do it."

Mr. Taylor: "Correct."

Senator Plymale: "To take that out that would be an additional expense whether its from research grant or whatever. You are saying they are going to have to come up with the additional money. Have you looked at what entities those are, as the Policy Commission on Council given you an outline of that?"

Mr. Taylor: "Yes. I don't have it with me right here but I can easily get it to you."

Senator Plymale: "Yes, that's fine. That will be enough. I would just like to know a little bit more about it."

Mr. Taylor: "Would like to know the effect on every single agency in state government? We have that available. We did look at several different other ways, we looked at spending, number of transactions, multiple different reasons."

Senator Plymale: "But in the Budget, what we did this year as we were going through or for this next fiscal year, we did build that in to the Budget?"

Mr. Taylor: "Yes sir. General Revenue."

Senator Plymale: "Ok thanks."

President Kessler: "Any other questions? Thank you Mr. Taylor."

Mr. Taylor: "Thank you."

President Kessler: "Next we've got the Department of Health and Human Resources, Nancy Atkins."

Nancy Atkins: "Mr. President, Mr. Speaker, Members of the Committee, I'm Nancy Atkins, State Medicaid Director. Our Medicaid Report is in your packet. I would be happy to entertain any questions."

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

Delegate Boggs: "Thank you. Nancy its nice to see you today. A few questions about the AD Waiver. Where are at right now budget wise in that program. We are almost at the end of the fiscal year. How much has been expended thus far versus what was budgeted?"

Ms. Atkins: "With the leave of the Committee I will ask my financial person that is with me to answer that Staci Hayes Legg, Interim Acting Deputy Commissioner for Finance."

Ms. Hayes Legg: "Staci Hayes Legg, Interim Deputy Commissioner for Finance and Administration for Bureau of Medical Services. We have budgeted for state fiscal year 2014 \$136.7M for the Aged and Disabled Waiver Program. To date we have expended just under \$90M as of the end of April."

Delegate Boggs: "Could you repeat those numbers because I couldn't hear you."

Ms. Hayes Legg: "I'm sorry. Our Budget for 2014 was \$136.7M and to date through the end of April we've expended \$89.5M."

Delegate Boggs: "Ok, so we have less than a month left to go in the fiscal year and"

Ms. Atkins: "This is through April. So we still have May and June to go."

Delegate Boggs: "Do you think its going to .. I think last year if memory serves me correctly, it came in about \$15M to \$17M under what was budgeted."

Ms. Atkins: "We are really struggling to get people on the program. I will tell you looking at the numbers I've got, the wait list is down by about 200 folks but what we are struggling with is we've put some new processes in place to try and get people on the program faster. I know that sounds kind of crazy but folks get their medical eligibility then they have to do their financial eligibility. For many of these folks when they go in an accounting office or we do their financial eligibility, there is lot of papers and things that they have to get together. We've had no time frames on how long it takes them so they are given that slot but if its 6 months before they get on the program, there sets that slot until we get them in there. We put some parameters in place in June 1st and they have 60 days. If they don't decide or aren't able to come up with it, then we put them back on the wait list and go to the next person on the list. We are struggling getting people on the program quickly enough. Isn't that ironic."

Delegate Boggs: "Let me clarify when you say on 'quickly enough', its not because there is a lack of people to get on it. It's the fact that we, the government, is not putting them on there, filling those slots fast enough."

Ms. Atkins: "It's the problem that the processes are slow and cumbersome. So that is why we are working very.."

Delegate Boggs: "So it is my understanding just to clarify we are going ahead and doing the financial eligibility since they are already medically eligible if they are on the list. We are going ahead and doing the financial eligibility before a slot opens up so there won't be any question that they can move directly into it when the slot opens up."

Ms. Atkins: "We are trying to expedite that, yes sir."

Delegate Boggs: "Ok. So what is the waiting list down to now?"

Ms. Atkins: "As of June 12th it is 2258."

Delegate Boggs: "Ok so basically, is that because people that have been declared ineligible financially or because we filled slots?"

Ms. Atkins: "I think it is because we filled slots."

Delegate Boggs: "Do you know how many we have actually filled?"

Ms. Atkins: "I do not know exactly. I got the wait list numbers. We served 6,120 people to date."

Delegate Boggs: "Has a decision been made as to whether to ask CMS to make some amendment to this unduplicated slot debacle that really causes the wait list to actually be there? Have we actually ever sent a letter and have we ever got a response?"

Ms. Atkins: "Yes sir and I have that response that I could send to you. It's been a few years ago."

Delegate Boggs: "Have we considered asking again?"

Ms. Atkins: "Yes sir. Legal counsel is working on that now."

Delegate Boggs: "Is that something that is anticipated that we are going to ask again instead of one time is no and then forgetting it."

Ms. Atkins: "We are process. Legal counsel is trying to get that. It is hard for me to give you a specific date, legal counsel doesn't always work as quickly as

I would like for them to sometimes. I am hoping that, we just got approval for 137 slots that were appropriated this year but we are still struggling to get people on there quickly."

Delegate Boggs: "We still have a real problem with this. Not only with the wait list but also with, it seems like we struggle with the wait list and then we struggle getting them actually into the program. My concern in this is two-fold. Number one which is first and foremost, for the people that are waiting and many times dying. But the second part I think is equally important is many of the providers are leaving and going to something else because as these slots can't be filled, many of these people are leaving entities they are working for and going some place else. There is really a shortage of BSWs. A lot of the BSWs position in a lot of these case management agencies hadn't been filled with Rns. They lay off an RN, they are not going to wait around until that comes back. They are going to go some place else because they don't have any problems finding a job. The chances of when we finally feel these slots having sufficient people to fill them, I think could create a real dilemma, so I would just hope that we could do every thing possible to expedite this. I think everybody would be a winner as a result."

Ms. Atkins: "Yes sir."

President Kessler: "Any other questions, comments? Thank you Ms. Atkins. Next we have the report from Mr. Slaughter from Investment Management Board."

Ms. Watson: "Good afternoon. I'm not Mr. Slaughter, he is enjoying some time at the beach. However, I am Christy Watson, Chief Investment Officer of the West Virginia Investment Management Board. We have good news from the Investment Management Board. The numbers in your materials indicate return for our Defined Benefit Public Pension Plans through April up 13.8%. May has been also a positive month and so has June. So we are expecting a fiscal year to date number approximately 13% to 14% for the Defined Benefit Pension Plans Investment Return."

President Kessler: "Any questions of Ms. Watson? Apparently none. Thank you."

President Kessler: "Finally we have Mr. Riley from Workers Compensation."

Mr. Riley: "Good afternoon Mr. President, Mr. Speaker and Committee members, Mike Riley, Insurance Commissioner. You have a copy of our

Workers Compensation Fund report in your package. The numbers are for May 31st 15,732 active claims in the Old Fund, 853 active claims in the Coal Workers Fund and 36 in the Uninsured Fund. Cash balance is \$1,163,000,000. Revenues year-to-date of \$282M and expenditures to date \$180M. I would be happy to answer questions."

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

President Kessler: "The Board of Treasury Report is in your File. Any other business to come before the Committee? If not, Speaker Miley moves we adjourn. All of those in favor say aye, all those oppose. The ayes appear to have it, that ayes do have it."

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

August 14, 2014

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

- West Virginia Lottery as of June 30, 2014:
Gross profit for July 2013 – June 2014 was \$533 million.
- West Virginia Unemployment Compensation Fund as of June 30, 2014:
Total disbursements were \$ 97 million less than last fiscal year. Overall ending trust fund balance was \$ 7.7 million lower on June 30, 2014, than on June 30, 2013.
- General Revenue Fund as of June 30, 2014:
The general revenue collections ended the final month of fiscal year 2013-2014 at 99.28% of the estimate for the year.
- State Road Fund as of June 30, 2014:
The state road fund collections ended the final month of fiscal year 2013-2014 at 104.97% 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*

304-347-4870

July 9, 2014

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

- West Virginia Lottery as of May 31, 2014:
Gross profit for July 2013 – May 2014 was \$490 million.
- West Virginia Unemployment Compensation Fund as of June 30, 2014:
Total disbursements were \$ 97 million less than last fiscal year. Overall ending trust fund balance was \$ 7.7 million lower on June 30, 2014, than on June 30, 2013.
- General Revenue Fund as of June 30, 2014:
The general revenue collections ended the final month of fiscal year 2013-2014 at 99.28% of the estimate for the year.
- State Road Fund as of June 30, 2014:
The state road fund collections ended the final month of fiscal year 2013-2014 at 104.97% 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: Aug 14, 2014

Re: Review of West Virginia Lottery Financial Information
As of June 30, 2014

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for June 30, 2014, 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 \$1.2 billion for July – June 30, 2014. Table games accounted for \$50.5 million of this total. Historic Resort Hotel video lottery and table games accounted for \$57.5 million of total gross receipts. Gross lottery revenue has decreased by 8.59% when compared with July – June of fiscal year 2012-2013. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July – June 2014 was \$533 million; for July – June of last fiscal year it was \$587.5 million. Expressed as a percentage, gross profit is 9.27% lower for fiscal year 2014 than for fiscal year 2013.

Lottery continued

Operating Transfers to the State of West Virginia:

A total of \$498,365,000.00 has been accrued to the state of West Virginia for fiscal year 2013-2014. 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:

Revenue Center Construction Fund:

General Purpose Account \$724,000

Administrative Operations Account:

General Purpose Account \$7,500,000

Bureau of Senior Services	\$94,837,000.00
Community and Technical College	\$4,997,000.00
Department of Education	\$27,451,000.00
Library Commission	\$11,467,000.00
Higher Education-Central Office	\$7,582,000.00
Tourism	\$8,922,000.00
Department of Natural Resources	\$9,796,000.00
Division of Culture and History	\$5,228,000.00
Economic Development Authority	\$9,999,000.00
Department of Education and Arts	\$1,813,000.00
School Building Authority	\$17,995,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$200,087,000.00

Excess Lottery Fund

Lottery continued

Economic Development Fund	\$20,387,000.00
Higher Education Improvement Fund	\$15,000,000.00
WV Infrastructure Council Fund	\$46,000,000.00
Higher Education Improvement Fund	\$29,000,000.00
Refundable Credit	\$10,000,000.00
General Purpose Fund	\$65,000,000.00
DHHR	\$96,544,000.00
State Park Improvement Fund	\$5,000,000.00
School Building Authority	\$18,993,000.00
Excess Lottery Surplus	\$45,122,000.00
WV Racing Commission	\$2,000,000.00
Total State Excess Lottery Revenue Fund	\$353,046,000.00

Historic Resort Hotel Distributions:

State General Revenue Fund	\$2,135,000.00
State Debt Reduction Fund	\$635,000.00
Tourism Promotion Fund	<u>\$100,000.00</u>
Total Historic Hotel	\$2,870,000.00

Veterans Instant Ticket Fund \$512,000.00

Table Games State Debt Reduction Fund \$ 24,702,000.00

RACETRACK VIDEO LOTTERY TRANSFERS:	
Tourism Promotion Fund 1.375%	\$7,578,000.00
Development Office Promo Fund	\$2,067,000.00
Research Challenge Fund .5%	\$2,756,000.00
Capitol Renovation and Improvement Fund .6875%	\$3,789,000.00

Lottery continued

Parking Garage Fund .0625%	\$344,000.00
Parking Garage Fund 1%	\$500,000.00
Cultural Facilities and Cap. Resources Fund .5%	\$1,500,000.00
Capitol Dome & Cap. Improvements Fund .5%	\$3,511,000.00
Workers Compensation Debt Reduction Fund 7%	\$11,000,000.00
SUBTOTAL VIDEO LOTTERY TRANSFERS:	\$33,045,000.00
TOTAL TRANSFERS	*\$622,486,000.00

* CASH BASIS

Total Accrued last FY 2013:	\$239,035,000.00
Total Cash Distributions FY 2014:	\$622,486,000.00
Applied to FY 2013:	\$239,035,000.00
Applied to FY 2014:	\$383,451,000.00
Accrued for FY 2014 as of June 30:	\$114,914,000.00

MEMORANDUM

TO: Joint Committee on Government and Finance

FROM: John C. Musgrave, Director

RE: Monthly Report on Lottery Operations
Month Ending June 30, 2014

DATE: July 16, 2014

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

Financial statements of the Lottery for the month ending June 30, 2014 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$95,521,178 for the month of May.

Transfers of lottery revenue totaling \$49,717,277 made for the month of June to the designated state agencies per Senate Bill 160, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (§29-22A-10), and the Racetrack Table Games Act (§29-22C-27). The amount transferred to each agency is shown in Note 10 on pages 18 and 19 of the attached financial statements.

The number of traditional and limited retailers active as of June 30, 2014 was 1,521 and 1,465 respectively.

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

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

JCM
Attachment

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



WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

June 30, 2014

WEST VIRGINIA LOTTERY

TABLE OF CONTENTS

	Page
STATEMENT OF NET POSITION.....	3
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION.....	4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6 – 23
SCHEDULE OF NET REVENUES.....	24

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

ASSETS	June 30, 2014	June 30, 2013
Current Assets:		
Cash and cash equivalents	\$ 149,712	\$ 273,418
Accounts receivable	34,790	35,999
Inventory	633	492
Other assets	1,946	2,123
Total Current Assets	<u>187,081</u>	<u>312,032</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	1,397	1,640
Capital assets	47,391	46,846
Less accumulated depreciation and amortization	<u>(8,646)</u>	<u>(6,626)</u>
Net Capital Assets	<u>38,745</u>	<u>40,220</u>
Total Noncurrent Assets	<u>40,142</u>	<u>41,860</u>
Total Assets	<u>\$ 227,223</u>	<u>\$ 353,892</u>
LIABILITIES		
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 114,914	\$ 239,035
Estimated prize claims	14,983	14,144
Accounts payable	1,505	1,828
Other accrued liabilities	40,801	44,019
Total Current Liabilities	<u>172,203</u>	<u>299,026</u>
Total Liabilities	<u>\$ 172,203</u>	<u>299,026</u>
Net Position:		
Restricted by enabling legislation	\$ 1,397	1,640
Net Investment in capital assets	38,745	40,220
Unrestricted	14,878	13,006
Total Net Position	<u>55,020</u>	<u>54,866</u>
Total Net Position	<u>\$ 227,223</u>	<u>\$ 353,892</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 TWELVE MONTH PERIOD ENDED JUNE 30, 2014

(In Thousands)
-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2014	2013	2014	2013
Lottery revenues				
On-line games	\$ 6,004	\$ 5,887	\$ 83,069	\$ 86,986
Instant games	9,024	7,726	105,562	108,635
Racetrack video lottery	47,076	53,551	590,918	655,676
Limited video lottery	29,213	30,992	377,222	399,224
Table games	3,695	4,933	50,465	70,259
Historic resort	509	680	7,048	7,597
	<u>95,521</u>	<u>103,769</u>	<u>1,214,284</u>	<u>1,328,377</u>
Less commissions				
On-line games	430	406	5,821	6,095
Instant games	633	541	7,390	7,604
Racetrack video lottery	25,980	28,858	336,205	370,828
Limited video lottery	14,314	15,186	184,839	195,620
Table games	1,613	2,153	22,032	30,675
Historic resort	250	301	3,455	3,705
	<u>43,220</u>	<u>47,445</u>	<u>559,742</u>	<u>614,527</u>
Less on-line prizes	2,989	4,043	42,096	44,109
Less instant prizes	5,956	5,119	69,665	72,121
Less ticket costs	177	111	1,730	1,804
Less vendor fees and costs	618	556	8,044	8,325
	<u>9,740</u>	<u>9,829</u>	<u>121,535</u>	<u>126,359</u>
Gross profit	<u>42,561</u>	<u>46,495</u>	<u>533,007</u>	<u>587,491</u>
Administrative expenses				
Advertising and promotions	229	225	5,755	4,622
Wages and related benefits	981	981	10,854	11,049
Telecommunications	188	63	881	983
Contractual and professional	233	259	4,682	4,421
Rental	20	21	267	239
Depreciation and amortization	173	172	2,020	2,095
Other administrative expenses	197	135	1,420	1,454
	<u>2,021</u>	<u>1,856</u>	<u>25,879</u>	<u>24,863</u>
Other Operating Income	<u>495</u>	<u>508</u>	<u>11,719</u>	<u>11,860</u>
Operating Income	<u>41,035</u>	<u>45,147</u>	<u>518,847</u>	<u>574,488</u>
Nonoperating income (expense)				
Investment income	34	19	463	253
Distributions to municipalities and counties	(573)	(607)	(7,394)	(7,825)
Distributions -capital reinvestment	(7,222)	(11,310)	(13,397)	(18,821)
Distributions to the State of West Virginia	(25,620)	(30,358)	(498,365)	(545,204)
	<u>(33,381)</u>	<u>(42,256)</u>	<u>(518,693)</u>	<u>(571,597)</u>
Net income	<u>7,654</u>	<u>2,891</u>	<u>154</u>	<u>2,891</u>
Net position, beginning of period	<u>54,866</u>	<u>51,975</u>	<u>54,866</u>	<u>51,975</u>
Net position, end of period	<u>\$ 62,520</u>	<u>\$ 54,866</u>	<u>\$ 55,020</u>	<u>\$ 54,866</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE TWELVE MONTH PERIOD ENDED JUNE 30, 2014

(In Thousands)

-Unaudited-

	2014	2013
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 1,227,212	\$ 1,340,909
Cash payments for:		
Personnel costs	(10,932)	(10,960)
Suppliers	(13,019)	(12,852)
Other operating costs	(681,302)	(738,824)
Cash provided by operating activities	<u>521,959</u>	<u>578,273</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(622,486)	(522,988)
Distributions to municipalities and counties	(7,428)	(7,855)
Distributions to racetrack from racetrack cap. reinv. fund	(15,795)	(16,506)
Cash used in noncapital financing activities	<u>(645,709)</u>	<u>(547,349)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(545)</u>	<u>(30)</u>
Cash flows from investing activities:		
Investment earnings received	<u>346</u>	<u>253</u>
Cash provided by investing activities	<u>346</u>	<u>253</u>
Increase (decrease) in cash and cash equivalents	(123,949)	31,147
Cash and cash equivalents - beginning of period	<u>275,058</u>	<u>243,911</u>
Cash and cash equivalents - end of period	<u>\$ 151,109</u>	<u>\$ 275,058</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 518,847	\$ 574,488
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	2,020	2,095
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	1,209	672
(Increase) decrease in inventory	(141)	18
(Increase) decrease in other assets	294	152
Increase (decrease) in estimated prize claims	839	772
Increase (decrease) in accounts payable	(323)	(1,410)
Increase (decrease) in other accrued liabilities	(786)	1,486
Cash provided by operating activities	<u>\$ 521,959</u>	<u>\$ 578,273</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 1 - LEGISLATIVE ENACTMENT

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2014 the carrying amounts of deposits (overdraft) with financial institutions were \$473 thousand with a bank balance (overdraft) of \$500 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):

	June 30, 2014	June 30, 2013
Deposits with financial institutions	\$ 473	\$ 1,411
Cash on hand at the Treasurer's Office	21,310	53,718
Investments with BTI reported as cash equivalents	129,326	219,929
	\$ 151,109	\$ 275,058

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 June 30, 2014 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2013	Additions	Deletions	Historical Cost At June 30, 2014
Construction in Progress	\$ 549	\$ 243	\$ -	\$ 792
Buildings	38,084	-	-	38,084
Land	1,434	-	-	1,434
Improvements	260	-	-	260
Equipment	6,519	302	-	6,821
	<u>\$ 46,846</u>	<u>\$ 545</u>	<u>\$ -</u>	<u>\$ 47,391</u>

Accumulated Depreciation:

	Historical Cost At June 30, 2013	Additions	Deletions	Historical Cost At June 30, 2014
Buildings	\$ 1,189	\$ 952	\$ -	\$ 2,141
Improvements	260	-	-	260
Equipment	5,177	1,068	-	6,245
	<u>\$ 6,626</u>	<u>\$ 2,020</u>	<u>\$ -</u>	<u>\$ 8,646</u>

NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY

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

Each MUSL member sells game tickets through its agents and makes weekly wire transfers to the MUSL in an amount equivalent to the total prize pool less the amount of prizes won in each state. Lesser prizes are paid directly to the winners by each member lottery. The prize pool for POWERBALL®, HOT LOTTO® and MEGA MILLIONS® is 50% of each drawing period's sales, with minimum jackpot levels. The Lottery's revenues and expenses from MUSL games participation for the month ended June 30, 2014 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	\$ 2,940,451	\$ 39,490,788
Hot Lotto	484,709	5,310,353
Mega Millions	729,115	14,850,257
Total	\$ 4,154,275	\$ 59,651,398

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,470,321	\$ 19,747,242
Hot Lotto	242,354	2,655,381
Mega Millions	364,565	7,536,658
Total	\$ 2,077,240	\$ 29,939,281

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

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

At June 30, 2014, the Lotteries share of the prize reserve fund balances were as follows:

Game	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 111,576,452	\$ 1,887,126
Hot Lotto	7,411,908	547,805
Mega Millions	35,842,966	582,739
Total	<u>\$ 154,831,326</u>	<u>\$ 3,017,670</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

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

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of \$16,082,650 at June 30, 2014, of which the Lottery's share was \$1,617,659.

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. Initially, four percent (4%) of gross terminal revenue is allocated for lottery administrative costs. Sixty-six percent (66%) of net terminal revenue (gross less 4%) is allocated in lieu of commissions to: the racetracks (47%); other private entities associated with the racing industry (17%); and the local county and municipal governments (2%). The remaining revenues (34%) 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, 55% of net terminal revenue is allocated in lieu of commissions to: the racetracks (42%); other private entities associated with the racing industry (11%); and the local county and incorporated municipality governments (2%). The remaining net terminal revenue (45%) is allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 10. Amounts from the capital reinvestment fund may be distributed to each racetrack if qualifying expenditures are made within the statutory timeframe; otherwise amounts accumulated in the fund revert to the state excess lottery revenue fund.

The WV Lottery, along with the Ohio, Rhode Island, and Delaware lotteries, participate in Multi-Jurisdictional Wide Area Progressive (MWAP) video games. This allows each of the lotteries to offer a higher progressive jackpot than they could generate alone. MUSL manages the progressive games and charges each participant a MWAP contribution fee of .74% of the amount wagered. A summary of racetrack video lottery revenues for the month ended June 30, 2014 and fiscal year-to-date follows (in thousands):

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

NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

	Current Month		Year-to-Date	
	2014	2013	2014	2013
Total credits played	\$ 532,031	\$ 590,421	\$ 6,574,814	\$ 7,293,271
Credits (prizes) won	(477,428)	(529,167)	(5,897,773)	(6,546,860)
Promotional credits played	(7,498)	(7,672)	(85,802)	(90,346)
MWAP Contributions	(29)	(31)	(321)	(389)
Gross terminal income	47,076	53,551	590,918	655,676
Administrative costs	(897)	(793)	(16,586)	(17,475)
Net Terminal Income	46,179	52,758	574,332	638,201
Less distribution to agents	(25,980)	(28,858)	(336,205)	(370,828)
Racetrack video lottery revenues	<u>\$ 20,199</u>	<u>\$ 23,900</u>	<u>\$ 238,127</u>	<u>\$ 267,373</u>

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

	May 31, 2014	Year-to-Date
State Lottery Fund	\$ 6,564	\$ 120,729
State Excess Lottery Revenue Fund	10,941	77,443
Capital Reinvestment Fund	979	6,924
Tourism Promotion Fund 1.375%	589	7,573
Development Office Promotion Fund .375 %	161	2,065
Research Challenge Fund .5 %	214	2,754
Capitol Renovation & Improvement Fund .6875 %	295	3,787
Parking Garage Fund .0625 %	27	344
Parking Garage Fund 1 %	-	500
Cultural Facilities & Capitol Resources Fund .5 %	-	1,500
Capitol Dome & Capitol Improvements Fund .5 %	429	3,508
Worker's Compensation Debt Reduction Fund 7 %	-	11,000
Total nonoperating distributions	<u>\$ 20,199</u>	<u>\$ 238,127</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 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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 7 - LIMITED VIDEO LOTTERY (continued)

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 June 30, 2014 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2014	2013	2014	2013
Total credits played	\$ 348,696	\$ 368,972	\$ 4,482,939	\$ 4,728,660
Credits (prizes) won	(319,483)	(337,980)	(4,105,717)	(4,329,436)
Gross terminal income	\$ 29,213	\$ 30,992	\$ 377,222	\$ 399,224
Administrative costs	(584)	(620)	(7,544)	(7,984)
Gross Profit	28,629	30,372	369,678	391,240
Commissions	(14,314)	(15,186)	(184,839)	(195,620)
Municipalities and Counties	(573)	(607)	(7,394)	(7,825)
Limited video lottery revenues	<u>\$ 13,742</u>	<u>\$ 14,579</u>	<u>\$ 177,445</u>	<u>\$ 187,795</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 and one-half percent of adjusted gross receipts from all thoroughbred racetracks with West Virginia Lottery table games to the special funds established by each thoroughbred racetrack table games licensee for the payment of regular racetrack purses to be divided equally among each licensee and transfer two and one-half percent of adjusted gross receipts from all greyhound racetracks with West Virginia Lottery table games to the special funds established by each greyhound racetrack table games licensee for the payment of regular racetrack purses to be divided equally among each licensee. Transfer two percent of the adjusted gross receipts from all licensed racetracks to the Thoroughbred Development Fund and the Greyhound Breeding Development Fund to be divided pro rata among the development funds. Transfer one 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 to be divided pro rata among the counties. Transfer two 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 Debt Reduction Fund.

The cash transferred to the State Debt Reduction 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 ended June 30, 2014 and fiscal year-to-date were \$10,557,674 and \$144,185,524, 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	
	2014	2013	2014	2013
Table Games Privilege Tax	\$ 3,695	\$ 4,933	\$ 50,465	\$ 70,259
Interest on Table Games Fund	-	-	4	6
Administrative costs	(317)	(423)	(4,326)	(6,022)
Total Available for Distribution	<u>3,378</u>	<u>4,510</u>	<u>46,143</u>	<u>64,243</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	264	352	3,605	5,018
Thoroughbred & Greyhound Development Funds	211	282	2,884	4,015
Racing Association Pension Plan	93	124	1,269	1,767
Municipalities/ Counties	<u>1,045</u>	<u>1,395</u>	<u>14,274</u>	<u>19,875</u>
Total Distributions	<u>1,613</u>	<u>2,153</u>	<u>22,032</u>	<u>30,675</u>
State Debt Reduction Fund	<u>\$ 1,765</u>	<u>\$ 2,357</u>	<u>\$ 24,111</u>	<u>\$ 33,568</u>

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.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL (continued)

The WV Lottery, along with the Ohio, Rhode Island, and Delaware lotteries, participate in Multi-Jurisdictional Wide Area Progressive (MWAP) video games. This allows each of the lotteries to offer a higher progressive jackpot than they could generate alone. MUSL manages the progressive games and charges each participant a MWAP contribution fee of .75% of the amount wagered. A summary of historic resort hotel video lottery revenues for the month ended June 30, 2014 and fiscal year-to-date follows (in thousands):

	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Total credits played	\$ 4,644	\$ 4,758	\$ 63,726	\$ 63,594
Credits (prizes) won	(4,281)	(4,350)	(58,302)	(58,154)
Promotional credits played	(39)	(65)	(980)	(693)
MWAP Contributions	-	(1)	(3)	(9)
Gross terminal income	<u>324</u>	<u>342</u>	<u>4,441</u>	<u>4,738</u>
Capital reinvestment	(15)	(16)	(209)	(223)
Modernization Fund	(3)	(3)	(40)	(43)
Administrative costs	(18)	(18)	(240)	(256)
Hotel commissions	<u>(137)</u>	<u>(145)</u>	<u>(1,878)</u>	<u>(2,004)</u>
Net terminal income	151	160	2,074	2,212
Historic Resort Hotel Fund	96	102	1,319	1,407
Human Resource Benefit Fund	55	58	755	805

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 ended June 30, 2014 and fiscal year-to-date were \$528,164 and 7,449,814, 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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Table games privilege tax	\$ 185	\$ 338	\$ 2,607	\$ 2,859
Administrative Costs	<u>(24)</u>	<u>(43)</u>	<u>(335)</u>	<u>(368)</u>
Total Available for Distribution	161	295	2,272	2,491
Historic Resort Hotel Fund	135	247	1,900	2,083
Human Resource Benefit Fund	26	48	372	408

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL (continued)

Historic Resort Hotel Fund

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

- 1) Sixty-four percent (64%) is paid to the State of West Virginia General Revenue Fund;
- 2) Nineteen percent (19%) is paid to the State Debt Reduction Fund;
- 3) Three percent (3%) is paid to the State of West Virginia Tourism Promotion Fund;
- 4) Four percent (4%) is paid to the county where the gaming facility is located;
- 5) Two and one-half percent (2.5%) is paid to the municipality where the gaming facility is located as prescribed by statute;
- 6) Two and one-half percent (2.5%) is divided and paid in equal shares to the remaining municipalities in the county where the gaming facility is located;
- 7) Two and one-half percent (2.5%) is divided and paid in equal shares, to each county commission in the state where the gaming facility is not located;
- 8) Two and one-half percent (2.5%) is divided and paid in equal shares, to each municipality in the state not already receiving a distribution as described in item five (5) or item six (6) above.

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

	Current Month	Year-to-Date
Historic Resort Hotel Video Lottery	\$ 96	\$ 1,319
Historic Resort Table Games	135	1,900
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	231	3,219
Municipalities/ Counties	32	450
State General Revenue Fund	148	2,060
State Debt Reduction Fund	44	612
State Tourism Promotion Fund	7	97
Total Distributions	\$ 231	\$ 3,219

NOTE 10- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA

The Lottery periodically distributes surplus funds, exclusive of amounts incurred and derived from limited video lottery and a portion of racetrack video lottery funds, to the State of West Virginia in accordance with the legislation. For the year ending June 30, 2014 the State Legislature budgeted \$151,565,243 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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

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 June 30, 2014 the Lottery has accrued additional distributions of \$112,439,263. The Lottery is a non-appropriated state agency and therefore does not have a budget adopted by the Legislature. Since the enactment of the Racetrack Video Lottery Act, the Lottery is also statutorily required to distribute income from racetrack video lottery operations as described in Note 6. For the month ended June 30, 2014, the Lottery accrued additional distributions relating to racetrack video lottery, table games, and historic resort operations of \$510,464, \$1,765,456, and \$198,737, respectively.

Note 7 describes the Limited Video Lottery Act and the statutory distributions required to be made from limited video lottery operations. Note 8 describes the Table Games Act and the statutory distributions required to be made from table games operations. Note 9 describes the Historic Resort Hotel statutory distributions to be made from historic resort operations.

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

<u>BUDGETARY DISTRIBUTIONS</u>	<u>June 30, 2014</u>	<u>Year-to-Date</u>
<u>Revenue Center Construction Fund:</u>		
General Purpose Account	\$ -	\$ 724
<u>Administrative Operations Account:</u>		
General Purpose Account	\$ -	\$ 7,500
<u>State Lottery Fund:</u>		
Community and Technical College	\$ -	\$ 4,997
Bureau of Senior Services	-	94,837
Department of Education	-	27,451
Library Commission	-	11,467
Higher Education-Policy Commission	-	7,582
Tourism	-	8,922
Natural Resources	-	9,796
Division of Culture & History	-	5,228
Department of Education & Arts	-	1,813
Economic Development Authority	-	9,999
School Building Authority	-	17,995
Total State Lottery Fund	<u>\$ -</u>	<u>\$ 200,087</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ -	\$ 20,387
Higher Education Improvement Fund	-	15,000
General Purpose Account	-	65,000
Higher Education Improvement Fund	-	29,000
State Park Improvement Fund	-	5,000
School Building Authority	-	18,993
Refundable Credit	-	10,000
WV Racing Commission	-	2,000
WV Department of Health and Human Resources	-	96,544
WV Development Office	-	-
Excess Lottery Surplus	45,122	45,122
West Va. Infrastructure Council	-	46,000
Total State Excess Lottery Revenue Fund	\$ 45,122	\$ 353,046
Total Budgetary distributions:	\$ 45,122	\$ 561,357
Veterans Instant Ticket Fund	\$ 47	\$ 512

Other Racetrack Video Lottery distributions:

Tourism Promotion Fund 1.375%	\$ 713	\$ 7,578
Development Office Promotion Fund .375%	195	2,067
Research Challenge Fund .5%	260	2,756
Capitol Renovation & Improvement Fund .6875%	355	3,789
Parking Garage Fund .0625 %	32	344
Parking Garage Fund 1 %	-	500
Cultural Facilities & Cap. Resources Fund .5%	-	1,500
Capitol Dome & Cap. Improvements Fund .5%	518	3,511
Workers Compensation Debt Reduction Fund 7%	-	11,000
Total	\$ 2,073	\$ 33,045
Table Games State Debt Reduction Fund	\$ 2,250	\$ 24,702

Historic Resort Hotel distributions:

State General Revenue Fund	\$ 167	\$ 2,135
State Debt Reduction Fund	50	635
Tourism Promotion Fund	8	100
Total	\$ 225	\$ 2,870

Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 49,717	\$ 622,486
Accrued nonoperating distributions, beginning	(139,011)	(239,035)
Accrued nonoperating distributions, end	114,914	114,914
	\$ 25,620	\$ 498,365

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 11 – 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 June 30, 2014 and June 30, 2013 approximated \$267,083 and \$238,674 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 June 30, 2014 and June 30, 2013 approximated \$1,423,729 and \$1,454,394 respectively.

NOTE 12 – RESTRICTED NET POSITION

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 13 – COMMITMENTS

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

NOTE 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 are required to contribute 4.5% of their salary to the PERS. The Lottery is required to contribute 14.5% of covered employees' salaries to the PERS. The required employee and employer contribution percentages have been established and changed from time to time by action of the State Legislature. The required contributions are not actuarially determined; however, actuarial valuations are performed to assist the Legislature in determining appropriate contributions. The Lottery and employee contributions, for the month ending June 30, 2014 and fiscal year-to-date are as follows (in thousands):

	June 30, 2014	Year-to-Date
Lottery contributions	\$ 74	\$ 1,144
Employee contributions	27	332
Total contributions	\$ 101	\$ 1,476

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.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 15 - RISK MANAGEMENT (continued)

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

**SCHEDULE OF REVENUES AND NET REVENUES OF THE
 LOTTERY FUND AND EXCESS LOTTERY FUND
 FOR THE MONTH AND YEAR ENDED JUNE 30, 2014
 (In Thousands)**

	Current Month		FISCAL YEAR	
	<u>Actual</u>	<u>Projected</u>	<u>Actual</u>	<u>Projected</u>
Gross Revenues				
Instant games	9,024	8,750	105,562	105,000
On-line games	6,004	5,888	83,069	70,656
Racetrack video lottery	47,076	41,369	590,918	519,436
Limited video lottery	29,213	29,766	377,222	384,557
Total gross revenues	<u>91,317</u>	<u>85,773</u>	<u>1,156,771</u>	<u>1,079,649</u>
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,179	956	13,568	11,472
On-line games	1,750	1,618	23,915	19,416
Racetrack Video Lottery	6,566	5,282	126,132	106,094
Total Lottery Fund net revenues	<u>9,495</u>	<u>7,856</u>	<u>163,615</u>	<u>136,982</u>
Excess Lottery Fund				
Racetrack Video Lottery	10,955	10,360	77,472	68,125
Limited Video Lottery	13,768	14,002	179,952	180,897
Limited Video Lottery Fees	13	-	9,351	7,500
Total Excess Lottery Fund Net Revenues	<u>24,736</u>	<u>24,362</u>	<u>266,775</u>	<u>256,522</u>
Total Net Revenues	<u>34,231</u>	<u>32,218</u>	<u>430,390</u>	<u>393,504</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*

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: July 9, 2014

Re: Review of West Virginia Lottery Financial Information
As of May 31, 2014

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for May 31, 2014, 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 \$1.1 billion for July – May 31, 2014. Table games accounted for \$46.8 million of this total. Historic Resort Hotel video lottery and table games accounted for \$6.5 million of total gross receipts. Gross lottery revenue has decreased by 8.64% when compared with July – May of fiscal year 2012-2013. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July – May 2014 was \$490.4 million; for July – May of last fiscal year it was \$541.0 million. Expressed as a percentage, gross profit is 9.34% lower for fiscal year 2014 than for fiscal year 2013.

Lottery continued

Operating Transfers to the State of West Virginia:

A total of \$472,745,000.00 has been accrued to the state of West Virginia for fiscal year 2013-2014. 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:

<u>Revenue Center Construction Fund:</u>	
General Purpose Account	\$724,000
<u>Administrative Operations Account:</u>	
General Purpose Account	\$7,500,000

Bureau of Senior Services	\$94,837,000.00
Community and Technical College	\$4,997,000.00
Department of Education	\$27,451,000.00
Library Commission	\$11,467,000.00
Higher Education-Central Office	\$7,582,000.00
Tourism	\$8,922,000.00
Department of Natural Resources	\$9,796,000.00
Division of Culture and History	\$5,228,000.00
Economic Development Authority	\$9,999,000.00
Department of Education and Arts	\$1,813,000.00
School Building Authority	\$17,995,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$200,087,000.00

Excess Lottery Fund

Lottery continued

Economic Development Fund	\$20,387,000.00
Higher Education Improvement Fund	\$15,000,000.00
WV Infrastructure Council Fund	\$46,000,000.00
Higher Education Improvement Fund	\$29,000,000.00
Refundable Credit	\$10,000,000.00
General Purpose Fund	\$65,000,000.00
DHHR	\$96,544,000.00
State Park Improvement Fund	\$5,000,000.00
School Building Authority	\$18,993,000.00
Excess Lottery Surplus	0
WV Racing Commission	\$2,000,000.00
Total State Excess Lottery Revenue Fund	\$307,924,000.00

Historic Resort Hotel Distributions:

State General Revenue Fund	\$1,968,000.00
State Debt Reduction Fund	\$585,000.00
Tourism Promotion Fund	<u>\$92,000.00</u>
Total Historic Hotel	\$2,645,000.00

Veterans Instant Ticket Fund \$465,000.00

Table Games State Debt Reduction Fund \$ 22,453,000.00

RACETRACK VIDEO LOTTERY TRANSFERS:	
Tourism Promotion Fund 1.375%	\$6,865,000.00
Development Office Promo Fund	\$1,872,000.00
Research Challenge Fund .5%	\$2,496,000.00
Capitol Renovation and Improvement Fund .6875%	\$3,433,000.00

Lottery continued

Parking Garage Fund .0625%	\$312,000.00
Parking Garage Fund 1%	\$500,000.00
Cultural Facilities and Cap. Resources Fund .5%	\$1,500,000.00
Capitol Dome & Cap. Improvements Fund .5%	\$2,993,000.00
Workers Compensation Debt Reduction Fund 7%	\$11,000,000.00
SUBTOTAL VIDEO LOTTERY TRANSFERS:	\$30,971,000.00
TOTAL TRANSFERS	*\$572,769,000.00

* CASH BASIS

Total Accrued last FY 2013:	\$239,035,000.00
Total Cash Distributions FY 2014:	\$572,769,000.00
Applied to FY 2013:	\$239,035,000.00
Applied to FY 2014:	\$333,734,000.00
Accrued for FY 2014 as of May 31:	\$139,011,000.00



P.O. BOX 2067
CHARLESTON, WV 25327

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

Earl Ray Tomblin
Governor

John C. Musgrave
Director

MEMORANDUM

TO: Joint Committee on Government and Finance

FROM: John C. Musgrave, Director

A handwritten signature in black ink that reads "John C. Musgrave".

RE: Monthly Report on Lottery Operations
Month Ending May 31, 2014

DATE: June 16, 2014

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

Financial statements of the Lottery for the month ending May 31, 2014 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$106,240,892 for the month of May.

Transfers of lottery revenue totaling \$40,106,075 made for the month of May to the designated state agencies per Senate Bill 160, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (§29-22A-10), and the Racetrack Table Games Act (§29-22C-27). The amount transferred to each agency is shown in Note 10 on pages 18 and 19 of the attached financial statements.

The number of traditional and limited retailers active as of May 31, 2014 was 1,545 and 1,476 respectively.

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

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

JCM
Attachment

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

MEMORANDUM

TO: Joint Committee on Government and Finance

FROM: John C. Musgrave, Director

RE: Monthly Report on Lottery Operations
Month Ending May 31, 2014

DATE: June 16, 2014

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

Financial statements of the Lottery for the month ending May 31, 2014 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$106,240,892 for the month of May.

Transfers of lottery revenue totaling \$40,106,075 made for the month of May to the designated state agencies per Senate Bill 160, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (§29-22A-10), and the Racetrack Table Games Act (§29-22C-27). The amount transferred to each agency is shown in Note 10 on pages 18 and 19 of the attached financial statements.

The number of traditional and limited retailers active as of May 31, 2014 was 1,545 and 1,476 respectively.

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

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

JCM
Attachment

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



WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

May 31, 2014

WEST VIRGINIA LOTTERY

TABLE OF CONTENTS

	Page
STATEMENT OF NET POSITION.....	3
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION.....	4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6 – 23
SCHEDULE OF NET REVENUES.....	24

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

	May 31, 2014	June 30, 2013
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 167,341	\$ 273,418
Accounts receivable	34,648	35,999
Inventory	590	492
Other assets	1,954	2,123
Total Current Assets	<u>204,533</u>	<u>312,032</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	1,397	1,640
Capital assets	47,391	46,846
Less accumulated depreciation and amortization	<u>(8,472)</u>	<u>(6,626)</u>
Net Capital Assets	<u>38,919</u>	<u>40,220</u>
Total Noncurrent Assets	<u>40,316</u>	<u>41,860</u>
Total Assets	<u>\$ 244,849</u>	<u>\$ 353,892</u>
 LIABILITIES		
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 139,011	\$ 239,035
Estimated prize claims	14,980	14,144
Accounts payable	2,301	1,828
Other accrued liabilities	41,191	44,019
Total Current Liabilities	<u>197,483</u>	<u>299,026</u>
Total Liabilities	<u>\$ 197,483</u>	<u>299,026</u>
Net Position:		
Restricted by enabling legislation	\$ 1,397	1,640
Net Investment in capital assets	38,919	40,220
Unrestricted	7,050	13,006
Total Net Position	<u>47,366</u>	<u>54,866</u>
Total Net Position	<u>\$ 244,849</u>	<u>\$ 353,892</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 ELEVEN MONTH PERIOD ENDED MAY 31, 2014

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2014	2013	2014	2013
Lottery revenues				
On-line games	\$ 6,310	\$ 11,556	\$ 77,065	\$ 81,099
Instant games	8,544	8,823	96,537	100,909
Racetrack video lottery	53,490	57,241	543,843	602,126
Limited video lottery	32,605	34,374	348,010	368,232
Table games	4,709	5,240	46,770	65,326
Historic resort	581	660	6,539	6,917
	<u>106,239</u>	<u>117,894</u>	<u>1,118,764</u>	<u>1,224,609</u>
Less commissions				
On-line games	440	805	5,391	5,688
Instant games	598	617	6,758	7,063
Racetrack video lottery	29,306	31,361	310,225	341,972
Limited video lottery	15,976	16,843	170,525	180,434
Table games	2,055	2,288	20,419	28,521
Historic resort	289	331	3,205	3,408
	<u>48,664</u>	<u>52,245</u>	<u>516,523</u>	<u>567,086</u>
Less on-line prizes	3,584	5,613	39,107	40,066
Less instant prizes	5,631	5,848	63,709	67,002
Less ticket costs	113	183	1,553	1,693
Less vendor fees and costs	709	810	7,426	7,768
	<u>10,037</u>	<u>12,454</u>	<u>111,795</u>	<u>116,529</u>
Gross profit	<u>47,538</u>	<u>53,195</u>	<u>490,446</u>	<u>540,994</u>
Administrative expenses				
Advertising and promotions	859	552	5,527	4,398
Wages and related benefits	885	887	9,873	10,068
Telecommunications	53	68	694	921
Contractual and professional	365	491	4,448	4,162
Rental	11	30	247	217
Depreciation and amortization	173	173	1,846	1,923
Other administrative expenses	180	116	1,222	1,319
	<u>2,526</u>	<u>2,317</u>	<u>23,857</u>	<u>23,008</u>
Other Operating Income	<u>3,433</u>	<u>4,706</u>	<u>11,224</u>	<u>11,352</u>
Operating Income	<u>48,445</u>	<u>55,584</u>	<u>477,813</u>	<u>529,338</u>
Nonoperating income (expense)				
Investment income	85	19	428	234
Distributions to municipalities and counties	(639)	(674)	(6,821)	(7,217)
Distributions -capital reinvestment	(1,188)	(1,273)	(6,175)	(7,510)
Distributions to the State of West Virginia	(46,703)	(53,656)	(472,745)	(514,845)
	<u>(48,445)</u>	<u>(55,584)</u>	<u>(485,313)</u>	<u>(529,338)</u>
Net income	<u>-</u>	<u>-</u>	<u>(7,500)</u>	<u>-</u>
Net position, beginning of period	<u>47,366</u>	<u>51,975</u>	<u>54,866</u>	<u>51,975</u>
Net position, end of period	<u>\$ 47,366</u>	<u>\$ 51,975</u>	<u>\$ 47,366</u>	<u>\$ 51,975</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE ELEVEN MONTH PERIOD ENDED MAY 31, 2014

(In Thousands)

-Unaudited-

	2014	2013
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 1,131,339	\$ 1,239,527
Cash payments for:		
Personnel costs	(9,754)	(9,965)
Suppliers	(11,327)	(11,854)
Other operating costs	(622,383)	(676,192)
Cash provided by operating activities	<u>487,875</u>	<u>541,516</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(572,769)	(485,982)
Distributions to municipalities and counties	(6,789)	(7,180)
Distributions to racetrack from racetrack cap. reinv. fund	(14,391)	(14,978)
Cash used in noncapital financing activities	<u>(593,949)</u>	<u>(508,140)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(545)</u>	<u>(30)</u>
Cash flows from investing activities:		
Investment earnings received	<u>299</u>	<u>234</u>
Cash provided by investing activities	<u>299</u>	<u>234</u>
Increase (decrease) in cash and cash equivalents	(106,320)	33,580
Cash and cash equivalents - beginning of period	<u>275,058</u>	<u>243,911</u>
Cash and cash equivalents - end of period	<u>\$ 168,738</u>	<u>\$ 277,491</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 477,813	\$ 529,338
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	1,846	1,923
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	1,351	3,566
(Increase) decrease in inventory	(98)	(17)
(Increase) decrease in other assets	298	291
Increase (decrease) in estimated prize claims	836	987
Increase (decrease) in accounts payable	473	(1,456)
Increase (decrease) in other accrued liabilities	5,356	6,884
Cash provided by operating activities	<u>\$ 487,875</u>	<u>\$ 541,516</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 1 - LEGISLATIVE ENACTMENT

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

COMPENSATED ABSENCES – The Lottery has accrued \$555,325 and \$566,986 of at June 30, 2013 and 2012, 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 May 31, 2014 the carrying amounts of deposits (overdraft) with financial institutions were \$473 thousand with a bank balance (overdraft) of \$1,215 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):

	May 31, 2014	June 30, 2013
Deposits with financial institutions	\$ 473	\$ 1,411
Cash on hand at the Treasurer's Office	22,233	53,718
Investments with BTI reported as cash equivalents	146,032	219,929
	\$ 168,738	\$ 275,058

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 May 31, 2014 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2013	Additions	Deletions	Historical Cost At May 31, 2014
Construction in Progress	\$ 549	\$ 243	\$ -	\$ 792
Buildings	38,084	-	-	38,084
Land	1,434	-	-	1,434
Improvements	260	-	-	260
Equipment	6,519	302	-	6,821
	<u>\$ 46,846</u>	<u>\$ 545</u>	<u>\$ -</u>	<u>\$ 47,391</u>

Accumulated Depreciation:

	Historical Cost At June 30, 2013	Additions	Deletions	Historical Cost At May 31, 2014
Buildings	\$ 1,189	\$ 873	\$ -	\$ 2,062
Improvements	260	-	-	260
Equipment	5,177	973	-	6,150
	<u>\$ 6,626</u>	<u>\$ 1,846</u>	<u>\$ -</u>	<u>\$ 8,472</u>

NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY

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

Each MUSL member sells game tickets through its agents and makes weekly wire transfers to the MUSL in an amount equivalent to the total prize pool less the amount of prizes won in each state. Lesser prizes are paid directly to the winners by each member lottery. The prize pool for POWERBALL®, HOT LOTTO® and MEGA MILLIONS® is 50% of each drawing period's sales, with minimum jackpot levels. The Lottery's revenues and expenses from MUSL games participation for the month ended May 31, 2014 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	\$ 2,737,010	\$ 36,550,337
Hot Lotto	520,814	4,825,644
Mega Millions	<u>1,030,171</u>	<u>14,121,142</u>
Total	\$ 4,287,995	\$ 55,497,123

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,368,590	\$ 18,276,921
Hot Lotto	260,448	2,413,026
Mega Millions	<u>515,229</u>	<u>7,172,094</u>
Total	\$ 2,144,267	\$ 27,862,041

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

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

At May 31, 2014, the Lotteries share of the prize reserve fund balances were as follows:

Game	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 111,576,452	\$ 1,887,126
Hot Lotto	7,334,679	536,889
Mega Millions	<u>35,673,420</u>	<u>582,739</u>
Total	<u>\$ 154,584,551</u>	<u>\$ 3,006,754</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

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

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of \$15,985,863 at May 31, 2014, of which the Lottery's share was \$1,600,136.

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. Initially, four percent (4%) of gross terminal revenue is allocated for lottery administrative costs. Sixty-six percent (66%) of net terminal revenue (gross less 4%) is allocated in lieu of commissions to: the racetracks (47%); other private entities associated with the racing industry (17%); and the local county and municipal governments (2%). The remaining revenues (34%) 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, 55% of net terminal revenue is allocated in lieu of commissions to: the racetracks (42%); other private entities associated with the racing industry (11%); and the local county and incorporated municipality governments (2%). The remaining net terminal revenue (45%) is allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 10. Amounts from the capital reinvestment fund may be distributed to each racetrack if qualifying expenditures are made within the statutory timeframe; otherwise amounts accumulated in the fund revert to the state excess lottery revenue fund.

The WV Lottery, along with the Ohio, Rhode Island, and Delaware lotteries, participate in Multi-Jurisdictional Wide Area Progressive (MWAP) video games. This allows each of the lotteries to offer a higher progressive jackpot than they could generate alone. MUSL manages the progressive games and charges each participant a MWAP contribution fee of .74% of the amount wagered. A summary of racetrack video lottery revenues for the month ended May 31, 2014 and fiscal year-to-date follows (in thousands):

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

NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

	Current Month		Year-to-Date	
	2014	2013	2014	2013
Total credits played	\$ 589,396	\$ 632,193	\$ 6,042,783	\$ 6,702,850
Credits (prizes) won	(528,056)	(567,101)	(5,420,345)	(6,017,693)
Promotional credits played	(7,817)	(7,819)	(78,303)	(82,674)
MWAP Contributions	(33)	(32)	(292)	(357)
Gross terminal income	53,490	57,241	543,843	602,126
Administrative costs	(981)	(1,020)	(15,689)	(16,682)
Net Terminal Income	52,509	56,221	528,154	585,444
Less distribution to agents	(29,306)	(31,361)	(310,225)	(341,972)
Racetrack video lottery revenues	<u>\$ 23,203</u>	<u>\$ 24,860</u>	<u>\$ 217,929</u>	<u>\$ 243,472</u>

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

	May 31, 2014	Year-to-Date
State Lottery Fund	\$ 7,066	\$ 114,165
State Excess Lottery Revenue Fund	13,027	66,502
Capital Reinvestment Fund	1,167	5,945
Tourism Promotion Fund 1.375%	668	6,984
Development Office Promotion Fund .375 %	182	1,905
Research Challenge Fund .5 %	243	2,540
Capitol Renovation & Improvement Fund .6875 %	334	3,492
Parking Garage Fund .0625 %	30	317
Parking Garage Fund 1 %	-	500
Cultural Facilities & Capitol Resources Fund .5 %	-	1,500
Capitol Dome & Capitol Improvements Fund .5 %	486	3,079
Worker's Compensation Debt Reduction Fund 7 %	-	11,000
Total nonoperating distributions	<u>\$ 23,203</u>	<u>\$ 217,929</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 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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 7 - LIMITED VIDEO LOTTERY (continued)

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 May 31, 2014 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2014	2013	2014	2013
Total credits played	\$ 387,682	\$ 404,793	\$ 4,134,244	\$ 4,359,688
Credits (prizes) won	(355,077)	(370,419)	(3,786,234)	(3,991,456)
Gross terminal income	\$ 32,605	\$ 34,374	\$ 348,010	\$ 368,232
Administrative costs	(652)	(688)	(6,960)	(7,365)
Gross Profit	31,953	33,686	341,050	360,867
Commissions	(15,976)	(16,843)	(170,525)	(180,434)
Municipalities and Counties	(639)	(674)	(6,821)	(7,217)
Limited video lottery revenues	<u>\$ 15,338</u>	<u>\$ 16,169</u>	<u>\$ 163,704</u>	<u>\$ 173,216</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 and one-half percent of adjusted gross receipts from all thoroughbred racetracks with West Virginia Lottery table games to the special funds established by each thoroughbred racetrack table games licensee for the payment of regular racetrack purses to be divided equally among each licensee and transfer two and one-half percent of adjusted gross receipts from all greyhound racetracks with West Virginia Lottery table games to the special funds established by each greyhound racetrack table games licensee for the payment of regular racetrack purses to be divided equally among each licensee. Transfer two percent of the adjusted gross receipts from all licensed racetracks to the Thoroughbred Development Fund and the Greyhound Breeding Development Fund to be divided pro rata among the development funds. Transfer one 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 to be divided pro rata among the counties. Transfer two 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 Debt Reduction Fund.

The cash transferred to the State Debt Reduction 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 ended May 31, 2014 and fiscal year-to-date were \$13,455,441 and \$133,627,850, 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	
	2014	2013	2014	2013
Table Games Privilege Tax	\$ 4,709	\$ 5,240	\$ 46,770	\$ 65,326
Interest on Table Games Fund	-	-	3	5
Administrative costs	(404)	(449)	(4,009)	(5,599)
Total Available for Distribution	<u>4,305</u>	<u>4,791</u>	<u>42,764</u>	<u>59,732</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	336	375	3,341	4,666
Thoroughbred & Greyhound Development Funds	269	299	2,672	3,733
Racing Association Pension Plan	118	132	1,176	1,643
Municipalities/ Counties	1,332	1,482	13,230	18,479
Total Distributions	<u>2,055</u>	<u>2,288</u>	<u>20,419</u>	<u>28,521</u>
State Debt Reduction Fund	<u>\$ 2,250</u>	<u>\$ 2,503</u>	<u>\$ 22,345</u>	<u>\$ 31,211</u>

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.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL (continued)

The WV Lottery, along with the Ohio, Rhode Island, and Delaware lotteries, participate in Multi-Jurisdictional Wide Area Progressive (MWAP) video games. This allows each of the lotteries to offer a higher progressive jackpot than they could generate alone. MUSL manages the progressive games and charges each participant a MWAP contribution fee of .75% of the amount wagered. A summary of historic resort hotel video lottery revenues for the month ended May 31, 2014 and fiscal year-to-date follows (in thousands):

	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Total credits played	\$ 5,252	\$ 4,930	\$ 59,082	\$ 58,835
Credits (prizes) won	(4,791)	(4,451)	(54,021)	(53,803)
Promotional credits played	(84)	(45)	(942)	(627)
MWAP Contributions	-	-	(3)	(9)
Gross terminal income	<u>377</u>	<u>434</u>	<u>4,116</u>	<u>4,396</u>
Capital reinvestment	(18)	(20)	(193)	(207)
Modernization Fund	(3)	(4)	(37)	(39)
Administrative costs	(20)	(23)	(222)	(237)
Hotel commissions	<u>(159)</u>	<u>(184)</u>	<u>(1,741)</u>	<u>(1,859)</u>
Net terminal income	177	203	1,923	2,054
Historic Resort Hotel Fund	113	130	1,223	1,307
Human Resource Benefit Fund	64	73	700	747

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 ended May 31, 2014 and fiscal year-to-date were \$585,787 and \$6,921,650, 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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Table games privilege tax	\$ 204	\$ 226	\$ 2,423	\$ 2,521
Administrative Costs	<u>(26)</u>	<u>(29)</u>	<u>(312)</u>	<u>(324)</u>
Total Available for Distribution	178	197	2,111	2,197
Historic Resort Hotel Fund	149	165	1,765	1,837
Human Resource Benefit Fund	29	32	346	360

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL (continued)

Historic Resort Hotel Fund

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

- 1) Sixty-four percent (64%) is paid to the State of West Virginia General Revenue Fund;
- 2) Nineteen percent (19%) is paid to the State Debt Reduction Fund;
- 3) Three percent (3%) is paid to the State of West Virginia Tourism Promotion Fund;
- 4) Four percent (4%) is paid to the county where the gaming facility is located;
- 5) Two and one-half percent (2.5%) is paid to the municipality where the gaming facility is located as prescribed by statute;
- 6) Two and one-half percent (2.5%) is divided and paid in equal shares to the remaining municipalities in the county where the gaming facility is located;
- 7) Two and one-half percent (2.5%) is divided and paid in equal shares, to each county commission in the state where the gaming facility is not located;
- 8) Two and one-half percent (2.5%) is divided and paid in equal shares, to each municipality in the state not already receiving a distribution as described in item five (5) or item six (6) above.

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

	Current Month	Year-to-Date
Historic Resort Hotel Video Lottery	\$ 113	\$ 1,223
Historic Resort Table Games	149	1,765
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	262	2,988
Municipalities/ Counties	37	418
State General Revenue Fund	167	1,912
State Debt Reduction Fund	50	568
State Tourism Promotion Fund	8	90
Total Distributions	\$ 262	\$ 2,988

NOTE 10- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA

The Lottery periodically distributes surplus funds, exclusive of amounts incurred and derived from limited video lottery and a portion of racetrack video lottery funds, to the State of West Virginia in accordance with the legislation. For the year ending June 30, 2014 the State Legislature budgeted \$151,565,243 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

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

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

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 May 31, 2014 the Lottery has accrued additional distributions of \$135,666,709. The Lottery is a non-appropriated state agency and therefore does not have a budget adopted by the Legislature. Since the enactment of the Racetrack Video Lottery Act, the Lottery is also statutorily required to distribute income from racetrack video lottery operations as described in Note 6. For the month ended May 31, 2014, the Lottery accrued additional distributions relating to racetrack video lottery, table games, and historic resort operations of \$869,791, \$2,250,008, and \$224,673, respectively.

Note 7 describes the Limited Video Lottery Act and the statutory distributions required to be made from limited video lottery operations. Note 8 describes the Table Games Act and the statutory distributions required to be made from table games operations. Note 9 describes the Historic Resort Hotel statutory distributions to be made from historic resort operations.

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

<u>BUDGETARY DISTRIBUTIONS</u>	<u>May 31, 2014</u>	<u>Year-to-Date</u>
<u>Revenue Center Construction Fund:</u>		
General Purpose Account	\$ -	\$ 724
<u>Administrative Operations Account:</u>		
General Purpose Account	\$ -	\$ 7,500
<u>State Lottery Fund:</u>		
Community and Technical College	\$ -	\$ 4,997
Bureau of Senior Services	-	94,837
Department of Education	-	27,451
Library Commission	-	11,467
Higher Education-Policy Commission	-	7,582
Tourism	-	8,922
Natural Resources	-	9,796
Division of Culture & History	-	5,228
Department of Education & Arts	-	1,813
Economic Development Authority	-	9,999
School Building Authority	-	17,995
Total State Lottery Fund	<u>\$ -</u>	<u>\$ 200,087</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 1,400	\$ 20,387
Higher Education Improvement Fund		15,000
General Purpose Account		65,000
Higher Education Improvement Fund		29,000
State Park Improvement Fund	3,179	5,000
School Building Authority		18,993
Refundable Credit	476	10,000
WV Racing Commission	2,000	2,000
WV Department of Health and Human Resources		96,544
WV Development Office		-
Excess Lottery Surplus		-
West Va. Infrastructure Council	29,244	46,000
Total State Excess Lottery Revenue Fund	\$ 36,299	\$ 307,924
Total Budgetary distributions:	\$ 36,299	\$ 516,235
Veterans Instant Ticket Fund	\$ 109	\$ 465

Other Racetrack Video Lottery distributions:

Tourism Promotion Fund 1.375%	\$ 580	\$ 6,865
Development Office Promotion Fund .375%	158	1,872
Research Challenge Fund .5%	210	2,496
Capitol Renovation & Improvement Fund .6875%	290	3,433
Parking Garage Fund .0625 %	26	312
Parking Garage Fund 1 %	-	500
Cultural Facilities & Cap. Resources Fund .5%	-	1,500
Capitol Dome & Cap. Improvements Fund .5%	422	2,993
Workers Compensation Debt Reduction Fund 7%	-	11,000
Total	\$ 1,686	\$ 30,971
Table Games State Debt Reduction Fund	\$ 1,814	\$ 22,453

Historic Resort Hotel distributions:

State General Revenue Fund	\$ 148	\$ 1,968
State Debt Reduction Fund	44	585
Tourism Promotion Fund	7	92
Total	\$ 199	\$ 2,645

Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 40,107	\$ 572,769
Accrued nonoperating distributions, beginning	(132,415)	(239,035)
Accrued nonoperating distributions, end	139,011	139,011
	\$ 46,703	\$ 472,745

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 11 – 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 May 31, 2014 and May 31, 2013 approximated \$247,266 and \$217,218 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 May 31, 2014 and May 31, 2013 approximated \$1,297,377 and \$1,285,858 respectively.

Future rental receipts (in thousands) are as follows:

Year Ended June 30	Rental Receipts
2014	77
2015	232
Total	\$ 309

NOTE 12 – RESTRICTED NET POSITION

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

	June 30, 2013	June 30, 2012
Beginning balance	\$ 1,690	\$ 2,039
Additions		
Legislative Appropriations		9,645
Deductions		
Asset acquisition	(50)	(9,994)
Surplus of excess funds		
Ending balance	\$ 1,640	\$ 1,690

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

NOTE 13 – COMMITMENTS

For the years ended June 30, 2013 and 2012 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. As of June 30, 2013 and 2012, \$2,003,028 and \$3,193,044, 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 are required to contribute 4.5% of their salary to the PERS. The Lottery is required to contribute 14.5% of covered employees' salaries to the PERS. The required employee and employer contribution percentages have been established and changed from time to time by action of the State Legislature. The required contributions are not actuarially determined; however, actuarial valuations are performed to assist the Legislature in determining appropriate contributions. The Lottery and employee contributions, for the month ending May 31, 2014 and fiscal year-to-date are as follows (in thousands):

	May 31, 2014	Year-to-Date
Lottery contributions	\$ 91	\$ 1,070
Employee contributions	28	305
Total contributions	\$ 119	\$ 1,375

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.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 15 - RISK MANAGEMENT (continued)

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 \$257 and \$961 per employee per month for the years ending June 30, 2013 and 2012 respectively. Through June 30, 2013 and 2012, the Lottery has paid premiums of \$332,615 and \$317,694. As of June 30, 2013 and 2012, the Lottery has recorded a liability of \$4,188,445 and \$4,075,581 on its balance sheet for OPEB.

**SCHEDULE OF REVENUES AND NET REVENUES OF THE
 LOTTERY FUND AND EXCESS LOTTERY FUND
 FOR THE MONTH ENDED MAY 31, 2014
 (In Thousands)**

	Current Month		FISCAL YEAR	
	<u>Actual</u>	<u>Projected</u>	<u>Actual</u>	<u>Projected</u>
Gross Revenues				
Instant games	8,544	8,750	96,537	96,250
On-line games	6,311	5,888	77,064	64,768
Racetrack video lottery	53,490	46,394	543,843	478,067
Limited video lottery	32,605	31,722	348,010	354,791
Total gross revenues	100,950	92,754	1,065,454	993,876
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,077	956	12,118	10,516
On-line games	1,408	1,618	21,827	17,798
Racetrack Video Lottery	7,069	5,816	114,222	100,812
Total Lottery Fund net revenues	9,554	8,390	148,167	129,126
Excess Lottery Fund				
Racetrack Video Lottery	13,031	11,787	66,528	57,765
Limited Video Lottery	15,414	14,922	168,839	166,895
Limited Video Lottery Fees	3,253	4,193	9,337	7,500
Total Excess Lottery Fund Net Revenues	31,698	30,902	244,704	232,160
Total Net Revenues	41,252	39,292	392,871	361,286

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: July 8, 2014

Re: Status of General Revenue Fund and State Road Fund as of
June 30, 2014 (FY 14)

We have reviewed the cash flow of the West Virginia general revenue fund as of June 30, 2014 which is the end of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 99.28% of the estimate for the fiscal year. Total collections were \$ 29.9 million below the estimate for the fiscal year.

Personal Income Tax collections were \$ 102.7 million below the estimate for the fiscal year.

Consumer sales and use tax collections were \$ 30.9 million below the estimate for the year.

Severance Tax was \$ 57.4 million above the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$26.3 million below the estimate for the fiscal year.

State Road Fund

The state road fund collections were 104.97% of the estimate for the fiscal year. Total collections were \$34.8 million above the estimate for the fiscal year.

Rainy Day and Personal Income Tax Reserve

Revenue Shortfall Reserve Fund A (Rainy Day Fund) had a cash balance of \$576,905,662.48 as of June 30, 2014.

Balance July 1, 2013	557,992,969.15
Cash flow loan to General Revenue on July 1, 2013. To be repaid 90 days. This is a normal occurrence in July due to cash flow demands. Paid back September 2013.	- 62,000,000.00 +62,000,000.00
Earnings	10,162,053.09
Surplus transfer Apr 2014	3,000,000.00
Surplus transfer FY 2013	5,750,640.24
Balance June 30, 2014	576,905,662.48

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 378,984,822.70 as of June 30, 2014.

Balance July 1, 2013	356,472,701.67
Earnings	22,512,121.03
Balance April 30, 2014	378,984,822.70

The Special Income Tax Reserve Fund had a zero cash balance as of June 30, 2014.

Balance July 1, 2013	-0-
Revenues	-0-
Balance April 30, 2014	-0-

GENERAL REVENUE FUND FY 2013-2014

By Source and by Month

Monthly Revenue Estimates
as of June 30, 2014 WVFIMS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	FINAL MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	FINAL YEARLY COLLECTIONS OVER ESTIMATES
Personal Income Tax	163,000,000	151,775,564	-11,224,436	1,766,750,000	1,664,066,171	-102,683,829
Consumer Sales Tax & Use Tax	93,400,000	100,887,847	7,487,847	1,204,000,000	1,173,096,511	-30,903,489
Severance Tax	30,400,000	81,507,898	51,107,898	431,300,000	488,685,518	57,385,518
Corp Income /Business Franchise	49,700,000	32,370,330	-17,329,670	229,800,000	203,508,473	-26,291,527
Insurance Tax	1,100,000	162,376	-937,624	116,000,000	115,763,259	-236,741
Tobacco Products Tax	10,600,000	7,164,081	-3,435,919	108,100,000	101,779,766	-6,320,234
Business and Occupation	10,000,000	11,116,226	1,116,226	106,600,000	120,142,546	13,542,546
Liquor Profit Transfers	2,100,000	2,641,325	541,325	15,400,000	15,155,048	-244,952
Departmental Collections	1,170,000	1,111,558	-58,442	16,500,000	17,510,584	1,010,584
Property Transfer Tax	858,000	703,436	-154,564	10,300,000	10,391,897	91,897
Property Tax	101,000	94,454	-6,546	6,300,000	6,651,832	351,832
Beer Tax and Licenses	1,047,000	1,423,218	376,218	8,400,000	8,301,702	-98,298
Miscellaneous Transfers	0	21,747	21,747	2,500,000	767,346	-1,732,654
Interest Income	500,000	13,413	-486,587	6,000,000	1,218,745	-4,781,256
Senior Tax Credit Reimbur Lot	0	0	0	10,000,000	10,000,000	0
HB 102 - Lottery Transfers	27,600,000	27,600,000	0	92,600,000	92,600,000	0
Miscellaneous Receipts	201,000	457,637	256,637	4,400,000	30,013,360	25,613,360
Business Fran Registration Fees	53,000	66,067	13,067	600,000	697,842	97,842
Liquor License Renewal	21,000	21,054	54	451,000	451,328	328
Special Revenue Transfer	0	0	0	0	44,707,000	44,707,000
Charter Tax	0	3,237	3,237	0	227,757	227,757
Telecommunications Tax	0	0	0	0	-260,588	-260,588
Video Lottery Transfers	0	140,775	140,775	0	628,508	628,508
Racing Fees	0	0	0	0	0	0
Estate and Inheritance Tax	0	0	0	0	0	0
Cash Flow Transfer	0	0	0	0	0	0
TOTALS	391,851,000	419,282,245	27,431,245	4,136,001,000	4,106,104,604	-29,896,397
Minus Cash Flow Transfer		0			0	
Percent of Estimates		107.00%			99.28%	
TOTALS	391,851,000	419,282,245	27,431,245	4,136,001,000	4,106,104,604	-29,896,397
Percent of Estimates		107.00%			99.28%	
Collections this day		1,740,842				

Prepared by Legislative Auditor's Office, Budget Division

**STATE ROAD FUND FY 2013-2014
By Source and by Month
Monthly Revenue Estimates
as of June 30, 2014 WVFIMS**

	MONTH ESTIMATES	NET MONTH COLLECTIONS	FINAL MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	FINAL YEARLY COLLECTIONS OVER ESTIMATES
Gasoline & Motor Carrier Rd Tax	51,500,000	53,951,327	2,451,327	430,000,000	441,095,445	11,095,445
Privilege Tax	15,150,000	17,056,552	1,906,552	175,464,000	194,462,501	18,998,501
Licenses & Registration	15,822,000	17,696,270	1,874,270	92,741,000	97,328,740	4,587,740
Highway Litter Control	297,000	280,673	-16,327	1,740,000	1,830,316	90,316
TOTALS	82,769,000	88,984,822	6,215,822	699,945,000	734,717,001	34,772,001

Percent of Estimates

107.51%

104.97%

Collections this day

20,805,015

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of JUNE 01, 2014 : \$569,466,879.49

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of JUNE 01, 2014: \$373,449,493.26

PERSONAL INCOME TAX REFUND RESERVE FUND as of JUNE 01, 2014: \$0

Prepared by Legislative Auditor's Office, Budget Division

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

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

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

Date: July 9, 2014

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the June 30, 2014 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of June 30, 2014 of fiscal year 2013-2014, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2013	\$ 119,511,755.93
Receipts July 1, 2013 thru June 30, 2014	\$ 273,928,630.98
Disbursements July 1, 2013 thru June 30, 2014	\$ 281,670,018.49
Balance June 30, 2014	\$ 111,770,068.42

ITEMS OF NOTE:

Regular benefits paid for July 2013 - June 2014 were \$ 19.2 million less than July 2012 - June 2013.

Federal emergency benefits totaled \$ 44.1 million for July 2013 - June 2014. For July 2012 - June 2013, federal emergency benefits totaled \$ 121.1 million.

Total disbursements were \$ 97 million less in July 2013 - June 2014 than the preceding July 2012 - June 2013.

Receipts as of June 2014 were \$ 83.5 million less than in July 2012 - June 2013. Overall ending trust fund balance was \$ 7.7 million lower on June 30, 2014 than on June 30, 2013.

Seasonally adjusted unemployment rates for May 2014 were 6.3 percent for West Virginia and 6.3 percent nationally.

Since May 2013 employment has increased by 23,900. Employment declines were as follows: 2,200 in construction and 400 in trade, transportation, and utilities. Employment gains were as follows: 16,300 in government; 3,700 in professional and business services; 2,000 in leisure and hospitality; 1,600 in financial activities; 1,300 in educational and health services; 1,000 in mining and logging; 300 in other services; 200 in information and 100 in manufacturing.

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

	APRIL 2013	MAY 2013	JUNE 2013	APRIL 2014	MAY 2014	JUNE 2014	THREE MONTH TOTAL VARIANCE *
Balance Forward	<u>\$61,846,295.84</u>	<u>\$81,929,612.72</u>	<u>\$138,559,021.60</u>	<u>\$55,471,964.75</u>	<u>\$68,590,798.96</u>	<u>\$129,789,545.81</u>	<u>(\$28,482,620.64)</u>
Add Receipts:							
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions:	\$39,896,913.54	\$72,393,236.83	\$1,219,017.47	\$31,941,907.70	\$75,821,665.47	\$2,299,241.93	(\$3,446,352.74)
3. Federal Emergency Benefits (EUC08)	\$11,556,624.98	\$9,311,282.72	\$8,703,564.76	\$3,488.98	\$2,792.98	(\$554,373.00)	(\$30,119,563.50)
4. Federal Share Extended Benefits (EB)	\$0.00	\$25.00	\$424.00	\$0.00	\$0.00	\$0.00	(\$449.00)
5. Temp Federal Additional Comp (FAC)	\$0.00	\$63.96	\$187.98	\$0.00	\$0.00	\$0.00	(\$251.94)
6. UCFE (Federal Agencies)	\$108,666.79	\$113,301.40	\$124,806.13	\$121,557.73	\$76,525.11	\$106,601.45	(\$42,090.03)
7. Special Administrative Transfer	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8. Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9. UC Modernization Incentive	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10. Treasury Interest Credits	\$0.00	\$0.00	\$681,562.51	\$0.00	\$0.00	\$595,487.41	(\$86,075.10)
11. UCX (Military Agencies)	\$378,613.39	\$299,632.93	\$251,903.25	\$189,278.68	\$177,212.94	\$148,503.24	(\$415,154.71)
12. WV Insurance Committee-Senate Bill 246	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
13. CMIA Receipts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Receipts	<u>\$51,940,818.70</u>	<u>\$82,117,542.84</u>	<u>\$10,981,466.10</u>	<u>\$32,256,233.09</u>	<u>\$76,078,196.50</u>	<u>\$2,595,461.03</u>	<u>(\$34,109,937.02)</u>
Less Disbursements:							
Debt Bond Repayment							
Regular Benefits:							
Federal Emergency Benefits (EUC08)	\$21,098,750.52	\$15,621,657.67	\$19,573,056.00	\$18,904,064.17	\$14,612,813.00	\$19,407,328.76	(Retired) (\$3,369,258.26)
Federal Share Extended Benefits (EB)	\$10,281,105.01	\$9,215,311.79	\$9,907,130.36	(\$58,945.55)	(\$83,183.77)	(\$35,910.18)	(\$29,581,586.66)
Emergency Benefits (TEUC)	(\$1,574.00)	(\$3,308.00)	(\$594.00)	(\$448.00)	(\$3,016.00)	(\$4,486.00)	(\$2,474.00)
Temp Federal Additional Comp (FAC)	(\$396.00)	(\$130.00)	(\$30.00)	\$0.00	\$0.00	\$0.00	\$556.00
UCFE (Federal Workers) Benefits	(\$33.00)	\$63.96	\$187.98	\$0.00	\$27.99	\$0.00	(\$400.95)
UCX (Military Workers) Benefits	\$98,813.26	\$112,099.84	\$142,242.14	\$104,956.20	\$85,444.56	\$117,131.56	(\$45,622.92)
Reed Act Funds	\$353,064.95	\$294,458.53	\$282,285.86	\$187,982.06	\$167,363.87	\$152,125.52	(\$422,337.89)
Special Administrative Transfer**	\$0.00	\$141,000.00	\$40,000.00	\$0.00	\$100,000.00	\$978,448.76	\$897,448.76
	\$27,771.08	\$106,980.17	\$84,453.43	\$0.00	\$0.00	\$0.00	(\$219,204.66)
Total Monthly Disbursements	<u>\$31,857,501.82</u>	<u>\$25,488,133.96</u>	<u>\$30,028,731.77</u>	<u>\$19,137,398.88</u>	<u>\$14,879,449.65</u>	<u>\$20,614,638.42</u>	<u>(\$32,742,880.60)</u>
Trust Fund Balance	<u>\$81,929,612.72</u>	<u>\$138,559,021.60</u>	<u>\$119,511,755.93</u>	<u>\$68,590,798.96</u>	<u>\$129,789,545.81</u>	<u>\$111,770,368.42</u>	<u>(\$29,849,677.06)</u>

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

UC TRUST FUND PROJECTIONS - 2014

August 5, 2014

Month	Revenues	Benefits	Trust Fund Balance
2013			
Balance 1-1/2013			\$ 107,165,000
January	\$ 11,962,000	\$ 26,122,000	\$ 93,005,000
February	\$ 14,658,000	\$ 22,521,000	\$ 85,142,000
March	\$ 854,000	\$ 24,150,000	\$ 61,846,000
April	\$ 41,181,000	\$ 21,098,000	\$ 81,929,000
May	\$ 72,251,000	\$ 15,621,000	\$ 138,559,000
June	\$ 1,900,000	\$ 20,948,000	\$ 119,511,000
July	\$ 22,957,000	\$ 17,341,000	\$ 125,127,000
August	\$ 26,968,000	\$ 16,606,000	\$ 135,489,000
September	\$ 2,329,000	\$ 16,039,000	\$ 121,779,000
October	\$ 14,853,000	\$ 14,764,000	\$ 121,868,000
November	\$ 17,441,000	\$ 15,129,000	\$ 124,180,000
December	\$ 1,932,000	\$ 23,947,000	\$ 102,165,000
Totals - 2013	\$ 229,286,000	\$ 234,286,000	\$ 102,165,000

2014			
January	\$ 11,870,000	\$ 25,508,000	\$ 88,527,000
February	\$ 13,435,000	\$ 23,548,000	\$ 78,414,000
March	\$ 1,966,000	\$ 24,909,000	\$ 55,471,000
April	\$ 32,023,000	\$ 18,904,000	\$ 68,590,000
May	\$ 75,811,000	\$ 14,612,000	\$ 129,789,000
June	\$ 2,894,000	\$ 20,913,000	\$ 111,770,000
July	\$ 23,263,000	\$ 16,926,000	\$ 118,107,000
August	\$ 26,968,000	\$ 16,606,000	\$ 128,469,000
September	\$ 2,288,000	\$ 16,319,000	\$ 114,438,000
October	\$ 15,118,000	\$ 14,505,000	\$ 115,051,000
November	\$ 17,135,000	\$ 15,399,000	\$ 116,787,000
December	\$ 1,803,000	\$ 25,656,000	\$ 92,934,000
Totals - 2014	\$ 224,574,000	\$ 233,805,000	\$ 92,934,000

The average unemployment rate for West Virginia in CY 2013 was 6.5%

The average projected unemployment rate for West Virginia for CY 2014 is 6.2%

Executive Division
112 California Avenue
Charleston, WV 25305

An agency of the Department of Commerce

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

www.workforcewv.org



Financial Statements

May 2014

West Virginia Legislative Interims
August 2014

West Virginia Public Employees Insurance Agency
Statement of Changes in Plan Net Assets

For the Eleven Months Ending Saturday, May 31, 2014
(Dollars in Thousands)

(Unaudited-For Internal Use Only)

	(\$ 000's)		BUDGET VARIANCE		PRIOR YR VARIANCE	
	ACTUAL	BUDGET	\$	%	\$	%
PREMIUM REVENUE						
Health Insurance - State Gov. - Employers	\$436,173	\$438,064	(\$1,891)	(0%)	(\$4,307)	(1%)
Health Insurance - State Gov. - Employees	116,047	115,506	541	0%	440	0%
Health Insurance - Local Gov. - All	101,989	97,598	4,391	4%	3,525	4%
Life Insurance	1,953	2,833	(880)	(31%)	(983)	(33%)
Direct Transfer	4,000	6,875	(2,875)	(42%)	4,000	0%
Interest and Investment Income	18,325	11,496	6,829	59%	3,431	23%
Other Premium Revenue	1,733	2,243	(510)	(23%)	235	16%
Administrative Fees, Net of Refunds	4,458	4,394	64	1%	(5)	(0%)
TOTAL REVENUE	684,678	679,009	5,669	1%	6,336	1%
OPERATING EXPENSES						
Claims Expense - Medical	352,070	379,346	27,276	7%	(27,043)	(8%)
Claims Expense - Drugs	114,518	123,023	8,505	7%	(6,481)	(6%)
Payments to Managed Care Org.	34,956	37,834	2,878	8%	889	2%
Administrative Service Fees	12,237	12,782	545	4%	195	2%
Life Insurance Expense	1,955	3,052	1,097	36%	985	34%
Wellness and Disease Management	1,713	2,744	1,031	38%	991	37%
ACA Comparative Effectiveness Fee	314	2,704	(314)	0%	(178)	(131%)
ACA Reinsurance Contribution	4,492	5,299	(807)	0%	(4,492)	0%
Other Operating Expenses	4,342	147,420	957	18%	928	18%
WV RHBT Pay Go Premiums	148,222	147,420	(802)	(1%)	1,491	1%
TOTAL EXPENSES	674,819	711,500	36,681	5%	(32,715)	(5%)
YTD SURPLUS (DEFICIT)	9,859	(32,491)	42,350	130%	(26,379)	(73%)
Total Net Assets, Beginning of Period	198,348	196,348	39,105	25%	39,105	25%
TOTAL NET ASSETS, END OF PERIOD	\$208,207	\$165,857	\$42,350	26%	\$12,726	7%

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
 For the Eleven Months Ending Saturday, May 31, 2014
 (In Thousands)

ACTUAL	BUDGET	PRIOR YR	BUDGET VARIANCE	PRIOR YR VARIANCE
	\$	\$	%	%
A D D I T I O N S				
Employer Premiums:				
Health premiums	\$2,988	\$2,941	2%	1%
Pay Go Premiums	123,290	122,948	0%	(1%)
Annual required contributions	971	0	0%	189%
Total Employer Premiums	127,249	125,889	1%	(0%)
Member Premiums:				
Health premiums	70,815	70,581	0%	3%
Pay Go Premiums	24,887	24,472	2%	(2%)
Life Insurance Premiums	20,504	20,671	(1%)	3%
Total Member Premiums	116,205	115,724	0%	2%
Total Premium Additions	243,454	241,613	1%	1%
Other Additions:				
Retiree Drug Subsidy	880	1,375	(36%)	(12%)
ERRP Revenue	0	0	0%	(100%)
Investment Income	78,883	34,146	131%	25%
TOTAL ADDITIONS	323,217	277,133	17%	4%
DEDUCTIONS				
Payments to Managed Care Org.	122,709	121,405	(1%)	(21%)
Life Insurance Expense	20,256	20,671	2%	(1%)
Medical Claims Expense	62,730	59,094	9%	(9%)
Pharmacy Claims Expense	24,998	26,018	4%	(8%)
Comparative Effectiveness Research Fee	33	0	0%	28%
ACA Reinsurance Contribution	462	0	0%	0%
Administrative Service Fees (External)	1,598	1,968	19%	4%
Other Operating Expenses	2,474	3,533	30%	9%
TOTAL DEDUCTIONS	235,261	242,689	3%	(14%)
NET POSITION INCREASE	87,956	34,445	155%	(15%)
Net Position Restricted for Post Employment Benefits				
Beginning of period	590,230	590,230	0%	20%
End of period	\$678,186	\$624,674	9%	14%

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



	<u>2014</u>	<u>June 30</u>	<u>2013</u>
(in thousands)			
ASSETS			
Short Term Assets			
Cash and Equivalents	\$ 26,504		\$ 24,885
Advance Deposit with Carrier/Trustee	198,887		199,738
Receivables - Net	3,475		4,166
Prepaid Insurance	(3)		7
Total Short Term Assets	<u>228,863</u>		<u>228,796</u>
Long Term Assets			
Investments	147,378		139,875
Total Long Term Assets	<u>147,378</u>		<u>139,875</u>
TOTAL ASSETS	<u><u>376,241</u></u>		<u><u>368,671</u></u>
LIABILITIES			
Short Term Liabilities			
Accounts payable	81		395
Claims Payable	-		-
OPEB Liability	372		372
Agents Commissions Payable	913		861
Unearned Revenue	7,497		6,757
Current Estimated Claim Reserve	49,793		49,793
Total Short Term Liabilities	<u>58,656</u>		<u>58,178</u>
Long Term Liabilities			
Compensated Absences	64		64
Estimated Noncurrent Claim Reserve	103,412		93,776
Total Long Term Liabilities	<u>103,476</u>		<u>93,840</u>
TOTAL LIABILITIES	162,132		152,018
Prior Year Net Assets			
Restricted - HB601 and Mine Subsidence	44,599		46,276
Unrestricted	172,054		178,526
Total Prior Year Net Assets	<u>216,653</u>		<u>224,802</u>
Current Year Earnings (Deficiency)			
Restricted - HB601 and Mine Subsidence	1,178		3,773
Unrestricted	(3,722)		(11,922)
Total Current Year Earnings (Deficiency)	<u>(2,544)</u>		<u>(8,149)</u>
Total Net Assets			
Restricted - HB601 and Mine Subsidence	45,777		50,049
Unrestricted	168,332		166,604
TOTAL NET ASSETS	<u>214,109</u>		<u>216,653</u>
TOTAL LIABILITIES AND RETAINED EARNINGS	<u><u>\$ 376,241</u></u>		<u><u>\$ 368,671</u></u>

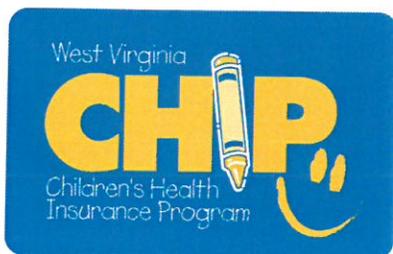
DRAFT - Unaudited - Management Purposes Only

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



	June 30	
	2014	2013
	(in thousands)	
Operating Revenues		
Premium Revenues	\$ 52,144	\$ 47,134
Less - Excess Insurance	(6,105)	(5,825)
Total Operating Revenues	46,039	41,309
Operating Expenses		
Claims Expense	57,127	47,177
Property & MS Claims Expense	4,619	6,840
Personal Services	1,405	1,304
General & Administrative Expense	2,441	1,972
Total Operating Expenses	65,592	57,293
Operating Income (Loss)	(19,553)	(15,984)
Nonoperating Revenues		
Investment Income	17,009	7,835
Total Nonoperating Revenues	17,009	7,835
Net Income (Loss)	\$ (2,544)	\$ (8,149)

DRAFT - Unaudited - Management Purposes Only

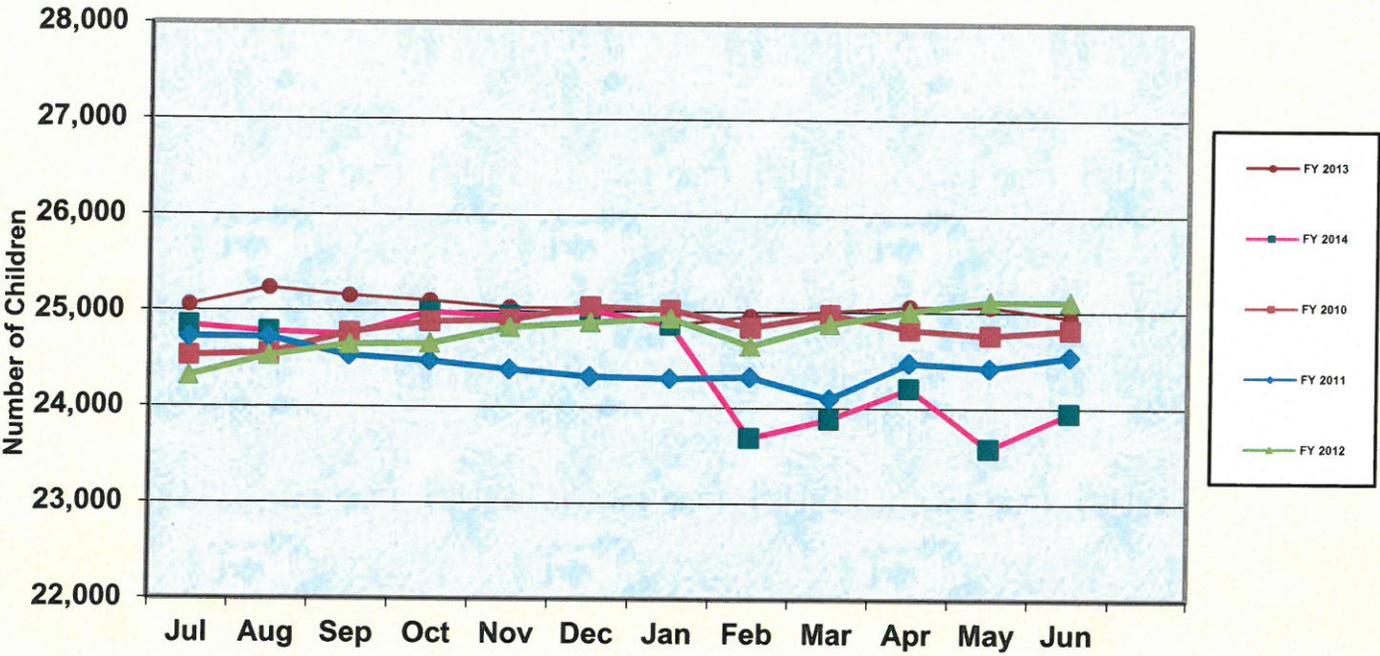


West Virginia Children's Health Insurance Program
2 Hale Street
Suite 101
Charleston, WV 25301
304-558-2732 voice / 304-558-2741 fax
Helpline 877-982-2447
www.chip.wv.gov

Joint Committee on Government and Finance Report

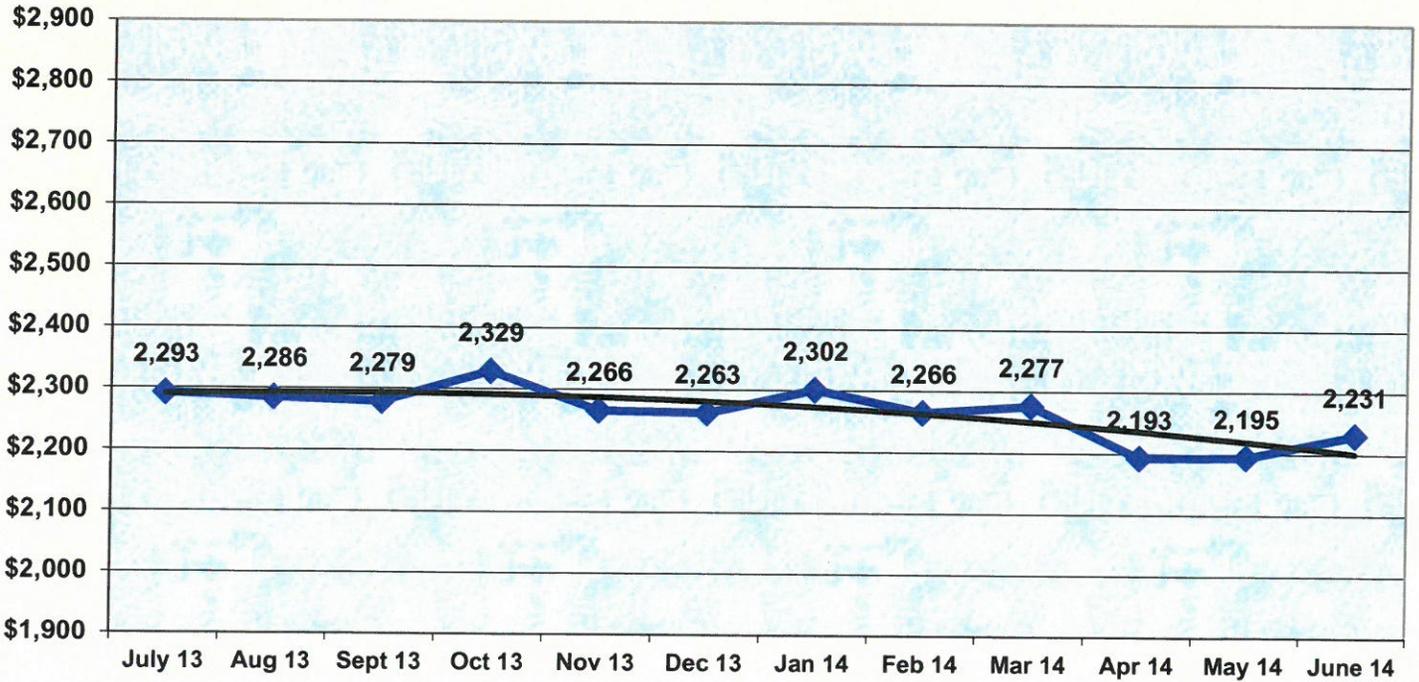
August 2014

WV CHIP Enrollment



June 30th Enrollment 23,955

Annualized Health Care Expenditures (Cost per Child)



**West Virginia Children's Health Insurance Program
Comparative Balance Sheet
June 2014 and 2013
(Accrual Basis)**

	June 30, 2014	June 30, 2013	Variance	
Assets:				
Cash & Cash Equivalents	\$13,182,762	\$14,321,126	(\$1,138,364)	-8%
Due From Federal Government	\$4,424,712	\$4,132,444	\$292,268	7%
Due From Other Funds	\$1,122,820	\$1,005,495	\$117,325	12%
Accrued Interest Receivable	\$8,760	\$6,823	\$1,937	28%
Fixed Assets, at Historical Cost	<u>\$93,386</u>	<u>\$95,744</u>	<u>(\$2,357)</u>	<u>-2%</u>
 Total Assets	 <u>\$18,832,441</u>	 <u>\$19,561,632</u>	 <u>(\$729,191)</u>	 <u>-4%</u>
Liabilities:				
Accounts Payable	\$227,532	\$186,160	\$41,372	22%
Deferred Revenue	(\$651,457)	\$1,482,369	(\$2,133,826)	-144%
Unpaid Insurance Claims Liability	<u>\$5,320,000</u>	<u>\$4,951,779</u>	<u>\$368,221</u>	<u>7%</u>
 Total Liabilities	 <u>\$4,896,075</u>	 <u>\$6,620,308</u>	 <u>(\$1,724,233)</u>	 <u>-26%</u>
 Fund Equity	 <u>\$13,936,366</u>	 <u>\$12,941,324</u>	 <u>\$995,042</u>	 <u>8%</u>
 Total Liabilities and Fund Equity	 <u>\$18,832,441</u>	 <u>\$19,561,632</u>	 <u>(\$729,191)</u>	 <u>-4%</u>

PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Twelve Months Ending June 30, 2014 and June 30, 2013
(Modified Accrual Basis)

	June 30, 2014	June 30, 2013	Variance	
Revenues				
Federal Grants	45,566,312	47,256,492	(1,690,180)	-4%
State Appropriations	9,987,748	10,925,578	(937,830)	-9%
Premium Revenues	909,555	862,043	47,512	6%
Investment Income:				
Investment Earnings	<u>80,324</u>	<u>78,432</u>	<u>1,892</u>	<u>2%</u>
Total Revenues	<u>56,543,939</u>	<u>59,122,545</u>	<u>(2,578,606)</u>	<u>-4%</u>
Expenditures:				
Claims:				
Outpatient Services	14,340,789	15,078,062	(737,273)	-5%
Prescribed Drugs	9,469,070	12,238,690	(2,769,620)	-23%
Physicians & Surgical	9,223,375	9,554,564	(331,189)	-3%
Dental	7,947,467	8,262,262	(314,795)	-4%
Inpatient Hospital Services	4,561,218	4,181,422	379,796	9%
Outpatient Mental Health	1,637,123	1,637,170	(47)	0%
Inpatient Mental Health	1,538,886	1,198,865	340,021	28%
Durable & Disposable Med. Equip.	1,248,194	1,008,706	239,488	24%
Vision	835,214	834,924	290	0%
Therapy	715,596	752,243	(36,647)	-5%
Medical Transportation	394,978	431,872	(36,894)	-9%
Other Services	138,754	145,148	(6,394)	-4%
Less: Collections**	<u>(1,058,276)</u>	<u>(439,783)</u>	<u>(618,493)</u>	<u>141%</u>
Total Claims	<u>50,992,388</u>	<u>54,884,145</u>	<u>(3,891,757)</u>	<u>-7%</u>
General and Admin Expenses:				
Salaries and Benefits	622,481	562,452	60,029	11%
Program Administration	2,807,330	2,562,568	244,762	10%
Eligibility	206,135	392,340	(186,205)	-47%
Outreach & Health Promotion	748,182	982,223	(234,041)	-24%
Current	<u>206,104</u>	<u>160,013</u>	<u>46,091</u>	<u>29%</u>
Total Administrative	<u>4,590,232</u>	<u>4,659,596</u>	<u>(69,364)</u>	<u>-1%</u>
Total Expenditures	<u>55,582,620</u>	<u>59,543,741</u>	<u>(3,961,121)</u>	<u>-7%</u>
Excess of Revenues				
Over (Under) Expenditures	961,319	(421,196)	1,382,515	-328%
Unrealized Gain(loss) On Investments*	33,724	16,081	17,642	110%
Fund Equity, Beginning	<u>12,941,324</u>	<u>13,346,439</u>	<u>(405,115)</u>	<u>-3%</u>
Fund Equity, Ending	<u>13,936,366</u>	<u>12,941,324</u>	<u>995,042</u>	<u>8%</u>

* Short Term Bond Fund Investment began in November 2009

** Collections are primarily drug rebates and subrogation

PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program
Budget to Actual Statement
State Fiscal Year 2014
For the Twelve Months Ended June 30, 2014**

	Budgeted for	Year to Date		Year to Date		Year to Date	Monthly	Actual Amt			
	Year	Budgeted Amt	Actual Amt	Variance*	Budgeted Amt			Actual Amt	Actual Amt	Actual Amt	Actual Amt
Projected Cost	\$47,897,012	\$47,897,012	\$54,064,849	(\$6,167,837)	-13%	\$3,991,418	\$4,961,788	\$5,029,684	\$3,418,467		
Premiums	969,397	969,397	\$909,555	(\$59,842)	-6%	80,783	74,773	83,146	30,405		
Subrogation & Rebates	<u>457,374</u>	<u>457,374</u>	\$1,058,276	600,902	131%	<u>38,115</u>	<u>153,468</u>	<u>38,092</u>	<u>0</u>		
Net Benefit Cost	46,470,241	46,470,241	\$52,097,018	(\$5,626,777)	-12%	3,907,458	4,733,547	4,908,446	3,388,062		
Salaries & Benefits	\$710,522	\$710,522	\$622,484	\$88,038	12%	\$59,210	\$51,037	\$51,442	\$51,037		
Program Administration	3,024,544	3,024,544	\$2,733,054	291,490	10%	252,045	266,144	241,805	310,474		
Eligibility	400,000	400,000	\$237,137	162,863	41%	33,333	510	3,825	4,378		
Outreach & Health Prom.	1,000,000	1,000,000	\$754,046	245,954	25%	83,333	159,723	0	14,387		
Current Expense	<u>170,000</u>	<u>170,000</u>	\$202,140	(32,140)	-19%	<u>14,167</u>	<u>25,348</u>	<u>19,730</u>	<u>12,149</u>		
Total Admin Cost	\$5,305,066	\$5,305,066	\$4,548,861	\$756,205	14%	\$442,089	\$502,762	\$316,802	\$392,425		
Total Program Cost	<u>\$51,775,307</u>	<u>\$51,775,307</u>	<u>\$56,645,879</u>	<u>(\$4,870,572)</u>	<u>-9%</u>	<u>\$4,349,547</u>	<u>\$5,236,309</u>	<u>\$5,225,248</u>	<u>\$3,780,487</u>		
Federal Share 79.76%	41,642,879	41,642,879	\$45,270,769	(3,627,890)	-9%	3,469,199	4,176,480	4,167,658	3,015,316		
State Share 20.24%	<u>10,132,428</u>	<u>10,132,428</u>	\$11,375,109	(1,242,682)	-12%	<u>880,348</u>	<u>1,059,829</u>	<u>1,057,590</u>	<u>765,171</u>		
Total Program Cost	<u>** \$51,775,307</u>	<u>** \$51,775,307</u>	<u>\$56,645,879</u>	<u>(\$4,870,572)</u>	<u>-9%</u>	<u>\$4,349,547</u>	<u>\$5,236,309</u>	<u>\$5,225,248</u>	<u>\$3,780,487</u>		

* Positive percentages indicate favorable variances
 ** Budgeted Year Based on CCRC Actuary 6/30/2013 Report.

Unaudited - Cash Basis For Management Purposes Only - Unaudited

Memo for Calculations Above:

Notes:

1/. Total budgeted for Year Program costs are CCRC Actuary's Base Line Scenario dated 6/30/13 Final worksheet
 Net Paid Program Costs.

2/. Federal Share for FFY 2014 is 79.76%. Federal Share for FFY 2013 (10/1/12 - 9/30/13) is set at 80.43%.

WVCHIP Enrollment Report

ATTACHMENT 1

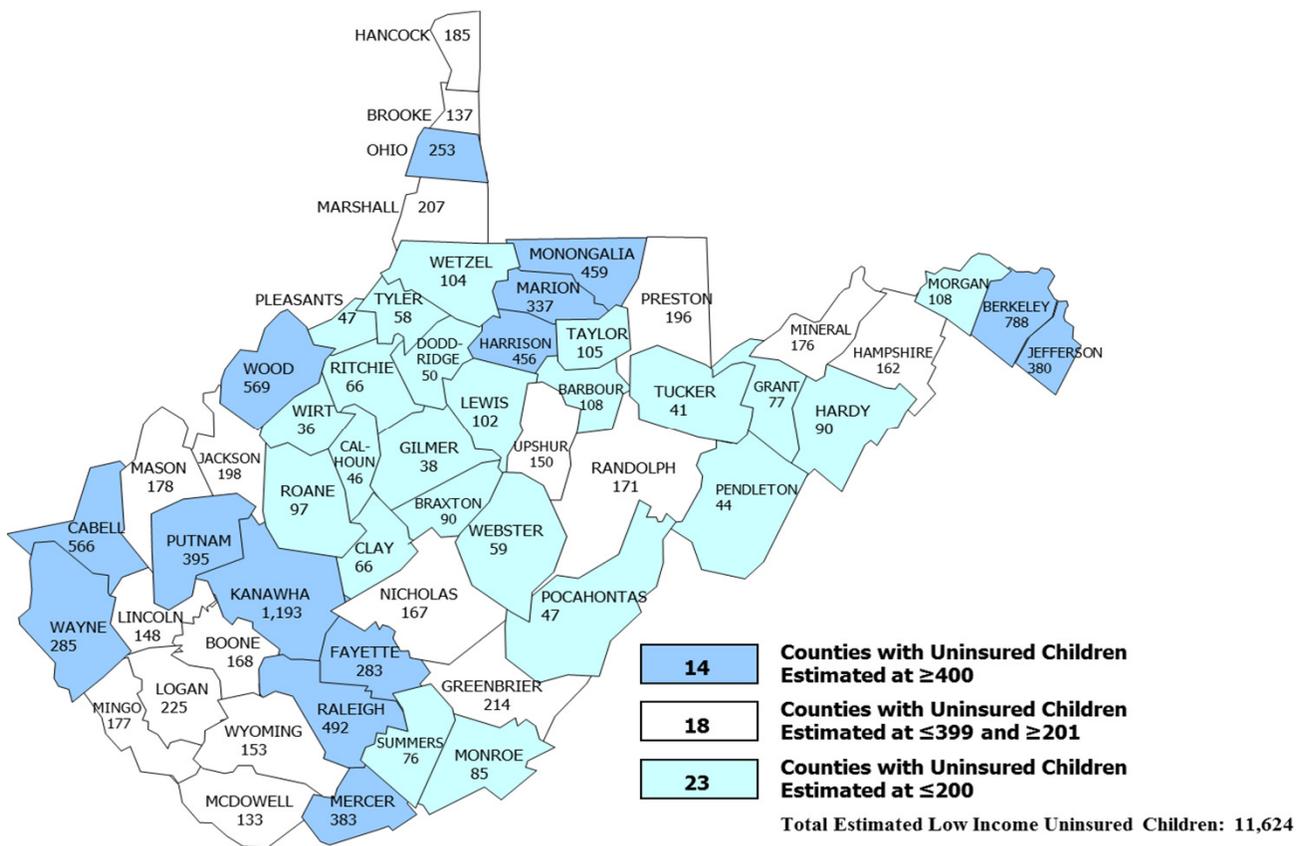
July 2014

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment Jul-14	Total Medicaid Enrollment Jul-14	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2010 Est. Uninsured 3%	2010 # Children Uninsured Ranking*
Barbour	3,600	273	1,683	1,956	54.3%	108	33
Berkeley	26,251	1,397	10,053	11,450	43.6%	788	2
Boone	5,615	278	2,963	3,241	57.7%	168	25
Braxton	3,006	222	1,581	1,803	60.0%	90	40
Brooke	4,573	244	1,665	1,909	41.7%	137	31
Cabell	18,879	977	9,172	10,149	53.8%	566	4
Calhoun	1,518	118	823	941	62.0%	46	51
Clay	2,215	166	1,411	1,577	71.2%	66	44
Doddridge	1,673	134	690	824	49.2%	50	48
Fayette	9,438	782	5,074	5,856	62.0%	283	13
Gilmer	1,260	67	556	623	49.4%	38	54
Grant	2,555	141	1,038	1,179	46.2%	77	42
Greenbrier	7,131	525	3,364	3,889	54.5%	214	16
Hampshire	5,392	260	2,334	2,594	48.1%	162	27
Hancock	6,166	354	2,623	2,977	48.3%	185	20
Hardy	3,015	176	1,514	1,690	56.0%	90	39
Harrison	15,202	967	6,063	7,030	46.2%	456	7
Jackson	6,602	399	2,975	3,374	51.1%	198	18
Jefferson	12,679	532	3,686	4,218	33.3%	380	10
Kanawha	39,771	2,261	18,808	21,069	53.0%	1,193	1
Lewis	3,389	217	1,746	1,963	57.9%	102	37
Lincoln	4,930	319	3,040	3,359	68.1%	148	30
Logan	7,496	447	4,346	4,793	63.9%	225	15
Marion	11,227	614	4,882	5,496	49.0%	337	11
Marshall	6,886	317	2,897	3,214	46.7%	207	17
Mason	5,929	247	2,859	3,106	52.4%	178	21
McDowell	4,423	231	3,223	3,454	78.1%	133	32
Mercer	12,764	971	7,354	8,325	65.2%	383	9
Mineral	5,868	265	2,275	2,540	43.3%	176	23
Mingo	5,905	337	3,559	3,896	66.0%	177	22
Monongalia	15,294	785	4,958	5,743	37.6%	459	6
Monroe	2,835	211	1,182	1,393	49.1%	85	41
Morgan	3,596	241	1,514	1,755	48.8%	108	34
Nicholas	5,561	379	2,903	3,282	59.0%	167	26
Ohio	8,444	481	3,272	3,753	44.4%	253	14
Pendleton	1,462	110	560	670	45.8%	44	52
Pleasants	1,551	126	605	731	47.1%	47	50
Pocahontas	1,561	151	773	924	59.2%	47	49
Preston	6,536	407	2,795	3,202	49.0%	196	19
Putnam	13,150	731	4,063	4,794	36.5%	395	8
Raleigh	16,403	1,177	8,604	9,781	59.6%	492	5
Randolph	5,705	483	2,778	3,261	57.2%	171	24
Ritchie	2,205	148	960	1,108	50.3%	66	45
Roane	3,239	271	1,787	2,058	63.5%	97	38
Summers	2,521	169	1,316	1,485	58.9%	76	43
Taylor	3,514	216	1,427	1,643	46.8%	105	35
Tucker	1,371	116	552	668	48.7%	41	53
Tyler	1,924	97	845	942	48.9%	58	47

WVCHIP Enrollment Report

July 2014

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment Jul-14	Total Medicaid Enrollment Jul-14	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	2010 Est. Uninsured 3%	2010 # Children Uninsured Ranking*
Upshur	4,996	342	2,569	2,911	58.3%	150	29
Wayne	9,516	439	4,618	5,057	53.1%	285	12
Webster	1,977	133	1,230	1,363	68.9%	59	46
Wetzel	3,466	224	1,707	1,931	55.7%	104	36
Wirt	1,201	83	692	775	64.6%	36	55
Wood	18,956	1,055	8,921	9,976	52.6%	569	3
Wyoming	5,116	377	2,810	3,187	62.3%	153	28
Totals	387,459	23,190	177,698	200,888	51.8%	11,624	



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

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

Department of Administration Real Estate Division Leasing Report

For the period of July 1, 2014 through July 31, 2014

NEW CONTRACT OF LEASE

DEPARTMENT OF VETERANS ASSISTANCE

VET-039 New Contract of Lease for 3 years consisting of 760 square feet of office space at the annual per square foot rate of \$15.79, annual cost \$12,000.00, full service, 20 Red Oaks Shopping Center, in the City of Fairlea, Greenbrier County, West Virginia.

SMALL BUSINESS DEVELOPMENT CENTER

SBD-004 New Contract of Lease for 1 year consisting of 120 square feet of office space at the monthly rate of \$160.00, \$1,920.00, full service, 151 Robert C. Byrd Industrial Park Road, in the City of Moorefield, Hardy County, West Virginia.

DIVISION OF HIGHWAYS

HWY-024 New Contract of Lease for 3 years consisting of 175 square feet of office space at the monthly cost of \$300.00, annual cost \$3,600.00, full service, 886 Chestnut Ridge, in the City of Morgantown, Monongalia County, West Virginia.

STRAIGHT RENEWAL

DIVISION OF NATURAL RESOURCES

NAT-116 Renewal for 3 years consisting of 480 square feet of storage space at the current monthly rate of \$160.00, annual cost \$1,920.00, Route 17, in the City of Danville, Boone County, West Virginia.

DIVISION OF REHABILITATION SERVICES

DRS-053 Renewal on month-to-month basis consisting of 8,000 square feet of office space at the current annual per square foot rate of \$10.29, annual cost \$82,320, full service, Market and 14th Street, in the City of Wheeling, Ohio County, West Virginia.

RENEWAL WITH INCREASE IN RENT

WV BOARD OF EXAMINERS FOR SPEECH-LANGUAGE, PATHOLOGY AND AUDIOLOGY

SPA-001 Renewal for 5 years consisting of 768 square feet of office space with an increase in the annual per square foot rate from \$10.94 to \$12.89, annual cost \$9,900.00, full service, 99 Edmiston Way, Box 11, Suite 214, in the City of Buckhannon, Upshur County, West Virginia.

Department of Administration Real Estate Division Leasing Report

For the period of June 1, 2014 through June 30, 2014

STRAIGHT RENEWAL

WEST VIRGINIA STATE POLICE

PSA-080 Renewal for 1 year consisting of 3,600 square feet of office space at the current annual per square foot rate of \$5.00, annual cost \$18,000, Route 3 Box 357, in the City of Fairmont, Marion County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-210 Renewal for 1 year consisting of 48 square feet of office space at the current monthly rate of \$100.00, annual cost \$1,200.00, full service, 670 Lower Washington Street, in the City of Elizabeth, Wirt County, West Virginia.

ATTORNEY GENERAL

AGO-015 Renewal for 1 year consisting of 13,712 square feet of office space at the current annual per square foot rate of \$15.65, annual cost \$214,592.80, full service, 812 Quarrier Street, in the City of Charleston, Kanawha County, West Virginia.

WORKFORCE WEST VIRGINIA

WWV-015 Renewal for 1 year consisting of 6,574 square feet of office space at the current annual per square foot rate of \$16.50, annual cost \$108,471.00, plus electric, 320 Adams Street, in the City of Fairmont, Marion County, West Virginia.

WWV-032 Renewal for 1 year consisting of 800 square feet of office space at the current annual per square foot rate of \$15.00, annual cost \$12,000, 19 Putnam Village, in the City of Teays Valley, Putnam County, West Virginia.

DIVISION OF REHABILITATION SERVICES

DRS-095-615 Renewal for 1 years, consisting of 3,265 square feet of office space, at the current annual per square foot rate of \$16.50, annual cost \$53,872.50, 320 Adams Street, in the City of Fairmont, Marion County, West Virginia.

DRS-061-617 Renewal for 3 years, consisting of 2,608 square feet of office space, at the current annual per square foot rate of \$6.90, annual cost of \$17,995.20, 319 Market Street, in the City of Spencer, Roane County, West Virginia.

COAL HERITAGE HIGHWAY AUTHORITY

CHH-006-416 Renewal for 2 years, consisting of 2,300 square feet of office space, at the current annual per square foot rate of \$12.00, annual cost \$27,600, 100 Kelley Avenue, in the City of Oak Hill, Fayette County, West Virginia.

RENEWAL WITH INCREASE IN RENT

DIVISION OF CORRECTIONS

COR-050 Renewal for 1 years consisting of 1,316 square feet of office space with an increase in the annual per square foot rate from \$13.20 to \$13.50, annual cost \$17,766.00, full service minus janitorial service, 117 Court Street, in the City of Ripley, Jackson County, West Virginia.

DIVISION OF JUVENILE SERVICES

DJS-025 Renewal for 3 years consisting of 4,411 square feet of office space with an increase in the annual per square foot rate from \$11.00 to \$12.00, annual cost \$52,932.00, 284 Factory Street, in the City of Clarksburg, Harrison County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-182 Renewal for 2 years consisting of 1,589 square feet of office space with an increase in the annual per square foot rate from \$8.90 to \$9.17, annual cost \$14,571.13, full service, 124 Court Street, in the City of Elizabeth, Wirt County, West Virginia.

HHR-234 Renewal for 10 years consisting of 35,000 square feet of office space with an increase in the annual per square foot rate from \$13.25 to \$14.00, annual cost \$490,000.00, full service, 200 Davis Street, in the City of Princeton, Mercer County, West Virginia.

DEVELOPMENTAL DISABILITIES PLANNING COUNCIL

DDC-001 Renewal for 3 years consisting of 2,490 square feet of office with an increase in the annual per square foot rate from \$9.50 to \$12.50, annual cost \$31,125.00, full service, 110 Stockton Street, in the City of Charleston, Kanawha County, West Virginia.

WORKFORCE WEST VIRGINIA

WWV-010 Renewal for 3 years consisting of 2,658 square feet of office with an increase in the annual per square foot rate from \$11.50 to \$11.75, annual cost \$31,231.50, full service, 20 Red Oaks Shopping Center, in the City of Fairlea, Greenbrier County, West Virginia.

CANCELLATION

WEST VIRGINIA CONSERVATION AGENCY

SCC-012 Lease cancellation consisting of 1,807 square feet of office space, at the annual per square foot rate of \$12.50, annual cost \$22,587.50, full service, #1 Players Club Drive, in the City of Charleston, Kanawha County, West Virginia.

WEST VIRGINIA DEVELOPMENT OFFICE

CID-008 Lease cancellation consisting of 384 square feet of office space at a monthly rate of \$384.00, \$4,608.00 annually, full service, 223 North Main Street, in the City of Moorefield, Hardy County, West Virginia.

Real Estate Division
 Monthly Summary of Lease Activity
 June 1-30, 2014

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	West Virginia State Police	PSA-080	Marion	3,600	5.00	18,000	1	18,000.00
2	Department of Health and Human Resources	HHR-210	Wirt	48	0.00	1,200	1	1,200.00
3	Attorney General	AGO-015	Kanawha	13,712	15.65	214,593	1	214,592.80
4	WorkForce West Virginia	WWV-015	Marion	6,574	16.50	108,471	1	108,471.00
5	WorkForce West Virginia	WWV-032	Putnam	800	15.00	12,000	1	12,000.00
6	Division of Rehabilitation Services	DRS-095	Marion	3,265	16.50	53,873	1	53,872.50
7	Division of Rehabilitation Services	DRS-061	Roane	2,608	6.90	17,995	3	53,985.60
8	Coal Heritage Highway Authority	CHH-006	Fayette	2,300	12.00	27,600	2	55,200.00
9	Division of Corrections	COR-050	Jackson	1,316	13.50	17,766	1	17,766.00
10	Division of Juvenile Services	DJS-025	Harrison	4,411	12.00	52,932	3	158,796.00
11	Department of Health and Human Resources	HHR-182	Wirt	1,589	9.17	14,571	2	29,142.26
12	Department of Health and Human Resources	HHR-234	Mercer	35,000	14.00	490,000	10	4,900,000.00
13	Developmental Disabilities Planning Council	DDC-001	Kanawha	2,490	12.50	31,125	3	93,375.00
14	WorkForce West Virginia	WWV-010	Greenbrier	2,658	11.75	31,232	3	93,694.50

Total Rentable Square Feet 80,371 160.47
 Average Annual Rental Rate 12.34
 Total Annual Rent 1,091,357

CANCELLATIONS

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	West Virginia Conservation Agency	SCC-012	Kanawha	1,807	12.50	22,588
2	West Virginia Development Office	CID-008	Hardy	384	12.00	4,608

Total Rentable Square Feet 2,191

Joint Committee on Government and Finance

August 2014

Department of Health and Human Resources

MEDICAID REPORT

June 2014 Data

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2014

MONTH OF JUNE 2014

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	Difference
	SFY2013	SFY2014	Current Month Ended 6/30/14	Current Month Ended 6/30/14	Year To-Date Thru 6/30/14	Budget vs Actual
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	155,429,299	199,265,328	18,920,703	18,615,879	200,073,122	(807,794)
Inpatient Hospital - DSH	56,816,481	56,580,000	-	-	54,939,002	1,640,998
Inpatient Hospital - Supplemental Payments	114,105,226	96,139,194	13,734,413	16,117,590	95,218,203	920,991
Inpatient Hospital - GME Payments	6,164,764	6,228,590	-	-	5,949,840	278,750
Mental Health Facilities	87,243,074	114,848,923	7,324,095	10,995,696	87,784,231	27,064,692
Mental Health Facilities - DSH Adjustment Payments	18,880,975	18,882,000	-	-	18,887,345	(5,345)
Nursing Facility Services - Regular Payments ⁽²⁾	537,541,608	554,417,908	46,174,246	46,216,108	559,334,826	(4,916,918)
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	68,163,593	67,331,000	5,025,020	5,610,917	67,221,628	109,372
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	117,203,017	160,730,609	12,357,260	15,353,506	116,660,133	44,070,476
Physicians Services - Supplemental Payments	28,092,471	29,903,100	-	-	27,016,879	2,886,221
Physician and Surgical Services - Evaluation and Management	-	21,962,392	962,479	1,366,164	29,338,785	(7,376,393)
Physician and Surgical Services - Vaccine Codes	-	221,842	2,647	21,334	110,721	111,121
Outpatient Hospital Services - Regular Payments	102,898,953	145,154,798	13,103,009	13,575,884	122,958,398	22,196,401
Outpatient Hospital Services - Supplemental Payments	124,121,376	69,977,047	-	-	69,977,049	(2)
Prescribed Drugs	331,397,125	356,724,143	23,167,149	35,494,682	287,192,062	69,532,081
Drug Rebate Offset - National Agreement	(201,903,185)	(202,289,800)	(3,595,812)	(11,785,608)	(168,924,131)	(33,365,669)
Drug Rebate Offset - State Sidebar Agreement	(16,603,872)	(16,895,800)	(3,099)	(984,366)	(12,751,272)	(4,144,528)
Drug Rebate Offset - MCO National	(799,544)	(812,900)	(3,142,031)	(47,360)	(27,180,975)	26,368,075
Drug Rebate Offset - MCO State Sidebar Agreement	-	-	-	-	(2,850,937)	2,850,937
Dental Services	55,866,868	78,358,578	2,190,404	7,324,938	45,177,289	33,181,289
Other Practitioners Services - Regular Payments	11,566,376	18,600,155	1,175,825	1,794,630	12,352,599	6,247,556
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	4,566,348	6,309,621	498,465	603,669	4,855,903	1,453,718
Lab & Radiological Services	22,573,569	33,844,618	2,646,359	3,166,429	29,764,383	4,080,235
Home Health Services	47,334,128	59,832,974	3,382,054	5,650,607	45,909,811	13,923,163
Hysterectomies/Sterilizations	133,155	221,588	21,965	20,683	190,026	31,562
Pregnancy Terminations	-	-	-	-	-	-
EPSDT Services	1,363,840	2,034,978	62,548	190,583	532,619	1,502,359
Rural Health Clinic Services	7,886,514	10,330,901	750,864	972,173	9,274,004	1,056,897
Medicare Health Insurance Payments - Part A Premiums	18,215,881	19,650,400	1,490,829	1,637,533	18,059,667	1,590,733
Medicare Health Insurance Payments - Part B Premiums	81,258,370	90,272,700	7,476,698	7,522,725	85,786,596	4,486,104
120% - 134% Of Poverty	6,160,455	6,509,900	628,351	500,762	6,855,111	(345,211)
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	8,417,028	8,653,000	610,790	665,615	8,655,028	(2,028)

**WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR MEDICAL SERVICES
EXPENDITURES BY PROVIDER TYPE
SFY2014**

	MONTH OF JUNE 2014		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	Difference
	SFY2013	SFY2014	Current Month Ended 6/30/14	Current Month Ended 6/30/14	Year To-Date Thru 6/30/14	Budget vs Actual		
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	397,197,343	454,163,627	50,363,389	38,524,578	539,256,030	(85,092,403)		
Medicaid MCO - Evaluation and Management	-	23,841,350	1,619,499	1,346,495	25,540,683	(1,699,333)		
Medicaid MCO - Vaccine Codes	-	1,270,236	82,400	68,528	1,356,766	(86,530)		
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-	-	-	-		
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-	-	-	-		
Medicaid Health Insurance Payments: Group Health Plan Payments	375,282	525,400	74,871	40,415	466,213	59,187		
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-		
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-		
Home & Community-Based Services (MR/DD)	342,155,532	352,000,000	28,313,829	27,076,923	353,801,448	(1,801,448)		
Home & Community-Based Services (Aged/Disabled)	125,334,180	136,776,586	7,615,322	10,521,700	105,456,002	31,320,584		
Home & Community-Based Services (Traumatic Brain Injury)	156,502	2,720,625	49,887	209,279	613,943	2,106,682		
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	61,699,408	80,252,679	5,874,895	7,500,546	68,069,097	12,183,582		
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-		
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-		
Targeted Case Management Services - State Wide	2,668,659	4,035,719	259,999	378,057	2,704,666	1,331,053		
Primary Care Case Management Services	163,137	241,420	10,968	22,534	135,444	105,976		
Hospice Benefits ⁽³⁾	24,909,406	33,408,296	1,912,068	3,118,292	27,186,553	6,221,742		
Emergency Services Undocumented Aliens	285,046	362,067	974	33,795	266,289	95,778		
Federally Qualified Health Center	18,240,226	24,443,404	2,081,621	2,297,021	22,567,599	1,875,805		
Non-Emergency Medical Transportation	25,112,179	34,840,953	2,773,586	3,252,142	26,428,535	8,412,419		
Physical Therapy	2,102,592	3,161,494	319,374	295,195	2,705,214	456,280		
Occupational Therapy	370,520	481,061	46,546	44,902	475,840	5,221		
Services for Speech, Hearing & Language	408,350	603,122	40,322	56,329	482,117	121,005		
Prosthetic Devices, Dentures, Eyeglasses	1,551,271	2,490,832	110,578	233,159	1,866,935	623,897		
Diagnostic Screening & Preventive Services	553,321	768,682	122,951	71,755	878,891	(110,209)		
Nurse Mid-Wife	230,458	423,216	18,653	39,503	264,176	159,040		
Emergency Hospital Services	(2,247)	(1,200)	-	(92)	(3,569)	2,369		
Critical Access Hospitals	31,395,064	48,996,857	4,402,124	4,576,990	41,748,295	7,248,562		
Nurse Practitioner Services	2,006,168	3,499,907	246,836	326,985	2,455,160	1,044,747		
School Based Services	52,157,547	54,149,130	4,009,059	4,166,600	43,063,802	11,085,328		
Rehabilitative Services (Non-School Based)	76,111,131	98,820,482	7,007,040	9,313,260	84,277,000	14,543,482		
Private Duty Nursing	5,290,076	7,034,325	454,257	661,374	6,330,885	703,440		
Other Care Services	21,997,876	31,932,187	1,555,801	2,981,076	22,371,805	9,560,382		
Less: Recoupments	-	-	(61,076)	-	(990,626)	990,626		
NET EXPENDITURES:	2,986,562,919	3,414,230,245	274,271,004	297,758,114	3,178,143,139	236,087,106		

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2014

MONTH OF JUNE 2014

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	Difference
	SFY2013	SFY2014	Current Month Ended 6/30/14	Current Month Ended 6/30/14	Year To-Date Thru 6/30/14	Budget vs Actual
Collections: Third Party Liability (line 9A on CMS-64)	(10,619,577)	-	-	-	(5,509,660)	5,509,660
Collections: Probate (line 9B on CMS-64)	(262,779)	-	-	-	(473,392)	473,392
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(21,585)	-	-	-	(173,874)	173,874
Collections: Other (line 9D on CMS-64)	(9,910,781)	-	-	-	(2,687,299)	2,687,299
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	2,965,748,198	3,414,230,245	274,271,004	297,758,114	3,169,298,914	244,931,331
Plus: Medicaid Part D Expenditures	36,222,591	36,395,195	3,058,633	3,032,933	37,132,361	(737,166)
Plus: State Only Medicaid Expenditures	2,998,425	3,834,747	107,786	294,980	2,040,451	1,794,297
Plus: Money Follow the Person Expenditures	30,838	4,409,797	46,970	339,215	677,570	3,732,227
TOTAL MEDICAID EXPENDITURES	\$ 3,005,000,052	\$ 3,458,869,984	\$ 277,484,393	\$ 301,425,242	\$ 3,209,149,296	\$ 249,720,688
Plus: Reimbursables ⁽¹⁾	7,514,299	8,055,095	363,858	619,623	6,526,128	1,528,967
TOTAL EXPENDITURES	\$ 3,012,514,351	\$ 3,466,925,079	\$ 277,848,252	\$ 302,044,865	\$ 3,215,675,423	\$ 251,249,655

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

(2) Of the amount in the "Nursing Facility Services-Regular Payments" line, \$22,660,869 is the amount paid to State Facilities year to date.

(3) Of the amount in the "Hospice Benefits" line, \$19,543,009 is the amount paid to Nursing Facilities for Hospice Benefits year to date.

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 MEDICAID CASH REPORT
 SFY2014

12 Months Actuals 0 Months Remaining

MONTH OF JUNE 2014	ACTUALS	ACTUALS	ACTUALS	Difference	TOTAL
	SFY2013	Current Month Ended 6/30/14	Year-To-Date Thru 6/30/14	Budget vs Actual	SFY2014
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	\$ 8,645,986	\$ 5,266,878	\$ 34,992,812	\$ -	\$ 34,992,812
MATCHING FUNDS					
General Revenue (0403/189)	193,207,966	17,749,586	276,200,578	61,137,596	337,338,174
MRDD Waiver (0403/466)	88,753,483	9,762,883	88,753,483	-	88,753,483
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,334	2,596,000	-	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,666	6,356,000	-	6,356,000
Traumatic Brain Injury (0403/835)	800,000	88,000	800,000	-	800,000
Title XIX Waiver for Seniors (0403-533)	11,912,263	1,495,298	13,593,620	-	13,593,620
Medical Services Surplus (0403/633)	88,305,104	-	7,400,000	(7,400,000)	-
Waiver for Senior Citizens Surplus (0403/526)	-	-	1,000,000	(1,000,000)	-
Lottery Waiver (Less 550,000) (5405/539)	33,147,815	-	31,466,458	-	31,466,458
Lottery Transfer (5405/871)	8,670,000	-	50,588,667	(41,918,667)	8,670,000
Excess Lottery (5365/189)	24,503,890	-	96,543,971	(46,543,971)	50,000,000
Trust Fund Appropriation (5185/189)	173,603,846	17,510,848	67,559,964	(2,330,065)	65,229,899
Provider Tax (5090/189)	225,902,461	32,665,784	220,735,944	(17,213,533)	203,522,411
Certified Match	23,243,346	1,931,740	21,459,343	4,259,649	25,718,992
Reimbursables - Amount Reimbursed	7,235,570	1,407,260	6,824,604	1,230,490	8,055,095
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	3,648,128	3,767,920	5,845,141	(4,920,141)	925,000
CMS - 64 Adjustments	660,007	-	344,240	(344,240)	-
TOTAL MATCHING FUNDS	\$ 901,191,865	\$ 92,392,197	\$ 933,060,824	\$ (55,042,881)	\$ 878,017,943
FEDERAL FUNDS	\$ 2,171,195,579	\$ 205,091,614	\$ 2,332,959,079	\$ 255,476,112	\$ 2,588,435,190
TOTAL REVENUE SOURCES	\$ 3,072,387,444	\$ 297,483,811	\$ 3,266,019,903	\$ 200,433,231	\$ 3,466,453,134
TOTAL EXPENDITURES:					
Provider Payments	\$ 3,012,514,351	\$ 277,848,252	\$ 3,215,675,423	\$ 251,249,655	\$ 3,466,925,079
TOTAL	\$ 59,873,093	\$ 19,635,560	\$ 50,344,480		\$ (471,945)

Note: FMAP (72.04% applicable Jul. - Sep. 2013) (71.09% applicable Oct. 2013 - Jun. 2014)

Joint Committee on Government and Finance

August 2014

Department of Health and Human Resources

MEDICAID WAIVER REPORT

June 2014 Data

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

WV Aged & Disabled Waiver Reported June 30, 2014		FY 2013	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	FY 2014 to date
Slots approved by CMS (1)		7,210	6,275	6,275	6,275	6,275	6,275	6,275	6,275	6,275	6,275	6,275	6,275	6,275	6,275
Total number of members served YTD (unduplicated slots used) (2)		7,107	5,732	5,777	5,870	5,932	5,948	5,959	5,965	5,968	5,975	6,022	6,100	6,208	6,208
Applicants determined eligible (3)		1568	117	153	132	114	124	78	66	89	110	70	47	7	1,107
Applicants determined ineligible (3)		328	31	36	17	31	22	15	19	11	10	16	1	1	210
Active Members															
Active members at end of calendar month (unduplicated slots active) (1)		4,436	5,666	5,650	5,674	5,653	5,602	5,558	5,465	5,415	5,351	5,315	5,325	5,345	5,345
ADW Members whose case was closed in month		1311	115	61	69	54	67	55	99	53	71	83	68	88	883
ADW members whose case was closed by reason	Deceased	730	61	37	41	37	41	43	54	39	31	48	49	37	518
	Left program to enter a facility (nursing home, ICF/MR)	114	24	3	3	3	0	0	26	3	8	16	2	10	98
	Other reasons such as: lost eligibility, moved out of state, no longer wanted services, etc.	444	34	21	25	14	26	8	19	11	32	19	17	41	267
Managed Enrollment List															
Number of individuals added to the Managed Enrollment List (4)		1805	115	106	108	166	90	43	78	80	114	110	125	110	1,245
Applicants with a Medicaid Card		791	48	40	52	73	39	3	32	31	57	55	61	66	557
Individuals moved from the Managed Enrollment List into the Program		204	5	45	93	51	16	11	6	3	7	47	78	108	470
Individuals removed from the Managed Enrollment due to death (5)		246	26	20	42	130	59	58	63	1	74	21	21	17	532
Total Number of individuals on Managed Enrollment list at end of month		2263	2347	2388	2361	2346	2361	2335	2344	2420	2453	2495	2521	2523	2523
Individuals on Managed Enrollment who are in a nursing facility		47	5	6	6	7	2	1	4	3	1	7	10	3	55
Individuals on Managed Enrollment who are receiving Medicaid Personal		204	7	9	18	23	6	0	10	9	11	16	13	18	140
Longest on Management Enrollment to Date July 2012															

(1) Of the 6,275 slots approved by CMS 100 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant.

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

(3) Numbers determined eligible and ineligible reflect the activity for the month reported. Eligibility refers to medical eligibility. Financial eligibility is not determined until the time medical eligibility is approved and a slot becomes available.

(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 their initial application date.

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

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

WV Intellectual/Developmental Disability Waiver Reported June 30, 2014		FY 2013	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	FY 2014 To Date
Slots approved by CMS		4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534
Total number of members served YTD (unduplicated slots used) (2)		4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534
Applicants determined eligible (3)		386	29	38	34	31	36	13	39	15	26	36	18	33	348
Applicants determined ineligible (3)		374	30	33	24	24	25	17	34	15	11	33	23	23	292
Applicants added to the Active Member List		196	140	0	0	0	8	2	0	2	3	0	0	0	155
Active Members															
Active members at end of calendar month (unduplicated slots active) (1)		4,436	4,523	4,515	4,496	4,485	4,485	4,478	4,467	4,463	4,457	4,447	4,442	4,435	4,435
I/DDW Members who were discharged this month		162	13	8	19	11	8	9	10	6	9	10	4	7	114
I/DDW members whose case was closed by reason	Deceased	69	6	1	2	4	4	5	5	4	3	7	4	4	49
	Other reasons such as: lost eligibility, moved out of state, no longer wanted services, etc.	93	7	7	17	7	4	4	5	2	6	3	0	3	65
Managed Enrollment List															
Number of individuals added to the Managed Enrollment List		383	29	38	34	31	36	13	39	15	26	36	18	33	348
Applicants with a Medicaid Card		432 Avg.	444	471	482	500	518	549	556	573	583	617	626	534	538 Avg.
Individuals moved from the Managed Enrollment List into the Program		198	140	0	0	0	8	2	0	2	3	0	0	0	155
Individuals removed from the Managed Enrollment due to death		3	1	1	1	2	0	0	0	1	1	2	1	0	10
Total Number of individuals on Managed Enrollment list at end of month		807	832	744	777	800	835	846	883	890	914	946	957	977	977
Individuals on Managed Enrollment who are in a Skilled Nursing facility		2 Avg.	1	1	1	1	2	2	2	3	3	4	4	4	2 Avg.
Individuals on Managed Enrollment who are in an ICF/IID group home (4)		34 Avg.	45	47	50	52	60	64	64	33	48	52	52	52	52 Avg.
Individuals on Managed Enrollment who are receiving Medicaid Personal Care		22 Avg.	33	35	36	36	40	41	40	39	43	44	49	47	40 Avg.
Person on Managed Enrollment Longest to Date			663 Days	694 Days	724 Days	722 Days	752 Days	778 Days	809 Days	830 Days	854 Days	884 Days	915 Days	945 Days	945 Days

(1) Unduplicated slots active refers to the total number of active members from the previous month minus those were discharged/closed during the calendar month plus any members who were newly enrolled for the calendar month.

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

(3) Numbers determined eligible and ineligible reflect the activity for the month reported. Eligibility refers to medical eligibility. Financial eligibility is not determined until the medical eligibility is approved and a slot becomes available.

(4) Number has dropped due to license revocation of Potomac Center ICF/IID

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

Traumatic Brain Injury Waiver Reported June 30 2014		FY 2013 To Date	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	FY 2014 To Date
Slots approved by CMS		100	100	100	100	100	100	100	100	125	125	125	125	125	125
Total number of members served Year to Date(unduplicated slots used) (2)		20	23	26	27	28	30	31	32	33	37	40	46	46	46
Applicants determined eligible (3)		34	4	5	3	3	8	2	0	3	3	5	7	5	48
Applicants determined ineligible (3)		11	3	1	2	1	1	1	1	2	1	2	0	2	17
Active Members															
Active members at end of calendar month (unduplicated slots active) (1)		20	23	26	27	28	27	27	28	29	32	35	39	37	37
TBIW members whose case was closed by reason	Deceased	0	0	0	0	0	0	0	0	0	0	1	0	0	1
	Left program to enter a facility	0	0	0	0	0	0	1	0	0	0	0	0	0	1
	Other reasons such as: lost eligibility, moved out of state, no longer wanted services, etc.	0	0	0	0	2	1	0	0	0	1	0	1	2	7
Managed Enrollment List															
Number of Individuals added to the Managed Enrollment List (4)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Applicants with a Medicaid Card		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Individuals removed from the Managed Enrollment List into the Program		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Individuals removed from the Managed Enrollment due to death (5)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Number of individuals on Managed Enrollment list at end of month		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Individuals on Managed Enrollment who are in a nursing facility		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Individuals on Managed Enrollment who are receiving Medicaid Personal Care		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) Unduplicated slots active refers to the total number of active members from the previous month minus those were discharged/closed during the calendar month plus any members who are newly enrolled for the calendar month.

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

(3) Numbers determined eligible and ineligible reflect the activity for the month reported. Eligibility refers to medical eligibility. Financial eligibility is not determined until the time medical eligibility is approved and a slot becomes available.

(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 their initial application date.

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

Joint Committee on Government and Finance

July 2014

Department of Health and Human Resources

MEDICAID REPORT

May 2014 Data

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2014

	MONTH OF MAY 2014					
	ACTUALS SFY2013	TOTAL SFY2014	ACTUALS Current Month Ended 5/31/14	ESTIMATE Current Month Ended 5/31/14	ACTUALS Year To-Date Thru 5/31/14	PROJECTED 6/1/14 Thru 6/30/14
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	155,429,299	199,265,328	18,983,778	18,615,879	181,152,419	18,112,909
Inpatient Hospital - DSH	56,816,481	56,580,000	13,726,538	14,145,000	54,939,002	1,640,998
Inpatient Hospital - Supplemental Payments	114,105,226	96,139,194	1,762,109	1,762,110	81,483,790	14,655,404
Inpatient Hospital - GME Payments	6,164,764	6,228,590	1,468,489	1,557,148	5,949,840	278,750
Mental Health Facilities	87,243,074	114,848,923	6,781,864	10,995,696	80,460,136	34,388,787
Mental Health Facilities - DSH Adjustment Payments	18,880,975	18,882,000	4,720,672	4,720,500	18,887,345	(5,345)
Nursing Facility Services - Regular Payments ⁽²⁾	537,541,608	554,417,908	46,178,584	46,216,108	513,160,580	41,257,328
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	68,163,593	67,331,000	5,405,657	5,610,917	62,196,608	5,134,392
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	117,203,017	160,730,609	11,634,513	15,353,506	104,302,873	56,427,736
Physicians Services - Supplemental Payments	28,092,471	29,903,100	-	-	27,016,879	2,886,221
Physician and Surgical Services - Evaluation and Management	-	21,962,392	942,753	1,366,164	28,376,306	(6,413,914)
Physician and Surgical Services - Vaccine Codes	-	221,842	2,195	21,334	108,074	113,768
Outpatient Hospital Services - Regular Payments	102,898,953	145,154,798	9,766,970	13,575,884	109,855,389	35,299,410
Outpatient Hospital Services - Supplemental Payments	124,121,376	69,977,047	16,442,349	16,442,348	69,977,049	(2)
Prescribed Drugs	331,397,125	356,724,143	25,841,811	35,494,682	264,024,913	92,699,230
Drug Rebate Offset - National Agreement	(201,903,185)	(202,289,800)	(2,132,141)	(2,071,886)	(165,337,729)	(36,952,071)
Drug Rebate Offset - State Sidebar Agreement	(16,603,872)	(16,895,800)	(356,166)	(173,050)	(12,738,763)	(4,157,037)
Drug Rebate Offset - MCO National	(799,544)	(812,900)	(423,563)	(8,326)	(24,038,944)	23,226,044
Drug Rebate Offset - MCO State Sidebar Agreement	-	-	(49,308)	-	(2,850,937)	2,850,937
Dental Services	55,866,868	78,358,578	1,976,550	7,324,938	42,986,885	35,371,693
Other Practitioners Services - Regular Payments	11,566,376	18,600,155	672,467	1,794,630	11,176,774	7,423,381
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	4,566,348	6,309,621	491,978	603,669	4,357,438	1,952,183
Lab & Radiological Services	22,573,569	33,844,618	2,973,172	3,166,429	27,118,024	6,726,594
Home Health Services	47,334,128	59,832,974	4,185,060	5,650,607	42,527,757	17,305,217
Hysterectomies/Sterilizations	133,155	221,588	19,946	20,683	168,061	53,527
Pregnancy Terminations	-	-	-	-	-	-
EPSDT Services	1,363,840	2,034,978	45,348	190,583	470,071	1,564,907
Rural Health Clinic Services	7,886,514	10,330,901	947,379	972,173	8,523,140	1,807,761
Medicare Health Insurance Payments - Part A Premiums	18,215,881	19,650,400	1,476,243	1,637,533	16,568,838	3,081,562
Medicare Health Insurance Payments - Part B Premiums	81,258,370	90,272,700	7,605,473	7,522,725	78,309,898	11,962,802
120% - 134% Of Poverty	6,160,455	6,509,900	616,288	500,762	6,226,760	283,140
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	8,417,028	8,653,000	653,182	665,615	8,044,238	608,762

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2014

	MONTH OF MAY 2014					
	ACTUALS SFY2013	TOTAL SFY2014	ACTUALS Current Month Ended 5/31/14	ESTIMATE Current Month Ended 5/31/14	ACTUALS Year To-Date Thru 5/31/14	PROJECTED 6/1/14 Thru 6/30/14
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	397,197,343	454,163,627	48,637,587	38,524,578	488,892,641	(34,729,014)
Medicaid MCO - Evaluation and Management	-	23,841,350	1,621,481	1,346,495	23,921,184	(79,834)
Medicaid MCO - Vaccine Codes	-	1,270,236	82,502	68,528	1,274,366	(4,130)
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-	-	-	-
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-	-	-	-
Medicaid Health Insurance Payments: Group Health Plan Payments	375,282	525,400	-	40,415	391,342	134,058
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-
Home & Community-Based Services (MR/DD)	342,155,532	352,000,000	29,117,914	27,076,923	325,487,619	26,512,381
Home & Community-Based Services (Aged/Disabled)	125,334,180	136,776,586	8,306,842	10,521,700	97,840,680	38,935,906
Home & Community-Based Services (Traumatic Brain Injury)	156,502	2,720,625	61,864	209,279	564,056	2,156,569
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	61,699,408	80,252,679	5,702,427	7,500,546	62,194,202	18,058,477
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-
Targeted Case Management Services - State Wide	2,668,659	4,035,719	280,868	378,057	2,444,667	1,591,052
Primary Care Case Management Services	163,137	241,420	9,501	22,534	124,476	116,944
Hospice Benefits ⁽³⁾	24,909,406	33,408,296	2,338,731	3,118,292	25,274,485	8,133,810
Emergency Services Undocumented Aliens	285,046	362,067	13,519	33,795	265,315	96,752
Federally Qualified Health Center	18,240,226	24,443,404	2,550,633	2,297,021	20,485,978	3,957,426
Non-Emergency Medical Transportation	25,112,179	34,840,953	2,359,045	3,252,142	23,654,949	11,186,005
Physical Therapy	2,102,592	3,161,494	213,948	295,195	2,385,840	775,654
Occupational Therapy	370,520	481,061	38,516	44,902	429,294	51,767
Services for Speech, Hearing & Language	408,350	603,122	31,721	56,329	441,795	161,327
Prosthetic Devices, Dentures, Eyeglasses	1,551,271	2,490,832	172,979	233,159	1,756,357	734,475
Diagnostic Screening & Preventive Services	553,321	768,682	112,341	71,755	755,940	12,742
Nurse Mid-Wife	230,458	423,216	21,235	39,503	245,523	177,693
Emergency Hospital Services	(2,247)	(1,200)	94	(92)	(3,569)	2,369
Critical Access Hospitals	31,395,064	48,996,857	3,511,740	4,576,990	37,346,171	11,650,686
Nurse Practitioner Services	2,006,168	3,499,907	226,600	326,985	2,208,324	1,291,583
School Based Services	52,157,547	54,149,130	3,898,021	4,166,600	39,054,743	15,094,387
Rehabilitative Services (Non-School Based)	76,111,131	98,820,482	7,177,219	9,313,260	77,269,960	21,550,522
Private Duty Nursing	5,290,076	7,034,325	505,396	661,374	5,876,628	1,157,697
Other Care Services	21,997,876	31,932,187	2,014,102	2,981,076	20,816,004	11,116,183
Less: Recoupments	-	-	(283,355)	-	(929,550)	929,550
NET EXPENDITURES:	2,986,562,919	3,414,230,245	301,083,661	330,831,702	2,903,872,135	510,358,110

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2014

MONTH OF MAY 2014	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2013	SFY2014	Current Month Ended 5/31/14	Current Month Ended 5/31/14	Year To-Date Thru 5/31/14	6/1/14 Thru 6/30/14
Collections: Third Party Liability (line 9A on CMS-64)	(10,619,577)	-	-	-	(5,509,660)	5,509,660
Collections: Probate (line 9B on CMS-64)	(262,779)	-	-	-	(473,392)	473,392
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(21,585)	-	-	-	(173,874)	173,874
Collections: Other (line 9D on CMS-64)	(9,910,781)	-	-	-	(2,687,299)	2,687,299
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	2,965,748,198	3,414,230,245	301,083,661	330,831,702	2,895,027,910	519,202,335
Plus: Medicaid Part D Expenditures	36,222,591	36,395,195	3,045,871	3,032,933	34,073,728	2,321,467
Plus: State Only Medicaid Expenditures	2,998,425	3,834,747	82,557	294,980	1,932,665	1,902,083
Plus: Money Follow the Person Expenditures	30,838	4,409,797	89,675	339,215	630,600	3,779,197
TOTAL MEDICAID EXPENDITURES	\$ 3,005,000,052	\$ 3,458,869,984	\$ 304,301,764	\$ 334,498,830	\$ 2,931,664,902	\$ 527,205,082
Plus: Reimbursables ⁽¹⁾	7,514,299	8,055,095	411,117	619,623	6,162,269	1,892,825
TOTAL EXPENDITURES	\$ 3,012,514,351	\$ 3,466,925,079	\$ 304,712,881	\$ 335,118,453	\$ 2,937,827,172	\$ 529,097,907

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

(2) Of the amount in the "Nursing Facility Services-Regular Payments" line, \$20,760,739 is the amount paid to State Facilities year to date.

(3) Of the amount in the "Hospice Benefits" line, \$18,239,510 is the amount paid to Nursing Facilities for Hospice Benefits year to date.

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 MEDICAID CASH REPORT
 SFY2014

11 Months Actuals

1 Months Remaining

MONTH OF MAY 2014	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2013	Current Month Ended 5/31/14	Year-To-Date Thru 5/31/14	6/1/14 Thru 6/30/14	SFY2014
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	\$ 8,645,986	\$ 20,835,675	\$ 34,992,812	\$ -	\$ 34,992,812
MATCHING FUNDS					
General Revenue (0403/189)	193,207,966	17,749,586	258,450,992	78,887,182	337,338,174
MRDD Waiver (0403/466)	88,753,483	9,762,883	78,990,600	9,762,883	88,753,483
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,333	2,379,666	216,334	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,667	5,826,334	529,666	6,356,000
Traumatic Brain Injury (0403/835)	800,000	88,000	712,000	88,000	800,000
Title XIX Waiver for Seniors (0403-533)	11,912,263	1,495,298	12,098,322	1,495,298	13,593,620
Medical Services Surplus (0403/633)	88,305,104	-	7,400,000	(7,400,000)	-
Waiver for Senior Citizens Surplus (0403/526)	-	1,000,000	1,000,000	(1,000,000)	-
Lottery Waiver (Less 550,000) (5405/539)	33,147,815	-	31,466,458	-	31,466,458
Lottery Transfer (5405/871)	8,670,000	-	50,588,667	(41,918,667)	8,670,000
Excess Lottery (5365/189)	24,503,890	-	96,543,971	(46,543,971)	50,000,000
Trust Fund Appropriation (5185/189)	173,603,846	-	50,049,116	15,180,783	65,229,899
Provider Tax (5090/189)	225,902,461	28,036,999	188,070,160	15,452,251	203,522,411
Certified Match	23,243,346	1,897,548	19,527,603	6,191,389	25,718,992
Reimbursables - Amount Reimbursed	7,235,570	1,174,152	5,417,344	2,637,751	8,055,095
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	3,648,128	67,238	2,077,221	(1,152,221)	925,000
CMS - 64 Adjustments	660,007	-	344,240	(344,240)	-
TOTAL MATCHING FUNDS	\$ 901,191,865	\$ 82,853,381	\$ 845,935,505	\$ 32,082,439	\$ 878,017,943
FEDERAL FUNDS	\$ 2,171,195,579	\$ 227,678,087	\$ 2,127,867,464	\$ 460,567,726	\$ 2,588,435,190
TOTAL REVENUE SOURCES	\$ 3,072,387,444	\$ 310,531,468	\$ 2,973,802,969	\$ 492,650,165	\$ 3,466,453,134
TOTAL EXPENDITURES:					
Provider Payments	\$ 3,012,514,351	\$ 304,712,881	\$ 2,937,827,172	\$ 529,097,907	\$ 3,466,925,079
TOTAL	\$ 59,873,093	\$ 5,818,587	\$ 35,975,797		\$ (471,945)

Note: FMAP (72.04% applicable Jul. - Sep. 2013) (71.09% applicable Oct. 2013 - Jun. 2014)

Joint Committee on Government and Finance

July 2014

Department of Health and Human Resources

MEDICAID WAIVER REPORT

May 2014 Data

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

WV Aged & Disabled Waiver Reported May 31, 2014		FY 2013	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	FY 2014 to date
Slots approved by CMS (1)		7,210	6,275	6,275	6,275	6,275	6,275	6,275	6,275	6,275	6,275	6,275	6,275		6,275
Total number of members served YTD (unduplicated slots used) (2)		7,107	5,732	5,777	5,870	5,932	5,948	5,959	5,965	5,968	5,975	6,022	6,100		6,100
Applicants determined eligible (3)		1568	117	153	132	114	124	78	66	89	110	14	47		1,044
Applicants determined ineligible (3)		328	31	36	17	31	22	15	19	11	10	16	61		269
Active Members															
Active members at end of calendar month (unduplicated slots active) (1)		4,436	5,666	5,650	5,674	5,653	5,602	5,558	5,465	5,415	5,351	5,315	5,325		5,325
ADW Members whose case was closed in month		1311	115	61	69	54	67	55	99	53	71	83	68		795
ADW members whose case was closed by reason	Deceased	730	61	37	41	37	41	43	54	39	31	48	49		481
	Left program to enter a facility (nursing home, ICF/MR)	114	24	3	3	3	0	0	26	3	8	16	2		88
	Other reasons such as: lost eligibility, moved out of state, no longer wanted services, etc.	444	34	21	25	14	26	8	19	11	32	19	17		226
Managed Enrollment List															
Number of individuals added to the Managed Enrollment List (4)		1805	115	106	108	166	90	43	78	80	114	110	125		1,135
Applicants with a Medicaid Card		791	48	40	52	73	39	3	32	31	57	55	61		491
Individuals moved from the Managed Enrollment List into the Program		204	5	45	93	51	16	11	6	3	7	47	78		362
Individuals removed from the Managed Enrollment due to death (5)		246	26	20	42	130	59	58	63	1	74	21	21		515
Total Number of individuals on Managed Enrollment list at end of month		2263	2347	2388	2361	2346	2361	2335	2344	2420	2453	2495	2521		2521
Individuals on Managed Enrollment who are in a nursing facility		47	5	6	6	7	2	1	4	3	1	7	10		52
Individuals on Managed Enrollment who are receiving Medicaid Personal		204	7	9	18	23	6	0	10	9	11	16	13		122
Longest on Management Enrollment to Date July 2012															

(1) Of the 6,275 slots approved by CMS 100 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant.

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

(3) Numbers determined eligible and ineligible reflect the activity for the month reported. Eligibility refers to medical eligibility. Financial eligibility is not determined until the time medical eligibility is approved and a slot becomes available.

(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 their initial application date.

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

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

WV Intellectual/Developmental Disability Waiver Reported May 31, 2014		FY 2013	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	FY 2014 To Date
Slots approved by CMS		4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534		4,534
Total number of members served YTD (unduplicated slots used) (2)		4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534	4,534		4,534
Applicants determined eligible (3)		386	29	38	34	31	36	13	39	15	26	36	18		315
Applicants determined ineligible (3)		374	30	33	24	24	25	17	34	15	11	33	23		269
Applicants added to the Active Member List		196	140	0	0	0	8	2	0	2	3	0	0		155
Active Members															
Active members at end of calendar month (unduplicated slots active) (1)		4,436	4,523	4,515	4,496	4,485	4,485	4,478	4,467	4,463	4,457	4,447	4,442		4,442
I/DDW Members who were discharged this month		162	13	8	19	11	8	9	10	6	9	10	4		107
I/DDW members whose case was closed by reason	Deceased	69	6	1	2	4	4	5	5	4	3	7	4		45
	Other reasons such as: lost eligibility, moved out of state, no longer wanted services, etc.	93	7	7	17	7	4	4	5	2	6	3	0		62
Managed Enrollment List															
Number of individuals added to the Managed Enrollment List		383	29	38	34	31	36	13	39	15	26	36	18		315
Applicants with a Medicaid Card		432 Avg.	444	471	482	500	518	549	556	573	583	617	626		626
Individuals moved from the Managed Enrollment List into the Program		198	140	0	0	0	8	2	0	2	3	0	0		155
Individuals removed from the Managed Enrollment due to death		3	1	1	1	2	0	0	0	1	1	2	1		10
Total Number of individuals on Managed Enrollment list at end of month		807	832	744	777	800	835	846	883	890	914	946	957		957
Individuals on Managed Enrollment who are in a Skilled Nursing facility		2 Avg.	1	1	1	1	2	2	2	3	3	4	4		4
Individuals on Managed Enrollment who are in an ICF/IID group home (4)		34 Avg.	45	47	50	52	60	64	64	33	48	52	52		52
Individuals on Managed Enrollment who are receiving Medicaid Personal Care		22 Avg.	33	35	36	36	40	41	40	39	43	44	49		49
Person on Managed Enrollment Longest to Date			663 Days	694 Days	724 Days	722 Days	752 Days	778 Days	809 Days	830 Days	854 Days	884 Days	915 Days		915 Days

(1) Unduplicated slots active refers to the total number of active members from the previous month minus those were discharged/closed during the calendar month plus any members who were newly enrolled for the calendar month.

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

(3) Numbers determined eligible and ineligible reflect the activity for the month reported. Eligibility refers to medical eligibility. Financial eligibility is not determined until the medical eligibility is approved and a slot becomes available.

(4) Number has dropped due to license revocation of Potomac Center ICF/IID

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

Traumatic Brain Injury Waiver Reported May 31 2014		FY 2013 To Date	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	FY 2014 To Date
Slots approved by CMS		100	100	100	100	100	100	100	100	125	125	125	125		125
Total number of members served Year to Date(unduplicated slots used) (2)		20	23	26	27	28	30	31	32	33	37	40	46		46
Applicants determined eligible (3)		34	4	5	3	3	8	2	0	3	3	5	7		43
Applicants determined ineligible (3)		11	3	1	2	1	1	1	1	2	1	2	0		15
Active Members															
Active members at end of calendar month (unduplicated slots active) (1)		20	23	26	27	28	27	27	28	29	32	35	39		39
TBIW members whose case was closed by reason	Deceased	0	0	0	0	0	0	0	0	0	0	1	0		1
	Left program to enter a facility	0	0	0	0	0	0	0	0	0	0	0	0		0
	Other reasons such as: lost eligibility, moved out of state, no longer wanted services, etc.	0	0	0	0	0	0	0	0	0	0	0	0		0
Managed Enrollment List															
Number of Individuals added to the Managed Enrollment List (4)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Applicants with a Medicaid Card		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Individuals removed from the Managed Enrollment List into the Program		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Individuals removed from the Managed Enrollment due to death (5)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Number of individuals on Managed Enrollment list at end of month		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Individuals on Managed Enrollment who are in a nursing facility		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Individuals on Managed Enrollment who are receiving Medicaid Personal Care		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) Unduplicated slots active refers to the total number of active members from the previous month minus those were discharged/closed during the calendar month plus any members who are newly enrolled for the calendar month.

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

(3) Numbers determined eligible and ineligible reflect the activity for the month reported. Eligibility refers to medical eligibility. Financial eligibility is not determined until the time medical eligibility is approved and a slot becomes available.

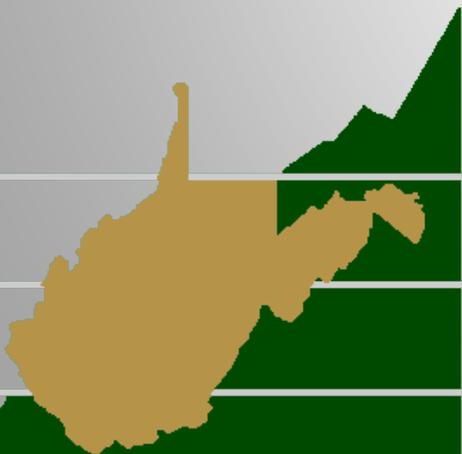
(4) Monthly managed enrollment is being reported in the month an applicant is determined medically eligible; however, the individual's placement date on the managed enrollment list will be based on their initial application date.

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

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

June 30, 2014



West Virginia Investment Management Board
 Participant Plans Allocation & Performance Net of Fees
 As of June 30, 2014

	6/30/2013		6/30/2014		Performance %						
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
WVIMB Fund Assets	14,580,737	100.0	16,877,312	100.0							
Pension Assets	11,501,368	78.9	13,389,464	79.3							
Public Employees' Retirement System	4,848,377	33.3	5,629,812	33.4	1.6	4.5	17.9	17.9	10.5	13.6	7.8
Teachers' Retirement System	5,717,583	39.2	6,655,376	39.3	1.6	4.5	17.9	17.9	10.4	13.3	7.5
Teachers' Employers Cont. Collection A/C	-	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0	0.1	
EMS Retirement System	42,603	0.3	53,343	0.3	1.7	4.6	17.9	17.9	10.4	13.4	
Public Safety Retirement System	520,323	3.6	601,077	3.6	1.6	4.5	17.9	17.9	10.5	13.6	7.8
Judges' Retirement System	141,476	1.0	165,239	1.0	1.6	4.6	18.0	18.0	10.4	13.5	7.8
State Police Retirement System	96,092	0.6	120,572	0.7	1.6	4.5	17.9	17.9	10.4	13.4	7.8
Deputy Sheriffs' Retirement System	134,410	0.9	161,491	1.0	1.6	4.5	17.9	17.9	10.4	13.5	7.8
Municipal Police & Firefighter Retirement System	504	0.0	1,150	0.0	1.6	4.4	17.0	17.0	10.7		
Municipal Model A	-	0.0	1,404	0.0	1.7	4.5					
Insurance Assets	2,154,563	14.8	2,449,418	14.5							
Workers' Compensation Old Fund	1,036,241	7.1	1,197,954	7.0	0.8	3.0	9.2	9.2	5.9	8.3	
Workers' Comp. Self-Insured Guaranty Risk Pool	14,487	0.1	15,707	0.1	0.9	3.1	10.0	10.0	6.4	5.1	
Workers' Comp. Self-Insured Security Risk Pool	-	0.0	7,165	0.0	0.9	3.1					
Workers' Comp. Uninsured Employers' Fund	9,749	0.1	10,704	0.1	0.9	3.1	9.8	9.8	6.3	4.7	
Pneumoconiosis	261,636	1.8	269,556	1.6	0.9	3.1	10.1	10.1	6.4	8.8	5.8
Board of Risk & Insurance Management	139,875	1.0	147,378	0.9	0.9	3.1	10.0	10.0	6.5	9.0	
Public Employees' Insurance Agency	194,215	1.3	214,210	1.3	0.9	3.2	10.3	10.3	6.9	8.8	
WV Retiree Health Benefit Trust Fund	495,926	3.4	584,257	3.5	1.7	4.6	17.8	17.8	10.1	11.3	
AccessWV	2,434	0.0	2,487	0.0	0.0	0.0	2.2	2.2	3.2		
Endowment Assets	924,806	6.3	1,038,430	6.2							
Wildlife Fund	45,838	0.3	52,488	0.3	1.7	4.6	17.8	17.8	10.3	13.5	7.7
Prepaid Tuition Trust	76,701	0.5	77,100	0.5	0.9	3.3	13.7	13.7	8.3	12.3	7.5
Revenue Shortfall Reserve Fund	446,073	3.0	477,831	2.8	0.3	3.0	5.1	5.1	4.1	7.3	
Revenue Shortfall Reserve Fund - Part B	348,811	2.4	381,423	2.3	0.6	3.0	9.4	9.4	6.2	9.5	
WV DEP Trust	7,383	0.1	8,717	0.1	1.4	4.2	18.1	18.1	10.0		
WV DEP Agency	-	0.0	40,871	0.2	1.0	3.2					

West Virginia Investment Management Board

Composite Asset Allocation & Performance Net of Fees

As of June 30, 2014

	Asset (\$000)	%	Performance %							
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	
Investment Pools Composite	16,885,496	100.00								
Total Equity Composite	8,399,630	49.75	1.97	5.17	25.62	25.62	12.45	17.27	8.75	
+/- Total Equity Policy Index (b)			(0.18)	0.20	1.73	1.73	1.10	1.77	1.23	
US Equity Composite	4,174,663	24.73	2.36	4.38	25.78	25.78	16.40	19.87	8.63	
+/- Russell 3000 Index			(0.15)	(0.49)	0.56	0.56	(0.06)	0.54	0.40	
Large Cap Composite	3,097,933	18.35	1.95	5.14	25.01	25.01	16.52	19.13	7.94	
+/- S&P 500 Index			(0.12)	(0.09)	0.40	0.40	(0.06)	0.30	0.16	
Non-Large Cap Composite	1,076,730	6.38	3.55	2.21	27.87	27.87	15.97	22.95	10.53	
+/- Russell 2500 Index			(1.23)	(1.35)	2.29	2.29	0.46	1.32	0.75	
International Equity Composite	4,224,967	25.02	1.59	5.95	25.29	25.29	8.41	14.43	9.73	
+/- MSCI AC World ex US IMI Index (c)			(0.19)	0.89	2.79	2.79	2.13	2.80	1.49	
Fixed Income Composite	3,345,898	19.81	0.32	2.22	5.76	5.76	4.73	7.06	5.41	
+/- Barclays Capital Universal (d)			0.17	0.02	0.56	0.56	0.51	1.48	0.20	
Core Fixed Income	1,034,048	6.12	0.04	1.95	4.43	4.43	4.30	5.76		
+/- Barclays Capital Aggregate			(0.01)	(0.09)	0.06	0.06	0.64	0.91		
Total Return Fixed Income	2,311,850	13.69	0.45	2.34	6.38	6.38	4.95	7.60	6.06	
+/- Barclays Capital Universal			0.30	0.14	1.18	1.18	0.73	2.02	0.79	
TIPS Composite	604,538	3.58	0.28	3.79	4.44	4.44	3.55			
+/- Barclays Capital U.S. TIPS			(0.02)	(0.02)	0.00	0.00	0.00			
Cash Composite	339,120	2.01	0.01	0.02	0.10	0.10	0.13	0.13	1.76	
+/- Citigroup 90 Day T-Bill (e)			0.01	0.01	(0.01)	(0.01)	(0.05)	(0.10)	(0.01)	
Private Equity Composite	1,355,258	8.02	2.96	7.43	19.78	19.78	14.45	15.79		
+/- Russell 3000 + 3% (f, g)								(7.79)		
Real Estate Composite	1,275,899	7.56	1.71	4.63	10.72	10.72	9.62	9.69		
+/- NCREIF + 1% (f)								0.80		
Hedge Fund Composite	1,565,153	9.27	0.85	1.97	8.61	8.61	6.24	7.34		
+/- HFRI FOF + 1% (h)			(0.28)	0.11	3.82	3.82	1.73	2.90		

West Virginia Investment Management Board

Participant Plans Allocation vs. Strategy

As of June 30, 2014

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

Pension Assets

Public Employees' Retirement System	27.5	27.5	28.0	27.5	15.1	15.0	9.8	10.0	9.2	10.0	10.3	10.0	0.1	0.0
Teachers' Retirement System	26.9	27.5	27.3	27.5	14.7	15.0	9.6	10.0	9.0	10.0	10.0	10.0	2.5	0.0
Teachers' Employers Cont. Collection A/C	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0
EMS Retirement System	27.5	27.5	27.6	27.5	15.3	15.0	10.1	10.0	9.1	10.0	9.8	10.0	0.6	0.0
Public Safety Retirement System	27.9	27.5	27.7	27.5	15.0	15.0	9.1	10.0	9.2	10.0	11.0	10.0	0.1	0.0
Judges' Retirement System	27.5	27.5	28.0	27.5	15.2	15.0	9.8	10.0	9.2	10.0	10.3	10.0	0.0	0.0
State Police Retirement System	27.5	27.5	27.5	27.5	15.3	15.0	9.3	10.0	9.1	10.0	10.5	10.0	0.8	0.0
Deputy Sheriffs' Retirement System	27.5	27.5	27.8	27.5	15.3	15.0	9.6	10.0	9.1	10.0	10.4	10.0	0.3	0.0
Municipal Police & Firefighter Retirement System	26.6	27.5	26.3	27.5	14.7	15.0	9.7	10.0	8.8	10.0	9.4	10.0	4.5	0.0
Municipal Model A	27.7	27.5	27.8	27.5	14.6	15.0	10.2	10.0	9.2	10.0	9.9	10.0	0.6	0.0

Insurance Assets

Workers' Compensation Old Fund	15.2	15.0	15.0	15.0	59.4	60.0	0.0	0.0	0.0	0.0	0.0	0.0	10.4	10.0
Workers' Comp. Self-Insured Guaranty Risk Pool	15.2	15.0	15.3	15.0	45.0	45.0	0.0	0.0	0.0	0.0	20.0	20.0	4.5	5.0
Workers' Comp. Self-Insured Security Risk Pool	15.3	15.0	15.3	15.0	44.6	45.0	0.0	0.0	0.0	0.0	19.9	20.0	4.9	5.0
Workers' Comp. Uninsured Employers Fund	15.2	15.0	15.3	15.0	39.8	40.0	0.0	0.0	0.0	0.0	19.9	20.0	9.8	10.0
Pneumoconiosis	15.3	15.0	15.2	15.0	45.1	45.0	0.0	0.0	0.0	0.0	20.0	20.0	4.4	5.0
Board of Risk & Insurance Mgmt.	15.2	15.0	14.9	15.0	45.1	45.0	0.0	0.0	0.0	0.0	19.9	20.0	4.9	5.0
Public Employees' Insurance Agency	15.2	15.0	15.3	15.0	49.6	50.0	0.0	0.0	0.0	0.0	19.9	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	27.7	27.5	27.7	27.5	15.4	15.0	10.2	10.0	9.2	10.0	9.8	10.0	0.0	0.0
AccessWV	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0

Endowment Assets

Wildlife Fund	27.6	27.5	27.7	27.5	15.4	15.0	10.2	10.0	9.1	10.0	9.8	10.0	0.2	0.0
Prepaid Tuition Trust	30.5	30.0	16.3	16.0	51.9	54.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.0
Revenue Shortfall Reserve Fund	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Shortfall Reserve Fund - Part B	10.4	10.0	10.4	10.0	79.1	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
WV DEP Trust	35.3	35.0	28.2	28.0	36.4	37.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
WV DEP Agency	19.2	20.0	18.5	20.0	36.7	40.0	0.0	0.0	0.0	0.0	18.4	20.0	7.2	0.0

Statutory Limitations

- Public Equity - 75%
- International Proportions of Equity, Fixed Income, and Real Estate - 30%
- Real Estate - 25%
- Private Equity and Hedge Funds - 20% in aggregate

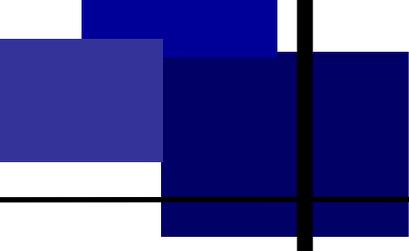
West Virginia Investment Management Board

Footnotes

As of June 30, 2014

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

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



Status Report:
Workers' Compensation

Joint Committee on Government & Finance

August 2014

Provided by the West Virginia Offices of the Insurance Commissioner



Table of Contents:

Introduction	3
Definitions	4-6
Monthly Claims Count and Reserve Charts	7-10
Old Fund Cash Statements	11
Coal Workers Pneumoconiosis Fund Cash Statement	12
Self-Insured Guaranty Fund Cash Statement	13
Self-Insured Security Fund Cash Statement	14
Uninsured Employers' Fund Cash Statement	15
Office of Judges' Monthly Report to the Industrial Council	16-26
Workers' Compensation Board of Review Monthly Report	27-35
Workers' Compensation Revenue Recovery Monthly Report	36

Introduction

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

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

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

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

Definitions:

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

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

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

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

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

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

Inactive FBL Claim: an FBL claim for which an award had been sought, but was not afforded. Federal statutes permit an appeal process which lasts for 1 year, so the claim would be reopened for consideration upon appeal. Some variance in the number of reported "inactive" claims has occurred in the past due to one TPA holding active reserves on "inactive" claims. This has subsequently been rectified. Denied Old Fund FBL claims are closed administratively after 6 months, as the TPA's bill for claims management services monthly on an open claims basis.

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

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

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

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

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

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

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

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

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

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

home, or within the distance from the claimant's home to his or her pre-injury employment, whichever is greater, is a factor to be considered in determining whether or not a claimant is PTD.

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

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

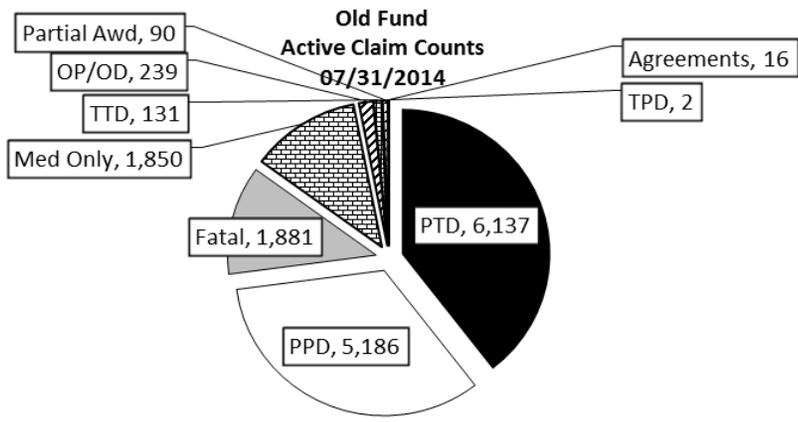
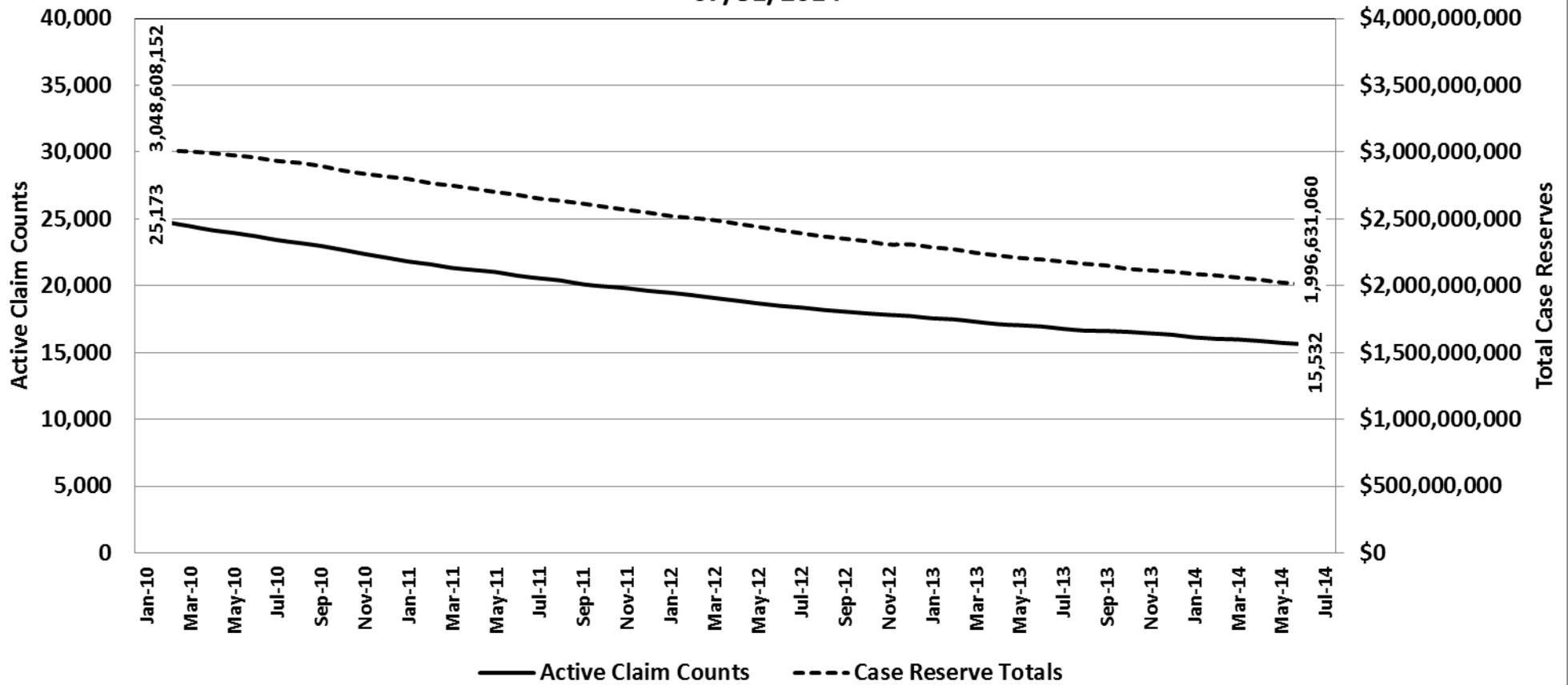
Self-Insured Security Fund: State managed fund into which premiums received are held, and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last exposure before 07/01/2004. This fund is limited to claimants of those self-insured employers who have defaulted on their claims obligations after 12/31/2005.

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

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

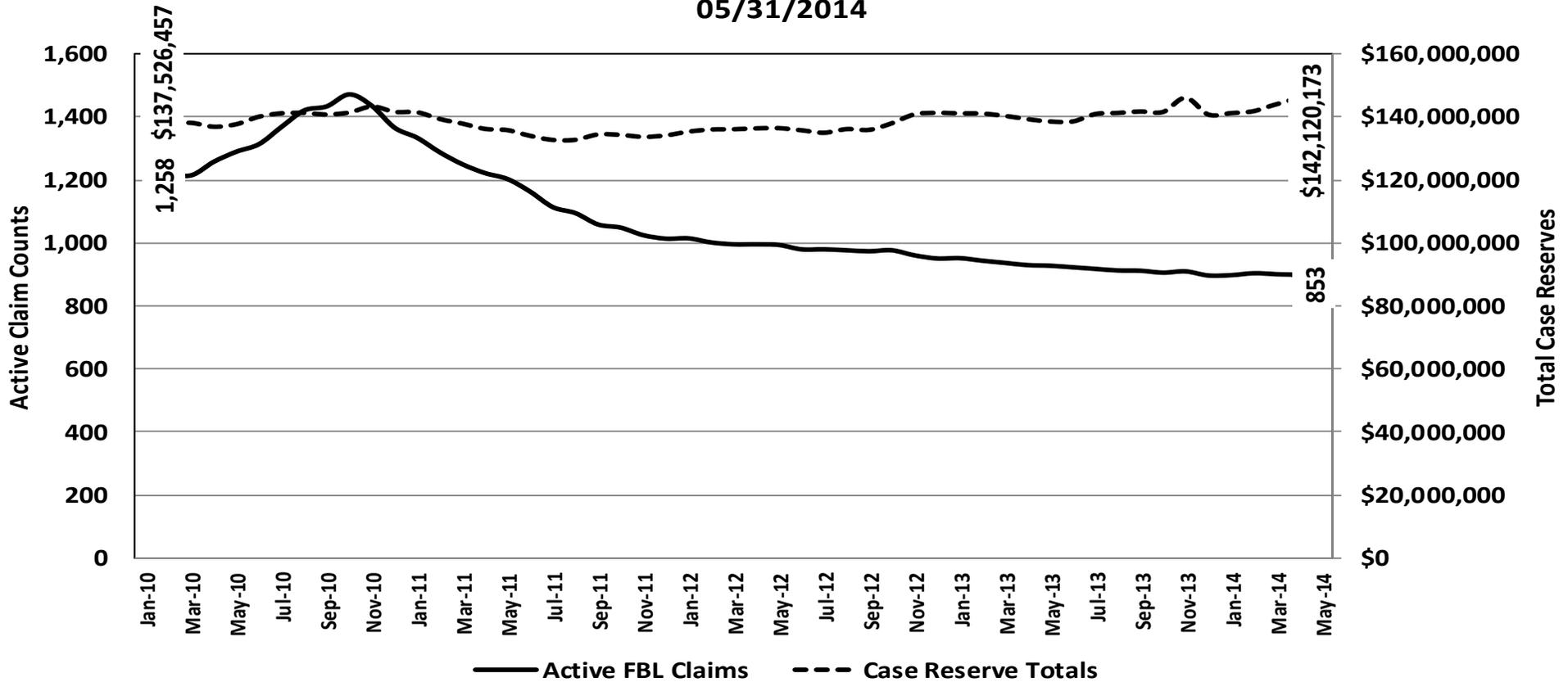
Uninsured Fund: State managed fund into which assessments to carriers or employers received are held, and out of which workers' compensation benefits may be paid to claimant employees of employers who were uninsured if the date of injury or date of last exposure is January 1, 2006 or later.

Old Fund Active Claim Counts and Case Reserves 07/31/2014

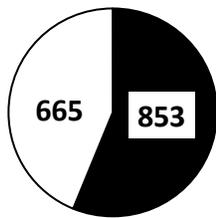


- Agreements** – a legal agreement to settle a payment issue
- Fatal** – worker died due to injury or illness
- Med Only** – payment of medical benefits without wage replacement
- OP/OD** - Occupational Pneumoconiosis or Occupational Disease
- Partial Awd** – benefits being paid without official awards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

**CWP Fund (FBL)
Active Claim Counts and Case Reserves
05/31/2014**



**CWP Fund (FBL)
Active and Inactive Claims
05/31/2014**



■ Active □ Inactive

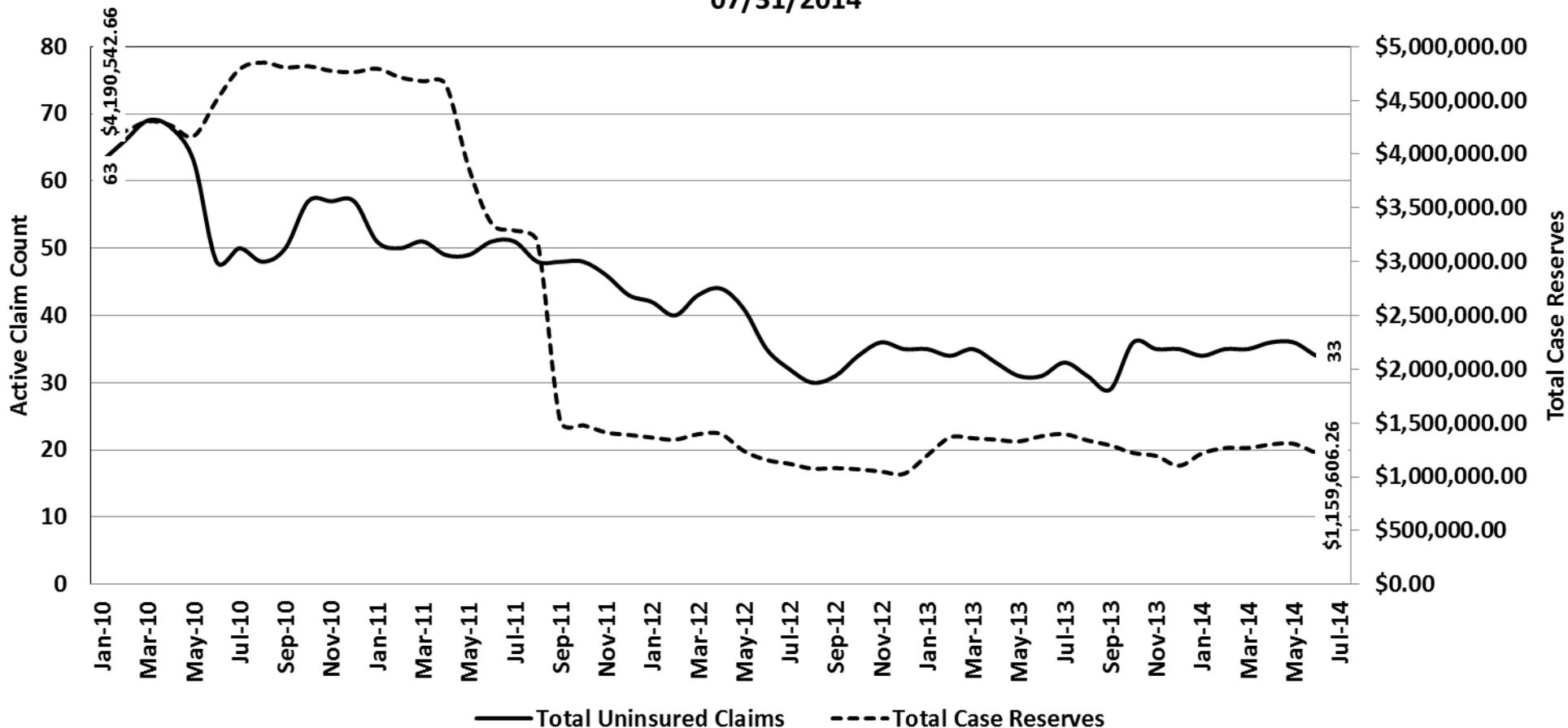
Active – Benefits being paid to claimant/beneficiary

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

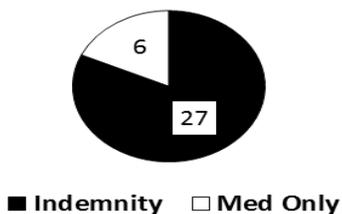
FBL - Occupational Pneumoconiosis (Black Lung) under Title IV of the federal Coal Mine Health and Safety Act of 1969, i.e. Federal Black lung, or FBL.

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

Uninsured Fund Active Claim Counts and Case Reserves 07/31/2014



Uninsured Fund
Active Claim Counts
07/31/2014



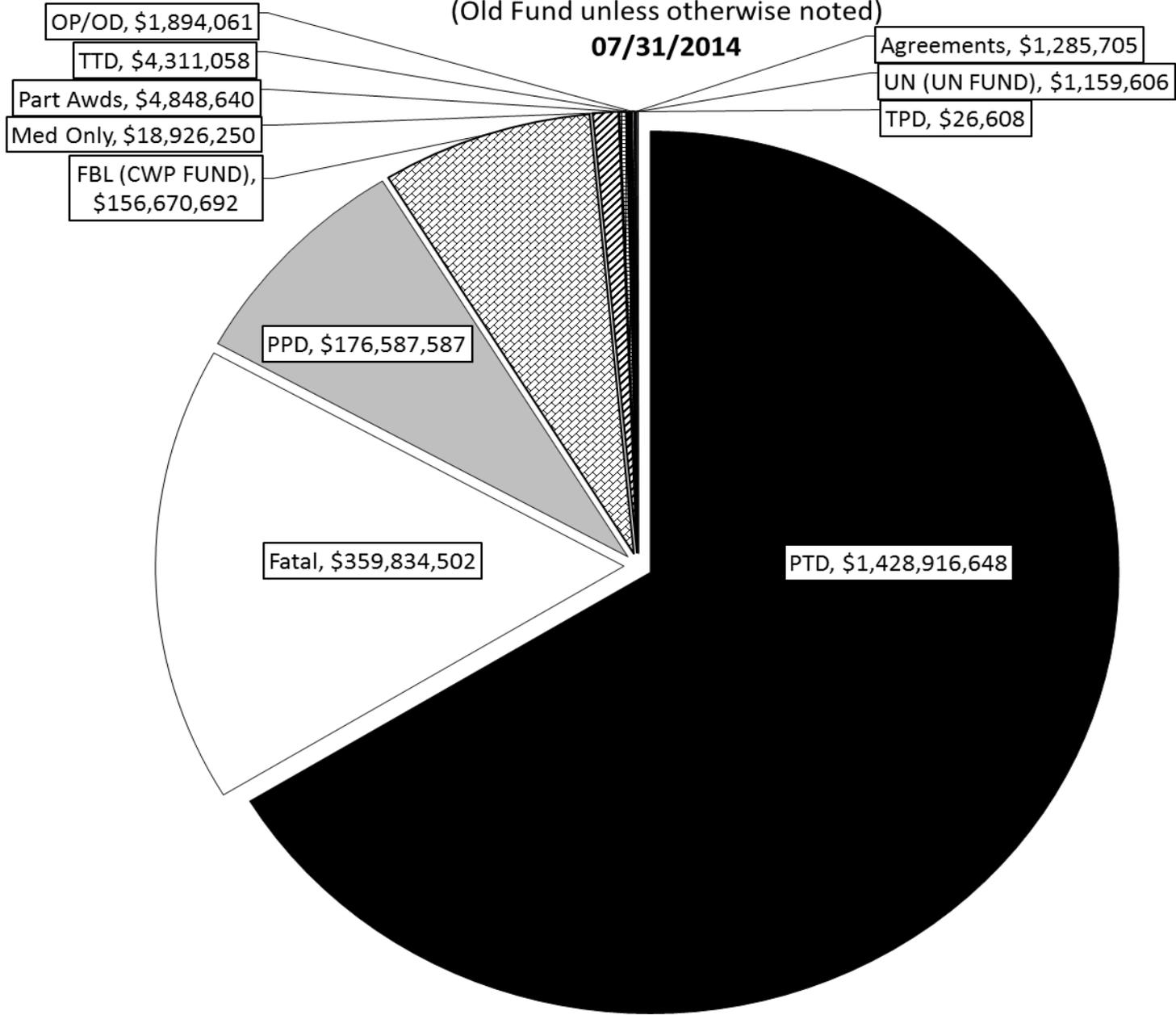
Indemnity – statutory wage replacement and medical benefits awarded

Med Only – payment of medical benefits without wage replacement

Uninsured (Employer’s) Fund - (UEF) established January 1, 2006 to provide worker’s compensation benefits to injured workers of uninsured WV employers. The Commissioner may recover all payments made from this fund, including interest, from an uninsured employer who is found liable for benefits paid from the UEF.

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

07/31/2014



OLD FUND CASH STATEMENT

July 31, 2014

	Three Year History for years ended:					
	YTD FY2015	YTD FY2014	Change	YTD FY2014	FY2013	FY2012
Cash Beginning Balances	1,190,142,811	1,061,595,681	128,547,130	1,061,595,681	942,505,408	943,172,539
Revenues						
Personal Income Tax	-	-	-	95,400,000	95,400,000	95,400,000
Severance Tax	7,109,307	9,072,868	(1,963,561)	109,467,900	94,562,969	93,947,355
Debt Reduction Surcharge	7,092,718	7,295,854	(203,136)	34,138,820	36,853,941	39,758,082
Self-Insured Debt Reduction Surcharge	787,251	1,615,837	(828,586)	8,493,207	8,733,494	9,620,197
Video Lottery	-	3,254,820	(3,254,820)	11,000,000	11,000,000	11,000,000
Employer Premium	14,956	23,442	(8,486)	284,075	335,102	575,167
Other Income - Return of Unclaimed Property	-	72,331	(72,331)	92,953	48,332	202,103
Operating Revenues	15,004,233	21,335,152	(6,330,919)	258,876,955	246,933,837	250,502,904
Investment / Interest Earnings (Losses)	9,270,472	(19,978,089)	29,248,561	67,734,120	77,380,803	18,284,929
Total Revenues	24,274,705	1,357,063	22,917,642	326,611,075	324,314,640	268,787,833
Expenditures						
Claims Benefits Paid:						
Medical	2,820,824	2,434,352	386,472	31,791,671	33,512,816	39,226,318
Permanent Total Disability	8,919,924	9,616,507	(696,583)	111,490,282	118,396,619	124,963,432
Permanent Partial Disability	35,422	69,682	(34,260)	720,723	1,137,910	1,822,571
Temporary Disability	-	-	-	7,741	59,227	188,666
Fatals	2,125,602	2,163,678	(38,076)	26,407,057	26,966,847	28,139,830
104 weeks death benefit	425,014	560,191	(135,177)	6,200,020	6,670,578	6,729,656
Settlements	865,379	764,038	101,341	9,136,495	9,011,730	56,164,626
Loss Adjustment Expenses	202,085	73,314	128,771	1,467,221	998,774	2,333,885
Total	15,394,251	15,681,763	(287,512)	187,221,209	196,754,501	259,568,984
Less: Claims credits and overpayments	54,870	1,105,862	(1,050,992)	3,265,629	4,617,178	8,161,625
Total Benefits Paid	15,339,381	14,575,901	763,480	183,955,580	192,137,323	251,407,359
Administrative Expenses	708	1,748,202	(1,747,494)	14,108,365	13,087,043	18,047,605
Total Expenditures	15,340,089	16,324,103	(984,014)	198,063,945	205,224,366	269,454,964
Excess (Deficiency) of Revenues over Expenditures	8,934,616	(14,967,040)	23,901,655	128,547,130	119,090,274	(667,131)
Cash Ending Balances	1,199,077,427	1,046,628,642	152,448,785	1,190,142,811	1,061,595,681	942,505,408

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

COAL WORKERS PNEUMOCONIOSIS FUND

July 31, 2014

	YTD FY2015	YTD FY2014	Change	Three Year History for years ended:		
				FY2014	FY2013	FY2012
Cash Beginning Balances	267,173,190	266,720,430	452,760	266,720,430	254,523,752	262,926,105
Revenues						
Investment Earnings (Losses)	2,432,439	(5,033,410)	7,465,849	17,915,475	24,801,113	2,745,783
Total Revenues	2,432,439	(5,033,410)	7,465,849	17,915,475	24,801,113	2,745,783
Expenditures						
Payment of Claims	1,438,021	1,441,550	(3,529)	17,376,923	12,550,216	11,131,012
Contractual / Professional	-	-	-	85,747	53,287	17,124
Legal	-	-	-	-	932	-
General and Administrative	15	45	(30)	45	-	-
Prior Year Expiring Funds	-	(4,315)	4315	-	-	-
Total Expenditures	1,438,036	1,437,279	756	17,462,715	12,604,435	11,148,136
Excess (Deficiency) of Revenues over Expenditures	994,404	(6,470,689)	7,465,093	452,760	12,196,678	(8,402,353)
Cash Ending Balances	268,167,594	260,249,741	7,917,853	267,173,190	266,720,430	254,523,752

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

SELF-INSURED GUARANTY RISK POOL

July 31, 2014

	YTD FY2015	YTD FY2014	Change	Three Year History for years ended:		
				FY2014	FY2013	FY2012
Cash Beginning Balances	15,603,319	14,815,337	787,982	14,815,337	10,829,975	9,744,809
Revenues						
Guaranty Risk Pool Assessments	-	29,568	(29,568)	124,520	851,410	1,093,066
Collateral Proceeds	-	-	-	-	2,399,380	-
Investment Earnings (Losses)	139,413	(278,153)	417,566	1,027,230	1,186,338	125,813
Total Revenues	139,413	(248,585)	387,997	1,151,751	4,437,128	1,218,879
Expenditures						
Payment of Claims	17,958	19,076	(1,118)	255,607	332,894	28,466
Contractual / Professional	-	1,587	(1,587)	107,348	92,122	105,247
Legal	-	49	(49)	815	26,750	-
Total Expenditures	17,958	20,712	(2,754)	363,769	451,765	133,713
Excess (Deficiency) of Revenues over Expenditures	121,454	(269,297)	390,751	787,981	3,985,363	1,085,166
Cash Ending Balances	15,724,773	14,546,040	1,178,733	15,603,319	14,815,337	10,829,975

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

SELF-INSURED SECURITY RISK POOL

July 31, 2014

	YTD FY2015	YTD FY2014	Change	Three Year History for years ended:		
				FY2014	FY2013	FY2012
Cash Beginning Balances	7,137,316	6,754,601	382,715	6,754,601	203,518	205,705
Revenues						
Security Risk Pool Assessments	-	-	-	1,072,311	2,575,705	-
Collateral Proceeds	-	-	-		4,657,620	
Investment Earnings (Losses)	63,659	-	63,659	151,334		-
Total Revenues	63,659	-	63,659	1,223,645	7,233,325	-
Expenditures						
Payment of Claims	57,105	154,247	(97,142)	789,254	530,804	2,187
Contractual / Professional	-	3,659	(3,659)	48,446	60,413	-
Legal	-	146	(146)	3,230	91,025	-
Total Expenditures	57,105	158,053	(100,947)	840,930	682,242	2,187
Excess (Deficiency) of Revenues over Expenditures	6,554	(158,053)	164,606	382,715	6,551,083	(2,187)
Cash Ending Balances	7,143,870	6,596,548	547,321	7,137,316	6,754,601	203,518

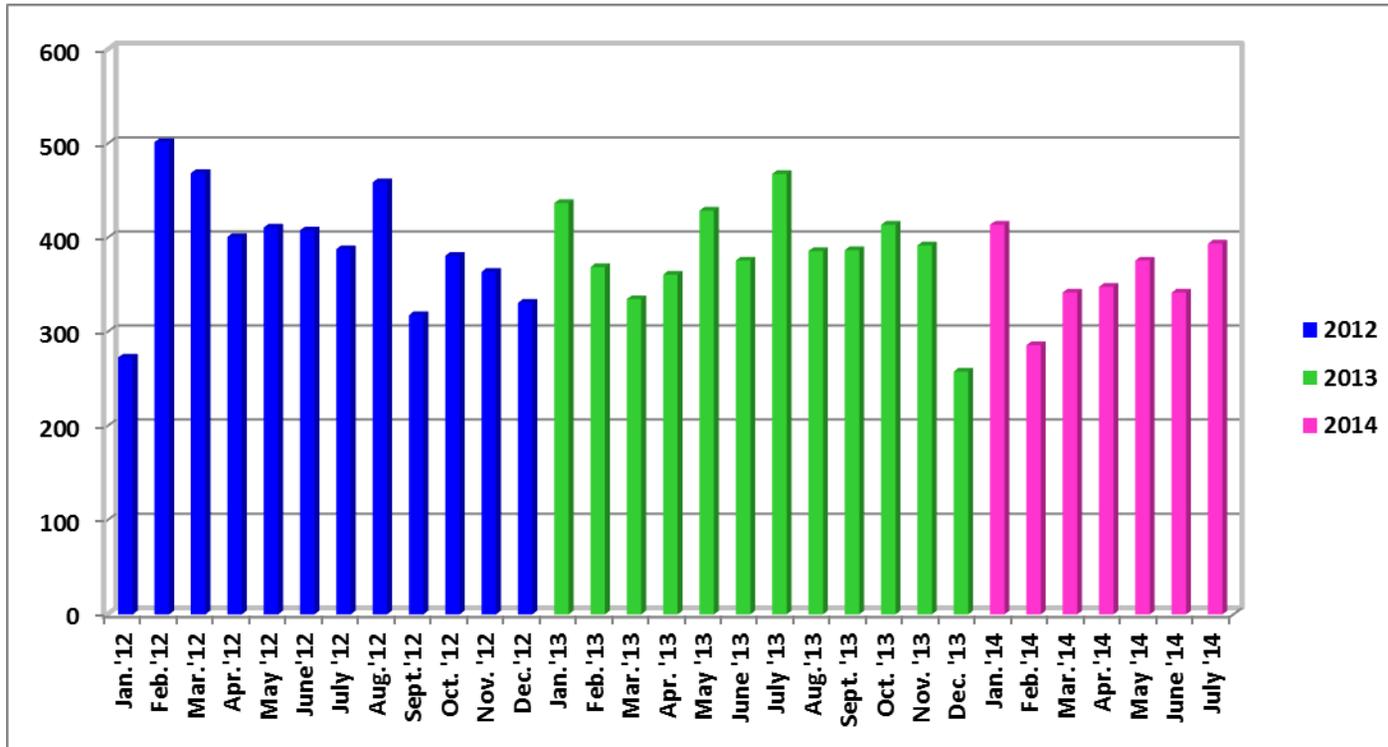
The Self-Insured Security Risk Pool is liable for the worker's compensation claims of bankrupt or defaulted self-insured employers with dates of injury prior to July 1, 2004. However, the obligations of this Fund are limited to the exposures of self-insured employers who default subsequent to December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

UNINSURED EMPLOYERS FUND
July 31, 2014

	YTD FY2015	YTD FY2014	Change	Three Year History for years ended:		
				FY2014	FY2013	FY2012
Cash Beginning Balances	11,714,178	10,801,353	912,825	10,801,353	9,574,065	9,086,330
Revenues						
Fines and Penalties	86,463	59,300	27,163	768,532	747,771	948,896
Investment Earnings (Losses)	93,141	(178,722)	271,864	682,644	871,603	99,906
Total Revenues	179,605	(119,422)	299,027	1,451,176	1,619,374	1,048,802
Expenditures						
Payment of Claims	348,508	16,343	332,165	286,421	262,002	553,676
Contractual/Professional	1,040	50	990	26,825	15,024	7,392
General and Administrative	-	15	(15)	105	60	-
Insurance	-	-	-	225,000	115,000	-
Total Expenditures	349,548	16,408	333,140	538,351	392,086	561,067
Excess (Deficiency) of Revenues over Expenditures	(169,943)	(135,830)	(34,112)	912,825	1,227,288	487,735
Cash Ending Balances	11,544,235	10,665,523	878,712	11,714,178	10,801,353	9,574,065

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

PROTEST COMPARISON BY MONTH/YEAR



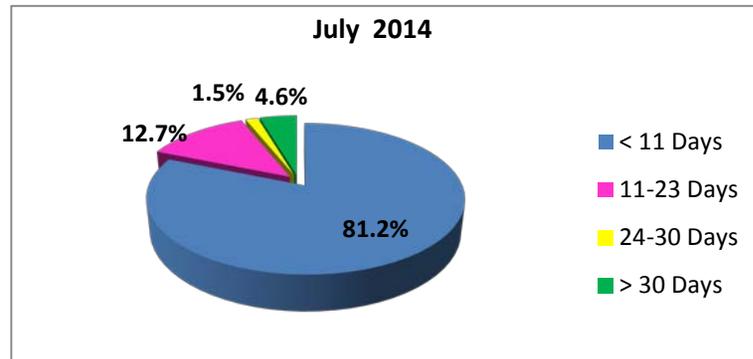
PROTEST ACKNOWLEDGMENTS – July 2014

Description	Acknowledged	Days to Acknowledgement							
		> 30 Days		30 - 24		23 - 11		<11	
		Count	%	Count	%	Count	%	Count	%
APPLICATION THRESHOLD	Total: 1	0	0	0	0	0	0	1	100
CFA-CL APP.THRESHOLD	1	0	0	0	0	0	0	1	100
BENEFIT OVERPAYMENT	Total: 4	0	0	0	0	0	0	4	100
CBO-CL BEN. OVERPAYMENT	3	0	0	0	0	0	0	3	100
CBP-CL SI BEN. OVR PAYMT	1	0	0	0	0	0	0	1	100
COMPENSABILITY	Total: 81	5	6	2	2	11	13	63	77
CCS-CL SEC.CONDITION	17	1	5	0	0	2	11	14	82
CHC-CL COMPENSABILITY	3	1	33	0	0	1	33	1	33
CIS-CL SI SEC.CONDITION	7	1	14	0	0	1	14	5	71
CLB-CL COMP ON LIMITED BASIS	5	0	0	0	0	1	20	4	80
CLB-CL SI COMP ON LIMITED BASIS	2	0	0	0	0	0	0	2	100
CPI-CL SI REJECT CLAIM	10	0	0	0	0	0	0	10	100
CPJ-CL REJECT CLAIM	33	2	6	2	6	6	18	23	69
CQR-CL SI REJ OCCDISEASE	1	0	0	0	0	0	0	1	100
CRZ-CL REJ OCC DISEASE	3	0	0	0	0	0	0	3	100
DEP BEN FATAL	Total: 6	0	0	0	0	2	33	4	66
C9J-CL OIC D/G DTH BEN	1	0	0	0	0	1	100	0	0
CDF-CL DENY/GRNT DTH BEN	5	0	0	0	0	1	20	4	80
FAILURE TO ACT 10 DAY	Total: 5	0	0	0	0	5	100	0	0
C5N-CL FTA NOT COVERED	5	0	0	0	0	5	100	0	0
FAILURE TO ACT 15 DAY	Total: 5	0	0	0	0	2	40	3	60
C03-CL FTA TREATMENT	3	0	0	0	0	2	66	1	33
FTA Multiple Issues-FTA MULTIPLE ISSUES	2	0	0	0	0	0	0	2	100
FAILURE TO ACT 30 DAY	Total: 2	0	0	0	0	1	50	1	50
C7D-CL FTA REF FOR EXAM	2	0	0	0	0	1	50	1	50
OP NON-MED	Total: 3	0	0	0	0	1	33	2	66
CNR-CL NON-MED ORDER	3	0	0	0	0	1	33	2	66
OPBD	Total: 28	1	3	1	3	2	7	24	85
CAO-CL ADD BOARD FINDING	3	0	0	0	0	0	0	3	100
CBF-CL % BOARD FINDING	11	1	9	1	9	0	0	9	81
CSF-CL% SI BOARD FINDING	2	0	0	0	0	0	0	2	100
CSO-CL SI AD.BRD FINDING	1	0	0	0	0	0	0	1	100
EAO-EM ADD BOARD FINDING	1	0	0	0	0	0	0	1	100

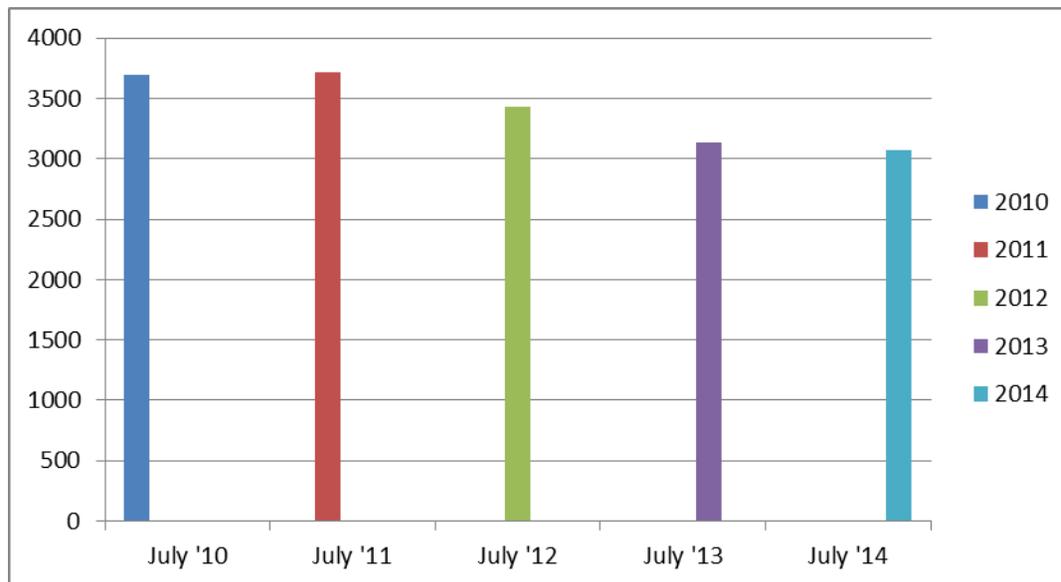
Description	Acknowledged	Days to Acknowledgement							
		> 30 Days		30 - 24		23 - 11		<11	
		Count	%	Count	%	Count	%	Count	%
EBF-EM % BOARD FINDING	9	0	0	0	0	2	22	7	77
ESF-EM% SI BOARD FINDING	1	0	0	0	0	0	0	1	100
PPD	Total: 102	1	0	1	0	10	9	90	88
CAA-CL ADDL % AWARD D/G	6	0	0	0	0	0	0	6	100
CAD-CL % AWARD DENY/GRNT	80	0	0	1	1	7	8	72	90
CIE-CL SI ADD% AWARD D/G	1	0	0	0	0	0	0	1	100
CIG-CL SI %AWARD DNY/GNT	15	1	6	0	0	3	20	11	73
REHABILITATION	Total: 1	0	0	0	0	0	0	1	100
CPB-CL GRNT/DNY VOC REHA	1	0	0	0	0	0	0	1	100
REOPENING	Total: 7	0	0	0	0	2	28	5	71
CIQ-CL SI DY/GNT R/O PPD	1	0	0	0	0	0	0	1	100
CJV-CL DNY/GRNT R/O PPD	3	0	0	0	0	1	33	2	66
CRD-CL DENY/GRNT R/O TTD	3	0	0	0	0	1	33	2	66
SPECIAL CATEGORY	Total: 6	1	16	0	0	0	0	5	83
C1I-CL SI SL CATEGORY	1	1	100	0	0	0	0	0	0
CNW-CL SPL CATEGORY	5	0	0	0	0	0	0	5	100
TRMT/EQUIP CL	Total: 111	10	9	2	1	8	7	91	81
CBX-CL TRMT DENY	88	10	11	2	2	6	6	70	79
CHH-CL AUTH HA/RPR D/G	1	0	0	0	0	1	100	0	0
CKN-CL D/G PROV CHNG	2	0	0	0	0	0	0	2	100
CSX-CL SI TRMT DENY	19	0	0	0	0	1	5	18	94
CYY-CL TRMT GRANT	1	0	0	0	0	0	0	1	100
TRMT/EQUIP EM	Total: 1	0	0	0	0	0	0	1	100
EYY-EM TRMT GRANT	1	0	0	0	0	0	0	1	100
TTD	Total: 31	0	0	0	0	6	19	25	80
CCC-CL CLOSING THE CLAIM	21	0	0	0	0	4	19	17	80
CIC-CL SI CLSING THE CLM	3	0	0	0	0	0	0	3	100
CJS-CL TTD	3	0	0	0	0	0	0	3	100
CPX-CL INITIAL TTD	3	0	0	0	0	1	33	2	66
CSG-CL SI INITIAL TTD	1	0	0	0	0	1	100	0	0
TOTALS:	394	18	4.6	6	1.5	50	12.7	320	81.2

PROTEST ACKNOWLEDGMENT TIMELINESS

Acknowledgment Timeliness	2013	July '14	2014
Protest Ack. < 11 Days	78.0%	81.2%	81.0%
Protest Ack. 11 – 23 Days	16.1%	12.7%	12.3%
Protest Ack. 24 – 30 Days	2.3%	1.5%	2.2%
Protest Ack. > 30 Days	3.6%	4.6%	4.6%



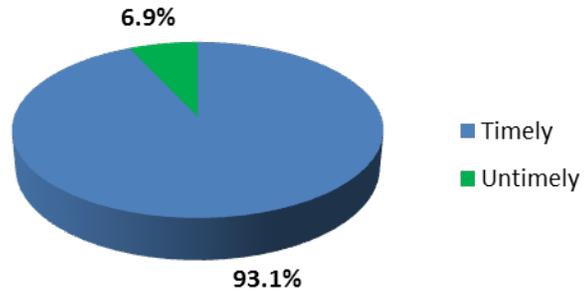
PENDING CASELOAD COMPARISON BY MONTH/YEAR



Pending as of August 1, 2014	3073
Pending 1 Month Before	3063
Pending 2 Months Before	3100
Pending 3 Months Before	3072
Pending 6 Months Before	3120
Pending 12 Months Before	3138

TIME STANDARD COMPLIANCE

Time Standard Compliance
July 2014

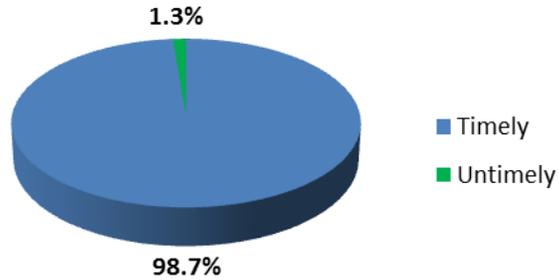


2013	July	2014
94.9%	93.1%	93.9%

Time Standard	Issues		Timely		Late	
	Resolved	Count	%	Count	%	
COMPENSABILITY	13	12	92.3	1	92.3	
DEP BEN 104	1	1	100	0	100	
DEP BEN FATAL	1	0	0	1	0	
OP NON-MED	1	1	100	0	100	
OPBD	6	5	83.3	1	83.3	
PPD	30	30	100	0	100	
REHABILITATION	2	2	100	0	100	
REOPENING	3	3	100	0	100	
TRMT/EQUIP CL	32	28	87.5	4	87.5	
TTD	12	12	100	0	100	
TOTALS:	101	94	93.1	7	6.9	

MOTION RESOLUTION COMPLIANCE

Motion Compliance
July 2014



2013	July	2014
97.7%	98.7%	98.8%

Motion Resolution Compliance	Total	TIMELY		UNTIMELY	
	Motions	Count	%	Count	%
APPLICATION THRESHOLD	6	6	100	0	0
BENEFIT OVERPAYMENT	6	6	100	0	0
BENEFIT RATE	7	7	100	0	0
COMPENSABILITY	232	228	98.3	4	1.7
DEP BEN FATAL	10	10	100	0	0
FAILURE TO ACT 10 DAY	1	1	100	0	0
FAILURE TO ACT 15 DAY	6	6	100	0	0
FAILURE TO ACT 30 DAY	2	2	100	0	0
OP NON-MED	7	7	100	0	0
OPBD	30	30	100	0	0
PPD	160	159	99.4	1	0.6
PTD ENTITLEMENT	7	6	85.7	1	14.3
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	6	6	100	0	0
REOPENING	22	22	100	0	0
SPECIAL CATEGORY	17	17	100	0	0
TRMT/EQUIP CL	261	260	99.6	1	0.4
TTD	87	83	95.4	4	4.6
TOTALS:	867	856	98.7	11	1.3

PROTEST RESOLUTIONS

Protests Resolved:	July 2014	2014
Protests Decided	221	1398
Withdrawals	76	405
"No Evidence" Dismissals	30	199

Resolution of Issues – June 1, 2014 through June 30, 2014

Time Standard	Decisions		REVERSED		AFFIRMED		AFFIRMED by RULE		DISMISSED		MODIFIED		MOOT		OTHER		REMANDED	
	Issued	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	
APPLICATION THRESHOLD	2	0	0	1	50	0	0	1	50	0	0	0	0	0	0	0	0	0
BENEFIT OVERPAYMENT	2	1	50	0	0	0	0	1	50	0	0	0	0	0	0	0	0	0
COMPENSABILITY	59	18	30.5	19	32.2	0	0	19	32.2	3	5.1	0	0	0	0	0	0	0
DEP BEN FATAL	4	1	25	3	75	0	0	0	0	0	0	0	0	0	0	0	0	0
FAILURE TO ACT 15 DAY	2	0	0	0	0	0	0	2	100	0	0	0	0	0	0	0	0	0
FAILURE TO ACT 30 DAY	1	0	0	0	0	0	0	1	100	0	0	0	0	0	0	0	0	0
OP NON-MED	3	1	33.3	1	33.3	0	0	0	0	1	33.3	0	0	0	0	0	0	0
OPBD	21	2	9.5	5	23.8	3	14.3	11	52.4	0	0	0	0	0	0	0	0	0
PPD	95	16	16.8	27	28.4	15	15.8	35	36.8	0	0	2	2.1	0	0	0	0	0
PTD ENTITLEMENT	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
REHABILITATION	3	0	0	3	100	0	0	0	0	0	0	0	0	0	0	0	0	0
REOPENING	16	3	18.8	9	56.3	1	6.3	2	12.5	0	0	0	0	1	6.3	0	0	0
SPECIAL CATEGORY	8	0	0	3	37.5	0	0	3	37.5	1	12.5	1	12.5	0	0	0	0	0
TRMT/EQUIP CL	96	27	28.1	28	29.2	7	7.3	28	29.2	5	5.2	0	0	1	1	0	0	0
TTD	55	11	20	16	29.1	4	7.3	19	34.5	4	7.3	1	1.8	0	0	0	0	0
TOTALS:	368	81	22.0	115	31.3	30	8.2	122	33.2	14	3.8	4	1.1	2	0.5	0	0.0	0.0

FINAL DECISION TIMELINESS

Final Decision Timeliness:	2013	July 2014	2014
< 30 Days	35.5%	21.2%	25.2%
30 – 60 Days	59.6%	70.1%	66.8%
60 – 90 Days	4.6%	8.2%	6.2%
>90 Days	0.3%	0.4%	1.8%

Final Decision Compliance – June 1, 2014 through June 30, 2014

Final Decision Compliance	Days to Decision								
	Issues	< 30 Days		30 - 60		61 - 90		Over 90	
	Resolved	Count	%	Count	%	Count	%	Count	%
APPLICATION THRESHOLD	1	0	0	1	100	0	0	0	0
BENEFIT OVERPAYMENT	1	1	100	0	0	0	0	0	0
COMPENSABILITY	44	12	0	31	0	1	0	0	0
DEP BEN FATAL	4	1	0	3	0	0	0	0	0
FAILURE TO ACT 15 DAY	3	0	0	3	100	0	0	0	0
FAILURE TO ACT 30 DAY	2	1	0	1	0	0	0	0	0
OP NON-MED	3	1	0	2	0	0	0	0	0
OPBD	7	0	0	6	0	1	0	0	0
PPD	46	9	0	32	0	5	0	0	0
PTD ENTITLEMENT	1	0	0	0	0	1	100	0	0
REHABILITATION	3	0	0	3	100	0	0	0	0
REOPENING	13	2	0	11	0	0	0	0	0
SPECIAL CATEGORY	6	2	0	4	0	0	0	0	0
TRMT/EQUIP CL	65	13	0	42	0	9	0	1	0
TTD	32	7	0	23	0	2	0	0	0
TOTALS:	231	49	21.2	162	70.1	19	8.2	1	0.4

FAILURE TO TIMELY ACT PROCESS

Failure to Timely Act Process	
Petitions Filed 1/1/14 through 7/31/2014	
Filed:	78
Denied/Dismissed:	40
Reports to OIC:	38
Pending:	33

EXPEDITED HEARING PROCESS

YEAR	MONTHLY TOTAL FOR JULY	YEARLY TOTAL
2012	7	113
2013	19	173
2014	22	101

PETITIONS FOR ATTORNEY FEES

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

Petitions Received 1/1/14 through 7/31/14	36
Granted	23
Denied	7
Pending	3
Other (<i>BOR</i>)	3

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

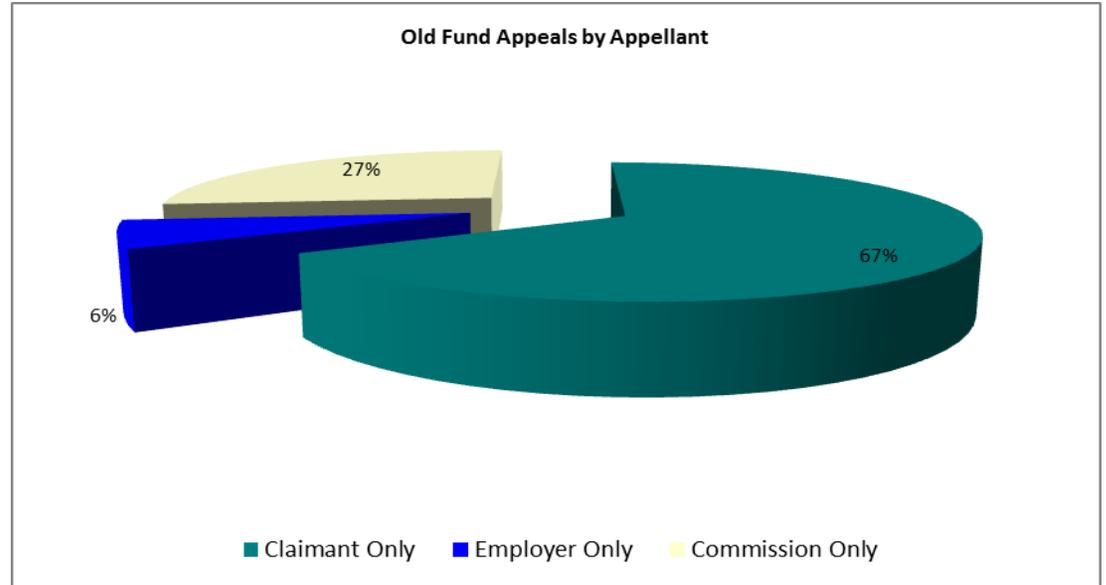
Petitions Received 1/1/14 through 7/31/14	6
Granted	3
Denied on face	2
Denied by ALJ decision	2
Withdrawn through settlement	1
Pending*	2
<i>(Resolved petitions include 4 filed in prior year)</i>	

BOARD OF REVIEW

Appeals Received
From July 1, 2014 thru July 31, 2014

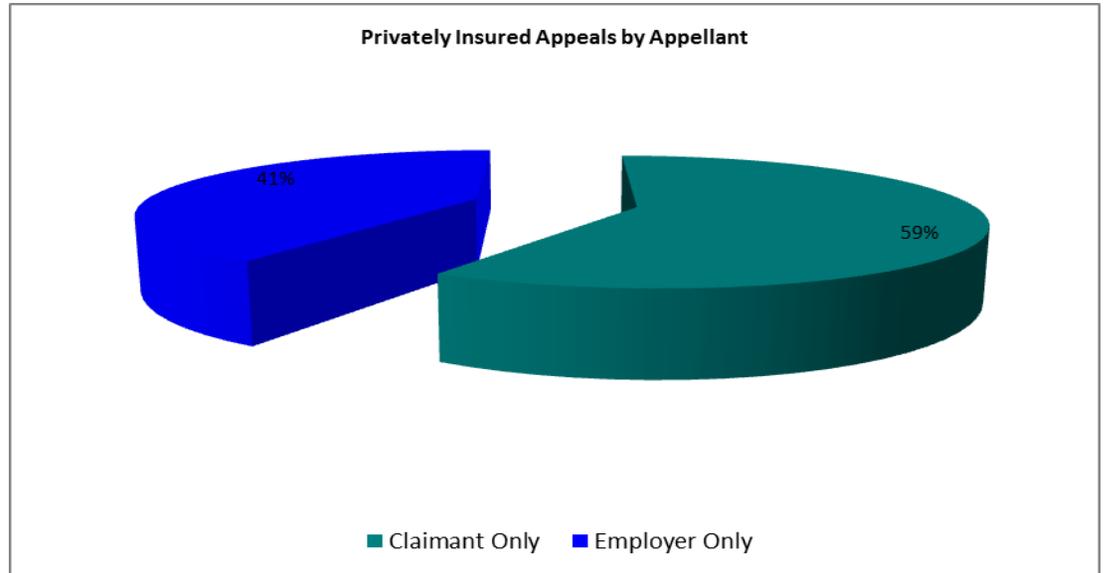
Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	10
Employer Only	1
Commission Only	4
Old Fund Total	15



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

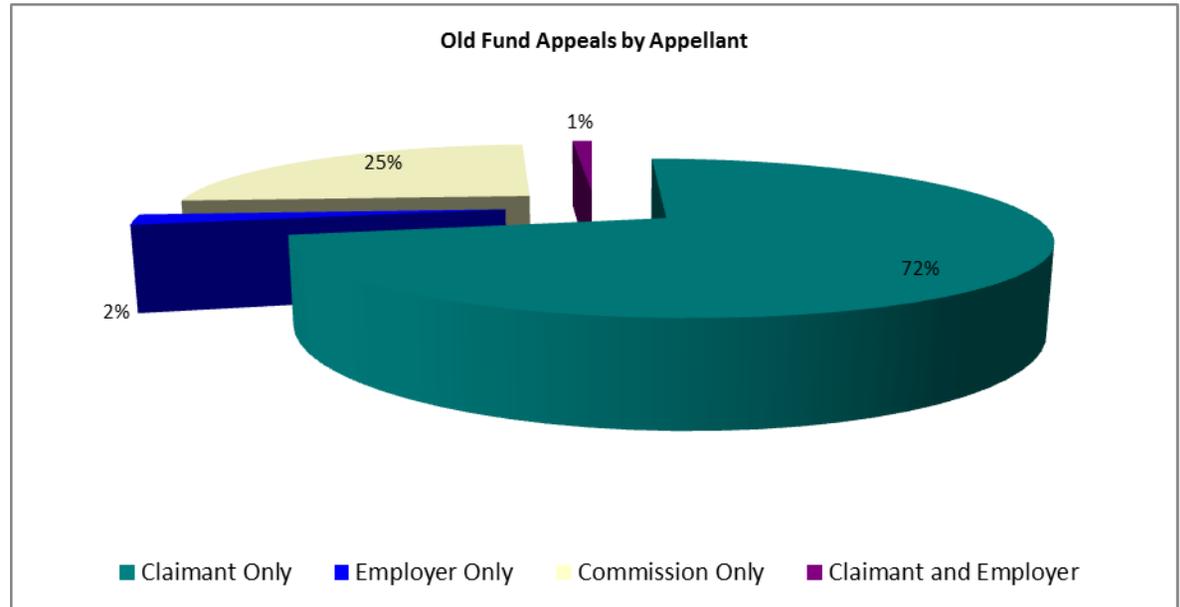
Appellant	Count
Claimant Only	37
Employer Only	26
Privately Insured Total	63
Total Appeals	78



Yearly Appeals Received
From January 1, 2014 thru July 31, 2014

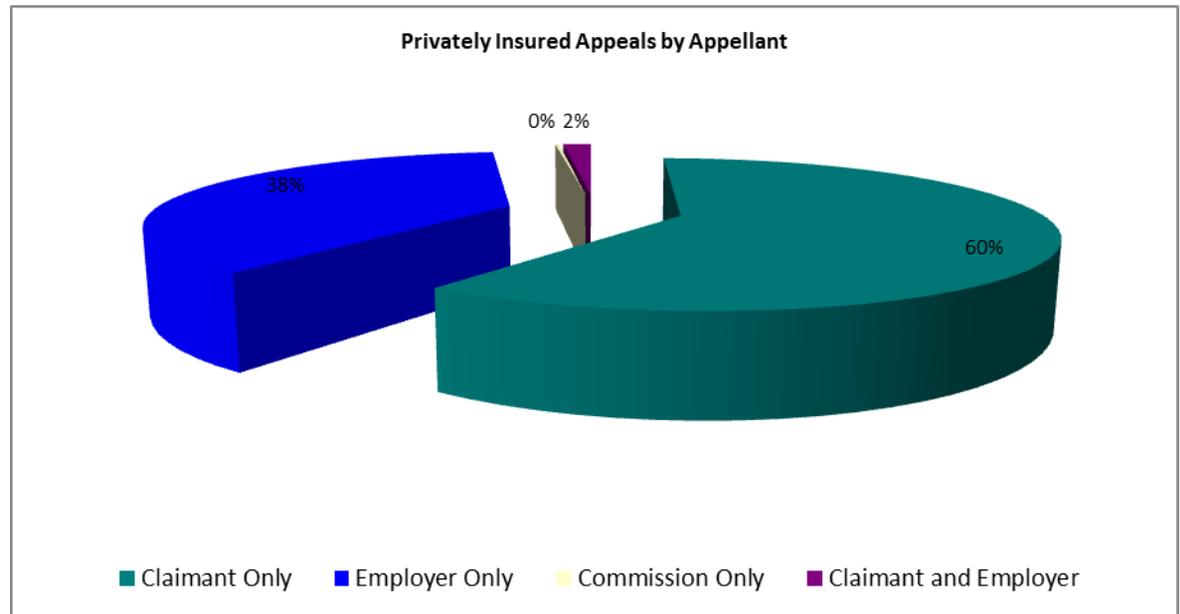
Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	63
Employer Only	2
Commission Only	22
Claimant and Employer	1
Old Fund Total	88



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

Appellant	Count
Claimant Only	260
Employer Only	165
Commission Only	1
Claimant and Employer	7
Privately Insured Total	433
Total Appeals	521



Appeals Received By Issue
 Old Fund Appeals (DOI < Jul-1-2005) vs Privately Insured Appeals (DOI > Jun-30-2005)
 From July 1, 2014 thru July 31, 2014

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	8	0	0.0	8	100.0
CL % BOARD FINDING	1	1	100.0	0	0.0
CL ADD BOARD FINDING	1	0	0.0	1	100.0
CL CLOSING THE CLAIM	6	0	0.0	6	100.0
CL D/G PROV CHNG	2	0	0.0	2	100.0
CL DENY/GRANT PTD	1	1	100.0	0	0.0
CL DENY/GRNT R/O TTD	5	1	20.0	4	80.0
CL DNY/GRNT R/O PPD	1	0	0.0	1	100.0
CL GRNT/DNY VOC REHA	1	0	0.0	1	100.0
CL NON-MED ORDER	1	1	100.0	0	0.0
CL REJECT CLAIM	15	0	0.0	15	100.0
CL SEC.CONDITION	3	0	0.0	3	100.0
CL SI %AWARD DNY/GNT	2	0	0.0	2	100.0
CL SI DY/GNT DTH BEN	1	1	100.0	0	0.0
CL SI DY/GRNT RHB PL	1	0	0.0	1	100.0
CL SI NON-MED ORDER	1	1	100.0	0	0.0
CL SI REJECT CLAIM	2	0	0.0	2	100.0
CL SI SEC.CONDITION	1	0	0.0	1	100.0
CL SI TRMT DENY	6	1	16.7	5	83.3
CL SI TTD	1	0	0.0	1	100.0
CL SPL CATEGORY	1	0	0.0	1	100.0
CL TRMT DENY	17	6	35.3	11	64.7
CL TRMT GRANT	1	1	100.0	0	0.0
CL TTD	2	0	0.0	2	100.0
CL% SI BOARD FINDING	1	1	100.0	0	0.0
Totals	82	15	18.3	67	81.7

Yearly Appeals Received By Issue
 Old Fund Appeals (DOI < Jul-1-2005) vs Privately Insured Appeals (DOI > Jun-30-2005)
 From January 1, 2014 thru July 31, 2014

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	61	2	3.3	59	96.7
CL % BOARD FINDING	5	1	20.0	4	80.0
CL ADD BOARD FINDING	2	0	0.0	2	100.0
CL ADDL % AWARD D/G	5	1	20.0	4	80.0
CL APP.THRESHOLD	2	1	50.0	1	50.0
CL BEN. OVERPAYMENT	2	1	50.0	1	50.0
CL CLOSING THE CLAIM	35	0	0.0	35	100.0
CL COMP ON LIMITED BASIS	2	0	0.0	2	100.0
CL COMPENSABILITY	5	0	0.0	5	100.0
CL D/G PROV CHNG	4	0	0.0	4	100.0
CL DENY/GRANT PTD	2	2	100.0	0	0.0
CL DENY/GRNT DTH BEN	6	4	66.7	2	33.3
CL DENY/GRNT R/O TTD	21	2	9.5	19	90.5
CL DNY/GRNT R/O PPD	7	4	57.1	3	42.9
CL DNY/GRNT R/O PTD	1	1	100.0	0	0.0
CL EQUIP DENY/GRANT	2	2	100.0	0	0.0
CL GRNT/DNY TP REHAB	1	0	0.0	1	100.0
CL GRNT/DNY VOC REHA	3	0	0.0	3	100.0
CL INITIAL TTD	2	0	0.0	2	100.0
CL NON-MED ORDER	6	3	50.0	3	50.0
CL OIC REJECT CLAIM	1	0	0.0	1	100.0
CL PRSTS BEN RATE	3	1	33.3	2	66.7
CL PTD REV. BODY DETERMINATION	4	2	50.0	2	50.0
CL REJ OCC DISEASE	15	1	6.7	14	93.3
CL REJECT CLAIM	78	1	1.3	77	98.7
CL SEC.CONDITION	51	4	7.8	47	92.2
CL SI %AWARD DNY/GNT	21	1	4.8	20	95.2
CL SI ADD% AWARD D/G	2	1	50.0	1	50.0
CL SI CLSING THE CLM	6	0	0.0	6	100.0
CL SI COMP ON LIMITED BASIS	1	0	0.0	1	100.0
CL SI DY/GNT DTH BEN	3	3	100.0	0	0.0
CL SI DY/GNT R/O PPD	2	0	0.0	2	100.0
CL SI DY/GNT R/O TTD	3	0	0.0	3	100.0
CL SI DY/GRNT RHB PL	1	0	0.0	1	100.0
CL SI NON-MED ORDER	2	2	100.0	0	0.0
CL SI REJ OCCDISEASE	3	0	0.0	3	100.0
CL SI REJECT CLAIM	17	1	5.9	16	94.1
CL SI SEC.CONDITION	10	1	10.0	9	90.0

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL SI TRMT DENY	29	5	17.2	24	82.8
CL SI TTD	4	0	0.0	4	100.0
CL SPL CATEGORY	12	2	16.7	10	83.3
CL TRMT DENY	149	39	26.2	110	73.8
CL TRMT GRANT	3	3	100.0	0	0.0
CL TTD	8	0	0.0	8	100.0
CL% SI BOARD FINDING	4	1	25.0	3	75.0
PRT NOT CC-NoEMP ORD	1	1	100.0	0	0.0
UnTimely Protest	1	0	0.0	1	100.0
Totals	608	93	15.3	515	84.7

Appeals Received By Issue
From July 1, 2014 thru July 31, 2014

Type of Issue	Total Issues	Claimant		Employer		OIC		Emp and OIC	
		#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	8	7	87.5	1	12.5	0	0.0	0	0.0
CL % BOARD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0
CL ADD BOARD FINDING	1	0	0.0	1	100.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	6	4	66.7	2	33.3	0	0.0	0	0.0
CL D/G PROV CHNG	2	1	50.0	1	50.0	0	0.0	0	0.0
CL DENY/GRANT PTD	1	0	0.0	0	0.0	0	0.0	1	100.0
CL DENY/GRNT R/O TTD	5	4	80.0	1	20.0	0	0.0	0	0.0
CL DNY/GRNT R/O PPD	1	1	100.0	0	0.0	0	0.0	0	0.0
CL GRNT/DNY VOC REHA	1	1	100.0	0	0.0	0	0.0	0	0.0
CL NON-MED ORDER	1	1	100.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	15	5	33.3	10	66.7	0	0.0	0	0.0
CL SEC.CONDITION	3	1	33.3	2	66.7	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	2	1	50.0	1	50.0	0	0.0	0	0.0
CL SI DY/GNT DTH BEN	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI DY/GRNT RHB PL	1	0	0.0	1	100.0	0	0.0	0	0.0
CL SI NON-MED ORDER	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	2	0	0.0	2	100.0	0	0.0	0	0.0
CL SI SEC.CONDITION	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	6	3	50.0	3	50.0	0	0.0	0	0.0
CL SI TTD	1	0	0.0	1	100.0	0	0.0	0	0.0
CL SPL CATEGORY	1	1	100.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	17	12	70.6	2	11.8	0	0.0	3	17.6
CL TRMT GRANT	1	1	100.0	0	0.0	0	0.0	0	0.0
CL TTD	2	2	100.0	0	0.0	0	0.0	0	0.0
CL% SI BOARD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0
Totals	82	50	61.0	28	34.1	0	0.0	4	4.9

WORKERS' COMPENSATION BOARD OF REVIEW

July 2014

Appealed By	BOR Disposition	Disposition Count	Disp %	Total %	Year to Date	Disp %	Total %
CLAIMANT	AFFIRMED	34	87.2%	56.7%	240	80.3%	47.8%
	DISMISSED	2	5.1%	3.3%	24	8.0%	4.8%
	MODIFY	1	2.6%	1.7%	5	1.7%	1.0%
	MODIFY AND REMAND				2	0.7%	0.4%
	MOOT				1	0.3%	0.2%
	REMAND				10	3.3%	2.0%
	REVERSE	2	5.1%	3.3%	17	5.7%	3.4%
	Total Dispositions	39			299		
CLAIMANT/EMPLOYER	AFFIRMED				2	66.7%	0.4%
	MODIFY				1	33.3%	0.2%
	Total Dispositions				3		
EMPLOYER	AFFIRMED	14	77.8%	23.3%	117	65.7%	23.3%
	DISMISSED	1	5.6%	1.7%	22	12.4%	4.4%
	MODIFY	1	5.6%	1.7%	10	5.6%	2.0%
	REMAND				5	2.8%	1.0%
	REVERSE	2	11.1%	3.3%	24	13.5%	4.8%
	Total Dispositions	18			178		
DIVISION/OIC	AFFIRMED				10	45.5%	2.0%
	DISMISSED				2	9.1%	0.4%
	REMAND				2	9.1%	0.4%
	REVERSE	3	100.0%	5.0%	8	36.4%	1.6%
	Total Dispositions	3			22		
Grand Totals		60			502		

Dispositions by Issues
BOR Orders Mailed From July 1, 2014 thru July 31, 2014

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	5	4	80.0	1	20.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL % BOARD FINDING	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ADDL % AWARD D/G	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	6	4	66.7	1	16.7	0	0.0	1	16.7	0	0.0	0	0.0	0	0.0
CL COMPENSABILITY	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL D/G PROV CHNG	1	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	5	5	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL GRNT/DNY TP REHAB	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL NON-MED ORDER	1	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0
CL PTD REV. BODY DETERMINATION	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJ OCC DISEASE	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	6	5	83.3	0	0.0	1	16.7	0	0.0	0	0.0	0	0.0	0	0.0
CL SEC.CONDITION	10	8	80.0	2	20.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI CLSING THE CLM	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT DTH BEN	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O PPD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O TTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI NON-MED ORDER	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJ OCCDISEASE	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI SL CATEGORY	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	6	4	66.7	1	16.7	1	16.7	0	0.0	0	0.0	0	0.0	0	0.0
CL SPL CATEGORY	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	14	8	57.1	4	28.6	1	7.1	1	7.1	0	0.0	0	0.0	0	0.0
Totals	73	56	76.7	10	13.7	3	4.1	4	5.5	0	0.0	0	0.0	0	0.0

Dispositions by Issues
BOR Orders Mailed From January 1, 2014 thru July 31, 2014

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	60	47	78.3	2	3.3	7	11.7	3	5.0	1	1.7	0	0.0	0	0.0
CL % BOARD FINDING	7	6	85.7	1	14.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ADD BOARD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ADDL % AWARD D/G	5	4	80.0	1	20.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL BEN. OVERPAYMENT	2	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	25	17	68.0	3	12.0	3	12.0	1	4.0	0	0.0	0	0.0	1	4.0
CL COMP ON LIMITED BASIS	1	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0
CL COMPENSABILITY	5	3	60.0	1	20.0	1	20.0	0	0.0	0	0.0	0	0.0	0	0.0
CL D/G PROV CHNG	2	1	50.0	0	0.0	0	0.0	1	50.0	0	0.0	0	0.0	0	0.0
CL DENY/GRANT PTD	3	2	66.7	0	0.0	1	33.3	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT DTH BEN	13	9	69.2	2	15.4	0	0.0	1	7.7	1	7.7	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	17	15	88.2	0	0.0	1	5.9	0	0.0	1	5.9	0	0.0	0	0.0
CL DNY/GRNT R/O PPD	3	3	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL EQUIP DENY/GRANT	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL EXTRA WKS D/G	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL GRNT/DNY TP REHAB	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL GRNT/DNY VOC REHA	2	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL INITIAL TTD	6	5	83.3	0	0.0	0	0.0	0	0.0	1	16.7	0	0.0	0	0.0
CL NON-MED ORDER	5	1	20.0	0	0.0	1	20.0	1	20.0	2	40.0	0	0.0	0	0.0
CL ONSET DATE ISSUE	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL PRSTS BEN RATE	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL PTD REV. BODY DETERMINATION	10	5	50.0	2	20.0	2	20.0	0	0.0	1	10.0	0	0.0	0	0.0
CL REJ OCC DISEASE	13	9	69.2	0	0.0	3	23.1	1	7.7	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	64	44	68.8	7	10.9	9	14.1	3	4.7	1	1.6	0	0.0	0	0.0
CL SEC.CONDITION	39	31	79.5	4	10.3	3	7.7	0	0.0	0	0.0	0	0.0	1	2.6
CL SI %AWARD DNY/GNT	15	10	66.7	3	20.0	2	13.3	0	0.0	0	0.0	0	0.0	0	0.0
CL SI AD.BRD FINDING	3	3	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI AUT/RPR HA D/G	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI CLSING THE CLM	6	6	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI COMPENSABLE	3	3	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI D/G 104 WKS	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DENY/GRANT PTD	1	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0
CL SI DY/GNT DTH BEN	7	5	71.4	1	14.3	1	14.3	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O PPD	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O TTD	12	11	91.7	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	8.3
CL SI EQUIP DNY/GRNT	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL SI NON-MED ORDER	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJ OCCDISEASE	3	3	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	13	12	92.3	0	0.0	1	7.7	0	0.0	0	0.0	0	0.0	0	0.0
CL SI SEC.CONDITION	7	7	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI SL CATEGORY	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	43	35	81.4	5	11.6	1	2.3	1	2.3	1	2.3	0	0.0	0	0.0
CL SI TTD	4	4	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SPL CATEGORY	7	4	57.1	1	14.3	1	14.3	1	14.3	0	0.0	0	0.0	0	0.0
CL TRMT DENY	139	97	69.784	16	11.511	15	10.791	3	2.1583	7	5.036	0	0	1	0.7194
CL TRMT GRANT	3	3	100	0	0	0	0	0	0	0	0	0	0	0	0
CL TTD	6	6	100	0	0	0	0	0	0	0	0	0	0	0	0
CL% SI BOARD FINDING	1	0	0	0	0	0	0	1	100	0	0	0	0	0	0
EM % BOARD FINDING	2	1	50	0	0	0	0	1	50	0	0	0	0	0	0
EM DENY/GRNT DTH BEN	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0
EM OIC SPL CATEGORY	1	0	0	1	100	0	0	0	0	0	0	0	0	0	0
PRT NOT CC-NoEMP ORD	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0
Totals	575	429	74.609	54	9.3913	52	9.0435	18	3.1304	18	3.1304	0	0	4	0.6957

REVENUE RECOVERY

Worker's Compensation - July 2014

COLLECTION ACTIVITY	Current Month	Fiscal Year 2015
Receipts - Old Fund (Employer out of business)	\$ 13,000.32	\$ 13,000.32
Receipts - PC & NU (Private Carrier Cancellation & Rogue Employers)	\$ 56,842.44	\$ 56,842.44
Receipts - Payment Agreements (Old Fund and UEF Combined)	\$ 12,025.44	\$ 12,025.44
# of active accounts uninsured (cumulative) /(average)	338	338
\$ of active accounts uninsured (cumulative) / (average)	\$ 1,262,996.00	\$ 1,262,996.00
Telephone contacts	1,396	1,396
Walk-ins	5	5

LIENS	Current Month	Fiscal Year 2015
Liens sent to county clerks for recordation	111	111
Liens sent to county clerks for release	49	49
Intent to lien letters sent to employer/owner/officer/member	120	120

Uninsured Accounts Resolved	201	201
All Cash Receipts from WC accounts	\$ 81,868.20	\$ 81,868.20

INJUNCTIONS	Current Month	Fiscal Year 2015
Affidavits for injunction submitted to legal	6	6
Hearings attended	1	1
# of injunction complaints accepted by court	0	0
# of injunctions granted	0	0
# of agreed orders entered	0	0
PAYMENT AGREEMENTS	Current Month	Fiscal Year 2015
# of repayment agreements applications	4	4
Agreements set up	4	4
Total # of agreements on system (cumulative) / (average)	50	50
Intent to void letters mailed	6	6
Agreements voided	2	2

MISCELLANEOUS	Current Month	Fiscal Year 2015
Terminations Processed	54	54
Rule 11 Letters Mailed	180	180
Rule 11 hearings	0	0

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
August 18, 2014

OPERATING REPORT

JUNE 2014

Board of Treasury Investments

1900 Kanawha
Boulevard East
Suite E-122
Charleston WV
25305
(304) 340-1578
www.wvbt.com

Board of Directors

John D. Perdue,
State Treasurer,
Chairman

Earl Ray Tomblin,
Governor

Glen B. Gainer III,
State Auditor

Martin Glasser, Esq.
Attorney
Appointed by the
Governor

Richard "Chap"
Donovan, CPA
Appointed by the
Governor

Executive Staff

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

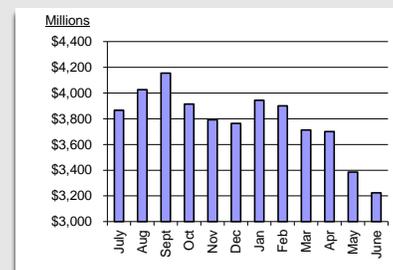
Chief Financial
Officer
Karl Shanholtzer,
CIA, CPA

Total Net Assets Under Management

\$3,223,937,000

Last Month
\$3,385,557,000

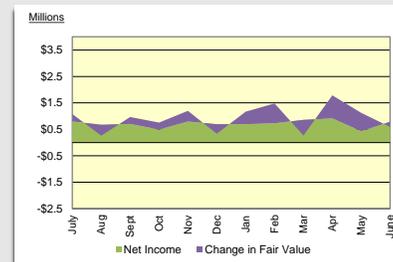
Beginning of Fiscal Year
\$3,831,715,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$11,011,000



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

Money Market Pools As of June 30, 2014

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	0.1249%	36 Days	\$2.0 Billion
WV Gov't Money Market	0.0293%	35 Days	\$239.0 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

JUNE 2014

S & P 500 Hits Record Highs Amidst Global Instability

Market Environment

As we cross the half way mark for 2014, global equity markets are seemingly telling a familiar story. The MSCI World Index has clocked 15.7% in average annual returns over the past five years, placing 2014's year-to-date gains of 6.2% just under that pace. Despite this familiar pattern, markets have taken an unorthodox path so far this year, with June being no exception. Domestic small cap stocks rallied in June, continuing their turnaround from an April swoon that saw investors begin to question valuation levels. Large cap equities continued a steady march upward in a month where the S&P 500 hit new record highs amid low volatility and trading volume. The domestic equity market advanced uninterrupted despite a revision of first quarter US GDP growth to -2.9%, the lowest since the end of the financial crisis. The revision was largely ignored by investors who expect growth to rebound in the second quarter and who interpreted the Federal Reserve's announcement that it would move forward with the taper as expected, as a vote of confidence in the economy. Domestic fixed income indices were mixed, but ended the month mostly positive, as intermediate Treasury rates fluctuated higher, then ended June trending back to levels seen in late May.

Globally, headlines were dominated by collapsing stability in Iraq as militants seized control of Mosul and other cities, while Iraqi Kurds moved to secure disputed areas in the Northeast. The instability, combined with supply concerns, pushed Brent crude oil prices to highs over \$116 a barrel, which is a price even few bulls would have expected at the end of 2013. Global equity markets mostly shrugged off the headlines, with the MSCI EM Index returning 2.7% and the MSCI EAFE Index gaining 1.0% in June. Similarly, emerging market debt issues, which saw a moderate sell-off spurred by the Supreme Court's refusal to hear an appeal from Argentina regarding holdout creditors from its 2001 debt default, rebounded to post modest gains.

Looking ahead to the second half of the year, we expect much of US market sentiment to be dictated by how well the economy and the Fed handle the taper. In Europe, it remains to be seen whether the European Central Bank will have to take further action after announcing a lending rate cut and a negative deposit rate, for banks to fuel economic growth and combat deflationary pressure. A sustained increase in oil prices, driven by further unrest in the Middle East, remains a potential risk, though the conflict in Iraq is unlikely to have pervasive effects on global markets. Investors who have reaped robust returns through US equities in recent years should continue to rebalance their gains and maintain flexibility in order to take advantage of new investment opportunities when they arise. We remain constructive on tactically managed multi-asset vehicles that can not only provide participation in positive markets, but also gain from market dislocations in higher volatility periods.

Equity Market Results

US equity market returns indices posted positive results during June. In a reversal from May, small cap stocks were favored by investors during the month. The Russell 2000 Index generated a 5.32% return, while the Russell 1000 Index rose 2.27%. Small cap growth stocks, which had recently been out of favor, posted the best returns during the month, rising 6.20%. Year-to-date, the Russell 3000 Index, a broad measure of the US equity markets has risen 6.94%.

International equity markets also generated positive results during June. Developed markets, represented by the MSCI EAFE Index, rose 0.96% for the month, while their less established brethren, represented by the MSCI Emerging Markets Index, increased 2.66%. Year-to-date, the results from international equities have turned positive as the MSCI EAFE has gained 7.78% and the MSCI Emerging Markets has risen 6.14%.

Bond Market Results

On balance, US bond markets also continued to advance during the month. The Barclays Capital Aggregate Index, a leading index for bond investors, rose 0.05% increasing its year-to-date return to 3.93%. Long government bonds, which had been the recipient of declining yields during 2014, took a breather, declining 0.18%. The riskier segments of the bond markets performed reasonably well during the month, with the BofA Merrill Lynch US High Yield Master II increasing 0.85%. Cash-like instruments continued to suffer in the low interest rate environment, with the BofA ML 3-month T-bill generating a 0.01% return. Year-to-date, the 3-month T-bill has risen 0.02%.

West Virginia Board of Treasury Investments

Financial Highlights as of June 30, 2014

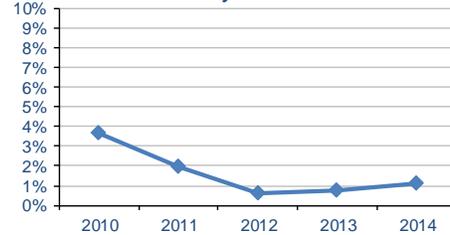
WV Short Term Bond Pool

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

<u>July 1 - June 30</u>	<u>Return</u>	<u>Net Assets At June 30 (In Millions)</u>
2014	1.1%	\$ 773.6
2013	0.8%	\$ 617.3
2012	0.6%	\$ 504.3
2011	2.0%	\$ 476.2
2010	3.7%	\$ 455.7

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

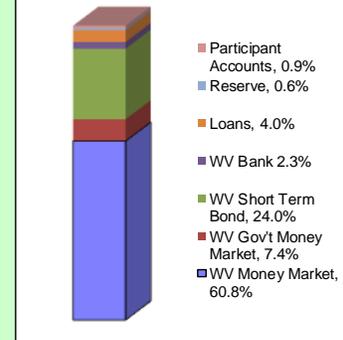
WV Short Term Bond Pool Rates of Return
Past 12 Months
July 1 - June 30



Summary of Value and Earnings (In Thousands)

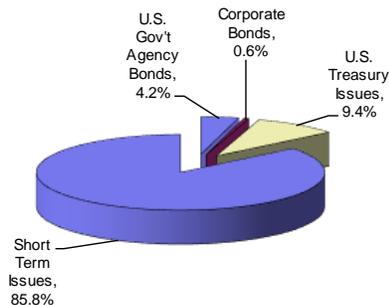
<u>Pool</u>	<u>Net Asset Value</u>	<u>June Net Income (Loss)</u>	<u>Fiscal YTD Net Income(Loss)</u>
WV Money Market	\$ 1,960,118	\$ 210	\$ 2,993
WV Gov't Money Market	238,981	6	71
WV Short Term Bond	773,600	353	8,063
WV Bank	73,060	6	78
Loans	129,587	15	(707)
Reserve	20,757	4	53
Participant Accounts	27,834	(2)	460
	<u>\$ 3,223,937</u>	<u>\$ 592</u>	<u>\$ 11,011</u>

Percent of Total Net Asset Value

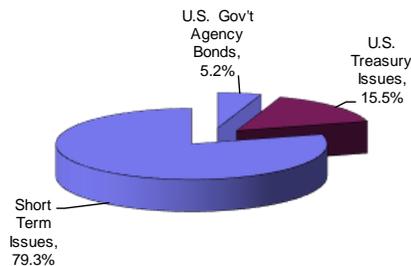


Securities by Type for Operating Pools (Percentage of Asset Value)

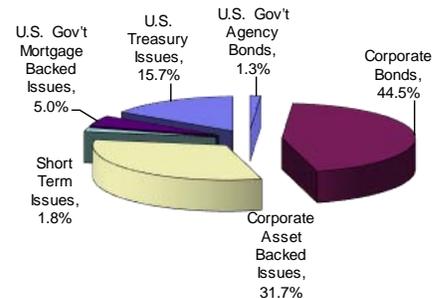
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
JUNE 30, 2014

(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	\$ 1,959,590	\$ 238,954	\$ -	\$ 73,037	\$ 150,330	\$ 24,497	\$ 2,446,408
At fair value	-	-	771,941	-	-	3,262	775,203
Other assets	850	70	7,427	27	22	75	8,471
Total assets	<u>1,960,440</u>	<u>239,024</u>	<u>779,368</u>	<u>73,064</u>	<u>150,352</u>	<u>27,834</u>	<u>3,230,082</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased	322	43	5,768	4	8	-	6,145
Total liabilities	<u>322</u>	<u>43</u>	<u>5,768</u>	<u>4</u>	<u>8</u>	<u>-</u>	<u>6,145</u>
Net Position							
Held in trust for investment pool participants	1,960,118	238,981	773,600	73,060	150,344	-	3,196,103
Held in trust for individual investment account holders	-	-	-	-	-	27,834	27,834
Total net position	<u>\$ 1,960,118</u>	<u>\$ 238,981</u>	<u>\$ 773,600</u>	<u>\$ 73,060</u>	<u>\$ 150,344</u>	<u>\$ 27,834</u>	<u>\$ 3,223,937</u>
Additions							
Investment income:							
Interest and dividends	\$ 268	\$ 24	\$ 882	\$ 8	\$ 23	\$ 31	\$ 1,236
Net (amortization) accretion	60	(3)	(272)	-	-	(22)	(237)
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>328</u>	<u>21</u>	<u>610</u>	<u>8</u>	<u>23</u>	<u>9</u>	<u>999</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	118	15	72	2	4	-	211
Total investment expenses	<u>118</u>	<u>15</u>	<u>72</u>	<u>2</u>	<u>4</u>	<u>-</u>	<u>211</u>
Net investment income	210	6	538	6	19	9	788
Net realized gain (loss) from investments	-	-	25	-	-	-	25
Net increase (decrease) in fair value of investments	-	-	(210)	-	-	(11)	(221)
Net increase (decrease) in net position from operations	210	6	353	6	19	(2)	592
Participant transaction additions:							
Purchase of pool units by participants	1,015,809	23,624	-	8	433	-	1,039,874
Reinvestment of pool distributions	210	5	627	6	19	-	867
Contributions to individual investment accounts	-	-	-	-	-	13	13
Total participant transaction additions	<u>1,016,019</u>	<u>23,629</u>	<u>627</u>	<u>14</u>	<u>452</u>	<u>13</u>	<u>1,040,754</u>
Total additions	1,016,229	23,635	980	20	471	11	1,041,346
Deductions							
Distributions to pool participants:							
Net investment income	210	6	538	6	19	-	779
Net realized gain (loss) from investments	-	-	25	-	-	-	25
Total distributions to pool participants	<u>210</u>	<u>6</u>	<u>563</u>	<u>6</u>	<u>19</u>	<u>-</u>	<u>804</u>
Participant transaction deductions:							
Redemption of pool units by participants	1,153,419	45,181	661	8	2,106	-	1,201,375
Withdrawals from individual investment accounts	-	-	-	-	-	788	788
Total participant transaction deductions	<u>1,153,419</u>	<u>45,181</u>	<u>661</u>	<u>8</u>	<u>2,106</u>	<u>788</u>	<u>1,202,163</u>
Total deductions	<u>1,153,629</u>	<u>45,187</u>	<u>1,224</u>	<u>14</u>	<u>2,125</u>	<u>788</u>	<u>1,202,967</u>
Net increase (decrease) in net position from operations	(137,400)	(21,552)	(244)	6	(1,654)	(777)	(161,621)
Inter-pool transfers in	-	-	-	5,993	-	-	5,993
Inter-pool transfers out	(5,993)	-	-	-	-	-	(5,993)
Net inter-pool transfers in (out)	<u>(5,993)</u>	<u>-</u>	<u>-</u>	<u>5,993</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(143,393)	(21,552)	(244)	5,999	(1,654)	(777)	(161,621)
Net position at beginning of period	2,103,511	260,533	773,844	67,061	151,998	28,611	3,385,558
Net position at end of period	<u>\$ 1,960,118</u>	<u>\$ 238,981</u>	<u>\$ 773,600</u>	<u>\$ 73,060</u>	<u>\$ 150,344</u>	<u>\$ 27,834</u>	<u>\$ 3,223,937</u>

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
August 18, 2014

OPERATING REPORT

MAY 2014

Board of Treasury Investments

1900 Kanawha
Boulevard East
Suite E-122
Charleston WV
25305
(304) 340-1578
www.wvbt.com

Board of Directors

John D. Perdue,
State Treasurer,
Chairman

Earl Ray Tomblin,
Governor

Glen B. Gainer III,
State Auditor

Martin Glasser, Esq.,
Attorney
Appointed by the
Governor

Richard "Chap"
Donovan, CPA
Appointed by the
Governor

Executive Staff

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

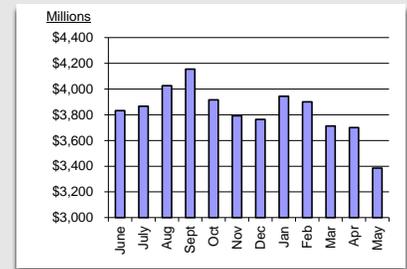
Chief Financial
Officer
Karl Shanholtzer,
CIA, CPA

Total Net Assets Under Management

\$3,385,557,000

Last Month
\$3,701,049,000

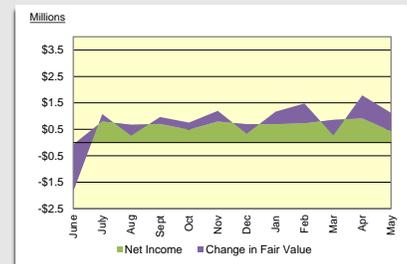
Beginning of Fiscal Year
\$3,831,715,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$10,417,000



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

Money Market Pools As of May 31, 2014

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	0.1278%	48 Days	\$2.1 Billion
WV Gov't Money Market	0.0234%	46 Days	\$260.5 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

MAY 2014

2014 – The Year to Have Balance

Market Environment

Global equities continued their steady march upward in May, amid tame economic growth, subdued inflation, and historically low volatility among asset classes. Emerging market stocks led the way, with the MSCI EM Index up 3.5%. Domestic small cap stocks partially reversed the sell-off in April with the Russell 2000 gaining 0.8%. Following the trend in equities, emerging market debt outpaced domestic and global developed credit, adding to robust gains so far this year. Fixed income assets across the board continued to thrive as yields fell further off their 2013 spike. Globally, sovereign bond yields mostly declined in May and the 10-year Treasury yield closed at 2.48%. Investors generally shrugged off the revision of first quarter US GDP growth to -1.0%, partly attributing the miss to poor weather, while anticipating a strong bounce back in the second quarter. Commodities were the lone underperformer in May, but are still up 6.5% this year, according to the DJ-UBS Commodity Index.

If 2013 was the year to own US equities, 2014, so far, has been the year to have balance. Global equities and fixed income assets are mostly in the black and their gains have come amidst startlingly low volatility. Price-to-earnings ratios of equities in developed markets are above long-term averages on both trailing and cyclically-adjusted bases. In the US, companies continue to issue more debt while buying back significant amounts of stock. Meanwhile, issuance of collateralized loan obligations and payment-in-kind loans are at levels last seen in 2007- 2008, before the financial crisis. In Europe, expectations have grown that the European Central Bank will take unconventional actions to combat stubbornly low inflation. Similarly, indications that China's central bank will explore stimulus measures have eased investor concerns of a possible hard landing. Strong economic growth in the US and a well-received stimulus program in the EU could further bolster investor sentiment, yet both outcomes remain vulnerable to any number of missteps. For these reasons, we recommend investors stay disciplined to their targets, even in times when low volatility may intensify the urge to reach for riskier assets and higher returns. To this end, employing a well-balanced asset allocation policy will provide investors with protection and opportunities when volatility does make a comeback.

Equity Market Results

US equity market returns indices posted positive results during May. Large cap stocks were favored by investors during the month. The Russell 1000 Index generated at 2.30% return, while the Russell 2000 Index rose 0.80%. Growth stocks, both large and small, outperformed their value counterparts during the month as investors focused on higher quality and growth-oriented companies. Year-to-date, the Russell 3000 Index, a broad measure of the US equity markets has risen 4.32%.

International equity markets also generated positive results during the month. Developed markets, represented by the MSCI EAFE Index, rose 1.62% for the month, while their less established brethren, represented by the MSCI Emerging Markets Index, rose a more impressive 3.49%. Year-to-date, the results from international equities have turned positive as the MSCI EAFE has gained 3.78% and the MSCI Emerging Markets has risen 2.49%.

Bond Market Results

US bond markets also continued to advance during the month. The Barclays Capital Aggregate Index, a leading index for bond investors, rose 1.14% increasing its year-to-date return to 3.87%. Long government bonds continued to generate outsized returns with the falling interest rates. During May, long duration government bonds rose 2.85%, pushing their year-to-date returns up to an impressive 12.28%, easily making it the highest return asset class in 2014. The riskier segments of the bond markets performed reasonably well during the month, with the BofA Merrill Lynch US High Yield Master II increasing 1.01%. Cash-like instruments continued to suffer in the low interest rate environment, with the BofA ML 3-month T-bill generating a paltry 0.00% return. Year-to-date, the 3-month T-bill has risen 0.02%.

West Virginia Board of Treasury Investments

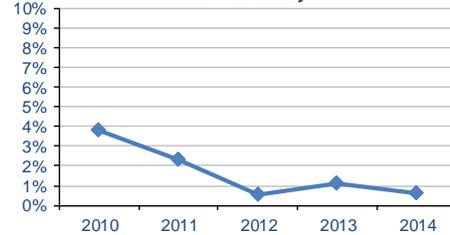
Financial Highlights as of May 31, 2014

WV Short Term Bond Pool

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

<u>June 1 - May 31</u>	<u>Return</u>	<u>Net Assets At May 31 (In Millions)</u>
2014	0.8%	\$ 773.8
2013	1.1%	\$ 552.2
2012	0.4%	\$ 504.1
2011	2.6%	\$ 478.5
2010	3.3%	\$ 450.4

WV Short Term Bond Pool Rates of Return
Past 12 Months
June 1 - May 31

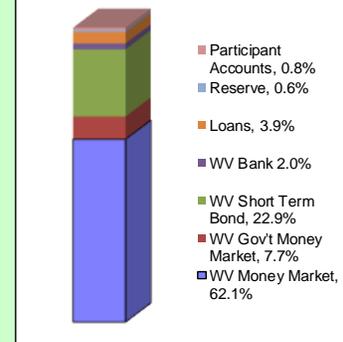


Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool

Summary of Value and Earnings (In Thousands)

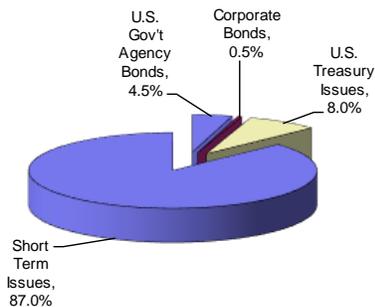
<u>Pool</u>	<u>Net Asset Value</u>	<u>May Net Income (Loss)</u>	<u>Fiscal YTD Net Income(Loss)</u>
WV Money Market	\$ 2,103,511	\$ 251	\$ 2,783
WV Gov't Money Market	260,532	6	65
WV Short Term Bond	773,844	1,245	7,709
WV Bank	67,061	8	71
Loans	131,245	(428)	(721)
Reserve	20,753	5	49
Participant Accounts	28,611	37	461
	<u>\$ 3,385,557</u>	<u>\$ 1,124</u>	<u>\$ 10,417</u>

Percent of Total Net Asset Value

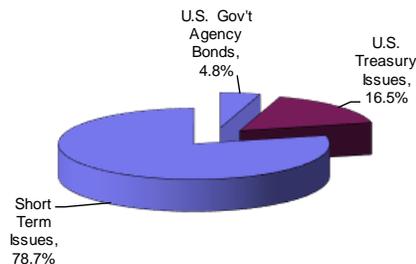


Securities by Type for Operating Pools (Percentage of Asset Value)

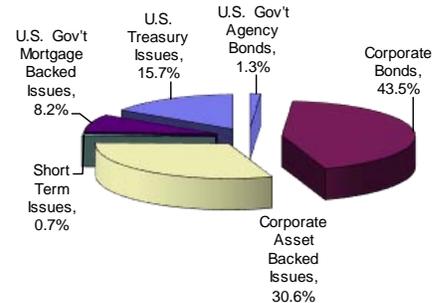
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
MAY 31, 2014

(IN THOUSANDS)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Other Pools	Participant Directed Accounts	Total
Assets							
Investments:							
At amortized cost	\$ 2,113,271	\$ 260,485	\$ -	\$ 67,037	\$ 151,977	\$ 25,303	\$ 2,618,073
At fair value	-	-	773,648	-	-	3,262	776,910
Other assets	944	75	1,968	26	25	46	3,084
Total assets	<u>2,114,215</u>	<u>260,560</u>	<u>775,616</u>	<u>67,063</u>	<u>152,002</u>	<u>28,611</u>	<u>3,398,067</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased	10,704	28	1,772	2	4	-	12,510
Total liabilities	<u>10,704</u>	<u>28</u>	<u>1,772</u>	<u>2</u>	<u>4</u>	<u>-</u>	<u>12,510</u>
Net Position							
Held in trust for investment pool participants	2,103,511	260,532	773,844	67,061	151,998	-	3,356,946
Held in trust for individual investment account holders	-	-	-	-	-	28,611	28,611
Total net position	<u>\$ 2,103,511</u>	<u>\$ 260,532</u>	<u>\$ 773,844</u>	<u>\$ 67,061</u>	<u>\$ 151,998</u>	<u>\$ 28,611</u>	<u>\$ 3,385,557</u>
Additions							
Investment income:							
Interest and dividends	\$ 360	\$ 32	\$ 922	\$ 10	\$ 25	\$ 35	\$ 1,384
Net (amortization) accretion	26	(8)	(272)	-	-	(24)	(278)
Provision for uncollectible loans	-	-	-	-	(444)	-	(444)
Total investment income	<u>386</u>	<u>24</u>	<u>650</u>	<u>10</u>	<u>(419)</u>	<u>11</u>	<u>662</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	136	19	73	2	4	-	234
Total investment expenses	<u>136</u>	<u>19</u>	<u>73</u>	<u>2</u>	<u>4</u>	<u>-</u>	<u>234</u>
Net investment income	250	5	577	8	(423)	11	428
Net realized gain (loss) from investments	1	1	50	-	-	-	52
Net increase (decrease) in fair value of investments	-	-	618	-	-	26	644
Net increase (decrease) in net position from operations	251	6	1,245	8	(423)	37	1,124
Participant transaction additions:							
Purchase of pool units by participants	643,762	77,723	5,030	6	4	-	726,525
Reinvestment of pool distributions	251	6	621	7	(423)	-	462
Contributions to individual investment accounts	-	-	-	-	-	26	26
Total participant transaction additions	<u>644,013</u>	<u>77,729</u>	<u>5,651</u>	<u>13</u>	<u>(419)</u>	<u>26</u>	<u>727,013</u>
Total additions	<u>644,264</u>	<u>77,735</u>	<u>6,896</u>	<u>21</u>	<u>(842)</u>	<u>63</u>	<u>728,137</u>
Deductions							
Distributions to pool participants:							
Net investment income	250	5	577	8	(423)	-	417
Net realized gain (loss) from investments	1	1	50	-	-	-	52
Total distributions to pool participants	<u>251</u>	<u>6</u>	<u>627</u>	<u>8</u>	<u>(423)</u>	<u>-</u>	<u>469</u>
Participant transaction deductions:							
Redemption of pool units by participants	905,450	120,392	-	6	1,069	-	1,026,917
Withdrawals from individual investment accounts	-	-	-	-	-	16,243	16,243
Total participant transaction deductions	<u>905,450</u>	<u>120,392</u>	<u>-</u>	<u>6</u>	<u>1,069</u>	<u>16,243</u>	<u>1,043,160</u>
Total deductions	<u>905,701</u>	<u>120,398</u>	<u>627</u>	<u>14</u>	<u>646</u>	<u>16,243</u>	<u>1,043,629</u>
Net increase (decrease) in net position from operations	(261,437)	(42,663)	6,269	7	(1,488)	(16,180)	(315,492)
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	(261,437)	(42,663)	6,269	7	(1,488)	(16,180)	(315,492)
Net position at beginning of period	2,364,948	303,195	767,575	67,054	153,486	44,791	3,701,049
Net position at end of period	<u>\$ 2,103,511</u>	<u>\$ 260,532</u>	<u>\$ 773,844</u>	<u>\$ 67,061</u>	<u>\$ 151,998</u>	<u>\$ 28,611</u>	<u>\$ 3,385,557</u>