

The Honorable Mitch Carmichael

**JOINT COMMITTEE ON
GOVERNMENT AND FINANCE**

Materials Distributed

January 11, 2017



West Virginia Legislature

1ST SESSION OF THE 83RD LEGISLATURE



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Interim Committee Attendance - Results

Wednesday, January 11, 2017 - 04:30 PM

Joint Committee on Government and Finance

Attended:

- Delegate Shott
- Delegate Nelson, E.
- Delegate Miller, C.
- Delegate Cowles
- Delegate Boggs
- Speaker Armstead
- Senator Trump
- Senator Prezioso
- Senator Plymale
- Senator M. Hall
- Senator Blair
- President Carmichael

Submitter:

Terri Stowers

Phone:

304 347-4813

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JOINT COMMITTEE ON GOVERNMENT AND FINANCE

Tuesday, December 6, 2016

1:00 pm – 2:00 pm

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

The meeting for the Joint Committee on Government and Finance was held on December 6, 2016 in Room 451M in the Senate Finance Committee Room and Speaker Armstead presided. The meeting was called to order by Speaker Armstead and a motion was made by President Cole to approve the minutes. The motion carried and the minutes were approved as presented.

Mr. William Spencer, Director of the Budget Division, was present to answer any questions. Mr. Spencer provided members with the Executive Summary of the WV Lottery, Unemployment Trust Fund, General Revenue Fund and State Road funds. The executive summary outlined the following synopsis:

The West Virginia Lottery as of September 30, 2016: gross profit for July 2016-June 2017 was \$124.7 million. The West Virginia Unemployment Compensation Fund as of October 31, 2016 showed total disbursements were \$131 thousand more than the last fiscal year. The overall ending trust fund balance was \$59 million lower on October 31, 2016, than on October 31, 2015. The General Revenue Fund as of October 31, 2016 showed that the general revenue collections ended the fourth month of fiscal year 2016-2017 at 93% of the estimate for the year. Mr. Spencer advised the committee that the state road fund collections ended the fourth month of fiscal year 2016-2017 at 113% of the estimate for the year. (1)

Ms. Connie Kirk, Assistant Director for Benefits and Technical Support, Workforce West Virginia, provided members of the committee with the UC Trust fund balances

and projections for 2016 as outlined in the committee members' packets. (2)ⁱⁱ

After discussion and review of the information and presentation set forth, Senator Trump requested that the 2017 projections be made available to the committee at the next committee meeting.

Ms. Mary Jane Pickens, Acting Secretary of the Department of Administration addressed the committee. Each member was provided with the monthly reports from PEIA, BRIM, and Real Estate Division Leasing Reports. Designees from each respective offices were present to address any concerns by the committee. A synopsis of the December Interim Talking Points and preliminary financial results for September, 2016 concerning PEIA and RHBT was as follows:

As reflected in the talking points provided to the committee: "PEIA is currently behind plan by \$4 million. This is primarily due to higher than forecast prescription drug claims. The Retiree Health Benefit Trust Fund is currently ahead of plan by \$11 million, due to the higher than forecast investment income. The 2017 year-end reserve for the State Fund and Non-state Fund are projected to be \$90 and \$29 million respectively. These reserve levels represent 12% and 20% of the respective funds' expenses. The required reserve for the State Fund is 14% of expenses". (3)ⁱⁱⁱ

The West Virginia Board of Risk and Insurance Management Balance Sheet was provided for each member's review. This report reflected the total assets, liabilities, total liabilities and retained earnings through September 30, 2016. The total liabilities and retained earnings in 2016 were \$374,311,000. (4)^{iv} The committee was also provided with the West Virginia Board of Risk and Insurance Management Income Statement for the three months ending September 30, 2016. This included the total operating revenues, total operating expenses, operating income (loss), total non-operating revenues and net income (loss) figures. (5)^v

Mr. Jon Amores, Executive Director of the Real Estate Division, provided members of the committee with the Department of Administration Real Estate Division Leasing Report. The following statistics with a total of 21 leasing changes were outlined below:

- 7- New Contracts of Lease-DOA Owned
- 2-New Contract of Lease

- 2-Straight Renewal-DOA Owned
- 2-Straight Renewal
- 4-Renewal with Increase in Rent
- 4-Cancellation

This report reflected the above changes through September 1-September 30, 2016. (6)^{vi} Also provided to each member of the committee was the Department of Administration Real Estate Division Leasing Report for the following month that reflected the following statistics with a total of 12 leasing changes:

- 3- New Contracts of Lease-DOA Owned
- 1-New Contract of Lease
- 2-Straight Renewal
- 3-Renewal with Increase in Rent
- 1-Increase in Square Feet-DOA Owned
- 2-Cancellation

This report reflected the above changes for the period of October 1-October 31, 2016. (7)^{vii}

Ms. Melanie Pagliaro, Legislative Liaison to the Department of Health and Human Resources presented the Medicaid Report. The report included expenditures by provider type and current balances and corresponding Medicaid cash report. (8)^{viii} Members of the committee also received the Medicaid Waiver Report which included information compiled relating to the Aged and Disabled Waiver Program, the Intellectual/Developmental Disabilities Waiver Program and the Traumatic Brain Injury Waiver Program. (9)^{ix}

In addition, the West Virginia Children's Health Insurance Program Report was provided to members of the committee. This report entailed specific information consisting of the comparative statement of revenues, expenditures and changes in fund balance for the three months ending September 30, 2016 with supporting graphs, budget to actual statement and enrollment information. (10)^x

Craig Slaughter, Executive Director, West Virginia Investment Management Board, presented the West Virginia Investment Management Board Participant Plan Performance Report. The report reflected the Participant Plans Allocation & Performance Net of Fees, Composite Asset Allocation and Performance Net of Fees,

and the Participant Plans Allocation vs. Strategy Report for the period ending September 30, 2016. (11)^{xi}

Commissioner Mike Riley, West Virginia Worker's Compensation presented the Status Report for Workers' Compensation to the committee. His report consisted of the Monthly Claims Count and Reserve Charts, Old Fund Cash Statements, Coal Worker's Pneumoconiosis Fund Cash Statement, Self-Insured Guaranty Fund Cash Statement, Self-Insured Security Fund Cash Statement and the Uninsured Employers' Fund Cash Statement for review by members. This report reflected all activity for the period ending October 31, 2016. (12)^{xii}

The Board of Treasury Investments Operating Reports for August 2016 and October 2016 were also included in the packet for each member's review and distributed accordingly. (13)^{xiii}

All other data received to be presented to committee members during the December 6, 2016 meeting included a report from the West Virginia Investment Council pursuant to §5B-2B-4a. The report provided a synopsis relating to the average annual employment and wage growth in the Marcellus Shale Gas Field related industries. This also consisted of information relating to the workforce investment board regional activity, employment change by demographics, and the wage data on key occupations in Marcellus Shale related core industries. (14)^{xiv}

Upon a motion by Senator Carmichael, the meeting was adjourned.

Copies of all materials distributed are on filed electronically on the legislative website at www.legis.state.wv.us.

ⁱ Executive Summary dated November 17, 2016 which was presented on December 6, 2016 to Joint Committee on Government and Finance by Mr. William Spencer, CPA, Director of the Budget Division, Legislative Auditor's Office. Executive Summary was drafted using the analysis provided by the West Virginia Lottery Commission.

ⁱⁱ UC Trust Fund Balances & Projections for 2016 Report, dated November 7, 2016, which was presented to Joint Committee on Government and Finance on December 6, 2016, by Ms. Connie Kirk, Assistant Director for Benefits and Technical Support, Workforce West Virginia.

ⁱⁱⁱ PEIA December Interim Talking Points and corresponding Financial Statements, dated September 2016, which were submitted to Joint Committee on Government and Finance on December 6, 2016, via Ms. Vicki Jones, Assistant to the Director, on behalf of the Director of the Public Employees Insurance Agency.

^{iv} West Virginia Board of Risk and Insurance Management Balance Sheet, which was submitted to Joint Committee on Government and Finance on December 6, 2016, via Stephen W. Schumacher, Chief Financial Officer, West Virginia Board of Risk and Insurance Management.

^v West Virginia Board of Risk and Insurance Management Income Statement, which was submitted to Joint Committee on Government and Finance on December 6, 2016, via Stephen W. Schumacher, Chief Financial Officer, West Virginia Board of Risk and Insurance Management.

^{vi} Department of Administration Real Estate Division Leasing Report, submitted to Joint Committee on Government and Finance on December 6, 2016, forwarded to Jennelle Jones, Deputy General Counsel for Department of Administration by Carolyn Flanigan per Misty D. Moore/Jon Amores.

^{vii} Department of Administration Real Estate Division Leasing Report, submitted to Joint Committee on Government and Finance on December 6, 2016, forwarded to Jennelle Jones, Deputy General Counsel for Department of Administration by Carolyn Flanigan per Misty D. Moore/Jon Amores.

^{viii} WV Department of Health and Human Resources Medicaid Report, submitted to Joint Committee on Government and Finance on December 6, 2016 by Melanie Pagliaro, Legislative Liaison for DHHR.

^{ix} WV Department of Health and Human Resources Medicaid Waiver Report, submitted to Joint Committee on Government and Finance on December 6, 2016 by Melanie Pagliaro, Legislative Liaison for DHHR.

^x WV Department of Health and Human Resources State Children's Health Insurance Program Update, submitted to Joint Committee on Government and Finance on December 6, 2016 by Melanie Pagliaro, Legislative Liaison for DHHR and provided by Ms. Brenda K. Jones, CAP, Executive Assistant, WV CHIP.

^{xi} West Virginia Investment Management Board Participant Plan Performance Report, dated September 30, 2016 presented to Joint Committee on Government and Finance on December 6, 2016 by Craig Slaughter, Executive Director of the West Virginia Investment Management Board and forwarded by Ms. JoAnn Harrison, CAP, Administrative Assistant to the Executive Director.

^{xii} Workers' Compensation Status Report, dated November 2016, presented to Joint Committee on Government and Finance on December 6, 2016 by Mike Riley, Commissioner, West Virginia Workers' Compensation. This report was forwarded by Ms. Janice Hemmelgarn, Executive Secretary, West Virginia Offices of the Insurance Commissioner.

^{xiii} Board of Treasury Investments Operating Report through August 31, 2016 & updated Operating Report submitted for the period ending October 31, 2016, to Joint Committee on Government and Finance on December 6, 2016 by Mr. Randy Covert, Investment Accountant, WV Board of Treasury Investments.

^{xiv} West Virginia Workforce Investment Council Report to Legislature, dated September 2, 2016, provided to Joint Committee on Government and Finance on December 6, 2016, forwarded by Regina A. Brogan, Executive Assistant, Workforce West Virginia on behalf of the West Virginia Workforce Investment Council.

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: Joint Committee on Government and Finance

From: William Spencer

Date: 01/02/17

Re: FY 2017 Budget Gap

	10/31/16 Balance*	12/31/16 Balance*
Revenue Shortfall	<u>87 million</u>	<u>98 million</u>
Projected Revenue Shortfall as of 6/30/17	165 million	200 million
Supplemental Appropriations	<u>25 million**</u>	<u>25 million**</u>
Subtotal	190 million	225 million
Budget Cuts and Reductions	<u>85 million</u>	<u>90 million</u>
Total Estimated Gap as of 6/30/17	<u>105 million***</u>	<u>135 million***</u>

* - Rounded

** - An estimate that includes current year supplemental appropriation of 15.3 million from Public Defender Services that needs to be addressed to avoid paying interest on vouchers unpaid 90 days after receipt.

*** - Revenue Shortfalls are estimated numbers and differ from actual collections.

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

January 3, 2017

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

- West Virginia Lottery as of November 30, 2016:
Gross profit for July 2016 - June 2017 was \$203 million.
- West Virginia Unemployment Compensation Fund as of November 30, 2016:
Total disbursements were \$ 11 million lower than last fiscal year. Overall ending trust fund balance was \$ 57 million lower on November 30, 2016, than on November 30, 2015.
- General Revenue Fund as of December 31, 2016:
The general revenue collections ended the sixth month of fiscal year 2016-2017 at 95% of the estimate for the year.
- State Road Fund as of December 31, 2016:
The state road fund collections ended the sixth month of fiscal year 2016-2017 at 109% of the estimate for the year.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

MEMORANDUM

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

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

Date: January 2, 2017

Re: Review of West Virginia Lottery Financial Information
As of November 30, 2016

We performed an analysis of the Statement of Revenues, Expenses and Changes in Fund Net Position for November 30, 2016, 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 \$451 million for July - November 2016. Table games accounted for \$17.4 million of this total. Historic Resort Hotel video lottery and table games accounted for \$1.9 million of total gross receipts. Gross lottery revenue has decreased by 3.7% when compared with July - November of fiscal year 2015-2016. This number does not include commission and prize deductions. Gross profit (gross revenues minus commissions and prize costs) for July – November 2016 was \$202.9 million; for July - November of last fiscal year it was \$211.4 million. Expressed as a percentage, gross profit is 4.1% lower for fiscal year 2017 than for fiscal year 2016.

Lottery continued

Operating Transfers to the State of West Virginia:

A total of \$191,512,000.00 has been accrued to the state of West Virginia for fiscal year 2016-2017. This is on an accrual basis and may not correspond to the actual cash transfers made during the same time period. Amount owed to the different accounts according to the Lottery Act are calculated monthly and accrued to the state; actual cash transfers are often made based upon actual cash flow needs of the day-to-day operation of the lottery.)

A schedule of cash transfers follows:

State Lottery Fund:

Bureau of Senior Services	\$51,170,000.00
Community and Technical College	\$2,499,000.00
Department of Education	\$15,200,000.00
Library Commission	\$9,648,000.00
Higher Education-Policy Commission	\$6,041,000.00
Tourism	\$5,248,000.00
Department of Natural Resources	\$2,613,000.00
Division of Culture and History	\$3,657,000.00
Department of Education and Arts	\$1,002,000.00
General Revenue Fund	13,700,000.00
Economic Development Authority	\$4,999,000.00
School Building Authority	\$9,000,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$124,777,000.00

Excess Lottery Fund

Economic Development Fund	\$9,493,000.00
Higher Education Improvement Fund	\$7,500,000.00
General Purpose Fund	\$21,302,000.00
Higher Education Improvement Fund	\$9,504,000.00
State Park Improvement Fund	\$1,639,000.00
School Building Authority	\$9,496,000.00
Refundable Credit	\$553,000.00
WV Racing Commission	\$656,000.00
WV DHHR	\$0.00
Teacher's Retirement Savings	\$0.00
Division of Human Services	\$30,000,000.00
WV Lottery Statutory Transfers	\$20,679,000.00
General Revenue	\$7,300,000.00
Excess Lottery Surplus	\$0.00
WV Infrastructure Council Fund	\$9,554,000.00
Total State Excess Lottery Revenue Fund	\$127,676,000.00

Total Budgetary Distributions:	\$252,453,000.00
Veterans Instant Ticket Fund	\$249,000.00
TOTAL TRANSFERS	*\$252,702,000.00

* CASH BASIS

Total Accrued last FY 2016:	\$135,265,000.00
Total Cash Distributions FY 2017:	\$252,702,000.00
Applied to FY 2016:	\$135,265,000.00
Applied to FY 2017:	\$117,437,000.00
Accrued for FY 2017 as of November 30:	\$74,075,000.00



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1-800-WVA-CASH

Earl Ray Tomblin
Governor

John A. Myers
Acting Director

MEMORANDUM

TO: Joint Committee on Government and Finance
FROM: John Myers, Acting Director *John Myers*
RE: Monthly Report on Lottery Operations
Month Ending November 30, 2016

DATE: December 13, 2016

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

Financial statements of the Lottery for the month ending November 30, 2016 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$85,643,963 for the month of November.

Transfers of lottery revenue totaling \$35,467,378 made for the month of November to the designated state agencies per Senate Bill 160, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (§29-22A-10), and the Racetrack Table Games Act (§29-22C-27). The amount transferred to each agency is shown in Note 10 on pages 18 and 19 of the attached financial statements.

The number of traditional and limited retailers active as of November 30, 2016 was 1,502 and 1,331 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.

JM
Attachment

pc: Honorable Earl Ray Tomblin, Governor
Robert S. Kiss, Cabinet Secretary – Dept. of Revenue
John Perdue, Treasurer
Lisa A. Hopkins, Acting Auditor
Members of the West Virginia Lottery Commission

MEMORANDUM

TO: Joint Committee on Government and Finance
FROM: John Myers, Acting Director

RE: Monthly Report on Lottery Operations
Month Ending November 30, 2016

DATE: December 13, 2016

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pc: Honorable Earl Ray Tomblin, Governor
Robert S. Kiss, Cabinet Secretary – Dept. of Revenue
John Perdue, Treasurer
Lisa A. Hopkins, Acting Auditor
Members of the West Virginia Lottery Commission



WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

November 30, 2016

WEST VIRGINIA LOTTERY

TABLE OF CONTENTS

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

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

ASSETS	November 30, 2016	June 30, 2016
Current Assets:		
Cash and cash equivalents	\$ 98,741	\$ 166,621
Accounts receivable	25,074	26,643
Inventory	578	380
Other assets	1,425	1,788
Total Current Assets	<u>125,818</u>	<u>195,432</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	-	-
Capital assets	55,692	55,960
Less accumulated depreciation and amortization	<u>(11,212)</u>	<u>(11,086)</u>
Net Capital Assets	<u>44,480</u>	<u>44,874</u>
Total Noncurrent Assets	<u>44,480</u>	<u>44,874</u>
Total Assets	<u>\$ 170,298</u>	<u>\$ 240,306</u>
Deferred outflows of resources	<u>\$ 2,573</u>	<u>\$ 2,573</u>
Total assets and deferred outflows	<u>\$ 172,871</u>	<u>\$ 242,879</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 74,075	\$ 135,265
Estimated prize claims	15,484	15,981
Accounts payable	1,922	1,961
Other accrued liabilities	27,020	35,302
Total Current Liabilities	<u>118,501</u>	<u>188,509</u>
Deferred inflows	<u>\$ 1,998</u>	<u>1,998</u>
Net Position:		
Restricted by enabling legislation	-	-
Net Investment in capital assets	44,480	44,874
Unrestricted	<u>7,892</u>	<u>7,498</u>
Total Net Position	<u>52,372</u>	<u>52,372</u>
Total net position, liabilities, and deferred inflows	<u>\$ 172,871</u>	<u>\$ 242,879</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 FIVE MONTH PERIOD ENDED NOVEMBER 30, 2016

(In Thousands)
- Unaudited -

	CURRENT MONTH		YEAR TO DATE	
	FY 2017	FY 2016	FY 2017	FY 2016
Lottery revenues				
On-line games	\$ 6,469	\$ 5,130	\$ 31,665	\$ 28,303
Instant games	7,454	6,647	37,858	40,690
Racetrack video lottery	40,678	42,836	221,929	229,879
Limited video lottery	27,674	28,774	140,593	148,752
Table games	3,162	3,553	17,428	18,197
Historic resort	207	729	1,917	3,095
	<u>85,644</u>	<u>87,669</u>	<u>451,390</u>	<u>468,916</u>
Less commissions				
On-line games	446	369	2,204	1,980
Instant games	522	465	2,651	2,848
Racetrack video lottery	22,318	23,501	121,759	126,121
Limited video lottery	13,560	14,099	68,891	72,889
Table games	1,340	1,505	7,386	7,711
Historic resort	136	317	978	1,470
	<u>38,322</u>	<u>40,256</u>	<u>203,869</u>	<u>213,019</u>
Less on-line prizes	3,234	2,510	16,250	13,972
Less instant prizes	4,874	4,424	24,832	26,939
Less ticket costs	106	100	586	603
Less vendor fees and costs	699	477	2,963	2,937
	<u>8,913</u>	<u>7,511</u>	<u>44,631</u>	<u>44,451</u>
Gross profit	<u>38,409</u>	<u>39,902</u>	<u>202,890</u>	<u>211,446</u>
Administrative expenses				
Advertising and promotions	507	365	2,591	1,887
Wages and related benefits	786	897	4,133	4,166
Telecommunications	60	81	514	428
Contractual and professional	411	196	1,875	1,638
Rental	17	25	149	154
Depreciation and amortization	108	89	540	445
Other administrative expenses	123	122	753	513
	<u>2,012</u>	<u>1,775</u>	<u>10,555</u>	<u>9,231</u>
Other Operating Income	<u>150</u>	<u>100</u>	<u>1,791</u>	<u>1,570</u>
Operating Income	<u>36,547</u>	<u>38,227</u>	<u>194,126</u>	<u>203,785</u>
Nonoperating income (expense)				
Investment income	(47)	(4)	202	126
Distributions to municipalities and counties	(542)	(564)	(2,755)	(2,915)
Distributions -capital reinvestment	(10)	(17)	(61)	(86)
Distributions to the State of West Virginia	(35,948)	(37,642)	(191,512)	(200,910)
	<u>(36,547)</u>	<u>(38,227)</u>	<u>(194,126)</u>	<u>(203,785)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	<u>52,372</u>	<u>54,156</u>	<u>52,372</u>	<u>54,156</u>
Net position, end of period	<u>\$ 52,372</u>	<u>\$ 54,156</u>	<u>\$ 52,372</u>	<u>\$ 54,156</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE FIVE MONTH PERIOD ENDED NOVEMBER 30, 2016

(In Thousands)

-Unaudited-

	2017	2016
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 454,750	\$ 468,167
Cash payments for:		
Personnel costs	(4,070)	(4,014)
Suppliers	(5,886)	(3,480)
Other operating costs	(249,208)	(258,074)
Cash provided by operating activities	<u>195,586</u>	<u>202,599</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(252,702)	(230,009)
Distributions to municipalities and counties	(2,756)	(2,938)
Distributions to racetrack from racetrack cap. reinv. fund	(8,218)	(7,124)
Cash used in noncapital financing activities	<u>(263,676)</u>	<u>(240,071)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(146)</u>	<u>(5,330)</u>
Cash flows from investing activities:		
Investment earnings received	<u>356</u>	<u>250</u>
Cash provided by investing activities	<u>356</u>	<u>250</u>
Increase (decrease) in cash and cash equivalents	(67,880)	(42,552)
Cash and cash equivalents - beginning of period	<u>166,621</u>	<u>164,722</u>
Cash and cash equivalents - end of period	<u>\$ 98,741</u>	<u>\$ 122,170</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 194,126	\$ 203,785
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	540	445
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	1,569	(2,319)
(Increase) decrease in inventory	(198)	(142)
(Increase) decrease in other assets	209	58
Increase (decrease) in estimated prize claims	(497)	(353)
Increase (decrease) in accounts payable	(39)	1,096
Increase (decrease) in other accrued liabilities	(124)	29
Cash provided by operating activities	<u>\$ 195,586</u>	<u>\$ 202,599</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 \$569,988 and \$563,913 of at June 30, 2016 and 2015, 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 November 30, 2016 the carrying amounts of deposits (overdraft) with financial institutions were \$426 thousand with a bank balance (overdraft) of \$512 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):

	November 30, 2016	June 30, 2016
Deposits with financial institutions	\$ 426	\$ 1,430
Cash on hand at the Treasurer's Office	17,159	7,386
Investments with BTI reported as cash equivalents	81,156	157,805
	<u>\$ 98,741</u>	<u>\$ 166,621</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 4 – CAPITAL ASSETS

A summary of capital asset activity for the month ended November 30, 2016 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2016	Additions	Deletions	Historical Cost At November 30, 2016
Construction in Progress	\$ 1,164	\$ 146	\$ -	\$ 1,310
Buildings	46,207	-	-	46,207
Land	1,434	-	-	1,434
Improvements	260	-	(260)	-
Equipment	6,895	-	(154)	6,741
	<u>\$ 55,960</u>	<u>\$ 146</u>	<u>\$ (414)</u>	<u>\$ 55,692</u>

Accumulated Depreciation:

	Historical Cost At June 30, 2016	Additions	Deletions	Historical Cost At November 30, 2016
Buildings	\$ 4,064	\$ 493	\$ -	\$ 4,557
Improvements	260	-	(260)	-
Equipment	6,762	47	(154)	6,655
	<u>\$ 11,086</u>	<u>\$ 540</u>	<u>\$ (414)</u>	<u>\$ 11,212</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 November 30, 2016 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	\$ 3,613,492	\$ 15,451,188
Hot Lotto	369,375	1,876,963
Mega Millions	724,014	5,252,698
Total	\$ 4,706,881	\$ 22,580,849
<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,806,826	\$ 7,726,523
Hot Lotto	184,713	938,631
Mega Millions	368,338	2,658,495
Total	\$ 2,359,877	\$ 11,323,649

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 November 30, 2016, the Lotteries share of the prize reserve fund balances were as follows:

Game	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 114,314,187	\$ 1,625,725
Hot Lotto	6,373,470	440,010
Mega Millions	35,245,886	522,800
Total	<u>\$ 155,933,543</u>	<u>\$ 2,588,535</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 \$14,979,756 at November 30, 2016, of which the Lottery's share was \$1,396,804.

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 November 30, 2016 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2017	2016	2017	2016
Total credits played	\$ 458,989	\$ 473,116	\$ 2,474,004	\$ 2,546,863
Credits (prizes) won	(412,247)	(424,153)	(2,220,006)	(2,284,658)
Promotional credits played	(6,057)	(6,109)	(32,030)	(32,215)
MWAP Contributions	(7)	(18)	(39)	(111)
Gross terminal income	40,678	42,836	221,929	229,879
Administrative costs	(1,627)	(1,714)	(8,877)	(9,195)
Net Terminal Income	39,051	41,122	213,052	220,684
Less distribution to agents	(22,318)	(23,501)	(121,759)	(126,121)
Racetrack video lottery revenues	<u>\$ 16,733</u>	<u>\$ 17,621</u>	<u>\$ 91,293</u>	<u>\$ 94,563</u>

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

	November 30, 2016	Year-to-Date
State Lottery Fund	\$ 11,715	\$ 63,916
State Excess Lottery Revenue Fund	5,018	27,377
Capital Reinvestment Fund	-	-
Total nonoperating distributions	<u>\$ 16,733</u>	<u>\$ 91,293</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 November 30, 2016 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2017	2016	2017	2016
Total credits played	\$ 339,306	\$ 344,064	\$ 1,713,413	\$ 1,780,811
Credits (prizes) won	(311,632)	(315,290)	(1,572,820)	(1,632,059)
Gross terminal income	\$ 27,674	\$ 28,774	\$ 140,593	\$ 148,752
Administrative costs	(554)	(576)	(2,812)	(2,975)
Gross Profit	27,120	28,198	137,781	145,777
Commissions	(13,560)	(14,099)	(68,891)	(72,889)
Municipalities and Counties	(542)	(564)	(2,755)	(2,915)
Limited video lottery revenues	<u>\$ 13,018</u>	<u>\$ 13,535</u>	<u>\$ 66,135</u>	<u>\$ 69,973</u>

NOTE 8 – TABLE GAMES

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 8 – TABLE GAMES (continued)

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

The cash transferred to the State Excess Lottery Revenue Fund in the current month is included in Note 10- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year ended November 30, 2016 were \$9,034,342 and \$49,795,932, 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	
	2017	2016	2017	2016
Table Games Privilege Tax	\$ 3,162	\$ 3,553	\$ 17,428	\$ 18,197
Interest on Table Games Fund	1	-	8	2
Administrative costs	(271)	(305)	(1,494)	(1,560)
Total Available for Distribution	<u>2,892</u>	<u>3,248</u>	<u>15,942</u>	<u>16,639</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	203	228	1,120	1,170
Thoroughbred & Greyhound Development Funds	163	183	896	936
Racing Association Pension Plan	80	89	439	458
Municipalities/ Counties	894	1,005	4,931	5,147
Total Distributions	<u>1,340</u>	<u>1,505</u>	<u>7,386</u>	<u>7,711</u>
Excess Lottery Fund	<u>\$ 1,552</u>	<u>\$ 1,743</u>	<u>\$ 8,556</u>	<u>\$ 8,928</u>

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

NOTE 9 – HISTORIC RESORT HOTEL

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

Historic Resort Video Lottery

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

A summary of historic resort hotel video lottery revenues for the month ended November 30, 2016 and fiscal year-to-date follows (in thousands):

	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Total credits played	\$ 5,461	\$ 4,536	\$ 25,587	\$ 25,036
Credits (prizes) won	(5,178)	(4,118)	(23,965)	(22,902)
Promotional credits played	(64)	(63)	(314)	(305)
MWAP Contributions	-	-	-	-
Gross terminal income	<u>219</u>	<u>355</u>	<u>1,308</u>	<u>1,829</u>
Capital reinvestment	(10)	(17)	(61)	(86)
Excess Lottery Fund	(2)	(3)	(12)	(16)
Administrative costs	(12)	(19)	(71)	(99)
Hotel commissions	<u>(93)</u>	<u>(150)</u>	<u>(553)</u>	<u>(774)</u>
Net terminal income	102	166	611	854
Historic Resort Hotel Fund	65	105	389	543
Human Resource Benefit Fund	37	61	222	311

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 November 30, 2016 were \$(35,290) and \$1,740,986, 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Table games privilege tax	\$ (12)	\$ 374	\$ 609	\$ 1,266
Administrative Costs	<u>1</u>	<u>(48)</u>	<u>(78)</u>	<u>(163)</u>
Total Available for Distribution	(11)	326	531	1,103
Historic Resort Hotel Fund	(9)	273	444	922
Human Resource Benefit Fund	(2)	53	87	181

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	\$ 65	\$ 389
Historic Resort Table Games	(9)	444
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	<u>56</u>	<u>833</u>
Municipalities/ Counties	8	116
Excess Lottery Fund	48	717
Total Distributions	<u>\$ 56</u>	<u>\$ 833</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, 2017 the State Legislature budgeted \$135,557,444 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 November 30, 2016 the Lottery has accrued additional distributions of \$74,075,070. The Lottery is a non-appropriated state agency and therefore does not 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>November 30, 2016</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 2,499
Bureau of Senior Services	5,775	51,170
Department of Education	2,033	15,200
Library Commission	1,291	9,648
Higher Education-Policy Commission	807	6,041
Tourism	702	5,248
Natural Resources	350	2,613
Division of Culture & History	489	3,657
Department of Education & Arts	134	1,002
General Revenue Fund	-	13,700
Economic Development Authority	1,000	4,999
School Building Authority	1,800	9,000
Total State Lottery Fund	\$ 14,881	\$ 124,777

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 1,899	\$ 9,493
Higher Education Improvement Fund	1,500	7,500
General Purpose Account	5,180	21,302
Higher Education Improvement Fund	2,311	9,504
State Park Improvement Fund	399	1,639
School Building Authority	1,899	9,496
Refundable Credit	-	553
WV Racing Commission	159	656
WV Department of Health and Human Resources	-	
Teacher's Retirement Savings	-	
Division of Human Services	-	30,000
WV Lottery Statutory Transfers	5,027	20,679
General Revenue	-	7,300
Excess Lottery Surplus	-	
West Va. Infrastructure Council	2,194	9,554
Total State Excess Lottery Revenue Fund	\$ 20,568	\$ 127,676
Total Budgetary distributions:	\$ 35,449	\$ 252,453
Veterans Instant Ticket Fund	\$ 18	\$ 249
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 35,467	\$ 252,702
Accrued nonoperating distributions, beginning	(73,594)	(135,265)
Accrued nonoperating distributions, end	74,075	74,075
	\$ 35,948	\$ 191,512

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 November 30, 2016 and November 30, 2015 approximated \$149,422 and \$154,027 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 November 30, 2016 and November 30, 2015 approximated \$405,645 and \$206,986 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, 2016 and June 30, 2015 were as follows:

	June 30, 2016	June 30, 2015
Beginning balance	\$ 1,130	\$ 1,397
Additions		
Legislative Appropriations		
Deductions		
Asset acquisition	(1,130)	(267)
Surplus of excess funds		
Ending balance	\$ -	\$ 1,130

NOTE 13 – COMMITMENTS

For the years ended June 30, 2016 and 2015 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. As of June 30, 2016 and 2015, \$9,655,947 and \$8,416,061, 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 November 30, 2016 and fiscal year-to-date are as follows (in thousands):

	November 30, 2016	Year-to-Date
Employee contributions	\$ 25	\$ 144
Lottery contributions	67	384
Total contributions	\$ 92	\$ 528

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 \$429 and \$389 per employee per month for the years ending June 30, 2016 and 2015 respectively. Through June 30, 2016 and 2015, the Lottery has paid premiums of \$284,421 and \$287,861. As of June 30, 2016 and 2015, the Lottery has recorded a liability of \$4,990,361 and \$4,631,089 on its balance sheet for OPEB.

**SCHEDULE OF REVENUES AND NET REVENUES OF THE
 LOTTERY FUND AND EXCESS LOTTERY FUND
 FOR THE FIVE MONTH PERIOD ENDED NOVEMBER 30, 2016
 (In Thousands)**

	Current Month		FISCAL YEAR	
	<u>Actual</u>	<u>Projected</u>	<u>Actual</u>	<u>Projected</u>
Gross Revenues				
Instant games	7,454	7,917	37,858	39,583
On-line games	6,469	5,417	31,666	27,083
Racetrack video lottery	40,678	37,415	221,929	194,293
Limited video lottery	27,674	28,823	140,593	144,377
Racetrack table games	3,162	3,185	17,430	16,271
Historic resort	208	408	1,918	2,655
Total gross revenues	85,645	83,165	451,394	424,262
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	999	1,000	4,912	5,000
On-line games	1,888	1,544	8,807	7,720
Racetrack Video Lottery	11,722	10,776	63,967	55,958
Total Lottery Fund net revenues	<u>14,609</u>	<u>13,320</u>	<u>77,686</u>	<u>68,678</u>
Excess Lottery Fund				
Racetrack Video Lottery	5,021	4,617	27,398	23,971
Limited Video Lottery	12,954	13,558	66,231	67,915
Limited Video Lottery Fees	27	-	1,171	0
Racetrack table games	1,552	1,563	8,555	7,985
Historic resort	50	155	728	1,045
Total Excess Lottery Fund Net Revenues	<u>19,604</u>	<u>19,893</u>	<u>104,083</u>	<u>100,916</u>
Total Net Revenues	<u>34,213</u>	<u>33,213</u>	<u>181,769</u>	<u>169,594</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: January 03, 2017

Re: Status of General Revenue Fund and State Road Fund as of
December 31, 2016 (FY 17)

We have reviewed the cash flow of the West Virginia general revenue fund as of December 31, 2016 which is the end of the sixth month of the fiscal year. The status of the fund collections for the month is as follows:

The net collections were 95% of the estimate for the fiscal year. Total collections were \$98.2 million below the estimate for the fiscal year.

Personal Income Tax collections were \$51.9 million below the estimate for the fiscal year.

Consumer sales and use tax collections were \$35 million below the estimate for the year.

Severance Tax was \$9.6 million below the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$18 million below the estimate for the fiscal year.

State Road Fund

The state road fund collections were 109% of the estimate for the fiscal year. Total collections were \$29.6 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 \$235,324,359.40 as of December 31, 2016.

Balance July 1, 2016	391,572,994.64
Earnings	-156,248,635.24
Balance December 31, 2016	235,324,359.40

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$396,929,190.62 as of December 31, 2016.

Balance July 1, 2016	387,130,049.09
Earnings	9,799,141.53
Balance December 31, 2016	396,929,190.62

The Personal Income Tax Reserve Fund had a \$0 cash balance as of December 31, 2016.

Balance July 1, 2016	8,000,000.00
One-time draw for budget resolution	-8,000,000.00
Balance December 31, 2016	0.00

GENERAL REVENUE FUND FY 2016-2017

By Source and by Month
Monthly Revenue Estimates
as of December 31, 2016 OASIS

	MONTH		NET MONTH		MONTHLY OVER		YTD		YEARLY OVER	
	ESTIMATES	COLLECTIONS	ESTIMATES	COLLECTIONS	ESTIMATES	COLLECTIONS	ESTIMATES	COLLECTIONS	ESTIMATES	COLLECTIONS
Personal Income Tax	154,930,000	146,604,175	-8,325,825	888,355,000	836,444,243	-51,910,757				
Consumer Sales Tax & Use Tax	107,827,000	109,028,494	1,201,494	625,938,000	590,969,986	-34,968,014				
Severance Tax	16,139,000	19,996,754	3,857,754	104,110,000	94,484,112	-9,625,888				
Corp Income /Business Franchise	24,000,000	21,312,686	-2,687,314	71,800,000	53,765,594	-18,034,406				
Insurance Tax	100,000	-109,954	-209,954	56,970,000	58,404,512	1,434,512				
Tobacco Products Tax	16,000,000	16,070,756	70,756	98,900,000	104,473,451	5,573,451				
Business and Occupation	6,300,000	4,993,054	-1,306,946	52,400,000	48,514,507	-3,885,493				
Liquor Profit Transfers	1,300,000	1,314,800	14,800	8,070,000	8,552,456	482,456				
Departmental Collections	1,100,000	992,195	-107,805	6,800,000	6,474,121	-325,879				
Property Transfer Tax	780,000	1,617,684	837,684	5,440,000	6,563,509	1,123,509				
Property Tax	200,000	248,029	48,029	4,500,000	4,513,169	13,169				
Beer Tax and Licenses	519,000	473,657	-45,343	3,783,000	3,740,916	-42,084				
Miscellaneous Transfers	10,000	0	-10,000	820,000	462,871	-357,129				
Interest Income	700,000	-556,812	-1,256,812	3,650,000	1,938,174	-1,711,826				
Senior Tax Credit Reimbur Lot	0	0	0	1,075,000	553,281	-521,719				
HB 102 - Lottery Transfers	4,626,000	4,839,803	213,803	23,254,000	26,142,002	2,888,002				
Miscellaneous Receipts	1,900,000	1,963,235	63,235	4,420,000	4,949,477	529,477				
Business Fran Registration Fees	30,000	48,312	18,312	380,000	302,527	-77,473				
Liquor License Renewal	0	0	0	0	0	0				
Special Revenue Transfer	0	819,044	819,044	0	10,981,239	10,981,239				
Charter Tax	0	1,360	1,360	0	4,204	4,204				
Video Lottery Transfers	0	117,059	117,059	0	227,251	227,251				
July-Dec Retro Rev Adj	0	0	0	0	0	0				
Cash Flow Transfer	0	0	0	0	0	0				
SUBTOTALS	336,461,000	329,774,331	-6,686,669	1,960,665,000	1,862,461,602	-98,203,398				
Less: Cash Flow Transfer	0	0	0	0	0	0				
TOTALS	336,461,000	329,774,331	-6,686,669	1,960,665,000	1,862,461,602	-98,203,398				

Percent of Estimates 98.01% 94.99%

Collections this day 21,003,519

**STATE ROAD FUND FY 2016-2017
By Source and by Month
Monthly Revenue Estimates
as of Decembert 31, 2016 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	27,900,000	17,703,445	-10,196,555	192,300,000	191,605,359	-694,641
Privilege Tax	11,837,000	15,935,543	4,098,543	95,112,000	106,278,882	11,166,882
Licenses & Registration	6,042,000	5,335,140	-706,860	40,928,000	39,963,544	-964,456
Miscellaneous	0	734,738	734,738	0	20,126,910	20,126,910
Highway Litter Control	113,000	68,918	-44,082	767,000	723,442	-43,558
TOTALS	45,892,000	39,777,785	-6,114,215	329,107,000	358,698,137	29,591,137
Percent of Estimates		86.68%			108.99%	
Collections this day		3,992,607				

REVENUE SHORTFALL RESERVE FUND 7005, Part A as of December 31, 2016 : \$235,324,359.40

REVENUE SHORTFALL RESERVE FUND 7006, Part B as of December 31, 2016: \$396,929,190.62

PERSONAL INCOME TAX REFUND RESERVE FUND as of December 31, 2016: \$0.00

Prepared by the 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: January 2, 2017

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the November 30, 2016 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of November 30, 2016 of fiscal year 2016-2017, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2016	\$ 53,108,141.17
Receipts July 1, 2016 thru June 30, 2017	\$ 78,465,661.71
Disbursements July 1, 2016 thru June 30, 2017	\$ 86,429,690.02
Balance November 30, 2016	\$ 45,144,112.86

ITEMS OF NOTE:

Regular benefits paid for November 2016 were \$ 7.3 million less than November 2015.

Federal emergency benefits totaled \$ -11 thousand for November 2015. For November 2016, federal emergency benefits totaled \$ -8 thousand.

Total disbursements were \$ 7.5 million less in November 2016 than the preceding November 2015.

Receipts as of November 2016 were \$ 6 million less than in November 2015. Overall ending trust fund balance was \$ 57 million lower on November 30, 2016 than on November 30, 2015.

Seasonally adjusted unemployment rates for November 2016 were 6 percent for West Virginia and 4.6 percent nationally.

Since November 2015, employment has increased by 10,900. Employment gains included 4,400 in educational and health services, 2,500 in leisure and hospitality, 1,200 in construction, and 9,400 in government, due almost entirely to election workers. Employment declines included 2,500 in mining and logging, 1,600 in financial activities, 300 in information, 800 in professional and business services, 500 in manufacturing, and 900 in other services. Employment in trade, transportation, and utilities was unchanged over the year.

December 6, 2016

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

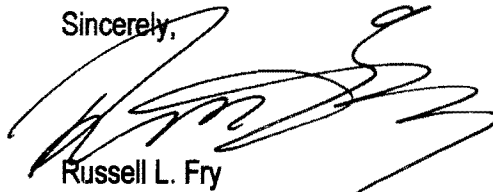
RE: Monthly Status Report

Dear Mr. Spencer:

Please find attached, the Monthly Status Report for the Unemployment Compensation Trust Fund for the month of November 2016.

If you have any questions or need any additional information, please feel free to contact this office at 304-558-7024.

Sincerely,



Russell L. Fry
Acting Executive Director

RLF/gew

Enclosure

pc: Earl Ray Tomblin

112 California Avenue
Charleston, WV 25305

An agency of the Department of Commerce
An equal opportunity employer/program and auxiliary aids are available upon request to individuals with disabilities.

www.workforcewv.org

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING SEPTEMBER 2015 AND SEPTEMBER 2016**

	SEPTEMBER 2015	OCTOBER 2015	NOVEMBER 2015	SEPTEMBER 2016	OCTOBER 2016	NOVEMBER 2016	THREE MONTH TOTAL VARIANCE *
Balance Forward	<u>\$123,987,064.32</u>	<u>\$109,775,130.60</u>	<u>\$106,081,110.07</u>	<u>\$58,697,024.60</u>	<u>\$46,674,555.45</u>	<u>\$47,367,509.94</u>	<u>(\$187,104,215.00)</u>
Add Receipts:							
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions:	\$926,984.59	\$12,383,226.70	\$17,812,262.08	\$1,402,704.16	\$16,974,369.67	\$11,942,706.73	(\$802,692.81)
3. Federal Emergency Benefits (EUC08)	\$98.00	\$608.99	\$340.99	\$0.00	\$0.00	\$0.00	(\$1,047.98)
4. Federal Share Extended Benefits (EB)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5. Temp Federal Additional Comp (FAC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6. UCFE (Federal Agencies)	\$95,065.07	\$88,448.27	\$120,889.64	\$53,736.27	\$65,644.10	\$63,438.03	(\$121,584.58)
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	\$668,402.36	\$0.00	\$0.00	\$308,120.62	\$0.00	\$0.00	(\$360,281.74)
11. UCX (Military Agencies)	\$136,795.00	\$140,206.99	\$148,840.00	\$87,309.52	\$89,978.02	\$89,472.31	(\$159,082.14)
12. WV Senate Bill 558	\$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>\$1,827,345.02</u>	<u>\$12,612,490.95</u>	<u>\$18,082,332.71</u>	<u>\$1,851,870.57</u>	<u>\$17,129,991.79</u>	<u>\$12,095,617.07</u>	<u>(\$1,444,689.25)</u>
Less Disbursements:							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)
Regular Benefits:	\$14,616,685.08	\$16,099,050.67	\$21,532,789.57	\$13,738,368.76	\$16,275,619.47	\$14,185,301.13	(\$8,049,235.96)
Federal Emergency Benefits (EUC08)	(\$11,558.63)	(\$14,011.78)	(\$11,426.02)	(\$5,316.05)	(\$7,238.10)	(\$7,950.36)	\$16,491.92
Federal Share Extended Benefits (EB)	(\$280.00)	(\$20.00)	(\$50.00)	\$0.00	\$0.00	\$0.00	\$350.00
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	\$89,748.86	\$87,370.65	\$128,263.19	\$54,357.89	\$68,916.04	\$60,782.80	(\$121,325.97)
UCX (Military Workers) Benefits	\$134,683.43	\$134,121.94	\$165,878.18	\$86,929.12	\$99,739.89	\$80,880.58	(\$167,133.96)
Reed Act Funds	\$1,210,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$1,210,000.00)
Special Administrative Transfer**	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Disbursements	<u>\$16,039,278.74</u>	<u>\$16,306,511.48</u>	<u>\$21,815,454.92</u>	<u>\$13,874,339.72</u>	<u>\$16,437,037.30</u>	<u>\$14,319,014.15</u>	<u>(\$9,530,853.97)</u>
Trust Fund Balance	<u>\$109,775,130.60</u>	<u>\$106,081,110.07</u>	<u>\$102,347,987.86</u>	<u>\$46,674,555.45</u>	<u>\$47,367,509.94</u>	<u>\$45,144,112.86</u>	<u>(\$179,018,050.28)</u>

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

UC TRUST FUND BALANCES & PROJECTIONS FOR 2016

December 6, 2016

Month	Receipts	Disbursements	Trust Fund Balance
2015			
Balance - 1/1/2015			\$ 106,142,501
January	\$ 8,714,176	\$ 21,349,596	\$ 93,507,081
February	\$ 16,594,587	\$ 22,289,775	\$ 87,811,893
March	\$ 1,767,322	\$ 24,343,821	\$ 65,235,394
April	\$ 30,340,648	\$ 19,700,305	\$ 75,875,737
May	\$ 76,657,428	\$ 18,928,027	\$ 133,605,138
June	\$ 2,163,949	\$ 20,558,340	\$ 115,210,747
July	\$ 24,038,360	\$ 21,712,433	\$ 117,536,674
August	\$ 27,554,977	\$ 21,104,587	\$ 123,987,064
September	\$ 1,595,387	\$ 15,807,320	\$ 109,775,131
October	\$ 12,383,227	\$ 16,077,248	\$ 106,081,110
November	\$ 17,812,262	\$ 21,545,384	\$ 102,347,988
December	\$ 1,423,261	\$ 20,910,561	\$ 82,860,688
Totals - 2015	\$ 221,045,584	\$ 244,327,397	\$ 82,860,688

2016			
January	\$ 8,216,947	\$ 30,212,357	\$ 60,865,278
February	\$ 15,974,620	\$ 30,998,355	\$ 45,841,543
March	\$ 1,759,403	\$ 24,122,941	\$ 23,478,005
April	\$ 28,214,028	\$ 23,726,292	\$ 27,965,741
May	\$ 71,069,093	\$ 27,930,544	\$ 71,104,290
June	\$ 1,860,170	\$ 19,864,198	\$ 53,100,262
July	\$ 16,353,671	\$ 22,179,823	\$ 47,274,110
August	\$ 30,694,850	\$ 19,271,935	\$ 58,697,025
September	\$ 1,710,825	\$ 13,733,295	\$ 46,674,555
October	\$ 16,974,370	\$ 16,281,415	\$ 47,367,510
November	\$ 11,942,707	\$ 14,166,104	\$ 45,144,113
December	\$ 1,312,958	\$ 20,454,711	\$ 26,002,360
Totals - 2016	\$ 206,083,642	\$ 262,941,970	\$ 26,002,360

112 California Avenue
 Charleston, WV 25305

An agency of the Department of Commerce

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

www.workforcewv.org

PEIA

January Interim Talking Points

- **PEIA and RHBT preliminary financial results for October 2016 are available for your review.**
- **PEIA is currently behind plan by \$4 million. This is primarily due to higher than forecast Prescription Drug claims.**
- **RHBT is currently ahead of plan by \$5 million. This is attributable to higher than forecast investment income.**
- **The 2017 year-end reserve for the State Fund and non-State Fund are projected to be \$95 and \$32 million respectively.**
- **These reserve levels represent 13% and 22% of the respective funds' expenses. The required reserve for the State Fund is 14% of expenses.**



Financial Statements

October 2016

West Virginia Legislative Interims
January 2017

West Virginia Public Employees Insurance Agency
Statement of Changes in Plan Net Position
For the Four Months Ending Monday, October 31, 2016

(Dollars in Thousands)
(Unaudited-For Internal Use Only)

	ACTUAL	BUDGET	PRIOR YR	BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
	\$174,352	\$177,461	\$154,783	(\$3,109)	(2%)	\$19,569	13%
	43,291	44,217	39,239	(926)	(2%)	4,052	10%
	37,958	37,808	36,356	150	0%	1,602	4%
	419	738	700	(319)	(43%)	(281)	(40%)
	3,333	3,333		0	(25%)	2,500	0%
	3,878	2,616	(3,070)	1,262	48%	6,948	(226%)
	549	830	445	(281)	(34%)	104	23%
	1,765	1,578	1,541	187	12%	224	15%
	265,545	268,581	229,994	(3,036)	(1%)	34,718	15%
PREMIUM REVENUE							
Health Insurance - State Gov. - Employees							
Health Insurance - State Gov. - Employees							
Health Insurance - Local Gov. - All Life Insurance							
Direct Transfer							
Interest and Investment Income							
Litigation Settlement							
Other Premium Revenue							
Administrative Fees, Net of Refunds							
TOTAL REVENUE				(3,036)	(1%)	34,718	15%
OPERATING EXPENSES							
Claims Expense - Medical	129,956	132,715	122,447	2,759	2%	(7,509)	(6%)
Claims Expense - Drugs	42,792	37,986	39,992	(4,806)	(13%)	(2,800)	(7%)
Payments to Managed Care Org.	13,930	12,949	12,563	(981)	(8%)	(1,367)	(11%)
Administrative Service Fees	3,466	3,784	4,109	318	8%	643	16%
Life Insurance Expense	419	740	702	321	43%	283	40%
Wellness and Disease Management	486	564	529	78	14%	43	8%
ACA Comparative Effectiveness Fee	105	105	115		0%	10	9%
ACA Reinsurance Contribution	600	600	1,800		0%	1,200	67%
Computer Software Reserve	589	573		(16)	(3%)	(589)	0%
Other Operating Expenses	1,139	1,402	1,438	263	19%	299	21%
WV RHBT Pay Go Premiums	58,777	60,000	49,358	1,223	2%	(9,419)	(19%)
TOTAL EXPENSES	252,259	251,418	233,053	(841)	(0%)	(19,206)	(8%)
YTD SURPLUS (DEFICIT)	13,286	17,163	(3,059)	(3,877)	(23%)	16,345	(534%)
Total Net Position, Beginning of Period	98,130	98,130	129,107		0%	(30,977)	(24%)
TOTAL NET POSITION, END OF PERIOD	\$111,416	\$115,293	\$126,048	(\$3,877)	544%	(\$14,632)	(12%)

West Virginia Retiree Health Benefit Trust Fund
STATEMENT OF CHANGES IN PLAN NET POSITION
For the Four Months Ending Monday, October 31, 2016
(In Thousands)

ACTUAL	BUDGET	PRIOR YR		BUDGET VARIANCE		PRIOR YR VARIANCE	
				\$	%	\$	%
ADDITIONS							
Employer Premiums:							
\$1,075	\$1,102	\$1,063	Health premiums	(\$27)	(2%)	\$12	1%
48,997	50,160	41,116	Pay Go Premiums	(\$1,163)	(2%)	\$7,881	19%
21	0	46	Annual required contributions	\$21	0%	(\$25)	(54%)
50,093	51,262	42,225	Total Employer Premiums	(\$1,169)	(2%)	\$7,868	19%
Member Premiums:							
27,074	27,926	26,459	Health premiums	(852)	(3%)	615	2%
9,780	9,840	8,244	Pay Go Premiums	(60)	(1%)	1,536	19%
7,593	8,275	7,869	Life Insurance Premiums	(682)	(8%)	(276)	(4%)
44,447	46,041	42,572	Total Member Premiums	(1,594)	(3%)	1,875	4%
94,540	97,303	84,797	Total Premium Additions	(2,763)	(3%)	9,743	11%
Other Additions:							
400	400	400	Retiree Drug Subsidy	0	0%	0	0%
21,305	14,162	(9,027)	Investment Income	7,143	50%	30,332	(336%)
1,667	1,667	0	General Revenue Transfer Premium	0	0%	1,667	100%
10,000	10,000	0	General Revenue Transfer OPEB	0	0%	10,000	100%
127,912	123,532	76,170	TOTAL ADDITIONS	4,380	4%	51,742	68%
DEDUCTIONS							
52,574	54,917	47,352	Payments to Managed Care Org.	2,343	4%	(5,222)	(11%)
7,483	8,188	7,761	Life Insurance Expense	705	9%	278	4%
22,794	21,912	23,597	Medical Claims Expense	(882)	(4%)	803	3%
11,209	9,209	9,266	Pharmacy Claims Expense	(2,000)	(22%)	(1,943)	(21%)
11	11	10	Comparative Effectiveness Research Fee	0	0%	(1)	(10%)
67	67	183	ACA Reinsurance Contribution	0	0%	116	63%
504	633	592	Administrative Service Fees (External)	129	20%	88	15%
411	94	0	Computer Software Reserve Expense	(317)	(337%)	(411)	100%
670	952	889	Other Operating Expenses	282	30%	219	25%
0	0	48	Bad Debt Expense	0	0%	48	100%
95,723	95,983	89,698	TOTAL DEDUCTIONS	260	0%	(6,025)	(7%)
32,189	27,549	(13,528)	NET POSITION INCREASE (DECREASE)	(4,640)	(17%)	45,717	(338%)
Net Position Restricted for Post Employment Benefits							
685,668	685,668	704,592	Beginning of Period Total Net Position	0	0%	(18,924)	(3%)
\$717,857	\$713,217	\$691,064	End of Period Total Net Position	\$4,640	1%	\$26,793	4%

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Earl Ray Tomblin
Governor



Ted Cheatham
Director

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December 28, 2016

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

1. The draft December 2016 Financial Plan (Quarterly Report) page A-1 indicates the June 30, 2017 fund balances will be as follows:

	PEIA		RHBT
	State Fund	Non State Fund	OPEB Fund
June 30, 2017	\$94,802,156	\$32,482,122	\$740,777,192

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

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

June 30, 2017	State Fund Reserve	Non State Fund Reserve	Total
Reserve Balance	\$94,802,156	\$32,482,122	\$127,284,278
Percentage	13%	22%	14%
	reserve/current FY costs		

3. The objective of the OPEB Reserve is to reach a fully funded status of the actuarially accrued liability (AAL). Therefore the target is 100%. The reserve balance represents 21% of the actuarially required balance:

	RHBT
June 30, 2017	OPEB Reserve
Reserve Balance	\$740,777,192
Percentage	21%
	OPEB Reserve/Actuarial Accrued Liability

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

The primary anticipated reduction events are the ongoing forecast increases in the cost of healthcare. The below chart indicates the actuarial projected increases in costs for the medical and prescription drugs of the plan. These increased costs represent a total increase of \$287 million over the next four years, requiring an average of \$72 million a year in either increased premiums or benefit reductions.

	FY 2018	FY 2019	FY 2020	FY 2021
Medical Trend	7.5%	8.0%	8.5%	9.0%
Rx Trend	11.5%	12.0%	12.5%	13.0%

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

	PEIA	RHBT	Total
October 30, 2016	\$48,107,000	\$21,847,000	\$69,954,000

Sincerely,



Jason A. Haight, CPA
Chief Financial

West Virginia Board of Risk and Insurance Management
UNAUDITED BALANCE SHEET AND INCOME STATEMENT
For the Four Months Ending October 31, 2016

Talking Points

1. **Premium Revenue** thru October reflects the premiums earned for the first four months of the fiscal year. BRIM increased premiums in FY'17 to cover the projected increase in claims costs for the year.
2. **Claims Expense** reflects all claims payments made thru October plus reserve changes. Unfavorable claims loss trends hampered the overall results for both years.
3. **Investment Income** for fiscal year 2017 reflects a net gain of \$2.4 million for the first four months primarily due to the recent performance of the equity market vs. a loss of \$0.2 million for the same period last year.
4. In July, the transfer of \$2.8 million to the Patient Injury Compensation Fund (PICF), as mandated by enactment of HB4261, resulted in a decrease of this amount to BRIM's net position through October 31.
5. BRIM has no un-funded liability and continues to pursue pro-active loss control initiatives.

West Virginia Board of Risk and Insurance Management

Statements of Net Position

For the Four Months Ended October 31st

	<u>2016</u>	<u>2015</u>
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	9,924	3,474
Advance deposits with insurance company and trustee	206,601	212,286
Receivables	10,496	8,488
Prepaid insurance	4,452	4,547
Restricted cash and cash equivalents	8,071	8,798
Restricted receivables:	0	0
Premiums due from other entities	620	597
Total current assets	<u>240,165</u>	<u>238,191</u>
Noncurrent assets:		
Equity position in internal investments pools	86,191	83,002
Restricted investments	49,775	47,964
Total noncurrent assets	<u>135,965</u>	<u>130,966</u>
Total assets	<u>376,130</u>	<u>369,157</u>
Deferred Outflows of Resources	387	127
Liabilities		
Current liabilities:		
Estimated unpaid claims and claims adjustment expense	50,819	47,890
Unearned premiums	13,108	11,983
Agent commissions payable	350	283
Claims Payable	135	96
Accrued expenses and other liabilities	1,889	2,432
Total current liabilities	<u>66,301</u>	<u>62,684</u>
Estimated unpaid claims and claims adjustment expense net of current portion	122,368	113,952
Compensated absences	91	76
Net pension liability	467	253
Total noncurrent liabilities	<u>122,926</u>	<u>114,281</u>
Total liabilities	<u>189,227</u>	<u>176,965</u>
Deferred Inflows of Resources	304	270
Net position:		
Restricted by State code for House Bill 601 Program and mine subsidence coverage	57,138	55,427
Unrestricted	133,821	137,393
Net Assets (Deficiency)	(3,971)	(771)
Net position	<u>\$ 186,987</u>	<u>\$ 192,049</u>

West Virginia Board of Risk and Insurance Management

Statements of Revenues, Expenses, and Changes in Net Position

For the Four Months Ended October 31st

	<u>2016</u>	<u>2015</u>
	<i>(In Thousands)</i>	
Operating revenues		
Premiums	\$ 23,619	\$ 21,674
Less coverage/reinsurance programs	(2,226)	(2,252)
Net operating revenues	<u>21,393</u>	<u>19,422</u>
Operating expenses		
Claims and claims adjustment expense	23,672	18,594
General and administrative	1,280	1,363
Total operating expenses	<u>24,953</u>	<u>19,957</u>
Operating income (loss)	(3,560)	(535)
Nonoperating revenues		
Investment income	2,399	(236)
Appropriation Transfer HB4261	(2,810)	0
Net nonoperating revenues	<u>(411)</u>	<u>(236)</u>
Changes in net position	(3,971)	(771)
Total net position, beginning of year	190,959	192,820
Total net position, end of period	<u>\$ 186,987</u>	<u>\$ 192,049</u>

Department of Administration Real Estate Division Leasing Report
For the period of November 1 - 30, 2016

There were a total of 10 leasing changes for this period and they are as follows:

- 2 – New Contract of Lease – DOA Owned
- 3 – Straight Renewal
- 2 – Renewal with Increase in Rent
- 3 – Cancellation

Department of Administration Real Estate Division Leasing Report
For the period of November 1, 2016 through November 30, 2016

NEW CONTRACT OF LEASE

CONSOLIDATED PUBLIC RETIREMENT BOARD

CPR-005 New contract of lease for 5 years consisting of 22,568 square feet of office space at the annual per square foot rate of \$10.33, annual cost of \$233,127.48, for the period of January 1, 2017 through November 30, 2017 then \$10.95 annual per square foot rate, annual cost of \$247,119.60, for the period of December 1, 2017 through November 30, 2022, full service, at 4101 MacCorkle Avenue, in the City of Charleston, Kanawha County, West Virginia.

GENERAL SERVICES DIVISION

GSD-014 New Contract of Lease for 5 years consisting of 11 parking spaces at the monthly rate of \$330.00, annual cost \$3,960.00, 1118 Smith Street, in the City of Charleston, Kanawha County, West Virginia.

STRAIGHT RENEWAL

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-241 Renewal for 3 years consisting of 12,603 square feet of office space at the current annual per square foot rate of \$16.03, annual cost \$202,028.64, full service, 231 Capitol Street, in the City of Charleston, Kanawha County, West Virginia.

WEST VIRGINIA BOARD OF EXAMINERS FOR REGISTERED PROFESSIONAL NURSES

RNB-003 Renewal for one month consisting of 4,945 square feet of office space at the current annual per square foot rate of \$13.50, annual cost \$66,758.00, full service, 101 Dee Drive, in the City of Charleston, Kanawha County, West Virginia.

OFFICE OF TECHNOLOGY

OOT-001 Renewal on a month-to-month basis consisting of 7,440 square feet of office/storage space at the current annual per square foot rate of \$4.50, annual cost \$33,480.00, located at 908 Bullitt Street, in the City of Charleston, Kanawha County, West Virginia.

RENEWAL WITH INCREASE IN RENT

DIVISION OF REHABILITATION SERVICES

DRS-115 Renewal for 4 years and 2 months, consisting of 600 square feet of storage space with an increase in the annual per square foot rate from \$5.00 to \$5.50, annual cost \$3,300, 107 Capitol Street, in the City of Charleston, Kanawha County, West Virginia.

EQUAL EMPLOYMENT OPPORTUNITY OFFICE

EEO-002 Renewal for 3 years consisting of 1,450 square feet of office space with an increase in the annual per square foot rate from \$11.85 to \$12.00, annual cost \$17,400.00, full service, One Players Club Drive, Suite 501, in the City of Charleston, Kanawha County, West Virginia.

CANCELLATION

WEST VIRGINIA STATE POLICE

PSA-047 Lease cancellation consisting of 1,512 square feet of office space, at the annual per square foot rate of \$5.95 annual cost \$9,000.00, State Route 14, in the City of Elizabeth, Wirt County, West Virginia.

PSA-050 Lease cancellation consisting of 1,136 square feet of office space, at the annual per square foot rate of \$6.87 annual cost \$7,800.00, State Route 16, in the City of Grantsville, Calhoun County, West Virginia.

PSA-108 Lease cancellation consisting of 4,800 square feet of office space, at the annual per square foot rate of \$1.70 annual cost \$8,160.00, Route 25, in the City of Hundred, Wetzel County, West Virginia.

Real Estate Division
 Monthly Summary of Lease Activity
 November 1 - 30, 2016

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent	Term in years	Total Aggregate
1	Consolidated Public Retirement Board	CPR-005	Kanawha	22,568	10.33	233,127	1	233,127
	Consolidated Public Retirement Board	CPR-005	Kanawha	22,568	10.95	247,120	5	1,235,598 *
2	General Services Division	GSD-014	Kanawha	0	0.00	3,960	5	19,800
3	Department of Health and Human Resources	HHR-241	Kanawha	12,603	16.03	202,029	3	606,087
4	WV Board Of Examiners for Registered Nurses	RNB-003	Kanawha	4,945	13.50	66,758	0.08	5,563
5	Office of Technology	OOT-001	Kanawha	7,440	4.50	33,480	1	33,480
6	Division of Rehabilitation Services	DRS-115	Kanawha	600	5.50	3,300	4	13,200
7	Equal Employment Opportunity Office	EEO-002	Kanawha	1,450	12.00	17,400	3	52,200

		72.81
Total Rentable Square Feet	<u>72,174</u>	
Average Annual Rental Rate		10.40
Total Annual Rent		<u>807,174</u>

*Indicates the total will be over \$1,000,000.00 during the term of the lease.

CANCELLATIONS

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	West Virginia State Police	PSA-047	Wirt	1,512	5.95	9,000
2	West Virginia State Police	PSA-050	Calhoun	1,136	6.87	7,800
3	West Virginia State Police	PSA-108	Wetzel	4,800	1.70	8,160

Total Rentable Square Feet	<u>7,448</u>
Total Annual Rent	<u>24,960</u>

Joint Committee on Government and Finance

January 2017

Department of Health and Human Resources

**MEDICAID REPORT
October 2016 Data**

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2017

	MONTH OF OCTOBER 2016		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2016	SFY2017	Current Month Ended 10/31/16	SFY2017	Current Month Ended 10/30/16	Current Month Ended 10/30/16	Year To-Date Thru 10/31/16	11/1/16 Thru 6/30/17
EXPENDITURES:								
Inpatient Hospital - Reg. Payments	186,720,433	191,663,554	13,999,740	191,663,554	18,431,461	18,431,461	55,397,744	136,265,810
Inpatient Hospital - DSH	54,542,207	53,803,200	-	53,803,200	-	-	13,512,747	40,290,453
Inpatient Hospital - Supplemental Payments	88,772,449	126,027,542	6,202,077	126,027,542	8,847,593	8,847,593	28,967,323	97,060,219
Inpatient Hospital - GME Payments	9,200,784	8,027,882	-	8,027,882	-	-	2,006,984	6,020,898
Mental Health Facilities	60,774,362	76,856,261	4,482,637	76,856,261	7,393,498	7,393,498	18,328,121	58,528,141
Mental Health Facilities - DSH Adjustment Payments	18,887,044	18,886,800	-	18,886,800	-	-	4,721,761	14,165,039
Nursing Facility Services - Regular Payments ⁽²⁾	630,230,973	644,177,879	49,863,358	644,177,879	53,701,443	53,701,443	210,915,932	433,261,947
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	68,590,373	69,718,700	5,696,105	69,718,700	5,809,892	5,809,892	23,512,124	46,206,576
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-	-	-
Physicians Services - Regular Payments	117,140,779	107,471,018	7,986,842	107,471,018	10,336,946	10,336,946	29,809,350	77,661,668
Physicians Services - Supplemental Payments	33,313,589	21,769,930	5,769,298	21,769,930	5,442,483	5,442,483	10,662,228	11,107,702
Physician and Surgical Services - Evaluation and Management	129,275	-	(277)	-	-	-	2,660	(2,660)
Physician and Surgical Services - Vaccine Codes	288	-	-	-	-	-	-	-
Outpatient Hospital Services - Regular Payments	107,370,522	97,980,515	7,952,687	97,980,515	9,424,800	9,424,800	30,995,522	66,984,993
Outpatient Hospital Services - Supplemental Payments	85,182,603	208,258,173	21,123,658	208,258,173	19,908,279	19,908,279	43,157,608	165,100,565
Prescribed Drugs	310,642,861	299,765,411	24,952,231	299,765,411	29,167,834	29,167,834	93,193,561	206,571,850
Drug Rebate Offset - National Agreement	(247,362,655)	(238,221,600)	(34,845,552)	(238,221,600)	(44,166,283)	(44,166,283)	(77,879,009)	(160,342,591)
Drug Rebate Offset - State Sidebar Agreement	(9,422,134)	(13,890,000)	(1,131,704)	(13,890,000)	(2,575,206)	(2,575,206)	(2,705,954)	(11,184,046)
Drug Rebate Offset - MCO National	(89,719,160)	(46,188,000)	(41,510,495)	(46,188,000)	(8,563,255)	(8,563,255)	(91,765,233)	45,577,233
Drug Rebate Offset - MCO State Sidebar Agreement	(7,465,402)	(4,285,200)	(798,146)	(4,285,200)	(794,476)	(794,476)	(2,555,106)	(1,730,094)
Dental Services	17,904,695	18,576,878	1,594,803	18,576,878	1,789,453	1,789,453	5,547,612	13,029,266
Other Practitioners Services - Regular Payments	10,762,231	12,001,150	874,381	12,001,150	1,160,707	1,160,707	2,812,530	9,188,621
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-	-	-
Clinic Services	3,328,805	4,401,083	183,646	4,401,083	426,286	426,286	753,722	3,647,361
Lab & Radiological Services	26,879,927	22,300,416	1,714,233	22,300,416	2,145,235	2,145,235	6,380,324	15,920,091
Home Health Services	42,832,510	46,917,519	3,649,346	46,917,519	4,578,904	4,578,904	14,049,803	32,867,716
Hysterectomies/Sterilizations	234,860	215,096	4,322	215,096	20,682	20,682	20,785	194,311
Pregnancy Terminations ⁽⁴⁾	-	274,326	28,587	274,326	26,377	26,377	28,587	245,739
EPSDT Services	1,557,174	1,920,918	174,046	1,920,918	184,857	184,857	626,043	1,294,875
Rural Health Clinic Services	9,206,515	12,285,791	651,156	12,285,791	1,181,468	1,181,468	2,294,557	9,991,233
Medicare Health Insurance Payments - Part A Premiums	18,084,672	18,042,000	1,437,979	18,042,000	1,503,500	1,503,500	6,053,185	11,988,815
Medicare Health Insurance Payments - Part B Premiums	96,216,407	111,651,355	8,876,112	111,651,355	9,304,280	9,304,280	35,217,117	76,434,238
120% - 134% Of Poverty	7,659,976	6,920,700	722,518	6,920,700	665,452	665,452	2,850,364	4,070,336
135% - 175% Of Poverty	-	-	-	-	-	-	-	-
Coinsurance And Deductibles	9,743,197	10,599,800	961,368	10,599,800	1,019,212	1,019,212	3,199,269	7,400,531

**WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR MEDICAL SERVICES
EXPENDITURES BY PROVIDER TYPE
SFY2017**

	MONTH OF OCTOBER 2016		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2016	SFY2017	Current Month Ended 10/31/16	SFY2017	Current Month Ended 10/30/16	Current Month Ended 10/30/16	Year To-Date Thru 10/31/16	11/1/16 Thru 6/30/17
EXPENDITURES:								
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	1,286,596,440	1,501,169,123	112,457,817		125,097,427		450,672,813	1,050,496,310
Medicaid MCO - Evaluation and Management	1,760	-	-		-		-	-
Medicaid MCO - Vaccine Codes	89	-	-		-		-	-
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-		-		-	-
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-		-		-	-
Medicaid Health Insurance Payments: Group Health Plan Payments	577,361	645,800	-		62,096		48,051	597,749
Medicaid Health Insurance Payments: Coinsurance	-	-	-		-		-	-
Medicaid Health Insurance Payments: Other	-	-	-		-		-	-
Home & Community-Based Services (MR/DD)	331,969,032	370,267,300	26,682,612		35,602,625		107,858,154	262,409,146
Home & Community-Based Services (Aged/Disabled)	103,740,104	109,486,361	10,278,986		10,589,272		36,595,278	72,891,083
Home & Community-Based Services (Traumatic Brain Injury)	1,288,545	1,338,311	232,586		128,655		491,060	847,251
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	75,461,043	81,069,514	6,600,575		7,806,707		25,014,785	56,054,729
Personal Care Services - SDS 1915(j)	-	-	-		-		-	-
Targeted Case Management Services - Com. Case Management	-	-	-		-		-	-
Targeted Case Management Services - State Wide	2,684,324	3,134,547	199,265		301,439		827,972	2,306,575
Primary Care Case Management Services	118,509	-	-		-		24	(24)
Hospice Benefits ⁽³⁾	24,326,119	28,764,002	2,257,464		2,765,769		9,160,954	19,603,048
Emergency Services Undocumented Aliens	726,066	567,619	67,679		54,579		190,740	376,879
Federally Qualified Health Center	26,234,192	36,013,699	1,763,374		3,463,421		9,605,603	26,408,096
Non-Emergency Medical Transportation	33,057,538	31,937,126	2,975,400		3,074,647		11,935,012	20,002,114
Physical Therapy	2,760,390	2,429,083	207,114		233,687		912,810	1,516,273
Occupational Therapy	636,335	754,433	48,359		72,542		235,313	519,120
Services for Speech, Hearing & Language	572,905	585,848	64,983		56,337		202,931	382,917
Prosthetic Devices, Dentures, Eyeglasses	1,889,277	1,840,232	217,002		177,190		645,091	1,195,141
Diagnostic Screening & Preventive Services	896,178	699,236	52,190		67,234		196,695	502,541
Nurse Mid-Wife	292,426	418,463	16,568		40,237		50,380	368,083
Emergency Hospital Services	192	-	-		-		-	-
Critical Access Hospitals	45,094,773	41,345,935	3,789,138		3,977,011		14,076,377	27,269,558
Nurse Practitioner Services	3,879,118	4,269,983	316,390		410,657		1,207,000	3,062,983
School Based Services	10,725,290	27,116,380	634,188		2,607,353		2,939,509	24,176,872
Rehabilitative Services (Non-School Based)	72,279,284	81,100,199	7,385,825		7,804,915		25,159,763	55,940,436
Private Duty Nursing	7,572,074	8,116,442	1,051,475		781,577		3,162,124	4,954,318
Freestanding Birth Centers	-	52,723	-		5,069		-	52,723
Health Home for Enrollees w Chronic Conditions	283,848	310,938	11,312		29,898		74,394	236,544
Other Care Services	23,840,734	24,979,301	2,088,736		2,423,661		7,584,416	17,394,885
Less: Recoupments	-	-	(2,317,646)		-		(2,317,646)	2,317,646
NET EXPENDITURES:	3,719,444,105	4,246,341,693	267,696,348		344,005,427		1,176,641,864	3,069,699,829

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2017

MONTH OF OCTOBER 2016	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2016	SFY2017	Current Month Ended 10/31/16	Current Month Ended 10/30/16	Year To-Date Thru 10/31/16	11/1/16 Thru 6/30/17
EXPENDITURES:						
Collections: Third Party Liability (line 9A on CMS-64)	(16,895,131)	-	-	-	(1,468,789)	1,468,789
Collections: Probate (line 9B on CMS-64)	(528,556)	-	-	-	(29,067)	29,067
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(136,975)	-	-	-	(90,651)	90,651
Collections: Other (line 9D on CMS-64)	(22,712,394)	-	-	-	(6,361,484)	6,361,484
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	3,679,171,049	4,246,341,693	267,696,348	344,005,427	1,168,691,873	3,077,649,820
Plus: Medicaid Part D Expenditures	38,334,392	43,492,293	3,492,546	3,624,358	13,811,304	29,680,988
Plus: State Only Medicaid Expenditures	643,193	677,984	56,065	65,191	180,091	497,893
Plus: Money Follow the Person Expenditures	1,225,231	2,372,514	144,554	228,126	519,179	1,853,334
TOTAL MEDICAID EXPENDITURES	\$ 3,719,373,866	\$ 4,292,884,484	\$ 271,389,513	\$ 347,923,102	\$ 1,183,202,448	\$ 3,109,682,035
Plus: Reimbursables ⁽¹⁾	3,982,371	4,980,394	342,515	478,884	1,252,053	3,728,340
Plus: NATCEP/PASARR/Eligibility Exams	271,038	280,566	18,409	26,978	74,701	205,865
Plus: HIT Incentive Payments	6,343,904	20,000,000	361,250	1,923,077	834,362	19,165,638
TOTAL EXPENDITURES	\$ 3,729,971,178	\$ 4,318,145,444	\$ 272,111,687	\$ 350,352,041	\$ 1,185,363,565	\$ 3,132,781,879

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

(2) Of the amount in the "Nursing Facility Services-Regular Payments" line, \$6,639,725 is the amount paid to State Facilities year to date.

(3) Of the amount in the "Hospice Benefits" line, \$7,501,459 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
 SFY2017

4 Months Actuals

8 Months Remaining

MONTH OF OCTOBER 2016	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2016	Current Month Ended 10/31/16	Year-To-Date Thru 10/31/16	11/1/2016 Thru 6/30/17	SFY2017
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	\$ 19,797,518	\$ 21,595,311	\$ 22,715,798	\$ -	\$ 22,715,798
MATCHING FUNDS					
General Revenue (0403/189)	367,629,797	21,840,372	91,101,014	328,896,661	419,997,674
MRDD Waiver (0403/466)	88,753,483	4,881,442	16,715,240	72,038,243	88,753,483
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,333	865,333	1,730,667	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,667	2,118,667	4,237,333	6,356,000
Traumatic Brain Injury (0403/835)	800,000	58,667	218,667	581,333	800,000
Title XIX Waiver for Seniors (0403-533)	11,377,874	747,650	2,560,132	11,033,489	13,593,620
Medical Services Surplus (0403/633)	-	-	5,500,000	-	5,500,000
Waiver for Senior Citizens Surplus (0403/526)	-	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	29,713,026	-	5,456,069	16,368,205	21,824,274
Lottery Waiver (0420/539)	5,906,641	-	3,035,546	9,106,638	12,142,184
Lottery Transfer (5405/871)	8,670,000	-	2,200,000	6,470,000	8,670,000
Excess Lottery (5365/189)	24,512,140	-	16,000,000	15,377,985	31,377,985
Lottery Surplus (5405/68199)	10,000,000	-	-	8,000,000	8,000,000
Lottery Surplus (5365/68100)	20,000,000	-	-	30,000,000	30,000,000
Trust Fund Appropriation (5185/189)	66,292,331	30,000,000	51,000,000	98,654,988	149,654,988
Provider Tax (5090/189)	209,832,017	22,789,158	75,039,158	128,241,849	203,281,007
NSGO UPL (5084/6717)	4,378,592	281,322	647,748	593,655	1,241,403
Certified Match	11,857,611	780,668	3,594,246	11,254,744	14,848,990
Reimbursables - Amount Reimbursed	4,138,564	-	487,605	4,492,788	4,980,394
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	602,343	53,260	207,204	692,796	900,000
CHIP State Share	3,567,160	-	-	-	-
CMS - 64 Adjustments	647,987	-	554,094	(554,094)	-
TOTAL MATCHING FUNDS	\$ 897,429,083	\$ 103,773,849	\$ 300,016,520	\$ 747,217,280	\$ 1,047,233,800
FEDERAL FUNDS	\$ 2,887,088,843	\$ 204,564,657	\$ 922,449,888	\$ 2,395,874,777	\$ 3,318,324,666
TOTAL REVENUE SOURCES	\$ 3,784,517,927	\$ 308,338,506	\$ 1,222,466,409	\$ 3,143,092,057	\$ 4,365,558,466
TOTAL EXPENDITURES:					
Provider Payments	\$ 3,729,971,178	\$ 272,111,687	\$ 1,185,363,565	\$ 3,132,781,879	\$ 4,318,145,444
TOTAL	\$ 54,546,748	\$ 36,226,818	\$ 37,102,843		\$ 47,413,022

Note: FMAP (71.42% applicable Jul. - Sep. 2016) (71.80% applicable Oct. 2016 - Jun. 2017)

Joint Committee on Government and Finance

January 2017

Department of Health and Human Resources

**MEDICAID WAIVER REPORT
October 2016 Data**

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

Aged & Disabled Waiver Reported Oct 31, 2016		FY 2016 YTD	Jul 16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	FY2017 YTD
Slots Approved By CMS (1)		6,385	6,151	6,151	6,151	6,151	6,151	6,151	6,151	6,151	6,151	6,151	6,151	6,151	6,151
-Slots Available for Traditional (non TMH-WV) enrollees		6,305	6,071	6,071	6,071	6,071									6,071
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees		80	80	80	80	80									80
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count		6,385	5,760	5,801	5,873	5,920									5,920
Applicants determined eligible this month and added to MEL (3)		1,897	78	77	84	90									329
Applicants determined ineligible		195	3	7	7	5									22
ACTIVE MEMBERS															
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count		5,571	5,726	5,718	5,732	5,708									5,708
Active members enrolled during the calendar month		825	234	134	112	71									551
-Total Active Traditional members enrolled during the calendar month		N/A	230	128	111	65									534
-Total Active TMH-WV members enrolled during the calendar month		N/A	4	6	1	6									17
Members discharged during the calendar month		1,045	79	142	98	95									414
ADW Members whose case was closed by reason	Member is deceased	573	46	87	40	53									226
	Other (4)	472	33	55	58	42									188
MANAGED ENROLLMENT LIST (MEL)															
# Eligible applicants closed during the calendar month (removed from MEL)		1,903	165	137	79	50									431
ADW Applicants removed from the MEL	Applicant offered a slot	919	113	111	58	29									311
	Applicant became deceased	169	33	2	7	11									53
	Other (5)	815	19	24	14	10									67
Applicants on the MEL who are in a nursing facility YTD Column reflects average # members in setting		34	5	13	6	5									7
Applicants on the MEL receiving Personal Care YTD Column reflects average # members in setting		86	26	26	17	13									21
Applicants on the MEL at the end of the month		274	187	127	132	172									172
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days		190	195	188	186	152									180

(1) Of the 6,151 slots approved by CMS, 80 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant.

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

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

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

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

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

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

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

Intellectual/Developmental Disabilities Waiver Reported October 31, 2016		FY 2016	July-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	YTD2017
Slots approved by CMS		4,634	4,634	4,634	4,634	4,634									4,634
Total number of members served YTD (unduplicated slots used) (1)		4,634	4,587	4,588	4,588	4,588									4,588
Applicants determined eligible (2)		293	16	14	24	18									72
Applicants determined ineligible (3)		287	11	20	21	17									69
ACTIVE MEMBERS															
# of active members at the end of the month (unduplicated slots active) (1)		4,534	4,577	4,564	4,556	4,541									4,541
Discharged members at the end of the calendar month		104	11	15	10	16									52
Discharged members who were discharged by reason	Deceased	53	6	9	6	7									28
	Left program to enter a facility	9	2	2	0	0									4
	Other (6)	40	3	3	4	9									19
MANAGED ENROLLMENT LIST (MEL)															
Total number of applicants on the MEL at the end of the month		1,260	1,220	1,228	1,250	1,264									1,264
Number of applicants added to the MEL (4)		293	16	14	24	18									72
Applicants enrolled (removed from the MEL)		115	54	2	2	1									59
Applicants removed from the MEL due to Death (5)		9	0	0	0	1									1
Applicants removed from the MEL due to Other (6)		7	2	4	0	2									8
Applicants on the MEL who are in a Nursing Facility		2	1	2	2	1									1
Applicants on the MEL who are in an ICF/IID Group Home		85	93	96	93	84									84
Applicants on the MEL receiving Personal Care Services each month		76	82	88	88	96									96
Longest on the MEL to date (7)		1303 Days	1,334	1,315	1,341	1,372									1372

(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 October 31, 2016		FY 2016 YTD	Jul 16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	FY2017 YTD
Slots Approved By CMS (1)		74	70	70	70	70									70
-Slots Available for Traditional (non TMH-WV) enrollees		64	60	60	60	60									60
-Slots reserved for Take Me Home-WV (TMH-WV) enrollees		10	10	10	10	10									10
Total number of members served YTD (unduplicated slots used) (2) YTD Column reflects most recent month's count		73	63	63	62	62									62
Applicants determined eligible this month and added to MEL (3)		NA	1	4	3	3									11
Applicants determined ineligible		5	0	0	1	1									2
ACTIVE MEMBERS															
Active members at the end of the month (unduplicated slots active) YTD Column reflects most recent month's count		63	63	63	62	62									62
Active members enrolled during the calendar month		63	0	0	0	0									0
-Total Active Traditional members enrolled during the calendar month		62	62	62	61	61									61
-Total Active TMH-WV members enrolled during the calendar month		1	1	1	1	1									1
Members discharged during the calendar month		17	0	0	1	0									1
TBIW Members whose case was closed by reason	Member is deceased	4	0	0	0	0									0
	Other (4)	13	0	0	1	0									1
MANAGED ENROLLMENT LIST (MEL)															
# Eligible applicants closed during the calendar month (removed from MEL)		0	0	0	0	0									0
TBIW Applicants removed from the MEL	Applicant offered a slot	6	0	0	0	0									0
	Applicant became deceased	0	0	0	0	0									0
	Other (5)	0	0	0	0	0									0
Applicants on the MEL who are in a nursing facility YTD Column reflects average # members in setting		1	1	1	0	0									1
Applicants on the MEL receiving Personal Care YTD Column reflects average # members in setting		0	0	1	1	1									1
Applicants on the MEL at the end of the month		0	1	5	8	11									11
Days -Longest time spent on the MEL to date (6) YTD Column reflects average # of days		39	3	34	64	95									49

(1) Of the 70 slots approved by CMS, 10 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant. Beginning SFY 2016-2017, the program was over the number of slots available for Traditional enrollees. There are no available Traditional slots beginning SFY 2016-2017, therefore medically eligible applicants that are Traditional will be placed on the MEL.

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

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

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

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

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

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

Joint Committee on
Government and Finance
Report

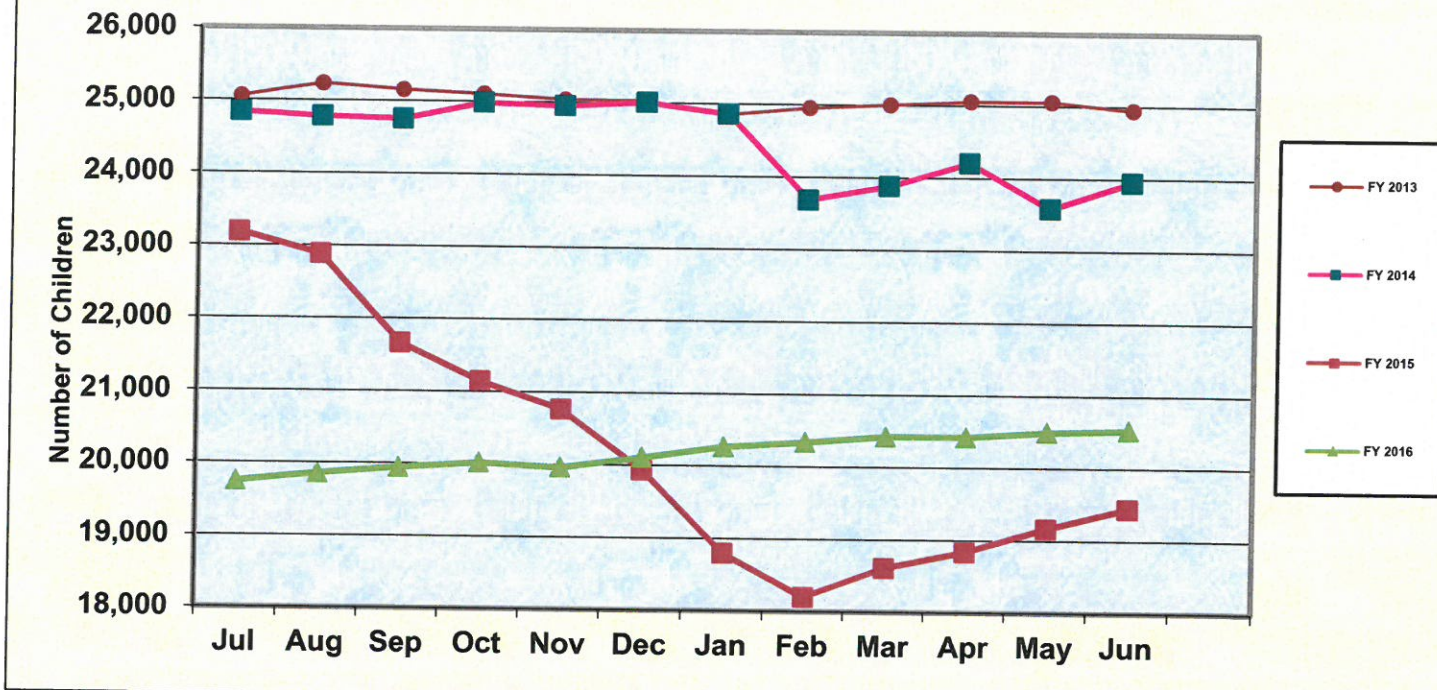
JANUARY 2017

Department of Health and Human Resources

State Children's Health Insurance Program
UPDATE

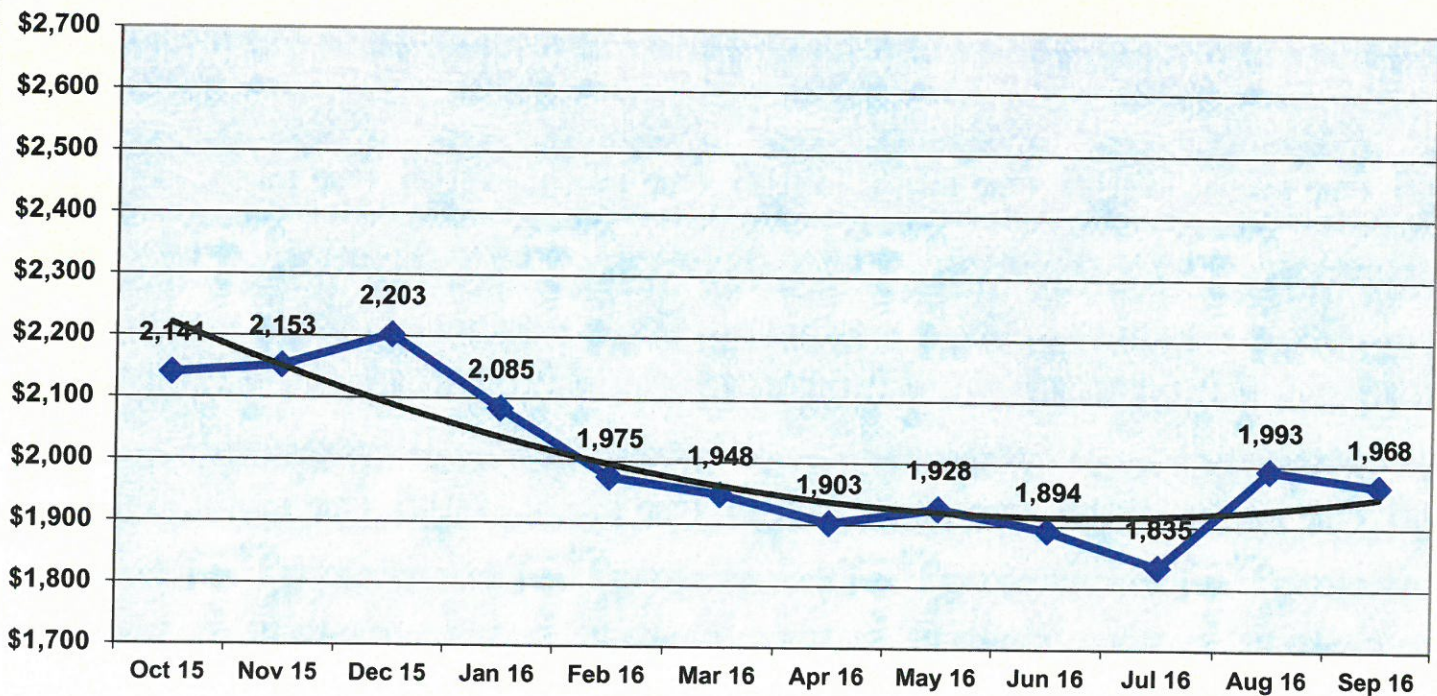


WV CHIP Enrollment



September 30th Enrollment 20,722

Annualized Health Care Expenditures (Cost per Child)



**West Virginia Children's Health Insurance Program
Comparative Balance Sheet
September 2016 and 2015
(Accrual Basis)**

	September 30, 2016	September 30, 2015	Variance	
Assets:				
Cash & Cash Equivalents	\$6,764,454	\$8,302,108	(\$1,537,654)	-19%
Due From Federal Government	\$11,621,866	\$3,255,492	\$8,366,374	257%
Due From Other Funds	\$1,144,540	\$816,418	\$328,122	40%
Accrued Interest Receivable	\$6,625	\$5,070	\$1,555	31%
Fixed Assets, at Historical Cost	<u>\$82,046</u>	<u>\$82,046</u>	<u>\$0</u>	<u>0%</u>
Total Assets	<u>\$19,619,531</u>	<u>\$12,461,134</u>	<u>\$7,158,397</u>	<u>57%</u>
Liabilities:				
Accounts Payable	\$1,111,500	\$421,910	\$689,590	163%
Unpaid Insurance Claims Liability	<u>\$10,240,000</u>	<u>\$3,650,000</u>	<u>\$6,590,000</u>	<u>181%</u>
Total Liabilities	<u>\$11,351,500</u>	<u>\$4,071,910</u>	<u>\$7,279,590</u>	<u>179%</u>
Fund Equity	<u>\$8,268,031</u>	<u>\$8,389,224</u>	(<u>\$121,193</u>)	<u>-1%</u>
Total Liabilities and Fund Equity	<u>\$19,619,531</u>	<u>\$12,461,134</u>	<u>\$7,158,397</u>	<u>57%</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, 2016 and September 30, 2015
(Modified Accrual Basis)

	September 30, 2016	September 30, 2015	Variance	
Revenues				
Federal Grants	20,470,748	8,569,349	11,901,399	139%
State Appropriations	0	0	0	0%
Premium Revenues	329,448	341,385	(11,937)	-3%
Investment Income:				
Investment Earnings	<u>19,782</u>	<u>15,551</u>	<u>4,231</u>	<u>27%</u>
Total Revenues	<u>20,819,978</u>	<u>8,926,285</u>	<u>11,893,693</u>	<u>133%</u>
Expenditures:				
Claims:				
Outpatient Services	1,267,301	2,521,178	(1,253,877)	-50%
Physicians & Surgical	3,242,117	2,055,653	1,186,464	58%
Prescribed Drugs	1,921,100	2,031,932	(110,832)	-5%
Dental	1,751,623	1,348,166	403,457	30%
Inpatient Hospital Services	623,610	978,733	(355,123)	-36%
Outpatient Mental Health	4,526	230,855	(226,329)	-98%
Durable & Disposable Med. Equip.	142,409	208,324	(65,915)	-32%
Therapy	722,787	193,536	529,251	273%
Inpatient Mental Health	219,245	165,035	54,210	33%
Vision	196,803	161,686	35,117	22%
Medical Transportation	18,543	93,250	(74,707)	-80%
Other Services	570,816	9,857	560,959	5691%
Less: Collections**	<u>(269,655)</u>	<u>(192,972)</u>	<u>(76,683)</u>	<u>40%</u>
Total Claims	<u>10,411,225</u>	<u>9,805,233</u>	<u>605,992</u>	<u>6%</u>
General and Admin Expenses:				
Salaries and Benefits	141,877	159,779	(17,902)	-11%
Program Administration	747,198	659,095	88,103	13%
Eligibility	0	14,460	(14,460)	-100%
Outreach & Health Promotion	17,591	4,874	12,717	261%
Current	<u>25,702</u>	<u>58,081</u>	<u>(32,379)</u>	<u>-56%</u>
Total Administrative	<u>932,368</u>	<u>896,289</u>	<u>36,079</u>	<u>4%</u>
Total Expenditures	<u>11,343,593</u>	<u>10,701,522</u>	<u>642,071</u>	<u>6%</u>
Excess of Revenues				
Over (Under) Expenditures	9,476,384	(1,775,237)	11,251,621	-634%
Unrealized Gain(loss) On Investments*	(7,952)	(3,790)	(4,162)	110%
Fund Equity, Beginning	<u>8,268,031</u>	<u>10,690,817</u>	<u>(2,422,786)</u>	<u>-23%</u>
Fund Equity, Ending	<u>17,736,464</u>	<u>8,911,790</u>	<u>8,824,674</u>	<u>99%</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
WVFIMS Fund 5071
For the Month September 30, 2016
(Accrual Basis)

Investment Account

Funds Invested	\$6,379,470
Interest Earned	<u>6,616</u>
Total	<u>\$6,386,086</u>

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program
Budget to Actual Statement
State Fiscal Year 2017
For the Three Months Ended September 30, 2016**

	<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-16</u>	<u>Actual Amt Aug-16</u>	<u>Actual Amt Jul-16</u>
Projected Cost	\$46,142,615	\$11,535,654	\$10,813,022	\$722,632	6%	\$3,845,218	\$4,407,698	\$4,214,030	\$2,191,293
Premiums	2,196,180	\$549,045	\$329,448	(\$219,597)	-40%	183,015	112,572	122,003	\$94,873
Subrogation & Rebates	<u>1,282,512</u>	<u>\$320,628</u>	<u>\$111,701</u>	<u>(208,927)</u>	<u>-65%</u>	<u>106,876</u>	<u>0</u>	<u>111,701</u>	<u>0</u>
Net Benefit Cost	\$42,663,923	\$10,665,981	\$10,371,872	\$294,108	3%	3,653,297	4,295,126	3,980,326	\$2,096,420
Salaries & Benefits	\$702,625	\$175,656	\$141,877	\$33,779	19%	\$58,552	\$47,373	\$43,300	\$51,204
Program Administration	\$1,993,918	\$498,480	\$747,198	(248,719)	-50%	166,160	\$368,142	\$335,933	\$43,123
Eligibility	\$326,676	\$81,669	\$0	81,669	100%	27,223	\$0	\$0	\$0
Outreach & Health Prom.	\$392,012	\$98,003	\$17,591	80,412	82%	32,668	\$8,728	\$7,863	\$1,000
Current Expense	<u>\$326,676</u>	<u>\$81,669</u>	<u>\$25,702</u>	<u>55,967</u>	<u>69%</u>	<u>27,223</u>	<u>\$21,372</u>	<u>\$2,350</u>	<u>\$1,980</u>
Total Admin Cost	\$3,741,907	\$935,477	\$932,368	\$3,109	0%	\$311,826	\$445,615	\$389,446	\$97,308
Total Program Cost	<u>\$46,405,830</u>	<u>\$11,601,458</u>	<u>\$11,304,240</u>	<u>\$297,217</u>	<u>3%</u>	<u>\$3,965,122</u>	<u>\$4,740,740</u>	<u>\$4,369,772</u>	<u>\$2,193,728</u>
Federal Share 100%	46,405,830	11,601,458	\$11,304,240	297,217	3%	\$3,965,122	4,740,740	4,369,772	2,193,728
State Share 0%	<u>0</u>	<u>0</u>	<u>\$0</u>	<u>0</u>	<u>0%</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Program Cost **	<u>\$46,405,830</u>	<u>\$11,601,458</u>	<u>\$11,304,240</u>	<u>\$297,217</u>	<u>3%</u>	<u>\$3,965,122</u>	<u>\$4,740,740</u>	<u>\$4,369,772</u>	<u>\$2,193,728</u>

* Positive percentages indicate favorable variances

** Budgeted Year Based on CCRC Actuary 6/30/2016 Report.

Unaudited - Cash Basis For Management Purposes Only - Unaudited

Memo for Calculations Above:

Notes: 100%

1/. Total budgeted for Year Program costs are CCRC Actuary's Base Line Scenerio dated 6/30/16 Final worksheet
Net Paid Program Costs.

2/. Federal Share for FFY 2016 is 100.00%.

WVCHIP Enrollment Report

ATTACHMENT 1

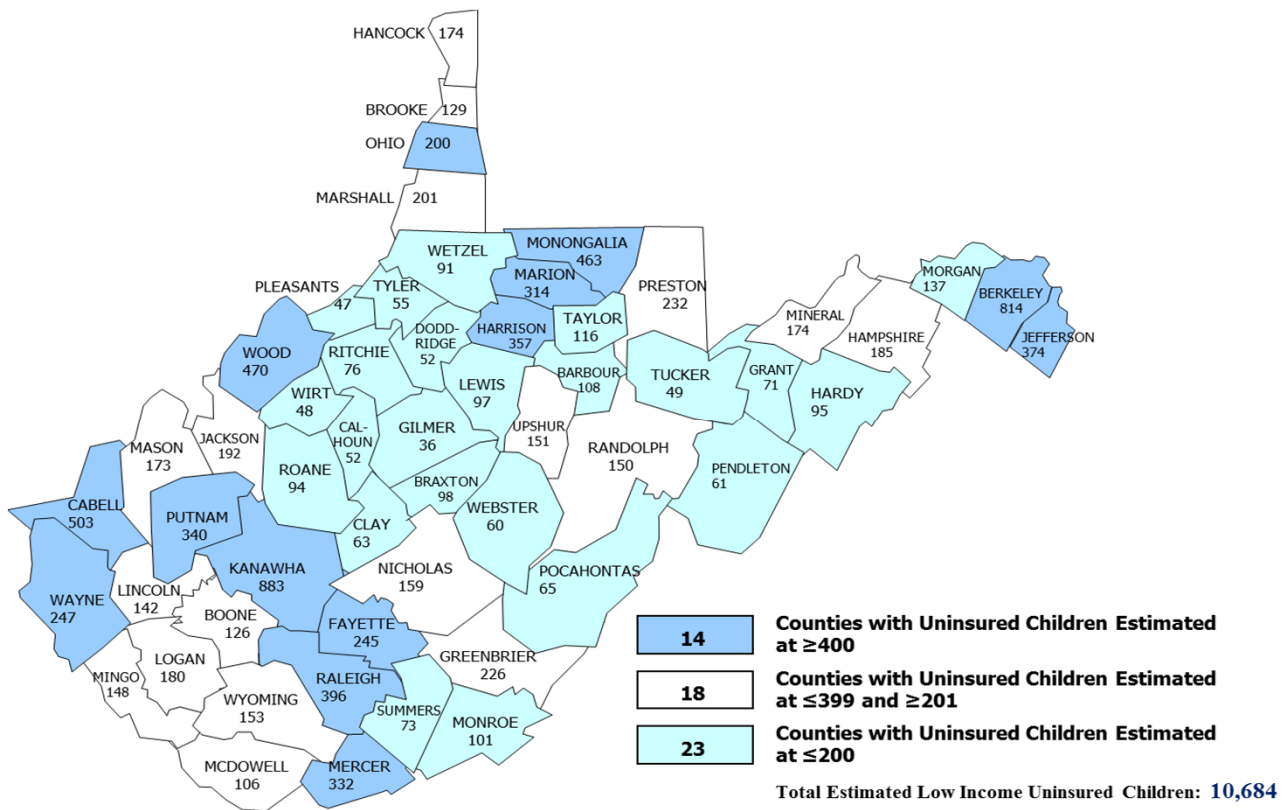
November 2016

County	County Pop.	Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2010	2010
	2010 Est. (0-18 Yrs)	Enrollment Nov-16	Enrollment Nov-16	CHIP/Medicaid Enrollment	Enrollment % of Population	Est. Uninsured 3%	# Children Uninsured Ranking*
Barbour	3,600	232	1,739	1,971	54.8%	108	33
Berkeley	26,251	1,488	11,793	13,281	50.6%	788	2
Boone	5,615	252	3,434	3,686	65.6%	168	25
Braxton	3,006	157	1,741	1,898	63.1%	90	40
Brooke	4,573	137	1,568	1,705	37.3%	137	31
Cabell	18,879	1,007	9,532	10,539	55.8%	566	4
Calhoun	1,518	71	899	970	63.9%	46	51
Clay	2,215	150	1,433	1,583	71.5%	66	44
Doddridge	1,673	81	788	869	51.9%	50	48
Fayette	9,438	703	5,413	6,116	64.8%	283	13
Gilmer	1,260	51	614	665	52.8%	38	54
Grant	2,555	110	1,083	1,193	46.7%	77	42
Greenbrier	7,131	590	3,704	4,294	60.2%	214	16
Hampshire	5,392	236	2,502	2,738	50.8%	162	27
Hancock	6,166	403	2,908	3,311	53.7%	185	20
Hardy	3,015	161	1,672	1,833	60.8%	90	39
Harrison	15,202	819	6,777	7,596	50.0%	456	7
Jackson	6,602	359	3,159	3,518	53.3%	198	18
Jefferson	12,679	597	3,901	4,498	35.5%	380	10
Kanawha	39,771	1,994	19,991	21,985	55.3%	1,193	1
Lewis	3,389	230	2,016	2,246	66.3%	102	37
Lincoln	4,930	250	3,273	3,523	71.5%	148	30
Logan	7,496	390	4,703	5,093	67.9%	225	15
Marion	11,227	606	5,433	6,039	53.8%	337	11
Marshall	6,886	273	3,153	3,426	49.8%	207	17
Mason	5,929	245	2,975	3,220	54.3%	178	21
McDowell	4,423	211	3,369	3,580	80.9%	133	32
Mercer	12,764	830	8,167	8,997	70.5%	383	9
Mineral	5,868	244	2,498	2,742	46.7%	176	23
Mingo	5,905	239	4,073	4,312	73.0%	177	22
Monongalia	15,294	826	5,525	6,351	41.5%	459	6
Monroe	2,835	228	1,243	1,471	51.9%	85	41
Morgan	3,596	227	1,544	1,771	49.3%	108	34
Nicholas	5,561	311	3,153	3,464	62.3%	167	26
Ohio	8,444	417	3,631	4,048	47.9%	253	14
Pendleton	1,462	65	656	721	49.3%	44	52
Pleasants	1,551	78	647	725	46.7%	47	50
Pocahontas	1,561	143	857	1,000	64.1%	47	49
Preston	6,536	375	3,264	3,639	55.7%	196	19
Putnam	13,150	648	4,400	5,048	38.4%	395	8
Raleigh	16,403	984	9,719	10,703	65.3%	492	5
Randolph	5,705	467	2,981	3,448	60.4%	171	24
Ritchie	2,205	108	1,100	1,208	54.8%	66	45
Roane	3,239	253	1,888	2,141	66.1%	97	38
Summers	2,521	144	1,449	1,593	63.2%	76	43
Taylor	3,514	188	1,667	1,855	52.8%	105	35
Tucker	1,371	98	598	696	50.8%	41	53
Tyler	1,924	97	865	962	50.0%	58	47

WVCHIP Enrollment Report

November 2016

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment Nov-16	Total Medicaid Enrollment Nov-16	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	2010 Est. Uninsured 3%	2010 # Children Uninsured Ranking*
Upshur	4,996	305	2,978	3,283	65.7%	150	29
Wayne	9,516	355	4,991	5,346	56.2%	285	12
Webster	1,977	115	1,372	1,487	75.2%	59	46
Wetzel	3,466	177	1,882	2,059	59.4%	104	36
Wirt	1,201	67	755	822	68.5%	36	55
Wood	18,956	945	9,533	10,478	55.3%	569	3
Wyoming	5,116	279	3,134	3,413	66.7%	153	28
Totals	387,459	21,016	194,143	215,159	55.5%	11,624	

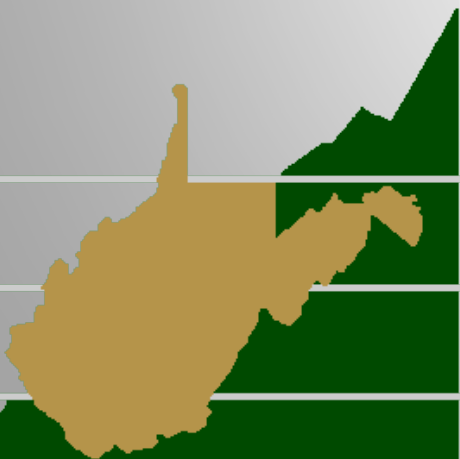


The above map shows the most recent 2013 county level data provided by the U.S. Census Bureau Small Area Health Insurance Estimates (SAHIE) for children under 19 years. While the statewide average for children under 19 is now about 3%, the SAHIE data reflects more accurately the variation from county to county depending on the availability of employer sponsored insurance and should be a more accurate way to target outreach than in previous years.

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

November 30, 2016



Participant Plans Allocation & Performance Net of Fees

Period Ending: November 30, 2016

	6/30/2016		11/30/2016		Performance %						
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
WVIMB Fund Assets	16,747,244	100.0	16,894,011	100.0							
Pension Assets	13,230,134	79.0	13,530,240	80.2							
Public Employees' Retirement System	5,597,558	33.4	5,771,110	34.2	0.7	0.9	4.2	6.1	5.4	8.8	5.7
Teachers' Retirement System	6,513,312	38.9	6,608,323	39.1	0.7	0.8	4.1	6.0	5.3	8.7	5.4
EMS Retirement System	58,844	0.4	62,070	0.4	0.7	0.8	4.2	6.0	5.4	8.8	
Public Safety Retirement System	578,762	3.5	585,213	3.5	0.7	0.8	4.1	6.0	5.3	8.8	5.7
Judges' Retirement System	167,178	1.0	172,749	1.0	0.7	0.9	4.2	6.1	5.4	8.8	5.7
State Police Retirement System	138,127	0.8	145,918	0.9	0.7	0.8	4.2	6.1	5.4	8.8	5.7
Deputy Sheriffs' Retirement System	171,949	1.0	179,609	1.1	0.7	0.9	4.2	6.1	5.4	8.8	5.7
Municipal Police & Firefighter Retirement System	3,080	0.0	3,873	0.0	0.7	0.8	4.1	5.8	5.2	8.3	
Municipal Model A	1,324	0.0	1,375	0.0	0.7	0.8	4.2	5.9	5.2		
Insurance Assets	2,545,860	15.2	2,524,553	14.9							
Workers' Compensation Old Fund	1,284,843	7.7	1,263,494	7.4	(0.8)	(0.8)	1.7	4.3	3.0	4.5	3.7
Workers' Comp. Self-Insured Guaranty Risk Pool	33,418	0.2	33,079	0.2	(0.4)	(0.1)	2.5	3.8	3.1	5.0	3.8
Workers' Comp. Self-Insured Security Risk Pool	53,881	0.3	53,386	0.3	(0.4)	(0.2)	2.4	3.8			
Workers' Comp. Uninsured Employers' Fund	10,841	0.1	11,105	0.1	(0.2)	0.0	2.4	3.5	2.9	4.8	3.6
Pneumoconiosis	246,635	1.5	245,747	1.4	(0.3)	(0.1)	2.4	3.7	3.0	4.9	4.2
Board of Risk & Insurance Management	132,322	0.8	135,535	0.8	(0.3)	(0.1)	2.4	3.7	3.0	4.9	4.7
Public Employees' Insurance Agency	176,829	1.0	144,610	0.9	(0.4)	(0.2)	2.3	3.7	3.1	4.9	4.4
WV Retiree Health Benefit Trust Fund	607,091	3.6	637,597	3.8	0.7	0.8	4.2	6.1	5.4	8.4	
Endowment Assets	971,250	5.8	839,218	4.9							
Berkeley County Development Authority	6,089	0.0	6,344	0.0	0.7	0.8	4.2	6.1			
Wildlife Fund	54,571	0.3	57,070	0.3	0.7	0.8	4.2	6.1	5.4	8.8	5.7
Prepaid Tuition Trust	54,948	0.3	49,822	0.3	(0.2)	(0.5)	2.6	4.6	4.5	7.2	5.3
Revenue Shortfall Reserve Fund	336,013	2.0	190,728	1.1	(1.6)	(1.5)	(0.5)	3.2	2.2	2.2	2.0
Revenue Shortfall Reserve Fund - Part B	390,670	2.4	396,929	2.3	(0.9)	(0.9)	1.6	4.4	3.1	4.6	3.1
WV DEP Trust	7,808	0.1	8,165	0.1	0.4	0.6	4.6	4.5	4.0	8.1	
WV DEP Agency	121,151	0.7	130,160	0.8	(0.2)	0.0	3.1	4.1	3.4		

Composite Asset Allocation & Performance Net of Fees

Period Ending: November 30, 2016

	Asset (\$000)	%	Performance %							
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	
Investment Pools Composite	16,900,333	100.00								
Total Equity Composite	8,535,407	50.51	0.69	0.60	5.84	5.74	4.14	10.55	5.27	
+/- Total Equity Policy Index (b)			(0.35)	0.66	0.98	1.21	0.62	0.89	1.29	
US Equity Composite	4,102,770	24.28	4.03	1.65	5.43	6.06	8.03	14.09	6.99	
+/- Russell 3000 Index			(0.45)	(0.73)	(1.28)	(2.25)	(0.65)	(0.32)	(0.01)	
Large Cap Composite	3,359,313	19.88	3.15	1.24	4.16	6.38	8.89	14.26	6.91	
+/- S&P 500 Index			(0.55)	(0.59)	(1.57)	(1.68)	(0.18)	(0.19)	0.02	
Non-Large Cap Composite	743,457	4.40	8.18	3.67	11.07	4.46	4.80	13.04	7.40	
+/- Russell 2500 Index			(0.33)	(0.93)	0.14	(6.19)	(2.33)	(1.11)	(0.13)	
International Equity Composite	4,432,637	26.23	(2.21)	(0.38)	6.20	5.44	0.18	6.95	3.71	
+/- MSCI AC World ex US IMI Index (c)			0.18	2.18	3.29	4.74	1.71	2.02	2.13	
Fixed Income Composite	3,265,939	19.32	(1.50)	(1.42)	0.15	3.75	3.15	3.72	4.35	
+/- Bloomberg Barclays Capital Universal (d)			0.75	1.45	2.12	0.67	0.13	0.76	(0.22)	
Core Fixed Income	987,437	5.84	(2.15)	(2.79)	(2.39)	2.52	3.20	3.10		
+/- Bloomberg Barclays Capital Aggregate			0.22	0.38	0.28	0.35	0.41	0.67		
Total Return Fixed Income	2,278,502	13.48	(1.22)	(0.82)	1.29	4.28	3.12	4.04	4.61	
+/- Bloomberg Barclays Capital Universal			1.03	2.05	3.26	1.20	0.10	1.08	0.12	
TIPS Composite	335,318	1.98	(1.93)	(1.78)	(1.37)	3.94	1.76	0.90		
+/- Bloomberg Barclays Capital U.S.TIPS			(0.01)	0.00	0.00	(0.01)	(0.03)	(0.02)		
Cash Composite	117,294	0.69	0.02	0.08	0.13	0.30	0.17	0.16	0.95	
+/- Citigroup 90 Day T-Bill (e)			(0.02)	0.00	0.00	0.02	0.06	0.01	0.01	
Private Equity Composite	1,479,844	8.76	3.55	4.19	4.92	13.67	13.49	12.90		
+/- Russell 3000 + 3% (f, g)								(5.10)		
Real Estate Composite	1,551,047	9.18	0.72	1.07	1.15	9.19	10.58	10.25		
+/- NCREIF + 1% (f)								(2.04)		
Hedge Fund Composite	1,615,484	9.56	0.92	1.98	3.82	1.15	2.91	5.15		
+/- HFRI FOF + 1% (h)			0.54	1.25	0.96	0.77	0.87	2.19		

Participant Plans Allocation vs. Strategy

Period Ending: November 30, 2016

	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	26.4	27.5	28.3	27.5	13.8	15.0	10.4	10.0	10.8	10.0	10.2	10.0	0.1	0.0
Teachers' Retirement System	26.0	27.5	28.3	27.5	13.7	15.0	10.4	10.0	11.1	10.0	10.2	10.0	0.3	0.0
EMS Retirement System	26.4	27.5	28.1	27.5	14.3	15.0	10.3	10.0	10.0	10.0	10.3	10.0	0.6	0.0
Public Safety Retirement System	26.0	27.5	28.4	27.5	13.8	15.0	10.4	10.0	11.0	10.0	10.2	10.0	0.2	0.0
Judges' Retirement System	26.4	27.5	28.3	27.5	14.1	15.0	10.4	10.0	10.2	10.0	10.5	10.0	0.1	0.0
State Police Retirement System	26.3	27.5	28.1	27.5	14.6	15.0	10.4	10.0	10.1	10.0	10.3	10.0	0.2	0.0
Deputy Sheriffs' Retirement System	26.2	27.5	28.2	27.5	14.3	15.0	10.4	10.0	10.3	10.0	10.4	10.0	0.2	0.0
Municipal Police & Firefighter Retirement System	25.4	27.5	26.2	27.5	13.9	15.0	9.8	10.0	9.6	10.0	9.6	10.0	5.5	0.0
Municipal Model A	25.8	27.5	27.5	27.5	13.5	15.0	10.1	10.0	9.8	10.0	9.9	10.0	3.4	0.0

Insurance Assets

Workers' Compensation Old Fund	14.9	15.0	16.0	15.0	65.1	70.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0	0.0
Workers' Comp. Self-Insured Guaranty Risk Pool	14.6	15.0	15.6	15.0	44.2	45.0	0.0	0.0	0.0	0.0	21.8	20.0	3.8	5.0
Workers' Comp. Self-Insured Security Risk Pool	14.8	15.0	15.5	15.0	45.1	45.0	0.0	0.0	0.0	0.0	21.0	20.0	3.6	5.0
Workers' Comp. Uninsured Employers Fund	14.4	15.0	15.5	15.0	38.9	40.0	0.0	0.0	0.0	0.0	21.2	20.0	10.0	10.0
Pneumoconiosis	14.6	15.0	15.7	15.0	44.6	45.0	0.0	0.0	0.0	0.0	20.9	20.0	4.2	5.0
Board of Risk & Insurance Mgmt.	14.6	15.0	15.4	15.0	43.9	45.0	0.0	0.0	0.0	0.0	21.1	20.0	5.0	5.0
Public Employees' Insurance Agency	14.7	15.0	15.4	15.0	49.4	50.0	0.0	0.0	0.0	0.0	20.5	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	26.2	27.5	27.9	27.5	14.4	15.0	10.3	10.0	10.3	10.0	10.3	10.0	0.6	0.0

Endowment Assets

Berkeley County Development Authority	26.3	27.5	28.2	27.5	14.5	15.0	10.4	10.0	10.5	10.0	10.1	10.0	0.0	0.0
Wildlife Fund	26.2	27.5	28.1	27.5	14.3	15.0	10.4	10.0	10.3	10.0	10.4	10.0	0.3	0.0
Prepaid Tuition Trust	28.0	27.5	22.5	22.5	47.4	50.0	0.0	0.0	0.0	0.0	0.0	0.0	2.1	0.0
Revenue Shortfall Reserve Fund	0.0	0.0	0.0	0.0	92.1	100.0	0.0	0.0	0.0	0.0	0.0	0.0	7.9	0.0
Revenue Shortfall Reserve Fund - Part B	14.7	15.0	15.6	15.0	69.6	70.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
WV DEP Trust	31.2	32.5	33.4	32.5	14.6	15.0	0.0	0.0	0.0	0.0	20.7	20.0	0.1	0.0
WV DEP Agency	19.1	20.0	20.1	20.0	38.7	40.0	0.0	0.0	0.0	0.0	20.3	20.0	1.8	0.0

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

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

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Status Report:
Workers' Compensation

Joint Committee on Government & Finance

December 2016

Provided by the West Virginia Offices of the Insurance Commissioner



Table of Contents:

Introduction	3
Definitions	4-6
Monthly Claims Count and Reserve Charts	7-11
Old Fund Cash Statements	12
Coal Workers Pneumoconiosis Fund Cash Statement	13
Self-Insured Guaranty Fund Cash Statement	14
Self-Insured Security Fund Cash Statement	15
Uninsured Employers' Fund Cash Statement	16

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.

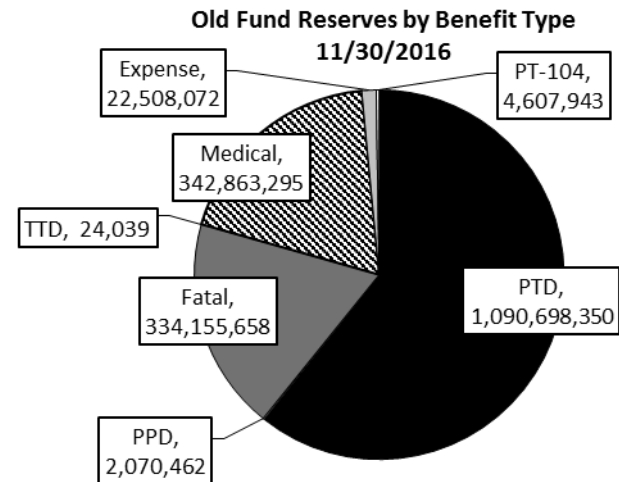
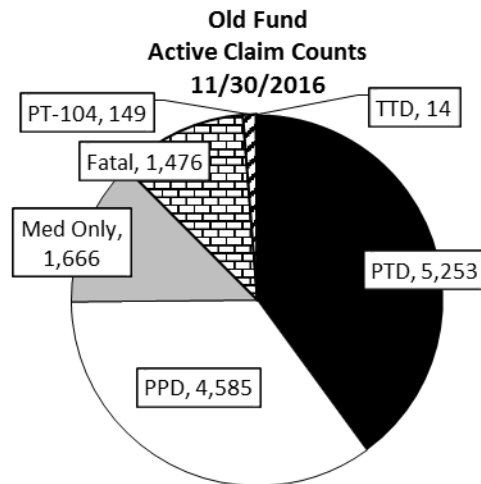
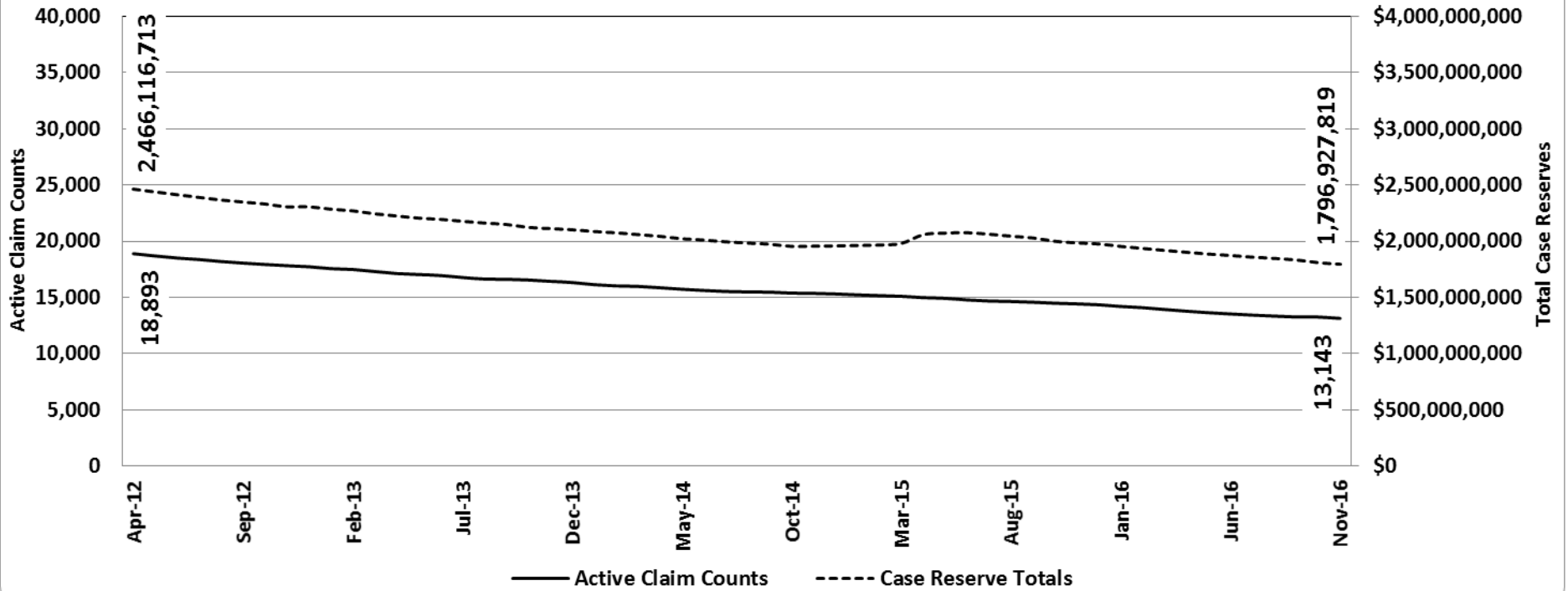
Self-Insured Security Fund: State managed fund consisting of those funds paid into it thru the WVOIC's administration of 85 CSR §19 (2004), and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last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

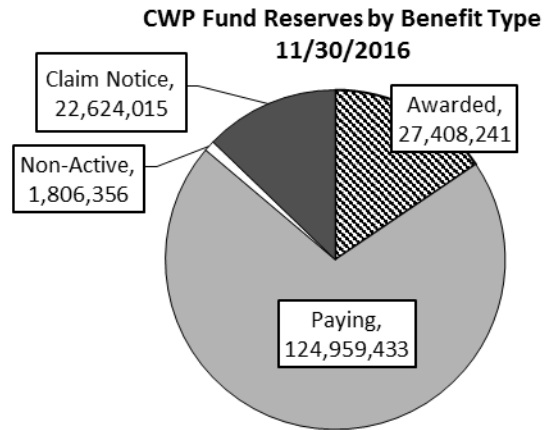
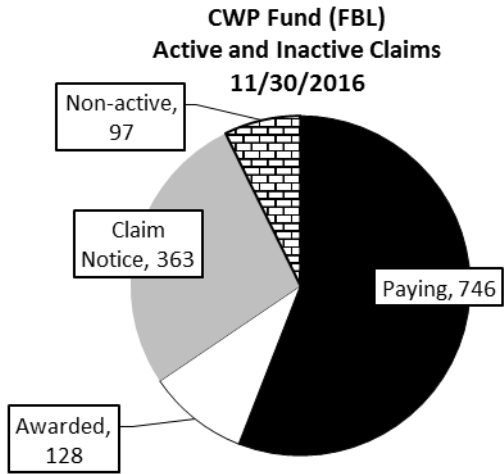
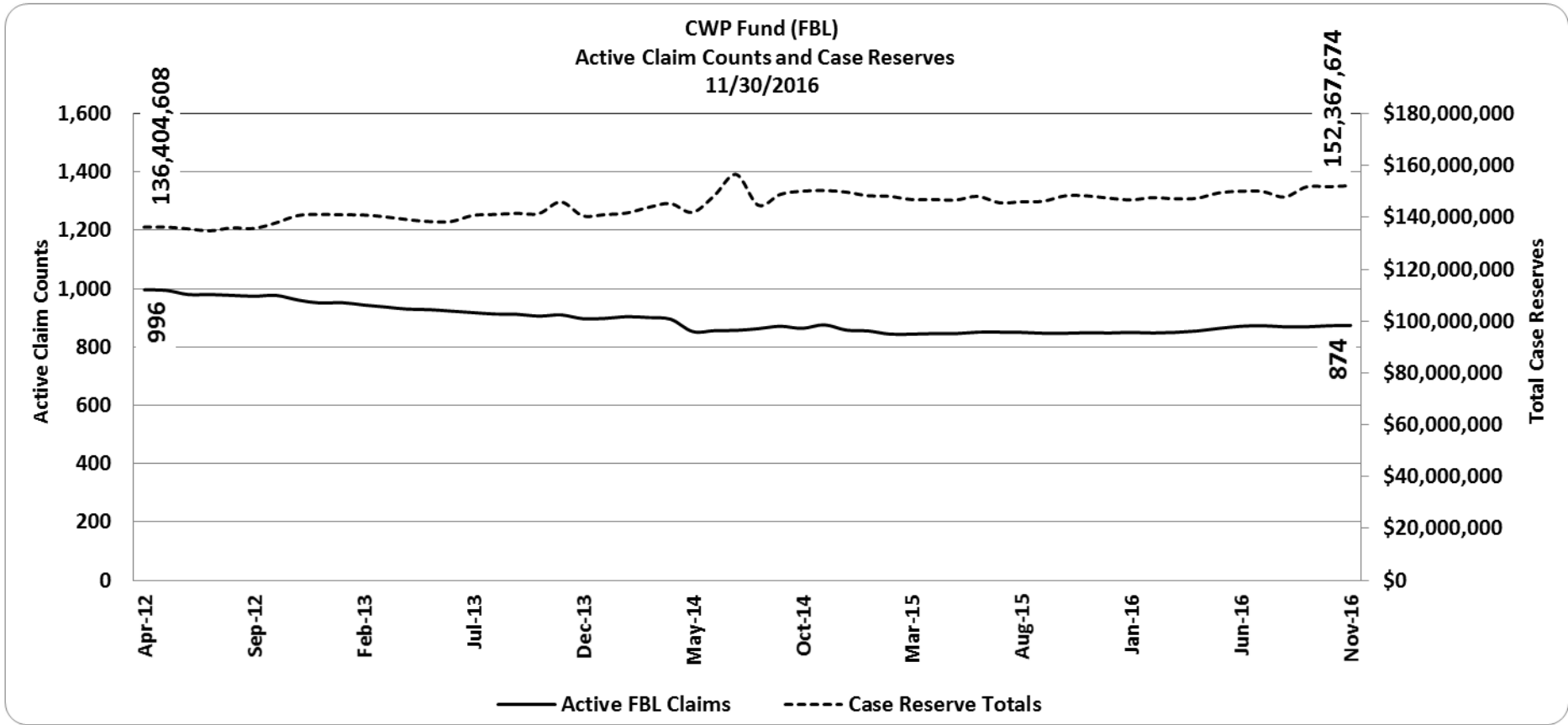
TPD: (Temporary Partial Disability) also referred to as TPR, is paid when an injured worker is released to return to work with restrictions or modifications that restrict he/she from obtaining their pre-injury wages. The TPD benefit is paid at seventy percent of the difference between the average weekly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

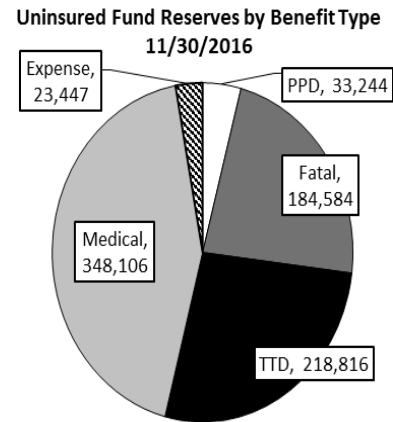
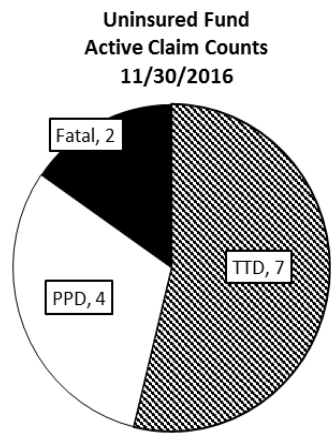
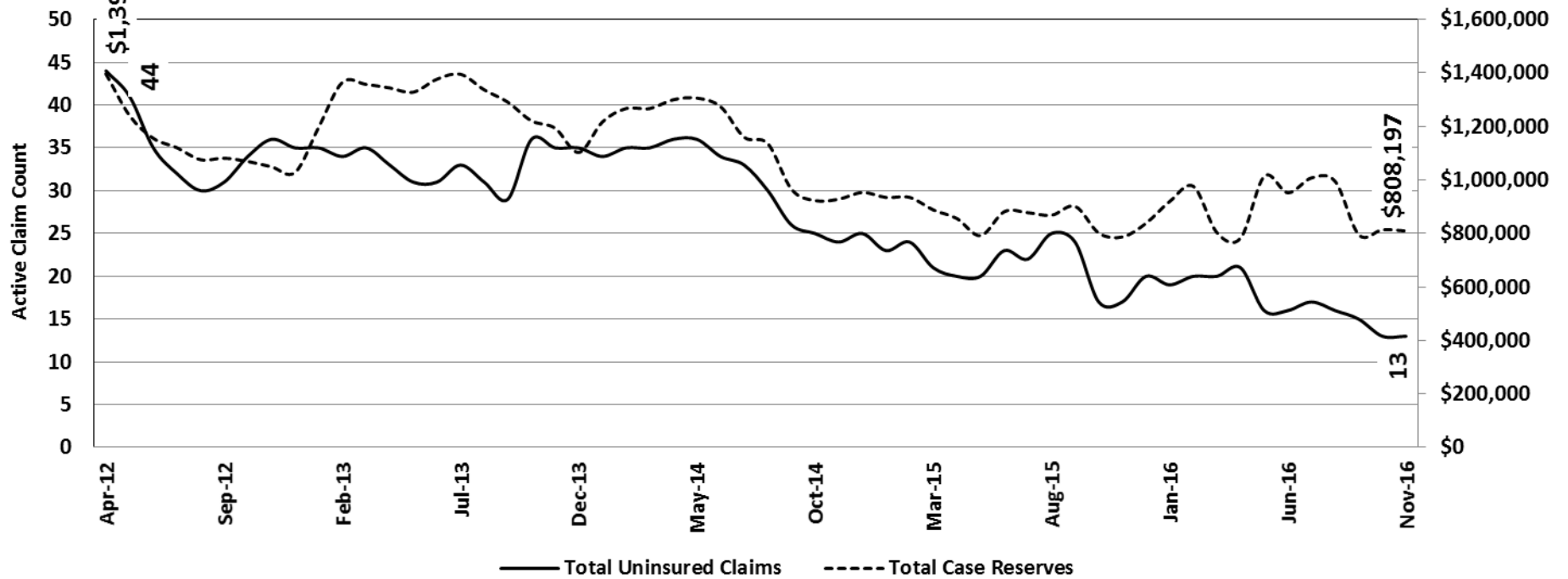
Uninsured Fund: State managed fund into which assessments to carriers or employers received are held, and out of which workers' compensation benefits may be paid to claimant employees of employers who were uninsured if the date of injury or date of last exposure is January 1, 2006 or later.

**Old Fund
Active Claim Counts and Case Reserves
11/30/2016**

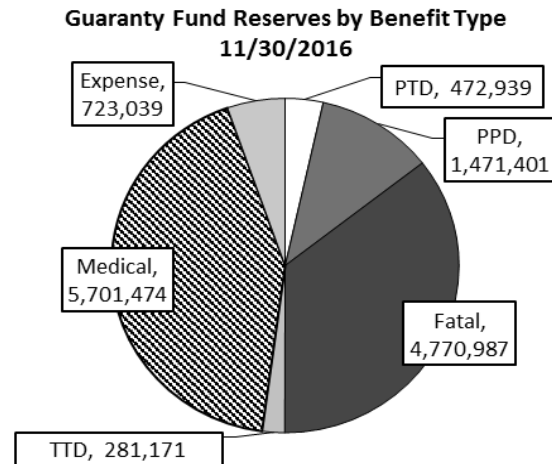
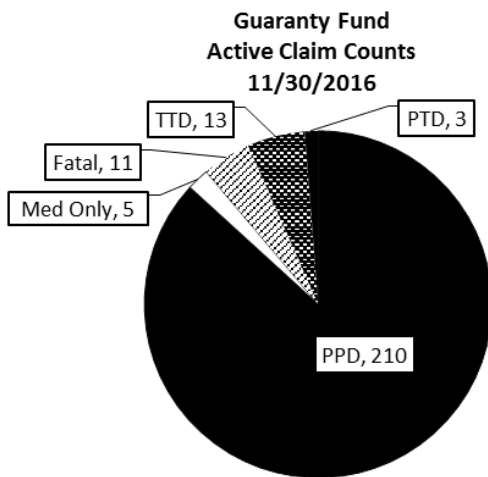
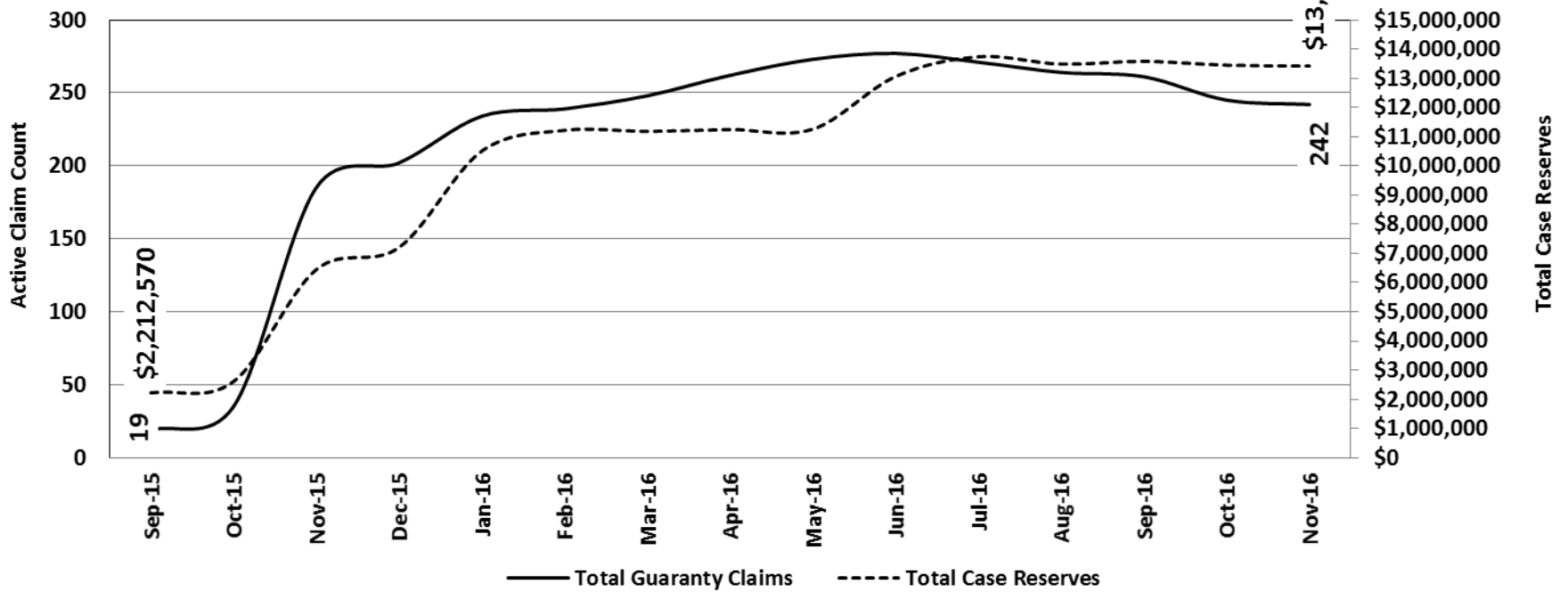




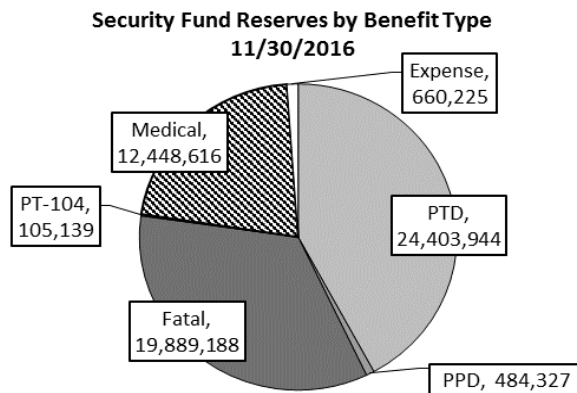
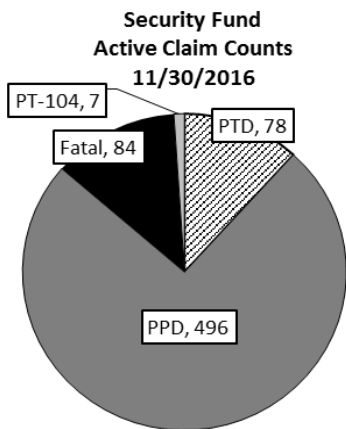
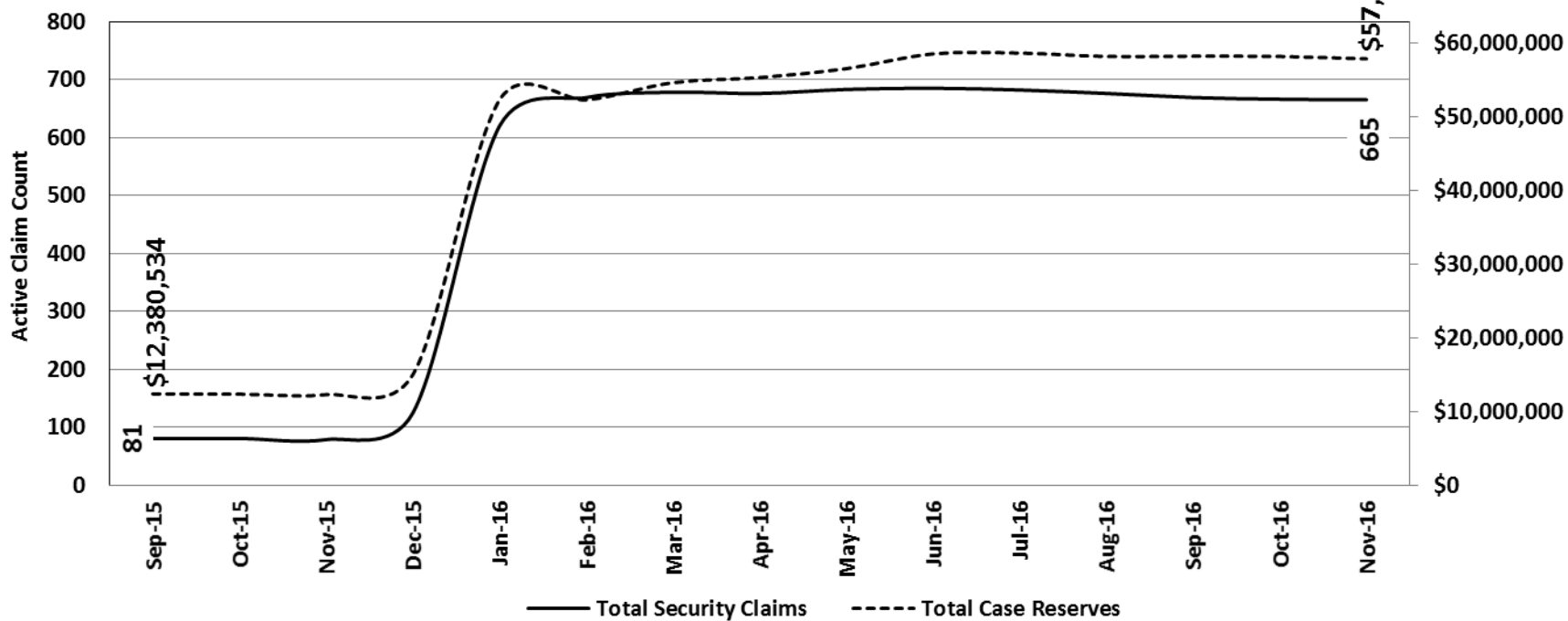
**Uninsured Fund
Active Claim Counts and Case Reserves
11/30/2016**



**Guaranty Fund
Active Claim Counts and Case Reserves
11/30/2016**



**Security Fund
Active Claim Counts and Case Reserves
11/30/2016**



OLD FUND CASH STATEMENT
November 30, 2016

	YTD FY2017	YTD FY2016	Change	Three Year History for years ended:		
				FY2016	FY2015	FY2014
Cash Beginning Balances	1,280,647,632	1,311,665,427	(31,017,795)	1,311,653,269	1,190,142,811	1,061,595,681
Revenues						
Personal Income Tax	-	21,200,000	(21,200,000)	42,400,000	95,400,000	95,400,000
Severance Tax	13,887,551	46,705,326	(32,817,775)	73,068,796	125,703,925	109,467,900
Debt Reduction Surcharge	5,440,798	17,959,000	(12,518,202)	25,211,458	34,106,221	34,138,820
Self-Insured Debt Reduction Surcharge	1,821,849	3,904,154	(2,082,305)	6,209,330	8,859,759	8,493,207
Video Lottery	1,808,077	3,635,210	(1,827,133)	6,734,934	11,000,000	11,000,000
Employer Premium	32,728	39,548	(6,820)	111,955	202,532	284,075
Other Income - Return of Unclaimed Property	259,506	8,672	250,834	184,888	153,763	92,953
Operating Revenues	23,250,509	93,451,910	(70,201,401)	153,921,361	275,426,199	258,876,955
Investment / Interest Earnings (Losses)	43,038,720	(25,333,498)	68,372,218	(5,981,504)	34,715,474	67,734,120
Total Revenues	66,289,229	68,118,412	(1,829,183)	147,939,857	310,141,673	326,611,075
Expenditures						
Claims Benefits Paid:						
Medical	10,690,486	11,088,358	(397,872)	26,890,541	29,881,043	31,791,671
Permanent Total Disability	39,107,971	41,755,058	(2,647,087)	98,784,921	104,948,107	111,490,282
Permanent Partial Disability	141,571	103,464	38,107	232,699	353,749	720,723
Temporary Disability	-	-	-	8,554	-	7,741
Fatales	9,802,531	10,237,208	(434,676)	24,098,586	25,497,598	26,407,057
104 weeks death benefit	2,401,046	2,890,695	(489,649)	6,990,581	5,883,387	6,200,020
Settlements	4,609,629	4,350,788	258,841	12,718,425	12,206,388	9,136,495
Loss Adjustment Expenses	535,001	993,119	(458,119)	1,970,779	2,029,136	1,467,221
Total	67,288,235	71,418,690	(4,130,454)	171,695,087	180,799,408	187,221,209
Less: Claims credits and overpayments	2,209,857	677,805	1,532,052	3,044,395	2,240,415	3,265,629
Total Benefits Paid	65,078,378	70,740,884	(5,662,506)	168,650,692	178,558,993	183,955,580
Administrative Expenses	3,096,547	2,905,897	190,650	10,294,801	10,060,064	14,108,365
Total Expenditures	68,174,925	73,646,781	(5,471,856)	178,945,493	188,619,057	198,063,945
Excess (Deficiency) of Revenues over Expenditures	(1,885,696)	(5,528,369)	3,642,673	(31,005,636)	121,522,616	128,547,130
Cash Ending Balances	1,278,761,936	1,306,137,058	(27,375,122)	1,280,647,632	1,311,665,427	1,190,142,811

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

COAL WORKERS PNEUMOCONIOSIS FUND

November 30, 2016

	YTD FY2017	YTD FY2016	Change	Three Year History for years ended:		
				FY2016	FY2015	FY2014
Cash Beginning Balances	245,945,240	264,657,327	(18,712,088)	264,657,327	267,173,190	266,720,430
Revenues						
Investment Earnings (Losses)	7,705,849	(6,651,671)	14,357,520	(5,091,164)	10,347,881	17,915,475
Other Income - Return of Unclaimed Property	1,276	-	1,276	3,797	876	-
Total Revenues	7,707,125	(6,651,671)	14,358,796	(5,087,367)	10,348,758	17,915,475
Expenditures						
Payment of Claims	6,220,917	4,739,566	1,481,352	12,878,025	11,990,810	17,376,923
Contractual / Professional	296,931	334,980	(38,049)	746,381	873,390	85,747
Legal	-	-	-	-	-	-
General and Administrative	45	150	(105)	315	420	45
Total Expenditures	6,517,893	5,074,696	1,443,198	13,624,721	12,864,620	17,462,715
Excess (Deficiency) of Revenues over Expenditures	1,189,232	(11,726,367)	12,915,598	(18,712,088)	(2,515,863)	452,760
Cash Ending Balances	247,134,471	252,930,961	(5,796,488)	245,945,240	264,657,327	267,173,190

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

SELF-INSURED GUARANTY RISK POOL
November 30, 2016

	YTD FY2017	YTD FY2016	Change	Three Year History for years ended:		
				FY2016	FY2015	FY2014
Cash Beginning Balances	33,462,454	16,014,340	17,448,114	16,014,340	15,603,319	14,815,337
Revenues						
Guaranty Risk Pool Assessments	-	-	-	18,684	89,571	124,520
Collateral Proceeds	-	17,966,595	(17,966,595)	19,422,025	-	-
Investment Earnings (Losses)	1,076,977	(394,226)	1,471,202	(155,883)	612,972	1,027,230
Total Revenues	1,076,977	17,572,369	(16,495,392)	19,284,826	702,542	1,151,751
Expenditures						
Payment of Claims	1,081,445	83,492	997,953	1,683,481	263,947	255,607
Contractual / Professional	67,554	4,395	63,159	153,231	27,575	107,348
Legal	-	-	-	-	-	815
Total Expenditures	1,148,999	87,887	1,061,112	1,836,711	291,522	363,769
Excess (Deficiency) of Revenues over Expenditures	(72,022)	17,484,482	(17,556,504)	17,448,114	411,021	787,981
Cash Ending Balances	33,390,432	33,498,822	(108,390)	33,462,454	16,014,340	15,603,319

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

SELF-INSURED SECURITY RISK POOL
November 30, 2016

	YTD FY2017	YTD FY2016	Change	Three Year History for years ended:		
				FY2016	FY2015	FY2014
Cash Beginning Balances	53,859,338	9,208,803	44,650,535	9,208,803	7,137,316	6,754,601
Revenues						
Security Risk Pool Assessments	-	167,198	(167,198)	230,340	1,114,180	1,072,311
Collateral Proceeds	-	47,503,193	(47,503,193)	47,503,193	1,425,061	-
Investment Earnings (Losses)	1,789,117	(229,204)	2,018,321	201,775	310,550	151,334
Total Revenues	1,789,117	47,441,188	(45,652,071)	47,935,308	2,849,791	1,223,645
Expenditures						
Payment of Claims	1,729,965	288,993	1,440,971	2,996,676	736,434	789,254
Contractual / Professional	105,532	16,079	89,453	288,097	41,774	48,446
Legal	-	-	-	-	96	3,230
Total Expenditures	1,835,497	305,072	1,530,424	3,284,773	778,304	840,930
Excess (Deficiency) of Revenues over Expenditures	(46,380)	47,136,115	(47,182,495)	44,650,535	2,071,487	382,715
Cash Ending Balances	53,812,958	56,344,918	(2,531,960)	53,859,338	9,208,803	7,137,316

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

UNINSURED EMPLOYERS FUND
November 30, 2016

				Three Year History for years ended:		
	YTD FY2017	YTD FY2016	Change	FY2016	FY2015	FY2014
Cash Beginning Balances	11,864,792	12,125,188	(260,397)	12,125,188	11,714,178	10,801,353
Revenues						
Fines and Penalties	238,041	273,463	(35,422)	625,093	765,082	768,532
Investment Earnings (Losses)	315,865	(269,544)	585,409	(205,615)	408,442	682,644
Total Revenues	<u>553,906</u>	<u>3,919</u>	<u>549,988</u>	<u>419,478</u>	<u>1,173,523</u>	<u>1,451,176</u>
Expenditures						
Payment of Claims	241,128	52,857	188,270	450,719	589,781	286,421
Contractual/Professional	3,752	3,420	332	14,051	8,922	26,825
General and Administrative	75	45	30	105	60	105
Insurance	107,500	107,500	-	215,000	163,750	225,000
Total Expenditures	<u>352,455</u>	<u>163,822</u>	<u>188,632</u>	<u>679,875</u>	<u>762,513</u>	<u>538,351</u>
Excess (Deficiency) of Revenues over Expenditures	<u>201,452</u>	<u>(159,904)</u>	<u>361,356</u>	<u>(260,397)</u>	<u>411,010</u>	<u>912,825</u>
Cash Ending Balances	<u><u>12,066,243</u></u>	<u><u>11,965,285</u></u>	<u><u>100,958</u></u>	<u><u>11,864,792</u></u>	<u><u>12,125,188</u></u>	<u><u>11,714,178</u></u>

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

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
January 26, 2017

OPERATING REPORT

NOVEMBER 2016

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

Lisa A. Hopkins,
State Auditor

Richard "Chap"
Donovan, CPA

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

Executive Staff

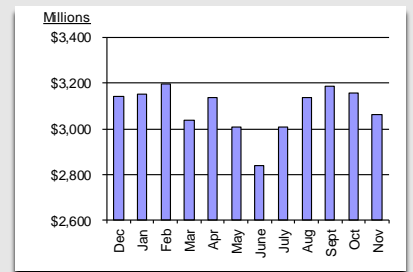
Executive
Director
Kara K. Hughes,
CPA, MBA, CFE
Chief Financial
Officer
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$3,062,298,000

Last Month
\$3,154,382,000

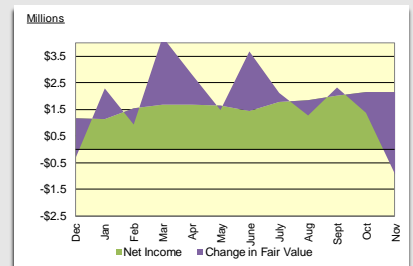
Beginning of Fiscal Year
\$2,839,161,000



Net Assets for the Past
12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$6,164,000



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

Money Market Pools

As of November 30, 2016

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	0.7302%	45 Days	\$1.8 Billion
WV Gov't Money Market	0.2996%	50 Days	\$198.4 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

NOVEMBER 2016

Caution – Despite Positive Economic Signs

Market Environment

Equities confounded expectations, touching record highs in November, even as an unexpected outcome to the US presidential election heightened global uncertainties. The S&P 500 Index returned 3.7% last month, surpassing the 2200 price level for the first time on November 22; the Russell 2000 Index gained 5.9%, driven by a surge in value stocks. This rally was driven, in part, by expectations of US corporate tax cuts and financial deregulation in 2017, as indicated by Donald Trump during his presidential campaign. Outside the US, stocks fared worse with the MSCI EAFE Index losing 2.0% and the MSCI EM Index falling 4.6%. The declines were partially attributed to the depreciating yen and the euro, which fell relative to the US dollar along with most major emerging market currencies; the Mexican peso suffered a particularly sharp decline, at 8.4% versus the dollar, amid increased uncertainty regarding US trade relations.

US fixed-income markets experienced broad losses in November as rising real rates and signs of inflation caused a repricing of debt. Yields on the 10-year Treasury increased 56 basis points for the month to 2.37%, its highest level since July 2015. As a result, the Barclays US Treasury Index fell 2.7% and the Barclays US Aggregate Bond Index declined 2.4%. Long-duration issues were hit the hardest as the Barclays Long Treasury Index dropped 7.4%, bringing its year-to-date return down to 1.9%. Global bond indices were in the red as sovereign yields reacted to the re-pricing of US interest rates. Emerging market bonds also sold off as the JP Morgan GBI-EM Global Diversified Index lost 7.0% with currency weakness contributing to the negative return.

Equity Market Results

As noted above, US equity market results were positive during the month. Blue chip stocks, represented by the S&P 500 Index, rose 3.7%, while the Russell 2000 Index, a widely used small cap benchmark, gained an impressive 11.15%.

International equity markets failed to generate the same positive results that their US counterparts achieved. Developed international markets, represented by the MSCI EAFE Index, fell 1.99%, while their less established brethren, represented by the MSCI Emerging Markets Index, fell 4.60%.

Bond Market Results

Bonds investors saw the value of their holdings decline during the month. Core US bonds, represented by the Barclays Capital Aggregate Index, fell 2.37%. International bonds, as represented by the Citigroup Non-US World Government Bond Index (WGBI) unhedged, fell 5.66%. High yield bonds, one of the riskier segments of the fixed income market, fell 0.53% during the month.

Cash-like instruments generated positive results during the month, with the BofA ML 3-month T-bill and LIBOR each returning 0.03% and 0.07%, respectively.

Market Outlook

As US assets have experienced a period of revaluation—with equities surging and bonds selling off—investors are left with a seemingly different landscape from just a month earlier. Despite these recent movements, we stand behind our recommendations as the fundamentals that underlie them endure. Despite positive economic signals at home, we continue to express caution in US equities due to high valuations. We suggest an overweight recommendation for international developed equities—either through a direct or a more globally-oriented mandate as we believe potential earnings or margin expansion offers greater upside relative to the US. Similarly, we advocate investors stay the course in emerging market equities as valuations appear reasonable and many strained currencies show signs of stabilizing. We also believe emerging-market local debt presents attractive total returns, partly because of the interest rate differential. Even with the uptick in yields, we continue to favor TIPS over core bonds. We think investors should consider allocating part of their traditional bond exposure to TIPS, which offer interest rate and inflation exposure at an attractive entry point. Lastly, we remind investors to adhere to rebalancing principles and policies especially on the heels of rapid market shifts like the one we experienced in November.

West Virginia Board of Treasury Investments

Financial Highlights as of November 30, 2016

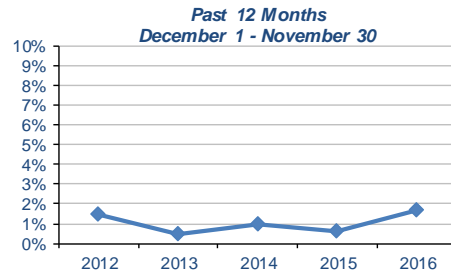
WV Short Term Bond Pool

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

<u>December 1 - November 30</u>	<u>Return</u>	<u>Net Assets At Nov 30 (In Millions)</u>
2016	1.4%	\$ 775.4
2015	0.5%	\$ 803.8
2014	1.0%	\$ 784.1
2013	0.5%	\$ 718.5
2012	1.5%	\$ 501.9

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

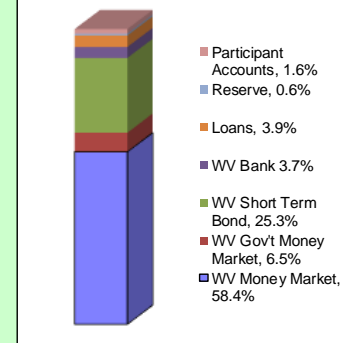
WV Short Term Bond Pool Rates of Return



Summary of Value and Earnings (In Thousands)

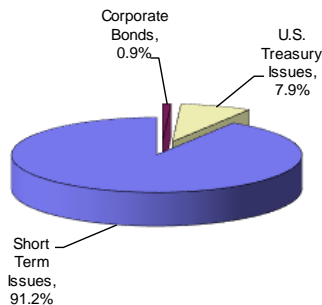
<u>Pool</u>	<u>Net Asset Value</u>	<u>Nov Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 1,789,172	\$ 1,114	\$ 4,788
WV Gov't Money Market	198,424	55	254
WV Short Term Bond	775,374	(2,137)	684
WV Bank	113,253	57	279
Loans	119,620	32	168
Reserve	18,800	7	34
Participant Accounts	47,655	(68)	(43)
	<u>\$3,062,298</u>	<u>\$ (940)</u>	<u>\$ 6,164</u>

Percent of Total Net Asset Value

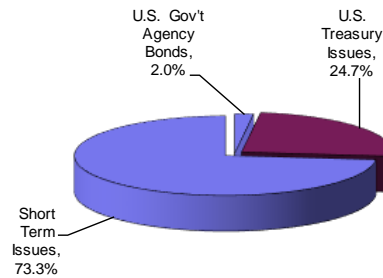


Securities by Type for Operating Pools (Percentage of Asset Value)

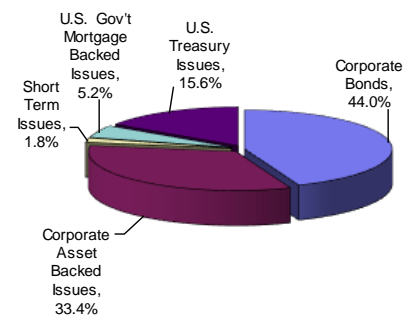
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
NOVEMBER 30, 2016
(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	\$ 1,803,868	\$ 198,370	\$ -	\$ 113,067	\$ 138,391	\$ -	\$ 2,253,696
At fair value	-	-	774,606	-	-	47,582	822,188
Other assets	914	124	2,042	202	44	73	3,399
Total assets	<u>1,804,782</u>	<u>198,494</u>	<u>776,648</u>	<u>113,269</u>	<u>138,435</u>	<u>47,655</u>	<u>3,079,283</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased	15,610	70	1,274	16	15	-	16,985
Total liabilities	<u>15,610</u>	<u>70</u>	<u>1,274</u>	<u>16</u>	<u>15</u>	<u>-</u>	<u>16,985</u>
Net Position							
Held in trust for investment pool participants	1,789,172	198,424	775,374	113,253	138,420	-	3,014,643
Held in trust for individual investment account holders	-	-	-	-	-	47,655	47,655
Total net position	<u>\$ 1,789,172</u>	<u>\$ 198,424</u>	<u>\$ 775,374</u>	<u>\$ 113,253</u>	<u>\$ 138,420</u>	<u>\$ 47,655</u>	<u>\$ 3,062,298</u>
Additions							
Investment income:							
Interest and dividends	\$ 611	\$ 54	\$ 972	\$ 61	\$ 44	\$ 50	\$ 1,792
Net (amortization) accretion	619	18	(12)	-	-	(17)	608
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>1,230</u>	<u>72</u>	<u>960</u>	<u>61</u>	<u>44</u>	<u>33</u>	<u>2,400</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	123	17	89	4	5	-	238
Total investment expenses	<u>123</u>	<u>17</u>	<u>89</u>	<u>4</u>	<u>5</u>	<u>-</u>	<u>238</u>
Net investment income	1,107	55	871	57	39	33	2,162
Net realized gain (loss) from investments	7	-	-	-	-	-	7
Net increase (decrease) in fair value of investments	-	-	(3,008)	-	-	(101)	(3,109)
Net increase (decrease) in net position from operations	1,114	55	(2,137)	57	39	(68)	(940)
Participant transaction additions:							
Purchase of pool units by participants	815,839	14,488	-	59	7	-	830,393
Reinvestment of pool distributions	1,114	55	1,094	55	39	-	2,357
Contributions to individual investment accounts	-	-	-	-	-	23	23
Total participant transaction additions	<u>816,953</u>	<u>14,543</u>	<u>1,094</u>	<u>114</u>	<u>46</u>	<u>23</u>	<u>832,773</u>
Total additions	818,067	14,598	(1,043)	171	85	(45)	831,833
Deductions							
Distributions to pool participants:							
Net investment income	1,107	55	871	57	39	-	2,129
Net realized gain (loss) from investments	7	-	-	-	-	-	7
Total distributions to pool participants	<u>1,114</u>	<u>55</u>	<u>871</u>	<u>57</u>	<u>39</u>	<u>-</u>	<u>2,136</u>
Participant transaction deductions:							
Redemption of pool units by participants	875,543	36,532	1,231	59	1,941	-	915,306
Withdrawals from individual investment accounts	-	-	-	-	-	6,476	6,476
Total participant transaction deductions	<u>875,543</u>	<u>36,532</u>	<u>1,231</u>	<u>59</u>	<u>1,941</u>	<u>6,476</u>	<u>921,782</u>
Total deductions	<u>876,657</u>	<u>36,587</u>	<u>2,102</u>	<u>116</u>	<u>1,980</u>	<u>6,476</u>	<u>923,918</u>
Net increase (decrease) in net position from operations	(58,590)	(21,989)	(3,145)	55	(1,895)	(6,521)	(92,085)
Inter-pool transfers in	11,550	-	-	-	-	-	11,550
Inter-pool transfers out	-	-	-	(11,550)	-	-	(11,550)
Net inter-pool transfers in (out)	<u>11,550</u>	<u>-</u>	<u>-</u>	<u>(11,550)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(47,040)	(21,989)	(3,145)	(11,495)	(1,895)	(6,521)	(92,085)
Net position at beginning of period	<u>1,836,212</u>	<u>220,413</u>	<u>778,519</u>	<u>124,748</u>	<u>140,315</u>	<u>54,176</u>	<u>3,154,383</u>
Net position at end of period	<u>\$ 1,789,172</u>	<u>\$ 198,424</u>	<u>\$ 775,374</u>	<u>\$ 113,253</u>	<u>\$ 138,420</u>	<u>\$ 47,655</u>	<u>\$ 3,062,298</u>