

**JOINT COMMITTEE ON  
GOVERNMENT AND FINANCE**

**Materials Distributed**

**July 24, 2013**

**JULY INTERIM ATTENDANCE**  
**Legislative Interim Meetings**  
**July 22, 23, and 24, 2013**

Wednesday, July 24, 2013  
1:00 PM -- 2:00 PM

Joint Committee on Government and Finance

Senate Finance

✓ **Senate**  
Kessler, Chair  
✓ Palumbo  
A Plymale  
✓ Prezioso  
A Unger  
A Barnes  
✓ Hall, M.

✓ **House**  
Miley, Chair  
✓ Boggs  
✓ Caputo  
A White  
✓ Armstead  
✓ Cowles

Citizen Members

I certify that the attendance as noted above is correct.

  
\_\_\_\_\_  
Staff Person

Marlene Elliott

**Please return to Brenda in Room 132-E or Fax to 347-4819 ASAP, due to payroll deadline.**

(Speaker Miley presides)

**AGENDA**  
**JOINT COMMITTEE ON GOVERNMENT AND FINANCE**  
**July 24, 2013**

**1:00 - 2:00pm**

**Senate Finance Room**

1. **Approval of June 21, 2013, minutes**
2. **Committee Reports/Requests**
3. **Monthly/Quarterly Reports Distribution:**  
Status Reports on Lottery and the General Revenue Fund.
4. **Workforce WV Unemployment Compensation Trust Fund Distribution:**
5. **Monthly/Quarterly Reports Distribution:**  
PEIA.  
BRIM  
CHIP  
Real Estate Report
6. **Monthly/Quarterly Report Distribution from Department of Health and Human Resources:**  
  
Medicaid Report
7. **Investment Management Board Distribution:**
8. **Workers' Compensation:**
9. **Board of Treasury Report Distribution**
10. **Other Business**  
  
West Virginia State University Board of Governors Notification Pursuant to Chapter 18B, Article 19, Section 6(d)
11. **Adjournment**

## **Joint Committee on Government and Finance**

June 21, 2013

1:00pm - 2:00pm

### **Senate**

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

### **House**

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

### **President Kessler presides:**

President Kessler: "The committee will come to order. The first item on the agenda is the adoption of the minutes of May 22nd. Mr. Speaker so moved the minutes be adopted, discussion, all in favor say aye, opposed, the ayes have it."

President Kessler: "Committee reports or requests, are there any of those? The monthly, quarterly reports and distributions are in your files. First on the Agenda is Workforce WV Unemployment Compensation Trust Fund, Ms. Beth Carenbauer."

Ms. Beth Nogay Carenbauer, Director, Business Services and Human Resources of Workforce WV: "Mr. President, Mr. Speaker, and Committee members, I am here representing Mr. Fry. As of June 6, 2013, you will see the revenues of \$230,345,000. Benefits paid out \$250,602,000. The trust fund balance at the end of the year was about \$86,908,000."

President Kessler: "Any questions?"

President Kessler: "Next is the Monthly Quarterly Reports from Mr. Ross Taylor, Secretary of Finance and Administration."

Mr. Ross Taylor, "Good afternoon, I'm Ross Taylor, Cabinet Secretary for the Department of Administration. PEIA is having, as far as a business standpoint, a good year. Well under budget as far as expenses. Income is higher than projected. CHIP and Real Estate are pretty status quo. BRIM's expenses are a little higher than last year. "

President Kessler: "Any questions from the Committee members regarding either PEIA, BRIM, CHIP or the Real Estate reports? If not, thank you."

President Kessler: "Next on the Agenda is the report from the Department of Health and Human Resources. No one here from DHHR."

President Kessler: "Next on the Agenda is the Investment Management Board, Executive Director Craig Slaughter."

Mr. Slaughter: "Good afternoon. Craig Slaughter, Executive Director of the WV Investment Management Board. Just a quick overview. Up through April the returns are really good. The fiscal year is up 15.5%, which is wonderful as you well know. May was pretty well flat. Even though I think we will finish out the year pretty good, normal."

Delegate Armstead: "Just in general, in looking at the reports we had last year, I'm not sure what time, probably 18 months or so ago. Where are we in terms of bouncing back from that? Overall how would you characterize where we are in terms of having made up."

Mr. Slaughter: "Are you referring back to 2008/2009? If you look at the 3 year, 5 year number. Those are good indications on the returns. Going back one year we were up 13.2%; 3 years up 10%, still good. The period from 2009 onward, even though we had some pickups during that period, has been a strong run. Going back 5 years from 2008 we still quite haven't made our way back. Going back 10 years, it was 4%, we had good returns. I think we are generally ok as far as the expectations are."

Delegate Armstead: "I guess you are right. It probably was further back than I was thinking."

Mr. Slaughter: "The time frame is how you measure on how you are doing."

Delegate Armstead: "Thank you."

President Kessler: "Thank you. Any questions from the members of the Committee?"

President Kessler: "Next on the Agenda, is Worker's Compensation, Commissioner Riley. No one here from Worker's Compensation."

President Kessler: "The Board of Treasury reports are in your files, in your

folders.

President Kessler: "Any other business come before the Committee? Joe Altizer, Counsel from House Judiciary."

Joe Altizer: "Thank you Mr. President. Notice in your packets there are a couple of documents that was enacted because of SB1003, right after session (First Extraordinary Session) which required a magistrate workload study and we have been in the process of putting together a work plan. We have been into a discussion with the National Center for State Courts who have done several states in the country and also have done studies in West Virginia before concerning judges workload allocations. We have a deadline of July 1 this year by statute which required we get this study going. The study required that we get a report to you all by December 1, 2014. The statute directs the Joint Committee on Government and Finance undertake a study with the Administrative Office of the Supreme Court of Appeals. Mr. Canterbury and they agreed to work to get this done. The study as its set out will require the magistrates to keep all books for a month, identify the nature of the workloads. On page 14 of the plan states the total fixed price of this proposed workload assessment budget which is \$174,615 to be paid by the Legislature. Need to let you know that we are preparing for this study and there will be some staff of the Legislature that will be involved in the some of the work groups along with magistrates and the Supreme Court offices. There will be several people coming into this state from The National Center for State Courts that will be meeting with the magistrates and the court personnel to identify the workload. We are hoping that this study will guide us to potentially help us allocate the magistrate workload. Need to look at a possible constitutional amendments or legislative change. We will take that one step at a time and keep you up-to-date."

President Kessler: "Do you need a motion to authorize the Legislative Manager to sign off on funding?"

Joe Altizer: "The statute already requires it. We wanted to make sure you were aware of it."

Senator Unger: "Move that the Legislative Manager is authorized to sign off on the funding for the Joint Committee on Government and Finance. "

Delegate Armstead: "It doesn't look like we pay the Center to do this, we just pay expenses. Is that correct?"

Joe Altizer: "Look on page 14, there is a breakdown on what we pay. That is the responsibility of the Legislature. It will be made to the Center for their services."

President Kessler: "Question on the motion, all in favor say aye, oppose no. It appears the ayes have it."

President Kessler: "Anything further to come before the Committee? Mr. Speaker moves we adjourn. Before we adjourn we would like to thank everyone for all the work they did."

President Kessler: "All in favor of adjourning, say aye, oppose no. The ayes appear to 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*

July 15, 2013

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

- West Virginia Lottery as of May 31, 2013:  
Gross profit for July 1, 2012 – May 31, 2013 of fiscal year 2013 is \$ 540 million.
- West Virginia Unemployment Compensation Fund as of May 31, 2013:  
Total disbursements were \$7.7 million more than this time period last fiscal year. Overall ending trust fund balance was \$ 16 million lower on May 31, 2013, than on May 31, 2012.
- General Revenue Fund as of June 30, 2013:  
The general revenue collections ended the fiscal year at 98.90% of the estimate for the year.
- State Road Fund as of June 30, 2013:  
The state road fund collections ended the fiscal year at 101.44% of the estimate for the year.



WEST VIRGINIA LEGISLATURE  
*Office of the Legislative Auditor*



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

MEMORANDUM

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

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

Date: July 3, 2013

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

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for the month ending May 31, 2013 from monthly unaudited financial reports furnished to our office by the West Virginia Lottery Commission. The results are as follows:

**Lottery Revenues:**

Gross lottery revenues are receipts from on-line games, instant games, table games and video lottery. These gross receipts totaled \$ 1,224,609,000.00 on May 31, 2013. Table games accounted for \$65 million of this total. Historic Resort Hotel video lottery and table games accounted for \$ 6.9 million of total gross receipts. Gross lottery revenue has decreased by 8.93% when compared with July - May 2012 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 - May 2013 was \$ 540 million; for last fiscal year it was \$ 597 million. Expressed as a percentage, gross

profit is 9.40% lower for July - May 2013 than for July - May 2012.

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

A total of \$ 514,845,000.00 has been accrued to the state of West Virginia for July - May 2013 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	\$4,995,000.00
Department of Education	\$30,612,000.00
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	\$10,000,000.00
Department of Education and Arts	\$1,840,000.00
School Building Authority	\$17,997,000.00
<b><u>SUBTOTAL BUDGETARY TRANSFERS</u></b>	<b>\$145,018,000.00</b>

**Excess Lottery Fund**

General Purpose Fund	\$ 65,000,000.00
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Lottery

Lottery continued

Economic Development Fund	\$18,990,000.00
Higher Education Improvement Fund	\$15,000,000.00
WV Infrastructure Council Fund	\$46,000,000.00
Higher Education Improvement Fund	\$29,000,000.00
Refundable Credit	\$9,963,000.00
WV Racing Commission	2,000,000.00
Department of Education	0.00
State Park Improvement Fund	\$5,000,000.00
School Building Authority	\$18,993,000.00
Excess Lottery Surplus	48,691,000.00
Total State Excess Lottery Revenue Fund	<b>\$ 258,637,000.00</b>

Historic Resort Hotel Distributions:

State General Revenue Fund	2,003,000.00
State Debt Reduction Fund	595,000.00
Tourism Promotion Fund	94,000.00
Total Historic Hotel	\$2,692,000.00

Veterans Instant Ticket Fund \$345,000.00

Table Games State Debt Reduction Fund \$ 31,538,000.00

RACETRACK VIDEO LOTTERY TRANSFERS:	
Tourism Promotion Fund 1.375%	\$7,568,000.00
Development Office Promo Fund	\$2,064,000.00
Research Challenge Fund .5%	\$2,752,000.00
Capitol Renovation and Improvement Fund .6875%	\$3,784,000.00
Parking Garage Fund .0625%	\$344,000.00

Lottery continued

Parking Garage Fund 1%	\$500,000.00
Cultural Facilities and Cap. Resources Fund .5%	\$1,500,000.00
Capitol Dome & Cap. Improvements Fund .5%	\$3,504,000.00
Workers Compensation Debt Reduction Fund 7%	\$11,000,000.00
<b>SUBTOTAL VIDEO LOTTERY TRANSFERS:</b>	<b>\$33,016,000.00</b>
<b>TOTAL TRANSFERS</b>	<b>*\$485,982,000.00</b>

\* CASH BASIS

Total Accrued last FY 2012:	\$ 216,819,000.00
Total Cash Distributions FY 2013:	485,982,000.00
Applied to FY 2012:	216,819,000.00
Applied to FY 2013:	269,163,000.00
Accrued for FY 2013 as of May 31:	245,682,000.00



P.O. BOX 2067  
CHARLESTON, WV 25327

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

Earl Ray Tomblin  
Governor

John C. Musgrave  
Director

**MEMORANDUM**

TO: Joint Committee on Government and Finance

FROM: John C. Musgrave, Director

A handwritten signature in black ink that reads "John Myers for John C. Musgrave".

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

DATE: June 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 May 31, 2013 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$117,893,594 for the month of May.

Transfers of lottery revenue totaling \$54,579,677 made for the month of May 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 May 31, 2013 was 1,585 and 1,526 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  
Jason Pizatella, Acting Cabinet Secretary – Dept. of Revenue  
John Perdue, Treasurer  
Glen B. Gainer III, Auditor  
Members of the West Virginia Lottery Commission

## MEMORANDUM

TO: Joint Committee on Government and Finance

FROM: John C. Musgrave, Director

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Members of the West Virginia Lottery Commission



**WEST VIRGINIA LOTTERY**

**STATE OF WEST VIRGINIA**

**FINANCIAL STATEMENTS  
-UNAUDITED-**

**May 31, 2013**

**WEST VIRGINIA LOTTERY**

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

	May 31, 2013	June 30, 2012
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 275,851	\$ 241,538
Accounts receivable	33,105	36,671
Inventory	527	510
Other assets	1,984	2,275
Total Current Assets	<u>311,467</u>	<u>280,994</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	1,640	2,373
Capital assets	46,846	46,816
Less accumulated depreciation and amortization	<u>(6,454)</u>	<u>(4,531)</u>
Net Capital Assets	<u>40,392</u>	<u>42,285</u>
Total Noncurrent Assets	<u>42,032</u>	<u>44,658</u>
Total Assets	<u>\$ 353,499</u>	<u>\$ 325,652</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 245,682	\$ 216,819
Deferred LVL permit fees	-	-
Estimated prize claims	14,359	13,372
Accounts payable	1,782	3,238
Other accrued liabilities	39,701	40,248
Total Current Liabilities	<u>301,524</u>	<u>273,677</u>
Total Liabilities	<u>301,524</u>	<u>273,677</u>
Net Assets:		
Invested in capital assets	40,392	42,285
Unrestricted	9,943	8,000
Restricted assets ( see note 12)	1,640	1,690
Total Net Assets	<u>51,975</u>	<u>51,975</u>
Total Liabilities and Net Assets	<u>\$ 353,499</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 ELEVEN MONTH PERIOD ENDED MAY 31, 2013**  
(In Thousands)  
-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2013	2012	2013	2012
Lottery revenues				
On-line games	\$ 11,556	\$ 6,427	\$ 81,099	\$ 76,928
Instant games	8,823	12,559	100,909	108,814
Racetrack video lottery	57,241	66,148	602,126	706,921
Limited video lottery	34,374	34,489	368,232	373,614
Table games	5,240	6,633	65,326	71,910
Historic resort	660	652	6,917	6,464
	<u>117,894</u>	<u>126,908</u>	<u>1,224,609</u>	<u>1,344,651</u>
Less commissions				
On-line games	805	447	5,688	5,386
Instant games	617	879	7,063	7,618
Racetrack video lottery	31,361	33,984	341,972	395,945
Limited video lottery	16,843	16,900	180,434	183,071
Table games	2,288	2,850	28,521	30,902
Historic resort	331	334	3,408	3,338
	<u>52,245</u>	<u>55,394</u>	<u>567,086</u>	<u>626,260</u>
Less on-line prizes	5,613	3,163	40,066	38,811
Less instant prizes	5,848	8,425	67,002	72,659
Less ticket costs	183	199	1,693	2,061
Less vendor fees and costs	810	683	7,768	7,746
	<u>12,454</u>	<u>12,470</u>	<u>116,529</u>	<u>121,277</u>
Gross profit	<u>53,195</u>	<u>59,044</u>	<u>540,994</u>	<u>597,114</u>
Administrative expenses				
Advertising and promotions	552	279	4,398	4,983
Wages and related benefits	887	1,010	10,068	11,602
Telecommunications	68	55	921	724
Contractual and professional	491	433	4,162	5,130
Rental	30	26	217	405
Depreciation and amortization	173	180	1,923	984
Other administrative expenses	116	143	1,319	1,847
	<u>2,317</u>	<u>2,126</u>	<u>23,008</u>	<u>25,675</u>
Other Operating Income	<u>4,706</u>	<u>4,573</u>	<u>11,352</u>	<u>72,847</u>
Operating Income	<u>55,584</u>	<u>61,491</u>	<u>529,338</u>	<u>644,286</u>
Nonoperating income (expense)				
Investment income	19	21	234	161
Capital contribution from State of WV	-	-	-	8,132
Distributions to municipalities and counties	(674)	(676)	(7,217)	(7,323)
Distributions -capital reinvestment	(1,273)	(2,043)	(7,510)	(10,678)
Distributions to the State of West Virginia	(53,656)	(58,793)	(514,845)	(626,446)
	<u>(55,584)</u>	<u>(61,491)</u>	<u>(529,338)</u>	<u>(636,154)</u>
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,132</u>
Net assets, beginning of period	51,975	47,204	51,975	39,072
Net assets, end of period	<u>\$ 51,975</u>	<u>\$ 47,204</u>	<u>\$ 51,975</u>	<u>\$ 47,204</u>

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

**WEST VIRGINIA LOTTERY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE ELEVEN MONTH PERIOD ENDED MAY 31, 2013**

(In Thousands)

-Unaudited-

	2013	2012
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 1,239,527	\$ 1,351,740
Cash payments for:		
Personnel costs	(9,965)	(10,384)
Suppliers	(11,854)	(14,791)
Other operating costs	(676,192)	(743,076)
Cash provided by operating activities	<u>541,516</u>	<u>583,489</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(485,982)	(558,975)
Distributions to municipalities and counties	(7,180)	(7,259)
Distributions to racetrack from racetrack cap. reinv. fund	(14,978)	(16,883)
Cash used in noncapital financing activities	<u>(508,140)</u>	<u>(583,117)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(30)</u>	<u>(13,028)</u>
Cash flows from investing activities:		
Investment earnings received	<u>234</u>	<u>161</u>
Cash provided by investing activities	<u>234</u>	<u>161</u>
Increase (decrease) in cash and cash equivalents	33,580	(12,495)
Cash and cash equivalents - beginning of period	<u>243,911</u>	<u>270,520</u>
Cash and cash equivalents - end of period	<u>\$ 277,491</u>	<u>\$ 258,025</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 529,338	\$ 644,286
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	1,923	984
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	3,566	(6,895)
(Increase) decrease in inventory	(17)	36
(Increase) decrease in other assets	291	(277)
Increase (decrease) in estimated prize claims	987	3,007
Increase (decrease) in accounts payable	(1,456)	(1,079)
Increase (decrease) in deferred revenue	-	(58,863)
Increase (decrease) in other accrued liabilities	6,884	2,290
Cash provided by operating activities	<u>\$ 541,516</u>	<u>\$ 583,489</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**  
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**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  
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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 May 31, 2013 the carrying amounts of deposits (overdraft) with financial institutions were \$1,356 thousand with a bank balance (overdraft) of \$1,477 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):

	May 31, 2013	June 30, 2012
Deposits with financial institutions	\$ 1,356	\$ 477
Cash on hand at the Treasurer's Office	52,356	42,350
Investments with BTI reported as cash equivalents	223,779	201,084
	\$ 277,491	\$ 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.

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**NOTE 4 – CAPITAL ASSETS**

A summary of capital asset activity for the month ended May 31, 2013 is as follows (in thousands):

	Historical Cost At June 30, 2012	Additions	Deletions	Historical Cost At May 31, 2013
Construction in Progress	\$ 519	\$ 30	\$ -	\$ 549
Land	1,434	-	-	1,434
Buildings	38,084	-	-	38,084
Improvements	260	-	-	260
Equipment	6,519	-	-	6,519
	<u>\$ 46,816</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 46,846</u>
Accumulated Depreciation:				
	Historical Cost At June 30, 2012	Additions	Deletions	Historical Cost At May 31, 2013
Buildings	\$ 237	\$ 872	\$ 0	\$ 1,109
Improvements	260	-	-	260
Equipment	4,034	1,051	-	5,085
	<u>\$ 4,531</u>	<u>\$ 1,923</u>	<u>\$ -</u>	<u>\$ 6,454</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 May 31, 2013 and fiscal year-to-date is as follows:



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

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 7,818,895	\$ 45,890,393
Hot Lotto	529,171	4,492,282
Mega Millions	1,138,650	8,648,643
Total	\$ 9,486,716	\$ 59,031,318

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 3,909,472	\$ 22,945,270
Hot Lotto	264,585	2,246,206
Mega Millions	579,603	4,442,113
Total	\$ 4,753,660	\$ 29,633,589

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 May 31, 2013, the Lotteries share of the prize reserve fund balances were as follows:

Game	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 113,873,522	\$ 1,996,689
Hot Lotto	7,765,732	518,601
Mega Millions	27,434,992	461,926
Total	<u>\$ 149,074,246</u>	<u>\$ 2,977,216</u>

Lottery prize reserves held by the MUSL are invested according to a Trust agreement the Lottery has with MUSL outlining investment policies. The policies restrict investments to direct obligations of the United States Government, perfected repurchase agreements, and obligations issued or guaranteed as to payment of principal and interest by agencies or instrumentalities of the United States Government, and mutual funds of approved investments. The average portfolio maturity is never more than one year, except that up to one third

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

of the portfolio may have an average maturity of up to two years. The maximum maturity for any one security does not exceed five years.

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of \$19,990,848 at May 31, 2013, 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 May 31, 2013 and fiscal year-to-date follows (in thousands):

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

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Total credits played	\$ 632,193	\$ 727,283	\$ 6,702,850	\$ 7,783,574
Credits (prizes) won	(567,101)	(652,865)	(6,017,693)	(6,990,334)
Promotional credits played	(7,819)	(8,230)	(82,674)	(85,883)
MWAP Contributions	(32)	(40)	(357)	(436)
Gross terminal income	57,241	66,148	602,126	706,921
Administrative costs	(1,020)	(535)	(16,682)	(17,524)
Net Terminal Income	56,221	65,613	585,444	689,397
Less distribution to agents	(31,361)	(33,984)	(341,972)	(395,945)
Racetrack video lottery revenues	<u>\$ 24,860</u>	<u>\$ 31,629</u>	<u>\$ 243,472</u>	<u>\$ 293,452</u>

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

	May 31, 2013	Year-to-Date
State Lottery Fund	\$ 7,562	\$ 121,529
State Excess Lottery Revenue Fund	13,970	81,250
Capital Reinvestment Fund	1,249	7,264
Tourism Promotion Fund 1.375%	715	7,710
Development Office Promotion Fund .375 %	195	2,103
Research Challenge Fund .5 %	260	2,804
Capitol Renovation & Improvement Fund .6875 %	357	3,855
Parking Garage Fund .0625 %	32	350
Parking Garage Fund 1 %	-	500
Cultural Facilities & Capitol Resources Fund .5 %	-	1,500
Capitol Dome & Capitol Improvements Fund .5 %	520	3,607
Worker's Compensation Debt Reduction Fund 7 %	-	11,000
Total nonoperating distributions	<u>\$ 24,860</u>	<u>\$ 243,472</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

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**NOTE 7 - LIMITED VIDEO LOTTERY (continued)**

distributed to counties and incorporated municipalities in the manner prescribed by the statute. The remaining amount of gross profit is paid to retailers and/or operators as prescribed in the Act, and is recorded as limited video lottery commissions in the financial statements. Municipal and county distributions are accounted for as nonoperating expenses. A summary of limited video lottery revenues for the month ended May 31, 2013 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Total credits played	\$ 404,793	\$ 408,358	\$ 4,359,688	\$ 4,404,594
Credits (prizes) won	(370,419)	(373,869)	(3,991,456)	(4,030,980)
Gross terminal income	\$ 34,374	\$ 34,489	\$ 368,232	\$ 373,614
Administrative costs	(688)	(690)	(7,365)	(7,472)
Gross Profit	33,686	33,799	360,867	366,142
Commissions	(16,843)	(16,900)	(180,434)	(183,071)
Municipalities and Counties	(674)	(676)	(7,217)	(7,323)
Limited video lottery revenues	<u>\$ 16,169</u>	<u>\$ 16,223</u>	<u>\$ 173,216</u>	<u>\$ 175,748</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:

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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 May 31, 2013 and fiscal year-to-date were \$14,971,469 and \$186,644,344, 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	\$ 5,240	\$ 6,633	\$ 65,326	\$ 71,910
Interest on Table Games Fund	-	-	5	4
Administrative costs	(449)	(758)	(5,599)	(8,218)
Total Available for Distribution	4,791	5,875	59,732	63,696
<u>Less Distributions:</u>				
Racetrack Purse Funds	375	474	4,666	5,137
Thoroughbred & Greyhound Development Funds	299	379	3,733	4,109
Racing Association Pension Plan	132	159	1,643	1,726
Municipalities/ Counties	1,482	1,838	18,479	19,930
Total Distributions	2,288	2,850	28,521	30,902
State Debt Reduction Fund	\$ 2,503	\$ 3,025	\$ 31,211	\$ 32,794

**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

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**NOTE 9 – HISTORIC RESORT HOTEL (continued)**

(10%) surcharge which is allocated to separate capital reinvestment funds for each licensed historic resort hotel. The remaining forty-two and three-tenths percent (42.3%) of gross terminal income is retained by the historic resort hotel. A summary of historic resort hotel video lottery revenues for the month ended May 31, 2013 and fiscal year-to-date follows (in thousands):

	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Total credits played	\$ 4,930	\$ 5,339	\$ 58,835	\$ 63,972
Credits (prizes) won	(4,451)	(4,840)	(53,803)	(59,042)
Promotional credits played	(45)	(52)	(627)	(427)
MWAP Contributions	-	-	(9)	-
Gross terminal income	434	447	4,396	4,503
Capital reinvestment	(20)	(21)	(207)	(212)
Modernization Fund	(4)	(4)	(39)	(41)
Administrative costs	(23)	(24)	(237)	(243)
Hotel commissions	(184)	(189)	(1,859)	(1,905)
Net terminal income	203	209	2,054	2,102
Historic Resort Hotel Fund	130	133	1,307	1,337
Human Resource Benefit Fund	73	76	747	765

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 May 31, 2013 and fiscal year-to-date were \$646,229 and \$7,202,270, 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:

	<u>Current Month</u>		<u>Year-to-Date</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Table games privilege tax	\$ 226	\$ 204	\$ 2,521	\$ 1,961
Administrative Costs	(29)	(26)	(324)	(252)
Total Available for Distribution	197	178	2,197	1,709
Historic Resort Hotel Fund	165	149	1,837	1,429
Human Resource Benefit Fund	32	29	360	280

**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):

	Current Month	Year-to-Date
Historic Resort Hotel Video Lottery	\$ 130	\$ 1,307
Historic Resort Table Games	165	1,837
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	295	3,144
Municipalities/ Counties	42	442
State General Revenue Fund	188	2,011
State Debt Reduction Fund	56	597
State Tourism Promotion Fund	9	94
Total Distributions	<u>\$ 295</u>	<u>\$ 3,144</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 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

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**NOTES TO FINANCIAL STATEMENTS**  
**-Unaudited-**

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

funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be transferred from the State Lottery Fund to cover such shortfall, after the State Lottery Fund debt service payments have been made. Repayments to the State Lottery Fund are required to be made in subsequent months as funds become available. During the month ended May 31, 2013 the Lottery made such distributions and accrued additional distributions of \$48,821,141. 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 May 31, 2013, the Lottery accrued additional distributions relating to racetrack video lottery, table games, and historic resort operations of \$852,325, \$2,503,496, and \$252,558, 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>May 31, 2013</u>	<u>Year-to-Date</u>
<u>Revenue Center Construction Fund:</u>		
General Revenue Fund	\$ -	\$ 14,736
 <u>State Lottery Fund:</u>		
Community and Technical College	\$ -	\$ 4,995
Bureau of Senior Services	-	42,834
Department of Education	-	30,612
Library Commission	-	12,186
Higher Education-Policy Commission	-	7,889
Tourism	-	7,364
Natural Resources	-	3,398
Division of Culture & History	-	5,903
Department of Education & Arts	-	1,840
Economic Development Authority	-	10,000
School Building Authority	-	17,997
Total State Lottery Fund	<u>\$ -</u>	<u>\$ 145,018</u>



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

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

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ -	\$ 18,990
Higher Education Improvement Fund	-	15,000
General Purpose Account	-	65,000
Higher Education Improvement Fund	-	29,000
State Park Improvement Fund	-	5,000
School Building Authority	-	18,993
Refundable Credit	1,393	9,963
WV Racing Commission	-	2,000
Excess Lottery Surplus	48,691	48,691
West Va. Infrastructure Council	-	46,000
Total State Excess Lottery Revenue Fund	\$ 50,084	\$ 258,637

Total Budgetary distributions:	\$ 50,084	\$ 418,391
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Veterans Instant Ticket Fund	\$ 26	\$ 345
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Other Racetrack Video Lottery distributions:

Tourism Promotion Fund 1.375%	\$ 637	\$ 7,568
Development Office Promotion Fund .375%	174	2,064
Research Challenge Fund .5%	232	2,752
Capitol Renovation & Improvement Fund .6875%	319	3,784
Parking Garage Fund .0625 %	29	344
Parking Garage Fund 1 %	-	500
Cultural Facilities & Cap. Resources Fund .5%	-	1,500
Capitol Dome & Cap. Improvements Fund .5%	464	3,504
Workers Compensation Debt Reduction Fund 7%	-	11,000
Total	\$ 1,855	\$ 33,016

Table Games State Debt Reduction Fund	\$ 2,425	\$ 31,538
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Historic Resort Hotel distributions:

State General Revenue Fund	\$ 141	\$ 2,003
State Debt Reduction Fund	41	595
Tourism Promotion Fund	7	94
Total	\$ 189	\$ 2,692

Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 54,579	\$ 485,982
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Accrued nonoperating distributions, beginning	(246,605)	(216,819)
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Accrued nonoperating distributions, end	245,682	245,682
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	\$ 53,656	\$ 514,845
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**WEST VIRGINIA LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**-Unaudited-**

**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 May 31, 2013 and May 31, 2012 approximated \$217,218 and \$404,823 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 May 31, 2013 and May 31, 2012 approximated \$1,285,858 and \$874,207, respectively. Future rental receipts (in thousands) are as follows:

Year Ended June 30	Rental Receipts
2013	\$ 75
2014	923
2015	232
Total	\$ 1,230

**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 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 12.5% of covered employees' salaries to the PERS. The required employee and employer contribution percentages have been established and changed from time to time by action of the State Legislature. The required contributions are not actuarially determined; however, actuarial valuations are performed to assist the Legislature in determining appropriate contributions. The Lottery and employee contributions, for the month ending May 31, 2013 and fiscal year-to-date are as follows (in thousands):

	May 31, 2013	Year-to-Date
Lottery contributions	\$ 87	\$ 1,056
Employee contributions	28	314
Total contributions	\$ 115	\$ 1,370

**NOTE 15 - RISK MANAGEMENT**

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

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

**NOTE 15 - RISK MANAGEMENT (continued)**

**WORKERS' COMPENSATION INSURANCE**

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

**PUBLIC EMPLOYEES' INSURANCE AGENCY (PEIA)**

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

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

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

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

**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 57<sup>th</sup> 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: July 3, 2013

Re: Status of General Revenue Fund and State Road Fund as of  
June 30, 2013 End of FY 2013

We have reviewed the cash flow of the West Virginia general revenue fund as of June 30, 2013 which is the end of fiscal year 2013. The status of the fund collections for the fiscal year is as follows:

The net collections were 98.90% of the estimate for the fiscal year. Total collections were \$45.6 million under the estimate.

Personal Income Tax collections were \$ 23.9 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$ 3.7 million under the estimate for the year.

Severance Tax was \$ 51.8 million under the estimate for the fiscal year.

Business and Occupation tax was \$ 4.2 million over the estimate.

Corporate Income and Business Franchise Tax collections were \$10.5 million under the estimate for the fiscal year.

**State Road Fund**

The state road fund collections were 101.44% 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 \$557,992,969.15 as of June 30, 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	+6,125,332.99
Balance June 30, 2013	557,992,969.15

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 356,472,701.67 as of June 30, 2013.

Balance July 1, 2012	327,698,976.68
Earnings	27,341,558.99
Statutory Transfer Medical Malpractice WV Code 33-3-14 and 14A; 11B-2-20	1,432,166.00
Balance June 30, 2013	356,472,701.67

The Special Income Tax Reserve Fund had a zero cash balance as of June 30, 2013.

Balance July 1, 2012	45,019,319.21
Transfer out refunds April 2013 per WV Code 11-21-93	-45,019,319.21
Revenues	-0-
Balance June 30, 2013	-0-

GENERAL REVENUE FUND FY 2012-2013

FINAL

By Source and by Month

Monthly Revenue Estimates

as of June 28, 2013 WV FIMS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	UNDER ESTIMATES VS ACTUAL COLLECTIONS	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS
Consumer Sales Tax & Use Tax	84,600,000	96,734,937	12,134,937	1,197,000,000	1,193,289,992	-3,710,008
Personal Income Tax	165,300,000	145,594,052	-19,705,948	1,721,600,000	1,745,566,591	23,966,591
Severance Tax	40,500,000	26,292,538	-14,207,462	461,500,000	409,672,785	-51,827,215
Corp Income /Business Franchise	48,000,000	45,570,544	-2,429,456	248,700,000	238,129,821	-10,570,179
Business and Occupation	10,600,000	11,446,304	846,304	122,900,000	127,111,826	4,211,826
Insurance Tax	800,000	661,736	-138,264	114,500,000	112,746,727	-1,753,273
Tobacco Products Tax	9,900,000	8,187,608	-1,712,392	106,600,000	107,021,658	421,658
HB 102 - Lottery Transfers	0	0	0	92,600,000	92,600,000	0
Departmental Collections	1,180,000	1,071,763	-108,237	17,000,000	16,373,731	-626,269
Liquor Profit Transfers	2,000,000	3,608,750	1,608,750	15,300,000	16,321,225	1,021,225
Interest Income	1,000,000	124,711	-875,289	12,000,000	3,466,504	-8,533,496
Senior Tax Credit Reimbur Lot	0	36,872	36,872	10,000,000	10,000,000	0
Beer Tax and Licenses	1,040,000	1,027,850	-12,150	8,600,000	8,414,729	-185,271
Property Transfer Tax	830,000	835,499	5,499	8,500,000	8,776,174	276,174
Property Tax	100,000	102,618	2,618	6,100,000	6,148,781	48,781
Miscellaneous Receipts	300,000	378,972	78,972	3,500,000	5,037,906	1,537,906
Miscellaneous Transfers	150,000	0	-150,000	2,500,000	1,271,936	-1,228,064
Liquor License Renewal	22,000	21,054	-946	451,000	451,328	328
Business Fran Registration Fees	20,000	58,148	38,148	400,000	692,394	292,394
Charter Tax	0	9,056	9,056	0	61,550	61,550
Telecommunications Tax	0	0	0	0	60,516	60,516
Video Lottery Transfers	0	124,173	124,173	0	920,391	920,391
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
<b>TOTALS</b>	<b>366,342,000</b>	<b>341,887,187</b>	<b>-24,454,813</b>	<b>4,149,751,000</b>	<b>4,104,138,388</b>	<b>-45,612,612</b>
Minus Cash Flow Transfer		0			0	
Percent of Estimates		93.32%			98.90%	
<b>TOTALS</b>	<b>366,342,000</b>	<b>341,887,187</b>	<b>-24,454,813</b>	<b>4,149,751,000</b>	<b>4,104,138,388</b>	<b>-45,612,612</b>
Percent of Estimates		93.32%			98.90%	
Collections this day		3,013,024				

Prepared by Legislative Auditor's Office, Budget Division



STATE ROAD FUND FY 2012-2013  
 By Source and by Month  
 Monthly Revenue Estimates as of  
 June 28, 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	17,000,000	16,542,829	-457,171	410,000,000	408,914,517	-1,085,483
Privilege Tax	15,024,000	15,717,417	693,417	174,014,000	187,436,410	13,422,410
Licenses & Registration	15,830,000	14,280,305	-1,549,695	92,787,000	90,252,360	-2,534,640
Highway Litter Control	299,000	255,626	-43,374	1,755,000	1,723,784	-31,216
<b>TOTALS</b>	<b>48,153,000</b>	<b>46,796,177</b>	<b>-1,356,823</b>	<b>678,556,000</b>	<b>688,327,071</b>	<b>9,771,071</b>
Percent of Estimates		97.18%			101.44%	
Collections this day		8,289,541				

REVENUE SHORTFALL RESERVE FUND 7005, Part A AS OF June 1, 2013: \$570,493,388.44

REVENUE SHORTFALL RESERVE FUND 7006, Part B AS OF June 1, 2013: \$360,805,320.75

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

Prepared by Legislative Auditor's Office, Budget Division

WEST VIRGINIA LEGISLATURE  
Office of the Legislative Auditor



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

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

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

Date: July 3, 2013

Re: West Virginia Unemployment Compensation Trust Fund

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

For July 1, 2012 to May 31, 2013 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	\$346,488,232.14
Disbursements July 1, 2012 thru June 30, 2013	\$ 348,605,127.30
Balance May 31, 2013	\$ 138,559,021.60

ITEMS OF NOTE:

Regular benefits paid for July 1, 2012 - May 31, 2013 were \$42 million more than July 1, 2011 - May 31, 2012.

Federal emergency benefits totaled \$111 million for the July 1, 2012 - May 31, 2013. For July 2011 - May 31, 2012, federal emergency benefits totaled \$118 million.

Total disbursements were \$ 7.7 million more in July 1, 2012 -May 31, 2013 than the preceding July - May 2012.

Receipts for July - May 31, 2013 were \$ 47 million less than in July - May 2012. Overall ending trust fund balance was \$16 million lower on May 31, 2013 than on May 31, 2012.

Seasonally adjusted unemployment rates for May 2013 were 6.2 percent for West Virginia and 7.6 percent nationally.

Since May 2012 employment has increased by 4,100. Employment declines were as follows: 400 in manufacturing; 400 in information; 200 in financial activities; 800 in professional and business services; and 500 in government. Employment gains were as follows: 2,500 in mining and logging; 1,400 in educational and health services; and 1,800 in leisure and hospitality; 400 in trade transportation and utilities; and 300 in construction.

## UC TRUST FUND PROJECTIONS - 2013

July 11, 2013

Month	Revenues	Benefits	Trust Fund Balance
<b><u>2012</u></b>			
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
<b>Totals - 2012</b>	<b>240,080,000</b>	<b>238,717,000</b>	<b>107,165,000</b>
<b><u>2013</u></b>			
January	11,962,000	26,122,000	93,005,000
February	14,658,000	22,521,000	85,142,000
March	854,000	24,150,000	61,846,000
April	41,181,000	21,098,000	81,929,000
May	72,251,000	15,621,000	138,559,000
June	1,900,000	20,998,000	119,461,000
July	23,646,000	21,209,000	121,898,000
August	31,491,000	18,698,000	134,691,000
September	1,087,000	16,857,000	118,921,000
October	18,451,000	19,021,000	118,351,000
November	17,387,000	18,251,000	117,487,000
December	1,128,000	23,855,000	94,760,000
<b>Totals - 2013</b>	<b>235,996,000</b>	<b>248,401,000</b>	<b>94,760,000</b>

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

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

Executive Division  
112 California Avenue  
Charleston, WV 25305

An agency of the Department of Commerce

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

[www.workforcewv.org](http://www.workforcewv.org)



# **Financial Statements**

## **May 2013**

*West Virginia Legislative Interims*  
*July 2013*

**West Virginia Public Employees Insurance Agency**

Statement of Changes in Plan Net Assets

**For the Eleven Months Ending May 31, 2013**

(Dollars in Thousands)

(Unaudited-For Internal Use Only)

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

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

(\$ 000's)						
ACTUAL	BUDGET	PRIOR YR	BUDGET VARIANCE		PRIOR YR VARIANCE	
			\$	%	\$	%
<b>ADDITIONS</b>						
<b>Employer Premiums:</b>						
\$ 2,964	\$ 2,936	\$ 2,982	\$ 28	0.9%	\$ (18)	-0.6%
124,410	123,849	115,914	561	0.5%	8,496	7.3%
336	-	958	336	0.0%	(622)	-64.9%
<b>127,710</b>	<b>126,785</b>	<b>119,853</b>	<b>925</b>	<b>0.7%</b>	<b>7,856</b>	<b>6.6%</b>
<b>Member Premiums:</b>						
68,994	69,443	64,369	(449)	-0.6%	4,625	7.2%
25,273	24,651	23,651	622	2.5%	1,622	6.9%
19,934	19,540	15,642	394	2.0%	4,292	27.4%
<b>114,201</b>	<b>113,634</b>	<b>103,662</b>	<b>567</b>	<b>0.5%</b>	<b>10,539</b>	<b>10.2%</b>
<b>241,911</b>	<b>240,419</b>	<b>223,516</b>	<b>1,492</b>	<b>0.6%</b>	<b>18,395</b>	<b>8.2%</b>
<b>Other Additions:</b>						
1,000	1,375	1,038	(375)	-27.3%	(38)	-3.7%
3,587	3,575	-	12	0.3%	3,587	0.0%
63,073	28,877	(1,512)	34,196	118.4%	64,585	4271.7%
<b>309,571</b>	<b>274,246</b>	<b>223,042</b>	<b>35,325</b>	<b>12.9%</b>	<b>86,529</b>	<b>38.8%</b>
<b>DEDUCTIONS</b>						
101,515	120,744	46,189	19,229	15.9%	(55,327)	-119.8%
20,033	19,540	15,715	(493)	-2.5%	(4,317)	-27.5%
57,403	73,204	55,671	15,802	21.6%	(1,732)	-3.1%
23,231	28,484	98,787	5,253	18.4%	75,556	76.5%
46	-	-	(46)	0.0%	(46)	0.0%
1,672	9,028	8,123	7,356	81.5%	6,451	79.4%
2,707	3,024	3,231	316	10.5%	524	16.2%
<b>206,606</b>	<b>254,024</b>	<b>227,716</b>	<b>47,417</b>	<b>18.7%</b>	<b>21,109</b>	<b>9.3%</b>
<b>102,965</b>	<b>20,223</b>	<b>(4,674)</b>	<b>82,742</b>	<b>409.2%</b>	<b>107,638</b>	<b>2303.0%</b>
<b>Net Assets Held in Trust for Post Employment Benefits</b>						
492,779	492,779	472,079	-	0.0%	20,700	4.4%
<b>\$ 595,743</b>	<b>\$ 513,001</b>	<b>\$ 467,405</b>	<b>\$ 82,742</b>	<b>16.1%</b>	<b>\$ 128,338</b>	<b>27.5%</b>

West Virginia Board of Risk and Insurance Management  
UNAUDITED BALANCE SHEET



	May 31	
	2013	2012
	(in thousands)	
<b>ASSETS</b>		
Short Term Assets		
Cash and Equivalents	\$ 18,024	\$ 23,371
Advance Deposit with Carrier/Trustee	207,836	204,911
Receivables - Net	5,113	6,068
Prepaid Insurance	492	477
Total Short Term Assets	231,465	234,827
Long Term Assets		
Investments	142,549	136,750
Total Long Term Assets	142,549	136,750
<b>TOTAL ASSETS</b>	<b>374,014</b>	<b>371,577</b>
<b>LIABILITIES</b>		
Short Term Liabilities		
Accounts payable	1,189	1,266
Claims Payable	10	110
OPEB Liability	374	182
Agents Commissions Payable	941	1,076
Unearned Revenue	9,313	10,089
Current Estimated Claim Reserve	50,751	49,438
Total Short Term Liabilities	62,578	62,161
Long Term Liabilities		
Compensated Absences	67	75
Estimated Noncurrent Claim Reserve	96,295	84,157
Total Long Term Liabilities	96,362	84,232
<b>TOTAL LIABILITIES</b>	158,940	146,393
Prior Year Net Assets		
Restricted - HB601 and Mine Subsidence	45,599	43,061
Unrestricted	175,916	176,767
Total Prior Year Net Assets	221,515	219,828
Current Year Earnings (Deficiency)		
Restricted - HB601 and Mine Subsidence	10,059	3,360
Unrestricted	(16,500)	1,996
Total Current Year Earnings (Deficiency)	(6,441)	5,356
Total Net Assets		
Restricted - HB601 and Mine Subsidence	55,658	46,421
Unrestricted	159,416	178,763
<b>TOTAL NET ASSETS</b>	<b>215,074</b>	<b>225,184</b>
<b>TOTAL LIABILITIES AND RETAINED EARNINGS</b>	<b>\$ 374,014</b>	<b>\$ 371,577</b>

DRAFT - Unaudited - Management Purposes Only



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

DRAFT

	May 31	
	2013	2012
	(in thousands)	
Operating Revenues		
Premium Revenues	\$ 44,414	\$ 47,161
Less - Excess Insurance	(5,339)	(4,932)
Total Operating Revenues	39,075	42,229
Operating Expenses		
Claims Expense	48,441	41,108
Property & MS Claims Expense	5,870	4,336
Personal Services	1,204	1,274
General & Administrative Expense	2,036	2,299
Total Operating Expenses	57,551	49,017
Operating Income (Loss)	(18,476)	(6,788)
Nonoperating Revenues		
Investment Income	12,035	12,144
Total Nonoperating Revenues	12,035	12,144
Net Income (Loss)	\$ (6,441)	\$ 5,356

DRAFT - Unaudited - Management Purposes Only

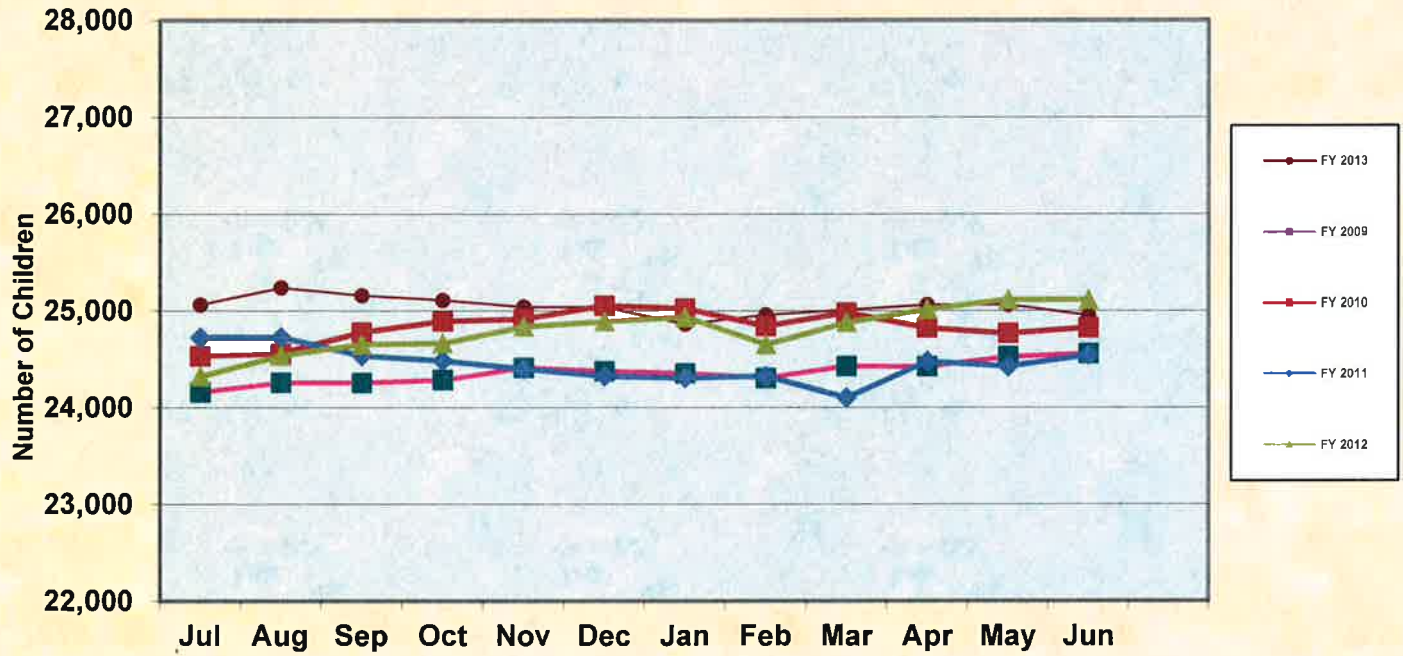


West Virginia Children's Health Insurance Program  
2 Hale Street  
Suite 101  
Charleston, WV 25301  
304-558-2732 voice / 304-558-2741 fax  
Helpline 877-982-2447  
[www.chip.wv.gov](http://www.chip.wv.gov)

# **Joint Committee on Government and Finance Report**

**July 2013**

## WV CHIP Enrollment



June 30th Enrollment 24,950

## Annualized Health Care Expenditures (Cost per Child)



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

	June 30, 2013	June 30, 2012	Variance	
<b>Assets:</b>				
Cash & Cash Equivalents	\$14,321,126	\$13,698,457	\$622,669	5%
Due From Federal Government	\$3,865,594	\$3,946,228	(\$80,634)	-2%
Due From Other Funds	\$940,566	\$728,597	\$211,969	29%
Accrued Interest Receivable	\$6,823	\$10,149	(\$3,326)	-33%
Fixed Assets, at Historical Cost	<u>\$95,744</u>	<u>\$94,332</u>	<u>\$1,412</u>	<u>1%</u>
 Total Assets	 <u>\$19,229,853</u>	 <u>\$18,477,763</u>	 <u>\$752,090</u>	 <u>4%</u>
<b>Liabilities:</b>				
Accounts Payable	\$186,160	\$198,370	(\$12,210)	-6%
Deferred Revenue	\$1,417,439	\$1,330,608	\$86,831	7%
Unpaid Insurance Claims Liability	<u>\$4,620,000</u>	<u>\$3,602,347</u>	<u>\$1,017,653</u>	<u>28%</u>
 Total Liabilities	 <u>\$6,223,599</u>	 <u>\$5,131,325</u>	 <u>\$1,092,274</u>	 <u>21%</u>
 Fund Equity	 <u>\$13,006,254</u>	 <u>\$13,346,439</u>	 <u>(\$340,184)</u>	 <u>-3%</u>
 Total Liabilities and Fund Equity	 <u>\$19,229,853</u>	 <u>\$18,477,763</u>	 <u>\$752,090</u>	 <u>4%</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 Twelve Months Ending June 30, 2013 and June 30, 2012**  
**(Modified Accrual Basis)**

	June 30, 2013	June 30, 2012	Variance	
<b>Revenues</b>				
Federal Grants	46,989,642	45,410,962	1,578,680	3%
State Appropriations	10,925,578	10,925,514	64	0%
Premium Revenues	862,043	738,516	123,527	17%
Investment Income:				
Investment Earnings	<u>78,432</u>	<u>128,890</u>	<u>(50,458)</u>	<u>-39%</u>
<b>Total Revenues</b>	<b><u>58,855,695</u></b>	<b><u>57,203,882</u></b>	<b><u>1,651,813</u></b>	<b><u>3%</u></b>
<b>Expenditures:</b>				
Claims:				
Outpatient Services	14,870,460	14,585,881	284,579	2%
Physicians & Surgical	12,071,051	10,738,855	1,332,196	12%
Prescribed Drugs	9,634,700	10,584,175	(949,475)	-9%
Dental	8,367,388	7,825,136	542,252	7%
Inpatient Hospital Services	4,123,018	4,725,123	(602,105)	-13%
Outpatient Mental Health	1,614,619	1,550,096	64,523	4%
Durable & Disposable Med. Equip.	1,182,125	1,345,606	(163,481)	-12%
Inpatient Mental Health	994,456	938,927	55,529	6%
Vision	823,403	806,448	16,955	2%
Therapy	741,955	650,288	91,667	14%
Medical Transportation	425,863	468,565	(42,702)	-9%
Other Services	143,110	170,702	(27,592)	-16%
Less: Collections**	<u>(439,783)</u>	<u>(650,537)</u>	<u>210,755</u>	<u>-32%</u>
Total Claims	<u>54,552,365</u>	<u>53,739,265</u>	<u>813,101</u>	<u>2%</u>
General and Admin Expenses:				
Salaries and Benefits	562,452	497,454	64,998	13%
Program Administration	2,562,568	1,872,099	690,469	37%
Eligibility	392,340	387,310	5,030	1%
Outreach & Health Promotion	982,223	1,044,839	(62,616)	-6%
Current	<u>160,013</u>	<u>228,851</u>	<u>(68,838)</u>	<u>-30%</u>
Total Administrative	<u>4,659,596</u>	<u>4,030,553</u>	<u>629,043</u>	<u>16%</u>
<b>Total Expenditures</b>	<b><u>59,211,961</u></b>	<b><u>57,769,818</u></b>	<b><u>1,442,144</u></b>	<b><u>2%</u></b>
<b>Excess of Revenues</b>				
<b>Over (Under) Expenditures</b>	<b>(356,266)</b>	<b>(565,935)</b>	<b>209,669</b>	<b>-37%</b>
Unrealized Gain(loss) On Investments*	16,081	(25,770)	41,851	-162%
<b>Fund Equity, Beginning</b>	<b><u>13,346,439</u></b>	<b><u>13,938,145</u></b>	<b><u>(591,705)</u></b>	<b><u>-4%</u></b>
<b>Fund Equity, Ending</b>	<b><u>13,006,254</u></b>	<b><u>13,346,439</u></b>	<b><u>(340,185)</u></b>	<b><u>-3%</u></b>

\* 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 Twelve Months Ended June 30, 2013**

	Budgeted for	Year to Date	Year to Date	Year to Date	Variance*	Monthly Budgeted Amt	Actual Amt Jun-13	Actual Amt May-13	Actual Amt Apr-13
	Year	Budgeted Amt	Actual Amt	Actual Amt					
Projected Cost	\$58,620,048	\$58,620,048	\$55,932,811	\$2,687,237	5%	\$4,885,004	\$4,025,776	\$5,222,950	\$5,379,857
Premiums	1,166,599	1,166,599	\$862,043	(\$304,556)	-26%	97,217	68,764	71,981	75,372
Subrogation & Rebates	575,990	575,990	\$439,783	(136,207)	-24%	47,999	62,749	12,867	0
Net Benefit Cost	56,877,459	56,877,459	\$54,630,985	\$2,246,474	4%	4,783,787	3,894,263	5,138,102	5,304,485
Salaries & Benefits	\$580,500	\$580,500	\$562,452	\$18,048	3%	\$48,375	\$50,169	\$47,879	\$45,993
Program Administration	4,223,273	4,223,273	\$2,570,101	1,653,172	39%	351,939	237,982	185,456	241,632
Eligibility	420,000	420,000	\$396,541	23,459	6%	35,000	105,234	2,125	93,718
Outreach & Health Prom.	1,000,000	1,000,000	\$976,615	23,385	2%	83,333	0	195,994	29,462
Current Expense	250,000	250,000	\$166,097	83,903	34%	20,833	14,865	18,001	10,147
Total Admin Cost	\$6,473,773	\$6,473,773	\$4,671,806	\$1,801,967	28%	\$539,481	\$408,250	\$449,455	\$420,952
Total Program Cost	\$63,351,232	\$63,351,232	\$59,302,791	\$4,048,441	6%	\$5,323,269	\$4,302,513	\$5,587,557	\$5,725,437
Federal Share 80.43%	51,206,801	51,206,801	\$47,754,567	3,452,234	7%	4,302,798	3,460,511	4,494,072	4,604,969
State Share 19.57%	12,144,431	12,144,431	\$11,548,223	596,208	5%	1,020,471	842,002	1,093,485	1,120,468
Total Program Cost	** \$63,351,232	\$63,351,232	\$59,302,791	\$4,048,441	6%	\$5,323,269	\$4,302,513	\$5,587,557	\$5,725,437

\* 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

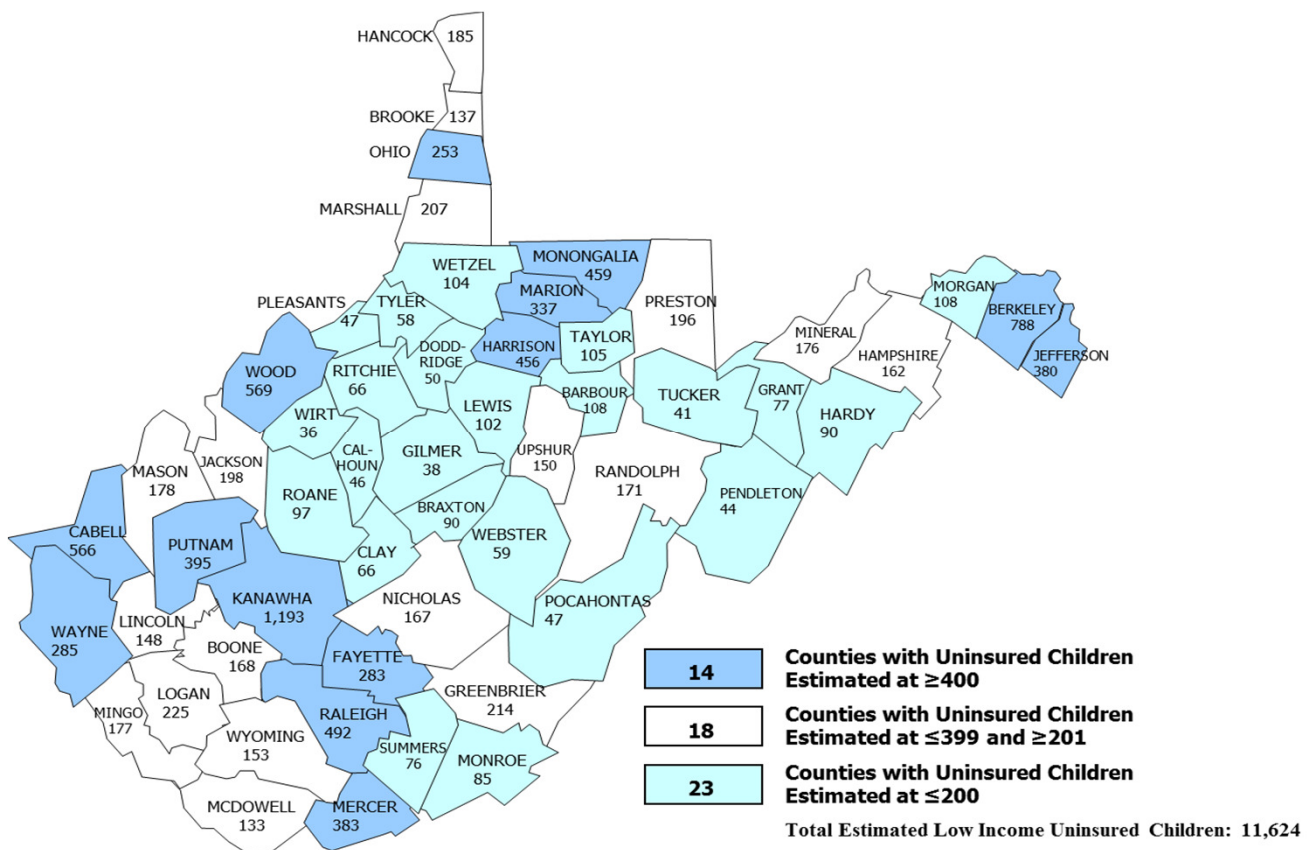
June 2013

County	County Pop.	Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2010	2010
	2010 Est. (0-18 Yrs)	Enrollment Jun-13	Enrollment Jun-13	CHIP/Medicaid Enrollment	Enrollment % of Population	Est. Uninsured 3%	# Children Uninsured Ranking*
Barbour	3,600	274	1,495	1,769	49.1%	108	33
Berkeley	26,251	1,395	8,447	9,842	37.5%	788	2
Boone	5,615	327	2,549	2,876	51.2%	168	25
Braxton	3,006	231	1,434	1,665	55.4%	90	40
Brooke	4,573	267	1,513	1,780	38.9%	137	31
Cabell	18,879	991	8,273	9,264	49.1%	566	4
Calhoun	1,518	130	758	888	58.5%	46	51
Clay	2,215	196	1,369	1,565	70.7%	66	44
Doddridge	1,673	146	626	772	46.1%	50	48
Fayette	9,438	777	4,460	5,237	55.5%	283	13
Gilmer	1,260	77	531	608	48.2%	38	54
Grant	2,555	202	938	1,140	44.6%	77	42
Greenbrier	7,131	606	2,905	3,511	49.2%	214	16
Hampshire	5,392	286	2,021	2,307	42.8%	162	27
Hancock	6,166	380	2,346	2,726	44.2%	185	20
Hardy	3,015	196	1,263	1,459	48.4%	90	39
Harrison	15,202	947	5,424	6,371	41.9%	456	7
Jackson	6,602	434	2,730	3,164	47.9%	198	18
Jefferson	12,679	555	3,131	3,686	29.1%	380	10
Kanawha	39,771	2,387	16,958	19,345	48.6%	1,193	1
Lewis	3,389	245	1,572	1,817	53.6%	102	37
Lincoln	4,930	376	2,688	3,064	62.1%	148	30
Logan	7,496	510	3,809	4,319	57.6%	225	15
Marion	11,227	691	4,282	4,973	44.3%	337	11
Marshall	6,886	361	2,737	3,098	45.0%	207	17
Mason	5,929	282	2,702	2,984	50.3%	178	21
McDowell	4,423	283	3,081	3,364	76.1%	133	32
Mercer	12,764	1,093	6,748	7,841	61.4%	383	9
Mineral	5,868	284	1,951	2,235	38.1%	176	23
Mingo	5,905	392	3,065	3,457	58.5%	177	22
Monongalia	15,294	790	4,451	5,241	34.3%	459	6
Monroe	2,835	228	1,026	1,254	44.2%	85	41
Morgan	3,596	253	1,411	1,664	46.3%	108	34
Nicholas	5,561	403	2,531	2,934	52.8%	167	26
Ohio	8,444	491	2,925	3,416	40.5%	253	14
Pendleton	1,462	122	508	630	43.1%	44	52
Pleasants	1,551	124	531	655	42.2%	47	50
Pocahontas	1,561	153	670	823	52.7%	47	49
Preston	6,536	475	2,449	2,924	44.7%	196	19
Putnam	13,150	772	3,459	4,231	32.2%	395	8
Raleigh	16,403	1,261	7,566	8,827	53.8%	492	5
Randolph	5,705	529	2,493	3,022	53.0%	171	24
Ritchie	2,205	129	933	1,062	48.2%	66	45
Roane	3,239	302	1,676	1,978	61.1%	97	38
Summers	2,521	198	1,232	1,430	56.7%	76	43
Taylor	3,514	225	1,337	1,562	44.4%	105	35
Tucker	1,371	135	465	600	43.8%	41	53
Tyler	1,924	107	761	868	45.1%	58	47

# WVCHIP Enrollment Report

June 2013

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment Jun-13	Total Medicaid Enrollment Jun-13	Total CHIP/Medicaid Enrollment	CHIP/Medicaid % of Population	2010 Est. Uninsured 3%	2010 # Children Uninsured Ranking*
Upshur	4,996	396	2,358	2,754	55.1%	150	29
Wayne	9,516	507	4,098	4,605	48.4%	285	12
Webster	1,977	154	1,173	1,327	67.1%	59	46
Wetzel	3,466	243	1,517	1,760	50.8%	104	36
Wirt	1,201	90	664	754	62.8%	36	55
Wood	18,956	1,131	8,244	9,375	49.5%	569	3
Wyoming	5,116	411	2,502	2,913	56.9%	153	28
<b>Totals</b>	<b>387,459</b>	<b>24,950</b>	<b>158,786</b>	<b>183,736</b>	<b>47.4%</b>	<b>11,624</b>	



**Note 1:** The most recent estimate for all uninsured children statewide from the US Census Current Population Survey is 3%. It should be noted that even this three percent extrapolation to the county level could vary significantly from county to county depending on the availability of employee sponsored insurance. However, it remains our best gross estimate of the remaining uninsured children.

**Note 2:** It has been estimated that 7 of 10 uninsured children qualify or may have qualified for CHIP or Medicaid in the past, WVCHIP uses the 3% uninsured estimate as a target number for outreach.



## Department of Administration Real Estate Division Leasing Report

For the period of June 1, 2013 through June 30, 2013

There were a total of 15 leasing changes for the period of June 1, 2013 through June 30, 2013 and they are as follows:

- 1 – New Contract of Lease
- 8 – Straight Renewal
- 3 – Renewal with Increase in Rent
- 1 – Renewal with Decrease in Rent
- 1 – Renewal with Increase in Rent and Square Feet
- 1 – Cancellation

# Department of Administration Real Estate Division Leasing Report

For the period of June 1, 2013 through June 30, 2013

## NEW CONTRACT OF LEASE

### **DIVISION OF JUVENILE SERVICES**

**DJS-028** New Contract of Lease for 2 years consisting of 500 square feet of office space at the annual per square foot rate of \$12.25, annual cost \$6,124.92, full service minus janitorial services and supplies, 100 Main Street, in the City of Paden City, Wetzel County, West Virginia.

## STRAIGHT RENEWAL

### **DIVISION OF VETERANS ASSISTANCE**

**VET-034** Renewal on a month-to-month basis consisting of 439 square feet of office space at the current annual per square foot rate of \$12.70, annual cost \$5,575.08, full service, 1705 Mileground Road, in the City of Morgantown, Monongalia County, West Virginia.

### **DIVISION REHABILITATION SERVICES**

**DRS-053** Renewal for 1 year consisting of 8,000 square feet of office space at the current annual per square foot rate of \$10.29, annual cost \$82,320.00, full service, Corner of Market and 14th Streets, in the City of Wheeling, Ohio County, West Virginia.

### **DIVISION OF FORESTRY**

**FOR-076-SUB** Renewal for 1 year consisting of tower/monitoring space at the current monthly rate of \$100.00, annual cost \$1,200.00, on the Phyllis Carrier property, Mason County, West Virginia.

### **LOTTERY COMMISSION**

**LOT-005** Renewal for 5 years consisting of 386 square feet of office space at the current monthly rate of \$211.01, annual cost \$2,532.12, full service, Mountaineer Park Racetrack and Gaming Center, Route 2, Hancock County, West Virginia.

### **LOTTERY COMMISSION**

**LOT-006** Renewal for 1 year consisting of 190 square feet of office space at the current monthly rate of \$126.66, annual cost \$1,519.92, full service, Wheeling Downs Racetrack and Gaming Center, South Stone Street, in the City of Wheeling, Ohio County, West Virginia.

### **LOTTERY COMMISSION**

**LOT-007** Renewal for 5 years consisting of 120 square feet of office space at the current monthly rate of \$80.00, annual cost \$960.00, full service, Charles Town Races, between the Cities of Charles Town and Ranson, Jefferson County, West Virginia.

### **DIVISION OF NATURAL RESOURCES**

**NAT-085** Renewal for 1 year consisting of 8,980 square feet of office and storage/dock space at the current annual per square foot rate of \$7.50, annual cost \$67,350.00, 2311 Ohio Avenue, in the City of Parkersburg, Wood County, West Virginia.

## **STRAIGHT RENEWAL - CONTINUED**

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

**HHR-214-SUB** Renewal for 3 years consisting of 390 square feet of office space at the current monthly rate of \$455.00, annual cost \$5,460.00, full service, 1000 Elmer Prince Drive, in the City of Morgantown, Monongalia County, West Virginia.

## **RENEWAL WITH INCREASE IN RENT**

### **DIVISION OF FORESTRY**

**FOR-021** Renewal for 5 years consisting of 5,120 square feet of office space with an increase in the annual per square foot rate from \$4.10 to \$4.22, annual cost \$21,606.40, 878 East Main Street, in the Town of Milton, Cabell County, West Virginia.

### **DIVISION OF CORRECTIONS**

**COR-050** Renewal for 1 years consisting of 1,316 square feet of office space with an increase in the annual per square foot rate from \$12.00 to \$13.20, annual cost \$17,371.20, full service minus janitorial services, 117 Court Street, in the City of Ripley, Jackson County, West Virginia.

### **PUBLIC SERVICE COMMISSION**

**PSC-013** Renewal for 1 year consisting of 5,000 square feet of storage space with an increase in the annual per square foot rate from \$2.68 to \$4.80, annual cost \$24,000.00, 410 58<sup>TH</sup> Street, in the City of Charleston, Kanawha County, West Virginia.

## **RENEWAL WITH DECREASE IN RENT**

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

**HHR-203** Renewal for 1 year consisting of 400 square feet of office space with a decrease in the monthly rate from \$475.00 to \$450.00, annual cost \$5,400.00, full service, 739 North Fork Highway, in the City of Petersburg, Grant County, West Virginia.

## **RENEWAL WITH INCREASE IN RENT AND SQUARE FEET**

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

**HHR-209** Renewal for 4 years with an increase of square feet from 4,400 square feet to 4,800 square feet of office space and an increase in the annual per square foot rate of from \$10.50 to \$11.00, annual cost \$52,800.00, 505 Capitol Street, in the City of Charleston, Kanawha County, West Virginia.

## **CANCELLATION**

### **WEST VIRGINIA STATE POLICE**

**PSA-104** Lease cancellation consisting of 1,200 square feet of office space, at the annual per square foot rate of \$8.00 annual cost \$9,600.00, in the City of Buckhannon, Upshur County, West Virginia.

Real Estate Division  
 Monthly Summary of Lease Activity  
 April 1 - 30, 2013

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	Division of Juvenile Services	DJS-028	Wetzel	500	12.25	6,125
2	Division of Veterans Assistance	VET-034	Monongalia	439	0.00	5,575
3	Division of Rehabilitation Services	DRS-053	Ohio	8,000	10.29	82,320
4	Division of Forestry	FOR-076	Mason	0	0.00	1,200
5	Lottery Commission	LOT-005	Hancock	386	0.00	2,532
6	Lottery Commission	LOT-006	Ohio	190	0.00	1,520
7	Lottery Commission	LOT-007	Jefferson	120	0.00	960
8	Division of Natural Resources	NAT-085	Wood	8,980	7.50	67,350
9	Department of Health and Human Resources	HHR-214	Monongalia	390	0.00	5,460
10	Division of Forestry	FOR-021	Cabell	5,120	4.22	21,606
11	Division of Corrections	COR-050	Jackson	1,316	13.20	17,371
12	Public Service Commission	PSC-013	Kanawha	5,000	4.80	24,000
13	Department of Health and Human Resources	HHR-203	Grant	400	0.00	5,400
14	Department of Health and Human Resources	HHR-209	Kanawha	4,800	11.00	52,800
					63.26	
<b>Total Rentable Square Feet</b>				<u>35,641</u>		
<b>Average Annual Rental Rate</b>					<u>9.04</u>	
<b>Total Annual Rent</b>						<u>294,220</u>

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
<b>CANCELLATIONS</b>						
1	West Virginia State Police	PSA-104	Upshur	1,200	8.00	9,600
<b>Total Rentable Square Feet</b>				<u>1,200</u>		
<b>Total Annual Rent</b>						<u>9,600</u>

**Joint Committee on Government and Finance**

**July 2013**

**Department of Health and Human Resources**

**MEDICAID REPORT**

**May 2013 Data**

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

MONTH OF MAY 2013

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2012	SFY2013	Current Month 5/31/13	Current Month 5/31/13	Year To-Date Thru 5/31/13	6/1/13 Thru 6/30/13
<b>EXPENDITURES:</b>						
Inpatient Hospital - Reg. Payments	164,452,498	158,114,250	12,229,606	12,190,189	142,486,728	15,627,522
Inpatient Hospital - DSH	56,043,409	56,578,800	13,880,730	14,144,700	56,816,481	(237,681)
Inpatient Hospital - Supplemental Payments	79,066,284	240,087,415	5,174,804	5,174,805	100,010,939	140,076,476
Inpatient Hospital - GME Payments	5,901,754	6,177,477	1,544,358	1,544,369	6,164,764	12,713
Mental Health Facilities	80,313,367	86,890,183	6,199,206	6,715,969	80,782,158	6,108,025
Mental Health Facilities - DSH Adjustment Payments	18,887,389	18,886,800	4,722,747	4,721,700	18,880,975	5,825
Nursing Facility Services - Regular Payments <sup>(2)</sup>	527,623,016	551,320,912	44,641,424	45,972,550	491,106,005	60,214,907
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	65,316,485	67,038,000	5,932,285	5,586,500	62,508,832	4,529,168
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	116,140,541	121,059,846	9,990,310	9,345,425	108,092,679	12,967,168
Physicians Services - Supplemental Payments	26,661,492	27,943,400	-	-	28,092,471	(149,071)
Outpatient Hospital Services - Regular Payments	106,435,299	109,322,282	8,317,078	8,428,768	95,134,422	14,187,860
Outpatient Hospital Services - Supplemental Payments	-	-	16,310,684	16,310,684	124,121,376	(124,121,376)
Prescribed Drugs	373,946,886	389,826,882	20,432,675	30,468,185	310,207,560	79,619,321
Drug Rebate Offset - National Agreement	(217,354,424)	(218,904,555)	(5,250,795)	(1,961,378)	(194,407,349)	(24,497,206)
Drug Rebate Offset - State Sidebar Agreement	(18,642,310)	(16,380,000)	(149,518)	(146,764)	(15,726,323)	(653,677)
Drug Rebate Offset - MCO National	(431,214)	-	(13,255)	-	(688,679)	688,679
Drug Rebate Offset - MCO State Sidebar Agreement	-	-	-	-	-	-
Dental Services	56,047,746	61,762,117	5,172,351	4,766,085	51,893,229	9,868,888
Other Practitioners Services - Regular Payments	12,306,009	13,046,624	991,498	1,072,008	10,682,575	2,364,049
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	4,530,364	4,931,126	312,262	391,669	4,226,932	704,194
Lab & Radiological Services	24,887,789	23,419,950	1,824,997	1,817,735	20,598,966	2,820,984
Home Health Services	51,712,631	48,722,337	3,322,247	3,796,716	42,414,495	6,307,842
Hysterectomies/Sterilizations	191,711	216,100	7,155	16,623	124,406	91,694
Pregnancy Terminations	-	-	-	-	-	-
EPSDT Services	1,208,359	1,215,098	117,119	94,169	1,263,075	(47,977)
Rural Health Clinic Services	7,486,074	8,079,315	613,997	631,946	7,353,843	725,472
Medicare Health Insurance Payments - Part A Premiums	17,434,414	18,452,300	1,507,781	-	16,663,751	1,788,549
Medicare Health Insurance Payments - Part B Premiums	85,509,019	93,260,400	7,080,426	-	73,888,925	19,371,475
120% - 134% Of Poverty	6,272,977	6,709,500	478,134	516,115	5,642,249	1,067,251
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	7,381,071	7,785,000	743,249	598,846	7,759,376	25,624

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

MONTH OF MAY 2013

	ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
	SFY2012	SFY2013	Current Month 5/31/13	Current Month 5/31/13	Year To-Date Thru 5/31/13	6/1/13 Thru 6/30/13
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	343,161,264	349,618,600	39,549,459	29,134,883	356,755,018	(7,136,418)
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	65,491	35,169	375,282	81,918
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-
Home & Community-Based Services (MR/DD)	287,968,353	306,476,800	27,941,677	23,575,138	313,854,272	(7,377,472)
Home & Community-Based Services (Aged/Disabled)	132,545,813	140,433,800	9,522,715	10,802,600	116,343,334	24,090,466
Home & Community-Based Services (Traumatic Brain Injury)	-	2,720,625	31,062	209,279	103,945	2,616,680
Home & Community-Based Services (State Plan 1915(i) Only)	-	-	-	-	-	-
Home & Community-Based Services (State Plan 1915(j) Only)	-	-	-	-	-	-
Community Supported Living Services	-	-	-	-	-	-
Programs Of All-Inclusive Care Elderly	15,197	-	-	-	-	-
Personal Care Services - Regular Payments	51,680,337	53,872,809	5,373,017	4,157,915	56,467,339	(2,594,530)
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	218,306	265,023	2,419,765	1,008,128
Primary Care Case Management Services	219,829	264,800	12,489	20,369	150,942	113,858
Hospice Benefits <sup>(1)</sup>	23,960,255	25,155,100	1,984,471	1,935,008	23,321,750	1,833,350
Emergency Services Undocumented Aliens	301,542	348,500	20,351	26,808	276,939	71,561
Federally Qualified Health Center	18,669,776	21,327,880	1,591,507	1,659,777	17,019,924	4,307,956
Non-Emergency Medical Transportation	25,549,481	26,054,403	2,203,290	2,005,208	23,313,250	2,741,152
Physical Therapy	2,195,303	2,245,596	195,761	173,062	1,924,885	320,711
Occupational Therapy	360,777	371,964	42,010	28,831	341,707	30,257
Services for Speech, Hearing & Language	554,124	567,665	38,576	43,915	377,979	189,686
Prosthetic Devices, Dentures, Eyeglasses	1,871,995	1,876,807	119,180	145,385	1,424,489	452,318
Diagnostic Screening & Preventive Services	539,322	578,315	47,529	44,492	507,504	70,811
Nurse Mid-Wife	224,671	612,100	13,919	47,085	211,214	400,886
Emergency Hospital Services	5,364	(7,500)	-	(577)	(2,247)	(5,253)
Critical Access Hospitals	30,431,181	33,996,660	2,829,876	2,617,554	28,952,243	5,044,417
Nurse Practitioner Services	1,512,698	2,981,049	233,031	229,662	1,844,950	1,136,099
School Based Services	47,384,340	49,082,468	4,520,458	3,779,708	48,333,122	749,346
Rehabilitative Services (Non-School Based)	78,431,034	83,291,528	5,957,638	6,482,669	69,694,444	13,597,084
Private Duty Nursing	4,723,035	4,918,769	388,007	386,577	4,745,814	172,954
Other Care Services	21,189,223	21,796,325	1,672,294	1,677,535	20,382,939	1,413,386
Less: Recoupments	-	-	(114,723)	-	(1,277,897)	1,277,897
<b>NET EXPENDITURES:</b>	<b>2,736,399,588</b>	<b>3,018,031,716</b>	<b>270,590,946</b>	<b>261,680,689</b>	<b>2,743,957,769</b>	<b>274,073,946</b>

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

**MONTH OF MAY 2013**

Collections: Third Party Liability (line 9A on CMS-64)  
 Collections: Probate (line 9B on CMS-64)  
 Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)  
 Collections: Other (line 9D on CMS-64)

**NET EXPENDITURES and CMS-64 ADJUSTMENTS:**

Plus: Medicaid Part D Expenditures  
 Plus: State Only Medicaid Expenditures  
 Plus: Money Follow the Person Expenditures

**TOTAL MEDICAID EXPENDITURES**

Plus: Reimbursables <sup>(1)</sup>

**TOTAL EXPENDITURES**

ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
SFY2012	SFY2013	Current Month 5/31/13	Current Month 5/31/13	Year To-Date Thru 5/31/13	6/1/13 Thru 6/30/13
(7,028,830)	-	-	-	(8,733,524)	8,733,524
(473,182)	-	-	-	(250,737)	250,737
(1,205)	-	-	-	-	-
(7,303,907)	-	-	-	(8,025,324)	8,025,324
<b>2,721,592,464</b>	<b>3,018,031,716</b>	<b>270,590,946</b>	<b>261,680,689</b>	<b>2,726,948,185</b>	<b>291,083,531</b>
33,965,811	36,577,300	3,031,899	2,813,638	33,189,309	3,387,991
4,030,062	3,718,920	233,333	285,899	2,857,675	861,245
-	2,872,499	-	220,961	-	2,872,499
<b>\$ 2,759,588,337</b>	<b>\$ 3,061,200,434</b>	<b>\$ 273,856,178</b>	<b>\$ 265,001,187</b>	<b>\$ 2,762,995,168</b>	<b>\$ 298,205,266</b>
6,590,854	6,927,944	916,187	537,898	7,187,702	(259,758)
<b>\$ 2,766,179,191</b>	<b>\$ 3,068,128,378</b>	<b>\$ 274,772,365</b>	<b>\$ 265,539,085</b>	<b>\$ 2,770,182,870</b>	<b>\$ 297,945,508</b>

- (1) This amount will revert to State Only if not reimbursed.  
 (2) Of the amount in the "Nursing Facility Services-Regular Payments" line, \$22,046,455 is the amount paid to State Facilities year to date.  
 (3) Of the amount in the "Hospice Benefits" line, \$16,789,799 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

11 Months Actuals

1 Months Remaining

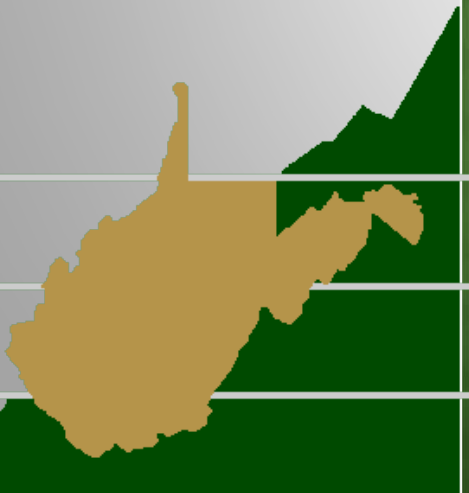
MONTH OF MAY 2013	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2012	Current Month Ended 5/31/13	Year-To-Date Thru 5/31/13	6/1/2013 Thru 6/30/13	SFY2013
<b>REVENUE SOURCES</b>					
Beg. Bal. (5084/1020 prior mth)	\$ 210,933,113	\$ 2,628,372	\$ 8,645,986	\$ -	\$ 8,645,986
<b>MATCHING FUNDS</b>					
General Revenue (0403/189)	218,837,804	30,193,224	185,209,662	30,193,221	215,402,883
MRDD Waiver (0403/466)	85,280,472	9,762,883	78,990,600	9,762,883	88,753,483
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,333	2,379,666	216,334	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,667	5,826,334	529,666	6,356,000
Traumatic Brain Injury (0403/835)	800,000	88,000	712,000	88,000	800,000
Title XIX Waiver for Seniors (0403-533)	9,587,500	1,310,349	10,601,915	1,310,348	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	8,436,952	33,147,815	-	33,147,815
Lottery Transfer (5405/871)	8,670,000	2,070,000	8,670,000	-	8,670,000
Excess Lottery (5365/189)	-	-	-	24,503,890	24,503,890
Trust Fund Appropriation (5185/189)	12,076,099	4,800,000	173,603,846	27,280,744	200,884,590
Provider Tax (5090/189)	170,727,592	20,907,343	212,002,461	(2,140,581)	209,861,880
Certified Match	22,603,205	1,933,469	21,473,826	3,712,541	25,186,368
Reimbursables - Amount Reimbursed	8,012,133	562,620	5,461,499	1,466,444	6,927,944
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	905,058	367,219	3,560,131	(3,560,131)	-
CMS - 64 Adjustments	673,628	-	627,999	(627,999)	-
<b>TOTAL MATCHING FUNDS</b>	\$ 809,691,849	\$ 83,806,430	\$ 804,834,571	\$ 92,735,361	\$ 897,569,932
<b>FEDERAL FUNDS</b>	\$ 2,006,078,366	\$ 193,270,856	\$ 1,996,145,200	\$ 226,026,810	\$ 2,222,172,010
<b>TOTAL REVENUE SOURCES</b>	<b>\$ 2,815,770,215</b>	<b>\$ 277,077,286</b>	<b>\$ 2,800,979,771</b>	<b>\$ 318,762,171</b>	<b>\$ 3,119,741,942</b>
<b>TOTAL EXPENDITURES:</b>					
Provider Payments	\$ 2,766,179,191	\$ 274,772,365	\$ 2,770,182,870	\$ 297,945,508	\$ 3,068,128,378
<b>TOTAL</b>	<b>\$ 49,591,024</b>	<b>\$ 2,304,921</b>	<b>\$ 30,796,901</b>		<b>\$ 51,613,564</b>

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

# WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Participant Plan Performance Report

May 31, 2013



**West Virginia Investment Management Board**

Participant Plans Allocation &amp; Performance Net of Fees

As of May 31, 2013

	6/30/2012		5/31/2013		Performance %							
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	
<b>WVIMB Fund Assets</b>	<b>13,170,110</b>	<b>100.0</b>	<b>14,808,125</b>	<b>100.0</b>								
<b>Pension Assets</b>	<b>10,300,026</b>	<b>78.2</b>	<b>11,668,380</b>	<b>78.8</b>								
Public Employees' Retirement System	4,353,124	33.1	4,958,069	33.5	-0.2	3.7	15.3	18.2	11.7	5.7	7.9	
Teachers' Retirement System	4,969,706	37.6	5,698,928	38.5	-0.2	3.7	15.3	18.2	11.6	5.1	7.5	
Teachers' Employers Cont. Collection A/C	142,994	1.1	55,169	0.4	0.0	0.1	0.1	0.1	0.1	0.3		
EMS Retirement System	35,161	0.3	43,247	0.3	-0.2	3.6	15.2	18.1	11.6	5.7		
Public Safety Retirement System	477,497	3.6	533,344	3.6	-0.2	3.7	15.4	18.3	11.8	5.7	7.9	
Judges' Retirement System	126,294	1.0	144,669	1.0	-0.2	3.7	15.3	18.2	11.7	5.7	7.8	
State Police Retirement System	78,753	0.6	97,504	0.6	-0.2	3.7	15.3	18.1	11.6	5.7	7.8	
Deputy Sheriffs' Retirement System	116,308	0.9	136,962	0.9	-0.2	3.6	15.3	18.2	11.7	5.7	7.8	
Municipal Police & Firefighter Retirement System	189	0.0	488	0.0	-0.2	3.4	14.1	16.9	5.8			
<b>Insurance Assets</b>	<b>1,991,081</b>	<b>15.1</b>	<b>2,193,073</b>	<b>14.8</b>								
Workers' Compensation Old Fund	946,854	7.1	1,051,303	7.1	-0.9	0.9	7.0	8.2	6.8	4.1		
Workers' Comp. Self-Insured Guaranty Risk Pool	10,878	0.1	14,796	0.1	-0.6	1.6	8.7	9.8	5.9	3.8		
Workers' Comp. Uninsured Employers Fund	9,148	0.1	9,928	0.1	-0.6	1.6	8.5	9.6	5.3	3.4		
Pneumoconiosis	257,121	2.0	267,799	1.8	-0.6	1.6	8.8	9.9	7.6	5.0	5.6	
Board of Risk & Insurance Mgmt.	138,164	1.1	142,549	1.0	-0.6	1.6	8.8	9.9	7.8	6.0		
Public Employees' Insurance Agency	183,321	1.4	198,099	1.3	-0.7	1.6	8.1	8.7	7.4	5.4		
WV Retiree Health Benefit Trust Fund	443,144	3.3	506,105	3.4	-0.2	3.6	14.2	16.1	9.4	8.1		
AccessWV	2,451	0.0	2,494	0.0	-2.5	-1.4	1.8	1.8	8.1			
<b>Endowment Assets</b>	<b>879,003</b>	<b>6.7</b>	<b>946,672</b>	<b>6.4</b>								
Wildlife Fund	40,057	0.3	46,728	0.3	-0.2	3.6	15.3	18.2	11.7	5.5	7.9	
Prepaid Tuition Trust	77,822	0.6	78,257	0.5	-0.3	2.7	11.5	13.8	10.5	5.7	8.0	
Revenue Shortfall Reserve Fund	423,261	3.2	457,630	3.1	-2.7	-1.6	1.5	1.4	5.7	1.7		
Revenue Shortfall Reserve Fund - Part B	331,325	2.5	356,473	2.4	-1.2	0.7	7.2	8.4	8.0	2.8		
WV DEP Trust	6,538	0.1	7,584	0.1	-0.3	3.5	16.0	19.4				

**West Virginia Investment Management Board**  
Composite Asset Allocation & Performance Net of Fees  
As of May 31, 2013

	Asset (\$000)	%	Performance %						
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
Investment Pools Composite	14,813,206	100.00							
Total Equity Composite	6,782,803	45.79	0.27	5.52	23.66	29.48	14.79	4.52	9.27
<i>Total Equity Policy Index</i>			0.07	4.92	21.24	27.22	13.27	2.33	8.30
Excess Return			0.20	0.60	2.42	2.26	1.52	2.19	0.97
US Equity Composite	3,311,815	22.36	2.42	8.14	23.96	28.41	17.75	5.96	8.83
<i>Russell 3000 Index</i>			2.36	8.11	23.06	27.88	16.82	5.69	8.09
Excess Return			0.06	0.03	0.90	0.53	0.93	0.27	0.74
Large Cap Composite	2,448,230	16.53	2.21	8.40	21.95	26.52	17.15	5.47	7.77
<i>S&amp;P 500 Index</i>			2.34	8.22	22.24	27.28	16.87	5.43	7.58
Excess Return			-0.13	0.18	-0.29	-0.76	0.28	0.04	0.19
Non-Large Cap Composite	863,585	5.83	3.03	7.43	29.83	33.86	19.96	8.12	11.15
<i>Russell 2500 Index</i>			3.09	7.98	27.01	31.63	17.08	7.61	10.67
Excess Return			-0.06	-0.55	2.82	2.23	2.88	0.51	0.48
International Equity Composite	3,470,988	23.43	-1.69	3.09	23.26	30.46	11.65	2.74	10.78
<i>MSCI AC World ex US Index</i>			-2.22	1.72	19.27	26.36	9.62	-1.17	9.87
Excess Return			0.53	1.37	3.99	4.10	2.03	3.91	0.91
Fixed Income Composite	3,568,424	24.09	-1.00	0.12	4.26	4.76	5.87	5.86	4.99
<i>Fixed Income Policy</i>			-1.70	-0.50	2.03	2.29	5.24	5.84	4.87
Excess Return			0.70	0.62	2.23	2.47	0.63	0.02	0.12
Core Fixed Income	1,270,099	8.57	-1.38	-0.41	1.97	2.07	5.59		
<i>Barclays Capital Aggregate</i>			-1.78	-0.71	0.87	0.91	4.59		
Excess Return			0.40	0.30	1.10	1.16	1.00		
Total Return Fixed Income	2,298,325	15.51	-0.78	0.41	5.51	6.23	5.96	6.41	5.58
<i>Barclays Capital US Universal</i>			-1.70	-0.50	2.03	2.29	5.24	5.84	5.02
Excess Return			0.92	0.91	3.48	3.94	0.72	0.57	0.56
TIPS Composite	681,580	4.60	-4.36	-3.33	-1.22	-1.76	6.34		
<i>Barclays Capital U.S.TIPS</i>			-4.36	-3.33	-1.24	-1.79	6.42		
Excess Return			0.00	0.00	0.02	0.03	-0.08		
Cash Composite	303,396	2.05	0.03	0.09	0.15	0.16	0.13	0.37	1.85
<i>Citigroup 90 Day T-Bill + 0.15%</i>			0.01	0.04	0.21	0.23	0.25	0.47	1.89
Excess Return			0.02	0.05	-0.06	-0.07	-0.12	-0.10	-0.04
Private Equity Composite	1,159,083	7.82	-0.96	3.06	8.96	9.00	14.07	6.35	
Real Estate Composite	963,794	6.51	-0.78	2.66	8.81	11.42	10.60	1.68	
Hedge Funds Composite	1,354,126	9.14	0.88	3.90	11.86	11.79	6.20		
<i>LIBOR + 4%</i>			0.36	1.06	3.95	4.33	4.36		
Excess Return			0.52	2.84	7.91	7.46	1.84		

**West Virginia Investment Management Board**

Participant Plans Allocation vs. Strategy

As of May 31, 2013

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

**Pension Assets**

Public Employees' Retirement System	25.4	25.0	26.6	25.0	20.1	20.0	9.5	10.0	7.9	10.0	10.1	10.0	0.4	0.0
Teachers' Retirement System	25.2	25.0	26.7	25.0	19.3	20.0	9.5	10.0	7.9	10.0	10.1	10.0	1.3	0.0
Teachers' Employers Cont. Collection A/C	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0
EMS Retirement System	25.3	25.0	26.3	25.0	20.5	20.0	9.4	10.0	7.8	10.0	10.0	10.0	0.7	0.0
Public Safety Retirement System	24.5	25.0	26.0	25.0	19.4	20.0	9.6	10.0	7.7	10.0	9.8	10.0	3.0	0.0
Judges' Retirement System	25.4	25.0	26.6	25.0	20.3	20.0	9.6	10.0	7.9	10.0	10.1	10.0	0.1	0.0
State Police Retirement System	25.4	25.0	26.2	25.0	20.5	20.0	9.2	10.0	7.8	10.0	10.0	10.0	0.9	0.0
Deputy Sheriffs' Retirement System	25.3	25.0	26.4	25.0	20.5	20.0	9.5	10.0	7.9	10.0	10.0	10.0	0.4	0.0
Municipal Police & Firefighter Retirement System	22.6	25.0	23.9	25.0	17.8	20.0	8.9	10.0	7.1	10.0	9.1	10.0	10.6	0.0

**Insurance Assets**

Workers' Compensation Old Fund	10.2	10.0	10.7	10.0	68.5	70.0	0.0	0.0	0.0	0.0	0.0	0.0	10.6	10.0
Workers' Comp. Self-Insured Guaranty Risk Pool	10.3	10.0	10.6	10.0	53.8	55.0	0.0	0.0	0.0	0.0	20.4	20.0	4.9	5.0
Workers' Comp. Uninsured Employers Fund	10.1	10.0	10.8	10.0	48.8	50.0	0.0	0.0	0.0	0.0	20.4	20.0	9.9	10.0
Pneumoconiosis	10.2	10.0	10.9	10.0	53.9	55.0	0.0	0.0	0.0	0.0	20.4	20.0	4.6	5.0
Board of Risk & Insurance Mgmt.	10.2	10.0	10.8	10.0	53.7	55.0	0.0	0.0	0.0	0.0	20.4	20.0	4.9	5.0
Public Employees' Insurance Agency	10.3	10.0	10.1	10.0	59.0	60.0	0.0	0.0	0.0	0.0	20.4	20.0	0.2	0.0
WV Retiree Health Benefit Trust Fund	25.6	25.0	26.2	25.0	21.0	20.0	9.2	10.0	7.9	10.0	10.1	10.0	0.0	0.0
AccessWV	0.0	0.0	0.0	0.0	99.9	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0

**Endowment Assets**

Wildlife Fund	25.3	25.0	26.4	25.0	20.6	20.0	9.5	10.0	7.9	10.0	10.0	10.0	0.3	0.0
Prepaid Tuition Trust	30.8	30.0	16.2	16.0	51.7	54.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.0
Revenue Shortfall Reserve Fund	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Shortfall Reserve Fund - Part B	10.2	10.0	10.8	10.0	78.6	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0
WV DEP Trust	36.8	35.0	29.2	30.0	34.0	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 May 31, 2013

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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.



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**Status Report:**  
**Workers' Compensation**

Joint Committee on Government & Finance

July 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.

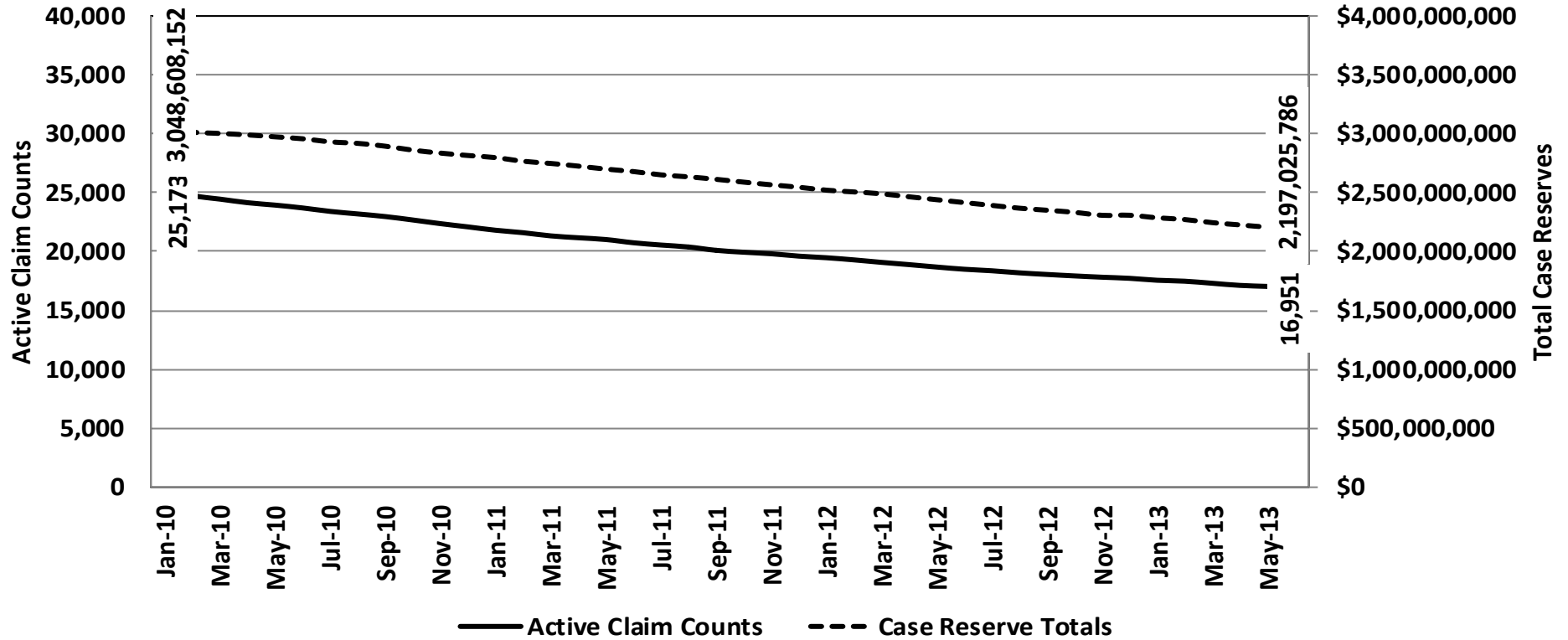
**Self-Insured Security Fund:** State managed fund into which premiums received are held, and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last exposure before 07/01/2004. This fund is limited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

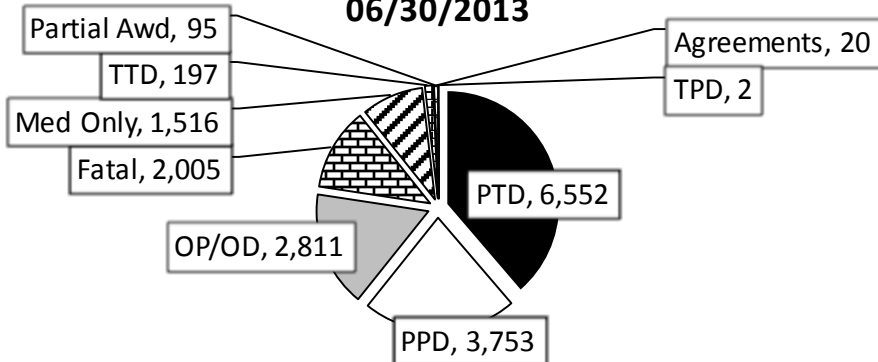
**TTD:** (Temporary Total Disability) an inability to return to substantial gainful employment requiring skills or activities comparable to those of one's previous gainful employment during the healing or recovery period after the injury. In order to receive TTD benefits, the injured worker must be certified 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 06/30/2013



### Old Fund Active Claim Counts 06/30/2013



**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

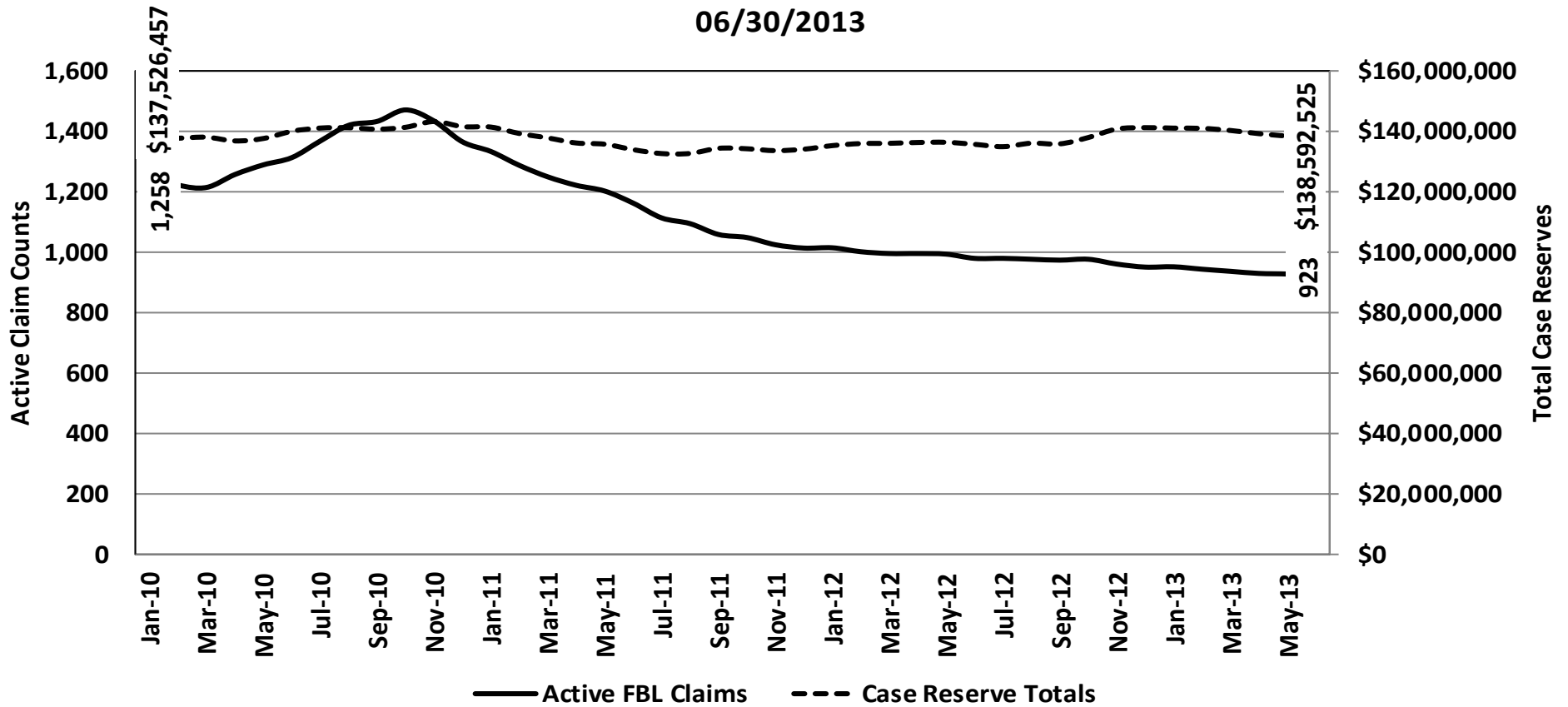
**PPD** - Permanent Partial Disability; unlikely to improve with treatment

**PTD** - Permanent Total Disability; unable to engage in employment

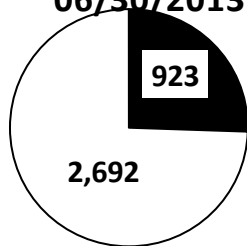
**TPD** - Temporary Partial Disability released to work with restrictions

**TTD** - Temporary Total Disability; unable to engage in employment

**CWP Fund (FBL)  
Active Claim Counts and Case Reserves  
06/30/2013**



**CWP Fund (FBL)  
Active and Inactive Claims  
06/30/2013**



■ Active □ Inactive

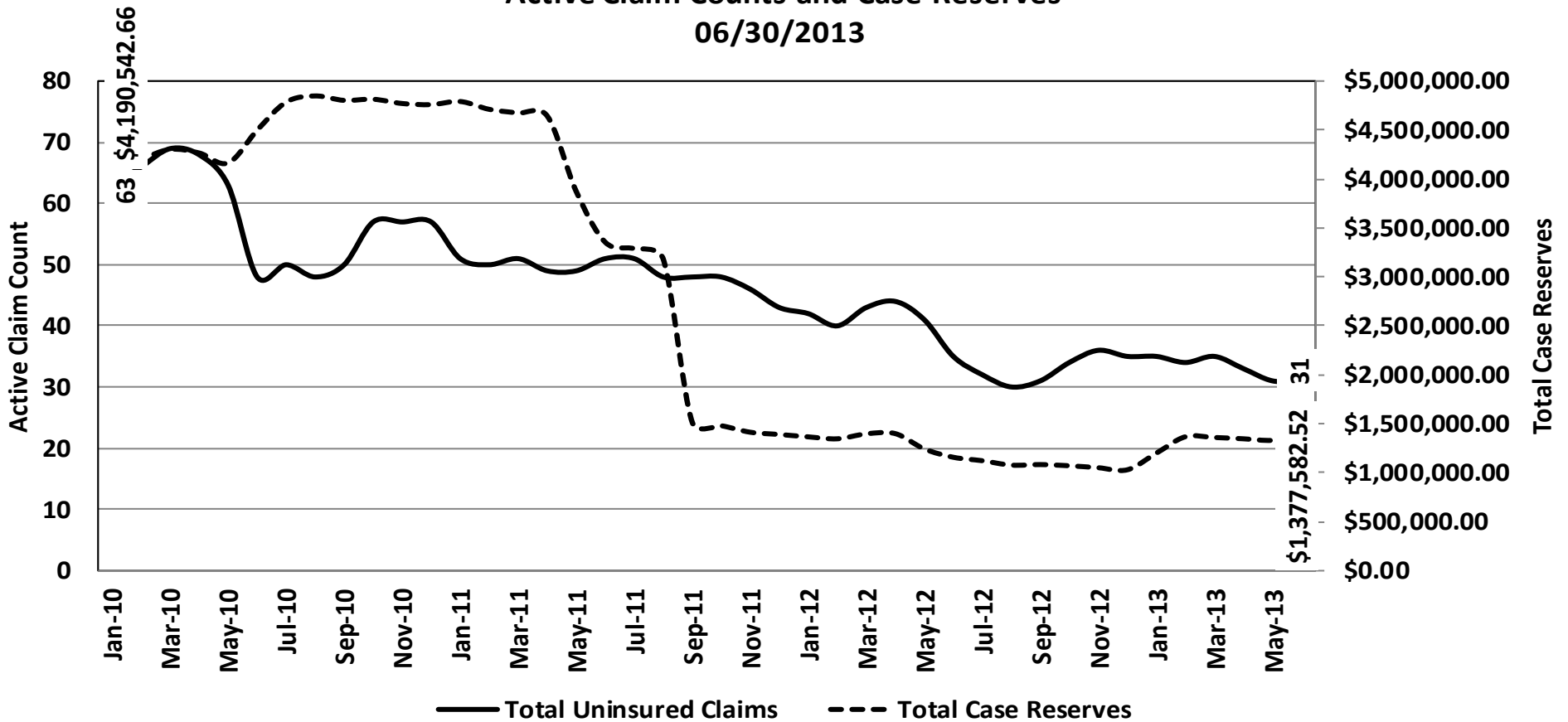
**Active** – Benefits being paid to claimant/beneficiary

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

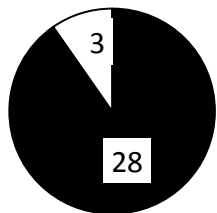
**FBL** - Occupational Pneumoconiosis (Black Lung) under Title IV of the federal Coal Mine Health and Safety Act of 1969, i.e. Federal Black lung, or FBL.

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

### Uninsured Fund Active Claim Counts and Case Reserves 06/30/2013



### Uninsured Fund Active Claim Counts 06/30/2013



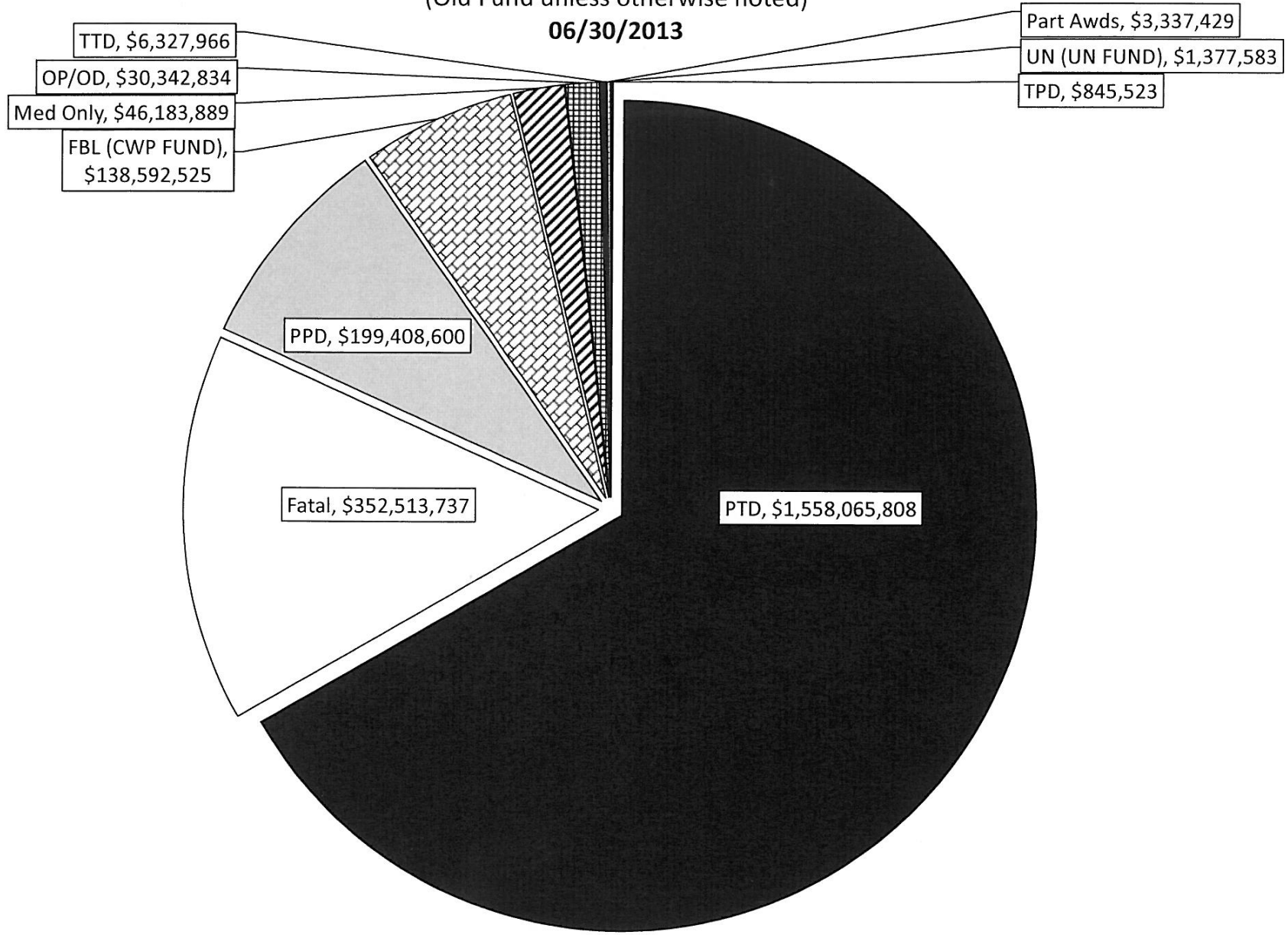
■ Indemnity   □ Med Only

**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)  
**06/30/2013**





OLD FUND CASH STATEMENT

June 30, 2013

	YTD FY2013	YTD FY2012	Change	Three Year History for years ended:		
				FY2012	FY2011	FY2010
<b>Cash Beginning Balances</b>	942,505,407	943,172,539	(667,132)	943,172,539	888,535,954	795,869,972
<b>Revenues</b>						
Personal Income Tax	95,400,000	95,400,000	-	95,400,000	95,400,000	95,400,000
Severance Tax	94,562,969	93,947,355	615,614	93,947,355	93,112,747	91,573,307
Debt Reduction Surcharge	36,853,941	39,758,082	(2,904,141)	39,758,082	41,096,360	39,594,122
Self-Insured Debt Reduction Surcharge	8,733,494	9,620,197	(886,703)	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	335,102	575,167	(240,065)	575,167	3,120,389	1,783,840
Other Income - Return of Unclaimed Property	48,332	202,103	(153,771)	202,103	191,860	95,620
<b>Operating Revenues</b>	246,933,837	250,502,904	(3,569,067)	250,502,904	251,979,946	246,008,940
Surplus Note Principal Payments	-	-	-	-	-	43,500,000
Investment / Interest Earnings (Losses)	77,380,803	18,284,929	59,095,874	18,284,929	88,270,887	102,218,697
<b>Total Revenues</b>	324,314,640	268,787,833	55,526,808	268,787,833	340,250,833	391,727,637
<b>Expenditures</b>						
Claims Benefits Paid:						
Medical	33,512,816	39,226,318	(5,713,502)	39,226,318	41,972,430	55,134,617
Permanent Total Disability	118,396,619	124,963,432	(6,566,812)	124,963,432	136,800,060	152,789,051
Permanent Partial Disability	1,137,910	1,822,571	(684,661)	1,822,571	2,513,255	4,890,325
Temporary Disability	59,227	188,666	(129,439)	188,666	384,571	1,322,403
Fatales	26,966,847	28,139,830	(1,172,984)	28,139,830	29,994,599	34,822,223
104 weeks death benefit	6,670,578	6,729,656	(59,078)	6,729,656	6,321,554	6,394,618
Settlements	9,011,730	56,164,626	(47,152,896)	56,164,626	50,628,569	24,145,535
Loss Adjustment Expenses	998,774	2,333,885	(1,335,111)	2,333,885	4,514,323	3,794,198
Total	196,754,501	259,568,984	(62,814,483)	259,568,984	273,129,360	283,292,970
Less: Claims credits and overpayments	4,617,178	8,161,625	(3,544,447)	8,161,625	7,666,404	4,327,846
Total Benefits Paid	192,137,323	251,407,359	(59,270,036)	251,407,359	265,462,956	278,965,124
Administrative Expenses	13,087,043	18,047,605	(4,960,562)	18,047,605	20,151,292	20,096,531
<b>Total Expenditures</b>	205,224,366	269,454,964	(64,230,598)	269,454,964	285,614,248	299,061,655
<b>Excess (Deficiency) of Revenues over Expenditures</b>	119,090,274	(667,131)	119,757,405	(667,131)	54,636,585	92,665,982
<b>Cash Ending Balances</b>	1,061,595,681	942,505,408	119,090,274	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

June 30, 2013

				Three Year History for years ended:		
	YTD FY2013	YTD FY2012	Change	FY2012	FY2011	FY2010
<b>Cash Beginning Balances</b>	<b>254,523,752</b>	<b>262,926,105</b>	<b>(8,402,353)</b>	<b>262,926,105</b>	<b>244,074,613</b>	<b>221,866,212</b>
<b>Revenues</b>						
Investment Earnings (Losses)	24,801,113	2,745,783	22,055,329	2,745,783	29,283,335	32,224,147
Other Income - Return of Unclaimed Property	-	-	-	-	-	899
<b>Total Revenues</b>	<b>24,801,113</b>	<b>2,745,783</b>	<b>22,055,329</b>	<b>2,745,783</b>	<b>29,283,335</b>	<b>32,225,046</b>
<b>Expenditures</b>						
Payment of Claims	12,550,216	11,131,012	1,419,204	11,131,012	10,415,160	9,978,121
Contractual / Professional	53,287	17,124	36,163	17,124	16,683	38,524
Legal	932	-	932	-	-	-
<b>Total Expenditures</b>	<b>12,604,435</b>	<b>11,148,136</b>	<b>1,455,366</b>	<b>11,148,136</b>	<b>10,431,843</b>	<b>10,016,645</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>12,196,678</b>	<b>(8,402,353)</b>	<b>20,599,963</b>	<b>(8,402,353)</b>	<b>18,851,492</b>	<b>22,208,401</b>
<b>Cash Ending Balances</b>	<b>266,720,430</b>	<b>254,523,752</b>	<b>12,196,678</b>	<b>254,523,752</b>	<b>262,926,105</b>	<b>244,074,613</b>

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

June 30, 2013

	YTD FY2013	YTD FY2012	Change	Three Year History for years ended:		
				FY2012	FY2011	FY2010
<b>Cash Beginning Balances</b>	<b>10,829,975</b>	<b>9,744,809</b>	<b>1,085,166</b>	<b>9,744,809</b>	<b>8,112,918</b>	<b>6,969,307</b>
<b>Revenues</b>						
Guaranty Risk Pool Assessments	851,410	1,093,066	(241,657)	1,093,066	1,119,674	1,283,687
Collateral Proceeds	2,399,380	-	2,399,380			
Investment Earnings (Losses)	1,186,338	125,813	1,060,525	125,813	592,165	9,237
<b>Total Revenues</b>	<b>4,437,128</b>	<b>1,218,879</b>	<b>3,218,249</b>	<b>1,218,879</b>	<b>1,711,839</b>	<b>1,292,924</b>
<b>Expenditures</b>						
Payment of Claims	332,894	28,466	304,428	28,466	28,707	104,821
Contractual / Professional	92,122	105,247	(13,125)	105,247	51,241	44,492
Legal	26,750	-	26,750	-	-	-
<b>Total Expenditures</b>	<b>451,765</b>	<b>133,713</b>	<b>318,052</b>	<b>133,713</b>	<b>79,948</b>	<b>149,313</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>3,985,363</b>	<b>1,085,166</b>	<b>2,900,196</b>	<b>1,085,166</b>	<b>1,631,891</b>	<b>1,143,611</b>
<b>Cash Ending Balances</b>	<b>14,815,338</b>	<b>10,829,975</b>	<b>3,985,362</b>	<b>10,829,975</b>	<b>9,744,809</b>	<b>8,112,918</b>

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  
June 30, 2013

				Three Year History for years ended:		
	YTD FY2013	YTD FY2012	Change	FY2012	FY2011	FY2010
<b>Cash Beginning Balances</b>	<b>203,518</b>	<b>205,705</b>	<b>(2,187)</b>	<b>205,705</b>	<b>173,041</b>	<b>-</b>
<b>Revenues</b>						
Security Risk Pool Assessments	2,575,705	-	2,575,705	-	115,568	173,041
Collateral Proceeds	4,657,620	-	4,657,620	-	-	-
<b>Total Revenues</b>	<b>7,233,325</b>	<b>-</b>	<b>7,233,325</b>	<b>-</b>	<b>115,568</b>	<b>173,041</b>
<b>Expenditures</b>						
Payment of Claims	530,804	2,187	528,617	2,187	73,649	-
Contractual / Professional	60,413	-	60,413	-	9,255	-
Legal	91,025	-	91,025	-	-	-
<b>Total Expenditures</b>	<b>682,242</b>	<b>2,187</b>	<b>680,055</b>	<b>2,187</b>	<b>82,904</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>6,551,083</b>	<b>(2,187)</b>	<b>6,553,270</b>	<b>(2,187)</b>	<b>32,664</b>	<b>173,041</b>
<b>Cash Ending Balances</b>	<b>6,754,601</b>	<b>203,518</b>	<b>6,551,083</b>	<b>203,518</b>	<b>205,705</b>	<b>173,041</b>

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

June 30, 2013

				Three Year History for years ended:		
	YTD FY2013	YTD FY2012	Change	FY2012	FY2011	FY2010
<b>Cash Beginning Balances</b>	<b>9,574,065</b>	<b>9,086,330</b>	<b>487,735</b>	<b>9,086,330</b>	<b>8,905,444</b>	<b>8,588,268</b>
<b>Revenues</b>						
Fines and Penalties	747,771	948,896	(201,125)	948,896	939,626	892,806
Investment Earnings (Losses)	871,603	99,906	771,697	99,906	474,728	10,923
<b>Total Revenues</b>	<b>1,619,374</b>	<b>1,048,802</b>	<b>570,572</b>	<b>1,048,802</b>	<b>1,414,354</b>	<b>903,729</b>
<b>Expenditures</b>						
Payment of Claims	262,002	553,676	(291,673)	553,676	1,224,982	577,819
Contractual/Professional	15,024	7,392	7,633	7,392	8,486	8,734
General and Administrative	60	-	60	-	-	-
Insurance	115,000	-	115,000	-	-	-
<b>Total Expenditures</b>	<b>392,086</b>	<b>561,067</b>	<b>(168,981)</b>	<b>561,067</b>	<b>1,233,468</b>	<b>586,553</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>1,227,288</b>	<b>487,735</b>	<b>739,553</b>	<b>487,735</b>	<b>180,886</b>	<b>317,176</b>
<b>Cash Ending Balances</b>	<b>10,801,353</b>	<b>9,574,065</b>	<b>1,227,288</b>	<b>9,574,065</b>	<b>9,086,330</b>	<b>8,905,444</b>

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 – JULY 2, 2013**

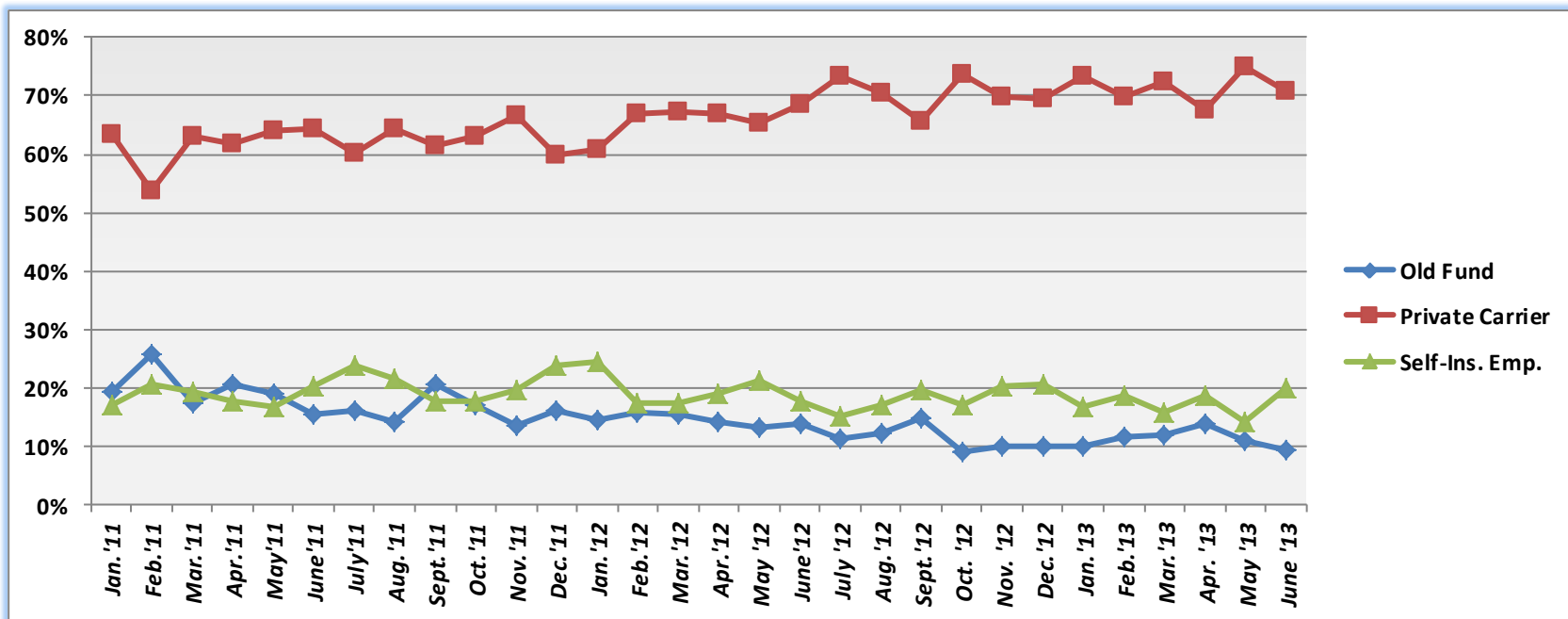
**Rebecca A. Roush, Chief Administrative Law Judge**

# Statistical Analysis

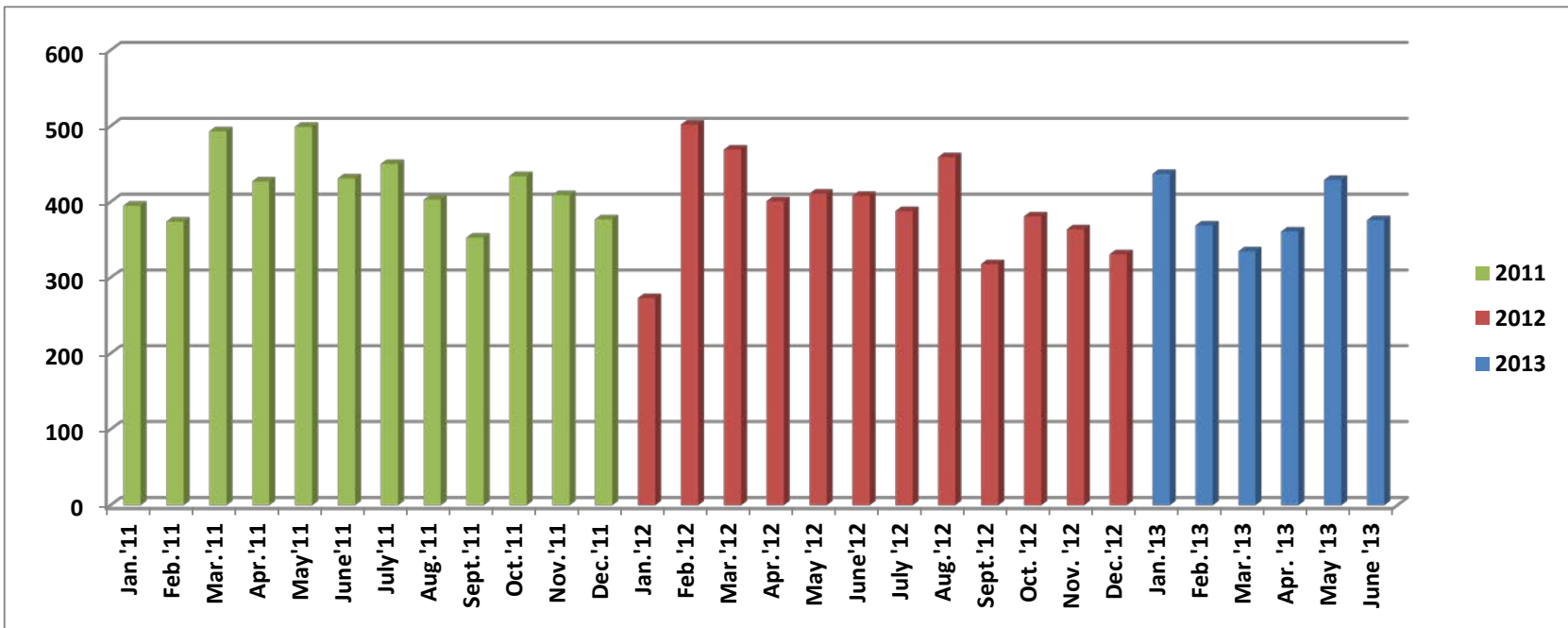
A. Protests Acknowledged: 2012 June 2013  
 4705 376 2307

## Fund Involved:

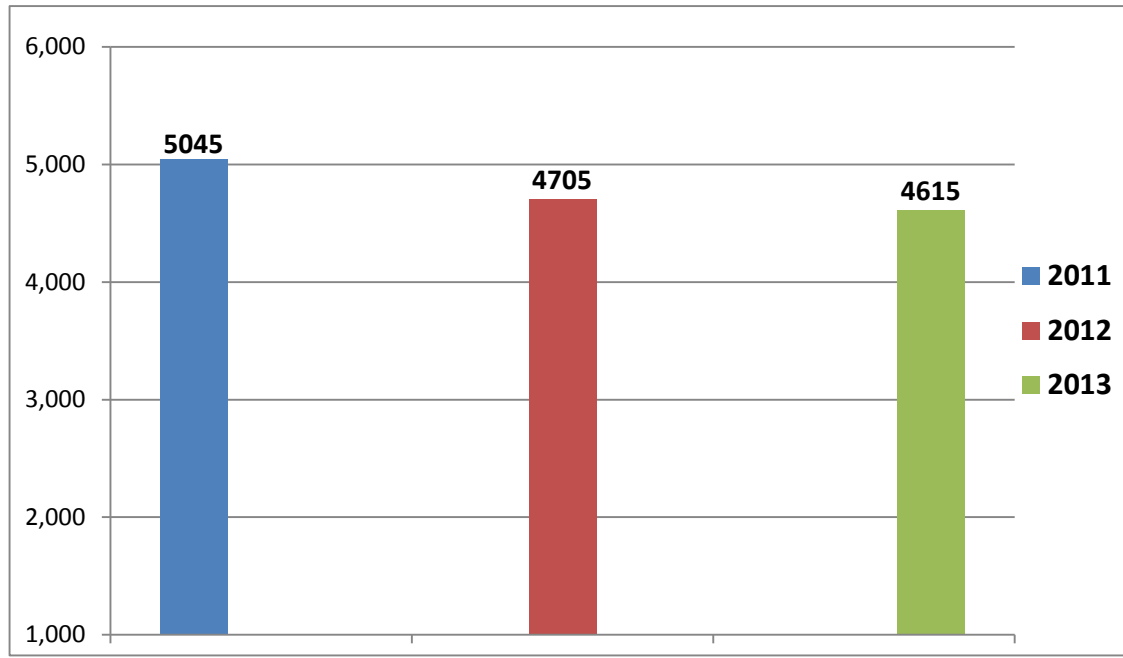
FUND	2012	% of protests	June '13	% of protests	2013	% of protests
Old Fund	593	12.60%	35	9.31%	259	11.23%
Private Carrier	3233	68.72%	266	70.74%	1650	71.52%
Self-Insured	879	18.68%	75	19.95%	398	17.25%
Subtotal	4705		376		2307	
Temporary	708		43		245	
<b>Total</b>	<b>5413</b>		<b>419</b>		<b>2552</b>	



Protests Acknowledged by Carrier Type



Protests Acknowledged by Month



Protests Acknowledged by Year

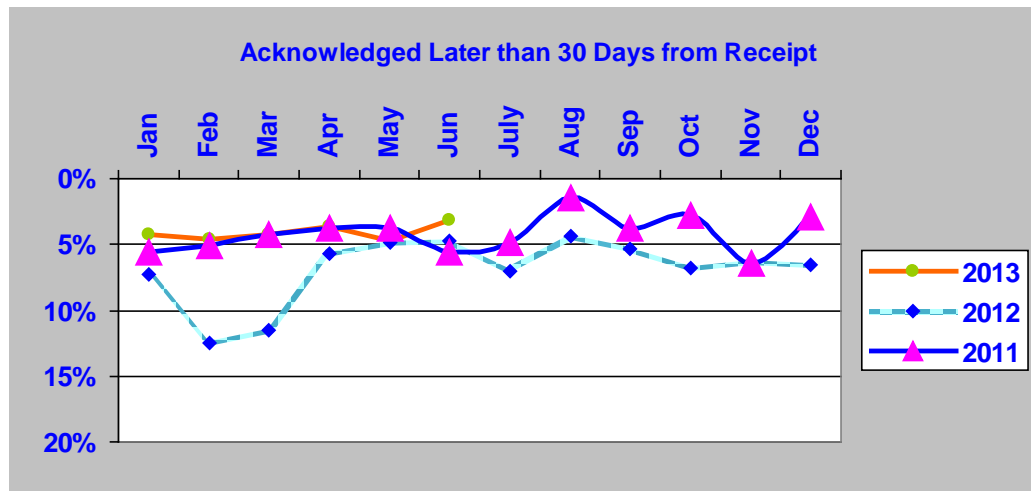


B. Issues Resolved: 2012 June 2013  
 4773 394 2423

C. Pending Caseload Report

<b>PENDING AS OF July 1, 2013</b>	<b>3129</b>
PENDING 1 MONTH BEFORE	3148
PENDING 2 MONTHS BEFORE	3140
PENDING 3 MONTHS BEFORE	3100
PENDING 6 MONTHS BEFORE	3299
PENDING 12 MONTHS BEFORE	3521

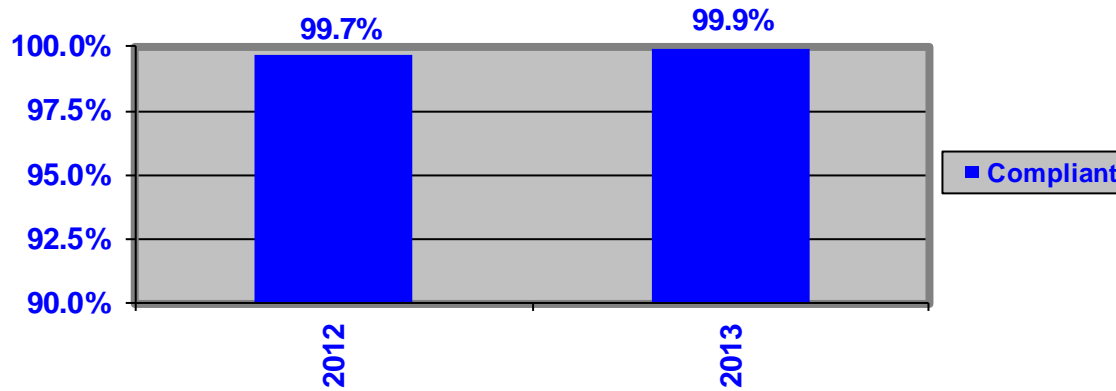
D. Acknowledgment Timeliness: 2012 June 2013  
 Protest Ackn. >30 days 7.0% 3.2% 4.1%  
 Protest Ackn. 24-30 days 3.1% 1.3% 2.8%  
 Protest Ackn. 11-23 days 24.4% 14.4% 17.5%  
 Protest Ackn. <11 days 65.5% 81.1% 75.7%



		<u>June '13</u>	<u>2013</u>
<b>E. Protests Resolved:</b>	1. Protests decided:	255	1540
	2. Withdrawals:	63	429
	3. "No Evidence" Dismissals:	34	221

		<u>2012</u>	<u>June '13</u>	<u>2013</u>
<b>F. Final Decision Timeliness</b>	1. <30 days:	46.5%	44.2%	41.5%
	2. 30-60 days:	50.3%	50.4%	54.8%
	3. 60-90 days:	2.9%	5.4%	3.6%
	4. +90 days:	0.3%	0.0%	0.1%

**Decision Within Rule's Time Limits**



		<u>2012</u>	<u>June</u>	<u>2013</u>
<b>G. Time Standard Compliance</b>		92.5%	93.3%	94.3%

**Time Standard Compliance**  
Report Dates: From 6/1/2013 thru 6/30/2013

Time Standard	Total Closed	Timely		Late	
		Count	Percent	Count	Percent
DEP BEN FATAL	2	1	50%	1	50%
OPBD	4	3	75%	1	25%
PPD	40	39	97.50%	1	2.50%
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	1	1	100%	0	0%
REOPENING	4	4	100%	0	0%
BENEFIT RATE	1	1	100%	0	0%
COMPENSABILITY	24	24	100%	0	0%
TRMT/EQUIP CL	33	28	84.80%	5	15.20%
TTD	11	11	100%	0	0%
<b>Total</b>	<b>120</b>	<b>112</b>	<b>93.3%</b>	<b>8</b>	<b>6.7%</b>

**Final Decision Compliance**  
Report Dates: From 6/1/2013 thru 6/30/2013

Description	Issues Resolved	Days to Decision							
		< 30 Days		30 - 60		61 - 90		> 90	
		Count	%	Count	%	Count	%	Count	%
OPBD	8	2	25.0%	6	75.0%	0	0.0%	0	0.0%
FAILURE TO ACT 30 DAY	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
COMPENSABILITY	51	19	37.3%	28	54.9%	4	7.8%	0	0.0%
PPD	49	23	46.9%	26	53.1%	0	0.0%	0	0.0%
REHABILITATION	1	1	100.0%	0	0.0%	0	0.0%	0	0.0%
REOPENING	14	6	42.9%	8	57.1%	0	0.0%	0	0.0%
TRMT/EQUIP CL	98	45	45.9%	48	49.0%	5	5.1%	0	0.0%
BENEFIT RATE	1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	2	1	50.0%	1	50.0%	0	0.0%	0	0.0%
SPECIAL CATEGORY	2	1	50.0%	1	50.0%	0	0.0%	0	0.0%
FAILURE TO ACT 15 DAY	4	0	0.0%	1	25.0%	3	75.0%	0	0.0%
TTD	18	12	66.7%	5	27.8%	1	5.6%	0	0.0%
DEP BEN FATAL	9	4	44.4%	5	55.6%	0	0.0%	0	0.0%
<b>Totals</b>	<b>258</b>	<b>114</b>	<b>44.2%</b>	<b>130</b>	<b>50.4%</b>	<b>14</b>	<b>5.4%</b>	<b>0</b>	<b>0.0%</b>

**Motion Resolution Compliance**  
 Report Dates: From 6/1/2013 thru 6/30/2013

Time Standard	Total Motions	Timely *		Late **	
		Count	Percent	Count	Percent
FAILURE TO ACT 30 DAY	5	5	100%	0	0%
BENEFIT RATE	2	2	100%	0	0%
OPBD	22	22	100%	0	0%
PPD	172	171	99.40%	1	0.60%
REOPENING	35	34	97.10%	1	2.90%
APPLICATION THRESHOLD	1	1	100%	0	0%
OP NON-MED	3	3	100%	0	0%
PTD ENTITLEMENT	2	2	100%	0	0%
SPECIAL CATEGORY	12	12	100%	0	0%
FAILURE TO ACT 15 DAY	8	8	100%	0	0%
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	6	6	100%	0	0%
DEP BEN FATAL	11	11	100%	0	0%
TEMP	3	3	100%	0	0%
TRMT/EQUIP CL	207	204	98.60%	3	1.40%
BENEFIT OVERPAYMENT	1	1	100%	0	0%
COMPENSABILITY	173	169	97.70%	4	2.30%
PTD ONSET DATE	1	1	100%	0	0%
TTD	72	70	97.20%	2	2.80%
<b>Total</b>	<b>736</b>	<b>725</b>	<b>98.5%</b>	<b>11</b>	<b>1.5%</b>

\* Action Date < Motion Date  
 \*\* Action Date > Motion Date

**Acknowledgement Goal**  
Report Dates: From 6/1/2013 thru 6/30/2013

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30		30-24		23-11		< 11	
		Count	Percent	Count	Percent	Count	Percent	Count	Percent
<b>APPLICATION THRESHOLD</b>	<b>Total: 1</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>1</b>	<b>100.0%</b>
CFA-CL APP.THRESHOLD	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
<b>COMPENSABILITY</b>	<b>Total: 68</b>	<b>3</b>	<b>4.4%</b>	<b>1</b>	<b>1.5%</b>	<b>14</b>	<b>20.6%</b>	<b>50</b>	<b>73.5%</b>
CCS-CL SEC.CONDITION	18	0	0.0%	0	0.0%	2	11.1%	16	88.9%
CHC-CL COMPENSABILITY	2	1	50.0%	0	0.0%	0	0.0%	1	50.0%
CIS-CL SI SEC.CONDITION	3	0	0.0%	1	33.3%	2	66.7%	0	0.0%
CLB-CL COMP ON LIMITED BASIS	3	0	0.0%	0	0.0%	0	0.0%	3	100.0%
CLB-CL SI COMP ON LIMITED BASIS	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CPI-CL SI REJECT CLAIM	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
CPJ-CL REJECT CLAIM	32	1	3.1%	0	0.0%	9	28.1%	22	68.8%
CQR-CL SI REJ OCCDISEASE	3	1	33.3%	0	0.0%	0	0.0%	2	66.7%
CRZ-CL REJ OCC DISEASE	5	0	0.0%	0	0.0%	0	0.0%	5	100.0%
<b>DEP BEN FATAL</b>	<b>Total: 6</b>	<b>0</b>	<b>0.0%</b>	<b>1</b>	<b>16.7%</b>	<b>1</b>	<b>16.7%</b>	<b>4</b>	<b>66.7%</b>
CDF-CL DENY/GRNT DTH BEN	4	0	0.0%	1	25.0%	1	25.0%	2	50.0%
CIF-CL SI DY/GNT DTH BEN	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
<b>FAILURE TO ACT 10 DAY</b>	<b>Total: 3</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>1</b>	<b>33.3%</b>	<b>2</b>	<b>66.7%</b>
C5N-CL FTA NOT COVERED	3	0	0.0%	0	0.0%	1	33.3%	2	66.7%
<b>FAILURE TO ACT 15 DAY</b>	<b>Total: 4</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>2</b>	<b>50.0%</b>	<b>2</b>	<b>50.0%</b>
C01-CL FTA INJ COMPENSAB	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
FTA Multiple Issues-FTA MULTIPLE ISSUES	3	0	0.0%	0	0.0%	2	66.7%	1	33.3%
<b>FAILURE TO ACT 30 DAY</b>	<b>Total: 2</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>2</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>
C7D-CL FTA REF FOR EXAM	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
C7E-CL FTA CPLY OJ/BR/SC	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
<b>OP NON-MED</b>	<b>Total: 6</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>6</b>	<b>100.0%</b>
CIR-CL SI NON-MED ORDER	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
CNR-CL NON-MED ORDER	4	0	0.0%	0	0.0%	0	0.0%	4	100.0%
<b>OPBD</b>	<b>Total: 15</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>1</b>	<b>6.7%</b>	<b>14</b>	<b>93.3%</b>
CAO-CL ADD BOARD FINDING	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CBF-CL % BOARD FINDING	5	0	0.0%	0	0.0%	0	0.0%	5	100.0%
CSF-CL% SI BOARD FINDING	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
CSO-CL SI AD.BRD FINDING	2	0	0.0%	0	0.0%	1	50.0%	1	50.0%

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30		30-24		23-11		< 11	
		Count	Percent	Count	Percent	Count	Percent	Count	Percent
EBF-EM % BOARD FINDING	3	0	0.0%	0	0.0%	0	0.0%	3	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%
<b>PPD</b>	<b>Total: 81</b>	<b>4</b>	<b>4.9%</b>	<b>2</b>	<b>2.5%</b>	<b>6</b>	<b>7.4%</b>	<b>69</b>	<b>85.2%</b>
CAA-CL ADDL % AWARD D/G	5	1	20.0%	0	0.0%	0	0.0%	4	80.0%
CAD-CL % AWARD DENY/GRNT	64	3	4.7%	2	3.1%	6	9.4%	53	82.8%
CIE-CL SI ADD% AWARD D/G	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CIG-CL SI %AWARD DNY/GNT	11	0	0.0%	0	0.0%	0	0.0%	11	100.0%
<b>PTD ENTITLEMENT</b>	<b>Total: 1</b>	<b>1</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
CKC-CL DENY/GRANT PTD	1	1	100.0%	0	0.0%	0	0.0%	0	0.0%
<b>REHABILITATION</b>	<b>Total: 2</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>2</b>	<b>100.0%</b>
CPB-CL GRNT/DNY VOC REHA	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
<b>REOPENING</b>	<b>Total: 22</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>5</b>	<b>22.7%</b>	<b>17</b>	<b>77.3%</b>
CIQ-CL SI DY/GNT R/O PPD	3	0	0.0%	0	0.0%	0	0.0%	3	100.0%
CIY-CL SI DY/GNT R/O TTD	4	0	0.0%	0	0.0%	1	25.0%	3	75.0%
CJV-CL DNY/GRNT R/O PPD	5	0	0.0%	0	0.0%	1	20.0%	4	80.0%
CLH-CL DNY/GRNT R/O PTD	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CRD-CL DENY/GRNT R/O TTD	9	0	0.0%	0	0.0%	3	33.3%	6	66.7%
<b>SPECIAL CATEGORY</b>	<b>Total: 5</b>	<b>0</b>	<b>0.0%</b>	<b>1</b>	<b>20.0%</b>	<b>2</b>	<b>40.0%</b>	<b>2</b>	<b>40.0%</b>
C1I-CL SI SL CATEGORY	2	0	0.0%	0	0.0%	1	50.0%	1	50.0%
CNW-CL SPL CATEGORY	3	0	0.0%	1	33.3%	1	33.3%	1	33.3%
<b>TRMT/EQUIP CL</b>	<b>Total: 124</b>	<b>4</b>	<b>3.2%</b>	<b>0</b>	<b>0.0%</b>	<b>17</b>	<b>13.7%</b>	<b>103</b>	<b>83.1%</b>
CBX-CL TRMT DENY	90	3	3.3%	0	0.0%	9	10.0%	78	86.7%
CSX-CL SI TRMT DENY	28	0	0.0%	0	0.0%	8	28.6%	20	71.4%
CYY-CL TRMT GRANT	6	1	16.7%	0	0.0%	0	0.0%	5	83.3%
<b>TTD</b>	<b>Total: 36</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>3</b>	<b>8.3%</b>	<b>33</b>	<b>91.7%</b>
CCC-CL CLOSING THE CLAIM	24	0	0.0%	0	0.0%	2	8.3%	22	91.7%
CIC-CL SI CLSING THE CLM	8	0	0.0%	0	0.0%	0	0.0%	8	100.0%
CJS-CL TTD	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CPX-CL INITIAL TTD	3	0	0.0%	0	0.0%	1	33.3%	2	66.7%
Totals: Claims 311	376	12	3.2%	5	1.3%	54	14.4%	305	81.1%

## Resolution of Issues

Report Dates: Decision Date from 6/1/2013 thru 6/30/2013

Time Standard Categories	Decisions Issued	Reversed		Affirmed		Affirmed by Rule		Dismissed		Modified		Moot		Other		Remanded	
		Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
FAILURE TO ACT 30 DAY	1	0	0	0	0	0	0	1	100	0	0	0	0	0	0	0	0
REOPENING	22	8	36.40	6	27.30	1	4.50	7	31.80	0	0	0	0	0	0	0	0
PPD	109	21	19.30	25	22.90	22	20.20	39	35.80	0	0	1	0.90	0	0	1	0.90
APPLICATION THRESHOLD	1	0	0	0	0	0	0	1	100	0	0	0	0	0	0	0	0
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	2	1	50	0	0	0	0	0	0	1	50	0	0	0	0	0	0
COMPENSABILITY	67	14	20.90	30	44.80	4	6	14	20.90	4	6	0	0	0	0	0	0
DEP BEN FATAL	9	1	11.10	8	88.90	0	0	0	0	0	0	0	0	0	0	0	0
FAILURE TO ACT 15 DAY	2	0	0	0	0	0	0	2	100	0	0	0	0	0	0	0	0
OPBD	15	4	26.70	4	26.70	1	6.70	6	40	0	0	0	0	0	0	0	0
REHABILITATION	1	0	0	1	100	0	0	0	0	0	0	0	0	0	0	0	0
TRMT/EQUIP CL	123	32	26	62	50.40	4	3.30	14	11.40	5	4.10	3	2.40	1	0.80	0	0
BENEFIT RATE	2	1	50	0	0	0	0	1	50	0	0	0	0	0	0	0	0
SPECIAL CATEGORY	3	1	33.30	1	33.30	0	0	1	33.30	0	0	0	0	0	0	0	0
TTD	37	6	16.20	11	29.70	2	5.40	14	37.80	1	2.70	2	5.40	0	0	0	0
<b>Totals</b>	<b>394</b>	<b>89</b>	<b>22.6</b>	<b>148</b>	<b>37.6</b>	<b>34</b>	<b>8.6</b>	<b>100</b>	<b>25.4</b>	<b>11</b>	<b>2.8</b>	<b>6</b>	<b>1.5</b>	<b>1</b>	<b>0.3</b>	<b>1</b>	<b>0.3</b>

## OOJ – Petition for Attorney Fees for Unreasonable Denial

### Petitions received 1/1/2013 through 6/30/2013

	<b>4</b>
Petitions denied on face:	0
Petitions denied by ALJ Decision:	0
Petitions granted:	1
Petitions withdrawn through settlement:	1
Petitions currently pending:	6*

*\*Includes 4 petitions pending from 2012*

### Failure to Timely Act Process

#### Petitions filed 1/1/2013 through 6/30/2013

Filed:	<b>45</b>
Denied/dismissed:	33
Withdrawn:	0
Reports to OIC:	24
Pending	18

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

### Expedited Hearings Scheduled

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL
<b>2011</b>	10	16	11	15	21	16	11	13	9	8	12	10	<b>152</b>
<b>2012</b>	14	2	18	12	13	5	7	3	2	11	16	10	<b>113</b>
<b>2013</b>	14	10	11	22	12	15							<b>84</b>

### Pro Se Claimant Information as of July 1, 2013

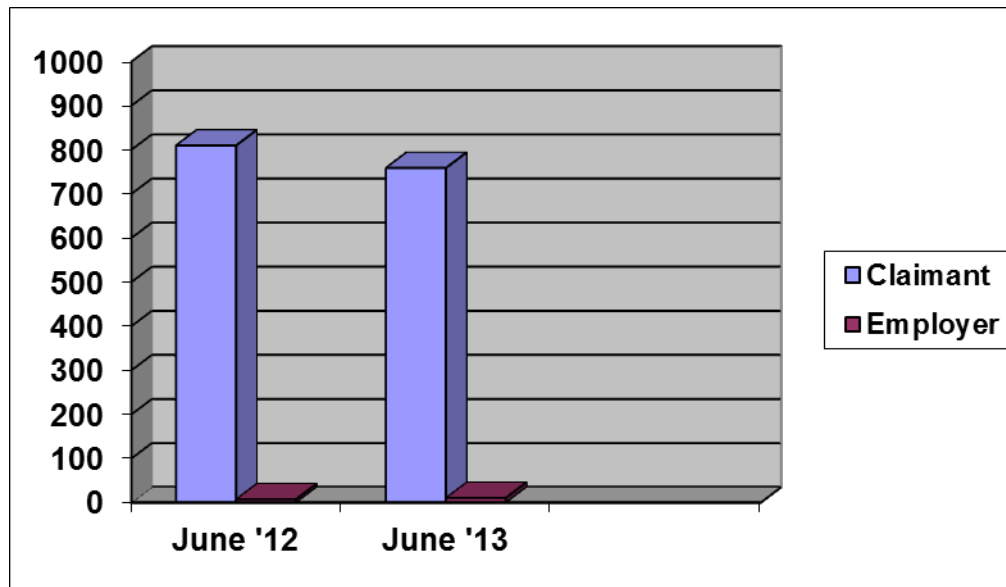
Pending Protests Involving Pro Se Claimants: 466



## OOJ – Pending Treatment Issues

Pending Treatment Issues			Comparison to Prior Mo/Year		
Party	Month	% Protests	Month	% Protests	
	June '13		June '12		
Claimant	759	24.26%	810	23.00%	
Employer	11	0.03%	8	0.02%	
<b>Total</b>	<b>770</b>		<b>818</b>		

Pending Treatment Issues

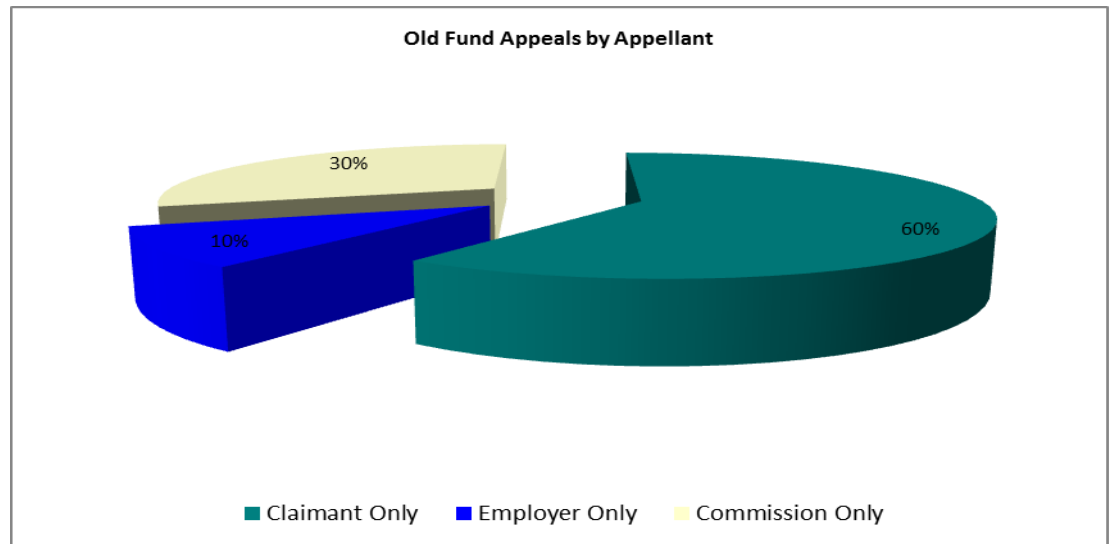


# WORKERS' COMPENSATION BOARD OF REVIEW

Appeals Received  
From June 1, 2013 Thru June 30, 2013

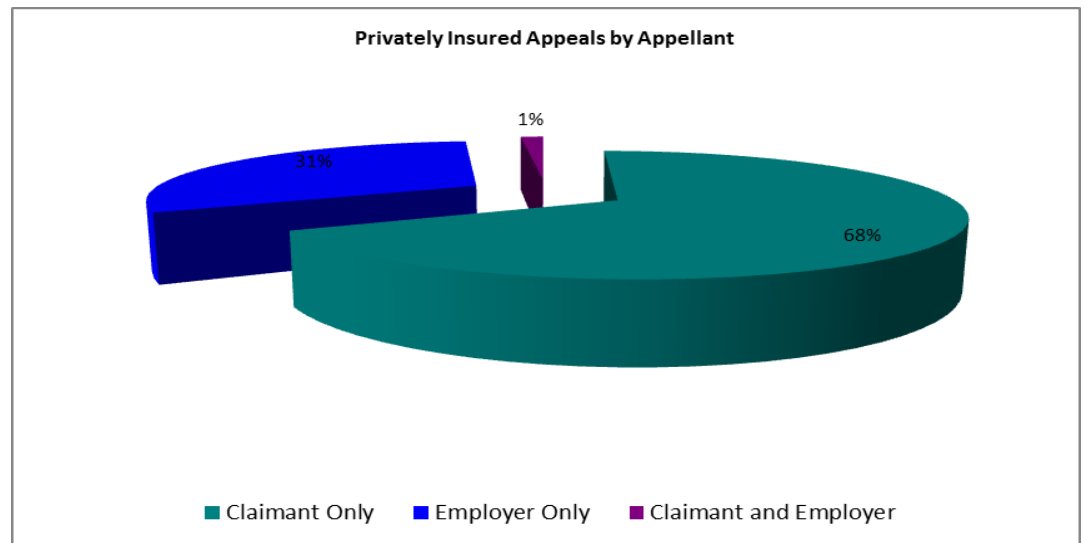
## Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	6
Employer Only	1
Commission Only	3
Old Fund Total	10



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

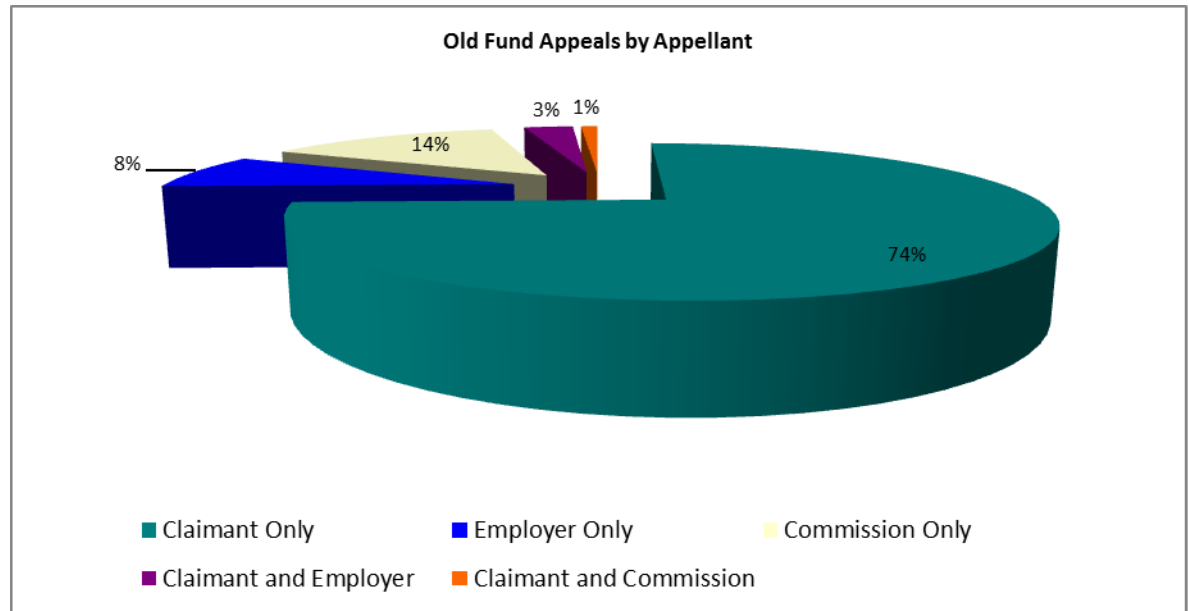
Appellant	Count
Claimant Only	48
Employer Only	22
Claimant and Employer	1
Privately Insured Total	71
Total Appeals	81



Yearly Appeals Received  
From January 1, 2013 Thru June 30, 2013

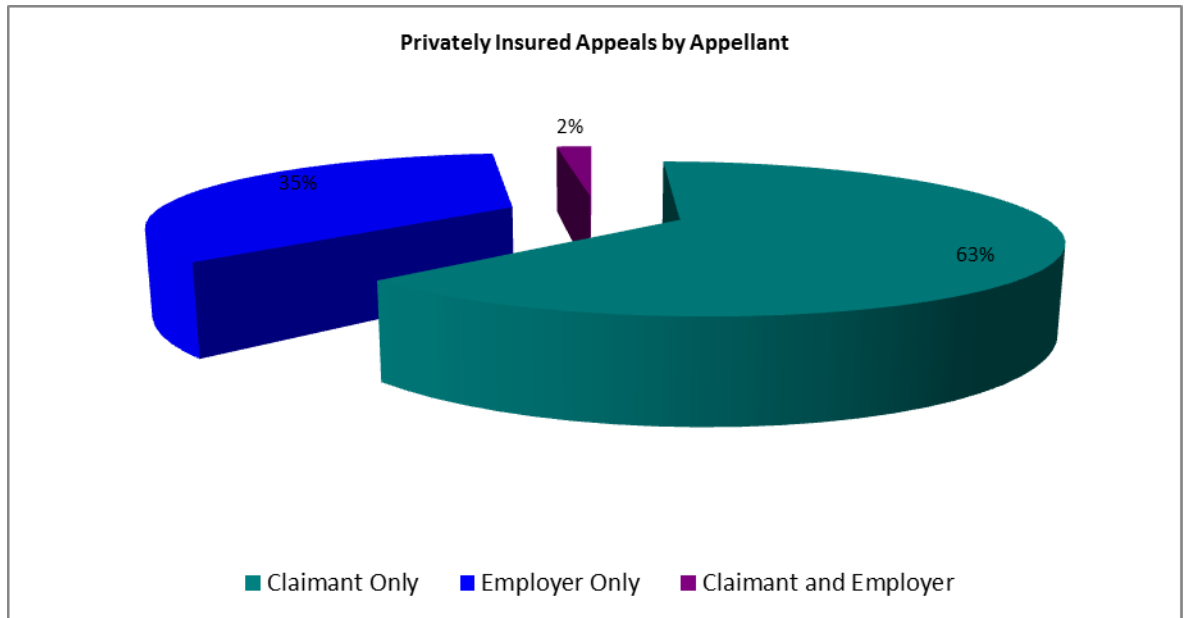
**Old Fund Appeals (DOI < Jul-1-2005)**

Appellant	Count
Claimant Only	76
Employer Only	8
Commission Only	14
Claimant and Employer	3
Claimant and Commission	1
<b>Old Fund Total</b>	<b>102</b>



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

Appellant	Count
Claimant Only	252
Employer Only	141
Claimant and Employer	8
<b>Privately Insured Total</b>	<b>401</b>
<b>Total Appeals</b>	<b>503</b>



Appeals Received By Issue  
 Old Fund Appeals (DOI < Jul-1-2005) vs Privately Insured Appeals (DOI > June-30-2005)  
 From June 1, 2013 thru June 30, 2013

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	7	0	0.0	7	100.0
CL % BOARD FINDING	1	0	0.0	1	100.0
CL CLOSING THE CLAIM	9	0	0.0	9	100.0
CL COMPENSABILITY	1	0	0.0	1	100.0
CL DENY/GRNT DTH BEN	1	1	100.0	0	0.0
CL DENY/GRNT R/O TTD	7	0	0.0	7	100.0
CL DNY/GRNT R/O PPD	1	0	0.0	1	100.0
CL NON-MED ORDER	1	0	0.0	1	100.0
CL PRSTS BEN RATE	1	0	0.0	1	100.0
CL PTD REV. BODY DETERMINATION	2	2	100.0	0	0.0
CL REJ OCC DISEASE	1	0	0.0	1	100.0
CL REJECT CLAIM	12	0	0.0	12	100.0
CL SEC.CONDITION	9	0	0.0	9	100.0
CL SI %AWARD DNY/GNT	5	1	20.0	4	80.0
CL SI APP.THRESHOLD	1	0	0.0	1	100.0
CL SI CLSING THE CLM	1	0	0.0	1	100.0
CL SI COMPENSABLE	1	0	0.0	1	100.0
CL SI REJECT CLAIM	3	0	0.0	3	100.0
CL SI SEC.CONDITION	1	0	0.0	1	100.0
CL SI TRMT DENY	5	1	20.0	4	80.0
CL SPL CATEGORY	1	0	0.0	1	100.0
CL TRMT DENY	26	4	15.4	22	84.6
CL TRMT GRANT	1	0	0.0	1	100.0
CL% SI BOARD FINDING	1	0	0.0	1	100.0
EM OIC SPL CATEGORY	1	0	0.0	1	100.0
EM SI DENY/GRANT PTD	1	1	100.0	0	0.0
<b>Totals</b>	<b>101</b>	<b>10</b>	<b>9.9</b>	<b>91</b>	<b>90.1</b>

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

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	56	3	5.4	53	94.6
CL % BOARD FINDING	4	0	0.0	4	100.0
CL ADD BOARD FINDING	4	2	50.0	2	50.0
CL ADDL % AWARD D/G	9	2	22.2	7	77.8
CL APP.THRESHOLD	4	3	75.0	1	25.0
CL BEN. OVERPAYMENT	1	0	0.0	1	100.0
CL CLOSING THE CLAIM	42	1	2.4	41	97.6
CL COMPENSABILITY	11	0	0.0	11	100.0
CL D/G PROV CHNG	1	0	0.0	1	100.0
CL DENY/GRANT PTD	9	9	100.0	0	0.0
CL DENY/GRNT DTH BEN	7	7	100.0	0	0.0
CL DENY/GRNT R/O TTD	17	0	0.0	17	100.0
CL DNY/GRNT R/O PPD	6	2	33.3	4	66.7
CL DNY/GRNT R/O PTD	2	2	100.0	0	0.0
CL EQUIP DENY/GRANT	2	2	100.0	0	0.0
CL INITIAL TTD	3	0	0.0	3	100.0
CL NON-MED ORDER	3	2	66.7	1	33.3
CL OIC %AWRD DNY/GNT	1	0	0.0	1	100.0
CL PRSTS BEN RATE	2	0	0.0	2	100.0
CL PTD REV. BODY DETERMINATION	5	5	100.0	0	0.0
CL REJ OCC DISEASE	9	2	22.2	7	77.8
CL REJECT CLAIM	69	0	0.0	69	100.0
CL SEC.CONDITION	38	0	0.0	38	100.0
CL SI %AWARD DNY/GNT	23	5	21.7	18	78.3
CL SI AD.BRD FINDING	2	0	0.0	2	100.0
CL SI ADD% AWARD D/G	6	3	50.0	3	50.0
CL SI APP.THRESHOLD	1	0	0.0	1	100.0
CL SI CLSING THE CLM	8	0	0.0	8	100.0
CL SI COMPENSABLE	4	0	0.0	4	100.0
CL SI DY/GNT DTH BEN	4	3	75.0	1	25.0
CL SI DY/GNT R/O PPD	4	3	75.0	1	25.0
CL SI DY/GNT R/O TTD	6	0	0.0	6	100.0
CL SI G/D VOC REHAB	1	0	0.0	1	100.0
CL SI IEB DETRM'TION	1	1	100.0	0	0.0

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL SI REJ OCCDISEASE	1	0	0.0	1	100.0
CL SI REJECT CLAIM	14	0	0.0	14	100.0
CL SI SEC.CONDITION	8	0	0.0	8	100.0
CL SI SL CATEGORY	1	0	0.0	1	100.0
CL SI TRMT DENY	37	9	24.3	28	75.7
CL SI TRMT GRANT	1	0	0.0	1	100.0
CL SPL CATEGORY	5	0	0.0	5	100.0
CL TRMT DENY	124	33	26.6	91	73.4
CL TRMT GRANT	1	0	0.0	1	100.0
CL TTD	4	0	0.0	4	100.0
CL% SI BOARD FINDING	2	0	0.0	2	100.0
EM OIC SPL CATEGORY	1	0	0.0	1	100.0
EM SI DENY/GRANT PTD	1	1	100.0	0	0.0
NonPrstable Protest	1	0	0.0	1	100.0
Not All Parties cc'd	2	1	50.0	1	50.0
<b>Totals</b>	<b>568</b>	<b>101</b>	<b>17.8</b>	<b>467</b>	<b>82.2</b>

Appeals Received By Issue  
From June 1, 2013 Thru June 30, 2013

Type of Issue	Total Issues	Claimant		Employer		OIC		Emp and OIC	
		#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	7	6	85.7	1	14.3	0	0.0	0	0.0
CL % BOARD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	10	5	50.0	5	50.0	0	0.0	0	0.0
CL COMPENSABILITY	1	0	0.0	1	100.0	0	0.0	0	0.0
CL DENY/GRNT DTH BEN	1	1	100.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	7	4	57.1	3	42.9	0	0.0	0	0.0
CL DNY/GRNT R/O PPD	1	1	100.0	0	0.0	0	0.0	0	0.0
CL NON-MED ORDER	1	0	0.0	1	100.0	0	0.0	0	0.0
CL PRSTS BEN RATE	1	0	0.0	1	100.0	0	0.0	0	0.0
CL PTD REV. BODY DETERMINATION	2	1	50.0	0	0.0	0	0.0	1	50.0
CL REJ OCC DISEASE	1	1	100.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	12	8	66.7	4	33.3	0	0.0	0	0.0
CL SEC.CONDITION	10	5	50.0	5	50.0	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	5	3	60.0	2	40.0	0	0.0	0	0.0
CL SI APP.THRESHOLD	1	1	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 COMPENSABLE	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	3	3	100.0	0	0.0	0	0.0	0	0.0
CL SI SEC.CONDITION	1	0	0.0	1	100.0	0	0.0	0	0.0
CL SI TRMT DENY	5	3	60.0	2	40.0	0	0.0	0	0.0
CL SPL CATEGORY	1	0	0.0	1	100.0	0	0.0	0	0.0
CL TRMT DENY	27	17	63.0	8	29.6	0	0.0	2	7.4
CL TRMT GRANT	1	0	0.0	1	100.0	0	0.0	0	0.0
CL% SI BOARD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0
EM OIC SPL CATEGORY	1	1	100.0	0	0.0	0	0.0	0	0.0
EM SI DENY/GRANT PTD	1	0	0.0	1	100.0	0	0.0	0	0.0
Totals	104	64	61.5	37	35.6	0	0.0	3	2.9

**WORKERS' COMPENSATION BOARD OF REVIEW  
FOR JUNE 2013**

Appealed By	BOR Disposition	Disposition		Year to Date		Disposition	
		Count	Disp %	Total %	Date	Disp %	Total %
<b>CLAIMANT</b>	AFFIRMED	31	86.1%	54.4%	295	89.1%	60.6%
	DISMISSED	2	5.6%	3.5%	17	5.1%	3.5%
	MODIFY				2	0.6%	0.4%
	REMAND	3	8.3%	5.3%	8	2.4%	1.6%
	REVERSE				9	2.7%	1.8%
	Total Dispositions	36			331		
<b>CLAIMANT/EMPLOYER</b>	AFFIRMED	1	100.0%	1.8%	6	85.7%	1.2%
	MODIFY				1	14.3%	0.2%
	Total Dispositions	1			7		
<b>EMPLOYER</b>	AFFIRMED	13	68.4%	22.8%	87	66.4%	17.9%
	DISMISSED	4	21.1%	7.0%	17	13.0%	3.5%
	MODIFY	1	5.3%	1.8%	4	3.1%	0.8%
	REMAND				2	1.5%	0.4%
	REVERSE	1	5.3%	1.8%	21	16.0%	4.3%
	Total Dispositions	19			131		
<b>DIVISION/OIC</b>	AFFIRMED				11	61.1%	2.3%
	DISMISSED	1	100.0%	1.8%	3	16.7%	0.6%
	MODIFY				1	5.6%	0.2%
	REVERSE				3	16.7%	0.6%
	Total Dispositions	1			18		
	Grand Totals	57			487		



Dispositions By Issue  
BOR Orders Mailed From June 1, 2013 Thru June 30, 2013

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	4	3	75.0	0	0.0	1	25.0	0	0.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	8	8	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL COMPENSABILITY	1	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0
CL DENY/GRANT PTD	1	0	0.0	0	0.0	1	100.0	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 NON-MED ORDER	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
CL PTD REV. BODY DETERMINATION	2	1	50.0	0	0.0	1	50.0	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	9	6	66.7	0	0.0	2	22.2	0	0.0	1	11.1	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI AD.BRD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI CLSING THE CLM	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI COMPENSABLE	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 TTD	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI SEC.CONDITION	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	10	8	80.0	1	10.0	0	0.0	0	0.0	1	10.0	0	0.0	0	0.0
CL TRMT DENY	13	11	84.6	0	0.0	1	7.7	0	0.0	1	7.7	0	0.0	0	0.0
Not All Parties cc'd	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>61</b>	<b>49</b>	<b>80.3</b>	<b>1</b>	<b>1.6</b>	<b>7</b>	<b>11.5</b>	<b>1</b>	<b>1.6</b>	<b>3</b>	<b>4.9</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>

Yearly Dispositions By Issue  
BOR Orders Mailed From January 1, 2013 Thru June 30, 2013

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	55	49	89.1	2	3.6	4	7.3	0	0.0	0	0.0	0	0.0	0	0.0
CL % BOARD FINDING	5	5	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ADD BOARD FINDING	4	4	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	8	6	75.0	0	0.0	2	25.0	0	0.0	0	0.0	0	0.0	0	0.0
CL APP.THRESHOLD	2	1	50.0	0	0.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	33	27	81.8	5	15.2	1	3.0	0	0.0	0	0.0	0	0.0	0	0.0
CL COMPENSABILITY	11	6	54.5	1	9.1	2	18.2	1	9.1	1	9.1	0	0.0	0	0.0
CL DENY/GRANT PTD	6	4	66.7	1	16.7	1	16.7	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT DTH BEN	5	5	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	10	7	70.0	2	20.0	1	10.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DNY/GRNT R/O PPD	4	4	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DNY/GRNT R/O PTD	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
CL EQUIP DENY/GRANT	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL INITIAL TTD	10	4	40.0	2	20.0	3	30.0	0	0.0	1	10.0	0	0.0	0	0.0
CL NON-MED ORDER	4	0	0.0	1	25.0	3	75.0	0	0.0	0	0.0	0	0.0	0	0.0
CL OIC REJECT CLAIM	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ONSET DATE ISSUE	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL PTD REV. BODY DETERMINATION	4	2	50.0	1	25.0	1	25.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJ OCC DISEASE	5	5	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	64	48	75.0	6	9.4	8	12.5	0	0.0	2	3.1	0	0.0	0	0.0
CL SEC.CONDITION	36	29	80.6	1	2.8	5	13.9	1	2.8	0	0.0	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	20	16	80.0	2	10.0	1	5.0	0	0.0	1	5.0	0	0.0	0	0.0
CL SI AD.BRD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI ADD% AWARD D/G	3	3	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI APP.THRESHOLD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI CLSING THE CLM	11	8	72.7	1	9.1	0	0.0	2	18.2	0	0.0	0	0.0	0	0.0
CL SI COMPENSABLE	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DENY/GRANT PTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT DTH BEN	4	4	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	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O TTD	6	6	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJ OCCDISEASE	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	14	12	85.7	1	7.1	1	7.1	0	0.0	0	0.0	0	0.0	0	0.0
CL SI SEC.CONDITION	5	4	80.0	1	20.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI SL CATEGORY	1	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	46	40	87.0	4	8.7	1	2.2	0	0.0	1	2.2	0	0.0	0	0.0

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL SI TRMT GRANT	1	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0
CL SI TTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SPL CATEGORY	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	114	98	86.0	7	6.1	5	4.4	1	0.9	3	2.6	0	0.0	0	0.0
CL TRMT GRANT	4	4	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL TTD	6	6	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL% SI BOARD FINDING	3	3	100.0	0	0.0	0	0.0	0	0.0	0	0.0	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
EM SI DENY/GRANT PTD	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0
EM SI DY/GNT DTH BEN	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0
NonPrstable Protest	1	0	0	0	0	0	0	0	0	1	100	0	0	0	0
Not All Parties cc'd	2	1	50	1	50	0	0	0	0	0	0	0	0	0	0
<b>Totals</b>	<b>527</b>	<b>429</b>	<b>81.404</b>	<b>39</b>	<b>7.4004</b>	<b>42</b>	<b>7.9696</b>	<b>6</b>	<b>1.1385</b>	<b>11</b>	<b>2.0873</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## WORKERS' COMPENSATION – REVENUE RECOVERY

June 2013

<b>COLLECTION ACTIVITY</b>	
<b>Receipts - Old Fund</b> (Employer out of business)	\$ 450.00
<b>Receipts - PC &amp; NU</b> (Private Carrier Cancellation & Rogue Employers)	\$ 51,088.44
<b>Receipts - Payment Agreements</b> (Old Fund and UEF Combined)	\$ 7,663.83
# of active accounts uninsured (cumulative)	341
\$ of active accounts uninsured (cumulative)	\$ 1,113,514.60
Telephone contacts	1,178
Walk-ins	11
<b>LIENS</b>	
Liens sent to county clerks for recordation	45
Liens sent to county clerks for release	15
Intent to lien letters sent to employer/owner/officer/member	20
<b>Uninsured Accounts Resolved</b>	186
<b>All Cash Receipts from WC accounts</b>	\$ 59,202.27

<b>INJUNCTIONS</b>	
Affidavits for injunction submitted to legal	2
Hearings attended	2
# of injunction complaints accepted by court	2
# of injunctions granted	1
# of agreed orders entered	0
<b>PAYMENT AGREEMENTS</b>	
# of repayment agreements applications	2
Agreements set up	6
Total # of agreements on system (cumulative)	53
Intent to void letters mailed	2
Agreements voided	2
<b>MISCELLANEOUS</b>	
Terminations Processed	47
Rule 11 Letters Mailed	180
Rule 11 hearings	3

# BOARD OF TREASURY INVESTMENTS

## CALENDAR NOTE

Board Meeting  
August 6, 2013

## OPERATING REPORT

### MAY 2013

#### Board of Treasury Investments

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

#### Board of Directors

John D. Perdue,  
State Treasurer,  
Chairman

Earl Ray Tomblin,  
Governor

Glen B. Gainer III,  
State Auditor

Martin Glasser, Esq.  
Attorney  
Appointed by the  
Governor

Richard "Chap"  
Donovan, CPA  
Appointed by the  
Governor

#### Executive Staff

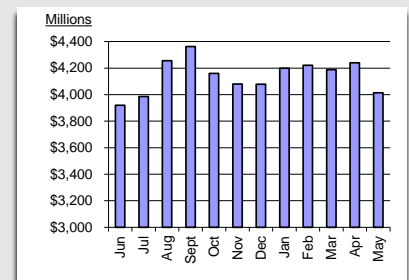
Executive  
Director  
Kara K. Hughes,  
CPA, MBA, CFE  
  
Chief Financial  
Officer  
Karl Shanholtzer,  
CIA, CPA

### Total Net Assets Under Management

**\$4,013,978,000**

Last Month  
**\$4,240,472,000**

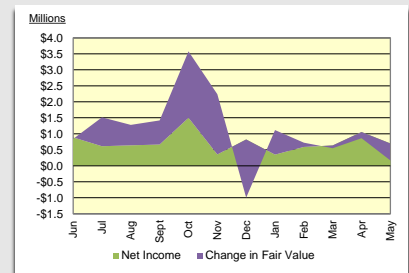
Beginning of Fiscal Year  
**\$3,919,677,000**



Net Assets for the Past 12 Months

### Total Net Income & Changes in Fair Value

Fiscal Year  
**\$12,434,000**



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

### Money Market Pools

As of May 31, 2013

Pool	1-Day Yield *	7-Day Yield *	30-Day Avg. Yield *	W.A.M. **	Net Assets
WV Money Market	.0897%	.1028%	.1126%	53 Days	\$2.7 Billion
WV Gov't Money Market	.0345%	.0249%	.0402%	52 Days	\$313.2 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

### MAY 2013

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#### May Continues Winning Streak for US Stocks

##### Market Environment

US stocks continued their winning streak in May, continuing a stellar run for equities so far this year. Boosted by a recovering housing market and renewed consumer confidence, the S&P 500 has risen over 15% in 2013; smaller company stocks' gains during the month pushed year-to-date returns to over 16%. Non-US stocks lagged behind in May as Japan's dramatic bull market ran out of steam and Europe remained mired in a protracted recession. Emerging market stocks actually declined during the month amidst a slowdown in China, whose economy grew only 7% in the first quarter. China's disappointing quarter also put a damper on basic materials, as well as Latin America, major suppliers of China's investment boom over the last decade.

The upbeat US economic environment and debates within the Federal Reserve Open Market Committee led investors to speculate that the current accommodative monetary policy may begin unwinding as soon as summer. To this end, US Treasury yields spiked during the month as the interest rate on the 10-year note rose to 2.13% from 1.67%, pushing down bond prices across the board.

Looking forward, we believe that gains in US stocks have outpaced the somewhat limited improvements in underlying fundamentals. At the same time, non-US stocks appear more attractively valued, particularly emerging market issues, which are selling, in aggregate, at a significant discount to US shares. We recommend rebalancing within equity allocations, funneling profits from US equities into global and emerging market stocks. For corporate defined benefit programs, the strong equity rally, combined with the dramatic backup in interest rates last month, may represent an opportunity to capture funded status improvement, and move along a de-risking glide path, by shifting from risky to liability-hedging assets. More broadly, we continue to find opportunities in less liquid strategies aiming to benefit from the withdrawal of banks from traditional lending activities. Yield-seeking investors with the ability to lock up capital can tap into direct lending and other credit strategies in the US, Europe and Asia.

##### Equity Market Results

Broad-based equity market indices provided equity investors with mixed returns during May. As previously noted, US equities rose while non-US equities declined. The S&P 500 Index rose 2.3%, while the Russell 2000 Index rose 4.0% during May. Developed markets, represented by the MSCI EAFE Index, fell 2.4%, while their lesser developed counterparts, represented by the MSCI Emerging Markets Index, declined 2.9%.

##### Bond Market Results

Bond market investors saw values decline across the board during May. Only very short duration securities managed to eke out a small gain during the month. The Barclays Capital Aggregate Index, a broad measure of the US bond market, fell 1.8%. Global bonds also struggled during May. The Citi World Government Bond Index (unhedged) fell 3.4%, while emerging market debt (local currency) declined 4.3%. Short-term investments continued to provide investors with very small positive returns; the 3-month Treasury bills and LIBOR posted returns of 0.01% and 0.02%, respectively.

# West Virginia Board of Treasury Investments

## Financial Highlights as of May 31, 2013

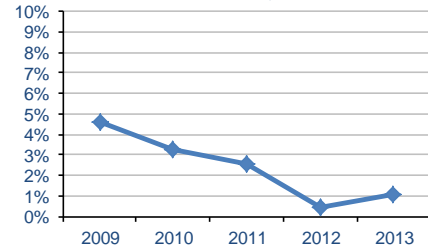
### WV Short Term Bond Pool

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

<u>June 1 - May 31</u>	<u>Return</u>	<u>Net Assets At May 31 (In Millions)</u>
2013	1.1%	\$ 552.2
2012	0.4%	\$ 504.1
2011	2.6%	\$ 478.5
2010	3.3%	\$ 450.4
2009	4.6%	\$ 326.2

#### WV Short Term Bond Pool Rates of Return

*Past 12 Months  
June 1 - May 31*

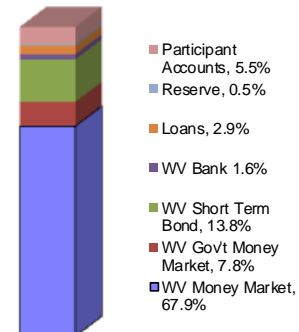


*Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool*

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

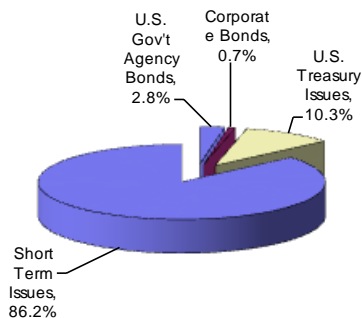
<u>Pool</u>	<u>Net Asset Value</u>	<u>May Net Income</u>	<u>Fiscal YTD Net Income</u>
WV Money Market	\$ 2,725,493	\$ 271	\$ 3,655
WV Gov't Money Market	313,199	11	284
WV Short Term Bond	552,183	(117)	5,263
WV Bank	65,043	8	111
Loans	114,951	13	(530)
Reserve	21,915	5	45
Participant Accounts	221,194	(25)	3,606
	<u>\$ 4,013,978</u>	<u>\$ 166</u>	<u>\$ 12,434</u>

#### Percent of Total Net Asset Value

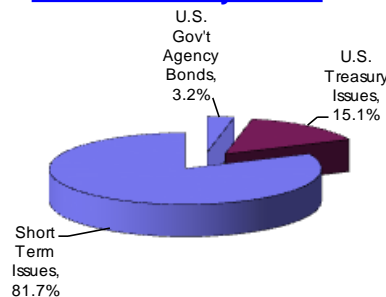


### Securities by Type for Operating Pools (Percentage of Asset Value)

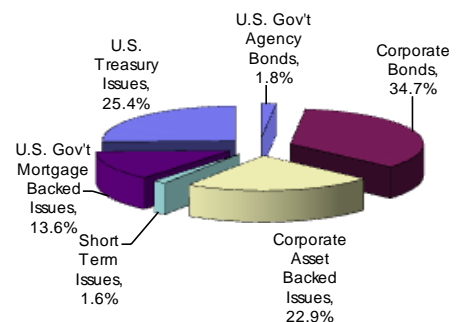
#### WV Money Market



#### 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

MAY 31, 2013

(IN THOUSANDS)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Other Pools	Participant Directed Accounts
<b>Assets</b>						
Investments:						
At amortized cost	\$ 2,724,688	\$ 313,144		\$ 65,013	\$ 136,848	\$ 217,720
At fair value	-	-	\$ 552,962	-	-	3,282
Cash	-	-	-	-	-	-
Other assets	976	83	1,351	31	21	192
Total assets	<u>2,725,664</u>	<u>313,227</u>	<u>554,313</u>	<u>65,044</u>	<u>136,869</u>	<u>221,194</u>
<b>Liabilities</b>						
Accrued expenses, dividends payable & payable for investments purchased	171	28	2,130	1	3	-
Total liabilities	<u>171</u>	<u>28</u>	<u>2,130</u>	<u>1</u>	<u>3</u>	<u>-</u>
<b>Net Assets</b>	<u>\$ 2,725,493</u>	<u>\$ 313,199</u>	<u>\$ 552,183</u>	<u>\$ 65,043</u>	<u>\$ 136,866</u>	<u>\$ 221,194</u>
<b>Investment income</b>						
Interest and dividends	\$ 409	\$ 43	\$ 667	\$ 9	\$ 21	\$ 134
Net accretion (amortization)	(29)	(14)	(285)	-	-	(82)
Provision for uncollectible loans	-	-	-	-	-	-
Total investment income	<u>380</u>	<u>29</u>	<u>382</u>	<u>9</u>	<u>21</u>	<u>52</u>
<b>Expenses</b>						
Fees	109	18	44	1	3	-
Total expenses	<u>109</u>	<u>18</u>	<u>44</u>	<u>1</u>	<u>3</u>	<u>-</u>
Net investment income	271	11	338	8	18	52
Net realized gain (loss) from investments	-	-	7	-	-	-
Net increase (decrease) in fair value of investments	-	-	(462)	-	-	(77)
Net gain (loss) from investments	<u>-</u>	<u>-</u>	<u>(455)</u>	<u>-</u>	<u>-</u>	<u>(77)</u>
<b>Net increase (decrease) in net assets from operations</b>	271	11	(117)	8	18	(25)
<b>Distributions to participants</b>	271	11	345	8	18	-
<b>Participant activity</b>						
Purchases, reinvestment of units and contributions	776,054	41,375	566	15	23	24,647
Redemptions and withdrawals	968,191	89,797	61	7	2,262	8,370
Inter-pool transfers in	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-
<b>Net increase (decrease) in net assets from participant activity</b>	<u>(192,137)</u>	<u>(48,422)</u>	<u>505</u>	<u>8</u>	<u>(2,239)</u>	<u>16,277</u>
Increase (decrease) in net assets	(192,137)	(48,422)	43	8	(2,239)	16,252
Net assets at beginning of period	2,917,630	361,621	552,140	65,035	139,105	204,942
<b>Net assets at end of period</b>	<u>\$ 2,725,493</u>	<u>\$ 313,199</u>	<u>\$ 552,183</u>	<u>\$ 65,043</u>	<u>\$ 136,866</u>	<u>\$ 221,194</u>



**NOTICE OF WEST VIRGINIA STATE UNIVERSITY BOARD OF GOVERNORS  
PURSUANT TO CHAPTER 18B, ARTICLE 19, SECTION 6(d)**

To the Joint Committee on Government and Finance  
West Virginia Legislature

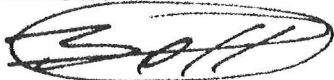
Pursuant to West Virginia Code Chapter 18B, Article 19, Section 6(d), the Board of Governors of West Virginia State University (the "Board") hereby provides notice of the construction of a new building on the campus of West Virginia State University (the "University"). The new building to be constructed is a housing facility for students or others facilitated with the University (the "Project"). The Project will contain approximately 88 units, with a total of 291 beds, at an estimated total cost of \$24 million.

The cost of the Project are being financed by the issuance of Student Housing Revenue Bonds (the "Bonds") by the County Commission of Kanawha County, West Virginia (the "Commission"). The Commission will loan the proceeds of the Bond to the West Virginia State University Foundation, Inc. (the "Foundation"), a 501(c)(3) organization with a mission of supporting the University, to pay the costs of designing, acquiring, constructing and equipping the Project. The real property upon which the Project will be constructed is being leased by the University to the Foundation. The Foundation will own the Project, and will enter into agreements with the University to manage and operate the Project.

The Project was approved by the West Virginia Higher Education Policy Commission as required by West Virginia Code Chapter 18B, Article 19, Section 6(c) on June 25, 2013. The lease from the University to the Foundation and other agreements relating to the Project were approved by the Board pursuant to a resolution adopted on June 13, 2013.

This notice is provided this 24th day of July, 2013.

WEST VIRGINIA STATE UNIVERSITY BOARD  
OF GOVERNORS



By: \_\_\_\_\_  
Brian O. Hemphill, President  
West Virginia State University

Cc: Melvin Jones, Vice President for  
Business and Finance