

JOINT COMMITTEE ON GOVERNMENT AND FINANCE

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Interim Committee Attendance - Results

Monday, November 16, 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 Plymale
- Senator Kessler
- Senator Carmichael
- President Cole

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(Speaker Armstead presides)

AGENDA
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
November 16, 2015

2:00 - 3:00pm

Senate Finance Room

1. **Approval of October 19, 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

Marcellus Shale Gas Field update **(Informational purposes only)**

4. **Update on Prevailing Wage: Tracy Webb & James Bailey**
5. **Other Business**
6. **Adjournment**

JOINT COMMITTEE ON GOVERNMENT AND FINANCE

October 19, 2015

2:00 pm – 3:00 pm

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

Speaker Armstead presides:

Speaker Armstead: “The Committee will come to order. First item on the Agenda is the approval of the September 14th minutes. The moving of the September minutes, are there any corrections? Senator Plymale.”

Senator Plymale: “I move that on page 12, I want to make sure there is a correction. I wouldn’t put Crum in Lincoln County. It is in Wayne County.”

Speaker Armstead: “We will note that for the record. I don’t know if we can change that.”

Senator Plymale: “I can guarantee you I didn’t say Lincoln County.”

Speaker Armstead: “Ok Alright. I understand what you are saying. He can change his own, that’s right. With that correction we will entertain a motion that the minutes be approved. Chairman Nelson moves that the minutes be approved. All of those in favor say, opposed no. The ayes appear to have it, the ayes do have it, the minutes are approved.”

Speaker Armstead: “Next on the agenda are the Committee Reports and Requests. I don’t believe we have any so the first monthly/quarterly report is the status on the reports on Lottery, Unemployment Compensation Fund, General Revenue Fund and State Road Fund, William Spencer. Is there any questions for Mr. Spencer? You have the reports in your packet. If not, next is Workforce WV Unemployment Trust Fund Distribution with Beth Carenbauer. Ms. Carenbauer.”

Ms. Carenbauer: “Good afternoon Mr. Speaker and Mr. President, members of the Committee. This morning the Trust Fund has a balance of \$102,308,000. As you can see from report in your packet, we are currently projecting for Revenues of \$215,845,000 and Benefits this calendar year of \$245,462,000. For a Year-end-total of \$76,383,000. I would be happy to answer any questions.”

Speaker Armstead: “Are there any questions for Ms. Carenbauer? If not, thank you.”

Speaker Armstead: “Next on the Agenda is the monthly/quarterly reports from PEIA, BRIM, and Real Estate. Is Mr. Pizatella here? Alright we will get back to that one. Next we have the Department of Health & Human Resources Medicaid Report and Medicaid Waiver and CHIP Program. Cindy Beane.”

Ms. Beane: “Good afternoon Mr. Speaker, Mr. President and members of the Committee. You have the reports in front of you but one of the things I would like to highlight for you guys today is our NEMT Program that we talked about several months ago giving the broker program I just want to highlight that in its first year we just received \$1.9M rebate from the NEMT Vendor which will go into Medicaid General Fund. This year they received since October 14th, 413,000 calls and scheduled approximately 735,000 trips for our members. That program which we highlighted to be able to reduce fraud waste and abuse has been a great success for us. Are there any questions about the reports in your packets?”

Speaker Armstead: “Does anyone have any questions? Delegate Boggs.”

Delegate Boggs: “Thank you. Could you give us an overview on the Aged & Disabled Waiver Program? I know that the numbers have been consistently going down. Could you give us an update on that please?”

Ms. Beane: “Sure. As of 10/12/15 we have 187 slots still pending activation on that program. So we have 6,385 slots that we are able to distribute in that program and we are at 6,185. We evaluate the status of that program weekly and as, like last week we were able to give out 13 more letters in order to fill those slots. Once the slots get filled, then we will start the active management enrollment list again. So we are getting close.”

Delegate Boggs: “So are you saying that there is no waiting list at this point?”

Ms. Beane: “There is no waiting list in the meaning that we don’t have the slots filled. There are people on that list and you will see in your report, in the August list, how that number continues to go down but not everybody on that list has established the financial eligibility list so that number fluctuates. Right now we still have slots to give and we are still actively giving slots. Probably by next month I won’t be able to say that same thing.”

Delegate Boggs: “Ok. I just want to clarify there are slots available?”

Ms. Beane: “Yes. There is 187 slots still pending activation.”

Delegate Boggs: “Ok. So you have no one on the waiting list?”

Ms. Beane: “No. What I am saying is we have 187 slots that still have not been filled. We have more than that in applications but as you know Delegate Boggs at one time we had 2,500 people but not everybody on that list meets financial eligibility. As we know if they meet financial eligibility and we have a slot open we do the letter. So last week we gave like 13 letters out.”

Delegate Boggs: “Ok. I sense you don’t want to use the word ‘waiting list’ so how many people are pending?”

Ms. Beane: “I believe on this report I don’t have, the report in front of you has..On the Management Enrollment List it was 298 on August 15th but as you can see like in July it was 405. So that number continues to fluctuate. Because not all of that 298 might be eligible for Medicaid financially.”

Delegate Boggs: “So there are 298, there is 187 available and out of those 298 you just haven’t determined if they are financially eligible?”

Ms. Beane: “Right. We don’t know if all of those 298 will eventually be on the program or not.”

Delegate Boggs: “How long..to be pending out of that 298, they are all nursing home eligible and they’re medically qualified, correct?”

Ms. Beane: “Yes. Everybody is medically qualified first.”

Delegate Boggs: “Ok. Are there benchmarks, I mean if there are 298 how do you, do you try to do so many a week or are you actively pursuing all of these at once?”

Ms. Beane: “So we actively pursue. We put the process in place for them to go ahead even though there is 298 and right now like I said we have 187 slots pending. We ask everybody now to go ahead and establish your financial eligibility. That’s why that number shrunk because remember at one time in this committee we were reporting 2,000 on the list. But a lot of those people on the list were never going to be eligible for Medicaid financially. So of that 298 we go ahead and send them all a letter and say please go ahead and establish your financial eligibility. Not all of that 298 will be financial eligible. So we give them some time to do that and then we pursue them to go ahead and get your letter. Once you establish that and come on to the program.”

Delegate Boggs: “How much time do they have to get eligible? I mean to respond to your inquiries if they are financially eligible?”

Ms. Beane: “I will double check for you but I believe it is 30-45 days. I can’t remember if its 30 or 45.”

Delegate Boggs: “If you could provide that.”

Ms. Beane: “Absolutely. I’d provide it before I’d assume bring it with me today Delegate Boggs.”

Delegate Boggs: “I would appreciate it. Thank you.”

Speaker Armstead: “Further questions? Senator Kessler.”

Senator Kessler: “I understand that you got a new manual, is that correct?”

Ms. Beane: “Yes, we have a new manual out for 30 day comments for IDD Waiver, yes.”

Senator Kessler: “Have you done a study on any changes you might have on services.....”

Ms. Beane: “So we do have a presentation pending in the Agenda from Deputy Secretary Samples about the IDD Waiver but with regards to the services and the new manual, the reason for the changes in the manual is for us to live within the budget and actually get those budget costs down in order to serve the people on the wait list because our IDD Waiver, we have people on that waiver that have been waiting over three years over a thousand members waiting for those services.”

Senator Kessler: “You will remind me....”

Ms. Beane: “Yes.”

Speaker Armstead: “Any further questions of Ms. Beane? Thank you.”

Speaker Armstead: “I can see that Secretary Pizatella is back with us. If you would like to make a report on PEIA, BRIM and Real Estate report.”

Mr. Pizatella: “Thank you Mr. Speaker, Mr. President and members of the Committee. You have the Department of Administration’s written report in front of you I believe. If you have any questions about some of the individual reports if you’d like. One thing that I did want to point out was the PEIA Finance Board did meet last Thursday and adopted a proposed health care plan for fiscal year 2017 that would go into effect on July 1, 2016. We take that plan out for public comment in November of every year and then the Board

meets the first week of December to actually adopt the plan taking into account the public comments that we received. As you can see in the PEIA report, specifically that for both the PEIA and the Retiring Health Benefit Trust that medical expenses are exceeding revenue. I did want to give up just a brief overview of, very quickly of some of the construction that is going on on the capitol complex that you may have seen when you came in yesterday and today. The capitol perimeter security project is on schedule for completion for November of 2015 and the bus turn around project is scheduled for final completion in December of 2015. Building 3 is actually a little bit ahead of schedule and for final completion is November of 2016. The roof replacement project for this building, Building 1, should be substantially completed by the end of the month, that is the month of October and then the Buildings 5, 6 and 7 exterior restoration project should be completed in early January of 2016. Are there any questions about the individual reports, I would be pleased to answer them. And I do have representatives here from PEIA, BRIM and Real Estate if there are questions beyond my expertise.”

Speaker Armstead: “Are there questions? Senator Plymale.”

Senator Plymale: “Thank you Mr. Speaker. Jason along with making the proposal for this year for PEIA, you also have to make a five-year projection. What does that five-year projection look like?”

Mr. Pizatella: “If it’s ok with you Senator and Mr. Speaker, I would turn that question over to Director Cheatham.”

Mr. Cheatham: “Director Cheatham of PEIA.”

Senator Plymale: “Thanks a lot Ted.”

Mr. Cheatham: “It looks similar, we are looking at 7% to 8% increases for the next five years.”

Senator Plymale: “Ok. So in terms, put that to dollar amount of what you think that will be.”

Mr. Cheatham: “As I explained the other day, PEIA spends about \$1B a year on healthcare for the State of West Virginia. Medical trends running anywhere from 6% to 7%. Seven percent of a billion dollars is \$70M. You are looking at a need with no changes to the plan of about \$70M every year from here to perpetuity. I am not saying some years it won’t be 5% trends or 3% trends, on an average its going to be somewhere between 5% and 7%.”

Senator Plymale: “So how would this year’s if you take into effect that its \$120M or something like that that you are looking at. If that it is implemented, does that not affect the future years or does it still look like \$70M on those?”

Mr. Cheatham: “It still looks like \$70M on the future years. Just under \$20M makes us break even for FY17.”

Senator Plymale: “Ok, thanks.”

Speaker Armstead: “Any further questions? Senator Kessler.”

Senator Kessler: “Thank you Mr. Speaker. As I understand it, because it’s the way the statute is written, that there will be premium increases but those will only be on retirees. Is that correct?”

Mr. Cheatham: “That is correct.”

Senator Kessler: “How much of that \$120M is being allocated to the retirees?”

Mr. Cheatham: “Medicare retirees is about \$21M and pre 65 is I believe around \$15M or \$16M. That’s in benefit cuts in addition to an 8% premium increase.”

Senator Kessler: “They are the only ones suffering the 8% premium increase in addition to taking cuts in benefits as well.”

Mr. Cheatham: “Yes sir and the non-state agencies are also getting I believe a 3% premium increase as well.”

Senator Kessler: “But all the state agencies we can’t because of the AD 20 Formula, is that correct?”

Mr. Cheatham: “That is correct. It only affects active state employees.”

Senator Kessler: “.....difference between the retirees and the other non-state employees and whatever around \$80M or something like that?”

Mr. Cheatham: “It is \$77.5M for the active state.”

Senator Kessler: “I wanted to make sure I knew what we are dealing with.”

Mr. Cheatham: “Yes sir. I would be happy to have the Legislature to come do those meetings for me.”

Speaker Armstead: “Delegate Nelson.”

Delegate Nelson: “Thank you Mr. Speaker. A quick question. Do we distinguish between salary levels as far as premium increases?”

Mr. Cheatham: “We do. Yes we do. Today we have ten salary tiers for active state employees. There are no salary tiers for non-states and no salary tiers for retirees. Retirees’ premiums are based on years of service.”

Delegate Nelson: “So this increase would come across the board as opposed to potentially hitting higher salary levels more than the lower?”

Mr. Cheatham: “Yes, there is no premium increase at all on salary tiers this year. Actually we looked, we potentially raised the family tiers because they are being subsidized but that has some other issues that we’ve addressed by the Board. So right now there may be some potential family increases but that increase would be spread across all ten tiers.”

Delegate Nelson: “Thank you Mr. Speaker.”

Speaker Armstead: “Any further questions? If not, thank you.”

Mr. Cheatham: “Thank you.”

Speaker Armstead: “Any further questions of Secretary Pizatella?”

Speaker Armstead: “Next we have Investment Management Board’s distribution. Mr. Slaughter.”

Mr. Slaughter: “Good afternoon ladies and gentlemen. I am Craig Slaughter from the West Virginia Investment Management Board. You have the August Participant Plan Performance Report in your packet I believe. As you all well know the markets have not been presented a particular difficult environment lately and that is reflected in the numbers. More than happy to take questions on anything in the report.”

Speaker Armstead: “Questions of Mr. Slaughter? Delegate Nelson.”

Delegate Nelson: “Just one quick one. Thank you Mr. Speaker. So we have been in a down market obviously this last year and looks like our trends are much worse than indexes when we are in an up market it appears that are trends better than indexes. Care to quickly expand upon that.”

Mr. Slaughter: “I’m not sure if I understand. Can you point to me exactly..”

Delegate Nelson: “Total equity composite and we will just go to the 3 month we are down 8.17 versus a total equity policy index of 0 and then if we go out to the 3 year category we are up 11% versus an index of 1%.”

Mr. Slaughter: “No, well actually I think the problem here is just we have changed this report around over the last couple of years. The number corresponding to the index, the benchmark index that really is the number that reflects is the difference between our number and the index. So when you see a zero under the 3-month for the total equity composite that means we are spot on. That means the total equity was down, the indexes were down 8.17%. We were down 8.17% so there is no difference.”

Delegate Nelson: “Well there is more green here so nice job. Thank you for the clarification. Thank you Mr. Speaker.”

Speaker Armstead: “Further questions for Mr. Slaughter? If not, thank you.”

Mr. Slaughter: “Thank you.”

Speaker Armstead: “Next we have Mike Riley, Workers’ Compensation Commissioner.”

Mr. Riley: “Good afternoon. Thank you Mr. Speaker, Mr. President and Committee members. Update on the Workers’ Compensation Fund, you have a copy of our September Report. 14,575 active claims in Old Fund. 847 in Coal Workers Fund and 28 in Uninsured Fund. On page 12 is the Cash Flow Statement. The one of note which was just brought forward you can see our investments, are market values have dropped \$42M year-to-date for the first three quarters obviously with the other Revenue sources we also need that income to be increasing as it is vital to our bottom line. All the other numbers look as normal. We end up with Cash Balance of \$1.2B and I would be happy to answer questions.”

Speaker Armstead: “Questions from Mr. Riley? If not, thank you.”

Mr. Riley: “Thank you.”

Speaker Armstead: “Also in your book is a Board of Treasury report distribution and on our Agenda next is a report regarding Stonewall Jackson State Park, Rudy Henley. Mr. Henley.”

Mr. Henley: “Thank you Mr. Speaker and members of the Committee. We are to present an overview or actually an update on legislation that passed in 2008, which authorizes

expansion in several state parks including Stonewall. Part of the legislation required that after we went through the approval and planning process we were to make a presentation to the Committee. I think you have in your file the information on the approvals including the approval by the Core of Engineers. So this has been a seven year process of planning and approvals. We are now pleased to say that we have those approvals in place. In addition to the information you have which is a copy of the legislation and the approval letter from the Core, we have sent some information that is more extensive on some of the governing documents if you would like to read them. They are not really good bedtime reading but they are thick. So in any case most of the information is in the information that you have. We would be happy to answer any questions. I know that you have a full agenda today so I'll be happy to answer any questions."

Speaker Armstead: "Are there any questions for Mr. Henley? If not, thank you."

Mr. Henley: "Thank you."

Speaker Armstead: "Now here from representatives from DHHR, I believe Jeremiah Samples and Cindy Beane are here to discuss the Intellectual Developmental Disability Waiver that was previously touched on. Mr. Samples."

Mr. Samples: "Thank you Mr. Speaker, Mr. President. I would like to go over a few critical points and then open it up for discussion at the discretion of the membership. Intellectual Development Disabilities Waiver is an optional program implemented by the State to provide in the community services to individuals who have intellectual and developmental disabilities. The proposed changes to the Waiver are intended to help the program operate within its budget and to serve more beneficiaries. We have currently about 1000 folks that are on a wait list, some of those individuals have been on that wait list for approximately three years. The Waiver every five years has to be resubmitted to CMS for review and approval. We are currently, or this past year, we went through a process that is part of that regularly scheduled Waiver reapproval application process. The fundamental issue that we face with the Waiver is that the budget is structurally not sustainable. Over the last three years the state allocation for the Waiver and it has a regular FMAP, has exceeded over \$40M beyond the state's share and that equates to over a \$140M in federal funds.

In 2014 FY the Waiver served 4,534 covered lives for approximately \$385M. Now that \$385M encompasses both Waiver services and also medical services and we have heard frequently a question around that, the number of Waiver services which is reflected in our regular report to LOCHRA and the Joint Committee that represents only Waiver services. The medical services which have really been steady over the past five fiscal years, that's around \$30M or \$31M in that range from year to year. It's been very stable but when we submit that application to the federal government we have to give all an encompassing

figure so the federal government can be assured that we have the funding necessary to sustain the program. When determining the modifications to the Waiver, WV Medicaid looked at surrounding states and across the nation. It is critical to point out that not all states pay parents and caretakers for providing care for their children on such a Waiver. It's also critical to point out that many states have very unique elements to their Waiver. Some states have multiple waivers that serve subsets of this population. WV has an all-encompassing waiver that serves both children and adults and so our Waiver is in some ways unique from other states but all these waivers have curtailed unique elements. So it makes it somewhat difficult to compare although we did go through such comparison and have previously provided that analysis to the Legislature.

We also recognize when we went through this process that WV has some of the most generous benefits in the nation and certainly when looking at surrounding states, especially on personal care services and respite services. WV has the most generous benefits to the degree that anecdotally we frequently hear that folks have moved to WV from other states to receive these benefits. It's a very important program, a lot of friends and families of folks that even work on this program at Medicaid have had loved ones on the program that is why they wanted to be engaged and dedicated their lives to this type of service. It's a critical service in the community but it remains a fact that we have to live within our means and serve a large number of individuals and frankly we are not currently able to serve that number. As I said there are over a 1000 people that have been on this wait list, some up to three years.

When discussing or going through this process we had a public comment period where we received several thousand comments to our original proposal. We modified the Waiver based on those comments and added Respite hours and we added PCS hours as a part of that process. We do think it was a very important and the process in essence it was just not for the esthetics of it. We truly made significant changes based on those comments but the fact remains that the budget is just not sustainable. Since 2006 this program has grown approximately \$200M. \$200M annually since 2006 that projector is not sustainable for the department. As I mentioned the services that we have modified, we made a concerted effort to not impact the specific benefits to individuals for example no medical benefits were modified. That \$30M or \$31M that we see annually, those benefits are maintained. We targeted specific changes to Respite and Personal Care Services and those are primarily services that are that go to the family structure around the individuals that receive this program. The Waiver was never designed to fully support financially the entire family. It is specific for these individuals of great need. We had a lot of individuals of great need that were currently not serving because of the richness of the benefit.

We have gone through the CMS process. We have just recently received approval for our Waiver application. We submitted several comments and questions that parallel this

process. For example we asked CMS if we could apply some type of means test or asset tests to this program. They have thus far verbally told us that we could not do that. Eligibility for this program is specific to the individual that receives the service and so if a family for example had millions of dollars and the dependent in that family needed this service, the income validation would only be applied to that individual. That is one critical element to this. We get that question frequently, how can so and so that I know who makes x number of dollars be eligible for this program. Well it's because it is for the specific individual that needs the services. We also asked CMS if we could limit the individuals that travel or come to WV that move to WV to put some type of wait list or number – look back period as what we call in the insurance world to make sure that they have been a resident for x number of years. CMS did not allow us to do or they verbally stated to us that we could not do that. We plan on continuing those lines of questions moving forward. Again despite the modifications that were made, the program is still structurally not sound. Additional changes are going to be needed in this program in order for us to serve the additional individuals that need the services and for it to remain within its budget.

I can go through some of the more specific elements about the program if you all would like. Perhaps this would be a good time to stop and take questions.”

Speaker Armstead: “Are there questions for Mr. Samples. Delegate Shott.”

Delegate Shott: “Thank you Mr. Chairman. You mentioned that anecdotally there are people moving to the state to take advantage of a more generous benefit under this program. You also mentioned that we have a wait list of three years, up to three years. Don't those people that move to the state go to the bottom of the wait list and in effectively have to be here three years in order to get those benefits?”

Mr. Samples: “They would. Yes sir.”

Delegate Shott: “So in other words first sign up first serve, it's not any type of other priority program. Someone with a more severely disabled child doesn't move up ahead of someone with ..”

Mr. Samples: “That is correct. Mr. Chairman as a I understand the history of the program there was a court case that required the state's eligibility process to reflect first on first off process.”

Delegate Shott: “So effectively there is a waiting period for someone coming into WV today for this benefit is going to go to the bottom of that list.”

Mr. Samples: “What’s been stated in the past and I do not have any evidence to validate it, and this is something that we wanted to work with CMS on. Once an individual had attempted to get on the wait list or had gotten on the wait list that they actually had to live in WV and not, maybe they lived across the Ohio River in the State of Ohio and then when that three years are up they move across the river into WV. To make sure they are actually a resident the full period of time, you know folks will get PO Box numbers or that is what has been stated. Again we are trying to look at some of those things to validate that. Over the years a few individuals have been caught up in those type of activities. What our goal is we recognize the state’s financial situation is dire. We have an enormous amount of need in this community and there are a number of individuals that need services that aren’t currently receiving the Waiver, what can we do to structurally rebalance the Waiver so one, we can serve more individuals and at the same time not further bankrupt the state in the process of doing so.”

Delegate Shott: “So let me follow up on this residency or lack of residency requirement. So if I lived in Ohio or Kentucky or wherever I can come in and sign up on the waiting list and then wouldn’t have to move to the state until I become eligible for the benefits?”

Mr. Samples: “You would technically have to live in the state but what has been stated in the past is that folks have not lived in the state maybe they have a relative that lives here and they will use that address or perhaps a PO box number but the bottom line that we tried to impress upon CMS is that gives us a greater flexibility in – I don’t want to say prevent in terms of having a negative connotation because those folks that live in that state have needs too but WV has to take care of our own first and we have tried to make that a priority with CMS. We have run into some bureaucratic issues with that federal agency.”

Delegate Shott: “Don’t you have some sort of verification process when the person comes to sign up on the list to begin with?”

Mr. Samples: “We do and in fact whenever they get to the point of actually being on the program, they go through a more on-site type of visit to further validate that they actually live in the state. Now if they lived in the state the full period of time that they were on the wait list, I think we are probably weak in that respect.”

Delegate Shott: “How does the cost of the Waiver program compare to having these children, after receiving their services in some institutions or out of the home setting?”

Mr. Samples: “So WV doesn’t have institutions for children per say. We do have ICF, IDD that intermediate care facilities. We also have an ISS program and ISS which has about I think 1200 folks currently on that program. The cost to serve those individuals is great. It’s about \$200,000 per individual per year. The reason for that is because those

individuals for most part need 24/7 care in those settings. So serving these individuals can be quite expensive and that is not to say they shouldn't receive some benefits and services and we make great effort to not reduce the services going directly to the individual but more around the family. Respite services which in essence is a service for the family support, PCS which is a service that family can bill for, caretakers can bill for and do. Those were the services that we targeted for reduction."

Delegate Shott: "And of these roughly 1100 people that are on the list, are these children receiving services that are compensated in some other way, or are they just not getting any services at all?"

Mr. Samples: "So some of these children have such severe disabilities that they could be receiving private duty nursing and all personal care support from the Medicaid program but the Waiver supports things like Respite, PCS, rehabilitation services and in graded settings, those would not be available to individuals on the wait list."

Delegate Shott: "Has there been any effort to correlate the number of these children that are actually costing Medicaid more to receive services out of the home than they would be paying through this Waiver program?"

Mr. Samples: "So again children are not, we don't have child institutions in WV and so there really wouldn't be an analysis and as far as adults go for this program, really the institutions that one might be in, would be a psychiatric facility and we have two state psychiatric facilities. Their disability would not be justification alone for an individual to be in that type of setting and so the state really deinstitutionalized I think back in the 80's 90's and so we don't have a comparative analysis in terms of institutions. But with the nursing home and the AD Waiver, nursing home costs maybe \$84,000 a year and the AD Waiver costs much less, there isn't a similar comparison really in the IDD program."

Delegate Shott: "But if I understand what you said, you indicate while some of these children may not be institutionalized they may qualify for services such as private nursing services at home and my question is on those children, has there been any effort to quantify the cost of those services versus covering like expanding these folks into the Waiver program?"

Mr. Samples: "So the individuals that are receiving those types of benefits would likely continue to receive, for example private duty nursing, even once on the Waiver. The Waiver really allows for services that are not medical and orientation. The medical services would continue to be available. For example if you have a child that is on a ventilation machine of some sort, they would receive private duty nursing and could still receive private duty nursing. At the discretion of the Chairs I do have Commissioner

Beane from Medicaid who has more in depth technical knowledge about those types of process.”

Delegate Shott: “What you are saying it is not an either or it could be an add on?”

Mr. Samples: “That is correct, yes sir.”

Delegate Shott: “Ok, thank you.”

Speaker Armstead: “Are there other questions for Mr. Samples. Senator Kessler.”

Senator Kessler: “Thank you Mr. Speaker. Jeremiah, you say there are 4000 folks currently receiving benefits or eligible?”

Mr. Samples: “4600.”

Senator Kessler: “How many of those will actually have a significant reduction in their services based upon the changes to the program? Has that been determined?”

Mr. Samples: “Well the caps on Respite and Personal Care Services would apply across the board. If I understand the question it will be the number of individuals currently receiving in excess of that.”

Senator Kessler: “As I understand you are talking about cutting some services, selectively or across the board. Everyone is going to have some cuts in order to serve a greater population?”

Mr. Samples: “The reduction in Respite and PCS would be across the board and so it will be 2.5 hours a day Respite and depending on if it’s a child or adult there will be a different number of hours. It’s 8 for children and 12 for adults for PCS.”

Senator Kessler: “While I understand some of the folks that are cared for have these services provided in by family members there are in addition to that private employers who are actually in the business of providing these type of services, isn’t that correct?”

Mr. Samples: “That is correct.”

Senator Kessler: “Has there been any consideration or look given the cuts that may occur their services of whether that or what type of effect that might have on employment numbers in that industry?”

Mr. Samples: “So providers for these type of services when looking at healthcare authorities statistics made over \$40M last fiscal year which we have available to us which I believe it will be 14...”

Senator Kessler: “Is that industry wide or WV?”

Mr. Samples: “That would be in WV. We actually receive from the providers’ recommendations for deeper cuts to family services like PCS, then what we implemented in our own proposal or even in the modifications that came after the comments.”

Senator Kessler: “I guess my concern is obviously employment. We got high unemployment in our state as it is. Has there been any consideration or determination of what type of cutbacks we might be looking at in that industry, if these benefit cuts go forward?”

Mr. Samples: “We have not looked specifically at economic analysis but given the profit margins for that industry. When we saw that we didn’t have a great concern that they would not be able to survive in the current market.”

Senator Kessler: “The reimbursement rates I think when you did your determination for the payments to the provider that was done with the current minimum wage or was it in anticipation of the increased minimum wage that we statutorily provided for here a couple of years ago?”

Mr. Samples: “So we did not make any modifications to the provider reimbursement based on the new minimum wage requirements. Again based on those profit margins we didn’t feel that was necessary and beyond that we have several other provider entities that face similar situations that for the most part we have not made any modifications. We simply do not have the funding.”

Senator Kessler: “I think that is all I have. Thank you.”

Speaker Armstead: “Any further questions? Delegate Boggs.”

Delegate Boggs: “Mr. Speaker, a question. Has there been discussions about an audit of this program?”

Speaker Armstead: “To my knowledge there has been a request but that and I believe a petition that said and I also spoken with Mr. Allred about when the actual agency will be audited. So yes there has been a discussion. I think that one of our goals here was to try to get some of the answers to the questions that have been raised here today.”

Delegate Boggs: “I know there has been some concerns about you know the funding levels and what exactly is how much over it actually is and I would certainly hope that if we shed some light on that through an audit, that would be a good opportunity to bring some additional facts to light.”

Speaker Armstead: “Delegate Miller.”

Delegate Miller: “Thank you Mr. Speaker. I think it would be important also to look at the amount of money that is spent administratively in this to find out how much money it actually costs to do that.”

Mr. Samples: “So the question related to the expenditures, what we provided up through state fiscal year 14 and what you all can see as actuals for 15 in the LOCHRA report, those are actual expenditures and what you receive in the LOCHRA report does not include the \$30M that we have for medical services. But specific to the question related to the administrative component of the program, the state spends approximately \$885,000 state dollars for the vendor that oversees this process which is our utilization management vendor and then there is about \$2M that’s federal matched to that and so relative to the \$400M approximate cost of overall program, the administrative cost is very small relative to other parts of the industry in healthcare.”

Delegate Miller: “You mentioned one vendor, have we ever looked at what other vendor’s cost?”

Mr. Samples: “We actually had a procurement that is in the process of being reviewed and rewarded right now for utilization management and so once we go through that process we will in essence have a new vendor here. It is important and we get this question a lot too and it is a very good question because folks will see that the vendor that we currently have is paid much more than the numbers I just stated. It is because that vendor provides services for a large number of bureaus within DHHR on a whole host of programs well beyond just the IDD Program. So the numbers I just reflected to are just IDD costs relative to that contract.”

Delegate Miller: “Let me make sure I understood that. So the vendor provides services that go beyond those individuals with the IDD Waiver?”

Mr. Samples: “Yes ma’am.”

Delegate Miller: “And are those expenses then allotted those other areas or does it all just show up in one lump?”

Mr. Samples: “So for example if you would look on State Auditor’s website, you would see a payment or if you look at in the past DHHR provided reports to LOCHRA, I think last fiscal year on all our different contracts and here were the number of expenditures for each. That would be a lump sum of all services that specific vendor provides to the department so the AD Waiver, IDD Waiver they do are prior authorization process for our entire fee for service program. They do services for our Bureau of Children and Families and Bureau of Health and Health Facilities as well. The entirety of that cost is reflected in those reports and some of the numbers that we have seen reflected but specifically to IDD, the cost is approximately \$800,000 state dollars and about \$2M federal match on top of that for the IDD specific program.”

Delegate Miller: “Ok cause I think that the transparency is so important when we are dealing with such large amounts of money and DHHR is such a huge entity people always want to go at it to see gosh where is this going and how is it being used and could you use it better. Are we using it for enough people so you do understand why we have the questions?”

Mr. Samples: “Absolutely and I totally respect folks that have a lot of concern about this program. As I mentioned before, it is a very critical program. I have a family member that is on this program, a relative of mine. A lot of our staff do and we wish the program wasn’t structurally from a financial perspective, structurally and balanced as much as it is. In 2010 which these changes went into place 2011 there were actually increases in the benefit services provided and so a lot of the trim lines that you see that spike we can attribute for the most part to those increases and the changes that we made this time around are still not as low as they were before 2010. So we feel like we are returning back to that period of time to try and stabilize the budget. It is a critical program and it serves a very vulnerable population.”

Delegate Miller: “It does. Thank you.”

Speaker Armstead: “Further questions? Senator Trump.”

Senator Trump: “Thank you Mr. Speaker. Jeremiah, let me ask and maybe this is explicit in what you said already but given the changes that you propose to make into the program has that process been refined through comments and everything else. Is it ultimately going to enable DHHR to serve the entire the population that you believe is eligible?”

Mr. Samples: “I don’t believe so sir.”

Senator Trump: “How close are we going to get?”

Mr. Samples: “I think we are several million dollars away from being able to have the program realigned in that way. It’s difficult to answer because in the Waiver Application we estimate full utilization and in our own budget as we are trying to project what is going to happen from a cash flow perspective in the future, we think that utilization will be less than full. But if we miss that number and went ahead and added 300 additional slots, then we could be putting the State’s financial situation in further jeopardy and so our approach has been to first structurally rebalance the budget and realize those savings before we then make the concerted effort to add additional individuals on the program. That being said as I mentioned with the letters to CMS about you know assessing assets for the full family, you know assessing, if we could put blockages on individuals coming from other states for the program. We need to be as a State as a department and we have said this to our stakeholders, coming up with other ideas. It needs to be all hands on deck from our perspective. The program is too vital and the folks are too vulnerable that we serve to simply assume that these changes are going to be enough. My professional opinion is that these changes will not be enough.”

Senator Trump: “Thank you.”

Speaker Armstead: “Any further questions? I just have a few that I could ask. As I understand I think that you said every five years is that mandatory that you update this plan with CMS or is that just you have the option to do it every, I mean what is the process that you go through every five years to do this?”

Mr. Samples: “So for this type of waiver program with CMS we are required every five years to resubmit.”

Speaker Armstead: “Ok. I know that there has been some questions and some of the members have asked me about did we know about this basically the funding issues that you discussed during the time that we were in session and I don’t recall ever having any discussions prior to the conclusion of the session. Was there funding request in the Governor’s Budget to increase the amount that went into this program?”

Mr. Samples: “There was not a request for additional funding and so we did include the situation or layout in a slide in our budget presentation in the Senate and House. The numbers are in our regular submitted reports to LOCHRA and the Joint Committee. But our strategy has been to first structurally rebalance the program. In fiscal year 14 for example, we needed in excess of \$21M state funds and then match that in order to make the program whole and so in 15 we were looking at, it looks like the State Budget announced approximately \$89M. In 15 if you look at all expenditures that is medical and the waiver, we would have needed \$112M and so the difference between \$89M and \$112M. In the current fiscal year we are projecting about \$117M total so that same static funding line for \$89M remains the same. The numbers are so great that we felt we first

needed to structurally rebalance the program before we could even begin to ask for additional funding.”

Speaker Armstead: “Alright. So basically when you got to this five year period that you had to submit a new plan to CMS or update the plan, there was a decision made at that point, it wasn’t any statutory requirement to do anything of this nature, any legislation it was just a decision to try to save the funding and put additional people on to the program. And that was done through DHHR in their discretion I guess.”

Mr. Samples: “Yes Mr. Speaker. We actually did pursue a court case in 2015 add an additional 100 individuals to the program. But there was not additional funding as I understand it related for that.”

Speaker Armstead: “Further questions? Senator Carmichael.”

Senator Carmichael: “Thank you Mr. Speaker. Great presentation. You did a great job explaining this situation. Apparently there are a 1,000 on the wait list, right that you talked about?”

Mr. Samples: “Right.”

Senator Carmichael: “1,000 on the wait list and if the changes are made and incorporated as you propose them, and you say the wait list is three years approximately. Will you be able to reduce the wait time I mean what is your projection in terms of wait time for these 1000 people with these changes?”

Mr. Samples: “I think Mr. Majority Leader ultimately we want to eliminate that wait list. That is all of our goal. It’s very difficult, for example we find it difficult to make such projections and people are often ‘why is that so hard?’ Well for example right now we are going through a process of insuring that folks are within their budgets under the old waiver and we have a lot of appeals, you have the delays net process and so you can see things staggered out for some time to not actually see effectuated the modifications that have been made. Those appeal processes while they are certainly being utilized right now, and will do their full course. That is the right of the recipient but it does delay when we can actually achieve or see any of the savings reflected in the program. So it is very hard, I don’t mean to side step the question.”

Senator Carmichael: “I understand the answer but I think I agree with the objective that families in this situation, a three year wait period is just so erroneous that the changes you are pursuing they eliminate this wait time should be the objective.”

Mr. Samples: “Absolutely. Just to sort of kind of bring context to the situation I mentioned these numbers in passing earlier. In FY2006, we had 3,884 enrollees in this program. The cost of the program and these are expenditures was \$210M. Jump forward to 2015, 4,634 folks were served at almost \$400M. And so it is again not to belabor the point but structurally the budget is very much out of alignment.”

Senator Carmichael: “Thank you Mr. Speaker.”

Speaker Armstead: “Further questions? Were there questions for Commissioner Beane or have we pretty much covered those? Alright thank you very much.”

Mr. Samples: “Thank you sir.”

Speaker Armstead: “Last on the Agenda is an update on the Prevailing Wage by Tracy Webb and James Bailey. Mr. Bailey.”

Mr. Bailey: “Thank you Mr. Speaker. James Bailey, Senate Counsel for the Committee on Government Organization. Subsequent to this Committee’s September member, House Counsel Tracy Webb and myself, began collecting documents and information on projects that had been contracted recently using prevailing wage rates prior to the period of no prevailing wage rate and projects that were contracted using non-prevailing wage rates during the few month period where they were not in place we have received a significant amount of information on some of those projects. However, there are still a number of projects that we are trying to get information on as well as trying to find more projects that we can greater view the statistical situation that we have been in as far analyzing any or what cost savings there have been. So the hope is to continue to getting these documents and we plan on presenting this Committee with the full report on our findings in November.”

Speaker Armstead: “Questions? Senator Plymale.”

Senator Plymale: “In order for us since that is the last meeting we have before the session, could we try and have that information in advance of the meeting. At least a week if that is possible? So we can have time to review it not just get it at the meeting.”

Mr. Bailey: “Yes. As soon as we get it done and finalize, we can get it to the members in advance of the meeting.”

Senator Plymale: “Thank you.”

Speaker Armstead: “Any further questions? Senator Kessler.”

Senator Kessler: “Thank you Mr. Speaker. I think I may have asked last month if we could get the information particularly about the one I think it was over in Wayne County I think with the recent bidding with Ceredo-Kenova. Have you received that information?”

Mr. Bailey: “Yes we have gotten a significant amount of the documents from that bid project so far.”

Senator Kessler: “And one of the things I saw was when the bid was initially estimate put out I understand it came in about \$11.8M was the original bid estimate that was put out. And that was assuming prevailing wage back in June of this year. As I understand when the bids actually came in, that three of the bidders I think one was Swope Construction and one was Jarrett Construction and the successor bidder was Leg Services Neighborgall Construction but actually it used prevailing wage was an union bidder and actually was the lowest bidder even though Swope and Jarrett were had also bid on it and did not use prevailing wage or union contracts for labor and then actually committed a higher bid than the successor bidder, is that the same information you found?”

Mr. Bailey: “The original estimate from the architectural firm was actually I think it was about \$20.4M and the winning bid which was the Neighborgall was for about \$12.4M.”

Senator Kessler: “Right. And I understand the other two came in about \$12.5M and \$12.9M and I think they were two of the companies who had testified that we could build five schools for the price of three and yet submitting their bid with non-prevailing wage rates came in higher than the one that used prevailing wage rates. Would that be an accurate statement?”

Mr. Bailey: “I’ve got the bid documents but I couldn’t speak to what the other bids were.”

Senator Kessler: “I would like you, if you would, be prepared to address that because it seems there has been a lot of reports, there have been a lot of testimony, you could build five schools for the price of three and there were \$200,000 savings or millions of dollars in savings but at least what I am seeing on the estimates that I have seen from that particular job it would appear to be fly in the face to both not only testimony but some of the arguments that have been laid out about the prevailing wage resulting in higher rather than the lowest bid.”

Mr. Bailey: “Well, there is a lot of factors that can go into a bidding price. At least one of the common pieces of feedback that we have gotten so far, is that there has been a significant increase in the competition. One thing that will be difficult just for the members to keep in mind when we present a full analysis will be a hard data on really anything one way or the other because of the way these bids are submitted by these contractors. They consider a lot of the proprietary information and don’t even release to the people that are submitting the bids to what percentage is actually being spent on labor and what percentage is being spent on other things. So for all you know looking at bid documents

you wouldn't be able to tell if they are low balling labor, low balling construction and then they are raising prices in different aspects of the quotes. That kind of stuff is broken down into the architectural estimates but as far as the bids submitted that are awarded or come in second or third of that information is not provided."

Senator Kessler: "If you wouldn't mind if you could provide that information as well to the Committee in advance so the next meeting if we are going to discuss it we'll have some time to digest it. Thank you sir. Thank you Mr. Speaker."

Speaker Armstead: "Further questions? If not, is there further business to come before the Committee? If not, President Cole moves that we adjourn. All those in favor 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

November 5, 2015

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

- West Virginia Lottery as of September 30, 2015:
Gross profit for July 2015 - September 2015 was \$128.8 million.
- West Virginia Unemployment Compensation Fund as of September 30, 2015:
Total disbursements were \$ 12.3 million higher than last fiscal year. Overall ending trust fund balance was \$ 9 million lower on September 30, 2015, than on September 30, 2014.
- General Revenue Fund as of October 31, 2015:
The general revenue collections ended the fourth month of fiscal year 2015-2016 at 93% of the estimate for the year.
- State Road Fund as of October 31, 2015:
The state road fund collections ended the fourth month of fiscal year 2015-2016 at 104% of the estimate for the year.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



*Budget Division
Building 1, Room 314-West Wing
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Charleston, WV 25305-0590*

MEMORANDUM

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

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

Date: November 5, 2015

Re: Review of West Virginia Lottery Financial Information
As of September 30, 2015

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for September 30, 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 \$285.9 million for July - September 2015. Table games accounted for \$11 million of this total. Historic Resort Hotel video lottery and table games accounted for \$1.6 million of total gross receipts. Gross lottery revenue has decreased by 4.5% when compared with July - September 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 - September 2015 was \$128.8 million; for July - September of last fiscal year it was \$134.6 million. Expressed as a percentage, gross profit is 4.3% lower for fiscal year 2016 than for fiscal year 2015.

Lottery continued

Operating Transfers to the State of West Virginia:

A total of \$122,779,000.00 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	\$40,104,000.00
Community and Technical College	\$1,500,000.00
Department of Education	\$10,981,000.00
Library Commission	\$6,986,000.00
Higher Education-Policy Commission	\$4,413,000.00
Tourism	\$4,893,000.00
Department of Natural Resources	\$1,950,000.00
Division of Culture and History	\$2,902,000.00
Economic Development Authority	\$2,999,000.00
Department of Education and Arts	\$970,000.00
School Building Authority	\$5,400,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$83,098,000.00

Lottery continued

Excess Lottery Fund

Economic Development Fund	\$5,696,000.00
Higher Education Improvement Fund	\$4,500,000.00
WV Infrastructure Council Fund	\$6,866,000.00
Higher Education Improvement Fund	\$4,897,000.00
Refundable Credit	\$170,000.00
General Purpose Fund	\$10,975,000.00
DHHR	\$20,000,000.00
State Park Improvement Fund	\$845,000.00
School Building Authority	\$5,697,000.00
Excess Lottery Surplus	\$0.00
WV Lottery Statutory Transfers	\$11,078,000.00
WV Racing Commission	\$337,000.00
Total State Excess Lottery Revenue Fund	\$71,061,000.00

Total Budgetary Distributions: \$154,159,000.00

Veterans Instant Ticket Fund \$165,000.00

Lottery continued

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
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	*\$154,324,000.00

* CASH BASIS

Total Accrued last FY 2015:	\$123,920,000.00
Total Cash Distributions FY 2016:	\$154,324,000.00
Applied to FY 2015	\$123,920,000.00
Applied to FY 2016:	\$30,404,000.00
Accrued for FY 2016 as of September 30:	\$92,375,000.00



P.O. BOX 2067
CHARLESTON, WV 25327

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

Earl Ray Tomblin
Governor

John C. Musgrave
Director

MEMORANDUM

TO: Joint Committee on Government and Finance

FROM: John C. Musgrave, Director

RE: Monthly Report on Lottery Operations
Month Ending September 30, 2015

A handwritten signature in black ink, appearing to read "John C. Musgrave", is written over the "FROM:" line of the memorandum.

DATE: October 16, 2015

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

Financial statements of the Lottery for the month ending September 30, 2015 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$92,652,304 for the month of September.

Transfers of lottery revenue totaling \$39,381,145 made for the month of September to the designated state agencies per Senate Bill 160, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (§29-22A-10), and the Racetrack Table Games Act (§29-22C-27). The amount transferred to each agency is shown in Note 10 on pages 19 and 20 of the attached financial statements.

The number of traditional and limited retailers active as of September 30, 2015 was 1,514 and 1,368 respectively.

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

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

JCM
Attachment

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

MEMORANDUM

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

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Month Ending September 30, 2015

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Attachment

pc: Honorable Earl Ray Tomblin, Governor
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Glen B. Gainer III, Auditor
Members of the West Virginia Lottery Commission



WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

September 30, 2015

WEST VIRGINIA LOTTERY

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

ASSETS	September 30, 2015	June 30, 2015
Current Assets:		
Cash and cash equivalents	\$ 132,545	\$ 163,592
Accounts receivable	26,856	33,929
Inventory	451	457
Other assets	1,828	1,894
Total Current Assets	<u>161,680</u>	<u>199,872</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	693	1,130
Capital assets	49,873	47,763
Less accumulated depreciation and amortization	<u>(10,267)</u>	<u>(10,000)</u>
Net Capital Assets	<u>39,606</u>	<u>37,763</u>
Total Noncurrent Assets	<u>40,299</u>	<u>38,893</u>
Total Assets	<u>\$ 201,979</u>	<u>\$ 238,765</u>
Deferred outflows of resources	<u>\$ 1,099</u>	<u>\$ 1,099</u>
Total assets and deferred outflows	<u>\$ 203,078</u>	<u>\$ 239,864</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 92,375	\$ 123,920
Estimated prize claims	16,524	15,911
Accounts payable	2,764	2,158
Other accrued liabilities	<u>35,106</u>	<u>41,566</u>
Total Current Liabilities	<u>146,769</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	39,606	37,763
Unrestricted	<u>13,857</u>	<u>15,263</u>
Total Net Position	<u>54,156</u>	<u>54,156</u>
Total net position, liabilities, and deferred inflows	<u>\$ 203,078</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 THREE MONTH PERIOD ENDED SEPTEMBER 30, 2015

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2016	2015	2016	2015
Lottery revenues				
On-line games	\$ 6,851	\$ 6,183	\$ 17,555	\$ 18,085
Instant games	8,384	9,202	25,086	26,633
Racetrack video lottery	44,433	44,393	141,126	149,598
Limited video lottery	28,865	29,355	89,360	90,774
Table games	3,479	3,778	11,143	12,240
Historic resort	640	568	1,596	2,025
	<u>92,652</u>	<u>93,479</u>	<u>285,866</u>	<u>299,355</u>
Less commissions				
On-line games	471	438	1,218	1,266
Instant games	587	644	1,756	1,864
Racetrack video lottery	24,378	24,356	77,427	82,076
Limited video lottery	14,144	14,384	43,786	44,480
Table games	1,474	1,601	4,721	5,186
Historic resort	300	291	820	969
	<u>41,354</u>	<u>41,714</u>	<u>129,728</u>	<u>135,841</u>
Less on-line prizes	3,297	3,225	8,593	8,886
Less instant prizes	5,562	6,117	16,607	17,602
Less ticket costs	128	205	381	528
Less vendor fees and costs	895	609	1,745	1,888
	<u>9,882</u>	<u>10,156</u>	<u>27,326</u>	<u>28,904</u>
Gross profit	<u>41,416</u>	<u>41,609</u>	<u>128,812</u>	<u>134,610</u>
Administrative expenses				
Advertising and promotions	381	417	1,425	1,509
Wages and related benefits	891	885	2,368	2,516
Telecommunications	97	82	277	211
Contractual and professional	468	240	1,054	1,074
Rental	40	22	114	73
Depreciation and amortization	89	133	267	474
Other administrative expenses	68	82	311	297
	<u>2,034</u>	<u>1,861</u>	<u>5,816</u>	<u>6,154</u>
Other Operating Income	<u>617</u>	<u>553</u>	<u>1,471</u>	<u>1,991</u>
Operating Income	<u>39,999</u>	<u>40,301</u>	<u>124,467</u>	<u>130,447</u>
Nonoperating income (expense)				
Investment income	99	(21)	116	75
Distributions to municipalities and counties	(566)	(575)	(1,752)	(1,779)
Distributions -capital reinvestment	(17)	(18)	(52)	(57)
Distributions to the State of West Virginia	(39,515)	(39,687)	(122,779)	(128,686)
	<u>(39,999)</u>	<u>(40,301)</u>	<u>(124,467)</u>	<u>(130,447)</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 THREE MONTH PERIOD ENDED SEPTEMBER 30, 2015

(In Thousands)

-Unaudited-

	2016	2015
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 294,410	\$ 302,218
Cash payments for:		
Personnel costs	(2,276)	(2,437)
Suppliers	(2,682)	(2,895)
Other operating costs	(155,892)	(163,877)
Cash provided by operating activities	<u>133,560</u>	<u>133,009</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(154,324)	(131,955)
Distributions to municipalities and counties	(1,774)	(1,777)
Distributions to racetrack from racetrack cap. reinv. fund	(6,984)	(8,105)
Cash used in noncapital financing activities	<u>(163,082)</u>	<u>(141,837)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(2,110)</u>	<u>(142)</u>
Cash flows from investing activities:		
Investment earnings received	<u>148</u>	<u>123</u>
Increase (decrease) in cash and cash equivalents	(31,484)	(8,847)
Cash and cash equivalents - beginning of period	<u>164,722</u>	<u>151,109</u>
Cash and cash equivalents - end of period	<u>\$ 133,238</u>	<u>\$ 142,262</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 124,467	\$ 130,447
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	267	474
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	7,073	872
(Increase) decrease in inventory	6	23
(Increase) decrease in other assets	34	57
Increase (decrease) in estimated prize claims	613	939
Increase (decrease) in accounts payable	606	200
Increase (decrease) in other accrued liabilities	494	(3)
Cash provided by operating activities	<u>\$ 133,560</u>	<u>\$ 133,009</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 September 30, 2015 the carrying amounts of deposits (overdraft) with financial institutions were \$469 thousand with a bank balance (overdraft) of \$514 thousand. Of this balance \$250 thousand was covered by federal depository insurance with the remaining balance collateralized with securities held by the State of West Virginia’s agent in the State’s name.

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

	September 30, 2015	June 30, 2015
Deposits with financial institutions	\$ 469	\$ 477
Cash on hand at the Treasurer's Office	12,443	21,525
Investments with BTI reported as cash equivalents	120,326	142,720
	\$ 133,238	\$ 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 September 30, 2015 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2015	Additions	Deletions	Historical Cost At September 30, 2015
Construction in Progress	\$ 1,090	\$ 2,110	\$ -	\$ 3,200
Buildings	38,084	-	-	38,084
Land	1,434	-	-	1,434
Improvements	260	-	-	260
Equipment	6,895	-	-	6,895
	<u>\$ 47,763</u>	<u>\$ 2,110</u>	<u>\$ -</u>	<u>\$ 49,873</u>

Accumulated Depreciation:

	Historical Cost At June 30, 2015	Additions	Deletions	Historical Cost At September 30, 2015
Buildings	\$ 3,093	\$ 238	\$ -	\$ 3,331
Improvements	260	-	-	260
Equipment	6,647	29	-	6,676
	<u>\$ 10,000</u>	<u>\$ 267</u>	<u>\$ -</u>	<u>\$ 10,267</u>

NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY

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

Each MUSL member sells game tickets through its agents and makes weekly wire transfers to the MUSL in an amount equivalent to the total prize pool less the amount of prizes won in each state. Lesser prizes are paid directly to the winners by each member lottery. The prize pool for POWERBALL®, HOT LOTTO® and MEGA MILLIONS® is 50% of each drawing period's sales, with minimum jackpot levels. The Lottery's revenues and expenses from MUSL games participation for the month ended September 30, 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	\$ 3,763,334	\$ 8,102,772
Hot Lotto	421,293	1,260,188
Mega Millions	853,501	2,633,756
Total	\$ 5,038,128	\$ 11,996,716

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,884,286	\$ 4,057,277
Hot Lotto	210,714	630,261
Mega Millions	426,765	1,320,445
Total	\$ 2,521,765	\$ 6,007,983

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

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

At September 30, 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	8,053,041	547,805
Mega Millions	36,381,042	544,873
Total	<u>\$ 154,374,003</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 \$15,385,415 at September 30, 2015, of which the Lottery's share was \$1,590,485.

NOTE 6 - RACETRACK VIDEO LOTTERY

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

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

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

The WV Lottery, along with the Ohio, Rhode Island, Maryland, and Delaware lotteries, participate in Multi-Jurisdictional Wide Area Progressive (MWAP) video games. This allows each of the lotteries to offer a higher progressive jackpot than they could generate alone. MUSL manages the progressive games and charges each participant a MWAP contribution fee of .74% of the amount wagered. A summary of racetrack video lottery revenues for the month ended September 30, 2015 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2016	2015	2016	2015
Total credits played	\$ 493,671	\$ 507,184	\$ 1,564,305	\$ 1,689,352
Credits (prizes) won	(443,059)	(455,074)	(1,403,291)	(1,515,707)
Promotional credits played	(6,158)	(7,688)	(19,815)	(23,952)
MWAP Contributions	(21)	(29)	(73)	(95)
Gross terminal income	44,433	44,393	141,126	149,598
Administrative costs	(1,777)	(1,776)	(5,645)	(5,984)
Net Terminal Income	42,656	42,617	135,481	143,614
Less distribution to agents	(24,378)	(24,356)	(77,427)	(82,076)
Racetrack video lottery revenues	<u>\$ 18,278</u>	<u>\$ 18,261</u>	<u>\$ 58,054</u>	<u>\$ 61,538</u>

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

	September 30, 2015	Year-to-Date
State Lottery Fund	\$ 12,797	\$ 40,645
State Excess Lottery Revenue Fund	5,481	17,409
Capital Reinvestment Fund	-	-
Total nonoperating distributions	<u>\$ 18,278</u>	<u>\$ 58,054</u>

NOTE 7 - LIMITED VIDEO LOTTERY

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 7 - LIMITED VIDEO LOTTERY (continued)

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

A summary of limited video lottery revenues for the month ended September 30, 2015 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2016	2015	2016	2015
Total credits played	\$ 346,916	\$ 346,953	\$ 1,064,926	\$ 1,078,077
Credits (prizes) won	(318,051)	(317,598)	(975,566)	(987,303)
Gross terminal income	\$ 28,865	\$ 29,355	\$ 89,360	\$ 90,774
Administrative costs	(577)	(587)	(1,787)	(1,815)
Gross Profit	28,288	28,768	87,573	88,959
Commissions	(14,144)	(14,384)	(43,786)	(44,480)
Municipalities and Counties	(566)	(575)	(1,752)	(1,779)
Limited video lottery revenues	<u>\$ 13,578</u>	<u>\$ 13,809</u>	<u>\$ 42,035</u>	<u>\$ 42,700</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 September 30, 2015 were \$9,939,196 and \$31,837,859, 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	\$ 3,479	\$ 3,778	\$ 11,143	\$ 12,240
Interest on Table Games Fund	-	-	1	1
Administrative costs	(298)	(324)	(955)	(1,049)
Total Available for Distribution	3,181	3,454	10,189	11,192
<u>Less Distributions:</u>				
Racetrack Purse Funds	224	243	716	787
Thoroughbred & Greyhound Development Funds	179	194	573	629
Racing Association Pension Plan	87	95	280	308
Municipalities/ Counties	984	1,069	3,152	3,462
Total Distributions	1,474	1,601	4,721	5,186
Excess Lottery Fund	\$ 1,707	\$ 1,853	\$ 5,468	\$ 6,006

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL

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

Historic Resort Video Lottery

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

A summary of historic resort hotel video lottery revenues for the month ended September 30, 2015 and fiscal year-to-date follows (in thousands):

	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Total credits played	\$ 4,984	\$ 5,479	\$ 15,147	\$ 16,147
Credits (prizes) won	(4,563)	(5,033)	(13,856)	(14,784)
Promotional credits played	(55)	(55)	(188)	(151)
MWAP Contributions	-	-	-	-
Gross terminal income	<u>366</u>	<u>391</u>	<u>1,103</u>	<u>1,212</u>
Capital reinvestment	(17)	(18)	(52)	(57)
Excess Lottery Fund	(3)	(4)	(10)	(11)
Administrative costs	(20)	(21)	(59)	(65)
Hotel commissions	<u>(155)</u>	<u>(165)</u>	<u>(466)</u>	<u>(513)</u>
Net terminal income	171	183	516	566
Historic Resort Hotel Fund	109	116	328	360
Human Resource Benefit Fund	62	67	188	206

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL (continued)

Historic Resort Table Games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the month and year ended September 30, 2015 were \$782,805 and \$1,409,423, 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	\$ 274	\$ 177	\$ 493	\$ 813
Administrative Costs	<u>(35)</u>	<u>(23)</u>	<u>(64)</u>	<u>(104)</u>
Total Available for Distribution	239	154	429	709
Historic Resort Hotel Fund	200	129	359	593
Human Resource Benefit Fund	39	25	70	116

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	\$ 109	\$ 328
Historic Resort Table Games	200	359
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	<u>309</u>	<u>687</u>
Municipalities/ Counties	44	96
Excess Lottery Fund	265	591
Total Distributions	<u>\$ 309</u>	<u>\$ 687</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 September 30, 2015 the Lottery has accrued additional distributions of \$92,374,776. The Lottery is a non-appropriated state agency and therefore does not have a budget adopted by the Legislature.

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

<u>BUDGETARY DISTRIBUTIONS</u>	<u>September 30, 2015</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 1,500
Bureau of Senior Services	6,235	40,104
Department of Education	2,274	10,981
Library Commission	1,447	6,986
Higher Education-Policy Commission	914	4,413
Tourism	1,013	4,893
Natural Resources	404	1,950
Division of Culture & History	601	2,902
Department of Education & Arts	201	970
Economic Development Authority	1,000	2,999
School Building Authority	1,800	5,400
Total State Lottery Fund	\$ 16,389	\$ 83,098

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 1,899	\$ 5,696
Higher Education Improvement Fund	1,500	4,500
General Purpose Account	5,638	10,975
Higher Education Improvement Fund	2,516	4,897
State Park Improvement Fund	434	845
School Building Authority	1,899	5,697
Refundable Credit	-	170
WV Racing Commission	173	337
WV Department of Health and Human Resources	-	20,000
Teacher's Retirement Savings	-	-
Division of Justice and Community Services	-	-
WV Lottery Statutory Transfers	5,691	11,078
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	3,202	6,866
	<hr/>	<hr/>
Total State Excess Lottery Revenue Fund	\$ 22,952	\$ 71,061
	<hr/>	<hr/>
Total Budgetary distributions:	\$ 39,341	\$ 154,159
	<hr/>	<hr/>
Veterans Instant Ticket Fund	\$ 40	\$ 165
	<hr/>	<hr/>
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 39,381	\$ 154,324
	<hr/>	<hr/>
Accrued nonoperating distributions, beginning	(92,241)	(123,920)
Accrued nonoperating distributions, end	92,375	92,375
	<hr/>	<hr/>
	<u>\$ 39,515</u>	<u>\$ 122,779</u>

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 September 30, 2015 and September 30, 2014 approximated \$114,484 and \$73,058 respectively.

The Lottery leases office space under the terms of a non-cancellable operating lease to various tenants. Rental revenues for the fiscal year-to-date ended September 30, 2015 and September 30, 2014 approximated \$123,609 and \$357,132 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, 2015 and 2014 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. As of June 30, 2015 and 2014, \$8,416,061 and \$7,653,177, 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-

NOTE 14 - RETIREMENT BENEFITS (continued)

employee's average annual salary from the highest 36 consecutive months within the last 10 years of employment, multiplied by the number of years of the employee's credited service at the time of retirement.

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

	September 30, 2015	Year-to-Date
Lottery contributions	\$ 27	\$ 81
Employee contributions	83	262
Total contributions	\$ 110	\$ 343

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 THREE MONTH PERIOD ENDED SEPTEMBER 30, 2015
 (In Thousands)**

	Current Month		FISCAL YEAR	
	<u>Actual</u>	<u>Projected</u>	<u>Actual</u>	<u>Projected</u>
Gross Revenues				
Instant games	8,384	7,917	25,086	23,750
On-line games	6,851	5,792	17,555	17,375
Racetrack video lottery	44,433	38,193	141,125	122,314
Limited video lottery	28,865	29,481	89,360	90,935
Racetrack table games	3,479	3,004	11,145	9,842
Historic resort	640	649	1,596	1,863
Total gross revenues	<u>92,652</u>	<u>85,036</u>	<u>285,867</u>	<u>266,079</u>
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,034	1,035	3,629	3,106
On-line games	2,127	1,692	5,604	5,077
Racetrack Video Lottery	12,800	11,000	40,653	35,227
Total Lottery Fund net revenues	<u>15,961</u>	<u>13,727</u>	<u>49,886</u>	<u>43,410</u>
Excess Lottery Fund				
Racetrack Video Lottery	5,482	4,712	17,412	15,089
Limited Video Lottery	13,671	13,868	42,133	42,775
Limited Video Lottery Fees	530	-	1,208	0
Racetrack table games	1,707	1,474	5,468	4,829
Historic resort	268	305	600	777
Total Excess Lottery Fund Net Revenues	<u>21,658</u>	<u>20,359</u>	<u>66,821</u>	<u>63,470</u>
Total Net Revenues	<u>37,619</u>	<u>34,086</u>	<u>116,707</u>	<u>106,880</u>

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

304-347-4870

Memorandum

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

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

Date: November 5, 2015

Re: Status of General Revenue Fund and State Road Fund as of
October 31, 2015 (FY 16)

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

The net collections were 93% of the estimate for the fiscal year. Total collections were \$91.6 million below the estimate for the fiscal year.

Personal Income Tax collections were \$16.6 million below the estimate for the fiscal year.

Consumer sales and use tax collections were \$3.8 million below the estimate for the year.

Severance Tax was \$68.4 million below the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$2.7 million 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 \$8.8 million above the estimate for the fiscal year.

Rainy Day and Personal Income Tax Reserve

Revenue Shortfall Reserve Fund A (Rainy Day Fund) had a cash balance of \$420,260,933.63 as of October 31, 2015.

Balance July 1, 2015	480,055,439.54
Earnings	-59,794,505.91
Balance October 31, 2015	420,260,933.63

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$371,606,550.89 as of October 31, 2015.

Balance July 1, 2015	389,044,490.55
Earnings	-17,437,939.66
Balance October 31, 2015	371,606,550.89

The Personal Income Tax Reserve Fund had an \$8 million cash balance as of October 31, 2015.

Balance July 1, 2015	8,000,000.00
Revenues	0.00
Balance October 31, 2015	8,000,000.00

GENERAL REVENUE FUND FY 2014-2015

By Source and by Month

Monthly Revenue Estimates

as of October 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	128,000,000	130,351,382	2,351,382	587,800,000	571,215,900	-16,584,100
Consumer Sales Tax & Use Tax	103,500,000	103,523,976	23,976	396,300,000	392,471,800	-3,828,200
Severance Tax	26,200,000	1,245,467	-24,954,533	108,700,000	40,320,359	-68,379,641
Corp Income /Business Franchise	8,500,000	10,341,477	1,841,477	53,500,000	56,216,279	2,716,279
Insurance Tax	27,000,000	27,873,435	873,435	55,100,000	55,894,310	794,310
Tobacco Products Tax	9,000,000	8,989,219	-10,781	35,600,000	36,089,470	489,470
Business and Occupation	9,000,000	6,488,398	-2,511,602	35,400,000	35,827,252	427,252
Liquor Profit Transfers	1,200,000	1,229,250	29,250	4,560,000	5,083,067	523,067
Departmental Collections	1,050,000	1,026,574	-23,426	4,185,000	4,296,746	111,746
Property Transfer Tax	936,000	898,879	-37,121	4,962,000	4,096,907	-865,093
Property Tax	1,143,000	888,455	-254,545	3,481,000	3,650,273	169,273
Beer Tax and Licenses	636,000	650,230	14,230	2,600,000	2,759,362	159,362
Miscellaneous Transfers	0	9,417	9,417	1,300,000	209,231	-1,090,769
Interest Income	1,250,000	536,987	-713,013	5,000,000	-221,439	-5,221,439
Senior Tax Credit Reimbur Lot	230,000	147,963	-82,037	1,075,000	317,804	-757,196
HB 102 - Lottery Transfers	4,706,000	5,134,529	428,529	14,769,000	16,110,181	1,341,181
Miscellaneous Receipts	1,051,000	316,384	-734,616	6,430,000	4,789,242	-1,640,758
Business Fran Registration Fees	56,000	1,477	-54,523	221,000	220,888	-112
Liquor License Renewal	0	0	0	71,000	70,724	-276
Special Revenue Transfer	0	0	0	0	0	0
Charter Tax	0	1,080	1,080	0	-12,459	-12,459
Video Lottery Transfers	0	1,229	1,229	0	48,139	48,139
July-Dec Retro Rev Adj	0	0	0	0	0	0
Cash Flow Transfer	0	60,000,000	0	0	60,000,000	0
SUBTOTALS	323,458,000	359,655,805	-23,802,195	1,321,054,000	1,289,454,036	-91,599,964
Less: Cash Flow Transfer		60,000,000			60,000,000	
TOTALS	323,458,000	299,655,805	-23,802,195	1,321,054,000	1,229,454,036	-91,599,964

Percent of Estimates

92.64%

93.07%

Collections this day

35,840,021

**STATE ROAD FUND FY 2014-2015
By Source and by Month
Monthly Revenue Estimates
as of October 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	20,800,000	21,251,727	451,727	137,200,000	131,449,309	-5,750,691
Privilege Tax	16,543,000	17,878,181	1,335,181	69,616,000	76,160,140	6,544,140
Licenses & Registration	6,750,000	4,842,452	-1,907,548	30,796,000	23,732,435	-7,063,565
Miscellaneous	0	654,448	654,448	0	14,883,469	14,883,469
Highway Litter Control	127,000	70,166	-56,834	582,000	725,208	143,208
TOTALS	44,220,000	44,696,973	476,973	238,194,000	246,950,561	8,756,561

Percent of Estimates

101.08%

103.68%

Collections this day

4,983,840

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of October 30, 2015 : \$420,260,933.63

REVENUE SHORTFALL RESERVE FUND 7006, Part B as October 30, 2015: \$371,606,550.89

PERSONAL INCOME TAX REFUND RESERVE FUND as of October 30, 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: November 5, 2015

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the September 30, 2015 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of September 30, 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 September 30, 2015	\$ 53,952,200.98
Disbursements July 1, 2015 thru September 30, 2015	\$ 59,387,817.84
Balance September 30, 2015	\$ 109,775,130.60

ITEMS OF NOTE:

Regular benefits paid for July 2015 - September 2015 were \$ 10 million more than July 2014 - September 2014.

Federal emergency benefits totaled \$ -34 thousand for July 2015 - September 2015. For July 2014 - September 2014, federal emergency benefits totaled \$ -70 thousand.

Total disbursements were \$ 12.3 million more in July 2015 - September 2015 than the preceding July 2014 - September 2014.

Receipts as of September 2015 were \$ 140 thousand less than in July 2014 - September 2014. Overall ending trust fund balance was \$ 9 million lower on September 30, 2015 than on September 30, 2014.

Seasonally adjusted unemployment rates for September 2015 were 7.3 percent for West Virginia and 5.1 percent nationally.

Since September 2014, employment has decreased by 11,400. Employment gains included 1,800 in educational and health services, 1,600 in trade, transportation, and utilities, and 500 in manufacturing. Employment declines included 5,800 in construction, 3,700 in mining and logging, 3,000 in leisure and hospitality, 800 in government, 700 in other services, 600 in professional and business services, 500 in financial activities, and 200 in information.

October 14, 2015

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

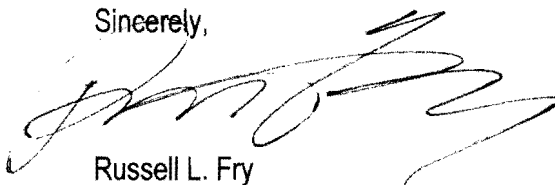
RE: Monthly Status Report

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 September 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

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

	<u>JULY 2014</u>	<u>AUGUST 2014</u>	<u>SEPTEMBER 2014</u>	<u>JULY 2015</u>	<u>AUGUST 2015</u>	<u>SEPTEMBER 2015</u>	<u>THREE MONTH TOTAL VARIANCE *</u>
Balance Forward	<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>\$123,987,064.32</u>	<u>(\$4,137,620.64)</u>
Add Receipts:							
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions:	\$23,213,783.25	\$27,921,102.10	\$1,454,591.75	\$24,038,360.29	\$27,554,977.13	\$926,984.59	(\$69,155.09)
3. Federal Emergency Benefits (EUC08)	\$370.96	\$210.99	\$2,212.97	\$196.99	\$6.00	\$98.00	(\$2,493.93)
4. Federal Share Extended Benefits (EB)	\$21.00	\$95.00	\$0.00	\$0.00	\$186.99	\$0.00	\$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)	\$130,842.15	\$90,201.66	\$90,218.01	\$127,406.22	\$140,398.31	\$95,065.07	\$51,607.78
7. Special Administrative Transfer	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8. Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9. UC Modernization Incentive	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10. Treasury Interest Credits	\$0.00	\$0.00	\$721,166.06	\$0.00	\$0.00	\$668,402.36	(\$52,763.70)
11. UCX (Military Agencies)	\$152,450.22	\$132,184.77	\$182,814.99	\$123,044.84	\$140,279.19	\$136,795.00	(\$67,330.95)
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>\$23,497,467.58</u>	<u>\$28,143,794.52</u>	<u>\$2,451,003.78</u>	<u>\$24,289,008.34</u>	<u>\$27,835,847.62</u>	<u>\$1,827,345.02</u>	<u>(\$140,064.90)</u>
Less Disbursements:							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)
Regular Benefits:	\$16,926,438.69	\$15,137,023.18	\$14,341,836.16	\$20,725,904.07	\$21,106,610.82	\$14,616,685.08	\$10,043,901.94
Federal Emergency Benefits (EUC08)	(\$33,825.91)	(\$16,608.48)	(\$19,830.54)	(\$12,175.52)	(\$10,055.68)	(\$11,558.63)	\$36,475.10
Federal Share Extended Benefits (EB)	(\$989.00)	(\$1,623.00)	(\$505.00)	(\$50.00)	\$174.98	(\$280.00)	\$2,961.98
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	\$121,160.18	\$97,190.16	\$84,957.11	\$127,543.86	\$146,863.09	\$89,748.86	\$60,848.36
UCX (Military Workers) Benefits	\$147,930.68	\$145,555.37	\$173,881.64	\$121,859.21	\$141,864.27	\$134,683.43	(\$68,960.78)
Reed Act Funds	\$0.00	\$0.00	\$0.00	\$1,000,000.00	\$0.00	\$1,210,000.00	\$2,210,000.00
Special Administrative Transfer**	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Disbursements	<u>\$17,160,714.64</u>	<u>\$15,361,537.23</u>	<u>\$14,580,339.37</u>	<u>\$21,963,081.62</u>	<u>\$21,385,457.48</u>	<u>\$16,039,278.74</u>	<u>\$12,285,226.60</u>
Trust Fund Balance	<u>\$118,142,200.75</u>	<u>\$130,924,458.04</u>	<u>\$118,795,122.45</u>	<u>\$117,536,674.18</u>	<u>\$123,987,064.32</u>	<u>\$109,775,130.60</u>	<u>(\$16,562,912.14)</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 AND PROJECTIONS FOR 2015

November 5, 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	\$ 12,383,000	\$ 16,077,000	\$ 106,081,000
November	\$ 14,632,000	\$ 16,943,000	\$ 103,770,000
December	\$ 1,766,000	\$ 23,268,000	\$ 82,268,000
Totals - 2015	\$ 217,655,000	\$ 241,387,000	\$ 82,268,000

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%

PEIA November Interim Talking Points

- **PEIA and RHBT financial results for September 2015 are available for your review.**
- **PEIA is currently behind plan \$6.7 for FY 2016 due to lower than forecast investment income.**
- **And RHBT is currently behind plan \$42 million for FY 2016. This is also attributable to lower than forecast investment income.**



Financial Statements

September 2015

West Virginia Legislative Interims
November 2015

West Virginia Public Employees Insurance Agency

Statement of Changes in Plan Net Assets

For the Three Month Ending Wednesday September 30, 2015

(Dollars in Thousands)

(Unaudited-For Internal Use Only)

DRAFT

(\$ 0 0 0 's)							
ACTUAL	BUDGET	PRIOR YR	BUDGET VARIANCE		PRIOR YR VARIANCE		
			\$	%	\$	%	
			PREMIUM REVENUE				
\$115,868	\$117,185	\$117,045	Health Insurance - State Gov. - Employers	(\$1,317)	(1%)	(\$1,177)	(1%)
29,364	29,782	29,737	Health Insurance - State Gov. - Employees	(\$418)	(1%)	(\$373)	(1%)
27,266	27,253	27,974	Health Insurance - Local Gov. - All	\$13	0%	(\$708)	(3%)
523	556	528	Life Insurance	(\$33)	(6%)	(\$5)	(1%)
(7,356)	2,306	(1,577)	Interest and Investment Income	(\$9,662)	(419%)	(\$5,779)	366%
521	622	634	Other Premium Revenue	(\$101)	(16%)	(\$113)	(18%)
1,143	1,162	1,149	Administrative Fees, Net of Refunds	(\$19)	(2%)	(\$6)	(1%)
167,329	178,866	175,490	TOTAL REVENUE	(\$11,537)	(6%)	(\$8,161)	(5%)
			OPERATING EXPENSES				
84,670	88,482	88,456	Claims Expense - Medical	3,812	4%	3,786	4%
28,874	29,499	29,581	Claims Expense - Drugs	625	2%	707	2%
9,152	9,081	9,786	Payments to Managed Care Org.	(71)	(1%)	634	7%
3,762	3,536	3,322	Administrative Service Fees	(226)	(6%)	(440)	6%
525	559	534	Life Insurance Expense	34	6%	9	0%
515	362	383	Wellness and Disease Management	(153)	(42%)	(132)	3%
86	86	86	ACA Comparative Effectiveness Fee	0	0%	0	0%
1,350	1,350	2,125	ACA Reinsurance Contribution	0	0%	775	36%
960	1,178	1,002	Other Operating Expenses	218	19%	42	23%
36,942	37,500	37,365	WV RHBT Pay Go Premiums	558	1%	423	1%
166,836	171,633	172,640	TOTAL EXPENSES	4,797	3%	5,804	3%
493	7,233	2,850	YTD SURPLUS (DEFICIT)	(6,740)	(93%)	(2,357)	(83%)
129,978	129,978	181,388	Total Net Assets, Beginning of Period			(51,410)	-28%
\$130,471	\$137,211	\$184,238	TOTAL NET ASSETS, END OF PERIOD			(53,767)	(29%)

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For the Three Months Ending Wednesday, September 30, 2015
(In Thousands)

DRAFT ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
			ADDITIONS				
			Employer Premiums:				
\$795	\$805	\$807	Health premiums	(\$10)	(1%)	(\$12)	(1%)
30,783	31,275	31,121	Pay Go Premiums	(492)	(2%)	(338)	(1%)
34	0	27	Annual required contributions	34	0%	7	26%
31,612	32,080	31,956	Total Employer Premiums	(468)	(1%)	(344)	(1%)
			Member Premiums:				
19,991	20,225	19,717	Health premiums	(234)	(1%)	274	1%
6,169	6,225	6,243	Pay Go Premiums	(56)	(1%)	(74)	(1%)
5,900	6,010	5,723	Life Insurance Premiums	(110)	(2%)	177	3%
32,060	32,461	31,683	Total Member Premiums	(401)	(1%)	377	1%
63,672	64,541	63,639	Total Premium Additions	(869)	(1%)	33	0%
			Other Additions:				
300	180	200	Retiree Drug Subsidy	120	67%	100	50%
(32,984)	11,842	(6,476)	Investment Income	(44,826)	(379%)	(26,508)	409%
30,988	76,563	57,363	TOTAL ADDITIONS	(45,575)	(60%)	(26,375)	(46%)
			DEDUCTIONS				
35,611	36,818	33,003	Payments to Managed Care Org.	1,207	3%	(2,608)	(8%)
5,791	5,625	5,388	Life Insurance Expense	(166)	(3%)	(403)	(7%)
16,207	15,551	15,585	Medical Claims Expense	(656)	(4%)	(622)	(4%)
6,647	9,734	7,542	Pharmacy Claims Expense	3,087	32%	895	12%
8	8	7	Comparative Effectiveness Research Fee	0	0%	(1)	(14%)
138	137	212	ACA Reinsurance Contribution	(1)	(1%)	74	35%
447	509	432	Administrative Service Fees (External)	62	12%	(15)	(3%)
639	686	653	Other Operating Expenses	47	7%	14	2%
49	0	0	Bad Debt Expense	(49)	0%	(49)	0%
65,537	69,069	62,821	TOTAL DEDUCTIONS	3,532	5%	(2,716)	(4%)
(34,549)	7,494	(5,458)	Net Fund Increase (Decrease)	(42,043)	(561%)	(29,091)	(533%)
			Net Position Restricted for Post Employment Benefits				
704,592	704,592	691,558	Beginning of Period Total Net Position	0	0%	13,034	2%
\$670,043	\$712,086	\$686,100	End of Period Total Net Position	(\$42,043)	(6%)	(\$16,057)	(2%)

Accrual Basis / Unaudited / Internal Use Only
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**West Virginia Board of Risk and Insurance Management
UNAUDITED BALANCE SHEET**



September 30

	2015	2014
	(in thousands)	
ASSETS		
Short Term Assets		
Cash and Equivalents	\$ 18,822	\$ 13,547
Advance Deposit with Carrier/Trustee	207,150	204,374
Receivables - Net	1,912	3,366
Prepaid Insurance	3,704	3,441
Total Short Term Assets	231,588	224,728
Long Term Assets		
Investments	127,977	139,393
Total Long Term Assets	127,977	139,393
TOTAL ASSETS	359,565	364,121
Deferred Outflows of Resources	127	-
LIABILITIES		
Short Term Liabilities		
Accounts payable	1,805	381
Claims Payable	276	789
OPEB Liability	407	388
Agents Commissions Payable	213	339
Unearned Revenue	7,649	7,518
Current Estimated Claim Reserve	47,890	53,448
Total Short Term Liabilities	58,239	62,863
Long Term Liabilities		
Compensated Absences	76	76
Net Pension Liability	253	-
Estimated Noncurrent Claim Reserve	115,051	100,597
Total Long Term Liabilities	115,380	100,673
TOTAL LIABILITIES	173,619	163,536
Deferred Inflows of Resources	270	-
Prior Year Net Assets	192,800	208,911
Current Year Earnings	(6,997)	(8,326)
TOTAL NET ASSETS	185,803	200,585
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 359,422	\$ 364,121

DRAFT - Unaudited - Management Purposes Only

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



	September 30	
	2015	2014
	(in thousands)	
Operating Revenues		
Premium Revenues	\$ 16,337	\$ 15,203
Less - Excess Insurance	(1,689)	(1,528)
Total Operating Revenues	14,648	13,675
Operating Expenses		
Claims Expense	15,596	19,098
Property & MS Claims Expense	2,404	595
Personal Services	380	351
General & Administrative Expense	625	610
Total Operating Expenses	19,005	20,654
Operating Income (Loss)	(4,357)	(6,979)
Nonoperating Revenues		
Investment Income	(2,640)	(1,347)
Total Nonoperating Revenues	(2,640)	(1,347)
Net Income (Loss)	\$ (6,997)	\$ (8,326)

DRAFT - Unaudited - Management Purposes Only

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

NEW CONTRACT OF LEASE

DIVISION OF REHABILITATION SERVICES

DRS-127 New Contract of Lease for 10 year consisting of 9,000 square feet of office space at the annual per square foot rate of \$18.00, annual cost \$162,000.00, full service, located at 1324 Chapline Street, in the City of Wheeling, Ohio County, West Virginia.

STRAIGHT RENEWAL – DOA OWNED

DIVISION OF MINERS' HEALTH, SAFETY AND TRAINING

MHS-035 Renewal for 10 years consisting of 9,427 square feet of office space at the current annual per square foot rate of \$7.00, annual cost \$65,988.96, full service, 7 Players Club Drive (Building #88), in the City of Charleston, Kanawha County, West Virginia.

DIVISION OF FORESTRY

FOR-087 Renewal for 10 years consisting of 8,424 square feet of office space at the current annual per square foot rate of \$7.00, annual cost \$58,968.00, full service, 7 Players Club Drive (Building #88), in the City of Charleston, Kanawha County, West Virginia.

STRAIGHT RENEWAL

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-143 Renewal for 3 years consisting of 100 square feet of storage space at the current monthly rate of \$60.00, annual cost \$720.00, 102 Locust Street, in the City of Princeton, Mercer County, West Virginia.

DIVISION OF JUVENILE SERVICES

DJS-027 Renewal for 3 years consisting of 6,188 square feet of office space at the current annual per square foot rate of \$5.82, annual cost \$36,014.16, full service, 467 Main Street, in the City of Madison, Boone County, West Virginia.

OFFICE OF ECONOMIC OPPORTUNITY

GCC-009 Renewal for 2 years consisting of 4,970 square feet of office space at the current annual per square foot rate of \$13.00, annual cost \$64,610.00, full service, 700 Washington Street, East, in the City of Charleston, Kanawha County, West Virginia.

WORKFORCE INVESTMENT BOARD

WIB-002-SUB Renewal for 14 months consisting of one cubicle of office space at the current monthly rate of \$225.00, annual cost \$2,700.00, full service, 16 Sterling Drive, in the City of Bridgeport, Harrison County, West Virginia.

STRAIGHT RENEWAL - CONTINUED

OFFICES OF THE INSURANCE COMMISSIONER

INS-012 Renewal for 1 year consisting of 9,633 square feet of office space at the current monthly rate of \$6.25 per square foot, annual cost \$60,206.25, located at 4510 Pennsylvania Avenue, in the City of Charleston, Kanawha County, West Virginia.

RENEWAL WITH INCREASE IN RENT

WEST VIRGINIA BOARD OF PHYSICAL THERAPY

PTB-005 Renewal for 2 years consisting of 802 square feet of office space with an increase in the annual per square foot rate from \$13.21 to \$13.71, annual cost of \$10,995.42, full service, located at 101 Dee Drive, in the City of Charleston, Kanawha County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

DHS-160 Renewal for 10 years consisting of 20,387 square feet of office space with an increase in the annual per square foot rate from \$9.44 to \$14.50 in years 1-5 then to \$16.50 in years 6-10, annual cost \$295,611.48 in years 1-5 and \$336,385.56 in years 6-10, 1027 North Randolph Avenue, in the City of Elkins, Randolph County, West Virginia.

WEST VIRGINIA MASSAGE THERAPY LICENSURE BOARD

BMT-004 Renewal for 3 years consisting of 601 square feet of office/storage space with an increase in the annual per square foot rate from \$12.50 to \$13.00, annual cost \$7,813.00, full service, 179 Summers Street, in the City of Charleston, Kanawha County, West Virginia.

RENEWAL WITH INCREASE IN SQUARE FEET

DEPARTMENT OF ADMINISTRATION - PURCHASING DIVISION

F&A-024 Renewal for 3 years with an increase of square feet from 10,733 square feet to 12,107 square feet of office space at the current annual per square foot rate of \$8.95, annual cost \$108,356.60, full service, located at 2019 West Washington Street (Building #15), in the City of Charleston, Kanawha County, West Virginia.

CANCELLATION

DIVISION OF FORESTRY

FOR-066 Lease cancellation consisting of 364 square feet of office at the monthly rate of \$225.00 annual cost \$2,700.00, full service, 116 East Main Street, in the City of Harrisville, Ritchie County, West Virginia.

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

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Division of Rehabilitation Services	DRS-127	Ohio	9,000	18.00	162,000	10	1,620,000 *
2	Div. of Miners' Safety, Health, Safety & Training	MHS-035	Kanawha	9,427	7.00	65,989	10	659,890
3	Division of Forestry	FOR-087	Kanawha	8,424	7.00	58,968	10	589,680
4	Department of Health and Human Resources	HHR-143	Mercer	100	0.00	720	3	2,160
5	Division of Juvenile Services	DJS-027	Boone	6,188	5.82	36,014	3	108,042
6	Office of Economic Opportunity	GCC-009	Kanawha	4,970	13.00	64,610	2	129,220
7	Workforce Investment Board	WIB-002	Harrison	0	0.00	2,700	1	2,700
8	Offices of the Insurance Commissioner	INS-012	Kanawha	9,633	6.25	60,206	1	60,206
9	West Virginia Board of Physical Therapy	PTB-005	Kanawha	802	13.71	10,995	2	21,991
10	Department of Health and Human Resources (1-5)	HHR-160	Randolph	20,387	14.50	295,612	5	1,478,058 *
11	Department of Health and Human Resources (6-10)	HHR-160	Randolph	20,387	16.50	336,386	5	1,681,928 *
12	West Virginia Massage Therapy Licensure Board	BMT-004	Kanawha	601	13.00	7,813	3	23,439
13	Department of Administration-Purchasing Division	F&A-024	Kanawha	12,107	8.95	108,358	3	325,073

123.73
Total Rentable Square Feet 102,026
Average Annual Rental Rate 11.25
Total Annual Rent 1,210,370

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

CANCELLATIONS

Transacti	Agency	Lease #	County	Feet	Rate	Rent
1	Division of Forestry	FOR-066	Ritchie	364	0.00	2,700

Total Rentable Square Feet 364
Total Annual Rent 2,700

Joint Committee on Government and Finance

November 2015

Department of Health and Human Resources

**MEDICAID REPORT
September 2015 Data**

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

MONTH OF SEPTEMBER 2015

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2015	SFY2016	Current Month Ended 9/30/15	Current Month Ended 9/30/15	Year To-Date Thru 9/30/15	10/1/15 Thru 6/30/16
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	259,534,546	192,501,502	11,845,580	14,471,337	53,933,505	138,567,997
Inpatient Hospital - DSH	54,744,826	56,379,600	9,197	-	13,439,500	42,940,100
Inpatient Hospital - Supplemental Payments	84,334,445	94,593,746	-	-	20,918,310	73,675,436
Inpatient Hospital - GME Payments	6,212,903	6,325,883	-	-	1,581,476	4,744,407
Mental Health Facilities	92,645,721	107,767,853	4,780,563	5,788,588	21,270,573	86,497,280
Mental Health Facilities - DSH Adjustment Payments	18,878,790	18,886,800	-	-	4,721,761	14,165,039
Nursing Facility Services - Regular Payments	595,055,199	597,169,653	50,459,161	49,880,577	155,362,203	441,807,450
Nursing Facility Services - Supplemental Payments ⁽²⁾	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	66,746,902	70,498,800	5,904,242	5,874,900	18,038,434	52,460,366
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	203,212,970	105,826,502	12,164,857	8,147,328	43,026,298	62,800,204
Physicians Services - Supplemental Payments	32,315,705	29,033,600	-	-	8,921,046	20,112,554
Physician and Surgical Services - Evaluation and Management	10,747,712	-	23,278	-	73,007	(73,007)
Physician and Surgical Services - Vaccine Codes	39,310	-	26	-	148	(148)
Outpatient Hospital Services - Regular Payments	183,696,235	108,150,368	10,399,145	8,285,358	40,117,170	68,033,198
Outpatient Hospital Services - Supplemental Payments	74,671,549	188,691,259	-	-	19,080,750	169,610,509
Prescribed Drugs	446,971,859	308,412,374	28,793,312	23,529,349	103,248,855	205,163,519
Drug Rebate Offset - National Agreement	(225,015,927)	(168,559,200)	(8,092,541)	(4,948,898)	(64,059,463)	(104,499,737)
Drug Rebate Offset - State Sidebar Agreement	(15,905,952)	(9,007,200)	(28,042)	(264,451)	(3,401,386)	(5,605,814)
Drug Rebate Offset - MCO National	(45,732,577)	(36,008,400)	(917,774)	(1,057,207)	(11,004,926)	(25,003,474)
Drug Rebate Offset - MCO State Sidebar Agreement	(4,151,916)	(3,098,400)	(87,865)	(90,969)	(869,443)	(2,228,957)
Dental Services	31,430,204	20,361,430	1,755,875	1,560,145	6,022,178	14,339,252
Other Practitioners Services - Regular Payments	20,379,468	12,984,934	1,212,281	1,007,934	4,123,929	8,861,005
Other Practitioners Services - Supplemental Payments	-	75,536	-	5,810	-	75,536
Clinic Services	7,081,157	5,832,562	408,890	397,062	1,492,061	4,340,501
Lab & Radiological Services	46,852,349	25,678,438	3,148,851	1,972,504	10,468,370	15,210,068
Home Health Services	55,466,443	48,869,575	3,607,961	3,783,953	13,203,301	35,666,274
Hysterectomies/Sterilizations	406,748	173,529	43,749	13,287	108,117	65,412
Pregnancy Terminations ⁽⁴⁾	375,310	246,000	33,498	18,808	102,710	143,290
EPSDT Services	1,226,053	836,130	137,008	63,967	462,043	374,087
Rural Health Clinic Services	17,179,959	10,556,545	852,451	793,355	3,582,076	6,974,469
Medicare Health Insurance Payments - Part A Premiums	16,692,882	16,664,400	1,517,739	1,388,700	4,539,980	12,124,420
Medicare Health Insurance Payments - Part B Premiums	90,742,492	99,588,000	7,431,482	8,299,000	22,239,862	77,348,138
120% - 134% Of Poverty	7,003,332	7,789,300	574,957	595,685	1,695,394	6,093,906
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	10,430,719	9,640,800	580,301	737,277	2,178,169	7,462,631

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

	MONTH OF SEPTEMBER 2015		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2015	SFY2016	Current Month Ended 9/30/15	SFY2016	Current Month Ended 9/30/15	Current Month Ended 9/30/15	Year To-Date Thru 9/30/15	10/1/15 Thru 6/30/16
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	604,638,556	1,191,411,185	101,640,573		97,606,480	205,983,369	985,427,816	
Medicaid MCO - Evaluation and Management	10,183,868	-	258		-	258	(258)	
Medicaid MCO - Vaccine Codes	517,315	-	13		-	13	(13)	
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	49,182		41,969	141,599	407,201	
Medicaid Health Insurance Payments: Coinsurance	-	-	-		-	-	-	
Medicaid Health Insurance Payments: Other	-	-	-		-	-	-	
Home & Community-Based Services (MR/DD)	363,978,617	375,103,800	29,008,465		28,686,054	89,574,102	285,529,698	
Home & Community-Based Services (Aged/Disabled)	102,849,082	117,097,831	8,080,145		9,020,911	26,147,892	90,949,939	
Home & Community-Based Services (Traumatic Brain Injury)	876,006	2,253,300	115,960		173,331	325,439	1,927,861	
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	5,833,255		5,630,126	19,158,956	54,458,398	
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	229,855		219,773	754,052	2,113,617	
Primary Care Case Management Services	103,803	122,413	10,932		9,363	27,312	95,101	
Hospice Benefits ⁽³⁾	26,445,147	26,313,918	1,901,216		2,012,440	7,047,511	19,266,407	
Emergency Services Undocumented Aliens	72,090	139,700	13,394		10,685	26,671	113,029	
Federally Qualified Health Center	61,804,749	43,953,670	2,777,873		3,360,341	9,926,765	34,026,905	
Non-Emergency Medical Transportation	34,823,256	33,703,796	2,894,825		2,592,664	8,631,348	25,072,448	
Physical Therapy	5,722,233	2,936,965	294,511		224,855	1,240,221	1,696,744	
Occupational Therapy	624,577	574,815	37,120		43,963	167,040	407,775	
Services for Speech, Hearing & Language	633,232	536,529	34,669		41,033	130,249	406,280	
Prosthetic Devices, Dentures, Eyeglasses	2,305,840	1,886,791	184,155		144,419	574,238	1,312,553	
Diagnostic Screening & Preventive Services	1,704,754	757,500	120,042		58,005	419,303	338,197	
Nurse Mid-Wife	503,608	635,487	29,938		48,614	137,778	497,709	
Emergency Hospital Services	(448)	-	-		-	192	(192)	
Critical Access Hospitals	71,608,002	47,924,409	3,963,903		3,610,549	16,168,530	31,755,879	
Nurse Practitioner Services	5,052,021	3,702,293	325,989		283,468	1,371,292	2,331,001	
School Based Services	36,294,586	56,575,009	969,809		4,333,446	6,035,354	50,539,655	
Rehabilitative Services (Non-School Based)	94,547,692	84,537,087	6,216,014		5,516,749	20,837,397	63,699,690	
Private Duty Nursing	7,642,494	7,570,500	626,480		578,954	1,855,197	5,715,303	
Health Home for Enrollees w Chronic Conditions	238,519	600,000	34,971		46,154	132,672	467,328	
Other Care Services	31,453,484	23,625,311	2,384,148		1,817,745	7,828,202	15,797,109	
Less: Recoupments	-	-	(541,091)		-	(838,665)	838,665	
NET MEDICAID EXPENDITURES:	3,688,116,621	4,025,858,052	303,794,786		296,365,490	918,420,295	3,107,437,758	

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

MONTH OF SEPTEMBER 2015

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2015	SFY2016	Current Month Ended 9/30/15	Current Month Ended 9/30/15	Year To-Date Thru 9/30/15	10/1/15 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	303,794,786	296,365,490	918,420,295	3,107,437,758
Plus: Medicaid Part D Expenditures	36,926,444	39,285,595	3,093,796	3,273,800	9,272,969	30,012,626
Plus: State Only Medicaid Expenditures	606,484	1,017,615	56,197	78,278	182,514	835,101
Plus: Money Follow the Person Expenditures	1,298,632	5,140,141	90,065	395,395	342,003	4,798,138
TOTAL MEDICAID EXPENDITURES	\$ 3,702,343,790	\$ 4,071,301,403	\$ 307,034,844	\$ 300,112,963	\$ 928,217,780	\$ 3,143,083,623
Plus: Reimbursables ⁽¹⁾	5,039,370	5,615,668	242,343	431,974	919,493	4,696,175
Plus: NATCEP/PASARR/Eligibility Exams	267,913	332,214	44,997	25,555	98,448	233,766
Plus: HIT Incentive Payments	12,584,631	45,905,723	148,750	3,531,209	208,250	45,697,473
TOTAL EXPENDITURES	\$ 3,720,235,704	\$ 4,123,155,008	\$ 307,470,935	\$ 304,101,701	\$ 929,443,971	\$ 3,193,711,037

(1) This amount will revert to State Only if not reimbursed.
 (2) Of the amount in the "Nursing Facility Services-Regular Payments" line, \$5,130,692 is the amount paid to State Facilities year to date.
 (3) Of the amount in the "Hospice Benefits" line, \$5,447,152 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

3 Months Actuals 9 Months Remaining

MONTH OF SEPTEMBER 2015	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2015	Current Month Ended 9/30/15	Year-To-Date Thru 9/30/15	10/1/15 Thru 6/30/16	SFY2016
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	\$ 32,021,465	\$ 40,522,634	\$ 19,797,518	\$ -	\$ 19,797,518
MATCHING FUNDS					
General Revenue (0403/189)	304,124,566	31,076,688	93,230,066	372,920,265	466,150,331
MRDD Waiver (0403/466)	87,841,010	5,916,899	17,750,697	71,002,786	88,753,483
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,334	649,000	1,947,000	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,666	1,589,000	4,767,000	6,356,000
Traumatic Brain Injury (0403/835)	800,000	53,333	160,000	640,000	800,000
Title XIX Waiver for Seniors (0403-533)	13,593,620	906,242	2,718,724	10,874,896	13,593,620
Medical Services Surplus (0403/633)	41,238,413	-	-	-	-
Waiver for Senior Citizens Surplus (0403/526)	-	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	17,008,768	-	3,980,605	15,922,421	19,903,026
Lottery Waiver (0420/539)	15,957,690	-	2,812,686	11,250,746	14,063,432
Lottery Transfer (5405/871)	40,025,462	-	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
Lottery Surplus (5365/68100)	-	-	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	13,127,892	49,710,000	157,744,693	207,454,693
NSGO UPL (5084/6717)	861,352	-	298,177	943,226	1,241,403
Certified Match	19,862,122	965,621	3,789,319	21,474,355	25,263,674
Reimbursables - Amount Reimbursed	14,043,214	1,170,978	1,736,734	3,878,934	5,615,668
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	888,274	48,381	146,555	753,445	900,000
CHIP State Share	14,794,668	2,774,040	2,774,040	(1,717,549)	1,056,491
CMS - 64 Adjustments	1,050,260	-	-	-	-
TOTAL MATCHING FUNDS	\$ 961,001,047	\$ 97,308,707	\$ 232,877,121	\$ 752,983,916	\$ 985,861,037
FEDERAL FUNDS	\$ 2,809,228,738	\$ 238,561,064	\$ 716,560,699	\$ 2,446,357,185	\$ 3,162,917,884
TOTAL REVENUE SOURCES	\$ 3,770,229,785	\$ 335,869,771	\$ 949,437,820	\$ 3,199,341,101	\$ 4,148,778,920
TOTAL EXPENDITURES:					
Provider Payments	\$ 3,720,235,704	\$ 307,470,935	\$ 929,443,971	\$ 3,193,711,037	\$ 4,123,155,008
TOTAL	\$ 49,994,081	\$ 28,398,836	\$ 19,993,849		\$ 25,623,912

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

Joint Committee on Government and Finance

November 2015

Department of Health and Human Resources

**MEDICAID WAIVER REPORT
September 2015 Data**

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

Aged & Disabled Waiver Reported September 30, 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	6,165										6,165
Applicants determined eligible this month and added to MEL (3)		2,596	217	171	102										490
Applicants determined ineligible		249	42	11	37										90
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	6,048										6,048
Active members enrolled during the calendar month		1,380	173	125	89										387
Members discharged during the calendar month		900	72	53	5										130
ADW Members whose case was closed by reason	Member is deceased	432	42	25	2										69
	Other (4)	468	30	28	3										61
MANAGED ENROLLMENT LIST (MEL)															
# Eligible applicants closed during the calendar month (removed from MEL)		4,435	92	278	199										569
ADW Applicants removed from the MEL	Applicant offered a slot	2,958	10	113	70										193
	Applicant became deceased	258	21	9	10										40
	Other (5)	1,217	61	156	119										336
Applicants on the MEL who are in a nursing facility YTD Column reflects average # members in setting		58	0	0	0										0
Applicants on the MEL receiving Personal Care YTD Column reflects average # members in setting		111	0	0	0										0
Applicants on the MEL at the end of the month		280	405	298	201										N/A
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days		136	114	110	126										126

(1) Of the 6,385 slots approved by CMS, 90 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 September 30, 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										4,634
Total number of members served YTD (unduplicated slots used) (1)	4,634	4,634	4,634	4,634										4,634
Applicants determined eligible (2)	376	42	24	19										85
Applicants determined ineligible (3)	362	43	21	23										87
ACTIVE MEMBERS														
# of active members at the end of the month (unduplicated slots active) (1)	4,511	4,607	4,594	4,595										4,595
Discharged members at the end of the calendar month	126	2	13	10										25
Discharged members who were discharged by reason	Deceased	58	1	6	6									13
	Left program to enter a facility	16	1	2	2									5
	Other (6)	52	0	5	2									7
MANAGED ENROLLMENT LIST (MEL)														
Total number of applicants on the MEL at the end of the month	1,116	1,057	1,079	1,087										1,087
Number of applicants added to the MEL (4)	376	42	24	19										85
Applicants enrolled (moved from the MEL)	209	98	0	11										109
Applicants removed from the MEL due to Death (5)	10	1	0	0										1
Applicants on the MEL who are in a Nursing Facility	3	3	3	3										3
Applicants on the MEL who are in an ICF/IID Group Home	73	70	77	80										80
Applicants on the MEL receiving Personal Care Services each month	71	70	74	71										71
Longest on the MEL to date (7)	985 Days	1,016	1,047	1,077										1,077 Days

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

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

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

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

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

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

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

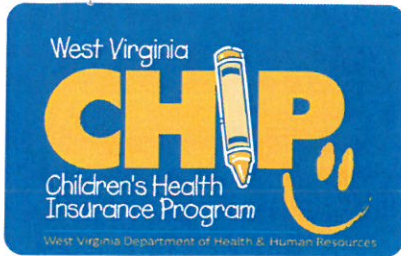
Traumatic Brain Injury Waiver Reported September 30, 2015		FY 2015	July-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	YTD 2016
Slots Approved By CMS		125	74	74	74	74	74	74	74	74	74	74	74	74	74
Total number of members served YTD (unduplicated slots used) (1)		68	57	57	57										57
Applicants determined eligible and became active this month (2)		31	2	0	1										3
Applicants determined ineligible (3)		5	4	0	0										4
ACTIVE MEMBERS															
Active members at the end of the month (unduplicated slots active)		56	57	54	51										51
Closed member at the end of the calendar month		11	1	3	3										7
TBI Members whose case was closed by reason	Deceased	2	0	1	1										2
	Left program to enter a faculty	0	0	0	1										1
	Other (4)	9	1	2	1										4
MANAGED ENROLLMENT LIST (MEL) *															
Total number of applicants on the MEL at the end of the month		N/A	NA	N/A	N/A										NA
Number of applicants added to the MEL		N/A	NA	N/A	N/A										NA
Applicants enrolled (moved from the MEL due to slot releases)		N/A	NA	N/A	N/A										NA
Applicants removed from the MEL due to death		N/A	NA	N/A	N/A										NA
New Applicants on the MEL who are in a nursing facility		N/A	NA	N/A	N/A										NA
New Applicants on the MEL receiving Personal Care each month		N/A	NA	N/A	N/A										NA
Longest on the MEL to date		N/A	NA	N/A	N/A										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.

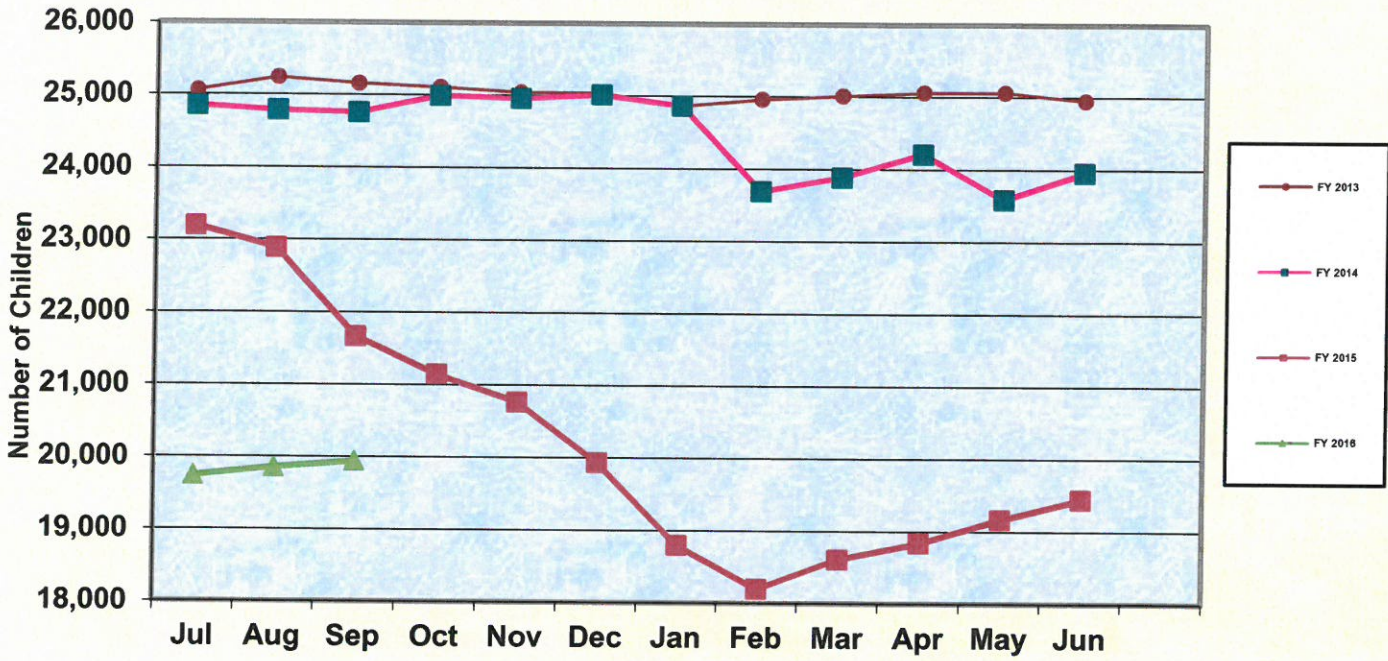


West Virginia Children's Health Insurance Program
2 Hale Street
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Charleston, WV 25301
304-558-2732 voice / 304-558-2741 fax
Helpline 877-982-2447
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Joint Committee on Government and Finance Report

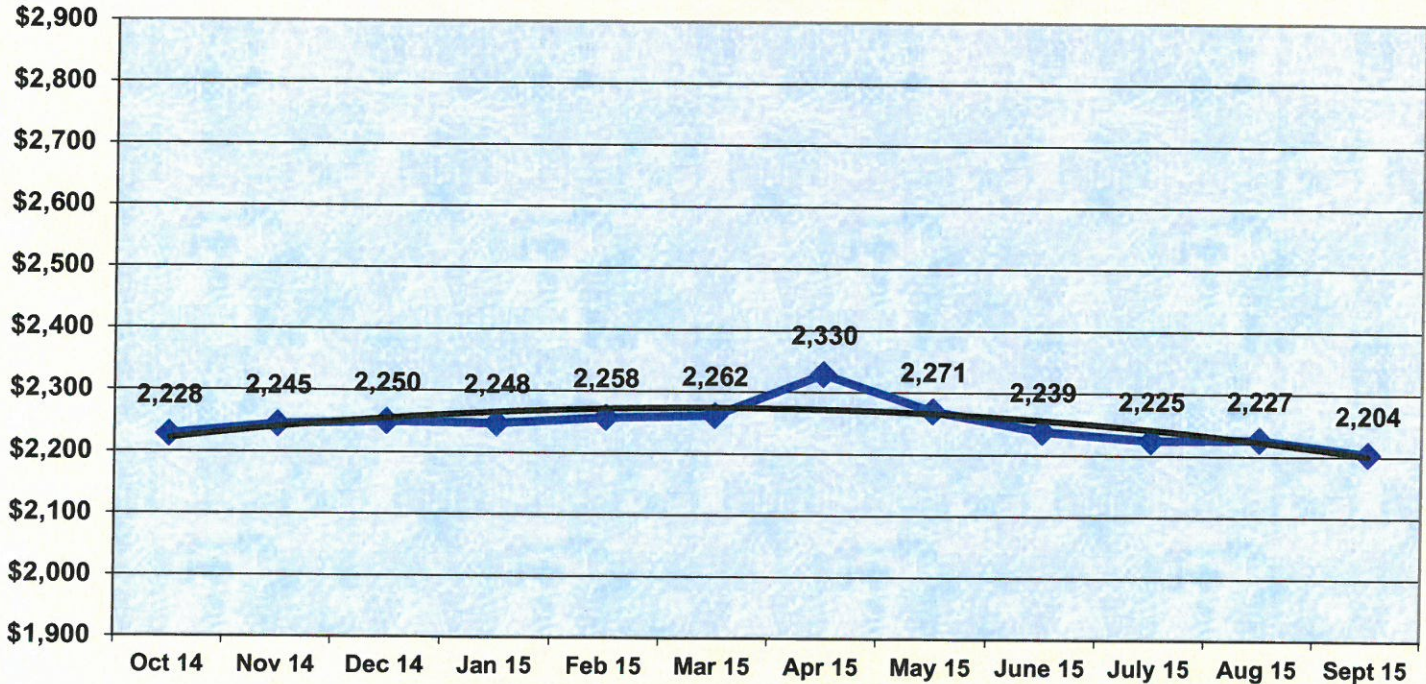
November 2015

WV CHIP Enrollment



October 31st Enrollment 20,019

Annualized Health Care Expenditures (Cost per Child)



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

	September 30, 2015	September 30, 2014	Variance	
Assets:				
Cash & Cash Equivalents	\$8,302,108	\$12,868,499	(\$4,566,391)	-35%
Due From Federal Government	\$3,255,492	\$3,643,143	(\$387,651)	-11%
Due From Other Funds	\$816,418	\$918,755	(\$102,337)	-11%
Accrued Interest Receivable	\$5,070	\$7,477	(\$2,406)	-32%
Fixed Assets, at Historical Cost	<u>\$82,046</u>	<u>\$93,386</u>	<u>(\$11,340)</u>	<u>-12%</u>
Total Assets	<u>\$12,461,134</u>	<u>\$17,531,259</u>	<u>(\$5,070,126)</u>	<u>-29%</u>
Liabilities:				
Accounts Payable	\$421,910	\$259,303	\$162,607	63%
Deferred Revenue	(\$522,566)	\$537,923	(\$1,060,490)	-197%
Unpaid Insurance Claims Liability	<u>\$3,650,000</u>	<u>\$4,280,000</u>	<u>(\$630,000)</u>	<u>-15%</u>
Total Liabilities	<u>\$3,549,344</u>	<u>\$5,077,226</u>	<u>(\$1,527,883)</u>	<u>-30%</u>
Fund Equity	<u>\$8,911,790</u>	<u>\$12,454,033</u>	<u>(\$3,542,243)</u>	<u>-28%</u>
Total Liabilities and Fund Equity	<u>\$12,461,134</u>	<u>\$17,531,259</u>	<u>(\$5,070,126)</u>	<u>-29%</u>

PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Three Months Ending September 30, 2015 and September 30, 2014
(Modified Accrual Basis)

	September 30, 2015	September 30, 2014	Variance	
Revenues				
Federal Grants	8,569,349	10,624,647	(2,055,298)	-19%
State Appropriations	0	1,997,852	(1,997,852)	-100%
Premium Revenues	341,385	252,943	88,442	35%
Investment Income:				
Investment Earnings	<u>15,551</u>	<u>22,880</u>	<u>(7,329)</u>	<u>-32%</u>
Total Revenues	<u>8,926,285</u>	<u>12,898,323</u>	<u>(3,972,038)</u>	<u>-31%</u>
Expenditures:				
Claims:				
Outpatient Services	2,521,178	3,596,674	(1,075,496)	-30%
Physicians & Surgical	2,055,653	2,637,778	(582,125)	-22%
Prescribed Drugs	2,031,932	1,970,310	61,622	3%
Dental	1,348,166	1,913,180	(565,014)	-30%
Inpatient Hospital Services	978,733	958,235	20,498	2%
Outpatient Mental Health	230,855	383,403	(152,548)	-40%
Inpatient Mental Health	208,324	144,199	64,125	44%
Therapy	193,536	176,367	17,169	10%
Durable & Disposable Med. Equip.	165,035	320,684	(155,649)	-49%
Vision	161,686	261,727	(100,041)	-38%
Medical Transportation	93,250	96,747	(3,497)	-4%
Other Services	9,857	23,126	(13,269)	-57%
Less: Collections**	<u>(192,972)</u>	<u>(198,346)</u>	<u>5,375</u>	<u>-3%</u>
Total Claims	<u>9,805,233</u>	<u>12,284,084</u>	<u>(2,478,850)</u>	<u>-20%</u>
General and Admin Expenses:				
Salaries and Benefits	159,779	166,613	(6,834)	-4%
Program Administration	659,095	753,766	(94,671)	-13%
Eligibility	14,460	18,295	(3,835)	-21%
Outreach & Health Promotion	4,874	20,194	(15,320)	-76%
Current	<u>58,081</u>	<u>56,742</u>	<u>1,339</u>	<u>2%</u>
Total Administrative	<u>896,289</u>	<u>1,015,610</u>	<u>(119,321)</u>	<u>-12%</u>
Total Expenditures	<u>10,701,522</u>	<u>13,299,694</u>	<u>(2,598,171)</u>	<u>-20%</u>
Excess of Revenues				
Over (Under) Expenditures	(1,775,237)	(401,371)	(1,373,866)	342%
Unrealized Gain(loss) On Investments*	(3,790)	(10,708)	6,918	-65%
Fund Equity, Beginning	<u>10,690,817</u>	<u>12,866,112</u>	<u>(2,175,295)</u>	<u>-17%</u>
Fund Equity, Ending	<u>8,911,790</u>	<u>12,454,033</u>	<u>(3,542,243)</u>	<u>-28%</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 Three Month Ended September 30, 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 Sep-15</u>	<u>Actual Amt Aug-15</u>	<u>Actual Amt Jul-15</u>
Projected Cost	\$46,514,413	\$11,628,603	\$10,244,739	\$1,383,864	12%	\$3,876,201	\$3,067,167	\$3,362,184	\$3,815,388
Premiums	1,854,664	463,666	\$341,243	(\$122,423)	-26%	154,555	112,258	110,601	\$118,384
Subrogation & Rebates	<u>1,015,410</u>	<u>253,853</u>	<u>\$192,972</u>	<u>(60,881)</u>	<u>-24%</u>	<u>84,618</u>	<u>176,107</u>	<u>16,865</u>	<u>0</u>
Net Benefit Cost	\$43,644,339	11,143,783	\$9,710,524	\$1,433,259	13%	3,714,594	2,778,802	3,234,718	\$3,697,004
Salaries & Benefits	\$646,556	\$161,639	\$159,779	\$1,860	1%	\$53,880	\$50,272	\$50,620	\$58,887
Program Administration	3,500,000	875,000	\$495,786	379,214	43%	291,667	234,636	222,164	38,986
Eligibility	250,000	62,500	\$900	61,600	99%	20,833	0	900	0
Outreach & Health Prom.	300,000	75,000	\$14,413	60,587	81%	25,000	5,751	456	8,206
Current Expense	<u>250,000</u>	<u>62,500</u>	<u>\$31,103</u>	<u>31,397</u>	<u>50%</u>	<u>20,833</u>	<u>17,285</u>	<u>2,878</u>	<u>10,940</u>
Total Admin Cost	\$4,946,556	\$1,236,639	\$701,981	\$534,658	43%	\$412,213	\$307,944	\$277,018	\$117,019
Total Program Cost	<u>\$48,590,895</u>	<u>\$12,380,422</u>	<u>\$10,412,505</u>	<u>\$1,967,917</u>	<u>16%</u>	<u>\$4,126,807</u>	<u>\$3,086,746</u>	<u>\$3,511,736</u>	<u>\$3,814,023</u>
Federal Share 79.95%	38,848,421	9,898,147	\$8,324,798	1,573,350	16%	3,291,541	2,467,853	2,807,633	3,049,311
State Share 20.05%	<u>9,742,474</u>	<u>2,482,275</u>	<u>\$2,087,707</u>	<u>394,567</u>	<u>16%</u>	<u>835,266</u>	<u>618,893</u>	<u>704,103</u>	<u>764,712</u>
Total Program Cost **	<u>\$48,590,895</u>	<u>\$12,380,422</u>	<u>\$10,412,505</u>	<u>\$1,967,917</u>	<u>16%</u>	<u>\$4,126,807</u>	<u>\$3,086,746</u>	<u>\$3,511,736</u>	<u>\$3,814,023</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

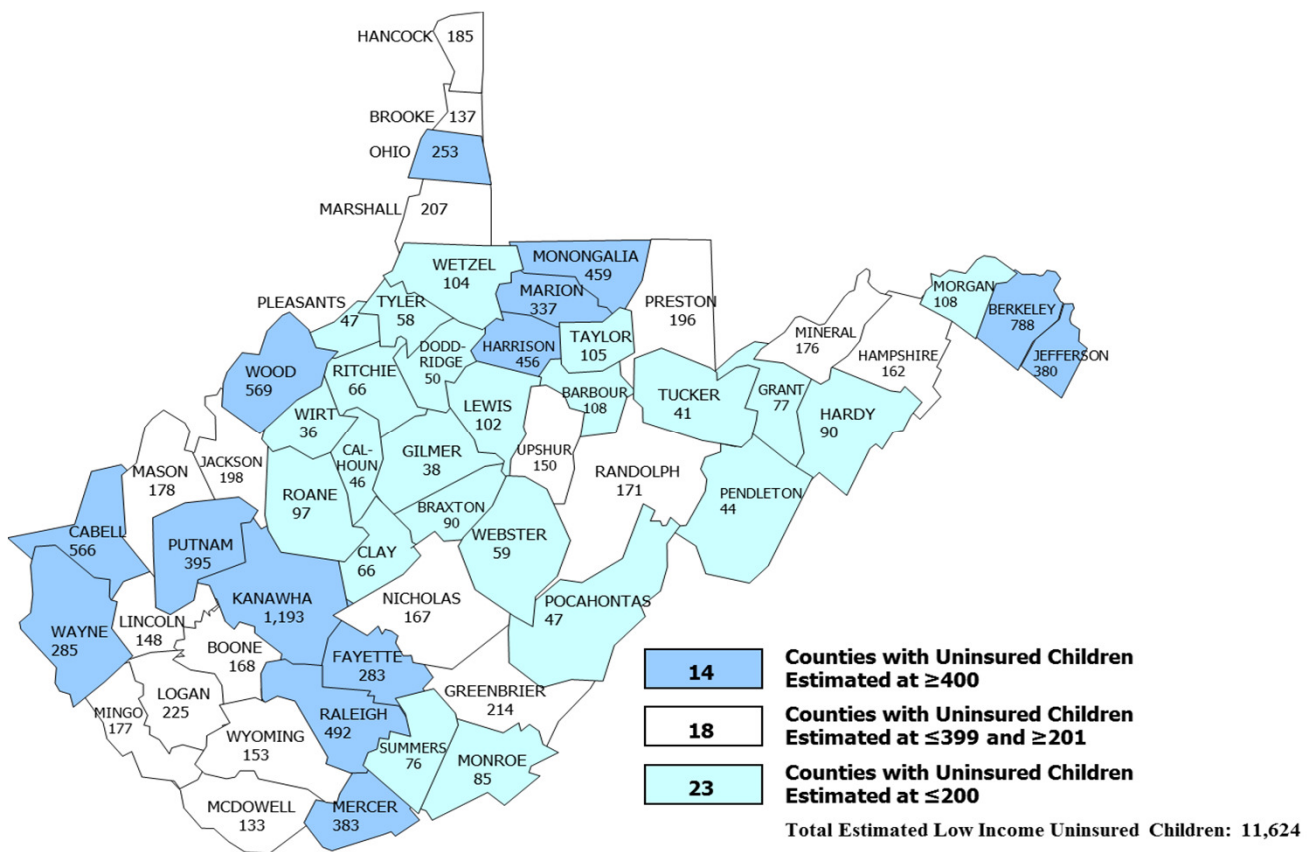
October 2015

County	County Pop.	Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2010	2010
	2010 Est. (0-18 Yrs)	Enrollment Oct-15	Enrollment Oct-15	CHIP/Medicaid Enrollment	Enrollment % of Population	Est. Uninsured 3%	# Children Uninsured Ranking*
Barbour	3,600	226	1,829	2,055	57.1%	108	33
Berkeley	26,251	1,368	11,430	12,798	48.8%	788	2
Boone	5,615	223	3,252	3,475	61.9%	168	25
Braxton	3,006	184	1,673	1,857	61.8%	90	40
Brooke	4,573	186	1,698	1,884	41.2%	137	31
Cabell	18,879	890	9,593	10,483	55.5%	566	4
Calhoun	1,518	103	837	940	61.9%	46	51
Clay	2,215	135	1,422	1,557	70.3%	66	44
Doddridge	1,673	81	768	849	50.7%	50	48
Fayette	9,438	714	5,503	6,217	65.9%	283	13
Gilmer	1,260	60	580	640	50.8%	38	54
Grant	2,555	105	1,090	1,195	46.8%	77	42
Greenbrier	7,131	519	3,660	4,179	58.6%	214	16
Hampshire	5,392	200	2,507	2,707	50.2%	162	27
Hancock	6,166	312	2,713	3,025	49.1%	185	20
Hardy	3,015	170	1,601	1,771	58.7%	90	39
Harrison	15,202	842	6,480	7,322	48.2%	456	7
Jackson	6,602	333	3,117	3,450	52.3%	198	18
Jefferson	12,679	523	3,991	4,514	35.6%	380	10
Kanawha	39,771	1,844	19,768	21,612	54.3%	1,193	1
Lewis	3,389	201	1,895	2,096	61.8%	102	37
Lincoln	4,930	280	3,138	3,418	69.3%	148	30
Logan	7,496	380	4,662	5,042	67.3%	225	15
Marion	11,227	527	5,230	5,757	51.3%	337	11
Marshall	6,886	271	2,996	3,267	47.4%	207	17
Mason	5,929	224	2,912	3,136	52.9%	178	21
McDowell	4,423	176	3,370	3,546	80.2%	133	32
Mercer	12,764	783	8,090	8,873	69.5%	383	9
Mineral	5,868	214	2,395	2,609	44.5%	176	23
Mingo	5,905	219	3,981	4,200	71.1%	177	22
Monongalia	15,294	724	5,397	6,121	40.0%	459	6
Monroe	2,835	207	1,253	1,460	51.5%	85	41
Morgan	3,596	211	1,608	1,819	50.6%	108	34
Nicholas	5,561	325	2,971	3,296	59.3%	167	26
Ohio	8,444	403	3,517	3,920	46.4%	253	14
Pendleton	1,462	89	626	715	48.9%	44	52
Pleasants	1,551	94	647	741	47.8%	47	50
Pocahontas	1,561	124	842	966	61.9%	47	49
Preston	6,536	384	3,056	3,440	52.6%	196	19
Putnam	13,150	555	4,369	4,924	37.4%	395	8
Raleigh	16,403	1,022	9,225	10,247	62.5%	492	5
Randolph	5,705	426	2,957	3,383	59.3%	171	24
Ritchie	2,205	108	1,029	1,137	51.6%	66	45
Roane	3,239	273	1,827	2,100	64.8%	97	38
Summers	2,521	144	1,383	1,527	60.6%	76	43
Taylor	3,514	207	1,530	1,737	49.4%	105	35
Tucker	1,371	93	561	654	47.7%	41	53
Tyler	1,924	106	789	895	46.5%	58	47

WVCHIP Enrollment Report

October 2015

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment Oct-15	Total Medicaid Enrollment Oct-15	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	2010 Est. Uninsured 3%	2010 # Children Uninsured Ranking*
Upshur	4,996	291	2,808	3,099	62.0%	150	29
Wayne	9,516	368	4,871	5,239	55.1%	285	12
Webster	1,977	129	1,299	1,428	72.2%	59	46
Wetzel	3,466	165	1,780	1,945	56.1%	104	36
Wirt	1,201	66	740	806	67.1%	36	55
Wood	18,956	877	9,423	10,300	54.3%	569	3
Wyoming	5,116	335	2,929	3,264	63.8%	153	28
Totals	387,459	20,019	189,618	209,637	54.1%	11,624	



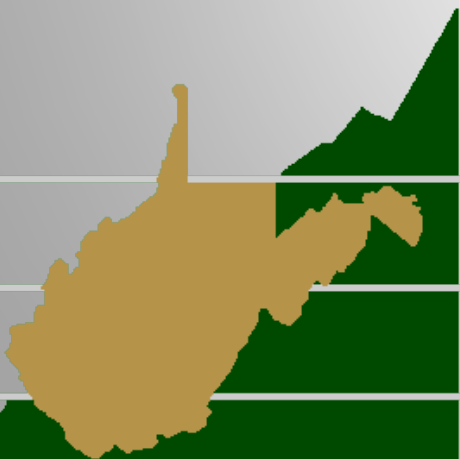
Note 1: The most recent estimate for all uninsured children statewide from the US Census Current Population Survey is 3%. It should be noted that even this three percent extrapolation to the county level could vary significantly from county to county depending on the availability of employee sponsored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

September 30, 2015



West Virginia Investment Management Board
Participant Plans Allocation & Performance Net of Fees
As of September 30, 2015

	6/30/2015		9/30/2015		Performance %						
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
WVIMB Fund Assets	17,180,853	100.0	16,149,423	100.0							
Pension Assets	13,635,608	79.4	12,772,227	79.1							
Public Employees' Retirement System	5,742,388	33.5	5,396,653	33.4	(1.9)	(5.4)	(5.4)	(0.6)	7.7	8.0	6.1
Teachers' Retirement System	6,753,118	39.3	6,305,311	39.1	(1.9)	(5.4)	(5.4)	(0.6)	7.7	8.0	5.8
EMS Retirement System	56,547	0.3	53,954	0.3	(1.9)	(5.4)	(5.4)	(0.5)	7.7	8.0	
Public Safety Retirement System	607,339	3.5	564,721	3.5	(1.9)	(5.4)	(5.4)	(0.5)	7.7	8.1	6.1
Judges' Retirement System	170,727	1.0	160,535	1.0	(1.9)	(5.4)	(5.4)	(0.5)	7.7	8.0	6.1
State Police Retirement System	131,954	0.8	126,177	0.8	(1.9)	(5.4)	(5.4)	(0.5)	7.7	8.0	6.1
Deputy Sheriffs' Retirement System	170,181	1.0	161,444	1.0	(1.9)	(5.4)	(5.4)	(0.5)	7.7	8.0	6.1
Municipal Police & Firefighter Retirement System	1,944	0.0	2,117	0.0	(1.9)	(5.3)	(5.3)	(0.5)	7.2	6.0	
Municipal Model A	1,410	0.0	1,315	0.0	(1.9)	(5.5)	(5.5)	(0.6)			
Insurance Assets	2,550,823	14.8	2,407,609	14.9							
Workers' Compensation Old Fund	1,290,486	7.5	1,241,378	7.7	(1.2)	(3.2)	(3.2)	(1.4)	2.7	4.1	
Workers' Comp. Self-Insured Guaranty Risk Pool	15,756	0.1	15,153	0.1	(1.3)	(3.5)	(3.5)	(1.1)	3.6	4.7	
Workers' Comp. Self-Insured Security Risk Pool	9,046	0.0	8,602	0.1	(1.3)	(3.6)	(3.6)	(1.3)			
Workers' Comp. Uninsured Employers' Fund	10,889	0.1	10,508	0.1	(1.3)	(3.5)	(3.5)	(1.1)	3.6	4.3	
Pneumoconiosis	261,369	1.5	248,912	1.5	(1.3)	(3.6)	(3.6)	(1.1)	3.7	4.7	4.6
Board of Risk & Insurance Management	137,824	0.8	127,977	0.8	(1.3)	(3.7)	(3.7)	(1.2)	3.6	4.7	5.0
Public Employees' Insurance Agency	218,202	1.3	180,846	1.1	(1.4)	(3.6)	(3.6)	(1.0)	3.7	4.7	4.7
WV Retiree Health Benefit Trust Fund	607,251	3.5	574,233	3.5	(1.9)	(5.4)	(5.4)	(0.6)	7.5	7.3	
Endowment Assets	994,422	5.8	969,587	6.0							
Wildlife Fund	54,655	0.3	51,796	0.3	(1.9)	(5.4)	(5.4)	(0.6)	7.6	8.0	6.0
Prepaid Tuition Trust	66,440	0.4	59,976	0.4	(1.0)	(3.2)	(3.2)	0.3	5.9	7.0	5.9
Revenue Shortfall Reserve Fund	376,714	2.2	373,735	2.3	(0.4)	(0.8)	(0.8)	0.0	0.1	2.9	
Revenue Shortfall Reserve Fund - Part B	384,146	2.2	371,607	2.3	(1.2)	(3.3)	(3.3)	(1.5)	2.6	4.4	
WV DEP Trust	8,254	0.1	7,713	0.0	(2.4)	(6.6)	(6.6)	(2.7)	6.7		
WV DEP Agency	104,213	0.6	104,760	0.7	(1.6)	(4.4)	(4.4)	(1.8)			

West Virginia Investment Management Board

Composite Asset Allocation & Performance Net of Fees

As of September 30, 2015

	Asset (\$000)	%	Performance %							
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	
Investment Pools Composite	16,158,235	100.00								
Total Equity Composite	7,741,730	47.91	(3.38)	(9.27)	(9.27)	(5.56)	8.86	8.95	5.92	
+/- Total Equity Policy Index (b)			0.26	0.28	0.28	0.27	1.08	1.14	1.14	
US Equity Composite	3,961,197	24.51	(2.64)	(6.49)	(6.49)	0.51	13.16	13.98	7.12	
+/- Russell 3000 Index			0.27	0.76	0.76	1.00	0.63	0.70	0.20	
Large Cap Composite	3,235,496	20.02	(2.12)	(5.50)	(5.50)	1.29	13.07	13.93	6.98	
+/- S&P 500 Index			0.35	0.94	0.94	1.90	0.67	0.59	0.18	
Non-Large Cap Composite	725,701	4.49	(4.91)	(10.68)	(10.68)	(2.80)	12.75	14.02	7.69	
+/- Russell 2500 Index			(0.44)	(0.38)	(0.38)	(3.18)	0.36	1.33	0.29	
International Equity Composite	3,780,533	23.40	(4.13)	(12.05)	(12.05)	(11.68)	4.49	3.93	5.15	
+/- MSCI AC World ex US IMI Index (c)			0.23	(0.24)	(0.24)	(0.64)	1.43	1.49	1.58	
Fixed Income Composite	3,461,401	21.42	(0.21)	(0.45)	(0.45)	0.81	2.18	3.62	4.60	
+/- Barclays Capital Universal (d)			(0.60)	(1.13)	(1.13)	(1.52)	0.29	0.26	(0.23)	
Core Fixed Income	1,080,291	6.69	0.83	1.33	1.33	3.77	2.38	3.84		
+/- Barclays Capital Aggregate			0.15	0.10	0.10	0.83	0.67	0.74		
Total Return Fixed Income	2,381,110	14.73	(0.68)	(1.24)	(1.24)	(0.50)	2.14	3.55	4.89	
+/- Barclays Capital Universal			(1.07)	(1.92)	(1.92)	(2.83)	0.25	0.19	0.09	
TIPS Composite	428,563	2.65	(0.59)	(1.14)	(1.14)	(0.83)	(1.85)	2.49		
+/- Barclays Capital U.S. TIPS			0.00	0.00	0.00	0.00	(0.02)	(0.06)		
Cash Composite	83,513	0.52	0.02	0.03	0.03	0.11	0.14	0.12	1.47	
+/- Citigroup 90 Day T-Bill (e)			0.02	0.02	0.02	0.09	0.05	(0.04)	0.02	
Private Equity Composite	1,389,427	8.60	(0.62)	(1.88)	(1.88)	11.25	12.41	12.65		
+/- Russell 3000 + 3% (f, g)								(4.72)		
Real Estate Composite	1,451,163	8.98	1.50	1.34	1.34	11.28	10.82	10.38		
+/- NCREIF + 1% (f)								(3.33)		
Hedge Fund Composite	1,602,438	9.92	(1.08)	(2.34)	(2.34)	2.18	6.54	5.47		
+/- HFRI FOF + 1% (h)			0.74	1.07	1.07	1.30	3.43	1.86		

West Virginia Investment Management Board

Participant Plans Allocation vs. Strategy

As of September 30, 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	26.8	27.5	25.7	27.5	15.3	15.0	10.3	10.0	10.8	10.0	10.9	10.0	0.2	0.0
Teachers' Retirement System	27.0	27.5	25.7	27.5	15.1	15.0	10.4	10.0	10.8	10.0	10.9	10.0	0.1	0.0
EMS Retirement System	26.3	27.5	25.6	27.5	15.6	15.0	10.6	10.0	10.8	10.0	10.3	10.0	0.8	0.0
Public Safety Retirement System	27.0	27.5	25.7	27.5	15.3	15.0	10.6	10.0	10.9	10.0	10.5	10.0	0.0	0.0
Judges' Retirement System	26.6	27.5	25.6	27.5	15.3	15.0	10.7	10.0	10.9	10.0	10.7	10.0	0.2	0.0
State Police Retirement System	26.6	27.5	25.5	27.5	15.7	15.0	10.5	10.0	10.7	10.0	10.3	10.0	0.7	0.0
Deputy Sheriffs' Retirement System	26.7	27.5	25.4	27.5	15.6	15.0	10.6	10.0	10.8	10.0	10.6	10.0	0.3	0.0
Municipal Police & Firefighter Retirement System	25.5	27.5	25.1	27.5	15.0	15.0	9.7	10.0	9.7	10.0	9.8	10.0	5.2	0.0
Municipal Model A	26.7	27.5	26.1	27.5	14.5	15.0	10.7	10.0	10.7	10.0	10.4	10.0	0.9	0.0

Insurance Assets

Workers' Compensation Old Fund	14.4	15.0	13.9	15.0	68.6	70.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1	0.0
Workers' Comp. Self-Insured Guaranty Risk Pool	14.2	15.0	13.8	15.0	46.5	45.0	0.0	0.0	0.0	0.0	20.5	20.0	5.0	5.0
Workers' Comp. Self-Insured Security Risk Pool	14.3	15.0	13.8	15.0	46.6	45.0	0.0	0.0	0.0	0.0	20.7	20.0	4.6	5.0
Workers' Comp. Uninsured Employers Fund	14.4	15.0	13.7	15.0	41.1	40.0	0.0	0.0	0.0	0.0	20.4	20.0	10.4	10.0
Pneumoconiosis	14.3	15.0	13.8	15.0	46.4	45.0	0.0	0.0	0.0	0.0	20.8	20.0	4.7	5.0
Board of Risk & Insurance Mgmt.	14.2	15.0	13.8	15.0	45.5	45.0	0.0	0.0	0.0	0.0	21.2	20.0	5.3	5.0
Public Employees' Insurance Agency	13.9	15.0	13.3	15.0	50.6	50.0	0.0	0.0	0.0	0.0	22.1	20.0	0.1	0.0
WV Retiree Health Benefit Trust Fund	26.7	27.5	25.6	27.5	15.7	15.0	10.6	10.0	10.9	10.0	10.4	10.0	0.1	0.0

Endowment Assets

Wildlife Fund	26.7	27.5	25.6	27.5	15.7	15.0	10.6	10.0	10.9	10.0	10.3	10.0	0.2	0.0
Prepaid Tuition Trust	28.8	27.5	14.5	22.5	54.9	50.0	0.0	0.0	0.0	0.0	0.0	0.0	1.8	0.0
Revenue Shortfall Reserve Fund	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Shortfall Reserve Fund - Part B	14.3	15.0	13.7	15.0	71.9	70.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
WV DEP Trust	32.2	32.5	30.6	32.5	15.9	15.0	0.0	0.0	0.0	0.0	21.1	20.0	0.2	0.0
WV DEP Agency	19.1	20.0	17.4	20.0	40.1	40.0	0.0	0.0	0.0	0.0	19.7	20.0	3.7	0.0

West Virginia Investment Management Board

Footnotes

As of September 30, 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

November 2015

Provided by the West Virginia Offices of the Insurance Commissioner



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Introduction

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

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

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.

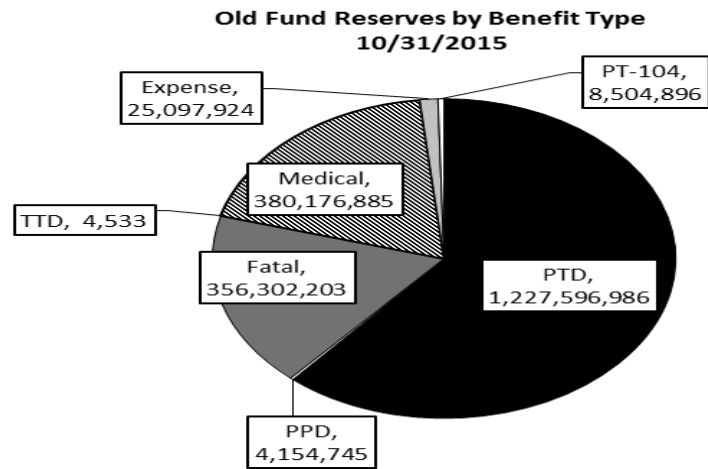
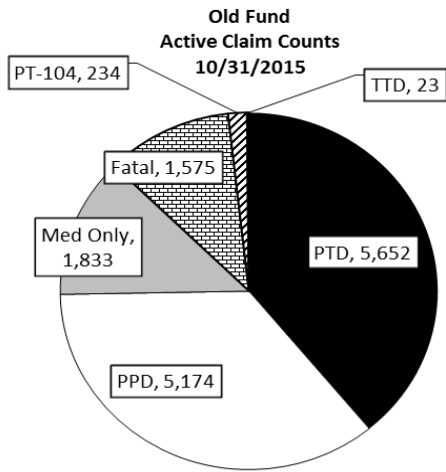
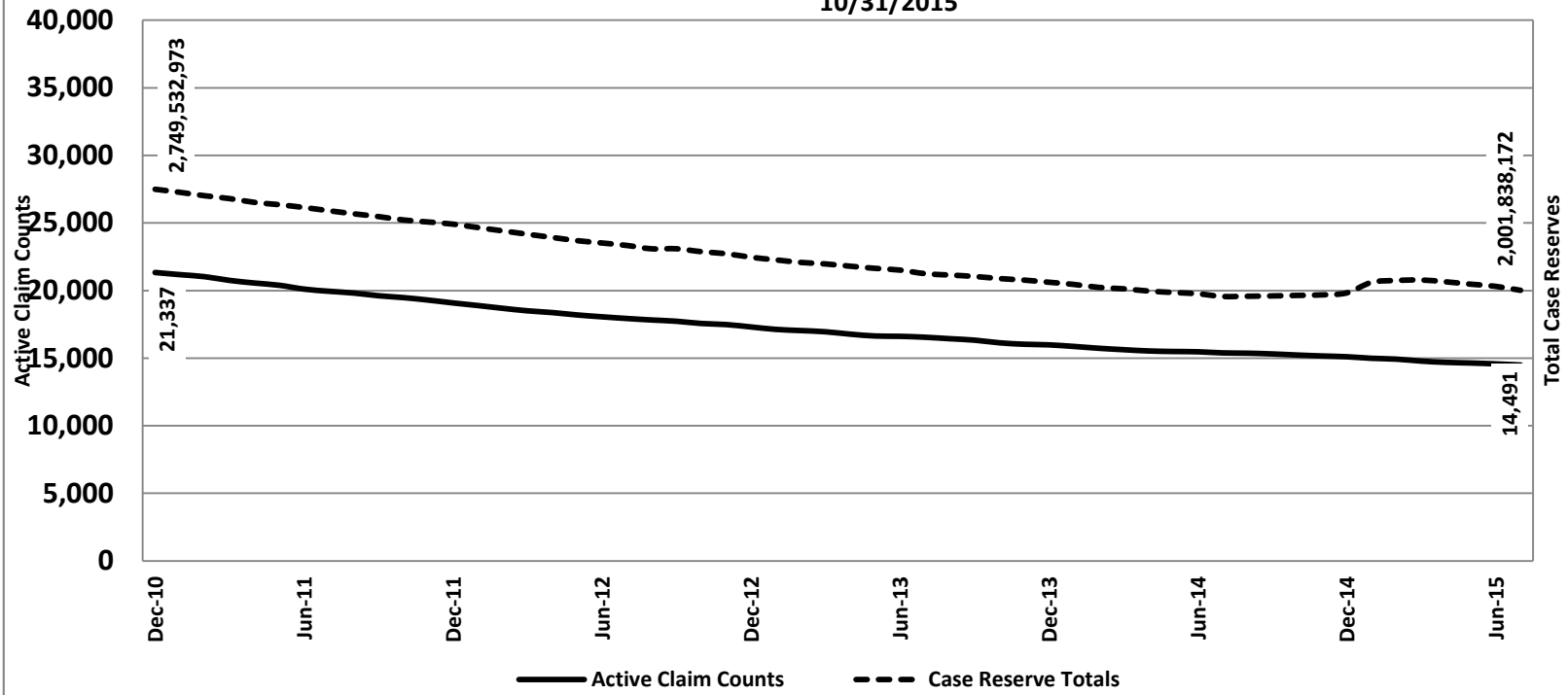
Self-Insured Security Fund: State managed fund consisting of those funds paid into it thru the WVOIC's administration of 85 CSR §19 (2004) , and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last 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.

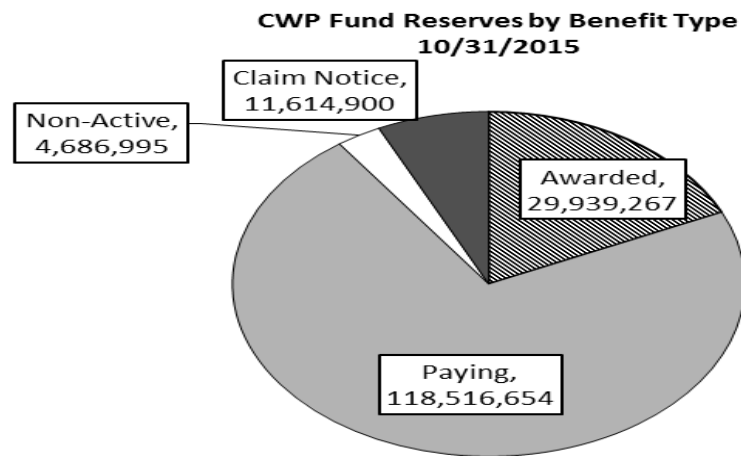
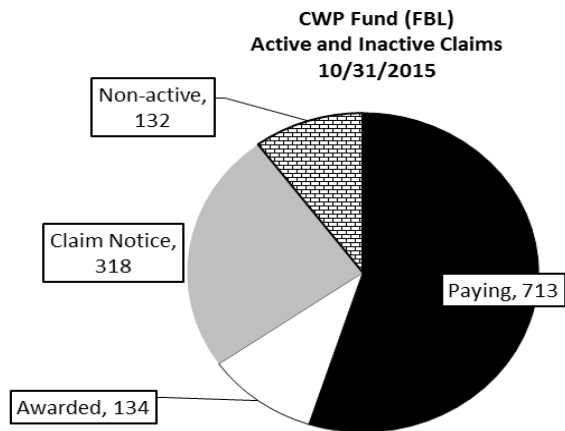
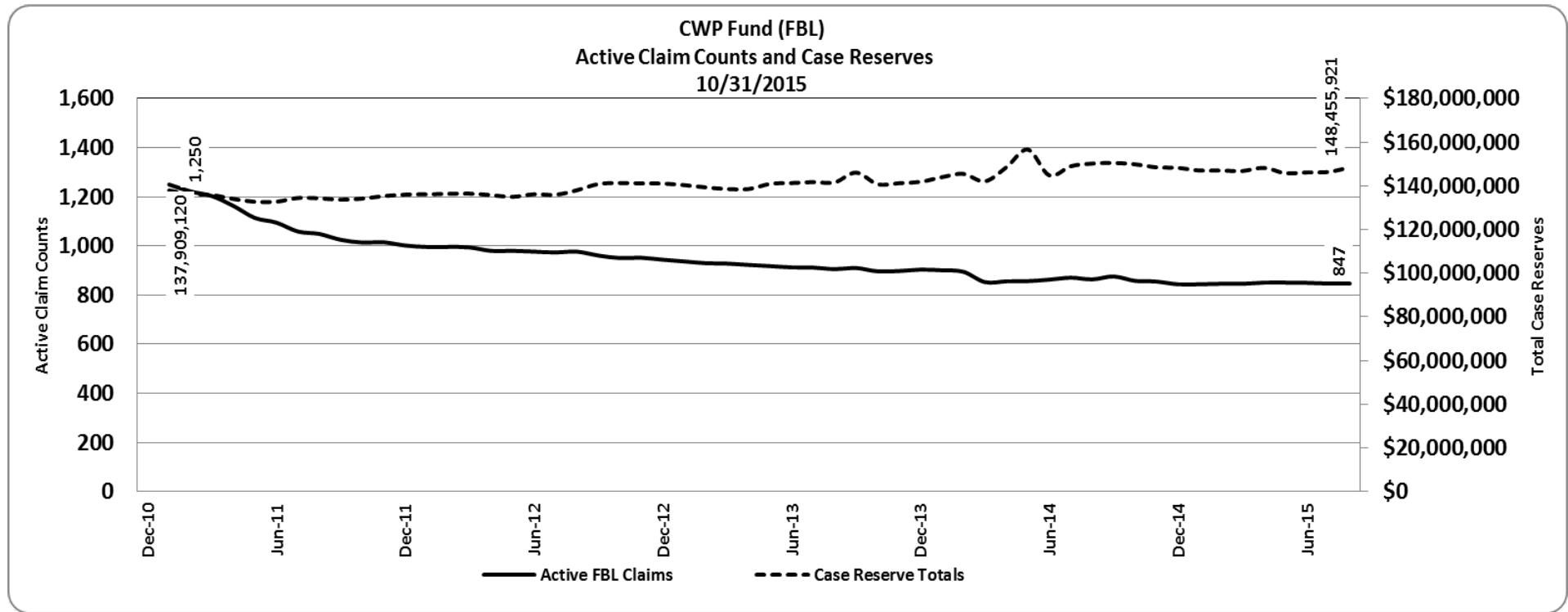
TPD: (Temporary Partial Disability) also referred to as TPR, is paid when an injured worker is released to return to work with restrictions or modifications that restrict he/she from obtaining their pre-injury wages. The TPD benefit is paid at seventy percent of the difference between the average weekly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

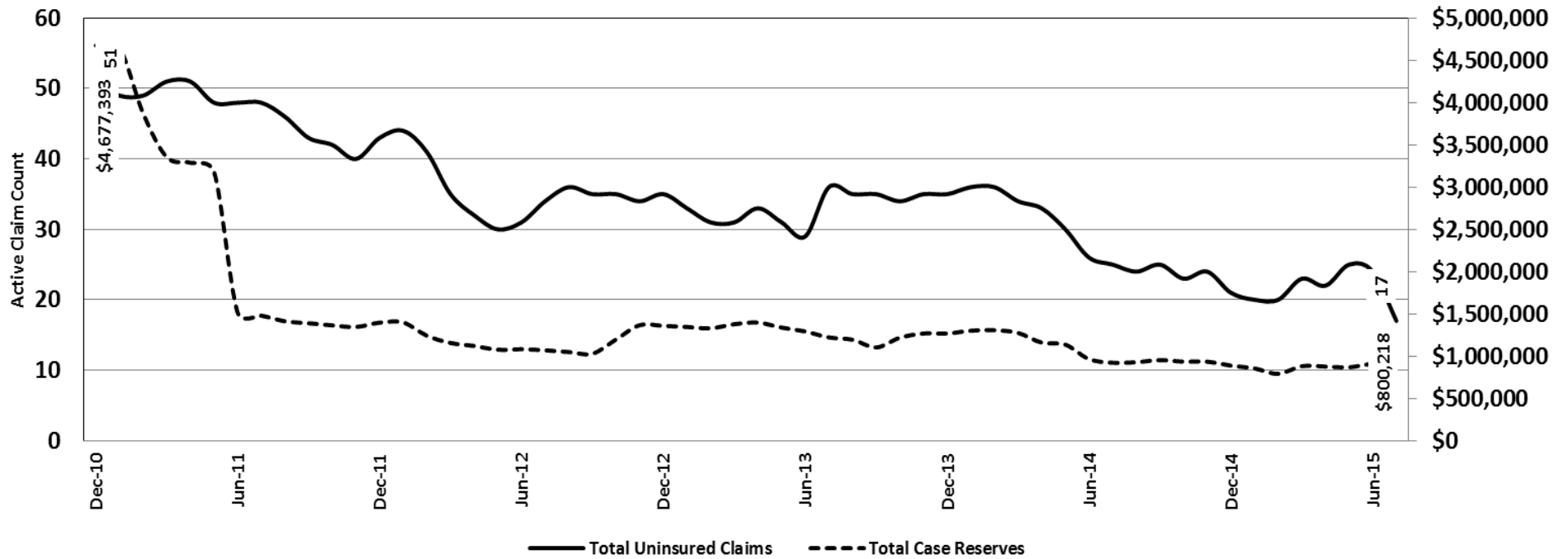
Uninsured Fund: State managed fund into which assessments to carriers or employers received are held, and out of which workers' compensation benefits may be paid to claimant employees of employers who were uninsured if the date of injury or date of last exposure is January 1, 2006 or later.

**Old Fund
Active Claim Counts and Case Reserves
10/31/2015**

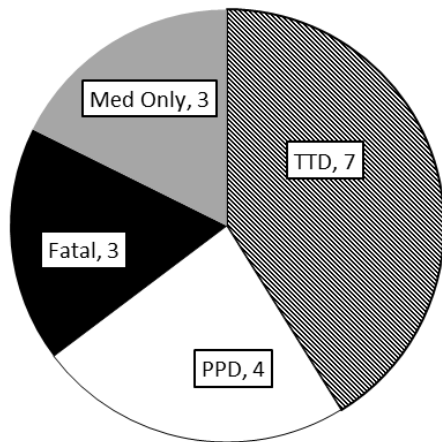




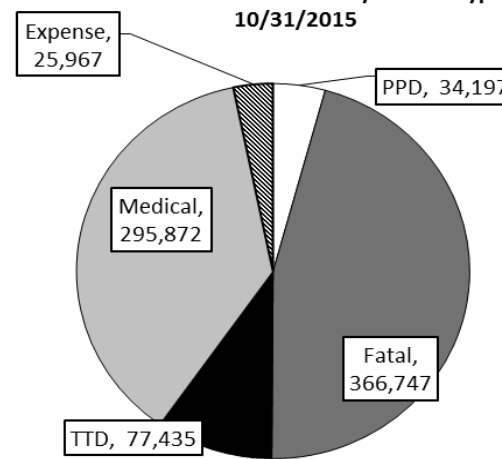
**Uninsured Fund
Active Claim Counts and Case Reserves
10/31/2015**



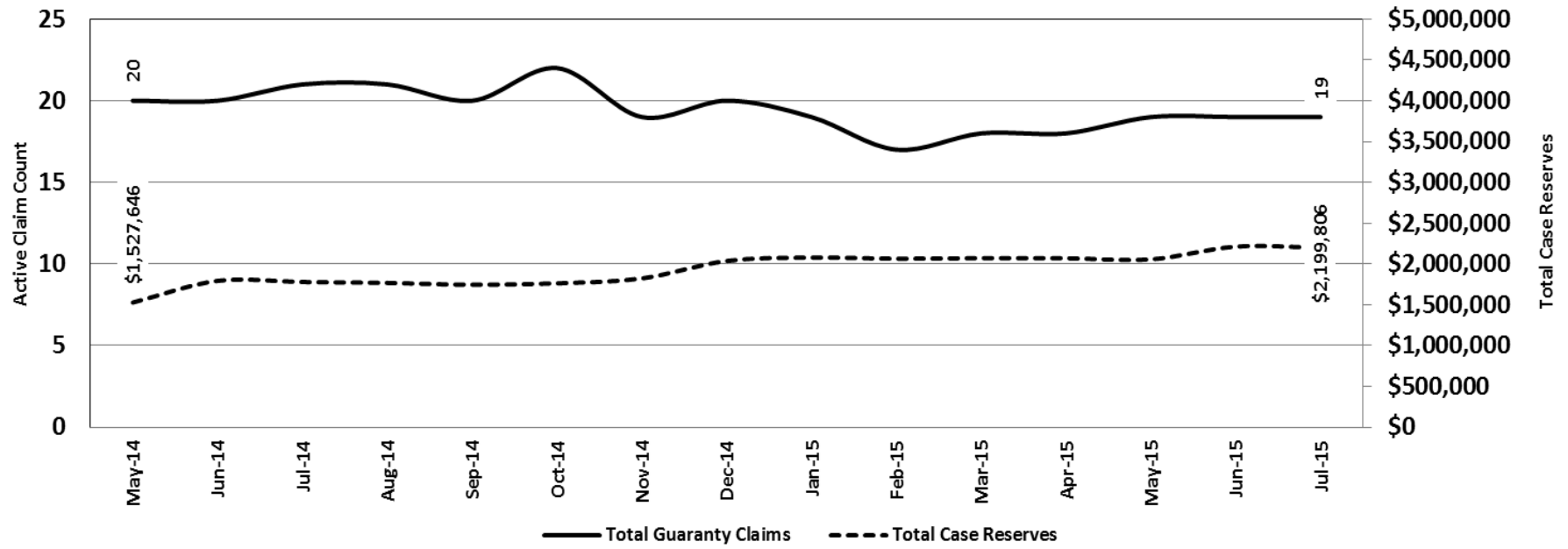
**Uninsured Fund
Active Claim Counts
10/31/2015**



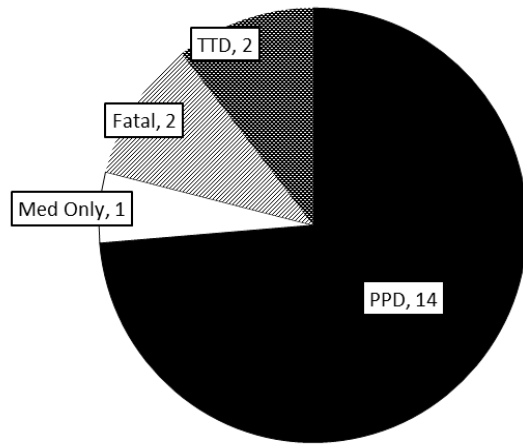
**Uninsured Fund Reserves by Benefit Type
10/31/2015**



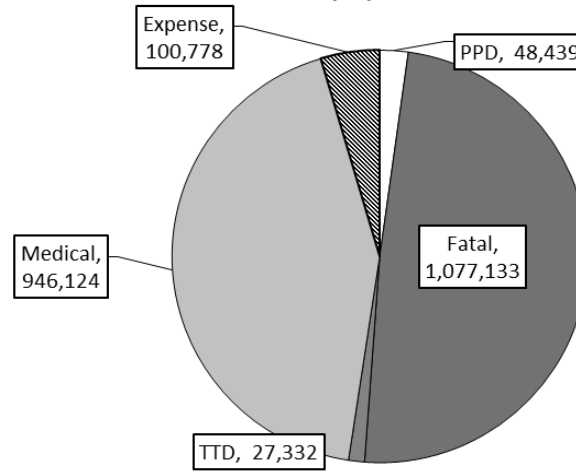
**Guaranty Fund
Active Claim Counts and Case Reserves
10/31/2015**



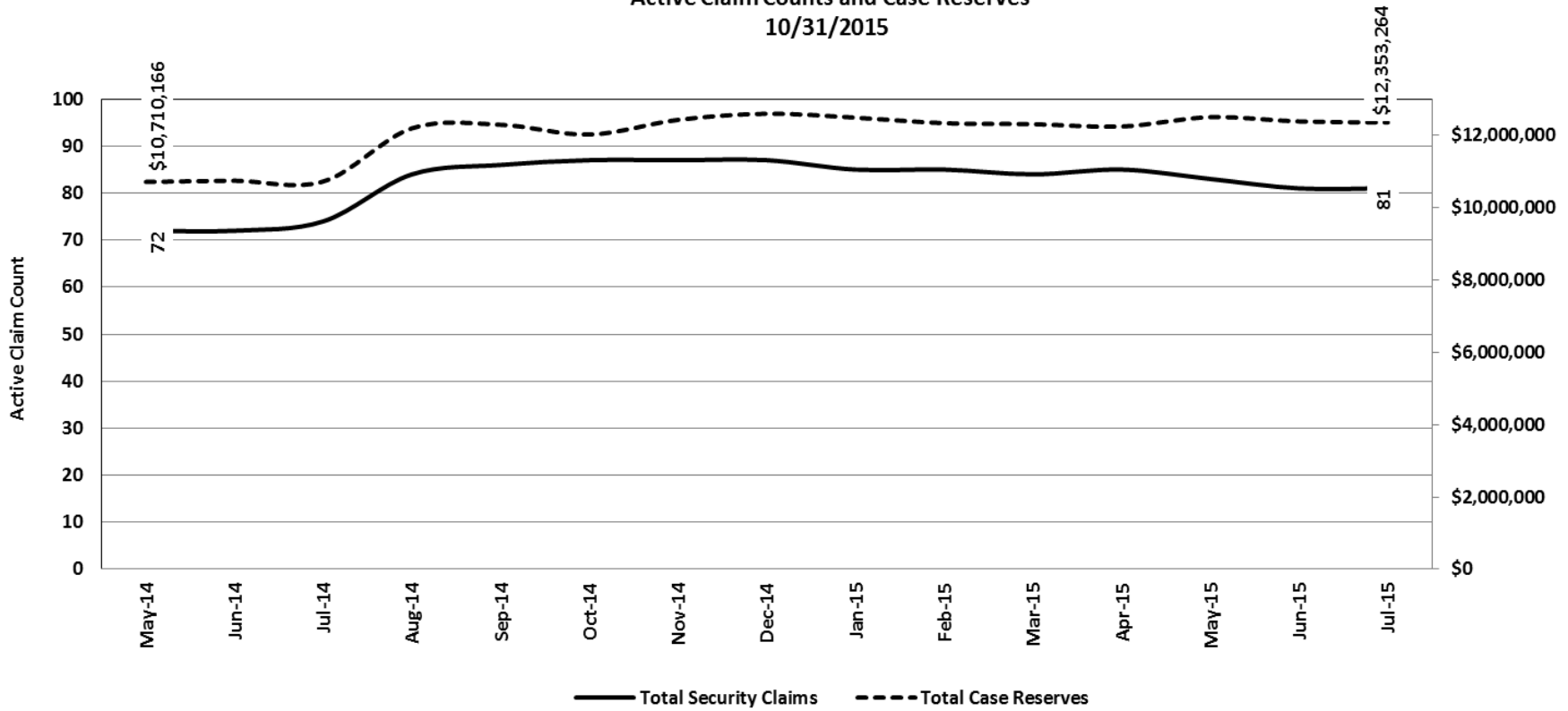
**Guaranty Fund
Active Claim Counts
10/31/2015**



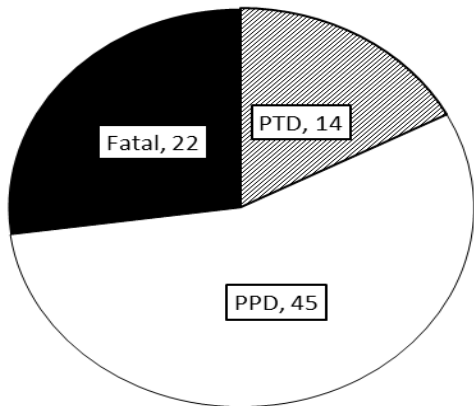
**Guaranty Fund Reserves by Benefit Type
10/31/2015**



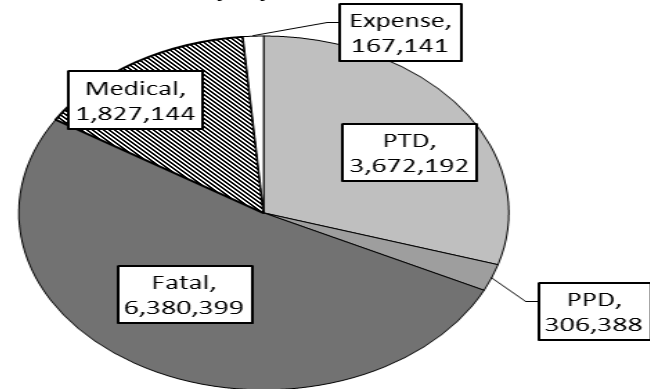
**Security Fund
Active Claim Counts and Case Reserves
10/31/2015**



**Security Fund
Active Claim Counts
10/31/2015**



**Security Fund Reserves by Benefit Type
10/31/2015**



OLD FUND CASH STATEMENT

October 31, 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	10,600,000	10,600,000	-	95,400,000	95,400,000	95,400,000
Severance Tax	34,685,212	37,067,002	(2,381,790)	125,703,925	109,467,900	94,562,969
Debt Reduction Surcharge	17,959,118	17,641,170	317,948	34,106,221	34,138,820	36,853,941
Self-Insured Debt Reduction Surcharge	3,235,327	3,780,048	(544,721)	8,859,759	8,493,207	8,733,494
Video Lottery	2,726,338	2,963,955	(237,616)	11,000,000	11,000,000	11,000,000
Employer Premium	32,286	40,010	(7,724)	202,532	284,075	335,102
Other Income - Return of Unclaimed Property	8,672	-	8,672	153,763	92,953	48,332
Operating Revenues	69,246,953	72,092,185	(2,845,232)	275,426,199	258,876,955	246,933,837
Investment / Interest Earnings (Losses)	(56,942,398)	(2,581,103)	(54,361,295)	34,715,474	67,734,120	77,380,803
Total Revenues	12,304,554	69,511,081	(57,206,527)	310,141,673	326,611,075	324,314,640
Expenditures						
Claims Benefits Paid:						
Medical	9,177,012	10,316,178	(1,139,166)	29,881,043	31,791,671	33,512,816
Permanent Total Disability	33,487,750	35,517,275	(2,029,525)	104,948,107	111,490,282	118,396,619
Permanent Partial Disability	78,513	134,954	(56,440)	353,749	720,723	1,137,910
Temporary Disability	-	-	-	-	7,741	59,227
Fatales	8,205,709	8,525,092	(319,383)	25,497,598	26,407,057	26,966,847
104 weeks death benefit	2,203,057	1,914,906	288,151	5,883,387	6,200,020	6,670,578
Settlements	3,257,567	3,585,545	(327,978)	12,206,388	9,136,495	9,011,730
Loss Adjustment Expenses	866,189	688,814	177,375	2,029,136	1,467,221	998,774
Total	57,275,797	60,682,764	(3,406,967)	180,799,408	187,221,209	196,754,501
Less: Claims credits and overpayments	627,757	361,975	265,782	2,240,415	3,265,629	4,617,178
Total Benefits Paid	56,648,040	60,320,789	(3,672,749)	178,558,993	183,955,580	192,137,323
Administrative Expenses	2,696,647	2,813,309	(116,663)	10,060,064	14,108,365	13,087,043
Total Expenditures	59,344,686	63,134,098	(3,789,411)	188,619,057	198,063,945	205,224,366
Excess (Deficiency) of Revenues over Expenditures	(47,040,132)	6,376,983	(53,417,115)	121,522,616	128,547,130	119,090,274
Cash Ending Balances	1,264,625,295	1,196,519,795	68,105,500	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

October 31, 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)	(12,475,432)	504,602	(12,980,034)	10,347,881	17,915,475	24,801,113
Total Revenues	(12,475,432)	504,602	(12,980,034)	10,348,758	17,915,475	24,801,113
Expenditures						
Payment of Claims	3,835,091	4,706,798	(871,706)	11,990,810	17,376,923	12,550,216
Contractual / Professional	262,361	327,734	(65,373)	873,390	85,747	53,287
Legal	-	-	-	-	-	932
General and Administrative	135	120	15	420	45	-
Total Expenditures	4,097,587	5,034,652	(937,064)	12,864,620	17,462,715	12,604,435
Excess (Deficiency) of Revenues over Expenditures	(16,573,019)	(4,530,050)	(12,042,970)	(2,515,863)	452,760	12,196,678
Cash Ending Balances	248,084,308	262,643,140	(14,558,831)	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
October 31, 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	-	34,328	(34,328)	89,571	124,520	851,410
Collateral Proceeds	-	-	-	-	-	2,399,380
Investment Earnings (Losses)	(751,823)	24,190	(776,012)	612,972	1,027,230	1,186,338
Total Revenues	(751,823)	58,518	(810,341)	702,542	1,151,751	4,437,128
Expenditures						
Payment of Claims	68,133	64,125	4,008	263,947	255,607	332,894
Contractual / Professional	3,481	12,942	(9,461)	27,575	107,348	92,122
Legal	-	-	-	-	815	26,750
Total Expenditures	71,614	77,067	(5,453)	291,522	363,769	451,765
Excess (Deficiency) of Revenues over Expenditures	(823,436)	(18,549)	(804,887)	411,021	787,981	3,985,363
Cash Ending Balances	15,190,903	15,584,770	(393,867)	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
October 31, 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	160,031	72,021	88,009	1,114,180	1,072,311	2,575,705
Collateral Proceeds	-	-	-	1,425,061	-	4,657,620
Investment Earnings (Losses)	(431,392)	11,256	(442,648)	310,550	151,334	-
Total Revenues	(271,361)	83,277	(354,639)	2,849,791	1,223,645	7,233,325
Expenditures						
Payment of Claims	227,328	227,296	33	736,434	789,254	530,804
Contractual / Professional	12,834	14,092	(1,258)	41,774	48,446	60,413
Legal	-	96	(96)	96	3,230	91,025
Total Expenditures	240,162	241,484	(1,322)	778,304	840,930	682,242
Excess (Deficiency) of Revenues over Expenditures	(511,524)	(158,206)	(353,317)	2,071,487	382,715	6,551,083
Cash Ending Balances	8,697,280	6,979,110	1,718,170	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
October 31, 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	215,873	266,230	(50,356)	765,082	768,532	747,771
Investment Earnings (Losses)	(511,699)	14,574	(526,273)	408,442	682,644	871,603
Total Revenues	(295,826)	280,803	(576,629)	1,173,523	1,451,176	1,619,374
Expenditures						
Payment of Claims	41,081	415,235	(374,155)	589,781	286,421	262,002
Contractual/Professional	3,387	3,458	(71)	8,922	26,825	15,024
General and Administrative	45	-	45	60	105	60
Insurance	107,500	55,000	52,500	163,750	225,000	115,000
Total Expenditures	152,013	473,693	(321,681)	762,513	538,351	392,086
Excess (Deficiency) of Revenues over Expenditures	(447,838)	(192,890)	(254,948)	411,010	912,825	1,227,288
Cash Ending Balances	11,677,350	11,521,288	156,062	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.

OFFICE OF JUDGES

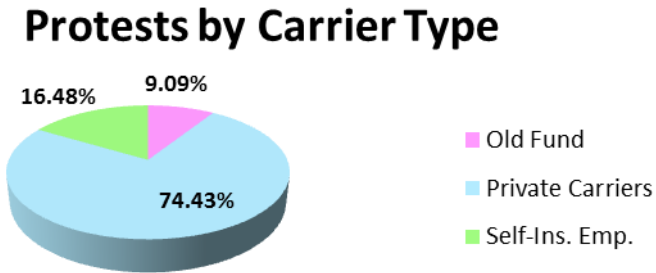
STATISTICAL ANALYSIS

Protests Acknowledged:	<u>2014</u>	<u>Oct.</u>	<u>2015</u>
	4090	352	3171

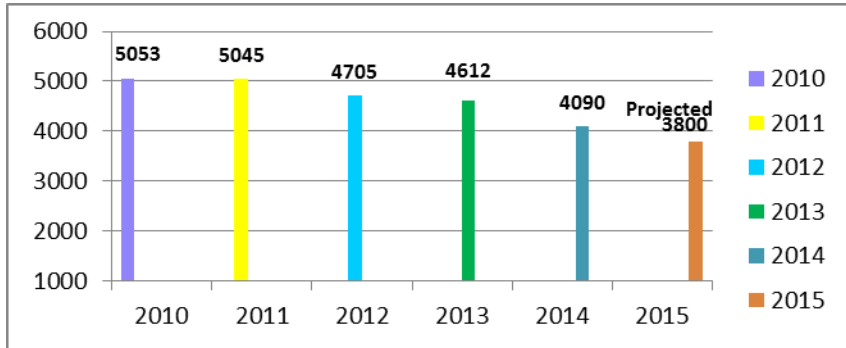
FUND	2014	% of Protests	Oct. 2015	% of Protests	2015	% of Protests
Old Fund	348	8.51%	32	9.09%	298	9.40%
Private Carriers	3048	74.52%	262	74.43%	2304	72.66%
Self-Insured Employers	694	16.97%	58	16.48%	569	17.94%
Subtotal	4090		352		3171	
Temporary Category	615		54		417	
Total	4705		406		3588	

Source: AIMS Database Reports

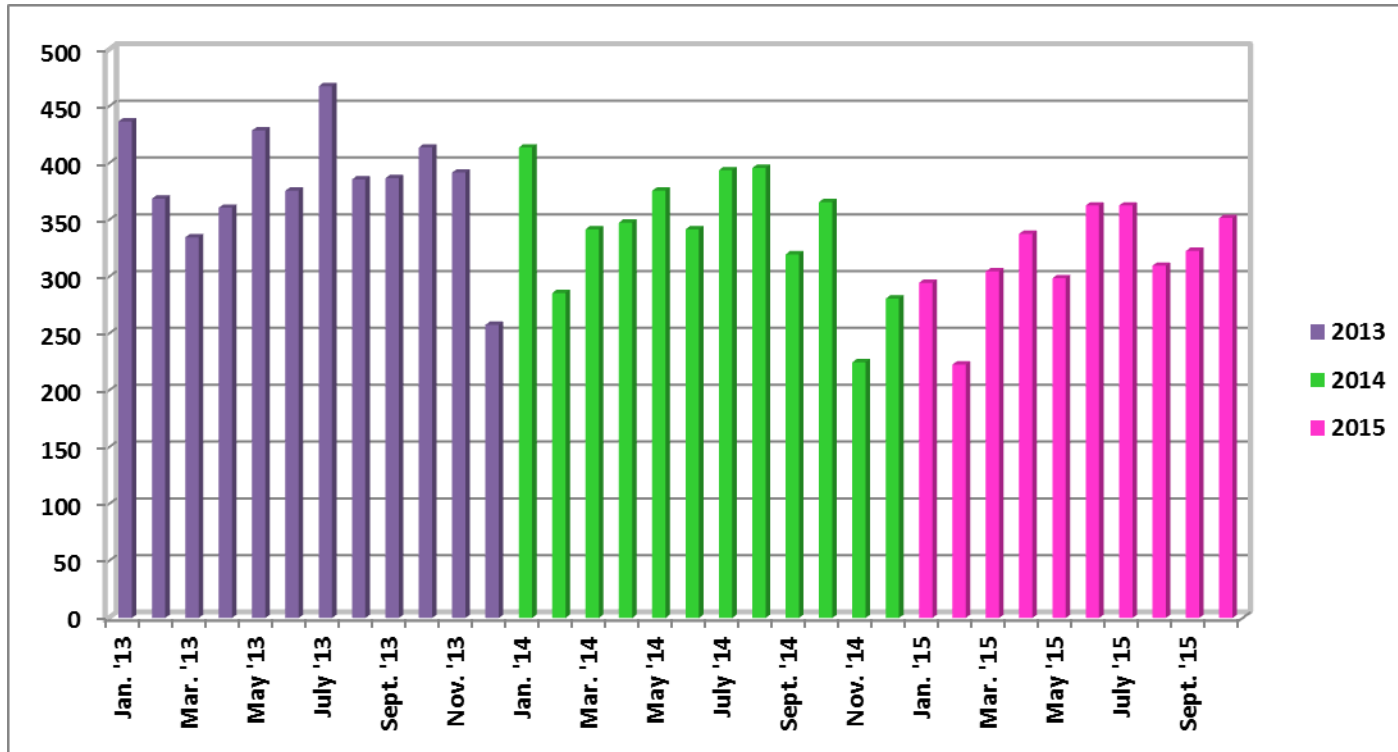
Protests Acknowledged in October 2015
by Carrier Type



Protests Acknowledged by Year



PROTEST COMPARISON BY MONTH/YEAR



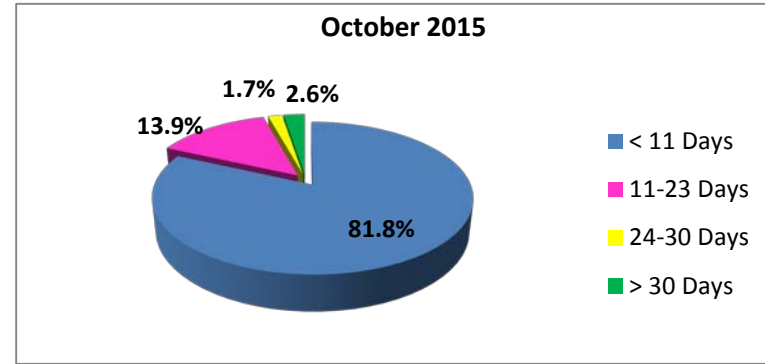
PROTEST ACKNOWLEDGMENTS – OCTOBER, 2015

Protest Acknowledgement Goal 10/1/2015 thru 10/31/2015									
Description	Acknowledged	Days to Acknowledgement							
		> 30 Days		30 - 24		23 - 11		<11	
		Count	%	Count	%	Count	%	Count	%
BENEFIT RATE	Total: 1	0	0	0	0	0	0	1	100
CBR-CL PRSTS BEN RATE	1	0	0	0	0	0	0	1	100
COMPENSABILITY	Total: 57	3	5	0	0	8	14	46	80
CCS-CL SEC.CONDITION	17	1	5	0	0	1	5	15	88
CHC-CL COMPENSABILITY	1	0	0	0	0	0	0	1	100
CIM-CL SI COMPENSABLE	1	0	0	0	0	0	0	1	100
CIS-CL SI SEC.CONDITION	2	0	0	0	0	1	50	1	50
CLB-CL COMP ON LIMITED BASIS	4	1	25	0	0	1	25	2	50
CLB-CL SI COMP ON LIMITED BASIS	1	0	0	0	0	0	0	1	100
CPI-CL SI REJECT CLAIM	5	0	0	0	0	0	0	5	100
CPJ-CL REJECT CLAIM	24	1	4	0	0	5	20	18	75
CQR-CL SI REJ OCCDISEASE	1	0	0	0	0	0	0	1	100
CRZ-CL REJ OCC DISEASE	1	0	0	0	0	0	0	1	100
DEP BEN FATAL	Total: 3	0	0	0	0	0	0	3	100
CDF-CL DENY/GRNT DTH BEN	3	0	0	0	0	0	0	3	100
FAILURE TO ACT 10 DAY	Total: 2	0	0	0	0	1	50	1	50
C5N-CL FTA NOT COVERED	2	0	0	0	0	1	50	1	50
FAILURE TO ACT 15 DAY	Total: 3	1	33	0	0	2	66	0	0
C03-CL FTA TREATMENT	1	0	0	0	0	1	100	0	0
FTA Multiple Issues-FTA MULTIPLE ISSUES	2	1	50	0	0	1	50	0	0
FAILURE TO ACT 30 DAY	Total: 3	0	0	0	0	2	66	1	33
C7D-CL FTA REF FOR EXAM	2	0	0	0	0	2	100	0	0
C7E-CL FTA CPLY OJ/BR/SC	1	0	0	0	0	0	0	1	100
OP NON-MED	Total: 6	0	0	1	16	1	16	4	66
CIR-CL SI NON-MED ORDER	1	0	0	0	0	0	0	1	100
CNR-CL NON-MED ORDER	5	0	0	1	20	1	20	3	60
OPBD	Total: 31	0	0	0	0	3	9	28	90
CAO-CL ADD BOARD FINDING	3	0	0	0	0	0	0	3	100
CBF-CL % BOARD FINDING	9	0	0	0	0	1	11	8	88

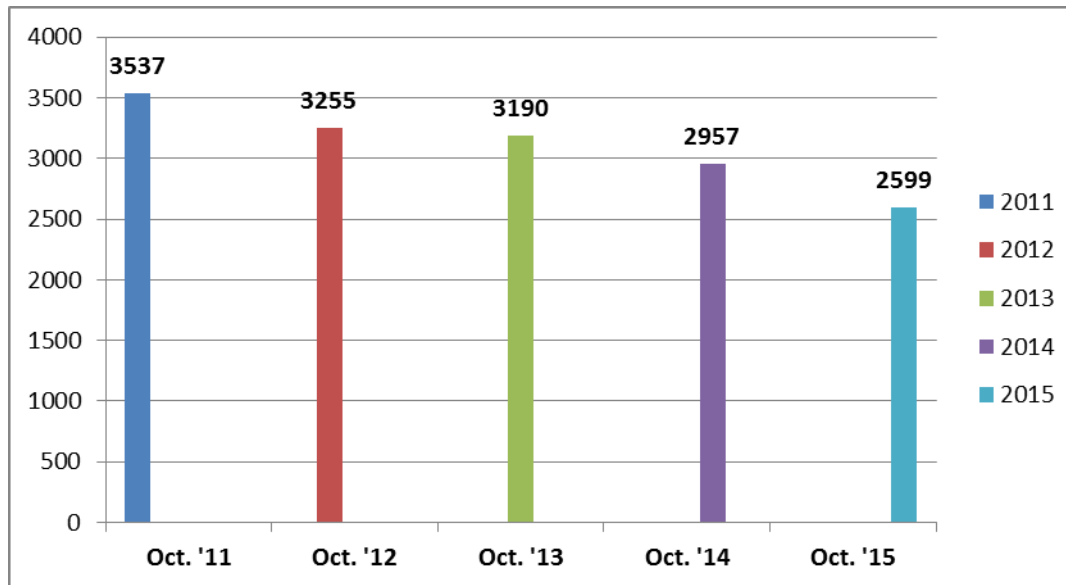
CSF-CL% SI BOARD FINDING	9	0	0	0	0	0	0	9	100
CSO-CL SI AD.BRD FINDING	1	0	0	0	0	0	0	1	100
EAO-EM ADD BOARD FINDING	1	0	0	0	0	0	0	1	100
EBF-EM % BOARD FINDING	5	0	0	0	0	2	40	3	60
ESF-EM% SI BOARD FINDING	3	0	0	0	0	0	0	3	100
PPD	Total: 85	1	1	1	1	13	15	70	82
CAA-CL ADDL % AWARD D/G	6	0	0	0	0	0	0	6	100
CAD-CL % AWARD DENY/GRNT	69	1	1	1	1	11	15	56	81
CIG-CL SI %AWARD DNY/GNT	10	0	0	0	0	2	20	8	80
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: 17	0	0	2	11	3	17	12	70
CIQ-CL SI DY/GNT R/O PPD	1	0	0	0	0	0	0	1	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	5	0	0	2	40	0	0	3	60
CRD-CL DENY/GRNT R/O TTD	9	0	0	0	0	2	22	7	77
SPECIAL CATEGORY	Total: 9	1	11	0	0	2	22	6	66
C1I-CL SI SL CATEGORY	2	0	0	0	0	1	50	1	50
CNW-CL SPL CATEGORY	7	1	14	0	0	1	14	5	71
TRMT/EQUIP CL	Total: 85	2	2	0	0	9	10	74	87
C1Y-CL SI TRMT GRANT	1	0	0	0	0	0	0	1	100
CBX-CL TRMT DENY	65	1	1	0	0	7	10	57	87
CED-CL EQUIP DENY/GRANT	1	0	0	0	0	0	0	1	100
CKN-CL D/G PROV CHNG	1	0	0	0	0	0	0	1	100
CSX-CL SI TRMT DENY	15	0	0	0	0	1	6	14	93
CYY-CL TRMT GRANT	2	1	50	0	0	1	50	0	0
TTD	Total: 49	1	2	2	4	5	10	41	83
CCC-CL CLOSING THE CLAIM	35	1	2	2	5	3	8	29	82
CIC-CL SI CLSING THE CLM	3	0	0	0	0	0	0	3	100
CJS-CL TTD	8	0	0	0	0	2	25	6	75
CPX-CL INITIAL TTD	3	0	0	0	0	0	0	3	100
TOTALS:	352	9	2.6	6	1.7	49	13.9	288	81.8

PROTEST ACKNOWLEDGMENT TIMELINESS

Acknowledgment Timeliness	2014	Oct. '15	2015
Protest Ack. < 11 Days	81.7%	81.8%	81.0%
Protest Ack. 11 – 23 Days	12.1%	13.9%	13.7%
Protest Ack. 24 – 30 Days	1.9%	1.7%	2.5%
Protest Ack. > 30 Days	4.3%	2.6%	2.8%



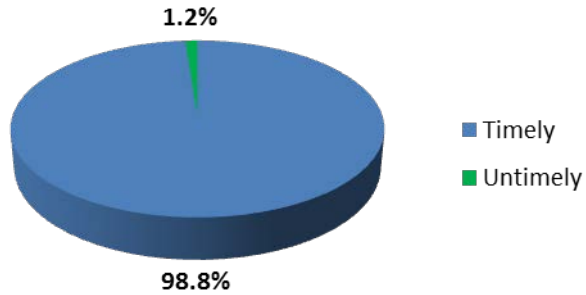
PENDING CASELOAD COMPARISON BY MONTH/YEAR



Pending as of Nov. 1, 2015	2599
Pending 1 Month Before	2550
Pending 2 Months Before	2534
Pending 3 Months Before	2540
Pending 6 Months Before	2634
Pending 12 Months Before	2957

TIME STANDARD COMPLIANCE

Time Standard Compliance
October 2015



2014	October	2015
94.1%	98.8%	94.9%

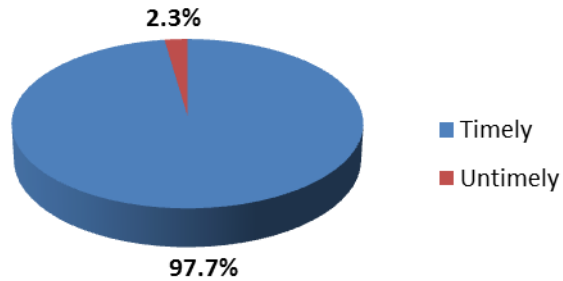
Time Standard Compliance – October 2015

Time Standard	Issues		Timely		Late	
	Resolved	Count	%	Count	%	
BENEFIT OVERPAYMENT	1	1	100	0	100	
COMPENSABILITY	10	10	100	0	100	
DEP BEN FATAL	2	2	100	0	100	
OP NON-MED	1	1	100	0	100	
OPBD	6	6	100	0	100	
PPD	30	30	100	0	100	
REOPENING	7	7	100	0	100	
TRMT/EQUIP CL	19	18	94.7	1	94.7	
TTD	6	6	100	0	100	
TOTALS:	82	81	98.8	1	1.2	

MOTION RESOLUTION COMPLIANCE

2014	October	2015
98.5%	97.7%	98.2%

Motion Compliance
October 2015



Motion Resolution Compliance – October 2015

	Total	TIMELY		UNTIMELY	
Motion Resolution Compliance	Motions	Count	%	Count	%
BENEFIT OVERPAYMENT	3	3	100	0	0
BENEFIT RATE	1	1	100	0	0
COMPENSABILITY	113	111	98.2	2	1.8
DEP BEN 104	1	1	100	0	0
DEP BEN FATAL	12	12	100	0	0
FAILURE TO ACT 10 DAY	1	1	100	0	0
FAILURE TO ACT 15 DAY	4	4	100	0	0
FAILURE TO ACT 30 DAY	2	2	100	0	0
OP NON-MED	13	13	100	0	0
OPBD	44	43	97.7	1	2.3
PPD	113	110	97.3	3	2.7
PTD ENTITLEMENT	1	1	100	0	0
REOPENING	22	22	100	0	0
SPECIAL CATEGORY	8	8	100	0	0
TEMP	4	4	100	0	0
TRMT/EQUIP CL	162	156	96.3	6	3.7
TTD	68	67	98.5	1	1.5
TOTALS:	572	559	97.7	13	2.3

PROTEST RESOLUTIONS

Protests Resolved:	October 2015	2015
Protests Decided	202	2065
Protest Withdrawals	43	596
"No Evidence" Dismissals	25	365

Resolution of Issues – October 1, 2015 through October 31, 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	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
COMPENSABILITY	50	21	42	18	36	3	6	8	16	0	0	0	0	0	0	0	0	0
DEP BEN FATAL	5	0	0	5	100	0	0	0	0	0	0	0	0	0	0	0	0	0
FAILURE TO ACT 15 DAY	3	0	0	0	0	0	0	3	100	0	0	0	0	0	0	0	0	0
FAILURE TO ACT 30 DAY	2	0	0	0	0	0	0	2	100	0	0	0	0	0	0	0	0	0
OP NON-MED	2	1	50	0	0	0	0	1	50	0	0	0	0	0	0	0	0	0
OPBD	25	1	4	6	24	1	4	17	68	0	0	0	0	0	0	0	0	0
PPD	72	17	23.6	25	34.7	9	12.5	21	29.2	0	0	0	0	0	0	0	0	0
REHABILITATION	1	0	0	1	100	0	0	0	0	0	0	0	0	0	0	0	0	0
REOPENING	11	3	27.3	5	45.5	2	18.2	1	9.1	0	0	0	0	0	0	0	0	0
SPECIAL CATEGORY	7	0	0	3	42.9	1	14.3	2	28.6	0	0	1	14.3	0	0	0	0	0
TEMP	2	0	0	0	0	0	0	2	100	0	0	0	0	0	0	0	0	0
TRMT/EQUIP CL	92	30	32.6	42	45.7	8	8.7	11	12	1	1.1	0	0	0	0	0	0	0
TTD	25	7	28	7	28	1	4	9	36	1	4	0	0	0	0	0	0	0
TOTALS:	298	81	27.2	112	37.6	25	8.4	77	25.8	2	0.7	1	0.3	0	0.0	0	0.0	0

FINAL DECISION TIMELINESS

Final Decision Timeliness:	2014	October 2015	2015
< 30 Days	25.4%	47.0%	37.9%
30 – 60 Days	62.7%	45.5%	53.4%
60 – 90 Days	9.8%	6.4%	8.0%
>90 Days	2.1%	1.0%	0.8%

Final Decision Compliance – October 1, 2015 through October 31, 2015

	Days to Decision									
	Issues	< 30 Days			30 - 60		61 - 90		Over 90	
	Resolved	Count	%	Count	%	Count	%	Count	%	
BENEFIT OVERPAYMENT	1	0	0	1	100	0	0	0	0	
COMPENSABILITY	40	13	0	19	0	8	0	0	0	
DEP BEN FATAL	5	3	0	2	0	0	0	0	0	
FAILURE TO ACT 15 DAY	1	0	0	0	0	0	0	1	100	
FAILURE TO ACT 30 DAY	2	0	0	0	0	1	0	1	0	
OP NON-MED	1	1	100	0	0	0	0	0	0	
OPBD	8	5	0	3	0	0	0	0	0	
PPD	44	20	0	23	0	1	0	0	0	
REHABILITATION	1	1	100	0	0	0	0	0	0	
REOPENING	8	4	0	4	0	0	0	0	0	
SPECIAL CATEGORY	3	2	0	1	0	0	0	0	0	
TRMT/EQUIP CL	73	42	0	31	0	0	0	0	0	
TTD	15	4	0	8	0	3	0	0	0	
TOTALS:	202	95	47.0	92	45.5	13	6.4	2	1.0	

FAILURE TO TIMELY ACT PROCESS

Failure to Timely Act Process	
Petitions Filed 1/1/15 through 10/31/2015	
Filed:	109
Denied/Dismissed:	64
Reports to OIC:	38
Pending:	31
<i>(Resolutions/Pending include petitions filed from previous year)</i>	

EXPEDITED HEARING PROCESS

YEAR	MONTHLY TOTAL FOR OCTOBER	YEARLY TOTAL
2012	11	113
2013	17	173
2014	6	161
2015	10	125

PETITIONS FOR ATTORNEY FEES

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

Petitions Received 1/1/2015 through 10/31/2015	61
Granted	47
Denied	13
Pending	4
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 10/31/2015	10
Granted	3
Denied on face	1
Denied by ALJ decision	1
Withdrawn (including settlements)	1
Pending	4

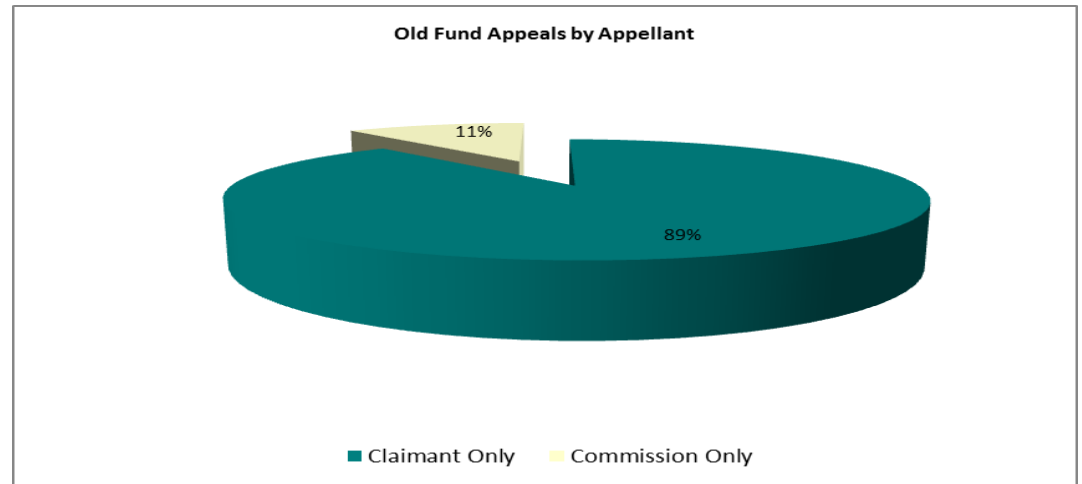
BOARD OF REVIEW

Appeals Received

From October 1, 2015 thru October 31, 2015

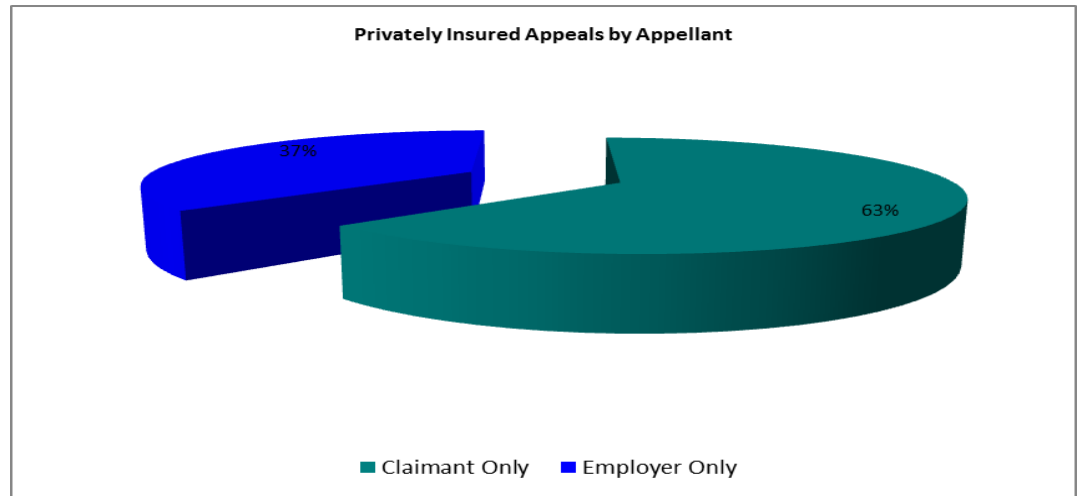
Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	8
Commission Only	1
Old Fund Total	9



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

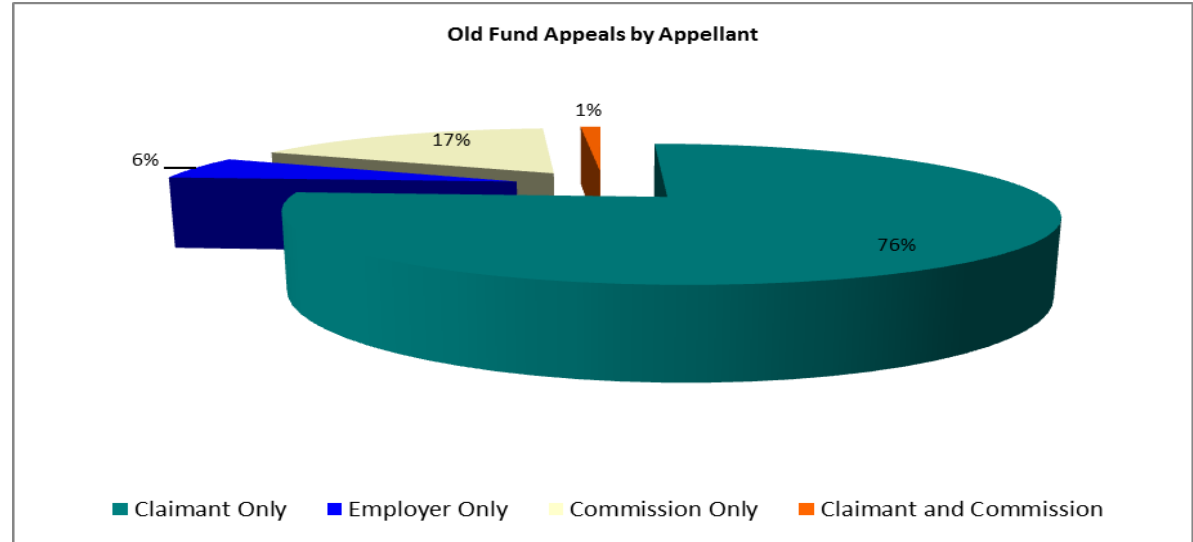
Appellant	Count
Claimant Only	33
Employer Only	19
Privately Insured Total	52
Total Appeals	61



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

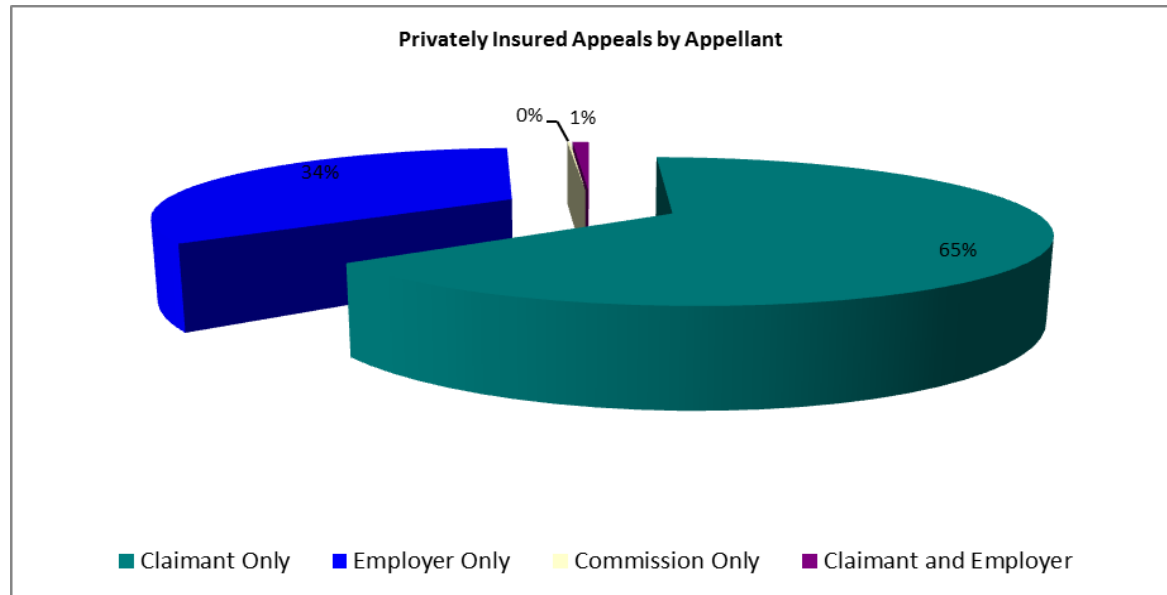
Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	67
Employer Only	5
Commission Only	15
Claimant and Commission	1
Old Fund Total	88



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

Appellant	Count
Claimant Only	408
Employer Only	216
Commission Only	1
Claimant and Employer	6
Privately Insured Total	631
Total Appeals	719



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

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	5	0	0.0	5	100.0
CL ADD BOARD FINDING	1	1	100.0	0	0.0
CL ADDL % AWARD D/G	2	0	0.0	2	100.0
CL BEN. OVERPAYMENT	1	0	0.0	1	100.0
CL CLOSING THE CLAIM	5	0	0.0	5	100.0
CL COMP ON LIMITED BASIS	2	0	0.0	2	100.0
CL D/G PROV CHNG	1	0	0.0	1	100.0
CL DENY/GRNT R/O TTD	1	0	0.0	1	100.0
CL GRNT/DNY VOC REHA	1	1	100.0	0	0.0
CL NON-MED ORDER	2	1	50.0	1	50.0
CL REJ OCC DISEASE	1	0	0.0	1	100.0
CL REJECT CLAIM	7	0	0.0	7	100.0
CL SEC.CONDITION	7	0	0.0	7	100.0
CL SI AD.BRD FINDING	1	0	0.0	1	100.0
CL SI CLSING THE CLM	4	0	0.0	4	100.0
CL SI COMPENSABLE	1	0	0.0	1	100.0
CL SI DY/GNT R/O PPD	2	0	0.0	2	100.0
CL SI DY/GNT R/O PTD	1	1	100.0	0	0.0
CL SI NON-MED ORDER	1	0	0.0	1	100.0
CL SI REJECT CLAIM	1	0	0.0	1	100.0
CL SI SEC.CONDITION	3	0	0.0	3	100.0
CL SI TRMT DENY	4	0	0.0	4	100.0
CL SI TTD	1	0	0.0	1	100.0
CL SPL CATEGORY	2	1	50.0	1	50.0
CL TRMT DENY	15	4	26.7	11	73.3
CL TRMT GRANT	1	0	0.0	1	100.0
CL TTD	2	0	0.0	2	100.0
NonPrstable Protest	1	1	100.0	0	0.0
Totals	76	10	13.2	66	86.8

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 October 31, 2015

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	96	1	1.0	95	99.0
CL % BOARD FINDING	5	2	40.0	3	60.0
CL ADD BOARD FINDING	4	1	25.0	3	75.0
CL ADDL % AWARD D/G	7	0	0.0	7	100.0
CL APP.THRESHOLD	1	0	0.0	1	100.0
CL BEN. OVERPAYMENT	5	0	0.0	5	100.0
CL CLOSING THE CLAIM	48	0	0.0	48	100.0
CL COMP ON LIMITED BASIS	11	1	9.1	10	90.9
CL COMPENSABILITY	3	0	0.0	3	100.0
CL D/G PROV CHNG	1	0	0.0	1	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	26	1	3.8	25	96.2
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	7	1	14.3	6	85.7
CL INITIAL TTD	2	0	0.0	2	100.0
CL NON-MED ORDER	7	4	57.1	3	42.9
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	17	0	0.0	17	100.0
CL REJECT CLAIM	102	0	0.0	102	100.0
CL SEC.CONDITION	78	5	6.4	73	93.6
CL SI %AWARD DNY/GNT	24	1	4.2	23	95.8
CL SI AD.BRD FINDING	1	0	0.0	1	100.0
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	15	0	0.0	15	100.0
CL SI COMP ON LIMITED BASIS	4	0	0.0	4	100.0

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL SI COMPENSABLE	1	0	0.0	1	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
CL SI DY/GNT DTH BEN	2	2	100.0	0	0.0
CL SI DY/GNT R/O PPD	5	2	40.0	3	60.0
CL SI DY/GNT R/O PTD	1	1	100.0	0	0.0
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	2	0	0.0	2	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	16	0	0.0	16	100.0
CL SI SEC.CONDITION	20	1	5.0	19	95.0
CL SI SL CATEGORY	1	0	0.0	1	100.0
CL SI TRMT DENY	46	11	23.9	35	76.1
CL SI TRMT GRANT	1	0	0.0	1	100.0
CL SI TTD	5	0	0.0	5	100.0
CL SPL CATEGORY	17	4	23.5	13	76.5
CL TRMT DENY	185	33	17.8	152	82.2
CL TRMT GRANT	3	2	66.7	1	33.3
CL TTD	17	0	0.0	17	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
NonPrstable Protest	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	846	92	10.9	754	89.1

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

Type of Issue	Total Issues	Claimant		Employer		OIC		Emp and OIC	
		#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	5	4	80.0	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
CL ADDL % AWARD D/G	2	2	100.0	0	0.0	0	0.0	0	0.0
CL BEN. OVERPAYMENT	1	0	0.0	1	100.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	5	1	20.0	4	80.0	0	0.0	0	0.0
CL COMP ON LIMITED BASIS	2	1	50.0	1	50.0	0	0.0	0	0.0
CL D/G PROV CHNG	1	1	100.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	1	0	0.0	1	100.0	0	0.0	0	0.0
CL GRNT/DNY VOC REHA	1	0	0.0	0	0.0	0	0.0	1	100.0
CL NON-MED ORDER	2	1	50.0	1	50.0	0	0.0	0	0.0
CL REJ OCC DISEASE	1	0	0.0	1	100.0	0	0.0	0	0.0
CL REJECT CLAIM	7	5	71.4	2	28.6	0	0.0	0	0.0
CL SEC.CONDITION	7	4	57.1	3	42.9	0	0.0	0	0.0
CL SI AD.BRD FINDING	1	0	0.0	1	100.0	0	0.0	0	0.0
CL SI CLSING THE CLM	4	3	75.0	1	25.0	0	0.0	0	0.0
CL SI COMPENSABLE	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O PPD	2	2	100.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O PTD	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI NON-MED ORDER	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	1	1	100.0	0	0.0	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	4	2	50.0	2	50.0	0	0.0	0	0.0
CL SI TTD	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SPL CATEGORY	2	1	50.0	0	0.0	0	0.0	1	50.0
CL TRMT DENY	15	11	73.3	4	26.7	0	0.0	0	0.0
CL TRMT GRANT	1	1	100.0	0	0.0	0	0.0	0	0.0
CL TTD	2	2	100.0	0	0.0	0	0.0	0	0.0
NonPrstable Protest	1	1	100.0	0	0.0	0	0.0	0	0.0
Totals	76	51	67.1	23	30.3	0	0.0	2	2.6

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

Appealed By	BOR Disposition	Disposition Count	Disp %	Total %	Year to Date	Disp %	Total %
CLAIMANT	AFFIRMED	44	81.5%	50.0%	360	81.3%	51.4%
	DISMISSED	4	7.4%	4.5%	33	7.4%	4.7%
	MODIFY	1	1.9%	1.1%	4	0.9%	0.6%
	REMAND	4	7.4%	4.5%	18	4.1%	2.6%
	REVERSE	1	1.9%	1.1%	28	6.3%	4.0%
	Total Dispositions	54			443		
CLAIMANT/EMPLOYER	AFFIRMED	1	100.0%	1.1%	8	72.7%	1.1%
	DISMISSED				1	9.1%	0.1%
	REMAND				1	9.1%	0.1%
	REVERSE				1	9.1%	0.1%
	Total Dispositions	1			11		
EMPLOYER	AFFIRMED	22	73.3%	25.0%	155	68.6%	22.1%
	DISMISSED	2	6.7%	2.3%	20	8.8%	2.9%
	MODIFY	1	3.3%	1.1%	7	3.1%	1.0%
	MODIFY AND REMAND				2	0.9%	0.3%
	REMAND	3	10.0%	3.4%	9	4.0%	1.3%
	REVERSE	2	6.7%	2.3%	33	14.6%	4.7%
	Total Dispositions	30			226		
DIVISION/OIC	AFFIRMED	2	66.7%	2.3%	13	65.0%	1.9%
	REVERSE	1	33.3%	1.1%	7	35.0%	1.0%
	Total Dispositions	3			20		
	Grand Totals	88			700		

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

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	9	8	88.9	0	0.0	0	0.0	0	0.0	1	11.1	0	0.0	0	0.0
CL % BOARD FINDING	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL 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 CLOSING THE CLAIM	8	8	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL COMP ON LIMITED BASIS	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL COMPENSABILITY	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	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 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 GRNT/DNY VOC REHA	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
CL NON-MED ORDER	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
CL OIC REJECT CLAIM	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJ OCC DISEASE	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	8	66.7	1	8.3	3	25.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SEC.CONDITION	13	12	92.3	0	0.0	0	0.0	1	7.7	0	0.0	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	1	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	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 BEN. OVR PAYMT	1	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0
CL SI CLSING THE CLM	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI 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 DY/GNT R/O TTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI PTDRB IMPAIRMENT	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJ OCCDISEASE	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	2	1	50.0	0	0.0	0	0.0	1	50.0	0	0.0	0	0.0	0	0.0
CL SI SEC.CONDITION	3	3	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	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SPL CATEGORY	3	2	66.7	0	0.0	0	0.0	1	33.3	0	0.0	0	0.0	0	0.0
CL TRMT DENY	19	15	78.9	1	5.3	1	5.3	0	0.0	2	10.5	0	0.0	0	0.0
CL TTD	4	2	50.0	0	0.0	0	0.0	1	25.0	1	25.0	0	0.0	0	0.0
CL% SI BOARD FINDING	2	1	50.0	0	0.0	0	0.0	0	0.0	1	50.0	0	0.0	0	0.0
EM SI DY/GNT DTH BEN	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Totals	103	82	79.6	4	3.9	6	5.8	4	3.9	7	6.8	0	0.0	0	0.0

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

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	92	67	72.8	9	9.8	8	8.7	0	0.0	6	6.5	0	0.0	2	2.2
CL % BOARD FINDING	7	5	71.4	0	0.0	1	14.3	0	0.0	1	14.3	0	0.0	0	0.0
CL ADD BOARD FINDING	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ADDL % AWARD D/G	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	53	43	81.1	5	9.4	4	7.5	0	0.0	1	1.9	0	0.0	0	0.0
CL COMP ON LIMITED BASIS	11	10	90.9	1	9.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL COMPENSABILITY	6	4	66.7	2	33.3	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	21	17	81.0	3	14.3	0	0.0	0	0.0	1	4.8	0	0.0	0	0.0
CL DNY/GRNT R/O PPD	4	4	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	2	2	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	6	4	66.7	0	0.0	2	33.3	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	8	3	37.5	0	0.0	3	37.5	2	25.0	0	0.0	0	0.0	0	0.0
CL OIC REJECT CLAIM	1	0	0.0	1	100.0	0	0.0	0	0.0	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	15	14	93.3	1	6.7	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	120	82	68.3	20	16.7	13	10.8	4	3.3	1	0.8	0	0.0	0	0.0
CL SEC.CONDITION	77	62	80.5	4	5.2	8	10.4	1	1.3	1	1.3	0	0.0	1	1.3
CL SI %AWARD DNY/GNT	18	11	61.1	5	27.8	1	5.6	0	0.0	1	5.6	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	8	7	87.5	1	12.5	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	2	1	50.0	0	0.0	0	0.0	0	0.0	1	50.0	0	0.0	0	0.0
CL SI CLSING THE CLM	8	8	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 COMP ON LIMITED BASIS	3	3	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
CL SI DY/GNT R/O TTD	3	3	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	2	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJ OCCDISEASE	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	20	16	80.0	0	0.0	0	0.0	3	15.0	1	5.0	0	0.0	0	0.0
CL SI SEC.CONDITION	17	16	94.1	1	5.9	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	30	23	76.667	3	10	2	6.6667	0	0	2	6.6667	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	15	11	73.333	0	0	1	6.6667	1	6.6667	2	13.333	0	0	0	0
CL TRMT DENY	163	128	78.528	15	9.2025	15	9.2025	0	0	4	2.454	0	0	1	0.6135
CL TRMT GRANT	2	0	0	1	50	0	0	1	50	0	0	0	0	0	0
CL TTD	12	8	66.667	1	8.3333	1	8.3333	1	8.3333	1	8.3333	0	0	0	0
CL% SI BOARD FINDING	3	2	66.667	0	0	0	0	0	0	1	33.333	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
EM SI DY/GNT DTH BEN	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	795	608	76.478	79	9.9371	63	7.9245	14	1.761	27	3.3962	0	0	4	0.5031

REVENUE RECOVERY

Workers' Compensation – October 2015

COLLECTION ACTIVITY	Current Month	Fiscal Year 2016
Receipts - Old Fund (Employer out of business)	\$ 908.56	\$ 10,100.18
Receipts - PC & NU (Private Carrier Cancellation & Rogue Employers)	\$ 57,818.00	\$ 186,637.86
Receipts - Payment Agreements (Old Fund and UEF Combined)	\$ 10,376.03	\$ 40,423.53
# of active accounts uninsured (cumulative) /(average)	336	622
\$ of active accounts uninsured (cumulative) / (average)	\$ 1,339,462.24	2,648,636.32
Telephone contacts	1,218	5,065
Walk-ins	2	17

LIENS	Current Month	Fiscal Year 2016
Liens sent to county clerks for recordation	101	419
Liens sent to county clerks for release	34	159
Intent to lien letters sent to employer/owner/officer/member	67	252

Uninsured Accounts Resolved	182	671
All Cash Receipts from WC accounts	\$ 69,102.59	\$ 237,161.57

INJUNCTIONS	Current Month	Fiscal Year 2016
Affidavits for injunction submitted to legal	0	6
Hearings attended	0	1
# of injunction complaints accepted by court	6	8
# of injunctions granted	0	2
# of agreed orders entered	0	0
PAYMENT AGREEMENTS	Current Month	Fiscal Year 2016
# of repayment agreements applications	4	21
Agreements set up	4	20
Total # of agreements on system (cumulative) / (average)	56	113
Intent to void letters mailed	8	22
Agreements voided	3	5

MISCELLANEOUS	Current Month	Fiscal Year 2016
Terminations Processed	41	176
Rule 11 Letters Mailed	152	668
Rule 11 hearings	0	2

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
October 29, 2015

OPERATING REPORT

SEPTEMBER 2015

Board of Treasury Investments

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

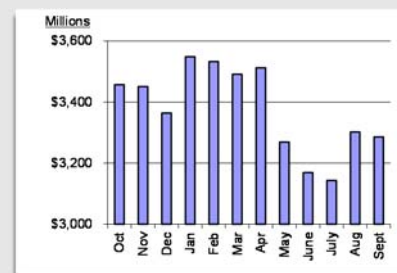
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$3,285,670,000

Last Month
\$3,302,111,000

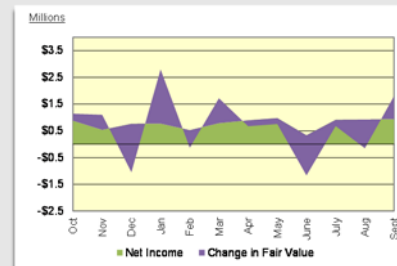
Beginning of Fiscal Year
\$3,143,773,000



Net Assets for the Past
12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$2,327,000



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

Money Market Pools

As of September 30, 2015

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	0.1538%	49 Days	\$2.0 Billion
WV Gov't Money Market	0.0507%	54 Days	\$232.6 Million

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

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

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

SEPTEMBER 2015

FOMC – Delay Rate Increase

Market Environment

Global equities were mostly negative in September as continuing growth concerns in China permeated markets and worried investors and central bankers alike. In the US, the Federal Open Market Committee (FOMC) elected not to raise its target interest rate. As September closed, weak job growth data pushed market expectations of an initial rate increase into 2016. The continuation of accommodative policy was not enough to stem losses in US equity markets as the S&P 500 lost 2.5% and the Russell 2000 was down 4.9%. International equity markets suffered similar losses as the MSCI EAFE declined 5.1% and the MSCI EM fell 3.0%. Emerging market equities closed the quarter down 17.9% as significant currency depreciation and the effects of a slowdown in China have caused large losses. In conjunction with emerging market growth worries, commodity prices (as represented by the Bloomberg Commodity Index) remained under pressure and fell an additional 3.4%. Emerging market debt issues were also mostly negative on the month as mounting debt problems in Brazil lead Standard & Poor's to cut its sovereign debt rating to 'junk' status. US Treasury rates fell sharply after the FOMC's announcement with the 10 year ending the month at 2.06%. This mostly spurred gains in domestic fixed income markets as the Barclays US Aggregate Bond Index returned 0.7%. The Barclays US Corporate High Yield Index however, was down 2.6% as broad economic concerns sparked significant outflows late in the month.

Equity Market Results

As noted above, US equity market results were 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 2.74%, while the Russell 2000 Index, a widely used small cap benchmark, declined 4.91%. Year-to-date, returns from the broad US equity market turned negative with the recent market pullback.

International equity markets were also down during September. Developed international markets, represented by the MSCI EAFE Index, fell 5.08%, while their less established counterparts, represented by the MSCI Emerging Markets Index, fell 3.01%. Year-to-date, both developed and emerging market stock returns continue to fell to be negative, declining 5.28% and 15.47%, respectively.

Bond Market Results

Bonds posted mixed results during the month. Core US bonds and other non-risky segments of the markets were positive, while the riskier segments posting negative returns. The broad US bond market, represented by the Barclays Capital Aggregate Index, rose 0.68% during the month. International bonds, as represented by the Citigroup World Government Bond Index (WGBI) hedged, also posted a positive return, rising 0.81% in September. High yield and emerging market bonds were weaker, declining 2.42% and 1.10%, respectively. 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.

Market Outlook

Looking at global markets we see a number of risks – but also some potential positive catalysts on the horizon. The Chinese government's ability to manage a transitioning economy and slowing growth remains a pressing issue that is likely to have effects on more than just emerging economies. Brazil and other major commodity exporters are likely to experience continued pressure in the wake of reduced demand and lower prices. In the US the Federal Reserve must balance the consequences of a rate increase with market perceptions of credibility and a possible build-up of excesses from extended monetary accommodation. Central banks in Europe and Japan face similar decisions about the magnitude of accommodation.

While all of these situations are significant and pose risks with contagion effects, we do see some areas of opportunity. At NEPC we continue to advocate for an overweight to non-US developed equities where stimulus remains in place and valuations are mostly reasonable. We also remain committed to emerging market equities and believe that despite additional pressure that could take place due to uncertainty around Chinese growth that valuations now appear mostly attractive – especially on a relative basis. Lastly, and despite some recent underperformance, we also continue to recommend multi-asset strategies such as risk parity and global asset allocation as core components in constructing a portfolio.

West Virginia Board of Treasury Investments

Financial Highlights as of September 30, 2015

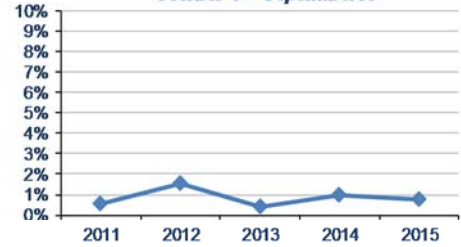
WV Short Term Bond Pool

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

<u>October 1 - September 30</u>	<u>Return</u>	<u>Net Assets At Sept 30 (In Millions)</u>
2015	0.7%	\$ 804.3
2014	1.0%	\$ 781.1
2013	0.4%	\$ 717.2
2012	1.5%	\$ 500.5
2011	0.6%	\$ 454.5

WV Short Term Bond Pool Rates of Return

*Past 12 Months
October 1 - September 30*

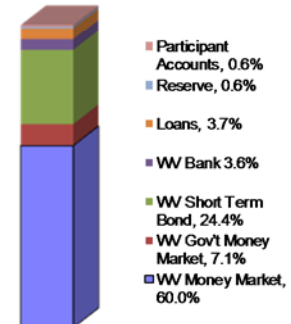


Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool

Summary of Value and Earnings (In Thousands)

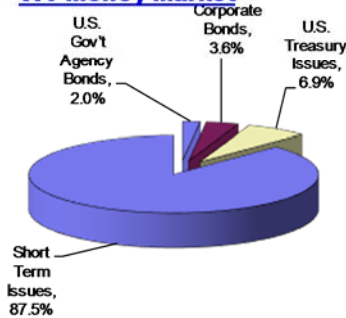
<u>Pool</u>	<u>Net Asset Value</u>	<u>Sept Net Income (Loss)</u>	<u>Fiscal YTD Net Income(Loss)</u>
WV Money Market	\$ 1,970,623	\$ 259	\$ 663
WV Gov't Money Market	232,603	10	29
WV Short Term Bond	804,301	1,521	1,532
WV Bank	118,136	14	41
Loans	121,912	(33)	(1)
Reserve	18,728	4	12
Participant Accounts	19,367	26	51
	<u>\$3,285,670</u>	<u>\$ 1,801</u>	<u>\$ 2,327</u>

Percent of Total Net Asset Value

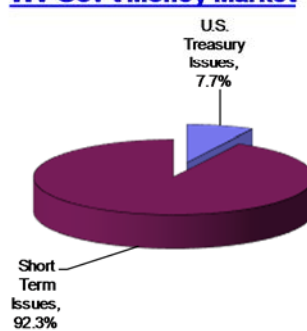


Securities by Type for Operating Pools (Percentage of Asset Value)

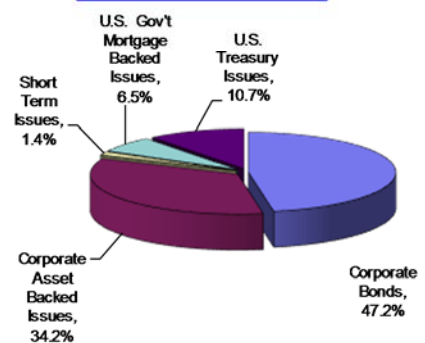
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
SEPTEMBER 30, 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	\$ 1,970,220	\$ 232,616	\$ -	\$ 118,083	\$ 140,621	\$ 14,889	\$2,476,429
At fair value	-	-	807,228	-	-	4,303	811,531
Other assets	657	20	1,970	58	24	175	2,904
Total assets	<u>1,970,877</u>	<u>232,636</u>	<u>809,198</u>	<u>118,141</u>	<u>140,645</u>	<u>19,367</u>	<u>3,290,864</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased	254	33	4,897	5	5	-	5,194
Total liabilities	<u>254</u>	<u>33</u>	<u>4,897</u>	<u>5</u>	<u>5</u>	<u>-</u>	<u>5,194</u>
Net Position							
Held in trust for investment pool participants	1,970,623	232,603	804,301	118,136	140,640	-	3,266,303
Held in trust for individual investment account holders	-	-	-	-	-	19,367	19,367
Total net position	<u>\$ 1,970,623</u>	<u>\$ 232,603</u>	<u>\$ 804,301</u>	<u>\$ 118,136</u>	<u>\$ 140,640</u>	<u>\$ 19,367</u>	<u>\$3,285,670</u>
Additions							
Investment income:							
Interest and dividends	\$ 353	\$ 12	\$ 888	\$ 18	\$ 24	\$ 43	\$ 1,338
Net (amortization) accretion	33	13	(117)	-	-	(34)	(105)
Provision for uncollectible loans	-	-	-	-	(49)	-	(49)
Total investment income	<u>386</u>	<u>25</u>	<u>771</u>	<u>18</u>	<u>(25)</u>	<u>9</u>	<u>1,184</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	130	16	89	4	4	-	243
Total investment expenses	<u>130</u>	<u>16</u>	<u>89</u>	<u>4</u>	<u>4</u>	<u>-</u>	<u>243</u>
Net investment income	256	9	682	14	(29)	9	941
Net realized gain (loss) from investments	3	1	2	-	-	-	6
Net increase (decrease) in fair value of investments	-	-	837	-	-	17	854
Net increase (decrease) in net position from operations	259	10	1,521	14	(29)	26	1,801
Participant transaction additions:							
Purchase of pool units by participants	773,880	69,594	-	14	4	-	843,492
Reinvestment of pool distributions	259	10	690	14	(29)	-	944
Contributions to individual investment accounts	-	-	-	-	-	10,521	10,521
Total participant transaction additions	<u>774,139</u>	<u>69,604</u>	<u>690</u>	<u>28</u>	<u>(25)</u>	<u>10,521</u>	<u>854,957</u>
Total additions	774,398	69,614	2,211	42	(54)	10,547	856,758
Deductions							
Distributions to pool participants:							
Net investment income	256	9	682	14	(29)	-	932
Net realized gain (loss) from investments	3	1	2	-	-	-	6
Total distributions to pool participants	<u>259</u>	<u>10</u>	<u>684</u>	<u>14</u>	<u>(29)</u>	<u>-</u>	<u>938</u>
Participant transaction deductions:							
Redemption of pool units by participants	833,160	36,475	1,348	14	1,220	-	872,217
Withdrawals from individual investment accounts	-	-	-	-	-	44	44
Total participant transaction deductions	<u>833,160</u>	<u>36,475</u>	<u>1,348</u>	<u>14</u>	<u>1,220</u>	<u>44</u>	<u>872,261</u>
Total deductions	<u>833,419</u>	<u>36,485</u>	<u>2,032</u>	<u>28</u>	<u>1,191</u>	<u>44</u>	<u>873,199</u>
Net increase (decrease) in net position from operations	(59,021)	33,129	179	14	(1,245)	10,503	(16,441)
Inter-pool transfers in	-	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-	-
Net inter-pool transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(59,021)	33,129	179	14	(1,245)	10,503	(16,441)
Net position at beginning 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>
Net position at end of period	<u>\$ 1,970,623</u>	<u>\$ 232,603</u>	<u>\$ 804,301</u>	<u>\$ 118,136</u>	<u>\$ 140,640</u>	<u>\$ 19,367</u>	<u>\$3,285,670</u>

To: Joint Committee on Government and Finance
Legislative Oversight Commission on Education Accountability

From: West Virginia Workforce Development Board

Re: §5B-2B-4a. Report to Legislature

Date: August 19, 2015

Employment growth within the Marcellus Shale Gas Field has slowed compared to previous years. Statewide employment in oil and gas extraction core industries in 2014 grew by 440 jobs, or 3.4 percent since 2013. Growth in five of the major industry sectors was countered by a decline of employment in oil and gas pipeline construction. The average annual wage within the core oil and gas industries increased by \$4,247 (+5.4%), from \$78,005 in 2013 to \$82,252 in 2014.

Employment growth occurred in **Crude Petroleum & Natural Gas Extraction (211111)** up 348, or 14.6%, **Natural Gas Liquid Extraction (211112)** up 2, or 2.9%, **Drilling Oil & Gas Wells (213111)** up 25, or 1.7%, **Support Activities for Oil & Gas Operations (213112)** up 128, or 2.9%, and **Pipeline Transportation of Natural Gas (486210)** up 36, or 3.0%. Employment in **Oil & Gas Pipeline & Related Structures (237120)** declined 99, or 3.1% from 2013 to 2014. Wage growth occurred in most major industry sectors, including **Crude Petroleum & Natural Gas Extraction (211111)** up \$3,870 (+4.7%), **Support Activities for Oil & Gas Operations (213112)** up \$6,075 (+9.0%), **Pipeline Transportation of Natural Gas (486210)** up \$2,847 (+2.9%), **Natural Gas Liquid Extraction (211112)** up \$7,032 (8.0%), and **Oil & Gas Pipeline & Related Structures (237120)** up \$5,117 (+6.4%). **Drilling Oil & Gas Wells (213111)** saw a decline in the average annual wage, down \$1,978 (-2.4%), Total payroll in the six core oil and gas extraction sectors grew by \$90,423,798 (+9.1%) between 2013 and 2014.

Workforce Investment Board Regional Activity

Employment and wage data related to oil and gas extraction varied considerably across the state's seven workforce investment areas between 2013 and 2014.

Within **Workforce Investment Area 1 (Fayette, Greenbrier, McDowell, Mercer, Monroe, Nicholas, Pocahontas, Raleigh, Summers, Webster, Wyoming)**, wages rose \$5,834 (+8.1%) to \$78,219, while employment fell 75 from 372 to 297 (-20.2%).

Within **Workforce Investment Area 2 (Boone, Cabell, Lincoln, Logan, Mingo, Putnam, Wayne)**, wages rose \$5,120 to \$85,395 (+6.4%). Employment declined 88 (-9.4%).

Workforce Investment Area 3 (Kanawha) saw a slight increase in wages in core oil and gas industry sectors, up \$991 (+1.0%). Employment was up 69 (+5.2%).

Workforce Investment Area 4 (Calhoun, Clay, Jackson, Mason, Pleasants, Ritchie, Roane, Wirt, Wood) experienced a decline in oil and gas industry wages, falling \$2,006 (-3.3%). Employment rose, however, adding 62 jobs (+3.5%).

Within **Workforce Investment Area 5 (Brooke, Hancock, Marshall, Ohio, Tyler, Wetzel)**, wages in the oil and gas sector rose \$5,427 (+6.1%), while employment rose 62 (+8.8%).

Workforce Investment Area 6 (Barbour, Braxton, Doddridge, Gilmer, Harrison, Lewis, Marion, Monongalia, Preston, Randolph, Taylor, Tucker, Upshur) saw the greatest increase in both oil and gas sector wages and employment, with wages growing by \$5,882 (+7.8%), and employment climbing 109 (+2.3%).

Workforce Investment Area 7 (Berkeley, Grant, Hampshire, Hardy, Jefferson, Mineral, Morgan, Pendleton) saw a decline of \$1,059 (-1.3%) in oil and gas sector wages. Employment was unchanged over the year.

Employment Change by Demographics and Residency

Core oil and gas industry sectors are dominated by male employees, but female workers made some inroads into this industry between 2009 and 2014. The number of female employees grew by 253 (+124.6%) in **Utility System Construction (2371)** and by 214 (+52.3%) in **Support Activities for Mining (2131)**.

Employment gains by race varied by industry sector, but some notable employment gains by percentage for **Support Activities for Mining (2131)** included Black (+217.6%), Two or More Race Groups (+157.1%), and American Indian or Alaska Native (+87.0%). Notable employment gains by race within **Utility System Construction (2371)** included Black (+303.6%), Two or More Race Groups (+253.8%), White (+116.5%), American Indian or Alaska Native (+712.5%), and Asian (+238.0%). Data for Native Hawaiian or Other were statistically insignificant.

Within Utility System Construction (2371), the number of Hispanic or Latino workers increased by 228 (+530.2%), and rose by 126.7% in **Oil and Gas Extraction (2111)**.

A survey conducted by WorkForce West Virginia queried all companies performing work in the oil and gas industry within the state on legal residency and veteran status of employees. Over one-half (53.9%) of employers responded. Results of the survey reveal the percentage of legal state residents employed in five core oil and gas sectors as follows: **Crude Petroleum and Natural Gas Extraction (211111)** 91 percent, **Drilling Oil and Gas Wells (213111)** 54.7 percent, **Support Activities for Oil and Gas Operations (213112)** 88.4 percent, **Oil and Gas Pipeline and Related Structures Construction (237120)** 69.4 percent, and **Pipeline Transportation of Natural Gas (486210)** 97.2 percent. The percentage of veterans employed in these sectors is as follows: **(211111)** 5.6 percent, **(213111)** 2.7 percent, **(213112)** 5.7 percent, **(237120)** 1.7 percent, and **(486210)** 2.7 percent.

According to WorkForce West Virginia, 1,197 people who received unemployment benefits gained employment in a subsequent quarter of 2014 in one of the six core oil and gas industry sectors. Of this total, 744 of them had not been employed within one of these six sectors prior to 2014.

Occupational Wages in Oil and Gas Extraction Core Sectors

The table below provides wage data on key occupations within the Oil and Gas Extraction Industry. The wage range varies from a high of Gas Plant Operators at \$61,950 to Roustabouts, Oil and Gas at \$29,900.

Key Occupations in Marcellus Shale related core industries		
SOC	SOC / Job Title	Ann Wage*
47-2061	Construction Laborers	\$31,620
47-2073	Operating Engineers	\$45,460
47-5011	Derrick Operators, Oil & Gas	\$42,080
47-5012	Rotary Drill Operators, Oil & Gas	\$55,640
47-5013	Service Unit Operators, Oil & Gas	\$43,960
47-5071	Roustabouts, Oil & Gas	\$29,900
49-9041	Industrial Machinery Mechanics	\$41,810
51-4121	Welders	\$44,750
51-8092	Gas Plant Operators	\$61,950
53-3032	Truck Drivers, Heavy and Tractor-Trailer	\$37,430
53-7071	Gas Compressor and Gas Pumping Station Operators	\$56,980
53-7073	Wellhead Pumpers	\$39,690
* 2014 Annual		

**REPORT TO THE JOINT COMMITTEE ON
GOVERNMENT AND FINANCE**

**Comparison of Prevailing Wage School Projects to School
Projects Bid after July 1, 2015**

Dated: November 13, 2015

Tracy L. Webb

James Bailey

School Projects Construction Cost Comparison

- Prevailing Wage School Projects
 - Gilmer County Elementary
 - General Construction Cost: \$11,428,212 – \$209.83 sq/ft
 - Iaeger Panther Elementary (McDowell County)
 - General Construction Cost: \$11,854,000 – \$241.13 sq/ft
- No Prevailing Wage School Projects
 - Ceredo Kenova Elementary (Wayne County)
 - General Construction Cost: \$12,400,000 – \$194.81s sq/ft
 - *Pre-Bid Estimate: \$13,737,669.26 - \$219.99 sq/ft
 - Savings of \$1,337,669.26 or \$25.18 sq/ft
 - Suncrest Elementary (Monongalia County)
 - General Construction Cost: \$13,197,671 - \$190.52 sq/ft
 - *Pre-Bid Estimate: \$14,292,165 – \$206.32 sq/ft
 - Savings of \$1,094,494 or \$15.80 sq/ft

*Based on Prevailing Wage.

School Project Chart

Prevailing Wage School Projects

No Prevailing Wage School Projects

	Gilmer County	Iaeger Panther	Ceredo-Kenova	Suncrest
Awarded General Cost	\$11,428,212	\$11,854,000	\$12,400,000	\$13,197,671
Awarded Cost Per Sq/Ft	\$209.83	\$241.13	\$194.81	\$190.52
Awarded Total Cost	n/a	n/a	\$13,737,669.26	\$14,292,165
Awarded Per Sq/Ft	n/a	n/a	\$219.99	\$206.32

Ceredo-Kenova & Suncrest Certified Payroll

- Counsel obtained Certified Payroll Pay Applications for the Suncrest and Ceredo-Kenova projects to compare wages actually paid to prevailing wage rates.
- Neighborgall paid base rates at prevailing wage. No information was provided on fringe benefits.
- Horizon Site Work did not pay base rate prevailing wage for the Operator when compared to the Operator Engineer 1. No information was provided on fringe benefits.
- Dixon Electric's hourly rate was above prevailing wage for an electrician for base pay, but below prevailing wage on fringe benefits.
- City Construction paid prevailing wage to the Carpenter Supervisor (using the Carpenter prevailing wage rate). All other work classifications were paid below prevailing wage. Fringe benefit information was provided.
- W.G. Tomko paid prevailing wage basic hourly rate to an Operator Class III, but not to an Operator Class II. Tomko did not list fringe benefit information but noted that fringe benefits were being paid monthly to the union.
- Master Service Mid-Atlantic also paid prevailing wage hourly rate but did not list fringe benefits.

Ceredo-Kenova Elementary
Certified Payroll for Various Contractors
Between 9/12 & 10/17

Neighborgall

<u>Work Classification</u>	<u>Rate of Pay</u>	<u>PW Base Rate</u>	<u>Fringe</u>	<u>PW Fringe</u>
Superintendent	\$ 33.53	n/a	no info	n/a
Carpenter Superintendent	30.53	n/a	no info	n/a
Carpenter Supt. 90%	27.48	n/a	no info	n/a
Carpenter	28.53	\$ 28.83	no info	\$ 19.70
Carpenter 90%	25.68	\$ 28.83	no info	\$ 19.70
Carpenter Apprentice	17.12	n/a	no info	n/a
Laborer 90%	22.53	\$ 25.02	no info	15.53
Laborer Apprentice 60%	15.02	n/a	no info	n/a

Dixon Electric

Foreman	\$ 42.788	n/a	\$ 17.864	n/a
Foreman	42.790	n/a	17.855	n/a
Journeyman	37.860	\$ 32.62	17.695	\$ 21.70
Apprentice 5 th	23.220	n/a	17.240	n/a

Horizon Site Work, Inc.

Operator	\$ 33.40	\$ 35.51*	no info	\$ 19.38
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*Prevailing Wage Base Rate for Operating Engineer 1

Suncrest Elementary School

Certified Payroll for Various Contractors Between 9/6 & 10/11

City Construction

<u>Work Classification</u>	<u>Rate of Pay</u>	<u>PW Base Rate</u>	<u>Fringe</u>	<u>PW Fringe</u>
Carpenter Supervisor	\$ 28.20	\$ 28.20	\$ 17.95	n/a
Carpenter	22.00	28.20	8.10	\$ 17.70
Carpenter	24.00	28.20	8.10	17.70
Laborer Class I	18.00	21.39	8.10	15.45
Laborer Class II	16.00	21.03	8.10	15.45
Apprentice	15.00	n/a	n/a	n/a

W.G. Tomko (Finleyville, PA)

Foreman	\$ 35.54	n/a	no info	n/a
Operator Class II	30.49	\$ 35.16	no info	\$ 19.38
Operator Class III	34.16	34.16	no info	19.38
Apprentice 75%	23.96	n/a	n/a	n/a
Apprentice 90%	28.75	n/a	n/a	n/a

Master Service Mid-Atlantic

Electrical Journeyman	\$ 30.14	\$ 30.14	no info	\$ 21.14
Electrical Journeyman	31.64	30.14	no info	21.14
Electrical Journeyman	25.50	30.14	no info	21.14
Electrical Journeyman	24.00	30.14	no info	21.14
Apprentice 1	10.10	n/a	n/a	n/a