

FILE COPY

JOINT COMMITTEE ON
GOVERNMENT AND FINANCE

Materials Distributed

September 15, 2010

August 11, 2010

2:00 - 3:00 p.m.

Joint Committee on Government and Finance

Senate

Tomblin, Chair
Chafin
Helmick
Kessler
Plymale
Deem
Hall

House

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

Speaker Thompson, Cochair, presided.

1. **Approval of Minutes**

Upon motion by President Tomblin, properly adopted, the minutes of the July 21, 2010, meeting were approved.

2. **Committee Reports/Requests:**

None

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

Distributed to members of the Committee were the following: Lottery Commission reports for the month ended June 30, 2010; General Revenue Fund report for the month ended July 31, 2010; and the Unemployment Compensation Trust Fund report as of June 30, 2010. Distributed with each of the reports were an analysis and a summary of the reports.

4. **Possible Outsourcing of IT Services**

Kyle Schafer, Chief Technology Officer answered questions on outsourcing of IT services. Mr. Schafer said there are 31 agencies that have IT staff with an environment that is not sustainable in the long term. The cost for contractors and laborers is in excess of \$35 million per year to support the existing legacy based applications. Mr. Schafer said they are going to do an RFP and have the third party service providers give an assessment of what they can provide to the State. A recommendation will be made to the State on what would be the best financial interest of the State long term.

5. **Video Lottery**

John Musgrave, Director of the Lottery Commission answered questions by the members on the bidding process for the video lottery machines. The Lottery Commission will put out 5,000 permits for bidding at a minimum of \$5,000 each.

6. **Distribution of Stimulus Funds**

Jim Pitrolo, Legislative & Policy Director of the Governor's Office answered questions from Committee members on the distribution of the stimulus funds. Nancy DiPaolo, Assistant Director of the Congressional and Intergovernmental Affairs, Recovery Accountability and Transportation Board addressed the Committee on the federal governments view of how well West Virginia is doing on the reporting and spending of the stimulus funds. Ms. DiPaolo said West Virginia has done an exceptional job with internal checks and balances. Mr. Pitrolo told the Committee all the money will be spent. The Committee would like for the list of monies spent to properly be labeled on a county by county basis.

7. **Workforce WV - Unemployment Compensation Trust Fund**

A report of the Workforce WV - Unemployment Compensation Trust Fund was distributed. Wade Wolfingbarger, Assistant Director for Contribution Accounting, Workforce West Virginia said the current projections for the trust fund to be able to pay benefits is through January 2011.

8. **PEIA, BRIM and CHIP Reports**

The following BRIM reports were distributed: An unaudited balance sheet and unaudited income statement for the period ending June 30, 2010.

The following reports from CHIP were distributed: A report of enrollment for July 2010 and financial statements for period ending June 30, 2010.

The following monthly PEIA reports were distributed: Monthly Management Report and Prescription Drug Report for June 2010.

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

A real estate report for July 1, 2010 through July 31, 2010, was distributed.

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

A Medicaid report dated August 2010 was distributed.

11. **Investment Management Board**

An Investment Management Board report dated June 30, 2010, was distributed.

12. **Workers' Compensation**

A Workers' Compensation report dated August 5, 2010, was distributed.

The meeting was adjourned.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor

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



304-347-4870

September 2, 2010

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

Lottery Commission as of July 31, 2010 :

Gross profit for the month of July 2010 (beginning of FY 2011) was \$ 54.4 million.

General Revenue Fund as of August 31, 2010:

Revenue collections for the first two months of the fiscal year 2011 were 109.30% of the estimate.

State Road Fund as of August 31, 2010

Fund collections were at 106.15 of the yearly estimate.

Unemployment Compensation Trust as of July 31, 2010:

Regular benefits paid for the first month of fiscal year 2011 were \$ 14 million less than in July of fiscal year 2010. Trust fund ending balance on July 31, 2010 was \$ 94,869,457.65.

Joint Committee on Government and Finance

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor

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



. 304-347-4870

MEMORANDUM

To: Honorable Senate President Tomblin
Honorable House of Delegates Speaker Thompson
Honorable Members of the Joint Committee on Government and
Finance

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

Date: September 1, 2010

Re: Review of West Virginia Lottery Financial Information
As of July 31, 2010 (FY 2011)

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for the first month of the 2010-2011 fiscal year 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 \$ 123,133,000.00 for July of fiscal year 2011. Table games accounted for \$3.9 million of this total. Historic Resort Hotel video lottery and table games accounted for \$383 thousand of total gross receipts. These gross receipts were \$ 127,150,000.00 for July of the preceding fiscal year, 2009-2010. Gross lottery revenue is down by 3.16% from the preceding fiscal year. This number does not include commission and prize

Lottery

Joint Committee on Government and Finance
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Lottery continued

deductions. Gross profit (Gross revenues minus commissions and prize costs) for July 2010 was \$54,440,000.00; for July of last fiscal year it was \$56,153,000.00. Expressed as a percentage, gross profit is 3.05% lower for fiscal year 2011 than for fiscal year 2010.

Operating Income:

Operating income was \$ 52,725,000.00 for July 2010. For the preceding July it was \$ 54,114,000.00. This was a decrease of 2.57%. After additions and subtractions of non-operating income and expenses, distributions to the state were \$52,096,000.00 for July 2010 (FY 2011).

Operating Transfers to the State of West Virginia:

A total of \$52,096,000.00 has been accrued to the state of West Virginia for fiscal year 2010-2011. This is on an accrual basis and may not correspond to the actual cash transfers made during the same time period. (Amounts owed to the different accounts according to the Lottery Act are calculated monthly and accrued to the state; actual cash transfers are often made based upon actual cash flow needs of the day-to-day operation of the lottery.)

A schedule of cash transfers follows:

Bureau of Senior Services	\$ 17,570,000.00
Community and Technical College	\$500,000.00
Department of Education	\$ 8,346,000.00
Library Commission	\$ 2,957,000.00
Higher Education-Central Office	\$ 3,063,000.00
Tourism	\$ 2,005,000.00
Department of Natural Resources	\$ 915,000.00

Lottery

Lottery continued

Division of Culture and History	\$ 1,544,000.00
Department of Education and Arts	\$ 300,000.00
State Building Commission	\$ 1,000,000.00
School Building Authority	\$ 1,800,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$ 40,000,000.00

Excess Lottery Fund

General Purpose Fund	54,405,000.00
Economic Development Fund	1,900,000.00
Excess Lottery Surplus	0
Education Improvement Fund	1,000,000.00
WV Infrastructure Council Fund	0
Higher Education Improvement Fund	29,000,000.00
State Park Improvement Fund	0
Refundable Credit	0
School Building Authority	1,900,000.00
TOTAL EXCESS LOTTERY FUND	\$88,205,000.00

Historic Resort Hotel Distributions:

State General Revenue Fund	54,000.00
State Debt Reduction Fund	16,000.00
Tourism Promotion Fund	3,000.00
Total Historic Hotel	73,000.00

Veterans Instant Ticket Fund 161,000.00

Lottery

Lottery continued

Table Games State Debt Reduction Fund

1,387,000.00

RACETRACK VIDEO LOTTERY TRANSFERS:	
Tourism Promotion Fund 1.375%	\$842,000.00
Development Office Promo Fund	\$229,000.00
Research Challenge Fund .5%	\$306,000.00
Capitol Renovation and Improvement Fund .6875%	\$421,000.00
Parking Garage Fund .0625%	\$38,000.00
Parking Garage Fund 1%	\$500,000.00
Cultural Facilities and Cap. Resources Fund .5%	\$28,000.00
Capitol Dome & Cap. Improvements Fund .5%	\$85,000.00
Workers Compensation Debt Reduction Fund 7%	\$3,885,000.00
SUBTOTAL VIDEO LOTTERY TRANSFERS:	\$6,334,000.00
TOTAL TRANSFERS	*\$136,160,000.00

* CASH BASIS

Total Accrued last FY 2010:	241,039,000.00
Total Cash Distributions FY 2011:	136,160,000.00
Applied to FY 2010:	136,160,000.00
Total Applied to FY 2011	000.00
Total Accrued for FY 2010	104,879,000.00
Accrued for FY 2011 as of July 30:	52,096,000.00

Lottery



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Joe Manchin III
Governor

John C. Musgrave
Director

MEMORANDUM

TO: Joint Committee on Government and Finance

FROM: John C. Musgrave, Director 

RE: Monthly Report on Lottery Operations
Month Ending July 31, 2010

DATE: August 20, 2010

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

Financial statements of the Lottery for the month ending July 31, 2010 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$123,132,531 for the month of July.

Transfers of lottery revenue totaling \$136,159,578 made for the month of July to the designated state agencies per Senate Bill 213, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (§29-22A-10), and the Racetrack Table Games Act (§29-22C-27). The amount transferred to each agency is shown in Note 10 on pages 19 and 20 of the attached financial statements.

The number of traditional and limited retailers active as of July 31, 2010 was 1,589 and 1,612 respectively.

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

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

JCM/rd
Attachment

cc: Honorable Joe Manchin III
Virgil T. Helton, Cabinet Secretary -- Dept. of Revenue
John Perdue, Treasurer
Glen B. Gainer III, Auditor
Members of the West Virginia Lottery Commission

WV LOTTERY ATTACHMENT JULY 2010 FINANCIAL STATEMENT (SEPTEMBER INTERIMS)

www.wvlottery.com



WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

July 31, 2010

WEST VIRGINIA LOTTERY

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

ASSETS	July 31, 2010	June 30, 2010
Current Assets:		
Cash and cash equivalents	\$ 170,265	\$ 256,355
Accounts receivable	34,533	26,986
Inventory	553	683
Other assets	2,233	2,273
Total Current Assets	<u>207,584</u>	<u>286,297</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	8,355	8,355
Capital assets	39,599	39,524
Less accumulated depreciation and amortization	<u>(16,321)</u>	<u>(16,175)</u>
Net Capital Assets	<u>23,278</u>	<u>23,349</u>
Total Noncurrent Assets	<u>31,633</u>	<u>31,704</u>
Total Assets	<u>\$ 239,217</u>	<u>\$ 318,001</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 156,975	\$ 241,039
Estimated prize claims	12,366	13,128
Accounts payable	2,964	3,050
Other accrued liabilities	30,529	24,401
Total Current Liabilities	<u>202,834</u>	<u>281,618</u>
Total Liabilities	<u>202,834</u>	<u>281,618</u>
Net Assets:		
Invested in capital assets	23,278	23,349
Unrestricted	4,750	4,679
Restricted assets (see note 12)	8,355	8,355
Total Net Assets	<u>36,383</u>	<u>36,383</u>
Total Liabilities and Net Assets	<u>\$ 239,217</u>	<u>\$ 318,001</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE ONE MONTH PERIOD ENDED JULY 31, 2010

(In Thousands)
 -Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2010	2009	2010	2009
Lottery revenues				
On-line games	\$ 6,173	\$ 6,997	\$ 6,173	\$ 6,997
Instant games	6,991	7,611	6,991	7,611
Racetrack video lottery	72,912	73,492	72,912	73,492
Limited video lottery	32,743	34,099	32,743	34,099
Table games	3,931	2,951	3,931	2,951
Historic resort	383	-	383	-
	<u>123,133</u>	<u>127,150</u>	<u>123,133</u>	<u>127,150</u>
Less commissions				
On-line games	432	490	432	490
Instant games	489	533	489	533
Racetrack video lottery	41,298	42,758	41,298	42,758
Limited video lottery	16,044	16,709	16,044	16,709
Table games	1,546	1,160	1,546	1,160
Historic resort	221	-	221	-
	<u>60,030</u>	<u>61,650</u>	<u>60,030</u>	<u>61,650</u>
Less on-line prizes	3,121	3,340	3,121	3,340
Less instant prizes	4,758	5,182	4,758	5,182
Less ticket costs	167	120	167	120
Less vendor fees and costs	617	705	617	705
	<u>8,663</u>	<u>9,347</u>	<u>8,663</u>	<u>9,347</u>
Gross profit	<u>54,440</u>	<u>56,153</u>	<u>54,440</u>	<u>56,153</u>
Administrative expenses				
Advertising and promotions	837	424	837	424
Wages and related benefits	977	905	977	905
Telecommunications	64	195	64	195
Contractual and professional	287	313	287	313
Rental	48	54	48	54
Depreciation and amortization	146	168	146	168
Other administrative expenses	151	117	151	117
	<u>2,530</u>	<u>2,176</u>	<u>2,530</u>	<u>2,176</u>
Other Operating Income	<u>815</u>	<u>137</u>	<u>815</u>	<u>137</u>
Operating Income	<u>52,725</u>	<u>54,114</u>	<u>52,725</u>	<u>54,114</u>
Nonoperating income (expense)				
Investment income	28	50	28	50
Distributions to municipalities and counties	(642)	(668)	(642)	(668)
Distributions -capital reinvestment	(15)	-	(15)	-
Distributions to the State of West Virginia	<u>(52,096)</u>	<u>(53,485)</u>	<u>(52,096)</u>	<u>(53,485)</u>
	<u>(52,725)</u>	<u>(54,103)</u>	<u>(52,725)</u>	<u>(54,103)</u>
Net Income	<u>-</u>	<u>11</u>	<u>-</u>	<u>11</u>
Net assets, beginning of period	<u>36,383</u>	<u>83,188</u>	<u>36,383</u>	<u>83,188</u>
Net assets, end of period	<u>\$ 36,383</u>	<u>\$ 83,199</u>	<u>\$ 36,383</u>	<u>\$ 83,199</u>

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

WEST VIRGINIA LOTTERY

**STATEMENTS OF CASH FLOWS
FOR THE ONE MONTH PERIOD ENDED JULY 31, 2010**

(In Thousands)
-Unaudited-

	2010	2009
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 116,401	\$ 128,684
Cash payments for:		
Personnel costs	(869)	(905)
Suppliers	(1,403)	(1,366)
Other operating costs	<u>(63,387)</u>	<u>(74,153)</u>
Cash provided by operating activities	<u>50,742</u>	<u>52,260</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(136,160)	(52,634)
Distributions to municipalities and counties	<u>(625)</u>	<u>(634)</u>
Cash used in noncapital financing activities	<u>(136,785)</u>	<u>(53,268)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(75)</u>	-
Cash flows from investing activities:		
Investment earnings received	<u>28</u>	<u>50</u>
Cash provided by investing activities	<u>28</u>	<u>50</u>
 Increase (decrease) in cash and cash equivalents	 (86,890)	 (958)
Cash and cash equivalents - beginning of period	<u>264,710</u>	<u>295,225</u>
Cash and cash equivalents - end of period	\$ <u>178,620</u>	\$ <u>294,267</u>
 Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 52,725	\$ 54,114
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	146	168
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(7,547)	1,397
(Increase) decrease in inventory	130	106
(Increase) decrease in other assets	40	22
Increase (decrease) in estimated prize claims	(762)	(215)
Increase (decrease) in accounts payable	(86)	(225)
Increase (decrease) in other accrued liabilities	<u>6,096</u>	<u>(3,107)</u>
Cash provided by operating activities	\$ <u>50,742</u>	\$ <u>52,260</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.

Racetrack video lottery is a self-activated video version of lottery games. The board-operated games allow a player to place bets for the chance to be awarded credits which can either be redeemed for cash or be replayed as additional bets. The coin operated games allow a player to use coins, currency, or tokens to place bets for the chance to receive coin or token awards which may be redeemed for cash or used for replay in the coin operated games. The racetrack video lottery games' prize structures are designed to award prizes, or credits, at a stipulated rate of total bets played, and prize expense is netted against total video credits played. The Lottery recognizes as racetrack video lottery revenue "gross terminal income" equivalent to all wagers, net of related prizes. Amounts required by statute to be paid to the private and local government entities are reported as commissions. Racetrack video lottery legislation has established specific requirements for racetrack video lottery and imposed certain restrictions limiting the licensing for operation of racetrack video lottery games to horse and dog racetracks in West Virginia, subject to local county elections permitting the same. The legislation further stipulates the distribution of revenues from racetrack video lottery games, and requires any licensed racetrack to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Limited video lottery is also a self-activated video version of lottery games, which were first placed in operation in December 2001, located in limited licensed retailer areas restricted for adult amusement. The games allow a player to use currency to place bets for the chance to receive free games or vouchers which may be redeemed for cash. The limited video lottery games' prize structures are designed to award prizes, at a stipulated rate of total bets played, and prize expense is netted against total video credits played. The Lottery recognizes as limited video lottery revenue "gross terminal income" equivalent to all wagers, net of related prizes. Amounts required by statute to be paid to private entities are reported as commissions. Limited video lottery permit holders are statutorily responsible for acquiring equipment and bearing the risk associated with the costs of operating the games.

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

Historic resort lottery games are a combination of self-activated video lottery games as well as table games which are located at a licensed historic resort hotel as defined by the WV Code. Video lotteries at the historic resort are board-operated games that allow a player to place bets for the chance to be awarded credits which can either be redeemed for cash or be replayed as additional bets. The coin operated games allow a player to use coins, currency, or tokens to place bets for the chance to receive coin or token awards which may be redeemed for cash or used for replay in the coin operated games.

The historic resort video lottery games' prize structures are designed to award prizes, or credits, at a stipulated rate of total bets played, and prize expense is netted against total video credits played. The Lottery recognizes as historic resort lottery revenues:

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

Amounts required by statute to be paid to the private and local government entities are reported as commissions. The Lottery Act as amended has established specific requirements for historic resort video and table games lotteries and imposed certain restrictions limiting the licensing for operation of historic resort lottery games in West Virginia, subject to local county elections permitting the same. The legislation further

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

stipulates the distribution of revenues from historic resort lottery games, and requires any licensed historic resort to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

CASH AND CASH EQUIVALENTS – Cash and cash equivalents primarily consist of interest-earning deposits 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 \$500,740 and \$467,815 of at June 30, 2010 and 2009, respectively, for estimated obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. Employees fully vest in all earned but unused vacation. To the extent that accumulated sick leave is expected to be converted to benefits on termination or retirement, the Lottery participates in an other postemployment benefits plan (see Note 16).

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
 -Unaudited-

NOTE 3 - CASH AND CASH EQUIVALENTS

At July 31, 2010 the carrying amounts of deposits (overdraft) with financial institutions were (\$15) thousand with a bank balance (overdraft) of \$54 thousand. Of this balance \$250 thousand was covered by federal depository insurance with the remaining balance collateralized with securities held by the State of West Virginia's agent in the State's name.

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

	July 31, 2010	June 30, 2010
Deposits with financial institutions	\$ (15)	\$ (60)
Cash on hand at the Treasurer's Office	15,748	40,006
Investments with BTI reported as cash equivalents	162,887	224,764
	<u>\$ 178,620</u>	<u>\$ 264,710</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.

NOTE 4 - CAPITAL ASSETS

A summary of capital asset activity for the month ended July 31, 2010 is as follows (in thousands):

Capital Assets:	Historical Cost At June 30, 2010	Additions	Deletions	Historical Cost At July 31, 2010
	Construction in Progress			\$ 20,174
Land	1,434	-	-	1,434
Improvements	1,170	-	-	1,170
Equipment	16,746	75	-	16,821
	<u>\$ 39,524</u>	<u>\$ 75</u>	<u>\$ -</u>	<u>\$ 39,599</u>
Accumulated Depreciation:	Historical Cost At June 30, 2010	Additions	Deletions	Historical Cost At July 31, 2010
Improvements	\$ 1,131	\$ 1	\$ -	\$ 1,132
Equipment	15,044	145	-	15,189
	<u>\$ 16,175</u>	<u>\$ 146</u>	<u>\$ -</u>	<u>\$ 16,321</u>

WEST VIRGINIA LOTTERY
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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 designees from each of the party states. The Board of Directors' responsibilities to administer the Multi-State Lottery Powerball, Hot Lotto, and Mega Millions games are performed by advisory committees or panels staffed by officers and independent contractors appointed by the board. These officers and consultants serve at the pleasure of the board and the board prescribes their powers, duties and qualifications. The Executive Committee carries out the budgeting and financing of MUSL, while the board contracts the annual independent audit. A copy of the audit may be obtained by writing to the Multi-State Lottery Association, 1701-48th Street, Suite 210, West Des Moines, Iowa 50266-6723.

Each MUSL member sells game tickets through its agents and makes weekly wire transfers to the MUSL in an amount equivalent to the total prize pool less the amount of prizes won in each state. Lesser prizes are paid directly to the winners by each member lottery. The prize pool for POWERBALL®, HOT LOTTO® and MEGA MILLIONS® is 50% of each drawing period's sales, with minimum jackpot levels. The Lottery's revenues and expenses from MUSL games participation for the month ended July 31, 2010 and year-to-date is as follows:

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 3,108,759	\$ 3,108,759
Hot Lotto	454,262	454,262
Mega Millions	490,827	490,827
Total	\$ 4,053,848	\$ 4,053,848
<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,562,457	\$ 1,562,457
Hot Lotto	227,338	227,338
Mega Millions	268,271	268,271
Total	\$ 2,058,066	\$ 2,058,066

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:

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
 -Unaudited-

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

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

At July 31, 2010, the Lotteries share of the prize reserve fund balances were as follows:

Game	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 112,498,421	\$ 2,366,754
Hot Lotto	6,531,027	395,256
Mega Millions	275,941	3,079
Total	<u>\$ 119,305,389</u>	<u>\$ 2,765,089</u>

Lottery prize reserves held by the MUSL are invested according to a Trust agreement the Lottery has with MUSL outlining investment policies. The policies restrict investments to direct obligations of the United States Government, perfected repurchase agreements, and obligations issued or guaranteed as to payment of principal and interest by agencies or instrumentalities of the United States Government, and mutual funds of approved investments. The average portfolio maturity is never more than one year, except that up to one third 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 \$15,991,948 at July 31, 2010, of which the Lottery's share was \$1,734,300.

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.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

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

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

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

The WV Lottery, along with the Rhode Island and Delaware lotteries, participate in Multi-Jurisdictional Wide Area Progressive (MWAP) video games. This allows each of the lotteries to offer a higher progressive jackpot than they could generate alone. MUSL manages the progressive games and charges each participant a MWAP contribution fee of 4% of the amount wagered. A summary of racetrack video lottery revenues for the month ended July 31, 2010 and year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2011	2010	2011	2010
Total credits played	\$ 795,078	\$ 768,495	\$ 795,078	\$ 768,495
Credits (prizes) won	(714,849)	(692,657)	(714,849)	(692,657)
Promotional credits played	(6,963)	-	(6,963)	-
MWAP Contributions	(354)	(346)	(354)	(346)
Gross terminal income	72,912	75,492	72,912	75,492
Administrative costs	(2,916)	(3,020)	(2,916)	(3,020)
Net Terminal Income	69,996	72,472	69,996	72,472
Less distribution to agents	(41,298)	(42,758)	(41,298)	(42,758)
Racetrack video lottery revenues	<u>\$ 28,698</u>	<u>\$ 29,714</u>	<u>\$ 28,698</u>	<u>\$ 29,714</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

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

	<u>July 31, 2010</u>	<u>Year-to-Date</u>
State Lottery Fund	\$ 20,999	\$ 20,999
State Excess Lottery Revenue Fund	-	-
Capital Reinvestment Fund	-	-
Tourism Promotion Fund 1.375%	962	962
Development Office Promotion Fund .375 %	262	262
Research Challenge Fund .5 %	350	350
Capitol Renovation & Improvement Fund .6875 %	481	481
Parking Garage Fund .0625 %	44	44
Parking Garage Fund 1 %	500	500
Cultural Facilities & Capitol Resources Fund .5 %	100	100
Capitol Dome & Capitol Improvements Fund .5 %	100	100
Worker's Compensation Debt Reduction Fund 7 %	4,900	4,900
Total nonoperating distributions	<u>\$ 28,698</u>	<u>\$ 28,698</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 distributed to counties and incorporated municipalities in the manner prescribed by the statute. The remaining amount of gross profit is paid to retailers and/or operators as prescribed in the Act, and is recorded as limited video lottery commissions in the financial statements. Municipal and county distributions are accounted for as nonoperating expenses. A summary of limited video lottery revenues for the month ended July 31, 2010 and year-to-date follows (in thousands):

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
 -Unaudited-

NOTE 7 - LIMITED VIDEO LOTTERY (continued)

	Current Month		Year-to-Date	
	2011	2010	2011	2010
Total credits played	\$ 384,086	\$ 398,554	\$ 384,086	\$ 398,554
Credits (prizes) won	(351,343)	(364,455)	(351,343)	(364,455)
Gross terminal income	\$ 32,743	\$ 34,099	\$ 32,743	\$ 34,099
Administrative costs	(655)	(682)	(655)	(682)
Gross Profit	32,088	33,417	32,088	33,417
Commissions	(16,044)	(16,709)	(16,044)	(16,709)
Municipalities and Counties	(642)	(668)	(642)	(668)
Limited video lottery revenues	<u>\$ 15,402</u>	<u>\$ 16,040</u>	<u>\$ 15,402</u>	<u>\$ 16,040</u>

NOTE 8 - TABLE GAMES

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

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

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

**WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 – TABLE GAMES (continued)

- 1) Transfer four percent into a special fund to be established by the Racing Commission to be used for payment into the pension plan for all employees of each licensed racing association;
- 2) Transfer ten percent, to be divided and paid in equal shares, to each county commission in the state where table games are not located;
- 3) Transfer ten percent, to be divided and paid in equal shares, to the governing bodies of each municipality in the states 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 July 31, 2010 and year-to-date were \$11,230,697 and \$11,230,697, 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:

	<u>Current Month</u>		<u>Year-to-Date</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Table Games Privilege Tax	\$ 3,931	\$ 2,951	\$ 3,931	\$ 2,951
Interest on Table Games Fund				
Administrative costs	(336)	(253)	(336)	(253)
Total Available for Distribution	<u>3,595</u>	<u>2,698</u>	<u>3,595</u>	<u>2,698</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	281	210	281	210
Thoroughbred & Greyhound Development Funds	225	169	225	169
Racing Association Pension Plan	108	81	108	81
Municipalities/ Counties	932	700	932	700
Total Distributions	<u>1,546</u>	<u>1,160</u>	<u>1,546</u>	<u>1,160</u>
State Debt Reduction Fund	<u>\$ 2,049</u>	<u>\$ 1,538</u>	<u>\$ 2,049</u>	<u>\$ 1,538</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

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

historic resort hotel. A summary of historic resort hotel video lottery revenues for the month ended July 31, 2010 and year-to-date follows (in thousands):

	<u>Current Month</u>	<u>Year-to-Date</u>
Total credits played	\$ 4,010	\$ 4,010
Credits (prizes) won	(3,672)	(3,672)
Promotional credits played	(12)	(12)
Gross terminal income	326	326
Capital reinvestment	(15)	(15)
Administrative costs	(18)	(18)
Hotel commissions	(138)	(138)
Net terminal income	155	155
Historic Resort Hotel Fund	100	100
Human Resource Benefit Fund	55	55

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 July 31, 2010 and year-to-date were \$163,018 and \$163,018, respectively.

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

	<u>Current Month</u>	<u>Year-to-Date</u>
Table games privilege tax	\$ 57	\$ 57
Administrative Costs	(7)	(7)
Total Available for Distribution	50	50
Historic Resort Hotel Fund	42	42
Human Resource Benefit Fund	8	8

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;

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 – HISTORIC RESORT HOTEL (continued)

- 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	\$ 100	\$ 100
Historic Resort Table Games	42	42
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	<u>142</u>	<u>142</u>
Municipalities/ Counties	20	20
State General Revenue Fund	91	91
State Debt Reduction Fund	27	27
State Tourism Promotion Fund	4	4
Total Distributions	<u>\$ 142</u>	<u>\$ 142</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, 2011 the State Legislature budgeted \$166,119,364 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 \$4,800,000 per month for the first ten months of each fiscal year. In addition, Legislation provides that, if in any month, there is a shortage of funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be transferred from the State Lottery Fund to cover such shortfall, after the State Lottery Fund debt service payments have been made. Repayments to the State Lottery Fund are required to be made in subsequent months as funds become available. During the month ended July 31, 2010 the Lottery made such distributions and accrued additional distributions of \$42,225,636. The Lottery is a non-appropriated state

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

agency and therefore does not have a budget adopted by the Legislature. Since the enactment of the Racetrack Video Lottery Act, the Lottery is also statutorily required to distribute income from racetrack video lottery operations as described in Note 6. For the month ended July 31, 2010, the Lottery accrued additional distributions relating to racetrack video lottery operations of \$1,593,975.

Note 7 describes the Limited Video Lottery Act and the statutory distributions required to be made from limited video lottery operations. Note 8 describes the Table Games Act and the statutory distributions required to be made from table games operations. Note 9 describes the Historic Resort Hotel statutory distributions to be made from historic resort operations.

A summary of the cash distributions made to certain state agencies to conform to the legislation follows (in thousands):

<u>BUDGETARY DISTRIBUTIONS</u>	<u>July 31, 2010</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 500
Bureau of Senior Services	17,570	17,570
Department of Education	8,346	8,346
Library Commission	2,957	2,957
Higher Education-Policy Commission	3,063	3,063
Tourism	2,005	2,005
Natural Resources	915	915
Division of Culture & History	1,544	1,544
Department of Education & Arts	300	300
Building Commission	1,000	1,000
School Building Authority	1,800	1,800
Total State Lottery Fund	<u>\$ 40,000</u>	<u>\$ 40,000</u>

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

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 1,900	\$ 1,900
Higher Education Improvement Fund	1,000	1,000
General Purpose Account	54,405	54,405
Higher Education Improvement Fund	29,000	29,000
State Park Improvement Fund	-	-
School Building Authority	1,900	1,900
Refundable Credit	-	-
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	-	-
Total State Excess Lottery Revenue Fund	\$ 88,205	\$ 88,205

Total Budgetary distributions:

\$ 128,205 **\$ 128,205**

Veterans Instant Ticket Fund

\$ 161 **\$ 161**

Other Racetrack Video Lottery distributions:

Tourism Promotion Fund 1.375%	\$ 842	\$ 842
Development Office Promotion Fund .375%	229	229
Research Challenge Fund .5%	306	306
Capitol Renovation & Improvement Fund .6875%	421	421
Parking Garage Fund .0625 %	38	38
Parking Garage Fund 1 %	500	500
Cultural Facilities & Cap. Resources Fund .5%	28	28
Capitol Dome & Cap. Improvements Fund .5%	85	85
Workers Compensation Debt Reduction Fund 7%	3,885	3,885
Total	\$ 6,334	\$ 6,334

Table Games State Debt Reduction Fund

\$ 1,387 **\$ 1,387**

Historic Resort Hotel distributions:

State General Revenue Fund	\$ 54	\$ 54
State Debt Reduction Fund	16	16
Tourism Promotion Fund	3	3
Total	\$ 73	\$ 73

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

\$ 136,160 **\$ 136,160**

Accrued nonoperating distributions, beginning

(241,039) **(241,039)**

Accrued nonoperating distributions, end

156,975 **156,975**

\$ 52,096 **\$ 52,096**

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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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 month ended July 31, 2010 and July 31, 2009 approximated \$48,223 and \$54,252, respectively.

The Lottery leases office space under the terms of a non-cancellable operating lease to various tenants. Rental revenue for the month ended July 31, 2010 and year-to-date were \$83,347 and \$83,347, respectively. Future rental receipts (in thousands) are as follows:

Year Ended June 30	Rental Receipts
2011	\$ 841
2012	939
2013	962
2014	986
2015	248
Total	\$ 3,976

NOTE 12 – RESTRICTED NET ASSETS

On June 14, 2006, House Bill 106 was enacted by the West Virginia State Legislature to set aside unexpended administrative expenses of the Lottery up to the limits for such expenses established by the enabling legislation of traditional, racetrack video lottery, and limited video lottery games in an amount not to exceed \$20,000,000 beginning in fiscal year 2006 and each year through fiscal year 2012. These assets are to be set aside for the design and construction of a building for the use of the Lottery and certain other State of West Virginia governmental entities. Contributions to the fund for fiscal years ending June 30, 2010 and June 30, 2009 were as follows:

	June 30, 2010	June 30, 2009
Beginning balance	\$ 69,870	\$ 58,487
Additions		
Administrative surplus contribution		10,817
Fund interest	93	566
Deductions		
Asset acquisition	(21,608)	-
Surplus of excess funds	(40,000)	-
Ending balance	\$ 8,355	\$ 69,870

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 13 -- COMMITMENTS

For the year ended June 30, 2010, the Lottery Commission has designated \$3,031,185 of unexpended administrative funds for the acquisition of capital assets. As of June 30, 2010 and 2009, \$5,921,057 and \$12,817,601, respectively, are included in unrestricted net assets and invested in capital assets for this purpose.

NOTE 14 - RETIREMENT BENEFITS

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

Employees who retire at or after age sixty with five or more years of contributory service or who retire at or after age fifty-five and have completed twenty-five years of credited service with age and credited service equal to eighty or greater are eligible for retirement benefits as established by State statute. Retirement benefits are payable monthly for life, in the form of a straight-line annuity equal to two percent of the employee's average annual salary from the highest 36 consecutive months within the last 10 years of employment, multiplied by the number of years of the employee's credited service at the time of retirement. Covered employees are required to contribute 4.5% of their salary to the PERS. The Lottery is required to contribute 12.5% of covered employees' salaries to the PERS. The required employee and employer contribution percentages have been established and changed from time to time by action of the State Legislature. The required contributions are not actuarially determined; however, actuarial valuations are performed to assist the Legislature in determining appropriate contributions. The Lottery and employee contributions, for the month ending July 31, 2010 and year-to-date are as follows (in thousands):

	July 31, 2010	Year-to-Date
Lottery contributions	\$ 87	\$ 87
Employee contributions	31	31
Total contributions	\$ 118	\$ 118

NOTE 15 - RISK MANAGEMENT

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 15 - RISK MANAGEMENT (continued)

WORKERS' COMPENSATION INSURANCE

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

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

PUBLIC EMPLOYEES' INSURANCE AGENCY (PEIA)

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

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

BOARD OF RISK AND INSURANCE MANAGEMENT (BRIM)

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 16- OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Lottery participates in the West Virginia Other Postemployment Benefits Plan (OPEB Plan) of the West Virginia Retirees 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 retirees 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 \$903 and \$981 per employee per month for the years ending June 30, 2011 and 2010 respectively. Through June 30, 2010 and 2009, the Lottery has paid premiums of \$226,212 and \$185,563. As of June 30, 2010 and 2009, the Lottery has recorded a liability of \$1,484,546 and \$251,867 on its balance sheet for OPEB.

NOTE 17- NEW ACCOUNTING PRONOUNCEMENTS

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

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor

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



, 304-347-4870

Memorandum

To: Honorable Senate President Tomblin
Honorable House of Delegates Speaker Thompson
Honorable Members of the Joint Committee on Government and
Finance

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

Date: September 2, 2010

Re: Status of General Revenue Fund August 31, 2010

We have reviewed the cash revenue flows of the West Virginia general revenue fund for the month of August of fiscal year 2010-2011. The status of the fund collections are as follows:

The net collections were **109.30%** of the estimate for the fiscal year as of August 31, 2010. **The amount above estimate was \$55 million for the year.**

Personal Income Tax collections were \$ 14.6 million over the estimate for the fiscal year.

Consumer sales and use tax collections were \$6.8 million under the estimate for the fiscal year.

Liquor license renewal (once every ten years) accounted for \$ 14.1 million income to the general revenue fund.

Joint Committee on Government and Finance

Severance tax was \$12.5 million over the estimate as of August 31, 2010.

State Road Fund

The state road fund was collected at 106.15% of the estimate for the months of July - August 2010. Privilege tax collections were \$ 2 million over the estimate. Gasoline tax was \$ 5 million over the estimate. The entire fund was \$ 6.7 million above the estimate for the year.

Rainy Day and Personal Income Tax Reserve

Revenue Shortfall Reserve Fund A(Rainy Day Fund) had a cash balance of \$ 276,113,004.97 as of August 31, 2010.

Balance July 1, 2010	276,949,590.37
Cash flow loan to General Revenue on July 1, 2010. To be repaid 90 days. This is a normal occurrence in July due to cash flow demands; repaid in September.	- 56,000,000.00
Revenues (Surplus previous fiscal year)	51,314,324.75
Earnings	3,849,089.85
Balance August 31, 2010	276,113,004.97

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 286,964,353.68 as of August 31, 2010.

Balance July 1, 2010	279,073,099.52
Earnings	7,891,254.16
Balance August 31, 2010	286,964,353.68

The Special Income Tax Reserve Fund had a cash balance of \$45,019,319.21 as of August 31, 2010.

Balance July 1, 2010	45,019,319.21
Revenues	-0-
Balance August 31, 2010	45,019,319.21

Monthly Revenue Estimates
as of August 31, 2010 WVFIMS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	UNDER ESTIMATES VS ACTUAL COLLECTIONS	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS
Personal Income Tax	109,200,000	119,939,349	10,739,349	217,400,000	232,099,603	14,699,603
Consumer Sales Tax & Use Tax	92,300,000	96,814,941	4,514,941	192,200,000	199,033,829	6,833,829
HB 102 - Lottery Transfers	11,000,000	10,595,497	-404,503	60,000,000	65,000,000	5,000,000
Severance Tax	35,020,000	47,778,819	12,758,819	40,720,000	53,293,863	12,573,863
Insurance Tax	400,000	764,134	364,134	25,000,000	24,460,349	-539,651
Tobacco Products Tax	9,730,000	9,324,233	-405,767	20,190,000	19,172,731	-1,017,269
Business and Occupation	12,300,000	14,182,887	1,882,887	16,900,000	20,675,657	3,775,657
Liquor License Renewal	40,000	371,158	331,158	5,600,000	14,126,181	8,526,181
Corp Income /Business Franchise	1,900,000	1,840,458	-59,542	4,100,000	7,416,743	3,316,743
Liquor Profit Transfers	1,250,000	1,501,850	251,850	2,250,000	2,506,985	256,985
Interest Income	1,100,000	1,680,812	580,812	2,200,000	3,428,381	1,228,381
Departmental Collections	870,000	1,260,160	390,160	1,670,000	1,997,846	327,846
Property Transfer Tax	790,000	742,636	-47,364	1,650,000	1,722,203	72,203
Beer Tax and Licenses	680,000	746,538	66,538	1,530,000	1,601,029	71,029
Miscellaneous Receipts	600,000	228,133	-371,867	910,000	418,219	-491,781
Property Tax	350,000	287,523	-62,477	450,000	392,623	-57,377
Business Franchise Fees	60,000	138,100	78,100	340,000	467,883	127,883
Miscellaneous Transfers	250,000	301,229	51,229	270,000	301,229	31,229
Refundable Credit Reim LTY	200,000	563,374	363,374	200,000	563,374	363,374
Racing Fees	0	0	0	0	20,810	20,810
Charter Tax	0	28,735	28,735	0	47,601	47,601
Telecommunications Tax	0	10,038	10,038	0	21,766	21,766
Estate and Inheritance Tax	0	0	0	0	3,286	3,286
Video Lottery Transfers	0	19,276	19,276	0	40,135	40,135
Cash Flow Transfer	0	0	0	0	56,000,000	0
TOTALS	278,040,000	309,119,680	31,079,680	593,580,000	704,812,325	111,232,325
Minus Cash Flow Transfer	0	0	0	0	56,000,000	0
Percent of Estimates		111.18%			118.74%	
TOTALS	278,040,000	309,119,680	31,079,680	593,580,000	648,812,325	55,232,325
Percent of Estimates		111.18%			109.30%	
Collections this day		26,869,858				

Prepared by Legislative Auditor's Office, Budget Division

STATE ROAD FUND FY 2010-2011
 Monthly Revenue Estimates
 as of August 31, 2010 WVFIMS

FINAL

	MONTH ESTIMATES	NET MONTH COLLECTIONS	MONTHLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS
Gasoline & Motor Carrier Rd Tax	42,200,000	61,147,391	18,947,391	64,000,000	69,007,110	5,007,110
Privilege Tax	14,317,000	16,156,783	1,839,783	28,859,000	30,945,684	2,086,684
Licenses & Registration	7,388,000	7,219,331	-166,669	16,864,000	16,528,282	-335,718
Highway Litter Control	141,000	163,079	22,079	322,000	329,596	7,596
TOTALS	64,044,000	84,686,584	20,642,584	110,045,000	116,810,673	6,765,673

Percent of Estimates

132.23%

106.16%

Collections this day

29,878,625

REVENUE SHORTFALL RESERVE FUND 7005, Part A AS OF August 2, 2010 : \$222,726,240.06

REVENUE SHORTFALL RESERVE FUND 7006, Part B AS OF August 2, 2010 : \$278,690,426.85

PERSONAL INCOME TAX REFUND RESERVE FUND AS OF August 2, 2010: \$45,019,319.21

Prepared by Legislative Auditor's Office, Budget Division

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor

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



, 304-347-4870

To: Honorable Senate President Tomblin
Honorable House of Delegates Speaker Thompson
Honorable Members of the Joint Committee on Government
and Finance

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

Date: September 1, 2010

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the July 2010 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia. July is the first month of fiscal year 2011.

For the first month of fiscal year 2010-2011, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2010	\$95,528,960.38
Receipts July 1, 2010 thru June 30, 2011	\$33,575,209.12
Disbursements July 1, 2010 thru June 30, 2011	\$34,234,711.85
Balance July 31, 2010	\$94,869,457.65

ITEMS OF NOTE:

Regular benefits paid for July 2010 were \$14 million less than July 2009.

Federal emergency benefits totaled \$ 12 million for the July 2010; for July 2009 federal emergency benefits totaled \$ 9

Joint Committee on Government and Finance
Unemployment

million.

Total disbursements were \$ 12 million less in July than the preceding July.

Receipts for July were \$ 4 million less than in fiscal July 2009. Overall ending trust fund balance was \$ 89 million less on July 31, 2010 than on July 31, 2009.

West Virginia's unemployment rate for the month of July 2010 was 8.6 percent. National unadjusted employment rate was 9.7 percent.

Seasonally adjusted unemployment rates were 8.6 percent for West Virginia and 9.5 percent nationally.

Since July 2009 employment has increased by 1,300. Employment gains were as follows: 2,200 in educational and health services; 900 in manufacturing; 800 in construction; 500 in other services; and 500 in mining and logging. Employment declines were as follows: 2,400 in trade, transportation and utilities; 600 in leisure and hospitality; 600 in financial services; and 600 in professional and business services.

Unemployment

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING MAY 2009 AND MAY 2010**

	MAY 09	JUNE 09	JULY 09	MAY 2010	JUNE 2010	JULY 2010	THREE MONTH TOTAL VARIANCE *
Balance Forward	<u>\$165,008,076.81</u>	<u>\$186,390,766.85</u>	<u>\$193,165,088.22</u>	<u>\$67,266,942.58</u>	<u>\$108,392,942.39</u>	<u>\$95,628,960.38</u>	<u>(\$273,377,086.44)</u>
Add Receipts:							
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions:	\$53,988,825.48	\$1,941,206.73	\$24,611,164.34	\$67,859,288.93	\$2,950,870.13	\$18,829,788.76	\$9,098,751.27
3. Federal Emergency Benefits (EUCOB)	\$4,965,142.62	\$13,477,889.00	\$9,448,500.00	\$18,522,930.92	\$20,088,819.06	\$11,525,604.92	\$22,246,023.28
4. Federal Share Extended Benefits (EB)	\$0.00	\$0.00	\$0.00	\$476,753.03	\$463,936.85	\$56,940.66	\$997,630.54
5. Temp Federal Additional Comp (FAC)	\$4,931,821.00	\$4,665,539.00	\$3,885,199.00	\$3,734,687.00	\$4,148,919.00	\$2,610,961.00	(\$2,987,992.00)
6. UCFE (Federal Agencies)	\$108,110.51	\$134,715.38	\$145,698.76	\$113,611.99	\$136,731.45	\$120,956.05	(\$17,225.16)
7. Special Administrative Transfer **	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8. Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9. UC Modernization Incentive	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10. Treasury Interest Credits	\$0.00	\$1,940,527.75	\$0.00	\$0.00	\$896,525.01	\$0.00	(\$1,044,002.74)
11. UCX (Military Agencies)	\$257,655.84	\$334,173.19	\$361,896.78	\$368,442.22	\$448,151.17	\$430,957.73	\$293,825.30
12. WV Insurance Committee-Senate Bill 246	\$0.00	\$40,000,000.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$40,000,000.00)
13. CMA Receipts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Receipts	<u>\$64,251,555.45</u>	<u>\$82,493,851.05</u>	<u>\$38,452,458.89</u>	<u>\$91,075,714.09</u>	<u>\$29,133,952.67</u>	<u>\$33,575,209.12</u>	<u>(\$11,412,989.51)</u>
Less Disbursements:							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)
Regular Benefits	\$31,422,777.17	\$37,196,430.62	\$33,461,040.56	\$22,991,873.05	\$19,393,305.83	\$18,709,953.79	(\$40,985,115.70)
Federal Emergency Benefits (EUCOB)	\$6,065,169.72	\$12,745,901.00	\$9,107,118.00	\$21,464,745.92	\$17,231,703.08	\$12,169,097.97	\$22,947,358.25
Federal Share Extended Benefits (EB)	\$0.00	\$0.00	\$0.00	\$472,940.61	\$451,772.27	\$116,532.37	\$1,041,245.25
Emergency Benefits (TEUC)	(\$392.00)	(\$330.00)	(\$355.00)	(\$190.00)	(\$769.12)	(\$798.54)	(\$880.66)
Temp Federal Additional Comp (FAC)	\$4,937,591.00	\$4,393,011.00	\$3,773,505.00	\$4,287,027.00	\$3,611,704.00	\$2,662,045.00	(\$2,543,331.00)
UCFE (Federal Workers) Benefits	\$127,842.77	\$137,128.22	\$157,715.37	\$127,577.91	\$128,129.10	\$121,569.52	(\$45,209.83)
UCX (Military Workers) Benefits	\$317,077.45	\$343,349.85	\$390,264.88	\$509,118.65	\$460,814.14	\$447,396.83	\$366,637.34
Reed Act Funds	\$0.00	\$895,177.57	\$0.00	\$85,623.07	\$713,612.83	\$3,366.83	(\$92,574.84)
Special Administrative Transfer**	\$0.00	\$8,800.42	\$8,042.21	\$8,898.07	\$7,682.55	\$5,548.08	\$6,306.07
Total Monthly Disbursements	<u>\$42,869,866.11</u>	<u>\$55,719,528.78</u>	<u>\$46,897,331.04</u>	<u>\$49,948,714.28</u>	<u>\$41,997,934.88</u>	<u>\$34,234,711.85</u>	<u>(\$19,305,365.12)</u>
Trust Fund Balance	<u>\$186,390,766.85</u>	<u>193,165,088.22</u>	<u>\$194,720,216.07</u>	<u>\$109,392,942.39</u>	<u>\$95,528,860.38</u>	<u>\$94,899,457.65</u>	<u>(\$285,484,709.83)</u>

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

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



UC TRUST FUND PROJECTIONS - 2010
September 7, 2010

Month	Revenues	Benefits	Trust Fund Balance
Balance 12/31/2009			123,000,000
January	6,034,000	31,578,000	97,456,000
February	16,419,000	28,000,000	85,875,000
March	5,220,000	30,188,000	60,907,000
April	28,659,000	22,300,000	67,266,000
May	64,119,000	22,992,000	108,393,000
June	6,529,000	19,393,000	95,529,000
July	18,050,000	18,710,000	94,869,000
August	35,023,000	19,957,000	109,935,000
September	873,000	22,557,000	88,251,000
October	10,248,000	20,461,000	78,038,000
November	18,750,000	22,577,000	74,211,000
December	666,000	22,315,000	52,562,000
Totals	210,590,000	281,028,000	52,562,000

2011

January	6,034,000	31,578,000	27,018,000
February	16,419,000	28,000,000	15,437,000
March	5,220,000	30,188,000	(9,531,000)
April	28,659,000	22,300,000	(3,172,000)
May	64,119,000	22,992,000	37,955,000
June	6,529,000	19,393,000	25,091,000
July	18,050,000	18,710,000	24,431,000
August	35,023,000	19,957,000	39,497,000
September	873,000	22,557,000	17,813,000
October	10,248,000	20,461,000	7,600,000
November	18,750,000	22,577,000	3,773,000
December	666,000	22,315,000	(17,876,000)
Totals - 2011	210,590,000	281,028,000	(17,876,000)

112 California Avenue
Charleston, WV 25305-0112

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



Prescription Drug Report July 2010

*West Virginia Legislative Interims
September 2010*

WV PEIA - Monthly Trend

Plan Demographics	Jul-10	2010 - 2011 Fiscal	2009 - 2010 Fiscal	Percent Change
Total Drug Cost	\$13,881,248	\$13,881,248	\$12,812,891	10.06%
Amount Paid By Plan Sponsor	\$9,715,888	\$9,715,888	\$7,794,848	11.82%
Amount Paid by Members	\$5,165,358	\$5,165,358	\$4,817,843	7.21%
Total Claims	208,750	208,750	188,322	3.75%
Average Eligible Member	168,058	168,058	162,225	3.60%
Average # of Rx's Per Member Per Month	1.22	1.22	1.22	0.14%
Plan Paid Per Member Per Month (PMPM)	\$51.88	\$51.88	\$48.05	7.84%
Average Eligible Enrollees	78,768	78,768	74,681	5.58%
Average # of Rx's Per Enrollee Per Month	2.81	2.81	2.68	-1.74%
Plan Paid Per Enrollee Per Month (PEPM)	\$110.87	\$110.87	\$104.50	8.90%
Rx Cost Share				
Avg. Claim Cost to Plan	\$42.38	\$42.38	\$39.30	7.78%
Avg. Member Cost/Claim	\$25.11	\$25.11	\$24.28	3.34%
Percent member Cost Share	37.2%	37.2%	38.2%	-2.56%
Average Ingredient Costs				
Single Source (no generics available)	\$215.48	\$215.48	\$189.22	13.85%
Multi-Source Brand (generics available)	\$70.87	\$70.87	\$63.87	32.04%
Generic Drugs	\$25.00	\$25.00	\$19.45	28.52%
Brand/Generics Dispensing Rates				
Single Source (no generics)	21.44%	21.44%	24.96%	-14.12%
Multi-Source Brand % (generics available)	0.96%	0.96%	0.96%	1.02%
Generic Drug	77.61%	77.61%	74.09%	4.74%
Generics Dispensed when available	98.78%	98.78%	98.74%	0.04%
Percent of Plan Cost for Single Source	79.68%	79.68%	85.43%	-6.73%
Retail Pharmacy Program				
Avg. Day Supply	33.5	33.5	33.1	1.18%
Avg. Plan Cost/Day Supply	\$1.25	\$1.25	\$1.17	6.84%
Avg. Claim Cost to Plan	\$41.88	\$41.88	\$38.91	7.90%
Avg. Member Cost / Claim	\$24.98	\$24.98	\$24.14	3.47%
Percent Member Cost Share	37.30%	37.30%	38.29%	-2.58%
Special Maint Netwk (% of claims filled)	12.12%	12.12%	11.69%	3.83%
Other Maint (% of claims filled)	0.73%	0.73%	0.66%	10.22%
Avg. Days Supply for Maint. Networks	87.1	87.1	87.3	-0.18%
Total # Claims Fills 1-34 Days Supply	174,814	174,814	169,696	2.90%
Total # Claims Fills 35-60 Day Supply	1,808	1,808	1,567	15.36%
Total # Claims Fills 61-90 Day Supply	27,048	27,048	24,943	8.44%
Total # Claims Fills 91+ Day Supply	58	58	38	62.63%
Mail Service Program				
Avg. Days Supply	72.7	72.7	71.7	1.42%
Avg. Plan Cost/Days Supply	\$1.08	\$1.08	\$1.07	-0.87%
Avg. Cost to Plan	\$77.03	\$77.03	\$78.82	0.54%
Avg. Member Cost/Claim	\$37.01	\$37.01	\$36.82	-4.60%
Percent Member Cost Share	32.45%	32.45%	33.68%	-3.66%
Total # Claims Fill 1-34 Days Supply	813	813	608	0.82%
Total # Claims Fills 35-60 Days Supply	9	9	11	-18.18%
Total # Claims Fills 61-90 Days Supply	1,600	1,600	1,459	8.66%
Total # Claims Fills 91+ Day Supply	0	-	-	
Formulary Program				
S/S Formulary Drugs (% by claim)	13.96%	13.96%	20.31%	-31.26%
S/S Non-Formulary Drugs (% by claim)	7.46%	7.46%	4.68%	60.81%
M/S Drugs (% by claim)	0.96%	0.96%	0.95%	1.02%
Generic Drugs (% by Claim)	77.61%	77.61%	74.09%	4.74%
S/S Formulary Drugs (% by \$)	63.89%	63.89%	79.26%	-19.21%
S/S non-Formulary Drugs (% by \$)	15.76%	15.76%	9.17%	72.08%
M/S Drugs (% by \$)	0.81%	0.81%	0.83%	51.88%
Generic Drugs (% by \$)	18.51%	18.51%	14.04%	39.01%
Specialty Drugs				
Total Drug Cost	\$1,744,872	\$1,744,872	\$1,479,282	17.84%
Amount Paid by Plan Sponsor	\$1,674,257	\$1,674,257	\$1,413,388	18.46%
Amount Paid by Members	\$70,415	\$70,415	\$65,824	8.81%
Total Claims	768	768	763	4.36%
Avg # of Rx's per Member per Month	0.00	0.008	0.008	0.76%
Plan Paid Per Member Per Month (PMPM)	\$9.96	\$9.96	\$8.71	14.35%
Avg Claim Cost to Plan	\$2,130.10	\$2,130.10	\$1,878.97	13.49%
Avg Claim Cost to Member	\$89.59	\$89.59	\$87.58	2.33%
Percent of Member Cost Share	4.04%	4.04%	4.48%	-9.44%
Percent of Overall Drug Spend	12.57%	12.57%	11.73%	7.16%



Key Performance Indicators

Comprehensive Indicators

WVA - WV Public Employees Ins

Current Period: 07/2010 - 07/2010
 Previous Period: 07/2009 - 07/2009

	Current Period	Previous Period	% Change
Overall Performance			
Plan Cost PMPM	\$52.02	\$47.49	9.5 %
Average Mbrs/Month	168,058	162,225	3.6 %
Average Subs/Month	78,755	74,591	5.6 %
% Utilizing Members	43.0 %	42.8 %	0.5 %
% Retail Utilizing Members	42.7 %	42.5 %	0.5 %
% Mail Utilizing Members	0.6 %	0.6 %	6.3 %
Rx Measures			
Rxs PMPM	1.23	1.21	1.4 %
Retail Rxs PMPM	1.21	1.20	1.3 %
Mail Rxs PMPM	0.01	0.01	3.7 %
Average Admin Fee/Rx	\$0.00	\$0.00	-91.0 %
Avg Retail Admin Fee/Rx	\$0.00	\$0.00	-91.0 %
Avg Mail Admin Fee/Rx	\$0.00	\$0.00	0.0 %
Average Plan Cost/Rx	\$42.36	\$39.21	8.0 %
Avg Retail Plan Cost/Rx	\$41.98	\$38.82	8.2 %
Avg Mail Plan Cost/Rx	\$77.03	\$75.91	1.5 %
Average Mbr Contrib/Rx	\$25.14	\$24.18	4.0 %
Avg Retail Mbr Contrib/Rx	\$25.01	\$24.02	4.1 %
Avg Mail Mbr Contrib/Rx	\$37.01	\$38.84	-4.7 %
Average Ing Cost/Rx	\$66.31	\$61.95	7.0 %
Avg Retail Ing Cost/Rx	\$65.79	\$61.39	7.2 %
Avg Mail Ing Cost/Rx	\$114.05	\$114.74	-0.6 %
Average AWP/Rx	\$120.44	\$116.69	3.2 %
Avg Retail AWP/Rx	\$119.25	\$115.55	3.2 %
Avg Mail AWP/Rx	\$229.88	\$223.28	3.0 %
Average Days Supply/Rx	34.0	33.5	1.3 %
Avg Retail Days/Rx	33.5	33.1	1.3 %
Avg Mail Days/Rx	72.7	71.8	1.3 %
Average Plan Cost/Day	\$1.25	\$1.17	6.6 %
Avg Retail Plan Cost/Day	\$1.25	\$1.17	6.8 %
Avg Mail Plan Cost/Day	\$1.08	\$1.08	0.1 %
% Plan Cost	62.8 %	61.9 %	1.5 %
% Member Contribution	37.2 %	38.1 %	-2.4 %
% Retail Plan Cost	62.7 %	61.8 %	1.5 %
% Retail Mbr Contrib	37.3 %	38.2 %	-2.4 %
% Mail Plan Cost	67.5 %	66.2 %	2.1 %
% Mail Member Contrib	32.5 %	33.8 %	-4.1 %



Key Performance Indicators

Comprehensive Indicators

WVA - WV Public Employees Ins

Current Period: 07/2010 - 07/2010

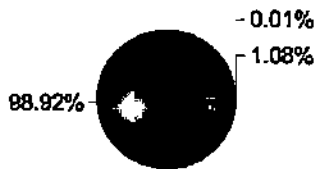
Previous Period: 07/2009 - 07/2009

	Current Period	Previous Period	% Change
Rx Sources			
% Mail Rxs	1.1 %	1.1 %	2.3 %
% Retail Rxs	98.9 %	98.9 %	-0.0 %
% Member Submit Rxs	0.0 %	0.0 %	-80.6 %
Rx Types			
Avg SSB Plan Cost/Rx	\$157.24	\$134.82	16.6 %
Avg Retail SSB Plan Cost/Rx	\$156.22	\$133.89	16.7 %
Avg Mail SSB Plan Cost/Rx	\$242.02	\$209.86	15.3 %
Avg MSB Plan Cost/Rx	\$35.73	\$21.71	64.6 %
Avg Retail MSB Plan Cost/Rx	\$35.29	\$21.44	64.6 %
Avg Mail MSB Plan Cost/Rx	\$97.61	\$47.54	105.3 %
Avg GEN Plan Cost/Rx	\$10.66	\$7.44	43.2 %
Avg Retail GEN Plan Cost/Rx	\$10.50	\$7.30	43.7 %
Avg Mail GEN Plan Cost/Rx	\$25.65	\$21.12	21.5 %
% Single-Source Brand Rxs	21.5 %	24.8 %	-13.6 %
% Multi-Source Brand Rxs	1.0 %	0.9 %	0.5 %
% Generic Rxs	77.6 %	74.2 %	4.5 %
% Retail Single-Source Brand	21.4 %	24.8 %	-13.5 %
% Retail Multi-Source Brand	1.0 %	0.9 %	0.8 %
% Retail Generic	77.6 %	74.3 %	4.5 %
% Mail Single-Source Brand	23.5 %	28.9 %	-18.6 %
% Mail Multi-Source Brand	0.6 %	0.9 %	-31.4 %
% Mail Generic	75.8 %	70.2 %	8.1 %
% Formulary Rxs	90.3 %	94.1 %	-4.0 %
% Retail Formulary Rxs	90.3 %	94.1 %	-4.0 %
% Mail Formulary Rxs	88.9 %	93.6 %	-5.0 %
% DAW Rxs	0.6 %	0.5 %	8.3 %
% Retail DAW Rxs	0.6 %	0.5 %	6.6 %
% Mail DAW Rxs	1.6 %	0.7 %	117.3 %
% Generic Conversion	98.8 %	98.7 %	0.0 %
% Retail GEN Conversion	98.8 %	98.7 %	0.0 %
% Mail GEN Conversion	99.2 %	98.7 %	0.5 %
Period Totals--			
Total Plan Cost	\$8,741,688.86	\$7,704,240.72	13.5 %
Retail Plan Cost	\$8,570,518.16	\$7,547,181.26	13.6 %
Mail Plan Cost	\$171,170.70	\$157,059.46	9.0 %
Total Member Contribution	\$5,187,079.65	\$4,751,047.97	9.2 %

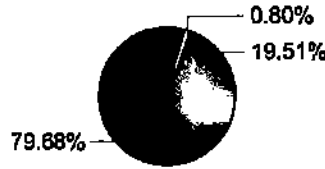
Key Performance Indicators
 Comprehensive Indicators
 WVA - WV Public Employees Ins

 Current Period: 07/2010 - 07/2010
 Previous Period: 07/2009 - 07/2009

	Current Period	Previous Period	
Retail Member Contrib	\$5,104,839.46	\$4,670,691.01	9.3 %
Mail Member Contrib	\$82,240.19	\$80,356.96	2.3 %
Total Rx Count	208,356	196,498	5.0 %
Retail Rx Count	204,123	194,373	5.0 %
Member Submit Rxs	11	54	-79.6 %
Mail Rx Count	2,222	2,069	7.4 %
Total Admin Fee	\$27.50	\$290.00	-90.5 %
Total UC Savings	\$8,446,770.06	\$10,005,050.84	-15.6 %
Total Lost Savings	\$28,902.84	\$22,159.85	30.4 %
Demographics			
Average Age	38.9	38.7	0.6 %
% Male Members	46.5 %	46.6 %	-0.1 %
% Female Members	53.5 %	53.4 %	0.1 %

Graphs based on Current Period: 07/2010 - 07/2010
Claim Source by Rx Count


■ Mail □ Mem... ■ Retail

Drug Type by Plan Cost


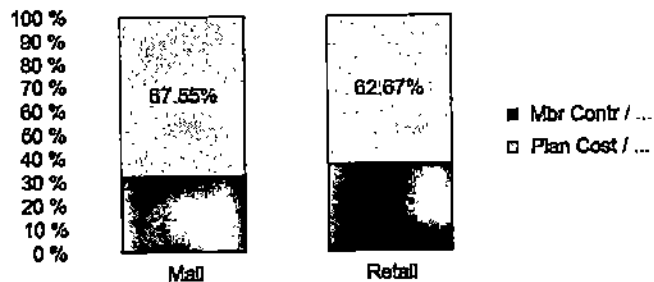
■ Gen... □ MS ... ■ SS ...

Formulary Status by Rx Count


■ For... □ Non...

Drug Formulary Status by Plan Cost


■ Bra... □ Bra... ■ Gen...

Cost Share Distribution by Claim Source

 ■ Mbr Contr / ...
 □ Plan Cost / ...

Utilization Report by Population Level

WVA - WV Public Employees Ins

Prescriptions Filled From 07/2010 - 07/2010



EXPRESS SCRIPTS®

Reporting Level 2	Avg Mbr Count	Avg Util Mbr/Mnth	Rx Count	Plan Cost	Member Cost/Rx	Plan Cost/Rx	Mail % Rxs	Gen % Rxs	Form % Rxs	Gen Conv %	PMPM Plan Cost
COBRA (COBRA)	356	196	635	\$37,099	\$24.73	\$58.42	2.7 %	80.5 %	92.8 %	99.0 %	\$104.20
NON STATE AGENCIES (02)	19,025	8,004	22,911	\$921,437	\$23.51	\$40.22	0.9 %	78.9 %	91.2 %	98.0 %	\$48.43
NON STATE AGENCIES-HDHP (02C)	48	9	13	\$43	\$18.35	\$3.34	0.0 %	92.3 %	84.6 %	100.0 %	\$0.90
NON STATE AGENCIES PLAN B (02B)	3,883	1,517	3,872	\$79,622	\$30.49	\$20.66	3.0 %	82.6 %	91.9 %	99.4 %	\$20.51
NON STATE RETIREES (08)	1,251	774	2,886	\$134,987	\$22.73	\$48.77	1.9 %	77.8 %	91.8 %	99.2 %	\$107.89
NON STATE RETIREES 60 (0880)	8	6	38	\$2,015	\$17.18	\$53.02	15.8 %	76.3 %	97.4 %	100.0 %	\$251.82
STATE AGENCIES (01)	124,253	51,905	143,894	\$6,097,976	\$25.19	\$42.38	1.0 %	77.8 %	90.0 %	98.7 %	\$49.08
STATE AGENCIES (01B)	4,976	1,294	2,866	\$71,539	\$32.19	\$26.05	1.4 %	81.5 %	89.9 %	99.2 %	\$14.38
STATE AGENCIES-HDHP (01C)	230	63	121	\$2,514	\$37.45	\$20.78	1.7 %	81.0 %	90.1 %	100.0 %	\$10.93
STATE RETIREES (07)	13,993	8,553	28,018	\$1,389,279	\$25.01	\$47.88	1.2 %	75.5 %	90.4 %	98.6 %	\$99.28
STATE RETIREES ASST 60 (0760)	35	22	116	\$5,200	\$17.12	\$46.22	0.0 %	80.9 %	95.7 %	100.0 %	\$148.68
Grand Total	168,058		206,386	\$8,741,689	\$25.14	\$42.36	1.1 %	77.6 %	90.3 %	98.8 %	\$52.02



Key Performance Indicators
Comprehensive Indicators
JNW - W VIRGINIA PUBLIC EMP INS

Current Period: 07/2010 - 07/2010
 Previous Period: 07/2010 - 07/2010

	Current Period	Previous Period	% Change
Overall Performance			
Plan Cost PMPM	\$167.06	\$167.06	0.0 %
Average Mbrs/Month	37,713	37,713	0.0 %
Average Subs/Month	37,713	37,713	0.0 %
% Utilizing Members	77.4 %	77.4 %	0.0 %
% Retail Utilizing Members	76.9 %	76.9 %	0.0 %
% Mail Utilizing Members	1.3 %	1.3 %	0.0 %
Rx Measures			
Rxs PMPM	3.35	3.35	0.0 %
Retail Rxs PMPM	3.31	3.31	0.0 %
Mail Rxs PMPM	0.04	0.04	0.0 %
Average Admin Fee/Rx	\$0.00	\$0.00	0.0 %
Avg Retail Admin Fee/Rx	\$0.00	\$0.00	0.0 %
Avg Mail Admin Fee/Rx	\$0.00	\$0.00	0.0 %
Average Plan Cost/Rx	\$49.90	\$49.90	0.0 %
Avg Retail Plan Cost/Rx	\$49.30	\$49.30	0.0 %
Avg Mail Plan Cost/Rx	\$98.97	\$98.97	0.0 %
Average Mbr Contrib/Rx	\$18.43	\$18.43	0.0 %
Avg Retail Mbr Contrib/Rx	\$18.33	\$18.33	0.0 %
Avg Mail Mbr Contrib/Rx	\$26.55	\$26.55	0.0 %
Average Ing Cost/Rx	\$66.85	\$66.85	0.0 %
Avg Retail Ing Cost/Rx	\$66.14	\$66.14	0.0 %
Avg Mail Ing Cost/Rx	\$125.53	\$125.53	0.0 %
Average AWP/Rx	\$121.18	\$121.18	0.0 %
Avg Retail AWP/Rx	\$119.66	\$119.66	0.0 %
Avg Mail AWP/Rx	\$245.62	\$245.62	0.0 %
Average Days Supply/Rx	38.4	38.4	0.0 %
Avg Retail Days/Rx	37.9	37.9	0.0 %
Avg Mail Days/Rx	77.6	77.6	0.0 %
Average Plan Cost/Day	\$1.30	\$1.30	0.0 %
Avg Retail Plan Cost/Day	\$1.30	\$1.30	0.0 %
Avg Mail Plan Cost/Day	\$1.27	\$1.27	0.0 %
% Plan Cost	73.0 %	73.0 %	0.0 %
% Member Contribution	27.0 %	27.0 %	0.0 %
% Retail Plan Cost	72.9 %	72.9 %	0.0 %
% Retail Mbr Contrib	27.1 %	27.1 %	0.0 %
% Mail Plan Cost	78.8 %	78.8 %	0.0 %
% Mail Member Contrib	21.2 %	21.2 %	0.0 %



Key Performance Indicators
Comprehensive Indicators
JNW - W VIRGINIA PUBLIC EMP INS

Current Period: 07/2010 - 07/2010
Previous Period: 07/2010 - 07/2010

	Current Period	Previous Period	% Change
Rx Sources			
% Mail Rxs	1.2 %	1.2 %	0.0 %
% Retail Rxs	98.8 %	98.8 %	0.0 %
% Member Submit Rxs	0.0 %	0.0 %	0.0 %
Rx Types			
Avg SSB Plan Cost/Rx	\$166.28	\$166.28	0.0 %
Avg Retail SSB Plan Cost/Rx	\$164.56	\$164.56	0.0 %
Avg Mail SSB Plan Cost/Rx	\$274.73	\$274.73	0.0 %
Avg MSB Plan Cost/Rx	\$40.63	\$40.63	0.0 %
Avg Retail MSB Plan Cost/Rx	\$40.93	\$40.93	0.0 %
Avg Mail MSB Plan Cost/Rx	\$7.62	\$7.62	0.0 %
Avg GEN Plan Cost/Rx	\$13.54	\$13.54	0.0 %
Avg Retail GEN Plan Cost/Rx	\$13.44	\$13.44	0.0 %
Avg Mail GEN Plan Cost/Rx	\$22.03	\$22.03	0.0 %
% Single-Source Brand Rxs	23.6 %	23.6 %	0.0 %
% Multi-Source Brand Rxs	1.0 %	1.0 %	0.0 %
% Generic Rxs	75.3 %	75.3 %	0.0 %
% Retail Single-Source Brand	23.5 %	23.5 %	0.0 %
% Retail Multi-Source Brand	1.0 %	1.0 %	0.0 %
% Retail Generic	75.4 %	75.4 %	0.0 %
% Mail Single-Source Brand	30.5 %	30.5 %	0.0 %
% Mail Multi-Source Brand	0.8 %	0.8 %	0.0 %
% Mail Generic	68.7 %	68.7 %	0.0 %
% Formulary Rxs	87.0 %	87.0 %	0.0 %
% Retail Formulary Rxs	86.9 %	86.9 %	0.0 %
% Mail Formulary Rxs	89.0 %	89.0 %	0.0 %
% DAW Rxs	1.4 %	1.4 %	0.0 %
% Retail DAW Rxs	1.4 %	1.4 %	0.0 %
% Mail DAW Rxs	2.4 %	2.4 %	0.0 %
% Generic Conversion	98.6 %	98.6 %	0.0 %
% Retail GEN Conversion	98.6 %	98.6 %	0.0 %
% Mail GEN Conversion	98.9 %	98.9 %	0.0 %
Period Totals			
Total Plan Cost	\$6,300,243.82	\$6,300,243.82	0.0 %
Retail Plan Cost	\$6,149,313.39	\$6,149,313.39	-0.0 %
Mail Plan Cost	\$150,930.43	\$150,930.43	0.0 %
Total Member Contribution	\$2,328,991.69	\$2,328,991.69	0.0 %



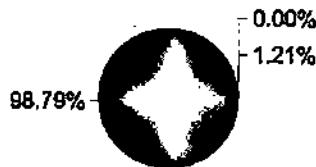
Key Performance Indicators
Comprehensive Indicators
JNW - W VIRGINIA PUBLIC EMP INS

Current Period: 07/2010 - 07/2010
Previous Period: 07/2010 - 07/2010

	Current Period	Previous Period	
Retail Member Contrib	\$2,286,496.20	\$2,286,496.20	0.0 %
Mall Member Contrib	\$40,495.49	\$40,495.49	0.0 %
Total Rx Count	126,250	126,250	0.0 %
Retail Rx Count	124,722	124,722	0.0 %
Member Submit Rxs	3	3	0.0 %
Mall Rx Count	1,525	1,525	0.0 %
Total Admin Fee	\$7.50	\$7.50	0.0 %
Total UC Savings	\$5,622,492.97	\$5,622,492.97	0.0 %
Total Lost Savings	\$47,566.73	\$47,566.73	0.0 %
Demographics			
Average Age	74.1	74.1	0.0 %
% Male Members	40.8 %	40.8 %	0.0 %
% Female Members	59.2 %	59.2 %	0.0 %

Graphs based on Current Period: 07/2010 - 07/2010

Claim Source by Rx Count



■ Mall □ Mem... ■ Retail

Drug Type by Plan Cost



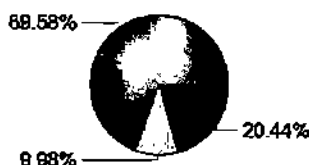
■ Gen... □ MS ... ■ SS ...

Formulary Status by Rx Count



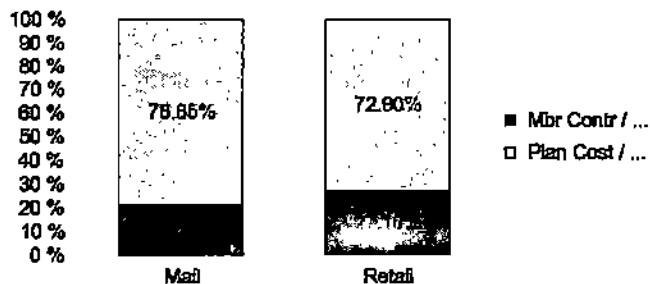
■ For... □ Non...

Drug Formulary Status by Plan Cost



■ Bra... □ Bra... ■ Gen...

Cost Share Distribution by Claim Source



■ Mbr Contr / ...
□ Plan Cost / ...

Utilization Report by Population Level

JNW - W VIRGINIA PUBLIC EMP INS

Prescriptions Filled From 07/2010 - 07/2010



Reporting Level 2	Avg Mbr Count	Avg Util Mbr/Mnth	Rx Count	Plan Cost	Member Contri/Rx	Plan Cost/Rx	Mail % Rxs	Gen % Rxs	Form % Rxs	Gen Conv %	PMPM Plan Cost
NON STATE RETIREES PDP (083)	74	71	658	\$41,458	\$0.04	\$63.19	0.0 %	73.3 %	94.6 %	99.8 %	\$580.21
NON STATE RETIREES PDP (084025)	1	1	7	\$51	\$10.30	\$7.33	0.0 %	85.7 %	100.0 %	100.0 %	\$51.29
NON STATE RETIREES PDP (084050)	11	10	53	\$1,338	\$12.39	\$25.24	0.0 %	88.8 %	96.2 %	95.8 %	\$121.80
NON STATE RETIREES PDP (084075)	3	4	25	\$771	\$14.51	\$30.86	0.0 %	80.0 %	92.0 %	100.0 %	\$257.05
NON STATE RETIREES PDP (084100)	5	4	35	\$1,879	\$10.51	\$58.54	0.0 %	74.3 %	88.6 %	98.3 %	\$385.81
STATE RETIREES ASST 60 PDP (0760)	3,113	2,522	11,558	\$528,624	\$15.67	\$45.58	1.1 %	77.2 %	87.0 %	98.8 %	\$189.17
STATE RETIREES ASST 60 PDP (07601)	141	125	693	\$42,882	\$3.30	\$61.85	1.6 %	71.1 %	86.1 %	98.0 %	\$303.98
STATE RETIREES ASST 60 PDP (07602)	63	49	408	\$27,069	\$1.69	\$68.18	0.0 %	71.4 %	87.3 %	99.7 %	\$510.74
STATE RETIREES ASST 60 PDP (07603)	38	34	246	\$18,858	\$0.03	\$87.71	0.0 %	69.1 %	93.1 %	100.0 %	\$439.36
STATE RETIREES ASST 60 PDP (07604025)	20	18	78	\$3,403	\$10.84	\$44.77	0.0 %	78.9 %	89.5 %	100.0 %	\$170.14
STATE RETIREES ASST 60 PDP (07604050)	19	17	104	\$4,004	\$9.49	\$38.50	0.0 %	77.9 %	83.7 %	98.8 %	\$210.73
STATE RETIREES ASST 60 PDP (07604075)	10	11	64	\$5,105	\$15.87	\$79.76	0.0 %	67.2 %	79.7 %	97.7 %	\$288.67
STATE RETIREES ASST 60 PDP (07604100)	4	4	22	\$848	\$12.99	\$38.57	0.0 %	63.6 %	90.9 %	100.0 %	\$212.11
STATE RETIREES PDP (07)	28,969	22,138	90,896	\$4,583,851	\$20.38	\$50.37	1.3 %	75.1 %	88.7 %	98.6 %	\$158.23
STATE RETIREES PDP (071)	238	215	1,292	\$73,868	\$3.54	\$57.17	0.8 %	74.0 %	85.2 %	98.0 %	\$310.37
STATE RETIREES PDP (072)	164	142	991	\$72,690	\$1.84	\$73.55	1.3 %	75.1 %	84.7 %	97.9 %	\$444.46
STATE RETIREES PDP (073)	342	320	2,835	\$153,172	\$0.13	\$54.03	0.0 %	76.9 %	91.1 %	99.7 %	\$447.87
STATE RETIREES PDP (074025)	18	18	128	\$4,870	\$12.54	\$38.05	0.0 %	71.1 %	89.1 %	98.8 %	\$270.57
STATE RETIREES PDP (074050)	19	17	73	\$3,518	\$14.16	\$48.19	0.0 %	78.1 %	91.8 %	96.6 %	\$185.14
STATE RETIREES PDP (074075)	10	9	48	\$2,703	\$12.69	\$56.30	0.0 %	78.2 %	81.3 %	100.0 %	\$270.28
STATE RETIREES PDP (074100)	9	8	50	\$1,702	\$18.06	\$34.04	0.0 %	74.0 %	84.0 %	100.0 %	\$189.11
Grand Total	37,710		128,238	\$8,299,323	\$18.43	\$49.90	1.2 %	75.3 %	87.0 %	98.8 %	\$167.05



**Monthly Management Report
Total Claims
July 2010**

*West Virginia Legislative Interims
September 2010*

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
 MONTHLY MANAGEMENT REPORT - TOTAL CLAIMS
 JULY 2010

Page: 1

Reporting Category	Type of Service	Current Period	Current	12 Months Prior	12 Months Prior	Current Fiscal Yr	Previous Fiscal Yr
		PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	279,719.02	236,422.04	163,513.38	195,005.72	279,719.02	163,513.38
	MATERNITY	238,659.21	166,595.63	161,051.95	164,403.28	238,659.21	161,051.95
	MEDICAL AND SURGICAL	7,701,275.28	6,753,913.59	7,972,439.36	6,270,851.12	7,701,275.28	7,972,439.36
	NEONATAL COMPLICATIONS	37,125.98	46,034.46	14,697.18	40,811.35	37,125.98	14,697.18

SUM		8,256,779.49	7,202,965.72	8,311,701.87	6,671,071.47	8,256,779.49	8,311,701.87
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	60,336.25	45,193.16	53,906.96	43,403.61	60,336.25	53,906.96
	DIALYSIS	198,717.45	128,719.66	176,682.19	124,150.16	198,717.45	176,682.19
	EMERGENCY ROOM	752,810.73	554,375.59	539,264.29	514,568.69	752,810.73	539,264.29
	MATERNITY	81,037.18	44,611.08	37,047.35	44,063.99	81,037.18	37,047.35
	MEDICAL AND SURGICAL	11,632,307.76	8,188,732.60	8,993,590.42	8,070,513.44	11,632,307.76	8,993,590.42

SUM		12,725,209.37	8,961,632.07	9,800,491.21	8,796,699.89	12,725,209.37	9,800,491.21
PHARMACY	PRESCRIPTION DRUGS	11,561,771.38	11,470,453.77	9,999,914.76	10,257,839.53	11,561,771.38	9,999,914.76

SUM		11,561,771.38	11,470,453.77	9,999,914.76	10,257,839.53	11,561,771.38	9,999,914.76
PROFESSIONAL SERVICES	ADVANCED IMAGING	475,177.06	400,961.74	456,120.10	511,380.96	475,177.06	456,120.10
	AMBULANCE	254,934.27	239,017.74	189,765.26	194,312.10	254,934.27	189,765.26
	ANESTHESIA	925,476.27	699,024.47	871,344.38	684,234.11	925,476.27	871,344.38
	BEHAVIORAL	380,088.48	345,441.41	331,824.41	319,050.52	380,088.48	331,824.41
	CARDIOVASCULAR MEDICINE	344,570.64	321,192.51	370,511.85	364,044.06	344,570.64	370,511.85
	CERVICAL CANCER SCREENING	22,451.04	18,227.99	23,421.09	17,737.95	22,451.04	23,421.09
	DIALYSIS	24,100.36	15,809.93	11,856.51	8,040.42	24,100.36	11,856.51
	DME	559,313.25	419,730.60	477,206.61	420,000.10	559,313.25	477,206.61

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

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
MONTHLY MANAGEMENT REPORT - TOTAL CLAIMS
JULY 2010

Page: 2

Reporting Category	Type of Service	Current Period	Current	12 Months Prior	12 Months Prior	Current Fiscal Yr	Previous Fiscal Yr
		PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	5,823,863.15	4,935,206.94	5,196,870.93	4,599,718.54	5,823,863.15	5,196,870.93
	IMMUNIZATION	316,919.60	302,244.14	265,932.62	304,777.05	316,919.60	265,932.62
	INJECTION	792,550.99	725,135.46	647,256.65	754,250.31	792,550.99	647,256.65
	LAB AND PATHOLOGY	972,509.62	747,507.26	869,911.14	700,778.67	972,509.62	869,911.14
	MAMMOGRAPHY	183,551.70	141,133.86	181,829.73	141,846.38	183,551.70	181,829.73
	OTHER	563,483.05	389,665.52	479,119.72	377,927.76	563,483.05	479,119.72
	OTHER IMAGING	757,949.18	711,443.54	719,579.09	756,128.03	757,949.18	719,579.09
	OTHER MEDICINE	1,108,966.04	672,898.65	1,092,196.49	711,105.80	1,108,966.04	1,092,196.49
	PHYSICAL MEDICINE	764,428.97	633,317.34	639,212.84	618,894.38	764,428.97	639,212.84
	PROSTATE CANCER SCREENING	12,637.11	10,812.24	23,741.47	15,772.71	12,637.11	23,741.47
	SURGICAL	3,332,863.82	2,482,392.12	2,919,613.48	2,453,977.31	3,332,863.82	2,919,613.48
***** sum		17,615,834.60	14,211,163.46	15,767,314.37	13,953,977.16	17,615,834.60	15,767,314.37
sum		50,159,594.84	41,846,215.01	43,879,422.21	39,679,588.04	50,159,594.84	43,879,422.21

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



**Monthly Management Report
Per Capita Claims
July 2010**

*West Virginia Legislative Interims
September 2010*

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
 MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS
 JULY 2010

Page: 1

Reporting Category	Type of Service	Current	Current	12 Months Prior	12 Months Prior	Current Fiscal Yr	Previous Fiscal Yr
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	1.6981	1.5463	1.0349	1.3185	1.6981	1.0349
	MATERNITY	1.4488	1.0909	1.0193	1.1115	1.4488	1.0193
	MEDICAL AND SURGICAL	46.7515	44.1981	50.4585	42.4108	46.7515	50.4585
	NEONATAL COMPLICATIONS	.2254	.3004	.0930	.2771	.2254	.0930
	***** sum		50.1237	47.1356	52.6057	45.1179	50.1237
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.3663	.2959	.3412	.2934	.3663	.3412
	DIALYSIS	1.2063	.8425	1.1182	.8390	1.2063	1.1182
	EMERGENCY ROOM	4.5700	3.6273	3.4131	3.4755	4.5700	3.4131
	MATERNITY	.4919	.2918	.2345	.2979	.4919	.2345
	MEDICAL AND SURGICAL	70.6152	53.5992	56.9215	54.5390	70.6152	56.9215
***** sum		77.2498	58.6567	62.0284	59.4447	77.2498	62.0284
PHARMACY	PRESCRIPTION DRUGS	70.1870	75.0861	63.2906	69.3634	70.1870	63.2906
***** sum		70.1870	75.0861	63.2906	69.3634	70.1870	63.2906
PROFESSIONAL SERVICES	ADVANCED IMAGING	2.8846	2.6247	2.8868	3.4601	2.8846	2.8868
	AMBULANCE	1.5476	1.5637	1.2010	1.3141	1.5476	1.2010
	ANESTHESIA	5.6182	4.5771	5.5148	4.6278	5.6182	5.5148
	BEHAVIORAL	2.3074	2.2604	2.1002	2.1560	2.3074	2.1002
	CARDIOVASCULAR MEDICINE	2.0918	2.1029	2.3450	2.4616	2.0918	2.3450
	CERVICAL CANCER SCREENING	.1363	.1194	.1482	.1201	.1363	.1482
	DIALYSIS	.1463	.1035	.0750	.0542	.1463	.0750
	DME	3.3954	2.7472	3.0203	2.6388	3.3954	3.0203

SOURCE: WELLS FARGO AND EXPRESS SCRIPTS PAID CLAIMS TAPES

NOTE: CLAIMS LISTED ARE ON A PAID BASIS

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

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS
JULY 2010

Page: 2

Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr	Previous Fiscal Yr
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	35.3544	32.3121	32.8916	31.0995	35.3544	32.8916
	IMMUNIZATION	1.9239	1.9790	1.6831	2.0624	1.9239	1.6831
	INJECTION	4.8113	4.7446	4.0966	5.1012	4.8113	4.0966
	LAB AND PATHOLOGY	5.9037	4.8927	5.5058	4.7338	5.9037	5.5058
	MAMMOGRAPHY	1.1143	.9248	1.1508	.9603	1.1143	1.1508
	OTHER	3.4207	2.5512	3.0324	2.5563	3.4207	3.0324
	OTHER IMAGING	4.6012	4.6576	4.5543	5.1092	4.6012	4.5543
	OTHER MEDICINE	6.7321	4.4049	6.9126	4.8080	6.7321	6.9126
	PHYSICAL MEDICINE	4.6406	4.1450	4.0457	4.1813	4.6406	4.0457
	PROSTATE CANCER SCREENING	.0767	.0709	.1503	.1066	.0767	.1503
	SURGICAL	20.2325	16.2538	18.4786	16.5938	20.2325	18.4786
***** sum		106.9389	93.0354	99.7931	94.3450	106.9389	99.7931
sum		304.4995	273.9139	277.7179	268.2710	304.4995	277.7179

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



**Monthly Management Report
Per Capita Utilization
July 2010**

*West Virginia Legislative Interims
September 2010*

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY
MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION
JULY 2010

Page: 1

Reporting Category	Type of Service	Current Period Encounters	12 Months Prior Encounters	Current Fiscal Yr Encounters	Previous Fiscal Yr Encounters
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0008	.0008	.0008	.0008
	MATERNITY	.0010	.0008	.0010	.0008
	MEDICAL AND SURGICAL	.0101	.0086	.0101	.0086
	NEONATAL COMPLICATIONS	.0001	.0001	.0001	.0001
***** sum		.0119	.0102	.0119	.0102
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0032	.0037	.0032	.0037
	DIALYSIS	.0062	.0041	.0062	.0041
	EMERGENCY ROOM	.0270	.0238	.0270	.0238
	MATERNITY	.0023	.0021	.0023	.0021
	MEDICAL AND SURGICAL	.2339	.2171	.2339	.2171
***** sum		.2726	.2508	.2726	.2508
PHARMACY	PRESCRIPTION DRUGS	1.0311	1.0206	1.0311	1.0206
***** sum		1.0311	1.0206	1.0311	1.0206
PROFESSIONAL SERVICES	ADVANCED IMAGING	.0252	.0226	.0252	.0226
	AMBULANCE	.0042	.0035	.0042	.0035
	ANESTHESIA	.0233	.0231	.0233	.0231
	BEHAVIORAL	.0489	.0450	.0489	.0450
	CARDIOVASCULAR MEDICINE	.0344	.0350	.0344	.0350
	CERVICAL CANCER SCREENING	.0054	.0057	.0054	.0057
	DIALYSIS	.0009	.0005	.0009	.0005
	DME	.0275	.0224	.0275	.0224
	EVALUATION AND MANAGEMENT	.5388	.5176	.5388	.5176
	IMMUNIZATION	.0194	.0191	.0194	.0191

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

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

Reporting Category	Type of Service	Current Period 12 Months Prior Encounters	Current Fiscal Yr Encounters	Previous Fiscal Yr Encounters
PROFESSIONAL SERVICES	INJECTION	.0309	.0283	.0283
	LAB AND PATHOLOGY	.1947	.1874	.1874
	MAMMOGRAPHY	.0203	.0218	.0218
	OTHER	.0295	.0294	.0294
	OTHER IMAGING	.1037	.1003	.1003
	OTHER MEDICINE	.0869	.0799	.0799
	PHYSICAL MEDICINE	.1178	.1170	.1170
	PROSTATE CANCER SCREENING	.0058	.0082	.0082
	SURGICAL	.0954	.0907	.0907
***** sum		1.4129	1.3574	1.3574
sum		2.7285	2.6390	2.6390

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

Neil, Twila J

From: Haight, Jason A
Sent: Wednesday, September 08, 2010 8:12 AM
To: Neil, Twila J
Subject: FW: CRM Contract

Twila:

I sent the auditors what was in crm for the Microsoft crm contract.

Do you have anything else?

Jason A. Haight, CPA
Chief Financial Officer
Public Employees Insurance Agency/
Retiree Health Benefits Trust Fund
601 57th St., SE, Suite 2
Charleston, West Virginia 25304-2345
Voice: 304-558-7850, ext. 52642
Fax: 877-233-4295
email: jason.a.haight@wv.gov

From: Heather.Burdick@ey.com [mailto:Heather.Burdick@ey.com]
Sent: Tuesday, September 07, 2010 4:53 PM
To: Haight, Jason A
Subject: RE: CRM Contract

Jason,

This is the amendment, can we have the original contract too?

Thanks,

Heather



Heather L. Burdick | Senior | Assurance and Advisory Business Services
Ernst & Young LLP
900 United Center, 500 Virginia Street East, Charleston, West Virginia 25301, USA
Direct: 304-357-5984 | Office: 304-343-8971 | Fax: 866-247-7349
www.ey.com

 Thank you for considering the environmental impact of printing emails.

From: "Haight, Jason A" <Jason.A.Haight@wv.gov>
To: <Heather.Burdick@ey.com>
Date: 09/07/2010 04:16 PM
Subject: RE: CRM Contract

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

DRAFT

	July 31	
	2010	2009
	(in thousands)	
ASSETS		
Short Term Assets		
Cash and Equivalents	\$ 29,444	\$ 32,771
Advance Deposit with Carrier/Trustee	187,429	172,273
Receivables - Net	4,347	3,673
Prepaid Insurance	4,211	3,703
Total Short Term Assets	225,431	212,420
Long Term Assets		
Investments	123,138	109,830
Total Long Term Assets	123,138	109,830
TOTAL ASSETS	348,569	322,250
LIABILITIES		
Short Term Liabilities		
Accounts payable	4,906	891
Claims Payable	79	214
OPEB Liability	181	87
Agents Commissions Payable	1,333	1,351
Unearned Revenue	9,665	10,689
Current Estimated Claim Reserve	40,392	47,347
Total Short Term Liabilities	56,556	60,579
Long Term Liabilities		
Compensated Absences	66	58
Estimated Noncurrent Claim Reserve	95,036	105,385
Total Long Term Liabilities	95,102	105,443
TOTAL LIABILITIES	151,658	166,022
Prior Year Net Assets	192,207	150,714
Current Year Earnings	4,704	5,514
TOTAL NET ASSETS	196,911	156,228
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 348,569	\$ 322,250

DRAFT - Unaudited - Management Purposes Only

West Virginia Board of Risk and Insurance Management
UNAUDITED INCOME STATEMENT
For the one month ending

DRAFT

	July 31	
	2010	2009
	(in thousands)	
Operating Revenues		
Premium Revenues	\$ 4,615	\$ 4,857
Less - Excess Insurance	(505)	(337)
Total Operating Revenues	4,110	4,520
Operating Expenses		
Claims Expense	3,364	2,911
Property & MS Claims Expense	151	923
Personal Services	128	122
General & Administrative Expense	193	215
Total Operating Expenses	3,836	4,171
Operating Income	274	349
Nonoperating Revenues		
Court Fees	2	3
Investment Income	4,428	5,162
Total Nonoperating Revenues	4,430	5,165
Net Income	4,704	5,514

DRAFT - Unaudited - Management Purposes Only

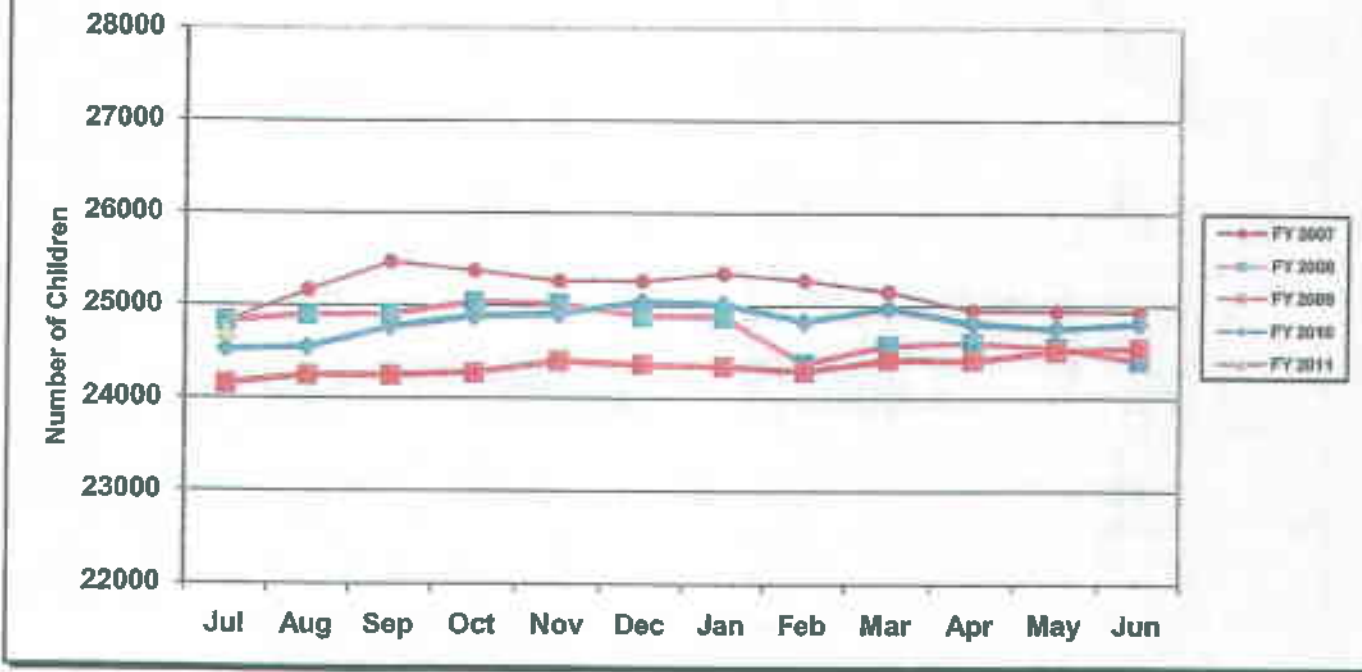


**West Virginia
Children's Health Insurance Program
1018 Kanawha Boulevard East
Suite 209
Charleston, WV 25301
Phone: 304-558-2732
Toll-Free: 1-877-WVA CHIP
Fax: 304-558-2741
www.wvchip.org**

**Joint Committee on
Government and Finance
Report**

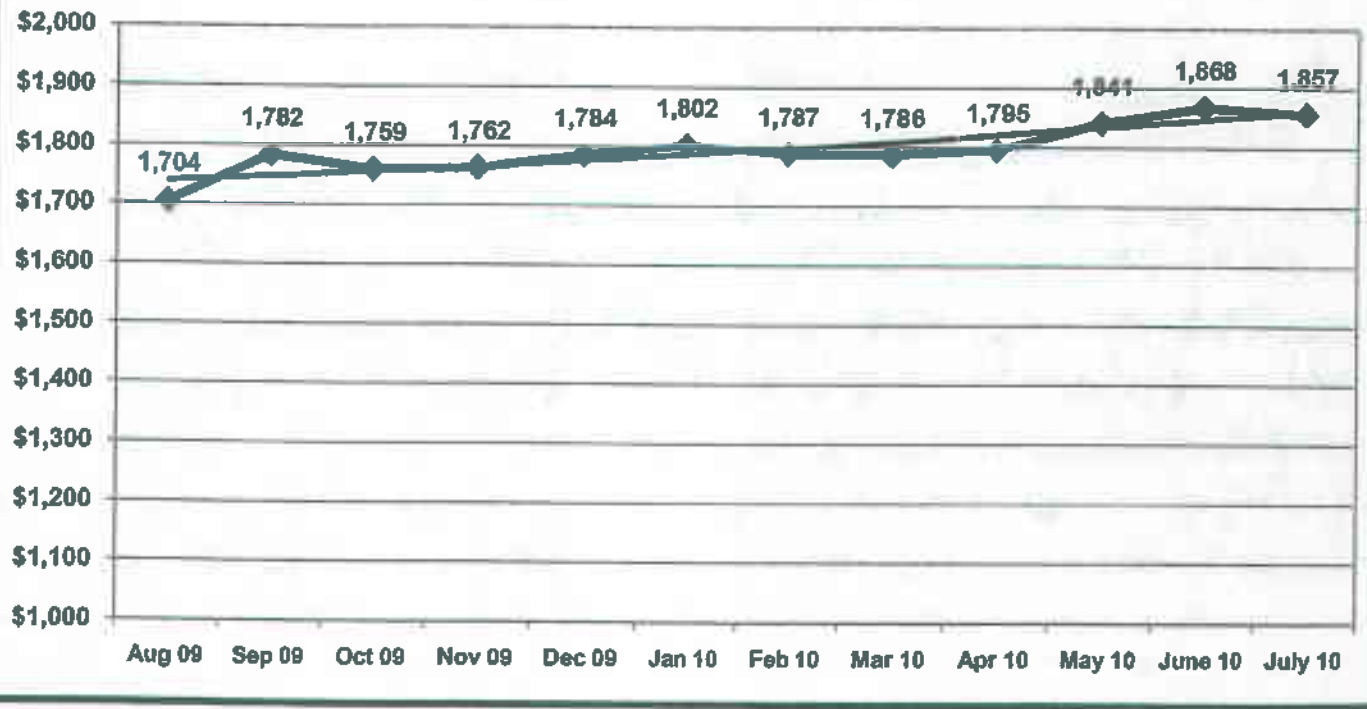
September 2010

WV CHIP Enrollment



August 31 Enrollment 24,726

Annualized Health Care Expenditures (Cost per Child)



**West Virginia Children's Health Insurance Program
Comparative Balance Sheet
July 2010 and 2009
(Accrual Basis)**

	July 31, 2010	July 31, 2009	Variance	
Assets:				
Cash & Cash Equivalents	\$14,506,604	\$10,246,397	\$4,260,207	42%
Due From Federal Government	\$3,185,825	\$3,506,445	(\$320,620)	-9%
Due From Other Funds	\$714,735	\$790,142	(\$75,407)	-10%
Accrued Interest Receivable	\$17,569	\$1,783	\$15,786	885%
Fixed Assets, at Historical Cost	<u>\$69,738</u>	<u>\$70,282</u>	<u>(\$544)</u>	<u>-1%</u>
Total Assets	<u>\$18,494,471</u>	<u>\$14,615,049</u>	<u>\$3,879,422</u>	<u>27%</u>
Liabilities:				
Due to Other Funds	\$333,600	\$306,587	\$27,013	9%
Deferred Revenue	\$3,011,184	\$620,465	\$2,390,719	385%
Unpaid Insurance Claims Liability	<u>\$3,600,000</u>	<u>\$3,990,000</u>	<u>(\$390,000)</u>	<u>-10%</u>
Total Liabilities	<u>\$6,944,783</u>	<u>\$4,917,052</u>	<u>\$2,027,731</u>	<u>41%</u>
Fund Equity	<u>\$11,549,688</u>	<u>\$9,697,997</u>	<u>\$1,851,691</u>	<u>19%</u>
Total Liabilities and Fund Equity	<u>\$18,494,471</u>	<u>\$14,615,049</u>	<u>\$3,879,422</u>	<u>27%</u>

PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the One Month Ending July 31, 2010 and July 31, 2009
(Modified Accrual Basis)

	July 31, 2010	July 31, 2009	Variance	
Revenues				
Federal Grants	3,185,825	3,215,699	(29,874)	-1%
State Appropriations	2,085,126	2,194,542	(109,416)	-5%
Premium Revenues	34,218	22,194	12,024	54%
Investment Income:				
Investment Earnings	17,569	1,783	15,786	885%
Unrealized Gain On Investments*	44,885	0	44,885	100%
Total Investment Income	<u>62,455</u>	<u>1,783</u>	<u>60,672</u>	<u>3403%</u>
Total Revenues	<u>5,367,623</u>	<u>5,434,218</u>	<u>(66,595)</u>	<u>-1%</u>
Expenditures:				
Claims:				
Outpatient Services	1,075,232	1,037,586	37,646	4%
Physicians & Surgical	894,821	851,798	43,023	5%
Prescribed Drugs	666,043	727,842	(61,799)	-8%
Dental	397,901	386,220	11,681	3%
Outpatient Mental Health	146,913	134,338	12,575	9%
Inpatient Hospital Services	123,312	238,390	(115,078)	-48%
Therapy	86,230	48,144	38,086	79%
Vision	70,212	19,934	50,278	252%
Durable & Disposable Med. Equip.	67,731	146,772	(79,041)	-54%
Inpatient Mental Health	38,480	67,695	(29,215)	-43%
Medical Transportation	29,995	19,687	10,308	52%
Other Services	3,691	2,922	769	26%
Less: Collections**	<u>(6,718)</u>	<u>(48,376)</u>	<u>41,658</u>	<u>-86%</u>
Total Claims	<u>3,593,843</u>	<u>3,632,952</u>	<u>(39,109)</u>	<u>-1%</u>
General and Admin Expenses:				
Salaries and Benefits	49,799	48,548	1,251	3%
Program Administration	224,770	247,419	(22,649)	-9%
Eligibility	30,062	18,986	11,076	58%
Outreach & Health Promotion	14,494	30,437	(15,943)	-52%
Current	<u>14,474</u>	<u>11,907</u>	<u>2,567</u>	<u>22%</u>
Total Administrative	<u>333,599</u>	<u>357,297</u>	<u>(23,698)</u>	<u>-7%</u>
Total Expenditures	<u>3,927,442</u>	<u>3,990,249</u>	<u>(62,807)</u>	<u>-2%</u>
Excess of Revenues				
Over (Under) Expenditures	1,440,182	1,443,969	(3,787)	0%
Fund Equity, Beginning	<u>10,109,506</u>	<u>8,254,028</u>	<u>1,855,478</u>	<u>22%</u>
Fund Equity, Ending	<u>11,549,688</u>	<u>9,697,997</u>	<u>1,851,691</u>	<u>19%</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 2011
For the One Month Ended July 31, 2010**

	Budgeted for Year	Year to Date Budgeted Amt	Year to Date Actual Amt	Year to Date Variance*		Monthly Budgeted Amt	Actual Amt Jul-10
Projected Cost	\$48,263,300	\$4,021,942	\$3,436,048	\$585,893	15%	\$4,021,942	\$3,436,048
Premiums	350,000	29,167	34,218	(\$5,051)	17%	\$29,167	\$34,218
Subrogation & Rebates	<u>543,140</u>	<u>45,262</u>	<u>6,718</u>	<u>38,543</u>	<u>-85%</u>	<u>45,262</u>	<u>6,718</u>
Net Benefit Cost	47,370,160	\$3,947,513	\$3,395,112	\$552,401	14%	\$3,947,513	\$3,395,112
Salaries & Benefits	\$580,500	\$55,375	\$49,799	\$5,576	10%	\$55,375	\$49,799
Program Administration	3,346,959	538,913	494,279	44,634	8%	538,913	494,279
Eligibility	420,000	35,000	24,990	10,010	29%	35,000	24,990
Outreach	300,000	25,000	1,774	23,226	93%	25,000	1,774
Current Expense	<u>160,000</u>	<u>13,333</u>	<u>14,418</u>	<u>(1,085)</u>	<u>-8%</u>	<u>13,333</u>	<u>14,418</u>
Total Admin Cost	\$4,807,459	\$667,622	\$585,260	\$82,362	12%	\$667,622	\$585,260
Total Program Cost	<u>\$52,177,619</u>	<u>\$4,615,135</u>	<u>\$3,980,372</u>	<u>\$634,763</u>	<u>14%</u>	<u>\$4,615,135</u>	<u>\$3,980,372</u>
Federal Share 81.83%	42,216,962	\$3,776,565	\$3,257,139	519,426	14%	3,776,565	3,257,139
State Share 18.17%	<u>9,960,657</u>	<u>\$838,570</u>	<u>\$723,234</u>	<u>115,336</u>	<u>14%</u>	<u>838,570</u>	<u>723,234</u>
Total Program Cost **	<u>\$52,177,619</u>	<u>\$4,615,135</u>	<u>\$3,980,372</u>	<u>\$634,763</u>	<u>14%</u>	<u>\$4,615,135</u>	<u>\$3,980,372</u>

* Positive percentages indicate favorable variances

** Budgeted Year Based on CCRC Actuary 6/30/2010 Report.

Unaudited - Cash Basis For Management Purposes Only - Unaudited

Memo for Calculations Above:

Notes:

1/. Total budgeted for Year Program costs are CCRC Actuary's Base Line Scenario dated 6/30/10 Final worksheet Net Paid Program Costs.

2/. Federal Share for FFY 2010 is 81.83%. Federal Share for FFY 2011 (10/1/10 - 9/30/11) is set at 81.27%.

WVCHIP Enrollment Report

ATTACHMENT 1

August 2010

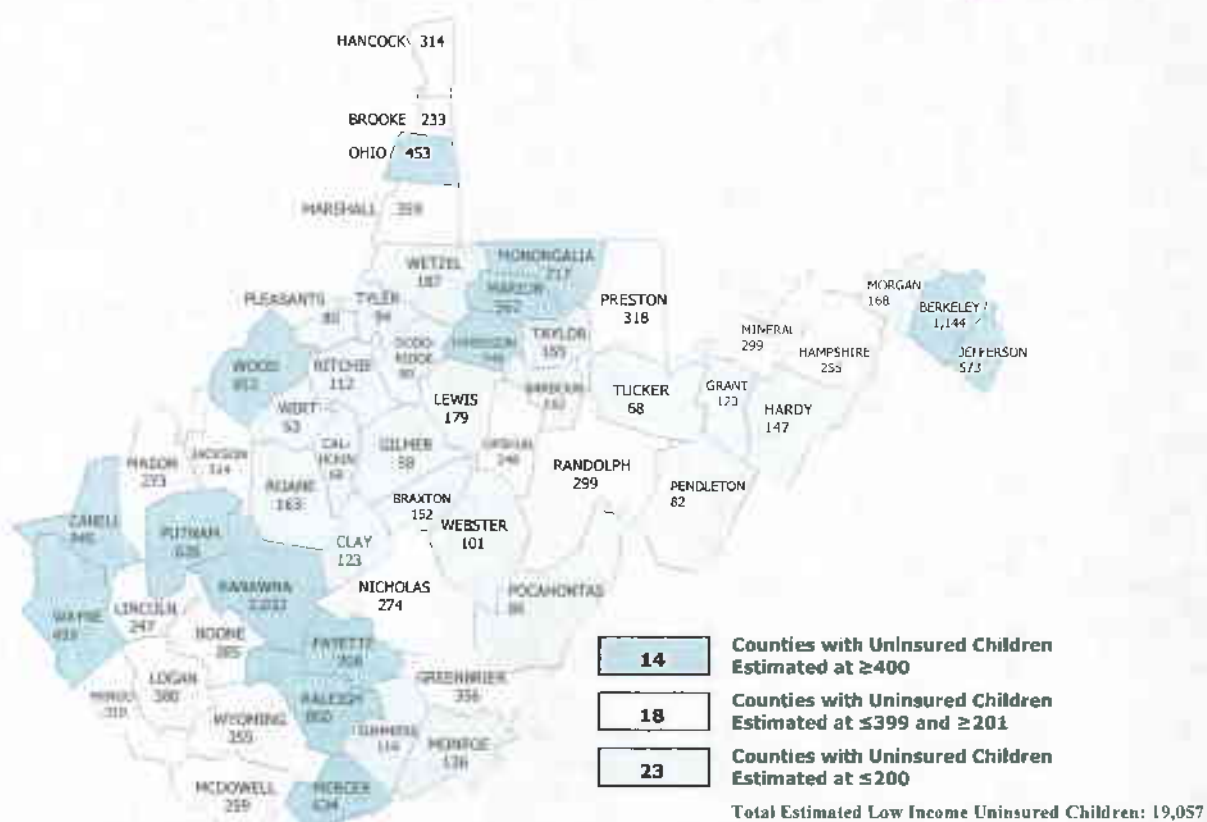
County	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Aug-10	Total Medicaid Enrollment Aug-10	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2009	2009
						Est Uninsured 5%	# Children Uninsured Ranking*
Barbour	3,248	262	1,610	1,872	57.6%	162	38
Berkeley	22,882	1,340	7,405	8,745	38.2%	1,144	2
Boone	5,706	307	2,641	2,948	51.7%	285	24
Braxton	3,044	217	1,509	1,726	56.7%	152	39
Brooke	4,658	288	1,540	1,828	39.2%	233	32
Cabell	18,900	1,048	8,225	9,273	49.1%	945	4
Calhoun	1,389	113	896	1,009	72.7%	69	52
Clay	2,454	171	1,442	1,613	65.7%	123	43
Doddridge	1,607	141	694	835	51.9%	80	50
Fayette	9,692	826	4,665	5,491	56.7%	485	12
Gilmer	1,154	87	589	676	58.6%	58	55
Grant	2,463	169	983	1,152	46.8%	123	42
Greenbrier	7,110	607	2,831	3,438	48.4%	356	17
Hampshire	5,110	299	2,174	2,473	48.4%	255	28
Hancock	6,270	357	2,356	2,713	43.3%	314	20
Hardy	2,950	157	1,211	1,368	46.4%	147	40
Harrison	14,973	945	5,851	6,796	45.4%	749	6
Jackson	6,277	401	2,728	3,129	49.8%	314	19
Jefferson	11,465	436	2,784	3,220	28.1%	573	10
Kanawha	40,647	2,287	16,750	19,037	46.8%	2,032	1
Lewis	3,577	300	1,762	2,062	57.6%	179	34
Lincoln	4,945	398	2,716	3,114	63.0%	247	31
Logan	7,610	585	3,895	4,480	58.9%	380	15
Marion	11,245	708	4,347	5,055	45.0%	562	11
Marshall	7,176	345	2,831	3,176	44.3%	359	16
Mason	5,461	297	2,611	2,908	53.2%	273	26
McDowell	5,170	331	3,360	3,691	71.4%	259	27
Mercer	12,687	1,128	6,724	7,852	61.9%	634	8
Mineral	5,973	298	2,063	2,361	39.5%	299	22
Mingo	6,204	362	3,177	3,539	57.0%	310	21
Monongalia	14,346	756	4,189	4,945	34.5%	717	7
Monroe	2,728	230	1,082	1,312	48.1%	136	41
Morgan	3,365	258	1,197	1,455	43.2%	168	35
Nicholas	5,478	416	2,635	3,051	55.7%	274	25
Ohio	9,068	503	3,000	3,503	38.6%	453	14
Pendleton	1,632	113	514	627	38.4%	82	49
Pleasants	1,593	101	544	645	40.5%	80	51
Pocahontas	1,717	143	716	859	50.0%	86	48
Preston	6,354	509	2,436	2,945	46.3%	318	18
Putnam	12,522	678	3,350	4,028	32.2%	626	9
Raleigh	15,992	1,254	7,333	8,587	53.7%	800	5
Randolph	5,971	423	2,607	3,030	50.7%	299	23
Ritchie	2,234	137	893	1,030	46.1%	112	45
Roane	3,266	309	1,658	1,967	60.2%	163	37
Summers	2,322	214	1,170	1,384	59.6%	116	44
Taylor	3,307	233	1,356	1,589	48.0%	165	36
Tucker	1,354	117	493	610	45.1%	68	53
Tyler	1,887	136	763	899	47.6%	94	47

WVCHIP Enrollment Report

ATTACHMENT 1

August 2010

County	County Pop 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Aug-10	Total Medicaid Enrollment Aug-10	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2009 Est. Uninsured 5%	2009 # Children Uninsured Ranking*
Upshur	4,956	389	2,272	2,661	53.7%	248	30
Wayne	9,176	583	4,104	4,687	51.1%	459	13
Webster	2,020	145	1,191	1,336	66.2%	101	46
Weizel	3,732	191	1,670	1,861	49.9%	187	33
Wirt	1,268	114	568	682	53.8%	63	54
Wood	19,063	1,149	8,314	9,463	49.6%	953	3
Wyoming	5,092	415	2,604	3,019	59.3%	255	29
Totals	382,490	24,726	159,029	183,755	48.0%	19,125	



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

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

Legislative Oversight Commission on
Health and Human Resources Accountability

SEPTEMBER 2010

Department of Administration

State Children's Health Insurance Program
UPDATE



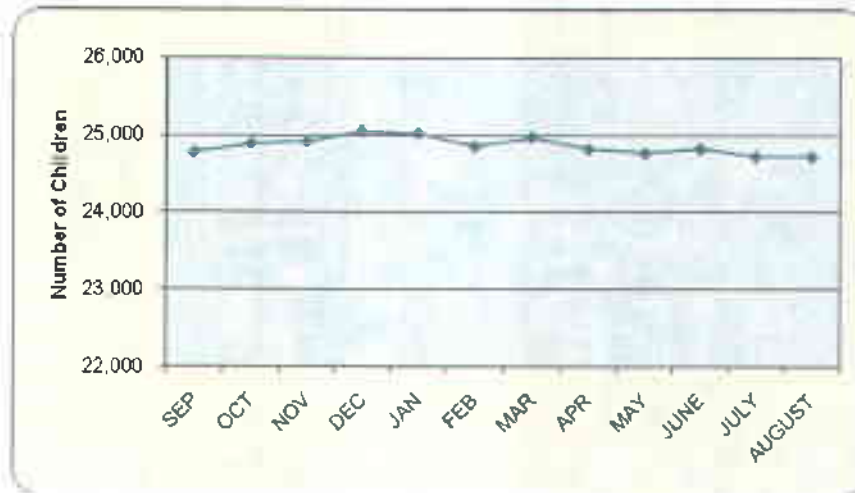
WV CHILDREN'S HEALTH INSURANCE AGENCY

REPORT FOR SEPTEMBER 2010

I. Enrollment on August 2010: 24,726

See Attachment 1 for enrollment by county.

Current 12-Month Enrollment Period: September 2009 through August 2010



Enrollee Totals: May 2010 to July 2010

Month	Total	1 Year Average	Total
May	1,616	1,877	1,877
June	1,510	High	2,265
July	1,599	Low	1,489

New Enrollee (Never Before on CHIP) Totals: May 2010 to July 2010

Month	Total	1 Year Average	Total
May	601	737	737
June	610	High	909
July	565	Low	565

II. Re-enrollment for 3 Month Period: May 2010 to July 2010

Total Forms Mailed		Enrolled within Notice Period		Reopened Cases After Closure		Final Closures	
Month	Total	#	%	#	%	#	%
May	1,595	1,002	63%	115	7%	463	29%
June	1,868	1,116	60%	107	6%	613	33%
July	1,879	1,014	54%	209	11%	611	33%

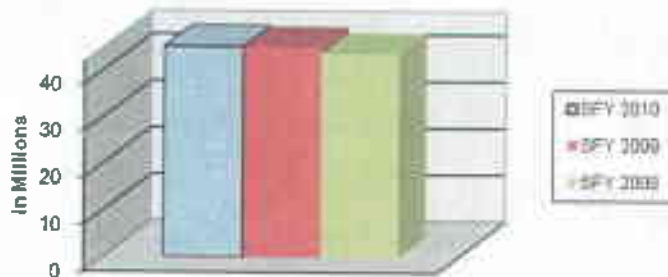
III. Financial Activity

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

The average annualized claims cost per child for the month ended July 2010 was \$2,014.

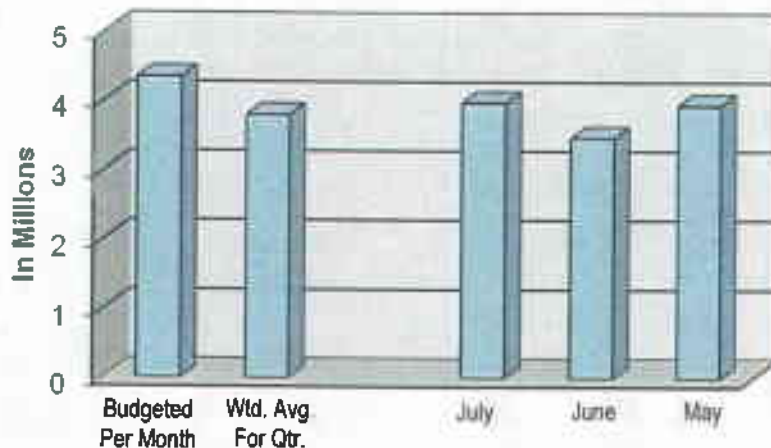
Annual Expenditures for a 3 Year Period: SFY 2008 – SFY 2010

	SFY 2010	FFP% 2010	SFY 2009	FFP% 2009	SFY 2008	FFP% 2008
Federal	38,675,336	81.83	37,550,029	81.61	35,626,232	81.98
State	8,618,874	18.17	8,417,193	18.39	7,947,861	18.02
Total Costs	47,294,210	100.00	45,967,222	100.00	43,574,093	100.00



Monthly Budgeted and Current 3 Month Period: May 2010 – July 2010

	Budgeted Per Month	Wtd. Avg. For Qtr.	Actual		
			July 2010	June 2010	May 2010
Federal	3,518,058	3,108,875	3,257,139	2,842,020	3,227,466
State	830,077	690,312	723,234	631,058	716,645
Total	4,348,135	3,799,187	3,980,373	3,473,078	3,944,111



IV. Other Highlights

- ◆ Nothing to report this month.

WVCHIP Enrollment Report

ATTACHMENT 1

August 2010

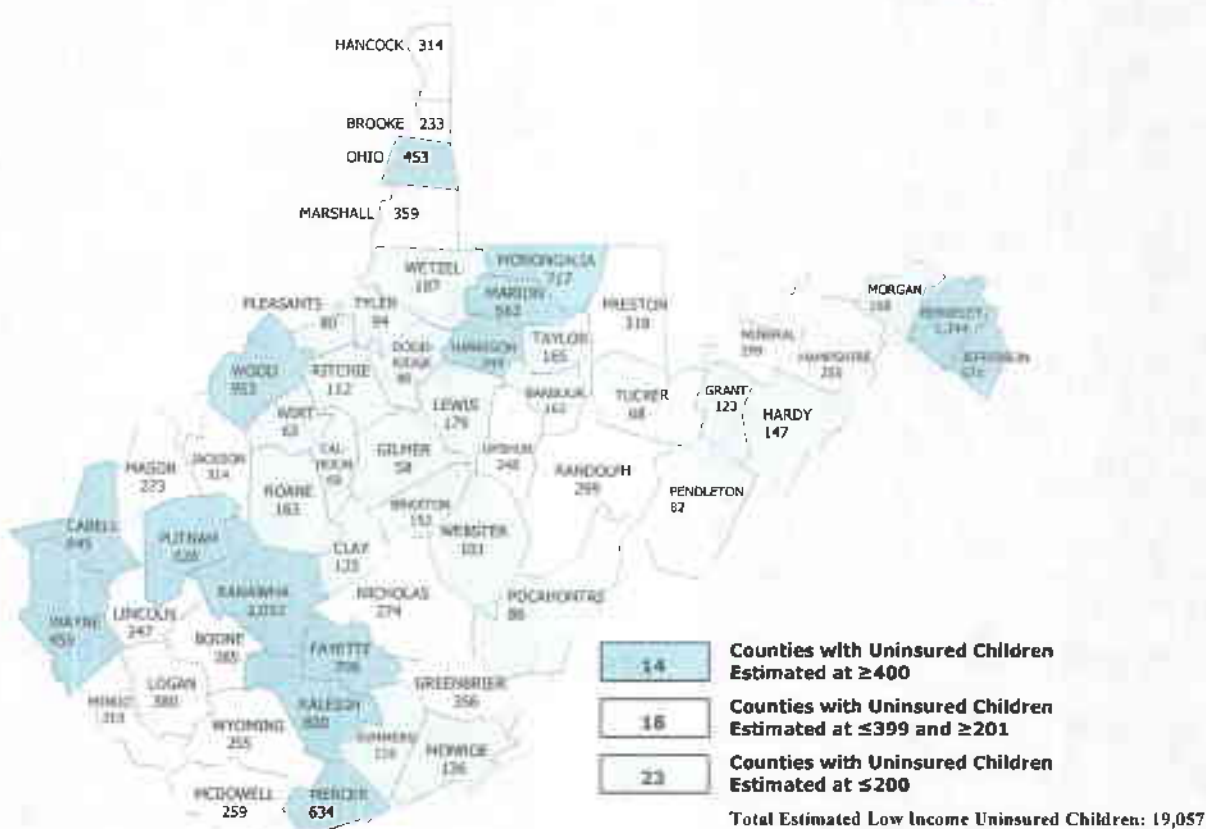
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WVCHIP Enrollment Report

ATTACHMENT 1

August 2010

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Wyoming	5,092	415	2,604	3,019	59.3%	255	29
Totals	382,490	24,726	159,029	183,755	48.0%	19,125	



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

West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the One Month Ending July 31, 2010 and July 31, 2009
(Modified Accrual Basis)

	July 31, 2010	July 31, 2009	Variance	
Revenues				
Federal Grants	3,185,825	3,215,699	(29,874)	-1%
State Appropriations	2,085,126	2,194,542	(109,416)	-5%
Premium Revenues	34,218	22,194	12,024	54%
Investment Income:				
Investment Earnings	17,569	1,783	15,786	885%
Unrealized Gain On Investments*	44,885	0	44,885	100%
Total Investment Income	<u>62,455</u>	<u>1,783</u>	<u>60,672</u>	<u>3403%</u>
Total Revenues	<u>5,367,623</u>	<u>5,434,218</u>	<u>(66,595)</u>	<u>-1%</u>
Expenditures:				
Claims:				
Outpatient Services	1,075,232	1,037,586	37,646	4%
Physicians & Surgical	894,821	851,798	43,023	5%
Prescribed Drugs	666,043	727,842	(61,799)	-8%
Dental	397,901	386,220	11,681	3%
Outpatient Mental Health	146,913	134,338	12,575	9%
Inpatient Hospital Services	123,312	238,390	(115,078)	-48%
Therapy	86,230	48,144	38,086	79%
Vision	70,212	19,934	50,278	252%
Durable & Disposable Med. Equip.	67,731	146,772	(79,041)	-54%
Inpatient Mental Health	38,480	67,695	(29,215)	-43%
Medical Transportation	29,995	19,687	10,308	52%
Other Services	3,691	2,922	769	26%
Less: Collections**	<u>(6,718)</u>	<u>(48,376)</u>	<u>41,658</u>	<u>-86%</u>
Total Claims	<u>3,593,843</u>	<u>3,632,952</u>	<u>(39,109)</u>	<u>-1%</u>
General and Admin Expenses:				
Salaries and Benefits	49,799	48,548	1,251	3%
Program Administration	224,770	247,419	(22,649)	-9%
Eligibility	30,062	18,986	11,076	58%
Outreach & Health Promotion	14,494	30,437	(15,943)	-52%
Current	<u>14,474</u>	<u>11,907</u>	<u>2,567</u>	<u>22%</u>
Total Administrative	<u>333,599</u>	<u>357,297</u>	<u>(23,698)</u>	<u>-7%</u>
Total Expenditures	<u>3,927,442</u>	<u>3,990,249</u>	<u>(62,807)</u>	<u>-2%</u>
Excess of Revenues				
Over (Under) Expenditures	1,440,182	1,443,969	(3,787)	0%
Fund Equity, Beginning	<u>10,109,506</u>	<u>8,254,028</u>	<u>1,855,478</u>	<u>22%</u>
Fund Equity, Ending	<u>11,549,688</u>	<u>9,697,997</u>	<u>1,851,691</u>	<u>19%</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
Comparative Balance Sheet
July 2010 and 2009
(Accrual Basis)**

	July 31, 2010	July 31, 2009	Variance	
Assets:				
Cash & Cash Equivalents	\$14,506,604	\$10,246,397	\$4,260,207	42%
Due From Federal Government	\$3,185,825	\$3,506,445	(\$320,620)	-9%
Due From Other Funds	\$714,735	\$790,142	(\$75,407)	-10%
Accrued Interest Receivable	\$17,569	\$1,783	\$15,786	885%
Fixed Assets, at Historical Cost	<u>\$69,738</u>	<u>\$70,282</u>	<u>(\$544)</u>	<u>-1%</u>
Total Assets	<u>\$18,494,471</u>	<u>\$14,615,049</u>	<u>\$3,879,422</u>	<u>27%</u>
Liabilities:				
Due to Other Funds	\$333,600	\$306,587	\$27,013	9%
Deferred Revenue	\$3,011,184	\$620,465	\$2,390,719	385%
Unpaid Insurance Claims Liability	<u>\$3,600,000</u>	<u>\$3,990,000</u>	<u>(\$390,000)</u>	<u>-10%</u>
Total Liabilities	<u>\$6,944,783</u>	<u>\$4,917,052</u>	<u>\$2,027,731</u>	<u>41%</u>
Fund Equity	<u>\$11,549,688</u>	<u>\$9,697,997</u>	<u>\$1,851,691</u>	<u>19%</u>
Total Liabilities and Fund Equity	<u>\$18,494,471</u>	<u>\$14,615,049</u>	<u>\$3,879,422</u>	<u>27%</u>

PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program
WVIMS Fund 2154
For the Month Ended July 31, 2010
(Accrual Basis)**

Investment Account

Funds Invested	\$13,712,511
Interest Earned	<u>17,569</u>
Total	<u>\$13,730,080</u>

Unaudited - For Management Purposes Only - Unaudited

Department of Administration Real Estate Division Leasing Report
For the period of August 1, 2010 through August 31, 2010

NEW CONTRACT OF LEASE

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-202 New Contract of Lease for 20 years, consisting of 17,800 square feet of office space at the annual per square foot rate of \$13.95 for years 1-5, then the rate of \$14.65 for years 6-10, then the rate of \$15.38 for years 11-15 and the rate of \$16.14 for years 16-20, full service, in the City of Welch, McDowell County, West Virginia.

HHR-203 New contract of Lease for 1 year consisting of 400 square feet of office space at the monthly rate of \$330.00, full service, in the City of Petersburg, Grant County, West Virginia.

DEPARTMENT OF EDUCATION

EDU-023 New Contract of Lease for 1 year consisting of 408 square feet of storage space at the monthly rate of \$140.00, includes electric only, in the City of Ripley, Jackson County, West Virginia.

WORKFORCE WEST VIRGINIA

WWV-022 New Contact of Lease for 10 years consisting of 5,400 square feet of office space at the annual per square foot rate of \$13.50 for the years 1-5, then the rate of \$14.25 for years 6-10, in the city of Elkins, Randolph County, West Virginia.

STRAIGHT RENEWAL

WEST VIRGINIA STATE POLICE

PSA-119 Renewal for 2 years consisting of 3,130 square feet of office/storage space at the current annual per square foot rate of \$6.11, full service, in the City of Moorefield on US Route 55, Hardy County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-134 Renewal for 1 year consisting of 2,150 square feet of office space at the current annual per square foot rate of \$5.50, in the Town of West Union, Doddridge County, West Virginia.

WORKFORCE WEST VIRGINIA

EMS-075 Renewal for 1 year consisting of 2,691 square feet of office space at the current annual per square foot rate of \$12.00, full service, in the City of Moorefield, Hardy County, West Virginia.

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-148 Renewal for 5 years consisting of a tower/monitoring site at the current annual rate of \$800.00, includes electric only, in the City of Charleston, Kanawha County, West Virginia.

DEP-086 Renewal for 1 year consisting of 10,322 square feet of office space at the current annual per square foot rate of \$6.35, includes water/sewer and parking, in the City of Philippi, Barbour County, West Virginia.

STRAIGHT RENEWAL (CONTINUED)

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-076 Renewal for 8 years consisting of 26,989 square feet of office space at the current annual per square foot rate of \$7.39, in the City of Oak Hill, Fayette County, West Virginia.

WEST VIRGINIA CONSERVATION AGENCY

SCC-011 Renewal for 5 year consisting of 450 square feet of office space at the current monthly rate of \$750.00, full service, in the City of McMechen, Marshall County, West Virginia.

DIVISION OF FORESTRY

FOR-062 Renewal for 1 year consisting of 550 square feet of office space at the current monthly rate of \$210.00, includes parking only, in the City of Webster Springs, Webster County, West Virginia.

DIVISION OF MOTOR VEHICLES

DMV-016 Renewal for 3 months consisting of 12,181 square feet of office space at the current annual per square foot rate of \$13.75, includes parking and snow removal, in the City of Teays Valley, Putnam County, West Virginia.

DIVISION OF VETERANS AFFAIRS

VET-025 Renewal for 1 year consisting of 646 square feet of office space at the current monthly rate of \$300.00, in the City of Elkins, Randolph County, West Virginia.

OFFICE OF ECONOMIC OPPORTUNITY-GOVERNOR'S OFFICE

GCC-004 Renewal for 3 months consisting of 9,400 square feet of office space at the current annual per square foot rate of \$11.00, full service, in the City of Charleston, Kanawha County, West Virginia.

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 \$12.00, full service, in the City of Charleston, Kanawha County, West Virginia.

DIVISION OF NATURAL RESOURCES

NAT-120 Renewal for 5 years of a public fishing access site at the current monthly rate of \$200.00 the first year, then the monthly rate of \$250.00 in years 2-5. at New River (Sandstone PAS) described as Parcel 14 on Map 20A in Green Sulphur District, Summers County, West Virginia.

STRAIGHT RENEWAL-DOA OWNED

WEST VIRGINIA DEVELOPMENT OFFICE

CID-002 New Contract of Lease for 1 year consisting of 33,773 square of office space at the current annual per square foot rate of \$9.50, full service, in the City of Charleston, Kanawha County, West Virginia.

STRAIGHT RENEWAL-DOA OWNED (CONTINUED)

BOARD OF SOCIAL WORK EXAMINERS

SOC-001 New Contract of Leas for 1 year consisting of office space of 669.5 square feet of office space at the per square foot rate of \$8.75, full service, in the City of Charleston, Kanawha County, West Virginia.

WORKFORCE WEST VIRGINIA

WWV-008 Renewal for 1 year consisting of 5,342 square feet of office space at the current annual per square foot rate of \$13.00, full service, in the City of Weirton, Hancock County, West Virginia.

WWV-007 Renewal for 1 year consisting of 65,451 square feet of office space at the current annual per square foot rate of \$9.03, full service, in the City of Charleston, Kanawha County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-193 Renewal for 1 year consisting of 19,255 square feet of office space at the current annual per square foot rate of \$13.00, full service, in the City of Weirton, Hancock County, West Virginia.

HHR-168 Renewal for 1 year consisting of 32,016 square feet of office space at the current annual per square foot rate of \$15.50, full service, in the City of Parkersburg, Wood County, West Virginia.

HHR-133 Renewal for 1 year consisting of 30,902 square feet of office space at the current annual per square foot rate of \$14.75, full service, in the City of Beckley, Raleigh County, West Virginia.

DEPARTMENT OF EDUCATION

EDU-021 Renewal for 1 year consisting of 4,917 square feet of office space at the current annual per square foot rate of \$9.50, full service, in the City of Charleston, Kanawha County, West Virginia.

EDU-002 Renewal for 1 year consisting of 59,598 square feet of office space at the current annual per square foot rate of \$9.50, full service without parking, in the City of Charleston, Kanawha County, West Virginia.

DIVISION OF CORRECTIONS

COR-086 Renewal for 1 year consisting of 1,304 square feet of office space at the current annual per square foot rate of \$9.50, full service, in the City of Charleston, Kanawha County, West Virginia.

COR-085 Renewal for 1 year consisting of 17,379 square feet of office space at the current annual per square foot rate of \$9.50, full service, in the City of Charleston, Kanawha County, West Virginia.

DIVISION OF PERSONNEL

DOP-002 Renewal for 1 year consisting of 20,120 square feet of office space at the current annual per square foot rate of \$9.50, full service, in the City of Charleston, Kanawha County, West Virginia.

DEPARTMENT OF TRANSPORTATION

DOT-001 Renewal for 1 year consisting of 1,521 square feet of office space at the current annual per square foot rate of \$9.50, full service, in the City of Charleston, Kanawha County, West Virginia.

STRAIGHT RENEWAL-DOA OWNED CONTINUED

DIVISION OF PROTECTIVE SERVICES

DPS-001 Renewal for 1 year consisting of 790 square feet of office space at the current annual per square foot rate of \$5.00, full service, in the City of Charleston, Kanawha County, West Virginia.

PUBLIC EMPLOYEES INSURANCE AGENCY

PEI-003 Renewal for 1 year consisting of 17,962 square feet of office space at the current annual per square foot rate of \$16.68, full service, in the City of Charleston, Kanawha County, West Virginia.

INCREASE IN SQUARE FOOTAGE – DOA OWNED

STATE AERONAUTICS COMMISSION

AER-003 Renewal for 1 year with an increase in square footage from 696 square feet to 884 square feet of office space at the current annual per square foot rate of \$9.50, full service, in the city of Charleston, Kanawha County, West Virginia.

Joint Committee on Government and Finance

September 2010

Department of Health and Human Resources

MEDICAID REPORT

June 2010 Data

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

Note: The Centers for Medicare and Medicaid Services (CMS) has mandated changes to reporting of Medicaid expenditures. The report below reflects the updated categorizations by provider type, which is the new format for future quarterly GMS 64 reports. The Department is in the process of re-coding the data and reports to comply with the mandated reporting changes. At the present time, we are only able to present provider type detail for the Current Month and Year-to-Date (YTD) Actuals. Prior year Actuals and Projected SFY 2010 Budget provider type detail will be updated when the coding changes are complete and data validation and quality assurance processes have been performed.

MONTH OF JUNE 2010	ACTUALS	TOTAL	ACTUALS	ESTIMATES	ACTUALS	Difference
	SFY2009	SFY2010	Current Month Jun-10	Current Month Jun-10	Year To-Date Thru 6/30/10	Budget vs Actual
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	260,946,881	127,688,828	12,374,816	10,845,000	201,338,068	(73,737,142)
Inpatient Hospital - DSH	54,483,846	55,411,879	-	-	54,982,962	468,717
Inpatient Hospital - Supplemental Payments	-	114,140,000	12,827,218	28,538,000	34,034,919	80,108,081
Inpatient Hospital - GME Payments	-	4,073,000	-	-	4,918,343	(848,343)
Mental Health Facilities	47,980,442	55,718,940	5,480,708	4,647,000	70,682,788	(14,843,855)
Mental Health Facilities - DSH Adjustment Payments	18,788,488	19,088,754	-	-	18,887,046	188,709
Nursing Facility Services - Regular Payments	484,023,240	491,237,898	40,081,488	40,930,000	473,417,899	17,820,167
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	63,246,071	63,402,719	4,687,824	5,284,000	62,994,030	408,689
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	143,420,126	128,926,808	8,168,840	10,078,000	123,304,789	2,622,013
Physicians Services - Supplemental Payments ***	-	22,755,000	-	-	41,046,683	(18,281,683)
Outpatient Hospital Services - Regular Payments	120,824,371	118,191,984	6,848,184	6,894,000	94,151,985	24,039,979
Outpatient Hospital Services - Supplemental Payments	-	-	-	-	-	-
Prescribed Drugs	341,983,862	387,583,429	21,786,884	30,878,000	331,888,210	38,895,219
Drug Rebate Offset - National Agreement	(130,861,220)	(126,784,804)	(8,676,283)	(10,588,000)	(147,838,788)	21,041,862
Drug Rebate Offset - State Sidebar Agreement	(30,810,728)	(30,333,882)	(181,474)	(2,529,000)	(21,780,487)	(8,863,188)
Dental Services	40,850,088	48,800,576	8,095,416	4,082,000	48,293,165	2,602,381
Other Practitioners Services - Regular Payments	22,381,183	7,818,882	880,655	688,000	11,984,879	(4,169,227)
Other Practitioners Services - Supplemental Payments ***	-	-	-	-	-	-
Clinic Services	38,865,488	14,837,984	682,383	1,247,000	5,282,882	8,555,032
Lab & Radiological Services	10,177,238	10,838,738	1,891,237	923,000	13,248,278	(2,408,540)
Home Health Services	32,681,684	35,889,918	2,312,269	3,036,000	39,499,122	(3,608,603)
Hysterectomies/Sterilizations	518,288	574,084	10,378	48,000	224,865	349,389
Pregnancy Terminations	-	-	-	-	-	-
EPSDT Services	2,247,831	2,869,869	84,033	217,000	1,732,388	867,281
Rural Health Clinic Services	7,793,606	8,637,239	687,888	718,000	8,318,902	220,636
Medicare Health Insurance Payments - Part A Premiums	14,821,468	19,088,436	1,448,813	1,801,000	17,241,148	1,847,288
Medicare Health Insurance Payments - Part B Premiums	70,371,344	77,248,842	7,028,828	8,424,000	78,342,310	904,632
120% - 134% Of Poverty	4,408,874	8,101,770	488,477	432,000	5,288,770	(157,000)
138% - 178% Of Poverty	-	-	-	-	-	-
Coinurance And Deductibles	-	-	484,858	-	7,148,858	(7,148,858)
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	294,897,012	288,088,331	27,080,744	22,088,000	330,854,488	(88,895,154)
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-	-	-	-
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-	-	-	-
Medicaid Health Insurance Payments: Group Health Plan Payments	393,790	415,852	71,337	35,000	440,070	(24,218)
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-

MONTH OF JUNE 2010	ACTUALS	TOTAL	ACTUALS	ESTIMATES	ACTUALS	Difference
	SFY2008	SFY2010	Current Month: Jun-10	Current Month: Jun-10	Year To-Date Thru 6/30/10	Budget vs Actual
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-
Home & Community-Based Services (MR/DD)	233,468,883	288,820,084	19,857,058	22,123,000	248,362,488	11,587,608
Home & Community-Based Services (Aged/Disabled)	80,034,343	88,784,000	8,747,360	8,771,000	62,378,723	(2,582,723)
Home & Community-Based Services (State Plan 1918(f) Only)	-	-	-	-	-	-
Home & Community-Based Services (State Plan 1918(j) Only)	-	-	-	-	-	-
Community Supported Living Services	-	-	-	-	-	-
Programs Of All-Inclusive Care Elderly	-	-	-	-	-	-
Personal Care Services - Regular Payments	37,876,885	42,577,777	3,473,441	3,550,000	41,133,119	1,444,658
Personal Care Services - SDS 1918(j)	-	-	-	-	-	-
Targeted Case Management Services - Com. Case Management	-	0	-	-	-	0
Targeted Case Management Services - Institutional Transitioning	-	-	-	-	-	-
Targeted Case Management Services - State Wide	4,309,095	5,811,539	308,418	472,000	3,849,231	1,762,308
Primary Care Case Management Services	809,744	891,427	28,164	68,000	401,843	283,784
Hospice Benefits	14,499,070	15,248,730	1,709,081	1,271,000	17,827,752	(2,381,022)
Emergency Services Undocumented Aliens	59,318	-	540	-	189,722	(189,722)
Federally Qualified Health Center	18,781,840	20,206,125	1,171,721	1,893,000	18,181,783	2,084,362
Non-Emergency Medical Transportation	-	4,802,000	1,782,933	378,000	9,410,142	(4,908,142)
Physical Therapy	-	2,078,000	158,888	173,000	1,833,973	192,027
Occupational Therapy	-	868,000	11,889	53,000	200,012	455,888
Services for Speech, Hearing & Language	-	804,000	18,095	42,000	281,219	222,781
Prosthetic Devices, Dentures, Eyeglasses	-	680,000	125,920	57,000	1,871,188	(1,191,185)
Diagnostic Screening & Preventive Services	-	-	32,823	-	373,901	(373,901)
Nurse Mid-Wife	-	-	13,874	-	338,878	(338,878)
Emergency Hospital Services	-	-	781,431	-	9,289,934	(8,269,934)
Critical Access Hospitals	-	5,507,000	788,122	459,000	26,282,088	(20,755,088)
Nurse Practitioner Services	-	1,880,000	81,908	129,000	1,087,368	462,632
School Based Services	-	44,098,000	8,078,127	3,874,000	83,784,209	(9,859,209)
Rehabilitative Services (Non-School Based)	-	94,792,000	5,351,368	5,399,000	74,169,288	(9,374,288)
Private Duty Nursing	-	3,118,000	217,445	280,000	3,281,847	(182,847)
Other Care Services	128,180,532	81,022,601	1,373,911	4,392,000	33,883,883	17,338,647
Less: Recoupments	-	-	(342,707)	-	(636,417)	636,417
NET EXPENDITURES:	2,410,188,304	2,514,532,515	200,097,121	220,228,000	2,539,628,838	(26,096,321)
Collections: Third Party Liability (line 6A on CMS-64)	(8,038,342)	-	-	-	(6,207,838)	6,207,838
Collections: Probate (line 9B on CMS-64)	(122,220)	-	-	-	(148,347)	148,347
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(13,789)	-	-	-	(1,188)	1,188
Collections: Other (line 9D on CMS-64)	(8,608,008)	-	-	-	(2,641,876)	2,641,876
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	2,398,512,884	2,514,532,515	200,097,121	220,228,000	2,531,832,787	(17,100,272)
Plus: Medicaid Part D Expenditures	27,747,862	31,998,237	-	2,481,480	23,938,817	8,062,420
Plus: State Only Medicaid Expenditures ***	4,589,431	3,848,891	368,964	289,648	8,078,438	(2,231,548)
TOTAL MEDICAID EXPENDITURES	2,430,849,977	\$2,550,378,643	\$200,466,085	\$222,997,028	\$2,563,849,642	(\$11,268,387)
Plus: Reimbursables (1)	4,329,882	4,787,584	440,007	336,985	6,678,968	(782,404)
TOTAL EXPENDITURES	\$2,435,179,859	\$2,555,166,227	\$200,906,092	\$223,312,993	\$2,570,528,610	(\$12,081,801)

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

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

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

12 Months Actuals 0 Months Remaining

MONTH OF JUNE 2010	ACTUALS	ACTUALS	ACTUALS	Difference	TOTAL
	SFY2009	Current Month Ended 6/30/10	Year-To-Date Thru 6/30/10	Budget vs Actual	SFY2010
REVENUE SOURCES					
Beg. Bal (5084/1020 prior mth)	34,933,055	185,332,472	\$118,583,948		\$118,583,948
MATCHING FUNDS					
General Revenue (0403/189)	393,705,687	30,892,833	252,345,204	14,970,364	267,318,668
MRDD Waiver (0403/466)	-	8,838,883	80,363,483	0	80,363,483
Rural Hospitals Under 160 Beds (0403/940)	2,596,000	218,333	2,596,000	0	2,596,000
Tertiary Funding (0403/547)	4,856,000	529,666	6,356,000	0	6,356,000
Lottery Waiver (Less 550,000) (5405/539)	23,272,578		25,772,578	-2,500,000	23,272,578
Lottery Transfer (5405/871)	10,300,000		8,670,000	0	8,670,000
Trust Fund Appropriation (5186/189)	19,784,219		0	30,556,594	30,556,594
Provider Tax (5090/189)	165,400,000	14,222,005	162,659,512	1,998,778	164,658,290
Certified Match	19,399,722	1,237,070	14,058,468	1,771,872	15,830,340
Reimbursables - Amount Reimbursed	4,348,906	791,840	5,195,782	-408,219	4,787,564
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	428,344	63,685	(446,371)	446,371	0
CMS - 84 Adjustments	1,098,680		(210,128)	210,128	0
TOTAL MATCHING FUNDS	680,123,202	\$242,124,888	\$673,934,477	\$47,046,888	\$720,980,365
FEDERAL FUNDS	1,874,469,681	172,589,069	2,108,528,674	-\$18,738,704	\$2,089,791,870
TOTAL REVENUE SOURCES	2,554,612,893	\$414,713,957	\$2,782,463,151	\$28,308,184	\$2,810,772,335
TOTAL EXPENDITURES:					
Provider Payments	2,436,173,930	\$200,927,093	\$2,567,228,008	-\$12,061,801	\$2,555,166,207
TOTAL	119,438,964	\$213,786,864	\$215,235,143	•••••	\$255,606,128

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



West Virginia Investment Management Board

Monthly Performance Report

July 31, 2010

STRATEGIC INVESTMENT SOLUTIONS, INC.

333 Bush Street, Suite 2000
San Francisco, CA 94104
(415) 362-3484

West Virginia Investment Management Board
 Participant Plans Allocation & Performance Net of Fees
 As of July 31, 2010

	6/30/2010		7/31/2010		Performance %						
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
WVIMB Fund Assets	10,658,972	100.0	11,026,485	100.0							
Pension Assets	8,456,704	79.4	8,789,858	79.7							
Public Employees' Retirement System	3,882,115	34.5	3,828,898	34.7	4.3	-1.5	4.3	14.2	-1.0	3.7	4.8
Teachers' Retirement System	4,099,339	38.5	4,242,815	38.4	4.2	-1.6	4.2	13.6	-1.8	3.2	4.5
Teachers' Employers' Cont. Collection A/C	355	0.0	16,411	0.2		0.0		0.1	1.5		
EMS Retirement System	23,345	0.2	24,678	0.2	4.4	-1.7	4.4	14.1			
Public Safety Retirement System	404,446	3.8	419,480	3.8		-1.5		14.3	-1.0	3.5	4.9
Judges' Retirement System	102,814	1.0	106,924	1.0	4.3	-1.5	4.3	14.2	-1.0	3.7	4.8
State Police Retirement System	52,739	0.5	55,229	0.5		-1.5		14.2			
Deputy Sheriffs' Retirement System	91,548	0.9	95,617	0.9	4.3	-1.5	4.3	14.2	-0.9	3.7	4.8
Municipal Police & Firefighter Retirement System	3	0.0	8	0.0	0.0	0.0	0.0				
Insurance Assets	1,632,789	15.3	1,651,880	15.0							
Workers' Compensation Old Fund	888,780	8.3	894,064	8.1	1.6	0.9	1.6	11.5	1.6		
Workers' Comp. Self-Insured Guaranty Risk Pool	8,086	0.1	8,095	0.1	0.0	0.0	0.0	0.1	1.6		
Workers' Comp. Uninsured Employers Fund	8,852		8,877					0.1			
Pneumoconiosis	244,191	2.3	248,895	2.3	2.3	0.0	2.3	11.6	2.6		
Board of Risk & Insurance Mgmt.	120,331	1.1	123,137	1.1		0.1	2.3	12.1		5.2	
Public Employees' Insurance Agency	131,127	1.2	133,774	1.2	2.0	0.5	2.0	11.9	3.5	4.6	
WV Retiree Health Benefit Trust Fund	228,477		232,970		1.5			12.2			
AccessWV	1,965	0.0	2,068	0.0	5.2	-1.3	5.2				
Endowment Assets	569,479	5.3	584,747	5.3							
Wildlife Fund	34,874	0.3	36,407	0.4	4.3	-1.5	4.3	14.2	-0.9	3.7	5.9
Prepaid Tuition Trust	77,283	0.7	80,679	0.7	4.4	-1.2	4.4	14.6	0.4	4.5	5.4
Revenue Shortfall Reserve Fund	178,632		180,696		1.2	-1.7		13.1	-1.8		
Revenue Shortfall Reserve Fund - Part B	278,690	2.6	286,965	2.6	3.0	-0.3	3.0	13.4	-2.1		

West Virginia Investment Management Board

Composite Asset Allocation & Performance Net of Fees

As of July 31, 2010

	Asset (\$000)	%	Performance %						
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
Investment Pools Composite	11,031,681	100.00							
Total Equity Composite	4,807,971	43.59	7.40	-4.68	7.40	15.56	-5.67	2.34	3.11
<i>Total Equity Policy Index</i>			8.00	-5.33	8.00	12.53	-7.21	1.11	1.90
Excess Return			-0.60	0.65	-0.60	3.03	1.54	1.23	1.21
US Equity Composite	2,299,457	20.85	6.95	-6.57	6.95	15.10	-6.37	-0.11	1.77
<i>Russell 3000 Index</i>			6.94	-7.17	6.94	14.82	-6.34	0.05	-0.07
Excess Return			0.01	0.60	0.01	0.28	-0.03	-0.16	1.84
Large Cap Composite	1,937,126	17.56	6.92	-6.51	6.92	14.12	-6.55	-0.31	-0.88
<i>S&P 500 Index</i>			7.01	-6.69	7.01	13.84	-6.78	-0.17	-0.76
Excess Return			-0.09	0.18	-0.09	0.28	0.23	-0.14	-0.12
Non-Large Cap Composite	362,331	3.29	7.10	-6.81	7.10	20.47	-5.08	0.80	6.62
<i>Russell 2500 Index</i>			7.04	-8.01	7.04	21.77	-4.00	1.20	5.13
Excess Return			0.06	1.20	0.06	-1.30	-1.08	-0.40	1.49
International Equity Composite	2,508,514	22.74	7.82	-2.93	7.82	15.33	-5.56	6.36	5.29
<i>MSCI AC World ex US Index</i>			9.06	-3.53	9.06	10.12	-7.56	4.89	3.60
Excess Return			-1.24	0.60	-1.24	5.21	2.00	1.47	1.69
Fixed Income Composite	3,367,121	30.52	1.24	1.99	1.24	12.35	6.09	5.40	6.93
<i>Fixed Income Policy</i>			1.29	3.33	1.29	9.95	7.76	6.04	6.53
Excess Return			-0.05	-1.34	-0.05	2.40	-1.67	-0.64	0.40
Core Fixed Income	1,559,908	14.14	1.09	3.65	1.09	10.27			
<i>Barclays Capital Aggregate</i>			1.07	3.52	1.07	8.91			
Excess Return			0.02	0.13	0.02	1.36			
Total Return Fixed Income	1,807,213	16.38	1.36	0.57	1.36	13.65	6.73	6.07	7.62
<i>Barclays Capital US Universal</i>			1.29	3.33	1.29	9.95	7.50	5.99	6.62
Excess Return			0.07	-2.76	0.07	3.70	-0.77	0.08	1.00
TRS Annuity	153,000	1.39							
Cash Composite	240,892	2.18	0.01	0.05	0.01	0.14	1.65	2.94	2.78
<i>Citigroup 90 Day T-Bill + 15 bps</i>			0.03	0.09	0.03	0.31	1.59	2.87	2.80
Excess Return			-0.02	-0.04	-0.02	-0.17	0.06	0.07	-0.02
Private Equity Composite	782,499	7.09	2.63	4.04	2.63	19.60			
Real Estate Composite	508,109	4.61	0.43	1.44	0.43	5.42			
Hedge Funds Composite	1,172,089	10.62	0.68	-1.16	0.68	8.73			

West Virginia Investment Management Board
 Participant Plans Allocation vs. Targets
 As of July 31, 2010

	Domestic Equity		Int'l Equity		Fixed Income		Private Equity		Real Estate		Hedge Funds		Cash	
	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %
Pension Assets														
Public Employees Retirement System							8.8	10.0	5.8	6.0	10.5	10.0	0.4	0.0
Teachers' Retirement System	24.1	25.0	28.3	25.0	22.8	24.0	8.7	10.0	5.7	5.0	10.3	10.0	2.3	0.0
Teachers' Employers Cont. Collection A/C	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0
EMS Retirement System	25.4	25.0	27.3	25.0	19.8	24.0	10.0	10.0	6.0	6.0	10.0	10.0	1.5	0.0
Public Safety Retirement System	24.8	25.0	28.8	25.0	23.1	24.0	9.7	10.0	5.9	6.0	9.8	10.0	0.1	0.0
Judges' Retirement System	24.2	25.0	26.6	25.0	23.4	24.0	9.6	10.0	5.8	6.0	9.9	10.0	0.3	0.0
State Police Retirement System	24.5	25.0	28.3	25.0	23.1	24.0	9.4	10.0	5.8	6.0	9.7	10.0	1.2	0.0
Deputy Sheriffs' Retirement System	24.4	25.0	26.6	25.0	23.1	24.0	9.6	10.0	5.8	6.0	9.8	10.0	0.7	0.0
Municipal Police & Firefighter Retirement System	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

Insurance Assets

Workers' Compensation Old Fund	5.0	5.0	5.8	5.0	88.9	80.0	0.0	0.0	0.0	0.0	11.9	0.0	8.8	10.0
Workers' Comp. Self-Insured Guaranty Risk Pool	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0
Workers' Comp. Uninsured Employers Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0
Pneumoconiosis	10.1	10.0	10.8	10.0	55.0	55.0	0.0	0.0	0.0	0.0	19.6	20.0	4.5	5.0
Board of Risk & Insurance Mgmt.	10.0	10.0	10.8	10.0	59.8	60.0	0.0	0.0	0.0	0.0	19.4	20.0	0.0	0.0
Public Employees' Insurance Agency	7.4	7.5	8.1	7.5	65.0	65.0	0.0	0.0	0.0	0.0	19.5	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	2.5	2.5	2.7	2.5	94.8	95.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AccessWV	18.6	25.0	51.5	25.0	29.9	50.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Endowment Assets

Wildlife Fund	24.5	25.0	26.6	25.0	23.4	24.0	9.6	10.0	5.8	6.0	9.9	10.0	0.2	0.0
Prepaid Tuition Trust	35.6	35.8	19.9	19.2	43.2	45.0	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	88.0	100.0	0.0	0.0	0.0	0.0	11.9	0.0	0.1	0.0
Revenue Shortfall Reserve Fund - Part B	14.7	15.0	16.1	15.0	57.2	70.0	0.0	0.0	0.0	0.0	12.0	0.0	0.0	0.0

Statutory Limitations

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

West Virginia Investment Management Board

Footnotes

As of July 31, 2010

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

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

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

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

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

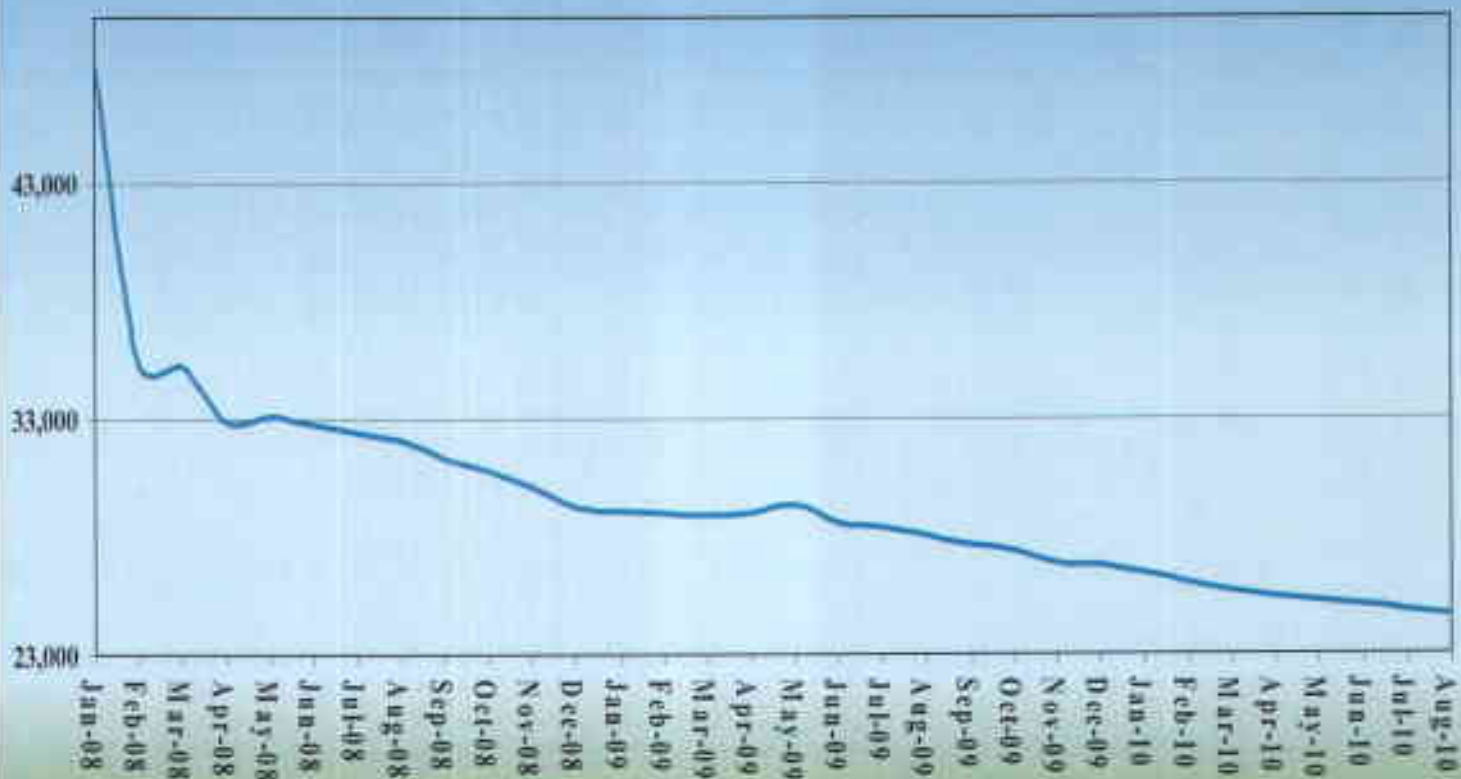


Status Report Workers' Compensation

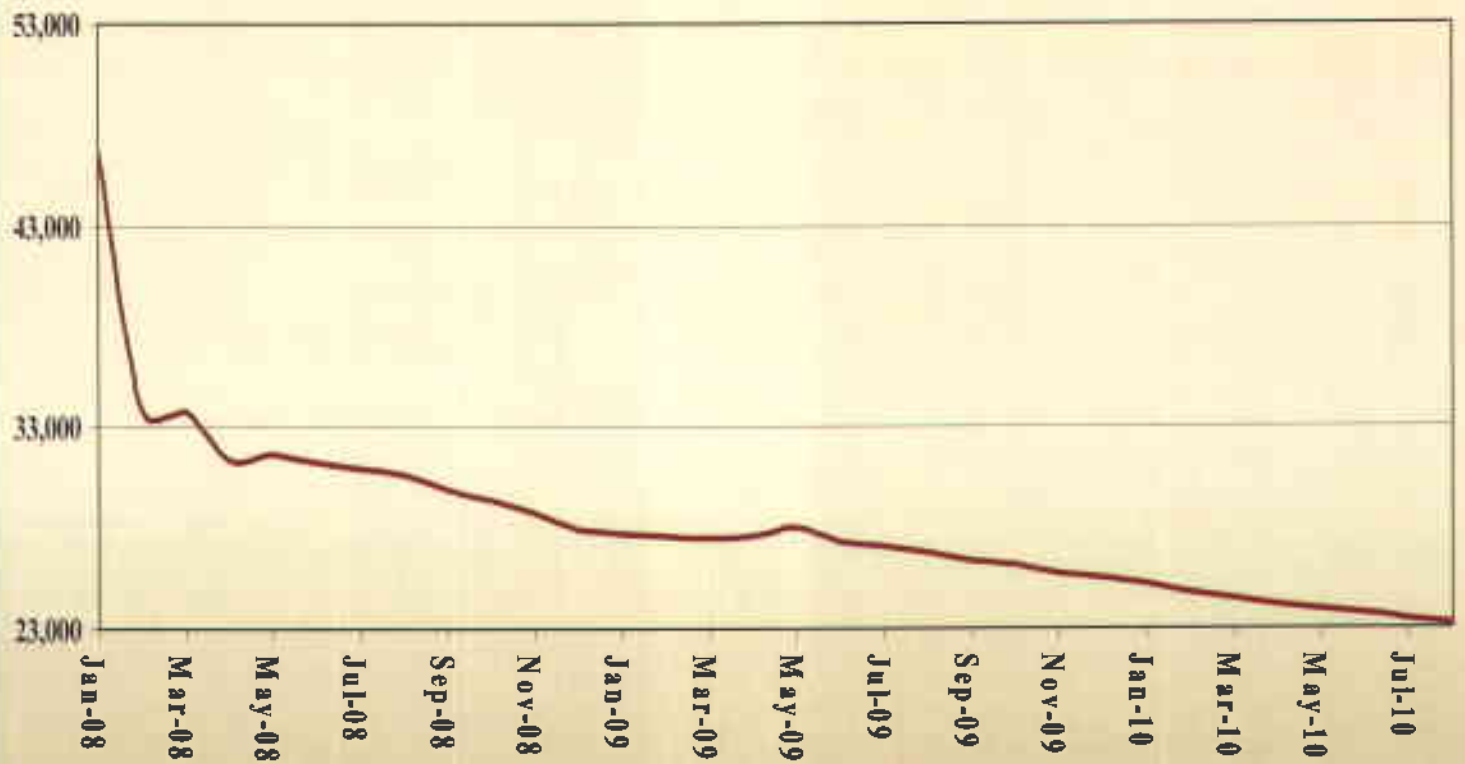
Joint Committee on
Government & Finance

09/09/10

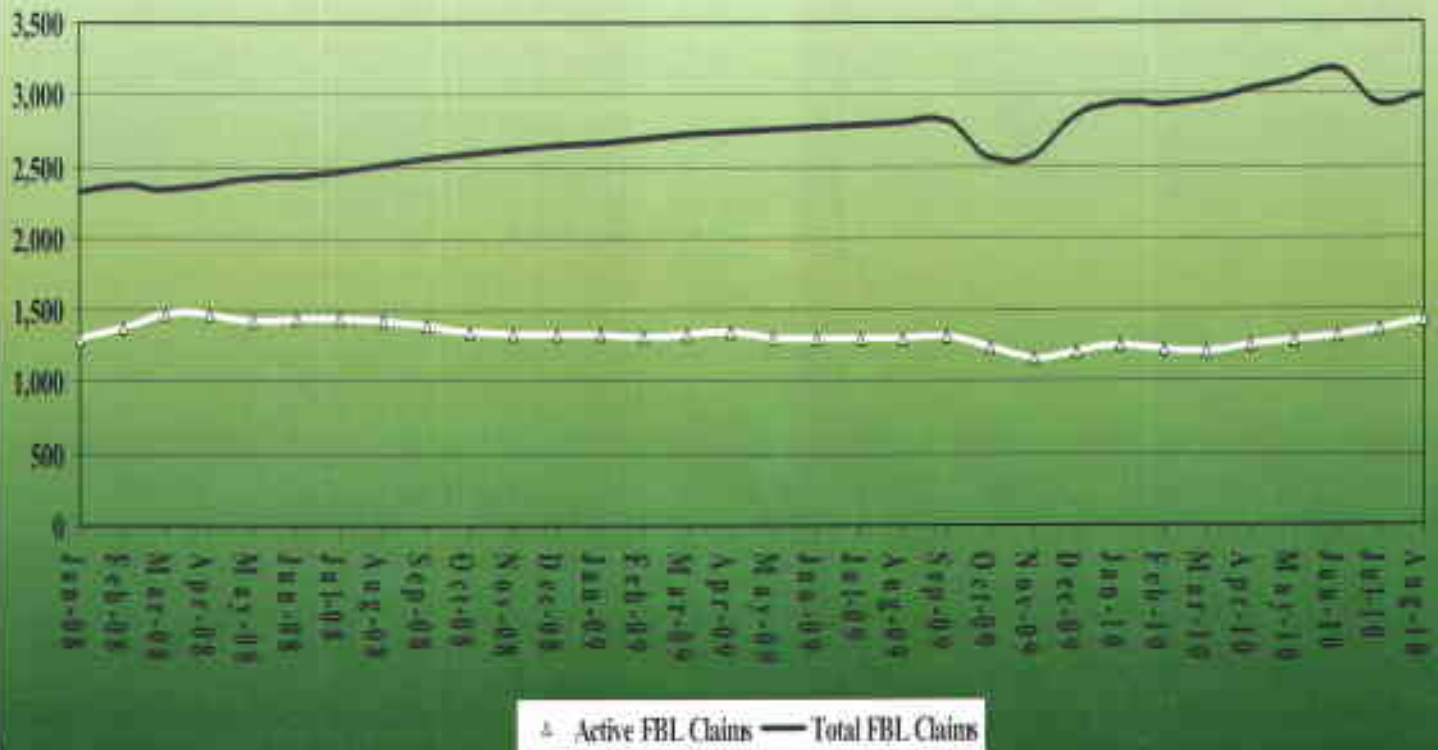
Total Active Claim counts



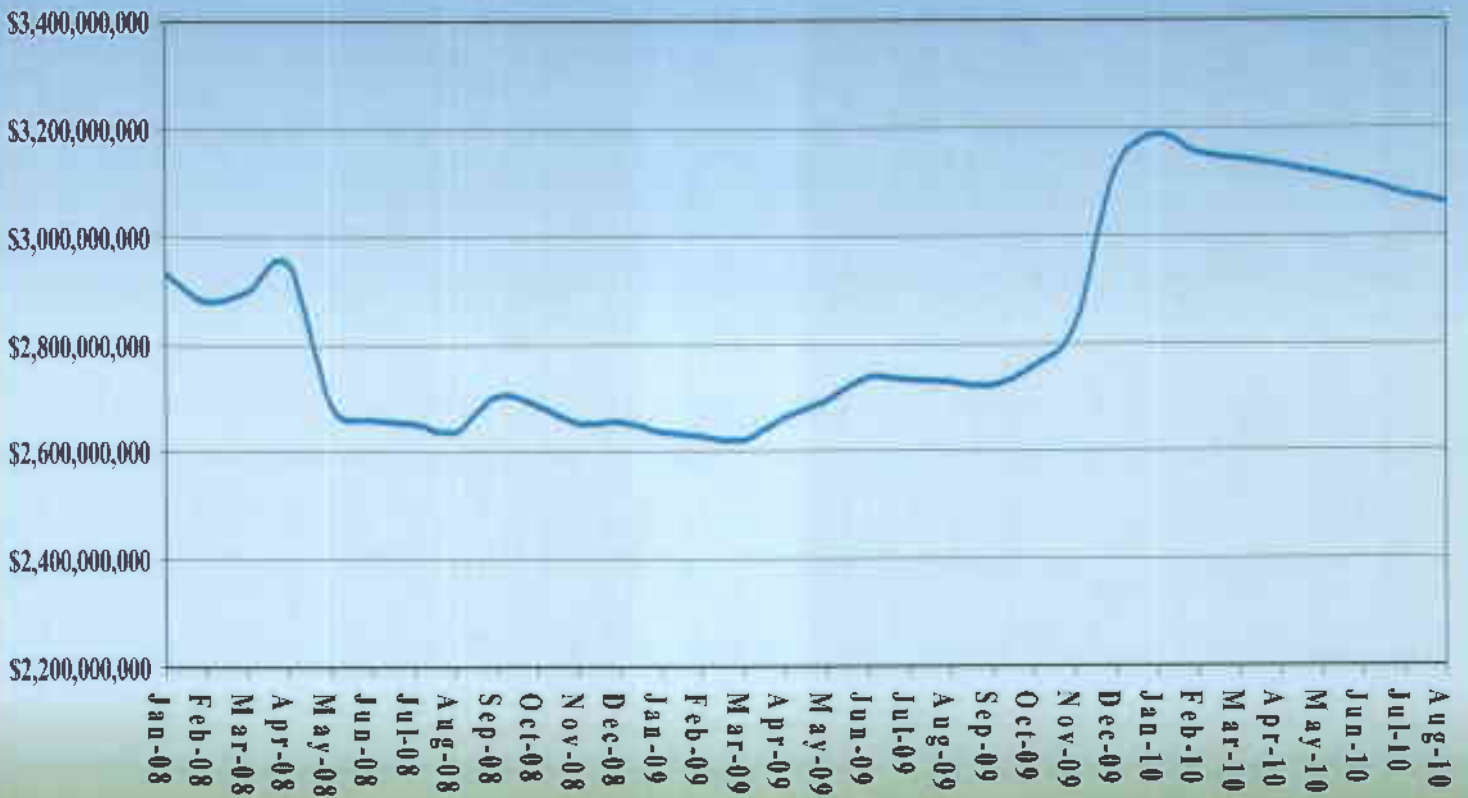
Non-FBL Active Claim counts



FBL Active Claim counts



Total Case Reserves



Non-FBL Case Reserves



FBL Case Reserves



8/31/2010

	Sedgwick	Wells Fargo	American Mining	Totals
Total Claims	19,386	2,326	2,911	24,623
Non-FBL	19,386	2,203	1,613	23,202
FBL	0	123	1,298	1,421

FBL	
Inactive	All Total
1,572	2,993

	Sedgwick	Wells Fargo	American Mining	Totals
Total Reserves	\$2,491,802,202	\$270,704,422	\$298,895,714	\$3,061,402,338
Non-FBL Reserves	\$2,491,802,202	\$239,213,593	\$189,087,723	\$2,920,103,519
FBL Reserves	\$0	\$31,490,829	\$109,807,991	\$141,298,820

Prior Month	
Total	Change
\$3,074,550,917	-0.4%
\$2,933,360,135	-0.5%
\$141,190,783	0.1%

	Sedgwick	Wells Fargo	American Mining	Totals
Med Only	1,619	3	400	2,022
PTD	6,981	582	348	7,911
PPD	4,804	991	652	6,447
TTD	958	1	27	986
TPD	2	0	0	2
Settlement (payments)				
Fatal	0	14	13	27
Partial Awd	1,608	492	173	2,273
OP/OD	6	120	0	126
Total NonFBL	3,408	2,707	933	3,408
Total FBL	19,386	2,203	1,613	23,202
Total	0	123	1,298	1,421
Total	19,386	2,326	2,911	24,623

Prior Month	
Total	Change
2,009	0.6%
7,965	-0.7%
6,581	-2.1%
1,042	-5.7%
0	200.0%
27	0.0%
2,274	0.0%
141	-11.9%
3,379	0.9%
23,418	-0.9%
1,369	3.7%
24,787	-0.7%

WEST VIRGINIA
OFFICES OF THE INSURANCE COMMISSIONER
SCHEDULE OF NET ASSETS
Workers' Compensation Old Fund -- Debt Reduction
(In Thousands)
August FY2011

	June 30, 2010	August 31, 2010	Change
Assets:			
Cash and Cash Equivalents	888,536	887,877	(659)
Receivables, Net:	<u>19,843</u>	<u>19,843</u>	<u>-</u>
Total Assets	<u>908,379</u>	<u>907,720</u>	<u>(659)</u>
Liabilities:			
Estimated Liability for Unpaid Claims and Claim Adjustment Expense	1,983,608	1,948,835	(34,773)
Other Liabilities	<u>244</u>	<u>244</u>	<u>-</u>
Total Liabilities	<u>1,983,852</u>	<u>1,949,079</u>	<u>(34,773)</u>
Net Assets:			
Unrestricted**	<u>(1,075,473)</u>	<u>(1,041,359)</u>	<u>34,114</u>
Total Net Assets	<u>(1,075,473)</u>	<u>(1,041,359)</u>	<u>34,114</u>

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

**Reduction in the outstanding claims liability, combined with the reduction in cash and cash equivalents resulted in a deficit reduction of \$14,207.

Old Fund Liability Estimate

FY2011

	August
Undiscounted Beginning Reserve Amount	3,066,595,100
Claim Payments	26,717,296
Undiscounted Ending Reserve Amount	3,039,877,804
Estimated Ending Reserve Amount - Discounted at 5%	1,948,835,195

Note:

The discounted estimate of the Old Fund liabilities is derived using a formula that reduces the reserve amount at the beginning of each month by the amount of claims payments made during the month. Claims payments were \$26,717,296 for August 2010.

The formula makes an adjustment for the time value of money, assuming that claim payments are evenly distributed through the month. This calculation has been prepared in order to provide an interim estimate on the status of the deficit.

Old Fund/Debt Reduction FY2011

Revenues	1st Quarter	Y-T-D FY2011	Y-T-D FY2010	Change
Personal Income Tax	-	-	-	-
Severance Tax	14,143,525	14,143,525	12,495,175	1,648,350
Debt Reduction Surcharge	8,769,529	8,769,529	7,947,683	821,846
Self-Insured Debt Reduction Surcharge	1,568,222	1,568,222	1,323,720	244,502
Video Lottery	7,931,438	7,931,438	8,522,832	(591,394)
Employer Premium	206,675	206,675	393,235	(186,560)
Other Income - Return of Unclaimed Property	1,077	1,077	-	1,077
Total Revenues	32,620,466	32,620,466	30,682,644	1,937,821
Surplus Note Principal Payments	-	-	-	-
Investment / Interest Earnings (Losses)	19,071,906	19,071,906	6,672,199	12,399,707
Expenditures				
Claims Benefits Paid:				
Medical	8,166,690	8,166,690	9,040,164	(873,474)
Permanent Total Disability	23,665,821	23,665,821	25,453,883	(1,788,062)
Permanent Partial Disability	516,211	516,211	969,051	(442,840)
Temporary Disability	67,154	67,154	406,867	(338,603)
Fatales	5,076,217	5,076,217	6,367,064	(280,848)
104 weeks death benefit	1,034,809	1,034,809	937,542	97,267
Settlement Agreements	10,542,207	10,542,207	1,746,114	8,796,093
Loss Adjustment Expenses	1,042,579	1,042,579	283,403	759,176
Total	50,111,687	50,111,687	44,182,879	5,928,808
Less: Claims credits and overpayments	986,316	986,316	343,779	642,537
Total Benefits Paid	49,125,371	49,125,371	43,839,100	5,286,271
Administrative Expenses	3,226,297	3,226,297	3,489,672	(263,374)
Total Expenditures	52,351,669	52,351,669	47,328,772	5,022,897
Excess (Deficiency) of Revenues over Expenditures	(659,297)	(659,297)	(9,973,928)	
Cash Beginning Balances	888,535,954	888,535,954	845,233,165	
Cash Ending Balances	887,876,657	887,876,657	835,259,227	

Old Fund / Debt Reduction 1st Quarter FY2011

	July 2010	August 2010	Quarter-to-Date
Revenues			
Personal Income Tax	-	-	-
Severance Tax	5,116,779.70	9,026,745.37	14,143,525.07
Debt Reduction Surcharge	8,769,528.72	-	8,769,528.72
Self-Insured Debt Reduction Surcharge	1,401,614.89	166,607.17	1,668,222.06
Video Lottery	3,885,341.88	4,046,095.90	7,931,437.78
Employer Premium	113,955.91	92,719.43	206,675.34
Other Income - Return of Unclaimed Property	-	1,076.78	1,076.78
Total Revenues	19,287,221.10	13,333,244.65	32,620,466.75
*Investment / Interest Earnings (Losses)	4,627,112.81	14,544,793.42	19,071,906.23
Expenditures			
Claims Benefits Paid:			
Medical	4,632,087.97	3,534,601.88	8,166,689.85
Permanent Total Disability	11,551,635.68	12,114,184.95	23,665,820.63
Permanent Partial Disability	254,935.24	261,275.59	516,210.83
Temporary Disability	23,670.59	43,483.66	67,154.25
Fatafs	2,519,576.31	2,556,640.44	5,076,216.75
104 weeks death benefit	528,883.58	505,925.05	1,034,808.63
Settlement Agreements	4,669,443.34	5,872,763.97	10,542,207.31
Loss Adjustment Expenses	450,587.51	591,991.44	1,042,578.95
Total	24,630,820.22	25,480,866.98	50,111,687.20
Less: Claims credits and overpayments	580,796.53	405,519.49	986,316.02
Total Benefits Paid	24,050,023.69	25,075,347.49	49,125,371.18
Administrative Expenses	1,584,348.85	1,641,948.52	3,226,297.37
Total Expenditures	25,634,372.54	26,717,296.01	62,351,668.55
Excess (Deficiency) of Revenues over Expenditures	(1,820,038.63)	1,160,742.06	(659,296.57)
Cash Beginning Balance	888,535,953.68	886,715,915.05	888,535,953.68
Cash Ending Balances	886,715,915.05	887,876,657.11	887,876,657.11

COAL WORKERS PNEUMOCONIOSIS FUND
Quarterly Summary
FY2011

	1st Quarter	YTD FY 2011	YTD FY 2010	Change
Revenues				
Investment Earnings (Losses)	5,707,630	5,707,630	11,509,798	(5,802,168)
Other Income - Return of Unclaimed Property	-	-	-	-
Total Revenues	5,707,630	5,707,630	11,509,798	(5,802,168)
Expenditures				
Payment of Claims	1,644,344	1,644,344	1,802,566	(168,222)
Contractual / Professional	7,516	7,516	15,011	(7,496)
Total Expenditures	1,651,860	1,651,860	1,817,577	(165,717)
Excess (Deficiency) of Revenues over Expenditures	4,055,770	4,055,770	9,692,221	(5,636,451)
Cash Beginning Balances	244,074,613	244,074,613		
Cash Ending Balances	248,130,383	248,130,383		

SELF-INSURED FUND
Quarterly Summary
FY2011

	1st Quarter	YTD FY 2011	YTD FY 2010	Change
Revenues				
Guaranty Risk Pool Assessments	283,106	283,108	266,602	16,504
Investment Earnings (Losses)	1,873	1,873	2,509	(637)
Total Revenues	284,979	284,979	269,112	15,868
Expenditures				
Payment of Claims	82,871	82,871	4,072	78,799
Contractual / Professional	14,280	14,280	6,935	7,345
Total Expenditures	97,151	97,151	11,007	86,144
Excess (Deficiency) of Revenues over Expenditures	187,828	187,828	258,105	(70,276)
Cash Beginning Balances	8,285,959	8,285,959		
Cash Ending Balances	8,473,787	8,473,787		

UNINSURED FUND Quarterly Summary FY2011

	1st Quarter	YTD FY 2011	YTD FY 2010	Change
Revenues				
Fines and Penalties	149,936	149,936	167,732	(7,796)
Investment Earnings (Losses)	2,055	2,055	3,124	(1,069)
Total Revenues	151,991	151,991	160,856	(8,865)
Expenditures				
Payment of Claims	104,804	104,804	58,231	46,574
Contractual/Professional	164	164	3,137	(2,973)
Total Expenditures	104,968	104,968	61,368	43,601
Excess (Deficiency) of Revenues over Expenditures	47,023	47,023	99,488	(52,465)
Cash Beginning Balances	8,905,444	8,905,444		
Cash Ending Balances	8,952,467	8,952,467		

OFFICE OF JUDGES' REPORT TO INDUSTRIAL COUNCIL

September 3, 2010

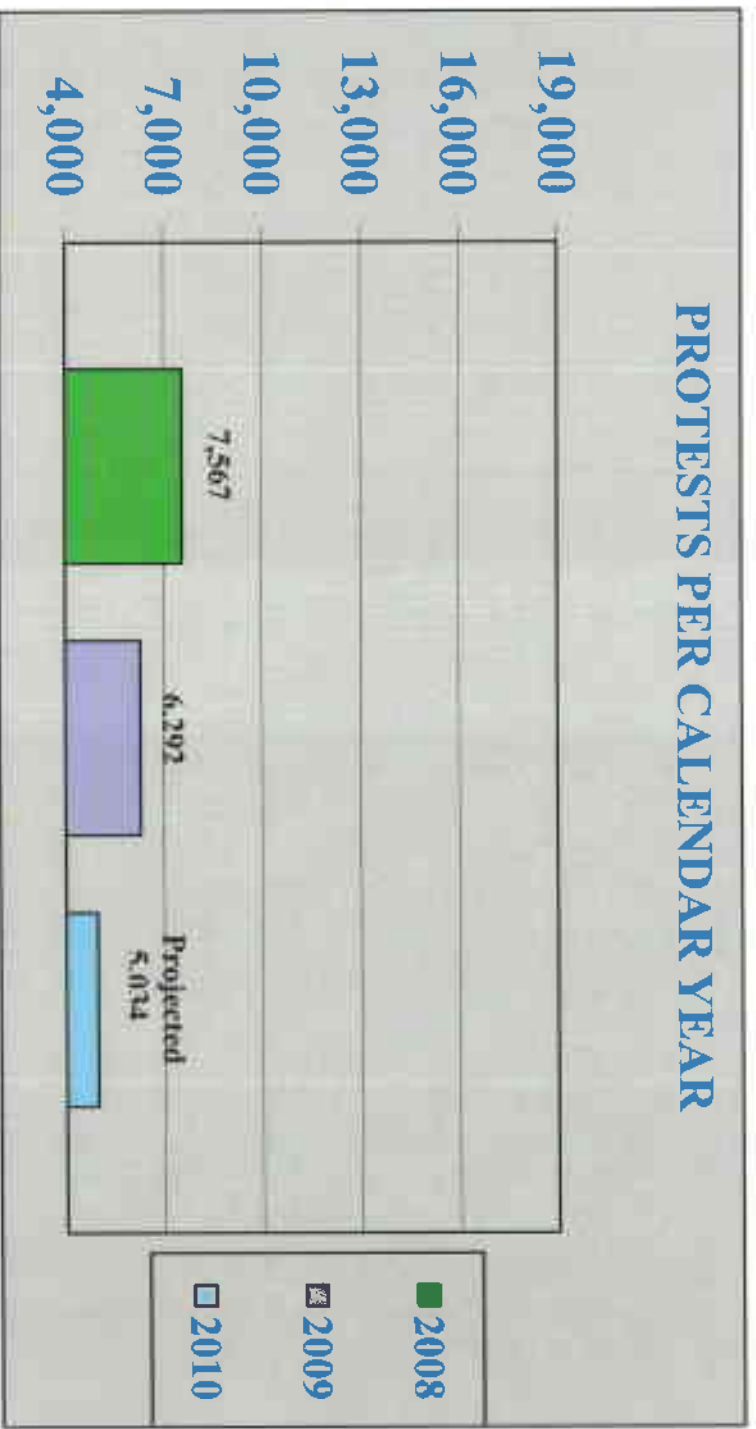
I. Statistical Analysis

A. Protests Acknowledged: 2009
6292 Aug.
464 2010
3356

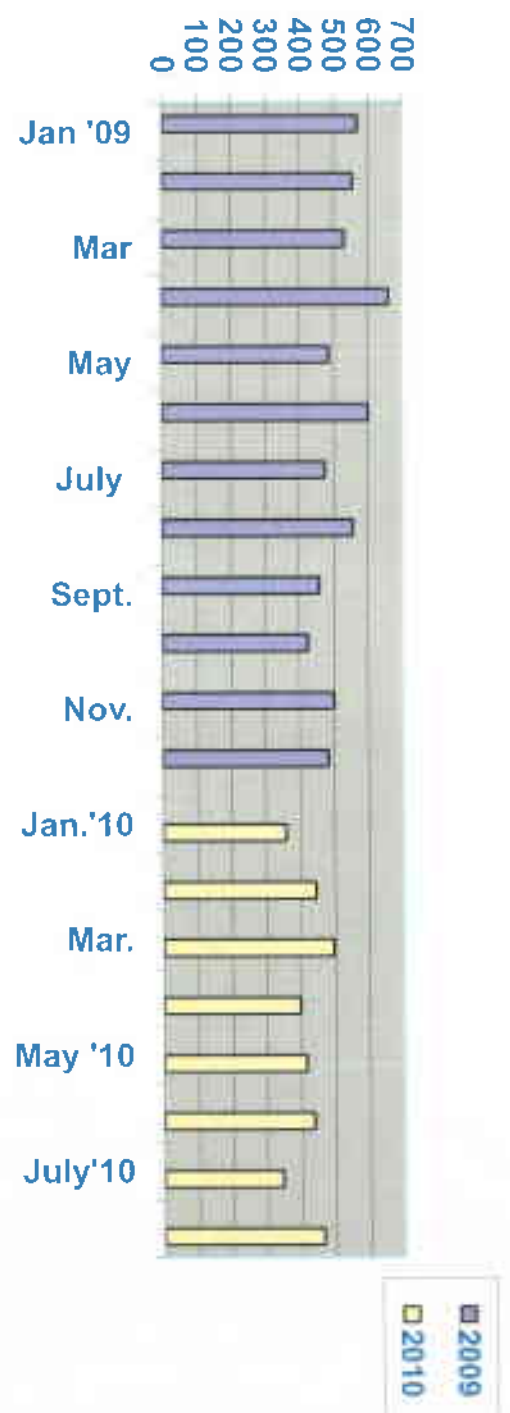
Fund Involved:

FUND	2009	% of protests	Aug. '10	% of protests	2010	% of protests
Old Fund	1277	24.13%	91	19.61%	686	20.44%
Priv. Carrier	2661	50.28%	264	56.90%	1914	57.03%
Self-Insured	1354	25.59%	109	23.49%	756	22.53%
Subtotal	5292		464		3356	
Temporary	1000		82		641	
Total	6292		546		3997	





PROTESTS BY MONTH



B. Issues Resolved: 2009 Aug. 2010
 5680 513 3685

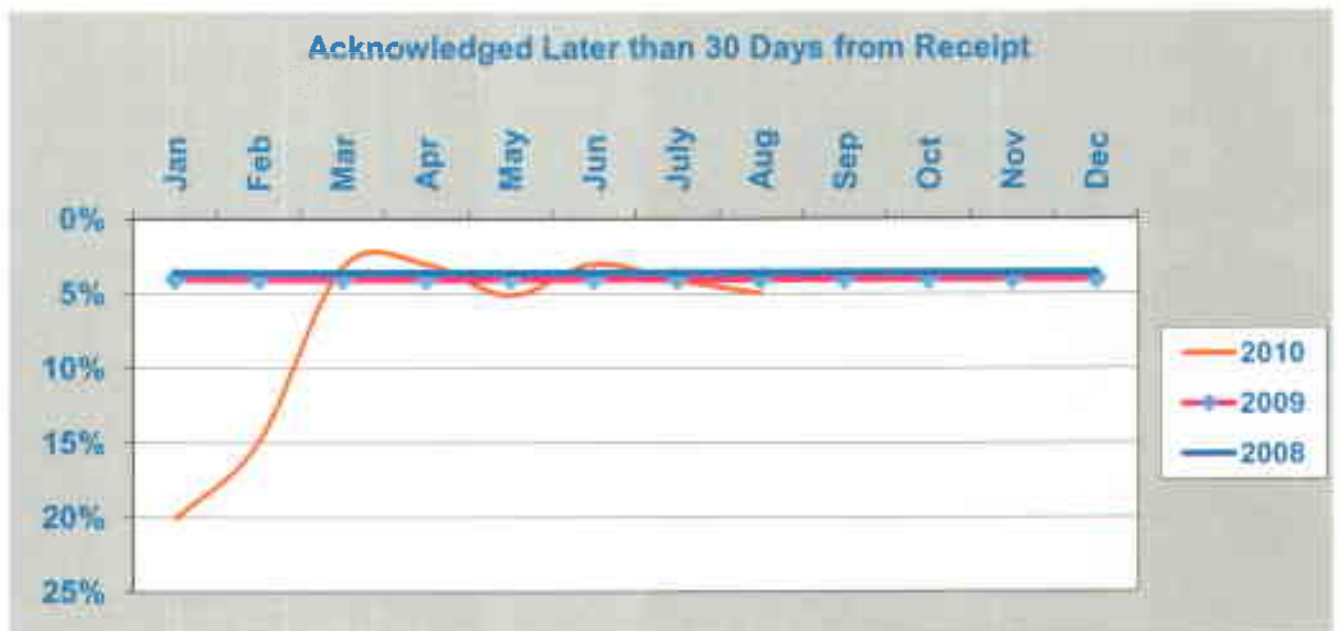
C. Pending Caseload Report

PENDING END OF August, 2010	3645
PENDING 1 MONTH BEFORE	3693
PENDING 2 MONTHS BEFORE	3719
PENDING 3 MONTHS BEFORE	3753
PENDING 6 MONTHS BEFORE	3866
PENDING 12 MONTHS BEFORE	4197

D.

Acknowledgment Timeliness: 2009
Aug. YTD

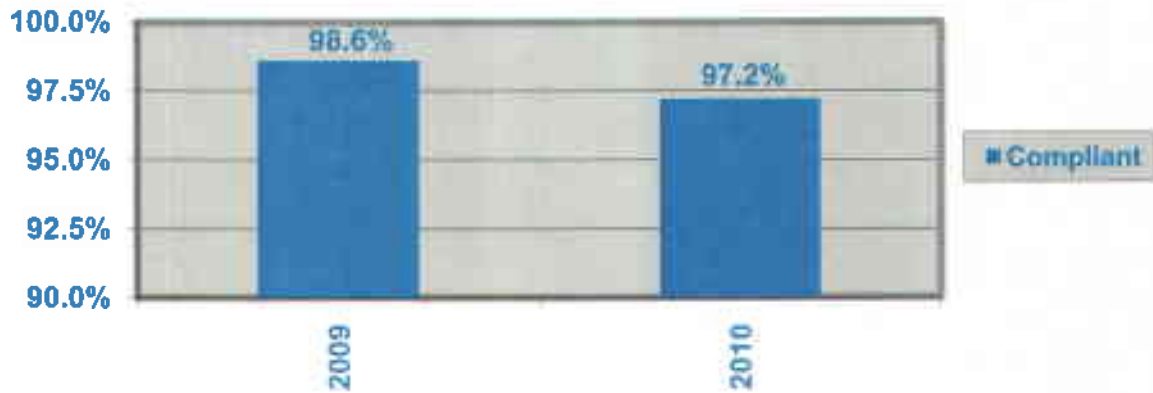
- | | | |
|-------------------------------|-------|-------|
| 1. Protest Ackn. >30 days | 4.0% | 5.0% |
| 7.0% | | |
| 2. Protest Ackn. 24-30 days | 3.0% | 2.2% |
| 2.3% Protest Ackn. 11-23 days | 22.6% | 11.0% |
| 22.4% | | |
| 4. Protest Ackn. <11 days | 70.4% | 81.9% |
| 68.3% | | |



E. Protests Resolved:	<u>Aug. '10</u>	<u>2010</u>
1. Protests decided:	339	2355
2. Withdrawals:	83	688
3. "No Evidence" Dismissals:	48	454

F. Final Decision Timeliness	<u>2009</u>	<u>Aug. '10</u>	<u>2010</u>
1. <30 days:	49.2%	40.7%	44.7%
2. 30-60 days:	29.3%	31.7%	30.2%
3. 60-90 days:	20.1%	23.5%	22.2%
4. +90 days:	1.4%	4.1%	2.8%

Decision Within Rule's Time Limits



G. Time Standard Compliance	<u>2009</u>	<u>Aug.</u>	<u>2010</u>
	88.9%	83.7%	88.1%

Friday, September 03, 2010

Resolution of Issues

Report Dates: Decision Date from 8/1/2010 thru 8/31/2010

Time Standard Categories	Decisions Issued	Reversed		Affirmed		Affirmed by Rule		Dismissed		Modified		Moot		Other		Remanded	
		Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
BENEFIT OVERPAYMENT	4	1	25	0	0	1	25	2	50	0	0	0	0	0	0	0	0
BENEFIT RATE	1	0	0	0	0	1	100	0	0	0	0	0	0	0	0	0	0
COMPENSABILITY	98	31	31.6	48	49	6	6.1	12	12.2	0	0	0	0	1	1	0	0
DEP BEN FATAL	7	0	0	7	100	0	0	0	0	0	0	0	0	0	0	0	0
IEB DETERMINATION	2	0	0	2	100	0	0	0	0	0	0	0	0	0	0	0	0
OPBD	38	7	18.4	17	44.7	2	5.3	12	31.6	0	0	0	0	0	0	0	0
PTD ONSET DATE	2	0	0	0	0	0	0	0	0	2	100	0	0	0	0	0	0
REHABILITATION	3	0	0	0	0	1	33.3	2	66.7	0	0	0	0	0	0	0	0
TEMP	1	0	0	0	0	0	0	1	100	0	0	0	0	0	0	0	0
TTD	61	14	23	23	37.7	5	8.2	18	29.5	1	1.6	0	0	0	0	0	0
OP NON-MED	7	0	0	2	28.6	0	0	3	42.9	2	28.6	0	0	0	0	0	0
PPD	126	22	17.5	30	23.8	16	12.7	57	45.2	0	0	1	0.8	0	0	0	0
PTD ENTITLEMENT	4	0	0	3	75	0	0	0	0	0	0	1	25	0	0	0	0
REOPENING	41	8	19.5	20	48.8	4	9.8	5	12.2	2	4.9	0	0	2	4.9	0	0
SPECIAL CATEGORY	1	0	0	1	100	0	0	0	0	0	0	0	0	0	0	0	0
TRMT/EQUIP CL	117	22	18.8	64	54.7	12	10.3	14	12	4	3.4	0	0	1	0.9	0	0
Totals	513	105	20.5	217	42.3	48	9.4	126	24.6	11	2.1	2	0.4	4	0.8	0	0

OOJ – Petition for Attorney Fees for Unreasonable Denial

Petitions received 9/1/2005 through 8/31/10

	43
Petitions denied on face:	14
Petitions denied by ALJ Decision:	18
Petitions granted:	4
Petitions withdrawn through settlement:	2
Petitions currently pending:	5

Failure to Timely Act Process

Petitions filed 9/1/05 through 8/31/10

Filed:	176
Denied/dismissed:	68
Withdrawn:	11
Reports to OIC:	90
Pending	7

Expedited Hearings Scheduled

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL
2006	7	0	2	1	7	4	8	2	5	7	6	3	52
2007	12	4	5	5	1	12	9	4	5	5	4	2	68
2008	3	2	1	11	1	6	11	8	6	4	8	4	65
2009	5	6	5	4	10	14	10	6	12	4	5	9	90
2010	13	2	6	9	4	7	12	8					61

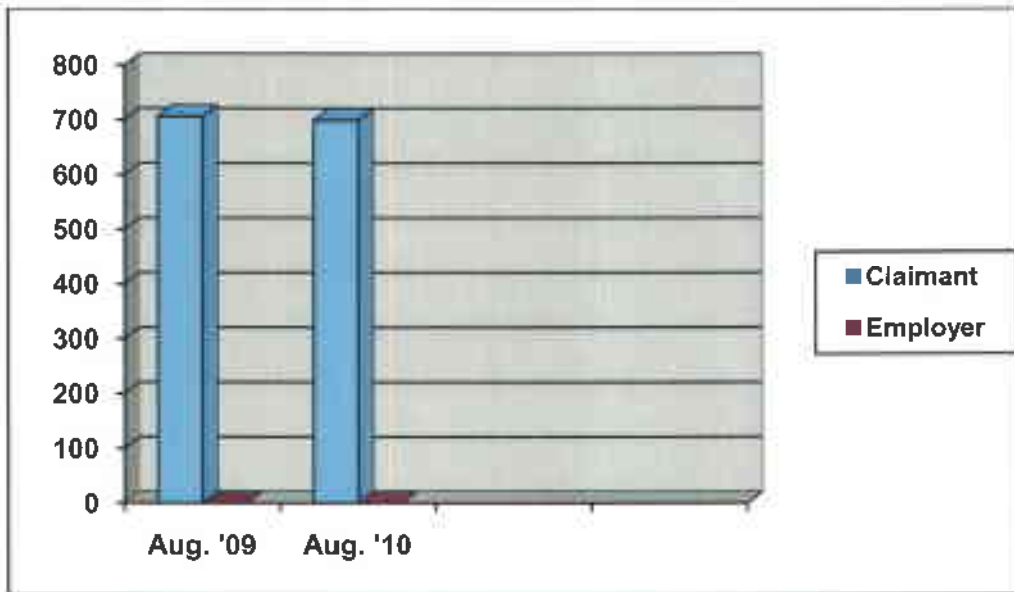
OOJ – Pending Treatment Issues

Pending Treatment Issues

Comparison to Prior Mo/Year

Party	Month Aug. '10		Month Aug. '09	
	Month	% Protests	Month	% Protests
Claimant	699	19.18%	706	16.82%
Employer				
Total	699		706	

Pending Treatment Issues



Pro Se Claimant Information

Pending Protests Involving Pro Se Claimants: 539

Pending Claims Involving Pro Se claimants: 498

Joe Manchin, III
Governor

W. Jack Stevens
Chairman

James D. Gray
Member

Rita Hedrick-Helmick
Member

Workers' Compensation Board of Review

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

MEMORANDUM

To: Jane L. Cline, Commissioner
Bill Dean, Chairman
Kent Hartsog, Vice Chairman
Dan Marshall
Honorable Brooks McCabe
Honorable Nancy Peoples Guthrie
Jim Dissen

From: W. Jack Stevens, Chairman

Date: September 2, 2010

Re: Workers' Compensation Board of Review Monthly Report

Attached, please find the Board of Review's August 2010 monthly report.

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

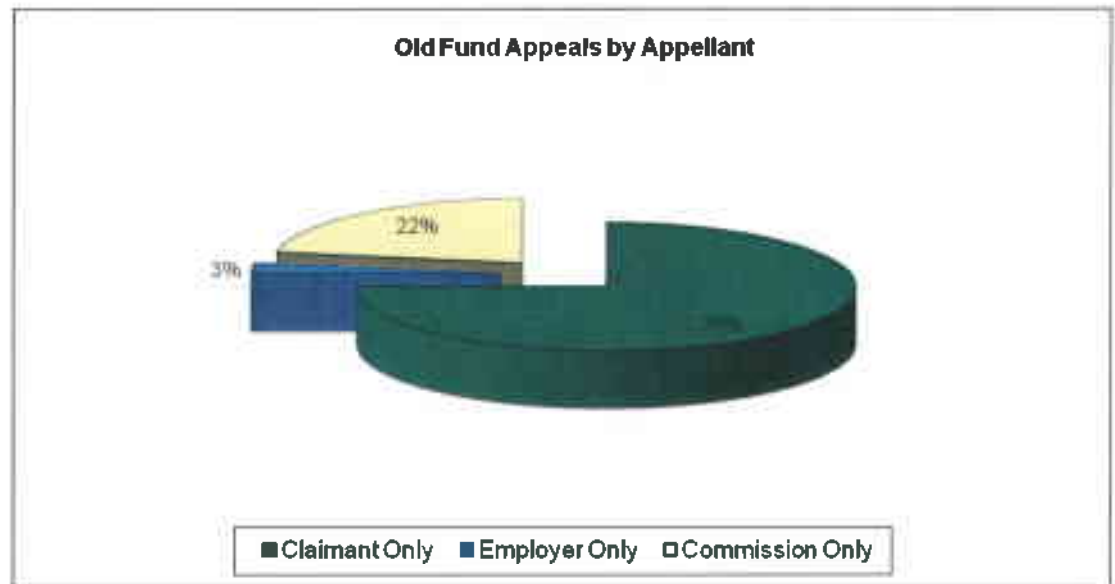
1. Monthly Report of Appeals Received
2. Yearly Report of Appeals Received
3. Monthly Report of Appeals Received by Issue
4. Yearly Report of Appeals Received by Issue
5. Monthly Appeals Received by Issue and Appellant
6. Monthly Summary of Dispositions by Party
7. Monthly Summary of Dispositions by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

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

Appeals Received
From August 1, 2010 Thru August 30, 2010

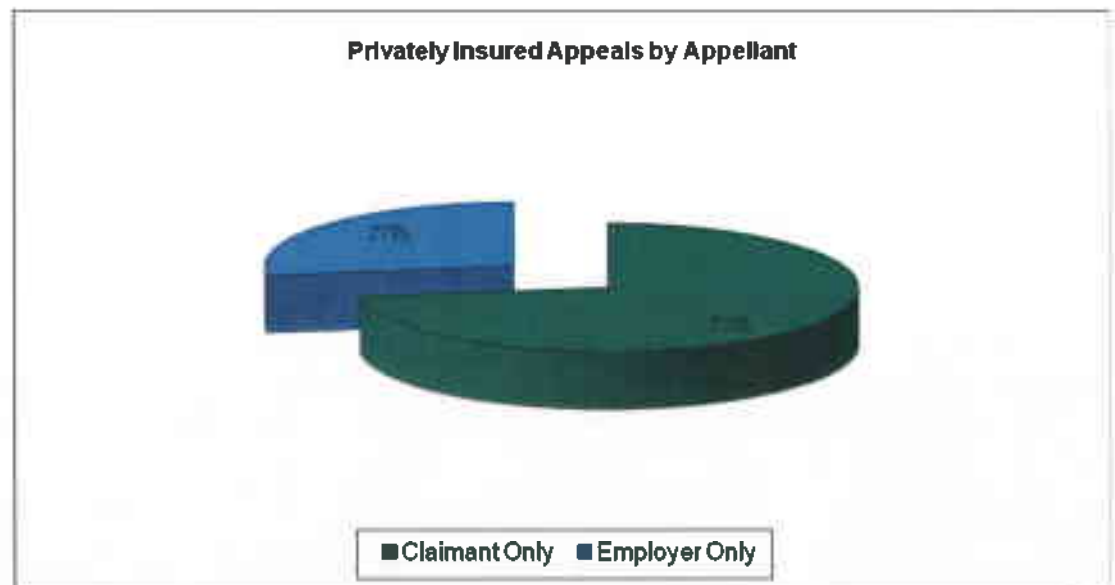
Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	27
Employer Only	1
Commission Only	8
Old Fund Total	36



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

Appellant	Count
Claimant Only	51
Employer Only	19
Privately Insured Total	70
Total Appeals	106

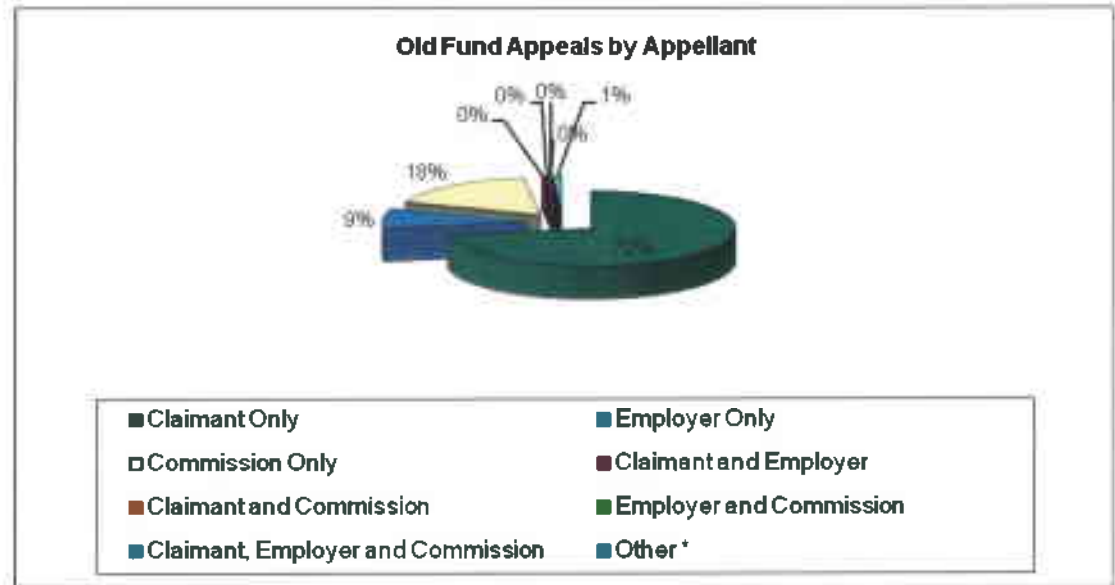


Appeals counted more than once:

Yearly Appeals Received
From June 1, 2008 Thru August 30, 2010

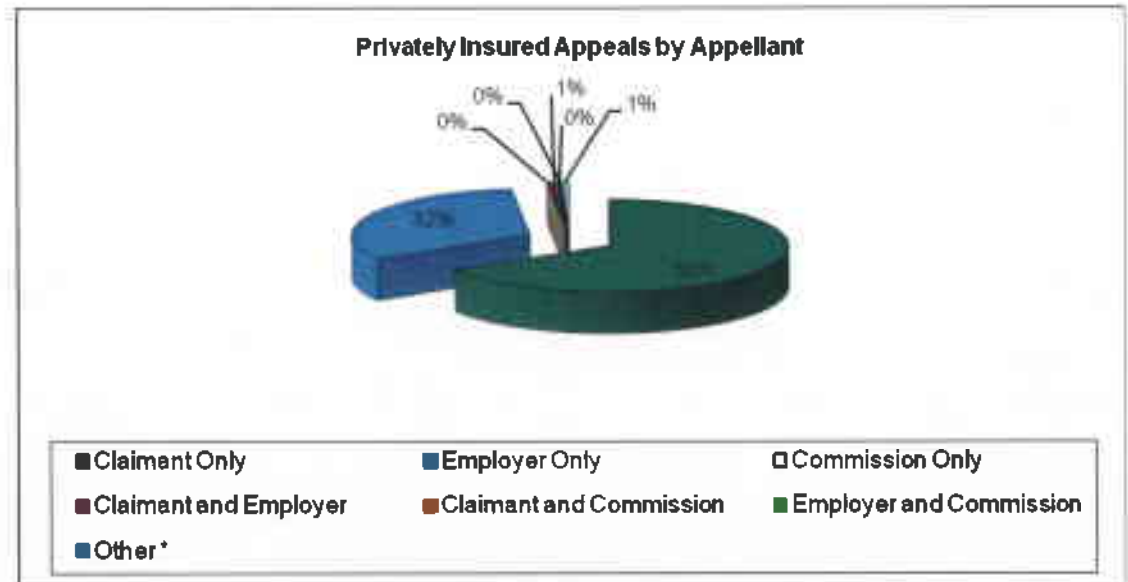
Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	1219
Employer Only	143
Commission Only	293
Claimant and Employer	6
Claimant and Commission	6
Employer and Commission	2
Claimant, Employer and Commission	1
Other *	17
Old Fund Total	1687



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

Appellant	Count
Claimant Only	1324
Employer Only	639
Commission Only	3
Claimant and Employer	14
Claimant and Commission	1
Employer and Commission	1
Other *	13
Privately Insured Total	1995



Total Appeals 3682

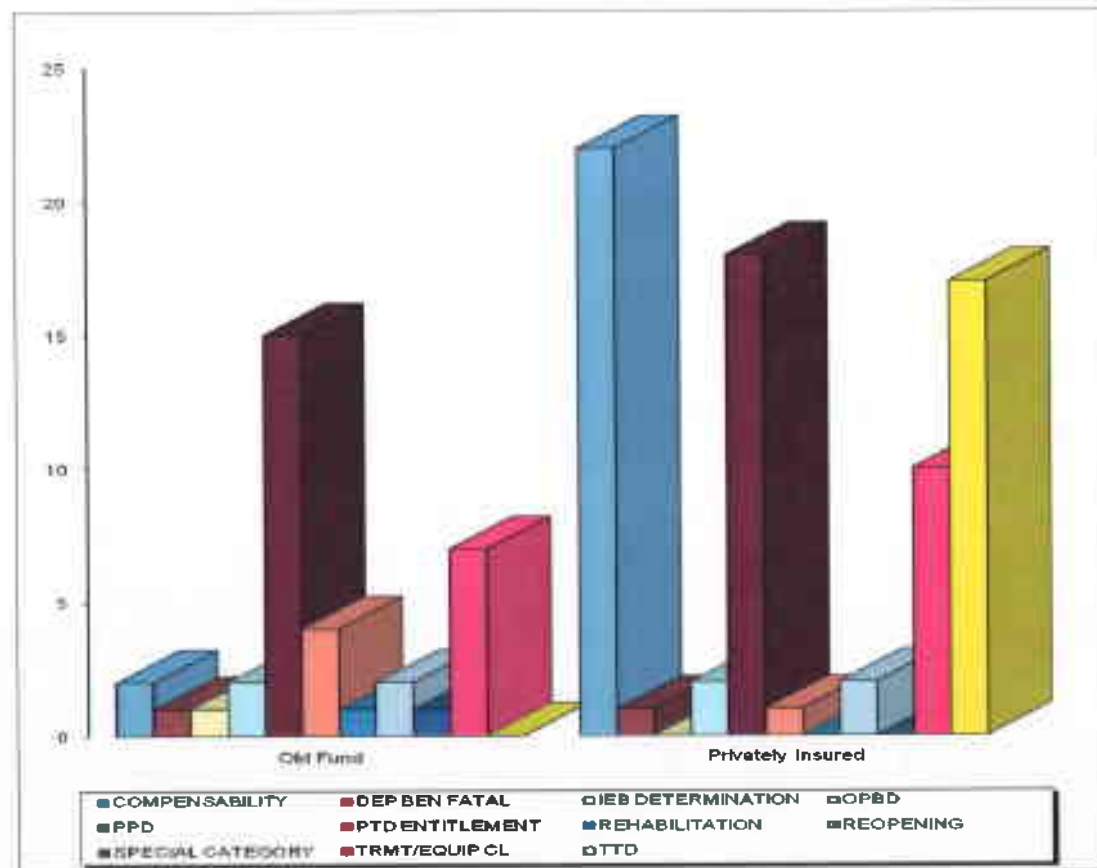
* Appeals requiring research

Appeals counted more than once:

Appeals Received by Issue Old Fund Appeals (DOI < Jul-1-2005) vs Privately Insured Appeals
(DOI > June-30-2005) From August 1, 2010 thru August 31, 2010

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
COMPENSABILITY	24	2	8.3	22	91.7
DEP BEN FATAL	2	1	50.0	1	50.0
IEB DETERMINATION	1	1	100.0	0	0.0
OPBD	4	2	50.0	2	50.0
PPD	33	15	45.5	18	54.5
PTD ENTITLEMENT	5	4	80.0	1	20.0
REHABILITATION	1	1	100.0	0	0.0
REOPENING	4	2	50.0	2	50.0
SPECIAL CATEGORY	1	1	100.0	0	0.0
TRMT/EQUIP CL	17	7	41.2	10	58.8
TTD	17	0	0.0	17	100.0
Totals	109	36	33.0	73	67.0

Appeals counted more than once:

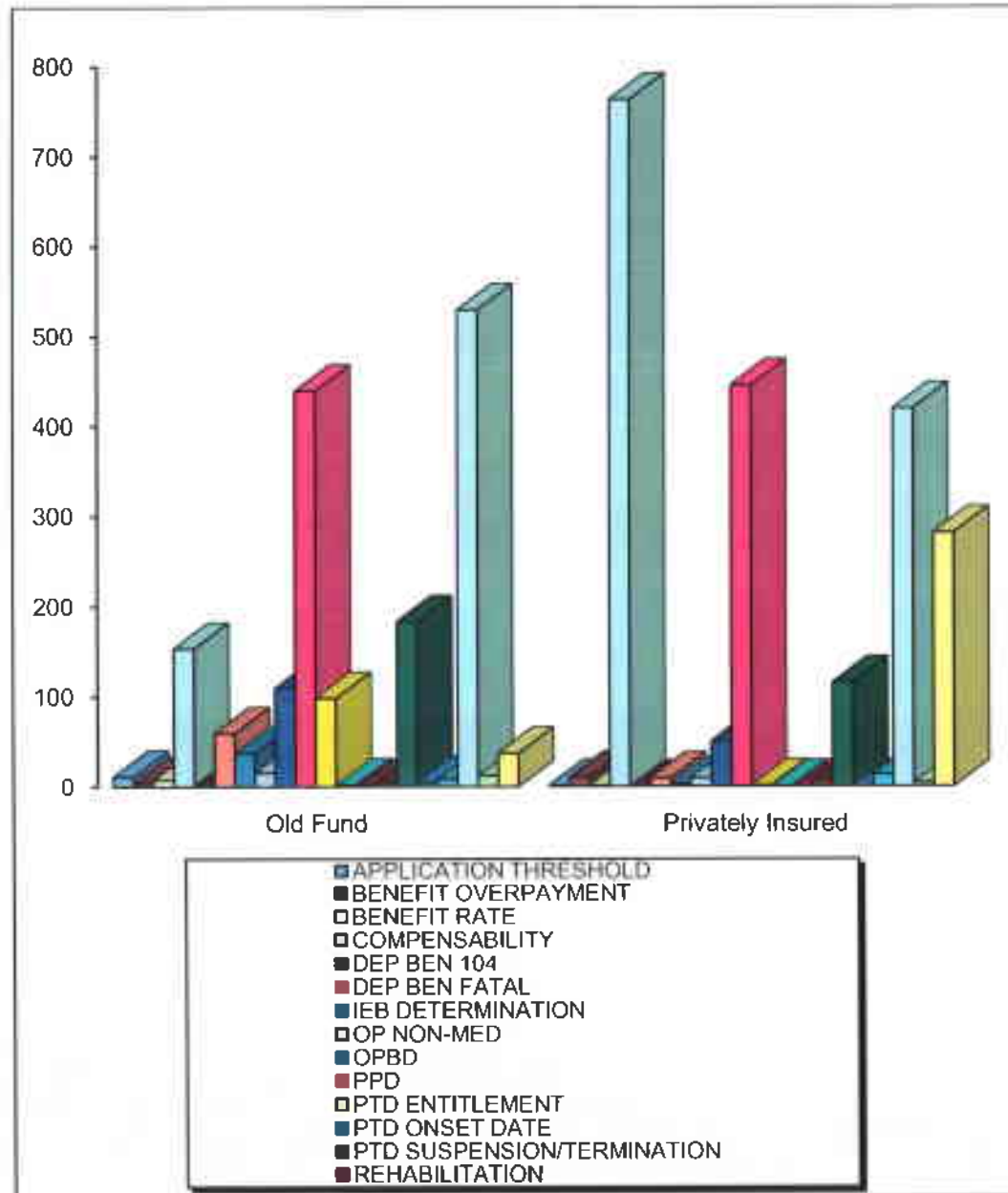


Yearly Appeals Received by Issue Old Fund Appeals (DOI < Jul-1-2005) vs Privately Insured Appeals (DOI > June-30-2005) From June 1, 2008 thru August 31, 2010

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
APPLICATION THRESHOLD	12	11	91.7	1	8.3
BENEFIT OVERPAYMENT	14	4	28.6	10	71.4
BENEFIT RATE	8	7	87.5	1	12.5
COMPENSABILITY	917	153	16.7	763	83.2
DEP BEN 104	1	1	100.0	0	0.0
DEP BEN FATAL	68	59	86.8	9	13.2
IEB DETERMINATION	40	37	92.5	3	7.5
OP NON-MED	24	15	62.5	9	37.5
OPBD	159	109	68.6	50	31.4
PPD	884	439	49.7	445	50.3
PTD ENTITLEMENT	99	98	99.0	1	1.0
PTD ONSET DATE	2	2	100.0	0	0.0
PTD					
SUSPENSION/TERMINATION	1	1	100.0	0	0.0
REHABILITATION	12	5	41.7	7	58.3
REOPENING	298	183	61.4	115	38.6
SPECIAL CATEGORY	5	5	100.0	0	0.0
TEMP	21	8	38.1	13	61.9
TRMT/EQUIP CL	948	529	55.8	419	44.2
TRMT/EQUIP EM	16	12	75.0	4	25.0
TTD	318	37	11.6	281	88.4
Totals	3847	1715	44.6	2131	55.4

Appeals counted more than once:

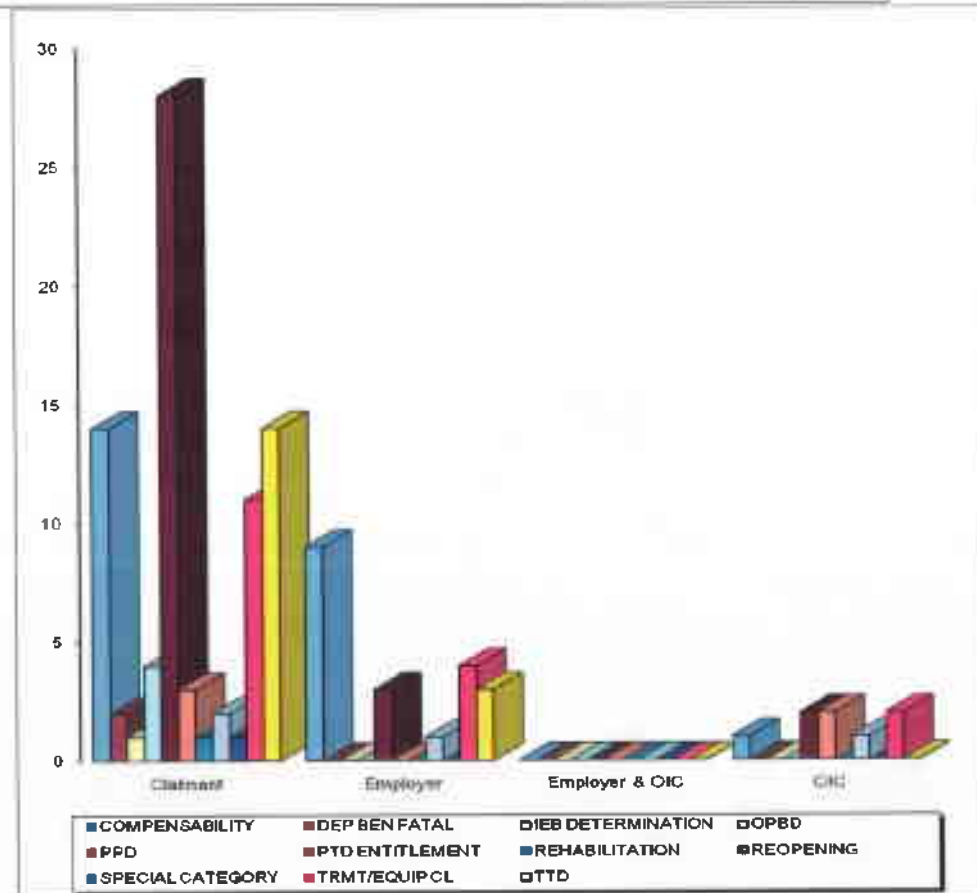
Yearly Appeals Received by Issue Old Fund Appeals (DOI < Jul-1-2005) vs Privately Insured Appeals (DOI > June-30-2005) From June 1, 2008 thru August 31, 2010



Appeals Received by Issue
From August 1, 2010 Thru August 31, 2010

Type of Issue	Total Issues	Claimant		Employer		OIC		Emp and OIC	
		#	%	#	%	#	%	#	%
COMPENSABILITY	24	14	58.3	9	37.5	0	0.0	1	4.2
DEP BEN FATAL	2	2	100.0	0	0.0	0	0.0	0	0.0
IEB DETERMINATION	1	1	100.0	0	0.0	0	0.0	0	0.0
OPBD	4	4	100.0	0	0.0	0	0.0	0	0.0
PPD	33	28	84.8	3	9.1	0	0.0	2	6.1
PTD ENTITLEMENT	5	3	60.0	0	0.0	0	0.0	2	40.0
REHABILITATION	1	1	100.0	0	0.0	0	0.0	0	0.0
REOPENING	4	2	50.0	1	25.0	0	0.0	1	25.0
SPECIAL CATEGORY	1	1	100.0	0	0.0	0	0.0	0	0.0
TRMT/EQUIP CL	17	11	64.7	4	23.5	0	0.0	2	11.8
TTD	17	14	82.4	3	17.6	0	0.0	0	0.0
Totals	109	81	74.3	20	18.3	0	0.0	8	7.3

Appeals counted more than once:



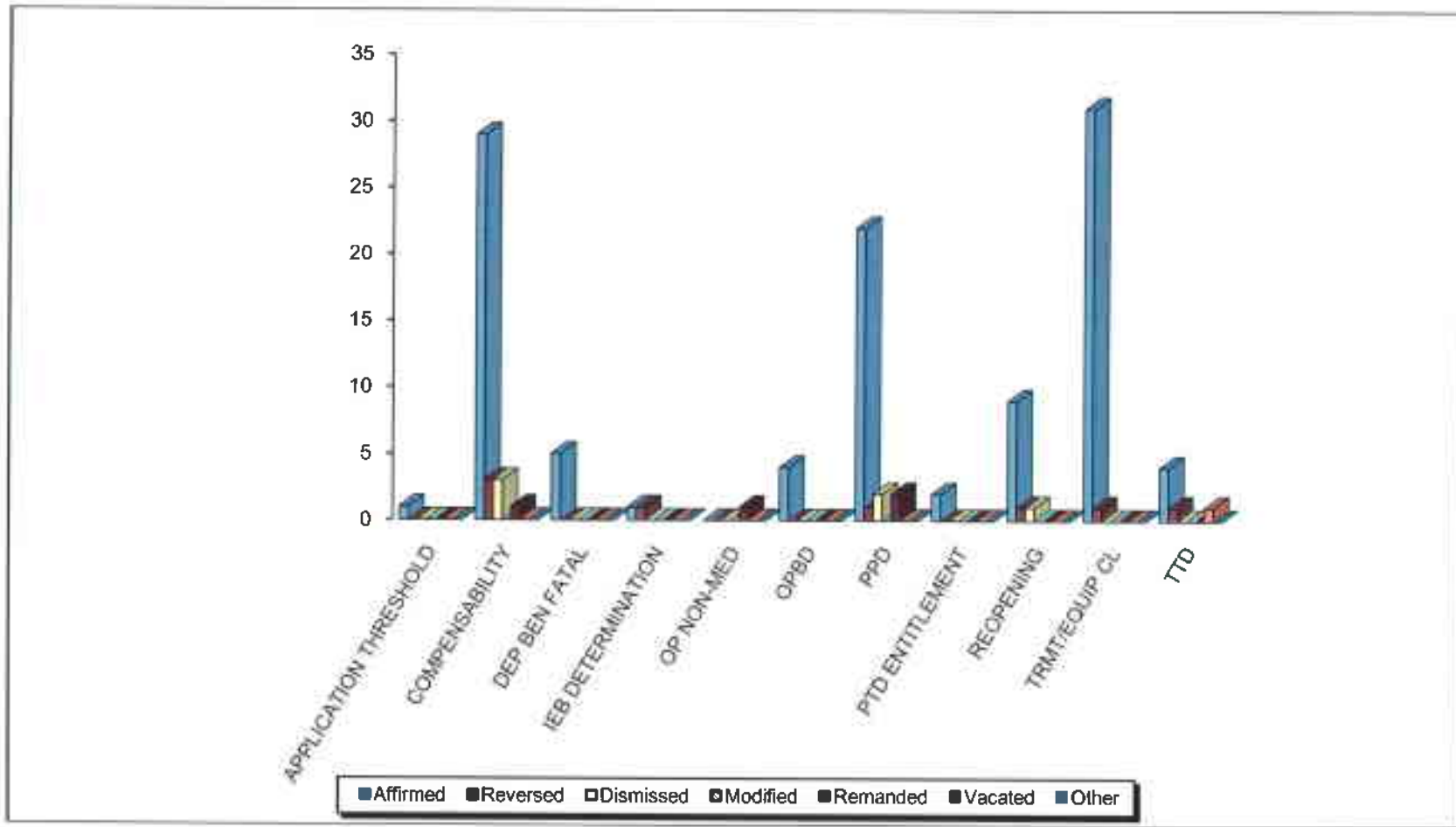
**WORKER COMPENSATION BOARD OF REVIEW
FOR AUGUST 2010**

Appealed By	BOR Disposition	Disposition Count	Disp %	Total %	Year to Date	Disp %	Total %
CLAIMANT	AFFIRMED	84	95.5%	72.4%	523	92.2%	61.7%
	DISMISSED				1	0.2%	0.1%
	MOOT				4	0.7%	0.5%
	REMAND	1	1.1%	0.9%	15	2.6%	1.8%
	REVERSE	2	2.3%	1.7%	23	4.1%	2.7%
	VACATE	1	1.1%	0.9%	1	0.2%	0.1%
	Total Dispositions	88			567		
CLAIMANT/EMPLOYER	AFFIRMED	1	100.0%	0.9%	3	50.0%	0.4%
	REVERSE				3	50.0%	0.4%
	Total Dispositions	1			6		
EMPLOYER	ABEYANCE				1	0.5%	0.1%
	AFFIRMED	16	72.7%	13.8%	126	61.2%	14.9%
	DISMISSED				3	1.5%	0.4%
	MOOT				3	1.5%	0.4%
	REMAND	3	13.6%	2.6%	10	4.9%	1.2%
	REVERSE	3	13.6%	2.6%	62	30.1%	7.3%
	VACATE				1	0.5%	0.1%
Total Dispositions	22			206			
DIVISION/OIC	AFFIRMED	3	60.0%	2.6%	38	55.9%	4.5%
	DISMISSED				1	1.5%	0.1%
	REVERSE	2	40.0%	1.7%	29	42.6%	3.4%
	Total Dispositions	5			68		
Grand Totals		116			847		

Dispositions By Issue
BOR Orders Mailed From August 1, 2010 Thru August 31, 2010

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
APPLICATION THRESHOLD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
COMPENSABILITY	36	29	80.6	3	8.3	3	8.3	0	0.0	1	2.8	0	0.0	0	0.0
DEP BEN FATAL	5	5	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
IEB DETERMINATION	2	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
OP NON-MED	1	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0
OPBD	4	4	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
PPD	27	22	81.5	1	3.7	2	7.4	0	0.0	2	7.4	0	0.0	0	0.0
PTD ENTITLEMENT	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
REOPENING	11	9	81.8	1	9.1	1	9.1	0	0.0	0	0.0	0	0.0	0	0.0
TRMT/EQUIP CL	32	31	96.9	1	3.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
TTD	6	4	66.7	1	16.7	0	0.0	0	0.0	0	0.0	1	16.7	0	0.0
Totals	127	108	85.0	8	6.3	6	4.7	0	0.0	4	3.1	1	0.8	0	0.0

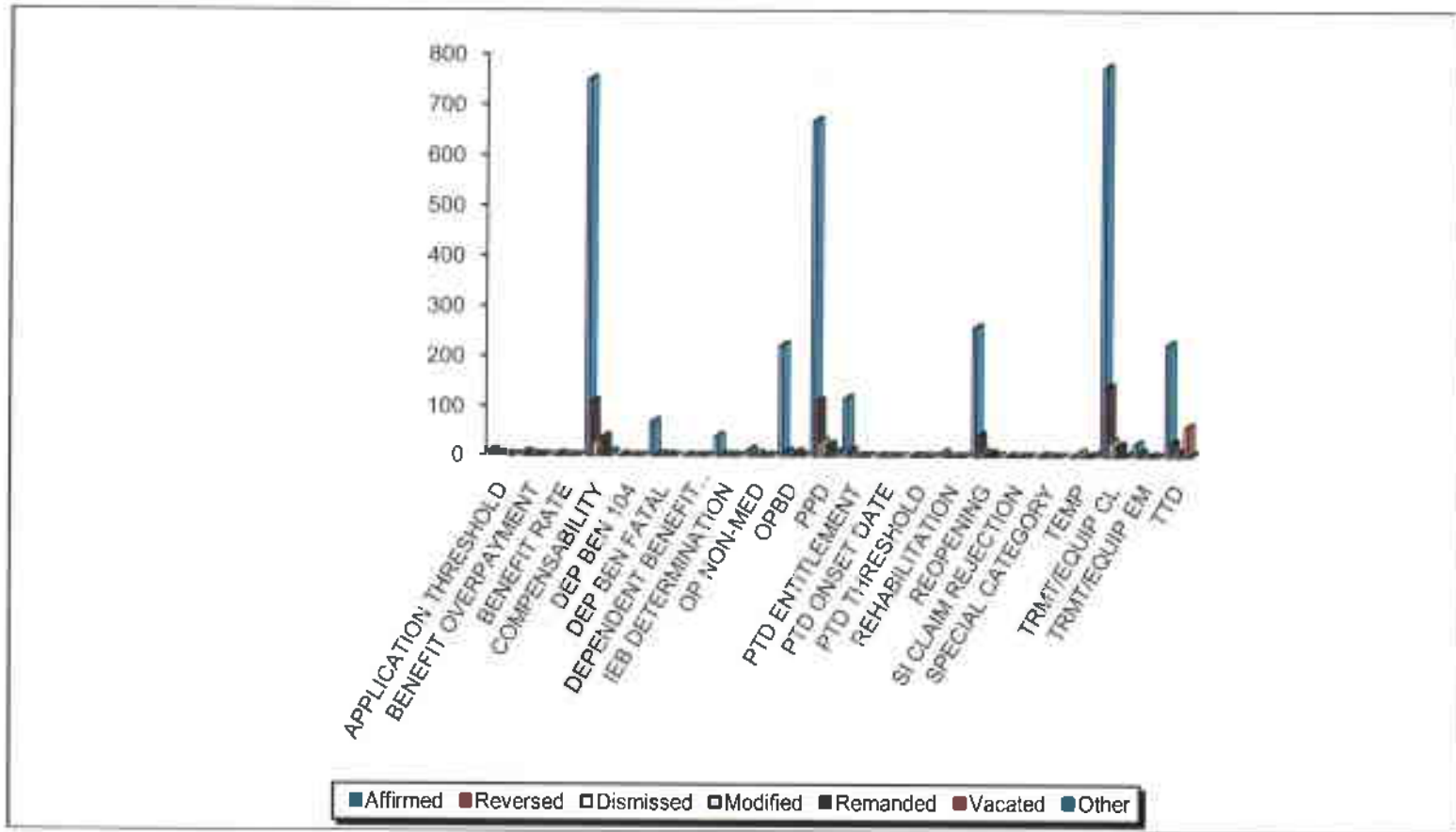
Dispositions By Issue
 BOR Orders Mailed From August 1, 2010 Thru August 31, 2010



Yearly Dispositions By Issue
BOR Orders Mailed From June 1, 2008 Thru August 31, 2010

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
APPLICATION THRESHOLD	10	9	90.0	0	0.0	0	0.0	0	0.0	1	10.0	0	0.0	0	0.0
BENEFIT OVERPAYMENT	12	6	50.0	3	25.0	1	8.3	0	0.0	2	16.7	0	0.0	0	0.0
BENEFIT RATE	5	2	40.0	3	60.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
COMPENSABILITY	946	749	79.2	108	11.4	30	3.2	7	0.7	38	4.0	2	0.2	8	0.8
DEP BEN 104	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
DEP BEN FATAL	75	68	90.7	3	4.0	2	2.7	0	0.0	2	2.7	0	0.0	0	0.0
DEPENDENT BENEFIT TERMINATION	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
IEB DETERMINATION	45	40	88.9	3	6.7	1	2.2	0	0.0	1	2.2	0	0.0	0	0.0
OP NON-MED	22	13	59.1	3	13.6	5	22.7	0	0.0	1	4.5	0	0.0	0	0.0
OPBD	243	220	90.5	9	3.7	5	2.1	0	0.0	8	3.3	0	0.0	1	0.4
PPD	842	668	79.3	109	12.9	30	3.6	2	0.2	23	2.7	1	0.1	9	1.1
PTD ENTITLEMENT	129	115	89.1	12	9.3	0	0.0	0	0.0	1	0.8	0	0.0	1	0.8
PTD ONSET DATE	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
PTD THRESHOLD	2	0	0.0	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0
REHABILITATION	8	8	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
REOPENING	320	257	80.3	42	13.1	9	2.8	3	0.9	7	2.2	0	0.0	2	0.6
SI CLAIM REJECTION	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
SPECIAL CATEGORY	3	1	33.3	2	66.7	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
TEMP	17	0	0.0	2	11.8	9	52.9	0	0.0	1	5.9	1	5.9	4	23.5
TRMT/EQUIP CL	970	774	79.8	139	14.3	30	3.1	0	0.0	22	2.3	0	0.0	3	0.3
TRMT/EQUIP EM	36	25	69.4	9	25.0	0	0.0	0	0.0	2	5.6	0	0.0	0	0.0
TTD	334	223	66.8	28	8.4	9	2.7	1	0.3	10	3.0	59	17.7	3	0.9
Totals	4024	3183	79.1	476	11.8	132	3.3	13	0.3	119	3.0	63	1.6	31	0.8

Yearly Dispositions By Issue
 BOR Orders Mailed From June 1, 2008 Thru August 31, 2010



Workers' Compensation Revenue Recovery

Revenue Recovery Activity	July 2010
COLLECTION ACTIVITY	
Receipts - Old Fund (Employer out of business)	\$ 21,310.86
Receipts - PC & NU (Private Carrier Cancellation & Rogue Employers)	\$ 52,995.38
Receipts - Payment Agreements	\$ 74,751.10
# of active accounts uninsured (cumulative)	736
\$ of active accounts uninsured (cumulative)	\$ 2,599,050.84
Telephone contacts	1,392
Walk-ins	12
LIENS	
Liens sent to county clerks for recordation	58
Liens sent to county clerks for release	39
Intent to lien letters sent to employer/owner/officer/member	101
INJUNCTIONS	
Affidavits for injunction submitted to legal	9
Hearings attended	1
# of injunction complaints filed	1
# of injunctions granted	3
# of agreed orders entered	1
PAYMENT AGREEMENTS	
# of repayment agreements applications	3
Agreements set up	3
Total # of agreements on system (cumulative)	87
Intent to void letters mailed	12
Agreements voided	5
MISCELLANEOUS	
Terminations Processed	55
Rule 11 Letters Mailed	217
Rule 11 hearings	1
Uninsured Policies Resolved	245
All Cash Receipts from WC accounts	\$ 149,057.34

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTES

- Audit Committee
September 1, 2010
- CTF Auction
September 8, 2010
- Quarterly Board Meeting
October 29, 2010

LEGISLATIVE OPERATING REPORT

30 2010

JULY 31, 2010

MANAGER

Board of Treasury Investments

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

Board of Directors

John D. Perdue,
State Treasurer,
Chairman

Joe Manchin III,
Governor

Glen B. Gainer III,
State Auditor

Martin Glasser, Esq.,
Attorney
Appointed by the
Governor

Jack Rossi, CPA
Appointed by the
Governor

Executive Staff

Executive Director
Glenda Probst,
CPA, CTF

Chief Financial
Officer

Kara K. Brewer,
CPA, MBA

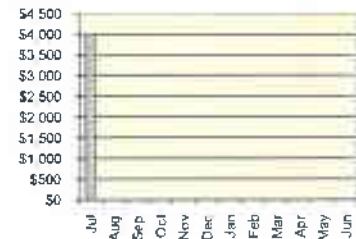
Total Net Assets Under Management

\$3,986,741,000

Last Month
\$3,925,206,000

Beginning of Fiscal Year
\$3,925,206,000

Millions

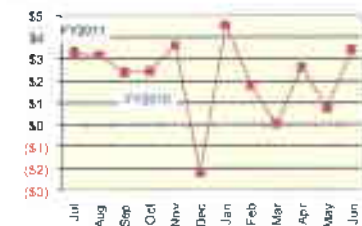


1.6% Growth This Fiscal Year

Total Net Income & Gains

Fiscal Year
\$3,379,000

Millions



Fiscal Year Comparison

Money Market Pools As of July 31, 2010

Pool	1-Day Yield *	7-Day Yield *	30-Day Avg. Yield *	W.A.M. **	Net Assets
WV Money Market	.2285%	.2201%	.2098%	45 Days	\$2.9 Billion
WV Gov't Money Market	.1902%	.1916%	.1931%	39 Days	\$240.0 Million

* Yields represent the simple money market yield net of fees.
** W.A.M. is the weighted average maturity.

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

JULY 2010

“A Whole Lot of Shaking Going On”

“There’s a whole lotta shaking going on.” While Jerry Lee Lewis was not talking about the financial markets when he recorded his hit song in 1957, it is proving to be a fairly accurate portrayal of the market volatility in 2010. Following the recession of 2008-09, the market came off the bottom faster in the latest recovery (which still has yet to be formally acknowledged) than any recovery since World War II, fueled by an upturn in U.S. GDP growth.

While this carried over into the first quarter of 2010, macroeconomic concerns that a global double-dip recession was plausible, led to the second quarter ending on a sour note amid a realization that the recovery was beginning to show signs of slowing. Heightened concerns about the economy quickly lost steam in July as the market focus shifted toward earnings. And why not? With more than half the S&P 500 companies reporting earnings that were either in line with or higher than expectations, a double-dip recession seemed like nothing more than a bad dream, and markets rebounded accordingly.

While second quarter GDP growth of 2.4% was generally considered to be disappointing, Legg Mason looked a little closer at the data and saw signs of encouragement. Specifically:

- Net external demand (imports less exports) took 2.8% from GDP during the quarter amid a surge in imports of 28.8% while exports grew at only 10.3%. If that had not occurred, real GDP would have grown at more than 5%, a figure more in line with final sales to domestic purchasers considered by many to be a key barometer of the health of the economy.
- Despite a healthy growth in end demand, the savings rate continued to increase to 6.2%, reflecting a continued effort by consumers to repair their balance sheets.
- Inventory rebuilding only added 1.0% to second quarter GDP growth of 2.4%, down from the 2.6% it added to first quarter growth of 3.7%. Thus, if one excludes inventories, GDP growth was actually stronger in the second quarter than the first.

By far though, the brightest news on the economics horizon was corporate profits which grew by 46% during the second quarter according to Empirical Research Partners.

Uncertainty and volatility will be with us the rest of 2010 amid an almost hyper-sensitive response to economic developments. But if the private sector can overcome the uncertainties related to the cost of healthcare reform and what the tax code will look like in 2011, and begins to hire more workers, it will go a long way toward calming the shaking that is going on. One of the most difficult calls lying ahead will be the emerging disparity between earnings and the U.S. macroeconomic environment, which, as Legg Mason points out, may not be as bad as it first looks.

Interest rates were lower across the intermediate area of the yield curve while longer bond yields ended the month higher. Yields on 2-10 year maturities dropped 3 to 18 basis points lower while 30 year bond yields ended the month up 10 basis points. Concerns over the possibility of a double-dip recession combined with growing speculation on deflation helped exert downward pressure on rates. The Fed comments that financial conditions have become less supportive of economic growth only reinforced those concerns.

The Barclays Capital Aggregate index returned 1.07% during the month and all spread sectors outperformed their same-duration Treasury securities. During the month, the CMBS sector performed best as data provided evidence that the fundamentals have begun to stabilize. Demand for corporate credits picked up with second quarter earnings confirming that corporate balance sheets are in good shape and being managed conservatively.

The Merrill Lynch 3-Month T-Bill Index returned 0.01% in July trailing the 0.37% return of the Merrill Lynch 1-3 Year Government / Corporate A+ Index. The 3-Month T-Bills returned 0.16% for the year while the 1-3 Year Government / Corporate Index A+ returned 3.37%.

West Virginia Board of Treasury Investments Financial Highlights as of July 31, 2010

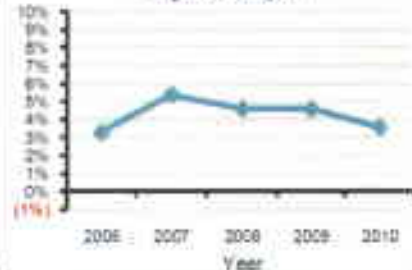
WV Short Term Bond Pool

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

<u>August 1 - July 31</u>	<u>Return</u>	<u>Net Assets At July 31 (In Millions)</u>
2010	3.7%	\$ 458.8
2009	4.6%	\$ 339.8
2008	4.6%	\$ 357.7
2007	5.4%	\$ 231.6
2006	3.3%	\$ 268.4

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

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



Summary of Value and Earnings *(In Thousands)*

<u>Pool</u>	<u>Net Asset Value</u>	<u>July Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 2,857,124	\$ 540	\$ 540
WV Gov't Money Market	240,018	38	38
WV Short Term Bond	458,811	2,249	2,249
WV Bank	60,075	23	23
Loss Amortization	187,986	260	260
Loans *	135,327	226	226
Reserve	30,176	10	10
Participant Accounts	17,224	33	33
	<u>\$ 3,986,741</u>	<u>\$3,379</u>	<u>\$ 3,379</u>

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

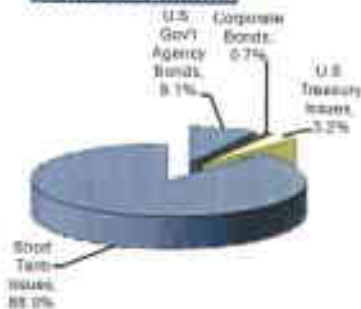
Percent of Total Net Asset Value



- Participant Accounts, 0.4%
- Reserve, 0.8%
- Loans, 3.4%
- Loss Amortization, 4.7%
- WV Bank, 1.5%
- WV Short Term Bond, 11.5%
- WV Gov't Money Market, 6.0%
- WV Money Market, 71.7%

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

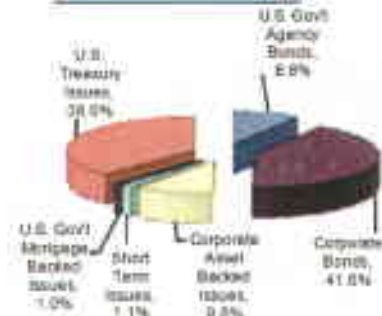
WV Money Market



WV Gov't Money Market



WV Short Term Bond



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

JULY 31, 2010

(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	\$ 2,881,756	\$ 239,924		\$ 60,000	\$ 165,267	\$ 13,803
At fair value	-	-	\$ 456,467	-	187,986	3,312
Cash	-	-	-	-	-	-
Collateral for securities loaned	80,402	-	46,707	-	-	-
Other assets	762	131	3,329	75	239	110
Total assets	2,962,920	240,055	506,503	60,075	353,492	17,225
Liabilities						
Payable for securities loaned	80,402	-	46,707	-	-	-
Other liabilities	25,394	37	985	-	3	1
Total liabilities	105,796	37	47,692	-	3	1
Net Assets	\$ 2,857,124	\$ 240,018	\$ 458,811	\$ 60,075	\$ 353,489	\$ 17,224
Investment Income						
Interest and dividends	\$ 413	\$ 66	\$ 1,193	\$ 23	\$ 239	\$ 36
Securities lending income	-	-	-	-	-	-
Provision for securities lending loss	-	-	-	-	-	-
Net accretion (amortization)	309	(12)	(308)	-	629	(14)
Provision for uncollectible loans	-	-	-	-	-	-
Total investment income	722	54	885	23	868	22
Expenses						
Fees	182	16	45	-	3	-
Securities lending borrower rebates	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-
Total expenses	182	16	45	-	3	-
Net investment income	540	38	840	23	865	22
Net realized gain (loss) from investments	-	-	-	-	-	-
Net increase (decrease) in fair value of investments	-	-	1,409	-	(169)	11
Net gain (loss) from investments	-	-	1,409	-	(169)	11
Net increase (decrease) in net assets from operations	540	38	2,249	23	496	33
Distributions to participants	543	38	841	23	236	-
Participant activity						
Purchases, reinvestment of units and contributions	1,025,951	32,407	1,705	23	2,755	2,578
Redemptions and withdrawals	989,009	13,654	-	-	317	2,603
Inter-pool transfers in	20,030	-	-	20,000	-	-
Inter-pool transfers out	20,000	-	-	20,030	-	-
Net increase (decrease) in net assets from participant activity	36,972	18,753	1,705	(7)	2,438	(25)
Increase (decrease) in net assets	36,969	18,753	3,113	(7)	2,698	8
Net assets at beginning of period	2,820,155	221,265	455,698	60,082	350,791	17,216
Net assets at end of period	\$ 2,857,124	\$ 240,018	\$ 458,811	\$ 60,075	\$ 353,489	\$ 17,224



Office of Technology

Strategic Plan:
2010 – 2013

Dear Colleagues,

I am pleased to present the strategic plan for the West Virginia Office of Technology (OT), which outlines our approach to achieving the goals and objectives set to optimize information technology (IT) services for the State of West Virginia from 2010 to 2013. The primary objective of this strategic plan is to establish and maintain a clear alignment of the state's IT resources and its business needs.



The plan outlines our approach to the consolidation, standardization, centralization, and integration of the state's IT assets. Since the inception of this strategic direction nearly five years ago, OT continues to achieve many improvements in IT operations. Specifically, OT created numerous efficiencies within the executive branch by reducing or eliminating many duplicative functions, leveraging the state's buying power to reduce per unit costs, and gaining economies of scale.

Through optimization efforts, OT is positioned well to assist agencies in achieving the demands of providing more services with fewer resources by using automation to enhance the efficiency and effectiveness of state programs. Over the past five years, IT-related costs excluding labor declined by approximately 17% and IT staffing levels declined by more than 12%. These cost savings did not come at the expense of quality of service, as OT maintains high levels of reliability, security, and customer satisfaction.

The rest of the nation is taking notes of our success. In 2009, both the Center for Digital Government and the National Association of State Chief Information Officers (NASCIO) recognized West Virginia for our achievements in technology innovation, which marked the first time either of these prestigious organizations honored the state's efforts. Since that initial recognition, West Virginia earned praise on four other occasions concerning e-government portal delivery, IT consolidation, and IT security management.

Building on this strong foundation of success, we must continue working together to optimize the state's technical assets. Over the past five years, OT primarily focused on modernizing the state's technical infrastructure and gaining efficiencies through consolidation and standardization. Today, OT is now shifting its focus to the state's legacy applications development environment.

This year, West Virginia began the initial stages of an Enterprise Resource Planning (ERP) implementation. The ERP system will transform the state's business processes through automation more than any other IT initiative embarked upon in the past. This system will fully or partially replace approximately 100 of the state's existing legacy applications.

Even with a fully implemented ERP system, the state will still face significant support challenges with the remaining portfolio of legacy applications. Because many application and database environments are technologically obsolete, vendor support and security patches are no longer available. Application development, maintenance, and support within state government is highly distributed, resulting in limited coding and development standards, weak continuity of operation plans, and incomplete disaster recovery strategies.

The state spends over \$35 million annually to support these highly distributed business applications. Approximately 500 of these legacy business applications, which utilize over 70 different application development languages and over 40 different data repository tools, exist within the executive branch. Simply put, the state cannot sustain this business model.

Despite funding challenges caused by the Great Recession, the state's IT investments continue to increase because of stimulus funding and other federal grants. These federal funds are giving the state opportunities to deploy technologies that once seemed unaffordable. As stimulus programs continue, we expect to see high levels of IT investment through 2012. While fortunate to receive this funding, the state will be challenged as it is solely responsible for the on-going maintenance and support of these newly deployed IT assets. Unless we act responsibly today to achieve even greater levels of efficiency, the state's annual IT expenses will likely increase by at least 20% in 2013.

With that said, OT will focus on many important areas in the upcoming planning cycle centered on (1) tightening partnerships and alignment with the business side of state government; (2) continually improving our operations; (3) strengthening the security of information entrusted to us; and (4) enhancing our enterprise applications development environment. Our future success as a state depends in many ways on our ability to progress in these focus areas.

OT's strategic plan provides a roadmap for the planning of IT activities for 2010 through 2013. Each section of this document briefly discusses the background, history, recent accomplishments, and future plans for each of OT's functional areas. With this plan, OT is prepared to move forward to more efficiently deliver IT services that best enable the state to perform its business functions.

Thank you for your ongoing support in this process, and I look forward to our continued working relationship.

Yours truly,



Kyle Schafer
CTO and Director of Information Services and Communications
West Virginia Office of Technology

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1 Background

1.1 Mission

The Office of Technology (OT) will provide cost effective leadership, guidance and support to the governor, the cabinet, and all other executive branch agencies in achieving their specific goals and objectives through the creative and innovative use of technology.

1.2 Vision

Be recognized as a leader in the transformation of West Virginia state government through the modernization and innovative use of technology, enabling customers and citizens, through technology, to effectively conduct business with the state at any time, from anywhere and through any computing device in a secure and efficient manner.

1.3 Guiding Principles

The core of OT's strategic planning process, operational philosophy, and management decisions center on the following foundational beliefs:

1. We value our customers and will always treat them with professionalism and respect.
2. We will be a catalyst for change and continually look for opportunities to consolidate, centralize, and standardize technology when the outcome will provide better security, more reliability, or lower costs.
3. We will meet our customer commitments as defined in our service level agreements and will measure our progress in order to achieve higher service levels in the future.
4. We will always pursue the highest quality solution at the lowest possible cost without regard to personal bias or self-preservation.
5. We will not walk away from an issue when customers are without service until the issue is resolved or a mutually acceptable solution is achieved.
6. We are a trusted custodian of highly confidential and sensitive information and will protect the citizen and business information entrusted to us.
7. We will focus on solutions that meet the needs of the state, not necessarily those that satisfy the wants or desires of a specific agency.
8. We will enable the state to continue servicing the critical needs of citizens in times of disaster through the proper planning and deployment of technology.

1.4 Legislation

W.Va. Code §5A-6-1 through *§5A-6-7* gives OT and the CTO the statutory authority to advise and make recommendations to all state spending units on their information systems and to have the authority to oversee coordination of the state's technical infrastructure.

Specifically, *W.Va. Code 5A-6-4(d)* requires the CTO to develop a comprehensive, statewide four-year strategic information technology and technical infrastructure policy and development plan that, at a minimum, addresses:

1. Specific projects to implement the plan;
2. The acquisition, management, and use of information technology by state agencies;
3. The connectivity, priorities, and interoperability of the state's technical infrastructure with the technical infrastructure of political subdivisions and the coordinated development of facilities and services regarding homeland security, law enforcement, and emergency services to provide for the continuity of government operations in times of disaster or emergency;
4. The identification of potential market demand areas in which expanded resources and technical infrastructure may be expected;
5. The technical infrastructure as it relates to higher education and health;
6. The use of public-private partnerships in the development of technical infrastructure and technology services; and
7. The discussion of coordinated initiatives in website architecture and technical infrastructure to modernize and improve government-to-citizen services, government-to-business services, government-to-government relations, and internal efficiency and effectiveness of services, including a discussion of common technical data standards and common portals to be utilized by state, county, and local governmental units.

Accordingly, this strategic plan aligns OT's strategic objectives with the requirements of the *W.Va. Code*. The plan's goals are intended to support the business objectives of fellow state agencies and further define metrics by which OT can measure progress.

1.5 Consolidation

One of Governor Joe Manchin III's goals when he assumed office in January 2005 was to streamline business processes and reduce administrative costs. In the four years prior to the Manchin administration, information technology (IT)-related costs and IT-related staffing levels within the executive branch grew approximately 6% and 4% per year, respectively. Because the governor recognized these growth trends as unsustainable, he requested the new state chief technology officer

(CTO) to conduct an analysis of the existing technology environment within the executive branch.

After completing a detailed assessment of the state's technology infrastructure in November 2005, OT recommended to the governor, his cabinet, and to the legislature that the state's technical infrastructure be consolidated under the central control of OT. The goal of consolidation was to gain efficiencies by centralizing and standardizing the state's technology assets specifically intended to:

- Eliminate duplications of technology functions being performed within each department;
- Leverage the state's buying power to negotiate the best deals on technology contracts;
- Develop common standards to eliminate data sharing issues among departments; and
- Maximize the use of existing assets because many agencies grossly underutilized hardware.

This mass consolidation project would also centralize IT-related staff positions across the executive branch into OT, which would be solely responsible for:

- Setting technology standards;
- Managing technology-related contracts;
- Consolidating and centralizing underutilized hardware assets;
- Setting and enforcing technology security standards; and
- Providing project management services for executive branch departments.

By addressing these issues, OT anticipated that the state would realize substantial reductions in operating costs; higher levels of security and reliability; and, in turn, greater levels of customer satisfaction.

After agreeing to endorse the recommendations, the governor encouraged the CTO to work directly with the cabinet secretaries and promote consolidation based on the direct value to that particular organization. This strategy, in lieu of imposing the changes via executive order or through legislation, necessitated OT to secure buy-in and agreement from other executive branch agencies to enact change.

Consolidation began in February 2007, with the Department of Health and Human Resources (DHHR) and the Department of Transportation (DOT) consolidated into the new OT organizational structure. As part of the consolidation process, OT established memorandums of understanding (MOUs) and service level agreements (SLAs) with its customers to govern the relationship between the organizations. All other classified civil service agencies of the executive branch consolidated with OT by May 2010, which is a testament to the high service levels maintained by OT in a cost-efficient manner. OT provides over thirty fee-based technology services and products to its consolidated customers and other state agencies, and it establishes service rates in accordance with federal cost allocation guidelines as noted in the Office of Management and Budget Circular A-87.

The CTO and his directors have the necessary expertise in IT; experience in the design and management of information systems; and an understanding of the special demands upon government with respect to budgetary constraints, the protection of privacy interests, and federal and state standards of accountability to assist agencies in meeting the needs of their constituents.

OT is organized around the following functions, totaling more than 240 employees:

- **Client Services Delivery:** Provides technical support and assistance to other agencies. Services include the service desk, field support, customer relationship management, account management, health IT support, infrastructure applications, and the technology learning center.
- **Information Services** – Provides software development and support in addition to database administration services. Also provides technology management services for WVFIMS, the state’s financial information management system.
- **Project Management Services** - Manages information technology projects, establishes standards and methodology for project management and supports project management tools. Also provides consulting services for the acquisition of technology products and services and supports the CTO in the development, issuance, and publication of IT policies and procedures.
- **IT Security (Office of Information Security and Controls)** – Includes the Security Operations Center (SOC), information security awareness Training, and internal IT auditing services.
- **Telecommunications and Infrastructure Operations** – Manages the OT data center, servers and storage, network operations, and telephony services. Also, provides systems and network engineering services.
- **Administrative Services** – Provides accounting, asset management, contract management, IT purchasing, personnel management, technology billing, and time reporting functions.

1.6 National Recognitions

Over the past two years, the National Association of State Chief Information Officers (NASCIO) recognized the State of West Virginia on three different occasions for technology-related achievements. NASCIO’s Recognition Awards honor IT achievements in the public sector by emphasizing IT initiatives that exemplify best practices, support the public policy goals of state leaders, assist government officials to innovatively execute their duties, and provide cost-effective services to citizens.

NASCIO selects the top three national initiatives within ten categories as Awards Finalists and honors one ultimate recipient per category as the top project from across the nation (for more information, see <http://www.nascio.org/awards>). In 2009, NASCIO recognized West Virginia in the “Enterprise IT Management” category for the state’s IT consolidation program (for the complete 2009 nomination, see <http://www.nascio.org/awards/nominations/2009/2009WV7-2009%20NASCIO%20Recognition%20Award%20Application%20-%20Consolidation.pdf>).



OT received NASCIO’s Enterprise IT Management award in 2009.

NASCIO recognized West Virginia twice in 2010. First, in the “**Digital Government: Government to Business**” category that honors innovative applications that improve interaction between government and business, including bettering service at less cost to business for regulatory compliance, new business formation, and day-to-day government-to-business interactions.

Specifically, West Virginia’s Division of Motor Vehicles (DMV) Electronic Skills Commercial Driver’s Licensing Testing program received this innovative application honor.

Secondly, NASCIO recognized West Virginia in the category of “**Risk Management Initiatives**”, which incorporates IT security and privacy as strategic state initiatives in addition to disaster recovery planning and continuity of government operations. It encompasses initiatives that help states prepare for major incidents such as natural or man-made disasters, cyber attacks, pandemics, or major infrastructure failures. This year, NASCIO recognized OT’s cyber security program in this category.

During the same two years, the Center of Digital Government recognized West Virginia on four different occasions for digital government initiatives. This annual competition, now in its 15th year, recognizes excellence of official web portals of United States cities, counties, and states (for more information, see <http://www.centerdigitalgov.com/survey/88/2008>).

In 2008, West Virginia received two awards from the Center for Digital



West Virginia continues to be recognized on a national level for its accomplishments in the information technology field. The state education portal (left), which is part of the WV.gov portal (above), and the state’s stimulus reporting site (below) highlight these achievements.



Government for the state's education portal. First, its "Best of the Web Special Award" recognized the education portal as the nation's first to effectively link early childhood education, K-12 education, higher education, and employee development. The education portal also received the Digital Education Achievement Award, which showcases exceptional K-12 and higher education websites, digital technology projects, and programs that enriched education for students and teachers.



The Division of Motor Vehicles received a Digital Government Achievement Award for its electronic vehicle registration system.

The Good Jobs First Association recognized West Virginia in 2009 for having an "Exemplary Stimulus Reporting Website". The award identified the state's efforts to provide online information about how its federal stimulus funds are being distributed as exemplary (for more information, see <http://www.goodjobsfirst.org/news/article.cfm?id=396>).

For the third consecutive year, West Virginia received national recognition when the Center for Digital Government recognized the state with two "Best of the Web" awards in 2010. First, the DMV Vehicle Registration System received a Digital Government Achievement Award, which honors agency and department websites and projects at the application and infrastructure level. Additionally, the West Virginia Higher Education Policy Commission received a Best of Web Award - Center for Digital Education, which showcases exceptional K-12 and higher education websites, digital technology projects, and programs that enrich education for students and teachers.

1.7 Strategic Associations and Public-Private Partnerships

In the dynamic world of technology, it is imperative that open collaboration exists between the providers of technology and the constituents using technology. OT is very actively engaged with various multi-state and interstate public/private partnerships. Specifically OT is actively engaged in the following partnerships:

1.7.1 National Association of State Chief Information Officers (NASCIO)

NASCIO's mission is to foster government excellence through quality business practices, information management, and technology policy by representing chief information officers, IT executives, and IT managers of the 50 states. Specifically, membership includes experienced, senior-level executives with statewide responsibility for IT leadership. More information can be found at NASCIO's official website: <http://www.nascio.org>.

1.7.2 National Association of State Technology Directors (NASTD)

Technology professionals across state governments comprise the National Association of State Technology Directors (NASTD), which promotes the effective use of IT services to improve state government operations. NASTD represents IT professionals from the 50 states and from the private sector. State members manage IT services and facilities for state government agencies and other

public entities, including hospitals, prisons, and higher education. More information is available at <http://www.nastd.org>, NASTD's official website.

1.7.3 National Association of State Chief Administrators (NASCA)

Comprised of the chief officials of state governments' administration and general services departments, the National Association of State Chief Administrators (NASCA) promotes interstate communication and showcases innovative programs to implement public policy and improve government efficiency and effectiveness. NASCA also provides annual leadership development to newly-appointed administration and general services officials. NASCA's official website is <http://www.nasca.org>.

1.7.4 West Virginia Health Information Network (WVHIN)

The West Virginia Health Information Network (WVHIN) supports physicians and health care providers in providing the best patient care through the electronic delivery of medical data. Established in 2006 by the legislature at the request of Governor Joe Manchin III, WVHIN promotes the design, implementation, operation and maintenance of a fully interoperable statewide network to facilitate public and private use of healthcare information while ensuring the privacy and security of patient health care information. More information regarding this public-private partnership that benefits all West Virginians can be found WVHIN's official website: <http://www.wvhin.org>.

1.7.5 West Virginia Telehealth Alliance (WVTHA)

A non-profit organization dedicated to advancing telehealth use and telemedicine capabilities, the West Virginia Telehealth Alliance (WVTHA) includes hospitals, rural health care centers, medical schools, doctors, mental health centers, local health departments, senior groups, consumers, the AFL-CIO, the West Virginia Chamber of Commerce, and major telecommunications companies. WVTHA's official website is <http://www.wvtelehealth.org>.

1.7.6 West Virginia Broadband Council

The Broadband Council, created during the 2008 legislative session provides consultation services to project sponsors in connection with the planning, acquisition, improvement, construction or development of any broadband deployment project in West Virginia. More information on the Broadband Council is available through the West Virginia Department of Commerce (<http://wvcommerce.org>).

1.7.7 21st Century Jobs Cabinet of West Virginia

Created in September 2006 by an executive order signed by Governor Joe Manchin III, the 21st Century Jobs Cabinet promotes a seamless education system that connects every level of education from early childhood to graduate study and encompasses job training and lifelong learning. The 21st Jobs Cabinet will enhance and support the state's job creation and economic development affairs.

1.7.8 West Virginia Interoperable Communications Council

The West Virginia Interoperable Communications Council leads the state's Interoperable Radio Project (IRP). The primary goal of the IRP is to continue the construction and complete the build-out of a statewide interoperable communications system. For a more detailed discussion of the IRP, see Section 5.10, or visit the IRP's official website at <http://www.wvirp.com>.

1.8 NASCIO Top 10 Priorities of State CIO's

NASCIO, comprised of the chief information officers (CIOs) (the CTO is the CIO of the State of West Virginia) of state governments, promotes the exchange of information and the adoption of IT best practices and innovations to its member states. OT continually seeks to adopt best practices and gauges its performance against the national benchmarks of its peer organizations.

NASCIO annually surveys the 50 state chief technology and chief information officers to understand the top priorities of IT strategies, management processes, and solutions in state government. The top 10 priority strategies, management processes, and solutions for 2010 are the following:

1. **Budget and cost control:** managing budget reductions, strategies for savings, reducing or avoiding costs, activity-based costing.
2. **Consolidation:** centralizing, consolidating services, operations, resources, infrastructure, data centers.
3. **Shared services:** business models, sharing resources, services, infrastructure, independent of organizational structure.
4. **Broadband and connectivity:** strengthening statewide connectivity, broadband, and wireless.
5. **American Recovery and Reinvestment Act:** execution, support, reporting, data management.
6. **Security:** risk assessment, security safeguards, enterprise policies, employee education, data protection, insider threat.
7. **Transparency:** open government, performance measures and data, accountability, access to government data.
8. **Infrastructure:** data centers, infrastructure investment, critical infrastructure protection.
9. **Health information:** architecture, assessment, partnering, implementation, health information exchange, technology solutions.
10. **Governance:** improving IT governance, data governance.

While OT's strategic planning process is independent from NASCIO, OT's strategic goals do align with the national priorities identified by NASCIO's survey of all states. To illustrate this relationship, each of OT's strategic goals is categorized with the applicable strategies, processes, and solutions listed above.

2 Client Services Delivery

OT's Client Services Delivery section is responsible for the direct customer support of enterprise customer facing technologies.

Relationship Managers serve customer agencies as a single point of contact for communications at the agency and cabinet levels. They understand the mission and goals of their customers, how infrastructure technology can best be used to advance these goals, and inform customers on changes and service availability at OT.

The Service Desk is the front line for OT, as it receives, resolves, and distributes customer requests and problems. Acting as OT's eyes and ears, the Service Desk knows about issues first, whether those issues are site outages or relatively simple procedural questions.

Desktop and Field Support staff act as statewide "boots on the ground" for issues that require a physical presence. They are experts on local office operations, infrastructure, and direct customer needs.

Infrastructure Application manages and provides training for executive branch email, messaging, the standard office suite, collaboration, voice and data conferencing, electronic fax, managed desktops, and account provisioning.

2.1 Consolidated IT Support

In May 2010, OT completed consolidation through MOUs with all the major departments within the initial purview of the consolidation. As of June 2010, OT supported 19,264 computers and 16,672 network users. The major challenge, as a newly formed organization, centered on providing the same or better level of service to 75 unique agency environments comprised of nearly 20,000 employees at 1,075 locations geographically disbursed across the state. While initial attempts at managing and supporting this complex, distributed, and disjointed environment were daunting, OT undertook several priority consolidation initiatives to reduce complexities, attain efficiencies, and reduce risk. The sections that follow highlight OT's consolidated IT support efforts.

2.1.1 Managed Desktop Program and Green IT

OT created a single managed desktop environment for all agency customers. Agencies procure hardware from a single manufacturer who applies the state's standard or custom images prior to shipment to customers. This desktop image provides a common set of productivity tools to all agency employees. To ensure agency customers have the greatest opportunity for success when using their technology tools, OT makes available multiple avenues of training. Further, OT manages software licensing to maximize the value of software investment. The single executive domain model, WV.gov, allows for the simplification of personal computer (PC) administration and a common email system. Advanced PC management tools allow for automation of configuration management, power management, software distribution, and inventory.

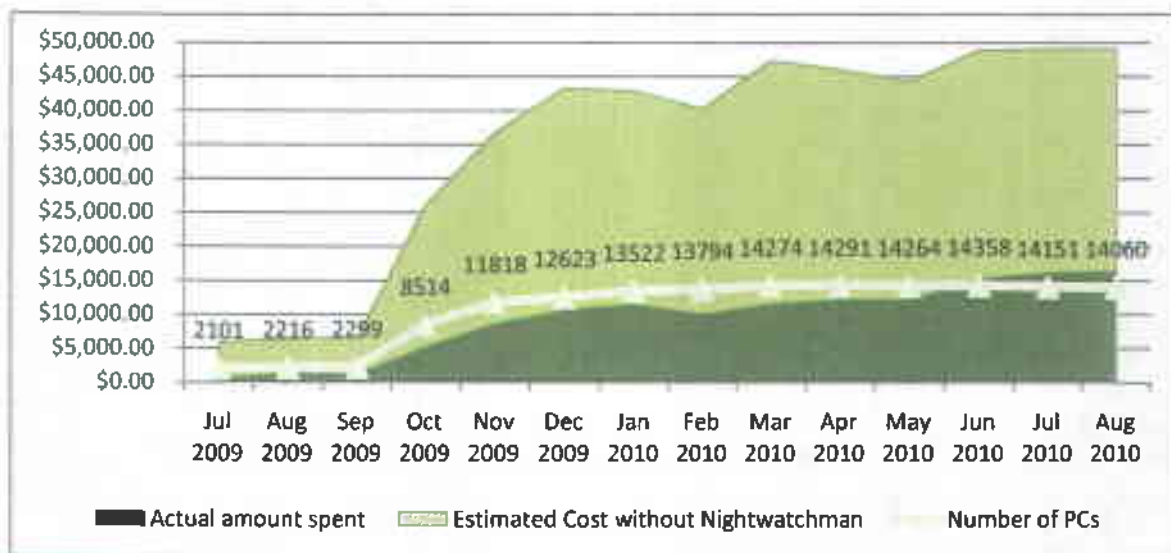


*Kathy Moore, Deputy CTO
Director of Client Services Delivery*

Benefits of establishing the managed desktop program include the following:

- The original 75 agency customers dispersed at 1,075 locations are now configured and serviced with a consistent desktop solution.
- The staff previously serving these multiple sites is able to learn new skills, support new tools and technology, and add business value to the agencies.
- The effective use of PC management tools streamlines the PC support process for patching equipment, managing inventory, and distributing software across the single domain.
- The PC management tools result in operating cost reduction and time efficiencies for the state employee workforce by allowing updates and servicing to occur after normal business hours.
- Focusing on Green IT, the power management system returns utility cost savings to the agencies. Prior to implementation, only 30% of the nearly 20,000 employees followed OT's guidance to shut down their computers at the end of the workday. After implementation, 100% of idled computers on the system are shut down at the end of the workday. Automating the shutdown of PCs currently saves the state nearly \$250,000 each year. Once fully deployed by mid of 2012, OT expects power savings of approximately \$500,000 annually.
- Utilizing a single manufacturer for hardware acquisition creates efficiencies in a cost effective manner in addition to meeting configuration and Green IT standards.
- Each state employee utilizes a consistent set of productivity tools.
- State government acquires software at its best cost while tracking and managing licensing.

"Green" means both less energy use and more cost savings thanks to OT's power management software. Below, Graph 2.1.1 shows actual cost to power PC's (the darker green area) and the projected costs had OT not implemented this green initiative (the lighter green area).



2.1.2 Consolidated Service Desk

OT's Service Desk formed through consolidation of staff from several agencies, giving each employee knowledge in the support of their legacy agency. OT developed a problem management system immediately prior to the initial consolidation. Through cross-training, industry certified training, and regular in-house training, all service desk staff provide support to all consolidated agencies for a wide variety of problems and questions. The Service Desk resolves approximately 65% of all incoming calls on initial contact, while the remaining 35% are referred to subject experts or third-party service providers who have the appropriate systems access, hardware, or expertise to resolve the issue. Through expanded access to systems and support channels, the Service Desk will continue to grow its initial call resolution capabilities.



OT service desk employees are on the front line successfully helping customers from around the state, resolving 65% of all incoming calls on initial contact.

In 2009, the OT Service Desk began supporting the Department of Administration's General Services Division dispatch desk. OT developed a customized solution for this support initiative, which includes customer satisfaction surveys – a first for the General Services Division.

2.1.3 Customer Relationship Management

As IT consolidation progressed and IT subsequently began to transform, the level of activity between OT and the agencies grew at a tremendous pace. Communication is often difficult under normal circumstances, but unprecedented growth and change can cause many opportunities for confusion and miscommunications. To ensure customers' needs were met, OT formally established the role of Customer Relationship Manager in October 2008. Assigned to each department and agency, Relationship Managers serve as the customer's single point of contact. Relationship Managers are the agencies' advocates within OT and ensure that the agencies' technical requirements are met and prioritized within OT. In addition to advocating, Relationship Managers provide agency feedback to OT. To be successful in these roles, Relationship Managers maintain positive relationships and stay knowledgeable of each respective agency's political and business drivers. They provide agencies with technical updates and information on new products and services available through OT or through technology-related contracts. In this role, Relationship Managers act as the business liaison for moving technology forward in each agency.



West Virginia's IT consolidation is built on relationships, and OT's customer relationship managers meet with various agency leadership monthly to discuss service levels and future plans.

2.1.4 Regional Support

Through consolidation, OT also acquired field support employees from various agencies; approximately 35 located in Kanawha County and 40 throughout the state's remaining counties. Like the service desk staff, these employees came with specific knowledge of their legacy agency and its unique physical and technical environment. Through agency cross-training, OT best practice training, and industry certified training, these same employees are now able to support customers from any agency in a variety of environments. Additionally, they provide remote "hands-on" support for specialized teams in Charleston.

For the purposes of on-site support, OT divided West Virginia into seven regions, which is shown in Chart 2.1.4 below. Field support employees now service any agency in their county or geographic vicinity, resulting in an increase in productivity through reduced travel time, reduced travel expenses, and reduced wait times for customers.

Each of the four largest state hospitals, which are continually operating 24/7/365, enjoy a total of nine support staff that are specifically dedicated to health IT support.

Chart 2.1.4, below, is OT's field support map. OT divided the state into 7 regions. Field support employees build a rapport with and support state agencies in their region. This strategy reduced travel time and expenses for employees while reducing wait times for customers.



2.1.5 Centralized Email

OT designed and implemented a central email system, the WV.gov Exchange, in 2007. Agencies are ported to the new system when they are migrated to the standard desktop. As of September 2010, approximately 17,000 of the 20,000 state agency employees moved from a variety of disparate email systems to the central email environment. This resulted in a large reduction of legacy email and post office servers and allowed former email administrators to acquire new specialized skills.

2.1.6 Web, Video, and Voice Conferencing and Electronic Desktop Fax

OT established services to provide a central web, voice, and video conferencing system and desktop electronic faxing. These services provide customers with interactive collaborative tools to complete projects, train, or generally communicate over distances, which realizes both time and cost saving for the agencies.

2.1.7 Directory Services and Centralized Provisioning

To increase efficiency and effectiveness, OT established an enterprise directory service to be the underlying foundation for delivering infrastructure application services such as email and messaging, voice and data conferencing, and desktop faxing. In support of the enterprise directory, OT established a central account provisioning unit to manage all account requests for organizations and employees for any additions, moves, and changes to the WV.gov network and shared directory resources. For the purposes of record accountability and auditing, OT implemented a standard documentation and authorized signature process.

2.1.8 Traditional, Web-based, and Virtual Classrooms

The OT Technology Learning Center (TLC) supports state employees' training needs by utilizing multiple learning platforms staffed with industry-certified professionals. Under the principle that employees are more productive if they know how to effectively use the tools available to them, the TLC offers both standard and customized courses for the suite of IT tools. The TLC emphasizes individual instruction to meet each employee's needs.

The TLC's multiple training platforms include the traditional classroom setting, self-paced e-learning, or the newly added virtual classroom. The TLC staff also develops and delivers training for agencies to meet their business specific needs.



The new OT Technology Learning Center in Building 7 on the Capitol campus is fully equipped to provide state employees with a multitude of opportunities to learn from OT's industry-certified professionals

Type of Training	FY 2009		FY 2010	
	Sessions	Students	Sessions	Students
Classroom	140	2448	97	1512
Online	192	3309	276	4415
Total	332	5757	373	5927

OT understands that employees need the skills and abilities to fully utilize technology. Table 2.1.8: OT's Technology Learning Center Statistics for FY 2009 and FY 2010 (above) shows the number of training sessions conducted and students served by the TLC during the past two fiscal years.

2.1.9 Customer Satisfaction

Completing the initial consolidation efforts gives OT the opportunity to now stabilize the environment. Although a relatively new organization, OT has the opportunity to benchmark its environment and embark upon the continuous improvement process. By nature, OT will always be dynamic but will continue to become more efficient, reliable, and effective while maturing.

Prior to consolidation, no agency consistently measured customer satisfaction of IT support among its employees. To improve customer support in May 2007, OT began surveying employees about their satisfaction level with the OT's services. Initially, OT sent random surveys to 20% of customers generating call-tickets; this number increased to 40% after nine months. Since 2007, the annual number of call tickets increased from a little over 69,000 in FY 2008 to more than 100,000 in FY 2010. In addition to asking customers to make comments concerning their experience with the Service Desk, customer satisfaction surveys include questions regarding the following areas:

- Ease of contacting OT;
- Staff knowledge;
- Staff professionalism;
- Service timeliness; and
- Overall satisfaction level.

Since OT began its customer satisfaction surveys, results indicate customers continue to be satisfied with the services provided. As a continuous learning organization, OT reviews all survey results that are less than positive to determine if OT can improve in certain areas or if OT needs to better understand that customer's environment. After review, OT acts quickly to increase the customer's satisfaction to expected levels.

In FY 2010, 90% of the customers were highly satisfied and 6% were somewhat satisfied for an overall customer satisfaction rating of 96%.

	Strongly Agree	Agree Somewhat	Neutral	Disagree Somewhat	Strongly Disagree
FY 2008	85%	9%	3%	2%	1%
FY 2009	89%	7%	2%	1%	1%
FY 2010	90%	6%	2%	1%	1%

OT prides itself on meeting and exceeding the high service levels expected by customers, while maintaining or reducing costs. Table 2.1.9, OT's Overall Customer Satisfaction Statistics (above) shows that customer satisfaction increased slightly each year.



OT continues to improve upon already high levels of customer satisfaction. Graph 2.1.8: OT Overall Customer Satisfaction FY 2008–FY 2010 (above) shows visually the data presented in Table 2.1.9.

2.1.10 Industry Certified Employees

Working with the Division of Personnel and the State Personnel Board, OT established new IT classifications for Service Desk and Regional Support staff. These new classifications require employees to acquire industry standard certifications in their area of specialization. Employees continue to take advantage of training opportunities OT provides to acquire these certifications. As a result, now most employees hold at least one certification, with several earning two.

2.2 Strategic Goals

Client Services Delivery will build on its accomplishments by achieving the following strategic goals in the next four years.

2.2.1 Deploy Customer Portal

While WV.gov offers a wide variety of tools and services, customers do not always know where to find these tools and services when needed. To alleviate this issue, OT will offer the MyITTools customer self-service portal to provide information on the tools and services available. Currently, this site is in the final stages of refinement; and, based on positive feedback from a customer focus group, MyITTools will be available in fall 2010.

2.2.2 Publish Client Computing Roadmap

Customer interest in client computing opportunities continues to grow. As opposed to cloud computing, client computing refers to processes that are performed on local client devices – distributed PCs and mobile computing devices. To outline future opportunities, OT will produce a client computing roadmap that will provide direction and anticipated adoption timeframes for client computing technologies.

2.2.3 Continuously Evaluate Cloud Computing Opportunities

In contrast to client computing, cloud computing refers to internet-based computing where the “cloud” provides shared resources, software, and information to computers and other devices on-demand. OT utilizes cloud computing for software services only after it determines risk to be at an acceptable level and the services to be cost-effective. As the cloud market continues to grow with more hosting and software services offered, OT will evaluate the feasibility of cloud computing and will implement it where practical.

2.2.4 Deploy Alternatives to Standard Client Computing

With the expansion of bandwidth through multi-protocol label switching (see Section 5.6), broadband (5.5), and the implementation of the managed desktop environment (2.1.1), an opportunity exists to explore the viability of alternative client computing architectures. OT will continue to evaluate the strong case for streaming technology through a virtual desktop infrastructure and will work with customers to identify suitable candidates for alternative computing. Such solutions will be deployed where cost and support requirements can be decreased with functionality remaining at or above current levels. OT plans to complete a virtual desktop pilot program by spring 2011.

2.2.5 Complete Email Migration, Domain Consolidation, and Managed Desktop Initiatives

OT continues to work on its email migration, domain consolidation, and managed desktop initiatives, which are approximately 85% complete. The remaining 15% of agencies present unique challenges due to physical location, age, and condition of their legacy infrastructure or political barriers. OT will continue to address these challenges and expects to complete these initiatives by the end of 2010.

2.2.6 Upgrade Email System to Exchange 2010

OT will upgrade the current email system, which is a combination of Exchange 2003 and Exchange 2007, to Exchange 2010 by spring 2011. The resulting solution will provide a mix between in-house and cloud-based email dependent on customer needs. After completing the architectural design of the new Exchange 2010 environment, OT is now in the process of procuring the necessary hardware to support the upgrade. The new system will allow the current email archiving system to be retired and the remote disaster recovery system to be implemented.

2.2.7 Deploy Rights Management Services

OT will implement Microsoft Windows Rights Management Services (RMS) to provide customers with the ability to control how they use and distribute their digital content. Content authors will be

able to allow or disallow specific operations such as printing, copying, editing, forwarding, and deleting for individual pieces of content. RMS will play an important role in preserving and controlling confidential and protected information.

2.2.8 Implement Enhanced Disaster Recovery for Critical Infrastructure Systems

With the construction of a secondary data center, critical infrastructure applications will now have a hot or cold site for disaster recovery. Email, active directory, antivirus, and other infrastructure applications will be available through the secondary data center disaster recovery implementation.

2.2.9 Implement Adoption Accelerator Program for Office Communications Server

One of the tools deployed as part of the standard desktop, Office Communications Server (OCS) provides instant messaging, presence, voice, and file transfer functions. Because the tool is somewhat misunderstood as some agency employees still fear the use of instant messaging by employees, OT will devise a program to encourage adoption of this tool that will include education, awareness, and support.

2.2.10 Implement Adoption Accelerator Program for SharePoint Collaboration

Generally, state agencies utilize email to share documents and network file shares to store personal and shared information. Very few agencies utilize SharePoint, an alternative platform for enterprise content management, team collaboration, social software, and enterprise search. To encourage adoption of this platform that offers opportunities for increased efficiency and effectiveness, OT will devise a program that incorporates awareness, training, and support.

2.2.11 Expand the Virtual Classroom

OT offers virtual training delivered through its data conferencing system. Currently, this training consists of shorter one or two hour courses, usually to orient customers to new products. OT will begin delivering full courses, currently only offered in the traditional classroom setting, through its virtual classroom. This will allow customers throughout the state the opportunity to receive the same training as those in Charleston without the expense and loss of productive time due to travel.

2.2.12 Enhance or Replace the Service Management System

Developed at OT's inception prior to the consolidation of agencies, OT's service management system has served its purpose well during the consolidation process. Today, the system's age and capabilities does not provide OT with the amount or types of information needed to manage the organization. The current system does not fully comply with the Information Technology Infrastructure Library (ITIL), which is the globally accepted best practices portfolio for full life cycle information services management. OT will design a new system or redesign the existing system to include ITIL compliant tools and processes to enhance its organizational management.

2.2.13 Automate Provisioning

OT oversaw the creation of the WV.gov network domain and migrated agencies' individual network domains into the WV.gov domain during the consolidation process. Prior to consolidation, 75 unique network domains, file structure philosophies, and account management practices existed. Each consolidation effort required the navigation and mapping of old systems and processes to the new network domain. Because of the large number of varying starting points, OT faced many challenges trying to automate the provisioning process. As the WV gov consolidation process nears completion, an automated provisioning process can now be designed and implemented. This automation will eliminate the highly labor intensive manual processes required by the account management team to provision an account and will provide for better documentation, tracking, and auditing of the provisioning process.

2.2.14 Implement a Customer Self-service Password Reset Portal

From September 2009 through August 2010, OT's service desk received 20,000 requests to reset network passwords and 12,000 requests to reset mainframe passwords. As the size of the customer base of the WV.gov domain increases and the number of unique networks decreases, a self-service password reset system is now practical and cost justifiable. Although research shows that not all customers will use an automated self-service system, OT expects the number of password-related calls to the service desk should decline by 40 to 60 percent with the implementation of this tool. OT will evaluate the market to identify the type of system that will best fit the state's needs before acquiring and implementing a solution.

3 Information Services and Project Management Office

OT's Information Services section provides application software development and support to state agencies. These applications include line-of-business systems for agencies, some of which are mission-critical. Additionally, Information Services supports and maintains several enterprise-wide applications, including:

- The West Virginia Financial Information Management System (WVFIMS), which is the state's official accounting system;
- The Purchasing Division's Team Effort for Acquisitions Management (TEAM) system;
- The Position Information Management System (PIMS), which is the state's personal services budgetary control system;
- The Public Employees Insurance Agency's Benefits Administration System (PEIA BAS);
- The Human Resource Information Management System (HRIS), which is the Division of Personnel's system for human resource information;



*Sue Ann Lipinski
Acting Director of Information Services
and the Project Management Office*

-
- The WV-11 (personal action form) System, which most agencies use to update the HRIS and PIMS systems, the Division of Personnel's job vacancy system, and the associated workflow.

Information Services supports customers throughout the full system life cycle, including business analysis services to capture and document requirements, systems design services to determine the technical infrastructure, implementation services for the software product, and conversion services when retiring an old application or moving data and code to a newer technology environment.

The strategic goals outlined below highlight the many opportunities available for Information Services to strategically move West Virginia forward in the next four years.

3.1 Implement an Enterprise Resource Planning (ERP) System

OT will provide support as the state begins to leverage enterprise resource planning (ERP) technology to gain operational efficiencies and seamless integration across administrative business functions by fundamentally transforming how the state manages its financial, human resources, procurement, and other administrative business processes. Critical legacy systems currently used throughout state government are at the end of their useful lives, which exposes the state to great risk. With funding available now to invest in an ERP system, the state expects a significant return on its investment.

An ERP system is a comprehensive suite of integrated modules that provides end-to-end support for statewide administrative functions such as budget development, financial management, procurement, asset management, human resources management, payroll administration, and project management. Benefits of ERP system implementation include:

- The standardization of time and leave capture and reporting across the state;
- The elimination of manual paper processes by automating workflow;
- More favorable vendor pricing through enhanced procurement practices;
- Increased efficiency in the delivery of State services;
- Enhanced reporting services that supports both daily operations and strategic decision making;
- Enhanced control over access to secure information; and
- Consolidation of numerous aging and redundant administrative systems across state government into a single, integrated ERP environment.

OT will support West Virginia's ERP system implementation that will fundamentally transform how the state does business. Diagram 3.1: ERP Efficiencies (below) describes all the business functions linked together through a common database in an ERP system.



3.2 Transform Application Development

As OT continues to mature as an organization, it is now prepared to streamline and increase the efficiency of the State's applications development environment while improving services to the public, reducing costs, and encouraging economical growth. OT's previous consolidation and standardization efforts did not include application development, instead focusing on internal consolidation, standardization, and centralization of the state's technical infrastructure.

The state's application portfolio consists of more than 493 highly distributed business applications that cost \$35 million annually. Supported by more than 300 full-time state employees and 60 contract employees in 31 agencies, many of these applications are more than 15 years old and are technologically obsolete. Over the next four years, approximately 100 of these applications will be fully or partially replaced by the ERP system implementation. However, the state will still face significant support challenges with the remaining application and database environments. Several of these applications are so technologically obsolete that vendors no longer support the application or the database environments, and security patches are no longer available.

To address this situation, the state is exploring three options:

1. Make no change and address support issues as they occur; however, security risks, possible application failures, and reliability issues are expected to steadily increase with subsequent support costs;

2. Attempt to address the issues within the current organization, by internally consolidating and standardizing the application development environment. Although feasible, this option will require a significant capital investment; or
3. Partner with a third-party service provider specializing in applications managed services (AMS).

The third option is an example of a public-private partnership, where a third-party service provider assumes daily development, maintenance, and support of internal business applications and databases. In most cases, the AMS provider also modernizes, integrates, and standardizes the applications development environment.

Over the next few months, OT, with participation from the affected agencies, will evaluate each option and make the best overall business decision based on all the facts presented. Although AMS raises employee concerns and would be a significant change to the current environment, it is widely used in both the private and public sectors. Totally disregarding AMS as a viable option to investigate would not be prudent nor in the best interest of the taxpayer.



OT's strategic initiatives are designed to move towards a shared services model to provide the greatest economic and citizen value to West Virginia.

3.3 Increase Accessibility to Services through e-Government

Beginning in 2007, OT engaged in a public-private partnership with West Virginia Interactive (WVI), a local subsidiary of NIC, Inc., to maintain the state's web portal (<http://wv.gov>) and implement long-term improvements to the portal by providing interactive online transaction services for citizens, businesses, and government agencies. NIC made the initial capital investment and expense outlay in return for the opportunity to earn a reasonable return through selective transaction fees assessed to users of some online portal services, such as serving as the sole point of electronic access to the Division of Motor Vehicles' (DMV's) motor vehicle records. This "self-funded" model, which NIC has successfully deployed in 20 other states, ensures that West Virginia's portal will provide state-of-the-art services to citizens and businesses in addition to delivering efficiencies to state government without any expenditure of appropriated funds.

As a result of this partnership, the state portal underwent a complete re-build to lay a solid foundation upon which OT and WVI continue to build upon. New features and interactive online services are continually being added to the portal. These enhancements enable the state portal to become a more effective customer service tool that will streamline citizens' interaction with agencies, resulting in transparency and more efficient government operations. In summary, the state portal now provides an efficient, effective and user-friendly statewide intranet, internet, and extranet portal that serves as a place where citizens can electronically access state government information, products, and services. The public-private partnership's vision of developing a benefit sharing, self-funded, sustainable, single portal will continue to be realized.

The state portal features the nation's first statewide education portal (<http://www.education.wv.gov>). An initiative of the Governor's 21st Century Jobs Cabinet, the education portal takes a unique, user-focused approach to presenting a wealth of education-related content. The Center for Digital Government and the Center for Digital Education presented the state with two prestigious awards: the 2008 Best of the Web "Special Award" and the Digital Education Achievement "Community (Tighter Bonds)" Award. This marked the first time in the 12 year history of the highly competitive Best of Web competition that a state portal received a "Special Award".



OT and WVI also enabled West Virginia to be among the first states to launch a comprehensive stimulus reporting website (<http://recovery.wv.gov>), which provides a wealth of information regarding the State's use of ARRA (Stimulus) funds. Also earning national praise, West Virginia's recovery site ranked among the nation's top five recovery sites in the inaugural Good Jobs First's "Show Us the Stimulus" survey.



The public-private partnership between OT and West Virginia Interactive received multiple national awards for the state's education portal, including being the first state portal to receive a "Special Award" in the highly competitive Best of Web competition.

West Virginia was the first state in the nation to utilize Microsoft's latest content management technology, SharePoint Server, to manage the state portal. OT offers this technology to every state and local government agency, which reduces the overall cost of building and maintaining agency websites and simplifies the process of updating websites.

More information on this first-of-its-kind initiative is available at http://www.microsoft.com/casestudies/Case_Study_Detail.aspx?casestudyid=4070005116.

3.4 Engage Citizens through Social Media

The state currently pursues an organic, top-down approach to citizen engagement. Starting at the governor's office, state officials utilize technology to open dialogue with citizens in a manner that is easy and efficient. A majority of executive branch departments utilize Facebook and Twitter to reach out to citizens and businesses. OT and WVI intend to develop a unified strategy for ensuring broad, consistent coverage in these channels.

OT and WVI will work together to increase the use of streaming media to open citizen dialogue. Streaming media has the potential to significantly enhance citizen engagement by increasing transparency and making citizens feel a part of the governing process. OT and WVI will develop a comprehensive strategy to provide accessible streaming audio and video of meetings and events as well to develop new uses for streaming media in government.

As mobile devices become more prevalent in the technology environment, OT and WVI will increase the use of mobile computing to enhance citizen connections. Mobile technology continues to dramatically shift the technology landscape, and both organizations recognize that government must capitalize on these changes. To do this, the state will build upon its current offerings that enable access to information by investing in new and innovative means of connecting citizens and government. West Virginia first entered the mobile-specific application market with DMV's Driver Practice Exam Application for iPhone and iPad. Additionally, the state portal launched iPhone- and mobile-browser-specific versions of the state's official web site, opening new channels for citizens



West Virginia will enhance two-way communication between state government and citizens through interactive portals, mobile computing, and social media

to interact with state government. In all instances, these mobile services provide access to information and services that were only available through traditional computing platforms. The state strongly believes that engaging citizens in two-way communication, or bi-lateral connections, with government via mobile devices could have a dramatic effect on citizen engagement and government efficiency.

OT and WVI will dramatically increase the number of online services available for its constituents to improve citizen experience by identifying its existing portfolio of applications and prioritizing missing applications by overall impact to citizen and government efficiency.

3.5 Provide Software Development and Support

OT's Development Center provides cutting-edge software development and support to state agencies. Its programmers, analysts, and database administrators utilize an extensive array of tools to offer a variety of services. While many of the Development Center's customers are smaller agencies that do not have their own programming staff, the Development Center also serves larger agencies. Services include mainframe programming and analysis; PC analysis and programming; web development and administration services; and DB2, SQL, and Oracle database administration.

The following are examples of the Development Center helping state agencies achieve their business goals through the use of technology

3.5.1 Public Defender Services (PDS) Line-of-Business Interface Project

The Development Center delivered a line-of-business (LOB) interface that automated payments and receipts for the appointed counsel claims tracking system (ACCTS) transactions of the Public Defender Services (PDS). The LOB system enhanced processes to help eliminate a large and increasing backlog of payments to vendors and other payees for FY 2010, including 43,000 invoices totaling \$30 million in payments. For FY 2010, PDS avoided \$212,000 in interest penalties because of this application.

3.5.2 Development/ Expansion of Line-of-Business Interfaces

The Development Center also worked with DHHR to create a paperless payment process for family planning service providers, which received the CTO's Technology Award in 2009. This application provided huge efficiency gains for DHHR by eliminating duplicate entry and other efforts

Expanding this methodology, the Development Center improved efficiencies for the Department of Education (Childhood Nutrition Program); the Division of Rehabilitation Services (Case Management for Disability Determination Section, and Case Management for Rehabilitation Services); and the State Auditor's Office (Public Utilities Payments, Local Government Purchase Card Rebates, and Travel Management System).

The Development Center developed a similar LOB interface for the Tax Division of the Department of Revenue to process taxpayer refunds. Read more about this initiative that increased process efficiencies and provided more detailed financial information in the state's accounting system in the project spotlight after Section 3.

3.5.3 Surplus Properties State Inventory System Project

The Purchasing Division's Surplus Properties Unit (Surplus Property) requested the Development Center to design and develop a web-based inventory system to track and manage inventory, invoices for public sales, and eligible registered accounts throughout the state. During FY 2010, Surplus Property used the system to manage 8,600 inventory items and sales of 3,125 surplus items that totaled \$13 million.

3.5.4 Children's Health Insurance Agency Data

Development Center staff developed an application to allow customers of the Children's Health Insurance Agency (CHIP) to inquire upon and maintain insurance information. The system includes streamlined processes to exchange data with the CHIP's third-party administrators. These accomplishments allow the CHIP staff to enter and edit data, which resulted in a significant cost savings to the customer.

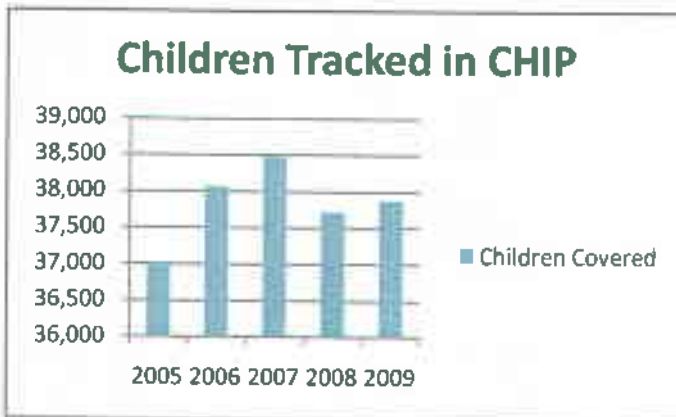


Table 3.5.4 (left), shows the number of children insured by the Children's Health Insurance Agency of the Department of Administration. OT's Development Center created an application that enables CHIP staff to manage insurance data, which resulted in significant cost savings for those children and families insured by CHIP.

3.5.5 Municipal Bond Commission Support

During recent years, the Development Center performed multiple enhancements to the Municipal Bond Commission's processes, including the elimination of data double-entry that reduced time required by staff and improved data accuracy. The monthly posting process and report distribution now requires less time due to automation. Development Center staff altered over 80 reports to create data files that can be imported into other applications for greater flexibility and created new reports to eliminate manual calculations. All these enhancements greatly reduced the manual workload of the Municipal Bond Commission's staff and helped achieve the business result of no loan accounts defaults in the past four years.

3.6 Manage Technology Investments Using the Application Portfolio

During 2010, OT inventoried all applications to identify old technologies, assist with disaster recovery planning, and support data classification efforts. Moving forward, OT will expand upon and utilize the application portfolio to identify and eliminate duplicate applications, identify and replace antiquated technologies, assess application value with respect to return of investment, manage and control change within the application environment, and determine IT competencies that are needed to support applications. This will enable OT to work with its customers to implement business solutions with technologies that integrate with existing and new business processes.

To help agencies modernize their applications and manage technology investments within the four year planning period, OT will:

- Establish and maintain life cycle strategies that include versioning and upgrading;
- Implement solutions that follow industry standard interfaces and access protocols for data and networks;
- Ensure that electronic processing is safe, secure, accurate, and continually available;
- Provide high quality and cost-effective services that enable agencies to achieve their missions;
- Collaborate with customers and business partners to produce cost-effective solutions; and
- Update current skill sets that will facilitate industry certification of staff.

3.7 Grow and Improve the Enterprise Project Management Office

The Enterprise Project Management Office (EPMO) exists to:

- Provide an approval process for major IT projects undertaken by state agencies;
- Institute IT project management standards and methodology for managing IT projects throughout the entire project life cycle, including initiating, planning, executing, monitoring, controlling, and closing;

- Establish leadership for departmental steering committees to ensure compliance with the statewide strategic plan and the management plans of the individual agencies;
- Provide project management and project oversight to ensure IT projects are managed with the appropriate level of accountability and transparency; and
- Engage in the promotion, communication, and training of project management methodology and standards.

Since its creation in September 2008, EPMO laid the foundation to offer comprehensive project management services to state agencies by:

- Establishing the basic project management methodology and approval process for major technology projects to ensure requirements are clearly defined and the budget, schedule, and scope are monitored throughout the project;
- Establishing the Portfolio, Program, and Project Management Board (P3MB) to advise agencies regarding risk, priorities, and complex project issues; and
- Coordinating, in conjunction with the Real Estate Division, the technical aspects of office moves (such as telephony, desktop computers, cabling, printers, fax machines, network connections, etc.).



OT's Project Management Office will establish project management standards and methodologies for the executive branch that encompass the process outlined above.

Building upon this foundation, EPMO will work towards achieving the following objectives.

3.7.1 Standards and Methodology

OT and EPMO expect the project management process to mature through the full adoption of project management standards and methodology to direct the management of projects, ensure that project objectives are achieved, and enhance the overall accountability of resources applied to projects. Further, EPMO will build upon the established methodology and structured environment by assuming leadership responsibility in the development of essential project management skills, standards, and metrics.

EPMO will work closely with steering committees for all executive branch departments to facilitate the decision-making process and ensure budgeted dollars are being spent in those areas that support the strategic direction of the department.

3.7.2 Process Automation

EPMO will implement an automated tool to streamline requirements compilation and the request for proposal (RFP) process. Automated project management tools will also collect and report on information that will enable customers to select, prioritize, and control projects so they can allocate resources, reduce costs, meet delivery dates, and ultimately make better decisions related to project investments.

3.7.3 Employee Competencies

Internal to EPMO, a plan will be developed to ensure that members of the EPMO earn the Project Management Professional (PMP) certification from the Project Management Institute (PMI).

EPMO will develop, deliver, and implement a training program for IT project management to educate administrators, project managers, and other employees throughout the executive branch about the standard framework for project initiation, planning, execution, monitoring, and communications. This highlights EPMO's strategic commitment to ensuring that all employees have a project management mentality in terms of completing projects that achieve objectives, on time, and within budget.

3.7.4 Project Initiation Process

EPMO's Consulting Services Division (CSD) processes approximately 550 requests for review annually. Additionally, CSD provides professional technical writing services for approximately 60 RFP and request for quotation (RFQ) projects annually. These RFPs and RFQs encompass competitive procurement techniques that would otherwise require agencies to spend state dollars on private IT specialists to assist in developing requirements.

CSD implemented a workflow and reporting process to track the progress of outstanding technology product and service requests. These enhancements will facilitate and expedite the CTO approval process. Additionally, CSD will develop reporting tools to measure and report metrics for services provided.

3.8 Demonstrate Stronger Internal Controls

For the first time in the state's history, OT recently completed an independent assessment of internal controls based on the Statement on Auditing Standards (SAS) No. 70 for Service Organizations. This assessment provides state agencies and their independent auditors information about OT's system of internal controls to plan their respective audits. Specifically, for the audit period from July 1, 2009 to June 30, 2010, the assessment identified the following controls:

- Application software development;
- Systems software and network changes;
- Network monitoring;
- Logical access;
- Physical security and environmental controls;
- Automated job scheduling;

- Issue tracking; and
- Data backup and recovery.

SAS 70 reports offer the following key benefits for service organizations and their customers:

- **Enhanced customer confidence.** Issuance of a SAS 70 report from an independent auditor can boost customer confidence in the governance and controls the organization has in place.
- **Improved internal controls.** As a precursor to the SAS 70 examination, an auditor typically performs a pre-assessment of controls that can identify potential gaps in the existing control environment. This often leads to recommendations for control enhancements, greater efficiencies and automation opportunities.
- **Heightened awareness and improved quality.** Work potentially subjected to detailed testing as part of the SAS 70 process can drive awareness and improvement in the quality of documentation, attention to detail and overall control consciousness.
- **Streamlined due diligence.** Under certain circumstances, a single SAS 70 report can be presented to multiple parties, often helping to reduce the need for lengthy due diligence meetings and audit testing procedures.

More information on OT's efforts to strengthen internal controls through the SAS 70 assessment is in the project spotlight on the next page, followed by a project spotlight featuring improvements in the benefits administration of the Public Employees Insurance Agency.

PROJECT SPOTLIGHT

Division of Motor Vehicles: Real ID RFP Development

The Division of Motor Vehicles (DMV) made a strategic request for proposals (RFP) to replace its current driver's licensing system. The current system processes driver licenses, DMV employee identification cards, and various state government agency identification cards and licenses. The proposed system would need to continue meeting the needs of state residents in addition to meeting new federal Real ID requirements. The driver's license system is used in 26 states throughout West Virginia.

DMV proposed a "customer-centric" model through which all DMV transactions would be recorded under a system generated unique identifier. This concept will initially require the migration of the entire driver system database to a chosen environment under which all DMV requirements will be met. This will be one of many conversions over a number of disparate, non-communicative systems necessary to achieve a single DMV database that stores all driver's license and identification information for inter-system communication and information sharing.

The RFP states to meet these system requirements and meet DMV objectives to produce better driver's license documents that meet all Real ID requirements; produce secure ID's and licenses based on such volumes that will reduce lower costs per document; produce a single communicative database; and enhance business efficiency in system use.

This Real ID initiative will meet federal and state requirements that allow to access public, enhance information reliability, reduce costs, and provide increased security in information processing.



WHAT IS REAL ID?

The REAL ID Act of 2005 was created by federal legislation enacting the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief legislation.

The REAL ID Act mandates a set of federal standards for U.S. state drivers' licenses and identification cards.

Access to federal agencies would only be allowed using an ID that follows these new standards or a REAL ID.

Tax Department: RAPIDS (GenTax)



Under the direction of Governor Manchin, the Tax Department and OT's Information Services joined to implement a new integrated tax system designed to serve approximately 42 tax and fee programs. Once completed, the Revenue Accounts Processing Integrated Development System (RAPIDS) would replace a 30 year old system that had become antiquated and failed to meet the needs of today's citizens.

RAPIDS also made way for the implementation of the web site MyTax.WVtax.gov. This electronic filing site provides taxpayers the ability to compare their account 24/7/365. MyTax provides filing and recording of returns, payments of current and delinquent balances via ACH debit or credit card, rates and interest changes, payment scheduling, and historical data viewing.

With the implementation of the RAPIDS taxing a refund is now fully automated, allowing for decreased processing to resulting in faster refunds for taxpayers.

RAPIDS allowed the Tax Department to focus more effort on compliance and increasing revenue collections (the department realized a 4% increase in collections from 2007 to 2008).

PROCESS IMPROVEMENTS

Prior to implementation of the new system, taxpayer refunds took 22 days to process electronically and 9 weeks to process by paper. After RAPIDS implementation, those times are now shortened to 5 days and 7 weeks, respectively.

Other improvements included an increase in data accuracy and enhanced management controls. Increased reporting capabilities enable taxpayer information to be assembled more easily and fiscal reports quickly generated more quickly to provide real-time information on demand.

With the installation of RAPIDS completed, the Tax Department is dedicated to ongoing process improvements. Future initiatives include "punch paper". This initiative will implement paperless audits by the Auditing Division which will reduce cash for printers, paper, and cabinet storage.

Also on the horizon are plans to develop a blended call center (integrated incoming and outgoing taxpayer calls); install a CVA hotline, hire a training coordinator to create formalized training for new and existing staff on policies and use of GenTax; increase the use of GenTax functionality for document management; and increase the amount of electronic services and responses provided by the Tax Department.

PROJECT SPOTLIGHT

Office of Technology: Internal Controls

Assessment Based on SAS No. 70 Service Organizations

The Office of Technology (OT) recently completed a first-time independent assessment of internal controls based on the Statement on Auditing Standards (SAS) No. 70 for Service Organizations. This assessment was conducted to provide executive branch agencies and the independent auditors of those agencies with information about the control environment and control activities of OT related to the information technology general controls provided to agencies. Specifically, the assessment and subsequent report provides sufficient information for independent auditors of the agencies to obtain an understanding of OT's system of internal control to plan their audits.

A SAS 70 report benefits OT and its customers by ensuring enhanced customer confidence in the governance and controls in place by OT; providing improved internal controls and opportunities for enhancements to efficiencies and automation, creating an environment of heightened awareness, thus driving improvement in quality; and assisting the organization's partners by streamlining due diligence, which reduces time spent on other audit processes.

OT decided to undergo a SAS 70 Audit and began preparation for an initial audit in September 2009 for FY 2010. OT's objectives were to verify that internal controls were operating as expected; provide customers with the results of an independent assessment of internal controls; and achieve audit efficiencies by reducing the number of repetitive audit tests and procedures, allowing for a cost reduction to state agencies. OT is pleased to report that only four exceptions were identified during the first assessment – none of which were not significant enough to preclude the achievement of the control objectives.

WHAT IS THE SAS 70?

SAS 70 is an auditing standard for Service Organizations that focuses on internal controls supporting financial reporting and financial statement assertions. SAS 70 reporting allows service organizations to disclose and validate their control activities and processes to their customers and their customers' auditors in a uniform reporting format.

For FY 2011, OT will work towards remediation of the exceptions received as a result of the initial SAS 70 assessment. Its goal is to demonstrate stronger internal controls and reduce exceptions. Additionally, OT plans to work toward meeting the new reporting requirements. One of these requirements is a result of the American Institute of Certified Public Accountants (AICPA) Auditing Standards Board issuing Statement of Standards for Attestation Engagements No. 16, *Reporting on Controls at a Service Organization*, in April 2010.

SAS 70 Control Areas

- Application Software Development
- Systems Software and Network Changes
- Program Monitoring
- Logical Access
- Physical Security and Environmental Controls
- Administration Scheduling
- Issue Tracking
- Data Backup and Recovery

PROJECT SPOTLIGHT

Public Employees Insurance Agency: Benefit Administration System

At the direction of Governor Joe Manchin III, the Public Employees Insurance Agency (PEIA) sought to improve operating efficiencies and customer service through the delivery of state-of-the-art business applications. PEIA partnered with the Office of Technology (OT) to identify the key business processes targeted for improvement. The targeted processes were grouped together and labeled as the Benefits Administration System (BAS).

Six major PEIA business processes have been successfully implemented into an integrated solution that interfaces with six major statewide business systems – WVETRS, EPICS, CPERS, the Department of Education and the State Treasurer's Office (LockBox and ACO).

PROCESS IMPROVEMENTS

Prior to the installation of BAS, most PEIA business processes were manual in nature and labor intensive. These processes that were automated utilized older technologies and/or were disparate in structure.

Today, PEIA is well on its way to providing policy holders and business partners with seamless, state-of-the-art technology while reducing the time and effort spent by staff on manually intensive tasks. An example lies in the open enrollment project.

The application is operating at a 95%+ success rate (requiring no administrative interaction with records), greatly reducing the manual intervention and paperwork required. Over 100,000 policy holders have access to their coverage through open enrollment.

	PEIA Delinquent (\$)	PEIA Collected (\$)	OPEB Delinquent (\$)	OPEB Collected
FY10	104,677.75	6,774.87	124,286.92	30,757.23
FY11	143,196.40	1,234,463.45	826,475.12	226,428.23
FY12	4,488,122.25	3,284,879.38	4,342,784.75	3,604,822.09
Total	4,735,926.40	3,966,118.70	4,973,556.69	3,932,007.55



PEIA - Public Employees Insurance Agency; OPEB - Other Post Employment Benefit; Delinquent - Amount owed to agency as of 1st Delinquency Notice Collected - Payments applied to delinquent invoices after 1st Delinquency Notice

Successfully Implemented Applications

Open Enrollment (OE)

The OE application allows all policyholders to update their coverage on line during the OE period in April.

Year Round Enrollment (YRE)

The YRE system allows policyholders to manage their coverage online throughout the year. This system includes coverage and demographic information related to policyholders, dependents, and beneficiaries. Access to both health and life insurance coverage is available through YRE.

Microsoft Dynamics GP

OT partnered with Microsoft to implement the Dynamics GP solution for PEIA. The system reduces the time spent by PEIA staff re-entering data in multiple systems and frees their time for higher value services and activities in addition to increasing data integrity.

Customer Relationship Management (CRM)

OT partnered with Microsoft to develop and implement a CRM, document imaging, and workflow solution to improve services for state employees and retirees.

Web Contributions

The web contributions system provided a web-based billing system for over 800 public employers, eliminating paper billing and providing real-time billing information throughout the year.

Eligibility Database

The eligibility database is a customized database that allows for the administration of one of the most complex employee and retiree benefit systems in the country.

These project spotlights are highlights of the many services OT's Development Center provides to its customers.

4 Information Security

OT understands the great importance of keeping entrusted information both secure and private. To reduce risk associated with the state's IT systems and data, OT

- Hired a chief information security officer (CISO) in 2005;
- Successfully recommended the passage of enabling legislation giving the CTO information security accountability across the executive branch; and
- Successfully recommended the signing of an executive order requiring mandatory security training for all executive branch employees.



*Jim Richards
Director of IT Security
Chief Information Security Officer*

The aforementioned legislation and executive order required the OT's new Office of Information Security and Control (OISC) to develop executive branch-wide policy, training, auditing, vulnerability, risk mitigation, as well as an intra-agency executive information security team.

While risk cannot be eliminated, it can be reduced through the adoption of best practices to safeguard all forms of information. These best practices include "layering" security, which involves the use of controls and protections at every opportunity – through administrative controls, technical controls, and physical security standards and compliance – within the information system landscape.

OT enables state government to reduce risk in a coordinated and effective manner by approaching information security at an enterprise level. This involves working closely with other state agencies, including the Governor's Executive Information Security Team (GEIST) and state privacy officers. GEIST, comprised of representatives appointed by the cabinet secretary from each executive branch department and chaired by the CISO, formed in 2007 to facilitate significant information security initiatives.

Each of OT's information security objectives, where applicable, utilizes the International Standards Organization (ISO) and the National Institute of Standards and Technology (NIST) information security standards.

OISC's detailed strategic plan may be viewed at <http://www.technology.wv.gov/security/Pages/strategicplan.aspx>.

4.1 Refine and Develop Comprehensive Security Policies and Procedures

OT issued the state's first comprehensive information security policy for the executive branch, which provides explicit guidance on acceptable and unacceptable uses of state-owned information systems, including email and Internet use. First issued in January 2007 and most recently updated in July 2010, the policy stresses employee accountability and addresses employees' expectations of

NASCI recognized OT's cyber security program in its "Risk Management Initiatives" category, which incorporates IT security and privacy as strategic state initiatives in addition to disaster recovery planning and continuity of government operations. OT's Office of Information Security and Control will build upon a solid foundation to reduce risk in a coordinated and effective manner by approaching it at the enterprise level.

privacy while using the State's information systems.

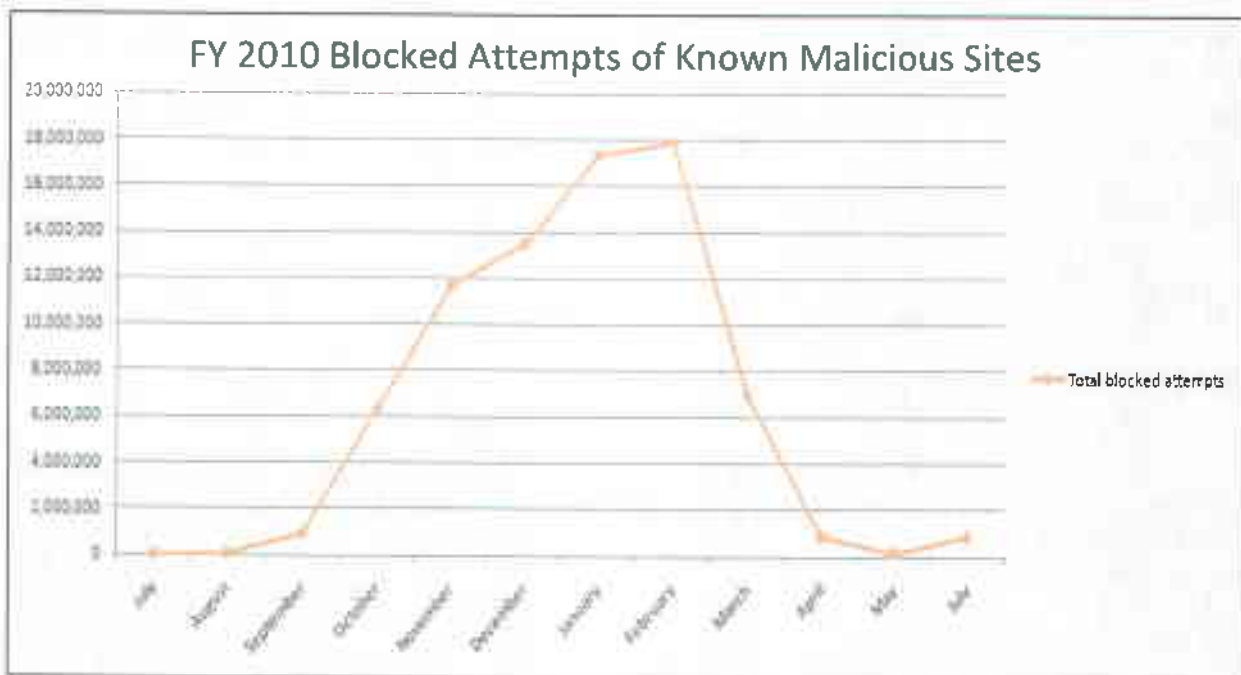
Moving forward, OT will continue to further refine and develop a comprehensive set of information security policies and procedures applicable to all roles in the user and IT-support communities.

4.2 Strengthen the Privacy Partnership

Privacy and information security are independently critical functions that must be jointly and collaboratively addressed among state agencies. OISC works closely with the West Virginia Privacy Office to properly address privacy concerns related to technical and administrative security controls. Policies and standards set forth by these offices must become integrated into all business processes within the executive branch.

4.3 Institute a Vulnerability and Risk Management Program

Both internal and external risks are inherent in IT systems and data within enterprise environments. Risk management provides an understanding of what information technology components are of greatest value to the State and aims to direct resources towards protecting these components from potential and real threats resulting from vulnerabilities. To determine the relative value of the state's IT components and data, GEIST and OT are working with all state agencies to uniformly classify the state's data in terms of criticality and confidentiality. This is the first initiative of this type in the state's history.



Graph 4.3: FY 2010 Blocked Attempts of Known Malicious Sites (above) highlights OT's Office of Information Security and Control's efforts to protect the state's network. The decrease between March and April is due to an improvement in process in which OT found that most of the connection attempts to known malicious websites correlate with having recently visiting a website that utilizes third-party advertisements, known as "ad rotators", which then referred connections to known malicious websites. OT blocked the sites utilizing "ad rotators" without any business impact to the enterprise. As a result of blocking access to such suspicious websites with "ad rotators", the system users are now no longer being redirected to the known malicious websites.

In addition to instituting a vulnerability management program, OT will continue to utilize the following multi-step, cyclic approach to manage IT risks:

- Risk assessment;
- Risk mitigation; and
- Evaluation and re-assessment.

4.4 Encourage Agencies to Engage in Business Continuity Planning

Each state agency must be responsible for the creation and maintenance of business continuity or continuity of operations (COOP) plans for its respective identified critical business functions. While OT cannot be responsible for this part of the planning process, it must encourage all agencies to perform this planning process that is a prerequisite to the disaster planning process. OT's disaster recovery plan is most effective only when it is built upon the foundation of agency business continuity plans that identify critical systems and prioritize the order of system recoveries.

4.5 Engage in Disaster Recovery Planning

Disaster recovery plans address the requirement for restoring adequate IT functions when a significant or protracted interruption in service occurs. These plans address emergency equipment acquisition and installation in addition to activating alternate locations for equipment such as servers and storage as well as the re-direction of communications services to alternate locations. Derived from business continuity plans, disaster recovery plans provide for the restoration of the most critical systems and services first. This linkage between disaster recovery plans and business continuity plans ensures that restoration of IT functions is prioritized according to pre-defined business needs.

OT is responsible for the recovery of IT functionality to meet the business needs of state agencies. While many of OT's operational units play key roles in the development of a viable disaster recovery plan, its testing, and ultimately in the recovery of IT functions, the OT's OISC must ensure such plans are completed, viable, and tested.

4.6 Increase Security Operations Center (SOC) Capabilities

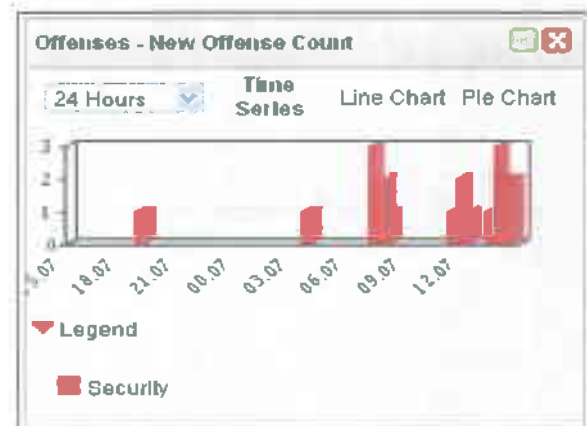
OT established the cyber security operations center (SOC) to continually monitor the security level of the state's dynamic computing environment. SOC monitors millions of events and traffic flows daily, correlating detected threats and intrusions to quickly respond to signs of virus outbreaks or other anomalies on the state's network.

OT's Security Operations Center utilizes dashboards (right) to monitor any threats that may affect the state's network, minimizing potential and real risks to state resources.

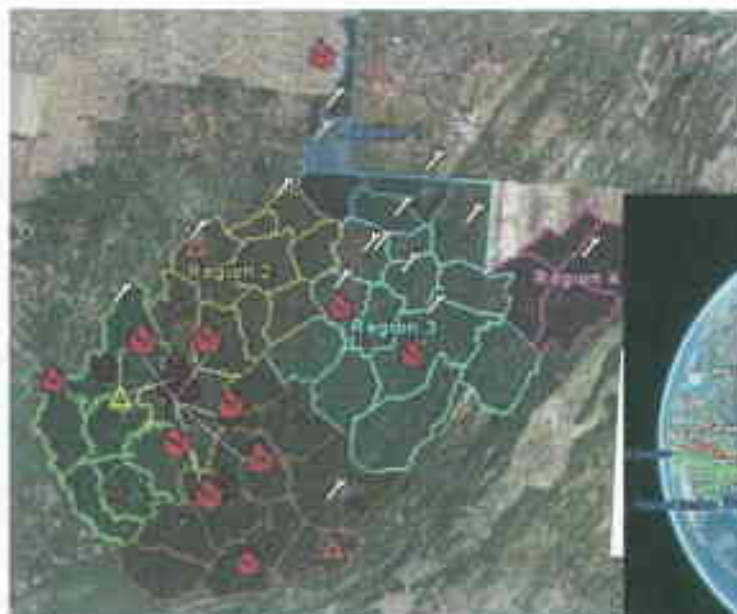


OT's Security Operations Center protects the state network from worldwide risks. OT staff utilizes data displayed in tables (below left) and charts (below right) to monitor network activity 24/7/365. These operations are crucial to protecting state assets in today's dynamic computing environment.

Dragon Summary	
Current Flows Per Second	2.0 K
Flows (Past 24 Hours)	84.8 M
Current Events Per Second	2.6 K
New Events (Past 24 Hours)	117.5 M
Updated Offenses (Past 24 Hours)	54
Data Reduction Ratio	2281990 : 1



Further, when needed, the SOC includes a highly trained computer forensics team to perform investigations. When necessary, OT relays security bulletins to its partners such as local governments, emergency responders, law enforcement, and other public sector subscribers via the West Virginia Information Sharing and Analysis Center portal.



The Security Operations Center develops tools to track statewide support issues (left) and monitors global threats (below right).



In addition to the aforementioned SOC activities, OT's security initiatives reduce risks to the state's computing environment by:

- Scanning and remediating system vulnerabilities;

-
- Validating and updating security patch levels;
 - Providing email and hard drive encryption capabilities;
 - Maintaining an enterprise-wide web content filtering system; and
 - Utilizing an enterprise intrusion detection system.

Building upon this foundation of sound operations, OT will:

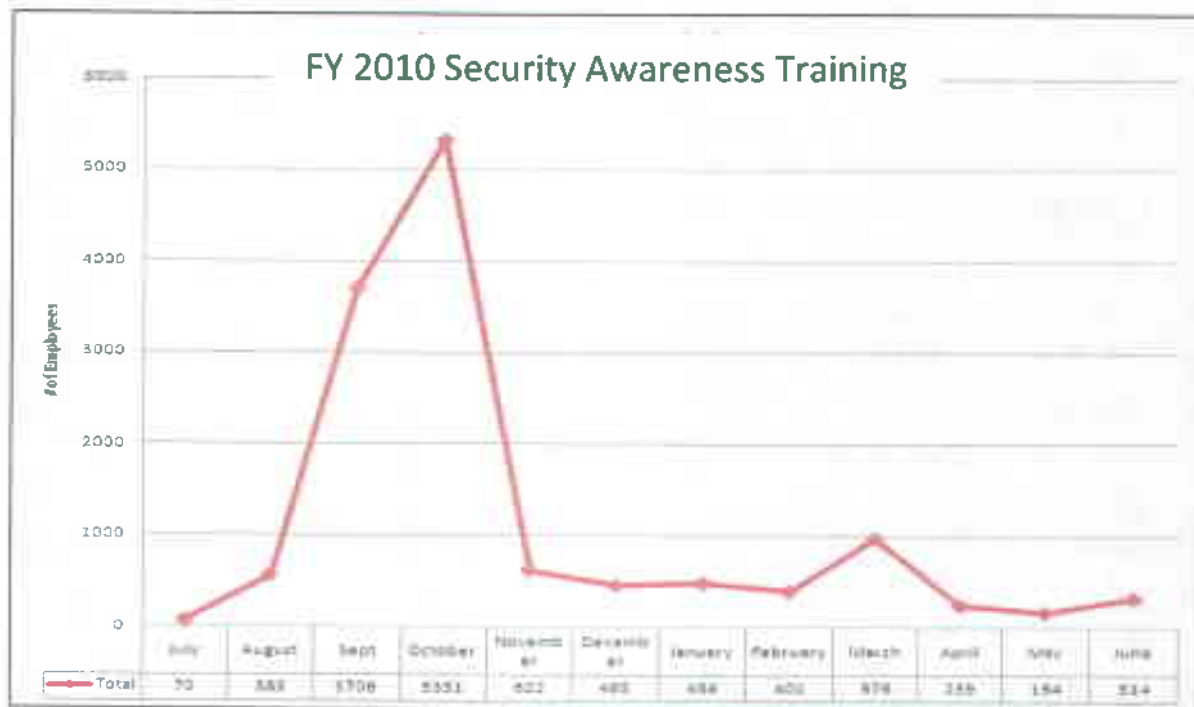
- Implement an email SPAM filtering system separate from the WVNET system currently used;
- Enhance vulnerability scanning and threat management capability in the SOC;
- Establish network access control (NAC) mandates to prevent unauthorized or unsecure systems from connecting to the state's network and accessing state IT resources;
- Centralize and improve mobile device and wireless security controls; and
- Implement a more robust and secure authentication protocol.

4.7 Create a Culture of Security Through Training

The positive effects of technological system security controls (such as firewalls, anti-virus programs, email and hard drive encryption, etc.) diminish without an informed community of technology users. Users become cognizant of proper information security practices and procedures through training and continual reinforcement to create a culture of security awareness.

Using learning management system technology, OT deployed an executive branch-wide online International Standards Organization – ISO 17799 - based cyber security awareness training funded by the United States Department of Homeland Security. Required for all employees, this training is the first statewide deployment of this course provided by the Multi-State Information Sharing and Analysis Center in the United States. By September 2010, approximately 85% of the 18,000 executive branch employees who utilize OT-supported state resources have completed this training that focuses on social engineering, password management, physical security, acceptable use, workplace security, and Internet security. OT expects to conduct refresher information security training regularly.

Graph 4.7: FY 2010 Security Awareness Training (at the top of the next page) indicates the number of state employees who completed OT's online information security training. The first of statewide deployment of this type of training in the nation, 85% of the approximately 17,000 employees who utilize OT resources have completed this training.



4.8 Improve Internal Controls and Auditing Functions

OT established an audit function to verify and validate compliance with IT and information security policies across the executive branch. Audit efforts focus on those areas of highest risk in addition to those areas where risk mitigation will provide the greatest potential benefit to the executive branch. This audit function will continue to be an integral component as OT improves the executive branch's enterprise-wide controls through the establishment and documentation of controls, monitoring activities, and verifying compliance. Further, OT will grow a visible controls framework that regularly impacts all state agencies and external business partners to mature into a critical and efficient control function.

In addition to establishing enterprise-wide controls, OT will improve its internal controls using the same practices of establishment, documentation, monitoring, and verifying compliance.

OT successfully completed an independently conducted "Statement on Auditing Standards 70" (SAS 70) audit. This audit verifies and validates the internal security controls that are in place to protect State systems and serves as a base audit that can satisfy the requirements of multiple audits conducted throughout the year. By completing the SAS 70 audit, the state saves time and resources as it avoids repeating future audits on the same control set.

4.9 Apply Certification and Accreditation Principles to Implementation Initiatives

Certification is a comprehensive validation and verification of the viability of software or hardware that uses rigorous testing to ensure that security requirements are met prior to the software or hardware being introduced to the computer environment. Accreditation is the approval and authorization to initiate any change in the technology environment within the scope of certification and accreditation.

Technology implementation processes need to apply certification and accreditation principles when applicable. To that end, OT intends to develop a viable certification policy, procedure, and functionality for hardware and software implementation initiatives.

4.10 Enhance Incident Management and Computer Forensics Capabilities

As the frequency of reported incidents steadily increases, OT must continue to proactively protect information and IT systems from disruption and be prepared to recover from the effects of critical information security incidents. This includes maintaining the established central point of contact for reporting incidents (incident@wv.gov) and offering consulting services and support during the analysis, recovery, and post-mortem phases of incident handling. The OISC has also developed and deployed an online incident reporting tool.



The Office of Information Security enables state employees to report issues conveniently and easily through the OT Online Computer Security and Privacy Incident Reporting System (left)

Computer forensics capabilities may be a part of incident management, as such capabilities assist in determining after-the-fact what transpired in systems at a user level, within a server or network component layer, or on a system-wide level.

5 Infrastructure and Telecommunications Operations

Network infrastructure encompasses the physical hardware used to interconnect computers and users including transmission media, servers, storage, voice/data circuit lines, routers, switches, wireless access points, and other devices that control transmission paths. OT's Infrastructure section consists of the following groups:

- **Data Center Operations:** Maintains the state's enterprise computer system, print shop, and mail room operations, which includes disaster recovery, data storage, centralized and distributed server backups,



John Duntap
Director of Infrastructure and Telecommunications

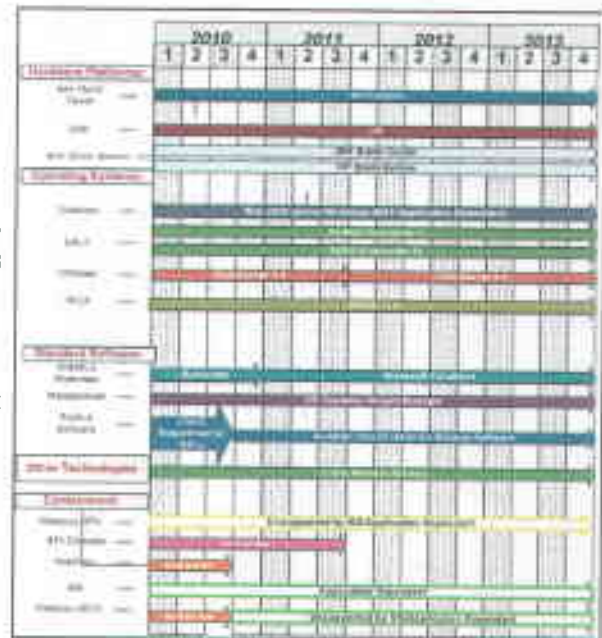
enterprise server maintenance, and supporting data processing activities.

- **Cabling:** Provides dedicated communication lines connecting end-users, printers, faxes, telephony equipment, and most other equipment connected to the state network, which enables cost effective, secure, and reliable access to the available state electronic applications and communications services.
- **Network Engineering:** Provides the local/wide area infrastructure design necessary for users to access and transmit core data, voice, and video communications both internally and externally throughout the state.
- **Telecommunications:** Supports internet protocol telephony (IPT) and traditional voice and call centers, which includes the equipment, network infrastructure, and services that enable employees to utilize voice communications throughout the state network.
- **Servers and Storage:** Operates the hardware and software for servers and storage, whether centralized or distributed, including shared network resources such as data storage, web servers, database servers, virtual servers, and shared physical servers for specific agency applications.

5.1 Consolidate data centers and set up second backup site

OT will consolidate 12 of the State's data centers located at agency facilities to a primary data center at Building 6 on the Capitol Campus and will set up a new second data center located in Flatwoods to serve as a disaster recovery site.

This strategic initiative is borne out of OT's role as an internal application service provider (ASP). As an ASP, OT hosts applications at centralized facilities and coordinates the support, maintenance, upgrades, and administration of the software with the various application development groups throughout the executive branch. Through an ASP model, OT has combined over 1,000 hardware, software, and networking devices as part of an overall server and storage consolidation initiative. This approach has resulted in superior performance, increased security, and enhanced 24/7 support at an overall lower operating cost. Chart 5.1 shows graphically OT's platform and operating system migration plan over the next four years.



OT's infrastructure consolidation efforts will reduce costs, improve service, and reduce risk. Chart 5.1: OT Platform and Operating System Migration Plan (right) is one detailed example of many of these initiatives.

5.2 Consolidate Servers and Storage

OT recognizes the inherent need to reduce the total number of servers to better control costs, reduce risks, conserve energy, and manage infrastructure. To that end, OT will first consolidate servers to the aforementioned data centers, reduce the total number of servers, and then consolidate software applications that perform similar tasks.

OT bases its server consolidation efforts on the annual age and conditioning cycle of current equipment. As servers need replaced, they are consolidated and centralized at that time. Although this approach requires minimal capital investment, overall server consolidation will take years to finalize because many of these assets have a four to six year usable life. This approach may be expedited if additional funding appropriations become available.

5.3 Establish a Network Operations Center (NOC)

To meet the ever-increasing challenges of maintaining a stable and reliable technology environment, OT will establish a state-of-the-art network operations center (NOC) that will help avoid many service disruptions by providing around-the-clock proactive monitoring of the state's network and enterprise applications. The NOC provides the capability for effective service-based monitoring by clearly correlating services with the related technical infrastructure. Root cause analysis can then be conducted to prevent such an issue from ever happening again.

The NOC will proactively identify and resolve problems that lead to critical outages before such outages occur and, whenever possible, before any customer is aware that an issue has occurred. Because the NOC views the network environment from a service perspective rather than individual components, the staff will have an immediate view of what will be affected when a fault occurs and can take immediate action to prevent or minimize service disruptions.

5.4 Establish a New Internet Service Provider (ISP)

In 2011, OT will seek to establish a new internet service provider (ISP) to offer internet connectivity for executive branch agencies. Because of the increasing business demand for internet presence, the state will require various service options such as firewall security, email filtering, and domain name services. This hybrid approach will allow OT and the winning vendor to provide higher service levels to our customers at a reduced cost.

5.5 Support Broadband Deployment Initiatives

OT works closely with the state's Broadband Deployment Council (BDC), an entity designed to facilitate innovative, quality, and affordable broadband internet service to all West Virginians. West Virginia received \$126 million in federal government ARRA (stimulus) awards, as it is positioned to systematically and completely deploy broadband throughout the state. A main challenge in the state's broadband deployment is terrain, which leaves a major part of the state's households with limited or no access to broadband. Private providers do not extend coverage due to the cost of deployment and population scarcity, resulting in the most challenging demographic and topographic areas of the state remaining un-served.

West Virginia's broadband deployment strategy begins with the expedient, systematic, and sustainable build out of an open network middle mile solution that will provide fiber to critical community anchor tenants. This build out will allow local service providers to avoid costly fiber construction to remote locations within the state, making distribution of broadband to private, public, and residential areas financially feasible for the local carrier. This high quality middle mile solution is essential to the last mile completion of broadband deployment and should provide a full range of interconnect possibilities to meet provider, carrier, and end-user requirements.

Benefits of the stimulus broadband awards include the opportunity for redundancy, increased investment by private providers in response to the demand for enhanced services, and the deployment of current technology. OT will play a major role in the daily operation, maintenance, and support of the deployment.

Specifically, this broadband deployment affects the key policy priorities of health, education, and public safety.

5.5.1 Health

DHHR envisions the efficient delivery of healthcare through the use of electronic health records. DHHR designed its portion of the middle mile to complement the federal initiative for electronic health records (EHR) and the WVHIN. The middle mile will provide access to over 25,000 providers serving doctors' offices, healthcare facilities, hospitals, and individuals. Additionally, the bandwidth specifications and system deployment are designed to deliver healthcare to the West Virginians in greatest need of healthcare, as these individuals are also the least likely to have access to a hospital.

This broadband deployment enables progress towards goals and objectives outlined in the West Virginia Health Information Technology (HIT) statewide strategic plan (see <http://www.wvhealthimprovement.org/wvhii/Attachment443.aspx>). Developed by the West Virginia Health Improvement Institute under the Leadership of Martha Y. Walker, Interim Governor's Office of Health Enhancement and Lifestyle Planning (GO HELP), the HIT strategic plan aims to ensure that a coordinated information technology infrastructure and delivery system is established that allows patients, families, communities, and the health care system to collaboratively partner to improve the health and well-being of all West Virginians. In addition to being involved in the drafting of the HIT strategic plan, OT will continue to support any initiatives required to meet the plan's goals and objectives.

5.5.2 Education

The state's broadband strategy systematically addresses the problem of the many remote schools not having bandwidth capabilities by bringing all schools to required levels.

West Virginia's public libraries complement the state's education initiatives. Through this broadband deployment, the majority of the state's libraries will be upgrade with adequate broadband capability to service the needs of local communities.

5.5.3 Public Safety

The broadband deployment project will provide state police, county deputies, sheriff departments, police departments, and fire departments with broadband capabilities that would otherwise be unavailable. Additionally, all county courthouses will be served through this deployment.

5.6 Continue Implementation of a Statewide MPLS Network

To address current bandwidth limitations and to position the state for future needs, a new wide area network connecting all state facilities has been deployed. OT engaged in a public-private partnership with Verizon to implement a multi-protocol label switching (MPLS) solution. This network allows an “any-to-any type” service connection, which supports all of the state’s legacy protocols. This deployment provides a fully meshed network solution and will facilitate OT’s convergence of voice, video, and data networks. This MPLS solution has increased the state’s overall communications capabilities, has reduced the state’s telecommunications costs, and can be expanded to meet the state’s future bandwidth needs.

5.7 Improve Voice Communications through Voice-over-IP (VoIP) Deployment

As part of the enterprise Cisco Call Manager cluster, OT has deployed over 6,000 Voice-over-IP (VoIP) phones. OT has also deployed Cisco’s Contact Center which provides better call routing, call treatment, network-to-desktop computer telephony integration and multichannel contact management over an IP infrastructure. The following agencies are currently using this enterprise call center solution:

- DHHR;
- the Public Employees Insurance Agency;
- the Consolidated Public Retirement Board;
- the Division of Tourism;
- the Division of Motor Vehicles; and the
- West Virginia Poison Control Center.

Over the next 12 months, OT will add an additional 5,000 VoIP stations by installing and migrating the Department of Transportation, Department of Environmental Protection, DHHR, and other state agencies.

5.8 Increase Wireless Networking Deployments

OT deploys multiple wireless solutions in many state agencies for both public and private use, including internet access for the general public at the state capitol, state parks, libraries, rest stops, and at many of the state’s tourist attractions. The state also deploys private wireless that supports remote and mobile state workers, including public safety access for interoperable emergency response and wireless options for any new state facility.

As security issues with wireless networks continue to diminish and wireless network bandwidth speeds continue to increase, wireless network deployments are expected to rise significantly throughout the planning period.

5.9 Improve Disaster Recovery Capabilities

The state recognizes the potential financial and operational losses associated with service disruptions and the importance of maintaining viable emergency response, resumption, recovery, and restoration strategies. It is imperative that many business functions and critical business information be available even during times of disaster or major disruption.

OT is developing a secondary data center and providing a framework for reconstructing vital operations at the Braxton County Technology Center located in Flatwoods to ensure the resumption of time-sensitive operations and services in the event of such an emergency. Construction for the secondary data center will be completed to enable operations by the end of 2010.

5.10 Support the Interoperable Radio Project

The state's Interoperable Radio Project (IRP) is a collaborative effort by state, county, and municipal public safety entities to establish and maintain a state-wide interoperable radio network. Utilizing some of the latest technologies in the radio industry, the IRP currently has 27 sites operational and provides coverage throughout much of West Virginia. The IRP's primary goal is to continue the construction and complete the build-out of a statewide interoperable communications system by:

- Promoting interoperability among public safety agencies;
- Providing more effective and efficient response for the public; and
- Helping to solve problems such as the overcrowding of channels, antiquated or unserviceable equipment, and federal mandates requiring narrower bandwidth to conserve and better use the available radio spectrum.

By executive order, the interoperability steering committee (ISC) leads the IRP. The cabinet secretary for the Department of Military Affairs and Public Safety (MAPS) chairs the ISC, while the CTO serves as a committee member.

More information regarding the IRP is available at <http://www.wvirp.com>.

6 Administrative Services

The Administrative Services section supports OT's other sections by accomplishing the organization's business functions such as accounting, asset management, contract management, purchasing, personnel management, technology billing, and time reporting functions. Administrative Services enables better business decisions to be made by providing relevant information. Decisions are made to support the strategic goals of maximizing the return on investment on IT spend and accurately accounting for the cost of services provided.



Bryan Hoffman
Director of Information Services

6.1 Maximize the Return on Investment of IT Spend

The results of IT consolidation efforts have been significant: IT-related costs have steadily declined, staffing levels have declined, and overall customer satisfaction levels continue to be high.

Most IT-related expenses are recorded in OT's financial system under five different categories: computer equipment, computer services, computer software, computer supplies/equipment, and telecommunications. IT costs were in excess of \$51 million in 2006. The first consolidation efforts in 2007 resulted in some immediate but insignificant reductions in IT-related expense. As consolidation efforts continued, IT related costs continued to decline. As a result, annual spend declined to \$42.9 million in FY 2009. This represents an annual savings of \$8.1 million, or a reduction in IT-related annual expense of approximately 10% since 2006. See Table 6.1 for more information.

The increase in costs for FY 2010 is associated with stimulus funding and other federal grants. In FY 2010, stimulus-related spend associated with IT initiatives exceeded \$3 million. As stimulus programs continue, OT expects high levels of IT investment to continue through 2012. HIT- and broadband-related stimulus initiatives will continue over the next 18 to 24 months. OT estimates FY 2011 and FY 2012 IT stimulus-related expense to be approximately \$29 million and \$22 million, respectively. These federal funding programs are giving the state opportunities to deploy technologies that once seemed to be unaffordable. Although the state has been extremely fortunate in the receipt of federal funds, in future years the state will be responsible for the on-going maintenance and support of these newly deployed IT assets. If the state does not take measures now to achieve even greater levels of efficiency, by 2013, it will likely see a new annual baseline for IT expense in excess of 20% of today's annual total, as estimates for IT-related expenses exceed \$54 million.

Spend Category/FY Spend (\$)	2006	2007	2008	2009	2010	2011	2012	2013
Computer Equipment	5,022,420.82	4,912,046.65	4,459,375.67	3,052,205.45	3,165,589.98	5,223,223.47	4,748,384.97	3,798,707.98
Computer Services	5,523,691.55	7,770,873.96	9,966,406.19	10,361,467.92	13,469,997.40	22,225,495.71	20,204,996.10	16,163,996.88
Computer Software	6,351,707.46	7,071,439.00	3,579,217.99	4,468,835.78	4,508,475.87	7,438,985.19	6,762,713.81	5,410,171.04
Computer Supplies/Equipment	9,856,876.97	13,301,721.52	14,865,182.56	11,389,085.17	10,256,153.96	16,922,654.03	15,384,230.94	12,307,384.75
Telecommunications	24,274,911.15	16,217,191.77	13,535,979.65	13,683,652.35	13,749,828.27	22,687,216.65	20,624,742.40	16,499,793.92
Total	51,029,607.95	49,275,279.9	46,408,170.06	42,955,246.67	45,150,045.48	74,499,586.04	67,727,080.22	54,182,067.58

Table 6.1: IT Spend Past, Present, and Future shows OT's consolidation initiatives resulted in savings, spend increases associated with the implementation of stimulus programs, and increased projected costs to maintain those programs in the future.

6.1.1 Staffing Levels

Staffing levels continue to be reduced through normal attrition as a result of consolidating and eliminating duplicative tasks previously performed by various employees across many state agencies. Table 6.1.1 shows that:

- Staffing levels of those agencies that are exempt from OT remained the same from 2005 to 2010.

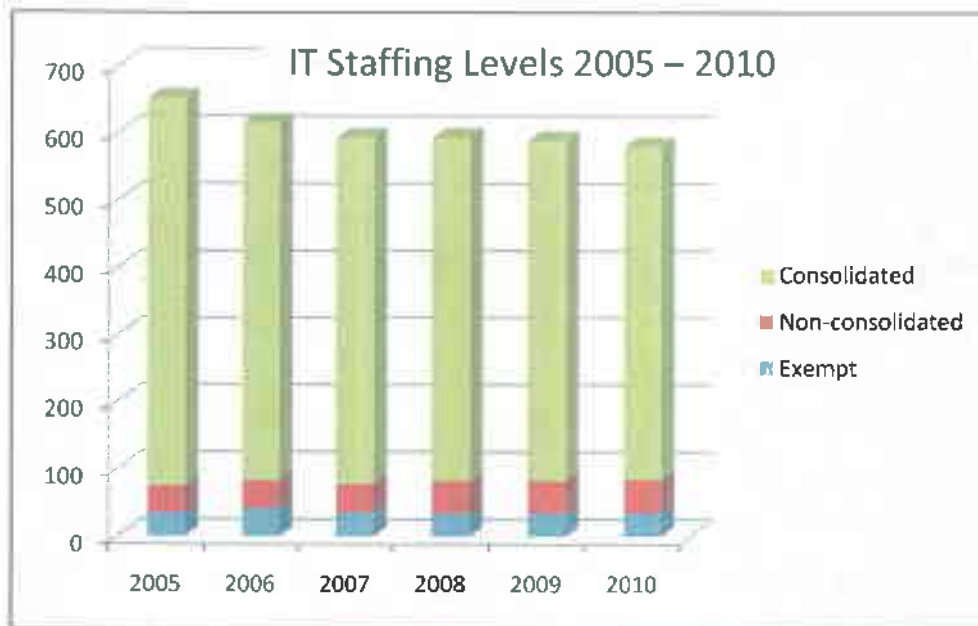
- A 25% increase in the staffing levels of those agencies that are not yet consolidated with the OT from 2005 through 2010. Note that staffing levels increased each year.
- A 12% decrease in the staffing levels of those agencies consolidated with the OT. Note that staffing levels decreased each year through normal attrition.

Through consolidation and eliminating duplicative functions amongst agencies, OT is able to provide the same service level with fewer people. Since 2005, the number of full-time IT professionals in the executive branch decreased by 72, from 652 to 580 (note that during the same time, the number of IT professionals in consolidated agencies actually decreased by 82). OT accomplished this through normal attrition. Considering the average salary of a state IT professional is approximately \$43,160 and taking benefits into consideration, these staff reductions are saving the state approximately \$4.1 million annually.

Agency/Year	2005	2006	2007	2008	2009	2010
Exempt	35	42	36	35	35	35
Non-consolidated	40	41	42	47	48	50
Consolidated	577	532	515	511	506	495
Total	652	615	593	593	589	580

Table 6.1.1: IT Staffing Levels 2005 – 2010 illustrates that while other agencies maintained or increased staff, OT reduced staff through normal attrition.

The same information is arrayed in Graph 6.1.1, which shows that consolidated agencies are responsible for the state’s reduction in IT personnel.



Graph 6.1.1: IT Staffing Levels 2005 – 2010 visually depicts the data in Table 6.1.1. The state’s overall decrease in staffing levels can be attributed to OT’s consolidation efforts. Staffing levels for exempt agencies increased from 2005 to 2006, before returning to the 2005 level through today, while staffing levels in non-consolidated agencies increased 25% from 2005 to 2010.

Additionally, consolidation continues to open several opportunities for existing state employees. Since 2005, the average salary of an IT professional increased from \$39,701 to \$43,161, an increase of over 8%. During that same time, over 100 IT professionals received increases of more than 15%.

6.1.2 Statewide IT Contracts

Beginning in 2006, the OT began aggressively rebidding statewide IT contracts to obtain better volume pricing. Some examples of cost savings achieved through rebidding are:

- The first personal computer manufacturing statewide contract reduced the average cost of a standard desktop computer 47%, from approximately \$950 to \$500 per computer.
- The mobile phone statewide contract reduced average cellular charges by more than 19%.
- The renegotiated telecommunication data circuit contracts reduced the average cost per megabyte from \$401 in 2005 to \$259 in 2010. Expectations of current negotiations are to reduce the cost per megabyte below \$100 by the end of 2010.

6.1.3 Western States Contracting Alliance Agreements

In 2008, OT gained approval to utilize multi-state IT contracts available through the Western States Contracting Alliance (WSCA). WSCA is a multi-state cooperative purchasing approach that enables states to achieve cost-effective and efficient acquisition of quality products and services. This provides another option to the state in the procurement of IT-related goods and services. Vendors responding to the state's IT-related needs must offer such goods and services at a lower cost than the WSCA contract if they expect to be competitive.

6.1.4 Operational, Maintenance, and Licensing Costs

In August 2009, the governor issued a directive to cabinet heads to keep operational, maintenance, rental/lease payments, and licensing costs flat. Utilizing this directive during contract renegotiations, the OT avoided approximately \$1.3 million in cost increases on maintenance and service contracts for software and hardware.

6.1.5 Enterprise Telecommunications Expense Management (TEM) System

Currently telecommunication vendors bill OT for services rendered for the executive branch. Moving forward, OT intends to procure an enterprise telecommunications expense management (TEM) system. TEM systems utilize sourcing, inventory, cost allocation, invoice management, dispute management, and reporting and data analysis modules to manage telecommunications expenses.

6.2 Accurately Account for the Cost of Services Provided

Financed through the establishment of an intra-governmental service fund (or "revolving fund"), the OT must recover the cost of operations by billing its user agencies. While the legislature appropriates monies to a special revenue account each year, such an appropriation acts as an upper-limit spending authorization for OT. Fund expenditures are completely dependent on the cash balance in the account, which means each revenue center within the organization must be self-sufficient. For FY 2011, the OT expects its total cost of core products and services provided to be approximately \$32,000,000.

After a detailed review of the OT rate structure in 2007, management decided to revamp its rate model to ensure (1) OT adequately recovered the costs of new products and services and (2) cost allocations aligned with the federal government's allocation requirements (see Section 6.2.3). OT introduced this new rate model in FY 2009 and updates it annually to reflect modifications in the organization's

service offerings. To better communicate and educate customers on the new model, OT introduced its service catalog in FY 2009.

6.2.1 Service Rates Catalog

OT publishes a service rates catalog annually to explain the technology products, services, and related rates for the products and services it provides. Designed as an easy-to-understand resource for customers, the catalog defines all OT services in a concise format centered around the following three questions:

1. What is included in the service?
2. How will OT charge for the service?
3. How can the customer better manage cost and consumption of the service?

Each rate structure is reviewed periodically throughout each year to compare revenues with the actual cost of the products and services. Recent updates include the streamlining of rates to better reflect services actually rendered and the cost of providing those services, so OT can more accurately associate its expenses with the actual costs of the services provided.

A copy of OT's FY 2011 service rates catalog is available at <http://www.technology.wv.gov/SiteCollectionDocuments/WVOT%20Rates%20Catalog%20FY%202011.pdf>.

6.2.2 Shared Services Billing Methodology

Consolidating infrastructure support across the executive branch created a need for OT to implement a shared services billing methodology. Shared services are those common services provided by OT to all executive branch agencies, such as electronic communication, networking, personal computing support, telephony support, security services, and, user account management. These are core, non-optional services that all OT customers use.

Since OT began using this billing methodology in 2009, its cost recovery model is based upon units deployed by the agency rather than utilization by the agency. OT determines the cost to provide these services across the entire group and determines the rate to charge per unit by dividing the total cost by the total number of units being supported. This allocates the cost to be recovered more equitably and creates a more efficient support model for the end-user.

Services that are not utilized by all agencies continue to be billed based upon each agency's specific utilization.

It is important to note that since the shift to this methodology, some agencies' total cost of products and services increased despite a decrease in the state's overall information technology cost. This is a result of a better alignment between the products and services used by the agencies and the charges for that use.

6.2.3 Office of Management and Budget (OMB) Circular A-87 Compliance

OT must comply with the federal government's Office of Management and Budget (OMB) Circular A-87, which establishes principles and standards for the determination of costs for federal awards carried out through grants, cost reimbursement contracts, and other agreements. It is imperative that OT's rate structure reflects the true cost of providing each service and those federal funds are never used to subsidize other services. By comparing actual costs with revenues received for each service provided, the OT ensures greater compliance with this OMB directive.

7 CTO's Vision

Many opportunities are available for the state to leverage modern day technology at even greater levels to reduce cost, improve customer satisfaction, increase reliability, reduce security risk, and enhance services to the citizens of this great state. By working together, the state has made significant accomplishments and tremendous progress regarding technology during this administration. The state must continue to build upon this foundation of sound IT management.

The pace of technological change will not slow down. Constituents' demands for better, faster, and more reliable ways to conduct business with the state will not diminish. The state's traditional ways of conducting business will not meet the needs of the next generation of West Virginians. By exploiting the technologies available, the state can begin to overcome tomorrow's challenges today.

Chart 7 on the next page depicts the state's technological past, present, and future. By continuing to work together to meet the objectives of this strategic plan, the state can make tomorrow's vision a reality.

West Virginia's IT Past, Present, and Future

Yesterday	Today	Tomorrow
130 individual email systems	Central wv.gov email for 17,000 employees, limited disaster recovery capabilities	Single wv.gov email system, full fail-over to state disaster recovery site
Disparate desktop computer environment	Standardized desktop environment, full mobility and virtual networking	Virtual desktop infrastructure and fully managed desktops
Over 20 different authentication mechanisms	Central network for authentication with standard, authorized documentation	Single consolidated network and automated network and desktop provisioning
No messaging or collaboration tools	Messaging, collaboration, and voice and data conferencing	Fully integrated telephones, messaging, collaboration, and voice and video conferencing
No strategic plan for application development	Application portfolio defines current environment	Streamline and standardize applications to drive business value
Legacy approaches to development, traditional programming	Integration and combination of traditional approaches with new tools	Agile approach to application development, delivery, and enhancements
Various disjointed project management methodologies and approaches	Project Management Office and project management methodology	Institutionalized industry-recognized mature project management methodology
No coordinated IT audit function or internal control structure	Successful SAS No. 70 assessment of internal controls	Adopted internal control framework including risk management
Disparate website vendors and platforms, no centralized web publishing standards	Unified web content management platform	Centralized web standards program with government-to-citizen and government-to-business e-government services
Limited e-government services and abilities, unmaintained and underutilized web portal with no mobile or social networking presence	~100 e-government services with growing capacity, actively managed web portal with integrated mobile, social networking and Web 2.0 capabilities	Integrated e-government services that drive cost savings and process efficiencies, enhanced mobile and social content delivery platform
Disparate computer networks	Multiple Protocol Label Switching (MPLS) network	Next generation converged computer network
No disaster recovery facilities	Secondary data center established and ready for occupancy	Real-time data replication between two secure data centers
Distributed and uneven information security programs	Executive branch-wide information security program	Improved information security tools, skills, awareness, and uniformity