

**JOINT COMMITTEE ON
GOVERNMENT AND FINANCE**

Materials Distributed

November 19, 2014

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Senate	House	Joint	Bill Status	WV Code	Audits/ Reports	E
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Interim Committee Attendance - Results

Wednesday, November 19, 2014 - 01:00 PM

Joint Committee on Government and Finance

Attended:

Delegate White
Delegate Cowles
Delegate Caputo
Delegate Boggs
Delegate Armstead
Speaker Miley
Senator Plymale
Senator Palumbo
Senator Hall
Senator Barnes
President Kessler

Submittor:

Marlene

Phone:

4802

[Back to Attendance](#)

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(President Kessler presides)

AGENDA
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
November 19, 2014

1:00 - 2:00pm

Senate Finance Room

- 1. Approval of October 22, 2014 minutes**
- 2. Committee Reports/Requests:**
- 3. Monthly/Quarterly Reports Distribution:**
Status Report on Unemployment Compensation.
- 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

October 22, 2014

1:00 pm-2:00 pm

Senate

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

House

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

Speaker Miley presides:

Speaker Miley: "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 September 10, 2014. President Kessler moves the adoption of the minutes. Any amendments or discussion? All those in favor say aye, all those opposed, the ayes appear to have it. The minutes are approved."

Speaker Miley: "The next item on the Agenda is the approval of the site visit for the Legislative Oversight Commission on Education Accountability to the School for the Deaf and Blind in Romney, West Virginia. Senate President moves for the approval of that site visit. Is there any discussion? All of those in favor of the Senate President's motion, say Aye."

Members: "Aye."

Speaker Miley: "All of those opposed. The ayes appear to have it. I declare the motion adopted."

Speaker Miley: "The next item on the Agenda are the reports. Workforce West Virginia Unemployment Compensation Trust Fund Distribution, Ms. Carenbauer."

Ms. Carenbauer: "Good afternoon, Mr. President, Mr. Speaker, members of the Committee. My name is Beth Carenbauer. I am the Director of the Unemployment Compensation for Workforce, West Virginia. As of this morning, the trust had a balance of \$112,523,150. As you will see from your report, this month we are projecting revenues of \$225,364,000 and benefits of \$230,238,000 for an ending balance of \$97,291,000. I would be happy to answer any questions."

Speaker Miley: "Are there any questions? There don't appear to be any. Thank you, Ma'am."

Speaker Miley: "The next item on the Agenda would be from Jason Pizatella, the Acting Secretary of Finance and Administration. Secretary Pizatella."

Mr. Pizatella: "Thank you, Mr. President, Mr. Speaker and members of the Committee. I am honored to be here to present the monthly report for PEIA, CHIP, BRIM & Real Estate Division. You have the reports we have provided to the Committee. I do have representatives here. Mr. Cheatham, is here from PEIA, Ms. Carenbauer is here from CHIP, and Mr. Fisher is here from BRIM. If there are any specific questions that I cannot answer, I am happy to entertain anything that is in the report. I did want to point out that PEIA is currently running \$3M ahead for FY15 and this is due to actual expenses being less than budgeted medical and prescription expenses to date. The same is true for the retiree health benefit trust fund."

Speaker Miley: "President Kessler."

President Kessler: "Good afternoon Jason. The questions I have deals with PEIA. I have received a constituent's or two concerns about some public hearings that are being held throughout the state, where I understand that PEIA premiums or benefits will somehow be adjusted and/or go up by \$40M. I think that was the number and I know Mr. Cheatham probably responded to the constituent and if you could just give a brief synopsis of what you anticipate doing over the next few months with PEIA, particularly with retiree benefits."

Mr. Pizatella: "Sure. If it is ok with you Mr. President and Mr. Speaker,

I would defer to Mr. Ted Cheatham for specific comments he wants to make, but the PEIA Finance Board did meet last week and approved the schedule of public hearings that will take place during the month of November that will decide what the 2015-2016 plan year looks like for PEIA. As you suggested, we are looking at approximately \$30M in benefit reductions that we have to make to maintain the eighty percent/twenty percent split that is in the statute for employer and employee contributions and so the path that the finance board is taking at the public hearings is that we will lay out all of the options to how to essentially balance for the FY 2015-2016 plan year. To do that, we are going to seek input for those who are attending the public hearings to tell us what options they like and what options they don't like. The fact is that none of the options are very attractive but the Board is charged with maintaining that statutory balance, so we are going to do so as best we can. Anything further, I would turn it over to Mr. Cheatham if it is alright with the Committee."

Speaker Miley: "Anybody have any questions of either Mr. Pizatella or Mr. Cheatham?"

President Kessler: "I think that answered it."

Speaker Miley: "Chairman Manchin."

Delegate Manchin: "I assume the \$30M that needs to be reduced has stemmed from something. I assume there has been an increase in something."

Mr. Cheatham: "Well, medical trend has been going up 5.6% a year. There has been no additional revenue from the Legislature to PEIA for the last three years. We have been spinning down a rather sizeable reserve on the active side and operating at a loss for the last few years at PEIA because there is no additional expenses in healthcare that occur every year. So, there is no more money guidance this year. Again, we are operating PEIA in the FY16 budget at a \$32M loss to take our final reserve down to the statutory required fifteen percent, actually it is ten percent required, but the actuary says fifteen, which is part of the statute. So, PEIA has officially spent all of its reserve, will on FY16, down to the statutory minimum fifteen percent. We will be losing \$32M and we

still need \$40M dollars in benefit cuts to make that plan sustain itself at that level.”

Delegate Manchin: “So, you are talking about cuts beginning in FY17?”

Mr. Cheatham: “No sir. The cuts will begin in July of 2015, for plan year 2016. Our plan year is the end of June, so the plan year will run July 15- July 30, 2016, and that is considered FY 16 for us.”

Delegate Manchin: “Maybe I missed some of that or at least didn’t understand it. You are required to get down to fifteen percent of your reserve as of what year, “2016?”

Mr. Cheatham: “Yes, the end of 2016, we will be down to our fifteen percent reserve proposed plan.”

Delegate Manchin: “Why are cuts taking place before you get down to reserve if you do the cuts ahead of time? Won’t that keep you from getting down to the fifteen percent reserve?”

Mr. Cheatham: “Indeed, healthcare costs go through the year, but we look at the general plan as a whole, and in sum, revenue in, expenses out, over the course of that year, and what is going on to be left at the end of FY16, as a snapshot at the end, and that takes into account all of the expenditures throughout the year to sustain that. It’s like if you are going to send your child to college, and you want to fund what you think for the year, you are going to say, I need \$20,000, for FY 16, to send my child to college. Well, you don’t need that \$20,000 when they start in September or August. You need that month, and the next month, and the next month, etc. But at the end of the year, you know you will have spent \$20,000 for college, and that’s what we are saying. At the end of the year in July of 16, we will be at fifteen percent reserve.”

Delegate Manchin: “Ok, I’m obviously not understanding completely. Are you trying to tell us that you need to have these budget cuts in place for that year in order to only end up at fifteen percent reserve?”

Mr. Cheatham: “Yes sir. I’m saying we need to make those cuts effective July 1, so those cuts will be in place for the whole year to end up where

we're going to end up. That's what the financial plan shows us."

Delegate Manchin: "And that's how much? \$30m?"

Mr. Cheatham: "It's actually a little bit more. It's almost \$40M."

Delegate Manchin: "So, you are saying, if you didn't put those into effect by July of what year?"

Mr. Cheatham: "Beginning July 2015."

Delegate Manchin: "If you don't put those into effect by then, you are saying your reserve will fall below fifteen percent by the end of 2016? Is that what you are saying?"

Mr. Cheatham: " Yes sir, that's a true statement."

Delegate Tim Manchin: "And you think it would fall below by how much in the reserve once it gets to fifteen percent?"

Mr. Cheatham: "At 15%, we will have approximately \$105M in the reserve."

Delegate Manchin: "Okay. Thank you, Mr. Speaker.

Speaker Miley: "Further questions of Mr. Cheatham? Thank you, sir."

Mr. Cheatham: "Thank you."

Speaker Miley: "Anything further to report, Mr. Pizatella?"

Mr. Pizatella: "No, Mr. Speaker."

Speaker Miley: "Thank you. Senator Hall."

Senator Hall: "I would just like to ask, I think if I am looking at the color chart and parts of the enrollment has dropped from 25,000 to under 23,000. That's due to what, the ACA expansion of medicaid? Is there a reason?"

Mr. Pizatella: "Sharon Carte is here from CHIP. I think she may be better equipped to answer that question, if it's ok with the Committee?"

Senator Hall: "I think I'm reading the colors right."

Speaker Miley: "Could you identify yourself, Ma'am?"

Ms. Carte: "Sharon Carte, Director for Children's Health Insurance Program."

Senator Hall: "Am I reading this correctly that we are seeing a decline in CHIP participation?"

Ms. Carte: "Yes, sir you are. That's correct and it's due to the transfer of children monthlies for the medicaid expansion up to 133%."

Senator Hall: "So, for the overall health, the plan, you want to discuss that? Is it a good thing, bad thing, neutral? It doesn't matter?"

Ms. Carte: "Well, it's what is required under the ACA. The transfer, is that what you are asking me?"

Senator Hall: "Do we get less revenue into this program because of the ACA? I have forgotten how you are funded."

Ms. Carte: "Well, right now, we are deciding on how we split the CHIP allotment. We will have to transfer funds to the DHHR to cover those children who have gone."

Senator Hall: "So, some of your monies for CHIP will be transferred over?"

Ms. Carte: "That's correct."

Senator Hall: "Just like we heard from PEIA, how does it look actuarially going forward?"

Ms. Carte: "Well, actuarially, you may be aware that the Governors in all of the states have been asked to respond to Congress because after

federal fiscal year 2015, there's no longer any appropriation for CHIP funds. So, we are at a very critical juncture."

Senator Hall: "So, if nothing happens, how much money a year do you receive from the federal government to subsidize this?"

Ms. Carte: "We have a \$51M dollar allotment and we usually don't use it all. We usually have a carry forward from year to year."

Senator Hall: "\$51M a year you receive from CHIP to sort of underwrite the risk and that's going to potentially go away?"

Ms. Carte: "It will potentially go away but I think it's a positive sign that the Congressional Committees that would have charge over CHIP appropriations are asking for input from the states and the Federal Commission that advises on medicaid and CHIP has recommended a two year transition period for additional funding, which was not included in the ACA. I think there was an assumption that post health-care reform that the CHIP kids would either be served in the medicaid program or can go into qualified healthcare. But we are not quite ready to do that now."

Speaker Miley: "Further questions? Thank you, Ma'am. Anything further? Secretary Pizatella?"

Mr. Pizatella: "No sir."

Speaker Miley: "Thank you."

Mr. Pizatella: "Thank you."

Speaker Miley: "The next item on the agenda is the monthly/quarterly report from the DHHR regarding Medicaid by Cindy Beane."

Ms. Beane: "Acting Commissioner, Cindy Beane here. With the permission of the committee, I would like to defer to the new Deputy Commissioner of Finance of Medicaid. Mr. Atkins sent the report."

Speaker Miley: "Sure."

Mr. Atkins: "I am Tony Atkins, Deputy Commissioner for Finance and Administration for the Bureau of Medical Services. You have the report, I assume in front of you. Just a few brief highlights and expenditures. For the two months ending through August of 2014, the total actual year-to-date expenditures are \$632M and from a cash perspective, we have had an increase in our fund balance of about \$2.7M. We had revenues of \$635M and expenditures of \$632M. I will entertain any questions you may have."

Speaker Miley: "Any questions? There don't appear to be any. Thank you."

Speaker Miley: "The next item on the Agenda is a presentation by the Investment Management Board by Mr. Slaughter."

Mr. Slaughter: "Good afternoon gentlemen. The August 31, 2014 report is in your packet, which as I know was quite a while ago. As of that time, the portfolio was up for the fiscal year, up for that month of about two percent. Since then, as you all know, the stock market has been not particularly kind to investors. So, we were down in September and it has gone further down this month, and recently, has come back some. I think my expectation is that things are going to be pretty choppy for a while now. I would be happy to take any questions."

Speaker Miley: "Any questions for Mr. Slaughter? Thank you, sir."

Speaker Miley: "The next item on the Agenda is a report regarding worker's compensation by Mr. Riley, the Insurance Commissioner."

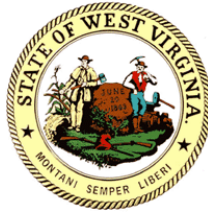
Mr. Riley: "Afternoon Mr. Speaker, Mr. President, Committee members. My name is Mike Riley. You have the workers compensation report in front of you. Just to highlight a few items: old fund active claims as of September 30 are 15,571; Coalworker's Fund 871; Active Claims-Uninsured Fund, only 26. The old fund cash statement operating revenues year to date are at \$38M. There is a little discrepancy in the difference of prior years in that they have changed the way lottery revenues are being transferred to us. We get \$11M annually. They are doing that more on a monthly basis where in the previous years, it had been front loaded. That is the difference there. Investments is \$17M;

Total Revenue is at \$56M; Claims Payment of \$47M. So, that leaves us with an ending cash balance of \$1.2B. We have completed our annual audit and our financial statements as of June 30, 2014 and the new deficit number is a nice number, which is \$350M. So, we are continuing to trend as we have projected. Based upon that number, just kind of on the back of the envelope, I don't think we are still in the fiscal year of 2016 at the 5% discount rate."

Speaker Miley: "Questions of Mr. Riley? There don't appear to be any. Thank you, sir. Is there any further business to come before the committee? If not, President Kessler moves to adjourn. All of those in favor, say Aye. All of those opposed? The ayes appear to have it. I declare the meeting adjourned."

WEST VIRGINIA LEGISLATURE

Office of the Legislative Auditor



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

304-347-4870

November 6, 2014

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

- West Virginia Lottery as of September 30, 2014:
Gross profit for July 2014 – September 2014 was \$134.6 million.
- West Virginia Unemployment Compensation Fund as of September 30, 2014:
Total disbursements were \$ 28.7 million less than last fiscal year. Overall ending trust fund balance was \$ 3 million lower on September 30, 2014, than on September 30, 2013.
- General Revenue Fund as of November 13, 2014:
The general revenue collections ended the final month of fiscal year 2013-2014 at 84.83% of the estimate for the year.
- State Road Fund as of November 13, 2014:
The state road fund collections ended the final month of fiscal year 2013-2014 at 106.88% of the estimate for the year.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

MEMORANDUM

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

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

Date: November 13, 2014

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

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for September 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 \$299 million for July – September 30, 2014. Table games accounted for \$12.2 million of this total. Historic Resort Hotel video lottery and table games accounted for \$2 million of total gross receipts. Gross lottery revenue has decreased by 5.2% when compared with July – September of fiscal year 2013-2014. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July – September 2014 was \$134.6 million; for July – September of last fiscal year it was \$138.8 million. Expressed as a percentage, gross profit is 3% lower for fiscal year 2015 than for fiscal year 2014.

Lottery continued

Operating Transfers to the State of West Virginia:

A total of \$128,686,000.00 has been accrued to the state of West Virginia for fiscal year 2014-2015. This is on an accrual basis and may not correspond to the actual cash transfers made during the same time period. Amount owed to the different accounts according to the Lottery Act are calculated monthly and accrued to the state; actual cash transfers are often made based upon actual cash flow needs of the day-to-day operation of the lottery.)

Bureau of Senior Services	\$30,389,000.00
Community and Technical College	\$1,499,000.00
Department of Education	\$12,606,000.00
Library Commission	\$7,357,000.00
Higher Education-Central Office	\$4,706,000.00
Tourism	\$5,175,000.00
Department of Natural Resources	\$2,052,000.00
Division of Culture and History	\$3,048,000.00
Economic Development Authority	\$2,999,000.00
Department of Education and Arts	\$1,074,000.00
School Building Authority	\$5,400,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$76,305,000.00

Excess Lottery Fund

Lottery continued

Economic Development Fund	\$5,696,000.00
Higher Education Improvement Fund	\$4,500,000.00
WV Infrastructure Council Fund	\$4,868,000.00
Higher Education Improvement Fund	\$5,430,000.00
Refundable Credit	\$286,000.00
General Purpose Fund	\$12,170,000.00
DHHR	\$0.00
State Park Improvement Fund	\$936,000.00
School Building Authority	\$5,698,000.00
Excess Lottery Surplus	\$0.00
WV Lottery Statutory Transfers	\$13,101,000.00
WV Racing Commission	\$375,000.00
Total State Excess Lottery Revenue Fund	\$53,060,000.00

Historic Resort Hotel Distributions:

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

Veterans Instant Ticket Fund \$116,000.00

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

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

Lottery continued

Capitol Renovation and Improvement Fund .6875%	\$88,000.00
Parking Garage Fund .0625%	\$8,000.00
Parking Garage Fund 1%	\$0.00
Cultural Facilities and Cap. Resources Fund .5%	\$0.00
Capitol Dome & Cap. Improvements Fund .5%	\$128,000.00
Workers Compensation Debt Reduction Fund 7%	\$0.00
SUBTOTAL VIDEO LOTTERY TRANSFERS:	\$510,000.00
TOTAL TRANSFERS	*\$131,955,000.00

* CASH BASIS

Total Accrued last FY 2014:	\$114,914,000.00
Total Cash Distributions FY 2015:	\$131,955,000.00
Applied to FY 2014:	\$114,914,000.00
Applied to FY 2015:	\$17,041,000.00
Accrued for FY 2015 as of September 30:	\$111,645,000.00



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

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

DATE: October 17, 2014

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

Financial statements of the Lottery for the month ending September 30, 2014 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$93,480,222 for the month of September.

Transfers of lottery revenue totaling \$43,906,052 made for the month of September to the designated state agencies per Senate Bill 160, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (§29-22A-10), and the Racetrack Table Games Act (§29-22C-27). The amount transferred to each agency is shown in Note 10 on pages 19 and 20 of the attached financial statements.

The number of traditional and limited retailers active as of September 30, 2014 was 1,531 and 1,406 respectively.

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

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

JCM
Attachment

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

MEMORANDUM

TO: Joint Committee on Government and Finance

FROM: John C. Musgrave, Director

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Month Ending September 30, 2014

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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-**

September 30, 2014

WEST VIRGINIA LOTTERY

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

	September 30, 2014	June 30, 2014
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 140,972	\$ 149,712
Accounts receivable	33,918	34,790
Inventory	610	633
Other assets	1,841	1,946
Total Current Assets	<u>177,341</u>	<u>187,081</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	1,290	1,397
Capital assets	47,533	47,391
Less accumulated depreciation and amortization	<u>(9,120)</u>	<u>(8,646)</u>
Net Capital Assets	<u>38,413</u>	<u>38,745</u>
Total Noncurrent Assets	<u>39,703</u>	<u>40,142</u>
Total Assets	<u>\$ 217,044</u>	<u>\$ 227,223</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 111,645	\$ 114,914
Estimated prize claims	15,922	14,983
Accounts payable	1,705	1,505
Other accrued liabilities	32,752	40,801
Total Current Liabilities	<u>162,024</u>	<u>172,203</u>
Total Liabilities	<u>162,024</u>	<u>172,203</u>
Net Position:		
Restricted by enabling legislation	1,255	1,397
Net Investment in capital assets	38,413	38,745
Unrestricted	15,352	14,878
Total Net Position	<u>55,020</u>	<u>55,020</u>
Total Net Position	<u>\$ 217,044</u>	<u>\$ 227,223</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2014

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2014	2013	2014	2013
Lottery revenues				
On-line games	\$ 6,183	\$ 7,737	\$ 18,085	\$ 22,686
Instant games	9,202	9,407	26,633	27,682
Racetrack video lottery	44,393	48,835	149,598	156,444
Limited video lottery	29,355	30,219	90,774	93,212
Table games	3,778	4,089	12,240	14,048
Historic resort	568	480	2,025	1,701
	<u>93,479</u>	<u>100,767</u>	<u>299,355</u>	<u>315,773</u>
Less commissions				
On-line games	438	550	1,266	1,594
Instant games	644	657	1,864	1,938
Racetrack video lottery	24,356	27,662	82,076	88,609
Limited video lottery	14,384	14,808	44,480	45,674
Table games	1,601	1,785	5,186	6,133
Historic resort	291	278	969	902
	<u>41,714</u>	<u>45,740</u>	<u>135,841</u>	<u>144,850</u>
Less on-line prizes	3,225	3,812	8,886	11,263
Less instant prizes	6,117	6,225	17,602	18,271
Less ticket costs	205	135	528	491
Less vendor fees and costs	609	706	1,888	2,127
	<u>10,156</u>	<u>10,878</u>	<u>28,904</u>	<u>32,152</u>
Gross profit	<u>41,609</u>	<u>44,149</u>	<u>134,610</u>	<u>138,771</u>
Administrative expenses				
Advertising and promotions	417	614	1,509	768
Wages and related benefits	885	872	2,516	2,681
Telecommunications	82	54	211	169
Contractual and professional	240	366	1,074	1,052
Rental	22	23	73	75
Depreciation and amortization	133	170	474	510
Other administrative expenses	82	114	297	357
	<u>1,861</u>	<u>2,213</u>	<u>6,154</u>	<u>5,612</u>
Other Operating Income	<u>553</u>	<u>517</u>	<u>1,991</u>	<u>1,651</u>
Operating Income	<u>40,301</u>	<u>42,453</u>	<u>130,447</u>	<u>134,810</u>
Nonoperating income (expense)				
Investment income	(21)	19	75	59
Distributions to municipalities and counties	(575)	(592)	(1,779)	(1,827)
Distributions -capital reinvestment	(18)	(23)	(57)	(69)
Distributions to the State of West Virginia	(39,687)	(41,857)	(128,686)	(132,973)
	<u>(40,301)</u>	<u>(42,453)</u>	<u>(130,447)</u>	<u>(134,810)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	<u>55,020</u>	<u>54,866</u>	<u>55,020</u>	<u>54,866</u>
Net position, end of period	<u>\$ 55,020</u>	<u>\$ 54,866</u>	<u>\$ 55,020</u>	<u>\$ 54,866</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2014

(In Thousands)

-Unaudited-

	2015	2014
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 302,218	\$ 317,058
Cash payments for:		
Personnel costs	(2,437)	(2,648)
Suppliers	(2,895)	(2,674)
Other operating costs	(163,877)	(175,895)
Cash provided by operating activities	<u>133,009</u>	<u>135,841</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(131,955)	(180,693)
Distributions to municipalities and counties	(1,777)	(1,842)
Distributions to racetrack from racetrack cap. reinv. fund	(8,105)	(9,809)
Cash used in noncapital financing activities	<u>(141,837)</u>	<u>(192,344)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(142)</u>	<u>(70)</u>
Cash flows from investing activities:		
Investment earnings received	<u>123</u>	<u>59</u>
Increase (decrease) in cash and cash equivalents	(8,847)	(56,514)
Cash and cash equivalents - beginning of period	<u>151,109</u>	<u>275,058</u>
Cash and cash equivalents - end of period	<u>\$ 142,262</u>	<u>\$ 218,544</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 130,447	\$ 134,810
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	474	510
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	872	(366)
(Increase) decrease in inventory	23	100
(Increase) decrease in other assets	57	141
Increase (decrease) in estimated prize claims	939	1,427
Increase (decrease) in accounts payable	200	(489)
Increase (decrease) in other accrued liabilities	(3)	(292)
Cash provided by operating activities	<u>\$ 133,009</u>	<u>\$ 135,841</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 September 30, 2014 the carrying amounts of deposits (overdraft) with financial institutions were \$497 thousand with a bank balance (overdraft) of \$517 thousand. Of this balance \$250 thousand was covered by federal depository insurance with the remaining balance collateralized with securities held by the State of West Virginia’s agent in the State’s name.

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

	September 30, 2014	June 30, 2014
Deposits with financial institutions	\$ 497	\$ 473
Cash on hand at the Treasurer's Office	11,488	21,310
Investments with BTI reported as cash equivalents	130,277	129,326
	\$ 142,262	\$ 151,109

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 4 – CAPITAL ASSETS

A summary of capital asset activity for the month ended September 30, 2014 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2014	Additions	Deletions	Historical Cost At September 30, 2014
Construction in Progress	\$ 792	\$ 142	\$ -	\$ 934
Buildings	38,084	-	-	38,084
Land	1,434	-	-	1,434
Improvements	260	-	-	260
Equipment	6,821	-	-	6,821
	<u>\$ 47,391</u>	<u>\$ 142</u>	<u>\$ -</u>	<u>\$ 47,533</u>

Accumulated Depreciation:

	Historical Cost At June 30, 2014	Additions	Deletions	Historical Cost At September 30, 2014
Buildings	\$ 2,141	\$ 238	\$ -	\$ 2,379
Improvements	260	-	-	260
Equipment	6,245	236	-	6,481
	<u>\$ 8,646</u>	<u>\$ 474</u>	<u>\$ -</u>	<u>\$ 9,120</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 September 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	\$ 2,956,088	\$ 7,779,260
Hot Lotto	406,047	1,602,621
Mega Millions	895,134	2,872,338
Total	\$ 4,257,269	\$ 12,254,219

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,478,046	\$ 3,889,663
Hot Lotto	203,023	801,325
Mega Millions	447,575	1,436,178
Total	\$ 2,128,644	\$ 6,127,166

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 September 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	7,606,281	547,805
Mega Millions	36,659,160	582,739
Total	<u>\$ 155,841,893</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 \$15,551,276 at September 30, 2014, of which the Lottery's share was \$1,593,130.

NOTE 6 - RACETRACK VIDEO LOTTERY

The Racetrack Video Lottery legislation stipulates the distribution of racetrack video lottery revenues. This legislation has been amended since inception to restate revenue distribution based on revenue benchmarks and has been amended again by HB 101 as passed during the first extraordinary session of 2014. For a complete summary of the impacts of HB 101, see Note 11 titled "Summary Impact of Recent Legislation." Initially, four percent (4%) of gross terminal revenue is allocated for lottery administrative costs. For fiscal year 2014, sixty-six percent (66%) and for fiscal year 2015, fifty-seven percent (57%) of net terminal revenue (gross less 4%) is allocated in lieu of commissions as follows:

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

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

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

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

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

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

	Current Month		Year-to-Date	
	2015	2014	2015	2014
Total credits played	\$ 507,184	\$ 550,400	\$ 1,689,352	\$ 1,757,222
Credits (prizes) won	(455,074)	(494,051)	(1,515,707)	(1,577,109)
Promotional credits played	(7,688)	(7,489)	(23,952)	(23,586)
MWAP Contributions	(29)	(25)	(95)	(83)
Gross terminal income	44,393	48,835	149,598	156,444
Administrative costs	(1,776)	(1,953)	(5,984)	(6,258)
Net Terminal Income	42,617	46,882	143,614	150,186
Less distribution to agents	(24,356)	(27,662)	(82,076)	(88,609)
Racetrack video lottery revenues	<u>\$ 18,261</u>	<u>\$ 19,220</u>	<u>\$ 61,538</u>	<u>\$ 61,577</u>

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

	September 30, 2014	Year-to-Date
State Lottery Fund	\$ 12,785	\$ 43,084
State Excess Lottery Revenue Fund	5,476	18,454
Capital Reinvestment Fund	-	-
Total nonoperating distributions	<u>\$ 18,261</u>	<u>\$ 61,538</u>

NOTE 7 - LIMITED VIDEO LOTTERY

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 7 - LIMITED VIDEO LOTTERY (continued)

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

A summary of limited video lottery revenues for the month ended September 30, 2014 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2015	2014	2015	2014
Total credits played	\$ 346,953	\$ 355,858	\$ 1,078,077	\$ 1,104,651
Credits (prizes) won	(317,598)	(325,639)	(987,303)	(1,011,439)
Gross terminal income	\$ 29,355	\$ 30,219	\$ 90,774	\$ 93,212
Administrative costs	(587)	(604)	(1,815)	(1,864)
Gross Profit	28,768	29,615	88,959	91,348
Commissions	(14,384)	(14,808)	(44,480)	(45,674)
Municipalities and Counties	(575)	(592)	(1,779)	(1,827)
Limited video lottery revenues	<u>\$ 13,809</u>	<u>\$ 14,215</u>	<u>\$ 42,700</u>	<u>\$ 43,847</u>

NOTE 8 – TABLE GAMES

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

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

Retain 3% of the adjusted gross receipts for administrative expenses of which at least \$100,000 and not more than \$500,000 annually will be transferred to the Compulsive Gambling Treatment Fund. Transfer two percent of the adjusted gross receipts from each licensed racetrack to the county commissions of the counties where racetracks with West Virginia Lottery table games are located. Transfer three percent of the adjusted gross receipts from each licensed racetrack to the governing bodies of municipalities within counties where racetracks with West Virginia Lottery table games are located as prescribed by statute. And transfer one-half of one percent of the adjusted gross receipts to the governing bodies of municipalities in which a racetrack table games licensee is located to be divided equally among the municipalities. For fiscal year 2014 and fiscal year 2015 make transfers as follows:

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

NOTE 8 – TABLE GAMES (continued)

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

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

- 1) Transfer four percent into a special fund to be established by the Racing Commission to be used for payment into the pension plan for all employees of each licensed racing association;
- 2) Transfer ten percent, to be divided and paid in equal shares, to each county commission in the state where table games are not located;
- 3) Transfer ten percent, to be divided and paid in equal shares, to the governing bodies of each municipality in the state where table games are not located; and
- 4) Transfer seventy-six percent to the State Debt Reduction Fund for fiscal year 2014 and to the State Excess Lottery Revenue Fund for fiscal year 2015.

The cash transferred to the State Excess Lottery Revenue Fund in the current month is included in Note 10-Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended September 30, 2014 were \$10,794,613 and \$34,970,082, respectively. The following table shows the month and year totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

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

NOTE 8 – TABLE GAMES (continued)

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Table Games Privilege Tax	\$ 3,778	\$ 4,089	\$ 12,240	\$ 14,048
Interest on Table Games Fund	-	-	1	1
Administrative costs	(324)	(350)	(1,049)	(1,204)
Total Available for Distribution	<u>3,454</u>	<u>3,739</u>	<u>11,192</u>	<u>12,845</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	243	292	787	1,003
Thoroughbred & Greyhound Development Funds	194	234	629	803
Racing Association Pension Plan	95	103	308	353
Municipalities/ Counties	<u>1,069</u>	<u>1,156</u>	<u>3,462</u>	<u>3,974</u>
Total Distributions	<u>1,601</u>	<u>1,785</u>	<u>5,186</u>	<u>6,133</u>
Excess Lottery Fund	<u>\$ 1,853</u>	<u>\$ 1,954</u>	<u>\$ 6,006</u>	<u>\$ 6,712</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.

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL (continued)

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Total credits played	\$ 5,479	\$ 5,531	\$ 16,147	\$ 17,566
Credits (prizes) won	(5,033)	(5,056)	(14,784)	(16,107)
Promotional credits played	(55)	(66)	(151)	(214)
MWAP Contributions	-	-	-	(1)
Gross terminal income	<u>391</u>	<u>409</u>	<u>1,212</u>	<u>1,244</u>
Capital reinvestment	(18)	(19)	(57)	(58)
Excess Lottery Fund	(4)	(4)	(11)	(11)
Administrative costs	(21)	(22)	(65)	(67)
Hotel commissions	<u>(165)</u>	<u>(173)</u>	<u>(513)</u>	<u>(526)</u>
Net terminal income	183	191	566	582
Historic Resort Hotel Fund	116	121	360	371
Human Resource Benefit Fund	67	70	206	211

Historic Resort Table Games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the month and year ended September 30, 2014 were \$504,507 and \$2,322,077, respectively.

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

	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Table games privilege tax	\$ 177	\$ 71	\$ 813	\$ 457
Administrative Costs	<u>(23)</u>	<u>(9)</u>	<u>(104)</u>	<u>(59)</u>
Total Available for Distribution	154	62	709	398
Historic Resort Hotel Fund	129	52	593	333
Human Resource Benefit Fund	25	10	116	65

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

NOTE 9 – HISTORIC RESORT HOTEL (continued)

Historic Resort Hotel Fund

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

- 1) Sixty-four percent (64%) is paid to the State of West Virginia General Revenue Fund for fiscal year 2014 and to the State Excess Lottery Revenue Fund for fiscal year 2015;
- 2) Nineteen percent (19%) is paid to the State Debt Reduction Fund for fiscal year 2014 and to the State Excess Lottery Revenue Fund for fiscal year 2015;
- 3) Three percent (3%) is paid to the State of West Virginia Tourism Promotion Fund and to the State Excess Lottery Revenue Fund for fiscal year 2015;
- 4) Four percent (4%) is paid to the county where the gaming facility is located;
- 5) Two and one-half percent (2.5%) is paid to the municipality where the gaming facility is located as prescribed by statute;
- 6) Two and one-half percent (2.5%) is divided and paid in equal shares to the remaining municipalities in the county where the gaming facility is located;
- 7) Two and one-half percent (2.5%) is divided and paid in equal shares, to each county commission in the state where the gaming facility is not located;
- 8) Two and one-half percent (2.5%) is divided and paid in equal shares, to each municipality in the state not already receiving a distribution as described in item five (5) or item six (6) above.

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

	<u>Current Month</u>	<u>Year-to-Date</u>
Historic Resort Hotel Video Lottery	\$ 116	\$ 360
Historic Resort Table Games	129	593
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	<u>245</u>	<u>953</u>
Municipalities/ Counties	34	134
Excess Lottery Fund	211	819
Total Distributions	<u>\$ 245</u>	<u>\$ 953</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 10- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA

The Lottery periodically distributes surplus funds, exclusive of amounts incurred and derived from limited video lottery and a portion of racetrack video lottery funds, to the State of West Virginia in accordance with the legislation. For the year ending June 30, 2015 the State Legislature budgeted \$136,411,350 of estimated profits of the Lottery for distributions to designated special revenue accounts of the State of West Virginia. With regard to the State Lottery Fund, legislation stipulates that debt service payments be given a priority over all other transfers in instances where estimated profits are not sufficient to provide for payment of all appropriated distributions. Debt service payments of \$1,800,000, \$1,000,000, and \$500,000 per month for the first ten months of each fiscal year currently have such priority. Transfers made pursuant to the State Excess Lottery Revenue Fund have similar requirements; currently payments are \$5,300,000 per month for the first ten months of each fiscal year. In addition, Legislation provides that, if in any month, there is a shortage of funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be transferred from the State Lottery Fund to cover such shortfall, after the State Lottery Fund debt service payments have been made. Repayments to the State Lottery Fund are required to be made in subsequent months as funds become available. For the month ended September 30, 2014 the Lottery has accrued additional distributions of \$111,645,335. The Lottery is a non-appropriated state agency and therefore does not have a budget adopted by the Legislature.

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

<u>BUDGETARY DISTRIBUTIONS</u>	<u>September 30, 2014</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 1,499
Bureau of Senior Services	6,972	30,389
Department of Education	2,892	12,606
Library Commission	1,688	7,357
Higher Education-Policy Commission	1,080	4,706
Tourism	1,187	5,175
Natural Resources	471	2,052
Division of Culture & History	699	3,048
Department of Education & Arts	246	1,074
Economic Development Authority	1,000	2,999
School Building Authority	1,800	5,400
Total State Lottery Fund	<u>\$ 18,535</u>	<u>\$ 76,305</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	\$ 1,899	\$ 5,696
Higher Education Improvement Fund	1,500	4,500
General Purpose Account	6,617	12,170
Higher Education Improvement Fund	2,952	5,430
State Park Improvement Fund	509	936
School Building Authority	1,899	5,698
Refundable Credit	-	286
WV Racing Commission	204	375
WV Department of Health and Human Resources	-	-
WV Development Office	-	-
WV Lottery Statutory Transfers	7,124	13,101
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	2,647	4,868
Total State Excess Lottery Revenue Fund	\$ 25,351	\$ 53,060
Total Budgetary distributions:	\$ 43,886	\$ 129,365
Veterans Instant Ticket Fund	\$ 21	\$ 116

Other Racetrack Video Lottery distributions:

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

Historic Resort Hotel distributions:

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

Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 43,907	\$ 131,955
Accrued nonoperating distributions, beginning	(115,865)	(114,914)
Accrued nonoperating distributions, end	111,645	111,645
	\$ 39,687	\$ 128,686

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 11 – SUMMARY IMPACT OF RECENT LEGISLATION

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

The impact (in thousands) for the month ended September 30, 2014 to the Statement of Revenues, Expenses, and Changes in Fund Net Positions is summarized as follows:

	<u>Pre HB 101</u>	<u>As Stated</u>	<u>Difference</u>
Less commissions			
Racetrack video lottery	24,718	24,356	(362)
Table games	1,650	1,601	(49)
 Gross profit	 41,198	 41,609	 411
Operating Income	39,890	40,301	411
Nonoperating income (expense)			
Distributions -capital reinvestment	(22)	(18)	4
Distributions to the State of West Virginia	(39,272)	(39,687)	(415)

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 11 – SUMMARY IMPACT OF RECENT LEGISLATION (continued)

The impact (in thousands) for the fiscal year-to-date ended September 30, 2014 to the Statement of Revenues, Expenses, and Changes in Fund Net Positions is summarized as follows:

	<u>Pre HB 101</u>	<u>As Stated</u>	<u>Difference</u>
Less commissions			
Racetrack video lottery	83,296	82,076	(1,220)
Table games	5,344	5,186	(158)
 Gross profit	 133,232	 134,610	 1,378
 Operating Income	 129,069	 130,447	 1,378
Nonoperating income (expense)			
Distributions -capital reinvestment	(68)	(57)	11
Distributions to the State of West Virginia	(127,297)	(128,686)	(1,389)

NOTE 12 – LEASES

The Lottery leases, under a cancelable operating lease, its office and warehouse facilities. The Lottery also leases various office equipment under agreements considered to be cancelable operating leases. Rental expense for the fiscal year-to-date ended September 30, 2014 and September 30, 2013 approximated \$73,058 and \$74,498 respectively.

The Lottery leases office space under the terms of a non-cancellable operating lease to various tenants. Rental revenues for the fiscal year-to-date ended September 30, 2014 and September 30, 2013 approximated \$357,132 and \$345,023 respectively.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 13 – RESTRICTED NET POSITION

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

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

NOTE 14 – COMMITMENTS

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

NOTE 15 - RETIREMENT BENEFITS

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

Employees who retire at or after age sixty with five or more years of contributory service or who retire at or after age fifty-five and have completed twenty-five years of credited service with age and credited service equal to eighty or greater are eligible for retirement benefits as established by State statute. Retirement

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

NOTE 15 - RETIREMENT BENEFITS (continued)

benefits are payable monthly for life, in the form of a straight-line annuity equal to two percent of the employee's average annual salary from the highest 36 consecutive months within the last 10 years of employment, multiplied by the number of years of the employee's credited service at the time of retirement.

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

	September 30, 2014	Year-to-Date
Lottery contributions	\$ 86	\$ 277
Employee contributions	28	88
Total contributions	\$ 114	\$ 365

NOTE 16 - RISK MANAGEMENT

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

WORKERS' COMPENSATION INSURANCE

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

PUBLIC EMPLOYEES' INSURANCE AGENCY (PEIA)

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 16 - RISK MANAGEMENT (continued)

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

BOARD OF RISK AND INSURANCE MANAGEMENT (BRIM)

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

NOTE 17- OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Lottery participates in the West Virginia Other Postemployment Benefits Plan (OPEB Plan) of the West Virginia Retiree Health Benefit Trust Fund (Trust), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Employee Insurance Agency (WVPEIA). The OPEB Plan provides retiree post-employment health care benefits for participating state and local government employers. The provisions of the Code of West Virginia, 1931, as amended (the Code), assigns the authority to establish and amend benefit provisions to the WVPEIA board of trustees. The WVPEIA issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to Public Employees Insurance Agency, 601 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 THREE MONTH PERIOD ENDED SEPTEMBER 30, 2014
 (In Thousands)**

	Current Month		FISCAL YEAR	
	<u>Actual</u>	<u>Projected</u>	<u>Actual</u>	<u>Projected</u>
Gross Revenues				
Instant games	9,202	8,750	26,633	26,250
On-line games	6,183	6,284	18,083	18,852
Racetrack video lottery	44,393	41,289	149,597	128,152
Limited video lottery	29,356	30,375	90,775	93,693
Racetrack table games	3,778	3,177	12,239	10,447
Historic resort	568	666	1,995	1,762
Total gross revenues	<u>93,480</u>	<u>90,541</u>	<u>299,322</u>	<u>279,156</u>
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,130	1,181	3,377	3,543
On-line games	1,659	1,814	5,412	5,442
Racetrack Video Lottery	12,788	11,891	43,094	36,908
Total Lottery Fund net revenues	<u>15,577</u>	<u>14,886</u>	<u>51,883</u>	<u>45,893</u>
Excess Lottery Fund				
Racetrack Video Lottery	5,477	5,093	18,457	15,808
Limited Video Lottery	13,783	14,289	42,759	44,074
Limited Video Lottery Fees	394	-	1,433	-
Racetrack table games	1,854	1,558	6,005	5,124
Historic resort	214	310	829	752
Total Excess Lottery Fund Net Revenues	<u>21,722</u>	<u>21,250</u>	<u>69,483</u>	<u>65,758</u>
Total Net Revenues	<u>37,299</u>	<u>36,136</u>	<u>121,366</u>	<u>111,651</u>

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

304-347-4870

Memorandum

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

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

Date: November 13, 2014

Re: Status of General Revenue Fund and State Road Fund as of
November 13, 2014 (FY 15)

We have reviewed the cash flow of the West Virginia general revenue fund as of November 13, 2014 which is the middle of the fifth month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 84.83% of the estimate for the fiscal year. Total collections were \$ 244.1 million below the estimate for the fiscal year.

Personal Income Tax collections were \$ 97.5 million below the estimate for the fiscal year.

Consumer sales and use tax collections were \$ 103 million below the estimate for the year.

Severance Tax was \$ 30.3 million below the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$600 thousand above the estimate for the fiscal year.

State Road Fund

The state road fund collections were 106.88% of the estimate for the fiscal year. Total collections were \$18.8 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 \$473,780,563.30 as of October 31, 2014.

Balance July 1, 2014	576,905,662.48
Earnings	-103,125,099.18
Balance Oct 31, 2014	473,780,563.30

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 377,192,155.48 as of October 31, 2014.

Balance July 1, 2014	378,984,822.70
Earnings	-1,792,667.22
Balance October 31, 2014	377,192,155.48

The Special Income Tax Reserve Fund had a zero cash balance as of October 31, 2014.

Balance July 1, 2014	-0-
Revenues	-0-
Balance October 31, 2014	-0-

GENERAL REVENUE FUND FY 2014-2015

By Source and by Month

Monthly Revenue Estimates

as of November 13, 2014 OASIS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES
Personal Income Tax	111,430,000	28,154,883	-83,275,117	690,750,000	593,226,848	-97,523,152
Consumer Sales Tax & Use Tax	100,600,000	3,965,323	-96,634,677	506,600,000	403,587,010	-103,012,990
Severance Tax	26,100,000	19,719,182	-6,380,818	155,300,000	124,967,327	-30,332,673
Corp Income /Business Franchise	600,000	1,288,594	688,594	65,925,000	66,493,453	568,453
Insurance Tax	822,000	17,009	-804,991	57,309,000	54,113,201	-3,195,799
Tobacco Products Tax	9,100,000	3,235,290	-5,864,710	45,300,000	40,312,366	-4,987,634
Business and Occupation	5,500,000	60,957	-5,439,043	36,100,000	35,665,372	-434,628
Liquor Profit Transfers	1,030,000	33,750	-996,250	5,570,000	5,192,634	-377,366
Departmental Collections	1,003,000	324,635	-678,365	5,315,000	4,480,456	-834,544
Property Transfer Tax	1,029,000	462,220	-566,780	4,896,000	4,700,129	-195,871
Property Tax	417,000	20,517	-396,483	3,766,000	3,434,410	-331,590
Beer Tax and Licenses	565,000	222,540	-342,460	3,393,000	2,640,259	-752,741
Miscellaneous Transfers	57,000	0	-57,000	605,000	2,886,926	2,281,926
Interest Income	125,000	13	-124,988	625,000	339,966	-285,034
Senior Tax Credit Reimbur Lot	0	0	0	980,000	515,797	-464,203
HB 102 - Lottery Transfers	5,236,000	0	-5,236,000	21,248,000	17,514,277	-3,733,723
Miscellaneous Receipts	497,000	23,116	-473,884	5,153,000	4,572,826	-580,174
Business Fran Registration Fees	40,000	28,893	-11,107	280,000	251,646	-28,354
Liquor License Renewal	21,000	0	-21,000	205,000	183,556	-21,444
Special Revenue Transfer	0	0	0	0	0	0
Charter Tax	0	237	237	0	29,724	29,724
Telecommunications Tax	0	0	0	0	0	0
Video Lottery Transfers	0	0	0	0	67,475	67,475
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	264,172,000	57,557,159	-206,614,841	1,609,320,000	1,365,175,658	-244,144,342
Minus Cash Flow Transfer		0			0	
Percent of Estimates		21.79%			84.83%	
TOTALS	264,172,000	57,557,159	-206,614,841	1,609,320,000	1,365,175,658	-244,144,342
Percent of Estimates		21.79%			84.83%	

Prepared by Legislative Auditor's Office, Budget Division

**STATE ROAD FUND FY 2014-2015
By Source and by Month
Monthly Revenue Estimates
as of November 13, 2014 OASIS**

	MONTH ESTIMATES	NET MONTH COLLECTIONS	MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES
Gasoline & Motor Carrier Rd Tax	14,200,000	8,502,697	-5,697,303	160,000,000	162,485,061	2,485,061
Privilege Tax	12,543,000	4,059,633	-8,483,367	77,611,000	79,422,997	1,811,997
Licenses & Registration	4,145,000	2,939,330	-1,205,670	34,737,000	34,245,298	-491,702
Miscellaneous	0	89,537	-89,537	0	15,163,520	-15,163,520
Highway Litter Control	78,000	9,537	-68,463	656,000	468,982	-187,018
TOTALS	30,966,000	15,600,733	-15,365,267	273,004,000	291,785,860	18,781,860
Percent of Estimates		50.38%			106.88%	

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of November 13, 2014 : \$576,905,662.48

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of November 13, 2014: \$378,984,822

PERSONAL INCOME TAX REFUND RESERVE FUND as of November 13, 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: November 6, 2014

Re: West Virginia Unemployment Compensation Trust Fund

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

As of September 30, 2014 of fiscal year 2014-2015, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2014	\$ 111,805,447.81
Receipts July 1, 2014 thru September 30, 2014	\$ 54,092,265.88
Disbursements July 1, 2014 thru September 30, 2014	\$ 47,102,591.24
Balance September 30, 2014	\$ 118,795,122.45

ITEMS OF NOTE:

Regular benefits paid for July 2014 - September 2014 were \$ 4.4 million less than July 2013 - September 2013.

Federal emergency benefits totaled \$ -70 thousand for July 2014 - September 2014. For July 2013 - September 2013, federal emergency benefits totaled \$ 23.8 million.

Total disbursements were \$ 28.7 million less in July 2014 - September 2014 than the preceding July 2013 - September 2013.

Receipts as of September 2014 were \$ 24 million less than in July 2013 - September 2013. Overall ending trust fund balance was \$ 3 million lower on September 30, 2014 than on September 30, 2013.

Seasonally adjusted unemployment rates for September 2014 were 6.6 percent for West Virginia and 5.9 percent nationally.

Since September 2013, employment has increased by 16,500. Employment gains included 1,700 in mining and logging, 300 in manufacturing, 2,000 in financial activities, 6,200 in professional and business services, 3,200 in leisure and hospitality, 3,100 in educational and health services, 200 in other services, and 2,500 in government. Employment declines included 2,000 in construction, 600 in trade, transportation and utilities, and 100 in information.

October 16, 2014

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

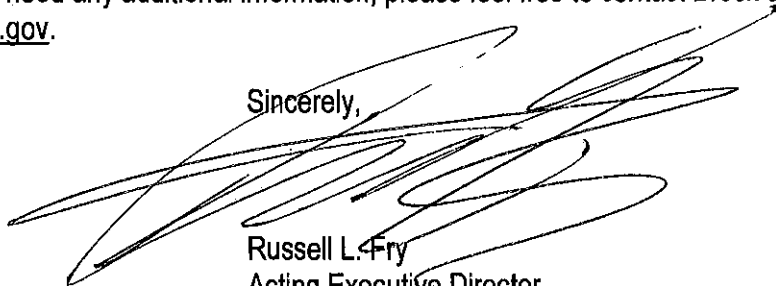
RE: Monthly Status Report

Dear Mr. Spencer:

The Monthly Status Report for the Unemployment Compensation Trust Fund for the months of July, August and September 2014 is included with this letter.

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

Sincerely,



Russell L. Fry
Acting Executive Director

RLF/slp

Enclosure

pc: Earl Ray Tomblin

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

An agency of the Department of Commerce

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

www.workforcewv.org

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

	JULY 2013	AUGUST 2013	SEPTEMBER 2013	JULY 2014	AUGUST 2014	SEPTEMBER 2014	THREE MONTH TOTAL VARIANCE *
Balance Forward	<u>\$119,511,755.93</u>	<u>\$125,127,753.78</u>	<u>\$135,489,026.95</u>	<u>\$111,805,447.81</u>	<u>\$118,142,200.75</u>	<u>\$130,924,458.04</u>	<u>(\$19,256,430.06)</u>
Add Receipts:							
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions:	\$22,957,571.54	\$26,968,693.31	\$1,562,699.97	\$23,213,783.25	\$27,921,102.10	\$1,454,591.75	\$1,100,512.28
3. Federal Emergency Benefits (EUC08)	\$9,915,354.98	\$7,471,467.25	\$7,263,859.85	\$370.96	\$210.99	\$2,212.97	(\$24,647,887.16)
4. Federal Share Extended Benefits (EB)	\$341.99	\$0.00	\$0.00	\$21.00	\$95.00	\$0.00	(\$225.99)
5. Temp Federal Additional Comp (FAC)	\$50.00	\$24.97	\$15.00	\$0.00	\$0.00	\$0.00	(\$89.97)
6. UCFE (Federal Agencies)	\$168,817.87	\$140,476.46	\$421,636.82	\$130,842.15	\$90,201.66	\$90,218.01	(\$119,669.33)
7. Special Administrative Transfer	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8. Read 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	\$766,600.59	\$0.00	\$0.00	\$721,166.06	(\$45,434.53)
11. UCX (Military Agencies)	\$296,146.18	\$215,067.14	\$248,161.48	\$152,450.22	\$132,184.77	\$182,814.99	(\$291,924.82)
12. WV Insurance Committee-Senate Bill 246	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
13. CMA Receipts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Receipts	<u>\$33,338,282.56</u>	<u>\$34,795,729.13</u>	<u>\$9,962,973.71</u>	<u>\$23,497,467.58</u>	<u>\$28,143,794.52</u>	<u>\$2,451,003.78</u>	<u>(\$24,004,719.52)</u>
Less Disbursements:							
Debt Bond Repayment							
Regular Benefits:							
Federal Emergency Benefits (EUC08)	\$18,514,616.90	\$16,629,168.80	\$15,675,526.83	\$16,926,438.69	\$15,137,023.18	\$14,341,836.16	(Retired) (\$4,414,014.50)
Federal Share Extended Benefits (EB)	\$8,731,783.97	\$7,434,611.24	\$7,607,973.35	(\$33,825.91)	(\$16,608.48)	(\$19,330.54)	(\$23,844,633.49)
Federal Emergency Benefits (TEUC)	(\$1,332.01)	(\$875.00)	(\$3,159.00)	(\$989.00)	(\$1,623.00)	(\$505.00)	\$2,249.01
Emergency Benefits (TEUC)	(\$30.00)	(\$70.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$100.00
Temp Federal Additional Comp (FAC)	\$50.00	\$49.97	\$46.00	\$0.00	\$0.00	\$0.00	(\$146.97)
UCFE (Federal Workers) Benefits	\$151,923.42	\$141,135.11	\$125,496.25	\$121,160.18	\$97,190.16	\$84,957.11	(\$15,247.33)
UCX (Military Workers) Benefits	\$263,805.79	\$215,911.55	\$266,548.24	\$147,930.68	\$145,555.37	\$173,881.64	(\$278,897.89)
Read Act Funds	\$1,261.00	\$0.00	\$82.13	\$0.00	\$0.00	\$0.00	(\$1,343.13)
Special Administrative Transfer**	\$60,205.64	\$14,524.29	\$0.00	\$0.00	\$0.00	\$0.00	(\$74,729.93)
Total Monthly Disbursements	<u>\$27,722,284.71</u>	<u>\$24,434,455.96</u>	<u>\$23,672,513.80</u>	<u>\$17,160,714.64</u>	<u>\$15,361,537.23</u>	<u>\$14,580,339.37</u>	<u>(\$28,726,663.23)</u>
Trust Fund Balance	<u>\$125,127,753.78</u>	<u>\$135,489,026.95</u>	<u>\$121,779,486.86</u>	<u>\$118,142,200.75</u>	<u>\$130,924,458.04</u>	<u>\$118,795,122.45</u>	<u>(\$14,634,486.35)</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

November 6, 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	\$ 20,878,000	\$ 111,805,000
July	\$ 23,213,000	\$ 16,876,000	\$ 118,142,000
August	\$ 27,921,000	\$ 15,139,000	\$ 130,924,000
September	\$ 2,175,000	\$ 14,304,000	\$ 118,795,000
October	\$ 15,170,000	\$ 13,016,000	\$ 120,949,000
November	\$ 17,135,000	\$ 15,399,000	\$ 122,685,000
December	\$ 1,803,000	\$ 25,656,000	\$ 98,832,000
Totals - 2014	\$ 225,416,000	\$ 228,749,000	\$ 98,832,000

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 September 2014

*West Virginia Legislative Interims
November 2014*

West Virginia Public Employees Insurance Agency

Statement of Changes in Plan Net Assets

For the Three Months Ending Thursday, September 30, 2014

(Dollars in Thousands)

(Unaudited-For Internal Use Only)

(\$ 0 0 0 's)							
ACTUAL	BUDGET	PRIOR YR	BUDGET VARIANCE		PRIOR YR VARIANCE		
			\$	%	\$	%	
			PREMIUM REVENUE				
\$117,045	\$118,399	\$118,110	Health Insurance - State Gov. - Employers	(\$1,354)	(1%)	(\$1,065)	(1%)
29,737	30,199	31,671	Health Insurance - State Gov. - Employees	(462)	(2%)	(1,934)	(6%)
27,974	27,328	27,677	Health Insurance - Local Gov. - All	646	2%	297	1%
528	556	529	Life Insurance	(28)	(5%)	(1)	(0%)
(1,577)	2,080	4,694	Interest and Investment Income	(3,657)	(176%)	(6,271)	(134%)
634	566	585	Other Premium Revenue	68	12%	49	8%
1,149	1,159	1,147	Administrative Fees, Net of Refunds	(10)	(1%)	2	0%
175,490	180,287	184,413	TOTAL REVENUE	(4,797)	(3%)	(8,923)	(5%)
			OPERATING EXPENSES				
88,456	85,920	88,692	Claims Expense - Medical	(2,536)	(3%)	236	0%
29,581	29,167	26,492	Claims Expense - Drugs	(414)	(1%)	(3,089)	(12%)
9,786	10,170	9,616	Payments to Managed Care Org.	384	4%	(170)	(2%)
3,322	3,341	3,341	Administrative Service Fees	19	1%	19	1%
534	556	528	Life Insurance Expense	22	4%	(6)	(1%)
383	645	817	Wellness and Disease Management	262	41%	434	53%
86	86	86	ACA Comparative Effectiveness Fee		0%		0%
2,125	2,125	1,225	ACA Reinsurance Contribution		0%	(900)	(73%)
1,002	1,250	1,135	Other Operating Expenses	248	20%	133	12%
37,365	37,500	40,076	WV RHBT Pay Go Premiums	135	0%	2,711	7%
172,640	170,760	172,008	TOTAL EXPENSES	(1,880)	(1%)	(632)	0%
2,850	9,527	12,405	YTD SURPLUS (DEFICIT)	(6,677)	(70%)	(9,555)	(77%)
181,388	181,388	198,348	Total Net Assets, Beginning of Period			(16,960)	(9%)
\$184,238	\$190,915	\$210,753	TOTAL NET ASSETS, END OF PERIOD	(\$6,677)	(3%)	(\$26,515)	(13%)

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For the Three Months Ending Tuesday, September 30, 2014
(In Thousands)

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
ADDITIONS							
Employer Premiums:							
\$807	\$812	\$821	Health premiums	(\$5)	(1%)	(\$14)	(2%)
31,121	31,275	33,347	Pay Go Premiums	(154)	(0%)	(2,226)	(7%)
27	0	945	Annual required contributions	27	0%	(918)	(97%)
31,956	32,087	35,113	Total Employer Premiums	(131)	(0%)	(3,157)	(9%)
Member Premiums:							
19,717	19,957	19,605	Health premiums	(240)	(1%)	112	1%
6,243	6,225	6,729	Pay Go Premiums	18	0%	(486)	(7%)
5,723	5,504	5,584	Life Insurance Premiums	219	4%	139	2%
31,683	31,686	31,917	Total Member Premiums	(3)	(0%)	(234)	(1%)
63,639	63,773	67,030	Total Premium Additions	(134)	(0%)	(3,391)	(5%)
Other Additions:							
200	200	240	Retiree Drug Subsidy	0	0%	(40)	(17%)
(6,476)	10,606	24,405	Investment Income	(17,082)	(161%)	(30,881)	(127%)
4,169	2,442	0	Transfer from Premium Stabilization Reserve	1,727	71%	4,169	0%
61,532	77,021	91,675	TOTAL ADDITIONS	(15,489)	(20%)	(30,143)	(33%)
DEDUCTIONS							
33,003	34,725	33,734	Payments to Managed Care Org.	1,722	5%	731	2%
5,388	5,504	5,480	Life Insurance Expense	116	2%	92	2%
15,585	14,100	16,526	Medical Claims Expense	(1,485)	(11%)	941	6%
7,542	7,357	5,608	Pharmacy Claims Expense	(184)	(3%)	(1,933)	(34%)
7	9	9	Comparative Effectiveness Research Fee	3	28%	2	25%
212	200	129	ACA Reinsurance Contribution	(12)	(6%)	(83)	(65%)
432	444	440	Administrative Service Fees (External)	12	3%	8	2%
653	698	682	Other Operating Expenses	45	6%	28	4%
62,821	63,037	62,608	TOTAL DEDUCTIONS	216	0%	(214)	(0%)
(1,289)	13,984	29,067	NET FUND INCREASE (DECREASE)	(15,273)	(109%)	(30,357)	(104%)
(4,169)	(2,442)	0	PSR Transfer	(1,727)	(71%)	4,169	0%
Net Position Restricted for Post Employment Benefits							
691,558	691,558	590,230	Beginning of period	0	0%	101,329	17%
\$686,100	\$703,100	\$619,297	End of period	(\$17,000)	(2%)	\$66,803	11%

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



September 30

	2014	2013
(in thousands)		
ASSETS		
Short Term Assets		
Cash and Equivalents	\$ 13,547	\$ 17,582
Advance Deposit with Carrier/Trustee	204,374	203,420
Receivables - Net	3,366	3,268
Prepaid Insurance	3,441	3,094
Total Short Term Assets	224,728	227,364
Long Term Assets		
Investments	139,393	137,131
Total Long Term Assets	139,393	137,131
TOTAL ASSETS	364,121	364,495
LIABILITIES		
Short Term Liabilities		
Accounts payable	381	552
Claims Payable	789	90
OPEB Liability	388	372
Agents Commissions Payable	339	182
Unearned Revenue	7,518	6,841
Current Estimated Claim Reserve	53,448	53,327
Total Short Term Liabilities	62,863	61,364
Long Term Liabilities		
Compensated Absences	76	64
Estimated Noncurrent Claim Reserve	100,597	93,693
Total Long Term Liabilities	100,673	93,757
TOTAL LIABILITIES	163,536	155,121
Prior Year Net Assets	208,911	213,403
Current Year Earnings	(8,326)	(4,029)
TOTAL NET ASSETS	200,585	209,374
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 364,121	\$ 364,495

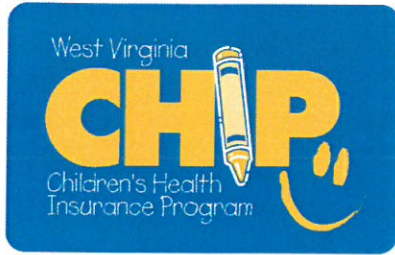
DRAFT - Unaudited - Management Purposes Only

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



	September 30	
	2014	2013
	(in thousands)	
Operating Revenues		
Premium Revenues	\$ 15,203	\$ 12,939
Less - Excess Insurance	(1,528)	(1,653)
Total Operating Revenues	13,675	11,286
Operating Expenses		
Claims Expense	19,098	17,419
Property & MS Claims Expense	595	1,280
Personal Services	351	353
General & Administrative Expense	610	532
Total Operating Expenses	20,654	19,584
Operating Income (Loss)	(6,979)	(8,298)
Nonoperating Revenues		
Investment Income	(1,347)	4,269
Total Nonoperating Revenues	(1,347)	4,269
Net Income (Loss)	\$ (8,326)	\$ (4,029)

DRAFT - Unaudited - Management Purposes Only

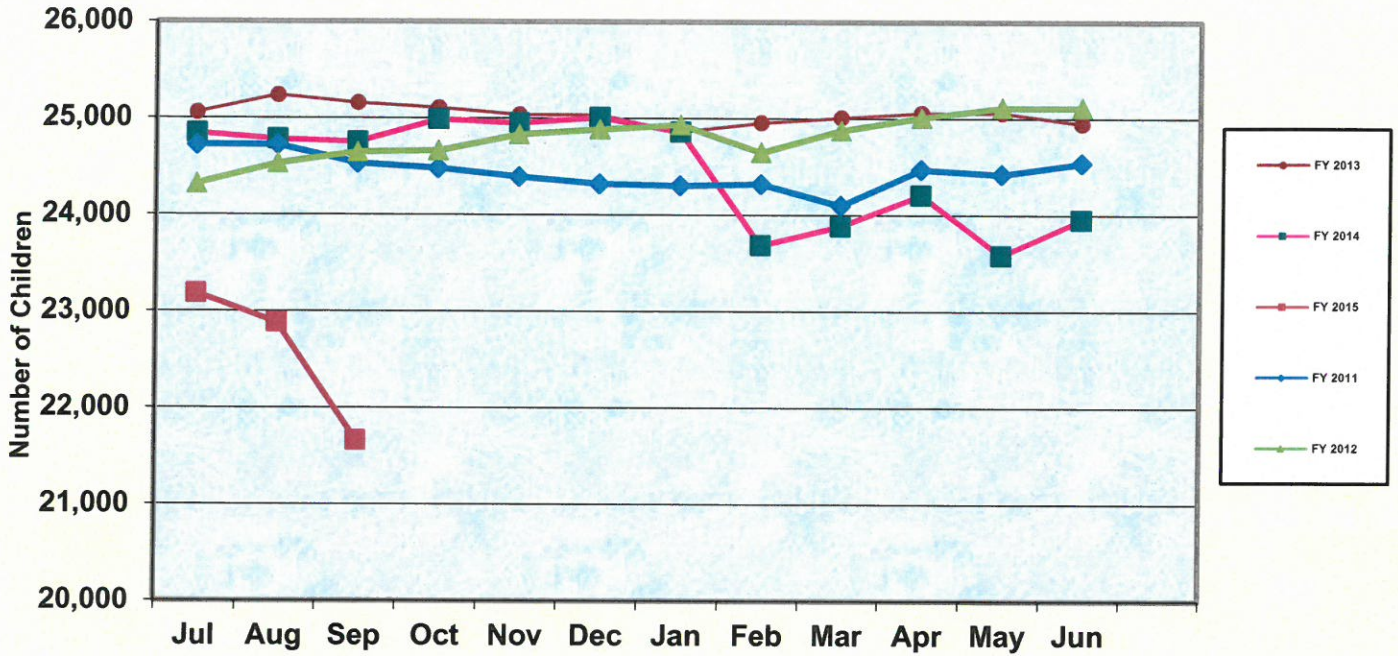


West Virginia Children's Health Insurance Program
2 Hale Street
Suite 101
Charleston, WV 25301
304-558-2732 voice / 304-558-2741 fax
Helpline 877-982-2447
www.chip.wv.gov

Joint Committee on Government and Finance Report

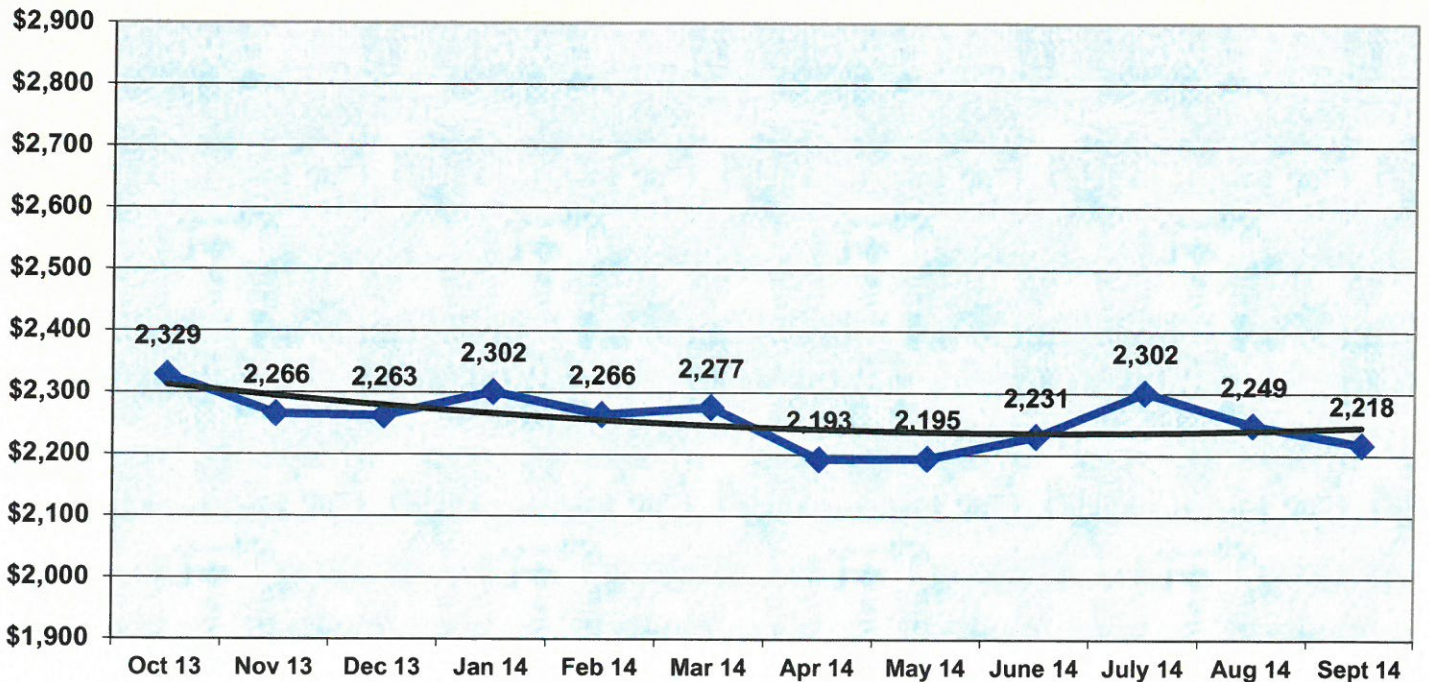
November 2014

WV CHIP Enrollment



September 30th Enrollment 21,669

Annualized Health Care Expenditures (Cost per Child)



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

	September 30, 2014	September 30, 2013	Variance	
Assets:				
Cash & Cash Equivalents	\$12,868,499	\$13,548,807	(\$680,308)	-5%
Due From Federal Government	\$3,643,143	\$4,760,910	(\$1,117,767)	-23%
Due From Other Funds	\$918,755	\$1,097,106	(\$178,351)	-16%
Accrued Interest Receivable	\$7,477	\$6,486	\$991	15%
Fixed Assets, at Historical Cost	<u>\$93,386</u>	<u>\$94,291</u>	(\$905)	-1%
Total Assets	<u>\$17,531,259</u>	<u>\$19,507,599</u>	<u>(\$1,976,340)</u>	<u>-10%</u>
Liabilities:				
Accounts Payable	\$259,303	\$256,060	\$3,243	1%
Deferred Revenue	\$537,923	\$1,426,883	(\$888,960)	-62%
Unpaid Insurance Claims Liability	<u>\$4,280,000</u>	<u>\$5,350,000</u>	(\$1,070,000)	-20%
Total Liabilities	<u>\$5,077,226</u>	<u>\$7,032,943</u>	<u>(\$1,955,717)</u>	<u>-28%</u>
Fund Equity	<u>\$12,454,033</u>	<u>\$12,474,656</u>	<u>(\$20,623)</u>	<u>0%</u>
Total Liabilities and Fund Equity	<u>\$17,531,259</u>	<u>\$19,507,599</u>	<u>(\$1,976,340)</u>	<u>-10%</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 Three Months Ending September 30, 2014 and September 30, 2013
(Modified Accrual Basis)

	September 30, 2014	September 30, 2013	Variance	
Revenues				
Federal Grants	10,624,647	12,095,809	(1,471,162)	-12%
State Appropriations	1,997,852	1,997,547	305	0%
Premium Revenues	252,943	206,739	46,204	22%
Investment Income:				
Investment Earnings	<u>22,880</u>	<u>18,540</u>	<u>4,340</u>	<u>23%</u>
Total Revenues	<u>12,898,323</u>	<u>14,318,635</u>	<u>(1,420,312)</u>	<u>-10%</u>
Expenditures:				
Claims:				
Outpatient Services	3,596,674	3,720,684	(124,010)	-3%
Physicians & Surgical	2,637,778	2,213,737	424,041	19%
Prescribed Drugs	1,970,310	2,412,437	(442,127)	-18%
Dental	1,913,180	2,011,111	(97,931)	-5%
Inpatient Hospital Services	958,235	2,182,883	(1,224,648)	-56%
Outpatient Mental Health	383,403	351,070	32,333	9%
Inpatient Mental Health	144,199	348,766	(204,567)	-59%
Durable & Disposable Med. Equip.	320,684	313,194	7,490	2%
Vision	261,727	249,246	12,481	5%
Therapy	176,367	199,561	(23,194)	-12%
Medical Transportation	96,747	61,041	35,706	58%
Other Services	23,126	33,541	(10,415)	-31%
Less: Collections**	<u>(198,346)</u>	<u>(422,672)</u>	<u>224,326</u>	<u>-53%</u>
Total Claims	<u>12,284,084</u>	<u>13,674,599</u>	<u>(1,390,515)</u>	<u>-10%</u>
General and Admin Expenses:				
Salaries and Benefits	166,613	163,360	3,253	2%
Program Administration	753,766	569,862	183,904	32%
Eligibility	18,295	152,395	(134,100)	-88%
Outreach & Health Promotion	20,194	248,660	(228,466)	-92%
Current	<u>56,742</u>	<u>43,542</u>	<u>13,200</u>	<u>30%</u>
Total Administrative	<u>1,015,610</u>	<u>1,177,819</u>	<u>(162,209)</u>	<u>-14%</u>
Total Expenditures	<u>13,299,694</u>	<u>14,852,418</u>	<u>(1,552,724)</u>	<u>-10%</u>
Excess of Revenues				
Over (Under) Expenditures	(401,371)	(533,783)	132,412	-25%
Unrealized Gain(loss) On Investments*	(10,708)	2,186	(12,894)	-590%
Fund Equity, Beginning	<u>12,866,112</u>	<u>13,006,254</u>	<u>(140,142)</u>	<u>-1%</u>
Fund Equity, Ending	<u>12,454,033</u>	<u>12,474,657</u>	<u>(20,624)</u>	<u>0%</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 2015
For the Three Months Ended September 30, 2014**

	<u>Budgeted for Year</u>	<u>Year to Date Budgeted Amt</u>	<u>Year to Date Actual Amt</u>	<u>Year to Date Variance*</u>		<u>Monthly Budgeted Amt</u>	<u>Actual Amt Sep-14</u>	<u>Actual Amt Aug-14</u>	<u>Actual Amt Jul-14</u>
Projected Cost	\$44,941,229	\$11,235,307	\$12,125,970	(\$890,663)	-8%	\$3,745,102	\$3,804,915	\$3,990,324	\$4,330,730
Premiums	1,687,540	421,885	\$252,943	(\$168,942)	-40%	140,628	89,690	78,455	\$84,798
Subrogation & Rebates	<u>1,100,607</u>	<u>275,152</u>	<u>\$198,347</u>	<u>(76,805)</u>	<u>-28%</u>	<u>91,717</u>	<u>186,695</u>	<u>0</u>	<u>11,652</u>
Net Benefit Cost	42,153,082	10,538,271	\$11,674,680	(\$1,136,410)	-11%	3,596,831	3,528,531	3,911,869	\$4,234,280
Salaries & Benefits	\$680,653	\$170,163	\$166,613	\$3,550	2%	\$56,721	\$51,166	\$51,166	\$64,281
Program Administration	1,781,676	445,419	\$723,991	(278,572)	-63%	148,473	254,064	289,315	180,612
Eligibility	250,000	62,500	\$18,295	44,205	71%	20,833	18,295	0	0
Outreach & Health Prom.	380,900	95,225	\$13,776	81,449	86%	31,742	5,085	2,725	5,966
Current Expense	<u>220,000</u>	<u>55,000</u>	<u>\$61,165</u>	<u>(6,165)</u>	<u>-11%</u>	<u>18,333</u>	<u>24,915</u>	<u>20,218</u>	<u>16,032</u>
Total Admin Cost	\$3,313,229	\$828,307	\$983,840	(\$155,533)	-19%	\$276,102	\$353,525	\$363,424	\$266,891
Total Program Cost	<u>\$45,466,311</u>	<u>\$11,366,578</u>	<u>\$12,658,520</u>	<u>(\$1,291,943)</u>	<u>-11%</u>	<u>\$3,872,933</u>	<u>\$3,882,056</u>	<u>\$4,275,293</u>	<u>\$4,501,171</u>
Federal Share 79.76%	36,350,316	9,065,982	\$10,096,436	(1,030,453)	-11%	3,089,052	3,096,328	3,409,974	3,590,134
State Share 20.24%	<u>9,115,995</u>	<u>2,300,595</u>	<u>\$2,562,085</u>	<u>(261,489)</u>	<u>-11%</u>	<u>783,882</u>	<u>785,728</u>	<u>865,319</u>	<u>911,037</u>
Total Program Cost **	<u>\$45,466,311</u>	<u>\$11,366,578</u>	<u>\$12,658,520</u>	<u>(\$1,291,943)</u>	<u>-11%</u>	<u>\$3,872,933</u>	<u>\$3,882,056</u>	<u>\$4,275,293</u>	<u>\$4,501,171</u>

* Positive percentages indicate favorable variances

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

Unaudited - Cash Basis For Management Purposes Only - Unaudited

Memo for Calculations Above:

Notes:

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

WVCHIP Enrollment Report

ATTACHMENT 1

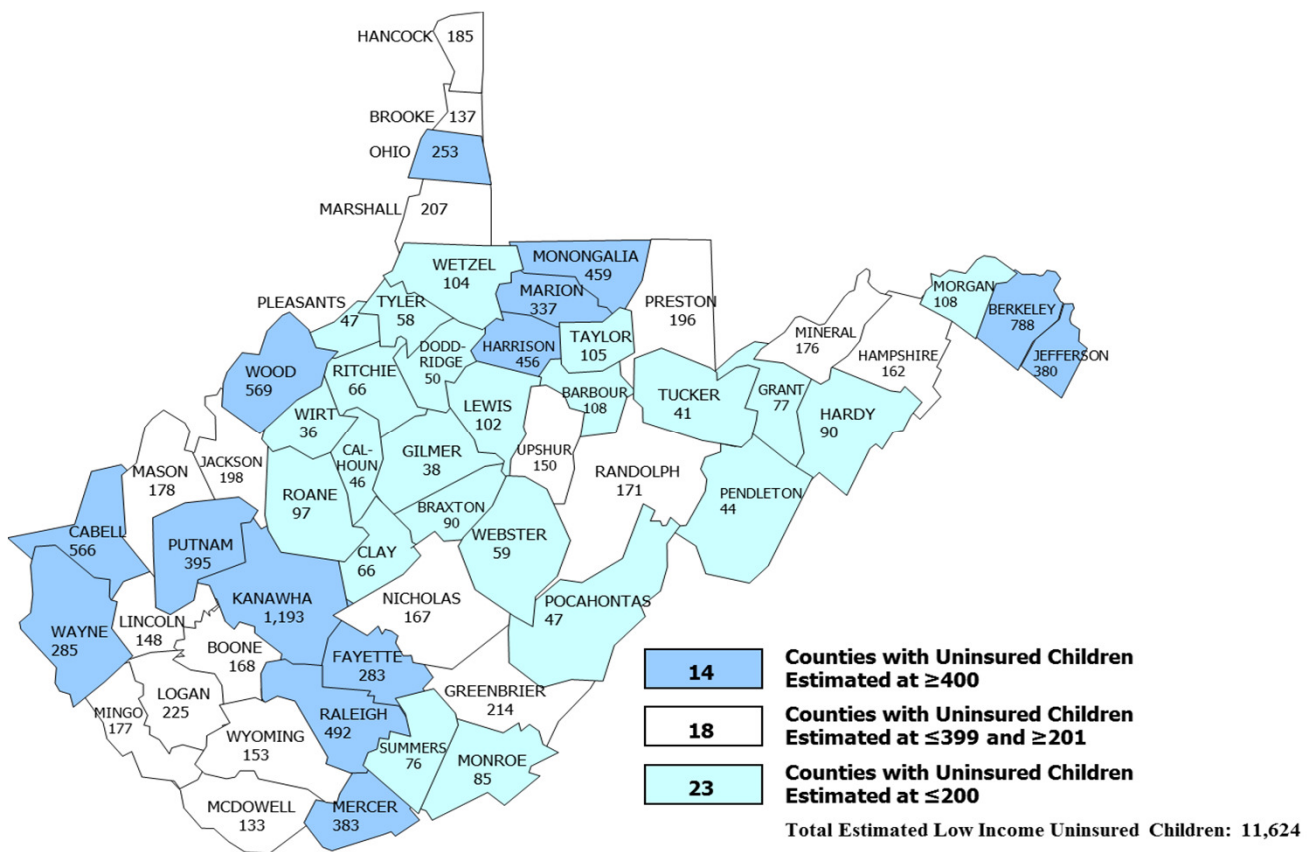
October 2014

County	County Pop.	Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2010	2010
	2010 Est. (0-18 Yrs)	Enrollment Oct-14	Enrollment Oct-14	CHIP/Medicaid Enrollment	% of Population	Est. Uninsured 3%	# Children Uninsured Ranking*
Barbour	3,600	252	1,750	2,002	55.6%	108	33
Berkeley	26,251	1,317	10,857	12,174	46.4%	788	2
Boone	5,615	252	3,151	3,403	60.6%	168	25
Braxton	3,006	219	1,635	1,854	61.7%	90	40
Brooke	4,573	209	1,781	1,990	43.5%	137	31
Cabell	18,879	867	9,626	10,493	55.6%	566	4
Calhoun	1,518	126	830	956	63.0%	46	51
Clay	2,215	143	1,427	1,570	70.9%	66	44
Doddridge	1,673	115	677	792	47.3%	50	48
Fayette	9,438	713	5,393	6,106	64.7%	283	13
Gilmer	1,260	66	567	633	50.2%	38	54
Grant	2,555	140	1,093	1,233	48.3%	77	42
Greenbrier	7,131	490	3,578	4,068	57.0%	214	16
Hampshire	5,392	232	2,370	2,602	48.3%	162	27
Hancock	6,166	321	2,776	3,097	50.2%	185	20
Hardy	3,015	156	1,581	1,737	57.6%	90	39
Harrison	15,202	882	6,383	7,265	47.8%	456	7
Jackson	6,602	346	3,100	3,446	52.2%	198	18
Jefferson	12,679	493	3,919	4,412	34.8%	380	10
Kanawha	39,771	1,994	19,701	21,695	54.5%	1,193	1
Lewis	3,389	193	1,858	2,051	60.5%	102	37
Lincoln	4,930	287	3,189	3,476	70.5%	148	30
Logan	7,496	425	4,623	5,048	67.3%	225	15
Marion	11,227	547	5,198	5,745	51.2%	337	11
Marshall	6,886	286	3,048	3,334	48.4%	207	17
Mason	5,929	233	2,880	3,113	52.5%	178	21
McDowell	4,423	190	3,466	3,656	82.7%	133	32
Mercer	12,764	894	7,910	8,804	69.0%	383	9
Mineral	5,868	249	2,348	2,597	44.3%	176	23
Mingo	5,905	268	3,936	4,204	71.2%	177	22
Monongalia	15,294	745	5,218	5,963	39.0%	459	6
Monroe	2,835	215	1,220	1,435	50.6%	85	41
Morgan	3,596	215	1,630	1,845	51.3%	108	34
Nicholas	5,561	355	3,064	3,419	61.5%	167	26
Ohio	8,444	434	3,498	3,932	46.6%	253	14
Pendleton	1,462	95	612	707	48.4%	44	52
Pleasants	1,551	123	621	744	48.0%	47	50
Pocahontas	1,561	124	829	953	61.1%	47	49
Preston	6,536	381	2,986	3,367	51.5%	196	19
Putnam	13,150	643	4,257	4,900	37.3%	395	8
Raleigh	16,403	1,081	9,003	10,084	61.5%	492	5
Randolph	5,705	430	2,862	3,292	57.7%	171	24
Ritchie	2,205	142	1,009	1,151	52.2%	66	45
Roane	3,239	248	1,882	2,130	65.8%	97	38
Summers	2,521	155	1,374	1,529	60.7%	76	43
Taylor	3,514	188	1,483	1,671	47.6%	105	35
Tucker	1,371	97	587	684	49.9%	41	53
Tyler	1,924	103	820	923	48.0%	58	47

WVCHIP Enrollment Report

October 2014

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment Oct-14	Total Medicaid Enrollment Oct-14	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	2010 Est. Uninsured 3%	2010 # Children Uninsured Ranking*
Upshur	4,996	316	2,660	2,976	59.6%	150	29
Wayne	9,516	398	4,953	5,351	56.2%	285	12
Webster	1,977	122	1,290	1,412	71.4%	59	46
Wetzel	3,466	207	1,789	1,996	57.6%	104	36
Wirt	1,201	74	738	812	67.6%	36	55
Wood	18,956	982	9,330	10,312	54.4%	569	3
Wyoming	5,116	368	2,908	3,276	64.0%	153	28
Totals	387,459	21,146	187,274	208,420	53.8%	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 October 1, 2014 through October 31, 2014

NEW CONTRACT OF LEASE

DIVISION OF CORRECTIONS

COR-092 New Contract of Lease for 5 years consisting of 4,340 square feet of office space at the annual per square foot rate of \$11.06, annual cost \$48,000.40, 3225 Robert C. Byrd Drive, in the City of Beckley, Raleigh County, West Virginia.

STATE TREASURER'S OFFICE

STO-018 New Contract of Lease for 5 years consisting of 7,392 square feet of office space at the annual per square foot rate of \$11.00, annual cost \$81,312, full service, 315 70th Street, in the City of Charleston, Kanawha County, West Virginia.

DIVISION OF NATURAL RESOURCES

NAT-135 New Contract of Lease for 5 years consisting of 600 square feet of storage space at the annual per square foot rate of \$2.00, annual cost \$1,200.00, full service, 3562 Greenhills Road, in the City of Ravenswood, Jackson County, West Virginia.

STRAIGHT RENEWAL

CORNERSTONE SOLUTIONS, INC.

JPA-002-SUB Renewal for 1 year consisting of 200 square feet of office space at the current monthly rate of \$200.00, annual cost \$2,400.00, full service, 304 Scott Avenue, in the City of Morgantown, Monongalia County, West Virginia.

WEST VIRGINIA STATE POLICE

PSA-085 Renewal for 1 year consisting of 1,824 square feet of office space at the current annual per square foot rate of \$1.97, annual cost \$3,593.28, Coal River Road, in the City of Pettus, Raleigh County, West Virginia.

WV CONSERVATION AGENCY

SCC-002 Renewal for 5 years consisting of 590 square feet of office space at the current annual per square foot rate of \$9.60, annual cost \$5,664.00, full service, Moorefield Agriculture Center Route 220, in the City of Moorefield, Hardy County, West Virginia.

DIVISION OF REHABILITATION SERVICES

DRS-118-SUB Renewal for 1 year consisting of one cubicle at the current monthly rate of \$210.00, annual cost \$2,520.00, full service, 1275 Warwood Avenue, in the City of Wheeling, Ohio County, West Virginia.

STRAIGHT RENEWAL - CONTINUED

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-136 Renewal for 3 years consisting of 5,650 square feet of office space at the current annual per square foot rate of \$9.60, annual cost \$54,240.00, 220 Main Street, in the City of Harrisville, Ritchie County, West Virginia.

HHR-137 Renewal for 1 year, consisting of 6,917 square feet of storage space at the current annual per square foot rate of \$1.39, annual cost \$9,614.63, 145 McDowell Street, in the City of Welch, McDowell County, West Virginia

HHR-158 Renewal for 2 years and 5 months, consisting of 310 square feet of office space at the current monthly rate of \$361.66, annual cost \$4,340, Shockey Commerce Center, 891 Auto Parts Place, in the City of Martinsburg, Berkeley County, West Virginia

HHR-159 Renewal for 2 years, consisting of 1,298 square feet of office space at the current annual per square foot rate of \$5.55, annual cost \$7,203.90, 210 Main Street, in the City of Middlebourne, Tyler County, West Virginia.

WORKFORCE WEST VIRGINIA

WWV-012-SUB Renewal for 6 months consisting of 348 square feet of office space at the current monthly rate of \$494.66, annual cost \$5,935.92, full service, New Martinsville Plaza, in the City of New Martinsville, Tyler County, West Virginia.

NORTHERN PANHANDLE WORKFORCE INVESTMENT BOARD

NPW-001-SUB Renewal for 8 months consisting of 1,332 square feet of office space at the current annual per square foot rate of \$13.00, annual cost \$17,316.00, full service, 100 Municipal Plaza, Suite 300, in the City of Weirton, Hancock County, West Virginia.

WORKFORCE INVESTMENT BOARD

WIB-002-SUB Renewal for 10 months consisting of 2 cubicles of office space at the current monthly rate of \$225.00, annual cost \$2,700.00, full service, 16 Sterling Drive, in the City of Bridgeport, Harrison County, West Virginia.

REAL ESTATE APPRAISERS BOARD

APR-002 Renewal on a month to month basis consisting of 900 square feet of office space at the current annual per square foot rate of \$17.44, annual cost \$15,696.00, full service, 2110 Kanawha Boulevard East, in the City of Charleston, Kanawha County, West Virginia.

RENEWAL WITH INCREASE IN RENT

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-174 Renewal for 3 years consisting of 3,022 square feet of office space with an increase in the annual per square foot rate from \$9.60 to \$9.80, annual cost \$29,615.60, 100 Prince Street, in the City of Beckley, Raleigh County, West Virginia.

RENEWAL WITH INCREASE IN SQUARE FEET

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-164 Renewal for 1 year with an increase of square feet from 120 square feet to 216 square feet of office space, at the monthly rate of \$200.00, annual cost \$2,400.00, full service, 521 Market Street, in the City of Parkersburg, Wood County, West Virginia.

RENEWAL WITH INCREASE SQUARE FEET AND INCREASE IN MONTHLY RATE

DEPARTMENT OF VETERANS ASSISTANCE

VET-014 Renewal for 5 years with an increase of square feet from 500 square feet to 578 square feet of office space and an increase in the monthly rate of from \$150.00 to \$500.00, annual cost \$6,000.00, full service, 90 Howard Street, in the City of Welch, McDowell County, West Virginia.

RENEWAL WITH INCREASE IN SQUARE FEET AND DECREASE IN PSF RATE

DIVISION OF JUVENILE SERVICES

DJS-022 Renewal for 5 years with an increase of square feet from 2,101 square feet to 2,961 square feet of office/classroom space and a decrease in the annual per square foot rate of from \$14.28 to \$12.15, annual cost \$36,000, 1385 Locust Avenue, in the City of Fairmont, Marion County, West Virginia.

Real Estate Division
 Monthly Summary of Lease Activity
 October 1-31, 2014

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Division of Corrections	COR-092	Raleigh	4,340	11.06	48,000	5	240,002
2	State Treasurer's Office	STO-018	Kanawha	7,392	11.00	81,312	5	406,560
3	Division of Natural Resources	NAT-135	Jackson	600	2.00	1,200	5	6,000
4	Cornerstone Solutions, Inc. - Sublease	JPA-002	Monongalia	200	0.00	2,400	1	2,400
5	West Virginia State Police	PSA-085	Raleigh	1,824	1.97	3,593	1	3,593
6	West Virginia Conservation Agency	SCC-002	Hardy	590	9.60	5,664	5	28,320
7	Division of Rehabilitation Services	DRS-118	Ohio	0	0.00	2,520	1	2,520
8	Department of Health and Human Resources	HHR-136	Ritchie	5,650	9.60	54,240	3	162,720
9	Department of Health and Human Resources	HHR-137	McDowell	6,917	1.39	9,615	1	9,615
10	Department of Health and Human Resources	HHR-158	Berkeley	310	0.00	4,340	2	8,680
11	Department of Health and Human Resources	HHR-159	Tyler	1,298	5.55	7,204	2	14,408
12	WorkForce West Virginia	WWV-012	Tyler	348	0.00	5,936	0.5	2,968
13	Northern Panhandle Workforce Investment Board	NPW-001	Hancock	1,332	13.00	17,316	0.66	11,429
14	WorkForce Investment Board	WIB-002	Harrison	0	0.00	2,700	0.83	2,241
15	Real Estate Appraisers Board	APR-002	Kanawha	900	17.44	15,696	1	15,696
16	Department of Health and Human Resources	HHR-174	Raleigh	3,022	9.80	29,616	3	88,847
17	Department of Health and Human Resources	HHR-164	Wood	120	0.00	2,400	1	2,400
18	Department of Veterans Assistance	VET-014	McDowell	578	0.00	6,000	5	30,000
19	Division of Juvenile Services	DJS-022	Marion	2,961	12.15	36,000	5	180,000

	104.56
Total Rentable Square Feet	<u>38,382</u>
Average Annual Rental Rate	8.71
Total Annual Rent	<u>335,752</u>

Joint Committee on Government and Finance

November 2014

Department of Health and Human Resources

MEDICAID REPORT

September 2014 Data

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

MONTH OF SEPTEMBER 2014

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2014	SFY2015	Current Month Ended 9/30/14	Current Month Ended 09/30/14	Year To-Date Thru 9/30/14	10/1/14 Thru 6/30/15
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	202,966,397	296,972,557	16,016,384	22,857,577	56,755,896	240,216,661
Inpatient Hospital - DSH	54,939,002	55,093,200	-	-	14,463,111	40,630,089
Inpatient Hospital - Supplemental Payments	95,218,203	99,243,734	13,714,087	17,687,562	20,778,121	78,465,613
Inpatient Hospital - GME Payments	5,949,840	6,326,500	-	-	1,468,496	4,858,004
Mental Health Facilities	87,806,454	122,932,546	7,286,039	9,719,883	28,052,031	94,880,515
Mental Health Facilities - DSH Adjustment Payments	18,887,345	18,890,400	-	-	4,722,851	14,167,549
Nursing Facility Services - Regular Payments ⁽²⁾	559,628,460	578,734,134	47,376,591	48,253,130	140,605,737	438,128,397
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	67,221,628	72,056,000	5,619,655	6,004,667	17,223,985	54,832,015
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	116,054,513	155,238,580	14,205,625	11,951,824	48,624,242	106,614,338
Physicians Services - Supplemental Payments	28,165,918	27,215,100	-	-	6,530,076	20,685,024
Physician and Surgical Services - Evaluation and Management	29,338,785	18,441,600	1,192,661	1,418,585	3,749,402	14,692,198
Physician and Surgical Services - Vaccine Codes	110,721	75,600	4,095	5,815	10,952	64,648
Outpatient Hospital Services - Regular Payments	123,004,028	161,803,026	12,727,357	12,459,886	43,779,515	118,023,511
Outpatient Hospital Services - Supplemental Payments	69,977,049	72,726,937	-	-	17,429,299	55,297,638
Prescribed Drugs	287,304,468	372,497,808	35,246,294	28,960,292	108,633,707	263,864,101
Drug Rebate Offset - National Agreement	(168,922,640)	(168,924,131)	(11,819,012)	(3,783,901)	(50,130,833)	(118,793,298)
Drug Rebate Offset - State Sidebar Agreement	(12,751,219)	(12,751,272)	(66,151)	(285,628)	(3,520,147)	(9,231,125)
Drug Rebate Offset - MCO National	(27,180,928)	(27,180,975)	(3,013,185)	(608,854)	(9,465,032)	(17,715,943)
Drug Rebate Offset - MCO State Sidebar Agreement	(2,850,937)	(2,850,937)	-	(63,861)	(898,784)	(1,952,153)
Dental Services	45,190,521	30,845,122	2,317,630	2,375,893	7,689,385	23,155,737
Other Practitioners Services - Regular Payments	12,358,000	18,652,949	1,420,770	1,456,694	4,655,820	13,997,129
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	4,864,483	6,887,054	476,244	536,879	1,567,170	5,319,884
Lab & Radiological Services	29,768,394	40,200,330	3,630,831	3,103,448	11,064,455	29,135,875
Home Health Services	46,115,847	66,394,723	4,104,668	5,144,970	14,070,765	52,323,958
Hysterectomies/Sterilizations	190,026	223,510	22,217	17,193	81,975	141,535
Pregnancy Terminations	-	-	-	-	-	-
EPSDT Services	532,619	970,556	70,117	74,686	227,092	743,464
Rural Health Clinic Services	9,274,142	13,370,879	807,694	1,030,942	2,800,247	10,570,632
Medicare Health Insurance Payments - Part A Premiums	18,059,667	18,933,000	1,524,567	1,577,750	3,193,782	15,739,218
Medicare Health Insurance Payments - Part B Premiums	85,786,596	96,349,700	7,538,248	8,029,142	23,565,363	72,784,337
120% - 134% Of Poverty	6,855,111	6,826,900	622,686	525,146	1,880,017	4,946,883
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	8,655,028	9,076,700	689,068	698,208	2,526,495	6,550,205

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

	MONTH OF SEPTEMBER 2014					
	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2014	SFY2015	Current Month Ended 9/30/14	Current Month Ended 09/30/14	Year To-Date Thru 9/30/14	10/1/14 Thru 6/30/15
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	539,256,030	504,449,230	49,078,541	42,037,436	149,427,785	355,021,445
Medicaid MCO - Evaluation and Management	25,540,683	14,586,600	1,707,488	1,215,550	5,090,474	9,496,126
Medicaid MCO - Vaccine Codes	1,356,766	799,200	86,711	66,600	258,664	540,536
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-	-	-	-
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-	-	-	-
Medicaid Health Insurance Payments: Group Health Plan Payments	466,213	475,900	116,833	36,608	162,720	313,180
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-
Home & Community-Based Services (MR/DD)	353,850,681	377,765,200	34,013,913	29,058,862	94,617,573	283,147,627
Home & Community-Based Services (Aged/Disabled)	105,482,065	113,605,917	9,225,366	8,759,292	26,289,860	87,316,057
Home & Community-Based Services (Traumatic Brain Injury)	613,943	3,617,500	78,915	278,269	193,312	3,424,188
Home & Community-Based Services (State Plan 1915(i) Only)	-	-	-	-	-	-
Home & Community-Based Services (State Plan 1915(j) Only)	-	-	-	-	-	-
Community Supported Living Services	-	-	-	-	-	-
Programs Of All-Inclusive Care Elderly	-	-	-	-	-	-
Personal Care Services - Regular Payments	68,109,380	70,724,789	6,500,232	5,440,554	18,846,305	51,878,484
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-
Targeted Case Management Services - State Wide	2,704,666	3,829,030	249,722	295,229	684,822	3,144,208
Primary Care Case Management Services	135,444	186,888	9,123	14,376	27,594	159,294
Hospice Benefits ⁽³⁾	27,186,553	41,011,855	1,911,261	3,154,758	6,187,122	34,824,733
Emergency Services Undocumented Aliens	266,289	476,654	2,972	36,666	19,401	457,253
Federally Qualified Health Center	22,567,905	33,064,597	6,411,144	2,548,995	12,852,931	20,211,666
Non-Emergency Medical Transportation	26,428,386	26,128,337	2,915,994	2,009,970	7,442,303	18,686,034
Physical Therapy	2,705,214	3,678,956	397,065	283,014	1,441,938	2,237,018
Occupational Therapy	475,840	660,048	35,722	50,773	145,921	514,127
Services for Speech, Hearing & Language	482,117	696,670	47,798	53,590	142,812	553,858
Prosthetic Devices, Dentures, Eyeglasses	1,866,935	2,663,040	148,285	204,973	557,235	2,105,805
Diagnostic Screening & Preventive Services	878,891	1,005,483	116,690	77,364	413,241	592,242
Nurse Mid-Wife	264,176	576,179	36,404	44,321	117,983	458,196
Emergency Hospital Services	(3,569)	(3,700)	(176)	(285)	16	(3,716)
Critical Access Hospitals	41,779,836	63,464,847	4,811,873	4,883,279	17,437,514	46,027,333
Nurse Practitioner Services	2,455,160	5,257,135	257,511	404,570	906,968	4,350,167
School Based Services	41,449,335	50,270,801	1,705,088	3,866,996	18,337,138	31,933,663
Rehabilitative Services (Non-School Based)	84,277,000	124,593,380	7,100,435	9,633,056	23,286,965	101,306,415
Private Duty Nursing	6,330,885	9,043,296	551,793	695,638	1,951,030	7,092,266
Other Care Services	22,375,566	36,116,931	2,339,458	2,793,843	7,640,196	28,476,735
Less: Recoupments	-	-	(308,020)	-	(505,384)	505,384
NET EXPENDITURES:	3,181,819,910	3,644,016,591	291,263,321	297,092,225	916,109,630	2,727,906,962

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

MONTH OF SEPTEMBER 2014	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2014	SFY2015	Current Month Ended 9/30/14	Current Month Ended 09/30/14	Year To-Date Thru 9/30/14	10/1/14 Thru 6/30/15
Collections: Third Party Liability (line 9A on CMS-64)	(7,458,103)	-	-	-	-	-
Collections: Probate (line 9B on CMS-64)	(529,196)	-	-	-	-	-
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(173,874)	-	-	-	-	-
Collections: Other (line 9D on CMS-64)	(5,395,229)	-	-	-	-	-
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	3,168,263,508	3,644,016,591	291,263,321	297,092,225	916,109,630	2,727,906,962
Plus: Medicaid Part D Expenditures	37,132,361	36,765,889	3,081,071	3,063,824	9,221,857	27,544,032
Plus: State Only Medicaid Expenditures	2,040,451	2,067,598	53,374	159,046	245,225	1,822,373
Plus: Money Follow the Person Expenditures	677,570	4,319,230	77,634	332,248	263,596	4,055,634
TOTAL MEDICAID EXPENDITURES	\$ 3,208,113,890	\$ 3,687,169,308	\$ 294,475,400	\$ 300,647,343	\$ 925,840,308	\$ 2,761,329,000
Plus: Reimbursables ⁽¹⁾	6,526,128	7,593,130	366,180	584,087	1,189,879	6,403,251
TOTAL EXPENDITURES	\$ 3,214,640,017	\$ 3,694,762,438	\$ 294,841,580	\$ 301,231,430	\$ 927,030,187	\$ 2,767,732,251

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

(2) Of the amount in the "Nursing Facility Services-Regular Payments" line, \$5,751,859 is the amount paid to State Facilities year to date.

(3) Of the amount in the "Hospice Benefits" line, \$4,538,822 is the amount paid to Nursing Facilities for Hospice Benefits year to date.

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

3 Months Actuals

9 Months Remaining

MONTH OF SEPTEMBER 2014	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2014	Current Month Ended 9/30/14	Year-To-Date Thru 9/30/14	10/1/2014 Thru 6/30/15	SFY2015
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	\$ 34,992,812	\$ 847,869	\$ 19,168,922	\$ -	\$ 19,168,922
MATCHING FUNDS					
General Revenue (0403/189)	276,200,578	68,838,406	106,515,218	206,060,874	312,576,092
MRDD Waiver (0403/466)	88,753,483	5,916,899	17,750,697	71,002,786	88,753,483
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,334	649,000	1,947,000	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,666	1,589,000	4,767,000	6,356,000
Traumatic Brain Injury (0403/835)	800,000	53,333	160,000	640,000	800,000
Title XIX Waiver for Seniors (0403-533)	13,593,620	906,242	2,718,724	10,874,896	13,593,620
Medical Services Surplus (0403/633)	7,400,000	-	-	7,400,000	7,400,000
Waiver for Senior Citizens Surplus (0403/526)	1,000,000	-	-	17,008,768	17,008,768
Lottery Waiver (Less 550,000) (5405/539)	31,466,458	-	7,791,615	8,166,075	15,957,690
Lottery Transfer (5405/871)	50,588,667	-	2,167,500	6,502,500	8,670,000
Excess Lottery (5365/189)	96,543,971	-	-	-	-
Trust Fund Appropriation (5185/189)	67,559,964	40,681,141	87,274,230	47,223,893	134,498,123
Provider Tax (5090/189)	220,735,944	15,706,295	48,750,000	154,750,000	203,500,000
Certified Match	20,992,555	1,284,565	7,640,362	15,882,626	23,522,988
Reimbursables - Amount Reimbursed	6,824,604	55,856	154,983	7,438,147	7,593,130
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	5,845,141	49,791	443,816	481,184	925,000
CMS - 64 Adjustments	690,029	-	-	-	-
TOTAL MATCHING FUNDS	\$ 932,939,826	\$ 135,086,396	\$ 302,774,067	\$ 560,145,748	\$ 862,919,816
FEDERAL FUNDS	\$ 2,332,959,079	\$ 223,802,829	\$ 690,110,672	\$ 2,083,117,075	\$ 2,773,227,747
TOTAL REVENUE SOURCES	\$ 3,265,898,904	\$ 358,889,226	\$ 992,884,739	\$ 2,643,262,824	\$ 3,636,147,563
TOTAL EXPENDITURES:					
Provider Payments	\$ 3,214,640,017	\$ 294,841,580	\$ 927,030,187	\$ 2,767,732,251	\$ 3,694,762,438
TOTAL	\$ 51,258,887	\$ 64,047,645	\$ 65,854,552		\$ (58,614,875)

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

Joint Committee on Government and Finance

November 2014

Department of Health and Human Resources

MEDICAID WAIVER REPORT

September 2014 Data

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

Aged Disabled Waiver Reported September 30, 2014		FY 2014 YTD	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	YTD 2015
Slots Approved By CMS (1)		6,409	6,199	6,199	6,199										6,199
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count		6,183	5,412	5,544	5,654										5,654
Applicants determined eligible this month and added to MEL (3)		1,245	199	70	224										493
Applicants determined ineligible		210	8	11	18										37
ACTIVE MEMBERS															
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count		5,330	5,412	5,453	5,535										5,535
Active members enrolled during the calendar month		470	101	181	143										425
Members discharged during the calendar month		853	0	140	61										201
ADW Members whose case was closed by reason	Member is deceased	518	0	77	16										93
	Other (4)	267	0	63	45										108
MANAGED ENROLLMENT LIST (MEL)															
# Eligible applicants closed during the calendar month (removed from MEL)		new	529	216	284										1,029
ADW Applicants removed from the MEL	Applicant offered a slot	new	458	207	200										865
	Applicant became deceased		532	29	9	50									88
	Other (5)	new	40	0	34										74
Applicants on the MEL who are in a nursing facility YTD Column reflects average # members in setting		55	138	88	51										92
Applicants on the MEL receiving Personal Care YTD Column reflects average # members in setting		140	69	227	199										165
Applicants on the MEL at the end of the month		2,119	1,789	1,643	1,583										N/A
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days		Jul-12	510	541	539										530

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

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

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

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

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

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

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

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

Intellectual/Developmental Disabilities Waiver Reported September 30, 2014		FY 2014	July-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	YTD 2015
Slots approved by CMS		4,534	4,634	4,634	4,634										4,634
Total number of members served YTD (unduplicated slots used) (1)		4,534	4,634	4,634	4,634										4,634
Applicants determined eligible (2)		348	52	35	34										121
Applicants determined ineligible (3)		292	38	33	31										102
ACTIVE MEMBERS															
# of active members at the end of the month (unduplicated slots active) (1)		4,435	4,603	4,607	4,596										4,596
Discharged members at the end of the calendar month		114	8	11	12										31
Discharged members who were discharged by reason	Decreased	49	3	6	5										14
	Left program to enter a facility	10	0	0	3										3
	Other (6)	55	5	5	4										14
MANAGED ENROLLMENT LIST (MEL)															
Total number of applicants on the MEL at the end of the month		972	848	868	899										899
Number of applicants added to the MEL (4)		348	52	35	34										121
Applicants enrolled (moved from the MEL)		155	176	15	0										191
Applicants removed from the MEL due to Death (5)		10	0	0	1										1
Applicants on the MEL who are in a Nursing Facility		2 Avg.	3	3	3										3
Applicants on the MEL who are in an ICF/IID Group Home		52 Avg.	53	54	57										57
Applicants on the MEL receiving Personal Care Services each month		40 Avg.	47	51	54										54
Longest on the MEL to date (7)		945	738 Days	769 Days	799 Days										799 Days

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

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

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

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

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

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

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

Traumatic Brain Injury Waiver Reported September 30, 2014		FY 2014	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	YTD 2015
Slots Approved By CMS		125	125	125	125	125	125	125	125	125	125	125	125	125	125
Total number of members served YTD (unduplicated slots used) (1)		46	43	44	48										44
Applicants determined eligible and became active this month (2)		37	6	1	4										
Applicants determined ineligible (3)		17	0	0	0										0
ACTIVE MEMBERS															
Active members at the end of the month (unduplicated slots active)		37	43	44	48										44
Closed member at the end of the calendar month		9	0	0	0										
TBI Members whose case was closed by reason	Deceased	1	0	0	0										0
	Left program to enter a faculty	1	0	0	0										0
	Other (4)	7	0	0	0										0
MANAGED ENROLLMENT LIST (MEL) *															
Total number of applicants on the MEL at the end of the month		N/A	N/A	N/A	N/A										N/A
Number of applicants added to the MEL		N/A	N/A	N/A	N/A										N/A
Applicants enrolled (moved from the MEL due to slot releases)		N/A	N/A	N/A	N/A										N/A
Applicants removed from the MEL due to death		N/A	N/A	N/A	N/A										N/A
New Applicants on the MEL who are in a nursing facility		N/A	N/A	N/A	N/A										N/A
New Applicants on the MEL receiving Personal Care each month		N/A	N/A	N/A	N/A										N/A
Longest on the MEL to date		N/A	N/A	N/A	N/A										N/A

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

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

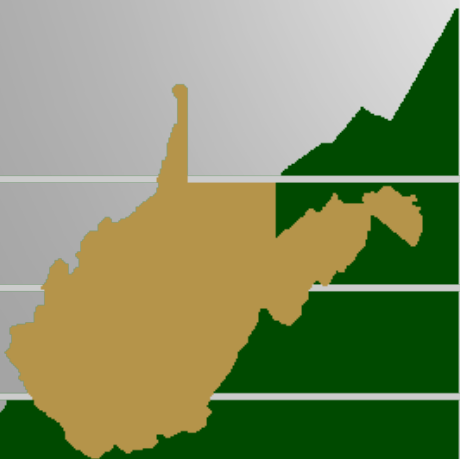
(4) Currently there is no way to track other reasons why someone may leave the MEL for reasons such as moved out of state, decided not to participate in program, etc.

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

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

September 30, 2014



West Virginia Investment Management Board

Participant Plans Allocation & Performance Net of Fees

As of September 30, 2014

	6/30/2014		9/30/2014		Performance %						
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
WVIMB Fund Assets	16,877,312	100.0	16,516,831	100.0							
Pension Assets	13,389,464	79.3	13,094,493	79.3							
Public Employees' Retirement System	5,629,812	33.4	5,525,974	33.5	(2.1)	(1.1)	(1.1)	11.2	13.3	10.6	7.6
Teachers' Retirement System	6,655,376	39.3	6,486,215	39.3	(2.1)	(1.1)	(1.1)	11.1	13.2	10.5	7.3
EMS Retirement System	53,343	0.3	51,753	0.3	(2.1)	(1.1)	(1.1)	11.2	13.2	10.5	
Public Safety Retirement System	601,077	3.6	584,805	3.5	(2.1)	(1.1)	(1.1)	11.1	13.3	10.6	7.5
Judges' Retirement System	165,239	1.0	162,756	1.0	(2.1)	(1.1)	(1.1)	11.1	13.3	10.6	7.5
State Police Retirement System	120,572	0.7	120,164	0.7	(2.1)	(1.1)	(1.1)	11.2	13.2	10.5	7.5
Deputy Sheriffs' Retirement System	161,491	1.0	160,179	1.0	(2.1)	(1.1)	(1.1)	11.2	13.3	10.6	7.6
Municipal Police & Firefighter Retirement System	1,150	0.0	1,276	0.0	(2.0)	(1.0)	(1.0)	10.8	10.3		
Municipal Model A	1,404	0.0	1,371	0.0	(2.1)	(1.1)	(1.1)	10.9			
Insurance Assets	2,449,418	14.5	2,403,367	14.5							
Workers' Compensation Old Fund	1,197,954	7.0	1,174,574	7.1	(1.7)	(1.0)	(1.0)	5.8	6.5	6.1	
Workers' Comp. Self-Insured Guaranty Risk Pool	15,707	0.1	15,534	0.1	(1.4)	(0.7)	(0.7)	6.7	7.4	4.9	
Workers' Comp. Self-Insured Security Risk Pool	7,165	0.0	6,985	0.0	(1.5)	(0.7)	(0.7)				
Workers' Comp. Uninsured Employers' Fund	10,704	0.1	10,625	0.1	(1.4)	(0.7)	(0.7)	6.5	7.3	4.6	
Pneumoconiosis	269,556	1.6	263,686	1.6	(1.4)	(0.7)	(0.7)	6.7	7.4	6.9	5.4
Board of Risk & Insurance Management	147,378	0.9	139,394	0.8	(1.5)	(0.7)	(0.7)	6.7	7.5	7.0	
Public Employees' Insurance Agency	214,210	1.3	212,633	1.3	(1.5)	(0.7)	(0.7)	6.9	7.0	6.8	
WV Retiree Health Benefit Trust Fund	584,257	3.5	577,749	3.5	(2.1)	(1.1)	(1.1)	11.0	12.0	9.5	
AccessWV	2,487	0.0	2,187	0.0	0.0	0.0	0.0	1.5	2.4		
Endowment Assets	1,038,430	6.2	1,018,971	6.2							
Wildlife Fund	52,488	0.3	52,048	0.3	(2.1)	(1.1)	(1.1)	11.0	13.2	10.5	7.5
Prepaid Tuition Trust	77,100	0.5	70,651	0.4	(1.7)	(0.6)	(0.6)	8.9	10.8	9.1	7.3
Revenue Shortfall Reserve Fund	477,831	2.8	430,293	2.6	(1.6)	(1.1)	(1.1)	3.3	2.9	4.5	
Revenue Shortfall Reserve Fund - Part B	381,423	2.3	377,192	2.3	(1.8)	(1.1)	(1.1)	5.8	6.7	6.7	
WV DEP Trust	8,717	0.1	8,615	0.1	(2.2)	(1.2)	(1.2)	10.5	13.8		
WV DEP Agency	40,871	0.2	80,172	0.5	(1.1)	(0.4)	(0.4)	6.0			

West Virginia Investment Management Board

Composite Asset Allocation & Performance Net of Fees

As of September 30, 2014

	Asset (\$000)	%	Performance %							
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	
Investment Pools Composite	16,525,775	100.00								
Total Equity Composite	8,236,539	49.84	(3.57)	(2.51)	(2.51)	12.64	18.81	12.70	8.57	
+/- Total Equity Policy Index (b)			(0.07)	0.19	0.19	1.29	1.15	1.57	1.22	
US Equity Composite	4,250,000	25.72	(1.97)	0.22	0.22	18.46	23.51	16.48	8.77	
+/- Russell 3000 Index			0.11	0.21	0.21	0.70	0.43	0.70	0.33	
Large Cap Composite	3,312,835	20.05	(1.32)	1.20	1.20	20.05	23.03	16.09	8.26	
+/- S&P 500 Index			0.08	0.07	0.07	0.32	0.04	0.39	0.15	
Non-Large Cap Composite	937,165	5.67	(4.18)	(2.93)	(2.93)	13.49	24.71	18.21	10.20	
+/- Russell 2500 Index			0.96	2.42	2.42	4.52	1.91	2.22	0.75	
International Equity Composite	3,986,539	24.12	(5.23)	(5.25)	(5.25)	7.07	14.05	8.80	9.21	
+/- MSCI AC World ex US IMI Index (c)			(0.31)	0.14	0.14	1.87	1.76	2.31	1.68	
Fixed Income Composite	3,438,332	20.81	(0.61)	0.00	0.00	5.12	4.55	5.45	4.98	
+/- Barclays Capital Universal (d)			0.18	0.03	0.03	0.73	1.32	0.80	0.11	
Core Fixed Income	1,072,553	6.49	(0.50)	0.37	0.37	4.23	3.23	5.00		
+/- Barclays Capital Aggregate			0.18	0.20	0.20	0.27	0.80	0.88		
Total Return Fixed Income	2,365,779	14.32	(0.65)	(0.17)	(0.17)	5.54	5.24	5.79	5.58	
+/- Barclays Capital Universal			0.14	(0.14)	(0.14)	1.15	2.01	1.14	0.68	
TIPS Composite	449,492	2.72	(2.49)	(2.11)	(2.11)	1.52	1.31			
+/- Barclays Capital U.S.TIPS			0.01	(0.07)	(0.07)	(0.07)	(0.03)			
Cash Composite	117,322	0.71	0.01	0.03	0.03	0.10	0.13	0.13	1.73	
+/- Citigroup 90 Day T-Bill (e)			0.01	0.03	0.03	0.04	(0.03)	(0.08)	0.00	
Private Equity Composite	1,396,355	8.45	(0.99)	0.96	0.96	18.62	13.42	14.76		
+/- Russell 3000 + 3% (f, g)								(5.33)		
Real Estate Composite	1,392,096	8.42	0.21	0.82	0.82	10.79	10.61	9.39		
+/- NCREIF + 1% (f)								(1.28)		
Hedge Fund Composite	1,495,639	9.05	0.64	1.31	1.31	8.30	7.81	6.57		
+/- HFRI FOF + 1% (h)			0.78	0.80	0.80	4.12	3.51	2.26		

West Virginia Investment Management Board

Participant Plans Allocation vs. Strategy

As of September 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	28.2	27.5	26.7	27.5	15.0	15.0	10.2	10.0	10.1	10.0	9.8	10.0	0.0	0.0
Teachers' Retirement System	28.2	27.5	26.6	27.5	14.7	15.0	10.2	10.0	10.2	10.0	10.0	10.0	0.1	0.0
EMS Retirement System	28.3	27.5	26.2	27.5	15.0	15.0	10.1	10.0	10.1	10.0	9.9	10.0	0.4	0.0
Public Safety Retirement System	28.6	27.5	26.8	27.5	15.1	15.0	10.2	10.0	10.2	10.0	9.1	10.0	0.0	0.0
Judges' Retirement System	28.1	27.5	26.6	27.5	15.1	15.0	10.1	10.0	10.1	10.0	9.7	10.0	0.3	0.0
State Police Retirement System	28.4	27.5	26.3	27.5	15.2	15.0	10.1	10.0	10.1	10.0	9.5	10.0	0.4	0.0
Deputy Sheriffs' Retirement System	28.2	27.5	26.4	27.5	15.1	15.0	10.1	10.0	10.1	10.0	9.7	10.0	0.4	0.0
Municipal Police & Firefighter Retirement System	26.8	27.5	25.1	27.5	13.7	15.0	9.6	10.0	9.6	10.0	9.7	10.0	5.5	0.0
Municipal Model A	28.2	27.5	26.5	27.5	14.1	15.0	10.2	10.0	10.2	10.0	10.0	10.0	0.8	0.0

Insurance Assets

Workers' Compensation Old Fund	15.4	15.0	13.9	15.0	67.6	70.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1	0.0
Workers' Comp. Self-Insured Guaranty Risk Pool	15.4	15.0	14.4	15.0	45.0	45.0	0.0	0.0	0.0	0.0	20.2	20.0	5.0	5.0
Workers' Comp. Self-Insured Security Risk Pool	15.5	15.0	14.6	15.0	45.5	45.0	0.0	0.0	0.0	0.0	20.2	20.0	4.2	5.0
Workers' Comp. Uninsured Employers Fund	15.4	15.0	14.4	15.0	39.9	40.0	0.0	0.0	0.0	0.0	20.2	20.0	10.1	10.0
Pneumoconiosis	16.0	15.0	13.9	15.0	45.5	45.0	0.0	0.0	0.0	0.0	20.1	20.0	4.5	5.0
Board of Risk & Insurance Mgmt.	16.0	15.0	13.7	15.0	45.9	45.0	0.0	0.0	0.0	0.0	19.2	20.0	5.2	5.0
Public Employees' Insurance Agency	15.3	15.0	14.4	15.0	50.1	50.0	0.0	0.0	0.0	0.0	20.2	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	28.4	27.5	26.3	27.5	15.0	15.0	10.1	10.0	10.1	10.0	10.0	10.0	0.1	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	27.8	27.5	26.0	27.5	14.8	15.0	10.0	10.0	9.9	10.0	9.7	10.0	1.8	0.0
Prepaid Tuition Trust	30.6	30.0	15.3	16.0	52.7	54.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4	0.0
Revenue Shortfall Reserve Fund	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Shortfall Reserve Fund - Part B	15.8	15.0	14.1	15.0	70.0	70.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
WV DEP Trust	37.9	37.0	26.9	28.0	15.0	15.0	0.0	0.0	0.0	0.0	20.0	20.0	0.2	0.0
WV DEP Agency	11.2	20.0	10.0	20.0	21.5	40.0	0.0	0.0	0.0	0.0	10.9	20.0	46.4	0.0

West Virginia Investment Management Board

Footnotes

As of September 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

November 2014

Provided by the West Virginia Offices of the Insurance Commissioner



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Introduction

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

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

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

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

Definitions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

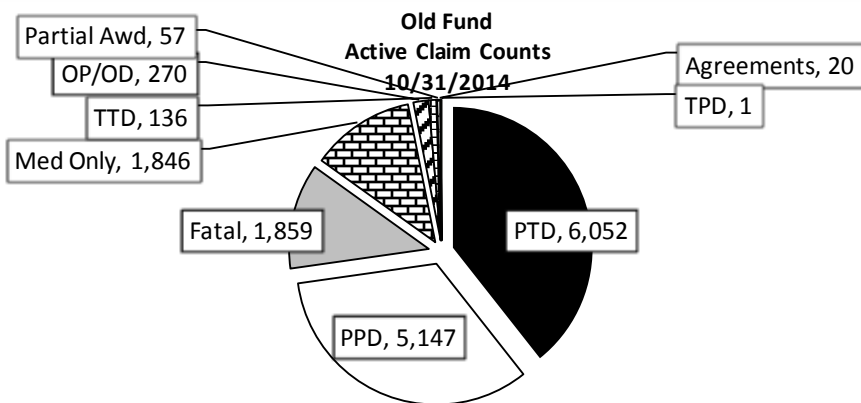
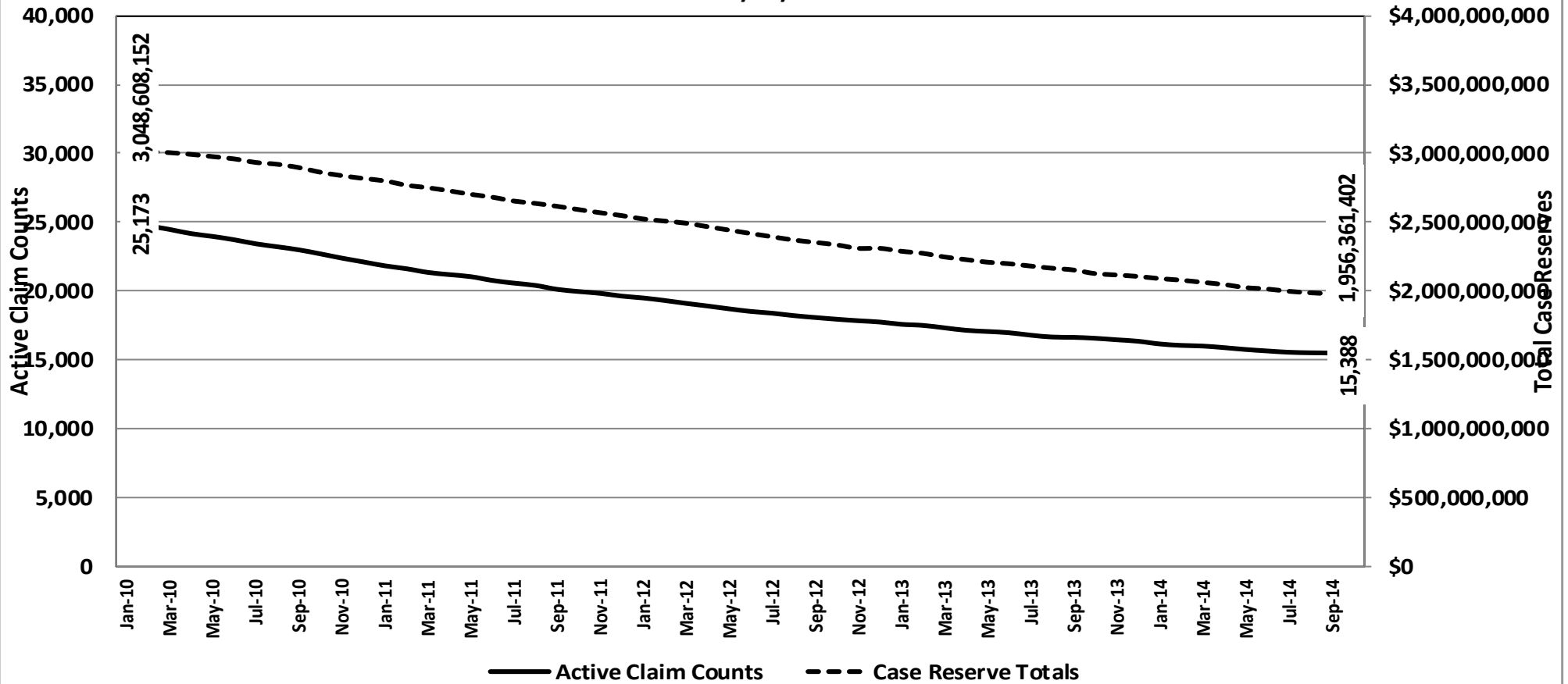
Self-Insured Security Fund: State managed fund into which premiums received are held, and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last exposure before 07/01/2004. This fund is limited to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

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

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

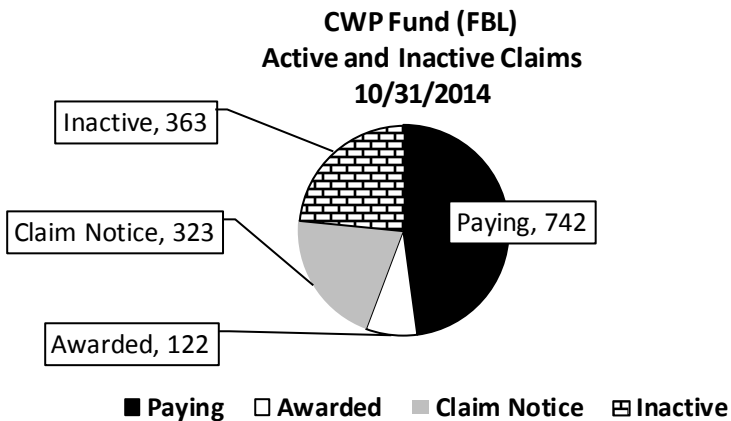
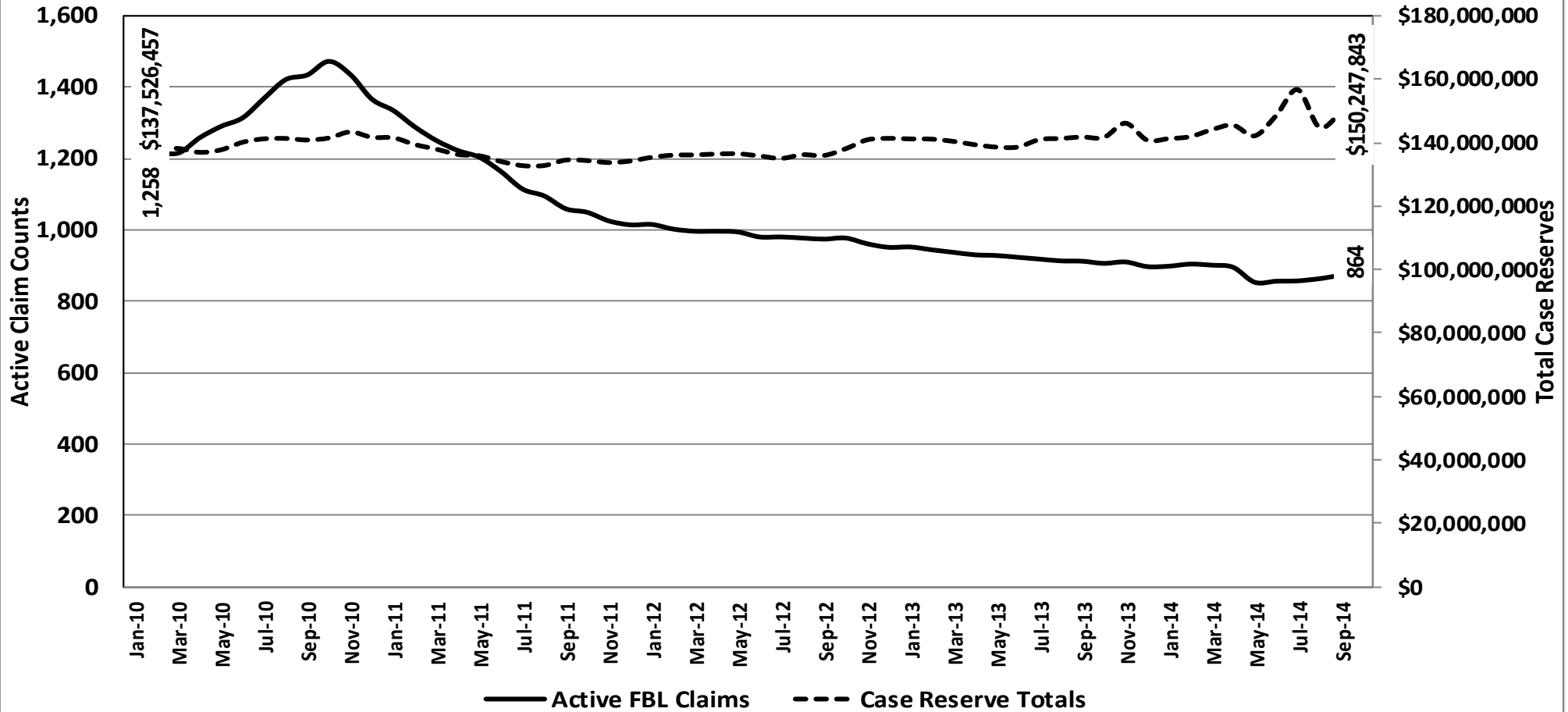
Uninsured Fund: State managed fund into which assessments to carriers or employers received are held, and out of which workers' compensation benefits may be paid to claimant employees of employers who were uninsured if the date of injury or date of last exposure is January 1, 2006 or later.

Old Fund Active Claim Counts and Case Reserves 10/31/2014



- 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
10/31/2014



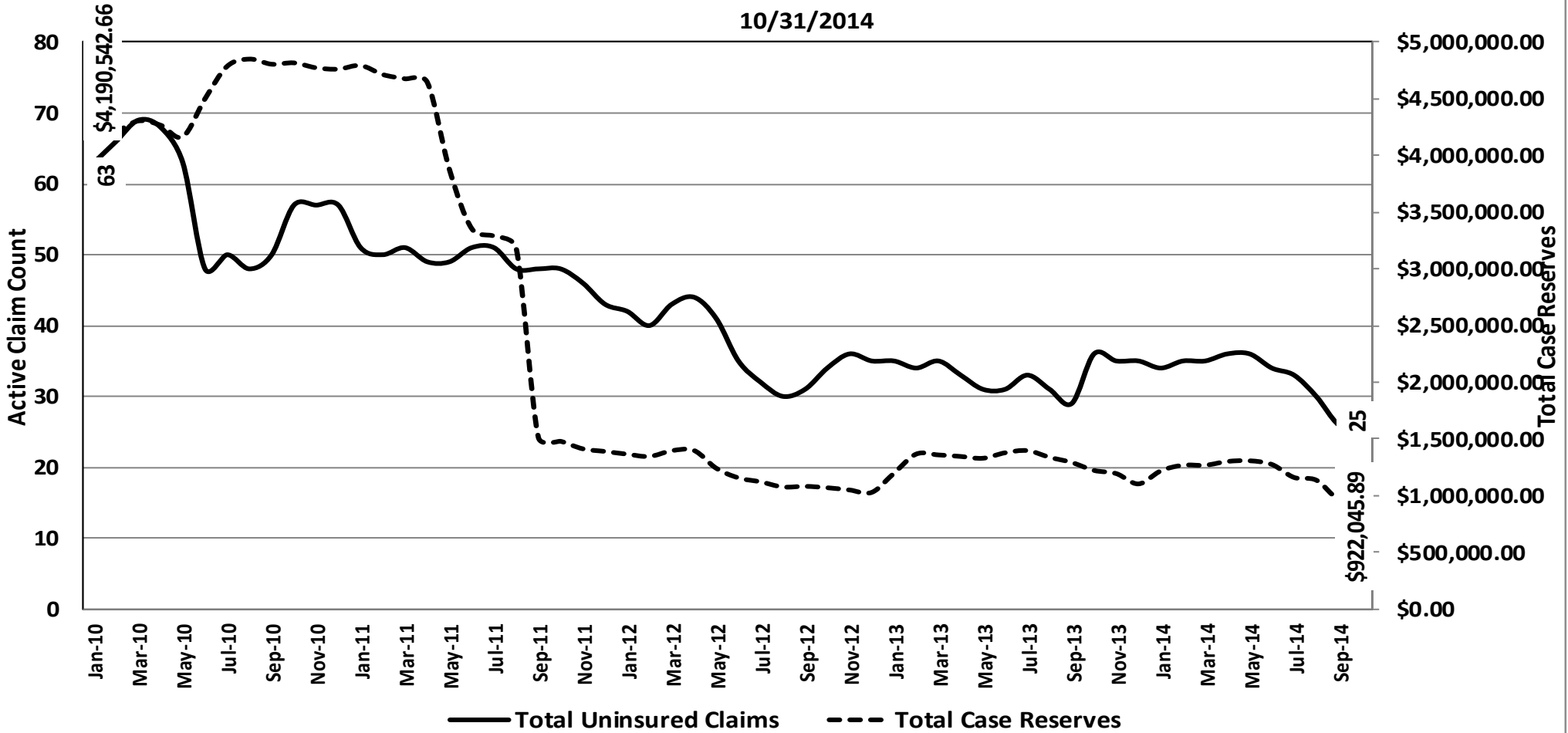
Active – Benefits being paid to claimant/beneficiary

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

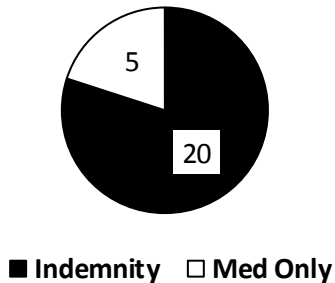
FBL - Occupational Pneumoconiosis (Black Lung) under Title IV of the federal Coal Mine Health and Safety Act of 1969, i.e. Federal Black lung, or FBL.

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
10/31/2014**



**Uninsured Fund
Active Claim Counts
10/31/2014**



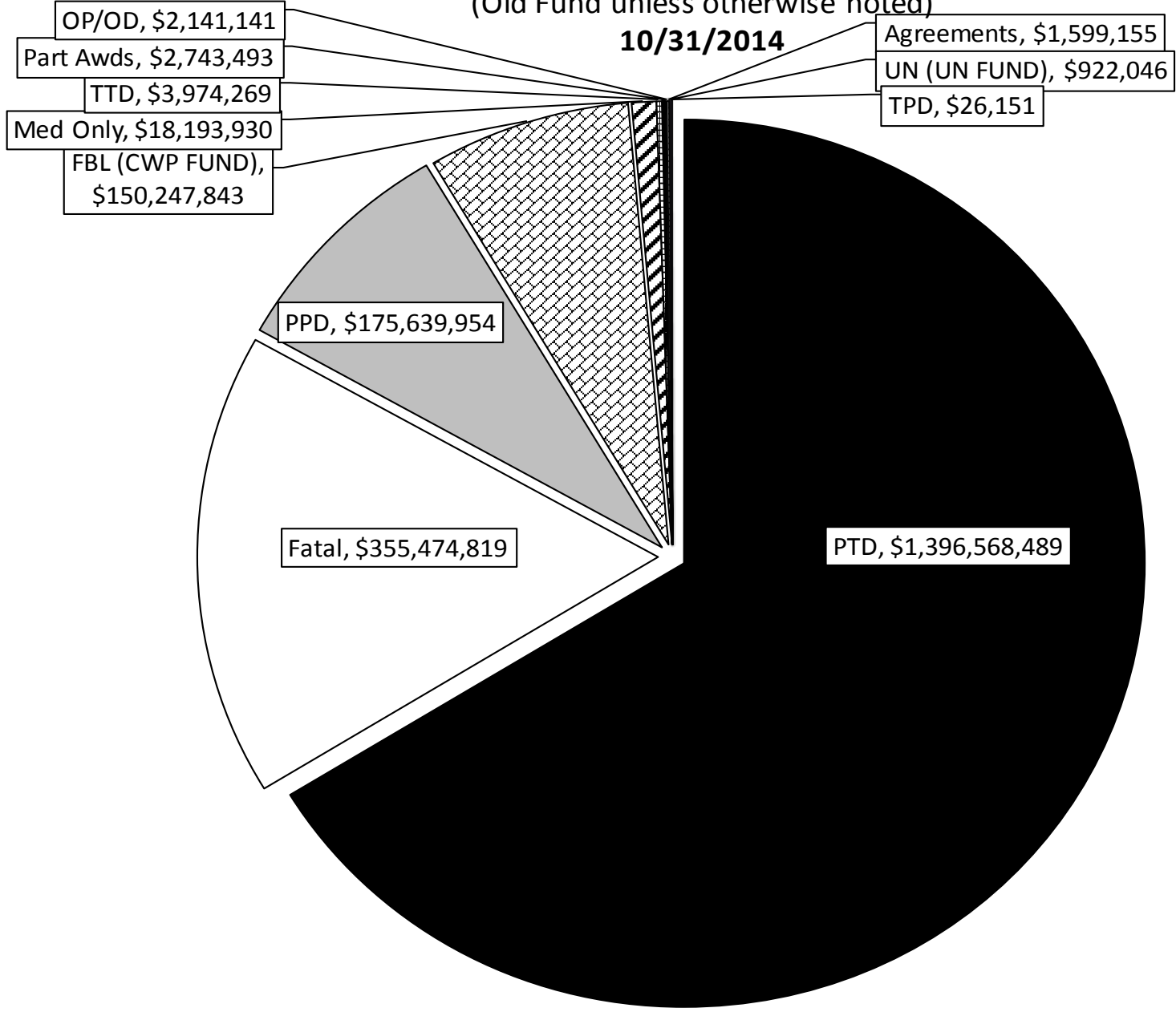
Indemnity – statutory wage replacement and medical benefits awarded

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)

10/31/2014



OLD FUND CASH STATEMENT

October 31, 2014

	Three Year History for years ended:					
	YTD FY2015	YTD FY2014	Change	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	10,600,000	10,600,000	-	95,400,000	95,400,000	95,400,000
Severance Tax	37,067,002	35,601,739	1,465,263	109,467,900	94,562,969	93,947,355
Debt Reduction Surcharge	17,641,170	18,570,502	(929,332)	34,138,820	36,853,941	39,758,082
Self-Insured Debt Reduction Surcharge	3,780,048	3,592,262	187,786	8,493,207	8,733,494	9,620,197
Video Lottery	2,963,955	11,000,000	(8,036,045)	11,000,000	11,000,000	11,000,000
Employer Premium	40,010	52,545	(12,535)	284,075	335,102	575,167
Other Income - Return of Unclaimed Property	-	74,177	(74,177)	92,953	48,332	202,103
Operating Revenues	72,092,185	79,491,225	(7,399,040)	258,876,955	246,933,837	250,502,904
Investment / Interest Earnings (Losses)	(2,581,103)	2,514,274	(5,095,377)	67,734,120	77,380,803	18,284,929
Total Revenues	69,511,081	82,005,499	(12,494,418)	326,611,075	324,314,640	268,787,833
Expenditures						
Claims Benefits Paid:						
Medical	10,316,178	11,182,070	(865,892)	31,791,671	33,512,816	39,226,318
Permanent Total Disability	35,517,275	37,740,857	(2,223,582)	111,490,282	118,396,619	124,963,432
Permanent Partial Disability	134,954	280,743	(145,789)	720,723	1,137,910	1,822,571
Temporary Disability	-	-	-	7,741	59,227	188,666
Fatals	8,525,092	8,849,643	(324,551)	26,407,057	26,966,847	28,139,830
104 weeks death benefit	1,914,906	2,040,881	(125,975)	6,200,020	6,670,578	6,729,656
Settlements	3,585,545	3,851,880	(266,335)	9,136,495	9,011,730	56,164,626
Loss Adjustment Expenses	688,814	329,097	359,717	1,467,221	998,774	2,333,885
Total	60,682,764	64,275,169	(3,592,405)	187,221,209	196,754,501	259,568,984
Less: Claims credits and overpayments	361,975	1,737,563	(1,375,588)	3,265,629	4,617,178	8,161,625
Total Benefits Paid	60,320,789	62,537,606	(2,216,817)	183,955,580	192,137,323	251,407,359
Administrative Expenses	2,813,309	5,275,169	(2,461,860)	14,108,365	13,087,043	18,047,605
Total Expenditures	63,134,098	67,812,775	(4,678,677)	198,063,945	205,224,366	269,454,964
Excess (Deficiency) of Revenues over Expenditures	6,376,983	14,192,724	(7,815,740)	128,547,130	119,090,274	(667,131)
Cash Ending Balances	1,196,519,794	1,075,788,406	120,731,389	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

October 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)	504,602	1,213,345	(708,744)	17,915,475	24,801,113	2,745,783
Total Revenues	504,602	1,213,345	(708,744)	17,915,475	24,801,113	2,745,783
Expenditures						
Payment of Claims	4,706,798	4,757,551	(50,753)	17,376,923	12,550,216	11,131,012
Contractual / Professional	327,734	-	327,734	85,747	53,287	17,124
Legal	-	-	-	-	932	-
General and Administrative	120	-	120	45	-	-
Total Expenditures	5,034,652	4,757,551	277,101	17,462,715	12,604,435	11,148,136
Excess (Deficiency) of Revenues over Expenditures	(4,530,050)	(3,544,206)	(985,844)	452,760	12,196,678	(8,402,353)
Cash Ending Balances	262,643,140	263,176,224	(533,084)	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

October 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	34,328	50,482	(16,154)	124,520	851,410	1,093,066
Collateral Proceeds	-	-	-	-	2,399,380	-
Investment Earnings (Losses)	24,190	68,803	(44,613)	1,027,230	1,186,338	125,813
Total Revenues	58,518	119,284	(60,767)	1,151,751	4,437,128	1,218,879
Expenditures						
Payment of Claims	64,125	61,539	2,586	255,607	332,894	28,466
Contractual / Professional	12,942	17,437	(4,495)	107,348	92,122	105,247
Legal	-	49	(49)	815	26,750	-
Total Expenditures	77,067	79,025	(1,958)	363,769	451,765	133,713
Excess (Deficiency) of Revenues over Expenditures	(18,549)	40,259	(58,809)	787,981	3,985,363	1,085,166
Cash Ending Balances	15,584,770	14,855,597	729,173	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
October 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	72,021	3,749	68,272	1,072,311	2,575,705	-
Collateral Proceeds	-	-	-	-	4,657,620	-
Investment Earnings (Losses)	11,256	-	11,256	151,334	-	-
Total Revenues	83,277	3,749	79,528	1,223,645	7,233,325	-
Expenditures						
Payment of Claims	227,296	345,013	(117,717)	789,254	530,804	2,187
Contractual / Professional	14,092	18,487	(4,395)	48,446	60,413	-
Legal	96	146	(50)	3,230	91,025	-
Total Expenditures	241,484	363,646	(122,162)	840,930	682,242	2,187
Excess (Deficiency) of Revenues over Expenditures	(158,206)	(359,897)	201,691	382,715	6,551,083	(2,187)
Cash Ending Balances	6,979,110	6,394,704	584,406	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
October 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	266,230	287,166	(20,937)	768,532	747,771	948,896
Investment Earnings (Losses)	14,574	51,152	(36,578)	682,644	871,603	99,906
Total Revenues	280,803	338,318	(57,514)	1,451,176	1,619,374	1,048,802
Expenditures						
Payment of Claims	415,235	88,225	327,010	286,421	262,002	553,676
Contractual/Professional	3,458	6,403	(2,945)	26,825	15,024	7,392
General and Administrative	-	60	(60)	105	60	-
Insurance	55,000	57,500	(2,500)	225,000	115,000	-
Total Expenditures	473,693	152,188	321,505	538,351	392,086	561,067
Excess (Deficiency) of Revenues over Expenditures	(192,890)	186,130	(379,020)	912,825	1,227,288	487,735
Cash Ending Balances	11,521,288	10,987,483	533,805	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.

OFFICE OF JUDGES

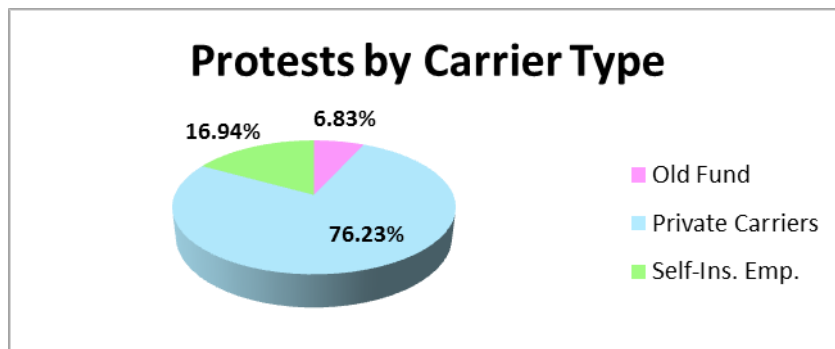
STATISTICAL ANALYSIS

Protests Acknowledged: 2013 Oct. 2014
 4612 366 3584

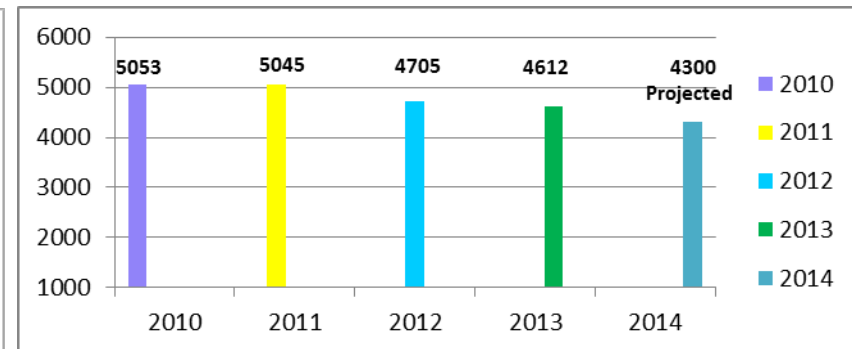
FUND	2013	% of Protests	Oct. '14	% of Protests	2014	% of Protests
Old Fund	498	10.80%	25	6.83%	304	8.48%
Private Carriers	3343	72.48%	279	76.23%	2670	74.50%
Self-Insured Employers	771	16.72%	62	16.94%	610	17.02%
Subtotal	4612		366		3584	
Temporary Category	577		64		532	
Total	5189		430		4116	

Source: AIMS Database Reports

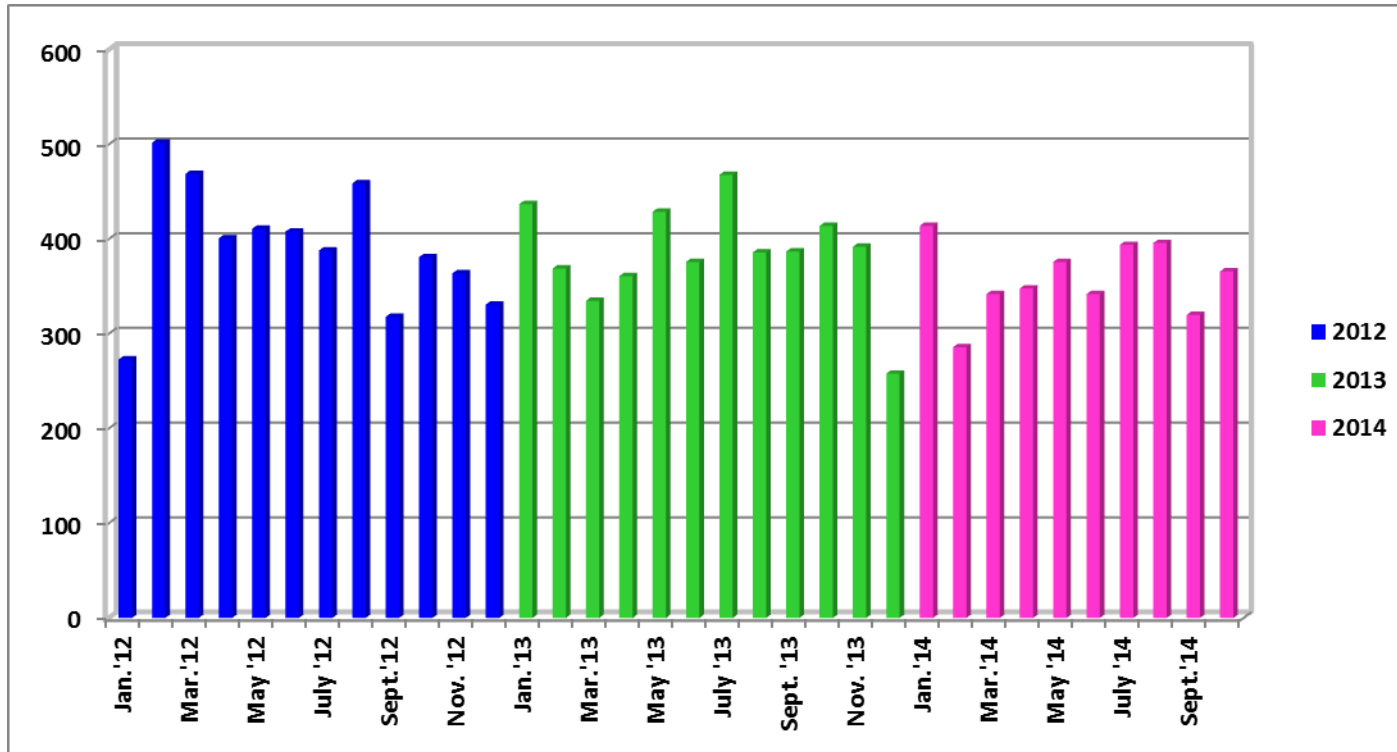
**Protests Acknowledged in Oct. 2014
by Carrier Type**



**Protests Acknowledged by Year Including
Projection for 2014**



PROTEST COMPARISON BY MONTH/YEAR



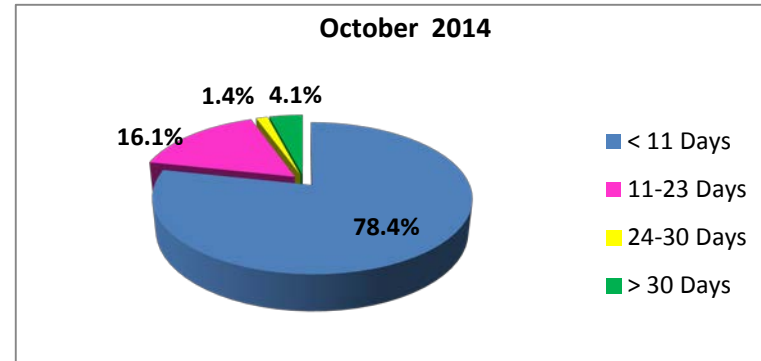
PROTEST ACKNOWLEDGMENTS – OCTOBER 2014

Description	Acknowledged	Days to Acknowledgement							
		> 30 Days		30 - 24		23 - 11		<11	
		Count	%	Count	%	Count	%	Count	%
APPLICATION THRESHOLD	Total: 1	1	100	0	0	0	0	0	0
CFA-CL APP.THRESHOLD	1	1	100	0	0	0	0	0	0
BENEFIT OVERPAYMENT	Total: 2	0	0	0	0	0	0	2	100
CBO-CL BEN. OVERPAYMENT	2	0	0	0	0	0	0	2	100
COMPENSABILITY	Total: 72	3	4	1	1	13	18	55	76
CCS-CL SEC.CONDITION	18	0	0	0	0	3	16	15	83
CHC-CL COMPENSABILITY	3	1	33	0	0	0	0	2	66
CIM-CL SI COMPENSABLE	1	0	0	0	0	1	100	0	0
CIS-CL SI SEC.CONDITION	6	0	0	0	0	1	16	5	83
CLB-CL COMP ON LIMITED BASIS	3	1	33	0	0	1	33	1	33
CLB-CL SI COMP ON LIMITED BASIS	1	0	0	0	0	0	0	1	100
CPI-CL SI REJECT CLAIM	7	0	0	0	0	1	14	6	85
CPJ-CL REJECT CLAIM	26	0	0	1	3	5	19	20	76
CQR-CL SI REJ OCCDISEASE	1	0	0	0	0	0	0	1	100
CRZ-CL REJ OCC DISEASE	6	1	16	0	0	1	16	4	66
DEP BEN FATAL	Total: 5	0	0	0	0	2	40	3	60
CDF-CL DENY/GRNT DTH BEN	3	0	0	0	0	1	33	2	66
CIF-CL SI DY/GNT DTH BEN	2	0	0	0	0	1	50	1	50
FAILURE TO ACT 10 DAY	Total: 2	2	100	0	0	0	0	0	0
C5N-CL FTA NOT COVERED	2	2	100	0	0	0	0	0	0
FAILURE TO ACT 15 DAY	Total: 2	0	0	0	0	2	100	0	0
C03-CL FTA TREATMENT	1	0	0	0	0	1	100	0	0
FTA Multiple Issues-FTA MULITPLE ISSUES	1	0	0	0	0	1	100	0	0
FAILURE TO ACT 30 DAY	Total: 1	0	0	0	0	1	100	0	0
C7A-CL FTA RO TTD/MED	1	0	0	0	0	1	100	0	0
OP NON-MED	Total: 2	1	50	0	0	0	0	1	50
CNR-CL NON-MED ORDER	2	1	50	0	0	0	0	1	50
OPBD	Total: 17	1	5	1	5	2	11	13	76
CBF-CL % BOARD FINDING	8	0	0	1	12	1	12	6	75
CSF-CL% SI BOARD FINDING	2	1	50	0	0	0	0	1	50
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
EBF-EM % BOARD FINDING	2	0	0	0	0	1	50	1	50
ESF-EM% SI BOARD FINDING	2	0	0	0	0	0	0	2	100
ESO-EM SI AD.BRD FINDING	1	0	0	0	0	0	0	1	100

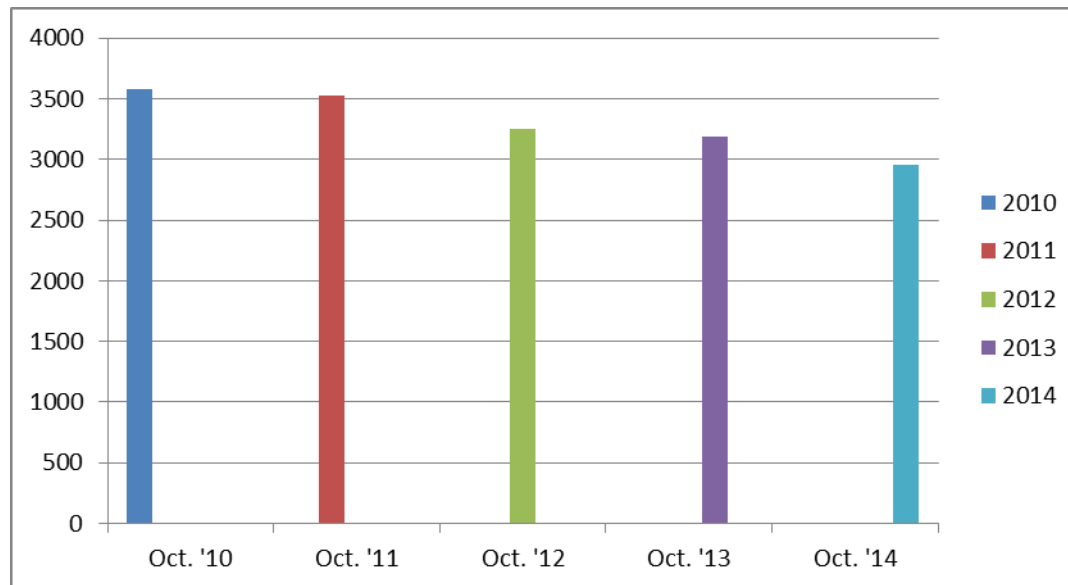
PPD	Total: 89	3	3	0	0	11	12	75	84
CAA-CL ADDL % AWARD D/G	5	0	0	0	0	2	40	3	60
CAD-CL % AWARD DENY/GRNT	72	3	4	0	0	7	9	62	86
CIE-CL SI ADD% AWARD D/G	1	0	0	0	0	0	0	1	100
CIG-CL SI %AWARD DNY/GNT	11	0	0	0	0	2	18	9	81
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	Total: 2	0	0	0	0	0	0	2	100
CEB-CL PTD REV. BODY DETERMINATION	1	0	0	0	0	0	0	1	100
CZB-CL SI IEB DETRM'TION	1	0	0	0	0	0	0	1	100
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: 9	0	0	0	0	2	22	7	77
CIQ-CL SI DY/GNT R/O PPD	1	0	0	0	0	1	100	0	0
CJV-CL DNY/GRNT R/O PPD	1	0	0	0	0	0	0	1	100
CRD-CL DENY/GRNT R/O TTD	7	0	0	0	0	1	14	6	85
SPECIAL CATEGORY	Total: 6	0	0	0	0	0	0	6	100
CNW-CL SPL CATEGORY	6	0	0	0	0	0	0	6	100
TRMT/EQUIP CL	Total: 112	4	3	3	2	18	16	87	77
C1Y-CL SI TRMT GRANT	1	0	0	0	0	1	100	0	0
CBX-CL TRMT DENY	94	2	2	3	3	15	15	74	78
CSX-CL SI TRMT DENY	17	2	11	0	0	2	11	13	76
TTD	Total: 43	0	0	0	0	8	18	35	81
CCC-CL CLOSING THE CLAIM	30	0	0	0	0	2	6	28	93
CIC-CL SI CLSING THE CLM	5	0	0	0	0	3	60	2	40
CIJ-CL SI TTD	1	0	0	0	0	0	0	1	100
CJS-CL TTD	6	0	0	0	0	3	50	3	50
CPX-CL INITIAL TTD	1	0	0	0	0	0	0	1	100
TOTALS:	366	15	4.1	5	1.4	59	16.1	287	78.4

PROTEST ACKNOWLEDGMENT TIMELINESS

Acknowledgment Timeliness	2013	Oct. '14	2014
Protest Ack. < 11 Days	78.0%	78.4%	82.0%
Protest Ack. 11 – 23 Days	16.1%	16.1%	11.7%
Protest Ack. 24 – 30 Days	2.3%	1.4%	1.8%
Protest Ack. > 30 Days	3.6%	4.1%	4.4%



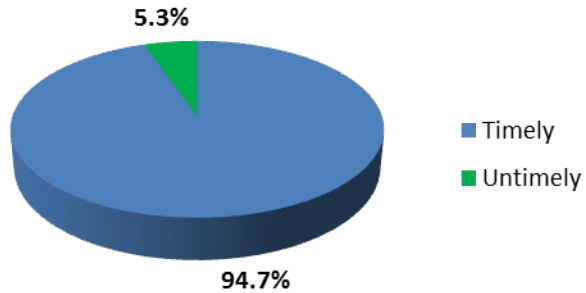
PENDING CASELOAD COMPARISON BY MONTH/YEAR



Pending as of November 3, 2014	2957
Pending 1 Month Before	2989
Pending 2 Months Before	3056
Pending 3 Months Before	3073
Pending 6 Months Before	3072
Pending 12 Months Before	3190

TIME STANDARD COMPLIANCE

Time Standard Compliance
October 2014



2013	October	2014
94.9%	94.7%	94.4%

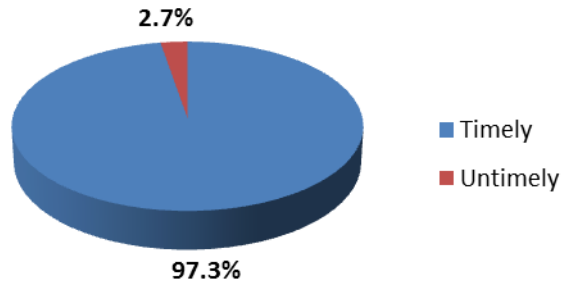
Time Standard Compliance – October 2014

Time Standard Compliance	Issues		Timely		Late	
	Resolved	Count	%	Count	%	
COMPENSABILITY	20	19	95	1	95	
DEP BEN FATAL	2	2	100	0	100	
OP NON-MED	1	1	100	0	100	
OPBD	11	11	100	0	100	
PPD	28	28	100	0	100	
REOPENING	6	6	100	0	100	
TRMT/EQUIP CL	32	27	84.4	5	84.4	
TTD	13	13	100	0	100	
TOTALS:	113	107	94.7	6	5.3	

MOTION RESOLUTION COMPLIANCE

2013	October	2014
97.7%	97.3%	98.5%

Motion Compliance
Oct. 2014



Motion Resolution Compliance – October 2014

Motion Resolution	Total	TIMELY		UNTIMELY	
	Motions	Count	%	Count	%
APPLICATION THRESHOLD	2	1	50	1	50
BENEFIT OVERPAYMENT	4	4	100	0	0
BENEFIT RATE	1	1	100	0	0
COMPENSABILITY	189	185	97.9	4	2.1
DEP BEN FATAL	14	13	92.9	1	7.1
FAILURE TO ACT 10 DAY	2	2	100	0	0
FAILURE TO ACT 15 DAY	5	4	80	1	20
FAILURE TO ACT 30 DAY	2	2	100	0	0
OP NON-MED	6	6	100	0	0
OPBD	57	56	98.2	1	1.8
PPD	182	177	97.3	5	2.7
PTD ENTITLEMENT	2	2	100	0	0
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	3	3	100	0	0
REOPENING	16	15	93.8	1	6.3
SPECIAL CATEGORY	11	11	100	0	0
TRMT/EQUIP CL	192	186	96.9	6	3.1
TTD	59	59	100	0	0
TOTALS:	747	727	97.3	20	2.7

PROTEST RESOLUTIONS

Protests Resolved:	Oct. 2014	2014
Protests Decided	237	2419
Withdrawals	97	675
"No Evidence" Dismissals	31	332

Resolution of Issues – October 1, 2014 through October 31, 2014

Time Standard	Decisions		REVERSED		AFFIRMED		AFFIRMED by RULE		DISMISSED		MODIFIED		MOOT		OTHER		REMANDED	
	Issued	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	
BENEFIT OVERPAYMENT	1	0	0	1	100	0	0	0	0	0	0	0	0	0	0	0	0	0
COMPENSABILITY	88	22	25	37	42	3	3.4	21	23.9	4	4.5	1	1.1	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	3	0	0	0	0	0	0	3	100	0	0	0	0	0	0	0	0	0
FAILURE TO ACT 30 DAY	2	0	0	0	0	0	0	2	100	0	0	0	0	0	0	0	0	0
OP NON-MED	2	1	50	1	50	0	0	0	0	0	0	0	0	0	0	0	0	0
OPBD	34	4	11.8	4	11.8	3	8.8	23	67.6	0	0	0	0	0	0	0	0	0
PPD	92	15	16.3	25	27.2	11	12	39	42.4	1	1.1	0	0	0	0	0	1	1.1
PTD ENTITLEMENT	1	0	0	0	0	0	0	1	100	0	0	0	0	0	0	0	0	0
REHABILITATION	1	0	0	1	100	0	0	0	0	0	0	0	0	0	0	0	0	0
REOPENING	12	4	33.3	6	50	0	0	2	16.7	0	0	0	0	0	0	0	0	0
SPECIAL CATEGORY	5	0	0	0	0	1	20	3	60	1	20	0	0	0	0	0	0	0
TRMT/EQUIP CL	107	14	13.1	54	50.5	7	6.5	19	17.8	7	6.5	4	3.7	2	1.9	0	0	0
TTD	42	5	11.9	18	42.9	6	14.3	11	26.2	1	2.4	1	2.4	0	0	0	0	0
TOTALS:	394	66	16.8	150	38.1	31	7.9	124	31.5	14	3.6	6	1.5	2	0.5	1	0.3	

FINAL DECISION TIMELINESS

Final Decision Timeliness:	2013	Oct. 2014	2014
< 30 Days	35.5%	32.0%	25.5%
30 – 60 Days	59.6%	53.5%	63.5%
60 – 90 Days	4.6%	10.0%	8.9%
>90 Days	0.3%	4.6%	2.1%

Final Decision Compliance – October 1, 2014 through October 31, 2014

Final Decision Compliance	Issues Resolved	Days to Decision							
		< 30 Days		30 - 60		61 - 90		Over 90	
		Count	%	Count	%	Count	%	Count	%
BENEFIT OVERPAYMENT	1	0	0	1	100	0	0	0	0
COMPENSABILITY	65	23	0	32	0	7	0	3	0
DEP BEN FATAL	4	1	0	2	0	1	0	0	0
FAILURE TO ACT 15 DAY	4	0	0	0	0	2	0	2	0
FAILURE TO ACT 30 DAY	2	0	0	2	100	0	0	0	0
OP NON-MED	2	1	0	1	0	0	0	0	0
OPBD	8	5	0	3	0	0	0	0	0
PPD	38	10	0	24	0	4	0	0	0
REHABILITATION	1	1	100	0	0	0	0	0	0
REOPENING	11	5	0	6	0	0	0	0	0
SPECIAL CATEGORY	1	1	100	0	0	0	0	0	0
TRMT/EQUIP CL	80	24	0	45	0	6	0	5	0
TTD	24	6	0	13	0	4	0	1	0
TOTALS:	241	77	32.0	129	53.5	24	10.0	11	4.6

FAILURE TO TIMELY ACT PROCESS

Failure to Timely Act Process	
Petitions Filed 1/1/14 through 10/31/2014	
Filed:	102
Denied/Dismissed:	61
Reports to OIC:	48
Pending:	26
<i>(Resolutions include petitions filed from previous year)</i>	

EXPEDITED HEARING PROCESS

YEAR	MONTHLY TOTAL FOR OCTOBER	YEARLY TOTAL
2012	11	113
2013	17	173
2014	6	126

PETITIONS FOR ATTORNEY FEES

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

Petitions Received 1/1/14 through 10/31/2014	70
Granted	41
Denied	16
Pending	10
Other (<i>Forwarded to BOR</i>)	3

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

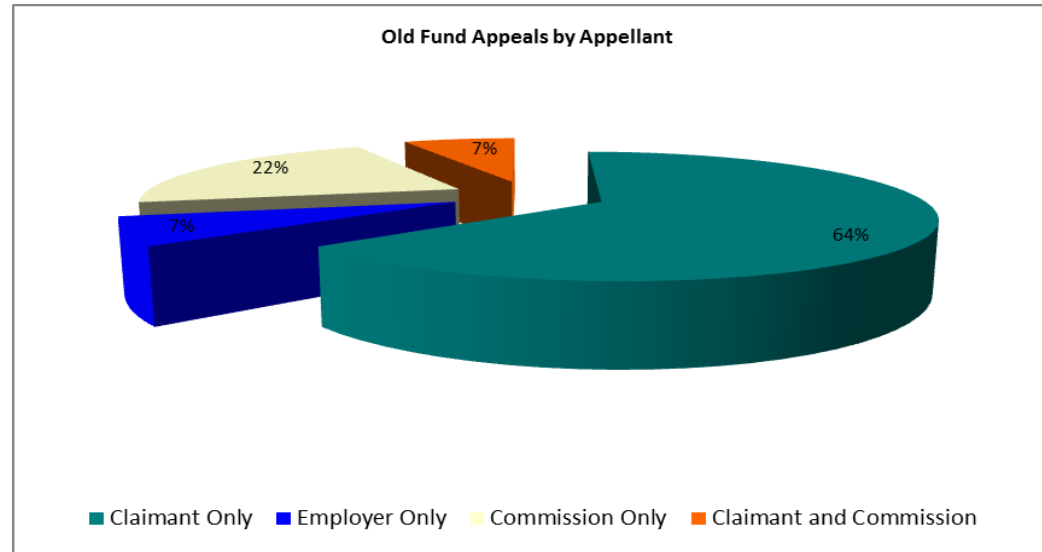
Petitions Received 1/1/14 through 10/31/2014	9
Granted	5
Denied on face	3
Denied by ALJ decision	2
Withdrawn (including settlements)	2
Pending*	1
<i>(Resolved petitions include 4 filed in prior year)</i>	

BOARD OF REVIEW

Appeals Received
From October 1, 2014 Thru October 31, 2014

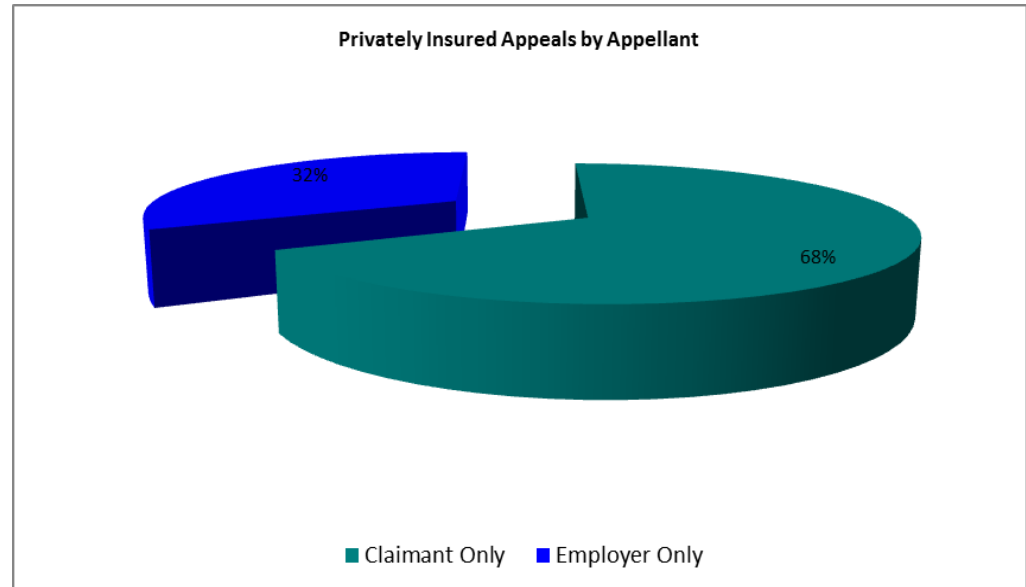
Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	9
Employer Only	1
Commission Only	3
Claimant and Commission	1
Old Fund Total	14



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

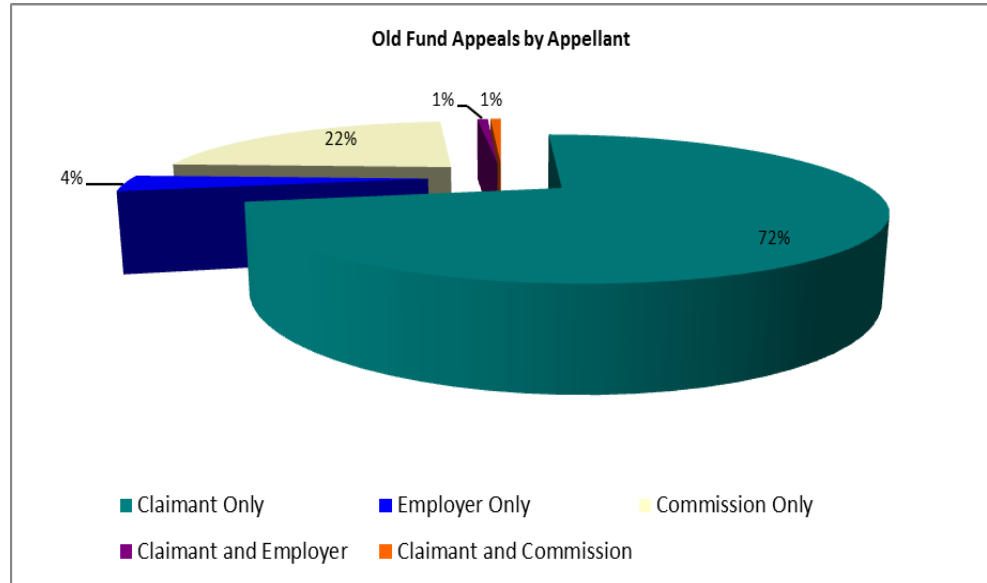
Appellant	Count
Claimant Only	59
Employer Only	28
Privately Insured Total	87
Total Appeals	101



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

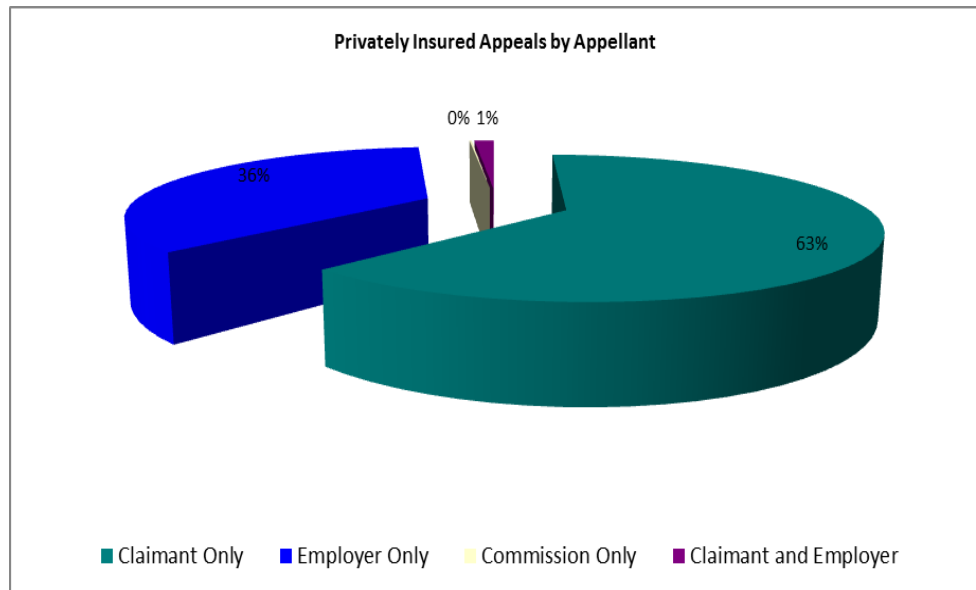
Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	95
Employer Only	5
Commission Only	30
Claimant and Employer	1
Claimant and Commission	1
Old Fund Total	132



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

Appellant	Count
Claimant Only	414
Employer Only	239
Commission Only	1
Claimant and Employer	9
Privately Insured Total	663
Total Appeals	795



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

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	20	1	5.0	19	95.0
CL ADDL % AWARD D/G	2	0	0.0	2	100.0
CL APP.THRESHOLD	1	1	100.0	0	0.0
CL CLOSING THE CLAIM	4	0	0.0	4	100.0
CL DENY/GRNT R/O TTD	3	0	0.0	3	100.0
CL DNY/GRNT R/O PPD	2	0	0.0	2	100.0
CL GRNT/DNY TP REHAB	1	0	0.0	1	100.0
CL NON-MED ORDER	1	0	0.0	1	100.0
CL PTD REV. BODY DETERMINATION	2	1	50.0	1	50.0
CL REJECT CLAIM	22	0	0.0	22	100.0
CL SEC.CONDITION	6	0	0.0	6	100.0
CL SI %AWARD DNY/GNT	2	0	0.0	2	100.0
CL SI ADD% AWARD D/G	2	2	100.0	0	0.0
CL SI DY/GNT DTH BEN	1	0	0.0	1	100.0
CL SI DY/GNT R/O TTD	2	0	0.0	2	100.0
CL SI REJECT CLAIM	3	0	0.0	3	100.0
CL SI SEC.CONDITION	2	0	0.0	2	100.0
CL SI TRMT DENY	2	1	50.0	1	50.0
CL SPL CATEGORY	1	0	0.0	1	100.0
CL TRMT DENY	25	8	32.0	17	68.0
CL TTD	2	0	0.0	2	100.0
Not All Parties cc'd	2	1	50.0	1	50.0
Totals	108	15	13.9	93	86.1

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 October 31, 2014

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	104	4	3.8	100	96.2
CL % BOARD FINDING	6	1	16.7	5	83.3
CL ADD BOARD FINDING	2	0	0.0	2	100.0
CL ADDL % AWARD D/G	12	1	8.3	11	91.7
CL APP.THRESHOLD	4	3	75.0	1	25.0
CL BEN. OVERPAYMENT	2	1	50.0	1	50.0
CL CLOSING THE CLAIM	60	0	0.0	60	100.0
CL COMP ON LIMITED BASIS	3	0	0.0	3	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	3	3	100.0	0	0.0
CL DENY/GRNT 104 WKS	1	1	100.0	0	0.0
CL DENY/GRNT DTH BEN	9	6	66.7	3	33.3
CL DENY/GRNT R/O TTD	29	2	6.9	27	93.1
CL DNY/GRNT R/O PPD	11	6	54.5	5	45.5
CL DNY/GRNT R/O PTD	2	2	100.0	0	0.0
CL EQUIP DENY/GRANT	2	2	100.0	0	0.0
CL FTA ACT UPON PPD	1	0	0.0	1	100.0
CL GRNT/DNY TP REHAB	2	0	0.0	2	100.0
CL GRNT/DNY VOC REHA	4	0	0.0	4	100.0
CL INITIAL TTD	3	0	0.0	3	100.0
CL NON-MED ORDER	10	4	40.0	6	60.0
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	7	4	57.1	3	42.9
CL REJ OCC DISEASE	19	1	5.3	18	94.7
CL REJECT CLAIM	124	1	0.8	123	99.2
CL SEC.CONDITION	74	6	8.1	68	91.9
CL SI %AWARD DNY/GNT	29	2	6.9	27	93.1
CL SI AD.BRD FINDING	1	1	100.0	0	0.0
CL SI ADD% AWARD D/G	5	3	60.0	2	40.0
CL SI CLSING THE CLM	8	0	0.0	8	100.0
CL SI COMP ON LIMITED BASIS	1	0	0.0	1	100.0
CL SI DY/GNT DTH BEN	7	6	85.7	1	14.3

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL SI DY/GNT R/O PPD	2	0	0.0	2	100.0
CL SI DY/GNT R/O TTD	5	0	0.0	5	100.0
CL SI DY/GRNT RHB PL	1	0	0.0	1	100.0
CL SI EQUIP DNY/GRNT	1	1	100.0	0	0.0
CL SI NON-MED ORDER	3	3	100.0	0	0.0
CL SI REJ OCCDISEASE	3	0	0.0	3	100.0
CL SI REJECT CLAIM	27	1	3.7	26	96.3
CL SI SEC.CONDITION	14	1	7.1	13	92.9
CL SI TRMT DENY	39	7	17.9	32	82.1
CL SI TTD	4	0	0.0	4	100.0
CL SPL CATEGORY	16	2	12.5	14	87.5
CL TRMT DENY	215	57	26.5	158	73.5
CL TRMT GRANT	5	5	100.0	0	0.0
CL TTD	10	0	0.0	10	100.0
CL% SI BOARD FINDING	4	1	25.0	3	75.0
EM % BOARD FINDING	1	0	0.0	1	100.0
EM NON-MED ORDER	1	0	0.0	1	100.0
EM OIC COMPENSABLE	1	0	0.0	1	100.0
NonPrstable Protest	1	0	0.0	1	100.0
Not All Parties cc'd	3	2	66.7	1	33.3
PRT NOT CC-NoEMP ORD	1	1	100.0	0	0.0
UnTimely Protest	1	0	0.0	1	100.0
Totals	916	142	15.5	774	84.5

Appeals Received By Issue
From October 1, 2014 Thru October 31, 2014

Type of Issue	Total Issues	Claimant		Employer		OIC		Emp and OIC	
		#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	21	17	81.0	3	14.3	0	0.0	1	4.8
CL ADDL % AWARD D/G	2	2	100.0	0	0.0	0	0.0	0	0.0
CL APP.THRESHOLD	1	0	0.0	0	0.0	0	0.0	1	100.0
CL CLOSING THE CLAIM	4	1	25.0	3	75.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	3	2	66.7	1	33.3	0	0.0	0	0.0
CL DNY/GRNT R/O PPD	2	1	50.0	1	50.0	0	0.0	0	0.0
CL GRNT/DNY TP REHAB	1	1	100.0	0	0.0	0	0.0	0	0.0
CL NON-MED ORDER	1	1	100.0	0	0.0	0	0.0	0	0.0
CL PTD REV. BODY DETERMINATION	3	2	66.7	0	0.0	0	0.0	1	33.3
CL REJECT CLAIM	22	14	63.6	8	36.4	0	0.0	0	0.0
CL SEC.CONDITION	6	3	50.0	3	50.0	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	2	0	0.0	2	100.0	0	0.0	0	0.0
CL SI ADD% AWARD D/G	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/GNT R/O TTD	2	1	50.0	1	50.0	0	0.0	0	0.0
CL SI REJECT CLAIM	3	0	0.0	3	100.0	0	0.0	0	0.0
CL SI SEC.CONDITION	2	1	50.0	1	50.0	0	0.0	0	0.0
CL SI TRMT DENY	2	1	50.0	1	50.0	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	25	18	72.0	5	20.0	0	0.0	2	8.0
CL TTD	2	1	50.0	1	50.0	0	0.0	0	0.0
Not All Parties cc'd	2	2	100.0	0	0.0	0	0.0	0	0.0
Totals	110	71	64.5	34	30.9	0	0.0	5	4.5

Dispositions by Issues
BOR Orders Mailed From October 1, 2014 Thru October 31, 2014

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	9	7	77.8	2	22.2	0	0.0	0	0.0	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	0	0.0	0	0.0	0	0.0
CL APP.THRESHOLD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL BEN. OVERPAYMENT	1	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	7	4	57.1	2	28.6	1	14.3	0	0.0	0	0.0	0	0.0	0	0.0
CL COMP ON LIMITED BASIS	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL COMPENSABILITY	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	6	4	66.7	1	16.7	1	16.7	0	0.0	0	0.0	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	0	0.0	0	0.0	0	0.0
CL REJ OCC DISEASE	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	11	7	63.6	0	0.0	3	27.3	0	0.0	1	9.1	0	0.0	0	0.0
CL SEC.CONDITION	12	8	66.7	2	16.7	1	8.3	0	0.0	1	8.3	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	5	4	80.0	0	0.0	0	0.0	0	0.0	1	20.0	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 REJECT CLAIM	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	3	2	66.7	1	33.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SPL CATEGORY	2	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	17	13	76.5	3	17.6	1	5.9	0	0.0	0	0.0	0	0.0	0	0.0
CL TRMT GRANT	2	1	50.0	1	50.0	0	0.0	0	0.0	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	0	0.0	0	0.0	0	0.0
Not All Parties cc'd	2	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Totals	87	60	69.0	16	18.4	7	8.0	1	1.1	3	3.4	0	0.0	0	0.0

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

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	90	68	75.6	7	7.8	9	10.0	3	3.3	3	3.3	0	0.0	0	0.0
CL % BOARD FINDING	8	7	87.5	1	12.5	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ADD BOARD FINDING	3	2	66.7	1	33.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ADDL % AWARD D/G	8	7	87.5	1	12.5	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL APP.THRESHOLD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL BEN. OVERPAYMENT	4	2	50.0	1	25.0	0	0.0	1	25.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	44	30	68.2	7	15.9	5	11.4	1	2.3	0	0.0	0	0.0	1	2.3
CL COMP ON LIMITED BASIS	3	2	66.7	0	0.0	0	0.0	0	0.0	1	33.3	0	0.0	0	0.0
CL COMPENSABILITY	8	5	62.5	2	25.0	1	12.5	0	0.0	0	0.0	0	0.0	0	0.0
CL D/G PROV CHNG	3	2	66.7	0	0.0	0	0.0	1	33.3	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	18	14	77.8	2	11.1	0	0.0	1	5.6	1	5.6	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	26	22	84.6	1	3.8	2	7.7	0	0.0	1	3.8	0	0.0	0	0.0
CL DNY/GRNT R/O PPD	7	6	85.7	1	14.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DNY/GRNT R/O PTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL EQUIP DENY/GRANT	2	1	50.0	1	50.0	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 FTA ACT UPON PPD	1	0	0.0	0	0.0	1	100.0	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	3	2	66.7	1	33.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL INITIAL TTD	7	5	71.4	1	14.3	0	0.0	0	0.0	1	14.3	0	0.0	0	0.0
CL NON-MED ORDER	8	3	37.5	0	0.0	2	25.0	1	12.5	2	25.0	0	0.0	0	0.0
CL OIC REJECT CLAIM	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	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	3	3	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	12	7	58.3	2	16.7	2	16.7	0	0.0	1	8.3	0	0.0	0	0.0
CL REJ OCC DISEASE	18	10	55.6	2	11.1	3	16.7	1	5.6	2	11.1	0	0.0	0	0.0
CL REJECT CLAIM	104	75	72.1	10	9.6	11	10.6	5	4.8	3	2.9	0	0.0	0	0.0
CL SEC.CONDITION	69	56	81.2	7	10.1	3	4.3	1	1.4	1	1.4	0	0.0	1	1.4
CL SI %AWARD DNY/GNT	30	21	70.0	3	10.0	5	16.7	0	0.0	1	3.3	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 ADD% AWARD 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 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

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL SI CLSING THE CLM	9	9	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI COMP ON LIMITED BASIS	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL 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	3	3	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	13	12	92.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	7.7
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
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	5	5	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	20	18	90	1	5	1	5	0	0	0	0	0	0	0	0
CL SI SEC.CONDITION	15	14	93.333	1	6.6667	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
CL SI TRMT DENY	54	44	81.481	7	12.963	1	1.8519	1	1.8519	1	1.8519	0	0	0	0
CL SI TTD	5	5	100	0	0	0	0	0	0	0	0	0	0	0	0
CL SPL CATEGORY	13	8	61.538	2	15.385	2	15.385	1	7.6923	0	0	0	0	0	0
CL TRMT DENY	204	145	71.078	27	13.235	20	9.8039	3	1.4706	8	3.9216	0	0	1	0.4902
CL TRMT GRANT	5	4	80	1	20	0	0	0	0	0	0	0	0	0	0
CL TTD	11	9	81.818	0	0	1	9.0909	1	9.0909	0	0	0	0	0	0
CL% SI BOARD FINDING	3	2	66.667	0	0	0	0	1	33.333	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
NonPrstable Protest	1	0	0	0	0	1	100	0	0	0	0	0	0	0	0
Not All Parties cc'd	3	2	66.667	1	33.333	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
UnTimely Protest	1	0	0	1	100	0	0	0	0	0	0	0	0	0	0
Totals	882	660	74.83	95	10.771	73	8.2766	23	2.6077	27	3.0612	0	0	4	0.4535

**WORKERS' COMPENSATION BOARD OF REVIEW
FOR OCTOBER 2014**

Appealed By	BOR Disposition	Disposition		Year to Date		Disp %	Total %
		Count	Disp %	Total %	Date		
CLAIMANT	AFFIRMED	32	80.0%	44.4%	375	81.9%	49.2%
	DISMISSED	1	2.5%	1.4%	31	6.8%	4.1%
	MODIFY				6	1.3%	0.8%
	MODIFY AND REMAND				2	0.4%	0.3%
	MOOT				1	0.2%	0.1%
	REMAND	2	5.0%	2.8%	16	3.5%	2.1%
	REVERSE	5	12.5%	6.9%	27	5.9%	3.5%
	Total Dispositions	40			458		
CLAIMANT/EMPLOYER	AFFIRMED				5	50.0%	0.7%
	DISMISSED				1	10.0%	0.1%
	MODIFY				1	10.0%	0.1%
	REVERSE	2	100.0%	2.8%	3	30.0%	0.4%
	Total Dispositions	2			10		
EMPLOYER	AFFIRMED	14	53.8%	19.4%	167	63.5%	21.9%
	DISMISSED	4	15.4%	5.6%	32	12.2%	4.2%
	MODIFY				13	4.9%	1.7%
	REMAND	1	3.8%	1.4%	8	3.0%	1.0%
	REVERSE	7	26.9%	9.7%	43	16.3%	5.6%
	Total Dispositions	26			263		
DIVISION/OIC	AFFIRMED				13	41.9%	1.7%
	DISMISSED				3	9.7%	0.4%
	MODIFY	1	25.0%	1.4%	1	3.2%	0.1%
	REMAND				2	6.5%	0.3%
	REVERSE	3	75.0%	4.2%	12	38.7%	1.6%
	Total Dispositions	4			31		
Grand Totals		72			762		

REVENUE RECOVERY

Workers' Compensation - October 2014

COLLECTION ACTIVITY	Current Month	Fiscal Year 2015
Receipts - Old Fund (Employer out of business)	\$ 1,166.65	\$ 18,215.99
Receipts - PC & NU (Private Carrier Cancellation & Rogue Employers)	\$ 57,334.53	\$ 217,355.86
Receipts - Payment Agreements (Old Fund and UEF Combined)	\$ 10,450.51	\$ 43,074.42
# of active accounts uninsured (cumulative) / (average)	336	682
\$ of active accounts uninsured (cumulative) / (average)	\$ 1,300,323.80	2,565,754.90
Telephone contacts	1,221	5,267
Walk-ins	10	28

LIENS	Current Month	Fiscal Year 2015
Liens sent to county clerks for recordation	136	456
Liens sent to county clerks for release	23	148
Intent to lien letters sent to employer/owner/officer/member	68	384

Uninsured Accounts Resolved	183	789
All Cash Receipts from WC accounts	\$ 68,951.69	\$ 278,646.27

INJUNCTIONS	Current Month	Fiscal Year 2015
Affidavits for injunction submitted to legal	1	20
Hearings attended	0	5
# of injunction complaints accepted by court	1	7
# of injunctions granted	0	4
# of agreed orders entered	0	0
PAYMENT AGREEMENTS	Current Month	Fiscal Year 2015
# of repayment agreements applications	1	13
Agreements set up	4	13
Total # of agreements on system (cumulative) / (average)	50	100
Intent to void letters mailed	3	16
Agreements voided	2	7

MISCELLANEOUS	Current Month	Fiscal Year 2015
Terminations Processed	53	227
Rule 11 Letters Mailed	204	748
Rule 11 hearings	1	2

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
November 13, 2014

OPERATING REPORT

SEPTEMBER 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

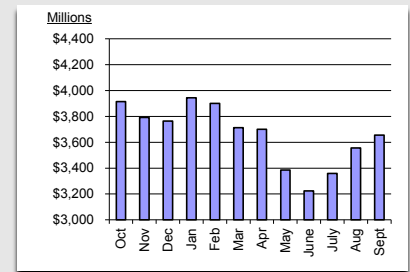
Chief Financial
Officer
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$3,655,275,000

Last Month
\$3,555,648,000

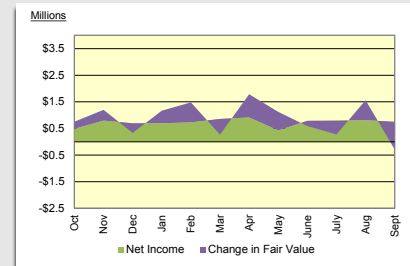
Beginning of Fiscal Year
\$3,223,614,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$1,551,000



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

Money Market Pools

As of September 30, 2014

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	0.1065%	47 Days	\$2.3 Billion
WV Gov't Money Market	0.0192%	49 Days	\$294.9 Million

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

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

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

SEPTEMBER 2014

Global Investing Attractive Option to Balance Returns

Market Environment

Over the course of this year we have noted that divergent global central banking policies will likely have a dramatic effect on the near-term investment landscape. This notion was on display in September as the Federal Reserve appeared steadfast in its plan to wind down quantitative easing while the European Central Bank announced partial details of an asset purchasing stimulus program. The actions, while not unanticipated, are in contrast to the monetary policies of the last few years which saw the Fed rapidly expand its balance sheet while ECB holdings due to previous stimulation, particularly the LTRO program, rolled off. Currency markets were the most notably affected as the US dollar strengthened 3.8% against the Euro and 5.1% against the Japanese Yen on the month. Broad equity markets were generally negative in September as US small cap issues continued to struggle and emerging market equities gave back most of their 2014 gains, in conjunction with various political concerns in Argentina, Brazil, Russia, and Hong Kong. Declines in the S&P 500, down 1.4%, were more modest as robust company share repurchase activity and moderately positive macroeconomic data helped stem losses. Fixed income markets were also negative on the month as the 10 year US Treasury yield oscillated but closed September at 2.53%, up from 2.35% at August end. Though the Fed has indicated it may raise short-term rates by mid-2015, fixed income investor reaction has appeared range bound to nearer term growth and inflation dynamics. Commodity prices offered little resistance to the stronger US dollar and declined amid a confluence of factors, including concerns about slowing growth and subsequent resource consumption in China.

Overall we continue to see relative attractiveness in emerging market equity and debt, but advise that investors couple this opportunity with an active management view that can help navigate fluctuating macroeconomic conditions. We believe that it remains an opportune time for investors with meaningful developed market foreign currency exposure to evaluate its potential added risk and consider whether a hedged approach better aligns with their investment goals. Investors who have rebalanced equity gains from previous years should remain opportunistically positioned as the effects of multi-track central banking policies continue to play out and create changing market opportunities.

Equity Market Results

US equity market return indices posted negative results during September. In a reversal from August, small cap stocks fell the most during the month. The Russell 2000 Index generated a -6.05% return, while the Russell 1000 Index fell 1.75%. Year-to-date, the Russell 3000 Index, a broad measure of the US equity markets, continues to maintain a positive return of 6.95%.

International equity markets, similar to their US counterparts, posted negative results during the month. Developed markets, represented by the MSCI EAFE Index, fell 3.84%, while their less established brethren, represented by the MSCI Emerging Markets Index, declined 7.41%. Year-to-date, the results from international equities have been mixed, with the MSCI EAFE Index falling 1.38%, while the MSCI Emerging Markets has risen 1.43%.

Bond Market Results

Intermediate and longer dated Bond markets, irrespective of their locations, also saw declines during the month. The Barclays Capital Aggregate Index, a leading index for bond investors, fell 0.68%, decreasing its year-to-date return to 4.10%. International bonds, as represented by the Citigroup World Government Bond Index (WGBI) hedged fell 0.19%, reducing its year-to-date results to 5.53%. Cash-like instruments provided one of the few safe harbors during the month, with the BofA ML 3-month T-bill generating a 0.00% return. Year-to-date, the 3-month T-bill has risen 0.03%.

West Virginia Board of Treasury Investments

Financial Highlights as of September 30, 2014

WV Short Term Bond Pool

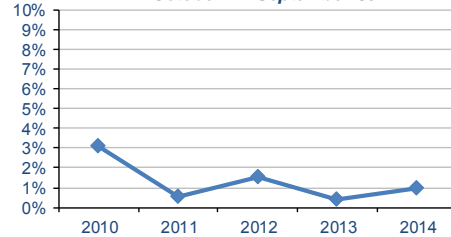
Rates of Return for the Past 12 Months Net of All Fees

October 1 - September 30	Return	Net Assets At Sept 30 (In Millions)
2014	1.0%	\$ 781.1
2013	0.4%	\$ 717.2
2012	1.5%	\$ 500.5
2011	0.6%	\$ 454.5
2010	3.1%	\$ 460.4

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

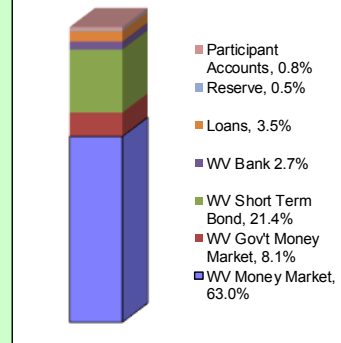
Past 12 Months
October 1 - September 30



Summary of Value and Earnings (In Thousands)

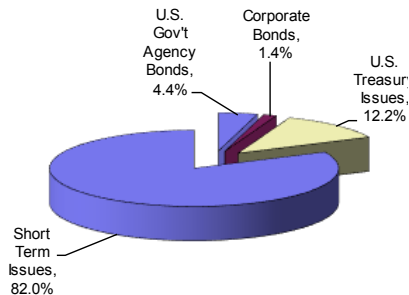
Pool	Net Asset Value	Sept Net Income (Loss)	Fiscal YTD Net Income(Loss)
WV Money Market	\$2,301,216	\$ 199	\$ 616
WV Gov't Money Market	294,879	4	15
WV Short Term Bond	781,135	(505)	817
WV Bank	99,062	9	26
Loans	130,037	15	45
Reserve	20,680	4	13
Participant Accounts	28,266	(16)	19
	<u>\$3,655,275</u>	<u>\$ (290)</u>	<u>\$ 1,551</u>

Percent of Total Net Asset Value

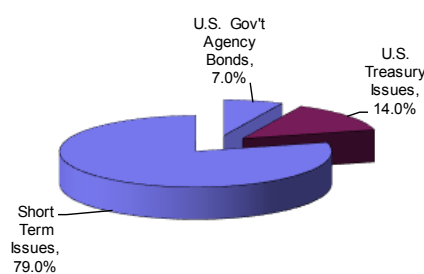


Securities by Type for Operating Pools (Percentage of Asset Value)

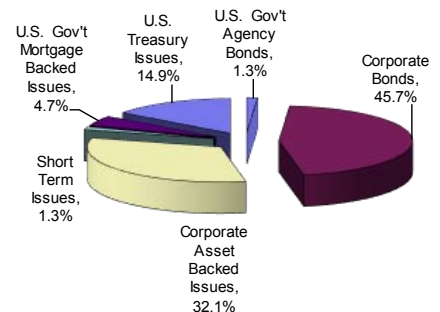
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
SEPTEMBER 30, 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	\$ 2,299,513	\$ 294,741	\$ -	\$ 99,029	\$ 150,699	\$ 24,430	\$ 2,868,412
At fair value	-	-	780,997	-	-	3,705	784,702
Other assets	1,993	173	2,256	36	23	131	4,612
Total assets	<u>2,301,506</u>	<u>294,914</u>	<u>783,253</u>	<u>99,065</u>	<u>150,722</u>	<u>28,266</u>	<u>3,657,726</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased	290	35	2,118	3	5	-	2,451
Total liabilities	<u>290</u>	<u>35</u>	<u>2,118</u>	<u>3</u>	<u>5</u>	<u>-</u>	<u>2,451</u>
Net Position							
Held in trust for investment pool participants	2,301,216	294,879	781,135	99,062	150,717	-	3,627,009
Held in trust for individual investment account holders	-	-	-	-	-	28,266	28,266
Total net position	<u>\$ 2,301,216</u>	<u>\$ 294,879</u>	<u>\$ 781,135</u>	<u>\$ 99,062</u>	<u>\$ 150,717</u>	<u>\$ 28,266</u>	<u>\$ 3,655,275</u>
Additions							
Investment income:							
Interest and dividends	\$ 417	\$ 45	\$ 851	\$ 12	\$ 23	\$ 31	\$ 1,379
Net (amortization) accretion	(76)	(23)	(256)	-	-	(22)	(377)
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	341	22	595	12	23	9	1,002
Investment expenses:							
Investment advisor, custodian bank & administrative fees	142	18	85	3	4	-	252
Total investment expenses	142	18	85	3	4	-	252
Net investment income	199	4	510	9	19	9	750
Net realized gain (loss) from investments	-	-	3	-	-	-	3
Net increase (decrease) in fair value of investments	-	-	(1,018)	-	-	(25)	(1,043)
Net increase (decrease) in net position from operations	199	4	(505)	9	19	(16)	(290)
Participant transaction additions:							
Purchase of pool units by participants	968,444	112,797	-	9	4	-	1,081,254
Reinvestment of pool distributions	200	5	549	9	18	-	781
Contributions to individual investment accounts	-	-	-	-	-	431	431
Total participant transaction additions	<u>968,644</u>	<u>112,802</u>	<u>549</u>	<u>18</u>	<u>22</u>	<u>431</u>	<u>1,082,466</u>
Total additions	968,843	112,806	44	27	41	415	1,082,176
Deductions							
Distributions to pool participants:							
Net investment income	199	4	510	9	19	-	741
Net realized gain (loss) from investments	-	-	3	-	-	-	3
Total distributions to pool participants	199	4	513	9	19	-	744
Participant transaction deductions:							
Redemption of pool units by participants	875,772	104,099	6,000	9	2,909	-	988,789
Withdrawals from individual investment accounts	-	-	-	-	-	6	6
Total participant transaction deductions	<u>875,772</u>	<u>104,099</u>	<u>6,000</u>	<u>9</u>	<u>2,909</u>	<u>6</u>	<u>988,795</u>
Total deductions	<u>875,971</u>	<u>104,103</u>	<u>6,513</u>	<u>18</u>	<u>2,928</u>	<u>6</u>	<u>989,539</u>
Net increase (decrease) in net position from operations	92,872	8,703	(6,469)	9	(2,887)	409	92,637
Inter-pool transfers in	-	-	-	6,990	-	-	6,990
Inter-pool transfers out	-	-	-	-	-	-	-
Net inter-pool transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,990</u>	<u>-</u>	<u>-</u>	<u>6,990</u>
Change in net position	92,872	8,703	(6,469)	6,999	(2,887)	409	99,627
Net position at beginning of period	2,208,344	286,176	787,604	92,063	153,604	27,857	3,555,648
Net position at end of period	<u>\$ 2,301,216</u>	<u>\$ 294,879</u>	<u>\$ 781,135</u>	<u>\$ 99,062</u>	<u>\$ 150,717</u>	<u>\$ 28,266</u>	<u>\$ 3,655,275</u>