

The Honorable Jeffrey V. Kessler, Chair

**JOINT COMMITTEE ON
GOVERNMENT AND FINANCE**

Materials Distributed

January 7, 2014



West Virginia Legislature

1ST SESSION OF THE 81ST LEGISLATURE

Senate	House	Joint	Bill Status	WV Code	Audits/ Reports	Educational	Contact	
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Interim Committee Attendance - Results

Tuesday, January 07, 2014 - 01:00 PM

Joint Committee on Government and Finance

Attended:

- Delegate White
- Delegate Cowles
- Delegate Caputo
- Delegate Boggs
- Delegate Armstead
- Speaker Miley
- Senator Unger
- Senator Prezioso
- Senator Plymale
- 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
January 7, 2014

1:00 - 2:00 pm

Senate Finance Room

- 1. Approval of December 11, 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. Interim Committee Annual Reports**
- 11. Other Business**
- 12. Adjournment**

Joint Committee on Government and Finance

December 11, 2013

9:00am - 10:00am

Senate

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

House

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

President Kessler presides:

President Kessler: "The committee will come to order. The first item on the agenda is the adoption of the minutes of November 20, 2013. So moved by the Speaker. Any amendments, discussion? All those in favor say aye, all those opposed, the ayes appear to have it, the ayes do have it."

President Kessler: "Committee reports and quarterly reports are in our packet. Next presentation will be Mrs. Carenbauer from Workforce WV and the Unemployment Compensation Trust Fund. Good morning."

Mrs. Carenbauer: "Good morning Mr. Chairman, Mr. Speaker and members of the Committee. I am Beth Carenbauer, Acting Director of Unemployment Compensation of WV. On December 10 the Trust Fund had a balance of \$115,749,863. We are projecting this month that at the end of the year the Trust Fund will have \$228,482,00 in Revenue, in Benefits of \$234,194,000 and an ending balance of \$101,453,00. I would be happy to answer any questions."

President Kessler: "Any questions? There isn't any. Thank you."

Mrs. Carenbauer: "Thank you."

President Kessler: "Next we will be hearing from Mr. Cheatham."

Mr. Cheatham: "Ted Cheatham, Director of PEIA. I'm standing in for Ross Taylor. He does send his regrets. He had every intention of being here this morning, it was a last minute event that kept him from coming. Directors are here, do you have any questions?"

President Kessler: "Reports are in the file, any questions of Mr. Cheatham? No questions. Thank you sir."

Mr. Cheatham: "Thank you."

President Kessler: "Next we have DHHR, the Deputy Commissioner, Tina Bailes with status of the DHHR programs."

Ms. Tina Bailes: "Good morning Mr. President, Mr. Speaker and Committee members. I am Tina Bailes, the Deputy Commissioner for Finance with Bureau of Medical Services. Our October report is in your packet of information. I would be happy to take any questions you may have."

President Kessler: "Any questions of Ms. Bailes? Yes. Delegate Armstead."

Delegate Armstead: "I have a question and I know it relates to Medicaid and other services of DHHR. Are you familiar with the issues related to the non-emergency medical transportation broker agreement?"

Ms. Bailes: "Somewhat. Yes."

Delegate Armstead: "Can you tell me - I have been contacted by EMS agencies in my area. They are very concerned about this. I am wondering what is the status, has there been a broker contract given already, or are we still in that process? Where are we?"

Ms. Bailes: "Right now, currently we have received three propositions or three bids from three prospective vendors. Once we review those bids we will make a recommendation for award at a later date."

Delegate Armstead: "Are you familiar with the concerns that the EMS agencies have about this? Have you talked with them about this or anyone in your agency?"

Ms. Bailes: "I know within our agency there has been many discussions with those individuals. I personally have not had those direct conversations with those entities."

Delegate Armstead: "Is there any consideration in DHHR exempting them as I know that a number of other states have done with EMS departments so they have been exempted out. I guess the concern is they are reliant to a large degree in order to provide emergency transportation services by the revenue

they get from non-emergency transports and it is really putting a lot of them in grave danger of closing. I am just wondering if that is being taken into consideration or is there any discussions about that?"

Ms. Bailes: "It is my understanding at this point that there is not going to be any exemption but there have been protections that have been included in the proposal or the solicitation to insure that they would be given the opportunity to contract with whoever is awarded as the vendor. As well as we set a minimum floor in terms of the Medicaid reimbursement rate. So those protections have been included in the solicitation."

Delegate Armstead: "If the broker decides they didn't want to enter into that contract, that would be up to them, wouldn't it? That is how I understood it. You said they were given an opportunity to contract with the broker to continue to provide some of those services but that would be the decision of the broker, wouldn't it if they chose not to use the EMS?"

Ms. Bailes: "No, our proposal says that the broker must offer those contracts to those entities. So it would be up to the entity or the agency to decline to contract with that broker and the additional protections because I understand that there was concerns about the reimbursement. Those protections were also included in the solicitation that said that the broker must contract at a minimum at the medicaid rate."

Delegate Armstead: "I understood, and I have not looked at the legislation, but I understood the Senate had passed some legislation at one point about this and the EMS agencies were exempted in the Senate legislation and then it came over to the House and wasn't taken up. Is this something DHHR is going forward without any legislation or did you determine it wasn't necessary? Why has that changed, what is that change taken place?"

Ms. Bailes: "Based on the legal review, it was not necessary to have the enabling legislation as the designation of a single state agency we were able to move forward."

Delegate Armstead: "When do you anticipate entering into a contract for this, do you know?"

Ms. Bailes: "At this point, I don't know. I don't know how long the actual review of the proposal versus the recommendation of the purchasing process. I don't know how long that would take."

Delegate Armstead: "I guess what I'm wondering is there are a lot of questions about this. I am wondering if it wouldn't make a lot of sense to hold off on that until these questions are at least answered. I guess I am making that request that you consider maybe having, I don't know who in the agency is responsible for that program, but I think it would be useful for the committee to be able to talk with those individuals before any contract is let and determine whether a waiver would be something that we would want to look at for the EMS."

Ms. Bailes: "I will take that back."

Delegate Armstead: "Thank you."

President Kessler: "Any other questions of Ms. Bailes? Thank you."

President Kessler: "Next we will hear from the Investment Management."

Mr. Sauvageot: "Good morning, I am Tom Sauvageot with the West Virginia Investment Management Board. The report in your package, you can see we have gotten off to a very strong start for this fiscal year with a 7.9% return. This is certainly higher than expectations than we have. Unfortunately more modest return expectations are going forward. More importantly the ten year return which include some significant highs and lows of a full market cycle we are at 7.6% return in the Pension Plans. Which is just above our actuarial target of 7.5%."

President Kessler: "Any questions? Delegate Cowles."

Delegate Cowles: "Thank you Mr. President. Tom there was recent news that WV has been put on a two-year notice by Standard and Poor of a potential downgrade in our bond rating for School Building Authority and Economic Development. How would that affect our other investments and what would that mean for the Investment Management Board?"

Mr. Sauvageot: "That would have no impact on the Investment Management Board. We don't own any of the WV bonds in our portfolio and that would have absolutely no impact on any underlying investments in the Pension Plans."

Delegate Cowles: "And the bond ratings for School Building is based on our debt capacity as it relates to Lottery. If downgrade were to happen, does that cause you any concern at all for our investments?"

Mr. Sauvageot: "We are really getting outside of our purview of the Investment

Management Board. We are not investing in any WV bonds. We are investing out in the global investment market. So what happens internally in WV with their own bond ratings, lottery revenues, really doesn't affect us."

Delegate Cowles: "Ok. Thank you. Thank you Mr. President."

President Kessler: "Next is Mr. Riley with Worker's Compensation."

Mr. Riley: "Good morning Mr. President, Mr. Speaker and Committee members. Mike Riley, Insurance Commissioner. You have our package in front of you. Just a couple of numbers. The Old Fund is at 16,439 active claims, Coal Workers Fund 910 claims, and the Uninsured Fund remains stable at 35 claims. Operating Revenues steady at \$95M, \$18.5M in Investments and we ended the month of November with cash balance of \$1,091,491,767. Be happy to answer questions."

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

President Kessler: "The Board of Treasury report is in your packet. Is there any other business to come before the Committee? Delegate Armstead."

Delegate Armstead: "Thank you Mr. President. In speaking with the Speaker here, I think that the issue that I was asking DHHR about really affects all of our, many of our areas, I was just wondering if it might be possible for this Committee to send a letter to DHHR asking that they at least hold off on letting that contract, or if they can, I don't know what their legal requirements are in terms of giving out a bid or awarding a contract on that. I think it would be useful for this Committee to at least request that to some extent possible that be held off until we can get some questions answered on this."

President Kessler: "Again I don't know what the deadlines are or the statutory authority but we can certainly ask for an explanation of where they are and ask perhaps even that they be prepared to come before the January Joint Committee meeting to give us an up-date on that. Would that be satisfactory?"

Delegate Armstead: "Yes, that would. Thank you Mr. President."

Mr. President: "Any other questions comes before the Committee? Any other items? Any other business, if none Speaker moves we adjourn. All of those in favor say aye? Oppose? Ayes appear to have it, that ayes do have it, I declare the meeting adjourned."



WEST VIRGINIA LEGISLATURE

State Capitol Building
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305

Senate Education Committee
Building 1, Room M-427
Phone 304-357-7805

House Education Committee
Building 1, Room M-432
Phone 304-340-3265

*Select Committee on Outcomes-Based Funding
Models in Higher Education*

Senator Robert H. Plymale & Delegate Mary M. Poling, Co-chairs

MEMORANDUM

To: Jeffrey V. Kessler, President of the Senate
Timothy Miley, Speaker of the House

Date: January 7, 2014

RE: Interim Report

We respectfully submit the enclosed *RESOLUTION Supporting the Complete College America College Completion and Outcomes-Based Funding Initiative* adopted by the Select Committee on Outcomes-Based Funding Models in Higher Education on December 10, 2013 for acceptance by the Joint Committee on Government and Finance.

Please contact the Committee Co-chairs or staff if you have any questions or comments.

Cc: Aaron Allred



Select Committee on Outcomes-Based Funding Models in Higher Education

WEST VIRGINIA LEGISLATURE

State Capitol Building
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305

RESOLUTION

*Supporting the Complete College America College Completion and
Outcomes-Based Funding Initiative*

WHEREAS, The Legislature directed the Select Committee on Outcomes-Based Funding Models in Higher Education to study performance funding models as they pertain to the critical objectives of student progression and completion with a specific focus on adult learners, low income students and high need fields;

WHEREAS, The Select Committee recognizes that developmental education is also a critical component to increasing student progression and completion numbers, and ultimately, bolstering the West Virginia workforce;

WHEREAS, The Select Committee recognizes that there are low college completion rates for students who are placed into stand alone developmental education courses, with 8.4 percent completing a two-year public institution program in three years and 31.8 percent completing a four-year public institution program within six years;

WHEREAS, The Select Committee recognizes that majority of students placed into developmental education courses rarely complete their remedial education sequences and college-level gateway math or English courses with 19.2 percent of two-year public institution students and 30.5 percent of four-year public institution students finishing this sequence;

WHEREAS, The Select Committee recognizes that student attrition during the sequences of one or more semesters of developmental education is a primary reason students never complete gateway courses and subsequently a college degree;

WHEREAS, The Select Committee recognizes that student matriculation and success are challenged when students are required to complete remediation in math skills that are not required for their desired programs of study. Currently, only 15.5 percent of two-year and 22 percent of four-year public college students in developmental education complete these gateway math courses;

WHEREAS, The Select Committee recognizes that single placement exams are an ineffective means of determining college readiness, with as many as 50 percent of all students being misplaced into remediation when they could be successful in college ready courses; and

WHEREAS, The Select Committee recognizes that Complete College America and the National Governors Association have looked at metrics that tie state funding to student progression through programs and completion of degree certificates in order to improve graduation rates.

***RESOLVED BY THE SELECT COMMITTEE ON OUTCOMES–BASED FUNDING MODELS
IN HIGHER EDUCATION:***

That the Select Committee on Outcomes-Based Funding Models in Higher Education supports the development of a state report to study various higher education developmental education practices and outcomes at West Virginia public two-year and four-year institutions;

That the Community and Technical College System of West Virginia and the West Virginia Higher Education Policy Commission are requested to study various outcomes pertaining to the administration and outcomes of developmental education programs within West Virginia public two-year and four-year colleges and universities and to create a joint report of these findings to be submitted to the Legislative Oversight Commission on Education Accountability;

That the report shall consist of, but is not limited to, the following items:

- (1) The proportion of students by institution who need developmental or corequisite developmental/college coursework;
- (2) The proportion of students requiring developmental education who are placed into corequisite courses versus stand-alone developmental courses;
- (3) The proportion of students requiring developmental intervention who pass gateway courses in math, English, or both, within one year;
- (4) The credit accumulation of students assessed as below college ready;
- (5) Institution, system and state benchmarks for the proportion of students who will complete gateway math and English courses within one year of college enrollment;
- (6) Institution, system and state benchmarks for the proportion of new students requiring developmental education who will be placed in corequisite, credit-bearing classes, and how this proportion compares to the national recommendation of 75 percent;
- (7) Institution initiatives to develop program-appropriate mathematics courses that meet the needs of a particular course of study and are fully transferrable; and
- (8) Other recommendations to increase graduation rates across the systems, including, but not limited to, outcomes-based models that tie performance to graduation rates.

That this report also shall disaggregate findings for both adult learners and Pell grant recipients as each group is vital to increasing college completion rates and growing West Virginia's educated workforce;

That the Community and Technical College System of West Virginia and the West Virginia Higher Education Policy Commission shall report to the Legislative Oversight Commission on Education Accountability by the first day of January, 2015, on its findings, conclusions and recommendations, together with drafts of any legislation necessary to effectuate its recommendations; and

That this Resolution be forwarded to the West Virginia Council for Community and Technical College Education and the West Virginia Higher Education Policy Commission.

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

January 6, 2014

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

- West Virginia Lottery as of November 30, 2013:
Gross profit for July - November 2013 was \$220.9 million.
- West Virginia Unemployment Compensation Fund as of November 30, 2013:
Total disbursements were \$ 20 million less than last fiscal year. Overall ending trust fund balance was \$ 6 million lower on November 30, 2013, than on November 30, 2012.
- General Revenue Fund as of December 31, 2013:
The general revenue collections ended the sixth month of fiscal year 2013-2014 at 95.9% of the estimate for the year.
- State Road Fund as of December 31, 2013:
The state road fund collections ended the sixth month of fiscal year 2013-2014 at 105.2% 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: William Spencer, CPA
Acting Director Budget Division
Legislative Auditor's Office

Date: January 6, 2014

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

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for November 30, 2013, from monthly unaudited financial reports furnished to our office by the West Virginia Lottery Commission. The results are as follows:

Lottery Revenues:

Gross lottery revenues are receipts from on-line games, instant games, table games and video lottery. These gross receipts totaled \$514.2 million for July – November 30, 2013. Table games accounted for \$22.1 million of this total. Historic Resort Hotel video lottery and table games accounted for \$3.2 million of total gross receipts. Gross lottery revenue has decreased by 8.55% when compared with July - November 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 – November 2013 was \$220.9 million; for July - November of last fiscal year it was \$240.7 million. Expressed as a percentage, gross profit is 9.01% lower for fiscal year 2014 than for fiscal year 2013.

Lottery continued

Operating Transfers to the State of West Virginia:

A total of \$209,434,000.00 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	\$49,292,000.00
Community and Technical College	\$2,499,000.00
Department of Education	\$25,570,000.00
Library Commission	\$10,682,000.00
Higher Education-Central Office	\$7,062,000.00
Tourism	\$8,310,000.00
Department of Natural Resources	\$2,974,000.00
Division of Culture and History	\$4,869,000.00
Economic Development Authority	\$5,000,000.00
Department of Education and Arts	\$1,688,000.00
School Building Authority	\$8,998,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$126,944,000.00

Excess Lottery Fund

Lottery continued

Economic Development Fund	9,494,000.00
Higher Education Improvement Fund	7,500,000.00
WV Infrastructure Council Fund	0
Higher Education Improvement Fund	29,000,000.00
Refundable Credit	1,063,000.00
General Purpose Fund	0
DHHR	29,111,000.00
State Park Improvement Fund	0
School Building Authority	9,496,000.00
Excess Lottery Surplus	0
Total State Excess Lottery Revenue Fund	\$ 93,248,000.00

Historic Resort Hotel Distributions:

State General Revenue Fund	1,011,000.00
State Debt Reduction Fund	300,000.00
Tourism Promotion Fund	47,000.00
Total Historic Hotel	1,358,000.00

Veterans Instant Ticket Fund \$168,000.00

Table Games State Debt Reduction Fund \$ 10,919,000.00

RACETRACK VIDEO LOTTERY TRANSFERS:	
Tourism Promotion Fund 1.375%	3,255,000.00
Development Office Promo Fund	888,000.00
Research Challenge Fund .5%	1,185,000.00
Capitol Renovation and Improvement Fund .6875%	1,628,000.00
Parking Garage Fund .0625%	148,000.00

Lottery continued

Parking Garage Fund 1%	500,000.00
Cultural Facilities and Cap. Resources Fund .5%	868,000.00
Capitol Dome & Cap. Improvements Fund .5%	999,000.00
Workers Compensation Debt Reduction Fund 7%	11,000,000.00
SUBTOTAL VIDEO LOTTERY TRANSFERS:	\$20,471,000.00
TOTAL TRANSFERS	*\$253,108,000.00

* CASH BASIS

Total Accrued last FY 2013:	\$ 239,035,000.00
Total Cash Distributions FY 2014:	253,108,000.00
Applied to FY 2013:	253,108,000.00
Applied to FY 2014:	000.00
Accrued for FY 2013 as of November:	\$ -14,073,000.00
Accrued for FY 2014 as of November 30:	\$ 209,434,000.00



P.O. BOX 2067
CHARLESTON, WV 25327

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

Earl Ray Tomblin
Governor

John C. Musgrave
Director

MEMORANDUM

TO: Joint Committee on Government and Finance

FROM: John C. Musgrave, Director

RE: Monthly Report on Lottery Operations
Month Ending November 30, 2013

A handwritten signature in black ink, appearing to read "John C. Musgrave", written over the "FROM:" line of the memorandum.

DATE: December 17, 2013

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

Financial statements of the Lottery for the month ending November 30, 2013 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$98,858,732 for the month of November.

Transfers of lottery revenue totaling \$34,999,647 made for the month of November 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 November 30, 2013 was 1,560 and 1,466 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



WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

November 30, 2013

WEST VIRGINIA LOTTERY

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

ASSETS	November 30, 2013	June 30, 2013
Current Assets:		
Cash and cash equivalents	\$ 224,827	\$ 273,418
Accounts receivable	35,583	35,999
Inventory	484	492
Other assets	1,935	2,123
Total Current Assets	<u>262,829</u>	<u>312,032</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	1,493	1,640
Capital assets	46,997	46,846
Less accumulated depreciation and amortization	<u>(7,474)</u>	<u>(6,626)</u>
Net Capital Assets	<u>39,523</u>	<u>40,220</u>
Total Noncurrent Assets	<u>41,016</u>	<u>41,860</u>
Total Assets	<u>\$ 303,845</u>	<u>\$ 353,892</u>
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 195,361	\$ 239,035
Deferred LVL permit fees	-	-
Estimated prize claims	14,873	14,144
Accounts payable	1,271	1,828
Other accrued liabilities	<u>37,474</u>	<u>44,019</u>
Total Current Liabilities	<u>248,979</u>	<u>299,026</u>
Total Liabilities	<u>248,979</u>	<u>299,026</u>
Net Position:		
Restricted by enabling legislation	1,489	1,640
Net Investment in capital assets	39,523	40,220
Unrestricted	<u>13,854</u>	<u>13,006</u>
Total Net Position	<u>54,866</u>	<u>54,866</u>
Total Net Position	<u>\$ 303,845</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 FIVE MONTH PERIOD ENDED NOVEMBER 30, 2013
(In Thousands)
- Unaudited -

	CURRENT MONTH		YEAR TO DATE	
	2014	2013	2014	2013
Lottery revenues				
On-line games	\$ 6,075	\$ 11,230	\$ 35,245	\$ 37,289
Instant games	8,004	8,798	43,849	45,188
Racetrack video lottery	48,908	50,664	253,960	277,700
Limited video lottery	31,100	32,308	155,783	164,365
Table games	4,218	6,034	22,140	30,003
Historic resort	553	493	3,202	3,609
	<u>98,858</u>	<u>109,527</u>	<u>514,179</u>	<u>558,154</u>
Less commissions				
On-line games	421	795	2,464	2,623
Instant games	560	616	3,069	3,163
Racetrack video lottery	30,988	30,964	149,910	163,813
Limited video lottery	15,239	15,831	76,334	80,539
Table games	1,841	2,634	9,666	13,099
Historic resort	290	230	1,568	1,671
	<u>49,339</u>	<u>51,070</u>	<u>243,011</u>	<u>264,908</u>
Less on-line prizes	2,896	5,478	17,182	18,363
Less instant prizes	5,276	5,844	28,951	30,055
Less ticket costs	125	137	785	749
Less vendor fees and costs	570	734	3,384	3,404
	<u>8,867</u>	<u>12,193</u>	<u>50,302</u>	<u>52,571</u>
Gross profit	<u>40,652</u>	<u>46,264</u>	<u>220,866</u>	<u>240,675</u>
Administrative expenses				
Advertising and promotions	183	779	2,198	2,307
Wages and related benefits	898	944	4,455	4,661
Telecommunications	79	69	315	381
Contractual and professional	364	471	1,921	1,778
Rental	22	19	122	90
Depreciation and amortization	169	173	848	887
Other administrative expenses	104	206	552	651
	<u>1,819</u>	<u>2,661</u>	<u>10,411</u>	<u>10,755</u>
Other Operating Income	<u>182</u>	<u>154</u>	<u>2,042</u>	<u>2,038</u>
Operating Income	<u>39,015</u>	<u>43,757</u>	<u>212,497</u>	<u>231,958</u>
Nonoperating income (expense)				
Investment income	23	20	103	100
Capital contribution from State of WV	-	-	-	-
Distributions to municipalities and counties	(610)	(633)	(3,053)	(3,222)
Distributions -capital reinvestment	(23)	(305)	(113)	(401)
Distributions to the State of West Virginia	(38,405)	(42,839)	(209,434)	(228,435)
	<u>(39,015)</u>	<u>(43,757)</u>	<u>(212,497)</u>	<u>(231,958)</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 FIVE MONTH PERIOD ENDED NOVEMBER 30, 2013**

(In Thousands)
-Unaudited-

	2014	2013
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 516,637	\$ 561,955
Cash payments for:		
Personnel costs	(4,403)	(4,614)
Suppliers	(5,510)	(5,800)
Other operating costs	(287,388)	(317,143)
Cash provided by operating activities	<u>219,336</u>	<u>234,398</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(253,108)	(255,028)
Distributions to municipalities and counties	(3,050)	(3,226)
Distributions to racetrack from racetrack cap. reinv. fund	(11,868)	(13,571)
Cash used in noncapital financing activities	<u>(268,026)</u>	<u>(271,825)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(151)</u>	<u>-</u>
Cash flows from investing activities:		
Investment earnings received	<u>103</u>	<u>100</u>
Cash provided by investing activities	<u>103</u>	<u>100</u>
Increase (decrease) in cash and cash equivalents	(48,738)	(37,327)
Cash and cash equivalents - beginning of period	<u>275,058</u>	<u>243,911</u>
Cash and cash equivalents - end of period	\$ <u>226,320</u>	\$ <u>206,584</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 212,497	\$ 231,958
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	848	887
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	416	1,763
(Increase) decrease in inventory	8	(149)
(Increase) decrease in other assets	188	177
Increase (decrease) in estimated prize claims	729	1,863
Increase (decrease) in accounts payable	(557)	(956)
Increase (decrease) in deferred revenue	-	-
Increase (decrease) in other accrued liabilities	5,207	(1,145)
Cash provided by operating activities	<u>\$ 219,336</u>	<u>\$ 234,398</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 November 30, 2013 the carrying amounts of deposits (overdraft) with financial institutions were \$497 thousand with a bank balance (overdraft) of \$515 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):

	November 30, 2013	June 30, 2013
Deposits with financial institutions	\$ 497	\$ 1,411
Cash on hand at the Treasurer's Office	14,283	53,718
Investments with BTI reported as cash equivalents	211,540	219,929
	<u>\$ 226,320</u>	<u>\$ 275,058</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 4 – CAPITAL ASSETS

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

Capital Assets:

	Historical Cost At June 30, 2013	Additions	Deletions	Historical Cost At November 30, 2013
Construction in Progress	\$ 549	\$ 151	\$ -	\$ 700
Buildings	38,084	-	-	38,084
Land	1,434	-	-	1,434
Improvements	260	-	-	260
Equipment	6,519	-	-	6,519
	<u>\$ 46,846</u>	<u>\$ 151</u>	<u>\$ -</u>	<u>\$ 46,997</u>
Accumulated Depreciation:				
	Historical Cost At June 30, 2013	Additions	Deletions	Historical Cost At November 30, 2013
Buildings	\$ 1,189	\$ 397	\$ -	\$ 1,586
Improvements	260	-	-	260
Equipment	5,177	451	-	5,628
	<u>\$ 6,626</u>	<u>\$ 848</u>	<u>\$ -</u>	<u>\$ 7,474</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 November 30, 2013 and fiscal year-to-date is as follows:

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 2,680,309	\$ 19,138,021
Hot Lotto	380,300	2,145,501
Mega Millions	1,145,179	4,164,547
Total	\$ 4,205,788	\$ 25,448,069

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,340,154	\$ 9,569,011
Hot Lotto	190,150	1,072,750
Mega Millions	582,895	2,119,603
Total	\$ 2,113,199	\$ 12,761,364

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

<u>Game</u>	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 110,135,501	\$ 1,900,689
Hot Lotto	6,966,350	497,326
Mega Millions	31,181,964	510,508
Total	\$ 148,283,815	\$ 2,908,523

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 \$15,254,926 at November 30, 2013, of which the Lottery's share was \$1,599,398.

NOTE 6 - RACETRACK VIDEO LOTTERY

The Racetrack Video Lottery legislation stipulates the distribution of racetrack video lottery revenues. This legislation has been amended since inception to restate revenue distribution based on revenue benchmarks. Initially, four percent (4%) of gross terminal revenue is allocated for lottery administrative costs. Sixty-six percent (66%) of net terminal revenue (gross less 4%) is allocated in lieu of commissions to: the racetracks (47%); other private entities associated with the racing industry (17%); and the local county and municipal governments (2%). The remaining revenues (34%) of net terminal revenue is allocated for distribution to State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in the Note 10 titled "Nonoperating Distributions to the State of West Virginia."

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

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

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

After deduction of the surcharge, 55% of net terminal revenue is allocated in lieu of commissions to: the racetracks (42%); other private entities associated with the racing industry (11%); and the local county and incorporated municipality governments (2%). The remaining net terminal revenue (45%) is allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 10. Amounts from the capital reinvestment fund may be distributed to each racetrack if qualifying expenditures are made within the statutory timeframe; otherwise amounts accumulated in the fund revert to the state excess lottery revenue fund.

The WV Lottery, along with the Ohio, 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 November 30, 2013 and fiscal year-to-date follows (in thousands):

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

	Current Month		Year-to-Date	
	2014	2013	2014	2013
Total credits played	\$ 543,909	\$ 566,417	\$ 2,850,245	\$ 3,108,105
Credits (prizes) won	(488,030)	(508,644)	(2,558,198)	(2,791,769)
Promotional credits played	(6,947)	(7,080)	(37,954)	(38,460)
MWAP Contributions	(24)	(29)	(133)	(176)
Gross terminal income	48,908	50,664	253,960	277,700
Administrative costs	(1,956)	(1,572)	(10,158)	(10,654)
Net Terminal Income	46,952	49,092	243,802	267,046
Less distribution to agents	(30,988)	(30,964)	(149,910)	(163,813)
Racetrack video lottery revenues	<u>\$ 15,964</u>	<u>\$ 18,128</u>	<u>\$ 93,892</u>	<u>\$ 103,233</u>

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

	November 30, 2013	Year-to-Date
State Lottery Fund	\$ 14,085	\$ 73,141
State Excess Lottery Revenue Fund	-	-
Capital Reinvestment Fund	-	-
Tourism Promotion Fund 1.375%	646	3,352
Development Office Promotion Fund .375 %	176	914
Research Challenge Fund .5 %	235	1,219
Capitol Renovation & Improvement Fund .6875 %	323	1,676
Parking Garage Fund .0625 %	29	152
Parking Garage Fund 1 %	-	500
Cultural Facilities & Capitol Resources Fund .5 %	235	969
Capitol Dome & Capitol Improvements Fund .5 %	235	969
Worker's Compensation Debt Reduction Fund 7 %	-	11,000
Total nonoperating distributions	<u>\$ 15,964</u>	<u>\$ 93,892</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 November 30, 2013 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2014	2013	2014	2013
Total credits played	\$ 368,357	\$ 383,578	\$ 1,846,764	\$ 1,943,212
Credits (prizes) won	(337,257)	(351,270)	(1,690,981)	(1,778,847)
Gross terminal income	\$ 31,100	\$ 32,308	\$ 155,783	\$ 164,365
Administrative costs	(622)	(646)	(3,116)	(3,287)
Gross Profit	30,478	31,662	152,667	161,078
Commissions	(15,239)	(15,831)	(76,334)	(80,539)
Municipalities and Counties	(610)	(633)	(3,053)	(3,222)
Limited video lottery revenues	\$ 14,629	\$ 15,198	\$ 73,280	\$ 77,317

NOTE 8 – TABLE GAMES

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

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

Retain 3% of the adjusted gross receipts for administrative expenses of which at least \$100,000 and not more than \$500,000 annually will be transferred to the Compulsive Gambling Treatment Fund. Transfer two and one-half percent of adjusted gross receipts from all thoroughbred racetracks with West Virginia Lottery table games to the special funds established by each thoroughbred racetrack table games licensee for the payment of regular racetrack purses to be divided equally among each licensee and transfer two and one-half percent of adjusted gross receipts from all greyhound racetracks with West Virginia Lottery table games to the special funds established by each greyhound racetrack table games licensee for the payment of regular racetrack purses to be divided equally among each licensee. Transfer two percent of the adjusted gross receipts from all licensed racetracks to the Thoroughbred Development Fund and the Greyhound Breeding Development Fund to be divided pro rata among the development funds. Transfer one percent of the adjusted gross receipts from each licensed racetrack to the county commissions of the counties where racetracks with West Virginia Lottery table games are located to be divided pro rata among the counties. Transfer two percent of the adjusted gross receipts from each licensed racetrack to the governing bodies of municipalities within counties where racetracks with West Virginia Lottery table games are located as prescribed by statute. And transfer one-half of one percent of the adjusted gross receipts to the governing bodies of municipalities in which a racetrack table games licensee is located to be divided equally among the municipalities. The Commission will distribute the remaining amounts, hereinafter referred to as the net amounts in the Racetrack Table Games Funds as follows:

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

NOTE 8 – TABLE GAMES (continued)

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

The cash transferred to the State Debt Reduction Fund in the current month is included in Note 10- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month ended November 30, 2013 and fiscal year-to-date were \$12,052,716 and \$63,255,710, respectively. The following table shows the month and year totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2014	2013	2014	2013
Table Games Privilege Tax	\$ 4,218	\$ 6,034	\$ 22,140	\$ 30,003
Interest on Table Games Fund	-	1	2	2
Administrative costs	(362)	(518)	(1,898)	(2,571)
Total Available for Distribution	<u>3,856</u>	<u>5,517</u>	<u>20,244</u>	<u>27,434</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	301	431	1,581	2,143
Thoroughbred & Greyhound Development Funds	241	345	1,265	1,714
Racing Association Pension Plan	106	152	557	754
Municipalities/ Counties	1,193	1,706	6,263	8,488
Total Distributions	<u>1,841</u>	<u>2,634</u>	<u>9,666</u>	<u>13,099</u>
State Debt Reduction Fund	<u>\$ 2,015</u>	<u>\$ 2,883</u>	<u>\$ 10,578</u>	<u>\$ 14,335</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 Ohio, 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 November 30, 2013 and fiscal year-to-date follows (in thousands):

	2014	2013	2014	2013
Total credits played	\$ 5,749	\$ 4,661	\$ 28,468	\$ 28,594
Credits (prizes) won	(5,268)	(4,318)	(26,095)	(26,279)
Promotional credits played	(84)	(64)	(357)	(291)
MWAP Contributions	-	(1)	(2)	(5)
Gross terminal income	397	278	2,014	2,019
Capital reinvestment	(19)	(13)	(95)	(95)
Modernization Fund	(4)	(2)	(18)	(18)
Administrative costs	(21)	(15)	(109)	(109)
Hotel commissions	(168)	(117)	(852)	(854)
Net terminal income	185	131	940	943
Historic Resort Hotel Fund	118	83	598	600
Human Resource Benefit Fund	67	48	342	343

Historic Resort Table Games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the month ended November 30, 2013 and fiscal year-to-date were \$447,555 and \$3,394,267, respectively.

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

	2014	2013	2014	2013
Table games privilege tax	\$ 156	\$ 216	\$ 1,188	\$ 1,590
Administrative Costs	(20)	(28)	(153)	(204)
Total Available for Distribution	136	188	1,035	1,386
Historic Resort Hotel Fund	114	157	866	1,159
Human Resource Benefit Fund	22	31	169	227

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):

	<u>Current Month</u>	<u>Year-to-Date</u>
Historic Resort Hotel Video Lottery	\$ 118	\$ 598
Historic Resort Table Games	114	866
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	<u>232</u>	<u>1,464</u>
Municipalities/ Counties	33	205
State General Revenue Fund	148	937
State Debt Reduction Fund	44	278
State Tourism Promotion Fund	7	44
Total Distributions	<u>\$ 232</u>	<u>\$ 1,464</u>

NOTE 10- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA

The Lottery periodically distributes surplus funds, exclusive of amounts incurred and derived from limited video lottery and a portion of racetrack video lottery funds, to the State of West Virginia in accordance with the legislation. For the year ending June 30, 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 November 30, 2013 the Lottery has accrued additional distributions of \$192,340,036. 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 November 30, 2013, the Lottery accrued additional distributions relating to racetrack video lottery, table games, and historic resort operations of \$805,743, \$2,015,452, and \$199,475, 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>November 30, 2013</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 2,499
Bureau of Senior Services	6,154	49,292
Department of Education	3,192	25,570
Library Commission	1,334	10,682
Higher Education-Policy Commission	882	7,062
Tourism	1,037	8,310
Natural Resources	371	2,974
Division of Culture & History	608	4,869
Department of Education & Arts	211	1,688
Economic Development Authority	1,000	5,000
School Building Authority	1,800	8,998
Total State Lottery Fund	\$ 17,089	\$ 126,944

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	\$ 9,494
Higher Education Improvement Fund	1,500	7,500
General Purpose Account	7,584	7,584
Higher Education Improvement Fund	927	29,000
State Park Improvement Fund	-	-
School Building Authority	1,899	9,496
Refundable Credit	-	1,063
WV Racing Commission	-	-
WV Department of Health and Human Resources	-	29,111
WV Development Office	-	-
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	-	-
Total State Excess Lottery Revenue Fund	\$ 13,809	\$ 93,248
Total Budgetary distributions:	\$ 30,898	\$ 220,192
Veterans Instant Ticket Fund	\$ 76	\$ 168

Other Racetrack Video Lottery distributions:

Tourism Promotion Fund 1.375%	\$ 591	\$ 3,255
Development Office Promotion Fund .375%	161	888
Research Challenge Fund .5%	216	1,185
Capitol Renovation & Improvement Fund .6875%	296	1,628
Parking Garage Fund .0625 %	27	148
Parking Garage Fund 1 %	-	500
Cultural Facilities & Cap. Resources Fund .5%	215	868
Capitol Dome & Cap. Improvements Fund .5%	215	999
Workers Compensation Debt Reduction Fund 7%	-	11,000
Total	\$ 1,721	\$ 20,471
Table Games State Debt Reduction Fund	\$ 1,850	\$ 10,919

Historic Resort Hotel distributions:

State General Revenue Fund	\$ 339	\$ 1,011
State Debt Reduction Fund	100	300
Tourism Promotion Fund	15	47
Total	\$ 454	\$ 1,358

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

\$ 34,999 \$ 253,108

Accrued nonoperating distributions, beginning

(191,955) (239,035)

Accrued nonoperating distributions, end

195,361 195,361

\$ 38,405 \$ 209,434

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 November 30, 2013 and November 30, 2012 approximated \$122,307 and \$89,674 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 November 30, 2013 and November 30, 2012 approximated \$583,112 and \$584,007 respectively.

Future rental receipts (in thousands) are as follows:

Year Ended June 30	Rental Receipts
2014	541
2015	232
Total	\$ 773

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 November 30, 2013 and fiscal year-to-date are as follows (in thousands):

	November 30, 2013	Year-to-Date
Lottery contributions	\$ 89	\$ 458
Employee contributions	27	141
Total contributions	\$ 116	\$ 599

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.

**SCHEDULE OF REVENUES AND NET REVENUES OF THE
 LOTTERY FUND AND EXCESS LOTTERY FUND
 FOR THE MONTH ENDED NOVEMBER 30, 2013
 (In Thousands)**

	Current Month		FISCAL YEAR	
	<u>Actual</u>	<u>Projected</u>	<u>Actual</u>	<u>Projected</u>
Gross Revenues				
Instant games	8,004	8,750	43,849	43,750
On-line games	6,075	5,888	35,245	29,440
Racetrack video lottery	48,908	40,096	253,960	215,871
Limited video lottery	31,100	30,946	155,783	157,008
Total gross revenues	<u>94,087</u>	<u>85,680</u>	<u>488,837</u>	<u>446,069</u>
Net Revenues - Lottery Fund and Excess Lottery Fund				
Lottery Fund				
Instant games	1,024	956	5,535	4,780
On-line games	1,911	1,617	10,688	8,087
Racetrack Video Lottery	14,094	11,548	73,181	62,171
Total Lottery Fund net revenues	<u>17,029</u>	<u>14,121</u>	<u>89,404</u>	<u>75,038</u>
Excess Lottery Fund				
Racetrack Video Lottery	-	-	-	-
Limited Video Lottery	-	-	-	-
Limited Video Lottery Fees	14,648	14,557	74,549	73,857
Total Excess Lottery Fund Net Revenues	<u>14,648</u>	<u>14,557</u>	<u>74,549</u>	<u>73,857</u>
Total Net Revenues	<u>31,677</u>	<u>28,678</u>	<u>163,953</u>	<u>148,895</u>

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: William Spencer, C.P.A.
Acting Director Budget Division
Legislative Auditor's Office

Date: January 6, 2014

Re: Status of General Revenue Fund and State Road Fund as of
December 31, 2013 (FY 2013-2014)

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

The net collections were 95.9% of the estimate for the fiscal year. Total collections were \$ 81.5 million under the estimate.

Personal Income Tax collections were \$ 63.9 million below the estimate for the fiscal year.

Consumer sales and use tax collections were \$ 11.9 million below the estimate for the year.

Severance Tax was \$ 2.1 million below the estimate for the fiscal 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
304-347-4870

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

From: William Spencer, C.P.A.
Acting Director Budget Division
Legislative Auditor's Office

Date: January 6, 2014

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the November 30, 2013 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia.

As of November 30, 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	\$ 123,456,080.50
Disbursements July 1, 2013 thru June 30, 2014	\$ 118,787,681.40
Balance November 30, 2013	\$ 124,180,155.05

ITEMS OF NOTE:

Regular benefits paid for September - November 2013 were \$10.7 million less than September - November 2012.

Federal emergency benefits totaled \$19.6 million for September - November 2013. For September - November 2012, federal emergency benefits totaled \$28.3 million.

Total disbursements were \$ 20 million less in September - November 2013 than the preceding September - November 2012.

Receipts as of November 2013 were \$ 10 million less than in September - November 2012. Overall ending trust fund balance was \$6 million lower on November 30, 2013 than on November 30, 2012.

Seasonally adjusted unemployment rates for November 2013 were 6.1 percent for West Virginia and 7.0 percent nationally.

Since November 2012 employment has increased by 9,100. Employment declines were as follows: 700 in leisure and hospitality; 400 in other services; and 400 in trade, transportation, and utilities. Manufacturing was unchanged over the year. Employment gains were as follows: 4,000 in the service-providing sector; 5,100 in the goods-producing sector; 3,300 in mining and logging; 2,100 in educational and health services; 1,800 in construction; 1,800 in professional and business services; 1,000 in government; 500 in financial activities; and 100 in information.

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

	SEPTEMBER 2012	OCTOBER 2012	NOVEMBER 2012	SEPTEMBER 2013	OCTOBER 2013	NOVEMBER 2013	THREE MONTH TOTAL VARIANCE *
Balance Forward	<u>\$151,846,935.52</u>	<u>\$135,262,361.54</u>	<u>\$133,010,123.39</u>	<u>\$135,489,026.95</u>	<u>\$121,779,486.86</u>	<u>\$121,868,553.96</u>	<u>(\$40,982,352.68)</u>
Add Receipts:							
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions:	\$1,377,334.99	\$16,679,162.55	\$16,649,580.03	\$1,562,699.97	\$14,853,196.29	\$17,441,209.77	(\$848,971.54)
3. Federal Emergency Benefits (EUC08)	\$7,511,561.75	\$10,497,481.70	\$10,218,217.86	\$7,263,859.85	\$6,417,339.26	\$5,834,239.85	(\$8,711,822.35)
4. Federal Share Extended Benefits (EB)	\$67.00	\$181.00	\$560.00	\$0.00	\$707.00	\$143.00	\$42.00
5. Temp Federal Additional Comp (FAC)	\$25.98	\$368.00	\$23.00	\$15.00	\$0.00	\$0.00	(\$401.98)
6. UCFE (Federal Agencies)	\$80,545.69	\$87,979.88	\$84,099.70	\$121,636.82	\$175,088.49	\$123,633.16	\$167,733.20
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	\$938,580.99	\$0.00	\$0.00	\$766,600.59	\$0.00	\$0.00	(\$171,980.40)
11. UCX (Military Agencies)	\$352,627.29	\$423,055.37	\$330,739.13	\$248,161.48	\$266,370.27	\$247,168.01	(\$344,722.03)
12. WV Insurance Committee-Senate Bill 246	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
13. CMIA Receipts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Receipts	<u>\$10,260,743.69</u>	<u>\$27,688,228.50</u>	<u>\$27,283,219.72</u>	<u>\$9,962,973.71</u>	<u>\$21,712,701.31</u>	<u>\$23,646,393.79</u>	<u>(\$9,910,123.10)</u>
Less Disbursements:							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)
Regular Benefits:	\$17,624,903.19	\$19,899,745.36	\$19,058,515.12	\$15,675,526.83	\$15,128,963.53	\$15,112,846.76	(\$10,665,826.55)
Federal Emergency Benefits (EUC08)	\$8,492,117.73	\$9,575,796.71	\$10,189,619.87	\$7,607,973.35	\$6,073,719.63	\$5,882,960.78	(\$8,692,880.55)
Federal Share Extended Benefits (EB)	(\$3,983.00)	(\$58.00)	(\$606.00)	(\$3,159.00)	\$186.00	(\$1,864.00)	(\$190.00)
Emergency Benefits (TEUC)	(\$160.00)	(\$30.00)	(\$110.00)	\$0.00	(\$70.00)	\$0.00	\$230.00
Temp Federal Additional Comp (FAC)	\$25.98	\$475.00	\$23.00	\$46.00	\$537.90	\$58.00	\$117.92
UCFE (Federal Workers) Benefits	\$89,267.98	\$78,969.42	\$84,278.22	\$125,496.25	\$170,575.14	\$97,822.70	\$141,378.47
UCX (Military Workers) Benefits	\$390,123.25	\$385,568.16	\$328,602.85	\$266,548.24	\$249,637.90	\$242,968.46	(\$345,139.66)
Reed Act Funds	\$59,735.69	\$0.00	\$0.00	\$82.13	\$84.11	\$0.00	(\$59,569.45)
Special Administrative Transfer**	\$193,286.85	\$0.00	\$37,588.06	\$0.00	\$0.00	\$0.00	(\$230,874.91)
Total Monthly Disbursements	<u>\$26,845,317.67</u>	<u>\$29,940,466.65</u>	<u>\$29,697,911.12</u>	<u>\$23,672,513.80</u>	<u>\$21,623,634.21</u>	<u>\$21,334,792.70</u>	<u>(\$19,852,754.73)</u>
Trust Fund Balance	<u>\$135,262,361.54</u>	<u>\$133,010,123.39</u>	<u>\$130,595,431.99</u>	<u>\$121,779,486.86</u>	<u>\$121,868,553.96</u>	<u>\$124,180,155.05</u>	<u>(\$31,039,721.05)</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.

UC TRUST FUND PROJECTIONS - 2014

January 2, 2014

Month	Revenues	Benefits	Trust Fund Balance
2013			
Balance 1/1/2013			\$ 107,165,000
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	\$ 2,329,000	\$ 16,039,000	\$ 121,779,000
October	\$ 14,853,000	\$ 14,764,000	\$ 121,868,000
November	\$ 17,441,000	\$ 15,129,000	\$ 124,180,000
December	\$ 1,393,000	\$ 23,947,000	\$ 101,626,000
Totals - 2013	\$ 228,747,000	\$ 234,286,000	\$ 101,626,000

2014			
January	\$ 12,410,000	\$ 25,173,000	\$ 88,863,000
February	\$ 14,304,000	\$ 23,077,000	\$ 80,090,000
March	\$ 809,000	\$ 25,492,000	\$ 55,407,000
April	\$ 39,389,000	\$ 22,057,000	\$ 72,739,000
May	\$ 74,440,000	\$ 13,522,000	\$ 133,657,000
June	\$ 1,955,000	\$ 20,357,000	\$ 115,255,000
July	\$ 24,017,000	\$ 16,576,000	\$ 122,696,000
August	\$ 27,774,000	\$ 16,124,000	\$ 134,346,000
September	\$ 2,439,000	\$ 15,309,000	\$ 121,476,000
October	\$ 15,571,000	\$ 14,081,000	\$ 122,966,000
November	\$ 17,969,000	\$ 14,684,000	\$ 126,251,000
December	\$ 1,454,000	\$ 22,934,000	\$ 104,771,000
Totals - 2014	\$ 232,531,000	\$ 229,386,000	\$ 104,771,000

The average projected unemployment rate in West Virginia for CY 2013 is 7.1%.

The average projected unemployment rate in West Virginia for CY 2014 is 7.0%.

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

November 2013

West Virginia Legislative Interims
January 2014

West Virginia Public Employees Insurance Agency

Statement of Changes in Plan Net Assets

For the Five Months Ending Saturday, November 30, 2013

(Dollars in Thousands)

(Unaudited-For Internal Use Only)

(\$ 000 's)						
ACTUAL	BUDGET	PRIOR YR	BUDGET VARIANCE		PRIOR YR VARIANCE	
			\$	%	\$	%
PREMIUM REVENUE						
197,417	199,120	199,277	Health Insurance - State Gov. - Employers	(1,703)	(1%)	(1,860) (1%)
52,734	52,503	52,545	Health Insurance - State Gov. - Employees	231	0%	189 0%
46,169	44,363	44,566	Health Insurance - Local Gov. - All	1,806	4%	1,603 4%
884	1,288	1,327	Life Insurance	(404)	(31%)	(443) (33%)
	3,125	1,458	Direct Transfer	(3,125)	(100%)	(1,458) (100%)
9,025	5,225	6,974	Interest and Investment Income	3,800	73%	2,051 29%
954	1,020	676	Other Premium Revenue	(66)	(6%)	278 41%
1,948	1,997	1,950	Administrative Fees, Net of Refunds	(49)	(2%)	(2) (0%)
309,131	308,641	308,773	TOTAL REVENUE	490	0%	358 0%
OPERATING EXPENSES						
152,440	157,386	144,167	Claims Expense - Medical	4,946	3%	(8,273) (6%)
47,252	52,408	44,982	Claims Expense - Drugs	5,156	10%	(2,270) (5%)
15,958	17,197	16,232	Payments to Managed Care Org.	1,239	7%	274 2%
5,498	5,810	5,670	Administrative Service Fees	312	5%	172 3%
884	1,387	1,328	Life Insurance Expense	503	36%	444 33%
1,093	1,247	840	Wellness and Disease Management	154	12%	(253) (30%)
143			ACA Comparative Effectiveness Fee	(143)	0%	(143) 0%
2,042			ACA Reinsurance Contribution	(2,042)	0%	(2,042) 0%
2,034	2,409	2,258	Other Operating Expenses	375	16%	224 10%
67,002	67,009	67,702	WV RHBT Pay Go Premiums	7	0%	700 1%
294,346	304,853	283,179	TOTAL EXPENSES	10,507	3%	(11,167) (4%)
14,785	3,788	25,594	YTD SURPLUS (DEFICIT)	10,997	290%	(10,809) (42%)
198,348	198,348	159,243	Total Net Assets, Beginning of Period			39,105 25%
\$213,133	\$202,136	\$184,837	TOTAL NET ASSETS, END OF PERIOD	\$10,997	5%	\$28,296 15%

West Virginia Retiree Trust
STATEMENT OF CHANGES IN PLAN NET POSITION
For the Five Months Ending Saturday, November 30, 2013

(\$ 0 0 0 's)						
ACTUAL	BUDGET	PRIOR YR	BUDGET VARIANCE		PRIOR YR VARIANCE	
			\$	%	\$	%
A D D I T I O N S						
Employer Premiums:						
\$1,368	\$1,337	\$1,345				
55,749	55,886	56,267	\$31	2%	\$23	2%
952	0	30	(136)	(0%)	(518)	(1%)
58,068	57,222	57,642	952	0%	922	3,070%
			846	1%	426	1%
Member Premiums:						
32,440	32,082	31,707	358	1%	733	2%
11,253	11,124	11,432	129	1%	(179)	(2%)
9,293	9,396	9,025	(103)	(1%)	268	3%
52,985	52,602	52,163	383	1%	822	2%
111,054	109,824	109,805	1,230	1%	1,248	1%
Other Additions:						
400	625	625	(225)	(36%)	(225)	(36%)
0	0	1,631	0	0%	(1,631)	(100%)
44,996	15,521	22,759	29,475	190%	22,236	98%
156,449	125,970	134,820	30,479	24%	21,629	16%
TOTAL ADDITIONS						
DEDUCTIONS						
55,991	55,184	46,469	(807)	(1%)	(9,522)	(20%)
9,187	9,396	9,066	209	2%	(121)	(1%)
28,133	29,967	26,745	1,834	6%	(1,388)	(5%)
9,800	11,025	9,105	1,225	11%	(695)	(8%)
15	0	0	(15)	0%	(15)	0%
212	0	0	(212)	0%	(212)	0%
737	895	738	157	18%	1	0%
1,133	1,606	1,266	473	29%	134	11%
105,209	108,073	93,390	2,863	3%	(11,820)	(13%)
51,240	17,897	41,431	33,343	186%	9,809	24%
NET FUND I N C R E A S E						
Net Position Restricted for Post Employment Benefits						
590,230	590,230	492,779	0	(0%)	97,451	20%
\$641,470	\$608,127	\$534,210	\$33,343	5%	\$107,260	20%

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



November 30

	2013	2012
	(in thousands)	
ASSETS		
Short Term Assets		
Cash and Equivalents	\$ 20,942	\$ 26,111
Advance Deposit with Carrier/Trustee	213,314	206,607
Receivables - Net	5,852	1,275
Prepaid Insurance	3,336	3,404
Total Short Term Assets	243,444	237,397
Long Term Assets		
Investments	140,130	136,911
Total Long Term Assets	140,130	136,911
TOTAL ASSETS	383,574	374,308
LIABILITIES		
Short Term Liabilities		
Accounts payable	5,620	1,433
Claims Payable	126	350
OPEB Liability	372	374
Agents Commissions Payable	401	428
Unearned Revenue	11,055	9,133
Current Estimated Claim Reserve	53,327	49,463
Total Short Term Liabilities	70,901	61,181
Long Term Liabilities		
Compensated Absences	64	67
Estimated Noncurrent Claim Reserve	94,793	94,808
Total Long Term Liabilities	94,857	94,875
TOTAL LIABILITIES	165,758	156,056
Prior Year Net Assets	215,048	221,515
Current Year Earnings (Deficiency)	2,768	(3,263)
TOTAL NET ASSETS	217,816	218,252
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 383,574	\$ 374,308

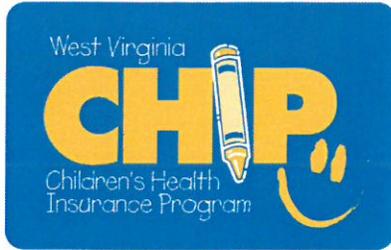
DRAFT - Unaudited - Management Purposes Only

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



	November 30	
	2013	2012
	(in thousands)	
Operating Revenues		
Premium Revenues	\$ 22,891	\$ 20,480
Less - Excess Insurance	(2,749)	(2,427)
Total Operating Revenues	20,142	18,053
Operating Expenses		
Claims Expense	23,149	25,013
Property & MS Claims Expense	692	2,113
Personal Services	585	552
General & Administrative Expense	1,023	1,019
Total Operating Expenses	25,449	28,697
Operating Income (Loss)	(5,307)	(10,644)
Nonoperating Revenues		
Investment Income	8,075	7,381
Total Nonoperating Revenues	8,075	7,381
Net Income (Loss)	\$ 2,768	\$ (3,263)

DRAFT - Unaudited - Management Purposes Only

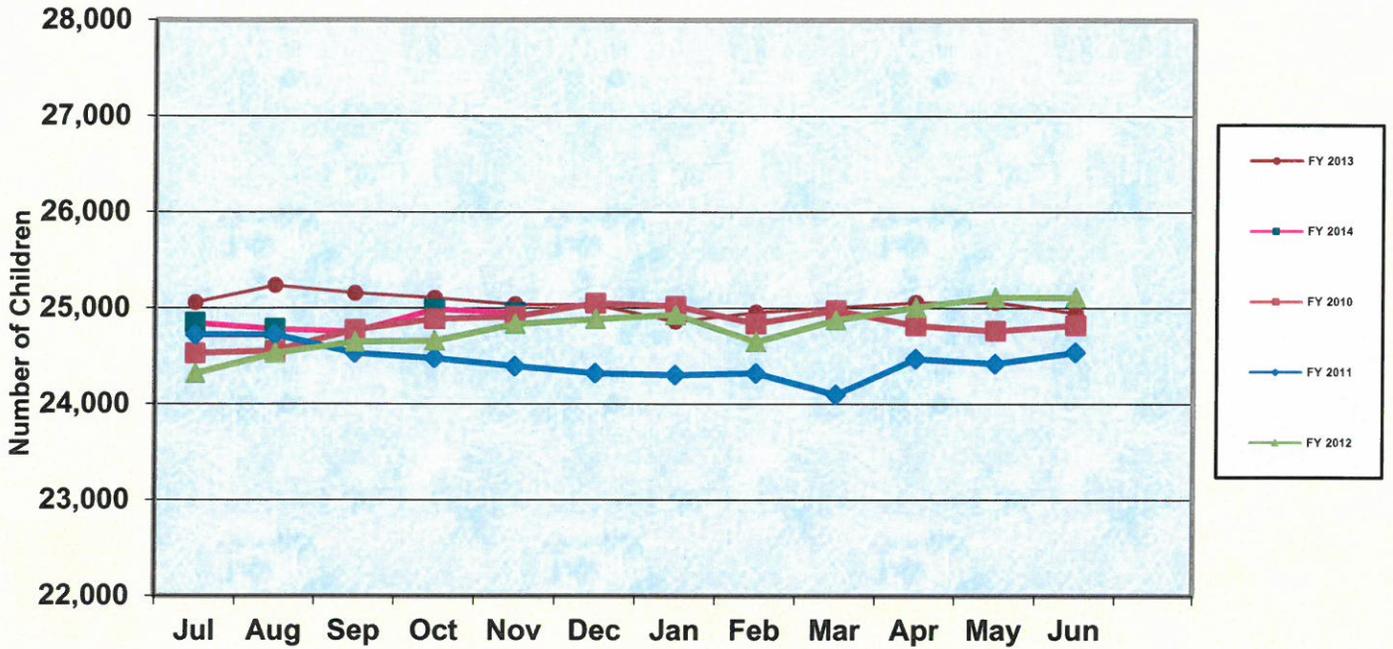


West Virginia Children's Health Insurance Program
2 Hale Street
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Helpline 877-982-2447
www.chip.wv.gov

Joint Committee on Government and Finance Report

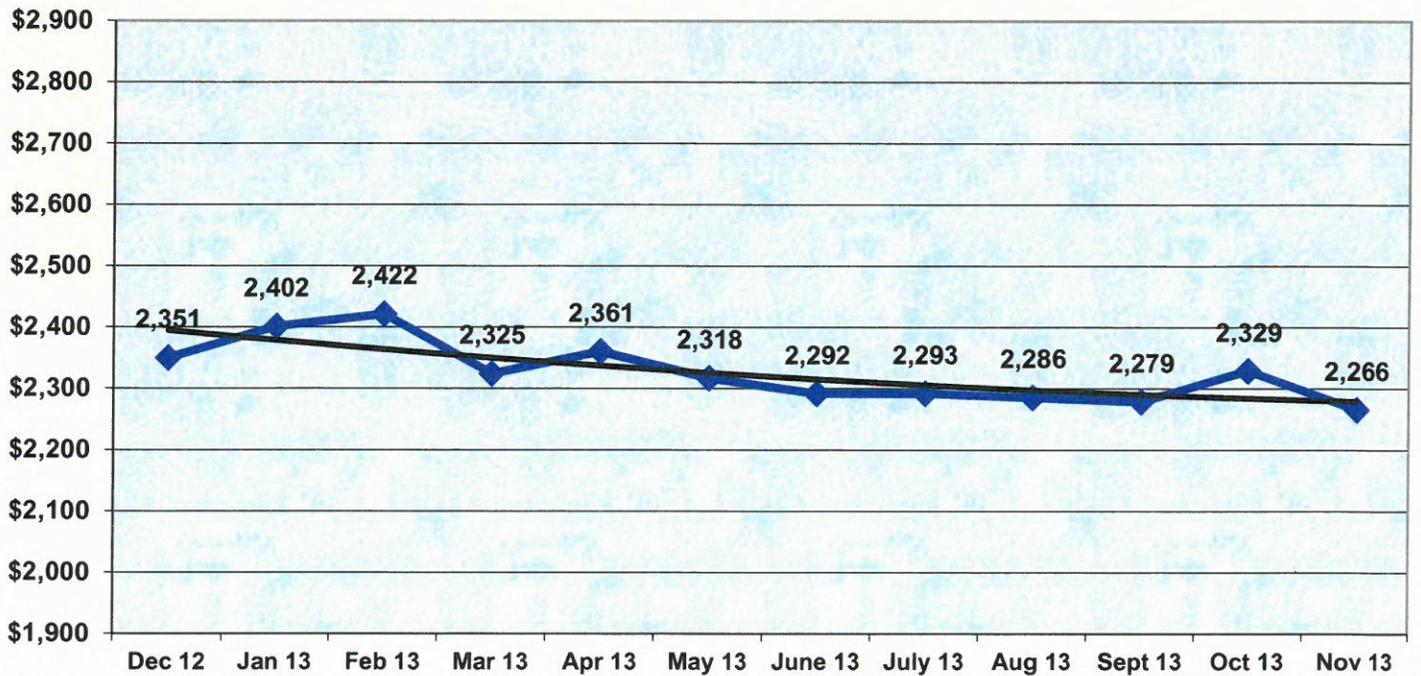
January 2014

WV CHIP Enrollment



November 30th Enrollment 24,955

Annualized Health Care Expenditures (Cost per Child)



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

	November 30, 2013	November 30, 2012	Variance	
Assets:				
Cash & Cash Equivalents	\$13,705,855	\$14,443,462	(\$737,607)	-5%
Due From Federal Government	\$5,135,734	\$3,997,169	\$1,138,565	28%
Due From Other Funds	\$1,079,487	\$972,580	\$106,907	11%
Accrued Interest Receivable	\$7,911	\$13,619	(\$5,708)	-42%
Fixed Assets, at Historical Cost	<u>\$93,386</u>	<u>\$95,345</u>	<u>(\$1,959)</u>	<u>-2%</u>
Total Assets	<u>\$20,022,373</u>	<u>\$19,522,175</u>	<u>\$500,198</u>	<u>3%</u>
Liabilities:				
Accounts Payable	\$293,432	\$254,749	\$38,683	15%
Deferred Revenue	\$1,370,049	\$2,128,845	(\$758,795)	-36%
Unpaid Insurance Claims Liability	<u>\$5,040,000</u>	<u>\$4,715,000</u>	<u>\$325,000</u>	<u>7%</u>
Total Liabilities	<u>\$6,703,481</u>	<u>\$7,098,593</u>	<u>(\$395,112)</u>	<u>-6%</u>
Fund Equity	<u>\$13,318,892</u>	<u>\$12,423,582</u>	<u>\$895,310</u>	<u>7%</u>
Total Liabilities and Fund Equity	<u>\$20,022,373</u>	<u>\$19,522,175</u>	<u>\$500,198</u>	<u>3%</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 Five Months Ending November 30, 2013 and November 30, 2012
(Modified Accrual Basis)

	November 30, 2013	November 30, 2012	Variance	
Revenues				
Federal Grants	19,895,231	19,899,353	(4,122)	0%
State Appropriations	4,194,852	4,588,743	(393,891)	-9%
Premium Revenues	343,125	352,558	(9,433)	-3%
Investment Income:				
Investment Earnings	<u>32,607</u>	<u>34,925</u>	<u>(2,318)</u>	<u>-7%</u>
Total Revenues	<u>24,465,815</u>	<u>24,875,579</u>	<u>(409,764)</u>	<u>-2%</u>
Expenditures:				
Claims:				
Outpatient Services	5,874,126	6,100,015	(225,889)	-4%
Prescribed Drugs	4,269,399	4,102,255	167,144	4%
Physicians & Surgical	3,935,716	5,984,856	(2,049,140)	-34%
Dental	3,605,013	3,601,658	3,355	0%
Inpatient Hospital Services	2,211,863	2,218,876	(7,013)	0%
Outpatient Mental Health	647,497	607,807	39,690	7%
Inpatient Mental Health	612,894	278,953	333,941	120%
Durable & Disposable Med. Equip.	587,524	527,506	60,018	11%
Vision	401,145	392,188	8,957	2%
Therapy	317,950	313,724	4,226	1%
Medical Transportation	170,222	201,295	(31,073)	-15%
Other Services	46,627	57,261	(10,634)	-19%
Less: Collections**	<u>(436,280)</u>	<u>(170,960)</u>	<u>(265,320)</u>	<u>155%</u>
Total Claims	<u>22,243,696</u>	<u>24,215,434</u>	<u>(1,971,738)</u>	<u>-8%</u>
General and Admin Expenses:				
Salaries and Benefits	264,204	235,543	28,661	12%
Program Administration	1,046,621	846,491	200,130	24%
Eligibility	211,848	165,883	45,965	28%
Outreach & Health Promotion	256,927	317,669	(60,742)	-19%
Current	<u>76,938</u>	<u>65,135</u>	<u>11,803</u>	<u>18%</u>
Total Administrative	<u>1,856,538</u>	<u>1,630,721</u>	<u>225,817</u>	<u>14%</u>
Total Expenditures	<u>24,100,234</u>	<u>25,846,155</u>	<u>(1,745,921)</u>	<u>-7%</u>
Excess of Revenues				
Over (Under) Expenditures	365,581	(970,576)	1,336,157	-138%
Unrealized Gain(loss) On Investments*	11,987	47,719	(35,732)	-75%
Fund Equity, Beginning	<u>12,941,324</u>	<u>13,346,439</u>	<u>(405,115)</u>	<u>-3%</u>
Fund Equity, Ending	<u>13,318,892</u>	<u>12,423,582</u>	<u>895,310</u>	<u>7%</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 Five Months Ended November 30, 2013**

	Budgeted for		Year to Date		Year to Date		Year to Date		Monthly			
	Year	Budgeted Amt	Actual Amt	Variance*	Budgeted Amt	Actual Amt	Nov-13	Actual Amt	Actual Amt	Actual Amt	Actual Amt	Actual Amt
Projected Cost	\$47,897,012	\$19,957,088	\$22,880,601	(\$2,923,512)	-15%	\$3,991,418	\$3,803,066	\$6,120,736	\$4,017,263			
Premiums	969,397	403,915	\$343,125	(\$60,790)	-15%	80,783	54,343	82,043	64,711			
Subrogation & Rebates	457,374	190,573	\$436,280	245,708	129%	38,115	0	13,608	154,755			
Net Benefit Cost	46,470,241	19,362,600	\$22,101,195	(\$2,738,595)	-14%	3,907,458	3,748,723	6,025,084	3,797,797			
Salaries & Benefits	\$710,522	\$296,050.83	\$264,205	\$31,846	11%	\$59,210	\$50,625	\$50,220	\$50,220			
Program Administration	3,024,544	1,260,227	\$943,466	316,760	25%	252,045	171,732	225,628	192,568			
Eligibility	400,000	166,667	\$211,848	(45,181)	-27%	33,333	90,453	4,378	425			
Outreach & Health Prom.	1,000,000	416,667	\$260,676	155,990	37%	83,333	4,931	13,755	216,660			
Current Expense	170,000	70,833	\$69,070	1,764	2%	14,167	11,070	18,556	13,748			
Total Admin Cost	\$5,305,066	\$2,210,444	\$1,749,265	\$461,179	21%	\$442,089	\$328,811	\$312,537	\$473,621			
Total Program Cost	\$51,775,307	\$21,573,045	\$23,850,460	(\$2,277,415)	-11%	\$4,349,547	\$4,077,533	\$6,337,621	\$4,271,418			
Federal Share 79.76%	41,642,879	17,206,660	\$19,113,143	(1,906,483)	-11%	3,469,199	3,252,241	5,054,886	3,435,502			
State Share 20.24%	10,132,428	4,366,384	\$4,737,317	(370,932)	-8%	880,348	825,293	1,282,734	835,917			
Total Program Cost **	\$51,775,307	\$21,573,045	\$23,850,460	(\$2,277,415)	-11%	\$4,349,547	\$4,077,533	\$6,337,621	\$4,271,418			

* 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:

- Total budgeted for Year Program costs are CCRC Actuary's Base Line Scenarios dated 6/30/13 Final worksheet Net Paid Program Costs.

- 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

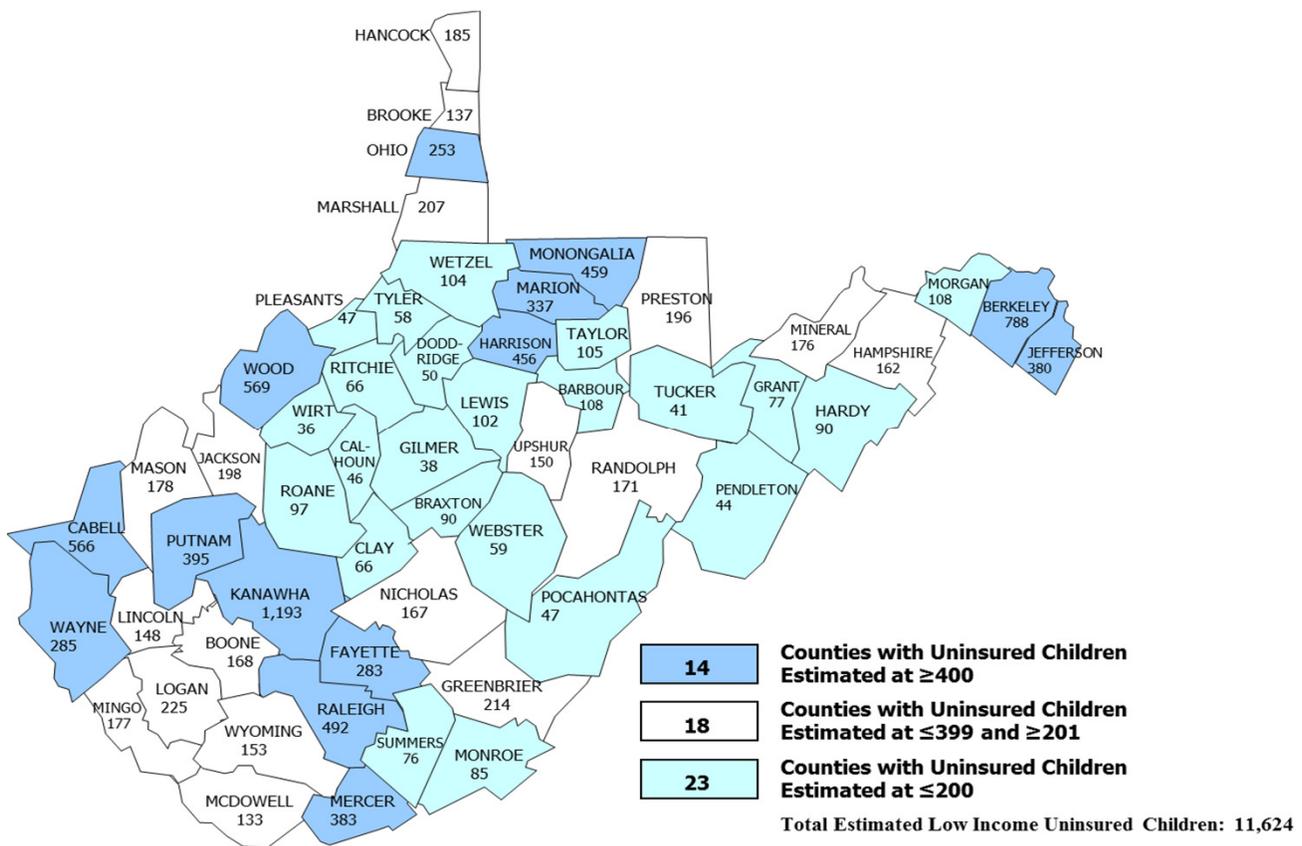
December 2013

County	County Pop.	Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2010	2010
	2010 Est. (0-18 Yrs)	Enrollment Dec-13	Enrollment Dec-13	CHIP/Medicaid Enrollment	Enrollment % of Population	Est. Uninsured 3%	# Children Uninsured Ranking*
Barbour	3,600	282	1,592	1,874	52.1%	108	33
Berkeley	26,251	1,426	9,229	10,655	40.6%	788	2
Boone	5,615	319	2,793	3,112	55.4%	168	25
Braxton	3,006	206	1,524	1,730	57.5%	90	40
Brooke	4,573	289	1,574	1,863	40.7%	137	31
Cabell	18,879	1,025	8,718	9,743	51.6%	566	4
Calhoun	1,518	127	754	881	58.0%	46	51
Clay	2,215	183	1,387	1,570	70.9%	66	44
Doddridge	1,673	160	650	810	48.4%	50	48
Fayette	9,438	788	4,807	5,595	59.3%	283	13
Gilmer	1,260	71	552	623	49.4%	38	54
Grant	2,555	186	968	1,154	45.2%	77	42
Greenbrier	7,131	605	3,092	3,697	51.8%	214	16
Hampshire	5,392	302	2,099	2,401	44.5%	162	27
Hancock	6,166	386	2,453	2,839	46.0%	185	20
Hardy	3,015	174	1,390	1,564	51.9%	90	39
Harrison	15,202	975	5,773	6,748	44.4%	456	7
Jackson	6,602	433	2,892	3,325	50.4%	198	18
Jefferson	12,679	570	3,259	3,829	30.2%	380	10
Kanawha	39,771	2,352	18,119	20,471	51.5%	1,193	1
Lewis	3,389	242	1,645	1,887	55.7%	102	37
Lincoln	4,930	371	2,848	3,219	65.3%	148	30
Logan	7,496	494	4,154	4,648	62.0%	225	15
Marion	11,227	685	4,585	5,270	46.9%	337	11
Marshall	6,886	349	2,814	3,163	45.9%	207	17
Mason	5,929	273	2,783	3,056	51.5%	178	21
McDowell	4,423	284	3,172	3,456	78.1%	133	32
Mercer	12,764	1,063	7,183	8,246	64.6%	383	9
Mineral	5,868	294	2,083	2,377	40.5%	176	23
Mingo	5,905	383	3,411	3,794	64.3%	177	22
Monongalia	15,294	800	4,578	5,378	35.2%	459	6
Monroe	2,835	238	1,088	1,326	46.8%	85	41
Morgan	3,596	268	1,446	1,714	47.7%	108	34
Nicholas	5,561	408	2,692	3,100	55.7%	167	26
Ohio	8,444	521	3,076	3,597	42.6%	253	14
Pendleton	1,462	114	536	650	44.5%	44	52
Pleasants	1,551	125	549	674	43.4%	47	50
Pocahontas	1,561	163	696	859	55.0%	47	49
Preston	6,536	450	2,594	3,044	46.6%	196	19
Putnam	13,150	758	3,766	4,524	34.4%	395	8
Raleigh	16,403	1,291	8,070	9,361	57.1%	492	5
Randolph	5,705	506	2,668	3,174	55.6%	171	24
Ritchie	2,205	148	948	1,096	49.7%	66	45
Roane	3,239	310	1,750	2,060	63.6%	97	38
Summers	2,521	191	1,280	1,471	58.4%	76	43
Taylor	3,514	236	1,366	1,602	45.6%	105	35
Tucker	1,371	123	492	615	44.9%	41	53
Tyler	1,924	112	765	877	45.6%	58	47

WVCHIP Enrollment Report

December 2013

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment Dec-13	Total Medicaid Enrollment Dec-13	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	2010 Est. Uninsured 3%	2010 # Children Uninsured Ranking*
Upshur	4,996	380	2,440	2,820	56.4%	150	29
Wayne	9,516	526	4,493	5,019	52.7%	285	12
Webster	1,977	146	1,222	1,368	69.2%	59	46
Wetzel	3,466	252	1,621	1,873	54.0%	104	36
Wirt	1,201	97	682	779	64.9%	36	55
Wood	18,956	1,142	8,614	9,756	51.5%	569	3
Wyoming	5,116	409	2,643	3,052	59.7%	153	28
Totals	387,459	25,011	168,378	193,389	49.9%	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 December 1-31, 2013

NEW CONTRACT OF LEASE

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-228 New Contract of Lease for 15 years consisting of 3,821 square feet of office space at the annual per square foot rate of \$18.00, annual cost \$68,778.00, 1655 South Pleasants Highway, in the City of St. Marys, Pleasants County, West Virginia.

HHR-230 New Contract of Lease for 10 years consisting of 10,000 square feet of office space at the annual per square foot rate of \$16.45, annual cost \$164,500.00, 53 Kiess Drive, in the City of Petersburg, Grant County, West Virginia.

HHR-231 New Contract of Lease for 3 years consisting of 100 square feet of storage space at the monthly rate of \$162.00, annual cost \$1,944.00, electricity/climate controlled, 200 Piedmont Road, in the City of Charleston, Kanawha County, West Virginia.

STRAIGHT RENEWAL

ATTORNEY GENERAL'S OFFICE

AGO-014 Renewal for 1 year consisting of 10,183 square feet of office space at the current annual per square foot rate of \$12.50, annual cost \$127,287.50, full service, One Players Club Drive, in the City of Charleston, Kanawha County, West Virginia.

DEPARTMENT OF VETERANS ASSISTANCE

VET-033 Renewal for 3 years consisting of 550 square feet of office space at the current annual per square foot rate of \$14.18, annual cost \$7,800.00, full service, 115-17 Aikens Center, in the City of Martinsburg, Berkeley County, West Virginia.

RENEWAL WITH INCREASE IN RENT

PUBLIC EMPLOYEES GRIEVANCE BOARD

EGB-013 Renewal for 5 years consisting of 1,932 square feet of office/storage/tower monitoring space with an increase in the annual per square foot rate from \$12.00 to \$12.50, annual cost \$24,150.00, full service, 11 Commerce Drive, Suite 204, in the City of Westover, Monongalia County, West Virginia.

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

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	Department of Health and Human Resources	HHR-228	Pleasants	3,821	18.00	68,778
2	Department of Health and Human Resources	HHR-230	Grant	10,000	16.45	164,500
3	Department of Health and Human Resources	HHR-231	Kanawha	100	0.00	1,944
4	Attorney General's Office	AGO-014	Kanawha	10,183	12.50	127,288
5	Department of Veterans Assistance	VET-033	Berkeley	550	14.18	7,799
6	Public Employees Grievance Board	EGB-013	Monongalia	1,932	12.50	24,150

			73.63
Total Rentable Square Feet	<u>26,586</u>		
Average Annual Rental Rate		<u>14.73</u>	
Total Annual Rent			<u>394,459</u>

Joint Committee on Government and Finance

January 2014

Department of Health and Human Resources

MEDICAID REPORT

November 2013 Data

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

	MONTH OF NOVEMBER 2013		ACTUALS	TOTAL	ACTUALS	Estimate	ACTUALS	PROJECTED
	SFY2013	SFY2014	Current Month Ended 11/30/13	Current Month Ended 11/30/13	Year To-Date Thru 11/30/13	12/1/13 Thru 6/30/14		
EXPENDITURES:								
Inpatient Hospital - Reg. Payments	155,429,299	199,265,328	11,060,076	12,069,958	73,550,660	125,714,668		
Inpatient Hospital - DSH	56,816,481	56,580,000	13,667,506	14,145,000	27,544,959	29,035,041		
Inpatient Hospital - Supplemental Payments	114,105,226	96,139,194	1,762,109	1,762,110	39,886,892	56,252,302		
Inpatient Hospital - GME Payments	6,164,764	6,228,590	-	1,557,148	3,012,862	3,215,728		
Mental Health Facilities	87,243,074	114,848,923	6,112,475	7,128,008	35,935,687	78,913,236		
Mental Health Facilities - DSH Adjustment Payments	18,880,975	18,882,000	4,721,761	4,720,500	9,444,912	9,437,088		
Nursing Facility Services - Regular Payments ⁽²⁾	537,541,608	554,417,908	47,702,324	46,216,108	231,811,665	322,606,243		
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-		
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-		
Intermediate Care Facilities - Private Providers	68,163,593	67,331,000	6,010,192	5,610,917	28,701,252	38,629,748		
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-		
Physicians Services - Regular Payments	117,203,017	160,730,609	7,960,584	10,066,022	39,173,754	121,556,855		
Physicians Services - Supplemental Payments	28,092,471	29,903,100	-	-	12,770,561	17,132,539		
Physician and Surgical Services - Evaluation and Management	-	21,962,392	3,082,599	1,366,164	14,498,799	7,463,593		
Physician and Surgical Services - Vaccine Codes	-	221,842	14,263	21,334	61,338	160,504		
Outpatient Hospital Services - Regular Payments	102,898,953	145,154,798	7,721,436	8,801,968	43,918,146	101,236,653		
Outpatient Hospital Services - Supplemental Payments	124,121,376	69,977,047	16,442,349	16,442,348	35,118,447	34,858,600		
Prescribed Drugs	331,397,125	356,724,143	19,467,363	20,271,666	107,199,071	249,525,072		
Drug Rebate Offset - National Agreement	(201,903,185)	(202,289,800)	(1,277,718)	(3,175,428)	(84,198,905)	(118,090,895)		
Drug Rebate Offset - State Sidebar Agreement	(16,603,872)	(16,895,800)	(236,527)	(265,220)	(7,493,628)	(9,402,172)		
Drug Rebate Offset - MCO National	(799,544)	(812,900)	(424,017)	(12,760)	(5,860,505)	5,047,605		
Drug Rebate Offset - MCO State Sidebar Agreement	-	-	(96,437)	-	(570,711)	570,711		
Dental Services	55,866,868	78,358,578	5,111,667	4,748,423	24,097,949	54,260,630		
Other Practitioners Services - Regular Payments	11,566,376	18,600,155	1,037,267	1,163,377	4,850,632	13,749,523		
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-		
Clinic Services	4,566,348	6,309,621	332,545	391,331	1,683,039	4,626,582		
Lab & Radiological Services	22,573,569	33,844,618	2,209,309	2,052,704	11,660,536	22,184,082		
Home Health Services	47,334,128	59,832,974	3,547,242	3,663,031	18,783,118	41,049,856		
Hysterectomies/Sterilizations	133,155	221,588	10,359	13,408	60,163	161,425		
Pregnancy Terminations	-	-	-	-	-	-		
EPSDT Services	1,363,840	2,034,978	56,208	123,546	172,671	1,862,307		
Rural Health Clinic Services	7,886,514	10,330,901	690,624	630,215	3,197,126	7,133,775		
Medicare Health Insurance Payments - Part A Premiums	18,215,881	19,650,400	1,523,353	1,637,533	7,619,044	12,031,356		
Medicare Health Insurance Payments - Part B Premiums	81,258,370	90,272,700	7,031,397	7,522,725	34,945,020	55,327,680		
120% - 134% Of Poverty	6,160,455	6,509,900	558,383	500,762	2,710,301	3,799,599		
135% - 175% Of Poverty	-	-	-	-	-	-		
Coinsurance And Deductibles	8,417,028	8,653,000	629,597	665,615	3,308,245	5,344,755		

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

	MONTH OF NOVEMBER 2013		ACTUALS	TOTAL	ACTUALS	Estimate	ACTUALS	PROJECTED
	SFY2013	SFY2014	Current Month Ended 11/30/13	Current Month Ended 11/30/13	Year To-Date Thru 11/30/13	12/1/13 Thru 6/30/14		
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	397,197,343	454,163,627	41,795,619	34,454,113	200,555,164	253,608,463		
Medicaid MCO - Evaluation and Management	-	23,841,350	6,616,175	5,192,743	14,487,315	9,354,035		
Medicaid MCO - Vaccine Codes	-	1,270,236	365,379	292,745	794,323	475,913		
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	-	40,415	181,447	343,953		
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-		
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-		
Home & Community-Based Services (MR/DD)	342,155,532	352,000,000	29,636,927	27,076,923	148,033,425	203,966,575		
Home & Community-Based Services (Aged/Disabled)	125,334,180	136,776,586	8,209,496	10,521,700	45,673,632	91,102,954		
Home & Community-Based Services (Traumatic Brain Injury)	156,502	2,720,625	55,397	209,279	231,587	2,489,038		
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	80,252,679	5,882,456	4,862,262	28,651,678	51,601,001		
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-		
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-		
Targeted Case Management Services - State Wide	2,668,659	4,035,719	166,347	245,077	932,580	3,103,139		
Primary Care Case Management Services	163,137	241,420	11,136	14,608	58,104	183,316		
Hospice Benefits ⁽³⁾	24,909,406	33,408,296	1,819,848	2,021,446	11,539,067	21,869,229		
Emergency Services Undocumented Aliens	285,046	362,067	10,713	21,908	77,190	284,877		
Federally Qualified Health Center	18,240,226	24,443,404	1,437,967	1,489,054	7,068,493	17,374,910		
Non-Emergency Medical Transportation	25,112,179	34,840,953	2,213,799	2,108,215	11,069,846	23,771,107		
Physical Therapy	2,102,592	3,161,494	194,875	191,362	991,765	2,169,729		
Occupational Therapy	370,520	481,061	39,296	29,108	190,439	290,622		
Services for Speech, Hearing & Language	408,350	603,122	40,987	36,515	201,184	401,938		
Prosthetic Devices, Dentures, Eyeglasses	1,551,271	2,490,832	171,696	151,146	775,734	1,715,098		
Diagnostic Screening & Preventive Services	553,321	768,682	49,035	46,515	211,670	557,012		
Nurse Mid-Wife	230,458	423,216	15,770	25,608	96,994	326,222		
Emergency Hospital Services	(2,247)	(1,200)	(897)	(92)	(1,879)	679		
Critical Access Hospitals	31,395,064	48,996,857	2,579,020	2,967,054	13,231,397	35,765,461		
Nurse Practitioner Services	2,006,168	3,499,907	111,212	211,969	651,114	2,848,793		
School Based Services	52,157,547	54,149,130	1,227,359	4,166,600	15,463,224	38,685,906		
Rehabilitative Services (Non-School Based)	76,111,131	98,820,482	5,849,111	6,037,362	34,053,314	64,767,168		
Private Duty Nursing	5,290,076	7,034,325	429,684	428,738	2,529,277	4,505,048		
Other Care Services	21,997,876	31,932,187	1,564,219	1,936,604	9,276,190	22,655,997		
Less: Recoupments	-	-	(260,943)	-	(340,637)	340,637		
NET EXPENDITURES:	2,986,562,919	3,414,230,245	276,659,972	274,617,490	1,264,276,737	2,149,953,508		

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

MONTH OF NOVEMBER 2013	ACTUALS	TOTAL	ACTUALS	Estimate	ACTUALS	PROJECTED
	SFY2013	SFY2014	Current Month Ended 11/30/13	Current Month Ended 11/30/13	Year To-Date Thru 11/30/13	12/1/13 Thru 6/30/14
Collections: Third Party Liability (line 9A on CMS-64)	(10,619,577)	-	-	-	(1,875,723)	1,875,723
Collections: Probate (line 9B on CMS-64)	(262,779)	-	-	-	(246,651)	246,651
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(21,585)	-	-	-	-	-
Collections: Other (line 9D on CMS-64)	(9,910,781)	-	-	-	(701,762)	701,762
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	2,965,748,198	3,414,230,245	276,659,972	274,617,490	1,261,452,601	2,152,777,644
Plus: Medicaid Part D Expenditures	36,222,591	36,395,195	3,087,016	3,032,933	15,296,797	21,098,398
Plus: State Only Medicaid Expenditures	2,998,425	3,834,747	188,133	294,980	1,103,046	2,731,701
Plus: Money Follow the Person Expenditures	30,838	4,409,797	54,980	339,215	206,758	4,203,039
TOTAL MEDICAID EXPENDITURES	\$ 3,005,000,052	\$ 3,458,869,984	\$ 279,990,100	\$ 278,284,618	\$ 1,278,059,202	\$ 2,180,810,783
Plus: Reimbursables ⁽¹⁾	7,514,299	8,055,095	580,981	619,623	3,019,915	5,035,180
TOTAL EXPENDITURES	\$ 3,012,514,351	\$ 3,466,925,079	\$ 280,571,081	\$ 278,904,241	\$ 1,281,079,117	\$ 2,185,845,962

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

(2) Of the amount in the "Nursing Facility Services-Regular Payments" line, \$8,936,796 is the amount paid to State Facilities year to date.

(3) Of the amount in the "Hospice Benefits" line, \$8,397,360 is the amount paid to Nursing Facilities for Hospice Benefits year to date.

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

5 Months Actuals

7 Months Remaining

MONTH OF NOVEMBER 2013	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2013	Current Month Ended 11/30/13	Year-To-Date Thru 11/30/13	12/1/2013 Thru 6/30/14	SFY2014
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	\$ 8,645,986	\$ 12,349,461	\$ 34,992,812	\$ -	\$ 34,992,812
MATCHING FUNDS					
General Revenue (0403/189)	193,207,966	48,567,476	135,503,269	201,834,905	337,338,174
MRDD Waiver (0403/466)	88,753,483	6,508,589	30,767,875	57,985,608	88,753,483
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,333	1,081,666	1,514,334	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,667	2,648,334	3,707,666	6,356,000
Traumatic Brain Injury (0403/835)	800,000	58,667	277,334	522,666	800,000
Title XIX Waiver for Seniors (0403-533)	11,912,263	996,865	4,712,455	8,881,165	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	8,016,615	15,433,230	16,033,228	31,466,458
Lottery Transfer (5405/871)	8,670,000	2,200,000	4,400,000	4,270,000	8,670,000
Excess Lottery (5365/189)	24,503,890	-	29,111,465	20,888,535	50,000,000
Trust Fund Appropriation (5185/189)	173,603,846	-	48,849,116	16,380,783	65,229,899
Provider Tax (5090/189)	225,902,461	19,962,909	82,970,252	120,552,159	203,522,411
Certified Match	23,243,346	1,013,849	7,832,723	17,886,268	25,718,992
Reimbursables - Amount Reimbursed	7,235,570	215,995	510,207	7,544,888	8,055,095
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	3,648,128	86,410	1,079,075	(154,075)	925,000
CMS - 64 Adjustments	660,007	-	(651,053)	651,053	-
TOTAL MATCHING FUNDS	\$ 901,191,865	\$ 100,722,836	\$ 399,518,759	\$ 478,499,185	\$ 878,017,943
FEDERAL FUNDS	\$ 2,171,195,579	\$ 203,014,929	\$ 916,870,233	\$ 1,671,564,958	\$ 2,588,435,190
TOTAL REVENUE SOURCES	\$ 3,072,387,444	\$ 303,737,765	\$ 1,316,388,991	\$ 2,150,064,142	\$ 3,466,453,134
TOTAL EXPENDITURES:					
Provider Payments	\$ 3,012,514,351	\$ 280,571,081	\$ 1,281,079,117	\$ 2,185,845,962	\$ 3,466,925,079
TOTAL	\$ 59,873,093	\$ 23,166,684	\$ 35,309,875		\$ (471,945)

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

Joint Committee on Government and Finance

January 2014

Department of Health and Human Resources

MEDICAID WAIVER REPORT

November 2013 Data

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

WV Aged & Disabled Waiver Reported November 30, 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	6,275	6,275	6,275								6,275
Total number of members served YTD (unduplicated slots used) (2)		7,107	5,732	5,777	5,870	5,932	5,948								5,948
Applicants determined eligible (3)		1568	116	137	131	106	30								520
Applicants determined ineligible (3)		328	26	21	17	26	1								91
Active Members															
Active members at end of calendar month (unduplicated slots active) (1)		4,436	5,666	5,650	5,674	5,653	5,602								5,602
ADW Members whose case was closed in month		1311	126	59	69	54	67								375
ADW members whose case was closed by reason	Deceased	730	61	36	41	37	43								218
	Left program to enter a facility (nursing home, ICF/MR)	114	23	3	4	3	0								33
	Other reasons such as: lost eligibility, moved out of state, no longer wanted services, etc.	444	42	20	24	14	24								124
Managed Enrollment List															
Number of individuals added to the Managed Enrollment List (4)		1805	115	106	108	166	90								585
Applicants with a Medicaid Card		791	48	40	52	73	39								252
Individuals moved from the Managed Enrollment List into the Program		204	5	45	93	51	16								210
Individuals removed from the Managed Enrollment due to death (5)		246	26	20	42	130	59								277
Total Number of individuals on Managed Enrollment list at end of month		2263	2347	2388	2361	2346	2361								2361
Individuals on Managed Enrollment who are in a nursing facility		47	5	6	6	7	2								26
Individuals on Managed Enrollment who are receiving Medicaid Personal Care		204	7	9	18	23	6								63

(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 November 30, 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	4,534	4,534	4,534								4,534
Total number of members served YTD (unduplicated slots used) (2)		4,534	4,534	4,534	4,534	4,534	4,534								4,534
Applicants determined eligible (3)		386	29	38	34	31	36								168
Applicants determined ineligible (3)		374	30	33	24	24	25								136
Applicants added to the Active Member List		196	140	0	0	0	8								148
Active Members															
Active members at end of calendar month (unduplicated slots active) (1)		4,436	4,523	4,515	4,496	4,485	4,485								4,485
I/DDW Members who were discharged this month		162	13	8	19	11	8								59
I/DDW members whose case was closed by reason	Deceased	69	6	1	2	4	4								17
	Other reasons such as: lost eligibility, moved out of state, no longer wanted services, etc.	93	7	1	17	7	4								36
Managed Enrollment List															
Number of individuals added to the Managed Enrollment List		383	29	38	34	31	36								168
Applicants with a Medicaid Card		432 Avg.	444	471	482	500	518								518
Individuals moved from the Managed Enrollment List into the Program		198	140	0	0	0	8								148
Individuals removed from the Managed Enrollment due to death		3	1	1	1	2	0								5
Total Number of individuals on Managed Enrollment list at end of month		807	832	744	777	800	835								835
Individuals on Managed Enrollment who are in a Skilled Nursing facility		2 Avg.	1	1	1	1	2								2
Individuals on Managed Enrollment who are in an ICF/IID group home		34 Avg.	45	47	50	52	60								60
Individuals on Managed Enrollment who are receiving Medicaid Personal Care		22 Avg.	33	35	36	36	40								40

(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 November 30, 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	100	100	100								100
Total number of members served Year to Date(unduplicated slots used) (2)		20	23	26	27	28	30								30
Applicants determined eligible (3)		34	4	5	3	3	8								23
Applicants determined ineligible (3)		11	3	1	2	1	1								8
Active Members															
Active members at end of calendar month (unduplicated slots active) (1)		20	23	26	27	28	27								27
TBIW members whose case was closed by reason	Deceased	0	0	0	0	0	0								0
	Left program to enter a facility	0	0	0	0	0	0								0
	Other reasons such as: lost eligibility, moved out of state, no longer wanted services, etc.	0	0	0	0	0	0								0
Managed Enrollment List															
Number of Individuals added to the Managed Enrollment List (4)		N/A	N/A	N/A	N/A	N/A	N/A								N/A
Applicants with a Medicaid Card		N/A	N/A	N/A	N/A	N/A	N/A								N/A
Individuals removed from the Managed Enrollment List into the Program		N/A	N/A	N/A	N/A	N/A	N/A								N/A
Individuals removed from the Managed Enrollment due to death (5)		N/A	N/A	N/A	N/A	N/A	N/A								N/A
Total Number of individuals on Managed Enrollment list at end of month		N/A	N/A	N/A	N/A	N/A	N/A								N/A
Individuals on Managed Enrollment who are in a nursing facility		N/A	N/A	N/A	N/A	N/A	N/A								N/A
Individuals on Managed Enrollment who are receiving Medicaid Personal Care		N/A	N/A	N/A	N/A	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.

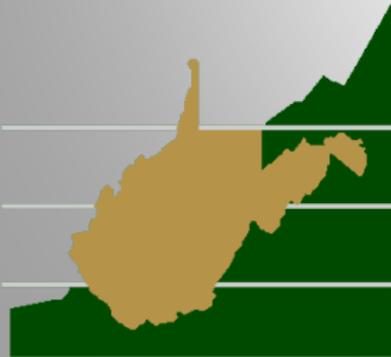
(4) Monthly managed enrollment is being reported in the month an applicant is determined medically eligible; however, the individual's placement date on the managed enrollment list will be based on their initial application date.

(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.

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

November 30, 2013



West Virginia Investment Management Board

Participant Plans Allocation & Performance Net of Fees

As of November 30, 2013

	6/30/2013		11/30/2013		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	15,647,606	100.0							
Pension Assets	11,501,368	78.9	12,398,309	79.2							
Public Employees' Retirement System	4,848,377	33.3	5,254,136	33.6	1.2	7.5	9.2	16.5	11.0	14.8	7.6
Teachers' Retirement System	5,717,583	39.2	6,123,123	39.0	1.2	7.5	9.1	16.5	10.9	14.4	7.3
Teachers' Employers Cont. Collection A/C	-	0.0	9,611	0.1	0.0	0.0	0.0	0.1	0.1	0.1	
EMS Retirement System	42,603	0.3	47,775	0.3	1.2	7.5	9.1	16.4	10.9	14.7	
Public Safety Retirement System	520,323	3.6	552,922	3.5	1.2	7.6	9.2	16.5	11.1	14.8	7.6
Judges' Retirement System	141,476	1.0	153,296	1.0	1.2	7.5	9.2	16.5	11.0	14.7	7.6
State Police Retirement System	96,092	0.6	107,451	0.7	1.2	7.5	9.1	16.4	10.9	14.7	7.6
Deputy Sheriffs' Retirement System	134,410	0.9	147,990	1.0	1.2	7.5	9.1	16.5	10.9	14.8	7.6
Municipal Police & Firefighter Retirement System	504	0.0	741	0.0	1.1	7.1	8.6	15.2	8.0		
Municipal Model A	-	0.0	1,264	0.0	1.1	7.4					
Insurance Assets	2,154,563	14.8	2,270,014	14.5							
Workers' Compensation Old Fund	1,036,241	7.1	1,090,442	7.0	0.2	3.4	3.9	4.8	5.8	9.8	
Workers' Comp. Self-Insured Guaranty Risk Pool	14,487	0.1	15,106	0.1	0.4	4.0	4.6	7.0	6.4	4.1	
Workers' Comp. Uninsured Employers Fund	9,749	0.1	10,188	0.1	0.4	3.9	4.5	7.0	6.4	3.8	
Pneumoconiosis	261,636	1.8	267,669	1.7	0.4	4.0	4.6	7.1	6.5	10.5	5.6
Board of Risk & Insurance Mgmt.	139,875	1.0	140,058	0.9	0.4	4.0	4.6	7.0	6.5	11.0	
Public Employees' Insurance Agency	194,215	1.3	203,240	1.3	0.4	4.1	4.7	6.8	6.5	10.5	
WV Retiree Health Benefit Trust Fund	495,926	3.4	540,856	3.4	1.1	7.5	9.1	16.1	9.8	13.0	
AccessWV	2,434	0.0	2,455	0.0	(0.6)	1.2	0.8	(3.3)	3.9		
Endowment Assets	924,806	6.3	979,283	6.3							
Wildlife Fund	45,838	0.3	48,163	0.3	1.1	7.4	9.0	16.3	10.9	14.7	7.6
Prepaid Tuition Trust	76,701	0.5	76,804	0.5	1.0	6.2	7.4	12.1	9.2	14.5	7.5
Revenue Shortfall Reserve Fund	446,073	3.0	455,345	2.9	(0.6)	1.2	0.8	(3.7)	3.9	8.9	
Revenue Shortfall Reserve Fund - Part B	348,811	2.4	362,580	2.3	0.1	3.5	4.0	4.4	6.3	11.0	
WV DEP Trust	7,383	0.1	8,127	0.1	1.0	8.2	10.1	17.0			
WV DEP Agency	-	0.0	28,264	0.2	0.8						

West Virginia Investment Management Board

Composite Asset Allocation & Performance Net of Fees

As of November 30, 2013

	Asset (\$000)	%	Performance %							
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	
Investment Pools Composite	15,653,553	100.00								
Total Equity Composite	7,714,647	49.28	1.59	11.90	15.25	27.75	14.39	18.49	8.83	
+/- Total Equity Policy Index (b)			0.04	0.68	0.96	2.56	1.52	1.94	1.18	
US Equity Composite	3,821,758	24.41	3.21	12.24	14.99	32.21	18.55	18.91	8.65	
+/- Russell 3000 Index			0.31	0.98	0.91	0.50	0.77	0.37	0.56	
Large Cap Composite	2,821,283	18.02	3.17	11.66	13.93	30.17	17.98	18.02	7.90	
+/- S&P 500 Index			0.12	0.50	0.49	(0.13)	0.25	0.42	0.21	
Non-Large Cap Composite	1,000,475	6.39	3.32	13.90	18.01	38.04	20.09	22.64	10.71	
+/- Russell 2500 Index			0.66	1.85	2.41	1.14	1.93	0.19	0.94	
International Equity Composite	3,892,889	24.87	0.05	11.48	15.38	23.46	10.17	17.72	9.91	
+/- MSCI AC World ex US Index			(0.14)	0.36	0.94	4.71	2.19	3.34	1.17	
Fixed Income Composite	3,343,597	21.36	(0.14)	1.51	1.40	0.67	4.24	9.49	5.09	
+/- Fixed Income Policy Index (c)			0.19	(0.15)	(0.01)	1.56	0.60	3.19	0.15	
Core Fixed Income	1,097,162	7.01	(0.10)	1.42	1.16	(0.80)	3.87			
+/- Barclays Capital Aggregate			0.27	0.04	0.16	0.81	0.78			
Total Return Fixed Income	2,246,435	14.35	(0.15)	1.56	1.53	1.49	4.43	10.27	5.71	
+/- Barclays Capital US Universal			0.18	(0.10)	0.12	2.38	0.79	3.97	0.69	
TIPS Composite	634,676	4.05	(1.09)	0.88	0.15	(7.85)	3.51			
+/- Barclays Capital U.S.TIPS			0.00	(0.02)	(0.01)	0.00	(0.01)			
Cash Composite	220,317	1.42	0.01	0.02	0.04	0.18	0.13	0.20	1.82	
+/- Citigroup 90 Day T-Bill + 0.15%			0.01	0.00	(0.03)	(0.03)	(0.10)	(0.07)	(0.02)	
Private Equity Composite	1,291,622	8.25	1.97	5.05	5.66	8.87	12.86	13.45		
+/- S&P 500 + 5% (d)								(9.15)		
Real Estate Composite	1,051,723	6.72	(0.25)	2.46	1.61	9.39	9.73	7.39		
+/- NCREIF + 1% (d)								3.21		
Hedge Funds Composite	1,396,971	8.92	1.19	4.17	4.58	11.71	6.18	8.38		
+/- LIBOR + 4%			0.85	3.13	2.81	7.43	1.83	3.95		

West Virginia Investment Management Board

Participant Plans Allocation vs. Strategy

As of November 30, 2013

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

Pension Assets

Public Employees' Retirement System	27.8	27.5	28.2	27.5	16.0	15.0	10.0	10.0	8.1	10.0	9.7	10.0	0.2	0.0
Teachers' Retirement System	27.6	27.5	28.0	27.5	15.7	15.0	9.9	10.0	8.1	10.0	9.8	10.0	0.9	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	27.5	27.5	27.8	27.5	16.4	15.0	9.9	10.0	8.0	10.0	9.6	10.0	0.8	0.0
Public Safety Retirement System	27.7	27.5	28.2	27.5	15.9	15.0	10.0	10.0	8.2	10.0	9.9	10.0	0.1	0.0
Judges' Retirement System	27.8	27.5	28.2	27.5	16.3	15.0	10.0	10.0	7.9	10.0	9.7	10.0	0.1	0.0
State Police Retirement System	27.8	27.5	27.9	27.5	16.4	15.0	9.9	10.0	8.0	10.0	9.4	10.0	0.6	0.0
Deputy Sheriffs' Retirement System	27.8	27.5	28.0	27.5	16.3	15.0	9.9	10.0	8.1	10.0	9.6	10.0	0.3	0.0
Municipal Police & Firefighter Retirement System	25.9	27.5	26.1	27.5	15.6	15.0	9.4	10.0	7.7	10.0	8.9	10.0	6.4	0.0
Municipal Model A	25.2	27.5	27.7	27.5	18.9	15.0	10.1	10.0	8.3	10.0	9.8	10.0	0.0	0.0

Insurance Assets

Workers' Compensation Old Fund	10.1	10.0	10.9	10.0	68.0	70.0	0.0	0.0	0.0	0.0	0.0	0.0	11.0	10.0
Workers' Comp. Self-Insured Guaranty Risk Pool	10.2	10.0	11.0	10.0	53.9	55.0	0.0	0.0	0.0	0.0	20.1	20.0	4.8	5.0
Workers' Comp. Uninsured Employers Fund	10.2	10.0	11.0	10.0	48.9	50.0	0.0	0.0	0.0	0.0	20.0	20.0	9.9	10.0
Pneumoconiosis	10.0	10.0	11.3	10.0	54.0	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	11.0	10.0	53.7	55.0	0.0	0.0	0.0	0.0	20.0	20.0	5.0	5.0
Public Employees' Insurance Agency	10.3	10.0	10.9	10.0	58.7	60.0	0.0	0.0	0.0	0.0	20.0	20.0	0.1	0.0
WV Retiree Health Benefit Trust Fund	25.4	25.0	26.9	25.0	19.9	20.0	10.0	10.0	8.1	10.0	9.7	10.0	0.0	0.0
AccessWV	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Endowment Assets

Wildlife Fund	24.4	25.0	26.9	25.0	20.1	20.0	9.9	10.0	8.2	10.0	9.9	10.0	0.6	0.0
Prepaid Tuition Trust	31.1	30.0	16.4	16.0	51.2	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	99.9	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Revenue Shortfall Reserve Fund - Part B	10.1	10.0	11.0	10.0	78.8	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
WV DEP Trust	36.1	35.0	28.3	28.0	35.6	37.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WV DEP Agency	19.7	20.0	20.7	20.0	39.6	40.0	0.0	0.0	0.0	0.0	17.9	20.0	2.1	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 November 30, 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 were 42% Russell 3000, 18% MSCI ACW ex USA, and 40% Barclays Capital Aggregate.
- (b) Total Equity Policy Index is 50% Russell 3000 and 50% MSCI ACW ex USA, as of 4/1/08. Prior periods were 40% S&P 500, 30% Russell 2500, and 30% MSCI ACW ex USA.
- (c) Fixed Income Policy Index is 100% Barclays Capital Universal, as of 4/1/08. 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) Franklin Benchmark is 50% JPM EMBI Global Diversified and 50% JPM GBI EM Diversified.
- (f) Western Benchmark is 100% Barclays Capital Universal, as of 4/1/08. Prior periods were a custom index.
- (g) 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.

No Report, Same as December's report.

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
January 30, 2014

OPERATING REPORT NOVEMBER 2013

Board of Treasury Investments

1900 Kanawha
Boulevard East
Suite E-122
Charleston WV
25305
(304) 340-1578
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Board of Directors

John D. Perdue,
State Treasurer,
Chairman

Earl Ray Tomblin,
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Glen B. Gainer III,
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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

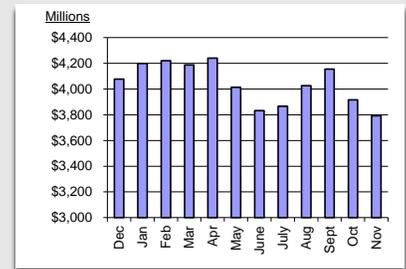
Chief Financial
Officer
Karl Shanholtzer,
CIA, CPA

Total Net Assets Under Management

\$3,791,830,000

Last Month
\$3,915,316,000

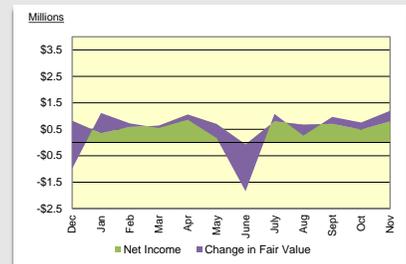
Beginning of Fiscal Year
\$3,831,716,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$4,259,000



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

Money Market Pools

As of November 30, 2013

Pool	1-Day Yield *	7-Day Yield *	30-Day Avg. Yield *	W.A.M. **	Net Assets
WV Money Market	0.1332%	0.1318%	0.1277%	53 Days	\$2.3 Billion
WV Gov't Money Market	0.0317%	0.0265%	0.0256%	49 Days	\$324.1 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

NOVEMBER 2013

US Stocks Surge in November

Market Environment

US stocks surged in November as the resolution of the debt ceiling impasse and the re-opening of the government allowed investors to focus on signs of improving economic growth. Shares of non-US developed markets trailed US equities as European and Japanese stocks advanced during the month. Treasury yields rose in anticipation of a potential earlier tapering of monetary stimulus, fueled by improving growth prospects in the US. The higher rates pushed down prices of investment-grade bonds. In contrast, high-yield issues and bank loans gained as they took their cues from stocks. Emerging markets' equities and bonds suffered in November, as rising US interest rates reignited fears of capital flight and balance of payments challenges in countries such as Brazil, Turkey, South Africa, Indonesia and India. Commodities sold off, with falling oil prices leading the way, amid low inflation.

The Standard & Poor's 500 Index has risen more than 29% in the first 11 months of the year, with US small company stocks posting even more dramatic gains. So far this year, US stocks have benefitted from continued monetary stimulus and robust inflows, as investors moved away from investment-grade bonds, emerging markets, and commodities. While the momentum for US equities may continue into 2014, it is important to note that corporate profits remain at secular high levels and stocks are richly valued. As a result, we remind clients to rebalance from US equities, taking profits and investing in more attractively-valued segments of global markets. To this end, emerging markets seem appealing on a valuation basis, although we expect short-term volatility to continue accompanied by divergences across countries. We recommend utilizing active strategies to pursue this opportunity. For investors who can lock-up capital, we also recommend strategies that replace traditional bank activities, such as direct lending to medium-sized companies and real estate lending in Europe.

Equity Market Results

Equity markets continued their ascent in November. Broad US stock market indices, including the S&P 500 and Russell 3000 Index, posted positive returns of 3.05% and 2.90%, respectively. Small cap stocks continued their meteoric rise in 2013, as the returns from the Russell 2000 Index rose 4.01% and 36.14% for the month and year-to-date periods, respectively. Large Cap Stocks also generated strong returns in November, rising nearly 3% for the month. Calendar year-to-date, U.S. large cap stocks (Russell 1000) have posted returns of 29.61%.

International equity markets posted mixed results during November. Developed markets, represented by the MSCI EAFE Index, returned 0.77%, while their less established brethren, represented by the MSCI Emerging Markets Index, declined 1.46%. Returns from the international equity markets in 2013 remain fairly disparate, with developed markets having risen 20.97% and emerging markets returning -1.17%.

Bond Market Results

Bond results were also mixed during November. Riskier segments of the bond markets tended to perform well, while their safe-haven counterparts did not. High yield indices were generally positive, while the BofA ML US High Yield Master rose 0.47% and the Barclays IS Government index declined 0.29%. Broad U.S. fixed income markets, as represented by the Barclays Capital Aggregate Index, declined 0.37%. Global bonds fared slightly better, as the Barclays Global Aggregate (US Hedged) fell 0.14%. The BofA ML 3-month T-bill generated a 0.01% return, while 3-month Libor was up 0.02%. Year-to-date, bonds continue to be a detractor from portfolio results. For the first 10 months of the year, the BC Aggregate Index has declined 1.47%, while global bonds have fallen 3.09%.

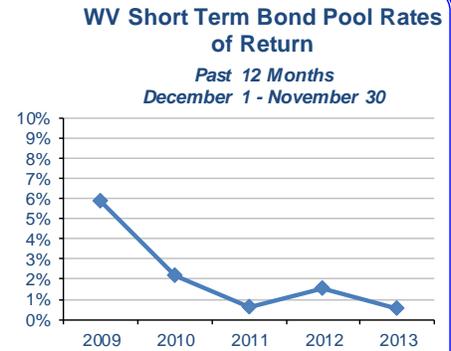
West Virginia Board of Treasury Investments

Financial Highlights as of November 30, 2013

WV Short Term Bond Pool

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

<u>December 1 - November 30</u>	<u>Return</u>	<u>Net Assets At Nov 30 (In Millions)</u>
2013	0.5%	\$ 718.5
2012	1.5%	\$ 501.9
2011	0.6%	\$ 505.5
2010	2.2%	\$ 459.1
2009	5.9%	\$ 350.4

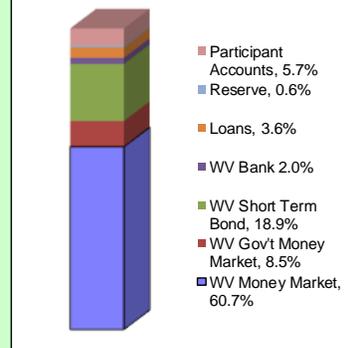


Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool

Summary of Value and Earnings (In Thousands)

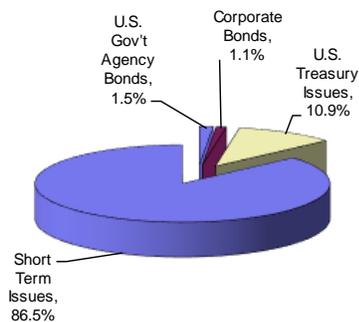
<u>Pool</u>	<u>Net Asset Value</u>	<u>Nov Net Income</u>	<u>Fiscal YTD Net Income</u>
WV Money Market	\$ 2,301,827	\$ 261	\$ 1,268
WV Gov't Money Market	324,090	7	36
WV Short Term Bond	718,501	881	3,062
WV Bank	76,050	7	32
Loans	134,853	15	(370)
Reserve	21,279	5	23
Participant Accounts	215,230	24	208
	<u>\$ 3,791,830</u>	<u>\$ 1,200</u>	<u>\$ 4,259</u>

Percent of Total Net Asset Value

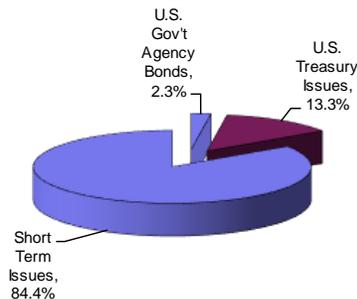


Securities by Type for Operating Pools (Percentage of Asset Value)

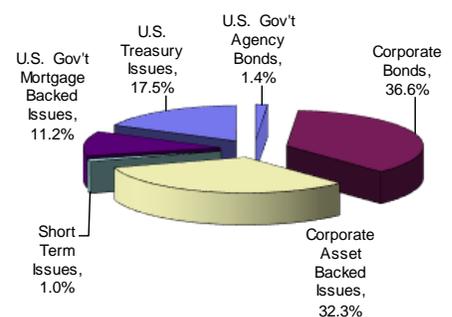
WV Money Market



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

NOVEMBER 30, 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	\$ 2,301,086	\$ 323,985		\$ 76,024	\$ 156,114	\$ 212,010
At fair value	-	-	\$ 717,584	-	-	3,046
Cash	-	-	-	-	-	-
Other assets	973	139	1,501	29	24	174
Total assets	<u>2,302,059</u>	<u>324,124</u>	<u>719,085</u>	<u>76,053</u>	<u>156,138</u>	<u>215,230</u>
Liabilities						
Accrued expenses, dividends payable & payable for investments purchased	232	34	584	3	6	-
Total liabilities	<u>232</u>	<u>34</u>	<u>584</u>	<u>3</u>	<u>6</u>	<u>-</u>
Net Assets	<u>\$ 2,301,827</u>	<u>\$ 324,090</u>	<u>\$ 718,501</u>	<u>\$ 76,050</u>	<u>\$ 156,132</u>	<u>\$ 215,230</u>
Investment income						
Interest and dividends	\$ 406	\$ 47	\$ 796	\$ 9	\$ 24	\$ 132
Net accretion (amortization)	(16)	(20)	(277)	-	-	(82)
Provision for uncollectible loans	-	-	-	-	-	-
Total investment income	<u>390</u>	<u>27</u>	<u>519</u>	<u>9</u>	<u>24</u>	<u>50</u>
Expenses						
Fees	130	20	67	2	4	-
Total expenses	<u>130</u>	<u>20</u>	<u>67</u>	<u>2</u>	<u>4</u>	<u>-</u>
Net investment income	260	7	452	7	20	50
Net realized gain (loss) from investments	1	-	7	-	-	-
Net increase (decrease) in fair value of investments	-	-	422	-	-	(26)
Net gain (loss) from investments	<u>1</u>	<u>-</u>	<u>429</u>	<u>-</u>	<u>-</u>	<u>(26)</u>
Net increase (decrease) in net assets from operations	261	7	881	7	20	24
Distributions to participants	261	7	459	7	20	-
Participant activity						
Purchases, reinvestment of units and contributions	741,854	42,463	522	13	381	21
Redemptions and withdrawals	877,774	28,829	95	6	1,850	632
Inter-pool transfers in	-	-	-	10,000	-	-
Inter-pool transfers out	10,000	-	-	-	-	-
Net increase (decrease) in net assets from participant activity	<u>(145,920)</u>	<u>13,634</u>	<u>427</u>	<u>10,007</u>	<u>(1,469)</u>	<u>(611)</u>
Increase (decrease) in net assets	(145,920)	13,634	849	10,007	(1,469)	(587)
Net assets at beginning of period	2,447,747	310,456	717,652	66,043	157,601	215,817
Net assets at end of period	<u>\$ 2,301,827</u>	<u>\$ 324,090</u>	<u>\$ 718,501</u>	<u>\$ 76,050</u>	<u>\$ 156,132</u>	<u>\$ 215,230</u>

Annual Reports

1. Education Subcommittee C
2. Joint Commission on Economic Development
3. Equal Pay Commission
4. Forest Management Review Commission
5. Legislative Oversight Commission on Health & Human Resources Accountability
6. Legislative Oversight Committee on Regional Jail and Correctional Facility Authority
7. Parks, Recreation and Natural Resources Subcommittee
8. Select Committee on PEIA, Seniors and Long Term Care
9. Select Committee on Veterans' Affairs
10. Equal Pay Commission