

(President Kessler presides)

**AGENDA**  
**JOINT COMMITTEE ON GOVERNMENT AND FINANCE**  
**June 22, 2013**

**1:00 - 2:00pm**

**Wheeling, WV**

1. **Approval of May 22, 2013, minutes**
2. **Committee Reports/Requests**
3. **Monthly/Quarterly Reports Distribution:**  
Status Reports on Lottery and 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**

**JUNE INTERIM ATTENDANCE**  
**Legislative Interim Meetings**  
**June 19, 20, and 21, 2013**

Friday, June 21, 2013  
1:00 PM -- 2:00 PM

Joint Committee on Government and Finance

Independence Hall

Senate

Kessler, Chair  
 Palumbo  
 Plymale  
 Prezioso  
 Unger  
 Barnes  
 Hall, M.

House

Thompson, Chair *Miley*  
 Boggs  
 Caputo  
 Miley *Monahan*  
 White  
 Armstead  
 Cowles

Citizen Members

I certify that the attendance as noted above is correct.

  
\_\_\_\_\_  
Staff Person

Marlene Elliott

**Please return to Brenda in Room 132-E or Fax to 347-4819 ASAP, due to payroll deadline.**

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

May 22, 2013

1:00pm - 2:00pm

### **Senate**

Kessler, Chair  
Palumbo  
Plymale  
Prezioso  
Unger (Absent)  
Hall (Absent)

### **House**

Thompson, Chair  
Boggs  
Caputo  
Miley  
White  
Armstead (Absent)  
Cowles

### **Speaker Thompson presides:**

Speaker Thompson: "The committee will come to order. The first item on the agenda is the approval of the February 12<sup>th</sup> minutes. Mr. President so moved the minutes be approved, discussion, all in favor say aye, opposed, the ayes have it."

Speaker Thompson: "Next we have the 2013 Interim Studies". Mr. President: "I so move that the President and Speaker of the House be authorized to jointly establish the interim committees and subcommittees as deemed appropriate and to appoint as many members as desired to any committee or subcommittee other than statutory and standing committees. Question on the motion, discussion, all in favor say aye, opposed, the ayes have it."

Mr. President: "I also move Mr. Speaker that the interim committee and subcommittees established by the President and the Speaker of the House and interim committees established by statute and all joint standing committees be authorized to meet during the 2013 Interim Period. Question on the motion, discussion, all in favor say aye, opposed, the ayes have it."

Mr. President: "Mr. Speaker I moved that the President and the Speaker be authorized jointly assign study topics to the interim committees as they deem appropriate. Question on the motion, discussion, all in favor say aye, opposed, the ayes have it."

Speaker Thompson: "I want everyone to know that the Legislative Manager will provide this list to the general public via the Legislature's web site and through the Legislature's normal emails hopefully by the end of this week."

Mr. President: "I move that all committees, subcommittee and commissions meeting during the interim period for which there are an unequal number of Delegates and Senators, that all motions considered must be adopted by a separate majority vote of the committee members from each legislative body. Question on the motion, discussion, all in favor say aye, opposed, the ayes have it."

Mr. President: "I move that the following dates be approved for Interim Meetings: June 19-21; July 22-24; August 19-21; September 23-25; October 21-23; November 18-20; December 9-11 and January 5-7, 2014. Question on the motion, discussion, all in favor say aye, opposed, the ayes have it."

Speaker Thompson: "Move committee reports or requests, are there any of those? The monthly, quarterly reports and distribution are in your files. First on the Agenda is Workforce WV Unemployment Compensation Trust Fund, Mr. Russell Fry."

Mr. Russell Fry, Executive Director of Workforce WV: "Mr. President, Mr. Speaker, and Committee members, thank you for having us over for this final reporting of the trust fund for this year. We anticipate revenues of \$231,077,000. Benefits paid out \$256,216,000 and end of the year \$82,026,000. The trust fund balance as of yesterday was \$139,618,083.44."

Speaker Thompson: "Any questions?"

Mr. President: "Thank you. Mr. Fry do you anticipate this number as being one of the lowest we have had over the last two years. Do you expect this to be a temporary trend or trending back up or periods which it will be up and down?"

Mr. Fry: "We started a downward trend of a little bit last year in May through the end of the year. January of this year the trend started to go back in the other direction. Its again, I can't predict the exactly the future as the trends are going right now, the trends are going back in a positive direction. The initial claims are down. The continued claims are coming down, the revenues are starting to come up. Again, its slow but it is in a positive direction right now."

Mr. President: "Thank you."

Speaker Thompson: "Next is the Monthly Quarterly Reports from Mr. Ross Taylor, Secretary of Finance and Administration."

Mr. Ross Taylor, "Good afternoon. I believe you all have been provided the packet of information on the PEIA, BRIM, CHIP and Real Estate reports. Overall things are trending pretty well this year. If there is any specific questions, I'll answer them or I can go over each individual one but overall there is really nothing."

Speaker Thompson: "Any questions from the Committee members regarding either PEIA, BRIM, CHIP or the Real Estate reports? If not, thank you."

Speaker Thompson: "Next on the Agenda is the Medicaid report, Nancy Atkins, Commissioner."

Tina Bells: "Commissioner Adkins is traveling so I am here on here behalf. I'm Tina Bells, I'm the Deputy Commissioner of Medicaid. I believe you have the Medicaid report in your information and if you have any questions, I'd be happy to take those."

Delegate Cowles: "Thank you Mr. Speaker. Since we were last together in the Legislature, the Governor has decided to expand Medicaid. If I recall, Governor had written HHS a letter some time ago, a year or year half ago perhaps a long list of questions. Were those questions ever answered in written form? Can I have a copy?"

Tina Bells: "I don't believe they were answered in total, I think there was some. There was a letter that issued from the Secretary of HHS to all Governors to all States. I can provide that information. I can get that to you if you would like to have that information?"

Delegate Cowles: "What I am looking for is some assumptions that is built into the Medicaid expansion report that came out. There are certain assumptions that are built in there that are liability or cost to WV. Some of the questions that the Governor proposed to HHS included some flexibility. For example, can we opt out in future years or can we charge co-pays and those can of things. I have never seen those answers from HHS. Are they provided in that blanket answer that you're going to be able to get to me?"

Tina Bells: "Actually, yes. There was an interim regulation that has been issued in terms of the ability to assess co-pays to the expansion population and to actually all of the Medicaid population. They are not final yet, but there are provisions in there which the State's have the option to stipulate different tiers of co-pays and coinsurance or to services. So there are certainly options available to do that."

Delegate Cowles: "I just got my packet of information. Are there costs in here. The Budget report that we just did for this year has a six-year outlook. In that six-year outlook that we just dealt with in the regular session did not include the expansion of Medicaid. Does this report that I have today include your updated numbers for the administrative cost of Medicaid expansion and the state cost for Medicaid expansion in the coming years?"

Tina Bells: "No. The report that you have in your packet is the actual Medicaid expenditures and the cash outlays through March of this year. We have updated our six-year projections. We have incorporated the expansion cost in those numbers and so we are waiting now on some additional information regarding tax collections because with the addition of the expansion population that will occur on 1/1/14, there will be certain services that are still subject to provider tax that will generate additional revenue for the program. We do have preliminary numbers. We have included the service cost for the expansion population in those numbers and for the first, up until 12/31/16 there will be no state costs in terms of service but there will be some administration costs that we will need to factor into our budget."

Delegate Cowles: "Is that included in your updated six-year outlook?"

Tina Bells: "Yes. Our six-year outlook does provide that information. Yes."

Delegate Cowles: "Can I get a copy of this?"

Tina Bells: "Certainly."

Delegate Cowles: "Thank you Mr. Speaker."

Delegate Boggs: "Thank you Mr. Speaker. Could I inquire as to what the status of the Medicaid Title XIX Waiver Program is? How many vacant slots that we have right now? How many closures? That type of information for the aged and disabled?"

Tina Bells: "For the aged and disabled - We actually prepare a report that we submit to the LOCHRA Committee and it might be beneficial to provide you with that information. In terms of the current of the Aged and Disabled Waiver, number of individuals served year-to-date is 7,053 of which we have the ability to serve up to 7,210. However 100 of those slots are reserved for MFP participants. So there is roughly what 57 or 60 slots are currently being offered to individuals who are on the Managed Enrollment List."

Delegate Boggs: "How many are on the Managed Enrollment List?"

Tina Bells: "Currently through March there were 2,012 individuals who had met medical necessity. They have not gone on and been determined if they would meet financial eligibility. Historically about 60% of the individuals who are medically necessary or who meet the medical necessity requirements go on and then become financially eligible. So roughly, 1200 individuals would be potentially deemed eligible if there was a slot available."

Delegate Boggs: "But you are estimating that. But in actuality there are 2,012 on the waiting list. Right?"

Tina Bells: "Yes, who have met medical necessity only."

Delegate Boggs: "So they have filled out. They have had the PAS form filled out and met medical eligibility. So would that not make them, right now today nursing home eligible?"

Tina Bells: "It would depend to because nursing home eligibility that would still have to meet that financial requirement. So, yes they are medically necessary but there is also a financial component of that as well."

Delegate Boggs: "My question is. Whatever the number would be that were deemed financially eligible. That same number would be eligible to go into a nursing home as well as for in-home care. Which is my understanding is substantially higher in a nursing home in-cost to the state than it is to be served in home. Do you agree with that?"

Tina Bells: "Yes sir, your assumptions are correct."

Delegate Boggs: "Do you have any projections for where this waiting list is going to go? I mean as far as numbers, what do you project it to be?"

Tina Bells: "Right now we currently have approximately 157 individuals who are being added to the enrollment list monthly. In determining each year, each July 1 the new waiver period starts. So those individuals who have closed their slots from the current year would then open up additional opportunities for those individuals to be enrolled in the subsequent year. We will be waiting and evaluating that in determining how many slots will offered to those individuals on the wait list."

Delegate Boggs: "I just have one more question and I want to make sure that

I am understanding it. If an individual is being served on the Agency Disabled Waiver Program, whatever the reason would be, and they go off the program. How long is it until that slot can be filled."

Tina Bells: "Not until the beginning of the next waiver period and that starts for this waiver on July 1."

Delegate Boggs: "So literally, if anytime after July 1 if someone vacates the program for whatever reason, there is no chance of even filling that position until July 1."

Tina Bells: "Correct."

Delegate Boggs: "Is that a rule that we have set up or is that a rule that CMS has set up?"

Tina Bells: "CMS."

Delegate Boggs: "Have we asked for a waiver from CMS to that rule?"

Tina Bells: "We actually haven't asked for a waiver. We have had conversations with them several years ago about how to apply that in terms of that unduplicated count which is difficult in terms of understanding if a person is not using the current position, why you could not. And CMS has basically interpreted that federal regulation as meaning that once that person uses or is assigned that slot and accesses one day of service, then that slot is gone. Now, what CMS does allow if the state's certifies that you have the state funding that you could increase your slots all the way up until June 30 of the current waiver period, which as money has been appropriated or things have changed, we have done and we have made amendments to our slot projections."

Delegate Boggs: "To your knowledge are there any additional closures or slots that have not been filled that are basically kind in some kind of administrative holding pattern. Is this 2012 number, could that literally be if somebody goes back and does a few counts back at the office it could turn into 2,600 or 2,700. Like within a week or two?"

Tina Bells: "My understanding is that, the 2012 number is good a number in terms of medical necessity and they are working through those current positions or slots that can be offered to those that are on the enrollment list. It is process that takes some time because information is sent out to the individual notifying that they are eligible and then they have to go to the county



offices and be deemed financially eligible and move forward. Its going through the process now to assign those slots that we currently have available. Its just a lengthy process."

Delegate Boggs: "Thank you Mr. Chairman."

Speaker Thompson: "Further questions? If not, thank you."

Speaker Thompson: "Next on the Agenda is the Investment Management Board, Executive Director Craig Slaughter."

Mr. Slaughter: "Hello Gentlemen. Craig Slaughter, Executive Director of the WV Investment Management Board. You have the March 31 report in your packets. The numbers are great. The market has been good to us both equity and fixed incomes are kind of down but the equity centric plans are up over 13% and that even the non-equity centric insurance plans and others have done really well ranging from 3% to 3.4% up to 13.2% depending. Most of them are around 7% to 8% range which is really good given their the low levels of equity in those portfolios. Over ten years the DB plans are looking at 8.8%, 8.9% returns which is great given the 7.5% return hurdle. We don't have April numbers finalized yet but I can tell you our estimates are going to be up another 2% in April and they look reasonably good so far as well. We are guardedly hopeful that the rest of the fiscal year is very positive for the portfolios."

Speaker Thompson: "Thank you. Any questions from the members of the Committee? Delegate White."

Delegate White: "Craig, did I read something in the paper or was that you or not you or our Investment Management Board or somebody that maybe suing an investment firm. Can you comment on that or can you not?"

Mr. Slaughter: "Yes, there was an article in the paper this morning. Mr. Kabler actually wrote the article. We had an emergency meeting yesterday to talk about the potential litigation against a Dutch company called Royal Emteck. I can't talk a lot about the details because obviously it is a litigation issue. We run into these things periodically. In the US we have this mechanism that allows for litigation to take place. We really play a passive role where we just, where our custody bank files a claim in class action litigation. It's an opt out situation. If you are within the class you're included in the litigation whether you do anything or not. All you have to do at the end of the litigation is make sure your administrator is aware of your claim and you get your pro-rata share."

In foreign jurisdictions they don't have this class action mechanism, so you have to be a little more proactive and opt in so to speak if you find a situation where potential fraud is taking place. In this case we think there is some accounting irregularities that are essentially fraud. They misled investors, us included and we were damaged as a result so we are pursuing our rights."

Delegate White: "Can you comment about what type of impact that have upon our funds."

Mr. Slaughter: "The calculations, although to be sure when you get into litigation, they are multiple ways to calculate damages but the damages to us is approximately \$925,000."

Delegate White: "So that size funds we got, I mean \$925,000 is a significant amount of money, but that would kind of small."

Mr. Slaughter: "You and me it is huge but for us it is relatively small. Just to give you an idea, over \$14B under management now. As of the end of March it was \$14.5B under management and it is more than that now. Less than a \$1M in losses is actually a pretty small damage. We run across these securities fraud issues. There are probably 200 filed in the country every year so where in that neighborhood. We would have losses in a fair number of those. If they are under a \$1M, sometimes we have the opportunity to get actively involved even in the US. We have done that on occasion, but its got to be close to a \$1M before we consider getting actively involved. It is just too much work on our part to do that. In these non-foreign jurisdictions the mechanisms are set up in such a way even at this level, even though it is marginal from a law standpoint for active involvement, the involvement by the Investment Management Board will not be very significant because of the way they handle their cases over there. What I mean by that is the government itself does most of the discovery and the fact discovery which is what causes a lot of the burden in the US. For us its not a difficult proposition."

Delegate White: "A small foreign company like that, do you do your own due diligence on that? How do arrive on who you are going to do business with them or not?"

Mr. Slaughter: "We work through investment managers. We hire external investment managers to buy and sell securities. They are reasonable for whatever due diligence is appropriate. If there is fraud, if they are misrepresenting their accounting statements, which is what happened in this case. There is almost no way to discover that essentially if they are lying about

what they are doing. There is no way to discover that. No matter who you are, you have to rely on the information produced by the company because they are the only ones who have access to that information and that's what the securities laws are set up to do."

Delegate White: "I appreciate that. Thank you."

Speaker Thompson: "Next on the Agenda, is Worker's Compensation, Commissioner Riley."

Mr. Riley: "Good Afternoon Mr. President, Mr. Speaker, Committee Members, Mike Riley, Insurance Commissioner. You should have a copy of our Worker's Comp report and the various funds associated. Each continue to trend as you would expect. Month end April, the old fund balance or the number of active claims is 17,128; 930 for the Coal Workers Fund, and only 33 for the uninsured fund. April 30<sup>th</sup> cash statement operating revenues of \$207M, Investment Returns \$75M, for Total revenue is \$283M and our Claims Expenditures so far for the year to date have been \$172M. We have added \$111M to the Cash Fund Basis. Ended April with \$1,054,000,000 in the Old Fund."

Speaker Thompson: "Any questions of Mr. Riley? If not, thank you."

Speaker Thompson: "The Board of Treasury reports are in your files, in your folders. Any other business come before the Committee? If not, Mr. President moves we adjourn. All in favor say aye. Ayes. Oppose? The ayes have it, I declare the meeting 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*

June 14, 2013

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

- West Virginia Lottery as of April 30, 2013:  
Gross profit for July 1, 2012 – April 30, 2013 of fiscal year 2013 is \$ 487 million.
- West Virginia Unemployment Compensation Fund as of April 30, 2013:  
Total disbursements were \$13.2 million more than this time period last fiscal year. Overall ending trust fund balance was \$ 3.6 million lower on April 30, 2013, than on April 30, 2012.
- General Revenue Fund as of May 31, 2013:  
The general revenue collections are at 99.44% of the estimate.
- State Road Fund as of May 31, 2013:  
The state road fund collections are 101.77% 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: June 7, 2013

Re: Review of West Virginia Lottery Financial Information  
As of April 30, 2013

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for the month ending April 30, 2013 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 \$ 1,106,715,000.00 on April 30, 2013. Table games accounted for \$60 million of this total. Historic Resort Hotel video lottery and table games accounted for \$ 6.2 million of total gross receipts. Gross lottery revenue has decreased by 9.12% when compared with July - April 2012 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 - April 2013 was \$ 487 million; for last fiscal year it was \$ 538 million. Expressed as a percentage, gross

profit is 9.34% lower for July - April 2013 than for July - April 2012.

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

A total of \$ 461,188,000.00 has been accrued to the state of West Virginia for July - April 2013 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	\$42,834,000.00
Community and Technical College	\$4,995,000.00
Department of Education	\$30,612,000.00
Library Commission	\$12,186,000.00
Higher Education-Central Office	\$7,889,000.00
Tourism	\$7,364,000.00
Department of Natural Resources	\$3,398,000.00
Division of Culture and History	\$5,903,000.00
Economic Development Authority	\$10,000,000.00
Department of Education and Arts	\$1,840,000.00
School Building Authority	\$17,997,000.00
<b><u>SUBTOTAL BUDGETARY TRANSFERS</u></b>	<b>\$145,018,000.00</b>

**Excess Lottery Fund**

General Purpose Fund	\$ 65,000,000.00
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Lottery

Lottery continued

Economic Development Fund	\$18,990,000.00
Higher Education Improvement Fund	\$15,000,000.00
WV Infrastructure Council Fund	\$46,000,000.00
Higher Education Improvement Fund	\$29,000,000.00
Refundable Credit	\$8,570,000.00
WV Racing Commission	2,000,000.00
Department of Education	0.00
State Park Improvement Fund	\$5,000,000.00
School Building Authority	\$18,993,000.00
Excess Lottery Surplus	0.00
Total State Excess Lottery Revenue Fund	<b>\$ 208,553,000.00</b>

Historic Resort Hotel Distributions:

State General Revenue Fund	1,862,000.00
State Debt Reduction Fund	553,000.00
Tourism Promotion Fund	87,000.00
Total Historic Hotel	\$2,502,000.00

Veterans Instant Ticket Fund \$319,000.00

Table Games State Debt Reduction Fund \$ 29,114,000.00

RACETRACK VIDEO LOTTERY TRANSFERS:	
Tourism Promotion Fund 1.375%	\$6,930,000.00
Development Office Promo Fund	\$1,890,000.00
Research Challenge Fund .5%	\$2,520,000.00
Capitol Renovation and Improvement Fund .6875%	\$3,465,000.00
Parking Garage Fund .0625%	\$315,000.00

Lottery continued

Parking Garage Fund 1%	\$500,000.00
Cultural Facilities and Cap. Resources Fund .5%	\$1,500,000.00
Capitol Dome & Cap. Improvements Fund .5%	\$3,040,000.00
Workers Compensation Debt Reduction Fund 7%	\$11,000,000.00
<b>SUBTOTAL VIDEO LOTTERY TRANSFERS:</b>	<b>\$31,160,000.00</b>
<b>TOTAL TRANSFERS</b>	<b>*\$431,402,000.00</b>

\* CASH BASIS

Total Accrued last FY 2012:	\$ 216,819,000.00
Total Cash Distributions FY 2013:	431,402,000.00
Applied to FY 2012:	216,819,000.00
Applied to FY 2013:	214,583,000.00
Accrued for FY 2013 as of April 30:	246,605,000.00





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 April 30, 2013

DATE: May 18, 2013

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

Financial statements of the Lottery for the month ending April 30, 2013 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$109,440,132 for the month of April.

Transfers of lottery revenue totaling \$52,227,134 made for the month of April 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 April 30, 2013 was 1,589 and 1,526 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

## MEMORANDUM

TO: Joint Committee on Government and Finance

FROM: John C. Musgrave, Director

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Members of the West Virginia Lottery Commission



**WEST VIRGINIA LOTTERY**

**STATE OF WEST VIRGINIA**

**FINANCIAL STATEMENTS  
-UNAUDITED-**

**April 30, 2013**

**WEST VIRGINIA LOTTERY**

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

	April 30, 2013	June 30, 2012
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 263,500	\$ 241,538
Accounts receivable	41,618	36,671
Inventory	487	510
Other assets	2,088	2,275
Total Current Assets	<u>307,693</u>	<u>280,994</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	1,640	2,373
Capital assets	46,846	46,816
Less accumulated depreciation and amortization	<u>(6,281)</u>	<u>(4,531)</u>
Net Capital Assets	<u>40,565</u>	<u>42,285</u>
Total Noncurrent Assets	<u>42,205</u>	<u>44,658</u>
Total Assets	<u>\$ 349,898</u>	<u>\$ 325,652</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 246,605	\$ 216,819
Deferred LVL permit fees	-	-
Estimated prize claims	14,854	13,372
Accounts payable	1,552	3,238
Other accrued liabilities	34,912	40,248
Total Current Liabilities	<u>297,923</u>	<u>273,677</u>
Total Liabilities	<u>297,923</u>	<u>273,677</u>
Net Assets:		
Invested in capital assets	40,565	42,285
Unrestricted	9,770	8,000
Restricted assets ( see note 12)	1,640	1,690
Total Net Assets	<u>51,975</u>	<u>51,975</u>
Total Liabilities and Net Assets	<u>\$ 349,898</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 TEN MONTH PERIOD ENDED APRIL 30, 2013**  
(In Thousands)  
-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2013	2012	2013	2012
Lottery revenues				
On-line games	\$ 6,023	\$ 6,488	\$ 69,543	\$ 70,501
Instant games	9,677	8,571	92,086	96,255
Racetrack video lottery	53,908	66,691	544,885	640,773
Limited video lottery	34,244	34,917	333,858	339,125
Table games	5,078	6,452	60,086	65,277
Historic resort	509	648	6,257	5,813
	<u>109,439</u>	<u>123,767</u>	<u>1,106,715</u>	<u>1,217,744</u>
Less commissions				
On-line games	433	463	4,883	4,939
Instant games	677	600	6,446	6,739
Racetrack video lottery	29,679	36,067	310,611	361,961
Limited video lottery	16,779	17,109	163,591	166,171
Table games	2,217	2,773	26,234	28,051
Historic resort	262	338	3,078	3,004
	<u>50,047</u>	<u>57,350</u>	<u>514,843</u>	<u>570,865</u>
Less on-line prizes	3,029	3,226	34,454	35,648
Less instant prizes	6,415	5,731	61,153	64,234
Less ticket costs	193	341	1,510	1,863
Less vendor fees and costs	760	614	6,959	7,064
	<u>10,397</u>	<u>9,912</u>	<u>104,076</u>	<u>108,809</u>
Gross profit	<u>48,995</u>	<u>56,505</u>	<u>487,796</u>	<u>538,070</u>
Administrative expenses				
Advertising and promotions	369	125	3,846	4,704
Wages and related benefits	949	1,088	9,180	10,592
Telecommunications	58	93	852	669
Contractual and professional	377	653	3,671	4,697
Rental	24	13	187	379
Depreciation and amortization	173	180	1,750	804
Other administrative expenses	116	138	1,203	1,704
	<u>2,066</u>	<u>2,290</u>	<u>20,689</u>	<u>23,549</u>
Other Operating Income	<u>3,807</u>	<u>3,880</u>	<u>6,647</u>	<u>68,274</u>
Operating Income	<u>50,736</u>	<u>58,095</u>	<u>473,754</u>	<u>582,795</u>
Nonoperating income (expense)				
Investment income	24	18	214	140
Capital contribution from State of WV	-	-	-	8,132
Distributions to municipalities and counties	(671)	(684)	(6,544)	(6,647)
Distributions -capital reinvestment	(1,160)	(1,601)	(6,236)	(8,635)
Distributions to the State of West Virginia	(48,929)	(55,828)	(461,188)	(567,653)
	<u>(50,736)</u>	<u>(58,095)</u>	<u>(473,754)</u>	<u>(574,663)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,132</u>
Net assets, beginning of period	51,975	47,204	51,975	39,072
Net assets, end of period	<u>\$ 51,975</u>	<u>\$ 47,204</u>	<u>\$ 51,975</u>	<u>\$ 47,204</u>

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

**WEST VIRGINIA LOTTERY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE TEN MONTH PERIOD ENDED APRIL 30, 2013**

(In Thousands)

-Unaudited-

	2013	2012
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 1,108,415	\$ 1,214,651
Cash payments for:		
Personnel costs	(9,086)	(9,483)
Suppliers	(10,949)	(13,210)
Other operating costs	(614,461)	(680,068)
Cash provided by operating activities	<u>473,919</u>	<u>511,890</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(431,402)	(515,307)
Distributions to municipalities and counties	(6,510)	(6,575)
Distributions to racetrack from racetrack cap. reinv. fund	(14,962)	(16,077)
Cash used in noncapital financing activities	<u>(452,874)</u>	<u>(537,959)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(30)</u>	<u>(13,027)</u>
Cash flows from investing activities:		
Investment earnings received	<u>214</u>	<u>140</u>
Cash provided by investing activities	<u>214</u>	<u>140</u>
Increase (decrease) in cash and cash equivalents	21,229	(38,956)
Cash and cash equivalents - beginning of period	<u>243,911</u>	<u>270,520</u>
Cash and cash equivalents - end of period	<u>\$ 265,140</u>	<u>\$ 231,564</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 473,754	\$ 582,795
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	1,750	804
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(4,947)	(12,504)
(Increase) decrease in inventory	23	59
(Increase) decrease in other assets	187	36
Increase (decrease) in estimated prize claims	1,482	245
Increase (decrease) in accounts payable	(1,686)	(718)
Increase (decrease) in deferred revenue	0	(58,863)
Increase (decrease) in other accrued liabilities	3,356	36
Cash provided by operating activities	<u>\$ 473,919</u>	<u>\$ 511,890</u>

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

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

**NOTE 1 - LEGISLATIVE ENACTMENT**

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

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

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

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

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

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



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

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

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

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

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

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

**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 April 30, 2013 the carrying amounts of deposits (overdraft) with financial institutions were \$1,420 thousand with a bank balance (overdraft) of \$1,439 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):

	April 30, 2013	June 30, 2012
Deposits with financial institutions	\$ 1,420	\$ 477
Cash on hand at the Treasurer's Office	50,541	42,350
Investments with BTI reported as cash equivalents	213,179	201,084
	<u>\$ 265,140</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.

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

**NOTE 4 – CAPITAL ASSETS**

A summary of capital asset activity for the month ended April 30, 2013 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2012	Additions	Deletions	Historical Cost At April 30, 2013
Construction in Progress	\$ 519	\$ 30	\$ -	\$ 549
Land	1,434	-	-	1,434
Buildings	38,084	-	-	38,084
Improvements	260	-	-	260
Equipment	6,519	-	-	6,519
	<u>\$ 46,816</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 46,846</u>

Accumulated Depreciation:

	Historical Cost At June 30, 2012	Additions	Deletions	Historical Cost At April 30, 2013
Buildings	\$ 237	\$ 793	\$ -	\$ 1,030
Improvements	260	-	-	260
Equipment	4,034	957	-	4,991
	<u>\$ 4,531</u>	<u>\$ 1,750</u>	<u>\$ -</u>	<u>\$ 6,281</u>

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

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

Each MUSL member sells game tickets through its agents and makes weekly wire transfers to the MUSL in an amount equivalent to the total prize pool less the amount of prizes won in each state. Lesser prizes are paid directly to the winners by each member lottery. The prize pool for POWERBALL®, HOT LOTTO® and MEGA MILLIONS® is 50% of each drawing period's sales, with minimum jackpot levels. The Lottery's revenues and expenses from MUSL games participation for the month ended April 30, 2013 and fiscal year-to-date is as follows:

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

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

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 2,722,566	\$ 38,071,498
Hot Lotto	399,969	3,963,111
Mega Millions	850,251	7,509,993
Total	\$ 3,972,786	\$ 49,544,602

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,361,283	\$ 19,035,798
Hot Lotto	199,985	1,981,621
Mega Millions	432,737	3,862,510
Total	\$ 1,994,005	\$ 24,879,929

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 April 30, 2013, the Lotteries share of the prize reserve fund balances were as follows:

Game	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 113,873,522	\$ 1,996,689
Hot Lotto	7,622,327	507,549
Mega Millions	26,551,394	449,896
Total	<u>\$ 148,047,243</u>	<u>\$ 2,954,134</u>

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

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

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

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

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of \$19,990,848 at April 30, 2013, of which the Lottery's share was \$1,606,742.

**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 April 30, 2013 and fiscal year-to-date follows (in thousands):

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

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

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Total credits played	\$ 606,004	\$ 733,782	\$ 6,070,657	\$ 7,056,291
Credits (prizes) won	(544,398)	(658,623)	(5,450,592)	(6,337,469)
Promotional credits played	(7,669)	(8,426)	(74,855)	(77,653)
MWAP Contributions	(29)	(42)	(325)	(396)
Gross terminal income	53,908	66,691	544,885	640,773
Administrative costs	(1,026)	(971)	(15,662)	(16,989)
Net Terminal Income	52,882	65,720	529,223	623,784
Less distribution to agents	(29,679)	(36,067)	(310,611)	(361,961)
Racetrack video lottery revenues	<u>\$ 23,203</u>	<u>\$ 29,653</u>	<u>\$ 218,612</u>	<u>\$ 261,823</u>

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

	April 30, 2013	Year-to-Date
State Lottery Fund	\$ 7,385	\$ 113,967
State Excess Lottery Revenue Fund	12,717	67,281
Capital Reinvestment Fund	1,140	6,014
Tourism Promotion Fund 1.375%	674	6,995
Development Office Promotion Fund .375 %	184	1,908
Research Challenge Fund .5 %	245	2,544
Capitol Renovation & Improvement Fund .6875 %	337	3,498
Parking Garage Fund .0625 %	31	318
Parking Garage Fund 1 %	-	500
Cultural Facilities & Capitol Resources Fund .5 %	-	1,500
Capitol Dome & Capitol Improvements Fund .5 %	490	3,087
Worker's Compensation Debt Reduction Fund 7 %	-	11,000
Total nonoperating distributions	<u>\$ 23,203</u>	<u>\$ 218,612</u>

**NOTE 7 - LIMITED VIDEO LOTTERY**

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

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

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

distributed to counties and incorporated municipalities in the manner prescribed by the statute. The remaining amount of gross profit is paid to retailers and/or operators as prescribed in the Act, and is recorded as limited video lottery commissions in the financial statements. Municipal and county distributions are accounted for as nonoperating expenses. A summary of limited video lottery revenues for the month ended April 30, 2013 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Total credits played	\$ 403,752	\$ 411,959	\$ 3,954,895	\$ 3,996,236
Credits (prizes) won	(369,508)	(377,042)	(3,621,037)	(3,657,111)
Gross terminal income	\$ 34,244	\$ 34,917	\$ 333,858	\$ 339,125
Administrative costs	(685)	(698)	(6,676)	(6,783)
Gross Profit	33,559	34,219	327,182	332,342
Commissions	(16,779)	(17,109)	(163,591)	(166,171)
Municipalities and Counties	(671)	(684)	(6,544)	(6,647)
Limited video lottery revenues	<u>\$ 16,109</u>	<u>\$ 16,426</u>	<u>\$ 157,047</u>	<u>\$ 159,524</u>

**NOTE 8 – TABLE GAMES**

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

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

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



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

**NOTE 8 – TABLE GAMES (continued)**

- 1) Transfer four percent into a special fund to be established by the Racing Commission to be used for payment into the pension plan for all employees of each licensed racing association;
- 2) Transfer ten percent, to be divided and paid in equal shares, to each county commission in the state where table games are not located;
- 3) Transfer ten percent, to be divided and paid in equal shares, to the governing bodies of each municipality in the state where table games are not located; and
- 4) Transfer seventy-six percent to the State 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 April 30, 2013 and fiscal year-to-date were \$14,508,614 and \$171,672,874, 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	\$ 5,078	\$ 6,452	\$ 60,086	\$ 65,277
Interest on Table Games Fund	-	-	5	4
Administrative costs	(435)	(737)	(5,150)	(7,460)
Total Available for Distribution	<u>4,643</u>	<u>5,715</u>	<u>54,941</u>	<u>57,821</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	363	461	4,292	4,663
Thoroughbred & Greyhound Development Funds	290	369	3,434	3,730
Racing Association Pension Plan	128	155	1,511	1,567
Municipalities/ Counties	<u>1,436</u>	<u>1,788</u>	<u>16,997</u>	<u>18,091</u>
Total Distributions	<u>2,217</u>	<u>2,773</u>	<u>26,234</u>	<u>28,051</u>
State Debt Reduction Fund	<u>\$ 2,426</u>	<u>\$ 2,942</u>	<u>\$ 28,707</u>	<u>\$ 29,770</u>

**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

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

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

(10%) surcharge which is allocated to separate capital reinvestment funds for each licensed historic resort hotel. The remaining forty-two and three-tenths percent (42.3%) of gross terminal income is retained by the historic resort hotel. A summary of historic resort hotel video lottery revenues for the month ended April 30, 2013 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Total credits played	\$ 3,962	\$ 5,696	\$ 53,905	\$ 58,633
Credits (prizes) won	(3,571)	(5,200)	(49,352)	(54,202)
Promotional credits played	(38)	(36)	(582)	(375)
MWAP Contributions	(1)	-	(9)	-
Gross terminal income	352	460	3,962	4,056
Capital reinvestment	(17)	(22)	(186)	(191)
Administrative costs	(18)	(25)	(213)	(218)
Modernization Fund	(3)	(4)	(36)	(37)
Hotel commissions	(149)	(195)	(1,676)	(1,716)
Net terminal income	165	214	1,851	1,894
Historic Resort Hotel Fund	105	136	1,177	1,205
Human Resource Benefit Fund	60	78	674	689

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 April 30, 2013 and fiscal year-to-date were \$449,645 and \$6,556,041, respectively.

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

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Table games privilege tax	\$ 157	\$ 188	\$ 2,295	\$ 1,757
Administrative Costs	(20)	(24)	(295)	(226)
Total Available for Distribution	137	164	2,000	1,531
Historic Resort Hotel Fund	115	137	1,672	1,280
Human Resource Benefit Fund	22	27	328	251

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

**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	\$ 105	\$ 1,177
Historic Resort Table Games	115	1,672
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	220	2,849
Municipalities/ Counties	31	400
State General Revenue Fund	140	1,823
State Debt Reduction Fund	42	541
State Tourism Promotion Fund	7	85
Total Distributions	<u>\$ 220</u>	<u>\$ 2,849</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 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

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

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

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 April 30, 2013 the Lottery made such distributions and accrued additional distributions of \$44,352,253. 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 April 30, 2012, the Lottery accrued additional distributions relating to racetrack video lottery, table games, and historic resort operations of \$627,849, \$2,426,158, and \$188,655, 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>April 30, 2013</u>	<u>Year-to-Date</u>
<u>Revenue Center Construction Fund:</u>		
General Revenue Fund	\$ 14,736	\$ 14,736
 <u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 4,995
Bureau of Senior Services	-	42,834
Department of Education	-	30,612
Library Commission	-	12,186
Higher Education-Policy Commission	-	7,889
Tourism	-	7,364
Natural Resources	-	3,398
Division of Culture & History	-	5,903
Department of Education & Arts	-	1,840
Economic Development Authority	1,000	10,000
School Building Authority	1,800	17,997
Total State Lottery Fund	<u>\$ 3,300</u>	<u>\$ 145,018</u>

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

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

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 1,899	\$ 18,990
Higher Education Improvement Fund	1,500	15,000
General Purpose Account	-	65,000
Higher Education Improvement Fund	-	29,000
State Park Improvement Fund	1,862	5,000
School Building Authority	1,899	18,993
Refundable Credit	2,518	8,570
WV Racing Commission	2,000	2,000
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	17,133	46,000
Total State Excess Lottery Revenue Fund	\$ 28,811	\$ 208,553
Total Budgetary distributions:	\$ 46,847	\$ 368,307
Veterans Instant Ticket Fund	\$ 41	\$ 319

Other Racetrack Video Lottery distributions:

Tourism Promotion Fund 1.375%	\$ 641	\$ 6,930
Development Office Promotion Fund .375%	175	1,890
Research Challenge Fund .5%	233	2,520
Capitol Renovation & Improvement Fund .6875%	320	3,465
Parking Garage Fund .0625 %	29	315
Parking Garage Fund 1 %	-	500
Cultural Facilities & Cap. Resources Fund .5%	-	1,500
Capitol Dome & Cap. Improvements Fund .5%	466	3,040
Workers Compensation Debt Reduction Fund 7%	-	11,000
Total	\$ 1,864	\$ 31,160
Table Games State Debt Reduction Fund	\$ 3,297	\$ 29,114

Historic Resort Hotel distributions:

State General Revenue Fund	\$ 133	\$ 1,862
State Debt Reduction Fund	40	553
Tourism Promotion Fund	6	87
Total	\$ 179	\$ 2,502

Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 52,228	\$ 431,402
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Accrued nonoperating distributions, beginning	(249,904)	(216,819)
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Accrued nonoperating distributions, end	246,605	246,605
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	\$ 48,929	\$ 461,188
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**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**-Unaudited-**

**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 fiscal year-to-date ended April 30, 2013 and April 30, 2012 approximated \$186,993 and \$378,597 respectively.

The Lottery leases office space under the terms of a non-cancellable operating lease to various tenants. Rental revenues for the fiscal year-to-date ended April 30, 2013 and April 30, 2012 were \$1,160,507 and \$795,588, respectively. Future rental receipts (in thousands) are as follows:

Year Ended June 30	Rental Receipts
2013	\$ 151
2014	923
2015	232
Total	<u>\$ 1,306</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, 2011 and June 30, 2010 were as follows:

	<u>June 30, 2012</u>	<u>June 30, 2010</u>
Beginning balance	\$ 2,039	\$ 8,355
Additions		
Legislative appropriations	9,645	
Interest earned on restricted net assets	-	
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 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 12.5% 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 April 30, 2013 and fiscal year-to-date are as follows (in thousands):

	April 30, 2013	Year-to-Date
Lottery contributions	\$ 160	\$ 969
Employee contributions	27	287
Total contributions	\$ 187	\$ 1,256

**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 privatized business entity, BrickStreet Mutual Insurance Company (BrickStreet), established January 1, 2006, and named the administrator of former state workers' compensation fund activities. BrickStreet is paid a monthly administrative fee and rated premium to provide compensations for injuries sustained in the course of employment. The monthly administrative fee for the Lottery has been set at levels consistent with prior year payments and any rate or premium increases will be established on an experience rated basis.

The Lottery participates in the BrickStreet experience rated pool, which is rate adjusted on a quarterly basis. The BrickStreet risk pool retains all risk related to the compensation of injured employees under the program in exchange for the premiums paid.

**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.



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

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

The Lottery participates in the West Virginia Other Postemployment Benefits Plan (OPEB Plan) of the West Virginia Retiree Health Benefit Trust Fund (Trust), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Employee Insurance Agency (WVPEIA). The OPEB Plan provides retiree post-employment health care benefits for participating state and local government employers. The provisions of the Code of West Virginia, 1931, as amended (the Code), assigns the authority to establish and amend benefit provisions to the WVPEIA board of trustees. The WVPEIA issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to Public Employees Insurance Agency, 601 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: June 7, 2013

Re: Status of General Revenue Fund and State Road Fund as of  
May 31, 2013 (eleventh month fiscal year 2012-2013)

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

The net collections were 99.44% of the estimate for the fiscal year. Total collections were \$21.1 million under the estimate.

Personal Income Tax collections were \$ 43.6 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$ 15.8 million under the estimate for the year.

Severance Tax is \$ 37.6 million under the estimate as of May 31, 2013.

Business and Occupation tax was \$ 3.3 million over the estimate.

Corporate Income and Business Franchise Tax collections were \$8.1 million under the estimate for the fiscal year.

**State Road Fund**

The state road fund collections were 101.77% 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 \$570,493,388.44 as of May 31, 2013.

Balance July 1, 2012	523,689,608.81
Cash flow loan to General Revenue on July 1, 2012. 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 +62,000,000.00
Shortfall Reserve Fund Transfer per WV Code 11B-2-20 (surplus from fiscal year 2012)	28,178,027.35
Earnings	+18,625,752.28
Balance May 31, 2013	570,493,388.44

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 360,805,320.75 as of May 31, 2013.

Balance July 1, 2012	327,698,976.68
Earnings	31,674,178.07
Statutory Transfer Medical Malpractice WV Code 33-3-14 and 14A; 11B-2-20	1,432,166.00
Balance May 31, 2013	360,805,320.75

The Special Income Tax Reserve Fund had a zero cash balance as of May 31, 2013.

Balance July 1, 2012	45,019,319.21
Transfer out refunds April 2013 per WV Code 11-21-93	-45,019,319.21
Revenues	-0-
Balance May 31, 2013	-0-

## GENERAL REVENUE FUND FY 2012-2013

FINAL

## By Source and by Month

## Monthly Revenue Estimates

as of May 31, 2013 WVFIMS

	NET		UNDER ESTIMATES	NET		YEARLY OVER
	MONTH	MONTH	VS ACTUAL	YTD	YTD	UNDER ESTIMATES
	ESTIMATES	COLLECTIONS	COLLECTIONS	ESTIMATES	COLLECTIONS	VS ACTUAL
						COLLECTIONS
Personal Income Tax	142,100,000	121,533,276	-20,566,724	1,556,300,000	1,599,972,538	43,672,538
Consumer Sales Tax & Use Tax	97,100,000	97,438,259	338,259	1,112,400,000	1,096,555,055	-15,844,945
Severance Tax	44,000,000	43,091,237	-908,763	421,000,000	383,380,246	-37,619,754
Corp Income /Business Franchise	6,000,000	1,314,084	-4,685,916	200,700,000	192,559,277	-8,140,723
Insurance Tax	3,900,000	3,020,122	-879,878	113,700,000	112,084,990	-1,615,010
Business and Occupation	10,100,000	11,630,322	1,530,322	112,300,000	115,665,522	3,365,522
Tobacco Products Tax	9,170,000	10,009,642	839,642	96,700,000	98,834,050	2,134,050
HB 102 - Lottery Transfers	27,600,000	27,600,000	0	92,600,000	92,600,000	0
Departmental Collections	970,000	1,020,273	50,273	15,820,000	15,301,968	-518,032
Liquor Profit Transfers	1,950,000	1,244,000	-706,000	13,300,000	12,712,475	-587,525
Interest Income	1,000,000	232,410	-767,590	11,000,000	3,341,794	-7,658,206
Senior Tax Credit Reimbur Lot	1,404,000	1,392,728	-11,272	10,000,000	9,963,128	-36,872
Property Transfer Tax	790,000	745,766	-44,234	7,670,000	7,940,675	270,675
Beer Tax and Licenses	950,000	877,931	-72,069	7,560,000	7,386,879	-173,121
Property Tax	290,000	263,358	-26,642	6,000,000	6,046,163	46,163
Miscellaneous Receipts	300,000	474,383	174,383	3,200,000	4,658,934	1,458,934
Miscellaneous Transfers	140,000	0	-140,000	2,350,000	1,271,936	-1,078,064
Liquor License Renewal	21,000	21,054	54	429,000	430,274	1,274
Business Fran Registration Fees	20,000	37,042	17,042	380,000	634,246	254,246
Charter Tax	0	6,861	6,861	0	52,494	52,494
Telecommunications Tax	0	-4,738	-4,738	0	60,516	60,516
Video Lottery Transfers	0	71,273	71,273	0	796,218	796,218
Racing Fees	0	0	0	0	0	0
Estate and Inheritance Tax	0	0	0	0	1,823	1,823
Cash Flow Transfer	0	0	0	0	0	0
<b>TOTALS</b>	<b>347,805,000</b>	<b>322,019,281</b>	<b>-25,785,719</b>	<b>3,783,409,000</b>	<b>3,762,251,200</b>	<b>-21,157,800</b>
Minus Cash Flow Transfer		0			0	
Percent of Estimates		92.59%			99.44%	
<b>TOTALS</b>	<b>347,805,000</b>	<b>322,019,281</b>	<b>-25,785,719</b>	<b>3,783,409,000</b>	<b>3,762,251,200</b>	<b>-21,157,800</b>
Percent of Estimates		92.59%			99.44%	
Collections this day		25,581,620				

Prepared by Legislative Auditor's Office, Budget Division

STATE ROAD FUND FY 2012-2013  
 By Source and by Month  
 Monthly Revenue Estimates as of  
 May 31, 2013 WVFIMS

FINAL

	MONTH ESTIMATES	NET MONTH COLLECTIONS	MONTHLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS
Gasoline & Motor Carrier Rd Tax	35,000,000	34,145,264	-854,736	393,000,000	392,371,688	-628,312
Privilege Tax	14,806,000	18,340,510	3,534,510	158,990,000	171,718,992	12,728,992
Licenses & Registration	7,597,000	9,261,051	1,664,051	76,957,000	75,972,055	-984,945
Highway Litter Control	144,000	106,468	-37,532	1,456,000	1,468,158	12,158
<b>TOTALS</b>	<b>57,547,000</b>	<b>61,853,293</b>	<b>4,306,293</b>	<b>630,403,000</b>	<b>641,530,894</b>	<b>11,127,894</b>
Percent of Estimates		107.48%			101.77%	
Collections this day		26,797,418				

REVENUE SHORTFALL RESERVE FUND 7005, Part A AS OF May 1, 2013: \$566,677,682.47

REVENUE SHORTFALL RESERVE FUND 7006, Part B AS OF May 1, 2013: \$356,458,949.93

PERSONAL INCOME TAX REFUND RESERVE FUND AS OF May 1, 2013: \$26,449,471.52

Prepared by Legislative Auditor's Office, Budget Division

WEST VIRGINIA LEGISLATURE  
Office of the Legislative Auditor



Budget Division  
Building 1, Room 314-West Wing  
1900 Kanawha Blvd. East  
Charleston, WV 25305-0590  
304-347-4870

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

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

Date: June 7, 2013

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the April 30, 2013 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia. April is the tenth month of the 2012-2013 fiscal year.

For July 1, 2012 to April 30, 2013 of fiscal year 2012-2013, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2012	\$140,675,916.76
Receipts July 1, 2012 thru June 30, 2013	\$264,370,689.30
Disbursements July 1, 2012 thru June 30, 2013	\$ 323,116,993.34
Balance April 30, 2013	\$ 81,929,612.72

ITEMS OF NOTE:

Regular benefits paid for July 1, 2012 - April 30, 2013 were \$47 million more than July 1, 2011 - April 30, 2012.

Federal emergency benefits totaled \$102 million for the July 1, 2012 - April 30, 2013. For July 2011 - April 30, 2012, federal emergency benefits totaled \$109.2 million.

Total disbursements were \$ 13.2 million more in July 1, 2012 - April 30, 2013 than the preceding July - April 2012.

Receipts for July - April 30, 2013 were \$ 29 million less than in July - April 2012. Overall ending trust fund balance was \$3.6 million lower on April 30, 2013 than on April 30, 2012.

Seasonally adjusted unemployment rates for April 2013 were 6.6 percent for West Virginia and 7.5 percent nationally.

Since April 2012 employment has increased by 2,200. Employment declines were as follows: 100 in construction; 1,200 in manufacturing; 100 in information; 100 in financial activities; 500 in other services and 600 in government. Employment gains were as follows: 1,500 in mining and logging; 700 in trade, transportation and utilities; 100 in professional and business services; 1,600 in educational and health services; and 900 in leisure and hospitality.

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE  
FOR THREE MONTHS STARTING FEBRUARY 2012 AND FEBRUARY 2013**

	<b>FEBRUARY 2012</b>	<b>MARCH 2012</b>	<b>APRIL 2012</b>	<b>FEBRUARY 2013</b>	<b>MARCH 2013</b>	<b>APRIL 2013</b>	<b>THREE MONTH TOTAL VARIANCE *</b>
<b>Balance Forward</b>	<b><u>\$96,402,593.06</u></b>	<b><u>\$93,431,157.91</u></b>	<b><u>\$76,168,989.65</u></b>	<b><u>\$93,005,156.32</u></b>	<b><u>\$85,142,620.20</u></b>	<b><u>\$61,846,295.84</u></b>	<b><u>(\$26,008,668.26)</u></b>
Add Receipts:							
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions:	\$15,468,815.36	\$1,065,216.46	\$30,132,488.97	\$14,704,038.93	\$854,111.34	\$39,896,913.54	\$8,788,543.02
3. Federal Emergency Benefits (EUC08)	\$9,765,660.00	\$9,515,674.48	\$10,192,804.50	\$10,491,632.74	\$10,552,247.89	\$11,556,624.98	\$3,126,366.63
4. Federal Share Extended Benefits (EB)	\$2,588,451.33	\$2,148,471.76	\$1,583,035.19	\$170.00	\$0.00	\$0.00	(\$6,319,788.28)
5. Temp Federal Additional Comp (FAC)	\$1,327.94	\$680.97	\$909.89	\$0.00	\$383.00	\$0.00	(\$2,535.80)
6. UCFE (Federal Agencies)	\$205,871.74	\$177,582.01	\$176,924.63	\$103,218.60	\$78,175.61	\$108,666.79	(\$270,317.38)
7. Special Administrative Transfer **	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8. Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9. UC Modernization Incentive	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10. Treasury Interest Credits	\$0.00	\$702,933.90	\$0.00	\$0.00	\$565,403.75	\$0.00	(\$137,530.15)
11. UCX (Military Agencies)	\$543,493.38	\$528,772.68	\$487,316.61	\$319,526.84	\$326,882.73	\$378,613.39	(\$534,559.71)
12. WV Insurance Committee-Senate Bill 246	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
13. CMIA Receipts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Monthly Receipts</b>	<b><u>\$28,573,619.75</u></b>	<b><u>\$14,139,332.26</u></b>	<b><u>\$42,573,479.79</u></b>	<b><u>\$25,618,587.11</u></b>	<b><u>\$12,377,204.32</u></b>	<b><u>\$51,940,818.70</u></b>	<b><u>\$4,650,178.33</u></b>
Less Disbursements:							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)
Regular Benefits:	\$18,727,719.90	\$19,227,529.22	\$20,118,800.27	\$22,521,736.90	\$23,369,713.91	\$21,098,750.52	\$8,916,151.94
Federal Emergency Benefits (EUC08)	\$9,643,836.03	\$9,440,765.50	\$10,737,515.47	\$10,525,398.74	\$11,853,806.24	\$10,281,105.01	\$2,838,192.99
Federal Share Extended Benefits (EB)	\$2,507,643.57	\$2,078,823.06	\$1,693,437.89	(\$19,204.00)	(\$20,111.00)	(\$1,574.00)	(\$6,320,793.52)
Emergency Benefits (TEUC)	(\$761.00)	(\$349.00)	(\$537.00)	(\$6,829.00)	(\$4,426.00)	(\$396.00)	(\$10,004.00)
Temp Federal Additional Comp (FAC)	\$1,377.94	\$668.97	\$871.89	\$0.00	\$425.00	(\$33.00)	(\$2,526.80)
UCFE (Federal Workers) Benefits	\$180,591.24	\$148,730.22	\$159,789.03	\$102,915.17	\$89,246.10	\$98,813.26	(\$198,135.96)
UCX (Military Workers) Benefits	\$473,345.75	\$446,797.48	\$476,604.80	\$314,000.23	\$363,826.61	\$353,064.95	(\$365,856.24)
Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$8,000.00	\$0.00	\$8,000.00
Special Administrative Transfer**	\$11,301.47	\$58,535.07	\$24,005.34	\$43,105.19	\$13,047.82	\$27,771.08	(\$9,917.79)
<b>Total Monthly Disbursements</b>	<b><u>\$31,545,054.90</u></b>	<b><u>\$31,401,500.52</u></b>	<b><u>\$33,210,487.69</u></b>	<b><u>\$33,481,123.23</u></b>	<b><u>\$35,673,528.68</u></b>	<b><u>\$31,857,501.82</u></b>	<b><u>\$4,855,110.62</u></b>
<b>Trust Fund Balance</b>	<b><u>\$93,431,157.91</u></b>	<b><u>\$76,168,989.65</u></b>	<b><u>\$85,531,981.75</u></b>	<b><u>\$85,142,620.20</u></b>	<b><u>\$61,846,295.84</u></b>	<b><u>\$81,929,612.72</u></b>	<b><u>(\$26,213,600.55)</u></b>

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

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



## UC TRUST FUND PROJECTIONS - 2013

June 6, 2013

Month	Revenues	Benefits	Trust Fund Balance
<b><u>2012</u></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	16,653,000	19,058,000	130,595,000
December	1,098,000	24,528,000	107,165,000
<b>Totals - 2012</b>	<b>240,080,000</b>	<b>238,717,000</b>	<b>107,165,000</b>
<b><u>2013</u></b>			
January	11,962,000	26,122,000	93,005,000
February	14,658,000	22,521,000	85,142,000
March	854,000	24,150,000	61,846,000
April	41,181,000	21,098,000	81,929,000
May	71,605,000	15,621,000	137,913,000
June	2,296,000	16,026,000	124,183,000
July	22,638,000	22,154,000	124,667,000
August	30,196,000	19,500,000	135,363,000
September	1,024,000	17,883,000	118,504,000
October	16,890,000	20,776,000	114,618,000
November	15,958,000	19,887,000	110,689,000
December	1,083,000	24,864,000	86,908,000
<b>Totals - 2013</b>	<b>230,345,000</b>	<b>250,602,000</b>	<b>86,908,000</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**

## **April 2013**

*West Virginia Legislative Interims*  
*June 2013*

STATE OF WV - RETIREE HEALTH BENEFIT TRUST FUND  
STATEMENT OF CHANGES IN PLAN NET ASSETS  
For the Ten Months Ending April 30, 2013

(\$ 000's)						
ACTUAL	BUDGET	PRIOR YR	BUDGET VARIANCE		PRIOR YR VARIANCE	
			\$	%	\$	%
<b>ADDITIONS</b>						
Employer Premiums:						
\$ 2,692	\$ 2,669	\$ 2,707	\$ 23	0.9%	\$ (14)	-0.5%
113,028	112,590	105,311	438	0.4%	7,717	7.3%
332	-	913	332	0.0%	(581)	-63.6%
<hr/>			<hr/>			
116,052	115,259	108,930	793	0.7%	7,122	6.5%
Member Premiums:						
62,848	63,130	58,657	(282)	-0.4%	4,190	7.1%
22,963	22,410	21,487	553	2.5%	1,476	6.9%
18,125	17,764	14,220	361	2.0%	3,905	27.5%
<hr/>			<hr/>			
103,936	103,304	94,365	632	0.6%	9,571	10.1%
219,988	218,563	203,295	1,425	0.7%	16,693	8.2%
Other Additions:						
1,000	1,250	938	(250)	-20.0%	62	6.6%
3,261	3,250	-	11	0.3%	3,261	0.0%
63,895	26,252	12,401	37,643	143.4%	51,494	415.2%
<hr/>			<hr/>			
<b>288,144</b>	<b>249,315</b>	<b>216,634</b>	<b>38,830</b>	<b>15.6%</b>	<b>71,510</b>	<b>33.0%</b>
<b>DEDUCTIONS</b>						
92,340	109,767	42,152	17,427	15.9%	(50,189)	-119.1%
18,213	17,764	14,286	(449)	-2.5%	(3,927)	-27.5%
51,587	65,851	50,391	14,263	21.7%	(1,196)	-2.4%
20,047	25,674	88,305	5,627	21.9%	68,258	77.3%
34	-	-	(34)	0.0%	(34)	0.0%
1,516	8,207	7,374	6,691	81.5%	5,858	79.4%
2,466	2,749	2,928	283	10.3%	462	15.8%
<hr/>			<hr/>			
<b>186,204</b>	<b>230,011</b>	<b>205,436</b>	<b>43,808</b>	<b>19.0%</b>	<b>19,232</b>	<b>9.4%</b>
<b>NET FUND INCREASE</b>						
<b>101,941</b>	<b>19,303</b>	<b>11,198</b>	<b>82,638</b>	<b>428.1%</b>	<b>90,743</b>	<b>810.3%</b>
Net Assets Held in Trust for Post Employment Benefits						
492,779	492,779	472,079	-	0.0%	20,700	4.4%
<hr/>			<hr/>			
<b>\$ 594,720</b>	<b>\$ 512,082</b>	<b>\$ 483,277</b>	<b>\$ 82,638</b>	<b>16.1%</b>	<b>\$ 111,443</b>	<b>23.1%</b>

**West Virginia Public Employees Insurance Agency**

Statement of Changes in Plan Net Assets

**For the Ten Months Ending April 30, 2013**

(Dollars in Thousands)

(Unaudited-For Internal Use Only)

<b>( \$ 0 0 0 's )</b>			<b>BUDGET VARIANCE PRIOR YR VARIANCE</b>				
<b>ACTUAL</b>	<b>BUDGET</b>	<b>PRIOR YR</b>					
			<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
<b>PREMIUM REVENUE</b>							
\$400,264	\$400,918	\$384,086	Health Insurance - State Gov. - Employers	(\$654)	(0%)	\$16,178	4%
105,162	101,386	101,220	Health Insurance - State Gov. - Employees	3,776	4%	3,942	4%
89,418	87,424	87,454	Health Insurance - Local Gov. - All	1,994	2%	1,964	2%
2,667	3,704	3,539	Life Insurance	(1,037)	(28%)	(872)	(25%)
	2,917	2,917	Direct Transfer	(2,917)	(100%)	(2,917)	(100%)
16,203	14,363	8,157	Interest and Investment Income	1,840	13%	8,046	99%
1,317	1,228	1,345	Other Premium Revenue	89	7%	(28)	(2%)
4,032	3,837	3,994	Administrative Fees, Net of Refunds	195	5%	38	1%
<b>619,063</b>	<b>615,777</b>	<b>592,712</b>	<b>TOTAL REVENUE</b>	<b>3,286</b>	<b>1%</b>	<b>26,351</b>	<b>4%</b>
<b>OPERATING EXPENSES</b>							
291,705	330,964	303,127	Claims Expense - Medical	39,259	12%	11,422	4%
97,024	104,277	102,419	Claims Expense - Drugs	7,253	7%	5,395	5%
32,533	34,143	31,984	Payments to Managed Care Org.	1,610	5%	(549)	(2%)
11,324	12,065	11,903	Administrative Service Fees	741	6%	579	5%
2,671	3,704	3,546	Life Insurance Expense	1,033	28%	875	25%
2,401	1,232	1,913	Wellness and Disease Management	(1,169)	(95%)	(488)	(26%)
102			ACA Comparative Effectiveness Fee	(102)		(102)	
4,750	5,055	4,369	Other Operating Expenses	305	6%	(381)	(9%)
136,021	135,000	126,806	WV RHBT Pay Go Premiums	(1,021)	(1%)	(9,215)	(7%)
<b>578,531</b>	<b>626,440</b>	<b>586,067</b>	<b>TOTAL EXPENSES</b>	<b>47,909</b>	<b>8%</b>	<b>7,536</b>	<b>1%</b>
<b>40,532</b>	<b>(10,663)</b>	<b>6,645</b>	<b>YTD SURPLUS (DEFICIT)</b>	<b>51,195</b>	<b>480%</b>	<b>33,887</b>	<b>510%</b>
159,243	159,243	168,327	Total Net Assets, Beginning of Period			(9,084)	(5%)
<b>\$199,775</b>	<b>\$148,580</b>	<b>\$174,972</b>	<b>TOTAL NET ASSETS, END OF PERIOD</b>	<b>\$51,195</b>	<b>34%</b>	<b>\$24,803</b>	<b>14%</b>

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

**DRAFT**

	April 30	
	2013	2012
	(in thousands)	
<b>ASSETS</b>		
Short Term Assets		
Cash and Equivalents	\$ 21,005	\$ 24,426
Advance Deposit with Carrier/Trustee	209,776	207,521
Receivables - Net	2,583	1,280
Prepaid Insurance	977	931
Total Short Term Assets	234,341	234,158
Long Term Assets		
Investments	143,438	139,199
Total Long Term Assets	143,438	139,199
<b>TOTAL ASSETS</b>	<b>377,779</b>	<b>373,357</b>
<b>LIABILITIES</b>		
Short Term Liabilities		
Accounts payable	2,098	2,262
Claims Payable	99	407
OPEB Liability	374	182
Agents Commissions Payable	855	978
Unearned Revenue	8,465	9,054
Current Estimated Claim Reserve	50,751	49,438
Total Short Term Liabilities	62,642	62,321
Long Term Liabilities		
Compensated Absences	67	75
Estimated Noncurrent Claim Reserve	95,398	84,157
Total Long Term Liabilities	95,465	84,232
<b>TOTAL LIABILITIES</b>	158,107	146,553
Prior Year Net Assets		
Restricted - HB601 and Mine Subsidence	45,599	43,061
Unrestricted	175,916	176,767
Total Prior Year Net Assets	221,515	219,828
Current Year Earnings (Deficiency)		
Restricted - HB601 and Mine Subsidence	2,878	4,376
Unrestricted	(4,721)	2,600
Total Current Year Earnings (Deficiency)	(1,843)	6,976
Total Net Assets		
Restricted - HB601 and Mine Subsidence	48,477	47,437
Unrestricted	171,195	179,367
<b>TOTAL NET ASSETS</b>	<b>219,672</b>	<b>226,804</b>
<b>TOTAL LIABILITIES AND RETAINED EARNINGS</b>	<b>\$ 377,779</b>	<b>\$ 373,357</b>

DRAFT - Unaudited - Management Purposes Only

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

**DRAFT**

	April 30	
	2013	2012
	(in thousands)	
Operating Revenues		
Premium Revenues	\$ 40,199	\$ 42,612
Less - Excess Insurance	(4,854)	(4,542)
Total Operating Revenues	35,345	38,070
Operating Expenses		
Claims Expense	43,992	37,442
Property & MS Claims Expense	5,420	3,834
Personal Services	1,090	1,158
General & Administrative Expense	1,922	2,021
Total Operating Expenses	52,424	44,455
Operating Income (Loss)	(17,079)	(6,385)
Nonoperating Revenues		
Investment Income	15,236	13,361
Total Nonoperating Revenues	15,236	13,361
Net Income (Loss)	\$ (1,843)	\$ 6,976

DRAFT - Unaudited - Management Purposes Only

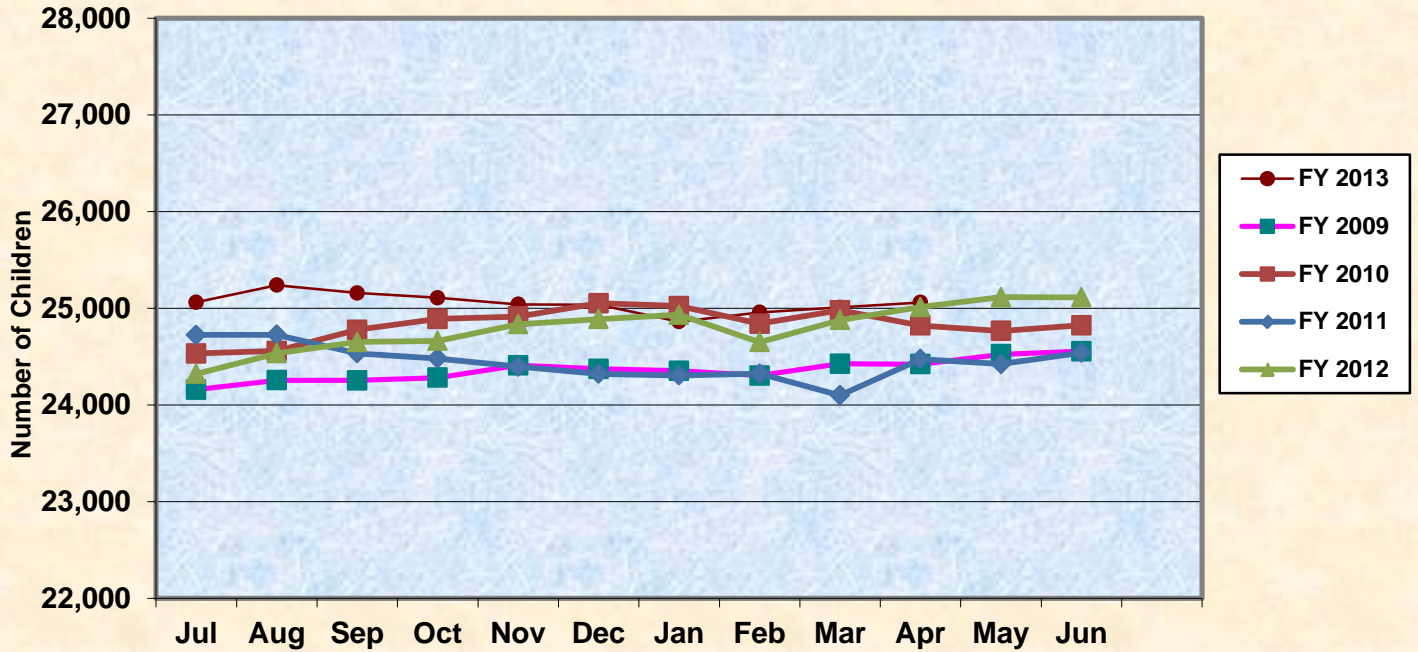


West Virginia Children's Health Insurance Program  
2 Hale Street  
Suite 101  
Charleston, WV 25301  
304-558-2732 voice / 304-558-2741 fax  
Helpline 877-982-2447  
[www.chip.wv.gov](http://www.chip.wv.gov)

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

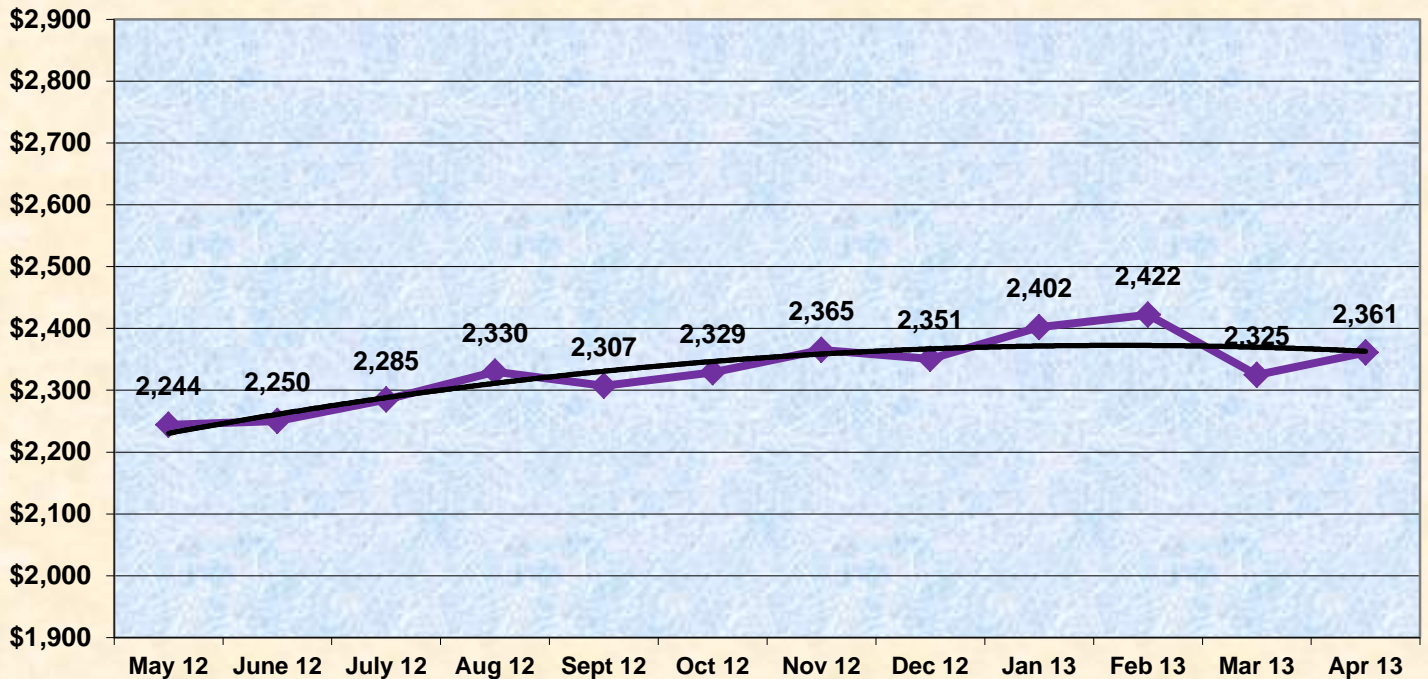
**June 2013**

## WV CHIP Enrollment



April 30th Enrollment 25,060

## Annualized Health Care Expenditures (Cost per Child)





**West Virginia Children's Health Insurance Program  
Comparative Balance Sheet  
April 2013 and 2012  
(Accrual Basis)**

	April 30, 2013	April 30, 2012	Variance	
<b>Assets:</b>				
Cash & Cash Equivalents	\$16,156,373	\$16,711,570	(\$555,197)	-3%
Due From Federal Government	\$4,115,610	\$4,875,008	(\$759,398)	-16%
Due From Other Funds	\$1,001,399	\$1,156,179	(\$154,780)	-13%
Accrued Interest Receivable	\$4,666	\$9,930	(\$5,264)	-53%
Fixed Assets, at Historical Cost	<u>\$94,592</u>	<u>\$94,332</u>	<u>\$260</u>	<u>0%</u>
<b>Total Assets</b>	<u>\$21,372,640</u>	<u>\$22,847,019</u>	<u>(\$1,474,379)</u>	<u>-6%</u>
<b>Liabilities:</b>				
Due to Other Funds	\$247,009	\$251,187	(\$4,177)	-2%
Deferred Revenue	\$1,859,044	\$1,922,208	(\$63,164)	-3%
Unpaid Insurance Claims Liability	<u>\$4,870,000</u>	<u>\$5,780,000</u>	<u>(\$910,000)</u>	<u>-16%</u>
<b>Total Liabilities</b>	<u>\$6,976,054</u>	<u>\$7,953,395</u>	<u>(\$977,341)</u>	<u>-12%</u>
Fund Equity	<u>\$14,396,586</u>	<u>\$14,893,624</u>	<u>(\$497,038)</u>	<u>-3%</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$21,372,640</u>	<u>\$22,847,019</u>	<u>(\$1,474,379)</u>	<u>-6%</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 Ten Months Ending April 30, 2013 and April 30, 2012**  
**(Modified Accrual Basis)**

	April 30, 2013	April 30, 2012	Variance	
<b>Revenues</b>				
Federal Grants	39,283,451	38,153,748	1,129,703	3%
State Appropriations	10,925,578	10,925,514	64	0%
Premium Revenues	721,298	600,071	121,227	20%
Investment Income:				
Investment Earnings	60,425	103,366	(42,940)	-42%
Unrealized Gain(loss) On Investments*	58,183	(14,659)	72,841	-497%
Total Investment Income	<u>118,608</u>	<u>88,707</u>	<u>29,901</u>	<u>34%</u>
<b>Total Revenues</b>	<b><u>51,048,935</u></b>	<b><u>49,768,040</u></b>	<b><u>1,280,896</u></b>	<b><u>3%</u></b>
<b>Expenditures:</b>				
<b>Claims:</b>				
Outpatient Services	12,394,938	11,995,363	399,575	3%
Physicians & Surgical	10,376,493	9,286,921	1,089,572	12%
Prescribed Drugs	8,071,529	8,869,564	(798,035)	-9%
Dental	7,020,219	6,621,951	398,268	6%
Inpatient Hospital Services	3,653,923	3,986,799	(332,876)	-8%
Outpatient Mental Health	1,319,207	1,322,902	(3,695)	0%
Durable & Disposable Med. Equip.	1,003,170	1,195,778	(192,608)	-16%
Inpatient Mental Health	844,220	893,403	(49,183)	-6%
Vision	707,954	724,544	(16,590)	-2%
Therapy	603,841	559,664	44,177	8%
Medical Transportation	375,833	363,841	11,992	3%
Other Services	128,891	161,468	(32,577)	-20%
Less: Collections**	<u>(364,167)</u>	<u>(489,136)</u>	<u>124,969</u>	<u>-26%</u>
Total Claims	<u>46,136,051</u>	<u>45,493,062</u>	<u>642,989</u>	<u>1%</u>
<b>General and Admin Expenses:</b>				
Salaries and Benefits	464,403	408,661	55,742	14%
Program Administration	2,200,698	1,573,518	627,180	40%
Eligibility	284,981	323,403	(38,422)	-12%
Outreach & Health Promotion	785,040	820,266	(35,226)	-4%
Current	<u>127,615</u>	<u>193,650</u>	<u>(66,035)</u>	<u>-34%</u>
Total Administrative	<u>3,862,737</u>	<u>3,319,498</u>	<u>543,239</u>	<u>16%</u>
<b>Total Expenditures</b>	<b><u>49,998,788</u></b>	<b><u>48,812,560</u></b>	<b><u>1,186,228</u></b>	<b><u>2%</u></b>
<b>Excess of Revenues</b>				
<b>Over (Under) Expenditures</b>	<b>1,050,147</b>	<b>955,480</b>	<b>94,667</b>	<b>10%</b>
<b>Fund Equity, Beginning</b>	<b><u>13,346,439</u></b>	<b><u>13,938,145</u></b>	<b><u>(591,705)</u></b>	<b><u>-4%</u></b>
<b>Fund Equity, Ending</b>	<b><u>14,396,586</u></b>	<b><u>14,893,624</u></b>	<b><u>(497,038)</u></b>	<b><u>-3%</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 Ten Months Ended April 30, 2013**

	<u>Budgeted for Year</u>	<u>Year to Date Budgeted Amt</u>	<u>Year to Date Actual Amt</u>	<u>Year to Date Variance*</u>		<u>Monthly Budgeted Amt</u>	<u>Apr-13</u>	<u>Actual Amt Mar-13</u>	<u>Actual Amt Feb-13</u>
Projected Cost	\$58,620,048	\$48,850,040	\$46,684,084	\$2,165,956	4%	\$4,885,004	\$5,379,857	\$4,830,469	\$3,086,489
Premiums	1,166,599	972,166	\$721,298	(\$250,868)	-26%	97,217	75,372	75,112	74,869
Subrogation & Rebates	<u>575,990</u>	<u>479,992</u>	<u>\$364,167</u>	<u>(115,825)</u>	<u>-24%</u>	<u>47,999</u>	<u>0</u>	<u>41,983</u>	<u>16,467</u>
Net Benefit Cost	56,877,459	47,397,883	\$45,598,619	\$1,799,263	4%	4,783,787	5,304,485	4,713,374	2,995,152
Salaries & Benefits	\$580,500	\$483,750	\$464,404	\$19,346	4%	\$48,375	\$45,993	\$45,993	\$45,588
Program Administration	4,223,273	3,519,394	\$2,146,663	1,372,731	39%	351,939	241,632	166,828	178,705
Eligibility	420,000	350,000	\$289,182	60,818	17%	35,000	93,718	4,165	0
Outreach & Health Prom.	1,000,000	833,333	\$780,621	52,712	6%	83,333	29,462	3,186	207,024
Current Expense	<u>250,000</u>	<u>208,333</u>	<u>\$133,231</u>	<u>75,102</u>	<u>36%</u>	<u>20,833</u>	<u>10,147</u>	<u>10,681</u>	<u>15,000</u>
Total Admin Cost	\$6,473,773	\$5,394,811	\$3,814,101	\$1,580,710	29%	\$539,481	\$420,952	\$230,853	\$446,317
Total Program Cost	<u>\$63,351,232</u>	<u>\$52,792,693</u>	<u>\$49,412,720</u>	<u>\$3,379,973</u>	<u>6%</u>	<u>\$5,323,269</u>	<u>\$5,725,437</u>	<u>\$4,944,227</u>	<u>\$3,441,469</u>
Federal Share 80.43%	51,206,801	42,461,163	\$39,799,984	2,661,180	6%	4,302,798	4,604,969	3,976,642	2,767,974
State Share 19.57%	<u>12,144,431</u>	<u>10,331,530</u>	<u>\$9,612,736</u>	<u>718,794</u>	<u>7%</u>	<u>1,020,471</u>	<u>1,120,468</u>	<u>967,585</u>	<u>673,496</u>
Total Program Cost **	<u>\$63,351,232</u>	<u>\$52,792,693</u>	<u>\$49,412,720</u>	<u>\$3,379,973</u>	<u>6%</u>	<u>\$5,323,269</u>	<u>\$5,725,437</u>	<u>\$4,944,227</u>	<u>\$3,441,469</u>

\* 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 Scenerio 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

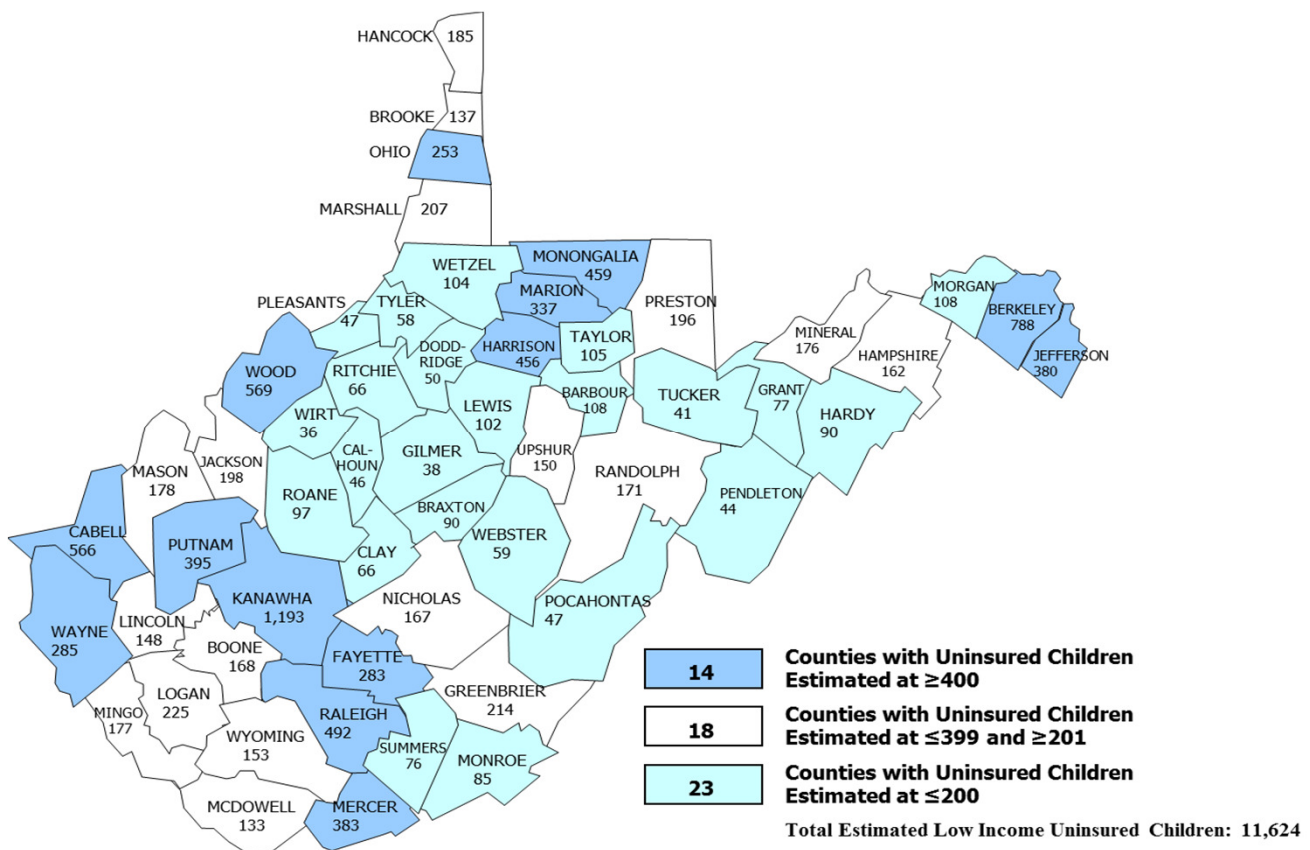
May 2013

County	County Pop.	Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2010	2010
	2010 Est. (0-18 Yrs)	Enrollment May-13	Enrollment May-13	CHIP/Medicaid Enrollment	% of Population	Est. Uninsured 3%	# Children Uninsured Ranking*
Barbour	3,600	277	1,498	1,775	49.3%	108	33
Berkeley	26,251	1,408	8,379	9,787	37.3%	788	2
Boone	5,615	333	2,581	2,914	51.9%	168	25
Braxton	3,006	229	1,502	1,731	57.6%	90	40
Brooke	4,573	266	1,543	1,809	39.6%	137	31
Cabell	18,879	1,008	8,309	9,317	49.4%	566	4
Calhoun	1,518	128	757	885	58.3%	46	51
Clay	2,215	197	1,407	1,604	72.4%	66	44
Doddridge	1,673	156	644	800	47.8%	50	48
Fayette	9,438	766	4,445	5,211	55.2%	283	13
Gilmer	1,260	71	529	600	47.6%	38	54
Grant	2,555	208	918	1,126	44.1%	77	42
Greenbrier	7,131	618	2,889	3,507	49.2%	214	16
Hampshire	5,392	289	2,007	2,296	42.6%	162	27
Hancock	6,166	390	2,383	2,773	45.0%	185	20
Hardy	3,015	192	1,248	1,440	47.8%	90	39
Harrison	15,202	954	5,419	6,373	41.9%	456	7
Jackson	6,602	444	2,721	3,165	47.9%	198	18
Jefferson	12,679	565	3,143	3,708	29.2%	380	10
Kanawha	39,771	2,386	16,972	19,358	48.7%	1,193	1
Lewis	3,389	256	1,638	1,894	55.9%	102	37
Lincoln	4,930	385	2,771	3,156	64.0%	148	30
Logan	7,496	525	3,848	4,373	58.3%	225	15
Marion	11,227	687	4,283	4,970	44.3%	337	11
Marshall	6,886	361	2,764	3,125	45.4%	207	17
Mason	5,929	289	2,733	3,022	51.0%	178	21
McDowell	4,423	279	3,115	3,394	76.7%	133	32
Mercer	12,764	1,088	6,760	7,848	61.5%	383	9
Mineral	5,868	279	1,985	2,264	38.6%	176	23
Mingo	5,905	403	3,113	3,516	59.5%	177	22
Monongalia	15,294	773	4,456	5,229	34.2%	459	6
Monroe	2,835	234	996	1,230	43.4%	85	41
Morgan	3,596	256	1,419	1,675	46.6%	108	34
Nicholas	5,561	400	2,558	2,958	53.2%	167	26
Ohio	8,444	483	2,907	3,390	40.1%	253	14
Pendleton	1,462	113	514	627	42.9%	44	52
Pleasants	1,551	122	533	655	42.2%	47	50
Pocahontas	1,561	149	698	847	54.3%	47	49
Preston	6,536	485	2,451	2,936	44.9%	196	19
Putnam	13,150	757	3,505	4,262	32.4%	395	8
Raleigh	16,403	1,250	7,636	8,886	54.2%	492	5
Randolph	5,705	535	2,546	3,081	54.0%	171	24
Ritchie	2,205	132	937	1,069	48.5%	66	45
Roane	3,239	309	1,673	1,982	61.2%	97	38
Summers	2,521	192	1,232	1,424	56.5%	76	43
Taylor	3,514	225	1,357	1,582	45.0%	105	35
Tucker	1,371	138	461	599	43.7%	41	53
Tyler	1,924	109	755	864	44.9%	58	47

# WVCHIP Enrollment Report

May 2013

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment May-13	Total Medicaid Enrollment May-13	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	2010 Est. Uninsured 3%	2010 # Children Uninsured Ranking*
Upshur	4,996	391	2,362	2,753	55.1%	150	29
Wayne	9,516	514	4,182	4,696	49.3%	285	12
Webster	1,977	156	1,186	1,342	67.9%	59	46
Wetzel	3,466	240	1,526	1,766	51.0%	104	36
Wirt	1,201	96	685	781	65.1%	36	55
Wood	18,956	1,147	8,312	9,459	49.9%	569	3
Wyoming	5,116	419	2,528	2,947	57.6%	153	28
<b>Totals</b>	<b>387,459</b>	<b>25,062</b>	<b>159,719</b>	<b>184,781</b>	<b>47.7%</b>	<b>11,624</b>	



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

**Note 2:** It has been estimated that 7 of 10 uninsured children qualify or may have qualified for CHIP or Medicaid in the past, WVCHIP uses the 3% uninsured estimate as a target number for outreach.

## Department of Administration Real Estate Division Leasing Report

For the period of May 1, 2013 through May 31, 2013

There were a total of 11 leasing changes for the period of May 1, 2013 through May 31, 2013 and they are as follows:

- 2 – Straight Renewal
- 7 – Renewal with Increase in Rent
- 1 – Renewal with Decrease in Rent
- 1 – Renewal with Increase in Rent and Square Feet

# Department of Administration Real Estate Division Leasing Report

For the period of May 1, 2013 through May 31, 2013

## STRAIGHT RENEWAL

### SMALL BUSINESS DEVELOPMENT CENTER

**SBD-001** Renewal for 1 year consisting of two rooms of office space at the current monthly rate of \$1,070.00, annual cost \$12,840.00, full service, 142 North Queen Street, in the City of Martinsburg, Berkeley County, West Virginia.

### WORKFORCE WEST VIRGINIA

**WWV-032-SUB** Renewal for 1 year consisting of 800 square feet of office space at the current annual per square foot rate of \$15.00, annual cost \$12,000.00, full service, Putnam Village Shopping Center Unit 19 and 20, in the City of Teays, Putnam County, West Virginia.

## RENEWAL WITH INCREASE IN RENT

### NURSING HOME ADMINISTRATORS LICENSING BOARD

**NLB-001** Renewal for 3 years consisting of 500 square feet of office space with an increase in the annual per square foot rate from \$12.00 to \$13.20, annual cost \$6,600.00, 3655 Winfield Road, in the City of Winfield, Putnam County, West Virginia.

### DEPARTMENT OF TAX AND REVENUE

**TAX-052** Renewal for 5 years consisting of 2,200 square feet of office space with an increase in the annual per square foot rate from \$11.59 to \$12.24, annual cost \$26,928.00, 397 Mid Atlantic Parkway, in the City of Martinsburg, Berkeley County, West Virginia.

### DEPARTMENT OF HEALTH AND HUMAN RESOURCES

**HHR-149** Renewal on a month-to-month basis consisting of 6,652 square feet of office space with an increase in the annual per square foot rate from \$6.25 to \$8.50, annual cost \$56,542.00, 15 Grant Street, in the Town of Petersburg, Grant County, West Virginia.

### DIVISION OF CORRECTIONS

**COR-012** Renewal for 3 years consisting of 578 square feet of office space with an increase in the monthly rate from \$430.00 to \$463.87, annual cost \$5,566.44, full service minus janitorial, , in the City of Lewisburg, Greenbrier County, West Virginia.

### DIVISION OF VETERANS AFFAIRS

**VET-036** Renewal for 1 year consisting of 300 square feet of storage space with an increase in the monthly rate from \$120.00 to \$135.00, annual cost \$1,620.00, Lessor provides electric, 425 Rosebud Plaza Unit #24, in the City of Clarksburg, Harrison County, West Virginia.

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

### **WEST VIRGINIA DIVISION OF CULTURE AND HISTORY**

**DCH-002** Renewal for 1 year consisting of 270 square feet of storage space with an increase in the monthly rate from \$374.00 to \$391.00, annual cost \$4,692.00, Lessor provides electric, 200 Piedmont Road, in the City of Charleston, Kanawha County, West Virginia.

### **STATE TREASURER'S OFFICE**

**STO-009** Renewal for 3 years consisting of 3,189 square feet of office space with an increase in the annual per square foot rate from \$9.41 to \$10.26, annual cost \$32,719.14, 2005 Quarrier Street, in the City of Charleston, Kanawha County, West Virginia.

## **RENEWAL WITH DECREASE IN RENT**

### **WORKFORCE WEST VIRGINIA**

**WWV-017-SUB** Renewal for 1 year consisting of 324 square feet of office space with a decrease in the annual per square foot rate from \$35.19 to \$33.33, annual cost \$10,800.00, full service, 404 Main Street, in the City of Pt. Pleasant, Mason County, West Virginia.

## **RENEWAL WITH INCREASE IN RENT AND SQUARE FEET**

### **WV MESSAGE THERAPY LICENSURE BOARD**

**BMT-004** Renewal for 3 years with an increase of square feet from 553 square feet to 601 square feet of office/storage space and an increase in the annual per square foot rate of from \$12.00 to \$12.50, annual cost \$7,512.50, full service, 179 Summers Street, in the City of Charleston, Kanawha County, West Virginia.



Real Estate Division  
 Monthly Summary of Lease Activity  
 May 1 - 31, 2013

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	Small Business Development Center	SBD-001	Berkeley	0	0.00	12,840
2	Workforce West Virginia	WWV-032	Putnam	800	15.00	12,000
3	Nursing Home Administrators Licensing Board	NLB-001	Putnam	500	13.20	6,600
4	Department of Tax and Revenue	TAX-052	Berkeley	2,200	12.24	26,928
5	Department of Health and Human Resources	HHR-149	Grant	6,652	8.50	56,542
6	Division of Corrections	COR-012	Greenbrier	578	0.00	5,566
7	Division of Veterans Affairs	VET-036	Harrison	300	0.00	1,620
8	West Virginia Division of Culture and History	DCH-002	Kanawha	270	6.33	4,692
9	State Treasurer's Office	STO-099	Kanawha	3,189	10.26	32,719
10	Workforce West Virginia	WWV-017	Mason	324	0.00	10,800
11	WV Massage Therapy Licensure Board	BMT-004	Kanawha	601	12.50	7,513
					78.03	
				<b>Total Rentable Square Feet</b>	<u>15,414</u>	
				<b>Average Annual Rental Rate</b>	<u>11.15</u>	
				<b>Total Annual Rent</b>		<u>177,820</u>

**Joint Committee on Government and Finance**

**June 2013**

**Department of Health and Human Resources**

**MEDICAID REPORT**

**April 2013 Data**

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

MONTH OF APRIL 2013

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2012	SFY2013	Current Mnth 4/30/13	Current Month 4/30/13	Year To-Date Thru 4/30/13	5/1/13 Thru 6/30/13
<b>EXPENDITURES:</b>						
Inpatient Hospital - Reg. Payments	164,452,498	158,114,250	12,369,269	15,237,736	130,257,122	27,857,128
Inpatient Hospital - DSH	56,043,409	56,578,800	-	-	42,935,751	13,643,049
Inpatient Hospital - Supplemental Payments	79,066,284	240,087,415	5,301,925	5,301,925	94,836,135	145,251,280
Inpatient Hospital - GME Payments	5,901,754	6,177,477	-	-	4,620,406	1,557,071
Mental Health Facilities	80,313,367	86,880,183	9,261,797	8,394,962	74,582,952	12,307,231
Mental Health Facilities - DSH Adjustment Payments	18,887,389	18,886,800	-	-	14,158,228	4,728,572
Nursing Facility Services - Regular Payments <sup>(1)</sup>	527,623,016	551,320,912	44,767,084	45,972,550	446,464,581	104,856,331
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	65,316,485	67,038,000	5,384,275	5,586,500	56,576,547	10,461,453
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	116,140,541	121,059,846	11,220,806	11,681,782	98,102,369	22,957,478
Physicians Services - Supplemental Payments	26,661,492	27,943,400	6,453,203	6,985,850	28,092,471	(149,071)
Outpatient Hospital Services - Regular Payments	106,435,299	109,322,282	7,723,344	10,535,959	86,817,344	22,504,938
Outpatient Hospital Services - Supplemental Payments	-	-	1,378,466	1,378,466	107,810,692	(107,810,692)
Prescribed Drugs	373,946,886	389,826,882	31,150,928	38,085,231	289,774,885	100,051,996
Drug Rebate Offset - National Agreement	(217,354,424)	(218,904,555)	(37,454,737)	(34,122,060)	(189,156,554)	(29,748,001)
Drug Rebate Offset - State Sidebar Agreement	(18,642,310)	(16,380,000)	(2,914,030)	(2,553,256)	(15,576,805)	(803,195)
Drug Rebate Offset - MCO National	(431,214)	-	(65,749)	-	(675,424)	675,424
Drug Rebate Offset - MCO State Sidebar Agreement	-	-	-	-	-	-
Dental Services	56,047,746	61,762,117	5,409,316	5,957,606	46,720,878	15,041,239
Other Practitioners Services - Regular Payments	12,306,009	13,046,624	990,772	1,340,010	9,691,077	3,355,547
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	4,530,364	4,931,126	544,256	489,587	3,914,670	1,016,456
Lab & Radiological Services	24,887,789	23,419,950	2,216,118	2,272,168	18,773,969	4,645,981
Home Health Services	51,712,631	48,722,337	4,124,036	4,745,895	39,092,248	9,630,089
Hysterectomies/Sterilizations	191,711	216,100	12,593	20,779	117,251	98,849
Pregnancy Terminations	-	-	-	-	-	-
EPSDT Services	1,208,359	1,215,098	125,351	117,712	1,145,956	69,142
Rural Health Clinic Services	7,486,074	8,079,315	860,797	789,933	6,739,846	1,339,469
Medicare Health Insurance Payments - Part A Premiums	17,434,414	18,452,300	1,517,140	3,075,383	15,155,970	3,296,330
Medicare Health Insurance Payments - Part B Premiums	85,509,019	93,260,400	6,561,309	15,543,400	66,808,499	26,451,901
120% - 134% Of Poverty	6,272,977	6,709,500	462,294	645,144	5,164,115	1,545,385
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	7,381,071	7,785,000	832,622	748,558	7,016,127	768,873

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

MONTH OF APRIL 2013

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2012	SFY2013	Current Month 4/30/13	Current Month 4/30/13	Year To-Date Thru 4/30/13	5/1/13 Thru 6/30/13
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	343,161,264	349,618,600	40,831,205	29,134,883	317,205,559	32,413,041
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	28,921	43,962	309,791	147,409
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-
Home & Community-Based Services (MR/DD)	287,968,353	306,476,800	32,344,415	29,468,923	285,912,595	20,564,205
Home & Community-Based Services (Aged/Disabled)	132,545,813	140,433,800	10,292,796	13,503,250	106,820,619	33,613,181
Home & Community-Based Services (Traumatic Brain Injury)	-	2,720,625	47,509	261,599	72,883	2,647,742
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	5,947,448	5,197,394	51,094,322	2,778,467
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	291,457	331,279	2,201,459	1,226,434
Primary Care Case Management Services	219,829	264,800	12,735	25,462	138,453	126,347
Hospice Benefits <sup>(3)</sup>	23,960,255	25,155,100	2,172,995	2,418,760	21,337,279	3,817,821
Emergency Services Undocumented Aliens	301,542	348,500	37,670	33,510	256,588	91,912
Federally Qualified Health Center	18,669,776	21,327,880	1,639,774	2,074,721	15,428,417	5,899,463
Non-Emergency Medical Transportation	25,549,481	26,054,403	2,695,143	2,506,510	21,109,960	4,944,442
Physical Therapy	2,195,303	2,245,596	229,160	216,327	1,729,124	516,472
Occupational Therapy	360,777	371,964	44,226	36,038	299,697	72,267
Services for Speech, Hearing & Language	554,124	567,665	40,768	54,894	339,403	228,262
Prosthetic Devices, Dentures, Eyeglasses	1,871,995	1,876,807	131,902	181,731	1,305,309	571,498
Diagnostic Screening & Preventive Services	539,322	576,315	47,336	55,815	459,975	118,340
Nurse Mid-Wife	224,671	612,100	19,339	58,856	197,295	414,805
Emergency Hospital Services	5,364	(7,500)	-	(721)	(2,247)	(5,253)
Critical Access Hospitals	30,431,181	33,996,660	2,421,238	3,271,942	26,122,367	7,874,293
Nurse Practitioner Services	1,512,698	2,981,049	222,016	287,077	1,611,919	1,369,130
School Based Services	47,384,340	49,082,468	5,672,239	4,724,635	43,812,664	5,269,804
Rehabilitative Services (Non-School Based)	78,431,034	83,291,528	7,180,913	8,103,337	63,736,806	19,554,722
Private Duty Nursing	4,723,035	4,918,769	410,065	483,221	4,357,807	560,961
Other Care Services	21,189,223	21,796,325	2,265,922	2,096,919	18,710,645	3,085,680
Less: Recoupments	-	-	(1,163,173)	-	(1,163,173)	1,163,173
<b>NET EXPENDITURES:</b>	<b>2,736,399,588</b>	<b>3,018,031,716</b>	<b>232,107,204</b>	<b>252,801,944</b>	<b>2,473,366,824</b>	<b>544,664,892</b>

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

**MONTH OF APRIL 2013**

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)

ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
SFY2012	SFY2013	Current Month 4/30/13	Current Month 4/30/13	Year To-Date Thru 4/30/13	5/1/13 Thru 6/30/13
(7,028,830)	-	-	-	(8,733,524)	8,733,524
(473,182)	-	-	-	(250,737)	250,737
(1,205)	-	-	-	-	-
(7,303,907)	-	-	-	(8,025,324)	8,025,324
<b>2,721,592,464</b>	<b>3,018,031,716</b>	<b>232,107,204</b>	<b>252,801,944</b>	<b>2,456,357,239</b>	<b>561,674,476</b>
Plus: Medicaid Part D Expenditures	33,965,811	3,045,500	3,517,048	30,157,410	6,419,890
Plus: State Only Medicaid Expenditures	4,030,062	3,718,920	184,323	2,624,342	1,094,578
Plus: Money Follow the Person Expenditures	-	-	276,202	-	2,672,499
<b>TOTAL MEDICAID EXPENDITURES</b>	<b>\$ 2,759,588,337</b>	<b>\$ 3,061,200,434</b>	<b>\$ 235,337,026</b>	<b>\$ 256,952,568</b>	<b>\$ 2,489,138,991</b>
Plus: Reimbursables <sup>(1)</sup>	6,590,854	6,927,944	698,342	672,372	656,429
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,766,179,191</b>	<b>\$ 3,068,128,378</b>	<b>\$ 236,035,368</b>	<b>\$ 257,624,940</b>	<b>\$ 2,495,410,505</b>

- (1) This amount will revert to State Only if not reimbursed.  
 (2) Of the amount in the "Nursing Facility Services-Regular Payments" line, \$20,321,338 is the amount paid to State Facilities year to date.  
 (3) Of the amount in the "Hospice Benefits" line, \$15,278,037 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

10 Months Actuals      2 Months Remaining

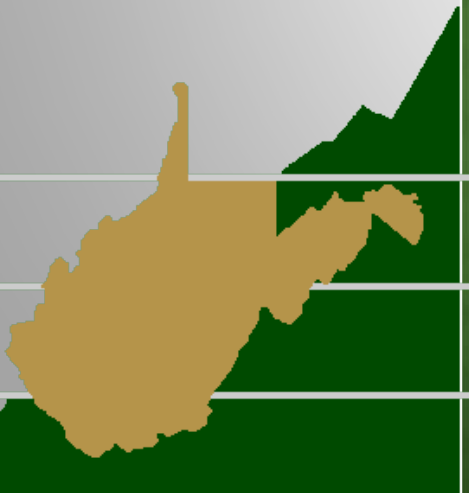
MONTH OF APRIL 2013	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2012	Current Month Ended 4/30/13	Year-To-Date Thru 4/30/13	5/1/2013 Thru 6/30/13	SFY2013
<b>REVENUE SOURCES</b>					
Beg. Bal. (5084/1020 prior mth)	\$ 210,933,113	\$ 7,160,714	\$ 8,645,986		\$ 8,645,986
<b>MATCHING FUNDS</b>					
General Revenue (0403/189)	218,837,804	30,193,221	155,016,438	60,386,445	215,402,883
MRDD Waiver (0403/468)	85,280,472	9,762,883	69,227,717	19,525,766	88,753,483
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,333	2,183,333	432,667	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,667	5,296,667	1,059,333	6,356,000
Traumatic Brain Injury (0403/835)	800,000	88,000	624,000	178,000	800,000
Title XIX Waiver for Seniors (0403-533)	9,587,500	1,310,349	9,291,566	2,620,697	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	-	24,710,863	8,436,952	33,147,815
Lottery Transfer (5405/871)	8,670,000	-	6,600,000	2,070,000	8,670,000
Excess Lottery (5365/189)	-	-	-	24,503,890	24,503,890
Trust Fund Appropriation (5185/189)	12,076,099	7,650,000	168,803,846	32,080,744	200,884,590
Provider Tax (5090/189)	170,727,592	14,441,888	191,095,118	18,766,782	209,861,880
Certified Match	22,603,205	2,252,799	19,540,358	5,648,010	25,188,368
Reimbursables - Amount Reimbursed	8,012,133	1,145,414	4,898,879	2,029,065	6,927,944
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	905,058	170,277	3,192,912	(3,192,912)	-
CMS - 64 Adjustments	673,628	-	627,999	(827,999)	-
<b>TOTAL MATCHING FUNDS</b>	<b>\$ 809,691,849</b>	<b>\$ 74,921,544</b>	<b>\$ 723,656,513</b>	<b>\$ 173,913,419</b>	<b>\$ 897,569,932</b>
<b>FEDERAL FUNDS</b>	<b>\$ 2,006,078,366</b>	<b>\$ 166,519,021</b>	<b>\$ 1,802,874,344</b>	<b>\$ 419,297,666</b>	<b>\$ 2,222,172,010</b>
<b>TOTAL REVENUE SOURCES</b>	<b>\$ 2,815,770,215</b>	<b>\$ 241,440,565</b>	<b>\$ 2,526,530,857</b>	<b>\$ 593,211,085</b>	<b>\$ 3,119,741,942</b>
<b>TOTAL EXPENDITURES:</b>					
Provider Payments	\$ 2,766,179,191	\$ 236,035,368	\$ 2,495,410,505	\$ 572,717,873	\$ 3,068,128,378
<b>TOTAL</b>	<b>\$ 49,591,024</b>	<b>\$ 5,405,197</b>	<b>\$ 31,120,352</b>		<b>\$ 51,613,584</b>

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

# WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

April 30, 2013



**West Virginia Investment Management Board**

Participant Plans Allocation & Performance Net of Fees

As of April 30, 2013

	6/30/2012		4/30/2013		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>14,842,300</b>	<b>100.0</b>							
<b>Pension Assets</b>	<b>10,300,026</b>	<b>78.2</b>	<b>11,678,730</b>	<b>78.7</b>							
Public Employees' Retirement System	4,353,124	33.1	4,967,742	33.5	2.1	4.2	15.5	13.2	10.0	5.8	8.4
Teachers' Retirement System	4,969,706	37.6	5,716,755	38.5	2.0	4.2	15.5	13.2	9.9	5.3	8.1
Teachers' Employers Cont. Collection A/C	142,994	1.1	34,746	0.2	0.0	0.0	0.1	0.1	0.1	0.4	
EMS Retirement System	35,161	0.3	43,093	0.3	2.0	4.2	15.4	13.1	9.8	5.8	
Public Safety Retirement System	477,497	3.6	536,986	3.6	2.1	4.3	15.6	13.4	10.1	5.8	8.5
Judges' Retirement System	126,294	1.0	145,204	1.0	2.1	4.2	15.5	13.2	10.0	5.8	8.4
State Police Retirement System	78,753	0.6	96,745	0.7	2.0	4.2	15.4	13.1	9.9	5.8	8.3
Deputy Sheriffs' Retirement System	116,308	0.9	136,992	0.9	2.0	4.2	15.5	13.2	10.0	5.8	8.4
Municipal Police & Firefighter Retirement System	189	0.0	467	0.0	1.9	3.9	14.3	11.8			
<b>Insurance Assets</b>	<b>1,991,081</b>	<b>15.1</b>	<b>2,201,230</b>	<b>14.8</b>							
Workers' Compensation Old Fund	946,854	7.1	1,053,578	7.1	1.2	2.1	8.0	7.6	6.7	4.3	
Workers' Comp. Self-Insured Guaranty Risk Pool	10,878	0.1	14,892	0.1	1.3	2.6	9.3	8.6	6.1	3.9	
Workers' Comp. Uninsured Employers Fund	9,148	0.1	9,985	0.1	1.3	2.5	9.2	8.3	5.5	3.6	
Pneumoconiosis	257,121	2.0	270,434	1.8	1.4	2.6	9.5	8.6	7.0	5.2	6.0
Board of Risk & Insurance Mgmt.	138,164	1.1	143,438	1.0	1.3	2.6	9.5	8.7	7.2	6.1	
Public Employees' Insurance Agency	183,321	1.4	199,407	1.3	1.3	2.6	8.8	8.8	7.0	5.5	
WV Retiree Health Benefit Trust Fund	443,144	3.3	506,938	3.4	2.0	4.2	14.4	12.7	9.2	8.0	
AccessWV	2,451	0.0	2,558	0.0	0.8	1.3	4.4	5.3	6.9		
<b>Endowment Assets</b>	<b>879,003</b>	<b>6.7</b>	<b>962,340</b>	<b>6.5</b>							
Wildlife Fund	40,057	0.3	46,763	0.3	2.0	4.2	15.5	13.2	9.9	5.7	8.4
Prepaid Tuition Trust	77,822	0.6	78,458	0.5	1.5	3.6	11.8	10.1	9.0	5.9	8.5
Revenue Shortfall Reserve Fund	423,261	3.2	470,140	3.2	0.8	1.3	4.3	5.2	6.5	2.4	
Revenue Shortfall Reserve Fund - Part B	331,325	2.5	359,373	2.4	1.2	2.2	8.5	8.2	7.3	3.2	
WV DEP Trust	6,538	0.1	7,606	0.1	2.0	4.2	16.3	13.5			



**West Virginia Investment Management Board**  
Composite Asset Allocation & Performance Net of Fees  
As of April 30, 2013

	Asset (\$000)	%	Performance %							
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	
Investment Pools Composite	14,852,645	100.00								
Total Equity Composite	6,826,061	45.96	2.77	5.52	23.32	17.81	11.24	4.75	9.94	
<i>Total Equity Policy Index</i>			<u>2.71</u>	<u>5.00</u>	<u>21.16</u>	<u>16.05</u>	<u>9.67</u>	<u>2.70</u>	<u>9.02</u>	
Excess Return			0.06	0.52	2.16	1.76	1.57	2.05	0.92	
US Equity Composite	3,300,304	22.22	1.44	7.07	21.03	17.37	13.75	5.90	9.31	
<i>Russell 3000 Index</i>			<u>1.64</u>	<u>7.02</u>	<u>20.22</u>	<u>17.21</u>	<u>12.78</u>	<u>5.63</u>	<u>8.48</u>	
Excess Return			-0.20	0.05	0.81	0.16	0.97	0.27	0.83	
Large Cap Composite	2,442,248	16.44	1.90	7.44	19.31	16.66	13.22	5.34	8.03	
<i>S&amp;P 500 Index</i>			<u>1.93</u>	<u>7.18</u>	<u>19.44</u>	<u>16.89</u>	<u>12.80</u>	<u>5.21</u>	<u>7.88</u>	
Excess Return			-0.03	0.26	-0.13	-0.23	0.42	0.13	0.15	
Non-Large Cap Composite	858,056	5.78	0.15	6.01	26.01	19.26	15.77	8.23	11.90	
<i>Russell 2500 Index</i>			<u>0.31</u>	<u>5.95</u>	<u>23.20</u>	<u>18.96</u>	<u>12.95</u>	<u>7.95</u>	<u>11.38</u>	
Excess Return			-0.16	0.06	2.81	0.30	2.82	0.28	0.52	
International Equity Composite	3,525,757	23.74	4.05	4.07	25.39	17.96	8.49	3.23	11.61	
<i>MSCI AC World ex US Index</i>			<u>3.77</u>	<u>2.96</u>	<u>21.98</u>	<u>14.69</u>	<u>6.47</u>	<u>-0.38</u>	<u>10.80</u>	
Excess Return			0.28	1.11	3.41	3.27	2.02	3.61	0.81	
Fixed Income Composite	3,562,189	23.98	0.85	1.51	5.30	6.05	6.07	5.95	5.41	
<i>Fixed Income Policy</i>			<u>1.10</u>	<u>1.70</u>	<u>3.80</u>	<u>4.73</u>	<u>6.00</u>	<u>6.07</u>	<u>5.25</u>	
Excess Return			-0.25	-0.19	1.50	1.32	0.07	-0.12	0.16	
Core Fixed Income	1,265,705	8.52	0.75	1.50	3.39	4.38	6.44			
<i>Barclays Capital Aggregate</i>			<u>1.01</u>	<u>1.60</u>	<u>2.71</u>	<u>3.68</u>	<u>5.51</u>			
Excess Return			-0.26	-0.10	0.68	0.70	0.93			
Total Return Fixed Income	2,296,484	15.46	0.91	1.52	6.34	6.95	5.65	6.50	6.01	
<i>Barclays Capital US Universal</i>			<u>1.10</u>	<u>1.70</u>	<u>3.80</u>	<u>4.73</u>	<u>6.00</u>	<u>6.07</u>	<u>5.40</u>	
Excess Return			-0.19	-0.18	2.54	2.22	-0.35	0.43	0.61	
TIPS Composite	724,409	4.88	0.80	1.11	3.29	4.44	7.92			
<i>Barclays Capital U.S. TIPS</i>			<u>0.80</u>	<u>1.11</u>	<u>3.27</u>	<u>4.41</u>	<u>8.01</u>			
Excess Return			0.00	0.00	0.02	0.03	-0.09			
TRS Annuity	55,072	0.37	0.36	1.08	3.73	4.47	4.49			
Cash Composite	213,415	1.44	0.05	0.05	0.12	0.13	0.12	0.40	1.86	
<i>Citigroup 90 Day T-Bill + 0.15%</i>			<u>0.01</u>	<u>0.04</u>	<u>0.20</u>	<u>0.25</u>	<u>0.26</u>	<u>0.48</u>	<u>1.90</u>	
Excess Return			0.04	0.01	-0.08	-0.12	-0.14	-0.08	-0.04	
Private Equity Composite	1,170,374	7.88	1.60	4.35	10.02	11.05	14.57	6.49		
Real Estate Composite	958,568	6.45	1.92	4.69	9.67	11.72	10.79	1.85		
Hedge Funds Composite	1,342,557	9.04	1.62	3.43	10.89	9.38	5.40			
<i>LIBOR + 4%</i>			<u>0.36</u>	<u>1.04</u>	<u>3.58</u>	<u>4.35</u>	<u>4.37</u>			
Excess Return			1.26	2.39	7.31	5.03	1.03			

**West Virginia Investment Management Board**

Participant Plans Allocation vs. Strategy

As of April 30, 2013

	Domestic Equity		Int'l Equity		Fixed Income		Private Equity		Real Estate		Hedge Funds		Cash	
	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %

**Pension Assets**

Public Employees' Retirement System	25.1	25.0	26.9	25.0	20.1	20.0	9.6	10.0	7.8	10.0	10.0	10.0	0.5	0.0
Teachers' Retirement System	25.1	25.0	27.0	25.0	20.2	20.0	9.6	10.0	7.9	10.0	10.0	10.0	0.2	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	25.2	25.0	26.4	25.0	20.8	20.0	9.4	10.0	7.8	10.0	9.9	10.0	0.5	0.0
Public Safety Retirement System	24.5	25.0	26.2	25.0	19.4	20.0	9.6	10.0	7.7	10.0	9.7	10.0	2.9	0.0
Judges' Retirement System	25.0	25.0	26.8	25.0	20.3	20.0	9.6	10.0	7.8	10.0	9.9	10.0	0.6	0.0
State Police Retirement System	25.6	25.0	26.2	25.0	20.5	20.0	9.4	10.0	7.7	10.0	9.8	10.0	0.8	0.0
Deputy Sheriffs' Retirement System	25.0	25.0	26.7	25.0	20.6	20.0	9.6	10.0	7.8	10.0	9.9	10.0	0.4	0.0
Municipal Police & Firefighter Retirement System	22.2	25.0	23.7	25.0	17.7	20.0	8.9	10.0	7.0	10.0	8.2	10.0	12.3	0.0

**Insurance Assets**

Workers' Compensation Old Fund	10.2	10.0	10.9	10.0	69.0	70.0	0.0	0.0	0.0	0.0	0.0	0.0	9.9	10.0
Workers' Comp. Self-Insured Guaranty Risk Pool	10.2	10.0	10.7	10.0	54.1	55.0	0.0	0.0	0.0	0.0	20.1	20.0	4.9	5.0
Workers' Comp. Uninsured Employers Fund	10.0	10.0	11.0	10.0	49.1	50.0	0.0	0.0	0.0	0.0	20.1	20.0	9.8	10.0
Pneumoconiosis	10.0	10.0	11.1	10.0	54.2	55.0	0.0	0.0	0.0	0.0	20.2	20.0	4.5	5.0
Board of Risk & Insurance Mgmt.	9.7	10.0	11.0	10.0	54.2	55.0	0.0	0.0	0.0	0.0	20.1	20.0	5.0	5.0
Public Employees' Insurance Agency	10.2	10.0	10.3	10.0	59.3	60.0	0.0	0.0	0.0	0.0	20.1	20.0	0.1	0.0
WV Retiree Health Benefit Trust Fund	25.6	25.0	26.7	25.0	21.2	20.0	8.6	10.0	7.9	10.0	9.9	10.0	0.1	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

**Endowment Assets**

Wildlife Fund	25.0	25.0	26.7	25.0	20.7	20.0	9.6	10.0	7.8	10.0	9.9	10.0	0.3	0.0
Prepaid Tuition Trust	30.8	30.0	16.4	16.0	51.5	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	10.2	10.0	10.9	10.0	78.9	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WV DEP Trust	36.6	35.0	29.3	30.0	34.1	35.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Statutory Limitations

- Public Equity - 75%
- International Proportions of Equity, Fixed Income, and Real Estate - 30%
- Real Estate - 25%
- Private Equity and Hedge Funds - 20% in aggregate

**West Virginia Investment Management Board**

Footnotes

As of April 30, 2013

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

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

June 2013

*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.

## Definitions:

**Appeal (BOR):** A formal procedure conducted by the Board of Review at which a decision of an administrative law judge (OOJ) having presided over a matter of workers' compensation (Old Fund or Privately Insured) is to be afforded additional consideration. An appeal may be filed by any aggrieved party, such as a claimant, employer, dependent of a claimant, private insurance carrier, etc.

**Board of Review:** (BOR) A three judge panel that serves as an intermediate appellate tribunal in workers' compensation litigation. Specifically, the Board of Review reviews all appeals taken from any final decision of the Office of Judges. The BOR may reverse, vacate, modify or remand a decision of the Office of Judges. Any appeal taken from a Board of Review final order must be filed with the West Virginia Supreme Court of Appeals.

**Claim Reserve:** individual claim level cost estimate that is projected on the ultimate probable exposure; must be the best projection based on the facts and findings of the claim. This function is to capture the key components that impact the range of any impending cost in workers' compensation claims. No discounting is applied. The Indemnity Reserve is adjusted to cover the cost of loss or exposure both on a temporary and permanent basis. The reserve should also be adjusted to include the projected cost of any death and/or dependent benefits when appropriate. The Medical Reserve covers medical cost, hospital stays, specialized treatment, rehabilitation, durable medical equipment, and medications, etc. The Expense Reserve is placed for the cost of legal defense and investigations, etc. The reserves may be reduced based on the findings of early mortality factors.

**Coal Workers' Pneumoconiosis Fund:** State managed fund into which FBL premiums received are held, and out of which FBL benefits are paid. This fund was closed to future liabilities as of 12/31/2005. Because of the latency period between the date of last exposure and the onset of disease, new FBL claims will occur.

**Fatal:** claim under which the worker died as a result of injury or illness.

**FBL:** claim for Occupational Pneumoconiosis (Black Lung) benefits under Title IV of the federal Coal Mine Health and Safety Act of 1969, i.e. Federal Black lung, or FBL.

**Inactive FBL Claim:** an FBL claim for which an award had been sought, but was not afforded. Federal statutes permit an appeal process which lasts for 1 year, so the claim would be reopened for consideration upon appeal. Some variance in the number of reported "inactive" claims has occurred in the past due to one TPA holding active reserves on "inactive" claims. This has subsequently been rectified. Denied Old Fund FBL claims are closed administratively after 6 months, as the TPA's bill for claims management services monthly on an open claims basis.

**Indemnity:** statutory wage replacement benefits awarded as a result of a worker's occupational illness or injury.

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

**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



of gainful employment within a 75 mile driving distance of the claimant's home, or within the distance from the claimant's home to his or her pre-injury employment, whichever is greater, is a factor to be considered in determining whether or not a claimant is PTD.

**Self-Insured:** an employer who has met certain specific guidelines, and who is then permitted to guarantee their own payment and handling of workers' compensation claims to their employees in accordance with WV statutes.

**Self-Insured Guaranty Fund:** State managed fund into which premiums received are held, and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last exposure after 07/01/2004.

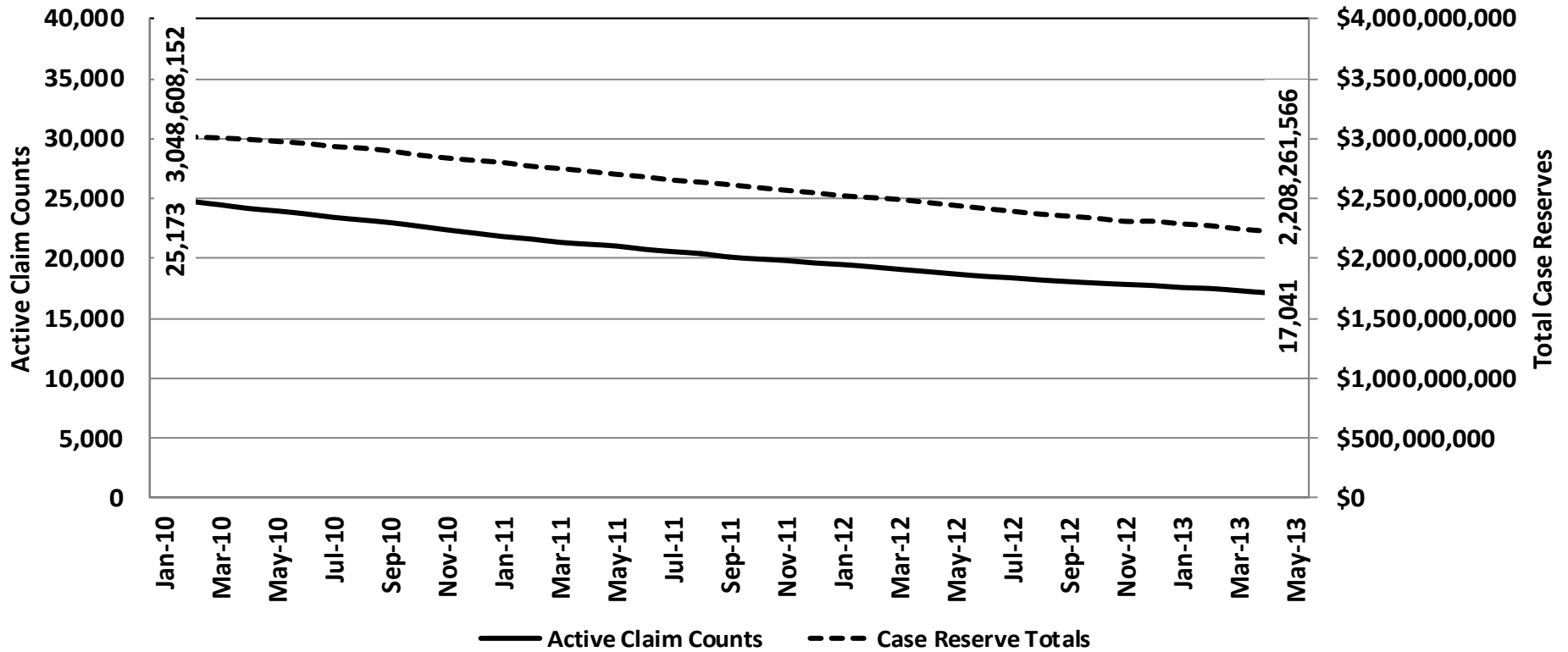
**Self-Insured Security Fund:** State managed fund into which premiums received are held, and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last exposure before 07/01/2004. This fund is limited to claimants of those self-insured employers who have defaulted on their claims obligations after 12/31/2005.

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

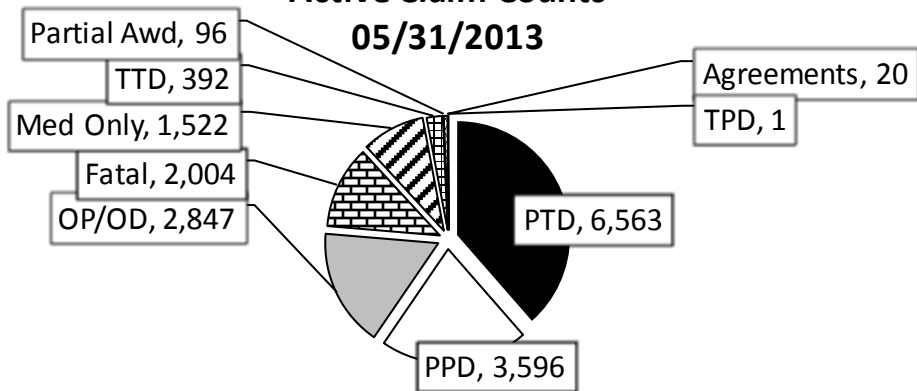
**TTD:** (Temporary Total Disability) an inability to return to substantial gainful employment requiring skills or activities comparable to those of one's previous gainful employment during the healing or recovery period after the injury. In order to receive TTD benefits, the injured worker must be certified disabled due to the compensable injury by his/her treating physician.

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

### Old Fund Active Claim Counts and Case Reserves 05/31/2013



### Old Fund Active Claim Counts 05/31/2013



**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

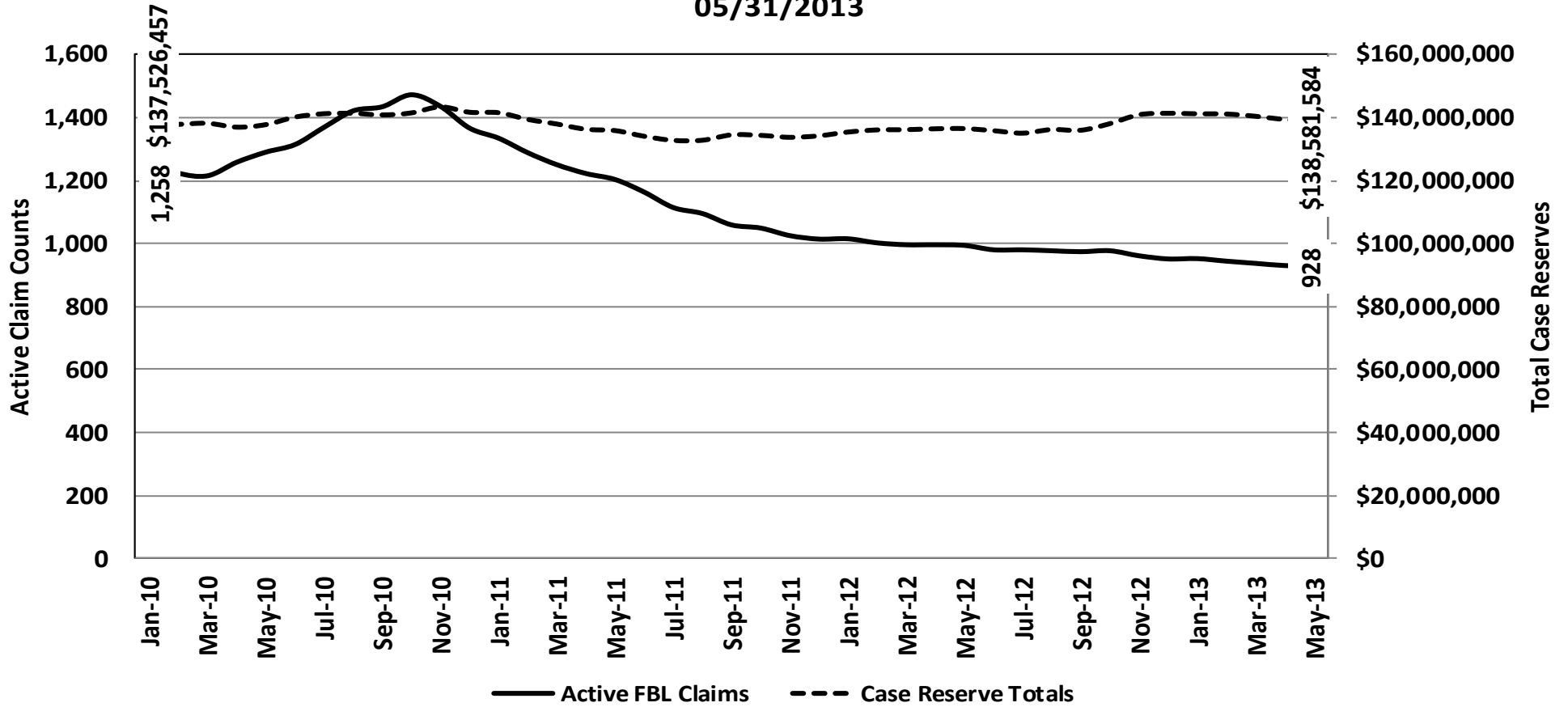
**PPD** - Permanent Partial Disability; unlikely to improve with treatment

**PTD** - Permanent Total Disability; unable to engage in employment

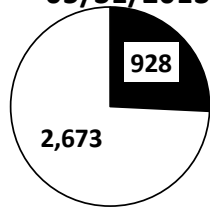
**TPD** - Temporary Partial Disability released to work with restrictions

**TTD** - Temporary Total Disability; unable to engage in employment

**CWP Fund (FBL)  
Active Claim Counts and Case Reserves  
05/31/2013**



**CWP Fund (FBL)  
Active and Inactive Claims  
05/31/2013**



■ Active □ Inactive

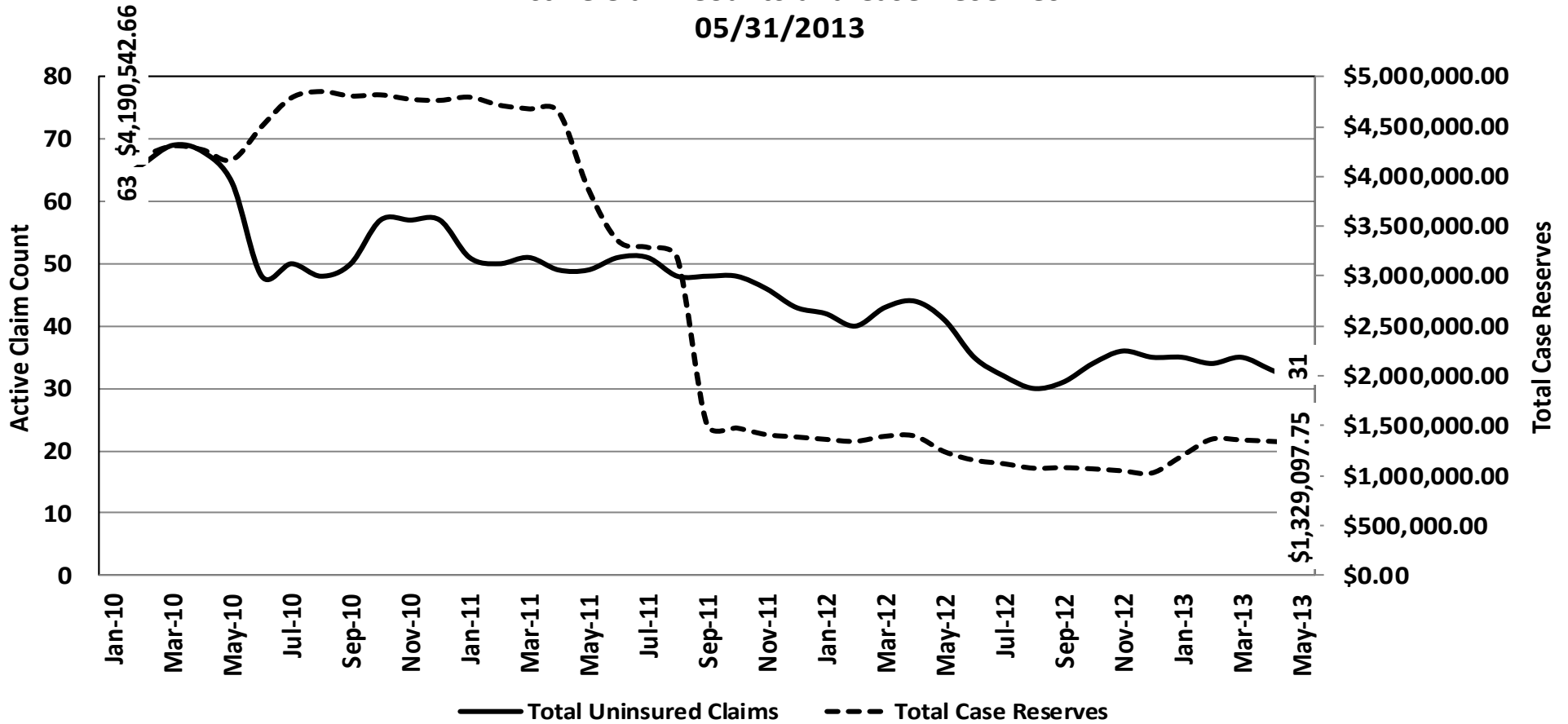
**Active** – Benefits being paid to claimant/beneficiary

**CWP Fund** - Coal Worker's Pneumoconiosis; miners/beneficiaries disabled or deceased

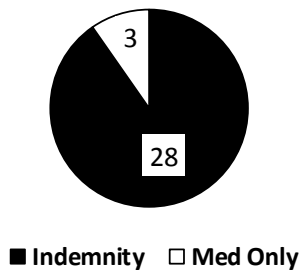
**FBL** - Occupational Pneumoconiosis (Black Lung) under Title IV of the federal Coal Mine Health and Safety Act of 1969, i.e. Federal Black lung, or FBL.

**Inactive** – claim for which an award was sought, but not afforded. Federal statutes permit an appeal, so claim may be reopened

### Uninsured Fund Active Claim Counts and Case Reserves 05/31/2013



### Uninsured Fund Active Claim Counts 05/31/2013

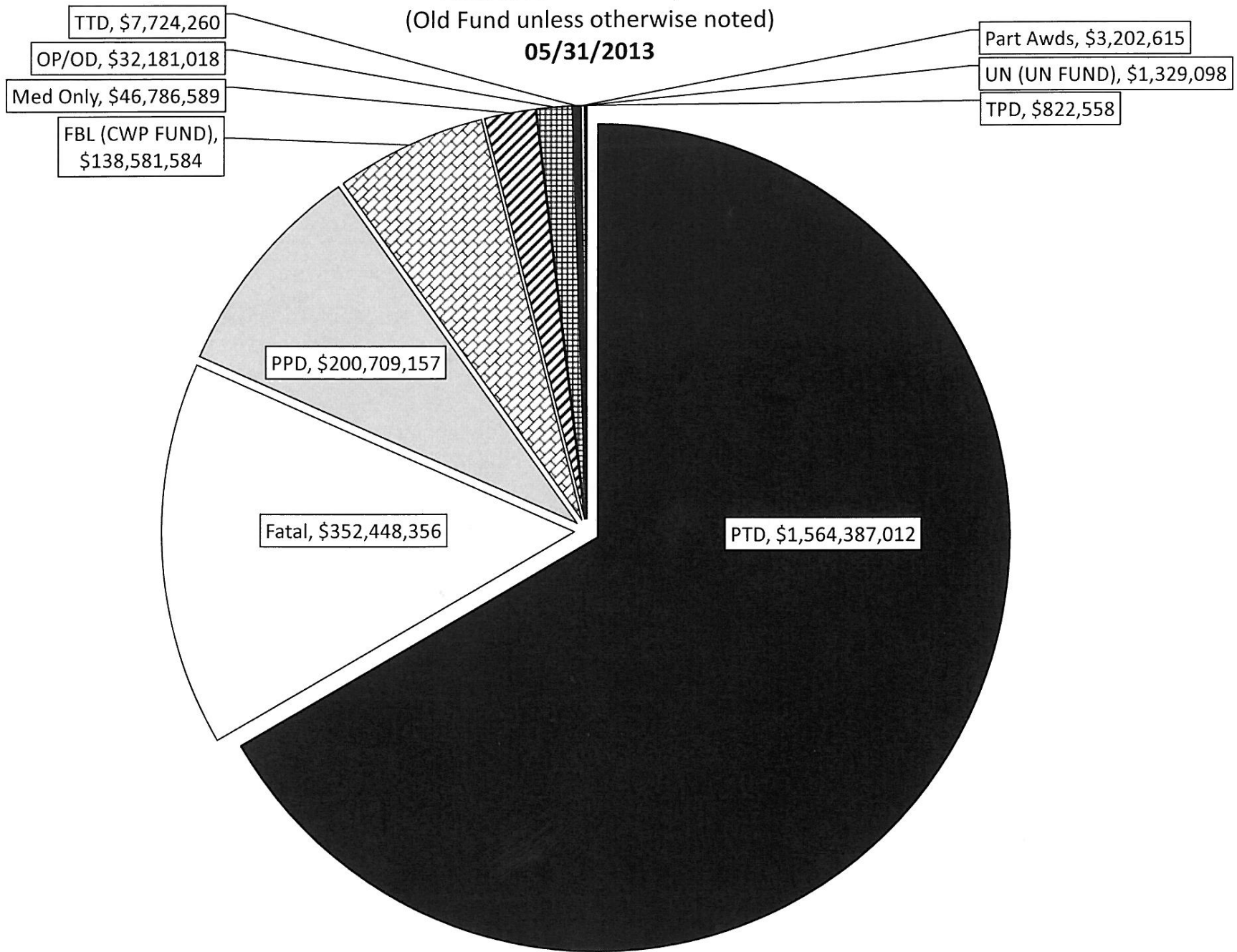


**Indemnity** – statutory wage replacement and medical benefits awarded

**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.

**Total Case Reserves by Fund**  
(Old Fund unless otherwise noted)  
**05/31/2013**



OLD FUND CASH STATEMENT

May 31, 2013

	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	84,800,000	84,800,000	-	95,400,000	95,400,000	95,400,000
Severance Tax	86,304,939	86,305,416	(477)	93,947,355	93,112,747	91,573,307
Debt Reduction Surcharge	36,678,777	39,710,326	(3,031,549)	39,758,082	41,096,360	39,594,122
Self-Insured Debt Reduction Surcharge	8,418,909	9,218,780	(799,871)	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	329,431	549,340	(219,909)	575,167	3,120,389	1,783,840
Other Income - Return of Unclaimed Property	48,332	165,789	(117,457)	202,103	191,860	95,620
<b>Operating Revenues</b>	<b>227,580,388</b>	<b>231,749,651</b>	<b>(4,169,263)</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)	87,251,951	32,299,274	54,952,677	18,284,929	88,270,887	102,218,697
<b>Total Revenues</b>	<b>314,832,339</b>	<b>264,048,925</b>	<b>50,783,414</b>	<b>268,787,833</b>	<b>340,250,833</b>	<b>391,727,637</b>
<b>Expenditures</b>						
Claims Benefits Paid:						
Medical	30,934,035	36,357,487	(5,423,452)	39,226,318	41,972,430	55,134,617
Permanent Total Disability	108,831,816	115,015,868	(6,184,051)	124,963,432	136,800,060	152,789,051
Permanent Partial Disability	1,052,366	1,695,388	(643,022)	1,822,571	2,513,255	4,890,325
Temporary Disability	59,227	181,919	(122,692)	188,666	384,571	1,322,403
Fatalis	24,694,928	25,883,647	(1,188,720)	28,139,830	29,994,599	34,822,223
104 weeks death benefit	6,146,219	6,234,306	(88,087)	6,729,656	6,321,554	6,394,618
Settlements	8,521,179	52,831,736	(44,310,557)	56,164,626	50,628,569	24,145,535
Loss Adjustment Expenses	906,729	2,022,499	(1,115,770)	2,333,885	4,514,323	3,794,198
Total	181,146,498	240,222,850	(59,076,351)	259,568,984	273,129,360	283,292,970
Less: Claims credits and overpayments	4,517,669	7,885,461	(3,367,792)	8,161,625	7,666,404	4,327,846
Total Benefits Paid	176,628,829	232,337,389	(55,708,560)	251,407,359	265,462,956	278,965,124
Administrative Expenses	12,067,951	16,543,576	(4,475,624)	18,047,605	20,151,292	20,096,531
<b>Total Expenditures</b>	<b>188,696,780</b>	<b>248,880,964</b>	<b>(60,184,184)</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>126,135,559</b>	<b>15,167,961</b>	<b>110,967,598</b>	<b>(667,131)</b>	<b>54,636,585</b>	<b>92,665,982</b>
<b>Cash Ending Balances</b>	<b>1,068,640,966</b>	<b>958,340,500</b>	<b>110,300,467</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.

COAL WORKERS PNEUMOCONIOSIS FUND

May 31, 2013

	YTD FY2013	YTD FY2012	Change	Three Year History for years ended:		
				FY2012	FY2011	FY2010
<b>Cash Beginning Balances</b>	<b>254,523,752</b>	<b>262,926,105</b>	<b>(8,402,353)</b>	<b>262,926,105</b>	<b>244,074,613</b>	<b>221,866,212</b>
<b>Revenues</b>						
Investment Earnings (Losses)	26,483,181	7,363,032	19,120,148	2,745,783	29,283,335	32,224,147
Other Income - Return of Unclaimed Property	-	-	-	-	-	899
<b>Total Revenues</b>	<b>26,483,181</b>	<b>7,363,032</b>	<b>19,120,148</b>	<b>2,745,783</b>	<b>29,283,335</b>	<b>32,225,046</b>
<b>Expenditures</b>						
Payment of Claims	11,421,349	10,272,515	1,148,834	11,131,012	10,415,160	9,978,121
Contractual / Professional	53,287	16,970	36,317	17,124	16,683	38,524
Legal	932	-	932	-	-	-
<b>Total Expenditures</b>	<b>11,475,568</b>	<b>10,289,484</b>	<b>1,185,151</b>	<b>11,148,136</b>	<b>10,431,843</b>	<b>10,016,645</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>15,007,613</b>	<b>(2,926,452)</b>	<b>17,934,997</b>	<b>(8,402,353)</b>	<b>18,851,492</b>	<b>22,208,401</b>
<b>Cash Ending Balances</b>	<b>269,531,365</b>	<b>259,999,653</b>	<b>9,531,712</b>	<b>254,523,752</b>	<b>262,926,105</b>	<b>244,074,613</b>

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

SELF-INSURED GUARANTY RISK POOL  
May 31, 2013

				Three Year History for years ended:		
	YTD FY2013	YTD FY2012	Change	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	847,660	1,074,646	(226,986)	1,093,066	1,119,674	1,283,687
Collateral Proceeds	2,399,380	-	2,399,380			
Investment Earnings (Losses)	1,277,804	314,249	963,555	125,813	592,165	9,237
<b>Total Revenues</b>	<b>4,524,844</b>	<b>1,388,895</b>	<b>3,135,949</b>	<b>1,218,879</b>	<b>1,711,839</b>	<b>1,292,924</b>
<b>Expenditures</b>						
Payment of Claims	313,677	26,473	287,204	28,466	28,707	104,821
Contractual / Professional	77,187	79,668	(2,481)	105,247	51,241	44,492
Legal	26,667	-	26,667			
<b>Total Expenditures</b>	<b>417,531</b>	<b>106,141</b>	<b>311,389</b>	<b>133,713</b>	<b>79,948</b>	<b>149,313</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>4,107,313</b>	<b>1,282,754</b>	<b>2,824,560</b>	<b>1,085,166</b>	<b>1,631,891</b>	<b>1,143,611</b>
<b>Cash Ending Balances</b>	<b>14,937,288</b>	<b>11,027,563</b>	<b>3,909,726</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.



SELF-INSURED SECURITY RISK POOL  
May 31, 2013

	YTD FY2013	YTD FY2012	Change	Three Year History for years ended:		
				FY2012	FY2011	FY2010
<b>Cash Beginning Balances</b>	203,518	205,705	(2,187)	205,705	173,041	-
<b>Revenues</b>						
Security Risk Pool Assessments	549,329	-	549,329	-	115,568	173,041
Collateral Proceeds	4,657,620	-	4,657,620	-	-	-
<b>Total Revenues</b>	<b>5,206,949</b>	<b>-</b>	<b>5,206,949</b>	<b>-</b>	<b>115,568</b>	<b>173,041</b>
<b>Expenditures</b>						
Payment of Claims	500,483	2,070	498,413	2,187	73,649	-
Contractual / Professional	60,413	-	60,413	-	9,255	-
Legal	90,733	-	90,733	-	-	-
<b>Total Expenditures</b>	<b>651,629</b>	<b>2,070</b>	<b>649,559</b>	<b>2,187</b>	<b>82,904</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>4,555,320</b>	<b>(2,070)</b>	<b>4,557,390</b>	<b>(2,187)</b>	<b>32,664</b>	<b>173,041</b>
<b>Cash Ending Balances</b>	<b>4,758,839</b>	<b>203,635</b>	<b>4,555,204</b>	<b>203,518</b>	<b>205,705</b>	<b>173,041</b>

The Self-Insured Security Risk Pool is liable for the worker's compensation claims of bankrupt or defaulted self-insured employers with dates of injury prior to July 1, 2004. However, the obligations of this Fund are limited to the exposures of self-insured employers who default subsequent to December 31, 2005. The Self Insured Security Cash Statement is unaudited information.

UNINSURED EMPLOYERS FUND

May 31, 2013

				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	689,551	868,093	(178,542)	948,896	939,626	892,806
Investment Earnings (Losses)	928,814	262,538	666,277	99,906	474,728	10,923
<b>Total Revenues</b>	<b>1,618,365</b>	<b>1,130,631</b>	<b>487,735</b>	<b>1,048,802</b>	<b>1,414,354</b>	<b>903,729</b>
<b>Expenditures</b>						
Payment of Claims	250,108	537,892	(287,784)	553,676	1,224,982	577,819
Contractual/Professional	9,999	7,237	2,762	7,392	8,486	8,734
General and Administrative	30	-	30			
<b>Total Expenditures</b>	<b>260,137</b>	<b>545,129</b>	<b>(284,992)</b>	<b>561,067</b>	<b>1,233,468</b>	<b>586,553</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>1,358,228</b>	<b>585,501</b>	<b>772,727</b>	<b>487,735</b>	<b>180,886</b>	<b>317,176</b>
<b>Cash Ending Balances</b>	<b>10,932,293</b>	<b>9,671,831</b>	<b>1,260,461</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

**West Virginia Offices of the Insurance Commission**

# **OFFICE OF JUDGES' REPORT**

**TO INDUSTRIAL COUNCIL – June 3, 2013**

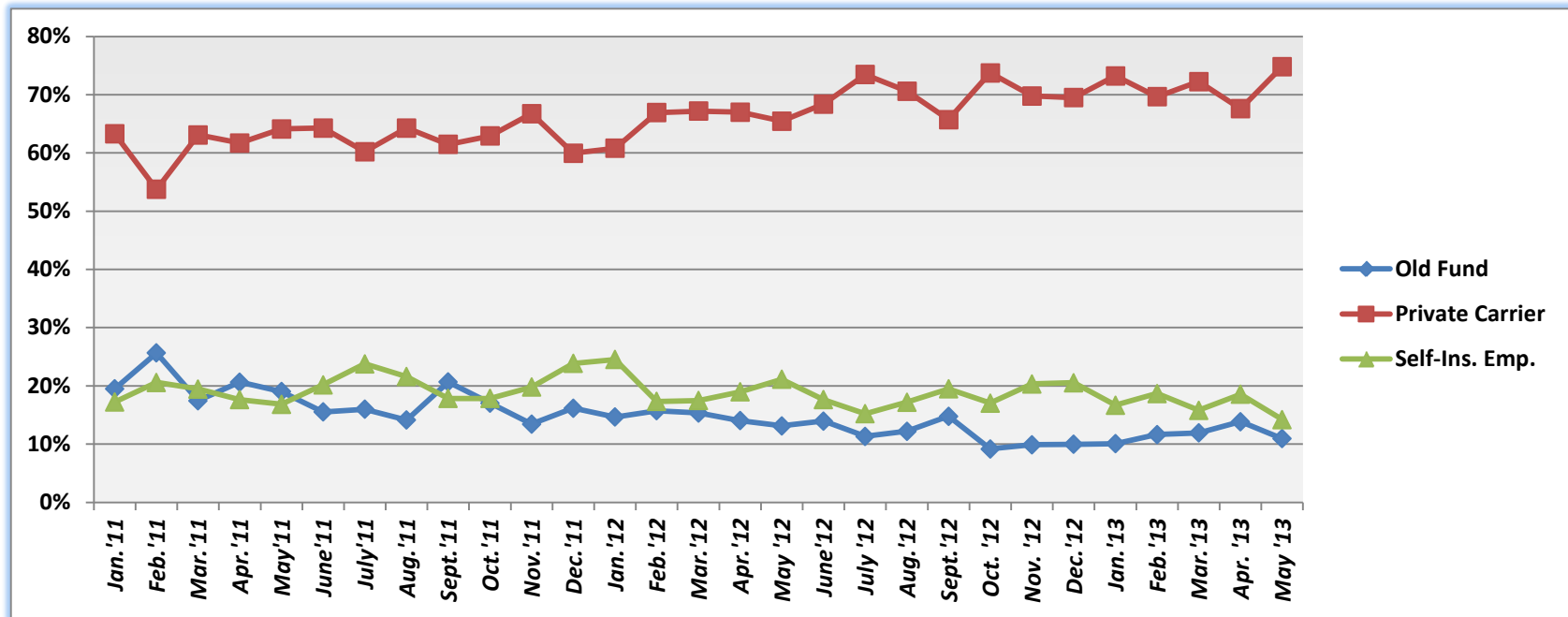
**Rebecca A. Roush, Chief Administrative Law Judge**

# Statistical Analysis

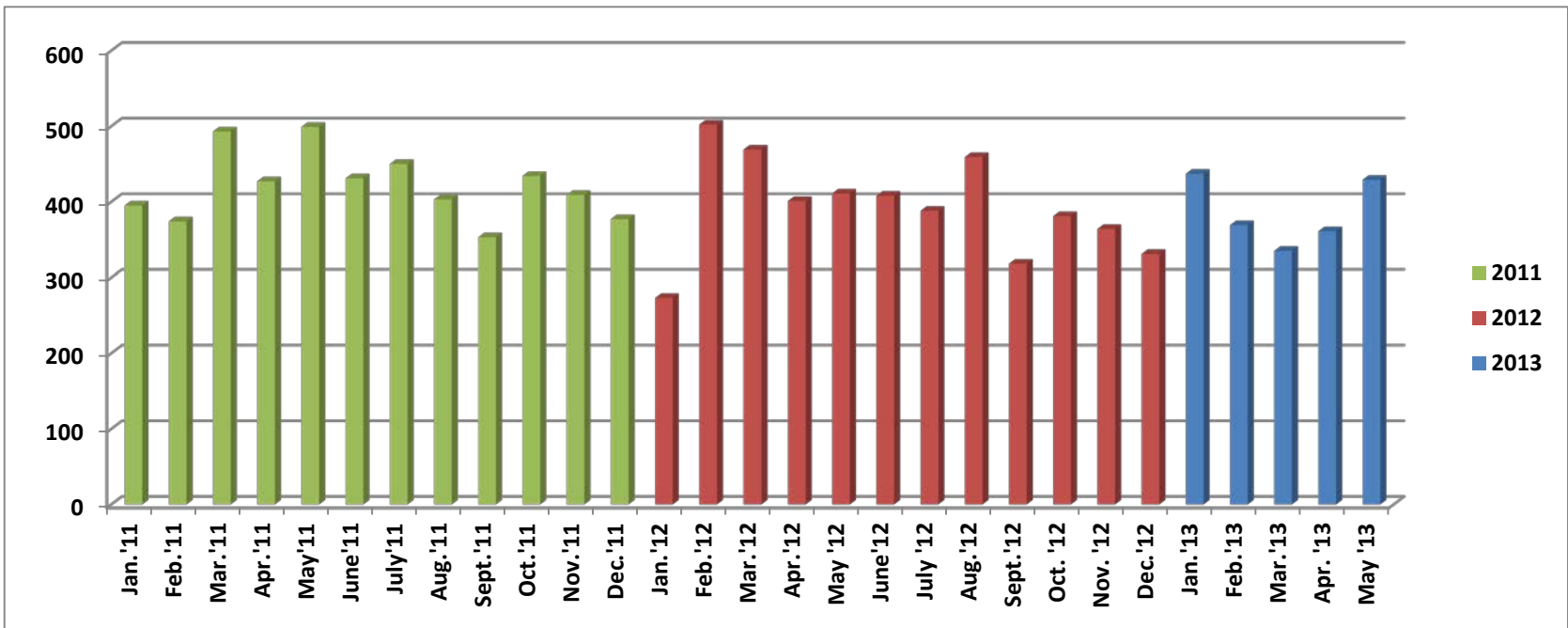
A. Protests Acknowledged: 2012 May 2013  
 4705 429 1931

## Fund Involved:

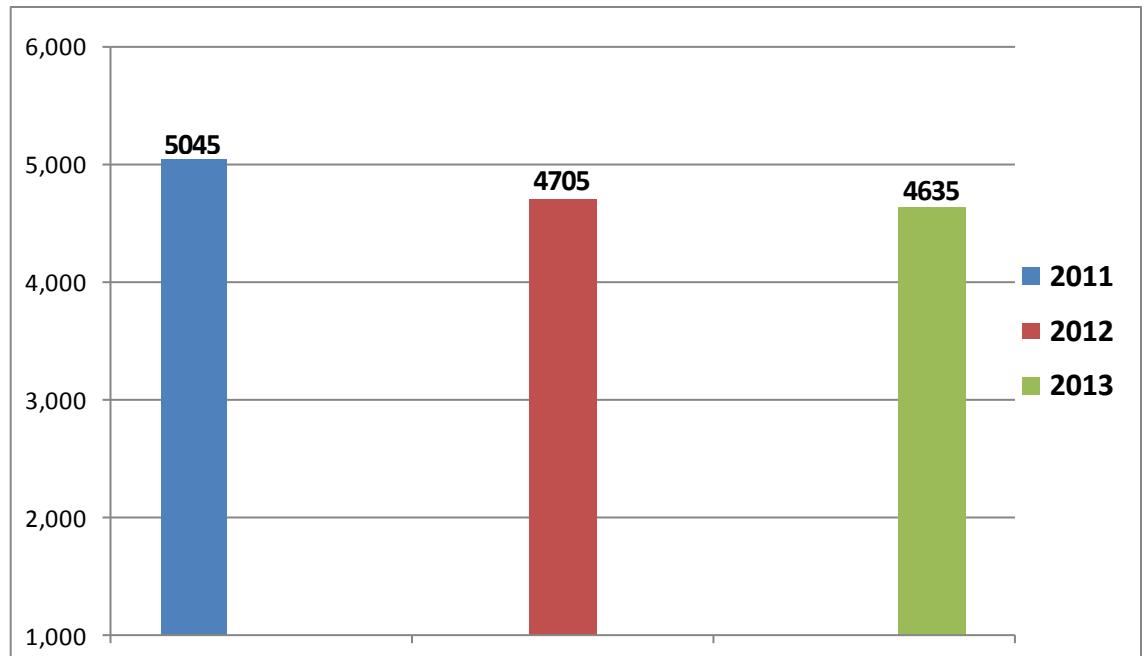
FUND	2012	% of protests	May '13	% of protests	2013	% of protests
Old Fund	593	12.60%	47	10.96%	224	11.60%
Private Carrier	3233	68.72%	321	74.82%	1384	71.67%
Self-Insured	879	18.68%	61	14.22%	323	16.73%
Subtotal	4705		429		1931	
Temporary	708		27		202	
Total	5413		456		2133	



Protests Acknowledged by Carrier Type



Protests Acknowledged by Month



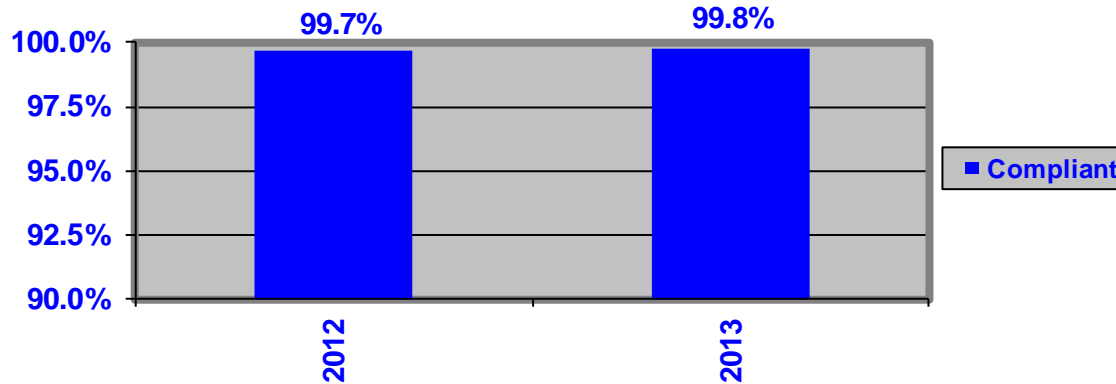
Protests Acknowledged by Year



		<u>May '13</u>	<u>2013</u>
<b>E.</b>	<b>Protests Resolved:</b>		
	1. Protests decided:	274	1285
	2. Withdrawals:	76	366
	3. "No Evidence" Dismissals:	31	187

		<u>2012</u>	<u>May '13</u>	<u>2013</u>
<b>F.</b>	<b>Final Decision Timeliness</b>			
	1. <30 days:	46.5%	47.0%	41.0%
	2. 30-60 days:	50.3%	50.9%	55.5%
	3. 60-90 days:	2.9%	2.1%	3.3%
	4. +90 days:	0.3%	0.0%	0.2%

**Decision Within Rule's Time Limits**



		<u>2012</u>	<u>May</u>	<u>2013</u>
<b>G.</b>	<b>Time Standard Compliance</b>	92.5%	96%	94.5%

**Time Standard Compliance**  
Report Dates: From 5/1/2013 thru 5/31/2013

Time Standard	Total Closed	Timely		Late	
		Count	Percent	Count	Percent
DEP BEN FATAL	2	1	50%	1	50%
REOPENING	6	6	100%	0	0%
TRMT/EQUIP CL	31	31	100%	0	0%
OPBD	4	4	100%	0	0%
COMPENSABILITY	19	17	89.50%	2	10.50%
OP NON-MED	3	3	100%	0	0%
TTD	9	7	77.80%	2	22.20%
REHABILITATION	1	1	100%	0	0%
PPD	51	51	100%	0	0%
<b>Total</b>	<b>126</b>	<b>121</b>	<b>96%</b>	<b>5</b>	<b>4%</b>

**Final Decision Compliance**  
Report Dates: From 5/1/2013 thru 5/31/2013

Description	Issues Resolved	Days to Decision							
		< 30 Days		30 - 60		61 - 90		> 90	
		Count	%	Count	%	Count	%	Count	%
APPLICATION THRESHOLD	1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
REOPENING	17	8	47.1%	9	52.9%	0	0.0%	0	0.0%
SPECIAL CATEGORY	3	2	66.7%	1	33.3%	0	0.0%	0	0.0%
BENEFIT OVERPAYMENT	1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
COMPENSABILITY	59	28	47.5%	30	50.8%	1	1.7%	0	0.0%
FAILURE TO ACT 30 DAY	1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
OPBD	11	5	45.5%	5	45.5%	1	9.1%	0	0.0%
REHABILITATION	1	1	100.0%	0	0.0%	0	0.0%	0	0.0%
BENEFIT RATE	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
PPD	46	20	43.5%	25	54.3%	1	2.2%	0	0.0%
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	3	1	33.3%	2	66.7%	0	0.0%	0	0.0%
TRMT/EQUIP CL	96	45	46.9%	50	52.1%	1	1.0%	0	0.0%
DEP BEN FATAL	5	4	80.0%	1	20.0%	0	0.0%	0	0.0%
OP NON-MED	4	4	100.0%	0	0.0%	0	0.0%	0	0.0%
FAILURE TO ACT 15 DAY	2	1	50.0%	0	0.0%	1	50.0%	0	0.0%
TTD	30	13	43.3%	17	56.7%	0	0.0%	0	0.0%
<b>Totals</b>	<b>281</b>	<b>132</b>	<b>47.0%</b>	<b>143</b>	<b>50.9%</b>	<b>6</b>	<b>2.1%</b>	<b>0</b>	<b>0.0%</b>



**Motion Resolution Compliance**  
Report Dates: From 5/1/2013 thru 5/31/2013

Time Standard	Total Motions	Timely *		Late **	
		Count	Percent	Count	Percent
BENEFIT OVERPAYMENT	1	0	0%	1	100%
COMPENSABILITY	263	258	98.10%	5	1.90%
DEP BEN 104	1	1	100%	0	0%
DEP BEN FATAL	10	10	100%	0	0%
FAILURE TO ACT 15 DAY	6	6	100%	0	0%
FAILURE TO ACT 30 DAY	2	2	100%	0	0%
OPBD	26	26	100%	0	0%
REHABILITATION	3	3	100%	0	0%
SPECIAL CATEGORY	38	38	100%	0	0%
TTD	95	93	97.90%	2	2.10%
BENEFIT RATE	2	2	100%	0	0%
OP NON-MED	7	7	100%	0	0%
PPD	152	148	97.40%	4	2.60%
PTD ENTITLEMENT	2	1	50%	1	50%
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	1	1	100%	0	0%
REOPENING	35	34	97.10%	1	2.90%
TRMT/EQUIP CL	310	302	97.40%	8	2.60%
<b>Total</b>	<b>954</b>	<b>932</b>	<b>97.7%</b>	<b>22</b>	<b>2.3%</b>

\* Action Date < Motion Date

\*\* Action Date > Motion Date

## Acknowledgement Goal

Report Dates: From 5/1/2013 thru 5/31/2013

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30		30-24		23-11		< 11	
		Count	Percent	Count	Percent	Count	Percent	Count	Percent
<b>BENEFIT OVERPAYMENT</b>	<b>Total: 1</b>	<b>1</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
CBO-CL BEN. OVERPAYMENT	1	1	100.0%	0	0.0%	0	0.0%	0	0.0%
<b>COMPENSABILITY</b>	<b>Total: 87</b>	<b>2</b>	<b>2.3%</b>	<b>2</b>	<b>2.3%</b>	<b>23</b>	<b>26.4%</b>	<b>60</b>	<b>69.0%</b>
CCS-CL SEC.CONDITION	28	0	0.0%	0	0.0%	3	10.7%	25	89.3%
CIS-CL SI SEC.CONDITION	3	0	0.0%	0	0.0%	0	0.0%	3	100.0%
CLB-CL COMP ON LIMITED BASIS	3	0	0.0%	0	0.0%	1	33.3%	2	66.7%
CLB-CL SI COMP ON LIMITED BASIS	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
CPI-CL SI REJECT CLAIM	6	1	16.7%	0	0.0%	1	16.7%	4	66.7%
CPJ-CL REJECT CLAIM	38	1	2.6%	2	5.3%	16	42.1%	19	50.0%
CRZ-CL REJ OCC DISEASE	7	0	0.0%	0	0.0%	2	28.6%	5	71.4%
<b>DEP BEN FATAL</b>	<b>Total: 10</b>	<b>1</b>	<b>10.0%</b>	<b>1</b>	<b>10.0%</b>	<b>2</b>	<b>20.0%</b>	<b>6</b>	<b>60.0%</b>
CDF-CL DENY/GRNT DTH BEN	6	1	16.7%	1	16.7%	0	0.0%	4	66.7%
CIF-CL SI DY/GNT DTH BEN	3	0	0.0%	0	0.0%	1	33.3%	2	66.7%
EIF-EM SI DY/GNT DTH BEN	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
<b>FAILURE TO ACT 15 DAY</b>	<b>Total: 2</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>2</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>
C01-CL FTA INJ COMPENSAB	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
FTA Diagnosis Update-FTA DIAGNOSIS UPATE	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
<b>FAILURE TO ACT 30 DAY</b>	<b>Total: 1</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>1</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>
C7D-CL FTA REF FOR EXAM	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
<b>OP NON-MED</b>	<b>Total: 3</b>	<b>1</b>	<b>33.3%</b>	<b>0</b>	<b>0.0%</b>	<b>1</b>	<b>33.3%</b>	<b>1</b>	<b>33.3%</b>
CNR-CL NON-MED ORDER	3	1	33.3%	0	0.0%	1	33.3%	1	33.3%
<b>OPBD</b>	<b>Total: 13</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>4</b>	<b>30.8%</b>	<b>9</b>	<b>69.2%</b>
CAO-CL ADD BOARD FINDING	4	0	0.0%	0	0.0%	1	25.0%	3	75.0%
CBF-CL % BOARD FINDING	6	0	0.0%	0	0.0%	3	50.0%	3	50.0%
CSF-CL% SI BOARD FINDING	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
EBF-EM % BOARD FINDING	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
<b>PPD</b>	<b>Total: 110</b>	<b>3</b>	<b>2.7%</b>	<b>2</b>	<b>1.8%</b>	<b>27</b>	<b>24.5%</b>	<b>78</b>	<b>70.9%</b>
CAA-CL ADDL % AWARD D/G	4	0	0.0%	0	0.0%	1	25.0%	3	75.0%
CAD-CL % AWARD DENY/GRNT	88	3	3.4%	2	2.3%	22	25.0%	61	69.3%
CIE-CL SI ADD% AWARD D/G	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30		30-24		23-11		< 11	
		Count	Percent	Count	Percent	Count	Percent	Count	Percent
<b>PTD ENTITLEMENT</b>	<b>Total: 1</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>1</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>
CKC-CL DENY/GRANT PTD	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
<b>PTD REVIEWING BODY IMPAIRMENT DETERMINATION</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>
CZB-CL SI IEB DETRM'TION	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
<b>REHABILITATION</b>	<b>Total: 5</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>5</b>	<b>100.0%</b>
CPB-CL GRNT/DNY VOC REHA	4	0	0.0%	0	0.0%	0	0.0%	4	100.0%
CPV-CL DY/GRNT REHAB PLN	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
<b>REOPENING</b>	<b>Total: 16</b>	<b>2</b>	<b>12.5%</b>	<b>0</b>	<b>0.0%</b>	<b>5</b>	<b>31.3%</b>	<b>9</b>	<b>56.3%</b>
CJV-CL DNY/GRNT R/O PPD	5	0	0.0%	0	0.0%	1	20.0%	4	80.0%
CRD-CL DENY/GRNT R/O TTD	11	2	18.2%	0	0.0%	4	36.4%	5	45.5%
<b>SPECIAL CATEGORY</b>	<b>Total: 10</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>6</b>	<b>60.0%</b>	<b>4</b>	<b>40.0%</b>
CNW-CL SPL CATEGORY	9	0	0.0%	0	0.0%	6	66.7%	3	33.3%
ENW-EM SPL CATEGORY	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
<b>TRMT/EQUIP CL</b>	<b>Total: 132</b>	<b>7</b>	<b>5.3%</b>	<b>3</b>	<b>2.3%</b>	<b>14</b>	<b>10.6%</b>	<b>108</b>	<b>81.8%</b>
CBX-CL TRMT DENY	103	4	3.9%	2	1.9%	13	12.6%	84	81.6%
CED-CL EQUIP DENY/GRANT	3	0	0.0%	0	0.0%	1	33.3%	2	66.7%
CHH-CL AUTH HA/RPR D/G	1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
CKN-CL D/G PROV CHNG	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CSX-CL SI TRMT DENY	20	2	10.0%	0	0.0%	0	0.0%	18	90.0%
CYY-CL TRMT GRANT	4	1	25.0%	0	0.0%	0	0.0%	3	75.0%
<b>TTD</b>	<b>Total: 37</b>	<b>3</b>	<b>8.1%</b>	<b>0</b>	<b>0.0%</b>	<b>7</b>	<b>18.9%</b>	<b>27</b>	<b>73.0%</b>
CCC-CL CLOSING THE CLAIM	19	2	10.5%	0	0.0%	3	15.8%	14	73.7%
CIC-CL SI CLSING THE CLM	4	1	25.0%	0	0.0%	1	25.0%	2	50.0%
CIJ-CL SI TTD	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
CJS-CL TTD	9	0	0.0%	0	0.0%	2	22.2%	7	77.8%
CPX-CL INITIAL TTD	3	0	0.0%	0	0.0%	1	33.3%	2	66.7%
<b>TOTAL: CLAIMS 372</b>	<b>429</b>	<b>20</b>	<b>4.7%</b>	<b>8</b>	<b>1.9%</b>	<b>93</b>	<b>21.7%</b>	<b>308</b>	<b>71.8%</b>



### Expedited Hearings Scheduled

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL
<b>2011</b>	10	16	11	15	21	16	11	13	9	8	12	10	<b>152</b>
<b>2012</b>	14	2	18	12	13	5	7	3	2	11	16	10	<b>113</b>
<b>2013</b>	14	10	11	22	12								<b>69</b>

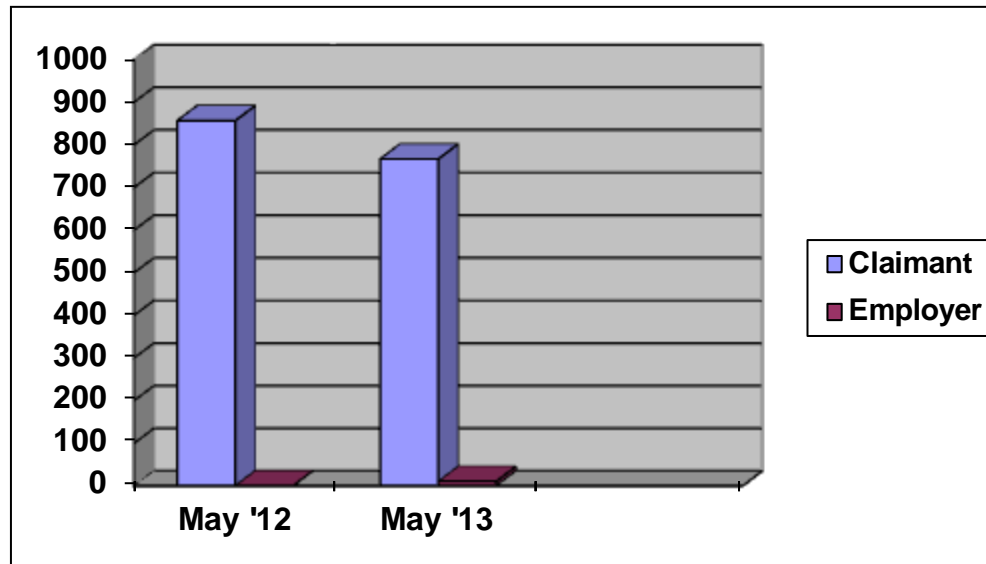
### Pro Se Claimant Information as of June 3, 2013

Pending Protests Involving Pro Se Claimants: 465

### OOJ – Pending Treatment Issues

Pending Treatment Issues			Comparison to Prior Mo/Year	
Party	Month	% Protests	Month	% Protests
	May '13		May '12	
Claimant	767	24.36%	857	23.23%
Employer	11	0.03%	0	0.00%
<b>Total</b>	<b>778</b>		<b>857</b>	

Pending Treatment Issues

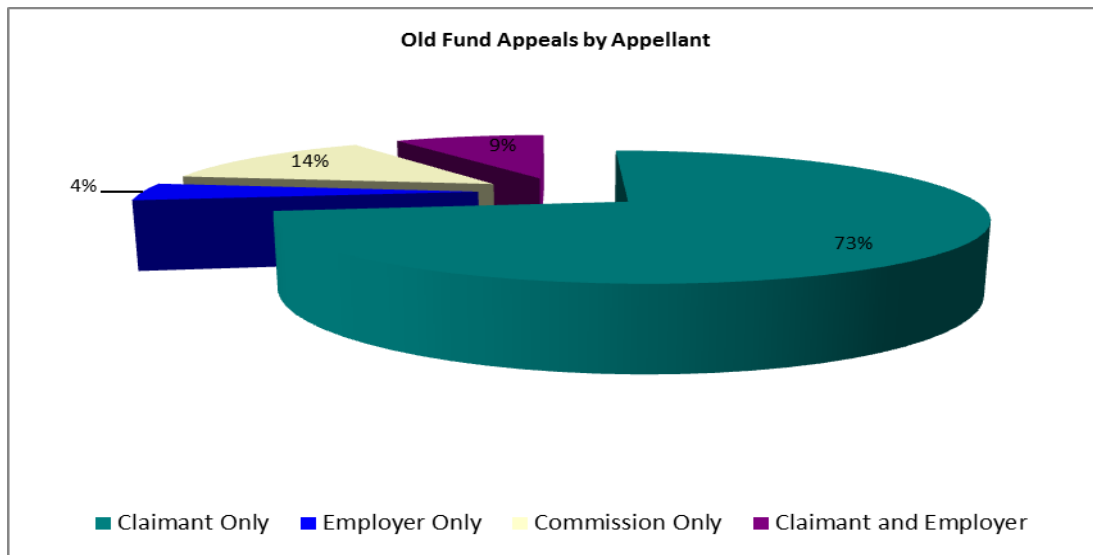


# Workers' Compensation Board of Review

Appeals Received  
From May 1, 2013 Thru May 31, 2013

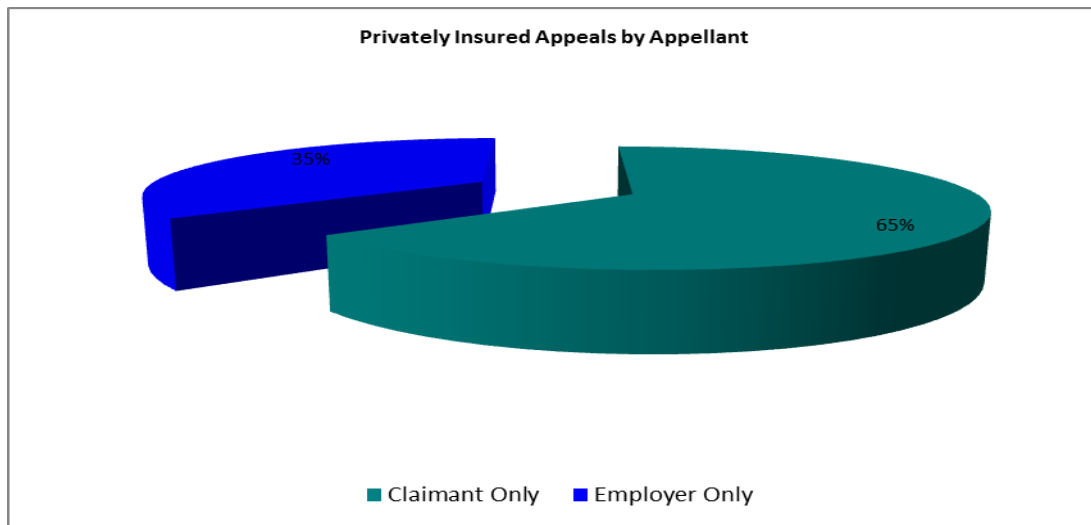
## Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	16
Employer Only	1
Commission Only	3
Claimant and Employer	2
Old Fund Total	22



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

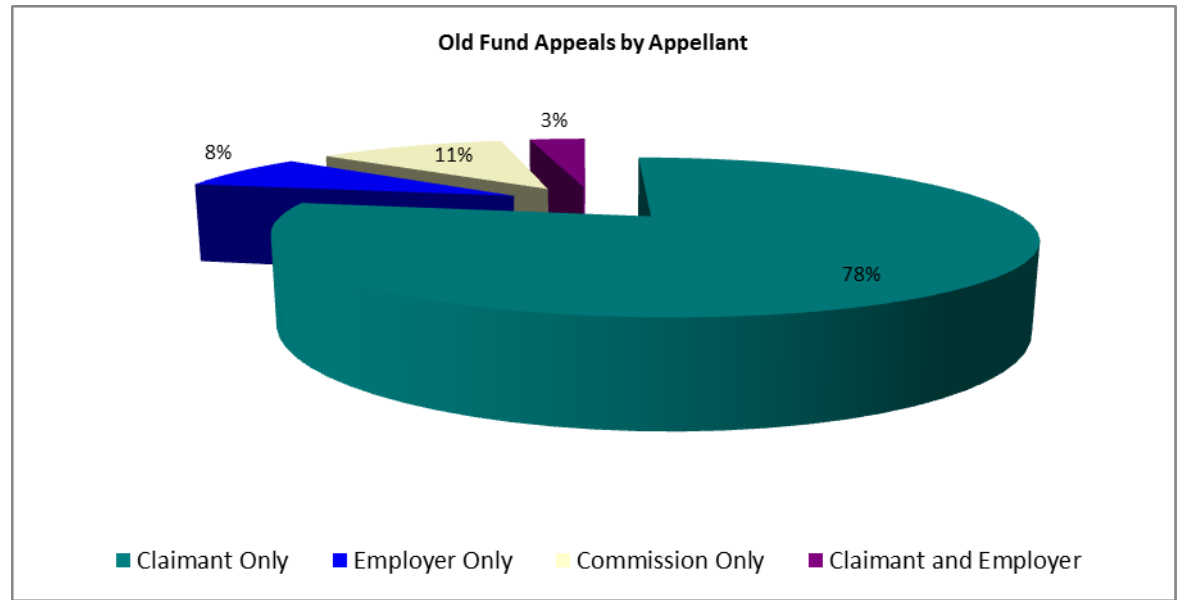
Appellant	Count
Claimant Only	33
Employer Only	18
Privately Insured Total	51
Total Appeals	73



Yearly Appeals Received  
From January 1, 2013 Thru May 31, 2013

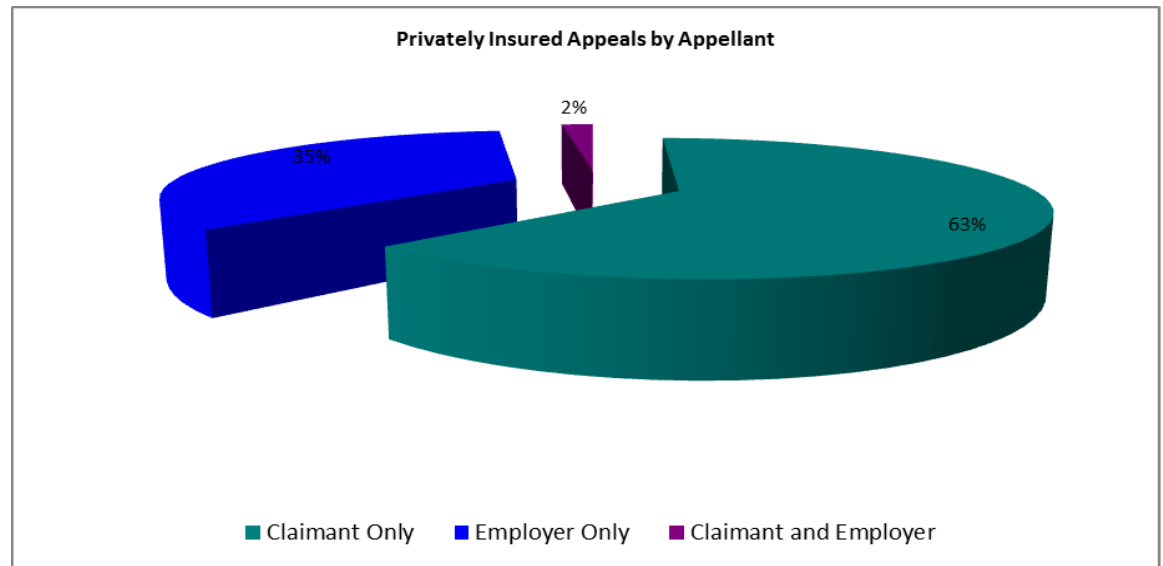
**Old Fund Appeals (DOI < Jul-1-2005)**

Appellant	Count
Claimant Only	71
Employer Only	7
Commission Only	10
Claimant and Employer	3
<b>Old Fund Total</b>	<b>91</b>



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

Appellant	Count
Claimant Only	201
Employer Only	113
Claimant and Employer	6
<b>Privately Insured Total</b>	<b>320</b>
<b>Total Appeals</b>	<b>411</b>



Appeals Received By Issue  
 Old Fund Appeals (DOI < Jul-1-2005) vs Privately Insured Appeals (DOI > June-30-2005)  
 From May 1, 2013 thru May 31, 2013

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	8	1	12.5	7	87.5
CL ADD BOARD FINDING	2	1	50.0	1	50.0
CL ADDL % AWARD D/G	3	1	33.3	2	66.7
CL APP.THRESHOLD	1	1	100.0	0	0.0
CL CLOSING THE CLAIM	1	0	0.0	1	100.0
CL COMPENSABILITY	2	0	0.0	2	100.0
CL DENY/GRNT DTH BEN	3	3	100.0	0	0.0
CL DENY/GRNT R/O TTD	3	0	0.0	3	100.0
CL DNY/GRNT R/O PPD	1	1	100.0	0	0.0
CL NON-MED ORDER	1	1	100.0	0	0.0
CL REJ OCC DISEASE	1	1	100.0	0	0.0
CL REJECT CLAIM	12	0	0.0	12	100.0
CL SEC.CONDITION	7	0	0.0	7	100.0
CL SI %AWARD DNY/GNT	1	0	0.0	1	100.0
CL SI ADD% AWARD D/G	2	1	50.0	1	50.0
CL SI CLSING THE CLM	1	0	0.0	1	100.0
CL SI COMPENSABLE	1	0	0.0	1	100.0
CL SI IEB DETRM'TION	1	1	100.0	0	0.0
CL SI REJECT CLAIM	2	0	0.0	2	100.0
CL SI SEC.CONDITION	1	0	0.0	1	100.0
CL SI TRMT DENY	3	1	33.3	2	66.7
CL TRMT DENY	15	7	46.7	8	53.3
CL TTD	2	0	0.0	2	100.0
Not All Parties cc'd	2	1	50.0	1	50.0
<b>Totals</b>	<b>76</b>	<b>21</b>	<b>27.6</b>	<b>55</b>	<b>72.4</b>



Yearly Appeals Received By Issue  
 Old Fund Appeals (DOI < Jul-1-2005) vs Privately Insured Appeals (DOI > June-30-2005)  
 From January 1, 2013 Thru May 31, 2013

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	46	3	6.5	43	93.5
CL % BOARD FINDING	3	0	0.0	3	100.0
CL ADD BOARD FINDING	4	2	50.0	2	50.0
CL ADDL % AWARD D/G	9	2	22.2	7	77.8
CL APP.THRESHOLD	4	3	75.0	1	25.0
CL BEN. OVERPAYMENT	1	0	0.0	1	100.0
CL CLOSING THE CLAIM	33	1	3.0	32	97.0
CL COMPENSABILITY	10	0	0.0	10	100.0
CL D/G PROV CHNG	1	0	0.0	1	100.0
CL DENY/GRANT PTD	9	9	100.0	0	0.0
CL DENY/GRNT DTH BEN	6	6	100.0	0	0.0
CL DENY/GRNT R/O TTD	9	0	0.0	9	100.0
CL DNY/GRNT R/O PPD	5	2	40.0	3	60.0
CL DNY/GRNT R/O PTD	2	2	100.0	0	0.0
CL EQUIP DENY/GRANT	2	2	100.0	0	0.0
CL INITIAL TTD	3	0	0.0	3	100.0
CL NON-MED ORDER	2	2	100.0	0	0.0
CL PRSTS BEN RATE	1	0	0.0	1	100.0
CL PTD REV. BODY DETERMINATION	3	3	100.0	0	0.0
CL REJ OCC DISEASE	8	2	25.0	6	75.0
CL REJECT CLAIM	55	0	0.0	55	100.0
CL SEC.CONDITION	29	0	0.0	29	100.0
CL SI %AWARD DNY/GNT	18	4	22.2	14	77.8
CL SI AD.BRD FINDING	2	0	0.0	2	100.0
CL SI ADD% AWARD D/G	6	3	50.0	3	50.0
CL SI CLSING THE CLM	6	0	0.0	6	100.0
CL SI COMPENSABLE	2	0	0.0	2	100.0
CL SI DY/GNT DTH BEN	4	3	75.0	1	25.0
CL SI DY/GNT R/O PPD	4	3	75.0	1	25.0
CL SI DY/GNT R/O TTD	5	0	0.0	5	100.0
CL SI G/D VOC REHAB	1	0	0.0	1	100.0
CL SI IEB DETRMITION	1	1	100.0	0	0.0
CL SI REJ OCCDISEASE	1	0	0.0	1	100.0
CL SI REJECT CLAIM	11	0	0.0	11	100.0
CL SI SEC.CONDITION	7	0	0.0	7	100.0
CL SI SL CATEGORY	1	0	0.0	1	100.0
CL SI TRMT DENY	30	8	26.7	22	73.3
CL SI TRMT GRANT	1	0	0.0	1	100.0

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL SPL CATEGORY	4	0	0.0	4	100.0
CL TRMT DENY	96	28	29.2	68	70.8
CL TTD	4	0	0.0	4	100.0
CL% SI BOARD FINDING	1	0	0.0	1	100.0
NonPrstable Protest	1	0	0.0	1	100.0
Not All Parties cc'd	2	1	50.0	1	50.0
Totals	453	90	19.9	363	80.1

Appeals Received By Issue  
From May 1, 2013 Thru May 31, 2013

Type of Issue	Total Issues	Claimant		Employer		OIC		Emp and OIC	
		#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	8	6	75.0	2	25.0	0	0.0	0	0.0
CL ADD BOARD FINDING	2	2	100.0	0	0.0	0	0.0	0	0.0
CL ADDL % AWARD D/G	3	1	33.3	2	66.7	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	1	1	100.0	0	0.0	0	0.0	0	0.0
CL COMPENSABILITY	2	2	100.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT DTH BEN	3	2	66.7	0	0.0	0	0.0	1	33.3
CL DENY/GRNT R/O TTD	3	2	66.7	1	33.3	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 NON-MED ORDER	1	0	0.0	0	0.0	0	0.0	1	100.0
CL REJ OCC DISEASE	2	1	50.0	1	50.0	0	0.0	0	0.0
CL REJECT CLAIM	12	6	50.0	6	50.0	0	0.0	0	0.0
CL SEC.CONDITION	7	4	57.1	3	42.9	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI ADD% AWARD D/G	2	1	50.0	1	50.0	0	0.0	0	0.0
CL SI CLSING THE CLM	1	0	0.0	1	100.0	0	0.0	0	0.0
CL SI COMPENSABLE	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI IEB DETRM'TION	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	2	1	50.0	1	50.0	0	0.0	0	0.0
CL SI SEC.CONDITION	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	3	3	100.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	15	10	66.7	4	26.7	0	0.0	1	6.7
CL TTD	2	1	50.0	1	50.0	0	0.0	0	0.0
Not All Parties cc'd	2	2	100.0	0	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>77</b>	<b>51</b>	<b>66.2</b>	<b>23</b>	<b>29.9</b>	<b>0</b>	<b>0.0</b>	<b>3</b>	<b>3.9</b>

WORKERS' COMPENSATION BOARD OF REVIEW  
FOR MAY 2013

Appealed By	BOR Disposition	Disposition Count	Disp %	Total %	Year to Date	Disp %	Total %
<b>CLAIMANT</b>	AFFIRMED	44	93.6%	57.9%	264	89.5%	61.4%
	DISMISSED				15	5.1%	3.5%
	MODIFY				2	0.7%	0.5%
	REMAND	1	2.1%	1.3%	5	1.7%	1.2%
	REVERSE	2	4.3%	2.6%	9	3.1%	2.1%
	Total Dispositions	47			295		
	<b>CLAIMANT/EMPLOYER</b>	AFFIRMED				5	83.3%
MODIFY					1	16.7%	0.2%
Total Dispositions					6		
<b>EMPLOYER</b>	AFFIRMED	21	77.8%	27.6%	74	66.1%	17.2%
	DISMISSED	1	3.7%	1.3%	13	11.6%	3.0%
	MODIFY	1	3.7%	1.3%	3	2.7%	0.7%
	REMAND	1	3.7%	1.3%	2	1.8%	0.5%
	REVERSE	3	11.1%	3.9%	20	17.9%	4.7%
	Total Dispositions	27			112		
<b>DIVISION/OIC</b>	AFFIRMED				11	64.7%	2.6%
	DISMISSED	1	50.0%	1.3%	2	11.8%	0.5%
	MODIFY				1	5.9%	0.2%
	REVERSE	1	50.0%	1.3%	3	17.6%	0.7%
	Total Dispositions	2			17		
	Grand Totals	76			430		

Dispositions By Issue  
BOR Orders Mailed From May 1, 2013 Thru May 31, 2013

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	9	9	100.0	0	0.0	0	0.0	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	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	7	4	57.1	2	28.6	1	14.3	0	0.0	0	0.0	0	0.0	0	0.0
CL COMPENSABILITY	3	2	66.7	0	0.0	0	0.0	0	0.0	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	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	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	2	0	0.0	1	50.0	1	50.0	0	0.0	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	0	0.0	0	0.0	0	0.0
CL INITIAL TTD	1	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0
CL NON-MED ORDER	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
CL PTD REV. BODY DETERMINATION	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	8	8	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SEC.CONDITION	8	8	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	5	5	100.0	0	0.0	0	0.0	0	0.0	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	0	0.0	0	0.0	0	0.0
CL SI CLSING THE CLM	3	2	66.7	0	0.0	0	0.0	1	33.3	0	0.0	0	0.0	0	0.0
CL SI DENY/GRANT PTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT DTH BEN	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O PPD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O TTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJ OCCDISEASE	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	1	1	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	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	13	86.7	0	0.0	1	6.7	0	0.0	1	6.7	0	0.0	0	0.0
CL TTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
EM SI DY/GNT DTH BEN	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Not All Parties cc'd	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>82</b>	<b>68</b>	<b>82.9</b>	<b>6</b>	<b>7.3</b>	<b>4</b>	<b>4.9</b>	<b>1</b>	<b>1.2</b>	<b>3</b>	<b>3.7</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>

Dispositions By Issue  
BOR Orders Mailed From January 1, 2013 Thru May 31, 2013

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	51	46	90.2	2	3.9	3	5.9	0	0.0	0	0.0	0	0.0	0	0.0
CL % BOARD FINDING	5	5	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ADD BOARD FINDING	4	4	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ADDL % AWARD D/G	8	6	75.0	0	0.0	2	25.0	0	0.0	0	0.0	0	0.0	0	0.0
CL APP.THRESHOLD	2	1	50.0	0	0.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	25	19	76.0	5	20.0	1	4.0	0	0.0	0	0.0	0	0.0	0	0.0
CL COMPENSABILITY	10	6	60.0	1	10.0	2	20.0	0	0.0	1	10.0	0	0.0	0	0.0
CL DENY/GRANT PTD	5	4	80.0	1	20.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT DTH BEN	5	5	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	10	7	70.0	2	20.0	1	10.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DNY/GRNT R/O PPD	4	4	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DNY/GRNT R/O PTD	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
CL EQUIP DENY/GRANT	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL INITIAL TTD	9	3	33.3	2	22.2	3	33.3	0	0.0	1	11.1	0	0.0	0	0.0
CL NON-MED ORDER	3	0	0.0	1	33.3	2	66.7	0	0.0	0	0.0	0	0.0	0	0.0
CL OIC REJECT CLAIM	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ONSET DATE ISSUE	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL PTD REV. BODY DETERMINATION	2	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJ OCC DISEASE	4	4	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	55	42	76.4	6	10.9	6	10.9	0	0.0	1	1.8	0	0.0	0	0.0
CL SEC.CONDITION	36	29	80.6	1	2.8	5	13.9	1	2.8	0	0.0	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	19	15	78.9	2	10.5	1	5.3	0	0.0	1	5.3	0	0.0	0	0.0
CL SI ADD% AWARD D/G	3	3	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI APP.THRESHOLD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI CLSING THE CLM	10	7	70.0	1	10.0	0	0.0	2	20.0	0	0.0	0	0.0	0	0.0
CL SI COMPENSABLE	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DENY/GRANT PTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT DTH BEN	3	3	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O PPD	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O TTD	4	4	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJ OCCDISEASE	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	13	11	84.6	1	7.7	1	7.7	0	0.0	0	0.0	0	0.0	0	0.0
CL SI SEC.CONDITION	4	3	75.0	1	25.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI SL CATEGORY	1	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	36	32	88.9	3	8.3	1	2.8	0	0.0	0	0.0	0	0.0	0	0.0
CL SI TRMT GRANT	1	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0
CL SI TTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SPL CATEGORY	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	101	87	86.1	7	6.9	4	4.0	1	1.0	2	2.0	0	0.0	0	0.0

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
<b>CL TRMT GRANT</b>	4	4	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>CL TTD</b>	6	6	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>CL% SI BOARD FINDING</b>	3	3	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>EM ADD BOARD FINDING</b>	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>EM SI DENY/GRANT PTD</b>	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>EM SI DY/GNT DTH BEN</b>	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0
<b>NonPrstable Protest</b>	1	0	0	0	0	0	0	0	0	1	100	0	0	0	0
<b>Not All Parties cc'd</b>	1	0	0	1	100	0	0	0	0	0	0	0	0	0	0
Totals	466	380	81.545	38	8.1545	35	7.5107	5	1.073	8	1.7167	0	0	0	0

**WV Offices of the Insurance Commissioner**  
**Workers' Compensation – Revenue Recovery**  
 May 2013

<b>COLLECTION ACTIVITY</b>	
Receipts - Old Fund (Employer out of business)	\$ 25,765.73
Receipts - PC & NU (Private Carrier Cancellation & Rogue Employers)	\$ 46,784.72
Receipts - Payment Agreements (Old Fund and UEF Combined)	\$ 16,037.64
# of active accounts uninsured (cumulative)	352
\$ of active accounts uninsured (cumulative)	\$ 1,220,869.20
Telephone contacts	1,207
Walk-ins	9

<b>LIENS</b>	
Liens sent to county clerks for recordation	74
Liens sent to county clerks for release	40
Intent to lien letters sent to employer/owner/officer/member	25

<b>Uninsured Accounts Resolved</b>	208
<b>All Cash Receipts from WC accounts</b>	\$ 88,588.09

<b>INJUNCTIONS</b>	
Affidavits for injunction submitted to legal	5
Hearings attended	0
# of injunction complaints accepted by court	3
# of injunctions granted	0
# of agreed orders entered	1
<b>PAYMENT AGREEMENTS</b>	
# of repayment agreements applications	2
Agreements set up	1
Total # of agreements on system (cumulative)	51
Intent to void letters mailed	7
Agreements voided	1

<b>MISCELLANEOUS</b>	
Terminations Processed	38
Rule 11 Letters Mailed	196
Rule 11 hearings	1

# BOARD OF TREASURY INVESTMENTS

## CALENDAR NOTE

Board Meeting  
August 1, 2013

## OPERATING REPORT

### APRIL 2013

#### Board of Treasury Investments

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

#### Board of Directors

John D. Perdue,  
State Treasurer,  
Chairman

Earl Ray Tomblin,  
Governor

Glen B. Gainer III,  
State Auditor

Martin Glasser, Esq.  
Attorney  
Appointed by the  
Governor

Richard "Chap"  
Donovan, CPA  
Appointed by the  
Governor

#### Executive Staff

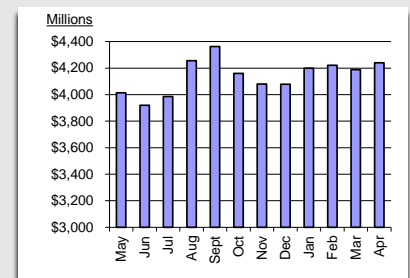
Executive  
Director  
Kara K. Hughes,  
CPA, MBA, CFE  
  
Chief Financial  
Officer  
Karl Shanholtzer,  
CIA, CPA

### Total Net Assets Under Management

**\$4,240,472,000**

Last Month  
**\$4,188,027,000**

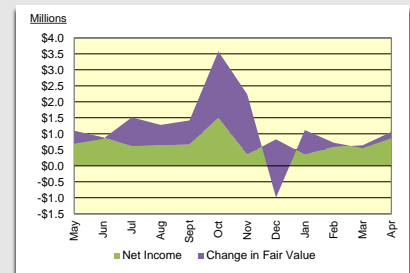
Beginning of Fiscal Year  
**\$3,919,677,000**



Net Assets for the Past 12 Months

### Total Net Income & Changes in Fair Value

Fiscal Year  
**\$12,270,000**



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

### Money Market Pools

As of April 30, 2013

Pool	1-Day Yield *	7-Day Yield *	30-Day Avg. Yield *	W.A.M. **	Net Assets
WV Money Market	.1268%	.1213%	.1289%	54 Days	\$2.9 Billion
WV Gov't Money Market	.0717%	.0549%	.0727%	55 Days	\$361.6 Million

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

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



# WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

## THE ECONOMIC STATE

### APRIL 2013

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#### **S&P Beats Previous Peak from October 2007**

##### **Market Environment**

US large company stocks scaled new highs in April, with the S&P 500 beating the previous peak level from October 2007, and closing above 1,600 in early May. The bullish run continued to be fueled by the Federal Reserve's accommodative monetary policy, even as fiscal cuts put a damper on the economic outlook. Non-US developed market stocks also surged last month. The Japanese equity market--bolstered by a flush of liquidity from its central bank--led the pack, while European shares gained on the back of a bailout package for Cypriot banks. In contrast, emerging market stocks posted modest returns on the heels of China's disappointing first quarter GDP growth of 7.5%.

US Treasury interest rates fell in April as bond investors bet on a continuing stream of easy money from the Fed. Declining yields boosted returns across fixed-income markets, while corporate credit spreads tightened as investors snapped up new issues from Apple and IBM. Commodities dropped as energy and industrial metals prices reflected lower expectations for inflation; gold plummeted amidst speculation that several large investors were unwinding significant positions.

We entered 2013 with the view that the robust performance of equity and credit markets in the US and other developed countries had outstripped underlying economic improvements. We highlighted the possibility that this trend could continue, given the supportive monetary policies of global central banks. Thus far, the impact of an accommodative monetary policy has offset the specter of fiscal austerity. Volatility remains subdued and the market has shrugged off potential calamities such as the Cyprus bailout. This appears to be an opportune time to review and return to strategic asset allocation. To this end, we recommend rebalancing overall equity exposure to target levels, and channeling profits from developed markets stocks into relatively more attractively priced emerging markets equities. Furthermore, yield-seeking investors with the ability to lock up capital can tap into direct lending strategies in the US, Europe and Asia.

##### **Equity Market Results**

Broad-based equity market indices provided investors with mixed returns during April. The S&P 500 Index rose 1.9%, while the Russell 2000 Index declined 0.4%. International equity markets rose during the month. Developed markets, represented by the MSCI EAFE Index, generated a 5.2% gain during the month, while their lesser developed counterparts, represented by the MSCI Emerging Markets Index, rose 0.4%.

##### **Bond Market Results**

The US bond market posted strong results during April. Government bonds posted positive returns just shy of 1.0%, while their corporate counterparts increased 1.8%. The Barclays Capital Aggregate Index, a broad measure of the bond market, rose 1.01%. Global bonds also posted positive results during the month. The Citi World Government Bond Index (unhedged) rose 1.1%, while emerging market debt (local currency) posted a 1.4% return. Short-term investments continued to provide investors with very small returns, as the 3-month Treasury bills and LIBOR posted returns of 0.01% and 0.02%, respectively.

# West Virginia Board of Treasury Investments

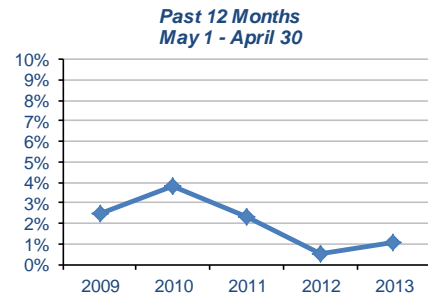
## Financial Highlights as of April 30, 2013

### WV Short Term Bond Pool

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

<u>May 1 - April 30</u>	<u>Return</u>	<u>Net Assets At Apr 30 (In Millions)</u>
2013	1.1%	\$ 552.1
2012	0.5%	\$ 503.6
2011	2.3%	\$ 478.1
2010	3.8%	\$ 449.9
2009	2.5%	\$ 325.7

#### WV Short Term Bond Pool Rates of Return

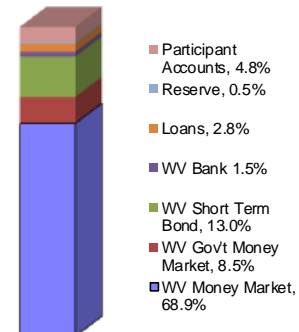


*Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool*

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

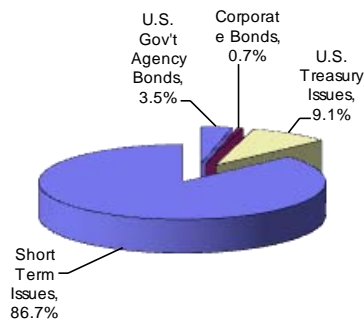
<u>Pool</u>	<u>Net Asset Value</u>	<u>Apr Net Income</u>	<u>Fiscal YTD Net Income</u>
WV Money Market	\$ 2,917,630	\$ 303	\$ 3,384
WV Gov't Money Market	361,621	21	273
WV Short Term Bond	552,139	345	5,380
WV Bank	65,035	7	104
Loans	117,090	102	(543)
Reserve	22,015	5	41
Participant Accounts	204,942	79	3,631
	<u>\$ 4,240,472</u>	<u>\$ 862</u>	<u>\$ 12,270</u>

#### Percent of Total Net Asset Value

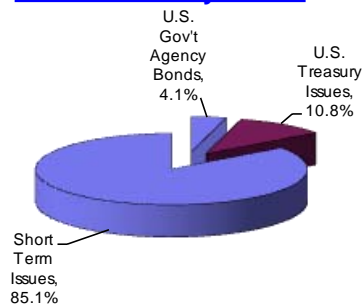


### Securities by Type for Operating Pools (Percentage of Asset Value)

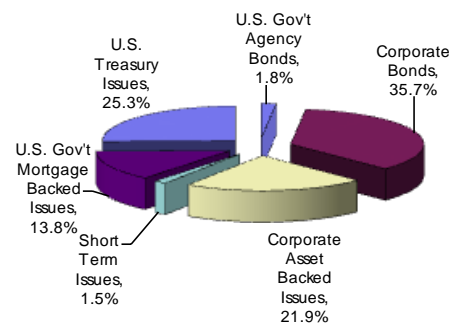
#### WV Money Market



#### WV Gov't Money Market



#### WV Short Term Bond



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

**APRIL 30, 2013**

(IN THOUSANDS)

	<u>WV Money Market Pool</u>	<u>WV Government Money Market Pool</u>	<u>WV Short Term Bond Pool</u>	<u>WV Bank Pool</u>	<u>Other Pools</u>	<u>Participant Directed Accounts</u>
<b>Assets</b>						
Investments:						
At amortized cost	\$ 2,921,754	\$ 361,592		\$ 65,015	\$ 139,088	\$ 201,372
At fair value	-	-	\$ 555,389	-	-	3,361
Cash	-	-	-	-	-	-
Other assets	1,179	76	1,473	21	20	209
Total assets	<u>2,922,933</u>	<u>361,668</u>	<u>556,862</u>	<u>65,036</u>	<u>139,108</u>	<u>204,942</u>
<b>Liabilities</b>						
Accrued expenses, dividends payable & payable for investments purchased	5,303	47	4,723	1	3	-
Total liabilities	<u>5,303</u>	<u>47</u>	<u>4,723</u>	<u>1</u>	<u>3</u>	<u>-</u>
<b>Net Assets</b>	<u>\$ 2,917,630</u>	<u>\$ 361,621</u>	<u>\$ 552,139</u>	<u>\$ 65,035</u>	<u>\$ 139,105</u>	<u>\$ 204,942</u>
<b>Investment income</b>						
Interest and dividends	\$ 461	\$ 61	\$ 771	\$ 8	\$ 110	\$ 132
Net accretion (amortization)	(54)	(20)	(161)	-	-	(81)
Provision for uncollectible loans	-	-	-	-	-	-
Total investment income	<u>407</u>	<u>41</u>	<u>610</u>	<u>8</u>	<u>110</u>	<u>51</u>
<b>Expenses</b>						
Fees	104	20	43	1	3	-
Total expenses	<u>104</u>	<u>20</u>	<u>43</u>	<u>1</u>	<u>3</u>	<u>-</u>
Net investment income	303	21	567	7	107	51
Net realized gain (loss) from investments	-	-	-	-	-	-
Net increase (decrease) in fair value of investments	-	-	(222)	-	-	28
Net gain (loss) from investments	<u>-</u>	<u>-</u>	<u>(222)</u>	<u>-</u>	<u>-</u>	<u>28</u>
<b>Net increase (decrease) in net assets from operations</b>	303	21	345	7	107	79
<b>Distributions to participants</b>	303	21	567	7	107	-
<b>Participant activity</b>						
Purchases, reinvestment of units and contributions	742,091	61,064	50,359	15,014	3,233	36
Redemptions and withdrawals	735,382	66,412	-	10,016	1,967	5,432
Inter-pool transfers in	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-
<b>Net increase (decrease) in net assets from participant activity</b>	<u>6,709</u>	<u>(5,348)</u>	<u>50,359</u>	<u>4,998</u>	<u>1,266</u>	<u>(5,396)</u>
Increase (decrease) in net assets	6,709	(5,348)	50,137	4,998	1,266	(5,317)
Net assets at beginning of period	2,910,921	366,969	502,002	60,037	137,839	210,259
<b>Net assets at end of period</b>	<u>\$ 2,917,630</u>	<u>\$ 361,621</u>	<u>\$ 552,139</u>	<u>\$ 65,035</u>	<u>\$ 139,105</u>	<u>\$ 204,942</u>

**Memo of Understanding between the West Virginia Supreme Court of Appeals and the West Virginia  
Legislature's Joint Committee on Government and Finance**

The parties to this Memorandum of Understanding (MOU) agree to the following:

WHEREAS S.B.1003, enacted during the first Extraordinary Session of the West Virginia Legislature of 2013, requires a study be undertaken on Magistrate Court Workload in West Virginia by the Legislature's Joint Committee on Government and Finance;

WHEREAS the purpose of this study is to assess the present resources and personnel in the magistrate court system, to determine if there could be revisions to the existing system that might better apportion magistrate court workloads and staffing, provide greater efficiencies, and improve workload allocation and service to the public;

WHEREAS The Joint Committee on Government and Finance has received a proposal to conduct the study by the National Center for State Courts;

WHEREAS the National Center for State Courts proposed study requires information and participation from the judicial branch of the state government of West Virginia to conduct a successful study;

WHEREAS the Administrative Office of the West Virginia Supreme Court has reviewed the study proposal and graciously offered to assist the Legislature and the National Center for State Courts in the conduct of the study, that the parties to this agreement therefore agree to the following:

1. That the parties to this MOU agree to assist the National Center for State Courts in the conduct of the West Virginia Magistrate Court Workload Assessment Proposed Work Plan, as hereto attached within the time periods specified in the study plan.
2. That the Joint Committee on Government and Finance agrees to pay for all costs owed to the National Center for State Courts to conduct this study;
3. The Administrative Office of the Supreme Court of Appeals of West Virginia agrees to assist in the conduct of the study by, inter alia, consulting with the Joint Committee on Government and Finance to appoint members of the Workload Assessment Advisory Committee, assisting in securing and coordinating the participation of persons necessary to the study, and handling other logistics relevant to the study proposal.
4. The Joint Committee on Government and Finance agrees to appoint members to the Workload Assessment Advisory Committee and fully cooperate with the Administrative Office of the Supreme Court of Appeals to provide all reasonable support and assistance to the Administrative Office that is necessary to facilitate a successful outcome to this study.

We, the undersigned have read and agree with this MOU. Further, we have reviewed the proposed study and approve it, and commit, within the limits of our existing budgets, the staffing and resources necessary to successfully implement the recommendations of the proposed study.

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Steven D. Canterbury  
Supreme Court of Appeals of WV  
Administrative Office of the Courts  
Administrative Director

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Aaron Allred  
West Virginia Legislature  
Joint Committee on Government & Finance  
Legislative Auditor, Legislative Manager



**WEST VIRGINIA MAGISTRATE COURT WORKLOAD ASSESSMENT  
PROPOSED WORK PLAN**

Submitted by the National Center for State Courts  
to the Joint Committee on Government and Finance,  
West Virginia Legislature

May 31, 2013

## I. INTRODUCTION

In May of 2013, Governor Earl Ray Tomblin of West Virginia signed a statutory amendment to equalize pay for all West Virginia magistrates and magistrate court staff, whose pay had previously been determined by the size of the population they served. In conjunction with this equalization of salaries, the West Virginia Legislature instructed its Joint Committee on Government and Finance to “request a study by the National Center for State Courts, working in conjunction with the Administrative Office of the Supreme Court of Appeals of West Virginia, to review the weighted case loads in each of the magistrate courts in this state, and present recommendations as to how the present resources and personnel in the magistrate court system could be better apportioned to equitably and timely meet the collective needs of the magistrate court system in West Virginia.”<sup>1</sup> To secure the Supreme Court of Appeals of West Virginia’s participation in this study, the West Virginia Legislature’s Joint Committee on Government and Finance (the Committee) entered into a Memorandum of Understanding with the Administrative Office of the Supreme Court of Appeals of West Virginia (AOC), which is attached to this proposal as Exhibit 1 and sets forth the AOC’s willingness to assist in the study. The National Center for State Courts (NCSC) proposes to assist the Committee by developing a weighted caseload system to measure the workload of magistrates and staff in the West Virginia magistrate courts. A clear measure of workload is central to determining how many magistrates and staff are needed to resolve all cases coming before the court, and to allocating these resources effectively and efficiently throughout the state.

This work plan proposes to create a weighted caseload formula that accommodates the varying complexity of different types of civil and criminal cases handled in the magistrate courts. This comprehensive workload assessment strategy will include a statewide time study, which by

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<sup>1</sup> S.B. 1003, 81st Leg., 1st Spec. Sess. (W. Va. 2013).

tracking both case-related and non-case-related work, will provide an accurate empirical understanding of the time devoted to processing various types of cases and the division of magistrate and staff workdays between case-related and non-case-related work. While doing so, it will take into consideration any variation in travel and/or administrative work that may exist among counties. It also employs a quality adjustment process that examines how much time should be allotted to various case types and events for effective case resolution. Throughout the project, an advisory committee of magistrates, magistrate court staff, staff of the AOC, and legislative staff will provide oversight and guidance.



## II. PROJECT DESCRIPTION

NCSC will use a comprehensive workload assessment strategy that incorporates a time study, employs a qualitative decision-making process to analyze all results and recommends a final set of workload standards. NCSC will work in close collaboration with the AOC to (1) make extensive use of existing data sources; (2) minimize the burden of data collection on magistrates and magistrate court staff; (3) produce a measure of workload that is clear, grounded in experience, and easy to update; (4) reflect the participation of magistrates and magistrate court staff statewide; and (5) lead to support and the perception of ownership on the part of magistrates, magistrate court staff, the AOC, and legislators. The project comprises the following nine tasks:

1. The Committee, in consultation with the AOC, will appoint a Workload Assessment Advisory Committee (WAAC) comprising magistrates, magistrate court staff, AOC staff, and legislative staff to provide guidance and oversight throughout the life of the project. The role of WAAC will be to advise and comment on specific aspects of project design and methodology such as the definitions of case type and event categories, assist in ensuring the participation of magistrates and staff, review the results of the workload assessment, and provide policy input regarding the proposed allocation of magistrates and magistrate court staff among counties.
2. NCSC will conduct a preliminary site visit to meet with magistrates for the purpose of gathering information on how magistrate courts handle their cases, any differences in practice among magistrate courts across West Virginia, and any other contextual issues relevant to the study design.

3. In close collaboration with the AOC, NCSC will conduct a time study of current practice. During the time study, magistrates and magistrate court staff will be requested to keep records of all time spent on case-related and non-case-related activities, including on-bench time, off-bench time, and any work performed outside of regular business hours.
4. NCSC will develop a set of preliminary case weights that describe the amount of magistrate and staff time currently devoted to processing each type of case.
5. NCSC will administer a Web-based survey to all magistrates and magistrate court staff to gather perspective on the sufficiency of time available to perform key case-related and non-case-related tasks.
6. NCSC will conduct a series of three site visits to interview magistrates and magistrate court staff about any challenges or bottlenecks in case processing, as well as any case management practices that have proven to be efficient and effective.
7. NCSC will facilitate a series of Delphi groups to provide a qualitative assessment of the time study results with reference to established and aspirational court practices, policies, and procedures. NCSC will then present the quantitative and qualitative results of the workload assessment to members of WAAC, who will review the results and recommend a final set of workload standards. The final workload standards should possess the following attributes:
  - a. The standards should be firmly grounded in the reality of current practice, or the average amount of time magistrates and magistrate court staff currently spend resolving cases of each type.
  - b. The standards must allow sufficient time for equitable and high-quality case resolution, as informed by expert opinion.

- c. The standards must take into account the time magistrates are required to spend on case-related off-bench work and general court management, not merely on-bench time for hearing cases.
  - d. The standards must be credible to outside observers as well as to magistrates and magistrate court staff. Grounding the standards in current practice and expert opinion provides a strong basis of credibility.
8. NCSC will use the final workload standards to analyze the current allocation of magistrates and magistrate court staff among counties and formulate recommendations for the efficient and equitable allocation of these resources. The recommendations will take into account the workload of each magistrate court, along with factors such as geography and access to justice. WAAC will review these recommendations.
9. NCSC will produce and submit to the Committee a final report that includes the project methodology, the results of the weighted caseload study, and recommendations for the allocation of magistrates and magistrate court staff.

### III. TASKS AND RESPONSIBILITIES<sup>2</sup>

#### Task 1. Formation of Workload Assessment Advisory Committee

The Committee, in consultation with the AOC, will appoint a Workload Assessment Advisory Committee (WAAC) to provide project oversight and guidance as well as to review project plans and materials. The exact size and composition of WAAC will be determined by the Committee in consultation with NCSC; members should include magistrates and magistrate court staff from a variety of counties across the state (e.g., counties with both large and small populations), along with AOC staff and legislative staff. A subgroup of WAAC members who are magistrates and magistrate court staff will be designated as the Working Group, which will meet more frequently to provide detailed input on the content of the weighted caseload model. The Committee and the AOC will be responsible for securing and coordinating the participation of WAAC and Working Group members.

##### *Task 1(a). Initial Planning Meeting*

*Projected date: August – September 2013*

NCSC will meet with WAAC to review the design for the workload assessment, including:

- Case type categories for which workload standards are sought.
- Design of the time study:
  - Scope of data to be collected.
  - Method of data collection.
  - Data collection instruments and instructional materials.
  - Data collection timeline, anticipated to be four weeks.

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<sup>2</sup> The proposed project timeline represents the best available estimate of the time required to complete each task, contingent upon events in West Virginia and assuming that meetings are held as scheduled and required data are provided in a timely fashion.

- Quality adjustment methodology:
  - Sufficiency of time survey.
  - Composition and role of Delphi groups.

*Task 1(b). Definition of Case Types and Events*

*Projected date: August – September 2013*

NCSC and the Working Group will finalize definitions of the following:

- Case type categories for magistrates and magistrate court staff.
- Case-related and non-case-related events for magistrates.
- Case-related and non-case-related functional duties for magistrate court staff.

**Task 2. Preliminary Site Visit**

*Projected date: August – September 2013*

NCSC will conduct a preliminary site visit to meet with magistrates from at least one rural and one urban magistrate court. During the site visit, project staff will gather preliminary information on the types of work performed by magistrate courts in West Virginia, how the work of the magistrate courts varies from county to county, and any other contextual factors relevant to the study design.

**Task 3. Time Study**

NCSC will conduct an empirical time study of magistrate and magistrate court staff workload. The duration of the time study is anticipated to be four weeks. The results will provide a reliable and valid snapshot of the work of the magistrate courts, including all on-bench, off-bench, and non-case-related activities.

*Task 3(a). Provision of Magistrate and Magistrate Court Staff Census*

*Projected date: September 13, 2013*

On or before September 13, 2013, the AOC agrees to provide NCSC with an accurate census of all magistrates and magistrate court staff, including name, position, full-time equivalent (FTE) status, court assignment, a unique identifier (e.g., employee number or e-mail user name), and telephone and e-mail contact information.

*Task 3(b). Design of Data Collection Instruments and Training Materials*

With advice from the Working Group and the AOC, NCSC will design paper and Web-based data collection instruments for the time study. NCSC will also prepare a set of training materials that clearly explain the data collection process.

*Task 3(c). Time Study Training*

*Projected date: September – October 2013*

NCSC will provide recorded Web-based training for all magistrates and magistrate court staff. The training will acquaint participants with the weighted caseload concept, the project design, and the data collection process. Pursuant to the Memorandum of Understanding, the AOC will be responsible for encouraging and attempting to achieve the full participation of all magistrates and magistrate court staff in Web-based training.

*Task 3(d). Time Study Data Collection and Support*

*Projected date: October – November 2013*

All magistrates and magistrate court staff will be requested to use a Web-based form to record all case-related and non-case-related work during the time study period, which is expected to be four weeks. NCSC will monitor data entry to provide real-time insight into participation at the individual and court level. The validity and reliability of the workload assessment are contingent upon a high rate of participation in the time study. With advice from NCSC, the AOC agrees to develop and implement strategies to achieve as close to full participation as possible.

NCSC staff will be available by telephone and e-mail throughout the data collection period to address technical questions and issues such as login questions, revisions to previously submitted data, and questions about how to report and enter data. Completion of subsequent project tasks is contingent upon the conclusion of the time study on or before November 22, 2013.

#### **Task 4. Time Study Data Analysis**

##### *Task 4(a). Provision of Caseload Data*

*Projected date: October 25, 2013*

Following the identification of case type categories, the AOC agrees to furnish NCSC with accurate and reliable counts of magistrate court filings by county and case type category for each of the three most recent fiscal years for which data are available. It is a best practice for criminal case filings to be calculated using a defendant-based method, with a filing defined as all charges against a single defendant arising out of the same incident, and each filing classified by case type according to the most serious charge at filing.

Pursuant to the Memorandum of Understanding, the AOC will deliver the caseload data to NCSC on or before October 1, 2013. NCSC will review the caseload data. The AOC will answer all questions regarding the caseload data and make any necessary corrections or modifications to the caseload data on or before October 25, 2013. Completion of subsequent project tasks according to schedule is contingent upon the timely delivery of caseload data meeting all NCSC specifications.

#### *Task 4(b). Time Study Data Analysis*

*Projected dates: November 2013 – March 2014*

Following completion of the time study, NCSC will verify, compile, and analyze the time study data. The analysis will center on the following:

- Development of preliminary case weights for all specified case type categories.
- Time required for non-case-related work (e.g., court administration, travel).
- Variation in time required for non-case-related work among groups of counties based on factors such as population.

NCSC will present the preliminary results to the Working Group for review. The Working Group will adopt the final magistrate and magistrate court staff day and year values for case-related work on or before March 28, 2014.

#### **Task 5. Sufficiency of Time Survey**

*Projected dates: January – February 2014*

NCSC will conduct a statewide Web-based survey to measure the opinions of magistrates and magistrate court staff regarding whether they have sufficient time to fulfill their responsibilities with a reasonable level of quality, given current resource levels. The survey will provide all magistrates and magistrate court staff across the state with an opportunity to express their views on current case processing practices, including (1) whether there is a need for more or less time related to specific case types and phases of case processing (e.g., pre-disposition, disposition, post-disposition); (2) whether magistrates and magistrate court staff have sufficient time to devote to the non-case-related work of the court; (3) challenges to the effective handling of particular types of cases; (4) the impact of factors such as geography and county population on the work of the court; and (5) proven efficient and effective case processing policies and



strategies. These data will provide a reference for the Delphi groups during the quality adjustment process.

### **Task 6. Site Visits**

*Projected date: April 2014*

NCSC staff will conduct site visits to three or four magistrate courts. At each court, project staff will meet with magistrates and magistrate court staff from one or more counties. A representative variety of large and small counties from across the state will be selected for participation in the site visits. The site visits will help to identify challenges to the effective handling of different types of cases, proven efficient and effective case processing policies and strategies, and any variation in the nature of the work of magistrate courts across the state. The qualitative data gathered during the site visits will serve as a complement to the sufficiency of time survey and will be used by the Delphi groups during the quality adjustment process.

### **Task 7. Delphi Groups**

*Projected dates: April – May 2014*

#### *Task 7(a). Formation of Delphi Groups*

The WAAC, in consultation with the AOC, will select two Delphi groups comprising experienced magistrates and magistrate court staff from across the state. The AOC will assist in coordinating and ensuring the Delphi groups' participation in the quality adjustment sessions.

#### *Task 7(b). Quality Adjustment Sessions*

NCSC staff will facilitate two quality adjustment sessions, one for magistrates and one for magistrate court staff, with the Delphi groups. The AOC will provide meeting space for these sessions. NCSC will provide the Delphi groups with reference materials, including the preliminary case weights and the results of the sufficiency of time survey. Using an iterative and

consensus-based process, the Delphi groups will engage in a structured review of the preliminary case weights and recommend adjustments based on any recent statutory changes, proven effective and efficient procedures and practices, and real-world experience.

*Task 7(c). Working Group Meeting: Quality Adjustments*

Following the Delphi sessions, the Working Group will meet to review the quality-adjusted case weights recommended by the Delphi groups and approve a final set of workload standards.

**Task 8. Magistrate and Staff Allocation**

*Projected dates: June – September 2014*

*Task 8(a). Workload Analysis*

Using the final weighted caseload model approved by the Working Group, NCSC will calculate the need for magistrates and magistrate court staff in each county and compare this need to current staffing levels.

*Task 8(b). Proposed Allocation of Magistrates and Staff*

Taking into account factors such as workload, geography, access to justice, and on-call time for magistrates, NCSC will formulate recommendations for the allocation of magistrates and magistrate court staff to ensure efficiency and equity across the state. These recommendations will include a mechanism for the future rebalancing of resources in response to changes in workload. The Committee and the AOC are invited to provide their opinions regarding any associated legal or constitutional issues to aid the NCSC in formulating these recommendations.

*Task 8(c). Final WAAC Meeting*

WAAC will meet on or before September 12, 2014, to review the results of the weighted caseload study and NCSC's recommendations for the allocation of magistrates and magistrate court staff.

**Task 9. Final Report**

*Task 9(a). Draft Report*

*Projected date: October 17, 2014*

NCSC will draft a preliminary report that includes a description of the project methodology, the results of the weighted caseload study, and its recommendations for the allocation of magistrates and magistrate court staff. NCSC will deliver the draft report to the Committee on or before October 17, 2014. The Committee will coordinate review by WAAC and other stakeholders and transmit feedback to NCSC on or before October 31, 2014.

*Task 9(b). Final Report*

*Projected date: December 1, 2014*

NCSC will make appropriate revisions to the text of the draft report. NCSC will submit the final project report to the Committee on or before December 1, 2014. The report will include substantive recommendations as to the content of proposed legislation to implement the recommended allocation of magistrates and magistrate court staff.<sup>3</sup>

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<sup>3</sup> Following completion of the project, it will be the responsibility of the Committee to provide the specific language for any proposed legislation and to fit the proposed legislation into West Virginia's statutory scheme.

#### **IV. PROJECT BUDGET**

The total fixed price of this proposed workload assessment is \$174,615. This includes all project staff time, administrative time, travel and per diem costs, miscellaneous expenses, and NCSC fringe and overhead costs. Payments will be structured as follows:

- \$42,106 to be paid upon completion of Task 3(c), Time Study Training
- \$42,272 to be paid upon completion of Task 4(b), Time Study Data Analysis
- \$43,345 to be paid upon completion of Task 7(c), Working Group Meeting:  
Quality Adjustments
- \$46,892 to be paid upon completion of Task 9(b), Final Report

## V. PROJECT STAFF

The NCSC project team will consist of staff members with extensive knowledge of the history, development, and implementation of weighted caseload systems for the analysis of court workload. The project team is anticipated to include the following members:

**Cynthia G. Lee, J.D.** is a Court Research Associate at the National Center for State Courts and will serve as project director. Ms. Lee has previously served as project manager on statewide weighted caseload studies for trial court judges and quasi-judicial officers in Michigan, judges in North Carolina, public defenders and staff in Virginia, and prosecutors and victim witness legal assistants in North Carolina. She is the primary author of a forthcoming evaluation of the Red Hook Community Justice Center in Brooklyn, New York City. Ms. Lee's other project work has included workload assessments for trial court judges in Virginia and judges and court staff in California and Minnesota, an analysis of the legal issues surrounding administrative responses to probation and parole violations, impact evaluations of problem-solving courts and civil procedure reforms, the 2005 Civil Justice Survey of State Courts and Supplemental Survey of Civil Appeals, and the Court Statistics Project. She is the co-author (with Matthew Kleiman and Brian J. Ostrom) of the article "Workload Assessment: A Data-Driven Management Tool for the Judicial Branch" in the 2013 edition of *The Book of the States* (forthcoming). Ms. Lee holds a J.D. from the William & Mary Law School, where she was a member of the William & Mary Law Review and the Order of the Coif, and an M.P.P. from the Thomas Jefferson Program in Public Policy at the College of William & Mary.

**Matthew Kleiman, Ph.D.** is a Principal Court Research Consultant with the National Center for State Courts and will serve as project manager. Dr. Kleiman has worked extensively on projects relating to the development of statewide resource assessment models for judicial officers, court

staff, and public defender attorneys and staff. Specifically, he served as project director for the development of staffing standards for the allocation and projection of future resource needs in Alabama, Michigan, North Carolina, Virginia, Ontario (Canada), Kosovo, and the West Bank. Additional project work focuses on the development of a new framework for understanding court culture, the development and implementation of a set of court-specific performance measures (CourTools), the implementation of the High Performance Court Framework, and the use of risk and needs assessment instruments and alternative sanctions in sentencing.

**Brian J. Ostrom, Ph.D.** is a Principal Court Research Consultant with the National Center for State Courts. Dr. Ostrom has extensive training and experience in performance evaluation and the use of a wide range of quantitative and qualitative analysis techniques to understand and overcome problems in the courts. Since coming to the NCSC in 1989, he has been the principal investigator for numerous national-scope research projects within the areas of civil justice, felony sentencing and the methodology of judicial system workload assessment. In recent years, Dr. Ostrom has served as the principal investigator for large-scale judicial system workload studies in the states of Michigan (1998), Florida (2000), California (2003; 2010), Minnesota (2004; 2009), New Hampshire (2005), Wisconsin (2006), and Texas (2008) as well as the Maryland public defender system (2005). Dr. Ostrom was co-author of *Assessing the Need for Judges and Court Support Staff* (NCSC, 1996). He also led the development of the *CourTools* performance measurement system and serves as project director. In addition, he is the co-author of *Trial Courts as Organizations* (Temple University Press, 2007). Dr. Ostrom received his Ph.D. in economics from the University of Washington. He received the NCSC Distinguished Service Award in 1997. In addition, Dr. Ostrom teaches in the economics department at the College of William and Mary and is a faculty member for the Institute for Court Management.

**Kathryn Holt** is a Court Research Analyst at the National Center for State Courts. She currently works on two national data collection projects, the Census of Problem-Solving Courts and the Court Statistics Project. Other project work includes judicial workload assessments in North Carolina and Virginia, and problem-solving court outcome and impact evaluations. Prior to NCSC, Ms. Holt worked at the Mason School of Business at the College of William and Mary conducting behavioral finance research. Ms. Holt holds an M.A. in experimental psychology from the College of William and Mary and a B.A. in psychology from Wittenberg University.

**Robert C. (Neil) LaFountain** is a Senior Court Research Analyst at the National Center for State Courts and has been with the organization for over 25 years. He is primary staff for the Court Statistics Project (CSP) and one of the authors of the *State Court Guide to Statistical Reporting* and the CourTools performance measures, as well as the accompanying templates. Mr. LaFountain worked on the implementation of the CourTools performance measures in California, and has staffed judicial and staff needs assessment studies in Alabama, California, Florida, Maryland, Michigan, Minnesota, New Mexico, North Carolina, Tennessee, Texas, and Wisconsin. He is the managing editor of the CSP annual report, *Examining the Work of State Courts* and has co-authored several issues of *Caseload Highlights* and *Notes from the Field*, as well as a *Cornell Law Review* article entitled “Juries, Judges, and Punitive Damages: An Empirical Study.” Mr. LaFountain was the 1998 recipient of the National Center’s Jeanne A. Ito Award and one of the inaugural recipients of the Robert W. Tobin Achievement Award (2005) for CourTools.

**Shannon Roth** is a Program Specialist with the Research Division of the National Center for State Courts. Her primary research activities range from court performance and court culture to workload assessment. Some recently completed projects include the California Trial Court

Workload Methodology and the Michigan Judicial Workload Assessment. Her current project work includes the Virginia Judicial Workload Assessment, Implementation of a High Performance Court Planning and Performance Measurement Process in Ottawa, MI, and providing technical support for the High Performance Courts Framework, CourTools, and Appellate CourTools. In addition, Ms. Roth creates and maintains surveys for NCSC's Research and Technology divisions.