

FILE COPY

**JOINT COMMITTEE ON  
GOVERNMENT AND FINANCE**

**Materials Distributed**

**December 9, 2009**

October 15, 2009

3:00 - 4:00 p.m.

Joint Committee on Government and Finance

Senate

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

House

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

Speaker Thompson, Cochair, presided.

1. Approval of Minutes

Upon motion by President Tomblin, properly adopted, the minutes of the September 16, 2009, meeting were approved.

2. Committee Reports/Requests:

**Parks, Recreation and Natural Resources Subcommittee - President Tomblin**

Upon motion by President Tomblin, properly adopted, the expense reimbursement for members for site visitations to Hawks Nest Resort State Park, Babcock State Park, Carnifex Ferry Battlefield State Park and New River Gorge National River on October 18, 19 and 20, 2009, was approved.

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

Distributed to members of the Committee were the following: Lottery Commission reports for the month ended August 31, 2009; General Revenue Fund report for the month ended September 30, 2009; and the Unemployment Compensation Trust Fund report as of August 31, 2009. Distributed with each of the reports were an analysis and a summary of the reports.

4. PEIA, BRIM and CHIP Reports

The following BRIM reports were distributed: An unaudited balance sheet and unaudited income statement for the period ending August 31, 2009. Donna Lipscomb said the investment income for the first two months is up from last year.

The following reports from CHIP were distributed: A report of enrollment for September 2009 and financial statements for period ending August 31, 2009. Donna Lipscomb said the trend is up about 1% from last year and the WV Council of Churches and WV Alliance for sustainable families won a federal grant for \$330,000 over two years for outreach to identify eligible children.

The following monthly PEIA reports were distributed: Monthly Management Report and Prescription Drug Report for August 2009. Donna Lipscomb said PEIA is running 5% higher than last year in medical pay to claims and the prescription claims are 8.75% higher. Ted Cheatham, PEIA Director, presented alternative scenarios for dealing with OPEB liabilities.

5. **Real Estate Report, Department of Administration**

A leasing report for September 1, 2009, through September 30, 2009, was distributed.

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

A Medicaid report dated October 2009 was distributed. Request was made to provide the Committee with the disallowance letter on the Perdue-Pharma lawsuit. The Committee is also to be provided with information about how long persons are on the "wait list" for the aged and disabled waiver.

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

The final Pharmaceutical Cost Management Council Management Council report was distributed.

8. **Investment Management Board**

A Investment Management Board report dated August 31, 2009, was distributed. Craig Slaughter, Executive Director, said things are looking good and funds are going up.

9. **Workers' Compensation**

A Workers' Compensation report dated October 15, 2009, was distributed. Bill Kenny, Deputy Insurance Commissioner said he will have an audited statement by the next month.

10. **Board of Treasury Investments Report Distribution**

A Board of Treasury Investments Report dated August 2009 was distributed.

11. **Other Business**

Glenville State College Lease/Purchase Contract for Student Housing was distributed.

The meeting was adjourned.

**WEST VIRGINIA LEGISLATURE**  
*Office of the Legislative Auditor*

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



*, 304-347-4870*

December 7, 2009

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

**Lottery Commission as of October 31, 2009 :**

Appears to be in good condition. Gross profit for the first quarter of fiscal year 2009-2010 was 6.26% lower than for fiscal year 2008-2009.

**General Revenue Fund as of November 30, 2009:**

Collections were at 99.05% of the yearly estimate as of November 30, 2009. (FY 2009-2010)

**State Road Fund as of November 30, 2009:**

Fund collections were at 94.36% of the yearly estimate. (FY 2009-2010)

**Unemployment Compensation Trust as of October 31, 2009:**

Regular benefits paid July - October of fiscal year 2010 were \$ 74 million more than in fiscal year 2009. Total revenues July - October of fiscal 2010 were \$ 93.5 million more than in 2009.

*Joint Committee on Government and Finance*

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*304-347-4870*

November 12, 2009

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

**Lottery Commission as of September 30, 2009 :**

Appears to be in good condition. Gross profit for the first quarter of fiscal year 2009-2010 was 5.89% lower than for fiscal year 2008-2009.

**General Revenue Fund as of October 31, 2009:**

Collections were at 98.64% of the yearly estimate as of October 31, 2009. (FY 2009-2010)

**State Road Fund as of October 31, 2009:**

Fund collections were at 98.38% of the yearly estimate. (FY 2009-2010)

**Unemployment Compensation Trust as of September 30, 2009:**

Regular benefits paid in the first quarter of fiscal year 2010 were \$ 59.6 million more than in fiscal year 2009. Total revenues for the first quarter of 2010 were \$ 73.5 million more than in 2009.

*Joint Committee on Government and Finance*

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. 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: December 4, 2009

Re: Review of West Virginia Lottery Financial Information  
As of October 31, 2009 (FY 2010)

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for the first four months of fiscal year 2009-2010 from monthly unaudited financial reports furnished to our office by the West Virginia Lottery Commission. The results are as follows:

**Lottery Revenues:**

Gross lottery revenues are receipts from on-line games, instant games, table games and video lottery. These gross receipts totaled \$ 473,505,000.00 for July - October of fiscal year 2010. Table games accounted for \$11 million of this total. Historic Resort Hotel video lottery and table games enacted in 2009 accounted for sixty thousand of this total. These gross receipts were \$ 504,912,000.00 for the same months of the preceding fiscal year, 2008-2009. Gross lottery revenue is down by 6.22% from the preceding fiscal year. This number does not include commission

Lottery

*Joint Committee on Government and Finance*

Lottery continued

and prize deductions. Gross profit (Gross revenues minus commissions and prize costs) for July - October 2009 was \$202,427,000.00; for the previous fiscal year it was \$215,943,000.00. Expressed as a percentage, gross profit is 6.26% lower for fiscal year 2010 than for fiscal year 2009.

**Operating Income:**

Operating income was \$ 195,149,000.00 for July - October 2009. For the preceding July- October it was \$ 208,107,000.00. This was a decrease of 6.23%. After additions and subtractions of non-operating income and expenses, distributions to the state were \$192,462,000.00 for July- October 2009.

**Operating Transfers to the State of West Virginia:**

A total of \$192,462,000.00 has been accrued to the state of West Virginia for fiscal year 2009-2010. 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	\$ 41,661,000.00
Community and Technical College	-0-
Department of Education	\$ 25,019,000.00
Library Commission	\$ 8,156,000.00
Higher Education-Central Office	\$ 10,138,000.00
Tourism	\$ 5,542,000.00
Department of Natural Resources	\$ 2,513,000.00

Lottery

Lottery continued

Division of Culture and History	\$ 4,284,000.00
Department of Education and Arts	\$ 868,000.00
State Building Commission	\$ 4,000,000.00
School Building Authority	\$ 7,200,000.00
<b>SUBTOTAL BUDGETARY TRANSFERS</b>	<b>\$109,381,000.00</b>

**Excess Lottery Fund**

General Purpose Fund	5,687,000.00
Economic Development Fund	7,600,000.00
Excess Lottery Surplus	-0-
Education Improvement Fund	4,000,000.00
WV Infrastructure Council Fund	-0-
Higher Education Improvement Fund	29,000,000.00
State Park Improvement Fund	-0-
Refundable Credit	719,000.00
School Building Authority	4,283,000.00
<b>TOTAL EXCESS LOTTERY FUND</b>	<b>\$51,289,000.00</b>

Historic Resort Hotel Distributions	-0-
Veterans Instant Ticket Fund	157,000.00
Table Games State Debt Reduction Fund	5,947,000.00

RACETRACK VIDEO LOTTERY TRANSFERS:	
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Lottery



Lottery continued

Tourism Promotion Fund 1.375%	\$3,646,000.00
Development Office Promo Fund	\$994,000.00
Research Challenge Fund .5%	\$1,326,000.00
Capitol Renovation and Improvement Fund .6875%	\$1,823,000.00
Parking Garage Fund .0625%	\$166,000.00
Parking Garage Fund 1%	\$500,000.00
Cultural Facilities and Cap. Resources Fund .5%	\$980,000.00
Capitol Dome & Cap. Improvements Fund .5%	\$1,171,000.00
Workers Compensation Debt Reduction Fund 7%	\$11,000,000.00
<b>SUBTOTAL VIDEO LOTTERY TRANSFERS:</b>	<b>\$21,606,000.00</b>
<b>TOTAL TRANSFERS</b>	<b>*\$188,380,000.00</b>

\* CASH BASIS

Total Accrued last FY 2009:	202,184,000.00
Total Cash Distributions July-June :	188,380,000.00
Applied to FY 2009:	188,380,000.00
Total Applied to FY 2010	-0-
Accrued for FY 2009 as of Oct 31	13,804,000.00
Accrued for FY 2010 as of Oct 31	192,462,000.00

Lottery



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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

*John C. Musgrave by: John Myers*

RE: Monthly Report on Lottery Operations  
Month Ending October 31, 2009

DATE: November 20, 2009

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

Financial statements of the Lottery for the month ending October 31, 2009 are attached. Lottery revenue, which includes on-line, instant, video lottery sales and table games, was \$112,421,620 for the month of October.

Transfers of lottery revenue totaling \$40,466,193 made for the month of October to the designated state agencies per House Bill 2010, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (§29-22A-10), and the Racetrack Table Games Act (§29-22C-27). The amount transferred to each agency is shown in Note 10 on pages 17 and 18 of the attached financial statements.

The number of traditional and limited retailers active as of October 31, 2009 was 1,560 and 1,610 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  
Virgil T. Helton, 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-**

**October 31, 2009**

**WEST VIRGINIA LOTTERY**

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

ASSETS	October 31, 2009	June 30, 2009
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 215,076	\$ 225,333
Accounts receivable	33,581	33,311
Inventory	523	649
Current portion of investments held in trust	-	-
Other assets	2,479	2,555
Total Current Assets	<u>251,659</u>	<u>261,870</u>
<b>Noncurrent Assets:</b>		
Restricted cash and cash equivalents	69,899	69,870
Investments held in trust, less current portion	-	-
Capital assets	17,916	17,641
Less accumulated depreciation and amortization	<u>(15,012)</u>	<u>(14,335)</u>
Net Capital Assets	<u>2,904</u>	<u>3,306</u>
Total Noncurrent Assets	<u>72,803</u>	<u>73,176</u>
Total Assets	<u>\$ 324,462</u>	<u>\$ 335,046</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accrued nonoperating distributions to the State of West Virginia	\$ 206,266	\$ 202,184
Estimated prize claims	12,323	12,939
Accounts payable	1,879	1,716
Other accrued liabilities	20,777	35,019
Current portion of deferred jackpot prize obligations	-	-
Total Current Liabilities	<u>241,245</u>	<u>251,858</u>
Deferred jackpot prize obligations, less current portion	-	-
Total Liabilities	<u>241,245</u>	<u>251,858</u>
<b>Net Assets:</b>		
Invested in capital assets	2,904	3,306
Unrestricted assets (deficit)	(2,404)	(2,806)
Unrestricted assets- Committed ( see note 12)	12,818	12,818
Restricted assets ( see note 11)	<u>69,899</u>	<u>69,870</u>
Total Net Assets	<u>83,217</u>	<u>83,188</u>
Total Liabilities and Net Assets	<u>\$ 324,462</u>	<u>\$ 335,046</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 FOUR MONTH PERIOD ENDED OCTOBER 31, 2009**  
(In Thousands)  
-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2009	2008	2009	2008
Lottery revenues				
On-line games	\$ 6,836	\$ 6,402	\$ 30,273	\$ 27,996
Instant games	7,478	9,803	30,484	32,608
Racetrack video lottery	61,744	66,978	269,858	291,699
Limited video lottery	33,609	33,935	131,945	133,823
Table games	2,694	2,913	11,185	10,786
Historic resort	60	-	60	-
	<u>112,421</u>	<u>120,031</u>	<u>473,505</u>	<u>504,912</u>
Less commissions				
On-line games	479	448	2,119	1,960
Instant games	524	686	2,134	2,702
Racetrack video lottery	38,322	40,462	162,993	171,845
Limited video lottery	16,468	16,628	64,653	66,554
Table games	1,059	1,146	4,398	4,244
Historic resort	25	-	25	-
	<u>56,877</u>	<u>59,370</u>	<u>232,322</u>	<u>247,305</u>
Less on-line prizes	3,449	3,327	15,033	13,959
Less instant prizes	5,059	6,871	20,598	25,328
Less ticket costs	125	132	452	505
Less vendor fees and costs	695	368	2,651	1,872
	<u>9,328</u>	<u>10,698</u>	<u>38,736</u>	<u>41,664</u>
Gross profit	<u>46,216</u>	<u>49,963</u>	<u>202,427</u>	<u>213,943</u>
Administrative expenses				
Advertising and promotions	781	604	2,133	2,473
Wages and related benefits	880	764	3,659	2,951
Telecommunications	35	261	282	842
Contractual and professional	533	828	1,456	2,042
Rental	59	64	239	247
Depreciation and amortization	174	162	677	664
Other administrative expenses	117	128	381	399
	<u>2,531</u>	<u>2,811</u>	<u>8,943</u>	<u>9,618</u>
Other Operating Income	<u>116</u>	<u>308</u>	<u>1,663</u>	<u>1,782</u>
Operating Income	<u>43,781</u>	<u>47,460</u>	<u>195,149</u>	<u>208,107</u>
Nonoperating income (expense)				
Investment income	20	363	132	1,758
Nonoperating income - OPEB	-	-	-	(1)
Interest expense	-	-	-	-
Distributions to municipalities and counties	(659)	(665)	(2,586)	(2,682)
Distributions - capital reinvestment	(204)	(303)	(204)	(503)
Distributions to the State of West Virginia	(42,933)	(46,581)	(192,462)	(206,364)
	<u>(43,776)</u>	<u>(47,386)</u>	<u>(195,120)</u>	<u>(207,775)</u>
Net income	<u>5</u>	<u>74</u>	<u>29</u>	<u>332</u>
Net assets, beginning of period	<u>83,212</u>	<u>64,743</u>	<u>83,188</u>	<u>64,485</u>
Net assets, end of period	<u>\$ 83,217</u>	<u>\$ 64,817</u>	<u>\$ 83,217</u>	<u>\$ 64,817</u>

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

**WEST VIRGINIA LOTTERY  
STATEMENTS OF CASH FLOWS  
FOR THE FOUR MONTH PERIOD ENDED OCTOBER 31, 2009**

(In Thousands)  
-Unaudited-

	2009	2008
<b>Cash flows from operating activities:</b>		
Cash received from customers and other sources	\$ 474,901	\$ 515,949
Cash payments for:		
Personnel costs	(3,633)	(2,951)
Suppliers	(3,874)	(10,016)
Other operating costs	(274,536)	(294,690)
Cash provided by operating activities	<u>192,838</u>	<u>208,292</u>
<b>Cash flows from noncapital financing activities:</b>		
Nonoperating distributions to the State of West Virginia	(188,380)	(195,609)
Distributions to municipalities and counties	(2,561)	(2,654)
Distributions to racetrack from racetrack cap. reviv. fund	(12,004)	(1,955)
Deferred jackpot prize obligations and related interest paid	0	(1)
Cash used in noncapital financing activities	<u>(202,945)</u>	<u>(200,219)</u>
<b>Cash flows from capital and related financing activities:</b>		
Purchases of capital assets	<u>(275)</u>	-
<b>Cash flows from investing activities:</b>		
Maturities of investments held in trust	-	137
Investment earnings received	132	1,754
Cash provided by investing activities	<u>132</u>	<u>1,891</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(10,250)</b>	<b>9,964</b>
<b>Cash and cash equivalents - beginning of period</b>	<b>295,225</b>	<b>238,949</b>
<b>Cash and cash equivalents - end of period</b>	<b>\$ <u>284,975</u></b>	<b>\$ <u>248,913</u></b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 193,149	\$ 208,107
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	677	664
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(269)	9,255
(Increase) decrease in inventory	123	(167)
(Increase) decrease in other assets	76	(98)
Increase (decrease) in estimated prize claims	(615)	(1,247)
Increase (decrease) in accounts payable	163	(1,271)
Increase (decrease) in other accrued liabilities	(2,468)	(6,951)
Cash provided by operating activities	<u>\$ 192,838</u>	<u>\$ 208,292</u>

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

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

**NOTE 1 - LEGISLATIVE ENACTMENT**

The West Virginia Lottery (Lottery) was established by the State Lottery Act (Act) passed April 13, 1985, which created a special fund in the State Treasury designated as the "State Lottery Fund." The purpose of the Act was to establish and implement a state-operated lottery under the supervision of a state lottery commission (Commission) and a director. The Commission, consisting of seven members and the Director are appointed by the Governor. Under the Act, the Commission has certain powers and the duty to establish rules for conducting games, to select the type and number of gaming systems or games and to enter into contracts and agreements, and to do all acts necessary or incidental to the performance of its duties and exercise of its power and duty to operate the Lottery in a highly efficient manner. The Act provides that a minimum annual average of 45% of the gross amount received from each lottery shall be allocated for prizes and also provides for certain limitations on expenses necessary for operation and administration of the Lottery. To the extent available, remaining net profits are to be distributed to the State of West Virginia. As the State is able to impose its will over the Lottery, the Lottery is considered a component unit of the State and its financial statements are presented in the comprehensive annual financial report of the State as a blended proprietary fund component unit.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies of the Lottery is presented below.

**BASIS OF PRESENTATION** -- The West Virginia Lottery is a component unit of the State of West Virginia, and is accounted for as a proprietary fund special purpose government engaged in business type activities. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments," and with accounting principles generally accepted in the United States of America, the financial statements are prepared on the accrual basis of accounting which requires recognition of revenue when earned and expenses when incurred. As permitted by Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," the Lottery has elected not to adopt Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989 unless the GASB specifically adopts such FASB statements or interpretations.

The Lottery is included in the State's basic financial statements as a proprietary fund and business type activity using the accrual basis of accounting. Because of the Lottery's presentation in these financial statements as a special purpose government engaged in business type activities, there may be differences in presentation of amounts reported in these financial statements and the basic financial statements of the State as a result of major fund determination.

**USE OF ESTIMATES** -- The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and develop assumptions that affect the amounts reported in the financial statements and related notes to financial statements. Actual results could differ from management's estimates.



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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**LOTTERY GAME OPERATIONS** – The West Virginia Lottery derives its revenues from four basic types of lottery games: instant, on-line, video type games, and table games. The Lottery develops multiple game themes and prize structures to comply with its enabling legislation, including aggregate annual minimum prize provisions. All bonded retailers and agents comprised principally of grocery and convenience stores serve as the primary distribution channel for instant and on-line lottery sales to the general public.

The Lottery has contracted with a private vendor to manufacture, distribute, and provide data processing support for instant and on-line games. Under the terms of the agreements, the Lottery pays a percentage of gross revenues or gross profits for the processing and manufacture of the games.

Revenue from instant games is recognized when game tickets are sold to the retailers, and the related prize expense is recorded based on the specific game prize structure. Instant ticket sales and related prizes do not include the value of free plays issued for the purpose of increasing the odds of winning a prize.

Sales of on-line lottery tickets are made by licensed agents to the public with the use of computerized terminals. On-line games include POWERBALL®, a multi-state “jackpot” game; HOT LOTTO®, a multi-state “lotto” game; 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 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.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

Table games are lotteries as each game involves consideration, the possibility of a prize, and their outcome is determined predominantly by chance, which the common law of West Virginia has long held are the three essential elements of a lottery. Table games are the exclusive intangible intellectual property of the state of West Virginia. Table games legislation has established specific requirements for table games and imposed certain restrictions limiting the licensing for operation of table games to horse and dog racetracks in West Virginia, subject to local county elections permitting the same. Each racetrack licensed as an agent of the Lottery Commission to operate West Virginia table games shall have written rules of play for each table game it operates which must be approved by the Commission. All wagers and pay-offs of winning wagers shall be made according to those rules of play. For the privilege of holding a table games license, there is levied a privilege tax of thirty-five percent of each licensee's adjusted gross receipts for the operation of West Virginia Lottery table games. Amounts required by statute to be paid to private and local government entities are reported as commissions. The legislation further stipulates the distribution of revenues from West Virginia table games, and requires any licensed racetrack to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

Historic resort lottery games are a combination of self-activated video lottery games as well as table games which are located at a licensed historic resort hotel as defined by the WV Code. Video lotteries at the historic resort are board-operated games that 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 historic resort 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 historic resort lottery revenues:

- Video lottery revenues consisting of "gross terminal income" equivalent to all wagers, net of related prizes; and,
- Historic resort table games revenues consisting of a privilege tax of thirty-five percent of each licensee's adjusted gross receipts for the operation of West Virginia Lottery table games.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Amounts required by statute to be paid to the private and local government entities are reported as commissions. The Lottery Act as amended has established specific requirements for historic resort video and table games lotteries and imposed certain restrictions limiting the licensing for operation of historic resort lottery games in West Virginia, subject to local county elections permitting the same. The legislation further stipulates the distribution of revenues from historic resort lottery games, and requires any licensed historic resort to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

**CASH AND CASH EQUIVALENTS** – Cash and cash equivalents primarily consist of interest-earning deposits 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 is 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. The Lottery also leases various office equipment under agreements considered to be cancelable operating leases. Rental expense for the year-to-date ended October 31, 2009 and October 31, 2008 approximated \$238,684 and \$246,420, 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 \$467,815 and \$371,165 of at June 30, 2009 and 2008, respectively, for estimated obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. Employees fully vest in all earned but unused vacation. To the extent that accumulated sick leave is expected to be converted to benefits on termination or retirement, the Lottery participates in an other postemployment benefits plan (see Note 15).

**NET ASSETS** – Net assets are presented as restricted, unrestricted and invested in capital assets which represent 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.

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

**NOTE 3 - CASH AND CASH EQUIVALENTS**

At October 31, 2009 the carrying amounts of deposits (overdraft) with financial institutions were (\$54) thousand with a bank balance (overdraft) of \$25 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):

	October 31, 2009	June 30, 2009
Amount on deposit with the BTI	<u>\$ 285,029</u>	<u>\$ 295,248</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 period ended October 31, 2009 is as follows (in thousands):

Capital Assets:	Historical Cost At June 30, 2009	Additions	Deletions	Historical Cost At October 31, 2009
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Improvements	1,170	-	-	1,170
Equipment	16,471	275	-	16,746
	<u>\$ 17,641</u>	<u>\$ 275</u>	<u>\$ -</u>	<u>\$ 17,916</u>
Accumulated Depreciation:	Historical Cost At June 30, 2009	Additions	Deletions	Historical Cost At October 31, 2009
Improvements	\$ 1,080	\$ 28	\$ -	\$ 1,108
Equipment	13,255	649	-	13,904
	<u>\$ 14,335</u>	<u>\$ 677</u>	<u>\$ -</u>	<u>\$ 15,012</u>

WEST VIRGINIA LOTTERY  
NOTES TO FINANCIAL STATEMENTS  
-Unaudited-

**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 October 31, 2009 were \$3,913,127 and \$18,502,021 while related prize costs for the same periods were \$1,973,992 and \$9,333,080. Revenues derived from the Lottery's participation in the HOT LOTTO® game for the month and year-to-date periods ended October 31, 2009 were \$576,571 and \$2,618,457 while related prize costs for the same periods were \$289,030 and \$1,325,377.

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 October 31, 2009 the POWERBALL® prize reserve fund had a balance of \$108,153,316 of which the Lottery's share was \$2,385,173. 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 10 titled "Nonoperating Distributions to the State of West Virginia."

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

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

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

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

**NOTE 6 - RACETRACK VIDEO LOTTERY (continued)**

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

The WV Lottery, along with the 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 October 31, 2009 and year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2009	2008	2009	2008
Total credits played	\$ 708,089	\$ 688,455	\$ 2,881,767	\$ 2,997,130
Credits (prizes) won	(637,821)	(621,024)	(2,597,050)	(2,703,784)
Promotional credits played	(8,114)	-	(13,732)	-
MWAP Contributions	(410)	(453)	(1,427)	(1,647)
Gross terminal income	61,744	66,978	269,588	291,699
Administrative costs	(2,101)	(2,013)	(10,413)	(11,002)
Net Terminal Income	59,643	64,965	259,145	280,697
Less distribution to agents	(38,322)	(40,462)	(188,993)	(171,845)
Racetrack video lottery revenues	<u>\$ 21,321</u>	<u>\$ 24,503</u>	<u>\$ 100,152</u>	<u>\$ 108,852</u>

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

	October 31, 2009	Year-to-Date
State Lottery Fund	\$ 16,330	\$ 76,180
State Excess Lottery Revenue Fund	2,437	2,437
Capital Reinvestment Fund	203	203
Tourism Promotion Fund 1.375%	808	3,552
Development Office Promotion Fund .375 %	220	969
Research Challenge Fund .5 %	294	1,292
Capitol Renovation & Improvement Fund .6875 %	404	1,776
Parking Garage Fund .0625 %	37	161
Parking Garage Fund 1 %	-	500
Cultural Facilities & Capitol Resources Fund .5 %	294	1,041
Capitol Dome & Capitol Improvements Fund .5 %	294	1,041
Worker's Compensation Debt Reduction Fund 7 %	-	11,000
Total nonoperating distributions	<u>\$ 21,321</u>	<u>\$ 100,152</u>

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

**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 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 October 31, 2009 and year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2009	2008	2009	2008
Total credits played	\$ 399,919	\$ 414,372	\$ 1,551,528	\$ 1,650,072
Credits (prizes) won	(366,310)	(380,437)	(1,419,583)	(1,514,249)
Gross terminal income	\$ 33,609	\$ 33,935	\$ 131,945	\$ 135,823
Administrative costs	(672)	(679)	(2,639)	(2,716)
Gross Profit	32,937	33,256	129,306	133,107
Commissions	(16,468)	(16,628)	(64,633)	(66,554)
Municipalities and Counties	(659)	(665)	(2,586)	(2,662)
Limited video lottery revenues	<u>\$ 15,810</u>	<u>\$ 15,963</u>	<u>\$ 62,067</u>	<u>\$ 63,891</u>

**NOTE 8 - TABLE GAMES**

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

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

Retain 3% of the adjusted gross receipts for administrative expenses of which at least \$100,000 and not more than \$500,000 annually will be transferred to the Compulsive Gambling Treatment Fund. Transfer two and one-half percent of adjusted gross receipts from all thoroughbred racetracks with West Virginia

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

**NOTE 8 – TABLE GAMES (continued)**

Lottery table games to the special funds established by each thoroughbred racetrack table games licensee for the payment of regular racetrack purses to be divided equally among each licensee and transfer two and one-half percent of adjusted gross receipts from all greyhound racetracks with West Virginia Lottery table games to the special funds established by each greyhound racetrack table games licensee for the payment of regular racetrack purses to be divided equally among each licensee. Transfer two percent of the adjusted gross receipts from all licensed racetracks to the Thoroughbred Development Fund and the Greyhound Breeding Development Fund to be divided pro rata among the development funds. Transfer one percent of the adjusted gross receipts from each licensed racetrack to the county commissions of the counties where racetracks with West Virginia Lottery table games are located to be divided pro rata among the counties. Transfer two percent of the adjusted gross receipts from each licensed racetrack to the governing bodies of municipalities within counties where racetracks with West Virginia Lottery table games are located as prescribed by statute. And transfer one-half of one percent of the adjusted gross receipts to the governing bodies of municipalities in which a racetrack table games licensee is located to be divided equally among the municipalities. The Commission will distribute the remaining amounts, hereinafter referred to as the net amounts in the Racetrack Table Games Funds as follows:

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

The cash transferred to the State Debt Reduction Fund in the current month is included in Note 10-Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year-to-date periods ended October 31, 2009 were \$7,696,953 and \$31,958,215, respectively. The following table shows the month and year-to-date totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2009	2008	2009	2008
Table Games Privilege Tax	\$ 2,694	\$ 2,913	\$ 11,185	\$ 10,786
Interest on Table Games Fund	-	3	1	14
Administrative costs	(231)	(250)	(938)	(925)
Total Available for Distribution	2,463	2,666	10,228	9,875
<u>Less Distributions:</u>				
Racetrack Purse Funds	192	208	799	771
Thoroughbred & Greyhound Development Funds	154	166	639	616
Racing Association Pension Plan	74	80	307	296
Municipalities/ Counties	639	692	2,653	2,561
Total Distributions	1,059	1,146	4,398	4,244
State Debt Reduction Fund	\$ 1,404	\$ 1,520	\$ 5,830	\$ 5,631



**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 – HISTORIC RESORT HOTEL**

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

Historic Resort Video Lottery

According to Senate Bill 575, thirty six percent (36%) of gross terminal income is allocated to Historic Resort Hotel Fund and seventeen percent (17%) of gross terminal income is allocated to the Human Resource Benefit Fund. The remaining forty-seven percent (47%) of gross terminal income is then subject to a ten percent (10%) surcharge which is allocated to separate capital reinvestment funds for each licensed historic resort hotel. The remaining forty-two and three-tenths percent (42.3%) of gross terminal income is retained by the historic resort hotel. A summary of historic resort hotel video lottery revenues for the month ended October 31, 2009 and year-to-date follows (in thousands):

	<u>Current Month</u>	<u>Year-to-Date</u>
Total credits played	\$ 258	\$ 258
Credits (prizes) won	(231)	(231)
Promotional credits played	-	-
Gross terminal income	<u>27</u>	<u>27</u>
Capital reinvestment	(1)	(1)
Administrative costs	(2)	(2)
Commissions	<u>(11)</u>	<u>(11)</u>
Net terminal income	13	13
Historic Resort Hotel Fund	8	8
Human Resource Benefit Fund	5	5

Historic Resort Table Games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the month and year-to-date periods ended October 31, 2009 were \$95,473 and \$95,473, respectively.

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

**NOTE 9 – HISTORIC RESORT HOTEL (continued)**

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

	<u>Current Month</u>	<u>Year-to-Date</u>
Table games privilege tax	\$ 33	\$ 33
Admin.	(4)	(4)
Total Available for Dist.	29	29
Historic Resort Hotel Fund	24	24
Human Resource Benefit Fund	5	5

Historic Resort Hotel Fund

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

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

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

	<u>Current Month</u>	<u>Year-to-Date</u>
Historic Resort Hotel Video Lottery	\$ 8	\$ 8
Historic Resort Table Games	24	24
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	32	32
Municipalities/ Counties	4	4
State General Revenue Fund	21	21
State Debt Reduction Fund	6	6
State Tourism Promotion Fund	1	1
Total Distributions	<u>\$ 32</u>	<u>\$ 32</u>

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

**NOTE 10- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA**

The Lottery periodically distributes surplus funds, exclusive of amounts incurred and derived from limited video lottery and a portion of racetrack video lottery funds, to the State of West Virginia in accordance with the legislation. For the year ending June 30, 2010 the State Legislature budgeted \$166,010,000 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 \$3,920,843 per month for the first ten months of each fiscal year. In addition, Legislation provides that, if in any month, there is a shortage of funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be transferred from the State Lottery Fund to cover such shortfall, after the State Lottery Fund debt service payments have been made. Repayments to the State Lottery Fund are required to be made in subsequent months as funds become available. During the month ended October 31, 2009 the Lottery made such distributions and accrued additional distributions of \$39,149,876. The Lottery is a non-appropriated state agency and therefore does not have a budget adopted by the Legislature. 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 October 31, 2009 the Lottery accrued additional distributions relating to racetrack video lottery operations of \$492,124.

Note 7 describes the Limited Video Lottery Act and the statutory distributions required to be made from limited video lottery operations. Note 8 describes the Table Games Act and the statutory distributions required to be made from table games operations. Note 9 describes the Historic Resort Hotel statutory distributions to be made from historic resort 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>October 31, 2009</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ -	\$ -
Bureau of Senior Services	7,631	41,661
Department of Education	4,582	25,019
Library Commission	1,494	8,156
Higher Education-Policy Commission	1,857	10,138
Tourism	1,015	5,542
Natural Resources	460	2,513
Division of Culture & History	785	4,284
Department of Education & Arts	159	868
Building Commission	1,000	4,000
School Building Authority	1,800	7,200
Total State Lottery Fund	<u>\$ 20,783</u>	<u>\$ 109,381</u>

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

**NOTE 10- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA**  
**(continued)**

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 1,900	\$ 7,600
Higher Education Improvement Fund	1,000	4,000
General Purpose Account	3,687	5,687
Higher Education Improvement Fund	5,789	29,000
State Park Improvement Fund	-	-
School Building Authority	1,021	4,283
Refundable Credit	137	719
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	-	-
Total State Excess Lottery Revenue Fund	\$ 15,534	\$ 51,289
Total Budgetary distributions:	\$ 36,317	\$ 160,670
Veterans Instant Ticket Fund	\$ 51	\$ 157

Other Racetrack Video Lottery distributions:

Tourism Promotion Fund 1.375%	\$ 905	\$ 3,646
Development Office Promotion Fund .375%	246	994
Research Challenge Fund .5%	329	1,326
Capitol Renovation & Improvement Fund .6875%	452	1,823
Parking Garage Fund .0625 %	41	166
Parking Garage Fund 1 %	-	500
Cultural Facilities & Cap. Resources Fund .5%	329	980
Capitol Dome & Cap. Improvements Fund .5%	329	1,171
Workers Compensation Debt Reduction Fund 7%	-	11,000
Total	\$ 2,631	\$ 21,606

Table Games State Debt Reduction Fund

\$ 1,467	\$ 5,947
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Historic Resort Hotel distributions:

State General Revenue Fund	\$ -	\$ -
State Debt Reduction Fund	-	-
Tourism Promotion Fund	-	-
Total	\$ -	\$ -

Total nonoperating distributions to the  
State of West Virginia (cash basis)

\$ 40,466	\$ 188,380
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Accrued nonoperating distributions, beginning  
Accrued nonoperating distributions, end

(203,799)	(202,184)
206,266	206,266
\$ 42,933	\$ 192,462

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

**NOTE 11 – 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 \$10,817,386 to the fund for fiscal year 2009 plus related interest of \$566,293.

**NOTE 12 – COMMITMENTS**

The Lottery Commission has set aside funds as unrestricted net assets for the acquisition of future assets. As of June 30, 2009, a balance of \$12,817,601 is available for this purpose.

**NOTE 13 - 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 October 31, 2009 are as follows (in thousands):

	<u>October 31, 2009</u>	<u>Year-to-Date</u>
Lottery contributions	\$ 61	\$ 257
Employee contributions	25	105
Total contributions	<u>\$ 86</u>	<u>\$ 362</u>

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

**NOTE 14 - RISK MANAGEMENT**

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

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

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.

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

**NOTE 14 - RISK MANAGEMENT (continued)**

**BOARD OF RISK AND INSURANCE MANAGEMENT (BRIM)**

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

**NOTE 15- OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

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

Funding Policy

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

The ARC rate is \$388 and \$461 per employee per month for the years ending June 30, 2009 and 2008 respectively. Through June 30, 2009 and 2008, the Lottery has paid premiums of \$185,563 and \$98,625. For year ended June 30, 2008 (initial year of the Lottery's participation in the Trust), the State of West Virginia, on the Lottery's behalf, paid \$472,247 towards the Annual Required Contribution. As of June 30, 2009 and 2008, the Lottery has recorded a liability of \$231,867 and \$10,073 on its balance sheet for OPEB.

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

**NOTE 16- NEW ACCOUNTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board (GASB) issued Statement No. 50, Pension Disclosures, an amendment of GASB Statements No. 25 and No. 27, in 2007. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to the financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 27, Accounting for Pensions by State and Local Governmental Employers, to conform with requirements of Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This Statement is effective for periods beginning after June 15, 2007, and management has not yet determined what impact, if any, it will have on the financial statements.



WEST VIRGINIA LEGISLATURE  
*Office of the Legislative Auditor*

*Budget Division  
Building I, Room 314-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: November 8, 2009

Re: Review of West Virginia Lottery Financial Information  
As of September 30, 2009 (FY 2010)

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for the first fiscal quarter of fiscal year 2009-2010 from monthly unaudited financial reports furnished to our office by the West Virginia Lottery Commission. The results are as follows:

**Lottery Revenues:**

Gross lottery revenues are receipts from on-line games, instant games, table games and video lottery. These gross receipts totaled \$ 361,084,000.00 for the first quarter fiscal year 2010. Table games accounted for \$8,492,000.00 of this total. These gross receipts were \$ 384,881,000.00 for the first quarter of the preceding fiscal year, 2008-2009. Gross lottery revenue is down by 6.18% from the preceding fiscal year. This number does not include commission and prize deductions. Gross profit (Gross revenues minus commissions and prize costs) for the first quarter

Lottery

*Joint Committee on Government and Finance*  
Page -1-

Lottery continued

was \$156,211,000.00; for the previous fiscal year it was \$165,979,000.00. Expressed as a percentage, gross profit is 5.89% lower for fiscal year 2010 than for fiscal year 2009.

**Operating Income:**

Operating income was \$ 151,368,000.00 for July - September 2009. For the preceding July- September it was \$ 160,648,000.00. This was a decrease of 5.78%. After additions and subtractions of non-operating income and expenses, distributions to the state were \$149,529,000.00 for July- September 2009.

**Operating Transfers to the State of West Virginia:**

A total of \$149,529,000.00 has been accrued to the state of West Virginia for fiscal year 2009-2010. 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	\$ 34,031,000.00
Community and Technical College	-0-
Department of Education	\$ 20,436,000.00
Library Commission	\$ 6,662,000.00
Higher Education-Central Office	\$ 8,281,000.00
Tourism	\$ 4,526,000.00
Department of Natural Resources	\$ 2,053,000.00

Lottery

Lottery continued

Division of Culture and History	\$ 3,500,000.00
Department of Education and Arts	\$ 709,000.00
State Building Commission	\$ 3,000,000.00
School Building Authority	\$ 5,400,000.00
<b><u>SUBTOTAL BUDGETARY TRANSFERS</u></b>	<b>\$ 88,598,000.00</b>

**Excess Lottery Fund**

General Purpose Fund	-0-
Economic Development Fund	5,700,000.00
Excess Lottery Surplus	-0-
Education Improvement Fund	3,000,000.00
WV Infrastructure Council Fund	-0-
Higher Education Improvement Fund	23,211,000.00
State Park Improvement Fund	-0-
Refundable Credit	581,000.00
School Building Authority	3,263,000.00
<b>TOTAL EXCESS LOTTERY FUND</b>	<b>\$35,755,000.00</b>

Veterans Instant Ticket Fund 106,000.00

Table Games State Debt Reduction Fund 4,480,000.00

RACETRACK VIDEO LOTTERY TRANSFERS:	
------------------------------------	--

Lottery

Lottery continued

Tourism Promotion Fund 1.375%	\$2,741,000.00
Development Office Promo Fund	\$748,000.00
Research Challenge Fund .5%	\$997,000.00
Capitol Renovation and Improvement Fund .6875%	\$1,371,000.00
Parking Garage Fund .0625%	\$125,000.00
Parking Garage Fund 1%	\$500,000.00
Cultural Facilities and Cap. Resources Fund .5%	\$651,000.00
Capitol Dome & Cap. Improvements Fund .5%	\$842,000.00
Workers Compensation Debt Reduction Fund 7%	\$11,000,000.00
<b>SUBTOTAL VIDEO LOTTERY TRANSFERS:</b>	<b>\$18,975,000.00</b>
<b>TOTAL TRANSFERS</b>	<b>*\$147,914,000.00</b>

\* CASH BASIS

Total Accrued last FY 2009:	202,184,000.00
Total Cash Distributions July-June :	147,914,000.00
Applied to FY 2009:	147,914,000.00
Total Applied to FY 2010	-0-
Accrued for FY 2009 as of Sept 30	54,270,000.00
Accrued for FY 2010 as of Sept 30	149,529,000.00

Lottery



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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 September 30, 2009

DATE: October 20, 2009

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

Financial statements of the Lottery for the month ending September 30, 2009 are attached. Lottery revenue, which includes on-line, instant, video lottery sales and table games, was \$110,690,100 for the month of September.

Transfers of lottery revenue totaling \$46,031,206 made for the month of September to the designated state agencies per House Bill 2010, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (§29-22A-10), and the Racetrack Table Games Act (§29-22C-27). The amount transferred to each agency is shown in Note 9 on pages 15 and 16 of the attached financial statements.

The number of traditional and limited retailers active as of September 30, 2009 was 1,560 and 1,608 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  
Virgil T. Helton, Cabinet Secretary - Dept. of Revenue  
John Perdue, Treasurer  
Glen B. Gainer III, Auditor  
Members of the West Virginia Lottery Commission



**WEST VIRGINIA LOTTERY**

**STATE OF WEST VIRGINIA**

**FINANCIAL STATEMENTS  
-UNAUDITED-**

**September 30, 2009**

**LOTTERY ATTACHMENT SEPTEMBER 2009 FINANCIALS ( NOVEMBER INTERIMS)**

**WEST VIRGINIA LOTTERY**

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

	September 30, 2009	June 30, 2009
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 229,700	\$ 225,353
Accounts receivable	27,267	33,311
Inventory	510	649
Current portion of investments held in trust	-	-
Other assets	2,501	2,555
Total Current Assets	<u>259,978</u>	<u>261,870</u>
<b>Noncurrent Assets:</b>		
Restricted cash and cash equivalents	69,894	69,870
Investments held in trust, less current portion	-	-
Capital assets	17,916	17,641
Less accumulated depreciation and amortization	<u>(14,838)</u>	<u>(14,335)</u>
Net Capital Assets	<u>3,078</u>	<u>3,306</u>
Total Noncurrent Assets	<u>72,972</u>	<u>73,176</u>
Total Assets	<u>\$ 332,950</u>	<u>\$ 335,046</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accrued nonoperating distributions to the States of West Virginia	\$ 203,799	\$ 202,184
Estimated prize claims	12,657	12,939
Accounts payable	826	1,716
Other accrued liabilities	32,486	35,019
Current portion of deferred jackpot prize obligations	-	-
Total Current Liabilities	<u>249,738</u>	<u>251,858</u>
Deferred jackpot prize obligations, less current portion	-	-
Total Liabilities	<u>249,738</u>	<u>251,858</u>
<b>Net Assets:</b>		
Invested in capital assets	3,078	3,306
Unrestricted assets (deficit)	(2,578)	(2,806)
Unrestricted assets- Committed ( see note 11)	12,818	12,818
Restricted assets ( see note 10)	<u>69,894</u>	<u>69,870</u>
Total Net Assets	<u>83,212</u>	<u>83,188</u>
Total Liabilities and Net Assets	<u>\$ 332,950</u>	<u>\$ 335,046</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 THREE MONTH PERIOD ENDED SEPTEMBER 30, 2009**  
(In Thousands)  
-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2009	2008	2009	2008
<b>Lottery revenues</b>				
On-line games	\$ 7,621	\$ 8,809	\$ 23,436	\$ 21,594
Instant games	7,032	9,763	23,006	28,805
Racetrack video lottery	61,278	65,651	207,814	224,721
Limited video lottery	31,943	32,902	98,336	101,888
Table games	2,816	2,438	8,492	7,873
	<u>110,690</u>	<u>119,563</u>	<u>361,084</u>	<u>384,881</u>
<b>Less commissions</b>				
On-line games	534	617	1,640	1,512
Instant games	492	683	1,610	2,017
Racetrack video lottery	37,673	41,286	120,671	131,383
Limited video lottery	15,652	16,122	48,185	49,925
Table games	1,107	989	3,339	3,097
	<u>55,458</u>	<u>59,667</u>	<u>175,445</u>	<u>187,934</u>
<b>Less on-line prizes</b>	3,724	4,229	11,605	10,632
<b>Less instant prizes</b>	4,691	6,914	15,539	18,457
<b>Less ticket costs</b>	96	141	327	374
<b>Less vendor fees and costs</b>	383	528	1,937	1,503
	<u>9,096</u>	<u>11,812</u>	<u>29,428</u>	<u>30,968</u>
<b>Gross profit</b>	<u>46,136</u>	<u>48,084</u>	<u>156,211</u>	<u>165,979</u>
<b>Administrative expenses</b>				
Advertising and promotions	402	308	1,404	1,869
Wages and related benefits	963	761	2,773	2,188
Telecommunications	45	142	247	580
Contractual and professional	76	571	1,022	1,213
Rental	54	60	179	182
Depreciation and amortization	168	168	503	502
Other administrative expenses	85	69	264	271
	<u>1,793</u>	<u>1,879</u>	<u>6,392</u>	<u>6,805</u>
<b>Other Operating Income</b>	<u>589</u>	<u>527</u>	<u>1,549</u>	<u>1,474</u>
<b>Operating Income</b>	<u>44,932</u>	<u>46,732</u>	<u>151,368</u>	<u>160,648</u>
<b>Nonoperating income (expense)</b>				
Investment income	27	460	112	1,392
Nonoperating income - OPEB	-	-	0	-
Interest expense	-	-	0	(2)
Distributions to municipalities and counties	(626)	(645)	(1,927)	(1,997)
Distributions to racetracks-capital reinvestment	-	-	0	-
Distributions to the State of West Virginia	(44,327)	(46,465)	(149,529)	(159,783)
	<u>(44,926)</u>	<u>(46,650)</u>	<u>(151,344)</u>	<u>(160,390)</u>
<b>Net income</b>	<u>6</u>	<u>82</u>	<u>24</u>	<u>258</u>
<b>Net assets, beginning of period</b>	<u>83,206</u>	<u>64,661</u>	<u>83,188</u>	<u>64,485</u>
<b>Net assets, end of period</b>	<u>\$ 83,212</u>	<u>\$ 64,743</u>	<u>\$ 83,212</u>	<u>\$ 64,743</u>

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

**WEST VIRGINIA LOTTERY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2009**

(In Thousands)  
- Unaudited -

	2009	2008
<b>Cash flows from operating activities:</b>		
Cash received from customers and other sources	\$ 368,677	\$ 387,403
Cash payments for:		
Personnel costs	(2,773)	(2,188)
Suppliers	(3,536)	(7,216)
Other operating costs	<u>(202,856)</u>	<u>(216,696)</u>
Cash provided by operating activities	<u>159,512</u>	<u>161,303</u>
<b>Cash flows from noncapital financing activities:</b>		
Nonoperating distributions to the State of West Virginia	(147,914)	(152,988)
Distributions to municipalities and counties	(1,935)	(2,010)
Distributions to racetrack from racetrack cap. reinv. fund	(5,131)	(1,955)
Deferred jackpot prize obligations and related interest paid	<u>          </u>	<u>(1)</u>
Cash used in noncapital financing activities	<u>(154,980)</u>	<u>(156,954)</u>
<b>Cash flows from capital and related financing activities:</b>		
Purchases of capital assets	<u>(275)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>		
Maturities of investments held in trust	"	137
Investment earnings received	<u>112</u>	<u>1,391</u>
Cash provided by investing activities	<u>112</u>	<u>1,528</u>
Increase (decrease) in cash and cash equivalents	4,369	5,877
Cash and cash equivalents - beginning of period	<u>295,225</u>	<u>238,949</u>
Cash and cash equivalents - end of period	<u>\$ 299,594</u>	<u>\$ 244,826</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 151,368	\$ 160,649
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	503	502
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	6,044	1,049
(Increase) decrease in inventory	138	(185)
(Increase) decrease in other assets	54	61
Increase (decrease) in estimated prize claims	(281)	(553)
Increase (decrease) in accounts payable	(890)	(566)
Increase (decrease) in other accrued liabilities	<u>2,576</u>	<u>347</u>
Cash provided by operating activities	<u>\$ 159,512</u>	<u>\$ 161,303</u>

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

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

**NOTE 1 - LEGISLATIVE ENACTMENT**

The West Virginia Lottery (Lottery) was established by the State Lottery Act (Act) passed April 13, 1985, which created a special fund in the State Treasury designated as the "State Lottery Fund." The purpose of the Act was to establish and implement a state-operated lottery under the supervision of a state lottery commission (Commission) and a director. The Commission, consisting of seven members and the Director are appointed by the Governor. Under the Act, the Commission has certain powers and the duty to establish rules for conducting games, to select the type and number of gaming systems or games and to enter into contracts and agreements, and to do all acts necessary or incidental to the performance of its duties and exercise of its power and duty to operate the Lottery in a highly efficient manner. The Act provides that a minimum annual average of 45% of the gross amount received from each lottery shall be allocated for prizes and also provides for certain limitations on expenses necessary for operation and administration of the Lottery. To the extent available, remaining net profits are to be distributed to the State of West Virginia. As the State is able to impose its will over the Lottery, the Lottery is considered a component unit of the State and its financial statements are presented in the comprehensive annual financial report of the State as a blended proprietary fund component unit.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies of the Lottery is presented below.

**BASIS OF PRESENTATION** - The West Virginia Lottery is a component unit of the State of West Virginia, and is accounted for as a proprietary fund special purpose government engaged in business-type activities. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments," and with accounting principles generally accepted in the United States of America, the financial statements are prepared on the accrual basis of accounting which requires recognition of revenue when earned and expenses when incurred. As permitted by Governmental Accounting Standards Board (GASB) Statement No. 20, "*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*," the Lottery has elected not to adopt Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989 unless the GASB specifically adopts such FASB statements or interpretations.

The Lottery is included in the State's basic financial statements as a proprietary fund and business type activity using the accrual 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 four basic types of lottery games: instant, on-line, video type games, and table games. The Lottery develops multiple game themes and prize structures to comply with its enabling legislation, including aggregate annual minimum prize provisions. All bonded retailers and agents comprised principally of grocery and convenience stores serve as the primary distribution channel for instant and on-line lottery sales to the general public.

The Lottery has contracted with a private vendor to manufacture, distribute, and provide data processing support for instant and on-line games. Under the terms of the agreements, the Lottery pays a percentage of gross revenues or gross profits for the processing and manufacture of the games.

Revenue from instant games is recognized when game tickets are sold to the retailers, and the related prize expense is recorded based on the specific game prize structure. Instant ticket sales and related prizes do not include the value of free plays issued for the purpose of increasing the odds of winning a prize.

Sales of on-line lottery tickets are made by licensed agents to the public with the use of computerized terminals. On-line games include POWERBALL®, a multi-state “jackpot” game; HOT LOTTO®, a multi-state “lotto” game; 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**  
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**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.

Table games are lotteries as each game involves consideration, the possibility of a prize, and their outcome is determined predominantly by chance, which the common law of West Virginia has long held are the three essential elements of a lottery. Table games are the exclusive intangible intellectual property of the state of West Virginia. Table games legislation has established specific requirements for table games and imposed certain restrictions limiting the licensing for operation of table games to horse and dog racetracks in West Virginia, subject to local county elections permitting the same. Each racetrack licensed as an agent of the Lottery Commission to operate West Virginia table games shall have written rules of play for each table game it operates which must be approved by the Commission. All wagers and pay-offs of winning wagers shall be made according to those rules of play. For the privilege of holding a table games license, there is levied a privilege tax of thirty-five percent of each licensee's adjusted gross receipts for the operation of West Virginia Lottery table games. Amounts required by statute to be paid to private and local government entities are reported as commissions. The legislation further stipulates the distribution of revenues from West Virginia table games, and requires any licensed racetrack to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

**CASH AND CASH EQUIVALENTS** – Cash and cash equivalents primarily consist of interest-earning deposits 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. The Lottery also leases various office equipment under agreements considered to be

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

cancelable operating leases. Rental expense for the year-to-date ended September 30, 2009 and September 30, 2008 approximated \$179,174 and \$181,711, 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 \$467,815 and \$371,165 of at June 30, 2009 and 2008, respectively, for estimated obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. Employees fully vest in all earned but unused vacation. To the extent that accumulated sick leave is expected to be converted to benefits on termination or retirement, the Lottery participates in an other postemployment benefits plan (see Note 14).

**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 September 30, 2009 the carrying amounts of deposits (overdraft) with financial institutions were (\$36) thousand with a bank balance (overdraft) of \$29 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):

**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 3 - CASH AND CASH EQUIVALENTS (continued)**

	<u>September 30, 2009</u>	<u>June 30, 2009</u>
Amount on deposit with the BTI	<u>\$299,630</u>	<u>\$295,248</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 period ended September 30, 2009 is as follows (in thousands):

Capital Assets:

	<u>Historical Cost At June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Historical Cost At September 30, 2009</u>
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Improvements	1,170	-	-	1,170
Equipment	16,471	275	-	16,746
	<u>\$ 17,641</u>	<u>\$ 275</u>	<u>\$ -</u>	<u>\$ 17,916</u>
Accumulated Depreciation:				
	<u>Historical Cost At June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Historical Cost At September 30, 2009</u>
Improvements	\$ 1,080	\$ 22	\$ -	\$ 1,102
Equipment	13,255	481	-	13,736
	<u>\$ 14,335</u>	<u>\$ 503</u>	<u>\$ -</u>	<u>\$ 14,838</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

**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY (continued)**

levels. Revenues derived from the Lottery's participation in the MUSL POWERBALL® jackpot game for the month and year-to-date periods ended September 30, 2009 were \$4,834,113 and \$14,588,894 while related prize costs for the same periods were \$2,444,113 and \$7,359,088. Revenues derived from the Lottery's participation in the HOT LOTTO® game for the month and year-to-date periods ended September 30, 2009 were \$540,637 and \$2,041,886 while related prize costs for the same periods were \$276,590 and \$1,036,347.

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 September 30, 2009 the POWERBALL® prize reserve fund had a balance of \$107,317,776 of which the Lottery's share was \$2,385,173. 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 9 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



**WEST VIRGINIA LOTTERY**  
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**NOTE 6 - RACETRACK VIDEO LOTTERY (continued)**

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 9. 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 September 30, 2009 and year-to-date follows (in thousands):

	<u>Current</u> <u>2009</u>	<u>Month</u> <u>2008</u>	<u>Year-to-Date</u>	
			<u>2009</u>	<u>2008</u>
Total credits played	\$ 677,779	\$ 676,448	\$ 2,173,678	\$ 2,308,675
Credits (prizes) won	(610,538)	(610,402)	(1,959,229)	(2,082,760)
Promotional credits played	(5,616)	-	(5,617)	-
MWAP Contributions	(347)	(395)	(1,018)	(1,194)
Gross terminal income	61,278	65,651	207,814	224,721
Administrative costs	(2,451)	(2,626)	(8,313)	(8,989)
Net Terminal Income	58,827	63,025	199,501	215,732
Less distribution to agents	(37,673)	(41,286)	(120,671)	(131,383)
Racetrack video lottery revenues	<u>\$ 21,154</u>	<u>\$ 21,739</u>	<u>\$ 78,830</u>	<u>\$ 84,349</u>

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

	<u>September 30, 2009</u>	<u>Year-to-Date</u>
State Lottery Fund	\$ 17,648	\$ 59,851
State Excess Lottery Revenue Fund	-	-
Capital Reinvestment Fund	-	-
Tourism Promotion Fund 1.375%	809	2,743
Development Office Promotion Fund .375 %	221	749
Research Challenge Fund .5 %	294	998
Capitol Renovation & Improvement Fund .6875 %	404	1,371
Parking Garage Fund .0625 %	37	124
Parking Garage Fund 1 %	0	500
Cultural Facilities & Capitol Resources Fund .5 %	294	747
Capitol Dome & Capitol Improvements Fund .5 %	294	747
Worker's Compensation Debt Reduction Fund 7 %	1,153	11,000
Total nonoperating distributions	<u>\$21,154</u>	<u>\$78,830</u>

**WEST VIRGINIA LOTTERY  
NOTES TO FINANCIAL STATEMENTS**

-Unaudited-

**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 on a quarterly basis. Two percent is distributed to counties and incorporated municipalities in the manner prescribed by the statute. The remaining amount of gross profit is paid to retailers and/or operators as prescribed in the Act, and is recorded as limited video lottery commissions in the financial statements. Municipal and county distributions are accounted for as nonoperating expenses. A summary of limited video lottery revenues for the month ended September 30, 2009 and year-to-date follows (in thousands):

	<u>Current</u> <u>2009</u>	<u>Month</u> <u>2008</u>	<u>Year- to -Date</u>	
			<u>2009</u>	<u>2008</u>
Total credits played	\$373,577	\$397,449	\$1,151,608	\$1,235,700
Credits (prizes) won	(341,634)	(364,547)	(1,053,272)	(1,133,812)
Gross terminal income	<u>\$31,943</u>	<u>\$32,902</u>	<u>\$98,336</u>	<u>\$101,888</u>
Administrative costs	(639)	(658)	(1,967)	(2,038)
Gross Profit	31,304	32,244	96,369	99,850
Commissions	(15,652)	(16,122)	(48,185)	(49,925)
Municipalities and Counties	(626)	(645)	(1,927)	(1,997)
Limited video lottery revenues	<u>\$15,026</u>	<u>\$15,477</u>	<u>\$46,257</u>	<u>\$47,928</u>

**NOTE 8 - TABLE GAMES**

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

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

Retain 3% of the adjusted gross receipts for administrative expenses of which at least \$100,000 and not more than \$500,000 annually will be transferred to the Compulsive Gambling Treatment Fund. Transfer two and one-half percent of adjusted gross receipts from all thoroughbred racetracks with West Virginia

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

**NOTE 8 – TABLE GAMES (continued)**

Lottery table games to the special funds established by each thoroughbred racetrack table games licensee for the payment of regular racetrack purses to be divided equally among each licensee and transfer two and one-half percent of adjusted gross receipts from all greyhound racetracks with West Virginia Lottery table games to the special funds established by each greyhound racetrack table games licensee for the payment of regular racetrack purses to be divided equally among each licensee. Transfer two percent of the adjusted gross receipts from all licensed racetracks to the Thoroughbred Development Fund and the Greyhound Breeding Development Fund to be divided pro rata among the development funds. Transfer one percent of the adjusted gross receipts from each licensed racetrack to the county commissions of the counties where racetracks with West Virginia Lottery table games are located to be divided pro rata among the counties. Transfer two percent of the adjusted gross receipts from each licensed racetrack to the governing bodies of municipalities within counties where racetracks with West Virginia Lottery table games are located as prescribed by statute. And transfer one-half of one percent of the adjusted gross receipts to the governing bodies of municipalities in which a racetrack table games licensee is located to be divided equally among the municipalities. The Commission will distribute the remaining amounts, hereinafter referred to as the net amounts in the Racetrack Table Games Funds as follows:

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

The cash transferred to the State Debt Reduction Fund in the current month is included in Note 9- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year-to-date periods ended September 30, 2009 were \$8,045,109 and \$24,261,262, respectively. The following table shows the month and year -to- date totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	<u>Current</u>	<u>Month</u>	<u>Year-to -Date</u>	
	2009	2008	2009	2008
Table Games Privilege Tax	\$ 2,816	\$ 2,438	\$ 8,492	\$ 7,873
Interest on Table Games Fund	0	3	1	10
Administrative Costs	<u>(241)</u>	<u>(209)</u>	<u>(728)</u>	<u>(675)</u>
Total Available for Distribution	2,575	2,232	7,765	7,208
<u>Less Distributions:</u>				
Racetrack Purse Funds	201	174	607	562
Thoroughbred & Greyhound Development Funds	161	139	485	449
Racing Commission Pension Plan	77	67	233	217
Municipalities/Countries	<u>668</u>	<u>579</u>	<u>2,014</u>	<u>1,869</u>
Total Distributions	1,107	959	3,339	3,097
State Debt Reduction Fund	<u>\$ 1,468</u>	<u>\$ 1,273</u>	<u>\$ 4,426</u>	<u>\$ 4,111</u>

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

**NOTE 9- 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, 2010 the State Legislature budgeted \$166,010,000 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 \$3,920,843 per month for the first ten months of each fiscal year. In addition, Legislation provides that, if in any month, there is a shortage of funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be transferred from the State Lottery Fund to cover such shortfall, after the State Lottery Fund debt service payments have been made. Repayments to the State Lottery Fund are required to be made in subsequent months as funds become available. During the month ended September 30, 2009 the Lottery made such distributions and accrued additional distributions of \$39,353,646. The Lottery is a non-appropriated state agency and therefore does not have a budget adopted by the Legislature. 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 September 30, 2009 the Lottery accrued additional distributions relating to racetrack video lottery operations of \$771,729.

Note 7 describes the Limited Video Lottery Act and the statutory distributions required to be made from limited video lottery operations. Note 8 describes the Table Games Act and the statutory distributions required to be made from table games 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>September 30, 2009</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ -	\$ -
Bureau of Senior Services	8,921	34,031
Department of Education	5,357	20,436
Library Commission	1,746	6,662
Higher Education-Policy Commission	2,171	8,281
Tourism	1,187	4,526
Natural Resources	538	2,053
Division of Culture & History	917	3,500
Department of Education & Arts	186	709
Building Commission	1,000	3,000
School Building Authority	1,800	5,400
Total State Lottery Fund	<u>\$ 23,823</u>	<u>\$ 88,598</u>

**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA**  
(continued)

<u>State Excess Lottery Revenue Fund:</u>		
Economic Development Fund	\$ 1,900	\$ 5,700
Higher Education Improvement Fund	1,000	3,000
General Purpose Account	-	-
Higher Education Improvement Fund	12,018	23,211
State Park Improvement Fund	-	-
School Building Authority	1,021	3,263
Refundable Credit	-	581
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	-	-
Total State Excess Lottery Revenue Fund	\$ 15,939	\$ 35,755
Total Budgetary distributions:	\$ 39,762	\$ 124,353
Veterans Instant Ticket Fund	\$ 33	\$ 106
<u>Other Racetrack Video Lottery distributions:</u>		
Tourism Promotion Fund 1.375%	\$ 804	\$ 2,741
Development Office Promotion Fund .375%	220	748
Research Challenge Fund .5%	292	997
Capitol Renovation & Improvement Fund .6875%	402	1,371
Parking Garage Fund .0625 %	37	125
Parking Garage Fund 1 %	0	500
Cultural Facilities & Cap. Resources Fund .5%	292	651
Capitol Dome & Cap. Improvements Fund .5%	292	842
Workers Compensation Debt Reduction Fund 7%	2,477	11,000
Total	\$ 4,816	\$ 18,975
Table Games State Debt Reduction Fund	\$ 1,420	4,480
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 46,031	\$ 147,914
Accrued nonoperating distributions, beginning	(205,503)	(202,184)
Accrued nonoperating distributions, and	203,799	203,799
Total nonoperating distributions to the State of West Virginia	\$ 44,327	\$ 149,529

**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 – 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 \$10,817,386 to the fund for fiscal year 2009 plus related interest of \$566,293.

**NOTE 11 – COMMITMENTS**

The Lottery Commission has set aside funds as unrestricted net assets for the acquisition of future assets. As of June 30, 2009, a balance of \$12,817,601 is available for this purpose.

**NOTE 12 - 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 September 30, 2009 are as follows (in thousands):

	<u>September 30, 2009</u>	<u>Year-to Date</u>
Lottery contributions	\$62	\$195
Employee contributions	25	80
Total contributions	\$87	\$275

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

**NOTE 13 - 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 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 education, Boards of Education and component units of the State. In addition, local governmental entities and certain charitable and public service organizations may request to be covered by PEIA. PEIA provides a base employee benefit insurance program which includes hospital, surgical, major medical, prescription drug and basic life and accidental death. Underwriting and rate setting policies are established by PEIA. The cost of all coverage as determined by PEIA shall be paid by the participants. Premiums are established by PEIA and are paid monthly, and are dependent upon, among other things, coverage required, number of dependents, state vs. non state employees and active employees vs. retired employees and level of compensation. Coverage under these programs is limited to \$1 million lifetime for health and \$10,000 of life insurance coverage.

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.

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

**NOTE 13 - RISK MANAGEMENT (continued)**

**BOARD OF RISK AND INSURANCE MANAGEMENT (BRIM)**

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

**NOTE 14- OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

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

Funding Policy

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

The ARC rate is \$388 and \$461 per employee per month for the years ending June 30, 2009 and 2008 respectively. Through June 30, 2009 and 2008, the Lottery has paid premiums of \$185,563 and \$98,625. For year ended June 30, 2008 (initial year of the Lottery's participation in the Trust), the State of West Virginia, on the Lottery's behalf, paid \$472,247 towards the Annual Required Contribution. As of June 30, 2009 and 2008, the Lottery has recorded a liability of \$251,867 and \$10,073 on its balance sheet for OPEB.



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

**NOTE 15- NEW ACCOUNTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board (GASB) issued Statement No. 50, Pension Disclosures, an amendment of GASB Statements No. 25 and No. 27, in 2007. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to the financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 27, Accounting for Pensions by State and Local Governmental Employers, to conform with requirements of Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This Statement is effective for periods beginning after June 15, 2007, and management has not yet determined what impact, if any, it will have on the financial statements.

WEST VIRGINIA LEGISLATURE  
*Office of the Legislative Auditor*

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



, 304-347-4870

Memorandum

To: Honorable 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: December 2, 2009

Re: Status of General Revenue Fund November 30, 2009

We have reviewed the cash revenue flows of the West Virginia general revenue fund for the months of July - November of fiscal year 2009-2010. The status of the fund collections are as follows:

The net collections were **99.05%** of the estimate for the fiscal year as of November 30, 2009. **The amount BELOW estimate was \$ 13.7 million for the year.**

Personal Income Tax collections were \$ 40.9 million under the estimate for the fiscal year.

Consumer sales and use tax collections were \$21.6 million under the estimate for the fiscal year.

Severance tax collections were \$ 45.2 million over the estimate for the fiscal year.

*Joint Committee on Government and Finance*

Corporate income and business franchise collections were \$ 19.4 million above the estimate for the year.

**State Road Fund**

The state road fund was collected at 94.36% of the estimate for the months of July - November 2009. Privilege tax collections were \$ 8.8 million under the estimate. Gasoline tax was \$ 5.4 million below the estimate. The entire fund was \$ 14.6 million 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 \$ \$270,062,226.88 as of November 30, 2009.

Balance July 1, 2009	236,619,572.54
Cash flow loan to General Revenue on July 1, 2009. To be repaid 90 days. This is a normal occurrence in July due to cash flow demands; repaid in September.	- 56,000,000.00 + 56,000,000.00
Revenues July 1, 2008-June 30,2009 (Surplus from FY 2009 transferred in August 2009.)	11,067,940.23
Earnings	22,374,713.49
Balance November 30, 2009	270,062,226.88

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 251,786,390.36 as of November 30, 2009.

Balance July 1, 2009	236,006,002.65
Earnings	31,827,339.34
Balance November 30, 2009	267,833,341.99

The Special Income Tax Reserve Fund had a cash balance of \$45,019,319.21 as of November 30, 2009.

Balance July 1, 2009	45,019,319.21
Revenues	-0-

Gen Rev /State Road

Balance November 30, 2009	45,019,319.21
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**MOTOR FUEL EXCISE TAX SHORTFALL RESERVE FUND**

Motor Fuel Excise Tax Shortfall Reserve Fund had a cash balance of \$ 27,319,224.03 on November 30, 2009. This fund was created by HB 218 during the June 2008 special session to act as a reserve fund when the highways motor fuel excise tax fails to meet monthly revenue estimates. **During the November 2009 Special Session,** (Senate Bill 4004) legislation was enacted to expire the Motor Fuel Excise Tax Shortfall Reserve Fund and transfer the balance as of November 30, 2009, to the State Road Fund to be used for maintenance, contract paving and secondary road maintenance

Balance July 1, 2009 Appropriated by supplemental SB 2019, June 2008	\$ 27,319,224.03
Transfers out to Highways Fund	- 0-
Balance November 30, 2009	27,319,224.03

GENERAL REVENUE FUND FY 2009-2010

Monthly Revenue Estimates

as of November 30, 2009, WVFIMS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	UNDER ESTIMATES VS ACTUAL COLLECTIONS	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS
Personal Income Tax	96,650,000	92,071,505	-4,578,495	587,800,000	546,828,671	-40,971,329
Consumer Sales Tax & Use Tax	95,000,000	89,508,256	-5,491,744	482,700,000	461,089,781	-21,610,219
Severance Tax	32,100,000	52,368,932	20,268,932	105,500,000	150,700,957	45,200,957
Corp Income /Business Franchise	200,000	3,323,434	3,123,434	64,500,000	83,954,561	19,454,561
Business and Occupation	15,900,000	9,768,500	-6,131,500	54,300,000	47,285,645	-7,014,355
Insurance Tax	900,000	154,624	-745,376	51,800,000	50,102,986	-1,697,014
Cigarette Tax	8,400,000	9,399,339	999,339	46,100,000	47,184,839	1,084,839
HB 102 - Lottery Transfers	17,700,000	14,492,703	-3,207,297	21,700,000	20,179,464	-1,520,536
Interest Income	2,100,000	1,076,545	-1,023,455	10,400,000	6,137,366	-4,262,634
Liquor Profit Transfers	2,500,000	2,009,500	-490,500	7,020,000	5,790,202	-1,229,798
Property Transfer Tax	900,000	785,583	-114,418	4,900,000	3,730,776	-1,169,224
Departmental Collections	1,000,000	1,095,775	95,775	4,400,000	4,354,431	-45,569
Beer Tax and Licenses	590,000	504,922	-85,079	3,500,000	3,447,579	-52,421
Property Tax	400,000	321,824	-78,176	3,200,000	3,249,399	49,399
Smokeless Tobacco Tax	500,000	208,607	-291,393	2,450,000	2,271,506	-178,494
Business Franchise Fees	20,000	28,312	8,312	660,000	563,411	-96,589
Miscellaneous Receipts	100,000	146,166	46,166	550,000	548,069	-1,931
Miscellaneous Transfers	0	0	0	500,000	239,287	-260,713
Racing Fees	70,000	18,425	-51,575	340,000	110,686	-229,315
Refundable Credit Reim LTY	0	0	0	120,000	718,865	598,865
Charter Tax	0	-5,298	-5,298	0	70,555	70,555
Telecommunications Tax	0	8,771	8,771	0	-28,060	-28,060
Estate and Inheritance Tax	0	26,146	26,146	0	26,146	26,146
Video Lottery Transfers	0	0	0	0	123,356	123,356
Special Revenue Transfer	0	0	0	0	0	0
Cash Flow Transfer	0	0	0	0	0	0
<b>TOTALS</b>	<b>275,030,000</b>	<b>277,312,570</b>	<b>2,282,570</b>	<b>1,452,440,000</b>	<b>1,438,680,478</b>	<b>-13,759,522</b>
Minus Cash Flow Transfer	0	0	0	0	0	0
Percent of Estimates		<b>100.83%</b>				
<b>TOTALS</b>	<b>275,030,000</b>	<b>277,312,570</b>	<b>2,282,570</b>	<b>1,452,440,000</b>	<b>1,438,680,478</b>	<b>-13,759,522</b>
Percent of Estimates		<b>100.83%</b>			<b>99.05%</b>	
Collections this day		<b>36,162,477</b>				

Prepared by Legislative Auditor's Office, Budget Division

STATE ROAD FUND FY 2009-2010  
 Monthly Revenue Estimates July 2009  
 as of November 30, 2009 WVFIMS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	MONTHLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS
Gasoline & Motor Carrier Rd Tax	40,000,000	31,246,645	-8,753,355	156,700,000	151,256,157	-5,443,843
Privilege Tax	11,300,000	8,314,574	-2,985,426	69,503,000	60,643,463	-8,859,537
Licenses & Registration	4,290,000	4,699,771	409,771	32,457,000	32,106,701	-350,299
Highway Litter Control	81,000	76,679	-4,321	613,000	633,200	20,200
<b>TOTALS</b>	<b>55,671,000</b>	<b>44,337,669</b>	<b>-11,333,331</b>	<b>259,273,000</b>	<b>244,639,521</b>	<b>-14,633,479</b>

Percent of Estimates

79.64%

94.36%

Collections this day

15,696,015

MOTOR FUEL EXCISE TAX SHORTFALL RESERVE FUND  
 CASH BALANCE WITH TREASURER  
 AS OF NOVEMBER 1, 2009: \$27,319,224.03

REVENUE SHORTFALL RESERVE FUND A AS OF NOVEMBER 1, 2009 : \$270,055,663.53

REVENUE SHORTFALL RESERVE FUND B AS OF NOVEMBER 1, 2009 : \$267,833,341.99

PERSONAL INCOME TAX REFUND RESERVE FUND AS OF NOVEMBER 1, 2009: \$45,019,319.21

WEST VIRGINIA LEGISLATURE  
*Office of the Legislative Auditor*

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



*. 304-347-4870*

Memorandum

To: Honorable 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: November 5, 2009

Re: Status of General Revenue Fund October 31, 2009

We have reviewed the cash revenue flows of the West Virginia general revenue fund for the months of July - October of fiscal year 2009-2010. The status of the fund collections are as follows:

The net collections were **98.64%** of the estimate for the fiscal year as of October 31, 2009. **The amount under estimate was \$ 16 million for the year.**

Personal Income Tax collections were \$36.3 million under the estimate for the fiscal year.

Consumer sales and use tax collections were \$ 16.1 million under the estimate for the fiscal year.

Severance tax collections were \$ 24.9 million over the estimate for the fiscal year.

*Joint Committee on Government and Finance*

Corporate income and business franchise collections were \$16.3 million above the estimate for the year.

**State Road Fund**

The state road fund was collected at 98.38% of the estimate for the months of July - October 2009. Privilege tax collections were \$ 5.8 million under the estimate. Gasoline tax was \$ 3.3 million above the estimate. The entire fund was \$3.3 million under 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 \$ \$270,055,663.53 as of October 31, 2009.

Balance July 1, 2009	236,619,572.54
Cash flow loan to General Revenue on July 1, 2009. To be repaid 90 days. This is a normal occurrence in July due to cash flow demands; repaid in September	- 56,000,000.00  + 56,000,000.00
Revenues July 1, 2008-June 30,2009 (Surplus from FY 2009 transferred in August 2009.)	11,067,940.85
Earnings	22,368,150.14
Balance October 31, 2009	270,055,663.53

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 267,833,341.99 as of October 31, 2009.

Balance July 1, 2009	236,006,002.65
Earnings	31,827,339.34
Balance October 31, 2009	267,833,341.99

The Special Income Tax Reserve Fund had a cash balance of \$45,019,319.21 as of October 31, 2009.

Balance July 1, 2009	45,019,319.21
Revenues	-0-

Gen Rev /State Road



Balance October 31, 2009	45,019,319.21
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**MOTOR FUEL EXCISE TAX SHORTFALL RESERVE FUND**

Motor Fuel Excise Tax Shortfall Reserve Fund had a cash balance of \$ 27,319,224.03 on October 31, 2009. This fund was created by HB 218 during the June 2008 special session to act as a reserve fund when the highways motor fuel excise tax fails to meet monthly revenue estimates.

Balance July 1, 2009 Appropriated by supplemental SB 2019, June 2008	\$ 27,319,224.03
Transfers out to Highways Fund	- 0-
Balance October 31, 2009	27,319,224.03

Monthly Revenue Estimates  
as of October 30, 2009, WVFIMS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	UNDER ESTIMATES VS ACTUAL COLLECTIONS	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS
Personal Income Tax	112,050,000	101,357,394	-10,692,606	491,150,000	454,757,166	-36,392,834
Consumer Sales Tax & Use Tax	100,000,000	93,888,923	-6,111,077	387,700,000	371,581,525	-16,118,475
Severance Tax	15,800,000	30,328,132	14,528,132	73,400,000	98,332,025	24,932,025
Corp Income /Business Franchise	6,300,000	8,498,397	2,198,397	64,300,000	80,631,127	16,331,127
Insurance Tax	25,200,000	25,862,482	662,482	50,900,000	49,948,362	-951,638
Business and Occupation	6,200,000	6,304,570	104,570	38,400,000	37,517,145	-882,855
Cigarette Tax	9,500,000	8,711,773	-788,227	37,700,000	37,785,500	85,500
Interest Income	2,100,000	1,561,199	-538,801	8,300,000	5,060,821	-3,239,179
Liquor Profit Transfers	720,000	1,618,250	898,250	4,520,000	3,780,702	-739,298
Property Transfer Tax	900,000	673,380	-226,620	4,000,000	2,945,193	-1,054,807
HB 102 - Lottery Transfers	4,000,000	5,686,761	1,686,761	4,000,000	5,686,761	1,686,761
Departmental Collections	900,000	767,118	-132,882	3,400,000	3,258,656	-141,344
Beer Tax and Licenses	760,000	683,531	-76,469	2,910,000	2,942,658	32,658
Property Tax	700,000	709,290	9,290	2,800,000	2,927,575	127,575
Smokeless Tobacco Tax	500,000	214,370	-285,630	1,950,000	2,062,900	112,900
Business Franchise Fees	40,000	34,057	-5,943	640,000	535,098	-104,902
Miscellaneous Transfers	0	0	0	500,000	239,287	-260,713
Miscellaneous Receipts	100,000	94,212	-5,788	450,000	401,904	-48,096
Racing Fees	80,000	17,653	-62,347	270,000	92,261	-177,740
Refundable Credit Reim LTY	50,000	137,522	87,522	120,000	718,865	598,865
Charter Tax	0	21,181	21,181	0	75,853	75,853
Telecommunications Tax	0	4,750	4,750	0	-36,831	-36,831
Estate and Inheritance Tax	0	0	0	0	0	0
Video Lottery Transfers	0	30,013	30,013	0	123,356	123,356
Special Revenue Transfer	0	0	0	0	0	0
Cash Flow Transfer	0	0	0	0	0	0
<b>TOTALS</b>	<b>285,900,000</b>	<b>287,204,956</b>	<b>1,304,956</b>	<b>1,177,410,000</b>	<b>1,161,367,909</b>	<b>-16,042,091</b>
Minus Cash Flow Transfer	0	0	0	0	0	0
Percent of Estimates		<b>100.46%</b>				
<b>TOTALS</b>	<b>285,900,000</b>	<b>287,204,956</b>	<b>1,304,956</b>	<b>1,177,410,000</b>	<b>1,161,367,909</b>	<b>-16,042,091</b>
Percent of Estimates		<b>100.46%</b>			<b>98.64%</b>	
Collections this day		<b>40,571,227</b>				

Prepared by Legislative Auditor's Office, Budget Division

	MONTH ESTIMATES	NET MONTH COLLECTIONS	MONTHLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS
Gasoline & Motor Carrier Rd Tax	20,300,000	19,371,777	-928,223	116,700,000	120,009,512	3,309,512
Privilege Tax	12,979,000	11,626,386	-1,352,614	58,203,000	52,328,889	-5,874,111
Licenses & Registration	6,202,000	4,983,887	-1,218,113	28,167,000	27,406,931	-760,069
Highway Litter Control	117,000	167,482	50,482	532,000	556,521	24,521
<b>TOTALS</b>	<b>39,598,000</b>	<b>36,149,533</b>	<b>-3,448,467</b>	<b>203,602,000</b>	<b>200,301,852</b>	<b>-3,300,148</b>

Percent of Estimates

91.29%

98.38%

Collections this day

18,662,255

MOTOR FUEL EXCISE TAX SHORTFALL RESERVE FUND  
 CASH BALANCE WITH TREASURER  
 AS OF October 1, 2009: \$27,319,224.03

REVENUE SHORTFALL RESERVE FUND A AS OF October 1, 2009 : \$264,174,082.04

REVENUE SHORTFALL RESERVE FUND B AS OF October 1, 2009 : \$259,301,564.96

PERSONAL INCOME TAX REFUND RESERVE FUND AS OF October 1, 2009: \$45,019,319.21

Prepared by Legislative Auditor's Office, Budget Division

WEST VIRGINIA LEGISLATURE  
Office of the Legislative Auditor

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



304-347-4870

To: Honorable 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. <sup>EC</sup>  
Director Budget Division  
Legislative Auditor's Office

Date: December 4, 2009

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the October 31, 2009 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia. October is the fourth month of fiscal year 2009-2010.

For the fiscal year 2009-2010, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2009	\$193,165,088.22
Receipts July 1, 2009 thru June 30, 2010	\$151,674,519.17
Disbursements July 1, 2009 thru June 30, 2010	\$190,239,513.00
Balance October 31, 2009	\$154,600,094.39

ITEMS OF NOTE:

Regular benefits paid for July - October 2009 (fiscal year 2010) were \$74 million more than for July - October of fiscal year 2009.

Unemployment *Joint Committee on Government and Finance*

Total disbursements were \$ 128 million more than the same months of the preceding fiscal year.

Receipts in July - October 2009 were \$ 93.5 million more than in July - October of fiscal year 2009. Overall ending trust fund balance was \$ 93.8 million less on October 31, 2009 than on October 31, 2008.

West Virginia's unemployment rate for the month of October 2009 was 7.7 percent. National unadjusted employment rate was 9.5 percent.

Seasonally adjusted unemployment rates were 8.5 percent for West Virginia and 10.2 percent nationally.

Since October 2008 employment has decreased by 22,300. The fields with reported gains were educational and health services with a gain of 1,600, professional and business services 700, and 1,200 in government. Declines included 7,400 in trade, transportation, and utilities, 6,100 in manufacturing, 3,500 in construction, 4,800 in mining and logging, 1,900 in leisure and hospitality, 1,100 in financial activities, 400 in other services, and 600 in information.

Unemployment

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE  
FOR THREE MONTHS STARTING AUGUST 2008 AND AUGUST 2009**

0000

WORKFORCE BY REP

11/18/2008 09:03 FAX 304 558 3512

	AUGUST 08	SEPTEMBER 08	OCTOBER 08	AUGUST 09	SEPTEMBER 09	OCTOBER 09	THREE MONTH TOTAL VARIANCE *
<b>Balance Forward</b>	<u>\$248,064,822.17</u>	<u>\$259,072,768.91</u>	<u>\$260,357,881.57</u>	<u>\$184,720,216.07</u>	<u>\$181,863,574.40</u>	<u>\$188,084,280.32</u>	<u>(\$218,717,378.88)</u>
<b>Add Receipts:</b>							
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions	\$17,624,207.39	\$843,084.37	\$8,410,363.17	\$30,852,318.58	\$1,033,607.58	\$11,146,338.81	\$18,163,478.50
3. Federal Emergency Benefits (EUDB)	\$8,373,020.00	\$5,688,289.00	\$3,255,088.00	\$10,658,318.00	\$12,432,428.89	\$12,888,450.43	\$21,581,704.42
4. Federal Share Extended Benefits (EB)	\$0.00	\$0.00	\$0.00	\$0.00	\$3,639,413.77	\$3,889,884.43	\$7,709,398.20
5. Temp Federal Additional Comp (FAC)	\$0.00	\$0.00	\$0.00	\$3,822,171.00	\$4,168,182.00	\$3,834,389.00	\$11,914,632.00
6. UCPE (Federal Agencies)	\$65,800.00	\$71,000.00	\$60,000.00	\$222,641.69	\$210,489.85	\$207,178.29	\$443,410.83
7. Special Administrative Transfer **	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8. Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9. UC Modernization Incentive	\$0.00	\$0.00	\$0.00	\$0.00	\$11,068,877.00	\$0.00	\$11,068,877.00
10. Treasury Interest Credits	\$0.00	\$2,898,323.42	\$0.00	\$0.00	\$2,068,620.18	\$0.00	(\$931,803.24)
11. UCM (Military Agencies)	\$200,000.00	\$281,000.00	\$282,000.00	\$418,172.28	\$320,183.82	\$280,078.22	\$305,405.12
12. WV Insurance Committee-Senate Bill 246	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
13. CMA Receipts	\$0.00	\$0.00	\$0.00	\$0.00	\$8,493.00	\$0.00	\$8,493.00
<b>Total Monthly Receipts</b>	<u>\$23,263,127.39</u>	<u>\$9,739,696.79</u>	<u>\$11,977,489.17</u>	<u>\$48,073,823.89</u>	<u>\$35,128,037.07</u>	<u>\$32,022,389.28</u>	<u>\$89,241,748.83</u>
<b>Less Disbursements:</b>							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)
Regular Benefits:	10,210,000.50	10,008,302.28	10,466,886.86	\$32,846,322.41	\$28,607,284.01	\$24,851,224.61	\$65,823,641.31
Federal Emergency Benefits (EUDB)	4,682,512.00	6,108,944.00	3,113,489.00	\$11,371,426.00	\$11,784,833.89	\$12,662,696.43	\$22,928,210.42
Federal Share Extended Benefits (EB)	0.00	0.00	0.00	\$0.00	\$3,938,756.48	\$3,583,753.69	\$7,527,510.18
Emergency Benefits (TEUC)	(2,888.00)	(423.00)	(\$818.00)	(\$670.00)	(\$2,160.00)	(\$185.00)	\$718.00
Temp Federal Additional Comp (FAC)	0.00	0.00	0.00	\$4,168,548.00	\$3,950,878.00	\$3,798,204.00	\$11,917,628.00
UCPE (Federal Workers) Benefits	77,770.98	72,743.24	84,280.16	\$145,821.37	\$198,188.82	\$281,521.33	\$378,793.86
UCM (Military Workers) Benefits	240,138.19	289,036.63	288,634.10	\$289,762.88	\$312,071.84	\$358,162.69	\$177,298.07
Reed Act Funds	67,457.00	0.00	0.00	\$0.00	\$0.00	\$0.00	(\$67,457.00)
Special Administrative Transfer**	\$0.00	\$0.00	0.00	\$10,066.18	\$7,494.40	\$18,027.59	\$35,587.12
<b>Total Monthly Disbursements</b>	<u>\$15,265,182.68</u>	<u>\$16,454,602.13</u>	<u>\$18,912,688.12</u>	<u>\$48,630,286.60</u>	<u>\$48,895,331.16</u>	<u>\$46,618,585.21</u>	<u>\$98,719,812.08</u>
<b>Trust Fund Balance</b>	<u>\$259,072,768.91</u>	<u>260,357,881.57</u>	<u>\$248,422,788.82</u>	<u>\$181,863,574.40</u>	<u>\$188,084,280.32</u>	<u>\$154,600,094.39</u>	<u>(\$280,185,444.99)</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.

\*\*The Assistance for Unemployed Workers and Struggling Families Act, Title II of Division B of Public Law No. 111-5, enacted February 17, 2009, provided a special administrative transfer to states' accounts of \$500 million to be used for certain administrative purposes. On February 27, 2009, the U.S. Treasury distributed West Virginia's amount of \$2,889,759 to the Unemployment Insurance Trust Fund. Attachment IV to the Unemployment Insurance Program Letter No. 14-09 issued by the U.S. Department of Labor on February 26, 2009 specifies the permissible uses of the administrative transfer. The special administrative transfer is not available for the payment of Unemployment Compensation (UC) benefits; therefore the Trust Fund Balance must be reduced by the Special Administrative Transfer on Line 7 to obtain the balance available for UC benefits.

WEST VIRGINIA LEGISLATURE  
Office of the Legislative Auditor

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



, 304-347-4870

To: Honorable 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: November 3, 2009

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the September 30, 2009 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia. September 2009 is the end of the first quarter of fiscal year 2009-2010.

For the fiscal year 2009-2010, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2009	\$193,165,088.22
Receipts July 1, 2009 thru June 30, 2010	\$119,652,119.89
Disbursements July 1, 2009 thru June 30, 2010	\$144,722,927.79
Balance September 30, 2009	\$168,094,280.32

ITEMS OF NOTE:

Regular benefits paid for July - September 2009 were \$59.6 million more than in July - September 2008.

Unemployment *Joint Committee on Government and Finance*

Total disbursements were \$ 97 million more than the same months of the preceding fiscal year.

Receipts in July - September were \$ 73.5 million more than in July - September 2008. Overall ending trust fund balance was \$ 82.2 million less as of September 30, 2009 than on September 30, 2008.

West Virginia's unemployment rate for the month of September 2009 was 8.1 percent. National unadjusted employment rate was 9.5%.

Seasonally adjusted unemployment rates were 8.9 percent for West Virginia and 9.8% percent nationally.

Since September 2008 employment has decreased 27,400. Gains were in one area: 1,500 in educational and health services. Employment losses were as follows: 7,900 in trade, transportation and utilities, 6,400 in manufacturing, 5,100 in construction, 4,400 in mining and logging, 1,900 in leisure and hospitality, 1,200 in financial activities, 800 in government, 700 in information, 300 in other services, and 200 in professional and business services.

Unemployment



**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE  
FOR THREE MONTHS STARTING JULY 2008 AND JULY 2009**

	<u>JULY 08</u>	<u>AUGUST 08</u>	<u>SEPTEMBER 08</u>	<u>JULY 09</u>	<u>AUGUST 09</u>	<u>SEPTEMBER 09</u>	<u>THREE MONTH TOTAL VARIANCE *</u>
<b>Balance Forward</b>	<b><u>\$251,821,729.58</u></b>	<b><u>\$248,064,822.17</u></b>	<b><u>\$250,270,000.00</u></b>	<b><u>\$193,165,088.22</u></b>	<b><u>\$184,720,216.07</u></b>	<b><u>\$181,093,874.41</u></b>	<b><u>(\$198,110,439.97)</u></b>
Add Receipts:							
1 Bond Assessment	\$0 00	\$0 00	\$0 00	\$0 00	\$0 00	\$0 00	\$0 00
2 Regular Contributions:	\$12,839,363.91	\$17,624,207.39	\$11,361,111.11	\$24,611,164.34	\$30,852,319.96	\$1,000,000.00	\$25,190,336.19
3 Federal Emergency Benefits (EUC08)	\$0 00	\$5,373,020.00	\$5,100,000.00	\$9,448,500.00	\$10,658,319.00	\$12,400,420.99	\$21,598,939.99
4 Federal Share Extended Benefit (EB)	\$0 00	\$0 00	\$0 00	\$0 00	\$0 00	\$3,838,413.77	\$3,838,413.77
5 Temp Federal Additional Comp (FAC)	\$0 00	\$0 00	\$0 00	\$3,885,199.00	\$3,922,171.00	\$4,159,152.00	\$11,966,522.00
6 UCFE (Federal Agencies)	\$62,800.00	\$65,900.00	\$1,000,000.00	\$145,698.76	\$222,641.69	\$21,469.95	\$379,330.40
7 Special Administrative Transfer **	\$0 00	\$0 00	\$0 00	\$0 00	\$0 00	\$0 00	\$0 00
8 Reed Act Funds	\$0 00	\$0 00	\$0 00	\$0 00	\$0 00	\$0 00	\$0 00
8 UC Modernization Incentive	\$0 00	\$0 00	\$0 00	\$0 00	\$0 00	\$11,058,877.00	\$11,058,877.00
9 Treasury Interest Credits	\$0 00	\$0 00	\$0 00	\$0 00	\$0 00	\$2,065,520.18	(\$931,803.24)
10 UCX (Military Agencies)	\$208,500.00	\$200,000.00	\$200,000.00	\$361,896.79	\$418,172.28	\$320,153.62	\$430,722.69
11 WV Insurance Committee-Senate Bill 246	\$0 00	\$0 00	\$0 00	\$0 00	\$0 00	\$0 00	\$0 00
12 CMA Receipts	\$0 00	\$0 00	\$0 00	\$0 00	\$0 00	\$5,493.33	\$6,493.00
<b>Total Monthly Receipts</b>	<b><u>\$13,110,463.91</u></b>	<b><u>23,263,127.39</u></b>	<b><u>\$21,359,966.10</u></b>	<b><u>\$38,452,458.89</u></b>	<b><u>\$46,073,623.93</u></b>	<b><u>\$39,126,047.07</u></b>	<b><u>\$73,538,831.80</u></b>
Less Disbursements:							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)
Regular Benefits	15,274,388.85	10,210,000.50	10,005,302.26	\$33,481,040.58	\$32,848,322.41	\$26,801,294.01	\$59,625,955.39
Federal Emergency Benefits (EUC08)	1,326,275.00	4,662,512.00	5,105,844.00	\$9,107,118.00	\$11,371,425.00	\$11,784,833.99	\$21,167,645.99
Federal Share Extended Benefits (EB)	0 00	0 00	0 00	\$0 00	\$0 00	\$3,939,756.40	\$3,939,756.49
Emergency Benefits (TEUC)	(490 00)	(2,696 00)	(423 00)	(\$355 00)	(\$670 00)	\$2,150 00	\$434 00
Temp Federal Additional Comp (FAC)	0 00	0 00	0 00	\$3,773,505.00	\$4,188,549.00	\$3,950,875.00	\$11,892,929.00
UCFE (Federal Workers) Benefits	60,802.42	77,770.96	77,770.96	\$157,715.37	\$145,821.37	\$196,165.62	\$288,385.74
UCX (Military Workers) Benefits	206,395.05	240,138.19	299,035.63	\$390,264.88	\$286,752.66	\$312,071.64	\$273,520.31
Reed Act Funds	0 00	67,457.00	0 00	\$0 00	\$0 00	\$0 00	(\$67,457.00)
Special Administrative Transfer**	\$0 00	\$0 00	\$0 00	\$8,042.21	\$10,065.16	\$7,494.40	\$25,601.77
<b>Total Monthly Disbursements</b>	<b><u>\$16,867,371.32</u></b>	<b><u>15,255,182.65</u></b>	<b><u>\$16,464,602.13</u></b>	<b><u>\$46,897,331.04</u></b>	<b><u>\$49,830,265.60</u></b>	<b><u>\$48,999,231.11</u></b>	<b><u>\$97,145,771.89</u></b>
<b>Trust Fund Balance</b>	<b><u>\$248,064,822.17</u></b>	<b><u>258,072,789.91</u></b>	<b><u>\$260,000,861.57</u></b>	<b><u>\$184,720,216.07</u></b>	<b><u>\$181,963,574.40</u></b>	<b><u>\$168,094,280.32</u></b>	<b><u>(\$219,717,379.86)</u></b>

\* 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.

\*\*The Assistance for Unemployed Workers and Struggling Families Act, Title II of Division B of Public Law No. 111-5, enacted February 17, 2009, provided a special administrative transfer to states' accounts of \$500 million to be used for certain administrative purposes. On February 27, 2009, the U.S. Treasury distributed West Virginia's amount of \$2,369,759 to the Unemployment Insurance Trust Fund. Attachment IV to the Unemployment Insurance Program Letter No. 14-09 issued by the U.S. Department of Labor on February 26, 2009 specifies the permissible uses of the administrative transfer. The special administrative transfer is not available for the payment of Unemployment Compensation (UC) benefits; therefore the Trust Fund Balance must be reduced by the Special Administrative Transfer on line 7 to obtain the balance available for UC benefits.



# Prescription Drug Report October 2009

*West Virginia Legislative Interims  
December 2009*

WV PEIA - Monthly Trend

Plan Demographics	Jul-09	Aug-09	Sep-09	Oct-09	2009 - 2010		% Change
					Fiscal	2008 - 2009 Fiscal	
Total Drug Cost	\$12,462,724	\$13,258,856	\$13,869,682	\$14,794,352	\$54,385,614	\$60,521,957	7.65%
Amount Paid By Plan Sponsor	\$7,710,948	\$10,131,997	\$11,046,633	\$11,903,304	\$40,792,883	\$37,420,864	9.01%
Amount Paid By Members	\$4,751,776	\$3,126,859	\$2,823,048	\$2,891,047	\$13,592,730	\$13,101,093	3.75%
Total Claims	196,445	204,533	217,122	236,048	654,148	798,121	7.02%
Average Claims/Month	162,225	162,451	183,415	164,742	163,208	158,326	3.08%
Average # of Rx's Per Member Per Month	1.21	1.26	1.33	1.43	1.31	1.26	3.92%
Plan Paid Per Member Per Month (PMPM)	\$47.53	\$62.37	\$67.60	\$72.25	\$62.49	\$59.09	5.75%
Average Eligible Enrollees	74,591	74,667	75,147	75,821	75,057	72,858	3.02%
Average # of Rx's Per Enrollee Per Month	2.63	2.74	2.89	3.11	2.85	2.74	3.89%
Plan Paid Per Enrollee Per Month (PEPM)	\$103.38	\$135.70	\$147.00	\$156.99	\$135.87	\$128.40	5.82%
<b>Rx Cost Share</b>							
Avg. Claim Cost to Plan	\$39.21	\$49.54	\$50.88	\$50.43	\$47.76	\$46.89	1.86%
Avg. Member Cost/Claim	\$24.19	\$15.29	\$13.00	\$12.25	\$15.91	\$16.41	-3.05%
Percent Member Cost Share	38.1%	23.6%	20.4%	19.5%	25.0%	25.9%	-3.62%
<b>Average Ingredient Costs</b>							
Single Source (no generics available)	\$189.54	\$191.93	\$191.52	\$181.20	\$188.26	\$173.65	8.41%
Multi-Source Brand (generics available)	\$53.11	\$65.70	\$79.50	\$79.11	\$70.05	\$43.77	60.02%
Generic Drug	\$19.42	\$19.50	\$19.28	\$19.08	\$19.31	\$19.29	0.13%
<b>Brand/Generics Dispensing Rates</b>							
Single Source (no generics)	24.84%	25.19%	24.72%	25.7%	25.13%	27.33%	8.08%
Multi-Source Brand % (generics available)	0.95%	0.98%	0.99%	0.9%	0.96%	0.97%	1.50%
Generic Drug	74.21%	73.83%	74.29%	73.4%	73.92%	71.69%	3.10%
Generics Dispensed when available	98.74%	98.89%	98.69%	98.8%	98.72%	98.66%	0.06%
Percent of Plan Cost for Single Source Retail Pharmacy Program	85.42%	81.44%	79.88%	79.2%	81.13%	81.66%	-0.65%
<b>Mail Service Program</b>							
Avg. Day Supply	33.1	33.8	32.9	31.6	32.8	31.7	0.23%
Avg. Plan Cost/Day Supply	\$1.17	\$1.45	\$1.53	\$1.58	\$1.44	\$1.42	1.03%
Avg. Claim Cost to Plan	\$38.86	\$49.06	\$50.38	\$50.02	\$47.32	\$46.50	1.76%
Avg. Member Cost / Claim	\$24.03	\$15.15	\$12.90	\$12.18	\$15.80	\$16.31	-3.14%
Percent Member Cost Share	38.21%	23.58%	20.38%	19.6%	25.03%	25.97%	-3.62%
Special Maint Netwk (% of claims filled)	11.66%	12.50%	12.20%	11.8%	11.97%	11.56%	3.50%
Other Maint (% of claims filled)	0.66%	0.72%	0.73%	0.7%	0.70%	0.60%	17.50%
Avg. Days Supply for Maint. Netwks	87.3	87.3	87.4	87.2	87.3	87.5	-0.17%
Total # Claims Fills 1-34 Days Supply	168,142	173,311	184,647	202,828	728,928	687,934	5.96%
Total # Claims Fills 35-60 Day Supply	1,545	1,664	1,736	1,815	6,760	5,874	13.14%
Total # Claims Fills 61-90 Day Supply	24,648	27,433	28,715	29,274	110,070	97,505	12.89%
Total # Claims Fills 91+ Day Supply	37	51	53	4	182	13	1300.00%
<b>Mail Service Program</b>							
Avg. Days Supply	71.8	71.5	71.3	71.1	71.5	71.4	2.58%
Avg. Plan Cost/Days Supply	\$1.06	\$1.31	\$1.48	\$1.39	\$1.30	\$1.25	5.31%
Avg. Cost to Plan	\$76.39	\$93.71	\$105.43	\$96.53	\$92.87	\$90.22	2.90%
Avg. Member Cost/Claim	\$38.86	\$28.79	\$24.55	\$19.98	\$28.07	\$28.43	-1.24%
Percent Member Cost Share	33.72%	23.50%	18.89%	17.1%	23.21%	23.90%	-2.89%
Total # Claims Fill 1-34 Days Supply	603	616	594	629	2,442	1,876	30.17%
Total # Claims Fills 35-60 Days Supply	11	8	8	12	39	22	77.27%
Total # Claims Fills 61-90 Days Supply	1,459	1,450	1,369	1,449	5,727	5,097	12.36%
Total # Claims Fills 91+ Day Supply	0	0	0	0	0	0	
<b>Formulary Program</b>							
S/S Formulary Drugs (% by claim)	20.24%	20.62%	20.33%	21.5%	20.70%	22.47%	-7.87%
S/S Non-Formulary Drugs (% by claim)	4.61%	4.57%	4.39%	4.2%	4.42%	4.88%	-9.04%
S/S Drugs (% by claim)	0.95%	0.98%	0.99%	0.9%	0.96%	0.97%	1.50%
Generic Drugs (% by Claim)	74.21%	73.83%	74.29%	73.4%	73.92%	71.69%	3.10%
S/S Formulary Drugs (% by \$)	76.30%	72.29%	70.62%	70.5%	72.07%	74.02%	-2.63%
S/S non-Formulary Drugs (% by \$)	9.12%	9.15%	9.26%	8.7%	9.05%	7.64%	18.48%
S/S Drugs (% by \$)	0.52%	0.73%	1.02%	1.0%	0.83%	0.35%	139.88%
Generic Drugs (% by \$)	14.06%	17.83%	19.11%	19.8%	18.04%	17.89%	0.23%
<b>Specialty Drugs</b>							
Total Drug Cost	\$1,474,493	\$1,523,264	\$1,628,720	\$1,631,192	\$6,257,669	\$5,384,041	18.23%
Amount Paid by Plan Sponsor	\$1,408,968	\$1,483,872	\$1,589,820	\$1,592,605	\$6,075,265	\$5,215,357	16.89%
Amount Paid by Members	\$65,525	\$39,392	\$38,900	\$38,587	\$182,404	\$168,684	8.13%
Total Claims	749	79	755	780	3,003	2,779	8.89%
Avg # of Rx's per Member per Month	0.00	0.00	0.00	0.00	0.00	0.00	4.03%
Plan Paid Per Member Per Month (PMPM)	\$8.69	\$9.13	\$9.71	\$9.67	\$9.31	\$8.24	13.00%
Avg. Claim Cost to Plan	\$1,881.13	\$2,063.80	\$2,105.72	\$2,041.80	\$2,023.07	\$1,876.70	7.80%
Avg. Claim Cost to Member	\$87.48	\$54.79	\$51.52	\$49.47	\$60.74	\$60.71	-0.01%
Percent of Member Cost Share	6.44%	2.59%	2.39%	2.37%	2.91%	2.12%	-6.88%
Percent of Overall Drug Spend	11.83%	11.49%	11.74%	11.03%	11.51%	10.66%	7.97%



## Key Performance Indicators

## Comprehensive Indicators

## WVA - WV Public Employees Ins

Current Period: 10/2009 - 10/2009

Previous Period: 10/2008 - 10/2008

	Current Period	Previous Period	% Change
<b>Overall Performance</b>			
Plan Cost PMPM	\$72.49	\$67.86	6.8 %
Average Mbrs/Month	164,742	159,292	3.4 %
Average Subs/Month	75,821	73,361	3.4 %
% Utilizing Members	48.8 %	45.5 %	7.3 %
% Retail Utilizing Members	48.6 %	45.2 %	7.4 %
% Mail Utilizing Members	0.6 %	0.5 %	11.8 %
<b>Rx Measures</b>			
Rxs PMPM	1.44	1.34	7.5 %
Retail Rxs PMPM	1.42	1.33	7.5 %
Mail Rxs PMPM	0.01	0.01	8.8 %
Average Admin Fee/Rx	\$0.00	\$0.00	-96.6 %
Avg Retail Admin Fee/Rx	\$0.00	\$0.00	-96.6 %
Avg Mail Admin Fee/Rx	\$0.00	\$0.00	0.0 %
Average Plan Cost/Rx	\$50.43	\$50.76	-0.7 %
Avg Retail Plan Cost/Rx	\$50.02	\$50.39	-0.8 %
Avg Mail Plan Cost/Rx	\$96.53	\$92.27	4.6 %
Average Mbr Contrib/Rx	\$12.27	\$12.18	0.7 %
Avg Retail Mbr Contrib/Rx	\$12.20	\$12.11	0.8 %
Avg Mail Mbr Contrib/Rx	\$19.97	\$20.68	-3.4 %
Average Ing Cost/Rx	\$61.28	\$61.37	-0.1 %
Avg Retail Ing Cost/Rx	\$60.79	\$60.92	-0.2 %
Avg Mail Ing Cost/Rx	\$116.50	\$112.94	3.1 %
Average AWP/Rx	\$112.35	\$110.95	1.3 %
Avg Retail AWP/Rx	\$111.37	\$110.00	1.2 %
Avg Mail AWP/Rx	\$222.54	\$218.88	1.7 %
Average Days Supply/Rx	31.9	32.7	-2.2 %
Avg Retail Days/Rx	31.6	32.3	-2.3 %
Avg Mail Days/Rx	71.3	71.6	-0.5 %
Average Plan Cost/Day	\$1.58	\$1.55	1.6 %
Avg Retail Plan Cost/Day	\$1.58	\$1.56	1.6 %
Avg Mail Plan Cost/Day	\$1.35	\$1.29	5.1 %
% Plan Cost	80.4 %	80.6 %	-0.3 %
% Member Contribution	19.6 %	19.4 %	1.1 %
% Retail Plan Cost	80.4 %	80.6 %	-0.3 %
% Retail Mbr Contrib	19.6 %	19.4 %	1.2 %
% Mail Plan Cost	82.9 %	81.7 %	1.4 %
% Mail Member Contrib	17.1 %	18.3 %	-6.4 %



# Key Performance Indicators

## Comprehensive Indicators

### WVA - WV Public Employees Ins

Current Period: 10/2009 - 10/2009

Previous Period: 10/2008 - 10/2008

	Current Period	Previous Period	% Change
<b>Rx Sources</b>			
% Mail Rxs	0.9 %	0.9 %	1.2 %
% Retail Rxs	99.1 %	99.1 %	0.0 %
% Member Submit Rxs	0.0 %	0.0 %	-92.4 %
<b>Rx Types</b>			
Avg SSB Plan Cost/Rx	\$155.40	\$150.44	3.3 %
Avg Retail SSB Plan Cost/Rx	\$154.42	\$149.67	3.2 %
Avg Mail SSB Plan Cost/Rx	\$255.54	\$224.36	13.9 %
Avg MSB Plan Cost/Rx	\$52.61	\$16.63	216.4 %
Avg Retail MSB Plan Cost/Rx	\$52.97	\$16.70	217.1 %
Avg Mail MSB Plan Cost/Rx	\$14.11	\$9.63	46.6 %
Avg GEN Plan Cost/Rx	\$13.61	\$13.98	-2.7 %
Avg Retail GEN Plan Cost/Rx	\$13.43	\$13.84	-3.0 %
Avg Mail GEN Plan Cost/Rx	\$34.37	\$30.95	11.0 %
% Single-Source Brand Rxs	25.7 %	26.9 %	-4.5 %
% Multi-Source Brand Rxs	0.9 %	1.0 %	-3.9 %
% Generic Rxs	73.4 %	72.1 %	1.7 %
% Retail Single-Source Brand	25.7 %	26.9 %	-4.4 %
% Retail Multi-Source Brand	0.9 %	1.0 %	-3.8 %
% Retail Generic	73.4 %	72.2 %	1.7 %
% Mail Single-Source Brand	28.2 %	31.8 %	-11.4 %
% Mail Multi-Source Brand	1.0 %	1.1 %	-15.4 %
% Mail Generic	70.9 %	67.0 %	5.7 %
% Formulary Rxs	94.7 %	93.8 %	0.9 %
% Retail Formulary Rxs	94.7 %	93.8 %	0.9 %
% Mail Formulary Rxs	93.2 %	93.9 %	-0.7 %
% DAW Rxs	0.5 %	0.6 %	-7.3 %
% Retail DAW Rxs	0.5 %	0.6 %	-7.1 %
% Mail DAW Rxs	0.5 %	0.6 %	-25.9 %
% Generic Conversion	98.8 %	98.7 %	0.1 %
% Retail GEN Conversion	98.8 %	98.7 %	0.1 %
% Mail GEN Conversion	98.7 %	98.3 %	0.3 %
<b>Period Totals</b>			
Total Plan Cost	\$11,941,935.50	\$10,810,197.32	10.5 %
Retail Plan Cost	\$11,739,905.04	\$10,638,575.70	10.4 %
Mail Plan Cost	\$202,030.46	\$171,621.62	17.7 %
Total Member Contribution	\$2,905,123.68	\$2,594,000.61	12.0 %

# Key Performance Indicators

## Comprehensive Indicators

### WVA - WV Public Employees Ins

Current Period: 10/2009 - 10/2009  
 Previous Period: 10/2008 - 10/2008

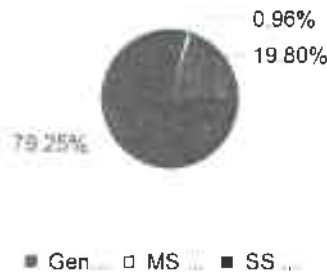
	Current Period	Previous Period	
Retail Member Contrib	\$2,863,318.61	\$2,555,535.67	12.0 %
Mail Member Contrib	\$41,805.07	\$38,464.94	8.7 %
<b>Total Rx Count</b>	<b>236,816</b>	<b>212,967</b>	<b>11.2 %</b>
Retail Rx Count	234,717	211,036	11.2 %
Member Submit Rxs	6	71	-91.5 %
Mail Rx Count	2,093	1,860	12.5 %
<b>Total Admin Fee</b>	<b>\$15.00</b>	<b>\$395.00</b>	<b>-96.2 %</b>
Total UC Savings	\$12,422,725.98	\$7,997,380.63	55.3 %
Total Lost Savings	\$26,158.40	\$15,445.80	69.4 %
<b>Demographics</b>			
Average Age	38.7	38.8	-0.2 %
% Male Members	46.6 %	46.5 %	0.2 %
% Female Members	53.4 %	53.5 %	-0.2 %

### Graphs based on Current Period: 10/2009 - 10/2009

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

WVA - WV Public Employees Ins

Prescriptions Filled From 10/2009 - 10/2009



Reporting Level 2	Avg Mbr Count	Avg Util Mbr/Mth	Rx Count	Plan Cost	Member Contr/Rx	Plan Cost/Rx	Mail % Rxs	Gen % Rxs	Form % Rxs	Gen Conv %	PMPM Plan Cost
COBRA (COBRA)	428	241	903	\$64,124	\$12.60	\$71.01	1.9 %	71.7 %	94.0 %	98.8 %	\$149.82
NON STATE AGENCIES (02)	19,109	8,984	26,228	\$1,188,407	\$11.81	\$45.31	0.9 %	74.9 %	95.2 %	99.1 %	\$62.19
NON STATE AGENCIES PLAN B (02B)	3,757	1,663	4,422	\$164,378	\$16.25	\$37.17	3.8 %	76.6 %	95.6 %	99.3 %	\$43.75
NON STATE RETIREES (08)	1,237	819	3,095	\$173,181	\$11.24	\$55.95	1.4 %	72.6 %	95.2 %	99.1 %	\$140.00
NON STATE RETIREES 60 (0860)	10	7	33	\$628	\$3.09	\$19.04	0.0 %	93.9 %	100.0 %	100.0 %	\$62.82
STATE AGENCIES (01)	121,811	58,108	166,052	\$8,398,168	\$12.23	\$50.58	0.8 %	73.2 %	94.6 %	98.7 %	\$68.94
STATE AGENCIES (01B)	4,438	1,362	2,925	\$88,706	\$18.24	\$30.33	1.1 %	75.6 %	94.4 %	99.0 %	\$19.99
STATE RETIREES (07)	13,905	9,229	32,979	\$1,855,895	\$11.90	\$56.28	1.1 %	72.5 %	94.6 %	98.6 %	\$133.47
STATE RETIREES ASST 60 (0760)	47	40	179	\$8,449	\$4.59	\$47.20	0.0 %	80.4 %	98.3 %	98.6 %	\$179.77
<b>Grand Total</b>	<b>164,742</b>		<b>236,816</b>	<b>\$11,941,936</b>	<b>\$12.27</b>	<b>\$50.43</b>	<b>0.9 %</b>	<b>73.4 %</b>	<b>94.7 %</b>	<b>98.8 %</b>	<b>\$72.49</b>



**Monthly Management Report  
Total Claims  
October 2009**

*West Virginia Legislative Interims  
December 2009*



WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
MONTHLY MANAGEMENT REPORT - TOTAL CLAIMS  
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Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments		
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	434,476.99	185,984.69	173,610.49	156,578.49	852,577.57	699,963.48
	MATERNITY	195,974.34	161,888.69	148,522.17	164,823.80	648,539.44	631,262.42
	MEDICAL AND SURGICAL	7,643,896.65	6,103,185.03	7,083,786.05	6,298,804.00	24,020,370.64	25,472,253.01
	NEONATAL COMPLICATIONS	17,088.10	25,695.63	31,803.69	48,735.37	56,570.87	252,674.82
	***** sum		8,291,436.28	6,476,754.04	7,437,722.40	6,668,941.65	25,578,058.52
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	62,193.13	43,370.02	37,516.47	39,916.95	182,251.88	157,978.33
	DIALYSIS	156,027.93	127,121.96	117,871.29	137,422.43	528,272.95	454,454.63
	EMERGENCY ROOM	610,088.02	518,168.23	511,128.53	453,969.91	1,835,814.62	1,693,860.56
	MATERNITY	67,008.09	41,745.67	39,407.57	46,723.35	149,256.01	149,475.36
	MEDICAL AND SURGICAL	9,055,470.70	7,985,692.27	7,694,133.75	7,619,607.27	29,184,856.82	28,841,373.95
***** sum		9,950,787.87	8,716,098.15	8,400,257.61	8,297,639.91	31,880,452.28	31,297,142.83
PHARMACY	PRESCRIPTION DRUGS	13,068,327.68	10,446,673.00	11,775,808.45	9,838,697.41	41,684,267.72	38,125,746.85
***** sum		13,068,327.68	10,446,673.00	11,775,808.45	9,838,697.41	41,684,267.72	38,125,746.85
PROFESSIONAL SERVICES	ADVANCED IMAGING	457,057.36	477,186.11	648,301.26	541,452.57	1,498,318.67	2,099,900.79
	AMBULANCE	384,266.47	189,330.24	261,736.71	182,552.03	847,332.94	784,585.56
	ANESTHESIA	710,968.82	688,320.38	743,775.31	670,592.77	2,705,245.07	2,689,016.31
	BEHAVIORAL	372,090.20	323,016.68	383,261.25	315,569.39	1,147,344.73	1,110,921.81
	CARDIOVASCULAR MEDICINE	320,624.87	348,928.11	392,335.70	371,259.79	1,182,277.07	1,435,379.25
	CERVICAL CANCER SCREENING	23,863.22	17,616.26	22,231.23	20,186.76	82,318.19	82,146.53
	DIALYSIS	15,572.44	9,709.57	3,151.65	4,791.91	53,083.51	20,632.88
	DME	437,134.65	419,974.17	452,958.98	401,041.44	1,495,783.78	1,511,919.35

SOURCE: WELLS FARGO AND EXPRESS SCRIPTS PAID CLAIMS TAPES

NOTE: CLAIMS LISTED ARE ON A PAID BASIS

NOTE: DOES NOT INCLUDE REBATES, PHARMACY ADMINISTRATIVE FEES, OR RECOVERIES

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - TOTAL CLAIMS  
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Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments		
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	5,689,557.05	4,693,536.52	5,202,798.50	4,359,074.67	19,055,586.70	17,443,012.35
	IMMUNIZATION	521,283.26	309,814.36	356,302.49	287,856.16	1,342,143.26	1,116,714.76
	INJECTION	815,508.07	729,013.21	975,171.73	705,849.34	2,443,894.03	2,906,402.87
	LAB AND PATHOLOGY	814,308.98	714,112.08	709,260.08	650,119.91	2,621,737.96	2,356,688.17
	MAMMOGRAPHY	63,766.44	71,950.98	91,103.02	84,962.83	259,460.56	348,027.21
	OTHER	525,308.35	448,107.50	535,071.69	396,475.78	1,859,005.37	1,804,126.60
	OTHER IMAGING	882,240.15	764,990.15	954,240.76	763,745.01	2,796,798.85	2,762,454.00
	OTHER MEDICINE	553,767.38	708,322.24	666,212.09	688,436.73	2,332,530.77	2,478,378.20
	PHYSICAL MEDICINE	647,752.27	623,230.75	686,990.49	572,805.31	2,137,107.24	2,124,309.00
	PROSTATE CANCER SCREENING	9,481.11	15,290.49	18,466.09	14,835.18	44,311.02	59,082.64
	SURGICAL	2,707,010.42	2,439,702.84	2,608,843.64	2,471,396.22	9,472,866.63	9,545,993.52
sum		15,951,561.51	13,992,152.64	15,712,212.67	13,503,003.81	53,377,146.35	52,679,691.80
sum		47,262,113.34	39,631,677.83	43,326,001.13	38,308,282.78	152,519,924.87	149,158,735.21

SOURCE: WELLS FARGO AND EXPRESS SCRIPTS PAID CLAIMS TAPES

NOTE: CLAIMS LISTED ARE ON A PAID BASIS

NOTE: DOES NOT INCLUDE REBATES, PHARMACY ADMINISTRATIVE FEES, OR RECOVERIES



# **Monthly Management Report Per Capita Claims October 2009**

*West Virginia Legislative Interims  
December 2009*

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS  
 OCTOBER 2009

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Reporting Category	Type of Service	Current	Current	12 Months Prior	12 Months Prior	Current Fiscal Yr	Previous Fiscal Yr
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	2.6783	1.2369	1.1259	1.0754	5.2933	4.5634
	MATERNITY	1.2081	1.0753	.9632	1.1325	4.0265	4.1155
	MEDICAL AND SURGICAL	47.1206	40.5637	45.9407	43.2770	149.1328	166.0653
	NEONATAL COMPLICATIONS	.1053	.1713	.2063	.3341	.3512	1.6473
	***** sum	51.1123	43.0471	48.2361	45.8189	158.8038	176.3914
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.3834	.2882	.2433	.2742	1.1315	1.0299
	DIALYSIS	.9618	.8441	.7644	.9449	3.2798	2.9628
	EMERGENCY ROOM	3.7609	3.4444	3.3161	3.1197	11.3978	11.0431
	MATERNITY	.4131	.2779	.2556	.3213	.9267	.9745
	MEDICAL AND SURGICAL	55.8222	53.0721	49.8990	52.3570	181.1970	188.0301
***** sum	61.3413	57.9268	54.4785	57.0171	197.9329	204.0404	
PHARMACY	PRESCRIPTION DRUGS	80.5593	69.4554	76.3701	67.6220	258.8008	248.5592
***** sum	80.5593	69.4554	76.3701	67.6220	258.8008	248.5592	
PROFESSIONAL SERVICES	ADVANCED IMAGING	2.8175	3.1759	4.2045	3.7210	9.3025	13.6902
	AMBULANCE	2.3688	1.2590	1.6975	1.2543	5.2607	5.1151
	ANESTHESIA	4.3827	4.5740	4.8236	4.6088	16.7958	17.5309
	BEHAVIORAL	2.2937	2.1481	2.4856	2.1696	7.1234	7.2426
	CARDIOVASCULAR MEDICINE	1.9765	2.3198	2.5444	2.5505	7.3403	9.3579
	CERVICAL CANCER SCREENING	.1471	.1171	.1442	.1387	.5111	.5356
	DIALYSIS	.0960	.0643	.0204	.0329	.1296	.1345
	DME	2.6947	2.7919	2.9376	2.7571	9.2867	9.8569

SOURCE: WELLS FARGO AND EXPRESS SCRIPTS PAID CLAIMS TAPES  
 NOTE: CLAIMS LISTED ARE ON A PAID BASIS  
 NOTE: DOES NOT INCLUDE REBATES, PHARMACY ADMINISTRATIVE FEES, OR RECOVERIES

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS  
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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
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	35 0731	31 1922	33.7419	29 9542	118.3084	113 7190
	IMMUNIZATION	3 2134	2 0615	2.3107	1 9806	8.3328	7 2804
	INJECTION	5 0272	4 8517	6 3243	4 8506	15 1732	18 9482
	LAB AND PATHOLOGY	5 0198	4.7460	4.5998	4 4677	16.2773	15 3643
	MAMMOGRAPHY	.3931	4786	5908	5841	1 6109	2 2689
	OTHER	3 2382	2.9779	3.4701	2 7243	11.5418	11 7619
	OTHER IMAGING	5 4385	5.0849	6.1886	5 2522	17 3642	18 0097
	OTHER MEDICINE	3 4137	4.7109	4 3206	4.7332	14 4817	16 1577
	PHYSICAL MEDICINE	3.9930	4 1437	4 4554	3.9375	13 2684	13.8493
	PROSTATE CANCER SCREENING	.0584	1017	1198	1020	2751	3852
	SURGICAL	16.6873	16 2129	16 9192	16.9833	58 8132	62.2347
*****							
sum		98.3329	93 0120	101.8990	92.8027	331 3972	343.4430
sum		291 3458	263.4413	280.9837	263 2607	946 9347	972.4340

SOURCE: WELLS FARGO AND EXPRESS SCRIPTS PAID CLAIMS TAPES  
 NOTE: CLAIMS LISTED ARE ON A PAID BASIS  
 NOTE: DOES NOT INCLUDE REBATES, PHARMACY ADMINSTRATIVE FEES, OR RECOVERIES



# **Monthly Management Report Per Capita Utilization October 2009**

*West Virginia Legislative Interims  
December 2009*

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION  
 OCTOBER 2009

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Reporting Category	Type of Service	Current Period Encounters	12 Months Prior Encounters	Current Fiscal Yr Encounters	Previous Fiscal Yr Encounters
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0011	.0006	.0028	.0019
	MATERNITY	.0010	.0008	.0033	.0033
	MEDICAL AND SURGICAL	.0087	.0085	.0313	.0317
	NEONATAL COMPLICATIONS	.0001	.0003	.0003	.0014
	sum	.0108	.0103	.0376	.0383
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0041	.0026	.0134	.0107
	DIALYSIS	.0040	.0026	.0156	.0103
	EMERGENCY ROOM	.0280	.0255	.0859	.0921
	MATERNITY	.0025	.0023	.0075	.0083
	MEDICAL AND SURGICAL	.2237	.2139	.7608	.8053
	sum	.2624	.2469	.8833	.9267
PHARMACY	PRESCRIPTION DRUGS	1 1210	1 0451	3 7935	3 6437
sum		1 1210	1 0451	3 7935	3 6437
PROFESSIONAL SERVICES	ADVANCED IMAGING	.0261	.0283	.0843	.0947
	AMBULANCE	.0050	.0046	.0142	.0147
	ANESTHESIA	.0223	.0222	.0786	.0762
	BEHAVIORAL	.0459	.0469	.1553	.1565
	CARDIOVASCULAR MEDICINE	.0363	.0408	.1268	.1399
	CERVICAL CANCER SCREENING	.0061	.0060	.0203	.0219
	DIALYSIS	.0006	.0002	.0023	.0010
	DME	.0276	.0271	.0880	.0938
	EVALUATION AND MANAGEMENT	.5716	.5736	1 9007	1.9125
	IMMUNIZATION	.0886	.0537	.1512	.1110

SOURCE: WELLS FARGO AND EXPRESS SCRIPTS PAID CLAIMS TAPES  
 NOTE: CLAIMS LISTED ARE ON A PAID BASIS

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION  
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Reporting Category	Type of Service	Current Period Encounters	12 Months Prior Encounters	Current Fiscal Yr Encounters	Previous Fiscal Yr Encounters
PROFESSIONAL SERVICES	INJECTION	0327	0325	.1049	.1054
	LAB AND PATHOLOGY	1970	1876	.6597	.6366
	MAMMOGRAPHY	.0175	.0203	.0665	.0739
	OTHER	.0534	.0494	.1601	.1430
	OTHER IMAGING	.1112	.1130	.3717	.3778
	OTHER MEDICINE	.0858	.0913	.2926	.3093
	PHYSICAL MEDICINE	.0980	.1273	.3867	.4258
	PROSTATE CANCER SCREENING	.0050	.0077	.0202	.0265
	SURGICAL	.0879	.0927	.3131	.3299
*****					
sum		1.5185	1.5253	4.9992	5.0522
sum		2.9127	2.8276	9.7136	9.6609

SOURCE: WELLS FARGO AND EXPRESS SCRIPTS PAID CLAIMS TAPES  
 NOTE: CLAIMS LISTED ARE ON A PAID BASIS





# Prescription Drug Report September 2009

*West Virginia Legislative Interims  
November 2009*

WV PEIA - Monthly Trend

Plan Demographics	Jul-09	Aug-09	Sep-09	2008 - 2010		% Change
				Fiscal	2008 - 2009 Fiscal	
<b>Total Drug Cost</b>	\$12,464,967	\$13,258,295	\$13,879,419	\$39,602,682	\$37,060,811	6.86%
Amount Paid By Plan Sponsor	\$7,712,701	\$10,130,768	\$11,053,180	\$28,896,649	\$26,563,540	8.78%
<b>Amount Paid By Members</b>	<b>\$4,752,266</b>	<b>\$3,127,527</b>	<b>\$2,826,239</b>	<b>\$10,706,033</b>	<b>\$10,497,271</b>	1.99%
Total Claims	196,459	204,544	217,248	618,251	584,508	5.77%
Average Eligible Member	162,225	162,451	163,415	162,697	158,003	2.97%
Average # of Rx's Per Member Per Month	1.21	1.26	1.33	1.27	1.23	2.72%
<b>Plan Paid Per Member Per Month (PMPM)</b>	<b>\$47.54</b>	<b>\$62.36</b>	<b>\$67.64</b>	<b>\$69.20</b>	<b>\$56.04</b>	<b>5.64%</b>
Average Eligible Enrollees	74,591	74,667	75,147	74,802	72,691	2.90%
Average # of Rx's Per Enrollee Per Month	2.63	2.74	2.89	2.76	2.66	2.79%
<b>Plan Paid Per Enrollee Per Month (PEPM)</b>	<b>\$103.40</b>	<b>\$135.68</b>	<b>\$147.09</b>	<b>\$128.77</b>	<b>\$121.81</b>	<b>5.71%</b>
<b>Rx Cost Share</b>						
Avg Claim Cost to Plan	\$39.26	\$49.53	\$50.88	\$46.74	\$45.45	2.65%
Avg Member Cost/Claim	\$24.11	\$15.29	\$13.01	\$17.32	\$17.96	3.58%
Percent member Cost Share	38.1%	23.6%	20.4%	27.0%	28.3%	-4.56%
<b>Average Ingredient Costs</b>						
Single Source (no generics available)	\$189.55	\$191.89	\$191.51	\$191.02	\$173.11	10.35%
Multi-Source Brand (generics available)	\$53.16	\$65.70	\$79.35	\$66.70	\$44.12	51.19%
Generic Drugs	\$19.42	\$19.50	\$19.29	\$19.40	\$19.30	0.51%
<b>Brand/Generic Dispensing Rates</b>						
Single Source (no generics)	24.84%	25.19%	24.73%	24.92%	27.48%	9.34%
Multi-Source Brand % (generics available)	0.95%	0.98%	0.99%	0.97%	0.98%	-0.57%
Generic Drug	74.21%	73.83%	74.28%	74.11%	71.54%	3.59%
Generics Dispensed when available	98.74%	98.69%	98.69%	98.70%	98.65%	0.05%
Percent of Plan Cost for Single Source	85.43%	81.44%	79.88%	81.91%	82.43%	0.63%
<b>Retail Pharmacy Program</b>						
Avg Day Supply	33.1	33.8	32.9	33.3	32.9	1.27%
Avg Plan Cost/Day Supply	\$1.17	\$1.45	\$1.53	\$1.39	\$1.37	1.46%
Avg Claim Cost to Plan	\$38.86	\$49.08	\$50.38	\$46.29	\$45.05	2.75%
Avg Member Cost / Claim	\$24.03	\$15.15	\$12.90	\$17.18	\$17.84	3.70%
Percent Member Cost Share	38.21%	23.59%	20.39%	27.07%	28.37%	-4.58%
Special Maint Netwk (% of claims filled)	11.65%	12.50%	12.26%	12.15%	11.64%	4.35%
Other Maint (% of claims filled)	0.66%	0.72%	0.73%	0.71%	0.60%	17.08%
Avg Days Supply for Maint Networks	87.3	87.3	87.4	87.3	87.5	-0.19%
Total # Claims Fills 1-34 Days Supply	168,153	173,325	184,736	526,214	503,598	4.49%
Total # Claims Fills 35-60 Day Supply	1,545	1,660	1,741	4,946	4,144	19.35%
Total # Claims Fills 61-90 Day Supply	24,651	27,434	28,746	80,831	71,618	12.86%
Total # Claims Fills 91+ Day Supply	37	51	53	141	11	1181.82%
<b>Mail Service Program</b>						
Avg Days Supply	71.8	71.5	71.1	71.6	74.0	3.33%
Avg Plan Cost/Days Supply	\$1.06	\$1.31	\$1.48	\$1.28	\$1.21	5.42%
Avg Cost to Plan	\$76.39	\$93.71	\$105.38	\$91.60	\$99.88	1.91%
Avg Member Cost/Claim	\$38.86	\$28.79	\$24.53	\$30.83	\$31.23	1.30%
Percent Member Cost Share	33.72%	23.50%	18.89%	25.18%	25.79%	2.35%
Total # Claims Fill 1-34 Days Supply	603	616	595	1,814	1,329	36.49%
Total # Claims Fills 35-60 Days Supply	11	8	9	27	14	92.86%
Total # Claims Fills 61-90 Days Supply	1,459	1,450	1,369	4,278	3,792	12.82%
Total # Claims Fills 91+ Day Supply	0	0	0	0	0	
<b>Formulary Program</b>						
S/S Formulary Drugs (% by claim)	20.24%	20.62%	20.33%	20.40%	22.59%	9.69%
S/S Non-Formulary Drugs (% by claim)	4.61%	4.57%	4.40%	4.52%	4.90%	7.71%
M/S Drugs (% by claim)	0.95%	0.98%	0.99%	0.97%	0.98%	-0.57%
Generic Drugs (% by Claim)	74.21%	73.83%	74.28%	74.11%	71.54%	3.59%
S/S Formulary Drugs (% by \$)	76.30%	72.28%	70.60%	72.71%	74.74%	-2.72%
s/s non-Formulary Drugs (% by \$)	9.12%	9.16%	9.28%	9.19%	7.68%	19.66%
M/S Drugs (% by \$)	0.52%	0.73%	1.01%	0.78%	0.37%	113.96%
Generic Drugs (% by \$)	14.05%	17.84%	19.11%	17.31%	17.21%	0.61%
<b>Specialty Drugs</b>						
Total Drug Cost	\$1,474,047	\$1,523,264	\$1,628,273	\$4,625,584	\$3,954,534	16.97%
Amount Paid by Plan Sponsor	\$1,408,590	\$1,483,872	\$1,589,373	\$4,481,835	\$3,821,790	17.27%
<b>Amount Paid by Members</b>	<b>\$65,457</b>	<b>\$39,392</b>	<b>\$38,900</b>	<b>\$143,749</b>	<b>\$132,744</b>	<b>8.29%</b>
Total Claims	748	719	754	2,221	2,056	8.03%
Avg # of Rx's per Member per Month	0.00	0.00	0.00	0.005	0.004	4.91%
<b>Plan Paid Per Member Per Month (PMPM)</b>	<b>\$8.68</b>	<b>\$9.13</b>	<b>\$9.73</b>	<b>\$9.18</b>	<b>\$8.06</b>	<b>13.89%</b>
Avg Claim Cost to Plan	\$1,883.14	\$2,063.80	\$2,107.92	\$2,017.94	\$1,858.89	8.56%
Avg Claim Cost to Member	\$87.51	\$54.79	\$51.59	\$64.72	\$64.56	0.25%
Percent of Member Cost Share	4.44%	2.59%	2.39%	3.11%	3.36%	7.42%
Percent of Overall Drug Spend	11.83%	11.49%	11.73%	11.68%	10.67%	9.46%



## Key Performance Indicators

## Comprehensive Indicators

## WVA - WV Public Employees Ins

Current Period: 09/2009 - 09/2009

Previous Period: 09/2008 - 09/2008

	Current Period	Previous Period	% Change
<b>Overall Performance</b>			
Plan Cost PMPM	\$67.88	\$63.74	6.5 %
Average Mbrs/Month	163,415	158,843	2.9 %
Average Subs/Month	75,147	73,131	2.8 %
% Utilizing Members	45.9 %	44.8 %	2.3 %
% Retail Utilizing Members	45.6 %	44.6 %	2.3 %
% Mail Utilizing Members	0.6 %	0.5 %	9.1 %
<b>Rx Measures</b>			
Rxs PMPM	1.34	1.29	3.3 %
Retail Rxs PMPM	1.32	1.28	3.2 %
Mail Rxs PMPM	0.01	0.01	14.9 %
Average Admin Fee/Rx	\$0.00	\$0.00	-93.3 %
Avg Retail Admin Fee/Rx	\$0.00	\$0.00	-93.3 %
Avg Mail Admin Fee/Rx	\$0.00	\$0.00	0.0 %
Average Plan Cost/Rx	\$50.83	\$49.31	3.1 %
Avg Retail Plan Cost/Rx	\$50.33	\$48.92	2.9 %
Avg Mail Plan Cost/Rx	\$105.66	\$96.55	9.4 %
Average Mbr Contrib/Rx	\$13.05	\$13.40	-2.6 %
Avg Retail Mbr Contrib/Rx	\$12.94	\$13.31	-2.8 %
Avg Mail Mbr Contrib/Rx	\$24.53	\$24.30	0.9 %
Average Ing Cost/Rx	\$62.46	\$61.13	2.2 %
Avg Retail Ing Cost/Rx	\$61.84	\$60.64	2.0 %
Avg Mail Ing Cost/Rx	\$130.18	\$120.85	7.7 %
Average AWP/Rx	\$117.79	\$110.58	6.5 %
Avg Retail AWP/Rx	\$116.66	\$109.65	6.4 %
Avg Mail AWP/Rx	\$242.35	\$223.79	8.3 %
Average Days Supply/Rx	33.3	33.1	0.5 %
Avg Retail Days/Rx	32.9	32.8	0.4 %
Avg Mail Days/Rx	71.7	72.4	-0.9 %
Average Plan Cost/Day	\$1.53	\$1.49	2.6 %
Avg Retail Plan Cost/Day	\$1.53	\$1.49	2.5 %
Avg Mail Plan Cost/Day	\$1.47	\$1.33	10.5 %
% Plan Cost	79.6 %	78.6 %	1.2 %
% Member Contribution	20.4 %	21.4 %	-4.4 %
% Retail Plan Cost	79.5 %	78.6 %	1.2 %
% Retail Mbr Contrib	20.5 %	21.4 %	-4.4 %
% Mail Plan Cost	81.2 %	79.9 %	1.6 %
% Mail Member Contrib	18.8 %	20.1 %	-6.3 %



# Key Performance Indicators

## Comprehensive Indicators

WVA - WV Public Employees Ins

Current Period: 09/2009 - 09/2009

Previous Period: 09/2008 - 09/2008

	Current Period	Previous Period	% Change
<b>Rx Sources</b>			
% Mail Rxs	0.9 %	0.8 %	11.2 %
% Retail Rxs	99.1 %	99.2 %	-0.1 %
% Member Submit Rxs	0.0 %	0.0 %	-81.7 %
<b>Rx Types</b>			
Avg SSB Plan Cost/Rx	\$163.86	\$147.04	11.4 %
Avg Retail SSB Plan Cost/Rx	\$162.76	\$146.30	11.3 %
Avg Mail SSB Plan Cost/Rx	\$257.50	\$217.19	18.6 %
Avg MSB Plan Cost/Rx	\$52.33	\$16.54	216.5 %
Avg Retail MSB Plan Cost/Rx	\$51.26	\$15.68	227.0 %
Avg Mail MSB Plan Cost/Rx	\$206.17	\$105.10	96.2 %
Avg GEN Plan Cost/Rx	\$13.09	\$13.13	-0.3 %
Avg Retail GEN Plan Cost/Rx	\$12.92	\$12.99	-0.6 %
Avg Mail GEN Plan Cost/Rx	\$33.16	\$31.54	5.1 %
% Single-Source Brand Rxs	24.8 %	27.0 %	-8.2 %
% Multi-Source Brand Rxs	1.0 %	1.0 %	2.5 %
% Generic Rxs	74.2 %	72.0 %	3.0 %
% Retail Single-Source Brand	24.7 %	26.9 %	-8.2 %
% Retail Multi-Source Brand	1.0 %	1.0 %	2.9 %
% Retail Generic	74.3 %	72.1 %	3.0 %
% Mail Single-Source Brand	31.7 %	34.6 %	-8.2 %
% Mail Multi-Source Brand	0.8 %	1.1 %	-33.2 %
% Mail Generic	67.5 %	64.3 %	5.0 %
% Formulary Rxs	94.4 %	93.8 %	0.6 %
% Retail Formulary Rxs	94.4 %	93.8 %	0.7 %
% Mail Formulary Rxs	93.1 %	93.4 %	-0.3 %
% DAW Rxs	0.5 %	0.6 %	-17.2 %
% Retail DAW Rxs	0.5 %	0.6 %	-16.7 %
% Mail DAW Rxs	0.7 %	1.3 %	-46.2 %
% Generic Conversion	98.7 %	98.7 %	0.0 %
% Retail GEN Conversion	98.7 %	98.7 %	0.0 %
% Mail GEN Conversion	98.9 %	98.3 %	0.6 %
<b>Period Totals</b>			
Total Plan Cost	\$11,092,390.31	\$10,124,735.67	9.6 %
Retail Plan Cost	\$10,883,614.08	\$9,963,302.29	9.2 %
Mail Plan Cost	\$208,776.23	\$161,433.38	29.3 %
Total Member Contribution	\$2,846,987.66	\$2,751,368.28	3.5 %

# Key Performance Indicators

Comprehensive Indicators

WVA - WV Public Employees Ins

Current Period: 09/2009 - 09/2009  
 Previous Period: 09/2008 - 09/2008

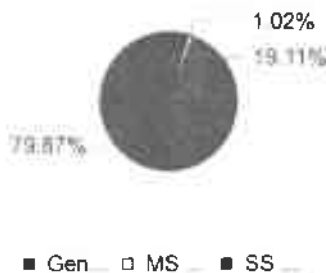
	Current Period	Previous Period	
Retail Member Contrib	\$2,798,521.22	\$2,710,740.60	3.2 %
Mail Member Contrib	\$48,466.44	\$40,627.68	19.3 %
<b>Total Rx Count</b>	<b>218,215</b>	<b>205,325</b>	<b>6.3 %</b>
Retail Rx Count	216,226	203,586	6.2 %
Member Submit Rxs	13	67	-80.6 %
Mail Rx Count	1,976	1,672	18.2 %
<b>Total Admin Fee</b>	<b>\$32.50</b>	<b>\$454.50</b>	<b>-92.8 %</b>
Total UC Savings	\$11,079,765.14	\$7,677,703.69	44.3 %
Total Lost Savings	\$20,587.32	\$16,163.79	27.4 %
<b>Demographics</b>			
Average Age	38.7	38.8	-0.1 %
% Male Members	46.6 %	46.5 %	0.2 %
% Female Members	53.4 %	53.5 %	-0.2 %

## Graphs based on Current Period: 09/2009 - 09/2009

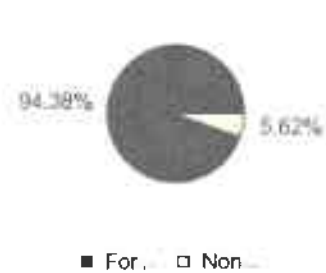
Claim Source by Rx Count



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

WVA - WV Public Employees Ins

Prescriptions Filled From 09/2009 - 09/2009



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
COBRA (COBRA)	425	216	805	\$54,849	\$12.48	\$68.14	1.9 %	72.3 %	93.2 %	98.8 %	\$129.06
NON STATE AGENCIES (02)	18,922	8,294	23,895	\$1,112,001	\$12.51	\$46.54	1.0 %	75.5 %	94.9 %	99.0 %	\$58.77
NON STATE AGENCIES PLAN B (02B)	3,730	1,426	3,811	\$127,943	\$17.47	\$33.57	5.2 %	79.0 %	95.6 %	99.4 %	\$34.30
NON STATE RETIREES (08)	1,226	790	3,050	\$171,269	\$11.96	\$56.15	1.1 %	73.6 %	95.4 %	99.0 %	\$139.70
NON STATE RETIREES 60 (0860)	9	6	31	\$1,819	\$7.41	\$58.67	0.0 %	87.1 %	93.5 %	96.4 %	\$202.09
STATE AGENCIES (01)	120,959	54,001	152,035	\$7,733,141	\$12.98	\$50.86	0.7 %	74.3 %	94.3 %	98.7 %	\$63.93
STATE AGENCIES (01B)	4,316	1,185	2,550	\$80,353	\$18.06	\$31.51	1.0 %	79.1 %	94.3 %	98.7 %	\$18.62
STATE RETIREES (07)	13,785	9,043	31,862	\$1,804,831	\$12.99	\$56.65	1.1 %	72.0 %	94.3 %	98.5 %	\$130.93
STATE RETIREES ASST 60 (0760)	42	36	176	\$6,183	\$7.09	\$35.13	0.0 %	81.8 %	97.2 %	99.3 %	\$147.22
TEST GROUP (17022)	1	NA	NA	\$0	NA	NA	NA	NA	NA	NA	NA
<b>Grand Total</b>	<b>163,415</b>		<b>218,215</b>	<b>\$11,092,390</b>	<b>\$13.05</b>	<b>\$50.83</b>	<b>0.9 %</b>	<b>74.2 %</b>	<b>94.4 %</b>	<b>98.7 %</b>	<b>\$67.88</b>



**Monthly Management Report  
Total Claims  
September 2009**

*West Virginia Legislative Interims  
November 2009*

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
MONTHLY MANAGEMENT REPORT - TOTAL CLAIMS  
SEPTEMBER 2009

Page: 1

Reporting Category	Type of Service	Current Period	Current	12 Months Prior	12 Months Prior	Current Fiscal Yr	Previous Fiscal Yr
		PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	186,869.90	185,558.59	181,756.70	152,883.61	418,100.58	526,352.99
	MATERNITY	178,660.12	160,147.97	157,771.51	163,335.04	452,565.10	482,740.25
	MEDICAL AND SURGICAL	5,211,040.81	6,099,031.10	5,161,193.55	6,263,246.14	16,376,473.99	18,388,466.96
	NEONATAL COMPLICATIONS	23,173.84	33,032.82	111,220.06	41,004.02	39,482.57	220,871.13
	***** sum	5,599,744.67	6,477,770.47	5,611,941.82	6,620,468.82	17,286,622.24	19,618,431.33
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	32,426.52	43,508.39	34,086.98	39,449.14	120,058.75	120,461.86
	DIALYSIS	119,187.29	124,030.62	82,091.17	140,726.56	372,245.02	336,583.34
	EMERGENCY ROOM	380,956.01	519,439.75	396,214.19	452,324.69	1,225,726.60	1,182,532.03
	MATERNITY	19,328.88	43,449.42	39,773.86	45,693.65	82,247.92	110,067.79
	MEDICAL AND SURGICAL	6,161,560.38	7,993,043.42	6,249,774.18	7,610,154.09	20,129,386.12	21,147,240.20
***** sum	6,713,459.08	8,723,471.59	6,801,940.38	8,288,348.12	21,929,664.41	22,896,885.22	
PHARMACY	PRESCRIPTION DRUGS	9,722,363.20	10,385,533.76	8,988,692.40	9,802,730.33	28,615,940.04	26,349,938.40
***** sum		9,722,363.20	10,385,533.76	8,988,692.40	9,802,730.33	28,615,940.04	26,349,938.40
PROFESSIONAL SERVICES	ADVANCED IMAGING	324,879.25	483,358.31	398,945.60	545,020.50	1,041,261.31	1,451,599.53
	AMBULANCE	152,109.15	185,265.74	103,335.20	189,408.92	463,066.47	522,848.85
	ANESTHESIA	648,342.63	676,751.83	509,520.06	678,477.23	1,994,276.25	1,945,241.00
	BEHAVIORAL	253,903.52	320,948.31	229,083.02	318,315.86	775,254.53	727,660.56
	CARDIOVASCULAR MEDICINE	244,777.52	354,709.23	314,150.93	369,097.09	861,652.20	1,043,043.55
	CERVICAL CANCER SCREENING	18,406.81	17,365.12	15,393.17	20,961.76	58,454.97	59,915.30
	DIALYSIS	13,092.13	8,898.04	3,353.70	4,686.84	37,511.07	17,481.23
	DME	335,280.59	415,331.08	279,563.58	397,615.67	1,058,649.13	1,058,960.37

SOURCE: WELLS FARGO AND EXPRESS SCRIPTS PAID CLAIMS TAPES  
NOTE: CLAIMS LISTED ARE ON A PAID BASIS  
NOTE: DOES NOT INCLUDE REBATES, PHARMACY ADMINISTRATIVE FEES, OR RECOVERIES



WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - TOTAL CLAIMS  
 SEPTEMBER 2009

Page: 2

Reporting Category	Type of Service	Current Period	Current	12 Months Prior	12 Months Prior	Current Fiscal Yr	Previous Fiscal Yr
		PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	4,148,683.29	4,657,183.49	3,712,446.90	4,373,508.39	13,366,029.65	12,240,213.85
	IMMUNIZATION	318,758.66	301,337.31	217,034.05	293,431.77	820,860.00	760,412.27
	INJECTION	503,751.75	737,445.89	604,943.81	703,861.89	1,628,385.96	1,931,231.14
	LAB AND PATHOLOGY	524,239.67	709,534.20	469,305.05	652,588.38	1,607,428.98	1,647,428.09
	MAMMOGRAPHY	51,150.84	73,757.77	72,832.27	87,039.59	195,694.12	256,924.19
	OTHER	393,549.34	442,156.29	322,134.91	402,139.12	1,333,697.02	1,269,054.91
	OTHER IMAGING	655,214.50	752,741.06	508,225.35	776,341.88	1,914,558.70	1,808,213.24
	OTHER MEDICINE	381,143.10	709,578.11	396,213.51	691,348.91	1,778,763.39	1,812,166.11
	PHYSICAL MEDICINE	459,246.39	622,692.64	452,789.05	574,682.77	1,489,354.97	1,437,318.51
	PROSTATE CANCER SCREENING	5,812.29	15,519.62	8,561.85	14,884.38	34,829.91	40,616.55
	SURGICAL	2,067,135.73	2,429,923.71	1,949,786.27	2,481,362.48	6,765,856.21	6,937,149.88
*****							
sum		11,499,477.16	13,914,497.73	10,567,618.28	13,574,773.41	37,425,584.84	36,967,479.13
sum		33,535,044.11	39,501,273.56	31,970,192.88	38,286,320.68	105,257,811.53	105,832,734.08

SOURCE: WELLS FARGO AND EXPRESS SCRIPTS PAID CLAIMS TAPES  
 NOTE: CLAIMS LISTED ARE ON A PAID BASIS  
 NOTE: DOES NOT INCLUDE REBATES, PHARMACY ADMINISTRATIVE FEES, OR RECOVERIES



# Monthly Management Report Per Capita Claims September 2009

*West Virginia Legislative Interims  
November 2009*

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS

SEPTEMBER 2009  
Page: 1

Reporting Category	Type of Service	Current	Current	12 Months Prior	12 Months Prior	Current Fiscal Yr	Previous Fiscal Yr
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	1.1586	1.2364	1.1800	1.0518	2.6021	3.4315
	MATERNITY	1.1077	1.0659	1.0243	1.1238	2.8166	3.1471
	MEDICAL AND SURGICAL	32.3089	40.5938	33.5082	43.0772	101.9208	119.8801
	NEONATAL COMPLICATIONS	.1437	.2211	.7221	.2818	.2457	1.4399
	***** sum	34.7189	43.1171	36.4346	45.5345	107.5852	127.8986
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.2010	.2894	.2213	.2713	.7472	.7853
	DIALYSIS	.7390	.8247	.5330	.9684	2.3167	2.1943
	EMERGENCY ROOM	2.3620	3.4567	2.5724	3.1121	7.6284	7.7093
	MATERNITY	.1198	.2895	.2582	.3145	.5119	.7176
	MEDICAL AND SURGICAL	38.2022	53.1845	40.5756	52.3498	125.2774	137.8654
***** sum	41.6240	58.0448	44.1604	57.0161	136.4816	149.2719	
PHARMACY	PRESCRIPTION DRUGS	60.2795	69.1585	58.3575	67.4643	178.0944	171.7834
***** sum	60.2795	69.1585	58.3575	67.4643	178.0944	171.7834	
PROFESSIONAL SERVICES	ADVANCED IMAGING	2.0143	3.2204	2.5901	3.7492	6.4804	9.4634
	AMBULANCE	.9431	1.2332	.6709	1.3027	2.8819	3.4086
	ANESTHESIA	4.0198	4.5036	3.3080	4.6683	12.4116	12.6816
	BEHAVIORAL	1.5742	2.1368	1.4873	2.1907	4.8249	4.7438
	CARDIOVASCULAR MEDICINE	1.5176	2.3610	2.0396	2.5385	5.3626	6.7999
	CERVICAL CANCER SCREENING	.1141	.1156	.0999	.1443	.3638	.3906
	DIALYSIS	.0812	.0590	.0218	.0322	.2335	.1140
	DME	2.0788	2.7641	1.8150	2.7354	6.5886	6.9037

SOURCE: WELLS FARGO AND EXPRESS SCRIPTS PAID CLAIMS TAPES  
NOTE: CLAIMS LISTED ARE ON A PAID BASIS  
NOTE: DOES NOT INCLUDE REBATES, PHARMACY ADMINISTRATIVE FEES, OR RECOVERIES

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS  
 SEPTEMBER 2009  
 Page: 2

Reporting Category	Type of Service	Current Period	Current	12 Months Prior	12 Months Prior	Current Fiscal Yr	Previous Fiscal Yr
		PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	25 7222	30 9945	24 1024	30 0913	83 1849	79 7977
	IMMUNIZATION	1 9763	2 0083	1 4091	2 0214	5 1087	4 9574
	INJECTION	3 1233	4 9132	3 9275	4 8427	10 1344	12 5903
	LAB AND PATHOLOGY	3 2503	4 7201	3 0469	4 4887	11 2487	10 7401
	MAMMOGRAPHY	.3171	.4913	.4729	.5993	1 2179	1 6750
	OTHER	2 4400	2 9422	2 0914	2 7668	8 3004	8 2734
	OTHER IMAGING	4 0624	5 0095	3 2996	5 3438	11 9155	11 7883
	OTHER MEDICINE	2 3631	4 7215	2 5723	4 7556	11 0703	11 8141
	PHYSICAL MEDICINE	2 8474	4 1445	2 9397	3 9547	9 2692	9 3703
	PROSTATE CANCER SCREENING	.0360	1033	.0556	.1023	2168	2648
	SURGICAL	12 8164	16 1698	12 6586	17 0705	42 1080	45 2254
*****							
	sum	71 2978	92 6119	68 6084	93 3984	232 9222	241 0024
*****							
	sum	207 9203	262 9323	207 5609	263 4134	655 0834	689 9562

SOURCE: WELLS FARGO AND EXPRESS SCRIPTS PAID CLAIMS TAPES  
 NOTE: CLAIMS LISTED ARE ON A PAID BASIS  
 NOTE: DOES NOT INCLUDE REBATES, PHARMACY ADMINISTRATIVE FEES, OR RECOVERIES



# **Monthly Management Report Per Capita Utilization September 2009**

*West Virginia Legislative Interims  
November 2009*

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION  
 SEPTEMBER 2009

Page: 1

Reporting Category	Type of Service	Current Period Encounters	12 Months Prior Encounters	Current Fiscal Yr Encounters	Previous Fiscal Yr Encounters
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0006	.0004	.0016	.0012
	MATERNITY	.0010	.0008	.0023	.0025
	MEDICAL AND SURGICAL	.0095	.0071	.0226	.0232
	NEONATAL COMPLICATIONS	.0001	.0004	.0002	.0011
	***** sum	.0112	.0086	.0268	.0280
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0024	.0026	.0093	.0080
	DIALYSIS	.0049	.0027	.0117	.0077
	EMERGENCY ROOM	.0192	.0220	.0578	.0664
	MATERNITY	.0013	.0019	.0050	.0060
	MEDICAL AND SURGICAL	.1695	.1814	.5368	.5903
***** sum	.1973	.2107	.6205	.6785	
PHARMACY	PRESCRIPTION DRUGS	.8542	.8231	2.6710	2.5931
***** sum		.8542	.8231	2.6710	2.5931
PROFESSIONAL SERVICES	ADVANCED IMAGING	.0189	.0191	.0581	.0662
	AMBULANCE	.0031	.0025	.0092	.0101
	ANESTHESIA	.0200	.0152	.0563	.0538
	BEHAVIORAL	.0343	.0338	.1093	.1093
	CARDIOVASCULAR MEDICINE	.0276	.0284	.0905	.0989
	CERVICAL CANCER SCREENING	.0047	.0041	.0143	.0158
	DIALYSIS	.0006	.0002	.0017	.0008
	DME	.0201	.0184	.0604	.0666
	EVALUATION AND MANAGEMENT	.4181	.4072	1.3282	1.3358
	IMMUNIZATION	.0271	.0178	.0620	.0570

SOURCE: WELLS FARGO AND EXPRESS SCRIPTS PAID CLAIMS TAPES  
 NOTE: CLAIMS LISTED ARE ON A PAID BASIS

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION  
 SEPTEMBER 2009

Page: 2

Reporting Category	Type of Service	Current Period Encounters	12 Months Prior Encounters	Current Fiscal Yr Encounters	Previous Fiscal Yr Encounters
PROFESSIONAL SERVICES	INJECTION	.0229	.0218	0721	0727
	LAB AND PATHOLOGY	1385	1318	4624	4500
	MAMMOGRAPHY	.0140	.0152	0490	0535
	OTHER	.0340	.0258	1066	0933
	OTHER IMAGING	.0811	.0766	2604	2642
	OTHER MEDICINE	.0660	.0662	2067	2175
	PHYSICAL MEDICINE	.0895	.0850	2907	2979
	PROSTATE CANCER SCREENING	.0035	.0049	0152	0188
	SURGICAL	.0695	.0698	2252	2367
*****					
WFB		1.0935	1.0438	3,4782	3.5188
*****					
WFB		2.1562	2.0862	6,7965	6.8183

SOURCE: WELLS FARGO AND EXPRESS SCRIPTS PAID CLAIMS TAPES  
 NOTE: CLAIMS LISTED ARE ON A PAID BASIS

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



	October 31	
	2009	2008
	(in thousands)	
<b>ASSETS</b>		
Short Term Assets		
Cash and Equivalents	\$ 25,429	\$ 22,563
Advance Deposit with Carrier/Trustee	178,703	170,147
Receivables - Net	4,093	1,304
Prepaid Insurance	3,697	3,617
<b>Total Short Term Assets</b>	<b>211,922</b>	<b>197,631</b>
Long Term Assets		
Investments	115,439	92,292
<b>Total Long Term Assets</b>	<b>115,439</b>	<b>92,292</b>
<b>TOTAL ASSETS</b>	<b>327,361</b>	<b>289,923</b>
<b>LIABILITIES</b>		
Short Term Liabilities		
Accounts payable	1,339	1,175
Claims Payable	178	15
OPEB Liability	87	35
Agents Commissions Payable	425	541
Unearned Revenue	10,485	11,040
Current Estimated Claim Reserve	49,402	48,747
<b>Total Short Term Liabilities</b>	<b>61,896</b>	<b>61,553</b>
Long Term Liabilities		
Compensated Absences	58	52
Estimated Noncurrent Claim Reserve	104,725	115,181
<b>Total Long Term Liabilities</b>	<b>104,783</b>	<b>115,233</b>
<b>TOTAL LIABILITIES</b>	<b>166,679</b>	<b>176,786</b>
Prior Year Net Assets	150,958	127,630
Current Year Earnings	9,724	(14,493)
<b>TOTAL NET ASSETS</b>	<b>160,682</b>	<b>113,137</b>
<b>TOTAL LIABILITIES AND RETAINED EARNINGS</b>	<b>\$ 327,361</b>	<b>\$ 289,923</b>

DRAFT - Unaudited - Management Purposes Only



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



	October 31	
	2009	2008
	(In thousands)	
Operating Revenues		
Premium Revenues	\$ 19,520	\$ 21,133
Less - Excess Insurance	(2,085)	(2,045)
Total Operating Revenues	17,435	19,088
Operating Expenses		
Claims Expense	17,193	15,932
Property & MS Claims Expense	2,207	2,067
Personal Services	436	439
General & Administrative Expense	1,141	936
Total Operating Expenses	20,977	19,374
Operating Income	(3,542)	(286)
Nonoperating Revenues		
Court Fees	14	11
Investment Income	13,252	(14,218)
Total Nonoperating Revenues	13,266	(14,207)
Net Income	9,724	(14,493)

DRAFT - Unaudited - Management Purposes Only

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

**DRAFT**

	September 30	
	2009	2008
	(in thousands)	
<b>ASSETS</b>		
Short Term Assets		
Cash and Equivalents	\$ 27,026	\$ 24,012
Advance Deposit with Carrier/Trustee	179,951	168,167
Receivables - Net	1,254	1,401
Prepaid Insurance	2,949	2,947
Total Short Term Assets	211,180	198,527
Long Term Assets		
Investments	114,938	100,673
Total Long Term Assets	114,938	100,673
<b>TOTAL ASSETS</b>	<b>326,118</b>	<b>297,200</b>
<b>LIABILITIES</b>		
Short Term Liabilities		
Accounts payable	1,840	1,394
Claims Payable	87	396
OPEB Liability	114	35
Agents Commissions Payable	323	2,027
Unearned Revenue	7,428	8,300
Current Estimated Claim Reserve	49,402	51,378
Total Short Term Liabilities	59,194	63,530
Long Term Liabilities		
Compensated Absences	58	52
Estimated Noncurrent Claim Reserve	104,725	114,682
Total Long Term Liabilities	104,783	114,734
<b>TOTAL LIABILITIES</b>	<b>163,977</b>	<b>178,264</b>
Prior Year Net Assets	150,958	127,630
Current Year Earnings	11,183	(8,694)
<b>TOTAL NET ASSETS</b>	<b>162,141</b>	<b>118,936</b>
<b>TOTAL LIABILITIES AND RETAINED EARNINGS</b>	<b>\$ 326,118</b>	<b>\$ 297,200</b>

DRAFT - Unaudited - Management Purposes Only

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



	September 30	
	2009	2008
	(In thousands)	
<b>Operating Revenues</b>		
Premium Revenues	\$ 14,761	\$ 16,176
Less - Excess Insurance	(1,564)	(1,535)
<b>Total Operating Revenues</b>	13,197	14,641
<b>Operating Expenses</b>		
Claims Expense	11,427	14,274
Property & MS Claims Expense	1,924	1,603
Personal Services	331	329
General & Administrative Expense	656	654
<b>Total Operating Expenses</b>	14,338	16,860
<b>Operating Income</b>	(1,141)	(2,219)
<b>Nonoperating Revenues</b>		
Court Fees	10	9
Investment Income	12,314	(6,484)
<b>Total Nonoperating Revenues</b>	12,324	(6,475)
<b>Net Income</b>	11,183	(8,694)

DRAFT - Unaudited - Management Purposes Only



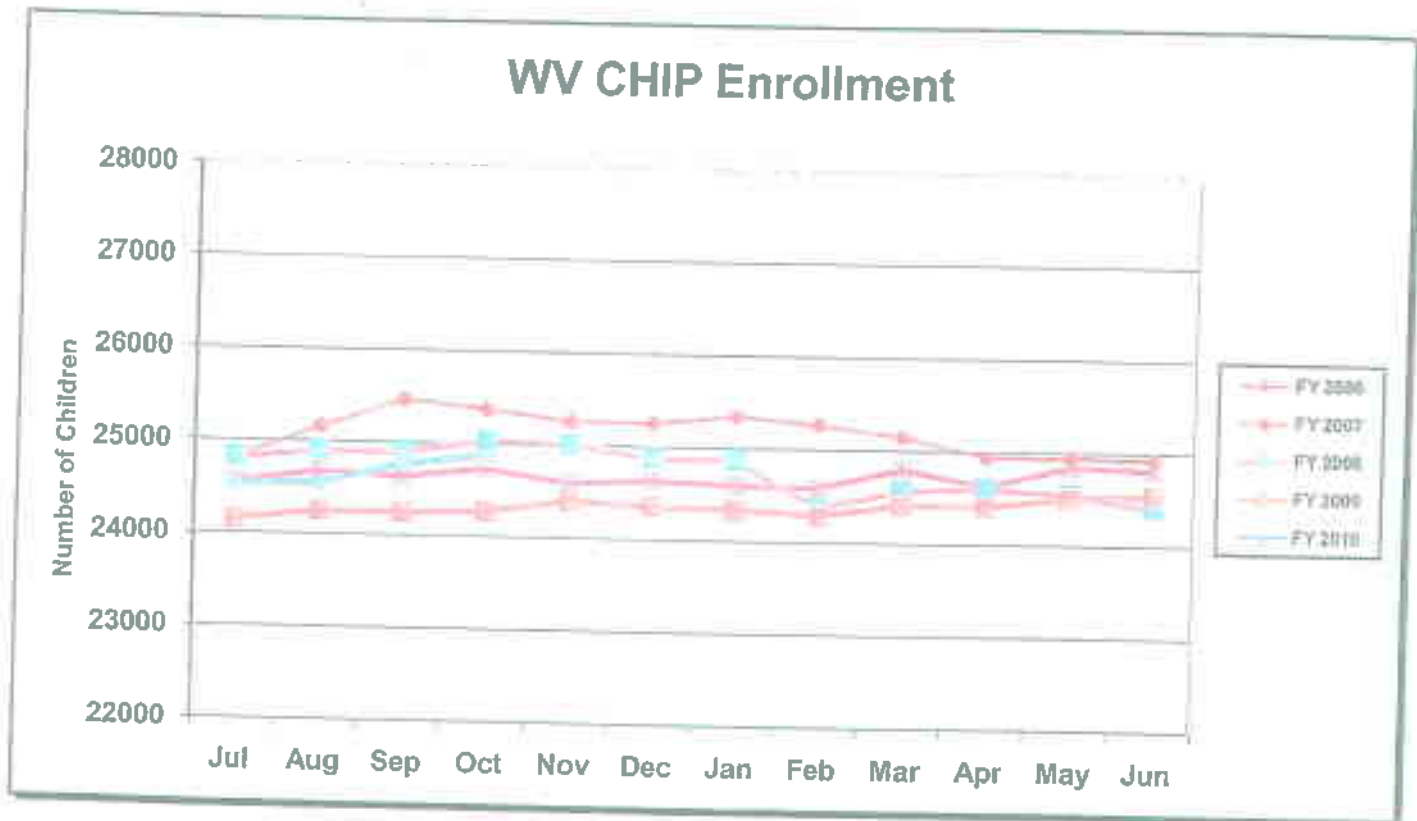
**West Virginia  
Children's Health Insurance Program  
1018 Kanawha Boulevard East  
Suite 209  
Charleston, WV 25301**

**Phone: 304-558-2732  
Toll-Free: 1-877-WVA CHIP  
Fax: 304-558-2741  
[www.wvchip.org](http://www.wvchip.org)**

## **Joint Committee on Government and Finance Report**

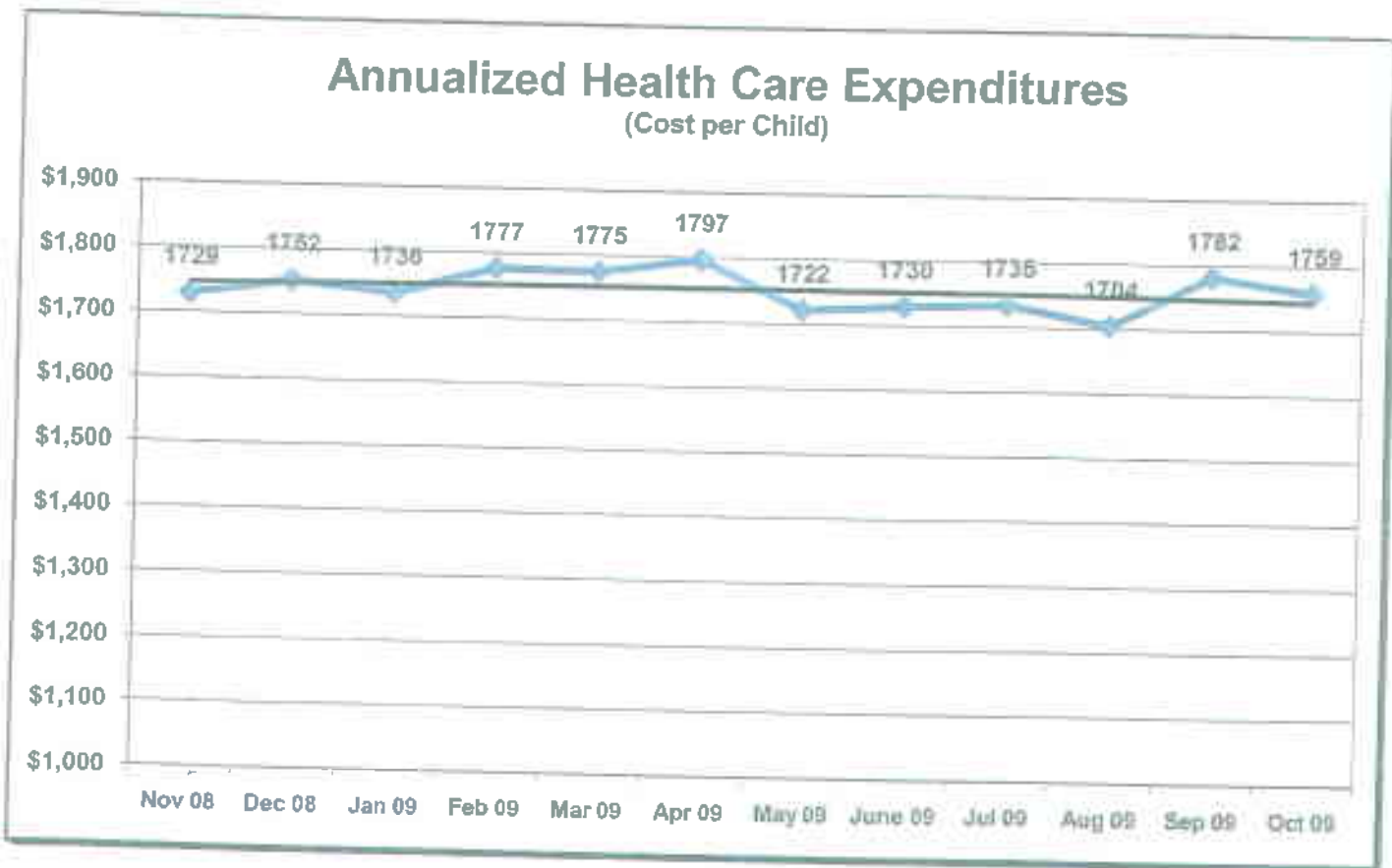
**December 2009**

## WV CHIP Enrollment



October 31, 2009 Enrollment 24,890

## Annualized Health Care Expenditures (Cost per Child)



**West Virginia Children's Health Insurance Program  
Comparative Balance Sheet  
October 2009 and 2008  
(Accrual Basis)**

	October 31, 2009	October 31, 2008	Variance	
<b>Assets:</b>				
Cash & Cash Equivalents	\$12,906,037	\$9,510,701	\$3,395,336	36%
Due From Federal Government	\$3,074,261	\$2,964,496	\$109,765	4%
Due From Other Funds	\$682,626	\$668,020	\$14,606	2%
Accrued Interest Receivable	\$916	\$16,257	(\$15,341)	-94%
Fixed Assets, at Historical Cost	<u>\$71,434</u>	<u>\$67,061</u>	<u>\$4,373</u>	<u>7%</u>
<b>Total Assets</b>	<b><u>\$16,735,274</u></b>	<b><u>\$13,226,535</u></b>	<b><u>\$3,508,739</u></b>	<b><u>27%</u></b>
<b>Liabilities:</b>				
Due to Other Funds	\$346,887	\$282,516	\$64,371	23%
Deferred Revenue	\$2,900,560	\$2,630,533	\$270,027	10%
Unpaid Insurance Claims Liability	<u>\$3,410,000</u>	<u>\$3,350,000</u>	<u>\$60,000</u>	<u>2%</u>
<b>Total Liabilities</b>	<b><u>\$6,657,447</u></b>	<b><u>\$6,263,049</u></b>	<b><u>\$394,398</u></b>	<b><u>6%</u></b>
Fund Equity	<u>\$10,077,827</u>	<u>\$6,963,486</u>	<u>\$3,114,341</u>	<u>45%</u>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$16,735,274</u></b>	<b><u>\$13,226,535</u></b>	<b><u>\$3,508,739</u></b>	<b><u>27%</u></b>

**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 October 31, 2009 and October 31, 2008**  
**(Modified Accrual Basis)**

	October 31, 2009	October 31, 2008	Variance	
<b>Revenues:</b>				
Federal Grants	12,466,517	12,083,695	382,822	3%
State Appropriations	4,608,538	4,608,109	429	0%
Premium Revenues	99,334	37,663	61,671	164%
Investment Earnings	<u>5,163</u>	<u>67,737</u>	<u>(62,574)</u>	<u>-92%</u>
<b>Total Operating Revenues</b>	<b><u>17,179,552</u></b>	<b><u>16,797,204</u></b>	<b><u>382,348</u></b>	<b><u>2%</u></b>
<b>Operating Expenditures:</b>				
<b>Claims:</b>				
Outpatient Services	3,829,950	3,654,019	175,931	5%
Physicians & Surgical	3,212,178	3,024,912	187,266	6%
Prescribed Drugs	2,959,568	2,790,820	168,748	6%
Dental	1,637,964	1,636,462	1,502	0%
Inpatient Hospital Services	893,385	1,394,688	(501,303)	-36%
Durable & Disposable Med. Equip.	440,060	424,875	15,185	4%
Outpatient Mental Health	355,007	391,376	(36,369)	-9%
Vision	253,672	235,260	18,412	8%
Inpatient Mental Health	192,065	217,760	(25,695)	-12%
Therapy	151,817	120,405	31,412	26%
Medical Transportation	90,024	107,422	(17,398)	-16%
Other Services	28,748	28,985	(237)	-1%
Less: Collections*	<u>(226,389)</u>	<u>(306,022)</u>	<u>79,633</u>	<u>-26%</u>
<b>Total Claims</b>	<b><u>13,818,049</u></b>	<b><u>13,720,962</u></b>	<b><u>97,087</u></b>	<b><u>1%</u></b>
<b>General and Admin Expenses:</b>				
Salaries and Benefits	170,431	165,871	4,560	3%
Program Administration	1,028,889	718,933	309,956	43%
Eligibility	135,101	107,572	27,529	26%
Outreach & Health Promotion	157,030	48,637	108,393	223%
Current	<u>46,254</u>	<u>49,109</u>	<u>(2,855)</u>	<u>-6%</u>
<b>Total Administrative</b>	<b><u>1,537,705</u></b>	<b><u>1,090,122</u></b>	<b><u>447,583</u></b>	<b><u>41%</u></b>
<b>Total Expenditures</b>	<b><u>15,355,754</u></b>	<b><u>14,811,084</u></b>	<b><u>544,670</u></b>	<b><u>4%</u></b>
<b>Excess of Revenues</b>				
Over (Under) Expenditures	1,823,798	1,986,120	(162,322)	-8%
<b>Fund Equity, Beginning</b>	<b><u>8,254,028</u></b>	<b><u>4,977,366</u></b>	<b><u>3,276,662</u></b>	<b><u>66%</u></b>
<b>Fund Equity, Ending</b>	<b><u>10,077,827</u></b>	<b><u>6,963,486</u></b>	<b><u>3,114,341</u></b>	<b><u>45%</u></b>

\* Collections are primarily drug rebates and subrogation

## PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program  
 Budget to Actual Statement  
 State Fiscal Year 2010  
 For the Four Months Ended October 31, 2009

	Budgeted for Year	Year to Date Budgeted Amt	Year to Date Actual Amt	Year to Date Variance*		Monthly Budgeted Amt	Oct-09	Sep-09	Aug-09
Projected Cost	\$48,693,584	\$16,231,195	\$14,275,154	\$1,956,041	12%	\$4,057,799	\$3,466,708	\$4,488,500	\$2,669,339
Premiums	305,826	101,942	99,334	\$2,608	-3%	25,486	28,320	25,836	22,984
Subrogation & Rebates	<u>623,650</u>	<u>207,883</u>	<u>226,389</u>	<u>(18,506)</u>	<u>9%</u>	<u>51,971</u>	<u>51,878</u>	<u>78,436</u>	<u>47,699</u>
Net Benefit Cost	47,764,108	\$15,921,369	\$13,949,431	\$1,971,939	12%	3,980,342	3,386,511	4,384,228	2,598,655
Salaries & Benefits	\$581,411	\$193,804	\$170,431	\$23,373	12%	\$48,451	\$40,432	\$41,340	\$40,111
Program Administration	2,665,833	888,611	912,911	(24,300)	-3%	222,153	250,395	239,577	244,220
Eligibility	295,243	98,414	127,334	(28,920)	-29%	24,604	16,594	83,567	27,173
Outreach	300,000	100,000	157,619	(57,619)	-58%	25,000	94,053	16,383	16,037
Current Expense	<u>352,772</u>	<u>117,591</u>	<u>79,160</u>	<u>38,431</u>	<u>33%</u>	<u>29,398</u>	<u>10,714</u>	<u>9,203</u>	<u>10,312</u>
Total Admin Cost	\$4,195,259	\$1,398,420	\$1,447,455	(\$49,035)	-4%	\$349,605	\$412,188	\$390,070	\$337,853
Total Program Cost	<u>\$51,959,367</u>	<u>\$17,319,789</u>	<u>\$15,396,885</u>	<u>\$1,922,904</u>	<u>11%</u>	<u>\$4,329,947</u>	<u>\$3,798,699</u>	<u>\$4,774,298</u>	<u>\$2,936,508</u>
Federal Share 81.83%	42,489,772	\$14,163,257	\$12,573,755	1,589,502	11%	3,540,814	3,108,475	3,896,305	2,396,484
State Share 18.17%	<u>9,469,595</u>	<u>\$3,156,532</u>	<u>\$2,823,130</u>	<u>333,401</u>	<u>11%</u>	<u>789,133</u>	<u>690,224</u>	<u>877,993</u>	<u>540,024</u>
Total Program Cost **	<u>\$51,959,367</u>	<u>\$17,319,789</u>	<u>\$15,396,885</u>	<u>\$1,922,904</u>	<u>11%</u>	<u>\$4,329,947</u>	<u>\$3,798,699</u>	<u>\$4,774,298</u>	<u>\$2,936,508</u>

\* Positive percentages indicate favorable variances  
 \*\* Budgeted Year Based on CCRC Actuary 6/30/2009 Report.

Unaudited - Cash Basis For Management Purposes Only - Unaudited

Memo for Calculations Above:

Notes:

- Total budgeted for Year Program costs are CCRC Actuary's Base Line Scenario dated 6/30/09 Final worksheet Net Paid Program Costs.
- Federal Share for FFY 2009 is 81.61%. Federal Share for FFY 2010 (10/1/09 - 9/30/10) is set at 81.83%.



# WVCHIP Enrollment Report

ATTACHMENT 1

November 2009

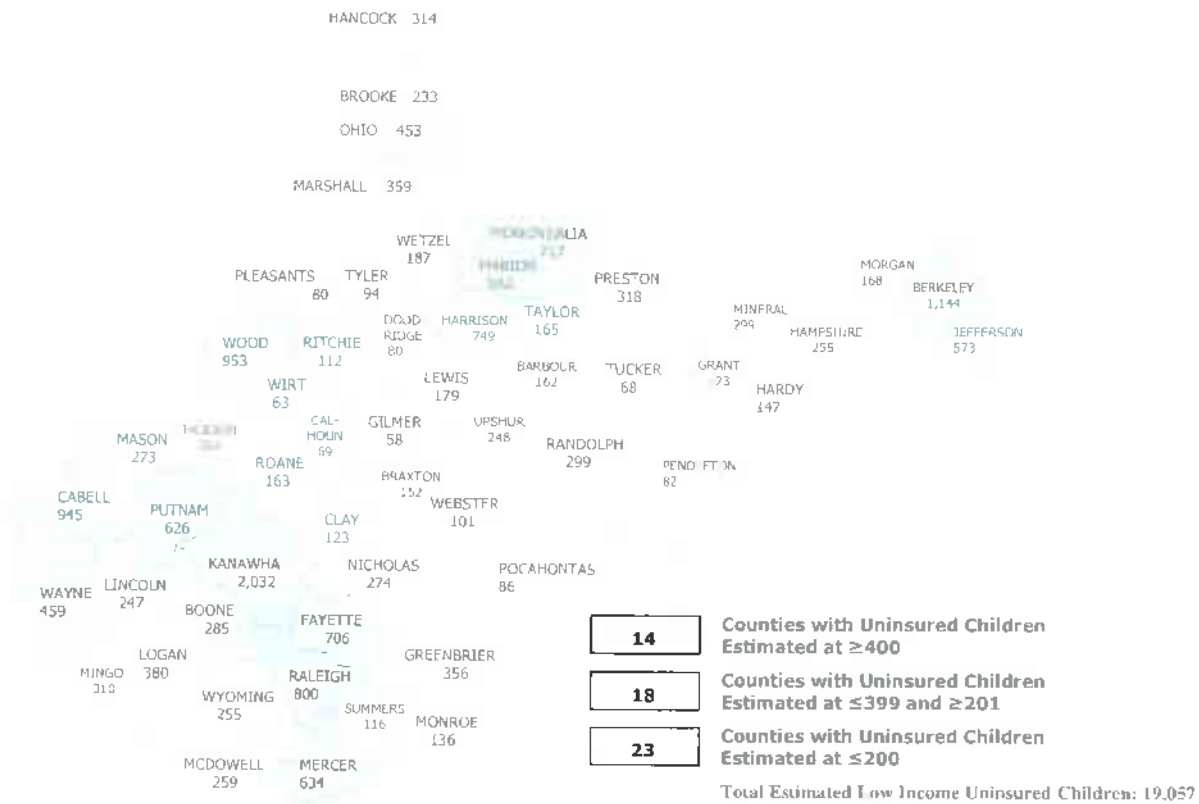
County	County Pop 2005 Est <small>(18+ Yrs)</small>	Total CHIP Enrollment Nov-09	Total Medicaid Enrollment Nov-09	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2009 Est Uninsured 5%	2009 # Children Uninsured Ranking*
Kanawha	40,647	2,268	17,028	19,296	47.5%	2,032	1
Berkeley	22,882	1,280	7,252	8,532	37.3%	1,144	2
Wood	19,063	1,118	8,176	9,294	48.8%	953	3
Cabell	18,900	1,061	8,302	9,363	49.5%	945	4
Raleigh	15,992	1,317	7,241	8,558	53.5%	800	5
Harrison	14,973	966	5,912	6,878	45.9%	749	6
Monongalia	14,346	721	4,254	4,975	34.7%	717	7
Mercer	12,687	1,096	6,711	7,807	61.5%	634	8
Putnam	12,522	738	3,262	4,000	31.9%	626	9
Jefferson	11,465	431	2,548	2,979	26.0%	573	10
Marion	11,245	745	4,318	5,063	45.0%	562	11
Fayette	9,692	874	4,794	5,668	58.5%	485	12
Wayne	9,176	555	4,092	4,647	50.6%	459	13
Ohio	9,068	547	3,031	3,578	39.5%	453	14
Logan	7,610	601	4,039	4,640	61.0%	380	15
Marshall	7,176	352	2,790	3,142	43.8%	359	16
Greenbrier	7,110	570	2,933	3,503	49.3%	356	17
Preston	6,354	472	2,411	2,883	45.4%	318	18
Jackson	6,277	402	2,647	3,049	48.6%	314	19
Hancock	6,270	364	2,355	2,719	43.4%	314	20
Mingo	6,204	417	3,228	3,645	58.8%	310	21
Mineral	5,973	300	2,073	2,373	39.7%	299	22
Randolph	5,971	396	2,652	3,048	51.0%	299	23
Boone	5,706	331	2,651	2,982	52.3%	285	24
Nicholas	5,478	424	2,637	3,061	55.9%	274	25
Mason	5,461	287	2,588	2,875	52.6%	273	26
McDowell	5,170	344	3,423	3,767	72.9%	259	27
Hampshire	5,110	281	2,088	2,369	46.4%	255	28
Wyoming	5,092	424	2,660	3,084	60.6%	255	29
Upshur	4,956	421	2,318	2,739	55.3%	248	30
Lincoln	4,945	406	2,702	3,108	62.9%	247	31
Brooke	4,658	321	1,542	1,863	40.0%	233	32
Wetzel	3,732	171	1,708	1,879	50.4%	187	33
Lewis	3,577	313	1,779	2,092	58.5%	179	34
Morgan	3,365	237	1,200	1,437	42.7%	168	35
Taylor	3,307	232	1,398	1,630	49.3%	165	36
Roane	3,266	285	1,730	2,015	61.7%	163	37
Barbour	3,248	265	1,610	1,875	57.7%	162	38
Braxton	3,044	239	1,536	1,775	58.3%	152	39
Hardy	2,950	166	1,197	1,363	46.2%	147	40
Monroe	2,728	214	1,091	1,305	47.8%	136	41
Grant	2,463	170	963	1,133	46.0%	123	42
Clay	2,454	188	1,453	1,641	66.9%	123	43
Summers	2,322	211	1,196	1,407	60.6%	116	44
Ritchie	2,234	134	987	1,121	50.2%	112	45
Webster	2,020	172	1,220	1,392	68.9%	101	46
Tyler	1,887	143	793	936	49.6%	94	47
Pocahontas	1,717	149	684	833	48.5%	86	48

# WVCHIP Enrollment Report

ATTACHMENT 1

November 2009

County	County Pop 2005 Est (0-18 Yrs)	Total CHIP Enrollment Nov-09	Total Medicaid Enrollment Nov-09	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2009 Est Uninsured 5%	2009 # Children Uninsured Ranking*
Pendleton	1,632	97	510	607	37.2%	82	49
Doddridge	1,607	130	757	887	55.2%	80	50
Pleasants	1,593	102	562	664	41.7%	80	51
Calhoun	1,389	126	874	1,000	72.0%	69	52
Tucker	1,354	145	498	643	47.5%	68	53
Wirt	1,268	104	569	673	53.1%	63	54
Gilmer	1,154	92	599	691	59.9%	58	55
<b>Totals</b>	<b>382,490</b>	<b>24,915</b>	<b>159,572</b>	<b>184,487</b>	<b>48.2%</b>	<b>19,125</b>	



**Note 1:** The most recent estimate for all uninsured children statewide from the US Census Current Population Survey is 4.6%. It should be noted that even this five percent extrapolation to the county level could vary significantly from county to county depending on the availability of employee sponsored insurance. However, it remains our best gross estimate of the remaining uninsured children.

**Note 2:** It has been estimated that 7 of 10 uninsured children qualify or may have qualified for CHIP or Medicaid in the past, WVCHIP uses the 5% uninsured estimate as a target number for outreach.

Legislative Oversight Commission on  
Health and Human Resources Accountability

*DECEMBER 2009*

Department of Administration

State Children's Health Insurance Program  
UPDATE



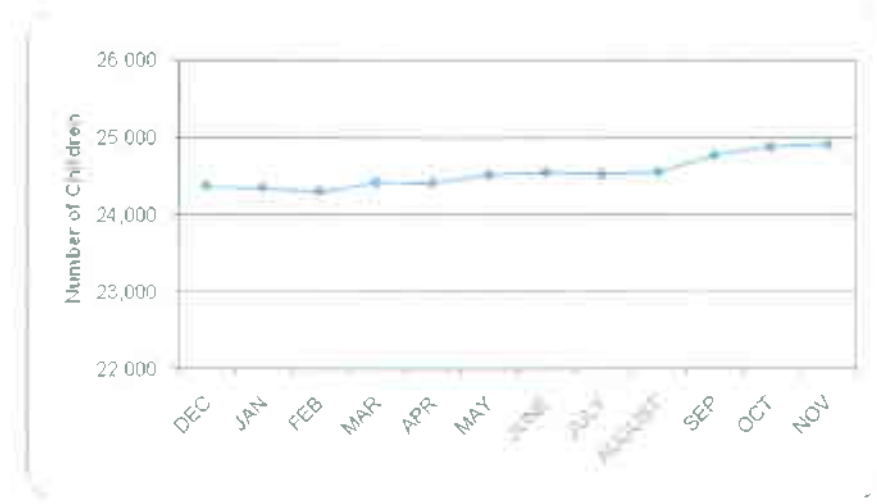
# WV CHILDREN'S HEALTH INSURANCE AGENCY

## REPORT FOR DECEMBER 2009

### I. Enrollment on November 2009: 24,915

See Attachment 1 for enrollment by county.

Current 12-Month Enrollment Period: December 2008 through November 2009



Enrollee Totals: September 2009 to November 2009

Month	Total	1 Year	Total
September	1,975	Average	1,862
October	1,837	High	2,258
November	1,509	Low	1,466

New Enrollee (Never Before on CHIP) Totals: September 2009 to November 2009

Month	Total	1 Year	Total
September	734	Average	736
October	725	High	899
November	573	Low	573

### II. Re-enrollment for 3 Month Period: August 2009 to October 2009

Total Forms Mailed		Enrolled within Notice Period		Reopened Cases After Closure		Final Closures	
Month	Total	#	%	#	%	#	%
August	1,925	1,159	60%	190	10%	517	27%
September	1,898	1,185	62%	158	8%	510	27%
October	1,759	1,076	61%	155	9%	487	28%

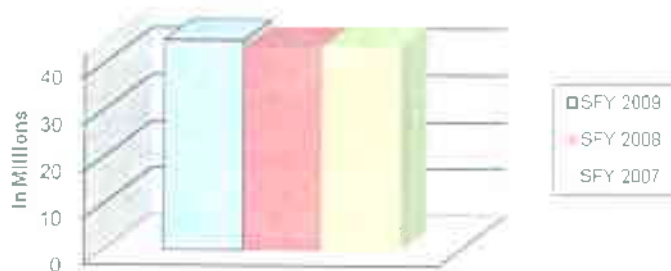
### III. Financial Activity

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

The average annualized claims cost per child for the month ended October 2009 was \$1,904.

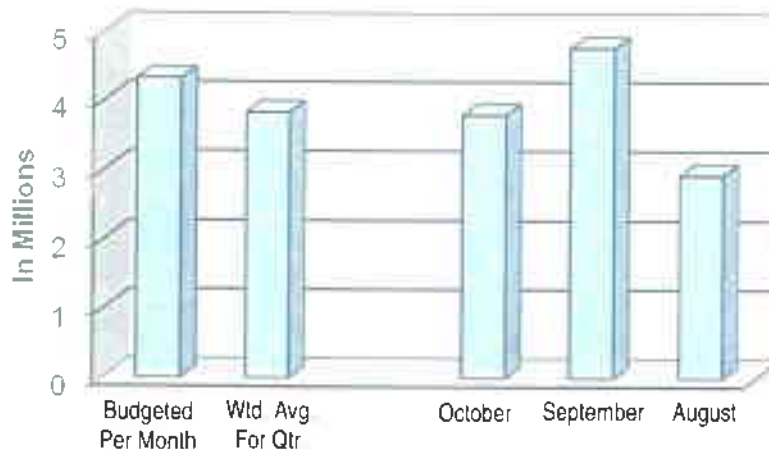
#### Annual Expenditures for a 3 Year Period: SFY 2007 – SFY 2009

	SFY 2009	FFP% 2009	SFY 2008	FFP% 2008	SFY 2007	FFP% 2007
Federal	37,550,029	81.61	35,626,232	81.98	35,472,537	80.97
State	8,417,193	18.39	7,947,861	18.02	8,336,944	19.03
<b>Total Costs</b>	<b>45,967,222</b>	<b>100.00</b>	<b>43,574,093</b>	<b>100.00</b>	<b>43,809,481</b>	<b>100.00</b>



#### Monthly Budgeted and Current 3 Month Period: August 2009 – October 2009

	Budgeted Per Month	Wtd. Avg For Qtr	Actual		
			October 2009	September 2009	August 2009
Federal	3,540,814	3,133,755	3,108,475	3,896,305	2,396,484
State	789,133	702,747	690,224	877,993	540,024
<b>Total</b>	<b>4,329,947</b>	<b>3,836,502</b>	<b>3,798,699</b>	<b>4,774,298</b>	<b>2,936,508</b>



**IV. Other Highlights**

- ◆ No new highlights for this month's report.

# WVCHIP Enrollment Report

ATTACHMENT 1

November 2009

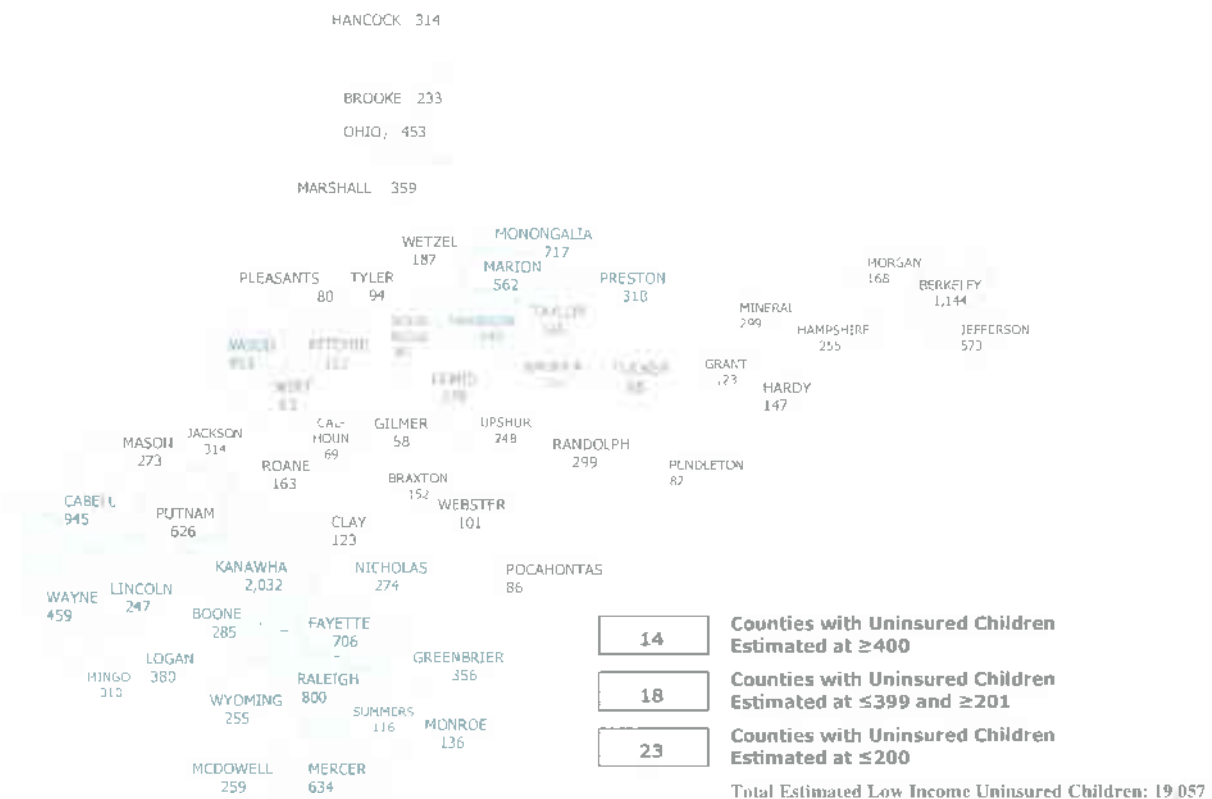
County	County Pop	Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2009	2009
	2005 Est <u>(10-18 Yrs)</u>	Enrollment Nov-09	Enrollment Nov-09	CHIP/Medicaid Enrollment	Enrollment % of Population	Est Uninsured 5%	# Children Uninsured Ranking*
Kanawha	40,647	2,268	17,028	19,296	47.5%	2,032	1
Berkeley	22,882	1,280	7,252	8,532	37.3%	1,144	2
Wood	19,063	1,118	8,176	9,294	48.8%	953	3
Cabell	18,900	1,061	8,302	9,363	49.5%	945	4
Raleigh	15,992	1,317	7,241	8,558	53.5%	800	5
Harrison	14,973	966	5,912	6,878	45.9%	749	6
Monongalia	14,346	721	4,254	4,975	34.7%	717	7
Mercer	12,687	1,096	6,711	7,807	61.5%	634	8
Pulnam	12,522	738	3,262	4,000	31.9%	626	9
Jefferson	11,465	431	2,548	2,979	26.0%	573	10
Marion	11,245	745	4,318	5,063	45.0%	562	11
Fayette	9,692	874	4,794	5,668	58.5%	485	12
Wayne	9,176	555	4,092	4,647	50.6%	459	13
Ohio	9,068	547	3,031	3,578	39.5%	453	14
Logan	7,610	601	4,039	4,640	61.0%	380	15
Marshall	7,176	352	2,790	3,142	43.8%	359	16
Greenbrier	7,110	570	2,933	3,503	49.3%	356	17
Preston	6,354	472	2,411	2,883	45.4%	318	18
Jackson	6,277	402	2,647	3,049	48.6%	314	19
Hancock	6,270	364	2,355	2,719	43.4%	314	20
Mingo	6,204	417	3,228	3,645	58.8%	310	21
Mineral	5,973	300	2,073	2,373	39.7%	299	22
Randolph	5,971	396	2,652	3,048	51.0%	299	23
Boone	5,706	331	2,651	2,982	52.3%	285	24
Nicholas	5,478	424	2,637	3,061	55.9%	274	25
Mason	5,461	287	2,588	2,875	52.6%	273	26
McDowell	5,170	344	3,423	3,767	72.9%	259	27
Hampshire	5,110	281	2,088	2,369	46.4%	255	28
Wyoming	5,092	424	2,660	3,084	60.6%	255	29
Upshur	4,956	421	2,318	2,739	55.3%	248	30
Lincoln	4,945	406	2,702	3,108	62.9%	247	31
Brooke	4,658	321	1,542	1,863	40.0%	233	32
Wetzel	3,732	171	1,708	1,879	50.4%	187	33
Lewis	3,577	313	1,779	2,092	58.5%	179	34
Morgan	3,365	237	1,200	1,437	42.7%	168	35
Taylor	3,307	232	1,398	1,630	49.3%	165	36
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Summers	2,322	211	1,196	1,407	60.6%	116	44
Ritchie	2,234	134	987	1,121	50.2%	112	45
Webster	2,020	172	1,220	1,392	68.9%	101	46
Tyler	1,887	143	793	936	49.6%	94	47
Pocahontas	1,717	149	684	833	48.5%	86	48

# WVCHIP Enrollment Report

ATTACHMENT 1

November 2009

County	County Pop 2005 Est <i>(9-12 Yrs)</i>	Total CHIP Enrollment <i>(Nov-09)</i>	Total Medicaid Enrollment <i>(Nov-09)</i>	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2009 Est Uninsured 5%	2009 # Children Uninsured Ranking*
Pendleton	1,632	97	510	607	37.2%	82	49
Doddridge	1,607	130	757	887	55.2%	80	50
Pleasants	1,593	102	562	664	41.7%	80	51
Calhoun	1,389	126	874	1,000	72.0%	69	52
Tucker	1,354	145	498	643	47.5%	68	53
Wirt	1,268	104	569	673	53.1%	63	54
Gilmer	1,154	92	599	691	59.9%	58	55
<b>Totals</b>	<b>382,490</b>	<b>24,915</b>	<b>159,572</b>	<b>184,487</b>	<b>48.2%</b>	<b>19,125</b>	



**Note 1:** The most recent estimate for all uninsured children statewide from the US Census Current Population Survey is 4.6%. It should be noted that even this five percent extrapolation to the county level could vary significantly from county to county depending on the availability of employee sponsored insurance. However, it remains our best gross estimate of the remaining uninsured children.

**Note 2:** It has been estimated that 7 of 10 uninsured children qualify or may have qualified for CHIP or Medicaid in the past, WVCHIP uses the 5% uninsured estimate as a target number for outreach.



**West Virginia Children's Health Insurance Program**  
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Two Months Ending October 31, 2009 and October 31, 2008**  
**(Modified Accrual Basis)**

ATTACHMENT 2

	October 31, 2009	October 31, 2008	Variance	
<b>Revenues:</b>				
Federal Grants	12,466,517	12,083,695	382,822	3%
State Appropriations	4,608,538	4,608,109	429	0%
Premium Revenues	99,334	37,663	61,671	164%
Investment Earnings	<u>5,163</u>	<u>67,737</u>	<u>(62,574)</u>	<u>-92%</u>
<b>Total Operating Revenues</b>	<b><u>17,179,552</u></b>	<b><u>16,797,204</u></b>	<b><u>382,348</u></b>	<b><u>2%</u></b>
<b>Operating Expenditures:</b>				
<b>Claims:</b>				
Outpatient Services	3,829,950	3,654,019	175,931	5%
Physicians & Surgical	3,212,178	3,024,912	187,266	6%
Prescribed Drugs	2,959,568	2,790,820	168,748	6%
Dental	1,637,964	1,636,462	1,502	0%
Inpatient Hospital Services	893,385	1,394,688	(501,303)	-36%
Durable & Disposable Med. Equip.	440,060	424,875	15,185	4%
Outpatient Mental Health	355,007	391,376	(36,369)	-9%
Vision	253,672	235,260	18,412	8%
Inpatient Mental Health	192,065	217,760	(25,695)	-12%
Therapy	151,817	120,405	31,412	26%
Medical Transportation	90,024	107,422	(17,398)	-16%
Other Services	28,748	28,985	(237)	-1%
Less: Collections*	<u>(226,389)</u>	<u>(306,022)</u>	<u>79,633</u>	<u>-26%</u>
<b>Total Claims</b>	<b><u>13,818,049</u></b>	<b><u>13,720,962</u></b>	<b><u>97,087</u></b>	<b><u>1%</u></b>
<b>General and Admin Expenses:</b>				
Salaries and Benefits	170,431	165,871	4,560	3%
Program Administration	1,028,889	718,933	309,956	43%
Eligibility	135,101	107,572	27,529	26%
Outreach & Health Promotion	157,030	48,637	108,393	223%
Current	<u>46,254</u>	<u>49,109</u>	<u>(2,855)</u>	<u>-6%</u>
<b>Total Administrative</b>	<b><u>1,537,705</u></b>	<b><u>1,090,122</u></b>	<b><u>447,583</u></b>	<b><u>41%</u></b>
<b>Total Expenditures</b>	<b><u>15,355,754</u></b>	<b><u>14,811,084</u></b>	<b><u>544,670</u></b>	<b><u>4%</u></b>
<b>Excess of Revenues</b>				
Over (Under) Expenditures	1,823,798	1,986,120	(162,322)	-8%
<b>Fund Equity, Beginning</b>	<b><u>8,254,028</u></b>	<b><u>4,977,366</u></b>	<b><u>3,276,662</u></b>	<b><u>66%</u></b>
<b>Fund Equity, Ending</b>	<b><u>10,077,827</u></b>	<b><u>6,963,486</u></b>	<b><u>3,114,341</u></b>	<b><u>45%</u></b>

\* Collections are primarily drug rebates and subrogation

## PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program  
Comparative Balance Sheet  
October 2009 and 2008  
(Accrual Basis)**

	October 31, 2009	October 31, 2008	Variance	
<b>Assets:</b>				
Cash & Cash Equivalents	\$12,906,037	\$9,510,701	\$3,395,336	36%
Due From Federal Government	\$3,074,261	\$2,964,496	\$109,765	4%
Due From Other Funds	\$682,626	\$668,020	\$14,606	2%
Accrued Interest Receivable	\$916	\$16,257	(\$15,341)	-94%
Fixed Assets, at Historical Cost	<u>\$71,434</u>	<u>\$67,061</u>	<u>\$4,373</u>	<u>7%</u>
<b>Total Assets</b>	<b><u>\$16,735,274</u></b>	<b><u>\$13,226,535</u></b>	<b><u>\$3,508,739</u></b>	<b><u>27%</u></b>
<b>Liabilities:</b>				
Due to Other Funds	\$346,887	\$282,516	\$64,371	23%
Deferred Revenue	\$2,900,560	\$2,630,533	\$270,027	10%
Unpaid Insurance Claims Liability	<u>\$3,410,000</u>	<u>\$3,350,000</u>	<u>\$60,000</u>	<u>2%</u>
<b>Total Liabilities</b>	<b><u>\$6,657,447</u></b>	<b><u>\$6,263,049</u></b>	<b><u>\$394,398</u></b>	<b><u>6%</u></b>
Fund Equity	<u>\$10,077,827</u>	<u>\$6,963,486</u>	<u>\$3,114,341</u>	<u>45%</u>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$16,735,274</u></b>	<b><u>\$13,226,535</u></b>	<b><u>\$3,508,739</u></b>	<b><u>27%</u></b>

## PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program**  
**WVFIMS Fund 2154**  
**For the Month Ended October 31, 2009**  
**(Accrual Basis)**

<b>Investment Account</b>
---------------------------

Funds Invested	\$11,799,289
Interest Earned	<u>5,163</u>
<b>Total</b>	<b><u>\$11,804,452</u></b>

Unaudited - For Management Purposes Only - Unaudited



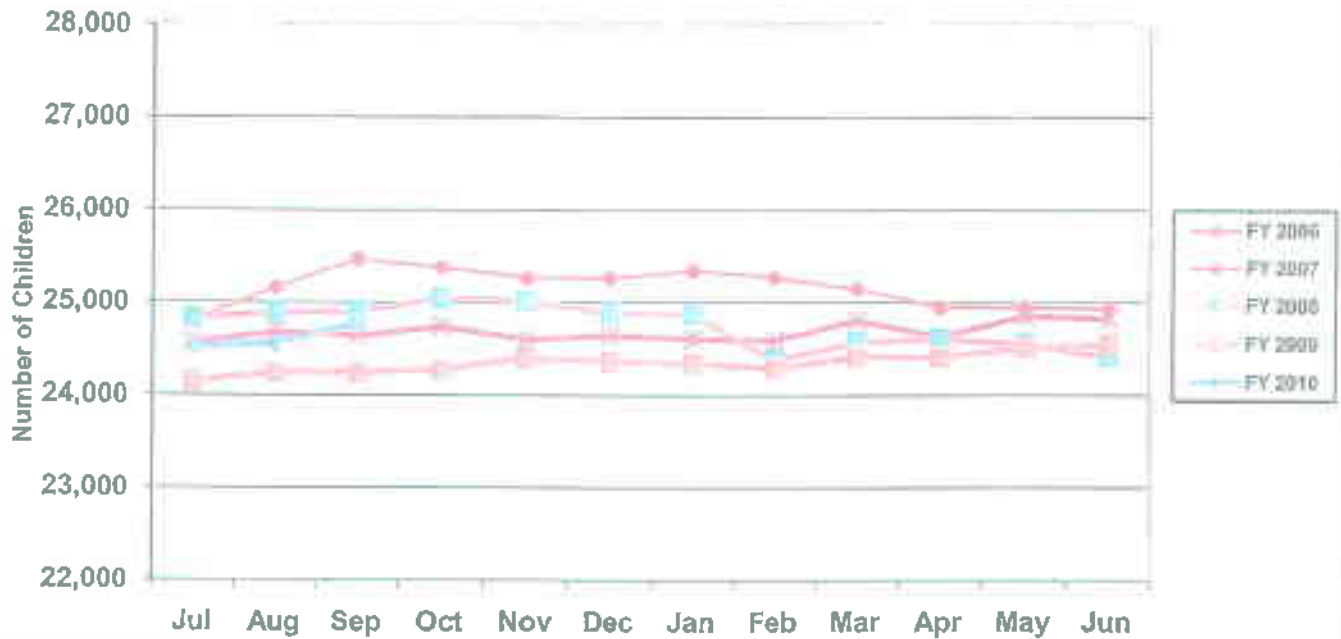
West Virginia  
Children's Health Insurance Program  
1018 Kanawha Boulevard East  
Suite 209  
Charleston, WV 25301

Phone: 304-558-2732  
Toll-Free: 1-877-WVA CHIP  
Fax: 304-558-2741  
[www.wvchip.org](http://www.wvchip.org)

## **Joint Committee on Government and Finance Report**

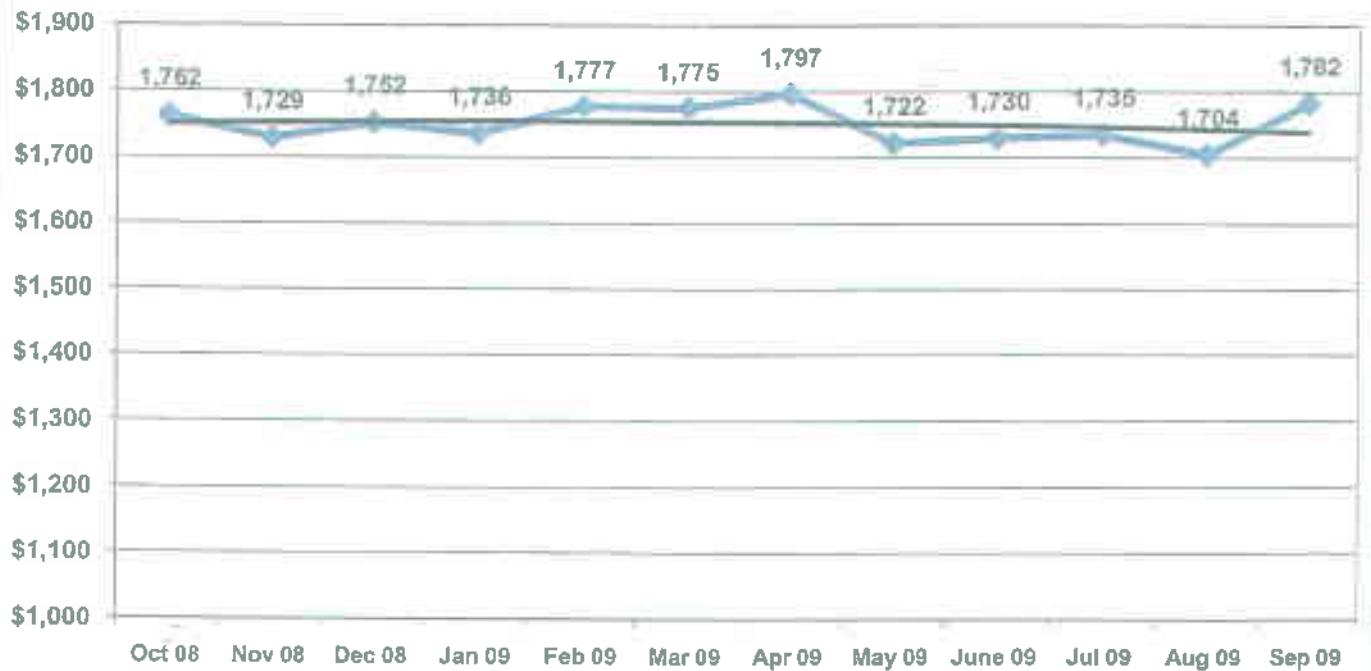
**November 2009**

## WV CHIP Enrollment



October 31, 2009 Enrollment 24,890

## Annualized Health Care Expenditures (Cost per Child)



**West Virginia Children's Health Insurance Program**  
**Comparative Balance Sheet**  
**September 2009 and 2008**  
**(Accrual Basis)**

	September 30, 2009	September 30, 2008	Variance	
<b>Assets:</b>				
Cash & Cash Equivalents	\$10,361,741	\$9,275,065	\$1,086,676	12%
Due From Federal Government	\$3,432,936	\$2,811,942	\$620,994	22%
Due From Other Funds	\$773,578	\$618,092	\$155,486	25%
Accrued Interest Receivable	\$1,076	\$15,943	(\$14,867)	-93%
Fixed Assets, at Historical Cost	<u>\$70,282</u>	<u>\$67,286</u>	<u>\$2,996</u>	<u>4%</u>
 Total Assets	 <u>\$14,639,613</u>	 <u>\$12,788,328</u>	 <u>\$1,851,285</u>	 <u>14%</u>
<b>Liabilities:</b>				
Due to Other Funds	\$336,514	\$210,034	\$126,480	60%
Deferred Revenue	\$2,217,241	\$4,034,560	(\$1,817,319)	-45%
Unpaid Insurance Claims Liability	<u>\$3,870,000</u>	<u>\$3,220,000</u>	<u>\$650,000</u>	<u>20%</u>
 Total Liabilities	 <u>\$6,423,756</u>	 <u>\$7,464,594</u>	 <u>(\$1,040,838)</u>	 <u>-14%</u>
 Fund Equity	 <u>\$8,215,857</u>	 <u>\$5,323,734</u>	 <u>\$2,892,123</u>	 <u>54%</u>
 Total Liabilities and Fund Equity	 <u>\$14,639,613</u>	 <u>\$12,788,328</u>	 <u>\$1,851,285</u>	 <u>14%</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 September 30, 2009 and September 30, 2008**  
**(Modified Accrual Basis)**

	September 30, 2009	September 30, 2008	Variance	
<b>Revenues:</b>				
Federal Grants	9,764,099	8,641,325	1,122,774	13%
State Appropriations	2,194,542	2,194,338	204	0%
Premium Revenues	25,836	27,434	(1,598)	-6%
Investment Earnings	<u>4,247</u>	<u>51,481</u>	<u>(47,234)</u>	<u>-92%</u>
<b>Total Operating Revenues</b>	<b><u>11,988,724</u></b>	<b><u>10,914,578</u></b>	<b><u>1,074,146</u></b>	<b><u>10%</u></b>
<b>Operating Expenditures:</b>				
<b>Claims:</b>				
Outpatient Services	3,149,569	2,466,411	683,158	28%
Physicians & Surgical	2,517,450	2,120,288	397,162	19%
Prescribed Drugs	1,895,932	1,963,528	(67,596)	-3%
Dental	1,438,461	1,223,901	214,560	18%
Inpatient Hospital Services	799,225	1,148,666	(349,441)	-30%
Durable & Disposable Med Equip.	371,493	306,038	65,455	21%
Outpatient Mental Health	306,621	277,350	29,271	11%
Vision	219,952	180,360	39,592	22%
Inpatient Mental Health	153,639	144,657	8,982	6%
Therapy	128,173	79,022	49,151	62%
Medical Transportation	80,210	81,527	(1,317)	-2%
Other Services	25,537	21,712	3,825	18%
Less: Collections*	<u>(174,511)</u>	<u>(236,698)</u>	<u>62,187</u>	<u>-26%</u>
<b>Total Claims</b>	<b><u>10,911,751</u></b>	<b><u>9,776,762</u></b>	<b><u>1,134,989</u></b>	<b><u>12%</u></b>
<b>General and Admin Expenses:</b>				
Salaries and Benefits	129,999	125,023	4,976	4%
Program Administration	749,671	507,331	242,340	48%
Eligibility	102,725	98,819	3,906	4%
Outreach & Health Promotion	101,255	31,966	69,289	217%
Current	<u>31,494</u>	<u>28,308</u>	<u>3,186</u>	<u>11%</u>
<b>Total Administrative</b>	<b><u>1,115,144</u></b>	<b><u>791,447</u></b>	<b><u>323,697</u></b>	<b><u>41%</u></b>
<b>Total Expenditures</b>	<b><u>12,026,895</u></b>	<b><u>10,568,209</u></b>	<b><u>1,458,686</u></b>	<b><u>14%</u></b>
<b>Excess of Revenues</b>				
Over (Under) Expenditures	(38,171)	346,369	(384,540)	-111%
<b>Fund Equity, Beginning</b>	<b><u>8,254,028</u></b>	<b><u>4,977,366</u></b>	<b><u>3,276,662</u></b>	<b><u>66%</u></b>
<b>Fund Equity, Ending</b>	<b><u>8,215,857</u></b>	<b><u>5,323,735</u></b>	<b><u>2,892,122</u></b>	<b><u>54%</u></b>

\* Collections are primarily drug rebates and subrogation

## PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program  
 Budget to Actual Statement  
 State Fiscal Year 2010  
 For the Three Months Ended September 30, 2009

	Budgeted for Year	Year to Date Budgeted Amt	Year to Date Actual Amt	Year to Date Variance*		Monthly Budgeted Amt	Sep-09	Aug-09	Jul-09
Projected Cost	\$48,693,584	\$12,173,396	\$10,808,445	\$1,364,951	11%	\$4,057,799	\$4,488,500	\$2,669,339	\$3,650,807
Premiums	305,826	76,457	71,014	\$5,443	-7%	25,486	25,836	22,984	22,194
Subrogation & Rebates	<u>623,650</u>	<u>155,913</u>	<u>174,511</u>	<u>(18,599)</u>	<u>12%</u>	<u>51,971</u>	<u>78,436</u>	<u>47,699</u>	<u>48,376</u>
Net Benefit Cost	47,764,108	\$11,941,027	\$10,562,920	\$1,378,107	12%	3,980,342	4,384,228	2,598,655	3,580,037
Salaries & Benefits	\$581,411	\$145,353	\$129,999	\$15,354	11%	\$48,451	\$41,340	\$40,111	\$48,548
Program Administration	2,665,833	666,458	662,516	3,942	1%	222,153	239,577	244,220	178,719
Eligibility	295,243	73,811	110,740	(36,929)	-50%	24,604	83,567	27,173	0
Outreach	300,000	75,000	63,566	11,434	15%	25,000	16,383	16,037	31,146
Current Expense	<u>352,772</u>	<u>88,193</u>	<u>88,446</u>	<u>19,747</u>	<u>22%</u>	<u>29,398</u>	<u>9,203</u>	<u>10,312</u>	<u>48,931</u>
Total Admin Cost	\$4,195,259	\$1,048,815	\$1,035,267	\$13,548	1%	\$349,605	\$390,070	\$337,853	\$307,344
Total Program Cost	<u>\$51,959,387</u>	<u>\$12,989,842</u>	<u>\$11,598,187</u>	<u>\$1,391,655</u>	<u>11%</u>	<u>\$4,329,947</u>	<u>\$4,774,298</u>	<u>\$2,936,508</u>	<u>\$3,887,381</u>
Federal Share 81.83%	42,489,772	\$10,622,443	\$9,493,810	1,128,633	11%	3,540,814	3,913,970	2,407,349	3,172,491
State Share 18.17%	<u>9,469,595</u>	<u>\$2,367,399</u>	<u>\$2,104,377</u>	<u>263,022</u>	<u>11%</u>	<u>789,133</u>	<u>860,329</u>	<u>529,159</u>	<u>714,889</u>
Total Program Cost **	<u>\$51,959,387</u>	<u>\$12,989,842</u>	<u>\$11,598,187</u>	<u>\$1,391,655</u>	<u>11%</u>	<u>\$4,329,947</u>	<u>\$4,774,298</u>	<u>\$2,936,508</u>	<u>\$3,887,381</u>

\* Positive percentages indicate favorable variances  
 \*\* Budgeted Year Based on CCRC Actuary 6/30/2009 Report.

Unaudited - Cash Basis For Management Purposes Only - Unaudited

Memo for Calculations Above:

Notes:

- Total budgeted for Year Program costs are CCRC Actuary's Base Line Scenario dated 6/30/09 Final worksheet Net Paid Program Costs.
- Federal Share for FFY 2009 is 81.61%. Federal Share for FFY 2010 (10/1/09 - 9/30/10) is set at 81.83%.



# WVCHIP Enrollment Report

ATTACHMENT 1

October 2009

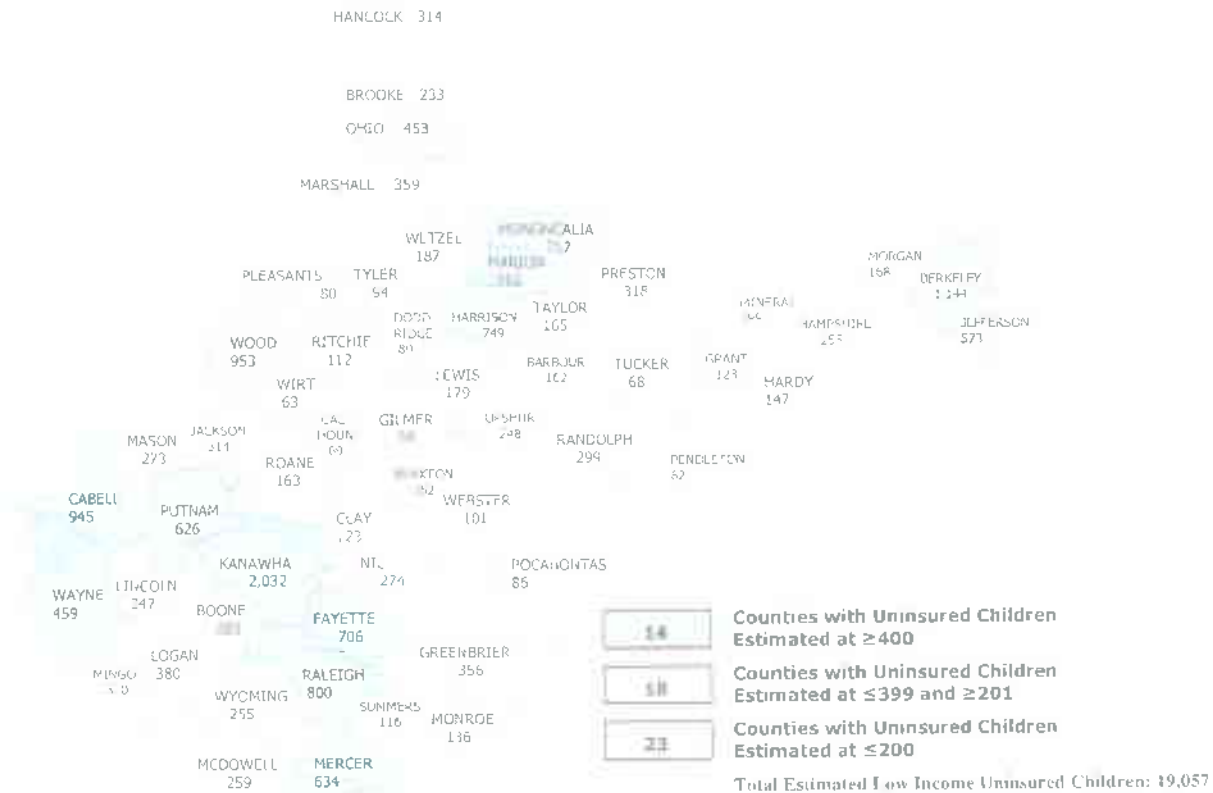
County	County Pop 2005 Est <u>(10-12 Yrs)</u>	Total CHIP Enrollment <u>Oct-09</u>	Total Medicaid Enrollment <u>Oct-09</u>	Total CHIP/Medicaid <u>Enrollment</u>	CHIP/Medicaid Enrollment <u>% of Population</u>	2009 Est Uninsured 5%	2009 # Children Uninsured Ranking*
Kanawha	40,647	2,262	16,858	19,120	47.0%	2,032	1
Berkeley	22,882	1,316	7,149	8,465	37.0%	1,144	2
Wood	19,063	1,115	8,147	9,262	48.6%	953	3
Cabell	18,900	1,034	8,301	9,335	49.4%	945	4
Raleigh	15,992	1,322	7,200	8,522	53.3%	800	5
Harrison	14,973	941	5,858	6,799	45.4%	749	6
Monongalia	14,346	716	4,178	4,894	34.1%	717	7
Mercer	12,687	1,098	6,686	7,784	61.4%	634	8
Putnam	12,522	740	3,264	4,004	32.0%	626	9
Jefferson	11,465	427	2,482	2,909	25.4%	573	10
Marion	11,245	740	4,340	5,080	45.2%	562	11
Fayette	9,692	891	4,758	5,649	58.3%	485	12
Wayne	9,176	550	4,153	4,703	51.3%	459	13
Ohio	9,068	549	3,037	3,586	39.5%	453	14
Logan	7,610	600	4,004	4,604	60.5%	380	15
Marshall	7,176	360	2,722	3,082	42.9%	359	16
Greenbrier	7,110	585	2,897	3,482	49.0%	356	17
Preston	6,354	476	2,428	2,904	45.7%	318	18
Jackson	6,277	396	2,635	3,031	48.3%	314	19
Hancock	6,270	373	2,368	2,741	43.7%	314	20
Mingo	6,204	414	3,198	3,612	58.2%	310	21
Mineral	5,973	298	2,058	2,356	39.4%	299	22
Randolph	5,971	397	2,606	3,003	50.3%	299	23
Boone	5,706	322	2,618	2,940	51.5%	285	24
Nicholas	5,478	418	2,618	3,036	55.4%	274	25
Mason	5,461	278	2,601	2,879	52.7%	273	26
McDowell	5,170	348	3,411	3,759	72.7%	259	27
Hampshire	5,110	281	2,091	2,372	46.4%	255	28
Wyoming	5,092	420	2,677	3,097	60.8%	255	29
Upshur	4,956	420	2,274	2,694	54.4%	248	30
Lincoln	4,945	417	2,695	3,112	62.9%	247	31
Brooke	4,658	326	1,539	1,865	40.0%	233	32
Wetzel	3,732	183	1,684	1,867	50.0%	187	33
Lewis	3,577	301	1,753	2,054	57.4%	179	34
Morgan	3,365	235	1,183	1,418	42.1%	168	35
Taylor	3,307	235	1,409	1,644	49.7%	165	36
Roane	3,266	278	1,741	2,019	61.8%	163	37
Barbour	3,248	271	1,591	1,862	57.3%	162	38
Braxton	3,044	236	1,515	1,751	57.5%	152	39
Hardy	2,950	162	1,210	1,372	46.5%	147	40
Monroe	2,728	209	1,070	1,279	46.9%	136	41
Grant	2,463	169	975	1,144	46.4%	123	42
Clay	2,454	191	1,433	1,624	66.2%	123	43
Summers	2,322	215	1,173	1,388	59.8%	116	44
Ritchie	2,234	127	978	1,105	49.5%	112	45
Webster	2,020	168	1,208	1,376	68.1%	101	46
Tyler	1,887	138	779	917	48.6%	94	47
Pocahontas	1,717	145	676	821	47.8%	86	48

# WVCHIP Enrollment Report

ATTACHMENT 1

October 2009

County	County Pop 2005 Est <i>(2011 Yr)</i>	Total CHIP Enrollment Oct-09	Total Medicaid Enrollment Oct-09	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2009	2009
						Est. Uninsured 5%	# Children Uninsured Ranking*
Pendleton	1,632	98	499	597	36.6%	82	49
Doddridge	1,607	126	754	880	54.7%	80	50
Pleasants	1,593	100	562	662	41.6%	80	51
Calhoun	1,389	135	863	998	71.9%	69	52
Tucker	1,354	145	503	648	47.9%	68	53
Wirt	1,268	109	571	680	53.6%	63	54
Gilmer	1,154	84	599	683	59.2%	58	55
<b>Totals</b>	<b>382,490</b>	<b>24,890</b>	<b>158,580</b>	<b>183,470</b>	<b>48.0%</b>	<b>19,125</b>	



**Note 1:** The most recent estimate for all uninsured children statewide from the US Census Current Population Survey is 4.6%. It should be noted that even this five percent extrapolation to the county level could vary significantly from county to county depending on the availability of employee sponsored insurance. However, it remains our best gross estimate of the remaining uninsured children.

**Note 2:** It has been estimated that 7 of 10 uninsured children qualify or may have qualified for CHIP or Medicaid in the past, WVCHIP uses the 5% uninsured estimate as a target number for outreach.

Legislative Oversight Commission on  
Health and Human Resources Accountability

*NOVEMBER 2009*

Department of Administration

State Children's Health Insurance Program  
UPDATE



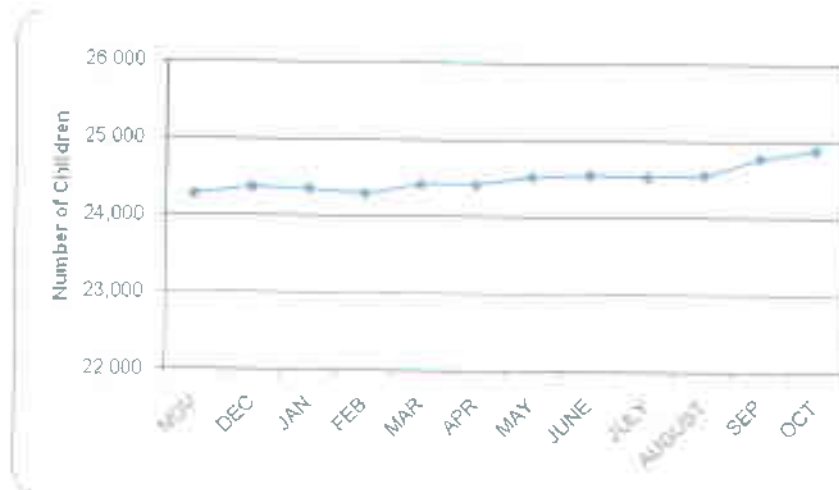
# WV CHILDREN'S HEALTH INSURANCE AGENCY

## REPORT FOR NOVEMBER 2009

### I. Enrollment on October 2009: 24,890

See Attachment 1 for enrollment by county.

Current 12-Month Enrollment Period: November 2008 through October 2009



Enrollee Totals: August 2009 to October 2009

Month	Total	1 Year Average	Total
August	1,770	Average	1,854
September	1,975	High	2,237
October	1,837	Low	1,471

New Enrollee (Never Before on CHIP) Totals: August 2009 to October 2009

Month	Total	1 Year Average	Total
August	705	Average	725
September	734	High	817
October	725	Low	632

### II. Re-enrollment for 3 Month Period: July 2009 to September 2009

Total Forms Mailed		Enrolled within Notice Period		Reopened Cases After Closure		Final Closures	
Month	Total	#	%	#	%	#	%
July	1,983	1,067	54%	240	12%	496	31%
August	1,925	1,159	60%	190	10%	517	27%
September	1,898	1,185	62%	158	8%	510	27%

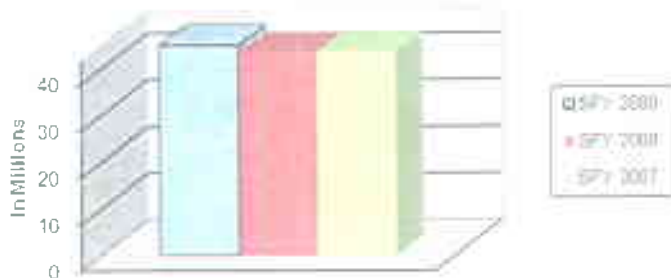
**III. Financial Activity**

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

*The average annualized claims cost per child for the month ended September 2009 was \$1,919.*

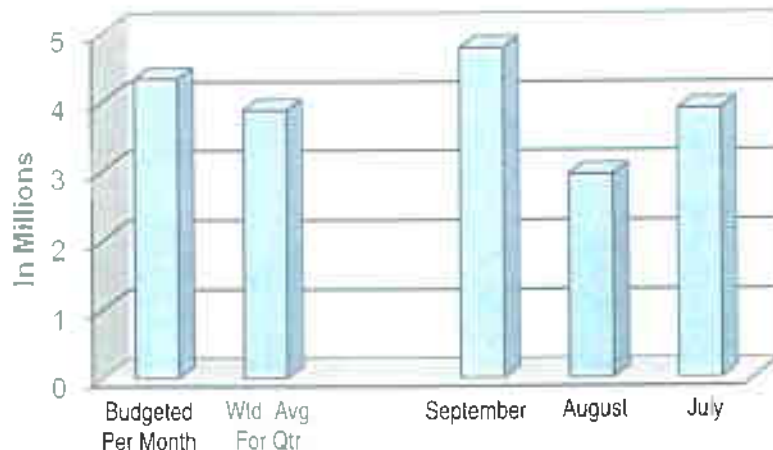
**Annual Expenditures for a 3 Year Period: SFY 2007 – SFY 2009**

	SFY 2009	FFP% 2009	SFY 2008	FFP% 2008	SFY 2007	FFP% 2007
Federal	37,550,029	81.61	35,626,232	81.98	35,472,537	80.97
State	8,417,193	18.39	7,947,861	18.02	8,336,944	19.03
<b>Total Costs</b>	<b>45,967,222</b>	<b>100.00</b>	<b>43,574,093</b>	<b>100.00</b>	<b>43,809,481</b>	<b>100.00</b>



**Monthly Budgeted and Current 3 Month Period: July 2009 – September 2009**

	Budgeted Per Month	Wtd. Avg. For Qtr	Actual		
			September 2009	August 2009	July 2009
Federal	3,540,814	3,164,603	3,913,970	2,407,349	3,172,491
State	789,133	701,459	860,329	529,159	714,889
<b>Total</b>	<b>4,329,947</b>	<b>3,866,062</b>	<b>4,774,299</b>	<b>2,936,508</b>	<b>3,887,380</b>



#### **IV. Other Highlights**

- ◆ In October, the Children's Health Insurance Board approved a reduction in the waiting period between when an applicant last had other group health coverage to when they can qualify for WVCHIP. For non-premium CHIP applicants the waiting period will be reduced from six months to three months. There is a 12 month waiting period for the premium paying applicants, but it is set in state statute, and so it remains unchanged.
- ◆ At the same meeting, the Board also approved the use of Social Security data matching to confirm citizenship status checks – a new requirement that takes effect for CHIP on January 1, 2010. Implementation dates for both these changes will be set after consulting with DHHR staff on how to operationalize these changes.

# WVCHIP Enrollment Report

ATTACHMENT 1

October 2009

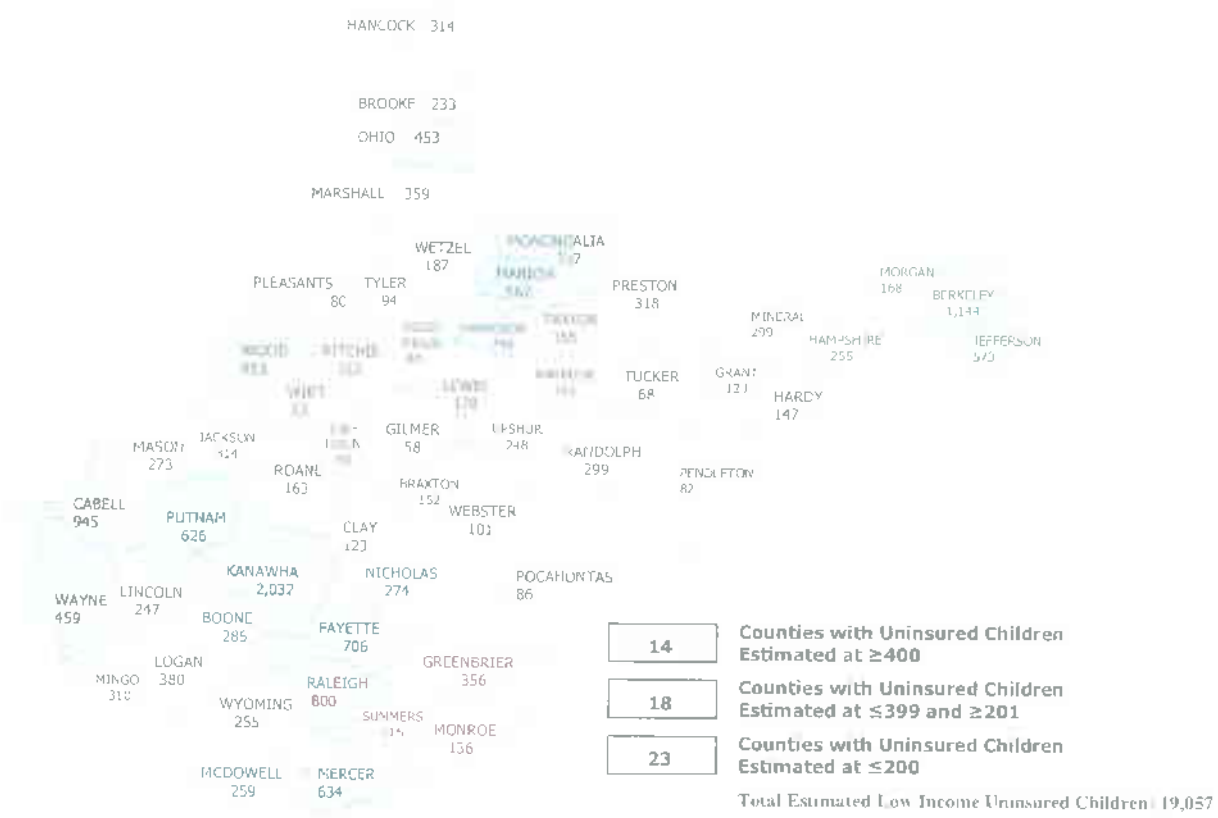
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# WVCHIP Enrollment Report

ATTACHMENT 1

October 2009

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Tucker	1,354	145	503	648	47.9%	68	53
Wirt	1,212	109	571	680	53.6%	63	54
Gilmer	1,154	84	599	683	59.2%	58	55
<b>Totals</b>	<b>382,490</b>	<b>24,890</b>	<b>158,580</b>	<b>183,470</b>	<b>48.0%</b>	<b>19,125</b>	



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**Note 2:** It has been estimated that 7 of 10 uninsured children qualify or may have qualified for CHIP or Medicaid in the past; WVCHIP uses the 5% uninsured estimate as a target number for outreach.



**West Virginia Children's Health Insurance Program**  
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Two Months Ending September 30, 2009 and September 30, 2008**  
**(Modified Accrual Basis)**

	September 30, 2009	September 30, 2008	Variance	
<b>Revenues:</b>				
Federal Grants	9,764,099	8,641,325	1,122,774	13%
State Appropriations	2,194,542	2,194,338	204	0%
Premium Revenues	25,836	27,434	(1,598)	-6%
Investment Earnings	<u>4,247</u>	<u>51,481</u>	<u>(47,234)</u>	<u>-92%</u>
<b>Total Operating Revenues</b>	<b><u>11,988,724</u></b>	<b><u>10,914,578</u></b>	<b><u>1,074,146</u></b>	<b><u>10%</u></b>
<b>Operating Expenditures:</b>				
<b>Claims:</b>				
Outpatient Services	3,149,569	2,466,411	683,158	28%
Physicians & Surgical	2,517,450	2,120,288	397,162	19%
Prescribed Drugs	1,895,932	1,963,528	(67,596)	-3%
Dental	1,438,461	1,223,901	214,560	18%
Inpatient Hospital Services	799,225	1,148,666	(349,441)	-30%
Durable & Disposable Med. Equip.	371,493	306,038	65,455	21%
Outpatient Mental Health	306,621	277,350	29,271	11%
Vision	219,952	180,360	39,592	22%
Inpatient Mental Health	153,639	144,657	8,982	6%
Therapy	128,173	79,022	49,151	62%
Medical Transportation	80,210	81,527	(1,317)	-2%
Other Services	25,537	21,712	3,825	18%
Less: Collections*	<u>(174,511)</u>	<u>(206,698)</u>	<u>62,187</u>	<u>-26%</u>
<b>Total Claims</b>	<b><u>10,911,751</u></b>	<b><u>9,776,762</u></b>	<b><u>1,134,989</u></b>	<b><u>12%</u></b>
<b>General and Admin Expenses:</b>				
Salaries and Benefits	129,999	125,023	4,976	4%
Program Administration	749,671	507,331	242,340	48%
Eligibility	102,725	98,819	3,906	4%
Outreach & Health Promotion	101,255	31,966	69,289	217%
Current	<u>31,494</u>	<u>28,308</u>	<u>3,186</u>	<u>11%</u>
<b>Total Administrative</b>	<b><u>1,115,144</u></b>	<b><u>791,447</u></b>	<b><u>323,697</u></b>	<b><u>41%</u></b>
<b>Total Expenditures</b>	<b><u>12,026,895</u></b>	<b><u>10,568,209</u></b>	<b><u>1,458,686</u></b>	<b><u>14%</u></b>
<b>Excess of Revenues</b>				
Over (Under) Expenditures	(38,171)	346,369	(384,540)	-111%
<b>Fund Equity, Beginning</b>	<b><u>8,254,028</u></b>	<b><u>4,977,366</u></b>	<b><u>3,276,662</u></b>	<b><u>66%</u></b>
<b>Fund Equity, Ending</b>	<b><u>8,215,857</u></b>	<b><u>5,323,735</u></b>	<b><u>2,892,122</u></b>	<b><u>54%</u></b>

\* Collections are primarily drug rebates and subrogation

## PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program**  
**Comparative Balance Sheet**  
**September 2009 and 2008**  
**(Accrual Basis)**

	September 30, 2009	September 30, 2008	Variance	
<b>Assets:</b>				
Cash & Cash Equivalents	\$10,361,741	\$9,275,065	\$1,086,676	12%
Due From Federal Government	\$3,432,936	\$3,811,942	\$620,994	22%
Due From Other Funds	\$773,578	\$618,092	\$155,486	25%
Accrued Interest Receivable	\$1,076	\$15,943	(\$14,867)	-93%
Fixed Assets, at Historical Cost	\$70,282	\$67,286	\$2,996	4%
<b>Total Assets</b>	<b><u>\$14,639,613</u></b>	<b><u>\$12,788,328</u></b>	<b><u>\$1,851,285</u></b>	<b><u>14%</u></b>
<b>Liabilities:</b>				
Due to Other Funds	\$336,514	\$210,034	\$126,480	60%
Deferred Revenue	\$2,217,241	\$4,034,560	(\$1,817,319)	-45%
Unpaid Insurance Claims Liability	\$3,870,000	\$3,220,000	\$650,000	20%
<b>Total Liabilities</b>	<b><u>\$6,423,756</u></b>	<b><u>\$7,464,594</u></b>	<b><u>(\$1,040,838)</u></b>	<b><u>-14%</u></b>
<b>Fund Equity</b>	<b><u>\$8,215,857</u></b>	<b><u>\$5,323,734</u></b>	<b><u>\$2,892,123</u></b>	<b><u>54%</u></b>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$14,639,613</u></b>	<b><u>\$12,788,328</u></b>	<b><u>\$1,851,285</u></b>	<b><u>14%</u></b>

## PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program**  
**WVFIMS Fund 2154**  
**For the Month Ended September 30, 2009**  
**(Accrual Basis)**

<b>Investment Account</b>
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Funds Invested	\$10,000,864
Interest Earned	<u>4,247</u>
<b>Total</b>	<b><u>\$10,005,111</u></b>

Unaudited - For Management Purposes Only - Unaudited

## Department of Administration Real Estate Division Leasing Report

For the period of November 1, 2009 through November 30, 2009

### NEW CONTRACT OF LEASE

#### DEPARTMENT OF FINANCE AND ADMINISTRATION-OFFICE OF TECHNOLOGY

**F&A-032** New contract of lease for 10 years consisting of 5,000 square feet at the annual PSF rate of \$15.25, full service excluding electrical service, in the City of Sutton, Braxton County, West Virginia.

#### BOARD OF OSTEOPATHY

**OST-002** New contract of lease consisting of 1,081 square feet of office space at the annual PSF rate of \$15.00, full service, in the City of Charleston, Kanawha County, West Virginia.

#### DIVISION OF CORRECTIONS

**COR-084** New contract of lease for 5 years consisting of 44,304 square feet of classroom/office space at the rate of \$19,500.00 per month, full service, in the City of Glenville, Gilmer County, West Virginia.

#### WEST VIRGINIA DEPARTMENT OF MILITARY AFFAIRS AND PUBLIC SAFETY, REGIONAL JAIL AND CORRECTIONAL FACILITY AUTHORITY

**RJA-005** New contract of lease for 5 years consisting of 44,304 square feet of classroom/office space at the rate of \$10,125.00 per month, full service, in the City of Glenville, Gilmer County, West Virginia.

#### DIVISION OF JUVENILE SERVICES

**DJS-020** New contract of lease for 5 years consisting of 44,304 square feet of classroom/office space at the rate of \$7,875.00 per month, full service, in the City of Glenville, Gilmer County, West Virginia.

**DJS-022** New contract of lease for 5 years, consisting of 2,101 square feet of office space at the annual PSF rate of \$14.28, with parking, in the City of Fairmont, Marion County, West Virginia.

#### DEPARTMENT OF ENVIRONMENTAL PROTECTION

**DEP-181** New contract of lease for 3 years consisting of 200 square feet of storage space at the rate of \$65.00 per month, in the City of Triadelphia, Ohio County, West Virginia.

#### WEST VIRGINIA STATE POLICE

**PSA-123** New contract of lease for 1 year consisting of 225 square feet of office/storage space at the rate of \$300.00 per month, full service, in the City of Morgantown, Monongalia County, West Virginia.

### NEW CONTRACT OF SUBLEASE

#### WORKFORCE WEST VIRGINIA

**WWV-017-SUB** New contract of sub-lease for approximately 8 months consisting of 324 square feet of office space, at the rate of \$1,000.00 per month, full service including parking, in the City of Pt. Pleasant, Mason County, West Virginia.

## STRAIGHT RENEWAL

### **DIVISION OF CORRECTIONS**

**COR-051** Renewal for 3 years consisting of 3,000 square feet of office space at the current annual PSF rate of \$10.80, full service, in the City of Martinsburg, Berkley County, West Virginia.

**COR-077** Renewal for 1 year consisting of 1,600 square feet of office space at the current annual PSF rate of \$13.72, full service excluding janitorial service, in the City of Charleston, Kanawha County, West Virginia.

### **ATTORNEY GENERAL'S OFFICE**

**AGO-015** Renewal for 5 years containing 13,470 square feet of office space at the current annual PSF rate of \$12.51, full service excluding electric, in the City of Charleston, Kanawha County, West Virginia.

## STRAIGHT RENEWAL-SUBLEASE

### **REGION 2 WORKFORCE INVESTMENT BOARD, INC**

**WB2-002-SUB** Renewal for 1 year consisting of 764 square feet of office space at the current annual PSF rate of \$13.00, full service, in the City of Huntington, Cabell County, West Virginia.

### **DIVISION OF REHABILITATION SERVICES**

**DRS-094** Renewal for 5 years consisting of 524 square feet of office space at the current rate of \$650.00 per month, full service, in the City of Hurricane, Putnam County, West Virginia.

### **WORKFORCE WEST VIRGINIA**

**WWV-012-SUB** Renewal for 1 year consisting of 348 square feet of office space at the current rate of \$494.66 per month, full service, in the City of New Martinsville, Wetzel County, West Virginia.

## INCREASE SQUARE FOOTAGE

### **DEPARTMENT OF HEALTH AND HUMAN RESOURCES**

**HHR-182** Increase in square footage from 1,400 square feet to 1,589 square feet at the current annual PSF rate of \$8.65, full service excluding snow removal, in the City of Elizabeth, Wirt County, West Virginia.

### **WORKFORCE WEST VIRGINIA**

**WWV-010** Increase square footage from 2,299 square feet to 2,658 square feet at the current annual PSF rate of \$10.45, full service, in the City of Fairlea, Greenbrier County, West Virginia.

### **ATTORNEY GENERAL'S OFFICE**

**AGO-015** Increase in square footage from 11,100 square feet to 13,470 square feet at the current annual PSF rate of \$12.51, full service excluding electric, in the City of Charleston, Kanawha County, West Virginia.

## **RENEWAL/DECREASE SQUARE FOOTAGE**

### **DIVISION OF MOTOR VEHICLES**

**DMV-016** Renewal for 5 years with a decrease in square footage from 12,181 square feet to 8,185 square feet at the current annual PSF rate of \$13.75. snow removal only, in the City of Teays Valley, Putnam County, West Virginia.

## **CANCELLATION**

### **BOARD OF OSTEOPATHY**

**OST-001** Lease cancellation containing 500 square feet of office space due to relocation of office building, in the City of Weirton, Hancock County, West Virginia.

### **WEST VIRGINIA DEPARTMENT OF AGRICULTURE**

**AGR-047** Lease cancellation containing 502 square feet of office space due to relocation of office building, in the City of Hinton, Summers County, West Virginia.

### **DIVISION OF VETERANS AFFAIRS**

**VET-024** Lease cancellation containing 306 square feet of office space due to relocation of office building, in the City of Clarksburg, Harrison County, West Virginia.

### **STATE RAIL AUTHORITY**

**SRA-003** Lease cancellation containing 1,512 square feet of ticket office space due to installation of a ticket kiosk, in the City of Martinsburg, Berkley County, West Virginia.

**Department of Administration Real Estate Division Leasing Report**  
For the period of October 1, 2009 through October 31, 2009

**NEW CONTRACT OF LEASE**

**DIVISION OF JUVENILE SERVICES**

**DJS-021** New contract of lease for 5 years consisting of 2,301 square feet of office space at the annual PSF rate of \$10.96 includes janitorial service and snow removal, in the City of Martinsburg, Berkeley County, West Virginia.

**NEW CONTRACT OF SUBLEASE**

**US CELLULAR**

**USC-001** New Contract of Sub-lease for 5 years for the purpose of using and operating cell tower space on a radio transmitter tower at the rate of \$1,600.00 per month, in the City of Mount Storm, Grant County, West Virginia.

**STRAIGHT RENEWALS**

**DEPARTMENT OF ENVIRONMENTAL PROTECTION**

**DEP-144** Renewal for 3 years containing 64 square feet of air monitoring/tower site space, at the current rate of \$1.00 per year, in the City of Fairmont, Marion County, West Virginia.

**BUREAU OF EMPLOYMENT PROGRAMS**

**EMS-076** Renewal for 1 year containing 2,691 square feet of office space at the current annual PSF rate of \$12.00, full service, in the City of Moorefield, Hardy County, West Virginia.

**WV CONSERVATION AGENCY**

**SCC-007** Renewal for 5 years containing 974 square feet of office space, at the current annual PSF rate of \$12.50, full service excluding natural gas, in the City of Morgantown, Monongalia County, West Virginia

**DEPARTMENT OF HEALTH AND HUMAN RESOURCES**

**HHR-103** Renewal for 1 year containing 200 square feet of warehousing/storage space, at the current rate of \$60.00 per month, in the City of Grafton, Taylor County, West Virginia.

**HHR-164** Renewal for 1 year containing 120 square feet of office space, at the current rate of \$160.00 per month, in the City of Parkersburg, Wood County, West Virginia.

**BUREAU OF HUMAN RESOURCES**

**DHS-106** Renewal for 3 years containing 4,440 square feet of office space at the current annual PSF rate of \$6.70, including janitorial service, snow removal and maintenance, in the City of Parsons, Tucker County, West Virginia.

**STATE TREASURER'S OFFICE**

**STO-008** Renewal for 1 year consisting of 492 square feet of office space at the current rate of \$550.00 per month, full service excluding janitorial, in the City of Morgantown, Monongalia County, West Virginia.

## CONTINUATION OF STRAIGHT RENEWALS

### **WEST VIRGINIA STATE POLICE**

**PSA-103** Renewal for 1 year containing 3,200 square feet of office space at the current annual PSF rate of \$5.44, including water and sewage service, in the City of Logan, Logan County, West Virginia.

### **WEST VIRGINIA BOARD OF PHARMACY**

**PHA-003** Renewal for 1 year containing 2,350 square feet of office space at the current annual PSF rate of \$12.98, full service, in the City of Charleston, Kanawha County, West Virginia.

### **DIVISION OF MOTOR VEHICLES**

**DMV-023** Renewal for 6 months containing 10,387 square feet of office space at the current annual PSF rate of \$15.15, includes snow removal only, in the City of Charleston, Kanawha County, West Virginia.

## INCREASE IN SQUARE FOOTAGE

### **OFFICE OF ECONOMIC OPPORTUNITY-GOVERNOR'S OFFICE**

**GCC-004** Increase in square footage from 8,000 square feet to 9,400 square feet at the current annual PSF rate of \$11.00, full service, in the City of Charleston, Kanawha County, West Virginia.

## CANCELLATION

### **DIVISION OF MOTOR VEHICLES**

**DMV-042** Lease cancellation as of November 30, 2009 containing 14,184 square feet of office space due to relocation of office, in the City of Charleston, Kanawha County, West Virginia.

**DMV-049** Lease cancellation as of November 30, 2009 containing 4,576 square feet of office space due to relocation of office, in the City of Charleston, Kanawha County, West Virginia.

**DMV-013** Lease cancellation as of November 30, 2009 containing 31,600 square feet of office space due to relocation of office, in the City of Charleston, Kanawha County, West Virginia.

**DMV-005** Lease cancellation as of November 30, 2009 containing 4,400 square feet of office space due to relocation of office, in the City of Charleston, Kanawha County, West Virginia.

### **EASTERN WEST VIRGINIA COMMUNITY AND TECHNICAL COLLEGE**

**ETC-005** Lease cancellation as of November 30, 2009 containing 3,600 square feet of classroom space due to relocation of Training Center, in the City of Moorefield, Hardy County, West Virginia.

### **DIVISION OF CORRECTIONS**

**COR-016** Lease cancellation as of October 31, 2009 containing 11,301 square feet of office space due to relocation of office, in the City of Charleston, Kanawha County, West Virginia.



**Joint Committee on Government and Finance**

**December 2009**

**Department of Health and Human Resources**

**MEDICAID REPORT**

September 2009 Data

**WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES**  
**BUREAU FOR MEDICAL SERVICES**  
**EXPENDITURES BY PROVIDER TYPE**  
**SFY2010**

MONTH OF SEPTEMBER 2009	ACTUALS	TOTAL	ACTUALS	ESTIMATES	ACTUALS	PROJECTED
	SFY2009	SFY2010	Current Month Sep-09	Current Month Sep-09	Year To-Date Thru 9/30/09	10/1/09 Thru 09/30/10
<b>EXPENDITURES:</b>						
Inpatient Hospital Services	260,949,991	281,333,809	28,091,007	33,916,888	70,098,097	181,237,812
Inpatient Hospital Services - DSH Adjustment Payments	54,493,945	56,411,678	-	-	13,637,185	41,774,484
Mental Health Facilities	47,980,442	55,723,241	3,914,105	4,280,279	12,905,593	42,817,878
Mental Health Facilities - DSH Adjustment Payments	18,788,488	19,066,784	90,000	-	4,721,762	14,333,992
Nursing Facility Services	464,023,240	491,140,078	37,727,586	40,805,878	114,507,854	376,632,222
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	63,249,071	63,402,719	5,448,581	5,283,560	16,165,166	47,237,554
Physicians Services ***	149,420,126	149,725,647	9,768,055	10,144,000	37,097,610	111,628,037
Outpatient Hospital Services	120,824,371	118,210,034	10,862,944	9,109,368	32,925,469	85,284,566
Prescribed Drugs	341,893,892	367,903,203	24,439,540	28,579,469	81,173,655	286,726,548
Drug Rebate Offset - National Agreement	(130,951,220)	(129,794,904)	(11,968,617)	(6,963,765)	(36,622,694)	(88,172,010)
Drug Rebate Offset - State Sidebar Agreement	(30,610,728)	(30,333,652)	(74,875)	(1,429,738)	(4,893,875)	(25,440,077)
Dental Services ***	40,360,068	48,910,914	3,834,922	3,771,696	11,066,830	37,843,084
Other Practitioners Services	22,381,183	16,964,880	1,775,487	1,357,607	5,879,080	11,075,800
Clinic Services	39,885,489	47,388,723	2,124,748	3,666,131	13,830,383	33,736,360
Lab & Radiological Services	10,177,238	10,861,703	867,662	858,018	2,947,018	7,914,685
Home Health Services	32,691,894	39,714,202	2,261,622	2,664,446	10,266,838	26,442,364
Hysterectomies/Sterilizations	616,269	674,152	39,967	44,254	128,888	448,264
Pregnancy Terminations	-	-	-	-	-	-
EPSDT Services	2,247,831	2,600,155	208,218	200,450	555,973	2,044,182
Rural Health Clinic Services	7,793,608	8,843,403	479,114	662,741	1,843,230	6,900,173
Medicare Health Insurance Payments - Part A Premiums	14,821,458	19,088,439	1,408,844	1,680,703	4,218,697	14,869,436
Medicare Health Insurance Payments - Part B Premiums	70,371,344	82,276,341	5,910,620	6,856,362	17,837,339	64,839,002
120% - 194% Of Poverty	4,406,674	72,272	412,269	5,559	1,207,685	(1,135,413)
136% - 178% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	-	-	-	-	-	-
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	294,697,012	296,059,331	27,033,888	22,088,278	80,773,314	184,286,017
Medicaid Health Insurance Payments: Group Health Plan Payments	393,790	416,852	35,905	31,959	107,605	307,947
Home & Community-Based Services (MR/DD)	233,468,653	256,920,160	19,613,662	19,763,161	60,687,873	196,882,277
Home & Community-Based Services (Aged/Disabled)	80,034,343	89,794,024	7,102,163	6,907,233	22,325,383	67,468,641
Community Supported Living Services	-	-	-	-	-	-
Programs Of All-Inclusive Care Elderly	-	-	-	-	-	-
Personal Care Services	37,875,885	42,580,034	3,186,448	3,277,422	9,920,962	32,659,072
Targeted Case Management Services	4,309,065	5,916,714	343,436	436,719	985,269	4,631,425
Primary Care Case Management Services	809,744	691,427	37,641	63,187	114,030	577,397
Hospice Benefits	14,469,070	16,246,730	1,323,600	1,172,826	3,683,734	11,562,996
Emergency Services Undocumented Aliens	59,318	-	7,199	-	53,384	(93,384)
Federally Qualified Health Center	18,791,540	20,217,292	1,742,816	1,866,242	4,608,563	15,608,729
Other Care Services	128,150,632	130,868,184	10,080,073	10,160,010	34,941,511	95,916,653
Less: Recoupments	-	-	(73,110)	-	(503,616)	503,616
<b>NET EXPENDITURES:</b>	<b>2,410,199,304</b>	<b>2,616,142,605</b>	<b>197,685,481</b>	<b>211,693,966</b>	<b>626,669,466</b>	<b>1,889,283,141</b>

Collections: Third Party Liability (line 8A on CMS-84)	(8,038,342)	-	-	-	-	-
Collections: Probate (line 8B on CMS-84)	(122,220)	-	-	-	-	-
Collections: Identified through Fraud & Abuse Effort (line 8C on CMS-84)	(13,768)	-	-	-	-	-
Collections: Other (line 8D on CMS-84)	(5,509,009)	-	-	-	-	-
<b>NET EXPENDITURES and CMS-84 ADJUSTMENTS:</b>	<b>2,388,612,984</b>	<b>2,818,142,608</b>	<b>197,686,481</b>	<b>211,583,988</b>	<b>628,888,486</b>	<b>1,888,283,141</b>
Plus: Medicaid Part D Expenditures	27,747,892	31,899,237	2,688,181	2,481,480	10,546,874	21,483,603
Plus: State Only Medicaid Expenditures	4,683,431	3,848,891	372,188	289,848	1,284,084	2,682,837
<b>TOTAL MEDICAID EXPENDITURES</b>	<b>2,430,844,047</b>	<b>\$2,880,888,733</b>	<b>\$200,746,860</b>	<b>\$214,348,013</b>	<b>\$638,869,193</b>	<b>\$1,912,289,640</b>
Plus: Reimbursables <sup>(1)</sup>	4,328,882	4,787,864	387,577	336,666	1,265,998	3,481,665
<b>TOTAL EXPENDITURES</b>	<b>62,435,173,930</b>	<b>\$2,885,778,296</b>	<b>\$201,133,427</b>	<b>\$214,680,878</b>	<b>\$638,888,191</b>	<b>\$1,915,781,105</b>

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

\*\*\*CMS is currently reviewing portions of these payments. Until review is completed these expenses will be classified as state-only on the CMS-84. With all outside reviews, there is a potential for a portion of these costs to remain state-only if any of them are disallowed.

Due to Federal requirements in reporting standards, the September data has been resubmitted.

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 MEDICAID CASH REPORT  
 SFY2010

MONTH OF SEPTEMBER 2009	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2009	Current Month Ended 9/30/09	Year-To-Date Thru 9/30/09	10/1/2009 Thru 9/30/10	SFY2010
<b>REVENUE SOURCES</b>					
Beg. Bal. (5084/1020 prior mth)	34,933,055	109,524,150	\$116,583,948		\$116,583,948
<b>MATCHING FUNDS</b>					
General Revenue (0403/189)	393,705,687	13,668,998	41,006,995	226,308,573.00	267,315,568
MRDD Waiver (0403/468)	-	5,356,899	18,070,697	64,282,786.00	80,363,483
Rural Hospitals Under 150 Beds (0403/940)	2,588,000	216,333	649,000	1,947,000.00	2,596,000
Tertiary Funding (0403/547)	4,866,000	529,668	1,589,000	4,767,000.00	6,356,000
Lottery Waiver (Less 550,000) (5405/539)	23,272,578		6,450,000	16,822,578.00	23,272,578
Lottery Transfer (5405/871)	10,300,000		2,500,000	6,170,000.00	8,670,000
Trust Fund Appropriation (5185/189)	19,784,219		0	30,558,594.00	30,558,594
Provider Tax (5090/189)	165,400,000	11,800,000	37,900,000	126,758,280.00	164,658,290
Certified Match	19,399,722	715,004	4,271,190	11,558,149.92	15,830,340
Reimbursables - Amount Reimbursed	4,348,906	219,404	722,717	4,084,847.18	4,787,564
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	428,344	41,219	119,401	(119,400.73)	0
CMS - 64 Adjustments	1,098,690		0	-	0
<b>TOTAL MATCHING FUNDS</b>	680,123,202	\$142,071,673	\$227,862,948	\$493,117,417	\$720,980,368
<b>FEDERAL FUNDS</b>	1,874,489,691	\$149,224,814	\$602,376,290	\$1,580,920,846	\$2,093,297,135
<b>TOTAL REVENUE SOURCES</b>	2,554,612,893	\$291,296,287	\$730,239,237	\$2,084,038,263	\$2,814,277,500
<b>TOTAL EXPENDITURES:</b>					
Provider Payments	2,435,173,930	\$201,133,427	\$639,995,181	\$1,916,781,105	\$2,555,776,298
<b>TOTAL</b>	119,438,964	\$90,162,860	\$90,244,046	\$187,857,158	\$238,501,204

Notes: FMAP (09' - 83.05% applicable July - Sept. 2009) ( 10' - 83.05% applicable Oct. 2009 - June 2010)

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

Due to Federal requirements in reporting standards, the September data has been resubmitted.

**Joint Committee on Government and Finance**

**November 2009**

**Department of Health and Human Resources**

**MEDICAID REPORT**

September 2009 Data

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 EXPENDITURES BY PROVIDER TYPE  
 SFY2010

MONTH OF SEPTEMBER 2009	ACTUALS	TOTAL	ACTUALS	ESTIMATES	ACTUALS	PROJECTED
	SFY2009	SFY2010	Current Month Sep-09	Current Month Sep-09	Year To-Date Thru 8/30/09	10/1/09 Thru 06/30/10
<b>EXPENDITURES:</b>						
Inpatient Hospital Services	260,846,991	281,333,909	28,091,007	33,318,898	70,086,097	181,237,812
Inpatient Hospital Services - DSH Adjustment Payments	54,483,846	66,411,679	-	-	13,837,186	41,774,494
Mental Health Facilities	47,960,442	65,723,241	3,814,105	4,290,279	12,905,693	42,817,678
Mental Health Facilities - DSH Adjustment Payments	18,788,468	19,055,754	90,000	-	4,721,762	14,333,992
Nursing Facility Services	464,023,240	491,140,078	37,727,558	40,808,878	114,507,864	378,832,222
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	83,248,071	83,402,719	8,448,581	6,283,690	18,168,185	47,237,554
Physicians Services ***	143,420,128	149,726,847	9,768,055	10,144,000	37,097,810	111,628,037
Outpatient Hospital Services	120,824,371	118,210,034	10,552,944	9,109,388	32,828,489	86,284,585
Prescribed Drugs	341,993,882	367,603,203	24,438,540	28,579,469	81,173,655	268,728,548
Drug Rebate Offset - National Agreement	(130,981,220)	(128,784,904)	(11,968,817)	(8,963,785)	(38,622,894)	(88,172,010)
Drug Rebate Offset - State Sidebar Agreement	(30,810,728)	(30,333,662)	(74,675)	(1,428,738)	(4,883,575)	(25,440,077)
Dental Services ***	40,550,088	48,910,914	3,634,822	3,771,896	11,086,930	37,845,084
Other Practitioners Services	22,381,183	18,864,880	1,775,487	1,367,607	5,876,080	11,076,800
Clinic Services	99,855,469	47,388,723	2,124,748	3,668,131	13,830,383	33,738,360
Lab & Radiological Services	10,177,238	10,861,703	887,882	858,018	2,647,018	7,914,688
Home Health Services	32,681,894	38,714,202	2,281,822	2,694,449	10,785,838	28,428,384
Hysterectomies/Sterilizations	516,269	574,182	39,997	44,254	126,888	448,284
Pregnancy Terminations	-	-	-	-	-	-
EPSDT Services	2,247,631	2,600,188	209,218	200,450	655,873	2,044,182
Rural Health Clinic Services	7,793,508	8,543,403	479,114	682,741	1,643,230	6,900,173
Medicare Health Insurance Payments - Part A Premiums	14,821,458	19,088,438	1,409,944	1,580,703	4,218,997	14,869,439
Medicare Health Insurance Payments - Part B Premiums	70,371,344	82,276,341	5,910,520	6,866,362	17,637,339	64,639,002
120% - 194% Of Poverty	4,405,674	72,272	412,289	5,559	1,207,888	(1,138,413)
135% - 178% Of Poverty	-	-	-	-	-	-
Coinurance And Deductibles	-	-	-	-	-	-
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	294,897,012	286,059,331	27,033,989	22,088,278	80,773,314	184,288,017
Medicaid Health Insurance Payments: Group Health Plan Payments	393,790	415,852	35,806	31,889	107,908	307,847
Home & Community-Based Services (MR/DD)	233,488,853	258,920,180	18,513,992	19,783,181	60,967,873	188,982,277
Home & Community-Based Services (Aged/Disabled)	80,034,343	88,784,024	7,102,183	6,907,233	22,328,383	67,468,841
Community Supported Living Services	-	-	-	-	-	-
Programs Of All-Inclusive Care Elderly	-	-	-	-	-	-
Personal Care Services	37,875,865	42,560,034	3,186,449	3,277,422	9,920,962	32,639,072
Targeted Case Management Services	4,309,085	5,818,714	343,438	438,719	985,288	4,631,425
Primary Care Case Management Services	609,744	891,427	37,641	83,187	114,030	577,397
Hospice Benefits	14,499,070	15,248,730	1,323,500	1,172,826	3,683,734	11,562,998
Emergency Services Undocumented Aliens	38,318	-	7,198	-	53,384	(53,384)
Federally Qualified Health Center	18,761,540	20,217,282	1,742,818	1,665,242	4,608,563	18,608,729
Other Care Services	128,130,532	130,858,184	10,080,073	10,190,910	34,941,511	88,916,853
Less: Recoupments	-	(73,110)	(73,110)	-	(503,815)	503,815
<b>NET EXPENDITURES:</b>	<b>2,410,189,304</b>	<b>2,815,142,805</b>	<b>197,685,481</b>	<b>211,593,688</b>	<b>628,889,485</b>	<b>1,888,283,141</b>

Collections: Third Party Liability (line 9A on CMS-64)	(8,038,342)	-	-	-	-	-
Collections: Probate (line 9B on CMS-64)	(122,220)	-	-	-	-	-
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(13,768)	-	-	-	-	-
Collections: Other (line 9D on CMS-64)	(8,809,008)	-	-	-	-	-
<b>NET EXPENDITURES and CMS-64 ADJUSTMENTS:</b>	<b>2,968,512,884</b>	<b>2,618,142,805</b>	<b>197,685,481</b>	<b>211,893,685</b>	<b>628,869,485</b>	<b>1,888,283,141</b>
Plus: Medicaid Part D Expenditures	27,747,652	31,999,237	2,888,181	2,481,480	10,545,674	21,453,593
Plus: State Only Medicaid Expenditures	4,583,431	3,848,891	372,188	288,548	1,294,054	2,882,837
<b>TOTAL MEDICAID EXPENDITURES</b>	<b>2,430,844,047</b>	<b>\$2,650,988,733</b>	<b>\$200,745,850</b>	<b>\$214,348,013</b>	<b>\$838,869,183</b>	<b>\$1,912,289,440</b>
Plus: Reimbursables <sup>(1)</sup>	4,329,882	4,787,664	387,677	335,665	1,295,998	3,491,565
<b>TOTAL EXPENDITURES</b>	<b>\$2,435,173,930</b>	<b>\$2,655,776,288</b>	<b>\$201,133,427</b>	<b>\$214,680,678</b>	<b>\$839,995,181</b>	<b>\$1,915,781,105</b>

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

\*\*CMS is currently reviewing portions of these payments. Until review is completed these expenses will be classified as state-only on the CMS-64. With all outside reviews, there is a potential for a portion of these costs to remain state-only if any of them are disallowed.

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 MEDICAID CASH REPORT  
 SFY2010

**MONTH OF SEPTEMBER 2009**

**REVENUE SOURCES**

Beg. Bal. (5084/1020 prior mth)

**MATCHING FUNDS**

General Revenue (0403/189)  
 MRDD Waiver (0403/486)  
 Rural Hospitals Under 150 Beds (0403/940)  
 Tertiary Funding (0403/647)  
 Lottery Waiver (Less 550,000) (5406/839)  
 Lottery Transfer (6406/871)  
 Trust Fund Appropriation (5185/189)  
 Provider Tax (5090/189)  
 Certified Match  
 Reimbursables - Amount Reimbursed  
 Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015  
 CMS - 84 Adjustments

**TOTAL MATCHING FUNDS**

**FEDERAL FUNDS**

**TOTAL REVENUE SOURCES**

**TOTAL EXPENDITURES:**

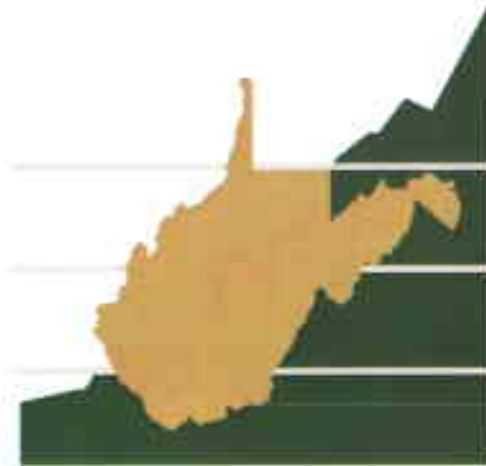
Provider Payments

**TOTAL**

	ACTUALS SFY2009	ACTUALS Current Month Ended 9/30/09	ACTUALS Year-To-Date Thru 9/30/09	PROJECTED 10/1/2009 Thru 6/30/10	TOTAL SFY2010
Beg. Bal. (5084/1020 prior mth)	34,933,055	108,524,150	\$118,583,948		\$118,583,948
<b>MATCHING FUNDS</b>	-	-	-	-	-
General Revenue (0403/189)	393,705,887	13,868,898	41,008,896	228,308,573.00	287,316,568
MRDD Waiver (0403/486)	-	5,358,899	18,070,697	64,282,786.00	80,353,483
Rural Hospitals Under 150 Beds (0403/940)	2,598,000	218,333	849,000	1,947,000.00	2,596,000
Tertiary Funding (0403/647)	4,858,000	528,686	1,568,000	4,787,000.00	6,366,000
Lottery Waiver (Less 550,000) (5406/839)	23,272,578		6,450,000	18,822,578.00	23,272,578
Lottery Transfer (6406/871)	10,300,000		2,500,000	8,170,000.00	8,670,000
Trust Fund Appropriation (5185/189)	19,784,219		0	30,558,594.00	30,558,594
Provider Tax (5090/189)	165,400,000	11,800,000	37,800,000	128,758,260.00	164,658,260
Certified Match	19,389,722	715,004	4,271,180	11,559,149.82	15,830,340
Reimbursables - Amount Reimbursed	4,348,808	219,404	722,717	4,084,847.18	4,787,564
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	428,344	41,219	116,401	(119,400.73)	0
CMS - 84 Adjustments	1,098,890		0	-	0
<b>TOTAL MATCHING FUNDS</b>	680,123,202	\$142,071,873	\$227,882,948	\$483,117,417	\$720,980,365
<b>FEDERAL FUNDS</b>	1,874,489,891	\$149,224,814	\$502,378,260	\$1,590,820,848	\$2,093,297,135
<b>TOTAL REVENUE SOURCES</b>	<b>2,554,812,893</b>	<b>\$291,296,287</b>	<b>\$730,239,237</b>	<b>\$2,084,038,263</b>	<b>\$2,814,277,500</b>
<b>TOTAL EXPENDITURES:</b>					
Provider Payments	2,438,173,830	\$201,133,427	\$639,895,191	\$1,915,781,105	\$2,655,778,296
<b>TOTAL</b>	<b>119,438,984</b>	<b>\$80,162,860</b>	<b>\$80,244,046</b>		<b>\$258,501,204</b>

Note: FMAP (09' - 83.05% applicable July - Sept. 2009) ( 10' - 83.05% applicable Oct. 2009 - June 2010)  
 (1) This amount will revert to State Only if not reimbursed.





**West Virginia Investment Management Board**

Monthly Performance Report

October 31, 2009

## West Virginia Investment Management Board

Participant Plans Allocation & Performance

As of October 31, 2009

	Asset \$	%	Performance %						
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
<b>WVIMB Fund Assets</b>	<b>10,206,204,742</b>	<b>100.0</b>							
<b>Pension Assets</b>	<b>8,178,416,025</b>	<b>80.1</b>							
Public Employees' Retirement System	3,613,647,363	35.4	-0.4	6.0	12.3	23.2	-0.8	4.3	4.7
Teachers' Retirement System	3,887,928,383	38.1	-0.5	5.8	11.8	21.9	-1.5	3.8	4.5
Teachers' Employers Cont. Collection A/C	24,222,435	0.2	0.0	0.0	0.1	0.4	-	-	-
EMS Retirement System	20,259,573	0.2	-0.5	5.9	12.1	23.1	-	-	-
Public Safety Retirement System	398,604,739	3.9	-0.4	6.0	12.3	23.0	-0.9	4.2	4.8
Judges' Retirement System	99,399,795	1.0	-0.4	6.0	12.3	23.0	-0.9	4.2	4.7
State Police Retirement System	47,045,352	0.5	-0.5	5.9	12.2	23.1	-0.7	4.3	4.7
Deputy Sheriffs' Retirement System	87,308,385	0.9	-0.5	6.0	12.3	23.2	-0.8	4.3	4.8
<b>Insurance Assets</b>	<b>1,462,190,338</b>	<b>14.3</b>							
Workers' Compensation Old Fund	746,391,783	7.3	0.2	5.1	9.8	19.6	1.4	-	-
Workers' Comp. Self-Insured Guaranty Risk Pool	7,230,476	0.1	0.0	0.0	0.1	0.4	3.0	-	-
Workers' Comp. Uninsured Employers Fund	8,708,395	0.1	0.0	0.0	0.1	0.4	3.0	-	-
Pnuemoconiosis	241,256,801	2.4	0.4	4.9	9.1	19.4	2.0	-	-
Board of Risk & Insurance Mgmt.	115,439,624	1.1	0.4	5.1	9.5	24.6	3.3	-	-
Public Employees' Insurance Agency	125,483,762	1.2	0.6	5.0	9.0	20.7	2.6	-	-
WV Retiree Health Benefit Trust Fund	217,679,497	2.1	0.8	4.8	8.5	24.7	-	-	-
<b>Endowment Assets</b>	<b>565,598,379</b>	<b>5.5</b>							
Wildlife Fund	34,977,034	0.3	-0.4	6.0	12.3	23.3	-0.7	4.2	5.6
Prepaid Tuition Trust	79,276,299	0.8	-0.7	6.4	13.7	28.1	0.6	5.1	5.5
Revenue Shortfall Reserve Fund	184,466,805	1.8	-0.2	6.2	12.6	21.4	-1.3	-	-
Revenue Shortfall Reserve Fund - Part B	266,878,241	2.6	-0.4	6.0	12.2	20.6	-1.7	-	-

## West Virginia Investment Management Board

Composite Asset Allocation & Performance Net of Fees

As of October 31, 2009

	Asset \$	%	Performance %						
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
<b>Investment Pools Composite</b>	10,210,244,428	100.00							
<b>Total Equity Composite</b>	4,566,763,840	44.73	-1.72	7.31	16.85	26.40	-4.39	3.92	3.43
<i>Total Equity Policy Index</i>			-1.90	6.43	15.79	22.37	-5.81	2.82	2.28
<b>Excess Return</b>			0.18	0.88	1.06	4.03	1.42	1.10	1.15
<b>US Equity Composite</b>	2,152,132,605	21.08	-2.26	4.86	13.05	9.63	-7.36	0.89	1.65
<i>Russell 3000 Index</i>			-2.57	5.14	13.32	10.83	-6.98	0.71	-0.14
<b>Excess Return</b>			0.31	-0.28	-0.27	-1.20	-0.38	0.18	1.79
<b>Large Cap Composite</b>	1,776,172,725	17.40	-1.87	4.97	13.01	9.64	-7.42	0.41	-1.04
<i>S&amp;P 500</i>			-1.86	5.48	13.46	9.80	-7.02	0.33	-0.95
<b>Excess Return</b>			-0.01	-0.51	-0.45	-0.16	-0.40	0.08	-0.09
<b>Non-Large Cap Composite</b>	375,959,880	3.68	-4.08	4.30	13.31	9.82	-7.27	1.60	6.29
<i>Russell 2500 Index</i>			-5.79	3.75	13.11	13.26	-7.14	1.61	5.42
<b>Excess Return</b>			1.71	0.55	0.20	-3.44	-0.13	-0.01	0.87
<b>International Equity Composite</b>	2,414,631,235	23.65	-1.52	9.24	20.12	44.83	-0.25	8.75	6.41
<i>MSCI AC World ex USA</i>			-1.23	7.73	18.29	34.79	-2.49	7.58	3.95
<b>Excess Return</b>			-0.29	1.51	1.83	10.04	2.24	1.17	2.46
<b>Fixed Income Composite</b>	3,245,395,287	31.79	0.92	4.99	8.85	22.76	4.52	4.52	6.73
<i>Fixed Income Policy</i>			0.58	3.13	5.08	15.71	6.33	5.04	6.30
<b>Excess Return</b>			0.34	1.86	3.77	7.05	-1.81	-0.52	0.43
<b>TRS Annuity</b>	201,887,914	1.98	0.37	1.12	1.49				
<b>Cash Composite</b>	218,086,814	2.14	0.01	0.04	0.06	0.60	2.98	3.33	3.22
<i>Citigroup 90 Day T-Bill + 15bps</i>			0.02	0.07	0.09	0.42	2.65	3.09	3.14
<b>Excess Return</b>			-0.01	-0.03	-0.03	0.18	0.33	0.24	0.08
<b>Private Equity Composite</b>	767,453,217	7.52	0.47	4.16	6.05	10.60			
<b>Real Estate Composite</b>	37,973,146	0.37	-0.79	0.71	1.38	-1.79			
<b>Hedge Funds Composite</b>	1,172,684,210	11.49	1.17	4.16	6.28	13.95			

## West Virginia Investment Management Board

Participant Plans Allocation vs. Targets

As of October 31, 2009

	Large Cap		Non-Large Cap		Int'l Equity		Fixed Income		Private Equity		Real Estate		Hedge Funds		Cash	
	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %
<b>Pension Assets</b>																
Public Employees' Retirement System	19.4	21.3	4.1	3.8	25.8	25.0	30.0	30.0	9.3	10.0	0.5	0.0	10.6	10.0	0.4	0.0
Teachers' Retirement System	19.5	21.3	4.1	3.8	25.6	25.0	29.8	30.0	9.4	10.0	0.4	0.0	10.5	10.0	0.8	0.0
Teachers' Employers Cont. Collection A/C	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0
EMS Retirement System	20.8	21.3	3.9	3.8	24.2	25.0	29.8	30.0	9.5	10.0	0.4	0.0	9.5	10.0	1.9	0.0
Public Safety Retirement System	19.5	21.3	4.0	3.8	25.9	25.0	30.4	30.0	9.9	10.0	0.5	0.0	9.6	10.0	0.1	0.0
Judges' Retirement System	19.4	21.3	3.9	3.8	25.4	25.0	29.9	30.0	9.7	10.0	0.5	0.0	9.4	10.0	1.8	0.0
State Police Retirement System	20.4	21.3	3.9	3.8	24.8	25.0	29.9	30.0	9.6	10.0	0.4	0.0	9.6	10.0	1.4	0.0
Deputy Sheriffs' Retirement System	20.1	21.3	4.0	3.8	25.4	25.0	30.2	30.0	9.8	10.0	0.5	0.0	9.4	10.0	0.6	0.0
<b>Insurance Assets</b>																
Workers' Compensation Old Fund	7.7	12.8	2.3	2.3	13.8	15.0	45.3	40.0	0.0	0.0	0.0	0.0	19.1	20.0	11.8	10.0
Workers' Comp. Self-Insured Guaranty Risk Pool	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0
Workers' Comp. Uninsured Employers Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0
Pnuemoconiosis	7.8	8.5	1.6	1.5	10.7	10.0	55.6	55.0	0.0	0.0	0.0	0.0	19.7	20.0	4.6	5.0
Board of Risk & Insurance Mgmt	7.8	8.5	1.6	1.5	10.6	10.0	60.6	60.0	0.0	0.0	0.0	0.0	19.3	20.0	0.0	0.0
Public Employees' Insurance Agency	6.2	6.4	1.2	1.1	7.9	7.5	65.2	65.0	0.0	0.0	0.0	0.0	19.5	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	1.9	2.1	0.4	0.3	2.6	2.5	95.1	95.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Endowment Assets</b>																
Wildlife Fund	19.7	21.3	4.0	3.8	25.3	25.0	30.7	30.0	9.8	10.0	0.5	0.0	9.8	10.0	0.3	0.0
Prepaid Tuition Trust	23.1	25.5	4.8	4.5	31.0	30.0	39.9	40.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.0
Revenue Shortfall Reserve Fund	11.0	25.5	3.4	4.5	26.1	30.0	30.0	20.0	0.0	0.0	0.0	0.0	17.4	20.0	12.1	0.0
Revenue Shortfall Reserve Fund - Part B	17.8	25.5	3.3	4.5	28.8	30.0	29.5	20.0	0.0	0.0	0.0	0.0	17.4	20.0	3.2	0.0

### Statutory Limitations

- Public Equity - 75%
- International Equity - 30%
- Real Estate - 25%
- Private Equity and Hedge Funds - 20% in aggregate

## West Virginia Investment Management Board

### Footnotes

As of October 31, 2009

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PERS Policy is 30% Russell 3000, 30% MSCI ACW ex USA, and 40% Barclays Capital Universal as of 4/1/08. Prior periods, 42% Russell 3000, 18% MSCI ACW ex USA, and 40% Barclays Capital Aggregate.

Total Equity Policy is 50% Russell 3000 and 50% MSCI ACW ex USA as of April 2008. Prior periods were 40% S&P 500, 30% Russell 2500, and 30% MSCI ACW ex USA.

Fixed Income Policy is 100% Barclays Capital Universal as of April 2008. Prior periods were the Barclays Capital Aggregate.

Western Policy Index is 100% Barclays Capital Universal as of April 2008. Prior periods were a custom index.

Returns are net of manager fees. Returns shorter than one year are unannualized.

## DISCLAIMER

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**West Virginia Investment Management Board**

Monthly Performance Report

September 30, 2009

## West Virginia Investment Management Board

Participant Plans Allocation & Performance

As of September 30, 2009

	Asset \$	%	Performance %						
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
<b>WVIMB Fund Assets</b>	<b>10,233,549,133</b>	<b>100.0</b>							
<b>Pension Assets</b>	<b>8,225,775,446</b>	<b>80.4</b>							
Public Employees' Retirement System	3,636,508,678	35.5	3.4	12.8	12.8	6.6	0.2	4.7	5.0
Teachers' Retirement System	3,909,830,490	38.2	3.3	12.3	12.3	5.6	-0.5	4.2	4.7
Teachers' Employers Cont. Collection A/C	23,990,306	0.2	0.0	0.0	0.0	0.6	-	-	-
EMS Retirement System	20,003,698	0.2	3.3	12.6	12.6	6.7	-	-	-
Public Safety Retirement System	402,508,416	3.9	3.4	12.8	12.8	6.4	0.1	4.5	5.0
Judges' Retirement System	98,667,812	1.0	3.4	12.8	12.8	6.4	0.1	4.6	4.9
State Police Retirement System	46,758,082	0.5	3.4	12.7	12.7	6.7	0.3	4.6	4.9
Deputy Sheriffs' Retirement System	87,507,964	0.9	3.4	12.8	12.8	6.6	0.2	4.6	5.0
<b>Insurance Assets</b>	<b>1,440,239,230</b>	<b>14.1</b>							
Workers' Compensation Old Fund	727,492,487	7.1	2.6	9.6	9.6	7.9	2.0	-	-
Workers' Comp. Self-Insured Guaranty Risk Pool	7,179,690	0.1	0.0	0.0	0.0	0.5	3.1	-	-
Workers' Comp. Uninsured Employers Fund	8,694,447	0.1	0.0	0.0	0.0	0.5	3.1	-	-
Pnuemoconiosis	241,217,131	2.4	2.4	8.7	8.7	8.8	2.3	-	-
Board of Risk & Insurance Mgmt.	114,938,149	1.1	2.5	9.0	9.0	13.8	3.7	-	-
Public Employees' Insurance Agency	124,777,073	1.2	2.4	8.4	8.4	10.1	2.9	-	-
WV Retiree Health Benefit Trust Fund	215,940,253	2.1	2.2	7.7	7.7	15.3	-	-	-
<b>Endowment Assets</b>	<b>567,534,457</b>	<b>5.5</b>							
Wildlife Fund	35,076,711	0.3	3.4	12.8	12.8	7.0	0.2	4.6	5.7
Prepaid Tuition Trust	79,809,886	0.8	3.8	14.4	14.4	11.3	1.7	5.5	5.8
Revenue Shortfall Reserve Fund	184,814,517	1.8	3.3	12.9	12.9	4.8	-0.4	-	-
Revenue Shortfall Reserve Fund - Part B	267,833,343	2.6	3.3	12.6	12.6	4.3	-0.7	-	-



## West Virginia Investment Management Board

Composite Asset Allocation & Performance Net of Fees

As of September 30, 2009

	Asset \$	%	Performance %						
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
<b>Investment Pools Composite</b>	10,237,093,113	100.00							
<b>Total Equity Composite</b>	4,902,720,382	47.89	4.61	18.90	18.90	3.58	-2.69	4.60	4.03
<i>Total Equity Policy Index</i>			4.67	18.03	18.03	-0.05	-3.97	3.70	2.94
<b>Excess Return</b>			-0.06	0.87	0.87	3.63	1.28	0.90	1.09
<b>US Equity Composite</b>	2,268,153,250	22.16	3.84	15.67	15.67	-7.78	-5.53	1.57	2.33
<i>Russell 3000 Index</i>			4.19	16.31	16.31	-6.42	-5.06	1.56	0.73
<b>Excess Return</b>			-0.35	-0.64	-0.64	-1.36	-0.47	0.01	1.60
<b>Large Cap Composite</b>	1,876,242,323	18.33	3.28	15.16	15.16	-7.80	-5.79	0.97	-0.26
<i>S&amp;P 500</i>			3.73	15.61	15.61	-6.91	-5.43	1.02	-0.15
<b>Excess Return</b>			-0.45	-0.45	-0.45	-0.89	-0.36	-0.05	-0.11
<b>Non-Large Cap Composite</b>	391,910,927	3.83	6.60	18.13	18.13	-7.45	-4.69	2.73	6.80
<i>Russell 2500 Index</i>			5.80	20.06	20.06	-5.68	-3.78	3.29	6.28
<b>Excess Return</b>			0.80	-1.93	-1.93	-1.77	-0.91	-0.56	0.52
<b>International Equity Composite</b>	2,634,567,133	25.74	5.28	21.97	21.97	15.94	1.46	9.63	6.88
<i>MSCI AC World ex USA</i>			5.16	19.77	19.77	6.43	-0.78	8.59	4.46
<b>Excess Return</b>			0.12	2.20	2.20	9.51	2.24	1.04	2.42
<b>Fixed Income Composite</b>	2,940,146,235	28.72	2.37	7.85	7.85	13.47	4.55	4.52	6.67
<i>Fixed Income Policy</i>			1.36	4.48	4.48	10.91	6.36	5.10	6.28
<b>Excess Return</b>			1.01	3.37	3.37	2.56	-1.81	-0.58	0.39
<b>TRS Annuity</b>	201,134,590	1.96	0.36	1.12	1.12				
<b>Cash Composite</b>	201,839,343	1.97	0.01	0.05	0.05	0.63	3.12	3.36	3.26
<i>Citigroup 90 Day T-Bill + 15bps</i>			0.02	0.07	0.07	0.53	2.79	3.12	3.18
<b>Excess Return</b>			-0.01	-0.02	-0.02	0.10	0.33	0.24	0.08
<b>Private Equity Composite</b>	783,796,866	7.66	1.82	5.56	5.56	-9.75			
<b>Real Estate Composite</b>	38,275,262	0.37	1.31	2.19	2.19	-6.99			
<b>Hedge Funds Composite</b>	1,169,180,434	11.42	1.63	5.05	5.05	6.42			

## West Virginia Investment Management Board

Participant Plans Allocation vs. Targets

As of September 30, 2009

	Large Cap		Non-Large Cap		Int'l Equity		Fixed Income		Private Equity		Real Estate		Hedge Funds		Cash	
	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %
<b>Pension Assets</b>																
Public Employees' Retirement System	19.6	21.3	4.2	3.8	27.8	25.0	27.5	30.0	9.5	10.0	0.5	0.0	10.5	10.0	0.4	0.0
Teachers' Retirement System	19.7	21.3	4.2	3.8	27.6	25.0	27.3	30.0	9.5	10.0	0.4	0.0	10.5	10.0	0.8	0.0
Teachers' Employers Cont. Collection A/C	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0
EMS Retirement System	20.8	21.3	4.0	3.8	25.9	25.0	27.9	30.0	9.6	10.0	0.4	0.0	9.5	10.0	1.9	0.0
Public Safety Retirement System	20.8	21.3	4.1	3.8	27.4	25.0	27.9	30.0	9.8	10.0	0.5	0.0	9.4	10.0	0.0	0.0
Judges' Retirement System	20.9	21.3	4.1	3.8	27.2	25.0	27.9	30.0	9.8	10.0	0.5	0.0	9.4	10.0	0.2	0.0
State Police Retirement System	20.9	21.3	4.1	3.8	26.3	25.0	27.8	30.0	9.6	10.0	0.5	0.0	9.6	10.0	1.2	0.0
Deputy Sheriffs' Retirement System	21.1	21.3	4.1	3.8	26.9	25.0	27.9	30.0	9.7	10.0	0.5	0.0	9.3	10.0	0.5	0.0
<b>Insurance Assets</b>																
Workers' Compensation Old Fund	11.9	12.8	2.5	2.3	17.2	15.0	39.5	40.0	0.0	0.0	0.0	0.0	19.3	20.0	9.5	10.0
Workers' Comp. Self-Insured Guaranty Risk Pool	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0
Workers' Comp. Uninsured Employers Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0
Pneumoconiosis	8.6	8.5	1.7	1.5	11.5	10.0	54.2	55.0	0.0	0.0	0.0	0.0	19.5	20.0	4.5	5.0
Board of Risk & Insurance Mgmt.	8.5	8.5	1.7	1.5	11.2	10.0	59.4	60.0	0.0	0.0	0.0	0.0	19.2	20.0	0.0	0.0
Public Employees' Insurance Agency	6.5	6.4	1.3	1.1	8.5	7.5	64.4	65.0	0.0	0.0	0.0	0.0	19.4	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	2.0	2.1	0.4	0.3	2.8	2.5	94.7	95.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Endowment Assets</b>																
Wildlife Fund	21.1	21.3	4.1	3.8	26.5	25.0	28.3	30.0	9.7	10.0	0.5	0.0	9.7	10.0	0.2	0.0
Prepaid Tuition Trust	23.7	25.5	4.9	4.5	33.3	30.0	36.8	40.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.0
Revenue Shortfall Reserve Fund	23.4	25.5	3.6	4.5	32.4	30.0	14.2	20.0	0.0	0.0	0.0	0.0	17.2	20.0	9.1	0.0
Revenue Shortfall Reserve Fund - Part B	22.5	25.5	3.5	4.5	31.7	30.0	19.4	20.0	0.0	0.0	0.0	0.0	17.2	20.0	5.7	0.0

### Statutory Limitations

- Public Equity - 75%
- International Equity - 30%
- Real Estate - 25%
- Private Equity and Hedge Funds - 20% in aggregate

## West Virginia Investment Management Board

### Footnotes

As of September 30, 2009

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PERS Policy is 30% Russell 3000, 30% MSCI ACW ex USA, and 40% Barclays Capital Universal as of 4/1/08. Prior periods, 42% Russell 3000, 18% MSCI ACW ex USA, and 40% Barclays Capital Aggregate.

Total Equity Policy is 50% Russell 3000 and 50% MSCI ACW ex USA as of April 2008. Prior periods were 40% S&P 500, 30% Russell 2500, and 30% MSCI ACW ex USA.

Fixed Income Policy is 100% Barclays Capital Universal as of April 2008. Prior periods were the Barclays Capital Aggregate.

Western Policy Index is 100% Barclays Capital Universal as of April 2008. Prior periods were a custom index.

Returns are net of manager fees. Returns shorter than one year are unannualized.

## DISCLAIMER

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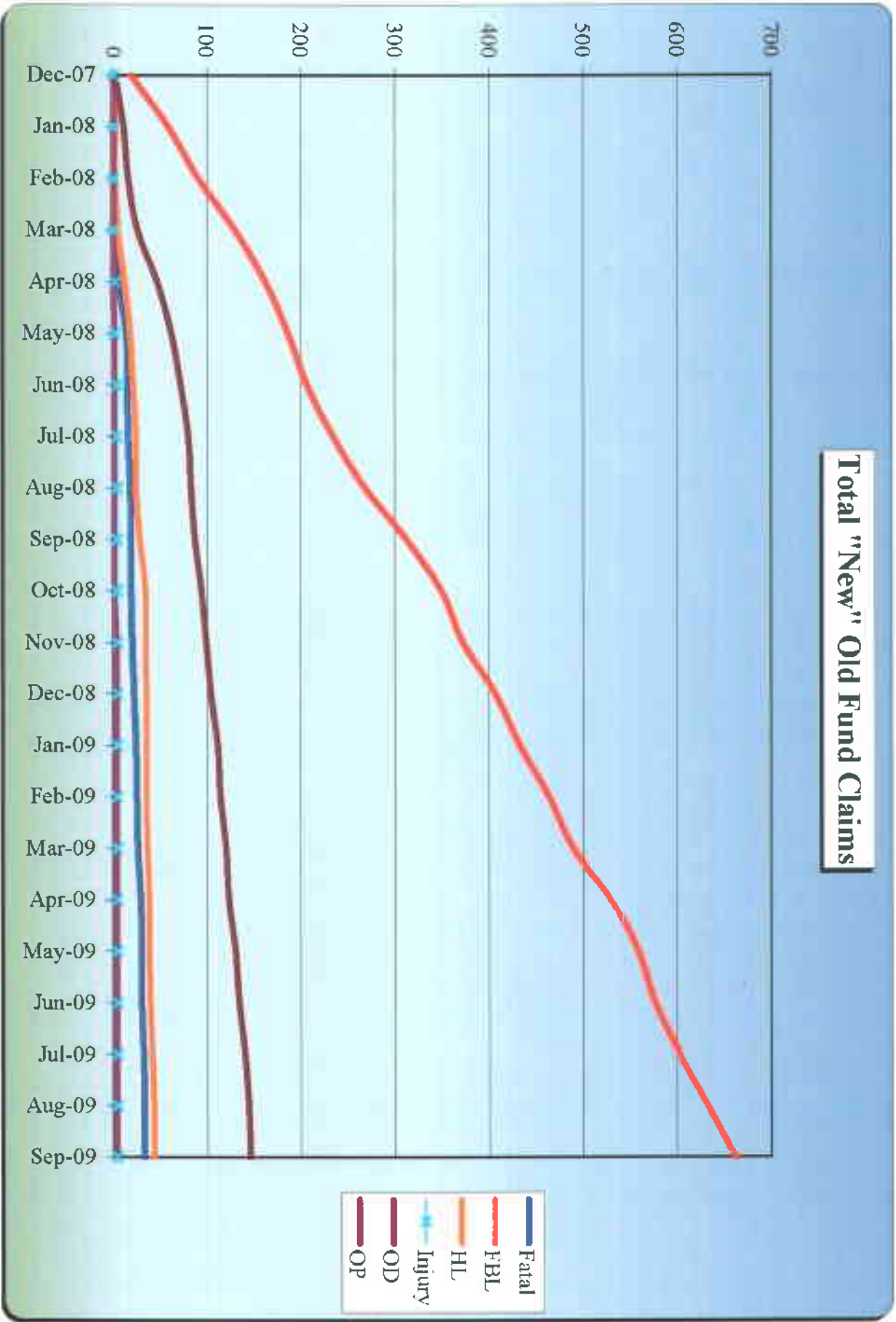
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# Status Report Workers' Compensation

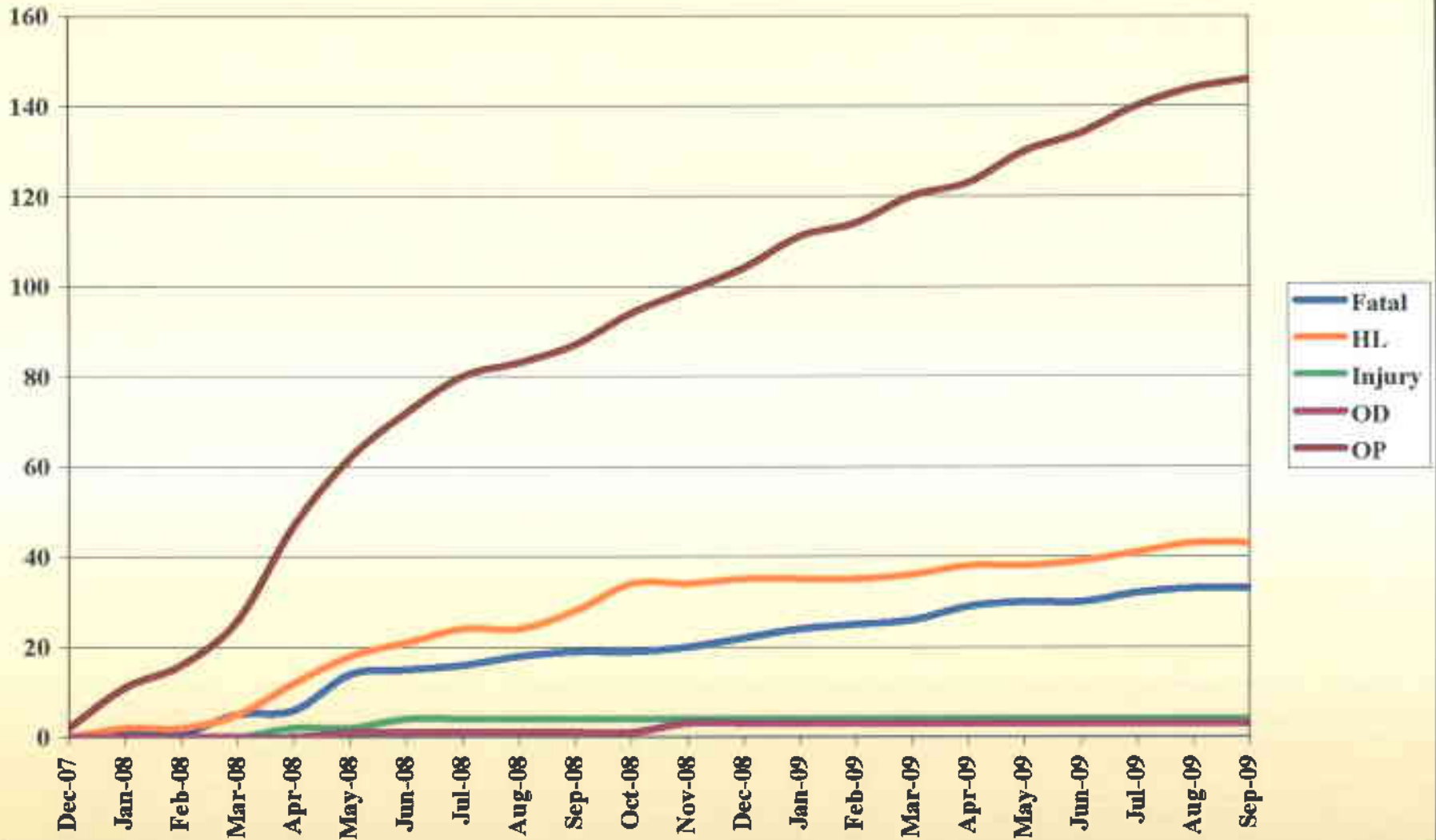
Joint Committee on  
Government & Finance

11/10/09

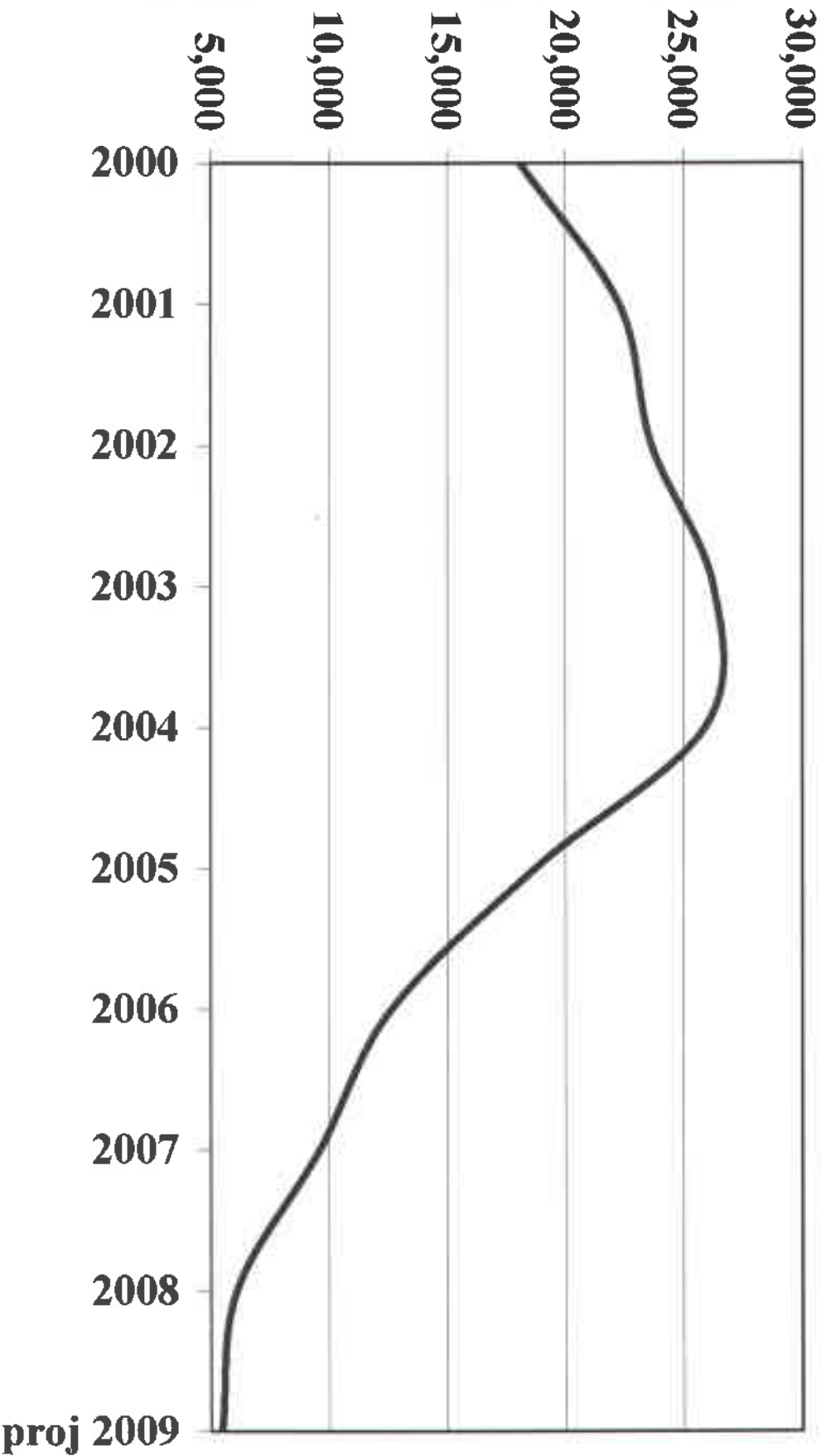
**Total "New" Old Fund Claims**



### New Non-FBL Claims

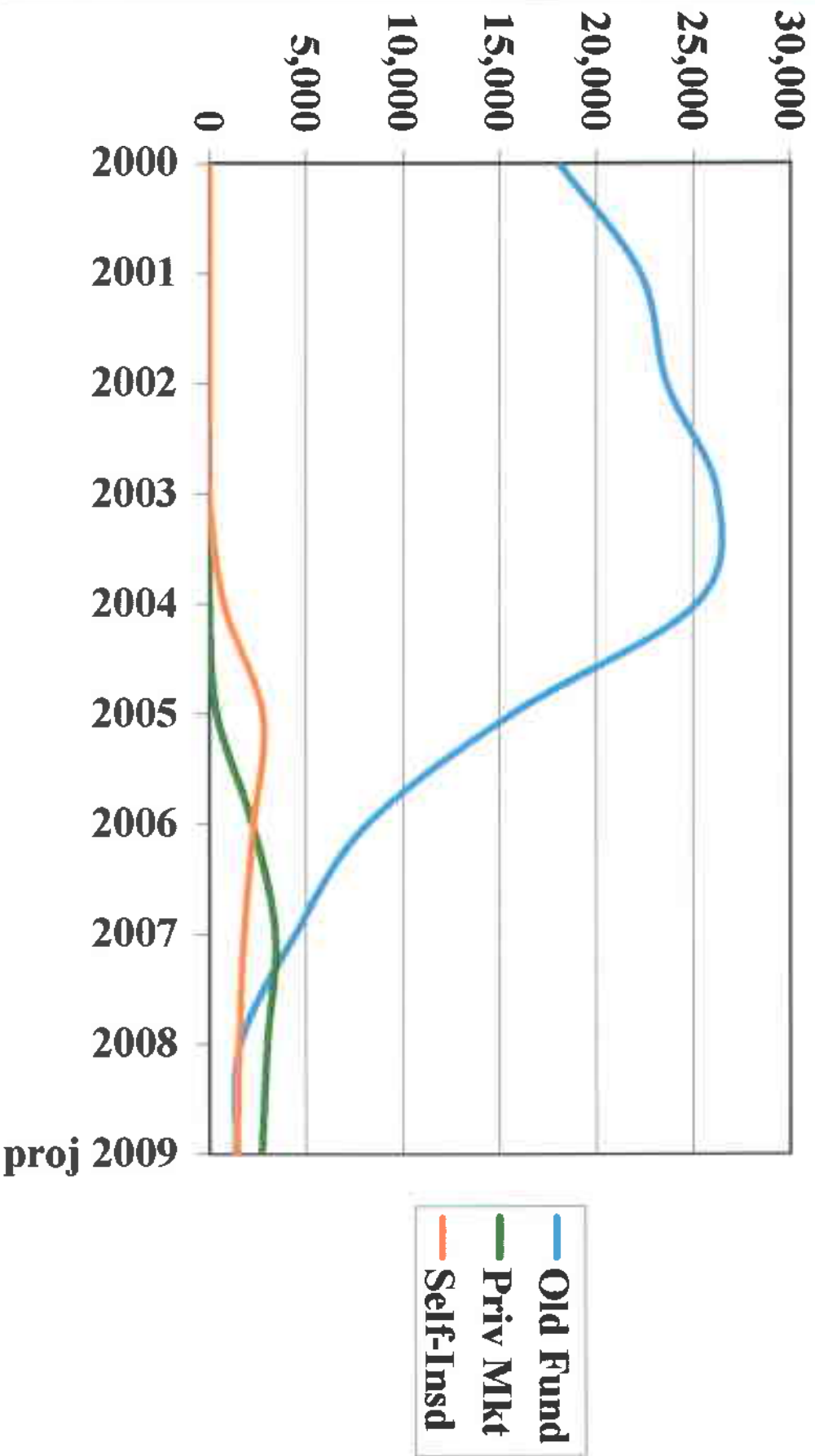


# Total WC Protests with the OoJ

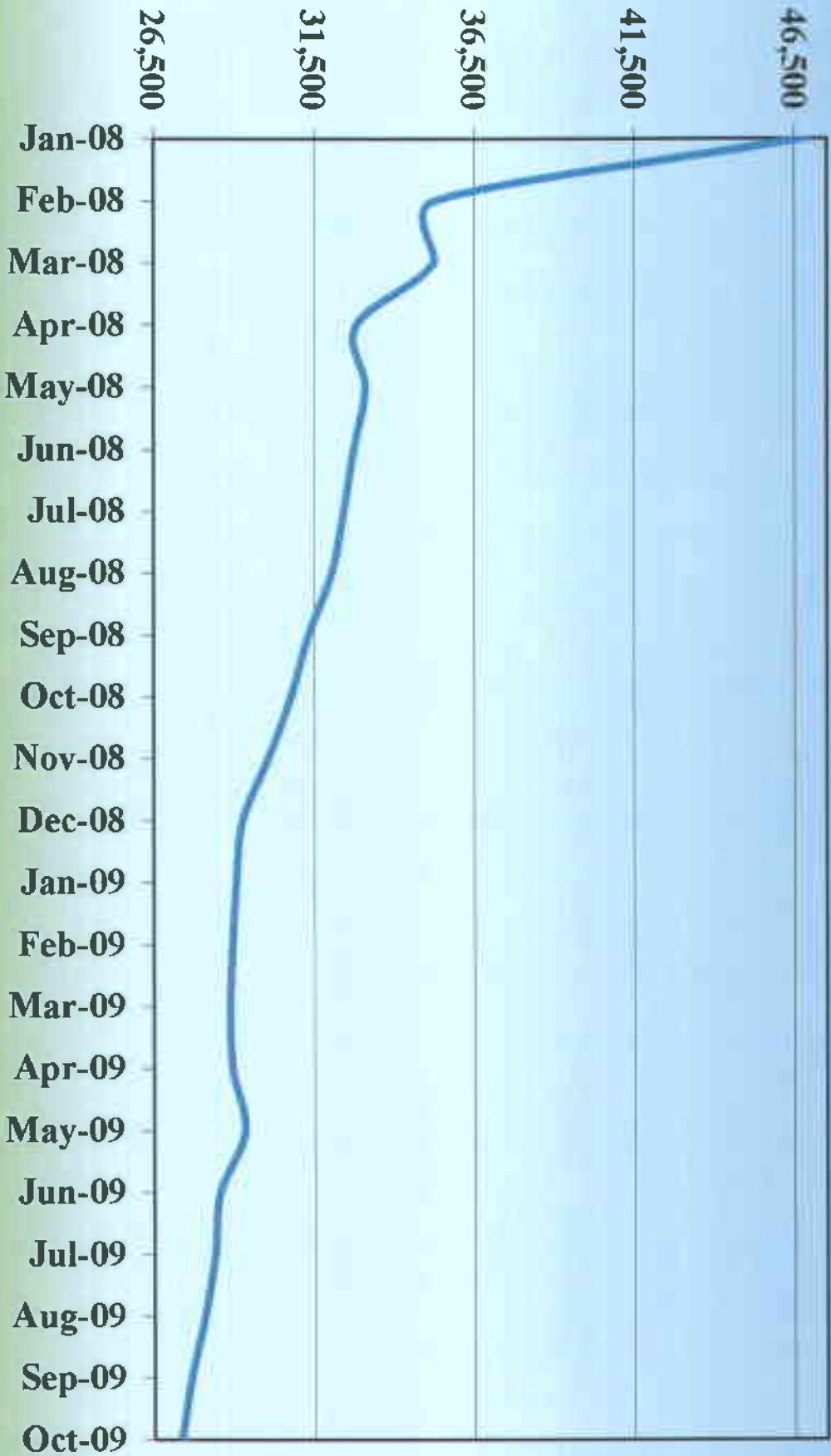




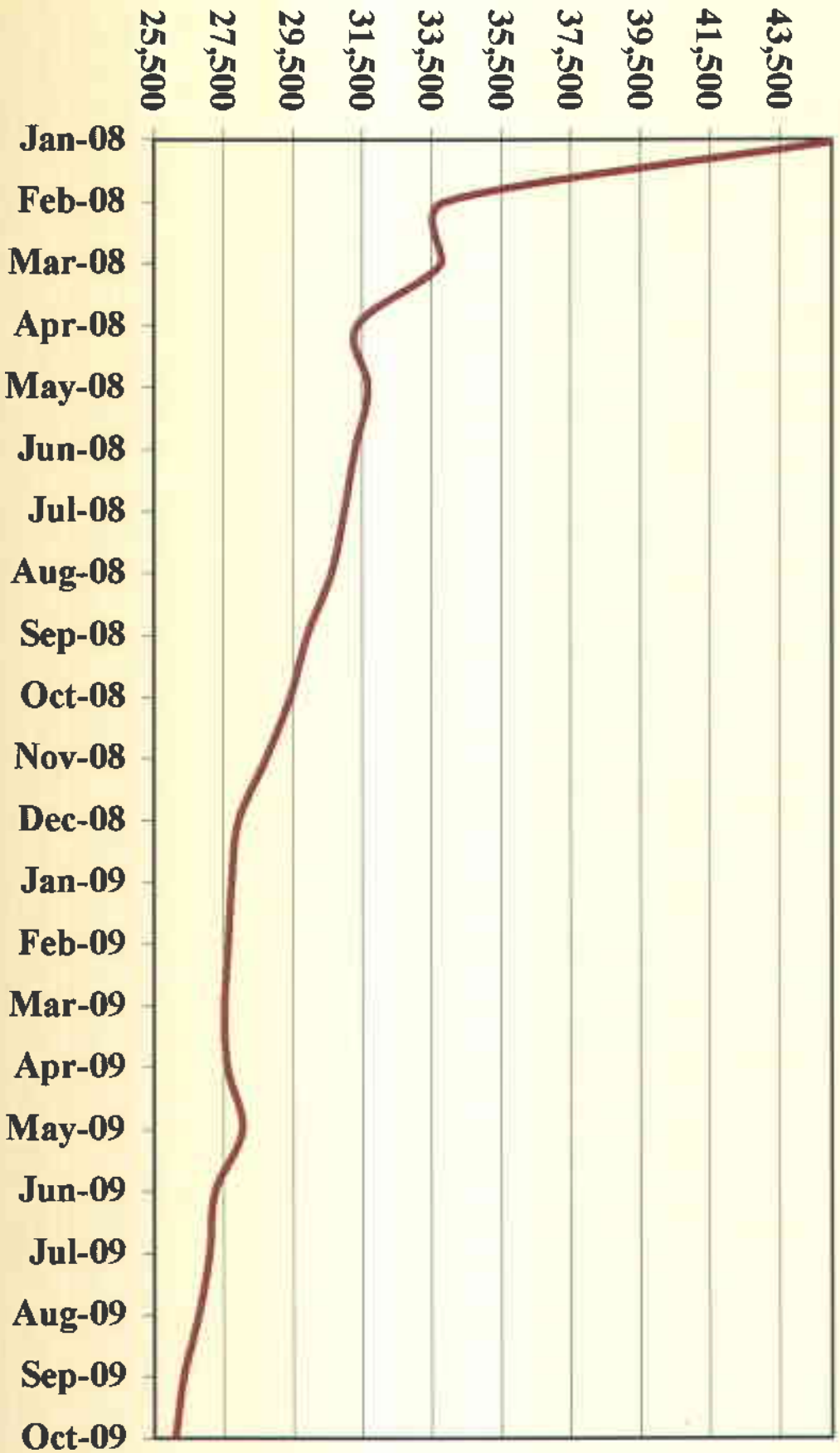
# WC Protests with the OoJ



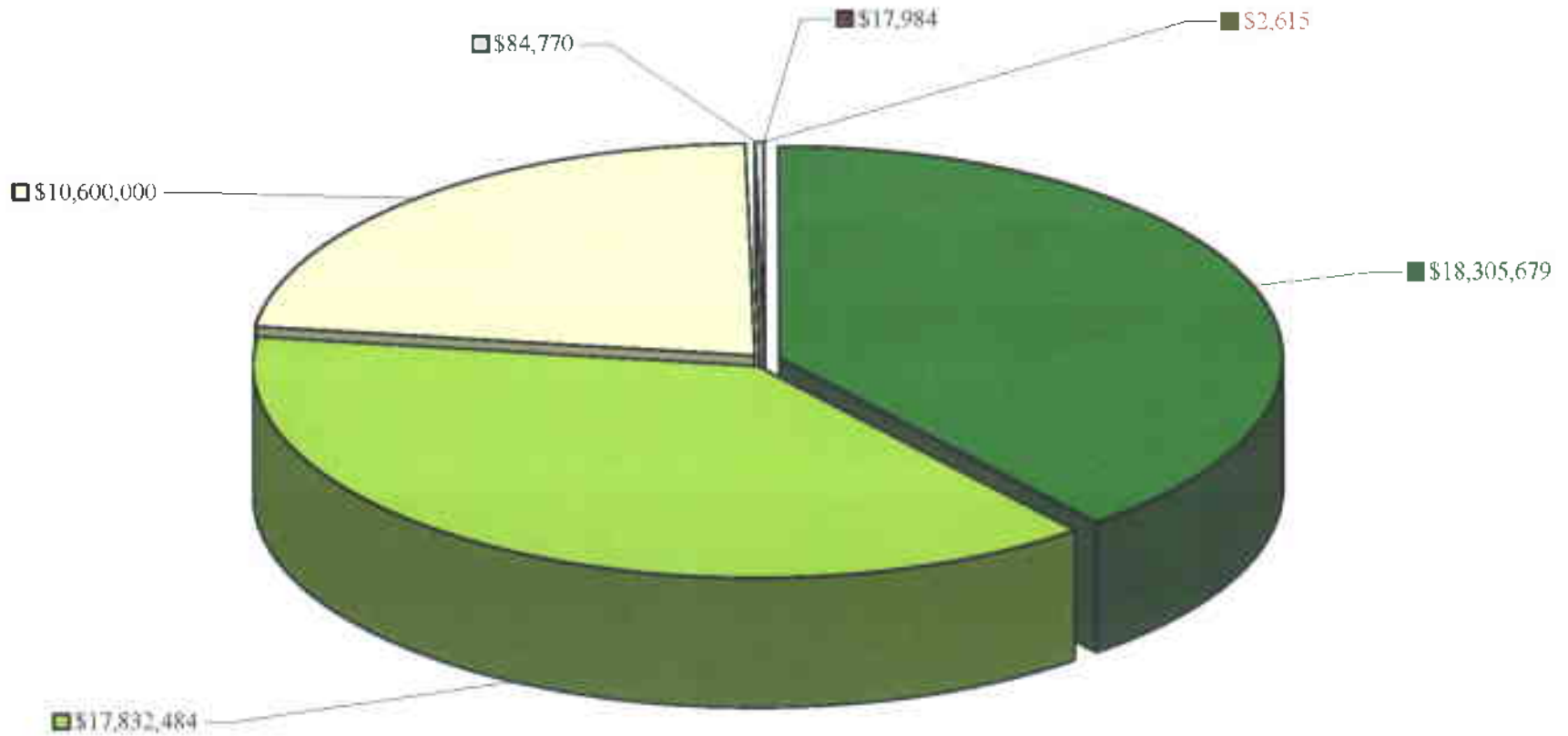
**Total Active Claim counts**



Non-FBL Active Claim counts

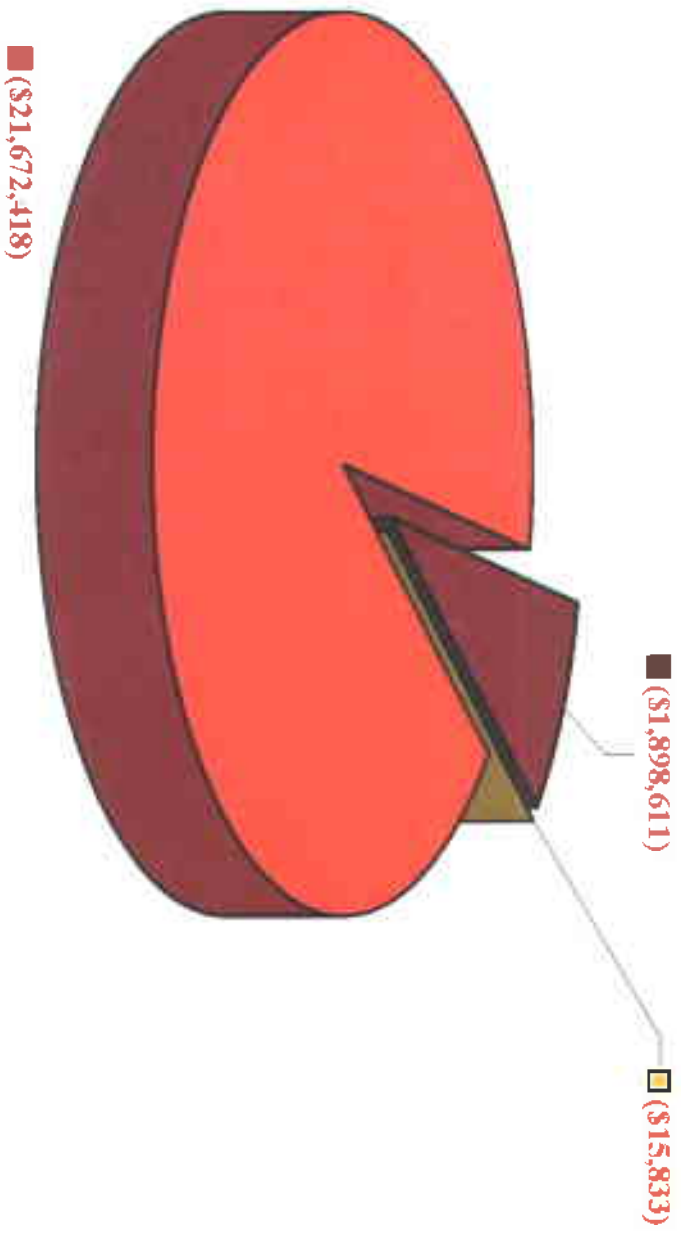


### Old Fund Revenue-October 2009



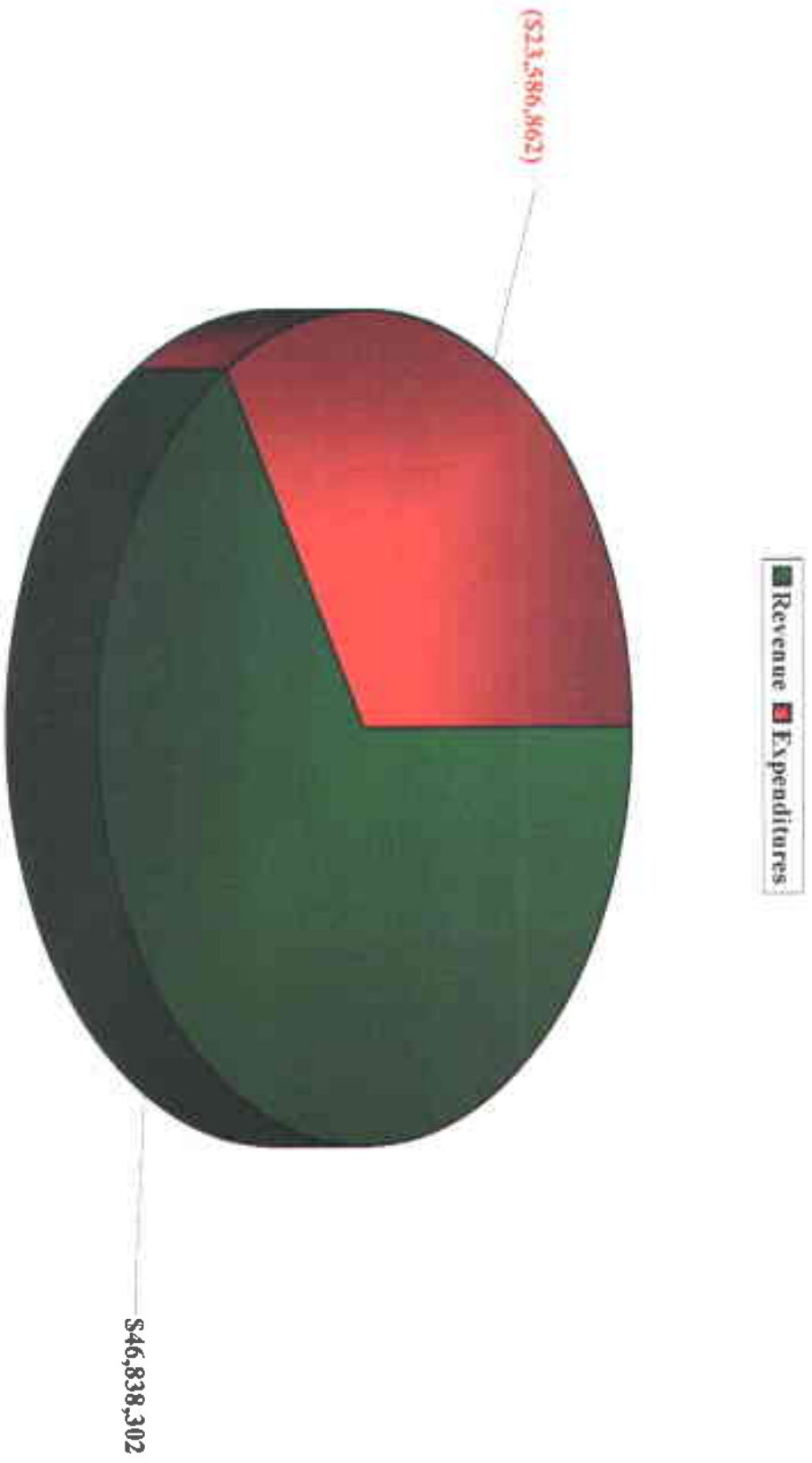
- |                        |                     |                              |
|------------------------|---------------------|------------------------------|
| Investment Earnings    | Statutory Transfers | Personal Income Tax          |
| Other Collections/Fees | Premium Repayments  | Revenue Refunds to Employers |

Old Fund Expenditures-October 2009

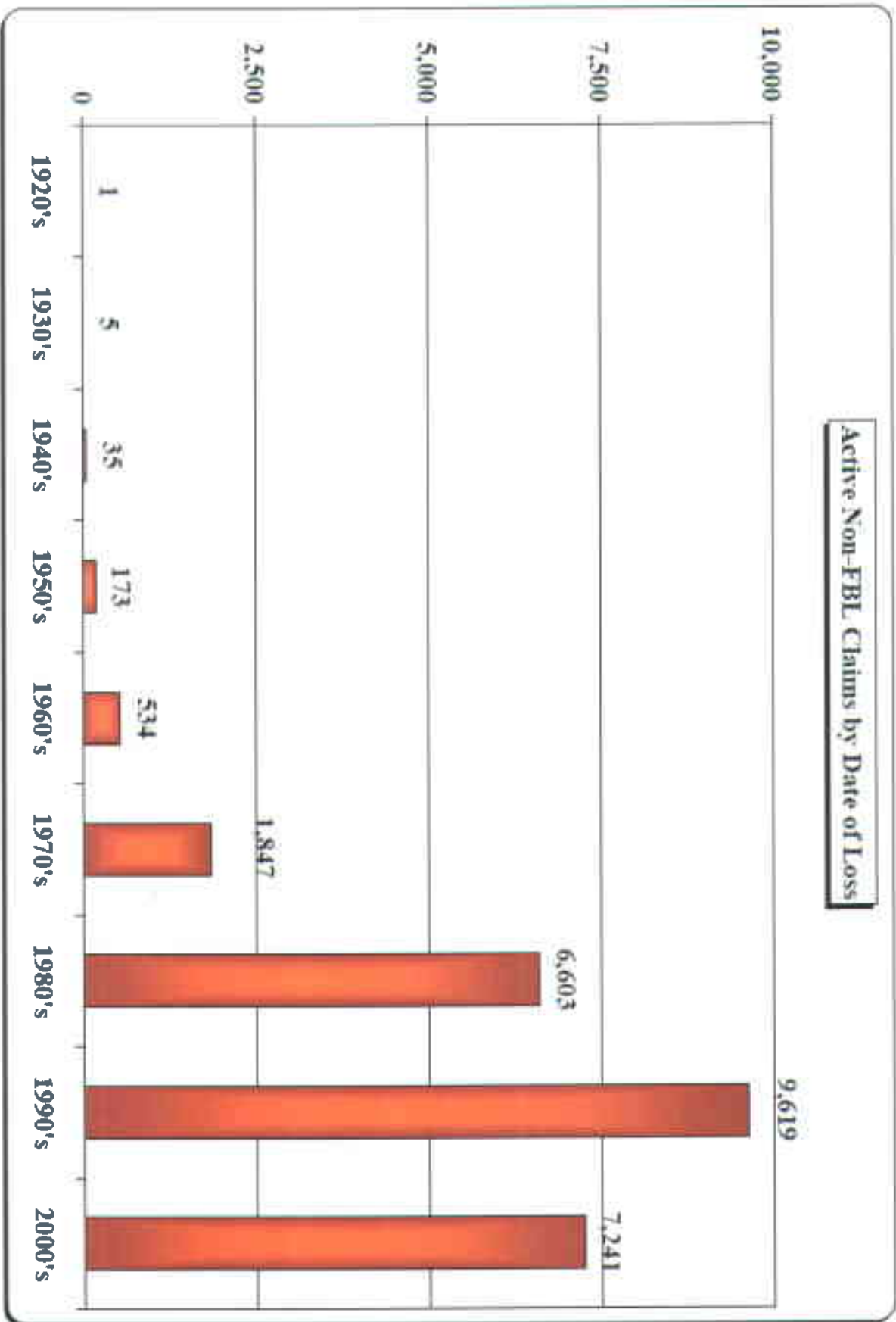


■ Payment of Claims ■ TPA Services ■ Public Employees Insurance

### Total Revenue versus Expenditures-October 2009



Active Non-FBL Claims by Date of Loss



**OLD FUND / DEBT REDUCTION**  
**FY2010 - FY2009**  
**COMPARISON**  
**October FY2010**

**YEAR TO DATE**

	FY2010	FY2009	Change	FY2009 Annual
<b>Revenues</b>				
Personal Income Tax	10,600,000	10,600,000	-	95,400,000
Severance Tax	26,985,985	33,622,327	(6,636,342)	126,672,963
Debt Reduction Surcharge	18,689,968	18,513,558	176,400	40,115,329
Self-Insured Debt Reduction Surcharge	2,435,429	3,014,668	(579,238)	6,568,235
Video Lottery	11,000,000	11,000,000	-	11,000,000
Employer Premium	841,068	1,497,879	(856,821)	2,945,070
Other Income - Return of Unclaimed Property	31,194	14,898	16,296	39,392
<b>Total Revenues</b>	<b>70,383,624</b>	<b>78,263,330</b>	<b>(7,879,706)</b>	<b>281,740,989</b>
Surplus Note Principal Payments	43,500,000	60,000,000	(16,500,000)	145,000,000
Investment / Interest Earnings (Losses)	70,515,933	(79,040,054)	149,555,986	(94,861,549)
<b>Expenditures</b>				
Public Employees Insurance	23,770	40,396	(16,626)	105,117
Payment of Claims	86,925,892	86,105,046	820,846	251,860,952
Contractual/Professional	6,964,087	6,504,181	459,926	20,185,266
<b>Total Expenditures</b>	<b>93,913,749</b>	<b>92,649,603</b>	<b>1,264,146</b>	<b>272,151,333</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>90,486,808</b>	<b>(31,479,976)</b>	<b>123,912,135</b>	<b>59,728,107</b>
Cash Beginning Balances	795,869,972	734,195,514	61,674,458	734,195,513
<b>Cash Ending Balances</b>	<b>886,355,780</b>	<b>704,661,889</b>	<b>181,693,892</b>	<b>796,869,970</b>



**OLD FUND / DEBT REDUCTION****Quarterly Summary****October FY2010**

	1st Quarter	2nd Quarter	Y-T-D FY2010	Y-T-D FY2009	Change
<b>Revenues</b>					
Personal Income Tax	-	10,600,000	10,600,000	10,600,000	-
Severance Tax	19,556,893	7,429,092	26,985,985	33,622,327	(6,636,342)
Debt Reduction Surcharge	7,949,567	10,740,391	18,689,958	18,513,558	176,400
Self-Insured Debt Reduction Surcharge	1,335,879	1,099,550	2,435,429	3,014,668	(579,238)
Video Lottery	11,000,000	-	11,000,000	11,000,000	-
Employer Premium	572,113	68,945	641,068	1,497,879	(856,821)
Other Income - Return of Unclaimed Property	-	31,194	31,194	14,898	16,296
<b>Total Revenues</b>	<b>40,414,452</b>	<b>29,969,172</b>	<b>70,383,624</b>	<b>78,263,330</b>	<b>(7,879,706)</b>
Surplus Note Principal Payments	43,500,000		43,500,000	60,000,000	(16,500,000)
Investment / Interest Earnings (Losses)	52,210,263	18,306,679	70,515,933	(79,040,064)	149,565,986
<b>Expenditures</b>					
Public Employees Insurance	7,937	15,833	23,770	40,396	(16,626)
Payment of Claims	65,253,474	21,672,418	86,925,892	86,105,046	820,846
Contractual/Professional	5,065,476	1,898,611	6,964,087	6,504,161	459,926
<b>Total Expenditures</b>	<b>70,326,887</b>	<b>23,586,862</b>	<b>93,913,749</b>	<b>92,649,603</b>	<b>1,264,146</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>65,797,818</b>	<b>24,687,990</b>	<b>90,485,808</b>	<b>(31,479,976)</b>	<b>123,912,135</b>
Cash Beginning Balances	795,869,972	861,667,790	795,869,972		
<b>Cash Ending Balances</b>	<b>861,667,790</b>	<b>886,355,780</b>	<b>886,355,780</b>		

**WEST VIRGINIA  
OFFICES OF THE INSURANCE COMMISSIONER  
SCHEDULE OF NET ASSETS  
Workers' Compensation Old Fund - Debt Reduction**

(In Thousands)  
October, FY2010

	June 30, 2009	October 31, 2009	Change
<b>Assets:</b>			
Cash and Cash Equivalents	795,870	886,356	90,486
Receivables, Net:	24,256	24,256	0
Surplus Note	17,759	-	(17,759)
Total Assets	<u>837,885</u>	<u>910,612</u>	<u>72,727</u>
<b>Liabilities:</b>			
Estimated Liability for Unpaid Claims and Claim Adjustment Expense	2,269,918	2,216,475	(53,443)
Other Liabilities	490	490	0
Total Liabilities	<u>2,270,408</u>	<u>2,216,965</u>	<u>(53,443)</u>
<b>Net Assets:</b>			
Unrestricted	<u>(1,432,523)</u>	<u>(1,306,353)</u>	126,170
Total Net Assets	<u><u>(1,432,523)</u></u>	<u><u>(1,306,353)</u></u>	<u>126,170</u>

\*Debt Reduction estimates are updated on a monthly basis. See note on "Old Fund Liability Estimate" sheet.

**OLD FUND LIABILITY ESTIMATE**

(excluding LAE)  
(discounted)  
October FY2010

	<b>FY2010</b>	<b>October</b>
<b>Beginning Reserve Amount</b>		2,232,119,547
<b>Claim Payments</b>		24,687,990
<b>Estimated Ending Reserve Amount</b>		2,216,475,248

**Note:**

The interim estimate of the Old Fund liabilities is derived using a formula that reduces the reserve amount at the beginning of each month by the amount of claims payments made during the month.

The formula makes an adjustment for the time value of money, assuming that claim payments are evenly distributed through the month. The estimate is updated monthly.

## WORKERS' COMPENSATION OLD FUND BALANCES

### Cash Basis

#### October 2009 Report

	Calendar Year 2006	Calendar Year 2007	Calendar Year 2008	Calendar Year 2009 January 1 - October 31
<b>Revenue</b>				
Statutory Transfers*	\$ 266,613,362	\$ 261,975,877	\$ 287,088,650	\$ 369,357,817
Collections	8,316,798	1,041,116	3,265,870	1,237,804
Investment Income	50,201,028	40,659,223	(168,342,828)	140,279,163
<b>Total Revenue</b>	<b>\$ 325,131,186</b>	<b>\$ 303,676,215</b>	<b>\$ 122,011,692</b>	<b>\$ 510,874,784</b>
<b>Expenditures</b>				
Claim Payments	\$ (355,245,366)	\$ (284,445,313)	\$ (249,839,063)	\$ (211,426,384)
Administrative/Other Expense	\$ (21,630,179)	\$ (24,710,582)	\$ (23,576,238)	\$ (17,137,699)
<b>Total Expenditures</b>	<b>\$ (376,875,545)</b>	<b>\$ (309,155,895)</b>	<b>\$ (273,415,301)</b>	<b>\$ (228,564,082)</b>
* Workers' Compensation Commission Initial fund transfer January 2006	711,094,830			
* Payments on Surplus Note		8,841,297	102,782,602	130,593,151
<b>Invested Balance with WVIMB at year end</b>	<b>647,444,812</b>	<b>635,908,034</b>	<b>591,375,200</b>	<b>744,695,488</b>
<b>Invested Balance with BTI at year end</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126,165,376</b>

**WORKERS' COMPENSATION OLD FUND BENEFIT PAYMENTS**  
**Average Monthly Payments**

**October 2009 Report**

	<b>7/1/07 : 6/30/08</b>	<b>7/1/08 : 6/30/09</b>	<b>7/1/09 : 6/30/10</b>
<b>Claims benefits paid:</b>	Previous 12 month period.	Current 12 month period.	Current 12 month period.
Medical	4,216,466.10	4,296,649.61	4,616,864.77
Permanent Total Disability	12,705,096.33	12,512,742.53	12,410,702.13
Permanent Partial Disability	1,251,457.90	680,987.68	484,507.13
Temporary Total Disability	274,448.93	169,475.85	153,527.98
Settlement Agreements	371,246.66	268,303.45	1,121,903.70
Fatals	2,831,376.60	2,711,468.71	2,673,038.37
104 weeks	435,527.13	551,281.78	497,058.04
<b>Total</b>	<b>22,085,619.64</b>	<b>21,190,909.62</b>	<b>21,957,602.11</b>
Claims credits and overpayments	(369,925.10)	(217,740.97)	(226,129.16)
<b>Total claims paid</b>	<b>21,715,694.54</b>	<b>20,973,168.65</b>	<b>21,731,472.95</b>

**COAL WORKERS PNEUMOCONIOSIS FUND**  
**Quarterly Summary**  
**October FY2010**

	1st Quarter	2nd Quarter	YTD FY 2010	YTD FY 2009	Change
<b>Revenues</b>					
Investment Earnings (Losses)	16,196,622	5,706,340	21,902,962	(25,086,464)	48,989,426
<b>Total Revenues</b>	<b>16,196,622</b>	<b>5,706,340</b>	<b>21,902,962</b>	<b>(25,086,464)</b>	<b>48,989,426</b>
<b>Expenditures</b>					
Payment of Claims	2,468,123	906,295	3,374,418	4,231,109	(856,891)
Contractual / Professional	15,011	20,036	35,046	-	35,046
<b>Total Expenditures</b>	<b>2,483,133</b>	<b>926,331</b>	<b>3,409,464</b>	<b>4,231,109</b>	<b>(821,645)</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>13,713,489</b>	<b>4,780,009</b>	<b>18,493,498</b>	<b>(29,317,573)</b>	<b>47,811,071</b>
Cash Beginning Balances	221,866,212	-	221,866,212		
<b>Cash Ending Balances</b>	<b>235,579,701</b>	<b>4,780,009</b>	<b>240,359,710</b>		

**SELF-INSURED FUND**  
**Quarterly Summary**  
**October FY2010**

	1st Quarter	2nd Quarter	YTD FY 2010	YTD FY 2009	Change
<b>Revenues</b>					
Guaranty Risk Pool Assessments	281,149	418,011	699,161	778,741	(79,580)
Investment Earnings (Losses)	3,510	956	4,466	39,641	(35,176)
<b>Total Revenues</b>	<b>284,660</b>	<b>418,967</b>	<b>703,626</b>	<b>818,382</b>	<b>(114,756)</b>
<b>Expenditures</b>					
Payment of Claims	6,352	1,692	8,044	22,869	(14,825)
Contractual / Professional	5,672	13,458	19,131	-	19,131
<b>Total Expenditures</b>	<b>12,025</b>	<b>15,150</b>	<b>27,175</b>	<b>22,869</b>	<b>(14,825)</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>272,635</b>	<b>403,817</b>	<b>676,452</b>	<b>795,513</b>	<b>(99,931)</b>
<b>Cash Beginning Balances</b>	<b>6,969,308</b>	<b>7,241,943</b>	<b>6,969,308</b>		
<b>Cash Ending Balances</b>	<b>7,241,943</b>	<b>7,645,760</b>	<b>7,645,760</b>		

**UNINSURED FUND**  
**Quarterly Summary**  
**October FY2010**

	1st Quarter	2nd Quarter	YTD FY 2010	YTD FY 2009	Change
<b>Revenues</b>					
Fines and Penalties	253,742	69,002	322,745	370,416	(47,672)
Investment Earnings (Losses)	4,325	1,153	5,478	61,053	(55,576)
<b>Total Revenues</b>	<b>258,068</b>	<b>70,155</b>	<b>328,223</b>	<b>431,470</b>	<b>(103,247)</b>
<b>Expenditures</b>					
Payment of Claims	93,185	53,112	146,297	319,778	(173,480)
Contractual/Professional	3,137	5,031	8,168	-	8,168
<b>Total Expenditures</b>	<b>96,322</b>	<b>58,143</b>	<b>154,465</b>	<b>319,778</b>	<b>(173,480)</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>161,745</b>	<b>12,012</b>	<b>173,757</b>	<b>111,692</b>	<b>70,233</b>
Cash Beginning Balances	8,588,268	-	8,588,268		
<b>Cash Ending Balances</b>	<b>8,750,014</b>	<b>12,012</b>	<b>8,762,026</b>		



# OFFICE OF JUDGES' REPORT TO INDUSTRIAL COUNCIL

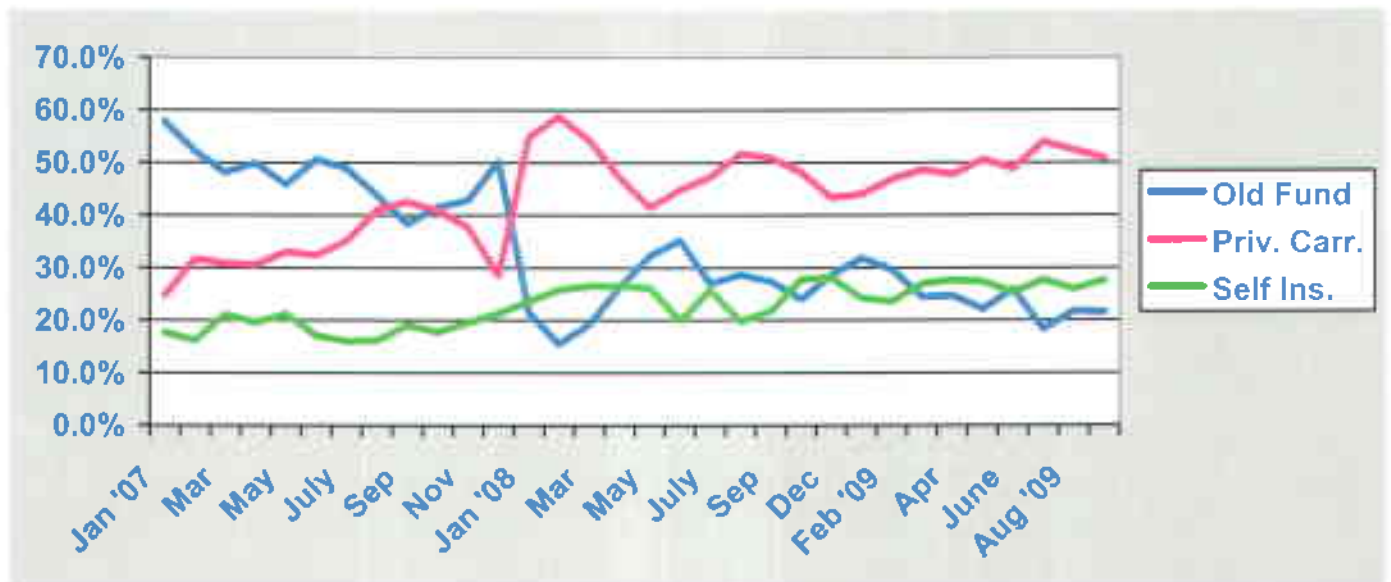
October 15, 2009

## I. Statistical Analysis

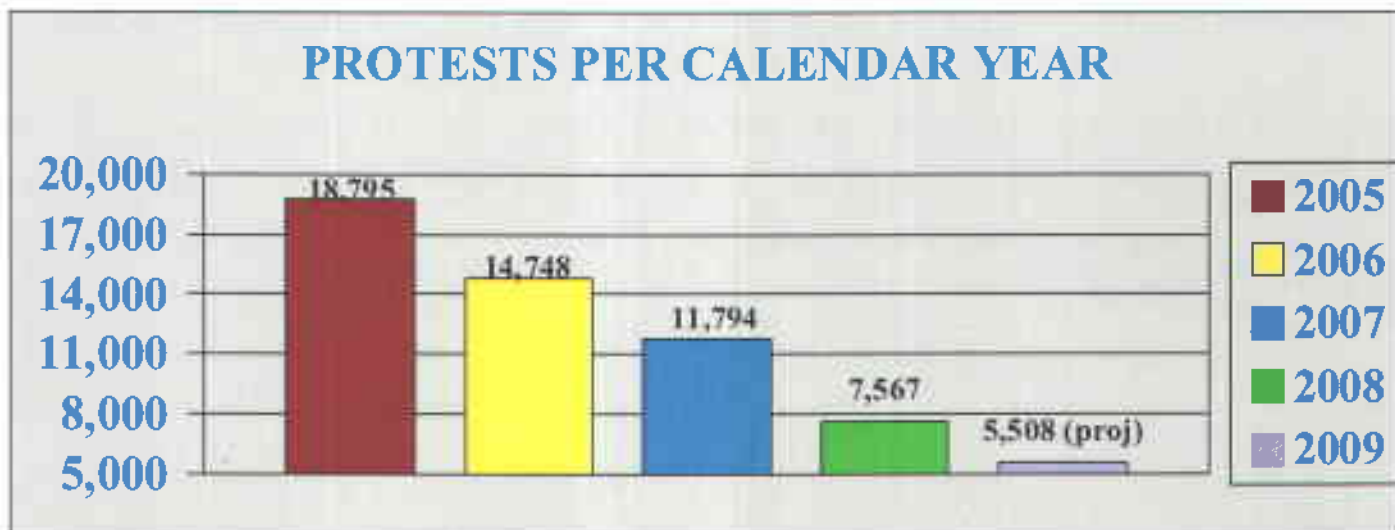
A. Protests Acknowledged: 2008  
7567 Sept.  
458 2009  
4886

### Fund Involved:

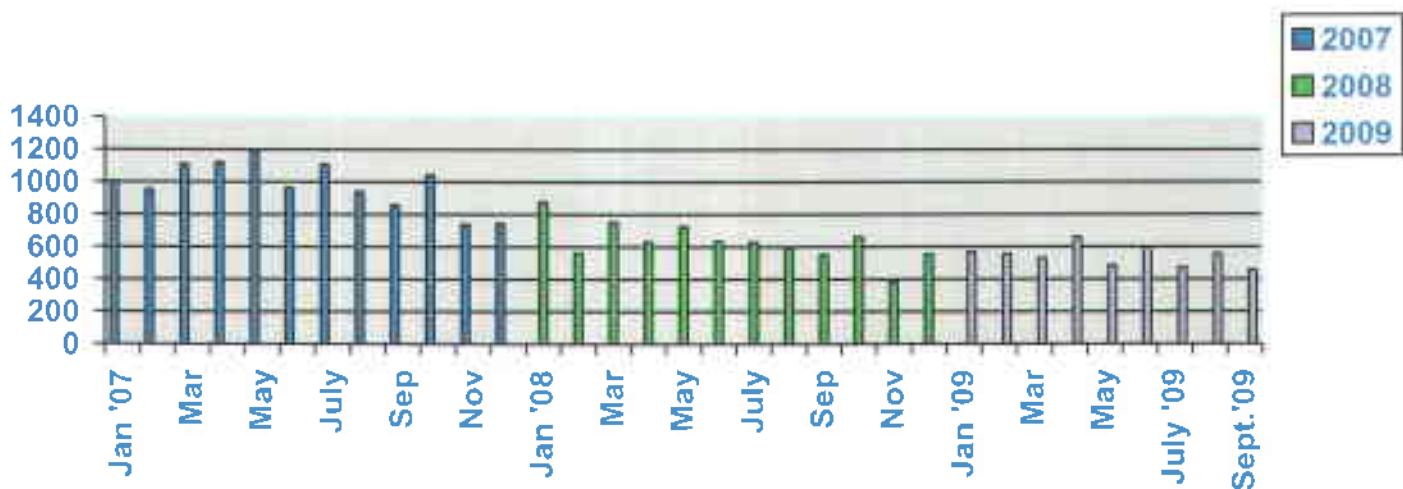
FUND	2006	2007	% of protests	2008	% of protests	Sept '09	% of protests	2009	% of protests
Old Fund	8,146	4,433	56.68%	1,592	26.18%	85	21.52%	1008	24.62%
Priv. Carrier	2,207	3,370	25.13%	2,971	48.86%	201	50.89%	2015	49.22%
Others									
Self-Insured	2,264	1,772	18.19%	1,518	24.96%	109	27.59%	1071	26.16%
Subtotal	12,617	9,575		6,081		395		4094	
Temporary	2,131	2,219		1,486		63		792	
Total	14,748	11,794		7,567		458		4886	



## PROTESTS PER CALENDAR YEAR



## PROTESTS BY MONTH



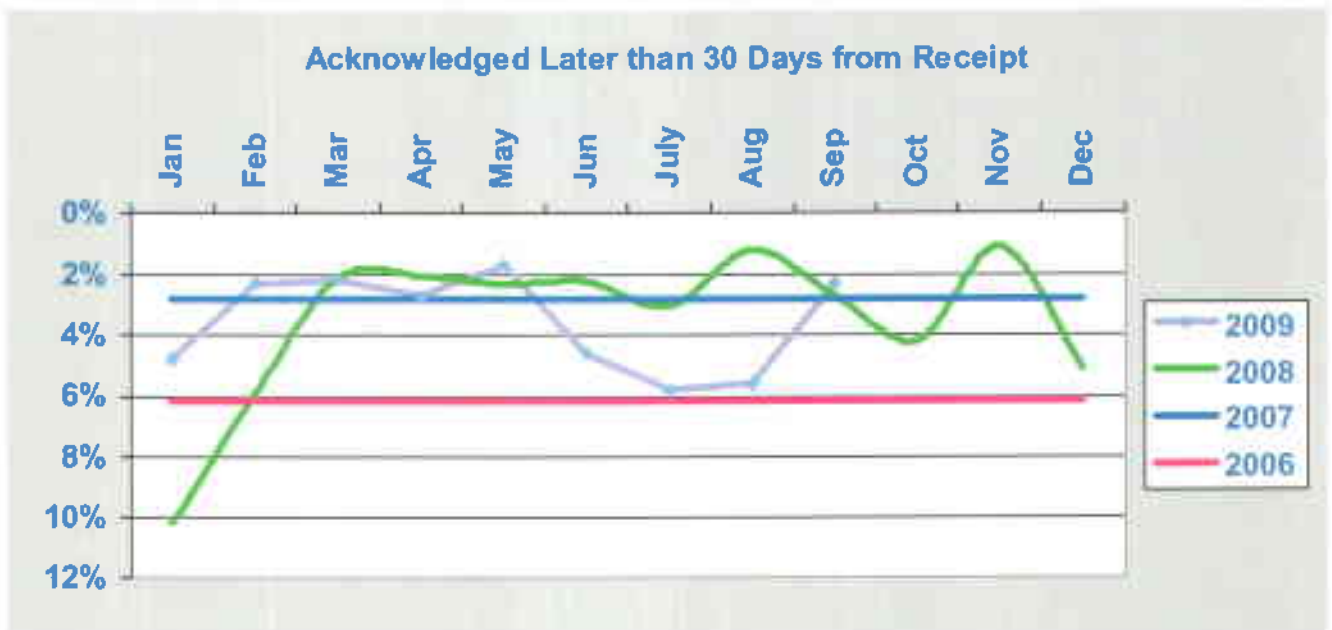
B. Issues Resolved:                      2008                      Sept.                      2009  
    8,094                      455                      4409

**C. Pending Caseload Report**

<b>PENDING END OF SEPTEMBER</b>	<b>4,125</b>
PENDING 1 MONTH BEFORE	4,197
PENDING 2 MONTHS BEFORE	4,113
PENDING 3 MONTHS BEFORE	4,173
PENDING 6 MONTHS BEFORE	4,132
PENDING 12 MONTHS BEFORE	<b>4,837</b>

**D. Acknowledgment Timeliness:**

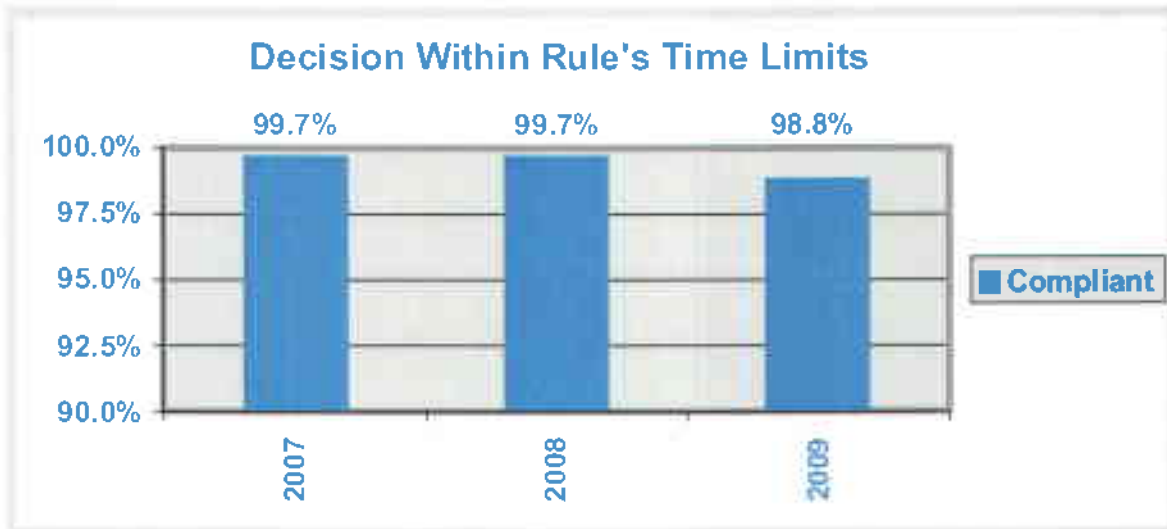
	<u>2008</u>	<u>Sept.</u>	<u>YTD</u>
1. Protest Ackn. >30 days	3.6%	2.3%	3.6%
2. Protest Ackn. 24-30 days	2.3%	1.3%	2.3%
3. Protest Ackn. 11-23 days	19.0%	21.0%	22.1%
4. Protest Ackn. <11 days	75.1%	75.4%	72.0%



**E. Protests Resolved:**

	<u>Sept. '09</u>	<u>2009</u>
1. Protests decided:	275	2911
2. Withdrawals:	68	660
3. "No Evidence" Dismissals:	87	555

<b>F. Final Decision Timeliness</b>	<b><u>2008</u></b>	<b><u>Sept.</u></b>	<b><u>2009</u></b>
1. <30 days:	59.6%	54.1%	51.8%
2. 30-60 days:	26.2%	18.3%	30.2%
3. 60-90 days:	13.9%	27.6%	16.8%
4. +90 days:	0.3%	0.0%	1.2%



<b>G. Time Standard Compliance</b>	<b><u>2008</u></b>	<b><u>Sept.</u></b>	<b><u>2009</u></b>
	91.2%	88.4%	84.9%

### Time Standard Compliance

Report Dates: From 9/1/2009 thru 9/30/2009

Time Standard	Total Closed	Timely		Late	
		Count	Percent	Count	Percent
COMPENSABILITY	31	26	83.9%	5	16.1%
OPBD	12	10	83.3%	2	16.7%
REOPENING	14	11	78.6%	3	21.4%
TRMT/EQUIP CL	69	58	84.1%	11	15.9%
IEB DETERMINATION	1	1	100%	0	0%
OP NON-MED	1	1	100%	0	0%
PPD	48	48	100%	0	0%
PTD ENTITLEMENT	4	3	75%	1	25%
TTD	23	21	91.3%	2	8.7%
<b>TOTAL</b>	<b>203</b>	<b>179</b>	<b>88.4%</b>	<b>24</b>	<b>11.6%</b>

### Final Decision Compliance

Report Dates: From 9/1/2009 thru 9/30/2009

Description	Issues Resolved	Days to Decision							
		< 30 Days		30 - 60		61 - 90		> 90	
		Count	%	Count	%	Count	%	Count	%
COMPENSABILITY	55	27	49.1%	10	18.2%	18	32.7%	0	0.0%
DEP BEN FATAL	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
OPBD	17	14	82.4%	1	5.9%	2	11.8%	0	0.0%
PPD	51	29	56.9%	4	7.8%	18	35.3%	0	0.0%
BENEFIT OVERPAYMENT	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
OP NON-MED	2	1	50.0%	1	50.0%	0	0.0%	0	0.0%
PTD ENTITLEMENT	3	0	0.0%	1	33.3%	2	66.7%	0	0.0%
REHABILITATION	1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
REOPENING	17	8	47.1%	5	29.4%	4	23.5%	0	0.0%
TRMT/EQUIP CL	101	56	55.4%	22	21.8%	23	22.8%	0	0.0%
TTD	30	16	53.3%	6	20.0%	8	26.7%	0	0.0%
<b>Totals</b>	<b>279</b>	<b>151</b>	<b>54.1%</b>	<b>51</b>	<b>18.3%</b>	<b>77</b>	<b>27.6%</b>	<b>0</b>	<b>0.0%</b>

## Motion Resolution Compliance

Report Dates: From 9/1/2009 thru 9/30/2009

Time Standard	Total Motions	Timely *		Late **	
		Count	Percent	Count	Percent
APPLICATION THRESHOLD	1	1	100%	0	0%
BENEFIT RATE	3	3	100%	0	0%
IEB DETERMINATION	8	8	100%	0	0%
OP NON-MED	15	14	93.3%	1	6.7%
OPBD	66	58	87.9%	8	12.1%
PPD	201	197	98%	4	2%
PTD ENTITLEMENT	19	19	100%	0	0%
REOPENING	63	63	100%	0	0%
TEMP	7	6	85.7%	1	14.3%
BENEFIT OVERPAYMENT	2	2	100%	0	0%
COMPENSABILITY	239	228	95.4%	11	4.6%
DEP BEN FATAL	28	25	89.3%	3	10.7%
TRMT/EQUIP CL	179	163	91.1%	16	8.9%
TTD	100	96	96%	4	4%
<b>Total Motions</b>	<b>931</b>	<b>883</b>	<b>95.4%</b>	<b>48</b>	<b>4.6%</b>

\* Action Date < Motion Date

\*\* Action Date > Motion Date

### Acknowledgement Goal

Report Dates: From 9/1/2009 thru 9/30/2009

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30		30-24		23-11		< 11	
		Count	Percent	Count	Percent	Count	Percent	Count	Percent
<b>APPLICATION THRESHOLD</b>	Total: 3	0	0.0%	0	0.0%	1	33.3%	2	66.7%
CFA - CL APP.THRESHOLD	3	0	0.0%	0	0.0%	1	33.3%	2	66.7%
<b>BENEFIT OVERPAYMENT</b>	Total: 2	0	0.0%	0	0.0%	1	50.0%	1	50.0%
CBO - CL BEN. OVERPAYMENT	2	0	0.0%	0	0.0%	1	50.0%	1	50.0%
<b>BENEFIT RATE</b>	Total: 1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
CBR - CL PRSTS BEN RATE	1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
<b>COMPENSABILITY</b>	Total: 73	1	1.4%	2	2.7%	21	28.8%	49	67.1%
CCS - CL SEC CONDITION	12	0	0.0%	1	8.3%	2	16.7%	9	75.0%
CHC - CL COMPENSABILITY	7	0	0.0%	0	0.0%	2	28.6%	5	71.4%
CIM - CL SI COMPENSABLE	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
CIS - CL SI SEC CONDITION	3	0	0.0%	0	0.0%	0	0.0%	3	100.0%
CPI - CL SI REJECT CLAIM	9	0	0.0%	0	0.0%	2	22.2%	7	77.8%
CPJ - CL REJECT CLAIM	37	1	2.7%	1	2.7%	14	37.8%	21	56.8%
CRZ - CL REJ OCC DISEASE	3	0	0.0%	0	0.0%	1	33.3%	2	66.7%
<b>DEP BEN FATAL</b>	Total: 5	0	0.0%	0	0.0%	2	40.0%	3	60.0%
CDF - CL DENY/GRNT DTH BEN	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
CIF - CL SI DY/GNT DTH BEN	2	0	0.0%	0	0.0%	1	50.0%	1	50.0%
EIF - EM SI DY/GNT DTH BEN	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
<b>FAILURE TO ACT 15 DAY</b>	Total: 3	1	33.3%	0	0.0%	2	66.7%	0	0.0%
C01 - CL FTA INJ COMPENSAB	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
C03 - CL FTA TREATMENT	1	1	100.0%	0	0.0%	0	0.0%	0	0.0%
C7C - CL FTA PAYMENT PPD	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
<b>FAILURE TO ACT 30 DAY</b>	Total: 1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
C7E - CL FTA CPLY OJ/BR/SC	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
<b>IEB DETERMINATION</b>	Total: 2	0	0.0%	0	0.0%	2	100.0%	0	0.0%
CEB - CL IEB DETERMINATION	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
CZB - CL SI IEB DETRM'TION	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
<b>OP NON-MED</b>	Total: 7	0	0.0%	0	0.0%	2	28.6%	5	71.4%
CIR - CL SI NON-MED ORDER	3	0	0.0%	0	0.0%	1	33.3%	2	66.7%
CNR - CL NON-MED ORDER	4	0	0.0%	0	0.0%	1	25.0%	3	75.0%
<b>OPBD</b>	Total: 29	0	0.0%	1	3.4%	6	20.7%	22	75.9%
CAO - CL ADD BOARD FINDING	9	0	0.0%	1	11.1%	2	22.2%	6	66.7%

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30		30-24		23-11		< 11	
		Count	Percent	Count	Percent	Count	Percent	Count	Percent
CBF - CL % BOARD FINDING	8	0	0.0%	0	0.0%	1	12.5%	7	87.5%
CSF - CL% SI BOARD FINDING	6	0	0.0%	0	0.0%	1	16.7%	5	83.3%
CSO - CL SI AD BRD FINDING	3	0	0.0%	0	0.0%	2	66.7%	1	33.3%
EAO - EM ADD BOARD FINDING	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
EBF - EM % BOARD FINDING	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
ESO - EM SI AD.BRD FINDING	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
<b>PPD</b>	Total: 106	3	2.8%	0	0.0%	20	18.9%	83	78.3%
CAA - CL ADDL % AWARD D/G	15	0	0.0%	0	0.0%	2	13.3%	13	86.7%
CAD - CL % AWARD DENY/GRNT	69	1	1.4%	0	0.0%	13	18.8%	55	79.7%
CIE - CL SI ADD% AWARD D/G	3	0	0.0%	0	0.0%	1	33.3%	2	66.7%
CIG - CL SI %AWARD DNY/GNT	19	2	10.5%	0	0.0%	4	21.1%	13	68.4%
<b>REHABILITATION</b>	Total: 1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
CIB - CL SI G/D VOC REHAB	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
<b>REOPENING</b>	Total: 23	1	4.3%	0	0.0%	2	8.7%	20	87.0%
CIQ - CL SI DY/GNT R/O PPD	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
CIY - CL SI DY/GNT R/O TTD	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CJV - CL DNY/GRNT R/O PPD	8	0	0.0%	0	0.0%	0	0.0%	8	100.0%
CLH - CL DNY/GRNT R/O PTD	3	0	0.0%	0	0.0%	1	33.3%	2	66.7%
CRD - CL DENY/GRNT R/O TTD	8	1	12.5%	0	0.0%	0	0.0%	7	87.5%
CRO - CL DY/GRNT R/O TRTMT	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
<b>TRMT/EQUIP CL</b>	Total: 87	3	3.4%	1	1.1%	13	14.9%	70	80.5%
C1Y - CL SI TRMT GRANT	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CBX - CL TRMT DENY	43	1	2.3%	0	0.0%	5	11.6%	37	86.0%
CSX - CL SI TRMT DENY	43	2	4.7%	1	2.3%	8	18.6%	32	74.4%
<b>TTD</b>	Total: 52	0	0.0%	0	0.0%	10	19.2%	42	80.8%
CCC - CL CLOSING THE CLAIM	39	0	0.0%	0	0.0%	6	15.4%	33	84.6%
CIC - CL SI CLSING THE CLM	8	0	0.0%	0	0.0%	1	12.5%	7	87.5%
CJS - CL TTD	2	0	0.0%	0	0.0%	1	50.0%	1	50.0%
CPX - CL INITIAL TTD	3	0	0.0%	0	0.0%	2	66.7%	1	33.3%
<b>Totals:</b>	<b>395</b>	<b>9</b>	<b>2.3%</b>	<b>5</b>	<b>1.3%</b>	<b>83</b>	<b>21.0%</b>	<b>298</b>	<b>75.4%</b>



## Resolution of Issues

Thursday, October 01, 2009

Report Dates: Decision Date from 9/1/2009 thru 9/30/2009

Time Standard Categories	Decisions Issued	Reversed		Affirmed		Affirmed by Rule		Dismissed		Modified		Moot		Other		Remanded	
		Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
PTD ENTITLEMENT	7	1	14.3	2	28.6	1	14.3	3	42.9	0	0	0	0	0	0	0	0
REHABILITATION	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BENEFIT OVERPAYMENT	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
COMPENSABILITY	73	21	28.8	30	41.1	15	20.5	3	4.1	2	2.7	2	2.7	0	0	0	0
DEP BEN FATAL	4	0	0	1	25	1	25	2	50	0	0	0	0	0	0	0	0
IEB DETERMINATION	1	0	0	0	0	0	0	0	0	0	0	1	100	0	0	0	0
OP NON-MED	7	0	0	1	14.3	0	0	5	71.4	1	14.3	0	0	0	0	0	0
OPBD	31	3	9.7	14	45.2	3	9.7	10	32.3	0	0	1	3.2	0	0	0	0
PPD	109	20	18.3	30	27.5	26	23.9	29	26.6	1	0.9	3	2.8	0	0	0	0
REOPENING	31	8	25.8	10	32.3	8	25.8	5	16.1	0	0	0	0	0	0	0	0
TRMT/EQUIP CL	134	35	26.1	59	44	21	15.7	14	10.4	4	3	1	0.7	0	0	0	0
TTD	56	10	17.9	17	30.4	12	21.4	15	26.8	0	0	1	1.8	1	1.8	0	0
<b>Totals</b>	<b>455</b>	<b>100</b>	<b>22</b>	<b>164</b>	<b>36</b>	<b>87</b>	<b>19.1</b>	<b>86</b>	<b>18.9</b>	<b>8</b>	<b>1.8</b>	<b>9</b>	<b>2</b>	<b>1</b>	<b>0.2</b>	<b>0</b>	<b>0</b>

## OOJ – Petition for Attorney Fees for Unreasonable Denial

<b>Petitions received 9/1/2005 through 9/30/09</b>	<b>34</b>
Petitions denied on face:	13
Petitions denied by ALJ Decision:	13
Petitions granted:	4
Petitions withdrawn through settlement:	2
Petitions currently pending:	2

### Failure to Timely Act Process

#### Petitions filed 9/1/05 through 9/30/09

Filed:	115
Denied/dismissed:	50
Withdrawn:	8
Reports to OIC:	40
Pending:	17

### Expedited Hearings Scheduled

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL
<b>2005</b>	13	13	14	25	16	9	9	19	11	10	16	4	<b>159</b>
<b>2006</b>	7	0	2	1	7	4	8	2	5	7	6	3	<b>52</b>
<b>2007</b>	12	4	5	5	1	12	9	4	5	5	4	2	<b>68</b>
<b>2008</b>	3	2	1	11	1	6	11	8	6	4	8	4	<b>65</b>
<b>2009</b>	5	6	5	4	10	14	10	6	12	4			<b>76</b>

Joe Manchin, III  
Governor

James D. Gray  
Chairman

W. Jack Stevens  
Member

Rita Hedrick-Helmick  
Member

## Workers' Compensation Board of Review

Offices located at 1207 Quarrier St, Charleston  
All communications should be addressed to the Board of Review  
at the address shown at the bottom of this name

### MEMORANDUM

**To:** Jane L. Cline, Commissioner  
Charles Bayless, Chairman  
Dan Marshall  
Bill Dean  
Walter Pellish  
Honorable Carrie Webster, House Judiciary Chair  
Honorable Brooks McCabe  
Honorable Nancy Peoples Guthrie  
Senator Don Caruth

**From:** James D. Gray, Chairman

**Date:** November 1, 2009

**Re:** Workers' Compensation Board of Review Monthly Report

---

Attached, please find the Board of Review's October 2009 monthly report.

A number of changes have been made to the Board's reports. You will find a total of eight reports as opposed to the two reports you previously received. These reports include the following:

1. Monthly Report of Appeals Received
2. Yearly Report of Appeals Received
3. Monthly Report of Appeals Received by Issue
4. Yearly Report of Appeals Received by Issue
5. Monthly Appeals Received by Issue and Appellant
6. Monthly Summary of Dispositions by Party
7. Monthly Summary of Dispositions by Issue
8. Yearly Summary of Dispositions by Issue

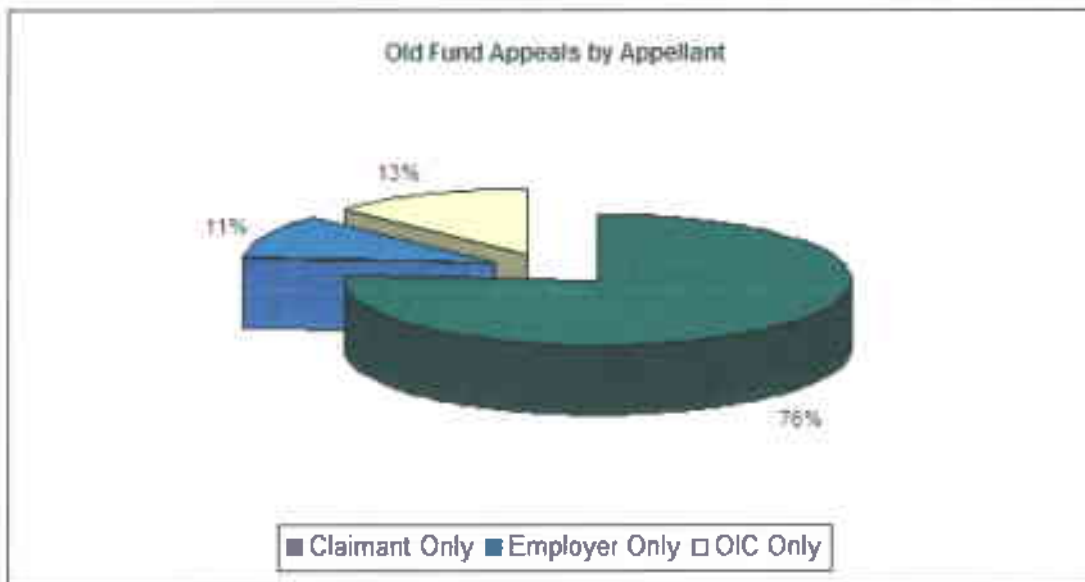
Please do not hesitate to contact me in the event of any questions.

## APPEALS RECEIVED

From October 1, 2009 thru October 31, 2009

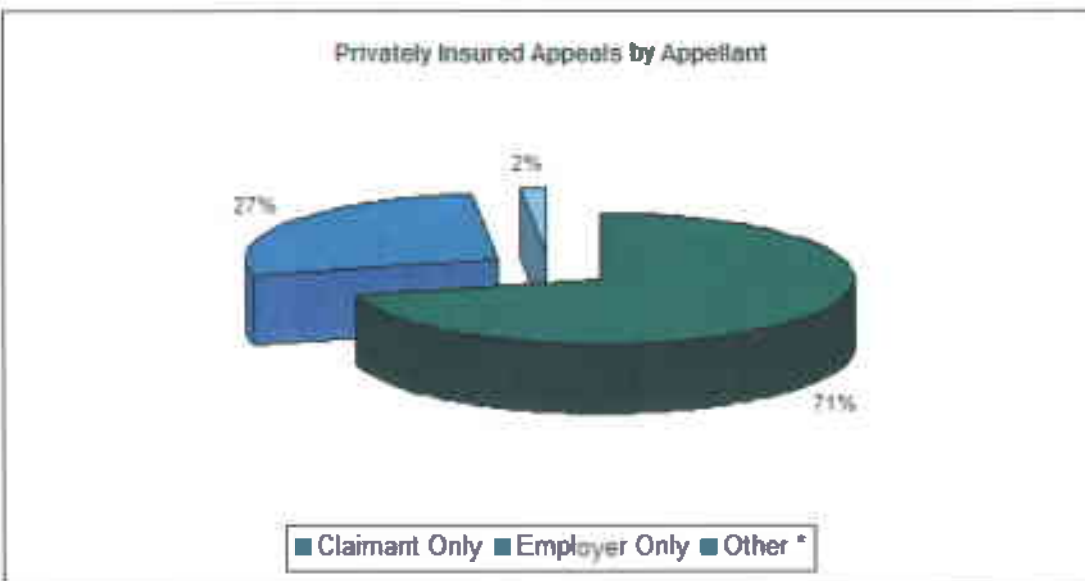
### Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	48
Employer Only	7
OIC Only	8
<b>Old Fund Total</b>	<b>63</b>



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

Appellant	Count
Claimant Only	42
Employer Only	16
Other *	1
<b>Privately Insured Total</b>	<b>59</b>
<b>Total Appeals</b>	<b>122</b>

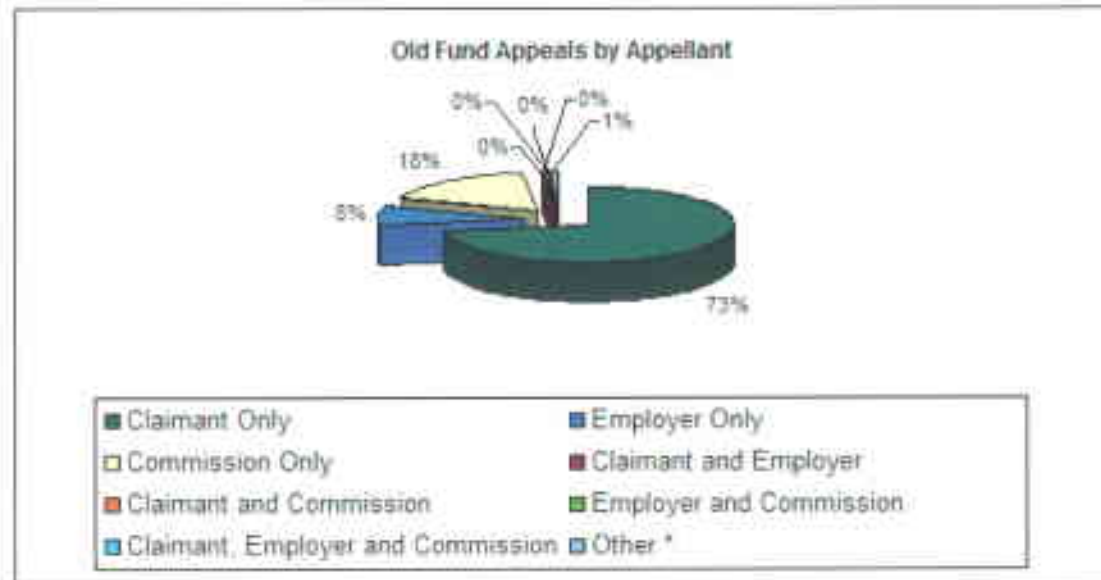


\* Appeals requiring research

## Yearly Appeals Received From June 1, 2008 Thru October 31, 2009

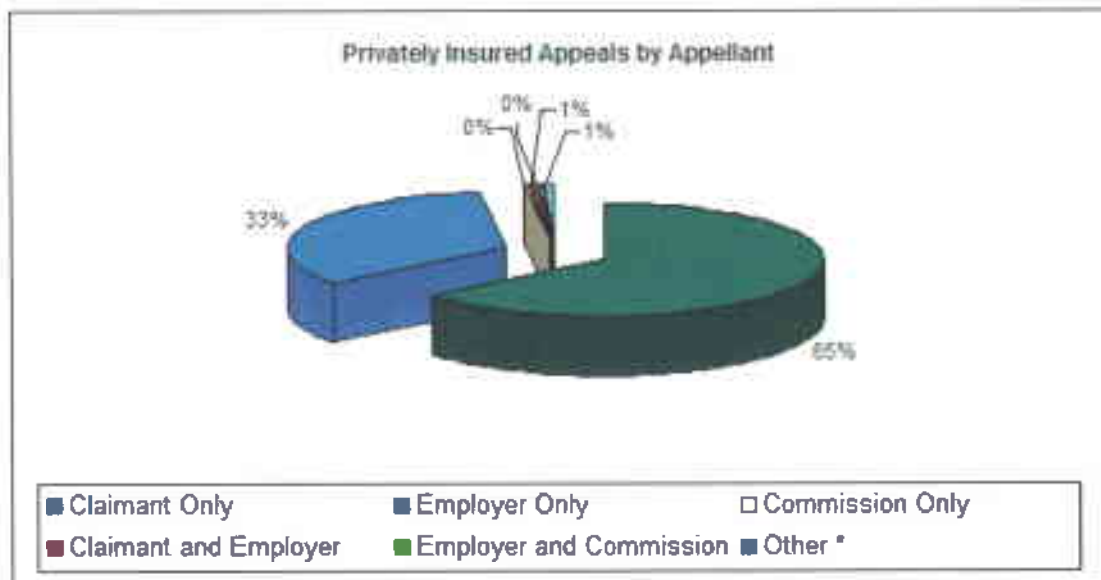
### Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	890
Employer Only	102
Commission Only	218
Claimant and Employer	5
Claimant and Commission	3
Employer and Commission	1
Claimant, Employer and Commission	1
Other *	11
<b>Old Fund Total</b>	<b>1231</b>



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

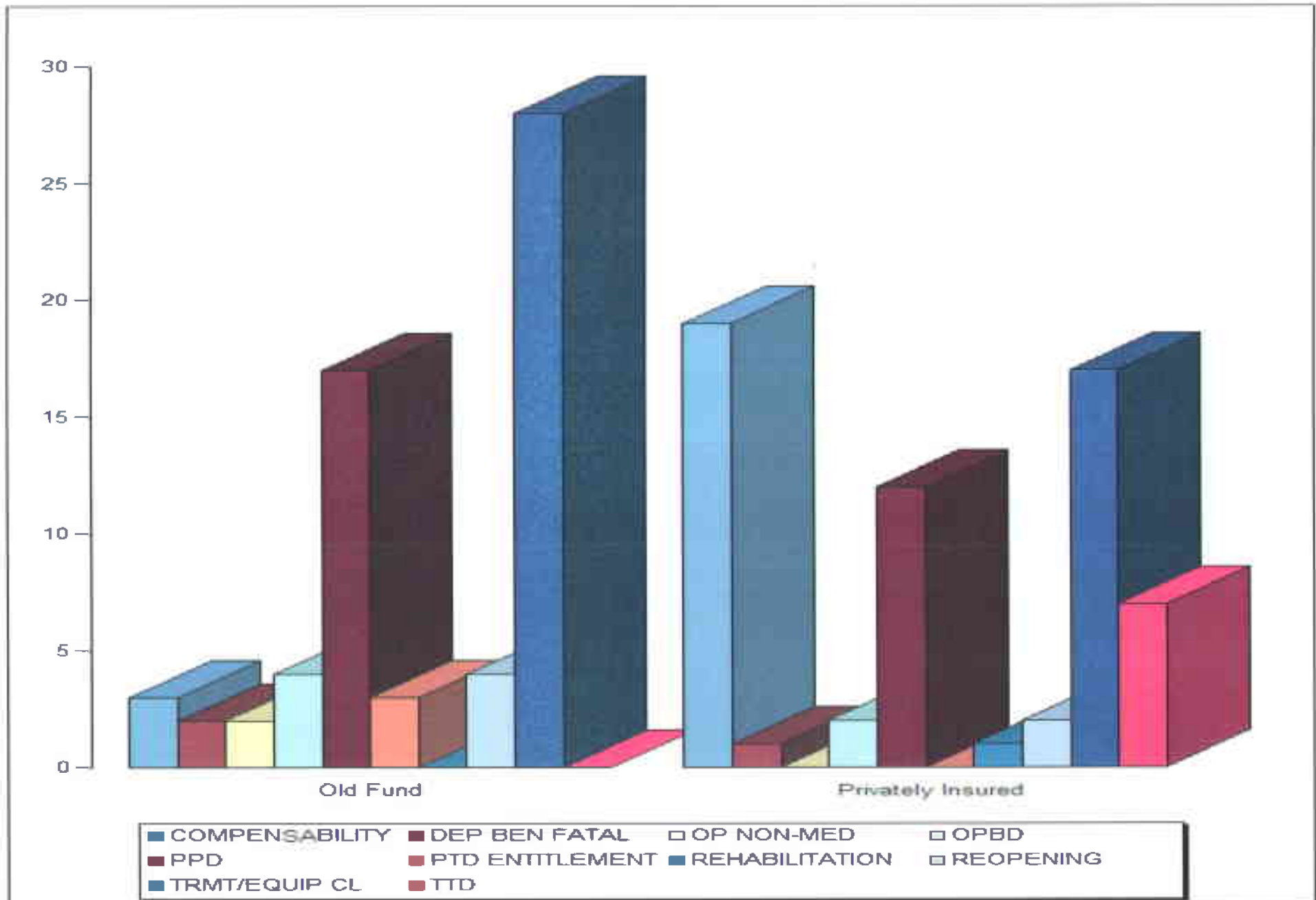
Appellant	Count
Claimant Only	823
Employer Only	427
Commission Only	2
Claimant and Employer	10
Employer and Commission	1
Other *	12
<b>Privately Insured Total</b>	<b>1275</b>
<b>Total Appeals</b>	<b>2506</b>



\* Appeals requiring research

Appeals counted more than once:

**Appeals Received By Issue**  
**Old Fund Appeals (DOI < July 1, 2005) vs Privately Insured Appeals (DOI > June 30, 2005)**  
**From October 1, 2009 Thru October 31, 2009**

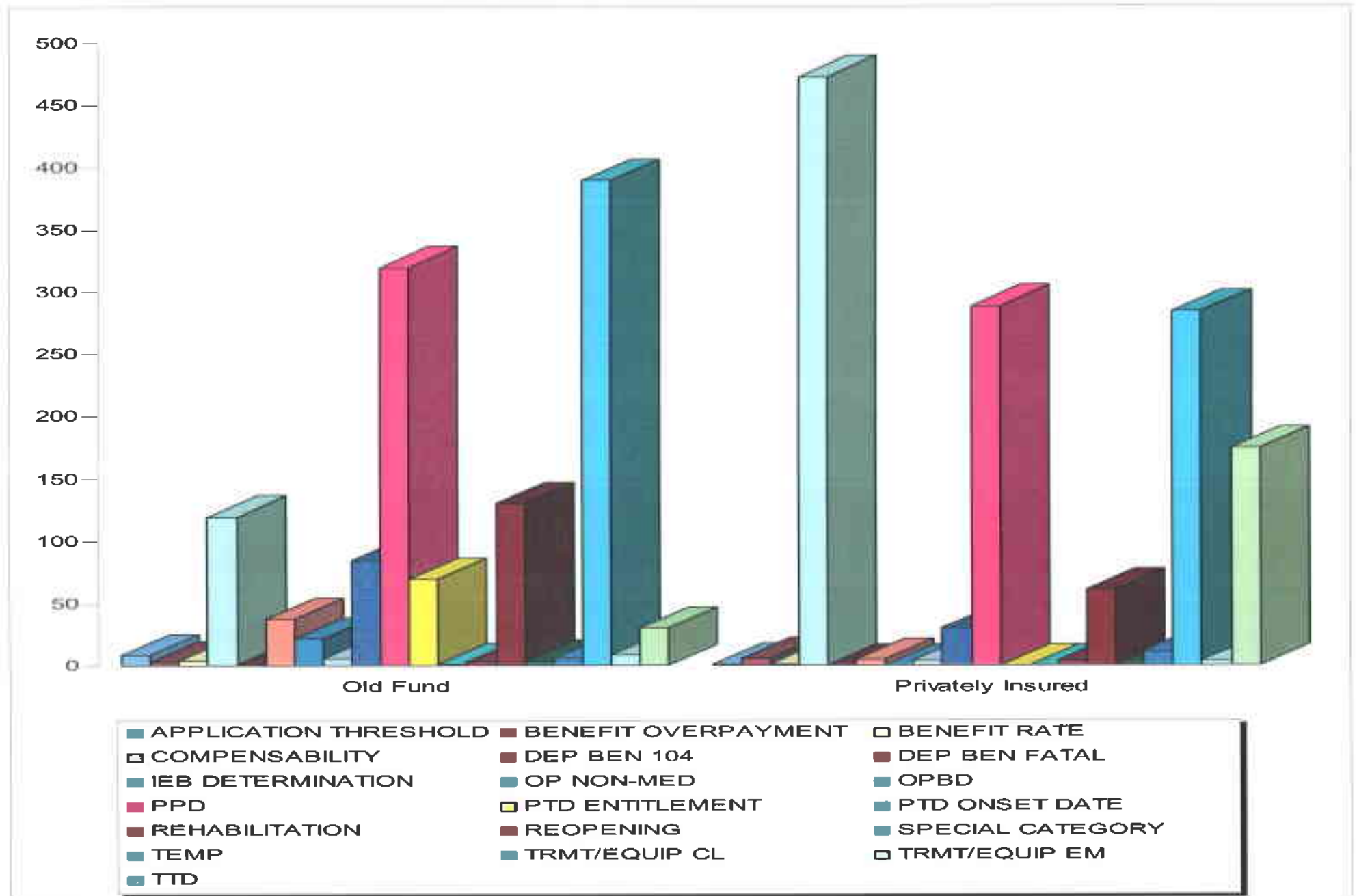


**Appeals Received By Issue**  
**Old Fund Appeals (DOI < July 1, 2005) vs Privately Insured Appeals (DOI > June 30, 2005)**  
**From October 1, 2009 Thru October 31, 2009**

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
COMPENSABILITY	22	3	13.6	19	86.4
DEP BEN FATAL	3	2	66.7	1	33.3
OP NON-MED	2	2	100.0	0	0.0
OPBD	6	4	66.7	2	33.3
PPD	29	17	58.6	12	41.4
PTD ENTITLEMENT	3	3	100.0	0	0.0
REHABILITATION	1	0	0.0	1	100.0
REOPENING	6	4	66.7	2	33.3
TRMT/EQUIP CL	45	28	62.2	17	37.8
TTD	7	0	0.0	7	100.0
<b>Totals</b>	<b>124</b>	<b>63</b>	<b>50.8</b>	<b>61</b>	<b>49.2</b>

## Yearly Appeals Received By Issue

**Old Fund Appeals (DOI < July 1, 2005) vs Privately Insured Appeals (DOI > June 30, 2005)  
From June 1, 2008 Thru October 31, 2009**

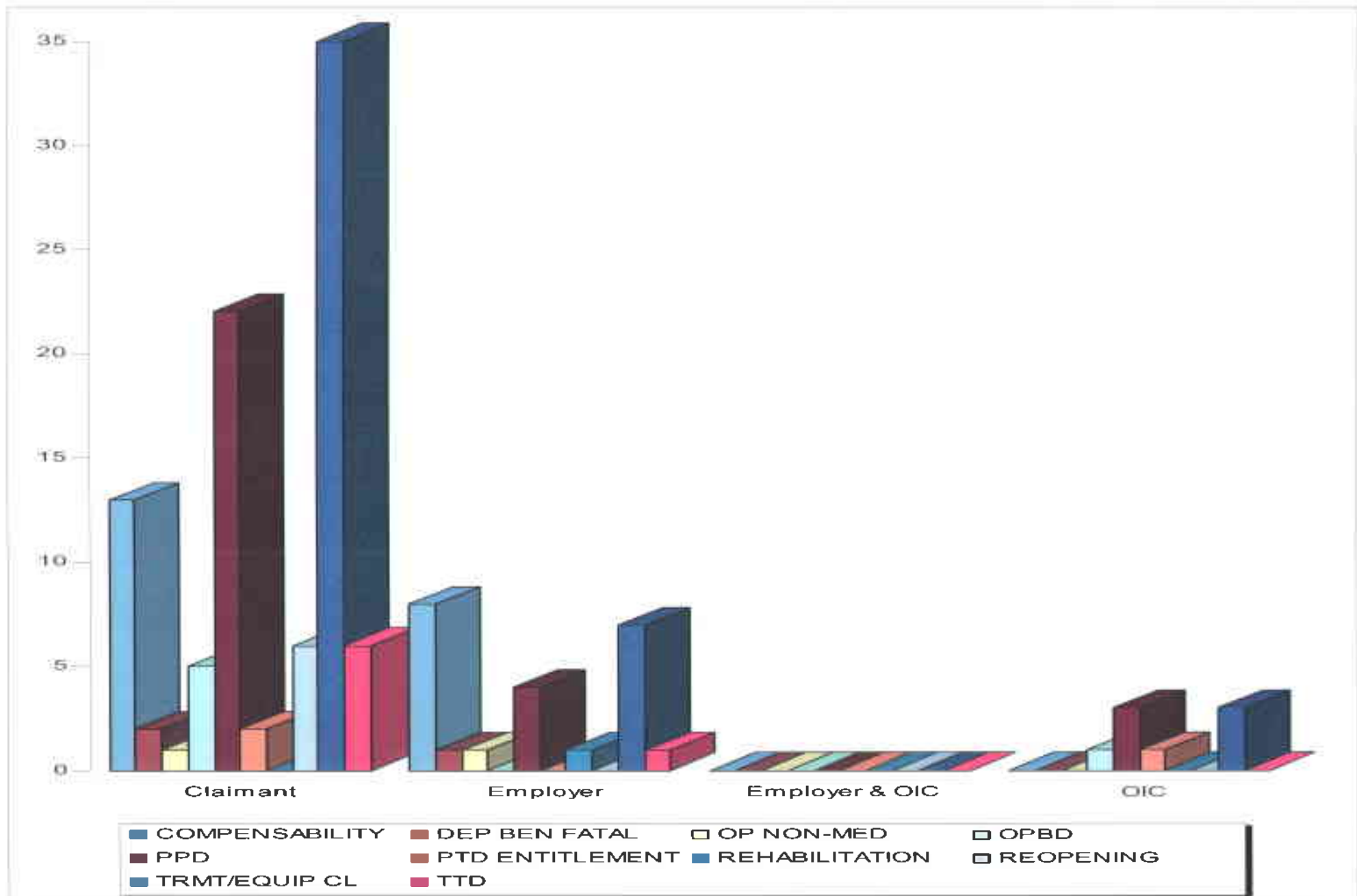




**Yearly Appeals Received By Issue**  
**Old Fund Appeals (DOI < July 1, 2005) vs New Fund Appeals (DOI > June 30, 2005)**  
**From June 1, 2008 Thru October 31, 2009**

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
APPLICATION THRESHOLD	10	9	90.0	1	10.0
BENEFIT OVERPAYMENT	9	3	33.3	6	66.7
BENEFIT RATE	5	4	80.0	1	20.0
COMPENSABILITY	593	120	20.2	473	79.8
DEP BEN 104	1	1	100.0	0	0.0
DEP BEN FATAL	43	38	88.4	5	11.6
IEB DETERMINATION	22	22	100.0	0	0.0
OP NON-MED	10	6	60.0	4	40.0
OPBD	115	85	73.9	30	26.1
PPD	609	320	52.5	289	47.5
PTD ENTITLEMENT	70	70	100.0	0	0.0
PTD ONSET DATE	1	1	100.0	0	0.0
REHABILITATION	7	3	42.9	4	57.1
REOPENING	192	131	68.2	61	31.8
SPECIAL CATEGORY	4	4	100.0	0	0.0
TEMP	18	6	33.3	12	66.7
TRMT/EQUIP CL	675	390	57.8	285	42.2
TRMT/EQUIP EM	13	9	69.2	4	30.8
TTD	205	30	14.6	175	85.4
<b>Totals</b>	<b>2602</b>	<b>1252</b>	<b>48.1</b>	<b>1350</b>	<b>51.9</b>

## Appeals Received By Issue From October 1, 2009 Thru October 31, 2009



**Appeals Received By Issue**  
**From October 1, 2009 Thru October 31, 2009**

Type of Issue	Total Issues	Claimant		Employer		OIC		Emp and OIC	
		#	%	#	%	#	%	#	%
COMPENSABILITY	21	13	61.9	8	38.1	0	0.0	0	0.0
DEP BEN FATAL	3	2	66.7	1	33.3	0	0.0	0	0.0
OP NON-MED	2	1	50.0	1	50.0	0	0.0	0	0.0
OPBD	6	5	83.3	0	0.0	0	0.0	1	16.7
PPD	29	22	75.9	4	13.8	0	0.0	3	10.3
PTD ENTITLEMENT	3	2	66.7	0	0.0	0	0.0	1	33.3
REHABILITATION	1	0	0.0	1	100.0	0	0.0	0	0.0
REOPENING	6	6	100.0	0	0.0	0	0.0	0	0.0
TRMT/EQUIP CL	45	35	77.8	7	15.6	0	0.0	3	6.7
TTD	7	6	85.7	1	14.3	0	0.0	0	0.0
<b>Totals</b>	<b>123</b>	<b>92</b>	<b>74.8</b>	<b>23</b>	<b>18.7</b>	<b>0</b>	<b>0.0</b>	<b>8</b>	<b>6.5</b>

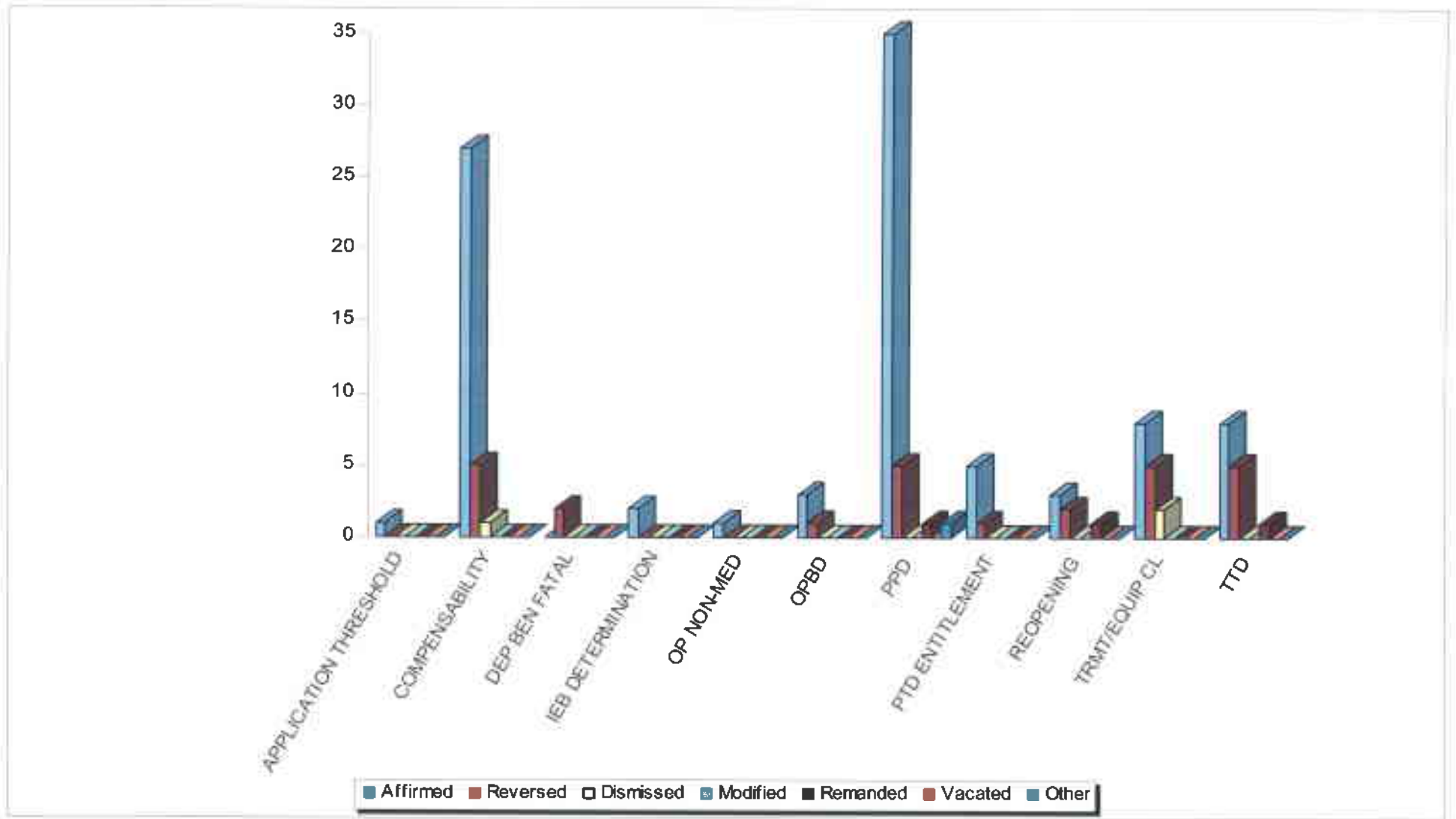
Appeals counted more than once:

**WORKERS' COMPENSATION BOARD OF REVIEW  
FOR OCTOBER 2009**

<b>Appealed By</b>	<b>BOR Disposition</b>	<b>Disposition Count</b>	<b>Disp %</b>	<b>Total %</b>	<b>Year to Date</b>	<b>Disp %</b>	<b>Total %</b>
<b>CLAIMANT</b>	AFFIRMED	61	89.7%	50.0%	895	89.2%	58.5%
	DISMISSED				4	0.4%	0.3%
	MODIFY				2	0.2%	0.1%
	MOOT				2	0.2%	0.1%
	REMAND	3	4.4%	2.5%	33	3.3%	2.2%
	REVERSE	4	5.9%	3.3%	66	6.6%	4.3%
	VACATE				1	0.1%	0.1%
	Total Dispositions	68			1003		
<b>CLAIMANT/EMPLOYER</b>	AFFIRMED	2	100.0%	1.6%	10	76.9%	0.7%
	DISMISSED				1	7.7%	0.1%
	REVERSE				2	15.4%	0.1%
	Total Dispositions	2			13		
<b>EMPLOYER</b>	ABEYANCE				1	0.3%	0.1%
	AFFIRMED	23	60.5%	18.9%	249	70.5%	16.3%
	DISMISSED	1	2.6%	0.8%	6	1.7%	0.4%
	MODIFY				3	0.8%	0.2%
	MOOT				1	0.3%	0.1%
	REMAND				6	1.7%	0.4%
	REVERSE	14	36.8%	11.5%	87	24.6%	5.7%
	Total Dispositions	38			353		
<b>DIVISION/OIC</b>	ABEYANCE				1	0.6%	0.1%
	AFFIRMED	8	57.1%	6.6%	86	53.4%	5.6%
	MODIFY				2	1.2%	0.1%
	REMAND				5	3.1%	0.3%
	REVERSE	6	42.9%	4.9%	66	41.0%	4.3%
	VACATE				1	0.6%	0.1%
	Total Dispositions	14			161		
<b>Grand Totals</b>		122			1530		

## Disposition By Issues

### BOR Orders Mailed From October 1, 2009 Through October 31, 2009



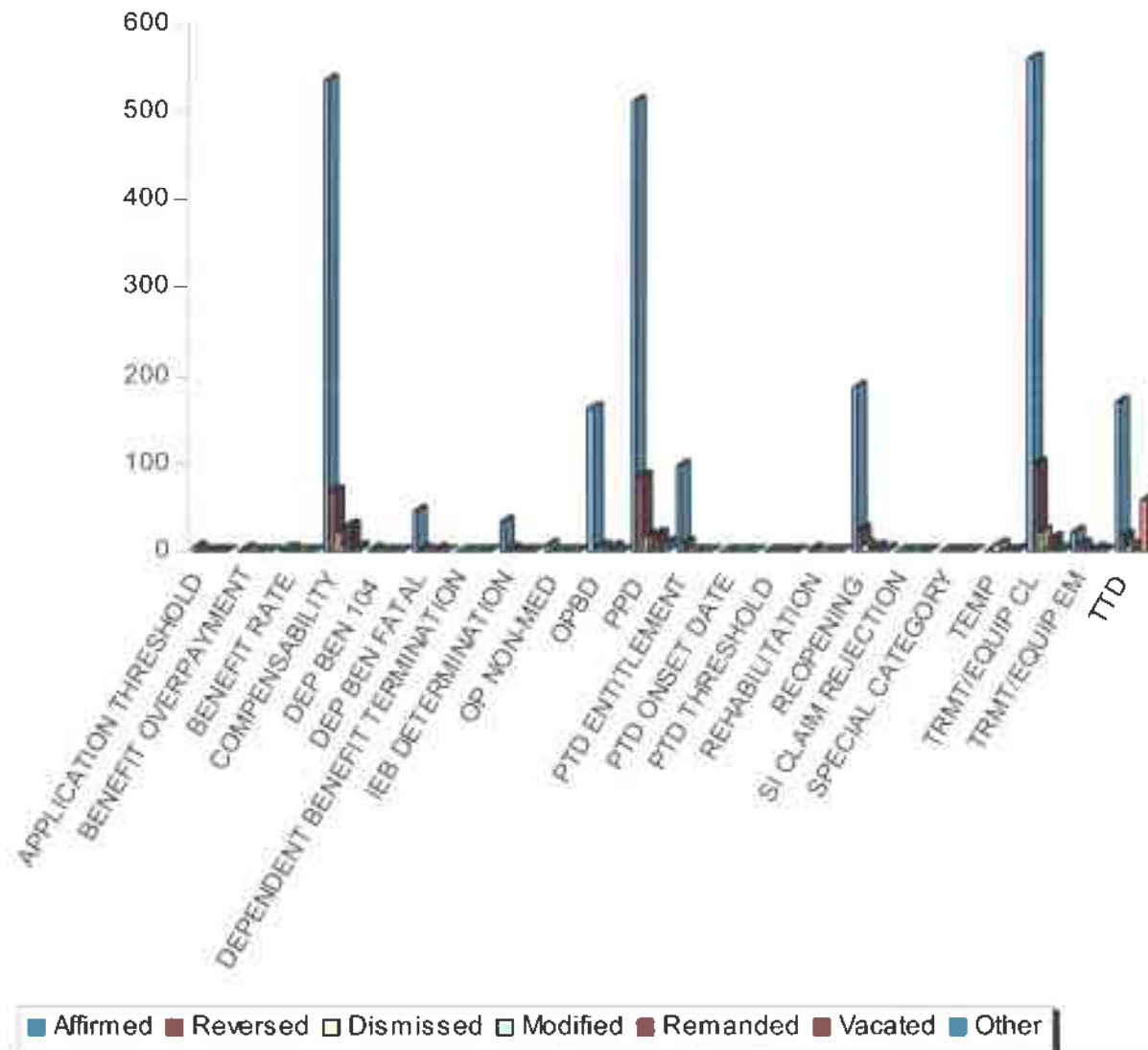
**Disposition By Issues**  
**BOR Orders Mailed From October 1, 2009 Through October 31, 2009**

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
APPLICATION THRESHOLD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
COMPENSABILITY	33	27	81.8	5	15.2	1	3.0	0	0.0	0	0.0	0	0.0	0	0.0
DEP BEN FATAL	2	0	0.0	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
IEB DETERMINATION	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
OP NON-MED	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
OPBD	4	3	75.0	1	25.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
PPD	42	35	83.3	5	11.9	0	0.0	0	0.0	1	2.4	0	0.0	1	2.4
PTD ENTITLEMENT	6	5	83.3	1	16.7	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
REOPENING	6	3	50.0	2	33.3	0	0.0	0	0.0	1	16.7	0	0.0	0	0.0
TRMT/EQUIP CL	15	8	53.3	5	33.3	2	13.3	0	0.0	0	0.0	0	0.0	0	0.0
TTD	14	8	57.1	5	35.7	0	0.0	0	0.0	1	7.1	0	0.0	0	0.0
<b>Totals</b>	<b>126</b>	<b>93</b>	<b>73.8</b>	<b>26</b>	<b>20.6</b>	<b>3</b>	<b>2.4</b>	<b>0</b>	<b>0.0</b>	<b>3</b>	<b>2.4</b>	<b>0</b>	<b>0.0</b>	<b>1</b>	<b>0.8</b>

Appeals counted in multiple categories: 5

## Yearly Disposition By Issues

BOR Orders Mailed From June 1, 2008 Thru October 31, 2009



**Yearly Disposition By Issues**  
**BOR Orders Mailed From June 1, 2008 Thru October 31, 2009**

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
APPLICATION THRESHOLD	7	6	85.7	0	0.0	0	0.0	0	0.0	1	14.3	0	0.0	0	0.0
BENEFIT OVERPAYMENT	4	1	25.0	3	75.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
BENEFIT RATE	5	2	40.0	3	60.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
COMPENSABILITY	670	537	80.1	68	10.1	23	3.4	7	1.0	29	4.3	1	0.1	4	0.6
DEP BEN 104	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
DEP BEN FATAL	51	45	88.2	3	5.9	1	2.0	0	0.0	2	3.9	0	0.0	0	0.0
DEPENDENT BENEFIT TERMINATION	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
IEB DETERMINATION	38	35	92.1	2	5.3	1	2.6	0	0.0	0	0.0	0	0.0	0	0.0
OP NON-MED	10	8	80.0	1	10.0	1	10.0	0	0.0	0	0.0	0	0.0	0	0.0
OPBD	179	162	90.5	6	3.4	5	2.8	0	0.0	6	3.4	0	0.0	0	0.0
PPD	646	513	79.4	84	13.0	18	2.8	2	0.3	19	2.9	1	0.2	9	1.4
PTD ENTITLEMENT	107	97	90.7	9	8.4	0	0.0	0	0.0	1	0.9	0	0.0	0	0.0
PTD ONSET DATE	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
PTD THRESHOLD	2	0	0.0	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0
REHABILITATION	3	3	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
REOPENING	229	186	81.2	25	10.9	8	3.5	2	0.9	6	2.6	0	0.0	2	0.9
SI CLAIM REJECTION	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
SPECIAL CATEGORY	2	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
TEMP	14	0	0.0	2	14.3	8	57.1	0	0.0	1	7.1	1	7.1	2	14.3
TRMT/EQUIP CL	703	561	79.8	100	14.2	22	3.1	0	0.0	15	2.1	0	0.0	3	0.4
TRMT/EQUIP EM	32	23	71.9	7	21.9	0	0.0	0	0.0	2	6.3	0	0.0	0	0.0
TTD	265	170	64.2	18	6.8	6	2.3	1	0.4	10	3.8	58	21.9	2	0.8
<b>Totals</b>	<b>2972</b>	<b>2355</b>	<b>79.2</b>	<b>333</b>	<b>11.2</b>	<b>94</b>	<b>3.2</b>	<b>12</b>	<b>0.4</b>	<b>92</b>	<b>3.1</b>	<b>61</b>	<b>2.1</b>	<b>22</b>	<b>0.7</b>

Appeals counted in multiple categories:



<b>Revenue Recovery Activity</b>	<b>September 2009</b>
<b>COLLECTION ACTIVITY</b>	
Receipts - Old Fund (Employer out of business)	\$ 66,526.75
Receipts - PC & NU (Private Carrier Cancellation & Rogue Employers)	\$ 86,255.58
Receipts - Payment Agreements	\$ 20,053.68
Receipts - Collection Agency	\$ -
# of active accounts uninsured (cumulative)	1,038
\$ of active accounts uninsured (cumulative)	\$ 3,301,044.84
Telephone contacts	2,215
Walk-ins	13
<b>LIENS</b>	
Liens sent to county clerks for recordation	122
Liens sent to county clerks for release	17
Intent to lien letters sent to employer/owner/officer/member	125
<b>INJUNCTIONS</b>	
Affidavits for injunction submitted to legal	**
Hearings attended	6
# of injunction complaints filed	9
# of injunctions granted	4
# of agreed orders entered	1
<b>PAYMENT AGREEMENTS</b>	
# of repayment agreements applications	3
Agreements set up	4
Total # of agreements on system (cumulative)	101
Intent to void letters mailed	5
Agreements voided	2
<b>MISCELLANEOUS</b>	
Terminations Processed	209
Rule 11 Letters Mailed	323
Rule 11 hearings	1
Uninsured Policies Resolved	274
All Cash Receipts from WC accounts	\$ 172,836.01

\*\* September affidavits were submitted in October.

## **Workers' Compensation Rules Update**

The final versions of the Title 85, Series 1 - "Claims Management and Administration," Series 9 - "Workers' Compensation Uninsured Employers' Fund," and Series 32 - "State Agency Revocation or Refusal to Grant, Issue or Renew Contracts, Licenses, Permits, Certificates or Other Authority To Conduct A Trade, Profession Or Business To Or With An Employing Unit In Default Of Its Workers' Compensation Obligations" rules were filed with the Secretary of State on October 9, 2009 and became effective on November 8, 2009.

We do not anticipate presenting any new workers' compensation rules during the Industrial Council meeting on November 19, 2009.

**Presentation to the Joint Committee on  
Government and Finance  
Wednesday, December 9, 2009**

**Governor's Office of Health Enhancement  
and Lifestyle Planning (GOHELP)**

Martha Y. Walker  
Acting Director  
gohelp@wv.gov

Governor's Office of Health Enhancement and Lifestyle Planning  
Advisory Council Members  
September 2009

<p>Patsy Hardy, Secretary WV Department of Health and Human Resources Building 3, Room 206 1900 Kanawha Boulevard, East Charleston, WV 25305 304-558-0684 e-mail: <a href="mailto:Patsy.A.Hardy@wv.gov">Patsy.A.Hardy@wv.gov</a></p>	<p>Designee:</p>
<p>Ted Cheatham, Director Public Employees Insurance Agency 601 57<sup>th</sup> Street, SE Charleston, WV 25304 304-558-7850 ext. 52625 e-mail: <a href="mailto:Ted.M.Cheatham@wv.gov">Ted.M.Cheatham@wv.gov</a></p>	<p>Designee:</p>
<p>Jane Cline, Commissioner WV Insurance Commission 1124 Smith Street. Room 413 Charleston, WV 25301 304-558-3029 ext. 1140 e-mail: <a href="mailto:Jane.Cline@wvinsurance.gov">Jane.Cline@wvinsurance.gov</a></p>	<p>Designee:</p>
<p>Sonia Chambers, Chair WV Health Care Authority 100 Dee Drive Charleston, WV 25311 304-558-7000 ext. 244 e-mail: <a href="mailto:schambers@hcawv.org">schambers@hcawv.org</a></p>	<p>Designee:</p>
<p>Sharon Carte WV Children's Health Insurance Program 1018 Kanawha Boulevard, East Charleston, WV 25304 304-558-2732 e-mail: <a href="mailto:Sharon.L.Carte@wv.gov">Sharon.L.Carte@wv.gov</a></p>	<p>Designee:</p>

<p><b><u>Public Members:</u></b></p> <p>Amanda Pasdon 2058 Pinecrest Drive Morgantown, WV 26505 304-989-0664 e-mail: <a href="mailto:Apasdon@wvchamber.com">Apasdon@wvchamber.com</a></p> <p>Representing WV Chamber of Commerce Term Ending: June 30, 2013</p>	<p>Gary Johnson P.O. Box 241 Baker, WV 26801 304-987-5815 e-mail: <a href="mailto:gjohnson@hawsehealth.com">gjohnson@hawsehealth.com</a></p> <p>Representing a federally qualified health center Term Ending: June 30, 2013</p>
<p>Angela Vance AARP 300 Summers Street, Suite 400 Charleston, WV 25301 304-340-4603 e-mail: <a href="mailto:Avance@aarp.org">Avance@aarp.org</a></p> <p>Representing an organization of senior citizens Term Ending June 30, 2012</p>	<p>Denise Campbell Route 1, Box 330-36 Elkins, WV 26241 304-636-9508 e-mail: <a href="mailto:Dcampbell@ercc.biz">Dcampbell@ercc.biz</a></p> <p>Representing the WV Nurses' Association Term Ending June 20, 2013</p>
<p>Dr. David Avery 3702 River Road Vienna, WV 26105 304-422-3400 e-mail: <a href="mailto:drdaveavery@verizon.net">drdaveavery@verizon.net</a></p> <p>Representing the WV Academy of Family Physicians Term Ending June 30, 2013</p>	<p>Karen Bowling 127 Orlando Street Beckley, WV 25801 304-256-4100 e-mail: <a href="mailto:Karen.Bowling@lpnt.net">Karen.Bowling@lpnt.net</a></p> <p>Representing the WV Hospital Association Term Ending June 30, 2013</p>
<p>Dr. Steven Sebert 8 Meadow Creek Barboursville, WV 25504 304-528-4600 e-mail: <a href="mailto:Ssebert@uhswv.com">Ssebert@uhswv.com</a></p> <p>Representing the WV Medical Association Term Ending June 30, 2010</p>	<p>Brandon Tinney AFAT-WV 1610 Washington Street, Suite 200 Charleston, WV 25311 304-344-2679 e-mail: <a href="mailto:Btinney@aftwv.org">Btinney@aftwv.org</a></p> <p>Representing the largest labor organization in the state Term Ending June 30, 2012</p>

Ryan J. Ferns, DPT  
37 Jenna Way  
Wheeling, WV 26003  
304-280-7133  
e-mail: [ryan-ferns@comcast.net](mailto:ryan-ferns@comcast.net)

Representing the interest of consumers  
Term Ending June 30, 2013

Please contact Debbie Waller at [deborah.k.waller@wv.gov](mailto:deborah.k.waller@wv.gov) if any changes are needed to your contact information. Thank you.

**WEST VIRGINIA  
SECRETARY OF STATE  
NATALIE E. TENNANT  
ADMINISTRATIVE LAW DIVISION**

Do Not Mark In This Box

FILED

2009 OCT 30 PM 12:32

OFFICE OF THE WEST VIRGINIA  
SECRETARY OF STATE

Form #3

**NOTICE OF AGENCY APPROVAL OF A PROPOSED RULE  
AND  
FILING WITH THE LEGISLATIVE RULE-MAKING REVIEW COMMITTEE**

AGENCY: Governor's Office of Health Enhancement & Lifestyle Planning (GOHELP) TITLE NUMBER: 210

CITE AUTHORITY: §16-29H-8(a)

AMENDMENT TO AN EXISTING RULE: YES  NO

IF YES, SERIES NUMBER OF RULE BEING AMENDED: \_\_\_\_\_

TITLE OF RULE BEING AMENDED: \_\_\_\_\_

IF NO, SERIES NUMBER OF RULE BEING PROPOSED: Series 1

TITLE OF RULE BEING PROPOSED: Prescription Drug Advertising Expense Reporting

THE ABOVE PROPOSED LEGISLATIVE RULE HAVING GONE TO A PUBLIC HEARING OR A PUBLIC COMMENT PERIOD IS HEREBY APPROVED BY THE PROMULGATING AGENCY FOR FILING WITH THE SECRETARY OF STATE AND THE LEGISLATIVE RULE-MAKING REVIEW COMMITTEE FOR THEIR REVIEW.

  
Authorized Signature

**QUESTIONNAIRE**

*(Please include a copy of this form with each filing of your rule: Notice of Public Hearing or Comment Period; Proposed Rule, and if needed, Emergency and Modified Rule.)*

DATE: 10/26/2009

TO: LEGISLATIVE RULE-MAKING REVIEW COMMITTEE

FROM: *(Agency Name, Address & Phone No.)* Governor's Office of Health Enhancement & Lifestyle  
Planning (GOHELP)  
1124 Smith Street, Greenbrooke Building, Room 105  
Charleston, WV 25301  
304-558-0079

LEGISLATIVE RULE TITLE: Title 210 Series 1 Prescription Drug Advertising Expense  
Reporting

1. Authorizing statute(s) citation §16-29H-8(a)

2. a. Date filed in State Register with Notice of Hearing or Public Comment Period:  
September 22, 2009

b. What other notice, including advertising, did you give of the hearing?  
N/A

c. Date of Public Hearing(s) *or* Public Comment Period ended:  
October 22, 2009

d. Attach list of persons who appeared at hearing, comments received, amendments, reasons for amendments.

Attached \_\_\_\_\_ No comments received X



- e. Date you filed in State Register the agency approved proposed Legislative Rule following public hearing: (be exact)

October 30, 2009

- f. Name, title, address and phone/fax/e-mail numbers of agency person(s) to receive all *written correspondence* regarding this rule: (Please type)

Martha Y. Walker, Acting Director

GOHELP Office, 1124 Smith Street, Greenbrooke Building, Room 105

Charleston, WV 25301

304-558-0079 (phone)

304-558-8158 (fax)

GOHELP@wv.gov

- g. **IF DIFFERENT FROM ITEM 'f'**, please give Name, title, address and phone number(s) of agency person(s) who wrote and/or has responsibility for the contents of this rule: (Please type)

3. If the statute under which you promulgated the submitted rules requires certain findings and determinations to be made as a condition precedent to their promulgation:

- a. Give the date upon which you filed in the State Register a notice of the time and place of a hearing for the taking of evidence and a general description of the issues to be decided.

N/A

b. Date of hearing or comment period:

Comment Period Ended October 22, 2009

c. On what date did you file in the State Register the findings and determinations required together with the reasons therefor?

N/A

d. Attach findings and determinations and reasons:

Attached

**Governor's Office of Health Enhancement and Lifestyle Planning  
Title 210, Series 1**

**Prescription Drug Advertising Expense Reporting  
Title 210, Series 1**

**Brief Summary**

On August 26, 2009, W.Va. Code §16-29H-1 et seq. became effective. Article 29H established the Governor's Office of Health Enhancement and Lifestyle Planning (GOHELP) and transferred the rule-making authority previously granted to the West Virginia Pharmaceutical Cost Management Council to GOHELP. The subject Article further mandates GOHELP to promulgate a legislative rule requiring certain entities to annually report pharmaceutical advertising costs. Until August 26, 2009, pharmaceutical advertising reporting was governed by a rule promulgated by the Pharmaceutical Cost Management Council (206CSR1). That rule had a calendar year reporting period. With the repeal of W.Va. Code §5A-3C-1 et. seq., the Pharmaceutical Cost Management Council existence was terminated resulting in the rescission of its rules. To prevent having a period of time in which pharmaceutical advertising reporting is not required by the state, a rule must be filed on an emergency basis. Reporting of drug advertising expenses allows the state to obtain an accurate view of the level and scope of drug advertising and marketing in West Virginia.

Governor's Office of Health Enhancement and Lifestyle Planning  
Title 210, Series 1

Prescription Drug Advertising Expense Reporting  
Title 210, Series 1

**Statement of Circumstances**

On August 26, 2009, W.Va. Code §16-29H-1 et seq. became effective. Article 29H established the Governor's Office of Health Enhancement and Lifestyle Planning (GOHELP) and transferred the rule-making authority previously granted to the West Virginia Pharmaceutical Cost Management Council to GOHELP. The subject Article further mandates GOHELP to promulgate a legislative rule requiring certain entities to annually report pharmaceutical advertising costs. Until August 26, 2009, pharmaceutical advertising reporting was governed by a rule promulgated by the Pharmaceutical Cost Management Council (206CSR1). That rule had a calendar year reporting period. With the repeal of W.Va. Code §5A-3C-1 et seq., the Pharmaceutical Cost Management Council existence was terminated resulting in the rescission of its rules. To prevent having a period of time in which pharmaceutical advertising reporting is not required by the state, a rule must be filed on an emergency basis. Reporting of drug advertising expenses allows the state to obtain an accurate view of the level and scope of drug advertising and marketing in West Virginia.

APPENDIX B

**FISCAL NOTE FOR PROPOSED RULES**

Rule Title: Prescription Drug Advertising Expense Reporting

Type of Rule:  Legislative  Interpretive  Procedural

Agency: Governor's Office of Health Enhancement and Lifestyle Planning (GOHELP)

Address: 1124 Smith Street, Room 105  
Greenbrooke Building  
Charleston, WV 25301

Phone Number: 304-559-0078 Email: GOHELP@wv.gov

**Fiscal Note Summary**

Summarize in a clear and concise manner what impact this measure will have on costs and revenues of state government.

This rule will have no fiscal impact on costs and revenues of state government.

**Fiscal Note Detail**

Show over-all effect in Item 1 and 2 and, in Item 3, give an explanation of Breakdown by fiscal year, including long-range effect.

FISCAL YEAR			
Effect of Proposal	Current Increase/Decrease (use "-")	Next Increase/Decrease (use "-")	Fiscal Year (Upon Full Implementation)
1. Estimated Total Cost			
Personal Services			
Current Expenses			
Repairs & Alterations			
Assets			
Other			
2. Estimated Total Revenues			

Rule Title: \_\_\_\_\_

Rule Title: Prescription Drug Advertising Expense Reporting

3. **Explanation of above estimates (including long-range effect):**  
Please include any increase or decrease in fees in your estimated total revenues.

**MEMORANDUM**

Please identify any areas of vagueness, technical defects, reasons the proposed rule would not have a fiscal impact, and/or any special issues not captured elsewhere on this form.

Date: October 30, 2009

Signature of Agency Head or Authorized Representative

Martha J. Walker

**TITLE 210  
LEGISLATIVE RULE  
GOVERNOR'S OFFICE OF HEALTH ENHANCEMENT AND LIFESTYLE  
PLANNING (GOHELP)**

**SERIES 1  
PRESCRIPTION DRUG ADVERTISING EXPENSE REPORTING**

**§210-1-1. General.**

1.1. **Scope.** -- This rule establishes advertising expense disclosure requirements for all manufacturers and labelers of prescription drugs dispensed in this state who employ, direct or utilize marketing representatives.

1.2. **Authority.** -- W. Va. Code §16-29H-8(a).

1.3. **Filing Date.** -- September 22, 2009

1.4. **Effective Date.** --

**§210-1-2. Definitions.**

2.1. "Aggregate" or "aggregate data" means information which does not disclose personally-identifiable information about specific prescribers or otherwise identify specific individuals or companies.

2.2. "Aggregate list" means the aggregate data included in the GOHELP annual report to the Joint Committee on Government and Finance.

2.3. "Bona-fide clinical trial" means a clinical trial approved by an institutional review board in compliance with the statutory and regulatory requirements of the federal Food and Drug Administration, including Title 21 of the United States Code, 21 C.F.R., Part 56 and 45 C.F.R. § 46.101, and conducted in connection with a research study the principle purpose of which is scientific research.

2.4. "GOHELP" means the Governor's Office of Health Enhancement and Lifestyle Planning established under the authority of W. Va. Code §16-29H-1 *et seq.*

2.5. "Direct-to-consumer advertising" or "DTC advertising" means advertising prescription drugs directly to residents of this state through radio, television, magazines, newspapers, direct mail or telephone communications.

2.6. "Dispensed" or "dispensing" means that aspect of the practice of pharmacy concerned with the preparation, verification of contents and delivery of a drug or device in an appropriately labeled and suitable container to a patient or a patient's representative pursuant to a lawful order of a practitioner for subsequent administration to, or use by, a patient. A drug or device has not been dispensed until it has been physically delivered to the patient or patient's representative.

2.7. "National aggregate data" means all expenses associated with advertising and direct promotion of prescription drugs through radio, television, magazines, newspapers, direct mail and telephone communications in the United States.

2.8. "Prescription drugs" or "pharmaceutical drugs" means drugs for human use which may be legally dispensed only with a prescription.

2.9. "Prescriber" means a physician or other health care professional licensed to prescribe drugs in the State of West Virginia.

2.10. "Reporting entity" means a drug manufacturer, pharmaceutical manufacturer or labeler.

#### **§210-1-3. Required Disclosures.**

3.1. Every drug manufacturer, pharmaceutical manufacturer, and labeler of prescription drugs dispensed in this state, or to a consumer in this state via mail, who employs, directs or utilizes marketing representatives in this state must complete and file with GOHELP, the form contained in Appendix A of this rule, disclosing the reporting entity's expenditures for advertising prescription drugs to consumers in this state for the previous calendar year in full. Beginning on or before April 1, 2010, and by the first of April thereafter, the reporting entity shall annually complete and file with GOHELP the form contained in Appendix A of this rule, disclosing advertising expenses for the previous calendar year in full.

3.2. The reporting entity shall disclose all expenditures for advertising and direct promotion of prescription drugs dispensed in this state, including:

3.2.a. The total amount the reporting entity spent for advertising and direct promotion of prescription drugs to consumers, prescribers, pharmacies and patient support or advocacy groups within the State of West Virginia;

3.2.b. The total number of West Virginia prescribers to whom the reporting entity provided, directly or indirectly, gifts, grants or payments of any kind in excess of one hundred dollars (\$100.00) for the purpose of advertising prescription drugs. Annual payments which cumulatively total more than the amount shown on the reporting form shall be reported in increments of two thousand five hundred dollars (\$2,500.00) until all payments of any kind to prescribers have been reported; and



3.2.c. Direct-to-consumer advertising which is directed at, received by or intended to be received by consumers in this state, the form of the advertising and the total amount expended for such advertising.

3.3. If the reporting entity represents a number of entities which file a federal income tax return as a consolidated group, the reporting entity shall attach to the disclosure form a copy of the organizational chart showing all members of the consolidated group and their interrelationship.

3.4. If the reporting entity does not maintain separate records of expenditures for advertising of prescription drugs within West Virginia, it may calculate the advertising expenditures directed at this state by:

3.4.a. Dividing the West Virginia population receiving the DTC advertising by the population of the nation or region for which the reporting entity does maintain records; and

3.4.b. Multiplying the quotient determined pursuant to subdivision a of this subsection by the total amount the reporting entity spent on advertising in the nation or the named region.

3.5. For the purposes of subsection 3.4 of this rule, the following applies:

3.5.a. The populations of this state and of the nation or region for which the reporting entity maintains records are to be determined by the most recent population data available from the United States Census Bureau.

3.5.b. The reporting entity must attach the calculations to the disclosure form contained in Appendix A.

3.6. The reporting entity shall file signed and verified originals of completed Appendix A forms with GOHELP.

#### **§210-1-4. Discretionary Disclosures.**

The reporting entity may, but is not required to, disclose:

4.1. Free samples of prescription drugs distributed to patients;

4.2. Payments of reasonable compensation and reimbursement of expenses in connection with a bona-fide clinical trial; and

4.3. Scholarships or other support for medical students, residents and fellows selected by a national, regional or specialty medical or other professional association to attend significant educational, scientific or policy-making conferences sponsored by such association.

## Appendix A

## Prescription Drug Advertising Expenses Reporting Form

Please file your completed Appendix A with:  
 Governor's Office of Health Enhancement and Lifestyle Planning  
 Greenbrooke Building, 1124 Smith Street, Room 105  
 Charleston, West Virginia 25301

<b>Name of Reporting Entity</b>	
<b>Reporting Period</b>	

- 3.2.a. List below the total amount the reporting entity spent for advertising and direct promotion of prescription drugs to consumers, prescribers, pharmacies and patient support or advocacy groups within the State of West Virginia.

<b>Name of Reporting Entity</b>	<b>Amount Spent</b>

- 3.2.b. List below the total number of West Virginia prescribers to whom the reporting entity provided directly or indirectly, gifts, grants or payments of any kind in excess of one hundred dollars (\$100.00) for the purpose of advertising prescription drugs.

<b>Annual Aggregate Amount of fees, food entertainment, recreational activities, travel expenses, gifts, grants or other payments</b>	<b>Total Number of Prescribers</b>
\$100.00 - \$2,500.00	
\$2,501.00 - \$5,000.00	
\$5,001.00 - \$7,500.00	
\$7,501.00 - \$10,000.00	

3.2.c. List below the direct-to-consumer advertising which is directed at, received by or intended to be received by consumers in this state, the form of the advertising and the total amount expended for advertising.

Form of Advertising	Total Expenditure on Advertising

I certify upon information and belief that the information contained on this form is true, correct and complete.

<b>Signature:</b>	
<b>Printed Name:</b>	
<b>Title:</b>	
<b>Date:</b>	

Taken, sworn and subscribed before me, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,

by \_\_\_\_\_.

<b>Notary signature</b>	
<b>Commission expires</b>	

Seal:

# WV HIT Grant & Incentive Initiatives Executive Summary

Updated: December 3, 2009

Highlighted Grant Title indicates non-ARRA Grant

Grant or Regulation Title	Description and Purpose	Critical Dates and Financials	Notable Items
<b>Healthier Medicaid Members Through Enhanced Medication Management</b>	Intended to enhance functionality and capabilities of Bureau of Medicaid Services Pharmaceutical Services	Awarded 1/25/07 \$4,287,110	Medicaid Transformation Grant under the DRA
<b>Healthier Medicaid Members Through Health Systems Improvement (HIE/EHR)</b>	Environmental Scan of State's EHR landscape and development of PHR for Bureau of Medicaid Services	Awarded 1/25/07 \$3,895,730	Medicaid Transformation Grant under the DRA
<b>Healthier Medicaid Members Through Applied Technology</b>	Development of Health Information Exchange Health Record Data Bank and Clinical Data Warehouse for Bureau of Medicaid Services, State Hospitals and FQHCs	Awarded 1/25/07 \$1,766,280	Medicaid Transformation Grant Under the DRA
<b>FCC Rural Health Care Pilot Program</b>	The FCC made \$417 million available for its Rural Health Care Pilot Program (RHCPP) in 2007 for the construction of 69 statewide or regional broadband telehealth networks in 42 states and three U.S. territories.	The WV Telehealth Alliance (WVTA) received approximately \$9.7 million in state and federal funds to improve broadband connectivity among eligible health care entities in the state.	Metro Fiber Build Project Funding; Announced 9/28/09 Marshall University and SOM, St. Mary's and Cabell Huntington Hospitals - \$800,000
<b>CHIPRA Quality Demonstration Grant</b>	In September 2009, CMS released an invitation to apply for quality demonstration grants as outlined in the 2009 Children's Health Insurance Plan Reauthorization Act (CHIPRA). The goal of this funding opportunity is to establish and evaluate a national quality system for children's health care which encompasses care provided through the Medicaid program and the Children's Health Insurance Program (CHIP). This will be accomplished by awarding 10 demonstration grants to States funded by the CHIPRA.	The CHIPRA statute appropriated a total of \$100 million for this funding opportunity with \$20 million to be awarded each fiscal year (FY) over a 5-year period of performance. Under this funding opportunity, there is no required State match and any unused funds may roll over for use in the next FY.  Grant Application Due on Jan 8, 2010 Issuance of Notice of Grant Awards on Feb 22, 2010 Grant Period Start Date on Feb 22, 2010 Grant Period of Performance – 5 years	This proposal spans 4 grant categories: A, B, C, E (see page 7)  It is expected that grant awards will range from \$500,000 to \$5 million per grant category
<b>Beacon Community Cooperative Agreement Program</b>	Competitive program will provide funding to communities to build and strengthen their health IT infrastructure and exchange capabilities to demonstrate the vision of the future where hospitals, clinicians and patients are meaningful users of health IT, and together	Funding for this Initiative is \$220,000,000; Awards made to 15 communities.  An additional \$15,000,000 will support technical assistance to the communities and an independent evaluation of the program.	Funds can be used for: 1. HIT and Exchange Infrastructure 2. Integration of Health Information Technology into Care Delivery

# WV HIT Grant & Incentive Initiatives Executive Summary

Updated: December 3, 2009

Highlighted Grant Title indicates non-ARRA Grant

	<p>the community achieves measurable improvements in health care quality, safety, efficiency, and population health. Awards will be made in the form of cooperative agreements to approximately 15 qualified non-profit organizations or government entities representing geographic health care communities. Selected communities must already be national leaders in the advancement of health IT, workflow redesign and care coordination, or quality monitoring and feedback. In addition, successful communities must have advanced rates of electronic health record (EHR) adoption and health information exchange (HIE), and the readiness to incorporate health IT to advance community-level care coordination and quality monitoring and feedback.</p>	<p>Average Award Amount: \$15,000,000 Award Floor: \$10,000,000 Award Ceiling: \$20,000,000</p> <p>Funding Opportunity Announcement Released: December 2, 2009 Letter of Intent Due: January 8, 2010 Applications Due: February 1, 2010 Award Announcements: March 2010 Anticipated Start Date: April 1, 2010</p>	<p>3. Evaluation, Performance Monitoring and Feedback 4. Operational Costs and Overhead</p> <p>Project Period Length: 36 mo.</p>
<p><b>Community College Consortia to Educate Health Information Technology Professionals in Health Care Program</b></p>	<p>This program makes available \$70 million in grants to help develop and strengthen the health IT community by rapidly creating health IT education and training programs at community colleges or expand existing programs. Community colleges funded under this initiative will establish intensive, non-degree training programs that can be completed in six months or less.</p> <p>ONC will utilize an objective review process to award a cooperative agreement to one community college consortium in five regions, as outlined in the funding opportunity announcement.</p>	<p>Funding for this program: \$70 million</p> <p>Letter of Intent Due: January 6, 2010 Applications Due: January 22, 2010 Anticipated Award Date: March 15, 2010</p>	<p>Project Period Length: 24 mo. Budget Period Length: 12 mo.</p>
<p><b>Broadband Technology (BTOP) Program &amp; Broadband Initiatives Program (BIP)</b></p>	<p>To support the deployment of broadband infrastructure and fiber to un-served and underserved areas, to enhance broadband capacity at public computer centers.</p>	<p>Grant Submitted and CLOSED Anticipated Value of Award: 126.3M</p>	<p>Medicaid providers will be the largest end user 4% Administrative provision to be stepped down to users</p>
<p><b>State Information Exchange Cooperative Agreement Program</b></p>	<p>Support states and/or State Designated Entities (SDEs) in establishing health information exchange (HIE) capacity among health care</p>	<p>LOI Due on Sep 11 Full Application Due Oct 16 • Floor of \$4M per award</p>	<p>Rapidly Rising Match</p> <ul style="list-style-type: none"> <li>• 2010 : None</li> <li>• 2011 – 1/10</li> </ul>

# WV HIT Grant & Incentive Initiatives Executive Summary

Updated: December 3, 2009

Highlighted Grant Title indicates non-ARRA Grant

	providers and hospitals in their jurisdiction.	<ul style="list-style-type: none"> <li>• Max of \$40 M per award</li> </ul>	<ul style="list-style-type: none"> <li>• 2012 – 1/7</li> <li>• 2013 – 1/3</li> </ul>
<b>HIT Extension Program Regional Centers</b>	The Regional Centers will furnish assistance, defined as education, outreach and technical assistance, to help providers in their geographic service area select, successfully implement, and meaningfully use certified EHR technology to improve the quality and value of health care (individual and small group practices, public and Critical Access Hospitals, Community Health Centers and Rural Health Clinics as well as other settings predominantly serving uninsured, underinsured, and medically underserved populations).	<p>11/3 Final Application 12/11 Awards</p> <ul style="list-style-type: none"> <li>• Cycle 1 (\$189M – 20 awards)</li> <li>• Cycle 2 (\$225M)</li> <li>• Cycle 3 (\$184M)</li> </ul> <p>Preliminary application submitted on 9/8/2009. Received preliminary approval on 9/29/09; requested full application.</p> <p>Full application is due on November 3, 2009.</p> <p>Awardee selection is on December 11, 2009.</p>	<ul style="list-style-type: none"> <li>• Front loaded federal support for the first two years (\$598M).</li> <li>• Years 3&amp;4 federal support limited to \$ 45M</li> <li>• Proposal submitted for \$11M budget of which \$9.8 is proposed federal contribution</li> </ul>
<b>Competitive Grants to States and Tribes for Development of Loan programs to Facilitate Adoption of EHRs</b>	Establish EHR technology loan fund to facilitate use of EHR technology, train personnel and improve eHIE	Grants for Competitive Loan Program- can use 4% annually for administration MOE \$1 to \$5 federal	No award funding under this program prior to 1-1- 2010 Unknown date for strategic plan submission
<b>ARRA Section 4101: Incentives for Eligible Professionals (Medicaid Incentives for HIT)</b>	Provides incentive payments to eligible professionals. Encourage the adoption and use of certified EHR technology	[For WV; 65K in total times approximately 13,686 WV enrolled Medicaid professionals = 342,150,000M in year 1 and 136,860,000M for each of the 4 subsequent years]  Practices must have 30% Medicaid to be eligible	The net average allowable costs for 2011 cannot exceed \$25,000. The net average allowable costs under this subsection for years 2-5 cannot exceed \$10,000
<b>Medicare Incentives for Physicians</b>	Provides incentive payments to physicians who are "meaningful EHR users."	Incentive payments are available beginning in 2011.  Beginning in 2015, there will be a reduction in Medicare reimbursements by 1% to 3% each year for physicians who are NOT meaningful EHR users.	
<b>Medicare Incentives for Hospitals</b>	Provides incentives to hospitals who are "meaningful EHR users."	Formula is "Initial Amount X Medicare Share X Transition Factor."	"Meaningful EHR users" for hospitals has no e-prescribing requirement.  Critical Access Hospitals (CAHs)

# WV HIT Grant & Incentive Initiatives Executive Summary

Updated: December 3, 2009

Highlighted Grant Title indicates non-ARRA Grant

			Increase the Medicare Share by 20% points, as long as Medicare Share does not exceed 100%.
<b>HRSA Capital Improvement Program</b>	\$1.5B was made available to support construction, renovation and equipment and acquisition of health information technology systems for health centers and health center controlled networks. 766 HIT projects were awarded	Awards were made on June 29, 2009  \$18,776,925 awarded to 29 organizations	
<b>AHRQ Patient Registries</b>	This fall, the Agency for Health Quality and Research (AHRQ) will provide details on grant opportunities totaling \$48 million for developing national patient registries that can be used in comparative effectiveness research.		
<b>Department of Labor Health Care Sector and other High Growth and Emerging Industries Grants</b>	Will make funds available to projects that provide training and placement services to help workers pursue careers in the health care sector and other high growth industries.	\$220 million available  Award ceiling is \$5; floor is \$2M  Closing date for applications is October 5, 2009	
<b>National Health Service Corps Loan Repayment Program</b>	Provides the outstanding balance of qualifying student loans (if it is less than \$50,000), tax free, to primary care medical, dental, and mental health clinicians in exchange for two years of service at an approved site in a Health Professional Shortage Area.	ARRA provided \$200 million to the NHSC loan repayment program.  Provides \$50,000 (or the outstanding balance of qualifying student loans if it is less than \$50,000), tax free to clinicians.  Closing date for applications is August 7, 2009.	
<b>HRSA grants to expand the training of health care professionals</b>	HRSA has \$33 million available to expand the training of health care professionals.		Under the Scholarships for Disadvantaged Students program, Marshall University received \$151,293, WVU received \$11,268, Alderson-Broadus College received \$60,208.  Under the Public Health Traineeships, WVU Research

# WV HIT Grant & Incentive Initiatives Executive Summary

Updated: December 3, 2009

Highlighted Grant Title indicates non-ARRA Grant

			Corporation received \$5,129.
<b>Comparative Effectiveness Research Funding</b>	<p>HHS has \$400 million available to support research assessing the comparative effectiveness of health care treatments and strategies, through efforts that:</p> <ol style="list-style-type: none"> <li>1. Conduct, support, or synthesize research that compares the clinical outcomes, effectiveness, and appropriateness of items, services, and procedures that are used to prevent, diagnose, or treat diseases, disorders, and other health conditions.</li> <li>2. Encourage the development and use of clinical registries, clinical data networks, and other forms of electronic health data that can be used to generate or obtain outcomes data.</li> </ol>		
<b>Information Technology Professionals in Health Care</b>	<p>Provides assistance to institutions of higher education (or consortia thereof) to establish or expand medical health informatics education programs, including certification, undergraduate, and masters degree programs, for both health care and information technology students to ensure the rapid and effective utilization and development of health information technologies.</p>	Nothing further announced.	
<b>Demonstration Project to Integrate Health Information Technology into Clinical Education</b>	<p>The Secretary may award grants under this section to carry out demonstration projects to develop academic curricula integrating certified EHR technology in the clinical education of health professionals. Awards shall be made on a competitive basis and pursuant to peer review.</p>	Nothing further has been announced.	
<b>HRSA State Health Access Program (SHAP)</b>	<p>Supports states ready to implement a health insurance coverage program designed for the uninsured.</p>	<p>A joint application by DHHR and the Insurance Commission was submitted on June 16, 2009.</p> <p>Awardee selection was on August 28, 2009.</p>	<p>WV chose to seek a comprehensive grant which contemplates more extensive initiatives at \$7-10 million/year</p>





## **Preventive and Primary Care Pilot Program**

Created by HB 4021 (2006 Legislative Regular Session)

*Developed and Implemented by:*

WV Health Care Authority and WV Insurance Commissioner

<b>Provider</b>	<b>Number of Enrollees</b>
<b>Monroe Health Center</b>	<b>12</b>
<b>PrimaryCareOne</b>	<b>221</b>
<b>New River Health Association</b>	<b>311</b> <b>*10 employers</b>
<b>Valley Health</b>	<b>13</b>
<b>WomenCare, d/b/a FamilyCare</b>	<b>0</b>
<b>TOTAL</b>	<b>557</b>

**Attachment A**  
**PRIMARY CARE SERVICES**

**Primary Medical Care:**

**Diagnostic Labs** to include at minimum: Comprehensive Metabolic Profile ( electrolytes, BUN, creatinine, ast. alt, bilirubin, albumin, glucose, calcium, co2, chloride),

**Lipid Panel** to include HDL and LDL as well as Total Cholesterol and Triglycerides,

**CBC, Urinalysis and Culture, Urine for creatinine and albumin, TSH, Hemoglobin A1C, PSA, Pap, Hemocult**

**Diagnostic X-ray and testing** to minimally include: Chest X-ray and studies of the extremities, spirometry

**Diagnostic Testing/Screening** to include at minimum: Pelvic/Pap, Breast Exam, Rectal Exam, Prostate Exam

**After Hours Availability**

**Urgent Care/Drop-In Availability**

**24 Hour On-Call Clinician**

**Family Planning**

**Immunizations:** Childhood Immunizations and Adult immunizations (Influenza and Pneumovax and tetanus at minimum) either provided on site or through a relationship with another entity

**Physical Examinations**

**Sick Care for Acute Illnesses**

**Chronic Disease Management**

**Patient Education**

**Gynecologic Care:**

**Routine Gynecologic Care**

**Pap Smears**

**Postmenopausal Women's Care**

**Basic Prenatal Counseling and Referral to Obstetric Care (or onsite care)**

**Dental Care:**

**Routine Assessment by inspection and patient education**

**Mental Health Services:**

**Depression Screening and Treatment and Counseling**

**Anxiety Screening and Treatment and Counseling**

**Patient Education**

**Preventive Services Related to Target Areas:**

**Pap smear**

**Digital Rectal Exam**

**Fecal Occult Blood Test**

**Smoking Cessation Classes and/or Counseling**

**Skin Cancer Surveillance**

**Influenza Vaccination**

**Pneumonia Vaccination**  
**Clinical Brest Exam (Mammogram/only if offered at the clinic)**

**Diabetes:**

**Hemoglobin A1C Screening and Treatment**  
**Urine Microalbumin Screening and Treatment**  
**Diabetic Foot Exam**  
**Retinal Exam – Non-dilated Cursory Eye Exam**  
**Blood Pressure Monitoring and Treatment**  
**Cholesterol Monitoring and Treatment**  
**Patient Education**

**Cardiovascular Disease:**

**EKG**  
**Blood Pressure Monitoring and Treatment**  
**Weight Reduction Program**  
**Blood Cholesterol Screening and Treatment**  
**Patient Education**

**Pharmacy Services:**

**For medical homes with a 340b pharmacy, patients may be eligible for reduced drug prices offered through that program.**

**Many pharmaceutical companies offer patient assistance programs, and eligible patients are encouraged to apply**

**Patients need to have access to the following medications at minimum: simvastatin, metformin, enalapril or captopril, regular and long acting insulin and supplies, b-blockers, hydrochlorothiazide and lasix.**

**Excluded Services (Please note that these services are simply not required. A medical home very well may offer these services, but they are not required to do so.):**

**Colonoscopy**  
**Mammography**  
**Chemotherapy/Radiation**  
**Surgery**  
**Cardiac Stress Testing**  
**Obstetric Care**  
**ER Visits in a Hospital Setting**  
**Radiology Procedures (Echocardiography, Ultrasound, MRI, CT Scans)**  
**Complete Drug Formulary**  
**Respite/Hospice Care**  
**Inpatient Hospital Services**  
**Catastrophic Care**  
**Complicated Orthopedic Care**

# BOARD OF TREASURY INVESTMENTS

## CALENDAR NOTES

ED Auction  
January 13, 2010

Quarterly Board  
Meeting  
January 28, 2010

### Board of Treasury Investments

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

### Board of Directors

John D. Perdue,  
State Treasurer,  
Chairman

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

## OPERATING REPORT

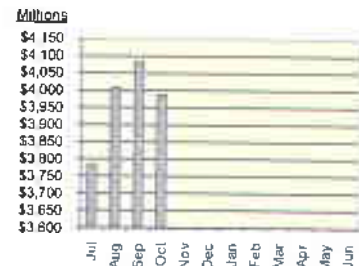
### OCTOBER 2009

### Total Net Assets Under Management

**\$3,986,544,000**

Last Month  
**\$4,080,608,000**

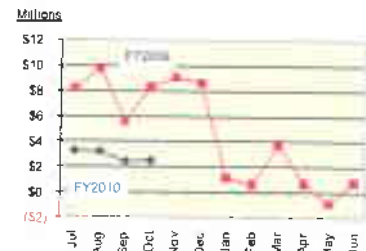
Beginning of Fiscal Year  
**\$3,663,992,000**



**8.8% Growth This  
Fiscal Year**

### Total Net Income & Gains

Fiscal Year  
**\$11,281,000**



Fiscal Year Comparison

### Money Market Pools

As of October 31, 2009

Pool	1-Day Yield *	7-Day Yield *	30-Day Avg. Yield *	W.A.M. **	Net Assets
WV Money Market	.0600%	.0665%	.0862%	56 Days	\$2.8 Billion
WV Gov't Money Market	.0912%	.1280%	.1143%	62 Days	\$294.8 Million

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

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

**WEST VIRGINIA BOARD OF TREASURY INVESTMENTS**  
**THE ECONOMIC STATE**  
**OCTOBER 2009**

---

**Is Economic Recovery Real or Artificial?**

What a difference a year makes! October 2009 was not a good month for the stock market, but it was nothing like October 2008 when stocks seemed headed towards zero, Treasuries were being bought in record numbers and the high yield market experienced its worst month in history.

While stocks retreated in October ending a string of seven consecutive monthly gains, investors continued to favor more risky credits as evidenced by the strong results from the high yield market.

The mixed results during the month seem to reflect the uncertainty surrounding the economy. The economy turned the corner and grew at an impressive 3.5% during the third quarter. However, this is about half of what is typical at this point in a recovery and was artificially improved by credits for home buyers and the subsidized "cash for clunkers" program. Nonetheless, the 3.5% jump is encouraging, coming on the heels of a 3.8% decline over the previous 12 months.

The question investors are wrestling with is whether the U.S. economy is experiencing a statistical or artificial recovery rather than a sustainable rebound. Housing and credit have shown signs of improvement over the past few months, but unemployment continues to plague the economy as it rose to 10.2% in October.

Clearly, consumer confidence is tied to unemployment rates and the confidence level fell for the second straight month in October to 47.7 from a revised 53.4 in September, reflecting a continued level of anxiousness. With the consumer accounting for some 2/3rds of the GDP, their spending patterns in the coming months will say much about this recovery. On that front, following a rise in retail sales in August (up 2.7%), sales fell 2.3% in September only to increase 1.4% in October. Amid the volatility, holiday sales forecasts reflect an expected rise of 1.6% from a year ago as consumers head back into the retail pool.

The yield curve steepened in October. Rates out to five years were down with yields on three-month T-Bills falling by 6 bps to 0.045%. Further out the curve, rates rose, led by an 18 bps increase in the 30-year bond yield. At month end, the yield on the 10-year note was 7 bps higher at 3.38% while the 30-year bond yield ended at 4.23%. At month end, spreads on the front end of the curve (2 – 10) had widened by 13 bps to 249 bps and at the back end of the curve (10 – 30) spreads had widened by 10 bps to 85 bps.

The Barclays Capital Aggregate Index returned 0.49% during October and all spread sectors outperformed their same-duration Treasury securities. Performance was again led by the CMBS and ABS sectors, as continued support from the Government's TALF program helped relative results.

The Merrill Lynch 3-Month T-Bill Index returned 0.02% in September trailing the 0.32% return of the Merrill Lynch 1-3 Year Government / Corporate A+ Index. Year-to-date, the 3-Month T-Bills returned 0.19% while the 1-3 Year Government / Corporate Index A+ returned 2.83%.

# West Virginia Board of Treasury Investments Financial Highlights as of October 31, 2009

## WV Short Term Bond Pool

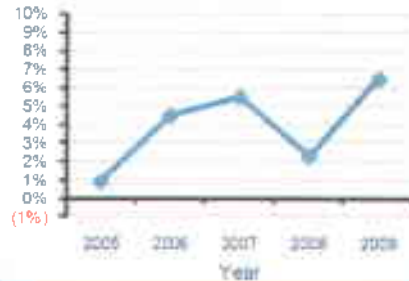
### Rates of Return for the Past 12 Months *Net of All Fees*

November 1 - October 31	Return	Net Assets At Oct. 31 <i>(In Millions)</i>
2009	6.5%	\$ 338.2
2008	2.3%	\$ 342.9
2007	5.5%	\$ 235.0
2006	4.5%	\$ 273.3
2005	0.9%	\$ 257.6

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

### WV Short Term Bond Pool Rates of Return

*Past 12 Months  
November 1 - October 31*



## Summary of Value and Earnings *(In Thousands)*

Pool	Net Asset Value	Oct. Net Income <i>(Loss)</i>	Fiscal YTD Net Income <i>(Loss)</i>
WV Money Market	\$ 2,843,673	\$ 225	\$ 1,355
WV Gov't Money Market	294,755	29	106
WV Short Term Bond	338,210	1,217	6,604
WV Bank	120,156	53	240
Loss Amortization	186,115	531	2,008
Loans *	134,736	335	591
Reserve	46,501	41	156
Participant Accounts	22,398	20	221
	<b>\$ 3,986,544</b>	<b>\$ 2,451</b>	<b>\$ 11,281</b>

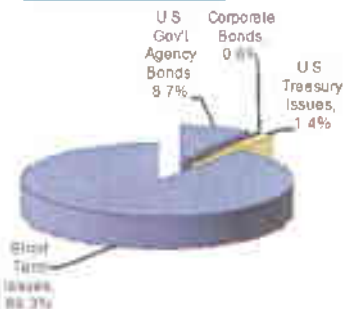
\* There have been \$700,000 in writedowns on venture capital loans in the Loan Pool this fiscal year.

### Percent of Total Net Asset Value

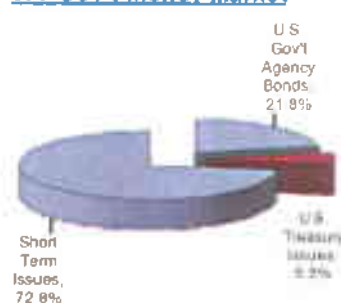


## Securities by Type for Operating Pools *(Percentage of Asset Value)*

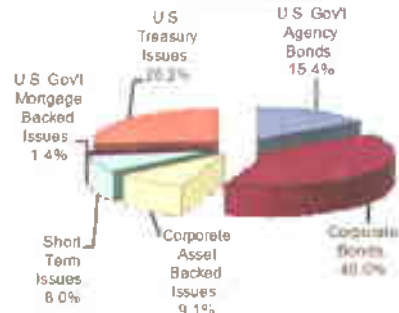
### WV Money Market



### 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**

**OCTOBER 31, 2009**

*(IN THOUSANDS)*

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Other Pools	Participant Directed Accounts
<b>Assets</b>						
<b>Investments:</b>						
At amortized cost	\$ 2,860,127	\$ 294,678		\$ 120,000	\$ 180,861	\$ 18,948
At fair value	-	-	\$ 336,657	-	186,115	3,267
Cash	-	-	-	-	-	-
Collateral for securities loaned	146,600	-	106,940	-	-	-
Other assets	914	129	2,625	156	380	184
<b>Total assets</b>	<u>3,007,641</u>	<u>294,807</u>	<u>446,222</u>	<u>120,156</u>	<u>367,356</u>	<u>22,399</u>
<b>Liabilities</b>						
Payable for securities loaned	146,600	-	106,940	-	-	-
Other liabilities	17,368	52	1,072	-	4	1
<b>Total liabilities</b>	<u>163,968</u>	<u>52</u>	<u>108,012</u>	<u>-</u>	<u>4</u>	<u>1</u>
<b>Net Assets</b>	<u>\$ 2,843,673</u>	<u>\$ 294,755</u>	<u>\$ 338,210</u>	<u>\$ 120,156</u>	<u>\$ 367,352</u>	<u>\$ 22,398</u>
<b>Investment income</b>						
Interest and dividends	\$ 312	\$ 67	\$ 926	\$ 53	\$ 381	\$ 52
Securities lending income	-	-	-	-	-	-
Provision for securities lending loss	(242)	(6)	-	-	-	-
Net accretion (amortization)	336	(14)	(131)	-	610	(13)
Provision for uncollectible loans	-	-	-	-	-	-
<b>Total investment income</b>	<u>406</u>	<u>47</u>	<u>795</u>	<u>53</u>	<u>991</u>	<u>39</u>
<b>Expenses</b>						
Fees	182	20	38	-	5	-
Securities lending borrower rebates	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-
<b>Total expenses</b>	<u>182</u>	<u>20</u>	<u>38</u>	<u>-</u>	<u>5</u>	<u>-</u>
<b>Net investment income</b>	<u>224</u>	<u>27</u>	<u>757</u>	<u>53</u>	<u>986</u>	<u>39</u>
Net realized gain (loss) from investments	1	2	200	-	-	-
Net increase (decrease) in fair value of investments	-	-	260	-	(79)	(19)
<b>Net gain (loss) from investments</b>	<u>1</u>	<u>2</u>	<u>460</u>	<u>-</u>	<u>(79)</u>	<u>(19)</u>
<b>Net increase (decrease) in net assets from operations</b>	<u>225</u>	<u>29</u>	<u>1,217</u>	<u>53</u>	<u>907</u>	<u>20</u>
<b>Distributions to participants</b>	<u>240</u>	<u>64</u>	<u>960</u>	<u>53</u>	<u>376</u>	<u>-</u>
<b>Participant activity</b>						
Purchases, reinvestment of units and contributions	643,867	31,379	723	53	2,731	28
Redemptions and withdrawals	712,723	50,795	6,235	-	352	3,495
Inter-pool transfers in	25,108	-	-	20,000	-	-
Inter-pool transfers out	20,000	-	-	25,108	-	-
<b>Net increase (decrease) in net assets from participant activity</b>	<u>(63,748)</u>	<u>(19,416)</u>	<u>(5,512)</u>	<u>(5,055)</u>	<u>2,379</u>	<u>(3,467)</u>
Increase (decrease) in net assets	(63,769)	(19,451)	(5,255)	(5,055)	2,910	(3,447)
Net assets at beginning of period	2,907,442	314,206	343,465	125,211	364,442	25,845
<b>Net assets at end of period</b>	<u>\$ 2,843,673</u>	<u>\$ 294,755</u>	<u>\$ 338,210</u>	<u>\$ 120,156</u>	<u>\$ 367,352</u>	<u>\$ 22,398</u>

WEST VIRGINIA

# BOARD OF TREASURY INVESTMENTS

LEGISLATIVE

## OPERATING REPORT

OCT 28 2009

### SEPTEMBER 2009

MANAGER

**CALENDAR NOTES**

Quarterly Board Meeting  
October 29, 2009  
CD Meetings  
November 12, 2009

**Board of Treasury Investments**

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

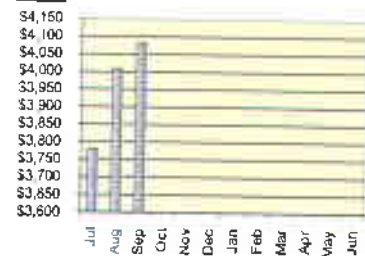
### Total Net Assets Under Management

**\$4,080,608,000**

Last Month  
**\$4,005,761,000**

Beginning of Fiscal Year  
**\$3,663,992,000**

Millions



**11.4% Growth This Fiscal Year**

### Total Net Income & Gains

Fiscal Year  
**\$8,828,000**

Millions



Fiscal Year Comparison

### Money Market Pools

As of September 30, 2009

Pool	1-Day Yield *	7-Day Yield *	30-Day Avg. Yield *	W.A.M. **	Net Assets
WV Money Market	.1084%	.1054%	.1207%	50 Days	\$2.9 Billion
WV Gov't Money Market	.0277%	.0287%	.0426%	55 Days	\$314.2 Million

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

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



# WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

## THE ECONOMIC STATE

### SEPTEMBER 2009

---

#### Looking Back on a Tumultuous Year

September marked the first anniversary of the Lehman collapse and the U.S. government's massive effort to restore confidence in the financial markets and the economy. Looking back, it was a ride no one will forget in this lifetime. While the trip is not yet over, much has happened over the past year leaving many to say we are moving from a recession to a recovery, although it should be noted that the government has not "officially" stated this.

Looking back, in response to the financial crisis, the U.S. government loaned, guaranteed or funded approximately \$11.6 trillion to stabilize the economy and our banking system. As a result, market psychology has shifted dramatically and risk taking is becoming the norm once again. Over the past six months, it appears investors have shrugged off the remaining issues confronting the economy.

While the markets have rebounded quite well over the past six months and many economic signals continue to reflect the beginnings of a slow recovery, cash resting on the sidelines remains relatively high, reflecting that some investors are still not convinced the recovery is upon us.

Investors are still sitting on some \$3.5 trillion in money market funds which are now yielding somewhere in a range of 5 to 10 basis points annualized. The decline in money market funds from a peak of \$3.9 trillion in January of this year has been largely directed to bonds and bond mutual funds. According to Morningstar, bond mutual funds have attracted net deposits of \$209.1 billion through August.

Uncertainty surrounding the recovery was reflected in the unexpected decline in the Consumer Confidence Index during September, which dropped to 53.1, down from 54.5 the previous month. Surprisingly, the drop occurred despite a jump in retail sales which were up 2.7% following a decline the previous month of 0.2% and a predicted increase of only 2.0% reflecting better than expected back-to-school sales.

Rising unemployment (currently 9.8%) is now at a 26 year high and many believe this will trend above 10% through the first half of 2010 before it peaks. Even if it peaks and begins to decline in the latter half of 2010, the natural state of unemployment will likely be much higher than it was in the recent past due to structural changes in the labor market and lower economic growth from the deleveraging of U.S. households. The U.S. economy cannot truly be described as healthy or normal until employment levels improve.

Interest rates continued to move lower across the yield curve in September, despite the elevated level of Treasury debt issuance and strong results from the equity markets.

Short-term rates were 2 to 5 basis points lower and longer-term rates were 7 to 12 basis points lower. At the close of the month, the yield on the 10-year note fell 9 basis points lower at 3.31% and the 30-year bond was 13 basis points lower at 4.05%. Historically low yields are expected to continue into the near future as evidenced by the futures market, which reflects investors continued belief that the Fed will keep the Fed Funds rate in its current 0.00% - 0.25% range into next year.

The Barclays Capital Aggregate Index returned 1.05% during September and like last month; spread sectors outperformed their same-duration Treasury securities across the curve. Performance was again led by the CMBS and ABS sectors amid continued support from the Government's TALF program.

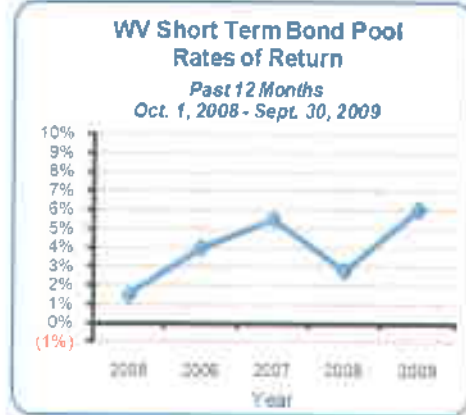
The Merrill Lynch 3-Month T-Bill Index returned 0.02% in September trailing the 0.43% return of the Merrill Lynch 1-3 Year Government / Corporate A+ Index. Year-to-date, the 3-Month T-Bills returned 0.17% while the 1-3 Year Government / Corporate Index A+ returned 2.50%.

# West Virginia Board of Treasury Investments Financial Highlights as of September 30, 2009

## WV Short Term Bond Pool

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

October 1 - September 30	Return	Net Assets At Sept. 30 <i>(In Millions)</i>
2009	6.0%	\$ 343.5
2008	2.8%	\$ 357.5
2007	5.5%	\$ 234.3
2006	4.0%	\$ 272.1
2005	1.5%	\$ 261.7



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

## Summary of Value and Earnings *(In Thousands)*

Pool	Net Asset Value	Sept. Net Income <i>(Loss)</i>	Fiscal YTD Net Income <i>(Loss)</i>
WV Money Market	\$ 2,907,441	\$ 327	\$ 1,130
WV Gov't Money Market	314,206	18	77
WV Short Term Bond	343,465	1,086	5,386
WV Bank	125,210	59	186
Loss Amortization	185,583	441	1,476
Loans *	132,753	352	256
Reserve	46,105	38	115
Participant Accounts	25,845	71	202
	<b>\$ 4,080,608</b>	<b>\$ 2,392</b>	<b>\$ 8,828</b>

### Percent of Total Net Asset Value



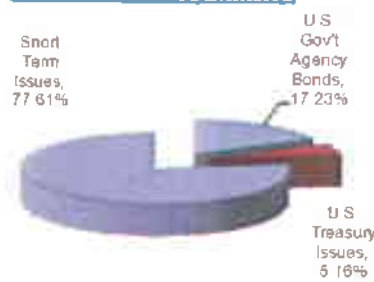
\* There have been \$700,000 in writedowns on venture capital loans in the Loan Pool this fiscal year

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

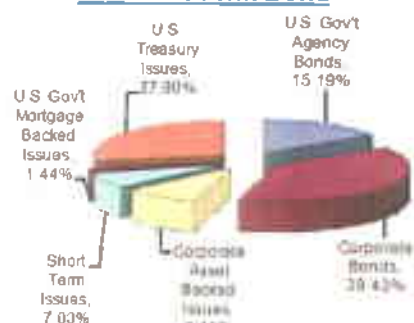
### WV Money Market



### 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**  
**SEPTEMBER 30, 2009**

(IN THOUSANDS)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Other Pools	Participant Directed Accounts
<b>Assets</b>						
<b>Investments:</b>						
At amortized cost	\$ 2,906,879	\$ 314,098		\$ 125,000	\$ 178,497	\$ 22,289
At fair value	-	-	\$ 341,822	-	185,583	3,260
Cash	-	-	-	-	-	-
Collateral for securities loaned	174,849	-	100,268	-	-	-
Other assets	863	148	2,371	210	365	297
<b>Total assets</b>	<b>3,082,591</b>	<b>314,246</b>	<b>444,461</b>	<b>125,210</b>	<b>364,445</b>	<b>25,846</b>
<b>Liabilities</b>						
Payable for securities loaned	174,849	-	100,268	-	-	-
Other liabilities	301	40	728	-	4	1
<b>Total liabilities</b>	<b>175,150</b>	<b>40</b>	<b>100,996</b>	<b>-</b>	<b>4</b>	<b>1</b>
<b>Net Assets</b>	<b>\$ 2,907,441</b>	<b>\$ 314,206</b>	<b>\$ 343,465</b>	<b>\$ 125,210</b>	<b>\$ 364,441</b>	<b>\$ 25,845</b>
<b>Investment income</b>						
Interest and dividends	\$ 279	\$ 59	\$ 893	\$ 59	\$ 394	\$ 61
Securities lending income	-	-	-	-	-	-
Provision for securities lending loss	(225)	(35)	-	-	-	-
Net accretion (amortization)	404	7	(133)	-	588	(13)
Provision for uncollectible loans	-	-	-	-	-	-
<b>Total investment income</b>	<b>458</b>	<b>31</b>	<b>760</b>	<b>59</b>	<b>982</b>	<b>48</b>
<b>Expenses</b>						
Fees	171	20	38	-	4	1
Securities lending borrower rebates	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-
<b>Total expenses</b>	<b>171</b>	<b>20</b>	<b>38</b>	<b>-</b>	<b>4</b>	<b>1</b>
<b>Net investment income</b>	<b>287</b>	<b>11</b>	<b>722</b>	<b>59</b>	<b>978</b>	<b>47</b>
Net realized gain (loss) from investments	40	7	(84)	-	-	-
Net increase (decrease) in fair value of investments	-	-	148	-	(147)	24
Net gain (loss) from investments	40	7	164	-	(147)	24
<b>Net increase (decrease) in net assets from operations</b>	<b>117</b>	<b>18</b>	<b>1,086</b>	<b>59</b>	<b>831</b>	<b>71</b>
<b>Distributions to participants</b>	<b>298</b>	<b>27</b>	<b>645</b>	<b>59</b>	<b>390</b>	<b>-</b>
<b>Participant activity</b>						
Purchases, reinvestment of units and contributions	843,044	94,612	1,157	59	1,138	93
Redemptions and withdrawals	764,294	100,548	388	-	1,000	-
Inter-pool transfers in	25,106	-	-	25,000	-	-
Inter-pool transfers out	25,000	-	-	25,106	-	-
<b>Net increase (decrease) in net assets from participant activity</b>	<b>78,856</b>	<b>(5,936)</b>	<b>769</b>	<b>(47)</b>	<b>138</b>	<b>93</b>
Increase (decrease) in net assets	78,885	(5,945)	1,210	(47)	579	164
Net assets at beginning of period	2,828,556	320,151	342,255	125,257	363,862	25,681
<b>Net assets at end of period</b>	<b>\$ 2,907,441</b>	<b>\$ 314,206</b>	<b>\$ 343,465</b>	<b>\$ 125,210</b>	<b>\$ 364,441</b>	<b>\$ 25,845</b>



**WEST VIRGINIA**  
**DEPARTMENT OF TRANSPORTATION**  
1900 Kanawha Boulevard East • Building Five • Room 109  
Charleston, West Virginia 25305-0440 • 304/558-0444

Joe Manchin III  
Governor

December 1, 2009

The Honorable Earl Ray Tomblin, President  
West Virginia Senate  
1900 Kanawha Boulevard East  
Building 1 – Room 227-M  
Charleston, West Virginia 24305

The Honorable Richard Thompson, Speaker  
West Virginia House of Delegates  
1900 Kanawha Boulevard East  
Building 1 – Room 234-M  
Charleston, West Virginia 24305

Joint Committee on Government and Finance  
West Virginia Legislature  
1900 Kanawha Boulevard East  
Building 1 – Room 465-M  
Charleston, West Virginia 24305

Dear President Tomblin, Speaker Thompson, and Committee Members:

During the June 2008 special legislative session, H.B. 218 was passed. That legislation included the addition of §11-14C-48: Motor Fuel Excise Tax Shortfall State Road Fund support payment. Among the section's provisions is a requirement that the Commissioner of Highways submit a monthly report to the Joint Committee on Government and Finance regarding the financial status of the State Road Fund. This report reflects activity during November 2009.

1. As expected, Registration Fees rebounded in November and were \$410,000 (9.56%) above estimates.
2. Sales (Privilege) Tax collections continued to be far below estimates: \$2,985,000 (26.42%). For the fiscal year, revenues are \$8,860,000 (12.75%) less than expected. They are also 13.47% below receipts for the first five months of FY2009.


The Honorable Earl Ray Tomblin  
The Honorable Richard Thompson  
Joint Committee on Government and Finance  
Page 2

3. Officially, Motor Fuel Excise Tax revenues were \$8,753,000 below estimates. That amount is misleading, however, because an additional \$13,831,000 in EFT deposits was received on December 1<sup>st</sup>. When those amounts are included in the November receipts, revenues were actually \$5,078,000 above estimates for the month. (See attached *Status of FY2010 Tax Revenues* reports)
4. For the fiscal year, all revenues are \$803,000 (.31%) below estimates.

On November 20, 2009, the West Virginia Legislature passed S.B. 4004. One of its provisions terminated the Motor Fuel Excise Tax Shortfall Reserve Fund on December 1, 2009 and transferred the \$27,319,224 remaining in the fund to the State Road Fund.

If you have any questions regarding this report, please contact me at 558-0444.

Sincerely,

  
Paul A. Mattox, Jr., P.E.  
Secretary of Transportation/  
Commissioner of Highways

PAM:Tt

Attachment

cc: CB, CH, BB

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION: DIVISION OF HIGHWAYS  
**STATUS OF FY2010 TAX REVENUES**  
 MONTH OF NOVEMBER 2009  
 (In thousands)

**FISCAL YEAR 2010: ESTIMATE VS. ACTUAL**

**COLLECTIONS: FY2010 VERSUS FY2009**

	FY2010	FY2010	FY2010 ACTUAL OVER - (UNDER)		FY2009	FY2010 ACTUAL OVER - (UNDER)	
	GOVERNOR'S ESTIMATE	ACTUAL COLLECTIONS	FY2010 ESTIMATE AMOUNT	PERCENT	ACTUAL COLLECTIONS	FY2009 ACTUAL AMOUNT	PERCENT
<b>MOTOR FUEL</b>							
MONTH OF NOVEMBER 2009	\$40,000	\$31,247	(\$8,753)	-21.88%	\$10,088	\$21,159	209.74%
FIVE MONTHS TO DATE	156,700	151,256	(5,444)	-3.47%	138,796	12,460	8.98%
<b>REGISTRATION</b>							
MONTH OF NOVEMBER 2009	\$4,290	\$4,700	\$410	9.58%	\$3,779	\$921	24.37%
FIVE MONTHS TO DATE	32,457	32,107	(350)	-1.08%	35,421	(3,314)	-9.38%
<b>PRIVILEGE TAX</b>							
MONTH OF NOVEMBER 2009	\$11,300	\$8,315	(\$2,985)	-26.42%	\$9,406	(\$1,091)	-11.60%
FIVE MONTHS TO DATE	69,503	60,643	(8,860)	-12.75%	70,084	(9,441)	-13.47%
<b>HIGHWAY LITTER FEES</b>							
MONTH OF NOVEMBER 2009	\$81	\$77	(\$4)	-4.84%	\$105	(\$28)	-26.67%
FIVE MONTHS TO DATE	613	633	20	3.28%	730	(97)	-13.29%
<b>TOTAL DEDICATED TAX</b>							
MONTH OF NOVEMBER 2009	\$55,671	\$44,339	(\$11,332)	-20.36%	\$23,378	\$20,961	89.66%
FIVE MONTHS TO DATE	\$259,273	\$244,639	(\$14,634)	-5.64%	\$245,031	(\$392)	-0.16%

**FY2010 ESTIMATE VS. FY2009 ACTUAL COLLECTIONS**

	FY2010	FY2009	FY2010 ESTIMATE OVER - (UNDER)	
	ESTIMATE	ACTUAL	FY2009 ACTUAL AMOUNT	PERCENT
MOTOR FUEL	\$380,000	\$384,539	(\$4,539)	-1.18%
REGISTRATION	89,407	89,428	(21)	-0.02%
PRIVILEGE TAX	160,550	150,794	9,756	6.08%
HIGHWAY LITTER FEES	1,691	1,674	17	1.01%
<b>TOTAL</b>	<b>\$631,648</b>	<b>\$626,435</b>	<b>\$5,213</b>	<b>0.83%</b>

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION, DIVISION OF HIGHWAYS  
**STATUS OF FY2010 TAX REVENUES - ADJUSTED FOR END-OF-MONTH CALANDER EFFECT**  
 MONTH OF NOVEMBER 2009  
 (in thousands)

	FISCAL YEAR 2010: ESTIMATE VS. ACTUAL				COLLECTIONS: FY2010 VERSUS FY2009		
	FY2010 GOVERNOR'S ESTIMATE	FY2010 ACTUAL COLLECTIONS	FY2010 ACTUAL OVER - (UNDER) FY2010 ESTIMATE AMOUNT	FY2010 ACTUAL OVER - (UNDER) FY2010 ESTIMATE PERCENT	FY2009 ACTUAL COLLECTIONS	FY2010 ACTUAL OVER - (UNDER) FY2009 ACTUAL AMOUNT	FY2010 ACTUAL OVER - (UNDER) FY2009 ACTUAL PERCENT
<b>MOTOR FUEL</b>							
MONTH OF NOVEMBER 2009	\$40,000	\$45,078 *	\$5,078	12.70%	\$33,318 **	\$11,760	35.30%
FIVE MONTHS TO DATE	156,700	165,087 *	8,387	5.35%	162,026 **	3,061	1.89%
<b>REGISTRATION</b>							
MONTH OF NOVEMBER 2009	\$4,290	\$4,700	\$410	9.56%	\$3,779	\$921	24.37%
FIVE MONTHS TO DATE	32,457	32,107	(350)	-1.08%	\$35,421	(3,314)	-9.36%
<b>PRIVILEGE TAX</b>							
MONTH OF NOVEMBER 2009	\$11,300	\$8,315	(\$2,985)	-26.42%	\$9,406	(\$1,091)	-11.60%
FIVE MONTHS TO DATE	69,503	60,643	(8,860)	-12.75%	\$70,084	(9,441)	-13.47%
<b>HIGHWAY LITTER FEES</b>							
MONTH OF NOVEMBER 2009	\$81	\$77	(\$4)	-4.84%	\$105	(\$28)	-26.67%
FIVE MONTHS TO DATE	613	633	20	3.26%	\$730	(97)	-13.29%
<b>TOTAL DEDICATED TAX</b>							
MONTH OF NOVEMBER 2009	\$55,671	\$58,170	\$2,499	4.48%	\$46,608	\$11,562	24.81%
FIVE MONTHS TO DATE	\$259,273	\$258,470	(\$803)	-0.31%	\$268,261	(\$9,791)	-3.65%

\* - Includes \$13,831,000 in EFT deposit transactions not completed by State Treasurer's office on November 30, 2008.

\*\* - Includes \$23,230,000 in revenue received December 1, 2008 ("calendar effect payments")

**FY2010 ESTIMATE VS. FY2009 ACTUAL COLLECTIONS**

	FY2010 ESTIMATE	ADJUSTED FY2009 ACTUAL	FY2010 ESTIMATE OVER - (UNDER) FY2009 ACTUAL	
			AMOUNT	PERCENT
MOTOR FUEL	\$380,000	\$404,223	(\$24,223)	-6.37%
REGISTRATION	89,407	88,396	3,011	3.37%
PRIVILEGE TAX	160,550	168,463	(8,913)	-5.55%
HIGHWAY LITTER FEES	1,691	1,878	(187)	-11.06%
TOTAL	\$631,648	\$661,960	(\$30,312)	-4.80%

David K. Hendrickson  
Chair



Brian Noland  
Chancellor

West Virginia Higher Education Policy Commission  
1018 Kanawha Boulevard East, Suite 700  
Charleston, WV 25301  
(304) 558-4016  
www.hepc.wvnet.edu

LEGISLATIVE

October 19, 2009

OCT 21 2009

Mr. Aaron Allred  
Legislative Manager  
West Virginia Legislature  
Room 132E  
State Capitol Complex  
Charleston, West Virginia 25305

MANAGER

Dear Mr. Allred:

The West Virginia Higher Education Policy Commission has recently completed negotiations with Mr. Martin Riggs to renew a five-year, full service lease for office space located at 1018 Kanawha Boulevard, East in Charleston, in the Boulevard Tower building owned by Mr. Riggs. This renewed lease will become effective November 1, 2009 and will remain in effect through October 31, 2014.

Included in the terms of the lease is approximately 30,946 square feet of office space plus a minimum of 1,472 square feet of storage space. The lease includes 42 on-site parking spaces and 31 additional off-site parking spaces.

The rent schedule shall be as follows:


November 1, 2009 through October 31, 2010, \$14.82 per square foot, \$38,218 per month;  
November 1, 2010 through October 31, 2011, \$15.01 per square foot, \$38,708 per month;  
November 1, 2011 through October 31, 2012, \$15.20 per square foot, \$39,198 per month;  
November 1, 2012 through October 31, 2013, \$15.39 per square foot, \$39,688 per month; and  
November 1, 2013 through October 31, 2014, \$15.58 per square foot \$40,178.

There will be no increase in the rental rate from the current rate for the first year of the lease. The rent will increase 1.25 percent per annum thereafter.

The lease includes all provisions as required by W.Va. Code §18B-5-4(r).

Please feel free to contact me if you have questions regarding the terms of this lease agreement or if you require additional information.

Sincerely,

  
Cindy L. Anderson  
Executive Assistant  
to the Vice Chancellor for Administration

cc: Chancellor Brian Noland  
Chancellor James Skidmore  
Mr. Richard Donovan



**WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS  
A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA AND  
WEST VIRGINIA DEPARTMENT OF TRANSPORTATION**

**AUDITED FINANCIAL STATEMENTS  
WITH ADDITIONAL INFORMATION**

**YEAR ENDED JUNE 30, 2009  
AND  
INDEPENDENT AUDITORS' REPORTS**

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## INDEPENDENT AUDITORS' REPORT

Joint Committee on Government and Finance  
West Virginia Legislature

We have audited the accompanying financial statements of the governmental activities and each major fund, of the West Virginia Department of Transportation, Division of Highways (the Division), as of and for the year ended June 30, 2009, which collectively comprise the Division's financial statements as listed in the table of contents. These financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Division are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and each major fund of the West Virginia Department of Transportation and of the State of West Virginia that is attributable to the transactions of the Division. As a result, the financial statements do not purport to, and do not, present fairly, the financial position of the West Virginia Department of Transportation or the State of West Virginia as of June 30, 2009 and the changes in their financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the West Virginia Department of Transportation, Division of Highways as of June 30, 2009, and the respective changes in financial position thereof and the respective budgetary comparison for the State Road (General) Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2009, on our consideration of the Division's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and on compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Abbott & Kawash*

December 4, 2009

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS  
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the West Virginia Department of Transportation, Division of Highways (Division) annual financial report presents our discussion and analysis of the Division's financial performance during the fiscal year that ended June 30, 2009. This section introduces the basic financial statements and provides an analytical overview of the Division's financial activities. Please read it in conjunction with the Division's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT**

*Net Assets* - The Division's total combined net assets are \$7.35 billion as of the close of fiscal year 2009.

*Changes in Net Assets* - During the year the Divisions' Net Assets increased \$160 million or 2.22%. This percentage of increase slowed from the prior year, when Net Assets increased \$290 million or 4.20%.

*Revenues and Expenses* - Total revenues increased by \$26 million or 2.35%. Total expenses increased \$113 million or 12.93%. There were no significant changes in the programs carried out by the Division during the year.

*Governmental Funds - Fund Balances* - As of the close of fiscal year 2009, the Division's governmental funds reported combined total fund equity of \$316 million, a decrease of \$51 million in comparison with the prior year. Of this total amount, \$276 million represents the "unreserved fund balances" with a majority of that in the general fund. This is approximately 21.53% of the total governmental fund expenditures for the year.

*Long-term Debt* - The Division's total outstanding general obligation bonds, net of bond premiums, decreased by \$32 million during the current fiscal year. The Division's total outstanding special obligation notes, net of note premium, increased by \$70 million increasing debt by 7.25% during the current fiscal year.

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

The discussion and analysis serves as an introduction to the Division's basic financial statements. The Division's basic financial statements are comprised of three components, government-wide financial statements, fund financial statements, and notes to the financial statements.

**Government-wide Statements**

Government-wide financial statements provide both long-term and short-term information about the Division's financial condition. Changes in the Division's financial position may be measured over time by increases and decreases in the Statement of Net Assets. Information on how the Division's net assets changed during the fiscal year is presented in the Statement of Activities.

**Fund Financial Statements**

The fund financial statements focus on the individual parts of the Division, reporting the Division's operations in more detail than the government-wide financial statements. Fund financial statements can include the statements for governmental, proprietary, and fiduciary funds. The Division has only governmental funds.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Notes to the Financial Statements**

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

**CONDENSED FINANCIAL INFORMATION**

**Condensed Statement of Net Assets**

The following condensed financial information was derived from the government-wide statement of net assets and summarizes the Division's net assets as of June 30, 2009 and 2008 (amounts in thousands).

**Net Assets as of June 30**

	<u>2009</u>	<u>2008</u>	<u>% Change</u>
Total current assets	\$ 388,892	\$ 451,304	-13.83%
Capital assets, net of accumulated depreciation	7,656,377	7,402,339	3.43%
Other non-current assets	<u>2,694</u>	<u>2,468</u>	9.16%
Total assets	8,047,963	7,856,111	2.44%
Total current liabilities	144,717	142,900	1.27%
Long term liabilities	<u>551,139</u>	<u>520,712</u>	5.84%
Total liabilities	695,856	663,612	4.86%
Invested in capital assets, net of related debt	7,144,763	6,886,996	3.74%
Restricted	18,119	17,892	1.27%
Unrestricted	<u>189,225</u>	<u>287,611</u>	-34.21%
Total net assets	<u>\$ 7,352,107</u>	<u>\$ 7,192,499</u>	2.22%

The largest component (97.18%) of the Division's net assets reflects its investment in capital assets (e.g. land, buildings, equipment, infrastructure and others) less any related debt outstanding (excluding debt proceeds that have yet to be expended for infrastructure construction) that was needed to acquire or construct the assets. The Division uses these capital assets to provide services to the citizens and businesses in the State; consequently, these net assets are not available for future spending. The remaining portion is classified as either restricted or unrestricted net assets. The unrestricted net assets may be used at the Division's discretion. The restricted net assets have constraints as to how these funds may be used. Enabling legislation directs the use of these funds.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Condensed Statement of Activities**

The following condensed financial information was derived from the government-wide statement of activities and reflects how the Division's net assets changed during the fiscal year (amounts in thousands):

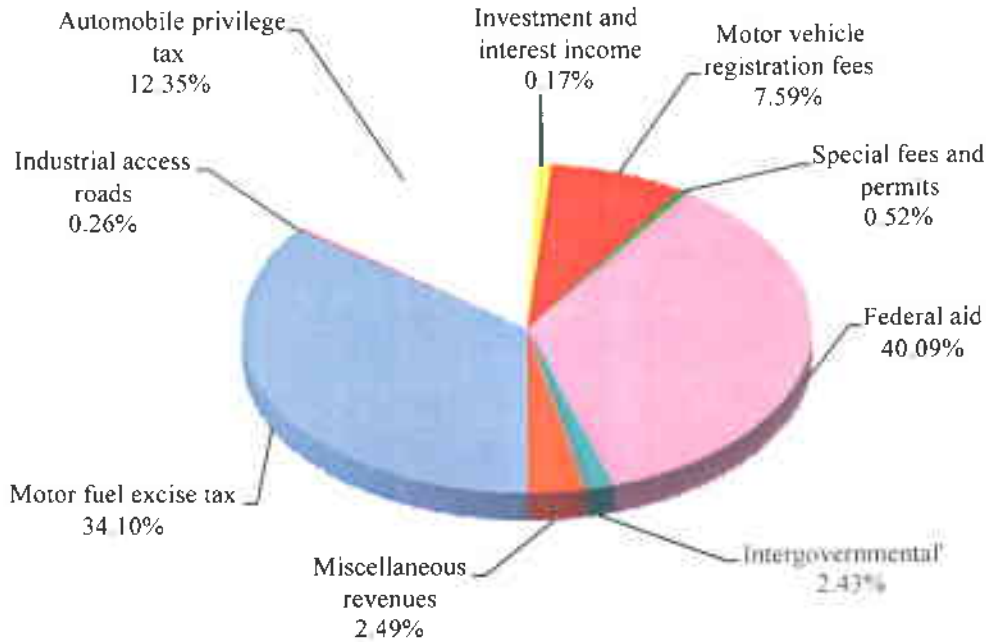
	<u>2009</u>	<u>2008</u>	<u>% Change</u>
<b>Revenues</b>			
Taxes	\$ 533,833	\$ 564,736	-5.47%
Investment and interest income	1,919	9,691	-80.20%
Intergovernmental	27,924	18,843	48.19%
Miscellaneous revenues	28,647	36,479	-21.47%
Total general revenues	<u>592,323</u>	<u>629,749</u>	-5.94%
Capital grants and contributions	463,790	401,029	15.65%
Charges for service	93,213	92,120	1.19%
Total program revenues	<u>557,003</u>	<u>493,149</u>	12.95%
Total revenues	<u>1,149,326</u>	<u>1,122,898</u>	2.35%
<b>Expenses</b>			
Road maintenance	464,083	410,646	13.01%
Other road operations	425,687	351,894	20.97%
General and administration	73,854	86,912	-15.02%
Interest on long-term debt	22,730	23,692	-4.06%
Unallocated depreciation	3,364	3,262	3.13%
Total expenses	<u>989,718</u>	<u>876,406</u>	12.93%
Change in net assets before cumulative effect	159,608	246,492	-35.25%
Cumulative effect of adoption of accounting principle	-	43,141	
Net assets, beginning	<u>7,192,499</u>	<u>6,902,866</u>	4.20%
Net assets, ending	<u>\$ 7,352,107</u>	<u>\$ 7,192,499</u>	2.22%

Over time, increases and decreases in net assets measure whether the Division's financial position is improving or deteriorating. During the fiscal year, the net assets of the governmental activities increased by \$160 million or 2.22% percent.



WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS  
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following chart depicts the revenues of the Division for the fiscal year.



Total revenues increased by approximately \$26 million. Total tax revenues decreased by approximately \$31 million. Federal aid revenue increased by approximately \$63 million or 15.71%. The following summarizes revenues for the years ended June 30, 2009 and June 30, 2008 (amounts in thousands):

	2009	2008	Increase (Decrease)	% Increase (Decrease)
Motor fuel excise tax	\$ 391,903	\$ 395,641	\$ (3,738)	-0.94%
Industrial access roads	3,010	2,806	204	7.27%
Automobile privilege tax	141,930	169,095	(27,165)	-16.06%
Motor vehicle registration fees	87,255	86,166	1,089	1.26%
Special fees and permits	5,958	5,954	4	0.07%
Federal aid	460,780	398,223	62,557	15.71%
Investment and interest income	1,919	9,691	(7,772)	-80.20%
Intergovernmental	27,924	18,843	9,081	48.19%
Miscellaneous revenues	28,647	36,479	(7,832)	-21.47%
	<u>\$ 1,149,326</u>	<u>\$ 1,122,898</u>	<u>\$ 26,428</u>	2.35%

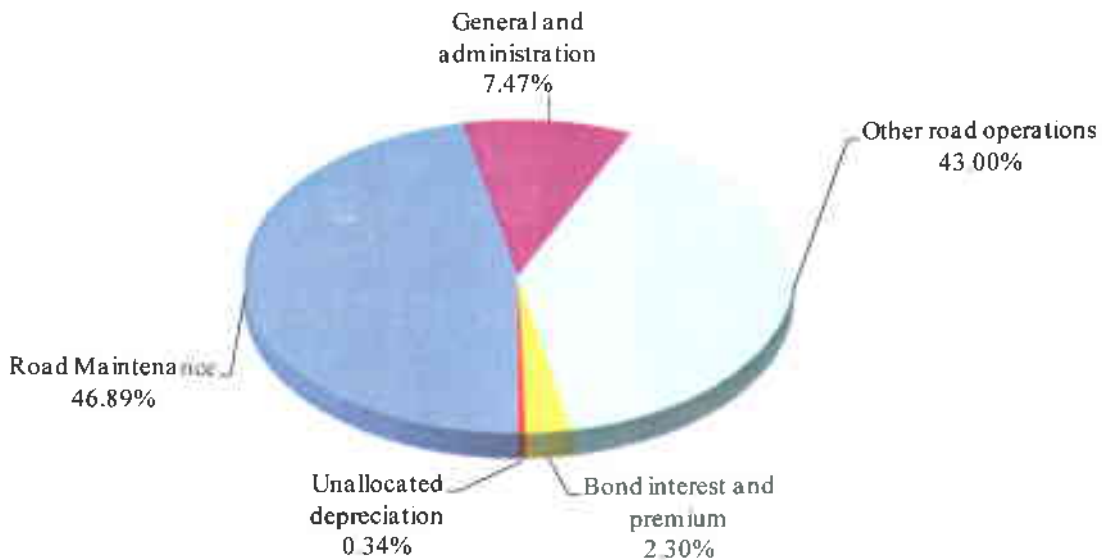
The Division's primary sources of revenue for funding of ongoing administration of the Division, general maintenance and construction of the State Road System and for providing resources to match available Federal funds are derived from fuel taxes, automobile privilege taxes, motor vehicle registration and license fees, net of costs incurred by the Division of Motor Vehicles in collecting funds for deposit into the State Road Fund.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS  
MANAGEMENT'S DISCUSSION AND ANALYSIS

While tax collections, reported on a cash basis, grew for several fiscal years prior to FY 2009, they dropped precipitously in FY 2009. Privilege Tax collections were \$15.6 million (9.39%) below estimates and \$18.7 million (11.02%) below FY 2008 revenues. Although Motor Fuel Tax revenues exceeded estimates by \$4.5 million (1.19%), they were \$19.68 million (4.87%) below FY 2008 revenues. In FY 2010, Motor Fuel Tax revenues and Registration Fees are projected to be stagnant, and Privilege Tax collections are expected to continue to decline due to the recession. As the result, many programs that are operated by the Division will experience little, if any, real growth in the foreseeable future, and it is possible that some programs will be reduced.

The Division also relies on federal funds as a source of revenue. The federal aid is obtained in the form of reimbursable grants. Federal transportation legislation and special spending authorizations provide funds that are available for obligation by the Federal Government in specific years, and the Division expects to continue to fully obligate available funds, thus ensuring that it captures all federal dollars. Revenue under these grants is recognized when expenditures occur on specific projects that have qualified for federal participation. Federal funds received during 2009 were authorized under the Highway Transit Bill, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) and the American Recovery and Reinvestment Act of 2009.

The following chart depicts expenses of the Division for the fiscal year.



WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS  
MANAGEMENT'S DISCUSSION AND ANALYSIS

Total expenses increased by approximately \$113 million or 12.93%. The following summarizes expenditures for the years ended June 30, 2009 and June 30, 2008 (amounts in thousands):

	2009	2008	Increase (Decrease)	% Increase (Decrease)
Road maintenance	\$ 464,083	\$ 410,646	\$ 53,437	13.01%
Other road operations	425,687	351,894	73,793	20.97%
General and administration	73,854	86,912	(13,058)	-15.02%
Interest on long-term debt	22,730	23,692	(962)	-4.06%
Unallocated depreciation	3,364	3,262	102	3.13%
	<u>\$ 989,718</u>	<u>\$ 876,406</u>	<u>\$ 113,312</u>	12.93%

The maintenance expenses of the Division are comprised primarily of routine maintenance, small bridge repair, and contract paving.

Operating units are allocated yearly amounts for routine maintenance. The type of routine maintenance expenses incurred is dependent, to a degree, on the level of snow and ice removal (SRIC) that is required in a given year. In FY 2009, the agency continued its core maintenance plan, which emphasizes ditching, mowing, brush-cutting, and patching maintenance activities. County crews concentrate on these activities during all non-SRIC periods. The intent is to improve safety and perform maintenance that will extend the life of the highway system.

Other road operations expenditures reported in the Government-Wide Financial Statements include the total expended for all other road operations and small construction activities that fail to meet the criteria established for capitalization as infrastructure assets. A discussion of the change in actual funds expended is included in the financial analysis of the Division's Fund Financial Statements below.

#### FINANCIAL ANALYSIS OF THE DIVISION'S MAJOR FUNDS

At June 30, 2009, the Division reported fund balances of approximately \$316 million. Of this total amount, \$276 million, 87.37%, constitutes unreserved fund balance, which is available for appropriation for the general purposes of the funds. The remainder of fund balance is reserved and is not available for new spending because it is dedicated for various commitments, such as inventories.

##### State Road Fund

The State Road Fund is the Division's General Fund. At the end of the 2009 fiscal year, unreserved fund balance of the General Fund was \$219 million and reserved fund balance was \$40 million. The total General Fund balance decreased \$94 million during the year primarily due to decreases in Motor Fuel and Privilege Tax revenue and corresponding increases in fiscal year 2009 expenditures.

##### Capital Projects Fund

The Capital Projects Fund accounts for financial resources to be used for road construction financed by the proceeds from the sale of Surface Transportation Improvements Special Obligation Notes. The notes were issued as a Grant Anticipation Revenue Vehicle (GARVEE), a debt-financing instrument authorized to receive federal reimbursement of debt service and related financing costs under Section 122 of Title 23, United States Code. In general, projects funded with the proceeds of a GARVEE debt instrument are subject to the same requirements as other federal-aid projects. The exception is the reimbursement process; reimbursement of GARVEE project costs occurs when debt service is due rather than when construction costs are incurred. To allow for effective use of federal obligation authority, a state may request partial conversion of GARVEE projects to coincide with GARVEE debt service payments. In West Virginia, under terms of the Memorandum of Agreement between the Federal Highway Administration and the Division of Highways, the yearly debt service must be the first obligation in the federal fiscal

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
 DIVISION OF HIGHWAYS  
 MANAGEMENT'S DISCUSSION AND ANALYSIS

year. The Division sold \$77 million in GARVEE notes during the fiscal year ended June 30, 2009. The current GARVEE note sales are for the construction of portions of the US 35 corridor. At June 30, 2009 the capital projects balance of approximately \$57 million represented unexpended note funds associated with the 2009A note issue.

**State Road (General) Fund and Budgetary Highlights**

The Division is dependent on revenues generated from the purchase and use of motor fuel, motor vehicle fees, privilege tax on consumer purchases of motor vehicles, and federal funding generated from motor fuel purchases. Revenues are affected by state and national economic conditions, world events affecting availability and pricing of motor fuel, and fuel consumption rates for motor vehicles. Due to high motor fuel prices and the faltering economy, motor fuel consumption and revenues decreased in FY 2009 as motorists drove fewer miles and purchased vehicles that were more fuel-efficient. As fuel consumption continues to decline, it is expected to have a significant impact on revenue collections unless there is a corresponding change to the tax rates or structure. Privilege Tax collections were substantially lower than in FY 2008; in turn, FY 2008 collections were lower than in FY 2007. This downward trend is expected to continue in FY 2010 as motorists buy less expensive vehicles or keep their current vehicles longer. Tax and fee revenues collections decreased by approximately \$30 million in 2009; they increased \$28 million during the previous year. The following table summarizes tax and fee collections over the past two years (amounts in thousands):

	2009	2008	Increase (Decrease)	% Increase (Decrease)
Motor fuel excise and wholesale fuel	\$ 391,903	\$ 395,641	\$ (3,738)	-0.94%
Motor vehicle registration	87,255	86,166	1,089	1.26%
Privilege tax	141,930	169,095	(27,165)	-16.06%
	<u>\$ 621,088</u>	<u>\$ 650,902</u>	<u>\$ (29,814)</u>	-4.58%

On January 1, 2005, the gasoline and special fuels excise tax was repealed, and the motor fuel excise tax was imposed on motor fuel. The motor fuel excise tax is the combination of a flat 20.5 cents per invoiced gallon rate and a variable sales and use tax rate that is calculated yearly. On January 1, 2008, the rate rose from 11 cents to 11.7 cents per invoiced gallon. As the result of passage of HB 218 by the West Virginia legislature, the variable rate remained unchanged in 2009.

The Division's federal revenue, on a cash (budgetary) basis for fiscal year 2009 was \$459.6 million, used primarily for design, right-of-way and construction of Corridor D, Corridor H, WV 9, US Route 35 and other major corridors including King Coal Highway, WV 16, and WV 10 and all other federal highways. As previously discussed the recognition of revenue under these grants occurs when expenditures occur on specific projects that have qualified for federal participation. The budgeted amounts for federal revenue and expenditures are based on projects that have been approved and estimates of the timing of each phase of the project. Since the timing of such expenditures are dependent on variables such as the weather, the existence of differing site conditions that require plan modification, or delays caused by environmental issues or the results of public meetings, expenditures often do not occur as planned. Federal revenue recognized in the Statement of Activities in each of the last two years is summarized below (amounts in thousands):

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS  
MANAGEMENT'S DISCUSSION AND ANALYSIS

	<u>2009</u>	<u>2008</u>	Increase (Decrease)	% Increase (Decrease)
Federal reimbursement - Budgeted funds	\$ 441,658	\$ 381,948	\$ 59,710	15.63%
Federal reimbursement - Surface Transportation	14,692	14,745	(53)	-0.36%
Federal reimbursement - Emergency funds	<u>4,430</u>	<u>1,530</u>	<u>2,900</u>	189.54%
 Total Federal Aid	 <u>\$ 460,780</u>	 <u>\$ 398,223</u>	 <u>\$ 62,557</u>	 15.71%

It is anticipated that state revenues will decrease slightly in FY 2010, primarily due to the continued decline in Privilege Tax collections. The Division's revenues are not projected to keep pace with increases in operating costs, and Management has taken steps to maintain a fiscally sound fund equity balance. The FY 2010 budget, exclusive of ARRA projects, which are 100% federally-reimbursed, reflects an approximate \$32 million reduction in expenditures and \$20 million decrease in fund balance. If revenues are significantly less than estimated, Management is confident that adequate discretionary expenditure items can be reduced to permit the Division to continue to operate in a fiscally sound manner.

The next six-year federal highway funding authorization is not expected to be enacted prior to the start of FFY 2010. Consequently, the Division expects to receive its obligation authority through continuing resolutions. This will not have any immediate impact on budgets but could eventually lead to a reduction in expenditures due to the Division's reduced funding authority.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

##### Capital Assets

As of June 30, 2009, the Division had invested \$7.7 billion, net of accumulated depreciation, in a range of capital assets (see note 7 for additional details). Depreciation charges for the fiscal year totaled \$308 million.

The \$254 million increase in capital assets, net of depreciation, reflects the nature of the State's road system. While the Division continues to expand the state road system, these expansions are focused primarily on upgrading existing roadways and completion of Appalachian Highway Corridors. While these are significant construction projects, the additions are offset by \$288 million in depreciation of the infrastructure. The Division expended \$702 million dollars during the year ended June 30, 2009 for additions to capital assets. Of this amount, \$663 million was related to the acquisition of right of way and construction of roads and bridges. Construction costs for completed projects in the amount of \$813 million were reclassified from construction in process to roads and bridges. Major construction expenditures during the year included continued construction related to Corridor H in Hardy County and Grant Counties, Corridor D in Wood County, widening of I-79 in Harrison County, upgrade of WV Route 9 in the Eastern Panhandle, upgrade of US Route 35 in Putnam County, upgrade of US Route 52 in Mercer County, Coalfields Expressway in Raleigh County, Fairmont Connector, Mon/Fayette Expressway, and continued environmental studies on various projects in process.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Long-term Debt**

The Division has been authorized to issue bonds by constitutional amendments and all bonds are general obligation bonds of the State of West Virginia. All bonds authorized under prior constitutional amendments have been issued. At June 30, 2009, the Division had \$371 million in outstanding bonds. The amount outstanding decreased by \$30 million (7.50%) due to net principal payments.

The Division has also been authorized to issue revenue notes in the amount of \$200 million by constitutional amendment. The Division issued revenue notes in the amount of \$76 million in October 2006, \$33 million in April 2007, and \$77 million during fiscal year 2009. These notes are revenue notes and the debt service payments will be funded through federal aid revenue. At June 30, 2009, the Division had \$165 million in outstanding revenue notes. The amount increased by \$66 million (67%) due to the issuance of revenue notes.

The following is a summary of the amounts outstanding, including insured status and bond and note ratings:

Issue	Status of insurance	Bond Rating	Amount (in thousands)
Safe Roads 98A - All Bonds maturing on or before June 1, 2023	Insured by FGIC	Fitch: AAA Moody's: Aaa S&P: AAA	\$ 36,025
Safe Roads 01A - Bonds maturing between June 1, 2007 to 2013	Insured by FSA	Fitch: AAA Moody's: Aaa S&P: AAA	36,745
Safe Roads 05A - Bonds maturing on or before June 1, 2025.	Insured by FSA	Fitch: AAA Moody's: Aaa S&P: AAA	298,335
Surface Transportation Improvements Special Obligation Notes (Garvee 2006A) - Notes maturing on or before June 1, 2016	Not Insured - notes maturing Sept. 1, 2008 Insured by FSA - notes maturing after Sept. 1, 2008	Fitch: AAA Moody's: Aaa S&P: AAA	61,600
Surface Transportation Improvements Special Obligation Notes (Garvee 2007A) - Notes Maturing on or before June 1, 2016	Not Insured - notes maturing Sept. 1, 2008 Insured by FSA - notes maturing after Sept. 1, 2008	Fitch: AAA Moody's: Aaa S&P: AAA	26,725
Surface Transportation Improvements Special Obligation Notes (Garvee 2009A) - Notes Maturing on or before June 1, 2016	Insured by FSA	Fitch: AAA Moody's: Aaa S&P: AAA	76,835
			<u>\$ 536,265</u>

More detailed information regarding capital asset and long-term debt activity is included in the notes 7 and 9, respectively to the financial statements.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide an overview of the finances of the Division for those with an interest in this organization. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the West Virginia Department of Transportation, Division of Highways at 1900 Kanawha Boulevard, East, Building 5, Room 220, Charleston, West Virginia 25305.

**BASIC FINANCIAL STATEMENTS**

**WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS  
STATEMENT OF NET ASSETS  
JUNE 30, 2009**

(amounts expressed in thousands)

ASSETS	<u>Governmental Activities</u>
<b>Current assets</b>	
Cash and cash equivalents	\$ 203,305
Restricted cash and cash equivalents	1
Accounts receivable, net	85,753
Taxes receivable	56,960
Due from other State of West Virginia agencies	2,992
Inventories	39,881
Total current assets	<u>388,892</u>
<b>Non-current assets</b>	
Capital assets not being depreciated	
Land - non-infrastructure	14,221
Land - infrastructure	898,613
Construction in progress	1,068,530
Capital assets net of accumulated depreciation	
Land improvements	5,548
Buildings	62,669
Furniture and fixtures	326
Rolling stock	65,747
Scientific equipment	754
Shop equipment	53
Roads	3,794,524
Bridges	1,745,392
Total capital assets	<u>7,656,377</u>
Other non-current assets	<u>2,694</u>
Total assets	<u>8,047,963</u>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable	43,947
Retainages payable	5,980
Accrued payroll and related liabilities	19,512
Deferred Revenue	604
Due to other State of West Virginia agencies	3,081
Accrued interest payable	3,860
Current maturities of long term obligations	67,733
Total current liabilities	<u>144,717</u>
<b>Non-current liabilities</b>	
Claims and judgements	7,300
Compensated absences	17,241
Other Post Employment Benefits Liability	14,101
Long - term debt obligations	512,497
Total non-current liabilities	<u>551,139</u>
Total liabilities	<u>695,856</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	7,144,763
Unrestricted	189,225
Restricted	
Coal Resource	8,645
Waste Tire	2,186
Industrial Access	7,288
Total net assets	<u>\$ 7,352,107</u>



**WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

(amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expenses) and Changes in Net Assets
		Charges for Services	Capital Grants and Contributions	
<b>Government activities</b>				
<b>Road maintenance</b>				
Expressway, trunkline & feeder & SLS	\$ 306,686			\$ (306,686)
Contract paving & secondary roads	108,779			(108,779)
Small bridge repair & replacement	29,880			(29,880)
Litter control program	1,692			(1,692)
Depreciation	17,046			(17,046)
<b>Other road operations</b>				
Interstate highways	39,292		\$ 121,087	81,795
Appalachian highways	7,567		73,894	66,327
Other federal aid programs	87,618		265,799	178,181
Non federal aid improvements	465			(465)
Industrial access roads	2,776		3,010	234
Depreciation	287,969			(287,969)
<b>General and administration</b>				
Support and administrative operations	47,692	\$ 5,958		(41,734)
Claims	(4,196)			4,196
Costs associated with DMV	30,358	87,255		56,897
Interest on long-term debt	22,730			(22,730)
Unallocated depreciation	3,364			(3,364)
	<u>\$ 989,718</u>	<u>\$ 93,213</u>	<u>\$ 463,790</u>	<u>(432,715)</u>
<b>General revenues</b>				
<b>Taxes:</b>				
Gasoline and motor carrier				391,903
Automobile privilege				141,930
Investment and interest income				1,919
Intergovernmental				27,924
Miscellaneous revenues				28,647
Total general revenues				<u>592,323</u>
Change in net assets				159,608
Net assets, beginning				7,192,499
Net assets, ending				<u>\$ 7,352,107</u>

**WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS  
BALANCE SHEET - GOVERNMENTAL FUND  
JUNE 30, 2009**

(amounts expressed in thousands)

	State Road (General)	Capital Projects	Total Governmental Funds
<b>ASSETS</b>			
<b>Assets</b>			
Cash and cash equivalents	\$ 144,533	\$ 58,773	\$ 203,306
Receivables	85,753	-	85,753
Taxes receivable	56,960	-	56,960
Due from other funds	5,582	-	5,582
Due from other State of West Virginia agencies	2,992	-	2,992
Inventories	39,881	-	39,881
	<u>\$ 335,701</u>	<u>\$ 58,773</u>	<u>\$ 394,474</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 42,243	\$ 1,704	\$ 43,947
Retainages payable	5,980	-	5,980
Accrued payroll and related liabilities	19,512	-	19,512
Deferred Revenue	604	-	604
Due to other funds	5,455	127	5,582
Due to other State of West Virginia agencies	3,081	-	3,081
Total liabilities	<u>76,875</u>	<u>1,831</u>	<u>78,706</u>
<b>Fund balances</b>			
Reserved for inventories	39,881	-	39,881
Unreserved, undesignated	218,945	56,942	275,887
Total fund balances	<u>258,826</u>	<u>56,942</u>	<u>315,768</u>
	<u>\$ 335,701</u>	<u>\$ 58,773</u>	<u>\$ 394,474</u>
<b>Total liabilities and fund balances</b>	<u>\$ 335,701</u>	<u>\$ 58,773</u>	<u>\$ 394,474</u>

**WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2009**

(amounts expressed in thousands)

Total fund balances - governmental funds	\$	315,768
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Capital assets not being depreciated		
Land - non-infrastructure	\$ 14,221	
Land - infrastructure	898,613	
Construction in progress	1,068,530	
Capital assets net of accumulated depreciation		
Land improvements	5,548	
Buildings	62,669	
Furniture and fixtures	326	
Rolling stock	65,747	
Scientific equipment	754	
Shop equipment	53	
Roads	3,794,524	
Bridges	1,745,392	7,656,377

Bonds issued by the Division have associated costs that are paid from current available financial resources in the funds. However, these costs are deferred on the statement of net assets.		2,694
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Accrued interest payable	(3,860)	
Claims and judgments	(7,809)	
Compensated absences	(43,479)	
General obligation bonds and revenue notes	(567,584)	(622,732)
Net assets of governmental activities	\$	<u>7,352,107</u>

**WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

(amounts expressed in thousands)

	State Road (General)	Capital Projects	Total Governmental Funds
<b>Revenues</b>			
Taxes			
Gasoline and motor carrier	\$ 391,903	\$ -	\$ 391,903
Automobile privilege	141,930	-	141,930
Industrial access roads	3,010	-	3,010
License, fees and permits			
Motor vehicle registrations and licenses	87,255	-	87,255
Special fees and permits	5,958	-	5,958
Federal aid			
Interstate highways	121,087	-	121,087
Appalachian highways	73,894	-	73,894
Other federal aid programs	251,107	14,692	265,799
Investment and interest income, net of			
arbitrage rebate	1,716	203	1,919
Intergovernmental	27,924	-	27,924
Miscellaneous revenues	28,649	-	28,649
	<u>1,134,433</u>	<u>14,895</u>	<u>1,149,328</u>
<b>Expenditures</b>			
Current			
Road maintenance			
Expressway, trunkline and feeder, state and local services	312,984	-	312,984
Contract paving and secondary roads	108,779	-	108,779
Small bridge repair and replacement	47,813	-	47,813
Litter control program	1,692	-	1,692
Support and administrative operations	67,340	-	67,340
Division of Motor Vehicles operations	30,358	-	30,358
Claims	724	-	724
Capital outlay and other road operations			
Road construction and other road operations			
Interstate highways	144,799	-	144,799
Appalachian highways	104,017	-	104,017
Other federal aid programs	323,947	38,018	361,965
Nonfederal aid construction and road operations	33,448	-	33,448
Industrial access roads	2,776	-	2,776
Debt service			
Bond issue cost	5	-	5
Principal	30,085	10,550	40,635
Interest	19,910	4,200	24,110
	<u>1,228,677</u>	<u>52,768</u>	<u>1,281,445</u>
Excess (deficiency) of revenues over expenditures	(94,244)	(37,873)	(132,117)
Other financing sources (uses)			
Sale of bonds	-	80,964	80,964
Net change in fund balances	(94,244)	43,091	(51,153)
Fund balances, beginning of year	<u>353,070</u>	<u>13,851</u>	<u>366,921</u>
Fund balances, end of year	<u>\$ 258,826</u>	<u>\$ 56,942</u>	<u>\$ 315,768</u>

**WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE- GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

(amounts expressed in thousands)

Net change in fund balances - total governmental funds	\$	(51,153)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$ 563,081 exceeded depreciation of (\$ 308,379 ) in the current period.		
		254,702
In the statement of activities only the loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in the net assets differs from the change in fund balance by the undepreciated cost of the assets sold.		
		(663)
Bond and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.		
		(40,278)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This is the amount by which the increase in compensated absences of \$ (273), increase in other postemployment benefits liability of \$ (9,030) amortization of bond issue cost of \$ (368) and increase in interest payable of \$ (730), exceed the decrease in claims \$ 4,920 and the accretion of bond premium of \$ 2,481.		
		<u>(3,000)</u>
Change in net assets of governmental activities	\$	<u>159,608</u>

**WEST VIRGINIA DEPARTMENT OF TRANSPORTATION, DIVISION OF HIGHWAYS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**(BUDGETARY BASIS) - STATE ROAD FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

(amounts expressed in thousands)

	Original Budget	Budget Amendments	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>					
<b>Taxes</b>					
Gasoline and motor carrier	\$ 380,000	\$ -	\$ 380,000	\$ 384,539	\$ 4,539
Automobile privilege	166,413	-	166,413	150,794	(15,619)
Motor vehicle registrations and licenses	90,003	-	90,003	89,428	(575)
Revenue Transfer to Industrial Access Roads	(3,000)	-	(3,000)	(3,010)	(10)
Federal aid	460,000	79,562	539,562	459,591	(79,971)
Miscellaneous revenues	32,869	14,927	47,796	45,262	(2,534)
	<u>1,126,285</u>	<u>94,489</u>	<u>1,220,774</u>	<u>1,126,604</u>	<u>(94,170)</u>
<b>Expenditures</b>					
<b>Road construction and other road operations</b>					
Interstate highways	80,000	65,000	145,000	142,390	2,610
Appalachian highways	160,000	(45,922)	114,078	103,609	10,469
Other federal aid programs	325,700	14,000	339,700	308,382	31,318
Nonfederal aid construction	30,000	15,000	45,000	30,852	14,148
Federal economic stimulus	-	40,000	40,000	9,466	30,534
<b>Road maintenance</b>					
Maintenance	296,608	30,161	326,769	324,485	2,284
Contract paving and secondary roads	100,000	13,000	113,000	105,934	7,066
Small bridge repair and replacement	50,000	-	50,000	45,331	4,669
Litter control program	1,699	-	1,699	1,699	-
<b>Support and administrative operations</b>					
General operations	45,371	1,000	46,371	36,915	9,456
Equipment revolving	15,000	5,000	20,000	17,462	2,538
Inventory revolving	2,000	2,000	4,000	98	3,902
Debt service	50,000	-	50,000	49,846	154
Division of Motor Vehicles operations	34,846	-	34,846	30,332	4,514
Claims - DOH and DMV	714	-	714	713	1
	<u>1,191,938</u>	<u>139,239</u>	<u>1,331,177</u>	<u>1,207,514</u>	<u>123,663</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(65,653)	(44,750)	(110,403)	(80,910)	29,493
<b>Fund balance, beginning of year</b>	<u>165,781</u>	<u>43,041</u>	<u>208,822</u>	<u>208,822</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 100,128</u>	<u>\$ (1,709)</u>	<u>\$ 98,419</u>	<u>\$ 127,912</u>	<u>\$ 29,493</u>

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009  
(amounts expressed in thousands)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PRESENTATION** - The accompanying financial statements of the West Virginia Department of Transportation, Division of Highways (the "Division") have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

**REPORTING ENTITY** - The Division is an operating unit of the West Virginia Department of Transportation and represents separate funds of the State of West Virginia (the "State") that are not included in the State's general fund. The Division is a legally separate entity defined by the State constitution, and has statutory responsibility for the construction, reconstruction, maintenance, and improvement of all State roads. The Division is governed by a commissioner who is appointed by the Governor, but does not have a governing board separate from the State Legislature. The Division is considered a component unit of the State and its financial statements are blended with the financial statements of the primary government in the State's comprehensive annual financial report.

The financial statements of the Division are intended to present the financial position, and the results of operations of only that portion of the financial reporting entity of the West Virginia Department of Transportation and the State of West Virginia, that is attributable to the transactions of the Division. They do not purport to, and do not, present fairly the financial position of the West Virginia Department of Transportation or the State of West Virginia as of June 30, 2009 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management has considered all potential component units to be included in the Division's reporting entity by applying the criteria set forth in accounting principles generally accepted in the United States of America. These criteria include consideration of organizations for which the Division is financially accountable, or organizations for which the nature and significance of their relationship with the Division are such that exclusion would cause the Division's financial statements to be misleading or incomplete. Since no organizations meet these criteria, the Division has no component units.

The Division of Motor Vehicles is an operating division of the West Virginia Department of Transportation, which collects certain revenues for expenditure by the Division. The expenditures related to the collection of these revenues are recorded in the State Road Fund of the Division.

The Public Service Commission collects revenues from coal companies that are operating trucks with excessive weights. These revenues are deposited into the Coal Resource Fund, which is controlled by the Division.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS** - The government-wide financial statements (the statement of net assets and the statement of activities) report information of all of the activities of the primary government and its component units, if any. For the most part, the effect of interfund activity has been removed from these government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009  
(amounts expressed in thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than as program revenues. The Division does not allocate general government (indirect) expenses to other functions.

Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. The government-wide statement of net assets reports \$18,119 restricted assets, of which all is restricted by enabling legislation.

When both restricted and unrestricted resources are available for use, generally it is the Division's policy to use restricted resources first, then unrestricted resources, as they are needed. Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units, if applicable. However, the fiduciary funds are not included in the government-wide statements. Major individual governmental funds and major individual enterprise funds, if applicable, are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION –

**GOVERNMENT-WIDE FINANCIAL STATEMENTS** - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**GOVERNMENTAL FUND FINANCIAL STATEMENTS** - The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Division considers revenues to be available if they are collected within 45 days of the end of the current fiscal year. Principal revenues subject to accrual include gasoline and wholesale fuel taxes, automobile privilege taxes, federal reimbursements and other reimbursements for use of materials and services.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting for the governmental fund financial statements include:

- Employees' vested annual leave is recorded as expenditures when utilized. The amount of accumulated annual leave unpaid at June 30, 2009, has been reported only in the government-wide financial statements.



WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2009  
(amounts expressed in thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Division employees earn sick leave benefits, which accumulate, but do not vest. When separated from employment with the Division, an employee's sick leave benefits are considered ended and no reimbursement is provided. Any employee who retires, however, may convert any unused accumulated sick leave to increase service credits for retirement purposes. Additionally, certain employees may choose to apply any unused accumulated sick leave to pay a portion of the employee's postemployment health care insurance premium in lieu of increasing their service credits. Those employees cannot split their unused leave between the two options. The liability for accumulated sick leave for employees has been recorded only in the government-wide financial statements.
- The Division pays 100% of the health insurance premium for retirees who elected to participate in the health insurance plans prior to July 1, 1988 and 50% of the premium for retirees who elected to participate prior to July 1, 2001. The liability for accumulated post-employment health insurance has been reported only in the government-wide financial statements.
- Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for transfer to the fiscal agent or for payment to be made early in the following year.
- Claims and judgments are recorded only when payment is due.

FUND ACCOUNTING - The Division uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The following summarizes the major governmental funds that are presented in the accompanying financial statements:

- State Road (General) Fund - This fund serves as the Division's general fund and is used to account for all financial resources, except those required to be accounted for in another fund. The State Road Fund is funded primarily by dedicated highway user taxes and fees and matching federal highway funds.
- The Capital Projects Fund - This fund accounts for financial resources to be used for road construction financed by the proceeds from the sale of Surface Transportation Improvements Special Obligation Notes. The notes were issued as a Grant Anticipation Revenue Vehicle (GARVEE), a debt-financing instrument authorized to receive federal reimbursement of debt service and related financing costs under Section 122 of Title 23, United States Code

INTERFUND ACTIVITY - As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges from the government's various functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The Division processes certain routine payments, such as payroll through the State Road Fund and allocates those costs to the other governmental funds based on individual projects charged. The interfund balances at June 30, 2009 are a result of these routine payments and transfers.

BUDGETING AND BUDGETARY CONTROL - The Division's expenditures are subject to the legislative budget process of the State, with annual budgets adopted utilizing the cash basis of accounting. The cash basis is modified at year-end to allow for payment of invoices up to 45 days after year-end for goods or services received prior to year-end. Appropriated budgeted expenditures, which lapse 45 days after the end of the fiscal year, are incorporated into the Division's overall financial plan, which includes revenue estimates developed by the Division and the State's executive branch. Expenditures are budgeted using natural categories of activity including specific categories of construction, maintenance, and operations, as well as special items. Any revisions that alter overall budgeted expenditures for an expenditure category must be approved by the State Legislature.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Division's State Road (General) Fund which includes the State Road Fund and A. James Manchin Fund has a legislatively approved budget. However, the Coal Resource Fund, Industrial Access Fund and certain monies reported within the State Road Fund in accordance with accounting principles generally accepted in the United States of America are not considered appropriated funds in accordance with the Division's budgetary reporting policy. Accordingly, these funds have not been reported in the Division's Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - State Road Fund. A reconciliation of the excess of revenues over expenditures and other financing uses for the year ended June 30, 2009, on the budgetary basis to the GAAP basis for the State Road fund follows:

Excess of revenues over expenditures - budgetary basis	\$	(80,910)
Basis of accounting differences (budgetary to GAAP)		(42,718)
Unbudgeted funds		<u>1,460</u>
 Deficiency of revenues over expenditures - GAAP basis	 \$	 <u>(122,168)</u>

**CASH AND CASH EQUIVALENTS** - Cash and cash equivalents are short-term investments with original maturities of 90 days or less. Cash and cash equivalents principally consist of amounts on deposit in the State Treasurer's Office (STO) that are pooled funds managed by the West Virginia Board of Treasury Investments (BTI). Interest income from these investments is prorated to the Division at rates specified by the BTI based on the balance of the Division's deposits maintained in relation to the total deposits of all state agencies participating in the pool. Deposits are available with overnight notice to the BTI.

The STO has statutory responsibility for the daily cash management activities of the State's agencies, departments, boards, and commissions. The STO determines which funds to transfer to the BTI for investment in accordance with the West Virginia Code, policies set by the BTI, and provisions of bond indentures and trust agreements when applicable. The West Virginia Legislature, effective July 8, 2005, established the BTI to manage the short-term operating funds of the State. Prior to this date, the West Virginia Investment Management Board (the "IMB") was responsible for investment of both the short-term and long-term funds. The Legislature declared this transfer to ensure direct governmental oversight of state general and special revenue funds. The IMB continues to manage the retirement funds, the employment security funds, and other assets with longer time horizons.

**INVENTORIES** - Inventories are stated at weighted average cost generally using the "consumption method" whereby expenditures are recognized in the period in which inventory usage, as opposed to purchase, occurs. The portion of fund balance relating to inventories is reported as "Reserve for inventories" in the Government Fund Financial Statements.

**CAPITAL ASSETS** - Capital assets, which include buildings, non-infrastructure land, furniture and fixtures, rolling stock, scientific equipment, shop equipment and infrastructure assets (which are normally immovable and of value only to the Division, such as roads, bridges, and similar items), are reported in the statement of net assets in the government-wide financial statements. Capital assets are defined by the Division as follows:

- Non-infrastructure assets with a useful life of at least three years and:
  - A cost of five thousand dollars or more for machinery, equipment, rolling stock, furniture and fixtures; or
  - An acquisition cost of twenty-five thousand dollars or more for buildings at the date of acquisition; and
- Infrastructure assets with a cost in excess of one million dollars.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Purchased and constructed capital assets are valued at historical cost or estimated historical cost. Donated capital assets are recorded at their fair market value at the date of donation.

The estimates of historical costs of buildings and other improvements were based on values that were compiled in 1983. Buildings and non-infrastructure land have been recorded at cost since 1983. Infrastructure constructed from July 1, 1980 to July 1, 2001 has been recorded at estimated historical cost. The estimated historical cost for years 1980-2001 was based on capital outlay expenditures reported by the West Virginia Department of Transportation in the annual reports for those years, less an amount estimated for the historical cost of the acquisition of land for right-of-way. The Division has not capitalized any infrastructure expenditures for assets constructed prior to July 1, 1980, as permitted by GASB 34. The costs of normal maintenance and repairs that do not add to the asset's value or materially extend an asset's useful life are not capitalized. Interest incurred during construction of capital facilities is not capitalized.

Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements.

Capital assets are depreciated on the straight-line method over the assets' estimated useful lives. There is no depreciation recorded for land and construction in progress. Generally, estimated useful lives are as follows:

- Machinery and equipment: 5 - 20 years
- Buildings: 40 years
- Furniture and fixtures: 3 - 20 years
- Rolling stock: 3 - 20 years
- Scientific equipment: 3 - 25 years
- Infrastructure: roads - 30 years
- Infrastructure: bridges - 50 years

**ACCOUNTS AND TAXES RECEIVABLE** - Accounts receivable in all funds report amounts that have arisen in the ordinary course of business and are stated net of allowances for uncollectible amounts. Governmental fund type receivables consist primarily of amounts due from the Federal government. Interest and investment revenue receivable in all funds consist of revenues due on each investment. Taxes receivable in governmental funds represent taxes subject to accrual, primarily motor fuel excise taxes and automobile privilege taxes, which are collected within forty-five days after year end. The uncollectible amounts are based on collection experience and a review of the status of existing receivables.

**OTHER ASSETS** - Other assets represent payments that reflect costs applicable to future accounting periods and are recorded as other assets in both government-wide and fund financial statements.

**CLAIMS** - Claims awarded against the Division in the West Virginia State Court of Claims must be approved and funded by legislative action. Expenditures in the fund financial statements for such claims are recognized to the extent that claims awarded are approved and funded by the Legislature. A liability for unfunded claims is recorded in the government-wide financial statements when management and the Division's legal section determine that it is probable that a loss has occurred and the loss can be reasonably estimated. Such claims are segregated as either tort or contract actions and estimates of loss are based on an analysis of the individual claims and historical experience.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**COMPENSATED ABSENCES** - Division employees generally earn vacation and sick leave on a monthly basis. Vacation, up to specific limits, is fully vested when earned, and sick leave, while not vesting to the employee prior to retirement, can be carried over to subsequent periods. During 2008, the legislature passed a bill allowing regular full time employees hired before July 1, 2001, having accumulated at least 65 days of sick leave, to be paid, at their option, for a portion of their unused sick leave, not to exceed the number of sick leave days that would reduce the employee's sick leave balance to less than fifty days. The employee shall be paid at a rate equal to one quarter of their usual rate of daily pay during that calendar year. Expenditures for compensated absences are recognized as incurred in the governmental fund financial statements. The government-wide financial statements present the cost of accumulated compensated absences as a liability.

**POSTEMPLOYMENT BENEFITS** - Any unused vacation and sick leave accumulated at employee retirement vests to the employee and may be provided in the form of post-retirement payment of all or a portion of the employee's health insurance premiums, or as service credits for retirement purposes. The Division pays 100% of the health insurance premium for retirees who elected to participate in the health insurance plans prior to July 1, 1988 and 50% of the premium for retirees who elected to participate between that date and July 1, 2001. Employees who were eligible and elected to participate in the Division's health insurance plan at July 1, 1988 and 2001, and who had continuous participation in the Plan since those dates, are eligible for the postemployment benefits. Employees hired subsequent to July 1, 2001 are not eligible for these benefits. Expenditures for postemployment health insurance premiums are recognized as incurred in the governmental fund financial statements. The government-wide financial statements present the cost of accumulated post-employment health insurance as a liability. Effective July 1, 2007, The Division, adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This statement provided standards for the measurement, recognition and display of other postemployment benefit expenditures, assets, and liabilities (see Note 9).

**RETIREMENT BENEFITS** - The Division's employees are covered by the West Virginia Public Employees Retirement System (PERS), a multi-employer cost-sharing defined benefit pension plan. PERS covers substantially all employees of the Division, with employer contributions prescribed by the State Legislature as a percentage of covered payroll.

**PREMIUMS, DISCOUNTS AND ISSUANCE COSTS** - In the government-wide financial statements long-term debt and other long-term obligations are presented in the columns for governmental activities. Where material, bond and note premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt. Bonds and notes payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges in other assets and are amortized over the term of the related debt. In the governmental fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**NEWLY ADOPTED STATEMENTS ISSUED BY THE GASB —**

During 2009, the Division adopted GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. The adoption of this statement had no impact on the financial statements at June 30, 2009.

During 2009, the GASB issued GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective immediately. This statement identifies the sources of accounting principles and provides the framework for selecting the principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with generally accepted accounting principles. The Division adopted GASB Statement No. 55 upon issuance.

During 2009, the GASB also issued GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, effective immediately. This statement establishes accounting and financial reporting standards for related party transactions, subsequent events, and going concern considerations. The Division adopted GASB Statement No. 56 upon issuance.

**RECENT STATEMENTS ISSUED BY THE GASB --**

The GASB has issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective for fiscal years beginning after June 15, 2009. This statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. The Division has not yet determined the effect that the adoption of GASB Statement No. 51 may have on the financial statements.

The GASB has issued Statement No. 53 *Accounting and Financial Reporting for Derivative Instruments*, effective for periods beginning after June 15, 2009. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. By entering into these arrangements, governments receive and make payments based on market prices without actually entering into the related financial or commodity transactions. Derivative instruments can be used as effective risk management or investment tools. Derivative instruments can also expose governments to significant risks and liabilities. The Division has not yet determined the effect that the adoption of GASB Statement No. 53 may have on the financial statements.

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NOTE 2: CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents were as follows at June 30:

	Amortized Cost	Estimated Fair Value
Cash on deposit with State Treasurer	\$ 19,590	\$ 19,590
Cash on deposit with State Treasurer in Debt Service Fund	12	\$ 12
Cash on deposit with State Treasurer invested in BTI WV Money Market Pool	118,959	118,959
Cash on deposit with State Treasurer invested in BTI WV Short Term Bond Pool	5,930	5,930
Cash on deposit with State Treasurer invested in BTI WV Money Market Pool - (Garvee 2006A)	1,208	1,208
Cash on deposit with State Treasurer invested in BTI WV Government Money Market Pool - (Garvee 2009A)	57,557	57,557
Cash on deposit with Huntington Bank (Restricted)	1	1
Cash in transit	49	49
	\$ 203,306	\$ 203,306

**West Virginia Board of Treasury Investments (BTI) WV Money Market Pool, WV Government Money Market Pool, and WV Short Term Bond Pool**

Cash on deposit with the State Treasurer is a non-safeguarded deposit in accordance with GASB Statement No. 3, *Deposits with Financial Institutions, Investments, (Including Repurchase Agreements), and Reverse Repurchase Agreements*. Additionally, such deposits are subject to the following BTI policies and procedures.

The BTI has adopted an investment policy in accordance with the "Uniform Prudent Investor Act." The "prudent investor rule" guides those with responsibility for investing the money for others. Such fiduciaries must act as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The BTI's investment policy to invest assets in a manner that strives for maximum safety, provides adequate liquidity to meet all operating requirements, and achieves the highest possible investment return consistent with the primary objectives of safety and liquidity. The BTI recognizes that risk, volatility, and the possibility of loss in purchasing power are present to some degree in all types of investments. Due to the short-term nature of BTI's Consolidated Fund, the BTI believes that it is imperative to review and adjust the investment policy in reaction to interest rate market fluctuations/trends on a regular basis and has adopted a formal review schedule. Investment policies have been established for each investment pool and account of the BTI's Consolidated Fund. Of the BTI's Consolidated Fund pools and accounts which the Division may invest in, three are subject to credit risk: WV Money Market Pool, WV Government Money Market Pool, and WV Short Term Bond Pool.

**WV Money Market Pool**

*Credit risk* - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. For the year ended June 30, 2009, the WV Money Market Pool has been rated AAAm by Standard & Poor's. A fund rated "AAAm" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAm" is the highest principal stability fund rating assigned by Standard & Poor's. As this pool has been rated, specific information on the credit ratings of the underlying investments of the pool have not been provided.

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**NOTE 2: CASH AND CASH EQUIVALENTS (Continued)**

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all corporate bonds to be rated AA- by Standard & Poor's (or its equivalent) or higher. Commercial paper must be rated at least A-1 by Standard & Poor's and P1 by Moody's. The pool must have at least 15% of its assets in U.S. Treasury issues.

At June 30, 2009, the WV Money Market Pool investments had a total carrying value of \$2,570,261, of which the Division's ownership represents 4.68%.

**WV Government Money Market Pool**

*Credit risk* - For the year ended June 30, 2009, the WV Government Money Market Pool has been rated AAAM by Standard & Poor's. A fund rated "AAAM" has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. "AAAM" is the highest principal stability fund rating assigned by Standard & Poor's. As this pool has been rated, specific information on the credit ratings of the underlying investments of the pool have not been provided.

The BTI limits the exposure to credit risk in the WV Government Money Market Pool by limiting the pool to U.S. Treasury issues, U.S. government agency issues, money market funds investing in U.S. Treasury issues and U.S. government agency issues, and repurchase agreements collateralized by U.S. Treasury issues and U.S. government agency issues. The pool must have at least 15% of its assets in U.S. Treasury issues.

At June 30, 2009, the WV Government Money Market Pool investments had a total carrying value of \$283,826, of which the Division's ownership represents 20.28%.

**WV Short Term Bond Pool**

*Credit risk* - The BTI limits the exposure to credit risk in the WV Short Term Bond Pool by requiring all corporate bonds to be rated A by Standard & Poor's (or its equivalent) or higher. Commercial paper must be rated at least A-1 by Standard & Poor's and P1 by Moody's. The following table provides information on the credit ratings of the WV Short Term Bond Pool's investments (in thousands):

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NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

Security Type	Credit Rating *		Carrying Value	Percent of Pool Assets
	Moody's	S&P		
Corporate asset backed securities	Aaa	AAA	\$ 16,402	5.21%
	Aaa	NR	5,136	1.63
	Aa3	AAA	223	0.07
	Aa2	AAA	461	0.15
	A3	AAA	273	0.09
	Baa2	AAA	831	0.26
	Baa1	BBB**	332	0.10
	Baa2	BBB**	1,376	0.44
	Ba3	AAA	645	0.20
	B1	AAA	779	0.25
	B2	B**	493	0.16
	B2	CCC**	539	0.17
	B3	AAA	949	0.30
	Caa1	BB**	254	0.08
	NR	AAA	679	0.22
Total corporate asset backed securities			29,372	9.33
Corporate bonds and notes	Aaa	AAA	47,204	14.99
	Aa1	AA	4,445	1.41
	Aa1	A	2,052	0.65
	Aa2	AAA	3,040	0.96
	Aa2	AA	9,066	2.88
	Aa3	A	7,831	2.49
	A1	AA	4,813	1.53
	A1	A	5,522	1.75
	A2	A	32,040	10.17
	A3	A	7,024	2.23
	Baa3	A	2,067	0.66
Total corporate bonds and notes			125,104	39.72
U.S. agency bonds	Aaa	AAA	60,250	19.13
U.S. Treasury notes****	Aaa	AAA	88,805	28.20
U.S. agency mortgage backed securities *****	Aaa	AAA	4,975	1.58
Money Market Funds	Aaa	AAA	6,426	2.04
			\$ 314,932	100.00%

\* NR = Not Rated

\*\* The securities were not in compliance with BTI Investment Policy at June 30, 2009. The securities were in compliance when originally acquired, but were subsequently downgraded. BTI management and its investment advisers have determined that it is in the best interests of the participants to hold the securities for optimal outcome.

\*\*\* U.S. Treasury issues are explicitly guaranteed by the United States government and are not subject to credit risk.

\*\*\*\* U.S. agency mortgage backed securities are issued by the Government National Mortgage Association and are and are explicitly guaranteed by the United States government and are not subject to credit risk.

At June 30, 2009, the Division's ownership represents 1.88% of these amounts held by BTI.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All BTI's Consolidated Fund pools and accounts are subject to interest rate risk.



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NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

The overall weighted average maturity of the investments of the WV Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase. The following table provides information on the weighted average maturities for the various asset types in the WV Money Market Pool:

Security Type	Carrying Value	WAM DAYS
Repurchase agreements	\$ 212,010	1
U.S. Treasury Bills	483,714	69
Commercial paper	592,479	32
Certificates of deposit	128,402	56
U.S. agency discount notes	635,602	57
Corporate bonds and notes	73,812	38
U.S. agency bonds/notes	294,019	70
Money market fund	<u>150,223</u>	1
	<u>\$ 2,570,261</u>	47

The overall weighted average maturity of the investments of the WV Government Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase. The following table provides information on the weighted average maturities for the various asset types in the WV Government Money Market Pool:

Security Type	Carrying Value	WAM DAYS
Repurchase agreements	\$ 53,000	1
U.S. Treasury Bills	74,424	94
U.S. agency discount notes	87,662	55
U.S. agency bonds/notes	68,608	37
Money market fund	<u>132</u>	1
	<u>\$ 283,826</u>	51

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**NOTE 2: CASH AND CASH EQUIVALENTS (Continued)**

The overall effective duration (overall weighted average maturity in 2008) of the investments of the WV Short Term Bond Pool cannot exceed 731 days. Maximum maturity of individual securities cannot exceed 1,827 days (five years) from date of purchase. The following table provides information on the effective duration for the various asset types in the WV Short Term Bond Pool at June 30, 2009:

Security Type	Carrying Value	WAM DAYS
U.S. Treasury bonds/notes	\$ 88,805	917
Corporate notes	125,104	559
Corporate asset backed securities	29,372	622
U.S. agency bonds/notes	60,250	752
U.S. agency mortgage backed securities	4,975	540
Money market funds	6,426	1
	<u>\$ 314,932</u>	691

**Other Investment Risks**

Other investment risks include concentration of credit risk, custodial credit risk, and foreign currency risk. None of the BTI's Consolidated Fund's investment pools or accounts is exposed to these risks as described below.

Concentration of credit risk is the risk of loss attributed to the magnitude of a BTI Consolidated Fund Pool or account's investment in a single corporate issuer. The BTI investment policy prohibits those pools and accounts permitted to hold corporate securities from investing more than 5% of their assets in any one corporate name or one corporate issue.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the BTI will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of the BTI. Securities lending collateral that is reported on the Statement of Fiduciary Net Assets is invested in the lending agent's money market fund in the BTI's name. In all transactions, the BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. None of the BTI's Consolidated Fund's investment pools or accounts holds interests in foreign currency or interests valued in foreign currency.

**Securities Lending**

At June 30, 2009, the fair value of securities on loan and the collateral held by the pools of the BTI are as follows. Of the collateral held, approximately \$360,184 was received as cash. The collateral received as cash is invested in a collateral pool. For securities loaned at June 30, 2009, the BTI has no credit risk exposure to borrowers because the amount the BTI owes the borrowers exceeds the amounts the borrowers owe the BTI. There were no losses during the year resulting from borrower default, and there were no significant violations of legal or contractual provisions. The BTI is exposed to cash reinvestment risk, which is the risk that the cash reinvestment assets would not be sufficient to cover the liabilities due the borrowing brokers.

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NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

Maturities of investments made with cash collateral are not matched to maturities of securities loaned.

	Fair Value of	
	Securities on Loan	Collateral Held
WV Money Market Pool	\$ 242,131	\$ 247,000
WV Short Term Bond Pool	110,915	113,184
	\$ 353,046	\$ 360,184

**Deposits**

Custodial credit risk of deposits is the risk that in the event of failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits include nonnegotiable certificates of deposit. None of the above pools contain nonnegotiable certificates of deposit. The BTI does not have a deposit policy for custodial credit risk.

**Restricted Cash and Cash Equivalents for Debt Service Repayment**

**Credit Risk**

The Division limits the exposure to credit risk in the funds invested for debt service repayment by requiring in the note trust indenture that investments in money market funds be rated AAAm or AAAm-G or better by S&P. At June 30, 2009 these funds were invested with Huntington Bank in the Huntington Treasury Money Market IV and VII. The following table provides information on the credit ratings of this investment.

Security Type	Moody's	S&P	Carrying Value	Percentage of Assets
Huntington Treasury Money Market IV & VII	Aaa	AAA	\$1	100%

**Concentration of Credit Risk**

The Division note trust indenture places no limit on the amount the Division may invest in any one Issuer. All of the investments for debt service repayment are in the Huntington Treasury Money Market IV and VII.

**Custodial Credit Risk**

Custodial Credit Risk is the risk that in the event of a failure of the counterparty, the Division will not be able to recover the value of the investment that is in the possession of an outside party. The Division does not have a policy for custodial credit risk. As of June 30, 2009, \$1 of the Division's investments was invested in the Huntington Treasury Money Market IV and VII.

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NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

**Interest rate risk**

The weighted average maturity of the Huntington Treasury Money Market Fund IV and VII is less than one year. The funds are invested in money market funds that do not have a maturity date.

Security Type	Carrying Value	Investment Maturity in Years			
		Less than 1	1 - 5	6 - 10	More than 10
Huntington Treasury Money Market IV & VII	\$1	\$1	-	-	-

**Foreign Currency Risk**

The investments for debt service repayment have no securities that are subject to foreign currency risk.

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2009 consisted of the following:

Federal aid billed and not paid	\$ 21,260
Federal aid earned but not billed	51,299
Total federal aid receivable	<u>72,559</u>
Other receivables	13,686
Combined total receivables	<u>86,245</u>
Less: allowance for uncollectibles	<u>(492)</u>
Net accounts receivable	<u>\$ 85,753</u>

Accounts receivable representing federal aid earned but not billed relate principally to the Federal Highway Administration's (FHWA) participating share of expenditures on highway projects.

NOTE 4: TAXES RECEIVABLE

Taxes receivable at June 30, 2009 consisted of the following:

Automobile privilege taxes	\$ 18,618
Motor fuel excise taxes	36,053
Registration fees	<u>2,289</u>
Total taxes receivable	<u>\$ 56,960</u>

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NOTE 5: DUE FROM/TO OTHER STATE OF WEST VIRGINIA AGENCIES

Amounts due from other State of West Virginia agencies at June 30, 2009 consisted of the following:

The Department of Motor Vehicles	\$ 2,193
Other agencies	<u>799</u>
Total amounts due from other State of West Virginia agencies	<u>\$ 2,992</u>

Amounts due to other State of West Virginia agencies at June 30, 2009 consisted of the following:

Public Employees Insurance Agency	\$ 1,717
Public Employee's Retirement	1,307
Other agencies	<u>57</u>
Total amounts due to other State of West Virginia agencies	<u>\$ 3,081</u>

NOTE 6: INVENTORIES

Inventories at June 30, 2009 consisted of the following:

Materials and supplies	\$ 29,561
Equipment repair parts	7,746
Gas and lubrication supplies	<u>2,574</u>
Total inventories	<u>\$ 39,881</u>

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
 DIVISION OF HIGHWAYS  
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NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009, was as follows:

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
<b>Capital assets not being depreciated:</b>				
Land - non infrastructure	\$ 15,858	\$ -	\$ 1,637	\$ 14,221
Land - infrastructure	876,642	21,971	-	898,613
Construction-in-progress - buildings	5,493	10,864	2,026	14,331
Construction-in-progress - land improvements	562	1,529	973	1,118
Construction-in-progress - roads	903,930	424,134	562,473	765,591
Construction-in-progress - bridges	456,331	216,493	385,334	287,490
<b>Total capital assets not being depreciated</b>	<b>2,258,816</b>	<b>674,991</b>	<b>952,443</b>	<b>1,981,364</b>
<b>Capital assets being depreciated:</b>				
Buildings	101,118	1,300	19	102,399
Furniture and fixtures	3,983	54	176	3,861
Land improvements - non infrastructure	7,709	858	-	8,567
Rolling stock	208,829	24,529	15,758	217,600
Shop equipment	3,040	-	-	3,040
Scientific equipment	2,391	368	20	2,739
Infrastructure - roads	7,111,505	427,881	-	7,539,386
Infrastructure - bridges	1,765,043	385,542	-	2,150,585
<b>Total capital assets being depreciated</b>	<b>9,203,618</b>	<b>840,532</b>	<b>15,973</b>	<b>10,028,177</b>
<b>Less accumulated depreciation:</b>				
Buildings	36,924	2,825	19	39,730
Furniture and fixtures	3,557	154	176	3,535
Land improvements - non infrastructure	2,634	385	-	3,019
Rolling stock	150,075	16,873	15,095	151,853
Shop equipment	2,979	8	-	2,987
Scientific equipment	1,840	165	20	1,985
Infrastructure - roads	3,500,081	244,781	-	3,744,862
Infrastructure - bridges	362,005	43,188	-	405,193
<b>Total accumulated depreciation</b>	<b>4,060,095</b>	<b>308,379</b>	<b>15,310</b>	<b>4,353,164</b>
<b>Total capital assets being depreciated, net</b>	<b>5,143,523</b>	<b>532,153</b>	<b>663</b>	<b>5,675,013</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 7,402,339</b>	<b>\$ 1,207,144</b>	<b>\$ 953,106</b>	<b>\$ 7,656,377</b>

Current year depreciation totaling \$305,015 was allocated as separate line items in the statement of activities under the major functions of the Division of Maintenance and Improvements. The remaining \$3,364 unallocated depreciation expense is included as a separate line item in the statement of activities. Infrastructure depreciation is primarily related to construction type activities; depreciation of shop and rolling stock assets is primarily related to maintenance type activities; and depreciation of buildings and improvements and furniture and fixtures support all of the various activities of the Division.

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NOTE 7: CAPITAL ASSETS (Continued)

A summary of depreciation on each capital asset type follows:

<u>Asset Type</u>	<u>Depreciation</u>
Buildings and improvements	\$ 2,825
Furniture and fixtures	154
Land improvements	385
Total unallocated	<u>3,364</u>
Rolling stock	16,873
Shop equipment	8
Scientific equipment	165
Total road maintenance	<u>17,046</u>
Infrastructure - roads	244,781
Infrastructure - bridges	43,188
Total other road operations	<u>287,969</u>
Total depreciation expense	<u>\$ 308,379</u>

NOTE 8: RETAINAGES PAYABLE

Retainages payable includes funds withheld from payments to consulting firms and construction contractors. Retainage payments are made to the consultants and contractors when work is satisfactorily completed. The Division has entered into an arrangement with the BTI whereby amounts retained from payments to construction contractors may, at the option of the contractor, be deposited in an interest bearing account in the contractor's name. The funds on deposit in these accounts are not reported as assets of the Division. At June 30, 2009, retainages payable included \$315 that was on deposit at BTI for construction contractors.

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NOTE 9: LONG-TERM OBLIGATIONS

Long-term obligations at June 30, 2009, and changes for the fiscal year then ended are as follows:

	Issue Date	Interest Rates	Maturity Through	Beginning Balance	Additions	Reductions	Ending Balance
<b>General obligation bonds payable from tax revenue:</b>							
Safe road bonds	1998	4.30% - 5.25%	06/01/2023	\$ 36,025	\$ -	\$ -	\$ 36,025
Safe road bonds	1999	4.30% - 5.75%	06/01/2017	2,290	-	2,290	-
Safe road bonds	2001	3.50% - 5.50%	06/01/2013	47,360	-	10,615	36,745
Safe road bonds	2005	3.00% - 3.00%	06/01/2025	315,515	-	17,180	298,335
Total general obligation bonds				401,190	-	30,085	371,105
Bond premium				26,073	-	1,889	24,184
Total general obligation bonds payable net of premium				427,263	-	31,974	395,289
<b>Revenue notes payable from federal aid revenue:</b>							
Surface transportation improvements special notes (Carvee 2006A)	2006	3.75% - 5.00%	06/01/2016	68,945	-	7,345	61,600
Surface transportation improvements special notes (Carvee 2007A)	2007	4.00% - 5.00%	06/01/2016	29,930	-	3,205	26,725
Surface transportation improvements special notes (Carvee 2009A)	2009	3.75% - 5.00%	06/01/2016	-	76,835	-	76,835
Total revenue notes payable				98,875	76,835	10,550	165,160
Bond premium				3,056	4,671	592	7,135
Total general obligation notes payable net of premium				101,931	81,506	11,142	172,295
Claims and judgments				12,729	-	4,920	7,809
Compensated absences				29,105	539	266	29,378
Other postemployment benefits				5,071	9,030	-	14,101
Total long-term obligations				\$ 576,099	\$ 91,075	\$ 48,302	\$ 618,872



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NOTE 9: LONG-TERM OBLIGATIONS (Continued)

General obligation bond issues are authorized by constitutional amendments and are general obligations of the State of West Virginia. Legislation implementing the amendments requires that debt service on the bonds be paid from the State Road Fund and, to the extent that there are insufficient funds therein, from a levy of an annual state tax. All bonds authorized under prior constitutional amendments have been issued and include amounts outstanding above.

Surface Transportation Improvement Special Obligation Notes are authorized under Chapter 17, Article 17A of the Code of West Virginia, 1931, as amended. The Code provides for the issuance of special obligation notes to facilitate the construction of highways, secondary roads and bridges to be funded wholly or in part by federal dollars and in anticipation of reimbursement from such sources. The federal legislation that enables reimbursement of such costs is included in Title 23, Section 122. The Memorandum of Agreement executed between the Federal Highway Administration and the Division of Highways documents the procedures for managing the stewardship and oversight of highway projects that are financed with the proceeds of these notes.

Debt service expenditures for debt service funds included interest of \$24,110 for the year ended June 30, 2009. Total debt service costs, exclusive of coupon redemption costs, for each of the next five years and thereafter, on general obligation bonds payable and revenue notes payable liquidated through debt service funds, are as follows:

	2010	2011	2012	2013	2014	2015- 2019	2020- 2024	2025	Total
General obligation bonds payable from tax revenue:									
Safe road bonds	\$ 49,995	\$ 49,993	\$ 49,995	\$ 38,618	\$ 36,973	\$ 144,513	\$ 117,574	\$ 23,515	\$511,176
Less: Interest	18,405	16,828	15,130	13,388	12,133	42,793	20,274	1,120	140,071
Total principal	31,590	33,165	34,865	25,230	24,840	101,720	97,300	22,395	371,105
Bond premium	1,633	1,586	1,546	1,494	1,494	7,469	7,469	1,493	24,184
Total principal and bond premium	33,223	34,751	36,411	26,724	26,334	109,189	104,769	23,888	395,289
Revenue notes payable from federal aid revenue:									
Surface transportation special obligation notes	27,588	27,575	27,588	27,547	27,519	55,002	-	-	192,819
Less: Interest	6,743	6,055	5,163	4,177	3,044	2,477	-	-	27,659
Total principal	20,845	21,520	22,425	23,370	24,475	52,525	-	-	165,160
Bond premium	1,019	1,019	1,019	1,019	1,019	2,040	-	-	7,135
Total principal and note premium	\$ 21,864	\$ 22,539	\$ 23,444	\$ 24,389	\$ 25,494	\$ 54,565	\$ -	\$ -	\$172,295

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NOTE 9: LONG-TERM OBLIGATIONS (Continued)

The portion of long-term and short-term compensated absences, claims payable, and general obligation bonds are as follows:

	Compensated Absences	Other Post Employment Benefits Liability	Claims and Judgments	General Obligation Bonds and Revenue Notes and Premium	Total
Short-term liability	\$ 12,137	\$ -	\$ 509	\$ 55,087	\$ 67,733
Long-term liability	17,241	14,101	7,300	512,497	551,139
	<u>\$ 29,378</u>	<u>\$ 14,101</u>	<u>\$ 7,809</u>	<u>\$ 567,584</u>	<u>\$ 618,872</u>

During the year ended June 30, 1997, the State was authorized by constitutional amendment to issue \$550,000 of general obligation bonds to fund highway and road construction projects known as Safe Road Bonds. These bonds will be repaid from revenues of the State Road Fund. Safe Road Bonds of \$220,000 were issued during July 1998; \$110,000 were issued during July 1999; \$110,000 were issued during July 2000; and an additional \$110,000 were issued during July 2001.

In 2005, the State refinanced part of the above mentioned bonds in the amount of \$321,405. These bonds will be repaid from revenues of the State Road Fund through the year 2025.

During the year ended June 30, 2007, the State was authorized by constitutional amendment to issue \$200,000 of Surface Transportation Improvements Special Obligation Notes (Garvee Notes) to fund highway and road construction projects. These notes will be repaid from future federal highway revenues. Garvee Notes of \$76,000 were issued during October 2006 and \$33,000 were issued during April 2007. The Division sold \$76,835 of additional Garvee notes during the fiscal year ending June 30, 2009.

In 2005, the State refinanced \$321,405 in general obligation bonds to advance-refund \$319,860 of outstanding 1998, 1999 and 2000 Series bonds. The net proceeds of \$351,405 (after payment of \$1,606 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. Government State and Local Government Series securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refinanced portions of the 1998, 1999, and 2000 Series bonds. As a result, the refinanced portion of the 1998 and 1999 Series bonds along with all 2000 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$1,545. This amount is being netted against the new debt and amortized over the remaining useful life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 20 years by \$19,689 and resulted in an economic gain of \$18,821.

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NOTE 9: LONG-TERM OBLIGATIONS (Continued)

The following summarizes the estimated claims liability for the current year and that of the preceding two years.

	<u>Year Ended June 30, 2009</u>	<u>Year Ended June 30, 2008</u>	<u>Year Ended June 30, 2007</u>
Estimated claims liability, July 1	\$ 12,729	\$ 6,050	\$ 9,194
Additions for claims incurred during the year	509	714	630
Changes in estimates for claims of prior periods	(4,715)	6,595	(3,630)
Payments on claims	<u>(714)</u>	<u>(630)</u>	<u>(144)</u>
Estimated claims liability, June 30	<u>\$ 7,809</u>	<u>\$ 12,729</u>	<u>\$ 6,050</u>

At June 30, 2009, approximately \$5,345 of tort claims and \$6,040 of construction claims, including non-incremental claims, were pending against the Division in the West Virginia State Court of Claims. With respect to these claims, the Division has an estimated obligation of \$7,809 recorded in the government-wide Statement of Net Assets, based on management's evaluation of the nature of such claims and consideration of historical loss experience for the respective types of action. Such claims will be recognized primarily as expenditures of the State Road Fund if, and when, they are approved for payment by the Legislature in accordance with legal statutes. Also included in claims are claims that have been settled in the court of claims and approved for payment through legislative action. These amounts total approximately \$509. During the normal course of operations, the Division may become subject to other litigation. No provision has been made in the financial statements for liabilities, if any, from such litigation.

The Division's obligation for accrued vacation leave time includes leave time and related costs expected to be paid to employees in the future and are determined using wage levels in effect at the date the obligation is calculated. Upon retirement, an employee may apply unused sick leave to reduce their future insurance premiums paid to the West Virginia Public Employees Insurance Agency or apply unused sick leave or annual leave or both to obtain a greater benefit under the West Virginia Public Employees Retirement System.

The Division participates in the West Virginia Other Postemployment Benefit Plan (OPEB) of the West Virginia Retiree Health Benefit Trust Fund (RHBTF), a cost sharing multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Employee Insurance Agency (WVPEIA). The OPEB Plan, established in accordance with GASB Statement No. 45, provides retiree post-employment health care benefits for participating state and local government employers. The provisions of the Code of West Virginia, 1931, as amended (the Code), assigns the authority to establish and amend benefit plans to the WVPEIA Board of Trustees. The WVPEIA issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to West Virginia Public Employees Insurance Agency, 601 57<sup>th</sup> Street, Charleston, WV 25304 or by calling 1-888-680-7342.

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NOTE 9: LONG-TERM OBLIGATIONS (Continued)

The Code requires the RHBTF to bill the participating employers 100% of the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. State of West Virginia plan employers are billed per active health policy per month.

The OPEB Plan costs are accrued based upon invoices received from PEIA based upon actuarially determined amounts. At June 30, 2009 and 2008, the noncurrent liability related to OPEB cost was \$14,101 and \$5,071. The total OPEB expense incurred and the amount of OPEB expense that relates to retirees was \$19,296 and \$10,267, respectively, during 2009 and \$22,605 and \$11,622, respectively, during 2008. As of the year ended June 30, 2009, there were 490 retirees receiving these benefits.

NOTE 10: RELATED PARTY TRANSACTIONS WITH THE STATE OF WEST VIRGINIA

The Division enters into certain transactions with various agencies of the State of West Virginia. The following summarizes the nature and terms of the most significant transactions:

- The Division leases from the Department of Administration substantially all of State Office Building No. 5 and a portion of State Office Building No. 3 which are owned by the State Building Commission. The Division may be released from its obligation only at the option of the lessor. The Division is obligated under these operating leases, which expire June 30, 2010 for rental payments of approximately \$2.0 million annually. Management expects the leases to be renewed upon expiration.
- The Division's employees participate in various benefit plans offered by the State of West Virginia. Employer contributions to these plans are mandatory. During the year ended June 30, 2009 the Division incurred payroll related expenditures of approximately \$31,123 for employee health insurance benefits provided through the West Virginia Public Employees Insurance Agency and approximately \$18,154 in employer matching contributions to the State Public Retirement System.
- The Division was insured under the West Virginia Workers' Compensation Division until January 1, 2006. In January 2006 the state privatized Workers' Compensation. Workers' Compensation coverage is currently provided solely from BrickStreet Insurance Company, a private mutual insurance company established in conjunction with the privatization process. During the year ended June 30, 2009 the Division paid approximately \$10,140 to BrickStreet Insurance Company for coverage.

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**NOTE 11: COMMITMENTS AND CONTINGENCIES**

The amount of unexpended balances of highway design and construction contracts entered into by the Division with various contractors approximated \$576,253 at June 30, 2009.

The Division participates in several federal programs which are subject to audit by the federal awarding agency. Any disallowed claims, including amounts already collected by the Division, may constitute a liability to the federal awarding agency of the applicable funds. The amount, if any, of expenditures that may be disallowed by the federal awarding agency cannot be determined at this time. The Division expects such amounts, if any, to be immaterial to the financial position of the Division. The Division records these disallowed costs in the period the audit is finalized.

Based on the Division's Inspection Program the Division has reviewed the information on obsolete and deficient bridges. The Division is concerned about safety and tries to prioritize bridges for repair and replacement based on engineering assessments. The Division's long range plans to address this issue will be impacted by actions that may be taken by both the federal and state government, including funding levels provided for this purpose.

Various legal proceedings and claims related to condemnation and eminent domain cases are pending against the Division. At June 30, 2009, there were approximately 402 open cases. These cases involve the acquisitions of properties by the Division for right of way purposes. The Division has paid the applicable courts on behalf of the land grantors, estimated fair values of the properties acquired. The open cases may result in condemnation commissioners or jury verdicts awarding amounts in excess of the previously paid estimated fair value amounts. In these situations, the excess award amount plus a statutory interest rate of 10% would be paid to the grantor. The interest amount would be calculated on the excess award amount from the date of the petition filing to the date of the excess payment amount to the court. Several of these cases relate to condemnations from the 1960s and 1970s. There is no estimate available as to the amount of monies needed to resolve these cases. Management is of the opinion that any liability resulting from these claims would have no adverse effect on the financial position of the Division.

**NOTE 12: RETIREMENT PLAN**

**PLAN DESCRIPTION** - The Division contributes to the West Virginia Public Employees' Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board. Chapter 5, Article 10 of the West Virginia State Code assigns the authority to establish and amend benefit provisions to the PERS Board of Trustees. Employees who retire at or after age 55 and have completed 25 years of credited service 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 final average salary, multiplied by the number of years of the employee's credited service at the time of retirement. PERS also provides deferred retirement, early retirement, death, and disability benefits to plan members and beneficiaries. The West Virginia Consolidated Public Retirement Board issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the West Virginia Consolidated Public Retirement Board, 4101 MacCorkle Avenue S.E., Charleston, West Virginia 25304-1636 or by calling (304) 558-3570.

**FUNDING POLICY** - The PERS funding policy has been established by action of the State Legislature. State statute requires that plan participants contribute 4.5% of compensation. The current combined contribution rate is 15% of annual covered payroll, including the Division's contribution of 10.5% which is established by PERS. Effective July 1, 2009 the Division's contribution was increased to 11%. The Division's contributions to PERS for the years ended June 30, 2009, 2008, and 2007 were \$18,154, \$16,912, and \$16,653, respectively, equal to the required contributions for each year.

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NOTE 13: RISK MANAGEMENT

The Division is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health and life coverage; and natural disasters. The State of West Virginia established the Board of Risk and Insurance Management (BRIM) and the Public Employees Insurance Agency (PEIA), to account for and finance uninsured risks of losses for state agencies, institutions of higher education, and component units.

BRIM is a public entity risk pool that provides coverage for general, property, medical malpractice, and automobile liability. PEIA is also a public entity risk pool and provides coverage for employee and dependent health, life and prescription drug insurance. The Division retains the risk of loss on certain tort and contractor claims in excess of the amount insured or covered by BRIM's insurance carrier. Other than the amounts disclosed in Note 9, amounts of settlements have not exceeded insurance coverage in the past three years. The Division has evaluated this potential risk of loss as discussed in Note 9. BrickStreet Insurance, a private mutual insurance company, provided coverage for work related accidents.

Through its participation in the PEIA, the Division has obtained health coverage for its employees. In exchange for payment of premiums to PEIA, the Division has transferred its risks related to health coverage. PEIA issues publicly available financial reports that include financial statements and required supplementary information, these reports may be obtained by writing to PEIA.

COMPLIANCE AND INTERNAL CONTROL REPORT

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Joint Committee on Government and Finance  
West Virginia Legislature

We have audited the financial statements of the West Virginia Department of Transportation, Division of Highways (the Division) as of and for the year ended June 30, 2009, and have issued our report thereon dated December 4, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Division's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Division's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Division's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Division's financial statements that is more than inconsequential will not be prevented or detected by the Division's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2009-1, 2009-2, 2009-3, and 2009-4 to be significant deficiencies in internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant



deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2009-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Division's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the Joint Committee on Government and Finance of the West Virginia Legislature in a separate letter dated December 4, 2009.

The Division's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Division's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of management of the Division, and the Joint Committee on Government and Finance of the West Virginia Legislature and is not intended to be and should not be used by anyone other than these specified parties.



December 4, 2009

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended June 30, 2009

**2009-1 FINANCIAL REPORTING - CAPITAL ASSETS**

Criteria:

Expenditures for infrastructure assets are required by accounting principles generally accepted in the United States of America to be capitalized and depreciated over their estimated useful lives in the Government-wide Financial Statements.

Condition:

We noted that the Division's process for identifying expenditures for infrastructure assets that meet its established capitalization threshold does not identify all expenditures that should be capitalized in the Government-wide financial statements in the year that the expenditure is made.

Cause:

The Division's existing capitalization policy for infrastructure assets is not being consistently applied in a manner that identifies infrastructure expenditures that should be capitalized in accordance with accounting principles generally accepted in the United States of America.

Context:

We noted \$11,322,000 of expenditures for infrastructure assets incurred in the fiscal year ended June 30, 2008 that were not capitalized in the Government-wide Financial Statements until the current fiscal year. The Division's net infrastructure capital assets reported in its Government-wide Financial Statements were \$5,539,916,000 at June 30, 2009.

Effect:

Net assets and capital assets in the Government-wide Financial Statements as of the beginning of the fiscal year ended June 30, 2009 were understated by \$11,322,000, and the current fiscal year's expenses were understated by the same amount.

Recommendation:

Management should ensure that its established capitalization policy for infrastructure assets is properly applied and all expenditures that meet this policy are capitalized in the Government-wide Financial Statements in the year that the expenditure is incurred. The Division should consider changes in supervisory review procedures and account reconciliation procedures to ensure that infrastructure items are appropriately identified and capitalized.

Views of Responsible Officials:

*Management Response – Agree: The Program Planning and Administration Division currently generates a number of status reports monthly that check the validity of various aspects of input data. While it is impossible to eliminate all human error from the data entry process, in order to*

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended June 30, 2009

**2009-1 FINANCIAL REPORTING - CAPITAL ASSETS (Continued)**

Views of Responsible Officials (Continued):

*address the findings of the audit report, the Division will generate an additional status report that examines the feasibility of input construction data on larger jobs (i.e. in excess of \$1 million). Specifically, the Project Tracking System will be queried on a monthly basis for projects that have a construction phase cost in excess of \$1 million dollars and have durations for actual start and completion dates less than 90 days. While it is conceivable that a project of this magnitude could be completed in that time frame, projects falling into this category will be reviewed by Division staff for accuracy.*

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS

SCHEDULE OF FINDINGS AND RESPONSES  
(Continued)

Year Ended June 30, 2009

**2009-2 PAYROLL AUTHORIZATION PROCEDURES**

Criteria:

Management of the Division is responsible for establishing and maintaining adequate internal control over the approval of employee payroll transactions.

Condition:

During our testing of payroll approval procedures, we noted that the established procedures related to the approval of daily labor reports (DOH-12) prior to entry into the Division's payroll system were not functioning adequately. Specifically, our sample of 40 employee payroll cash disbursements during the fiscal year ended June 30, 2009 included the following:

- 4 instances in which the DOH-12 was not approved by an appropriate supervisor.
- 8 instances in which the DOH-12 was not signed off by the individual that entered the data into the Division's payroll system.

Cause:

The Division's established procedures for payroll authorization are not functioning as designed.

Context:

The Division's total payroll expense for the fiscal year ended June 30, 2009 was approximately \$170 million.

Effect:

Errors or fraud could occur in the amount of time claimed for compensation, charged to a project, and recorded as expenditures without being detected by management.

Recommendation

Management of the Division should enforce and monitor the established procedures over payroll authorization.

Views of Responsible Officials:

*Management Response – Agree: The agency operating procedures were recently updated to stress the requirement and importance of supervisor reviews and signatures of the DOT-12 Daily Time Report. Additionally, the requirement for the data entrant to initial each DOT-12 was stressed. There is a compensating control which requires supervisors to review and sign each employee's bi-monthly time sheet.*

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS

SCHEDULE OF FINDINGS AND RESPONSES  
(Continued)

Year Ended June 30, 2009

**2009-2 PAYROLL AUTHORIZATION PROCEDURES (CONTINUED)**

Views of Responsible Officials(Continued):

*Management will address the DOT-12 issues in a reminder memorandum. Additionally, the DOH District Comptrollers will be required to perform monthly, random reviews of organizational DOT-12's for proper and complete signatures. The DOT audit staff will likewise review DOT-12 signatures in their organizational audits.*

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS

SCHEDULE OF FINDINGS AND RESPONSES  
(Continued)

Year Ended June 30, 2009

**2009-3 INFORMATION TECHNOLOGY SYSTEM CONTROLS**

Criteria:

Management is responsible for establishing and maintaining effective internal controls over financial reporting. Additionally, a fundamental concept of internal control is adequate segregation of incompatible duties, the premise being that responsibilities for authorizing transactions, recording transactions, and maintaining custody of assets are assigned to different employees.

Condition:

The Division operates several information technology systems that affect the information that is reported in the Division's financial statements. During our review of the information technology systems, we noted:

- The process for system change management for the contract management system (PRS) is informal and the key authorizations (initial system change request, testing of the change, and migration to production) are not documented.
- The process for system change management in the Division's primary accounting system (REMIS) lacks adequate segregation of duties. Specifically, two Information Services Managers have the ability to make changes in the development environment and migrate those changes to the production environment. Additionally, we noted that an independent review of the system change reports is not performed to determine if any unauthorized changes have occurred.
- The domain level login process provides for a user lockout after four invalid login attempts, however, the lockout duration is set to zero minutes. Accordingly, the user lockout for invalid login attempts is not functioning.
- For mainframe security (RACF), we noted that the password for a powerful RACF command is stored in a file on the mainframe and that all of the West Virginia Office of Technology programmers have access to this file
- The process to grant, modify, or revoke rights within PRS is not formally documented and reviewed.
- The system backups for the PRS system are made nightly but these backup tapes are not rotated off-site.

Cause:

The Division has not established or monitored the existing information technology systems policies and procedures over change management and certain system access controls.

Context:

All financial transactions of the Division are processed through these information technology systems.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS

SCHEDULE OF FINDINGS AND RESPONSES  
(Continued)

Year Ended June 30, 2009

**2009-3 INFORMATION TECHNOLOGY SYSTEM CONTROLS (Continued)**

Effect:

Changes to the information technology systems programming can be placed in production without appropriate supervisory review and approval. Additionally, unauthorized access to these information technology systems may occur and go undetected. Also, data may be lost due to a unforeseen event that impacts the West Virginia State Capitol Complex, specifically, Building five.

Recommendation:

The Division should implement procedures to:

- Document the change management process for PRS. This documentation should include the change requested, individual making the request, and appropriate supervisory review and approval, which must occur prior to the changes being migrated to production.
- Segregate the incompatible duties over change management to REMIS and implement a process for independent review of system change reports for unauthorized changes.
- Increase the lockout duration on user accounts after four failed attempts to a reasonable period of time.
- Move the password for the noted RACF command to a secure location that only those with the rights to utilize the command have access
- Document the process for changing existing user rights within PRS. This documentation should include the change requested, individual making the request, and appropriate supervisory review and approval of the change.
- Ensure that the backup tapes for PRS are rotated off-site nightly.

Views of Responsible Officials:

Agree, each bullet point explained.

1. *Management Response - Agree: Information Services is in the process of developing a program to document and track all changes made to PRS and all other programs which may be applicable.*
2. *Management Response - Agree: The Information Services Division agrees that having management should be periodically reviewing the changes. However, with the limited programming staff available there is not sufficient time for other experienced programmers to review the changes in a comprehensive detailed manner, however, should the additional programmers be employed more compliance with this finding would be expected.*
3. *Management Response - Agree: The account lockout duration setting determines the number of minutes a locked-out account remains locked out before*

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS

SCHEDULE OF FINDINGS AND RESPONSES  
(Continued)

Year Ended June 30, 2009

**2009-3 INFORMATION TECHNOLOGY SYSTEM CONTROLS (Continued)**

Views of Responsible Officials (Continued):

*automatically becoming unlocked. A value of 0 specifies the account will be locked out until an administrator explicitly unlocks it. WVOT will review and update standard password complexity requirements to ensure consistency between standard/policies and implementation of those items.*

4. *Management Response - Agree: The RVERIFY function has not been used in over 10 years, hence the lack of review of RVERIFY activity. Only System Programmers within the Data Center have access to the SY.CHANGES file. WVOT will take these suggestions under advisement.*
5. *Management Response - Agree: The process to add or delete a user to the SQL tables has been made the same as the rules for adding and deleting to the PRS domain user group. This process will also be formally documented.*
6. *Management Response - Agree: Our server is in the process of being replaced. Once the server is replaced it will reside with the Office of Technology in one of their server rooms and by policy it will have secure backups taken periodically.*



WEST VIRGINIA DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS

SCHEDULE OF FINDINGS AND RESPONSES  
(Continued)

Year Ended June 30, 2009

**2009-4 NON-FEDERAL AID RECEIVABLE RECONCILIATION**

Criteria:

To ensure the completeness and accuracy of financial information, procedures should be in place to ensure that the amounts recorded in the accounts receivable subsidiary ledger for non-federal aid earned and unbilled accounts receivable are reconciled to the control account in the Division's general ledger.

Condition:

We noted that the Division does not have established procedures to ensure that the amounts recorded as non-federal aid earned and unbilled receivables are reconciled to the control account in the Division's general ledger.

Cause:

Management has not established a regularly performed reconciliation procedure between the amount reported in the subsidiary ledger and the general ledger control account for non-federal aid earned and unbilled accounts receivable.

Context:

During our audit, we found that the general ledger balance was understated by approximately \$1.2 million. The total adjusted balance in this account was \$9.1 million as of June 30, 2009.

Effect:

Without an effective procedure to reconcile the subsidiary ledger to the general ledger control account for non-federal aid earned and unbilled accounts receivable, errors in recording transactions can occur and have occurred and gone undetected by the Division's personnel in the normal course of performing their assigned functions.

Recommendation:

We recommend that the Division establish a monthly reconciliation procedure to ensure that the general ledger control account balance for non-federal aid earned and unbilled accounts receivable is supported by the underlying accounting records and subsidiary ledgers.

Views of Responsible Officials:

*Management Response - Agree: We concur with the recommendation and will establish a procedure to periodically reconcile the subsidiary ledgers to the general ledger control account for non-federal aid earned and unbilled accounts receivable.*

(President Tomblin presides)

**AGENDA**  
**JOINT COMMITTEE ON GOVERNMENT AND FINANCE**  
December 9, 2009

1:00 - 2:00 p.m.

Senate Finance Room

1. Approval of October 15, 2009, minutes

2. Committee Reports/Requests:

*Select Committee on Health (Senator Prezioso, Chair; Delegate Perdue, Chair) Requests the Joint Committee approve and fund a feasibility study on out-of-state placements for children with behavioral issues to establish whether expanding existing treatment programs and/or establishing an in-state treatment center for these children would be more cost effective and more conducive to better outcomes. - Delegate Hatfield*

MOVE that Select Committee on Health be approved and funded to do a feasibility study on out-of-state placements for children with behavioral issues.

3. Monthly/Quarterly Reports Distribution:

Status Reports on the Lottery Commission, Unemployment Compensation Trust Fund, and General Revenue Fund

4. Monthly/Quarterly Reports Distribution: Robert Ferguson, Cabinet Secretary

PEIA  
BRIM  
CHIP  
Real Estate Report

5. Monthly/Quarterly Report Distribution from Department of Health and Human Resources: Patsy Hardy, Cabinet Secretary

Medicaid Report

6. Investment Management Board Distribution: Craig Slaughter

7. Workers' Compensation: Bill Kenny, Deputy Insurance Commissioner

8. GOHELP: Martha Walker, Acting Director

9. Board of Treasury Report Distribution

10. Department of Transportation Distribution

11. **WV Higher Education Policy Commission Distribution**
12. **Other Business**
13. **Scheduled Interim Dates:** January 10-12 (Sunday, Monday, and Tuesday)
14. **Adjournment**