

FILE COPY

JOINT COMMITTEE ON  
GOVERNMENT AND FINANCE

Materials Distributed

October 14, 2008

September 9, 2008

12:00 - 1:00 p.m.

Joint Committee on Government and Finance

Senate

Tomblin, Chair  
Chafin  
Helmick  
Kessler (absent)  
Sharpe (absent)  
Caruth  
Deem

House

Thompson, Chair  
Caputo (absent)  
DeLong (absent)  
Webster (absent)  
White  
Armstead  
Border

President Tomblin, Cochair, presided.

1. Approval of Minutes

Upon motion by Speaker Thompson, properly adopted, the minutes of the August 26, 2008, meeting were approved.

2. Committee Reports/Requests

**Parks, Recreation and Natural Resources Subcommittee - John Homburg**

Upon motion by Speaker Thompson, properly adopted, the expense reimbursement request for members of the Parks, Recreation and Natural Resources Subcommittee for site visitations, is approved.

3. General Revenue Fund and Unemployment Compensation Trust Fund

Distributed to members of the Committee were the following: General Revenue Fund report for the month ended August 31, 2008; and the Unemployment Compensation Trust Fund report as of July 31, 2008. Distributed with each of the reports were an analysis and a summary of the reports.

4. BRIM and CHIP Reports

The following BRIM reports were distributed: An unaudited balance sheet and unaudited income statement for the period ending July 31, 2008. Secretary Ferguson said there is negative returns on the investment income.

The following reports from CHIP were distributed: A report of enrollment for August 2008 and financial statements for period ending July 31, 2008. Secretary Ferguson said CHIP is at 250% of poverty level and there is not much change.

5. Leasing Report, Department of Administration

A leasing report for August 16, 2008, through August 31, 2008, was distributed. Secretary Ferguson said there were a series of changes in the past month with 3 new contracts, 2 straight renewals, 2 renewals with a rent increase, 1 adding square footage and 2 canceled leases.

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

A Medicaid report dated September 2008 was distributed.

7. **Investment Management Board**

A Investment Management Board report daied July 31, 2008, was distributed. Craig Slaughter, Executive Director, Investment Management Board, reported that Public Employees Retirement System plan was down 1.7% for July, which is about \$65 million loss. Mr. Slaughter said losses for the last fiscal totaled \$625 million. Senator Chafin requested a list of money managers who handle investments.

8. **Workers' Compensation**

A Workers' Compensation report dated September 9, 2008, was distributed.

9. **Scheduled Interim Dates**

October 12 - 14

November 16 - 18

December 7 - 9

January 11 - 13, 2009

February 8 - 10, 2009

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*

October 6, 2008

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

**Lottery Commission as of August 31, 2008 :**

Appears to be in good condition. Gross profit for July - August 2008 (FY 2009) was 2.89% higher than for July - August 2007 (FY 2008).

**General Revenue Fund as of September 30, 2008:**

Collections were at 110.23% of the yearly estimate as of September 30, 2008.

**State Road Fund as of September 30, 2008**

Fund collections were at 100.53% of the yearly estimate.

**Unemployment Compensation Trust as of August 31, 2008:**

Regular benefits paid in July - August 2008 were \$ 1 million more than in July - August 2007. Total revenues for July- August 2008 were \$ 5.5 million more than in July - August 2007.. Trust fund ending balance on August 31, 2008 was \$ 256,072,766.91.

*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: October 6, 2008

Re: Review of West Virginia Lottery Financial Information  
As of August 31, 2008 (FY 2009)

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for the months of July - August 2008 (FY 2009) 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 \$ 265,318,000.00 for July - August 2008. Table games accounted for \$5,435,000.00 of this total. These gross receipts were \$ 263,637,000.00 for the same months of the preceding fiscal year, 2007-2008. This number does not include commission and prize deductions. Gross profit (Gross revenues minus commissions and prize costs) for July - August 2008 was \$117,895,000.00; for the previous July - August 2007 it was \$114,578,000.00. Expressed

Lottery

*Joint Committee on Government and Finance*

Lottery continued

as a percentage, gross profit is 2.89% higher for fiscal year 2009 than for fiscal year 2008.

**Operating Income:**

Operating income was \$ 113,915,000.00 for July - August 2008. For July 2007 - August 2007 it was \$ 112,217,000.00. This was a increase of 1.51%. After additions and subtractions of non-operating income and expenses, distributions to the state were \$113,318,000.00 for July - August 2008.

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

A total of \$113,318,000.00 has been accrued to the state of West Virginia for fiscal year 2008-2009. 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	\$ 26,084,000.00
Department of Education	\$ 15,607,000.00
Library Commission	\$ 5,124,000.00
Higher Education-Central Office	\$ 4,900,000.00
Tourism	\$ 3,530,000.00
Department of Natural Resources	\$ 1,549,000.00
Division of Culture and History	\$ 2,608,000.00
Department of Education and Arts	\$ 538,000.00

Lottery

Lottery continued

State Building Commission	\$ 2,000,000.00
School Building Authority	\$ 3,600,000.00
<b><u>SUBTOTAL BUDGETARY TRANSFERS</u></b>	<b>\$ 65,540,000.00</b>

**Excess Lottery Fund**

General Purpose Fund	-0-
Economic Development Fund	3,800,000.00
Excess Lottery Surplus	0
Education Improvement Fund	11,311,000.00
WV Infrastructure Council Fund	0
Higher Education Improvement Fund	2,000,000.00
State Park Improvement Fund	0
Refundable Credit	282,000.00
School Building Authority	1,900,000.00
<b>TOTAL EXCESS LOTTERY FUND</b>	<b>\$19,293,000.00</b>

Veterans Instant Ticket Fund 223,000.00

Table Games State Debt Reduction Fund 2,532,000.00

<b>RACETRACK VIDEO LOTTERY TRANSFERS:</b>	
Tourism Promotion Fund 1.375%	\$2,067,000.00
Development Office Promo Fund	\$564,000.00
Research Challenge Fund .5%	\$751,000.00

Lottery

Lottery continued

Capitol Renovation and Improvement Fund .6875%	\$1,033,000.00
Parking Garage Fund .0625%	\$94,000.00
Parking Garage Fund 1%	\$500,000.00
Cultural Facilities and Cap. Resources Fund .5%	\$408,000.00
Capitol Dome & Cap. Improvements Fund .5%	\$595,000.00
Workers Compensation Debt Reduction Fund 7%	\$9,207,000.00
<b>SUBTOTAL VIDEO LOTTERY TRANSFERS:</b>	<b>\$15,219,000.00</b>
<b>TOTAL TRANSFERS</b>	<b>*\$102,807,000.00</b>

\* CASH BASIS

Total Accrued last FY 2008:	166,967,000.00
Total Cash Distributions July-June :	102,807,000.00
Applied to FY 2008:	102,807,000.00
Total Applied to FY 2009	0
Accrued for FY 2008 as of August 31	64,160,000.00
Accrued for FY 2009 as of August 31, 2008:	113,318,000.00

Lottery





**WEST VIRGINIA LOTTERY**

**STATE OF WEST VIRGINIA**

**FINANCIAL STATEMENTS  
-UNAUDITED-**

**August 31, 2008**

**LOTTERY ATTACHMENT AUGUST 08 FINANCIALS (October 2008 interims)**

**WEST VIRGINIA LOTTERY**

**TABLE OF CONTENTS**

	Page
<b>BALANCE SHEETS .....</b>	<b>3</b>
<b>STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS.....</b>	<b>4</b>
<b>STATEMENTS OF CASH FLOWS .....</b>	<b>5</b>
<b>NOTES TO FINANCIAL STATEMENTS .....</b>	<b>6 - 21</b>

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

ASSETS	August 31, 2008	June 30, 2008
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 188,889	\$ 180,463
Accounts receivable	39,022	36,846
Inventory	529	300
Current portion of investments held in trust	-	10
Other assets	<u>2,554</u>	<u>2,595</u>
Total Current Assets	<u>230,994</u>	<u>220,214</u>
<b>Noncurrent Assets:</b>		
Restricted cash and cash equivalents	58,663	58,487
Investments held in trust, less current portion	-	126
Capital assets	17,598	17,598
Less accumulated depreciation and amortization	<u>(12,682)</u>	<u>(12,347)</u>
Net Capital Assets	<u>4,916</u>	<u>5,251</u>
Total Noncurrent Assets	<u>63,579</u>	<u>63,864</u>
Total Assets	<u>\$ 294,573</u>	<u>\$ 284,078</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accrued nonoperating distributions to the State of West Virginia	\$ 177,478	\$ 166,967
Estimated prize claims	11,476	12,967
Accounts payable	1,692	2,693
Other accrued liabilities	39,266	36,837
Current portion of deferred jackpot prize obligations	-	129
Total Current Liabilities	<u>229,912</u>	<u>219,593</u>
Deferred jackpot prize obligations, less current portion	<u>-</u>	<u>-</u>
Total Liabilities	<u>229,912</u>	<u>219,593</u>
<b>Net Assets:</b>		
Invested in capital assets	4,916	5,251
Unrestricted assets (deficit)	(4,416)	(4,751)
Unrestricted assets- Committed ( see note 11)	5,498	5,498
Restricted assets ( see note 10)	<u>58,663</u>	<u>58,487</u>
Total Net Assets	<u>64,661</u>	<u>64,485</u>
Total Liabilities and Net Assets	<u>\$ 294,573</u>	<u>\$ 284,078</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 TWO MONTH PERIOD ENDED AUGUST 31, 2008**

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2008	2007	2008	2007
<b>Lottery revenues</b>				
On-line games	\$ 6,402	\$ 11,453	\$ 12,785	\$ 17,797
Instant games	9,574	8,426	19,042	18,590
Racetrack video lottery	80,355	77,711	159,070	161,105
Limited video lottery	34,412	33,747	68,986	66,145
Table games	2,715	-	3,435	-
	<u>133,458</u>	<u>131,337</u>	<u>265,318</u>	<u>263,637</u>
<b>Less commissions</b>				
On-line games	448	802	896	1,246
Instant games	671	590	1,333	1,301
Racetrack video lottery	45,513	44,016	90,097	91,251
Limited video lottery	16,862	16,536	33,803	32,411
Table games	1,068	-	2,138	-
	<u>64,562</u>	<u>61,944</u>	<u>128,267</u>	<u>126,209</u>
<b>Less on-line prizes</b>	3,197	5,761	6,403	8,757
<b>Less instant prizes</b>	4,999	5,808	11,543	12,790
<b>Less ticket costs</b>	128	112	233	267
<b>Less vendor fees and costs</b>	519	700	977	1,036
	<u>8,843</u>	<u>12,381</u>	<u>19,156</u>	<u>22,850</u>
<b>Gross profit</b>	<u>60,053</u>	<u>57,012</u>	<u>117,895</u>	<u>114,578</u>
<b>Administrative expenses</b>				
Advertising and promotions	584	928	1,560	1,635
Wages and related benefits	717	510	1,426	1,030
Telecommunications	240	117	438	238
Contractual and professional	432	373	843	469
Rental	64	35	122	109
Depreciation and amortization	167	47	335	95
Other administrative expenses	87	98	202	238
	<u>2,291</u>	<u>2,128</u>	<u>4,926</u>	<u>3,814</u>
<b>Other Operating Income</b>	<u>774</u>	<u>1,365</u>	<u>946</u>	<u>1,453</u>
<b>Operating Income</b>	<u>58,536</u>	<u>56,249</u>	<u>113,915</u>	<u>112,217</u>
<b>Nonoperating income (expense)</b>				
Investment income	490	1,019	932	1,937
Nonoperating income - OPEB	-	-	-	-
Interest expense	(1)	(2)	(2)	(4)
Distributions to municipalities and counties	(674)	(661)	(1,351)	(1,295)
Distributions to racetracks-capital reinvestment	-	-	-	-
Distributions to the State of West Virginia	(58,262)	(56,510)	(113,318)	(112,670)
	<u>(58,447)</u>	<u>(56,154)</u>	<u>(113,739)</u>	<u>(112,033)</u>
<b>Net income</b>	<u>89</u>	<u>95</u>	<u>176</u>	<u>184</u>
<b>Net assets, beginning of period</b>	<u>64,572</u>	<u>43,578</u>	<u>64,485</u>	<u>43,489</u>
<b>Net assets, end of period</b>	<u>\$ 64,661</u>	<u>\$ 43,673</u>	<u>\$ 64,661</u>	<u>\$ 43,673</u>

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

**WEST VIRGINIA LOTTERY  
STATEMENTS OF CASH FLOWS  
FOR THE TWO MONTH PERIOD ENDED AUGUST 31, 2008**

(In Thousands)  
-Unaudited-

	2008	2007
<b>Cash flows from operating activities:</b>		
Cash received from customers and other sources	\$ 264,088	\$ 271,680
Cash payments for:		
Personnel costs	(1,426)	(1,030)
Suppliers	(4,116)	(3,124)
Other operating costs	(146,869)	(149,219)
Cash provided by operating activities	<u>111,677</u>	<u>118,307</u>
<b>Cash flows from noncapital financing activities:</b>		
Nonoperating distributions to the State of West Virginia	(102,807)	(104,047)
Distributions to municipalities and counties	(1,335)	(1,274)
Distributions to racetrack from racetrack cap. reinv. fund	-	-
Deferred jackpot prize obligations and related interest paid	(1)	(4)
Cash used in noncapital financing activities	<u>(104,143)</u>	<u>(105,325)</u>
<b>Cash flows from capital and related financing activities:</b>		
Purchases of capital assets	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities:</b>		
Maturities of investments held in trust	137	157
Investment earnings received	932	1,934
Cash provided by investing activities	<u>1,069</u>	<u>2,091</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>8,603</b>	<b>15,073</b>
<b>Cash and cash equivalents - beginning of period</b>	<b>238,949</b>	<b>234,489</b>
<b>Cash and cash equivalents - end of period</b>	<b>\$ <u>247,552</u></b>	<b>\$ <u>249,562</u></b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 113,915	\$ 112,217
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	335	95
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(2,176)	6,590
(Increase) decrease in inventory	(228)	80
(Increase) decrease in other assets	40	-
Increase (decrease) in estimated prize claims	(1,491)	1,236
Increase (decrease) in accounts payable	(1,001)	(430)
Increase (decrease) in other accrued liabilities	2,283	(1,481)
Cash provided by operating activities	<u>\$ 111,677</u>	<u>\$ 118,307</u>

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

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

**NOTE 1 - LEGISLATIVE ENACTMENT**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

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.

**CASH AND CASH EQUIVALENTS** – Cash and cash equivalents primarily consist of interest-earning deposits with the West Virginia Board of Treasury Investments (BTI) and are recorded at fair value.

**INVENTORY** – Inventory consists of instant game tickets available for sale to approved Lottery retailers and are carried at cost.

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

**CAPITAL ASSETS** -- 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



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

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

cancelable operating leases. Rental expense for the two months ended August 31, 2008 and August 31, 2007 approximated \$121,614 and \$109,499 respectively.

The Lottery has adopted a policy of capitalizing assets with individual amounts exceeding \$25,000. These assets include leasehold improvements, contributed 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.

**COMPENSATED ABSENCES** -- The Lottery has accrued \$371,165 and \$298,548 of vacation and \$0 and \$467,954 of sick leave at June 30, 2008 and 2007, respectively, for estimated obligations that may arise in connection with compensated absences for vacation and sick leave at the current rate of employee pay. Employees fully vest in all earned but unused vacation. In accordance with State personnel policies, employees hired prior to July 1, 2001, vest in unused sick leave only upon retirement, at which time such unused leave can be converted into employer paid premiums for post-retirement health care coverage or additional periods of credited service for purposes of determining retirement benefits. For employees hired prior to July 1, 1988, the Lottery pays 100% of the post-retirement health care premium. The Lottery pays 50% of the premium for employees hired after June 30, 1988 through July 1, 2001. The estimated obligation for sick leave is based on historical retirement rates and current health care premiums applicable to employee hire dates. Employees hired after June 30, 2001 do not vest in unused sick leave upon retirement. As of June 30, 2008 sick leave obligations are included in the OPEB(Other Postemployment Benefits) liability in Note 15.

**NET ASSETS** -- Net assets are presented as restricted, unrestricted and invested in capital assets which represents the net book value of all property and equipment of the Lottery.

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

**NOTE 3 - CASH AND CASH EQUIVALENTS**

At August 31, 2008 the carrying amounts of deposits (overdraft) with financial institutions were (\$27) thousand with a bank balance of \$108 thousand. Of this balance \$100 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):

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

**NOTE 3 - CASH AND CASH EQUIVALENTS (continued)**

	<u>August 31, 2008</u>	<u>June 30, 2008</u>
Amount on deposit with the BTI	<u>\$247,579</u>	<u>\$239,002</u>

The deposits with the BTI are part of the State of West Virginia's consolidated investment cash liquidity pool and are not separately identifiable as to specific types of securities. 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 August 31, 2008 is as follows (in thousands):

**Capital Assets:**

	<u>Historical Cost</u> <u>At June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Historical Cost</u> <u>At August 31, 2008</u>
<b>Construction in Progress</b>	\$ 285	\$ -	\$ -	\$ 285
<b>Improvements</b>	1,119	-	-	1,119
<b>Equipment</b>	16,194	-	-	16,194
	<u>\$ 17,598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,598</u>
<b>Accumulated Depreciation:</b>				
	<u>Historical Cost</u> <u>At June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Historical Cost</u> <u>At August 31, 2008</u>
<b>Improvements</b>	\$ 1,002	\$ 13	\$ -	\$ 1,015
<b>Equipment</b>	11,345	322	-	11,667
	<u>\$ 12,347</u>	<u>\$ 335</u>	<u>\$ -</u>	<u>\$ 12,682</u>

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

The Lottery is a member of the Multi-State Lottery (MUSL), which operates the semi-weekly POWERBALL® jackpot lotto game and HOT LOTTO® game, on behalf of participating state lotteries. 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®, and HOT LOTTO® is 50% of each drawing period's sales, with minimum jackpot levels. Revenues derived from the Lottery's participation in the MUSL POWERBALL® jackpot game for the month and year-to-date periods ended August 31, 2008 were \$3,710,819 and \$7,389,688

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

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

while related prize costs for the same periods were \$1,879,804 and \$3,734,808. Revenues derived from the Lottery's participation in the HOT LOTTO® game for the month and year-to-date periods ended August 31, 2008 were \$346,911 and \$663,254 while related prize costs for the same periods were \$173,781 and \$334,147.

MUSL places 2% of each POWERBALL® drawing period's sales in separate prize reserve funds that serve as a contingency reserve to protect the respective MUSL Product Groups from unforeseen prize liabilities. Currently, the MUSL Board of Directors has placed a \$75,000,000 limit on the POWERBALL® Prize Reserve Fund and a \$25,000,000 limit on the Set Prize Reserve Fund. 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. At August 31, 2008 the POWERBALL® prize reserve fund had a balance of \$98,958,122 of which the Lottery's share was \$2,301,501. The Lottery has charged amounts placed into the prize reserve funds to prize costs as the related sales have occurred.

**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 9 titled "Nonoperating Distributions to the State of West Virginia."

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

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

The final benchmark occurs when the current year net terminal revenue meets the fiscal year 2001 net terminal revenue. At this point a 10% surcharge is applied to net terminal revenue, with 58% of the surcharge allocated for distribution to the State as specified by legislation or the State budget, and 42% of the surcharge allocated to separate capital reinvestment funds for each licensed racetrack. After deduction of the surcharge, 55% of net terminal revenue is allocated in lieu of commissions to: the racetracks (42%); other private entities associated with the racing industry (11%); and the local county and incorporated municipality governments (2%). The remaining net terminal revenue (45%) is

**LOTTERY ATTACHMENT AUGUST 08 FINANCIALS (October 2008 Interims)**

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

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

allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 9. 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 August 31, 2008 and year-to-date follows (in thousands):

	<u>Current</u> <u>2008</u>	<u>Month</u> <u>2007</u>	<u>Year- to -Date</u> <u>2008</u>	<u>2007</u>
Total credits played	\$ 828,620	\$ 817,686	\$ 1,632,229	\$1,690,699
Credits (prizes) won	(747,845)	(739,635)	(1,472,361)	(1,528,913)
MWAP Contributions	(420)	(340)	(798)	(681)
Gross terminal income	80,355	77,711	159,070	161,105
Administrative costs	(3,214)	(3,108)	(6,363)	(6,444)
Net Terminal Income	77,141	74,603	152,707	154,661
Less distribution to agents	(45,513)	(44,016)	(90,097)	(91,251)
Racetrack video lottery revenues	<u>\$ 31,628</u>	<u>\$ 30,587</u>	<u>\$ 62,610</u>	<u>\$ 63,410</u>

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

	<u>August 31, 2008</u>	<u>Year-to Date</u>
State Lottery Fund	\$23,142	\$45,812
State Excess Lottery Revenue Fund	-	-
Capital Reinvestment Fund	-	-
Tourism Promotion Fund 1.375%	1,061	2,100
Development Office Promotion Fund .375 %	289	572
Research Challenge Fund .5 %	386	764
Capitol Renovation & Improvement Fund .6875 %	530	1,049
Parking Garage Fund .0625 %	48	95
Parking Garage Fund 1 %	-	500
Cultural Facilities & Capitol Resources Fund .5 %	386	514
Capitol Dome & Capitol Improvements Fund .5 %	386	514
Worker's Compensation Debt Reduction Fund 7 %	5,400	10,690
Total nonoperating distributions	<u>\$31,628</u>	<u>\$62,610</u>

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

**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 August 31, 2008 and year-to-date follows (in thousands):

	<u>Current</u> <u>2008</u>	<u>Month</u> <u>2007</u>	<u>Year- to -Date</u> <u>2008</u>	<u>2007</u>
Total credits played	\$419,614	\$408,198	\$838,251	\$804,742
Credits (prizes) won	(385,202)	(374,451)	(769,265)	(738,597)
Gross terminal income	\$34,412	\$33,747	\$68,986	\$66,145
Administrative costs	(688)	(675)	(1,380)	(1,323)
Gross Profit	33,724	\$33,072	\$67,606	\$64,822
Commissions	(16,862)	(16,536)	(33,803)	(32,411)
Municipalities and Counties	(674)	(661)	(1,351)	(1,296)
Limited video lottery revenues	<u>\$16,188</u>	<u>\$15,875</u>	<u>\$32,452</u>	<u>\$31,115</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

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

**NOTE 8 - TABLE GAMES (continued)**

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:

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

The cash transferred to the State Debt Reduction Fund in the current month is included in Note 9- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month and year-to-date periods ended August 31, 2008 were \$7,757,994 and \$15,527,157, 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>Month</u>	<u>YTD</u>
Table Games Privilege Tax	\$ 2,715	\$5,435
Interest on Table Games Fund	4	7
Administrative Costs	(233)	(466)
Total Available for Distribution	<u>2,486</u>	<u>4,976</u>
<u>Less Distributions:</u>		
Racetrack Purse Funds	194	388
Thoroughbred & Greyhound Development Funds	155	310
Racing Commission Pension Plan	75	150
Municipalities/Counties	644	1,290
Total Distributions	<u>1,068</u>	<u>2,138</u>
State Debt Reduction Fund	<u>\$ 1,418</u>	<u>\$2,838</u>

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

**NOTE 9- 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, 2009 the State Legislature budgeted \$168,151,542 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 and \$1,000,000 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 \$2,900,000 per month for the first ten months of each fiscal year, with \$1,000,000 of this amount beginning September 2004. 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 August 31, 2008 the Lottery made such distributions and accrued additional distributions of \$48,358,433. The Lottery is a non-appropriated state agency and therefore does not have a budget adopted by the Legislature. Since the enactment of the Racetrack Video Lottery Act, the Lottery is also statutorily required to distribute income from racetrack video lottery operations as described in Note 6. As of August 31, 2008 the Lottery accrued additional distributions relating to racetrack video lottery operations of \$2,329,992.

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.

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

<u>BUDGETARY DISTRIBUTIONS</u>	<u>August 31, 2008</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Bureau of Senior Services	\$ 9,896	\$ 26,084
Department of Education	5,921	15,607
Library Commission	1,944	5,124
Higher Education-Policy Commission	1,859	4,900
Tourism	1,339	3,530
Natural Resources	588	1,549
Division of Culture & History	989	2,608
Department of Education & Arts	204	538
Building Commission	1,000	2,000
School Building Authority	1,800	3,600
Total State Lottery Fund	\$ 25,540	\$ 65,540

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

**NOTE 9- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA**  
**(continued)**

<u>State Excess Lottery Revenue Fund:</u>		
Economic Development Fund	\$ 1,900	\$ 3,800
Higher Education Improvement Fund	1,000	2,000
General Purpose Account	-	-
Higher Education Improvement Fund	11,311	11,311
State Park Improvement Fund	-	-
School Building Authority	1,900	1,900
Refundable Credit	282	282
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	-	-
Total State Excess Lottery Revenue Fund	\$ 16,393	\$ 19,293
Total Budgetary distributions:	\$ 41,933	\$ 84,833
Veterans Instant Ticket Fund	\$ 70	\$ 223
<u>Other Racetrack Video Lottery distributions:</u>		
Tourism Promotion Fund 1.375%	\$ 1,130	\$ 2,067
Development Office Promotion Fund .375%	309	564
Research Challenge Fund .5%	410	751
Capitol Renovation & Improvement Fund .6875%	565	1,033
Parking Garage Fund .0625 %	51	94
Parking Garage Fund 1 %	6	500
Cultural Facilities & Cap. Resources Fund .5%	408	408
Capitol Dome & Cap. Improvements Fund .5%	407	595
Workers Compensation Debt Reduction Fund 7%	5,751	9,207
Total	\$ 9,037	\$ 15,219
Table Games State Debt Reduction Fund	\$ 1,420	2,532
Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 52,460	\$ 102,807
Accrued nonoperating distributions, beginning	(171,676)	(166,967)
Accrued nonoperating distributions, end	177,478	177,478
Total nonoperating distributions to the State of West Virginia	\$ 58,262	\$ 113,318



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

**NOTE 10 – 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. The lottery contributed \$16,305,938 to the fund for fiscal year 2008 plus related interest of \$1,354,095.

**NOTE 11 – COMMITMENTS**

The Lottery Commission has set aside funds as unrestricted net assets for the acquisition of future assets. As of June 30, 2008, a balance of \$5,497,770 is available for this purpose.

**NOTE 12 - DEFERRED JACKPOT OBLIGATIONS AND INVESTMENTS HELD IN TRUST**

Prior to becoming a member of the Multi-State Lottery in 1988, the prize structure of certain games operated solely by the Lottery included jackpot prizes. The Lottery, at its discretion, could choose to award such prizes in the form of either a lump sum payment or in equal installments over a period of 10 or 20 years, through August 31, 2008, the Lottery has awarded twenty-one deferred jackpot prizes totaling approximately \$28,868,786. Deferred prize awards were recognized as prize liabilities equivalent to the present value of future prize payments discounted at interest rates for government securities in effect on the date prizes were won. The imputed interest portion of the deferred prize is calculated using the effective interest method at rates ranging from 7.11% to 9.13%.

A summary of the present value of the remaining obligations for deferred jackpot prize awards follows (in thousands):

	<u>August 31, 2008</u>	<u>June 30, 2008</u>
Present value of deferred prize award obligations:		
Discounted obligations outstanding	\$ -	\$ 120
Imputed interest accrued	-	<u>9</u>
		129
Less current portion of discounted obligations and accrued interest	-	<u>(129)</u>
Long-term portion of deferred prize award obligations	<u>\$ -</u>	<u>\$ -</u>

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

**NOTE 12 - DEFERRED JACKPOT OBLIGATIONS AND INVESTMENTS HELD IN TRUST**  
**(continued)**

Cash payments on deferred prize obligations for the year are as follows (in thousands):

<u>Year Ended</u>	<u>Original Discounted Obligations Outstanding</u>	<u>Imputed Interest</u>	<u>Total</u>
June 30, 2009*	<u>120</u>	<u>10</u>	<u>130</u>
	<u>\$ 120</u>	<u>\$ 10</u>	<u>\$ 130</u>

\*Paid 8/15/2008

The Lottery has purchased long-term investments consisting principally of zero coupon government securities to fund deferred jackpot prize award obligations. Such investments are maintained in a separate trust fund administered by the West Virginia Board Of Treasury Investments on behalf of the Lottery and the jackpot prize winners, with investment maturities approximating deferred prize obligation installment due dates. Investments are carried at fair value determined by quoted market prices for the specific obligation or for similar obligations. Changes in fair value are included as part of investment income. In accordance with Statement No. 3 of the Government Accounting Standards Board, these investments are classified as to level of risk in Category 1, which includes investments that are insured or registered, or for which the securities are held by the State or its agent in the State's name.

**NOTE 13 - 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, Building 5, Room 1000, State Capitol Complex, Charleston, West Virginia 25305-0720.

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.

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

**NOTE 13 - RETIREMENT BENEFITS (continued)**

Covered employees are required to contribute 4.5% of their salary to the PERS. The Lottery is required to contribute 10.5% 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 period ending August 31, 2008 are as follows (in thousands):

	<u>August 31, 2008</u>	<u>Year-to-Date</u>
Lottery contributions	\$56	\$107
Employee contributions	23	48
Total contributions	\$79	\$155

**NOTE 14 - 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 have 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 WORKERS' COMPENSATION COMMISSION (WCC)**

The State of West Virginia operated an exclusive state-managed workers' compensation insurance program (WCC) prior to December 31, 2005. A framework for the privatization of workers' compensation insurance in West Virginia was established with the passage of Senate Bill 1004 and the WCC trust fund was terminated effective December 31, 2005. A privatized business entity, BrickStreet Administrative Services (BAS), was established and became the administrator of the WCC Old Fund, beginning January 1, 2006, and thereafter for seven years, and will have all administrative and adjudicatory authority previously vested in the WCC trust fund in administering old law liabilities and otherwise processing and deciding old law claims. BAS will be paid a monthly administrative fee and rated premium to provide a prompt and equitable system for compensation for injury sustained in the course of and growing out of employment. The monthly administrative fee for the West Virginia Lottery has been set at a level consistent with prior year payments and the new rate or premium will be established on an experience rated basis. The West Virginia Lottery is required to participate in the new BrickStreet Administrative Services (BAS) experience rated pool, which is expected to be rate adjusted on a quarterly basis.

**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

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

**NOTE 14 - RISK MANAGEMENT (continued)**

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

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

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

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

**NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

The GASB has issued Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," and Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (OPEB). The State nor the Lottery has previously reported in its financial statements costs associated with future participation of retirees in health benefit plans. The GASB statements are based on the premise that the "costs" of employee services should be reported during the periods when the services are rendered. Beginning with fiscal year ending June 30, 2008, the State will implement accounting and financial reporting requirements as an employer under GASB Statement No. 45. The financial statements will report OPEB funded status and funding progress and any "premium subsidy" resulting from the pooling of retiree participants with active employees in the health benefit plans. For "employer" OPEB reporting the State will report "expense" on an accrual basis in the amount of the "annual required contribution" and a "liability" for the amount of the "annual required contribution" that was not actually paid.

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

**NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS (continued)**

Funds have not been set aside to pay future costs of retirees, but the Legislature in response to the GASB statements, has made statutory changes to create the West Virginia Retiree Health Benefit Trust Fund (RHBT), an irrevocable trust fund, in which employer contributions for future retiree health costs may be accumulated and invested, and which is expected to facilitate the separate financial reporting of OPEB. The legislation requires the RHBT to determine through an actuarial study, as prescribed by GASB No. 43, the ARC(Annual Required Contribution) which shall be sufficient to maintain the RHBT in an actuarially sound manner. The ARC shall be allocated to respective employers including the Lottery who are required by law to remit at least the minimum annual premium component of the ARC. Revenues collected by RHBT shall be used to fund current OPEB healthcare claims and administrative expenses with residue funds held in trust for future OPEB costs. The Annual Required Contribution rate is \$461.06 per employee per month. In fiscal year 2008, the Lottery paid premiums of \$98,625 and the State of West Virginia, through its General Revenue Fund on the Lottery's behalf, has paid \$472,247 towards the Annual Required Contribution. As of June 30, 2008 the Lottery carried a liability of \$10,073 on its balance sheet for OPEB.

**NOTE 16 – 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 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: October 3, 2008

Re: Status of General Revenue Fund September 30, 2008

We have reviewed the cash revenue flows of the West Virginia general revenue fund for the months of July - September of fiscal year 2008-2009. The status of the fund collections are as follows:

The net collections were **110.23%** of the estimate for the fiscal year. **The amount ABOVE estimate was \$ 90.5 million for the year.**

Personal Income Tax collections were \$ 61.7 million over the estimate for the fiscal year.

Severance tax collections were \$ 32.4 million over the estimate for the fiscal year.

Corporate income and business franchise collections were \$ 405 thousand above the estimate for the year.

Gen Rev /State Road  
*Joint Committee on Government and Finance*

**State Road Fund**

The state road fund was collected at 100.53% of the estimate for the months of July - September 2008. The entire fund was \$ 889 thousand 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 \$ \$294,570,883.10 as of September 30, 2008.

Balance July 1, 2008	289,801,853.25
Cash flow loan to General Revenue on July 1, 2008. To be repaid 90 days. This is a normal occurrence in July due to cash flow demands; will be repaid in September. Repaid September 26, 2008.	- 58,000,000.00  +58,000,000.00
Revenues July 1, 2007-June 30,2008 (Surplus from FY 2008 transferred in August 2008.)	17,638,764.23
Earnings	- 12,869,734.38-
Balance September 30, 2008	294,570,883.10

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 270,859,284.27 as of September 30, 2008.

Balance July 1, 2008	291,275,042.97
Earnings	-20,415,758.70-
Balance September 30, 2008	270,859,284.27

The Special Income Tax Reserve Fund had a cash balance of \$45,019,318.96 as of September 30, 2008.

Balance July 1, 2008	45,019,318.96
Revenues July 2008-June 2009	-0-
Balance September 30, 2008	45,019,318.96

**MOTOR FUEL EXCISE TAX SHORTFALL RESERVE FUND**

Motor Fuel Excise Tax Shortfall Reserve Fund had a cash balance of \$ 27,385,050.49 on August 31, 2008. This fund was created by HB 218 during the June 2008 special session to act as a reserve fund when the highways motor fuel excise tax fails to meet monthly revenue estimates.

Balance July 1, 2008 Appropriated by supplemental SB 2019, June 2008	\$ 40,000,000.00
Transfers out to Highways Fund	- 12,614,949.51-
Balance September 30, 2008	27,385,050.49



Monthly Revenue Estimates  
as of September 30, 2008, WVFIMS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	MONTHLY OVER	YTD ESTIMATES	NET	YEARLY OVER
			UNDER ESTIMATES VS ACTUAL COLLECTIONS		YTD COLLECTIONS	UNDER ESTIMATES VS ACTUAL COLLECTIONS
Personal Income Tax	110,500,000	164,078,051	53,578,051	317,000,000	378,754,177	61,754,177
Consumer Sales Tax & Use Tax	92,600,000	91,112,287	-1,487,713	305,900,000	291,073,151	-14,826,849
Severance Tax	37,400,000	47,595,448	10,195,448	78,600,000	111,035,479	32,435,479
Corp Income /Business Franchise	61,600,000	65,347,799	3,747,799	75,600,000	76,005,416	405,416
Business and Occupation	14,800,000	16,657,029	1,857,029	32,700,000	35,361,839	2,661,839
Cigarette Tax	8,600,000	9,302,080	702,080	27,100,000	29,143,615	2,043,615
Insurance Tax	1,400,000	73,123	-1,326,877	24,600,000	24,672,559	72,559
Interest Income	1,800,000	3,418,262	1,618,262	5,100,000	10,074,220	4,974,220
Property Transfer Tax	1,260,000	893,924	-366,076	3,800,000	2,838,554	-961,446
Departmental Collections	850,000	858,174	8,174	3,030,000	2,525,475	-504,525
Liquor Profit Transfers	1,600,000	1,654,748	54,748	2,920,000	3,229,164	309,164
Beer Tax and Licenses	560,000	693,704	133,704	2,140,000	2,243,979	103,979
Property Tax	1,610,000	1,665,890	55,890	1,960,000	2,076,275	116,275
Miscellaneous Transfers	0	0	0	1,600,000	129,636	-1,470,364
Smokeless Tobacco Tax	400,000	496,047	96,047	1,340,000	1,477,155	137,155
Business Franchise Fees	30,000	46,646	16,646	630,000	519,158	-110,842
Miscellaneous Receipts	72,000	3,116,527	3,044,527	225,000	3,362,727	3,137,727
Refundable Credit Reim LTY	0	0	0	190,000	281,628	91,628
Racing Fees	0	70,000	70,000	171,000	143,356	-27,644
Charter Tax	10,000	25,355	15,355	90,000	146,015	56,015
Use Tax *****	0	0	0	0	0	0
HB 102 - Lottery Transfers	0	0	0	0	0	0
Telecommunications Tax	0	65,175	65,175	0	90,244	90,244
Estate and Inheritance Tax	0	-17,826	-17,826	0	16,726	16,726
Video Lottery Transfers	0	0	0	0	3,780	3,780
Special Revenue Transfer	0	0	0	0	0	0
Cash Flow Transfer	0	0	0	0	0	0
<b>TOTALS</b>	<b>335,092,000</b>	<b>407,152,443</b>	<b>72,060,443</b>	<b>884,696,000</b>	<b>975,204,327</b>	<b>90,508,327</b>
Minus Cash Flow Transfer	0	0	0	0	0	0
Percent of Estimates		<b>121.50%</b>				
<b>TOTALS</b>	<b>335,092,000</b>	<b>407,152,443</b>	<b>72,060,443</b>	<b>884,696,000</b>	<b>975,204,327</b>	<b>90,508,327</b>
Percent of Estimates					<b>110.23%</b>	
Collections this day		<b>40,647,997</b>				

\*\*\*\*\*Consumer Sales and Use Tax  
now combined in one category for  
revenue estimates.

	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	31,900,000	42,922,999	11,022,999	96,400,000	96,385,381	-14,619
Privilege Tax	14,970,000	15,358,644	388,644	48,919,000	47,165,742	-1,753,258
Licenses & Registration	6,133,000	7,333,906	1,200,906	22,191,000	24,794,302	2,603,302
Highway Litter Control	116,000	160,337	44,337	419,000	473,224	54,224
<b>TOTALS</b>	<b>53,119,000</b>	<b>65,775,886</b>	<b>12,656,886</b>	<b>167,929,000</b>	<b>168,818,649</b>	<b>889,649</b>

Percent of Estimates

123.83%

100.53%

Collections this day

20,347,118

MOTOR FUEL EXCISE TAX SHORTFALL RESERVE FUND  
 CASH BALANCE WITH TREASURER  
 AS OF SEPTEMBER 12, 2008: \$27,385,050.49

REVENUE SHORTFALL RESERVE FUND A AS OF September 1, 2008 : \$240,279,611.12

REVENUE SHORTFALL RESERVE FUND B AS OF September 1, 2008: \$ 276,894,269.33

PERSONAL INCOME TAX REFUND RESERVE FUND AS OF September 1, 2008: \$45,019,318.96

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: October 8, 2008

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the August 31, 2008 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia. August 2008 is the second month of fiscal year 2008-2009.

For the fiscal year 2008-2009, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2008	\$251,821,729.58
Receipts July 1, 2007 thru June 30, 2009	\$36,373,591.30
Disbursements July 1, 2007 thru June 30, 2009	\$32,122,553.97
Balance August 31, 2008	\$256,072,766.91

ITEMS OF NOTE:

Regular benefits paid for July - August 2008 were \$1 million more than in July - August 2007.

Unemployment *Joint Committee on Government and Finance*

Total disbursements were \$ 8.2 million more than the same months of the preceding fiscal year.

Receipts in July - August were \$ 5.5 million more than in July - August 2007. Overall ending trust fund balance was \$ 7.7 million less as of August 31, 2008 than on August 31, 2007.

West Virginia's unemployment rate for the month of August 2008 was 3.9 percent. National unadjusted employment rate was 6.1%.

Seasonally adjusted unemployment rates were 4.1 percent for West Virginia and 6.1 percent nationally.

Since August 2007 employment has risen 4,000 with gains in the following areas: 2,300 in educational and health services, 800 in professional and business services, 1,300 in natural resources and mining, 1,300 in government, 800 in other services and 1,100 in leisure and hospitality. Declines included 1,500 in manufacturing, 500 in construction, 1,000 in trade, transportation and utilities, 500 in financial activities, and 100 in information.

Unemployment

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE  
FOR THREE MONTHS STARTING JUNE 2007 AND JUNE 2008**

	<u>JUNE 07</u>	<u>JULY 07</u>	<u>AUGUST 07</u>	<u>JUNE 08</u>	<u>JULY 08</u>	<u>AUGUST 08</u>	<u>THREE MONTH TOTAL VARIANCE *</u>
<b>Balance Forward</b>	<u>\$262,712,331.78</u>	<u>\$288,112,738.68</u>	<u>\$257,852,759.62</u>	<u>\$280,118,108.63</u>	<u>\$251,821,729.68</u>	<u>\$248,084,822.17</u>	<u>(\$18,773,169.67)</u>
<b>Add Receipts:</b>							
1. Bond Assessment	\$12.11	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$12.11)
2. Regular Contributions:	\$824,108.30	\$12,872,078.88	\$18,128,609.67	\$973,651.38	\$12,839,383.91	\$17,624,207.39	(\$185,472.07)
3. Federal Extended Benefits (EUC08)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,373,020.00	\$5,373,020.00
4. Emergency Unemployment Funds (TEUC)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5. TEUC Unemployment Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6. UCFE (Federal Agencies)	\$100,000.00	\$0.00	\$0.00	\$68,800.00	\$82,600.00	\$85,900.00	\$87,400.00
7. Reduced Tax Credits	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8. Reed Act Funds	\$306,395.48	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$306,395.48)
9. Treasury Interest Credits	\$2,811,781.87	\$0.00	\$0.00	\$2,907,214.07	\$0.00	\$0.00	\$295,432.20
10. UCX (Military Agencies)	\$600,000.00	\$0.00	\$0.00	\$188,000.00	\$208,600.00	\$200,000.00	(\$3,600.00)
<b>Total Monthly Receipts</b>	<u>\$4,441,286.74</u>	<u>\$12,872,078.88</u>	<u>\$18,128,609.67</u>	<u>\$4,127,768.45</u>	<u>\$13,110,463.91</u>	<u>\$23,283,127.39</u>	<u>\$6,261,472.68</u>
<b>Less Disbursements:</b>							
Debt Bond Repayment	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)	(Retired)
Regular Benefits:	\$8,782,274.81	\$12,816,894.69	\$11,983,708.41	\$12,133,133.04	\$16,274,388.85	\$10,210,000.60	\$4,385,847.68
Federal Extended Benefits (EUC08)	\$0.00	\$0.00	\$0.00	\$0.00	\$1,326,275.00	\$4,662,612.00	\$5,888,787.00
Emergency Benefits (TEUC)	(\$477.00)	(\$5,704.00)	(\$560.00)	(\$252.00)	(\$490.00)	(\$2,698.00)	\$3,303.00
UCFE (Federal Workers) Benefits	\$58,471.14	\$88,445.47	\$84,859.04	\$73,338.81	\$80,802.42	\$77,770.98	\$20,334.24
UCX (Military Workers) Benefits	\$230,620.06	\$263,621.78	\$219,825.40	\$217,226.97	\$208,395.05	\$240,138.18	(\$40,407.03)
Reed Act Funds	\$0.00	\$0.00	\$0.00	\$899.98	\$0.00	\$87,457.00	\$88,188.98
Other Adjustments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Monthly Disbursements</b>	<u>\$9,040,888.81</u>	<u>\$12,832,057.94</u>	<u>\$12,247,729.85</u>	<u>\$12,424,144.50</u>	<u>\$18,687,371.32</u>	<u>\$15,255,162.66</u>	<u>\$10,428,021.87</u>
<b>Trust Fund Balance</b>	<u>\$268,112,738.68</u>	<u>\$257,892,759.62</u>	<u>\$263,631,839.34</u>	<u>\$251,821,729.68</u>	<u>\$248,084,822.17</u>	<u>\$288,072,768.91</u>	<u>(\$23,937,718.88)</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.



# *Monthly Management Report*

**TOTAL CLAIMS**

**AUGUST 2008**

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
MONTHLY MANAGEMENT REPORT - TOTAL CLAIMS  
AUGUST 2008

Page: 1

Reporting Category	Type of Service	Current Period	Current		12 Months Prior		Current Fiscal Yr	Previous Fiscal Yr
		PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments	PEIA Payments	PEIA Payments	
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	220,947.74	145,474.93	133,459.47	162,165.81	344,596.29	271,270.03	
	MATERNITY	157,955.06	160,718.98	126,562.39	159,156.72	324,968.74	304,024.34	
	MEDICAL AND SURGICAL	6,884,420.16	6,169,274.84	5,762,819.53	5,060,496.58	13,226,669.13	11,168,315.56	
	NEONATAL COMPLICATIONS	48,707.99	39,075.51	25,565.90	97,419.80	109,651.07	136,010.66	
.....								
sum		7,312,030.95	6,514,544.27	6,048,407.29	5,479,238.90	14,005,885.23	11,879,620.59	
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	51,377.00	37,636.45	28,724.80	35,179.27	86,374.88	53,579.72	
	DIALYSIS	111,686.90	142,011.91	127,111.04	157,610.26	254,492.17	263,319.37	
	EMERGENCY ROOM	437,691.73	450,046.35	409,513.13	387,080.24	786,317.84	792,293.46	
	MATERNITY	44,072.33	45,191.26	38,043.58	42,004.92	70,293.93	63,272.85	
	MEDICAL AND SURGICAL	8,354,296.46	7,467,044.31	6,631,246.66	6,422,980.06	14,898,070.30	13,350,608.08	
.....								
sum		8,999,124.42	8,141,930.27	7,234,639.21	7,044,854.74	16,095,549.12	14,523,073.48	
PHARMACY	PRESCRIPTION DRUGS	8,345,312.41	9,912,250.48	9,659,554.27	10,241,390.04	17,361,246.00	16,046,239.17	
.....								
sum		8,345,312.41	9,912,250.48	9,659,554.27	10,241,390.04	17,361,246.00	16,046,239.17	
PROFESSIONAL SERVICES	ADVANCED IMAGING	484,777.66	511,819.55	528,324.92	469,351.14	979,875.94	999,409.09	
	AMBULANCE	276,211.47	183,458.56	204,807.11	161,975.14	419,513.65	381,816.15	
	ANESTHESIA	696,631.81	679,614.42	710,278.01	610,599.81	1,435,720.94	1,420,522.67	
	BEHAVIORAL	240,546.85	320,365.11	265,137.80	315,881.29	498,577.54	516,920.78	
	CARDIOVASCULAR MEDICINE	368,582.89	368,308.32	359,117.63	359,787.06	728,892.62	691,975.25	
	CERVICAL CANCER SCREENING	25,222.16	21,469.78	31,318.47	23,055.17	44,522.13	47,815.35	
	DIALYSIS	10,627.60	4,675.70	10,493.97	8,277.52	14,127.53	16,313.75	
	DME	326,604.96	371,398.59	321,602.31	319,035.16	719,125.72	779,350.73	

SOURCE: ACORDIA NATIONAL 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  
 AUGUST 2008

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	4,816,202.71	4,370,804.82	4,783,759.94	4,048,903.37	8,527,766.95	8,188,483.08
	IMMUNIZATION	319,382.09	299,631.87	393,783.28	257,001.81	543,378.22	646,067.45
	INJECTION	704,353.80	708,318.16	757,829.01	671,746.91	1,326,287.33	1,445,029.87
	LAB AND PATHOLOGY	570,464.77	650,851.09	549,617.27	598,379.78	1,178,123.04	1,130,368.84
	MAMMOGRAPHY	101,972.34	90,874.54	147,991.77	90,604.22	184,091.92	242,565.82
	OTHER	569,283.46	415,883.06	424,608.48	341,601.63	1,007,191.07	757,387.47
	OTHER IMAGING	706,367.53	824,766.84	845,508.44	771,345.88	1,372,765.88	1,541,313.74
	OTHER MEDICINE	523,110.52	687,594.95	478,063.00	635,544.30	1,415,952.60	1,716,221.38
	PHYSICAL MEDICINE	564,075.68	571,983.46	531,683.98	528,483.98	984,529.46	982,430.68
	PROSTATE CANCER SCREENING	16,975.18	14,795.22	15,905.27	15,232.18	32,054.70	31,428.67
	SURGICAL	2,566,986.77	2,480,747.04	2,559,601.46	2,321,322.90	4,987,363.61	4,846,459.81
.....							
sum		13,888,380.25	13,577,361.07	13,919,432.12	12,548,129.22	26,399,860.85	26,381,880.58
sum		38,544,848.03	38,146,086.08	36,862,032.89	35,313,612.90	73,862,541.20	68,830,813.82

SOURCE: ACORDIA NATIONAL 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**

**AUGUST 2008**

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA CLAIMS  
 AUGUST 2008

Page: 1

Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments		
INPATIENT HOSPITAL FACILITY	BEHAVIORAL	1.4217	.9881	.8915	1.1351	2.2183	1.8128
	MATERNITY	1.0154	1.0909	.8455	1.1139	2.0920	2.0317
	MEDICAL AND SURGICAL	44.2979	41.8749	38.4973	35.4131	85.1466	74.6353
	NEONATAL COMPLICATIONS	.3134	.2649	.1708	.6827	.7059	.9089
.....							
sum		47.0493	44.2187	40.4051	38.3447	90.1628	79.3888
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.3306	.2554	.1919	.2463	.5560	.3581
	DIALYSIS	.7187	.9541	.8491	1.1037	1.6383	1.7597
	EMERGENCY ROOM	2.8163	3.0554	2.7357	2.7089	5.0619	5.2947
	MATERNITY	.2836	.3069	.2541	.2942	.4525	.4228
	MEDICAL AND SURGICAL	53.7558	50.6890	44.2987	44.9514	95.9062	89.2191
.....							
sum		57.9050	55.2709	48.3295	49.3044	103.6150	97.0544
PHARMACY	PRESCRIPTION DRUGS	53.6980	67.3151	64.5287	71.7145	111.7629	107.2334
.....							
sum		53.6980	67.3151	64.5287	71.7145	111.7629	107.2334
PROFESSIONAL SERVICES	ADVANCED IMAGING	3.1193	3.4749	3.5294	3.2846	6.3079	6.6788
	AMBULANCE	1.7773	1.2462	1.3682	1.1337	2.7006	2.5516
	ANESTHESIA	4.4825	4.6156	4.7449	4.2724	9.2424	9.4930
	BEHAVIORAL	1.5478	2.1748	1.7712	2.2108	3.2096	3.4545
	CARDIOVASCULAR MEDICINE	2.3717	2.4998	2.3990	2.5177	4.6922	4.6243
	CERVICAL CANCER SCREENING	.1623	.1460	.2092	.1615	.2866	.3195
	DIALYSIS	.0684	.0318	.0701	.0580	.0909	.1090
	DME	2.1015	2.5209	2.1484	2.2316	4.6294	5.2082

SOURCE: ACORDIA NATIONAL 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  
 AUGUST 2008

Page: 2

Reporting Category	Type of Service	Current		12 Months Prior		Current Fiscal Yr PEIA Payments	Previous Fiscal Yr PEIA Payments
		Current Period PEIA Payments	Rolling Avg PEIA Payments	12 Months Prior PEIA Payments	Rolling Avg PEIA Payments		
PROFESSIONAL SERVICES	EVALUATION AND MANAGEMENT	30.9899	29.6889	31.9569	28.3400	54.8974	54.7218
	IMMUNIZATION	2.0551	2.0386	2.6306	1.7984	3.4980	4.3175
	INJECTION	4.5322	4.8103	5.0625	4.7010	8.5380	9.6568
	LAB AND PATHOLOGY	3.6707	4.4164	3.6716	4.1862	7.5842	7.5540
	MAMMOGRAPHY	.6561	.6184	.9886	.6342	1.1851	1.6210
	OTHER	3.6631	2.8249	2.8365	2.3913	6.4838	5.0614
	OTHER IMAGING	4.5451	5.6025	5.6482	5.3978	8.8372	10.3002
	OTHER MEDICINE	3.3660	4.6641	3.1936	4.4438	9.1152	11.4691
	PHYSICAL MEDICINE	3.6296	3.8842	3.5518	3.6988	6.3379	6.5654
	PROSTATE CANCER SCREENING	.1092	.1004	.1063	.1066	.2064	.2100
	SURGICAL	16.5173	16.8450	17.0989	16.2458	32.1061	32.3878
.....							
sum		89.3649	92.2038	92.9859	87.8141	169.9489	176.3041
.....							
sum		248.0172	259.0085	246.2492	247.1777	475.4895	459.9806

SOURCE: ACORDIA NATIONAL 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**

**AUGUST 2008**

WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE AGENCY  
 MONTHLY MANAGEMENT REPORT - PER CAPITA UTILIZATION  
 AUGUST 2008

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	.0005	.0007	.0008	.0011
	MATERNITY	.0009	.0009	.0017	.0017
	MEDICAL AND SURGICAL	.0090	.0099	.0158	.0179
	NEONATAL COMPLICATIONS	.0004	.0003	.0007	.0006
*****					
sum		.0108	.0118	.0190	.0212
OUTPATIENT HOSPITAL FACILITY	BEHAVIORAL	.0032	.0027	.0053	.0048
	DIALYSIS	.0024	.0026	.0049	.0064
	EMERGENCY ROOM	.0266	.0244	.0438	.0459
	MATERNITY	.0024	.0020	.0040	.0034
	MEDICAL AND SURGICAL	.2401	.2365	.4030	.4259
*****					
sum		.2748	.2681	.4611	.4865
PHARMACY	PRESCRIPTION DRUGS	.7805	.9803	1.7444	1.7475
*****					
sum		.7805	.9803	1.7444	1.7475
PROFESSIONAL SERVICES	ADVANCED IMAGING	.0249	.0267	.0452	.0468
	AMBULANCE	.0048	.0048	.0075	.0085
	ANESTHESIA	.0196	.0223	.0381	.0418
	BEHAVIORAL	.0415	.0462	.0745	.0803
	CARDIOVASCULAR MEDICINE	.0390	.0386	.0694	.0679
	CERVICAL CANCER SCREENING	.0067	.0095	.0115	.0146
	DIALYSIS	.0003	.0008	.0006	.0012
	DME	.0252	.0255	.0460	.0479
	EVALUATION AND MANAGEMENT	.5202	.5608	.9153	.9535
	IMMUNIZATION	.0227	.0262	.0386	.0436

SOURCE: ACORDIA NATIONAL 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  
 AUGUST 2008

Page: 2

Reporting Category	Type of Service	Current Period Encounters	12 Months Prior Encounters	Current Fiscal Yr Encounters	Previous Fiscal Yr Encounters
PROFESSIONAL SERVICES	INJECTION	.0283	.0281	.0501	.0502
	LAB AND PATHOLOGY	.1768	.1901	.3137	.3418
	MAMMOGRAPHY	.0215	.0258	.0378	.0414
	OTHER	.0381	.0370	.0693	.0629
	OTHER IMAGING	.1038	.1147	.1864	.1970
	OTHER MEDICINE	.0861	.0945	.1492	.1602
	PHYSICAL MEDICINE	.1219	.1314	.2098	.2252
	PROSTATE CANCER SCREENING	.0079	.0072	.0137	.0132
	SURGICAL	.0916	.0971	.1645	.1692
.....					
sum		1.3807	1.4874	2.4411	2.5672
sum		2.4468	2.7475	4.6657	4.8224

SOURCE: ACORDIA NATIONAL AND EXPRESS SCRIPTS PAID CLAIMS TAPES  
 NOTE: CLAIMS LISTED ARE ON A PAID BASIS



# *Prescription Drug Report*

**AUGUST 2008**

WV PEIA - Monthly Trend

Plan Demographics	Jul-08	Aug-08	2008 - 2009 Fiscal	2007 - 2008 Fiscal	Percent Change
Total Drug Cost	\$11,855,819	\$12,298,919	\$24,154,538	\$23,245,559	3.91%
Amount Paid By Plan Sponsor	\$7,147,538	\$9,270,762	\$18,418,300	\$18,159,088	8.31%
Amount Paid By Members	\$4,708,081	\$3,028,156	\$7,738,237	\$5,086,462	-4.33%
Total Claims	188,335	192,523	378,858	362,374	4.55%
Average Eligible Member	157,501	157,666	157,584	153,290	2.80%
Average # of Rx's Per Member Per Month	1.18	1.22	1.20	1.18	1.70%
Plan Paid Per Member Per Month (PMPM)	\$45.38	\$58.60	\$52.09	\$49.45	9.38%
Average Eligible Enrollees	72,416	72,525	72,471	71,028	2.03%
Average # of Rx's Per Enrollee Per Month	2.57	2.65	2.61	2.58	2.47%
Plan Paid Per Enrollee Per Month (PEPM)	\$98.70	\$127.63	\$113.28	\$108.71	6.15%
Rx Cost Share					
Avg. Claim Cost to Plan	\$38.38	\$48.16	\$43.34	\$41.63	3.88%
AVg. Member Cost/Claim	\$26.27	\$16.73	\$20.42	\$22.32	-8.48%
Percent member Cost Share	39.7%	24.6%	32.0%	34.8%	-7.83%
Average Ingredient Costs					
Single Source (no generics available)	\$173.40	\$172.11	\$172.74	\$150.97	14.42%
Multi-Source Brand (generics available)	\$50.18	\$39.91	\$48.14	\$36.12	24.87%
Generic Drugs	\$19.13	\$19.55	\$19.34	\$18.92	-2.80%
Brand/Generic Dispensing Rates					
Single Source (no generics)	27.60%	27.68%	27.75%	32.29%	-14.08%
Multi-Source Brand % (generics available)	1.03%	0.96%	0.99%	1.08%	-8.03%
Generic Drug	71.37%	71.18%	71.26%	68.63%	8.86%
Generics Dispensed when available	98.56%	98.67%	98.63%	98.41%	0.22%
Percent of Plan Cost for Single Source	88.09%	81.72%	83.62%	83.90%	-0.34%
Retail Pharmacy Program					
Avg. Day Supply	32.5	33.2	32.9	32.7	0.58%
Avg. Plan Cost/Day Supply	\$1.17	\$1.44	\$1.31	\$1.27	3.17%
Avg. Claim Cost to Plan	\$37.91	\$47.80	\$42.94	\$41.38	3.77%
Avg. Member Cost / Claim	\$26.13	\$16.60	\$20.29	\$22.17	-8.46%
Percent Member Cost Share	39.87%	24.81%	32.09%	34.88%	-8.01%
Special Maint Netwks (% of claims filed)	11.00%	12.00%	11.51%	11.88%	-0.85%
Other Maint (% of claims filed)	0.63%	0.59%	0.61%	1.03%	-40.69%
Avg. Days Supply for Maint. Netwks	87.5	87.4	87.5	87.8	-0.13%
Total # Claims Fills 1-34 Days Supply	181,775	185,325	327,100	313,897	4.22%
Total # Claims Fills 35-60 Day Supply	1,263	1,431	2,684	2,498	7.45%
Total # Claims Fills 61-90 Day Supply	21,595	24,009	45,804	42,668	7.14%
Total # Claims Fills 91+ Day Supply	4	5	8	18	-43.75%
Mail Service Program					
Avg. Days Supply	70.0	73.8	74.8	71.8	4.55%
Avg. Plan Cost/Days Supply	\$1.14	\$1.17	\$1.18	\$1.28	-7.45%
Avg. Cost to Plan	\$68.90	\$68.38	\$68.64	\$69.54	-3.28%
Avg. Member Cost/Claim	\$39.77	\$29.49	\$34.56	\$38.00	-9.05%
Percent Member Cost Share	31.40%	26.45%	28.52%	29.80%	-4.29%
Total # Claims Fill 1-34 Days Supply	397	459	858	1066	-19.62%
Total # Claims Fills 35-60 Days Supply	5	6	11	7	87.14%
Total # Claims Fills 61-90 Days Supply	1,306	1,288	2,594	2,355	10.15%
Total # Claims Fills 91+ Day Supply	0	0	.		
Formulary Program					
S/S Formulary Drugs (% by claim)	22.85%	22.96%	22.81%	23.63%	-3.50%
S/S Non-Formulary Drugs (% by claim)	4.85%	4.93%	4.84%	8.66%	-42.96%
M/S Drugs (% by claim)	1.03%	0.96%	0.99%	0.02%	5883.87%
Generic Drugs (% by Claim)	71.37%	71.18%	71.26%	68.63%	8.86%
S/S Formulary Drugs (% by \$)	78.35%	74.28%	79.04%	72.15%	5.38%
s/s non-Formulary Drugs (% by \$)	7.74%	7.45%	7.88%	11.75%	-38.50%
M/S Drugs (% by \$)	0.69%	0.27%	0.41%	0.05%	668.84%
Generic Drugs (% by \$)	13.32%	18.01%	15.97%	15.66%	0.65%
Specialty Drugs					
Total Drug Cost	\$1,374,083	\$1,220,428	\$2,694,462	\$2,252,888	15.16%
Amount Paid by Plan Sponsor	\$1,311,458	\$1,184,513	\$2,495,971	\$2,180,692	15.52%
Amount Paid by Members	\$62,626	\$35,916	\$198,511	\$92,194	6.85%
Total Claims	719	683	1,382	1,293	8.72%
Avg # of Rx's per Member per Month	0.00	0.00	0.004	0.00	3.81%
Plan Paid Per Member Per Month (PMPM)	\$8.33	\$7.51	\$7.92	\$7.05	12.37%
Avg Claim Cost to Plan	\$1,624.00	\$1,788.60	\$1,806.06	\$1,898.49	8.28%
Avg Claim Cost to Member	\$87.06	\$54.17	\$71.29	\$71.19	0.13%
Percent of Member Cost Share	4.56%	2.94%	3.80%	4.00%	-7.22%
Percent of Overall Drug Spend	11.58%	9.92%	10.74%	9.69%	10.83%





## Key Performance Indicators

## Comprehensive Indicators

## WVA - WV Public Employees Ins

Current Period: 08/2008 - 08/2008

Previous Period: 08/2007 - 08/2007

	Current Period	Previous Period	% Change
<b>Overall Performance</b>			
Plan Cost PMPM	\$58.99	\$58.26	1.2 %
Average Mbrs/Month	157,666	153,348	2.8 %
Average Subs/Month	72,525	71,016	2.1 %
% Utilizing Members	42.9 %	43.5 %	-1.2 %
% Retail Utilizing Members	42.7 %	43.2 %	-1.2 %
% Mail Utilizing Members	0.5 %	0.8 %	-5.4 %
<b>Rx Measures</b>			
Rxs PMPM	1.23	1.23	-0.7 %
Retail Rxs PMPM	1.21	1.22	-0.7 %
Mail Rxs PMPM	0.01	0.01	-7.4 %
Average Admin Fee/Rx	\$0.00	\$0.01	-99.5 %
Avg Retail Admin Fee/Rx	\$0.00	\$0.01	-99.5 %
Avg Mail Admin Fee/Rx	\$0.00	\$0.00	0.0 %
Average Plan Cost/Rx	\$48.13	\$47.19	2.0 %
Avg Retail Plan Cost/Rx	\$47.78	\$46.69	2.3 %
Avg Mail Plan Cost/Rx	\$86.38	\$97.90	-11.8 %
Average Mbr Contrib/Rx	\$15.76	\$17.62	-10.5 %
Avg Retail Mbr Contrib/Rx	\$15.84	\$17.47	-10.5 %
Avg Mail Mbr Contrib/Rx	\$29.50	\$32.72	-9.8 %
Average Ing Cost/Rx	\$62.31	\$63.09	-1.2 %
Avg Retail Ing Cost/Rx	\$61.82	\$62.45	-1.0 %
Avg Mail Ing Cost/Rx	\$115.84	\$129.12	-10.3 %
Average AWP/Rx	\$111.33	\$105.69	5.3 %
Avg Retail AWP/Rx	\$110.36	\$104.64	5.5 %
Avg Mail AWP/Rx	\$217.57	\$212.21	2.5 %
Average Days Supply/Rx	33.6	33.5	0.4 %
Avg Retail Days/Rx	33.2	33.1	0.4 %
Avg Mail Days/Rx	73.6	72.0	2.2 %
Average Plan Cost/Day	\$1.43	\$1.41	1.8 %
Avg Retail Plan Cost/Day	\$1.44	\$1.41	1.9 %
Avg Mail Plan Cost/Day	\$1.17	\$1.36	-13.7 %
% Plan Cost	75.3 %	72.8 %	3.5 %
% Member Contribution	24.7 %	27.2 %	-9.2 %
% Retail Plan Cost	75.3 %	72.8 %	3.5 %
% Retail Mbr Contrib	24.7 %	27.2 %	-9.4 %
% Mail Plan Cost	74.5 %	74.9 %	-0.6 %
% Mail Member Contrib	25.5 %	25.1 %	1.8 %



**Key Performance Indicators**  
**Comprehensive Indicators**  
**WVA - WV Public Employees Ins**

Current Period: 08/2008 - 08/2008  
 Previous Period: 08/2007 - 08/2007

	Current Period	Previous Period	% Change
<b>Rx Sources</b>			
% Mail Rxs	0.9 %	1.0 %	-6.7 %
% Retail Rxs	99.1 %	99.0 %	0.1 %
% Member Submit Rxs	0.0 %	0.1 %	-94.5 %
<b>Rx Types</b>			
Avg SSB Plan Cost/Rx	\$140.84	\$121.04	16.4 %
Avg Retail SSB Plan Cost/Rx	\$140.17	\$120.18	16.6 %
Avg Mail SSB Plan Cost/Rx	\$201.62	\$190.23	6.0 %
Avg MSB Plan Cost/Rx	\$13.48	\$9.18	46.7 %
Avg Retail MSB Plan Cost/Rx	\$13.03	\$9.22	41.4 %
Avg Mail MSB Plan Cost/Rx	\$47.44	\$0.00	0.0 %
Avg GEN Plan Cost/Rx	\$12.18	\$12.50	-2.5 %
Avg Retail GEN Plan Cost/Rx	\$12.06	\$12.29	-1.9 %
Avg Mail GEN Plan Cost/Rx	\$27.83	\$36.82	-24.0 %
% Single-Source Brand Rxs	27.9 %	32.0 %	-12.7 %
% Multi-Source Brand Rxs	1.0 %	1.1 %	-10.0 %
% Generic Rxs	71.1 %	66.9 %	6.2 %
% Retail Single-Source Brand	27.9 %	31.9 %	-12.6 %
% Retail Multi-Source Brand	1.0 %	1.1 %	-10.8 %
% Retail Generic	71.2 %	67.0 %	6.2 %
% Mail Single-Source Brand	33.5 %	40.0 %	-16.2 %
% Mail Multi-Source Brand	1.3 %	0.5 %	168.4 %
% Mail Generic	66.2 %	59.5 %	9.5 %
% Formulary Rxs	93.6 %	89.8 %	4.2 %
% Retail Formulary Rxs	93.6 %	89.9 %	4.2 %
% Mail Formulary Rxs	92.7 %	88.1 %	5.2 %
% DAW Rxs	0.6 %	0.7 %	-12.2 %
% Retail DAW Rxs	0.6 %	0.7 %	-11.7 %
% Mail DAW Rxs	1.2 %	1.7 %	-31.1 %
% Generic Conversion	98.7 %	98.4 %	0.2 %
% Retail GEN Conversion	98.7 %	98.4 %	0.3 %
% Mail GEN Conversion	98.0 %	99.2 %	-1.2 %
<b>Period Totals</b>			
Total Plan Cost	\$9,300,915.16	\$9,834,481.82	4.1 %
Retail Plan Cost	\$9,149,465.45	\$8,754,134.57	4.5 %
Mail Plan Cost	\$151,449.71	\$180,327.35	-16.0 %
Total Member Contribution	\$3,046,225.26	\$3,335,540.12	-8.7 %



**Key Performance Indicators**

Comprehensive Indicators

WVA - WV Public Employees Ins

Current Period: 08/2008 - 08/2008

Previous Period: 08/2007 - 08/2007

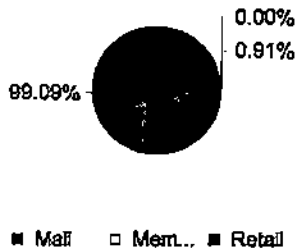
	Current Period	Previous Period	
Retail Member Contrib	\$2,994,483.50	\$3,275,265.88	- 8.6 %
Mail Member Contrib	\$51,741.76	\$60,274.24	-14.2 %
<b>Total Rx Count</b>	<b>193,228</b>	<b>189,318</b>	<b>2.1 %</b>
Retail Rx Count	181,468	187,369	2.2 %
Member Submit Rxs	6	107	-94.4 %
Mail Rx Count	1,754	1,842	-4.8 %
<b>Total Admin Fee</b>	<b>\$9.00</b>	<b>\$1,738.50</b>	<b>-99.5 %</b>
Total UC Savings	\$7,190,620.95	\$6,647,459.47	8.2 %
Total Lost Savings	\$10,972.88	\$10,273.16	6.8 %

**Demographics**

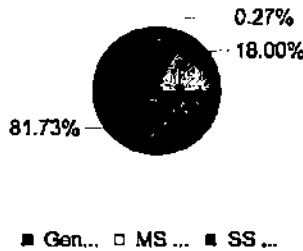
Average Age	38.8	38.8	0.1 %
% Male Members	46.5 %	46.5 %	-0.0 %
% Female Members	53.5 %	53.5 %	0.0 %

**Graphs based on Current Period: 08/2008 - 08/2008**

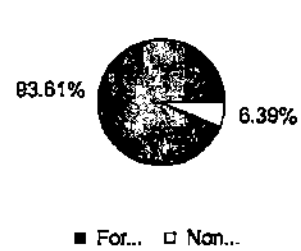
Claim Source by Rx Count



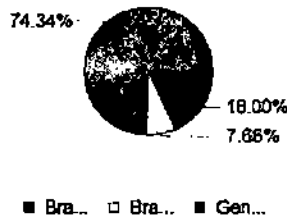
Drug Type by Plan Cost



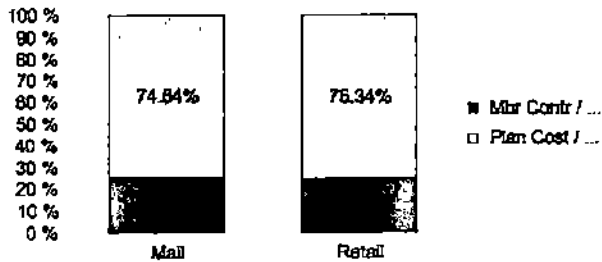
Formulary Status by Rx Count



Drug Formulary Status by Plan Cost



Cost Share Distribution by Claim Source



# Utilization Report by Population Level

WVA - WV Public Employees Ins

Prescriptions Filled From 08/2008 - 08/2008



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)	347	183	635	\$48,102	\$15.54	\$75.75	0.9 %	66.3 %	92.8 %	98.8 %	\$138.62
NON STATE AGENCIES (02)	18,234	7.373	21,020	\$970,161	\$14.91	\$48.15	0.9 %	72.7 %	94.3 %	99.0 %	\$53.21
NON STATE AGENCIES PLAN B (02B)	2,300	834	2,111	\$57,688	\$20.29	\$27.33	1.6 %	77.2 %	94.4 %	99.3 %	\$25.08
NON STATE RETIREES (08)	1,180	743	2,739	\$141,713	\$14.05	\$51.85	2.0 %	70.4 %	95.3 %	99.2 %	\$120.10
NON STATE RETIREES 60 (0860)	9	4	19	\$458	\$8.47	\$24.12	0.0 %	73.7 %	100.0 %	100.0 %	\$60.92
STATE AGENCIES (01)	118,870	48,341	138,264	\$8,547,396	\$15.87	\$48.05	0.9 %	70.8 %	93.4 %	98.6 %	\$55.17
STATE AGENCIES (01B)	3,632	904	1,883	\$81,235	\$22.51	\$32.52	1.2 %	75.8 %	93.3 %	99.0 %	\$16.88
STATE RETIREES (07)	13,243	8,269	28,440	\$1,468,957	\$15.30	\$51.65	0.9 %	70.1 %	94.0 %	98.6 %	\$110.92
STATE RETIREES ASST 60 (0780)	51	32	123	\$5,205	\$7.94	\$42.32	3.3 %	82.1 %	99.2 %	100.0 %	\$102.06
<b>Grand Total</b>	<b>187,866</b>		<b>193,228</b>	<b>\$9,300,915</b>	<b>\$15.78</b>	<b>\$48.13</b>	<b>0.9 %</b>	<b>71.1 %</b>	<b>93.6 %</b>	<b>98.7 %</b>	<b>688.99</b>

15

West Virginia Board of Risk and Insurance Management  
UNAUDITED BALANCE SHEET

DRAFT

	August 31	
	(in thousands)	
	2008	2007
<b>ASSETS</b>		
Short Term Assets		
Cash and Equivalents	\$ 30,123	\$ 36,619
Advance Deposit with Carrier/Trustee	164,909	122,506
Receivables - Net	2,116	2,666
Prepaid Insurance	2,948	3,383
Total Short Term Assets	<u>200,096</u>	<u>165,174</u>
Long Term Assets		
Investments	107,714	117,134
Total Long Term Assets	<u>107,714</u>	<u>117,134</u>
<b>TOTAL ASSETS</b>	<u><u>307,810</u></u>	<u><u>282,308</u></u>
<b>LIABILITIES</b>		
Short Term Liabilities		
Accounts payable	1,652	747
Claims Payable	306	90
OPEB Liability	35	-
Agents Commissions Payable	1,891	2,316
Unearned Revenue	12,572	14,871
Current Estimated Claim Reserve	50,693	52,632
Total Short Term Liabilities	<u>67,149</u>	<u>70,656</u>
Long Term Liabilities		
Compensated Absences	52	200
Estimated Noncurrent Claim Reserve	111,535	109,153
Total Long Term Liabilities	<u>111,587</u>	<u>109,353</u>
<b>TOTAL LIABILITIES</b>	178,736	180,009
Prior Year Net Assets	127,630	97,547
Current Year Earnings	1,444	4,751
<b>TOTAL NET ASSETS</b>	<u>129,074</u>	<u>102,298</u>
<b>TOTAL LIABILITIES AND RETAINED EARNINGS</b>	<u><u>\$ 307,810</u></u>	<u><u>\$ 282,307</u></u>

DRAFT - Unaudited - Management Purposes Only

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

**DRAFT**

	August 31	
	(in thousands)	
	2008	2007
Operating Revenues		
Premium Revenues	\$ 10,797	\$ 12,344
Less - Excess Insurance	(1,016)	(676)
Total Operating Revenues	9,781	11,668
Operating Expenses		
Claims Expense	6,781	8,915
Property & MS Claims Expense	1,124	(108)
Personal Services	221	236
Operating Expenses	429	421
Total Operating Expenses	8,555	9,464
Operating Income	1,226	2,204
Nonoperating Revenues		
Court Fees	7	6
Investment Income	211	2,541
Total Nonoperating Revenues	218	2,547
Net Income	1,444	4,751

DRAFT - Unaudited - Management Purposes Only



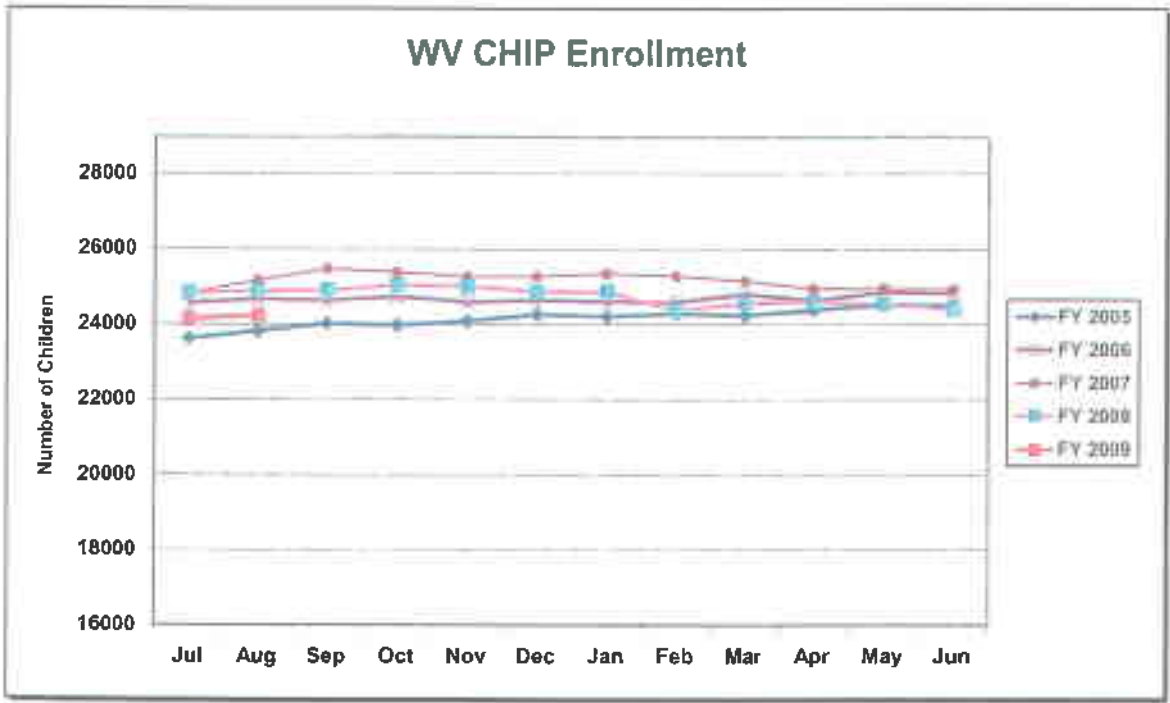
West Virginia Children's Health Insurance Program  
1900 Kanawha Boulevard East  
Building 3, Room 554  
Charleston, WV 25305

304-558-2732 voice / 304-558-2741 fax  
Helpline 877-982-2447  
[www.wvchip.org](http://www.wvchip.org)

**JOINT COMMITTEE ON  
GOVERNMENT AND FINANCE  
REPORT**

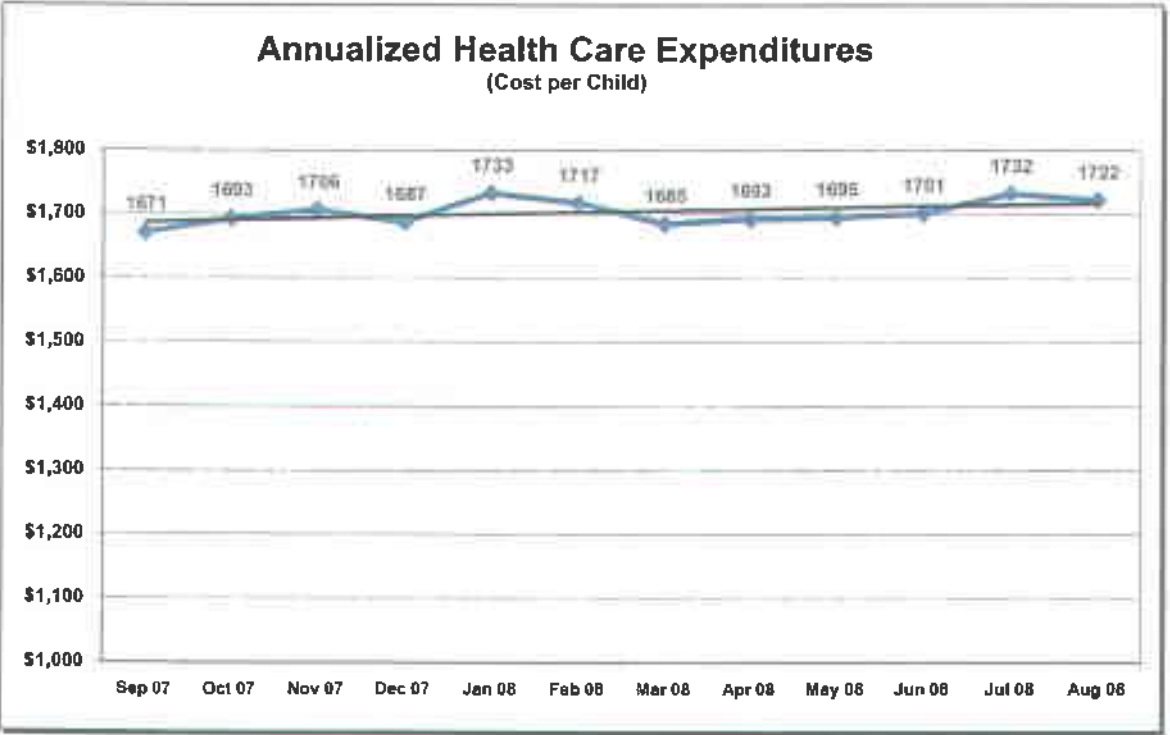
**OCTOBER 2008**

### WV CHIP Enrollment



September 30, 2008 Enrollment 24,255

### Annualized Health Care Expenditures (Cost per Child)





**West Virginia Children's Health Insurance Program  
Comparative Balance Sheet  
August 31 2008 and 2007  
(Accrual Basis)**

	August 31, 2008	August 31, 2007	Variance	
<b>Assets:</b>				
Cash & Cash Equivalents	\$8,416,680	\$5,346,262	\$3,070,318	57%
Due From Federal Government	\$2,907,462	\$3,018,036	(\$110,574)	-4%
Due From Other Funds	\$639,088	\$709,315	(\$70,227)	-10%
Accrued Interest Receivable	\$18,409	\$26,250	(\$6,841)	-27%
Fixed Assets, at Historical Cost	<u>\$67,286</u>	<u>\$63,011</u>	<u>\$4,275</u>	<u>7%</u>
<b>Total Assets</b>	<b><u>\$12,048,826</u></b>	<b><u>\$9,161,874</u></b>	<b><u>\$2,886,952</u></b>	<b><u>32%</u></b>
<b>Liabilities:</b>				
Due to Other Funds	\$276,660	\$187,351	\$89,189	48%
Deferred Revenue	\$735,201	\$3,570,001	(\$2,834,800)	-79%
Unpaid Insurance Claims Liability	<u>\$3,270,000</u>	<u>\$3,540,000</u>	<u>(\$270,000)</u>	<u>-8%</u>
<b>Total Liabilities</b>	<b><u>\$4,281,751</u></b>	<b><u>\$7,297,352</u></b>	<b><u>(\$3,015,601)</u></b>	<b><u>-41%</u></b>
<b>Fund Equity</b>	<b><u>\$7,767,075</u></b>	<b><u>\$1,864,522</u></b>	<b><u>\$5,902,553</u></b>	<b><u>317%</u></b>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$12,048,826</u></b>	<b><u>\$9,161,874</u></b>	<b><u>\$2,886,952</u></b>	<b><u>32%</u></b>

**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 Two Months Ending August 31, 2008 and August 31, 2007**  
**(Modified Accrual Basis)**

	August 31, 2008	August 31, 2007	Variance	
<b>Revenues:</b>				
Federal Grants	5,862,386	5,224,902	637,484	12%
State Appropriations	2,194,338	2,183,799	539	0%
Premium Revenues	17,844	9,646	8,198	85%
Investment Earnings	<u>35,537</u>	<u>43,997</u>	<u>(8,460)</u>	-19%
<b>Total Operating Revenues</b>	<b><u>8,110,115</u></b>	<b><u>7,472,344</u></b>	<b><u>637,771</u></b>	<b><u>9%</u></b>
<b>Operating Expenditures:</b>				
<b>Claims:</b>				
Outpatient Services	1,697,416	1,773,147	(75,731)	-4%
Physicians & Surgical	1,408,410	1,252,688	155,724	12%
Prescribed Drugs	1,299,852	1,245,473	54,379	4%
Dental	843,412	915,491	(72,079)	-8%
Inpatient Hospital Services	775,941	571,169	204,772	36%
Vision	208,711	191,749	16,962	9%
Outpatient Mental Health	193,206	175,361	22,845	13%
Durable & Disposable Med. Equip.	112,440	85,507	28,933	31%
Inpatient Mental Health	111,704	63,938	47,766	75%
Medical Transportation	78,386	58,216	20,170	35%
Therapy	65,229	63,061	(7,832)	-12%
Other Services	21,100	7,196	13,905	193%
Less: Collections*	<u>(154,225)</u>	<u>(170,712)</u>	<u>16,487</u>	<u>-10%</u>
<b>Total Claims</b>	<b><u>6,656,562</u></b>	<b><u>6,232,281</u></b>	<b><u>424,301</u></b>	<b><u>7%</u></b>
<b>General and Admin Expenses:</b>				
Salaries and Benefits	84,791	89,146	(4,355)	-5%
Program Administration	317,132	392,693	(75,561)	-19%
Eligibility	60,572	60,052	520	1%
Outreach & Health Promotion	31,966	1,637	30,329	1853%
Current	<u>17,810</u>	<u>27,956</u>	<u>(10,146)</u>	<u>-36%</u>
<b>Total Administrative</b>	<b><u>512,271</u></b>	<b><u>571,484</u></b>	<b><u>(59,213)</u></b>	<b><u>-10%</u></b>
<b>Total Expenditures</b>	<b><u>7,168,853</u></b>	<b><u>6,803,766</u></b>	<b><u>365,088</u></b>	<b><u>5%</u></b>
<b>Excess of Revenues</b>				
Over (Under) Expenditures	941,262	668,579	272,683	41%
<b>Fund Equity, Beginning</b>	<b><u>6,825,813</u></b>	<b><u>1,185,943</u></b>	<b><u>5,629,870</u></b>	<b><u>471%</u></b>
<b>Fund Equity, Ending</b>	<b><u>7,767,075</u></b>	<b><u>1,864,522</u></b>	<b><u>5,902,553</u></b>	<b><u>317%</u></b>

\* Collections are primarily drug rebates and subrogation

**PRELIMINARY FINANCIAL STATEMENTS**

Unaudited - For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program  
 Budget to Actual Statement  
 State Fiscal Year 2009  
 For the Two Months Ended August 31, 2008

	Budgeted for Year	Year to Date Budgeted Amt	Year to Date Actual Amt	Year to Date Variance*		Monthly Budgeted Amt	Aug-08	Jul-08
Projected Cost	\$42,359,047	\$7,069,841	\$6,850,500	\$209,341	3%	\$3,529,921	\$3,332,553	\$3,517,946
Premiums	136,290	22,716	17,844	\$4,871	-21%	11,358	8,558	9,286
Subrogation & Rebates	<u>539,625</u>	<u>69,938</u>	<u>154,255</u>	<u>(84,318)</u>	<u>72%</u>	<u>44,869</u>	<u>41,248</u>	<u>113,007</u>
Net Benefit Cost	41,683,132	\$6,947,169	\$6,678,401	\$268,788	4%	3,473,594	3,282,747	3,395,654
Salaries & Benefits	\$515,486	\$85,914	\$84,791	\$1,123	1%	\$42,957	\$38,130	\$46,661
Program Administration	2,080,170	346,695	228,427	118,268	34%	173,348	56,109	172,318
Eligibility	318,670	53,112	0	53,112	100%	26,568	0	0
Outreach	81,895	13,649	8,351	5,298	39%	6,825	7,950	401
Current Expense	<u>140,400</u>	<u>23,400</u>	<u>16,836</u>	<u>6,564</u>	<u>28%</u>	<u>11,700</u>	<u>7,392</u>	<u>9,444</u>
Total Admin Cost	\$3,136,622	\$522,770	\$338,405	\$184,365	35%	\$261,385	\$109,581	\$228,824
Total Program Cost	<u>\$44,819,754</u>	<u>\$7,469,959</u>	<u>\$7,016,806</u>	<u>\$453,153</u>	<u>6%</u>	<u>\$3,734,979</u>	<u>\$3,392,328</u>	<u>\$3,624,478</u>
Federal Share 81.99%	36,344,338	\$6,057,390	\$5,752,377	305,012	5%	3,028,695	2,781,030	2,971,347
State Share 18.02%	<u>8,475,415</u>	<u>\$1,412,569</u>	<u>\$1,264,428</u>	<u>148,141</u>	<u>10%</u>	<u>706,285</u>	<u>611,297</u>	<u>653,131</u>
Total Program Cost **	<u>\$44,819,754</u>	<u>\$7,469,959</u>	<u>\$7,016,806</u>	<u>\$453,153</u>	<u>6%</u>	<u>\$3,734,979</u>	<u>\$3,392,328</u>	<u>\$3,624,478</u>

\* Positive percentages indicate favorable variances  
 \*\* Budgeted Year Based on CCRC Actuary 6/30/2008 Report.

Unaudited - Cash Basis For Management Purposes Only - Unaudited

# WV CHIP Enrollment Report

ATTACHMENT 1

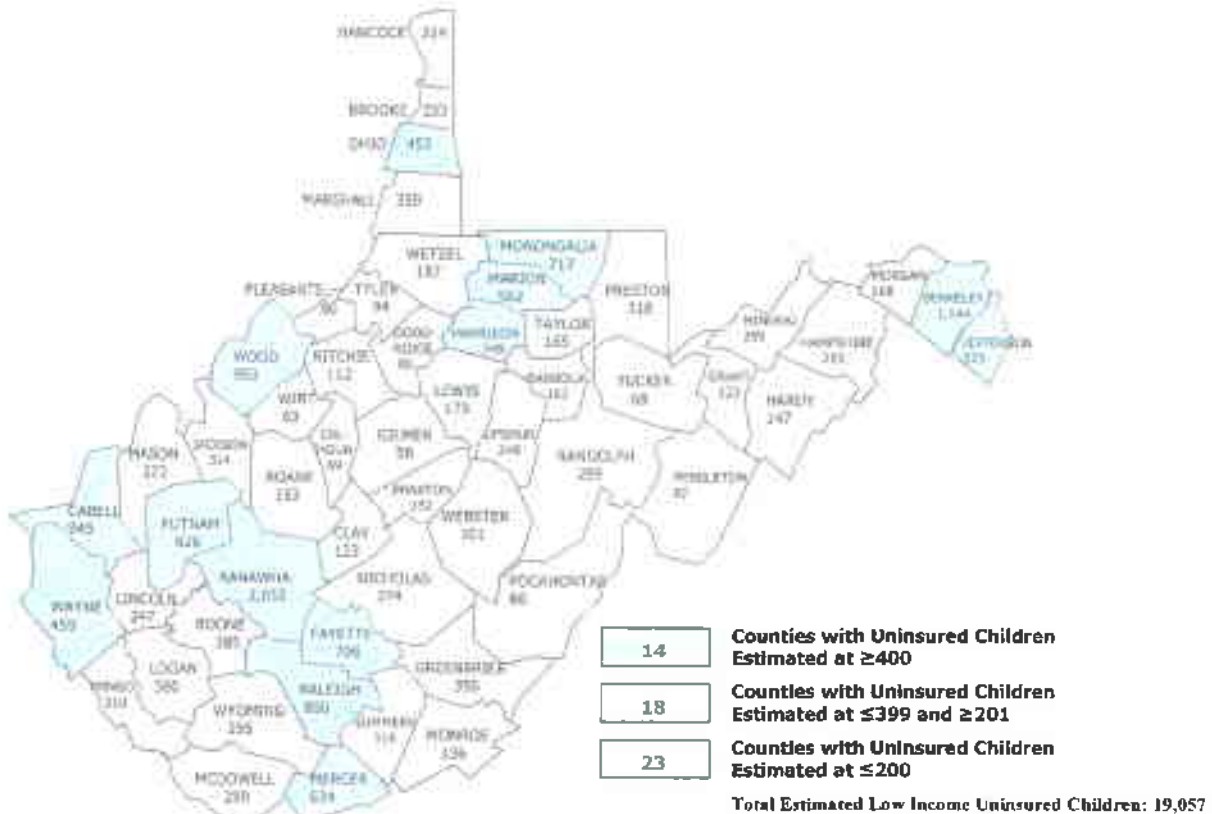
September 2008

County Ranking	County Pop. 2005 Est. (0-18 Yrs)	Total CHIP Enrollment Sep-08	Total Medicaid Enrollment Sep-08	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2007 Est. Uninsured 5%	2007 # Children Uninsured Ranking*
Barbour	3,248	309	1,450	1,759	54.2%	162	38
Berkeley	22,882	1,181	5,937	7,118	31.1%	1,144	2
Boone	5,706	301	2,518	2,818	49.4%	285	24
Braxton	3,044	207	1,485	1,692	55.6%	152	39
Brooke	4,658	273	1,442	1,715	36.8%	233	32
Cabell	18,900	943	7,766	8,709	46.1%	945	4
Calhoun	1,389	135	792	927	66.8%	89	62
Clay	2,454	172	1,394	1,566	63.8%	123	43
Doddridge	1,607	123	700	823	51.2%	80	60
Fayette	8,692	887	4,453	5,340	55.1%	485	12
Gilmer	1,154	93	518	611	53.0%	58	56
Grant	2,463	136	925	1,061	43.1%	123	42
Greenbrier	7,110	574	2,627	3,201	45.0%	356	17
Hampshire	5,110	260	1,805	2,065	40.4%	255	28
Hancock	6,270	363	2,111	2,474	39.5%	314	20
Hardy	2,850	165	1,013	1,178	39.9%	147	40
Harrison	14,973	912	5,653	6,565	43.8%	749	6
Jackson	6,277	371	2,372	2,743	43.7%	314	19
Jefferson	11,466	384	2,167	2,551	22.3%	573	10
Kanawha	40,647	2,059	16,141	18,200	44.8%	2,032	1
Lewis	3,577	286	1,725	2,011	56.2%	179	34
Lincoln	4,945	409	2,444	2,853	57.7%	247	31
Logan	7,610	528	3,798	4,326	56.8%	380	15
Marion	11,246	770	4,058	4,828	42.9%	562	11
Marshall	7,178	363	2,813	2,996	41.7%	359	16
Mason	5,481	339	2,488	2,827	51.8%	273	26
McDowell	5,170	381	3,177	3,558	68.8%	259	27
Mercer	12,687	1,064	6,335	7,399	58.3%	634	8
Mineral	5,973	295	1,956	2,251	37.7%	209	22
Mingo	6,204	396	3,131	3,527	56.9%	310	21
Monongalia	14,348	698	3,920	4,618	32.2%	717	7
Monroe	2,728	219	926	1,145	42.0%	136	41
Morgan	3,365	235	1,043	1,278	38.0%	168	35
Nicholas	5,478	418	2,465	2,883	52.6%	274	25
Ohio	9,068	544	2,842	3,386	37.3%	453	14
Pendleton	1,632	100	420	520	31.9%	82	49
Pleasants	1,593	94	480	574	36.0%	80	61
Pocahontas	1,717	147	632	779	45.4%	86	48
Preston	6,364	486	2,241	2,727	42.9%	318	18
Putnam	12,522	633	2,958	3,591	28.7%	626	9
Raleigh	15,992	1,238	6,919	8,157	51.0%	800	5
Randolph	5,971	477	2,379	2,856	47.8%	299	23
Ritchie	2,234	147	833	980	43.9%	112	45
Roane	3,266	286	1,545	1,831	56.1%	163	37
Summers	2,322	218	1,120	1,338	57.6%	116	44
Taylor	3,307	229	1,324	1,553	47.0%	165	36
Tucker	1,354	173	468	641	47.3%	68	63
Tyler	1,887	119	789	908	48.1%	94	47

# WV CHIP Enrollment Report

September 2008

County Ranking	County Pop. 2005 Est (0-18 Yrs)	Total CHIP Enrollment Sep-08	Total Medicaid Enrollment Sep-08	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2007 Est. Uninsured 5%	2007 # Children Uninsured Ranking*
Upshur	4,956	406	2,166	2,572	51.9%	248	30
Wayne	9,176	583	3,977	4,560	49.7%	459	13
Webster	2,020	188	1,065	1,253	62.0%	101	46
Wetzel	3,732	225	1,542	1,767	47.4%	187	33
Wirt	1,268	117	531	648	51.1%	63	54
Wood	19,063	1,149	7,388	8,537	44.8%	953	3
Wyoming	5,092	429	2,561	2,990	58.7%	255	29
<b>Totals</b>	<b>382,490</b>	<b>24,255</b>	<b>147,528</b>	<b>171,783</b>	<b>44.9%</b>	<b>19,125</b>	



**Note 1:** The most recent estimate for uninsured children statewide from the US Census Current Population Survey is 8%. CHIP uses a 5% estimate to reflect the percentage of uninsured children for outreach purposes who could qualify for CHIP or Medicaid. 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:** Since it has been estimated that 7 of 10 uninsured children qualify or may have qualified for CHIP or Medicaid in the past, WVCHIP asserts that a 5% uninsured estimate is a more realistic target number for outreach.

Legislative Oversight Commission on  
Health and Human Resources Accountability

*OCTOBER 2008*

Department of Administration

State Children's Health Insurance Program  
UPDATE



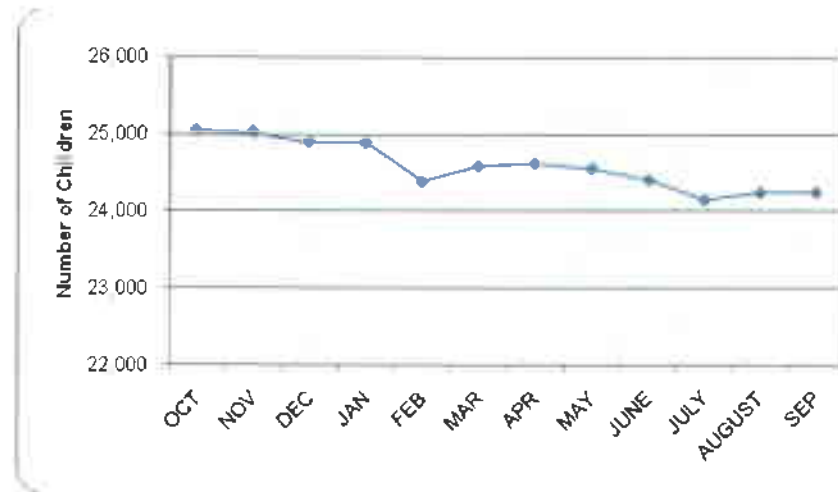
# WV CHILDREN'S HEALTH INSURANCE AGENCY

## REPORT FOR OCTOBER 2008

### I. Enrollment on September 30, 2008: 24,255

See Attachment 1 for enrollment by county.

Current 12-Month Enrollment Period: October 2007 through September 2008



#### Enrollee Totals: July 2008 to September 2008

Month	Total	1 Year	Total
July	1,536	Average	1,718
August	1,618	High	2,106
September	1,674	Low	1,329

#### New Enrollee (Never Before on CHIP) Totals: July 2008 to September 2008

Month	Total	1 Year	Total
July	649	Average	733
August	699	High	926
September	674	Low	540

### II. Re-enrollment for 3 Month Period: May 2008 to July 2008

Total Forms Mailed		Enrolled within Notice Period		Reopened Cases After Closure		Final Closures	
Month	Total	#	%	#	%	#	%
June	1,834	958	52%	240	13%	636	35%
July	2,028	1,063	52%	253	12%	712	35%
August	2,076	1,174	57%	236	11%	605	29%

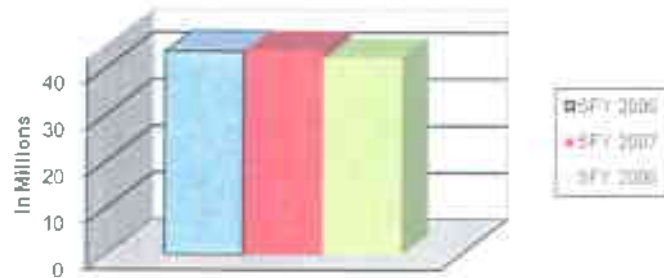
**III. Financial Activity**

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

The average annualized claims cost per child for the month ended August 2008 was \$1,847.

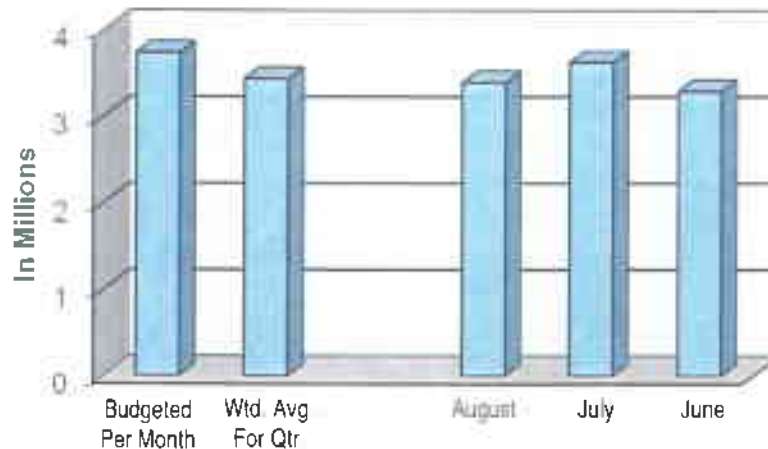
**Annual Expenditures for a 3 Year Period: SFY 2006 – SFY 2008**

	SFY 2008	FFP% 2008	SFY 2007	FFP% 2007	SFY 2006	FFP% 2006
Federal	35,626,232	81.98	35,472,537	80.97	34,247,276	81.09
State	7,947,861	18.02	8,336,944	19.03	7,986,385	18.91
<b>Total Costs</b>	<b>43,574,093</b>	<b>100.00</b>	<b>43,809,481</b>	<b>100.00</b>	<b>42,233,661</b>	<b>100.00</b>



**Monthly Budgeted and Current 3 Month Period: June 2008 – August 2008**

	Budgeted Per Month	Wtd. Avg For Qtr	Actual		
			August 2008	July 2008	June 2008
Federal	3,028,695	2,816,533	2,781,030	2,971,347	2,697,222
State	706,285	619,101	611,297	653,131	592,876
<b>Total</b>	<b>3,734,980</b>	<b>3,435,635</b>	<b>3,392,328</b>	<b>3,624,478</b>	<b>3,290,098</b>





**IV. Other Highlights**

**SUBMISSION OF STATE PLAN AMENDMENT**

- ◆ After an opportunity for review and comment by individual members of the West Virginia Children's Health Insurance Board, a State Plan Amendment was submitted on October 3, 2008 to expand coverage to 250% FPL. It is estimated that it will take at least 90 days for approval by the Centers on Medicare and Medicaid Services (CMS).
- ◆ The amendment includes budget estimates allowing for participation by an additional 285 children per month. Families of these children will participate in sharing the cost of premiums by paying \$35 per month per single child or \$71 per month for two or more children.
- ◆ The total additional funding estimated for this expansion is \$174,121.

# WV CHIP Enrollment Report

ATTACHMENT 1

September 2008

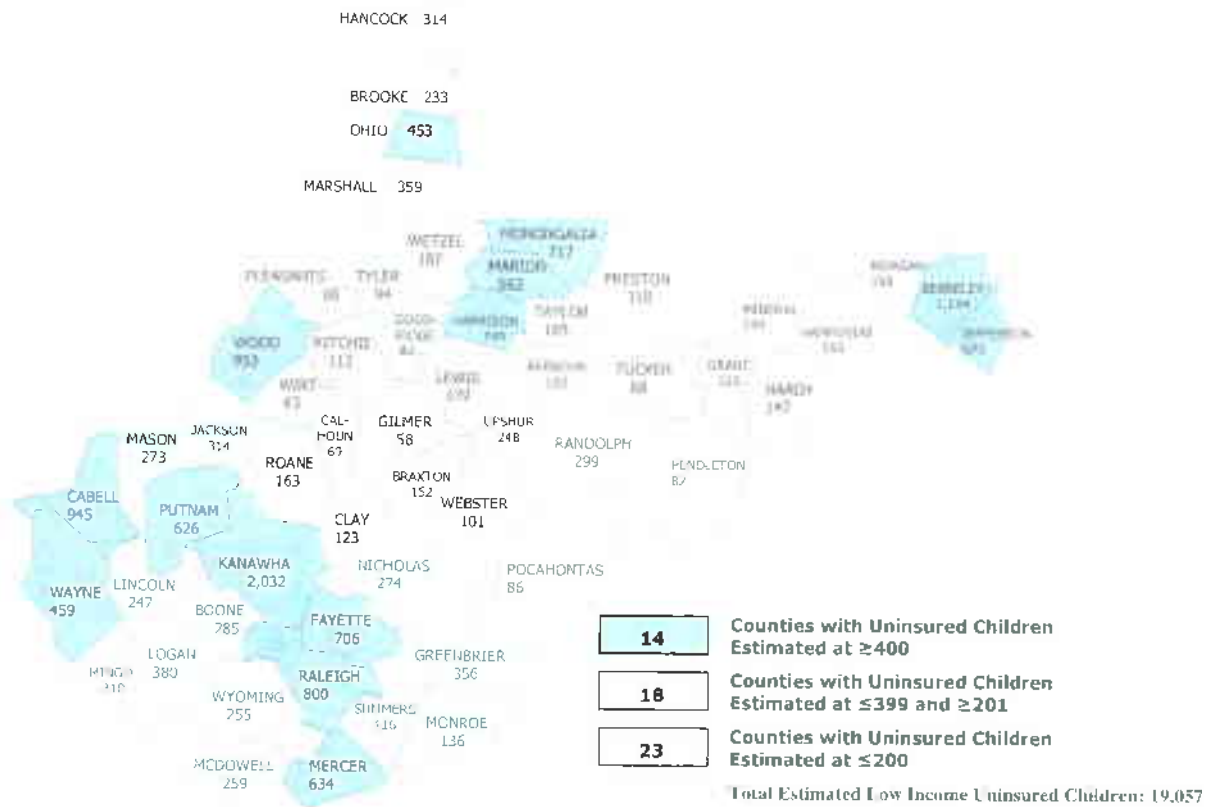
County Ranking	County Pop 2005 Est (0-18 Yrs)	Total CHIP Enrollment Sep-08	Total Medicaid Enrollment Sep-08	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2007 Est. Uninsured 5%	2007 # Children Uninsured Ranking*
Barbour	3,248	309	1,450	1,759	54.2%	162	38
Berkeley	22,882	1,181	5,937	7,118	31.1%	1,144	2
Boone	5,706	301	2,518	2,819	49.4%	285	24
Braxton	3,044	207	1,485	1,692	55.6%	152	39
Brooke	4,658	273	1,442	1,715	36.8%	233	32
Cabell	18,900	943	7,766	8,709	46.1%	945	4
Calhoun	1,389	135	792	927	66.8%	69	52
Clay	2,454	172	1,394	1,566	63.8%	123	43
Doddridge	1,607	123	700	823	51.2%	80	50
Fayette	9,692	887	4,453	5,340	55.1%	485	12
Gilmer	1,154	93	518	611	53.0%	58	55
Grant	2,463	136	925	1,061	43.1%	123	42
Greenbrier	7,110	574	2,627	3,201	45.0%	356	17
Hampshire	5,110	260	1,805	2,065	40.4%	255	28
Hancock	6,270	363	2,111	2,474	39.5%	314	20
Hardy	2,950	165	1,013	1,178	39.9%	147	40
Harrison	14,973	912	5,653	6,565	43.8%	749	6
Jackson	6,277	371	2,372	2,743	43.7%	314	19
Jefferson	11,465	384	2,167	2,551	22.3%	573	10
Kanawha	40,647	2,059	16,141	18,200	44.8%	2,032	1
Lewis	3,577	286	1,725	2,011	56.2%	179	34
Lincoln	4,945	409	2,444	2,853	57.7%	247	31
Logan	7,610	528	3,798	4,326	56.8%	380	15
Marion	11,245	770	4,058	4,828	42.9%	562	11
Marshall	7,176	383	2,613	2,996	41.7%	359	16
Mason	5,461	339	2,488	2,827	51.8%	273	26
McDowell	5,170	381	3,177	3,558	68.8%	259	27
Mercer	12,687	1,064	6,335	7,399	58.3%	634	8
Mineral	5,973	295	1,956	2,251	37.7%	299	22
Mingo	6,204	396	3,131	3,527	56.9%	310	21
Monongalia	14,346	696	3,920	4,616	32.2%	717	7
Monroe	2,728	219	926	1,145	42.0%	136	41
Morgan	3,365	235	1,043	1,278	38.0%	168	35
Nicholas	5,478	418	2,465	2,883	52.6%	274	25
Ohio	9,068	544	2,842	3,386	37.3%	453	14
Pendleton	1,632	100	420	520	31.9%	82	49
Pleasants	1,593	94	480	574	36.0%	80	51
Pocahontas	1,717	147	632	779	45.4%	86	48
Preston	6,354	486	2,241	2,727	42.9%	318	18
Putnam	12,522	633	2,958	3,591	28.7%	626	9
Raleigh	15,992	1,238	6,919	8,157	51.0%	800	5
Randolph	5,971	477	2,379	2,856	47.8%	299	23
Ritchie	2,234	147	833	980	43.9%	112	45
Roane	3,266	286	1,545	1,831	56.1%	163	37
Summers	2,322	218	1,120	1,338	57.6%	116	44
Taylor	3,307	229	1,324	1,553	47.0%	165	36
Tucker	1,354	173	468	641	47.3%	68	53
Tyler	1,887	119	789	908	48.1%	94	47

# WV CHIP Enrollment Report

## September 2008

ATTACHMENT 1

County Ranking	County Pop 2005 Est (0-18 Yrs)	Total CHIP Enrollment Sep-08	Total Medicaid Enrollment Sep-08	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2007 Est Uninsured 5%	2007 # Children Uninsured Ranking*
Upshur	4,956	406	2,166	2,572	51.9%	248	30
Wayne	9,176	583	3,977	4,560	49.7%	459	13
Webster	2,020	188	1,065	1,253	62.0%	101	46
Wetzel	3,732	225	1,542	1,767	47.4%	187	33
Wirt	1,268	117	531	648	51.1%	63	54
Wood	19,063	1,149	7,388	8,537	44.8%	953	3
Wyoming	5,092	429	2,561	2,990	58.7%	255	29
<b>Totals</b>	<b>382,490</b>	<b>24,255</b>	<b>147,528</b>	<b>171,783</b>	<b>44.9%</b>	<b>19,125</b>	



**Note 1:** The most recent estimate for uninsured children statewide from the US Census Current Population Survey is 8%. CHIP uses a 5% estimate to reflect the percentage of uninsured children for outreach purposes who could qualify for CHIP or Medicaid. 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:** Since it has been estimated that 7 of 10 uninsured children qualify or may have qualified for CHIP or Medicaid in the past, WVCHIP asserts that a 5% uninsured estimate is a more realistic target number for outreach.

**West Virginia Children's Health Insurance Program**  
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Two Months Ending August 31, 2008 and August 31, 2007**  
**(Modified Accrual Basis)**

	August 31, 2008	August 31, 2007	Variance	
<b>Revenues:</b>				
Federal Grants	5,862,396	5,224,902	637,494	12%
State Appropriations	2,194,338	2,193,799	539	0%
Premium Revenues	17,844	9,648	8,198	85%
Investment Earnings	<u>35,537</u>	<u>43,997</u>	<u>(8,460)</u>	-19%
<b>Total Operating Revenues</b>	<b><u>8,110,115</u></b>	<b><u>7,472,344</u></b>	<b><u>637,771</u></b>	<b><u>9%</u></b>
<b>Operating Expenditures:</b>				
<b>Claims:</b>				
Outpatient Services	1,697,416	1,773,147	(75,731)	-4%
Physicians & Surgical	1,408,410	1,252,886	155,724	12%
Prescribed Drugs	1,299,852	1,245,473	54,379	4%
Dental	843,412	915,491	(72,079)	-8%
Inpatient Hospital Services	775,941	571,169	204,772	36%
Vision	208,711	191,749	16,962	9%
Outpatient Mental Health	198,206	175,361	22,845	13%
Durable & Disposable Med. Equip.	112,440	85,507	26,933	31%
Inpatient Mental Health	111,704	63,938	47,766	75%
Medical Transportation	78,386	58,216	20,170	35%
Therapy	55,229	63,061	(7,832)	-12%
Other Services	21,100	7,195	13,905	193%
Less: Collections*	<u>(154,225)</u>	<u>(170,712)</u>	<u>16,487</u>	<u>-10%</u>
<b>Total Claims</b>	<b><u>6,656,582</u></b>	<b><u>6,232,281</u></b>	<b><u>424,301</u></b>	<b><u>7%</u></b>
<b>General and Admin Expenses:</b>				
Salaries and Benefits	84,791	89,148	(4,355)	-5%
Program Administration	317,132	392,693	(75,561)	-19%
Eligibility	60,572	60,052	520	1%
Outreach & Health Promotion	31,966	1,637	30,329	1853%
Current	<u>17,810</u>	<u>27,956</u>	<u>(10,146)</u>	<u>-36%</u>
<b>Total Administrative</b>	<b><u>512,271</u></b>	<b><u>571,484</u></b>	<b><u>(59,213)</u></b>	<b><u>-10%</u></b>
<b>Total Expenditures</b>	<b><u>7,168,853</u></b>	<b><u>6,803,765</u></b>	<b><u>365,088</u></b>	<b><u>5%</u></b>
<b>Excess of Revenues</b>				
Over (Under) Expenditures	941,262	668,579	272,683	41%
<b>Fund Equity, Beginning</b>	<b><u>6,825,813</u></b>	<b><u>1,195,943</u></b>	<b><u>5,629,870</u></b>	<b><u>471%</u></b>
<b>Fund Equity, Ending</b>	<b><u>7,767,075</u></b>	<b><u>1,864,522</u></b>	<b><u>5,902,553</u></b>	<b><u>317%</u></b>

\* Collections are primarily drug rebates and subrogation

**PRELIMINARY FINANCIAL STATEMENTS**

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program  
Comparative Balance Sheet  
August 31 2008 and 2007  
(Accrual Basis)**

	August 31, 2008	August 31, 2007	Variance	
<b>Assets:</b>				
Cash & Cash Equivalents	\$8,416,580	\$5,346,262	\$3,070,318	57%
Due From Federal Government	\$2,907,462	\$3,018,036	(\$110,574)	-4%
Due From Other Funds	\$639,088	\$709,315	(\$70,227)	-10%
Accrued Interest Receivable	\$18,409	\$25,250	(\$6,841)	-27%
Fixed Assets, at Historical Cost	<u>\$67,286</u>	<u>\$63,011</u>	<u>\$4,275</u>	<u>7%</u>
<b>Total Assets</b>	<b><u>\$12,048,826</u></b>	<b><u>\$9,161,874</u></b>	<b><u>\$2,886,952</u></b>	<b><u>32%</u></b>
<b>Liabilities:</b>				
Due to Other Funds	\$276,550	\$187,351	\$89,199	48%
Deferred Revenue	\$735,201	\$3,570,001	(\$2,834,800)	-79%
Unpaid Insurance Claims Liability	<u>\$3,270,000</u>	<u>\$3,540,000</u>	<u>(\$270,000)</u>	<u>-8%</u>
<b>Total Liabilities</b>	<b><u>\$4,281,751</u></b>	<b><u>\$7,297,352</u></b>	<b><u>(\$3,015,601)</u></b>	<b><u>-41%</u></b>
<b>Fund Equity</b>	<b><u>\$7,767,075</u></b>	<b><u>\$1,864,522</u></b>	<b><u>\$5,902,553</u></b>	<b><u>317%</u></b>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$12,048,826</u></b>	<b><u>\$9,161,874</u></b>	<b><u>\$2,886,952</u></b>	<b><u>32%</u></b>

**PRELIMINARY FINANCIAL STATEMENTS**

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program  
WVFIMS Fund 2154  
For the Month Ended August 31, 2008  
(Accrual Basis)**

<b>Investment Account</b>
---------------------------

Funds Invested	\$8,313,815
Interest Earned	<u>35,537</u>
Total	<u>\$8,349,352</u>

Unaudited - For Management Purposes Only - Unaudited

**Department of Administration Leasing Report For  
The Period of September 1, 2008 through September 30,  
2008**

**NEW CONTRACT OF LEASE**

**Division of Corrections**

**COR-083** New contract of lease for 3 years containing 2,640 feet of office space at the PSF rate of \$13.64, with El Pru Urbu, LLC, in the City of Beckley, Raleigh County.

**West Virginia State Police**

**PSA-122** New contract of lease consisting of 3,000 square feet of office space at \$0.40 PSF rate includes janitorial, with Board of Governors WV School of Osteopathic Medicine in the City of Lewisburg, Greenbrier County.

**STRAIGHT RENEWALS**

**Coal Heritage Highway Authority**

**CHH-005** Renewal for 2 years consisting of 3,500 square feet of office space, at the current annual rate of \$1.00, with the Town of Bramwell, in the City of Bramwell, Mercer County.

**WV Conservation Agency**

**SCC-044** Renewal for 1 year consisting of 303 square feet of office space at the current PSF rate of \$7.85, full service with Monongahela Power Company, in the City of Gassaway, Braxton County.

## STRAIGHT RENEWALS CONTINUED

### **West Virginia State Police**

**PSA-107** Renewal for 3 years consisting of 2,750 square feet of office space at the current PSF rate of \$3.05 with City of Gilbert, Mingo County.

### **Division of Natural Resources**

**NAT-106** Renewal for 3 years consisting of 600 square feet of storage space at the current PSF rate of \$4.50, includes, trash and snow removal with Southern Mini Storage in City of Nitro, Kanawha County.

## DECREASE SQUARE FOOTAGE

### **Homeland Security/Office of Emergency Services**

**OES-015** Decrease in square footage from 18,000 square feet of office and storage space to 13,000 square feet, at the PSF rate of \$4.89, with O.V. Smith and Sons of Big Chimney, in the City of Big Chimney, Kanawha County.

## DECREASE SQUARE FOOTAGE, RENEW, INCREASE RENT

### **Workforce West Virginia**

**WWV-012-SUB** Decrease square footage from 1,500 to 348 square feet of office space, increase in PSF rate from \$9.29 to \$17.05 and renewed for one year, full service with Northern Panhandle Workforce Investment Board, in the City of New Martinsville, Wetzel County.



## RENEWAL/RENT INCREASES

### **Department of Environmental Protection**

**DEP-085** Renewal for 3 years consisting of 2,587 square feet of office space at the current PSF rate of \$12.00, full service with the Division of Natural Resources, in the City of Parkersburg, Wood County.

### **Division of Corrections**

**COR-049** Renewal for 3 years consisting of 2,273 square feet of office space at the current PSF rate of \$11.60, full service with Grandeotto, Inc., in the City of Clarksburg, Harrison County.

## RENEWAL/AMMENDING SQUARE FOOTAGE

### **West Virginia State Police**

**PSA-103** Renewal for 3 years consisting of 3,200 square feet of office space at the current PSF rate of \$5.44, with Kevin Douglas Tiller, in the City of Logan, Logan County.

## RENEWAL/ADDING SQUARE FOOTAGE/DECREASE PSF

### **DEPARTMENT OF HEALTH AND HUMAN RESOURCES**

**HHR-172** Renewal for 10 years adding 3,210 square feet of office space for a total of 12,883 square feet and decreasing PSF rate from \$12.00 to \$9.40. Tenant is now responsible

for utilities and janitorial, with Hal-Dan Enterprises, Inc., in  
the City of Moundsville, Marshall County.

**SEPTEMBER 1, 2008 THROUGH SEPTEMBER 31, 2008  
REAL ESTATE DIVISION SUMMARY REPORT**

- There were a total of 12 leasing changes for the period of September 1, 2008 through September 30, 2008 and they are as follows:
  - 2-New Contract of Lease
  - 4-Straight Renewals
  - 1-Decrease Square footage
  - 1-Decrease square footage/renewal/rent increase
  - 2-Renewal/rent increase
  - 1-Renewal amending square footage
  - 1-Renewal/adding square footage/decrease square footage rate

**Joint Committee on Government and Finance**

**October 2008**

**Department of Health and Human  
Resources**

**MEDICAID REPORT**

July 2008 Data

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 EXPENDITURES BY PROVIDER TYPE  
 SFY2009

MONTH OF JULY 2008	ACTUALS	TOTAL	ESTIMATED	ACTUALS	ACTUALS	PROJECTED
	SFY2008	SFY2009	Current Month Ended 07/31/08	Current Month Ended 07/31/08	Year To-Date Thru 07/31/08	08/01/08 Thru 06/30/09
<b>EXPENDITURES:</b>						
Inpatient Hospital Services	224,743,060	233,675,634	19,510,641	29,434,438	29,434,438	204,241,196
Inpatient Hospital Services - DSH Adjustment Payments	55,698,017	57,752,400	-	-	-	57,752,400
Mental Health Facilities	44,424,999	47,603,433	4,464,710	4,993,121	4,993,121	42,610,312
Mental Health Facilities - DSH Adjustment Payments	18,758,660	18,774,000	-	-	-	18,774,000
Nursing Facility Services	431,721,537	461,013,785	38,603,829	43,654,181	43,654,181	417,359,604
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	58,149,869	63,050,810	5,203,974	5,487,313	5,487,313	57,563,497
<b>Physicians Services ***</b>	<b>122,769,471</b>	<b>125,162,523</b>	<b>14,918,976</b>	<b>15,360,964</b>	<b>15,360,964</b>	<b>109,801,559</b>
Outpatient Hospital Services	104,588,493	111,471,366	10,450,893	10,970,591	10,970,591	100,500,775
Prescribed Drugs	337,815,190	353,600,436	33,220,067	32,967,095	32,967,095	320,633,341
Drug Rebate Offset - National Agreement	(107,877,904)	(102,165,200)	(18,305,367)	(22,066,216)	(22,066,216)	(80,088,984)
Drug Rebate Offset - State Sidebar Agreement	(28,028,517)	(31,623,600)	(5,666,133)	(1,551,052)	(1,551,052)	(30,072,548)
<b>Dental Services ***</b>	<b>37,677,318</b>	<b>42,380,562</b>	<b>3,975,006</b>	<b>3,351,729</b>	<b>3,351,729</b>	<b>39,028,833</b>
Other Practitioners Services	26,659,342	28,893,748	2,729,277	2,054,681	2,054,681	26,839,067
Clinic Services	36,381,526	34,754,933	3,259,107	7,033,994	7,033,994	27,720,939
Lab & Radiological Services	8,222,298	9,200,885	868,025	879,024	879,024	8,321,861
Home Health Services	29,970,379	31,950,050	3,010,428	3,870,658	3,870,658	28,079,392
Hysterectomies/Sterilizations	515,828	520,120	48,773	70,992	70,992	449,128
Pregnancy Terminations	-	-	-	-	-	-
EPSDT Services	2,419,032	2,943,119	275,848	218,881	218,881	2,724,238
Rural Health Clinic Services	6,710,171	7,433,055	698,248	632,881	632,881	6,800,174
Medicare Health Insurance Payments - Part A Premiums	17,124,133	18,671,400	1,555,950	1,435,370	1,435,370	17,236,030
Medicare Health Insurance Payments - Part B Premiums	67,960,223	75,461,100	6,288,425	5,867,667	5,867,667	69,593,433
120% - 134% Of Poverty	4,004,192	-	-	358,994	358,994	(358,994)
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	-	-	-	-	-	-
Medicaid Health Insurance Payments Managed Care Organizations (MCO)	257,013,357	267,942,700	22,328,558	27,330,437	27,330,437	240,612,263
Medicaid Health Insurance Payments Group Health Plan Payments	336,296	465,200	43,583	31,959	31,959	433,241
Home & Community-Based Services (MR/DD)	218,374,534	260,704,640	24,424,327	17,876,976	17,876,976	242,827,664
Home & Community-Based Services (Aged/Disabled)	65,632,681	88,556,233	8,296,445	6,968,047	6,968,047	81,588,186
Community Supported Living Services	-	-	-	-	-	-
Programs Of All-Inclusive Care Elderly	-	-	-	-	-	-
Personal Care Services	37,799,505	42,173,550	3,951,182	3,477,707	3,477,707	38,695,843
Targeted Case Management Services	6,438,615	7,817,608	735,170	401,769	401,769	7,415,839
Primary Care Case Management Services	718,206	810,500	75,932	56,598	56,598	753,902
Hospice Benefits	12,363,106	13,460,400	1,261,046	1,185,222	1,185,222	12,275,178
Emergency Services Undocumented Aliens	-	-	-	-	-	-
Federally Qualified Health Center	17,475,447	19,586,696	1,838,786	1,737,346	1,737,346	17,849,350
Other Care Services	121,772,650	137,481,167	12,921,514	13,107,109	13,107,109	124,374,058
Less Recoupments	-	-	-	(104,919)	(104,919)	104,919
<b>NET MEDICAID EXPENDITURES:</b>	<b>2,238,331,734</b>	<b>2,429,523,252</b>	<b>200,987,220</b>	<b>217,093,557</b>	<b>217,093,557</b>	<b>2,212,429,695</b>

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES  
 BUREAU FOR MEDICAL SERVICES  
 EXPENDITURES BY PROVIDER TYPE  
 SFY2009

MONTH OF JULY 2008	ACTUALS	TOTAL	ESTIMATED	ACTUALS	ACTUALS	PROJECTED
	SFY2008	SFY2009	Current Month Ended 07/31/08	Current Month Ended 07/31/08	Year To-Date Thru 07/31/08	08/01/08 Thru 06/30/09
Collections Third Party Liability (line 9A on CMS-64)	(4,595,459)	-	-	-	-	-
Collections Probate (line 9B on CMS-64)	(178,773)	-	-	-	-	-
Collections Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(196,610)	-	-	-	-	-
Collections Other (line 9D on CMS-64)	(4,109,627)	-	-	-	-	-
<b>NET EXPENDITURES and CMS-64 ADJUSTMENTS:</b>	<b>2,229,251,266</b>	<b>2,429,523,252</b>	<b>200,987,220</b>	<b>217,093,557</b>	<b>217,093,557</b>	<b>2,212,429,695</b>
Plus Medicaid Part D Expenditures	29,322,509	29,968,500	2,807,617	2,405,064	2,405,064	27,563,436
<b>Plus: State Only Medicaid Expenditures ***</b>	<b>4,078,869</b>	<b>3,634,895</b>	<b>349,509</b>	<b>517,108</b>	<b>517,108</b>	<b>3,117,787</b>
<b>TOTAL MEDICAID EXPENDITURES</b>	<b>\$262,652,643</b>	<b>\$2,463,126,647</b>	<b>\$204,144,346</b>	<b>\$220,015,729</b>	<b>\$220,015,729</b>	<b>\$2,243,110,918</b>
Plus Reimbursables <sup>(1)</sup>	3,830,907	4,042,671	388,718	381,179	381,179	3,661,492
<b>TOTAL EXPENDITURES</b>	<b>\$266,483,550</b>	<b>\$2,467,169,318</b>	<b>\$204,533,064</b>	<b>\$220,396,909</b>	<b>\$220,396,909</b>	<b>\$2,246,772,409</b>

(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  
 SFY2009

**MONTH OF JULY 2008**

**REVENUE SOURCES**

Beg Bal. 7/01/07 (5084/1020 prior mth)

**MATCHING FUNDS**

General Revenue (0403/189)  
 Rural Hospitals Under 150 Beds (0403/940)  
 Tertiary Funding (0403/547)  
 Lottery Waiver (Less 550,000) (5405/539)  
 Lottery Transfer (5405/871)  
 Trust Fund Appropriation (5185/189)  
 Provider Tax (5090/189)  
 Certified Match  
 Reimbursables - Amount Reimbursed  
 Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4011  
 CMS - 64 Adjustments

**TOTAL MATCHING FUNDS**

**FEDERAL FUNDS**

**TOTAL REVENUE SOURCES**

**TOTAL EXPENDITURES:**

Provider Payments

**TOTAL**

	ACTUALS Current Month Ended 07/31/08	ACTUALS Year-To-Date Thru 07/31/08	PROJECTED 08/01/08 Thru 06/30/09	TOTAL SFY2009
Beg Bal. 7/01/07 (5084/1020 prior mth)	34,933,055	34,933,055	0	34,933,055
<b>MATCHING FUNDS</b>				
General Revenue (0403/189)	26,247,046	26,247,046	367,458,641	393,705,687
Rural Hospitals Under 150 Beds (0403/940)	216,334	216,334	2,379,666	2,596,000
Tertiary Funding (0403/547)	404,667	404,667	4,451,333	4,856,000
Lottery Waiver (Less 550,000) (5405/539)	6,450,000	6,450,000	16,922,578	23,372,578
Lottery Transfer (5405/871)	2,500,000	2,500,000	7,800,000	10,300,000
Trust Fund Appropriation (5185/189)		0	30,556,594	30,556,594
Provider Tax (5090/189)	12,026,855	12,026,855	153,633,149	165,660,004
Certified Match	3,924,447	3,924,447	19,281,551	23,205,998
Reimbursables - Amount Reimbursed	387,975	387,975	3,654,696	4,042,671
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4011	26,695	26,695	(23,695)	0
CMS - 64 Adjustments			0	0
<b>TOTAL MATCHING FUNDS</b>	87,117,073	87,117,073	606,111,514	693,228,587
<b>FEDERAL FUNDS</b>	153,611,606	153,611,606	1,645,663,235	1,799,274,841
<b>TOTAL REVENUE SOURCES</b>	240,728,679	240,728,679	2,251,774,749	2,492,503,429
<b>TOTAL EXPENDITURES:</b>				
Provider Payments	220,396,909	220,396,909	2,246,772,409	2,467,169,318
<b>TOTAL</b>	20,331,771	20,331,771		25,334,111

Note: FMAP (08' - 74.25% applicable July - Sept. 2008) ( 09' - 73.73% applicable Oct. 2008 - June 2009)

BUREAU FOR MEDICAL SERVICES  
 SFY 2009 Medicaid Approved Claims Report  
 As of July 31, 2008

REF#	CMS 64 Category Of Service	SFY 2009	YTD Totals				Year to Date
			JUL-SEP 2008	OCT-DEC 2008	JAN-MAR 2009	APR-JUN 2009	
1A	Inpatient Hospital Services	233,675,634	27,853,101	0	0	0	27,853,101
1B	Inpatient Hospital Services - DSH	57,752,400	1,653,690	0	0	0	1,653,690
2A	Mental Health Facilities	47,603,433	3,766,525	0	0	0	3,766,525
2B	Mental Health Facilities - DSH	18,774,000	4,581,600	0	0	0	4,581,600
3	Nursing Facility Services	461,013,785	36,077,239	0	0	0	36,077,239
4B	Intermediate Care Facilities - Private Providers	63,050,810	5,434,400	0	0	0	5,434,400
5	Physicians Services	125,162,523	10,575,068	0	0	0	10,575,068
6	Outpatient Hospital Services	111,471,366	9,143,220	0	0	0	9,143,220
7	Prescribed Drugs	353,600,436	27,411,916	0	0	0	27,411,916
7	Part D Premium - State Only	29,968,500	2,405,064	0	0	0	2,405,064
7A1	Drug Rebate Offset - National	(102,165,200)	(22,066,216)	0	0	0	(22,066,216)
7A2	Drug Rebate Offset - State	(31,623,600)	(1,551,052)	0	0	0	(1,551,052)
///	Total Rebates	(133,788,800)	(23,617,268)	0	0	0	(23,617,268)
///	NET DRUG COST	219,811,636	6,199,712	0	0	0	6,199,712
8	Dental Services	42,380,562	3,071,058	0	0	0	3,071,058
9	Other Practitioners Services	28,893,748	1,839,305	0	0	0	1,839,305
10	Clinic Services	34,754,933	3,069,320	0	0	0	3,069,320
11	Lab & Radiological Services	9,200,885	800,508	0	0	0	800,508
12	Home Health Services	31,950,050	3,265,923	0	0	0	3,265,923
13	Hysterectomies/Sterilizations	520,120	45,786	0	0	0	45,786
14	Pregnancy Termination	253,100	18,037	0	0	0	18,037
15	EPSDT Services	2,943,119	195,262	0	0	0	195,262
16	Rural Health Clinic Services	7,433,055	599,860	0	0	0	599,860
17A	Medicare - Part A Premiums	18,671,400	1,430,320	0	0	0	1,430,320
17B	Medicare - Part B Premiums	75,461,100	6,211,501	0	0	0	6,211,501
18A	Managed Care Organizations	267,942,700	8,356,550	0	0	0	8,356,550
18C	Group Health Plan Payments	465,200	4,901,550	0	0	0	4,901,550
19	Home & Community-Based Services (MR/DD)	260,704,640	19,147,811	0	0	0	19,147,811
20	Home & Community-Based Services (Aged/Disabled)	88,556,233	6,283,213	0	0	0	6,283,213
23	Personal Care Services	42,173,550	3,284,246	0	0	0	3,284,246
24	Targeted Case Management	7,817,608	388,176	0	0	0	388,176
25	Primary Care Case Management	810,500	0	0	0	0	0
26	Hospice Benefits	13,460,400	1,532,985	0	0	0	1,532,985
28	Federally Qualified Health Center	19,586,695	1,548,244	0	0	0	1,548,244
29	Other Care Services	137,481,167	11,883,794	0	0	0	11,883,794
	Unclassified	0	0	0	0	0	0
///	TOTALS	2,459,744,852	183,158,004	0	0	0	183,158,004

This report's data is prepared based on claims received and approved for payment (Modified Accrual basis of Accounting). Therefore, the data presented in this report will not match the CMS-64 Quarterly Reports which are prepared on a cash basis.



---

**Joint Committee on Government and Finance**

**October 14, 2008**

Governor's Pharmaceutical Advocate Office  
Building 1, Room M-146  
1900 Kanawha Boulevard, East  
Charleston, West Virginia 25305  
304-558-0079

---



*State of West Virginia*  
*Joe Manchin III*  
*Governor*

Office of the Governor  
State Capitol  
1900 Kanawha Boulevard, E.  
Charleston, WV 25305

Telephone: (304) 558-2000  
Toll Free: 1-888-438-2731  
FAX: (304) 342-7025  
[www.wv.gov.org](http://www.wv.gov.org)

September 11, 2008

The Honorable Edwin J. Bowman  
West Virginia State Senate  
129 West Circle Drive  
Weirton, West Virginia 26062

The Honorable Jim Morgan  
West Virginia House of Delegates  
P.O. Box 117  
Huntington, West Virginia 25706

Dear Senator Bowman and Delegate Morgan:

This correspondence addresses a recommendation directed to the **Governor's Office** via the Departmental Review of the West Virginia Department of Administration - West Virginia Pharmaceutical Cost Management Council. You will recall that the final report was not made available to the Department of Administration or the Governor's Office prior to the Committee meeting. The numbers presented to the committee in the final report were neither shared nor vetted through the Governor's office; the numbers in the final report also varied from what was listed in the draft report. The letter will provide a detailed description of annual operating expenses and grants made in each year through the **Governor's Pharmaceutical Advocate Office**, as well as, the remaining balances in each fiscal year. It also provides expenditures for the **West Virginia Pharmaceutical Cost Management Council**. In addition, per Senator Minard's suggestion, a discussion of the cost-benefit ratio of the expenditures is included.

The Governor's Office of the Pharmaceutical Advocate operates in a fiscally conservative manner and as such uses less than 50% of the annual appropriation for operating expenditures. The remainder is either used for one-time start-up grants or is carried over to the following fiscal year. The Legislature reappropriated the carry-over funds in each fiscal year from 2006 forward.

During SFY'08, the Office of the Pharmaceutical Advocate made two \$60,000 grants to start 340b pharmacies at Access Health in Lochgelly, Raleigh County and Clay-Battelle Health Services in Blacksville, Monongalia County. These grants buy pharmacy inventory, computers and hardware. Initial data shows that these one time grants reap savings in the first year to the Medicaid program, not to mention the savings that are made available to all the patients of the clinic, regardless of their income. These one-time grants pay for themselves and continue to reap savings in both the public and private sector. Savings to the private sector were discussed verbally and detailed in the agency response.

Also during, SFY '08, the Office of the Pharmaceutical Advocate provided \$140,000 in start-up funds for Governor Manchin's WVRx Program. This project provides free drugs for low-income patients statewide. It is a cooperative project between West Virginia Health Right, the Governor's Office, the Benedum Foundation, the Heinz Family Philanthropies, the Attorney General's Office and participating pharmaceutical manufacturers. The Legislature increased the Pharmaceutical Advocate line item for SFY '09 by \$110,000 to provide ongoing financial support for this project. The WVRx business plan details the cost-benefit of keeping patients connected to their medications. It cites a National Institutes of Health study that when patients have access to prescription drugs they use the emergency room 40% less and have 60% fewer hospitalizations ([www.wvr.org/background](http://www.wvr.org/background)).

During SFY '08, operating costs for the Office were \$216,010.86 and \$260,000 in grants were issued. The grants and the operating costs were drawn from appropriations for SFY '06, SFY '07 and SFY '08. At the end of SFY '08, the following balances remain:

SFY ' 06	\$ 50,000.00
SFY ' 07	\$289,138.05
SFY '08	\$246,797.20

In regard to the **West Virginia Pharmaceutical Cost Management Council** which resides in the **Department of Administration** and was the **actual subject of the PERD audit**, attached for your reference is correspondence to PERD staff dated April 16, 2008 (Appendix A). On page 7, the letter states:

"As you know, the statute houses the Council in the Department of Administration. However, since its inception in March 2004 travel and hospitality expenses have been paid from the Governor's budget (Attachment M). In FY 2004 staffing, supplies and expenditures for speakers were provided by the Department of Administration and Department of Health and Human Resources. In 2005, with the expectation that the Pharmaceutical Advocate would be codified and the Council revamped, the Governor's budget included an account for the Pharmaceutical Cost Management Council. This appropriation covers the staffing, operations and grants of the Pharmaceutical Advocate's Office. Travel reimbursement, hospitality and information needs of the Council are also covered by this appropriation. After legislation to codify the advocate and revamp the Council did not pass in either 2005 or 2007, the Governor proposed and the Legislature approved changing the name of the account to the Pharmaceutical Advocate Office. This accurately reflects the purpose of the account."


Attachment M to that correspondence also details the travel, speaker and hospitality expenses of the Council for the duration of its existence. They are as follows:

SFY '04	\$ 2,818.72
SFY '05	\$12,801.15
SFY '06	\$ 5,511.98
SFY '07	\$ 1,387.80
SFY '08	\$ 831.38
<b>Total</b>	<b>\$23,351.03</b>

Given the volume, groundbreaking nature and the scope of the work performed by the Council, the expenditures over its nearly 4½ existence are remarkable.

Telephone contact will be made with each of you to ensure that this information provides a satisfactory description of the expenditures of the Governor's Pharmaceutical Advocate line item in the Governor's Budget. If you have any questions or suggestions at anytime, you can reach me at 558-0079.

Sincerely,



Shana Kay Phares  
Governor's Acting Pharmaceutical Advocate

cc: Larry Puccio  
Jim Pfitrolo  
PERD Committee Members  
Senate President Eari Ray Tomblin  
Speaker Rick Thompson  
Senator Roman Prezioso, Chair, Senate Health Committee  
Delegate Don Perdue, Chair, House Health Committee  
John Sylvia, Director, PERD  
Denny Rhodes, Research Manager, PERD  
WVPCMC Members

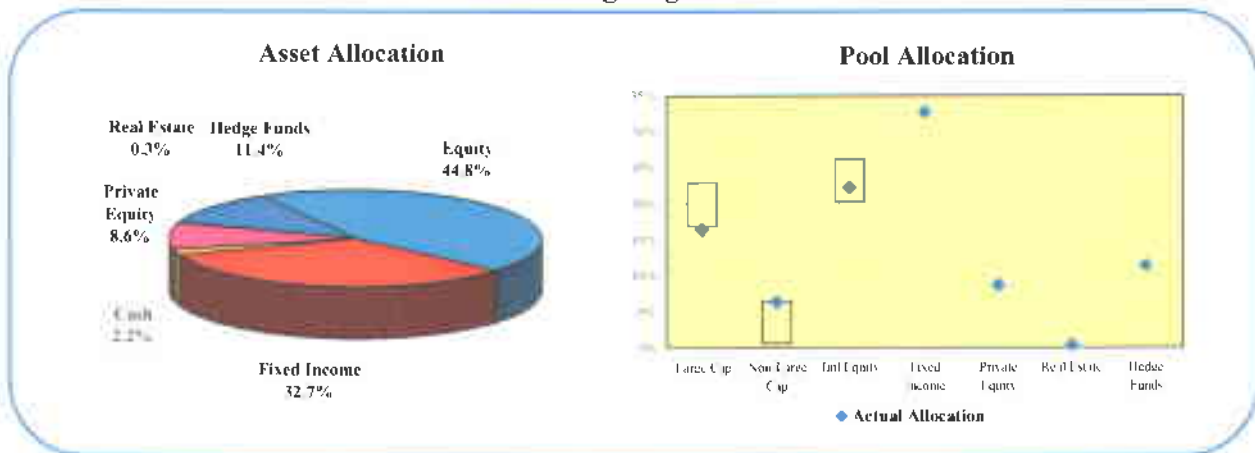
West Virginia Investment Management Board  
Periods Ending August 31, 2008



Assets	Asset Values	Month Investment Earnings	Month							
			Month	Qtr	YTD	1 Year	3 Years	5 Years	10 Years	
<i>Participant Plans<sup>1</sup></i>										
<u>Pension Assets</u>										
Public Employees' Retirement System	53,848,768,833	(\$10,202,076)	(0.3)% <sup>a</sup>	(6.1)% <sup>a</sup>	(x.1)% <sup>a</sup>	(6.7)% <sup>a</sup>	4.7%	8.0%	5.9%	
Teachers' Retirement System	3,695,183,547	(15,003,259)	(0.4)% <sup>a</sup>	(7.2)% <sup>a</sup>	(9.1)% <sup>a</sup>	(7.8)% <sup>a</sup>	4.2%	7.7%	5.7%	
Teachers' Employers Cont. Collection A/C	23,205,724	36,919	0.2% <sup>a</sup>	0.5%	1.9%	3.5% <sup>a</sup>	N/A	N/A	N/A	
EMS Retirement System	15,672,893	(22,544)	(0.1)% <sup>a</sup>	(6.0)% <sup>a</sup>	N/A	N/A	N/A	N/A	N/A	
Public Safety Retirement System	446,776,410	(594,578)	(0.1)% <sup>a</sup>	(6.2)% <sup>a</sup>	(8.2)% <sup>a</sup>	(6.8)% <sup>a</sup>	4.5%	8.0%	6.0%	
Judges' Retirement System	97,909,251	(195,140)	(0.2)% <sup>a</sup>	(6.1)% <sup>a</sup>	(8.1)% <sup>a</sup>	(6.8)% <sup>a</sup>	4.5%	7.9%	5.9%	
State Police Retirement System	41,528,417	(52,123)	(0.1)% <sup>a</sup>	(6.1)% <sup>a</sup>	(7.9)% <sup>a</sup>	(6.6)% <sup>a</sup>	4.6%	7.9%	5.8%	
Deputy Sheriffs' Retirement System	87,478,554	(112,772)	(0.1)% <sup>a</sup>	(6.1)% <sup>a</sup>	(8.1)% <sup>a</sup>	(6.8)% <sup>a</sup>	4.6%	8.0%	5.7% <sup>a</sup>	
<u>Insurance Assets</u>										
Workers' Compensation Old Fund	747,048,340	(466,425)	(0.1)% <sup>a</sup>	(4.2)% <sup>a</sup>	(4.3)% <sup>a</sup>	(2.3)% <sup>a</sup>	N/A	N/A	N/A	
Workers' Comp. Self-Insured Guaranty Risk Pool	5,491,073	10,473	0.2% <sup>a</sup>	0.6%	1.9%	3.5% <sup>a</sup>	N/A	N/A	N/A	
Workers' Comp. Uninsured Employers Fund	8,181,215	15,821	0.2% <sup>a</sup>	0.6%	1.9%	3.5% <sup>a</sup>	N/A	N/A	N/A	
Pneumoconiosis	249,996,113	129,982	0.0% <sup>a</sup>	(3.7)% <sup>a</sup>	(3.7)% <sup>a</sup>	(1.4)% <sup>a</sup>	N/A	N/A	N/A	
Board of Risk & Insurance Mgmt.	107,713,885	172,775	0.2% <sup>a</sup>	(3.7)% <sup>a</sup>	(3.8)% <sup>a</sup>	(1.5)% <sup>a</sup>	3.7%	N/A	N/A	
Public Employees' Insurance Agency	120,598,365	214,508	0.2% <sup>a</sup>	(3.3)% <sup>a</sup>	(3.1)% <sup>a</sup>	(0.6)% <sup>a</sup>	3.6%	N/A	N/A	
WA Retiree Health Benefit Trust Fund	196,438,163	1,155,574	0.6% <sup>a</sup>	(2.2)% <sup>a</sup>	N/A	N/A	N/A	N/A	N/A	
<u>Endowment Assets</u>										
Wildlife Fund	34,301,768	(128,281)	(0.4)% <sup>a</sup>	(7.0)% <sup>a</sup>	(8.0)% <sup>a</sup>	(6.6)% <sup>a</sup>	4.5%	8.0%	N/A	
Prepaid Tuition Trust	89,007,156	(312,794)	(0.3)% <sup>a</sup>	(7.0)% <sup>a</sup>	(7.9)% <sup>a</sup>	(6.6)% <sup>a</sup>	4.6%	8.0%	N/A	
Prepaid Tuition Trust Escrow	2,496,158	17,206	0.7% <sup>a</sup>	(1.7)% <sup>a</sup>	(1.4)% <sup>a</sup>	1.4%	3.1%	N/A	N/A	
Revenue Shortfall Reserve Fund	194,050,911	(866,713)	(0.4)% <sup>a</sup>	(6.9)% <sup>a</sup>	(7.9)% <sup>a</sup>	(6.6)% <sup>a</sup>	N/A	N/A	N/A	
Revenue Shortfall Reserve Fund - Part B	270,856,719	(1,246,311)	(0.6)% <sup>a</sup>	(7.2)% <sup>a</sup>	(8.2)% <sup>a</sup>	(6.8)% <sup>a</sup>	N/A	N/A	N/A	

<sup>1</sup>Returns are net of manager fees and expenses. Returns shorter than 1 year are unannualized.

**WVIMB Investment Pools**  
**Periods Ending August 31, 2008**



Investment Pools	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
<b>Large Cap Equity</b>							
Large Cap S&P 500	\$1,678,685	1.1%	(7.9)%	(11.5)%	(9.6)%	3.6%	7.3%
		1.5%	(7.9)%	(11.1)%	(11.1)%	3.7%	6.9%
<b>Non-Large Cap Equity</b>							
Total Non-Large Cap Russell 2500	\$653,599	(0.5)%	(7.2)%	(6.4)%	(7.9)%	4.2%	10.6%
		2.0%	(4.9)%	(4.8)%	(6.8)%	4.7%	10.1%
Total Domestic Equity Russell 3000	\$2,332,284	0.6%	(7.7)%	(10.0)%	(9.3)%	3.7%	8.5%
		1.6%	(7.6)%	(10.1)%	(10.2)%	3.9%	7.6%
<b>International Equity</b>							
Total International MSCI All Country World Free EX US	\$2,276,105	(3.2)%	(13.9)%	(15.5)%	(15.6)%	9.1%	13.9%
		(4.7)%	(13.6)%	(17.1)%	(12.2)%	10.7%	16.1%
Total Global Equity Global Index <sup>1</sup>	\$4,608,389	(1.3)%	(10.8)%	(13.1)%	(12.6)%	5.1%	10.0%
		(1.6)%	(11.6)%	(13.7)%	(12.0)%	5.1%	10.0%
<b>Fixed Income</b>							
Total Fixed Income Fixed Income Index <sup>2</sup>	\$3,361,562	0.6%	(2.0)%	(1.6)%	1.2%	3.1%	4.6%
		0.9%	0.4%	2.1%	5.9%	4.3%	4.6%
<b>Cash</b>							
Short Term Salomon 90 Day T-Bill + 15 bps	\$225,479	0.2%	0.6%	1.9%	3.6%	4.5%	3.4%
		0.2%	0.5%	1.5%	3.0%	4.2%	3.2%
Private Equity <sup>3</sup>	\$885,583	N/A	N/A	N/A	N/A	N/A	N/A
Real Estate <sup>3</sup>	\$32,134	N/A	N/A	N/A	N/A	N/A	N/A
Hedge Funds	\$1,173,922	(0.4)%	(2.0)%	N/A	N/A	N/A	N/A
<b>Total Investment Pools</b>	<b>\$10,287,069</b>						

<sup>1</sup>Policy is 50% R3000 and 50% MSCI ACWI Free EX US as of April 2008. Prior periods were 40% S&P 500, 30% R2500, 30% MSCI ACWI Free EX US

<sup>2</sup>Policy is 100% IB Universal as of April 2008. Prior periods were the IB Aggregate

Time-weighted returns for these pools are meaningless until the programs have matured, generally, after five years.

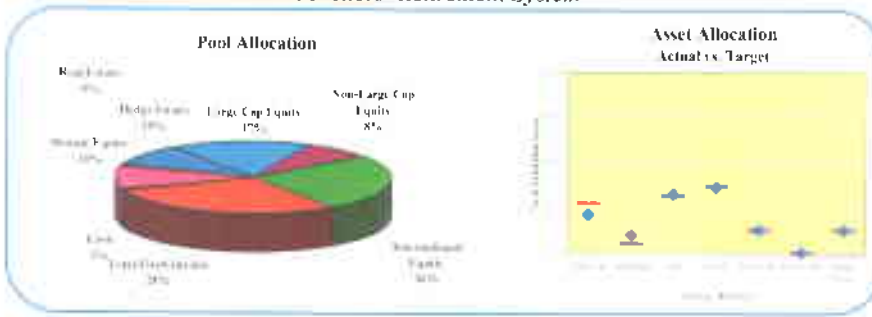
**Public Employees' Retirement System**  
Periods Ending August 31, 2008



**Investment Pools**

	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
<b>Large Cap Equity</b> S&P 500	\$611,777	1.1%	(7.9)%	(11.5)%	(9.6)%	3.6%	7.1%
<b>Non-Large Cap Equity</b> Russell 2000	\$296,380	(0.5)%	(7.2)%	(6.4)%	(7.9)%	1.2%	10.6%
<b>Domestic Equity</b>	\$918,156	0.6%	(7.7)%	(10.1)%	(9.4)%	3.8%	8.6%
<b>International Equity</b> MSCI All Country World Excl. E.U.S.	\$977,026	(3.1)%	(13.7)%	(15.4)%	(15.5)%	9.1%	13.8%
<b>Global Equity</b>	\$6,407,066	1.5%	(10.6)%	(13.0)%	(12.6)%	5.2%	10.0%
<b>Total Fixed Income</b> Fixed Income Index	\$1,038,211	0.6%	(1.9)%	(1.6)%	1.3%	3.0%	1.5%
<b>Cash</b> Salomon 90 Day T. Bill - 15bps	\$20,144	0.2%	1.6%	1.9%	3.6%	4.5%	3.1%
<b>Private Equity</b>	\$429,101	N/A	N/A	N/A	N/A	N/A	N/A
<b>Real Estate</b>	\$70,341	N/A	N/A	N/A	N/A	N/A	N/A
<b>Hedge Funds</b>	\$700,664	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Public Employees' Fund</b>	\$11,684,769	(0.3)%	(6.1)%	(8.1)%	(6.7)%	4.7%	8.0%

**Teachers' Retirement System**

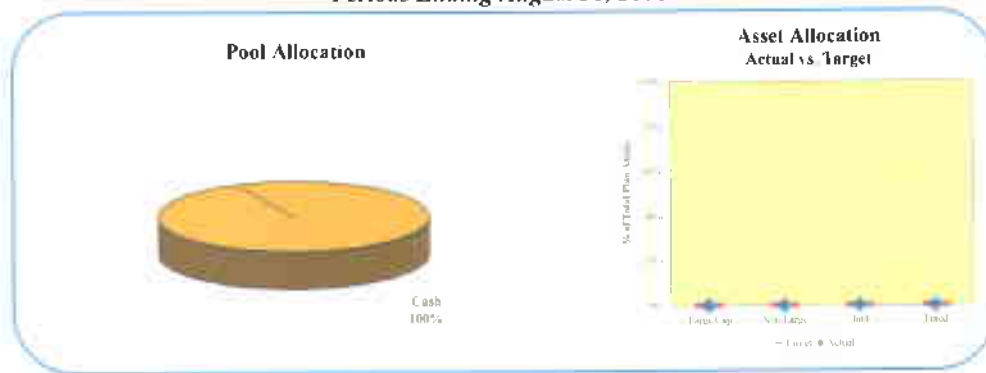


**Investment Pools**

	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
<b>Large Cap Equity</b> S&P 500	\$619,411	1.1%	(7.9)%	(11.5)%	(9.6)%	3.6%	7.1%
<b>Non-Large Cap Equity</b> Russell 2000	\$281,017	(0.5)%	(7.2)%	(6.4)%	(7.9)%	1.2%	10.6%
<b>Domestic Equity</b>	\$900,427	0.6%	(7.7)%	(10.0)%	(9.4)%	3.6%	8.5%
<b>International Equity</b> MSCI All Country World Excl. E.U.S.	\$947,887	(3.1)%	(13.7)%	(15.7)%	(15.8)%	8.9%	13.7%
<b>Global Equity</b>	\$1,848,944	1.5%	(10.6)%	(13.0)%	(13.1)%	4.8%	9.8%
<b>Total Fixed Income</b> Fixed Income Index	\$1,050,281	0.6%	(1.9)%	(1.6)%	0.9%	2.9%	4.5%
<b>Cash</b> Salomon 90 Day T. Bill - 15bps	\$22,483	0.2%	1.6%	1.9%	3.6%	4.5%	3.4%
<b>Private Equity</b>	\$378,968	N/A	N/A	N/A	N/A	N/A	N/A
<b>Real Estate</b>	\$13,346	N/A	N/A	N/A	N/A	N/A	N/A
<b>Hedge Funds</b>	\$373,151	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Teachers' Retirement Fund</b>	\$5,695,184	(0.4)%	(7.2)%	(9.1)%	(7.5)%	4.2%	7.7%

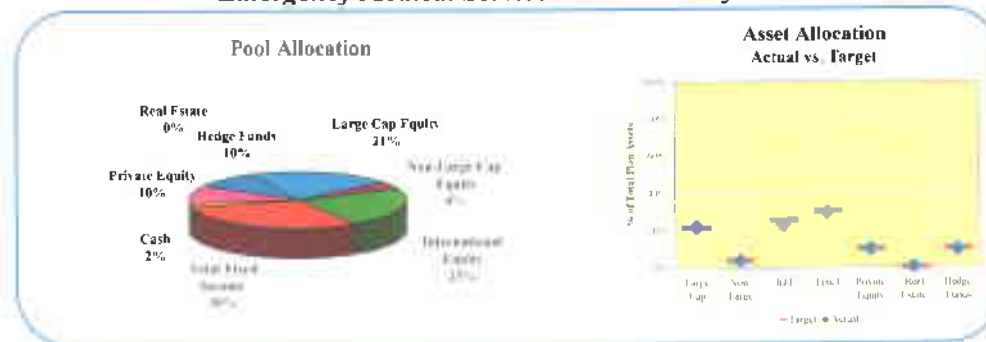
Returns are net of manager fees and expenses. Returns shorter than 1 year are unannualized.

**Teachers' Employers Cont. Collection A/C**  
**Periods Ending August 31, 2008**



Investment Pools	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Cash	\$23,206	0.2%	0.5%	1.9%	3.5%	N/A	N/A
Salomon 90 Day T-Bill + 15 bps		0.2%	0.5%	1.5%	3.0%	4.2%	3.2%
<b>Total Teachers' Employers</b>	\$23,206	0.2%	0.5%	1.9%	3.5%	N/A	N/A

**Emergency Medical Services Retirement System**

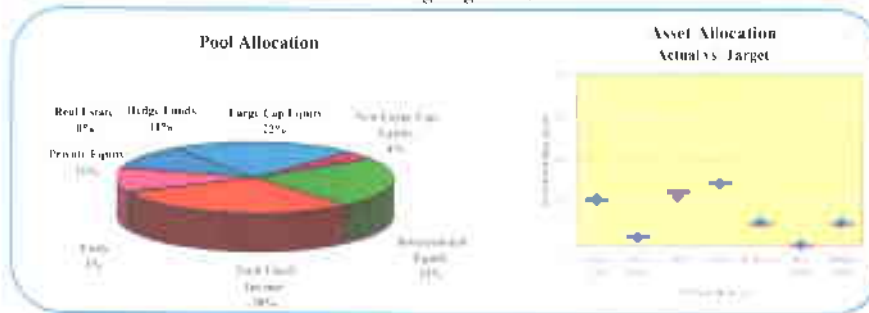


Investment Pools	(000's)	Month	Qtr	YTD	1 Year	3 Years	5 Years
Large Cap Equity S&P 500	\$3,369	1.1%	(7.9)%	N/A	N/A	N/A	N/A
		1.1%	(7.9)%	(11.0)%	(11.1)%	1.3%	6.5%
Non-Large Cap Equity Russell 2500	\$579	0.1%	(7.2)%	N/A	N/A	N/A	N/A
		0.1%	(4.9)%	(4.0)%	(6.8)%	0.4%	3.3%
Domestic Equity	\$3,948	0.9%	(7.7)%	N/A	N/A	N/A	N/A
International Equity MSCI All Country World Inc EX US	\$3,597	(2.0)%	(13.4)%	N/A	N/A	N/A	N/A
		(2.0)%	(15.6)%	(15.0)%	(12.2)%	(6.7)%	(6.3)%
Global Equity	\$7,545	0.0%	(10.4)%	N/A	N/A	N/A	N/A
Total Fixed Income Fixed Income Index	\$4,616	0.6%	(2.0)%	N/A	N/A	N/A	N/A
		0.6%	(0.4)%	2.4%	5.5%	(0.7)%	(0.7)%
Cash Salomon 90 Day T-Bill + 15 bps	\$384	0.2%	0.6%	N/A	N/A	N/A	N/A
		0.2%	0.5%	1.5%	3.0%	4.2%	3.2%
Private Equity	\$1,566	N/A	N/A	N/A	N/A	N/A	N/A
Real Estate	\$34	N/A	N/A	N/A	N/A	N/A	N/A
Hedge Funds	\$1,528	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total EMS Retirement System</b>	\$15,673	(0.1)%	(6.0)%	N/A	N/A	N/A	N/A

Returns are net of manager fees and expenses. Returns shorter than 1 year are unannualized.

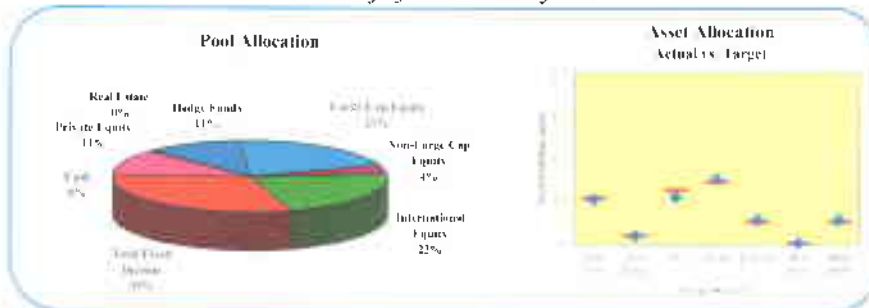


**Judges' Retirement System**  
Periods Ending August 31, 2008



Investment Pools	Asset Values (\$MM)	Index Returns (Blue)			Actual Returns (Black)		
		YTD	1 Year	3 Years	YTD	1 Year	3 Years
Large Cap Equity S&P 500	\$21,194	11.1%	(7.9)%	(11.5)%	(9.6)%	3.6%	7.3%
Non Large Cap Equity Russell 2000	\$3,700	(1.5)%	(7.2)%	(6.4)%	(7.9)%	4.2%	10.6%
Domestic Equity	\$24,895	9.9%	(7.7)%	(10.0)%	(9.4)%	3.6%	8.9%
International Equity MSCI All Country World Excl. USA	\$22,487	(3.1)%	(13.5)%	(15.4)%	(15.5)%	9.1%	13.8%
Global Equity	\$47,382	(1.1)%	(10.6)%	(13.0)%	(12.6)%	5.0%	9.9%
Total Fixed Income Fixed Income Index	\$28,415	0.6%	(1.9)%	(1.7)%	1.2%	3.0%	4.5%
Cash Salomon 90 Day T-Bill 15bps	\$568	0.2%	0.6%	1.9%	3.6%	4.5%	3.4%
Private Equity	\$10,676	N/A	N/A	N/A	N/A	N/A	N/A
Real Estate	\$392	N/A	N/A	N/A	N/A	N/A	N/A
Hedge Funds	\$10,172	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Judges' Pension Fund</b>	<b>\$97,909</b>	<b>10.2%</b>	<b>(6.1)%</b>	<b>(8.1)%</b>	<b>(6.8)%</b>	<b>4.5%</b>	<b>7.9%</b>

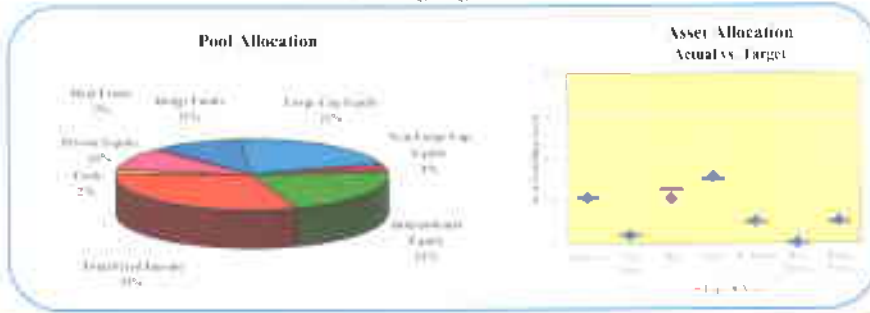
**Public Safety Retirement System**



Investment Pools	Asset Values (\$MM)	Index Returns (Blue)			Actual Returns (Black)		
		Month	1 Year	3 Years	YTD	1 Year	3 Years
Large Cap Equity S&P 500	\$93,351	11.1%	(7.9)%	(11.5)%	(9.6)%	3.6%	7.3%
Non Large Cap Equity Russell 2000	\$16,916	(1.5)%	(7.2)%	(6.4)%	(7.9)%	4.2%	10.6%
Domestic Equity	\$110,267	9.9%	(7.7)%	(10.0)%	(9.4)%	3.6%	8.9%
International Equity MSCI All Country World Excl. USA	\$97,436	(3.1)%	(13.5)%	(15.4)%	(15.5)%	9.1%	13.8%
Global Equity	\$207,703	(1.1)%	(10.6)%	(13.0)%	(12.6)%	5.0%	9.9%
Total Fixed Income Fixed Income Index	\$135,516	0.6%	(1.9)%	(1.7)%	1.2%	3.0%	4.5%
Cash Salomon 90 Day T-Bill 15bps	\$695	0.2%	0.6%	1.9%	3.6%	4.5%	3.4%
Private Equity	\$50,852	N/A	N/A	N/A	N/A	N/A	N/A
Real Estate	\$1,561	N/A	N/A	N/A	N/A	N/A	N/A
Hedge Funds	\$39,838	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Public Safety System</b>	<b>\$446,776</b>	<b>10.1%</b>	<b>(6.2)%</b>	<b>(8.0)%</b>	<b>(6.9)%</b>	<b>4.5%</b>	<b>8.0%</b>

Returns are net of manager fees and expenses. Returns shorter than 1 year are annualized.

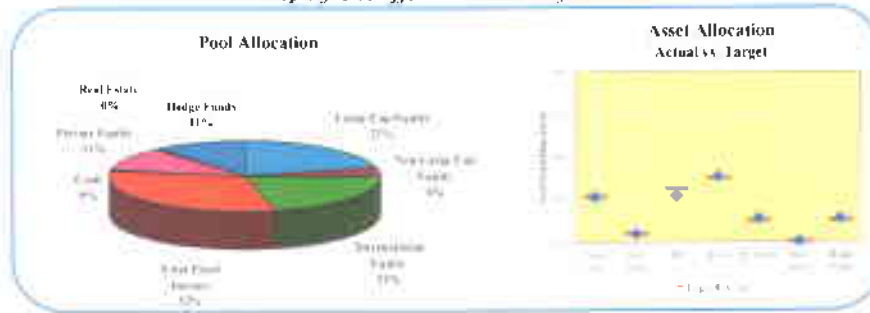
**State Police Retirement System**  
Periods Ending August 31, 2008



**Investment Pools**

	Asset Values (\$MM)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Large Cap Equity S&P 500	\$8,850	11.7%	27.0%	11.5%	22.2%	3.2%	7.1%
Non-Large Cap Equity Russell 2000	\$1,545	15.7%	32.2%	16.4%	27.7%	4.2%	10.6%
Domestic Equity	\$70,396	8.5%	27.5%	10.0%	19.8%	3.6%	5.5%
International Equity MSCI All Country World Div EX US	\$5,796	19.1%	33.0%	15.4%	25.5%	9.1%	13.8%
Global Equity	\$19,102	11.9%	28.1%	12.9%	23.5%	5.1%	9.9%
Total Fixed Income Fixed Income Index	\$12,876	10.1%	22.0%	4.7%	3.2%	3.0%	4.5%
Cash Solomon 90 Day T-Bill - 15bps	\$631	0.2%	0.0%	1.0%	1.6%	4.5%	3.4%
Private Equity	\$4,329	N/A	N/A	N/A	N/A	N/A	N/A
Real Estate	\$162	N/A	N/A	N/A	N/A	N/A	N/A
Hedge Funds	\$4,470	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total State Police Pension Fund</b>	<b>\$41,528</b>	<b>10.1%</b>	<b>16.1%</b>	<b>(7.9)%</b>	<b>16.6%</b>	<b>4.6%</b>	<b>7.0%</b>

**Deputy Sheriffs' Retirement System**

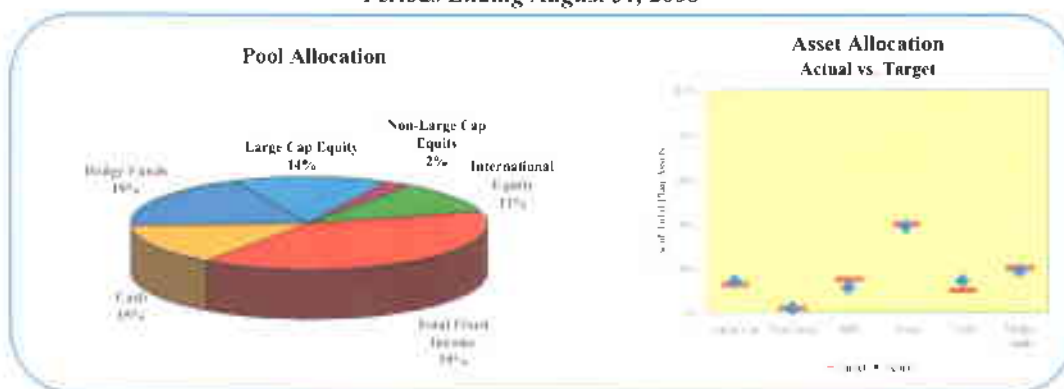


**Investment Pools**

	Asset Values (\$MM)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Large Cap Equity S&P 500	\$18,573	11.7%	27.0%	11.2%	19.0%	3.0%	7.1%
Non-Large Cap Equity Russell 2000	\$3,294	15.7%	32.2%	16.4%	27.7%	4.2%	10.6%
Domestic Equity	\$21,365	8.5%	27.5%	10.0%	19.8%	3.6%	5.5%
International Equity MSCI All Country World Div EX US	\$18,804	19.1%	33.0%	15.4%	25.5%	9.1%	13.8%
Global Equity	\$40,672	11.9%	28.1%	12.9%	23.5%	5.1%	9.9%
Total Fixed Income Fixed Income Index	\$26,898	10.1%	22.0%	4.6%	3.2%	3.0%	4.5%
Cash Solomon 90 Day T-Bill - 15bps	\$178	0.2%	0.0%	1.0%	1.6%	4.5%	3.4%
Private Equity	\$9,609	N/A	N/A	N/A	N/A	N/A	N/A
Real Estate	\$355	N/A	N/A	N/A	N/A	N/A	N/A
Hedge Funds	\$9,576	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Deputy Sheriffs Fund</b>	<b>\$87,470</b>	<b>10.1%</b>	<b>16.0%</b>	<b>(8.0)%</b>	<b>16.6%</b>	<b>4.6%</b>	<b>7.0%</b>

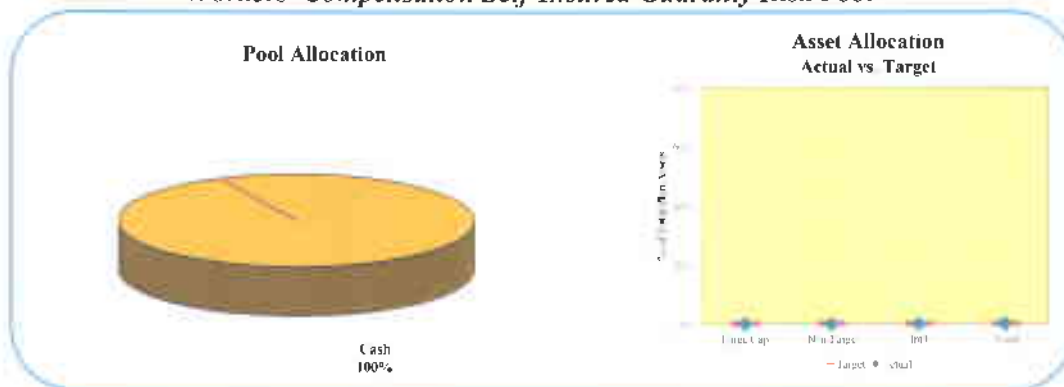
Returns are net of manager fees and expenses. Returns shorter than 1 year are annualized.

**Workers' Compensation Old Fund**  
Periods Ending August 31, 2008



Investment Pools	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Large Cap Equity <i>S&amp;P 500</i>	\$106,771	1.1% 1.5%	(7.9)% (7.9)%	(11.5)% (11.3)%	(9.6)% (11.1)%	N/A 3.7%	N/A 6.9%
Non-Large Cap Equity <i>Russell 2500</i>	\$16,049	(0.5)% 2.0%	(7.2)% (4.9)%	(6.4)% (4.8)%	(7.9)% (6.8)%	N/A 2.7%	N/A 10.1%
Domestic Equity	\$122,820	0.9%	(7.7)%	(9.4)%	(8.8)%	N/A	N/A
International Equity <i>MSCI All Country World Free EX US</i>	\$84,372	(3.3)% (4.7)%	(14.1)% (15.6)%	(15.7)% (17.1)%	(15.8)% (12.2)%	N/A 10.1%	N/A 16.1%
Global Equity	\$207,191	(0.9)%	(10.3)%	(12.2)%	(11.8)%	N/A	N/A
Total Fixed Income <i>Fixed Income Index</i>	\$290,237	0.6% 0.9%	(1.8)% 0.4%	(1.5)% 2.1%	1.3% 5.9%	N/A 4.3%	N/A 4.6%
Cash <i>Salomon 90 Day 1-Bill - 15 bps</i>	\$108,369	0.2% 0.2%	0.6% 0.5%	1.9% 1.5%	3.6% 3.6%	N/A 4.2%	N/A 3.2%
Hedge Funds	\$141,251	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Workers' Comp Old Fund</b>	<b>\$747,048</b>	<b>(0.1)%</b>	<b>(4.2)%</b>	<b>(4.3)%</b>	<b>(2.3)%</b>	<b>N/A</b>	<b>N/A</b>

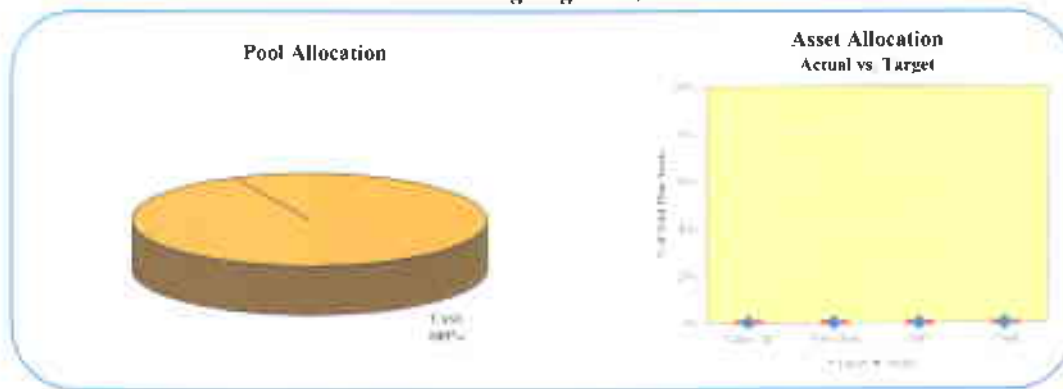
**Workers' Compensation Self-Insured Guaranty Risk Pool**



Investment Pools	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Cash <i>Salomon 90 Day 1-Bill - 15 bps</i>	\$5,491	0.2% 0.2%	0.6% 0.5%	1.9% 1.5%	3.5% 3.0%	N/A 4.2%	N/A 3.2%
<b>Total Workers' Comp Self-Insured</b>	<b>\$5,491</b>	<b>0.2%</b>	<b>0.6%</b>	<b>1.9%</b>	<b>3.5%</b>	<b>N/A</b>	<b>N/A</b>

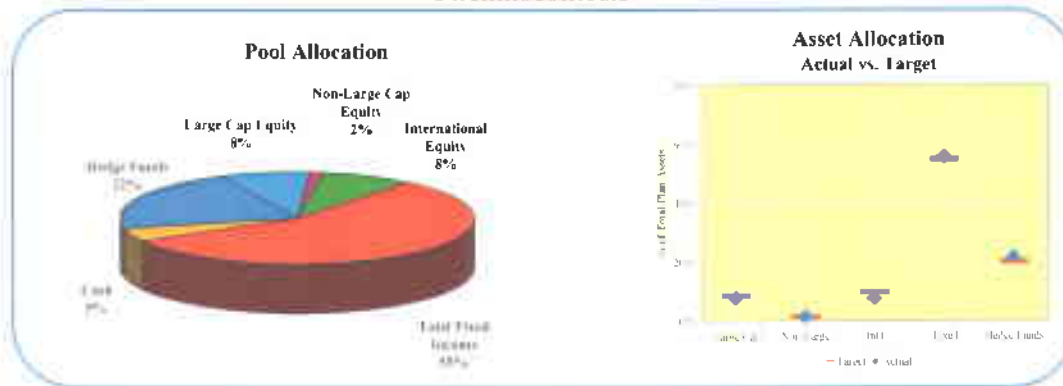
Returns are net of manager fees and expenses. Returns shorter than 1 year are unannualized.

**Workers' Compensation Uninsured Employers Fund**  
**Periods Ending August 31, 2008**



	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Cash	\$8,181	0.2%	0.6%	1.9%	3.5%	N/A	N/A
Salomon 90 Day T-Bill + 15 bps		0.2%	0.5%	1.5%	3.0%	4.2%	3.2%
<b>Total Workers' Comp. Uninsured</b>	\$8,181	0.2%	0.6%	1.9%	3.5%	N/A	N/A

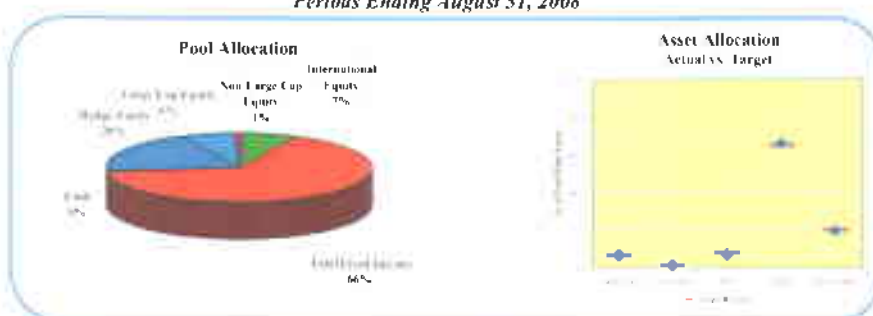
**Pneumoconiosis**



	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Large Cap Equity	\$19,978	1.1%	(7.9)%	(11.5)%	(9.6)%	N/A	N/A
S&P 500		1.5%	(7.9)%	(11.4)%	(11.1)%	3.7%	6.9%
Non-Large Cap Equity	\$3,776	(0.5)%	(7.2)%	(6.4)%	(7.9)%	N/A	N/A
Russell 2500		2.9%	(4.9)%	(4.8)%	(6.8)%	4.7%	10.1%
Domestic Equity	\$23,754	0.9%	(7.7)%	(9.5)%	(8.8)%	N/A	N/A
International Equity	\$20,570	(3.2)%	(13.9)%	(15.6)%	(15.7)%	N/A	N/A
MSCI All Country World Inc. EX US		(4.7)%	(15.6)%	(17.1)%	(17.2)%	10.7%	16.1%
Global Equity	\$44,324	(1.1)%	(10.4)%	(12.3)%	(11.9)%	N/A	N/A
Total Fixed Income	\$139,719	0.6%	(1.8)%	(1.5)%	1.3%	N/A	N/A
Fixed Income Index		0.9%	0.4%	2.1%	5.9%	4.3%	4.6%
Cash	\$11,671	0.2%	0.6%	1.9%	3.6%	N/A	N/A
Salomon 90 Day T-Bill + 15 bps		0.2%	0.5%	1.5%	3.0%	4.2%	3.2%
Hedge Funds	\$54,283	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Pneumoconiosis Fund</b>	\$249,996	0.0%	(3.7)%	(3.7)%	(1.4)%	N/A	N/A

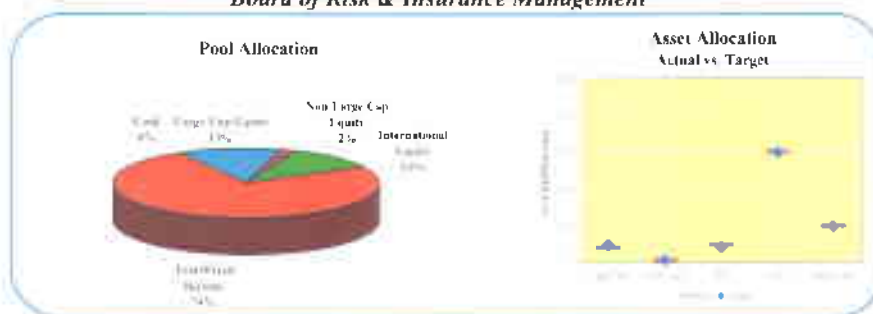
Returns are net of manager fees and expenses. Returns shorter than 1 year are unannualized.

**Public Employees' Insurance Agency**  
Periods Ending August 31, 2008



Investment Pools	Asset Values (\$000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Large Cap Equity <i>S&amp;P 500</i>	\$7,720	1.1%	(7.9)%	(11.7)%	(8.4)%	3.6%	N/A
Non-Large Cap Equity <i>Russell 2500</i>	\$1,559	(10.5)%	(7.2)%	(16.0)%	(7.9)%	4.2%	N/A
Domestic Equity	\$9,189	0.9%	(7.7)%	(11.0)%	(8.7)%	3.9%	N/A
International Equity <i>MSCI All Country World Excl. F&amp;C</i>	\$8,117	(3.9)%	(13.6)%	(19.1)%	(15.5)%	9.4%	N/A
Global Equity	\$17,096	(1.0)%	(10.3)%	(12.2)%	(10.0)%	5.5%	N/A
Total Fixed Income <i>Fixed Income Index</i>	\$79,406	0.6%	(1.5)%	(3.3)%	1.1%	3.1%	N/A
Cash <i>Sullivan 90 Day T-Bill + US Gov</i>	\$193	0.2%	0.6%	1.0%	3.6%	N/A	N/A
Hedge Funds	\$23,904	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Public Employees' Fund</b>	<b>\$120,595</b>	<b>(1.2)%</b>	<b>(3.3)%</b>	<b>(3.1)%</b>	<b>(6.6)%</b>	<b>3.6%</b>	<b>N/A</b>

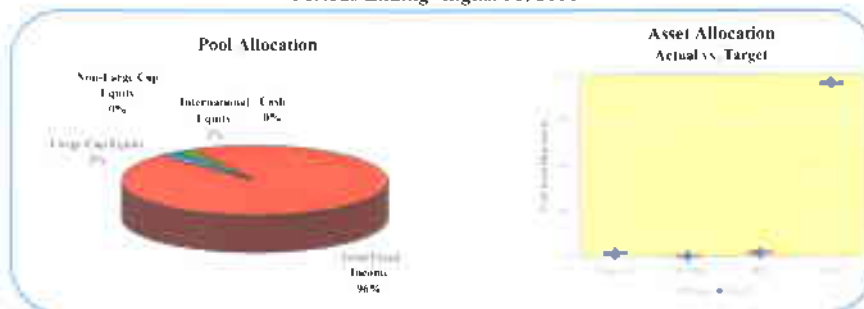
**Board of Risk & Insurance Management**



Investment Pools	Asset Values (\$000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Large Cap Equity <i>S&amp;P 500</i>	\$10,747	1.1%	(7.9)%	(11.7)%	(8.4)%	3.6%	N/A
Non-Large Cap Equity <i>Russell 2500</i>	\$1,619	(10.5)%	(7.2)%	(16.0)%	(7.9)%	4.2%	N/A
Domestic Equity	\$12,366	0.9%	(7.7)%	(11.0)%	(8.7)%	3.9%	N/A
International Equity <i>MSCI All Country World Excl. F&amp;C</i>	\$9,251	(3.9)%	(13.6)%	(19.1)%	(15.5)%	9.4%	N/A
Global Equity	\$21,620	(1.0)%	(10.3)%	(12.2)%	(10.0)%	5.5%	N/A
Total Fixed Income <i>Fixed Income Index</i>	\$64,252	0.7%	(1.5)%	(3.3)%	1.1%	3.1%	N/A
Cash <i>Sullivan 90 Day T-Bill + US Gov</i>	\$71	0.2%	0.6%	1.0%	3.6%	4.8%	N/A
Hedge Funds	\$21,771	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Board of Risk &amp; Ins. Mgmt</b>	<b>\$107,714</b>	<b>(1.2)%</b>	<b>(3.3)%</b>	<b>(3.1)%</b>	<b>(6.6)%</b>	<b>3.7%</b>	<b>N/A</b>

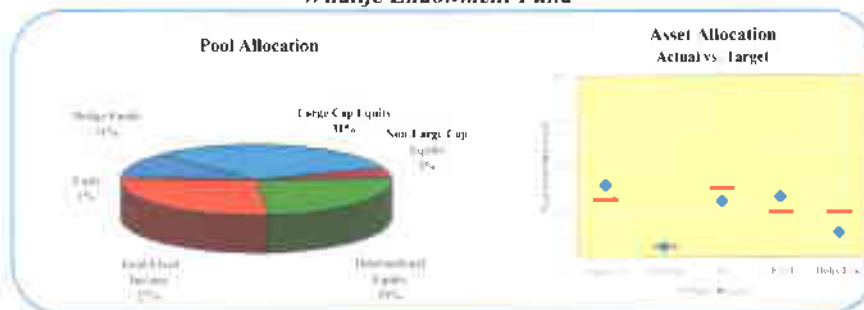
Returns are net of manager fees and expenses. Returns shorter than 1 year are unannualized.

**WV Retiree Health Benefit Trust Fund**  
Periods Ending August 31, 2008



Investment Pools	Asset Values (0000's)	Index Returns (Blue)			Actual Returns (Black)			
		Month	Qtr	YTD	1 Year	3 Years	5 Years	
Large Cap Equity S&P 500	\$4,225	1.1%	17.9%	N/A	N/A	N/A	N/A	
Non-Large Cap Equity Russell 2500	\$735	(0.8)%	17.2%	N/A	N/A	N/A	N/A	
Domestic Equity	\$4,960	0.9%	17.8%	N/A	N/A	N/A	N/A	
International Equity MSCI All Country World Excl. F&CS	\$4,062	(3.0)%	(15.3)%	N/A	N/A	N/A	N/A	
Global Equity	\$9,023	11.4%	(11.0)%	N/A	N/A	N/A	N/A	
Total Fixed Income Fixed Income Index	\$187,332	0.7%	(1.8)%	N/A	N/A	N/A	N/A	
Cash Sullivan 90 Day T-Bill - 15bps	\$53	0.2%	0.6%	N/A	N/A	N/A	N/A	
<b>Total WV Retiree Health Benefit Fund</b>	<b>\$196,435</b>	<b>0.6%</b>	<b>(2.2)%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	

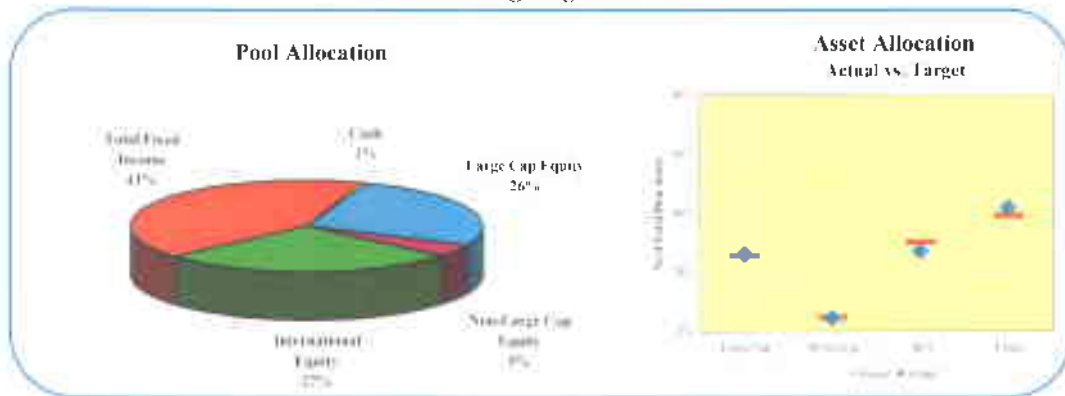
**Wildlife Endowment Fund**



Investment Pools	Asset Values (0000's)	Index Returns (Blue)			Actual Returns (Black)			
		Month	Qtr	YTD	1 Year	3 Years	5 Years	
Large Cap Equity S&P 500	\$11,000	1.1%	17.9%	(11.5)%	(9.6)%	3.6%	7.7%	
Non-Large Cap Equity Russell 2500	\$6,945	(0.8)%	17.2%	(6.4)%	(7.9)%	4.2%	(0.4)%	
Domestic Equity	\$17,845	0.9%	17.7%	(9.5)%	(8.8)%	3.8%	8.7%	
International Equity MSCI All Country World Excl. F&CS	\$6,000	(3.0)%	(15.3)%	(15.6)%	(15.7)%	9.0%	(3.7)%	
Global Equity	\$12,000	11.4%	(11.0)%	(12.2)%	(11.8)%	5.3%	(0.1)%	
Total Fixed Income Fixed Income Index	\$4,700	0.7%	(1.8)%	(1.5)%	1.4%	3.1%	4.6%	
Cash Sullivan 90 Day T-Bill - 15bps	\$442	0.2%	0.6%	1.9%	3.6%	4.5%	14.9%	
Hedge Funds	\$1,330	N/A	N/A	N/A	N/A	N/A	N/A	
<b>Total Wildlife Fund</b>	<b>\$54,702</b>	<b>(0.4)%</b>	<b>1.0%</b>	<b>48.0%</b>	<b>(6.6)%</b>	<b>4.5%</b>	<b>8.0%</b>	

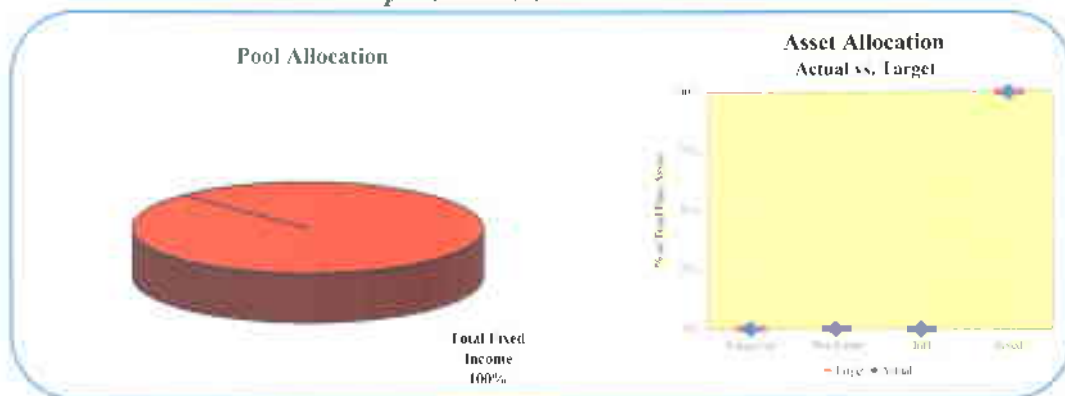
Returns are net of manager fees and expenses. Returns shorter than 1 year are unannualized.

**Prepaid Tuition Trust Fund**  
Periods Ending August 31, 2008



Investment Pools	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Large Cap Equity <i>S&amp;P 500</i>	\$23,163	1.1%	(7.0)%	(1.5)%	(9.0)%	3.6%	3.1%
Non-Large Cap Equity <i>Russell 2500</i>	\$4,035	(0.5)%	(7.2)%	(6.4)%	(7.9)%	4.2%	(0.6)%
Domestic Equity <i>MSCI All Country World Excl U.S.</i>	\$27,198	0.9%	(7.7)%	(6.4)%	(6.8)%	3.9%	3.6%
International Equity <i>MSCI All Country World Excl U.S.</i>	\$24,130	(3.2)%	(14.0)%	(11.6)%	(15.7)%	9.0%	(0.7)%
Global Equity	\$51,328	(1.1)%	(10.7)%	(12.5)%	(12.1)%	5.1%	(0.6)%
Total Fixed Income <i>Fixed Income Index</i>	\$37,112	0.7%	(1.0)%	(1.4)%	1.4%	3.1%	4.6%
Cash <i>Salomon 90 Day T-Bill + 15 bps</i>	\$566	0.2%	(0.6)%	(0.9)%	(0.0)%	4.5%	3.4%
<b>Total Prepaid Tuition Trust</b>	<b>\$99,007</b>	<b>(0.4)%</b>	<b>(7.0)%</b>	<b>(7.9)%</b>	<b>(6.6)%</b>	<b>4.6%</b>	<b>8.0%</b>

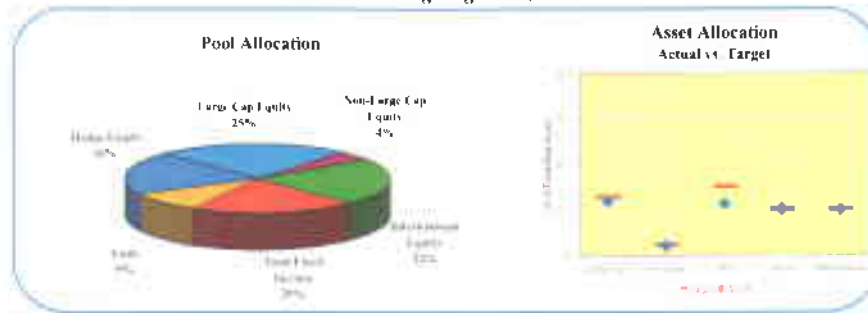
**Prepaid Tuition Trust Escrow**



Investment Pools	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Total Fixed Income <i>Fixed Income Index</i>	\$2,496	0.7%	(1.7)%	(1.4)%	1.4%	3.1%	N/A
<b>Total Prepaid Tuition Trust Escrow</b>	<b>\$2,496</b>	<b>0.7%</b>	<b>(1.7)%</b>	<b>(1.4)%</b>	<b>1.4%</b>	<b>3.1%</b>	<b>N/A</b>

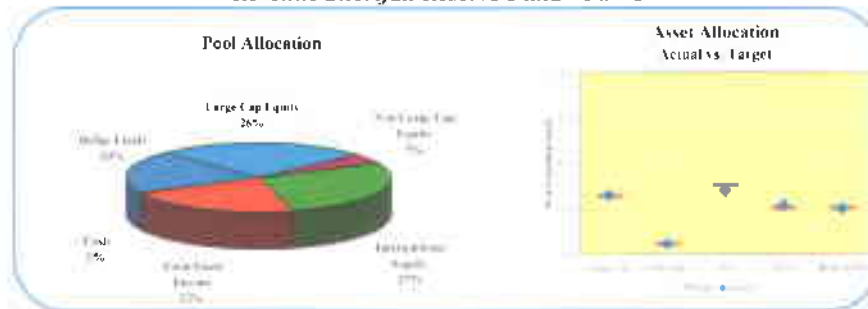
Returns are net of manager fees and expenses. Returns shorter than 1 year are unannualized.

**Revenue Shortfall Reserve Fund**  
Periods Ending August 31, 2008



Investment Pools	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Large Cap Equity S&P 500	\$46,043	1.1%	27.0%	112.0%	10.0%	N/A	N/A
Non-Large Cap Equity Russell 2000	58,003	(0.5)%	25.2%	96.0%	17.0%	N/A	N/A
Domestic Equity	\$54,046	0.9%	27.2%	95.0%	10.0%	N/A	N/A
International Equity MSCI All Country World Excl US	\$43,448	(3.2)%	(14.0)%	(15.0)%	(15.5)%	N/A	N/A
Global Equity	\$97,494	(1.0)%	10.0%	112.0%	11.0%	N/A	N/A
Total Fixed Income Fixed Income Index	\$39,551	0.6%	(1.0)%	13.0%	1.0%	N/A	N/A
Cash Salomon 90 Day T-Bill - 15 bps	\$17,844	0.2%	0.6%	1.0%	1.0%	N/A	N/A
Hedge Funds	\$39,162	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Rev. Shortfall Reserve Fund</b>	<b>\$194,051</b>	<b>(0.4)%</b>	<b>(6.9)%</b>	<b>(7.9)%</b>	<b>16.6%</b>	<b>N/A</b>	<b>N/A</b>

**Revenue Shortfall Reserve Fund - Part B**



Investment Pools	Asset Values (000's)	Index Returns (Blue)			Actual Returns (Black)		
		Month	Qtr	YTD	1 Year	3 Years	5 Years
Large Cap Equity S&P 500	\$70,215	1.1%	(7.9)%	(11.5)%	(9.6)%	N/A	N/A
Non-Large Cap Equity Russell 2000	\$12,303	(0.5)%	(7.2)%	(6.4)%	(7.9)%	N/A	N/A
Domestic Equity	\$82,517	0.9%	(7.7)%	(10.5)%	(8.8)%	N/A	N/A
International Equity MSCI All Country World Excl US	\$75,371	(3.3)%	(14.0)%	(15.7)%	(15.8)%	N/A	N/A
Global Equity	\$157,888	(1.2)%	(10.6)%	(12.5)%	(12.1)%	N/A	N/A
Total Fixed Income Fixed Income Index	\$58,287	0.6%	(1.8)%	11.5%	1.4%	N/A	N/A
Cash Salomon 90 Day T-Bill - 15 bps	\$697	0.2%	0.6%	1.0%	1.0%	N/A	N/A
Hedge Funds	\$54,184	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Rev. Shortfall Reserve Fund B</b>	<b>\$270,857</b>	<b>(0.6)%</b>	<b>(7.2)%</b>	<b>(8.2)%</b>	<b>(6.8)%</b>	<b>N/A</b>	<b>N/A</b>

Returns are net of manager fees and expenses. Returns shorter than 1 year are unannualized.





**West Virginia Investment Management Board**

500 Virginia Street, East — Suite 200  
Charleston, West Virginia 25301

Phone: (304) 345-2672  
Fax: (304) 345-5939  
Website: [www.wvimb.org](http://www.wvimb.org)

September 10, 2008

Aaron Allred  
Legislative Auditor  
West Virginia Legislative Auditors Office  
Building 1, Room E-132  
1900 Kanawha Boulevard, East  
Charleston, WV 25305-0610



Re: Schedule of Investment Performance

Dear Mr. Allred:

The following Schedule of Investment Performance for the West Virginia Investment Management Board for the period July 1, 2007, to June 30, 2008, has been prepared in accordance with *West Virginia Code §12-6-6(d)*.

Please contact either of us at 345-2672 with any questions.

Sincerely,

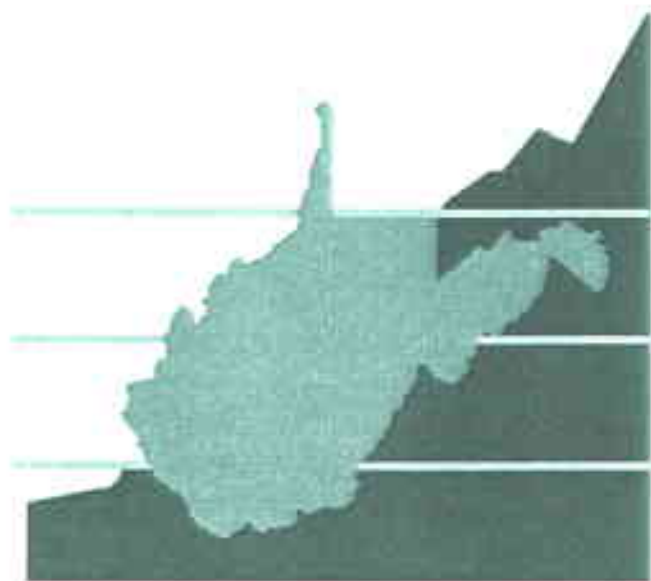
H. Craig Slaughter  
Executive Director

Matthew E. Jones  
Chief Financial Officer  
Chief Operating Officer

HCS:MEJ;jah  
Enclosure



# West Virginia Investment Management Board



## 2008 Schedule of Investment Performance





**Summit Strategies Group**

August 20, 2008

Board of Trustees  
West Virginia Investment Management Board

We have conducted a performance audit of the accompanying Schedule of Investment Performance (the "Schedule") of the individual investment pools operated by the West Virginia Investment Management Board (WVIMB). The audit was conducted in accordance with Article 6 of the West Virginia State Board of Investments (Section 12-6-6 (d)) for the year ending June 30, 2008.

Our examination included such testing, as we believed adequate, to verify that the performance information provided in the Schedule has been prepared and fairly presented in accordance with the Performance Presentation Standards as detailed in the footnotes to the Schedule.

This Schedule is the responsibility of WVIMB's management. Our responsibility is to express an opinion on the Schedule based on our audit.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the performance of the individual investment pools as of June 30, 2008, in conformity with the Performance Presentation Standards as detailed in the footnotes to the Schedule.

Summit Strategies, Inc.

**Schedule of Investment Performance  
West Virginia Investment Management Board  
For the Period July 1, 2007 to June 30, 2008**

**Trust Accounts**

	<b>Total Rate of Return*</b>
Public Employees' Retirement System	(6.5)%
Teachers' Retirement System	(7.7)%
Teachers' Employers Contribution Collection Account	4.0
Emergency Medical Services Retirement System	N/A
Public Safety, Death, Disability, and Retirement System	(6.8)%
Deputy Sheriffs' Retirement System	(6.8)%
Judges' Retirement System	(6.8)%
State Police Retirement System	(6.6)%
Workers' Compensation Old Fund	(1.3)%
Workers' Compensation Self-Insured Guaranty Risk Pool	4.4
Workers' Compensation Uninsured Employers Fund	4.3
Pneumoconiosis	0.1
Board of Risk and Insurance Management	0.0
Public Employees Insurance Agency	1.1
WV Retiree Health Benefit Trust Fund	N/A
Wildlife Endowment Fund	(6.5)
Revenue Shortfall Reserve Fund	(6.0)
Revenue Shortfall Reserve Fund B	(6.4)
Prepaid Tuition Trust Fund	(6.4)
Prepaid Tuition Trust Escrow	3.3

The Emergency Medical Services Retirement System and the WV Retiree Health Benefit Trust Fund were not invested for the full fiscal year. Returns are not reported for periods shorter than one year.

\* - Returns are net of all fees. See Note 2.

**Schedule of Investment Performance**  
**West Virginia Investment Management Board**  
**For the Period July 1, 2007 to June 30, 2008**

**Investment Pools**

	<b>Total Rates of Return</b>		
	<u>Gross of all fees</u>	<u>Net of manager fees</u>	<u>Net of all fees</u>
Large Cap Domestic Equity Pool	(11.8)%	(11.9)%	(11.9)%
Non-Large Cap Domestic Equity Pool	(11.4)	(11.9)	(12.0)
International Qualified Equity Pool	(8.3)	(8.8)	(8.8)
International Non-Qualified Equity Pool	(8.5)	(9.1)	(9.2)
International Equity Pool	(15.2)	(15.6)	(15.7)
Fixed Income Pool	2.6	2.6	2.5
Fixed Income Qualified Pool	4.6	4.6	4.6
Fixed Income Non-Qualified Pool	4.6	4.6	4.6
Short-Term Fixed Income Pool	4.2	4.1	4.1

**Monthly Money Market Yield (annualized %)**  
*(See Note 3)*

	<u>Short-Term Fixed Income Pool</u>
July 2007	5.2%
August 2007	5.2
September 2007	5.1
October 2007	4.9
November 2007	4.8
December 2007	4.4
January 2008	4.2
February 2008	3.6
March 2008	3.1
April 2008	2.6
May 2008	2.4
June 2008	2.3

**Schedule of Investment Performance**  
**West Virginia Investment Management Board**  
**For the Period July 1, 2007 to June 30, 2008**

**Note 1**

This report represents the performance returns of the West Virginia Investment Management Board (IMB). It is prepared to comply with *West Virginia Code § 12-6-6(d)*, and is intended solely as an attestation of the returns for the periods indicated. For a more in depth discussion of the investment pools and participant plans, including returns for additional time periods, please refer to the IMB's annual report which may requested directly from the IMB at 500 Virginia Street East, Suite 200, Charleston, WV 25301 or on the web at [www.wvimb.org](http://www.wvimb.org).

**Note 2**

The Total Rate of Return for the investment pools is calculated using the Modified Dietz time weighted rate of return method. The Modified Dietz method weights each cash flow by the amount of time it is held in the portfolio. The formula for the Modified Dietz method is:

$$\text{RDIETZ} = \frac{\text{MVE} - \text{MVB} - \text{F}}{\text{MVB} + \text{FW}}$$

**Note 3**

The monthly money market yield represents the rate of income, net of expenses, earned during the respective month. The return is annualized over a 365-day or 366-day year, assuming no reinvestment of earnings.





1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60  
61  
62  
63  
64  
65  
66  
67  
68  
69  
70  
71  
72  
73  
74  
75  
76  
77  
78  
79  
80  
81  
82  
83  
84  
85  
86  
87  
88  
89  
90  
91  
92  
93  
94  
95  
96  
97  
98  
99  
100



**West Virginia Investment Management Board**

500 Virginia Street, East — Suite 200  
Charleston, West Virginia 25301

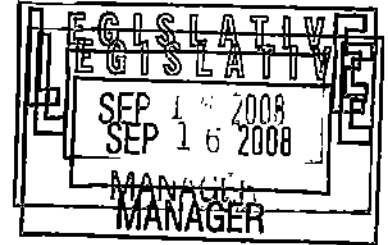
Phone: (304) 345-2672

Fax: (304) 345-5939

Website: [www.wvimb.org](http://www.wvimb.org)

September 15, 2008

Aaron Allred  
Legislative Manager  
Building 1, Room E-132  
1900 Kanawha Boulevard, East  
Charleston, WV 25305



Dear Aaron:

Enclosed find a list of the West Virginia Investment Management Board's investment managers for the fiscal year 2008, including fees paid to those managers broken down as base and performance with a total in dollars and basis points. I believe this should respond to Senator Chafin's request. If I need to provide any other information, please contact me.

Sincerely,

  
H. Craig Slaughter  
Executive Director

HCS:jaa  
Encl.



**West Virginia Investment Management Board  
Investment Manager Fees  
For the Period July 1, 2007 through June 30, 2008**

				FY 2008 Average Assets	Manager Fee in Basis Points FY 2008 Average Assets		
	<u>Base</u>	<u>Performance</u>	<u>Total</u>		<u>Base</u>	<u>Performance</u>	<u>Total</u>
<b>LARGE CAP DOMESTIC</b>							
<i>Intech</i>	\$ 540,086	\$ 1,385,355	\$ 1,925,441	1,080,171,845	5.0 bps	12.8 bps	17.8 bps
<i>State Street Global Advisors</i>	-	99,322	99,322	1,169,578,843	- bps	0.8 bps	0.8 bps
<b><i>Large Cap Domestic Total</i></b>	<b>540,086</b>	<b>1,484,677</b>	<b>2,024,763</b>	<b>2,249,750,788</b>	<b>2.4 bps</b>	<b>6.6 bps</b>	<b>9.0 bps</b>
<b>NON-LARGE CAP DOMESTIC</b>							
<i>Aronson+Johnson+Ortiz</i>	560,488	8,265	568,780	373,657,160	15.0 bps	0.2 bps	15.2 bps
<i>Brandywine Global Investment Mgmt.</i>	395,645	-	395,645	287,470,251	13.8 bps	- bps	13.8 bps
<i>Wellington Management Company</i>	508,361	21,663	530,024	248,458,852	20.6 bps	0.9 bps	21.6 bps
<i>Westfield Capital Management</i>	327,674	4,335,752	4,663,426	327,673,814	10.0 bps	132.3 bps	142.3 bps
<b><i>Non-Large Cap Domestic Total</i></b>	<b>1,792,168</b>	<b>4,385,709</b>	<b>6,157,875</b>	<b>1,235,260,177</b>	<b>14.5 bps</b>	<b>39.3 bps</b>	<b>49.9 bps</b>
<b>INTERNATIONAL QUALIFIED</b>							
<i>Slichester International Investors</i>	2,573,608	N/A	2,573,608	482,721,692	53.3 bps	N/A	53.3 bps
<b>INTERNATIONAL NONQUALIFIED</b>							
<i>Slichester International Investors</i>	464,766	N/A	464,766	62,230,196	74.7 bps	N/A	74.7 bps
<b>INTERNATIONAL EQUITY</b>							
<i>AXA Rosenberg Investment Mgmt.</i>	415,758	-	415,758	277,172,011	16.0 bps	- bps	15.0 bps
<i>Brandes Investment Partners</i>	3,369,252	N/A	3,369,252	410,531,546	82.1 bps	N/A	82.1 bps
<i>LSV Asset Management</i>	2,111,775	N/A	2,111,775	430,394,512	49.1 bps	N/A	49.1 bps
<i>Wasatch Advisors</i>	1,051,721	N/A	1,051,721	295,400,664	35.6 bps	N/A	35.6 bps
<b><i>International Equity Total</i></b>	<b>6,948,607</b>	<b>N/A</b>	<b>6,948,607</b>	<b>1,413,498,623</b>	<b>49.2 bps</b>	<b>N/A</b>	<b>49.2 bps</b>
<b>SHORT TERM FIXED INCOME</b>							
<i>JPMorgan Investment Advisors</i>	91,603	N/A	91,603	186,430,295	4.9 bps	N/A	4.9 bps
<b>FIXED INCOME QUALIFIED</b>							
<i>Barclays Global Investors</i>	163,643	N/A	163,643	1,309,141,842	1.2 bps	N/A	1.2 bps
<b>FIXED INCOME NONQUALIFIED</b>							
<i>Barclays Global Investors</i>	55,316	N/A	55,316	442,523,439	1.3 bps	N/A	1.3 bps
<b>FIXED INCOME</b>							
<i>Western Asset Management Company</i>	374,934	495,734	870,669	2,738,982,365	1.4 bps	1.8 bps	3.2 bps
<b><i>Totals for all Pools and Managers</i></b>	<b>\$ 13,004,629</b>	<b>\$ 8,348,120</b>	<b>\$ 19,350,749</b>	<b>\$ 10,122,539,418</b>	<b>12.8 bps</b>	<b>6.3 bps</b>	<b>19.1 bps</b>



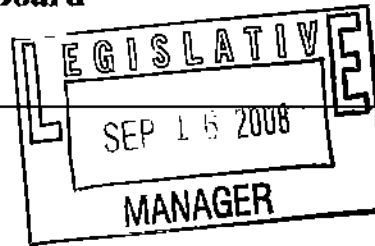
**West Virginia Investment Management Board**

500 Virginia Street, East — Suite 200  
Charleston, West Virginia 25301

Phone: (304) 345-2672

Fax: (304) 345-5939

Website: [www.wvimh.org](http://www.wvimh.org)



September 16, 2008

The Honorable Earl Ray Tomblin  
President of the Senate  
West Virginia State Senate  
Building 1, Room 227-M  
1900 Kanawha Boulevard, East  
Charleston, WV 25305

The Honorable Walt Helmick  
West Virginia State Senate  
Chair, Senate Finance Committee  
Building 1, Room 465-M  
1900 Kanawha Boulevard, East  
Charleston, WV 25305

The Honorable Richard Thompson  
West Virginia House of Delegates  
Building 1, Room 234-M  
1900 Kanawha Boulevard, East  
Charleston, WV 25305

The Honorable Harry Keith White  
Chair, House Finance Committee  
West Virginia House of Delegates  
Building 1, Room 462-M  
1900 Kanawha Boulevard, East  
Charleston, WV 25305

Aaron Allred  
Legislative Manager  
Building 1, Room E-132  
1900 Kanawha Boulevard, East  
Charleston, WV 25305

Subject: Lehman Brothers Bankruptcy

Dear Gentlemen:

As most of you are fully aware, Lehman Brothers filed bankruptcy over the weekend having failed to find a buyer of the company. As of this writing, the various subsidiaries of Lehman Brothers, including its broker-dealer arm, have not filed bankruptcy. Meanwhile, Merrill Lynch, recognizing that it was the next potential victim, took quick action agreeing to be bought by Bank of America at a premium. Rumors concerning other firms, especially AIG, are running rampant and the markets are in a state of turmoil. While this is traumatic, it is all part of the capital markets at work. The fact that the Fed and Treasury did not step in to bail Lehman out, arguably, bodes well for the markets in the longer term future, as it helps define what is at stake. Hopefully, players will be more inclined to moderate the greed

September 16, 2008

Page 2 of 2

impulse with the fear impulse. In the near term, it will be painful, however, for the market and the economy.

As for the impact on the West Virginia Investment Management Board's portfolio of the Lehman Brothers bankruptcy, it is "market-like." The Investment Management Board owned 68,200 shares of Lehman Brothers stock with a book value of \$1,424,176. The Investment Management Board also owns five fixed income securities issued by Lehman Brothers with a total book value of approximately \$18 million. All of the current holdings of Lehman Brothers stock and fixed income securities are at risk although it is expected that the fixed income securities will ultimately bring 40-60 cents on the dollar. Taking Lehman, AIG and Merrill Lynch into account, the Investment Management Board has losses from holdings of approximately \$34 million, or 3.4 tenths of one percent of the portfolio. The impact on the overall markets from the cause of this is certainly negative in the short run, but helps significantly in moving the financial picture down the road to a more stable environment.

It is helpful to remember that the financial markets have a long and illustrious history of financial shocks. These "shocks" happen fairly regularly. Just in the last twenty-two years, we have seen the '87 crash, the savings and loan debacle, the Long Term Capital meltdown, the emerging market debt crisis, the dot.com bubble/bust, the real estate bubble/bust and now a credit crisis. There will be more crises in the future.

If you have any questions, please contact me.

Sincerely,



H. Craig Slaughter  
Executive Director

HCS;jaa



**West Virginia Investment Management Board**

500 Virginia Street, East — Suite 200  
Charleston, West Virginia 25301

Phone: (304) 345-2672

Fax: (304) 345-5939

Website: [www.wvimb.org](http://www.wvimb.org)

September 19, 2008

The Honorable Earl Ray Tomblin  
President of the Senate  
West Virginia State Senate  
Building 1, Room 227-M  
1900 Kanawha Boulevard, East  
Charleston, WV 25305

The Honorable Walt Helmick  
West Virginia State Senate  
Chair, Senate Finance Committee  
Building 1, Room 465-M  
1900 Kanawha Boulevard, East  
Charleston, WV 25305

The Honorable Richard Thompson  
West Virginia House of Delegates  
Building 1, Room 234-M  
1900 Kanawha Boulevard, East  
Charleston, WV 25305

The Honorable Harry Keith White  
Chair, House Finance Committee  
West Virginia House of Delegates  
Building 1, Room 462-M  
1900 Kanawha Boulevard, East  
Charleston, WV 25305

Aaron Allred  
Legislative Manager  
Building 1, Room E-132  
1900 Kanawha Boulevard, East  
Charleston, WV 25305



Subject: Market Update

Dear Gentlemen:

To update, please know that the Investment Management Board's total exposure to Lehman Brothers, Merrill Lynch, American International Group and Washington Mutual, together, is about \$50 million. On a \$10 billion portfolio, exposure of this magnitude represents a total potential impact of 50 basis points, or 5/10 of 1 percent of the total portfolio. The market loss as of September 18, 2008, is approximately \$35 million. Of course, any losses are a moving target and subject to change, up or down, on any given day. Other companies may face similar crises which creates turmoil in all the capital markets. This broad market turmoil will be reflected in the Investment Management Board portfolio to some extent. All investors are in for a rough ride for longer than they might expect. The primary means of protection in times like these is a broadly diversified portfolio. As you well know, the Investment

*September 19, 2008*

*Page 2 of 2*

Management Board has a very well diversified portfolio of holdings. As a long-term investor, the Investment Management Board is positioned appropriately and will come out of this period as well or better than other institutional investors.

If you have any questions, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'H. Craig Slaughter', with a long horizontal line extending to the right.

H. Craig Slaughter  
Executive Director

HCS:jaa

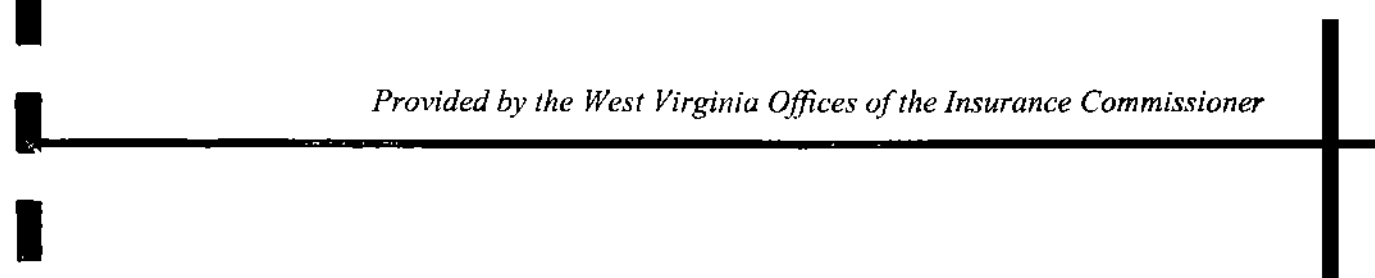


# Status Report Workers' Compensation

Joint Committee on Government & Finance

10/14/08

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



12

**Workers' Compensation Old Fund Balances**  
**Cash Basis**  
**(\$)**

	Calendar Year 2006	Calendar Year 2007	Calendar Year 2008 January 1 - September 30
<b>Revenue</b>			
Statutory Transfers	266,613,362	261,975,877	221,047,746
Collections	8,316,798	1,041,116	2,636,794
Investment Income	50,201,026	40,659,223	(30,069,409)
Total Revenue	325,131,186	303,676,215	193,615,131
<b>Expenditures</b>			
Claim Payments	(355,245,366)	(284,445,313)	(187,425,510)
Administrative/Other Expense	(21,630,179)	(24,710,582)	(18,546,087)
Total Expenditures	(376,875,545)	(309,155,895)	(205,971,598)
Workers' Compensation Commission Initial fund transfer January 2006	711,094,830		
Payments from BrickStreet Insurance on Surplus Note			100,015,205
<hr style="border: 1px solid black;"/>			
<b>Invested Balance with WVIMB at year end</b>	647,444,812	635,908,034	736,757,626

**Workers' Compensation Old Fund Benefit Payments**  
**Average Monthly Payments**  
**(\$)**

	Previous 12-Month Period 10/01/06 to 9/30/07	Current 12-Month Period 10/01/07 to 9/30/08
<b>Claims benefits paid:</b>		
Medical	(4,973,145.79)	(4,128,793.26)
Permanent Total Disability	(12,982,225.58)	(12,686,524.35)
Permanent Partial Disability	(2,644,258.00)	(1,011,355.23)
Temporary Total Disability	(567,819.44)	(236,777.38)
Settlement Agreements	(426,683.08)	(328,785.67)
Fatals	(2,902,702.88)	(2,786,385.59)
104 weeks	(438,086.45)	(467,024.96)
<b>Total</b>	<b>(24,934,921.21)</b>	<b>(21,645,646.44)</b>
Claims credits and overpayments	354,414.08	371,741.93
<b>Total claims paid</b>	<b>(24,580,507.13)</b>	<b>(21,273,904.51)</b>

# Old Fund / Debt Reduction

## YEAR TO DATE

	FY2008	FY2008	Change	FY2008 Annual
<b>Revenues</b>				
Personal Income Tax	-	-	-	95,400,000
Severance Tax	24,993,232	23,136,770	1,856,462	124,294,765
Debt Reduction Surcharge	10,171,291	7,989,488	2,181,803	29,662,848
Self-Insured Debt Reduction Surcharge	2,090,452	1,158,688	931,764	7,477,936
Video Lottery	11,000,000	11,000,000	-	11,000,000
Employer Premium	969,178	597,813	371,365	2,679,526
Other Income - Return of Unclaimed Property	14,898	12,782	2,116	50,460
Investment / Interest Earnings (Losses)	(28,444,512)	(8,201,442)	(20,243,070)	7,402,971
<b>Total Revenues</b>	<u>20,794,540</u>	<u>35,894,099</u>	<u>(14,899,559)</u>	<u>277,868,506</u>
Surplus Note Principal Payments	<u>60,000,000</u>	<u>-</u>	<u>60,000,000</u>	<u>40,000,000</u>
<b>Expenditures</b>				
Public Employees Insurance	30,681	29,457	1,224	137,115
Payment of Claims	64,946,907	70,065,459	(5,118,552)	260,688,335
Contractual/Professional	5,079,709	5,047,940	31,769	23,967,894
<b>Total Expenditures</b>	<u>70,057,296</u>	<u>75,142,856</u>	<u>(5,085,560)</u>	<u>284,683,344</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>10,737,244</b>	<b>(39,448,757)</b>	<b>50,186,001</b>	<b>33,285,162</b>
Cash Beginning Balances	<u>734,195,513</u>	<u>700,910,351</u>	<u>33,285,162</u>	<u>700,910,351</u>
<b>Cash Ending Balances</b>	<u><b>746,879,108</b></u>	<u><b>661,461,594</b></u>	<u><b>85,417,514</b></u>	<u><b>734,195,513</b></u>

# Old Fund Liability Estimate

(excluding LAE)  
(discounted)

	FY2009	July	August	September
<b>Beginning Reserve Amount</b>	2,723,899,525	2,713,102,564	2,701,943,970	2,691,979,194
<b>Claim Payments</b>	21,850,000	22,167,000	20,930,237	
<b>Estimated Ending Reserve Amount</b>	2,713,102,564	2,701,943,970	2,691,979,194	

**Note:**

The interim 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.

The formula makes an adjustment for the time value of money, assuming that claim payments are evenly distributed through the month. The estimate is updated monthly.

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

	August 31, 2008	September 30, 2008	Change
<b>Assets:</b>			
Cash and Cash Equivalents	761,248	746,879	(14,369)
Receivables, Net:	15,031	15,031	0
Surplus Note	85,000	85,000	0
Total Assets	<u>861,279</u>	<u>846,910</u>	<u>(14,369)</u>
<b>Liabilities:</b>			
Estimated Liability for Unpaid Claims and Claim Adjustment Expense	2,701,944	2,691,979	(9,965)
Other Liabilities	490	490	0
Total Liabilities	<u>2,702,434</u>	<u>2,692,469</u>	<u>(9,965)</u>
<b>Net Assets:</b>			
Unrestricted	<u>(1,841,155)</u>	<u>(1,845,559)</u>	<u>(4,404)</u>
Total Net Assets	<u><u>(1,841,155)</u></u>	<u><u>(1,845,559)</u></u>	<u><u>(4,404)</u></u>

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



# OFFICE OF JUDGES' REPORT TO INDUSTRIAL COUNCIL

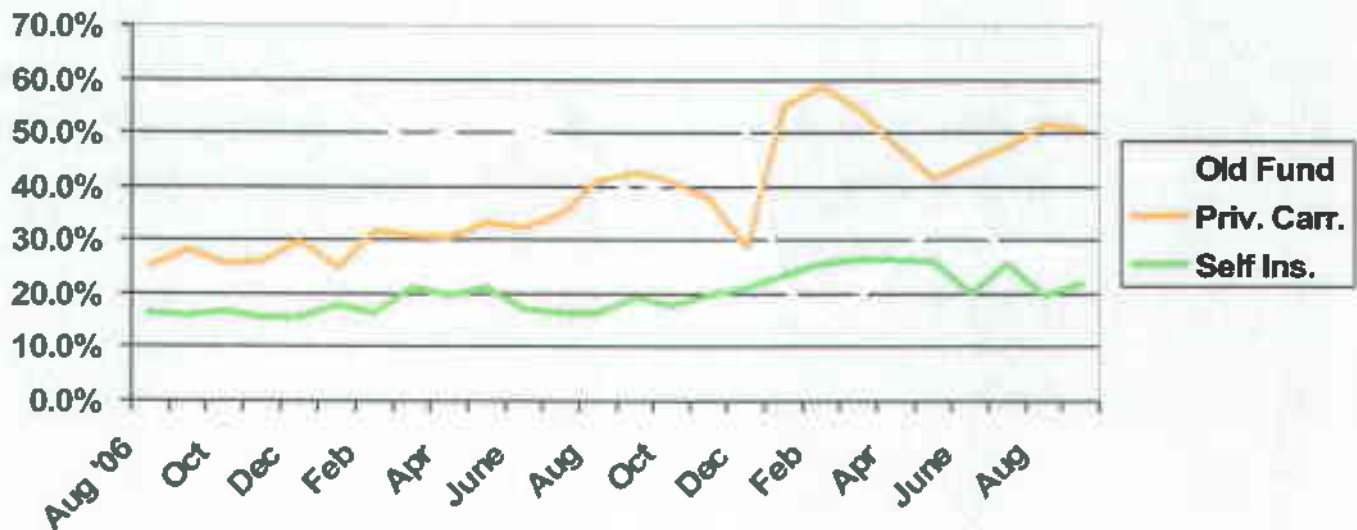
October 16, 2008

## I. Statistical Analysis

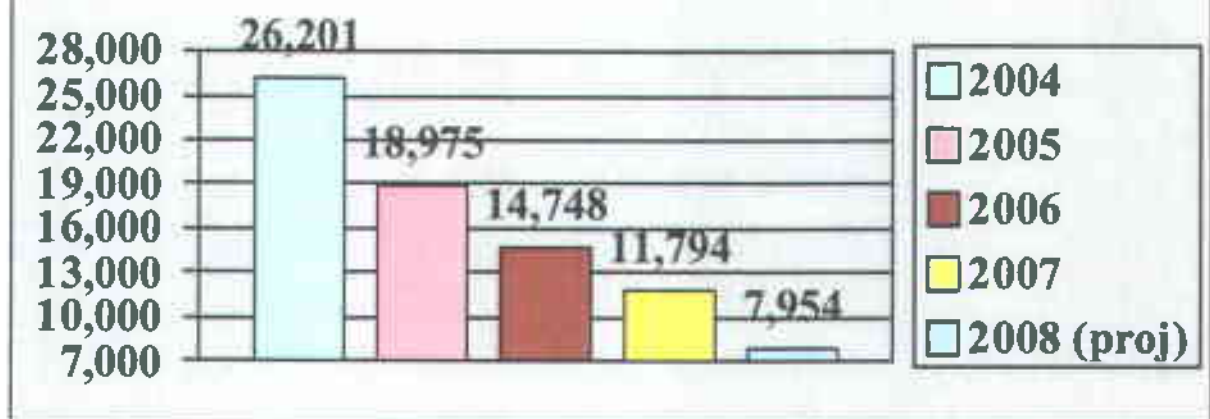
A. Protests Acknowledged: 2007  
11,794 SEP  
553 YTD  
5,966

### Fund Involved:

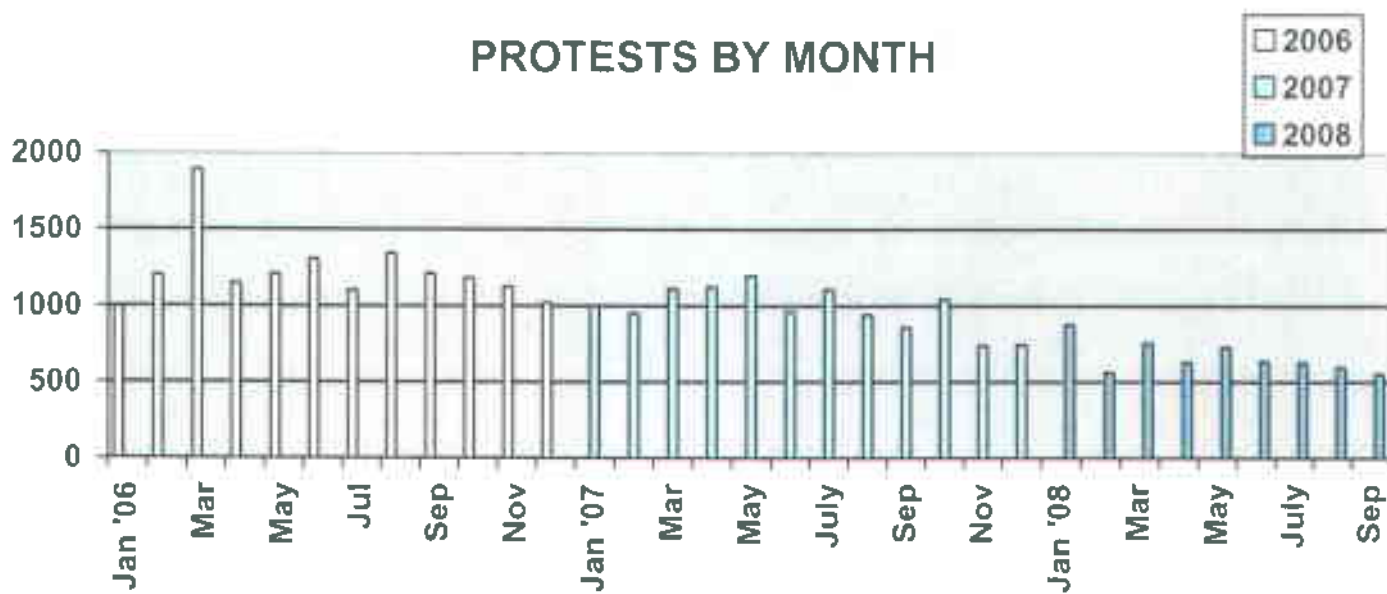
FUND	2005	2006	% of protests	2007	% of protests	SEP '08	% of protests	YTD '08	% of protests
Old Fund	n/a	8,146	64.56%	4,433	46.30%	121	27.38%	1,241	25.83%
New Fund	n/a	2,207	17.49%	3,370	35.20%	225	50.90%	2,389	49.72%
Others	n/a								
Self-Insured	228 (avg)	2,264	17.94%	1,772	18.51%	96	21.72%	1,174	24.44%
Subtotal		12,617		9,575		442		4,804	
Temporary		2,131		2,219		111		1,162	
<b>Total</b>	<b>18,975</b>	<b>14,748</b>		<b>11,794</b>		<b>553</b>		<b>5,966</b>	



### PROTESTS PER CALENDAR YEAR



### PROTESTS BY MONTH



B. Issues Resolved:                    2007                    SEP                    YTD  
    11,472                    759                    6,374

C. Pending Caseload Report

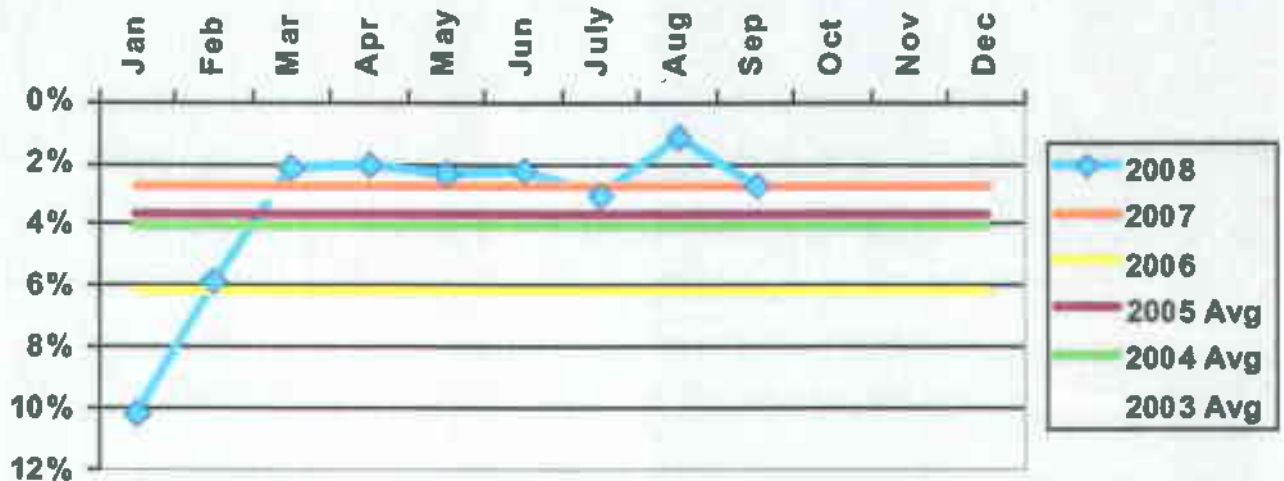
<b>PENDING END OF SEP</b>	<b>4,837</b>
PENDING 1 MONTH BEFORE	5,144
PENDING 2 MONTHS BEFORE	5,248
PENDING 3 MONTHS BEFORE	5,301
PENDING 6 MONTHS BEFORE	5,545
PENDING 12 MONTHS BEFORE	7,141

D.

	<u>2007</u>	<u>SEP</u>	<u>YTD</u>		
1. Protest Ackn. >30 days			2.8%	2.7%	3.6%
2. Protest Ackn. 24-30 days			1.5%	7.5%	2.6%
3. Protest Ackn. 11-23 days			13.7%	30.5%	18.3%
4. Protest Ackn. <11 days			82.0%	59.3%	75.6%

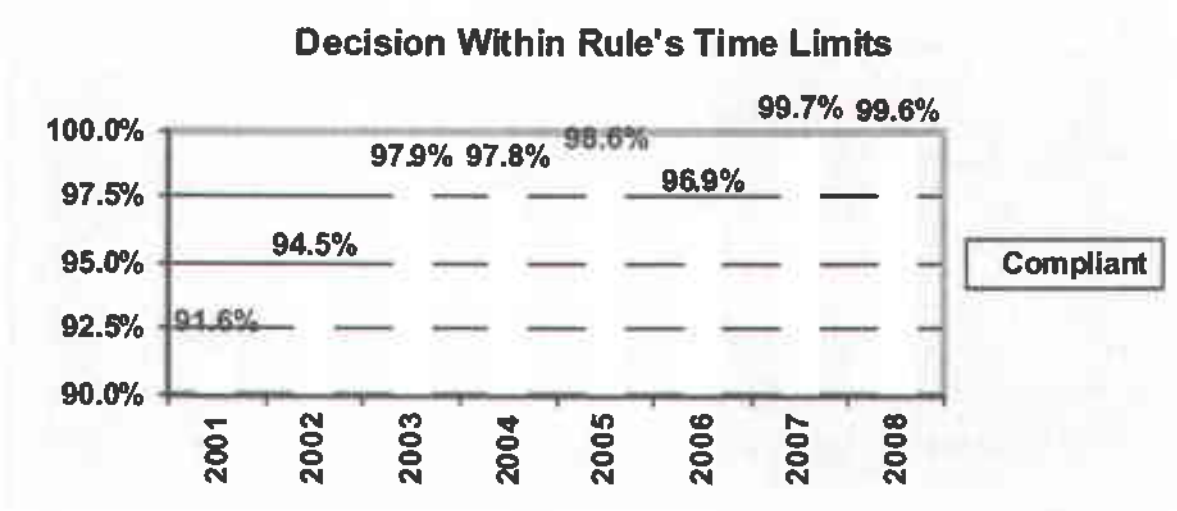
Acknowledgment Timeliness:

Acknowledged Later than 30 Days from Receipt



	<u>2007</u>	<u>SEP</u>	<u>YTD</u>
E. Decisions Mailed:	6,599	466	3,775
1. ALJ Decisions	3,775	330	2,516
2. Non-Attorney Adjudicator:	2,824	136	1,259
3. Withdrawals:	1,366	74	840
4. "No Evidence" Dismissals	2,215	124	1,028

F. Final Decision Timeliness	<u>2007</u>	<u>SEP</u>	<u>YTD</u>
1. <30 days:	61.7%	48.6%	62.0%
2. 30-60 days:	26.9%	31.6%	24.1%
3. 60-90 days:	11.1%	19.8%	13.5%
4. +90 days:	0.3%	0.0%	0.4%



G. Time Standard Compliance	<u>2007</u>	<u>SEP</u>	<u>YTD</u>
	92.6%	92.7%	91.5%

Joe Manchin, III  
Governor

Rita Hedrick-Helmick  
Chairperson

W. Jack Stevens  
Member  
James D. Gray  
Member

## Workers' Compensation Board of Review

Offices located at 104 Dee Drive, Charleston  
All communications should be addressed to the Board of Review  
at the address shown at the bottom of this page

### MEMORANDUM

**To:** Jane L. Cline, Commissioner  
Charles Bayless, Chairman  
Dan Marshall  
Bill Dean  
Walter Pellish  
Honorable Carrie Webster, House Judiciary Chair  
Honorable Brooks McCabe  
Honorable Nancy Peoples Guthrie  
Senator Don Caruth

**From:** Rita F. Hedrick-Helmick, Chairperson

**Date:** October 9, 2008

**Re:** Workers' Compensation Board of Review Monthly Report

---

Attached, please find the Board of Review's September 2008 monthly report.

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

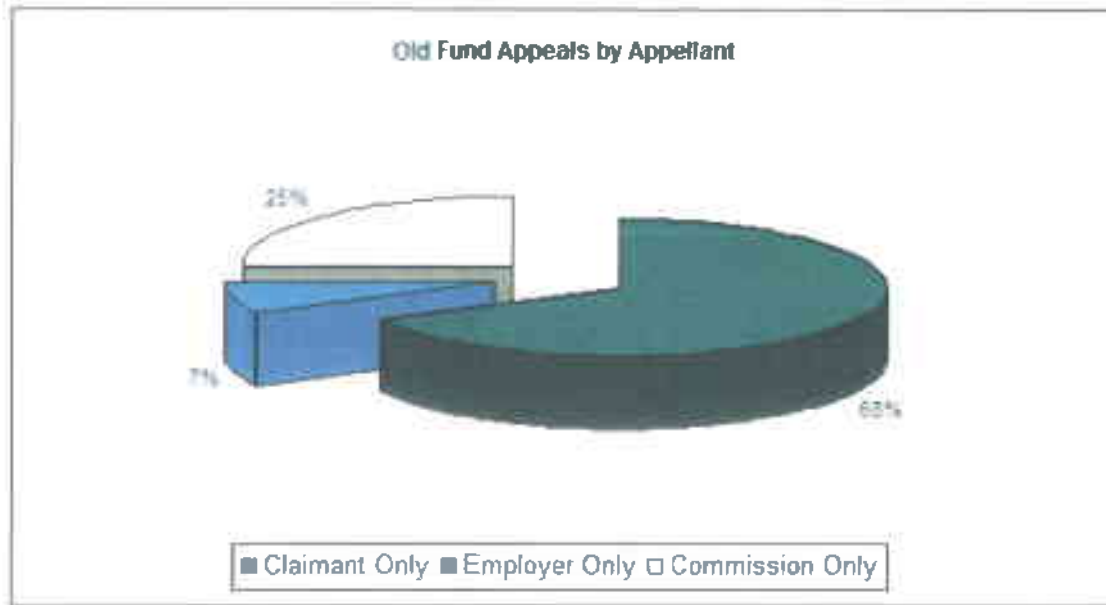
1. Monthly Report of Appeals Received
2. Yearly Report of Appeals Received
3. Monthly Report of Appeals Received By Issue
4. Yearly Report of Appeals Received by Issue
5. Monthly Summary of Dispositions by Party
6. Monthly Summary of Dispositions by Issue
7. Yearly Summary of Dispositions by Issue

If you have feedback or any additional questions, please do not hesitate to contact me.

Appealed By	BOR Disposition	Disposition Count	Disp %	Total %	Year to Date	Disp %	Total %
Claimant	ABEYANCE				4	0.3%	0.2%
	AFFIRMED	132	93.0%	70.2%	1160	83.1%	54.8%
	DISMISSED				5	0.4%	0.2%
	MODIFY	1	0.7%	0.5%	3	0.2%	0.1%
	REMAND	5	3.5%	2.7%	61	4.4%	2.9%
	REVERSE	4	2.8%	2.1%	102	7.3%	4.8%
	VACATE				61	4.4%	2.9%
	Total Dispositions	142			1396		
Claimant and Employer	AFFIRMED	1	100.0%	0.5%	9	69.2%	0.4%
	REMAND				1	7.7%	0.0%
	REVERSE				3	23.1%	0.1%
	Total Dispositions	1			13		
Employer	ABEYANCE				3	0.9%	0.1%
	AFFIRMED	18	78.3%	9.6%	220	69.2%	10.4%
	DISMISSED				5	1.6%	0.2%
	MODIFY				2	0.6%	0.1%
	REMAND	2	8.7%	1.1%	16	5.0%	0.8%
	REVERSE	3	13.0%	1.6%	72	22.6%	3.4%
	Total Dispositions	23			318		
Division/OIC	ABEYANCE				3	0.8%	0.1%
	AFFIRMED	18	81.8%	9.6%	229	58.6%	10.8%
	DISMISSED				3	0.8%	0.1%
	MODIFY				2	0.5%	0.1%
	REMAND				1	0.3%	0.0%
	REVERSE	4	18.2%	2.1%	153	39.1%	7.2%
	Total Dispositions	22			391		
Grand Totals		188			2118		

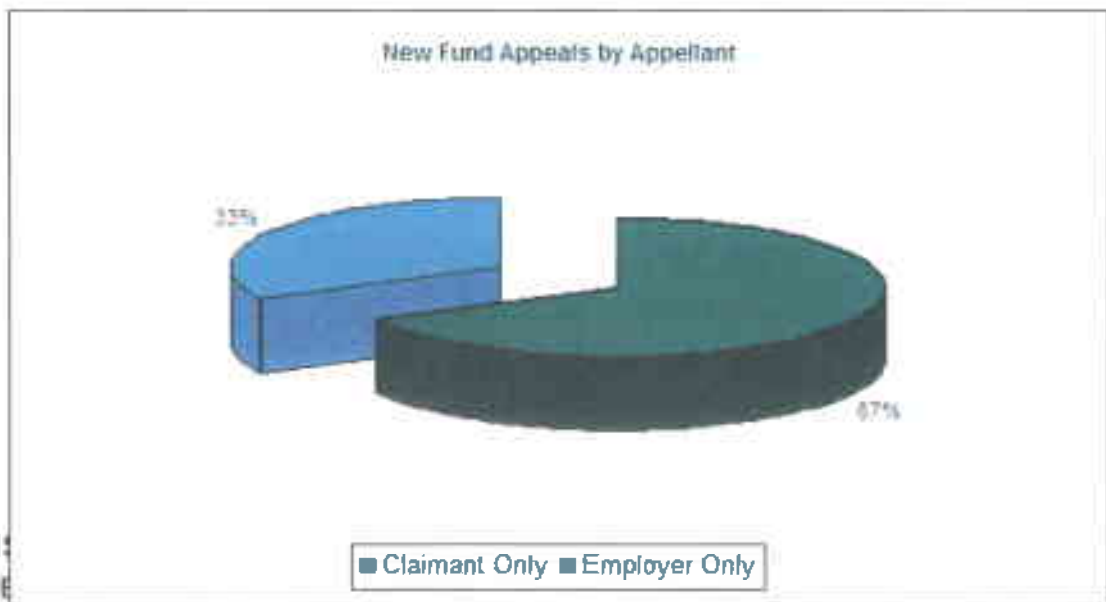
**Old Fund Appeals (DOI < Jul-1-2005)**

Appellant	Count
Claimant Only	72
Employer Only	8
Commission Only	27
<b>Old Fund Total</b>	<b>107</b>



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

Appellant	Count
Claimant Only	56
Employer Only	27
<b>New Fund Total</b>	<b>83</b>
<b>Total Appeals</b>	<b>190</b>

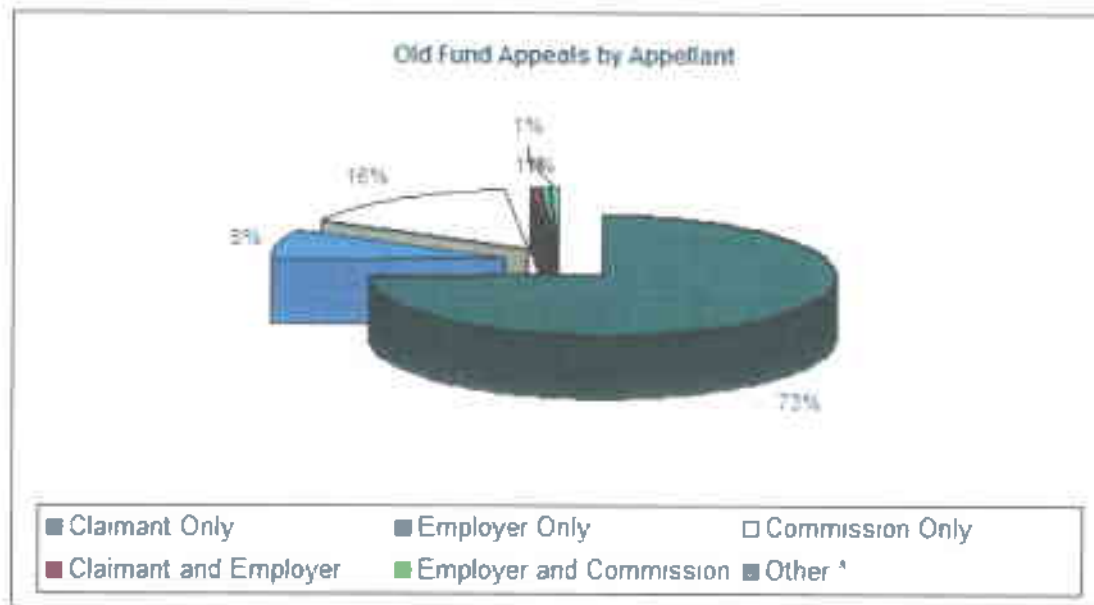


Appeals counted more than once:  
 2041732 (2002029639 DOI: 09/19/2001)  
 2041732 (2006021868 DOI: 12/19/2005)

**WORKER COMPENSATION  
 FOR SEVERELY INJURED**

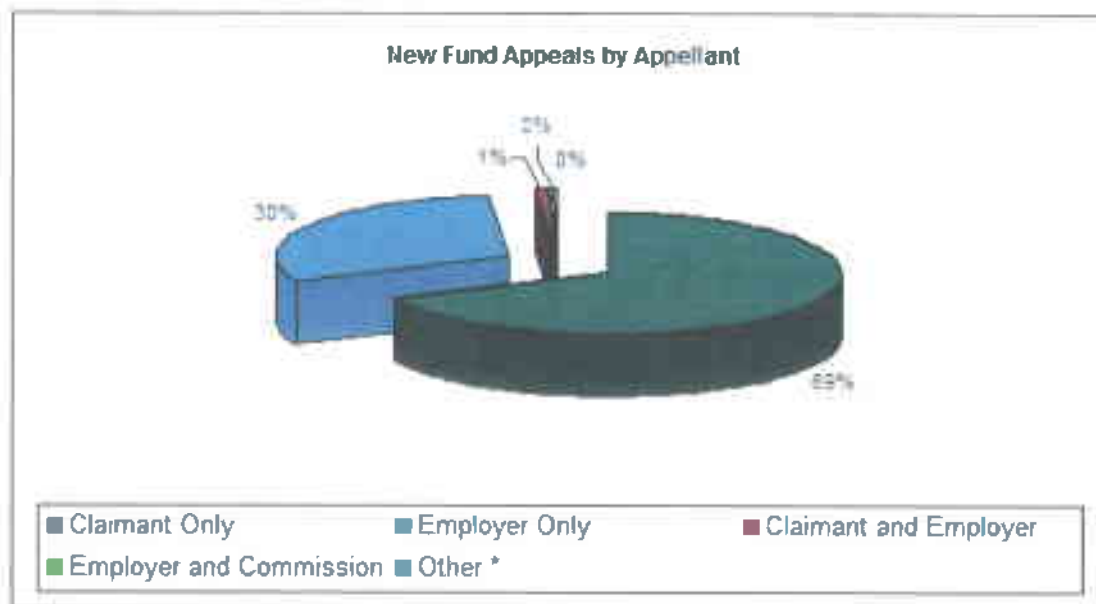
**Old Fund Appeals (DOI < Jul-1-2005)**

Appellant	Count
Claimant Only	271
Employer Only	30
Commission Only	57
Claimant and Employer	2
Employer and Commission	2
Other *	2
<b>Old Fund Total</b>	<b>364</b>



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

Appellant	Count
Claimant Only	206
Employer Only	92
Claimant and Employer	2
Employer and Commission	1
Other *	1
<b>New Fund Total</b>	<b>302</b>
<b>Total Appeals</b>	<b>666</b>



\* Appeals requiring research

Appeals counted more than once:

2041143 (2006021868 DOI: 12/19/2005)

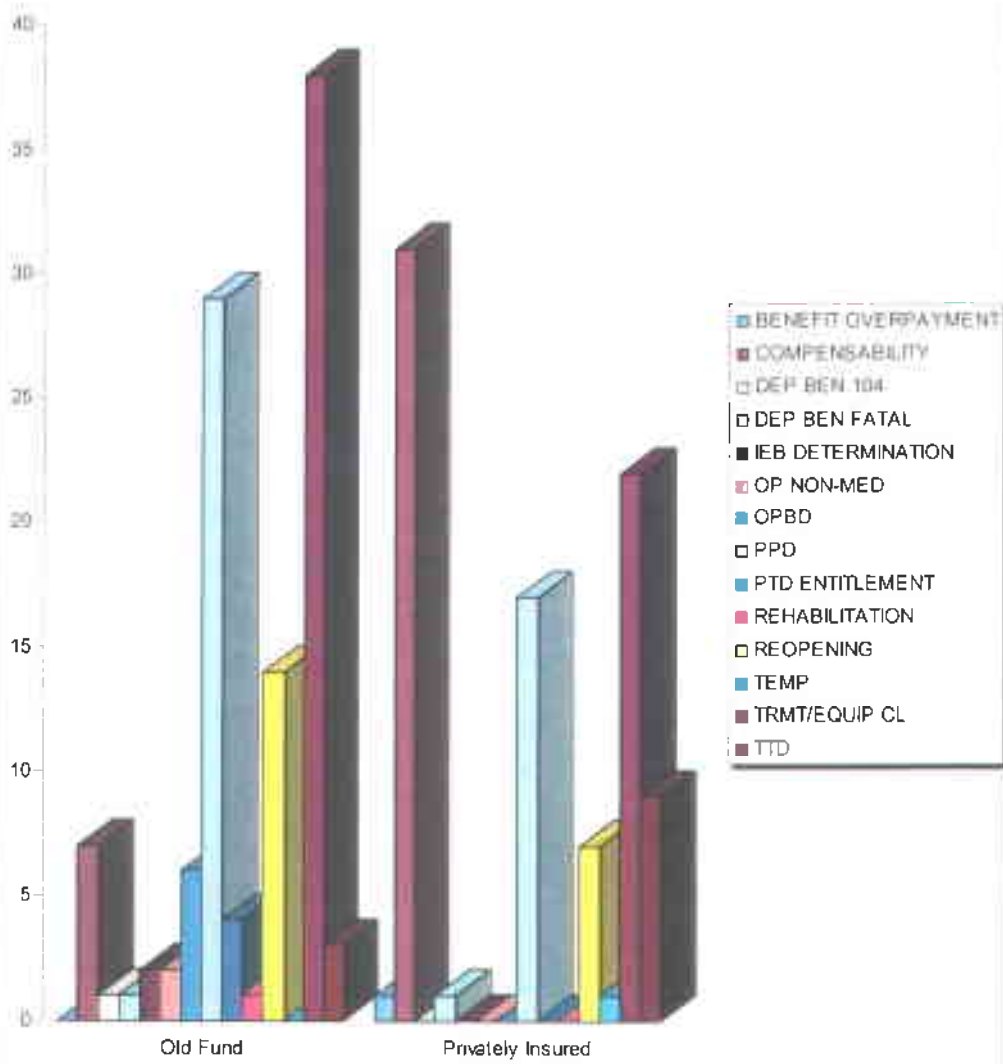
2041143 (2002029639 DOI: 09/19/2001)

2041732 (2006021868 DOI: 12/19/2005)

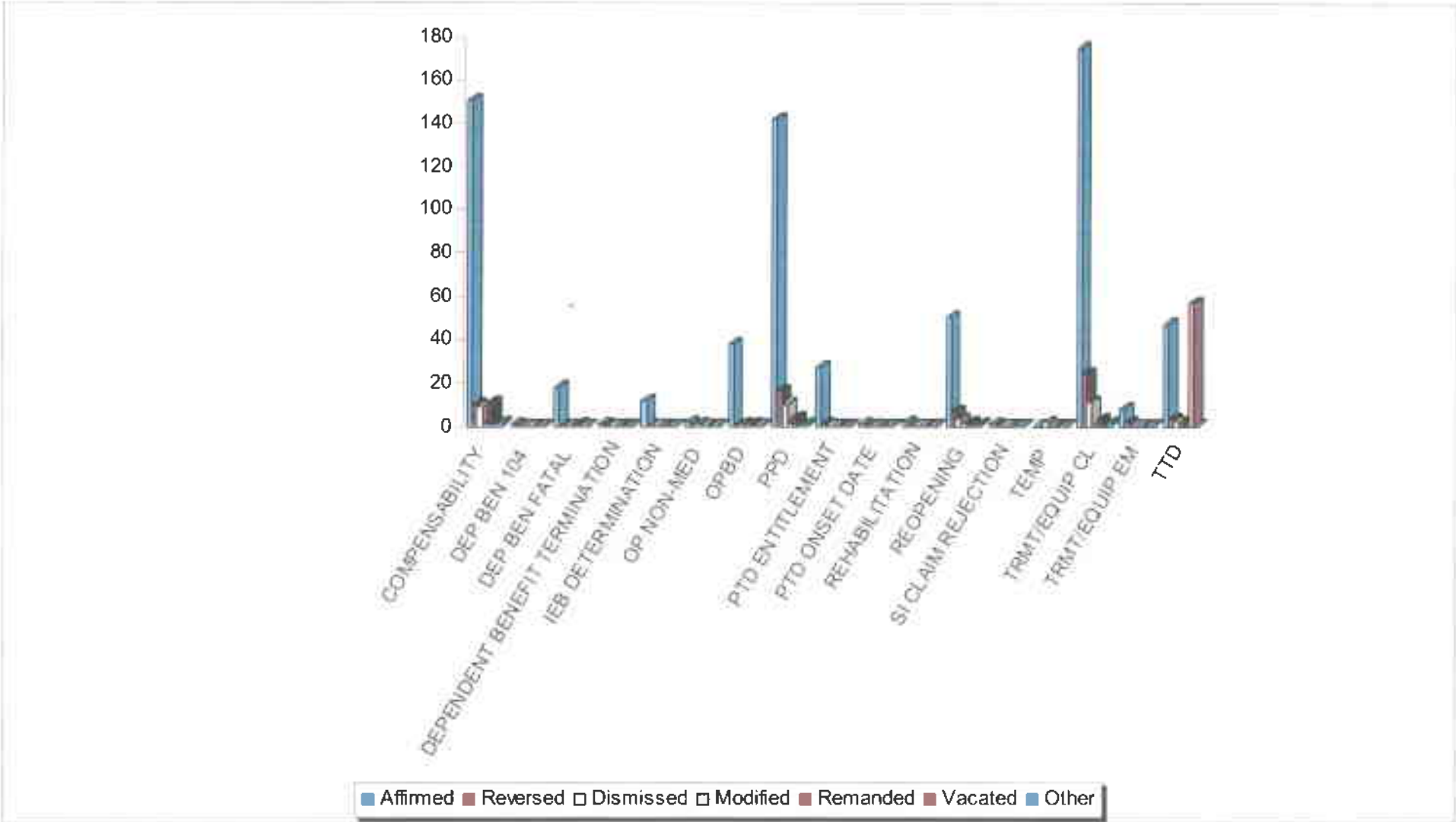
2041732 (2002029639 DOI: 09/19/2001)



Appeals By Issue September 2008

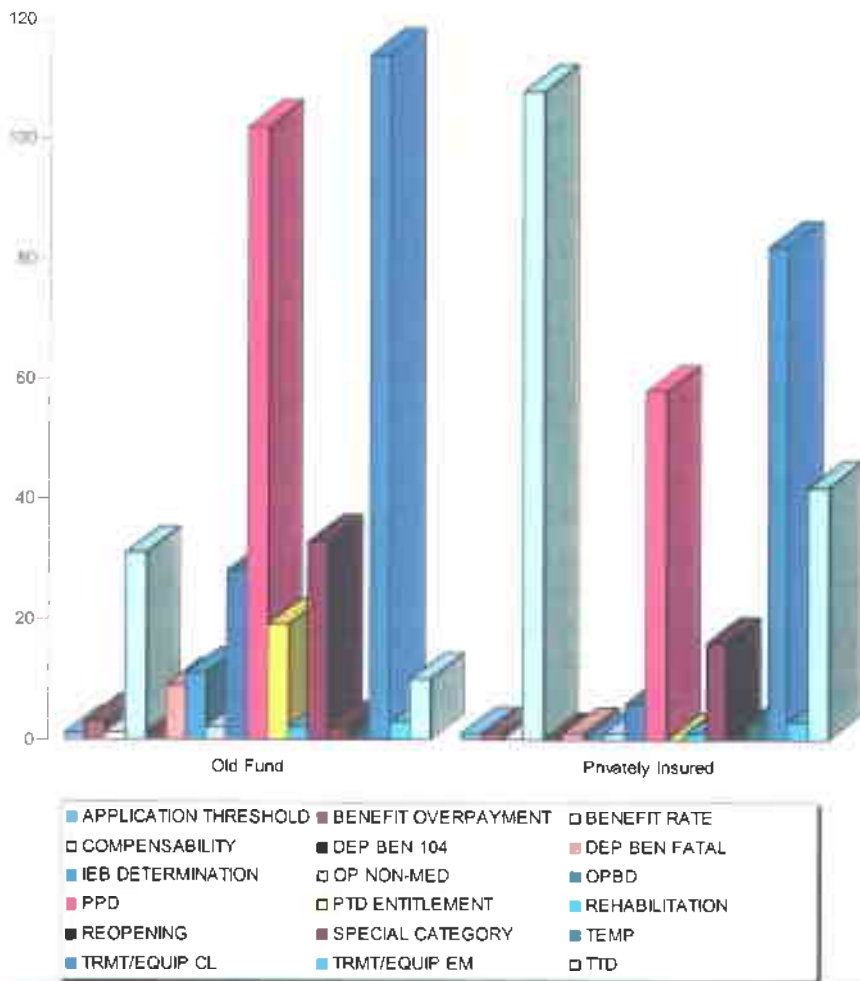


Type of Issue	Total Issues	Old Fund		Insured Claims	
		#	%	#	%
BENEFIT OVERPAYMENT	1	0	0.0	1	100.0
COMPENSABILITY	38	7	18.4	31	81.6
DEP BEN 104	1	1	100.0	0	0.0
DEP BEN FATAL	2	1	50.0	1	50.0
IEB DETERMINATION	2	2	100.0	0	0.0
OP NON-MED	2	2	100.0	0	0.0
OPBD	6	6	100.0	0	0.0
PPD	46	29	63.0	17	37.0
PTD ENTITLEMENT	4	4	100.0	0	0.0
REHABILITATION	1	1	100.0	0	0.0
REOPENING	21	14	66.7	7	33.3
TEMP	1	0	0.0	1	100.0
TRMT/EQUIP CL	60	38	63.3	22	36.7
TTD	12	3	25.0	9	75.0
<b>Totals</b>	<b>197</b>	<b>108</b>	<b>54.8</b>	<b>89</b>	<b>45.2</b>

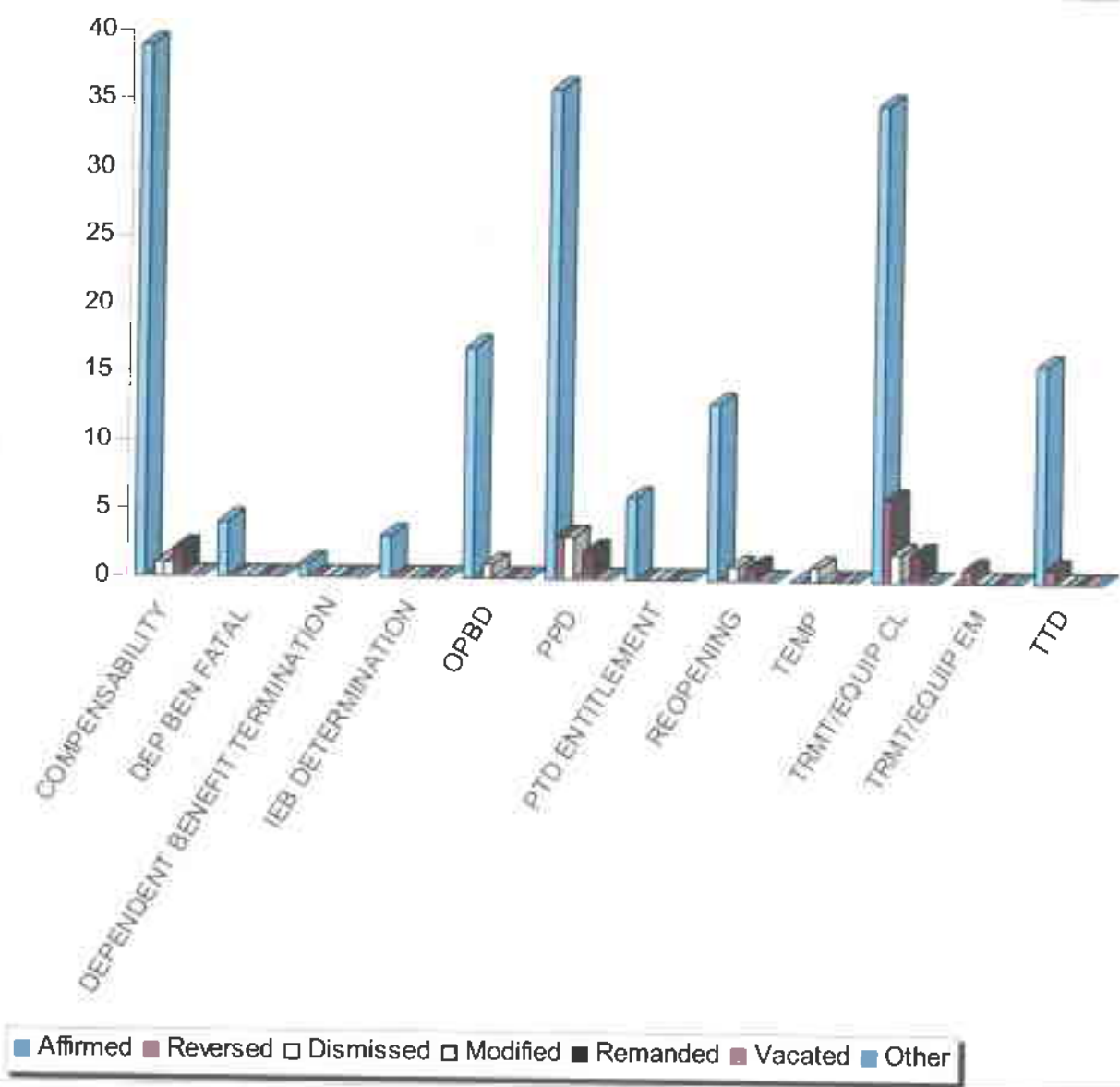


Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
COMPENSABILITY	185	151	81.6	10	5.4	9	4.9	1	0.5	11	5.9	1	0.5	2	1.1
DEP BEN 104	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
DEP BEN FATAL	19	18	94.7	0	0.0	0	0.0	0	0.0	1	5.3	0	0.0	0	0.0
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	12	12	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
OP NON-MED	3	2	66.7	0	0.0	1	33.3	0	0.0	0	0.0	0	0.0	0	0.0
OPBD	40	38	95.0	0	0.0	1	2.5	0	0.0	1	2.5	0	0.0	0	0.0
PPD	174	142	81.6	16	9.2	10	5.7	1	0.6	4	2.3	0	0.0	1	0.6
PTD ENTITLEMENT	28	27	96.4	1	3.6	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
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
REHABILITATION	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
REOPENING	64	50	78.1	7	10.9	3	4.7	1	1.6	2	3.1	0	0.0	1	1.6
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
TEMP	2	0	0.0	0	0.0	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0
TRMT/EQUIP CL	215	175	81.4	24	11.2	11	5.1	0	0.0	3	1.4	0	0.0	2	0.9
TRMT/EQUIP EM	10	8	80.0	2	20.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
TTD	110	47	42.7	3	2.7	2	1.8	0	0.0	1	0.9	57	51.8	0	0.0
Totals	868	676	77.9	63	7.3	39	4.5	3	0.3	23	2.6	58	6.7	6	0.7

Yearly Appeals Received By Issue June 2008-September 2008



Type of Issue	Total Issues	Old Fund		Insured Claims	
		#	%	#	%
APPLICATION THRESHOLD	2	1	50.0	1	50.0
BENEFIT OVERPAYMENT	4	3	75.0	1	25.0
BENEFIT RATE	1	1	100.0	0	0.0
COMPENSABILITY	139	31	22.3	108	77.7
DEP BEN 104	1	1	100.0	0	0.0
DEP BEN FATAL	10	9	90.0	1	10.0
IEB DETERMINATION	11	11	100.0	0	0.0
OP NON-MED	3	2	66.7	1	33.3
OPBD	34	28	82.4	6	17.6
PPD	160	102	63.8	58	36.3
PTD ENTITLEMENT	19	19	100.0	0	0.0
REHABILITATION	3	2	66.7	1	33.3
REOPENING	49	33	67.3	16	32.7
SPECIAL CATEGORY	2	2	100.0	0	0.0
TEMP	3	0	0.0	3	100.0
TRMT/EQUIP CL	196	114	58.2	82	41.8
TRMT/EQUIP EM	6	3	50.0	3	50.0
TTD	52	10	19.2	42	80.8
<b>Totals</b>	<b>695</b>	<b>372</b>	<b>53.5</b>	<b>323</b>	<b>46.5</b>



Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
COMPENSABILITY	43	39	90.7	0	0.0	1	2.3	1	2.3	2	4.7	0	0.0	0	0.0
DEP BEN FATAL	4	4	100.0	0	0.0	0	0.0	0	0.0	0	0.0	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	3	3	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
OPBD	18	17	94.4	0	0.0	1	5.6	0	0.0	0	0.0	0	0.0	0	0.0
PPD	44	36	81.8	3	6.8	3	6.8	0	0.0	2	4.5	0	0.0	0	0.0
PTD ENTITLEMENT	6	6	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
REOPENING	15	13	86.7	0	0.0	1	6.7	0	0.0	1	6.7	0	0.0	0	0.0
TEMP	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
TRMT/EQUIP CL	45	35	77.8	6	13.3	2	4.4	0	0.0	2	4.4	0	0.0	0	0.0
TRMT/EQUIP EM	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
TTD	17	16	94.1	1	5.9	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>198</b>	<b>170</b>	<b>85.9</b>	<b>11</b>	<b>5.6</b>	<b>9</b>	<b>4.5</b>	<b>1</b>	<b>0.5</b>	<b>7</b>	<b>3.5</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>

<b>Revenue Recovery Activity</b>	<b>September 2008</b>
<b>COLLECTION ACTIVITY</b>	
Receipts - Old Fund (Employer out of business)	\$ 26,063.77
Receipts - PC & NU (Private Carrier Cancellation & Rogue Employers)	\$ 86,403.26
Receipts - Payment Agreements	\$ 49,326.43
Receipts - Collection Agency	\$ 200.00
# of active accounts uninsured (cumulative)	1,043
\$ of active accounts uninsured (cumulative)	\$ 2,505,237.88
Telephone contacts	1,774
Walk-ins	18
<b>LIENS</b>	
Liens sent to county clerks for recordation	69
Liens sent to county clerks for release	33
Intent to lien letters sent to employer/owner/officer/member	125
<b>INJUNCTIONS</b>	
Affidavits for Injunction submitted to legal	19
Hearings attended	10
# of Injunction complaints filed	12
# of injunctions granted	10
# of agreed orders entered	1
<b>PAYMENT AGREEMENTS</b>	
# of repayment agreements	7
Agreements set up	11
Total # of agreements on system (cumulative)	95
Intent to void letters mailed	13
Agreements voided	5
<b>MISCELLANEOUS</b>	
Terminations Processed	177
Rule 11 Letters Mailed	414
Rule 11 hearings	3
Uninsured Policies Resolved	***613
<b>All Cash Receipts from WC accounts</b>	<b>\$ 161,993.46</b>

\*\*\* Due to system issues, the number of accounts resolved is estimated.

### Employer Exemption Statistics

<u>Current 12 -Month Period</u>	<u>New Exemptions Issued</u>	<u>Renewals Granted</u>	<u>Total Exemptions Issued</u>		
Oct-07	161	107	268		
Nov-07	97	55	152		
Dec-07	179	35	214		
Jan-08	139	54	193		
Feb-08	125	103	228		
Mar-08	155	84	239		
Apr-08	131	112	243		
May-08	107	139	246		
Jun-08	111	194	305		
Jul-08	161	100	261		
Aug-08	79	140	219		
Sep-08	118	102	220		
				<b>CY06</b>	
				Total Exemptions Issued	2,209
				Total Denials	262
				Number of Applications Received	2,471
				<b>CY07</b>	
				Total Exemptions Issued	2,763
				Total Denials	299
				Number of Applications Received	3,062
				<b>CY08 - YTD</b>	
				Total Exemptions Issued	2,154
				Total Denials	401
				Number of Applications Received	2,555



## Summary of Title 85 Rule Drafts

10/14/08

The following Title 85 Rules were approved by the INDC at its August 7, 2008 meeting for filing with the SOS for public comment. These Rules were filed with the SOS on August 12, 2008 for a 30 day public comment period, which concluded with a public hearing before the INDC on September 11, 2008. The OIC has prepared written responses to the comments received and will request the INDC permission to file the final versions of the rules with the SOS at the INDC's October 16, 2008 meeting.

### Title 85, Series 11 ("Rule 11")

- Entitled "Employer Default, Enforcement, Collections and Related Matters"
- Is the OIC's primary Rule pertaining to employer enforcement
- Only substantive change is in section 18 pertaining to the process for placing employers on the WC default list.
- Specifically, process updated to provide employer advance notice and opportunity for a hearing *prior* to being placed into default, in order to address due process concerns
- No comments received on this Rule
- No significant controversy expected over this Rule

### Title 85, Series 19 ("Rule 19")

- Entitled "Self Insurance Risk Pools"
- Addresses the two risk pools in place to secure payment of default SIE's
- Main substantive change was in subdivision 6.1.b. pertaining to revocation of SIE for failure to maintain adequate security.
- Consistent with Rule 18, this subsection was amended to clarify that revocation of an SIE for failure to maintain adequate surety goes through the INDC (based upon recommendation of the OIC). (Current version permits unilateral revocation by the OIC).
- There were some substantive comments made by the SIE and business community. However most of these comments address issues more germane to Rule 18, the primary rule which addresses OIC regulation of self-insureds, not Rule 19. We have informed the stakeholders making these comments that we will take into consideration these comments when we open Rule 18 for review.

### Title 85, Series 31 ("Rule 31")

- Entitled "Professional Employer Organizations"
- This is a complete re-write of the current version of the Rule
- Primary reason for new draft is to reflect the new privatized market as it relates to PEO's as well as passage of HB 4079 in March 2008, establishing licensing and regulation of PEO's.
- Purpose is to establish guidelines for issuance of WC insurance policies by carriers to PEO's.
- We received significant comment on this Rule, particularly from the carrier and PEO community. The most significant issues are the definitions and scope of coverage for PEO policies. Specifically, the issue is whether a PEO policy covers all employees of the PEO and client employer even if the client is not listed on the "schedule", or in the event that a client should have, but did not, purchase a "direct purchase" policy for its "non-PEO" employees.
- Some of the language in this Rule was taken from the NAIC PEO model.
- The substantive sections in the Rule are as follows:
  - Section 4. (PEO Workers' Compensation Insurance Policies). Addresses the issuing of workers' compensation policies in West Virginia to PEO's. Specifically, clarifies that PEO's may be

written on a master policy or Multiple Coordinated Policy basis (only MCP if in residual market, though).

- Section 5. (Data Collection and Proof of Coverage Reporting). Clarifies that private carriers are responsible for collecting, maintaining and reporting certain data regarding the experience and coverage status of the various client employers to whom insurance is provided in a PEO WC policy.
- Section 6. (Scope of Coverage for PEO Policies). Clarifies that PEO policies must cover all employees of the PEO and clients required by law to be covered, and also addresses situations when two WC policies providing coverage may exist.
- Section 7. (Notice of Coverage and Cancellation). Addresses the requirements of carriers who issue policies to PEO's regarding notice to the client employers of policy issuance and cancellation, to ensure that the client employers of the PEO receive adequate notice regarding the same.



WEST VIRGINIA

# BOARD OF TREASURY INVESTMENTS

**CALENDAR NOTES**

CD Auction  
October 8, 2008  
Board Meeting  
October 30, 2008

## OPERATING REPORT AUGUST 2008

**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

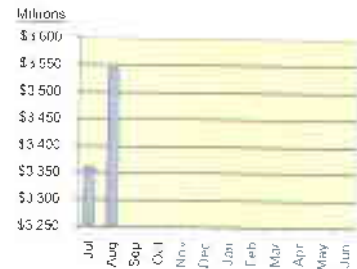
**Executive Staff**

Executive Director  
Glenda Probst, CPA, CTP  
Chief Financial Officer  
Kara K. Brewer, CPA, MBA

**Total Net Assets Under Management**  
**\$3,544,441,000**

Last Month  
**\$3,361,267,000**

Beginning of Fiscal Year  
**\$3,364,534,000**

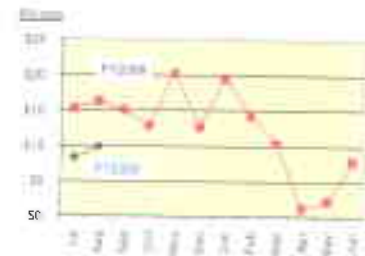


**5.3% Growth This Fiscal Year**

**Total Net Income & Gains**

This Month  
**\$9,788,000**

Fiscal Year  
**\$18,050,000**

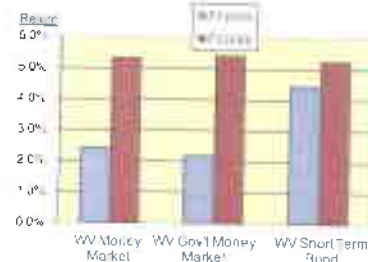


Fiscal Year Comparison

**Effective Rates of Return**

*Time Weighted, Annualized, Net of All Fees*

	August 2008	Fiscal Year 2009	Fiscal Year 2008
WV Money Market	2.4%	2.5%	5.4%
WV Gov't Money Market	2.2%	2.2%	5.4%
WV Short Term Bond	Fiscal Year 2009 (Past 12 Months) 4.5%	Fiscal Year 2008 (Past 12 Months) 5.3%	



Return is an annualized fiscal year to date for WV Money Mkt & WV Gov't Money Mkt; past 12 months for WV Short Term Bond.

Fiscal Year Return Comparisons

# WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

## THE ECONOMIC STATE

### AUGUST 2008

#### Economy Is Worse Than It Looks

The U.S. economy appears to be sagging more than current data would suggest. Almost out of the blue, GDP for the second quarter was revised upward to a 3.3% annual rate, which was notably higher than the 0.9% growth rate of the first quarter. This GDP growth shattered most economists' expectations despite the greatest increase in prices in 17 years, falling income, more bad news on the housing market, slower consumer spending and a pick-up in the unemployment rate which reached a 4-year high spiking to 5.7%.

The good news seems to be that much of the bad news has fallen on deaf ears as the Consumer Confidence index climbed to 56.9 from 51.9 in July and ahead of the expected 53.0. These results would indicate that the consumer holds a gloomy view of the current economy, but has better hope for the future.

A significant challenge facing the financial system is the health of regional banks whose balance sheets contain construction loans, mortgage-backed securities and Fannie & Freddie securities. The number of U.S. Banks on the FDIC's "problem list" continues to grow. FDIC-insured lenders reported net income of approximately \$5 billion in the second quarter of 2008, down 87% from approximately \$37 billion one year earlier.

Despite the headwinds noted above, the markets were positive in August as rates across the Treasury curve fell. The declining energy prices and the prospect of slower global economic growth contributed to the decline in yields, which was virtually equal across the curve.

The 2-year Treasury yield dropped 14 basis points while the 5-year fell 15 basis points. Further out the yield curve, the drop in rates was similar with the 10-year rate down 14 basis points and the 30-year rate down 15 basis points. The short end of the curve remained steep with the 2/10 year spread ending the month at 144 basis points. As we enter September, most believe the Fed will hold rates steady at its September meeting and the interest focused on clues to the Fed's actions later in the year.

Dear Shareholder:

Recent market news has caused much concern about the safety of investments. As Chairman of the Board of Treasury Investments, I want to provide you with the facts concerning your investments in the state's short-term investment pools.

Neither the West Virginia Money Market Pool nor the West Virginia Government Money Market Pool has any holdings in Lehman or AIG. Both of these pools maintain a very conservative investment policy requiring high quality, well-diversified securities. The pools' AAAM Standard and Poor's rating requires weekly monitoring to ensure safety of principal. Our staff works closely with the investment managers to make sure all investments are safe and sound. The staff also conducted a due diligence process in August which includes a review of the overall investment management company.

The West Virginia Short Term Bond Pool contained \$1.5 million of Lehman Bonds, half of which was sold on September 16, 2008 for a loss of \$509,000. The total holding represented less than 0.1% of the total pool. We continue to watch the remaining holdings closely. There are no AIG holdings in this pool. The Board is also in the process of hiring a new investment manager for this pool, illustrating our commitment to managing the investments in the Short Term Bond Pool to achieve the highest rate of return in the safest environment.

It is important that you have all the information concerning your investments. Much information including the Investment Policy and pool holdings can be found on the Board's web page: [www.wvti.com](http://www.wvti.com)

Sincerely,

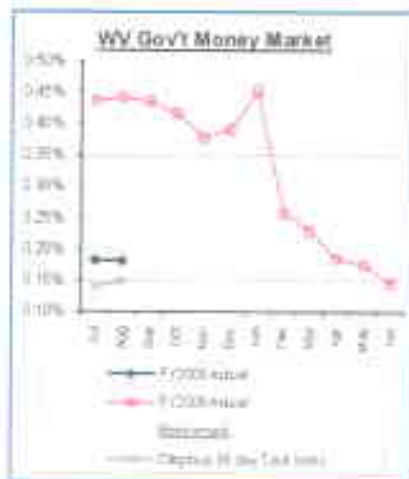


John D. Perdue  
State Treasurer

# West Virginia Board of Treasury Investments

## Financial Highlights as of August 31, 2008

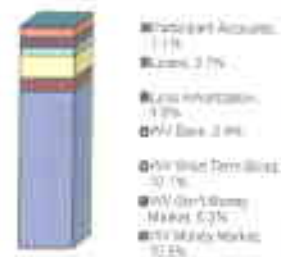
### Monthly Rates of Return for Operating Pools (Net of Fees)



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

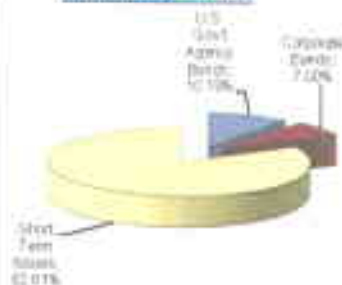
Pool	Asset Value	August Net Income (Loss)	Fiscal YTD Net Income (Loss)
WV Money Market	\$2,496,569	\$ 5,120	\$ 10,018
WV Gov't Money Market	221,197	413	782
WV Short Term Bond	359,222	1,799	3,087
WV Bank	121,763	325	645
Loss Amortization	174,645	1,588	2,568
Loans	131,780	422	696
Participant Accounts	39,245	140	254
	<b>\$3,544,441</b>	<b>\$ 9,786</b>	<b>\$ 18,050</b>

#### Percent of Total Net Asset Value

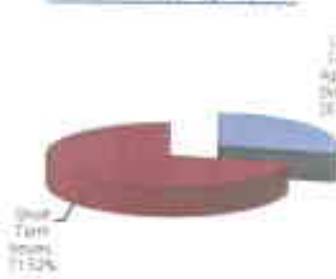


### Securities by Type for Operating Pools (Percentage of Asset Value)

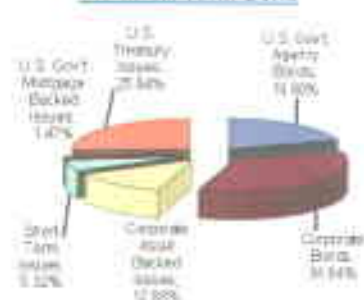
#### WV Money Market



#### WV Gov't Money Market



#### WV Short Term Bond



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

**AUGUST 31, 2008**

*(IN THOUSANDS)*

	<b>WV Money Market Pool</b>	<b>WV Government Money Market Pool</b>	<b>WV Short Term Bond Pool</b>	<b>WV Bank Pool</b>	<b>Other Pools</b>	<b>Participant Directed Accounts</b>
<b>Assets</b>						
Investments						
At amortized cost	\$ 2,492,858	\$ 220,883		\$ 120,000	\$ 131,358	\$ 25,509
At fair value	-	-	\$ 356,587	-	174,645	13,434
Collateral for securities loaned	230,806	22,082	134,669			
Other assets	3,932	334	3,859	1,783	426	303
<b>Total assets</b>	<u>2,727,596</u>	<u>243,299</u>	<u>495,115</u>	<u>121,783</u>	<u>306,429</u>	<u>39,246</u>
<b>Liabilities</b>						
Payable for securities loaned	230,806	22,082	134,669			
Other liabilities	221	20	1,224		4	1
<b>Total liabilities</b>	<u>231,027</u>	<u>22,102</u>	<u>135,893</u>	<u>-</u>	<u>4</u>	<u>1</u>
<b>Net Assets</b>	<u>\$ 2,496,569</u>	<u>\$ 221,197</u>	<u>\$ 359,222</u>	<u>\$ 121,783</u>	<u>\$ 306,425</u>	<u>\$ 39,245</u>
<b>Investment income</b>						
Interest and dividends	\$ 2,389	\$ 262	\$ 1,360	\$ 326	\$ 426	\$ 121
Securities lending income	794	56	316	1		
Net accretion (amortization)	2,721	153	(211)		581	(11)
Provision for uncollectible loans						
<b>Total investment income</b>	<u>5,904</u>	<u>471</u>	<u>1,465</u>	<u>327</u>	<u>1,007</u>	<u>110</u>
<b>Expenses</b>						
Fees	206	17	47		4	1
Securities lending borrower rebates	578	41	236			
Bad debt expense	-					
<b>Total expenses</b>	<u>784</u>	<u>58</u>	<u>283</u>	<u>-</u>	<u>4</u>	<u>1</u>
<b>Net investment income</b>	<u>5,120</u>	<u>413</u>	<u>1,182</u>	<u>327</u>	<u>1,003</u>	<u>109</u>
Net realized gain (loss) from investments						
<b>Net increase (decrease)     in fair value of investments</b>			617		987	31
<b>Net gain (loss) from investments</b>			617		987	31
<b>Net increase (decrease) in net assets from operations</b>	<u>5,120</u>	<u>413</u>	<u>1,799</u>	<u>327</u>	<u>1,990</u>	<u>140</u>
<b>Distributions to participants</b>	5,120	413	1,182	325	422	-
<b>Participant activity</b>						
Purchases reinvestment of units and contributions	899,805	43,311	1,316	325	422	32
Redemptions and withdrawals	737,167	22,760	416		664	3,356
Inter-pool transfers in	5,063					
Inter-pool transfers out				5,063		
<b>Net increase (decrease) in net assets from participant activity</b>	<u>167,701</u>	<u>20,551</u>	<u>900</u>	<u>(4,738)</u>	<u>(242)</u>	<u>(3,324)</u>
Increase (decrease) in net assets	167,701	20,551	1,517	(4,736)	1,326	(3,184)
Net assets at beginning of period	2,328,868	200,646	357,705	126,520	305,099	42,429
<b>Net assets at end of period</b>	<u>\$ 2,496,569</u>	<u>\$ 221,197</u>	<u>\$ 359,222</u>	<u>\$ 121,784</u>	<u>\$ 306,425</u>	<u>\$ 39,245</u>

(Speaker Thompson presides)

**AGENDA**  
**JOINT COMMITTEE ON GOVERNMENT AND FINANCE**  
**October 14, 2008**

3:00 - 4:00 p.m.

Senate Finance Room

1. **Approval of September 9, 2008, minutes**
2. **Committee Reports/Requests:**  
**Finance Subcommittee C** (Senator Bailey, Chair; Delegate Kominar, Chair) *Requests approval of a Joint Committee on Government and Finance expenditure of up to \$12,500 for the WVU Bureau of Business & Economic Research to update its 2006 interim Road Fund study prior to the February regular session - Delegate Kominar*  

MOVE that WVU Bureau of Business & Economic Research be requested to update its 2006 interim Road Fund study and be reimbursed for their services in the amount of up to \$12,500.
3. **Monthly/Quarterly Reports Distribution:**  
Status Reports on the Lottery Commission, General Revenue Fund and Unemployment Compensation Trust Fund
4. **Monthly/Quarterly Reports Distribution:**  
PEIA, BRIM, CHIP and Leases & Contracts Report - *Robert Ferguson, Jr., Secretary, Dept. of Administration*
5. **Monthly/Quarterly Report Distribution from Department of Health and Human Resources:**  
Medicaid Report - *Martha Walker, Cabinet Secretary, DHHR*
6. **Monthly Report on the Pharmaceutical Cost Management Council:** *Shana Phares, Acting Pharmaceutical Advocate*
7. **Investment Management Board:** *Craig Slaughter, Executive Director*
8. **Workers' Compensation Distribution:** *Mary Jane Pickens, General Counsel to the Insurance Commissioner*
9. **Board of Treasury Report Distribution**
10. **Other Business**
11. **Scheduled Interim Dates:** November 16 - 18  
December 7 - 9  
January 11 - 13, 2009  
February 8 - 10, 2009
12. **Adjournment**