

Senate Finance RoomSenate

✓ Kessler, Chair  
✓ Palumbo  
✓ Plymale  
✓ Prezioso  
Unger  
Facemyer  
Hall

House

✓ Thompson, Chair  
✓ Boggs  
✓ Caputo  
✓ Miley  
White  
✓ Armstead  
Carmichael

Pres. Kessler presided.

1. Upon motion of Speaker, the Nov. meetings were approved.

2. —

3.

4. Russell Fry, Workforce WV

A — end year \$117,159,000

\$241,000,000 — revenue — Dec-Jan hardest unemployment months

5. Ross Taylor, Dept of Admin.

PEIA — no premium rates raised — Gov. committed \$4 mil to keep rates same — source not identified

6. DHAR Nancy Adkins DHAR

7. Craig Blaughter, Investment Management Bd.

10 yr return 8% for most funds

Above beats inflation w/ insurance assets

5, 5% return for years

8. Mike Riley, Ins. Comm. — Workers Comp.

110 claims closed in November

9.

Adjourn

(President Kessler presides)

**AGENDA**  
**JOINT COMMITTEE ON GOVERNMENT AND FINANCE**  
**December 12, 2012**

1:00 - 2:00pm

Senate Finance Room

1. Approval of November 28, 2012, minutes
2. Committee Reports/Requests
3. Monthly/Quarterly Reports Distribution:  
Status Reports on the General Revenue Fund.
4. Workforce WV Unemployment Compensation Trust Fund Distribution:
5. Monthly/Quarterly Reports Distribution:  
PEIA.  
BRIM  
CHIP  
Real Estate Report
6. Monthly/Quarterly Report Distribution from Department of Health and Human Resources:  
  
Medicaid Report
7. Investment Management Board Distribution:
8. Workers' Compensation:
9. Board of Treasury Report Distribution
10. Other Business
11. Adjournment

Joint Committee on Government and Finance  
November 28, 2012

1:00pm - 2:00pm

Senate  
Kessler, Chair  
Palumbo  
Plymale  
Prezioso  
Unger  
Facemyer (absent)  
Hall

House  
Thompson, Chair  
Boggs  
Caputo  
Miley  
White  
Armstead  
Carmichael (absent)

**Speaker Thompson presides:**

Speaker Thompson: "The committee will come to order. The first item on the agenda is the approval of the September 12<sup>th</sup> minutes. So moved by the President, any amendments, all in favor say aye, opposed, the ayes appear to have it, the ayes do have it."

Speaker Thompson: "The Parks, Recreation, and Natural Resources Subcommittee requests authorization and expense reimbursement for members and staff to conduct site visitations to Stonewall Jackson Resort State Park, Watters Smith State Park, and Cedar Creek State Park on December 2, 3, and 4, 2012."

President Kessler: "Move to approve reimbursement of expenses for members to travel to Stonewall Jackson Resort State Park, Watters Smith State Park and Cedar Creek State Park on December 2, 3, and 4, 2012"

Speaker Thompson: "Any discussion on the motion? All in favor say aye. Opposed? The ayes appear to have it."

Speaker Thompson: "Next on the agenda are the Quarterly Reports with the materials in your packets. First presentation is WORKFORCE WV, Russell Fry, Acting Executive Director."

Russell Fry, Acting Executive Director of WORKFORCE WV. "Mr. President, Mr. Speaker, members of the Committee. The trust fund balance as of today is \$130M. We project this year revenues of \$247M and benefits paid out of \$225M with a projected balance of \$127M. Next month I will have projections for next year."

I would also like to report to the Committee that we have completed our 2012 financial statement and have had them audited and have received our audit opinion and the old fund deficit now stands at \$825M and that is down by about \$140M from the prior year."

Speaker Thompson: "Thank you, are there questions by members of the Committee? Thank you."

Speaker Thompson: "Board of Treasury Distribution report is in your book. There is other business and that can be found in the back of the book. Any presentation on them? Any questions on those items in the back of the package? If not, is there any other business to come before the Committee? The President moves we adjourn, all in favor say aye. Opposed? The ayes have it we are adjourned."

WEST VIRGINIA LEGISLATURE

*Office of the Legislative Auditor*



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

304-347-4870

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

- West Virginia Lottery as of October 31, 2012:  
Gross profit for July 1, 2012 – October 31, 2012 of fiscal year 2013 is \$ 194.4 million.
- West Virginia Unemployment Compensation Fund as of November 30, 2012:  
Information will be in January 2013 booklet. November 2012 totals were not available at the time these reports were submitted for interim booklet.
- General Revenue Fund as of November 30, 2012:  
The general revenue collections are at 100.13% of the estimate.
- State Road Fund as of November 30, 2012:  
The state road fund collections are 101.19% of the estimate.


WEST VIRGINIA LEGISLATURE  
*Office of the Legislative Auditor*



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

MEMORANDUM

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

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

Date: December 3, 2012

Re: Review of West Virginia Lottery Financial Information  
As of October 31, 2012

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for the month ending October 31, 2012 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 \$ 448,627,000.00 on October 31, 2012. Table games accounted for \$23.9 million of this total. Historic Resort Hotel video lottery and table games accounted for \$ 3.1 million of total gross receipts. Gross lottery revenue has decreased by 5.16% when compared with July - October 2011 of fiscal year 2011-2012. This number does not include commission and prize deductions. Gross profit (Gross revenues minus commissions and prize costs) for July - October 2012 was \$ 194.4 million; for last fiscal year it was \$ 202.6 million. Expressed as a

percentage, gross profit is 4.07 % lower for July - October 2012 than for July - October 2011.

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

A total of \$ 185,596,000.00 has been accrued to the state of West Virginia for July - October 2012 of fiscal year 2012-2013. This is on an accrual basis and may not correspond to the actual cash transfers made during the same time period. Amount owed to the different accounts according to the Lottery Act are calculated monthly and accrued to the state; actual cash transfers are often made based upon actual cash flow needs of the day-to-day operation of the lottery.)

A schedule of cash transfers follows:

Bureau of Senior Services	\$39,469,000.00
Community and Technical College	\$1,998,000.00
Department of Education	\$28,207,000.00
Library Commission	\$11,228,000.00
Higher Education-Central Office	\$7,269,000.00
Tourism	\$6,785,000.00
Department of Natural Resources	\$3,131,000.00
Division of Culture and History	\$5,439,000.00
Economic Development Authority	\$3,999,000.00
Department of Education and Arts	\$1,695,000.00
School Building Authority	\$7,199,000.00
<b><u>SUBTOTAL BUDGETARY TRANSFERS</u></b>	<b>\$116,419,000.00</b>

**Excess Lottery Fund**

Lottery

Lottery continued

General Purpose Fund	\$ 26,600,000.00
Economic Development Fund	\$ 7,596,000.00
Higher Education Improvement Fund	\$ 6,000,000.00
WV Infrastructure Council Fund	0.00
Higher Education Improvement Fund	\$29,000,000.00
Refundable Credit	1,072,000.00
WV Development Office	0.00
Department of Education	0.00
State Park Improvement Fund	0.00
School Building Authority	\$ 7,597,000.00
Excess Lottery Surplus	0.00
Total State Excess Lottery Revenue Fund	\$ 77,865,000.00

Historic Resort Hotel Distributions:

State General Revenue Fund	885,000.00
State Debt Reduction Fund	263,000.00
Tourism Promotion Fund	41,000.00
Total Historic Hotel	\$1,189,000.00

Veterans Instant Ticket Fund \$126,000.00

Table Games State Debt Reduction Fund \$ 11,596,000.00

RACETRACK VIDEO LOTTERY TRANSFERS:	
Tourism Promotion Fund 1.375%	\$2,936,000.00
Development Office Promo Fund	\$801,000.00
Research Challenge Fund .5%	\$1,068,000.00



Capitol Renovation and Improvement Fund .6875%	\$1,468,000.00
Parking Garage Fund .0625%	\$133,000.00
Parking Garage Fund 1%	\$500,000.00
Cultural Facilities and Cap. Resources Fund .5%	\$763,000.00
Capitol Dome & Cap. Improvements Fund .5%	\$872,000.00
Workers Compensation Debt Reduction Fund 7%	\$11,000,000.00
<b>SUBTOTAL VIDEO LOTTERY TRANSFERS:</b>	<b>\$19,541,000.00</b>
<b>TOTAL TRANSFERS</b>	<b>*\$226,736,000.00</b>

\* CASH BASIS

Total Accrued last FY 2012:	\$ 216,819,000.00
Total Cash Distributions FY 2013:	226,736,000.00
Applied to FY 2012:	116,819,000.00
Applied to FY 2013:	9,917,000.00
Accrued for FY 2013 as of Oct. 31:	175,679,000.00

P.O. BOX 2067  
CHARLESTON, WV 25327



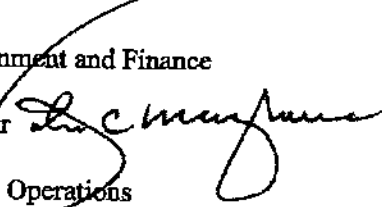
PHONE: 304-558-0500  
1-800-WVA-CASH

Earl Ray Tomblin  
Governor

John C. Musgrave  
Director

**MEMORANDUM**

TO: Joint Committee on Government and Finance

FROM: John C. Musgrave, Director 

RE: Monthly Report on Lottery Operations  
Month Ending October 31, 2012

DATE: November 19, 2012

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, 2012 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$105,095,707 for the month of October.

Transfers of lottery revenue totaling \$40,173,083 made for the month of October to the designated state agencies per Senate Bill 160, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (§29-22A-10), and the Racetrack Table Games Act (§29-22C-27). The amount transferred to each agency is shown in Note 10 on pages 18 and 19 of the attached financial statements.

The number of traditional and limited retailers active as of October 31, 2012 was 1,594 and 1,517 respectively.

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

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

JCM  
Attachment

pc: Honorable Earl Ray Tomblin, Governor  
Charles O. Lorensen, 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, 2012**

**WEST VIRGINIA LOTTERY**

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

ASSETS	October 31, 2012	June 30, 2012
Current Assets:		
Cash and cash equivalents	\$ 199,109	\$ 241,538
Accounts receivable	30,433	36,671
Inventory	739	510
Other assets	2,118	2,275
Total Current Assets	<u>232,399</u>	<u>280,994</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	1,690	2,373
Capital assets	46,816	46,816
Less accumulated depreciation and amortization	<u>(5,245)</u>	<u>(4,531)</u>
Net Capital Assets	<u>41,571</u>	<u>42,285</u>
Total Noncurrent Assets	<u>43,261</u>	<u>44,658</u>
Total Assets	<u>\$ 275,660</u>	<u>\$ 325,652</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 175,679	\$ 216,819
Estimated prize claims	13,770	13,372
Accounts payable	1,765	3,238
Other accrued liabilities	<u>32,471</u>	<u>40,248</u>
Total Current Liabilities	<u>223,685</u>	<u>273,677</u>
Total Liabilities	<u>223,685</u>	<u>273,677</u>
Net Assets:		
Invested in capital assets	41,571	42,285
Unrestricted	8,714	8,000
Restricted assets ( see note 12)	<u>1,690</u>	<u>1,690</u>
Total Net Assets	<u>51,975</u>	<u>51,975</u>
Total Liabilities and Net Assets	<u>\$ 275,660</u>	<u>\$ 325,652</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, 2012**  
(In Thousands)  
-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2012	2011	2012	2011
Lottery revenues				
On-line games	\$ 5,822	\$ 6,587	\$ 26,059	\$ 25,029
Instant games	9,415	9,070	36,390	38,343
Racetrack video lottery	50,928	62,054	227,036	254,063
Limited video lottery	32,477	32,846	132,057	127,972
Table games	5,626	6,110	23,969	25,559
Historic resort	828	559	3,116	2,077
	<u>105,096</u>	<u>117,226</u>	<u>448,627</u>	<u>473,043</u>
Less commissions				
On-line games	406	465	1,828	1,758
Instant games	659	635	2,547	2,684
Racetrack video lottery	32,268	39,318	132,849	149,974
Limited video lottery	15,914	16,095	64,707	62,706
Table games	2,456	2,626	10,464	10,983
Historic resort	371	242	1,441	1,055
	<u>52,074</u>	<u>59,381</u>	<u>213,836</u>	<u>229,160</u>
Less on-line prizes	2,847	3,303	12,885	12,683
Less instant prizes	6,253	6,209	24,211	25,240
Less ticket costs	160	136	612	655
Less vendor fees and costs	692	626	2,670	2,645
	<u>9,952</u>	<u>10,274</u>	<u>40,378</u>	<u>41,223</u>
Gross profit	<u>43,070</u>	<u>47,571</u>	<u>194,413</u>	<u>202,660</u>
Administrative expenses				
Advertising and promotions	744	729	1,528	2,230
Wages and related benefits	901	1,047	3,717	4,261
Telecommunications	69	39	312	207
Contractual and professional	380	770	1,307	1,740
Rental	16	53	71	213
Depreciation and amortization	173	62	714	159
Other administrative expenses	116	164	445	626
	<u>2,399</u>	<u>2,864</u>	<u>8,094</u>	<u>9,436</u>
Other Operating Income	<u>209</u>	<u>180</u>	<u>1,883</u>	<u>63,663</u>
Operating Income	<u>40,880</u>	<u>44,887</u>	<u>188,202</u>	<u>256,887</u>
Nonoperating income (expense)				
Investment income	21	12	80	57
Capital contribution from State of WV	0	1,317	0	4,958
Distributions to municipalities and counties	(637)	(644)	(2,588)	(2,508)
Distributions -capital reinvestment	(24)	(15)	(98)	(78)
Distributions to the State of West Virginia	<u>(40,240)</u>	<u>(44,240)</u>	<u>(185,596)</u>	<u>(254,358)</u>
	<u>(40,880)</u>	<u>(43,570)</u>	<u>(188,202)</u>	<u>(251,929)</u>
Net income	<u>-</u>	<u>1,317</u>	<u>-</u>	<u>4,958</u>
Net assets, beginning of period	<u>51,975</u>	<u>42,713</u>	<u>51,975</u>	<u>39,072</u>
Net assets, end of period	<u>\$ 51,975</u>	<u>\$ 44,030</u>	<u>\$ 51,975</u>	<u>\$ 44,030</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, 2012  
(In Thousands)  
-Unaudited-

	2012	2011
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 456,749	\$ 468,597
Cash payments for:		
Personnel costs	(3,678)	(3,811)
Suppliers	(4,920)	(5,694)
Other operating costs	(250,044)	(272,863)
Cash provided by operating activities	<u>198,107</u>	<u>186,229</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(226,736)	(264,708)
Distributions to municipalities and counties	(2,589)	(2,468)
Distributions to racetrack from racetrack cap. reinv. fund	(11,975)	(10,442)
Cash used in noncapital financing activities	<u>(241,300)</u>	<u>(277,618)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>-</u>	<u>(8,907)</u>
Cash flows from investing activities:		
Investment earnings received	<u>81</u>	<u>57</u>
Increase (decrease) in cash and cash equivalents	(43,112)	(100,239)
Cash and cash equivalents - beginning of period	243,911	270,520
Cash and cash equivalents - end of period	<u>\$ 200,799</u>	<u>\$ 170,281</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 188,202	\$ 256,887
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	714	159
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	6,238	(9,246)
(Increase) decrease in inventory	(229)	(173)
(Increase) decrease in other assets	157	(154)
Increase (decrease) in estimated prize claims	398	(1,169)
Increase (decrease) in accounts payable	(1,474)	(628)
Increase (decrease) in deferred revenue	0	(58,863)
Increase (decrease) in other accrued liabilities	4,101	(584)
Cash provided by operating activities	<u>\$ 198,107</u>	<u>\$ 186,229</u>

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

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

**NOTE 1 - LEGISLATIVE ENACTMENT**

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

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

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

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

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

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



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

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

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

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

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

Sales of on-line lottery tickets are made by licensed agents to the public with the use of computerized terminals. On-line games include POWERBALL®, a multi-state “jackpot” game; HOT LOTTO®, a multi-state “lotto” game; Mega Millions®, a multi-state “jackpot” game; Cash25 “lotto” game; Daily 3 and 4 “numbers” games; and Travel, a daily “keno” game. Revenue is recognized when the agent sells the tickets to the public. Prize expense is recognized on the basis of actual drawing results.

Commissions are paid to instant game retailers and on-line agents at the rate of seven percent of gross sales. A portion of the commission not to exceed one and one quarter percent of gross sales may be paid from unclaimed prize moneys. The amount paid from unclaimed prize moneys is credited against prize costs. In addition, retailers and agents are paid limited bonus incentives that include prize shares on winning tickets they sold and a ticket cashing bonus on winning tickets they cash. On a weekly basis, retailers and agents must remit amounts due to the Lottery. Retailers may not be able to order additional instant tickets if payment has not been made for the previous billing period, while an agent’s on-line terminal may be rendered inactive if payment is not received each week. No one retailer or agent accounts for a significant amount of the Lottery’s sales or accounts receivable. Historically credit losses have been nominal and no allowance for doubtful accounts receivable is considered necessary.

Video lottery is a self-activated video version of lottery games which is operated by an authorized licensee. The board-operated games allow a player to place bets for the chance to be awarded credits which can either be redeemed for cash or be replayed as additional bets. The coin operated games allow a player to use coins, currency, or tokens to place bets for the chance to receive coin or token awards which may be redeemed for cash or used for replay in the coin operated games. The video lottery games’ prize structures are designed to award prizes, or credits, at a stipulated rate of total bets played, and prize expense is netted against total video credits played. The Lottery recognizes as video lottery revenue “gross terminal income” equivalent to all wagers, net of related prizes. Amounts required by statute to be paid to the private and local government entities are reported as commissions. WV Lottery statutes have established specific requirements for video lottery and imposed certain restrictions limiting the licensing for operation of video lottery games to horse and dog racetracks in West Virginia (subject to local county elections permitting the same), limited licensed retailer areas restricted for adult amusement, and licensed historic resort hotels as defined by WV Code.

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

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

The legislation further stipulates the distribution of revenues from video lottery games, and requires any video lottery licensee to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

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

**CASH AND CASH EQUIVALENTS** – Cash and cash equivalents primarily consist of interest-earning deposits in an external investment pool maintained by the West Virginia Board of Treasury Investments (BTI). The BTI pool is a 2a-7 like pool carried at amortized cost which approximates fair value of the underlying securities.

**INVENTORY** – Inventory consists of instant game tickets available for sale to approved Lottery retailers and is carried at cost as determined by the specific identification method.

**OTHER ASSETS** – Other assets consist of deposits restricted for payment of certain Multi-State Lottery Association activities and prepaid expenses.

**CAPITAL ASSETS** – The Lottery has adopted a policy of capitalizing assets with individual amounts exceeding \$25,000. These assets include leasehold improvements and purchased equipment, comprised principally of technology property, office furnishings and equipment necessary to administer lottery games, are carried at cost. Depreciation is computed by the straight-line method using three to ten year lives.

**ADVERTISING AND PROMOTIONS** – The Lottery expenses the costs of advertising and promotions as they are incurred.

**COMPENSATED ABSENCES** – The Lottery has accrued \$566,986 and \$523,398 of at June 30, 2012 and 2011, 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 16).

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

**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. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

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

**NOTE 3 - CASH AND CASH EQUIVALENTS**

At October 31, 2012 the carrying amounts of deposits (overdraft) with financial institutions were \$496 thousand with a bank balance (overdraft) of \$462 thousand. Of this balance \$250 thousand was covered by federal depository insurance with the remaining balance collateralized with securities held by the State of West Virginia's agent in the State's name.

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

	October 31, 2012	June 30, 2012
Deposits with financial institutions	\$ 496	\$ 477
Cash on hand at the Treasurer's Office	38,499	42,350
Investments with BTI reported as cash equivalents	161,804	201,084
	<u>\$ 200,799</u>	<u>\$ 243,911</u>

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

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**NOTE 4 – CAPITAL ASSETS**

A summary of capital asset activity for the month ended October 31, 2012 is as follows (in thousands):

**Capital Assets:**

	Historical Cost At June 30, 2012	Additions	Deletions	Historical Cost At October 31, 2012
Construction in Progress	\$ 519	\$ -	\$ -	\$ 519
Land	1,434	-	-	1,434
Buildings	38,084	-	-	38,084
Improvements	260	-	-	260
Equipment	6,519	-	-	6,519
	<u>\$ 46,816</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,816</u>

**Accumulated Depreciation:**

	Historical Cost At June 30, 2012	Additions	Deletions	Historical Cost At October 31, 2012
Buildings	\$ 237	\$ 317	\$ -	\$ 554
Improvements	260	-	-	260
Equipment	4,034	397	-	4,431
	<u>\$ 4,531</u>	<u>\$ 714</u>	<u>\$ -</u>	<u>\$ 5,245</u>

**NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY**

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

Each MUSL member sells game tickets through its agents and makes weekly wire transfers to the MUSL in an amount equivalent to the total prize pool less the amount of prizes won in each state. Lesser prizes are paid directly to the winners by each member lottery. The prize pool for POWERBALL®, HOT LOTTO® and MEGA MILLIONS® is 50% of each drawing period's sales, with minimum jackpot levels. The Lottery's

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

revenues and expenses from MUSL games participation for the month ended October 31, 2012 and year-to-date is as follows:

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 2,666,389	\$ 13,452,990
Hot Lotto	399,975	1,433,144
Mega Millions	756,508	3,292,210
Total	\$ 3,822,872	\$ 18,178,344

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,333,195	\$ 6,726,544
Hot Lotto	199,987	716,637
Mega Millions	389,602	1,695,494
Total	\$ 1,922,784	\$ 9,138,675

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

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

At October 31, 2012, the Lotteries share of the prize reserve fund balances were as follows:

<u>Game</u>	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 126,317,601	\$ 2,386,175
Hot Lotto	7,379,483	485,862
Mega Millions	22,347,549	385,296
Total	\$ 156,044,633	\$ 3,257,333

Lottery prize reserves held by the MUSL are invested according to a Trust agreement the Lottery has with MUSL outlining investment policies. The policies restrict investments to direct obligations of the United States Government, perfected repurchase agreements, and obligations issued or guaranteed as to payment of principal and interest by agencies or instrumentalities of the United States Government, and mutual funds of approved investments. The average portfolio maturity is never more than one year, except that up to one third

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

of the portfolio may have an average maturity of up to two years. The maximum maturity for any one security does not exceed five years.

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of \$15,325,008 at October 31, 2012, of which the Lottery's share was \$1,523,398.

**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.

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 .74% of the amount wagered. A summary of racetrack video lottery revenues for the month ended October 31, 2012 and year-to-date follows (in thousands):

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

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Total credits played	\$ 580,980	\$ 687,536	\$ 2,541,688	\$ 2,818,191
Credits (prizes) won	(522,419)	(617,616)	(2,283,125)	(2,531,165)
Promotional credits played	(7,601)	(7,824)	(31,380)	(32,810)
MWAP Contributions	(32)	(42)	(147)	(153)
Gross terminal income	50,928	62,054	227,036	254,063
Administrative costs	(2,037)	(2,450)	(9,081)	(10,131)
Net Terminal Income	48,891	59,604	217,955	243,932
Less distribution to agents	(32,268)	(39,318)	(132,850)	(149,974)
Racetrack video lottery revenues	\$ 16,623	\$ 20,286	\$ 85,105	\$ 93,958

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

	October 31, 2012	Year-to-Date
State Lottery Fund	\$ 14,667	\$ 65,386
State Excess Lottery Revenue Fund	-	-
Capital Reinvestment Fund	-	-
Tourism Promotion Fund 1.375%	672	2,997
Development Office Promotion Fund .375 %	184	817
Research Challenge Fund .5 %	245	1,090
Capitol Renovation & Improvement Fund .6875 %	336	1,499
Parking Garage Fund .0625 %	31	136
Parking Garage Fund 1 %	-	500
Cultural Facilities & Capitol Resources Fund .5 %	244	840
Capitol Dome & Capitol Improvements Fund .5 %	244	840
Worker's Compensation Debt Reduction Fund 7 %	-	11,000
Total nonoperating distributions	\$ 16,623	\$ 85,105

**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

**WEST VIRGINIA LOTTERY**  
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**NOTE 7 - LIMITED VIDEO LOTTERY (continued)**

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, 2012 and year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Total credits played	\$ 382,798	\$ 386,630	\$ 1,559,634	\$ 1,502,253
Credits (prizes) won	(350,321)	(353,784)	(1,427,577)	(1,374,281)
Gross terminal income	\$ 32,477	\$ 32,846	\$ 132,057	\$ 127,972
Administrative costs	(649)	(657)	(2,641)	(2,559)
Gross Profit	31,828	32,189	129,416	125,413
Commissions	(15,914)	(16,095)	(64,708)	(62,706)
Municipalities and Counties	(637)	(644)	(2,588)	(2,508)
Limited video lottery revenues	\$ 15,277	\$ 15,450	\$ 62,120	\$ 60,199

**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 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:



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**NOTE 8 – TABLE GAMES (continued)**

- 1) Transfer four percent into a special fund to be established by the Racing Commission to be used for payment into the pension plan for all employees of each licensed racing association;
- 2) Transfer ten percent, to be divided and paid in equal shares, to each county commission in the state where table games are not located;
- 3) Transfer ten percent, to be divided and paid in equal shares, to the governing bodies of each municipality in the state where table games are not located; and
- 4) Transfer seventy-six percent to the State 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 ended October 31, 2012 and year-to-date were \$16,073,756 and \$68,485,232, respectively. The following table shows the month and year totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Table Games Privilege Tax	\$ 5,626	\$ 6,110	\$ 23,970	\$ 25,559
Interest on Table Games Fund	-	-	2	1
Administrative costs	(482)	(698)	(2,055)	(2,921)
Total Available for Distribution	5,144	5,412	21,917	22,639
<u>Less Distributions:</u>				
Racetrack Purse Funds	402	436	1,712	1,825
Thoroughbred & Greyhound Development Funds	321	349	1,370	1,461
Racing Association Pension Plan	141	147	603	613
Municipalities/ Counties	1,592	1,694	6,780	7,084
Total Distributions	2,456	2,626	10,465	10,983
State Debt Reduction Fund	\$ 2,688	\$ 2,786	\$ 11,452	\$ 11,656

**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

**WEST VIRGINIA LOTTERY**  
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**NOTE 9 – HISTORIC RESORT HOTEL (continued)**

historic resort hotel. A summary of historic resort hotel video lottery revenues for the month ended October 31, 2012 and year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Total credits played	\$ 5,948	\$ 6,285	\$ 23,933	\$ 22,292
Credits (prizes) won	(5,465)	(5,989)	(21,961)	(20,759)
Promotional credits played	(49)	(27)	(226)	(132)
MWAP Contributions	(1)	-	(5)	-
Gross terminal income	433	269	1,741	1,401
Capital reinvestment	(20)	(13)	(81)	(66)
Administrative costs	(23)	(15)	(94)	(76)
Modernization fund	(4)	(2)	(16)	(13)
Hotel commissions	(183)	(114)	(737)	(593)
Net terminal income	203	125	813	653
Historic Resort Hotel Fund	129	79	517	415
Human Resource Benefit Fund	74	46	296	238

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 ended October 31, 2012 and year-to-date were \$1,127,243 and \$3,925,310, 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	
	2013	2012	2013	2012
Table games privilege tax	\$ 395	\$ 290	\$ 1,374	\$ 678
Administrative Costs	(51)	(37)	(177)	(87)
Total Available for Distribution	344	253	1,197	591
Historic Resort Hotel Fund	287	212	1,001	494
Human Resource Benefit Fund	57	41	196	97

**WEST VIRGINIA LOTTERY**  
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**NOTE 9 – HISTORIC RESORT HOTEL (continued)**

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):

	Current Month	Year-to-Date
Historic Resort Hotel Video Lottery	\$ 129	\$ 517
Historic Resort Table Games	287	1,001
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	416	1,518
Municipalities/ Counties	59	212
State General Revenue Fund	266	972
State Debt Reduction Fund	79	288
State Tourism Promotion Fund	12	46
Total Distributions	<u>\$ 416</u>	<u>\$ 1,518</u>

**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, 2013 the State Legislature budgeted \$145,017,313 of estimated profits of the Lottery for distributions to designated special revenue accounts of the State of West Virginia. With regard to the State Lottery Fund, legislation stipulates that debt service payments be given a priority over all other transfers in instances where estimated profits are not sufficient to provide for payment of all appropriated distributions. Debt service payments of \$1,800,000, \$1,000,000, and \$500,000 per month for the first ten months of each fiscal year currently have such priority. Transfers made pursuant to the State Excess Lottery Revenue Fund have similar requirements; currently payments are \$5,300,000 per month for the first

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

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, 2012 the Lottery made such distributions and accrued additional distributions of \$35,238,526. 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. For the month ended October 31, 2012, the Lottery accrued additional distributions relating to racetrack video lottery, table games, and historic resort operations of \$615,504, \$2,687,893, and \$357,880, respectively.

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, 2012</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 1,998
Bureau of Senior Services	6,163	39,469
Department of Education	4,404	28,207
Library Commission	1,753	11,228
Higher Education-Policy Commission	1,135	7,269
Tourism	1,059	6,785
Natural Resources	489	3,131
Division of Culture & History	849	5,439
Department of Education & Arts	264	1,695
Economic Development Authority	1,000	3,999
School Building Authority	1,800	7,199
Total State Lottery Fund	\$ 19,416	\$ 116,419

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

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 1,899	\$ 7,596
Higher Education Improvement Fund	1,500	6,000
General Purpose Account	10,009	26,600
Higher Education Improvement Fund	-	29,000
State Park Improvement Fund	-	-
School Building Authority	1,899	7,597
Refundable Credit	228	1,072
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	-	-
Total State Excess Lottery Revenue Fund	\$ 15,535	\$ 77,865

Total Budgetary distributions:	\$ 34,951	\$ 194,284
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Veterans Instant Ticket Fund	\$ 20	\$ 126
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Other Racetrack Video Lottery distributions:

Tourism Promotion Fund 1.375%	\$ 650	\$ 2,936
Development Office Promotion Fund .375%	178	801
Research Challenge Fund .5%	237	1,068
Capitol Renovation & Improvement Fund .6875%	325	1,468
Parking Garage Fund .0625 %	29	133
Parking Garage Fund 1 %	-	500
Cultural Facilities & Cap. Resources Fund .5%	236	763
Capitol Dome & Cap. Improvements Fund .5%	236	872
Workers Compensation Debt Reduction Fund 7%	128	11,000
Total	\$ 2,019	\$ 19,541

Table Games State Debt Reduction Fund	\$ 2,807	\$ 11,596
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Historic Resort Hotel distributions:

State General Revenue Fund	\$ 280	\$ 885
State Debt Reduction Fund	83	263
Tourism Promotion Fund	13	41
Total	\$ 376	\$ 1,189

Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 40,173	\$ 226,736
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Accrued nonoperating distributions, beginning	(175,612)	(216,819)
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Accrued nonoperating distributions, end	175,679	175,679
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	\$ 40,240	\$ 185,596
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**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 – LEASES**

The Lottery leases, under the terms of a cancellable operating lease, various office spaces for field operations. 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, 2012 and October 31, 2011 approximated \$70,550 and \$212,824 respectively.

The Lottery leases office space under the terms of a non-cancellable operating lease to various tenants. Rental revenues for the year-to-date ended October 31, 2012 and October 31, 2011 approximated \$482,316 and \$324,199 respectively. Future rental receipts (in thousands) are as follows:

<u>Year Ended June 30</u>	<u>Rental Receipts</u>
2013	604
2014	923
2015	232
Total	<u>\$ 1,759</u>

**NOTE 12 – 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. Contributions to the fund for fiscal years ending June 30, 2012 and June 30, 2011 were as follows:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Beginning balance	\$ 2,039	\$ 8,355
Additions		
Legislative appropriations	9,645	
Deductions		
Asset acquisition	(9,994)	(6,316)
Surplus of excess funds		
Ending balance	<u>\$ 1,690</u>	<u>\$ 2,039</u>

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

**NOTE 13 – COMMITMENTS**

For the year ended June 30, 2011, the Lottery Commission has designated \$594,218 of unexpended administrative funds for the acquisition of capital assets; for the year ended June 30, 2012 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. As of June 30, 2012 and 2011, \$3,193,044 and \$5,921,057, respectively, are included in unrestricted net assets and invested in capital assets for this purpose.

**NOTE 14 - RETIREMENT BENEFITS**

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

Employees who retire at or after age sixty with five or more years of contributory service or who retire at or after age fifty-five and have completed twenty-five years of credited service with age and credited service equal to eighty or greater are eligible for retirement benefits as established by State statute. Retirement benefits are payable monthly for life, in the form of a straight-line annuity equal to two percent of the 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 14.5% of covered employees' salaries to the PERS. The required employee and employer contribution percentages have been established and changed from time to time by action of the State Legislature. The required contributions are not actuarially determined; however, actuarial valuations are performed to assist the Legislature in determining appropriate contributions. The Lottery and employee contributions, for the month ending October 31, 2012 and year-to-date are as follows (in thousands):

	<u>October 31, 2012</u>	<u>Year-to-Date</u>
Lottery contributions	\$ 89	\$ 372
Employee contributions	28	119
Total contributions	<u>\$ 117</u>	<u>\$ 491</u>

**NOTE 15 - RISK MANAGEMENT**

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

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

**NOTE 15 - RISK MANAGEMENT (continued)**

**WORKERS' COMPENSATION INSURANCE**

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

**PUBLIC EMPLOYEES' INSURANCE AGENCY (PEIA)**

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

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

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

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

**NOTE 16- OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

The Lottery participates in the West Virginia Other Postemployment Benefits Plan (OPEB Plan) of the West Virginia Retiree Health Benefit Trust Fund (Trust), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Employee Insurance Agency (WVPEIA). The OPEB Plan provides retiree post-employment health care benefits for participating state and local government employers. The provisions of the Code of West Virginia, 1931, as amended (the Code),



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

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 \$961 and \$903 per employee per month for the years ending June 30, 2013 and 2012 respectively. Through June 30, 2012 and 2011, the Lottery has paid premiums of \$317,694 and \$294,952. As of June 30, 2012 and 2011, the Lottery has recorded a liability of \$4,075,581 and \$2,749,868 on its balance sheet for OPEB.

WEST VIRGINIA LEGISLATURE  
*Office of the Legislative Auditor*




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

304-347-4870

Memorandum

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

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

Date: December 3, 2012

Re: Status of General Revenue Fund and State Road Fund as of  
November 30, 2012 (fifth month fiscal year 2012-2013)

We have reviewed the cash flow of the West Virginia general revenue fund for November 2012, the fifth month of the fiscal year ending June 30, 2013. The status of the fund collections are as follows:

The net collections were 100.13% of the estimate for the fiscal year. Total collections were \$2 million over the estimate.

Personal Income Tax collections were \$ 3.9 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$ 3.2 million over the estimate for the year.

Business and Occupation tax was \$ 1.6 million over the estimate.

Corporate Income and Business Franchise Tax collections were \$13.7 million over the estimate for the fiscal year.

#### State Road Fund

The state road fund collections were 101.19% of the estimate for the fiscal year.

#### Rainy Day and Personal Income Tax Reserve

Revenue Shortfall Reserve Fund A (Rainy Day Fund) had a cash balance of \$ 565,354,701.20 as of November 30, 2012.

Balance July 1, 2012	523,689,608.81
Cash flow loan to General Revenue on July 1, 2012.	- 62,000,000.00
To be repaid 90 days. This is a normal occurrence in July due to cash flow demands. Paid back September 2012.	+62,000,000.00
Shortfall Reserve Fund Transfer per WV Code 11B-2-20 (surplus from fiscal year 2012)	28,178,027.35
Earnings	+13,487,065.04
Balance November 30, 2012	565,354,701.20

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 344,344,638.60 as of November 30, 2012.

Balance July 1, 2012	327,698,976.68
Earnings	16,645,661.92
Balance November 30, 2012	344,344,638.60

The Special Income Tax Reserve Fund had a cash balance of \$45,019,319.21 as of November 30, 2012.

Balance July 1, 2012	45,019,319.21
Revenues	-0-
Balance November 30, 2012	45,019,319.21

**WV UNEMPLOYMENT COMPENSATION**

**FUND NOT AVAILABLE**

## UC TRUST FUND PROJECTIONS - 2013

December 6, 2012

<b>2012</b>			
Balance 1/1/2012			105,802,000
January	12,438,000	21,838,000	96,402,000
February	15,756,000	18,727,000	93,431,000
March	1,964,000	19,227,000	76,168,000
April	29,482,000	20,118,000	85,532,000
May	88,809,000	19,758,000	154,583,000
June	2,266,000	16,241,000	140,608,000
July	22,333,000	22,458,000	140,483,000
August	30,604,000	19,241,000	151,846,000
September	1,040,000	17,624,000	135,262,000
October	17,637,000	19,899,000	133,000,000
November	16,554,000	19,058,000	130,496,000
December	2,130,000	15,467,000	117,159,000
<b>Totals - 2012</b>	<b>241,013,000</b>	<b>229,656,000</b>	<b>117,159,000</b>

<b>2013</b>			
January	12,280,000	22,115,000	107,324,000
February	15,563,000	18,955,000	103,932,000
March	1,829,000	20,544,000	85,217,000
April	27,344,000	21,576,000	90,985,000
May	87,592,000	20,028,000	158,549,000
June	2,203,000	16,686,000	144,066,000
July	22,022,000	22,770,000	143,318,000
August	28,880,000	20,324,000	151,874,000
September	1,040,000	17,624,000	135,290,000
October	16,859,000	20,776,000	131,373,000
November	16,320,000	19,326,000	128,367,000
December	2,100,000	15,678,000	114,789,000
<b>Totals - 2013</b>	<b>234,032,000</b>	<b>236,402,000</b>	<b>114,789,000</b>

The average unemployment rate in West Virginia for CY 2012 was 7.3%

The average projected unemployment rate in West Virginia for CY 2013 is 7.5%

Executive Division  
112 California Avenue  
Charleston, WV 25305

An agency of the Department of Commerce

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

[www.workforcewv.org](http://www.workforcewv.org)



# **Financial Statements**

## **October 2012**

*West Virginia Legislative Interims*  
*December 2012*

**West Virginia Public Employees Insurance Agency**

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

Page 2

STATE OF WV - RETIREE HEALTH BENEFIT TRUST FUND  
STATEMENT OF CHANGES IN PLAN NET ASSETS  
For the Four Months Ending October 31, 2012

(\$000's)			BUDGET VARIANCE		PRIOR YR VARIANCE	
ACTUAL	BUDGET	PRIOR YR	\$	%	\$	%
ADDITIONS						
Employer Premiums:						
\$ 1,074	\$ 1,068	\$ 1,185	\$ 6	1%	\$ (111)	-9%
44,939	45,036	41,900	(97)	0%	3,039	7%
28	-	631	28	0%	(603)	-96%
46,040	46,104	43,715	(63)	0%	2,326	5%
Total Employer Premiums						
Member Premiums:						
25,364	25,252	23,720	112	0%	1,644	7%
9,127	8,964	8,542	163	2%	585	7%
7,203	7,105	5,633	97	1%	1,569	28%
41,694	41,321	37,895	372	1%	3,799	10%
87,734	87,425	81,610	309	0%	6,124	8%
Total Premium Additions						
Other Additions:						
500	500	252	-	0%	248	99%
1,305	1,300	-	5	0%	1,305	0%
19,763	10,501	(8,924)	9,262	88%	28,687	-321%
109,301	99,726	72,938	9,576	10%	36,364	50%
TOTAL ADDITIONS						
DEDUCTIONS						
37,267	43,907	17,615	6,640	15%	(19,653)	-112%
7,193	7,105	5,680	(87)	-1%	(1,513)	-27%
22,372	23,166	22,277	794	3%	(94)	0%
6,870	9,298	30,623	2,428	26%	23,753	78%
598	3,283	2,893	2,685	82%	2,295	79%
1,022	1,100	1,208	77	7%	186	15%
75,323	87,859	80,297	12,536	14%	4,974	6%
TOTAL DEDUCTIONS						
33,979	11,867	(7,359)	22,111	186%	41,318	-562%
NET FUND INCREASE						
Net Assets Held in Trust for Post Employment Benefits						
492,779	492,779	472,079	-	0%	20,700	4%
Beginning of period						
\$ 526,758	\$ 504,646	\$ 464,720	\$ 22,111	4%	\$ 62,038	13%
End of period						



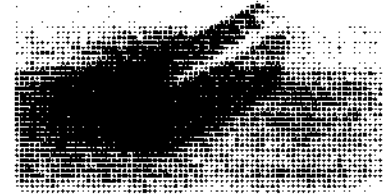
West Virginia Board of Risk and Insurance Management  
UNAUDITED BALANCE SHEET

October 31

	2012	2011
	(in thousands)	
<b>ASSETS</b>		
Short Term Assets		
Cash and Equivalents	\$ 26,266	\$ 23,164
Advance Deposit with Carrier/Trustee	207,315	198,944
Receivables - Net	2,746	3,755
Prepaid Insurance	3,890	3,656
Total Short Term Assets	240,217	229,519
Long Term Assets		
Investments	136,249	133,697
Total Long Term Assets	136,249	133,697
<b>TOTAL ASSETS</b>	<b>376,466</b>	<b>363,216</b>
<b>LIABILITIES</b>		
Short Term Liabilities		
Accounts payable	2,386	1,852
Claims Payable	388	217
OPEB Liability	374	182
Agents Commissions Payable	342	391
Unearned Revenue	8,615	9,139
Current Estimated Claim Reserve	49,463	46,638
Total Short Term Liabilities	61,568	58,419
Long Term Liabilities		
Compensated Absences	67	75
Estimated Noncurrent Claim Reserve	93,912	84,064
Total Long Term Liabilities	93,979	84,139
<b>TOTAL LIABILITIES</b>	<b>155,547</b>	<b>142,558</b>
Prior Year Net Assets	221,515	219,828
Current Year Earnings (Deficiency)	(596)	830
<b>TOTAL NET ASSETS</b>	<b>220,919</b>	<b>220,658</b>
<b>TOTAL LIABILITIES AND RETAINED EARNINGS</b>	<b>\$ 376,466</b>	<b>\$ 363,216</b>

DRAFT - Unaudited - Management Purposes Only

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

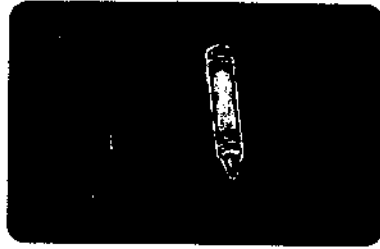


	October 31	
	2012	2011
	(in thousands)	
Operating Revenues		
Premium Revenues	\$ 16,146	\$ 17,236
Less - Excess Insurance	(1,942)	(1,817)
Total Operating Revenues	14,204	15,419
Operating Expenses		
Claims Expense	17,806	16,446
Property & MS Claims Expense	1,629	1,756
Personal Services	442	481
General & Administrative Expense	822	894
Total Operating Expenses	20,699	19,577
Operating Income (Loss)	(6,495)	(4,158)
Nonoperating Revenues		
Investment Income	5,899	4,988
Total Nonoperating Revenues	5,899	4,988
Net Income (Loss)	\$ (596)	\$ 830

DRAFT - Unaudited - Management Purposes Only

BRIM - Page 2

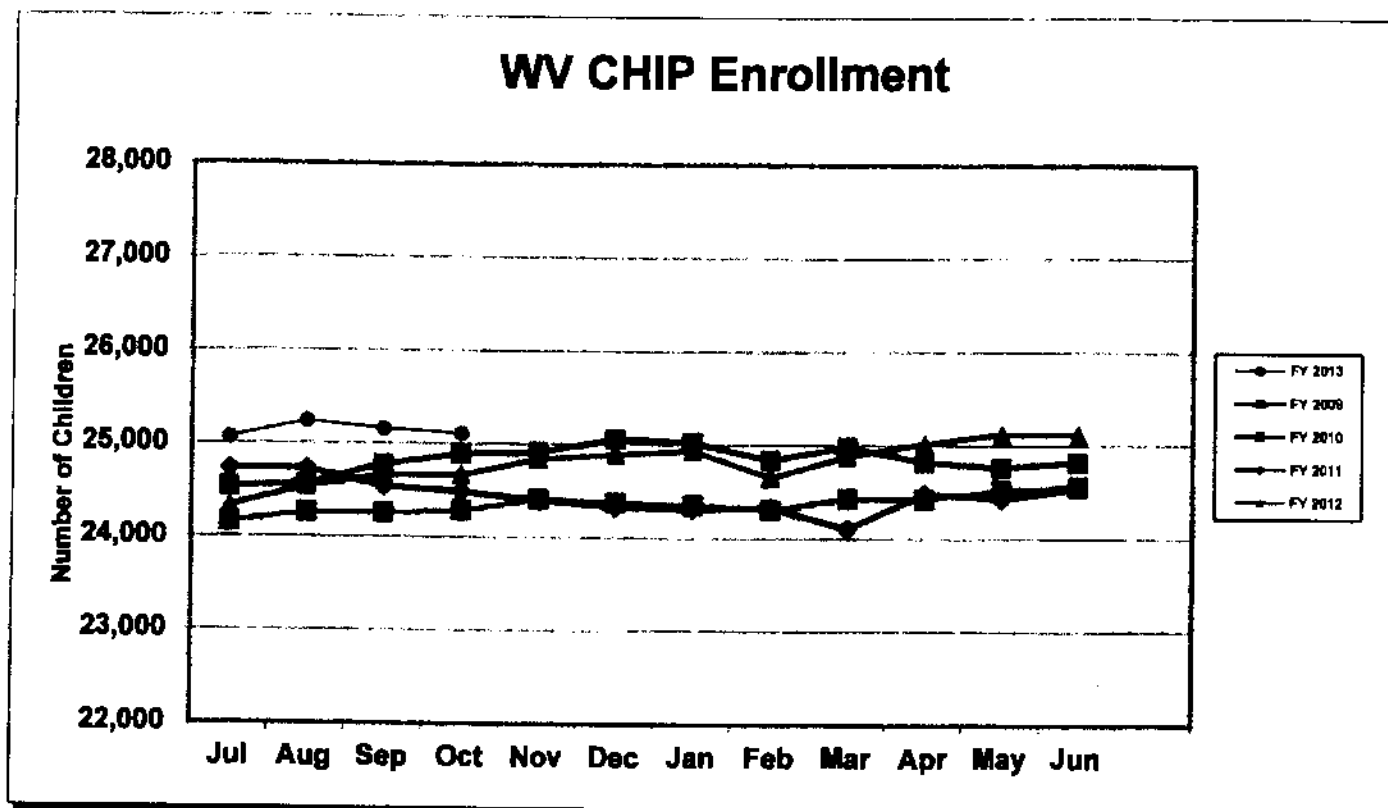
12/5/2012



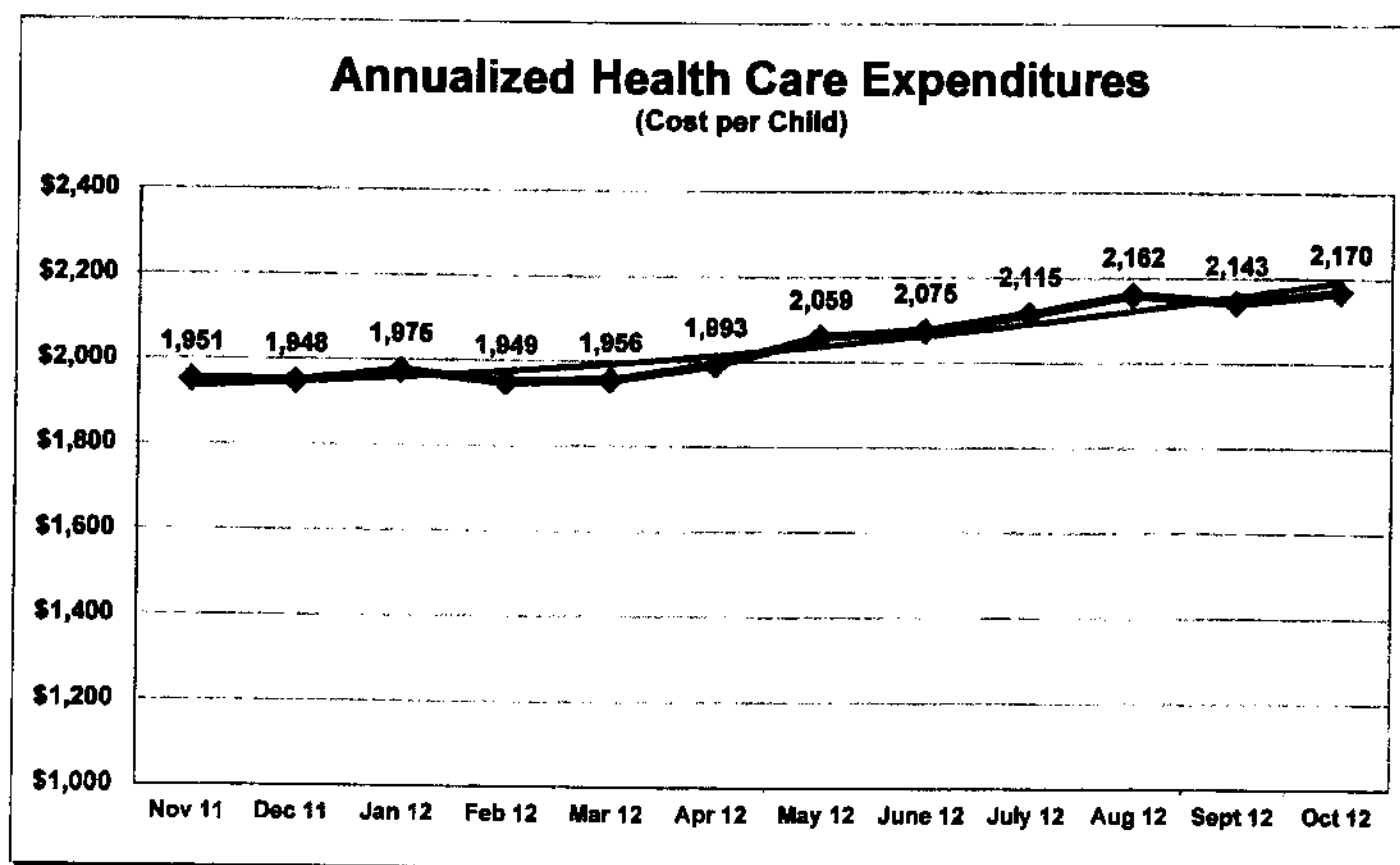
West Virginia Children's Health Insurance Program  
2 Hale Street  
Suite 101  
Charleston, WV 25301  
304-558-2732 voice / 304-558-2741 fax  
Helpline 877-982-2447  
[www.chip.wv.gov](http://www.chip.wv.gov)

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

**December 2012**



October 31st Enrollment 25,108



**West Virginia Children's Health Insurance Program**  
**Comparative Balance Sheet**  
**October 2012 and 2011**  
**(Accrual Basis)**

	October 31, 2012	October 31, 2011	Variance	
Assets:				
Cash & Cash Equivalents	\$15,603,687	\$15,685,964	(\$82,277)	-1%
Due From Federal Government	\$4,047,866	\$3,376,124	\$671,741	20%
Due From Other Funds	\$984,915	\$798,631	\$186,285	23%
Accrued Interest Receivable	\$2,720	\$5,791	(\$3,071)	-53%
Fixed Assets, at Historical Cost	<u>\$95,345</u>	<u>\$96,031</u>	<u>(\$685)</u>	<u>-1%</u>
Total Assets	<u>\$20,734,533</u>	<u>\$19,962,541</u>	<u>\$771,993</u>	<u>4%</u>
Liabilities:				
Accounts Payable	\$272,781	\$354,755	(\$81,974)	-23%
Deferred Revenue	\$2,588,537	\$1,565,904	\$1,022,633	65%
Unpaid Insurance Claims Liability	<u>\$4,760,000</u>	<u>\$3,820,000</u>	<u>\$940,000</u>	<u>25%</u>
Total Liabilities	<u>\$7,621,318</u>	<u>\$5,740,659</u>	<u>\$1,880,659</u>	<u>33%</u>
Fund Equity	<u>\$13,113,215</u>	<u>\$14,221,882</u>	<u>(\$1,108,667)</u>	<u>-8%</u>
Total Liabilities and Fund Equity	<u>\$20,734,533</u>	<u>\$19,962,541</u>	<u>\$771,993</u>	<u>4%</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 Four Months Ending October 31, 2012 and October 31, 2011**  
(Modified Accrual Basis)

	October 31, 2012	October 31, 2011	Variance	
<b>Revenues</b>				
Federal Grants	15,203,375	13,261,304	1,942,071	15%
State Appropriations	4,588,743	4,588,716	27	0%
Premium Revenues	288,697	208,545	80,152	38%
Investment Income:				
Investment Earnings	21,306	60,353	(39,047)	-65%
Unrealized Gain(loss) On Investments*	49,949	(53,802)	103,751	100%
Total Investment Income	<u>71,255</u>	<u>6,551</u>	<u>64,704</u>	<u>988%</u>
<b>Total Revenues</b>	<b><u>20,152,070</u></b>	<b><u>18,085,116</u></b>	<b><u>2,066,954</u></b>	<b><u>12%</u></b>
<b>Expenditures:</b>				
Claims:				
Physicians & Surgical	5,073,082	3,455,052	1,618,030	47%
Outpatient Services	4,703,153	4,501,987	201,166	4%
Prescribed Drugs	3,220,989	3,193,389	27,580	1%
Dental	2,757,781	2,572,576	185,215	7%
Inpatient Hospital Services	1,597,800	1,064,816	532,984	50%
Outpatient Mental Health	448,026	414,768	33,258	8%
Durable & Disposable Med. Equip.	409,497	469,650	(60,153)	-13%
Vision	320,282	300,700	19,582	7%
Inpatient Mental Health	228,577	217,574	9,003	4%
Therapy	224,507	171,203	53,304	31%
Medical Transportation	133,512	89,640	43,872	49%
Other Services	46,788	57,819	(11,031)	-19%
Less: Collections**	<u>(163,384)</u>	<u>(15,966)</u>	<u>(147,418)</u>	<u>923%</u>
Total Claims	<u>18,998,600</u>	<u>16,493,208</u>	<u>2,505,392</u>	<u>15%</u>
General and Admin Expenses:				
Salaries and Benefits	190,838	169,236	21,602	13%
Program Administration	687,987	590,603	107,384	18%
Eligibility	134,883	174,329	(39,446)	-23%
Outreach & Health Promotion	310,793	266,948	43,845	16%
Current	<u>52,193</u>	<u>87,055</u>	<u>(34,862)</u>	<u>-40%</u>
Total Administrative	<u>1,386,894</u>	<u>1,288,171</u>	<u>98,723</u>	<u>8%</u>
<b>Total Expenditures</b>	<b><u>20,385,294</u></b>	<b><u>17,781,379</u></b>	<b><u>2,603,915</u></b>	<b><u>15%</u></b>
<b>Excess of Revenues</b>				
Over (Under) Expenditures	<u>(233,224)</u>	<u>283,737</u>	<u>(516,961)</u>	<u>-182%</u>
<b>Fund Equity, Beginning</b>	<b><u>13,346,439</u></b>	<b><u>13,938,145</u></b>	<b><u>(591,706)</u></b>	<b><u>-4%</u></b>
<b>Fund Equity, Ending</b>	<b><u>13,113,215</u></b>	<b><u>14,221,882</u></b>	<b><u>(1,108,666)</u></b>	<b><u>-8%</u></b>

\* Short Term Bond Fund Investment began in November 2009

\*\* Collections are primarily drug rebates and subrogation

## PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program  
 Budget to Actual Statement  
 State Fiscal Year 2013  
 For the Four Months Ended October 31, 2012

	Budgeted for Year	Year to Date Budgeted Amt	Year to Date Actual Amt	Year to Date Variance*		Monthly Budgeted Amt	Oct-12	Actual Amt Sep-12	Actual Amt Aug-12
Projected Cost	\$58,620,048	\$19,540,016	\$18,610,451	\$929,565	5%	\$4,885,004	\$4,977,063	\$4,785,169	\$5,367,644
Premiums	1,166,599	388,866	\$288,697	(\$100,169)	-26%	97,217	76,448	65,125	73,684
Subrogation & Rebates	575,990	191,997	\$163,384	(28,613)	-15%	47,999	10,482	137,868	958
Net Benefit Cost	56,877,459	18,959,153	\$18,158,369	\$800,784	4%	4,783,787	4,890,133	4,582,176	5,293,002
Salaries & Benefits	\$580,500	\$193,500	\$190,839	\$2,661	1%	\$48,375	\$44,705	\$44,705	\$45,005
Program Administration	4,223,273	1,407,758	\$683,439	724,319	51%	351,939	171,916	285,056	72,874
Eligibility	420,000	140,000	\$105,970	34,030	24%	35,000	2,465	97,307	1,998
Outreach & Health Prom.	1,000,000	333,333	\$270,630	62,703	19%	83,333	13,404	8,666	242,376
Current Expense	250,000	83,333	\$61,407	21,926	26%	20,833	14,818	7,225	20,888
Total Admin Cost	\$6,473,773	\$2,157,924	\$1,312,285	\$845,639	39%	\$539,481	\$247,308	\$442,959	\$383,141
Total Program Cost	\$63,351,232	\$21,117,077	\$19,470,654	\$1,646,423	8%	\$5,323,269	\$5,137,441	\$5,025,135	\$5,676,143
Federal Share 80.43%	51,206,801	16,984,465	\$15,717,580	1,266,885	7%	4,302,798	4,132,044	4,061,816	4,588,026
State Share 19.57%	12,144,431	4,132,612	\$3,753,074	379,538	9%	1,020,471	1,005,397	963,318	1,088,117
Total Program Cost **	\$63,351,232	\$21,117,077	\$19,470,654	\$1,646,423	8%	\$5,323,269	\$5,137,441	\$5,025,135	\$5,676,143

\* Positive percentages indicate favorable variances

\*\* Budgeted Year Based on CCRC Actuary 6/30/2012 Report.

Unaudited - Cash Basis For Management Purposes Only - Unaudited

Memo for Calculations Above:

Notes:

- 1/ Total budgeted for Year Program costs are CCRC Actuary's Base Line Scenario dated 6/30/12 Final worksheet Net Paid Program Costs.
- 2/ Federal Share for FFY 2012 is 80.83%. Federal Share for FFY 2013 (10/1/12 - 9/30/13) is set at 80.43%.

# WVCHIP Enrollment Report

ATTACHMENT 1

November 2012

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment Nov-12	Total Medicaid Enrollment Nov-12	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2010 Est. Uninsured 5%	2010 # Children Uninsured Ranking*
Barbour	3,600	282	1,538	1,820	50.6%	180	33
Berkeley	26,251	1,406	8,329	9,735	37.1%	1,313	2
Boone	5,615	297	2,545	2,842	50.6%	281	25
Braxton	3,006	214	1,479	1,693	56.3%	150	40
Brooke	4,573	289	1,501	1,790	39.1%	229	31
Cabell	18,879	1,012	8,514	9,526	50.5%	944	4
Calhoun	1,518	122	747	869	57.3%	76	51
Clay	2,215	188	1,393	1,581	71.4%	111	44
Doddridge	1,673	141	664	805	48.1%	84	48
Fayette	9,438	778	4,455	5,233	55.4%	472	13
Gilmer	1,260	66	537	603	47.8%	63	54
Grant	2,555	213	910	1,123	44.0%	128	42
Greenbrier	7,131	614	2,888	3,502	49.1%	357	16
Hampshire	5,392	289	2,040	2,329	43.2%	270	27
Hancock	6,166	370	2,440	2,810	45.6%	308	20
Hardy	3,015	209	1,241	1,450	48.1%	151	39
Harrison	15,202	932	5,552	6,484	42.7%	760	7
Jackson	6,602	427	2,726	3,153	47.8%	330	18
Jefferson	12,679	547	3,079	3,626	28.6%	634	10
Kanawha	39,771	2,290	17,088	19,378	48.7%	1,989	1
Lewis	3,389	300	1,663	1,963	57.9%	169	37
Lincoln	4,930	339	2,752	3,091	62.7%	247	30
Logan	7,496	485	3,840	4,325	57.7%	375	15
Marion	11,227	696	4,276	4,972	44.3%	561	11
Marshall	6,886	364	2,710	3,074	44.6%	344	17
Mason	5,929	286	2,752	3,038	51.2%	296	21
McDowell	4,423	290	3,115	3,405	77.0%	221	32
Mercer	12,764	1,155	6,852	8,007	62.7%	638	9
Mineral	5,868	301	1,989	2,290	39.0%	293	23
Mingo	5,905	395	3,072	3,467	58.7%	295	22
Monongalia	15,294	801	4,315	5,116	33.5%	765	6
Monroe	2,835	219	1,026	1,245	43.9%	142	41
Morgan	3,596	257	1,394	1,651	45.9%	180	34
Nicholas	5,561	433	2,556	2,989	53.7%	278	26
Ohio	8,444	502	3,075	3,577	42.4%	422	14
Pendleton	1,462	109	513	622	42.5%	73	52
Pleasants	1,551	121	550	671	43.3%	78	50
Pocahontas	1,561	153	712	865	55.4%	78	49
Preston	6,536	497	2,433	2,930	44.8%	327	19
Putnam	13,150	776	3,433	4,209	32.0%	658	8
Raleigh	16,403	1,288	7,508	8,796	53.6%	820	5
Randolph	5,705	500	2,570	3,070	53.8%	285	24
Ritchie	2,205	153	931	1,084	49.2%	110	45
Roane	3,239	304	1,687	1,991	61.5%	162	38
Summers	2,521	195	1,228	1,423	56.5%	126	43
Taylor	3,514	230	1,313	1,543	43.9%	176	35
Tucker	1,371	133	465	598	43.6%	69	53
Tyler	1,924	124	765	889	46.2%	96	47

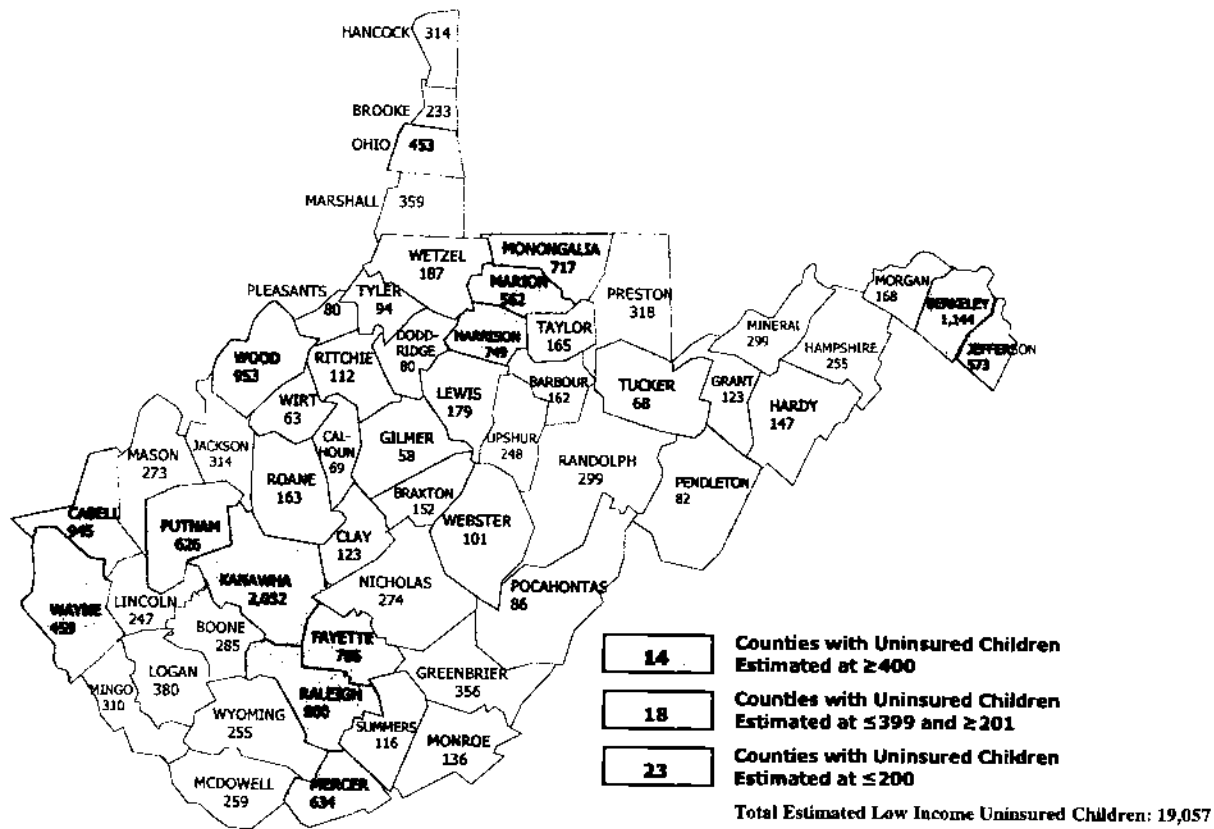


# WVCHIP Enrollment Report

ATTACHMENT 1

November 2012

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment Nov-12	Total Medicaid Enrollment Nov-12	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2010 Est. Uninsured 5%	2010 # Children Uninsured Ranking*
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Wayne	9,516	520	4,207	4,727	49.7%	476	12
Webster	1,977	159	1,175	1,334	67.5%	99	46
Wetzel	3,466	239	1,542	1,781	51.4%	173	36
Wirt	1,201	86	690	776	64.6%	60	55
Wood	18,956	1,177	8,304	9,481	50.0%	948	3
Wyoming	5,116	370	2,498	2,868	56.1%	256	28
<b>Totals</b>	<b>387,459</b>	<b>25,041</b>	<b>159,891</b>	<b>184,932</b>	<b>47.7%</b>	<b>19,373</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 2012*

Department of Administration

State Children's Health Insurance Program  
UPDATE



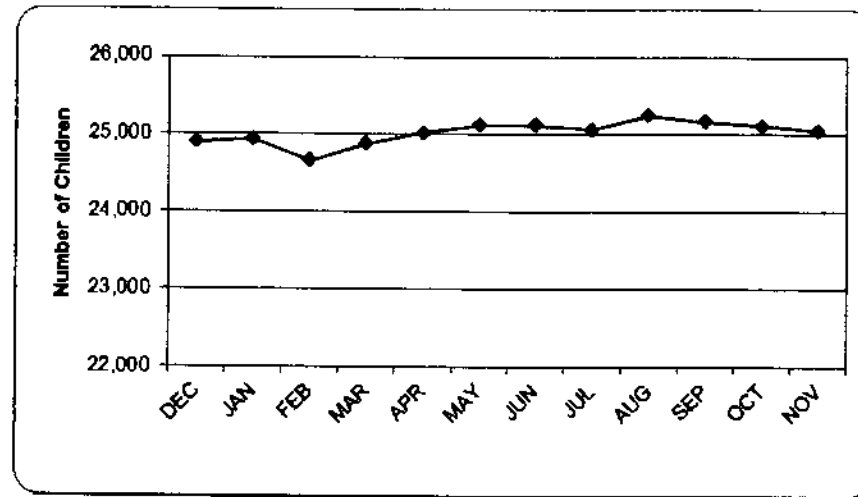
# WV CHILDREN'S HEALTH INSURANCE AGENCY

## REPORT FOR DECEMBER 2012

### I. Enrollment on November 30, 2012: 25,041

See Attachment 1 for enrollment by county.

Current 12-Month Enrollment Period: December 2011 through November 2012



Enrollee Totals: September 2012 to November 2012

Month	Total	1 Year	Total
September	1,775	Average	1,752
October	1,487	High	2,044
November	1,459	Low	1,459

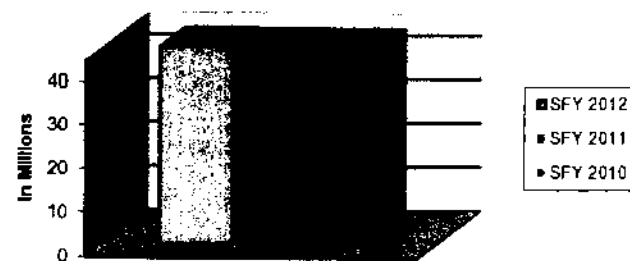
### II. Financial Activity

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

The average annualized claims cost per child for the month ended October 2012 was \$2,170.

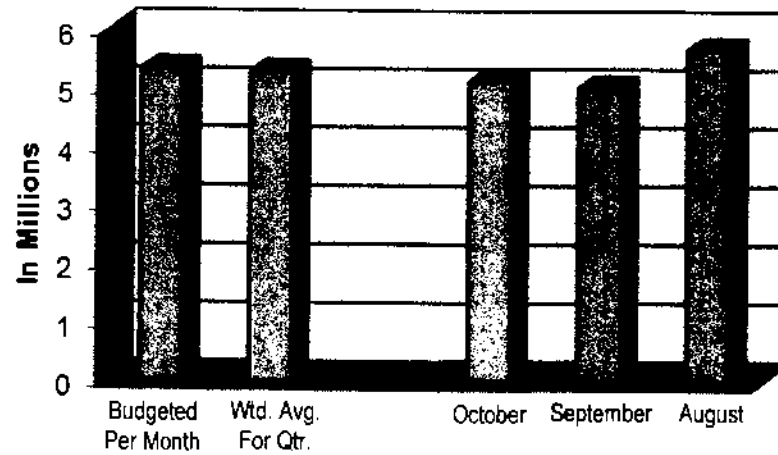
Annual Expenditures for a 3 Year Period: SFY 2010 – SFY 2012

	SFY 2012	FFP% 2012	SFY 2011	FFP% 2011	SFY 2010	FFP% 2010
Federal	46,410,334	80.83	42,531,719	81.27	38,675,336	81.83
State	10,936,351	19.17	9,631,322	18.73	8,618,874	18.17
Total Costs	57,346,685	100.00	52,163,041	100.00	47,294,210	100.00



Monthly Budgeted and Current 3 Month Period: August 2012 – October 2012

	Budgeted Per Month	Wtd. Avg. For Qtr.	Actual		
			October 2012	September 2012	August 2012
Federal	4,302,798	4,260,629	4,132,044	4,061,816	4,588,026
State	1,020,471	1,018,944	1,005,397	963,318	1,088,117
Total	5,323,269	5,279,573	5,137,441	5,025,135	5,676,143



### III. Other Highlights

- ◆ The CHIP Premium group (250% to 300% FPL) enrollment is now 1,194 children as of the end of November 2012.

# WVCHIP Enrollment Report

ATTACHMENT 1

November 2012

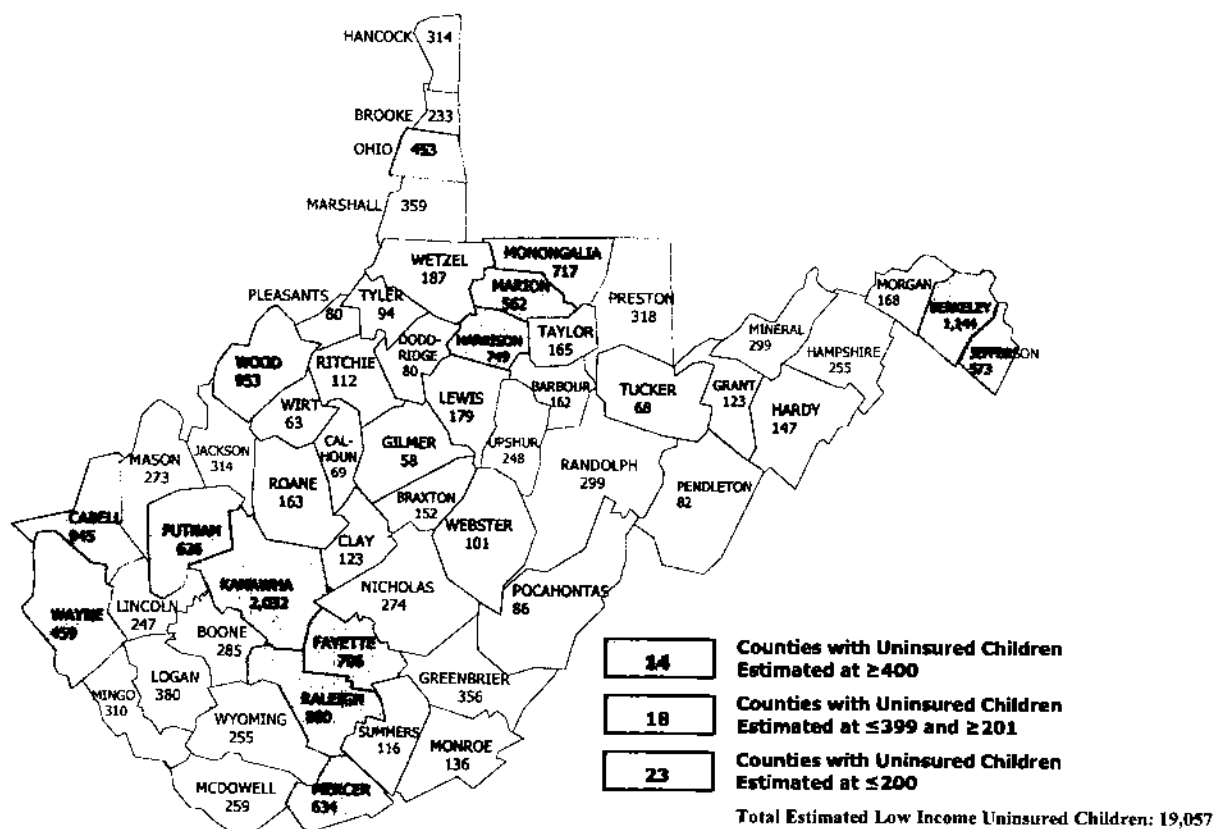
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**West Virginia Children's Health Insurance Program  
Comparative Balance Sheet  
October 2012 and 2011  
(Accrual Basis)**

	October 31, 2012	October 31, 2011	Variance	
Assets:				
Cash & Cash Equivalents	\$15,603,687	\$15,685,964	(\$82,277)	-1%
Due From Federal Government	\$4,047,866	\$3,376,124	\$671,741	20%
Due From Other Funds	\$984,915	\$798,631	\$186,285	23%
Accrued Interest Receivable	\$2,720	\$5,791	(\$3,071)	-53%
Fixed Assets, at Historical Cost	<u>\$95,345</u>	<u>\$96,031</u>	<u>(\$685)</u>	<u>-1%</u>
Total Assets	<u>\$20,734,533</u>	<u>\$19,962,541</u>	<u>\$771,993</u>	<u>4%</u>
Liabilities:				
Accounts Payable	\$272,781	\$354,755	(\$81,974)	-23%
Deferred Revenue	\$2,588,537	\$1,565,904	\$1,022,633	65%
Unpaid Insurance Claims Liability	<u>\$4,760,000</u>	<u>\$3,820,000</u>	<u>\$940,000</u>	<u>25%</u>
Total Liabilities	<u>\$7,621,318</u>	<u>\$5,740,659</u>	<u>\$1,880,659</u>	<u>33%</u>
Fund Equity	<u>\$13,113,215</u>	<u>\$14,221,882</u>	<u>(\$1,108,667)</u>	<u>-8%</u>
Total Liabilities and Fund Equity	<u>\$20,734,533</u>	<u>\$19,962,541</u>	<u>\$771,993</u>	<u>4%</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 Four Months Ending October 31, 2012 and October 31, 2011**  
**(Modified Accrual Basis)**

	October 31, 2012	October 31, 2011	Variance	
<b>Revenues</b>				
Federal Grants	15,203,375	13,261,304	1,942,071	15%
State Appropriations	4,588,743	4,588,716	27	0%
Premium Revenues	288,697	208,545	80,152	38%
Investment Income:				
Investment Earnings	21,306	60,353	(39,047)	-65%
Unrealized Gain(loss) On Investments*	49,949	(53,802)	103,751	100%
<b>Total Revenues</b>	<b><u>20,152,070</u></b>	<b><u>18,065,116</u></b>	<b><u>2,086,954</u></b>	<b><u>12%</u></b>
<b>Expenditures:</b>				
Claims:				
Physicians & Surgical	5,073,082	3,455,052	1,618,030	47%
Outpatient Services	4,703,153	4,501,987	201,166	4%
Prescribed Drugs	3,220,969	3,193,389	27,580	1%
Dental	2,757,791	2,572,576	185,215	7%
Inpatient Hospital Services	1,597,800	1,064,816	532,984	50%
Outpatient Mental Health	448,026	414,768	33,258	8%
Durable & Disposable Med. Equip.	409,497	469,650	(60,153)	-13%
Vision	320,282	300,700	19,582	7%
Inpatient Mental Health	226,577	217,574	9,003	4%
Therapy	224,507	171,203	53,304	31%
Medical Transportation	133,512	89,640	43,872	49%
Other Services	46,788	57,819	(11,031)	-19%
Less: Collections**	<u>(163,384)</u>	<u>(15,966)</u>	<u>(147,418)</u>	<u>923%</u>
Total Claims	<u>18,998,600</u>	<u>16,493,208</u>	<u>2,505,392</u>	<u>15%</u>
General and Admin Expenses:				
Salaries and Benefits	190,838	169,236	21,602	13%
Program Administration	697,987	590,603	107,384	18%
Eligibility	134,883	174,329	(39,446)	-23%
Outreach & Health Promotion	310,793	266,948	43,845	16%
Current	<u>52,193</u>	<u>87,055</u>	<u>(34,862)</u>	<u>-40%</u>
Total Administrative	<u>1,386,694</u>	<u>1,288,171</u>	<u>98,523</u>	<u>8%</u>
<b>Total Expenditures</b>	<b><u>20,385,294</u></b>	<b><u>17,781,379</u></b>	<b><u>2,603,915</u></b>	<b><u>15%</u></b>
<b>Excess of Revenues</b>				
<b>Over (Under) Expenditures</b>	<b>(233,224)</b>	<b>283,737</b>	<b>(516,961)</b>	<b>-182%</b>
<b>Fund Equity, Beginning</b>	<b><u>13,346,439</u></b>	<b><u>13,938,145</u></b>	<b><u>(591,706)</u></b>	<b><u>-4%</u></b>
<b>Fund Equity, Ending</b>	<b><u>13,113,215</u></b>	<b><u>14,221,882</u></b>	<b><u>(1,108,666)</u></b>	<b><u>-8%</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  
WVFIMS Fund 2154  
For the Month Ended October 31, 2012  
(Accrual Basis)

Investment Account
--------------------

Funds Invested	\$14,578,704
Interest Earned	<u>427</u>
<b>Total</b>	<b><u>\$14,579,131</u></b>

Unaudited - For Management Purposes Only - Unaudited

**Department of Administration Real Estate Division Leasing Report**  
For the period of November 1, 2012 through November 30, 2012

**NEW CONTRACT OF LEASE**

**WEST VIRGINIA CONSERVATION AGENCY**

**SCC-013** New Contract of Lease for 1 year consisting of 144 square feet of office space at the monthly rate of \$250.00, annual cost \$3,000.00, full service, 800 North Side Drive, in the City of Summersville, Nicholas County, West Virginia.

**WEST VIRGINIA DEVELOPMENT OFFICE**

**CID-010** New Contract of Lease for 1 year consisting of 375 square feet of office space at the monthly rate of \$250.00, annual cost \$3,000.00, full service, 891 Auto Parts Place, in the City of Martinsburg, Berkeley County, West Virginia.

**DIVISION OF VETERANS AFFAIRS**

**VET-038** New Contract of Lease for 3 years consisting of 1,200 square feet of office space at the annual per square foot rate of \$12.00, annual cost \$14,400.00, 200 Route 98, in the City of Nutter Fort, Harrison County, West Virginia.

**STRAIGHT RENEWAL**

**WEST VIRGINIA OFFICE OF TECHNOLOGY**

**F&A-030** Renewal for 4 months consisting of 5,015 square feet of computer and training room and storage space at the current annual per square foot rate of \$10.00, annual cost \$50,150.00, full service, 321-323 Capitol Street, in the City of Charleston, Kanawha County, West Virginia.

**STATE TREASURER'S OFFICE**

**STO-008** Renewal for 1 years consisting of 492 square feet of office space at the current monthly rate of \$563.75, annual cost \$6,765.00, full service, 258 High Street, in the City of Morgantown, Monongalia County, West Virginia.

**RENEWAL WITH INCREASE IN RENT**

**DIVISION OF NATURAL RESOURCES**

**NAT-127** Renewal for 3 years consisting of 3,460 square feet of office space with an increase in the annual per square foot rate from \$9.00 to \$9.88, \$34,184.80 annual cost, 4300 1<sup>st</sup> Avenue, in the City of Nitro, Kanawha County, West Virginia.

**MINER'S HEALTH, SAFETY AND TRAINING**

**MHS-034** Renewal for 2 year(s) consisting of 1,826 square feet of office and lab space with an increase in the annual per square foot rate from \$21.44 to \$22.08, \$40,327.00 annual cost, full service, 1740 Union Carbide Drive, in the City of South Charleston, Kanawha County, West Virginia.

## **RENEWAL WITH INCREASE IN RENT-CONTINUED**

### **MINER'S HEALTH, SAFETY AND TRAINING**

**MHS-033** Renewal for 2 year(s) consisting of 1,269 square feet of office and lab space with an increase in the annual per square foot rate from \$20.99 to \$21.62, \$27,434.94 annual cost, full service, 1740 Union Carbide Drive, in the City of South Charleston, Kanawha County, West Virginia.

## **INCREASE IN SQUARE FEET**

### **WORKFORCE WEST VIRGINIA**

**WWV-016** Increase of square feet from 4,674 square feet to 4,794 square feet of office space at the current annual per square foot rate of \$12.07, annual cost \$57,863.58, full service, 830 North Side Drive, in the City of Summersville, Nicholas County, West Virginia.

### **DIVISION OF CORRECTIONS**

**COR-035** Increase of square feet from 2,176 square feet to 2,920 square feet of office space at the current annual per square foot rate of \$4.14, annual cost \$12,088.80, full service, 801 Madison Avenue, in the City of Huntington, Cabell County, West Virginia.

## **CANCELLATION**

### **WEST VIRGINIA DEVELOPMENT OFFICE**

**CID-009** Lease cancellation consisting of 125 square feet of office space, at the monthly rate of \$145.83, annual cost \$1,750.00, full service, in the City of Welch, McDowell County, West Virginia.

Real Estate Division  
Monthly Summary of Lease Activity  
November 1 - 30, 2012

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	WV Conservation Agency	SCC-013	Nicholas	144	0.00	3,000
2	West Virginia Development Office	CID-010	Berkeley	375	0.00	3,000
3	Division of Veterans Affairs	VET-038	Harrison	1,200	12.00	14,400
4	West Virginia Office of Technology	F&A-030	Kanawha	5,015	10.00	50,150
5	State Treasurer's Office	STO-008	Monongalia	492	0.00	6,765
6	Division of Natural Resources	NAT-127	Kanawha	3,460	9.88	34,185
7	Miners' Health, Safety and Training	MHS-034	Kanawha	1,826	22.08	40,327
8	Miners' Health, Safety and Training	MHS-033	Kanawha	1,269	21.62	27,436
9	WORKFORCE West Virginia	WWV-016	Nicholas	4,794	12.07	57,864
10	Division of Corrections	COR-035	Cabell	2,920	4.14	12,089
				91.79		
				<b>Total Rentable Square Feet</b>	<u>21,495</u>	
				<b>Average Annual Rental Rate</b>	<u>13.11</u>	
				<b>Total Annual Rent</b>		<u>249,215</u>

THE CONSTITUTION OF THE UNITED STATES

ARTICLE I

SECTION 1

ALL LEGISLATIVE POWERS

SHALL BE VESTED IN A CONGRESS

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
BUREAU FOR MEDICAL SERVICES  
EXPENDITURES BY PROVIDER TYPE  
SFY2013

MONTH OF OCTOBER 2012		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
		SFY2012	SFY2013	Current Month 10/31/12	Current Month 10/31/12	Year To Date Thru 10/31/12	11/1/12 Thru 6/30/13
<b>EXPENDITURES:</b>							
Inpatient Hospital - Reg. Payments	164,452,498	158,114,250	14,998,255	15,237,736	51,141,665	106,972,585	
Inpatient Hospital - DSH	56,043,409	58,578,800	-	-	14,147,456	42,431,344	
Inpatient Hospital - Supplemental Payments	79,066,284	240,087,415	10,476,730	10,476,730	40,349,634	199,737,781	
Inpatient Hospital - GME Payments	5,901,754	6,177,477	-	-	1,531,690	4,645,787	
Mental Health Facilities	80,313,367	86,890,183	7,884,104	8,394,962	29,614,130	57,276,053	
Mental Health Facilities - DSH Adjustment Payments	18,887,389	18,886,800	-	-	4,716,465	14,170,335	
Nursing Facility Services - Regular Payments <sup>(2)</sup>	527,623,016	551,320,912	45,272,189	45,972,550	180,507,550	370,813,362	
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-	
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-	
Intermediate Care Facilities - Private Providers	65,316,485	67,038,000	5,987,082	5,586,500	21,669,514	45,368,486	
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-	
Physicians Services - Regular Payments	116,140,541	121,059,846	12,338,319	11,681,782	38,721,172	82,338,674	
Physicians Services - Supplemental Payments	26,661,492	27,943,400	7,727,706	6,985,850	14,294,266	13,649,134	
Outpatient Hospital Services - Regular Payments	106,435,299	109,322,282	10,799,526	10,535,959	35,415,142	73,907,140	
Outpatient Hospital Services - Supplemental Payments	-	-	19,067,614	19,067,614	54,445,912	(54,445,912)	
Prescribed Drugs	373,946,886	389,826,882	33,639,344	38,085,231	114,284,411	275,542,470	
Drug Rebate Offset - National Agreement	(217,354,424)	(218,904,555)	(35,665,646)	(48,490,276)	(94,045,761)	(124,858,794)	
Drug Rebate Offset - State Sidebar Agreement	(18,642,310)	(16,380,000)	(3,702,289)	(3,628,388)	(8,020,735)	(8,359,265)	
Drug Rebate Offset - MCO National	(431,214)	-	(74,076)	-	(262,025)	262,025	
Drug Rebate Offset - MCO State Sidebar Agreement	-	-	-	-	-	-	
Dental Services	56,047,746	61,762,117	6,155,964	5,957,606	19,012,219	42,749,898	
Other Practitioners Services - Regular Payments	12,306,009	13,046,624	1,393,443	1,340,010	4,250,298	8,796,326	
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-	
Clinic Services	4,530,364	4,931,126	369,625	489,587	1,486,948	3,444,178	
Lab & Radiological Services	24,887,789	23,419,950	2,189,911	2,272,168	7,361,909	16,058,041	
Home Health Services	51,712,631	48,722,337	5,165,362	4,745,895	17,832,624	30,889,713	
Hysterectomies/Sterilizations	191,711	216,100	14,450	20,779	51,674	164,426	
Pregnancy Terminations	-	-	-	-	-	-	
EPSDT Services	1,208,359	1,215,098	167,424	117,712	504,333	710,765	
Rural Health Clinic Services	7,486,074	8,079,315	800,754	789,933	2,608,014	5,471,301	
Medicare Health Insurance Payments - Part A Premiums	17,434,414	18,452,300	1,477,941	3,075,383	5,974,742	12,477,558	
Medicare Health Insurance Payments - Part B Premiums	85,509,019	93,260,400	6,605,628	15,543,400	26,477,001	66,783,399	
120% - 134% Of Poverty	6,272,977	6,709,500	538,361	645,144	2,091,106	4,618,394	
135% - 175% Of Poverty	-	-	-	-	-	-	
Coinsurance And Deductibles	7,381,071	7,785,000	700,565	748,558	2,437,125	5,347,875	

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
BUREAU FOR MEDICAL SERVICES  
EXPENDITURES BY PROVIDER TYPE  
SFY2013

MONTH OF OCTOBER 2012		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2012	SFY2013		Current Month 10/31/12	Current Month 10/31/12	Year To Date Thru 10/31/12	11/1/12 Thru 6/30/13
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	343,161,264	349,618,600		34,591,542	29,134,883	115,518,352	234,100,248
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-		-	-	-	-
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-		-	-	-	-
Medicaid Health Insurance Payments: Group Health Plan Payments	409,952	457,200		29,509	43,962	160,256	296,944
Medicaid Health Insurance Payments: Coinsurance	-	-		-	-	-	-
Medicaid Health Insurance Payments: Other	-	-		-	-	-	-
Home & Community-Based Services (MR/DD)	287,968,353	306,476,800		28,734,602	29,468,923	114,513,113	191,963,687
Home & Community-Based Services (Aged/Disabled)	132,545,813	140,433,800		13,269,408	13,503,250	48,446,034	91,987,766
Home & Community-Based Services (Traumatic Brain Injury)	-	2,720,625		-	261,599	-	2,720,625
Home & Community-Based Services (State Plan 1915(i) Only)	-	-		-	-	-	-
Home & Community-Based Services (State Plan 1915(j) Only)	-	-		-	-	-	-
Community Supported Living Services	-	-		-	-	-	-
Programs Of All-Inclusive Care Elderly	15,197	-		-	-	-	-
Personal Care Services - Regular Payments	51,680,337	53,872,809		5,251,449	5,197,394	19,750,005	34,122,804
Personal Care Services - SDS 1915(j)	-	-		-	-	-	-
Targeted Case Management Services - Com. Case Management	-	-		-	-	-	-
Targeted Case Management Services - State Wide	3,166,084	3,427,893		242,731	331,279	867,179	2,560,714
Primary Care Case Management Services	219,829	264,800		14,163	25,462	58,041	206,759
Hospice Benefits <sup>(3)</sup>	23,960,255	25,155,100		3,187,839	2,418,760	8,869,594	16,285,506
Emergency Services Undocumented Aliens	301,542	348,500		10,074	33,510	87,750	260,750
Federally Qualified Health Center	18,669,776	21,327,880		1,915,814	2,074,721	5,609,855	15,718,025
Non-Emergency Medical Transportation	25,549,481	26,054,403		2,720,301	2,506,510	8,845,549	17,208,854
Physical Therapy	2,195,303	2,245,596		206,657	216,327	698,324	1,547,272
Occupational Therapy	360,777	371,964		35,333	36,038	114,947	257,017
Services for Speech, Hearing & Language	554,124	567,665		43,077	54,894	132,522	435,143
Prosthetic Devices, Dentures, Eyeglasses	1,871,995	1,876,807		224,017	181,731	553,070	1,323,737
Diagnostic Screening & Preventive Services	539,322	578,315		56,389	55,615	182,207	396,108
Nurse Mid-Wife	224,671	612,100		24,838	58,856	73,830	538,270
Emergency Hospital Services	5,364	(7,500)		-	(721)	(1,335)	(6,165)
Critical Access Hospitals	30,431,181	33,996,660		2,732,497	3,271,942	10,273,277	23,723,383
Nurse Practitioner Services	1,512,698	2,981,049		186,258	287,077	622,933	2,358,116
School Based Services	47,384,340	49,082,468		1,743,837	4,724,635	16,589,137	32,493,331
Rehabilitative Services (Non-School Based)	78,431,034	83,291,528		6,756,372	8,103,337	27,031,381	56,260,147
Private Duty Nursing	4,723,035	4,918,769		509,699	483,221	1,605,881	3,312,887
Other Care Services	21,189,223	21,796,325		2,114,133	2,096,919	7,662,916	14,133,409
Less: Recoupments	-	-		(299,663)	-	(299,663)	299,663
<b>NET EXPENDITURES:</b>	<b>2,736,399,588</b>	<b>3,018,031,716</b>		<b>258,629,162</b>	<b>260,222,548</b>	<b>976,563,633</b>	<b>2,041,468,083</b>

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
BUREAU FOR MEDICAL SERVICES  
EXPENDITURES BY PROVIDER TYPE  
SFY2013

MONTH OF OCTOBER 2012

Collections: Third Party Liability (line 9A on CMS-64)  
Collections: Probate (line 9B on CMS-64)  
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)  
Collections: Other (line 9D on CMS-64)

**NET EXPENDITURES and CMS-64 ADJUSTMENTS:**

Plus: Medicaid Part D Expenditures  
Plus: State Only Medicaid Expenditures  
Plus: Money Follow the Person Expenditures

**TOTAL MEDICAID EXPENDITURES**

Plus: Reimbursables <sup>(1)</sup>

**TOTAL EXPENDITURES**

ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
SFY2012	SFY2013	Current Month 10/31/12	Current Month 10/31/12	Year To Date Thru 10/31/12	11/1/12 Thru 6/30/13
(7,028,830)	-	-	-	(3,988,169)	3,988,169
(473,182)	-	-	-	(6,194)	6,194
(1,205)	-	-	-	-	-
(7,303,907)	-	-	-	(1,942,587)	1,942,587
2,721,592,464	3,018,031,716	258,629,162	260,222,549	970,626,682	2,047,405,033
33,865,811	36,577,300	2,979,938	3,517,048	11,944,260	24,633,040
4,030,062	3,718,920	384,822	357,374	2,068,594	1,650,326
-	2,872,499	-	276,202	-	2,872,499
<b>\$ 2,759,588,337</b>	<b>\$ 3,061,200,434</b>	<b>\$ 261,993,922</b>	<b>\$ 264,373,173</b>	<b>\$ 984,639,536</b>	<b>\$ 2,076,560,898</b>
6,590,854	6,927,944	680,431	672,372	1,789,172	5,138,772
<b>\$ 2,766,179,191</b>	<b>\$ 3,068,128,378</b>	<b>\$ 262,674,353</b>	<b>\$ 265,045,545</b>	<b>\$ 986,428,708</b>	<b>\$ 2,081,699,670</b>

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

(2) Of the amount in the "Nursing Facility Services-Regular Payments" line, \$8,462,883 is the amount paid to State Facilities year to date.

(3) Of the amount in the "Hospice Benefits" line, \$6,096,610 is the amount paid to Nursing Facilities for Hospice Benefits year to date.



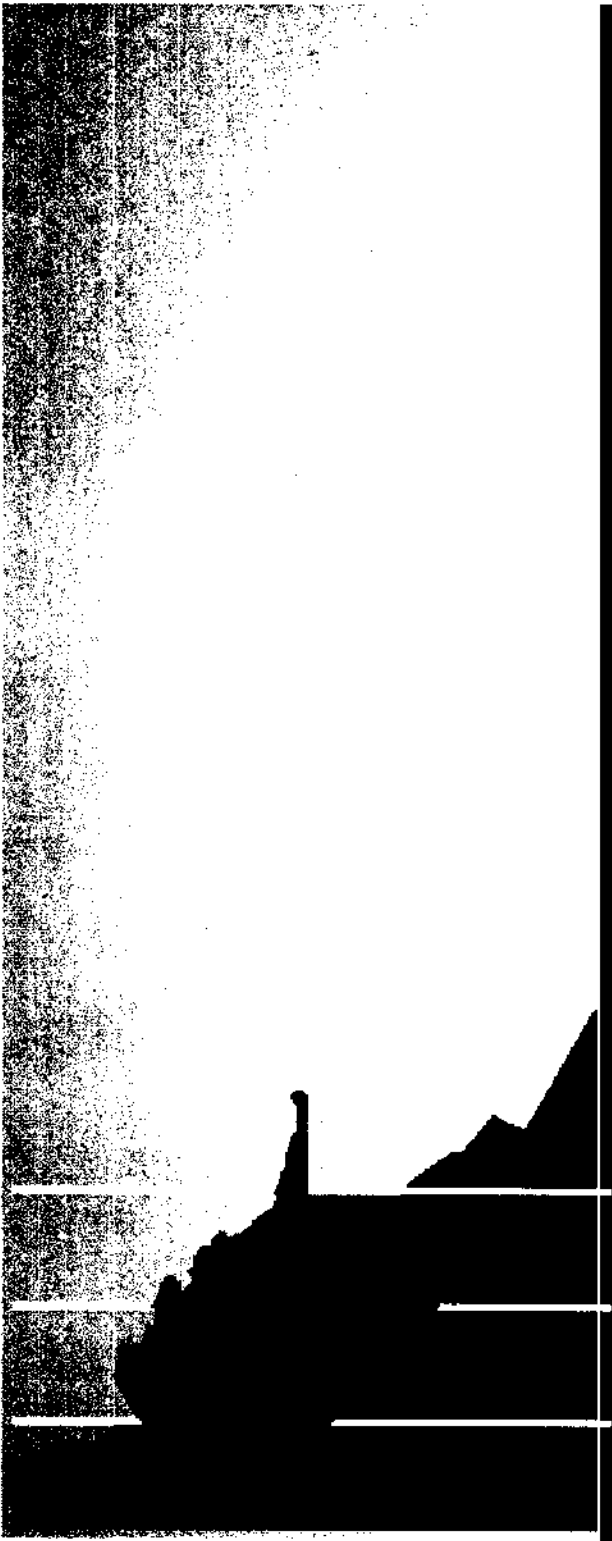
WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
BUREAU FOR MEDICAL SERVICES  
MEDICAID CASH REPORT  
SFY2013

4 Months Actuals

8 Months Remaining

MONTH OF OCTOBER 2012	ACTUALS SFY2012	ACTUALS Current Month Ended 10/31/12	ACTUALS Year-To-Date Thru 10/31/12	PROJECTED 11/1/12 Thru 6/30/13	TOTAL SFY2013
<b>REVENUE SOURCES</b>					
Beg. Bal. (5084/1020 prior mth)	\$ 210,933,113	\$ 32,663,651	\$ 8,645,986	\$ -	\$ 8,645,986
<b>MATCHING FUNDS</b>					
General Revenue (0403/189)	218,837,804	13,983,841	40,600,824	174,802,059	215,402,883
MRDD Waiver (0403/466)	85,280,472	6,508,589	24,259,286	64,494,197	88,753,483
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,333	865,333	1,730,667	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,667	2,118,667	4,237,333	6,356,000
Traumatic Brain Injury (0403/835)	800,000	58,667	218,667	581,333	800,000
Title XIX Waiver for Seniors (0403-533)	9,587,500	873,566	3,256,019	8,656,244	11,912,263
Medical Services Surplus (0403/633)	17,910,667	-	53,920,831	-	53,920,831
Waiver for Senior Citizens Surplus (0403/526)	2,500,000	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	31,222,578	-	7,836,955	25,310,860	33,147,815
Lottery Transfer (5405/871)	8,670,000	-	2,200,000	6,470,000	8,670,000
Excess Lottery (5365/189)	-	-	-	24,503,890	24,503,890
Trust Fund Appropriation (5185/189)	12,076,099	6,900,000	37,400,000	163,484,590	200,884,590
Provider Tax (5090/189)	170,727,592	18,693,519	89,354,307	120,507,573	209,861,880
Certified Match	22,603,205	1,162,071	7,827,792	17,358,575	25,186,368
Reimbursables - Amount Reimbursed	8,012,133	83,147	1,690,072	5,237,871	6,927,944
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	905,058	881,653	1,877,258	(1,877,258)	-
CMS - 64 Adjustments	673,628	-	441,999	(441,999)	-
<b>TOTAL MATCHING FUNDS</b>	\$ 809,691,849	\$ 82,554,705	\$ 282,513,995	\$ 615,055,937	\$ 897,569,932
<b>FEDERAL FUNDS</b>	\$ 2,006,078,366	\$ 183,768,155	\$ 713,970,739	\$ 1,508,201,271	\$ 2,222,172,010
<b>TOTAL REVENUE SOURCES</b>	<b>\$ 2,815,770,215</b>	<b>\$ 266,322,859</b>	<b>\$ 996,484,735</b>	<b>\$ 2,123,257,207</b>	<b>\$ 3,119,741,942</b>
<b>TOTAL EXPENDITURES:</b>					
Provider Payments	\$ 2,766,179,191	\$ 262,674,353	\$ 986,428,708	\$ 2,081,699,670	\$ 3,068,128,378
<b>TOTAL</b>	<b>\$ 49,591,024</b>	<b>\$ 3,648,507</b>	<b>\$ 10,056,027</b>		<b>\$ 51,613,564</b>

Note: FMAP (72.62% applicable Jul. - Sep. 2012) (72.04% applicable Oct. 2012 - Jun. 2013)



# Monthly Performance Report

October 31, 2012

**West Virginia Investment Management Board**  
Participant Plans Allocation & Performance Net of Fees  
As of October 31, 2012

	6/30/2012		10/31/2012		Performance %						
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
<b>WVIMB Fund Assets</b>	<b>13,170,110</b>	<b>100.0</b>	<b>13,723,141</b>	<b>100.0</b>							
<b>Pension Assets</b>	<b>10,300,026</b>	<b>78.2</b>	<b>10,726,442</b>	<b>78.2</b>							
Public Employees' Retirement System	4,353,124	33.1	4,545,531	33.1	0.0	3.8	5.0	9.4	9.8	2.7	8.0
Teachers' Retirement System	4,969,706	37.6	5,255,081	38.3	0.0	3.8	4.9	9.2	9.6	2.1	7.6
Teachers' Employers Cont. Collection A/C	142,994	1.1	58,720	0.4	0.0	0.0	0.0	0.0	0.1	0.7	
EMS Retirement System	35,161	0.3	37,783	0.3	0.0	3.8	5.0	9.3	9.7		
Public Safety Retirement System	477,497	3.6	489,929	3.6	0.0	3.8	5.0	9.5	9.9	2.7	8.0
Judges' Retirement System	126,294	1.0	131,306	1.0	0.0	3.8	5.0	9.4	9.8	2.7	7.9
State Police Retirement System	78,753	0.6	84,625	0.6	0.0	3.7	4.9	9.3	9.7	2.7	7.9
Deputy Sheriffs' Retirement System	116,308	0.9	123,191	0.9	0.0	3.8	5.0	9.3	9.8	2.7	8.0
Municipal Police & Firefighter Retirement System	189	0.0	276	0.0	0.1	3.6	4.6	8.4			
<b>Insurance Assets</b>	<b>1,991,081</b>	<b>15.1</b>	<b>2,061,523</b>	<b>15.0</b>							
Workers' Compensation Old Fund	946,854	7.1	986,104	7.2	0.3	2.3	3.6	7.4	7.0	3.2	
Workers' Comp. Self-Insured Guaranty Risk Pool	10,878	0.1	11,552	0.1	0.3	2.4	3.7	7.2	4.3	3.2	
Workers' Comp. Uninsured Employers Fund	9,148	0.1	9,477	0.1	0.2	2.4	3.6	7.0	3.7	2.8	
Pneumoconiosis	257,121	2.0	263,201	1.9	0.3	2.5	3.8	7.2	7.3	3.9	6.2
Board of Risk & Insurance Mgmt.	138,164	1.1	136,249	1.0	0.3	2.5	3.8	7.3	7.5	4.9	
Public Employees' Insurance Agency	183,321	1.4	189,548	1.4	0.4	2.0	3.4	7.2	7.3	4.4	
WV Retiree Health Benefit Trust Fund	443,144	3.3	462,864	3.3	0.1	3.1	4.5	8.0	7.7		
AccessWV	2,451	0.0	2,528	0.0	0.7	1.5	3.1	7.8			
<b>Endowment Assets</b>	<b>879,003</b>	<b>6.7</b>	<b>935,176</b>	<b>6.8</b>							
Wildlife Fund	40,057	0.3	42,197	0.3	0.0	3.8	5.0	9.3	9.7	2.7	8.0
Prepaid Tuition Trust	77,822	0.6	76,677	0.5	-0.3	2.8	3.9	8.8	9.5	3.4	8.3
Revenue Shortfall Reserve Fund	423,261	3.2	465,071	3.4	0.7	1.4	3.1	7.8	7.7	1.2	
Revenue Shortfall Reserve Fund - Part B	331,325	2.5	344,345	2.5	0.4	2.5	3.9	8.2	8.3	1.3	
WV DEP Trust	6,538	0.1	6,886	0.1	-0.3	4.1	5.3	9.8			

	Asset (\$000)	%	Performance %						
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
Investment Pools Composite	13,729,516	100.00							
Total Equity Composite	6,149,778	44.79	-0.57	5.72	6.78	10.36	10.42	-0.12	8.82
Total Equity Policy Index			-0.66	4.88	6.15	9.63	8.89	-2.00	8.12
Excess Return			0.09	0.84	0.63	0.73	1.53	1.88	0.70
US Equity Composite	2,905,726	21.17	-1.75	3.78	4.67	14.50	14.35	1.07	8.28
Russell 3000 Index			-1.72	3.37	4.40	14.75	13.58	0.58	7.47
Excess Return			-0.03	0.41	0.27	-0.25	0.77	0.49	0.81
Large Cap Composite	2,147,951	15.65	-2.00	2.80	4.28	14.92	13.84	0.69	6.94
S&P 500 Index			-1.85	2.96	4.39	15.21	13.21	0.36	6.91
Excess Return			-0.15	-0.16	-0.11	-0.29	0.63	0.33	0.03
Non-Large Cap Composite	757,775	5.52	-1.03	6.70	5.82	13.23	17.33	2.81	10.75
Russell 2500 Index			-1.05	5.18	4.46	13.00	15.95	2.06	10.39
Excess Return			0.02	1.52	1.36	0.23	1.38	0.75	0.36
International Equity Composite	3,244,052	23.62	0.50	7.53	8.75	5.92	6.39	-1.69	10.24
MSCI AC World ex US Index			0.40	6.39	7.92	4.49	4.20	-4.63	9.79
Excess Return			0.10	1.14	0.83	1.43	2.19	2.94	0.45
Fixed Income Composite	3,528,353	25.70	0.59	1.76	3.27	7.56	7.09	5.87	6.02
Fixed Income Policy			0.32	0.82	2.33	6.18	6.61	6.68	5.54
Excess Return			0.27	0.94	0.94	1.38	0.48	-0.81	0.48
Core Fixed Income	1,233,302	8.98	0.24	0.90	2.15	6.45	6.98		
Barclays Capital Aggregate			0.20	0.40	1.78	5.25	6.08		
Excess Return			0.04	0.50	0.37	1.20	0.90		
Total Return Fixed Income	2,295,051	16.72	0.77	2.22	3.88	8.16	7.18	6.19	6.59
Barclays Capital US Universal			0.32	0.82	2.33	6.18	6.61	6.51	5.81
Excess Return			0.45	1.40	1.55	1.98	0.57	-0.32	0.78
TIPS Composite	764,106	5.57	0.86	1.09	3.02	8.02	9.10		
Barclays Capital U.S. TIPS			0.87	1.09	3.00	8.03	9.16		
Excess Return			-0.01	0.00	0.02	-0.01	-0.06		
TRS Annuity	53,884	0.39	0.37	1.11	1.49	4.48	4.49		
Cash Composite	233,694	1.70	0.01	0.02	0.03	0.07	0.11	0.78	1.93
Citigroup 90 Day T-Bill + 0.15%			0.02	0.07	0.09	0.23	0.26	0.82	1.98
Excess Return			-0.01	-0.05	-0.06	-0.16	-0.15	-0.04	-0.05
Private Equity Composite	1,002,081	7.30	1.06	2.32	3.96	13.00	16.18		
Real Estate Composite	726,237	5.29	0.97	1.18	1.89	8.58	9.24		
Hedge Funds Composite	1,271,383	9.26	0.20	1.96	3.14	4.65	4.78		
LIBOR + 4%			0.35	1.08	1.45	4.46	4.37		
Excess Return			-0.15	0.88	1.69	0.19	0.41		

	Domestic Equity		Int'l Equity		Fixed Income		Private Equity		Real Estate		Hedge Funds		Cash	
	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %
<b>Pension Assets</b>														
Public Employees' Retirement System	24.4	25.0	27.3	25.0	21.7	20.0	9.4	10.0	6.8	10.0	10.1	10.0	0.3	0.0
Teachers' Retirement System	24.6	25.0	27.5	25.0	21.4	20.0	9.3	10.0	6.8	10.0	10.0	10.0	0.4	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	100.0	100.0
EMS Retirement System	24.2	25.0	27.0	25.0	22.4	20.0	9.2	10.0	6.7	10.0	10.0	10.0	0.5	0.0
Public Safety Retirement System	24.4	25.0	27.5	25.0	21.4	20.0	9.6	10.0	6.8	10.0	10.3	10.0	0.0	0.0
Judges' Retirement System	24.4	25.0	27.3	25.0	21.7	20.0	9.5	10.0	6.8	10.0	10.2	10.0	0.1	0.0
State Police Retirement System	24.0	25.0	27.0	25.0	22.5	20.0	9.2	10.0	6.7	10.0	10.0	10.0	0.6	0.0
Deputy Sheriffs' Retirement System	24.1	25.0	27.1	25.0	22.3	20.0	9.4	10.0	6.7	10.0	10.0	10.0	0.4	0.0
Municipal Police & Firefighter Retirement System	21.5	25.0	25.3	25.0	20.0	20.0	9.0	10.0	6.4	10.0	9.0	10.0	8.8	0.0
<b>Insurance Assets</b>														
Workers' Compensation Old Fund	9.8	10.0	11.0	10.0	69.0	70.0	0.0	0.0	0.0	0.0	0.0	0.0	10.2	10.0
Workers' Comp. Self-Insured Guaranty Risk Pool	9.7	10.0	11.0	10.0	54.3	55.0	0.0	0.0	0.0	0.0	19.9	20.0	5.1	5.0
Workers' Comp. Uninsured Employers Fund	9.9	10.0	11.0	10.0	49.4	50.0	0.0	0.0	0.0	0.0	19.9	20.0	9.8	10.0
Pneumoconiosis	9.9	10.0	11.1	10.0	54.5	55.0	0.0	0.0	0.0	0.0	20.0	20.0	4.5	5.0
Board of Risk & Insurance Mgmt.	9.8	10.0	11.0	10.0	54.4	55.0	0.0	0.0	0.0	0.0	19.9	20.0	4.9	5.0
Public Employees' Insurance Agency	4.9	4.9	5.5	5.3	74.7	74.8	0.0	0.0	0.0	0.0	10.0	10.0	4.9	5.0
WV Retiree Health Benefit Trust Fund	17.0	17.1	19.2	18.6	44.0	44.3	0.0	0.0	0.0	0.0	19.8	20.0	0.0	0.0
AccessWV	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Endowment Assets</b>														
Wildlife Fund	24.3	25.0	27.2	25.0	22.1	20.0	9.5	10.0	6.7	10.0	10.0	10.0	0.2	0.0
Prepaid Tuition Trust	29.9	30.0	16.5	16.0	52.3	54.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.0
Revenue Shortfall Reserve Fund	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Shortfall Reserve Fund - Part B	9.7	10.0	11.0	10.0	79.3	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WV DEP Trust	35.5	35.0	29.9	30.0	34.6	35.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Statutory Limitations</b>														
- Public Equity - 75%														
- International Proportions of Equity, Fixed Income, and Real Estate - 30%														
- Real Estate - 25%														
- Private Equity and Hedge Funds - 20% in aggregate														

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.

Security Capital Benchmark is 40% Wilshire US REIT Index, 30% Wells Fargo Hybrid & Preferred Securities REIT Index, and 30% BC REIT Bond Index.

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



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## **Status Report:**

# **Workers' Compensation**

Joint Committee on Government & Finance

December 2012

*Provided by the West Virginia Offices of the Insurance Commissioner*

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## Introduction

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

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

Although belonging to the State of West Virginia, the administration of the Old Fund was initially placed via statute with BrickStreet. By January 2008, however, BrickStreet relinquished the administration of the Old Fund back to the State to be managed by the West Virginia Offices of the Insurance Commissioner. The West Virginia Offices of the Insurance Commissioner contracted with three Third Party Administrators (TPA's: Sedgwick Claims Management Services, Wells Fargo Disability Management, and American Mining Insurance Company) to ensure timely claim payments and proper claims management with the ultimate goal of claim resolution.

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



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

**Non-FBL:** claim for benefits other than a Federal Black Lung award, i.e. all other claim types.

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

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

**Partial Award:** claim for which benefits are being paid, but no official award has been made.

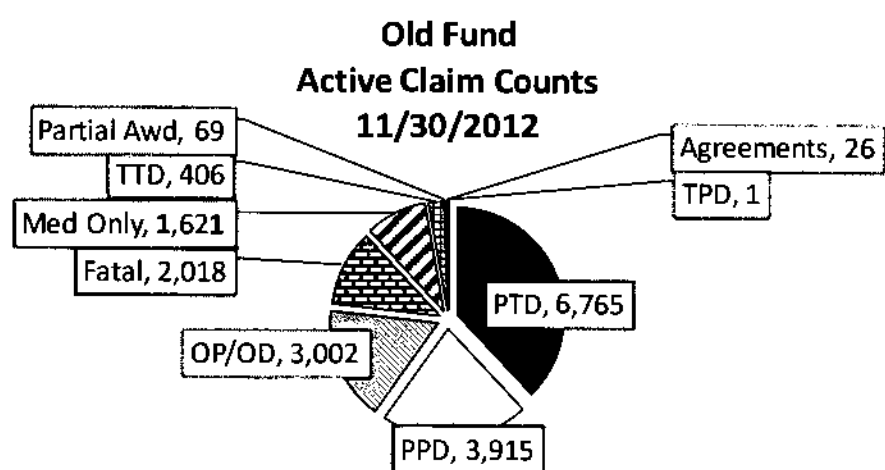
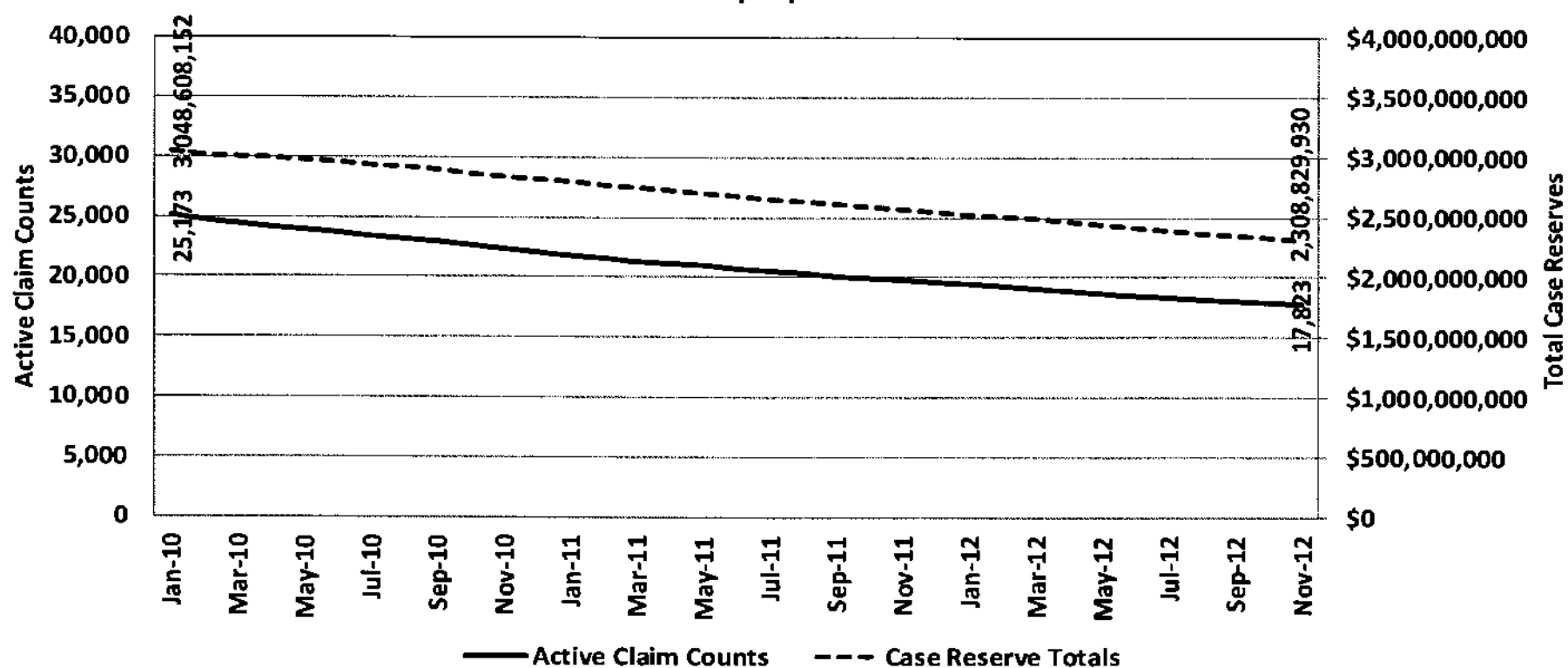
**Payment Agreement:** individual legal agreements that were made in order to settle a particular payment issue on a specific claim. These are different than your "standard" claim types, such as PTD or TPD. They identify a sub-set of claims that are not settled in the same philosophy that is practiced today. This normally references a situation in which a PT was granted years ago and the "onset" date was in litigation. A compromise was reached and a settlement was executed to the agreed up "onset" date. Although a settlement was executed, it was only applicable to an issue, not to the entire claim, so monthly payments continue to pay on these claims.

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

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

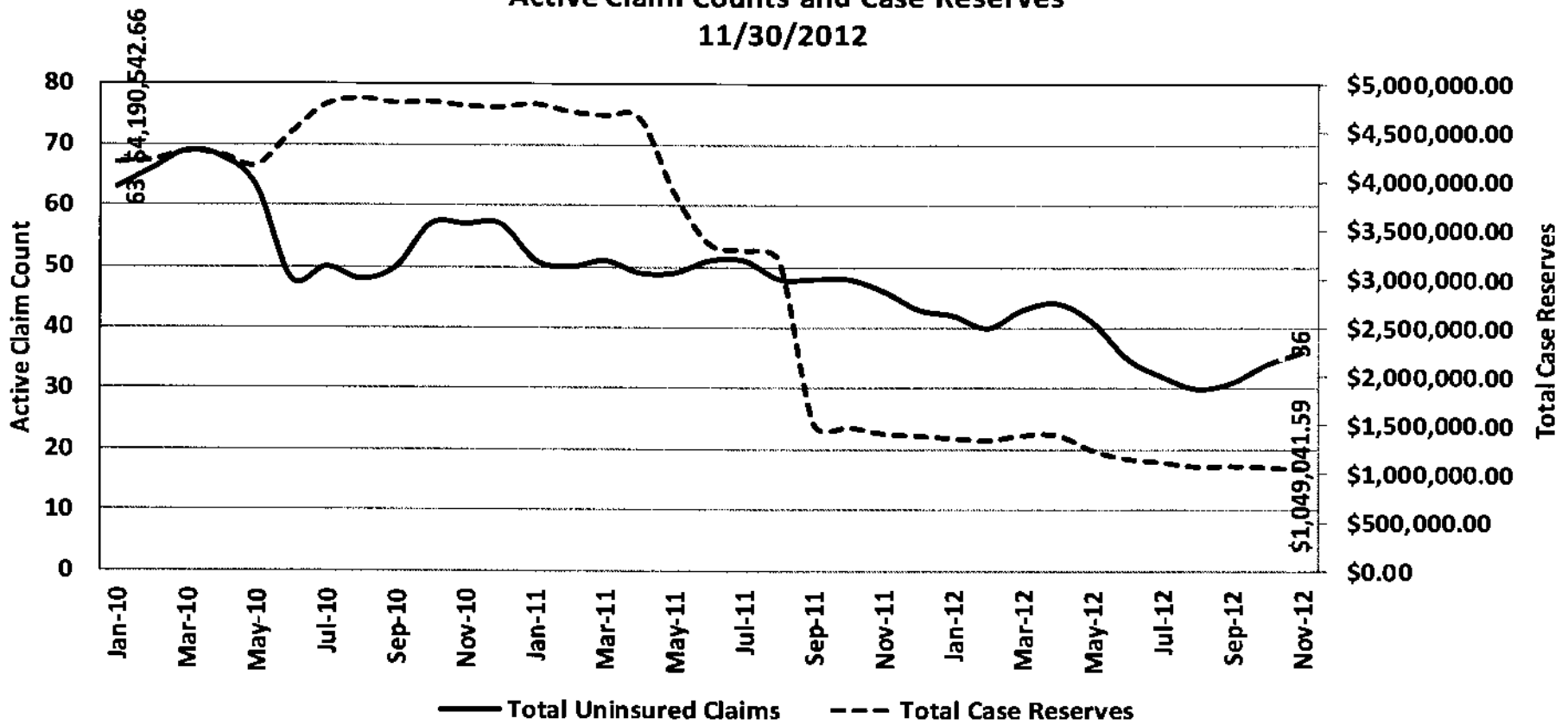
**PTD:** (Permanent Total Disability) A disability which renders a claimant unable to engage in gainful employment requiring skills or abilities which can be acquired or which are comparable to those of any gainful employment in which the claimant previously engaged with some regularity. While the comparison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

**Old Fund  
Active Claim Counts and Case Reserves  
11/30/2012**

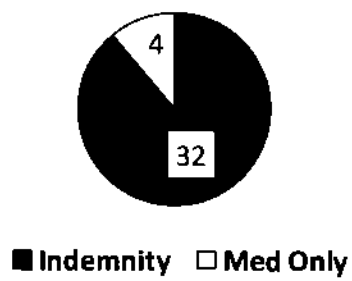


**Agreements** – a legal agreement to settle a payment issue  
**Fatal** – worker died due to injury or illness  
**Med Only** – payment of medical benefits without wage replacement  
**OP/OD** - Occupational Pneumoconiosis or Occupational Disease  
**Partial Awd** – benefits being paid without official awards  
**PPD** - Permanent Partial Disability; unlikely to improve with treatment  
**PTD** - Permanent Total Disability; unable to engage in employment  
**TPD** - Temporary Partial Disability released to work with restrictions  
**TTD** - Temporary Total Disability; unable to engage in employment

**Uninsured Fund  
Active Claim Counts and Case Reserves  
11/30/2012**



**Uninsured Fund  
Active Claim Counts  
11/30/2012**



**Indemnity** – statutory wage replacement and medical benefits awarded

**Med Only** –payment of medical benefits without wage replacement

**Uninsured (Employer's) Fund** - (UEF) established January 1, 2006 to provide worker's compensation benefits to injured workers of uninsured WV employers. The Commissioner may recover all payments made from this fund, including interest, from an uninsured employer who is found liable for benefits paid from the UEF.

OLD FUND CASH STATEMENT  
November 30, 2012

				Three Year History for years ended:		
	YTD FY2013	YTD FY2012	Change	FY2012	FY2011	FY2010
<b>Cash Beginning Balances</b>	<b>942,505,408</b>	<b>943,172,539</b>	<b>(667,132)</b>	<b>943,172,539</b>	<b>888,535,954</b>	<b>795,869,972</b>
<b>Revenues</b>						
Personal Income Tax	21,200,000	21,200,000	-	95,400,000	95,400,000	95,400,000
Severance Tax	36,704,992	38,992,787	(2,287,795)	93,947,355	93,112,747	91,573,307
Debt Reduction Surcharge	20,055,197	19,088,407	966,790	39,758,082	41,096,360	39,594,122
Self-Insured Debt Reduction Surcharge	4,255,232	4,588,928	(333,696)	9,620,197	8,058,590	6,562,051
Video Lottery	11,000,000	11,000,000	-	11,000,000	11,000,000	11,000,000
Employer Premium	146,190	200,511	(54,321)	575,167	3,120,389	1,783,840
Other Income - Return of Unclaimed Property	41,909	45,924	(4,015)	202,103	191,860	95,620
<b>Operating Revenues</b>	<b>93,403,521</b>	<b>95,116,557</b>	<b>(1,713,036)</b>	<b>250,502,904</b>	<b>251,979,946</b>	<b>246,008,940</b>
Surplus Note Principal Payments	-	-	-	-	-	43,500,000
Investment / Interest Earnings (Losses)	44,937,464	(4,382,342)	49,319,806	18,284,929	88,270,887	102,218,697
<b>Total Revenues</b>	<b>138,340,985</b>	<b>90,734,215</b>	<b>47,606,770</b>	<b>268,787,833</b>	<b>340,250,833</b>	<b>391,727,637</b>
<b>Expenditures</b>						
Claims Benefits Paid:						
Medical	14,227,526	15,932,687	(1,705,161)	39,226,318	41,972,430	55,134,617
Permanent Total Disability	49,739,887	53,580,130	(3,840,243)	124,963,432	136,800,060	152,789,051
Permanent Partial Disability	523,328	962,178	(438,850)	1,822,571	2,513,255	4,890,325
Temporary Disability	47,474	95,708	(48,234)	188,666	384,571	1,322,403
Fatals	11,240,104	11,943,703	(703,599)	28,139,830	29,994,599	34,822,223
104 weeks death benefit	2,621,329	2,990,677	(369,348)	6,729,656	6,321,554	6,394,618
Settlements	4,770,772	23,905,042	(19,134,270)	56,164,626	50,628,569	24,145,535
Loss Adjustment Expenses	355,816	924,732	(568,916)	2,333,885	4,514,323	3,794,198
<b>Total</b>	<b>83,526,236</b>	<b>110,334,856</b>	<b>(26,808,620)</b>	<b>259,568,984</b>	<b>273,129,360</b>	<b>283,292,970</b>
Less: Claims credits and overpayments	2,630,106	4,267,299	(1,637,194)	8,161,625	7,666,404	4,327,846
<b>Total Benefits Paid</b>	<b>80,896,131</b>	<b>106,067,557</b>	<b>(25,171,426)</b>	<b>251,407,359</b>	<b>265,462,956</b>	<b>278,965,124</b>
Administrative Expenses	6,137,027	7,464,312	(1,327,285)	18,047,605	20,151,292	20,096,531
<b>Total Expenditures</b>	<b>87,033,158</b>	<b>113,531,869</b>	<b>(26,498,711)</b>	<b>269,454,964</b>	<b>285,614,248</b>	<b>299,061,655</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>51,307,827</b>	<b>(22,797,655)</b>	<b>74,105,482</b>	<b>(667,131)</b>	<b>54,636,585</b>	<b>92,665,982</b>
<b>Cash Ending Balances</b>	<b>993,813,235</b>	<b>920,374,884</b>	<b>73,438,350</b>	<b>942,505,408</b>	<b>943,172,539</b>	<b>888,535,954</b>

Note: The purpose of the report is to enhance the user's ability to monitor the cash activities of the Old Fund. The Old Fund assets consist of the Old Fund cash, IMB and BTI Investment accounts and any deposits in transit from the Debt Reduction Fund. The liabilities of the Old Fund consist of the worker's compensation claims and related expenses for all claims, actual and incurred but not reported for claims with dates of injury on or before June 30, 2005. This report is intended to provide a summary of the cash based transactions related to the Fund's assets and liabilities and is not an accrual based presentation. The Old Fund Cash Statement is unaudited information.

SELF-INSURED GUARANTY RISK POOL  
November 30, 2012

	YTD FY2013	YTD FY2012	Change	Three Year History for years ended:		
				FY2012	FY2011	FY2010
<b>Cash Beginning Balances</b>	<b>10,829,975</b>	<b>9,744,809</b>	<b>1,085,166</b>	<b>9,744,809</b>	<b>8,112,918</b>	<b>6,969,307</b>
<b>Revenues</b>						
Guaranty Risk Pool Assessments	566,820	558,441	8,379	1,093,066	1,119,674	1,283,687
Collateral Proceeds	2,399,380	-	2,399,380			
Investment Earnings (Losses)	522,928	(106,752)	629,681	125,813	592,165	9,237
<b>Total Revenues</b>	<b>3,489,128</b>	<b>451,689</b>	<b>3,037,439</b>	<b>1,218,879</b>	<b>1,711,839</b>	<b>1,292,924</b>
<b>Expenditures</b>						
Payment of Claims	135,690	9,577	126,113	28,466	28,707	104,821
Contractual / Professional	11,243	59,607	(48,364)	105,247	51,241	44,492
<b>Total Expenditures</b>	<b>146,933</b>	<b>69,184</b>	<b>77,749</b>	<b>133,713</b>	<b>79,948</b>	<b>149,313</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>3,342,195</b>	<b>382,505</b>	<b>2,959,690</b>	<b>1,085,166</b>	<b>1,631,891</b>	<b>1,143,611</b>
<b>Cash Ending Balances</b>	<b>14,172,170</b>	<b>10,127,314</b>	<b>4,044,856</b>	<b>10,829,975</b>	<b>9,744,809</b>	<b>8,112,918</b>

The Self-Insured Guaranty Risk Pool covers the claims liabilities of bankrupt or defaulted self-insured employers with dates of injury subsequent to July 1, 2004. The revenues of the Self-Insured Guaranty Fund are comprised of the guaranty risk pool assessments levied on all self-insured employers and the earnings on invested assets. The Self Insured Guaranty Cash Statement is unaudited information.

UNINSURED EMPLOYERS FUND  
November 30, 2012

				Three Year History for years ended:		
	YTD FY2013	YTD FY2012	Change	FY2012	FY2011	FY2010
<b>Cash Beginning Balances</b>	<b>9,574,065</b>	<b>9,086,330</b>	<b>487,735</b>	<b>9,086,330</b>	<b>8,905,444</b>	<b>8,588,268</b>
<b>Revenues</b>						
Fines and Penalties	289,015	423,559	(134,544)	948,896	939,626	892,806
Investment Earnings (Losses)	420,029	(101,970)	521,999	99,906	474,728	10,923
<b>Total Revenues</b>	<b>709,044</b>	<b>321,589</b>	<b>387,455</b>	<b>1,048,802</b>	<b>1,414,354</b>	<b>903,729</b>
<b>Expenditures</b>						
Payment of Claims	54,496	259,126	(204,630)	553,676	1,224,982	577,819
Contractual/Professional	3,569	7,237	(3,668)	7,392	8,486	8,734
General and Administrative	15	-	15			
<b>Total Expenditures</b>	<b>58,080</b>	<b>266,363</b>	<b>(208,283)</b>	<b>561,067</b>	<b>1,233,468</b>	<b>586,553</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>650,963</b>	<b>55,226</b>	<b>595,738</b>	<b>487,735</b>	<b>180,886</b>	<b>317,176</b>
<b>Cash Ending Balances</b>	<b>10,225,028</b>	<b>9,141,556</b>	<b>1,083,473</b>	<b>9,574,065</b>	<b>9,086,330</b>	<b>8,905,444</b>

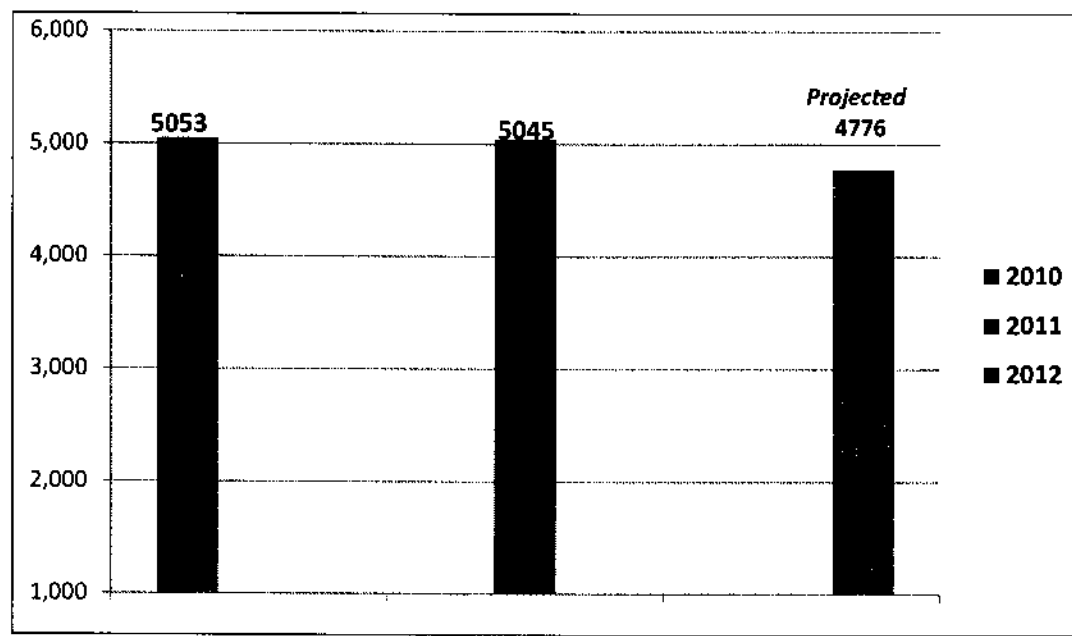
The Uninsured Employer's Fund (UEF) was established January 1, 2006 to provide worker's compensation benefits to injured workers of uninsured WV employers. The revenues of the UEF consist of fines levied on uninsured employers and the earnings on invested assets. The Insurance Commissioner has the right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

## Statistical Analysis

A. Protests Acknowledged: 2011 Nov. 2012  
5045 364 4374

### Fund Involved:

FUND	2011	% of protests	Nov. '12	% of protests	2012	% of protests
Old Fund	903	17.90%	36	9.89%	560	12.80%
Private Carrier	3158	62.60%	254	69.78%	3003	68.66%
Self-Insured	984	19.50%	74	20.33%	811	18.54%
Subtotal	5045		364		4374	
Temporary	1029		42		676	
Total	6074		406		5050	



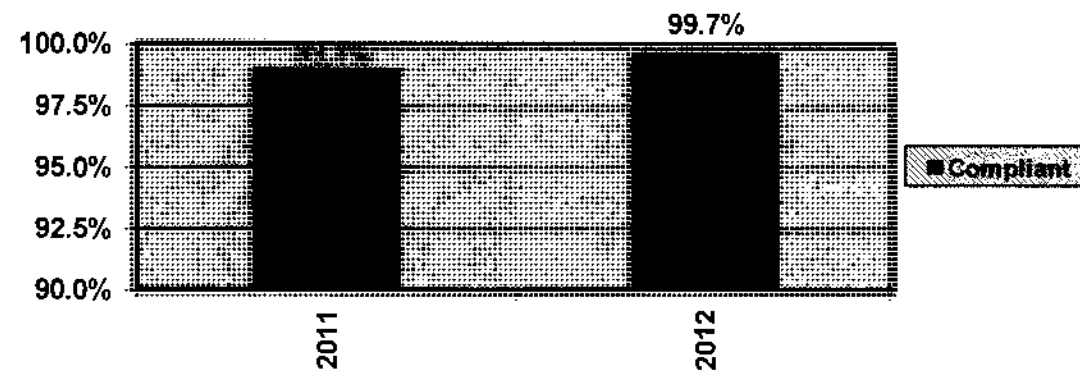
Protests Including Projection for 2012



		<u>Nov.'12</u>	<u>2012</u>
<b>E. Protests Resolved:</b>	1. Protests decided:	256	3173
	2. Withdrawals:	65	780
	3. "No Evidence" Dismissals:	40	528

		<u>2011</u>	<u>Nov.'12</u>	<u>2012</u>
<b>F. Final Decision Timeliness</b>	1. <30 days:	43.2%	33.5%	46.7%
	2. 30-60 days:	49.8%	63.9%	50.1%
	3. 60-90 days:	6.1%	2.6%	3.0%
	4. +90 days:	0.9%	0.0%	0.3%

**Decision Within Rule's Time Limits**



<b>G. Time Standard Compliance</b>	<u>2011</u>	<u>Nov.</u>	<u>2012</u>
	92.4%	92.2%	92.4%

Monday, December 03, 2012

## Final Decision Compliance

Report Dates: From 11/1/2012 thru 11/30/2012

Description	Issues Resolved	Days to Decision							
		< 30 Days		30 - 60		61 - 90		> 90	
		Count	%	Count	%	Count	%	Count	%
OPBD	14	6	42.9%	8	57.1%	0	0.0%	0	0.0%
TTD	17	5	29.4%	12	70.6%	0	0.0%	0	0.0%
FAILURE TO ACT 15 DAY	3	2	66.7%	1	33.3%	0	0.0%	0	0.0%
OP NON-MED	3	0	0.0%	3	100.0%	0	0.0%	0	0.0%
DEP BEN FATAL	3	1	33.3%	2	66.7%	0	0.0%	0	0.0%
SPECIAL CATEGORY	1	1	100.0%	0	0.0%	0	0.0%	0	0.0%
TRMT/EQUIP CL	85	30	35.3%	54	63.5%	1	1.2%	0	0.0%
PPD	46	10	21.7%	35	76.1%	1	2.2%	0	0.0%
COMPENSABILITY	44	16	36.4%	25	56.8%	3	6.8%	0	0.0%
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	2	1	50.0%	0	0.0%	1	50.0%	0	0.0%
REOPENING	12	5	41.7%	7	58.3%	0	0.0%	0	0.0%
<b>Totals</b>	<b>230</b>	<b>77</b>	<b>33.5%</b>	<b>147</b>	<b>63.9%</b>	<b>6</b>	<b>2.6%</b>	<b>0</b>	<b>0.0%</b>

## Acknowledgement Goal

Report Dates: From 11/1/2012 thru 11/30/2012

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>	<b>Total: 3</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>3</b>	<b>100.0%</b>
CFA-CL APP.THRESHOLD	3	0	0.0%	0	0.0%	0	0.0%	3	100.0%
<b>BENEFIT OVERPAYMENT</b>	<b>Total: 3</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>1</b>	<b>33.3%</b>	<b>2</b>	<b>66.7%</b>
CBO-CL BEN. OVERPAYMENT	3	0	0.0%	0	0.0%	1	33.3%	2	66.7%
<b>BENEFIT RATE</b>	<b>Total: 1</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>1</b>	<b>100.0%</b>
CBR-CL PRSTS BEN RATE	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
<b>COMPENSABILITY</b>	<b>Total: 64</b>	<b>9</b>	<b>14.1%</b>	<b>3</b>	<b>4.7%</b>	<b>24</b>	<b>37.5%</b>	<b>28</b>	<b>43.8%</b>
CCS-CL SEC.CONDITION	11	0	0.0%	0	0.0%	3	27.3%	8	72.7%
CHC-CL COMPENSABILITY	4	1	25.0%	0	0.0%	2	50.0%	1	25.0%
CIM-CL SI COMPENSABLE	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
CIS-CL SI SEC.CONDITION	4	1	25.0%	0	0.0%	0	0.0%	3	75.0%
CPI-CL SI REJECT CLAIM	7	2	28.6%	0	0.0%	4	57.1%	1	14.3%
CPJ-CL REJECT CLAIM	35	5	14.3%	3	8.6%	13	37.1%	14	40.0%
CQR-CL SI REJ OCCDISEASE	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
CRZ-CL REJ OCC DISEASE	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
<b>DEP BEN FATAL</b>	<b>Total: 5</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>2</b>	<b>40.0%</b>	<b>3</b>	<b>60.0%</b>
CDF-CL DENY/GRNT DTH BEN	2	0	0.0%	0	0.0%	2	100.0%	0	0.0%
CIF-CL SI DY/GNT DTH BEN	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
EIF-EM SI DY/GNT DTH BEN	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
<b>FAILURE TO ACT 10 DAY</b>	<b>Total: 2</b>	<b>0</b>	<b>0.0%</b>	<b>1</b>	<b>50.0%</b>	<b>1</b>	<b>50.0%</b>	<b>0</b>	<b>0.0%</b>
C5N-CL FTA NOT COVERED	2	0	0.0%	1	50.0%	1	50.0%	0	0.0%
<b>FAILURE TO ACT 15 DAY</b>	<b>Total: 12</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>6</b>	<b>50.0%</b>	<b>6</b>	<b>50.0%</b>
C01-CL FTA INJ COMPENSAB	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
C03-CL FTA TREATMENT	2	0	0.0%	0	0.0%	1	50.0%	1	50.0%
C7C-CL FTA PAYMENT PPD	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30		30-24		23-11		< 11	
		Count	Percent	Count	Percent	Count	Percent	Count	Percent
TRMT/EQUIP CL	Total: 112	5	4.5%	1	0.9%	28	25.0%	78	69.6%
CBX-CL TRMT DENY	72	3	4.2%	0	0.0%	18	25.0%	51	70.8%
CED-CL EQUIP DENY/GRANT	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
CIH-CL SI AUT/RPR HA D/G	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CSX-CL SI TRMT DENY	33	1	3.0%	1	3.0%	8	24.2%	23	69.7%
CYY-CL TRMT GRANT	4	1	25.0%	0	0.0%	2	50.0%	1	25.0%
TTD	Total: 27	1	3.7%	1	3.7%	9	33.3%	16	59.3%
CCC-CL CLOSING THE CLAIM	17	1	5.9%	0	0.0%	5	29.4%	11	64.7%
CIC-CL SI CLSING THE CLM	3	0	0.0%	0	0.0%	0	0.0%	3	100.0%
CIJ-CL SI TTD	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
CJS-CL TTD	5	0	0.0%	1	20.0%	2	40.0%	2	40.0%
CPX-CL INITIAL TTD	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
Totals: Claims 335	364	23	6.3%	10	2.7%	110	30.2%	221	60.7%

## **OOJ – Petition for Attorney Fees for Unreasonable Denial**

<b>Petitions received 9/1/2005 through 11/30/2012</b>	<b>110</b>
Petitions denied on face:	30
Petitions denied by ALJ Decision:	48
Petitions granted:	19
Petitions withdrawn through settlement:	5
Petitions currently pending:	8

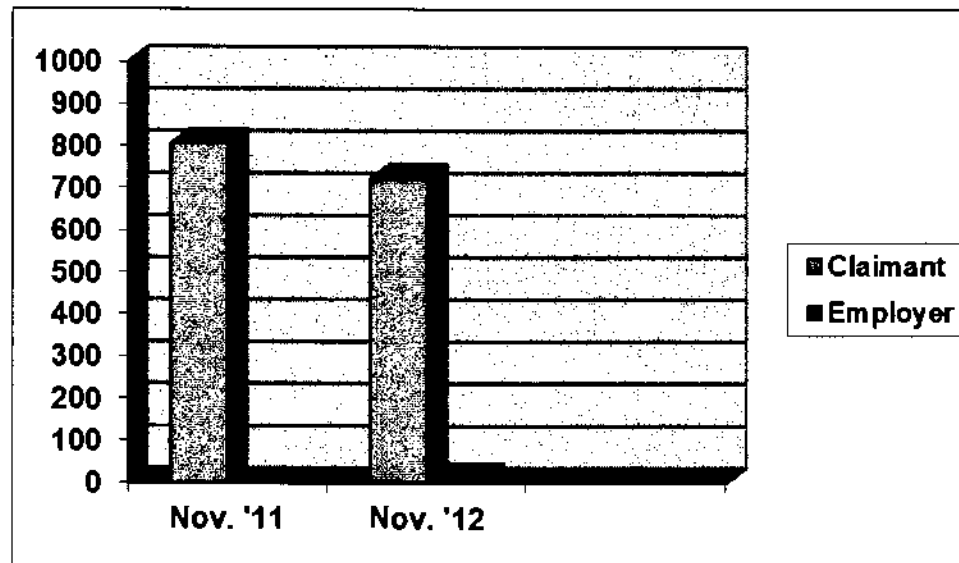
### **Failure to Timely Act Process**

<b>Petitions filed 9/1/05 through 11/30/12</b>	
<b>Filed:</b>	<b>404</b>
Denied/dismissed:	165
Withdrawn:	12
Reports to OIC:	189
Pending	38

# OOJ – Pending Treatment Issues

Pending Treatment Issues			Comparison to Prior Mo/Year		
Party	Month	% Protests		Month	% Protests
	Nov.'12			Nov.'11	
Claimant	722	22.14%		804	22.68%
Employer	10	0.03%			
<b>Total</b>	<b>732</b>			<b>804</b>	

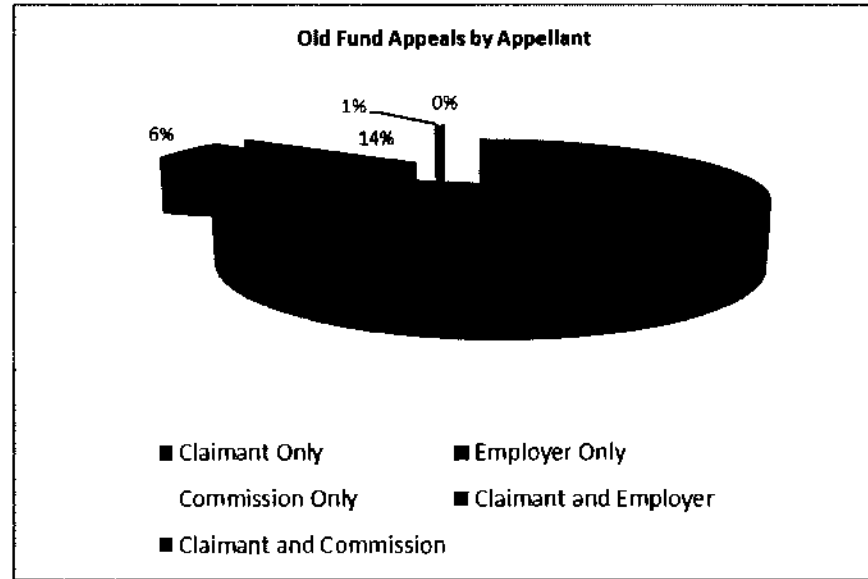
Pending Treatment Issues



**Yearly Appeals Received**  
**From January 1, 2012 Thru November 30, 2012**

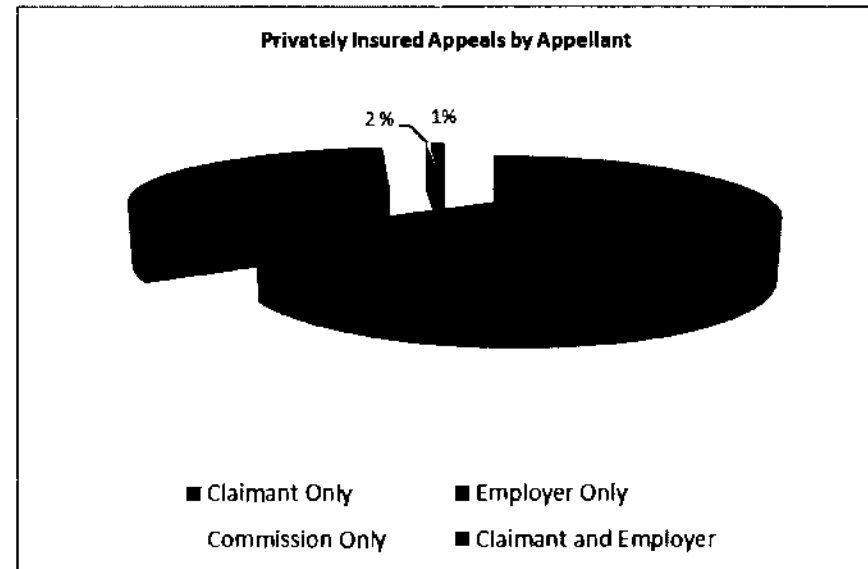
**Old Fund Appeals (DOI < Jul-1-2005)**

Appellant	Count
Claimant Only	203
Employer Only	16
Commission Only	37
Claimant and Employer	1
Claimant and Commission	1
<b>Old Fund Total</b>	<b>258</b>



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

Appellant	Count
Claimant Only	552
Employer Only	271
Commission Only	2
Claimant and Employer	9
<b>Privately Insured Total</b>	<b>834</b>
<b>Total Appeals</b>	<b>1092</b>



Appeals Received By Issue  
Old Fund Appeals (DOI < Jul-1-2005) vs Privately Insured Appeals (DOI > Jun-30-2005)  
From January 1, 2012 Thru November 30, 2012

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	145	10	6.9	135	93.1
CL % BOARD FINDING	12	3	25.0	9	75.0
CL ADD BOARD FINDING	12	8	66.7	4	33.3
CL ADDL % AWARD D/G	18	7	38.9	11	61.1
CL APP.THRESHOLD	3	3	100.0	0	0.0
CL BEN. OVERPAYMENT	2	2	100.0	0	0.0
CL CLOSING THE CLAIM	80	0	0.0	80	100.0
CL COMPENSABILITY	19	0	0.0	19	100.0
CL DENY/GRANT PTD	6	5	83.3	1	16.7
CL DENY/GRNT DTH BEN	16	16	100.0	0	0.0
CL DENY/GRNT R/O TTD	34	2	5.9	32	94.1
CL DNY/GRNT R/O PPD	11	9	81.8	2	18.2
CL DNY/GRNT R/O PTD	2	2	100.0	0	0.0
CL DY/GRNT REHAB PLN	1	0	0.0	1	100.0
CL EQUIP DENY/GRANT	1	0	0.0	1	100.0
CL GRNT/DNY VOC REHA	1	0	0.0	1	100.0
CL INITIAL TTD	9	0	0.0	9	100.0
CL NON-MED ORDER	2	2	100.0	0	0.0
CL OIC REJ OC.DISEAS	1	1	100.0	0	0.0
CL OIC REJECT CLAIM	1	0	0.0	1	100.0
CL OIC SEC.CONDITION	1	0	0.0	1	100.0
CL OIC TRMT DENY	1	1	100.0	0	0.0
CL ONSET DATE ISSUE	4	4	100.0	0	0.0
CL PTD REV. BODY DETERMINATION	3	2	66.7	1	33.3
CL REJ OCC DISEASE	17	5	29.4	12	70.6
CL REJECT CLAIM	148	3	2.0	145	98.0
CL SEC.CONDITION	76	7	9.2	69	90.8
CL SI %AWARD DNY/GNT	43	3	7.0	40	93.0
CL SI AD.BRD FINDING	1	1	100.0	0	0.0
CL SI ADD% AWARD D/G	5	1	20.0	4	80.0
CL SI APP.THRESHOLD	1	1	100.0	0	0.0
CL SI CLSING THE CLM	21	0	0.0	21	100.0
CL SI COMPENSABLE	4	0	0.0	4	100.0
CL SI DENY/GRANT PTD	5	5	100.0	0	0.0



**Appeals Received By Issue**  
**From November 1, 2012 Thru November 30, 2012**

Type of Issue	Total Issues	Claimant		Employer		OIC		Emp and OIC	
		#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	13	11	84.6	2	15.4	0	0.0	0	0.0
CL % BOARD FINDING	2	1	50.0	1	50.0	0	0.0	0	0.0
CL ADD BOARD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0
CL ADDL % AWARD D/G	1	1	100.0	0	0.0	0	0.0	0	0.0
CL APP.THRESHOLD	1	1	100.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	5	2	40.0	3	60.0	0	0.0	0	0.0
CL COMPENSABILITY	3	2	66.7	1	33.3	0	0.0	0	0.0
CL DENY/GRANT PTD	1	1	100.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT DTH BEN	1	1	100.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	4	4	100.0	0	0.0	0	0.0	0	0.0
CL DNY/GRNT R/O PPD	1	1	100.0	0	0.0	0	0.0	0	0.0
CL EQUIP DENY/GRANT	1	1	100.0	0	0.0	0	0.0	0	0.0
CL INITIAL TTD	2	2	100.0	0	0.0	0	0.0	0	0.0
CL OIC TRMT DENY	1	1	100.0	0	0.0	0	0.0	0	0.0
CL REJ OCC DISEASE	1	1	100.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	8	5	62.5	3	37.5	0	0.0	0	0.0
CL SEC.CONDITION	11	7	63.6	3	27.3	0	0.0	1	9.1
CL SI %AWARD DNY/GNT	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI ADD% AWARD D/G	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI CLSING THE CLM	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI DENY/GRANT PTD	1	0	0.0	1	100.0	0	0.0	0	0.0
CL SI REJECT CLAIM	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI SL CATEGORY	1	0	0.0	1	100.0	0	0.0	0	0.0
CL SI TRMT DENY	11	9	81.8	2	18.2	0	0.0	0	0.0
CL SPL CATEGORY	3	3	100.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	24	19	79.2	4	16.7	0	0.0	1	4.2
CL TRMT GRANT	1	0	0.0	0	0.0	0	0.0	1	100.0
<b>Totals</b>	<b>102</b>	<b>78</b>	<b>76.5</b>	<b>21</b>	<b>20.6</b>	<b>0</b>	<b>0.0</b>	<b>3</b>	<b>2.9</b>

Dispositions By Issue  
BOR Orders Mailed From November 1, 2012 Thru November 30, 2012

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	5	0	0.0	1	20.0	4	80.0	0	0.0	0	0.0	0	0.0	0	0.0
CL % BOARD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ADD BOARD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ADDL % AWARD D/G	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
CL BEN. OVERPAYMENT	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	2	1	50.0	0	0.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0
CL COMPENSABILITY	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	2	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DNY/GRNT R/O PPD	3	2	66.7	1	33.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DNY/GRNT R/O PTD	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
CL INITIAL TTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	4	1	25.0	1	25.0	1	25.0	0	0.0	1	25.0	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI CLSING THE CLM	3	1	33.3	2	66.7	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DENY/GRANT PTD	1	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O TTD	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI SEC.CONDITION	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	8	6	75.0	2	25.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI TTD	2	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	15	10	66.7	4	26.7	1	6.7	0	0.0	0	0.0	0	0.0	0	0.0
CL TRMT GRANT	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>57</b>	<b>31</b>	<b>54.4</b>	<b>14</b>	<b>24.6</b>	<b>10</b>	<b>17.5</b>	<b>1</b>	<b>1.8</b>	<b>1</b>	<b>1.8</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL SI INITIAL TTD	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI NON-MED ORDER	2	1	50.0	0	0.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI PRSTS BEN RATE	2	1	50.0	0	0.0	0	0.0	0	0.0	1	50.0	0	0.0	0	0.0
CL SI REJ OCCDISEASE	13	7	53.8	1	7.7	1	7.7	3	23.1	1	7.7	0	0.0	0	0.0
CL SI REJECT CLAIM	29	21	72.4	4	13.8	2	6.9	0	0.0	2	6.9	0	0.0	0	0.0
CL SI SEC.CONDITION	18	16	88.9	2	11.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	74	58	78.4	13	17.6	0	0.0	0	0.0	3	4.1	0	0.0	0	0.0
CL SI TTD	3	1	33.3	2	66.7	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SPL CATEGORY	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	221	171	77.376	19	8.5973	23	10.407	3	1.3575	5	2.2624	0	0	0	0
CL TRMT GRANT	21	14	66.667	5	23.81	0	0	0	0	2	9.5238	0	0	0	0
CL TTD	8	7	87.5	1	12.5	0	0	0	0	0	0	0	0	0	0
CL% SI BOARD FINDING	7	7	100	0	0	0	0	0	0	0	0	0	0	0	0
EM % BOARD FINDING	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0
EM% SI BOARD FINDING	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0
Totals	1033	772	74.734	118	11.423	94	9.0997	14	1.3553	33	3.1946	0	0	2	0.1936

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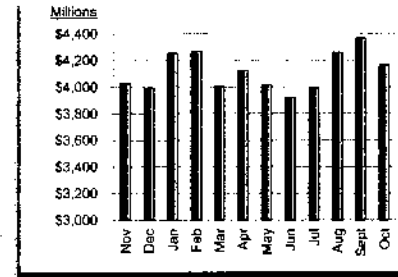
Karl Shanholtzer,  
CIA, CPA

## Total Net Assets Under Management

**\$4,160,477,000**

Last Month  
**\$4,362,932,000**

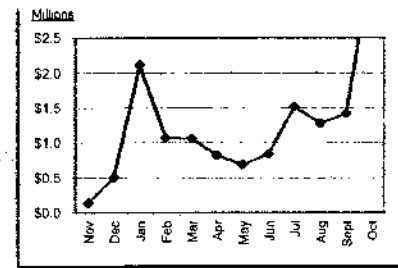
Beginning of Fiscal Year  
**\$3,919,677,000**



Net Assets for the Past 12 Months

## Total Net Income & Gains

Fiscal Year  
**\$7,784,000**



Net Income (Loss) for the Past 12 Months

## Money Market Pools

As of October 31, 2012

Pool	1-Day Yield *	7-Day Yield *	30-Day Avg. Yield *	W.A.M. **	Net Assets
WV Money Market	.1550%	.1528%	.1545%	51 Days	\$2.7 Billion
WV Gov't Money Market	.1290%	.1162%	.1184%	54 Days	\$332.8 Million

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

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