

**JOINT COMMITTEE ON
GOVERNMENT AND FINANCE**

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September 25, 2013



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Interim Committee Attendance - Results

Wednesday, September 25, 2013 - 01:00 PM

Joint Committee on Government and Finance

Attended:

- Delegate White
- Delegate Manchin
- Delegate Cowles
- Delegate Caputo
- Delegate Boggs
- Delegate Armstead
- Speaker Miley
- Senator Unger
- Senator Prezioso
- Senator Palumbo
- Senator Hall
- President Kessler

Submitter:

Marlene Elliott

Phone:

304-347-4802

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(Speaker Miley presides)

AGENDA
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
September 25, 2013

1:00 - 2:00 pm

Senate Finance Room

1. **Approval of August 21, 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**

Joint Committee on Government and Finance

August 21, 2013

12:00pm - 1:00pm

Senate

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

House

Miley, Chair
Boggs
Caputo
White
Armstead
Cowles

President Kessler presides:

President Kessler: "The committee will come to order. The first item on the agenda is the approval of the minutes of July 24th meeting. Speaker Miley moves the approval of the minutes from the July meeting. Any amendments? Objections? All in favor say aye, opposed, the ayes appear to have the ayes do have it."

President Kessler: "Committee Reports. First is a report of the Joint Commission on Economic Development. Any one making that request? Speaker moves that the Joint Commission on Economic Development has requested authorization and expenses for members and staff to conduct site visitation to Alpha Natural Resources Mine Safety Training Facility during our September interims. Any discussion? All in favor of the Speaker's motion signify by saying aye. Ayes. Oppose, the ayes appear to have it, the ayes do have it. Mr. Speaker."

Speaker Miley: "I move that Parks, Recreation and Natural Resources Subcommittee requests authorization and expense reimbursement for members and staff to conduct site visitations to Twin Falls Resort State Park, Panther Wildlife Management Area, R.D. Bailey Lake Wildlife Management Area and Little Beaver State Park on September 10, 11 and 12, 2013."

President Kessler: "Any discussion of the motion. All in favor say aye. Ayes. Oppose, the ayes appear to have it the ayes do have it. Next item Senator Unger."

Senator Unger: "Thank you Mr. President. I move that a name change for one of the interim committees. Right now the Committee is called Select

Committee on Children and Other Issues. Having consulted with the Co-Chair from the House and I serve from the Senate, the other issues kind of leaves it open in the air and people are very confused about it. I know that there is a Select Committee on Children and Poverty in the Senate and there is a Select Committee for Children Abuse in the House and so working with the Co-Chair we would like to rename the Committee bringing the two chambers together as a joint committee on Children and Families would be the name. The interim Committee would be renamed Joint Committee on Children and Families."

President Kessler: "Any discussion on that motion? All in favor say aye. Ayes. Oppose. The ayes appear to have it the ayes do have it. Mr. Speaker, another request from the Equal Pay Commission?"

Speaker Miley: "I move that we authorize them an amount not to exceed \$250 on behalf of the Equal Pay Commission which is requesting travel expenses be approved for a guest speaker for an upcoming meeting of the Commission."

President Kessler: "Any discussions? All in favor say aye. Ayes. Oppose. The ayes appear to have it the ayes do have it. Any further requests? Let's go to our monthly reports. They are in your packet, additionally we have Workforce, any body here from Workforce Unemployment. I see Mr. Fry."

Russell Fry, Acting Executive Director of Workforce WV: "Mr. President, Mr. Speaker, and members of the Committee. Its good to be here today. Our trust fund balance as of today is \$139,934,289.88. At this time our projections through the end of this year would be a revenue of \$235,307,000. Benefit payouts of \$244,483,000 and a trust fund balance at the end of this year of \$97,989,000."

President Kessler: "Any questions of Mr. Fry? Thank you sir."

Mr. Fry: "Thank you."

President Kessler: "Next we have Mr. Ross Taylor, Secretary of Finance and Administration. Donna Lipscomb in his place."

Donna Lipscomb, Department of Administration: "Secretary Taylor is in a CPRB Board meeting today so you get stuck with me. Your reports are in there. There's really not been much change. I do want to point out that you had some questions about patient injury compensation fund. Chuck Jones provided additional information to you all since then but he is here in case you have questions about the additional information he gave you."

President Kessler: "Any questions of Mr. Jones on the Patient Injury Compensation Fund. I believe that it was inquired about last month. None. Thank you."

Donna Lipscomb: "Thanks."

President Kessler: "Next we got Ms. Bailes from the DHHR."

Nancy Adkins: "Nancy Adkins, Commissioner of Medicaid. Mr. Speaker, Mr. President and members of the Committee, the report is in the packet. I would be happy to answer any questions."

President Kessler: "Any questions? Delegate Boggs."

Delegate Boggs: "Could you give me a number of people on the current Agent Disabled Medicaid waiting list on in-home care?"

Ms. Adkins: "As you know we released 365 slots on August 1st and as of the end of June, the last report I have, we have 2263 people on the waiting list."

Delegate Boggs: "How much has that increased? Does that take into account the 365 that has been released?"

Ms. Adkins: "Yes."

Delegate Boggs: "Do you what it was last month?"

Ms. Adkins: "I don't know."

Delegate Boggs: "I guess what I am asking is even though we have released 365 slots, has the list still grown even further. From what it was last month?"

Ms. Adkins: "You know I don't know that. I can't speak to that but I can get that information for you."

Delegate Boggs: "Would you please. I would appreciate it. Thank you."

Ms. Adkins: "Certainly."

President Kessler: "Any other questions? Delegate Cowles."

Delegate Cowles: "Last month I asked about pregnancy terminations and state

tax funded abortions in reference to your expense funds. A line item called state home medicaid expenses and I asked for the information about how much of that is state tax payer funded abortions and it is still not broken out in a separate line item. Do you plan to break it out in a separate line item? Or get that information to me?

Ms. Adkins: "We can get that information to you. This report reflects how we reported to the federal government and that's how we worked over the years with the committees to report it that. We can get that to you."

Delegate Cowles: "I look forward to it. Thank you. Thank you Mr. President."

President Kessler: "Any other questions? Thank you very much."

Ms. Adkins: "Thank you."

President Kessler: "Next item on the agenda is the Investment Management Board, Kristy Watson."

Ms. Watson: "Hi, since our last report we have finalize the Investment Return numbers for the fiscal year. The fiscal year to date performance return for the Defined Benefit Plans was 12.8% for the public employees and 12.7% for the Teachers Retirement System. We did finalize that in around the 13% range. I know that in June we experienced some negative markets and fixed income markets. As well as in July had some negative earnings and the fixed income markets have trickled down into the agencies that have invested their funds with us has caused a concern that generally because of the anticipation of inflation going forward. The anticipation of the fed rising interest rates going forward and their announcement to taper off in some of their federally funded programs has caused quite a bit of anxiety in the fixed income markets in the last couple of months causing negative returns and government securities particularly US government issued fixed income securities and that is what you are seeing in some of your account balances across the state. I wanted to provide that information for you as well. Are there any other questions?"

President Kessler: "Any other questions of Ms. Watson? Delegate Cowles."

Delegate Cowles: "Thank you. The problems you are talking about that resulted in the earnings decline and rainy day fund?"

Ms. Watson: "Yes that's exactly right. The Rainy Day Funds, we refer to it as the Revenue Shortfall Reserve Fund, Fund A is 100% allocated to the Fixed

Income Asset Class, a portion of which is allocated, a good portion, to the US Government Treasuries. Which are issued and have been negative not only for the fiscal year but also in July."

Delegate Cowles: "So this month we lost \$11M there but you expect that to rebound?"

Ms. Watson: "Yes. We would for those markets to recover over time."

Delegate Cowles: "Ok. Thank you."

President Kessler: "Delegate Manchin"

Delegate Manchin: "Thank you Mr. President. I had a little trouble understanding or hearing some of things you were saying had caused that loss in the fixed income market. Could you go back over those please?"

Ms. Watson: "Certainly. Generally speaking when there is good news in the economy its bad news for bonds. As the stock market has done well and US economy has done well in recent quarters and certainly in the last year which is one of the primary contributors of approximately 13% return to the Pension Plan Returns. As all of those things have done well, bonds then tend to do poorly in the reverse. This is how it generally works. It would be either flat or go negative. That is what we are seeing now, is this transition of the economy doing well, the anticipation that the economy will continue to do well and also a great deal of anticipation that the Federal Funds Rate and the Federal Reserve which has kept their fund rate at zero or close to zero for quite some time, will start to increase those interest rates either later in 2013 or 2014. The anticipation of that and expecting that in the markets has caused Fixed Income investors to become quite uncertain, nervous and sell and cause the negative earnings in the markets. Also, the anticipation of inflation - as the economy continues to do well and we continue to hear good reports of not only the economy but housing and other areas. The anticipation is that inflation will pick up and so that too is a driver of or concern for fixed income investors going forward and causes some of those negative returns."

Delegate Manchin: "So, is the loss the value of the bonds that is going down as opposed to the income that was derived from the bonds?"

Ms. Watson: "Yes that is exactly right."

Delegate Manchin: "It's a loss in position essentially, the value of the

investment?"

Ms. Watson: "That is exactly right."

Delegate Manchin: "You expect that to rebound. What factors do you expect to change to cause it to rebound?"

Ms. Watson: "Well certainly a fixed income security is structured that if you hold it to maturity, it will actually return to par and pay par at the end of its mature life. In between the time its issued and the time its been purchased and the time it matures, it actually will/should mature if the issuer is able to provide that not to fault on it, it will mature at par. In between the value will fluctuate up and down dependent upon how investors view the attractiveness of that particular security and whether that's a corporation or government, it works the same way."

Delegate Manchin: "But isn't there some long term threat to all that if these bonds were issued for a fixed income rate of 2% and the rate of inflation starts taking us up so that people can get better returns on money, doesn't that threat ever rebound. In other words, doesn't 2% start to look bad after awhile and stay bad and doesn't come back if everything else is going up?"

Ms. Watson: "Right. If you purchase one bond and it was at 2% and you held it to maturity. It paid out at 2% and then inflation in that period went beyond 2%, yes you would loose value on a real basis in that regard. That is not the well any of our fixed income portfolios are structured. We hold multiple securities, thousands of fixed income securities. Not only US government agencies but also corporate and mortgage backed securities and other types of instruments to provide the diversification to prevent just such a situation that you are describing which would be you only have one constant factor moving forward and that you are only exposed to that one single factor. That is not the way any of our fixed income portfolios are structured."

Delegate Manchin: "Thank you. Thank you Mr. President."

President Kessler: "Senator Hall."

Senator Hall: "She explained it well. Its complicated but bonds when you buy them they mature. There is a risk to our fixed income investments right now because the treasury market about a month and one half ago, the tenure was at 1.67% today it is 2.6%. It has gone up a whole percentage point in 45 days. That's a really dramatic rise. If you bought that bond at 1.27%, its gone down

in value because somebody else can buy it but its only down until you get your money back. You are not going to get any more than 1 point whatever. So the challenge has been what we project for fixed income yield in our pension systems. What do you want to try and get out of there?"

Ms. Watson: "Going forward 10 years, the most recent expectation, is right now about 3%."

Senator Hall: "So you are looking at 3% but the safest investment long term is under 3% but now it is above it. So the new money you have you can now buy 2.6% but those bonds you bought are being marked down. It will basically smooth out over time. The challenge is you can't make the money you use to make with these interest rates being so low and these big pension systems. They are great for mortgages and great for equity lines but there are not good for pension systems right now so you just have to navigate it going forward but there is no risk to losing the money unless the issuer of the bond defaults. We hope they don't."

President Kessler: "Delegate White."

Delegate White: "Thank you Mr. President. Following along your line of commentary a while ago. Do you all mark to market monthly, quarterly?"

Ms. Watson: "Every month. Yes we do."

Delegate White: "Do you know the average age of your lateraling portfolio for your fixed income securities?"

Ms. Watson: "I'm not quite sure I understand the question."

Delegate White: "If you got X amount at 6 months and X amount at 6 years and X amount at 30 years, do you know the average age of your portfolio in the fixed income?"

Ms. Watson: "I can tell you the average ration of life and our fixed income portfolio is around 4 or 5 years. Our fixed income portfolio with regards to the pension plans is about 20% of the pension plans, the other 80% is held another asset class is beyond this fixed income asset classes."

Delegate White: "On your fixed income side, do you have any procedures in place, exactly what you were saying, with the overnight fed funds rate being at zero basically. All of our advisors tell us that fully expect within 18 to 24

months to see these rates start moving in an upward direction. Is there any plan to liquidate some of your shorter terms and continue to roll those over, park them somewhere during this period of time or do you just let them roll over and mature and then replace them?"

Ms. Watson: "There is no anticipation at this time to try and time when the interest rates might move up or try to sell anything. What we do do is right in our fixed income portfolio, we are striving to diversify it even further than how it is diversified now. The least attractive sectors in the fixed income markets to actually be US Treasuries governments world wide and further diversify into more of the corporate sectors where business activities seem to be rising and mortgage backed securities and other asset backed securities. What we have done is taken a portfolio and try to actually extend the universe fixed income securities that we will invest in to diversify against the risk of this factor of rising interest rates which we would agree with seems to be somewhat inevitable in the next 18 months or so."

Delegate White: "If you had a 7 year securities maturing this week, where would you put that money now? If you got them layered, you probably got anything from 90 days to 10 years or whatever. So if you have a pool of those maturing today, what would that money go back in to?"

Ms. Watson: "And it wouldn't be touched for 10 years?"

Delegate White: "No, say you bought them 7 years ago and today your 7 years stuff is maturing. Where would you put that money today as it matures?"

Ms. Watson: "I would put it in a fully diversified portfolio exactly where IMB has it, some in equities, some in bonds, some .."

Delegate White: "So you would go back into another 7 year security of some kind?"

Ms. Watson: "Yes, I would fully diversify in all areas that I could."

Delegate White: "Do you have any Freddie's or Fannies in the portfolio?"

Ms. Watson: "Are there Freddie's or Fannies, yes I believe there would be."

Delegate White: "I guess the government is going to quit securing those about 2 years down the road from we understand."

Ms. Watson: "They may. Our investment managers are certainly very aware of the situation and do the analysis of whether or not they are attractive or not relative to the risk that is involved with the government suspending its guarantee."

Delegate White: "I will ask one more question, then I will get off. Did you buy a lot of securities with call features now?"

Ms. Watson: "Call features? In the bond market there are some. Yes, there are some in the portfolio."

Delegate White: "Thank you Mr. President."

President Kessler: "Any other questions? Thank you for your presentation. Finally we have Mike Riley, Insurance Commissioner on the Workers Compensation Report."

Mike Riley: "Good afternoon Mr. Speaker, Mr. President, Committee Members. You have a copy of our report. Not a lot of change from the report of last month but certainly I will rehighlight if any one wants to talk about probably the biggest issue was just discussed earlier. We do have about a \$1B in assets that are funding this and last couple of months have been a little tough on the investment returns."

President Kessler: "Questions of Mr. Riley? Thank you sir."

Mr. Riley: "Thank you."

President Kessler: "I think the Board of Treasury report is in our packet. Any other business come before the Committee. If none, the Speaker moves we adjourn. All in favor say aye, oppose. The ayes appear to have it, the ayes do have it. We are adjourned."

WEST VIRGINIA LEGISLATURE

Office of the Legislative Auditor



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

304-347-4870

September 9, 2013

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

- West Virginia Lottery as of July 31, 2013:
Gross profit for July 2013 was \$46 million.
- West Virginia Unemployment Compensation Fund as of July 31, 2013:
Total disbursements were \$5.5 million less than last fiscal year. Overall ending trust fund balance was \$ 15 million lower on July 31, 2013, than on July 31, 2012.
- General Revenue Fund as of August 31, 2013:
The general revenue collections ended the second month of fiscal year 2013-2014 at 94.65% of the estimate for the year.
- State Road Fund as of August 31, 2013:
The state road fund collections ended the second month of fiscal year 2013-2014 at 100.86% of the estimate for the year.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

MEMORANDUM

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

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

Date: September 6, 2013

Re: Review of West Virginia Lottery Financial Information
As of July 31, 2013

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for July 2013, the first month of fiscal year ending June 30, 2014, 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 \$ 105.3 million on July 31, 2013. Table games accounted for \$4.7 million of this total. Historic Resort Hotel video lottery and table games accounted for \$ 493 thousand of total gross receipts. Gross lottery revenue has decreased by 9.18% when compared with July of fiscal year 2012-2013. This number does not include commission and prize deductions. Gross profit (Gross revenues minus commissions and prize costs) for July was \$46 million; for July of last fiscal year it was \$ 51.9 million. Expressed as a percentage, gross profit is 10.18%

lower for fiscal year 2014 than for fiscal year 2013.

Operating Transfers to the State of West Virginia:

A total of \$ 44,912,000.00 has been accrued to the state of West Virginia for fiscal year 2013-2014. 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	\$22,881,000.00
Community and Technical College	\$500,000.00
Department of Education	\$11,870,000.00
Library Commission	\$4,958,000.00
Higher Education-Central Office	\$3,278,000.00
Tourism	\$3,858,000.00
Department of Natural Resources	\$1,380,000.00
Division of Culture and History	\$2,260,000.00
Economic Development Authority	\$1,000,000.00
Department of Education and Arts	\$784,000.00
School Building Authority	\$1,800,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$54,569,000.00

Excess Lottery Fund

General Purpose Fund	\$ 1,899,000.00
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Lottery

Lottery continued

Economic Development Fund	\$1,899,000.00
Higher Education Improvement Fund	\$1,500,000.00
WV Infrastructure Council Fund	0
Higher Education Improvement Fund	0
Refundable Credit	0
WV Development Office	0
WV Racing Commission	0
DHHR	0
State Park Improvement Fund	0
School Building Authority	0
Excess Lottery Surplus	0
Total State Excess Lottery Revenue Fund	\$ 5,298,000.00

Historic Resort Hotel Distributions:

State General Revenue Fund	223,000.00
State Debt Reduction Fund	66,000.00
Tourism Promotion Fund	10,000.00
Total Historic Hotel	299,000.00

Veterans Instant Ticket Fund \$14,000.00

Table Games State Debt Reduction Fund \$ 2,357,000.00

RACETRACK VIDEO LOTTERY TRANSFERS:	
Tourism Promotion Fund 1.375%	\$660,000.00
Development Office Promo Fund	\$180,000.00
Research Challenge Fund .5%	\$240,000.00
Capitol Renovation and Improvement Fund .6875%	\$330,000.00

Lottery continued

Parking Garage Fund .0625%	\$30,000.00
Parking Garage Fund 1%	\$349,000.00
Cultural Facilities and Cap. Resources Fund .5%	\$000.00
Capitol Dome & Cap. Improvements Fund .5%	\$131,000.00
Workers Compensation Debt Reduction Fund 7%	\$2,443,000.00
SUBTOTAL VIDEO LOTTERY TRANSFERS:	\$4,363,000.00
TOTAL TRANSFERS	*\$66,900,000.00

* CASH BASIS

Total Accrued last FY 2013:	\$ 239,035,000.00
Total Cash Distributions FY 2014:	66,900,000.00
Applied to FY 2013:	66,900,000.00
Applied to FY 2014:	000.00
Accrued for FY 2014 as of July 31:	44,912,000.00



P.O. BOX 2067
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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 July 31, 2013

DATE: August 15, 2013

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

Financial statements of the Lottery for the month ending July 31, 2013 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$105,372,821 for the month of July.

Transfers of lottery revenue totaling \$66,899,591 made for the month of July 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 19 and 20 of the attached financial statements.

The number of traditional and limited retailers active as of July 31, 2013 was 1,569 and 1,487 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
Robert S. Kiss, 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

RE: Monthly Report on Lottery Operations
Month Ending July 31, 2013

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Attachment

pc: Honorable Earl Ray Tomblin, Governor
Robert S. Kiss, Cabinet Secretary – Dept. of Revenue
John Perdue, Treasurer
Glen B. Gainer III, Auditor
Members of the West Virginia Lottery Commission



WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

July 31, 2013

WEST VIRGINIA LOTTERY

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

ASSETS	July 31, 2013	June 30, 2013
Current Assets:		
Cash and cash equivalents	\$ 261,701	\$ 273,418
Accounts receivable	28,206	35,999
Inventory	445	492
Other assets	<u>2,109</u>	<u>2,123</u>
Total Current Assets	<u>292,461</u>	<u>312,032</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	1,640	1,640
Capital assets	46,846	46,846
Less accumulated depreciation and amortization	<u>(6,797)</u>	<u>(6,626)</u>
Net Capital Assets	<u>40,049</u>	<u>40,220</u>
Total Noncurrent Assets	<u>41,689</u>	<u>41,860</u>
Total Assets	<u>\$ 334,150</u>	<u>\$ 353,892</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 216,441	\$ 239,035
Estimated prize claims	15,079	14,144
Accounts payable	1,724	1,828
Other accrued liabilities	<u>46,040</u>	<u>44,019</u>
Total Current Liabilities	<u>279,284</u>	<u>299,026</u>
Total Liabilities	<u>279,284</u>	<u>299,026</u>
Net Position:		
Restricted by enabling legislation	1,640	1,640
Net Investment in capital assets	40,049	40,220
Unrestricted	<u>13,177</u>	<u>13,006</u>
Total Net Position	<u>54,866</u>	<u>54,866</u>
Total Net Position	<u>\$ 334,150</u>	<u>\$ 353,892</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE ONE MONTH PERIOD ENDED JULY 31, 2013

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2013	2012	2013	2012
Lottery revenues				
On-line games	\$ 6,655	\$ 5,702	\$ 6,655	\$ 5,702
Instant games	8,910	9,174	8,910	9,174
Racetrack video lottery	53,697	60,841	53,697	60,841
Limited video lottery	30,892	32,977	30,892	32,977
Table games	4,726	6,532	4,726	6,532
Historic resort	493	794	493	794
	<u>105,373</u>	<u>116,020</u>	<u>105,373</u>	<u>116,020</u>
Less commissions				
On-line games	464	415	464	415
Instant games	624	642	624	642
Racetrack video lottery	30,414	34,460	30,414	34,460
Limited video lottery	15,137	16,159	15,137	16,159
Table games	2,063	2,851	2,063	2,851
Historic resort	268	380	268	380
	<u>48,970</u>	<u>54,907</u>	<u>48,970</u>	<u>54,907</u>
Less on-line prizes	3,322	2,729	3,322	2,729
Less instant prizes	5,872	6,109	5,872	6,109
Less ticket costs	269	125	269	125
Less vendor fees and costs	580	533	580	533
	<u>10,043</u>	<u>9,496</u>	<u>10,043</u>	<u>9,496</u>
Gross profit	<u>46,360</u>	<u>51,617</u>	<u>46,360</u>	<u>51,617</u>
Administrative expenses				
Advertising and promotions	76	68	76	68
Wages and related benefits	935	975	935	975
Telecommunications	61	115	61	115
Contractual and professional	227	128	227	128
Rental	23	14	23	14
Depreciation and amortization	171	181	171	181
Other administrative expenses	134	125	134	125
	<u>1,627</u>	<u>1,606</u>	<u>1,627</u>	<u>1,606</u>
Other Operating Income	<u>179</u>	<u>280</u>	<u>179</u>	<u>280</u>
Operating Income	<u>44,912</u>	<u>50,291</u>	<u>44,912</u>	<u>50,291</u>
Nonoperating income (expense)				
Investment income	20	18	20	18
Distributions to municipalities and counties	(605)	(646)	(605)	(646)
Distributions -capital reinvestment	(21)	(26)	(21)	(26)
Distributions to the State of West Virginia	(44,306)	(49,637)	(44,306)	(49,637)
	<u>(44,912)</u>	<u>(50,291)</u>	<u>(44,912)</u>	<u>(50,291)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of period	<u>54,866</u>	<u>51,975</u>	<u>54,866</u>	<u>51,975</u>
Net position, end of period	<u>\$ 54,866</u>	<u>\$ 51,975</u>	<u>\$ 54,866</u>	<u>\$ 51,975</u>

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

WEST VIRGINIA LOTTERY

**STATEMENTS OF CASH FLOWS
FOR THE ONE MONTH PERIOD ENDED JULY 31, 2013**

(In Thousands)
-Unaudited-

	2013	2012
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 113,345	\$ 113,615
Cash payments for:		
Personnel costs	(924)	(966)
Suppliers	(514)	(1,476)
Other operating costs	<u>(56,137)</u>	<u>(59,634)</u>
Cash provided by operating activities	<u>55,770</u>	<u>51,539</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(66,900)	(93,839)
Distributions to municipalities and counties	<u>(607)</u>	<u>(637)</u>
Cash used in noncapital financing activities	<u>(67,507)</u>	<u>(94,476)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>-</u>	<u>-</u>
Cash flows from investing activities:		
Investment earnings received	<u>20</u>	<u>18</u>
Cash provided by investing activities	<u>20</u>	<u>18</u>
Increase (decrease) in cash and cash equivalents	(11,717)	(42,919)
Cash and cash equivalents - beginning of period	<u>275,058</u>	<u>243,911</u>
Cash and cash equivalents - end of period	<u>\$ 263,341</u>	<u>\$ 200,992</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 44,912	\$ 50,291
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	171	181
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	7,793	(2,685)
(Increase) decrease in inventory	47	(259)
(Increase) decrease in other assets	14	48
Increase (decrease) in estimated prize claims	935	456
Increase (decrease) in accounts payable	(104)	(1,300)
Increase (decrease) in other accrued liabilities	<u>2,002</u>	<u>4,807</u>
Cash provided by operating activities	<u>\$ 55,770</u>	<u>\$ 51,539</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 1 - LEGISLATIVE ENACTMENT

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

COMPENSATED ABSENCES – The Lottery has accrued \$555,325 and \$566,986 of at June 30, 2013 and 2012, respectively, for estimated obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. Employees fully vest in all earned but unused vacation. To the extent that accumulated sick leave is expected to be converted to benefits on termination or retirement, the Lottery participates in another postemployment benefits plan (see Note 16).

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NET POSITION – Net position is presented as restricted, unrestricted and net investment in capital assets which represent the net book value of all property and equipment of the Lottery. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, restricted resources are applied first.

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

NOTE 3 - CASH AND CASH EQUIVALENTS

At July 31, 2013 the carrying amounts of deposits (overdraft) with financial institutions were \$1,428 thousand with a bank balance (overdraft) of \$1,446 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):

	July 31, 2013	June 30, 2013
Deposits with financial institutions	\$ 1,428	\$ 1,411
Cash on hand at the Treasurer's Office	51,534	53,718
Investments with BTI reported as cash equivalents	210,379	219,929
	\$ 263,341	\$ 275,058

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 July 31, 2013 is as follows (in thousands):

Capital Assets:

	Historical Cost At June 30, 2013	Additions	Deletions	Historical Cost At July 31, 2013
Construction in Progress	\$ 549	\$ -	\$ -	\$ 549
Buildings	38,084	-	-	38,084
Land	1,434	-	-	1,434
Improvements	260	-	-	260
Equipment	6,519	-	-	6,519
	<u>\$ 46,846</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,846</u>
Accumulated Depreciation:				
	Historical Cost At June 30, 2013	Additions	Deletions	Historical Cost At July 31, 2013
Buildings	\$ 1,189	\$ 79	\$ -	\$ 1,268
Improvements	260	-	-	260
Equipment	5,177	92	-	5,269
	<u>\$ 6,626</u>	<u>\$ 171</u>	<u>\$ -</u>	<u>\$ 6,797</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 July 31, 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	\$ 3,400,980	\$ 3,400,980
Hot Lotto	559,909	559,909
Mega Millions	<u>661,128</u>	<u>661,128</u>
Total	\$ 4,622,017	\$ 4,622,017

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,700,490	\$ 1,700,490
Hot Lotto	279,955	279,955
Mega Millions	<u>336,441</u>	<u>336,441</u>
Total	\$ 2,316,886	\$ 2,316,886

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

	<u>PowerBall</u>	<u>Hot Lotto</u>	<u>Mega Millions</u>
Required Contribution (% of sales)	2%	3%	1%
Reserve Fund Cap	\$125,000,000	\$9,000,000	\$45,000,000

At July 31, 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	8,056,661	546,790
Mega Millions	<u>28,505,069</u>	<u>475,619</u>
Total	<u>\$ 150,435,252</u>	<u>\$ 3,019,098</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 \$16,342,326 at June 30, 2013, of which the Lottery's share was \$1,674,811.

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 July 31, 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	
	2014	2013	2014	2013
Total credits played	\$ 601,775	\$ 671,557	\$ 601,775	\$ 671,557
Credits (prizes) won	(540,074)	(602,339)	(540,074)	(602,339)
Promotional credits played	(7,974)	(8,338)	(7,974)	(8,338)
MWAP Contributions	(30)	(39)	(30)	(39)
Gross terminal income	53,697	60,841	53,697	60,841
Administrative costs	(2,148)	(2,434)	(2,148)	(2,434)
Net Terminal Income	51,549	58,407	51,549	58,407
Less distribution to agents	(30,414)	(34,460)	(30,414)	(34,460)
Racetrack video lottery revenues	<u>\$ 21,135</u>	<u>\$ 23,947</u>	<u>\$ 21,135</u>	<u>\$ 23,947</u>

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

	July 31, 2013	Year-to-Date
State Lottery Fund	\$ 15,465	\$ 15,465
State Excess Lottery Revenue Fund	-	-
Capital Reinvestment Fund	-	-
Tourism Promotion Fund 1.375%	709	709
Development Office Promotion Fund .375 %	193	193
Research Challenge Fund .5 %	258	258
Capitol Renovation & Improvement Fund .6875 %	354	354
Parking Garage Fund .0625 %	32	32
Parking Garage Fund 1 %	500	500
Cultural Facilities & Capitol Resources Fund .5 %	8	8
Capitol Dome & Capitol Improvements Fund .5 %	8	8
Worker's Compensation Debt Reduction Fund 7 %	3,608	3,608
Total nonoperating distributions	<u>\$ 21,135</u>	<u>\$ 21,135</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 July 31, 2013 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2014	2013	2014	2013
Total credits played	\$ 366,726	\$ 390,381	\$ 366,726	\$ 390,381
Credits (prizes) won	(335,834)	(357,404)	(335,834)	(357,404)
Gross terminal income	\$ 30,892	\$ 32,977	\$ 30,892	\$ 32,977
Administrative costs	(618)	(660)	(618)	(660)
Gross Profit	30,274	32,317	30,274	32,317
Commissions	(15,137)	(16,159)	(15,137)	(16,159)
Municipalities and Counties	(605)	(646)	(605)	(646)
Limited video lottery revenues	\$ 14,532	\$ 15,512	\$ 14,532	\$ 15,512

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 and year-to-date ended July 31, 2013 were \$13,503,895. 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	
	2014	2013	2014	2013
Table Games Privilege Tax	\$ 4,726	\$ 6,532	\$ 4,726	\$ 6,532
Interest on Table Games Fund	-	-	-	-
Administrative costs	(405)	(560)	(405)	(560)
Total Available for Distribution	<u>4,321</u>	<u>5,972</u>	<u>4,321</u>	<u>5,972</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	338	467	338	467
Thoroughbred & Greyhound Development Funds	270	373	270	373
Racing Association Pension Plan	118	164	118	164
Municipalities/ Counties	<u>1,337</u>	<u>1,847</u>	<u>1,337</u>	<u>1,847</u>
Total Distributions	<u>2,063</u>	<u>2,851</u>	<u>2,063</u>	<u>2,851</u>
State Debt Reduction Fund	<u>\$ 2,258</u>	<u>\$ 3,121</u>	<u>\$ 2,258</u>	<u>\$ 3,121</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 (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.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL (continued)

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 .75% of the amount wagered. A summary of historic resort hotel video lottery revenues for the month ended July 31, 2013 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2014	2013	2014	2013
Total credits played	\$ 5,138	\$ 6,774	\$ 5,138	\$ 6,774
Credits (prizes) won	(4,735)	(6,220)	(4,735)	(6,220)
Promotional credits played	(25)	(76)	(25)	(76)
MWAP Contributions	-	(2)	-	(2)
Gross terminal income	378	476	378	476
Capital reinvestment	(18)	(22)	(18)	(22)
Modernization Fund	(3)	(27)	(3)	(27)
Administrative costs	(20)	(4)	(20)	(4)
Hotel commissions	(160)	(201)	(160)	(201)
Net terminal income	177	222	177	222
Historic Resort Hotel Fund	113	141	113	141
Human Resource Benefit Fund	64	81	64	81

Historic Resort Table Games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the month and year ended July 31, 2013 were \$328,315.

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	
	2014	2013	2014	2013
Table games privilege tax	\$ 115	\$ 318	\$ 115	\$ 318
Administrative Costs	(15)	(41)	(15)	(41)
Total Available for Distribution	100	277	100	277
Historic Resort Hotel Fund	84	232	84	232
Human Resource Benefit Fund	16	45	16	45

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	\$ 113	\$ 113
Historic Resort Table Games	84	84
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	197	197
Municipalities/ Counties	28	28
State General Revenue Fund	126	126
State Debt Reduction Fund	37	37
State Tourism Promotion Fund	6	6
Total Distributions	\$ 197	\$ 197

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, 2014 the State Legislature budgeted \$151,565,243 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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be transferred from the State Lottery Fund to cover such shortfall, after the State Lottery Fund debt service payments have been made. Repayments to the State Lottery Fund are required to be made in subsequent months as funds become available. For the month ended July 31, 2013 the Lottery has accrued additional distributions of \$212,182,528. 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 July 31, 2013, the Lottery accrued additional distributions relating to racetrack video lottery, table games, and historic resort operations of \$1,831,604, \$2,258,102, and \$168,668, 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>July 31, 2013</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 500
Bureau of Senior Services	22,881	22,881
Department of Education	11,870	11,870
Library Commission	4,958	4,958
Higher Education-Policy Commission	3,278	3,278
Tourism	3,858	3,858
Natural Resources	1,380	1,380
Division of Culture & History	2,260	2,260
Department of Education & Arts	784	784
Economic Development Authority	1,000	1,000
School Building Authority	1,800	1,800
Total State Lottery Fund	\$ 54,569	\$ 54,569

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	\$ 1,899
Higher Education Improvement Fund	1,500	1,500
General Purpose Account	1,899	1,899
Higher Education Improvement Fund	-	-
State Park Improvement Fund	-	-
School Building Authority	-	-
Refundable Credit	-	-
WV Racing Commission	-	-
WV Department of Health and Human Resources	-	-
WV Development Office	-	-
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	-	-
Total State Excess Lottery Revenue Fund	\$ 5,298	\$ 5,298
Total Budgetary distributions:	\$ 59,867	\$ 59,867
Veterans Instant Ticket Fund	\$ 14	\$ 14

Other Racetrack Video Lottery distributions:

Tourism Promotion Fund 1.375%	\$ 660	\$ 660
Development Office Promotion Fund .375%	180	180
Research Challenge Fund .5%	240	240
Capitol Renovation & Improvement Fund .6875%	330	330
Parking Garage Fund .0625 %	30	30
Parking Garage Fund 1 %	349	349
Cultural Facilities & Cap. Resources Fund .5%	-	-
Capitol Dome & Cap. Improvements Fund .5%	131	131
Workers Compensation Debt Reduction Fund 7%	2,443	2,443
Total	\$ 4,363	\$ 4,363
Table Games State Debt Reduction Fund	\$ 2,357	\$ 2,357

Historic Resort Hotel distributions:

State General Revenue Fund	\$ 223	\$ 223
State Debt Reduction Fund	66	66
Tourism Promotion Fund	10	10
Total	\$ 299	\$ 299
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 66,900	\$ 66,900
Accrued nonoperating distributions, beginning	(239,035)	(239,035)
Accrued nonoperating distributions, end	216,441	216,441
	\$ 44,306	\$ 44,306

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 11 – LEASES

The Lottery leases, under a cancelable operating lease, its office and warehouse facilities. The Lottery also leases various office equipment under agreements considered to be cancelable operating leases. Rental expense for the fiscal year-to-date ended July 31, 2013 and July 31, 2012 approximated \$22,504 and \$14,141 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 July 31, 2013 and July 31, 2012 approximated \$108,105 and \$123,370 respectively.

Future rental receipts (in thousands) are as follows:

Year Ended June 30	Rental Receipts
2014	847
2015	232
Total	\$ 1,079

NOTE 12 – RESTRICTED NET POSITION

On June 14, 2006, House Bill 106 was enacted by the West Virginia State Legislature to set aside unexpended administrative expenses of the Lottery up to the limits for such expenses established by the enabling legislation of traditional, racetrack video lottery, and limited video lottery games in an amount not to exceed \$20,000,000 beginning in fiscal year 2006 and each year through fiscal year 2012. These assets are to be set aside for the design and construction of a building for the use of the Lottery and certain other State of West Virginia governmental entities. Contributions to the fund for fiscal years ending June 30, 2013 and June 30, 2012 were as follows:

	June 30, 2013	June 30, 2012
Beginning balance	\$ 1,690	\$ 2,039
Additions		
Legislative Appropriations		9,645
Deductions		
Asset acquisition	(50)	(9,994)
Surplus of excess funds		
Ending balance	\$ 1,640	\$ 1,690

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

NOTE 13 – COMMITMENTS

For the years ended June 30, 2013 and 2012 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. As of June 30, 2013 and 2012, \$2,003,028 and \$3,193,044, respectively, are included in unrestricted net position and net investment in capital assets for this purpose.

NOTE 14 - RETIREMENT BENEFITS

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

Employees who retire at or after age sixty with five or more years of contributory service or who retire at or after age fifty-five and have completed twenty-five years of credited service with age and credited service equal to eighty or greater are eligible for retirement benefits as established by State statute. Retirement benefits are payable monthly for life, in the form of a straight-line annuity equal to two percent of the employee's average annual salary from the highest 36 consecutive months within the last 10 years of employment, multiplied by the number of years of the employee's credited service at the time of retirement. Covered employees are required to contribute 4.5% of their salary to the PERS. The Lottery is required to contribute 14.5% of covered employees' salaries to the PERS. The required employee and employer contribution percentages have been established and changed from time to time by action of the State Legislature. The required contributions are not actuarially determined; however, actuarial valuations are performed to assist the Legislature in determining appropriate contributions. The Lottery and employee contributions, for the month ending July 31, 2013 and fiscal year-to-date are as follows (in thousands):

	July 31, 2013	Year-to-Date
Lottery contributions	\$ 104	\$ 104
Employee contributions	32	32
Total contributions	\$ 136	\$ 136

NOTE 15 - RISK MANAGEMENT

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 15 - RISK MANAGEMENT (continued)

WORKERS' COMPENSATION INSURANCE

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

PUBLIC EMPLOYEES' INSURANCE AGENCY (PEIA)

The Lottery participates in the Public Employees' Insurance Agency which provides an employee benefit insurance program to employees. PEIA was established by the State of West Virginia for State agencies, institutions of higher education, Boards of Education and component units of the State. In addition, local governmental entities and certain charitable and public service organizations may request to be covered by PEIA. PEIA provides a base employee benefit insurance program which includes hospital, surgical, major medical, prescription drug and basic life and accidental death. Underwriting and rate setting policies are established by PEIA. The cost of all coverage as determined by PEIA shall be paid by the participants. Premiums are established by PEIA and are paid monthly, and are dependent upon, among other things, coverage required, number of dependents, state vs. non state employees and active employees vs. retired 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 57th Street, South East, Suite 2, Charleston, West Virginia, or by calling 1-888-680-7342.

Funding Policy

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

The ARC rate is \$257 and \$961 per employee per month for the years ending June 30, 2013 and 2012 respectively. Through June 30, 2013 and 2012, the Lottery has paid premiums of \$332,615 and \$317,694. As of June 30, 2013 and 2012, the Lottery has recorded a liability of \$4,188,445 and \$4,075,581 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: September 5, 2013

Re: Status of General Revenue Fund and State Road Fund as of
August 31, 2013 (Second month of fiscal year 2013-2014.)

We have reviewed the cash flow of the West Virginia general revenue fund as of August 31, 2013 which is the second month of the new fiscal year. The status of the fund collections for the month is as follows:

The net collections were 94.65% of the estimate for the fiscal year. Total collections were \$32.2 million under the estimate.

Personal Income Tax collections were \$ 33.2 million below the estimate for the fiscal year. There were \$ 8.6 million in refunds issued in August.

Consumer sales and use tax collections were \$ 222.9 thousand over the estimate for the year.

Severance Tax was \$ 3.9 million over the estimate for the fiscal year.

Corporate Income and Business Franchise Tax collections were \$1.1 million over the estimate for the fiscal year.

State Road Fund

The state road fund collections were 100.86% 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 \$492,378,433.83 as of August 31, 2013.

Balance July 1, 2013	557,992,969.15
Cash flow loan to General Revenue on July 1, 2013. To be repaid 90 days. This is a normal occurrence in July due to cash flow demands. Paid back September 2013.	- 62,000,000.00
Earnings	-9,365,175.56
Surplus transfer FY 2013	5,750,640.24
Balance August 31, 2013	492,378,433.83

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 353,393,527.16 as of August 31, 2013.

Balance July 1, 2013	356,472,701.67
Earnings	- 3,079,174.51
Balance August 31, 2013	353,393,527.16

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

Balance July 1, 2013	-0-
Revenues	-0-
Balance August 31, 2013	-0-

STATE ROAD FUND FY 2013-2014
 By Source and by Month
 Monthly Revenue Estimates as of
 August 30, 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	22,500,000	12,621,880	-9,878,120	70,100,000	68,112,079	-1,987,921
Privilege Tax	17,216,000	19,819,158	2,603,158	33,256,000	38,549,205	5,293,205
Licenses & Registration	7,697,000	6,531,466	-1,165,534	17,574,000	15,368,856	-2,205,144
Highway Litter Control	144,000	120,803	-23,198	329,000	268,559	-60,442
TOTALS	47,557,000	39,093,307	-8,463,693	121,259,000	122,298,699	1,039,699
Percent of Estimates		82.20%			100.86%	
Collections this day		6,411,644				

REVENUE SHORTFALL RESERVE FUND 7005, Part A AS OF August 1, 2013: \$484,444,602.40

REVENUE SHORTFALL RESERVE FUND 7006, Part B AS OF August 1, 2013: \$348,811,176.32

PERSONAL INCOME TAX REFUND RESERVE FUND AS OF August 1, 2013: \$0

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: September 4, 2013

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the July 31, 2013 monthly report of the
Unemployment Compensation Trust Fund we received from WorkForce
West Virginia.

As of July 31, 2013 of fiscal year 2013-2014, the trust fund
cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2013	\$119,511,755.93
Receipts July 1, 2013 thru June 30, 2014	\$ 33,338,282.56
Disbursements July 1, 2013 thru June 30, 2014	\$ 27,722,284.71
Balance July 31, 2013	\$ 125,127,753.78

ITEMS OF NOTE:

Regular benefits paid for July 2013 were \$3.9 million less than

July 2012.

Federal emergency benefits totaled \$8.7 million for the July 2013. For July 2012, federal emergency benefits totaled \$10.1 million.

Total disbursements were \$ 5.5 million less in July 2013 than the preceding July 2012.

Receipts for July 2013 were \$ 256 thousand more than in July 2012. Overall ending trust fund balance was \$15 million lower on July 31, 2013 than on July 31, 2012.

Seasonally adjusted unemployment rates for July 2013 were 6.2 percent for West Virginia and 7.4 percent nationally.

Since July 2012 employment has increased by 6,400. Employment increases were as follows: 2,800 in mining and logging; 500 in manufacturing; 800 in trade, transportation and utilities; 600 in professional and business services; 800 in educational and health service; 1,700 in leisure and hospitality; and 1,900 in government. Employment decreases were as follows: 1,200 in construction; 200 in information; 600 in financial activities; and 700 in other services.

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

	MAY 2012	JUNE 2012	JULY 2012	MAY 2013	JUNE 2013	JULY 2013	THREE MONTH TOTAL VARIANCE *
Balance Forward	<u>\$85,531,981.75</u>	<u>\$154,583,262.06</u>	<u>\$140,675,916.76</u>	<u>\$81,929,612.72</u>	<u>\$138,559,021.60</u>	<u>\$119,511,755.93</u>	<u>(\$40,790,770.32)</u>
Add Receipts:							
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions:	\$88,327,495.01	\$1,540,732.89	\$22,499,519.26	\$72,393,236.83	\$1,219,017.47	\$22,957,571.54	(\$15,797,921.32)
3. Federal Emergency Benefits (EUCOB)	\$9,764,187.07	\$8,955,272.58	\$10,026,392.93	\$9,311,282.72	\$8,703,564.76	\$9,915,354.98	(\$815,650.12)
4. Federal Share Extended Benefits (ES)	\$1,290,291.41	\$726,987.49	\$9,789.29	\$25.00	\$424.00	\$341.99	(\$2,026,277.20)
5. Temp Federal Additional Comp (FAC)	\$38.96	\$225.00	\$522.00	\$63.96	\$187.98	\$50.00	(\$484.02)
6. UCFE (Federal Agencies)	\$162,000.88	\$124,610.65	\$138,020.52	\$113,301.40	\$124,806.13	\$168,817.87	(\$17,706.65)
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	\$875,478.44	\$0.00	\$0.00	\$681,562.51	\$0.00	(\$193,915.93)
11. UCX (Military Agencies)	\$456,528.29	\$374,581.38	\$407,133.73	\$299,532.93	\$251,903.25	\$296,146.18	(\$390,561.04)
12. WV Insurance Committee-Senate Bill 246	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
13. CMAA Receipts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Receipts	<u>\$100,000,541.62</u>	<u>\$12,597,888.43</u>	<u>\$33,081,377.73</u>	<u>\$82,117,542.84</u>	<u>\$10,981,466.10</u>	<u>\$33,338,282.56</u>	<u>(\$19,242,516.28)</u>
Less Disbursements:							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)
Regular Benefits:	\$19,758,836.50	\$15,173,940.72	\$22,458,167.67	\$15,621,657.67	\$19,573,056.00	\$18,514,616.90	(\$4,681,614.32)
Federal Emergency Benefits (EUCOB)	\$9,270,693.09	\$8,910,728.27	\$10,169,053.21	\$9,215,311.79	\$9,907,130.36	\$8,731,783.97	(\$496,248.45)
Federal Share Extended Benefits (ES)	\$1,190,899.85	\$693,308.15	\$9,321.29	(\$3,308.00)	(\$594.00)	(\$1,332.01)	(\$1,898,763.30)
Emergency Benefits (TEUC)	(\$2,733.00)	(\$1,122.00)	(\$784.00)	(\$130.00)	(\$30.00)	(\$30.00)	\$4,449.00
Temp Federal Additional Comp (FAC)	\$38.96	\$225.00	\$415.00	\$63.96	\$187.98	\$50.00	(\$377.02)
UCFE (Federal Workers) Benefits	\$124,463.15	\$112,983.93	\$139,423.14	\$112,099.84	\$142,242.14	\$151,923.42	\$29,395.18
UCX (Military Workers) Benefits	\$379,010.79	\$356,671.20	\$411,516.61	\$294,458.53	\$282,285.86	\$263,805.79	(\$306,648.42)
Reed Act Funds	\$53,474.13	\$500.00	\$0.00	\$141,000.00	\$40,000.00	\$1,261.00	\$128,286.87
Special Administrative Transfer**	\$174,577.84	\$257,998.46	\$87,130.03	\$108,980.17	\$84,453.43	\$60,205.64	(\$288,067.09)
Total Monthly Disbursements	<u>\$30,949,261.31</u>	<u>\$26,505,233.73</u>	<u>\$33,274,242.95</u>	<u>\$25,488,133.96</u>	<u>\$30,028,731.77</u>	<u>\$27,722,284.71</u>	<u>(\$7,489,587.55)</u>
Trust Fund Balance	<u>\$154,583,262.06</u>	<u>\$140,675,916.76</u>	<u>\$140,483,051.54</u>	<u>\$138,559,021.60</u>	<u>\$119,511,755.93</u>	<u>\$125,127,753.78</u>	<u>(\$52,543,699.05)</u>

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

** The Assistance for Unemployed Workers and Struggling Families Act, Title II of Division 8 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

September 5, 2013

Month	Revenues	Benefits	Trust Fund Balance
2012			
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
Totals - 2012	240,080,000	238,717,000	107,165,000

2013			
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	72,251,000	15,621,000	138,559,000
June	1,900,000	20,948,000	119,511,000
July	22,957,000	17,341,000	125,127,000
August	26,968,000	16,606,000	135,489,000
September	1,087,000	16,857,000	119,719,000
October	18,451,000	19,021,000	119,149,000
November	17,387,000	18,251,000	118,285,000
December	1,128,000	23,855,000	95,558,000
Totals - 2013	230,784,000	242,391,000	95,558,000

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 7.1%.

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



Financial Statements

May 2013

West Virginia Legislative Interims
September 2013

West Virginia Public Employees Insurance Agency

Statement of Changes in Plan Net Assets

For the Eleven Months Ending May 31, 2013

(Dollars in Thousands)

(Unaudited-For Internal Use Only)

(\$ 0 0 0 's)						
ACTUAL	BUDGET	PRIOR YR	BUDGET VARIANCE		PRIOR YR VARIANCE	
			\$	%	\$	%
PREMIUM REVENUE						
\$440,480	\$440,545	\$422,705				
115,607	111,699	111,312	Health Insurance - State Gov. - Employers	(65)	(0%)	\$17,775 4%
98,464	96,166	96,211	Health Insurance - State Gov. - Employees	3,908	3%	4,295 4%
2,936	4,074	3,895	Health Insurance - Local Gov. - All	2,298	2%	2,253 2%
	3,208	3,208	Life Insurance	(1,138)	(28%)	(959) (25%)
14,894	15,799	7,029	Direct Transfer	(3,208)	(100%)	(3,208) (100%)
1,498	1,351	1,487	Interest and Investment Income	(905)	(6%)	7,865 112%
4,463	4,220	4,419	Other Premium Revenue	147	11%	11 1%
			Administrative Fees, Net of Refunds	243	6%	44 1%
678,342	677,062	650,266	TOTAL REVENUE	1,280	0%	28,076 4%
OPERATING EXPENSES						
325,027	367,826	333,608	Claims Expense - Medical	42,799	12%	8,581 3%
108,037	115,646	114,934	Claims Expense - Drugs	7,609	7%	6,897 6%
35,845	37,558	35,083	Payments to Managed Care Org.	1,713	5%	(762) (2%)
12,432	13,272	13,108	Administrative Service Fees	840	6%	676 5%
2,940	4,074	3,902	Life Insurance Expense	1,134	28%	962 25%
2,704	1,355	2,137	Wellness and Disease Management	(1,349)	(100%)	(567) (27%)
136			ACA Comparative Effectiveness Fee	(136)		(136)
5,270	5,561	4,785	Other Operating Expenses	291	5%	(485) (10%)
149,713	148,500	139,573	WV RHBT Pay Go Premiums	(1,213)	(1%)	(10,140) (7%)
642,104	693,792	647,130	TOTAL EXPENSES	51,688	7%	5,026 1%
36,238	(16,730)	3,136	YTD SURPLUS (DEFICIT)	52,968	317%	33,102 1,056%
159,243	159,243	168,327	Total Net Assets, Beginning of Period			(9,084) (5%)
\$195,481	\$142,513	\$171,463	TOTAL NET ASSETS, END OF PERIOD	\$52,968	37%	\$24,018 14%

STATE OF WV - RETIREE HEALTH BENEFIT TRUST FUND
 STATEMENT OF CHANGES IN PLAN NET ASSETS
 For the Eleven Months Ending May 31, 2013

(\$ 0 0 0 ' s)			BUDGET VARIANCE		PRIOR YR VARIANCE	
ACTUAL	BUDGET	PRIOR YR	\$	%	\$	%
ADDITIONS						
Employer Premiums:						
\$ 2,964	\$ 2,936	\$ 2,982	\$ 28	0.9%	\$ (18)	0.6%
124,410	123,849	115,914	561	0.5%	8,496	7.3%
336	-	958	336	0.0%	(622)	-64.9%
127,710	126,785	119,853	925	0.7%	7,856	6.6%
Member Premiums:						
68,994	69,443	64,369	(449)	-0.6%	4,625	7.2%
25,273	24,651	23,651	622	2.5%	1,622	6.9%
19,934	19,540	15,642	394	2.0%	4,292	27.4%
114,201	113,634	103,662	567	0.5%	10,539	10.2%
241,911	240,419	223,516	1,492	0.6%	18,395	8.2%
Other Additions:						
1,000	1,375	1,038	(375)	-27.3%	(38)	-3.7%
3,587	3,575	-	12	0.3%	3,587	0.0%
63,073	28,877	(1,512)	34,196	118.4%	64,585	4271.7%
309,571	274,246	223,042	35,325	12.9%	86,529	38.8%
DEDUCTIONS						
101,515	120,744	46,189	19,229	15.9%	(55,327)	-119.8%
20,033	19,540	15,735	(493)	-2.5%	(4,317)	-27.5%
57,403	73,204	55,671	15,802	21.6%	(1,732)	-3.1%
23,231	28,484	98,787	5,253	18.4%	75,556	76.5%
46	-	-	(46)	0.0%	(46)	0.0%
1,672	9,028	8,123	7,356	81.5%	6,451	79.4%
2,707	3,024	3,231	316	10.5%	524	16.2%
206,606	254,024	227,716	47,417	18.7%	21,109	9.3%
102,965	20,223	(4,674)	82,742	409.2%	107,638	2303.0%
Net Assets Held in Trust for Post Employment Benefits						
492,779	492,779	472,079	-	0.0%	20,700	4.4%
\$ 595,743	\$ 513,001	\$ 467,405	\$ 82,742	16.1%	\$ 128,138	27.5%

West Virginia Board of Risk and Insurance Management
UNAUDITED BALANCE SHEET

July 31

2013 2012

(in thousands)

ASSETS

Short Term Assets		
Cash and Equivalents	\$ 16,903	\$ 24,801
Advance Deposit with Carrier/Trustee	207,609	204,416
Receivables - Net	9,039	5,319
Prepaid Insurance	4,107	4,180
Total Short Term Assets	237,658	238,716
 Long Term Assets		
Investments	137,947	138,146
Total Long Term Assets	137,947	138,146
 TOTAL ASSETS	375,605	376,862
 LIABILITIES		
Short Term Liabilities		
Accounts payable	10,517	5,424
Claims Payable	200	132
OPEB Liability	372	374
Agents Commissions Payable	861	1,112
Unearned Revenue	7,407	8,754
Current Estimated Claim Reserve	51,359	53,372
Total Short Term Liabilities	70,716	69,168
 Long Term Liabilities		
Compensated Absences	64	67
Estimated Noncurrent Claim Reserve	92,760	83,614
Total Long Term Liabilities	92,824	83,681
 TOTAL LIABILITIES	163,540	152,849
 Prior Year Net Assets	212,816	221,456
Current Year Earnings	(751)	2,557
TOTAL NET ASSETS	212,065	224,013
 TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 375,605	\$ 376,862

STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION
BOARD OF RISK AND INSURANCE MANAGEMENT



90 MACCORKLE AVENUE SW, Suite 203
SOUTH CHARLESTON, WV 25303

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Earl Ray Tomblin
Governor

Ross Taylor
Cabinet Secretary

Charles E. Jones, Jr.
Executive Director
charles.e.jones@wv.gov

August 2, 2013

The Honorable Tim Miley
Speaker of the House of Delegates
State of West Virginia
Room 228M, Building 1
State Capitol Complex
Charleston, West Virginia 25305

The Honorable Jeffrey V. Kessler
President of the Senate
State of West Virginia
Room 227M, Building 1
State Capitol Complex
Charleston, West Virginia 25305

Reference: Patient Injury Compensation Fund

Gentlemen:

In accordance with a request for additional information on the Patient Injury Compensation Fund (PICF) during the July 24, 2013 Joint Committee on Government and Finance interim meeting, I submit the following for your review.

The West Virginia Legislature created the West Virginia PICF in 2004 for the purpose of providing fair and reasonable compensation to claimants in medical malpractice actions for any portion of economic damages awarded that is uncollectible as a result of limitations on economic damage awards for trauma care, or as a result of the operation of the joint and several liability principles and standards, set forth in article seven-b [§§ 55-7B-1], chapter fifty-five of [the West Virginia] code. W.Va. Code §29-12D-1(a) The PICF shall be administered by the Board of Risk and Insurance Management (BRIM). W.Va. Code §29-12D-2

Any qualified claimant seeking payment from the fund must establish to the satisfaction of the board [BRIM] that he or she has exhausted all reasonable means to recover from all applicable liability insurance an award of economic damages, following procedures prescribed by the board by legislative rule. W.Va. Code §29-12D-3(c) The economic damages must have been awarded but be uncollectible after the exhaustion of all reasonable means of recovery of applicable insurance proceeds. W.Va. Code §29-12D-3(d)

In its discretion, the board may make a payment or payments out of the fund to a qualified claimant in connection with the settlement of claims arising under article seven-b [§§ 55-7B-1 et seq.] chapter fifty-five of [the West Virginia] code, all according to rules promulgated by the board. W.Va. Code §29-12D-3(f) The agency [BRIM] may, but is not required to, consider, approve or disapprove any settlement petition. W.Va. Code of State Rules (CSR) §115-7-8.2

The fund shall be operated as a fund of last resort. Payment by the fund to a qualified claimant for uncollectible economic damages may be made only when all insurance coverages have been exhausted. W. Va. CSR §115-7-4 Funding for the PICF was provided for through W.Va. Code §29-12D-1(b).

Initial funding for the fund shall be provided as follows: During fiscal year two thousand five, two million two hundred thousand dollars of the revenues that would otherwise be transferred to the tobacco account established in subsection (b), section two, article eleven-a, chapter four of this code pursuant to the provisions of section fourteen, article three, chapter thirty-three of this code shall be transferred to the fund; during fiscal year two thousand six, two million two hundred thousand dollars of the revenues that would otherwise be transferred to the tobacco account established in subsection (b), section two, article eleven-a, chapter four of this code pursuant to the provisions of section fourteen, article three, chapter thirty-three of this code, shall be transferred to the fund; and during fiscal year two thousand seven, two million two hundred thousand dollars of the revenues that would otherwise be transferred to the tobacco account established in subsection (b), section two, article eleven-a, chapter four of this code pursuant to the provisions of section fourteen, article three, chapter thirty-three of this code shall be transferred to the fund. Beginning fiscal year two thousand eight, if and to the extent additional funding for the fund is required from time to time to maintain the actuarial soundness of the fund, the additional funding may be provided by further act of the Legislature, either from the revenue stream identified in this subsection or otherwise. Payments to the tobacco fund shall be extended until the tobacco fund is repaid in full.

In actuality, funding for the PICF amounted to a total of \$4,914,412.01 which consisted of payments of \$1,667,000, \$1,667,000, and \$1,580,412.01 in fiscal years 2005, 2006, and 2007, respectively.

At the present time, there are five outstanding claims being addressed by BRIM; four for the fiscal year running from July 1, 2012 to June 30, 2013, and one for the fiscal year running from July 1, 2013 to June 30, 2014. It is clear that

the balance remaining in the Patient Injury Compensation Fund is insufficient to fully satisfy the awards which are and will be made with regard to the five aforementioned claims. W.V. CSR §§ 115-7-6.4 and 6.5 address what is to be done in such circumstances:

6.4 If, after the payment of all expenses incurred for the administration of the fund during the fiscal year, the available cash and invested assets remaining in the fund are insufficient to pay in full all claims for uncollectible economic damages that have become final during the fiscal year, the amount paid to each qualified claimant shall be prorated in a manner so that each qualified claimant with a final claim receives the same percentage of compensation as his or her amount of approved and outstanding compensation at the end of the fiscal year relates to the total amount of all approved and outstanding compensation at the end of the fiscal year.

6.5 Any uncollectible economic damages unpaid to qualified claimants after the proration, shall be carried forward to the next fiscal year as a final claim. Unpaid claims are not a debt of the state of West Virginia or a charge against the general revenue fund, and payments in future years shall be entirely dependent on the contributions, revenues or moneys paid into the fund by the state or from any other source.

BRIM is in the process of reconciling final expenses for FY 2013. Upon reconciliation of those final expenses which are anticipated to approximate \$40,000, the PICF as of June 30, 2013 will have a balance of approximately \$3,454,611.06.

Attached is a summary of all PICF deposits and disbursements as of June 30, 2013. Included in the summary are the projected disbursements (claim payments) for the five pending claims. As is illustrated in the PICF summary, for the four FY 2013 claims, the projected payment is \$3,651,159.10 which exceeds the June 30, 2013 PICF fund balance. Additionally, the FY 2014 claim has a projected potential payment of \$943,912.85 which further adds to the deficiency. In conclusion, the PICF does not have enough funds to fully pay the FY 2013 claims, or any funds to pay any part of the FY 2014 claim. The estimated shortfall is \$1,140,460.89.

I sincerely hope this communication is responsive to the inquiries of the Committee. Should there be any questions, I am available to provide additional information.

Respectfully submitted,

A handwritten signature in blue ink, reading "C. E. Jones, Jr." with a stylized flourish at the end.

Charles E. Jones, Jr.
Executive Director

CEJ:lld

c: Ross Taylor, Cabinet Secretary,
Department of Administration
Robert Fisher, BRIM Deputy Director/Claim
Manager
Steve Schumacher, CPA, BRIM CFO
BRIM Board

Attachment

PICF Summary (Actual Thru 6-30-13):

Type of Activity	Description	Amount
Funding of PICF	Statutory transfers per 33-14 (A) (B); 33-3-14A, 29-12 D-1 and 11B22 0 (F) in FY05, '06 & '07	4,914,412.01
Interest Income	Interest earned on funds invested with the BTI since inception of fund	535,190.13
Claims Payments	Four separate claims paid. One each in FY'10, '11, '12 & '13	(1,904,579.67)
Contractual and Professional	Legal (\$39,398.26) and actuarial services (\$6,816.25) paid since inception of fund	(50,411.41)
		<u>3,494,611.06</u>

PICF Activity (Including Projected Thru FY'14):

Fiscal Year	Doc ID	Type of Activity	Description	Amount
2005	E588396	Funds Transferred - 6/1/05	STATUTORY TRANSFER PER 33-14 (A) (B); 33-3-14A AND 29-12 D-1	1,667,000.00
2006	E647118	Funds Transferred - 5/26/05	STATUTORY TRANSFER PER 33-14 (A) (B); 33-3-14A AND 29-12 D-1	1,667,000.00
2006	Various	Monthly Earnings - FY'06	Interest Earned on Funds	62,466.84
2006	(See below)	Fund Disbursements	(See detail below)	(6,816.25)
2007	E647118	Funds Transferred - 6/19/06	STATUTORY TRANSFER PER 33-14 (A) (B); 33-3-14A AND 11B22 0 (F)	1,580,412.01
2007	Various	Monthly Earnings - FY'07	Interest Earned on Funds	178,855.65
2008	Various	Monthly Earnings - FY'08	Interest Earned on Funds	207,436.20
2009	Various	Monthly Earnings - FY'09	Interest Earned on Funds	63,044.38
2010	Various	Monthly Earnings - FY'10	Interest Earned on Funds	6,898.58
2010	(See below)	Fund Disbursements	(See detail below)	(903,025.75)
2011	Various	Monthly Earnings - FY'11	Interest Earned on Funds	7,746.97
2011	(See below)	Fund Disbursements	(See detail below)	(498,762.51)
2012	Various	Monthly Earnings - FY'12	Interest Earned on Funds	4,115.06
2012	(See below)	Fund Disbursements	(See detail below)	(263,176.86)
2013	Various	Monthly Earnings - FY'13	Interest Earned on Funds	4,626.45
2013	(See below)	Fund Disbursements	(See detail below)	(283,209.71)
			Fund Balance Available 6-30-13	<u>3,494,611.06</u>

Projected FY'14:

2014	Projected	Claim Payment - Ralph Camp Estate (claim filed in FY 2013)	809,905.10
2014	Projected	Claim Payment - Timothy Umberger (claim filed in FY 2013)	1,000,000.00
2014	Projected	Claim Payment - Lora McCarty Estate (claim filed in FY 2013)	841,254.00
2014	Projected	Claim Payment - Nathan Brown (claim filed in FY 2013)	1,000,000.00
2014	Projected	Claim Payment - Debra Terry (claim filed in FY 2014)	943,912.85
2014	Projected	Estimated legal & other expenses	40,000.00
		Projected FY'14 Payments	<u>4,635,071.95</u>

Current FY'14 Estimated Shortfall (1,140,460.89)

PICF Disbursements:

Date	Doc ID	Payee	Description	Warrant #	Amount
12/8/2005	I007167646	ADVANCED RISK MANAGEMENT TECHNI	IH-RIM070205 WV CODE 29-12-8 PROF SERVICES FOR PATIENT COMPENSATION FUND	1001250606	(6,816.25)
			Total FY'06		<u>(6,816.25)</u>
11/24/2009	I010235761	JANET JENNER & SUGGS LLC	SIZEMORE PATIENT INJURY COMPENSATION FUND CIVIL ACTION NO:07-C-728	1007648715	(900,000.00)
1/7/2010	I010302466	PULLIN FOWLER FLANAGAN BROWN & P	IH-RIM050109 WV CODE 29-12-8 LEGAL SERVICES	1007777626	(2,836.75)
2/8/2010	I010392617	PULLIN FOWLER FLANAGAN BROWN & P	IH-RIM050109 WV CODE 29-12-8 ATTORNEY SERVICES	1007931685	(40.50)
3/26/2010	I010720876	PULLIN FOWLER FLANAGAN BROWN & P	IH-RIM050109 WV CODE 29-12-8 LEGAL SERVICES	1008188442	(27.00)
3/11/2010	I010654149	PULLIN FOWLER FLANAGAN BROWN & P	IH-RIM050109 WV CODE 29-12-8 LEGAL SERVICES	1008106333	(121.50)
			Total FY'10		<u>(903,025.75)</u>
8/11/2010	I011198945	PULLIN FOWLER FLANAGAN BROWN & P	IH-RIM050109 WV CODE 29-12-8 LEGAL SERVICE	1008715033	(2,249.23)
9/8/2010	I011238911	PULLIN FOWLER FLANAGAN BROWN & P	IH-RIM050109 WV CODE 29-12-8 LEGAL SERVICE	1008802375	(992.00)
11/9/2010	I011336933	PULLIN FOWLER FLANAGAN BROWN & P	IH-050109-2 WV CODE 29-12 LEGAL SERVICES	1009080227	(217.00)
11/9/2010	I011336940	PULLIN FOWLER FLANAGAN BROWN & P	IH-RIM050109 WV CODE 29-12-8 LEGAL SERVICES	1009080227	(294.50)
12/27/2010	I011418073	PULLIN FOWLER FLANAGAN BROWN & P	IH-RIM050109 WV CODE 29-12-8 LEGAL SERVICES	1009241035	(4,359.30)
2/28/2011	I011692420	PULLIN FOWLER FLANAGAN BROWN & P	IH-RIM050109 WV CODE 29-12-8 LEGAL SERVICES	1009534109	(480.50)
2/8/2011	I011603296	DRUCKMAN WILLIAM S AS ATTORNEY FC	PATIENT INJURY COMPENSATION FUND ESTATE OF ANNA GOLDSMITH	1009413318	(470,000.00)
4/25/2011	I012000517	BAILEY & WYANT PLLC	IN-RIM033009-2 WV CODE 29-12-8 LEGAL SERVICE	1009809234	(20,169.98)
			Total FY'11		<u>(498,762.51)</u>
7/26/2011	I012325894	PULLIN FOWLER FLANAGAN BROWN & P	IH-RIM050109-2	1010134148	(695.50)
11/17/2011	I012580214	PAULEY CURRY PLLC AS ATTY FOR REBI	PICF CLAIM ESTATE OF SHAYLA JOI MULLINS	1010506656	(261,726.36)
11/3/2011	I012530600	PULLIN FOWLER FLANAGAN BROWN & P	IH-RIM050109-3 WV CODE 29-12-8 LEGAL SERVICES	1010454355	(93.00)
1/24/2012	I012663422	PULLIN FOWLER FLANAGAN BROWN & P	IH-RIM050109-3 WV CODE 29		(662.00)
			Total FY'12		<u>(263,176.86)</u>
12/4/2012	I013755109	BAILEY & WYANT PLLC	IN-RIM123009 WV CODE 29-12-8 LEGAL SERVICES	1011880383	(1,764.60)
12/4/2012	I013755110	BAILEY & WYANT PLLC	IN-RIM123009	1011880383	(2,785.30)
2/7/2013	I013872572	BAILEY & WYANT PLLC	IH-RIM123009 WV CODE 29-12-8 LEGAL SERVICES	1012089951	(1,439.60)
3/14/2013	I014197839	PAULEY CURRY PLLC	PICF CLAIM FOR DONNA BECKETT ADMINISTRATRIX	1012275704	(272,853.31)
4/23/2013	I014422628	PULLIN FOWLER FLANAGAN BROWN & P	IH-RIM120109 WV CODE 29-12-8 LEGAL FEES	1012459917	(170.00)
5/7/2013	I014487777	PULLIN FOWLER FLANAGAN BROWN & P	IH-RIM120109 WV CODE 29-12-8 LEGAL SERVICES	1012510699	(651.00)
5/29/2013	I014557293	PULLIN FOWLER FLANAGAN BROWN & P	IH-RIM120109 WV CODE 29-12-8 LEGAL SERVICES	1012595492	(34.00)
6/21/2013	I014622512	BAILEY & WYANT PLLC	IH-RIM123009 WV CODE 29-12-8 LEGAL SERVICE	1012667025	(1,141.80)
6/21/2013	I014622517	BAILEY & WYANT PLLC	IH-RIM123009 WV CODE 29-12-8 LEGAL SERVICES	1012667025	(1,314.80)
6/21/2013	I014622523	BAILEY & WYANT PLLC	IH-RIM123009 WV CODE 29-12-8 LEGAL SERVICES	1012667025	(1,055.30)
			Total FY'13		<u>(283,209.71)</u>
			Total Disbursements		<u>(1,954,991.08)</u>

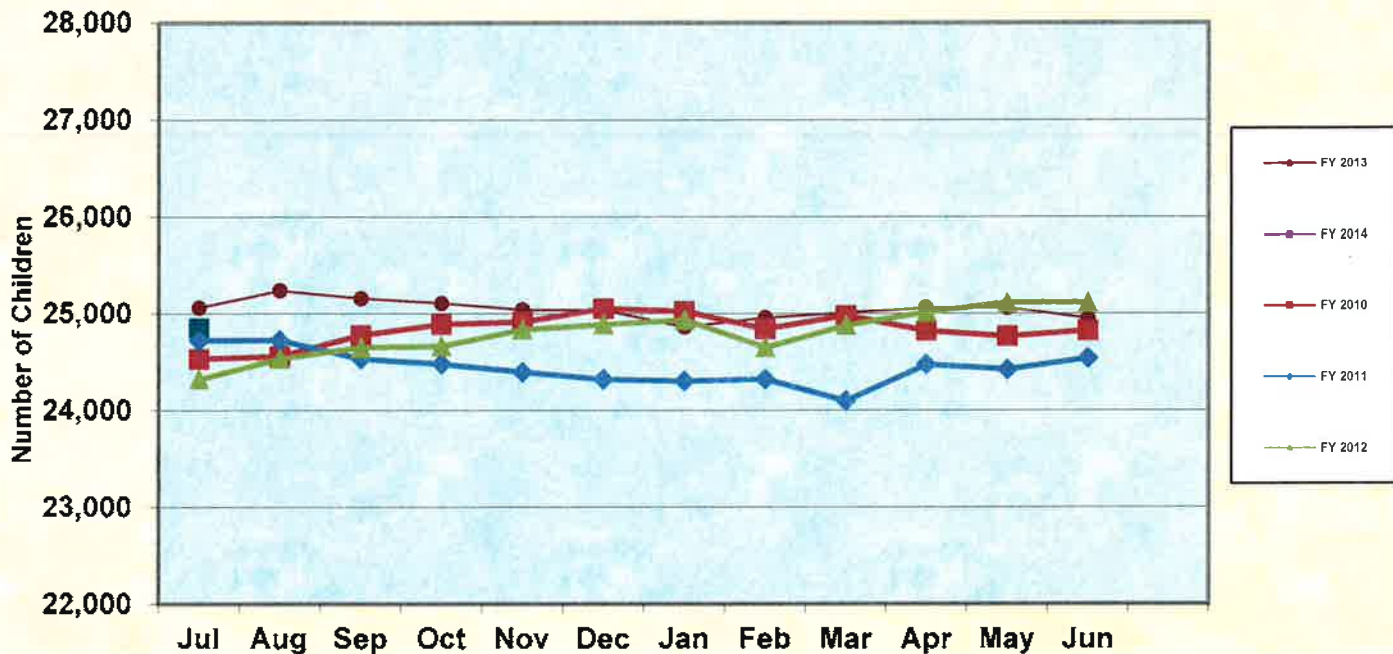


West Virginia Children's Health Insurance Program
2 Hale Street
Suite 101
Charleston, WV 25301
304-558-2732 voice / 304-558-2741 fax
Helpline 877-982-2447
www.chip.wv.gov

Joint Committee on Government and Finance Report

September 2013

WV CHIP Enrollment



July 31st Enrollment 24,849

Annualized Health Care Expenditures (Cost per Child)



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

	July 31, 2013	July 31, 2012	Variance	
Assets:				
Cash & Cash Equivalents	\$15,588,841	\$16,096,319	(\$507,478)	-3%
Due From Federal Government	\$3,715,284	\$4,715,436	(\$1,000,152)	-21%
Due From Other Funds	\$903,993	\$1,118,334	(\$214,341)	-19%
Accrued Interest Receivable	\$5,344	\$29,652	(\$24,308)	-82%
Fixed Assets, at Historical Cost	<u>\$95,744</u>	<u>\$94,332</u>	<u>\$1,412</u>	<u>1%</u>
Total Assets	<u>\$20,309,206</u>	<u>\$22,054,073</u>	<u>(\$1,744,867)</u>	<u>-8%</u>
Liabilities:				
Due to Other Funds	\$229,277	\$163,770	\$65,507	40%
Deferred Revenue	\$1,119,010	\$2,160,939	(\$1,041,929)	-48%
Unpaid Insurance Claims Liability	<u>\$4,390,000</u>	<u>\$5,670,000</u>	<u>(\$1,280,000)</u>	<u>-23%</u>
Total Liabilities	<u>\$5,738,287</u>	<u>\$7,994,709</u>	<u>(\$2,256,422)</u>	<u>-28%</u>
Fund Equity	<u>\$14,570,919</u>	<u>\$14,059,364</u>	\$511,555	4%
Total Liabilities and Fund Equity	<u>\$20,309,206</u>	<u>\$22,054,072</u>	<u>(\$1,744,866)</u>	<u>-8%</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 One Month Ending July 31, 2013 and July 31, 2012
(Modified Accrual Basis)

	July 31, 2013	July 31, 2012	Variance	
Revenues				
Federal Grants	2,651,812	3,089,941	(438,129)	-14%
State Appropriations	1,997,547	2,185,115	(187,568)	-9%
Premium Revenues	76,900	73,440	3,460	5%
Investment Income:				
Investment Earnings	5,344	9,674	(4,330)	-45%
Unrealized Gain On Investments*	<u>4,365</u>	<u>19,978</u>	(15,613)	-78%
Total Investment Income	<u>9,709</u>	<u>29,652</u>	<u>(19,943)</u>	<u>-67%</u>
Total Revenues	<u>4,735,968</u>	<u>5,378,148</u>	<u>(642,179)</u>	<u>-12%</u>
Expenditures:				
Claims:				
Outpatient Services	836,357	1,299,129	(462,772)	-36%
Prescribed Drugs	609,476	588,807	20,669	4%
Dental	560,538	552,870	7,668	1%
Inpatient Hospital Services	398,877	306,241	92,636	30%
Physicians & Surgical	376,437	1,052,985	(676,548)	-64%
Outpatient Mental Health	83,581	134,395	(50,814)	-38%
Therapy	87,954	87,627	327	0%
Durable & Disposable Med. Equip.	49,736	88,212	(38,476)	-44%
Inpatient Mental Health	39,370	62,863	(23,493)	-37%
Vision	34,338	67,683	(33,345)	-49%
Medical Transportation	18,506	49,480	(30,974)	-63%
Other Services	14,578	18,265	(3,687)	-20%
Less: Collections**	<u>(267,917)</u>	<u>(14,076)</u>	<u>(253,841)</u>	<u>1803%</u>
Total Claims	<u>2,821,831</u>	<u>4,274,481</u>	<u>(1,452,650)</u>	<u>-34%</u>
General and Admin Expenses:				
Salaries and Benefits	62,620	56,424	6,196	11%
Program Administration	168,591	94,697	73,894	78%
Eligibility	85,592	31,000	54,592	176%
Outreach & Health Promotion	19,081	6,950	12,131	175%
Current	<u>13,588</u>	<u>15,207</u>	<u>(1,619)</u>	<u>-11%</u>
Total Administrative	<u>349,472</u>	<u>204,278</u>	<u>145,194</u>	<u>71%</u>
Total Expenditures	<u>3,171,303</u>	<u>4,478,759</u>	<u>(1,307,456)</u>	<u>-29%</u>
Excess of Revenues				
Over (Under) Expenditures	1,564,665	899,389	665,277	74%
Fund Equity, Beginning	<u>13,006,254</u>	<u>13,159,975</u>	<u>(153,721)</u>	<u>-1%</u>
Fund Equity, Ending	<u>14,570,919</u>	<u>14,059,364</u>	<u>511,556</u>	<u>4%</u>

* Short Term Bond Fund Investment began in November 2009

** Collections are primarily drug rebates and subrogation

PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program
Budget to Actual Statement
State Fiscal Year 2014
For the One Month Ended July 31, 2013**

	Budgeted for Year	Year to Date Budgeted Amt	Year to Date Actual Amt	Year to Date Variance*		Monthly Budgeted Amt	Actual Amt Jul-13	Actual Amt Jun-13	Actual Amt May-13
Projected Cost	\$47,897,012	\$3,991,418	\$3,699,055	\$292,362	7%	\$3,991,418	\$3,699,055	\$4,025,776	\$5,222,950
Premiums	969,397	80,783	\$76,900	(\$3,883)	-5%	80,783	\$76,900	68,764	71,981
Subrogation & Rebates	457,374	38,115	\$267,917	229,803	603%	38,115	267,917	62,749	12,867
Net Benefit Cost	46,470,241	3,907,458	\$3,354,238	\$553,220	14%	3,907,458	\$3,354,238	3,894,263	5,138,102
Salaries & Benefits	\$710,522	\$59,210	\$62,620	(\$3,410)	-6%	\$59,210	\$62,620	\$50,169	\$47,879
Program Administration	3,024,544	252,045	\$93,274	158,771	63%	252,045	93,274	237,982	185,456
Eligibility	400,000	33,333	\$116,592	(83,259)	-250%	33,333	116,592	105,234	2,125
Outreach & Health Prom.	1,000,000	83,333	\$16,304	67,029	80%	83,333	16,304	0	195,994
Current Expense	170,000	14,167	\$17,563	(3,396)	-24%	14,167	17,563	14,865	18,001
Total Admin Cost	\$5,305,066	\$442,089	\$306,353	\$135,736	31%	\$442,089	\$306,353	\$408,250	\$449,455
Total Program Cost	<u>\$51,775,307</u>	<u>\$4,349,547</u>	<u>\$3,660,591</u>	<u>\$688,956</u>	<u>16%</u>	<u>\$4,349,547</u>	<u>\$3,660,591</u>	<u>\$4,302,513</u>	<u>\$5,587,557</u>
Federal Share 80.43%	41,642,879	3,515,739	\$2,944,214	571,525	16%	3,515,739	2,944,214	3,460,511	4,494,072
State Share 19.57%	10,132,428	833,808	\$716,378	117,430	14%	833,808	716,378	842,002	1,093,485
Total Program Cost **	<u>\$51,775,307</u>	<u>\$4,349,547</u>	<u>\$3,660,591</u>	<u>\$688,956</u>	<u>16%</u>	<u>\$4,349,547</u>	<u>\$3,660,591</u>	<u>\$4,302,513</u>	<u>\$5,587,557</u>

* Positive percentages indicate favorable variances

** Budgeted Year Based on CCRC Actuary 6/30/2013 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 6/30/13 Final worksheet Net Paid Program Costs.
- 2/. Federal Share for FFY 2014 is 79.76%. Federal Share for FFY 2013 (10/1/12 - 9/30/13) is set at 80.43%.

WVCHIP Enrollment Report

ATTACHMENT 1

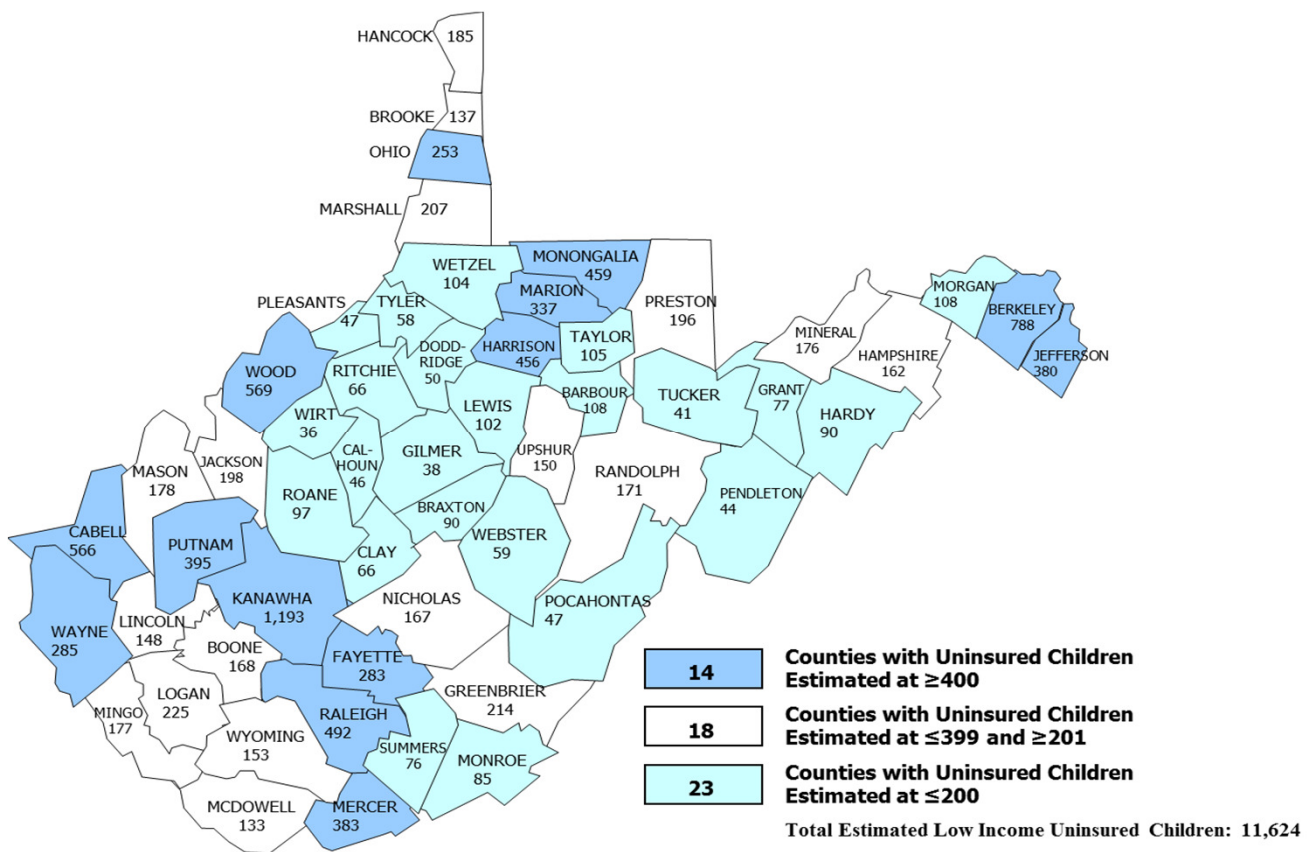
August 2013

County	County Pop.	Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2010	2010
	2010 Est. (0-18 Yrs)	Enrollment Aug-13	Enrollment Aug-13	CHIP/Medicaid Enrollment	Enrollment % of Population	Est. Uninsured 3%	# Children Uninsured Ranking*
Barbour	3,600	272	1,487	1,759	48.9%	108	33
Berkeley	26,251	1,385	8,494	9,879	37.6%	788	2
Boone	5,615	317	2,568	2,885	51.4%	168	25
Braxton	3,006	215	1,448	1,663	55.3%	90	40
Brooke	4,573	285	1,501	1,786	39.1%	137	31
Cabell	18,879	1,002	8,223	9,225	48.9%	566	4
Calhoun	1,518	125	739	864	56.9%	46	51
Clay	2,215	196	1,360	1,556	70.2%	66	44
Doddridge	1,673	146	592	738	44.1%	50	48
Fayette	9,438	773	4,483	5,256	55.7%	283	13
Gilmer	1,260	68	525	593	47.0%	38	54
Grant	2,555	189	919	1,108	43.4%	77	42
Greenbrier	7,131	588	2,835	3,423	48.0%	214	16
Hampshire	5,392	278	2,006	2,284	42.4%	162	27
Hancock	6,166	386	2,328	2,714	44.0%	185	20
Hardy	3,015	184	1,227	1,411	46.8%	90	39
Harrison	15,202	968	5,382	6,350	41.8%	456	7
Jackson	6,602	428	2,694	3,122	47.3%	198	18
Jefferson	12,679	583	3,108	3,691	29.1%	380	10
Kanawha	39,771	2,357	16,807	19,164	48.2%	1,193	1
Lewis	3,389	243	1,529	1,772	52.3%	102	37
Lincoln	4,930	366	2,671	3,037	61.6%	148	30
Logan	7,496	508	3,750	4,258	56.8%	225	15
Marion	11,227	705	4,189	4,894	43.6%	337	11
Marshall	6,886	353	2,699	3,052	44.3%	207	17
Mason	5,929	286	2,642	2,928	49.4%	178	21
McDowell	4,423	291	3,062	3,353	75.8%	133	32
Mercer	12,764	1,087	6,771	7,858	61.6%	383	9
Mineral	5,868	285	1,958	2,243	38.2%	176	23
Mingo	5,905	392	3,147	3,539	59.9%	177	22
Monongalia	15,294	788	4,355	5,143	33.6%	459	6
Monroe	2,835	228	989	1,217	42.9%	85	41
Morgan	3,596	268	1,362	1,630	45.3%	108	34
Nicholas	5,561	391	2,506	2,897	52.1%	167	26
Ohio	8,444	498	2,898	3,396	40.2%	253	14
Pendleton	1,462	115	527	642	43.9%	44	52
Pleasants	1,551	121	515	636	41.0%	47	50
Pocahontas	1,561	142	681	823	52.7%	47	49
Preston	6,536	461	2,380	2,841	43.5%	196	19
Putnam	13,150	781	3,451	4,232	32.2%	395	8
Raleigh	16,403	1,242	7,525	8,767	53.4%	492	5
Randolph	5,705	518	2,523	3,041	53.3%	171	24
Ritchie	2,205	133	922	1,055	47.9%	66	45
Roane	3,239	314	1,629	1,943	60.0%	97	38
Summers	2,521	194	1,265	1,459	57.9%	76	43
Taylor	3,514	219	1,308	1,527	43.5%	105	35
Tucker	1,371	135	469	604	44.1%	41	53
Tyler	1,924	96	760	856	44.5%	58	47

WVCHIP Enrollment Report

August 2013

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment Aug-13	Total Medicaid Enrollment Aug-13	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	2010 Est. Uninsured 3%	2010 # Children Uninsured Ranking*
Upshur	4,996	377	2,368	2,745	54.9%	150	29
Wayne	9,516	494	4,193	4,687	49.3%	285	12
Webster	1,977	160	1,169	1,329	67.2%	59	46
Wetzel	3,466	231	1,500	1,731	49.9%	104	36
Wirt	1,201	87	649	736	61.3%	36	55
Wood	18,956	1,120	8,238	9,358	49.4%	569	3
Wyoming	5,116	412	2,502	2,914	57.0%	153	28
Totals	387,459	24,786	157,828	182,614	47.1%	11,624	



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 August 1 - August 31, 2013

There were a total of 13 leasing changes for the period of August 1- August 31, 2013 and they are as follows:

- 6 – Straight Renewal
- 3 – Renewal with Increase in Rent
- 1 –Decrease in Rent
- 1 – Renewal with Increase Square Feet
- 1 – Decrease in Square Feet
- 1 – Cancellation

Department of Administration Real Estate Division Leasing Report

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

STRAIGHT RENEWAL

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-134 Renewal on a month-to-month basis consisting of 2,150 square feet of office space at the current annual per square foot rate of \$5.50, annual cost \$11,825.00, 119 West Main Street, in the Town of West Union, Doddridge County, West Virginia.

HHR-208 Renewal for 3 years consisting of 1,360 square feet of office space at the current annual per square foot rate of \$5.85, annual cost \$7,956.00, full service, 209 South Main Street, in the City of Philippi, Barbour County, West Virginia.

HHR-210 Renewal for 1 year consisting of 48 square feet of office space at the current monthly rate of \$100.00, annual cost \$1,200.00, full service, 670 Lower Washington Street, in the City of Elizabeth, Wirt County, West Virginia.

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-144 Renewal for 5 years consisting of 64 square feet of tower space at the current annual rate of \$1.00, 401 Gussy Street, in the City of Fairmont, Marion County, West Virginia.

DIVISION OF JUVENILE SERVICES

DJS-015 Renewal for 3 years consisting of storage space at the current annual per square foot rate of \$10.80, annual cost \$4,320.00, 2013 Wilson Street Lock Six, in the City of Dunbar, Kanawha County, West Virginia.

WEST VIRGINIA BOARD OF LICENSED DIETITIANS

BLD-001 Renewal for 1 year consisting of 250 square feet of office space at the current monthly rate of \$131.33, annual cost \$1,575.96, full service, 723 Kanawha Boulevard, in the City of Charleston, Kanawha County, West Virginia.

RENEWAL WITH INCREASE IN RENT

OFFICES OF THE INSURANCE COMMISSIONER

INS-026 Renewal for 5 years consisting of 6,238 square feet of office space with an increase in the annual per square foot rate from \$13.50 to \$14.17, annual cost \$88,392.46, full service, 1207 Quarrier Street, in the City of Charleston, Kanawha County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-181 Renewal for 6 months consisting of 6,292 square feet of office space with an increase in the annual per square foot rate from \$4.20 to \$8.50, annual cost \$53,482.00, 404 Main Street, in the City of Grantsville, Calhoun County, West Virginia.

WEST VIRGINIA STATE POLICE

PSA-113 Renewal for 5 years consisting of tower space with an increase in the monthly rate from \$250.00 to \$300.00, annual cost \$3,600.00, in the City of Chester, Hancock County, West Virginia.

DECREASE IN RENT

WORKFORCE WEST VIRGINIA

WWV-017-SUB Consisting of 324 square feet of office space with a decrease in the annual per square foot rate from \$33.33 to \$29.63, annual cost \$9,600.00, full service, 404 Main Street, in the City of Pt. Pleasant, Mason County, West Virginia.

RENEWAL WITH INCREASE IN SQUARE FEET

REGION 2 WORKFORCE INVESTMENT BOARD, INC.

WB2-004 Renewal for 3 years with an increase of square feet from 4,059 square feet to 4,810 square feet of office and training space at the current annual per square foot rate of \$13.00, annual cost \$62,530.00, full service, 2699 Park Avenue, in the City of Huntington, Cabell County, West Virginia.

DECREASE IN SQUARE FEET

DIVISION OF NATURAL RESOURCES

NAT-132 Decrease of square feet from 200 square feet to 105 square feet of storage space at the monthly rate of \$191.00, annual cost \$2,292.00, 200 Piedmont Road, in the City of Charleston, Kanawha County, West Virginia.

CANCELLATION

DEPARTMENT OF TAX AND REVENUE

TAX-048 Lease cancellation consisting of 4,320 square feet of office space, at the annual per square foot rate of \$9.45 annual cost \$40,824.00, full service, in the City of Clarksburg, Harrison County, West Virginia

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

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	Department of Health and Human Resources	HHR-134	Doddridge	2,150	5.50	11,825
2	Department of Health and Human Resources	HHR-208	Barbour	1,360	5.85	7,956
3	Department of Health and Human Resources	HHR-210	Wirt	48	0.00	1,200
4	Department of Environmental Protection	DEP-144	Marion	64	0.00	1
5	Division of Juvenile Services	DJS-015	Kanawha	400	10.80	4,320
6	West Virginia Board of Licensed Dietitians	BLD-001	Kanawha	250	0.00	1,576
7	Offices of the Insurance Commission	INS-026	Kanawha	6,238	14.17	88,392
8	Department of Health and Human Resources	HHR-181	Calhoun	6,292	8.50	53,482
9	West Virginia State Police	PSA-113	Hancock	0	0.00	3,600
10	Workforce West Virginia	WWV-017	Mason	324	29.63	9,600
11	Region 2 Workforce Investment Board, Inc.	WB2-004	Cabell	4,810	13.00	62,530
12	Division of Natural Resources	NAT-132	Kanawha	105	0.00	2,292

		87.45
Total Rentable Square Feet	<u>22,041</u>	
Average Annual Rental Rate		<u>12.49</u>
Total Annual Rent		<u>246,775</u>

CANCELLATIONS

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	Department of Tax and Revenue	TAX-048	Harrison	4,320	9.45	40,824

Total Rentable Square Feet	<u>4,320</u>	
Total Annual Rent		<u>40,824</u>

Joint Committee on Government and Finance

September 2013

Department of Health and Human Resources

MEDICAID REPORT

July 2013 Data

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2014

MONTH OF JULY 2013

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2013	SFY2014	Current Month 7/31/13	Current Month 7/31/13	Year To-Date Thru 7/31/13	8/1/13 Thru 6/30/14
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	155,429,299	156,724,755	15,377,162	15,087,448	15,377,162	141,347,593
Inpatient Hospital - DSH	56,816,481	56,580,000	-	-	-	56,580,000
Inpatient Hospital - Supplemental Payments	114,105,226	96,139,194	13,913,639	5,301,925	13,913,639	82,225,555
Inpatient Hospital - GME Payments	6,164,764	6,228,590	-	-	-	6,228,590
Mental Health Facilities	87,243,074	89,830,318	8,125,352	8,910,010	8,125,352	81,704,966
Mental Health Facilities - DSH Adjustment Payments	18,880,975	18,882,000	-	-	-	18,882,000
Nursing Facility Services - Regular Payments ⁽²⁾	537,541,608	554,417,908	45,306,733	46,216,108	45,306,733	509,111,175
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	68,163,593	67,331,000	5,810,673	5,610,917	5,810,673	61,520,327
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	117,203,017	148,560,557	8,929,657	14,316,900	8,929,657	139,630,900
Physicians Services - Supplemental Payments	28,092,471	29,903,100	6,434,452	7,475,775	6,434,452	23,468,648
Outpatient Hospital Services - Regular Payments	102,898,953	114,136,712	9,701,249	11,002,459	9,701,249	104,435,463
Outpatient Hospital Services - Supplemental Payments	124,121,376	69,977,047	1,378,462	1,378,466	1,378,462	68,598,585
Prescribed Drugs	331,397,125	258,010,983	22,495,145	25,339,582	22,495,145	235,515,838
Drug Rebate Offset - National Agreement	(201,903,185)	(202,289,800)	(40,607,079)	(38,688,570)	(40,607,079)	(161,682,721)
Drug Rebate Offset - State Sidebar Agreement	(16,603,872)	(16,895,800)	(3,663,115)	(3,231,376)	(3,663,115)	(13,232,685)
Drug Rebate Offset - MCO National	(799,544)	(812,900)	(84,673)	(155,470)	(84,673)	(728,227)
Drug Rebate Offset - MCO State Sidebar Agreement	-	-	-	-	-	-
Dental Services	55,866,868	61,616,088	4,354,549	5,935,529	4,354,549	57,261,539
Other Practitioners Services - Regular Payments	11,566,376	14,522,754	901,842	1,454,221	901,842	13,620,912
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	4,566,348	4,935,909	374,668	489,163	374,668	4,561,241
Lab & Radiological Services	22,573,569	26,608,683	2,223,700	2,565,880	2,223,700	24,384,983
Home Health Services	47,334,128	46,942,709	3,942,809	4,578,788	3,942,809	42,999,900
Hysterectomies/Sterilizations	133,155	174,300	13,775	16,760	13,775	160,525
Pregnancy Terminations	-	-	-	-	-	-
EPSDT Services	1,363,840	1,599,521	107,981	154,433	107,981	1,491,540
Rural Health Clinic Services	7,886,514	8,111,652	716,928	787,769	716,928	7,394,724
Medicare Health Insurance Payments - Part A Premiums	18,215,881	19,650,400	1,529,294	3,275,067	1,529,294	18,121,106
Medicare Health Insurance Payments - Part B Premiums	81,258,370	90,272,700	7,021,673	15,045,450	7,021,673	83,251,027
120% - 134% Of Poverty	6,160,455	6,509,900	526,283	625,952	526,283	5,983,617
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	8,417,028	8,653,000	783,141	832,019	783,141	7,869,859

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2014

	MONTH OF JULY 2013		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2013	SFY2014	Current Month 7/31/13	Current Month 7/31/13	Year To-Date Thru 7/31/13	8/1/13 Thru 6/30/14		
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	397,197,343	836,948,832	39,972,833	69,745,736	39,972,833	796,975,999		
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-	-	-	-		
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-	-	-	-		
Medicaid Health Insurance Payments: Group Health Plan Payments	375,282	525,400	69,818	50,519	69,818	455,582		
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-		
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-		
Home & Community-Based Services (MR/DD)	342,155,532	352,000,000	30,059,963	33,846,154	30,059,963	321,940,037		
Home & Community-Based Services (Aged/Disabled)	125,334,180	136,776,813	10,298,216	13,152,125	10,298,216	126,478,597		
Home & Community-Based Services (Traumatic Brain Injury)	156,502	2,720,625	33,816	261,599	33,816	2,686,809		
Home & Community-Based Services (State Plan 1915(i) Only)	-	-	-	-	-	-		
Home & Community-Based Services (State Plan 1915(j) Only)	-	-	-	-	-	-		
Community Supported Living Services	-	-	-	-	-	-		
Programs Of All-Inclusive Care Elderly	-	-	-	-	-	-		
Personal Care Services - Regular Payments	61,699,408	63,108,167	5,565,747	6,077,827	5,565,747	57,542,420		
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-		
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-		
Targeted Case Management Services - State Wide	2,668,659	3,171,951	175,362	306,346	175,362	2,996,589		
Primary Care Case Management Services	163,137	189,900	11,943	18,260	11,943	177,957		
Hospice Benefits ⁽³⁾	24,909,406	26,278,800	3,178,523	2,526,808	3,178,523	23,100,277		
Emergency Services Undocumented Aliens	285,046	284,800	6,661	27,385	6,661	278,139		
Federally Qualified Health Center	18,240,226	19,198,439	1,575,247	1,861,317	1,575,247	17,623,192		
Non-Emergency Medical Transportation	25,112,179	27,405,485	2,236,535	2,635,269	2,236,535	25,168,950		
Physical Therapy	2,102,592	2,486,622	164,219	239,202	164,219	2,322,403		
Occupational Therapy	370,520	378,400	29,970	36,385	29,970	348,430		
Services for Speech, Hearing & Language	408,350	474,349	39,715	45,644	39,715	434,634		
Prosthetic Devices, Dentures, Eyeglasses	1,551,271	1,958,044	135,511	188,933	135,511	1,822,533		
Diagnostic Screening & Preventive Services	553,321	604,629	45,173	58,144	45,173	559,456		
Nurse Mid-Wife	230,458	332,900	20,220	32,010	20,220	312,680		
Emergency Hospital Services	(2,247)	(1,200)	-	(115)	-	(1,200)		
Critical Access Hospitals	31,395,064	38,533,890	2,944,217	3,708,817	2,944,217	35,589,673		
Nurse Practitioner Services	2,006,168	2,752,442	180,857	264,962	180,857	2,571,585		
School Based Services	52,157,547	54,149,815	8,983,119	5,208,250	8,983,119	45,166,696		
Rehabilitative Services (Non-School Based)	76,111,131	77,566,508	7,061,150	7,546,702	7,061,150	70,505,358		
Private Duty Nursing	5,290,076	5,524,307	587,643	535,923	587,643	4,936,664		
Other Care Services	21,997,876	25,144,466	2,086,925	2,420,755	2,086,925	23,057,541		
Less: Recoupments	-	-	(97,414)	-	(97,414)	97,414		
NET EXPENDITURES:	2,986,562,919	3,414,835,662	230,980,269	285,120,161	230,980,269	3,183,855,393		

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2014

MONTH OF JULY 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
	SFY2013	SFY2014	Current Month 7/31/13	Current Month 7/31/13	Year To-Date Thru 7/31/13	8/1/13 Thru 6/30/14
	(10,619,577)	-	-	-	-	-
	(262,779)	-	-	-	-	-
	(21,585)	-	-	-	-	-
	(9,910,781)	-	-	-	-	-
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	2,965,748,198	3,414,835,662	230,980,269	285,120,161	230,980,269	3,183,855,393
Plus: Medicaid Part D Expenditures	36,222,591	36,395,195	3,040,523	6,065,866	3,040,523	33,354,672
Plus: State Only Medicaid Expenditures	2,998,425	3,834,747	198,320	368,725	198,320	3,636,427
Plus: Money Follow the Person Expenditures	30,838	4,409,797	18,547	424,019	18,547	4,391,250
TOTAL MEDICAID EXPENDITURES	\$ 3,005,000,052	\$ 3,459,475,401	\$ 234,237,659	\$ 291,978,771	\$ 234,237,659	\$ 3,225,237,741
Plus: Reimbursables ⁽¹⁾	7,514,299	8,055,095	631,883	774,528	631,883	7,423,212
TOTAL EXPENDITURES	\$ 3,012,514,351	\$ 3,467,530,496	\$ 234,869,542	\$ 292,753,299	\$ 234,869,542	\$ 3,232,660,953

(1) This amount will revert to State Only if not reimbursed.
 (2) Of the amount in the "Nursing Facility Services-Regular Payments" line, \$1,751,787 is the amount paid to State Facilities year to date.
 (3) Of the amount in the "Hospice Benefits" line, \$2,221,281 is the amount paid to Nursing Facilities for Hospice Benefits

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 MEDICAID CASH REPORT
 SFY2014

1 Month Actual 11 Months Remaining

MONTH OF JULY 2013	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2013	Current Month Ended 7/31/13	Year-To-Date Thru 7/31/13	8/1/13 Thru 6/30/14	SFY2014
REVENUE SOURCES					
Beg. Bal. 7/01/13 (5084/1020 prior mth)	\$ 8,645,986	\$ 34,992,812	\$ 34,992,812	\$ -	\$ 34,992,812
MATCHING FUNDS					
General Revenue (0403/189)	193,207,966	24,288,622	24,288,622	313,049,552	337,338,174
MRDD Waiver (0403/466)	88,753,483	5,916,899	5,916,899	82,836,584	88,753,483
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,333	216,333	2,379,667	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,667	529,667	5,826,333	6,356,000
Traumatic Brain Injury (0403/835)	800,000	53,334	53,334	746,666	800,000
Title XIX Waiver for Seniors (0403-533)	11,912,263	906,241	906,241	12,687,379	13,593,620
Medical Services Surplus (0403/633)	88,305,104	-	-	-	-
Waiver for Senior Citizens Surplus (0403/526)	-	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	33,147,815	-	-	31,466,458	31,466,458
Lottery Transfer (5405/871)	8,670,000	-	-	8,670,000	8,670,000
Lottery Surplus (5365/681)	24,503,890	-	-	50,000,000	50,000,000
Trust Fund Appropriation (5185/189)	173,603,846	-	-	65,229,899	65,229,899
Provider Tax (5090/189)	225,902,461	14,000,000	14,000,000	189,522,411	203,522,411
Certified Match	23,243,346	3,191,580	3,191,580	22,527,412	25,718,992
Reimbursables - Amount Reimbursed	7,235,570	199,580	199,580	7,855,515	8,055,095
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	3,648,128	470,365	470,365	454,635	925,000
CMS - 64 Adjustments	660,007	-	-	-	-
TOTAL MATCHING FUNDS	\$ 901,191,865	\$ 84,765,432	\$ 84,765,432	\$ 793,252,511	\$ 878,017,943
FEDERAL FUNDS	\$ 2,171,195,579	\$ 163,221,830	\$ 163,221,830	\$ 2,425,213,360	\$ 2,588,435,190
TOTAL REVENUE SOURCES	\$ 3,072,387,444	\$ 247,987,262	\$ 247,987,262	\$ 3,218,465,872	\$ 3,466,453,134
TOTAL EXPENDITURES:					
Provider Payments	\$ 3,012,514,351	\$ 234,869,542	\$ 234,869,542	\$ 3,232,660,953	\$ 3,467,530,496
TOTAL	\$ 59,873,093	\$ 13,117,720	\$ 13,117,720		\$ (1,077,362)

Note: FMAP (72.04% applicable Jul. - Sep. 2013) (71.09% applicable Oct. 2013 - Jun. 2014)

Joint Committee on Government and Finance

September 2013

Department of Health and Human Resources

MEDICAID WAIVER REPORT

July 2013 Data

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

WV Aged & Disabled Waiver July 31, 2013		FY 2013	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	FY 2014 to date
Slots approved by CMS (1)		7,210	6,275												6,275
Total number of members served YTD (unduplicated slots used) (2)		7,107	5,732												5,732
Applicants determined eligible (3)		1568	21												21
Applicants determined ineligible (3)		328	2												2
Active Members															
Active members at end of calendar month (unduplicated slots active) (1)		4,436	5,666												5,666
ADW Members whose case was closed in month		1311	125												125
ADW members whose case was closed by reason	Deceased	730	61												61
	Left program to enter a facility (nursing home, ICF/MR)	114	23												23
	Other reasons such as: lost eligibility, moved out of state, no longer wanted services, etc.	444	41												41
Managed Enrollment List															
Number of individuals added to the Managed Enrollment List (4)		1805	115												115
Applicants with a Medicaid Card		791	48												48
Individuals moved from the Managed Enrollment List into the Program		204	5												5
Individuals removed from the Managed Enrollment due to death (5)		246	26												26
Total Number of individuals on Managed Enrollment list at end of month		2263	2347												2347
Individuals on Managed Enrollment who are in a nursing facility		47	5												5
Individuals on Managed Enrollment who are receiving Medicaid Personal		204	7												7

(1) Of the 6,275 slots approved by CMS 100 are reserved for the Money Follows the Person and Rebalancing Demonstration Grant.

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

(3) Numbers determined eligible and ineligible reflect the activity for the month reported. Eligibility refers to medical eligibility. Financial eligibility is not determined until the time medical eligibility is approved and a slot becomes available.

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

(5) Currently there is no way to track other reasons why someone may leave the managed enrollment list for reasons such as moved out of state, decided not to participate in program, etc.

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

WV Intellectual/Developmental Disability Waiver Reported July 31, 2013		FY 2013	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	FY 2014 To Date
Slots approved by CMS		4,534	4,534												4,534
Total number of members served YTD (unduplicated slots used) (2)		4,534	4,534												4,534
Applicants determined eligible (3)		386	29												29
Applicants determined ineligible (3)		374	30												30
IDDW Roll-over Slots released		207	159												159
IDDW Roll-over slots closed, applicant chose not to utilize		11	19												19
Applicants added to the Active Member List		196	140												140
Active Members															
Active members at end of calendar month (unduplicated slots active) (1)		4,436	4,523												4,523
I/DDW Members who were discharged this month		162	13												13
I/DDW members whose case was closed by reason	Deceased	69	6												6
	Other reasons such as: lost eligibility, moved out of state, no longer wanted services, etc.	93	7												7
Managed Enrollment List															
Number of individuals added to the Managed Enrollment List		383	29												29
Applicants with a Medicaid Card		432 Avg.	444												444
Individuals moved from the Managed Enrollment List into the Program		198	140												140
Individuals removed from the Managed Enrollment due to death		3	1												1
Total Number of individuals on Managed Enrollment list at end of month		807	832												832
Individuals on Managed Enrollment who are in a Skilled Nursing facility		2 Avg.	1												N/A
Individuals on Managed Enrollment who are in an ICF/IID group home		34 Avg.	45												N/A
Individuals on Managed Enrollment who are receiving Medicaid Personal Care		22 Avg.	33												N/A

(1) Unduplicated slots active refers to the total number of active members from the previous month minus those were discharged/closed during the calendar month plus any members who were newly enrolled for the calendar month.

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

(3) Numbers determined eligible and ineligible reflect the activity for the month reported. Eligibility refers to medical eligibility. Financial eligibility is not determined until the medical eligibility is approved and a slot becomes available.

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

Traumatic Brain Injury Waiver Reported July 31, 2013		FY 2013 To Date	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	FY 2014 To Date
Slots approved by CMS		100	100												100
Total number of members served Year to Date(unduplicated slots used) (2)		20	23												23
Applicants determined eligible (3)		34	4												4
Applicants determined ineligible (3)		11	3												3
Active Members															
Active members at end of calendar month (unduplicated slots active) (1)		20	23												23
		0	0												0
TBIW members whose case was closed by reason	Deceased	0	0												0
	Left program to enter a facility	0	0												0
	Other reasons such as: lost eligibility, moved out of state, no longer wanted services, etc.	0	0												0
Managed Enrollment List															
Number of Individuals added to the Managed Enrollment List (4)		N/A	N/A												N/A
Applicants with a Medicaid Card		N/A	N/A												N/A
Individuals removed from the Managed Enrollment List into the Program		N/A	N/A												N/A
Individuals removed from the Managed Enrollment due to death (5)		N/A	N/A												N/A
Total Number of individuals on Managed Enrollment list at end of month		N/A	N/A												N/A
Individuals on Managed Enrollment who are in a nursing facility		N/A	N/A												N/A
Individuals on Managed Enrollment who are receiving Medicaid Personal		N/A	N/A												N/A

(1) Unduplicated slots active refers to the total number of active members from the previous month minus those were discharged/closed during the calendar month plus any members who are newly enrolled for the calendar month.

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

(3) Numbers determined eligible and ineligible reflect the activity for the month reported. Eligibility refers to medical eligibility. Financial eligibility is not determined until the time medical eligibility is approved and a slot becomes available.

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STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES

Bureau for Medical Services
350 Capitol Street – Room 251
Charleston, West Virginia 25301-3706
Telephone: (304) 558-1700 Fax: (304) 558-4398

Earl Ray Tomblin
Governor

Karen Bowling
Cabinet Secretary

September 6, 2013

The Honorable Jeffrey V. Kessler
President, West Virginia Senate
Building 1, Room 227M
State Capitol Complex
Charleston, West Virginia 25305

The Honorable Tim Miley
Speaker, West Virginia House of Delegates
Building 1, Room 228M
State Capitol Complex
Charleston, West Virginia 25305

Dear Mr. President and Mr. Speaker;

During the August 2013 meeting of the Joint Committee of Government and Finance, a couple of questions arose from members regarding the State Medicaid program. As promised, I am providing those answers below.

The first question was about the amount of State dollars spent on pregnancy terminations. Please see the table below for the total of state funds spent in the last three State fiscal years on pregnancy terminations.

State Fiscal Year	Total Spent
2010	\$335,152
2011	\$354,134
2012	Estimated \$268,206

The second question was how many individuals were added to the Aged and Disabled Waiver (ADW) Management List in June. A total of 110 people were added to the ADW Managed Enrollment List in June 2013. However, I want to note that 365 ADW slots were released in July 2013 and we are currently working with people on the list to get them enrolled into the program.

If you have any questions regarding this information please feel free to contact me.

Sincerely,

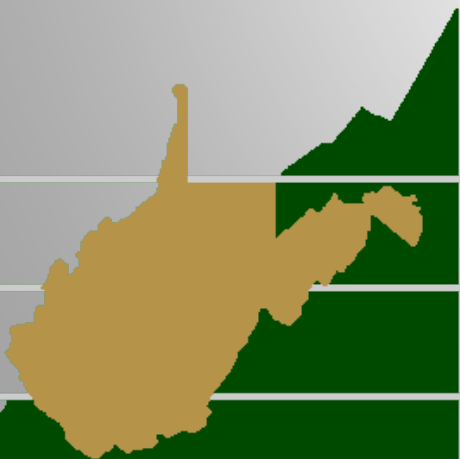
Nancy V. Atkins, RN, MSN, NP-BC
Commissioner

Cc: Karen Bowling, Cabinet Secretary

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

July 31, 2013



West Virginia Investment Management Board

Participant Plans Allocation & Performance Net of Fees

As of July 31, 2013

	6/30/2013		7/31/2013		Performance %						
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
WVIMB Fund Assets	14,580,737	100.0	14,953,000	100.0							
Pension Assets	11,501,368	78.9	11,827,869	79.1							
Public Employees' Retirement System	4,848,377	33.3	4,986,407	33.3	2.9	0.7	2.9	15.0	10.8	7.2	7.9
Teachers' Retirement System	5,717,583	39.2	5,866,889	39.2	2.8	0.7	2.8	14.9	10.7	6.8	7.5
Teachers' Employers Cont. Collection A/C	-	0.0	13,397	0.1	0.0	0.0	0.0	0.1	0.1	0.2	
EMS Retirement System	42,603	0.3	44,029	0.3	2.9	0.7	2.9	14.9	10.7	7.2	
Public Safety Retirement System	520,323	3.6	532,361	3.6	2.9	0.7	2.9	15.0	10.9	7.2	7.9
Judges' Retirement System	141,476	1.0	145,212	1.0	2.9	0.7	2.9	15.0	10.8	7.2	7.8
State Police Retirement System	96,092	0.6	99,423	0.7	2.9	0.7	2.9	14.9	10.7	7.2	7.8
Deputy Sheriffs' Retirement System	134,410	0.9	138,427	0.9	2.9	0.7	2.9	14.9	10.8	7.2	7.8
Municipal Police & Firefighter Retirement System	504	0.0	543	0.0	2.7	0.6	2.7	13.8	6.0		
Municipal Model A	-	0.0	1,181	0.0	0.0						
Insurance Assets	2,154,563	14.8	2,191,603	14.7							
Workers' Compensation Old Fund	1,036,241	7.1	1,051,913	7.0	1.3	-1.6	1.3	5.0	5.8	4.8	
Workers' Comp. Self-Insured Guaranty Risk Pool	14,487	0.1	14,687	0.1	1.4	-1.1	1.4	6.7	5.7	3.6	
Workers' Comp. Uninsured Employers Fund	9,749	0.1	9,882	0.1	1.4	-1.0	1.4	6.7	5.1	3.2	
Pneumoconiosis	261,636	1.8	263,812	1.8	1.4	-1.2	1.4	6.8	6.6	5.7	5.9
Board of Risk & Insurance Mgmt.	139,875	1.0	141,804	1.0	1.4	-1.1	1.4	6.9	6.7	6.8	
Public Employees' Insurance Agency	194,215	1.3	196,916	1.3	1.4	-1.3	1.4	5.9	6.4	6.0	
WV Retiree Health Benefit Trust Fund	495,926	3.4	510,144	3.4	2.9	0.6	2.9	13.7	8.8	8.9	
AccessWV	2,434	0.0	2,445	0.0	0.5	-4.4	0.5	-1.9	5.7		
Endowment Assets	924,806	6.3	933,528	6.2							
Wildlife Fund	45,838	0.3	47,186	0.3	2.9	0.7	2.9	14.9	10.7	7.1	7.9
Prepaid Tuition Trust	76,701	0.5	77,054	0.5	2.5	0.2	2.5	10.7	9.5	7.2	7.9
Revenue Shortfall Reserve Fund	446,073	3.0	448,252	3.0	0.5	-4.7	0.5	-2.3	4.2	2.6	
Revenue Shortfall Reserve Fund - Part B	348,811	2.4	353,394	2.3	1.3	-2.1	1.3	4.7	6.7	4.0	
WV DEP Trust	7,383	0.1	7,642	0.1	3.5	0.5	3.5	15.5			

West Virginia Investment Management Board

Composite Asset Allocation & Performance Net of Fees

As of July 31, 2013

	Asset (\$000)	%	Performance %							
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	
Investment Pools Composite	14,963,320	100.00								
Total Equity Composite	6,823,679	45.60	5.16	2.15	5.16	24.73	13.83	7.05	8.97	
+/- Total Equity Policy Index (b)			0.22	0.08	0.22	2.55	1.37	2.08	1.00	
US Equity Composite	3,367,181	22.50	5.78	6.50	5.78	27.79	18.82	8.67	8.81	
+/- Russell 3000 Index			0.30	(0.07)	0.30	0.93	0.73	0.10	0.67	
Large Cap Composite	2,476,454	16.55	5.27	5.93	5.27	24.60	18.04	8.22	7.79	
+/- S&P 500 Index			0.18	(0.17)	0.18	(0.40)	0.30	(0.04)	0.15	
Non-Large Cap Composite	890,727	5.95	7.24	8.10	7.24	37.35	21.65	10.70	11.11	
+/- Russell 2500 Index			0.71	(0.52)	0.71	2.61	2.27	0.25	0.65	
International Equity Composite	3,456,498	23.10	4.57	(1.82)	4.57	21.73	8.90	5.15	10.15	
+/- MSCI AC World ex US Index			0.17	0.49	0.17	4.26	1.99	3.89	0.87	
Fixed Income Composite	3,693,967	24.69	0.28	(2.17)	0.28	1.51	4.61	6.15	5.45	
+/- Fixed Income Policy (c)			(0.05)	0.94	(0.05)	2.42	0.86	0.52	0.35	
Core Fixed Income	1,321,663	8.83	0.11	(2.68)	0.11	(0.60)	4.23			
+/- Barclays Capital Aggregate			(0.03)	0.49	(0.03)	1.30	1.04			
Total Return Fixed Income	2,372,304	15.86	0.37	(1.89)	0.37	2.67	4.79	6.74	6.12	
+/- Barclays Capital US Universal			0.04	1.22	0.04	3.58	1.04	1.11	0.90	
TIPS Composite	668,673	4.47	0.73	(7.12)	0.73	(5.86)	4.77			
+/- Barclays Capital U.S. TIPS			0.00	(0.01)	0.00	0.01	(0.07)			
Cash Composite	255,075	1.70	0.01	0.05	0.01	0.16	0.12	0.30	1.84	
+/- Citigroup 90 Day T-Bill + 0.15%			(0.02)	(0.02)	(0.02)	(0.08)	(0.13)	(0.11)	(0.03)	
Private Equity Composite	1,159,258	7.75	1.22	(0.08)	1.22	8.20	13.03	6.90		
+/- S&P 500 + 5% (d)								(6.36)		
Real Estate Composite	1,011,989	6.76	0.31	1.12	0.31	10.12	10.67	3.82		
+/- NCREIF + 1% (d)								0.34		
Hedge Funds Composite	1,350,679	9.03	0.78	0.62	0.78	10.30	6.03	4.53		
+/- LIBOR + 4%			0.41	(0.47)	0.41	5.98	1.67	(0.08)		

West Virginia Investment Management Board

Participant Plans Allocation vs. Strategy

As of July 31, 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	25.4	25.0	26.2	25.0	20.3	20.0	9.5	10.0	8.2	10.0	10.0	10.0	0.4	0.0
Teachers' Retirement System	25.2	25.0	25.9	25.0	20.4	20.0	9.3	10.0	8.1	10.0	9.8	10.0	1.3	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	25.4	25.0	25.9	25.0	20.3	20.0	9.3	10.0	8.6	10.0	9.8	10.0	0.7	0.0
Public Safety Retirement System	25.4	25.0	26.2	25.0	19.9	20.0	9.7	10.0	8.7	10.0	9.9	10.0	0.2	0.0
Judges' Retirement System	25.4	25.0	26.3	25.0	20.3	20.0	9.6	10.0	8.2	10.0	10.0	10.0	0.2	0.0
State Police Retirement System	25.4	25.0	25.8	25.0	20.2	20.0	9.1	10.0	8.6	10.0	9.8	10.0	1.1	0.0
Deputy Sheriffs' Retirement System	25.5	25.0	26.1	25.0	20.4	20.0	9.5	10.0	8.4	10.0	9.9	10.0	0.2	0.0
Municipal Police & Firefighter Retirement System	23.4	25.0	24.8	25.0	18.5	20.0	9.0	10.0	9.0	10.0	9.5	10.0	5.8	0.0
Municipal Model A	0.0	25.0	0.0	25.0	0.0	20.0	0.0	10.0	0.0	10.0	0.0	10.0	100.0	0.0

Insurance Assets

Workers' Compensation Old Fund	10.3	10.0	10.6	10.0	68.9	70.0	0.0	0.0	0.0	0.0	0.0	0.0	10.2	10.0
Workers' Comp. Self-Insured Guaranty Risk Pool	10.3	10.0	10.7	10.0	54.1	55.0	0.0	0.0	0.0	0.0	20.1	20.0	4.8	5.0
Workers' Comp. Uninsured Employers Fund	10.3	10.0	10.7	10.0	48.9	50.0	0.0	0.0	0.0	0.0	20.0	20.0	10.1	10.0
Pneumoconiosis	10.4	10.0	10.7	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.	10.3	10.0	10.6	10.0	54.0	55.0	0.0	0.0	0.0	0.0	20.0	20.0	5.1	5.0
Public Employees' Insurance Agency	10.3	10.0	10.7	10.0	58.9	60.0	0.0	0.0	0.0	0.0	20.1	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	25.4	25.0	26.2	25.0	21.0	20.0	9.2	10.0	8.2	10.0	10.0	10.0	0.0	0.0
AccessWV	0.0	0.0	0.0	0.0	99.9	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0

Endowment Assets

Wildlife Fund	25.3	25.0	26.2	25.0	20.6	20.0	9.5	10.0	8.4	10.0	9.9	10.0	0.1	0.0
Prepaid Tuition Trust	31.2	30.0	15.9	16.0	51.6	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	10.3	10.0	10.7	10.0	79.0	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WV DEP Trust	37.0	35.0	28.9	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 July 31, 2013

- (a) 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.
- (b) 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.
- (c) Fixed Income Policy is 100% Barclays Capital Universal as of April 2008. Prior periods were the Barclays Capital Aggregate.
- (d) The Private Equity Composite and Real Estate Composite are long-term programs whose benchmarks are only reported for 5 years and beyond.
- (e) Western Policy Index is 100% Barclays Capital Universal as of April 2008. Prior periods were a custom index.
- (f) Security Capital Benchmark is 40% Wilshire US REIT Index, 30% Wells Fargo Hybrid & Preferred Securities REIT Index, and 30% BC REIT Bond Index.

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



Status Report:
Workers' Compensation

Joint Committee on Government & Finance

September 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.

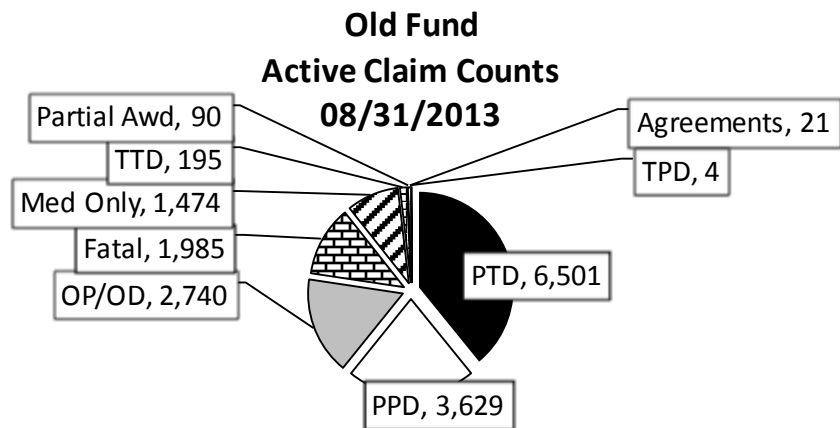
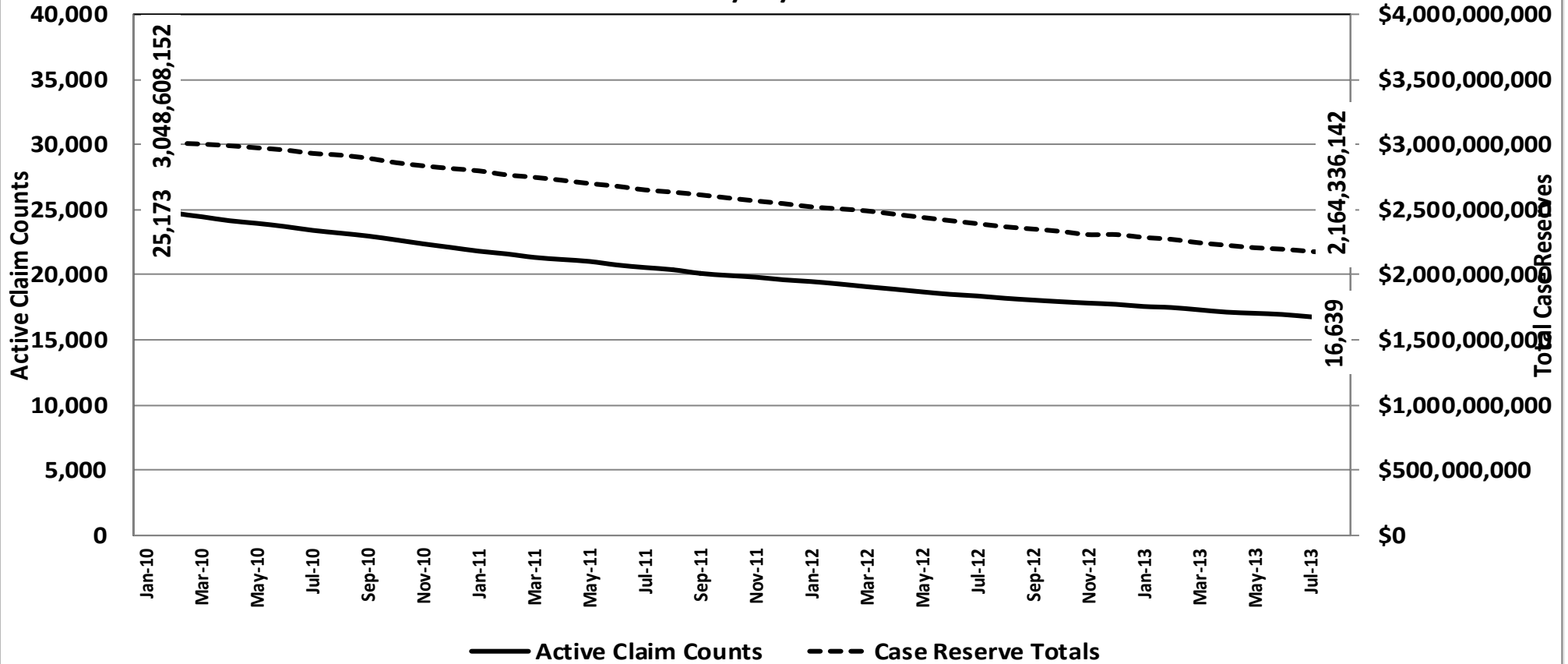
Self-Insured Security Fund: State managed fund into which premiums received are held, and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last exposure before 07/01/2004. This fund is limited to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

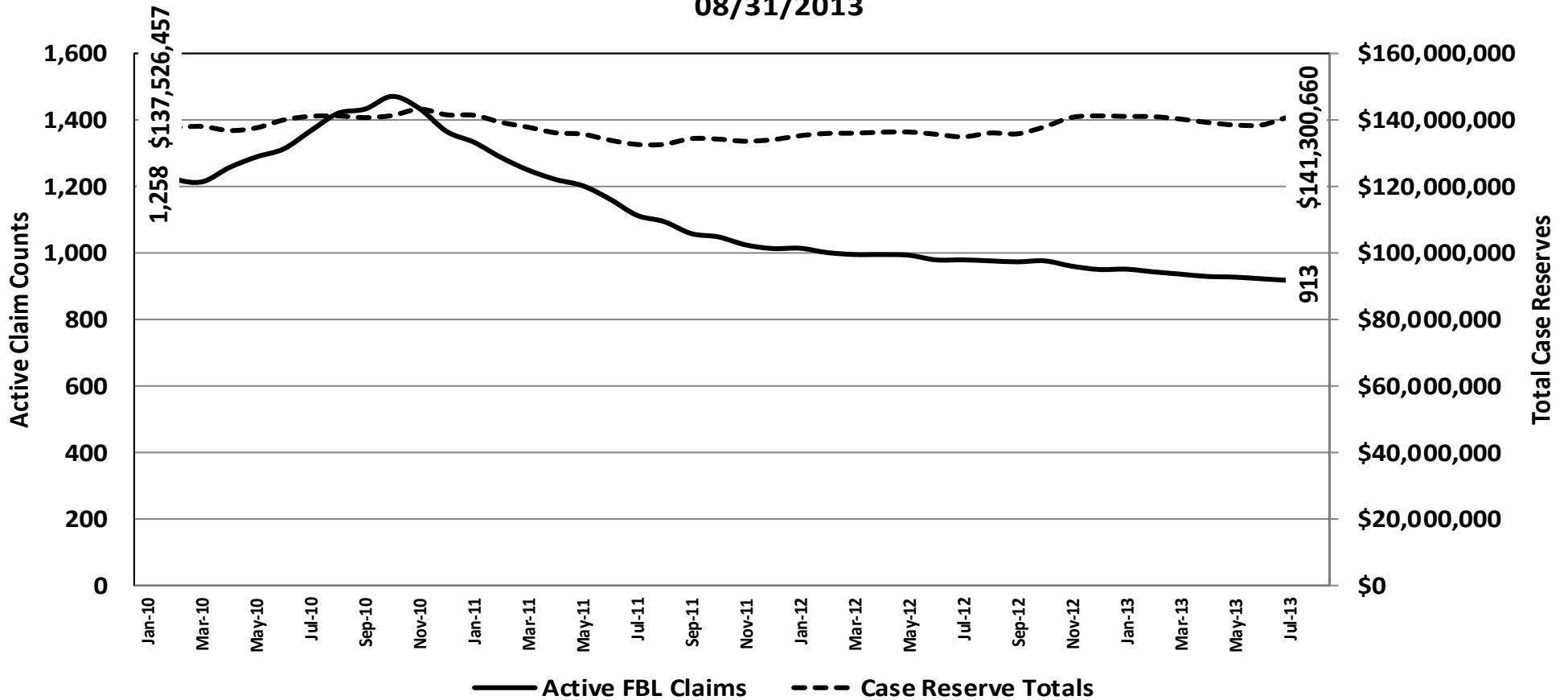
Uninsured Fund: State managed fund into which assessments to carriers or employers received are held, and out of which workers' compensation benefits may be paid to claimant employees of employers who were uninsured if the date of injury or date of last exposure is January 1, 2006 or later.

Old Fund Active Claim Counts and Case Reserves 08/31/2013

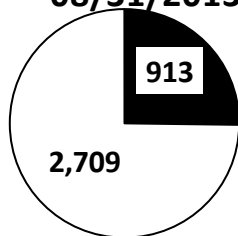


- Agreements** – a legal agreement to settle a payment issue
- Fatal** – worker died due to injury or illness
- Med Only** – payment of medical benefits without wage replacement
- OP/OD** - Occupational Pneumoconiosis or Occupational Disease
- Partial Awd** – benefits being paid without official awards
- 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 08/31/2013



CWP Fund (FBL) Active and Inactive Claims 08/31/2013



■ Active □ Inactive

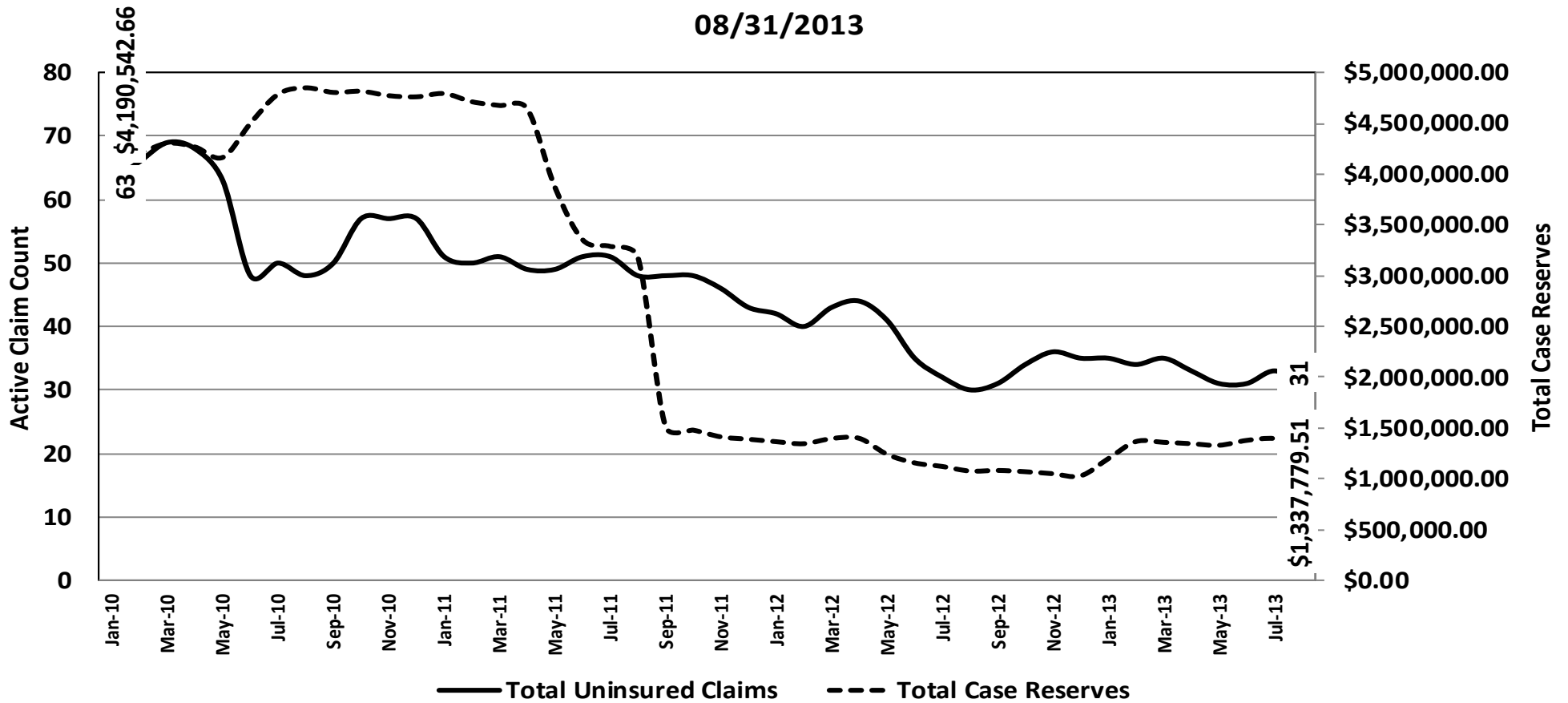
Active – Benefits being paid to claimant/beneficiary

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

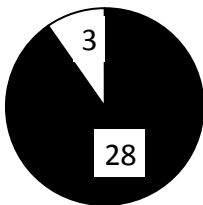
FBL - Occupational Pneumoconiosis (Black Lung) under Title IV of the federal Coal Mine Health and Safety Act of 1969, i.e. Federal Black lung, or FBL.

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 08/31/2013



Uninsured Fund Active Claim Counts 08/31/2013



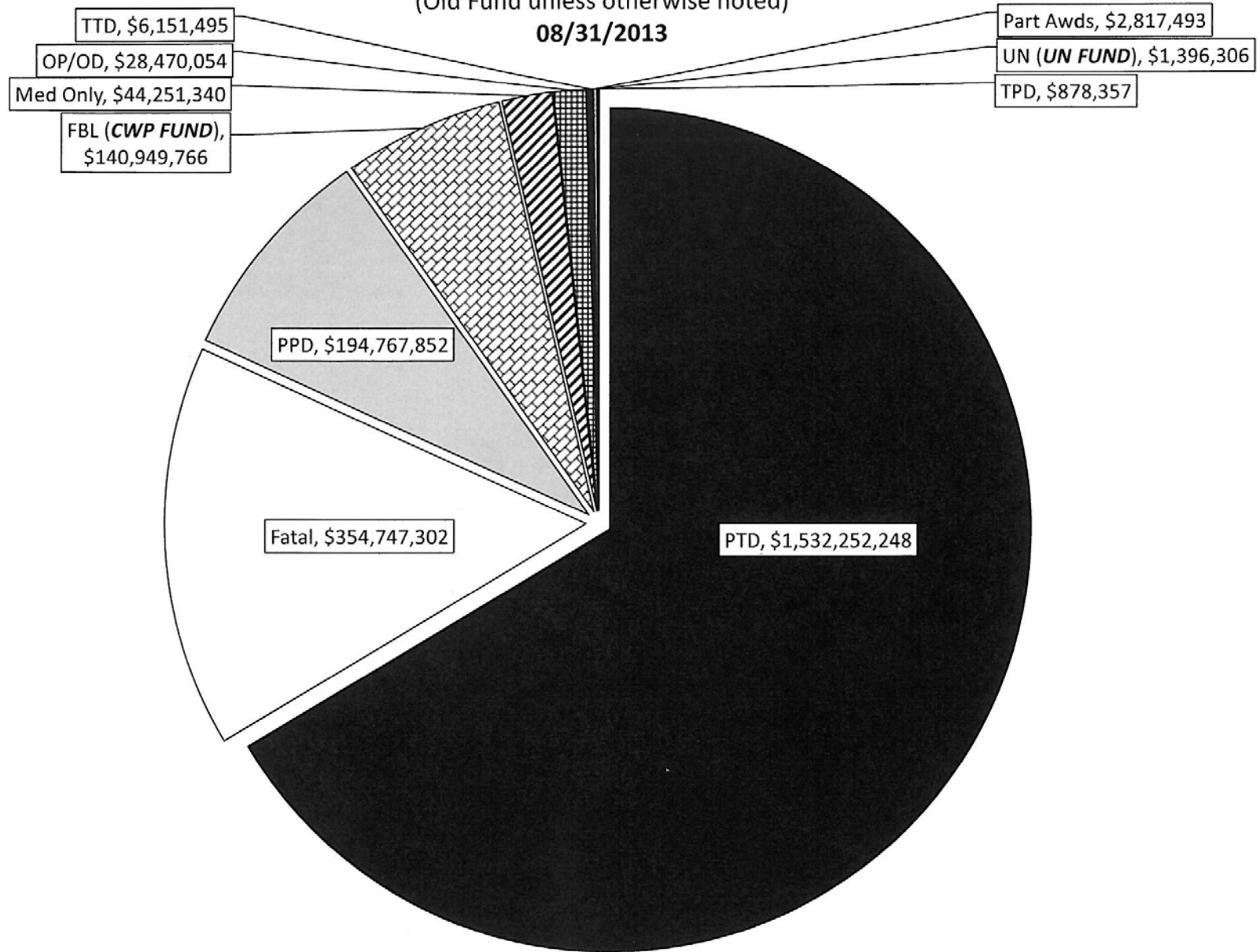
■ Indemnity □ Med Only

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)
08/31/2013



OLD FUND CASH STATEMENT

August 31, 2013

	YTD FY2014	YTD FY2013	Change	Three Year History for years ended:		
				YTD FY2013	FY2012	FY2011
Cash Beginning Balances	1,061,595,681	942,505,408	119,090,273	942,505,408	943,172,539	888,535,954
Revenues						
Personal Income Tax	-	-	-	95,400,000	95,400,000	95,400,000
Severance Tax	16,855,948	14,117,626	2,738,322	94,562,969	93,947,355	93,112,747
Debt Reduction Surcharge	7,518,893	9,503,992	(1,985,099)	36,853,941	39,758,082	41,096,360
Self-Insured Debt Reduction Surcharge	1,746,490	1,923,093	(176,603)	8,733,494	9,620,197	8,058,590
Video Lottery	5,650,204	7,358,474	(1,708,271)	11,000,000	11,000,000	11,000,000
Employer Premium	33,840	78,345	(44,505)	335,102	575,167	3,120,389
Other Income - Return of Unclaimed Property	72,481	22,907	49,574	48,332	202,103	191,860
Operating Revenues	31,877,855	33,004,437	(1,126,582)	246,933,837	250,502,904	251,979,946
Investment / Interest Earnings (Losses)	(6,896,178)	10,486,949	(17,383,127)	77,380,803	18,284,929	88,270,887
Total Revenues	24,981,677	43,491,386	(18,509,709)	324,314,640	268,787,833	340,250,833
Expenditures						
Claims Benefits Paid:						
Medical	5,834,340	5,797,351	36,989	33,512,816	39,226,318	41,972,430
Permanent Total Disability	18,986,719	19,987,689	(1,000,970)	118,396,619	124,963,432	136,800,060
Permanent Partial Disability	159,720	230,982	(71,262)	1,137,910	1,822,571	2,513,255
Temporary Disability	-	29,369	(29,369)	59,227	188,666	384,571
Fatals	4,478,452	4,485,111	(6,659)	26,966,847	28,139,830	29,994,599
104 weeks death benefit	992,932	1,067,866	(74,934)	6,670,578	6,729,656	6,321,554
Settlements	2,426,681	3,436,933	(1,010,252)	9,011,730	56,164,626	50,628,569
Loss Adjustment Expenses	166,722	217,095	(50,373)	998,774	2,333,885	4,514,323
Total	33,045,565	35,252,396	(2,206,831)	196,754,501	259,568,984	273,129,360
Less: Claims credits and overpayments	1,202,648	1,447,179	(244,531)	4,617,178	8,161,625	7,666,404
Total Benefits Paid	31,842,918	33,805,217	(1,962,299)	192,137,323	251,407,359	265,462,956
Administrative Expenses	3,526,837	1,931,325	1,595,512	13,087,043	18,047,605	20,151,292
Total Expenditures	35,369,755	35,736,542	(366,787)	205,224,366	269,454,964	285,614,248
Excess (Deficiency) of Revenues over Expenditures	(10,388,078)	7,754,844	(18,142,922)	119,090,274	(667,131)	54,636,585
Cash Ending Balances	1,051,207,603	950,260,252	100,947,351	1,061,595,681	942,505,408	943,172,539

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
August 31, 2013

				Three Year History for years ended:		
	YTD FY2014	YTD FY2013	Change	FY2013	FY2012	FY2011
Cash Beginning Balances	266,720,430	254,523,752	12,196,678	254,523,752	262,926,105	244,074,613
Revenues						
Investment Earnings (Losses)	(1,420,802)	2,613,583	(4,034,385)	24,801,113	2,745,783	29,283,335
Other Income - Return of Unclaimed Property	-	-	-	-	-	-
Total Revenues	(1,420,802)	2,613,583	(4,034,385)	24,801,113	2,745,783	29,283,335
Expenditures						
Payment of Claims	2,439,082	1,898,593	540,489	12,550,216	11,131,012	10,415,160
Contractual / Professional	-	3,770	(3,770)	53,287	17,124	16,683
Legal	-	-	-	932	-	-
Total Expenditures	2,439,082	1,902,363	536,719	12,604,435	11,148,136	10,431,843
Excess (Deficiency) of Revenues over Expenditures	(3,859,885)	711,220	(4,571,105)	12,196,678	(8,402,353)	18,851,492
Cash Ending Balances	262,860,545	255,234,972	7,625,574	266,720,430	254,523,752	262,926,105

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
August 31, 2013

				Three Year History for years ended:		
	YTD FY2014	YTD FY2013	Change	FY2013	FY2012	FY2011
Cash Beginning Balances	14,815,337	10,829,975	3,985,362	10,829,975	9,744,809	8,112,918
Revenues						
Guaranty Risk Pool Assessments	29,568	247,138	(217,571)	851,410	1,093,066	1,119,674
Collateral Proceeds	-	-	-	2,399,380	-	-
Investment Earnings (Losses)	(77,777)	109,592	(187,369)	1,186,338	125,813	592,165
Total Revenues	(48,209)	356,730	(404,939)	4,437,128	1,218,879	1,711,839
Expenditures						
Payment of Claims	32,691	3,887	28,804	332,894	28,466	28,707
Contractual / Professional	5,594	4,470	1,124	92,122	105,247	51,241
Legal	49	-	49	26,750	-	-
Total Expenditures	38,334	8,357	29,977	451,765	133,713	79,948
Excess (Deficiency) of Revenues over Expenditures	(86,543)	348,373	(434,916)	3,985,363	1,085,166	1,631,891
Cash Ending Balances	14,728,795	11,178,348	3,550,447	14,815,337	10,829,975	9,744,809

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
August 31, 2013

	YTD FY2014	YTD FY2013	Change	Three Year History for years ended:		
				FY2013	FY2012	FY2011
Cash Beginning Balances	6,754,601	203,518	6,551,083	203,518	205,705	173,041
Revenues						
Security Risk Pool Assessments	-	-	-	2,575,705	-	115,568
Collateral Proceeds	-	-	-	4,657,620	-	-
Total Revenues	-	-	-	7,233,325	-	115,568
Expenditures						
Payment of Claims	207,044	15,570	191,474	530,804	2,187	73,649
Contractual / Professional	10,927	-	10,927	60,413	-	9,255
Legal	146	-	146	91,025	-	-
Total Expenditures	218,117	15,570	202,547	682,242	2,187	82,904
Excess (Deficiency) of Revenues over Expenditures	(218,117)	(15,570)	(202,547)	6,551,083	(2,187)	32,664
Cash Ending Balances	6,536,484	187,948	6,348,536	6,754,601	203,518	205,705

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
August 31, 2013

	YTD FY2014	YTD FY2013	Change	Three Year History for years ended:		
				FY2013	FY2012	FY2011
Cash Beginning Balances	10,801,353	9,574,065	1,227,288	9,574,065	9,086,330	8,905,444
Revenues						
Fines and Penalties	109,771	129,717	(19,946)	747,771	948,896	939,626
Investment Earnings (Losses)	(45,879)	90,426	(136,305)	871,603	99,906	474,728
Total Revenues	63,891	220,143	(156,252)	1,619,374	1,048,802	1,414,354
Expenditures						
Payment of Claims	37,322	(14,328)	51,650	262,002	553,676	1,224,982
Contractual/Professional	2,160	407	1,753	15,024	7,392	8,486
General and Administrative	30	15	15	60	-	-
Insurance	-	-	-	115,000	-	-
Total Expenditures	39,512	(13,906)	53,418	392,086	561,067	1,233,468
Excess (Deficiency) of Revenues over Expenditures	24,379	234,049	(209,669)	1,227,288	487,735	180,886
Cash Ending Balances	10,825,732	9,808,114	1,017,618	10,801,353	9,574,065	9,086,330

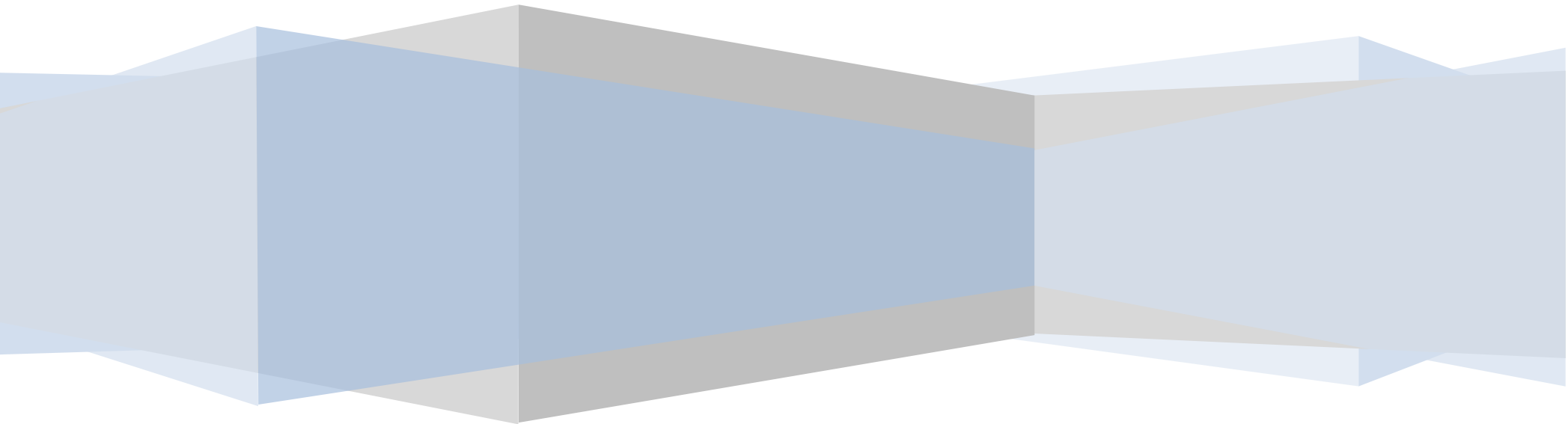
The Uninsured Employer's Fund (UEF) was established January 1, 2006 to provide worker's compensation benefits to injured workers of uninsured WV employers. The revenues of the UEF consist of fines levied on uninsured employers and the earnings on invested assets. The Insurance Commissioner has the right 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 – September 5, 2013

Rebecca A. Roush, Chief Administrative Law Judge

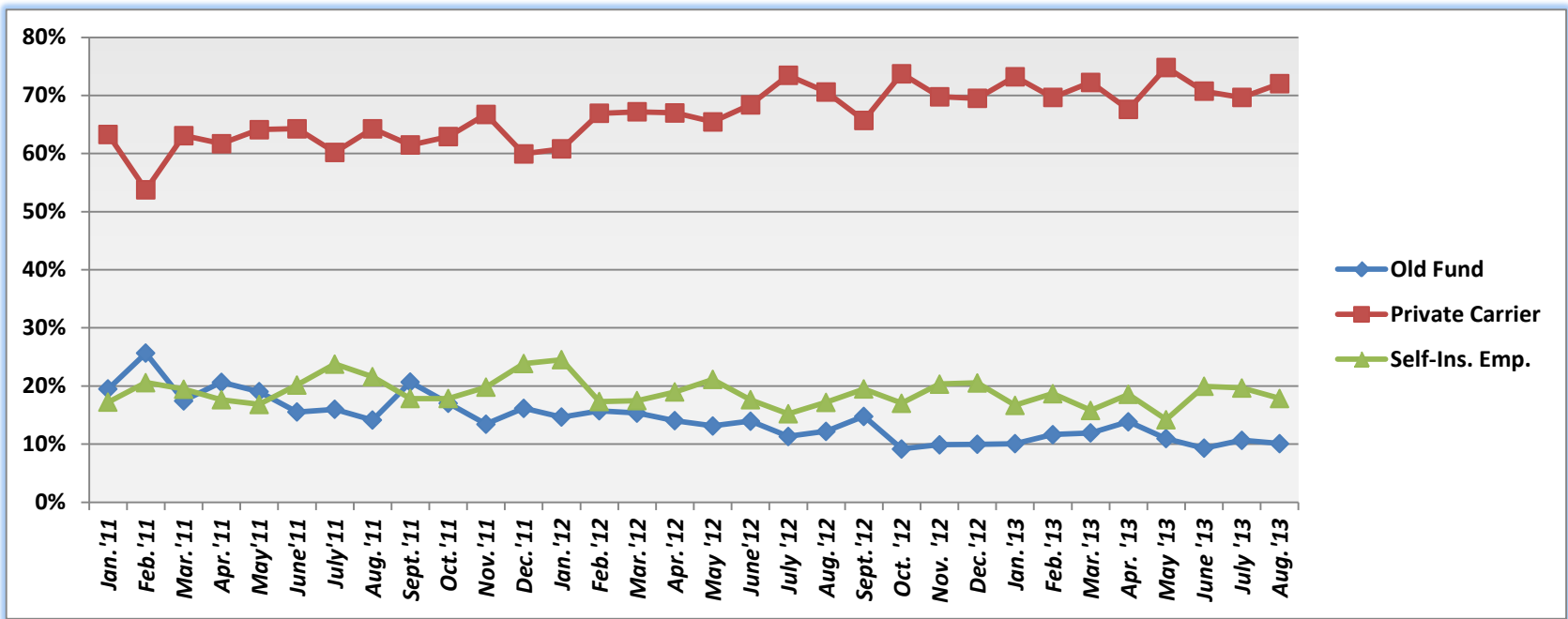


Statistical Analysis

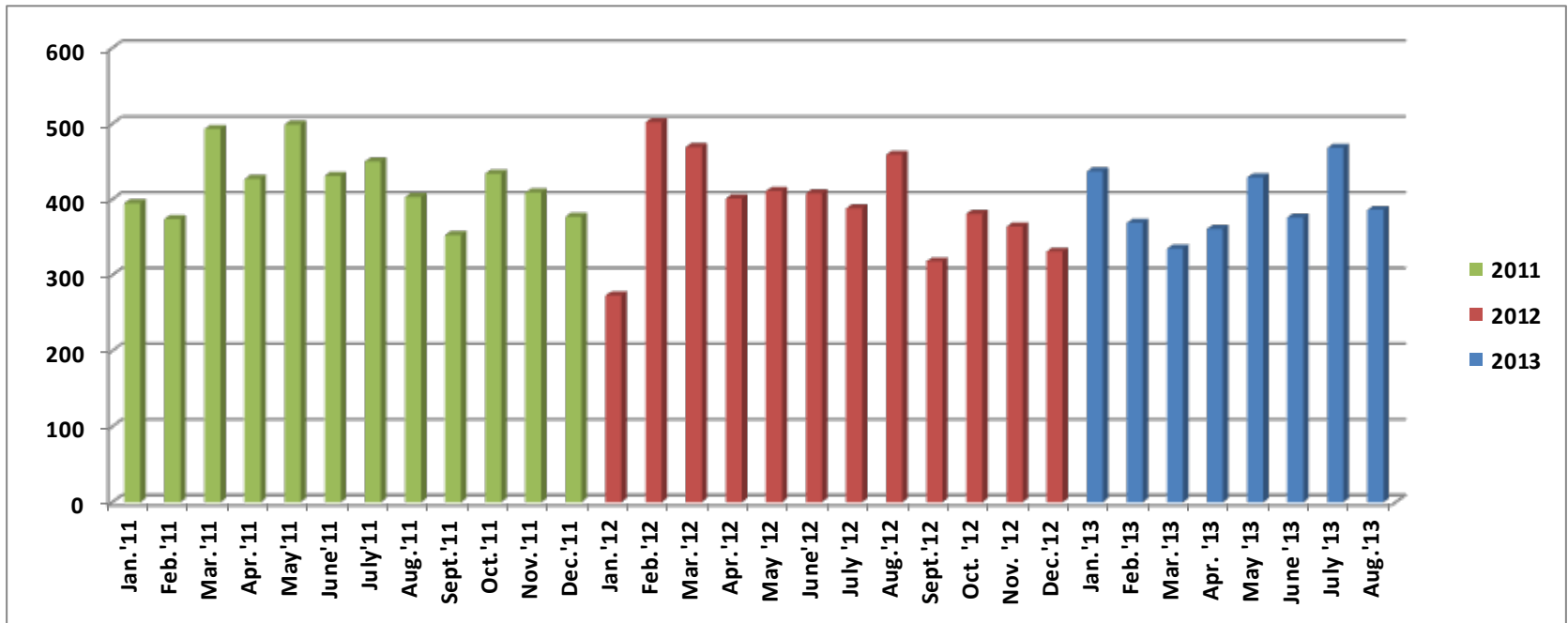
A. Protests Acknowledged: 2012 Aug. 2013
 4705 386 3161

Fund Involved:

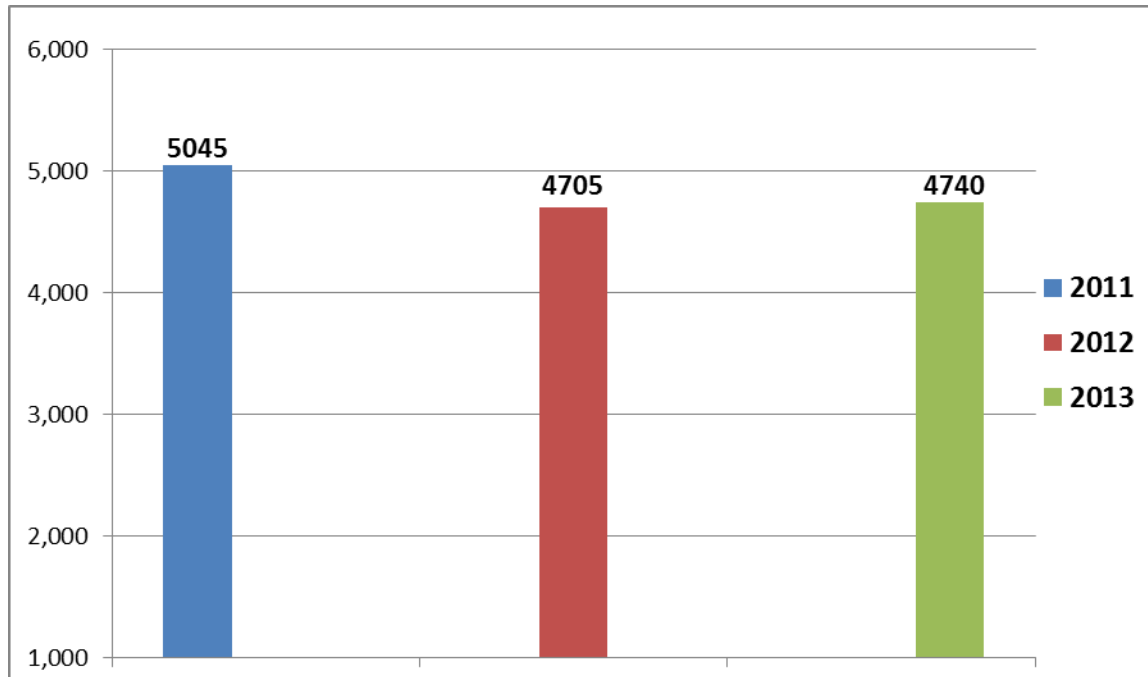
FUND	2012	% of protests	Aug. '13	% of protests	2013	% of protests
Old Fund	593	12.60%	39	10.10%	348	11.01%
Private Carrier	3233	68.72%	278	72.02%	2254	71.31%
Self-Insured	879	18.68%	69	17.88%	559	17.68%
Subtotal	4705		386		3161	
Temporary	708		64		355	
Total	5413		450		3516	



Protests Acknowledged by Carrier Type



Protests Acknowledged by Month



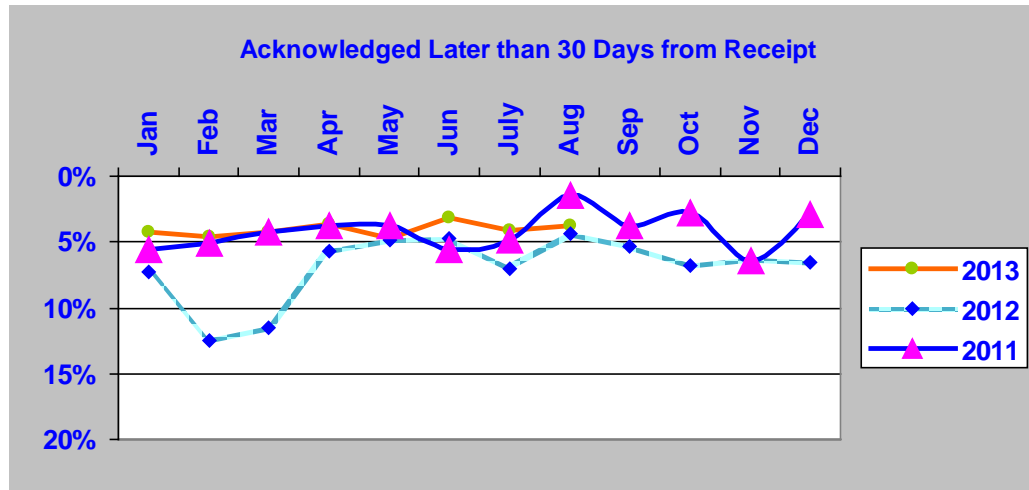
Protests Acknowledged by Year

B. Issues Resolved: 2012 Aug. 2013
 4773 378 3208

C. Pending Caseload Report

PENDING AS OF September 3, 2013	3147
PENDING 1 MONTH BEFORE	3138
PENDING 2 MONTHS BEFORE	3129
PENDING 3 MONTHS BEFORE	3148
PENDING 6 MONTHS BEFORE	3251
PENDING 12 MONTHS BEFORE	3420

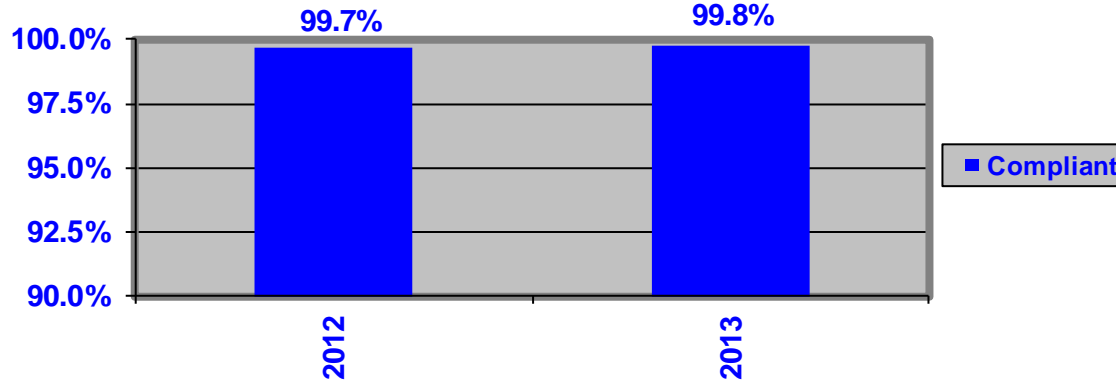
D. Acknowledgment Timeliness:	<u>2012</u>	<u>Aug.</u>	<u>2013</u>
Protest Ackn. >30 days	7.0%	1.8%	3.8%
Protest Ackn. 24-30 days	3.1%	2.1%	2.5%
Protest Ackn. 11-23 days	24.4%	11.9%	16.3%
Protest Ackn. <11 days	65.5%	84.2%	77.4%



E. Protests Resolved:	<u>Aug. '13</u>	<u>2013</u>
1. Protests decided:	230	2012
2. Withdrawals:	84	598
3. "No Evidence" Dismissals:	44	316

F. Final Decision Timeliness	<u>2012</u>	<u>Aug. '13</u>	<u>2013</u>
1. <30 days:	46.5%	33.6%	39.2%
2. 30-60 days:	50.3%	63.4%	56.8%
3. 60-90 days:	2.9%	2.2%	3.7%
4. +90 days:	0.3%	0.9%	0.2%

Decision Within Rule's Time Limits



G. Time Standard Compliance

<u>2012</u>	<u>Aug.</u>	<u>2013</u>
92.5%	94.9%	94.2%

Tuesday, September 03, 2013

Time Standard Compliance

Report Dates: From 8/1/2013 thru 8/31/2013

Time Standard	Total Closed	Timely		Late	
		Count	Percent	Count	Percent
REOPENING	5	4	80%	1	20%
DEP BEN FATAL	1	1	100%	0	0%
TTD	9	9	100%	0	0%
PPD	29	29	100%	0	0%
TRMT/EQUIP CL	30	27	90%	3	10%
COMPENSABILITY	12	12	100%	0	0%
OPBD	12	11	91.70%	1	8.30%
BENEFIT OVERPAYMENT	1	1	100%	0	0%
Total	99	94	94.9%	5	5.1%

Final Decision Compliance

Report Dates: From 8/1/2013 thru 8/31/2013

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%
OP NON-MED	1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
DEP BEN FATAL	6	3	50.0%	3	50.0%	0	0.0%	0	0.0%
OPBD	14	5	35.7%	9	64.3%	0	0.0%	0	0.0%
PPD	51	16	31.4%	34	66.7%	1	2.0%	0	0.0%
PTD ENTITLEMENT	2	0	0.0%	1	50.0%	0	0.0%	1	50.0%
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
SPECIAL CATEGORY	7	4	57.1%	3	42.9%	0	0.0%	0	0.0%
TTD	24	7	29.2%	17	70.8%	0	0.0%	0	0.0%
BENEFIT OVERPAYMENT	1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
FAILURE TO ACT 15 DAY	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
REHABILITATION	1	1	100.0%	0	0.0%	0	0.0%	0	0.0%
COMPENSABILITY	38	15	39.5%	22	57.9%	1	2.6%	0	0.0%
REOPENING	9	6	66.7%	3	33.3%	0	0.0%	0	0.0%
TRMT/EQUIP CL	75	21	28.0%	51	68.0%	3	4.0%	0	0.0%
Totals	232	78	33.6%	147	63.4%	5	2.2%	2	0.9%

Tuesday, September 03, 2013

Motion Resolution Compliance

Report Dates: From 8/1/2013 thru 8/31/2013

Time Standard	Total Motions	Timely *		Late **	
		Count	Percent	Count	Percent
FAILURE TO ACT 30 DAY	2	2	100%	0	0%
OP NON-MED	10	8	80%	2	20%
PPD	164	163	99.40%	1	0.60%
TTD	78	77	98.70%	1	1.30%
APPLICATION THRESHOLD	1	1	100%	0	0%
PTD ONSET DATE	2	2	100%	0	0%
DEP BEN FATAL	12	12	100%	0	0%
REOPENING	35	35	100%	0	0%
REHABILITATION	1	1	100%	0	0%
SPECIAL CATEGORY	20	19	95%	1	5%
TEMP	1	1	100%	0	0%
TRMT/EQUIP CL	255	240	94.10%	15	5.90%
COMPENSABILITY	207	198	95.70%	9	4.30%
OPBD	25	25	100%	0	0%
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	5	5	100%	0	0%
FAILURE TO ACT 10 DAY	1	1	100%	0	0%
FAILURE TO ACT 15 DAY	3	3	100%	0	0%
Total	822	793	96.5%	29	3.5%

* Action Date < Motion Date

** Action Date > Motion Date

Acknowledgement Goal

Report Dates: From 8/1/2013 thru 8/31/2013

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30		30-24		23-11		< 11	
		Count	Percent	Count	Percent	Count	Percent	Count	Percent
BENEFIT OVERPAYMENT	Total: 1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CBO-CL BEN. OVERPAYMENT	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
BENEFIT RATE	Total: 2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
CBR-CL PRSTS BEN RATE	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
COMPENSABILITY	Total: 64	2	3.1%	2	3.1%	10	15.6%	50	78.1%
CCS-CL SEC.CONDITION	15	1	6.7%	0	0.0%	0	0.0%	14	93.3%
CHC-CL COMPENSABILITY	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CIS-CL SI SEC.CONDITION	5	0	0.0%	0	0.0%	0	0.0%	5	100.0%
CLB-CL SI COMP ON LIMITED BASIS	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CPI-CL SI REJECT CLAIM	4	0	0.0%	0	0.0%	0	0.0%	4	100.0%
CPJ-CL REJECT CLAIM	33	1	3.0%	1	3.0%	9	27.3%	22	66.7%
CRZ-CL REJ OCC DISEASE	5	0	0.0%	1	20.0%	1	20.0%	3	60.0%
DEP BEN FATAL	Total: 1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
EDF-EM DENY/GRNT DTH BEN	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
FAILURE TO ACT 15 DAY	Total: 11	0	0.0%	2	18.2%	4	36.4%	5	45.5%
C01-CL FTA INJ COMPENSAB	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
C03-CL FTA TREATMENT	2	0	0.0%	0	0.0%	1	50.0%	1	50.0%
FTA Multiple Issues-FTA MULITPLE ISSUES	7	0	0.0%	2	28.6%	3	42.9%	2	28.6%
FAILURE TO ACT 30 DAY	Total: 5	0	0.0%	0	0.0%	0	0.0%	5	100.0%
C6A-CL FTA ACT UPON PPD	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
C7D-CL FTA REF FOR EXAM	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
C7E-CL FTA CPLY OJ/BR/SC	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
OP NON-MED	Total: 9	1	11.1%	0	0.0%	1	11.1%	7	77.8%
CIR-CL SI NON-MED ORDER	1	1	100.0%	0	0.0%	0	0.0%	0	0.0%
CNR-CL NON-MED ORDER	8	0	0.0%	0	0.0%	1	12.5%	7	87.5%
OPBD	Total: 21	0	0.0%	0	0.0%	4	19.0%	17	81.0%
CAO-CL ADD BOARD FINDING	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
CBF-CL % BOARD FINDING	11	0	0.0%	0	0.0%	0	0.0%	11	100.0%
CSF-CL% SI BOARD FINDING	3	0	0.0%	0	0.0%	1	33.3%	2	66.7%
CSO-CL SI AD.BRD FINDING	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
EAO-EM ADD BOARD FINDING	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
EBF-EM % BOARD FINDING	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
ESF-EM% SI BOARD FINDING	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
PPD	Total: 89	1	1.1%	3	3.4%	12	13.5%	73	82.0%
CAA-CL ADDL % AWARD D/G	8	0	0.0%	0	0.0%	1	12.5%	7	87.5%
CAD-CL % AWARD DENY/GRNT	66	1	1.5%	3	4.5%	8	12.1%	54	81.8%
CIG-CL SI %AWARD DNY/GNT	15	0	0.0%	0	0.0%	3	20.0%	12	80.0%
PTD ENTITLEMENT	Total: 1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CKC-CL DENY/GRANT PTD	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
REHABILITATION	Total: 4	0	0.0%	0	0.0%	0	0.0%	4	100.0%
CIP-CL SI G/D TP REHAB	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CPB-CL GRNT/DNY VOC REHA	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
CTP-CL GRNT/DNY TP REHAB	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
REOPENING	Total: 11	0	0.0%	0	0.0%	0	0.0%	11	100.0%
CIQ-CL SI DY/GNT R/O PPD	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CIY-CL SI DY/GNT R/O TTD	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30		30-24		23-11		< 11	
		Count	Percent	Count	Percent	Count	Percent	Count	Percent
CJV-CL DNY/GRNT R/O PPD	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CRD-CL DENY/GRNT R/O TTD	8	0	0.0%	0	0.0%	0	0.0%	8	100.0%
SPECIAL CATEGORY	Total: 11	1	9.1%	0	0.0%	2	18.2%	8	72.7%
CNW-CL SPL CATEGORY	8	0	0.0%	0	0.0%	2	25.0%	6	75.0%
E2D-EM OIC SPL CATEGORY	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
I2D-IC OIC SPL CATEGORY	1	1	100.0%	0	0.0%	0	0.0%	0	0.0%
TRMT/EQUIP CL	Total: 119	2	1.7%	1	0.8%	11	9.2%	105	88.2%
CBX-CL TRMT DENY	89	0	0.0%	1	1.1%	10	11.2%	78	87.6%
CSX-CL SI TRMT DENY	29	1	3.4%	0	0.0%	1	3.4%	27	93.1%
CYY-CL TRMT GRANT	1	1	100.0%	0	0.0%	0	0.0%	0	0.0%
TTD	Total: 37	0	0.0%	0	0.0%	2	5.4%	35	94.6%
CCC-CL CLOSING THE CLAIM	25	0	0.0%	0	0.0%	2	8.0%	23	92.0%
CIC-CL SI CLSING THE CLM	4	0	0.0%	0	0.0%	0	0.0%	4	100.0%
CIJ-CL SI TTD	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CJS-CL TTD	7	0	0.0%	0	0.0%	0	0.0%	7	100.0%
Totals: Claims 330	386	7	1.8%	8	2.1%	46	11.9%	325	84.2%

Resolution of Issues

Report Dates: Decision Date 08/01/2013 thru 08/31/2013

Time Standard Categories	Decisions Issued	Reversed		Affirmed		Affirmed by Rule		Dismissed		Modified		Moot		Other		Remanded	
		Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
Application Threshold	1	0	0	1	100	0	0	0	0	0	0	0	0	0	0	0	0
Benefit Overpayment	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Compensability	47	12	25.5	23	48.9	3	6.4	7	14.9	1	2.1	1	2.1	0	0	0	0
Dep Ben Fatal	7	0	0	6	85.7	0	0	0	0	0	0	0	0	0	0	1	14.3
Failure to Act 30 day	2	0	0	0	0	0	0	2	100	0	0	0	0	0	0	0	0
OP Non-Med	1	0	0	1	100	0	0	0	0	0	0	0	0	0	0	0	0
OPBD	29	4	13.8	10	34.5	4	13.8	11	37.9	0	0	0	0	0	0	0	0
PPD	96	17	17.7	22	22.9	10	10.4	42	43.8	4	4.2	1	1	0	0	0	0
PTD Entitlement	2	2	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PTD Reviewing Body Impairment Determination	1	0	0	1	100	0	0	0	0	0	0	0	0	0	0	0	0
Rehabilitation	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reopening	15	4	26.7	5	33.3	0	0	6	40	0	0	0	0	0	0	0	0
Special Category	10	2	20	6	60	1	10	1	10	0	0	0	0	0	0	0	0
TRMT/Equipment CL	126	26	20.6	44	34.9	21	16.7	26	20.6	7	5.6	2	1.6	0	0	0	0
TTD	39	10	25.6	13	33.3	5	12.8	9	23.1	2	5.1	0	0	0	0	0	0
Totals	378	79	20.9	132	34.9	44	11.6	104	27.5	14	3.7	4	1.1	0	0.0	1	0.3

Petitions received 1/1/2013 through 8/31/2013

	10
Petitions denied on face:	1
Petitions denied by ALJ Decision:	0
Petitions granted:	1
Petitions withdrawn through settlement:	2
Petitions currently pending:	9*

**Includes 3 petitions pending from 2012*

Failure to Timely Act Process

Petitions filed 1/1/2013 through 8/31/2013

Filed:	69
Denied/dismissed:	35
Withdrawn:	0
Reports to OIC:	28
Pending	35

**Resolutions of FTA include petitions filed prior to 2013*

Expedited Hearings Scheduled

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL
2011	10	16	11	15	21	16	11	13	9	8	12	10	152
2012	14	2	18	12	13	5	7	3	2	11	16	10	113
2013	14	10	11	22	12	15	19	15					118

Pro Se Claimant Information as of September 3, 2013

Pending Protests Involving Pro Se Claimants: 441

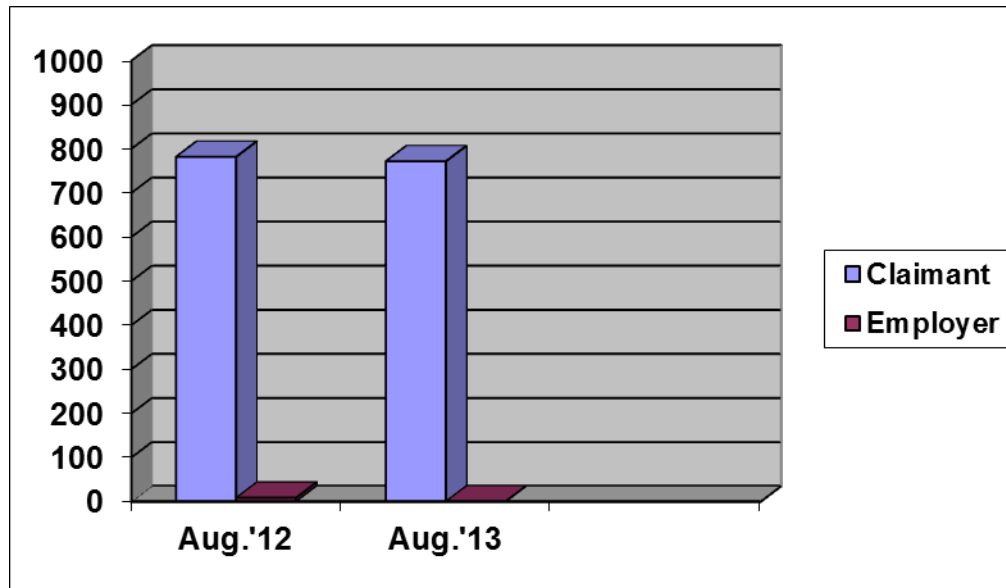
OOJ – Pending Treatment Issues

Pending Treatment Issues

Comparison to Prior Mo/Year

Party	Month	% Protests		Month	% Protests
	Aug.'13			Aug. '12	
Claimant	772	24.53%		782	22.87%
Employer	0	0%		9	0.02%
Total	772			791	

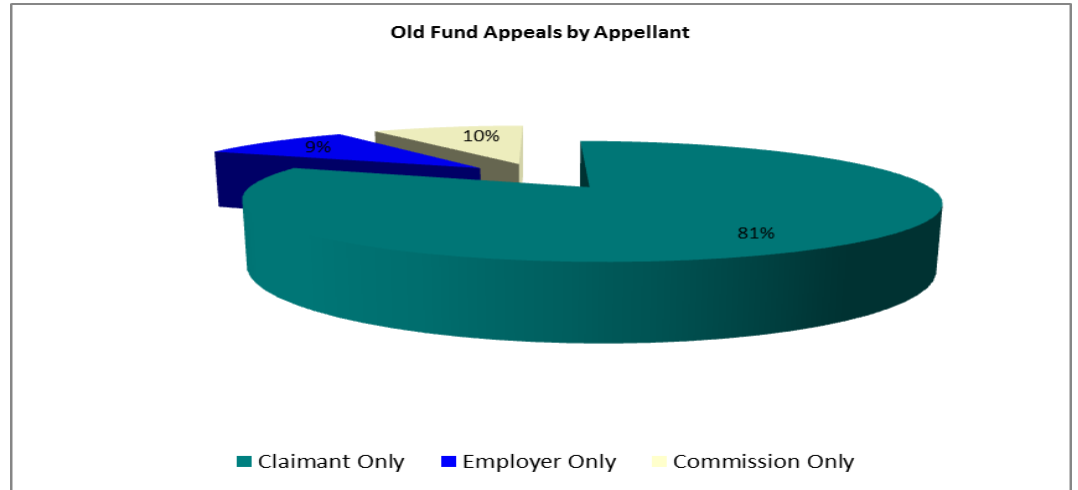
Pending Treatment Issues



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

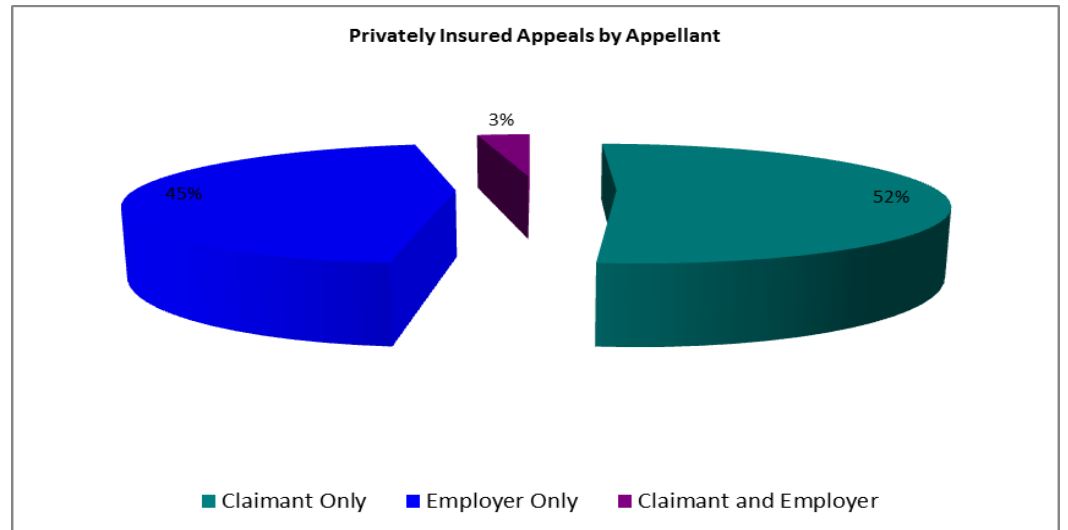
Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	17
Employer Only	2
Commission Only	2
Old Fund Total	21



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

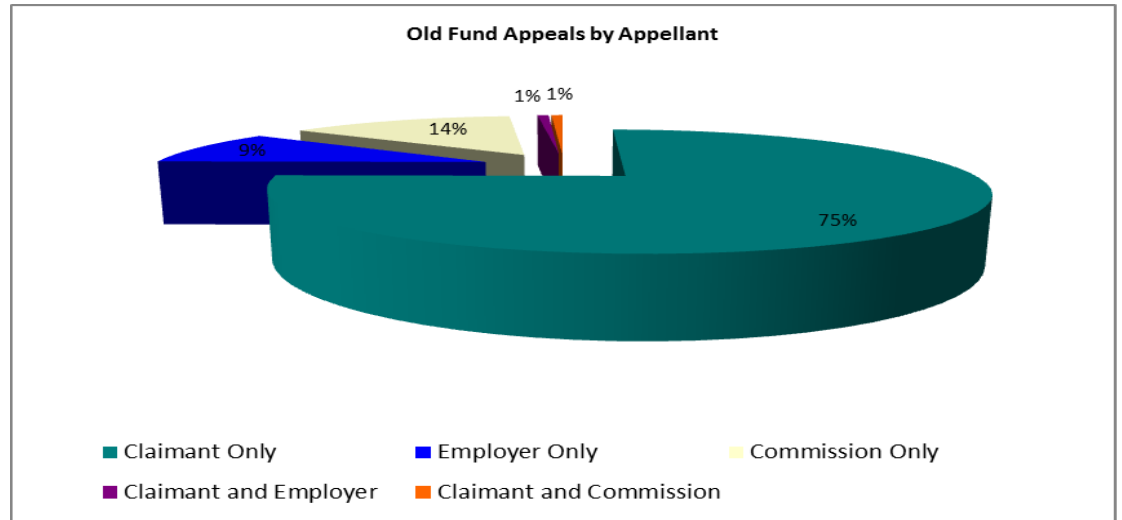
Appellant	Count
Claimant Only	31
Employer Only	27
Claimant and Employer	2
Privately Insured Total	60
Total Appeals	81



Appeals counted more than once:

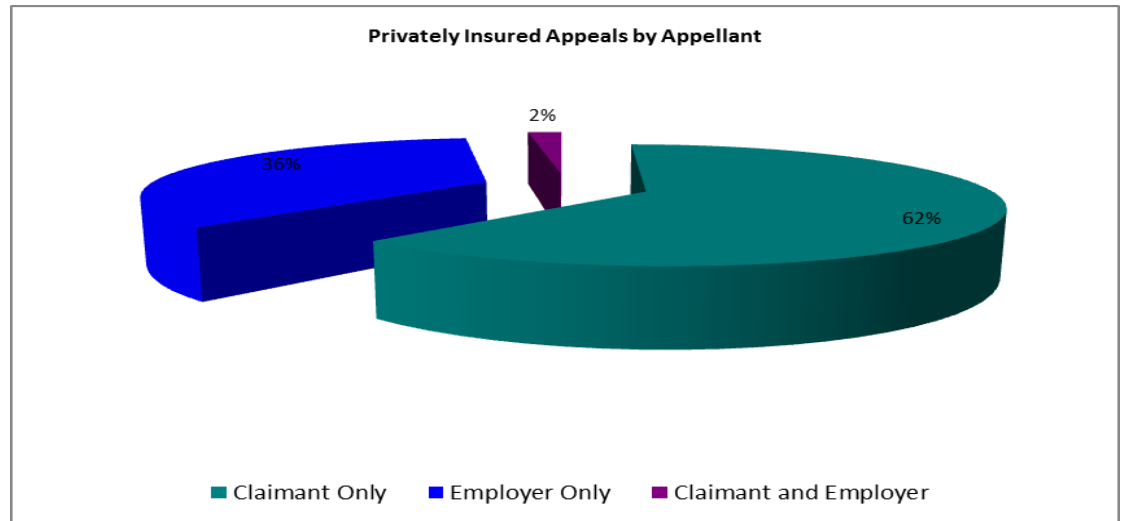
Yearly Appeals Received
From January 1, 2013 Thru August 31, 2013

Appellant	Count
Claimant Only	109
Employer Only	14
Commission Only	20
Claimant and Employer	1
Claimant and Commission	1
Old Fund Total	145



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

Appellant	Count
Claimant Only	340
Employer Only	195
Claimant and Employer	11
Privately Insured Total	546
Total Appeals	691



Appeals counted more than once:

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

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	8	1	12.5	7	87.5
CL % BOARD FINDING	1	1	100.0	0	0.0
CL ADD BOARD FINDING	1	1	100.0	0	0.0
CL ADDL % AWARD D/G	1	0	0.0	1	100.0
CL BEN. OVERPAYMENT	1	0	0.0	1	100.0
CL CLOSING THE CLAIM	2	0	0.0	2	100.0
CL DENY/GRNT DTH BEN	3	2	66.7	1	33.3
CL PTD REV. BODY DETERMINATION	1	1	100.0	0	0.0
CL REJ OCC DISEASE	1	0	0.0	1	100.0
CL REJECT CLAIM	12	0	0.0	12	100.0
CL SEC.CONDITION	5	1	20.0	4	80.0
CL SI %AWARD DNY/GNT	4	0	0.0	4	100.0
CL SI AD.BRD FINDING	1	0	0.0	1	100.0
CL SI AUT/RPR HA D/G	1	1	100.0	0	0.0
CL SI CLSING THE CLM	3	0	0.0	3	100.0
CL SI COMPENSABLE	1	0	0.0	1	100.0
CL SI D/G 104 WKS	1	1	100.0	0	0.0
CL SI DENY/GRANT PTD	1	1	100.0	0	0.0
CL SI DY/GNT DTH BEN	2	2	100.0	0	0.0
CL SI DY/GNT R/O TTD	3	0	0.0	3	100.0
CL SI EQUIP DNY/GRNT	1	1	100.0	0	0.0
CL SI REJECT CLAIM	2	0	0.0	2	100.0
CL SI SEC.CONDITION	3	0	0.0	3	100.0
CL SI TRMT DENY	9	0	0.0	9	100.0
CL SPL CATEGORY	1	0	0.0	1	100.0
CL TRMT DENY	20	8	40.0	12	60.0
CL TTD	1	0	0.0	1	100.0
EM % BOARD FINDING	1	0	0.0	1	100.0
Totals	91	21	23.1	70	76.9

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

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	83	4	4.8	79	95.2
CL % BOARD FINDING	5	1	20.0	4	80.0
CL ADD BOARD FINDING	5	3	60.0	2	40.0
CL ADDL % AWARD D/G	11	3	27.3	8	72.7
CL APP.THRESHOLD	4	3	75.0	1	25.0
CL BEN. OVERPAYMENT	2	0	0.0	2	100.0
CL CLOSING THE CLAIM	50	1	2.0	49	98.0
CL COMPENSABILITY	13	0	0.0	13	100.0
CL D/G PROV CHNG	2	0	0.0	2	100.0
CL DENY/GRANT PTD	9	9	100.0	0	0.0
CL DENY/GRNT DTH BEN	11	10	90.9	1	9.1
CL DENY/GRNT R/O TTD	21	0	0.0	21	100.0
CL DNY/GRNT R/O PPD	6	2	33.3	4	66.7
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 EXTRA WKS D/G	1	0	0.0	1	100.0
CL INITIAL TTD	4	0	0.0	4	100.0
CL NON-MED ORDER	3	2	66.7	1	33.3
CL OIC %AWRD DNY/GNT	1	0	0.0	1	100.0
CL OIC ADD% AWRD D/G	1	1	100.0	0	0.0
CL PRSTS BEN RATE	2	0	0.0	2	100.0
CL PTD REV. BODY DETERMINATION	7	7	100.0	0	0.0
CL REJ OCC DISEASE	11	2	18.2	9	81.8
CL REJECT CLAIM	88	0	0.0	88	100.0
CL SEC.CONDITION	46	2	4.3	44	95.7
CL SI %AWARD DNY/GNT	34	5	14.7	29	85.3
CL SI AD.BRD FINDING	3	0	0.0	3	100.0
CL SI ADD% AWARD D/G	7	4	57.1	3	42.9
CL SI APP.THRESHOLD	1	0	0.0	1	100.0
CL SI AUT/RPR HA D/G	2	2	100.0	0	0.0
CL SI CLSING THE CLM	12	0	0.0	12	100.0
CL SI COMPENSABLE	6	0	0.0	6	100.0
CL SI D/G 104 WKS	1	1	100.0	0	0.0
CL SI DENY/GRANT PTD	1	1	100.0	0	0.0

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL SI DY/GNT DTH BEN	9	7	77.8	2	22.2
CL SI DY/GNT R/O PPD	5	3	60.0	2	40.0
CL SI DY/GNT R/O TTD	11	0	0.0	11	100.0
CL SI EQUIP DNY/GRNT	1	1	100.0	0	0.0
CL SI G/D VOC REHAB	1	0	0.0	1	100.0
CL SI IEB DETRM'TION	1	1	100.0	0	0.0
CL SI REJ OCCDISEASE	1	0	0.0	1	100.0
CL SI REJECT CLAIM	20	0	0.0	20	100.0
CL SI SEC.CONDITION	13	0	0.0	13	100.0
CL SI SL CATEGORY	1	0	0.0	1	100.0
CL SI TRMT DENY	59	15	25.4	44	74.6
CL SI TRMT GRANT	1	0	0.0	1	100.0
CL SPL CATEGORY	6	0	0.0	6	100.0
CL TRMT DENY	175	49	28.0	126	72.0
CL TRMT GRANT	2	1	50.0	1	50.0
CL TTD	8	0	0.0	8	100.0
CL% SI BOARD FINDING	3	1	33.3	2	66.7
EM % BOARD FINDING	1	0	0.0	1	100.0
EM ADD BOARD FINDING	1	0	0.0	1	100.0
EM OIC SPL CATEGORY	1	0	0.0	1	100.0
EM SI DENY/GRANT PTD	1	1	100.0	0	0.0
NonPrstable Protest	2	0	0.0	2	100.0
Not All Parties cc'd	3	1	33.3	2	66.7
Totals	783	147	18.8	636	81.2

Appeals Received By Issue
From August 1, 2013 Thru August 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 % BOARD FINDING	1	1	100.0	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
CL ADDL % AWARD D/G	1	1	100.0	0	0.0	0	0.0	0	0.0
CL BEN. OVERPAYMENT	1	0	0.0	1	100.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	2	1	50.0	1	50.0	0	0.0	0	0.0
CL DENY/GRNT DTH BEN	3	3	100.0	0	0.0	0	0.0	0	0.0
CL PTD REV. BODY DETERMINATION	1	1	100.0	0	0.0	0	0.0	0	0.0
CL REJ OCC DISEASE	2	1	50.0	1	50.0	0	0.0	0	0.0
CL REJECT CLAIM	12	4	33.3	8	66.7	0	0.0	0	0.0
CL SEC.CONDITION	5	3	60.0	2	40.0	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	5	3	60.0	2	40.0	0	0.0	0	0.0
CL SI AD.BRD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI AUT/RPR HA D/G	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI CLSING THE CLM	3	3	100.0	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
CL SI D/G 104 WKS	1	0	0.0	1	100.0	0	0.0	0	0.0
CL SI DENY/GRANT PTD	1	0	0.0	0	0.0	0	0.0	1	100.0
CL SI DY/GNT DTH BEN	2	2	100.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O TTD	3	1	33.3	2	66.7	0	0.0	0	0.0
CL SI EQUIP DNY/GRNT	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	2	0	0.0	2	100.0	0	0.0	0	0.0
CL SI SEC.CONDITION	3	2	66.7	1	33.3	0	0.0	0	0.0
CL SI TRMT DENY	9	5	55.6	4	44.4	0	0.0	0	0.0
CL SPL CATEGORY	1	0	0.0	1	100.0	0	0.0	0	0.0
CL TRMT DENY	20	13	65.0	6	30.0	0	0.0	1	5.0
CL TTD	1	1	100.0	0	0.0	0	0.0	0	0.0
EM % BOARD FINDING	2	1	50.0	1	50.0	0	0.0	0	0.0
Totals	94	57	60.6	35	37.2	0	0.0	2	2.1

Dispositions By Issues
BOR Orders Mailed From August 1, 2013 Thru August 31, 2013

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	4	3	75.0	1	25.0	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 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 COMPENSABILITY	2	2	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 PPD	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJ OCC DISEASE	2	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	2	0	0.0	0	0.0	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SEC.CONDITION	2	2	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	2	40.0	2	40.0	1	20.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI AD.BRD FINDING	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	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	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 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 REJECT CLAIM	2	1	50.0	0	0.0	0	0.0	0	0.0	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	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SPL CATEGORY	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	10	9	90.0	0	0.0	1	10.0	0	0.0	0	0.0	0	0.0	0	0.0
NonPrstable Protest	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
Totals	43	32	74.4	5	11.6	5	11.6	0	0.0	1	2.3	0	0.0	0	0.0

Yearly Dispositions By Issues
BOR Orders Mailed From January 1, 2013 Thru August 31, 2013

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	78	66	84.6	6	7.7	5	6.4	0	0.0	1	1.3	0	0.0	0	0.0
CL % BOARD FINDING	7	7	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ADD 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 ADDL % AWARD D/G	11	9	81.8	0	0.0	2	18.2	0	0.0	0	0.0	0	0.0	0	0.0
CL APP.THRESHOLD	4	3	75.0	0	0.0	1	25.0	0	0.0	0	0.0	0	0.0	0	0.0
CL BEN. OVERPAYMENT	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	42	35	83.3	5	11.9	2	4.8	0	0.0	0	0.0	0	0.0	0	0.0
CL COMPENSABILITY	15	8	53.3	1	6.7	3	20.0	1	6.7	2	13.3	0	0.0	0	0.0
CL D/G PROV CHNG	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRANT PTD	8	6	75.0	1	12.5	1	12.5	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT DTH BEN	8	8	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	12	9	75.0	2	16.7	1	8.3	0	0.0	0	0.0	0	0.0	0	0.0
CL DNY/GRNT R/O PPD	6	4	66.7	2	33.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DNY/GRNT R/O PTD	2	1	50.0	0	0.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0
CL EQUIP DENY/GRANT	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL INITIAL TTD	11	5	45.5	2	18.2	3	27.3	0	0.0	1	9.1	0	0.0	0	0.0
CL NON-MED ORDER	4	0	0.0	1	25.0	3	75.0	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 PRSTS BEN RATE	1	1	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	4	2	50.0	1	25.0	1	25.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJ OCC DISEASE	12	9	75.0	2	16.7	1	8.3	0	0.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	74	56	75.7	6	8.1	10	13.5	0	0.0	2	2.7	0	0.0	0	0.0
CL SEC.CONDITION	45	38	84.4	1	2.2	5	11.1	1	2.2	0	0.0	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	28	19	67.9	5	17.9	2	7.1	0	0.0	2	7.1	0	0.0	0	0.0
CL SI AD.BRD FINDING	2	2	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	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	12	8	66.7	2	16.7	0	0.0	2	16.7	0	0.0	0	0.0	0	0.0
CL SI COMPENSABLE	2	2	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	6	6	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	5	5	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	10	10	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0

CL SI REJ OCCDISEASE	3	3	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	19	15	78.9	1	5.3	2	10.5	0	0.0	1	5.3	0	0.0	0	0.0
CL SI SEC.CONDITION	7	6	85.7	1	14.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI SL CATEGORY	3	2	66.7	0	0.0	0	0.0	1	33.3	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	54	46	85.2	6	11.1	1	1.9	0	0.0	1	1.9	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	4	4	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	146	127	87.0	8	5.5	6	4.1	1	0.7	4	2.7	0	0.0	0	0.0
CL TRMT GRANT	4	4	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL TTD	7	7	100	0	0	0	0	0	0	0	0	0	0	0	0
CL% SI BOARD FINDING	3	3	100	0	0	0	0	0	0	0	0	0	0	0	0
EM ADD BOARD FINDING	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0
EM SI DENY/GRANT PTD	1	1	100	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
NonPrstable Protest	2	0	0	0	0	1	50	0	0	1	50	0	0	0	0
Not All Parties cc'd	3	2	66.667	1	33.333	0	0	0	0	0	0	0	0	0	0
Totals	686	558	81.341	54	7.8717	52	7.5802	6	0.8746	16	2.3324	0	0	0	0

**WORKER COMPENSATION BOARD OF REVIEW
FOR AUGUST 2013**

Appealed By	BOR Disposition	Disposition Count	Disp %	Total %	Year to Date	Disp %	Total %
CLAIMANT	AFFIRMED	30	83.3%	54.5%	380	88.2%	59.7%
	DISMISSED	3	8.3%	5.5%	23	5.3%	3.6%
	MODIFY				2	0.5%	0.3%
	REMAND	1	2.8%	1.8%	11	2.6%	1.7%
	REVERSE	2	5.6%	3.6%	15	3.5%	2.4%
	Total Dispositions	36			431		
CLAIMANT/EMPLOYER	AFFIRMED				7	77.8%	1.1%
	MODIFY				1	11.1%	0.2%
	REVERSE	1	100.0%	1.8%	1	11.1%	0.2%
	Total Dispositions	1			9		
EMPLOYER	AFFIRMED	7	41.2%	12.7%	118	66.7%	18.6%
	DISMISSED	2	11.8%	3.6%	21	11.9%	3.3%
	MODIFY				4	2.3%	0.6%
	REMAND	2	11.8%	3.6%	4	2.3%	0.6%
	REVERSE	6	35.3%	10.9%	30	16.9%	4.7%
	Total Dispositions	17			177		
DIVISION/OIC	AFFIRMED	1	100.0%	1.8%	12	63.2%	1.9%
	DISMISSED				3	15.8%	0.5%
	MODIFY				1	5.3%	0.2%
	REVERSE				3	15.8%	0.5%
	Total Dispositions	1			19		
	Grand Totals	55			636		

Worker's Compensation - Revenue Recovery

COLLECTION ACTIVITY	
Receipts - Old Fund (Employer out of business)	\$ 2,902.92
Receipts - PC & NU (Private Carrier Cancellation & Rogue Employers)	\$ 94,908.19
Receipts - Payment Agreements (Old Fund and UEF Combined)	\$ 12,846.75
# of active accounts uninsured (cumulative)	373
\$ of active accounts uninsured (cumulative)	\$ 1,237,446.00
Telephone contacts	1,093
Walk-ins	3

LIENS	
Liens sent to county clerks for recordation	120
Liens sent to county clerks for release	46
Intent to lien letters sent to employer/owner/officer/member	68

Uninsured Accounts Resolved	180
All Cash Receipts from WC accounts	\$ 110,657.86

INJUNCTIONS	
Affidavits for injunction submitted to legal	12
Hearings attended	0
# of injunction complaints accepted by court	1
# of injunctions granted	0
# of agreed orders entered	0
PAYMENT AGREEMENTS	
# of repayment agreements applications	5
Agreements set up	5
Total # of agreements on system (cumulative)	52
Intent to void letters mailed	2
Agreements voided	1

MISCELLANEOUS	
Terminations Processed	46
Rule 11 Letters Mailed	191
Rule 11 hearings	1

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
October 31, 2013

OPERATING REPORT

JULY 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

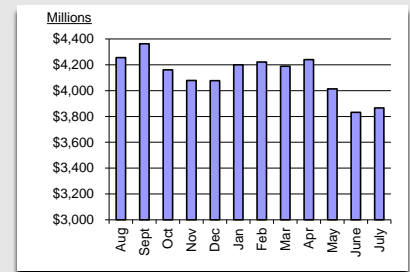
Chief Financial
Officer
Karl Shanholtzer,
CIA, CPA

Total Net Assets Under Management

\$3,866,125,000

Last Month
\$3,831,716,000

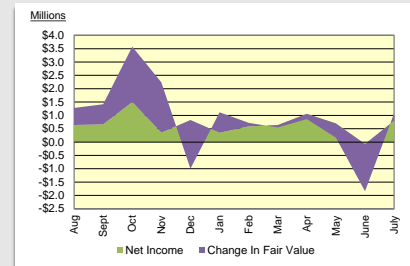
Beginning of Fiscal Year
\$3,831,716,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$1,078,000



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

Money Market Pools

As of July 31, 2013

Pool	1-Day Yield *	7-Day Yield *	30-Day Avg. Yield *	W.A.M. **	Net Assets
WV Money Market	.0979%	.1216%	.1170%	52 Days	\$2.4 Billion
WV Gov't Money Market	.0469%	.0299%	.0302%	47 Days	\$298.4 Million

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

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

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

JULY 2013

US Stocks Lead Global Market Rebound in July

Market Environment

US stocks led a rebound in global markets in July as the S&P 500 jumped more than 5% to approach 20% in returns for calendar year 2013. In fact, stocks of smaller companies appreciated even more robustly. European shares led a similar rally in non-US developed country stocks during the month, although the EAFE benchmark trails the S&P 500 by 10% so far this year. Emerging markets stocks posted modest gains in July, but continue to lag developed markets by a wide margin in 2013. Yields on US Treasuries edged higher last month, fueling moderate returns in fixed income securities while providing a brief respite to investors after the jarring sell-off in the second quarter. Greater demand for energy and precious metals triggered a modest recovery for commodities in July.

Looking ahead, markets appear to be most sensitive to changes in positioning by central banks, led by the US Federal Reserve. Investors seem to have accepted that although the Fed will be reducing, or tapering, monetary stimulus in the coming months, an accommodative monetary policy will remain in place for the foreseeable future. This led to the stabilization of volatility seen in May and June, and provided support for the ongoing rally in developed market equities. At this juncture, we recommend that investors revisit their strategic asset allocation, using profits within their equity portfolios to allocate selectively to asset categories that have trailed so far this year, including emerging markets equity and debt, and inflation-hedging strategies. In particular, the stabilizing of interest rates after a dramatic increase in the second quarter presents a compelling opportunity for corporate defined benefit plan sponsors to evaluate their glide path and consider de-risking to lock in recent gains in funded status.

Equity Market Results

Equity markets rallied in July. Broad US stock market indices including the S&P 500 and Russell 3000 Index posted solid gains of 5.09% and 5.48%, respectively. Small cap stocks, continuing their recent hot streak, rallied even further, with the Russell 2000 Index posting an even 7% return. Calendar year-to-date, small cap stocks have risen more than 24%. International equity markets also generated positive returns for the month. Once again, developed markets outperformed their less developed counterparts. Developed markets, represented by the MSCI EAFE Index, rose 5.28%, while their less established brethren, represented by the MSCI Emerging Markets Index, increased 0.77%.

Bond Market Results

Bond market results were mixed in July. Government and Agency-oriented securities, generally speaking, continued their recent sell off, while most of the credit-oriented indices provided investors with modestly positive results. The Barclays Capital Aggregate Index, a broad measure of the US bond market, rose 0.14%. Global bonds fared slightly better, as the JP Morgan Non-US WGBI (unhedged) rose 1.92%. The Citigroup 3-month T-bill generated a 0.01% return, while 3-month Libor was up 0.02%.

West Virginia Board of Treasury Investments

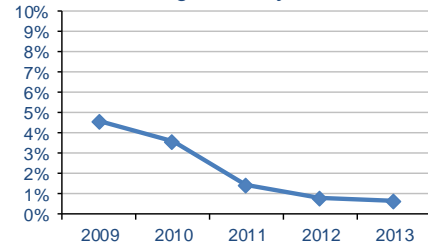
Financial Highlights as of July 31, 2013

WV Short Term Bond Pool

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

<u>Aug 1 - July 31</u>	<u>Return</u>	<u>Net Assets At July 31 (In Millions)</u>
2013	0.7%	\$ 716.1
2012	0.8%	\$ 499.3
2011	1.5%	\$ 477.9
2010	3.7%	\$ 458.8
2009	4.6%	\$ 339.8

**WV Short Term Bond Pool
Rates of Return
Past 12 Months
August 1 - July 31**

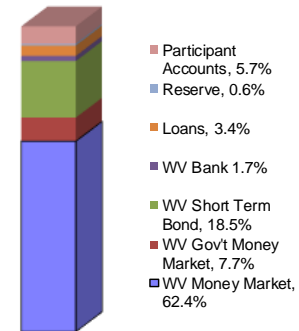


Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool

Summary of Value and Earnings (*In Thousands*)

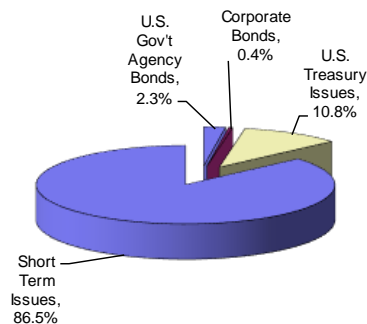
<u>Pool</u>	<u>Net Asset Value</u>	<u>July Net Income</u>	<u>Fiscal YTD Net Income</u>
WV Money Market	\$ 2,412,457	\$ 243	\$ 243
WV Gov't Money Market	298,426	8	8
WV Short Term Bond	716,114	731	731
WV Bank	65,036	7	7
Loans	132,092	54	54
Reserve	21,924	5	5
Participant Accounts	220,075	30	30
	<u>\$ 3,866,124</u>	<u>\$ 1,078</u>	<u>\$ 1,078</u>

Percent of Total Net Asset Value

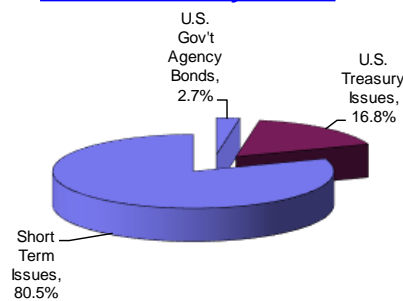


Securities by Type for Operating Pools (*Percentage of Asset Value*)

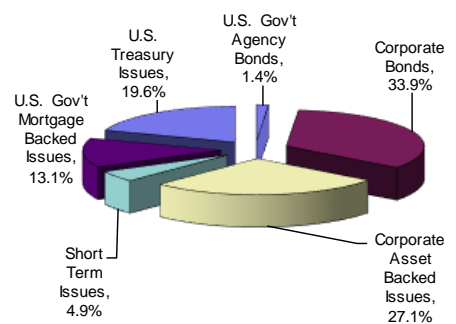
WV Money Market



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

JULY 31, 2013

(IN THOUSANDS)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Other Pools	Participant Directed Accounts
Assets						
Investments:						
At amortized cost	\$ 2,411,659	\$ 298,328		\$ 65,010	\$ 153,999	\$ 216,386
At fair value	-	-	\$ 716,658	-	-	3,262
Cash	-	-	-	-	-	-
Other assets	1,118	144	2,082	28	23	427
Total assets	2,412,777	298,472	718,740	65,038	154,022	220,075
Liabilities						
Accrued expenses, dividends payable & payable for investments purchased	320	46	2,626	2	4	1
Total liabilities	320	46	2,626	2	4	1
Net Assets	\$ 2,412,457	\$ 298,426	\$ 716,114	\$ 65,036	\$ 154,018	\$ 220,074
Investment income						
Interest and dividends	\$ 443	\$ 48	\$ 806	\$ 9	\$ 63	\$ 131
Net accretion (amortization)	(70)	(21)	(310)	-	-	(82)
Provision for uncollectible loans	-	-	-	-	-	-
Total investment income	373	27	496	9	63	49
Expenses						
Fees	130	19	63	2	4	-
Total expenses	130	19	63	2	4	-
Net investment income	243	8	433	7	59	49
Net realized gain (loss) from investments	-	-	-	-	-	-
Net increase (decrease) in fair value of investments	-	-	298	-	-	(19)
Net gain (loss) from investments	-	-	298	-	-	(19)
Net increase (decrease) in net assets from operations	243	8	731	7	59	30
Distributions to participants	243	8	433	7	59	-
Participant activity						
Purchases, reinvestment of units and contributions	919,323	43,174	98,565	10,013	13,737	17
Redemptions and withdrawals	1,003,723	32,001	-	15,019	5	-
Inter-pool transfers in	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-
Net increase (decrease) in net assets from participant activity	(84,400)	11,173	98,565	(5,006)	13,732	17
Increase (decrease) in net assets	(84,400)	11,173	98,863	(5,006)	13,732	47
Net assets at beginning of period	2,496,857	287,253	617,251	70,042	140,286	220,027
Net assets at end of period	\$ 2,412,457	\$ 298,426	\$ 716,114	\$ 65,036	\$ 154,018	\$ 220,074

September 13, 2013

Mr. Aaron Allred, Legislative Manager
West Virginia Legislature
Joint Committee on Government and Finance
Building 1, Room E-132
1900 Kanawha Blvd., E.
Charleston, West Virginia 25305

Re: West Virginia University notification pursuant to West Virginia Code §18B-19-13

Dear Joint Committee on Government and Finance,

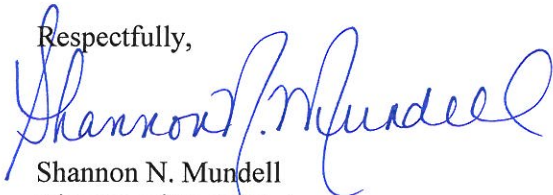
Pursuant to West Virginia Code § 18B-19-13 and appended for your review, please find a copy of the following documents: i) that certain Agreement for Purchase and Sale of Real Estate, dated September 6, 2013, between MON-VIEW, LLC, a West Virginia limited liability company (“SELLER”) and WEST VIRGINIA UNIVERSITY BOARD OF GOVERNORS, on behalf of WEST VIRGINIA UNIVERSITY, an agency and higher education institution of the State of West Virginia (“WVU”) and ii) a report setting forth a detailed summary of the terms of the acquisition, including the name of the property owner and agent involved in the sale, if any.

In the above-referenced Agreement, WVU agrees to purchase from SELLER that certain real property consisting of approximately seven (7) useable acres located and situate in the Town of Granville, Monongalia County, West Virginia, together with all improvements, easements, appurtenances and rights relating thereto, for the purchase price of Two Million Three Hundred Thousand Dollars (\$2,300,000.00). WVU intends to purchase the real property to construct, operate, and maintain a multi-use recreational complex including, but not limited to, a baseball stadium with customary concessions and other related amenities.

Pursuant to West Virginia Code Section 18B-19-13(c), the attached agreement and report are being provided at least thirty (30) days prior to the consummation of this acquisition, and pursuant to subsection (f), your committee will meet and review the agreements within thirty (30) days of receipt.

In the event that you have any questions or need additional information, please feel free to contact me at 304.293.0394.

Respectfully,



Shannon N. Mundell
Director of Real Estate

cc: West Virginia Higher Education Policy Commission

Report to Joint Committee on Government & Finance

**Acquisition of Parcels of Real Property, Morgantown, West Virginia
by
West Virginia University Board of Governors, on behalf of West Virginia University**

By that certain Agreement for Purchase and Sale of Real Estate, dated September 6, 2013, WEST VIRGINIA UNIVERSITY BOARD OF GOVERNORS, on behalf of WEST VIRGINIA UNIVERSITY, an agency and higher education institution of the State of West Virginia, ("WVU) agrees to purchase from MON-VIEW, LLC, a West Virginia limited liability company, ("Seller") that certain real property located and situate in the Town of Granville, Monongalia County, West Virginia, consisting of approximately seven (7) useable acres, for the purchase price of Two Million Three Hundred Thousand Dollars (\$2,300,000.00).

WVU intends to purchase the real property for the following express purpose:

To construct, operate, and maintain a multi-use recreational complex including, but not limited to, a baseball stadium with customary concessions, and other related amenities including, but not limited to, other food and beverage sales, both alcoholic and non-alcoholic, restaurant or similar facilities.

This acquisition has been approved by the West Virginia University Board of Governors, and the closing of such sale will occur on or after October 16, 2013. Seller has retained FEOH Realty, LLC as its exclusive broker for the transaction, and Seller shall be solely responsible for the payment of the commission. WVU has not engaged any real estate broker, finder, or agent in connection with this transaction.

The property is more particularly designated as the following:

Beginning at a 5/8" iron bar (found) in the 80' right of way of University Town Centre Drive, from which a 5/8" iron bar (found) bears N 70° 41' 33" E, 573.02 feet, said iron bar being a corner of Granville Corporation, Tax Map 9 Parcel 4, now or formerly owned by Town of Granville (Deed Book No. 1340 at Page 213), Granville Corporation Tax Map 9 Parcel 1.3, now or formerly owned by West Virginia United Health System, Inc. (Deed Book 1374 at Page 162), Grant District Tax Map 5C Parcel 1, now or formerly owned by Mon-View, LLC (Deed Book 1279 at Page 693), and a corner of Granville Corporation Tax Map 9 Parcel 1, now or formerly owned by Mon-View, LLC (Deed Book No. 1286 at Page 618);

Thence with the future University Town Centre Drive extension and said Mon-View, LLC, with a curve to the right, having a radius of 317.17 feet and a chord length of 359.22 feet, a chord bearing S 76° 00' 27" E, 340.32 feet to a point;

Thence S 43° 33' 41" E, 195.01 feet;

Thence with a curve to the right, having a radius of 309.98 feet and a chord length of 404.52 feet, a chord bearing S 6° 10' 34" E, 376.42 feet to a point;

Thence S 31° 11' 41" W, 287.38 feet to a point;

Thence leaving said right of way and through Granville District Tax Map 4 Parcel 15, now or formerly owned by Mon-View, LLC (Deed Book 1483 at Page 646), N 75° 05' 29" W, 418.72 feet to a point, said point being a common corner of said West Virginia United Health System, Inc. and said Mon-View, LLC;

Thence N 0° 22' 28" E, 635.23 feet to a 5/8" iron bar (found);

Thence N 23° 42' 09" W, 110.00 feet to the point of beginning containing 399,883 sq. ft. or 9.18 Acres ±.

AGREEMENT FOR PURCHASE AND SALE OF REAL ESTATE

THIS AGREEMENT (herein, the "Contract") is made and entered into as of the 6 day of September 2013, (herein, the "Effective Date") by and between MON-VIEW, LLC, a West Virginia limited liability company having a mailing address at Boyers Avenue, Star City, West Virginia 26504, herein sometimes referred to as "Seller," and the WEST VIRGINIA UNIVERSITY BOARD OF GOVERNORS on behalf of WEST VIRGINIA UNIVERSITY, an agency and higher education institution of the State of West Virginia having a mailing address at 48 Donley Street, Morgantown, West Virginia 26505, herein sometimes referred to as "Purchaser."

WHEREAS, Purchaser intends to purchase from Seller the Property defined below for the following express purpose (the "Purpose"):

To construct, operate, and maintain a multi-use recreational complex, including but not limited to a baseball stadium with customary concessions, and other related amenities, including but not limited to other food and beverage sales, both alcoholic and non-alcoholic, restaurant or similar facilities.

NOW THEREFORE, WITNESSETH: That, for and in consideration of an amount of Ten Dollars (\$10.00) and the mutual covenants and conditions set forth and contained in this Agreement, Purchaser hereby offers and agrees to purchase and Seller hereby agrees to sell that certain parcel of real estate hereinafter described for the consideration recited and subject to the following terms and conditions:

1. Agreement of Purchase and Sale. Upon the terms and conditions herein provided, Seller hereby agrees to sell and convey to Purchaser, and Purchaser hereby agrees to purchase from Seller, a certain tract or parcel of land containing approximately seven (7) acres, more or less, situate in the Town of Granville, Monongalia County, West Virginia, the approximate configuration of which land is approximately depicted and shown on the site plan attached to and incorporated herein as Exhibit A. Notably, Seller and Purchaser mutually acknowledge that the precise local and legal description will be determined more specifically by comprehensive engineering design and planning efforts but shall be located within the general area shown on Exhibit A, which is a part of the "Phase III Property" that is more fully described in Deed Book 1483, at Page 646.

a. Not later than five (5) days after the Effective Date, Seller shall provide to Purchaser a proposed final survey drafted and prepared, at Seller's sole expense, by a licensed land surveyor; depicting the precise location of the boundary lines of such land and the acreage of such land to the nearest one-one-thousandth (1/1000th) of an acre. Purchaser shall have a period of five (5) days in which to accept the survey, provide comment and revisions to the survey, or to object to such survey. In the event that Seller and Purchaser agree as to such survey, the agreed survey (herein, the "Survey") will be attached to and incorporated herein as Exhibit A-1, and the land depicted on the Survey

shall become the property subject to this Contract (herein, the "Property"). In the event that Seller and Purchaser are unable to agree to the survey within such 5-day period, either party may terminate this Agreement, without any liability or obligation to the other party, upon written notice to the other party, and this Agreement will be null and void.

b. Notwithstanding any provision herein to the contrary, Seller shall not convey to Purchaser, but will except from the conveyance of the Property, all of Seller's right, title and interest in and to the coal, oil, natural gas, coalbed methane and any and all other minerals, if any, (herein, the "Reserved Minerals") within and underlying the Property.

2. **Purchase Price.** The purchase price (the "Purchase Price") for the Property shall not exceed the sum of Two Million Three Hundred Thousand Dollars (\$2,300,000.00) for seven (7) acres, adjusted upward or downward, based on the Survey, to reflect an agreed Purchase Price of Three Hundred Thousand Dollars (\$300,000.00) per acre, or fractional acre, encompassed within the Property. Upon completion of the Survey, Seller and Purchaser shall memorialize in writing the final Purchase Price and such document will be attached to this Agreement as Exhibit C. The Purchase Price shall be payable in immediately available funds of the United States at Closing, except as otherwise provided herein to the contrary. Further, at or prior to Closing, as defined below, Purchaser will cause to be paid, by check or by wire transfer, the Purchase Price to Purchaser's legal counsel, Jackson Kelly, PLLC. Purchaser's legal counsel will deposit the check or wire transfer into its real estate trust account and make the appropriate disbursements pursuant to a disbursement agreement mutually agreed upon and signed at Closing by the parties.

3. **Intentionally Deleted.**

4. **Due Diligence Information, Title Assurance and Survey.**

a. **Delivery of Documents.** Promptly within five (5) days after the execution of this Contract by both parties, Seller shall deliver or cause to be delivered to Purchaser's designated representative all items described on **Exhibit "B"** attached hereto that are within Seller's custody and control.

b. **Title Assurance.** At any time prior to Closing, Purchaser may obtain, at its sole cost and expense, such assurance of Seller's good and marketable title to the Property, for the purpose of verifying the Property is clear of all liens, encumbrances, and any other title matters that may disrupt or interfere with the Purpose, as Purchaser deems appropriate, including without limitation a title opinion issued by an attorney of Purchaser's choosing or a commitment for a policy of title insurance issued by a title insurance company of Purchaser's choosing, either or both of which shall be herein referred to as "Title Assurance."

c. **Survey.** Seller shall obtain, at its sole cost and expense, a survey of the Property in accordance with Section 1 (a) of this Contract. The survey shall be prepared in accordance with the requirements of Purchaser, but, at a minimum, shall clearly depict

the boundary lines of the Property and the acreage encompassed within the boundary lines to the nearest one-one-thousandth of an acre.

d. **Objections.** Upon completion and acceptance of a survey, Purchaser shall have a period of fifteen (15) days in which to review and update the Title Assurance and deliver to Seller, in writing, such objections as Purchaser may have to anything contained or set forth therein. Any items to which Purchaser does not object within the fifteen (15) day review period shall be deemed to be approved by Purchaser and shall be "Permitted Exceptions" for purposes of this Contract. Seller may, but shall have no obligation to attempt to, remedy or cure Purchaser's objections during the thirty (30) day period following Seller's receipt of such written objection(s) (the "Cure Period"). In the event Seller does not cure such objections prior to the expiration of the Cure Period, Purchaser shall have the right to (i) terminate this Contract by written notice to Seller, given within ten (10) days of the expiration of the Cure Period or (ii) proceed to Closing. If Purchaser does not terminate this Contract, as aforesaid, Purchaser shall be deemed to have waived its objections to all matters of title, except such matters, if any, as to which Seller may expressly agree to cure.

5. **Inspection Period.** During the term of this Contract, Purchaser, its agents, contractors, employees, and assigns shall be entitled to enter onto the Property for any purpose, including conducting such audits, inspections, or investigations thereon as Purchaser may deem appropriate, including for purposes of conducting core drilling. The cost of the inspections undertaken by Purchaser pursuant to this Contract shall be borne solely by Purchaser. Purchaser shall be entitled for any reason related to the condition of the Property to terminate this Contract by written notice delivered to Seller on or prior to the expiration of thirty (30) days following the Effective Date. (The period commencing on the Effective Date and ending at 6:00 p.m., local time, on the 30th day after the Effective Date is herein referred to as the "Inspection Period"). If Purchaser notifies Seller prior to the expiration of the Inspection Period that Purchaser has elected to terminate this Contract, except to the extent expressly provided to the contrary, the Parties shall have no further obligations or liabilities hereunder and this Contract shall be null and void. Purchaser agrees to keep the Property free and clear of any mechanics' liens resulting from Purchaser's activities on the Property. Purchaser agrees that it shall be responsible for all injuries, losses, liens, claims, judgments, liabilities, costs, expenses or damages (including, without limitation, reasonable attorneys' fees and court costs) which result from or arise out of any personal injury or property damage caused by Purchaser, its agents, contractors or other representatives, to the extent allowed by the laws of the State of West Virginia, in connection with its entry upon the Property. In the event Purchaser does not purchase the Property, Purchaser agrees to promptly return the Property to the same condition in which the Property existed prior to Purchaser's making any inspection, including reclaiming and seeding any portion of the Property that has been disturbed by drilling or other invasive activities. The provisions of this paragraph shall survive any termination of, or Closing under, this Contract.

6. **Representations and Warranties.** Seller represents and warrants to Purchaser that, as of the Effective Date, and as of the Closing:

- a. Seller will convey to Purchaser, at Closing, good and marketable title to the Property, free and clear of liens and encumbrances, subject only to Permitted Exceptions. (As used in this Contract, the term "Permitted Exceptions" shall mean (i) the Reserved Minerals, (ii) restrictive covenants and conditions governing the use, upkeep and/or maintenance of the Property contained in Seller's deed for the Property or other recorded instruments, (iii) statutory liens for real property taxes that are not overdue or delinquent, (iv) utility rights of way and easements that do not impose burdens or use restrictions on the Property that materially exceed the burdens or restrictions customarily contained in such instruments in Monongalia County, West Virginia, and (v) such other defects or irregularities that do not, singularly or in the aggregate, materially adversely affect the value of the Property or its utility for its intended use.)
- b. There are no parties in possession of any portion of the Property as lessees, tenants at sufferance or trespassers.
- c. There is no pending or, to the knowledge of Seller, threatened condemnation or similar proceeding or special assessment affecting the Property.
- d. There is no pending or, to Seller's knowledge, threatened litigation or administrative proceeding affecting the Property or Seller's title to the Property or Seller's right to enter into and perform this Contract.
- e. The execution and delivery of, and Seller's performance under, this Contract are within Seller's powers and have been duly authorized by all requisite internal action. This Contract constitutes a binding obligation of Seller enforceable in accordance with its terms except to the extent limited by the intervention of equity, bankruptcy or other similar laws.
- f. There are no attachments, executions, assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy or other debtor relief laws contemplated by, pending, or threatened against Seller or the Property.
- g. The Property was formerly utilized as a site for coal mining activities. To the knowledge of Seller, the Property has been reclaimed in compliance with all applicable federal and state laws, and all permits and bonds formerly in existence with respect to the former coal mining activities and the subsequent reclamation activities have been released.
- h. To the knowledge of Seller, there are no Hazardous Substances located in, on or about the Property, the Property has not been used as a land fill or for the production or disposal of Hazardous Substances, and the Property is in compliance with and not in violation of any applicable federal or state environmental law. (As used herein, the term Hazardous Substances means asbestos, petroleum products, polychlorinated biphenyl (PCBs), radioactive materials and other substances in quantities that are included within the definition of "hazardous substances," "hazardous materials" or "toxic substances" in

the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Resource Conservation and Recovery Act of 1976, as amended, the Hazardous Materials Transportation Act, the Toxic Substances Control Act or the Clean Water Act.)

i. Seller is not prohibited from consummating the transactions contemplated in this Contract by any law, regulation, agreement, instrument, restriction, order or judgment.

j. Seller is duly organized, validly existing and in good standing under the laws of the State of West Virginia. Seller has full right, title, authority and capacity to execute and perform this Contract and to consummate all of the transactions contemplated herein, and the individual who executes and delivers this Contract and all documents to be delivered to Purchaser hereunder is and shall be duly authorized to do so.

k. There are no outstanding contracts or rights to purchase the Property or any portion thereof in favor of any third party.

7. Special Provisions.

a. Seller covenants and agrees with Purchaser that, between the Effective Date and Closing, Seller shall not execute or create any contract, option to purchase, easement, covenant, condition, restriction, lien or encumbrance with respect to the Property or any portion thereof.

b. To the extent that any offsite easements over, under or across other property owned by Seller are necessary for utility service to the Property, Seller shall grant appropriate offsite easements to Purchaser for such purpose.

c. Subject to Section 8 hereof, Purchaser acknowledges that the ownership, use, maintenance and upkeep of the Property is presently subject to covenants, conditions and restrictions contained in various recorded documents, including without limitation (i) that certain Interparties Agreement among Mountaineer Property Co., L.L.C. and others, dated June 5, 2003, and of record in the office of the Clerk of the County Commission of Monongalia County, West Virginia in Deed Book 1254, Page 496, (ii) that certain instrument captioned Easements With Covenants And Restrictions And Restrictions Affecting Land among Wal-Mart Real Estate Business Trust and others, dated March 9, 2005, of record in Deed Book 1290, Page 202, and (iii) that certain instrument captioned Agreement of Covenants and Restrictions Affecting Land among West Virginia United Health System, Inc. and others, dated September 30, 2008, of record in Deed Book 1374, Page 167.

d. If, at any time from and after the Effective Date, the Town of Granville or any other governmental entity, imposes, or threatens to impose, any assessment on the Property, or any financial obligation on the owner of the Property, for the purpose of funding a traffic light or other traffic control device within University Town Centre,

Purchaser shall enter into good faith negotiations with respect to whether it will contribute to the costs associated with such traffic light or other traffic control device within University Town Centre. Provided that, if this Contract is terminated prior to Closing, any obligation to pay an assessment will revert to Seller. Seller represents to Purchaser that, as of the Effective Date, Seller is not aware of any discussions or preliminary plans on the part of the Town of Granville, or any other governmental entity, to compel the installation of a traffic light or other traffic control device at or in the vicinity of the Property.

e. During the Inspection Period, Seller and Purchaser shall review the preliminary grading plan, attached hereto as Exhibit 7.e, and work in good faith to resolve any and all objections that either party may have to such plan. If the parties cannot agree upon the terms and conditions of the final grading plan during the Inspection Period, either party shall be entitled to terminate this Contract and this Contract shall be null and void. The final agreed upon grading plan shall be the plan relied upon for Seller's grading work.

f. Not later than 75 days following the Closing, Seller shall deliver the Property to Purchaser in accordance with the following:

i. In a final rough-graded condition with vegetation grubbed and removed from the Property in accordance with the grading plan defined and agreed to by the parties pursuant to Section 7.e

ii. With temporary electricity extended to the boundary of the Property at a location to be mutually determined by the parties.

iii. With a rough graded access road in the approximate location of the proposed extension of University Town Centre Drive completed so Purchaser may have access to the Property for construction purposes.

g. Except as noted herein, Seller agrees to use its best efforts diligently coordinate and expedite the permanent extension of all requisite utilities (including water, electricity, gas, telephone, and sewer) and the permanent extension of University Town Centre Drive to the boundary of the Property at locations mutually agreed by Seller and Purchaser, in coordination with Purchaser's construction schedule and Seller's development schedule with all such permanent work completed no later than October 1, 2014 or as otherwise mutually agreed upon by the parties to meet the needs of Purchaser and to fulfill the Purpose. All of such work shall be completed at Seller's sole risk and expense. The parties acknowledge that with respect to the permanent extension of water and sewer, all such permanent work shall be completed no later than December 31, 2014. The obligations of Seller in this section shall survive Closing.

h. No later than sixty (60) days following the completion of the construction of the extension of University Town Centre Drive, as set forth above, Seller shall promptly request the City of Granville to properly and officially adopt an Ordinance and accept the public dedication of this extension of University Town Centre Drive.

8. Conditions Precedent. Each of the following items shall be a condition precedent to Purchaser's obligation to purchase the Property. If any one or more of such conditions precedent is not, or in the reasonable opinion of Purchaser will not be, satisfied at or prior to Closing, Purchaser shall be entitled, at its election, to terminate this Contract, without liability therefore, by written notice to Seller or to waive such condition and proceed to Closing.

a. The zoning classification of the Property, and all applicable covenants and restrictions affecting the Property, shall not prohibit the Purpose.

b. No lawsuit, appeal or other action shall have been filed by any party, directly or indirectly, involving the Property, including without limitation, any lawsuit or other action for the purpose of challenging, contesting or seeking to prohibit, restrain, enjoin or delay the Purpose.

c. All of Seller's representations and warranties shall be true and correct without regard to the knowledge of Seller, and Seller shall have performed all of Seller's obligations under this Contract.

d. No adverse environmental or geological condition shall exist with respect to the Property that would unreasonably impede or interfere with the Purpose. For the avoidance of doubt, this condition precedent is not waived or extinguished with the passage of the Inspection Period.

e. Intentionally Deleted.

f. The execution and delivery of a First Amendment to Easements with Covenants and Restrictions Affecting Land by and among Wal-Mart Real Estate Business Trust, a Delaware statutory trust, Mon-View, LLC, a West Virginia limited liability company, and Consolidation Coal Company, a Delaware corporation, for the purpose of consenting to and modifying that certain Easements With Covenants And Restrictions And Restrictions Affecting Land among Wal-Mart Real Estate Business Trust and others, dated March 9, 2005, of record in Deed Book 1290, Page 202, as it pertains to the restrictive covenants placed upon the Property which prohibit, impede, or interfere with the Purpose, in a form satisfactory to Purchaser.

g. Execution and delivery of that certain Collaboration Agreement supporting the Purpose that is currently being negotiated by Seller, Purchaser, the County Commission of Monongalia County, and the Town of Granville.

9. Closing.

a. Date. The closing of the sale of the Property from Seller to Purchaser (the "Closing") shall occur at a mutually agreeable time and place in the City of Morgantown, West Virginia not later than thirty one (31) days following Purchaser's submission of this Contract and other required information to the Joint Committee on Government and

Finance, pursuant to W.Va. Code §18B-19-13(a) through (c), which shall occur no later than three (3) business days after the final determination of the precise local and legal description of the Property as contemplated in Section 1.

b. Seller's Deliveries. At the Closing, Seller shall furnish and deliver to Purchaser, at Seller's expense (except as otherwise herein provided), the following:

(i) A General Warranty Deed duly executed and acknowledged by Seller, dated as of the Closing, conveying good and marketable title to the Property to Purchaser, free and clear of all liens and encumbrances, subject only to Permitted Exceptions and the restrictions described hereinabove;

(ii) An assignment of all permits, approvals, licenses, and other rights and interests owned or held by Seller in connection with the Property;

(iii) An assignment of all necessary offsite easements, in form reasonably acceptable to Purchaser;

(iv) A Non-Foreign Certificate duly executed by Seller;

(vi) An Undertaking to complete the Seller's Work in the manner, and within the time period, set forth in section 7 e. of this Contract;

(vii) A duly executed memorandum of understanding relating to possible off-site parking in the vicinity of the Property, the terms of which to be agreed upon. Seller has no obligation to provide Purchaser with permanent off-site parking, but will assist with providing offsite parking to the extent it doesn't interfere with the sale of other property by Seller;

(viii) Such other instruments or documents as are necessary or reasonably required by Purchaser to consummate the transfer of the Property as herein contemplated.

c. Purchaser's Deliveries. At the Closing, Purchaser shall deliver to Seller, at Purchaser's expense, the following:

(i) The Purchase Price, less the Post-Closing Escrow Amount, in immediately available funds of the United States of America;

(ii) A duly executed memorandum of understanding relating to possible off-site parking in the vicinity of the Property, the terms of which to be agreed upon. Seller has no obligation to provide Purchaser with permanent off-site parking, but will assist with providing offsite parking to the extent it doesn't interfere with the sale of other property by Seller;

(iii) Evidence reasonably acceptable to Seller and Seller's counsel that this Contract, and Purchaser's consummation of the transaction herein contemplated and Purchaser's performance of its obligations herein set forth, have been duly approved by Purchaser's governing body;

(iv) Intentionally Deleted; and

(v) Such other instruments or documents as are necessary or reasonably required by Seller to consummate the transfer of the Property as herein contemplated.

d. Adjustments.

(i) Seller shall be responsible for payment of all taxes and assessments levied or assessed against the Property, except as may be agreed upon by Purchaser with respect to Section 7 d. of this Contract. Purchaser is exempt from taxation for real property tax purposes, therefore Seller, with respect to the Property, agrees to pay all real and personal property taxes that may be due and payable for all tax years (including 2014), as assessed by the Monongalia County Tax Assessor and to be collected by the Monongalia County Sheriff's Tax Office.

(ii) Intentionally Deleted.

(iii) The provisions of this Section 9.d. shall survive the Closing.

e. Expenses of Closing.

(i) Seller shall pay: [a] all amounts due and owing under Section 9(d); [b] its own attorneys' fees; and [c] other charges required to be paid by Seller pursuant to this Contract including, the cost of clearing any liens or encumbrances affecting the Property; recordation of any releases executed by creditors of Seller, Property Owner, or their predecessor(s) in title, as the case may be; and any and all real estate commissions or broker's fees.

(ii) Purchaser shall pay: [a] all title examination fees and title insurance premiums applicable to the transaction; [b] its own attorneys' fees; [c] other charges required to be paid by Purchaser pursuant to this Contract; and [d] all recording fees and expenses incurred in connection with the transfer of the Property with the exception of Section 9(e)(i), above.

(iii) Purchaser is an agency of the State of West Virginia; therefore, the Deed shall include the following as the declaration of consideration or value:

Under the penalties of fine and imprisonment as provided by law,
the undersigned hereby declares that the transfer involved in the

document to which this Declaration is appended is a transfer to or from the State of West Virginia, or to or from any of its instrumentalities, agencies or political subdivisions, and therefore is not subject to West Virginia excise tax and is exempt under the provisions of Chapter 11, Article 22, Section 1 of the West Virginia Code, 1931, as amended.

As a result of the aforementioned, Seller may not be obligated to pay a real estate transfer tax.

10. Casualty or Condemnation Prior to Closing. If at any time prior to the Closing any portion of the Property is destroyed or damaged by fire or any other casualty, or in the event a taking by condemnation, eminent domain or similar proceedings or a conveyance in lieu thereof is commenced or threatened with respect to any portion of the Property, Seller shall give notice thereof to Purchaser and Purchaser shall thereupon have the option to terminate this Contract upon written notice to Seller prior to Closing, in which event the Earnest Money shall be promptly refunded to Purchaser, whereupon this Contract shall be rendered null and void and the Parties shall have no further obligations hereunder. If Purchaser does not exercise its option under this Section 10 to terminate this Contract, this Contract shall remain in full force and effect and Seller shall assign or pay to Purchaser at Closing Seller's interest in and to any and all insurance proceeds and condemnation awards.

11. Default and Remedies.

a. Purchaser's Default. In the event Purchaser defaults or fails to perform any obligation of Purchaser under this Contract, and such default and failure shall remain uncured for a period of five (5) days following written notice thereof from Seller to Purchaser, Seller may, at its election, and as its exclusive remedy, (i) terminate this Contract or (ii) commence an action to compel specific performance of this Contract. If Seller elects to terminate this Contract and Purchaser's and Seller's rights and obligation under this Contract shall terminate.

b. Seller's Default. In the event Seller defaults under this Contract, or any material representation or warranty of Seller is not true, or in the event Seller fails to perform any material obligation of Seller under this Contract, including without limitation, the obligation to convey good and marketable title to the Property to the Purchaser on the Closing Date subject only to Permitted Exceptions and to perform each of the obligations of Seller required to be performed at Closing in accordance with the provisions of this Contract, all of which shall be considered material for purposes hereof, then Purchaser may, at its election, and as its exclusive remedy, (i) terminate this Contract, in which event Seller shall return the Earnest Money to Purchaser, or (ii) commence an action to compel specific performance of this Contract.

12. Real Estate Brokerage. Seller has retained FEOH Realty LLC as its exclusive broker for this transaction, and Seller shall be solely responsible for the payment of the commission

coming due to FEOH Realty LLC as a consequence of this transaction. Seller has not engaged any other real estate broker, finder or agent in connection with this transaction, and hereby agrees to indemnify and hold Purchaser harmless from any loss, liability, damage, cost or expense (including reasonable attorneys' fees) resulting from the failure of Seller to pay any such commission in accordance with the provisions of this sentence Purchaser has not engaged any real estate broker, finder or agent in connection with this transaction. The provisions of this paragraph shall survive the Closing of this Contract.

13. Miscellaneous.

a. Notices. All notices, requests and other communications under this Contract shall be in writing and shall be delivered in person by hand delivery or overnight delivery service, by facsimile or sent by certified mail, return receipt requested, addressed as follows:

If intended for Seller: Mon-View, LLC
 Boyers Avenue
 Star City, West Virginia 26504
 Attn: John D. Lynch, President
 Telephone: (304) 599-2244
 Facsimile: (304) 599-2252
 email: davislynch.glass@frontier.com

with a copy to: Brian D. Gallagher
 Steptoe & Johnson PLLC
 United Center, Suite 400
 1085 Van Voorhis Road
 Morgantown, WV 26507-1616
 Telephone: (304) 598-8000
 Facsimile: (304) 598-8116
 email: brian.gallagher@steptoe-johnson.com

If intended for Purchaser: Shannon N. Mundell, Director of Real Estate
 West Virginia University
 PO Box 6555
 48 Donley Street, 4th Floor
 Morgantown, WV 26506-6555
 Telephone: (304) 293.0394
 Email: Shannon.mundell@mail.wvu.edu

with a copy to: Office of the Vice President for Legal Affairs
 and General Counsel
 105 Stewart Hall
 P.O. Box 6204
 Morgantown, WV 26505-6204

Tele. No.: 304-293-5841
Fax No.: 304-293-5752

Taunja Willis-Miller
Jackson Kelly PLLC
P.O. Box 619
Morgantown, WV 26507-0619
Telephone: (304) 284-4109
Facsimile: (304) 284-4140

or at such other address, and to the attention of such other person, as the parties shall give notice as herein provided. All such notices, requests and other communications shall be deemed to have been sufficiently given for all purposes hereof upon receipt at such address if delivered in person, by overnight delivery or by facsimile, or if mailed, upon deposit of both the original and any required copies in a post office or official depository of the United States Postal Service. Email addresses are included for reference purposes only, and any required notices must be delivered by one of the methods of delivery described above.

- b. Survival. Except as otherwise provided herein, the provisions of this Contract shall survive the Closing and shall not merge into the conveyance documents executed and delivered at Closing but shall survive the Closing for a period of twenty four (24) months.
- c. Entire Agreement; Modifications. This Contract embodies and constitutes the entire understanding between the parties with respect to the transactions contemplated herein, and all prior or contemporaneous agreements, understandings, representations and statements (oral or written) are merged into this Contract. Neither this Contract nor any provision hereof may be waived, modified, amended, discharged or terminated except by an instrument in writing signed by the Party against whom the enforcement of such waiver, modification, amendment, discharge or termination is sought, and then only to the extent set forth in such instrument.
- d. Applicable Law. This Contract shall be governed by, and construed in accordance with, the laws of the State of West Virginia.
- e. Captions. The captions in this Contract are inserted for convenience of reference only and in no way define, describe, or limit the scope or intent of this Contract or any of the provisions hereof.
- f. Binding Effect. This Contract shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, and assigns. This Contract and Purchaser's rights hereunder may not be assigned by Purchaser except with the prior written consent of Seller.

g. Time is Not of the Essence. With respect to all provisions of this Contract, time is not of the essence, provided, any extension of time for performance shall not exceed seven (7) days without the written consent of the parties.

h. Force Majeure. Neither party shall be in default under this Contract to the extent that the performance of its obligations (other than payment obligations) is delayed, hindered or prevented by a cause beyond the reasonable control of such party and without such party's fault or negligence, including, but not limited to, acts of God, adverse weather, declared or undeclared wars, blockades, hostilities, legal or illegal acts of government, epidemics, quarantines, riots, rebellions and labor strikes ("Force Majeure"). A party claiming Force Majeure shall promptly notify the other party in writing of the nature and extent of any Force Majeure claimed, and of the steps that the party is taking to restore its performance and overcome the cause creating the delay and/or nonperformance. While the obligations of the party giving notice shall be suspended during, but no longer than, the continuance of the event of Force Majeure insofar as they are affected by it, the affected party shall use all reasonable diligence to restore its performance as quickly as practicable. During the Force Majeure event, the parties shall meet to discuss whether there should be an equitable adjustment due to the Force Majeure event. For each day that a Force Majeure Event suspends the obligations of a party, the obligations shall be suspended for one day; provided, that no Force Majeure event shall suspend the obligations of a party for longer than fifteen (15) days from the date claimed. Thereafter, the party not invoking Force Majeure may terminate this Agreement without further liability to the party claiming Force Majeure by giving written notice to the other party.

i. Counterpart Execution. This Contract may be executed in multiple counterparts. A facsimile copy of this Contract bearing the signature of a Party hereto shall be sufficient to bind such Party to the terms of this Contract.


SIGNATURE PAGE FOLLOWS

SIGNATURE PAGE

WITNESS the execution of this Contract by the undersigned duly authorized representatives of Seller and Purchaser.

SELLER:

MON-VIEW, LLC

By: 
John D. Lynch
Its: President

PURCHASER:

WEST VIRGINIA UNIVERSITY BOARD
OF GOVERNORS on behalf of
WEST VIRGINIA UNIVERSITY,
James P. Clements, President

By: _____
Narvel G. Weese, Jr.
Its: Vice President for Administration
and Finance

SIGNATURE PAGE

SIGNATURE PAGE

WITNESS the execution of this Contract by the undersigned duly authorized representatives of Seller and Purchaser.

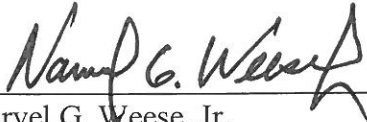
SELLER:

MON-VIEW, LLC

By: _____
John D. Lynch
Its: President

PURCHASER:

WEST VIRGINIA UNIVERSITY BOARD
OF GOVERNORS on behalf of
WEST VIRGINIA UNIVERSITY,
James P. Clements, President

By:  _____
Narvel G. Weese, Jr.
Its: Vice President for Administration
and Finance

SIGNATURE PAGE

EXHIBIT A (Page 1 of 2)

The Property

Approximately 7 acres, more or less, the location of which is shown on the site plan attached hereto, being a portion of the real property entered on the Land Books of Monongalia County, West Virginia for the year 2013 in the name of Consolidation Coal Company and Mon-View, LLC, in Granville District, as part of the following:

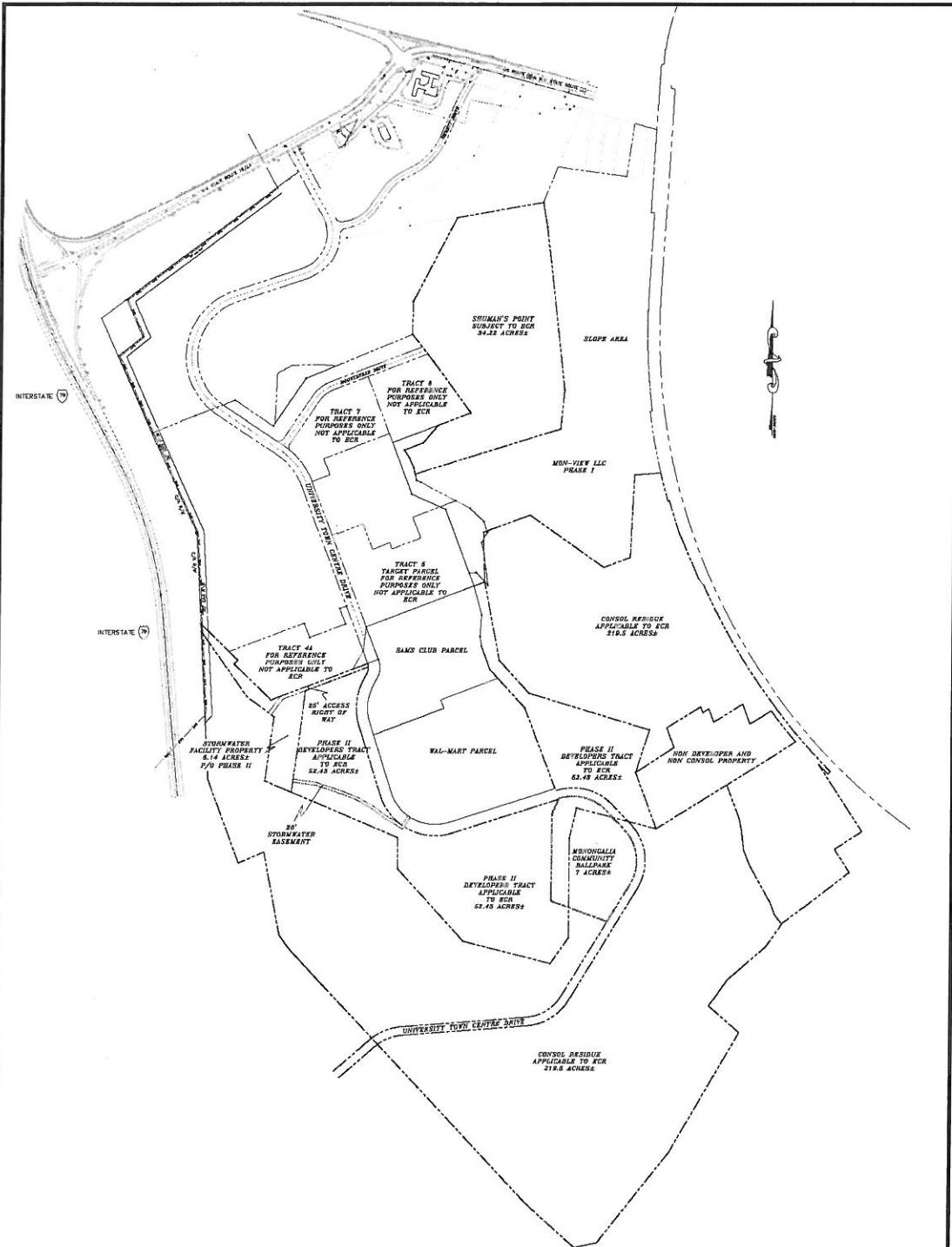
Map 9, P/O 2
167.26 Ac Sur
Dents Run (Option .88 Ac – Mountainview Property Co LLC)

Map 9, P/O 1
24.16 Ac
Dents Run

Map 4, P/O 1
8.61 Acs & P/O Annulled Unnamed Alley

Map 4, P/O 15
40.4 Acs Sur

Exhibit A (Page 2 of 2)



REVISED: 06/28/2013


<p>PROJECT NO:  CTL ENGINEERING OF WEST VIRGINIA, INC. 401 West Virginia Ave., Suite 100 Morgantown, WV 26501 Phone: 304.293.1111 Fax: 304.293.1112 www.ctlinc.com "SERVING THE COMMUNITY THROUGH ENGINEERING, ARCHITECTURE & PLANNING"</p>	<p>EXHIBIT TO ECR BETWEEN WAL-MART, SAMS CLUB, MON-VIEW AND CONSOL</p>	<p>TOWN OF GRANVILLE, TAX MAP #4, P/O PARCEL #1 AND #15 CASS DISTRICT, TAX MAP #15, P/O PARCEL #21 GRANT DISTRICT, TAX MAP #6, P/O PARCEL #1 MONONGALIA COUNTY, WEST VIRGINIA</p> <p>PROJECT NO: 021000124 DRAWN BY: JFS APPROVED BY: JFS/MSJ DATE: 01/28/06 SCALE: 1" = 100' DRAWING NO: 1</p>
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EXHIBIT A-1

LEGAL DESCRIPTION

PHASE III – PAD #2

TM 4 PCLS 1& 15, TM 9 PCL 1 & TM 5 PCL 1

Beginning at a 5/8" iron bar (found) in the 80' right of way of University Town Centre Drive, from which a 5/8" iron bar (found) bears N 70° 41' 33" E, 573.02 feet, said iron bar being a corner of Granville Corporation, Tax Map 9 Parcel 4, now or formerly owned by Town of Granville (Deed Book No. 1340 at Page 213), Granville Corporation Tax Map 9 Parcel 1.3, now or formerly owned by West Virginia United Health System, Inc. (Deed Book 1374 at Page 162), Grant District Tax Map 5C Parcel 1, now or formerly owned by Mon-View, LLC (Deed Book 1279 at Page 693), and a corner of Granville Corporation Tax Map 9 Parcel 1, now or formerly owned by Mon-View, LLC (Deed Book No. 1286 at Page 618);

Thence with the future University Town Centre Drive extension and said Mon-View, LLC, with a curve to the right, having a radius of 317.17 feet and a chord length of 359.22 feet, a chord bearing S 76° 00' 27" E, 340.32 feet to a point;

Thence S 43° 33' 41" E, 195.01 feet;

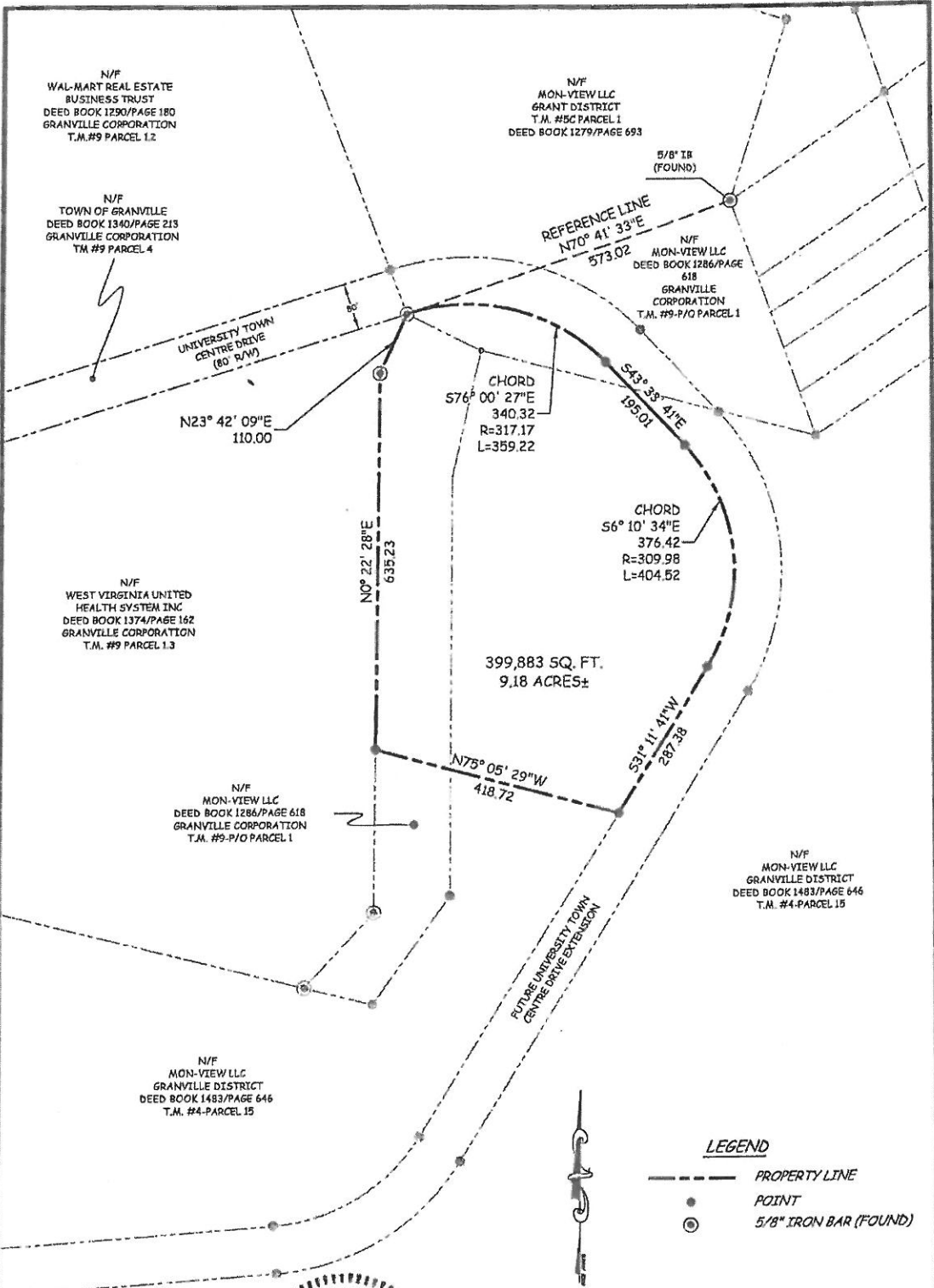
Thence with a curve to the right, having a radius of 309.98 feet and a chord length of 404.52 feet, a chord bearing S 6° 10' 34" E, 376.42 feet to a point;

Thence S 31° 11' 41" W, 287.38 feet to a point;

Thence leaving said right of way and through Granville District Tax Map 4 Parcel 15, now or formerly owned by Mon-View, LLC (Deed Book 1483 at Page 646), N 75° 05' 29" W, 418.72 feet to a point, said point being a common corner of said West Virginia United Health System, Inc. and said Mon-View, LLC;

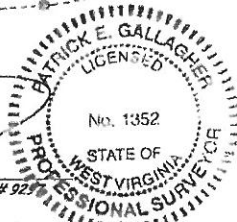
Thence N 0° 22' 28" E, 635.23 feet to a 5/8" iron bar (found);

Thence N 23° 42' 09" W, 110.00 feet to the point of beginning containing 399,883 sq. ft. or 9.18 Acres ±.



LEGEND

- PROPERTY LINE
- POINT
- ⊙ 5/8" IRON BAR (FOUND)



**CTL Engineering by
 West Virginia, Inc.**
 733 Fairmont Road Morgantown, WV 26501
 Phone: 304/292-1135 Fax: 304/294-9302
 310 C Street S. Charleston, WV 25303
 Phone: 304/746-1140 Fax: 304/746-1143
 CIVIL & SITE PLANNING * SURVEYING & MAPPING *
 ENVIRONMENTAL * MINING * GEOTECHNICAL * TESTING
 & CONSTRUCTION OBSERVATION * LABORATORY *

PLAT OF SURVEY
MADE FOR
MON-VIEW
 (PHASE III - PAD#2)
 GRANVILLE CORPORATION
 TAX MAP #4 PARCELS 1 AND 15 TAX MAP #9 PARCEL 1
 GRANT DISTRICT TAX MAP #5 PARCEL 1
 MONONGALIA COUNTY, WEST VIRGINIA
 SCALE: 1"=200' DATE: SEPTEMBER 6, 2013
 DRAWN BY: JFS CTL JOB NO. 12100029WV

EXHIBIT "B"

DUE DILIGENCE

1. Any and all leases affecting the Property and amendments thereto, as well as any other agreement, incident or related document which affects the obligations of Seller or the Property with respect to such leases: NONE
2. All outstanding third-party service contracts and agreements affecting the Property, including (i) Interparties Agreement dated June 5, 2003, (ii) Wal-Mart ECR dated March 9, 2005 and (iii) WVU Health System ACR dated September 30, 2008.
3. All mortgages, loan documents, bond documents, regulatory agreements and all other documents pertaining to the current financing on the Property: NONE
4. A written summary of any legal claims affecting the Property, and copies of all documents pertaining thereto: NONE
5. Any notices, correspondence, approvals, permits, and/or licenses or any agreements (including, without limitation subdivision and similar agreements) with, to or from any governmental or quasi-governmental authority having jurisdiction over the Property: NONE
6. Plans, specifications, certificates, inspection reports, notices, correspondence and all other documents prepared, transmitted or received by Seller, if any, in connection with any existing subdivision of or improvements constructed or to be constructed upon the Property: SEE Item 2 above.
7. Any letters or correspondence from utility companies reflecting the extent to which appropriate facilities have been installed and are available to the boundaries of the Property: None
8. Any and all additional data, plans, geological and engineering or environmental studies or reports, zoning information, water and sewer studies, topographic maps, platting and other materials, and all other information and agreements, relating to the Property or any portion thereof which is in the possession of the Seller or its agents: TO BE SUPPLIED
9. Any and all tax statements for three calendar years prior to the date of this Contract: AVAILABLE AT COURTHOUSE.
10. All licenses and permits affecting the Property: None
11. Any other agreements or documents not referenced above relating to or affecting the Property: NONE

EXHIBIT C

PURCHASE PRICE

To be determined following completion of the Survey pursuant to Section 2 of the Contract.

EXHIBIT 7.e
PRELIMINARY GRADING PLAN
(See Attached)