

(President Kessler presides)

AGENDA
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
February 12, 2013

2:00 - 3:00pm

Senate Finance Room

- 1. Approval of January 9, 2013, minutes**
- 2. Committee Reports/Requests**
- 3. Monthly/Quarterly Reports Distribution:**
Status Reports on Lottery and the General Revenue Fund.
- 4. Workforce WV Unemployment Compensation Trust Fund Distribution:**
- 5. Monthly/Quarterly Reports Distribution:**
PEIA.
BRIM
CHIP
Real Estate Report
- 6. Monthly/Quarterly Report Distribution from Department of Health and Human Resources:**

Medicaid Report
- 7. Investment Management Board Distribution:**
- 8. Workers' Compensation:**
- 9. Board of Treasury Report Distribution**
- 10. Interim Committee Annual Reports**
- 11. Recommended Legislation**
- 12. Other Business**
- 13. Adjournment**

Joint Committee on Government and Finance

January 7, 2013

2:00pm - 3:00pm

Senate

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

House

Thompson, Chair
Boggs
Caputo
Miley
White (Absent)
Armstead
Carmichael (absent)

Speaker Thompson presides:

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

President Kessler: "I hereby move that the Joint Committee on Government and Finance hereby reappoints Aaron Allred as the Legislative Manager to oversee the offices under the Committee. Subject to the general direction and control of the President of the WV Senate and the Speaker of the WV House of Delegates, the Legislative Manager: 1) shall be in complete charge of the administrative operations of the Committee and the management of the offices thereunder, including all personnel decisions; and 2) shall have authority to enter into contracts on behalf of the Committee."

Speaker Thompson: "Question on the motion by Mr. President. All in favor say aye, ayes, opposed, the ayes have it."

President Kessler: "I move that the Joint Committee on Finance being authorized by the West Virginia Code §4-2-3 hereby reappoints Aaron Allred as the Legislative Auditor."

Speaker Thompson: "Discussion, all in favor say aye, ayes, opposed, the ayes have it."

Speaker Thompson: "We got monthly and quarterly reports in our packet and first we have our Monthly and Quarterly Report from WORKFORCE WV, Mr. Fry."

Russell Fry, Acting Executive Director of WORKFORCE WV: "Mr. President, Mr. Speaker, and members of the Committee. I am here to report today that the trust fund as of today stands at \$99,697,951.00. We've done a projection through next year and again the projection of twelve months is like looking into a crystal ball but we project that \$97,640,000 at the end of the year of 2013."

Speaker Thompson: "Any questions of Mr. Fry?"

Mr. Fry: "Thank you."

Speaker Thompson: "Next we have Quarterly Reports on Distribution. Mr. Ross Taylor, Secretary of Finance and Administration, or his designee."

Ross Taylor, Secretary, Department of Administration: "Good afternoon. My name is Ross Taylor, Cabinet Secretary for the Department of Administration. You all have been provided the packets, really there hasn't been much change since the last time we met. The PEIA is doing well. We're currently \$13.7M ahead on the projections because we haven't had as many drug medical expenses as normal. From Retirement Health Benefit Trust side of it we are up \$27.7M mainly attributable to stock market doing a little better than we had projected as well as expenses being lower. CHIP - we have 147 more enrollees than we did at this time last year. BRIM - is pretty much the same. Our reserves have gone up just a little bit from the same period last year. LEASING - nothing really to report on that either."

Speaker Thompson: "Are there any questions of Secretary Taylor? Thank you."

Mr. Taylor: "Thank you."

Speaker Thompson: "Next we have DHHR report, Nancy Atkins, Commissioner."

Ms. Atkins: "Nancy Atkins, Commissioner of Medicaid. Mr. Speaker, Mr. President and members of the Committee, your report is in your packet and I'd be happy to answer any questions."

Speaker Thompson: "Any questions of the Commissioner? Thank you."

Ms. Atkins: "Thank you."

Speaker Thompson: "Next we have the Investment Management Board, Executive Director Craig Slaughter."

Mr. Slaughter: "Gentlemen, Craig Slaughter, Executive Director of the WV Investment Management Board. The report is in your packet for the month of November. As you can see we have about a 1% gain for the long term assets for that month and we are still up 77.7% for ten years. The month of December is also pretty good. Six months through the fiscal year I think we should be up around 7% once we get the final numbers. Things are going ok for the time being. Any questions?"

Speaker Thompson: "Any questions for the Director? Thank you. "

Speaker Thompson: "Worker's Compensation, Commissioner Riley."

Mr. Riley: "Good Afternoon Mr. Speaker, Mr. President, Committee Members, Mike Riley, Insurance Commissioner. You have a copy of our report in front of you and I would be happy to answer any questions you may have."

Mr. Speaker: "Any questions of Mr. Riley? Any questions? Board of Treasury Reports are all in your file. Any other business come before the Committee? If not, the President moves we adjourn. All in favor say aye. Ayes. Oppose? The ayes have it, we are adjourned."

WEST VIRGINIA LEGISLATURE

Office of the Legislative Auditor



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

304-347-4870

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

- West Virginia Lottery as of December 31, 2012:
Gross profit for July 1, 2012 – December 31, 2012 of fiscal year 2013 is \$ 288.6 million.
- West Virginia Unemployment Compensation Fund as of December 31, 2012:
Total disbursements were \$8.4 million more than this time period last fiscal year. Overall ending trust fund balance was \$1.3 million lower on December 31, 2012, than on December 31, 2011.
- General Revenue Fund as of January 31, 2013:
The general revenue collections are at 99.67% of the estimate.
- State Road Fund as of January 31, 2013:
The state road fund collections are 100.61% of the estimate.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

MEMORANDUM

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

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

Date: January 31, 2013

Re: Review of West Virginia Lottery Financial Information
As of December 31, 2012

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for the month ending December 31, 2012 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 \$ 664,468,000.00 on December 31, 2012. Table games accounted for \$36.4 million of this total. Historic Resort Hotel video lottery and table games accounted for \$ 4.1 million of total gross receipts. Gross lottery revenue has decreased by 5.94% when compared with July - December 2011 of fiscal year 2011-2012. This number does not include commission and prize deductions. Gross profit (Gross revenues minus commissions and prize costs) for July - December 2012 was \$ 288.6 million; for last fiscal year it was \$ 306.9 million. Expressed as a

percentage, gross profit is 5.95% lower for July - December 2012 than for July - December 2011.

Operating Transfers to the State of West Virginia:

A total of \$ 272,720,000.00 has been accrued to the state of West Virginia for July - December 2012 of fiscal year 2012-2013. This is on an accrual basis and may not correspond to the actual cash transfers made during the same time period. Amount owed to the different accounts according to the Lottery Act are calculated monthly and accrued to the state; actual cash transfers are often made based upon actual cash flow needs of the day-to-day operation of the lottery.)

A schedule of cash transfers follows:

Bureau of Senior Services	\$42,834,000.00
Community and Technical College	\$2,997,000.00
Department of Education	\$30,611,000.00
Library Commission	\$12,186,000.00
Higher Education-Central Office	\$7,889,000.00
Tourism	\$7,364,000.00
Department of Natural Resources	\$3,398,000.00
Division of Culture and History	\$5,903,000.00
Economic Development Authority	\$5,998,000.00
Department of Education and Arts	\$1,840,000.00
School Building Authority	\$10,798,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$131,818,000.00

Excess Lottery Fund

Lottery

Lottery continued

General Purpose Fund	\$ 41,397,000.00
Economic Development Fund	\$ 11,394,000.00
Higher Education Improvement Fund	\$ 9,000,000.00
WV Infrastructure Council Fund	0.00
Higher Education Improvement Fund	\$29,000,000.00
Refundable Credit	1,072,000.00
WV Development Office	0.00
Department of Education	0.00
State Park Improvement Fund	0.00
School Building Authority	\$ 11,396,000.00
Excess Lottery Surplus	0.00
Total State Excess Lottery Revenue Fund	\$ 103,259,000.00

Historic Resort Hotel Distributions:

State General Revenue Fund	1,305,000.00
State Debt Reduction Fund	387,000.00
Tourism Promotion Fund	61,000.00
Total Historic Hotel	\$1,753,000.00

Veterans Instant Ticket Fund \$186,000.00

Table Games State Debt Reduction Fund \$ 17,168,000.00

RACETRACK VIDEO LOTTERY TRANSFERS:	
Tourism Promotion Fund 1.375%	\$4,229,000.00
Development Office Promo Fund	\$1,153,000.00
Research Challenge Fund .5%	\$1,538,000.00

Capitol Renovation and Improvement Fund .6875%	\$2,114,000.00
Parking Garage Fund .0625%	\$192,000.00
Parking Garage Fund 1%	\$500,000.00
Cultural Facilities and Cap. Resources Fund .5%	\$1,233,000.00
Capitol Dome & Cap. Improvements Fund .5%	\$1,342,000.00
Workers Compensation Debt Reduction Fund 7%	\$11,000,000.00
SUBTOTAL VIDEO LOTTERY TRANSFERS:	\$23,301,000.00
TOTAL TRANSFERS	*\$277,485,000.00

* CASH BASIS

Total Accrued last FY 2012:	\$ 216,819,000.00
Total Cash Distributions FY 2013:	277,485,000.00
Applied to FY 2012:	216,819,000.00
Applied to FY 2013:	60,666,000.00
Accrued for FY 2013 as of Dec. 31:	212,054,000.00

A



P.O. BOX 2067
CHARLESTON, WV 25327

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

Earl Ray Tomblin
Governor

John C. Musgrave
Director

MEMORANDUM

TO: Joint Committee on Government and Finance
FROM: John C. Musgrave, Director *John C. Musgrave*
RE: Monthly Report on Lottery Operations
Month Ending December 31, 2012
DATE: January 18, 2013

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

Financial statements of the Lottery for the month ending December 31, 2012 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$106,312,665 for the month of December.

Transfers of lottery revenue totaling \$22,458,781 made for the month of December to the designated state agencies per Senate Bill 160, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (§29-22A-10), and the Racetrack Table Games Act (§29-22C-27). The amount transferred to each agency is shown in Note 10 on pages 18 and 19 of the attached financial statements.

The number of traditional and limited retailers active as of December 31, 2012 was 1,590 and 1,517 respectively.

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

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

JCM
Attachment

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



WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

December 31, 2012

WEST VIRGINIA LOTTERY

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

ASSETS	December 31, 2012	June 30, 2012
Current Assets:		
Cash and cash equivalents	\$ 223,061	\$ 241,538
Accounts receivable	42,199	36,671
Inventory	521	510
Other assets	<u>2,163</u>	<u>2,275</u>
Total Current Assets	<u>267,944</u>	<u>280,994</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	1,670	2,373
Capital assets	46,816	46,816
Less accumulated depreciation and amortization	<u>(5,591)</u>	<u>(4,531)</u>
Net Capital Assets	<u>41,225</u>	<u>42,285</u>
Total Noncurrent Assets	<u>42,895</u>	<u>44,658</u>
Total Assets	<u>\$ 310,839</u>	<u>\$ 325,652</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 212,054	\$ 216,819
Deferred LVL permit fees	-	-
Estimated prize claims	12,669	13,372
Accounts payable	2,082	3,238
Other accrued liabilities	<u>32,059</u>	<u>40,248</u>
Total Current Liabilities	<u>258,864</u>	<u>273,677</u>
Total Liabilities	<u>258,864</u>	<u>273,677</u>
Net Assets:		
Invested in capital assets	41,225	42,285
Unrestricted	9,111	8,000
Restricted assets (see note 12)	<u>1,639</u>	<u>1,690</u>
Total Net Assets	<u>51,975</u>	<u>51,975</u>
Total Liabilities and Net Assets	<u>\$ 310,839</u>	<u>\$ 325,652</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2012
(In Thousands)
- Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2012	2011	2012	2011
Lottery revenues				
On-line games	\$ 5,824	\$ 6,881	\$ 43,114	\$ 38,096
Instant games	9,421	9,520	54,609	57,834
Racetrack video lottery	51,425	61,309	329,125	374,634
Limited video lottery	32,615	34,297	196,980	194,230
Table games	6,472	6,641	36,475	38,164
Historic Resort	556	745	4,165	3,456
	<u>106,313</u>	<u>119,393</u>	<u>664,468</u>	<u>706,414</u>
Less commissions				
On-line games	407	479	3,030	2,657
Instant games	659	668	3,823	4,050
Racetrack video lottery	28,115	33,547	191,929	216,541
Limited video lottery	15,981	16,806	96,520	95,173
Table games	2,826	2,854	15,925	16,400
Historic resort	339	365	2,009	1,759
	<u>48,327</u>	<u>54,719</u>	<u>313,236</u>	<u>336,580</u>
Less on-line prizes	2,788	3,648	21,151	19,330
Less instant prizes	6,228	6,428	36,283	38,464
Less ticket costs	138	158	887	1,059
Less vendor fees and costs	837	648	4,241	4,061
	<u>9,991</u>	<u>10,882</u>	<u>62,562</u>	<u>62,914</u>
Gross profit	<u>47,995</u>	<u>53,792</u>	<u>288,670</u>	<u>306,920</u>
Administrative expenses				
Advertising and promotions	426	588	2,732	3,033
Wages and related benefits	906	1,085	5,568	6,454
Telecommunications	155	99	536	398
Contractual and professional	430	626	2,209	2,754
Rental	20	59	109	314
Depreciation and amortization	173	101	1,060	321
Other administrative expenses	118	368	769	1,116
	<u>2,228</u>	<u>2,926</u>	<u>12,983</u>	<u>14,390</u>
Other Operating Income	<u>303</u>	<u>147</u>	<u>2,341</u>	<u>63,955</u>
Operating Income	<u>46,070</u>	<u>51,013</u>	<u>278,028</u>	<u>356,485</u>
Nonoperating income (expense)				
Investment income	23	12	123	81
Capital contribution from State of WV	-	1,048	-	7,025
Distributions to municipalities and counties	(639)	(672)	(3,861)	(3,807)
Distributions -capital reinvestment	(1,167)	(1,375)	(1,570)	(2,633)
Distributions to the State of West Virginia	(44,287)	(48,978)	(272,720)	(350,126)
	<u>(46,070)</u>	<u>(49,965)</u>	<u>(278,028)</u>	<u>(349,460)</u>
Net income	<u>-</u>	<u>1,048</u>	<u>-</u>	<u>7,025</u>
Net assets, beginning of period	<u>51,975</u>	<u>45,049</u>	<u>51,975</u>	<u>39,072</u>
Net assets, end of period	<u>\$ 51,975</u>	<u>\$ 46,097</u>	<u>\$ 51,975</u>	<u>\$ 46,097</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2012

(In Thousands)
- Unaudited -

	2012	2011
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 661,281	\$ 697,818
Cash payments for:		
Personnel costs	(5,511)	(5,779)
Suppliers	(7,217)	(7,125)
Other operating costs	(372,844)	(393,514)
Cash provided by operating activities	<u>275,709</u>	<u>291,400</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(277,485)	(347,258)
Distributions to municipalities and counties	(3,858)	(3,739)
Distributions from racetrack cap. reinv. fund	(13,669)	(14,331)
Cash used in noncapital financing activities	<u>(295,012)</u>	<u>(365,328)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>-</u>	<u>(11,403)</u>
Cash flows from investing activities:		
Investment earnings received	<u>123</u>	<u>81</u>
Cash provided by investing activities	<u>123</u>	<u>81</u>
Increase (decrease) in cash and cash equivalents	(19,180)	(85,250)
Cash and cash equivalents - beginning of period	<u>243,911</u>	<u>270,520</u>
Cash and cash equivalents - end of period	<u>\$ 224,731</u>	<u>\$ 185,270</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 278,028	\$ 356,485
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	1,060	321
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(5,528)	(13,688)
(Increase) decrease in inventory	(11)	52
(Increase) decrease in other assets	112	(80)
Increase (decrease) in estimated prize claims	(703)	(469)
Increase (decrease) in accounts payable	(1,156)	677
Increase (decrease) in deferred revenue	-	(58,863)
Increase (decrease) in other accrued liabilities	3,907	6,965
Cash provided by operating activities	<u>\$ 275,709</u>	<u>\$ 291,400</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 1 - LEGISLATIVE ENACTMENT

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

COMPENSATED ABSENCES – The Lottery has accrued \$566,986 and \$523,398 of at June 30, 2012 and 2011, respectively, for estimated obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. Employees fully vest in all earned but unused vacation. To the extent that accumulated sick leave is expected to be converted to benefits on termination or retirement, the Lottery participates in an other postemployment benefits plan (see Note 16).

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

NOTE 3 - CASH AND CASH EQUIVALENTS

At December 31, 2012 the carrying amounts of deposits (overdraft) with financial institutions were \$497 thousand with a bank balance (overdraft) of \$514 thousand. Of this balance \$250 thousand was covered by federal depository insurance with the remaining balance collateralized with securities held by the State of West Virginia’s agent in the State’s name.

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

	December 31, 2012	June 30, 2012
Deposits with financial institutions	\$ 497	\$ 477
Cash on hand at the Treasurer's Office	43,814	42,350
Investments with BTI reported as cash equivalents	180,420	201,084
	\$ 224,731	\$ 243,911

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

WEST VIRGINIA LOTTERY
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NOTE 4 – CAPITAL ASSETS

A summary of capital asset activity for the month ended December 31, 2012 is as follows (in thousands):

	Historical Cost At June 30, 2012	Additions	Deletions	Historical Cost At December 31, 2012
Construction in Progress	\$ 519	\$ -	\$ -	\$ 519
Land	1,434	-	-	1,434
Buildings	38,084	-	-	38,084
Improvements	260	-	-	260
Equipment	6,519	-	-	6,519
	<u>\$ 46,816</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,816</u>
Accumulated Depreciation:				
	Historical Cost At June 30, 2012	Additions	Deletions	Historical Cost At December 31, 2012
Buildings	\$ 237	\$ 476	\$ -	\$ 713
Improvements	260	-	-	260
Equipment	4,034	584	-	4,618
	<u>\$ 4,531</u>	<u>\$ 1,060</u>	<u>\$ -</u>	<u>\$ 5,591</u>

NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY

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

Each MUSL member sells game tickets through its agents and makes weekly wire transfers to the MUSL in an amount equivalent to the total prize pool less the amount of prizes won in each state. Lesser prizes are paid directly to the winners by each member lottery. The prize pool for POWERBALL®, HOT LOTTO® and MEGA MILLIONS® is 50% of each drawing period's sales, with minimum jackpot levels. The Lottery's revenues and expenses from MUSL games participation for the month ended December 31, 2012 and fiscal year-to-date is as follows:

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 2,643,238	\$ 24,223,775
Hot Lotto	518,355	2,355,503
Mega Millions	602,533	4,620,595
Total	\$ 3,764,126	\$ 31,199,873

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,321,619	\$ 12,111,937
Hot Lotto	259,177	1,177,816
Mega Millions	310,302	2,379,610
Total	\$ 1,891,098	\$ 15,669,363

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

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

At December 31, 2012, the Lotteries share of the prize reserve fund balances were as follows:

<u>Game</u>	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 114,287,693	\$ 2,108,445
Hot Lotto	7,464,347	492,853
Mega Millions	23,795,729	407,343
Total	\$ 145,547,769	\$ 3,008,641

Lottery prize reserves held by the MUSL are invested according to a Trust agreement the Lottery has with MUSL outlining investment policies. The policies restrict investments to direct obligations of the United States Government, perfected repurchase agreements, and obligations issued or guaranteed as to payment of principal and interest by agencies or instrumentalities of the United States Government, and mutual funds of approved investments. The average portfolio maturity is never more than one year, except that up to one third of the portfolio may have an average maturity of up to two years. The maximum maturity for any one security does not exceed five years.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of \$19,991,646 at December 31, 2012, of which the Lottery's share was \$1,606,742.

NOTE 6 - RACETRACK VIDEO LOTTERY

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

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

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

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

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

The WV Lottery, along with the Rhode Island and Delaware lotteries, participate in Multi-Jurisdictional Wide Area Progressive (MWAP) video games. This allows each of the lotteries to offer a higher progressive jackpot than they could generate alone. MUSL manages the progressive games and charges each participant a MWAP contribution fee of .74% of the amount wagered. A summary of racetrack video lottery revenues for the month ended December 31, 2012 and fiscal year-to-date follows (in thousands):

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Total credits played	\$ 562,057	\$ 665,115	\$ 3,670,162	\$ 4,138,802
Credits (prizes) won	(504,183)	(597,621)	(3,295,952)	(3,717,427)
Promotional credits played	(6,420)	(6,146)	(44,880)	(46,508)
MWAP Contributions	(29)	(39)	(205)	(233)
Gross terminal income	51,425	61,309	329,125	374,634
Administrative costs	(929)	(1,114)	(11,583)	(12,337)
Net Terminal Income	50,496	60,195	317,542	362,297
Less distribution to agents	(28,115)	(33,547)	(191,929)	(216,541)
Racetrack video lottery revenues	<u>\$ 22,381</u>	<u>\$ 26,648</u>	<u>\$ 125,613</u>	<u>\$ 145,756</u>

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

	December 31, 2012	Year-to-Date
State Lottery Fund	\$ 6,687	\$ 84,598
State Excess Lottery Revenue Fund	12,691	16,086
Capital Reinvestment Fund	1,137	1,427
Tourism Promotion Fund 1.375%	642	4,298
Development Office Promotion Fund .375 %	175	1,172
Research Challenge Fund .5 %	233	1,563
Capitol Renovation & Improvement Fund .6875 %	321	2,148
Parking Garage Fund .0625 %	29	195
Parking Garage Fund 1 %	-	500
Cultural Facilities & Capitol Resources Fund .5 %	233	1,313
Capitol Dome & Capitol Improvements Fund .5 %	233	1,313
Worker's Compensation Debt Reduction Fund 7 %	-	11,000
Total nonoperating distributions	<u>\$ 22,381</u>	<u>\$ 125,613</u>

NOTE 7 - LIMITED VIDEO LOTTERY

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 - LIMITED VIDEO LOTTERY (continued)

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 December 31, 2012 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Total credits played	\$ 386,777	\$ 407,435	\$ 2,329,989	\$ 2,290,519
Credits (prizes) won	(354,162)	(373,138)	(2,133,009)	(2,096,289)
Gross terminal income	\$ 32,615	\$ 34,297	\$ 196,980	\$ 194,230
Administrative costs	(653)	(686)	(3,940)	(3,885)
Gross Profit	31,962	33,611	193,040	190,345
Commissions	(15,981)	(16,806)	(96,520)	(95,173)
Municipalities and Counties	(639)	(672)	(3,861)	(3,807)
Limited video lottery revenues	<u>\$ 15,342</u>	<u>\$ 16,133</u>	<u>\$ 92,659</u>	<u>\$ 91,365</u>

NOTE 8 - TABLE GAMES

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

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

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

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

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

The cash transferred to the State Debt Reduction Fund in the current month is included in Note 10- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month ended December 31, 2012 and fiscal year-to-date were \$18,491,034 and \$104,214,978, respectively. The following table shows the month and year totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Table Games Privilege Tax	\$ 6,472	\$ 6,641	\$ 36,475	\$ 38,164
Interest on Table Games Fund	1	-	3	2
Administrative costs	(555)	(759)	(3,126)	(4,362)
Total Available for Distribution	<u>5,918</u>	<u>5,882</u>	<u>33,352</u>	<u>33,804</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	462	474	2,605	2,726
Thoroughbred & Greyhound Development Funds	370	380	2,084	2,181
Racing Association Pension Plan	163	159	917	916
Municipalities/ Counties	<u>1,831</u>	<u>1,841</u>	<u>10,319</u>	<u>10,577</u>
Total Distributions	<u>2,826</u>	<u>2,854</u>	<u>15,925</u>	<u>16,400</u>
State Debt Reduction Fund	<u>\$ 3,092</u>	<u>\$ 3,028</u>	<u>\$ 17,427</u>	<u>\$ 17,404</u>

NOTE 9 – HISTORIC RESORT HOTEL

In 2009, the Legislature passed Senate Bill 575 which permits video lottery and table games at a licensed historic resort hotel which is defined as “a resort hotel registered with the United States Department of the Interior as a national historic landmark in its National Registry of Historic Places having not fewer than five hundred guest rooms under common ownership and having substantial recreational guest amenities in addition to the gaming facility.”

Historic Resort Video Lottery

According to Senate Bill 575, thirty six percent (36%) of gross terminal income is allocated to Historic Resort Hotel Fund and seventeen percent (17%) of gross terminal income is allocated to the Human Resource Benefit Fund. The remaining forty-seven percent (47%) of gross terminal income is then subject to a ten percent (10%) surcharge which is allocated to separate capital reinvestment funds for each licensed historic resort hotel. The remaining forty-two and three-tenths percent (42.3%) of gross terminal income is retained by the

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

historic resort hotel. A summary of historic resort hotel video lottery revenues for the month ended December 31, 2012 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Total credits played	\$ 6,716	\$ 7,373	\$ 35,310	\$ 36,797
Credits (prizes) won	(6,146)	(6,849)	(32,425)	(34,213)
Promotional credits played	(49)	(54)	(340)	(241)
MWAP Contributions	(1)	-	(6)	-
Gross terminal income	520	470	2,539	2,343
Capital reinvestment	(24)	(22)	(119)	(110)
Modernization Fund	(5)	(4)	(23)	(21)
Administrative costs	(28)	(25)	(137)	(127)
Hotel commissions	(220)	(199)	(1,074)	(991)
Net terminal income	243	220	1,186	1,094
Historic Resort Hotel Fund	155	140	754	696
Human Resource Benefit Fund	88	80	432	398

Historic Resort Table Games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the month ended December 31, 2012 and fiscal year-to-date were \$103,476 and \$4,646,723, respectively.

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

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Table games privilege tax	\$ 36	\$ 275	\$ 1,626	\$ 1,114
Administrative Costs	(5)	(35)	(209)	(144)
Total Available for Distribution	31	240	1,417	970
Historic Resort Hotel Fund	26	201	1,185	811
Human Resource Benefit Fund	5	39	232	159

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

Historic Resort Hotel Fund

Of the monies deposited into the Historic Resort Hotel Fund, fifteen percent (15%) is allocated for lottery administrative costs. The remaining Historic Resort Hotel Fund net income (gross deposits less 15%) is distributed as follows:

- 1) Sixty-four percent (64%) is paid to the State of West Virginia General Revenue Fund;
- 2) Nineteen percent (19%) is paid to the State Debt Reduction Fund;
- 3) Three percent (3%) is paid to the State of West Virginia Tourism Promotion Fund;
- 4) Four percent (4%) is paid to the county where the gaming facility is located;
- 5) Two and one-half percent (2.5%) is paid to the municipality where the gaming facility is located as prescribed by statute;
- 6) Two and one-half percent (2.5%) is divided and paid in equal shares to the remaining municipalities in the county where the gaming facility is located;
- 7) Two and one-half percent (2.5%) is divided and paid in equal shares, to each county commission in the state where the gaming facility is not located;
- 8) Two and one-half percent (2.5%) is divided and paid in equal shares, to each municipality in the state not already receiving a distribution as described in item five (5) or item six (6) above.

A summary of Historic Resort Hotel Fund revenues and related distributions is as follows (in thousands):

	<u>Current Month</u>	<u>Year-to-Date</u>
Historic Resort Hotel Video Lottery	\$ 155	\$ 754
Historic Resort Table Games	26	1,185
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	181	1,939
Municipalities/ Counties	26	272
State General Revenue Fund	116	1,241
State Debt Reduction Fund	34	368
State Tourism Promotion Fund	5	58
Total Distributions	<u>\$ 181</u>	<u>\$ 1,939</u>

NOTE 10- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA

The Lottery periodically distributes surplus funds, exclusive of amounts incurred and derived from limited video lottery and a portion of racetrack video lottery funds, to the State of West Virginia in accordance with the legislation. For the year ending June 30, 2013 the State Legislature budgeted \$145,017,313 of estimated profits of the Lottery for distributions to designated special revenue accounts of the State of West Virginia. With regard to the State Lottery Fund, legislation stipulates that debt service payments be given a priority over all other transfers in instances where estimated profits are not sufficient to provide for payment of all appropriated distributions. Debt service payments of \$1,800,000, \$1,000,000, and \$500,000 per month for the first ten months of each fiscal year currently have such priority. Transfers made pursuant to the State Excess

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

Lottery Revenue Fund have similar requirements; currently payments are \$5,300,000 per month for the first ten months of each fiscal year. In addition, Legislation provides that, if in any month, there is a shortage of funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be 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 December 31, 2012 the Lottery made such distributions and accrued additional distributions of \$39,172,479. The Lottery is a non-appropriated state agency and therefore does not have a budget adopted by the Legislature. Since the enactment of the Racetrack Video Lottery Act, the Lottery is also statutorily required to distribute income from racetrack video lottery operations as described in Note 6. For the month ended December 31, 2012, the Lottery accrued additional distributions relating to racetrack video lottery, table games, and historic resort operations of \$638,457, \$3,092,129, and \$155,613, respectively.

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

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

<u>BUDGETARY DISTRIBUTIONS</u>	<u>December 31, 2012</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 2,997
Bureau of Senior Services	11	42,834
Department of Education	8	30,611
Library Commission	3	12,186
Higher Education-Policy Commission	2	7,889
Tourism	2	7,364
Natural Resources	1	3,398
Division of Culture & History	2	5,903
Department of Education & Arts	-	1,840
Economic Development Authority	1,000	5,998
School Building Authority	1,800	10,798
Total State Lottery Fund	<u>\$ 3,329</u>	<u>\$ 131,818</u>

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

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 1,899	\$ 11,394
Higher Education Improvement Fund	1,500	9,000
General Purpose Account	9,179	41,397
Higher Education Improvement Fund	-	29,000
State Park Improvement Fund	-	-
School Building Authority	1,899	11,396
Refundable Credit	-	1,072
WV Racing Commission	-	-
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	-	-

Total State Excess Lottery Revenue Fund	\$ 14,477	\$ 103,259
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Total Budgetary distributions:	\$ 17,806	\$ 235,077
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Veterans Instant Ticket Fund	\$ 30	\$ 186
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Other Racetrack Video Lottery distributions:

Tourism Promotion Fund 1.375%	\$ 528	\$ 4,229
Development Office Promotion Fund .375%	144	1,153
Research Challenge Fund .5%	192	1,538
Capitol Renovation & Improvement Fund .6875%	263	2,114
Parking Garage Fund .0625 %	24	192
Parking Garage Fund 1 %	-	500
Cultural Facilities & Cap. Resources Fund .5%	192	1,233
Capitol Dome & Cap. Improvements Fund .5%	191	1,342
Workers Compensation Debt Reduction Fund 7%	-	11,000

Total	\$ 1,534	\$ 23,301
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Table Games State Debt Reduction Fund	\$ 2,883	\$ 17,168
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Historic Resort Hotel distributions:

State General Revenue Fund	\$ 154	\$ 1,305
State Debt Reduction Fund	45	387
Tourism Promotion Fund	7	61
Total	\$ 206	\$ 1,753

Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 22,459	\$ 277,485
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Accrued nonoperating distributions, beginning	(190,226)	(216,819)
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Accrued nonoperating distributions, end	212,054	212,054
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	\$ 44,287	\$ 272,720
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**WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 – LEASES

The Lottery leases, under the terms of a cancellable operating lease, various office spaces for field operations. The Lottery also leases various office equipment under agreements considered to be cancelable operating leases. Rental expense for the fiscal year-to-date ended December 31, 2012 and December 31, 2011 approximated \$109,204 and \$314,801 respectively.

The Lottery leases office space under the terms of a non-cancellable operating lease to various tenants. Rental revenues for the fiscal year-to-date ended December 31, 2012 and December 31, 2011 approximated \$707,072 and \$490,998 respectively. Future rental receipts (in thousands) are as follows:

Year Ended June 30	Rental Receipts
2013	453
2014	923
2015	232
Total	\$ 1,608

NOTE 12 – RESTRICTED NET ASSETS

On June 14, 2006, House Bill 106 was enacted by the West Virginia State Legislature to set aside unexpended administrative expenses of the Lottery up to the limits for such expenses established by the enabling legislation of traditional, racetrack video lottery, and limited video lottery games in an amount not to exceed \$20,000,000 beginning in fiscal year 2006 and each year through fiscal year 2012. These assets are to be set aside for the design and construction of a building for the use of the Lottery and certain other State of West Virginia governmental entities. Contributions to the fund for fiscal years ending June 30, 2012 and June 30, 2011 were as follows:

	June 30, 2012	June 30, 2011
Beginning balance	\$ 2,039	\$ 8,355
Additions		
Legislative Appropriations	9,645	-
Interest earned on restricted net assets		
Deductions		
Asset acquisition	(9,994)	(6,316)
Surplus of excess funds		
Ending balance	\$ 1,690	\$ 2,039

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

NOTE 13 – COMMITMENTS

For the year ended June 30, 2011, the Lottery Commission has designated \$594,218 of unexpended administrative funds for the acquisition of capital assets, for the year ended June 30, 2012 the Lottery Commission has not designated any unexpended administrative funds for the acquisition of capital assets. As of June 30, 2012 and 2011, \$3,193,044 and \$5,921,057, respectively, are included in unrestricted net assets and invested in capital assets for this purpose.

NOTE 14 - RETIREMENT BENEFITS

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

Employees who retire at or after age sixty with five or more years of contributory service or who retire at or after age fifty-five and have completed twenty-five years of credited service with age and credited service equal to eighty or greater are eligible for retirement benefits as established by State statute. Retirement benefits are payable monthly for life, in the form of a straight-line annuity equal to two percent of the employee's average annual salary from the highest 36 consecutive months within the last 10 years of employment, multiplied by the number of years of the employee's credited service at the time of retirement. Covered employees are required to contribute 4.5% of their salary to the PERS. The Lottery is required to contribute 14.5% of covered employees' salaries to the PERS. The required employee and employer contribution percentages have been established and changed from time to time by action of the State Legislature. The required contributions are not actuarially determined; however, actuarial valuations are performed to assist the Legislature in determining appropriate contributions. The Lottery and employee contributions, for the month ending December 31, 2012 and fiscal year-to-date are as follows (in thousands):

	December 31, 2012	Year-to-Date
Lottery contributions	\$ 89	\$ 548
Employee contributions	28	176
Total contributions	\$ 117	\$ 724

NOTE 15 - RISK MANAGEMENT

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 15 - RISK MANAGEMENT (continued)

WORKERS' COMPENSATION INSURANCE

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

PUBLIC EMPLOYEES' INSURANCE AGENCY (PEIA)

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

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

BOARD OF RISK AND INSURANCE MANAGEMENT (BRIM)

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

NOTE 16- OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Lottery participates in the West Virginia Other Postemployment Benefits Plan (OPEB Plan) of the West Virginia Retiree Health Benefit Trust Fund (Trust), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Employee Insurance Agency (WVPEIA). The OPEB Plan provides retiree post-employment health care benefits for participating state and local government employers. The provisions of the Code of West Virginia, 1931, as amended (the Code),

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

assigns the authority to establish and amend benefit provisions to the WVPEIA board of trustees. The WVPEIA issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to Public Employees Insurance Agency, 601 57th Street, South East, Suite 2, Charleston, West Virginia, or by calling 1-888-680-7342.

Funding Policy

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

The ARC rate is \$961 and \$903 per employee per month for the years ending June 30, 2013 and 2012 respectively. Through June 30, 2012 and 2011, the Lottery has paid premiums of \$317,694 and \$294,952. As of June 30, 2012 and 2011, the Lottery has recorded a liability of \$4,075,581 and \$2,749,868 on its balance sheet for OPEB.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

304-347-4870

Memorandum

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

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

Date: February 1, 2013

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

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

The net collections were 99.67% of the estimate for the fiscal year. Total collections were \$7.8 million under the estimate.

Personal Income Tax collections were \$ 14.2 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$ 6.4 million under the estimate for the year.

Business and Occupation tax was \$ 1.7 million under the estimate.

Corporate Income and Business Franchise Tax collections were \$17.2 million over the estimate for the fiscal year.

State Road Fund

The state road fund collections were 100.61% of the estimate for the fiscal year.

Rainy Day and Personal Income Tax Reserve

Revenue Shortfall Reserve Fund A (Rainy Day Fund) had a cash balance of \$ 565,994,078.81 as of January 31, 2013.

Balance July 1, 2012	523,689,608.81
Cash flow loan to General Revenue on July 1, 2012. To be repaid 90 days. This is a normal occurrence in July due to cash flow demands. Paid back September 2012.	- 62,000,000.00 +62,000,000.00
Shortfall Reserve Fund Transfer per WV Code 11B-2-20 (surplus from fiscal year 2012)	28,178,027.35
Earnings	+14,126,442.65
Balance January 31, 2013	565,994,078.81

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 347,951,741.69 as of January 31, 2013.

Balance July 1, 2012	327,698,976.68
Earnings	20,252,765.01
Balance January 31, 2013	347,951,741.69

The Special Income Tax Reserve Fund had a cash balance of \$45,019,319.21 as of January 31, 2013.

Balance July 1, 2012	45,019,319.21
Revenues	-0-
Balance January 31, 2013	45,019,319.21

GENERAL REVENUE FUND FY 2012-2013

FINAL

By Source and by Month

Monthly Revenue Estimates

as of January 31, 2013 WVFIMS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	UNDER ESTIMATES VS ACTUAL COLLECTIONS	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS
Personal Income Tax	182,900,000	182,456,253	-443,747	976,400,000	990,663,999	14,263,999
Consumer Sales Tax & Use Tax	135,700,000	133,526,161	-2,173,839	733,600,000	727,156,379	-6,443,621
Severance Tax	36,000,000	26,486,147	-9,513,853	254,000,000	225,244,278	-28,755,722
Corp Income /Business Franchise	2,500,000	4,420,748	1,920,748	113,500,000	130,798,315	17,298,315
Business and Occupation	11,200,000	9,292,040	-1,907,960	65,700,000	63,901,239	-1,798,761
Tobacco Products Tax	8,370,000	8,946,067	576,067	62,240,000	63,282,065	1,042,065
HB 102 - Lottery Transfers	19,042,000	19,042,130	130	60,439,000	60,439,250	250
Insurance Tax	100,000	488,673	388,673	56,000,000	55,797,694	-202,306
Departmental Collections	5,850,000	5,972,189	122,189	11,890,000	11,433,788	-456,212
Liquor Profit Transfers	1,250,000	1,265,850	15,850	7,400,000	7,900,750	500,750
Interest Income	1,000,000	489,136	-510,864	7,000,000	2,493,005	-4,506,995
Property Transfer Tax	890,000	1,016,580	126,580	4,920,000	5,379,588	459,588
Beer Tax and Licenses	600,000	570,890	-29,110	4,760,000	4,649,607	-110,393
Property Tax	140,000	125,887	-14,113	3,720,000	3,747,828	27,828
Miscellaneous Receipts	400,000	244,327	-155,673	2,000,000	2,552,291	552,291
Miscellaneous Transfers	140,000	0	-140,000	1,790,000	1,271,936	-518,064
Senior Tax Credit Reimbur Lot	0	0	0	811,000	1,071,756	260,756
Business Fran Registration Fees	20,000	115,509	95,509	300,000	444,908	144,908
Liquor License Renewal	70,000	70,724	724	295,000	296,388	1,388
Charter Tax	0	5,335	5,335	0	34,433	34,433
Telecommunications Tax	0	10,598	10,598	0	60,421	60,421
Video Lottery Transfers	0	4,034	4,034	0	281,708	281,708
Racing Fees	0	0	0	0	0	0
Estate and Inheritance Tax	0	0	0	0	1,823	1,823
Cash Flow Transfer	0	0	0	0	0	0
TOTALS	406,172,000	394,549,276	-11,622,724	2,366,765,000	2,358,903,448	-7,861,552
Minus Cash Flow Transfer		0			0	
Percent of Estimates		97.14%			99.67%	
TOTALS	406,172,000	394,549,276	-11,622,724	2,366,765,000	2,358,903,448	-7,861,552
Percent of Estimates		97.14%			99.67%	
Collections this day		30,320,496				

Prepared by Legislative Auditor's Office, Budget Division

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

FINAL

	MONTH ESTIMATES	NET MONTH COLLECTIONS	MONTHLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS
Gasoline & Motor Carrier Rd Tax	35,000,000	27,895,325	-7,104,675	254,000,000	255,751,752	1,751,752
Privilege Tax	13,077,000	15,583,888	2,506,888	102,710,000	106,340,253	3,630,253
Licenses & Registration	6,809,000	6,187,380	-621,620	48,057,000	45,076,992	-2,980,008
Highway Litter Control	129,000	111,086	-17,915	909,000	983,688	74,688
TOTALS	55,015,000	49,777,678	-5,237,322	405,676,000	408,152,684	2,476,684

Percent of Estimates

90.48%

100.61%

Collections this day

21,117,363

REVENUE SHORTFALL RESERVE FUND 7005, Part A AS OF January 2, 2013: \$566,965,178.20

REVENUE SHORTFALL RESERVE FUND 7006, Part B AS OF January 2, 2013: \$345,901,181.00

PERSONAL INCOME TAX REFUND RESERVE FUND AS OF January 2, 2013: \$45,019,319.21

Prepared by Legislative Auditor's Office, Budget Division

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

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

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

Date: February 1, 2013

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the December 31, 2012 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia. December is the sixth month of the 2012-2013 fiscal year.

For July 1, 2012 to December 31, 2012 of fiscal year 2012-2013, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2012	\$140,675,916.76
Receipts July 1, 2012 thru June 30, 2013	\$151,145,598.88
Disbursements July 1, 2012 thru June 30, 2013	\$ 184,655,633.62
Balance December 31, 2012	\$ 107,165,882.02

ITEMS OF NOTE:

Regular benefits paid for July 1, 2012 - December 31, 2012 were \$33.8 million more than July 1, 2011 - December 31, 2011.

Federal emergency benefits totaled \$58.5 million for the July 1, 2012 - December 31, 2012. For July 2011 - December 31, 2011, federal emergency benefits totaled \$67.5 million.

Total disbursements were \$ 8.4 million more in July 1, 2012 - December 31, 2012 than the preceding July - December 2011.

Receipts for July - December 2012 were \$ 28.9 million less than in July - December 2011. Overall ending trust fund balance was \$1.3 million lower on December 31, 2012 than on December 31, 2011.

Seasonally adjusted unemployment rates were 7.5 percent for West Virginia and 7.8 percent nationally.

Since December 2011 employment has decreased by 13,900. Employment declines were as follows: 5,000 in mining and logging, 3,500 in trade, transportation and utilities, 3,500 in government, 2,200 in manufacturing, 1,300 in other services, 700 in financial activities, and 100 in professional and business services. Employment gains included 2,500 in educational and health services and 300 in leisure and hospitality.

UC TRUST FUND PROJECTIONS - 2013
February 5, 2013

Month	Revenues	Benefits	Trust Fund Balance
<u>2012</u>			
Balance 1/1/2012			105,802,000
January	12,438,000	21,838,000	96,402,000
February	15,756,000	18,727,000	93,431,000
March	1,964,000	19,227,000	76,168,000
April	29,482,000	20,118,000	85,532,000
May	88,809,000	19,758,000	154,583,000
June	2,266,000	16,241,000	140,608,000
July	22,333,000	22,458,000	140,483,000
August	30,604,000	19,241,000	151,846,000
September	1,040,000	17,624,000	135,262,000
October	17,637,000	19,899,000	133,000,000
November	16,653,000	19,058,000	130,595,000
December	1,098,000	24,528,000	107,165,000
Totals - 2012	240,080,000	238,717,000	107,165,000

2013

January	11,061,000	26,122,000	92,104,000
February	15,563,000	18,955,000	88,712,000
March	1,829,000	20,544,000	69,997,000
April	27,344,000	21,576,000	75,765,000
May	87,592,000	20,028,000	143,329,000
June	2,203,000	16,686,000	128,846,000
July	22,022,000	22,770,000	128,098,000
August	28,880,000	20,324,000	136,654,000
September	1,040,000	17,624,000	120,070,000
October	16,859,000	20,776,000	116,153,000
November	16,418,000	19,326,000	113,245,000
December	1,082,000	24,864,000	89,463,000
Totals - 2013	231,893,000	249,595,000	89,463,000

The average unemployment rate in West Virginia for CY 2012 was 7.3%

The average projected unemployment rate in West Virginia for CY 2013 is 7.5%

Executive Division
112 California Avenue
Charleston, WV 25305

An agency of the Department of Commerce

An equal opportunity employer/program and auxiliary aids are available upon request to individuals with disabilities.

www.workforcewv.org



Financial Statements December 2012

*West Virginia Legislative Interims
February 2013*

PEIA February Interim Talking Points

- **PEIA and RHBT financial results for December 2012 are available for your review**
- **PEIA is currently \$21.9 million ahead of plan for FY 2013. This is due to actual expenses being below budgeted medical and drug expenses to date.**
- **and RHBT is currently \$37.6 million ahead of plan for FY 2013. This is attributable to actual interest revenue being higher than budgeted interest revenue and actual claim expenses being lower than budgeted expenses.**

STATE OF WV - RETIREE HEALTH BENEFIT TRUST FUND
STATEMENT OF CHANGES IN PLAN NET ASSETS
For the Six Months Ending December 31, 2012

	ACTUAL	BUDGET	PRIOR YR		BUDGET	PRIOR YR	
	(\$ 000's)	(\$ 000's)	(\$ 000's)		VARIANCE	VARIANCE	
					\$	\$	%
ADDITIONS							
Employer Premiums:							
Health premiums	1,613	1,601	1,613		11	-	0%
Pay Go Premiums	67,597	67,554	63,010		43	4,587	7%
Annual required contributions	34	-	736		34	(702)	-95%
Total Employer Premiums	69,243	69,155	65,359		88	3,884	6%
Member Premiums:							
Health premiums	36,021	37,878	35,455		143	2,566	7%
Pay Go Premiums	13,734	13,446	12,852		288	882	7%
Life Insurance Premiums	10,847	10,658	8,496		189	2,351	28%
Total Member Premiums	60,602	61,982	56,803		620	5,799	10%
Total Premium Additions	131,845	131,138	122,162		708	9,683	8%
Other Additions:							
Retiree Drug Subsidy	750	750	449		-	301	67%
ERRP Revenue	1,957	1,950	-		7	1,957	0%
Investment Income	29,659	15,751	(12,209)		13,908	41,868	-343%
TOTAL ADDITIONS	164,212	149,589	110,402		14,623	53,810	49%
DEDUCTIONS							
Payments to Managed Care Org.	55,661	65,860	26,262		10,200	(29,398)	-112%
Life Insurance Expense	10,894	10,658	8,551		(236)	(2,344)	-27%
Medical Claims Expense	30,485	36,111	31,077		5,626	592	2%
Pharmacy Claims Expense	11,453	14,695	49,685		3,242	38,231	77%
Administrative Service Fees (External)	901	4,924	4,347		4,023	3,446	79%
Other Operating Expenses	1,499	1,649	1,748		150	249	14%
TOTAL DEDUCTIONS	110,894	133,899	121,670		23,005	10,776	9%
NET FUND INCREASE	53,318	15,690	(11,268)		37,628	64,586	-573%
Net Assets Held in Trust for Post Employment Benefits							
Beginning of period	492,779	492,779	472,079		-	20,700	4%
End of period	546,097	508,469	460,811		37,628	85,286	19%

West Virginia Public Employees Insurance Agency

Statement of Changes in Plan Net Assets

For the Six Months Ending December 31, 2012

(Dollars in Thousands)

(Unaudited-For Internal Use Only)

ACTUAL	(\$ 0 0 0 's)		PRIOR YR	BUDGET VARIANCE		PRIOR YR VARIANCE	
	BUDGET			\$	%	\$	%
\$239,414	\$242,408		\$229,922	(\$2,994)	(1%)	\$9,492	4%
63,070	60,134	Health Insurance - State Gov. - Employer	60,785	2,936	5%	2,285	4%
53,526	52,454	Health Insurance - State Gov. - Employer	52,431	1,072	2%	1,095	2%
1,595	2,222	Health Insurance - Local Gov. - All	2,118	(627)	(28%)	(523)	(25%)
1,750	1,750	Life Insurance	1,750				
8,479	8,618	Direct Transfer	1,581	(139)	(2%)	6,898	436%
842	737	Interest and Investment Income	790	105	14%	52	7%
2,356	2,302	Other Premium Revenue	2,338	54	2%	18	1%
		Administrative Fees, Net of Refunds					
371,032	370,625	TOTAL REVENUE	351,715	407	0%	19,317	5%
		OPERATING EXPENSES					
170,333	185,377	Claims Expense - Medical	171,787	15,044	8%	1,454	1%
55,558	60,281	Claims Expense - Drugs	56,687	4,723	8%	1,129	2%
19,493	20,486	Payments to Managed Care Org.	19,147	993	5%	(346)	(2%)
6,813	7,239	Administrative Service Fees	7,094	426	6%	281	4%
1,596	2,222	Life Insurance Expense	2,121	626	28%	525	25%
1,064	739	Wellness and Disease Management	1,058	(325)	(44%)	(6)	(1%)
2,640	3,033	Other Operating Expenses	2,784	393	13%	144	5%
81,361	81,000	WV RHBT Pay Go Premiums	75,870	(361)	(0%)	(5,491)	(7%)
338,858	360,377	TOTAL EXPENSES	336,548	21,519	6%	2,310	1%
32,174	10,248	YTD SURPLUS (DEFICIT)	15,167	21,926	214%	17,007	112%
159,243	159,243	Total Net Assets, Beginning of Period	168,327			(9,084)	(5%)
\$191,417	\$169,491	\$183,494 TOTAL NET ASSETS, END OF PERIOD	\$183,494	\$21,926	13%	\$7,923	4%

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



	December 31	
	2012	2011
	(in thousands)	
ASSETS		
Short Term Assets		
Cash and Equivalents	\$ 21,152	\$ 21,626
Advance Deposit with Carrier/Trustee	206,215	200,843
Receivables - Net	1,472	1,181
Prepaid Insurance	2,919	2,748
Total Short Term Assets	231,758	226,398
Long Term Assets		
Investments	138,140	133,193
Total Long Term Assets	138,140	133,193
TOTAL ASSETS	369,898	359,591
LIABILITIES		
Short Term Liabilities		
Accounts payable	1,485	1,538
Claims Payable	39	115
OPEB Liability	374	182
Agents Commissions Payable	513	587
Unearned Revenue	5,912	6,781
Current Estimated Claim Reserve	48,718	46,820
Total Short Term Liabilities	57,041	56,023
Long Term Liabilities		
Compensated Absences	67	75
Estimated Noncurrent Claim Reserve	94,371	84,350
Total Long Term Liabilities	94,438	84,425
TOTAL LIABILITIES	151,479	140,448
Prior Year Net Assets	221,515	219,828
Current Year Earnings (Deficiency)	(3,096)	(685)
TOTAL NET ASSETS	218,419	219,143
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 369,898	\$ 359,591

DRAFT - Unaudited - Management Purposes Only

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



	December 31	
	2012	2011
	(in thousands)	
Operating Revenues		
Premium Revenues	\$ 24,409	\$ 25,915
Less - Excess Insurance	(2,912)	(2,725)
Total Operating Revenues	21,497	23,190
Operating Expenses		
Claims Expense	28,689	25,859
Property & MS Claims Expense	2,335	2,282
Personal Services	656	714
General & Administrative Expense	1,217	1,271
Total Operating Expenses	32,897	30,126
Operating Income (Loss)	(11,400)	(6,936)
Nonoperating Revenues		
Investment Income	8,304	6,251
Total Nonoperating Revenues	8,304	6,251
Net Income (Loss)	\$ (3,096)	\$ (685)

DRAFT - Unaudited - Management Purposes Only

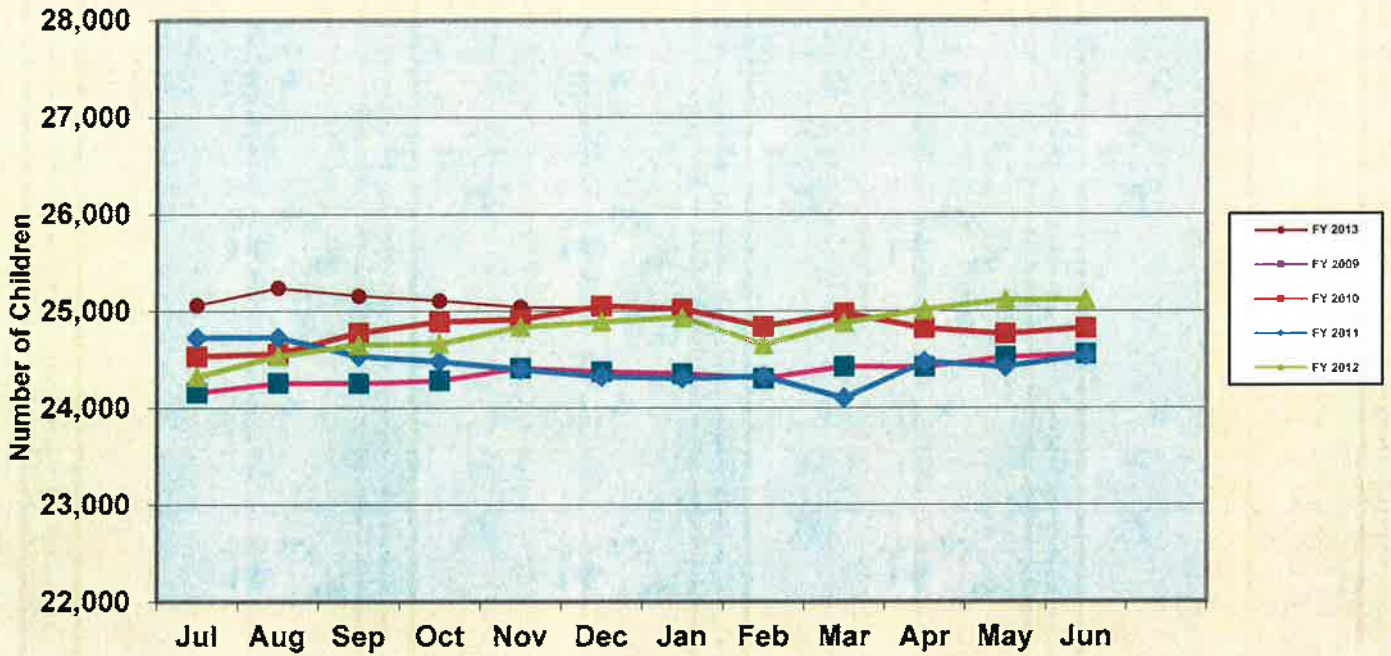


West Virginia Children's Health Insurance Program
2 Hale Street
Suite 101
Charleston, WV 25301
304-558-2732 voice / 304-558-2741 fax
Helpline 877-982-2447
www.chip.wv.gov

Joint Committee on Government and Finance Report

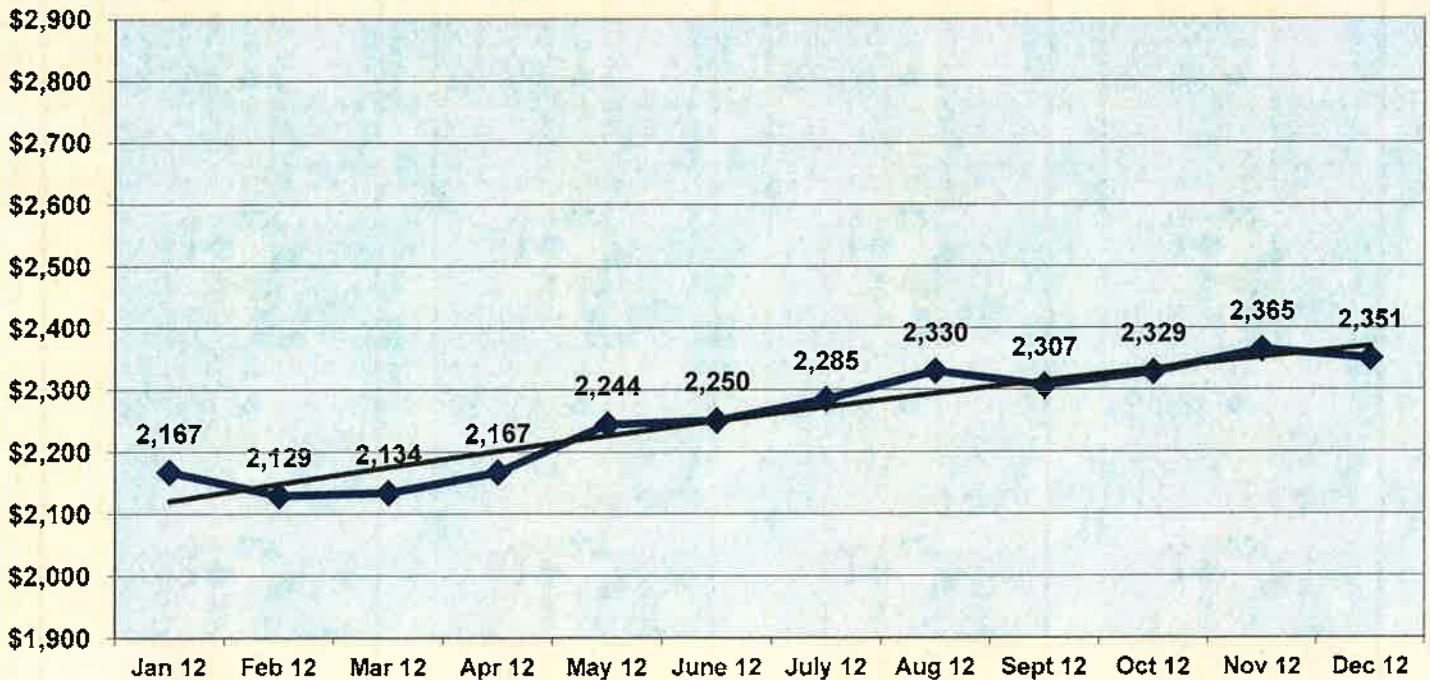
February 2013

WV CHIP Enrollment



December 31st Enrollment 25,035

Annualized Health Care Expenditures (Cost per Child)



**West Virginia Children's Health Insurance Program
Comparative Balance Sheet
December 2012 and 2011
(Accrual Basis)**

	December 31, 2012	December 31, 2011	Variance	
Assets:				
Cash & Cash Equivalents	\$13,707,734	\$13,259,327	\$448,407	3%
Due From Federal Government	\$4,103,391	\$3,530,290	\$573,101	16%
Due From Other Funds	\$996,385	\$678,463	\$317,921	47%
Accrued Interest Receivable	\$6,519	\$7,634	(\$1,115)	-15%
Fixed Assets, at Historical Cost	\$95,345	\$89,262	\$6,084	7%
 Total Assets	 <u>\$18,909,373</u>	 <u>\$17,564,975</u>	 <u>\$1,344,399</u>	 <u>8%</u>
Liabilities:				
Accounts Payable	\$301,816	\$236,594	\$65,222	28%
Deferred Revenue	\$2,148,384	\$1,779,692	\$368,692	21%
Unpaid Insurance Claims Liability	\$4,800,000	\$3,310,000	\$1,490,000	45%
 Total Liabilities	 <u>\$7,250,200</u>	 <u>\$5,326,286</u>	 <u>\$1,923,915</u>	 <u>36%</u>
 Fund Equity	 <u>\$11,659,173</u>	 <u>\$12,238,689</u>	 <u>(\$579,516)</u>	 <u>-5%</u>
 Total Liabilities and Fund Equity	 <u>\$18,909,373</u>	 <u>\$17,564,975</u>	 <u>\$1,344,399</u>	 <u>8%</u>

PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Six Months Ending December 31, 2012 and December 31, 2011
(Modified Accrual Basis)

	December 31, 2012	December 31, 2011	Variance	
Revenues				
Federal Grants	23,385,272	20,412,335	2,972,937	15%
State Appropriations	4,588,743	4,588,716	27	0%
Premium Revenues	423,258	324,165	99,093	31%
Investment Income:				
Investment Earnings	<u>41,444</u>	<u>79,367</u>	<u>(37,923)</u>	<u>-48%</u>
Total Revenues	<u>28,438,717</u>	<u>25,404,583</u>	<u>3,034,134</u>	<u>12%</u>
Expenditures:				
Claims:				
Outpatient Services	7,058,210	6,629,331	428,879	6%
Physicians & Surgical	6,816,463	5,001,815	1,814,648	36%
Prescribed Drugs	4,904,071	4,983,908	(79,837)	-2%
Dental	4,164,095	3,752,144	411,951	11%
Inpatient Hospital Services	2,594,778	2,013,997	580,781	29%
Outpatient Mental Health	743,021	670,464	72,557	11%
Durable & Disposable Med. Equip.	608,723	681,011	(72,288)	-11%
Vision	446,274	416,108	30,166	7%
Inpatient Mental Health	397,768	406,967	(9,199)	-2%
Therapy	362,753	282,322	80,431	28%
Medical Transportation	226,746	158,174	68,572	43%
Other Services	68,179	84,519	(16,340)	-19%
Less: Collections**	<u>(305,488)</u>	<u>(64,151)</u>	<u>(241,337)</u>	<u>376%</u>
Total Claims	<u>28,085,593</u>	<u>25,016,609</u>	<u>3,068,984</u>	<u>12%</u>
General and Admin Expenses:				
Salaries and Benefits	281,683	249,817	31,866	13%
Program Administration	1,044,354	923,646	120,708	13%
Eligibility	154,228	218,329	(64,101)	-29%
Outreach & Health Promotion	533,262	500,822	32,440	6%
Current	81,138	128,302	(47,164)	-37%
Total Administrative	<u>2,094,665</u>	<u>2,020,916</u>	<u>73,749</u>	<u>4%</u>
Total Expenditures	<u>30,180,258</u>	<u>27,037,525</u>	<u>3,142,733</u>	<u>12%</u>
Excess of Revenues				
Over (Under) Expenditures	(1,741,541)	(1,632,942)	(108,600)	7%
Unrealized Gain(loss) On Investments*	54,275	(66,513)	120,789	-182%
Fund Equity, Beginning	<u>13,346,439</u>	<u>13,938,145</u>	<u>(591,705)</u>	<u>-4%</u>
Fund Equity, Ending	<u>11,659,173</u>	<u>12,238,689</u>	<u>(579,517)</u>	<u>-5%</u>

* Short Term Bond Fund Investment began in November 2009

** Collections are primarily drug rebates and subrogation

PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program
Budget to Actual Statement
State Fiscal Year 2013
For the Six Months Ended December 31, 2012**

	Budgeted for	Year to Date	Year to Date	Year to Date	Monthly Budgeted Amt	Actual Amt		
	Year	Budgeted Amt	Actual Amt	Variance*		Dec-12	Nov-12	Oct-12
Projected Cost	\$58,620,048	\$29,310,024	\$28,312,631	\$997,393	\$4,885,004	\$3,986,984	\$5,715,196	\$4,977,063
Premiums	1,166,599	583,300	\$423,258	(\$160,041)	97,217	70,700	63,861	76,448
Subrogation & Rebates	<u>575,990</u>	<u>287,995</u>	<u>\$305,488</u>	<u>17,493</u>	<u>47,999</u>	<u>134,528</u>	<u>7,576</u>	<u>10,482</u>
Net Benefit Cost	56,877,459	28,438,730	\$27,583,885	\$854,844	4,783,787	3,781,757	5,643,759	4,890,133
Salaries & Benefits	\$580,500	\$290,250	\$281,684	\$8,566	\$48,375	\$46,140	\$44,705	\$44,705
Program Administration	4,223,273	2,111,637	\$990,962	1,120,675	351,939	148,198	159,325	171,916
Eligibility	420,000	210,000	\$109,528	100,472	35,000	1,445	2,113	2,465
Outreach & Health Prom.	1,000,000	500,000	\$527,312	(27,312)	83,333	209,626	47,056	13,404
Current Expense	<u>250,000</u>	<u>125,000</u>	<u>\$81,734</u>	<u>43,266</u>	<u>20,833</u>	<u>11,467</u>	<u>8,860</u>	<u>14,818</u>
Total Admin Cost	\$6,473,773	\$3,236,887	\$1,991,220	\$1,245,667	\$539,481	\$416,876	\$262,059	\$247,308
Total Program Cost	<u>\$63,351,232</u>	<u>\$31,675,616</u>	<u>\$29,575,105</u>	<u>\$2,100,511</u>	<u>\$5,323,269</u>	<u>\$4,198,633</u>	<u>\$5,905,818</u>	<u>\$5,137,441</u>
Federal Share 80.43%	51,206,801	25,476,698	\$23,844,590	1,632,108	4,302,798	3,376,961	4,750,049	4,132,044
State Share 19.57%	<u>12,144,431</u>	<u>6,198,918</u>	<u>\$5,730,515</u>	<u>468,403</u>	<u>1,020,471</u>	<u>821,672</u>	<u>1,155,769</u>	<u>1,005,397</u>
Total Program Cost **	<u>\$63,351,232</u>	<u>\$31,675,616</u>	<u>\$29,575,105</u>	<u>\$2,100,511</u>	<u>\$5,323,269</u>	<u>\$4,198,633</u>	<u>\$5,905,818</u>	<u>\$5,137,441</u>

* Positive percentages indicate favorable variances
** Budgeted Year Based on CCRC Actuary 6/30/2012 Report.

Unaudited - Cash Basis For Management Purposes Only - Unaudited

Memo for Calculations Above:

Notes:

1/. Total budgeted for Year Program costs are CCRC Actuary's Base Line Scenario dated 6/30/12 Final worksheet
Net Paid Program Costs

2/. Federal Share for FFY 2012 is 80.83%. Federal Share for FFY 2013 (10/1/12 - 9/30/13) is set at 80.43%.

WVCHIP Enrollment Report

ATTACHMENT 1

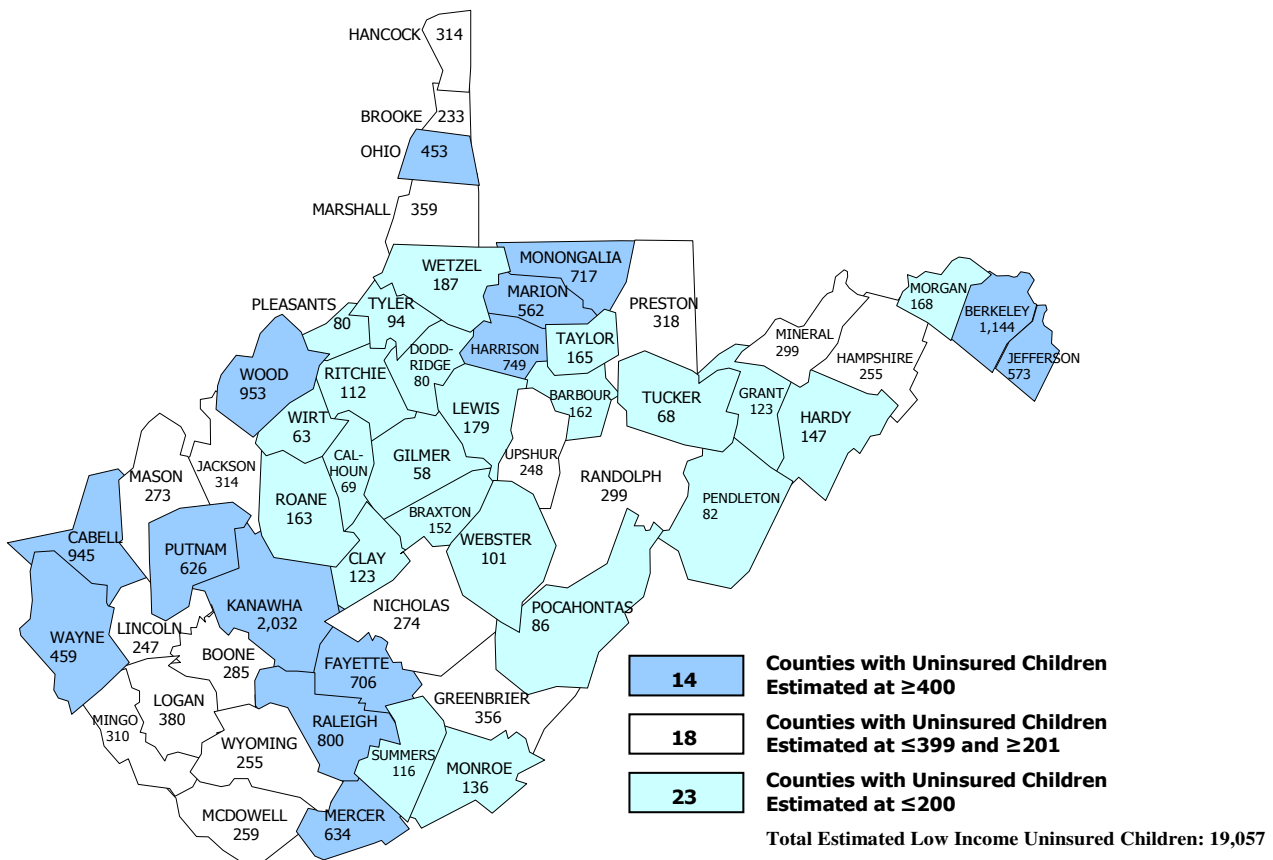
January 2013

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment Jan-13	Total Medicaid Enrollment Jan-13	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2010 Est. Uninsured 3%	2010 # Children Uninsured Ranking*
Barbour	3,600	286	1,568	1,854	51.5%	108	33
Berkeley	26,251	1,413	8,280	9,693	36.9%	788	2
Boone	5,615	307	2,544	2,851	50.8%	168	25
Braxton	3,006	218	1,457	1,675	55.7%	90	40
Brooke	4,573	264	1,511	1,775	38.8%	137	31
Cabell	18,879	1,014	8,468	9,482	50.2%	566	4
Calhoun	1,518	125	748	873	57.5%	46	51
Clay	2,215	198	1,407	1,605	72.5%	66	44
Doddridge	1,673	134	658	792	47.3%	50	48
Fayette	9,438	743	4,472	5,215	55.3%	283	13
Gilmer	1,260	68	516	584	46.3%	38	54
Grant	2,555	207	889	1,096	42.9%	77	42
Greenbrier	7,131	633	2,874	3,507	49.2%	214	16
Hampshire	5,392	272	2,041	2,313	42.9%	162	27
Hancock	6,166	377	2,402	2,779	45.1%	185	20
Hardy	3,015	198	1,237	1,435	47.6%	90	39
Harrison	15,202	938	5,451	6,389	42.0%	456	7
Jackson	6,602	431	2,774	3,205	48.5%	198	18
Jefferson	12,679	560	3,089	3,649	28.8%	380	10
Kanawha	39,771	2,285	17,040	19,325	48.6%	1,193	1
Lewis	3,389	276	1,650	1,926	56.8%	102	37
Lincoln	4,930	335	2,731	3,066	62.2%	148	30
Logan	7,496	511	3,894	4,405	58.8%	225	15
Marion	11,227	700	4,198	4,898	43.6%	337	11
Marshall	6,886	359	2,707	3,066	44.5%	207	17
Mason	5,929	300	2,711	3,011	50.8%	178	21
McDowell	4,423	283	3,085	3,368	76.2%	133	32
Mercer	12,764	1,101	6,813	7,914	62.0%	383	9
Mineral	5,868	297	1,961	2,258	38.5%	176	23
Mingo	5,905	384	3,107	3,491	59.1%	177	22
Monongalia	15,294	818	4,306	5,124	33.5%	459	6
Monroe	2,835	230	1,035	1,265	44.6%	85	41
Morgan	3,596	262	1,361	1,623	45.1%	108	34
Nicholas	5,561	417	2,527	2,944	52.9%	167	26
Ohio	8,444	484	3,070	3,554	42.1%	253	14
Pendleton	1,462	114	500	614	42.0%	44	52
Pleasants	1,551	121	547	668	43.1%	47	50
Pocahontas	1,561	152	719	871	55.8%	47	49
Preston	6,536	493	2,370	2,863	43.8%	196	19
Putnam	13,150	765	3,425	4,190	31.9%	395	8
Raleigh	16,403	1,260	7,542	8,802	53.7%	492	5
Randolph	5,705	503	2,519	3,022	53.0%	171	24
Ritchie	2,205	134	946	1,080	49.0%	66	45
Roane	3,239	298	1,691	1,989	61.4%	97	38
Summers	2,521	210	1,233	1,443	57.2%	76	43
Taylor	3,514	227	1,346	1,573	44.8%	105	35
Tucker	1,371	126	448	574	41.9%	41	53
Tyler	1,924	119	766	885	46.0%	58	47

WVCHIP Enrollment Report

January 2013

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment Jan-13	Total Medicaid Enrollment Jan-13	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	2010 Est. Uninsured 3%	2010 # Children Uninsured Ranking*
Upshur	4,996	377	2,310	2,687	53.8%	150	29
Wayne	9,516	528	4,124	4,652	48.9%	285	12
Webster	1,977	152	1,166	1,318	66.7%	59	46
Wetzel	3,466	237	1,524	1,761	50.8%	104	36
Wirt	1,201	93	679	772	64.3%	36	55
Wood	18,956	1,162	8,284	9,446	49.8%	569	3
Wyoming	5,116	363	2,520	2,883	56.4%	153	28
Totals	387,459	24,862	159,241	184,103	47.5%	11,624	



Department of Administration Real Estate Division Leasing Report

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

There were a total of 8 leasing changes for the period of January 1, 2013 through January 31, 2013 and they are as follows:

- 1 – New Contract of Lease
- 5 – Straight Renewal
- 1 – Renewal with Increase in Rent
- 1 - Cancellation

Department of Administration Real Estate Division Leasing Report

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

NEW CONTRACT OF LEASE

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-186 New Contract of Lease for 10 years consisting of 4,960 square feet of office space at the annual per square foot rate of \$15.50 for years 1-5 and \$17.10 for years 6-10, annual cost \$76,880.00 for years 1-5 and \$84,816.00 for years 6-10, 106 Cambridge Place, in the City of Bridgeport, Harrison County, West Virginia.

STRAIGHT RENEWAL

DIVISION OF FORESTRY

FOR-065 Renewal for 5 years consisting of tower/monitoring space at the current annual rate of \$900.00, Mann Mountain Tower Site, in the City of Gauley, Fayette County, West Virginia.

EDUCATIONAL BROADCASTING AUTHORITY

EBA-007 Renewal for 5 years consisting of tower/monitoring space at the current annual rate of \$1.00, WV State Route 88, near Bethany, Brooke County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-221 Renewal for 5 years consisting of 26,322 square feet of office and warehouse space at the current annual per square foot rate of \$4.25, annual cost \$111,868.50, 900 Bullitt Street, in the City of Charleston, Kanawha County, West Virginia.

DIVISION OF CORRECTIONS

COR-049 Renewal for 3 years consisting of 2,520 square feet of office space at the current annual per square foot rate of \$11.60, annual cost \$29,232.00, full service, 215 West Main Street, in the City of Clarksburg, Harrison County, West Virginia.

DIVISION OF REHABILITATION

DRS-114 Renewal for 1 years consisting of 200 square feet of office space at the current monthly rate of \$250.00, annual cost \$3,000.00, full service, 16 West 4th Avenue, in the City of Williamson, Mingo County, West Virginia.

RENEWAL WITH INCREASE IN RENT

WEST VIRGINIA INTELLIGENCE FUSION CENTER

IFC-001-SUB Renewal for 3 years consisting of 7,300 square feet of office space with an increase in the annual per square foot rate from \$9.80 to \$10.10, annual cost \$73,730.00, full service, 1700 MacCorkle Avenue, S.E., in the City of Charleston, Kanawha County, West Virginia.

CANCELLATION

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-182 Lease cancellation consisting of 5,200 square feet of office space, at the annual per square foot rate of \$5.85 annual cost \$30,420.00, full service, in the City of Philippi, Barbour County, West Virginia

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

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	Department of Environmental Protection	DEP-186	Harrison	4,960	15.50	76,880
2	Division of Forestry	FOR-065	Fayette	0	0.00	900
3	Educational Broadcasting Authority	EBA-007	Brooke	0	0.00	1
4	Department of Health and Human Resources	HHR-221	Kanawha	26,322	4.25	111,869
5	Division of Corrections	COR-049	Harrison	2,520	11.60	29,232
6	Division of Rehabilitation Services	DRS-114	Mingo	200	0.00	3,000
7	WV Intelligence Fusion Center	IFC-001	Kanawha	7,300	10.10	73,730
					41.45	
				Total Rentable Square Feet	<u>41,302</u>	
				Average Annual Rental Rate	<u>10.36</u>	
				Total Annual Rent		<u>295,612</u>

Joint Committee on Government and Finance

February 2013

Department of Health and Human Resources

MEDICAID REPORT
December 2012 Data

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

	MONTH OF DECEMBER 2012		ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2012	SFY2013	SFY2012	SFY2013	Current Month 12/31/12	Current Month 12/31/12	Year To-Date Thru 12/31/12	1/1/13 Thru 6/30/13
EXPENDITURES:								
Inpatient Hospital - Reg. Payments	164,452,498	158,114,250	164,452,498	158,114,250	12,002,594	12,190,189	73,584,561	84,529,689
Inpatient Hospital - DSH	56,043,409	56,578,800	56,043,409	56,578,800	-	-	28,028,229	28,550,571
Inpatient Hospital - Supplemental Payments	79,066,284	240,087,415	79,066,284	240,087,415	19,332,634	19,862,814	84,857,073	175,230,342
Inpatient Hospital - GME Payments	5,901,754	8,177,477	5,901,754	8,177,477	-	-	3,076,048	3,101,429
Mental Health Facilities	80,313,387	86,890,183	80,313,387	86,890,183	6,298,564	6,715,969	41,725,225	45,184,958
Mental Health Facilities - DSH Adjustment Payments	18,887,389	18,885,800	18,887,389	18,885,800	-	-	9,437,434	9,449,386
Nursing Facility Services - Regular Payments ⁽²⁾	527,623,016	551,320,912	527,623,016	551,320,912	44,633,219	45,872,550	270,119,327	281,201,585
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	65,316,485	67,038,000	65,316,485	67,038,000	5,607,972	5,586,500	33,263,792	33,774,208
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-	-	-
Physicians Services - Regular Payments	118,140,541	121,059,848	118,140,541	121,059,848	9,099,285	9,345,425	55,555,069	65,504,777
Physicians Services - Supplemental Payments	28,661,492	27,943,400	28,661,492	27,943,400	-	-	14,294,286	13,649,134
Outpatient Hospital Services - Regular Payments	108,435,299	109,322,282	108,435,299	109,322,282	7,570,564	8,428,768	50,653,737	58,668,545
Outpatient Hospital Services - Supplemental Payments	-	-	-	-	16,310,683	16,310,683	88,445,745	(88,445,745)
Prescribed Drugs	373,946,886	389,626,882	373,946,886	389,626,882	28,489,679	30,488,185	183,485,607	226,341,274
Drug Rebate Offset - National Agreement	(217,354,424)	(218,904,555)	(217,354,424)	(218,904,555)	(20,061,829)	(14,992,390)	(116,187,409)	(102,717,146)
Drug Rebate Offset - State Sidebar Agreement	(18,642,310)	(16,380,000)	(18,642,310)	(16,380,000)	(367,404)	(1,121,838)	(6,976,812)	(7,401,188)
Drug Rebate Offset - MCO National	(431,214)	-	(431,214)	-	(22,353)	-	(373,315)	373,315
Drug Rebate Offset - MCO State Sidebar Agreement	-	-	-	-	-	-	-	-
Dental Services	58,047,746	61,762,117	58,047,746	61,762,117	4,815,296	4,766,065	27,517,434	34,244,683
Other Practitioners Services - Regular Payments	12,306,009	13,046,624	12,306,009	13,046,624	912,409	1,072,008	5,942,885	7,103,759
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-	-	-
Clinic Services	4,530,364	4,931,126	4,530,364	4,931,126	385,533	391,689	2,271,773	2,859,353
Lab & Radiological Services	24,887,789	23,419,950	24,887,789	23,419,950	1,614,399	1,817,735	10,788,584	12,833,366
Home Health Services	51,712,631	48,722,337	51,712,631	48,722,337	3,237,455	3,796,716	26,022,780	22,899,577
Hysterectomies/Sterilizations	191,711	216,100	191,711	216,100	11,739	16,623	76,862	139,238
Pregnancy Terminations	-	-	-	-	-	-	-	-
EPSDT Services	1,208,359	1,215,098	1,208,359	1,215,098	108,765	94,169	689,015	516,083
Rural Health Clinic Services	7,486,074	8,079,315	7,486,074	8,079,315	629,374	631,948	3,743,418	4,335,897
Medicare Health Insurance Payments - Part A Premiums	17,434,414	18,452,300	17,434,414	18,452,300	1,598,025	-	9,128,682	9,323,638
Medicare Health Insurance Payments - Part B Premiums	65,509,019	93,260,400	65,509,019	93,260,400	6,626,949	-	39,660,471	53,599,929
120% - 134% Of Poverty	6,272,977	6,709,500	6,272,977	6,709,500	578,838	516,115	3,215,598	3,493,902
135% - 175% Of Poverty	-	-	-	-	-	-	-	-
Coinsurance And Deductibles	7,381,071	7,765,000	7,381,071	7,765,000	564,374	598,846	3,582,293	4,202,707

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

	MONTH OF DECEMBER 2012					
	ACTUALS SFY2012	TOTAL SFY2013	ACTUALS Current Month 12/31/12	ESTIMATE Current Month 12/31/12	ACTUALS Year To-Date Thru 12/31/12	PROJECTED 1/1/13 Thru 6/30/13
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	343,161,264	349,618,600	30,332,430	29,134,883	179,755,851	169,862,949
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-	-	-	-
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-	-	-	-
Medicaid Health Insurance Payments: Group Health Plan Payments	409,952	457,200	29,678	35,169	189,934	267,266
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-
Home & Community-Based Services (MR/DD)	287,988,353	308,476,800	27,970,683	23,575,138	169,900,880	138,575,920
Home & Community-Based Services (Aged/Disabled)	132,545,813	140,433,800	9,788,445	10,802,600	68,115,842	72,317,958
Home & Community-Based Services (Traumatic Brain Injury)	-	2,720,625	-	209,279	-	2,720,625
Home & Community-Based Services (State Plan 1915(j) Only)	-	-	-	-	-	-
Home & Community-Based Services (State Plan 1915(j) Only)	-	-	-	-	-	-
Community Supported Living Services	-	-	-	-	-	-
Programs Of All-Inclusive Care Elderly	15,197	-	-	-	-	-
Personal Care Services - Regular Payments	51,680,337	53,872,809	5,033,900	4,157,915	29,292,821	24,580,188
Personal Care Services - SDS 1915(j)	-	-	-	-	-	-
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-
Targeted Case Management Services - State Wide	3,166,084	3,427,893	247,423	265,023	1,352,018	2,075,875
Primary Care Case Management Services	219,829	264,800	13,758	20,369	85,770	179,030
Hospice Benefits ⁽²⁾	23,960,255	25,155,100	1,225,786	1,935,008	12,001,466	13,153,634
Emergency Services Undocumented Aliens	301,542	348,500	22,689	28,808	123,132	225,368
Federally Qualified Health Center	18,669,776	21,327,880	1,222,432	1,658,777	8,923,424	12,404,456
Non-Emergency Medical Transportation	25,549,481	26,054,403	2,586,130	2,005,208	13,016,925	13,035,478
Physical Therapy	2,195,303	2,245,596	135,726	173,062	943,331	1,302,265
Occupational Therapy	360,777	371,964	25,410	28,831	158,816	213,348
Services for Speech, Hearing & Language	554,124	567,665	31,152	43,915	194,955	372,710
Prosthetic Devices, Dentures, Eyeglasses	1,671,995	1,876,807	135,243	145,385	793,126	1,083,681
Diagnostic Screening & Preventive Services	539,322	578,315	42,740	44,492	269,431	308,884
Nurse Mid-Wife	224,671	612,100	18,508	47,085	110,901	501,199
Emergency Hospital Services	5,364	(7,500)	-	(577)	(2,184)	(5,316)
Critical Access Hospitals	30,431,181	33,998,660	2,229,261	2,617,554	14,811,242	19,185,418
Nurse Practitioner Services	1,512,688	2,981,049	139,623	229,662	853,677	2,127,372
School Based Services	47,384,340	49,082,468	3,946,172	3,779,708	23,188,134	25,694,334
Rehabilitative Services (Non-School Based)	78,431,034	83,291,528	6,549,656	6,482,689	39,079,208	44,212,320
Private Duty Nursing	4,723,035	4,918,769	395,199	388,577	2,326,272	2,592,496
Other Care Services	21,189,223	21,796,325	1,643,483	1,677,535	10,927,381	10,888,944
Less: Recoupments	-	-	(389,858)	-	(741,661)	741,661
NET EXPENDITURES:	2,738,399,586	3,018,031,718	241,362,831	241,971,842	1,479,308,404	1,538,725,312

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

MONTH OF DECEMBER 2012

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2012	SFY2013	Current Month 12/31/12	Current Month 12/31/12	Year To-Date Thru 12/31/12	1/1/13 Thru 6/30/13
Collections: Third Party Liability (line 9A on CMS-64)	(7,028,830)	-	-	-	(3,988,169)	3,988,169
Collections: Probate (line 9B on CMS-64)	(473,182)	-	-	-	(8,194)	6,194
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(1,205)	-	-	-	-	-
Collections: Other (line 9D on CMS-64)	(7,303,907)	-	-	-	(1,942,587)	1,942,587
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	2,721,592,464	3,018,031,718	241,362,831	241,971,842	1,473,369,453	1,544,662,263
Plus: Medicaid Part D Expenditures	33,965,811	36,577,300	3,048,680	2,813,838	17,896,284	18,581,016
Plus: State Only Medicaid Expenditures	4,030,062	3,718,920	312,921	285,899	2,853,737	1,065,183
Plus: Money Follow the Person Expenditures	-	2,872,499	-	220,961	-	2,872,499
TOTAL MEDICAID EXPENDITURES	\$ 2,759,588,337	\$ 3,081,200,434	\$ 244,725,433	\$ 245,292,340	\$ 1,494,019,474	\$ 1,567,180,961
Plus: Reimbursables ⁽¹⁾	8,590,854	8,927,944	561,979	537,898	2,909,057	4,018,887
TOTAL EXPENDITURES	\$ 2,768,179,191	\$ 3,088,128,378	\$ 245,287,412	\$ 245,830,238	\$ 1,496,928,531	\$ 1,571,199,847

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

(2) Of the amount in the "Nursing Facility Services-Regular Payments" line, \$11,866,910 is the amount paid to State Facilities year to date.

(3) Of the amount in the "Hospice Benefits" line, \$8,520,381 is the amount paid to Nursing Facilities for Hospice Benefits year to date.

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 MEDICAID CASH REPORT
 SFY2013

6 Months Actuals 6 Months Remaining

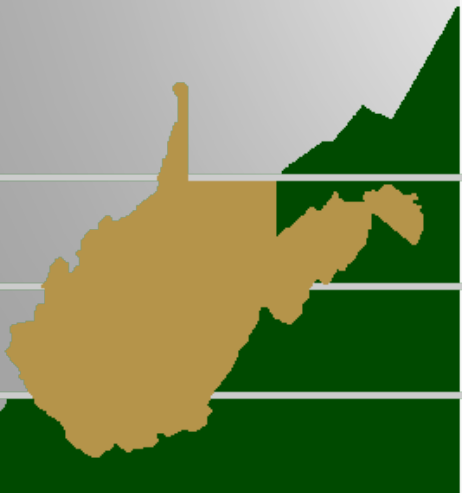
MONTH OF DECEMBER 2012	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2012	Current Month Ended 12/31/12	Year-To-Date Thru 12/31/12	1/1/2013 Thru 6/30/13	SFY2013
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	\$ 210,933,113	\$ 4,864,290	\$ 8,645,986	\$ -	\$ 8,645,986
MATCHING FUNDS					
General Revenue (0403/189)	218,837,804	14,064,448	68,729,719	146,673,164	215,402,883
MRDD Waiver (0403/466)	85,280,472	6,508,588	37,276,483	51,477,020	68,753,483
Rural Hospitals Under 150 Beds (0403/940)	2,598,000	216,334	1,298,000	1,298,000	2,598,000
Tertiary Funding (0403/547)	6,356,000	529,666	3,178,000	3,178,000	6,356,000
Traumatic Brain Injury (0403/835)	800,000	58,666	336,000	464,000	800,000
Title XIX Waiver for Seniors (0403-533)	9,587,500	873,566	5,003,151	6,909,112	11,912,263
Medical Services Surplus (0403/633)	17,910,667	-	53,920,831	-	53,920,831
Waiver for Senior Citizens Surplus (0403/526)	2,500,000	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	31,222,578	-	16,273,909	18,873,906	33,147,815
Lottery Transfer (5405/871)	8,670,000	-	4,400,000	4,270,000	8,670,000
Excess Lottery (5365/189)	-	-	-	24,503,890	24,503,890
Trust Fund Appropriation (5185/189)	12,076,099	35,176,923	94,203,846	108,880,744	200,884,590
Provider Tax (5090/189)	170,727,592	19,479,505	128,716,538	81,145,342	209,861,880
Certified Match	22,603,205	1,742,824	10,994,978	14,191,390	25,186,368
Reimbursables - Amount Reimbursed	8,012,133	1,473,053	3,206,195	3,721,748	6,927,944
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	905,058	85,816	2,396,825	(2,396,825)	-
CMS - 64 Adjustments	673,628	-	441,999	(441,999)	-
TOTAL MATCHING FUNDS	\$ 809,691,849	\$ 85,073,679	\$ 439,022,440	\$ 458,547,492	\$ 897,569,932
FEDERAL FUNDS	\$ 2,006,078,366	\$ 182,803,262	\$ 1,091,043,774	\$ 1,131,128,236	\$ 2,222,172,010
TOTAL REVENUE SOURCES	\$ 2,815,770,215	\$ 267,876,940	\$ 1,530,066,214	\$ 1,589,675,728	\$ 3,119,741,942
TOTAL EXPENDITURES:					
Provider Payments	\$ 2,786,179,191	\$ 245,287,412	\$ 1,496,928,531	\$ 1,571,199,847	\$ 3,068,128,378
TOTAL	\$ 49,591,024	\$ 22,589,529	\$ 33,137,683		\$ 51,613,564

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

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Monthly Performance Report

December 31, 2012



West Virginia Investment Management Board

Participant Plans Allocation & Performance Net of Fees

As of December 31, 2012

	6/30/2012		12/31/2012		Performance %						
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
WVIMB Fund Assets	13,170,110	100.0	13,966,018	100.0							
Pension Assets	10,300,026	78.2	10,930,901	78.3							
Public Employees' Retirement System	4,353,124	33.1	4,647,008	33.3	1.6	2.6	7.6	13.3	9.2	3.8	8.1
Teachers' Retirement System	4,969,706	37.6	5,392,616	38.6	1.6	2.5	7.6	13.2	9.0	3.3	7.7
Teachers' Employers Cont. Collection A/C	142,994	1.1	4,779	0.0	0.0	0.0	0.0	0.0	0.1	0.6	
EMS Retirement System	35,161	0.3	39,296	0.3	1.6	2.5	7.6	13.2	9.1		
Public Safety Retirement System	477,497	3.6	496,924	3.6	1.6	2.6	7.7	13.4	9.3	3.8	8.1
Judges' Retirement System	126,294	1.0	135,236	1.0	1.6	2.5	7.6	13.3	9.2	3.8	8.0
State Police Retirement System	78,753	0.6	87,931	0.6	1.6	2.5	7.6	13.2	9.1	3.8	8.0
Deputy Sheriffs' Retirement System	116,308	0.9	126,797	0.9	1.6	2.6	7.6	13.3	9.2	3.8	8.0
Municipal Police & Firefighter Retirement System	189	0.0	314	0.0	1.5	2.4	7.1	12.0			
Insurance Assets	1,991,081	15.1	2,094,152	15.0							
Workers' Compensation Old Fund	946,854	7.1	1,000,628	7.2	0.6	1.4	4.7	8.8	6.8	3.6	
Workers' Comp. Self-Insured Guaranty Risk Pool	10,878	0.1	14,257	0.1	0.9	1.6	5.1	9.0	4.7	3.3	
Workers' Comp. Uninsured Employers Fund	9,148	0.1	9,607	0.1	0.9	1.6	5.0	8.9	4.1	3.0	
Pneumoconiosis	257,121	2.0	264,512	1.9	0.9	1.7	5.2	9.1	7.0	4.3	6.0
Board of Risk & Insurance Mgmt.	138,164	1.1	138,140	1.0	0.9	1.7	5.2	9.2	7.2	5.3	
Public Employees' Insurance Agency	183,321	1.4	191,736	1.4	0.8	1.6	4.6	8.5	7.0	4.7	
WV Retiree Health Benefit Trust Fund	443,144	3.3	472,740	3.3	1.5	2.3	6.7	11.2	8.0		
AccessWV	2,451	0.0	2,532	0.0	-0.2	0.9	3.3	7.4			
Endowment Assets	879,003	6.7	940,965	6.7							
Wildlife Fund	40,057	0.3	43,365	0.3	1.6	2.5	7.6	13.2	9.2	3.8	8.1
Prepaid Tuition Trust	77,822	0.6	76,907	0.5	0.9	1.3	5.6	10.8	8.5	4.3	8.3
Revenue Shortfall Reserve Fund	423,261	3.2	465,684	3.3	-0.2	0.9	3.3	7.3	7.5	1.8	
Revenue Shortfall Reserve Fund - Part B	331,325	2.5	347,952	2.5	0.6	1.4	5.0	9.5	7.7	2.1	
WV DEP Trust	6,538	0.1	7,057	0.1	1.6	2.2	7.9	13.8			

West Virginia Investment Management Board

Participant Plans Allocation & Performance Net of Fees

As of December 31, 2012

	6/30/2012		12/31/2012		Performance %						
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
WVIMB Fund Assets	13,170,110	100.0	13,966,018	100.0							
Pension Assets	10,300,026	78.2	10,930,901	78.3							
Public Employees' Retirement System	4,353,124	33.1	4,647,008	33.3	1.6	2.6	7.6	13.3	9.2	3.8	8.1
Teachers' Retirement System	4,969,706	37.6	5,392,616	38.6	1.6	2.5	7.6	13.2	9.0	3.3	7.7
Teachers' Employers Cont. Collection A/C	142,994	1.1	4,779	0.0	0.0	0.0	0.0	0.0	0.1	0.6	
EMS Retirement System	35,161	0.3	39,296	0.3	1.6	2.5	7.6	13.2	9.1		
Public Safety Retirement System	477,497	3.6	496,924	3.6	1.6	2.6	7.7	13.4	9.3	3.8	8.1
Judges' Retirement System	126,294	1.0	135,236	1.0	1.6	2.5	7.6	13.3	9.2	3.8	8.0
State Police Retirement System	78,753	0.6	87,931	0.6	1.6	2.5	7.6	13.2	9.1	3.8	8.0
Deputy Sheriffs' Retirement System	116,308	0.9	126,797	0.9	1.6	2.6	7.6	13.3	9.2	3.8	8.0
Municipal Police & Firefighter Retirement System	189	0.0	314	0.0	1.5	2.4	7.1	12.0			
Insurance Assets	1,991,081	15.1	2,094,152	15.0							
Workers' Compensation Old Fund	946,854	7.1	1,000,628	7.2	0.6	1.4	4.7	8.8	6.8	3.6	
Workers' Comp. Self-Insured Guaranty Risk Pool	10,878	0.1	14,257	0.1	0.9	1.6	5.1	9.0	4.7	3.3	
Workers' Comp. Uninsured Employers Fund	9,148	0.1	9,607	0.1	0.9	1.6	5.0	8.9	4.1	3.0	
Pneumoconiosis	257,121	2.0	264,512	1.9	0.9	1.7	5.2	9.1	7.0	4.3	6.0
Board of Risk & Insurance Mgmt.	138,164	1.1	138,140	1.0	0.9	1.7	5.2	9.2	7.2	5.3	
Public Employees' Insurance Agency	183,321	1.4	191,736	1.4	0.8	1.6	4.6	8.5	7.0	4.7	
WV Retiree Health Benefit Trust Fund	443,144	3.3	472,740	3.3	1.5	2.3	6.7	11.2	8.0		
AccessWV	2,451	0.0	2,532	0.0	-0.2	0.9	3.3	7.4			
Endowment Assets	879,003	6.7	940,965	6.7							
Wildlife Fund	40,057	0.3	43,365	0.3	1.6	2.5	7.6	13.2	9.2	3.8	8.1
Prepaid Tuition Trust	77,822	0.6	76,907	0.5	0.9	1.3	5.6	10.8	8.5	4.3	8.3
Revenue Shortfall Reserve Fund	423,261	3.2	465,684	3.3	-0.2	0.9	3.3	7.3	7.5	1.8	
Revenue Shortfall Reserve Fund - Part B	331,325	2.5	347,952	2.5	0.6	1.4	5.0	9.5	7.7	2.1	
WV DEP Trust	6,538	0.1	7,057	0.1	1.6	2.2	7.9	13.8			

West Virginia Investment Management Board
Composite Asset Allocation & Performance Net of Fees
As of December 31, 2012

	Asset (\$000)	%	Performance %							
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	
Investment Pools Composite	13,972,475	100.00								
Total Equity Composite	6,343,854	45.39	2.68	3.33	10.97	17.29	9.44	1.74	9.15	
<i>Total Equity Policy Index</i>			<u>2.36</u>	<u>3.05</u>	<u>10.12</u>	<u>17.01</u>	<u>7.80</u>	<u>-0.11</u>	<u>8.38</u>	
Excess Return			0.32	0.28	0.85	0.28	1.64	1.85	0.77	
US Equity Composite	3,011,558	21.54	1.04	0.52	7.09	16.29	12.08	2.40	8.44	
<i>Russell 3000 Index</i>			<u>1.23</u>	<u>0.25</u>	<u>6.49</u>	<u>16.41</u>	<u>11.20</u>	<u>2.04</u>	<u>7.68</u>	
Excess Return			-0.19	0.27	0.60	-0.12	0.88	0.36	0.76	
Large Cap Composite	2,217,215	15.86	0.68	-0.58	5.80	15.56	11.39	1.70	7.22	
<i>S&P 500 Index</i>			<u>0.91</u>	<u>-0.38</u>	<u>5.95</u>	<u>16.00</u>	<u>10.87</u>	<u>1.66</u>	<u>7.10</u>	
Excess Return			-0.23	-0.20	-0.15	-0.44	0.52	0.04	0.12	
Non-Large Cap Composite	794,343	5.68	2.07	3.66	10.84	18.26	15.19	4.94	10.89	
<i>Russell 2500 Index</i>			<u>2.61</u>	<u>3.10</u>	<u>8.84</u>	<u>17.88</u>	<u>13.34</u>	<u>4.34</u>	<u>10.49</u>	
Excess Return			-0.54	0.56	2.00	0.38	1.85	0.60	0.40	
International Equity Composite	3,332,296	23.85	4.21	5.96	14.65	18.00	6.54	0.89	10.75	
<i>MSCI AC World ex US Index</i>			<u>3.49</u>	<u>5.89</u>	<u>13.83</u>	<u>17.39</u>	<u>4.33</u>	<u>-2.44</u>	<u>10.22</u>	
Excess Return			0.72	0.07	0.82	0.61	2.21	3.33	0.53	
Fixed Income Composite	3,525,129	25.24	0.21	1.00	3.70	7.73	6.85	5.81	5.67	
<i>Fixed Income Policy</i>			<u>0.02</u>	<u>0.58</u>	<u>2.59</u>	<u>5.53</u>	<u>6.70</u>	<u>6.30</u>	<u>5.36</u>	
Excess Return			0.19	0.42	1.11	2.20	0.15	-0.49	0.31	
Core Fixed Income	1,237,453	8.86	-0.15	0.45	2.35	5.61	7.07			
<i>Barclays Capital Aggregate</i>			<u>-0.14</u>	<u>0.21</u>	<u>1.80</u>	<u>4.21</u>	<u>6.19</u>			
Excess Return			-0.01	0.24	0.55	1.40	0.88			
Total Return Fixed Income	2,287,676	16.38	0.41	1.30	4.42	8.85	6.61	6.24	6.25	
<i>Barclays Capital US Universal</i>			<u>0.02</u>	<u>0.58</u>	<u>2.59</u>	<u>5.53</u>	<u>6.70</u>	<u>6.19</u>	<u>5.59</u>	
Excess Return			0.39	0.72	1.83	3.32	-0.09	0.05	0.66	
TIPS Composite	747,480	5.35	-0.64	0.70	2.85	6.95	8.85			
<i>Barclays Capital U.S. TIPS</i>			<u>-0.65</u>	<u>0.69</u>	<u>2.82</u>	<u>6.98</u>	<u>8.90</u>			
Excess Return			0.01	0.01	0.03	-0.03	-0.05			
TRS Annuity	54,281	0.39	0.37	1.11	2.24	4.48	4.49			
Cash Composite	169,910	1.22	0.01	0.03	0.06	0.09	0.11	0.61	1.89	
<i>Citigroup 90 Day T-Bill + 0.15%</i>			<u>0.02</u>	<u>0.05</u>	<u>0.12</u>	<u>0.24</u>	<u>0.26</u>	<u>0.67</u>	<u>1.94</u>	
Excess Return			-0.01	-0.02	-0.06	-0.15	-0.15	-0.06	-0.05	
Private Equity Composite	1,073,385	7.68	0.18	2.66	5.60	13.81	15.56			
Real Estate Composite	788,454	5.64	0.86	2.64	3.57	10.77	9.65			
Hedge Funds Composite	1,269,982	9.09	1.58	2.28	5.29	7.47	4.92			
<i>LIBOR + 4%</i>			<u>0.35</u>	<u>1.05</u>	<u>2.16</u>	<u>4.42</u>	<u>4.37</u>			
Excess Return			1.23	1.23	3.13	3.05	0.55			

West Virginia Investment Management Board

Participant Plans Allocation vs. Strategy

As of December 31, 2012

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

Pension Assets

Public Employees' Retirement System	24.4	25.0	27.2	25.0	21.6	20.0	9.6	10.0	6.9	10.0	10.0	10.0	0.3	0.0
Teachers' Retirement System	24.5	25.0	27.3	25.0	20.6	20.0	9.5	10.0	6.9	10.0	10.0	10.0	1.2	0.0
Teachers' Employers Cont. Collection A/C	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0
EMS Retirement System	24.1	25.0	27.0	25.0	21.9	20.0	9.4	10.0	6.8	10.0	9.9	10.0	0.9	0.0
Public Safety Retirement System	24.5	25.0	27.5	25.0	21.3	20.0	9.8	10.0	6.9	10.0	10.0	10.0	0.0	0.0
Judges' Retirement System	24.2	25.0	27.0	25.0	21.4	20.0	9.6	10.0	6.8	10.0	9.9	10.0	1.1	0.0
State Police Retirement System	24.6	25.0	26.7	25.0	21.7	20.0	9.4	10.0	6.8	10.0	9.9	10.0	0.9	0.0
Deputy Sheriffs' Retirement System	24.5	25.0	27.1	25.0	21.6	20.0	9.5	10.0	6.8	10.0	9.9	10.0	0.6	0.0
Municipal Police & Firefighter Retirement System	22.6	25.0	25.1	25.0	19.2	20.0	9.3	10.0	6.4	10.0	9.4	10.0	8.0	0.0

Insurance Assets

Workers' Compensation Old Fund	9.8	10.0	11.0	10.0	68.3	70.0	0.0	0.0	0.0	0.0	0.0	0.0	10.9	10.0
Workers' Comp. Self-Insured Guaranty Risk Pool	9.6	10.0	10.9	10.0	54.2	55.0	0.0	0.0	0.0	0.0	20.2	20.0	5.1	5.0
Workers' Comp. Uninsured Employers Fund	9.8	10.0	11.0	10.0	49.1	50.0	0.0	0.0	0.0	0.0	20.1	20.0	10.0	10.0
Pneumoconiosis	9.9	10.0	11.1	10.0	54.3	55.0	0.0	0.0	0.0	0.0	20.2	20.0	4.5	5.0
Board of Risk & Insurance Mgmt.	9.8	10.0	11.1	10.0	53.9	55.0	0.0	0.0	0.0	0.0	20.1	20.0	5.1	5.0
Public Employees' Insurance Agency	8.2	10.0	8.5	10.0	63.2	60.0	0.0	0.0	0.0	0.0	20.1	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	24.4	25.0	24.0	25.0	29.0	20.0	4.9	10.0	6.6	10.0	10.9	10.0	0.2	0.0
AccessWV	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Endowment Assets

Wildlife Fund	24.3	25.0	27.0	25.0	22.1	20.0	9.6	10.0	6.8	10.0	9.9	10.0	0.3	0.0
Prepaid Tuition Trust	30.3	30.0	16.9	16.0	52.8	54.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Shortfall Reserve Fund	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Shortfall Reserve Fund - Part B	9.9	10.0	11.0	10.0	79.1	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WV DEP Trust	35.4	35.0	30.2	30.0	34.4	35.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Statutory Limitations

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

West Virginia Investment Management Board

Footnotes

As of December 31, 2012

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

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

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

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

Security Capital Benchmark is 40% Wilshire US REIT Index, 30% Wells Fargo Hybrid & Preferred Securities REIT Index, and 30% BC REIT Bond Index.

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

West Virginia Investment Management Board
Composite Asset Allocation & Performance Net of Fees
As of December 31, 2012

	Asset (\$000)	%	Performance %							
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	
Investment Pools Composite	13,972,475	100.00								
Total Equity Composite	6,343,854	45.39	2.68	3.33	10.97	17.29	9.44	1.74	9.15	
<i>Total Equity Policy Index</i>			<u>2.36</u>	<u>3.05</u>	<u>10.12</u>	<u>17.01</u>	<u>7.80</u>	<u>-0.11</u>	<u>8.38</u>	
Excess Return			0.32	0.28	0.85	0.28	1.64	1.85	0.77	
US Equity Composite	3,011,558	21.54	1.04	0.52	7.09	16.29	12.08	2.40	8.44	
<i>Russell 3000 Index</i>			<u>1.23</u>	<u>0.25</u>	<u>6.49</u>	<u>16.41</u>	<u>11.20</u>	<u>2.04</u>	<u>7.68</u>	
Excess Return			-0.19	0.27	0.60	-0.12	0.88	0.36	0.76	
Large Cap Composite	2,217,215	15.86	0.68	-0.58	5.80	15.56	11.39	1.70	7.22	
<i>S&P 500 Index</i>			<u>0.91</u>	<u>-0.38</u>	<u>5.95</u>	<u>16.00</u>	<u>10.87</u>	<u>1.66</u>	<u>7.10</u>	
Excess Return			-0.23	-0.20	-0.15	-0.44	0.52	0.04	0.12	
Non-Large Cap Composite	794,343	5.68	2.07	3.66	10.84	18.26	15.19	4.94	10.89	
<i>Russell 2500 Index</i>			<u>2.61</u>	<u>3.10</u>	<u>8.84</u>	<u>17.88</u>	<u>13.34</u>	<u>4.34</u>	<u>10.49</u>	
Excess Return			-0.54	0.56	2.00	0.38	1.85	0.60	0.40	
International Equity Composite	3,332,296	23.85	4.21	5.96	14.65	18.00	6.54	0.89	10.75	
<i>MSCI AC World ex US Index</i>			<u>3.49</u>	<u>5.89</u>	<u>13.83</u>	<u>17.39</u>	<u>4.33</u>	<u>-2.44</u>	<u>10.22</u>	
Excess Return			0.72	0.07	0.82	0.61	2.21	3.33	0.53	
Fixed Income Composite	3,525,129	25.24	0.21	1.00	3.70	7.73	6.85	5.81	5.67	
<i>Fixed Income Policy</i>			<u>0.02</u>	<u>0.58</u>	<u>2.59</u>	<u>5.53</u>	<u>6.70</u>	<u>6.30</u>	<u>5.36</u>	
Excess Return			0.19	0.42	1.11	2.20	0.15	-0.49	0.31	
Core Fixed Income	1,237,453	8.86	-0.15	0.45	2.35	5.61	7.07			
<i>Barclays Capital Aggregate</i>			<u>-0.14</u>	<u>0.21</u>	<u>1.80</u>	<u>4.21</u>	<u>6.19</u>			
Excess Return			-0.01	0.24	0.55	1.40	0.88			
Total Return Fixed Income	2,287,676	16.38	0.41	1.30	4.42	8.85	6.61	6.24	6.25	
<i>Barclays Capital US Universal</i>			<u>0.02</u>	<u>0.58</u>	<u>2.59</u>	<u>5.53</u>	<u>6.70</u>	<u>6.19</u>	<u>5.59</u>	
Excess Return			0.39	0.72	1.83	3.32	-0.09	0.05	0.66	
TIPS Composite	747,480	5.35	-0.64	0.70	2.85	6.95	8.85			
<i>Barclays Capital U.S. TIPS</i>			<u>-0.65</u>	<u>0.69</u>	<u>2.82</u>	<u>6.98</u>	<u>8.90</u>			
Excess Return			0.01	0.01	0.03	-0.03	-0.05			
TRS Annuity	54,281	0.39	0.37	1.11	2.24	4.48	4.49			
Cash Composite	169,910	1.22	0.01	0.03	0.06	0.09	0.11	0.61	1.89	
<i>Citigroup 90 Day T-Bill + 0.15%</i>			<u>0.02</u>	<u>0.05</u>	<u>0.12</u>	<u>0.24</u>	<u>0.26</u>	<u>0.67</u>	<u>1.94</u>	
Excess Return			-0.01	-0.02	-0.06	-0.15	-0.15	-0.06	-0.05	
Private Equity Composite	1,073,385	7.68	0.18	2.66	5.60	13.81	15.56			
Real Estate Composite	788,454	5.64	0.86	2.64	3.57	10.77	9.65			
Hedge Funds Composite	1,269,982	9.09	1.58	2.28	5.29	7.47	4.92			
<i>LIBOR + 4%</i>			<u>0.35</u>	<u>1.05</u>	<u>2.16</u>	<u>4.42</u>	<u>4.37</u>			
Excess Return			1.23	1.23	3.13	3.05	0.55			

West Virginia Investment Management Board

Participant Plans Allocation vs. Strategy

As of December 31, 2012

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

Pension Assets

Public Employees' Retirement System	24.4	25.0	27.2	25.0	21.6	20.0	9.6	10.0	6.9	10.0	10.0	10.0	0.3	0.0
Teachers' Retirement System	24.5	25.0	27.3	25.0	20.6	20.0	9.5	10.0	6.9	10.0	10.0	10.0	1.2	0.0
Teachers' Employers Cont. Collection A/C	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0
EMS Retirement System	24.1	25.0	27.0	25.0	21.9	20.0	9.4	10.0	6.8	10.0	9.9	10.0	0.9	0.0
Public Safety Retirement System	24.5	25.0	27.5	25.0	21.3	20.0	9.8	10.0	6.9	10.0	10.0	10.0	0.0	0.0
Judges' Retirement System	24.2	25.0	27.0	25.0	21.4	20.0	9.6	10.0	6.8	10.0	9.9	10.0	1.1	0.0
State Police Retirement System	24.6	25.0	26.7	25.0	21.7	20.0	9.4	10.0	6.8	10.0	9.9	10.0	0.9	0.0
Deputy Sheriffs' Retirement System	24.5	25.0	27.1	25.0	21.6	20.0	9.5	10.0	6.8	10.0	9.9	10.0	0.6	0.0
Municipal Police & Firefighter Retirement System	22.6	25.0	25.1	25.0	19.2	20.0	9.3	10.0	6.4	10.0	9.4	10.0	8.0	0.0

Insurance Assets

Workers' Compensation Old Fund	9.8	10.0	11.0	10.0	68.3	70.0	0.0	0.0	0.0	0.0	0.0	0.0	10.9	10.0
Workers' Comp. Self-Insured Guaranty Risk Pool	9.6	10.0	10.9	10.0	54.2	55.0	0.0	0.0	0.0	0.0	20.2	20.0	5.1	5.0
Workers' Comp. Uninsured Employers Fund	9.8	10.0	11.0	10.0	49.1	50.0	0.0	0.0	0.0	0.0	20.1	20.0	10.0	10.0
Pneumoconiosis	9.9	10.0	11.1	10.0	54.3	55.0	0.0	0.0	0.0	0.0	20.2	20.0	4.5	5.0
Board of Risk & Insurance Mgmt.	9.8	10.0	11.1	10.0	53.9	55.0	0.0	0.0	0.0	0.0	20.1	20.0	5.1	5.0
Public Employees' Insurance Agency	8.2	10.0	8.5	10.0	63.2	60.0	0.0	0.0	0.0	0.0	20.1	20.0	0.0	0.0
WV Retiree Health Benefit Trust Fund	24.4	25.0	24.0	25.0	29.0	20.0	4.9	10.0	6.6	10.0	10.9	10.0	0.2	0.0
AccessWV	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Endowment Assets

Wildlife Fund	24.3	25.0	27.0	25.0	22.1	20.0	9.6	10.0	6.8	10.0	9.9	10.0	0.3	0.0
Prepaid Tuition Trust	30.3	30.0	16.9	16.0	52.8	54.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Shortfall Reserve Fund	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Shortfall Reserve Fund - Part B	9.9	10.0	11.0	10.0	79.1	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WV DEP Trust	35.4	35.0	30.2	30.0	34.4	35.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Statutory Limitations

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

West Virginia Investment Management Board

Footnotes

As of December 31, 2012

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

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

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

Security Capital Benchmark is 40% Wilshire US REIT Index, 30% Wells Fargo Hybrid & Preferred Securities REIT Index, and 30% BC REIT Bond Index.

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



Status Report:
Workers' Compensation

Joint Committee on Government & Finance

February 2013

Provided by the West Virginia Offices of the Insurance Commissioner



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Introduction

With the passage of S.B. 1004 in January 2005, significant changes were made to workers' compensation insurance in West Virginia. The State administered monopolistic fund effectively ended when a new domestic mutual insurance company, "BrickStreet", was formed to issue workers' compensation insurance on a going forward basis. BrickStreet began writing new workers' compensation insurance liabilities effective January 2006. (They also retained the workers' compensation insurance premium and incurred liability starting in July 2005.) The West Virginia workers' compensation insurance market was later opened to competition beginning in July 2008.

At the time when the domestic mutual insurance company was formed in order to begin to privatize the workers' compensation insurance market in West Virginia, a large legacy liability existed stemming from the historical operation of the State administered monopolistic fund. Subsequent to privatization, this legacy liability was retained by the State of West Virginia in what is now known as the "Old Fund." The Old Fund consists of all historical claims with dates of injuries or last exposure through June 30, 2005. Apart from those sections which specifically reference other "funds," the "private market," or the "self-insured" community (which began in July 2004), this report concerns the workers' compensation legacy liability of the State of West Virginia, i.e. the Old Fund.

Although belonging to the State of West Virginia, the administration of the Old Fund was initially placed via statute with BrickStreet. By January 2008, however, BrickStreet relinquished the administration of the Old Fund back to the State to be managed by the West Virginia Offices of the Insurance Commissioner. The West Virginia Offices of the Insurance Commissioner contracted with three Third Party Administrators (TPA's: Sedgwick Claims Management Services, Wells Fargo Disability Management, and American Mining Insurance Company) to ensure timely claim payments and proper claims management with the ultimate goal of claim resolution.

At January 2008, there were 47,961 active Old Fund workers' compensation insurance claims. The first Workers' Compensation Status Report to the Joint Committee on Government and Finance was issued in June 2008. The following pages update the status of the various workers' compensation funds and the activities associated with the administration of the workers' compensation responsibilities transitioned to the Offices of the Insurance Commissioner.

Definitions:

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

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

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

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

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

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

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

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

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

Non-FBL: claim for benefits other than a Federal Black Lung award, i.e. all other claim types.

Office of Judges: (OOJ) An office comprised of administrative law judges who are charged with resolving protests or appeals to workers' compensation claims management decisions. The Office of Judges conducts hearings, receives and weighs evidence and arguments, and issues written decisions on protests or appeals from initial claim management decisions. Any final decision of the Office of Judges may be appealed to the workers' compensation Board of Review. The OOJ hears protests involving Old Fund claims as well as those arising from the private market (private carrier or privately insured.)

OP/OD: claim of Occupational Pneumoconiosis or Occupational Disease. An OP claim could be considered the State level equivalent of an FBL claim; however, State OP claims provide for varying percentages of impairment where the FBL applicant must prove total impairment to be eligible. (State OP claims are awarded more frequently than FBL, but afford lesser benefits.) An example of an OD claim would be occupational hearing loss.

Partial Award: claim for which benefits are being paid, but no official award has been made.

Payment Agreement: individual legal agreements that were made in order to settle a particular payment issue on a specific claim. These are different than your "standard" claim types, such as PTD or TPD. They identify a sub-set of claims that are not settled in the same philosophy that is practiced today. This normally references a situation in which a PT was granted years ago and the "onset" date was in litigation. A compromise was reached and a settlement was executed to the agreed up "onset" date. Although a settlement was executed, it was only applicable to an issue, not to the entire claim, so monthly payments continue to pay on these claims.

Protest (OOJ): An objection to a ruling of a workers' compensation claim administrator (Old Fund or Private Market) which prompts the initiation of the adjudication process at the Office of Judges.

PPD: (Permanent Partial Disability) paid to compensate an injured worker for permanent impairment that results from an occupational injury or disease. The American Medical Association defines permanent impairment as impairment that has become static or well stabilized with or without medical treatment and is not likely to remit despite medical treatment. It should be noted, some injuries that are total loss by severance have statutory impairment ratings that are defined per WV Code §23-4-6(f). Payment for PPD is based upon 4 weeks of compensation for each one percent of disability.

PTD: (Permanent Total Disability) A disability which renders a claimant unable to engage in gainful employment requiring skills or abilities which can be acquired or which are comparable to those of any gainful employment in which the claimant previously engaged with some regularity. While the comparison of pre-injury income and post-disability income is not a factor to be considered in determining whether or not a claimant is permanently and totally disabled, the geographic availability of gainful employment should be considered. Specifically, the geographic availability

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

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

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

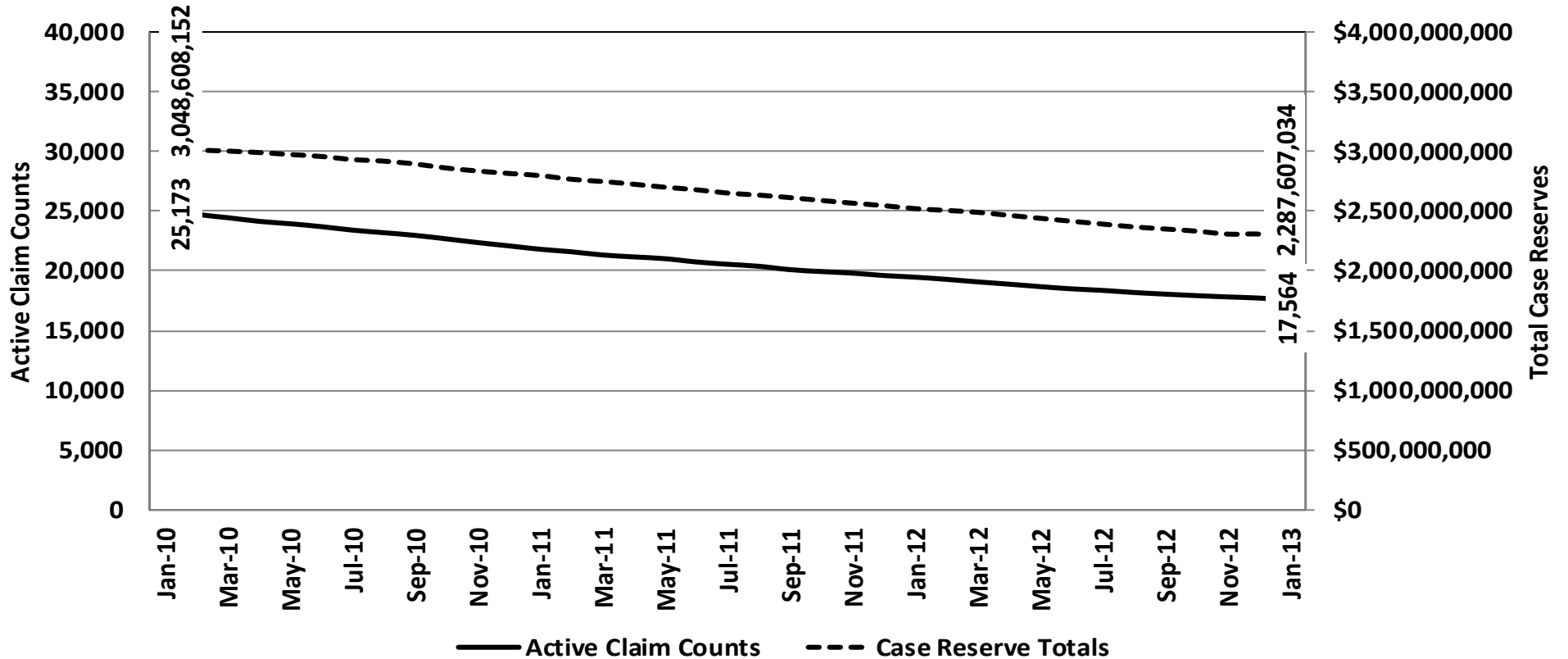
Self-Insured Security Fund: State managed fund into which premiums received are held, and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last exposure before 07/01/2004. This fund is limited to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

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

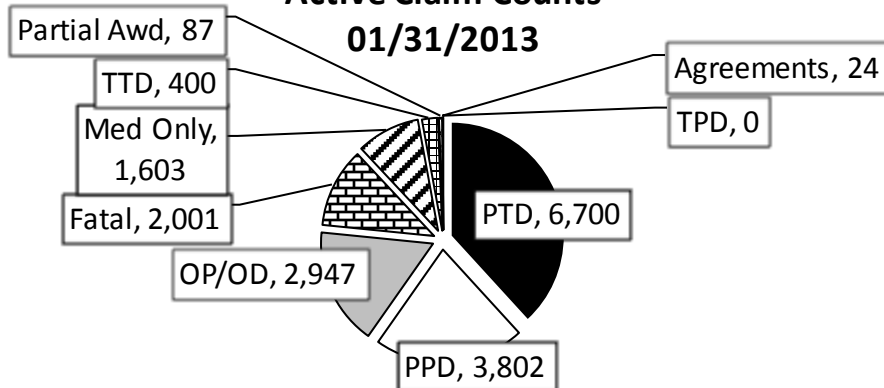
TTD: (Temporary Total Disability) an inability to return to substantial gainful employment requiring skills or activities comparable to those of one's previous gainful employment during the healing or recovery period after the injury. In order to receive TTD benefits, the injured worker must be certified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

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

Old Fund Active Claim Counts and Case Reserves 01/31/2013



Old Fund Active Claim Counts 01/31/2013



Agreements – a legal agreement to settle a payment issue

Fatal – worker died due to injury or illness

Med Only – payment of medical benefits without wage replacement

OP/OD - Occupational Pneumoconiosis or Occupational Disease

Partial Awd – benefits being paid without official awards

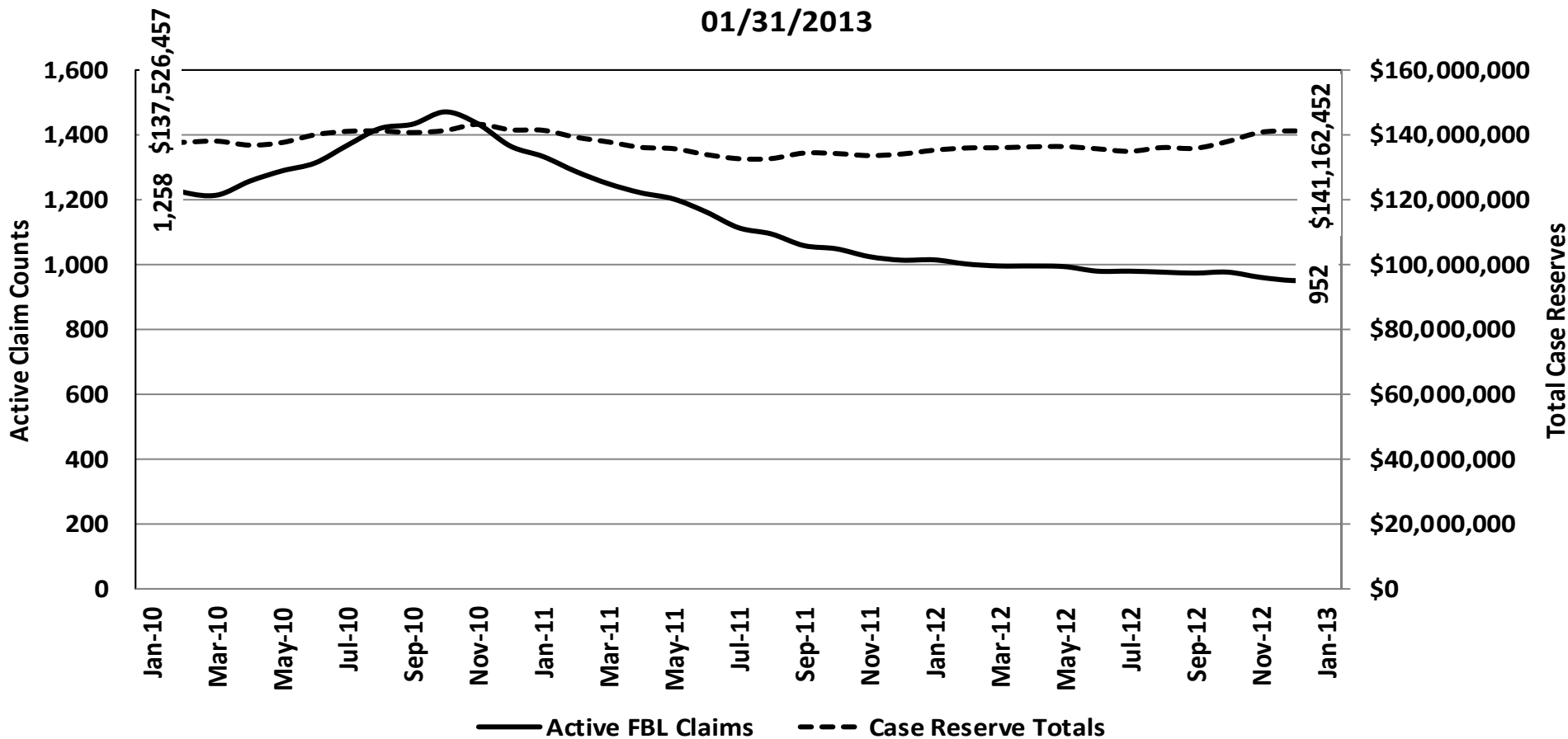
PPD - Permanent Partial Disability; unlikely to improve with treatment

PTD - Permanent Total Disability; unable to engage in employment

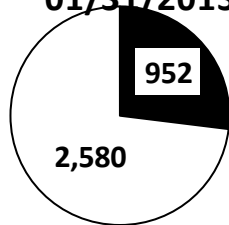
TPD - Temporary Partial Disability released to work with restrictions

TTD - Temporary Total Disability; unable to engage in employment

**CWP Fund (FBL)
Active Claim Counts and Case Reserves
01/31/2013**



**CWP Fund (FBL)
Active and Inactive Claims
01/31/2013**



■ Active □ Inactive

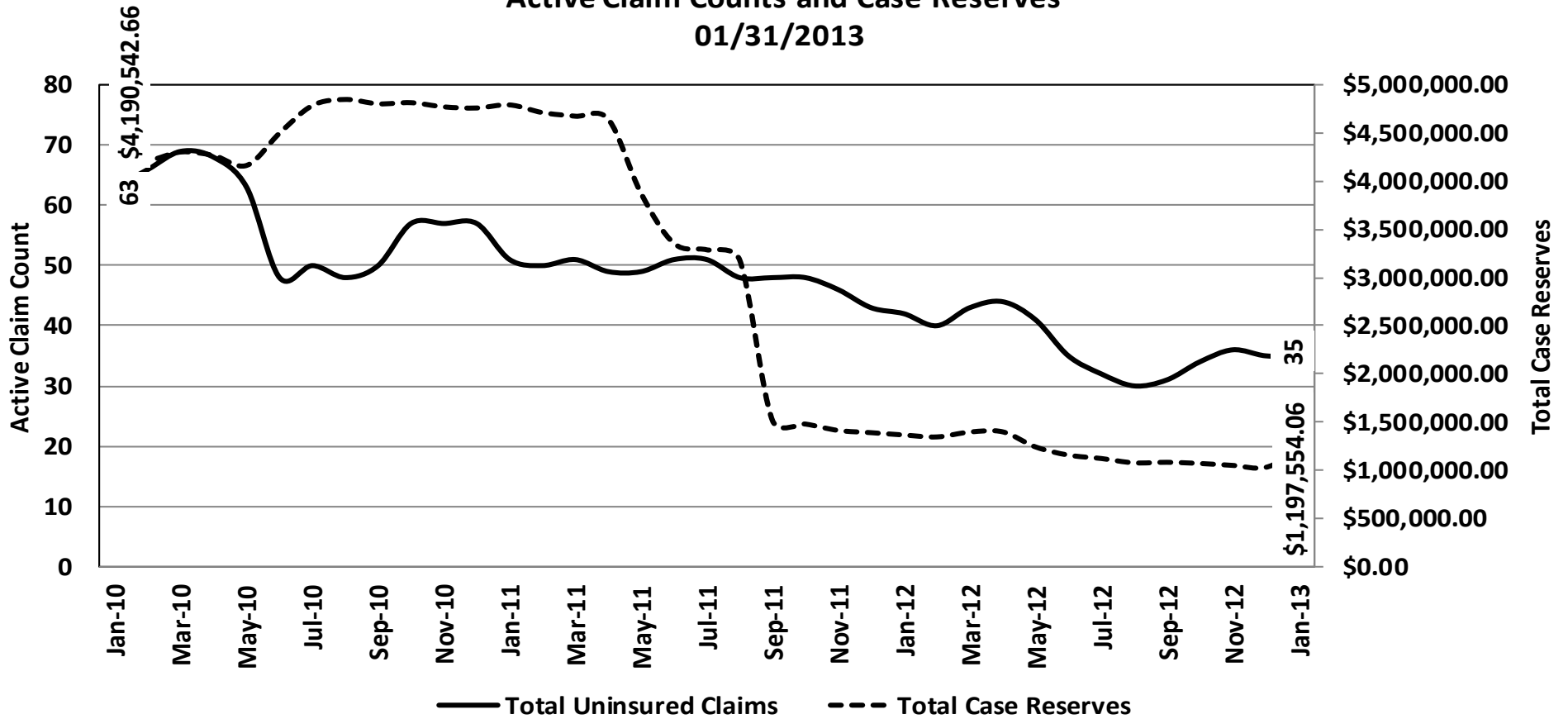
Active – Benefits being paid to claimant/beneficiary

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

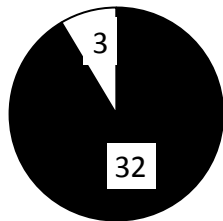
FBL - Occupational Pneumoconiosis (Black Lung) under Title IV of the federal Coal Mine Health and Safety Act of 1969, i.e. Federal Black lung, or FBL.

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

Uninsured Fund Active Claim Counts and Case Reserves 01/31/2013



Uninsured Fund Active Claim Counts 01/31/2013



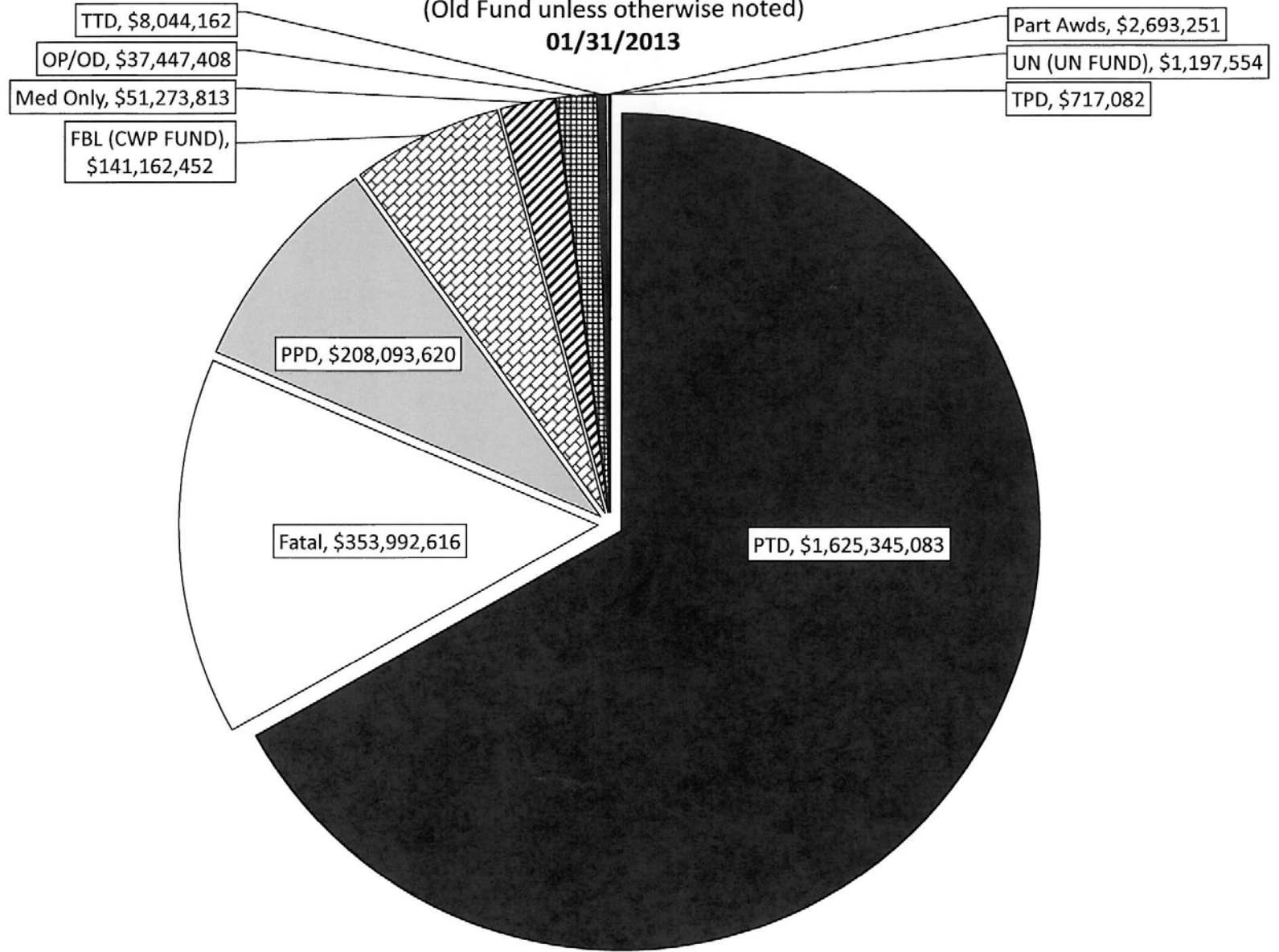
■ Indemnity □ Med Only

Indemnity – statutory wage replacement and medical benefits awarded

Med Only – payment of medical benefits without wage replacement

Uninsured (Employer’s) Fund - (UEF) established January 1, 2006 to provide worker’s compensation benefits to injured workers of uninsured WV employers. The Commissioner may recover all payments made from this fund, including interest, from an uninsured employer who is found liable for benefits paid from the UEF.

Total Case Reserves by Fund
(Old Fund unless otherwise noted)
01/31/2013



OLD FUND CASH STATEMENT

January 31, 2013

				Three Year History for years ended:		
	YTD FY2013	YTD FY2012	Change	FY2012	FY2011	FY2010
Cash Beginning Balances	942,505,408	943,172,539	(667,132)	943,172,539	888,535,954	795,869,972
Revenues						
Personal Income Tax	42,400,000	42,400,000	-	95,400,000	95,400,000	95,400,000
Severance Tax	53,207,815	55,334,233	(2,126,418)	93,947,355	93,112,747	91,573,307
Debt Reduction Surcharge	20,351,154	19,123,263	1,227,891	39,758,082	41,096,360	39,594,122
Self-Insured Debt Reduction Surcharge	5,573,053	6,457,103	(884,050)	9,620,197	8,058,590	6,562,051
Video Lottery	11,000,000	11,000,000	-	11,000,000	11,000,000	11,000,000
Employer Premium	202,117	324,194	(122,077)	575,167	3,120,389	1,783,840
Other Income - Return of Unclaimed Property	44,290	163,424	(119,134)	202,103	191,860	95,620
Operating Revenues	132,778,428	134,802,217	(2,023,788)	250,502,904	251,979,946	246,008,940
Surplus Note Principal Payments	-	-	-	-	-	43,500,000
Investment / Interest Earnings (Losses)	55,131,096	(6,472,824)	61,603,920	18,284,929	88,270,887	102,218,697
Total Revenues	187,909,524	128,329,392	59,580,132	268,787,833	340,250,833	391,727,637
Expenditures						
Claims Benefits Paid:						
Medical	20,142,874	22,804,922	(2,662,048)	39,226,318	41,972,430	55,134,617
Permanent Total Disability	69,854,398	74,475,644	(4,621,246)	124,963,432	136,800,060	152,789,051
Permanent Partial Disability	664,194	1,215,286	(551,092)	1,822,571	2,513,255	4,890,325
Temporary Disability	48,709	123,958	(75,250)	188,666	384,571	1,322,403
Fatals	15,690,491	16,601,792	(911,301)	28,139,830	29,994,599	34,822,223
104 weeks death benefit	3,859,021	4,108,930	(249,908)	6,729,656	6,321,554	6,394,618
Settlements	5,932,228	33,661,547	(27,729,319)	56,164,626	50,628,569	24,145,535
Loss Adjustment Expenses	477,479	1,282,346	(804,867)	2,333,885	4,514,323	3,794,198
Total	116,669,394	154,274,425	(37,605,032)	259,568,984	273,129,360	283,292,970
Less: Claims credits and overpayments	3,333,046	4,927,087	(1,594,041)	8,161,625	7,666,404	4,327,846
Total Benefits Paid	113,336,348	149,347,339	(36,010,991)	251,407,359	265,462,956	278,965,124
Administrative Expenses	7,159,814	9,803,128	(2,643,313)	18,047,605	20,151,292	20,096,531
Total Expenditures	120,496,162	159,150,467	(38,654,304)	269,454,964	285,614,248	299,061,655
Excess (Deficiency) of Revenues over Expenditures	67,413,362	(30,821,074)	98,234,436	(667,131)	54,636,585	92,665,982
Cash Ending Balances	1,009,918,769	912,351,464	97,567,305	942,505,408	943,172,539	888,535,954

Note: The purpose of the report is to enhance the user's ability to monitor the cash activities of the Old Fund. The Old Fund assets consist of the Old Fund cash, IMB and BTI Investment accounts and any deposits in transit from the Debt Reduction Fund. The liabilities of the Old Fund consist of the worker's compensation claims and related expenses for all claims, actual and incurred but not reported for claims with dates of injury on or before June 30, 2005. This report is intended to provide a summary of the cash based transactions related to the Fund's assets and liabilities and is not an accrual based presentation. The Old Fund Cash Statement is unaudited information.

COAL WORKERS PNEUMOCONIOSIS FUND
January 31, 2013

	YTD FY2013	YTD FY2012	Change	Three Year History for years ended:		
				FY2012	FY2011	FY2010
Cash Beginning Balances	254,523,752	262,926,105	(8,402,353)	262,926,105	244,074,613	221,866,212
Revenues						
Investment Earnings (Losses)	15,920,936	(4,035,641)	19,956,578	2,745,783	29,283,335	32,224,147
Other Income - Return of Unclaimed Property	-	-	-	-	-	899
Total Revenues	15,920,936	(4,035,641)	19,956,578	2,745,783	29,283,335	32,225,046
Expenditures						
Payment of Claims	7,106,469	6,472,479	633,990	11,131,012	10,415,160	9,978,121
Contractual / Professional	16,556	16,920	(364)	17,124	16,683	38,524
Total Expenditures	7,123,025	6,489,399	633,626	11,148,136	10,431,843	10,016,645
Excess (Deficiency) of Revenues over Expenditures	8,797,912	(10,525,040)	19,322,952	(8,402,353)	18,851,492	22,208,401
Cash Ending Balances	263,321,664	252,401,065	10,920,599	254,523,752	262,926,105	244,074,613

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

SELF-INSURED GUARANTY RISK POOL
January 31, 2013

				Three Year History for years ended:		
	YTD FY2013	YTD FY2012	Change	FY2012	FY2011	FY2010
Cash Beginning Balances	10,829,975	9,744,809	1,085,166	9,744,809	8,112,918	6,969,307
Revenues						
Guaranty Risk Pool Assessments	814,993	818,976	(3,983)	1,093,066	1,119,674	1,283,687
Collateral Proceeds	2,399,380	-	2,399,380			
Investment Earnings (Losses)	705,168	(142,597)	847,765	125,813	592,165	9,237
Total Revenues	3,919,541	676,379	3,243,162	1,218,879	1,711,839	1,292,924
Expenditures						
Payment of Claims	224,846	13,491	211,355	28,466	28,707	104,821
Contractual / Professional	11,243	64,088	(52,846)	105,247	51,241	44,492
Legal	23,691	-	23,691			
Total Expenditures	259,780	77,579	182,200	133,713	79,948	149,313
Excess (Deficiency) of Revenues over Expenditures	3,659,762	598,800	3,060,962	1,085,166	1,631,891	1,143,611
Cash Ending Balances	14,489,737	10,343,608	4,146,128	10,829,975	9,744,809	8,112,918

The Self-Insured Guaranty Risk Pool covers the claims liabilities of bankrupt or defaulted self-insured employers with dates of injury subsequent to July 1, 2004. The revenues of the Self-Insured Guaranty Fund are comprised of the guaranty risk pool assessments levied on all self-insured employers and the earnings on invested assets. The Self Insured Guaranty Cash Statement is unaudited information.

SELF-INSURED SECURITY RISK POOL

January 31, 2013

				Three Year History for years ended:		
	YTD FY2013	YTD FY2012	Change	FY2012	FY2011	FY2010
Cash Beginning Balances	203,518	205,705	(2,187)	205,705	173,041	-
Revenues						
Security Risk Pool Assessments	59,652	-	59,652	-	115,568	173,041
Collateral Proceeds	4,657,620	-	4,657,620			
Total Revenues	4,717,272	-	4,717,272	-	115,568	173,041
Expenditures						
Payment of Claims	273,504	1,825	271,679	2,187	73,649	-
Contractual / Professional	-	-	-	-	9,255	-
Legal	72,182	-	72,182			
Total Expenditures	345,686	1,825	343,861	2,187	82,904	-
Excess (Deficiency) of Revenues over Expenditures	4,371,586	(1,825)	4,373,411	(2,187)	32,664	173,041
Cash Ending Balances	4,575,104	203,880	4,371,224	203,518	205,705	173,041

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

UNINSURED EMPLOYERS FUND

January 31, 2013

	YTD FY2013	YTD FY2012	Change	Three Year History for years ended:		
				FY2012	FY2011	FY2010
Cash Beginning Balances	9,574,065	9,086,330	487,735	9,086,330	8,905,444	8,588,268
Revenues						
Fines and Penalties	399,497	560,574	(161,076)	948,896	939,626	892,806
Investment Earnings (Losses)	549,406	(136,955)	686,361	99,906	474,728	10,923
Total Revenues	948,904	423,619	525,284	1,048,802	1,414,354	903,729
Expenditures						
Payment of Claims	78,126	368,546	(290,420)	553,676	1,224,982	577,819
Contractual/Professional	3,569	7,237	(3,668)	7,392	8,486	8,734
General and Administrative	15	-	15			
Total Expenditures	81,710	375,783	(294,073)	561,067	1,233,468	586,553
Excess (Deficiency) of Revenues over Expenditures	867,193	47,836	819,358	487,735	180,886	317,176
Cash Ending Balances	10,441,258	9,134,166	1,307,093	9,574,065	9,086,330	8,905,444

The Uninsured Employer's Fund (UEF) was established January 1, 2006 to provide worker's compensation benefits to injured workers of uninsured WV employers. The revenues of the UEF consist of fines levied on uninsured employers and the earnings on invested assets. The Insurance Commissioner has the right to levy assessments on employers in order to maintain the solvency of the Fund. The Commissioner may recover all payments made from this fund, including interest, from an uninsured employer who is found liable for benefits paid from the UEF. The Uninsured Cash Statement is unaudited information.

West Virginia Offices of the Insurance Commission

OFFICE OF JUDGES' REPORT

TO INDUSTRIAL COUNCIL – FEBRUARY 5, 2013

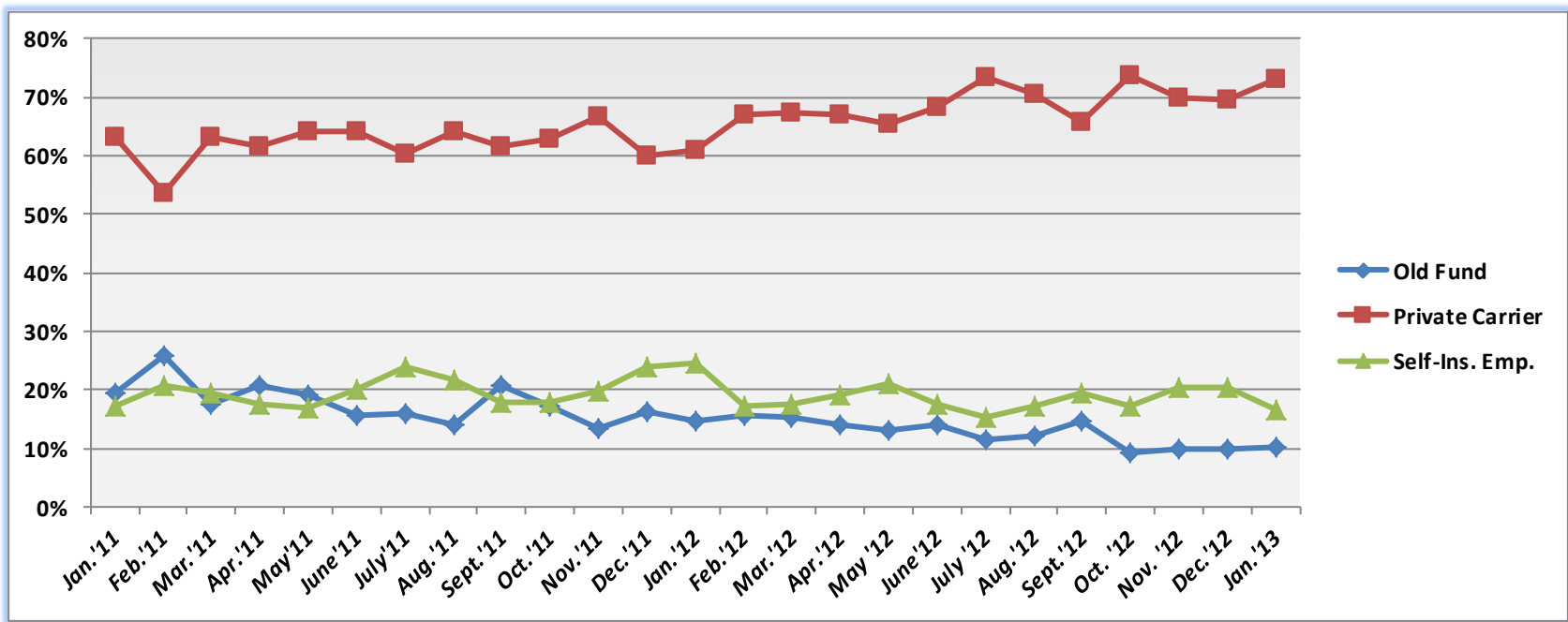
Rebecca A. Roush, Chief Administrative Law Judge

Statistical Analysis

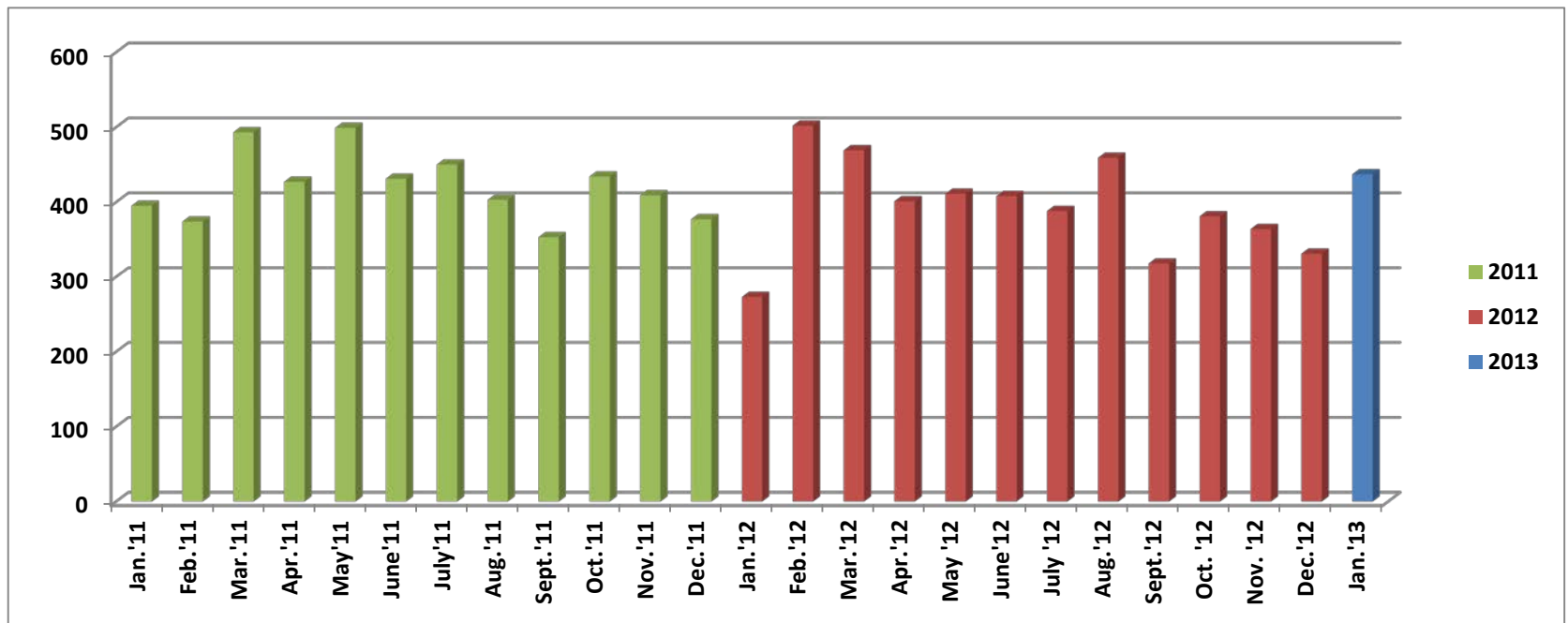
A. Protests Acknowledged: 2012 Jan. 2013
 4705 437 437

Fund Involved:

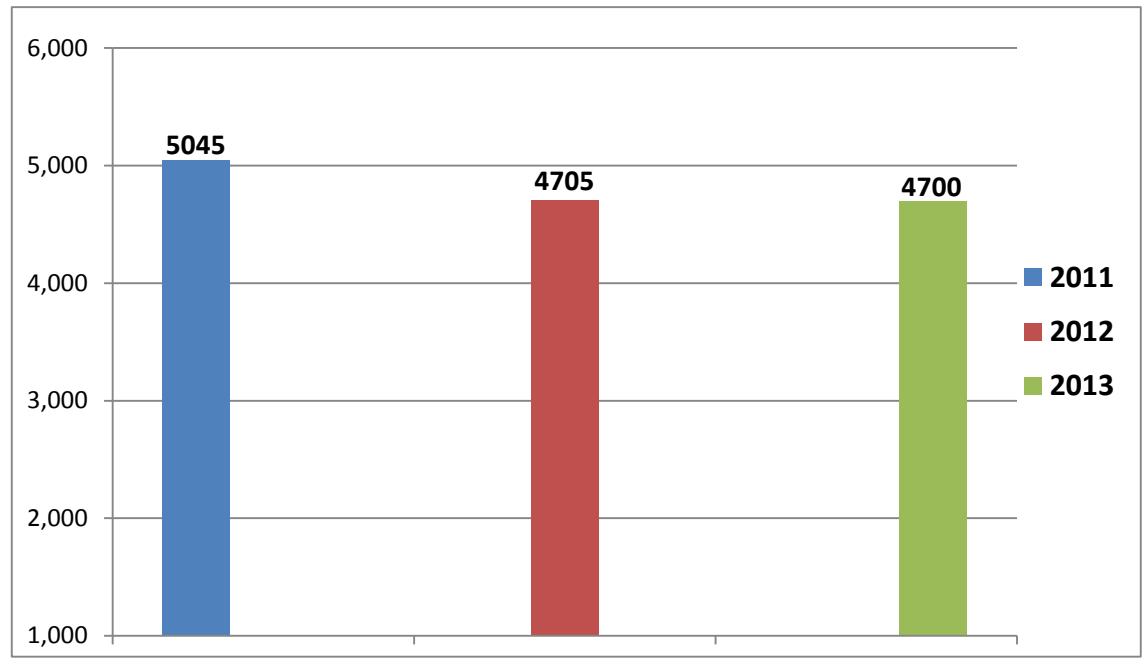
FUND	2012	% of protests	Jan. '13	% of protests	2013	% of protests
Old Fund	593	12.60%	44	10.07%	44	10.07%
Private Carrier	3233	68.72%	320	73.23%	320	73.23%
Self-Insured	879	18.68%	73	16.70%	73	16.70%
Subtotal	4705		437		437	
Temporary	708		43		43	
Total	5413		480		480	



Protests Acknowledged by Carrier Type



Protests Acknowledged by Month



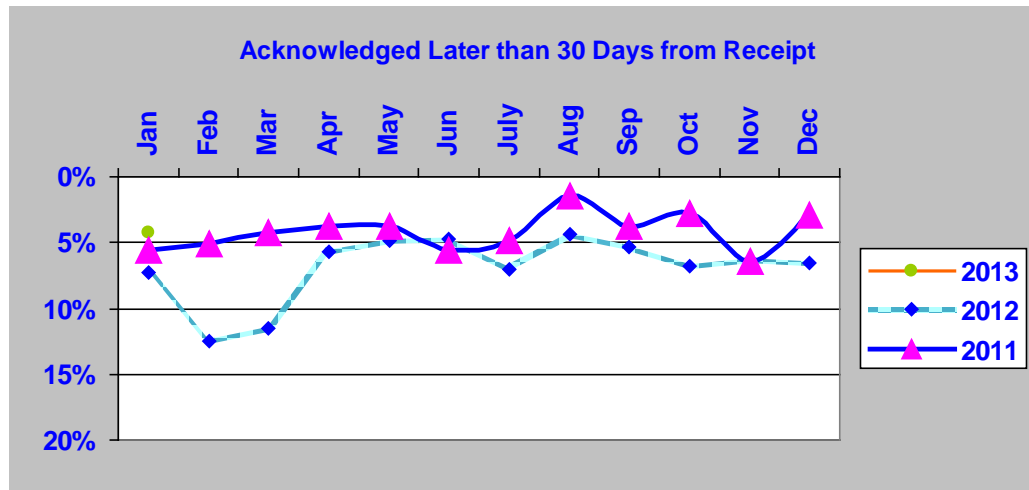
Protests Acknowledged by Year

B. Issues Resolved: 2012 Jan. 2013
 4773 455 455

C. Pending Caseload Report

PENDING AS OF February 5, 2013	3223
PENDING 1 MONTH BEFORE	3299
PENDING 2 MONTHS BEFORE	3261
PENDING 3 MONTHS BEFORE	3255
PENDING 6 MONTHS BEFORE	3429
PENDING 12 MONTHS BEFORE	3444

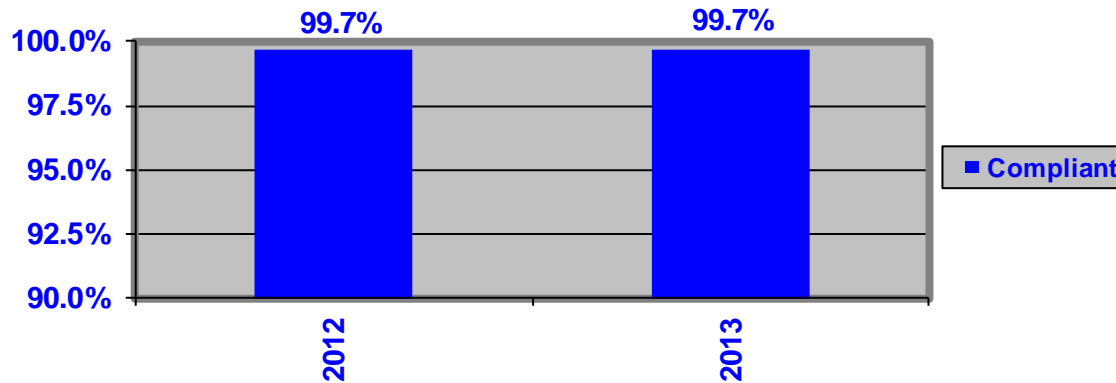
D. Acknowledgment Timeliness: 2012 Jan. 2013
 Protest Ackn. >30 days 7.0% 4.3% 4.3%
 Protest Ackn. 24-30 days 3.1% 5.3% 5.3%
 Protest Ackn. 11-23 days 24.4% 22.4% 22.4%
 Protest Ackn. <11 days 65.5% 68.0% 68.0%



		<u>Jan.'13</u>	<u>2013</u>
E.	Protests Resolved:		
	1. Protests decided:	272	272
	2. Withdrawals:	89	89
	3. "No Evidence" Dismissals:	43	43

		<u>2012</u>	<u>Jan.'13</u>	<u>2013</u>
F.	Final Decision Timeliness			
	1. <30 days:	46.5%	38.6%	38.6%
	2. 30-60 days:	50.3%	58.0%	58.0%
	3. 60-90 days:	2.9%	3.1%	3.1%
	4. +90 days:	0.3%	0.3%	0.3%

Decision Within Rule's Time Limits



		<u>2012</u>	<u>Jan.</u>	<u>2013</u>
G.	Time Standard Compliance			
		92.5%	95.8%	95.8%

Tuesday, February 05, 2013

Time Standard Compliance

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

Time Standard	Total Closed	Timely		Late	
		Count	Percent	Count	Percent
BENEFIT RATE	2	2	100%	0	0%
COMPENSABILITY	18	18	100%	0	0%
OP NON-MED	1	1	100%	0	0%
TTD	13	13	100%	0	0%
OPBD	4	4	100%	0	0%
PTD ENTITLEMENT	1	0	0%	1	100%
PPD	41	41	100%	0	0%
DEP BEN FATAL	3	2	66.70%	1	33.30%
REHABILITATION	1	1	100%	0	0%
REOPENING	1	1	100%	0	0%
TRMT/EQUIP CL	35	32	91.40%	3	8.60%
Total	120	115	95.8%	5	4.2%

Tuesday, February 05, 2013

Final Decision Compliance

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

Description	Issues Resolved	Days to Decision							
		< 30 Days		30 - 60		61 - 90		> 90	
		Count	%	Count	%	Count	%	Count	%
APPLICATION THRESHOLD	1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
PTD ENTITLEMENT	4	0	0.0%	1	25.0%	2	50.0%	1	25.0%
SPECIAL CATEGORY	4	3	75.0%	1	25.0%	0	0.0%	0	0.0%
PPD	47	19	40.4%	27	57.4%	1	2.1%	0	0.0%
FAILURE TO ACT 30 DAY	4	0	0.0%	3	75.0%	1	25.0%	0	0.0%
BENEFIT RATE	1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
COMPENSABILITY	68	26	38.2%	41	60.3%	1	1.5%	0	0.0%
OP NON-MED	1	1	100.0%	0	0.0%	0	0.0%	0	0.0%
BENEFIT OVERPAYMENT	2	0	0.0%	2	100.0%	0	0.0%	0	0.0%
DEP BEN FATAL	5	3	60.0%	2	40.0%	0	0.0%	0	0.0%
OPBD	11	5	45.5%	6	54.5%	0	0.0%	0	0.0%
FAILURE TO ACT 15 DAY	5	2	40.0%	1	20.0%	2	40.0%	0	0.0%
REOPENING	9	3	33.3%	6	66.7%	0	0.0%	0	0.0%
TRMT/EQUIP CL	94	41	43.6%	51	54.3%	2	2.1%	0	0.0%
TTD	34	9	26.5%	25	73.5%	0	0.0%	0	0.0%
Totals	290	112	38.6%	168	57.9%	9	3.1%	1	0.3%

Tuesday, February 05, 2013

Motion Resolution Compliance

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

Time Standard	Total Motions	Timely *		Late **	
		Count	Percent	Count	Percent
BENEFIT OVERPAYMENT	4	4	100%	0	0%
FAILURE TO ACT 15 DAY	7	7	100%	0	0%
DEP BEN FATAL	17	16	94.10%	1	5.90%
APPLICATION THRESHOLD	1	1	100%	0	0%
TTD	107	106	99.10%	1	0.90%
PPD	206	203	98.50%	3	1.50%
REHABILITATION	7	7	100%	0	0%
BENEFIT RATE	1	1	100%	0	0%
COMPENSABILITY	229	225	98.30%	4	1.70%
DEP BEN 104	1	1	100%	0	0%
OP NON-MED	7	7	100%	0	0%
OPBD	29	28	96.60%	1	3.40%
SPECIAL CATEGORY	11	11	100%	0	0%
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	5	5	100%	0	0%
TRMT/EQUIP CL	300	288	96%	12	4%
PTD ENTITLEMENT	3	3	100%	0	0%
REOPENING	34	31	91.20%	3	8.80%
TEMP	2	1	50%	1	50%
Total	971	945	97.3%	26	2.7%

* Action Date < Motion Date

** Action Date > Motion Date

Tuesday, February 05, 2013

Acknowledgement Goal

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

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30		30-24		23-11		< 11	
		Count	Percent	Count	Percent	Count	Percent	Count	Percent
BENEFIT OVERPAYMENT	Total: 1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CBO-CL BEN. OVERPAYMENT	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
BENEFIT RATE	Total: 2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
CBR-CL PRSTS BEN RATE	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
COMPENSABILITY	Total: 81	6	7.4%	5	6.2%	23	28.4%	47	58.0%
CCS-CL SEC.CONDITION	35	0	0.0%	1	2.9%	6	17.1%	28	80.0%
CHC-CL COMPENSABILITY	4	1	25.0%	0	0.0%	3	75.0%	0	0.0%
CIM-CL SI COMPENSABLE	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CIS-CL SI SEC.CONDITION	3	0	0.0%	0	0.0%	1	33.3%	2	66.7%
CPI-CL SI REJECT CLAIM	5	0	0.0%	1	20.0%	2	40.0%	2	40.0%
CPJ-CL REJECT CLAIM	29	4	13.8%	2	6.9%	9	31.0%	14	48.3%
CQR-CL SI REJ OCCDISEASE	2	0	0.0%	0	0.0%	2	100.0%	0	0.0%
CRZ-CL REJ OCC DISEASE	2	1	50.0%	1	50.0%	0	0.0%	0	0.0%
DEP BEN FATAL	Total: 3	1	33.3%	1	33.3%	0	0.0%	1	33.3%
CDF-CL DENY/GRNT DTH BEN	3	1	33.3%	1	33.3%	0	0.0%	1	33.3%
FAILURE TO ACT 10 DAY	Total: 1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
C5N-CL FTA NOT COVERED	1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
FAILURE TO ACT 15 DAY	Total: 5	0	0.0%	1	20.0%	3	60.0%	1	20.0%
C03-CL FTA TREATMENT	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
C7C-CL FTA PAYMENT PPD	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
FTA Diagnosis Update-FTA DIAGNOSIS UPATE	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30		30-24		23-11		< 11	
		Count	Percent	Count	Percent	Count	Percent	Count	Percent
FTA Multiple Issues-FTA MULTIPLE ISSUES	2	0	0.0%	1	50.0%	1	50.0%	0	0.0%
FAILURE TO ACT 30 DAY	Total: 2	0	0.0%	0	0.0%	1	50.0%	1	50.0%
C6A-CL FTA ACT UPON PPD	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
C7A-CL FTA RO TTD/MED	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
OP NON-MED	Total: 2	0	0.0%	0	0.0%	1	50.0%	1	50.0%
C8O-CL OIC NON-MED ORDER	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
CIR-CL SI NON-MED ORDER	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
OPBD	Total: 23	1	4.3%	0	0.0%	6	26.1%	16	69.6%
CAO-CL ADD BOARD FINDING	3	0	0.0%	0	0.0%	1	33.3%	2	66.7%
CBF-CL % BOARD FINDING	10	1	10.0%	0	0.0%	2	20.0%	7	70.0%
CSF-CL% SI BOARD FINDING	4	0	0.0%	0	0.0%	3	75.0%	1	25.0%
CSO-CL SI AD.BRD FINDING	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
EBF-EM % BOARD FINDING	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
ESF-EM% SI BOARD FINDING	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
ESO-EM SI AD.BRD FINDING	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
PPD	Total: 111	2	1.8%	6	5.4%	24	21.6%	79	71.2%
CAA-CL ADDL % AWARD D/G	6	0	0.0%	0	0.0%	0	0.0%	6	100.0%
CAD-CL % AWARD DENY/GRNT	83	0	0.0%	5	6.0%	19	22.9%	59	71.1%
CIE-CL SI ADD% AWARD D/G	3	0	0.0%	0	0.0%	0	0.0%	3	100.0%
CIG-CL SI %AWARD DNY/GNT	19	2	10.5%	1	5.3%	5	26.3%	11	57.9%
REHABILITATION	Total: 2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
CPV-CL DY/GRNT REHAB PLN	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CTP-CL GRNT/DNY TP REHAB	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
REOPENING	Total: 22	0	0.0%	1	4.5%	3	13.6%	18	81.8%
CIQ-CL SI DY/GNT R/O PPD	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CIY-CL SI DY/GNT R/O TTD	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CJV-CL DNY/GRNT R/O PPD	6	0	0.0%	0	0.0%	0	0.0%	6	100.0%
CRD-CL DENY/GRNT R/O TTD	14	0	0.0%	1	7.1%	3	21.4%	10	71.4%
SPECIAL CATEGORY	Total: 5	1	20.0%	0	0.0%	0	0.0%	4	80.0%
CNW-CL SPL CATEGORY	5	1	20.0%	0	0.0%	0	0.0%	4	80.0%

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30		30-24		23-11		< 11	
		Count	Percent	Count	Percent	Count	Percent	Count	Percent
TRMT/EQUIP CL	Total: 140	7	5.0%	3	2.1%	29	20.7%	101	72.1%
CBX-CL TRMT DENY	114	7	6.1%	2	1.8%	23	20.2%	82	71.9%
CID-CL SI EQUIP DNY/GRNT	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
CSX-CL SI TRMT DENY	22	0	0.0%	1	4.5%	5	22.7%	16	72.7%
CYY-CL TRMT GRANT	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
E8E-EM OIC TRMT GRANT	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
TTD	Total: 37	1	2.7%	5	13.5%	8	21.6%	23	62.2%
CCC-CL CLOSING THE CLAIM	25	1	4.0%	3	12.0%	4	16.0%	17	68.0%
CIC-CL SI CLSING THE CLM	4	0	0.0%	1	25.0%	1	25.0%	2	50.0%
CJS-CL TTD	3	0	0.0%	0	0.0%	1	33.3%	2	66.7%
CPX-CL INITIAL TTD	4	0	0.0%	1	25.0%	2	50.0%	1	25.0%
CSG-CL SI INITIAL TTD	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
Totals: Claims 361	437	19	4.3%	23	5.3%	98	22.4%	297	68.0%

Resolution of Issues

Report Dates: Decision Date from 1/1/2013 thru 1/31/2013

Time Standard Categories	Decisions Issued	Reversed		Affirmed		Affirmed by Rule		Dismissed		Modified		Moot		Other		Remanded	
		Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
REOPENING	13	3	23.10	5	38.50	0	0	4	30.80	1	7.70	0	0	0	0	0	0
SPECIAL CATEGORY	5	1	20	1	20	1	20	1	20	1	20	0	0	0	0	0	0
OP NON-MED	4	0	0	1	25	2	50	1	25	0	0	0	0	0	0	0	0
PPD	121	15	12.40	24	19.80	25	20.70	53	43.80	2	1.70	0	0	2	1.70	0	0
PTD ENTITLEMENT	4	2	50	2	50	0	0	0	0	0	0	0	0	0	0	0	0
BENEFIT RATE	2	0	0	1	50	1	50	0	0	0	0	0	0	0	0	0	0
DEP BEN FATAL	5	1	20	4	80	0	0	0	0	0	0	0	0	0	0	0	0
TTD	55	12	21.80	20	36.40	3	5.50	18	32.70	2	3.60	0	0	0	0	0	0
OPBD	19	3	15.80	8	42.10	1	5.30	7	36.80	0	0	0	0	0	0	0	0
REHABILITATION	3	0	0	0	0	0	0	3	100	0	0	0	0	0	0	0	0
COMPENSABILITY	85	30	35.30	30	35.30	2	2.40	17	20	4	4.70	2	2.40	0	0	0	0
FAILURE TO ACT 15 DAY	5	0	0	0	0	0	0	5	100	0	0	0	0	0	0	0	0
TRMT/EQUIP CL	129	27	20.90	50	38.80	8	6.20	36	27.90	7	5.40	0	0	1	0.80	0	0
APPLICATION THRESHOLD	1	0	0	1	100	0	0	0	0	0	0	0	0	0	0	0	0
BENEFIT OVERPAYMENT	4	1	25	1	25	0	0	2	50	0	0	0	0	0	0	0	0
Totals	455	95	20.9	148	32.5	43	9.5	147	32.3	17	3.7	2	0.4	3	0.7	0	0

OOJ – Petition for Attorney Fees for Unreasonable Denial

Petitions received 9/1/2005 through 1/31/2013

	117
Petitions denied on face:	30
Petitions denied by ALJ Decision:	52
Petitions granted:	19
Petitions withdrawn through settlement:	5
Petitions currently pending:	11

Failure to Timely Act Process

Petitions filed 9/1/05 through 12/31/2013

Filed:	426
Denied/dismissed:	177
Withdrawn:	12
Reports to OIC:	199
Pending	38

Expedited Hearings Scheduled

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

Pro Se Claimant Information as of February 5, 2013

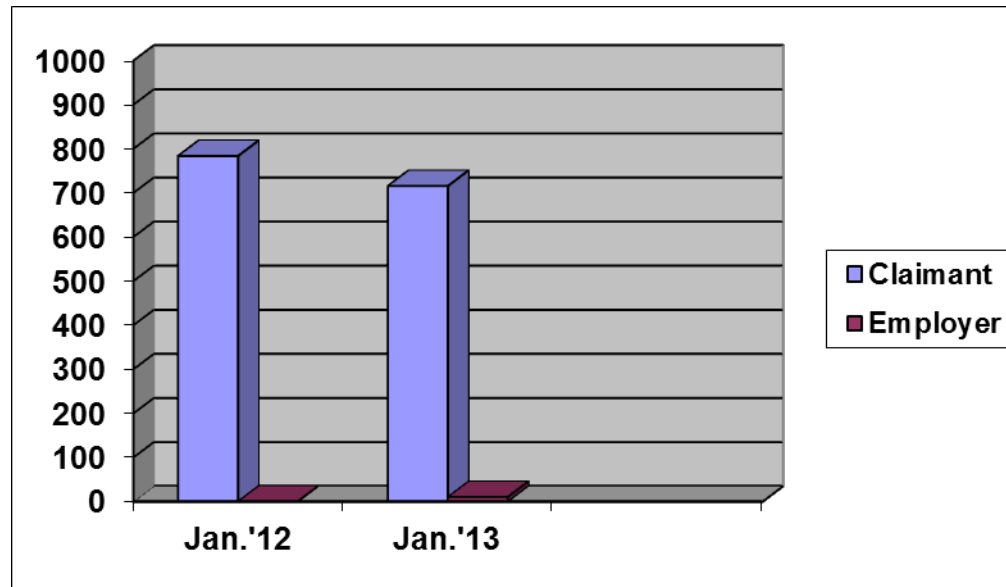
Pending Protests Involving Pro Se Claimants: 476

:

OOJ – Pending Treatment Issues

Pending Treatment Issues			Comparison to Prior Mo/Year	
Party	Month	% Protests	Month	% Protests
	Jan.'13		Jan.'12	
Claimant	716	22.21%	784	22.76%
Employer	11	0.03%		
Total	727		784	

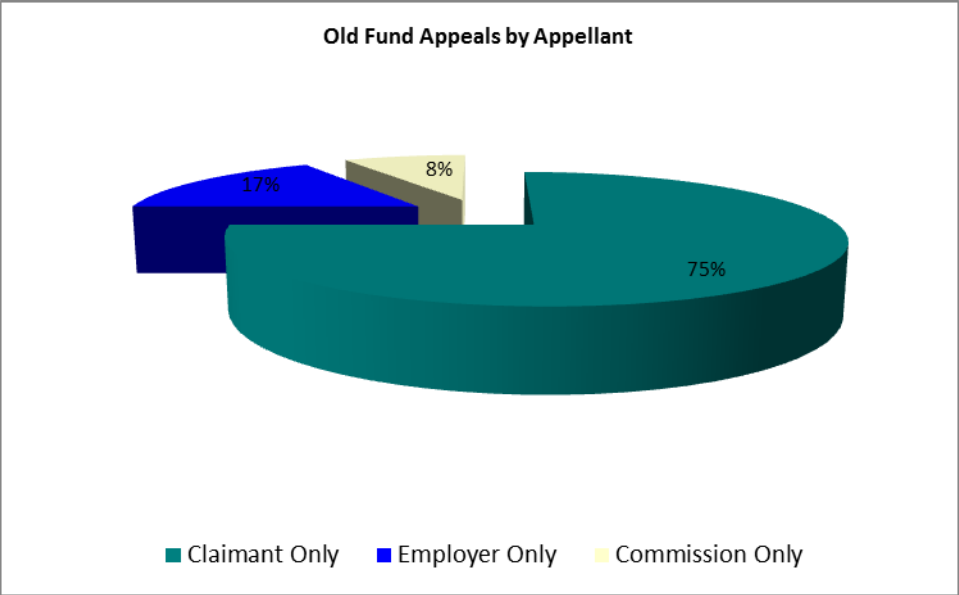
Pending Treatment Issues



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

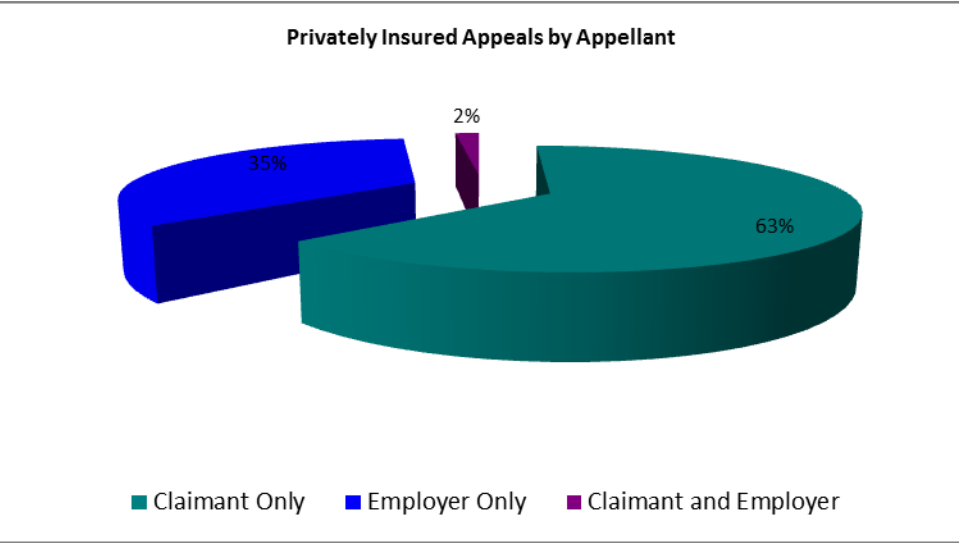
Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	9
Employer Only	2
Commission Only	1
Old Fund Total	12



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

Appellant	Count
Claimant Only	38
Employer Only	21
Claimant and Employer	1
Privately Insured Total	60
Total Appeals	72

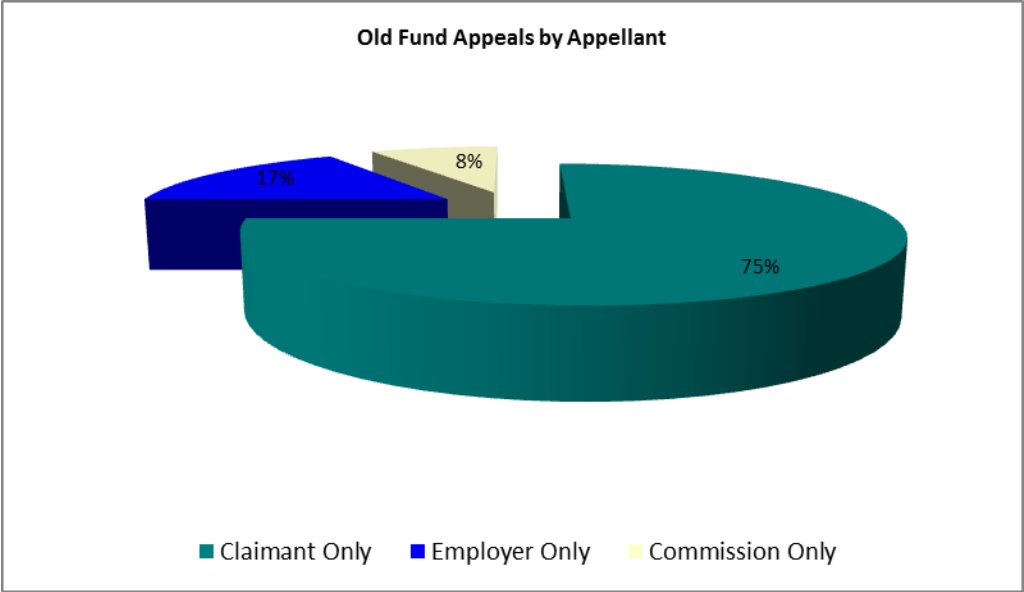


Appeals counted more than once:

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

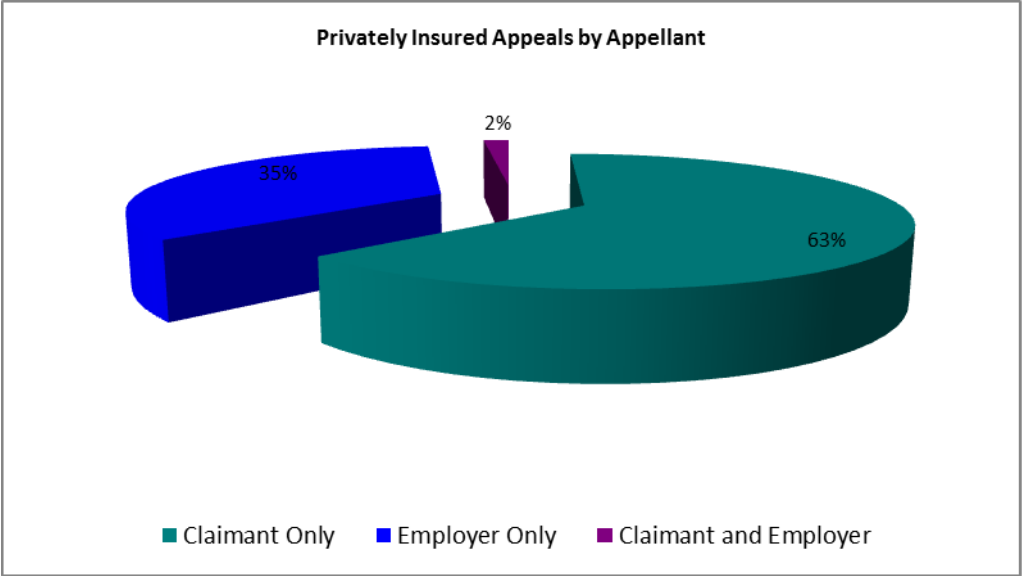
Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	9
Employer Only	2
Commission Only	1
Old Fund Total	12



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

Appellant	Count
Claimant Only	38
Employer Only	21
Claimant and Employer	1
Privately Insured Total	60
Total Appeals	72



Appeals counted more than once:

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

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	10	2	20.0	8	80.0
CL ADD BOARD FINDING	1	0	0.0	1	100.0
CL ADDL % AWARD D/G	2	0	0.0	2	100.0
CL CLOSING THE CLAIM	11	0	0.0	11	100.0
CL DENY/GRANT PTD	2	2	100.0	0	0.0
CL INITIAL TTD	1	0	0.0	1	100.0
CL REJ OCC DISEASE	2	0	0.0	2	100.0
CL REJECT CLAIM	14	0	0.0	14	100.0
CL SEC.CONDITION	1	0	0.0	1	100.0
CL SI %AWARD DNY/GNT	3	1	33.3	2	66.7
CL SI ADD% AWARD D/G	2	1	50.0	1	50.0
CL SI CLSING THE CLM	1	0	0.0	1	100.0
CL SI DY/GNT DTH BEN	1	1	100.0	0	0.0
CL SI DY/GNT R/O PPD	1	1	100.0	0	0.0
CL SI REJECT CLAIM	3	0	0.0	3	100.0
CL SI TRMT DENY	6	1	16.7	5	83.3
CL SI TRMT GRANT	1	0	0.0	1	100.0
CL TRMT DENY	12	3	25.0	9	75.0
Totals	74	12	16.2	62	83.8

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

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	10	2	20.0	8	80.0
CL ADD BOARD FINDING	1	0	0.0	1	100.0
CL ADDL % AWARD D/G	2	0	0.0	2	100.0
CL CLOSING THE CLAIM	11	0	0.0	11	100.0
CL DENY/GRANT PTD	2	2	100.0	0	0.0
CL INITIAL TTD	1	0	0.0	1	100.0
CL REJ OCC DISEASE	2	0	0.0	2	100.0
CL REJECT CLAIM	14	0	0.0	14	100.0
CL SEC.CONDITION	1	0	0.0	1	100.0
CL SI %AWARD DNY/GNT	3	1	33.3	2	66.7
CL SI ADD% AWARD D/G	2	1	50.0	1	50.0
CL SI CLSING THE CLM	1	0	0.0	1	100.0
CL SI DY/GNT DTH BEN	1	1	100.0	0	0.0
CL SI DY/GNT R/O PPD	1	1	100.0	0	0.0
CL SI REJECT CLAIM	3	0	0.0	3	100.0
CL SI TRMT DENY	6	1	16.7	5	83.3
CL SI TRMT GRANT	1	0	0.0	1	100.0
CL TRMT DENY	12	3	25.0	9	75.0
Totals	74	12	16.2	62	83.8

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

Type of Issue	Total Issues	Claimant		Employer		OIC		Emp and OIC	
		#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	10	9	90.0	1	10.0	0	0.0	0	0.0
CL ADD BOARD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0
CL ADDL % AWARD D/G	2	1	50.0	1	50.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	11	9	81.8	2	18.2	0	0.0	0	0.0
CL DENY/GRANT PTD	2	2	100.0	0	0.0	0	0.0	0	0.0
CL INITIAL TTD	1	0	0.0	1	100.0	0	0.0	0	0.0
CL REJ OCC DISEASE	2	1	50.0	1	50.0	0	0.0	0	0.0
CL REJECT CLAIM	14	6	42.9	8	57.1	0	0.0	0	0.0
CL SEC.CONDITION	1	0	0.0	1	100.0	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	3	1	33.3	2	66.7	0	0.0	0	0.0
CL SI ADD% AWARD D/G	2	2	100.0	0	0.0	0	0.0	0	0.0
CL SI CLSING THE CLM	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT DTH BEN	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O PPD	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	4	1	25.0	3	75.0	0	0.0	0	0.0
CL SI TRMT DENY	6	4	66.7	2	33.3	0	0.0	0	0.0
CL SI TRMT GRANT	1	1	100.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	12	9	75.0	2	16.7	0	0.0	1	8.3
Totals	75	50	66.7	24	32.0	0	0.0	1	1.3

Workers' Compensation Board of Review
For January 2013

Appealed By	BOR Disposition	Disposition Count	Disp %	Total %	Year to Date	Disp %	Total %
CLAIMANT	AFFIRMED	61	91.0%	63.5%	61	91.0%	63.5%
	DISMISSED	5	7.5%	5.2%	5	7.5%	5.2%
	REVERSE	1	1.5%	1.0%	1	1.5%	1.0%
	Total Dispositions	67			67		
CLAIMANT/EMPLOYER							
	Total Dispositions	67			67		
EMPLOYER	AFFIRMED	12	48.0%	12.5%	12	48.0%	12.5%
	DISMISSED	5	20.0%	5.2%	5	20.0%	5.2%
	REVERSE	8	32.0%	8.3%	8	32.0%	8.3%
	Total Dispositions	25			25		
DIVISION/OIC	AFFIRMED	3	75.0%	3.1%	3	75.0%	3.1%
	MODIFY	1	25.0%	1.0%	1	25.0%	1.0%
	Total Dispositions	4			4		
	Grand Totals	96			96		

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

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	12	9	75.0	2	16.7	1	8.3	0	0.0	0	0.0	0	0.0	0	0.0
CL ADD BOARD FINDING	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ADDL % AWARD D/G	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	5	4	80.0	1	20.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL COMPENSABILITY	4	2	50.0	1	25.0	1	25.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRANT PTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL INITIAL TTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL OIC REJECT CLAIM	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ONSET DATE ISSUE	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL PTD REV. BODY DETERMINATION	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJ OCC DISEASE	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	13	7	53.8	4	30.8	2	15.4	0	0.0	0	0.0	0	0.0	0	0.0
CL SEC.CONDITION	13	9	69.2	0	0.0	4	30.8	0	0.0	0	0.0	0	0.0	0	0.0
CL SI ADD% AWARD D/G	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI APP.THRESHOLD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI CLSING THE CLM	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT DTH BEN	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O PPD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O TTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	5	4	80.0	0	0.0	1	20.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI SEC.CONDITION	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	9	9	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	22	17	77.3	2	9.1	2	9.1	1	4.5	0	0.0	0	0.0	0	0.0
CL TTD	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
EM ADD BOARD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Totals	105	82	78.1	10	9.5	12	11.4	1	1.0	0	0.0	0	0.0	0	0.0

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

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	12	9	75.0	2	16.7	1	8.3	0	0.0	0	0.0	0	0.0	0	0.0
CL ADD BOARD FINDING	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ADDL % AWARD D/G	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	5	4	80.0	1	20.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL COMPENSABILITY	4	2	50.0	1	25.0	1	25.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRANT PTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL INITIAL TTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL OIC REJECT CLAIM	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ONSET DATE ISSUE	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL PTD REV. BODY DETERMINATION	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJ OCC DISEASE	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	13	7	53.8	4	30.8	2	15.4	0	0.0	0	0.0	0	0.0	0	0.0
CL SEC.CONDITION	13	9	69.2	0	0.0	4	30.8	0	0.0	0	0.0	0	0.0	0	0.0
CL SI ADD% AWARD D/G	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI APP.THRESHOLD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI CLSING THE CLM	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT DTH BEN	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O PPD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O TTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	5	4	80.0	0	0.0	1	20.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI SEC.CONDITION	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	9	9	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	22	17	77.3	2	9.1	2	9.1	1	4.5	0	0.0	0	0.0	0	0.0
CL TTD	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
EM ADD BOARD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Totals	105	82	78.1	10	9.5	12	11.4	1	1.0	0	0.0	0	0.0	0	0.0

Workers' Compensation – Revenue Recovery
January 2013

COLLECTION ACTIVITY	
Receipts - Old Fund (Employer out of business)	\$ 14,755.93
Receipts - PC & NU (Private Carrier Cancellation & Rogue Employers)	\$ 33,426.17
Receipts - Payment Agreements (Old Fund and UEF Combined)	\$ 13,735.41
# of active accounts uninsured (cumulative)	347
\$ of active accounts uninsured (cumulative)	\$ 1,278,931.98
Telephone contacts	1,404
Walk-ins	4

LIENS	
Liens sent to county clerks for recordation	167
Liens sent to county clerks for release	39
Intent to lien letters sent to employer/owner/officer/member	32

Uninsured Accounts Resolved	
All Cash Receipts from WC accounts	\$ 61,917.51

INJUNCTIONS	
Affidavits for injunction submitted to legal	7
Hearings attended	1
# of injunction complaints accepted by court	2
# of injunctions granted	1
# of agreed orders entered	0
PAYMENT AGREEMENTS	
# of repayment agreements applications	0
Agreements set up	0
Total # of agreements on system (cumulative)	58
Intent to void letters mailed	8
Agreements voided	3

MISCELLANEOUS	
Terminations Processed	65
Rule 11 Letters Mailed	239
Rule 11 hearings	0

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
February 6, 2013

OPERATING REPORT DECEMBER 2012

Board of Treasury Investments

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

Board of Directors

John D. Perdue,
State Treasurer,
Chairman

Earl Ray Tomblin,
Governor

Glen B. Gainer III,
State Auditor

Martin Glasser, Esq.,
Attorney
Appointed by the
Governor

Richard "Chap"
Donovan, CPA
Appointed by the
Governor

Executive Staff

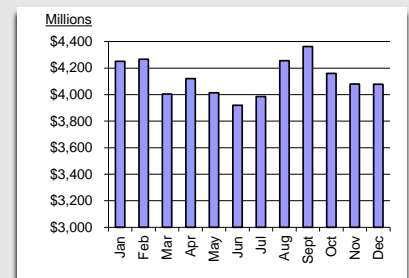
Executive
Director
Kara K. Hughes,
CPA, MBA, CFE
Chief Financial
Officer
Karl Shanholtzer,
CIA, CPA

Total Net Assets Under Management

\$4,077,659,000

Last Month
\$4,079,242,000

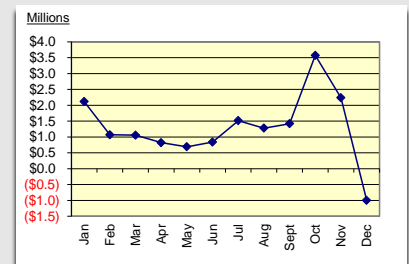
Beginning of Fiscal Year
\$3,919,677,000



Net Assets for the Past 12 Months

Total Net Income & Gains

Fiscal Year
\$9,022,000



Net Income (Loss) for the Past 12 Months

Money Market Pools

As of December 31, 2012

Pool	1-Day Yield *	7-Day Yield *	30-Day Avg. Yield *	W.A.M. **	Net Assets
WV Money Market	.1406%	.1425%	.1529%	40 Days	\$2.8 Billion
WV Gov't Money Market	.1078%	.1081%	.1106%	48 Days	\$330.7 Million

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

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

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

DECEMBER 2012

Equities Remain Positive While Bonds Are Mixed

Market Environment

Global stocks rounded off the year on a positive note, in line with their robust performance in 2012. Non-US equities took center stage, posting strong gains in developed and emerging markets in the fourth quarter, while leaping ahead of US stocks for the year. Investors bid up risky assets in December, namely broad equity markets, high-yield bonds and emerging markets debt. These categories recorded total returns in the mid-teens for 2012. Higher gold values couldn't lift commodities, as declining energy prices led broad indexes into a negative closing month for 2012. US Treasury yields rose in December in spite of the Federal Reserve expanding its current round of quantitative easing. Through 2012 the Treasury yield curve steepened modestly, with long rates rising slightly and intermediate-term rates falling in similar measure.

As we enter the New Year, we acknowledge that the extent of market gains in 2012 was likely greater than the relatively limited improvements in underlying economic conditions. Markets may have "borrowed" from future returns amidst continued deleveraging and low overall growth. Drivers of future volatility loom large, including the potential political impasse in the US around the debt ceiling and spending cuts, the ongoing Euro-zone debt crisis, slowing growth in the developing world, and turmoil in the Middle East. As a result, we recommend that investors ensure a risk-balanced asset allocation. Massive central bank monetary stimulus the world over may have planted the seeds of inflation, even if they are yet to be watered. To this end, we continue to recommend building strategic exposure to inflation-hedging investments for those programs with liabilities sensitive to rising prices. Non-US stocks appear attractive on a relative valuation basis, particularly in developing economies, although they carry higher risks. Investors with the ability to lock-up capital in illiquid investments have the potential to capture attractive returns by replacing banks and other traditional funding sources for businesses. In the coming weeks we will be providing further details on our views for 2013 in our annual asset allocation letter entitled, "More Questions than Answers."

Equity Market Results

Broad-based equity market indices provided investors with positive returns during December. The S&P 500 Index was up 0.9% for the month, while the Russell 3000 Index rose 1.2%. International equities also fared well during December. The MSCI EAFE Index saw an increase of 3.2% while their less developed counterparts, represented by the MSCI Emerging Markets Index, soared an impressive 4.8%. Calendar year-to-date, equity markets have posted strong results. US equity markets rose between 15 - 17%, while their developed international counterparts posted 17%+ gains for the year. After a volatile year, emerging markets ended 2012 with a 15.2% gain.

Bond Market Results

Bond markets saw mixed results during December. In the US fixed income markets, the broad based indices, such as the Barclays Capital Aggregate Index, registered small losses of 0.1% for the month. Short duration government bonds were the only segment of the "safe" market to generate a positive return, rising 0.03%. Intermediate and long-dated government fell 0.2% and 1.9%, respectively. Corporate credit marched in place, with the Barclays US Credit Index posting a -0.07% return during December. Lower quality bonds rose as capital flowed back into risky assets. Below investment grade bonds generated positive returns greater than 2% during the month. The Barclays Aggregate Index generated at 4.2% return for calendar year 2012. Shorter duration investments, measured by the 3-month T-bill continued to post small gains, returning 0.02%. For the entire year, the 3-month T-bill returned a disappointing 0.11%.

West Virginia Board of Treasury Investments Financial Highlights as of December 31, 2012

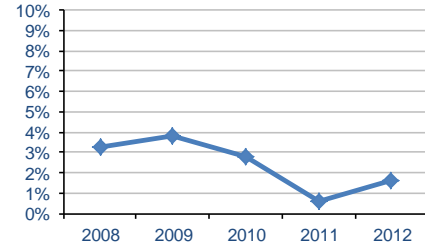
WV Short Term Bond Pool

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

<u>January 1 - December 31</u>	<u>Return</u>	<u>Net Assets At Dec. 31 (In Millions)</u>
2012	1.6%	\$ 501.3
2011	0.6%	\$ 505.5
2010	2.8%	\$ 472.2
2009	3.8%	\$ 349.2
2008	3.3%	\$ 282.8

WV Short Term Bond Pool Rates of Return

*Past 12 Months
January 1 - December 31*

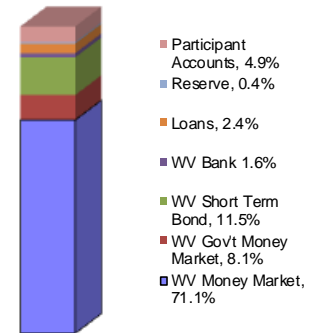


Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool

Summary of Value and Earnings (In Thousands)

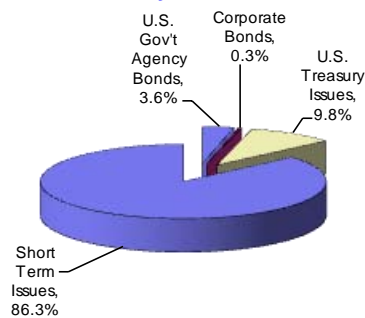
<u>Pool</u>	<u>Net Asset Value</u>	<u>Nov Net Income</u>	<u>Fiscal YTD Net Income</u>
WV Money Market	\$ 2,834,192	\$ 372	\$ 2,105
WV Gov't Money Market	330,657	32	182
WV Short Term Bond	501,329	499	3,883
WV Bank	54,604	11	77
Loans	127,252	14	(674)
Reserve	18,980	4	25
Participant Accounts	210,645	(1,929)	3,424
	<u>\$ 4,077,659</u>	<u>\$ (997)</u>	<u>\$ 9,022</u>

Percent of Total Net Asset Value

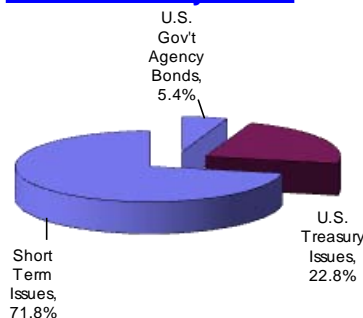


Securities by Type for Operating Pools (Percentage of Asset Value)

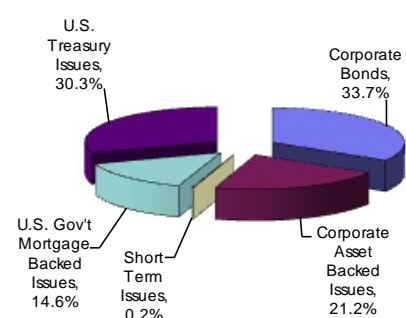
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

SCHEDULE OF NET ASSETS, OPERATIONS & CHANGES IN NET ASSETS – UNAUDITED

DECEMBER 31, 2012

(IN THOUSANDS)

	<u>WV Money Market Pool</u>	<u>WV Government Money Market Pool</u>	<u>WV Short Term Bond Pool</u>	<u>WV Bank Pool</u>	<u>Other Pools</u>	<u>Participant Directed Accounts</u>
Assets						
Investments:						
At amortized cost	\$ 2,832,813	\$ 330,273		\$ 54,519	\$ 146,214	\$ 206,542
At fair value	-	-	\$ 500,297	-	-	3,795
Cash	-	-	-	-	-	-
Other assets	1,620	422	1,356	86	20	309
Total assets	<u>2,834,433</u>	<u>330,695</u>	<u>501,653</u>	<u>54,605</u>	<u>146,234</u>	<u>210,646</u>
Liabilities						
Accrued expenses, dividends payable & payable for investments purchased	241	38	324	1	2	1
Total liabilities	<u>241</u>	<u>38</u>	<u>324</u>	<u>1</u>	<u>2</u>	<u>1</u>
Net Assets	<u>\$ 2,834,192</u>	<u>\$ 330,657</u>	<u>\$ 501,329</u>	<u>\$ 54,604</u>	<u>\$ 146,232</u>	<u>\$ 210,645</u>
Investment income						
Interest and dividends	\$ 602	\$ 132	\$ 601	\$ 12	\$ 20	\$ 254
Net accretion (amortization)	(123)	(81)	(351)	-	-	(74)
Provision for uncollectible loans	-	-	-	-	-	-
Total investment income	<u>479</u>	<u>51</u>	<u>250</u>	<u>12</u>	<u>20</u>	<u>180</u>
Expenses						
Fees	107	19	40	1	2	-
Total expenses	<u>107</u>	<u>19</u>	<u>40</u>	<u>1</u>	<u>2</u>	<u>-</u>
Net investment income	372	32	210	11	18	180
Net realized gain (loss) from investments	-	-	-	-	-	-
Net increase (decrease) in fair value of investments	-	-	289	-	-	(2,109)
Net gain (loss) from investments	<u>-</u>	<u>-</u>	<u>289</u>	<u>-</u>	<u>-</u>	<u>(2,109)</u>
Net increase (decrease) in net assets from operations	372	32	499	11	18	(1,929)
Distributions to participants	372	32	185	11	18	-
Participant activity						
Purchases, reinvestment of units and contributions	1,138,386	32,245	272	41	14,157	301
Redemptions and withdrawals	928,235	55,649	1,128	18	4	200,336
Inter-pool transfers in	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-
Net increase (decrease) in net assets from participant activity	<u>210,151</u>	<u>(23,404)</u>	<u>(856)</u>	<u>23</u>	<u>14,153</u>	<u>(200,035)</u>
Increase (decrease) in net assets	210,151	(23,404)	(542)	23	14,153	(201,964)
Net assets at beginning of period	2,624,041	354,061	501,871	54,581	132,079	412,609
Net assets at end of period	<u>\$ 2,834,192</u>	<u>\$ 330,657</u>	<u>\$ 501,329</u>	<u>\$ 54,604</u>	<u>\$ 146,232</u>	<u>\$ 210,645</u>

Interim Committee Annual Reports

1. Agriculture and Agri-Business Committee
2. Equal Pay Commission
3. Forest Management Review Commission
4. Legislative Oversight Commission on Health and Human Resources Accountability
5. Joint Committee on Health
6. Joint Committee on Health, Subcommittee A
7. Joint Committee on Health, Subcommittee B
8. Joint Standing Committee on Finance
9. Select Committee on Infrastructure
10. Select Committee on PEIA, Seniors and Long Term Care
11. Select Committee on Outcomes-Based Funding Models in Higher Education
12. Select Committee on Veterans' Affairs

Recommended Legislation

1. Joint Standing Committee on Education re: Concussion & Head Injury
2. Select Committee on Outcomes-Based Funding Models in Higher Education recommending establishing a model for West Virginia.