

West Virginia Legislature
1ST SESSION OF THE 82ND LEGISLATURE

Enter Search Terms Search

Senate	House	Joint	Bill Status	WV Code	Audits/ Reports	Educational	Contact	
--------	-------	-------	-------------	---------	-----------------	-------------	---------	---

Interim Committee Attendance - Results

Monday, October 19, 2015 - 02:00 PM

Joint Committee on Government and Finance

Attended:

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

Submittor:

Marlene

Phone:

4801

[Back to Attendance](#)

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



This Web site is maintained by the [West Virginia Legislature's Office of Reference & Information](#). | [Terms of Use](#) | [Web Administrator](#) | © 2015 West Virginia Legislature ***

(Speaker Armstead presides)

AGENDA
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
October 19, 2015

2:00 - 3:00pm

Senate Finance Room

1. Approval of September 14, 2015 minutes

2. Committee Reports/Requests:

3. Monthly/Quarterly Reports Received:

Status Reports on Lottery, Unemployment Compensation Fund, General Revenue Fund & State Road Fund
(William Spencer, Director)

Workforce WV Unemployment Compensation Trust Fund Distribution
(Beth Carenbauer, Director)

Monthly/Quarterly Reports from PEIA, BRIM, Real Estate Report
(Jason Pizatella, Secretary, Department of Administration)

Department of Health & Human Resources, Medicaid Report & Medicaid Waiver, CHIP
(Cindy Beane, Acting Commissioner, WV Bureau for Medical Service)

Investment Management Board Distribution
(Craig Slaughter, Executive Director)

Workers' Compensation
(Mike Riley, Commissioner)

Board of Treasury Report Distribution

4. Stonewall Jackson State Park: (Rudy Henley)

5. Title XIX – Intellectual Developmental Disabilities Wavier:

(Secretary Karen L. Bowling, DHHR; Jeremiah Samples, Deputy Secretary for Strategic Planning & Insurance; Cynthia Beane, Acting Commissioner of WV Bureau of Medical Services)

6. Update on Prevailing Wage: Tracy Webb & James Bailey

7. Other Business

8. Adjournment

JOINT COMMITTEE ON GOVERNMENT AND FINANCE

September 14, 2015

2:00 pm – 3:00 pm

Senate	House
Cole, Chair	Armstead, Chair
Carmichael	Cowles
M. Hall	Miller, C.
Trump, Absent	Nelson, E.
Kessler	Shott
Plymale	Boggs, Absent
Prezioso	Miley

President Cole presides:

President Cole: “The Committee will come to order. First item on the Agenda is the approval of the June 8th minutes. Speaker Armstead is recognized.”

Speaker Armstead: “Mr. President, I move the minutes of the June 8th meeting of the Joint Committee on Government and Finance as contained in the members packets be approved.”

President Cole: “Speaker Armstead moves the minutes be approved. Is there discussion? All in favor will say aye, opposed. The ayes appear to have it, the ayes do have it, I declare the minutes approved. Speaker Armstead is recognized.”

Speaker Armstead moves: “Mr. President, the Joint Select Committee on Tax Reform requests authorization for expenses of certain consultation services to be provided to the Select Committee by the West Virginia University Bureau of Business and Economic Research in connection with the Select Committee’s study of the West Virginia tax system pursuant to Senate Concurrent Resolution 31.”

President Cole: “Question on the motion? Discussion? If not, all in favor will say aye, opposed. The ayes have it.”

President Cole: “We will now move on to the monthly/quarterly reports. We will recognize Beth Carenbauer with Workforce WV.”

Ms. Carenbauer: “Thank you Mr. President and Mr. Speaker, members of the Committee. I am Beth Carenbauer. I am the Director of Unemployment Compensation for Workforce WV. As of this morning the Trust Fund of \$117,616,379. As you will see in the chart in your books, we are currently projecting for 2015 Revenues of \$214,983,000 and Benefits of \$246,392,000. For a Year-end-total of \$74,591,000. I would be happy to answer any questions.”

President Cole: “Are there any questions? Senator Hall.”

Senator Hall: “This is real simple. I mean given you have been with us for a while, what do you think? Are we going to get close, with unemployment being what it is or whatever with the coal mine and all that, are we going to have, are we going to run out of money have to borrow from the feds, what do you think?”

Ms. Carenbauer: “That is an excellent question and the timing couldn’t be better. You will see a rather sharp drop in revenues over the June report. In June we reported an anticipated balance of \$112,471,000. So we have seen a decrease in the Trust Fund Balance and we are watching this extremely closely. I would say we are in a yellow (caution) light on the Trust Fund.”

Senator Hall: “If you were to project out, when might that be when we get to the danger zone, six months a year?”

Ms. Carenbauer: “Yes sir, typically our lowest balance is in March prior to receiving the first quarter revenue which is typically our biggest jump. We usually have a pretty lean February and March.”

Senator Hall: “Ok.”

President Cole: “Senator Plymale.”

Senator Plymale: “Thank you. In terms of that, let’s just following up with what Senator Hall was talking about. When you come to unemployment compensation, right now we as a state are in much better shape than some of our surrounding states because we did not borrow.”

Ms. Carenbauer: “Yes sir, that is correct.”

Senator Plymale: “They have to at this point in time make a part of their future amount that employers are paying, so they have come to the time from the borrowing of three to four years ago that it is now coming, really that is why we are doing better than Pennsylvania, Ohio and some of the other places that did borrow. I think Pennsylvania did, I know Ohio did. So in terms of that, where else can we, what are your options, do we allocate you additional money?”

Ms. Carenbauer: “Yes sir. We have historically, the Legislature has taken some action on that and we would be happy to prepare a list of options for us to consider should that become necessary.”

Senator Plymale: “I think it is important that we look at those options because long term this really effect. You think we are in bad shape economic development wise right now, you can get worse shape because there are having to rate those in when you look at plants that and places that we are trying to recruit in here to the State of WV, some of the reasons they have used is where the look at, what they pay for unemployment compensation and their workers comp all the way through but particularly unemployment compensation. There is a surcharge in those other states, correct?”

Ms. Carenbauer: “Yes sir, the solvency of the State’s Trust Fund is definitely an economic development recruitment tool.”

Senator Plymale: “Alright, thanks.”

President Cole: “Other questions? Senator Kessler.”

Senator Kessler: “Thank you Mr. President. It seems to me just a few years ago when we addressed this, we had some triggers in there that would increase rates certain levels and go down certain levels. We had to get so much solvency in the trust fund, I think it was like \$200M or \$220M..”

Ms. Carenbauer: “\$220M in February.”

Senator Kessler: “All the sectors surcharge we were adding would go off. I am trying to remember how much we had the employer/employee increase that was put into place and try to offset this maybe a half dozen years ago.”

Ms. Carenbauer: “Yes sir. In 2009 the Legislature enacted legislation that raised the base wage rate from \$8,000 to \$12,000 a year. It froze the benefit rates and also provided a one-time cash infusion. The Senator is correct when the trust fund reaches a balance in February of any year of \$220M, the base wage rate will revert to a level of \$9,000. We are significantly away from that.”

Senator Kessler: “So even with the current wage rate of \$12,000 we are still suffering some hemorrhaging?”

Ms. Carenbauer: “Yes sir and that is due to the increase in the unemployment rate.”

Senator Kessler: “Thank you.”

President Cole: “Senator Carmichael.”

Senator Carmichael: “Thank you Mr. Chairman. Just to follow up to Senator Kessler’s, are there triggers that would initiate a tax or an additional revenue mechanism.”

Ms. Carenbauer: “Yes sir I can tell you historically in 2011, the Legislature enacted legislation that would have allowed the Governor to borrow \$20M from the construction fund I believe. If the trust fund hit a level of \$20M or less and that was to be a bridge loan basically until we are into our May/June where we get the boost of our revenues.”

Senator Carmichael: ‘Ok. In terms of the projected unemployment rate here in WV, is that, I mean you projected that, how does that compare nationally?’

Ms. Carenbauer: “The unemployment rate in WV was 7.5% in July, the national average was 5.3%. So we are more than two percentage points higher than the national average.”

Senator Carmichael: “Is that the highest in the nation?”

Ms. Carenbauer: “Yes sir we lead the nation in unemployment.”

Senator Carmichael: “Thank you. Thank you Mr. Chairman.”

President Cole: “Further questions? Thank you Ms. Carenbauer. Chair recognizes Jason Pizatella to review the monthly/quarterly reports from PEIA, BRIM, CHIP and Real Estate.”

Mr. Pizatella: “Thank you Mr. President, Mr. Speaker and members of the Committee. Pleased to be back again this afternoon. Jason Pizatella, Acting Secretary of Administration. You do have in writing in front of you our quarterly report. I have the representatives from the Board of Risk Insurance Management, the Public Employees Insurance Agency, and the Real Estate Division that are here with me this afternoon. Rather than go through what is written I would be pleased to answer any questions that you might have about anything in writing. I did want to point out for the Committee that the Public Employees Insurance Agency is in the process of the early stages of developing the next plan year health insurance program for state employees which will begin on July 1, 2016 and if I may just take a few minutes I wanted to just give the Committee an update on some of the things that are going on physically here at the state capitol complex. We are pleased that we have an unprecedented amount of construction and renovation activity that is going on here on the capitol complex. None of which we would have been able to accomplish without the Legislature’s support. Actually over \$40M in construction and renovations are on-going with over 300 construction workers working here at the state capitol complex. Most notably in our portfolio is the renovation of Building #3 which began in mid-July and is on track to be completed in October 2016. The roof replacement for Building #1 will be complete by the last day of October 2015.

You may have noticed that the connector that connects the west wing to Building #1 right next to the Senators' offices is complete with a new walkway and handrail. We are certainly pleased to provide and will replicate on the east wing starting tomorrow once everyone leaves town. So that project will be done by the end of October. The perimeter security project is on-going and it is scheduled for completion by November 16, 2015. We have an exterior renovation project that is on-going for Buildings #5 and #6 and this is first time that these buildings will have their exterior addressed since they were constructed in 1974. The Veterans' Memorial was completed about a month ago and we are also in the process of completing new construction of an office building in Clarksburg, WV having already completed office complexes in Fairmont and Logan to replace previous office space that was either demolished or relinquished. Will be pleased to answer any questions about that or anything else I have provided in my written report."

President Cole: "Senator Hall."

Senator Hall: "I wasn't in the meeting but I read about it this morning. You had certain buildings that had been purchased over the years that are underutilized. Did I read that correctly? You want to comment on that?"

Mr. Pizatella: "I assume that you are referring to the Performance Evaluation Research and Division on the report of General Services. Yes, the short answer is yes. I believe PERD went back to the year 2000 and examined the real estate purchases that had been made since then and criticized and rightfully so. Some of those decisions that had been made.."

Senator Hall: "So they published that report."

Mr. Pizatella: "Yesterday."

Senator Hall: "So it will be on line and I can look at it and see."

Mr. Pizatella: "Yes. Mr. Chairman we provided a response and we do agree with the recommendations that were in Legislative Auditor's Report."

Senator Hall: "It would be interesting to look back and say 'who pulled the trigger on some of these decisions, who did we buy these things from'. Is that all in that information. Is that available somewhere? I mean go to the Clerk's Office I guess and find.."

Mr. Pizatella: "We could certainly provide you with as much or as little detail as you want about some of the transactions..."

Senator Hall: “I would like to know what we own. It would be very interesting to see who we bought it from.”

Mr. Pizatella: “I can get you that list.”

Senator Hall: “That would be good. Thank you.”

Mr. Pizatella: “You’re welcome.”

President Cole: “Other questions? Chairman Nelson.”

Delegate Nelson: “Thank you Mr. President. Thank you Jason. In the PEIA section, the Income Statement – through 11 months, I guess our Claims’ Expense was significantly above budget as well as prior year which I guess may lead into the question of how we make that deficit up looking forward. Can you maybe speak to that? Are we looking premium adjustments or ..?”

Mr. Pizatella: “I can tell you Mr. Chairman that we are looking, the agency is looking at all options to address not only the current plan year that we are in as you rightly observed. We are ahead of where we thought we would be budget wise but also as we are planning for the next planned year which will enact in December that goes into effect July 1, 2016. I’ll turn over any specific questions about the Income Statement that you might have with the Committee’s permission to Director Cheatham but I would point out that because of the state law that exists that requires a 80%/20% breakdown of the premium that is 80% comes from the participating employer – the state agency, the 20% comes from the employee themselves through withholding. So if the state funding level for PEIA remains flat, remains at zero that is zero additional dollars. Because of the 80/20 split we cannot charge an additional premiums so the agency is left with the unfortunate decision. It is a tough one of what to do not only with the benefit plans that we provide but also with how we address the on-going problems of expenses out pacing revenue. At the long answer to your questions but the short answer is yes we are looking at all options.”

Delegate Nelson: “Thank you. Thank you Mr. President.”

President Cole: “Other questions? Jason on the Building #3, when that is finished in a year or so obviously we will expect to have a lot of people come back to the home campus and vacate. Is there a number attached to that? Is there a number attached with buildings that we are going to cease renting or that we can actually dispose of if we in fact own them?”

Mr. Pizatella: “We can certainly provide you with that detailed information. I do know that when Building #3 is complete and operational in the October/November time frame

of 2016 we do expect anywhere from 200 to 300 additional employees working on the campus that would otherwise be in leased space either owned by the State or owned by a private landlord.”

President Cole: “I would be interested if you could provide that whether it’s just leases we can walk away from and are these leases on a month-to-month that are you know in a position that we can walk away at the end or are we obligated to sub 2/3 years after. Maybe we could start pulling some of that together, I mean it would be great to bring them back home so to speak but let’s make sure the State is getting a reduction in their expenses.”

Mr. Pizatella: “I would happy to do that for your Mr. President. In fact the Real Estate Division enabling statute actually requires that analysis annually. One of the things that we have done with the Governor’s support and made a greater emphasis since I’ve become Secretary is that as our leases expire with private landlords, we have asked our state agency tenants to make the very first call that they make has to be real estate by law but also we want them to look at state owned space before they ever consider either new construction as paid for by themselves or private leased space. The statute requires us to dispose of property that we are otherwise not using. We are certainly going down that road and would be happy to provide you the most recent list on that.”

President Cole: “Thank you. Are there other questions of Mr. Pizatella? Thank you Jason.”

Mr. Pizatella: “Thank you Mr. President.”

President Cole: “Chair recognizes Cindy Beane, Acting Commissioner, WV Bureau for Medical Services to report on Medicaid and Medicaid Waiver.”

Ms. Beane: “Good afternoon Mr. Speaker, Mr. President and members of the Committee. You have your waiver and financial reports in front of you. I am here to entertain any questions.”

President Cole: “Committee want to take a minute to review the reports to see if we have any questions. You want to make it easy and tell us what they say?”

Ms. Beane: “The Financial Report, it is for this fiscal year. The Waiver Reports are basically telling you where we are at with our wait list numbers on our waiver, our IDD Waiver is the waiver that currently has the standing wait list. The other two waivers we are still on the process of filling slots for those waivers.”

President Cole: “Questions? I think you are off the hook easily. Thank you very much.”

Ms. Beane: “Thank you.”

President Cole: “Craig Slaughter will speak to the Investment Management Board.”

Mr. Slaughter: “Good afternoon ladies and gentlemen. I am Craig Slaughter from the West Virginia Investment Management Board. You have our monthly performance report for July 31, 2015 in your packet. That’s probably, it’s not the most interesting report because it is July. We were up a little bit in July I mean the markets were actually pretty good but as you all well know markets have really struggled since then. We are down in August. We estimate that we are down. I’m not going to try and pin a number on it. That follows 3.6% return for fiscal year 2015 which of course is the important number for budgetary reasons. I’ve been predicting a period of volatility and tough markets for a while now. It has proven to be the case. I am happy to take questions.”

President Cole: “Senator Hall.”

Senator Hall: “The number you just said the 3.6% which you said is for budgetary purposes. Last year that number was about 17% wasn’t it?”

Mr. Slaughter: “That is correct.”

Senator Hall: “17% last year, we got a nice a revision in the original budget presentation of \$42M to the good. Okay now we are down under the 7½, what would we hear this year?”

Mr. Slaughter: “I’m not the person to answer that question. I think you will have to ask the actuary for that number. I really don’t feel confident to give that to you.”

Senator Hall: “But it’s going to be, we are going to have to ante up a little bit more. Is the magic number 7.5%? If we made 7.5%, then we just stay the same level as last year, is that correct?”

Mr. Slaughter: “That is correct.”

Senator Hall: “Ok. So that mean we can extract later on and figure it out.”

Mr. Slaughter: “It is going to cost us this year.”

Senator Hall: “I will wait for Harry Mandel to give me that answer.”

President Cole: “Chairman Nelson want in on this? Any questions from the Committee? Thank you I think Mr. Slaughter.”

Mr. Slaughter: “Thank you.”

President Cole: “I recognize Mike Riley to speak to Workers’ Compensation.”

Mr. Riley: “Good afternoon. Thank you Mr. President, Mr. Speaker and Committee members. You have this month’s report for the Workers’ Compensation Funds. I will just hit the numbers. The Old Fund as of the end of August had 14,641 active claims. The Coal Workers Fund 850 active claims and the Uninsured Fund 25 active claims. If you look on page 12 with the Cash Flow Statement which is our internal document, will give you a status of where we are at. You can see we had Operating Revenues year-to-date of \$26M, that is offset by investment losses of \$12.3M so far year-to-date. Total revenue of \$14.6M. Total Expenditures of \$28M, those are in line with the expectations is what you expect. That leaves us with a Cash Balance of \$1.298B. Certainly we fully anticipate that the Investment Income will come back. This is long tail business but certainly shows the volatility that we have been experiencing for the past few quarters. So that is probably the biggest area of concern is the Investment Returns. As far as the June 30th liability number, we do have our external auditors in our offices right now. I hope to have their job complete by the end of September or early October and we will have a new number then. Be happy to answer questions.”

President Cole: “Questions from Mr. Riley? Guess you are off the hook too sir. Thank you.”

Mr. Riley: “Thank you.”

President Cole: “In the back of your booklets there is a Board of Treasury report for anybody that wants to take a look at that. For an update on prevailing wage, Tracy Webb and James Bailey, House and Senate respectively Government Organization counsel.”

Ms. Webb: “Members of the Committee I have been asked to give a timeline to the Committee members on what has transpired since the last meeting and my colleague Mr. Bailey is going to address options going forward with respect to prevailing wage. Of course June 8th was the meeting of the Joint Committee where a motion was passed to authorize staff to obtain documents including the full report that was not provided to the Committee at its June 8th meeting and again the Motion also included that if there was not cooperation than the motion authorized the Chairman to sign a subpoena for us to obtain additional records. On June 10th we sent a letter to Executive Director, Acting Director Frye requesting documents. On the 12th we also requested documents from WVU and Marshall. On the 17th we received a response via hand delivery from Workforce

which included one set of paper documents and a zip drive containing 455 items. The originals of the documents as well as the original thumb drive were kept in the Speaker's office under lock and key.

On the 24th of June we received a response via email from WVU containing, which did contain information that was not also in the Workforce paper documents or on the zip drive. On the 26th we received a response via UPS from Marshall containing their documents and emails which included emails from Mr. Green that were not included in the Workforce paper or zip drive. On July 6th we sent a letter and subpoena that was served on Workforce WV. On the 8th of July Workforce posted a file on its website called PW (Prevailing Wage) Foyer. On-line it contained 458 items. Mr. Bailey and I prepared screen shots of all the files on each of the drives, the original that we received first and also the screen shots of all the files contained on what was posted on-line and a comparison of two, showing that there were 3 missing files, 2 of which were Outlook files of Jeff Green of his sent and received email that was substantial number of documents. On July 8th the Legislative Auditor did a forensic analysis that showed that the first drive we received with the first production of documents never had those 3 missing files that appeared on the PW Foyer file. On July 10th Workforce WV served a response to the subpoena to the Speaker's Office again with a paper and zip drive.

On the 13th of July the Legislative Auditor did a further forensic analysis of the first zip drive that was provided to us which showed that those 3 files that were missing were actually never on that zip drive, the very first one that we got and that the zip drive provided in response to the subpoena included the Green Outlook files which by date stamp of the drive were added on July 10th. So that is the timeline of where we are and what transpired in our collection and review of the documents.

Mr. Bailey: "Members of the Committee per in addition to the motions passed at the last meeting regarding the collection of documents there are also a motion requesting counsel to explore legal remedies which we have done. At this point any legal challenge to the methodology would be required to exhaust all administrative proceedings which specifically would include an appeals process that has been outlined in an emergency rule that was filed by Workforce WV on August 8th. This rule the authority of which was granted by the Senate Bill 361 that was passed and which also amended these proceedings. The rule does fall within the scope of that bill and also follows the directives of the Code. It defines the regions of the state and provides such an appeal process that it would have to be exhausted before any further legal challenges. That process slightly differs but is substantially similar to the process that was required by the Department of Labor. It provides that any affected person may within fifteen days of rates being filed may file an objection to the methodology, to the rates with the Workforce WV Executive Director. Within fifteen days of receiving that objection, the Workforce Research and Analysis Division in coordination with the WVU and Marshall Economic Groups shall

review the objection and determine if the objection if addressed, would it improve the methodology. If no, then that methodology is to be dismissed. If yes, then I mean the objection is to be dismissed. If yes, then the concerns raised in the objection are to be incorporated into the prevailing wage process the next succeeding year.

Any affected person by an appeal of that process may appeal it to the Executive Director of Workforce WV within fifteen days of the Division of Research and Analysis Division's decision. That decision by the Executive Director, any person affected by that decision, may appeal such decision to the Kanawha County Circuit Court. One of the slight differences between the previous procedure is the ultimate appeal would go to the county where the project is being conducted. Appeal process now would be strictly to the Kanawha County Circuit Court and that is pretty much everything of the options that would be available to any affective party which affective party has been legally interpreted to be very wide and include someone such as a taxpayer or more specifically someone more specifically affected such as a contractor or worker receiving wages. Now we are open to any questions.

President Cole: "Questions? Senator Carmichael."

Senator Carmichael: "Thank you Mr. President. The documents that later were discovered and submitted, what were the context of those documents or the Outlook files?"

Ms. Webb: "Those were, there was one smaller file that had some reports on it that the two larger files were Jeff Green emails sent and Jeff Green emails received and those included the emails between Marshall, WVU and staff regarding developing the methodology but there were still some that we had received from other sources that still were not in, should have been in these files but were not there."

Mr. Bailey: "These PST files that refer to the Outlook files. There wasn't just a hand full there were approximately 525 emails, several of those included attachments which we were able to open. Included a lot of documents that we had already seen and received. But also some different varying versions of those documents."

Senator Carmichael: "Were there calendar events that were also displayed and what were the context of those as it relates to prevailing wage?"

Ms. Webb: "There were several calendar meetings with, what they called their working group. There were calendar meetings with the some of the commerce staff. There were calendar meetings with the Governor's office and most of them were work group meetings."

Senator Carmichael: “Ok. We have not in effect had a prevailing wage in WV since what date?”

Ms. Webb: “July 1.”

Senator Carmichael: “July 1 and there was some suggestion at some of these previous meetings that turmoil, chaos and crisis and bedlam would result with no prevailing wage in WV and yet we’ve not had one since July 1, is that right? “And there has been contracts let in WV and awarded right?”

Mr. Bailey: “Correct, including some various substantial contracts. We have not received any notice of any difficulties from any agencies or state groups throughout this process.”

Senator Carmichael: “Ok. Alright, thank you Mr. President.”

President Cole: “Senator Plymale.”

Senator Plymale: “Thank you. As it relates to the contracts, I am aware of one in Wayne County at the Ceredo-Kenova Elementary, the consolidation there. Did you all get details of that or can you provide the details of the three, they have to provide the three bidders on that and I think Neighborgall Construction actually won the bid and it was substantially lower than what they had expected.”

Mr. Bailey: “I have some details on that project. It was originally, the architects had originally estimated it at the cost of about \$20.4M. Then once the prevailing wages were dropped down, apparently they redid, they resubmitted an estimation and that dropped down, it was readjusted to \$18M, however the bid that you were referring to, the winning bid, I don’t know about some of the other ones but the winning bid was just under \$13M. I don’t have any research to show how the reduction of rates from the \$22.4M down to the \$18M effected it.”

Senator Plymale: “So if a filing, if they come back with a, there is another project in Wayne County that’s Crum in Senator Cole’s district, so the one we are talking about is in the district I represent. The Crum Elementary will be coming up. How will that be handled if in the period of time from here to now there is actually a methodology formed?”

Mr. Bailey: “I think my best estimation here would be once there is currently no prevailing wages in place and as long as the contract is entered into prior to rates being filed, then those rates...”

Senator Plymale: “So if you put out a contract and then bid on it. Once that bid, they could actually come back if there is another and ask it to be rebid? Is that what you are saying? Because the contract hadn’t been executed?”

Mr. Bailey: “Yeah, if rates were filed prior to the completion of the contract on the bids, then it would need to be readjusted. As they were readjusted previously when the rates went away, there were bids that were readjusted to reflect no prevailing wage. I think the same concept would apply that the bids would be resubmitted to reflect the prevailing wages that the new ones that are instituted.”

Senator Plymale: “On an adjusted level. Ok, thank you.”

President Cole: “Senator Kessler.”

Senator Kessler: “Thank you Mr. President. The bids you talked about with Senator Plymale’s district, he has been talking about in Wayne County. Are those public documents or for the Board of Education of Wayne County or is it a state contract?”

Ms. Webb/Mr. Bailey: “I think it was SBA project.”

Senator Kessler: “So they shared that information with you?”

Ms. Webb: “I don’t have it. I think James got the information from ..”

Senator Kessler: “I guess my question is you actually seen the bids or are we just saying that they were this amount or that amount? I’m trying to see if apples and apples or oranges and oranges, if actually the bid documents and what total price was \$20M and then turns out \$18M and then \$13M. How much is that fixed costs on materials and etc. and how much is labor related? My understanding labor is maybe 20% traditionally, somewhere in that range. I’m shocked to hear that there could be a one-third almost reduction and if that is, is that all attributed to labor or is that attributed to costs that they are using plastic instead of cement. I would just like to be able to see apples and apples and oranges in the bid documents..”

Ms. Webb: “We would be happy to get those bids, analyze them and supply a report on those particular projects.”

Senator Kessler: “That would be helpful because saying it is cheaper jumps out at everybody and sounds good but you got to be able. There has been some suggestions that there have been some bids over in the eastern panhandle with one of the superintendents and with all these big reductions and then with a little further examination it appears that the entire project would had been, would almost had to been labor costs

without any materials in order to reach the savings that were being reported. If we are going to make sound policy decisions, I would like to have accurate information.”

President Cole: “So you will do that for us? You will bring back ..”

Ms. Webb/Mr. Bailey: “Yes sir.”

President Cole: “Senator Plymale.”

Senator Plymale: “Well actually I was going to request that. I am pretty distinctively involved in the CK Elementary that’s where I graduated from the high school, where the elementary school is going to be and this is really, the community is really excited about this. I think you will find it to be quite interesting and I do believe the number in that is 25% to 30% of labor. The bids came back very competitively and we had some options I think and it’s proved to be quite nice. The interesting point of it is I think you can get the 3 contracts from SBA, I mean the 3 lowest bidders on that or you can get any of the bids that you need from SBA. I think it would be good to provide at least the 3 to us showing what they are. I already reviewed them and it’s very legitimate and very good.”

President Cole: “Other comments or other questions? Speaker Armstead.”

Speaker Armstead: “Thank you Mr. President. Just so I understand where we are going forward. What will actually take place that would trigger reimposition of the prevailing wage, would it be simply the methodology being put into place, could you just walk through what would be the steps that would take place that the prevailing wage would be reinstated?”

Mr. Bailey: “It would be reinstated when the rates are filed with the Secretary of State’s office by Workforce WV.”

Speaker Armstead: “Have we had any indication as to when they anticipate that taking place?”

Mr. Bailey: “I have not received any indication from Workforce. I thought it was going to be around September 1st but they may still be crunching some numbers. But I have not received any kind of estimate or projection.”

Ms. Webb: “Yeah, we have not received any information from Workforce at all about where they are in their process.”

Speaker Armstead: “Thank you.”

President Cole: “Anybody else? Delegate Cowles.”

Delegate Cowles: “Thank you Mr. President. It was my understanding that these absence of the prevailing wage rates also apply not only to big state projects but local government projects, county commissions, local cities. Do we have any input or insight into how many projects or what the outcome was for competitively bid projects for county commissions or cities or those kind of outcomes?”

Ms. Webb: “We do know that there have been some substantial projects that have been undertaken and but just anecdotal reports from local communities or local subdivisions that they are continuing with their projects but we haven’t undertaken a study yet. If it’s the Committee desire we can do of how many projects there have been since July 1 that have gone forward. I know there were reports that everyone would be so confused that there wouldn’t be any projects going on and I don’t think that is the case but I don’t have any hard data. We have not sent out any information request to like you know the counties or whatever, or cities to get that information but we can do so.”

Delegate Cowles: “It’s my understanding that the ones under \$500,000 will be exempt from the prevailing wage mandate anyway?”

Ms. Webb: “Yes that is correct law.”

Delegate Cowles: “So we may collect that data later and be able to get a broader scope of how the under \$500,000 local projects are?”

Ms. Webb: “Yes, we can do that.”

Delegate Cowles: “Thank you. Thank you Mr. Chairman.”

President Cole: “Any other questions? Comments. Thank you Ms. Webb. Thank you Mr. Bailey.”

President Cole: “Is there other business to come before the Committee. If not I recognize Speaker Armstead for a Motion to Adjourn.”

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

President Cole: “All those in favor will say aye, oppose no. The ayes appear to have it, the ayes do have it, the meeting is adjourned.”

WEST VIRGINIA LEGISLATURE

Office of the Legislative Auditor



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

304-347-4870

October 6, 2015

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

- West Virginia Lottery as of August 31, 2015:
Gross profit for July 2015 - August 2015 was \$87 million.
- West Virginia Unemployment Compensation Fund as of August 31, 2015:
Total disbursements were \$ 10.8 million higher than last fiscal year. Overall ending trust fund balance was \$ 7 million lower on August 31, 2015, than on August 31, 2014.
- General Revenue Fund as of September 30, 2015:
The general revenue collections ended the third month of fiscal year 2015-2016 at 93.2% of the estimate for the year.
- State Road Fund as of September 30, 2015:
The state road fund collections ended the third month of fiscal year 2015-2016 at 104.3% 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: October 5, 2015

Re: Review of West Virginia Lottery Financial Information
As of August 31, 2015

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for August 31, 2015, from monthly unaudited financial reports furnished to our office by the West Virginia Lottery Commission. The results are as follows:

Lottery Revenues:

Gross lottery revenues are receipts from on-line games, instant games, table games and video lottery. These gross receipts totaled \$193.2 million for July - August 2015. Table games accounted for \$7.7 million of this total. Historic Resort Hotel video lottery and table games accounted for \$957 thousand of total gross receipts. Gross lottery revenue has decreased by 6.1% when compared with July - August of fiscal year 2014-2015. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July - August 2015 was \$87 million; for July - August of last fiscal year it was \$93 million. Expressed as a percentage, gross profit is 6% lower for fiscal year 2016 than for fiscal year 2015.

Operating Transfers to the State of West Virginia:

A total of \$83,264,000.00 has been accrued to the state of West Virginia for fiscal year 2015-2016. This is on an accrual basis and may not correspond to the actual cash transfers made during the same time period. Amount owed to the different accounts according to the Lottery Act are calculated monthly and accrued to the state; actual cash transfers are often made based upon actual cash flow needs of the day-to-day operation of the lottery.)

A schedule of cash transfers follows:

Bureau of Senior Services	\$33,869,000.00
Community and Technical College	\$1,000,000.00
Department of Education	\$8,706,000.00
Library Commission	\$5,539,000.00
Higher Education-Central Office	\$3,499,000.00
Tourism	\$3,880,000.00
Department of Natural Resources	\$1,547,000.00
Division of Culture and History	\$2,301,000.00
Economic Development Authority	\$1,999,000.00
Department of Education and Arts	\$769,000.00
School Building Authority	\$3,600,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$66,709,000.00

Lottery continued

Excess Lottery Fund

Economic Development Fund	\$3,798,000.00
Higher Education Improvement Fund	\$3,000,000.00
WV Infrastructure Council Fund	\$3,664,000.00
Higher Education Improvement Fund	\$2,381,000.00
Refundable Credit	\$170,000.00
General Purpose Fund	\$5,337,000.00
DHHR	\$20,000,000.00
State Park Improvement Fund	\$411,000.00
School Building Authority	\$3,798,000.00
Excess Lottery Surplus	\$0.00
WV Lottery Statutory Transfers	\$5,387,000.00
WV Racing Commission	\$164,000.00
Total State Excess Lottery Revenue Fund	\$48,110,000.00

Total Budgetary Distributions: \$114,819,000.00

Veterans Instant Ticket Fund \$124,000.00

RACETRACK VIDEO LOTTERY TRANSFERS:	
Tourism Promotion Fund 1.375%	\$0.00
Development Office Promo Fund .375%	\$0.00
Research Challenge Fund .5%	\$0.00
Capitol Renovation and Improvement Fund .6875%	\$0.00
Parking Garage Fund .0625%	\$0.00

Lottery continued

Parking Garage Fund 1%	\$0.00
Cultural Facilities and Cap. Resources Fund .5%	\$0.00
Capitol Dome & Cap. Improvements Fund .5%	\$0.00
Workers Compensation Debt Reduction Fund 7%	\$0.00
SUBTOTAL VIDEO LOTTERY TRANSFERS:	\$0.00
TOTAL TRANSFERS	*\$114,943,000.00

* CASH BASIS

Total Accrued last FY 2015:	\$123,920,000.00
Total Cash Distributions FY 2016:	\$114,943,000.00
Applied to FY 2015	\$114,943,000.00
Applied to FY 2016:	\$0.00
Accrued for FY 2015 as of August 31:	\$92,241,000.00
Accrued for FY 2016 as of August 31:	\$83,264,000.00



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

John C. Musgrave by John A. Myers

RE: Monthly Report on Lottery Operations
Month Ending August 31, 2015

DATE: September 17, 2015

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

Financial statements of the Lottery for the month ending August 31, 2015 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$95,418,734 for the month of August.

Transfers of lottery revenue totaling \$68,963,871 made for the month of August 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 August 31, 2015 was 1,512 and 1,373 respectively.

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

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

JCM
Attachment

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

MEMORANDUM

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

RE: Monthly Report on Lottery Operations
Month Ending August 31, 2015

DATE: September 17, 2015

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

Financial statements of the Lottery for the month ending August 31, 2015 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$95,418,734 for the month of August.

Transfers of lottery revenue totaling \$68,963,871 made for the month of August 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 August 31, 2015 was 1,512 and 1,373 respectively.

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

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

JCM
Attachment

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



WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

August 31, 2015

WEST VIRGINIA LOTTERY

TABLE OF CONTENTS

	Page
STATEMENT OF NET POSITION.....	3
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION.....	4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6 – 22
SCHEDULE OF NET REVENUES.....	23

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

ASSETS	August 31, 2015	June 30, 2015
Current Assets:		
Cash and cash equivalents	\$ 131,129	\$ 163,592
Accounts receivable	33,856	33,929
Inventory	559	457
Other assets	1,790	1,894
Total Current Assets	<u>167,334</u>	<u>199,872</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	1,122	1,130
Capital assets	48,701	47,763
Less accumulated depreciation and amortization	<u>(10,178)</u>	<u>(10,000)</u>
Net Capital Assets	<u>38,523</u>	<u>37,763</u>
Total Noncurrent Assets	<u>39,645</u>	<u>38,893</u>
Total Assets	<u>\$ 206,979</u>	<u>\$ 238,765</u>
Deferred outflows of resources	<u>\$ 1,099</u>	<u>\$ 1,099</u>
Total assets and deferred outflows	<u>\$ 208,078</u>	<u>\$ 239,864</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 92,241	\$ 123,920
Estimated prize claims	16,007	15,911
Accounts payable	2,561	2,158
Other accrued liabilities	<u>40,960</u>	<u>41,566</u>
Total Current Liabilities	<u>151,769</u>	<u>183,555</u>
Deferred inflows	<u>\$ 2,153</u>	<u>2,153</u>
Net Position:		
Restricted by enabling legislation	693	1,130
Net Investment in capital assets	38,523	37,763
Unrestricted	<u>14,940</u>	<u>15,263</u>
Total Net Position	<u>54,156</u>	<u>54,156</u>
Total net position, liabilities, and deferred inflows	<u>\$ 208,078</u>	<u>\$ 239,864</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 TWO MONTH PERIOD ENDED AUGUST 31, 2015

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2016	2015	2016	2015
Lottery revenues				
On-line games	\$ 5,210	\$ 6,106	\$ 10,704	\$ 11,901
Instant games	8,724	8,339	16,702	17,431
Racetrack video lottery	47,697	54,092	96,694	105,204
Limited video lottery	29,633	31,297	60,495	61,418
Table games	3,701	4,374	7,665	8,461
Historic resort	456	570	957	1,457
	<u>95,421</u>	<u>104,778</u>	<u>193,217</u>	<u>205,872</u>
Less commissions				
On-line games	363	425	748	828
Instant games	611	583	1,169	1,220
Racetrack video lottery	26,168	29,677	53,050	57,719
Limited video lottery	14,520	15,336	29,642	30,095
Table games	1,568	1,853	3,248	3,585
Historic resort	241	292	521	678
	<u>43,471</u>	<u>48,166</u>	<u>88,378</u>	<u>94,125</u>
Less on-line prizes	2,552	2,951	5,296	5,660
Less instant prizes	5,775	5,498	11,044	11,485
Less ticket costs	125	171	252	323
Less vendor fees and costs	243	584	850	1,279
	<u>8,695</u>	<u>9,204</u>	<u>17,442</u>	<u>18,747</u>
Gross profit	<u>43,255</u>	<u>47,408</u>	<u>87,397</u>	<u>93,000</u>
Administrative expenses				
Advertising and promotions	460	402	1,044	1,092
Wages and related benefits	895	958	1,477	1,632
Telecommunications	72	60	180	129
Contractual and professional	290	613	587	834
Rental	35	23	74	50
Depreciation and amortization	89	171	178	341
Other administrative expenses	133	124	243	215
	<u>1,974</u>	<u>2,351</u>	<u>3,783</u>	<u>4,293</u>
Other Operating Income	<u>631</u>	<u>1,145</u>	<u>855</u>	<u>1,439</u>
Operating Income	<u>41,912</u>	<u>46,202</u>	<u>84,469</u>	<u>90,146</u>
Nonoperating income (expense)				
Investment income	(42)	84	16	96
Distributions to municipalities and counties	(581)	(613)	(1,186)	(1,204)
Distributions -capital reinvestment	(16)	(18)	(35)	(39)
Distributions to the State of West Virginia	(41,273)	(45,655)	(83,264)	(88,999)
	<u>(41,912)</u>	<u>(46,202)</u>	<u>(84,469)</u>	<u>(90,146)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	<u>54,156</u>	<u>55,020</u>	<u>54,156</u>	<u>55,020</u>
Net position, end of period	<u>\$ 54,156</u>	<u>\$ 55,020</u>	<u>\$ 54,156</u>	<u>\$ 55,020</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE TWO MONTH PERIOD ENDED AUGUST 31, 2015

(In Thousands)

-Unaudited-

	2016	2015
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 194,145	\$ 205,293
Cash payments for:		
Personnel costs	(1,416)	(1,579)
Suppliers	(1,832)	(2,356)
Other operating costs	(105,732)	(111,212)
Cash provided by operating activities	<u>85,165</u>	<u>90,146</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(114,943)	(88,048)
Distributions to municipalities and counties	(1,194)	(1,164)
Distributions to racetrack from racetrack cap. reinv. fund	(659)	(1,106)
Cash used in noncapital financing activities	<u>(116,796)</u>	<u>(90,318)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(938)</u>	<u>(107)</u>
Cash flows from investing activities:		
Investment earnings received	<u>98</u>	<u>83</u>
Increase (decrease) in cash and cash equivalents	(32,471)	(196)
Cash and cash equivalents - beginning of period	<u>164,722</u>	<u>151,109</u>
Cash and cash equivalents - end of period	<u>\$ 132,251</u>	<u>\$ 150,913</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 84,469	\$ 90,083
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	178	341
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	73	(2,018)
(Increase) decrease in inventory	(102)	13
(Increase) decrease in other assets	22	89
Increase (decrease) in estimated prize claims	96	1,068
Increase (decrease) in accounts payable	403	14
Increase (decrease) in other accrued liabilities	26	556
Cash provided by operating activities	<u>\$ 85,165</u>	<u>\$ 90,146</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 \$563,913 and \$573,313 of at June 30, 2015 and 2014, 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 August 31, 2015 the carrying amounts of deposits (overdraft) with financial institutions were \$445 thousand with a bank balance (overdraft) of \$496 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):

	August 31, 2015	June 30, 2015
Deposits with financial institutions	\$ 445	\$ 477
Cash on hand at the Treasurer's Office	7,234	21,525
Investments with BTI reported as cash equivalents	124,572	142,720
	\$ 132,251	\$ 164,722

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 August 31, 2015 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2015	Additions	Deletions	Historical Cost At August 31, 2015
Construction in Progress	\$ 1,090	\$ 938	\$ -	\$ 2,028
Buildings	38,084	-	-	38,084
Land	1,434	-	-	1,434
Improvements	260	-	-	260
Equipment	6,895	-	-	6,895
	<u>\$ 47,763</u>	<u>\$ 938</u>	<u>\$ -</u>	<u>\$ 48,701</u>

Accumulated Depreciation:

	Historical Cost At June 30, 2015	Additions	Deletions	Historical Cost At August 31, 2015
Buildings	\$ 3,093	\$ 159	\$ -	\$ 3,252
Improvements	260	-	-	260
Equipment	6,647	19	-	6,666
	<u>\$ 10,000</u>	<u>\$ 178</u>	<u>\$ -</u>	<u>\$ 10,178</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 August 31, 2015 and fiscal year-to-date is as follows:

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 2,250,593	\$ 4,339,438
Hot Lotto	415,897	838,895
Mega Millions	715,966	1,780,255
Total	\$ 3,382,456	\$ 6,958,588

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,126,913	\$ 2,172,992
Hot Lotto	207,960	419,547
Mega Millions	361,418	893,680
Total	\$ 1,696,291	\$ 3,486,219

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 August 31, 2015, the Lotteries share of the prize reserve fund balances were as follows:

Game	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 109,939,920	\$ 1,887,126
Hot Lotto	8,035,798	547,805
Mega Millions	36,124,186	544,873
Total	<u>\$ 154,099,904</u>	<u>\$ 2,979,804</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 \$15,446,835 at August 31, 2015, of which the Lottery's share was \$1,589,433.

NOTE 6 - RACETRACK VIDEO LOTTERY

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

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

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

The WV Lottery, along with the Ohio, Rhode Island, Maryland, and Delaware lotteries, participate in Multi-Jurisdictional Wide Area Progressive (MWAP) video games. This allows each of the lotteries to offer a higher progressive jackpot than they could generate alone. MUSL manages the progressive games and charges each participant a MWAP contribution fee of .74% of the amount wagered. A summary of racetrack video lottery revenues for the month ended August 31, 2015 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2016	2015	2016	2015
Total credits played	\$ 531,141	\$ 606,845	\$ 1,070,634	\$ 1,182,168
Credits (prizes) won	(476,446)	(544,482)	(960,232)	(1,060,633)
Promotional credits played	(6,972)	(8,237)	(13,657)	(16,265)
MWAP Contributions	(26)	(34)	(51)	(66)
Gross terminal income	47,697	54,092	96,694	105,204
Administrative costs	(1,908)	(2,164)	(3,868)	(4,208)
Net Terminal Income	45,789	51,928	92,826	100,996
Less distribution to agents	(26,168)	(29,677)	(53,050)	(57,719)
Racetrack video lottery revenues	<u>\$ 19,621</u>	<u>\$ 22,251</u>	<u>\$ 39,776</u>	<u>\$ 43,277</u>

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

	August 31, 2015	Year-to-Date
State Lottery Fund	\$ 13,737	\$ 27,848
State Excess Lottery Revenue Fund	5,884	11,928
Capital Reinvestment Fund	-	-
Total nonoperating distributions	<u>\$ 19,621</u>	<u>\$ 39,776</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 August 31, 2015 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2016	2015	2016	2015
Total credits played	\$ 352,834	\$ 372,574	\$ 718,011	\$ 731,124
Credits (prizes) won	(323,201)	(341,277)	(657,516)	(669,706)
Gross terminal income	\$ 29,633	\$ 31,297	\$ 60,495	\$ 61,418
Administrative costs	(593)	(626)	(1,210)	(1,228)
Gross Profit	29,040	30,671	59,285	60,190
Commissions	(14,520)	(15,336)	(29,642)	(30,095)
Municipalities and Counties	(581)	(613)	(1,186)	(1,204)
Limited video lottery revenues	<u>\$ 13,939</u>	<u>\$ 14,722</u>	<u>\$ 28,457</u>	<u>\$ 28,891</u>

NOTE 8 – TABLE GAMES

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

The cash transferred to the State Excess Lottery Revenue Fund in the current month is included in Note 10- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended August 31, 2015 were \$10,573,703 and \$21,898,663, respectively. The following table shows the month and year totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2016	2015	2016	2015
Table Games Privilege Tax	\$ 3,701	\$ 4,374	\$ 7,665	\$ 8,461
Interest on Table Games Fund	-	-	-	-
Administrative costs	(317)	(375)	(657)	(725)
Total Available for Distribution	3,384	3,999	7,008	7,736
<u>Less Distributions:</u>				
Racetrack Purse Funds	238	281	493	544
Thoroughbred & Greyhound Development Funds	190	225	394	435
Racing Association Pension Plan	93	110	193	213
Municipalities/ Counties	1,047	1,237	2,168	2,393
Total Distributions	1,568	1,853	3,248	3,585
Excess Lottery Fund	\$ 1,816	\$ 2,146	\$ 3,760	\$ 4,151

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL

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

Historic Resort Video Lottery

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

A summary of historic resort hotel video lottery revenues for the month ended August 31, 2015 and fiscal year-to-date follows (in thousands):

	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Total credits played	\$ 4,682	\$ 5,321	\$ 10,163	\$ 10,669
Credits (prizes) won	(4,280)	(4,877)	(9,293)	(9,751)
Promotional credits played	(71)	(52)	(132)	(97)
MWAP Contributions	-	-	-	-
Gross terminal income	<u>331</u>	<u>392</u>	<u>738</u>	<u>821</u>
Capital reinvestment	(16)	(18)	(35)	(39)
Excess Lottery Fund	(3)	(4)	(7)	(7)
Administrative costs	(18)	(21)	(40)	(44)
Hotel commissions	<u>(140)</u>	<u>(166)</u>	<u>(312)</u>	<u>(347)</u>
Net terminal income	154	183	344	384
Historic Resort Hotel Fund	98	116	219	244
Human Resource Benefit Fund	56	67	125	140

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL (continued)

Historic Resort Table Games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the month and year ended August 31, 2015 were \$354,869 and \$626,618, 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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Table games privilege tax	\$ 125	\$ 178	\$ 219	\$ 636
Administrative Costs	<u>(16)</u>	<u>(23)</u>	<u>(28)</u>	<u>(81)</u>
Total Available for Distribution	109	155	191	555
Historic Resort Hotel Fund	91	130	160	464
Human Resource Benefit Fund	18	25	31	91

Historic Resort Hotel Fund

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

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

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

	<u>Current Month</u>	<u>Year-to-Date</u>
Historic Resort Hotel Video Lottery	\$ 98	\$ 219
Historic Resort Table Games	91	160
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	<u>189</u>	<u>379</u>
Municipalities/ Counties	27	53
Excess Lottery Fund	162	326
Total Distributions	<u>\$ 189</u>	<u>\$ 379</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, 2016 the State Legislature budgeted \$136,319,575 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 August 31, 2015 the Lottery has accrued additional distributions of \$92,241,298. 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>August 31, 2015</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 1,000
Bureau of Senior Services	16,387	33,869
Department of Education	2,330	8,706
Library Commission	1,482	5,539
Higher Education-Policy Commission	937	3,499
Tourism	1,038	3,880
Natural Resources	414	1,547
Division of Culture & History	616	2,301
Department of Education & Arts	206	769
Economic Development Authority	1,000	1,999
School Building Authority	1,800	3,600
Total State Lottery Fund	\$ 26,710	\$ 66,709

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

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 1,899	\$ 3,798
Higher Education Improvement Fund	1,500	3,000
General Purpose Account	5,337	5,337
Higher Education Improvement Fund	2,381	2,381
State Park Improvement Fund	411	411
School Building Authority	1,899	3,798
Refundable Credit	170	170
WV Racing Commission	164	164
WV Department of Health and Human Resources	20,000	20,000
Teacher's Retirement Savings	-	-
Division of Justice and Community Services	-	-
WV Lottery Statutory Transfers	5,387	5,387
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	3,063	3,664
Total State Excess Lottery Revenue Fund	\$ 42,211	\$ 48,110
Total Budgetary distributions:	\$ 68,921	\$ 114,819
Veterans Instant Ticket Fund	\$ 43	\$ 124
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 68,964	\$ 114,943
Accrued nonoperating distributions, beginning	(119,932)	(123,920)
Accrued nonoperating distributions, end	92,241	92,241
	\$ 41,273	\$ 83,264

NOTE 11 – LEASES

The Lottery leases, under a cancelable operating lease, its office and warehouse facilities. The Lottery also leases various office equipment under agreements considered to be cancelable operating leases. Rental expense for the fiscal year-to-date ended August 31, 2015 and August 31, 2014 approximated \$74,053 and \$50,868 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 August 31, 2015 and August 31, 2014 approximated \$76,239 and \$238,088 respectively.

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

NOTE 12 – RESTRICTED NET POSITION

On June 14, 2006, House Bill 106 was enacted by the West Virginia State Legislature to set aside unexpended administrative expenses of the Lottery up to the limits for such expenses established by the enabling legislation of traditional, racetrack video lottery, and limited video lottery games in an amount not to exceed \$20,000,000 beginning in fiscal year 2006 and each year through fiscal year 2012. These assets are to be set aside for the design and construction of a building for the use of the Lottery and certain other State of West Virginia governmental entities. Contributions to the fund for fiscal years ending June 30, 2015 and June 30, 2014 were as follows:

	June 30, 2015	June 30, 2014
Beginning balance	\$ 1,397	\$ 1,640
Additions		
Legislative Appropriations		
Deductions		
Asset acquisition	(267)	(243)
Surplus of excess funds		
Ending balance	\$ 1,130	\$ 1,397

NOTE 13 – COMMITMENTS

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

NOTE 14 - RETIREMENT BENEFITS

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

Employees who retire at or after age sixty with five or more years of contributory service or who retire at or after age fifty-five and have completed twenty-five years of credited service with age and credited service equal to eighty or greater are eligible for retirement benefits as established by State statute. Retirement benefits are payable monthly for life, in the form of a straight-line annuity equal to two percent of the

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

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.

NOTE 14 - RETIREMENT BENEFITS (continued)

Covered employees hired prior to July 1, 2015 are required to contribute 4.5% of their salary to the PERS. Covered employees hired on or after July 1, 2015 will contribute 6.0% of their salary to the PERS Tier II. The Lottery is required to contribute 13.5% of covered employees' salaries to the PERS. The required employee and employer contribution percentages have been established and changed from time to time by action of the State Legislature. The required contributions are not actuarially determined; however, actuarial valuations are performed to assist the Legislature in determining appropriate contributions. The Lottery and employee contributions, for the month ending August 31, 2015 and fiscal year-to-date are as follows (in thousands):

	August 31, 2015	Year-to-Date
Lottery contributions	\$ 27	\$ 54
Employee contributions	81	179
Total contributions	\$ 108	\$ 233

NOTE 15 - RISK MANAGEMENT

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

WORKERS' COMPENSATION INSURANCE

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

PUBLIC EMPLOYEES' INSURANCE AGENCY (PEIA)

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

employees and level of compensation. Coverage under these programs is limited to \$1 million lifetime for health and \$10,000 of life insurance coverage.

NOTE 15 - 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 16– OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

Funding Policy

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

The ARC rate is \$389 and \$270 per employee per month for the years ending June 30, 2015 and 2014 respectively. Through June 30, 2015 and 2014, the Lottery has paid premiums of \$287,861 and \$291,750. As of June 30, 2015 and 2014, the Lottery has recorded a liability of \$4,631,089 and \$4,318,481 on its balance sheet for OPEB.

**SCHEDULE OF REVENUES AND NET REVENUES OF THE
 LOTTERY FUND AND EXCESS LOTTERY FUND
 FOR THE TWO MONTH PERIOD ENDED AUGUST 31, 2015
 (In Thousands)**

	Current Month		FISCAL YEAR	
	<u>Actual</u>	<u>Projected</u>	<u>Actual</u>	<u>Projected</u>
Gross Revenues				
Instant games	8,724	7,916	16,702	15,833
On-line games	5,210	5,791	10,704	11,583
Racetrack video lottery	47,696	42,145	96,692	84,121
Limited video lottery	29,633	31,317	60,495	61,454
Racetrack table games	3,701	3,432	7,666	6,838
Historic resort	454	553	956	1,214
Total gross revenues	<u>95,418</u>	<u>91,154</u>	<u>193,215</u>	<u>181,043</u>
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,601	1,036	2,595	2,071
On-line games	1,876	1,693	3,477	3,385
Racetrack Video Lottery	13,739	12,138	27,853	24,227
Total Lottery Fund net revenues	<u>17,216</u>	<u>14,867</u>	<u>33,925</u>	<u>29,683</u>
Excess Lottery Fund				
Racetrack Video Lottery	5,885	5,199	11,930	10,377
Limited Video Lottery	13,893	14,731	28,462	28,907
Limited Video Lottery Fees	518	-	678	0
Racetrack table games	1,816	1,684	3,761	3,355
Historic resort	165	205	332	472
Total Excess Lottery Fund Net Revenues	<u>22,277</u>	<u>21,819</u>	<u>45,163</u>	<u>43,111</u>
Total Net Revenues	<u>39,493</u>	<u>36,686</u>	<u>79,088</u>	<u>72,794</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: October 6, 2015

Re: Status of General Revenue Fund and State Road Fund as of
September 30, 2015 (FY 16)

We have reviewed the cash flow of the West Virginia general revenue fund as of September 30, 2015 which is the end of the third month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 93.2% of the estimate for the fiscal year. Total collections were \$67.8 million below the estimate for the fiscal year.

Personal Income Tax collections were \$18.9 million below the estimate for the fiscal year.

Consumer sales and use tax collections were \$3.9 million below the estimate for the year.

Severance Tax was \$43.4 million below the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$900 thousand above the estimate for the fiscal year.

State Road Fund

The state road fund collections were 104% of the estimate for the fiscal year. Total collections were \$8.3 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 \$481,800,176.24 as of September 30, 2015.

Balance July 1, 2015	480,055,439.54
Earnings	1,744,736.70
Balance September 30, 2015	481,800,176.24

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$376,111,853.45 as of September 30, 2015.

Balance July 1, 2015	389,044,490.55
Earnings	-12,932,637.10
Balance September 30, 2015	376,111,853.45

The Personal Income Tax Reserve Fund had an \$8 million cash balance as of September 30, 2015.

Balance July 1, 2015	8,000,000.00
Revenues	0.00
Balance September 30, 2015	8,000,000.00

GENERAL REVENUE FUND FY 2014-2015

By Source and by Month

Monthly Revenue Estimates

as of September 30, 2015 OASIS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	FINAL MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES
Personal Income Tax	213,100,000	184,999,307	-28,100,693	459,800,000	440,864,496	-18,935,504
Consumer Sales Tax & Use Tax	105,400,000	100,970,430	-4,429,570	292,800,000	288,947,824	-3,852,176
Severance Tax	47,800,000	24,354,043	-23,445,957	82,500,000	39,074,892	-43,425,108
Corp Income /Business Franchise	35,000,000	34,712,821	-287,179	45,000,000	45,874,802	874,802
Insurance Tax	600,000	508,293	-91,707	28,100,000	28,020,876	-79,124
Tobacco Products Tax	7,400,000	7,950,643	550,643	26,600,000	27,100,251	500,251
Business and Occupation	8,200,000	9,591,917	1,391,917	26,400,000	29,338,854	2,938,854
Liquor Profit Transfers	1,030,000	1,055,000	25,000	3,360,000	3,853,817	493,817
Departmental Collections	1,023,000	1,020,981	-2,019	3,135,000	3,270,172	135,172
Property Transfer Tax	1,737,000	964,555	-772,445	4,026,000	3,198,027	-827,973
Property Tax	1,862,000	2,291,617	429,617	2,338,000	2,761,818	423,818
Beer Tax and Licenses	588,000	671,564	83,564	1,964,000	2,109,132	145,132
Miscellaneous Transfers	286,000	137,239	-148,761	1,300,000	199,814	-1,100,186
Interest Income	1,250,000	44,861	-1,205,139	3,750,000	-758,426	-4,508,426
Senior Tax Credit Reimbur Lot	0	0	0	845,000	169,841	-675,159
HB 102 - Lottery Transfers	5,256,000	5,638,228	382,228	10,063,000	10,975,652	912,652
Miscellaneous Receipts	3,953,000	4,036,382	83,382	5,379,000	4,472,858	-906,142
Business Fran Registration Fees	35,000	60,538	25,538	165,000	219,412	54,412
Liquor License Renewal	0	0	0	71,000	70,724	-276
Special Revenue Transfer	0	0	0	0	0	0
Charter Tax	0	3,161	3,161	0	-13,539	-13,539
Video Lottery Transfers	0	8,772	8,772	0	46,910	46,910
July-Dec Retro Rev Adj	0	0	0	0	0	0
Cash Flow Transfer	0	-64,000,000	-64,000,000	0	0	0
SUBTOTALS	434,520,000	315,020,353	-119,499,647	997,596,000	929,798,209	-67,797,791
Less: Cash Flow Transfer		64,000,000				
TOTALS	434,520,000	379,020,353	-55,499,647	997,596,000	929,798,209	-67,797,791

Percent of Estimates

87.23%

93.20%

Collections this day

25,183,950

GENERAL REVENUE FUND FY 2014-2015

By Source and by Month

Monthly Revenue Estimates

as of September 30, 2015 OASIS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	FINAL MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES
Personal Income Tax	213,100,000	184,999,307	-28,100,693	459,800,000	440,864,496	-18,935,504
Consumer Sales Tax & Use Tax	105,400,000	100,970,430	-4,429,570	292,800,000	288,947,824	-3,852,176
Severance Tax	47,800,000	24,354,043	-23,445,957	82,500,000	39,074,892	-43,425,108
Corp Income /Business Franchise	35,000,000	34,712,821	-287,179	45,000,000	45,874,802	874,802
Insurance Tax	600,000	508,293	-91,707	28,100,000	28,020,876	-79,124

STATE ROAD FUND FY 2014-2015
 By Source and by Month
 Monthly Revenue Estimates
 as of September 30, 2015 OASIS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	FINAL MONTHLY COLLECTIONS OVER ESTIMATES	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY COLLECTIONS OVER ESTIMATES
Gasoline & Motor Carrier Rd Tax	38,400,000	38,873,370	473,370	116,400,000	110,197,583	-6,202,417
Privilege Tax	17,072,000	19,201,598	2,129,598	53,073,000	58,281,959	5,208,959
Licenses & Registration	6,559,000	6,055,084	-503,916	24,046,000	18,889,983	-5,156,017
Miscellaneous	0	-12,470,833	-12,470,833	0	14,229,021	14,229,021
Highway Litter Control	124,000	201,777	77,777	455,000	655,042	200,042
TOTALS	62,155,000	51,860,996	-10,294,004	193,974,000	202,253,587	8,279,587

Percent of Estimates

83.44%

104.27%

Collections this day

19,659,161

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of August 31, 2015 : \$420,308,335.01

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of August 31, 2015: \$385,147,777.88

PERSONAL INCOME TAX REFUND RESERVE FUND as of August 31, 2015: \$8,000,000.00

Prepared by Legislative Auditor's Office, Budget Division

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

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

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

Date: October 5, 2015

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the August 31, 2015 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of August 31, 2015 of fiscal year 2015-2016, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2015	\$ 115,210,747.46
Receipts July 1, 2015 thru August 31, 2015	\$ 52,124,855.96
Disbursements July 1, 2015 thru August 31, 2015	\$ 43,348,539.10
Balance August 31, 2015	\$ 123,987,064.32

ITEMS OF NOTE:

Regular benefits paid for July 2015 - August 2015 were \$ 9.8 million more than July 2014 - August 2014.

Federal emergency benefits totaled \$ -22 thousand for July 2015 - August 2015. For July 2014 - August 2014, federal emergency benefits totaled \$ -50 thousand.

Total disbursements were \$ 10.8 million more in July 2015 - August 2015 than the preceding July 2014 - August 2014.

Receipts as of August 2015 were \$ 484 thousand more than in July 2014 - August 2014. Overall ending trust fund balance was \$ 6.9 million lower on August 31, 2015 than on August 31, 2014.

Seasonally adjusted unemployment rates for August 2015 were 7.6 percent for West Virginia and 5.1 percent nationally.

Since August 2014, employment has decreased by 19,500. Employment gains included 2,100 in educational and health services, 300 in manufacturing, 800 in trade, transportation, and utilities, 300 in professional and business services, and 100 in other services. Employment declines included 10,700 in government, 5,100 in construction, 3,100 in mining and logging, 2,900 in leisure and hospitality, 1,000 in financial activities, and 300 in information.

September 10, 2015

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

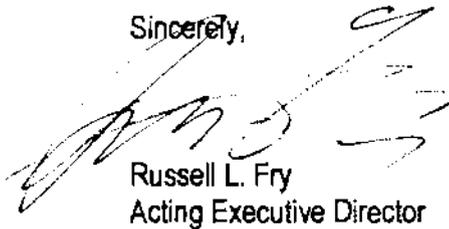
RE: Monthly Status Report

Dear Mr. Spencer:

Please find attached, the Monthly Status Report for the Joint Committee on Government and Finance, Unemployment Compensation Trust Fund for the month of August 2015.

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/gew

Enclosure

pc: Earl Ray Tomblin

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

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING JUNE 2014 AND JUNE 2015**

	<u>JUNE 2014</u>	<u>JULY 2014</u>	<u>AUGUST 2014</u>	<u>JUNE 2015</u>	<u>JULY 2015</u>	<u>AUGUST 2015</u>	<u>THREE MONTH TOTAL VARIANCE *</u>
Balance Forward	<u>\$129,789,545.81</u>	<u>\$111,805,447.81</u>	<u>\$118,142,200.75</u>	<u>\$133,605,137.80</u>	<u>\$115,210,747.46</u>	<u>\$117,536,674.18</u>	<u>\$6,615,365.07</u>
Add Receipts:							
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions:	\$2,299,241.93	\$23,213,783.25	\$27,921,102.10	\$1,554,468.12	\$24,038,360.29	\$27,554,977.13	(\$286,321.74)
3. Federal Emergency Benefits (EUC08)	(\$554,373.00)	\$370.96	\$210.99	\$178.00	\$196.99	\$6.00	\$554,172.04
4. Federal Share Extended Benefits (EB)	\$0.00	\$21.00	\$95.00	\$0.00	\$0.00	\$186.99	\$70.99
5. Temp Federal Additional Comp (FAC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6. UCFE (Federal Agencies)	\$106,601.45	\$130,842.15	\$90,201.66	\$158,972.41	\$127,406.22	\$140,398.31	\$99,131.68
7. Special Administrative Transfer	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8. Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9. UC Modernization Incentive	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10. Treasury Interest Credits	\$595,487.41	\$0.00	\$0.00	\$609,481.28	\$0.00	\$0.00	\$13,993.87
11. UCX (Military Agencies)	\$148,503.24	\$152,450.22	\$132,184.77	\$145,330.35	\$123,044.84	\$140,279.19	(\$24,483.85)
12. WV Insurance Committee-Senate Bill 246	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
13. CMIA Receipts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Receipts	<u>\$2,595,461.03</u>	<u>\$23,497,467.58</u>	<u>\$28,143,794.52</u>	<u>\$2,468,430.16</u>	<u>\$24,289,008.34</u>	<u>\$27,835,847.62</u>	<u>\$356,562.99</u>
Less Disbursements:							
Debt Bond Repayment	(Retired)						
Regular Benefits:	\$19,372,249.37	\$16,926,438.69	\$15,137,023.18	\$20,629,796.23	\$20,725,904.07	\$21,106,610.82	\$11,026,599.88
Federal Emergency Benefits (EUC08)	(\$35,910.18)	(\$33,825.91)	(\$16,608.48)	(\$37,784.88)	(\$12,175.52)	(\$10,055.68)	\$26,328.49
Federal Share Extended Benefits (EB)	(\$4,486.00)	(\$989.00)	(\$1,623.00)	(\$773.00)	(\$50.00)	\$174.98	\$6,449.98
Emergency Benefits (TEUC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Temp Federal Additional Comp (FAC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
UCFE (Federal Workers) Benefits	\$117,131.56	\$121,160.18	\$97,190.16	\$139,634.19	\$127,543.86	\$146,863.09	\$78,559.24
UCX (Military Workers) Benefits	\$152,125.52	\$147,930.68	\$145,555.37	\$131,947.96	\$121,859.21	\$141,864.27	(\$49,940.13)
Reed Act Funds	\$978,448.76	\$0.00	\$0.00	\$0.00	\$1,000,000.00	\$0.00	\$21,551.24
Special Administrative Transfer**	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Disbursements	<u>\$20,579,559.03</u>	<u>\$17,160,714.64</u>	<u>\$15,361,537.23</u>	<u>\$20,862,820.50</u>	<u>\$21,963,081.62</u>	<u>\$21,385,457.48</u>	<u>\$11,109,548.70</u>
Trust Fund Balance	<u>\$111,805,447.81</u>	<u>\$118,142,200.75</u>	<u>\$130,924,458.04</u>	<u>\$115,210,747.46</u>	<u>\$117,536,674.18</u>	<u>\$123,997,064.32</u>	<u>(\$4,137,620.64)</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 BALANCES & PROJECTIONS FOR 2015

October 7, 2015

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

2015			
January	\$ 8,600,000	\$ 21,093,000	\$ 93,507,000
February	\$ 16,594,000	\$ 22,290,000	\$ 87,811,000
March	\$ 1,767,000	\$ 24,343,000	\$ 65,235,000
April	\$ 30,308,000	\$ 19,668,000	\$ 75,875,000
May	\$ 76,149,000	\$ 18,419,000	\$ 133,605,000
June	\$ 2,234,000	\$ 20,629,000	\$ 115,210,000
July	\$ 24,051,000	\$ 21,725,000	\$ 117,536,000
August	\$ 27,557,000	\$ 21,106,000	\$ 123,987,000
September	\$ 1,614,000	\$ 15,826,000	\$ 109,775,000
October	\$ 11,955,000	\$ 16,502,000	\$ 105,228,000
November	\$ 13,396,000	\$ 18,508,000	\$ 100,116,000
December	\$ 1,620,000	\$ 25,353,000	\$ 76,383,000
Totals - 2015	\$ 215,845,000	\$ 245,462,000	\$ 76,383,000

The average unemployment rate in West Virginia for CY 2014 was 6.5%.

The average projected unemployment rate for West Virginia for CY 2015 is 7.4%

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

A proud partner of the AmericanJobCenter® network

PEIA

October Interim Talking Points

- **PEIA and RHBT financial results for July 2015 are available for your review.**
- **PEIA is currently on plan for FY 2016.**
- **And RHBT is currently slightly behind plan at \$1.3 million for FY 2016. This is attributable to actual claim expenses being slightly higher than budgeted expenses and investment income below budget.**



Financial Statements

July 2015

West Virginia Legislative Interims
October 2015

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For the One Month Ending Friday, July 31, 2015
(In Thousands)

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
A D D I T I O N S							
Employer Premiums:							
\$263	\$268	\$268	Health premiums	(\$5)	(2%)	(\$5)	(2%)
10,273	10,425	10,382	Pay Go Premiums	(152)	(1%)	(109)	(1%)
9	0	2	Annual required contributions	9	0%	8	422%
10,546	10,693	10,652	Total Employer Premiums	(147)	(1%)	(106)	(1%)
Member Premiums:							
6,618	6,742	6,587	Health premiums	(124)	(2%)	31	0%
2,061	2,075	2,083	Pay Go Premiums	(14)	(1%)	(22)	(1%)
1,959	2,003	1,903	Life Insurance Premiums	(44)	(2%)	57	3%
10,637	10,820	10,572	Total Member Premiums	(183)	(2%)	65	1%
21,184	21,514	21,224	Total Premium Additions	(330)	(2%)	(41)	(0%)
Other Additions:							
100	60	67	Retiree Drug Subsidy	40	67%	33	50%
1,956	3,947	(5,304)	Investment Income	(1,992)	(50%)	7,260	(137%)
23,240	25,521	15,987	TOTAL ADDITIONS	(2,281)	(9%)	7,253	45%
D E D U C T I O N S							
11,929	12,273	11,032	Payments to Managed Care Org.	343	3%	(897)	(8%)
1,911	1,875	1,762	Life Insurance Expense	(36)	(2%)	(149)	(8%)
5,493	5,242	5,211	Medical Claims Expense	(251)	(5%)	(282)	(5%)
1,946	2,833	2,049	Pharmacy Claims Expense	887	31%	103	5%
3	3	0	Comparative Effectiveness Research Fee	0	0%	(3)	0%
46	46	71	ACA Reinsurance Contribution	0	0%	25	35%
161	170	123	Administrative Service Fees (External)	9	5%	(38)	(30%)
239	229	224	Other Operating Expenses	(11)	(5%)	(17)	(8%)
21,728	22,671	20,472	TOTAL DEDUCTIONS	(943)	(4%)	1,256	6%
1,512	2,850	(4,485)	NET POSITION INCREASE (DECREASE)	(1,338)	(47%)	5,997	(134%)
Net Position Restricted for Post Employment Benefits							
702,444	702,444	691,558	Beginning of Period Total Net Position	0	0%	10,886	2%
\$703,956	\$705,294	\$687,073	End of Period Total Net Position	(\$1,338)	(0%)	\$16,883	2%

Accrual Basis / Unaudited / Internal Use Only

9/17/2015 2:33 PM

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



August 31

	2015	2014
	(in thousands)	
ASSETS		
Short Term Assets		
Cash and Equivalents	\$ 26,110	\$ 25,864
Advance Deposit with Carrier/Trustee	208,772	186,924
Receivables - Net	6,111	13,549
Prepaid Insurance	4,267	
Total Short Term Assets	245,260	226,337
Long Term Assets		
Investments	129,390	149,003
Total Long Term Assets	129,390	149,003
TOTAL ASSETS	374,650	375,340
LIABILITIES		
Short Term Liabilities		
Accounts payable	11,287	1,967
Claims Payable	267	-
OPEB Liability	388	372
Agents Commissions Payable	1,178	939
Unearned Revenue	13,114	7,518
Current Estimated Claim Reserve	47,890	49,793
Total Short Term Liabilities	74,124	60,589
Long Term Liabilities		
Compensated Absences	76	64
Estimated Noncurrent Claim Reserve	114,390	105,112
Total Long Term Liabilities	114,466	105,176
TOTAL LIABILITIES	188,590	165,765
Prior Year Net Assets	193,216	214,203
Current Year Earnings	(7,156)	(4,628)
TOTAL NET ASSETS	186,060	209,575
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 374,650	\$ 375,340

DRAFT - Unaudited - Management Purposes Only

West Virginia Board of Risk and Insurance Management
UNAUDITED INCOME STATEMENT
For the two months ended



	August 31	
	2015	2014
	(in thousands)	
Operating Revenues		
Premium Revenues	\$ 11,519	\$ 9,789
Less - Excess Insurance	(1,127)	(968)
Total Operating Revenues	10,392	8,821
Operating Expenses		
Claims Expense	12,942	13,663
Property & MS Claims Expense	1,346	770
Personal Services	238	234
General & Administrative Expense	375	407
Total Operating Expenses	14,901	15,074
Operating Income (Loss)	(4,509)	(6,253)
Nonoperating Revenues		
Investment Income	(2,647)	1,625
Total Nonoperating Revenues	(2,647)	1,625
Net Income	\$ (7,156)	\$ (4,628)

DRAFT - Unaudited - Management Purposes Only

Department of Administration Real Estate Division Leasing Report
For the period of September 1, 2015 through September 30, 2015

NEW CONTRACT OF LEASE

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-190 New Contract of Lease for 20 years consisting of 28,064 square feet of office and storage space, at the annual per square foot rate of \$15.00, annual cost of \$420,960.00, with a one \$1.00 dollar increase in the annual per square foot rate every 5 years, 3949 Lochgelly Road, in the City of Oak Hill, Fayette County, West Virginia.

DIVISION OF REHABILITATION SERVICES

DRS-126 New Contract of Lease for 5 years consisting of 80 square feet of office space at the monthly rate of \$90.00, annual cost \$1,080.00, full service, 200 8th Street, in the City of Marlinton, Pocahontas County, West Virginia.

STRAIGHT RENEWAL

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-103 Renewal for 5 years consisting of 200 square feet of storage space at the current monthly rate of \$65.00, annual cost \$780.00, Lucas Dairy Road, in the City of Grafton, Taylor County, West Virginia.

DEPARTMENT OF ENVIRONMENTAL PROTECTION

APC-020 Renewal for 5 years consisting of a plot of land 14 x 16, at the current annual rate of \$600.00, in the City of New Cumberland, Hancock County, West Virginia.

DEP-159 Renewal for 2 years consisting of 150 square feet of storage space at the current monthly rate of \$60.00, annual cost \$720.00, full service, Cherry Ridge Road, in the City of Mt. Storm, Grant County, West Virginia.

COUNCIL OF THREE RIVERS

CTR-001-SUB Renewal for 1 year consisting of 250 square feet of office space, at the current monthly rate of \$200.00, annual cost \$2,400.00, full service, 1321 Plaza East, in the City of Charleston, Kanawha County.

OFFICES OF THE INSURANCE COMMISSIONER

INS-022 Renewal for 2 years consisting of 700 square feet of storage space at the current annual per square foot rate of \$7.75, annual cost \$5,425.00, full service, 4510 Pennsylvania Avenue, in the City of Big Chimney, Kanawha County, West Virginia.

RENEWAL WITH INCREASE IN RENT

DEPARTMENT OF VETERANS ASSISTANCE

VET-033 Renewal for 3 years consisting of 700 square feet of office space with an increase in the annual per square foot rate from \$14.18 to \$15.99, annual cost \$11,196.00, full service, 115-16 Aikens Center, in the City of Martinsburg, Berkeley County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-239 Renewal for 10 years consisting of 12,346 square feet of office space with an increase in the annual per square foot rate from \$9.00 to \$10.80, annual cost \$133,336.80, 677 Ripley Road, in the City of Spencer, Roane County, West Virginia.

RENEWAL WITH DECREASE IN RENT

ATTORNEY GENERAL'S OFFICE

AGO-015 Renewal for 5 years consisting of 13,712 square feet of office space with a decrease in the annual per square foot rate from \$15.65 to \$13.50, annual cost \$185,112.00, updated annual rent, full service, 812 Quarrier Street, in the City of Charleston, Kanawha County, West Virginia.

AGO-016 Renewal for 5 years consisting of 4,821 square feet of office space with a decrease in the annual per square foot rate from \$15.65 to \$13.50, annual cost \$65,083.56, updated annual rent, full service, 812 Quarrier Street, in the City of Charleston, Kanawha County, West Virginia.

AGO-018 Renewal for 5 years, consisting of 2,150 square feet of office space with a decrease in the annual per square foot rate from \$14.51 to \$13.50, annual cost \$29,025.00, updated annual rent, full service, 208 Capitol Street, in the City of Charleston, Kanawha County, West Virginia.

INCREASE IN SQUARE FEET

DIVISION OF REHABILITATION SERVICES

DRS-100 Increase of square feet from 3,162 square feet to 3,324 square feet, at the current annual per square foot rate of \$14.00, annual cost \$46,536.00, full service, 110 Park Avenue, in City of Welch, McDowell County, West Virginia.

RENEWAL WITH DECREASE IN SQUARE FEET – DOA OWNED

DEPARTMENT OF ADMINISTRATION - FINANCE DIVISION

F&A-025 Renewal for 3 years with a decrease of square feet from 2,057 square feet to 683 square feet of office space at the current annual per square foot rate of \$8.95, annual cost \$6,112.85, full service, 2019 Washington Street, East, in the City of Charleston, Kanawha County, West Virginia.

DEPARTMENT OF ADMINISTRATION - OFFICE OF TECHNOLOGY

F&A-005 Renewal for 3 years with a decrease of square feet from 26,556 square feet to 22,711 square feet of office space at the current annual per square foot rate of \$11.00, annual cost \$249,821.04, full service, 1900 Kanawha Boulevard East, in the City of Charleston, Kanawha County, West Virginia.

Real Estate Division
 Monthly Summary of Lease Activity
 September 1-30, 2015

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Department of Environmental Protection	DEP-190	Fayette	28,064	15.00	420,960	20	8,419,200 *
2	Division of Rehabilitation Services	DRS-126	Pocahontas	80	0.00	1,080	5	5,400
3	Department of Health and Human Resources	HHR-103	Taylor	200	0.00	780	5	3,900
4	Department of Environmental Protection	APC-020	Hancock	0	0.00	600	5	3,000
5	Department of Environmental Protection	DEP-159	Grant	150	0.00	720	2	1,440
6	Council of Three Rivers	CTR-001	Kanawha	250	0.00	2,400	1	2,400
7	Offices of the Insurance Commissioner	INS-022	Kanawha	700	7.75	5,425	2	10,850
8	Department of Veterans Assistance	VET-033	Berkeley	700	15.99	11,193	3	33,579
9	Department of Health and Human Resources	HHR-239	Roane	12,346	10.80	133,337	10	1,333,368 *
10	Attorney General's Office	AGO-015	Kanawha	13,712	13.50	185,112	5	925,560
11	Attorney General's Office	AGO-016	Kanawha	4,821	13.50	65,084	5	325,418
12	Attorney General's Office	AGO-018	Kanawha	2,150	13.50	29,025	5	145,125
13	Division of Rehabilitation Services	DRS-100	McDowell	3,324	14.00	46,536	5	232,680
14	Department of Administration - Finance Division	F&A-025	Kanawha	683	8.95	6,113	3	18,339
15	Department of Admin. - Office of Technology	F&A-005	Kanawha	22,711	11.00	249,821	3	749,463

	123.99
Total Rentable Square Feet	<u>89,891</u>
Average Annual Rental Rate	12.40
Total Annual Rent	<u>1,158,185</u>

* Indicates that rent will exceed \$1,000,000.00 within the lease term.

Joint Committee on Government and Finance

October 2015

Department of Health and Human Resources

**MEDICAID REPORT
August 2015 Data**

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2016

MONTH OF AUGUST 2015

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2015	SFY2016	Current Month Ended 8/31/15	Current Month Ended 8/31/15	Year To-Date Thru 8/31/15	9/1/15 Thru 6/30/16
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	259,534,546	192,501,502	25,936,259	18,089,172	42,087,925	150,413,577
Inpatient Hospital - DSH	54,744,826	56,379,600	13,430,303	14,094,900	13,430,303	42,949,297
Inpatient Hospital - Supplemental Payments	84,334,445	94,593,746	15,616,385	15,631,339	20,918,310	73,675,436
Inpatient Hospital - GME Payments	6,212,903	6,325,883	1,581,476	1,581,469	1,581,476	4,744,407
Mental Health Facilities	92,645,721	107,767,853	8,812,337	7,235,735	16,490,010	91,277,843
Mental Health Facilities - DSH Adjustment Payments	18,878,790	18,886,800	4,721,761	4,721,700	4,721,761	14,165,039
Nursing Facility Services - Regular Payments	595,055,199	597,169,653	54,228,808	49,880,577	104,903,042	492,266,611
Nursing Facility Services - Supplemental Payments ⁽²⁾	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	66,746,902	70,498,800	5,596,425	5,874,900	12,134,192	58,364,608
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	203,212,970	105,826,502	19,260,147	10,184,161	30,861,441	74,965,061
Physicians Services - Supplemental Payments	32,315,705	29,033,600	4,999,663	-	8,921,046	20,112,554
Physician and Surgical Services - Evaluation and Management	10,747,712	-	30,897	-	49,729	(49,729)
Physician and Surgical Services - Vaccine Codes	39,310	-	100	-	122	(122)
Outpatient Hospital Services - Regular Payments	183,696,235	108,150,368	17,291,571	10,356,697	29,718,025	78,432,343
Outpatient Hospital Services - Supplemental Payments	74,671,549	188,691,259	18,039,988	18,128,117	19,080,750	169,610,509
Prescribed Drugs	446,971,859	308,412,374	43,399,886	29,411,687	74,455,543	233,956,831
Drug Rebate Offset - National Agreement	(225,015,927)	(168,559,200)	(1,242,011)	(7,103,085)	(55,966,922)	(112,592,278)
Drug Rebate Offset - State Sidebar Agreement	(15,905,952)	(9,007,200)	(1,891,797)	(379,563)	(3,373,344)	(5,633,856)
Drug Rebate Offset - MCO National	(45,732,577)	(36,008,400)	(1,334,013)	(1,517,394)	(10,087,152)	(25,921,248)
Drug Rebate Offset - MCO State Sidebar Agreement	(4,151,916)	(3,098,400)	(498,927)	(130,567)	(781,578)	(2,316,822)
Dental Services	31,430,204	20,361,430	2,531,766	1,950,181	4,266,303	16,095,127
Other Practitioners Services - Regular Payments	20,379,468	12,984,934	1,801,033	1,259,918	2,911,648	10,073,286
Other Practitioners Services - Supplemental Payments	-	75,536	-	7,263	-	75,536
Clinic Services	7,081,157	5,832,562	556,670	496,328	1,083,171	4,749,391
Lab & Radiological Services	46,852,349	25,678,438	4,299,778	2,465,630	7,319,519	18,358,919
Home Health Services	55,466,443	48,869,575	6,520,621	4,729,941	9,595,340	39,274,235
Hysterectomies/Sterilizations	406,748	173,529	36,463	16,609	64,368	109,161
Pregnancy Terminations ⁽⁴⁾	375,310	246,000	58,511	23,510	69,212	176,788
EPSDT Services	1,226,053	836,130	213,882	79,959	325,035	511,095
Rural Health Clinic Services	17,179,959	10,556,545	1,177,421	991,694	2,729,625	7,826,920
Medicare Health Insurance Payments - Part A Premiums	16,692,882	16,664,400	1,509,110	1,388,700	3,022,241	13,642,159
Medicare Health Insurance Payments - Part B Premiums	90,742,492	99,588,000	7,413,675	8,299,000	14,808,380	84,779,620
120% - 134% Of Poverty	7,003,332	7,789,300	566,565	744,606	1,120,437	6,668,863
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	10,430,719	9,640,800	924,379	921,596	1,597,868	8,042,932

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2016

	MONTH OF AUGUST 2015		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2015	SFY2016	Current Month Ended 8/31/15	SFY2016	Current Month Ended 8/31/15	Current Month Ended 8/31/15	Year To-Date Thru 8/31/15	9/1/15 Thru 6/30/16
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	604,638,556	1,191,411,185	53,811,854		97,606,479	104,342,796	1,087,068,389	
Medicaid MCO - Evaluation and Management	10,183,868	-	-		-	-	-	
Medicaid MCO - Vaccine Codes	517,315	-	-		-	-	-	
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-		-	-	-	
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-		-	-	-	
Medicaid Health Insurance Payments: Group Health Plan Payments	560,514	548,800	46,037		52,462	92,417	456,383	
Medicaid Health Insurance Payments: Coinsurance	-	-	-		-	-	-	
Medicaid Health Insurance Payments: Other	-	-	-		-	-	-	
Home & Community-Based Services (MR/DD)	363,978,617	375,103,800	33,028,440		35,857,567	60,565,637	314,538,163	
Home & Community-Based Services (Aged/Disabled)	102,849,082	117,097,831	10,257,953		11,276,138	18,067,747	99,030,084	
Home & Community-Based Services (Traumatic Brain Injury)	876,006	2,253,300	119,826		216,663	209,479	2,043,821	
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	75,577,907	73,617,354	7,096,036		7,037,657	13,325,701	60,291,653	
Personal Care Services - SDS 1915(j)	-	-	-		-	-	-	
Targeted Case Management Services - Com. Case Management	-	-	-		-	-	-	
Targeted Case Management Services - State Wide	3,085,702	2,867,669	328,211		274,716	524,197	2,343,472	
Primary Care Case Management Services	103,803	122,413	8,244		11,703	16,380	106,033	
Hospice Benefits ⁽³⁾	26,445,147	26,313,918	2,824,582		2,515,550	5,146,295	21,167,623	
Emergency Services Undocumented Aliens	72,090	139,700	8,193		13,356	13,277	126,423	
Federally Qualified Health Center	61,804,749	43,953,670	4,071,586		4,200,426	7,148,892	36,804,778	
Non-Emergency Medical Transportation	34,823,256	33,703,796	2,883,745		3,240,830	5,736,523	27,967,273	
Physical Therapy	5,722,233	2,936,965	556,019		281,069	945,710	1,991,255	
Occupational Therapy	624,577	574,815	73,612		54,953	129,920	444,895	
Services for Speech, Hearing & Language	633,232	536,529	63,433		51,291	95,580	440,949	
Prosthetic Devices, Dentures, Eyeglasses	2,305,840	1,886,791	230,615		180,524	390,083	1,496,708	
Diagnostic Screening & Preventive Services	1,704,754	757,500	185,715		72,506	299,261	458,239	
Nurse Mid-Wife	503,608	635,487	76,695		60,768	107,840	527,647	
Emergency Hospital Services	(448)	-	192		-	192	(192)	
Critical Access Hospitals	71,608,002	47,924,409	6,789,849		4,513,186	12,204,627	35,719,782	
Nurse Practitioner Services	5,052,021	3,702,293	623,793		354,336	1,045,303	2,656,990	
School Based Services	36,294,586	56,575,009	2,484,327		5,416,808	5,065,545	51,509,464	
Rehabilitative Services (Non-School Based)	94,547,692	84,537,087	8,715,259		6,895,936	14,621,383	69,915,704	
Private Duty Nursing	7,642,494	7,570,500	745,097		723,692	1,228,717	6,341,783	
Health Home for Enrollees w Chronic Conditions	238,519	600,000	47,878		57,692	97,701	502,299	
Other Care Services	31,453,484	23,625,311	3,156,882		2,272,181	5,444,054	18,181,257	
Less: Recoupments	-	-	(256,204)		-	(297,574)	297,574	
NET MEDICAID EXPENDITURES:	3,688,116,621	4,025,858,052	393,567,001		382,673,269	614,625,509	3,411,232,544	

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2016

MONTH OF AUGUST 2015

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2015	SFY2016	Current Month Ended 8/31/15	Current Month Ended 8/31/15	Year To-Date Thru 8/31/15	9/1/15 Thru 6/30/16
Collections: Third Party Liability (line 9A on CMS-64)	(9,862,202)	-	-	-	-	-
Collections: Probate (line 9B on CMS-64)	(919,956)	-	-	-	-	-
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	-	-	-	-	-	-
Collections: Other (line 9D on CMS-64)	(13,822,233)	-	-	-	-	-
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	3,663,512,229	4,025,858,052	393,567,001	382,673,269	614,625,509	3,411,232,544
Plus: Medicaid Part D Expenditures	36,926,444	39,285,595	3,090,749	3,273,800	6,179,173	33,106,422
Plus: State Only Medicaid Expenditures	606,484	1,017,615	89,161	97,848	126,317	891,298
Plus: Money Follow the Person Expenditures	1,298,632	5,140,141	129,820	494,244	251,938	4,888,203
TOTAL MEDICAID EXPENDITURES	\$ 3,702,343,790	\$ 4,071,301,403	\$ 396,876,731	\$ 386,539,161	\$ 621,182,936	\$ 3,450,118,468
Plus: Reimbursables ⁽¹⁾	5,039,370	5,615,668	437,215	539,968	677,150	4,938,518
Plus: NATCEP/PASARR/Eligibility Exams	267,913	332,214	2,595	31,944	53,451	278,763
Plus: HIT Incentive Payments	12,584,631	45,905,723	42,500	4,414,012	59,500	45,846,223
TOTAL EXPENDITURES	\$ 3,720,235,704	\$ 4,123,155,008	\$ 397,359,041	\$ 391,525,085	\$ 621,973,037	\$ 3,501,181,971

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

(2) Of the amount in the "Nursing Facility Services-Regular Payments" line, \$3,417,866 is the amount paid to State Facilities year to date.

(3) Of the amount in the "Hospice Benefits" line, \$3,912,396 is the amount paid to Nursing Facilities for Hospice Benefits year to date.

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

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 MEDICAID CASH REPORT
 SFY2016

2 Months Actuals 10 Months Remaining

MONTH OF AUGUST 2015	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2015	Current Month Ended 8/31/15	Year-To-Date Thru 8/31/15	9/1/2015 Thru 6/30/16	SFY2016
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	\$ 32,021,465	\$ 41,954,601	\$ 19,797,518	\$ -	\$ 19,797,518
MATCHING FUNDS					
General Revenue (0403/189)	304,124,566	31,076,689	62,153,378	403,996,953	466,150,331
MRDD Waiver (0403/466)	87,841,010	5,916,899	11,833,798	76,919,685	88,753,483
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,333	432,666	2,163,334	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,667	1,059,334	5,296,666	6,356,000
Traumatic Brain Injury (0403/835)	800,000	53,333	106,667	693,333	800,000
Title XIX Waiver for Seniors (0403-533)	13,593,620	906,241	1,812,482	11,781,138	13,593,620
Medical Services Surplus (0403/633)	41,238,413	-	-	-	-
Waiver for Senior Citizens Surplus (0403/526)	-	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	17,008,768	3,980,605	3,980,605	15,922,421	19,903,026
Lottery Waiver (0420/539)	15,957,690	2,812,686	2,812,686	11,250,746	14,063,432
Lottery Transfer (5405/871)	40,025,462	1,734,000	1,734,000	6,936,000	8,670,000
Excess Lottery (5365/189)	35,901,082	-	-	14,422,140	14,422,140
Lottery Surplus (5405/68199)	-	10,000,000	10,000,000	-	10,000,000
Lottery Surplus (5365/68100)	-	20,000,000	20,000,000	-	20,000,000
Trust Fund Appropriation (5185/189)	112,246,112	-	-	59,223,557	59,223,557
Provider Tax (5090/189)	199,790,969	15,982,756	36,582,109	170,872,585	207,454,693
NSGO UPL (5084/6717)	861,352	-	298,177	943,226	1,241,403
Certified Match	19,862,122	1,392,741	2,823,698	22,439,976	25,263,674
Reimbursables - Amount Reimbursed	14,043,214	443,093	565,756	5,049,912	5,615,668
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	888,274	48,850	98,174	801,826	900,000
CHIP State Share	14,794,668	-	-	1,056,491	1,056,491
CMS - 64 Adjustments	1,050,260	-	-	-	-
TOTAL MATCHING FUNDS	\$ 961,001,047	\$ 137,048,494	\$ 176,091,048	\$ 809,769,989	\$ 985,861,037
FEDERAL FUNDS	\$ 2,809,228,738	\$ 300,844,193	\$ 477,999,635	\$ 2,684,918,248	\$ 3,162,917,884
TOTAL REVENUE SOURCES	\$ 3,770,229,785	\$ 437,892,688	\$ 654,090,683	\$ 3,494,688,237	\$ 4,148,778,920
TOTAL EXPENDITURES:					
Provider Payments	\$ 3,720,235,704	\$ 397,359,041	\$ 621,973,037	\$ 3,501,181,971	\$ 4,123,155,008
TOTAL	\$ 49,994,081	\$ 40,533,646	\$ 32,117,647		\$ 25,623,912

Note: FMAP (71.35% applicable Jul. - Sep. 2015) (71.42% applicable Oct. 2015 - Jun. 2016)

Joint Committee on Government and Finance

October 2015

Department of Health and Human Resources

**MEDICAID WAIVER REPORT
August 2015 Data**

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

Aged & Disabled Waiver Reported August 31, 2015		FY 2015 YTD	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	YTD 2016
Slots Approved By CMS (1)		6,464	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385	6,385
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count		6,450	5,936	6,080											6,080
Applicants determined eligible this month and added to MEL (3)		2,596	217	171											388
Applicants determined ineligible		249	42	11											53
ACTIVE MEMBERS															
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count		5,791	5,892	5,964											5,964
Active members enrolled during the calendar month		1,380	173	125											298
Members discharged during the calendar month		900	72	53											125
ADW Members whose case was closed by reason	Member is deceased	432	42	25											67
	Other (4)	468	30	28											58
MANAGED ENROLLMENT LIST (MEL)															
# Eligible applicants closed during the calendar month (removed from MEL)		4,435	92	278											370
ADW Applicants removed from the MEL	Applicant offered a slot	2,958	10	113											123
	Applicant became deceased	258	21	9											30
	Other (5)	1,217	61	156											217
Applicants on the MEL who are in a nursing facility YTD Column reflects average # members in setting		58	0	0											0
Applicants on the MEL receiving Personal Care YTD Column reflects average # members in setting		111	0	0											0
Applicants on the MEL at the end of the month		280	405	298											N/A
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days		136	114	110											112

(1) Of the 6,464 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.

NOTE: Longest time spent on the MEL- If applicant became ineligible for waiver services (voluntarily declined services or no longer waiver eligible due to income/assets) but then regained eligibility, the number of days is counted beginning with newest instance of applicant-eligible status. This accounts for those who were not responsive to financial eligibility requirements, but then finally complied after the deadline and/or those who declined services and then shortly thereafter changed their mind. Previous months' data was revised to reflect this new methodology.

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

Intellectual/Developmental Disabilities Waiver Reported August 31, 2015	FY 2015	July-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	YTD 2016
Slots approved by CMS	4,634	4,634	4,634											4,634
Total number of members served YTD (unduplicated slots used) (1)	4,634	4,634	4,634											4,634
Applicants determined eligible (2)	376	42	24											66
Applicants determined ineligible (3)	362	43	21											64
ACTIVE MEMBERS														
# of active members at the end of the month (unduplicated slots active) (1)	4,511	4,607	4,594											4,594
Discharged members at the end of the calendar month	126	2	13											15
Discharged members who were discharged by reason	Deceased	58	1	6										7
	Left program to enter a facility	16	1	2										3
	Other (6)	52	0	5										5
MANAGED ENROLLMENT LIST (MEL)														
Total number of applicants on the MEL at the end of the month	1,116	1,057	1,079											1,079
Number of applicants added to the MEL (4)	376	42	24											66
Applicants enrolled (moved from the MEL)	209	98	0											98
Applicants removed from the MEL due to Death (5)	10	1	0											1
Applicants on the MEL who are in a Nursing Facility	3	3	3											3
Applicants on the MEL who are in an ICF/IID Group Home	73	70	77											77
Applicants on the MEL receiving Personal Care Services each month	71	70	74											74
Longest on the MEL to date (7)	985 Days	1,016 Days	1,047 Days											1,047 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**

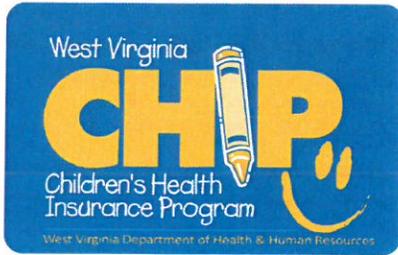
Traumatic Brain Injury Waiver Reported August 31, 2015		FY 2015	July-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	YTD 2016
Slots Approved By CMS		125	74	74	74	74	74	74	74	74	74	74	74	74	74
Total number of members served YTD (unduplicated slots used) (1)		68	57	57											57
Applicants determined eligible and became active this month (2)		31	2	0											2
Applicants determined ineligible (3)		5	4	0											4
ACTIVE MEMBERS															
Active members at the end of the month (unduplicated slots active)		56	57	54											54
Closed member at the end of the calendar month		11	1	3											4
TBI Members whose case was closed by reason	Deceased	2	0	1											1
	Left program to enter a faculty	0	0	0											0
	Other (4)	9	1	2											3
MANAGED ENROLLMENT LIST (MEL) *															
Total number of applicants on the MEL at the end of the month		N/A	NA	NA											NA
Number of applicants added to the MEL		N/A	NA	NA											NA
Applicants enrolled (moved from the MEL due to slot releases)		N/A	NA	NA											NA
Applicants removed from the MEL due to death		N/A	NA	NA											NA
New Applicants on the MEL who are in a nursing facility		N/A	NA	NA											NA
New Applicants on the MEL receiving Personal Care each month		N/A	NA	NA											NA
Longest on the MEL to date		N/A	NA	NA											NA

(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.

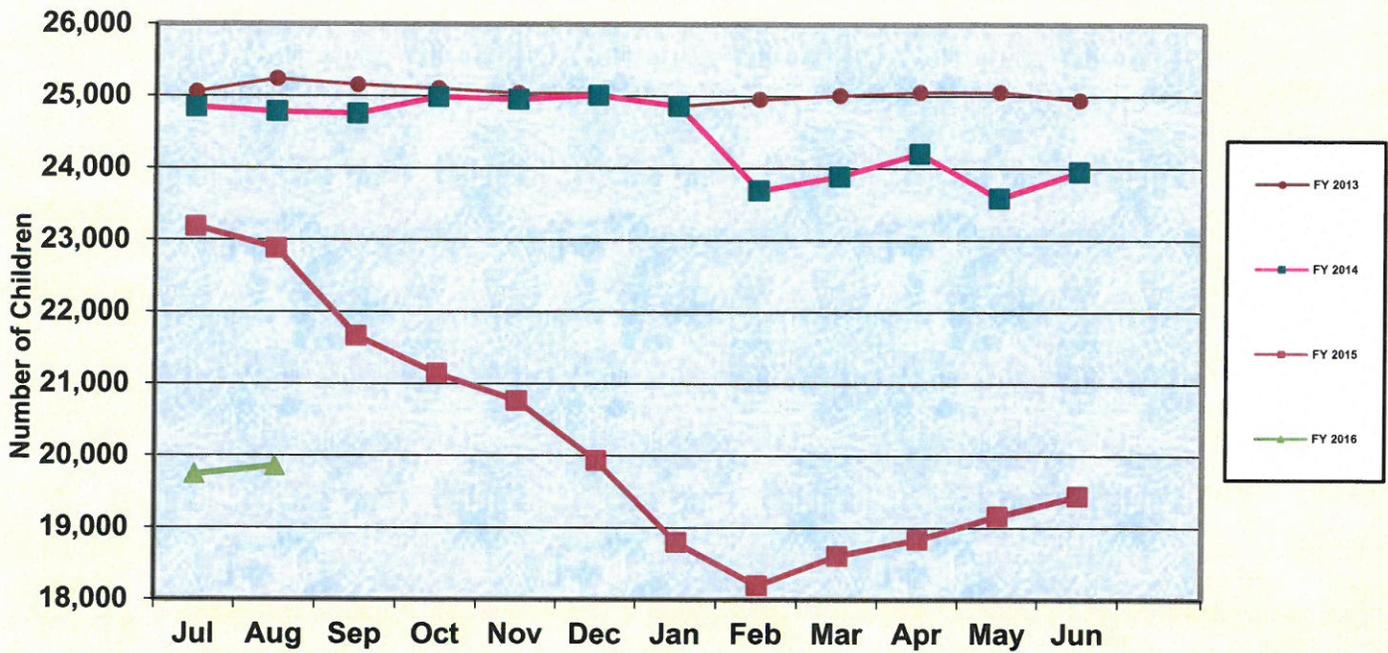


West Virginia Children's Health Insurance Program
2 Hale Street
Suite 101
Charleston, WV 25301
304-558-2732 voice / 304-558-2741 fax
Helpline 877-982-2447
www.chip.wv.gov

Joint Committee on Government and Finance Report

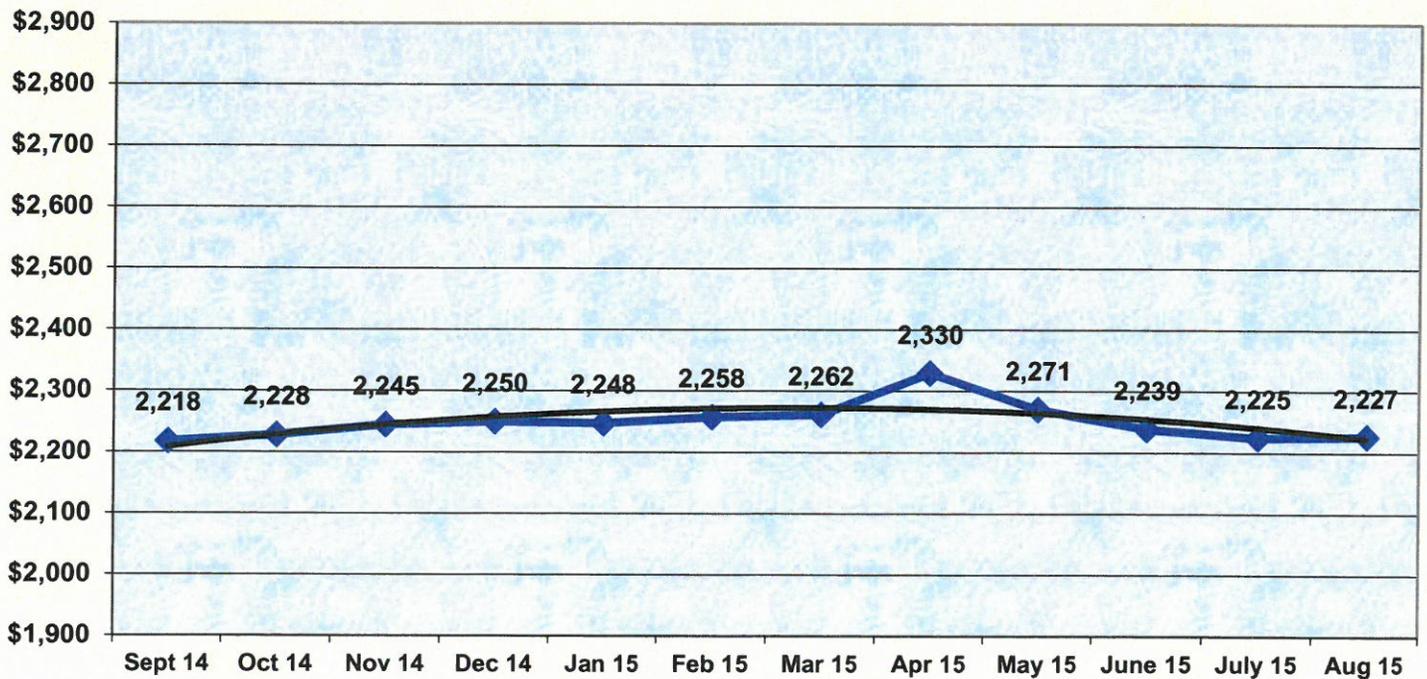
October 2015

WV CHIP Enrollment



August 31st Enrollment 19,859

Annualized Health Care Expenditures (Cost per Child)



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

	August 31, 2015	August 31, 2014	Variance	
Assets:				
Cash & Cash Equivalents	\$8,888,324	\$13,788,673	(\$4,900,349)	-36%
Due From Federal Government	\$3,019,843	\$3,617,461	(\$597,619)	-17%
Due From Other Funds	\$757,321	\$917,972	(\$160,650)	-18%
Accrued Interest Receivable	\$5,212	\$7,512	(\$2,300)	-31%
Fixed Assets, at Historical Cost	<u>\$82,046</u>	<u>\$93,386</u>	<u>(\$11,341)</u>	<u>-12%</u>
Total Assets	<u>\$12,752,746</u>	<u>\$18,425,004</u>	<u>(\$5,672,258)</u>	<u>-31%</u>
Liabilities:				
Accounts Payable	\$257,164	\$295,433	(\$38,269)	-13%
Deferred Revenue	-\$493,580	\$965,528	(\$1,459,108)	-151%
Unpaid Insurance Claims Liability	<u>\$3,520,000</u>	<u>\$4,240,000</u>	<u>(\$720,000)</u>	<u>-17%</u>
Total Liabilities	<u>\$3,283,584</u>	<u>\$5,500,961</u>	<u>(\$2,217,377)</u>	<u>-40%</u>
Fund Equity	<u>\$9,469,162</u>	<u>\$12,924,043</u>	<u>(\$3,454,881)</u>	<u>-27%</u>
Total Liabilities and Fund Equity	<u>\$12,752,746</u>	<u>\$18,425,004</u>	<u>(\$5,672,258)</u>	<u>-31%</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 Two Months Ending August 31, 2015 and August 31, 2014
(Modified Accrual Basis)

	August 31, 2015	August 31, 2014	Variance	
Revenues				
Federal Grants	5,855,475	6,213,639	(358,164)	-6%
State Appropriations	0	1,997,852	(1,997,852)	-100%
Premium Revenues	229,127	163,253	65,874	40%
Investment Income:				
Investment Earnings	<u>10,481</u>	<u>15,404</u>	<u>(4,923)</u>	<u>-32%</u>
Total Revenues	<u>6,095,083</u>	<u>8,390,147</u>	<u>(2,295,064)</u>	<u>-27%</u>
Expenditures:				
Claims:				
Outpatient Services	1,563,716	1,722,160	(158,444)	-9%
Physicians & Surgical	1,505,791	1,722,160	(216,369)	-13%
Prescribed Drugs	1,438,167	1,519,276	(81,109)	-5%
Dental	948,251	1,200,006	(251,755)	-21%
Inpatient Hospital Services	824,489	325,928	498,561	153%
Outpatient Mental Health	151,775	195,769	(43,994)	-22%
Therapy	144,653	104,149	40,504	39%
Durable & Disposable Med. Equip.	103,054	187,472	(84,418)	-45%
Vision	96,558	144,244	(47,686)	-33%
Inpatient Mental Health	91,950	(7,909)	99,859	-1263%
Medical Transportation	24,844	56,433	(31,589)	-56%
Other Services	7,075	12,475	(5,400)	-43%
Less: Collections**	<u>(16,865)</u>	<u>(11,652)</u>	<u>(5,213)</u>	<u>45%</u>
Total Claims	<u>6,883,459</u>	<u>7,170,511</u>	<u>(287,053)</u>	<u>-4%</u>
General and Admin Expenses:				
Salaries and Benefits	109,507	115,447	(5,940)	-5%
Program Administration	289,395	521,913	(232,518)	-45%
Eligibility	900	2,295	(1,395)	-61%
Outreach & Health Promotion	4,874	13,097	(8,223)	-63%
Current	<u>18,924</u>	<u>45,465</u>	<u>(26,541)</u>	<u>-58%</u>
Total Administrative	<u>423,600</u>	<u>698,217</u>	<u>(274,617)</u>	<u>-39%</u>
Total Expenditures	<u>7,307,059</u>	<u>7,868,728</u>	<u>(561,670)</u>	<u>-7%</u>
Excess of Revenues				
Over (Under) Expenditures	(1,211,975)	521,419	(1,733,394)	-332%
Unrealized Gain(loss) On Investments*	(9,680)	3,106	(12,786)	-412%
Fund Equity, Beginning	<u>10,690,817</u>	<u>12,399,518</u>	<u>(1,708,701)</u>	<u>-14%</u>
Fund Equity, Ending	<u>9,469,162</u>	<u>12,924,043</u>	<u>(3,454,881)</u>	<u>-27%</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 2016
For the Two Month Ended August 31, 2015**

	<u>Budgeted for Year</u>	<u>Year to Date Budgeted Amt</u>	<u>Year to Date Actual Amt</u>	<u>Year to Date Variance*</u>		<u>Monthly Budgeted Amt</u>	<u>Actual Amt Aug-15</u>	<u>Actual Amt Jul-15</u>	<u>Actual Amt Jun-15</u>
Projected Cost	\$46,514,413	\$7,752,402	\$7,177,572	\$574,830	7%	\$3,876,201	\$3,362,184	\$3,815,388	\$3,683,171
Premiums	1,854,664	309,111	\$228,985	(\$80,126)	-26%	154,555	110,601	\$118,384	167,879
Subrogation & Rebates	<u>1,015,410</u>	<u>169,235</u>	<u>\$16,865</u>	<u>(152,370)</u>	<u>-90%</u>	<u>84,618</u>	<u>16,865</u>	<u>0</u>	<u>186,316</u>
Net Benefit Cost	\$43,644,339	7,429,189	\$6,931,722	\$497,467	7%	3,714,594	3,234,718	\$3,697,004	3,328,976
Salaries & Benefits	\$646,556	\$107,759	\$109,507	(\$1,748)	-2%	\$53,880	\$50,620	\$58,887	\$46,366
Program Administration	3,500,000	583,333	\$261,150	322,183	55%	291,667	222,164	38,986	505,475
Eligibility	250,000	41,667	\$900	40,767	98%	20,833	900	0	765
Outreach & Health Prom.	300,000	50,000	\$8,662	41,338	83%	25,000	456	8,206	14,361
Current Expense	<u>250,000</u>	<u>41,667</u>	<u>\$13,818</u>	<u>27,849</u>	<u>67%</u>	<u>20,833</u>	<u>2,878</u>	<u>10,940</u>	<u>13,406</u>
Total Admin Cost	\$4,946,556	\$824,426	\$394,037	\$430,389	52%	\$412,213	\$277,018	\$117,019	\$580,373
Total Program Cost	<u>\$48,590,895</u>	<u>\$8,253,615</u>	<u>\$7,325,759</u>	<u>\$927,856</u>	<u>11%</u>	<u>\$4,126,807</u>	<u>\$3,511,736</u>	<u>\$3,814,023</u>	<u>\$3,909,349</u>
Federal Share 79.95%	38,848,421	6,598,765	\$5,856,944	741,821	11%	3,291,541	2,807,633	3,049,311	3,125,525
State Share 20.05%	<u>9,742,474</u>	<u>1,654,850</u>	<u>\$1,468,815</u>	<u>186,035</u>	<u>11%</u>	<u>835,266</u>	<u>704,103</u>	<u>764,712</u>	<u>783,824</u>
Total Program Cost **	<u>\$48,590,895</u>	<u>\$8,253,615</u>	<u>\$7,325,759</u>	<u>\$927,856</u>	<u>11%</u>	<u>\$4,126,807</u>	<u>\$3,511,736</u>	<u>\$3,814,023</u>	<u>\$3,909,349</u>

* Positive percentages indicate favorable variances

** Budgeted Year Based on CCRC Actuary 6/30/2015 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 6/30/15 Final worksheet Net Paid Program Costs.
- 2/. Federal Share for FFY 2016 is 100.00%. Federal Share for FFY 2015 (10/1/14 - 9/30/15) is set at 79.95%.

WVCHIP Enrollment Report

ATTACHMENT 1

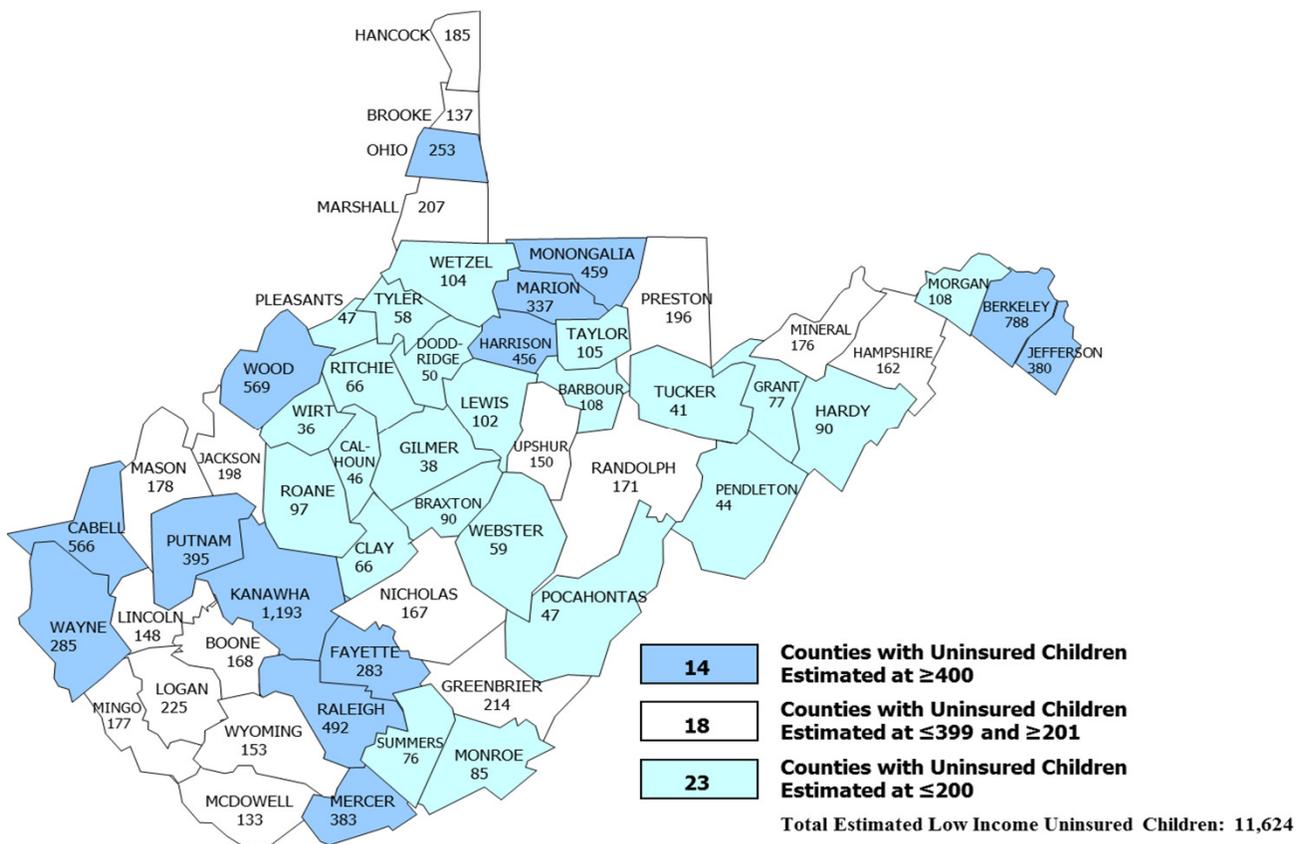
September 2015

County	County Pop.	Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2010	2010
	2010 Est. (0-18 Yrs)	Enrollment Sep-15	Enrollment Sep-15	CHIP/Medicaid Enrollment	Enrollment % of Population	Est. Uninsured 3%	# Children Uninsured Ranking*
Barbour	3,600	227	1,840	2,067	57.4%	108	33
Berkeley	26,251	1,330	11,481	12,811	48.8%	788	2
Boone	5,615	223	3,243	3,466	61.7%	168	25
Braxton	3,006	177	1,680	1,857	61.8%	90	40
Brooke	4,573	191	1,719	1,910	41.8%	137	31
Cabell	18,879	892	9,721	10,613	56.2%	566	4
Calhoun	1,518	103	846	949	62.5%	46	51
Clay	2,215	130	1,432	1,562	70.5%	66	44
Doddridge	1,673	83	758	841	50.3%	50	48
Fayette	9,438	709	5,549	6,258	66.3%	283	13
Gilmer	1,260	59	585	644	51.1%	38	54
Grant	2,555	111	1,099	1,210	47.4%	77	42
Greenbrier	7,131	508	3,673	4,181	58.6%	214	16
Hampshire	5,392	199	2,525	2,724	50.5%	162	27
Hancock	6,166	311	2,759	3,070	49.8%	185	20
Hardy	3,015	157	1,623	1,780	59.0%	90	39
Harrison	15,202	847	6,489	7,336	48.3%	456	7
Jackson	6,602	322	3,167	3,489	52.9%	198	18
Jefferson	12,679	500	4,040	4,540	35.8%	380	10
Kanawha	39,771	1,836	19,877	21,713	54.6%	1,193	1
Lewis	3,389	207	1,903	2,110	62.3%	102	37
Lincoln	4,930	281	3,170	3,451	70.0%	148	30
Logan	7,496	378	4,672	5,050	67.4%	225	15
Marion	11,227	507	5,261	5,768	51.4%	337	11
Marshall	6,886	270	3,018	3,288	47.7%	207	17
Mason	5,929	229	2,926	3,155	53.2%	178	21
McDowell	4,423	172	3,390	3,562	80.5%	133	32
Mercer	12,764	794	8,142	8,936	70.0%	383	9
Mineral	5,868	213	2,403	2,616	44.6%	176	23
Mingo	5,905	223	4,012	4,235	71.7%	177	22
Monongalia	15,294	737	5,402	6,139	40.1%	459	6
Monroe	2,835	205	1,268	1,473	51.9%	85	41
Morgan	3,596	208	1,620	1,828	50.8%	108	34
Nicholas	5,561	331	2,997	3,328	59.8%	167	26
Ohio	8,444	396	3,552	3,948	46.8%	253	14
Pendleton	1,462	90	627	717	49.0%	44	52
Pleasants	1,551	99	658	757	48.8%	47	50
Pocahontas	1,561	124	843	967	62.0%	47	49
Preston	6,536	370	3,049	3,419	52.3%	196	19
Putnam	13,150	557	4,430	4,987	37.9%	395	8
Raleigh	16,403	1,040	9,251	10,291	62.7%	492	5
Randolph	5,705	423	2,997	3,420	60.0%	171	24
Ritchie	2,205	114	1,035	1,149	52.1%	66	45
Roane	3,239	264	1,826	2,090	64.5%	97	38
Summers	2,521	141	1,365	1,506	59.7%	76	43
Taylor	3,514	208	1,515	1,723	49.0%	105	35
Tucker	1,371	88	576	664	48.4%	41	53
Tyler	1,924	109	789	898	46.7%	58	47

WVCHIP Enrollment Report

September 2015

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment Sep-15	Total Medicaid Enrollment Sep-15	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	2010 Est. Uninsured 3%	2010 # Children Uninsured Ranking*
Upshur	4,996	299	2,802	3,101	62.1%	150	29
Wayne	9,516	375	4,957	5,332	56.0%	285	12
Webster	1,977	130	1,283	1,413	71.5%	59	46
Wetzel	3,466	164	1,818	1,982	57.2%	104	36
Wirt	1,201	70	748	818	68.1%	36	55
Wood	18,956	870	9,571	10,441	55.1%	569	3
Wyoming	5,116	346	2,977	3,323	65.0%	153	28
Totals	387,459	19,947	190,959	210,906	54.4%	11,624	



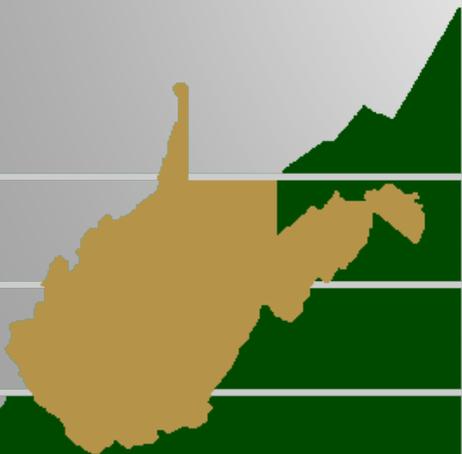
Note 1: The most recent estimate for all uninsured children statewide from the US Census Current Population Survey is 3%. It should be noted that even this three percent extrapolation to the county level could vary significantly from county to county depending on the availability of employee sponsored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

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

August 31, 2015



West Virginia Investment Management Board

Participant Plans Allocation & Performance Net of Fees - Preliminary

As of August 31, 2015

	6/30/2015		8/31/2015		Performance %						
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
WVIMB Fund Assets	17,134,407	100.0	16,507,267	100.0							
Pension Assets	13,591,437	79.3	13,052,419	79.1							
Public Employees' Retirement System	5,723,663	33.4	5,504,189	33.4	(3.7)	(4.5)	(3.4)	(0.9)	9.1	9.6	6.4
Teachers' Retirement System	6,731,426	39.3	6,455,719	39.1	(3.7)	(4.5)	(3.4)	(0.9)	9.0	9.5	6.1
EMS Retirement System	56,354	0.3	54,795	0.3	(3.7)	(4.5)	(3.4)	(0.9)	9.0	9.5	
Public Safety Retirement System	605,374	3.5	578,417	3.5	(3.7)	(4.5)	(3.4)	(0.9)	9.1	9.6	6.4
Judges' Retirement System	170,152	1.0	163,773	1.0	(3.7)	(4.5)	(3.3)	(0.8)	9.1	9.6	6.4
State Police Retirement System	131,515	0.8	127,901	0.8	(3.7)	(4.5)	(3.4)	(0.9)	9.1	9.5	6.4
Deputy Sheriffs' Retirement System	169,611	1.0	164,208	1.0	(3.7)	(4.5)	(3.4)	(0.9)	9.1	9.5	6.4
Municipal Police & Firefighter Retirement System	1,937	0.0	2,060	0.0	(3.6)	(4.4)	(3.3)	(0.8)	8.6	6.4	
Municipal Model A	1,405	0.0	1,357	0.0	(3.7)	(4.5)	(3.4)	(1.0)			
Insurance Assets	2,548,736	14.9	2,477,175	15.0							
Workers' Compensation Old Fund	1,290,486	7.5	1,261,266	7.6	(2.3)	(3.2)	(2.0)	(2.0)	3.5	4.6	
Workers' Comp. Self-Insured Guaranty Risk Pool	15,756	0.1	15,380	0.1	(2.5)	(3.4)	(2.2)	(1.2)	4.5	5.0	
Workers' Comp. Self-Insured Security Risk Pool	9,046	0.1	8,720	0.1	(2.5)	(3.5)	(2.3)	(1.4)			
Workers' Comp. Uninsured Employers' Fund	10,889	0.1	10,649	0.1	(2.5)	(3.4)	(2.2)	(1.2)	4.4	4.6	
Pneumoconiosis	261,369	1.5	253,437	1.5	(2.5)	(3.4)	(2.3)	(1.2)	4.5	5.5	4.7
Board of Risk & Insurance Management	137,824	0.8	129,727	0.8	(2.6)	(3.5)	(2.3)	(1.3)	4.5	5.6	5.2
Public Employees' Insurance Agency	218,202	1.3	213,324	1.3	(2.5)	(3.5)	(2.2)	(1.2)	4.5	5.4	4.9
WV Retiree Health Benefit Trust Fund	605,164	3.5	584,672	3.5	(3.7)	(4.5)	(3.4)	(0.9)	8.7	7.9	
Endowment Assets	994,234	5.8	977,673	5.9							
Wildlife Fund	54,466	0.3	52,696	0.3	(3.7)	(4.5)	(3.4)	(0.9)	9.0	9.5	6.4
Prepaid Tuition Trust	66,440	0.4	60,565	0.4	(2.9)	(3.6)	(2.2)	(0.5)	6.8	8.3	6.2
Revenue Shortfall Reserve Fund	376,714	2.2	375,278	2.3	(0.7)	(1.2)	(0.4)	(1.2)	0.5	3.1	
Revenue Shortfall Reserve Fund - Part B	384,146	2.2	376,112	2.3	(2.3)	(3.3)	(2.1)	(2.1)	3.4	5.4	
WV DEP Trust	8,254	0.1	7,905	0.0	(4.5)	(5.9)	(4.2)	(2.4)	8.4		
WV DEP Agency	104,214	0.6	105,117	0.6	(3.1)	(4.2)	(2.9)	(1.4)			

West Virginia Investment Management Board

Composite Asset Allocation & Performance Net of Fees - Preliminary

As of August 31, 2015

	Asset (\$000)	%	Performance %							
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	
Investment Pools Composite	16,513,644	100.00								
Total Equity Composite	8,034,063	48.65	(6.42)	(8.17)	(6.10)	(5.75)	11.34	11.73	6.53	
+/- Total Equity Policy Index (b)			0.27	0.00	0.04	(0.05)	1.07	1.08	1.15	
US Equity Composite	4,124,685	24.98	(5.84)	(6.04)	(3.95)	1.20	15.08	16.66	7.53	
+/- Russell 3000 Index			0.20	0.02	0.51	0.84	0.45	0.63	0.20	
Large Cap Composite	3,361,521	20.36	(5.79)	(5.64)	(3.45)	2.12	14.85	16.43	7.33	
+/- S&P 500 Index			0.24	0.28	0.61	1.64	0.54	0.56	0.18	
Non-Large Cap Composite	763,164	4.62	(6.04)	(7.76)	(6.07)	(2.06)	15.40	17.51	8.36	
+/- Russell 2500 Index			(0.12)	(1.01)	0.03	(1.74)	0.30	1.29	0.41	
International Equity Composite	3,909,378	23.67	(7.03)	(10.30)	(8.26)	(12.69)	7.46	6.78	6.09	
+/- MSCI AC World ex US IMI Index (c)			0.32	(0.05)	(0.47)	(1.13)	1.56	1.44	1.53	
Fixed Income Composite	3,474,785	21.04	(0.62)	(1.02)	(0.24)	0.41	2.47	3.83	4.56	
+/- Barclays Capital Universal (d)			(0.33)	(0.19)	(0.53)	(0.72)	0.62	0.49	(0.12)	
Core Fixed Income	1,077,389	6.52	(0.13)	(0.27)	0.49	2.40	2.18	3.78		
+/- Barclays Capital Aggregate			0.01	0.28	(0.06)	0.85	0.65	0.80		
Total Return Fixed Income	2,397,396	14.52	(0.84)	(1.36)	(0.56)	(0.47)	2.66	3.89	4.92	
+/- Barclays Capital Universal			(0.55)	(0.53)	(0.85)	(1.60)	0.81	0.55	0.26	
TIPS Composite	431,105	2.61	(0.80)	(1.53)	(0.56)	(2.72)	(1.49)	2.74		
+/- Barclays Capital U.S. TIPS			(0.04)	0.00	0.00	0.02	(0.02)	(0.05)		
Cash Composite	103,529	0.63	0.01	0.02	0.01	0.10	0.13	0.12	1.50	
+/- Citigroup 90 Day T-Bill (e)			0.01	0.01	0.00	0.08	0.03	(0.04)	0.02	
Private Equity Composite	1,377,184	8.34	0.75	1.55	0.71	10.01	12.71	13.06		
+/- Russell 3000 + 3% (f, g)								(6.97)		
Real Estate Composite	1,473,115	8.92	(0.47)	2.04	0.43	9.86	10.29	10.25		
+/- NCREIF + 1% (f)								(3.48)		
Hedge Fund Composite	1,619,863	9.81	(1.49)	(2.10)	(1.28)	3.96	7.22	5.96		
+/- HFRI FOF + 1% (h)			0.42	0.46	0.34	1.33	3.37	1.90		

West Virginia Investment Management Board
 Participant Plans Allocation vs. Strategy - Preliminary
 As of August 31, 2015

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

Pension Assets

Public Employees' Retirement System	27.0	27.5	26.2	27.5	15.0	15.0	10.1	10.0	10.8	10.0	10.8	10.0	0.1	0.0
Teachers' Retirement System	27.8	27.5	26.0	27.5	14.8	15.0	10.0	10.0	10.7	10.0	10.7	10.0	0.0	0.0
EMS Retirement System	27.0	27.5	25.8	27.5	14.9	15.0	10.4	10.0	10.6	10.0	10.2	10.0	1.1	0.0
Public Safety Retirement System	27.4	27.5	25.7	27.5	15.6	15.0	10.2	10.0	10.6	10.0	10.4	10.0	0.1	0.0
Judges' Retirement System	27.2	27.5	25.8	27.5	15.1	15.0	10.4	10.0	10.8	10.0	10.6	10.0	0.1	0.0
State Police Retirement System	27.0	27.5	25.8	27.5	15.4	15.0	10.4	10.0	10.6	10.0	10.3	10.0	0.5	0.0
Deputy Sheriffs' Retirement System	27.1	27.5	25.8	27.5	15.2	15.0	10.4	10.0	10.6	10.0	10.5	10.0	0.4	0.0
Municipal Police & Firefighter Retirement System	25.3	27.5	24.3	27.5	14.6	15.0	9.8	10.0	9.5	10.0	9.6	10.0	6.9	0.0
Municipal Model A	27.2	27.5	26.0	27.5	14.4	15.0	10.4	10.0	10.1	10.0	10.1	10.0	1.8	0.0

Insurance Assets

Workers' Compensation Old Fund	14.6	15.0	13.6	15.0	67.4	70.0	0.0	0.0	0.0	0.0	0.0	0.0	4.4	0.0
Workers' Comp. Self-Insured Guaranty Risk Pool	14.7	15.0	14.0	15.0	45.8	45.0	0.0	0.0	0.0	0.0	20.4	20.0	5.1	5.0
Workers' Comp. Self-Insured Security Risk Pool	14.8	15.0	13.9	15.0	46.1	45.0	0.0	0.0	0.0	0.0	20.6	20.0	4.6	5.0
Workers' Comp. Uninsured Employers Fund	14.7	15.0	13.9	15.0	40.8	40.0	0.0	0.0	0.0	0.0	20.4	20.0	10.2	10.0
Pneumoconiosis	14.8	15.0	13.9	15.0	46.0	45.0	0.0	0.0	0.0	0.0	20.6	20.0	4.7	5.0
Board of Risk & Insurance Mgmt.	15.2	15.0	14.3	15.0	47.9	45.0	0.0	0.0	0.0	0.0	21.2	20.0	1.4	5.0
Public Employees' Insurance Agency	14.6	15.0	14.0	15.0	51.0	50.0	0.0	0.0	0.0	0.0	20.4	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	27.2	27.5	25.8	27.5	15.5	15.0	10.4	10.0	10.8	10.0	10.3	10.0	0.0	0.0

Endowment Assets

Wildlife Fund	27.1	27.5	25.8	27.5	15.5	15.0	10.4	10.0	10.7	10.0	10.3	10.0	0.2	0.0
Prepaid Tuition Trust	29.7	27.5	14.6	22.5	53.8	50.0	0.0	0.0	0.0	0.0	0.0	0.0	1.9	0.0
Revenue Shortfall Reserve Fund	0.0	0.0	0.0	0.0	96.1	100.0	0.0	0.0	0.0	0.0	0.0	0.0	3.9	0.0
Revenue Shortfall Reserve Fund - Part B	14.7	15.0	13.7	15.0	71.6	70.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WV DEP Trust	32.6	32.5	30.5	32.5	16.0	15.0	0.0	0.0	0.0	0.0	20.8	20.0	0.1	0.0
WV DEP Agency	19.4	20.0	17.8	20.0	40.5	40.0	0.0	0.0	0.0	0.0	19.8	20.0	2.5	0.0

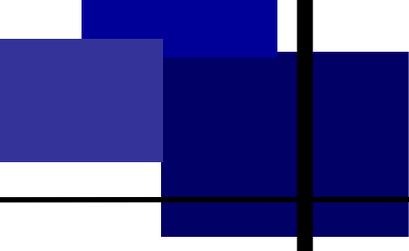
West Virginia Investment Management Board

Footnotes

As of August 31, 2015

- (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

October 2015

Provided by the West Virginia Offices of the Insurance Commissioner



Table of Contents:

Introduction	2
Definitions	3-6
Monthly Claims Count and Reserve Charts.....	7-11
Old Fund Cash Statements.....	12
Coal Workers Pneumoconiosis Fund Cash Statement	13
Self-Insured Guaranty Fund Cash Statement.....	14
Self-Insured Security Fund Cash Statement	15
Uninsured Employers' Fund Cash Statement.....	16
Office of Judges' Monthly Report to the Industrial Council	17-27
Workers' Compensation Board of Review Monthly Report.....	28-37
Workers' Compensation Revenue Recovery Monthly Report	38

Introduction

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

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

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

Definitions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

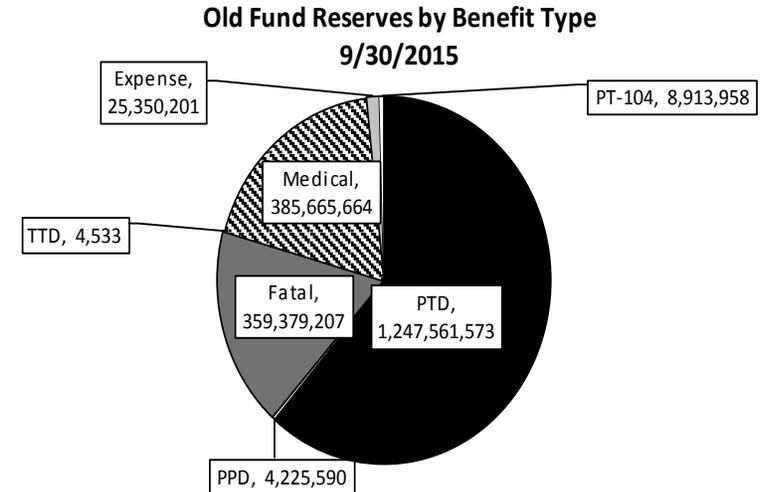
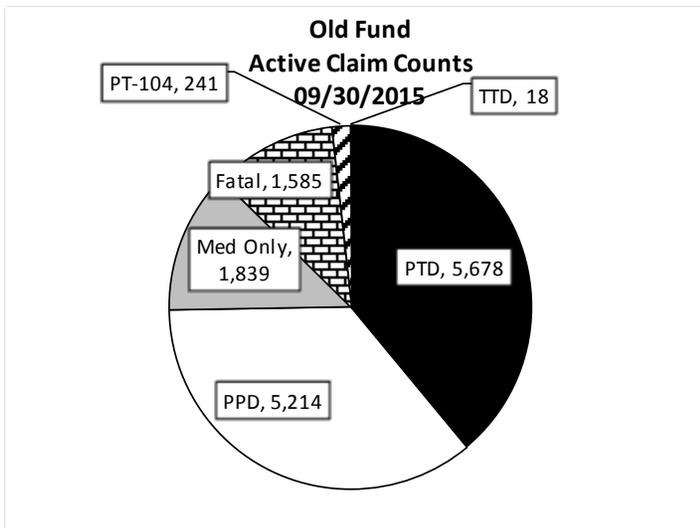
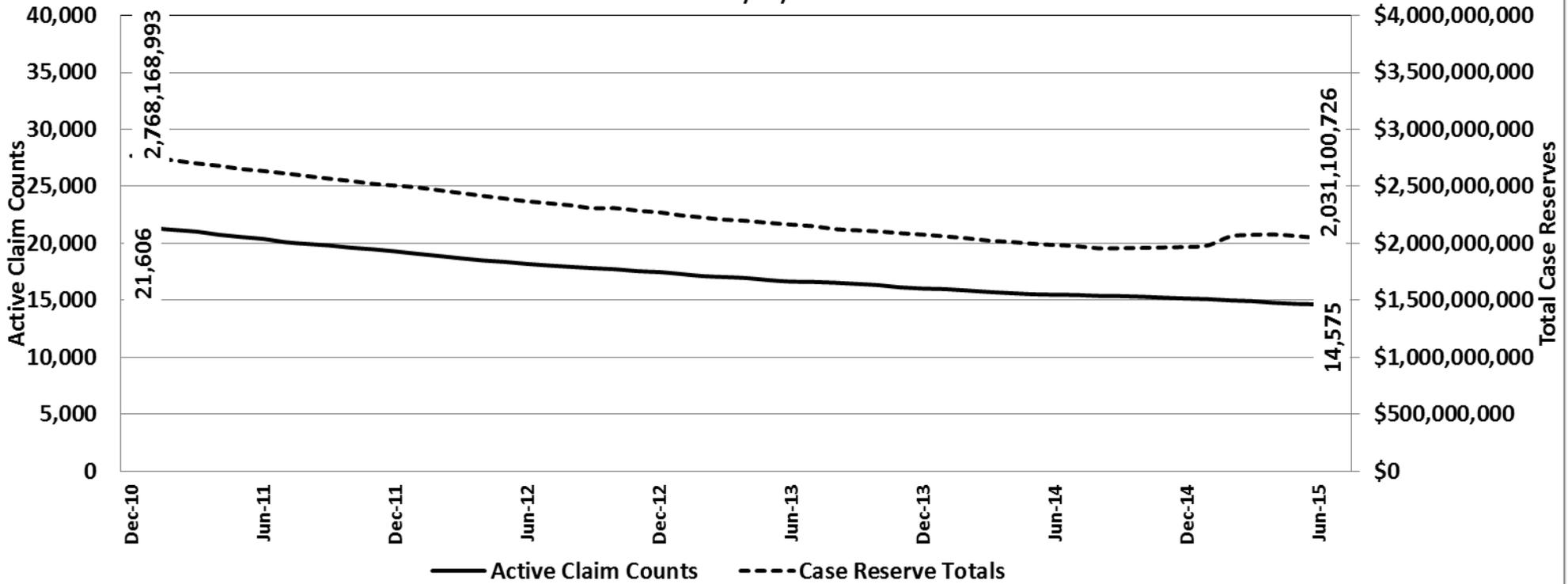
Self-Insured Security Fund: State managed fund consisting of those funds paid into it thru the WVOIC's administration of 85 CSR §19 (2004) , and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last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

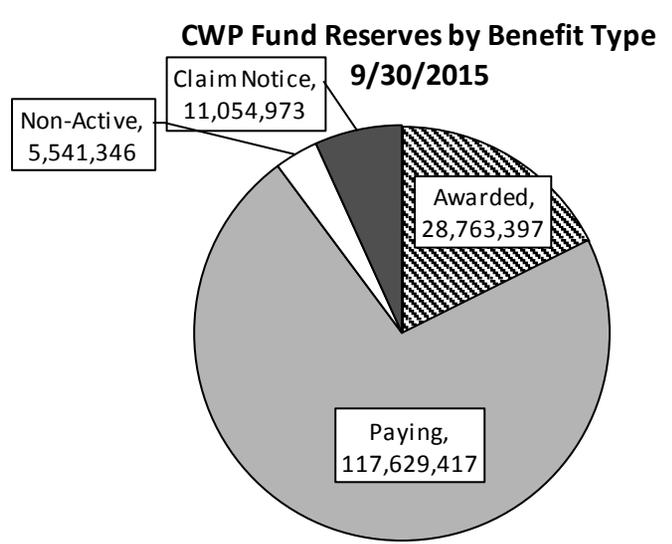
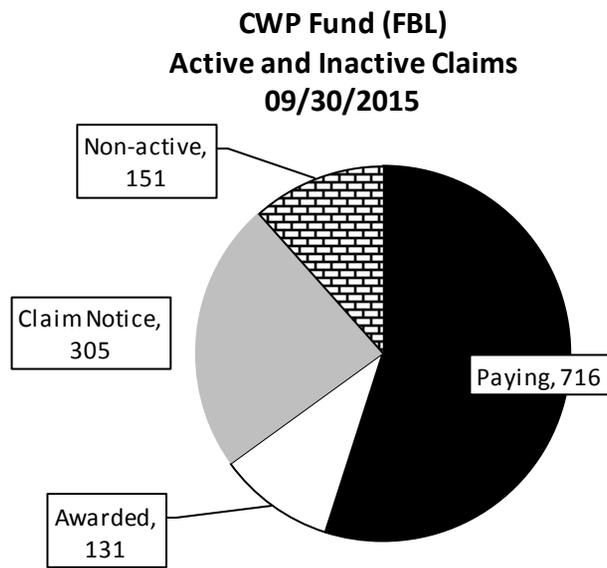
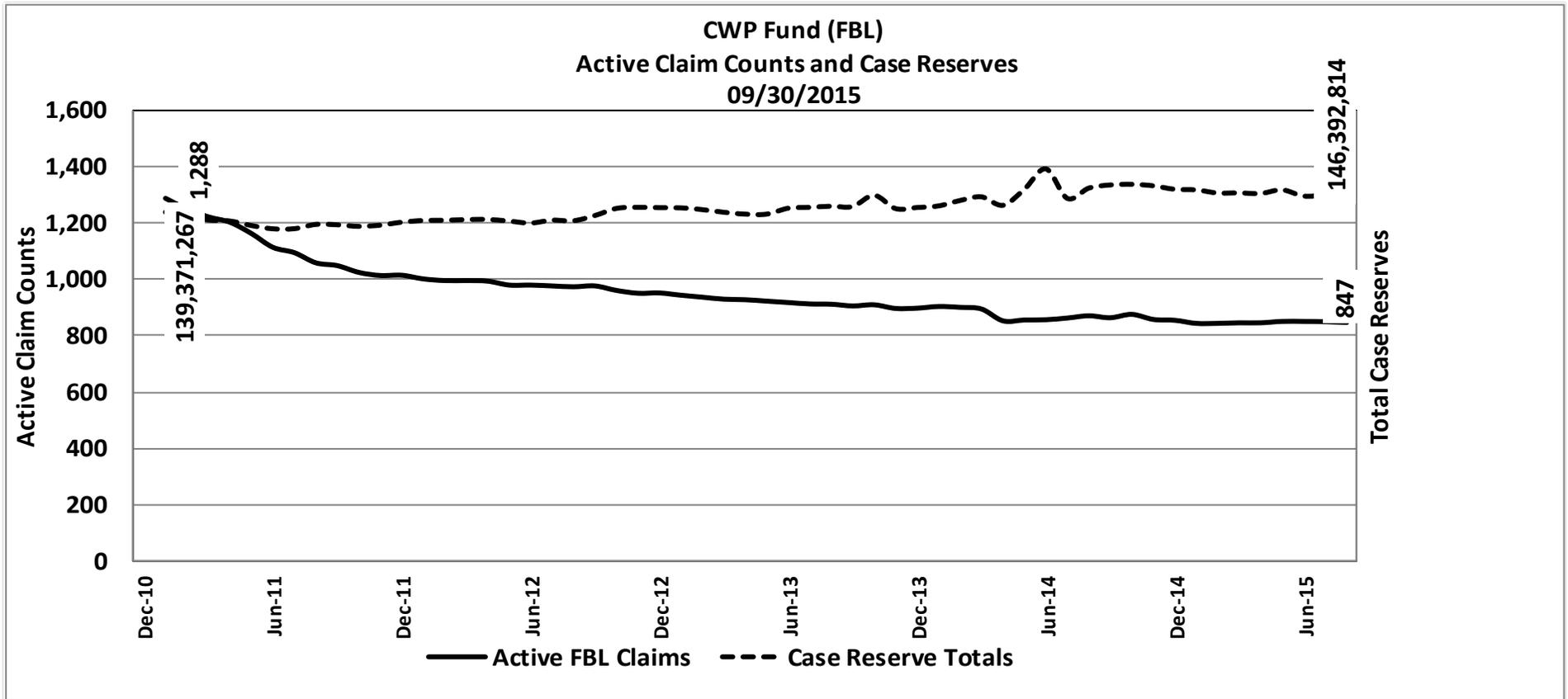
TPD: (Temporary Partial Disability) also referred to as TPR, is paid when an injured worker is released to return to work with restrictions or modifications that restrict he/she from obtaining their pre-injury wages. The TPD benefit is paid at seventy percent of the difference between the average weekly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

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

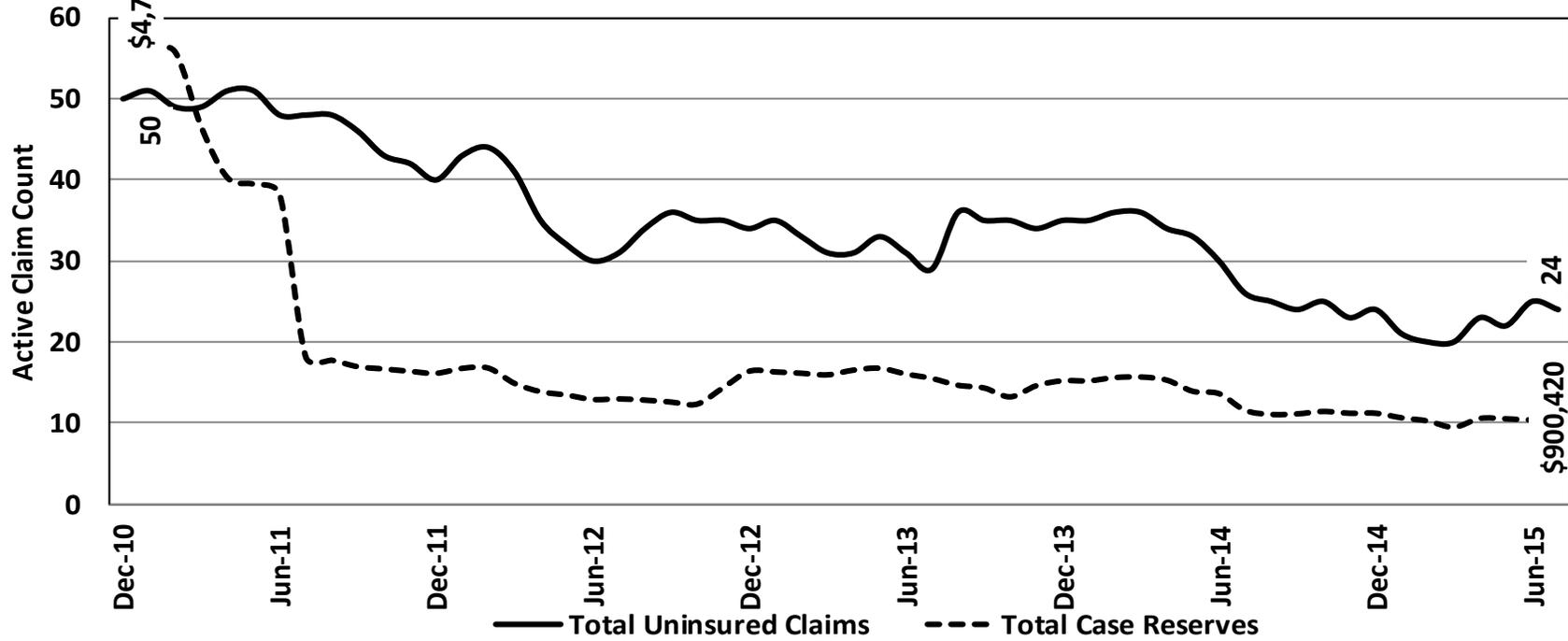
Uninsured Fund: State managed fund into which assessments to carriers or employers received are held, and out of which workers' compensation benefits may be paid to claimant employees of employers who were uninsured if the date of injury or date of last exposure is January 1, 2006 or later.

**Old Fund
Active Claim Counts and Case Reserves
09/30/2015**

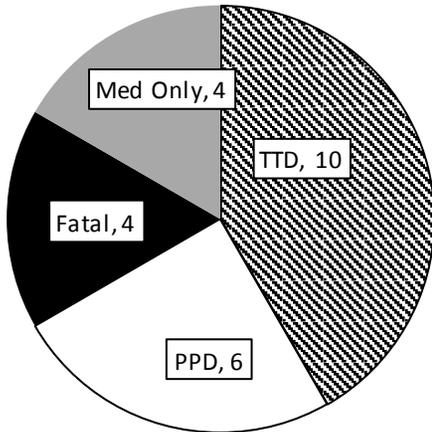




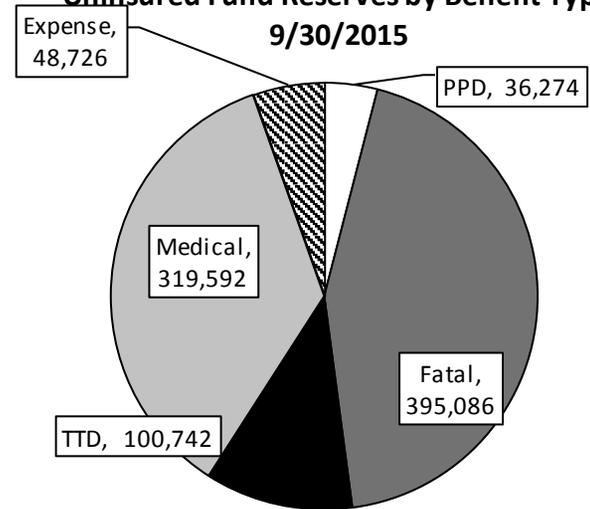
**Uninsured Fund
Active Claim Counts and Case Reserves
09/30/2015**



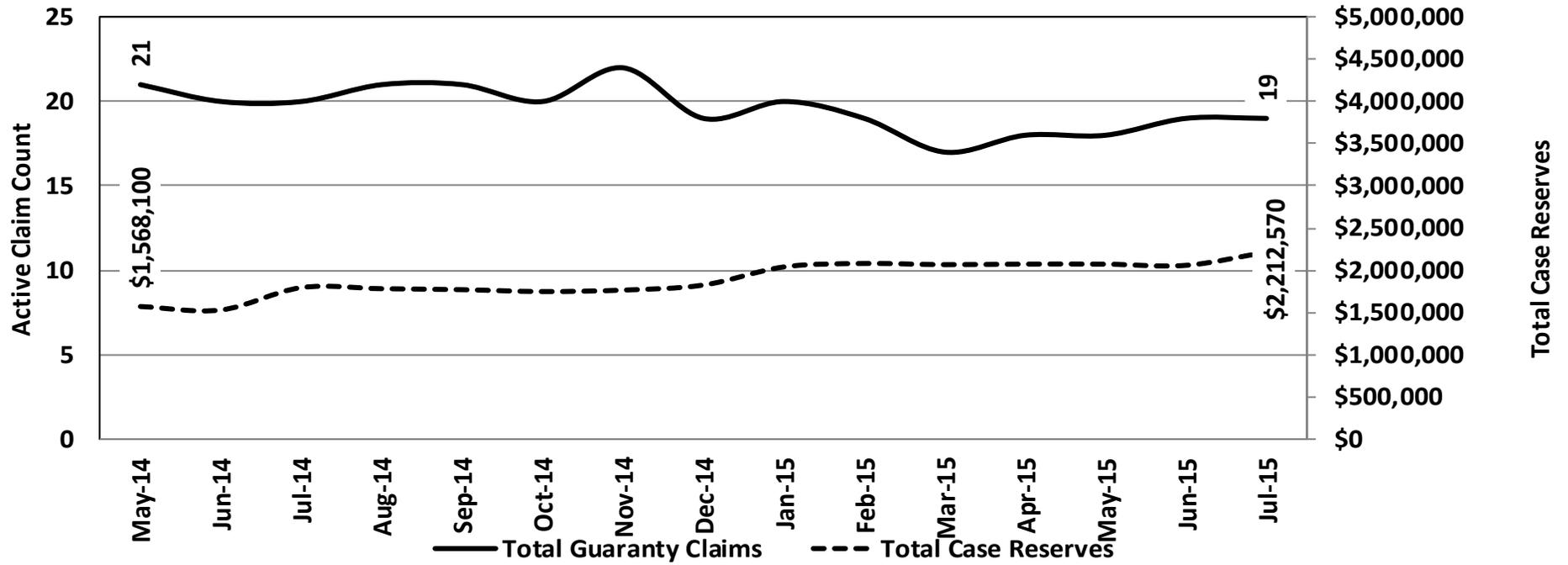
**Uninsured Fund
Active Claim Counts
09/30/2015**



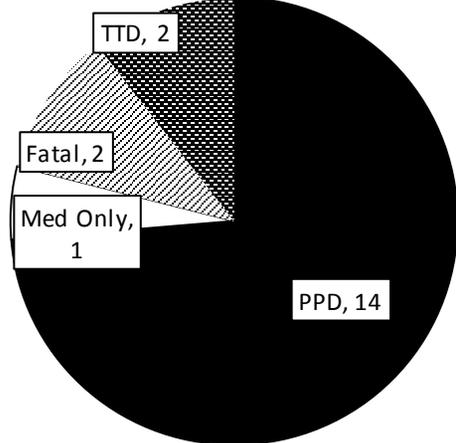
**Uninsured Fund Reserves by Benefit Type
9/30/2015**



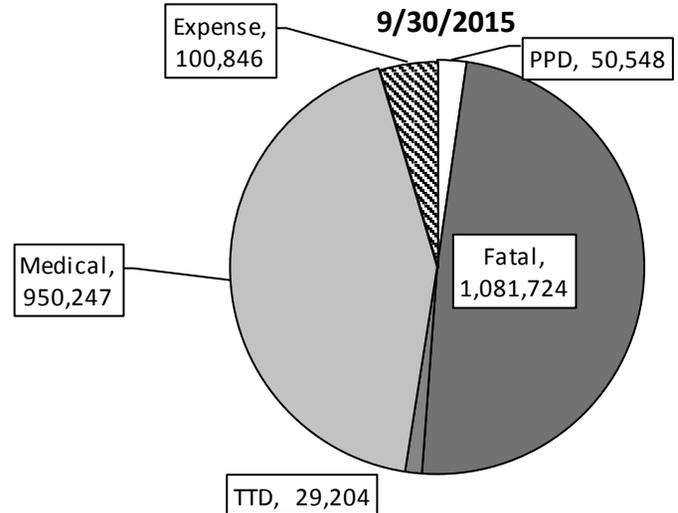
**Guaranty Fund
Active Claim Counts and Case Reserves
09/30/2015**

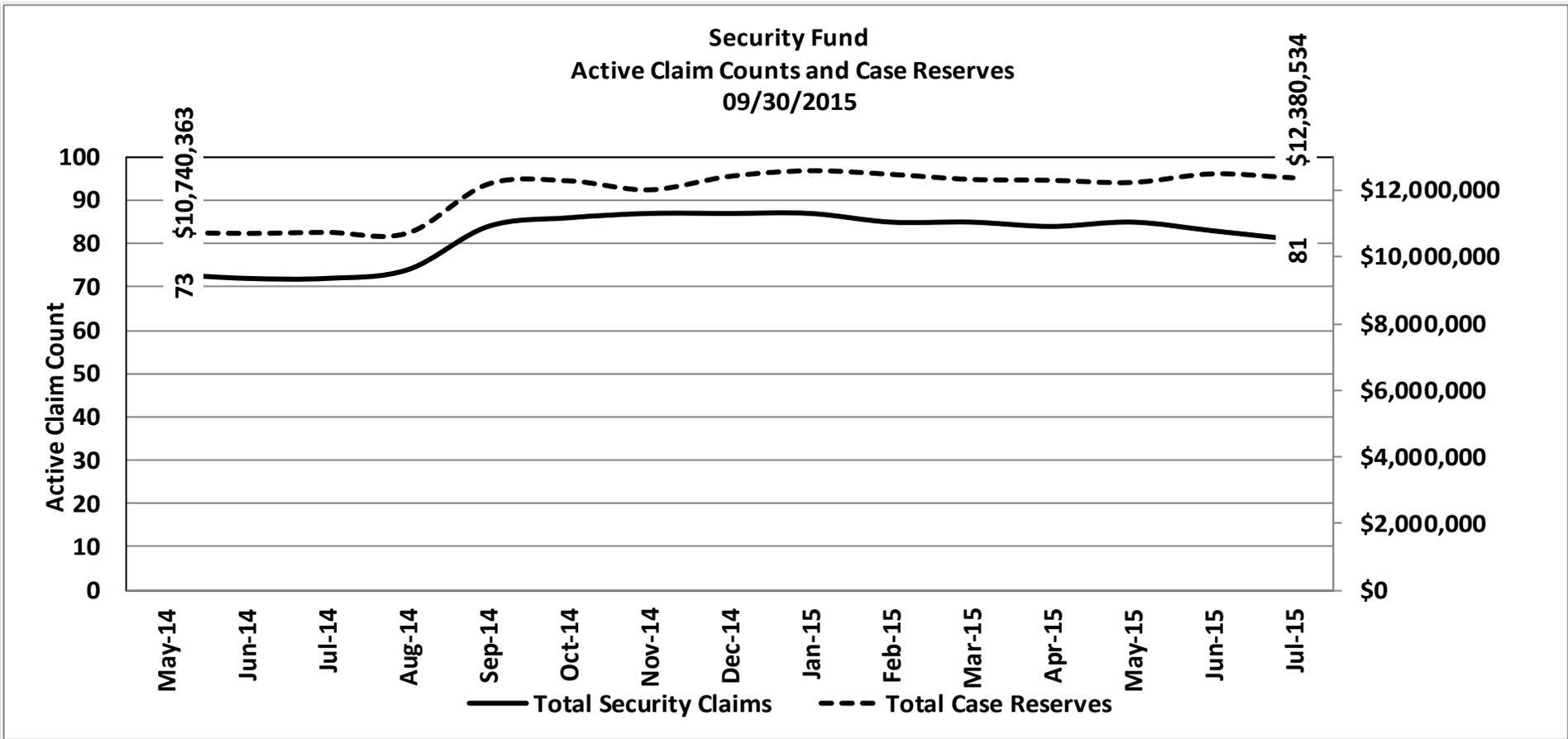


**Guaranty Fund
Active Claim Counts
09/30/2015**

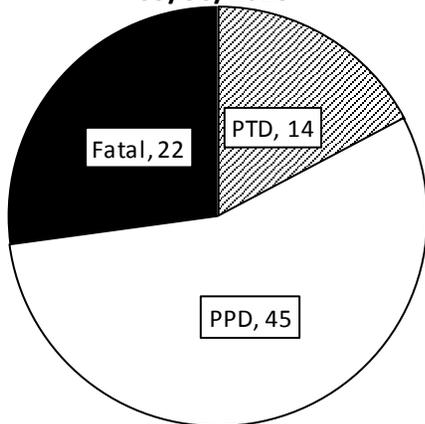


**Guaranty Fund Reserves by Benefit Type
9/30/2015**

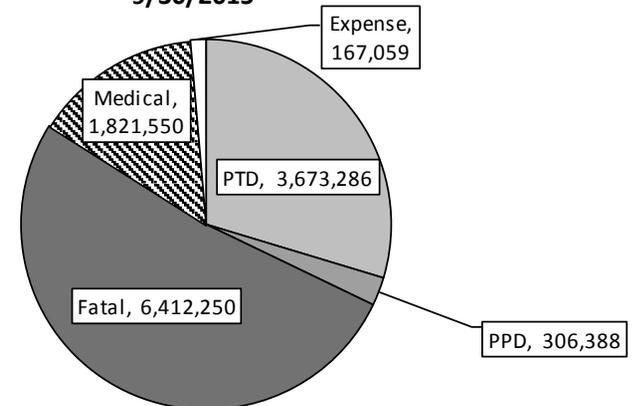




**Security Fund
Active Claim Counts
09/30/2015**



**Security Fund Reserves by Benefit Type
9/30/2015**



CASH STATEMENT
September 30, 2015

	Three Year History for years ended:					
	YTD FY2016	YTD FY2015	Change	FY2015	FY2014	FY2013
Cash Beginning Balances	1,311,665,427	1,190,142,811	121,522,616	1,190,142,811	1,061,595,681	942,505,408
Revenues						
Personal Income Tax	-	-	-	95,400,000	95,400,000	95,400,000
Severance Tax	25,427,861	26,102,326	(674,466)	125,703,925	109,467,900	94,562,969
Debt Reduction Surcharge	7,554,550	7,591,703	(37,153)	34,106,221	34,138,820	36,853,941
Self-Insured Debt Reduction Surcharge	2,067,313	2,224,719	(157,406)	8,859,759	8,493,207	8,733,494
Video Lottery	1,857,418	2,059,605	(202,187)	11,000,000	11,000,000	11,000,000
Employer Premium	30,176	36,968	(6,791)	202,532	284,075	335,102
Other Income - Return of Unclaimed Property	8,672	-	8,672	153,763	92,953	48,332
Operating Revenues	36,945,990	38,015,321	(1,069,331)	275,426,199	258,876,955	246,933,837
Investment / Interest Earnings (Losses)	(42,080,138)	17,879,010	(59,959,148)	34,715,474	67,734,120	77,380,803
Total Revenues	(5,134,148)	55,894,331	(61,028,480)	310,141,673	326,611,075	324,314,640
Expenditures						
Claims Benefits Paid:						
Medical	6,832,249	7,385,923	(553,674)	29,881,043	31,791,671	33,512,816
Permanent Total Disability	25,100,189	26,678,633	(1,578,444)	104,948,107	111,490,282	118,396,619
Permanent Partial Disability	50,597	100,712	(50,115)	353,749	720,723	1,137,910
Temporary Disability	-	-	-	-	7,741	59,227
Fatalis	6,176,392	6,431,351	(254,958)	25,497,598	26,407,057	26,966,847
104 weeks death benefit	1,502,168	1,322,312	179,856	5,883,387	6,200,020	6,670,578
Settlements	2,118,839	2,499,373	(380,533)	12,206,388	9,136,495	9,011,730
Loss Adjustment Expenses	674,808	535,724	139,084	2,029,136	1,467,221	998,774
Total	42,455,243	44,954,028	(2,498,785)	180,799,408	187,221,209	196,754,501
Less: Claims credits and overpayments	485,111	368,434	116,677	2,240,415	3,265,629	4,617,178
Total Benefits Paid	41,970,132	44,585,594	(2,615,463)	178,558,993	183,955,580	192,137,323
Administrative Expenses	2,392,507	2,578,944	(186,438)	10,060,064	14,108,365	13,087,043
Total Expenditures	44,362,638	47,164,538	(2,801,900)	188,619,057	198,063,945	205,224,366
Excess (Deficiency) of Revenues over Expenditures	(49,496,787)	8,729,793	(58,226,579)	121,522,616	128,547,130	119,090,274
Cash Ending Balances	1,262,168,640	1,198,872,604	63,296,036	1,311,665,427	1,190,142,811	1,061,595,681

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
September 30, 2015

	YTD FY2016	YTD FY2015	Change	Three Year History for years ended:		
				FY2015	FY2014	FY2013
Cash Beginning Balances	264,657,327	267,173,190	(2,515,863)	267,173,190	266,720,430	254,523,752
Revenues						
Other Income - Return of Unclaimed Property	-	-	-	876	-	-
Investment Earnings (Losses)	(9,076,085)	4,386,350	(13,462,436)	10,347,881	17,915,475	24,801,113
Total Revenues	(9,076,085)	4,386,350	(13,462,436)	10,348,758	17,915,475	24,801,113
Expenditures						
Payment of Claims	2,930,441	3,686,318	(755,876)	11,990,810	17,376,923	12,550,216
Contractual / Professional	140,483	254,233	(113,750)	873,390	85,747	53,287
Legal	-	-	-	-	-	932
General and Administrative	120	75	45	420	45	-
Total Expenditures	3,071,044	3,940,626	(869,581)	12,864,620	17,462,715	12,604,435
Excess (Deficiency) of Revenues over Expenditures	(12,147,129)	445,725	(12,592,854)	(2,515,863)	452,760	12,196,678
Cash Ending Balances	252,510,198	267,618,915	(15,108,716)	264,657,327	267,173,190	266,720,430

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
September 30, 2015

	YTD FY2016	YTD FY2015	Change	Three Year History for years ended:		
				FY2015	FY2014	FY2013
Cash Beginning Balances	16,014,340	15,603,319	411,021	15,603,319	14,815,337	10,829,975
Revenues						
Guaranty Risk Pool Assessments	-	18,414	(18,414)	89,571	124,520	851,410
Collateral Proceeds	-	-	-	-	-	2,399,380
Investment Earnings (Losses)	(544,924)	251,703	(796,627)	612,972	1,027,230	1,186,338
Total Revenues	(544,924)	270,117	(815,041)	702,542	1,151,751	4,437,128
Expenditures						
Payment of Claims	55,349	47,168	8,181	263,947	255,607	332,894
Contractual / Professional	2,567	9,823	(7,256)	27,575	107,348	92,122
Legal	-	-	-	-	815	26,750
Total Expenditures	57,916	56,991	925	291,522	363,769	451,765
Excess (Deficiency) of Revenues over Expenditures	(602,840)	213,126	(815,966)	411,021	787,981	3,985,363
Cash Ending Balances	15,411,500	15,816,445	(404,945)	16,014,340	15,603,319	14,815,337

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
September 30, 2015

	YTD FY2016	YTD FY2015	Change	Three Year History for years ended:		
				FY2015	FY2014	FY2013
Cash Beginning Balances	9,208,803	7,137,316	2,071,487	7,137,316	6,754,601	203,518
Revenues						
Security Risk Pool Assessments	115,170	72,021	43,148	1,114,180	1,072,311	2,575,705
Collateral Proceeds	-	-	-	1,425,061	-	4,657,620
Investment Earnings (Losses)	(313,988)	114,568	(428,556)	310,550	151,334	-
Total Revenues	(198,818)	186,590	(385,408)	2,849,791	1,223,645	7,233,325
Expenditures						
Payment of Claims	173,248	171,600	1,648	736,434	789,254	530,804
Contractual / Professional	9,441	11,994	(2,553)	41,774	48,446	60,413
Legal	-	96	(96)	96	3,230	91,025
Total Expenditures	182,689	183,690	(1,001)	778,304	840,930	682,242
Excess (Deficiency) of Revenues over Expenditures	(381,507)	2,900	(384,407)	2,071,487	382,715	6,551,083
Cash Ending Balances	8,827,296	7,140,216	1,687,080	9,208,803	7,137,316	6,754,601

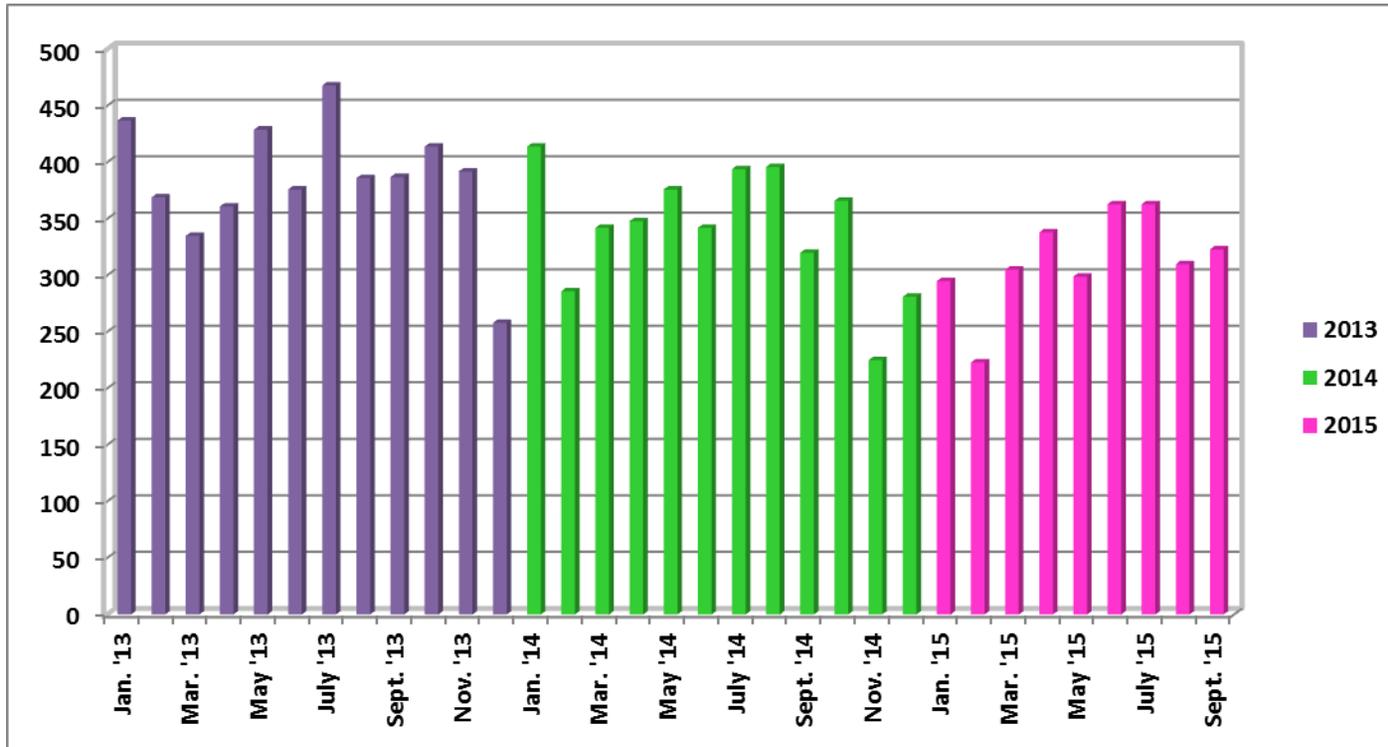
The Self-Insured Security Risk Pool is liable for the worker's compensation claims of bankrupt or defaulted self-insured employers with dates of injury prior to July 1, 2004. However, the obligations of this Fund are limited to the exposures of self-insured employers who default subsequent to December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

UNINSURED EMPLOYERS FUND
September 30, 2015

	YTD FY2016	YTD FY2015	Change	Three Year History for years ended:		
				FY2015	FY2014	FY2013
Cash Beginning Balances	12,125,188	11,714,178	411,010	11,714,178	10,801,353	9,574,065
Revenues						
Fines and Penalties	149,189	201,617	(52,428)	765,082	768,532	747,771
Investment Earnings (Losses)	(369,878)	166,578	(536,456)	408,442	682,644	871,603
Total Revenues	(220,689)	368,195	(588,884)	1,173,523	1,451,176	1,619,374
Expenditures						
Payment of Claims	33,787	399,528	(365,741)	589,781	286,421	262,002
Contractual/Professional	3,354	3,425	(71)	8,922	26,825	15,024
General and Administrative	45	-	45	60	105	60
Insurance	53,750	55,000	(1,250)	163,750	225,000	115,000
Total Expenditures	90,936	457,953	(367,017)	762,513	538,351	392,086
Excess (Deficiency) of Revenues over Expenditures	(311,626)	(89,758)	(221,868)	411,010	912,825	1,227,288
Cash Ending Balances	11,813,563	11,624,420	189,142	12,125,188	11,714,178	10,801,353

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

PROTEST COMPARISON BY MONTH/YEAR



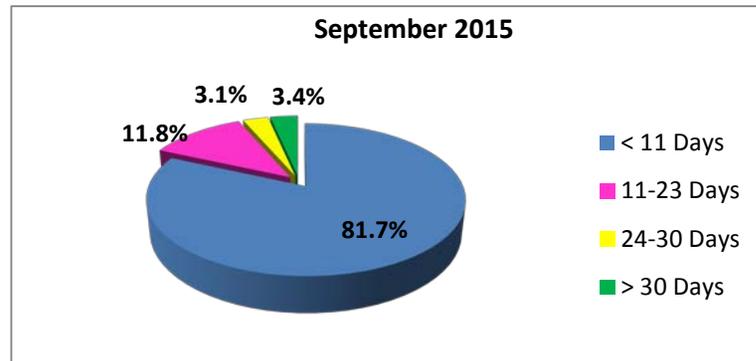
PROTEST ACKNOWLEDGMENTS – SEPTEMBER, 2015

Description	Days to Acknowledgement									
	Acknowledged	> 30 Days			30 - 24		23 - 11		<11	
		Count	%	Count	%	Count	%	Count	%	
APPLICATION THRESHOLD	Total: 2	0	0	0	0	0	0	2	100	
CFA-CL APP.THRESHOLD	2	0	0	0	0	0	0	2	100	
BENEFIT OVERPAYMENT	Total: 3	0	0	0	0	0	0	3	100	
CBO-CL BEN. OVERPAYMENT	3	0	0	0	0	0	0	3	100	
COMPENSABILITY	Total: 53	2	3	0	0	9	16	42	79	
CCS-CL SEC.CONDITION	16	0	0	0	0	2	12	14	87	
CIM-CL SI COMPENSABLE	1	0	0	0	0	0	0	1	100	
CIS-CL SI SEC.CONDITION	3	0	0	0	0	0	0	3	100	
CLB-CL COMP ON LIMITED BASIS	1	0	0	0	0	0	0	1	100	
CPI-CL SI REJECT CLAIM	4	0	0	0	0	1	25	3	75	
CPJ-CL REJECT CLAIM	21	2	9	0	0	3	14	16	76	
CQR-CL SI REJ OCCDISEASE	3	0	0	0	0	1	33	2	66	
CRZ-CL REJ OCC DISEASE	4	0	0	0	0	2	50	2	50	
DEP BEN FATAL	Total: 5	1	20	0	0	0	0	4	80	
CDF-CL DENY/GRNT DTH BEN	4	1	25	0	0	0	0	3	75	
CIF-CL SI DY/GNT DTH BEN	1	0	0	0	0	0	0	1	100	
FAILURE TO ACT 10 DAY	Total: 2	1	50	0	0	1	50	0	0	
C5N-CL FTA NOT COVERED	2	1	50	0	0	1	50	0	0	
FAILURE TO ACT 15 DAY	Total: 7	1	14	1	14	1	14	4	57	
C03-CL FTA TREATMENT	1	0	0	0	0	0	0	1	100	
C7C-CL FTA PAYMENT PPD	1	0	0	0	0	0	0	1	100	
FTA Multiple Issues-FTA MULITPLE ISSUES	5	1	20	1	20	1	20	2	40	
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: 7	0	0	0	0	0	0	7	100	
CIR-CL SI NON-MED ORDER	4	0	0	0	0	0	0	4	100	
CNR-CL NON-MED ORDER	3	0	0	0	0	0	0	3	100	
OPBD	Total: 24	0	0	0	0	4	16	20	83	
CBF-CL % BOARD FINDING	7	0	0	0	0	2	28	5	71	
CSF-CL% SI BOARD FINDING	5	0	0	0	0	0	0	5	100	
CSO-CL SI AD.BRD FINDING	2	0	0	0	0	1	50	1	50	
EAO-EM ADD BOARD FINDING	3	0	0	0	0	0	0	3	100	

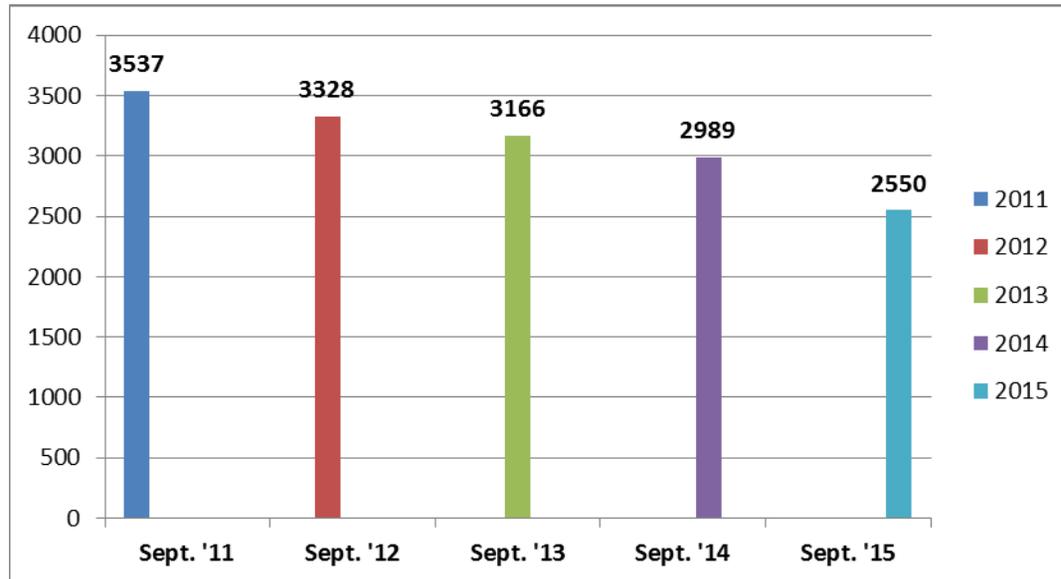
Description	Acknowledged	Days to Acknowledgement								
		> 30 Days			30 - 24		23 - 11		<11	
		Count	%	Count	%	Count	%	Count	%	
EBF-EM % BOARD FINDING	5	0	0	0	0	1	20	4	80	
ESF-EM% SI BOARD FINDING	2	0	0	0	0	0	0	2	100	
PPD	Total: 79	2	2	2	2	8	10	67	84	
CAA-CL ADDL % AWARD D/G	2	0	0	0	0	0	0	2	100	
CAD-CL % AWARD DENY/GRNT	64	2	3	1	1	5	7	56	87	
CIE-CL SI ADD% AWARD D/G	4	0	0	0	0	3	75	1	25	
CIG-CL SI %AWARD DNY/GNT	9	0	0	1	11	0	0	8	88	
PTD ENTITLEMENT	Total: 1	0	0	0	0	0	0	1	100	
CIT-CL SI DENY/GRANT PTD	1	0	0	0	0	0	0	1	100	
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	Total: 1	0	0	0	0	0	0	1	100	
CEB-CL PTD REV. BODY DETERMINATION	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: 8	0	0	0	0	1	12	7	87	
CIQ-CL SI DY/GNT R/O PPD	2	0	0	0	0	0	0	2	100	
CIY-CL SI DY/GNT R/O TTD	2	0	0	0	0	1	50	1	50	
CJV-CL DNY/GRNT R/O PPD	1	0	0	0	0	0	0	1	100	
CRD-CL DENY/GRNT R/O TTD	3	0	0	0	0	0	0	3	100	
SPECIAL CATEGORY	Total: 5	0	0	0	0	0	0	5	100	
CII-CL SI SL CATEGORY	1	0	0	0	0	0	0	1	100	
CNW-CL SPL CATEGORY	4	0	0	0	0	0	0	4	100	
TRMT/EQUIP CL	Total: 97	4	4	6	6	9	9	78	80	
CBX-CL TRMT DENY	84	3	3	6	7	7	8	68	80	
CED-CL EQUIP DENY/GRANT	2	0	0	0	0	1	50	1	50	
CSX-CL SI TRMT DENY	11	1	9	0	0	1	9	9	81	
TTD	Total: 27	0	0	1	3	4	14	22	81	
CCC-CL CLOSING THE CLAIM	21	0	0	0	0	3	14	18	85	
CIC-CL SI CLSING THE CLM	1	0	0	0	0	0	0	1	100	
CJS-CL TTD	2	0	0	1	50	0	0	1	50	
CPX-CL INITIAL TTD	2	0	0	0	0	1	50	1	50	
CSG-CL SI INITIAL TTD	1	0	0	0	0	0	0	1	100	
TOTALS:	323	11	3.4	10	3.1	38	11.8	264	81.7	

PROTEST ACKNOWLEDGMENT TIMELINESS

Acknowledgment Timeliness	2014	Sept. '15	2015
Protest Ack. < 11 Days	81.7%	81.7%	80.8%
Protest Ack. 11 – 23 Days	12.1%	11.8%	13.7%
Protest Ack. 24 – 30 Days	1.9%	3.1%	2.6%
Protest Ack. > 30 Days	4.3%	3.4%	2.9%



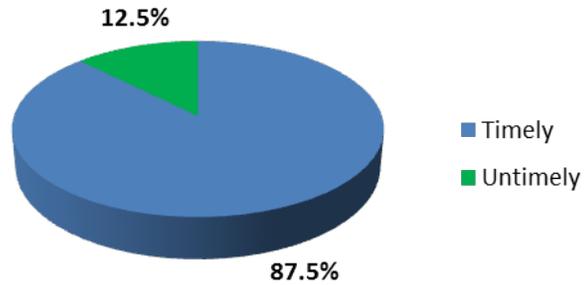
PENDING CASELOAD COMPARISON BY MONTH/YEAR



Pending as of Oct. 1, 2015	2550
Pending 1 Month Before	2534
Pending 2 Months Before	2540
Pending 3 Months Before	2535
Pending 6 Months Before	2576
Pending 12 Months Before	2989

TIME STANDARD COMPLIANCE

Time Standard Compliance
September 2015



2014	September	2015
94.1%	87.5%	94.4%

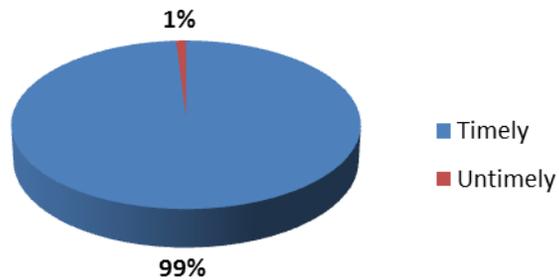
Time Standard Compliance – September 2015

Time Standard Compliance	Issues	Timely		Late	
	Resolved	Count	%	Count	%
BENEFIT OVERPAYMENT	1	1	100	0	100
COMPENSABILITY	19	16	84.2	3	84.2
DEP BEN FATAL	2	1	50	1	50
OP NON-MED	1	1	100	0	100
OPBD	4	3	75	1	75
PPD	18	18	100	0	100
REHABILITATION	2	2	100	0	100
REOPENING	3	1	33.3	2	33.3
TRMT/EQUIP CL	30	26	86.7	4	86.7
TTD	8	8	100	0	100
TOTALS:	88	77	87.5	11	12.5

MOTION RESOLUTION COMPLIANCE

2014	September	2015
98.5%	99.0%	98.3%

Motion Compliance
September 2015



Motion Resolution Compliance – September 2015

Motion Resolution Compliance	Total	TIMELY		UNTIMELY	
	Motions	Count	%	Count	%
APPLICATION THRESHOLD	2	2	100	0	0
BENEFIT OVERPAYMENT	10	10	100	0	0
COMPENSABILITY	143	140	97.9	3	2.1
DEP BEN FATAL	7	7	100	0	0
FAILURE TO ACT 10 DAY	2	2	100	0	0
FAILURE TO ACT 15 DAY	4	3	75	1	25
FAILURE TO ACT 30 DAY	3	3	100	0	0
OP NON-MED	1	1	100	0	0
OPBD	49	49	100	0	0
PPD	130	130	100	0	0
PTD ENTITLEMENT	1	1	100	0	0
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	1	1	100	0	0
REHABILITATION	4	4	100	0	0
REOPENING	14	14	100	0	0
SPECIAL CATEGORY	7	7	100	0	0
TEMP	2	2	100	0	0
TRMT/EQUIP CL	174	172	98.9	2	1.1
TTD	54	54	100	0	0
TOTALS:	608	602	99.0	6	1.0

PROTEST RESOLUTIONS

Protests Resolved:	September 2015	2015
Protests Decided	202	1863
Protest Withdrawals	51	553
"No Evidence" Dismissals	30	340

Resolution of Issues – September 1, 2015 through September 30, 2015

Time Standard	Decisions		REVERSED		AFFIRMED		AFFIRMED by RULE		DISMISSED		MODIFIED		MOOT		OTHER		REMANDED	
	Issued	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	
BENEFIT OVERPAYMENT	3	1	33.3	0	0	1	33.3	0	0	0	0	1	33.3	0	0	0	0	
COMPENSABILITY	70	16	22.9	24	34.3	7	10	21	30	1	1.4	1	1.4	0	0	0	0	
DEP BEN FATAL	5	2	40	3	60	0	0	0	0	0	0	0	0	0	0	0	0	
FAILURE TO ACT 15 DAY	2	0	0	0	0	0	0	2	100	0	0	0	0	0	0	0	0	
FAILURE TO ACT 30 DAY	3	0	0	0	0	0	0	3	100	0	0	0	0	0	0	0	0	
OP NON-MED	7	4	57.1	3	42.9	0	0	0	0	0	0	0	0	0	0	0	0	
OPBD	24	4	16.7	3	12.5	0	0	17	70.8	0	0	0	0	0	0	0	0	
PPD	57	6	10.5	20	35.1	9	15.8	20	35.1	2	3.5	0	0	0	0	0	0	
REHABILITATION	5	1	20	0	0	0	0	3	60	1	20	0	0	0	0	0	0	
REOPENING	7	2	28.6	3	42.9	1	14.3	1	14.3	0	0	0	0	0	0	0	0	
SPECIAL CATEGORY	8	3	37.5	1	12.5	0	0	2	25	2	25	0	0	0	0	0	0	
TEMP	1	0	0	0	0	0	0	1	100	0	0	0	0	0	0	0	0	
TRMT/EQUIP CL	92	21	22.8	38	41.3	11	12	16	17.4	6	6.5	0	0	0	0	0	0	
TTD	30	6	20	13	43.3	1	3.3	9	30	1	3.3	0	0	0	0	0	0	
TOTALS:	314	66	21.0	108	34.4	30	9.6	95	30.3	13	4.1	2	0.6	0	0.0	0	0.0	

FINAL DECISION TIMELINESS

Final Decision Timeliness:	2014	September 2015	2015
< 30 Days	25.4%	48.5%	36.8%
30 – 60 Days	62.7%	45.5%	54.3%
60 – 90 Days	9.8%	5.0%	8.2%
>90 Days	2.1%	1.0%	0.8%

Final Decision Compliance – September 1, 2015 through September 30, 2015

Final Decision Compliance	Days to Decision								
	Issues	< 30 Days		30 - 60		61 - 90		Over 90	
	Resolved	Count	%	Count	%	Count	%	Count	%
BENEFIT OVERPAYMENT	1	1	100	0	0	0	0	0	0
COMPENSABILITY	45	15	0	29	0	1	0	0	0
DEP BEN FATAL	5	4	0	0	0	1	0	0	0
FAILURE TO ACT 15 DAY	2	0	0	0	0	2	100	0	0
FAILURE TO ACT 30 DAY	2	0	0	0	0	1	0	1	0
OP NON-MED	7	2	0	4	0	0	0	1	0
OPBD	7	6	0	1	0	0	0	0	0
PPD	30	11	0	18	0	1	0	0	0
REHABILITATION	3	1	0	2	0	0	0	0	0
REOPENING	5	0	0	4	0	1	0	0	0
SPECIAL CATEGORY	7	4	0	3	0	0	0	0	0
TRMT/EQUIP CL	68	42	0	24	0	2	0	0	0
TTD	20	12	0	7	0	1	0	0	0
TOTALS:	202	98	48.5	92	45.5	10	5.0	2	1.0

FAILURE TO TIMELY ACT PROCESS

Failure to Timely Act Process	
Petitions Filed 1/1/15 through 9/30/2015	
Filed:	98
Denied/Dismissed:	57
Reports to OIC:	36
Pending:	29
<i>(Resolutions/Pending include petitions filed from previous year)</i>	

EXPEDITED HEARING PROCESS

YEAR	MONTHLY TOTAL FOR SEPTEMBER	YEARLY TOTAL
2012	2	113
2013	18	173
2014	8	161
2015	10	115

PETITIONS FOR ATTORNEY FEES

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

Petitions Received 1/1/2015 through 9/30/2015	58
Granted	37
Denied	13
Pending	11
Other (<i>Forwarded to BOR</i>)	1
<i>(Grants include petitions filed prior to 1/1/15)</i>	

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

Petitions Received 1/1/2015 through 9/30/2015	10
Granted	2
Denied on face	1
Denied by ALJ decision	1
Withdrawn (including settlements)	1
Pending	5

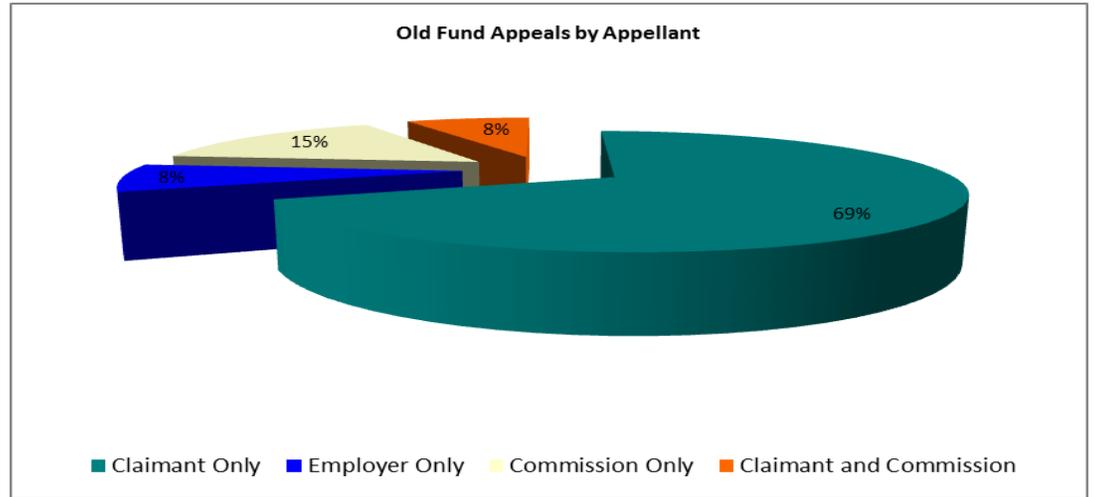
BOARD OF REVIEW

Appeals Received

From September 1, 2015 thru September 30, 2015

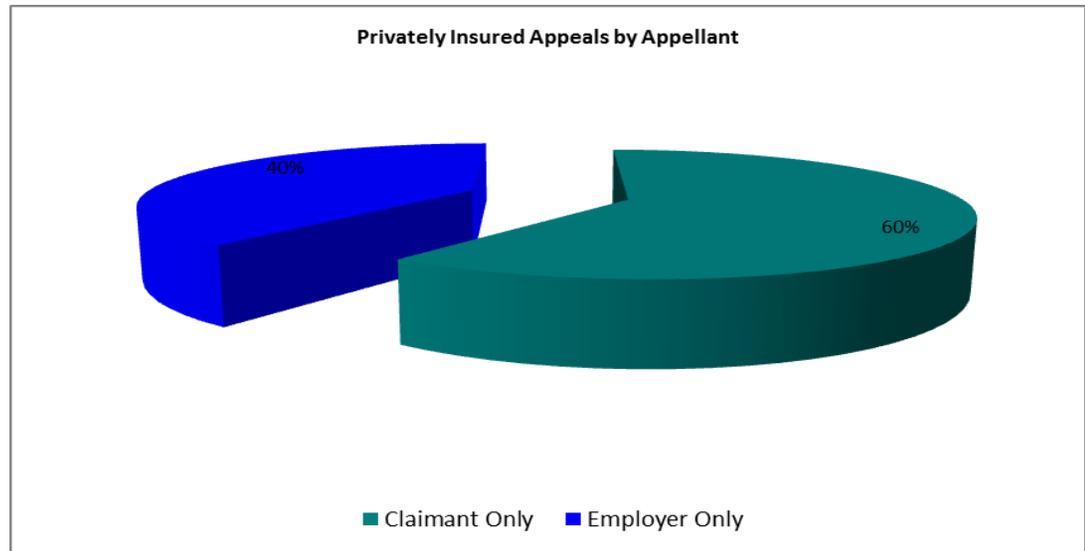
Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	9
Employer Only	1
Commission Only	2
Claimant and Commission	1
Old Fund Total	13



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

Appellant	Count
Claimant Only	35
Employer Only	23
Privately Insured Total	58
Total Appeals	71

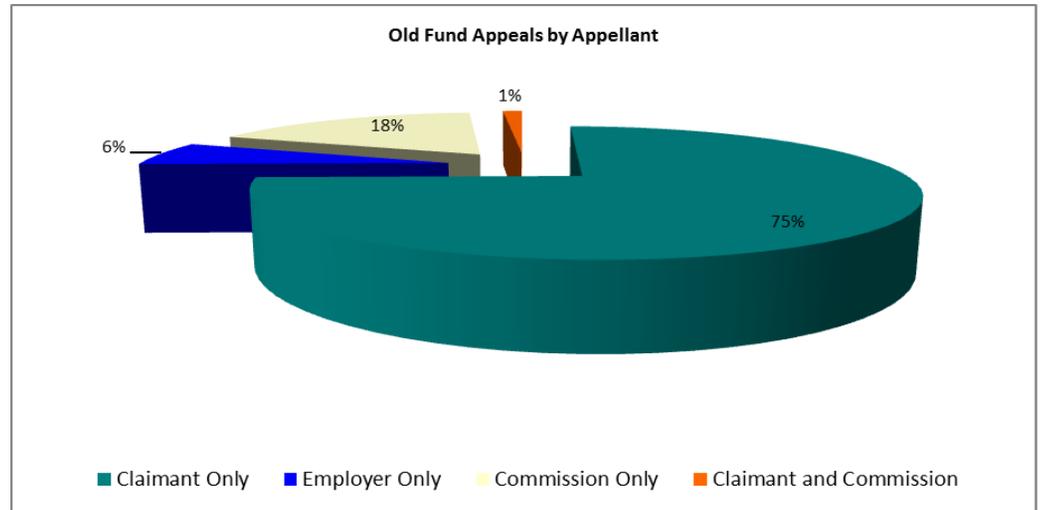


Appeals counted more than once:

Yearly Appeals Received
From January 1, 2015 thru September 30, 2015

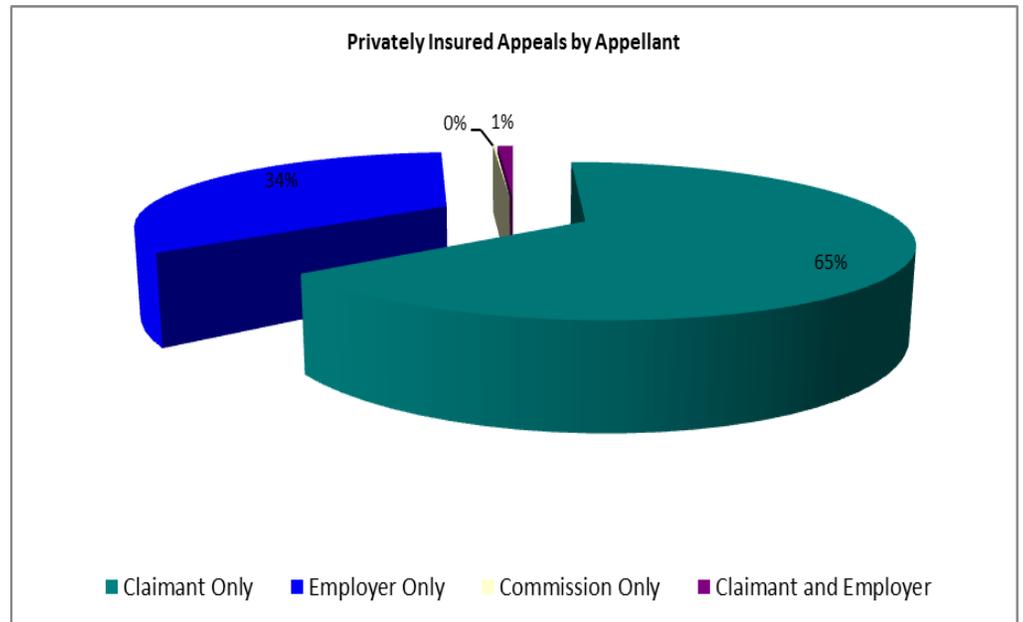
Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	59
Employer Only	5
Commission Only	14
Claimant and Commission	1
Old Fund Total	79



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

Appellant	Count
Claimant Only	375
Employer Only	197
Commission Only	1
Claimant and Employer	6
Privately Insured Total	579
Total Appeals	658



Appeals counted more than once:

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

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	11	0	0.0	11	100.0
CL CLOSING THE CLAIM	3	0	0.0	3	100.0
CL DENY/GRNT DTH BEN	1	1	100.0	0	0.0
CL DENY/GRNT R/O TTD	2	0	0.0	2	100.0
CL DNY/GRNT R/O PPD	3	2	66.7	1	33.3
CL EQUIP DENY/GRANT	1	1	100.0	0	0.0
CL REJ OCC DISEASE	2	0	0.0	2	100.0
CL REJECT CLAIM	9	0	0.0	9	100.0
CL SEC.CONDITION	9	1	11.1	8	88.9
CL SI %AWARD DNY/GNT	4	0	0.0	4	100.0
CL SI ADD% AWARD D/G	1	0	0.0	1	100.0
CL SI DY/GNT DTH BEN	1	1	100.0	0	0.0
CL SI DY/GNT R/O TTD	2	0	0.0	2	100.0
CL SI REJECT CLAIM	1	0	0.0	1	100.0
CL SI SEC.CONDITION	3	1	33.3	2	66.7
CL SI TRMT DENY	5	3	60.0	2	40.0
CL SPL CATEGORY	2	1	50.0	1	50.0
CL TRMT DENY	18	4	22.2	14	77.8
CL TTD	2	0	0.0	2	100.0
Totals	80	15	18.8	65	81.3

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

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	91	1	1.1	90	98.9
CL % BOARD FINDING	5	2	40.0	3	60.0
CL ADD BOARD FINDING	3	0	0.0	3	100.0
CL ADDL % AWARD D/G	5	0	0.0	5	100.0
CL APP.THRESHOLD	1	0	0.0	1	100.0
CL BEN. OVERPAYMENT	4	0	0.0	4	100.0
CL CLOSING THE CLAIM	43	0	0.0	43	100.0
CL COMP ON LIMITED BASIS	9	1	11.1	8	88.9
CL COMPENSABILITY	3	0	0.0	3	100.0
CL DENY/GRANT PTD	1	1	100.0	0	0.0
CL DENY/GRNT DTH BEN	6	5	83.3	1	16.7
CL DENY/GRNT R/O TTD	25	1	4.0	24	96.0
CL DNY/GRNT R/O PPD	9	3	33.3	6	66.7
CL DNY/GRNT R/O PTD	1	1	100.0	0	0.0
CL EQUIP DENY/GRANT	2	2	100.0	0	0.0
CL GRNT/DNY VOC REHA	6	0	0.0	6	100.0
CL INITIAL TTD	2	0	0.0	2	100.0
CL NON-MED ORDER	5	3	60.0	2	40.0
CL OIC D/G DTH BEN	1	0	0.0	1	100.0
CL OIC REJECT CLAIM	2	0	0.0	2	100.0
CL PRSTS BEN RATE	1	0	0.0	1	100.0
CL PTD REV. BODY DETERMINATION	2	1	50.0	1	50.0
CL REJ OCC DISEASE	16	0	0.0	16	100.0
CL REJECT CLAIM	95	0	0.0	95	100.0
CL SEC.CONDITION	71	5	7.0	66	93.0
CL SI %AWARD DNY/GNT	24	1	4.2	23	95.8
CL SI ADD% AWARD D/G	7	0	0.0	7	100.0
CL SI AUT/RPR HA D/G	1	1	100.0	0	0.0
CL SI BEN. OVR PAYMT	1	0	0.0	1	100.0
CL SI CLSING THE CLM	11	0	0.0	11	100.0
CL SI COMP ON LIMITED BASIS	4	0	0.0	4	100.0
CL SI D/G 104 WKS	1	1	100.0	0	0.0
CL SI D/G PROV CHNG	1	0	0.0	1	100.0
CL SI DENY/GRANT PTD	2	1	50.0	1	50.0

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL SI DY/GNT DTH BEN	2	2	100.0	0	0.0
CL SI DY/GNT R/O PPD	3	2	66.7	1	33.3
CL SI DY/GNT R/O TTD	6	0	0.0	6	100.0
CL SI INITIAL TTD	1	0	0.0	1	100.0
CL SI NON-MED ORDER	1	0	0.0	1	100.0
CL SI PTDRB IMPAIRMENT	2	1	50.0	1	50.0
CL SI REJ OCCDISEASE	2	0	0.0	2	100.0
CL SI REJECT CLAIM	15	0	0.0	15	100.0
CL SI SEC.CONDITION	17	1	5.9	16	94.1
CL SI SL CATEGORY	1	0	0.0	1	100.0
CL SI TRMT DENY	42	11	26.2	31	73.8
CL SI TRMT GRANT	1	0	0.0	1	100.0
CL SI TTD	4	0	0.0	4	100.0
CL SPL CATEGORY	15	3	20.0	12	80.0
CL TRMT DENY	170	29	17.1	141	82.9
CL TRMT GRANT	2	2	100.0	0	0.0
CL TTD	15	0	0.0	15	100.0
CL% SI BOARD FINDING	3	0	0.0	3	100.0
EM OIC SPL CATEGORY	1	0	0.0	1	100.0
EM SI AD.BRD FINDING	1	0	0.0	1	100.0
EM SI DY/GNT DTH BEN	1	1	100.0	0	0.0
Not All Parties cc'd	3	0	0.0	3	100.0
PRT NOT CC-NoEMP ORD	1	0	0.0	1	100.0
Totals	770	82	10.6	688	89.4

Appeals Received By Issue
From September 1, 2015 thru September 30, 2015

Type of Issue	Total Issues	Claimant		Employer		OIC		Emp and OIC	
		#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	11	6	54.5	5	45.5	0	0.0	0	0.0
CL CLOSING THE CLAIM	3	1	33.3	2	66.7	0	0.0	0	0.0
CL DENY/GRNT DTH BEN	1	1	100.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	2	1	50.0	1	50.0	0	0.0	0	0.0
CL DNY/GRNT R/O PPD	3	3	100.0	0	0.0	0	0.0	0	0.0
CL EQUIP DENY/GRANT	1	0	0.0	0	0.0	0	0.0	1	100.0
CL REJ OCC DISEASE	2	0	0.0	2	100.0	0	0.0	0	0.0
CL REJECT CLAIM	9	3	33.3	6	66.7	0	0.0	0	0.0
CL SEC.CONDITION	10	7	70.0	2	20.0	0	0.0	1	10.0
CL SI %AWARD DNY/GNT	4	3	75.0	1	25.0	0	0.0	0	0.0
CL SI ADD% AWARD D/G	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT DTH BEN	1	0	0.0	1	100.0	0	0.0	0	0.0
CL SI DY/GNT R/O TTD	2	2	100.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	1	0	0.0	1	100.0	0	0.0	0	0.0
CL SI SEC.CONDITION	3	3	100.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	5	5	100.0	0	0.0	0	0.0	0	0.0
CL SPL CATEGORY	3	1	33.3	1	33.3	0	0.0	1	33.3
CL TRMT DENY	19	11	57.9	6	31.6	0	0.0	2	10.5
CL TTD	2	1	50.0	1	50.0	0	0.0	0	0.0
Totals	83	49	59.0	29	34.9	0	0.0	5	6.0

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

Appealed By	BOR Disposition	Disposition Count	Disp %	Total %	Year to Date	Disp %	Total %
CLAIMANT	AFFIRMED	46	83.6%	47.9%	316	81.2%	51.6%
	DISMISSED	2	3.6%	2.1%	29	7.5%	4.7%
	MODIFY				3	0.8%	0.5%
	REMAND	2	3.6%	2.1%	14	3.6%	2.3%
	REVERSE	5	9.1%	5.2%	27	6.9%	4.4%
	Total Dispositions	55			389		
CLAIMANT/EMPLOYER	AFFIRMED	2	100.0%	2.1%	7	70.0%	1.1%
	DISMISSED				1	10.0%	0.2%
	REMAND				1	10.0%	0.2%
	REVERSE				1	10.0%	0.2%
	Total Dispositions	2			10		
EMPLOYER	AFFIRMED	29	78.4%	30.2%	133	67.9%	21.7%
	DISMISSED	5	13.5%	5.2%	18	9.2%	2.9%
	MODIFY				6	3.1%	1.0%
	MODIFY AND REMAND				2	1.0%	0.3%
	REMAND				6	3.1%	1.0%
	REVERSE	3	8.1%	3.1%	31	15.8%	5.1%
	Total Dispositions	37			196		
DIVISION/OIC	AFFIRMED	2	100.0%	2.1%	11	64.7%	1.8%
	REVERSE				6	35.3%	1.0%
	Total Dispositions	2			17		
	Grand Totals	96			612		

Dispositions by Issues
BOR Orders Mailed From September 1, 2015 thru September 30, 2015

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	12	10	83.3	2	16.7	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL % BOARD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	10	8	80.0	1	10.0	1	10.0	0	0.0	0	0.0	0	0.0	0	0.0
CL COMP ON LIMITED BASIS	4	3	75.0	1	25.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRANT PTD	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	5	3	60.0	2	40.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL GRNT/DNY VOC REHA	2	2	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	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	3	3	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	12	9	75.0	2	16.7	1	8.3	0	0.0	0	0.0	0	0.0	0	0.0
CL SEC.CONDITION	14	9	64.3	2	14.3	3	21.4	0	0.0	0	0.0	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	2	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI ADD% AWARD D/G	1	1	100.0	0	0.0	0	0.0	0	0.0	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 PTDRB IMPAIRMENT	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJ OCCDISEASE	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	3	3	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI SEC.CONDITION	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	2	0	0.0	0	0.0	1	50.0	0	0.0	1	50.0	0	0.0	0	0.0
CL SI TTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SPL CATEGORY	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	30	24	80.0	1	3.3	4	13.3	0	0.0	1	3.3	0	0.0	0	0.0
CL TTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Totals	111	87	78.4	12	10.8	10	9.0	0	0.0	2	1.8	0	0.0	0	0.0

Yearly Dispositions by Issues
BOR Orders Mailed From January 1, 2015 thru September 30, 2015

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	83	59	71.1	9	10.8	8	9.6	0	0.0	5	6.0	0	0.0	2	2.4
CL % BOARD FINDING	5	3	60.0	0	0.0	1	20.0	0	0.0	1	20.0	0	0.0	0	0.0
CL ADD BOARD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ADDL % AWARD D/G	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	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL BEN. OVERPAYMENT	4	1	25.0	0	0.0	3	75.0	0	0.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	45	35	77.8	5	11.1	4	8.9	0	0.0	1	2.2	0	0.0	0	0.0
CL COMP ON LIMITED BASIS	9	8	88.9	1	11.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL COMPENSABILITY	5	3	60.0	2	40.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL D/G PROV CHNG	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRANT PTD	3	2	66.7	1	33.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT 104 WKS	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT DTH BEN	9	8	88.9	1	11.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	19	15	78.9	3	15.8	0	0.0	0	0.0	1	5.3	0	0.0	0	0.0
CL DNY/GRNT R/O PPD	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL 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	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 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	5	4	80.0	0	0.0	1	20.0	0	0.0	0	0.0	0	0.0	0	0.0
CL INITIAL TTD	3	2	66.7	0	0.0	0	0.0	0	0.0	1	33.3	0	0.0	0	0.0
CL NON-MED ORDER	7	3	42.9	0	0.0	2	28.6	2	28.6	0	0.0	0	0.0	0	0.0
CL PTD REV. BODY DETERMINATION	4	4	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJ OCC DISEASE	12	11	91.7	1	8.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	108	74	68.5	19	17.6	10	9.3	4	3.7	1	0.9	0	0.0	0	0.0
CL SEC.CONDITION	64	50	78.1	4	6.3	8	12.5	0	0.0	1	1.6	0	0.0	1	1.6
CL SI %AWARD DNY/GNT	17	11	64.7	5	29.4	1	5.9	0	0.0	0	0.0	0	0.0	0	0.0
CL SI AD.BRD FINDING	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI ADD% AWARD D/G	7	6	85.7	1	14.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI AUT/RPR HA D/G	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI BEN. OVR PAYMT	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI CLSING THE CLM	7	7	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	2	2	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	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT DTH BEN	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	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 DY/GNT R/O TTD	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI INITIAL TTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI NON-MED ORDER	2	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI PTDRB IMPAIRMENT	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJ OCCDISEASE	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	18	15	83.3	0	0.0	0	0.0	2	11.1	1	5.6	0	0.0	0	0.0
CL SI SEC.CONDITION	14	13	92.9	1	7.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI SL CATEGORY	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	28	21	75.0	3	10.7	2	7.1	0	0.0	2	7.1	0	0.0	0	0.0
CL SI TRMT GRANT	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0
CL SI TTD	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0
CL SPL CATEGORY	12	9	75	0	0	1	8.3333	0	0	2	16.667	0	0	0	0
CL TRMT DENY	144	113	78.472	14	9.7222	14	9.7222	0	0	2	1.3889	0	0	1	0.6944
CL TRMT GRANT	2	0	0	1	50	0	0	1	50	0	0	0	0	0	0
CL TTD	8	6	75	1	12.5	1	12.5	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
EM % BOARD FINDING	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0
EM NON-MED ORDER	1	0	0	0	0	0	0	1	100	0	0	0	0	0	0
EM SI AD.BRD FINDING	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0
Not All Parties cc'd	3	1	33.333	0	0	1	33.333	0	0	1	33.333	0	0	0	0
PRT NOT CC-NoEMP ORD	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0
Totals	692	526	76.012	75	10.838	57	8.237	10	1.4451	20	2.8902	0	0	4	0.578

REVENUE RECOVERY

Workers' Compensation – September 2015

COLLECTION ACTIVITY	Current Month	Fiscal Year 2016
Receipts - Old Fund (Employer out of business)	\$ 1,350.23	\$ 9,191.62
Receipts - PC & NU (Private Carrier Cancellation & Rogue Employers)	\$ 56,083.29	\$ 128,819.86
Receipts - Payment Agreements (Old Fund and UEF Combined)	\$ 8,930.59	\$ 30,047.50
# of active accounts uninsured (cumulative) / (average)	307	454
\$ of active accounts uninsured (cumulative) / (average)	\$ 1,353,526.80	1,978,905.20
Telephone contacts	1,291	3,847
Walk-ins	5	15

LIENS	Current Month	Fiscal Year 2016
Liens sent to county clerks for recordation	136	318
Liens sent to county clerks for release	59	125
Intent to lien letters sent to employer/owner/officer/member	62	185

Uninsured Accounts Resolved	182	489
All Cash Receipts from WC accounts	\$ 66,364.11	\$ 168,058.98

INJUNCTIONS	Current Month	Fiscal Year 2016
Affidavits for injunction submitted to legal	1	6
Hearings attended	1	1
# of injunction complaints accepted by court	0	2
# of injunctions granted	1	2
# of agreed orders entered	0	0
PAYMENT AGREEMENTS	Current Month	Fiscal Year 2016
# of repayment agreements applications	3	17
Agreements set up	3	16
Total # of agreements on system (cumulative) / (average)	56	85
Intent to void letters mailed	5	14
Agreements voided	0	2

MISCELLANEOUS	Current Month	Fiscal Year 2016
Terminations Processed	42	135
Rule 11 Letters Mailed	165	516
Rule 11 hearings	1	2

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
October 28, 2015

OPERATING REPORT

AUGUST 2015

Board of Treasury Investments

1900 Kanawha
Boulevard East
Suite E-122
Charleston WV
25305
(304) 340-1564
www.wvbti.com

Board of Directors

John D. Perdue,
State Treasurer,
Chairman

Earl Ray Tomblin,
Governor

Glen B. Gainer III,
State Auditor

Richard "Chap"
Donovan, CPA
Appointed by the
Governor

Executive Staff

Executive
Director

Kara K. Hughes,
CPA, MBA, CFE

Chief Financial
Officer

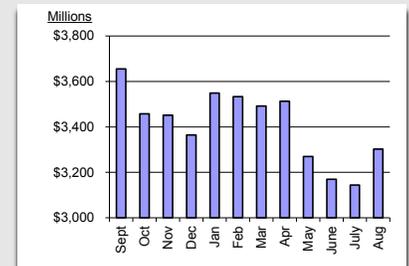
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$3,302,111,000

Last Month
\$3,143,773,000

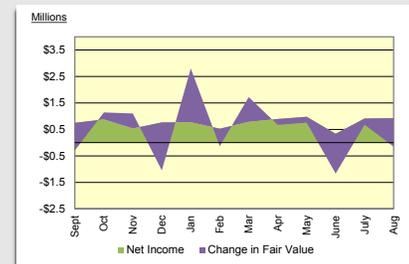
Beginning of Fiscal Year
\$3,143,773,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$529,000



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

Money Market Pools

As of August 31, 2015

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	0.1143%	43 Days	\$2.0 Billion
WV Gov't Money Market	0.0373%	59 Days	\$199.5 Million

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

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

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

AUGUST 2015

Opportunity to Rebalance for Long-Term Investors

Market Environment

August was a difficult month as China's surprise devaluation of the yuan fueled concerns around global growth and unleashed a wave of volatility, sparing few asset classes. For instance, the MSCI EM Index fell 9% as emerging market equities—especially China's major trade partners—took a hit. Meanwhile, within developed markets, the S&P 500 dropped 6% and the MSCI EAFE declined 7.4% as investors recognized the potential for contagion from an economic slowdown in China. That said, markets were on firmer footing by month end, despite sharp losses across numerous equity and bond indices, as investors responded to favorable economic news in the US. Within currencies, emerging markets continued to struggle in August, spurring losses of 5.4% in the local debt-denominated JP Morgan GBIEM Global Diversified Index; the dollar-denominated JP Morgan EMBI Global Diversified Index was up 0.5% for the month. US Treasury rates seesawed in August with the 10-year note initially falling to 2.01% as investors sought relatively safer securities, but then ended the month mostly flat at 2.21%. As a result, domestic fixed-income indices were relatively unchanged, with the Barclays Aggregate Bond Index declining 0.1%. High-yield bonds fell 1.7%, according to the Barclays US Corporate High Yield Index, with sustained low oil prices pressuring the energy sector. A flat month for commodity markets—the Bloomberg Commodity Index lost 0.9%—concealed another challenging stretch as real assets followed the path of the broader investment markets (with crude oil dipping below \$40 a barrel at one point) followed by some recovery to close out the month.

Equity Market Results

As noted above, U.S. equity market results were decidedly negative during the month. Large cap stocks posted the best relative results, while their smaller counterparts fell even more. Large cap stocks, as measured by the Russell 1000 Index, fell 6.02%, while the Russell 2000 Index, a widely used small cap benchmark, declined 6.28%. Year-to-date, returns from the broad U.S. equity market turned negative with the recent market pullback.

International equity markets were also down sharply during August. Developed international markets, represented by the MSCI EAFE Index, fell 7.36%, while their less established counterparts, represented by the MSCI Emerging Markets Index, fell 9.04%. Year-to-date, developed market stocks fell into negative territory with returns declining to - 0.21%, while emerging markets stocks continued to fall even further into negative territory, losing more than 12.75%.

Bond Market Results

Bonds posted primarily negative results during the month, with only a few exceptions in the safer segments such as intermediate-term treasuries and agencies. The US bond market, represented by the Barclays Capital Aggregate Index, declined 0.14% during the month. International bonds, as represented by the Citigroup World Government Bond Index (WGBI) hedged, rose during the month, posting a 0.47% return. Cash-like instruments continued to post small returns, with the BofA ML 3-month T-bill and LIBOR returning 0.00% and 0.02%, respectively. Even with the most recent month's negative results, the broad U.S. bond index continues to tread in positive territory, with the Barclays Capital Aggregate Index returning 0.45%.

Market Outlook

Though August's selloff was challenging, it is not without precedent as equity markets tend to experience such corrections approximately every two years. We still believe that non-US developed equities are more attractive than domestic stocks and suggest an overweight relative to global weights. In emerging markets, we think volatility is likely to continue as China adjusts to a slowing local economy and gradually liberalizes its economy. However, we believe that fundamentals remain in place over the long run and long-term investors should hold dedicated emerging market exposure at current policy weights and use multi-asset strategies, such as global asset allocation, to gain additional exposure tactically when conditions warrant. Though this selloff has been particularly steep, especially in light of the mostly calm environment after the financial crisis, we believe it represents a prime opportunity to rebalance to diversified policy targets, which will benefit investors over the long term.

West Virginia Board of Treasury Investments

Financial Highlights as of August 31, 2015

WV Short Term Bond Pool

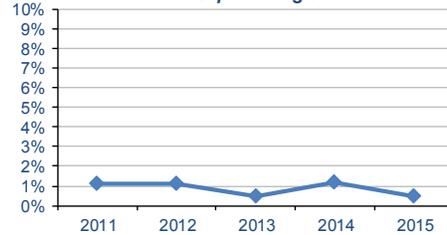
Rates of Return for the Past 12 Months Net of All Fees

<u>September 1 - August 31</u>	<u>Return</u>	<u>Net Assets At Aug 31 (In Millions)</u>
2015	0.5%	\$ 804.1
2014	1.2%	\$ 787.6
2013	0.5%	\$ 716.6
2012	1.1%	\$ 500.0
2011	1.1%	\$ 473.6

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

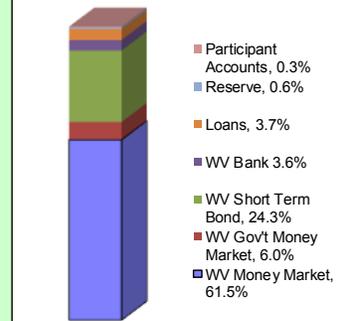
Past 12 Months
Sept 1 - Aug 31



Summary of Value and Earnings (In Thousands)

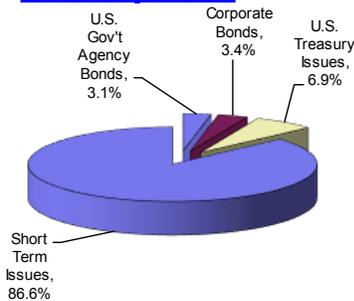
<u>Pool</u>	<u>Net Asset Value</u>	<u>Aug Net Income (Loss)</u>	<u>Fiscal YTD Net Income(Loss)</u>
WV Money Market	\$ 2,029,644	\$ 193	\$ 405
WV Gov't Money Market	199,474	8	20
WV Short Term Bond	804,122	(392)	11
WV Bank	118,122	14	27
Loans	123,161	16	33
Reserve	18,724	4	8
Participant Accounts	8,864	6	25
	<u>\$ 3,302,111</u>	<u>\$ (151)</u>	<u>\$ 529</u>

Percent of Total Net Asset Value

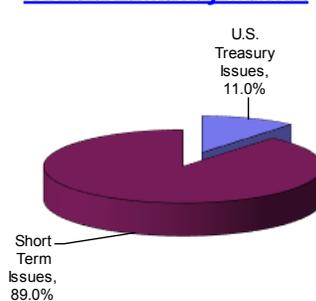


Securities by Type for Operating Pools (Percentage of Asset Value)

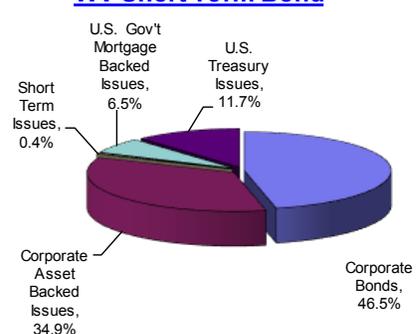
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
AUGUST 31, 2015
(IN THOUSANDS)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Other Pools	Participant Directed Accounts	Total
Assets							
Investments:							
At amortized cost	\$ 2,039,410	\$ 199,487	\$ -	\$ 118,074	\$ 141,865	\$ 4,486	\$2,503,322
At fair value	-	-	805,628	-	-	4,294	809,922
Other assets	425	12	1,677	52	25	84	2,275
Total assets	<u>2,039,835</u>	<u>199,499</u>	<u>807,305</u>	<u>118,126</u>	<u>141,890</u>	<u>8,864</u>	<u>3,315,519</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased	10,191	25	3,183	4	5	-	13,408
Total liabilities	<u>10,191</u>	<u>25</u>	<u>3,183</u>	<u>4</u>	<u>5</u>	<u>-</u>	<u>13,408</u>
Net Position							
Held in trust for investment pool participants	2,029,644	199,474	804,122	118,122	141,885	-	3,293,247
Held in trust for individual investment account holders	-	-	-	-	-	8,864	8,864
Total net position	<u>\$ 2,029,644</u>	<u>\$ 199,474</u>	<u>\$ 804,122</u>	<u>\$ 118,122</u>	<u>\$ 141,885</u>	<u>\$ 8,864</u>	<u>\$3,302,111</u>
Additions							
Investment income:							
Interest and dividends	\$ 274	\$ 12	\$ 899	\$ 18	\$ 24	\$ 31	\$ 1,258
Net (amortization) accretion	42	11	(122)	-	-	(23)	(92)
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>316</u>	<u>23</u>	<u>777</u>	<u>18</u>	<u>24</u>	<u>8</u>	<u>1,166</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	127	16	89	4	4	-	240
Total investment expenses	<u>127</u>	<u>16</u>	<u>89</u>	<u>4</u>	<u>4</u>	<u>-</u>	<u>240</u>
Net investment income	189	7	688	14	20	8	926
Net realized gain (loss) from investments	4	1	2	-	-	-	7
Net increase (decrease) in fair value of investments	-	-	(1,082)	-	-	(2)	(1,084)
Net increase (decrease) in net position from operations	193	8	(392)	14	20	6	(151)
Participant transaction additions:							
Purchase of pool units by participants	1,082,863	15,814	1,224	13	4	-	1,099,918
Reinvestment of pool distributions	192	8	697	14	20	-	931
Contributions to individual investment accounts	-	-	-	-	-	152	152
Total participant transaction additions	<u>1,083,055</u>	<u>15,822</u>	<u>1,921</u>	<u>27</u>	<u>24</u>	<u>152</u>	<u>1,101,001</u>
Total additions	1,083,248	15,830	1,529	41	44	158	1,100,850
Deductions							
Distributions to pool participants:							
Net investment income	189	7	688	14	20	-	918
Net realized gain (loss) from investments	4	1	2	-	-	-	7
Total distributions to pool participants	<u>193</u>	<u>8</u>	<u>690</u>	<u>14</u>	<u>20</u>	<u>-</u>	<u>925</u>
Participant transaction deductions:							
Redemption of pool units by participants	887,603	52,301	-	14	1,670	-	941,588
Withdrawals from individual investment accounts	-	-	-	-	-	-	-
Total participant transaction deductions	<u>887,603</u>	<u>52,301</u>	<u>-</u>	<u>14</u>	<u>1,670</u>	<u>-</u>	<u>941,588</u>
Total deductions	<u>887,796</u>	<u>52,309</u>	<u>690</u>	<u>28</u>	<u>1,690</u>	<u>-</u>	<u>942,513</u>
Net increase (decrease) in net position from operations	195,452	(36,479)	839	13	(1,646)	158	158,337
Inter-pool transfers in	-	-	-	1,985	-	-	1,985
Inter-pool transfers out	(1,985)	-	-	-	-	-	(1,985)
Net inter-pool transfers in (out)	<u>(1,985)</u>	<u>-</u>	<u>-</u>	<u>1,985</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	193,467	(36,479)	839	1,998	(1,646)	158	158,337
Net position at beginning of period	<u>1,836,177</u>	<u>235,953</u>	<u>803,283</u>	<u>116,124</u>	<u>143,531</u>	<u>8,706</u>	<u>3,143,774</u>
Net position at end of period	<u>\$ 2,029,644</u>	<u>\$ 199,474</u>	<u>\$ 804,122</u>	<u>\$ 118,122</u>	<u>\$ 141,885</u>	<u>\$ 8,864</u>	<u>\$3,302,111</u>



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
PITTSBURGH DISTRICT, CORPS OF ENGINEERS
WILLIAM S. MOOREHEAD FEDERAL BUILDING
1000 LIBERTY AVENUE
PITTSBURGH, PA 15222-4186

October 12, 2015

Real Estate Office

State of West Virginia
Department of Natural Resources
Robert A Fala, Director
324 4th Avenue, Room 342
South Charleston, WV 25303-1228

Dear Mr. Fala:

Please be advised that USACE, Pittsburgh District, has approved the attached final clean draft documents (the Declaration, the Investment Contract and the Cottage Rental Program Rules and Guidelines, aka CRP Rules) in connection with the Stonewall Expansion Cottage project. Accordingly, the WVDNR and the Developer/Operator have met the requirements of the USACE letter dated 11 September 2012 (copy attached). Therefore, the MHLP, LLC, (on behalf of the WVDNR and the Director) are hereby authorized to proceed to discuss and ultimately offer the investment opportunity to private investors for up to five expansion cottages.

If you should have any questions or concerns, please contact Ms. Theresa Tallo-West, at 412-395-7122 or Helena.T.Tallo-West@usace.army.mil.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Lieu", written over a large, faint circular stamp or watermark.

Ken Lieu
Chief, Real Estate Office
Pittsburgh District

Presentation to

**Joint Committee on
Government and Finance**

Stonewall Resort Update

Rudy Henley

Project Developer & Asset Manager

October 19, 2015



Big Picture

- This update report is required by the 2008 statute authorizing additional lodging at Stonewall Resort
- Details of cottages not available in 2008
- No action is asked of or required by Joint Committee

Cottage Expansion Project

- Goal is to increase capacity and revenues
- Up to 100 cottages authorized by 2008 statute
- Over next three years we hope to build 20-25 cottages
- Model unit has been installed, presentations to investors about to begin

Cottage Expansion Project



Cottage Expansion Project

LDC Larson Design Group®

Peninsula Conceptual Layout



October 2015

STONEWALL
RESORT

Lakeside Cottages
Peninsula East

Cottage Expansion Project

- Land is owned by federal government
- Improvements (including cottages) are owned by the State
- Investors fund all costs of construction and furnishings

Cottage Expansion Project

- Investors have defined rights and obligations related to the operation and maintenance of the units, and cover the cost of any operating deficits
- Investors have the right to receive a portion of the rental revenue stream; Stonewall Resort also receives a portion

Cottage Expansion Project

- Cottages are available for rent to the public in a mandatory rental program
- The additional lodging capacity enhances the financial performance of Stonewall

Cottage Expansion Project

- DNR has approved all plans and supports the expansion
- U.S. Army Corps of Engineers has approved plans, and sees this as a possible national model

Time Frames/Next Steps

- Investor presentations to begin in November
- Construction will commence subsequent to funding of investment commitment for each cottage.
- We estimate commencement of construction in 1st quarter of 2016.

Cottage Expansion Project

Questions?

§20-5-16. Authority to enter into contracts with third parties to construct recreational facilities and cabins; public comment.

(a) Notwithstanding any other provision of this code to the contrary, in addition to all other powers and authority vested in the director, he or she is hereby authorized and empowered to:

(1) Enter into contracts with third parties for the financing, construction and operation of recreational, lodging and ancillary facilities at Chief Logan State Park, Beech Fork State Park, Tomlinson Run State Park, Stonewall Jackson Lake State Park, Lost River State Park and Canaan Valley Resort State Park. The contracts may allow and recognize both direct and subsidiary investment arrangements. The term of the contracts may not exceed a period of twenty-five years, at which time the full title to the recreational facilities shall vest in the state, except as otherwise provided in this section;

(2) Enter into contracts with third parties for the construction, but not the operation, of cabins at any state park or forest. Upon completion of the construction of the cabins, full title to the cabins shall immediately vest in the state and the cabins shall be operated by the parks and recreation section;

(3) Authorize the construction of at least five cabins by any single third party in state parks and state forests which do not offer the facilities on the effective date of this subsection; and

(4) Propose emergency and legislative rules, in accordance with the provisions of article three, chapter twenty-nine-a of this code, that set the conditions upon which the director may enter into a contract with a single third party proposing to construct cabins.

(b) All contracts shall be presented to the Joint Committee on Government and Finance for review and comment prior to execution.

(c) A contract may provide for renewal for the purpose of permitting continued operation of the facilities at the option of the director for a term or terms not to exceed ten years.

(d) Except as otherwise authorized by this section, no extension or renewal beyond the original twenty-five year term may be executed by the director absent the approval of the Joint Committee on Government and Finance.

(e) *Stonewall Jackson Lake State Park.* --

(1) With respect to the financing, construction and operation of lodging at Stonewall Jackson Lake State Park, in addition to the lodging in existence as of the first day of July, two thousand eight, contracts entered into pursuant to this section may grant, convey or provide for commercially reasonable lodging usage and related rights and privileges all on terms and conditions as the director may deem appropriate, desirable or necessary to attract private investment for the construction of additional lodging units.

(2) No contracts may be entered into prior to the preparation of lodging unit development plans and standard lodging unit contract documents in a form and at a level of detail acceptable to the United States Army Corps of Engineers and the director, and subsequent to the presentation of the lodging unit development plans and standard lodging unit contract documents to the Joint Committee on Government and Finance for review and comment.

(3) At a minimum, the lodging unit development plans and standard lodging unit contracts shall comply with the following requirements:

(A) That no more than one hundred additional lodging units may be constructed, in addition to the lodging in existence as of the first day of July, two thousand eight;

(B) That lodging unit contracts, with respect to any additional lodging units that may be financed, constructed or operated pursuant to the provision of this section, shall generally conform to the contracts entered into by federal agencies or the National Park Service with private parties regarding privately financed property that is constructed, developed or operated on public lands administered by federal agencies or the National Park Service, subject to modification and adaptation by the director as the director deems appropriate, suitable and relevant to any lodging units to be constructed at Stonewall Jackson Lake State Park.

(C) That a party granted rights and privileges under lodging unit contracts awarded under the provisions of this subsection shall have the right to renew his, her or its lodging unit contract for successive terms not to extend beyond the termination date of the state's lease with the United States Army Corps of Engineers; or, in the event that the state's lease with the United States Army Corps of Engineers is extended beyond the termination date of the lease as of the first day of July, two thousand seven, not to exceed five ten-year extensions or renewals beyond the termination date of the lease between the state and the United States Army Corps of Engineers in effect as of the first day of July, two thousand seven: *Provided*, That the party extended the renewal rights is in compliance with all material rights, duties and obligations arising under his, her or its contract and all relevant and applicable provisions of federal, state and local laws, rules, regulations, contracts or agreements at the time of renewal: *Provided, however*, That if and in the event the director makes an affirmative determination that further renewals beyond the time periods set forth in this subsection are in the best interest of the state and Stonewall Jackson Lake State Park, giving due consideration to financial, operational and other considerations deemed relevant and material by the director, that the director may authorize further renewals;

(D) That all rights and privileges arising under a lodging unit contract shall be transferred to the state or the state's designee upon the expiration or termination of the contract, upon the terms and conditions as each contract may provide or as may otherwise be agreed upon between the parties;

(E) That the state is not, and cannot be, obligated for any costs, expenses, fees or other charges associated with the development of the additional lodging units under this subsection or the operation and maintenance of the additional lodging units over time, including, but not limited to, costs associated with infrastructure improvements associated with development or operation of the additional lodging units. In his or her discretion, the director may engage professionals to

assist the state in connection with its review and oversight of development of the additional lodging units;

(F) That at any time following the initial term and first renewal period of any lodging unit contract entered into with a private party with respect to an additional lodging unit that is constructed under this section, the state shall have the right and option, in its sole discretion, to purchase a lodging unit or lodging units in accordance with the provisions of this subsection and any and all contracts that may be entered into from time to time under this section;

(G) That at its sole option and discretion, the state may elect to purchase a lodging unit from a private party. In that event, the private party shall be paid the fair value of the private party's residual rights and privileges under the lodging unit contract, the residual rights and privileges to be valued generally in accordance with the valuation standards set forth in the National Park Service's standard contract provisions, or other relevant federal agency standards applicable to similar or like contract rights and provisions as may be in existence at the time of transfer, all as the same may be deemed relevant and appropriate by the director, and all in the exercise of the director's reasonable discretion. Nothing in this section is intended or shall be construed to impose an obligation on the state to purchase, buy, buy out or otherwise acquire or pay for any lodging unit under this section, or to limit the right and ability of a private party to donate or contribute his, her or its interest in and to any lodging unit constructed under this section to the state or any charitable foundation that may be established and operating from time to time to support the continued operation and development of Stonewall Jackson Lake State Park;

(H) That the state shall have no obligation whatsoever to purchase, buy, buy out or otherwise acquire or pay for any lodging unit that is developed or constructed under this section; and

(I) The director shall have the right to review and approve the form and content of all contracts that may be entered into pursuant to this subsection in connection with the development, operation and maintenance of additional lodging units at Stonewall Jackson Lake State Park.