

FILE COPY

JOINT COMMITTEE ON
GOVERNMENT AND FINANCE

Materials Distributed

October 9, 2007

September 11, 2007

11:00 - 12:00 p.m.

Joint Committee on Government and Finance

Senate

Tomblin, Chair
Chafin (absent)
Helmick
Kessler (absent)
Sharpe (absent)
Caruth
Deem

House

Thompson, Chair
Caputo
DeLong
Webster
White
Armstead
Border (absent)

President Tomblin, Cochair, presided.

1. Approval of Minutes

Upon motion by Speaker Thompson, properly adopted, the minutes of the August 21, 2007, meeting were approved.

2. Committee Reports/Requests

3. Lottery, General Revenue Reports and Unemployment Compensation Trust Fund

Distributed to members of the Committee were the following: Lottery Operations report for the month ended July 31, 2007 and the General Revenue Fund status report as of August 31, 2007. Distributed with each of the reports were an analysis and a summary of the reports.

4. PEIA, BRIM and CHIP Reports

The following monthly PEIA reports were distributed: Monthly Management Report, Prescription Drug Report and Prescription Drug Report for July 2007. Donna Lipscomb, Department of Administration, said PEIA did well. At the request of Senator Deem, Ms. Lipscomb said she would provide a side by side comparison of the PEIA benefits for retirees.

The following BRIM reports were distributed: An unaudited balance sheet and unaudited income statement for the period ending July 31, 2007.

The following reports from CHIP were distributed: A report of enrollment for September 2007 and financial statements for period ending July 31, 2007. Enrollment is down 1 percent and cost is up 2 percent.

5. Leasing Report, Department of Administration

A leasing report for the period of July 16, 2007 through August 31, 2007 was distributed. Donna Lipscomb said there has been 8 changes for the month with 4 new contracts and 2 straight renewals.

6. **Department of Health and Human Resources (DHHR) Monthly Reports**

A Medicaid report dated September 2007 was distributed. John Law, DHHR, said that Medicaid should come in at or below budget.

7. **Monthly Report on the Pharmaceutical Cost Management Council**

Donna Lipscomb said that the legislative rules are out.

8. **Scheduled Interim Dates**

October 7 - 9

November 16 - 18 (Friday, Saturday and Sunday)

December 9 - 11

January 6 - 8, 2008

The meeting was adjourned.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor

Budget Division
Building 1, Room 332-West Wing
1900 Kanawha Blvd. East
Charleston, WV 25305-0590



304-347-4870

October 7, 2007

Executive Summary of Lottery, Unemployment, General Revenue and State Road Fund Reports to Joint Committee

Lottery Commission as of August 31, 2007 :

Appears to be in good condition. Gross profit for the months of July - August of fiscal year 2007-2008, was \$ 114.5 million which was approximately 1% above the same months of fiscal year 2006-2007.

General Revenue Fund as of September 30, 2007:

Collections were at 110.21% of the yearly estimate as of September 30, 2007.

State Road Fund as of September 30, 2007:

Fund collections were at 99.91% of the yearly estimate.

Unemployment Compensation Trust as of July 31, 2007:

Overall ending trust fund balance was \$ 12.1 million greater on July 31, 2007 than on July 31, 2006. Receipts were \$ 884 thousand greater as of July 31, 2007 than on July 31, 2006.

Joint Committee on Government and Finance

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor

Budget Division
Building 1, Room 332-West Wing
1900 Kanawha Blvd. East
Charleston, WV 25305-0590



304-347-4870

MEMORANDUM

To: Honorable Senate President Tomblin
Honorable House of Delegates Speaker Thompson
Honorable Members of the Joint Committee on Government and
Finance

From: Ellen Clark, CPA *EC*
Director Budget Division
Legislative Auditor's Office

Date: October 5, 2007

Re: Review of West Virginia Lottery Financial Information
As of August 31, 2007 (FY 2008)

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for the month of August for fiscal year ended June 30, 2008, from monthly unaudited financial reports furnished to our office by the West Virginia Lottery Commission. This report covers two months of FY 2008. The results are as follows:

Lottery Revenues:

Gross lottery revenues are receipts from on-line games, instant games and video lottery. These gross receipts totaled \$ 263,637,000.00 for the months of July - August 2007. These gross receipts were \$269,649,000.00 for July - August of the preceding fiscal year, 2006-2007. This number does not include commission and prize deductions. Gross profit (Gross revenues minus commissions and prize costs) for July - August 2007 was \$ 114,578,000.00; for the previous July - August it was \$113,453,000.00. Expressed as a percentage, gross profit is 0.99% higher for the first two months of fiscal year 2008 than for

Joint Committee on Government and Finance

Lottery continued

fiscal year 2007. (Lottery income is expected to decrease this fiscal year and the FY 2008 budget appropriations in the excess lottery revenue surplus section were decreased approximately \$ 60 million dollars from the FY 2007 appropriations in anticipation of this decrease. The decreases will be caused by competition from neighboring states that have just legalized their lotteries or are expanding their lottery business.)

Operating Income:

Operating income was \$ 112,217,000.00 for July - August 2007. For July - August 2006 it was \$ 110,454,000.00. This was an increase of 1.60%. After additions and subtractions of non-operating income and expenses, distributions to the state were \$112,670,000.00.

Operating Transfers to the State of West Virginia:

A total of \$ 112,670,000.00 has been accrued to the state of West Virginia for fiscal year 2007-2008. This is on an accrual basis and may not correspond to the actual cash transfers made during the same time period. (Amounts owed to the different accounts according to the Lottery Act are calculated monthly and accrued to the state; actual cash transfers are often made based upon actual cash flow needs of the day-to-day operation of the lottery.)

A schedule of cash transfers follows:

Bureau of Senior Services	\$ 25,429,000.00
Department of Education	\$ 15,094,000.00
Educational Broadcasting Authority	
Library Commission	\$ 4,557,000.00
Higher Education-Central Office	\$ 8,367,000.00
Tourism	\$ 3,434,000.00
Department of Natural Resources	\$ 1,486,000.00

Lottery continued

Division of Culture and History	\$ 2,389,000.00
Department of Education and Arts	\$ 617,000.00
State Building Commission	\$ 2,000,000.00
School Building Authority	\$ 3,600,000.00
SUBTOTAL BUDGETARY TRANSFERS	\$ 66,973,000.00

Excess Lottery Fund

General Purpose Fund	0
Economic Development Fund	3,800,000.00
Traffic Fund	0
Excess Lottery Surplus	0
Education Improvement Fund	2,000,000.00
WV Infrastructure Council Fund	0
Higher Education Improvement Fund	12,773,000.00
State Park Improvement Fund	0
Refundable Credit	157,000.00
School Building Authority	0.00
TOTAL EXCESS LOTTERY FUND	18,730,000.00

House Bill 2007 2,000,000.00

Veterans Instant Ticket Fund 88,000.00

RACETRACK VIDEO LOTTERY TRANSFERS:	
Tourism Promotion Fund 1.375%	\$2,173,000.00

Lottery continued

Development Office Promo Fund	\$593,000.00
Research Challenge Fund .5%	\$790,000.00
Capitol Renovation and Improvement Fund .6875%	\$1,087,000.00
Parking Garage Fund .0625%	\$99,000.00
Parking Garage Fund 1%	\$500,000.00
Cultural Facilities and Cap. Resources Fund .5%	\$460,000.00
Capitol Dome & Cap. Improvements Fund .5%	\$621,000.00
Workers Compensation Debt Reduction Fund 7%	\$9,932,000.00
SUBTOTAL VIDEO LOTTERY TRANSFERS:	\$16,255,000.00
TOTAL TRANSFERS	*\$104,046,000.00

* CASH BASIS

Total Accrued last FY 2007:	180,178,000.00
Total Cash Distributions July-Aug :	104,046,000.00
Applied to FY 2007:	104,046,000.00
Accrued for FY 2007 as of August 2007:	76,132,000.00
Total Accrued for FY 2008:	112,670,000.00
Total Applied to FY 2008:	-0-



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Joe Manchin III
Governor

John C. Musgrave
Director

MEMORANDUM

TO: Joint Committee on Government and Finance

FROM: John C. Musgrave, Director

RE: Monthly Report on Lottery Operations
Month Ending August 31, 2007

DATE: September 20, 2007

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

Financial statements of the Lottery for the month ending August 31, 2007 are attached. Lottery revenue, which includes on-line, instant and video lottery sales, was \$131,337,510 for the month of August.

Transfers of lottery revenue totaling \$52,211,455 made for the month of August to the designated state agencies per House Bill 2007, Veterans Instant Ticket Fund and the Racetrack Video Lottery Act (§29-22A-10). The amount transferred to each agency is shown in Note 8 on pages 14 and 15 of the attached financial statements.

The number of traditional and limited retailers active as of August 31, 2007 was 1,635 and 1,661 respectively.

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

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

JCM/rd
Attachment

pc: Honorable Joe Manchin III
James Robert Alsop, Cabinet Secretary – Dept. of Revenue
John Perdue, Treasurer
Glen B. Gainer III, Auditor
Members of the West Virginia Lottery Commission





WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

August 31, 2007

WEST VIRGINIA LOTTERY

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WEST VIRGINIA LOTTERY
BALANCE SHEETS
(In Thousands)
-Unaudited-

ASSETS	August 31, 2007	June 30, 2007
Current assets:		
Cash and cash equivalents	\$ 219,012	\$ 204,122
Accounts receivable	26,505	33,095
Inventory	352	433
Current portion of investments held in trust	14	23
Other assets	<u>1,163</u>	<u>1,163</u>
Total current assets	<u>247,046</u>	<u>238,836</u>
Noncurrent assets:		
Restricted cash and cash equivalents	30,551	30,367
Investments held in trust, less current portion	136	281
Capital assets	13,066	13,066
Less accumulated depreciation and amortization	<u>(11,710)</u>	<u>(11,615)</u>
Net Capital Assets	<u>1,356</u>	<u>1,451</u>
Total noncurrent assets	<u>32,043</u>	<u>32,099</u>
Total assets	<u>\$ 279,089</u>	<u>\$ 270,935</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 188,802	\$ 180,178
Estimated prize claims	14,827	13,592
Accounts payable	1,021	1,452
Other accrued liabilities	30,594	31,926
Current portion of deferred jackpot prize obligations	<u>172</u>	<u>159</u>
Total current liabilities	<u>235,416</u>	<u>227,307</u>
Deferred jackpot prize obligations, less current portion	<u>-</u>	<u>139</u>
Total liabilities	<u>235,416</u>	<u>227,446</u>
Net assets:		
Invested in capital assets	1,356	1,451
Unrestricted assets (deficit)	(856)	(951)
Unrestricted assets- Committed (see note 14)	12,622	12,622
Restricted assets (see note 9)	<u>30,551</u>	<u>30,367</u>
Total net assets	<u>43,673</u>	<u>43,489</u>
Total liabilities and net assets	<u>\$ 279,089</u>	<u>\$ 270,935</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE TWO MONTH PERIOD ENDED AUGUST 31, 2007
(In Thousands)
- Unaudited -

	CURRENT MONTH		YEAR TO DATE	
	2007	2006	2007	2006
Lottery revenues				
On-line games	\$ 11,453	\$ 7,534	\$ 17,797	\$ 15,136
Instant games	8,426	9,919	18,590	18,971
Racetrack video lottery	77,711	82,385	161,105	173,001
Limited video lottery	33,747	31,625	66,145	62,541
	<u>131,337</u>	<u>131,463</u>	<u>263,637</u>	<u>269,649</u>
Less commissions				
On-line games	802	527	1,246	1,060
Instant games	590	694	1,301	1,328
Racetrack video lottery	44,016	47,289	91,251	98,613
Limited video lottery	16,536	16,736	32,411	33,096
	<u>61,944</u>	<u>65,246</u>	<u>126,209</u>	<u>134,097</u>
Less on-line prizes	5,761	3,942	8,757	7,754
Less instant prizes	5,808	6,804	12,790	13,028
Less ticket costs	112	140	267	268
Less vendor fees and costs	700	550	1,036	1,049
	<u>12,381</u>	<u>11,436</u>	<u>22,850</u>	<u>22,099</u>
Gross profit	<u>57,012</u>	<u>54,781</u>	<u>114,578</u>	<u>113,453</u>
Administrative expenses				
Advertising and promotions	928	912	1,635	1,736
Wages and related benefits	510	469	1,030	998
Telecommunications	117	181	238	383
Contractual and professional	373	121	469	268
Rental	55	52	109	103
Depreciation and amortization	47	23	95	136
Other administrative expenses	98	56	238	190
	<u>2,128</u>	<u>1,814</u>	<u>3,814</u>	<u>3,814</u>
Other Operating Income	<u>1,365</u>	<u>765</u>	<u>1,453</u>	<u>815</u>
Operating Income	<u>56,249</u>	<u>53,732</u>	<u>112,217</u>	<u>110,454</u>
Nonoperating income (expense)				
Investment income	1,019	741	1,937	1,464
Interest expense	(2)	(24)	(4)	(28)
Distributions to municipalities and counties	(661)	(619)	(1,296)	(1,226)
Distributions to racetracks-capital reinvestment	-	-	-	-
Distributions to the State of West Virginia	(56,510)	(53,830)	(112,670)	(110,664)
	<u>(56,154)</u>	<u>(53,732)</u>	<u>(112,033)</u>	<u>(110,454)</u>
Net income	<u>95</u>	<u>-</u>	<u>184</u>	<u>-</u>
Net assets, beginning of period	<u>43,578</u>	<u>20,250</u>	<u>43,489</u>	<u>20,250</u>
Net assets, end of period	<u>\$ 43,673</u>	<u>\$ 20,250</u>	<u>\$ 43,673</u>	<u>\$ 20,250</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE TWO MONTH PERIOD ENDED AUGUST 31, 2007

(In Thousands)
-Unaudited-

	2007	2006
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 271,680	\$ 270,860
Cash payments for:		
Personnel costs	(1,030)	(998)
Suppliers	(3,124)	(2,375)
Other operating costs	<u>(149,219)</u>	<u>(155,164)</u>
Cash provided by operating activities	<u>118,307</u>	<u>112,323</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(104,047)	(138,877)
Distributions to municipalities and counties	(1,274)	(1,219)
Distributions to racetrack from racetrack cap. reinv. fund	-	-
Deferred jackpot prize obligations and related interest paid	<u>(4)</u>	<u>(28)</u>
Cash used in noncapital financing activities	<u>(105,325)</u>	<u>(140,124)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>-</u>	<u>-</u>
Cash flows from investing activities:		
Maturities of investments held in trust	157	157
Investment earnings received	<u>1,934</u>	<u>1,457</u>
Cash provided by investing activities	<u>2,091</u>	<u>1,614</u>
Increase (decrease) in cash and cash equivalents	15,073	(26,187)
Cash and cash equivalents - beginning of period	<u>234,489</u>	<u>197,719</u>
Cash and cash equivalents - end of period	<u>\$ 249,562</u>	<u>\$ 171,532</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 112,217	\$ 110,454
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	95	136
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	6,590	(396)
(Increase) decrease in inventory	80	33
(Increase) decrease in other assets	-	(20)
Increase (decrease) in estimated prize claims	1,236	102
Increase (decrease) in accounts payable	(430)	(213)
Increase (decrease) in other accrued liabilities	<u>(1,481)</u>	<u>2,227</u>
Cash provided by operating activities	<u>\$ 118,307</u>	<u>\$ 112,323</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 an enterprise fund of the State and its financial statements are discretely presented in the comprehensive annual financial report of the State.

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 an enterprise fund 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 basic 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 three basic types of lottery games: instant, on-line, and video type 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; 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.

Racetrack video lottery is a self-activated video version of lottery games. 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 racetrack 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 racetrack 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. Racetrack video lottery legislation has established specific requirements for racetrack video lottery and imposed certain restrictions limiting the licensing for operation of racetrack video lottery games to horse and dog

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

racetracks in West Virginia, subject to local county elections permitting the same. The legislation further stipulates the distribution of revenues from racetrack video lottery games, and requires any licensed racetrack to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

Limited video lottery is also a self-activated video version of lottery games, which were first placed in operation in December 2001, located in limited licensed retailer areas restricted for adult amusement. The games allow a player to use currency to place bets for the chance to receive free games or vouchers which may be redeemed for cash. The limited video lottery games' prize structures are designed to award prizes, at a stipulated rate of total bets played, and prize expense is netted against total video credits played. The Lottery recognizes as limited video lottery revenue "gross terminal income" equivalent to all wagers, net of related prizes. Amounts required by statute to be paid to private entities are reported as commissions. Limited video lottery permit holders are statutorily responsible for acquiring equipment and bearing the risk associated with the costs of operating the games.

CASH AND CASH EQUIVALENTS – Cash and cash equivalents primarily consist of interest-earning deposits with the West Virginia Board of Treasury Investments (BTI) and are recorded at fair value.

INVENTORY – Inventory consists of instant game tickets available for sale to approved Lottery retailers and are carried at cost.

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

CAPITAL ASSETS – The Lottery leases, under a cancelable operating lease, its office and warehouse facilities. Portions of these facilities were subleased to the Lottery's game vendor until January 31, 2007 at which time the Lottery took occupancy of the total facility. The Lottery also leases various office equipment under agreements considered to be cancelable operating leases. Rental expense for the two months ended August 31, 2007 and August 31, 2006 approximated \$109,499 and \$102,652, respectively. Sublease rental income for the two months ended August 31, 2007 and August 31, 2006 approximated \$0 and \$17,288, respectively.

The Lottery has adopted a policy of capitalizing assets with individual amounts exceeding \$25,000. These assets include leasehold improvements, contributed 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.

COMPENSATED ABSENCES – The Lottery has accrued \$298,548 and \$281,146 of vacation and \$467,954 and \$468,058 of sick leave at June 30, 2007 and 2006, respectively, for estimated obligations that may arise in connection with compensated absences for vacation and sick leave at the current rate of employee pay. Employees fully vest in all earned but unused vacation. In accordance with State personnel policies, employees hired prior to July 1, 2001, vest in unused sick leave only upon

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

retirement, at which time such unused leave can be converted into employer paid premiums for post-retirement health care coverage or additional periods of credited service for purposes of determining retirement benefits. For employees hired prior to July 1, 1988, the Lottery pays 100% of the post-retirement health care premium. The Lottery pays 50% of the premium for employees hired after June 30, 1988 through July 1, 2001. The estimated obligation for sick leave is based on historical retirement rates and current health care premiums applicable to employee hire dates. Employees hired after June 30, 2001 do not vest in unused sick leave upon retirement.

NET ASSETS – Net assets are presented as restricted, unrestricted and invested in capital assets which represents the net book value of all property and equipment of the Lottery.

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

NOTE 3 - CASH AND CASH EQUIVALENTS

At August 31, 2007 the carrying amounts of deposits (overdraft) with financial institutions were (\$29) thousand with a bank balance of \$171 thousand. Of this balance \$100 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):

	<u>August 31, 2007</u>	<u>June 30, 2007</u>
Amount on deposit with the BTI	<u>\$249,591</u>	<u>\$234,497</u>

The deposits with the BTI are part of the State of West Virginia's consolidated investment cash liquidity pool and are not separately identifiable as to specific types of securities. 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.

NOTE 4 – CAPITAL ASSETS

A summary of capital asset activity for the month ended August 31, 2007 is as follows (in thousands):

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 4 – CAPITAL ASSETS (continued)

Capital Assets:

	Historical Cost At June 30, 2007	Additions	Deletions	Historical Cost At August 31, 2007
Construction in Progress	\$ 443	\$ -	\$ -	\$ 443
Improvements	1,119	-	-	1,119
Equipment	11,504	-	-	11,504
	<u>\$ 13,066</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,066</u>
Accumulated Depreciation:				
	Historical Cost At June 30, 2007	Additions	Deletions	Historical Cost At August 31, 2007
Improvements	\$ 925	\$ 13	\$ -	\$ 938
Equipment	10,690	82	-	10,772
	<u>\$ 11,615</u>	<u>\$ 95</u>	<u>\$ -</u>	<u>\$ 11,710</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 and HOT LOTTO game, on behalf of participating state lotteries. 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, and HOT LOTTO is 50% of each drawing period's sales, with minimum jackpot levels.

Revenues derived from the Lottery's participation in the MUSL POWERBALL jackpot game for the month and year-to-date periods ended August 31, 2007 were \$8,634,160 and \$12,288,848 while related prize costs for the same periods were \$4,364,080 and \$6,057,475.

Revenues derived from the Lottery's participation in the HOT LOTTO game for the month and year-to-date periods ended August 31, 2007 were \$331,498 and \$641,693 while related prize costs for the same periods were \$167,011 and \$314,702.

MUSL places 2% of each POWERBALL drawing period's sales in separate prize reserve funds that serve as a contingency reserve to protect the respective MUSL Product Groups from unforeseen prize liabilities. Currently, the MUSL Board of Directors has placed a \$75,000,000 limit on the POWERBALL Prize Reserve Fund and a \$25,000,000 limit on the Set Prize Reserve Fund. 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. At August 31, 2007 the POWERBALL prize reserve funds had a

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

balance of \$95,309,837 of which the Lottery's share was \$2,279,750. The Lottery has charged amounts placed into the prize reserve funds to prize costs as the related sales have occurred.

NOTE 6 - RACETRACK VIDEO LOTTERY

The Racetrack Video Lottery legislation stipulates the distribution of racetrack video lottery revenues. This legislation has been amended since inception to restate revenue distribution based on revenue benchmarks. Initially, four percent (4%) of gross terminal revenue is allocated for lottery administrative costs. Sixty-six percent (66%) of net terminal revenue (gross less 4%) is allocated in lieu of commissions to: the racetracks (47%); other private entities associated with the racing industry (17%); and the local county and municipal governments (2%). The remaining revenues (34%) of net terminal revenue is allocated for distribution to State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in the Note 8 titled "Nonoperating Distributions to the State of West Virginia."

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

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

The final benchmark occurs when the current year net terminal revenue meets the fiscal year 2001 net terminal revenue. At this point a 10% surcharge is applied to net terminal revenue, with 58% of the surcharge allocated for distribution to the State as specified by legislation or the State budget, and 42% of the surcharge allocated to separate capital reinvestment funds for each licensed racetrack. After deduction of the surcharge, 55% of net terminal revenue is allocated in lieu of commissions to: the racetracks (42%); other private entities associated with the racing industry (11%); and the local county and incorporated municipality governments (2%). The remaining net terminal revenue (45%) is allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 8.

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 Rhode Island and Delaware lotteries, participate in Multi-Jurisdictional Wide Area Progressive (MWAP) video games. This allows each of the lotteries to offer a higher progressive jackpot than they could generate alone. MUSL manages the progressive games and charges each participant a MWAP contribution fee of 4% of the amount wagered. A summary of racetrack video lottery revenues for the month ended August 31, 2007 and year-to-date follows (in thousands):

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

NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

	<u>Current</u> <u>2007</u>	<u>Month</u> <u>2006</u>	<u>Year- to -Date</u> <u>2007</u>	<u>2006</u>
Total credits played	\$817,686	\$875,891	\$1,690,699	\$1,836,155
Credits (prizes) won	(739,635)	(793,113)	(1,528,913)	(1,662,547)
MWAP Contributions	(340)	(393)	(681)	(607)
Gross terminal income	<u>\$77,711</u>	<u>\$82,385</u>	<u>\$161,105</u>	<u>\$173,001</u>
Administrative costs	(3,108)	(3,295)	(6,444)	(6,920)
Net Terminal Income	<u>\$74,603</u>	<u>\$79,090</u>	<u>\$154,661</u>	<u>\$166,081</u>
Less distribution to agents	(44,016)	(47,289)	(91,251)	(98,613)
Racetrack video lottery revenues	<u>\$30,587</u>	<u>\$31,801</u>	<u>\$63,410</u>	<u>\$67,468</u>

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

	<u>August 31, 2007</u>	<u>Year-to Date</u>
State Lottery Fund	\$22,381	\$46,399
State Excess Lottery Revenue Fund	-	-
Capital Reinvestment Fund	-	-
Tourism Promotion Fund 1.375%	1,026	2,127
Development Office Promotion Fund .375 %	280	580
Research Challenge Fund .5 %	373	773
Capitol Renovation & Improvement Fund .6875 %	513	1,063
Parking Garage Fund .0625 %	46	96
Parking Garage Fund 1 %	-	500
Cultural Facilities & Capitol Resources Fund .5 %	373	523
Capitol Dome & Capitol Improvements Fund .5 %	373	523
Worker's Compensation Debt Reduction Fund 7 %	<u>5,222</u>	<u>10,826</u>
Total nonoperating distributions	<u>\$30,587</u>	<u>\$63,410</u>

NOTE 7 - LIMITED VIDEO LOTTERY

Limited video lottery legislation passed in 2001 has established specific requirements imposing certain restrictions limiting the licensing for the operation of limited video lottery games to 9,000 terminals placed in licensed retailers. These licensed retailers must hold a qualifying permit for the sale and consumption on premises of alcohol or non-intoxicating beer. The Lottery has been charged with the administration, monitoring and regulation of these machines. The legislation further stipulates the distribution of revenues from the limited video lottery games, and requires any licensees to comply with all related rules and regulations of the Lottery in order to continue its retailer status. The Limited Video Lottery legislation stipulates that 2% of gross terminal income be deposited into the state lottery fund for administrative costs. Then, the state share percentage of gross profit is to be transferred to the State Excess Lottery Revenue Fund. Such percentage is between 30 and 50 percent and is subject to change

**WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS**

-Unaudited-

NOTE 7 - LIMITED VIDEO LOTTERY (continued)

on a quarterly basis. Two percent is distributed to counties and incorporated municipalities in the manner prescribed by the statute. The remaining amount of gross profit is paid to retailers and/or operators as prescribed in the Act, and is recorded as limited video lottery commissions in the financial statements. Municipal and county distributions are accounted for as nonoperating expenses. A summary of limited video lottery revenues for the month ended August 31, 2007 and year-to-date follows (in thousands):

	<u>Current</u> <u>2007</u>	<u>Month</u> <u>2006</u>	<u>Year- to -Date</u> <u>2007</u>	<u>2006</u>
Total credits played	\$408,198	\$384,718	\$804,742	\$764,120
Credits (prizes) won	(374,451)	(353,093)	(738,597)	(701,579)
Gross terminal income	\$33,747	\$31,625	\$66,145	\$62,541
Administrative costs	(675)	(633)	(1,323)	(1,251)
Gross Profit	\$33,072	\$30,992	\$64,822	\$61,290
Commissions	(16,536)	(16,736)	(32,411)	(33,096)
Municipalities and Counties	(661)	(619)	(1,296)	(1,226)
Limited video lottery revenues	<u>\$15,875</u>	<u>\$13,637</u>	<u>\$31,115</u>	<u>\$26,968</u>

NOTE 8 - 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, 2008 the State Legislature budgeted \$169,932,463 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 and \$1,000,000 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 \$2,900,000 per month for the first ten months of each fiscal year, with \$1,000,000 of this amount beginning September 2004. 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. During the month ended August 31, 2007 the Lottery made such distributions and accrued additional distributions of \$48,304,208. The Lottery is a non-appropriated state agency and therefore does not have a budget adopted by the Legislature.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 8 - NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA
(continued)

Since the enactment of the Racetrack Video Lottery Act, the Lottery is also statutorily required to distribute income from racetrack video lottery operations as described in Note 6. As of August 31, 2007 the Lottery accrued additional distributions relating to racetrack video lottery operations of \$1,403,058.

Note 7 describes the Limited Video Lottery Act and the statutory distributions required to be made from limited video lottery operations.

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

<u>BUDGETARY DISTRIBUTIONS</u>	<u>August 31, 2007</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Bureau of Senior Services	\$ 10,035	\$ 25,429
Department of Education	5,956	15,094
Library Commission	1,798	4,557
Higher Education-Policy Commission	3,302	8,367
Tourism	1,355	3,434
Natural Resources	586	1,486
Division of Culture & History	943	2,389
Department of Education & Arts	244	617
Building Commission	1,000	2,000
School Building Authority	1,800	3,600
Total State Lottery Fund	\$ 27,019	\$ 66,973
<u>State Excess Lottery Revenue Fund:</u>		
Economic Development Fund	\$ 1,900	\$ 3,800
Higher Education Improvement Fund	1,000	2,000
General Purpose Account	-	-
Higher Education Improvement Fund	12,773	12,773
State Park Improvement Fund	-	-
School Building Authority	-	-
Refundable Credit	157	157
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	-	-
Total State Excess Lottery Revenue Fund	\$ 15,830	\$ 18,730
House Bill 2007	\$ -	\$ 2,000
Total Budgetary distributions:	\$ 42,849	\$ 87,703
Veterans Instant Ticket Fund	\$ 42	\$ 88

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

NOTE 8 - NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA
(continued)

Other Racetrack Video Lottery distributions:

Tourism Promotion Fund 1.375%	\$ 1,165	\$ 2,173
Development Office Promotion Fund .375%	318	593
Research Challenge Fund .5%	424	790
Capitol Renovation & Improvement Fund .6875%	582	1,087
Parking Garage Fund .0625 %	53	99
Parking Garage Fund 1 %	-	500
Cultural Facilities & Cap. Resources Fund .5%	424	460
Capitol Dome & Cap. Improvements Fund .5%	424	621
Workers Compensation Debt Reduction Fund 7%	5,930	9,932
Total	\$ 9,320	\$ 16,255
 Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 52,211	\$104,046
 Accrued nonoperating distributions, beginning	(184,503)	(180,178)
Accrued nonoperating distributions, end	188,802	188,802
 Total nonoperating distributions to the State of West Virginia	\$ 56,510	\$112,670

NOTE 9 - RESTRICTED NET ASSETS

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. The lottery contributed \$20,000,000 to the fund for fiscal year 2006 plus \$9,539,860 and related interest of \$827,008 for fiscal year 2007.

NOTE 10 - DEFERRED JACKPOT OBLIGATIONS AND INVESTMENTS HELD IN TRUST

Prior to becoming a member of the Multi-State Lottery in 1988, the prize structure of certain games operated solely by the Lottery included jackpot prizes. The Lottery, at its discretion, could choose to award such prizes in the form of either a lump sum payment or in equal installments over a period of 10 or 20 years, through August 31, 2007, the Lottery has awarded twenty-one deferred jackpot prizes totaling approximately \$28,868,786. Deferred prize awards were recognized as prize liabilities equivalent to the present value of future prize payments discounted at interest rates for government securities in effect on the date prizes were won. The imputed interest portion of the deferred prize

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 10 - DEFERRED JACKPOT OBLIGATIONS AND INVESTMENTS HELD IN TRUST
(continued)

is calculated using the effective interest method at rates ranging from 7.11% to 9.13%. A summary of the present value of the remaining obligations for deferred jackpot prize awards follows (in thousands):

	<u>August 31, 2007</u>	<u>June 30, 2007</u>
Present value of deferred prize award obligations:		
Discounted obligations outstanding	\$ 168	\$ 279
Imputed interest accrued	<u>4</u>	<u>19</u>
	172	298
Less current portion of discounted obligations and accrued interest	<u>(172)</u>	<u>(159)</u>
Long-term portion of deferred prize award obligations	<u>\$ -</u>	<u>\$ 139</u>

Future cash payments on deferred prize obligations for each of the remaining two years are as follows (in thousands):

<u>Year Ended</u>	<u>Original Discounted Obligations Outstanding</u>	<u>Imputed Interest</u>	<u>Total</u>
June 30, 2008	48	4	52
June 30, 2009*	<u>120</u>	<u>10</u>	<u>130</u>
	<u>\$ 168</u>	<u>\$ 14</u>	<u>\$ 182</u>

*Due 8/15/2008

The Lottery has purchased long-term investments consisting principally of zero coupon government securities to fund deferred jackpot prize award obligations. Such investments are maintained in a separate trust fund administered by the West Virginia Board Of Treasury Investments on behalf of the Lottery and the jackpot prize winners, with investment maturities approximating deferred prize obligation installment due dates. Investments are carried at fair value determined by quoted market prices for the specific obligation or for similar obligations. Changes in fair value are included as part of investment income. In accordance with Statement No. 3 of the Government Accounting Standards Board, these investments are classified as to level of risk in Category 1, which includes investments that are insured or registered, or for which the securities are held by the State or its agent in the State's name.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 11 - 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, Building 5, Room 1000, State Capitol Complex, Charleston, West Virginia 25305-0720.

Employees who retire at or after age sixty with five or more years of contributory service or who retire at or after age fifty-five and have completed twenty-five years of credited service with age and credited service equal to eighty or greater are eligible for retirement benefits as established by State statute. Retirement benefits are payable monthly for life, in the form of a straight-line annuity equal to two percent of the employee's average annual salary from the highest 36 consecutive months within the last 10 years of employment, multiplied by the number of years of the employee's credited service at the time of retirement.

Covered employees are required to contribute 4.5% of their salary to the PERS. The Lottery is required to contribute 10.5% 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 period ending August 31, 2007 are as follows (in thousands):

	<u>August 31, 2007</u>	<u>Year-to Date</u>
Lottery contributions	\$39	\$78
Employee contributions	17	36
Total contributions	<u>\$56</u>	<u>\$114</u>

NOTE 12 - 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 have issued separate audited financial reports on their operations. Those reports include the required supplementary information concerning the reconciliation of claims liabilities by type of contract and ten-year claim development information. Complete financial statements of the individual insurance enterprise funds can be obtained directly from their respective administrative offices.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 12 - RISK MANAGEMENT (continued)

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 13 - POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS

The GASB has issued Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," and Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (OPEB). The State nor the Lottery has previously reported in its financial statements costs associated with future participation of retirees in health benefit plans. The GASB statements are based on the premise that the "costs" of employee services should be reported during the periods when the services are rendered. Beginning with the fiscal year ending June 30, 2007, the State will implement financial reporting requirements for OPEB "substantive plans" under GASB Statement No. 43; beginning with fiscal year ending June 30, 2008, the State will implement accounting and financial reporting requirements as an employer under GASB Statement No. 45. The financial statements will report OPEB funded status and funding progress and any "premium subsidy" resulting from the pooling of retiree participants with active employees in the health benefit plans. For "employer" OPEB reporting the State will report "expense" on an accrual basis in the amount of the "annual required contribution" and a "liability" for the amount of the "annual required contribution" that was not actually paid.

Funds have not been set aside to pay future costs of retirees, but the Legislature in response to the GASB statements, has made statutory changes to create the West Virginia Retiree Health Benefit Trust Fund (RHBT), an irrevocable trust fund, in which employer contributions for future retiree health costs may be accumulated and invested, and which is expected to facilitate the separate financial reporting of OPEB. The legislation requires the RHBT to determine through an actuarial study, as prescribed by GASB No. 43, the ARC(Annual Required Contribution) which shall be sufficient to maintain the RHBT in an actuarially sound manner. The ARC shall be allocated to respective employers including the Lottery who are required by law to remit at least the minimum annual premium component of the ARC. Revenues collected by RHBT shall be used to fund current OPEB healthcare claims and administrative expenses with residue funds held in trust for future OPEB costs. Because the necessary actuarial study has not yet been completed, the annual required contribution rates are not yet available. The Lottery expects to remit the annual required contribution to the State. The impact of this statement on these financial statements has not yet been determined by management.

NOTE 14 - COMMITMENTS

The Lottery has set aside funds as Unrestricted net assets for the acquisition of future assets. During FY2007 the lottery set aside \$12.622M for this purpose.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 12 - RISK MANAGEMENT (continued)

WEST VIRGINIA WORKERS' COMPENSATION COMMISSION (WCC)

The State of West Virginia operated an exclusive state-managed workers' compensation insurance program (WCC) prior to December 31, 2005. A framework for the privatization of workers' compensation insurance in West Virginia was established with the passage of Senate Bill 1004 and the WCC trust fund was terminated effective December 31, 2005. A privatized business entity, BrickStreet Administrative Services (BAS), was established and became the administrator of the WCC Old Fund, beginning January 1, 2006, and thereafter for seven years, and will have all administrative and adjudicatory authority previously vested in the WCC trust fund in administering old law liabilities and otherwise processing and deciding old law claims. BAS will be paid a monthly administrative fee and rated premium to provide a prompt and equitable system for compensation for injury sustained in the course of and growing out of employment. The monthly administrative fee for the West Virginia Lottery has been set at a level consistent with prior year payments and the new rate or premium will be established on an experience rated basis. The West Virginia Lottery is required to participate in the new BrickStreet Administrative Services (BAS) experience rated pool, which is expected to be rate adjusted on a quarterly basis.

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

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

BOARD OF RISK AND INSURANCE MANAGEMENT (BRIM)

The Lottery participates in the West Virginia Board of Risk and Insurance Management (BRIM), a common risk pool currently operating as a common risk management and insurance program for all State agencies, component units, and other local governmental agencies who wish to participate. The Lottery pays an annual premium to BRIM for its general insurance coverage. Fund underwriting and rate setting policies are established by BRIM. The cost of all coverage as determined by BRIM shall be

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor

Budget Division
Building 1, Room 332-West Wing
1900 Kanawha Blvd. East
Charleston, WV 25305-0590



304-347-4870

Memorandum

To: Honorable Senate President Tomblin
Honorable House of Delegates Speaker Thompson
Honorable Members of the Joint Committee on Government and
Finance

From: Ellen Clark, C.P.A. *EC*
Director Budget Division
Legislative Auditor's Office

Date: October 5, 2007

Re: Status of General Revenue Fund September 30, 2007

We have reviewed the cash revenue flows of the West Virginia general revenue fund for the months of July through September of fiscal year 2007-2008. The status of the fund collections are as follows:

The net collections were **110.21%** of the estimate for the fiscal year. **The amount ABOVE estimate was \$ 91.8 million for the year.**

Personal income tax was \$31 million over the estimate for the year to date as of September 30, 2007.

Severance tax was \$ 12.6 million above the estimate as of September 30, 2007.

Consumer sales tax was \$ 6.8 million above the estimate as of September 30, 2007.

Joint Committee on Government and Finance

State Road Fund

The state road fund was collected at 99.91% of the estimate for the year as of September 30, 2007. The entire fund was \$ 149 thousand below the estimate for the year.

Rainy Day and Personal Income Tax Reserve

Revenue Shortfall Reserve Fund A(Rainy Day Fund) had a cash balance of \$ \$286,182,536.77 as of September 30, 2007.

Balance July 1, 2007	235,075,887.42
Cash flow loan to General Revenue on July 3, 2007 To be repaid 90 days. This is a normal occurrence in July due to cash flow demands; will be repaid in September. Paid back September 24, 2007.	- 56,000,000.00 +56,000,000.00
Revenues July 1, 2006-June 30,2007 (Surplus from FY 2007)	53,363,287.82
Earnings	2,256,638.46
Balance September 30, 2007	286,182,536.77

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 280,061,249.19 as of September 30, 2007.

Balance July 1, 2007	279,869,087.79
Earnings	192,261.40
Balance September 30, 2007	280,061,249.19

The Special Income Tax Reserve Fund had a cash balance of \$45,019,318.96 as of September 30, 2007.

Balance July 1, 2007	45,019,318.96
Revenues July 2007-June 2008	-0-
Balance September 30, 2007	45,019,318.96

GENERAL REVENUE FUND FY 2007-2008

Monthly Revenue Estimates July 2007
as of SEPTEMBER 28, 2007 WVFIMS

SOURCE OF REVENUE	MONTH ESTIMATES	NET MONTH COLLECTIONS	FINAL	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY
			MONTHLY OVER/ UNDER ESTIMATES VS ACTUAL COLLECTIONS			OVER/UNDER ESTIMATES VS ACTUAL YTD COLLECTIONS
Personal Income Tax	128,300,000	146,961,726	18,661,726	337,100,000	368,771,855	31,671,855
Consumer Sales Tax	85,900,000	85,147,346	-752,654	265,800,000	272,657,665	6,857,665
Severance Tax	26,800,000	32,867,197	6,067,197	60,300,000	72,970,793	12,670,793
Business and Occupation	8,100,000	7,267,706	-832,294	31,800,000	32,701,003	901,003
Insurance Tax	1,100,000	210,247	-889,753	24,000,000	24,331,298	331,298
Use Tax	9,400,000	8,707,512	-692,488	31,900,000	32,670,467	770,467
Cigarette Tax	8,700,000	8,806,274	106,274	27,900,000	27,190,061	-709,939
Corp Income /Business Franchise	75,200,000	102,328,506	27,128,506	92,500,000	125,083,523	32,583,523
Interest Income	4,000,000	5,360,031	1,360,031	11,000,000	14,873,318	3,873,318
Property Transfer Tax	1,290,000	1,118,190	-171,810	3,750,000	3,479,136	-270,864
Charter Tax	100,000	-37,186	-137,186	2,550,000	2,176,710	-373,290
Departmental Collections	800,000	782,531	-17,469	2,400,000	2,998,722	598,722
Beer Tax and Licenses	470,000	563,989	93,989	1,980,000	2,144,537	164,537
Liquor Profit Transfers	1,600,000	1,612,976	12,976	2,920,000	3,175,798	255,798
Miscellaneous Transfers	100,000	0	-100,000	200,000	991,093	791,093
Smokeless Tobacco Tax	350,000	486,170	136,170	1,250,000	1,370,536	120,536
Business Franchise Fees	30,000	36,410	6,410	450,000	955,208	505,208
Property Tax	1,440,000	1,682,994	242,994	1,760,000	2,056,495	296,495
Miscellaneous Receipts	120,000	85,171	-34,829	400,000	259,592	-140,408
Senior Citizen Tax Credit Reimb.	0	0	0	90,000	0	-90,000
HB 102 - Lottery Transfers	0	500,728	500,728	0	500,728	500,728
Racing Fees	0	0	0	0	140,000	140,000
Telecommunications Tax	0	13,998	0	0	77,732	77,732
Estate and Inheritance Tax	0	-1,401	-1,401	0	44,200	44,200
Refundable Credit Reim LTY	0	0	0	0	157,365	157,365
Video Lottery Transfers	0	83,657	83,657	0	155,875	155,875
Special Revenue Transfer	0	0	0	0	0	0
Cash Flow Transfer	0	0	0	0	0	0
TOTALS	353,800,000	404,584,770	50,784,770	900,050,000	991,933,711	91,883,711
Minus Cash Flow Transfer	0	56,000,000	0	0	0	0
Percent of Estimates		98.53%			110.21%	
TOTALS	353,800,000	348,584,770	-5,215,230	900,050,000	991,933,711	91,883,711
Collections this day		35,191,821				

STATE ROAD FUND
STATE ROAD FUND FY 2007-2008
Monthly Estimates July 2007
as of September 28, 2007 WVFIMS

FINAL

SOURCE OF REVENUE	MONTH ESTIMATES	NET MONTH COLLECTIONS	MONTHLY OVER/ UNDER ESTIMATES VS ACTUAL COLLECTIONS	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER/UNDER ESTIMATES VS ACTUAL YTD COLLECTIONS
Gasoline & Motor Carrier Rd Tax	31,600,000	22,259,869	-9,340,131	99,600,000	99,482,795	-117,205
Privilege Tax	15,080,000	13,534,268	-1,545,732	49,164,000	48,350,660	-813,340
Licenses & Registration	6,054,000	6,256,214	202,214	21,904,000	22,639,112	735,112
Highway Litter Control Fund	115,000	172,824	57,824	415,000	461,073	46,073
TOTALS	52,849,000	42,223,174	-10,625,826	171,083,000	170,933,640	-149,360
Percent of Estimates		79.89%			99.91%	
Collections this day		19,993,551				

REVENUE SHORTFALL RESERVE FUND A as of September 1, 2007:\$229,333,335.83

REVENUE SHORTFALL RESERVE FUND B as of September 1, 2007 : \$279,875,140.10

SPECIAL INCOME TAX REFUND RESERVE FUND as of September 1, 2007: \$45,019,318.96

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor

Budget Division
Building 1, Room 332-West Wing
1900 Kanawha Blvd. East
Charleston, WV 25305-0590



304-347-4870

To: Honorable Senate President Tomblin
Honorable House of Delegates Speaker Thompson
Honorable Members of the Joint Committee on Government
and Finance

From: Ellen Clark, C.P.A. *E.C.*
Director Budget Division
Legislative Auditor's Office

Date: October 5, 2007

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the July 2007 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia. July is the first month of fiscal year 2007-2008.

For the fiscal year 2007-2008, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2007	\$257,112,738.68
Receipts July 1, 2007 thru June 30, 2008	\$12,672,078.88
Disbursements July 1, 2007 thru June 30, 2008	\$12,832,057.94
Balance July 31, 2007	\$256,952,759.62

ITEMS OF NOTE:

Regular benefits paid for July 2007 were \$1 million more than in July 2006. Total disbursements were \$ 917 thousand more than in July 2006.

Joint Committee on Government and Finance

Receipts were \$ 884 thousand greater than in July 2006. Overall ending trust fund balance was \$ 12.1 million more in July 2007 than in July 2006.

West Virginia's unemployment rate for the month of July 2007 was 4.6 percent. National unadjusted employment rate was 4.9 %.

Seasonally adjusted unemployment rates were 4.8 percent for West Virginia and 4.6 percent nationally.

Since July 2006 employment has risen 5,300 with gains in the following areas: 1,700 in trade, transportation and utilities, 1,200 in leisure and hospitality, 1,500 in professional and business services, 700 in other services, 400 in natural resources and mining, 800 in construction, 100 in financial activities, 700 in educational and health services and 100 in information. Declines included 1,600 in manufacturing, and 300 government.

**FINANCIAL CONDITION OF THE UNEMPLOYMENT COMPENSATION TRUST FUND
MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING MAY 2006 AND MAY 2007**

	MAY 06	JUNE 06	JULY 06	MAY 07	JUNE 07	JULY 07	THREE MONTH TOTAL VARIANCE *
Balance Forward	<u>208,059,091.21</u>	<u>252,577,592.33</u>	<u>244,818,539.17</u>	<u>216,384,859.03</u>	<u>261,712,331.75</u>	<u>287,112,739.69</u>	<u>31,604,609.73</u>
Add Receipts:							
1. Bond Assessment	453.80	\$1,872.01	\$578.30	0.00	12.11	0.00	(2,894.10)
2. Regular Contributions	56,940,074.84	61,160,056.80	\$11,588,693.47	55,841,409.31	624,106.30	12,672,078.88	(249,530.62)
3. Extended Benefit Funds	0.00	\$0.00	\$0.00	0.00	0.00	0.00	0.00
4. Emergency Unemployment Funds	0.00	\$0.00	\$0.00	0.00	0.00	0.00	0.00
5. TEUC Unemployment Funds	0.00	\$0.00	\$0.00	0.00	0.00	0.00	0.00
6. UCPE (Federal Agencies)	100,000.00	\$100,000.00	\$50,000.00	100,000.00	100,000.00	0.00	(50,000.00)
7. Reduced Tax Credits	0.00	\$0.00	\$0.00	0.00	0.00	0.00	0.00
8. Read Act Funds	0.00	\$0.00	\$0.00	0.00	305,393.46	0.00	305,393.46
9. Treasury Interest Credits	0.00	\$2,653,014.91	\$0.00	0.00	2,611,781.87	0.00	(48,233.04)
10. UCK (Military Agencies)	500,000.00	\$300,000.00	\$150,000.00	0.00	500,000.00	0.00	(350,000.00)
Total Monthly Receipts	<u>57,840,630.74</u>	<u>\$4,219,943.72</u>	<u>\$11,787,571.77</u>	<u>56,041,409.31</u>	<u>4,441,285.74</u>	<u>12,672,078.88</u>	<u>(393,262.30)</u>
Less Disbursements:							
Debt Bond Repayment	(Retired)		(Retired)	(Retired)	(Retired)	(Retired)	NA
Regular Benefits	10,562,427.69	\$9,640,633.77	\$11,459,232.68	10,403,002.52	8,782,274.61	12,516,694.69	(181,222.32)
Extended Benefits	0.00	(\$1,948.00)	\$0.00	0.00	0.00	0.00	1,948.00
Emergency Benefits	(2,312.50)	\$0.00	\$0.00	(2,102.00)	(477.00)	(5,704.00)	(5,970.50)
UCPE (Federal Workers) Benefits	81,838.79	\$82,914.99	\$83,678.70	59,978.79	58,471.14	66,445.47	(76,634.06)
UCK (Military Workers) Benefits	319,975.97	\$312,298.16	\$366,182.18	253,057.32	230,620.06	253,621.78	(261,164.84)
Read Act Funds	0.00	\$1,695,000.00	0.00	0.00	0.00	0.00	(1,695,000.00)
Other Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Monthly Disbursements	<u>10,871,929.62</u>	<u>11,829,096.88</u>	<u>11,814,100.56</u>	<u>10,713,936.59</u>	<u>9,040,688.81</u>	<u>12,632,057.84</u>	<u>(2,228,243.72)</u>
Trust Fund Balance	<u>252,627,692.33</u>	<u>244,818,539.17</u>	<u>244,782,010.39</u>	<u>261,712,331.75</u>	<u>267,112,739.69</u>	<u>269,857,759.67</u>	<u>39,439,588.16</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.



Monthly Management Report

TOTAL CLAIMS

AUGUST 2007

WV PEIA
Monthly Management Report Total Claims
August 2007

Reporting Category	Type of Service	Current Period PEIA Payments	Current Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	12 Months Prior Rolling Avg PEIA Payments	Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments	
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	133,489.47	182,166.81	149,014.90	135,286.29	271,270.03	288,606.23	
	MATERNITY	128,562.39	159,159.72	177,441.94	143,228.16	304,024.34	322,837.65	
	MEDICAL AND SURGICAL	5,762,819.53	8,080,496.53	4,292,958.25	5,148,099.91	11,168,315.59	7,994,809.74	
	NEONATAL COMPLICATIONS	25,566.90	97,419.90	173,735.58	54,501.82	136,010.68	280,981.08	

sum		6,048,407.29	8,479,239.90	4,793,148.67	8,479,115.17	11,879,620.59	8,884,914.70	
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	28,724.80	35,178.27	28,608.44	39,489.19	53,579.72	59,539.79	
	DIALYSIS	127,111.04	157,610.26	189,135.79	188,965.41	263,319.37	314,906.55	
	EMERGENCY ROOM	409,513.13	387,080.24	323,745.00	388,391.69	792,293.48	599,267.07	
	MATERNITY	39,043.88	42,004.92	38,512.04	39,151.05	63,272.88	58,193.48	

sum		7,234,639.21	7,044,884.74	5,947,169.70	7,048,177.82	14,523,073.48	11,753,529.07	
PHARMACY	PRESCRIPTION DRUGS	9,659,554.27	10,241,390.04	10,308,153.49	9,258,358.66	16,046,239.17	16,692,388.07	

sum		9,659,554.27	10,241,390.04	10,308,153.49	9,258,358.66	16,046,239.17	16,692,388.07	
PROFESSIONAL SERVICES	ADVANCED IMAGING	523,324.92	498,351.14	351,688.03	458,026.69	989,409.09	759,963.14	
	AMBULANCE	204,907.11	181,975.14	146,048.95	161,949.91	381,816.15	281,030.18	
	ANESTHESIA	710,278.01	610,699.91	528,582.62	607,184.54	1,420,522.67	1,128,989.04	
	BEHAVIORAL	266,137.80	315,881.29	192,303.60	321,911.54	816,920.78	427,767.06	
	CARDIOVASCULAR MEDICINE	359,117.83	358,787.06	278,834.12	376,745.75	691,976.26	567,851.15	
	CERVICAL CANCER SCREENING	31,318.47	23,056.17	27,299.40	31,081.12	47,815.35	54,571.92	
	DIALYSIS	10,493.97	8,277.82	5,447.18	16,657.59	16,313.75	13,934.75	
	DME	321,602.31	319,035.18	240,144.28	328,918.51	779,350.73	548,132.69	
	EVALUATION AND MANAGEMENT	4,783,769.94	4,048,903.37	3,411,821.13	3,858,491.63	8,188,483.08	6,635,518.22	
	IMMUNIZATION	393,783.28	257,001.81	121,750.94	152,904.91	648,067.45	221,384.23	
	INJECTION	767,829.01	671,746.91	496,776.60	650,845.32	1,445,029.87	1,066,987.33	
	LAB AND PATHOLOGY	549,617.27	593,379.78	353,157.47	590,578.28	1,130,368.84	891,974.84	
	MAMMOGRAPHY	771.23	45,668.59	83,999.84	89,268.14	1,675.00	184,012.05	
	OTHER	424,608.48	341,801.63	322,879.75	396,197.83	757,397.47	607,284.70	

	OTHER IMAGING	992,728.88	816,261.51	571,761.46	781,818.17	1,782,204.56	1,261,713.72	
	OTHER MEDICINE	478,063.00	636,544.30	352,689.65	584,944.01	1,718,221.38	1,150,921.45	
	PHYSICAL MEDICINE	531,683.68	528,483.98	321,464.65	512,009.94	982,430.68	788,278.81	
	PROSTATE CANCER SCREENING	15,905.27	18,232.18	12,517.80	16,193.71	31,428.67	28,561.57	
	SURGICAL	2,569,601.48	2,321,322.90	1,863,910.32	2,343,135.43	4,846,459.81	4,138,987.74	

sum		13,919,432.12	12,548,129.22	9,578,885.85	12,288,325.90	26,331,880.58	20,682,754.28	

sum		38,882,032.69	35,313,812.90	30,725,377.81	34,053,977.85	68,830,813.82	57,993,588.12	



Monthly Management Report

PER CAPITA CLAIMS

AUGUST 2007

WV PEIA
Monthly Management Report Per Capita Claims
August 2007

Reporting Category	Type of Service	Current Period PEIA Payments	Current Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	12 Months Prior Rolling Avg PEIA Payments	Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	0.8789	1.1179	1.0082	0.9403	1.7633	1.9297
	MATERNITY	0.8316	1.097	1.1848	0.9956	1.9986	2.1716
	MEDICAL AND SURGICAL	37.8942	34.8763	28.9022	35.78	73.4183	53.8282
	NEONATAL COMPLICATIONS	0.188	0.6724	1.1697	0.3788	0.8941	1.757
	sum	39.7406	37.7626	32.2697	38.0948	78.0943	89.6886
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	0.1887	0.2426	0.1928	0.2744	0.3622	0.4009
	DIALYSIS	0.8382	1.067	1.2734	1.1046	1.731	2.1202
	EMERGENCY ROOM	2.6907	2.6677	2.1796	2.6784	5.2084	4.0347
	MATERNITY	0.25	0.2897	0.2458	0.272	0.4189	0.3986
	MEDICAL AND SURGICAL	43.8702	44.2689	38.1479	44.8676	87.7842	72.1809
sum	47.8347	48.5669	40.0392	48.9889	95.4718	79.1353	
PHARMACY	PRESCRIPTION DRUGS	63.4874	70.6303	69.3993	64.3397	105.4848	112.3981
sum		63.4874	70.6303	69.3993	64.3397	105.4848	112.3981
PROFESSIONAL SERVICES	ADVANCED IMAGING	3.4713	3.2347	2.3677	3.1829	6.6699	6.1169
	AMBULANCE	1.3457	1.1485	0.9833	1.1266	2.51	1.7575
	ANESTHESIA	4.6889	4.2075	3.6391	4.2207	9.3382	7.6014
	BEHAVIORAL	1.7421	2.1773	1.2847	2.2365	3.3981	2.6801
	CARDIOVASCULAR MEDICINE	2.3696	2.4795	1.6518	2.618	4.5489	3.8233
	CERVICAL CANCER SCREENING	0.2058	0.189	0.1838	0.216	0.3143	0.3674
	DIALYSIS	0.0689	0.0571	0.0367	0.1189	0.1072	0.0938
	DME	2.1131	2.1978	1.8168	2.2884	6.1293	3.6905
	EVALUATION AND MANAGEMENT	31.4314	27.9107	22.9688	28.8186	53.8285	44.6793
	IMMUNIZATION	2.6973	1.771	0.8197	1.0629	4.2471	1.4904
	INJECTION	4.9793	4.6297	3.3445	4.5925	9.4993	7.1832
	LAB AND PATHOLOGY	3.8112	4.1225	2.3776	4.1021	7.4308	6.0059
	MAMMOGRAPHY	0.0051	0.316	0.5615	0.8207	0.011	1.1043
	MAMMOGRAPHY	2.7899	2.365	2.1724	2.7855	4.9789	4.0889
	OTHER	6.5227	6.6244	8.8493	8.2918	11.7159	8.4277
	OTHER IMAGING	3.1411	4.3757	2.3745	4.0648	11.2821	7.749
	OTHER MEDICINE	3.4934	3.8428	2.1644	3.6883	6.4583	5.1625
	PHYSICAL MEDICINE	0.1045	0.106	0.0843	0.1125	0.2066	0.1923
	PROSTATE CANCER SCREENING	18.8177	18.6992	12.6487	18.2873	31.8997	27.6899
	sum		91.4567	88.4812	65.1493	85.2688	173.4292
sum		242.1995	243.4299	206.8575	238.89	452.4801	390.4848



Monthly Management Report

PER CAPITA UTILIZATION

AUGUST 2007

WV PEIA
 Monthly Management Report Per Capita Utilization
 August 2007

Reporting Category	Type of Service	Current Period Encounters	12 Months Prior Encounters	Current Fiscal Yr Encounters	Previous Fiscal Yr Encounters
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	0.0007		0.0004	0.0011
	MATERNITY	0.0009		0.0007	0.0017
	MEDICAL AND SURGICAL	0.0097		0.0079	0.0178
	NEONATAL COMPLICATIONS	0.0003		0.0003	0.0008

sum		0.0118	0.0093	0.0209	0.0178
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	0.0028		0.0027	0.0048
	DIALYSIS	0.0028		0.0038	0.0063
	EMERGENCY ROOM	0.024		0.0229	0.0452
	MATERNITY	0.0019		0.0021	0.0034
	MEDICAL AND SURGICAL	0.2328		0.1877	0.4189

sum		0.2637	0.2191	0.4788	0.3923
PHARMACY	PREScription DRUGS	0.8842		0.9575	1.719

sum		0.8842	0.9575	1.719	1.6972
PROFESSIONAL SERVICES	ADVANCED IMAGING	0.0283		0.0184	0.048
	AMBULANCE	0.0047		0.0035	0.0084
	ANESTHESIA	0.022		0.0178	0.0411
	BEHAVIORAL	0.0454		0.0317	0.079
	CARDIOVASCULAR MEDICINE	0.0379		0.0288	0.0687
	CERVICAL CANCER SCREENING	0.0093		0.0086	0.0144
	DIALYSIS	0.0008		0.0004	0.0012
	DME	0.0251		0.019	0.0471
	EVALUATION AND MANAGEMENT	0.5516		0.4191	0.938
	IMMUNIZATION	0.0257		0.011	0.0429
	INJECTION	0.0278		0.0208	0.0494
	LAB AND PATHOLOGY	0.187		0.1364	0.3382
	MAMMOGRAPHY	0.0002		0.0139	0.0005
	OTHER	0.0384		0.0212	0.0818

	OTHER IMAGING	0.1388		0.0883	0.2314
	OTHER MEDICINE	0.093		0.0708	0.1576
	PHYSICAL MEDICINE	0.1293		0.089	0.2215
	PROSTATE CANCER SCREENING	0.0071		0.0054	0.013
	SURGICAL	0.0955		0.089	0.1884

sum		1.4815	1.0724	2.5228	2.0924

sum		2.7009	2.2583	4.7412	4.1894



Prescription Drug Report

AUGUST 2007

WV PEIA - Monthly Trend

Plan Demographics	Jul-07	Aug-07	2007 - 2008 Fiscal	2006 - 2007 Fiscal	Percent Change
Total Drug Cost	\$10,855,059	\$12,280,459	\$23,245,668	\$23,839,658	-2.49%
Amount Paid by Plan Sponsor	\$8,212,479	\$9,949,697	\$15,159,068	\$16,106,454	-5.88%
Amount Paid by Members	\$4,742,820	\$3,343,872	\$8,088,492	\$7,734,203	4.65%
Total Claims	179,189	189,175	362,374	362,107	2.92%
Average Eligible Member	153,293	163,348	163,290	156,228	-1.26%
Average # of Rx's Per Member Per Month	1.13	1.23	1.18	1.13	4.21%
Plan Paid Per Member Per Month (PMPM)	\$40.64	\$58.34	\$49.45	\$51.88	-4.69%
Average Eligible Enrollees	71,040	71,018	71,028	72,487	-1.99%
Average # of Rx's Per Enrollee Per Month	2.44	2.66	2.65	\$2.43	5.00%
Plan Paid Per Enrollee Per Month (PEPM)	\$37.45	\$126.98	\$106.71	\$111.12	-3.97%
Rx Cost Share					
Avg. Claim Cost to Plan	\$35.87	\$47.29	\$41.53	\$45.74	-8.54%
Avg. Member Cost/Claim	\$27.38	\$17.68	\$22.32	\$21.87	1.69%
Percent member Cost Share	43.3%	27.2%	34.8%	32.4%	7.23%
Average Ingredient Costs					
Single Source (no generics available)	\$148.18	\$153.68	\$150.87	\$132.62	13.93%
Multi-Source Brand (generics available)	\$39.83	\$35.44	\$38.12	\$42.04	-14.07%
Generic Drugs	\$19.54	\$20.27	\$19.92	\$23.97	-16.88%
Brand/Generic Dispensing Rates					
Single Source (no generics)	32.49%	32.12%	32.26%	36.1%	-15.14%
Multi-Source Brand % (generics available)	1.11%	1.05%	1.06%	1.3%	-18.54%
Generic Drug	66.40%	66.84%	66.63%	60.6%	9.91%
Generics Dispensed when available	98.38%	98.45%	98.41%	97.9%	0.56%
Percent of Plan Cost for Single Source	88.20%	82.31%	83.90%	80.5%	4.26%
Retail Pharmacy Program					
Avg. Day Supply	32.4	32.9	32.7	32.4	0.80%
Avg. Plan Cost/Day Supply	\$1.09	\$1.42	\$1.27	\$ 1.39	-5.70%
Avg. Claim Cost to Plan	\$35.48	\$48.60	\$41.38	\$ 45.00	-8.05%
Avg. Member Cost / Claim	\$27.23	\$17.63	\$22.17	\$ 22.12	0.15%
Percent Member Cost Share	43.43%	27.26%	34.88%	33.0%	8.58%
Special Maint Netok (% of claims filed)	11.09%	12.04%	11.88%	11.0%	4.91%
Other Maint (% of claims filed)	1.14%	0.83%	1.03%	1.3%	-22.74%
Avg. Days Supply for Maint. Netoks	87.8	87.8	87.6	87.6	-0.06%
Total # Claims Fills 1-34 Days Supply	150,712	163,156	313,867	162,783	105.47%
Total # Claims Fills 35-60 Day Supply	1,147	1,361	2,498	1,214	105.77%
Total # Claims Fills 61-90 Day Supply	19,761	22,815	42,566	20,377	108.90%
Total # Claims Fills 91+ Day Supply	7	7	18	38	-54.93%
Mail Service Program					
Avg. Days Supply	70.9	72.1	71.5	72.9	-1.91%
Avg. Plan Cost/Days Supply	\$1.13	\$1.39	\$1.28	\$ 1.21	3.23%
Avg. Cost to Plan	\$78.94	\$97.78	\$89.54	\$ 88.48	1.20%
Avg. Member Cost/Claim	\$44.18	\$32.73	\$39.00	\$ 35.54	8.92%
Percent Member Cost Share	35.68%	26.06%	29.60%	29.6%	3.48%
Total # Claims Fill 1-34 Days Supply	512	563	1088	482	121.16%
Total # Claims Fills 35-60 Days Supply	2	5	7	5	40.00%
Total # Claims Fills 61-90 Days Supply	1,068	1,267	2,365	1,189	98.16%
Total # Claims Fills 91+ Day Supply					
Formulary Program					
S/S Formulary Drugs (% by claim)	23.72%	23.56%	23.63%	26.2%	-6.21%
S/B Non-Formulary Drugs (% by claim)	8.77%	8.66%	8.66%	12.6%	-32.64%
M/S Drugs (% by claim)	0.02%	0.01%	0.02%	0.1%	-81.65%
Generic Drugs (% by Claim)	68.40%	68.84%	68.63%	60.6%	9.91%
S/S Formulary Drugs (% by \$)	74.85%	70.28%	72.16%	62.9%	14.69%
S/B non-Formulary Drugs (% by \$)	11.38%	11.35%	11.76%	17.5%	-33.10%
M/S Drugs (% by \$)	0.09%	0.05%	0.05%	0.2%	-70.69%
Generic Drugs (% by \$)	13.62%	13.62%	16.89%	19.1%	-16.74%
Specialty Drugs					
Total Drug Cost	\$1,085,891	\$1,193,904	\$2,252,898	\$2,128,122	5.66%
Amount Paid by Plan Sponsor	\$1,030,968	\$1,129,726	\$2,160,832	\$2,024,137	8.76%
Amount Paid by Members	\$55,016	\$37,178	\$32,184	\$103,986	-11.34%
Total Claims	622	673	1,266	1,606	-13.95%
Avg # of Rx's per Member per Month	0.00	0.00	0.00	0.6%	-12.87%
Plan Paid Per Member Per Month (PMPM)	\$8.73	\$7.37	\$7.05	\$8.62	8.10%
Avg Claim Cost to Plan	\$1,657.50	\$1,676.64	\$1,668.49	\$1,344.94	24.06%
Avg Claim Cost to Member	\$88.45	\$55.24	\$71.19	\$69.09	3.04%
Percent of Member Cost Share	5.07%	3.10%	4.09%	4.69%	-16.26%
Percent of Overall Drug Spend	9.91%	9.49%	9.69%	8.93%	8.67%



Key Performance Indicators
Comprehensive Indicators
WV Public Employees Ins - w/o AccessWV

Current Period: 07/2007 - 08/2007
Previous Period: 07/2006 - 08/2006

	Current Period	Previous Period	% Change
Overall Performance			
Plan Cost PMPM	\$49.46	\$72.46	-31.7 %
Average Mbrs/Month	153,290	187,119	-18.1 %
Average Subs/Month	71,028	96,184	-26.2 %
% Utilizing Members	42.5 %	48.7 %	-12.8 %
% Retail Utilizing Members	42.2 %	48.4 %	-12.7 %
% Mall Utilizing Members	0.5 %	0.7 %	-26.6 %
Rx Measures			
Rxs PMPM	1.18	1.64	-23.4 %
Retail Rxs PMPM	1.17	1.53	-23.3 %
Mall Rxs PMPM	0.01	0.02	-30.3 %
Average Admin Fee/Rx	\$0.00	\$0.00	165.4 %
Avg Retail Admin Fee/Rx	\$0.00	\$0.00	165.1 %
Avg Mall Admin Fee/Rx	\$0.00	\$0.00	0.0 %
Average Plan Cost/Rx	\$41.82	\$46.95	-10.9 %
Avg Retail Plan Cost/Rx	\$41.36	\$46.49	-11.0 %
Avg Mall Plan Cost/Rx	\$89.56	\$89.94	-0.4 %
Average Mbr Contrib/Rx	\$22.33	\$20.93	6.7 %
Avg Retail Mbr Contrib/Rx	\$22.18	\$20.79	6.7 %
Avg Mall Mbr Contrib/Rx	\$38.02	\$33.55	13.3 %
Average Ing Cost/Rx	\$62.42	\$65.74	-5.1 %
Avg Retail Ing Cost/Rx	\$61.81	\$65.15	-5.1 %
Avg Mall Ing Cost/Rx	\$126.08	\$121.89	3.3 %
Average AWP/Rx	\$104.31	\$99.58	4.7 %
Avg Retail AWP/Rx	\$103.32	\$98.63	4.8 %
Avg Mall AWP/Rx	\$207.88	\$190.55	9.1 %
Average Days Supply/Rx	33.0	34.9	-5.4 %
Avg Retail Days/Rx	32.7	34.5	-5.3 %
Avg Mall Days/Rx	71.5	74.6	-4.1 %
Average Plan Cost/Day	\$1.27	\$1.34	-5.9 %
Avg Retail Plan Cost/Day	\$1.27	\$1.35	-6.1 %
Avg Mall Plan Cost/Day	\$1.25	\$1.21	3.8 %
% Plan Cost	65.2 %	69.2 %	-5.7 %
% Member Contribution	34.8 %	30.8 %	12.9 %
% Retail Plan Cost	65.1 %	69.1 %	-5.8 %
% Retail Mbr Contrib	34.9 %	30.9 %	12.9 %
% Mall Plan Cost	70.2 %	72.8 %	-3.6 %
% Mall Member Contrib	29.8 %	27.2 %	9.7 %



Key Performance Indicators

Comprehensive Indicators

WV Public Employees Ins - w/o AccessWV

Current Period: 07/2007 - 08/2007
Previous Period: 07/2006 - 08/2006

	Current Period	Previous Period	% Change
Rx Sources			
% Mail Rxs	0.9 %	1.0 %	-9.0 %
% Retail Rxs	99.0 %	98.9 %	0.2 %
% Member Submit Rxs	0.0 %	0.1 %	-79.0 %
Rx Types			
Avg SSB Plan Cost/Rx	\$108.60	\$97.71	11.1 %
Avg Retail SSB Plan Cost/Rx	\$107.81	\$96.96	11.2 %
Avg Mail SSB Plan Cost/Rx	\$175.39	\$159.36	10.1 %
Avg MSB Plan Cost/Rx	\$9.02	\$19.23	-53.1 %
Avg Retail MSB Plan Cost/Rx	\$9.00	\$19.22	-53.2 %
Avg Mail MSB Plan Cost/Rx	\$12.76	\$20.36	-37.4 %
Avg GEN Plan Cost/Rx	\$9.95	\$16.18	-38.4 %
Avg Retail GEN Plan Cost/Rx	\$9.76	\$15.97	-38.9 %
Avg Mail GEN Plan Cost/Rx	\$32.39	\$36.53	-11.3 %
% Single-Source Brand Rxs	32.3 %	37.7 %	-14.3 %
% Multi-Source Brand Rxs	1.1 %	1.4 %	-25.0 %
% Generic Rxs	66.6 %	60.9 %	9.4 %
% Retail Single-Source Brand	32.2 %	37.6 %	-14.3 %
% Retail Multi-Source Brand	1.1 %	1.4 %	-24.8 %
% Retail Generic	66.7 %	60.9 %	9.4 %
% Mail Single-Source Brand	40.1 %	43.6 %	-8.2 %
% Mail Multi-Source Brand	0.6 %	1.2 %	-50.7 %
% Mail Generic	59.4 %	55.2 %	7.6 %
% Formulary Rxs	89.6 %	85.2 %	5.3 %
% Retail Formulary Rxs	89.7 %	85.2 %	5.3 %
% Mail Formulary Rxs	88.1 %	85.3 %	3.3 %
% DAW Rxs	0.7 %	0.9 %	-18.5 %
% Retail DAW Rxs	0.7 %	0.9 %	-18.8 %
% Mail DAW Rxs	1.5 %	1.3 %	9.4 %
% Generic Conversion	98.4 %	97.7 %	0.7 %
% Retail GEN Conversion	98.4 %	97.7 %	0.7 %
% Mail GEN Conversion	99.0 %	97.9 %	1.2 %
Period Totals			
Total Plan Cost	\$15,163,315.72	\$27,115,374.09	-44.1 %
Retail Plan Cost	\$14,856,577.57	\$26,576,007.48	-44.1 %
Mail Plan Cost	\$306,738.15	\$539,366.61	-43.1 %
Total Member Contribution	\$8,095,728.09	\$12,086,702.17	-33.0 %
Retail Member Contrib	\$7,965,511.30	\$11,885,474.21	-33.0 %



Key Performance Indicators
Comprehensive Indicators
WV Public Employees Ins - w/o AccessWV

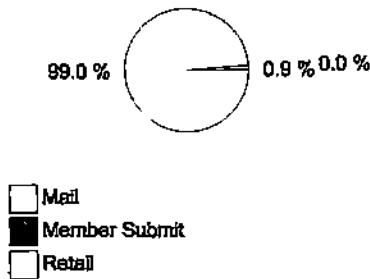
Current Period: 07/2007 - 08/2007
Previous Period: 07/2006 - 08/2006

	Current Period	Previous Period	% Change
Mail Member Contrib	\$130,216.79	\$201,227.96	-35.3 %
Total Rx Count	362,589	577,586	-37.2 %
Retail Rx Count	359,111	571,187	-37.1 %
Member Submit Rxs	53	402	-86.8 %
Mail Rx Count	3,425	5,997	-42.9 %
Total Admin Fee	\$1,294.50	\$777.00	66.6 %
Total UC Savings	\$12,639,188.79	\$19,032,647.51	-33.6 %
Total Lost Savings	\$18,857.27	\$35,225.69	-46.5 %

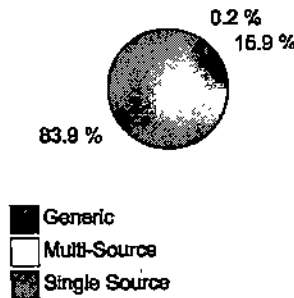
Demographics			
Average Age	38.7	45.4	-14.7 %
% Male Members	46.5 %	45.2 %	3.0 %
% Female Members	53.5 %	54.8 %	-2.5 %

Graphs based on Current Period: 07/2007 - 08/2007

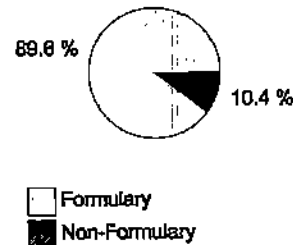
Claim Source by Rx Count



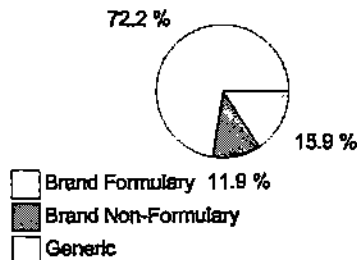
Drug Type by Plan Cost



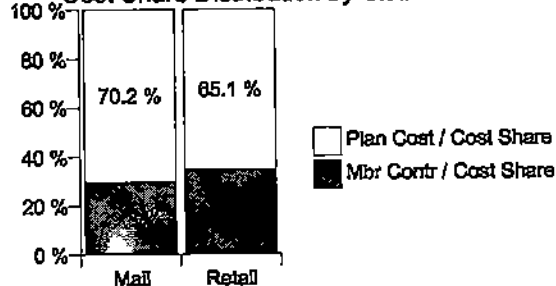
Formulary Status by Rx Count



Drug Formulary Status by Plan Cost



Cost Share Distribution by Claim Source



Utilization Report by Population Level
Prescriptions Filled From 07/2007 - 08/2007
WV Public Employees Ins - w/o AccessWV



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Div Name (DIV)	Avg Mbr Count	Avg Util Mbr/Mnth	Rx Count	Plan Cost	Member Contr/Rx	Plan Cost/Rx	Mail % Rxs	Gen % Rxs	Form % Rxs	Gen Conv %	PMPM Plan Cost
WV PUBLIC EMPLOYEES INSURANCE (WVA)	153,290	65,150	362,589	\$15,163,316	\$22.33	\$41.82	0.9 %	66.8 %	89.6 %	88.4 %	\$49.48
Grand Total	153,290		362,589	\$15,163,316	\$22.33	\$41.82	0.9 %	66.8 %	89.6 %	88.4 %	\$49.48

**Utilization Report by Population Level
 Prescriptions Filled From 07/2007 - 08/2007
 WV Public Employees Ins - w/o AccessWV**



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WV PUBLIC EMPLOYEES INSURANCE (WVA)

Reporting Level 1	Avg Mbr Count	Avg Util Mbr/Mnth	Rx Count	Plan Cost	Member Contr/Rx	Plan Cost/Rx	Mail % Rxs	Gen % Rxs	Form % Rxs	Gen Conv %	PMPM Plan Cost
STATE (1000)	132,334	58,697	316,108	\$13,329,400.63	\$22.46	\$42.30	0.9 %	86.2 %	89.5 %	99.4 %	\$50.38
NON STATE (2000)	20,599	8,277	46,282	\$1,747,189.24	\$21.38	\$37.74	0.9 %	69.3 %	80.7 %	98.8 %	\$42.41
COBRA (3000)	357	177	1,181	\$66,745.85	\$22.90	\$72.83	0.8 %	61.5 %	88.7 %	98.8 %	\$121.49
Grand Total	153,290		363,571	\$15,143,335.72	\$22.33	\$41.82	0.9 %	68.8 %	89.8 %	99.4 %	\$49.48

Utilization Report by Population Level
Prescriptions Filled From 07/2007 - 08/2007
WV Public Employees Ins - w/o AccessWV



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WV PUBLIC EMPLOYEES INSURANCE (WVA)

Reporting Level 2	Avg Mbr Count	Avg Util Mbr/Mnth	Rx Count	Plan Cost	Member Contr/RX	Plan Cost/RX	Mail % Rxs	Gen % Rxs	Form % Rxs	Gen Conv %	PMPM Plan Cost
STATE AGENCIES (01)	116,883	48,430	260,978	\$10,811,840.73	\$22.52	\$41.43	0.9 %	66.4 %	89.3 %	88.4 %	\$46.25
STATE RETIREES (07)	12,291	7,527	51,084	\$2,449,330.89	\$21.79	\$47.85	1.0 %	65.1 %	90.2 %	88.2 %	\$89.64
NON STATE AGENCIES (02)	17,527	7,018	38,829	\$1,486,517.58	\$21.07	\$38.54	0.9 %	69.1 %	90.4 %	89.7 %	\$42.69
NON STATE RETIREES (08)	849	527	3,872	\$169,098.00	\$19.77	\$43.87	1.8 %	66.7 %	82.7 %	88.9 %	\$89.65
COBRA (COBRA)	357	177	1,191	\$68,745.85	\$22.80	\$72.83	0.6 %	61.6 %	88.7 %	88.8 %	\$121.49
NON STATE AGENCIES PLAN B (02B)	2,221	735	3,591	\$81,563.66	\$28.53	\$22.71	0.5 %	73.9 %	82.1 %	89.3 %	\$18.36
STATE AGENCIES (01B)	3,159	741	3,048	\$68,228.91	\$28.60	\$22.40	1.5 %	72.8 %	90.6 %	89.0 %	\$10.80
NON STATE RETIREES 60 (0860)	1	NA	NA	\$0.00	NA	NA	NA	NA	NA	NA	NA
STATE RETIREES ASST 60 (0760)	2	NA	NA	\$0.00	NA	NA	NA	NA	NA	NA	NA
TEST GROUP (XXXX)	2	NA	NA	\$0.00	NA	NA	NA	NA	NA	NA	NA
Grand Total	153,290		362,589	\$15,163,318	\$22.33	\$41.82	0.9 %	66.8 %	89.8 %	88.4 %	\$49.48

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

DRAFT

August 31

	2007	2006
ASSETS		
Short Term Assets		
Cash and Equivalents	\$ 36,618,539	\$ 37,046,528
Advance Deposit with Carrier/Trustee	122,506,477	95,573,459
Receivables - Net	2,666,121	1,618,026
Prepaid Insurance	3,383,095	1,953,341
Total Short Term Assets	165,174,232	136,191,354
Long Term Assets		
Investments	117,134,328	108,806,782
Total Long Term Assets	117,134,328	108,806,782
TOTAL ASSETS	282,308,560	244,998,136
LIABILITIES		
Short Term Liabilities		
Accounts payable	746,631	150,132
Claims Payable	90,402	62,211
Agents Commissions Payable	2,316,074	352,359
Unearned Revenue	14,871,479	16,389,887
Current Estimated Claim Reserve	52,632,279	53,637,014
Total Short Term Liabilities	70,656,865	70,591,603
Long Term Liabilities		
Compensated Absences	200,147	163,620
Estimated Noncurrent Claim Reserve	109,153,232	130,447,716
Total Long Term Liabilities	109,353,379	130,611,336
TOTAL LIABILITIES	180,010,244	201,202,939
Prior Year Net Assets	97,546,878	44,843,685
Current Year Earnings	4,751,438	(1,048,488)
TOTAL NET ASSETS	102,298,316	43,795,197
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 282,308,560	\$ 244,998,136

DRAFT - Unaudited - Management Purposes Only

10/03/07

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

DRAFT

	August 31	
	2007	2006
Operating Revenues		
Premium Revenues	\$ 12,344,446	\$ 14,360,881
Less - Excess Insurance	(676,229)	(1,005,934)
Total Operating Revenues	11,668,217	13,354,947
Operating Expenses		
Claims Expense	8,915,248	17,092,111
Property & MS Claims Expense	(108,394)	1,463,892
Personal Services	235,721	218,877
Operating Expenses	421,102	497,763
Total Operating Expenses	9,463,677	19,272,643
Operating Income	2,204,540	(5,917,696)
Nonoperating Revenues		
Court Fees	5,755	4,505
Claim Interest Income	-	-
Investment Income	2,541,143	4,864,703
Total Nonoperating Revenues	2,546,898	4,869,208
Net Income	4,751,438	(1,048,488)

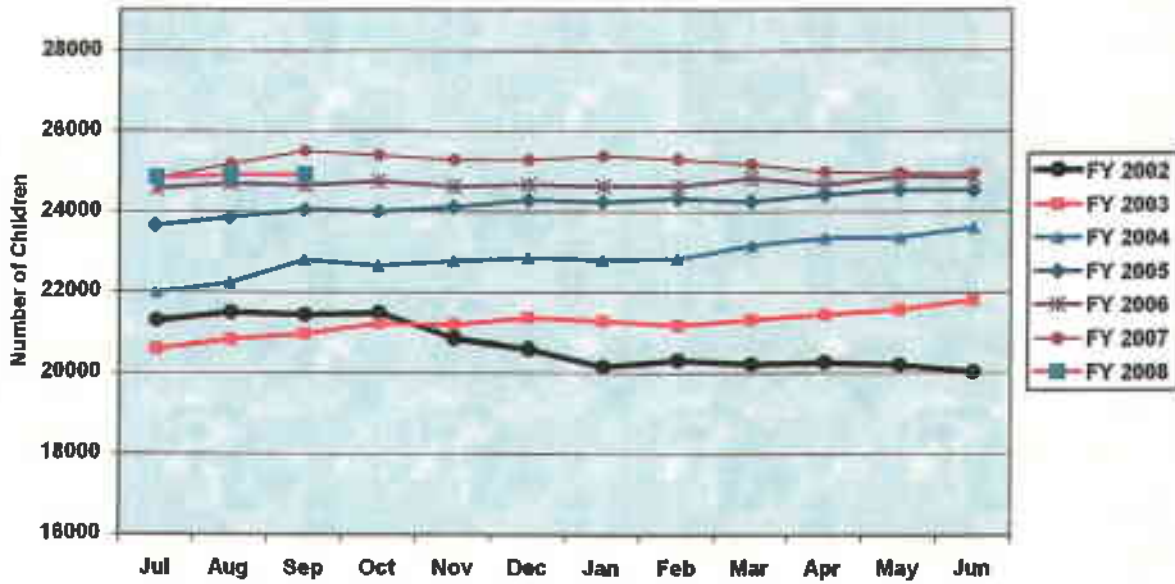


**West Virginia
Children's Health Insurance Program
1018 Kanawha Boulevard East
Suite 209
Charleston, WV 25301
Phone: 304-558-2732
Toll-Free: 1-877-WVA CHIP
Fax: 304-558-2741
www.wvchip.org**

**Joint Committee on
Government and Finance
Report**

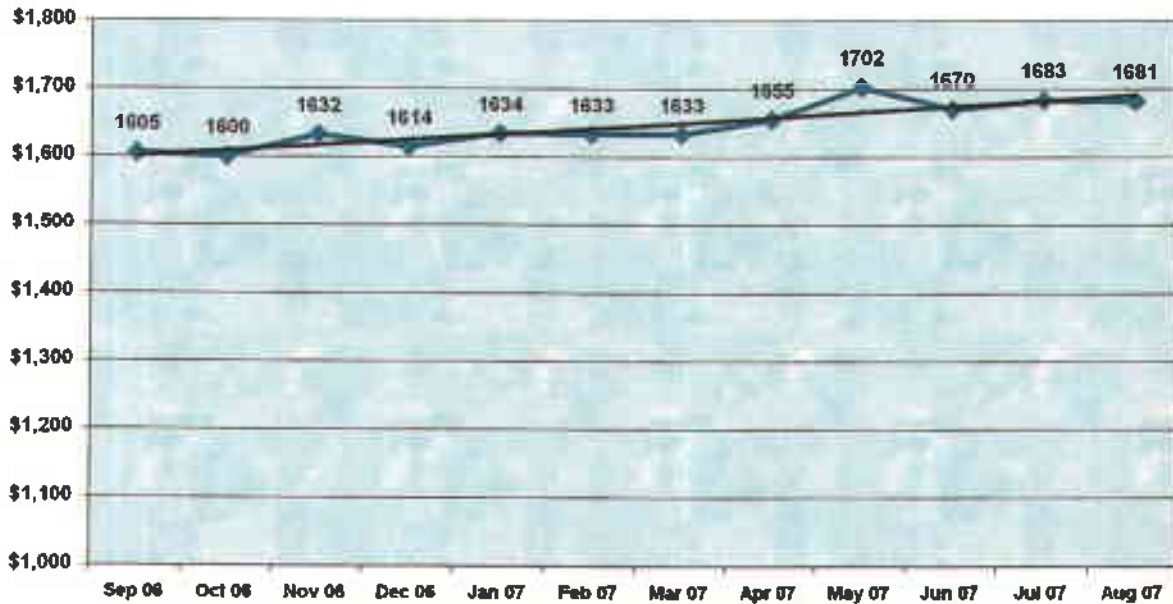
October 2007

WV CHIP Enrollment



September 30, 2007 Enrollment 24,913

Annualized Health Care Expenditures (Cost per Child)



**West Virginia Children's Health Insurance Program
Comparative Balance Sheet
August 31, 2007 and 2006
(Accrual Basis)**

	August 31, 2007	August 31, 2006	Variance	
Assets:				
Cash & Cash Equivalents	\$5,348,262	\$2,471,576	\$2,874,686	116%
Due From Federal Government	\$3,018,038	\$3,000,824	\$17,212	1%
Due From Other Funds	\$709,315	\$577,933	\$131,382	23%
Accrued Interest Receivable	\$25,250	\$8,106	\$17,144	211%
Fixed Assets, at Historical Cost	<u>\$83,011</u>	<u>\$83,071</u>	(\$80)	0%
Total Assets	<u>\$9,161,875</u>	<u>\$6,121,510</u>	<u>\$3,040,365</u>	<u>50%</u>
Liabilities:				
Due to Other Funds	\$187,351	\$38,227	\$151,124	417%
Deferred Revenue	\$3,570,001	\$2,148,124	\$1,421,877	66%
Unpaid Insurance Claims Liability	<u>\$3,540,000</u>	<u>\$2,754,085</u>	<u>\$785,915</u>	<u>29%</u>
Total Liabilities	<u>\$7,297,352</u>	<u>\$4,938,436</u>	<u>\$2,358,916</u>	<u>46%</u>
Fund Equity	<u>\$1,864,523</u>	<u>\$1,183,074</u>	<u>\$681,449</u>	<u>58%</u>
Total Liabilities and Fund Equity	<u>\$9,161,875</u>	<u>\$6,121,510</u>	<u>\$3,040,365</u>	<u>50%</u>

PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Two Months Ending August 31, 2007 and August 31, 2006
(Modified Accrual Basis)

	August 31, 2007	August 31, 2006	Variance	
Revenues:				
Federal Grants	5,224,902	5,009,113	215,789	4%
State Appropriations	2,193,799	2,193,340	459	0%
Premium Revenues	9,646	-	9,646	
Investment Earnings	<u>43,997</u>	<u>8,108</u>	<u>35,891</u>	443%
Total Operating Revenues	<u>7,472,345</u>	<u>7,210,559</u>	<u>261,786</u>	<u>4%</u>
Operating Expenditures:				
Claims:				
Outpatient Services	1,773,147	1,644,966	128,181	8%
Physicians & Surgical	1,252,686	1,486,478	(233,792)	-16%
Prescribed Drugs	1,245,473	1,152,972	92,501	8%
Dental	915,491	787,073	128,418	16%
Inpatient Hospital Services	571,169	940,180	(369,011)	-39%
Vision	191,749	214,207	(22,458)	-10%
Outpatient Mental Health	175,361	224,372	(49,011)	-22%
Durable & Disposable Med. Equip.	85,507	65,840	19,667	30%
Inpatient Mental Health	63,938	150,977	(87,039)	-58%
Therapy	63,061	72,328	(9,267)	-13%
Medical Transportation	58,216	84,104	(25,888)	-31%
Other Services	7,195	23,534	(16,339)	-69%
Less: Collections*	<u>(170,712)</u>	<u>(168,212)</u>	<u>(2,500)</u>	<u>1%</u>
Total Claims	<u>6,232,281</u>	<u>6,678,819</u>	<u>(446,538)</u>	<u>-7%</u>
General and Admin Expenses:				
Salaries and Benefits	89,146	85,179	3,967	5%
Program Administration	392,693	290,234	102,459	35%
Eligibility	60,052	(4,025)	64,077	-1592%
Outreach & Health Promotion	1,837	3,805	(2,168)	-57%
Current	<u>27,956</u>	<u>850</u>	<u>27,106</u>	<u>3189%</u>
Total Administrative	<u>571,484</u>	<u>376,043</u>	<u>195,441</u>	<u>52%</u>
Total Expenditures	<u>6,803,765</u>	<u>7,054,862</u>	<u>(251,097)</u>	<u>-4%</u>
Excess of Revenues				
Over (Under) Expenditures	668,580	155,697	512,883	329%
Fund Equity, Beginning	<u>1,195,943</u>	<u>1,027,377</u>	<u>168,566</u>	<u>16%</u>
Fund Equity, Ending	<u>1,864,523</u>	<u>1,183,074</u>	<u>681,449</u>	<u>58%</u>

* Collections are primarily drug rebates and subrogation

* State Appropriations restated in prior year to actual draw deposited

PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program
Budget to Actual Statement
Fiscal Year 2008
for the Two Months Ended August 31, 2007**

	<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>Aug-07</u>	<u>Jul-07</u>
Projected Cost	\$49,020,492	\$8,170,082	\$6,514,090	\$1,655,992	20%	\$4,085,041	\$3,680,106	\$2,833,984
Premiums	136,290	\$22,715	9,646	\$13,069	58%	11,358	5,529	4,117
Medical Copays	576,800	\$96,133	0	96,133	-100%	48,087		
Drug Copays	489,250	\$81,542	0	81,542	-100%	40,771		
Subrogation & Rebates	<u>760,000</u>	<u>\$126,667</u>	<u>170,712</u>	<u>(44,045)</u>	<u>35%</u>	<u>63,333</u>	<u>72,324</u>	<u>96,388</u>
Net Benefit Cost	47,058,152	\$7,843,025	\$6,343,377	\$1,499,648	19%	3,921,513	3,607,782	2,735,596
Salaries & Benefits	\$519,673	\$86,612	\$89,146	(\$2,534)	-3%	\$43,306	\$41,241	\$47,905
Program Administration	2,166,796	\$361,133	348,080	13,052	4%	180,566	306,071	42,009
Eligibility	340,055	\$56,676	6,646	50,030	88%	28,338	0	6,846
Outreach	27,157	\$4,526	1,272	3,254	72%	2,263	611	661
Current Expense	<u>287,741</u>	<u>\$47,957</u>	<u>18,935</u>	<u>29,022</u>	<u>61%</u>	<u>23,978</u>	<u>7,534</u>	<u>11,401</u>
Total Admin Cost	\$3,341,422	\$556,904	\$464,079	\$92,825	17%	\$278,452	\$355,457	\$106,622
Total Program Cost	<u>\$50,399,574</u>	<u>\$8,399,929</u>	<u>\$6,807,456</u>	<u>\$1,592,473</u>	<u>19%</u>	<u>\$4,199,965</u>	<u>\$3,963,239</u>	<u>\$2,844,218</u>
Federal Share 80.97%	40,823,655	\$6,803,942	\$5,520,166	1,283,776	19%	3,401,971	3,213,790	2,306,376
State Share 19.03%	<u>9,575,919</u>	<u>\$1,595,987</u>	<u>\$1,287,290</u>	<u>308,697</u>	<u>19%</u>	<u>797,993</u>	<u>749,448</u>	<u>537,842</u>
Total Program Cost *	<u>\$50,399,574</u>	<u>\$8,399,929</u>	<u>\$6,807,456</u>	<u>\$1,592,473</u>	<u>19%</u>	<u>\$4,199,965</u>	<u>\$3,963,239</u>	<u>\$2,844,218</u>

Positive percentages indicate favorable variances
Budgeted Year Based on CCRC Actuary 6/30/2007 Report
Please note: Medical and Drug Co-pay figures are incomplete.

Unaudited - Cash Basis For Management Purposes Only - Unaudited

WV CHIP Enrollment Report

ATTACHMENT 1

September 2007

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Sep-07	Total Medicaid Enrollment Sep-07	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	Total % Insured 3/2002*	# Children Insured Ranking*	Est. # Uninsured Eligible*
Barbour	3,248	313	1,614	1,927	59.3%	92.5%	34	255
Berkeley	22,882	1,152	5,738	6,890	30.1%	93.9%	21	1,084
Boone	5,706	322	2,627	2,949	51.7%	97.9%	4	133
Braxton	3,044	219	1,601	1,820	59.8%	95.6%	13	155
Brooke	4,658	302	1,492	1,794	38.5%	98.5%	3	0**
Cabell	18,900	962	8,164	9,126	48.3%	91.6%	39	1,218
Calhoun	1,389	134	853	987	71.1%	88.0%	52	207
Clay	2,454	204	1,383	1,587	64.7%	95.1%	15	94
Doddridge	1,607	122	714	836	52.0%	96.4%	6	60
Fayette	9,692	951	4,857	5,808	59.9%	92.1%	36	706
Gilmer	1,154	97	587	684	59.3%	92.8%	32	115
Grant	2,463	160	925	1,085	44.1%	95.8%	11	82
Greenbrier	7,110	565	2,822	3,387	47.6%	94.8%	17	306
Hampshire	5,110	285	1,854	2,139	41.9%	91.3%	40	295
Hancock	6,270	405	2,283	2,688	42.9%	92.9%	31	443
Hardy	2,950	128	1,038	1,164	39.5%	93.6%	26	200
Harrison	14,973	946	6,029	6,975	46.6%	99.9%	1	0**
Jackson	6,277	379	2,388	2,767	44.1%	93.9%	22	340
Jefferson	11,465	434	2,174	2,608	22.7%	93.9%	23	651
Kanawha	40,847	2,079	16,833	18,912	46.5%	96.4%	7	772
Lewis	3,577	302	1,831	2,133	59.6%	88.0%	53	431
Lincoln	4,945	417	2,550	2,967	60.0%	93.3%	27	327
Logan	7,610	539	3,957	4,496	59.1%	92.1%	37	654
Marion	11,245	787	4,373	5,160	45.9%	95.9%	10	516
Marshall	7,176	416	2,764	3,180	44.3%	97.5%	5	217
Mason	5,461	356	2,527	2,883	52.8%	95.7%	12	249
McDowell	5,170	426	3,499	3,925	75.9%	93.8%	25	373
Mercer	12,687	1,116	6,761	7,877	62.1%	91.0%	41	1,268
Mineral	5,973	300	2,074	2,374	39.7%	90.7%	43	251
Mingo	6,204	417	3,377	3,794	61.2%	88.5%	51	566
Monongalia	14,346	699	4,106	4,805	33.5%	92.6%	33	1,144
Monroe	2,728	254	930	1,184	43.4%	93.1%	29	196
Morgan	3,365	218	1,031	1,249	37.1%	89.2%	49	285
Nicholas	5,478	463	2,552	3,015	55.0%	94.4%	19	324
Ohio	9,068	484	3,120	3,604	39.7%	95.6%	14	480
Pendleton	1,632	120	414	534	32.7%	99.0%	2	19
Pleasants	1,593	105	505	610	38.3%	93.9%	24	88
Pocahontas	1,717	147	665	812	47.3%	87.7%	54	224
Preston	6,354	538	2,396	2,934	46.2%	90.2%	47	236
Putnam	12,522	624	3,212	3,836	30.6%	93.2%	28	486
Raleigh	15,992	1,288	6,993	8,281	51.8%	91.7%	38	1,395
Randolph	5,971	489	2,444	2,933	49.1%	89.7%	48	653
Fitchie	2,234	155	836	991	44.4%	96.2%	9	81
Roane	3,266	287	1,677	1,964	60.1%	90.5%	44	336
Summers	2,322	234	1,168	1,402	60.4%	88.9%	50	315
Taylor	3,307	225	1,461	1,686	51.0%	90.9%	42	356
Tucker	1,354	176	480	656	48.5%	93.1%	30	103
Tyler	1,887	105	879	984	52.2%	94.9%	16	93

WV CHIP Enrollment Report

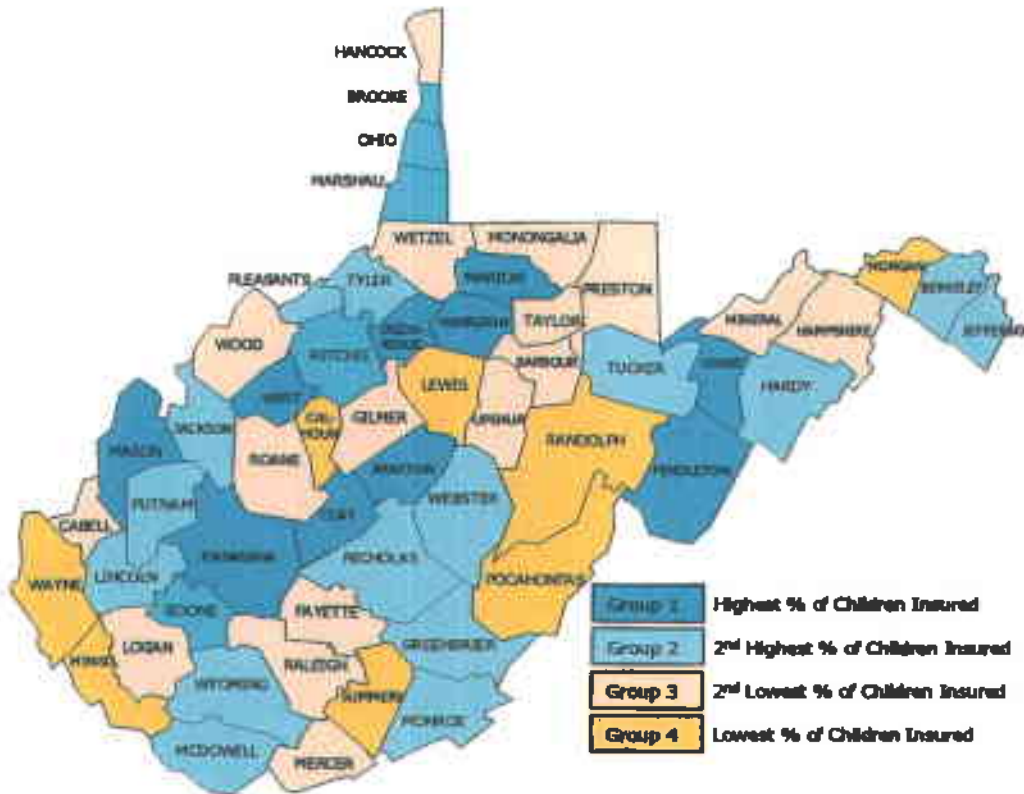
ATTACHMENT 1

September 2007

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Sep-07	Total Medicaid Enrollment Sep-07	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	Total % Insured 3/2002*	# Children Insured Ranking*	Est. # Uninsured Eligible*
Upshur	4,956	403	2,277	2,680	54.1%	90.4%	46	547
Wayne	9,176	572	4,246	4,818	52.5%	87.7%	55	1,034
Webster	2,020	202	1,095	1,297	64.2%	94.7%	18	103
Wetzel	3,732	227	1,684	1,891	50.7%	92.5%	35	334
Wirt	1,268	133	556	689	54.4%	96.3%	8	46
Wood	19,063	1,092	7,922	9,014	47.3%	90.5%	45	1,624
Wyoming	5,092	438	2,848	3,286	64.5%	94.0%	20	231
Totals	382,490	24,913	155,164	180,077	47.1%	93.4%		22,446

*Based on data from "Health Insurance in West Virginia: The Children's Report" -- a survey by The Institute for Health Policy Research at the West Virginia University Robert C. Byrd Science Center

**There may be some uninsured eligible children in these counties, but according to the results of the survey sampling none were found.



Legislative Oversight Commission on
Health and Human Resources Accountability

October 2007

Department of Administration

State Children's Health Insurance Program
UPDATE



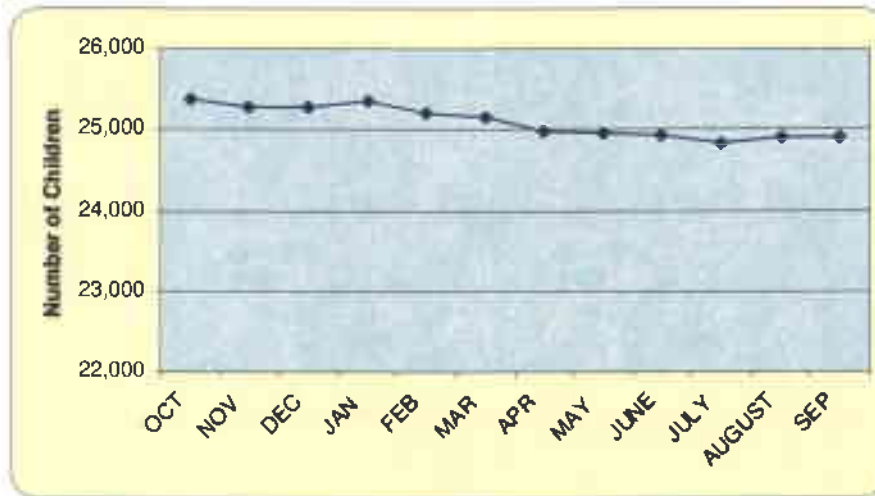
WV CHILDREN'S HEALTH INSURANCE AGENCY

REPORT FOR OCTOBER 2007

I. Enrollment on September 30, 2007: 24,913

See Attachment 1 for enrollment by county.

Current 12-Month Enrollment Period: October 2006 through September 2007



Enrollee Totals: July 2007 to September 2007

Month	Total	1 Year	Total
July	1,707	Average	1,768
August	1,856	High	2,035
September	1,778	Low	1,501

New Enrollee (Never Before on CHIP) Totals: July 2007 to September 2007

Month	Total	1 Year	Total
July	714	Average	764
August	750	High	860
September	812	Low	668

II. Re-enrollment for 3 Month Period: June 2007 to August 2007

Total Forms Mailed		Enrolled within Notice Period		Reopened Cases After Closure		Final Closures	
Month	Total	#	%	#	%	#	%
June	1,903	1,071	56%	204	11%	628	33%
July	2,016	1,109	55%	276	14%	631	31%
August	2,150	1,283	60%	252	12%	615	29%

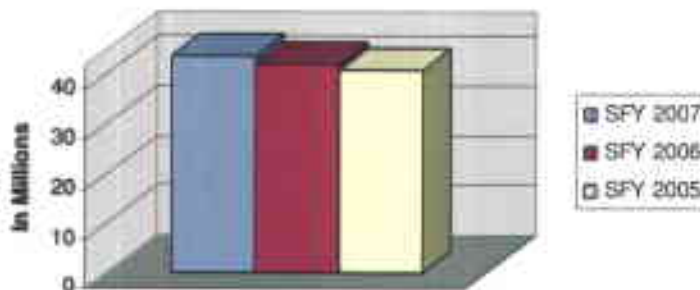
III. Financial Activity

Please see this month's financial statement at Attachment 2.

The average annualized claims cost per child for the month ended August 2007 was \$1,806.

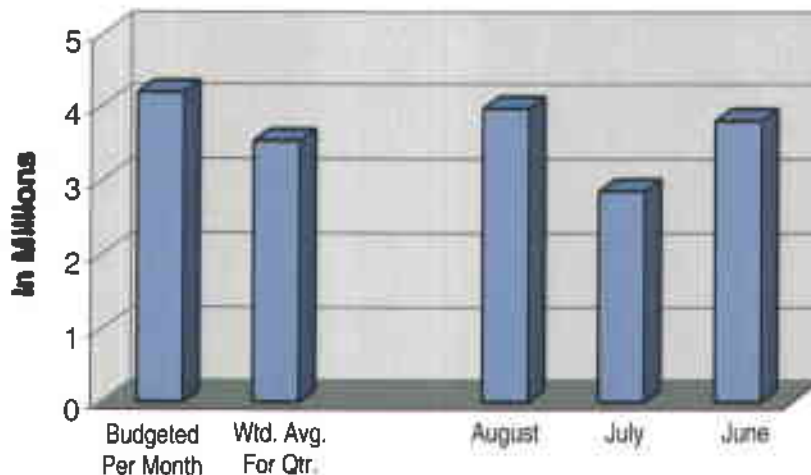
Annual Expenditures for a 3 Year Period: SFY 2005 – SFY 2007

	SFY 2007	FFP% 2007	SFY 2006	FFP% 2006	SFY 2005	FFP% 2005
Federal	35,472,537	80.97	34,247,276	81.09	33,767,136	82.26
State	8,336,944	19.03	7,986,385	18.91	7,235,862	17.74
Total Costs	43,809,481	100.00	42,233,661	100.00	41,002,998	100.00



Monthly Budgeted and Current 3 Month Period: June 2007 – August 2007

	Budgeted Per Month	Wtd. Avg. For Qtr.	Actual		
			August 2007	July 2007	June 2007
Federal	3,401,971	2,868,744	3,213,790	2,302,963	3,089,478
State	797,994	672,270	749,449	541,255	726,106
Total	4,199,965	3,541,014	3,963,239	2,844,218	3,815,584



IV. Other Highlights

PRESIDENTIAL VETO AND FEDERAL FUNDS LEVEL

WVCHIP has been receiving emails and phone calls even before the Presidential veto of October 3, 2007, asking what will happen to children's coverage. Since WVCHIP is starting the current '09 Federal Fiscal Year with \$23 million remaining from last year's appropriation that we can still draw from, we want to reassure the public that we are in good fiscal condition until some compromise or settlement of the federal budget is determined.

WV CHIP Enrollment Report

ATTACHMENT 1

September 2007

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Randolph	5,971	489	2,444	2,933	49.1%	89.7%	48	653
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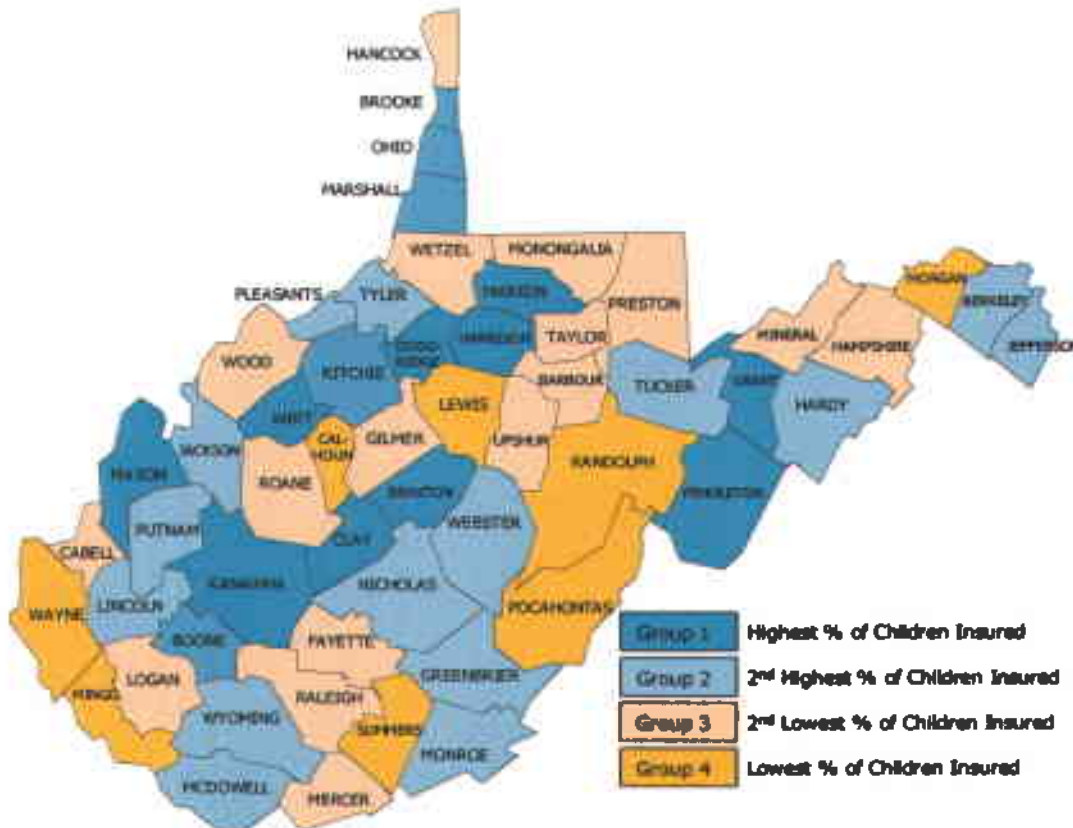
WV CHIP Enrollment Report

September 2007

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*Based on data from "Health Insurance in West Virginia: The Children's Report" – a survey by The Institute for Health Policy Research at the West Virginia University Robert C. Byrd Science Center

**There may be some uninsured eligible children in these counties, but according to the results of the survey sampling none were found.



West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures and Changes In Fund Balances
For the Two Months Ending August 31, 2007 and August 31, 2006
(Modified Accrual Basis)

	#####	#####	Variance	
Revenues:				
Federal Grants	5,224,902	5,009,113	215,789	4%
State Appropriations	2,193,799	2,193,340	459	0%
Premium Revenues	9,646	-	9,646	
Investment Earnings	<u>43,997</u>	<u>8,106</u>	<u>35,891</u>	443%
Total Operating Revenues	<u>7,472,345</u>	<u>7,210,559</u>	<u>261,786</u>	<u>4%</u>
Operating Expenditures:				
Claims:				
Outpatient Services	1,773,147	1,644,966	128,181	8%
Physicians & Surgical	1,252,686	1,486,478	(233,792)	-16%
Prescribed Drugs	1,245,473	1,152,972	92,501	8%
Dental	915,491	787,073	128,418	16%
Inpatient Hospital Services	571,169	940,180	(369,011)	-39%
Vision	191,749	214,207	(22,458)	-10%
Outpatient Mental Health	175,361	224,372	(49,011)	-22%
Durable & Disposable Med. Equip.	85,507	65,840	19,667	30%
Inpatient Mental Health	63,938	150,977	(87,039)	-58%
Therapy	63,061	72,328	(9,267)	-13%
Medical Transportation	58,216	84,104	(25,888)	-31%
Other Services	7,195	23,534	(16,339)	-69%
Less: Collections*	<u>(170,712)</u>	<u>(168,212)</u>	<u>(2,500)</u>	1%
Total Claims	<u>6,232,281</u>	<u>6,678,819</u>	<u>(446,538)</u>	<u>-7%</u>
General and Admin Expenses:				
Salaries and Benefits	89,146	85,179	3,967	5%
Program Administration	392,693	290,234	102,459	35%
Eligibility	60,052	(4,025)	64,077	-1592%
Outreach & Health Promotion	1,637	3,805	(2,168)	-57%
Current	<u>27,956</u>	<u>850</u>	<u>27,106</u>	<u>3189%</u>
Total Administrative	<u>571,484</u>	<u>376,043</u>	<u>195,441</u>	<u>52%</u>
Total Expenditures	<u>6,803,765</u>	<u>7,054,862</u>	<u>(251,097)</u>	<u>-4%</u>
Excess of Revenues				
Over (Under) Expenditures	668,580	155,697	512,883	329%
Fund Equity, Beginning	<u>1,195,943</u>	<u>1,027,377</u>	<u>168,566</u>	<u>16%</u>
Fund Equity, Ending	<u>1,864,523</u>	<u>1,183,074</u>	<u>681,449</u>	<u>58%</u>

* Collections are primarily drug rebates and subrogation

* State Appropriations restated in prior year to actual draw deposited

PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program
 Budget to Actual Statement
 State Fiscal Year 2008
 for the Two Months Ended August 31, 2007

	<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>Aug-07</u>	<u>Jul-07</u>
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Eligibility	340,055	\$56,676	6,646	50,030	88%	28,338	0	6,646
Outreach	27,157	\$4,526	1,272	3,254	72%	2,263	611	661
Current Expense	<u>287,741</u>	<u>\$47,957</u>	<u>18,935</u>	<u>29,022</u>	61%	<u>23,978</u>	<u>7,534</u>	<u>11,401</u>
Total Admin Cost	\$3,341,422	\$556,904	\$464,079	\$92,825	17%	\$278,452	\$355,457	\$108,622
Total Program Cost	<u>\$50,399,574</u>	<u>\$8,399,929</u>	<u>\$6,807,456</u>	<u>\$1,592,473</u>	19%	<u>\$4,199,965</u>	<u>\$3,963,239</u>	<u>\$2,844,218</u>
Federal Share 80.97%	40,823,655	\$6,803,942	\$5,520,166	1,283,776	19%	3,401,971	3,213,790	2,306,376
State Share 19.03%	<u>9,575,919</u>	<u>\$1,595,987</u>	<u>\$1,287,290</u>	<u>308,697</u>	19%	<u>797,993</u>	<u>749,448</u>	<u>537,842</u>
Total Program Cost	<u>\$50,399,574</u>	<u>\$8,399,929</u>	<u>\$6,807,456</u>	<u>\$1,592,473</u>	19%	<u>\$4,199,965</u>	<u>\$3,963,239</u>	<u>\$2,844,218</u>

Positive percentages indicate favorable variances
 Budgeted Year Based on CCRC Actuary 6/30/2007 Report
 Base note: Medical and Drug Co-pay figures are incomplete.

Unaudited - Cash Basis For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program
WVFIMS Fund 2154
For the Month Ended August 31, 2007
(Accrual Basis)**

Investment Account

Funds Invested	\$5,094,607
Interest Earned	<u>43,997</u>
Total	<u>\$5,138,604</u>

Unaudited - For Management Purposes Only - Unaudited

**Department of Administration Leasing Report
For The Period of September 1, 2007 through September 30, 2007**

NEW CONTRACT OF LEASE

WV CONSERVATION AGENCY

SCC-010 New contract of lease for 1 year containing 190 square feet of office Space at \$10.42 psf includes utilities, trash and snow removal with Greenbrier County Economic Dev. Auth., in the City of Maxwelton, Greenbrier County.

BOARD OF SPEECH, PATHOLOGY AND AUDIOLOGY

SPA-001 New contract of lease For 2 years containing 660 square feet of office space at \$10.00 psf, rate full service with Upshur County Development Auth. in the City of Buckhannon, Upshur County.

INSURANCE COMMISSION

INS-022 New contract of lease for 5 years containing 700 square feet of climate controlled storage space for computer equipment at \$7.50 psf, full service with O. V. Smith and Sons in the City of Big Chimney, Kanawha County.

EDUCATION AND THE ARTS

E&A 002 New contract of lease for 4 years containing 3,928 square feet of office space at \$11.50 psf, full service with McCabe Land Company in the City of Charleston, Kanawha County.

STRAIGHT RENEWALS

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-155 Renewal for 1 year containing 5,600 square feet of office space at the current psf rate of \$6.30 with Mason-Stewart Properties in the City of Kingwood, Preston County.

HHR-156 Renewal for 1 year containing 800 square feet of storage at the same \$2.01 psf rate with Burdette Realty, in the City of Charleston, Kanawha County.

STRAIGHT RENEWALS CONTINUED

HHR-137 Renewal for 1 year containing 6,917 square feet of office space at the same rate of \$1.39 psf, with William Home, in the City of Welch, McDowell County.

WORKFORCE WEST VIRGINIA

WWV-002 Renewal for 3 years containing 4,700 square feet of office space at the same \$7.50 psf rate, with Anbu and Carole Nadar in the City of Williamson, Mingo County.

WEST VIRGINIA STATE COLLEGE

WVS-002 Renewal for 1 year containing 1,694 square feet of office space at the same \$10.00 psf. rate, full service with WVSU R&D Corp. in the City of Institute, Kanawha County.

DENTAL EXAMINERS BOARD

DEB-002 Renewal for 4 years containing 1,600 square feet of office space at the same rate of \$6.75 psf, includes trash and snow removal, with Priddy's Enterprises in the City of Crab Orchard, Raleigh County.

RENEWAL/RENT INCREASES

ETHICS COMMISSION

ETH-002 Renewal for 3 years containing 3,140 square feet of office space with a rental increase from \$11.28 psf to \$11.78 psf, full service with Brooks Quarrier Associates, in the City of Charleston, Kanawha County.

APPRAISER BOARD

APR-002 Renewal for 3 years containing 900 square feet of office space with a rental increase from \$13.00 psf to \$15.00 psf, full service with Real Estate Associations Services, in the City of Charleston, Kanawha County.

PUBLIC SAFETY

PSA-008 Renewal for 3 years containing 1,980 square feet of office space with a rental increase from \$5.36 psf to \$5.45 psf with Darlene Morris in the City of Clay, Clay County.

RENEWAL/RENT INCREASES CONTINUED

CORRECTIONS

COR-077 Renewal for 1 year containing 1,600 square feet of office space with a rental increase from \$12.49 psf to \$13.32 psf includes utilities, trash and snow removal with Twelve-O-Six Virginia, Inc. in the City of Charleston, Kanawha County.

BOARD OF PROFESSIONAL SURVEYORS

PEB-002 Renewal for 5 years containing 3,231 square feet of office and storage space with a rental increase from \$12.00 psf to \$13.20 psf, full service with KVB Partners, in the City of Charleston, Kanawha County.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

DHS-022 Renewal for 2 years containing 17,881 square feet of office space with a rental increase from \$6.05 psf to \$6.20 psf, includes water and sewer with George and Rose Yates, in the City of Wheeling, Ohio County.

NEW RIVER COMMUNITY AND TECHNICAL COLLEGE

NRC-009 Renewal for 1 year containing 4,590 square feet of office space with a rental increase from \$10.49 psf to \$10.80 psf, with WWL Properties, in the City of Beckley, Raleigh County.

Joint Committee on Government and Finance

October 2007

Department of Health and Human Resources

MEDICAID REPORT

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR MEDICAL SERVICES
SFY 2007 MEDICAID CASH REPORT
AS OF SEPTEMBER 26, 2007

DESCRIPTION	ACTUALS	PROJECTED
	SFY2007 To Date	SFY2007
REVENUE SOURCES		
Beg. Bal. 7/01/06 (5084/1020 prior mth)	\$22,969,601	\$22,969,601
MATCHING FUNDS		
Medical Services	394,405,687	394,405,687
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	2,596,000
Tertiary Funding (0403/547)	3,356,000	3,356,000
Lottery Waiver (Less 450,000) (5405/539)	12,550,000	12,550,000
Lottery Transfer (5405/871)	10,300,000	10,300,000
Trust Fund Appropriation (5185/189)	0	30,556,594
Provider Tax (5090/189)	157,259,353	155,600,000
Certified Match	21,036,252	22,881,010
Reimbursables ⁽¹⁾	3,996,057	5,099,481
CMS - 64 Adjustments	(2,423,890)	0
TOTAL MATCHING FUNDS	\$626,045,060	\$660,314,373
FEDERAL FUNDS	\$1,562,997,558	\$1,645,670,917
TOTAL REVENUE SOURCES	\$2,189,042,618	\$2,305,985,290
TOTAL EXPENDITURES:		
Provider Payments	\$2,162,476,230	\$2,218,560,229
TOTAL	\$26,566,388	\$87,425,061

Note: Proj. FMAP (06' - 72.99% applicable July - Sept. 2006) (07' - 72.82% applicable Oct. 2006 - June 2007)

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

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 SFY 2007 EXPENDITURES BY PROVIDER TYPE
 AS OF SEPTEMBER 26, 2007

DESCRIPTION	TOTAL	ESTIMATED	ACTUALS
	SFY 2006	SFY 2007	SFY 2007 To-Date
EXPENDITURES:			
Inpatient Hospital Services	223,854,909	248,593,096	226,282,408
Inpatient Hospital Services - DSH Adjustment Payments	53,916,150	53,935,110	54,096,937
Mental Health Facilities	36,085,565	42,090,761	40,250,781
Mental Health Facilities - DSH Adjustment Payments	20,354,226	18,887,045	18,924,239
Nursing Facility Services	402,903,863	416,786,290	413,063,985
Intermediate Care Facilities - Public Providers	160	-	-
Intermediate Care Facilities - Private Providers	53,642,336	59,538,870	58,706,822
Physicians Services	126,950,184	117,945,021	128,612,962
Outpatient Hospital Services	93,921,521	103,013,506	98,279,923
Prescribed Drugs	378,095,030	310,458,195	305,342,895
Drug Rebate Offset - National Agreement	(112,878,531)	(116,033,400)	(93,163,811)
Drug Rebate Offset - State Sidebar Agreement	(29,528,976)	(29,276,640)	(31,467,242)
Dental Services	38,320,543	40,972,725	37,032,509
Other Practitioners Services	20,069,824	21,174,205	20,319,941
Clinic Services	46,750,545	37,478,034	38,178,813
Lab & Radiological Services	13,045,112	13,892,145	7,948,506
Home Health Services	26,490,072	27,886,140	27,688,972
Hysterectomies/Sterilizations	682,237	693,464	571,881
Pregnancy Terminations	-	39,092	-
EPSDT Services	3,450,995	10,881,433	2,458,929
Rural Health Clinic Services	7,652,987	7,621,694	6,602,490
Medicare Health Insurance Payments - Part A Premiums	17,903,197	17,191,600	16,768,356
Medicare Health Insurance Payments - Part B Premiums	61,584,326	64,000,000	62,881,209
120% - 134% Of Poverty	2,861,904	-	3,482,445
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	213,950,846	241,784,020	241,130,268
Medicaid Health Insurance Payments: Group Health Plan Payments	289,548	346,380	360,065
Home & Community-Based Services (MR/DD)	185,607,767	207,361,030	200,535,722
Home & Community-Based Services (Aged/Disabled)	60,658,000	59,874,724	56,417,341

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 SFY 2007 EXPENDITURES BY PROVIDER TYPE
 AS OF SEPTEMBER 26, 2007

DESCRIPTION	TOTAL	ESTIMATED	ACTUALS
	SFY 2006	SFY 2007	SFY 2007 To-Date
Community Supported Living Services	-	-	38
Personal Care Services	27,037,173	36,554,021	36,793,019
Targeted Case Management Services	9,026,219	9,285,672	7,800,004
Primary Care Case Management Services	599,865	796,780	738,666
Hospice Benefits	6,545,960	9,357,560	9,736,788
Federally Qualified Health Center	17,133,735	16,681,010	15,204,205
Other Care Services	117,082,516	132,236,166	126,149,153
Less: Recoupments	0	-	(1)
NET EXPENDITURES: (line 6 on CMS-64)	2,124,059,808	2,182,055,749	2,137,739,218
Collections: Third Party Liability (line 9A on CMS-64)	(6,144,253)		(4,618,212)
Collections: Probate (line 9B on CMS-64)	(117,505)		(98,465)
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(246)		(389,328)
Collections: Other (line 9D on CMS-64)	(7,731,974)		(6,565,965)
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	2,110,085,831	2,182,055,749	2,126,067,248
Plus: Medicaid Part D Expenditures	8,942,213	29,504,480	28,577,768
Plus: State Only Medicaid Expenditures	4,507,995	3,500,000	4,557,527
TOTAL MEDICAID EXPENDITURES	\$2,123,516,039	2,215,060,229	2,159,202,543
Plus: Reimbursables ⁽¹⁾	4,446,206	3,500,000	3,273,687
TOTAL EXPENDITURES	\$2,127,962,245	\$2,218,560,229	\$2,162,476,230

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

BUREAU FOR MEDICAL SERVICES

SFY 2007 Medicaid Approved Claims Report

As of September 28, 2007

REF#	CMS 64 Category Of Service	SFY 2006	SFY 2007 APPROVED CLAIMS				Year to Date
			JUL-SEP 2006	OCT-DEC 2006	JAN-MAR 2007	APR-JUN 2007	
1A	Inpatient Hospital Services	229,707,885	59,005,876	45,421,002	66,720,735	58,217,912	229,365,525
1B	Inpatient Hospital Services - DSH	53,908,979	13,487,307	13,398,746	13,766,769	13,567,949	54,220,771
2A	Mental Health Facilities	39,229,124	9,611,036	9,654,321	10,474,049	10,889,353	40,628,759
2B	Mental Health Facilities - DSH	20,354,226	4,707,635	4,689,840	4,712,576	4,690,354	18,800,405
3	Nursing Facility Services	393,536,290	97,869,357	102,858,858	101,811,138	103,254,835	405,794,188
4B	Intermediate Care Facilities - Private Providers	53,659,229	14,866,833	14,906,184	14,332,092	14,592,632	58,697,741
5	Physicians Services	131,707,310	27,270,085	32,865,572	31,412,893	30,779,096	122,327,646
6	Outpatient Hospital Services	98,443,210	24,877,119	24,044,406	26,344,955	25,604,096	100,870,576
7	Prescribed Drugs	378,942,276	73,996,270	79,099,519	83,977,772	80,229,349	317,302,910
7	Part D Premium - State Only	13,703,710	7,036,703	6,973,264	7,171,635	7,396,166	28,577,768
7A1	Drug Rebate Offset - National	(112,874,193)	(24,866,438)	(23,717,131)	(18,757,397)	(26,070,352)	(93,411,318)
7A2	Drug Rebate Offset - State	(29,533,312)	(6,169,739)	(7,473,084)	(7,636,145)	(9,960,309)	(31,239,277)
///	Total Rebates	(142,407,505)	(31,036,177)	(6,434,124)	(26,393,542)	(36,030,661)	(99,894,504)
///	NET DRUG COST	250,238,481	49,996,796	79,638,659	64,755,865	51,594,854	245,986,174
8	Dental Services	39,749,744	9,747,726	10,030,160	8,767,992	9,400,102	37,945,980
9	Other Practitioners Services	22,526,001	5,427,284	5,064,183	5,315,974	4,955,486	20,762,927
10	Clinic Services	37,348,651	7,646,302	8,289,217	9,205,678	10,001,742	35,142,939
11	Lab & Radiological Services	12,711,427	4,271,178	4,337,276	4,538,777	3,003,612	16,150,843
12	Home Health Services	29,135,956	6,686,817	6,549,259	8,644,136	6,678,251	28,558,463
13	Hysterectomies/Sterilizations	693,327	156,700	161,378	132,905	109,132	560,115
14	Pregnancy Termination	347,900	64,401	34,849	84,150	36,778	220,178
15	EPSDT Services	6,954,084	738,892	643,606	507,950	560,470	2,450,918
16	Rural Health Clinic Services	8,033,096	1,691,196	1,651,828	1,792,683	1,560,779	6,696,486
17A	Medicare - Part A Premiums	18,143,564	2,784,018	4,185,821	4,245,061	4,251,010	15,465,910
17B	Medicare - Part B Premiums	60,608,011	10,649,879	16,255,310	17,021,684	17,570,119	61,496,992
18A	Managed Care Organizations	213,951,922	60,065,447	68,259,290	53,713,498	75,862,421	257,900,656
18C	Group Health Plan Payments	289,547	85,876	0	159,219	84,633	329,728
19	Home & Community-Based Services (MR/DD)	185,718,505	46,908,118	47,174,803	53,073,494	53,999,834	201,156,249
20	Home & Community-Based Services (Aged/Disabled)	60,771,882	13,700,224	13,512,164	14,314,401	14,978,868	56,505,657
23	Personal Care Services	26,844,048	8,931,805	8,741,935	8,865,553	9,450,009	35,989,302
24	Targeted Case Management	9,487,138	2,125,577	2,022,279	1,907,015	1,796,125	7,850,996
25	Primary Care Case Management	596,073	187,173	234,987	186,357	191,622	800,139
26	Hospice Benefits	6,762,433	2,525,227	2,043,526	2,869,003	2,553,635	9,991,391

BUREAU FOR MEDICAL SERVICES

SFY 2007 Medicaid Approved Claims Report

As of September 28, 2007

REF#	CMS 64 Category Of Service	SFY 2006	SFY 2007 APPROVED CLAIMS				Year to Date
			JUL-SEP 2006	OCT-DEC 2006	JAN-MAR 2007	APR-JUN 2007	
28	Federally Qualified Health Center	17,851,263	3,423,359	3,928,177	4,478,858	3,639,172	15,469,566
29	Other Care Services	111,635,012	28,703,280	30,005,089	27,072,310	26,072,486	111,853,165
	Unclassified	28,398	211,611	53	(20)	0	211,644
///	TOTALS	2,140,972,718	518,424,134	535,846,687	561,227,750	559,947,367	2,175,445,938

This report's data is prepared based on claims received and approved for payment (Modified Accrual basis of Accounting). Therefore, the data presented in this report will not match the CMS-64 Quarterly Reports which are prepared on a cash basis.

The following report approximates the Medicare Part-D Prescription Drug Expenditures related to WV's Part-D Premium (clawback) payments.

REF#	CMS 64 Category Of Service	SFY 2006	SFY 2007 APPROVED CLAIMS				Year to Date
			JUL-SEP 2006	OCT-DEC 2006	JAN-MAR 2007	APR-JUN 2007	
7	Medicaid Prescribed Drugs	378,942,276	73,996,270	79,099,519	83,977,772	80,229,349	317,302,910
7 2	Medicare Part D (Estimated)	56,372,986	28,946,904	29,045,471	29,871,738	30,806,969	118,671,082
///	Estimated Medicaid & Medicare Prescription Drug Payments	435,315,262	102,943,174	108,144,990	113,849,510	111,036,318	435,973,992

BOARD OF TREASURY INVESTMENTS

OPERATING REPORT AUGUST 2007

CALENDAR NOTES

1 Year CD Auction

October 10, 2007

Board of Treasury Investments

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

Board of Directors

John D. Perdue,
State Treasurer,
Chairman

Joe Manchin III,
Governor

Glen B. Gainer III,
State Auditor

Martin Glasser,
Esq. Attorney
Appointed by
the Governor

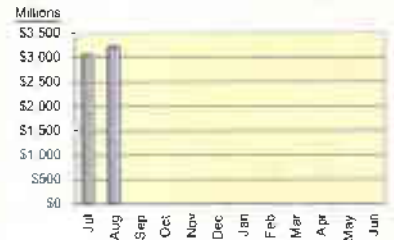
Jack Rossi, CPA
Appointed by
the Governor

Executive Staff

Executive Director
Glenda Probst,
CPA, CTP

Chief Financial Officer
Kara K. Brewer,
CPA, MBA

Total Net Assets Under Management
\$3,236,513,000



Last Month
\$3,075,673,000

Beginning of Fiscal Year
\$2,923,172,000

10.7% Growth This Fiscal Year

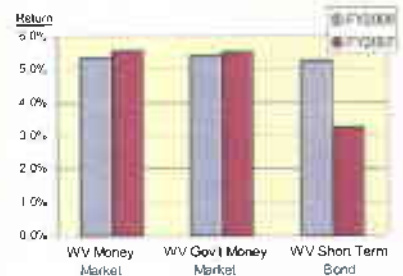
Total Net Income & Gains
This Month \$16,364,000
Fiscal Year \$31,729,000



Outpacing Last Year

Effective Rates of Return
Time Weighted, Annualized, Net of All Fees

	August <u>2007</u>	Fiscal Year <u>2008</u>	Fiscal Year <u>2007</u>
	Fiscal Year <u>2008</u> <i>(Past 12 Months)</i>	Fiscal Year <u>2007</u> <i>(Past 12 Months)</i>	
WV Money Market	5.4%	5.4%	5.6%
WV Gov't Money Market	5.4%	5.4%	5.5%
WV Short Term Bond	5.3%	3.3%	



Returns are annualized fiscal year to date for WV Money Mk1 & WV Gov't Money Mk1; last 12 months for WV Short Term Bond

Fiscal Year Return Comparisons

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
THE ECONOMIC STATE
AUGUST 2007

**U.S. Economy Picks Up Pace Despite Layoffs
& Slower Consumer Spending**

The U.S. unemployment rate held at 4.6% in August, but the U.S. economy unexpectedly lost jobs for the first time in four years as employers cut 4,000 workers. Job growth was also revised to a lower 68,000 in July from a previous estimate of 92,000. During the second quarter, the U.S. economy grew at a revised 4.0% annual growth rate, the fastest pace in more than a year. Consumer spending slowed to a 1.4% annual pace from 3.7% the previous quarter. Housing starts slumped to a ten-year low, dropping 6.1% in July and the index of signed purchase agreements dropped 12.2% after gaining 5% in June. The glut of unsold properties is expected to drag down construction and the economy for the rest of the year. Rising mortgage rates and stricter lending rules are also impeding a rebound in housing. U.S. consumer prices rose 0.1% in July, the smallest gain in eight months, as gasoline prices declined 1.7%. The core CPI, which excludes food and energy, rose 0.2% in July and 2.2% for the trailing twelve months. The Producer Price Index rose 0.6% in July on higher gasoline and natural gas costs. July's increase followed a 0.2% decline in June. Excluding food and energy costs, producer prices rose less than forecast, up 0.1% in July. Over the last twelve months, producer prices jumped 4.0% while the core PPI rose 2.3%.

September CD Auction Results

The following awards were issued as a result of the September 12, 2007, Board of Treasury Investments, certificate of deposit (CD) auction:

Main Street Bank – Wheeling	\$2,000,000
Chase Bank – Charleston	\$2,000,000
Jefferson Security Bank – Shepherdstown	\$3,000,000
Monongahela Valley Bank – Fairmont	\$3,000,000
BB&T – Charleston	\$5,000,000
Huntington National Bank – Charleston	\$5,000,000
United Bank, Inc. – Parkersburg	\$5,000,000

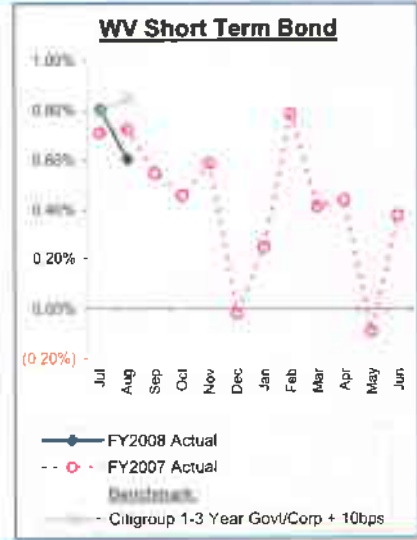
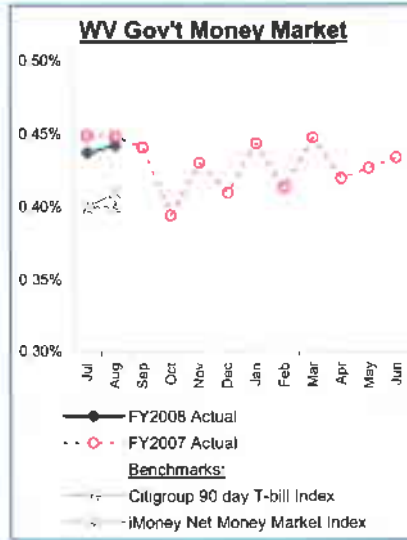
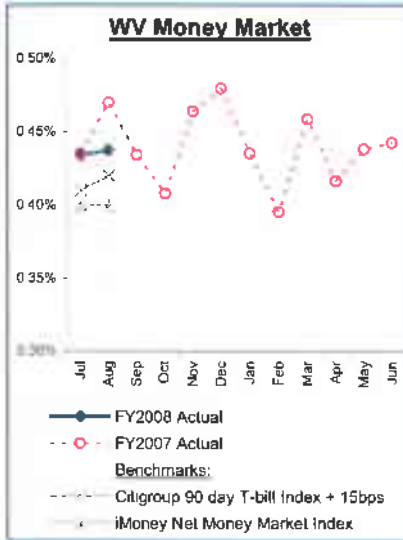
Thirteen West Virginia banks bid for a portion of the \$25,000,000 offered for six month CDs. The minimum rate required to bid was 4.172%. Winning bids ranged from 4.80% to 5.16%, and they will earn the state an additional \$88,856 over the benchmark. To date, this program has placed \$178.8 million with state banks and earned \$4.6 million in interest.

The overnight lending rate remained at 5.25% in August after the Fed left rates unchanged at its last nine meetings. Fed officials acknowledged that financial market turmoil and declines in housing have increased the risks to growth, but maintained that inflation remained the biggest threat. However, given a sudden spike in short-term lending rates and the loan market seizing, the Fed injected liquidity and dropped the discount rate 50 bps. The market is expecting the Fed to reduce the overnight lending rate by at least 25 bps on September 18, 2007. For the month of August, yields shifted lower across the curve with 3- and 6-month Treasuries falling 84 and 77 bps to 4.11% and 4.20%, respectively. The 2-year Treasury yield declined 39 bps in August to 4.13%, while the 3-year Treasury dropped 36 bps to 4.15%. The 10-year Treasury yield fell 21 bps to 4.53% as the 30-year Treasury yield declined 8 bps to 4.82%, widening the yield spread between the 30-year and the 2-year Treasury to 69 bps. Ninety-day T-Bills returned 0.56% in August, underperforming the 1.03% return of 1-3 Year Government Bonds. Year-to-date in 2007, 90-Day T-bills have earned 3.51%, while 1-3 Year Government Bonds have returned 4.12%. For the last 12 months, T-bills underperformed with a 5.29% return as 1-3 Year Government Bonds earned 5.61%.

West Virginia Board of Treasury Investments

Financial Highlights as of August 31, 2007

Monthly Rates of Return for Operating Pools (Net of Fees)



Summary of Value and Earnings (In Thousands)

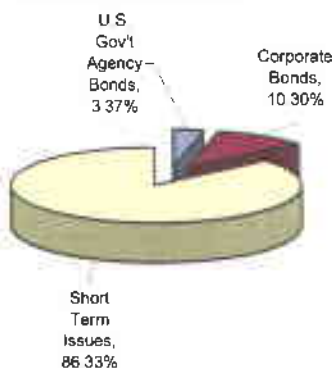
Pool	Asset Value	August Net Income (Loss)	Fiscal YTD Net Income (Loss)
WV Money Market	\$ 2,300,312	\$ 9,857	\$ 19,142
WV Gov't Money Market	262,045	1,057	2,037
WV Short Term Bond	233,003	1,424	3,269
WV Bank	50,573	224	224
Loss Amortization	159,633	2,961	5,356
Loans	131,063	448	896
Participant Accounts	99,864	393	805
	\$ 3,236,513	\$ 16,364	\$ 31,729

Percent of Total Net Asset Value

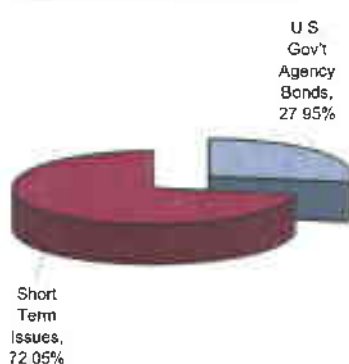


Securities by Type for Operating Pools (Percentage of Asset Value)

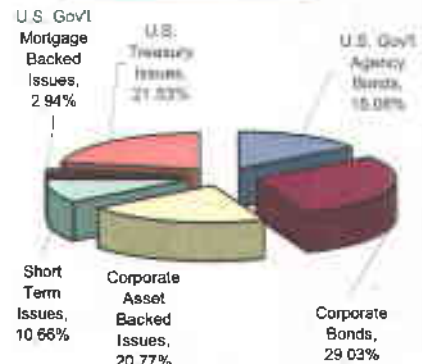
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF NET ASSETS, OPERATIONS & CHANGES IN NET ASSETS -
UNAUDITED

AUGUST 31, 2007

(IN THOUSANDS)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Other Pools	Participant Directed Accounts
Assets						
Investments:						
At amortized cost	\$ 2,296,589	\$ 261,586			\$ 130,639	\$ 46,708
At fair value	-	-	\$ 232,138	\$ -	159,633	52,323
Collateral for securities loaned	381,566	34,632	43,881	-	-	-
Other assets	3,933	482	1,865	573	448	834
Total assets	<u>2,682,088</u>	<u>296,700</u>	<u>277,884</u>	<u>573</u>	<u>290,720</u>	<u>99,865</u>
Liabilities						
Payable for securities loaned	381,566	34,632	43,881	-	-	-
Other liabilities	210	23	1,000	-	4	1
Total liabilities	<u>381,776</u>	<u>34,655</u>	<u>44,881</u>	<u>-</u>	<u>4</u>	<u>1</u>
Net Assets	<u>\$ 2,300,312</u>	<u>\$ 262,045</u>	<u>\$ 233,003</u>	<u>\$ 573</u>	<u>\$ 290,716</u>	<u>\$ 99,864</u>
Investment income						
Interest and dividends	\$ 4,098	\$ 625	\$ 896	\$ 224	\$ 452	\$ 384
Securities lending income	1,741	254	311	-	-	-
Net accretion (amortization)	5,691	425	76	-	541	(18)
Provision for uncollectible loans	-	-	-	-	-	-
Total investment income	<u>11,530</u>	<u>1,304</u>	<u>1,283</u>	<u>224</u>	<u>993</u>	<u>366</u>
Expenses						
Fees	244	26	28	-	4	1
Securities lending borrower rebates	1,432	222	284	-	-	-
Total expenses	<u>1,676</u>	<u>248</u>	<u>312</u>	<u>-</u>	<u>4</u>	<u>1</u>
Net investment income	<u>9,854</u>	<u>1,056</u>	<u>971</u>	<u>224</u>	<u>989</u>	<u>365</u>
Net realized gain (loss)						
from investments	3	1	466	-	-	-
Net increase (decrease)						
in fair value of investments	-	-	(13)	-	2,420	28
Net gain (loss) from investments	<u>3</u>	<u>1</u>	<u>453</u>	<u>-</u>	<u>2,420</u>	<u>28</u>
Net increase (decrease) in net assets from operations	<u>9,857</u>	<u>1,057</u>	<u>1,424</u>	<u>224</u>	<u>3,409</u>	<u>393</u>
Distributions to participants	<u>9,857</u>	<u>1,057</u>	<u>971</u>	<u>224</u>	<u>447</u>	<u>-</u>
Participant activity						
Purchases, reinvestment of units and contributions	898,427	49,590	924	224	447	17
Redemptions and withdrawals	760,507	26,932	-	-	-	5,158
Inter-pool transfers in	25,662	-	-	76,011	-	-
Inter-pool transfers out	76,011	-	-	25,662	-	-
Net increase (decrease) in net assets from participant activity	<u>87,571</u>	<u>22,658</u>	<u>924</u>	<u>50,573</u>	<u>447</u>	<u>(5,141)</u>
Increase (decrease) in net assets	87,571	22,658	1,377	50,573	3,409	(4,748)
Net assets at beginning of period	2,212,741	239,387	231,626	-	287,307	104,612
Net assets at end of period	<u>\$ 2,300,312</u>	<u>\$ 262,045</u>	<u>\$ 233,003</u>	<u>\$ 50,573</u>	<u>\$ 290,716</u>	<u>\$ 99,864</u>