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**JOINT COMMITTEE ON
GOVERNMENT AND FINANCE**

Materials Distributed

June 27 , 2012

(President Kessler presides)

AGENDA
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
June 27, 2012

1:00 - 2:00pm

Senate Finance Room

1. Approval of May 14, 2012, minutes
2. Committee Reports/Requests
3. Monthly/Quarterly Reports Distribution:
Status Reports on the Lottery Commission, Unemployment Compensation Trust Fund, and General Revenue Fund
4. Workforce WV Unemployment Compensation Trust Fund Distribution: (*Russell Fry, Acting Executive Director*)
5. Monthly/Quarterly Reports Distribution: (*Ross Taylor, Acting Cabinet Secretary*)
PEIA
BRIM
CHIP
Real Estate Report
6. Monthly/Quarterly Report Distribution from Department of Health and Human Resources: (*Cabinet Secretary*)
Medicaid Report
7. Investment Management Board Distribution: (*Tom Sauvageot for Craig Slaughter*)
8. Workers' Compensation: (*Mike Riley, Acting Commissioner*)
9. Board of Treasury Report Distribution
10. Other Business
11. Higher Education Real Property Contracts report (18B-19-13) WVU Property Purchases
12. Adjournment

WEST VIRGINIA LEGISLATURE
Parks, Recreation and Natural Resources Subcommittee

**Building 1, Room E-132
1900 Kanawha Boulevard, East
Charleston, WV 25305-0610
(304) 347-4800
(304) 347-4819 FAX**



**William Laird, Chair
State Senate**

**Mike Manypenny, Co-Chair
Danny Wells, Co-Chair
House of Delegates**

DATE: JUNE 27, 2012

TO: JOINT COMMITTEE ON GOVERNMENT AND FINANCE

FROM: PARKS, RECREATION AND NATURAL RESOURCES SUBCOMMITTEE

RE: SITE VISITATION AUTHORIZATION AND EXPENSE REIMBURSEMENT

The Parks, Recreation and Natural Resources Subcommittee requests authorization and expense reimbursement for members and staff to conduct site visitations to Chief Logan State Park, Laurel Lake Wildlife Management Area, Cabwaylingo State Forest and Beech Fork State Park on July 16, 17 and 18, 2012.

West Virginia Legislature

Joint Committee on Government & Finance

Chairman



Senate President
Jeffrey V. Kessler
(D - Marshall)

Chairman



House Speaker
Richard Thompson
(D-Wayne)



Corey Palumbo
(D - Kanawha)



Robert H. Plymale
(D - Wayne)



Brent Boggs
(D - Braxton)



Mike Caputo
(D - Marion)



Roman Prezioso
(D - Marion)



John Unger II
(D - Berkeley)



Tim Miley
(D - Harrison)



Harry Keith White
(D - Mingo)



Karen L. Facemyer
(R - Jackson)



Mike Hall
(R - Putnam)



Tim Armstead
(R - Kanawha)



Mitch Carmichael
(R - Jackson)

WEST VIRGINIA LEGISLATURE

Office of the Legislative Auditor



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

304-347-4870

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

- **West Virginia Lottery as of May 31, 2012:**
Gross profit for fiscal year 2012 as of May 31, 2012 is \$ 597 million. This is 5.69 % above gross profit as of the same period last fiscal year.
- **West Virginia Unemployment Compensation Fund as of April 30, 2012:** Regular benefits paid for fiscal year 2012 as of April 30, 2012 are \$22 million less than the same period of last fiscal year. Overall ending trust fund balance is \$ 36.4 million above the ending trust fund balance at the same period last fiscal year.
- **General Revenue Fund as of May 31, 2012:**
The general revenue collections are above the estimated collections by \$ 59 million.
- **State Road Fund as of May 31, 2012:**
The state road fund collections are above the estimated collections by \$ 41 million.

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 *EC*
Director Budget Division
Legislative Auditor's Office

Date: June 18, 2012

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

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for the month ending May 31, 2012 from monthly unaudited financial reports furnished to our office by the West Virginia Lottery Commission. The results are as follows:

Lottery Revenues:

Gross lottery revenues are receipts from on-line games, instant games, table games and video lottery. These gross receipts totaled \$ 1,344,651,000.00 at the end of May of fiscal year 2012. Table games accounted for \$71.9 million of this total. Historic Resort Hotel video lottery and table games accounted for \$ 6.4 million of total gross receipts. Gross lottery revenue has increased by 4.71% when compared with the same months of 2010-2011. This number does not include commission and prize deductions. Gross profit (Gross revenues minus commissions and prize costs) for July through May 2012 was \$ 597 million; for July – May 2011 of last fiscal year it was \$564 million. Expressed

Lottery continued

Excess Lottery Fund

General Purpose Fund	\$65,000,000.00
Economic Development Fund	18,988,000.00
Higher Education Improvement Fund	15,000,000.00
WV Infrastructure Council Fund	46,000,000.00
Higher Education Improvement Fund	29,000,000.00
WV Racing Commission	2,000,000.00
Refundable Credit	9,914,000.00
Department of Education	32,432,000.00
State Park Improvement Fund	5,000,000.00
School Building Authority	19,000,000.00
Excess Lottery Surplus	62,900,000.00
Total State Excess Lottery Revenue Fund	305,234,000.00

Historic Resort Hotel Distributions:

State General Revenue Fund	1,659,000.00
State Debt Reduction Fund	492,000.00
Tourism Promotion Fund	78,000.00
Total Historic Hotel	2,229,000.00

Veterans Instant Ticket Fund 531,000.00

Table Games State Debt Reduction Fund 32,626,000.00

RACETRACK VIDEO LOTTERY TRANSFERS:	
Tourism Promotion Fund 1.375%	\$8,957,000.00
Development Office Promo Fund	\$2,443,000.00
Research Challenge Fund .5%	\$3,257,000.00

Capitol Renovation and Improvement Fund .6875%	\$4,479,000.00
Parking Garage Fund .0625%	\$407,000.00
Parking Garage Fund 1%	\$500,000.00
Cultural Facilities and Cap. Resources Fund .5%	\$1,500,000.00
Capitol Dome & Cap. Improvements Fund .5%	\$4,514,000.00
Workers Compensation Debt Reduction Fund 7%	\$11,000,000.00
SUBTOTAL VIDEO LOTTERY TRANSFERS:	\$37,057,000.00
TOTAL TRANSFERS	*\$558,975,000.00

* CASH BASIS

Total Accrued last FY 2011:	178,218,000.00
Total Cash Distributions FY 2012:	558,975,000.00
Applied to FY 2011:	178,218,000.00
Applied to FY 2012	380,757,000.00
Revenue Ctr Construction Approp	8,132,000.00
Accrued for FY 2012 as of May 31:	273,557,000.00



WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

May 31, 2012

WEST VIRGINIA LOTTERY

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

ASSETS	May 31, 2012	June 30, 2011
Current Assets:		
Cash and cash equivalents	\$ 257,165	\$ 266,196
Accounts receivable	36,678	29,783
Inventory	461	497
Other assets	2,411	2,134
Total Current Assets	<u>296,715</u>	<u>298,610</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	860	4,324
Capital assets	49,435	38,965
Less accumulated depreciation and amortization	<u>(6,970)</u>	<u>(8,544)</u>
Net Capital Assets	<u>42,465</u>	<u>30,421</u>
Total Noncurrent Assets	<u>43,325</u>	<u>34,745</u>
Total Assets	<u>\$ 340,040</u>	<u>\$ 333,355</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 237,557	\$ 178,218
Deferred LVL permit fees	-	58,863
Estimated prize claims	15,018	12,011
Accounts payable	3,361	4,440
Other accrued liabilities	<u>36,900</u>	<u>40,751</u>
Total Current Liabilities	<u>292,836</u>	<u>294,283</u>
Total Liabilities	<u>292,836</u>	<u>294,283</u>
Net Assets:		
Invested in capital assets	42,465	30,421
Unrestricted	4,562	6,612
Restricted assets (see note 12)	<u>177</u>	<u>2,039</u>
Total Net Assets	<u>47,204</u>	<u>39,072</u>
Total Liabilities and Net Assets	<u>\$ 340,040</u>	<u>\$ 333,355</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, 2012
(In Thousands)
-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2012	2011	2012	2011
Lottery revenues				
On-line games	\$ 6,427	\$ 6,369	\$ 76,928	\$ 72,094
Instant games	12,559	9,592	108,814	107,254
Racetrack video lottery	66,148	61,954	706,921	670,167
Limited video lottery	34,489	33,216	373,614	366,722
Table games	6,633	6,519	71,910	61,891
Historic resort	652	576	6,464	5,983
	<u>126,908</u>	<u>118,226</u>	<u>1,344,651</u>	<u>1,284,111</u>
Less commissions				
On-line games	447	446	5,386	5,047
Instant games	879	671	7,618	7,508
Racetrack video lottery	33,984	32,238	395,945	375,740
Limited video lottery	16,900	16,276	183,071	179,694
Table games	2,850	2,801	30,902	26,597
Historic resort	334	270	3,338	2,996
	<u>55,394</u>	<u>52,702</u>	<u>626,260</u>	<u>597,582</u>
Less on-line prizes	3,163	3,017	38,811	37,333
Less instant prizes	8,425	6,691	72,659	74,561
Less ticket costs	199	172	2,061	2,005
Less vendor fees and costs	683	630	7,746	7,672
	<u>12,470</u>	<u>10,510</u>	<u>121,277</u>	<u>121,571</u>
Gross profit	<u>59,044</u>	<u>55,014</u>	<u>597,114</u>	<u>564,958</u>
Administrative expenses				
Advertising and promotions	279	1,248	4,983	9,527
Wages and related benefits	1,010	979	11,602	10,779
Telecommunications	55	58	724	596
Contractual and professional	433	390	5,130	4,062
Rental	26	51	405	594
Depreciation and amortization	180	17	984	1,484
Other administrative expenses	143	156	1,847	1,266
	<u>2,126</u>	<u>2,899</u>	<u>25,675</u>	<u>28,308</u>
Other Operating Income	<u>4,573</u>	<u>248</u>	<u>72,847</u>	<u>3,812</u>
Operating Income	<u>61,491</u>	<u>52,363</u>	<u>644,286</u>	<u>540,462</u>
Nonoperating income (expense)				
Investment income	21	19	161	280
Capital contribution from State of WV	-	-	8,132	-
Distributions to municipalities and counties	(676)	(651)	(7,323)	(7,188)
Distributions -capital reinvestment	(2,043)	(1,802)	(10,678)	(9,826)
Distributions to the State of West Virginia	(58,793)	(49,929)	(626,446)	(523,728)
	<u>(61,491)</u>	<u>(52,363)</u>	<u>(636,154)</u>	<u>(540,462)</u>
Net income	<u>-</u>	<u>-</u>	<u>8,132</u>	<u>-</u>
Net assets, beginning of period	47,204	36,383	39,072	36,383
Net assets, end of period	<u>\$ 47,204</u>	<u>\$ 36,383</u>	<u>\$ 47,204</u>	<u>\$ 36,383</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, 2012**

(In Thousands)
-Unaudited-

	2012	2011
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 1,351,740	\$ 1,295,633
Cash payments for:		
Personnel costs	(10,384)	(9,620)
Suppliers	(14,791)	(16,799)
Other operating costs	(743,076)	(709,032)
Cash provided by operating activities	<u>583,489</u>	<u>560,182</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(558,975)	(566,561)
Distributions to municipalities and counties	(7,259)	(7,162)
Distributions to racetrack from racetrack cap. reinv. fund	(16,883)	(14,696)
Cash used in noncapital financing activities	<u>(583,117)</u>	<u>(588,419)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(13,028)</u>	<u>(4,699)</u>
Cash flows from investing activities:		
Investment earnings received	<u>161</u>	<u>280</u>
Cash provided by investing activities	<u>161</u>	<u>280</u>
Increase (decrease) in cash and cash equivalents	(12,495)	(32,656)
Cash and cash equivalents - beginning of period	<u>270,520</u>	<u>264,710</u>
Cash and cash equivalents - end of period	<u>\$ 258,025</u>	<u>\$ 232,054</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 644,286	\$ 540,462
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	984	1,484
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(6,895)	(19,277)
(Increase) decrease in inventory	36	(92)
(Increase) decrease in other assets	(277)	213
Increase (decrease) in estimated prize claims	3,007	768
Increase (decrease) in accounts payable	(1,079)	607
Increase (decrease) in deferred revenue	(58,863)	26,987
Increase (decrease) in other accrued liabilities	2,290	9,030
Cash provided by operating activities	<u>\$ 583,489</u>	<u>\$ 560,182</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 1 - LEGISLATIVE ENACTMENT

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

COMPENSATED ABSENCES – The Lottery has accrued \$523,398 and \$500,740 of at June 30, 2011 and 2010, respectively, for estimated obligations that may arise in connection with compensated absences for vacation at the current rate of employee pay. Employees fully vest in all earned but unused vacation. To the extent that accumulated sick leave is expected to be converted to benefits on termination or retirement, the Lottery participates in an other postemployment benefits plan (see Note 16).

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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, 2012 the carrying amounts of deposits (overdraft) with financial institutions were \$1,429 thousand with a bank balance (overdraft) of \$1,459 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, 2012	June 30, 2011
Deposits with financial institutions	\$ 1,429	\$ (56)
Cash on hand at the Treasurer's Office	42,631	45,547
Investments with BTI reported as cash equivalents	213,965	225,029
	<u>\$ 258,025</u>	<u>\$ 270,520</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 4 – CAPITAL ASSETS

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

	Historical Cost At June 30, 2011	Additions	Deletions	Historical Cost At May 31, 2012
Construction in Progress	\$ 8,444	\$ 10,075	\$ (18,000)	\$ 519
Buildings	20,174	17,910	-	38,084
Land	1,434	-	-	1,434
Improvements	1,170	-	(910)	260
Equipment	7,743	3,067	(1,672)	9,138
	<u>\$ 38,965</u>	<u>\$ 31,052</u>	<u>\$ (20,582)</u>	<u>\$ 49,435</u>
Accumulated Depreciation:				
	Historical Cost At June 30, 2011	Additions	Deletions	Historical Cost At May 31, 2012
Buildings	\$ -	\$ 158	\$ -	\$ 158
Improvements	1,142	3	(885)	260
Equipment	7,402	822	(1,672)	6,552
	<u>\$ 8,544</u>	<u>\$ 983</u>	<u>\$ (2,557)</u>	<u>\$ 6,970</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, 2012 and fiscal year-to-date is as follows:

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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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	\$ 2,871,170	\$ 35,269,447
Hot Lotto	393,296	4,346,823
Mega Millions	1,041,069	13,834,581
Total	\$ 4,305,535	\$ 53,450,851
<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,435,614	\$ 17,635,643
Hot Lotto	196,648	2,173,666
Mega Millions	536,161	7,125,023
Total	\$ 2,168,423	\$ 26,934,332

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

<u>Game</u>	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 126,481,109	\$ 2,386,175
Hot Lotto	7,384,277	485,948
Mega Millions	17,880,805	315,702
Total	\$ 151,746,191	\$ 3,187,825

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY (continued)

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of \$15,737,665 at May 31, 2012, of which the Lottery's share was \$1,564,243.

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

WEST VIRGINIA LOTTERY
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NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

	Current Month		Year-to-Date	
	2012	2011	2012	2011
Total credits played	\$ 727,283	\$ 704,589	\$ 7,783,574	\$ 7,383,732
Credits (prizes) won	(652,865)	(632,887)	(6,990,334)	(6,631,652)
Promotional credits played	(8,230)	(9,578)	(85,883)	(78,878)
MWAP Contributions	(40)	(170)	(436)	(3,035)
Gross terminal income	66,148	61,954	706,921	670,167
Administrative costs	(535)	(687)	(17,524)	(16,933)
Net Terminal Income	65,613	61,267	689,397	653,234
Less distribution to agents	(33,984)	(32,238)	(395,945)	(375,740)
Racetrack video lottery revenues	<u>\$ 31,629</u>	<u>\$ 29,029</u>	<u>\$ 293,452</u>	<u>\$ 277,494</u>

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

	May 31, 2012	Year-to-Date
State Lottery Fund	\$ 4,637	\$ 129,121
State Excess Lottery Revenue Fund	22,626	116,752
Capital Reinvestment Fund	2,018	10,426
Tourism Promotion Fund 1.375%	807	8,990
Development Office Promotion Fund .375 %	220	2,452
Research Challenge Fund .5 %	293	3,269
Capitol Renovation & Improvement Fund .6875 %	404	4,495
Parking Garage Fund .0625 %	37	409
Parking Garage Fund 1 %	-	500
Cultural Facilities & Capitol Resources Fund .5 %	-	1,500
Capitol Dome & Capitol Improvements Fund .5 %	587	4,538
Worker's Compensation Debt Reduction Fund 7 %	-	11,000
Total nonoperating distributions	<u>\$ 31,629</u>	<u>\$ 293,452</u>

NOTE 7 - LIMITED VIDEO LOTTERY

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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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, 2012 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2012	2011	2012	2011
Total credits played	\$ 408,358	\$ 385,524	\$ 4,404,594	\$ 4,308,283
Credits (prizes) won	(373,869)	(352,308)	(4,030,980)	(3,941,561)
Gross terminal income	\$ 34,489	\$ 33,216	\$ 373,614	\$ 366,722
Administrative costs	(690)	(664)	(7,472)	(7,334)
Gross Profit	33,799	32,552	366,142	359,388
Commissions	(16,900)	(16,276)	(183,071)	(179,694)
Municipalities and Counties	(676)	(651)	(7,323)	(7,188)
Limited video lottery revenues	<u>\$ 16,223</u>	<u>\$ 15,625</u>	<u>\$ 175,748</u>	<u>\$ 172,506</u>

NOTE 8 - TABLE GAMES

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

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

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

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

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

The cash transferred to the State Debt Reduction Fund in the current month is included in Note 10- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month ended May 31, 2012 and fiscal year-to-date were \$18,950,143 and \$205,456,013, 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	
	2012	2011	2012	2011
Table Games Privilege Tax	\$ 6,633	\$ 6,519	\$ 71,910	\$ 61,891
Interest on Table Games Fund	-	-	4	6
Administrative costs	(758)	(745)	(8,218)	(7,073)
Total Available for Distribution	5,875	5,774	63,696	54,824
<u>Less Distributions:</u>				
Racetrack Purse Funds	474	466	5,137	4,421
Thoroughbred & Greyhound Development Funds	379	372	4,109	3,536
Racing Association Pension Plan	159	156	1,726	1,486
Municipalities/ Counties	1,838	1,807	19,930	17,154
Total Distributions	2,850	2,801	30,902	26,597
State Debt Reduction Fund	\$ 3,025	\$ 2,973	\$ 32,794	\$ 28,227

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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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, 2012 and fiscal year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2012	2011	2012	2011
Total credits played	\$ 5,339	\$ 4,663	\$ 63,972	\$ 47,118
Credits (prizes) won	(4,840)	(4,303)	(59,042)	(42,937)
Promotional credits played	(52)	(29)	(427)	(264)
Gross terminal income	447	331	4,503	3,917
Capital reinvestment	(21)	(16)	(212)	(184)
Modernization Fund	(4)	-	(41)	-
Administrative costs	(24)	(18)	(243)	(211)
Hotel commissions	(189)	(140)	(1,905)	(1,657)
Net terminal income	209	157	2,102	1,865
Historic Resort Hotel Fund	133	101	1,337	1,199
Human Resource Benefit Fund	76	56	765	666

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, 2012 and fiscal year-to-date were \$584,712 and \$5,605,535, respectively.

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

	Current Month		Year-to-Date	
	2012	2011	2012	2011
Table games privilege tax	\$ 204	\$ 245	\$ 1,961	\$ 2,067
Administrative Costs	(26)	(31)	(252)	(266)
Total Available for Distribution	178	214	1,709	1,801
Historic Resort Hotel Fund	149	179	1,429	1,506
Human Resource Benefit Fund	29	35	280	295

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

Historic Resort Hotel Fund

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

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

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

	<u>Current Month</u>	<u>Year-to-Date</u>
Historic Resort Hotel Video Lottery	\$ 133	\$ 1,337
Historic Resort Table Games	149	1,429
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	<u>282</u>	<u>2,766</u>
Municipalities/ Counties	40	386
State General Revenue Fund	180	1,771
State Debt Reduction Fund	54	526
State Tourism Promotion Fund	8	83
Total Distributions	<u>\$ 282</u>	<u>\$ 2,766</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, 2012 the State Legislature budgeted \$166,297,857 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

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

ten months of each fiscal year. In addition, Legislation provides that, if in any month, there is a shortage of funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be transferred from the State Lottery Fund to cover such shortfall, after the State Lottery Fund debt service payments have been made. Repayments to the State Lottery Fund are required to be made in subsequent months as funds become available. During the month ended May 31, 2012 the Lottery made such distributions and accrued additional distributions of \$53,178,036. The Lottery is a non-appropriated state agency and therefore does not have a budget adopted by the Legislature. Since the enactment of the Racetrack Video Lottery Act, the Lottery is also statutorily required to distribute income from racetrack video lottery operations as described in Note 6. For the month ended May 31, 2012, the Lottery accrued additional distributions relating to racetrack video lottery, table games, and historic resort operations of \$870,547, \$3,024,796, and \$242,336, 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, 2012</u>	<u>Year-to-Date</u>
<u>Revenue Center Construction Fund:</u>		
State Road Fund	\$ -	\$ 15,000
 <u>State Lottery Fund:</u>		
Community and Technical College	\$ -	\$ 4,998
Bureau of Senior Services	-	64,797
Department of Education	-	30,573
Library Commission	-	11,268
Higher Education-Policy Commission	-	8,208
Tourism	-	7,359
Natural Resources	-	3,388
Division of Culture & History	-	5,873
Department of Education & Arts	-	1,839
Building Commission	-	9,995
School Building Authority	-	18,000
Total State Lottery Fund	\$ -	\$ 166,298

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

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ -	\$ 18,988
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	-	19,000
Refundable Credit	1,255	9,914
WV Racing Commission	-	2,000
Department of Education	32,432	32,432
Excess Lottery Surplus	4,563	62,900
West Va. Infrastructure Council	-	46,000
Total State Excess Lottery Revenue Fund	\$ 38,250	\$ 305,234

Total Budgetary distributions:	\$ 38,250	\$ 486,532
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Veterans Instant Ticket Fund	\$ 45	\$ 531
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Other Racetrack Video Lottery distributions:

Tourism Promotion Fund 1.375%	\$ 754	\$ 8,957
Development Office Promotion Fund .375%	206	2,443
Research Challenge Fund .5%	274	3,257
Capitol Renovation & Improvement Fund .6875%	378	4,479
Parking Garage Fund .0625 %	34	407
Parking Garage Fund 1 %	-	500
Cultural Facilities & Cap. Resources Fund .5%	-	1,500
Capitol Dome & Cap. Improvements Fund .5%	549	4,514
Workers Compensation Debt Reduction Fund 7%	-	11,000
Total	\$ 2,195	\$ 37,057

Table Games State Debt Reduction Fund	\$ 2,943	\$ 32,626
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Historic Resort Hotel distributions:

State General Revenue Fund	\$ 175	\$ 1,659
State Debt Reduction Fund	52	492
Tourism Promotion Fund	8	78
Total	\$ 235	\$ 2,229

Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 43,668	\$ 558,975
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West Virginia Lottery RCC Fund Appropriations	-	8,132
Accrued nonoperating distributions, beginning	(222,432)	(178,218)
Accrued nonoperating distributions, end	237,557	237,557
	\$ 58,793	\$ 626,446

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 – LEASES

The Lottery leases, under a cancelable operating lease, its office and warehouse facilities. The Lottery also leases various office equipment under agreements considered to be cancelable operating leases. Rental expense for the fiscal year-to-date ended May 31, 2012 and May 31, 2011 approximated \$404,823 and \$594,096 respectively.

The Lottery leases office space under the terms of a non-cancellable operating lease to various tenants. Rental revenues for the month ended May 31, 2012 and year-to-date were \$78,619 and \$874,207, respectively. Future rental receipts (in thousands) are as follows:

Year Ended June 30	Rental Receipts
2012	\$ 74
2013	900
2014	923
2015	232
Total	\$ 2,129

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, 2011 and June 30, 2010 were as follows:

	June 30, 2011	June 30, 2010
Beginning balance	\$ 8,355	\$ 69,870
Additions		
Enabling legislation additions	-	
Interest earned on restricted net assets	-	93
Deductions		
Asset acquisition	(6,316)	(21,608)
Surplus of excess funds	-	(40,000)
Ending balance	\$ 2,039	\$ 8,355

WEST VIRGINIA LOTTERY
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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. As of June 30, 2011 and 2010, \$4,480,629 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, 2012 and fiscal year-to-date are as follows (in thousands):

	May 31, 2012	Year-to-Date
Lottery contributions	\$ 92	\$ 1,133
Employee contributions	28	328
Total contributions	\$ 120	\$ 1,461

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
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NOTE 15 - RISK MANAGEMENT (continued)

WORKERS' COMPENSATION INSURANCE

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

PUBLIC EMPLOYEES' INSURANCE AGENCY (PEIA)

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

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

BOARD OF RISK AND INSURANCE MANAGEMENT (BRIM)

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 16- OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Lottery participates in the West Virginia Other Postemployment Benefits Plan (OPEB Plan) of the West Virginia Retiree Health Benefit Trust Fund (Trust), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Employee Insurance Agency (WVPEIA). The OPEB Plan provides retiree post-employment health care benefits for participating state and local government employers. The provisions of the Code of West Virginia, 1931, as amended (the Code), assigns the authority to establish and amend benefit provisions to the WVPEIA board of trustees. The WVPEIA issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to Public Employees Insurance Agency, 601 57th Street, South East, Suite 2, Charleston, West Virginia, or by calling 1-888-680-7342.

Funding Policy

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

The ARC rate is \$961 and \$903 per employee per month for the years ending June 30, 2012 and 2011 respectively. Through June 30, 2011 and 2010, the Lottery has paid premiums of \$294,952 and \$226,212. As of June 30, 2011 and 2010, the Lottery has recorded a liability of \$2,749,868 and \$1,484,546 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. *EC*
Director Budget Division
Legislative Auditor's Office

Date: June 8, 2012

Re: Status of General Revenue Fund and State Road Fund as of
May 31, 2012

We have reviewed the cash revenue flows of the West Virginia general revenue fund for the month ending May 31, 2012 of fiscal year 2011-2012. The status of the fund collections are as follows:

The net collections were ahead of the estimate for the month ending May 31, 2012. Total collections were \$59.2 million over the estimate.

Personal Income Tax collections were \$ 36 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$ 35.6 million over the estimate as of May 31, 2012.

Severance tax collections were \$ 18.9 million over the estimate as of May 31, 2012.

Corporate Income and Business Franchise Tax collections were \$5.7 million under the estimate for the fiscal year.

State Road Fund

The state road fund collections were \$ 41 million over the estimate for the end of May of fiscal year 2011-2012.

Rainy Day and Personal Income Tax Reserve

Revenue Shortfall Reserve Fund A (Rainy Day Fund) had a cash balance of \$ 519,721,597.46 as of May 31, 2012.

Balance July 1, 2011	342,320,537.63
Cash flow loan to General Revenue on July 1, 2011. To be repaid 90 days. This is a normal occurrence in July due to cash flow demands. Repaid September	- 60,000,000.00 + 60,000.000.00
Senate Bill 1001 July 2011 special session WV Code 11B-2-20 transfers	150,667,825.51
Earnings	26,733,234.32
Balance May 31, 2012	519,721,597.46

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 332,234,869.20 as of May 31, 2012.

Balance July 1, 2011	316,806,577.84
Earnings	13,875,713.36
Other transfers per WV Code 11B-2-20(F) Medical Malpractice Insurance Collections	1,552,578.00
Balance May 31, 2012	332,234,869.20

The Special Income Tax Reserve Fund had a cash balance of \$45,019,319.21 as of May 31, 2012.

Balance July 1, 2011	45,019,319.21
Revenues	-0-
Balance May 31, 2012	45,019,319.21

GENERAL REVENUE FUND FY 2011-2012

FINAL

By Source and by Month
 Monthly Revenue Estimates
 as of May 31, 2012 WV FIMS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	UNDER ESTIMATES VS ACTUAL COLLECTIONS	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS
Personal Income Tax	131,600,000	140,311,892	8,711,892	1,490,800,000	1,527,045,044	36,245,044
Consumer Sales Tax & Use Tax	100,200,000	96,666,676	-3,533,324	1,091,000,000	1,126,637,576	35,637,576
Severance Tax	44,600,000	49,802,523	5,202,523	415,400,000	434,340,431	18,940,431
Corp Income /Business Franchise	2,000,000	6,298,444	4,298,444	143,200,000	137,429,692	-5,770,308
HB 102 - Lottery Transfers	4,566,000	4,563,174	-2,826	127,900,000	127,900,000	0
Business and Occupation	11,400,000	11,679,225	279,225	109,100,000	109,721,714	621,714
Insurance Tax	3,200,000	4,083,216	883,216	107,200,000	108,687,413	1,487,413
Tobacco Products Tax	9,200,000	9,347,672	147,672	102,820,000	98,568,067	-4,251,933
Interest Income	3,300,000	271,237	-3,028,763	27,500,000	2,306,012	-25,193,988
Departmental Collections	900,000	943,682	43,682	15,320,000	15,460,396	140,396
Liquor Profit Transfers	1,950,000	1,056,750	-893,250	13,300,000	12,520,803	-779,197
Senior Tax Credit Reimbur Lot	1,300,000	1,254,334	-45,666	9,200,000	9,913,021	713,021
Beer Tax and Licenses	960,000	910,310	-49,690	7,460,000	7,270,036	-189,964
Property Transfer Tax	640,000	669,235	29,235	7,380,000	7,461,611	81,611
Property Tax	280,000	342,494	62,494	5,900,000	5,952,963	52,963
Miscellaneous Recelpts	330,000	321,050	-8,950	3,180,000	3,164,473	-15,527
Miscellaneous Transfers	100,000	0	-100,000	680,000	528,487	-151,513
Business Fran Registration Fees	25,000	69,633	44,633	645,000	1,120,626	475,626
Liquor License Renewal	21,000	20,054	-946	430,000	429,274	-726
Racing Fees	0	0	0	0	0	0
Charter Tax	0	5,141	5,141	0	69,226	69,226
Telecommunications Tax	0	7,341	7,341	0	88,860	88,860
Estate and Inheritance Tax	0	0	0	0	15,937	15,937
Video Lottery Transfers	0	65,330	65,330	0	993,469	993,469
Cash Flow Transfer	0	0	0	0	0	0
TOTALS	316,572,000	328,689,410	12,117,410	3,678,415,000	3,737,625,132	59,210,132
	0	0	0	0	0	
Percent of Estimates						
TOTALS	316,572,000	328,689,410	12,117,410	3,678,415,000	3,737,625,132	59,210,132
Percent of Estimates		103.83%			101.61%	
Collections this day		24,122,929				

Prepared by Legislative Auditor's Office, Budget Division

STATE ROAD FUND FY 2011-2012
 By Source and by Month
 Monthly Revenue Estimates
 as of May 31, 2012 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	30,300,000	31,134,386	834,386	360,400,000	367,069,653	6,669,653
Privilege Tax	13,875,000	17,278,757	3,403,757	137,254,000	170,838,778	33,584,778
Licenses & Registration	7,286,000	6,991,267	-294,733	73,806,000	74,523,613	717,613
Highway Litter Control	138,000	163,394	25,394	1,393,000	1,450,329	57,329
TOTALS	51,599,000	55,567,804	3,968,804	572,853,000	613,882,373	41,029,373

Percent of Estimates

107.69%

107.16%

Collections this day

23,398,634

REVENUE SHORTFALL RESERVE FUND 7005, Part A AS OF May 1, 2012 : \$514,087,140.65

REVENUE SHORTFALL RESERVE FUND 7006, Part B AS OF May 1, 2012 : \$328,939,153.17

PERSONAL INCOME TAX REFUND RESERVE FUND AS OF May 1, 2012: \$45,019,319.21

Prepared by Legislative Auditor's Office, Budget Division

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

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

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

Date: June 11, 2012

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the April 30, 2012 monthly report of the Unemployment
Compensation Trust Fund we received from WorkForce West Virginia.

For July 1, 2011 to April 30, 2012 of fiscal year 2011-2012, the trust
fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2011	\$101,837,094.21
Receipts July 1, 2011 thru June 30, 2012	\$ 293,594,291.24
Disbursements July 1, 2011 thru June 30, 2012	\$ 309,899,403.70
Balance April 30, 2012	\$ 85,531,981.75

ITEMS OF NOTE:

Regular benefits paid for July 2011 - April 2012 were \$22 million
less than July - April 2011.

Federal emergency benefits totaled \$109.2 million for the July - April 2012; for July - April 2011 federal emergency benefits totaled \$ 150.7 million.

Total disbursements were \$ 86.0 million less in July 2011 - April 2012 than the preceding July 2010 - April 2011.

Receipts for July 2011 - April 2012 were \$ 55.9 million less than in July 2010 - April 2011. Overall ending trust fund balance was \$36.4 million higher on April 30, 2012 than on April 30, 2011.

West Virginia's unemployment rate for the month of April 2012 was 7.0 percent. National unadjusted employment rate was 8.1 percent.

Seasonally adjusted unemployment rates were 6.7 percent for West Virginia and 8.2 percent nationally.

Since April 2011 employment has increased by 6,200. Employment gains were as follows: 2,200 in construction; 4,000 in educational and health services; 1,700 in leisure and hospitality; 1,000 in professional and business services; 900 in government. Declines in employment were as follows: 2,100 in trade transportation and utilities; 500 in financial activities; 200 in other services; 600 in manufacturing; and 200 in mining and logging.

**MONTHLY STATUS REPORT FOR THE JOINT COMMITTEE ON GOVERNMENT AND FINANCE
FOR THREE MONTHS STARTING FEBRUARY 2011 AND FEBRUARY 2012**

	FEBRUARY 2011	MARCH 2011	APRIL 2011	FEBRUARY 2012	MARCH 2012	APRIL 2012	THREE MONTH TOTAL VARIANCE *
Balance Forward	<u>\$59,079,991.94</u>	<u>\$55,890,504.42</u>	<u>\$38,898,460.49</u>	<u>\$96,402,593.06</u>	<u>\$93,431,157.91</u>	<u>\$76,168,989.65</u>	<u>\$112,133,783.77</u>
Add Receipts:							
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions:	\$17,550,396.22	\$2,221,106.42	\$27,773,758.71	\$15,468,815.36	\$1,065,216.46	\$30,132,488.97	(\$878,739.56)
3. Federal Emergency Benefits (EUC08)	\$13,956,274.30	\$14,239,098.38	\$12,225,429.86	\$9,765,660.00	\$9,515,674.48	\$10,192,804.50	(\$10,946,663.56)
4. Federal Share Extended Benefits (EB)	\$2,844,970.23	\$3,311,684.08	\$2,315,826.16	\$2,588,451.33	\$2,148,471.76	\$1,583,035.19	(\$2,152,302.19)
5. Temp Federal Additional Comp (FAC)	\$9,767.59	\$5,671.89	\$5,083.25	\$1,327.94	\$680.97	\$909.89	(\$17,603.73)
6. UCFE (Federal Agencies)	\$340,318.90	\$333,308.44	\$292,739.31	\$205,871.74	\$177,582.01	\$176,924.83	(\$405,988.27)
7. Special Administrative Transfer **	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8. Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9. UC Modernization Incentive	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10. Treasury Interest Credits	\$0.00	\$854,826.97	\$0.00	\$0.00	\$0.00	\$0.00	\$48,106.93
11. UCX (Military Agencies)	\$475,124.89	\$457,816.17	\$422,297.10	\$543,493.38	\$528,772.68	\$487,316.61	\$204,344.51
12. WV Insurance Committee-Senate Bill 246	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
13. CMA Receipts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Monthly Receipts	<u>\$35,176,851.13</u>	<u>\$21,223,492.15</u>	<u>\$43,034,934.39</u>	<u>\$28,573,619.75</u>	<u>\$14,139,332.26</u>	<u>\$42,573,479.79</u>	<u>(\$14,148,845.87)</u>
Less Disbursements:							
Debt Bond Repayment	(Retired)						
Regular Benefits:	\$21,179,124.14	\$21,185,340.03	\$17,361,715.79	\$18,727,719.90	\$19,227,529.22	\$20,118,800.27	(\$1,652,130.57)
Federal Emergency Benefits (EUC08)	\$13,528,772.60	\$13,414,775.08	\$12,189,987.89	\$9,643,836.03	\$9,440,765.50	\$10,737,515.47	(\$9,311,418.57)
Federal Share Extended Benefits (EB)	\$2,936,650.26	\$2,905,088.57	\$2,287,823.01	\$2,507,643.57	\$2,078,823.06	\$1,693,437.89	(\$1,849,857.32)
Emergency Benefits (TEUC)	(\$1,249.39)	(\$1,228.07)	(\$1,383.45)	(\$761.00)	(\$349.00)	(\$537.00)	\$2,213.91
Temp Federal Additional Comp (FAC)	\$9,867.60	\$5,481.89	\$4,920.25	\$1,377.94	\$688.97	\$871.89	(\$17,330.74)
UCFE (Federal Workers) Benefits	\$300,450.11	\$281,050.78	\$246,273.12	\$180,591.24	\$148,730.22	\$159,789.03	(\$338,663.52)
UCX (Military Workers) Benefits	\$405,969.92	\$387,684.35	\$385,683.93	\$473,345.75	\$446,797.48	\$476,604.80	\$217,409.83
Reed Act Funds	\$0.00	\$0.00	\$226,000.00	\$0.00	\$0.00	\$0.00	(\$226,000.00)
Special Administrative Transfer**	\$8,753.41	\$37,363.85	\$125,938.11	\$11,301.47	\$58,535.07	\$24,005.34	(\$76,213.29)
Total Monthly Disbursements	<u>\$38,366,338.65</u>	<u>\$38,215,536.08</u>	<u>\$32,826,958.65</u>	<u>\$31,545,054.90</u>	<u>\$31,401,500.52</u>	<u>\$33,210,487.69</u>	<u>(\$13,251,790.27)</u>
Trust Fund Balance	<u>\$55,890,504.42</u>	<u>\$38,898,460.49</u>	<u>\$49,106,436.23</u>	<u>\$93,431,157.91</u>	<u>\$76,168,989.65</u>	<u>\$85,531,981.75</u>	<u>\$111,236,728.17</u>

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

**The Assistance for Unemployed Workers and Struggling Families Act, Title II of Division 8 of Public Law No. 111-5, enacted February 17, 2009, provided a special administrative transfer to states' accounts of \$500 million to be used for certain administrative purposes. On February 27, 2009, the U.S. Treasury distributed West Virginia's amount of \$2,369,759 to the Unemployment Insurance Trust Fund. Attachment IV to the Unemployment Insurance Program Letter No. 14-09 issued by the U.S. Department of Labor on February 26, 2009 specifies the permissible uses of the administrative transfer. The special administrative transfer is not available for the payment of Unemployment Compensation (UC) benefits; therefore the Trust Fund Balance must be reduced by the Special Administrative Transfer on line 7 to obtain the balance available for UC benefits.

UC TRUST FUND PROJECTIONS - 2012

June 6, 2012

Month	Revenues	Benefits	Trust Fund Balance
2011			
Balance 1/1/2011			76,901,000
January	7,672,000	25,494,000	59,079,000
February	17,990,000	21,179,000	55,890,000
March	4,193,000	21,185,000	38,898,000
April	27,569,000	17,361,000	49,106,000
May	82,582,000	16,967,000	114,721,000
June	3,556,000	16,440,000	101,837,000
July	14,808,000	16,757,000	99,888,000
August	38,217,000	16,139,000	121,966,000
September	2,172,000	12,515,000	111,623,000
October	12,476,000	14,286,000	109,813,000
November	23,233,000	14,306,000	118,740,000
December	1,982,000	14,920,000	105,802,000
Totals - 2011	236,450,000	207,549,000	105,802,000
2012			
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	3,822,000	15,293,000	143,112,000
July	14,223,000	17,445,000	139,890,000
August	39,705,000	15,533,000	164,062,000
September	2,353,000	11,552,000	154,863,000
October	13,188,000	13,513,000	154,538,000
November	22,596,000	14,708,000	162,426,000
December	2,130,000	15,467,000	149,089,000
Totals - 2012	246,466,000	203,179,000	149,089,000

The average unemployment rate in West Virginia for CY 2011 was 8.4%

The average projected unemployment rate in West Virginia for CY 2012 is 7.8%

Executive Division
112 California Avenue
Charleston, WV 25305

An agency of the Department of Commerce

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

www.workforcewv.org



Financial Statements

April 2012

West Virginia Legislative Interims
June 2012

West Virginia Public Employees Insurance Agency

Statement of Changes in Plan Net Assets

For the Ten Months Ending April 30, 2012

(Dollars in Thousands)

(Unaudited-For Internal Use Only)

(\$ 0 0 0 's)			BUDGET VARIANCE PRIOR YR VARIANCE				
ACTUAL	BUDGET	PRIOR YR		\$	%	\$	%
			PREMIUM REVENUE				
\$384,086	\$380,401	\$383,071	Health Insurance - State Gov. - Employers	\$3,685	1%	\$1,015	0%
101,220	96,759	96,171	Health Insurance - State Gov. - Employees	4,461	5%	\$5,049	5%
87,454	85,706	85,774	Health Insurance - Local Gov. - All	1,748	2%	\$1,680	2%
3,539	4,637	4,456	Life Insurance	(1,098)	(24%)	(\$917)	(21%)
2,917	2,917	2,917	Direct Transfer			\$0	0%
8,157	14,209	14,144	Interest and Investment Income	(6,052)	(43%)	(\$5,987)	(42%)
1,345	1,386	1,367	Other Premium Revenue	(41)	(3%)	(\$22)	(2%)
3,994	3,806	3,965	Administrative Fees, Net of Refunds	188	5%	\$29	1%
592,712	589,821	591,865	TOTAL REVENUE	2,891	0%	\$847	0%
			OPERATING EXPENSES				
303,127	306,656	289,864	Claims Expense - Medical	3,529	1%	(13,263)	(5%)
102,419	111,069	96,651	Claims Expense - Drugs	8,650	8%	(5,768)	(6%)
31,984	32,366	30,528	Payments to Managed Care Org.	382	1%	(1,456)	(5%)
11,903	14,669	13,894	Administrative Service Fees	2,766	19%	1,991	14%
3,546	4,637	4,454	Life Insurance Expense	1,091	24%	908	20%
1,913	1,294	1,344	Wellness and Disease Management	(619)	(48%)	(569)	(42%)
4,369	5,328	5,334	Other Operating Expenses	959	18%	965	18%
126,806	125,874	121,509	WV RHBT Pay Go Premiums	(932)	(1%)	(5,297)	(4%)
586,067	601,893	563,578	TOTAL EXPENSES	15,826	3%	(22,489)	(4%)
6,645	(12,072)	28,287	YTD SURPLUS (DEFICIT)	18,717	155%	(21,642)	(77%)
168,327	168,327	173,604	Total Net Assets, Beginning of Period			(5,277)	(3%)
\$174,972	\$156,255	\$201,891	TOTAL NET ASSETS, END OF PERIOD	\$18,717	12%	(\$26,919)	(13%)

STATE OF WV - RETIREE HEALTH BENEFIT TRUST FUND
STATEMENT OF CHANGES IN PLAN NET ASSETS
For the Ten Months Ending April 30, 2012

(\$ 000's)			BUDGET VARIANCE		PRIOR YR VARIANCE	
ACTUAL	BUDGET	PRIOR YR	\$	%	\$	%
ADDITIONS						
Employer Premiums:						
\$2,707	\$3,196	\$2,799				
105,311	103,802	100,901	(\$489)	(15%)	(\$92)	(3%)
913	0	1,855	1,509	1%	4,410	4%
			913	0%	(942)	(51%)
108,930	106,998	105,554	1,932	2%	3,376	3%
Member Premiums:						
58,657	56,777	56,162	1,881	3%	2,495	4%
21,487	21,198	20,607	289	1%	880	4%
14,220	14,050	11,751	170	1%	2,469	21%
94,365	92,025	88,520	2,340	3%	5,845	7%
203,295	199,023	194,074	4,272	2%	9,221	5%
Other Additions:						
938	1,170	705	(232)	(20%)	233	33%
12,401	26,704	48,194	(14,303)	(54%)	(35,793)	(74%)
216,634	226,897	242,973	(10,262)	(5%)	(26,339)	(11%)
TOTAL ADDITIONS						
DEDUCTIONS						
42,152	41,230	36,638	(922)	(2%)	(5,514)	(15%)
14,286	14,050	11,743	(236)	(2%)	(2,542)	(22%)
50,391	55,126	51,269	4,735	9%	878	2%
88,305	81,516	77,165	(6,789)	(8%)	(11,141)	(14%)
7,374	7,725	7,471	351	5%	97	1%
2,928	2,841	2,681	(87)	(3%)	(246)	(9%)
0	330	(1,024)	330	100%	(1,024)	100%
205,436	202,818	185,944	(2,618)	(1%)	(19,491)	(10%)
TOTAL DEDUCTIONS						
11,198	24,079	57,029	(12,880)	(53%)	(45,830)	(80%)
NET FUND INCREASE						
Net Assets Held in Trust for Post Employment Benefits						
472,079	472,079	422,636	0	0%	49,443	12%
\$483,277	\$496,157	\$479,664	(\$12,880)	(3%)	\$3,613	1%
End of period						

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



April 30

	2012	2011
(in thousands)		
ASSETS		
Short Term Assets		
Cash and Equivalents	\$ 24,426	\$ 17,858
Advance Deposit with Carrier/Trustee	207,521	195,319
Receivables - Net	1,280	3,283
Prepaid Insurance	931	1,052
Total Short Term Assets	234,158	217,512
Long Term Assets		
Investments	139,199	141,284
Total Long Term Assets	139,199	141,284
TOTAL ASSETS	373,357	358,796
LIABILITIES		
Short Term Liabilities		
Accounts payable	2,262	2,389
Claims Payable	407	116
OPEB Liability	182	181
Agents Commissions Payable	978	1,081
Unearned Revenue	9,054	9,320
Current Estimated Claim Reserve	49,438	44,898
Total Short Term Liabilities	62,321	57,985
Long Term Liabilities		
Compensated Absences	75	66
Estimated Noncurrent Claim Reserve	84,157	88,949
Total Long Term Liabilities	84,232	89,015
TOTAL LIABILITIES	146,553	147,000
Prior Year Net Assets	219,828	192,207
Current Year Earnings (Deficiency)	6,976	19,589
TOTAL NET ASSETS	226,804	211,796
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 373,357	\$ 358,796

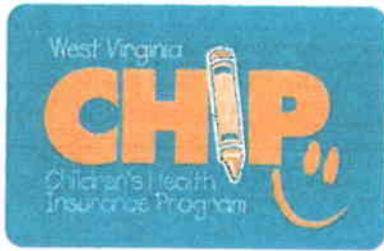
DRAFT - Unaudited - Management Purposes Only

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



	April 30	
	2012	2011
	(in thousands)	
Operating Revenues		
Premium Revenues	\$ 42,612	\$ 43,911
Less - Excess Insurance	(4,542)	(5,061)
Total Operating Revenues	38,070	38,850
Operating Expenses		
Claims Expense	37,442	30,038
Property & MS Claims Expense	3,834	3,589
Personal Services	1,158	1,146
General & Administrative Expense	2,021	2,272
Total Operating Expenses	44,455	37,045
Operating Income (Loss)	(6,385)	1,805
Nonoperating Revenues		
Investment Income	13,361	17,784
Total Nonoperating Revenues	13,361	17,784
Net Income (Loss)	\$ 6,976	\$ 19,589

DRAFT - Unaudited - Management Purposes Only



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

**Joint Committee on
Government and Finance
Report**

June 2012

**West Virginia Children's Health Insurance Program
Budget to Actual Statement
State Fiscal Year 2012
For the Ten Months Ended April 30, 2012**

	<u>Budgeted for Year</u>	<u>Year to Date Budgeted Amt</u>	<u>Year to Date Actual Amt</u>	<u>Year to Date Variance*</u>		<u>Monthly Budgeted Amt</u>	<u>Apr-12</u>	<u>Actual Amt Mar-12</u>	<u>Actual Amt Feb-12</u>
Projected Cost	\$54,634,844	\$45,529,037	\$43,677,171	\$1,851,866	4%	\$4,552,904	\$4,877,097	\$6,017,733	\$4,029,439
Premiums	680,592	\$567,160	600,071	\$32,911	6%	\$56,716	69,897	68,892	72,271
Subrogation & Rebates	731,381	\$609,484	489,136	(120,348)	-20%	\$60,948	23,100	56,731	311,064
Net Benefit Cost	53,222,871	\$44,352,393	\$42,587,963	\$1,764,429	4%	\$4,435,239	4,784,100	5,892,110	3,646,104
Salaries & Benefits	\$580,500	\$483,750	\$408,658	\$75,092	16%	\$48,375	\$39,610	\$39,610	\$40,014
Program Administration	3,116,505	\$2,597,088	1,573,416	1,023,672	39%	\$259,709	125,094	171,386	131,100
Eligibility	420,000	\$350,000	279,404	70,596	20%	\$35,000	4,313	74,337	4,425
Outreach & Health Prom.	300,000	\$250,000	814,300	(564,300)	-226%	\$25,000	51,690	5,140	232,927
Current Expense	160,000	\$133,333	210,312	(76,979)	-58%	\$13,333	16,287	14,779	14,528
Total Admin Cost	\$4,577,005	\$3,814,171	\$3,286,090	\$528,081	14%	\$381,417	\$236,994	\$305,252	\$422,994
Total Program Cost	\$57,799,876	\$48,166,563	\$45,874,053	\$2,292,510	5%	\$4,816,656	\$5,021,094	\$6,197,362	\$4,069,098
Federal Share 80.83%	46,719,640	38,933,033	\$37,187,217	1,745,816	4%	3,893,303	4,108,761	5,009,328	3,289,052
State Share 19.17%	11,080,236	9,233,530	\$8,686,836	546,694	6%	923,353	912,333	1,188,034	780,046
Total Program Cost **	\$57,799,876	\$48,166,563	\$45,874,053	\$2,292,510	5%	\$4,816,656	\$5,021,094	\$6,197,362	\$4,069,098

* Positive percentages indicate favorable variances

** Budgeted Year Based on CCRC Actuary 6/30/2011 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 Scenerio dated 6/30/11 Final worksheet Net Paid Program Costs.
- 2/. Federal Share for FFY 2012 is 80.83%. Federal Share for FFY 2011 (10/1/10 - 9/30/11) is set at 81.27%.

West Virginia Children's Health Insurance Program
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
For the Ten Months Ending April 30, 2012 and April 30, 2011
(Modified Accrual Basis)

	April 30, 2012	April 30, 2011	Variance	
Revenues				
Federal Grants	38,153,748	35,534,792	2,618,956	7%
State Appropriations	10,925,514	10,425,628	499,886	5%
Premium Revenues	600,071	385,318	214,753	56%
Investment Income:				
Investment Earnings	103,366	233,735	(130,369)	-56%
Unrealized Gain(loss) On Investments*	(14,659)	198,185	(212,844)	-107%
Total Investment Income	<u>88,707</u>	<u>431,920</u>	<u>(343,213)</u>	<u>-79%</u>
Total Revenues	<u>49,768,040</u>	<u>46,777,658</u>	<u>2,990,382</u>	<u>6%</u>
Expenditures:				
Claims:				
Outpatient Services	11,995,363	10,631,344	1,364,019	13%
Physicians & Surgical	9,286,921	8,771,955	514,966	6%
Prescribed Drugs	8,869,564	8,108,932	760,632	9%
Dental	6,621,951	5,582,528	1,039,423	19%
Inpatient Hospital Services	3,986,799	3,348,891	637,908	19%
Outpatient Mental Health	1,322,902	1,218,925	103,977	9%
Durable & Disposable Med. Equip.	1,195,778	1,017,154	178,624	18%
Inpatient Mental Health	893,403	723,149	170,254	24%
Vision	724,544	705,082	19,462	3%
Therapy	559,664	475,895	83,769	18%
Medical Transportation	363,841	339,509	24,332	7%
Other Services	161,468	105,423	56,045	53%
Less: Collections**	<u>(489,136)</u>	<u>(684,226)</u>	<u>195,090</u>	<u>-29%</u>
Total Claims	<u>45,493,062</u>	<u>40,344,561</u>	<u>5,148,501</u>	<u>13%</u>
General and Admin Expenses:				
Salaries and Benefits	408,661	410,959	(2,298)	-1%
Program Administration	1,573,518	2,161,432	(587,914)	-27%
Eligibility	323,403	290,469	32,934	11%
Outreach & Health Promotion	820,266	569,997	250,269	44%
Current	<u>193,650</u>	<u>135,358</u>	<u>58,292</u>	<u>43%</u>
Total Administrative	<u>3,319,498</u>	<u>3,568,215</u>	<u>(248,717)</u>	<u>-7%</u>
Total Expenditures	<u>48,812,560</u>	<u>43,912,776</u>	<u>4,899,784</u>	<u>11%</u>
Excess of Revenues				
Over (Under) Expenditures	955,480	2,864,882	(1,909,402)	-67%
Fund Equity, Beginning	<u>13,938,145</u>	<u>10,109,506</u>	<u>3,828,639</u>	<u>38%</u>
Fund Equity, Ending	<u>14,893,624</u>	<u>12,974,388</u>	<u>1,919,236</u>	<u>15%</u>

* Short Term Bond Fund Investment began in November 2009

** Collections are primarily drug rebates and subrogation

PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

WVCHIP Enrollment Report

ATTACHMENT 1

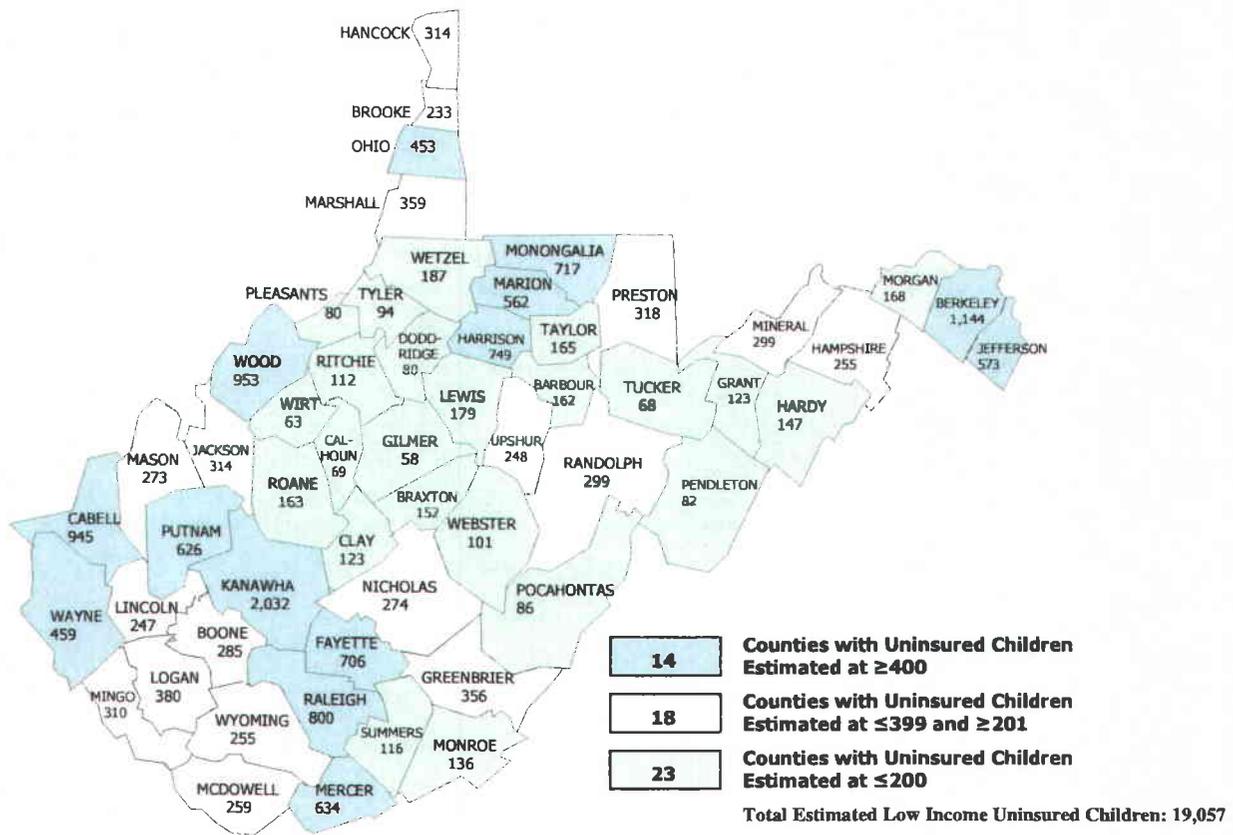
May 2012

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment May-12	Total Medicaid Enrollment May-12	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2009 Est. Uninsured 5%	2009 # Children Uninsured Ranking*
Barbour	3,600	291	1,521	1,812	50.3%	180	33
Berkeley	26,251	1,385	8,130	9,515	36.2%	1,313	2
Boone	5,615	306	2,462	2,768	49.3%	281	25
Braxton	3,006	209	1,551	1,760	58.5%	150	40
Brooke	4,573	270	1,549	1,819	39.8%	229	31
Cabell	18,879	993	8,427	9,420	49.9%	944	4
Calhoun	1,518	119	750	869	57.3%	76	51
Clay	2,215	177	1,380	1,557	70.3%	111	44
Doddridge	1,673	133	633	766	45.8%	84	48
Fayette	9,438	846	4,429	5,275	55.9%	472	13
Gilmer	1,260	79	567	646	51.3%	63	54
Grant	2,555	200	953	1,153	45.1%	128	42
Greenbrier	7,131	610	2,840	3,450	48.4%	357	16
Hampshire	5,392	334	2,135	2,469	45.8%	270	27
Hancock	6,166	393	2,489	2,882	46.7%	308	20
Hardy	3,015	156	1,192	1,348	44.7%	151	39
Harrison	15,202	927	5,608	6,535	43.0%	760	7
Jackson	6,602	418	2,730	3,148	47.7%	330	18
Jefferson	12,679	515	3,125	3,640	28.7%	634	10
Kanawha	39,771	2,326	17,065	19,391	48.8%	1,989	1
Lewis	3,389	289	1,645	1,934	57.1%	169	37
Lincoln	4,930	322	2,707	3,029	61.4%	247	30
Logan	7,496	520	3,808	4,328	57.7%	375	15
Marion	11,227	707	4,308	5,015	44.7%	561	11
Marshall	6,886	334	2,771	3,105	45.1%	344	17
Mason	5,929	309	2,687	2,996	50.5%	296	21
McDowell	4,423	317	3,064	3,381	76.4%	221	32
Mercer	12,764	1,173	6,826	7,999	62.7%	638	9
Mineral	5,868	310	1,969	2,279	38.8%	293	23
Mingo	5,905	374	2,989	3,363	57.0%	295	22
Monongalia	15,294	820	4,340	5,160	33.7%	765	6
Monroe	2,835	220	1,005	1,225	43.2%	142	41
Morgan	3,596	288	1,312	1,600	44.5%	180	34
Nicholas	5,561	377	2,520	2,897	52.1%	278	26
Ohio	8,444	509	3,044	3,553	42.1%	422	14
Pendleton	1,462	119	509	628	43.0%	73	52
Pleasants	1,551	107	550	657	42.3%	78	50
Pocahontas	1,561	160	699	859	55.0%	78	49
Preston	6,536	485	2,434	2,919	44.7%	327	19
Putnam	13,150	796	3,425	4,221	32.1%	658	8
Raleigh	16,403	1,251	7,375	8,626	52.6%	820	5
Randolph	5,705	483	2,602	3,085	54.1%	285	24
Ritchie	2,205	154	881	1,035	46.9%	110	45
Roane	3,239	311	1,661	1,972	60.9%	162	38
Summers	2,521	214	1,214	1,428	56.6%	126	43
Taylor	3,514	229	1,330	1,559	44.4%	176	35
Tucker	1,371	141	457	598	43.6%	69	53
Tyler	1,924	121	740	861	44.7%	96	47

WVCHIP Enrollment Report

May 2012

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment May-12	Total Medicaid Enrollment May-12	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2009 Est. Uninsured 5%	2009 # Children Uninsured Ranking*
Upshur	4,996	377	2,389	2,766	55.4%	250	29
Wayne	9,516	532	4,032	4,564	48.0%	476	12
Webster	1,977	155	1,137	1,292	65.3%	99	46
Wetzel	3,466	223	1,572	1,795	51.8%	173	36
Wirt	1,201	90	648	738	61.5%	60	55
Wood	18,956	1,208	8,260	9,468	49.9%	948	3
Wyoming	5,116	403	2,425	2,828	55.3%	256	28
Totals	387,459	25,115	158,871	183,986	47.5%	19,373	



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

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

Department of Administration Real Estate Division Leasing Report

For the period of May 1, 2012 through May 31, 2012

NEW CONTRACT OF LEASE

ALCOHOL AND BEVERAGE CONTROL ADMINISTRATION

ABC-001 New Contract of Lease for 1 year consisting of 14,949 square feet of office space at the annual per square foot rate of \$12.00, annual cost \$179,388.00, full service, in the City of Charleston, Kanawha County, West Virginia.

ATTORNEY GENERAL'S OFFICE

AGO-018 New Contract of Lease for 2 years consisting of 2,150 square feet of office space at the annual per square foot rate of \$14.51, annual cost \$31,200.00, full service except electric, in the City of Charleston, Kanawha County, West Virginia.

DIVISION OF FINANCIAL INSTITUTIONS (formerly Division of Banking)

FIN-001 New Contract of Lease for 1 year consisting of 7,308 square feet of office space at the annual per square foot rate of \$12.00, annual cost \$87,696.00, full service, in the City of Charleston, Kanawha County, West Virginia.

MUNICIPAL BOND COMMISSION

MBC-005 New Contract of Lease for 1 year consisting of 2,286 square feet of office space at the annual per square foot rate of \$12.00, annual cost \$27,432.00, full service, in the City of Charleston, Kanawha County, West Virginia.

RACING COMMISSION

RAC-002 New Contract of Lease for 1 year consisting of 3,842 square feet of office space at the annual per square foot rate of \$12.00, annual cost \$46,104.00, full service, in the City of Charleston, Kanawha County, West Virginia.

REAL ESTATE DIVISION

RED-002 New Contract of Lease for 1 year consisting of 7,413 square feet of office space at the annual per square foot rate of \$12.00, annual cost \$88,956.00, full service, in the City of Charleston, Kanawha County, West Virginia.

WV PCS ALLIANCE, L.C., A VIRGINIA LLC, d/b/a NTELOS

NTE-001 New Contract of Lease for 25 years consisting tower/monitoring site at the annual rate of \$16,800.00, in Coopers Rock State Forest, Monongalia County, West Virginia.

STRAIGHT RENEWAL

DEPARTMENT OF EDUCATION

EDU-016 Renewal for 1 year consisting of 3,412 square feet of office space at the current annual per square foot rate of \$10.50, annual cost \$35,826.00, full service, in the City of Charleston, Kanawha County, West Virginia.

STRAIGHT RENEWAL - CONTINUED

DIVISION OF FORESTRY

FOR-062 Renewal for 1 year consisting of 550 square feet of office space at the current annual per square foot rate of \$4.58, annual cost \$2,520.00, in the City of Webster Springs, Webster County, West Virginia.

SMALL BUSINESS DEVELOPMENT CENTER

SBD-001 Renewal for 1 year consisting of 2 rooms of office space at the current monthly rate of \$1,070.00, annual cost \$12,840.00, full service, in the City of Martinsburg, Berkeley County, West Virginia.

STATE TAX DEPARTMENT

TAX-053 Renewal for 5 years consisting of 200 square feet of office space at the current monthly rate of \$175.00, annual cost \$2,100.00, full service, in the City of Morgantown, Monongalia County, West Virginia.

RENEWAL WITH INCREASE IN RENT

BOARD OF BARBERS AND COSMETOLOGY

BBC-001 Renewal for 3 years consisting of 2,435 square feet of office space with an increase in the annual per square foot rate from \$8.87 to \$9.13, annual cost \$22,231.56, full service excluding janitorial, in the City of Dunbar, Kanawha County, West Virginia.

CONSOLIDATED PUBLIC RETIREMENT BOARD

CPR-005 Renewal for 5 years consisting of 22,568 square feet of office space with an increase in the annual per square foot rate from \$9.84 to \$10.33, annual cost \$233,127.48, in the City of Charleston, Kanawha County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-128 Renewal for 2 years consisting of 7,650 square feet of office space with an increase in the annual per square foot rate from \$8.00 to \$8.50, annual cost \$65,025.00, in the City of Welch, McDowell County, West Virginia.

DIVISION OF FORESTRY

FOR-072 Renewal for 5 years consisting of 450 square feet of office space with an increase in the monthly rate from \$250.00 to \$275.00, annual cost \$3,300.00, full service, in the City of Kingwood, Preston County, West Virginia.

WEST VIRGINIA DIVISION OF CULTURE AND HISTORY

DCH-002 Renewal for 1 year consisting of 270 square feet of storage space with an increase in the monthly rate from \$340.00 to \$374.00, annual cost \$4,488.00, full service excluding electric, in the City of Charleston, Kanawha County, West Virginia.

RENEWAL WITH INCREASE IN RENT-CONTINUED

WORKFORCE WEST VIRGINIA

WWV-010 Renewal for 2 years consisting of 2,658 square feet of office space with an increase in the annual per square foot rate from \$11.00 to \$11.25 for the first year, then to \$11.50 for the second year, annual cost \$29,902.56, full service, in the City of Fairlea, Greenbrier County, West Virginia.

RENEWAL WITH DECREASE IN RENT

WORKFORCE WEST VIRGINIA

WWV-017-SUB Renewal for 1 year consisting of 324 square feet of office space with a decrease in the monthly rate from \$1,000.00 to \$950.00, annual cost \$11,400.00, in the City of Point Pleasant, Mason County, West Virginia.

CANCELLATION

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-176 Lease cancellation consisting of 8,000 square feet of office space, at the annual per square foot rate of \$5.40, annual cost \$43,200.00, in the City of Moorefield, Hardy County, West Virginia.

DIVISION OF MOTOR VEHICLES

DMV-015 Lease cancellation consisting of 7,167 square feet of office space, at the annual per square foot rate of \$8.35, annual cost \$59,874.60, in the City of Martinsburg, Berkeley County, West Virginia

Real Estate Division
 Monthly Summary of Lease Activity
 May 1 - 31, 2012

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	Alcohol and Beverage Control Administration	ABC-001	Kanawha	14,949	12.00	179,388
2	Attorney General's Office	AGO-018	Kanawha	2,150	14.51	31,197
3	Division of Financial Institutions	FIN-001	Kanawha	7,308	12.00	87,696
4	Municipal Bond Commission	MBC-005	Kanawha	2,286	12.00	27,432
5	Racing Commission	RAC-002	Kanawha	3,842	12.00	46,104
6	Real Estate Division	RED-002	Kanawha	7,413	12.00	88,956
7	NTELOS	NTE-001	Monongalia	0	0.00	16,800
8	Department of Education	EDU-016	Kanawha	3,412	10.50	35,826
9	Division of Forestry	FOR-062	Webster	550	4.58	2,519
10	Small Business Development Center	SBD-001	Berkeley	0	0.00	1,070
11	State Tax Department	TAX-053	Monongalia	200	0.00	2,100
12	Board of Barbers and Cosmetology	BBC-001	Kanawha	2,435	9.13	22,232
13	Consolidated Public Retirement Board	CPR-005	Kanawha	22,568	10.33	233,127
14	Department of Health and Human Resources	HHR-128	McDowell	7,650	8.50	65,025
15	Division of Forestry	FOR-072	Preston	450	0.00	3,300
16	West Virginia Division of Culture and History	DCH-002	Kanawha	270	0.00	4,488
17	WORKFORCE West Virginia	WWV-010	Greenbrier	2,658	11.25	29,903
18	WORKFORCE West Virginia	WWV-017	Mason	324	0.00	11,400
						128.80
				Total Rentable Square Feet	<u>78,465</u>	
				Average Annual Rental Rate	<u>10.73</u>	
				Total Annual Rent		<u>888,562</u>

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
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Joint Committee on Government and Finance

June 2012

Department of Health and Human Resources

MEDICAID REPORT

April 2012 Data

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2012

MONTH OF APRIL 2012	ACTUALS	TOTAL	ACTUALS	ESTIMATED	ACTUALS	PROJECTED
	SFY2011	SFY2012	Current Month 04/30/12	Current Month Ended 04/30/12	Year To-Date Thru 04/30/12	05/01/12 Thru 06/30/12
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	164,043,833	176,928,067	13,058,000	13,628,737	133,403,235	43,524,832
Inpatient Hospital - DSH	54,602,728	55,616,400	-	-	41,900,728	13,715,672
Inpatient Hospital - Supplemental Payments	150,374,918	79,066,286	5,301,925	5,301,900	64,601,638	14,464,648
Inpatient Hospital - GME Payments	5,178,062	5,128,800	-	-	4,370,076	758,724
Mental Health Facilities	82,205,443	83,604,219	6,330,111	6,470,092	65,566,511	18,037,708
Mental Health Facilities - DSH Adjustment Payments	18,870,766	18,866,400	-	-	14,164,966	4,701,434
Nursing Facility Services - Regular Payments	497,490,876	533,935,963	47,573,155	44,518,200	444,800,603	89,135,361
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	62,315,850	68,807,100	5,512,298	5,733,925	54,502,219	14,304,881
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	120,938,365	129,796,223	9,969,932	10,021,817	95,497,372	34,298,851
Physicians Services - Supplemental Payments	28,779,948	30,575,400	6,908,447	7,643,850	26,661,492	3,913,908
Outpatient Hospital Services - Regular Payments	104,867,944	107,096,383	8,576,412	8,253,801	86,518,962	20,577,422
Outpatient Hospital Services - Supplemental Payments	-	-	-	-	-	-
Prescribed Drugs	355,934,526	368,792,906	28,406,023	28,762,168	311,141,721	57,651,186
Drug Rebate Offset - National Agreement	(178,030,580)	(156,989,600)	(41,052,418)	(33,215,001)	(209,819,525)	52,829,925
Drug Rebate Offset - State Sidebar Agreement	(18,264,735)	(20,042,600)	(4,318,746)	(4,034,891)	(17,064,268)	(2,978,332)
Dental Services	65,110,306	61,522,537	4,818,005	4,748,631	46,867,996	14,654,542
Other Practitioners Services - Regular Payments	11,297,560	13,106,060	1,152,307	1,066,838	10,106,648	2,999,412
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	5,014,428	5,507,120	453,510	437,046	3,858,196	1,648,924
Lab & Radiological Services	23,034,934	23,867,397	2,082,551	1,871,020	20,502,010	3,365,387
Home Health Services	44,244,071	45,150,371	4,156,483	3,517,223	39,683,165	5,467,206
Hysterectomies/Sterilizations	202,721	221,100	16,375	17,008	166,882	54,218
Pregnancy Terminations	-	-	-	-	-	-
EPSDT Services	1,393,791	1,692,037	104,665	130,846	963,256	728,781
Rural Health Clinic Services	7,938,113	9,400,347	546,438	732,338	6,242,385	3,157,962
Medicare Health Insurance Payments - Part A Premiums	17,589,540	19,087,800	1,450,890	1,590,650	14,450,751	4,637,049
Medicare Health Insurance Payments - Part B Premiums	86,800,107	101,265,000	6,715,426	8,438,750	72,180,135	29,084,865
120% - 134% Of Poverty	6,412,164	7,018,300	452,747	539,869	5,301,649	1,716,651
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	7,200,103	7,611,400	699,534	585,492	5,975,496	1,635,904

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2012

	MONTH OF APRIL 2012		ACTUALS	TOTAL	ACTUALS	ESTIMATED	ACTUALS	PROJECTED
	SFY2011	SFY2012	SFY2011	SFY2012	Current Month 04/30/12	Current Month Ended 04/30/12	Year To-Date Thru 04/30/12	05/01/12 Thru 06/30/12
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	331,340,463	332,146,800			32,426,596	27,678,900	283,899,941	48,246,859
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-			-	-	-	-
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-			-	-	-	-
Medicaid Health Insurance Payments: Group Health Plan Payments	430,840	474,700			26,700	36,515	324,884	149,816
Medicaid Health Insurance Payments: Coinsurance	-	-			-	-	-	-
Medicaid Health Insurance Payments: Other	22,935	-			-	-	-	-
Home & Community-Based Services (MR/DD)	250,190,675	291,985,942			26,883,393	20,984,784	239,474,970	52,510,971
Home & Community-Based Services (Aged/Disabled)	105,384,910	124,444,608			11,632,131	8,866,168	108,768,912	15,675,696
Home & Community-Based Services (Traumatic Brain Injury)	-	2,600,925			-	200,071	-	2,600,925
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	(15,197)
Personal Care Services - Regular Payments	43,271,225	54,253,564			4,665,532	3,617,662	42,227,784	12,025,780
Personal Care Services - SDS 1915(j)	-	-			-	-	-	-
Targeted Case Management Services - Com. Case Management	-	-			-	-	-	-
Targeted Case Management Services - State Wide	3,683,372	4,102,733			286,082	318,708	2,632,394	1,470,339
Primary Care Case Management Services	311,397	362,800			15,189	27,908	189,865	172,935
Hospice Benefits	23,031,071	23,968,000			1,632,710	1,843,692	18,966,826	5,001,174
Emergency Services Undocumented Aliens	250,549	252,200			12,009	19,400	261,296	(9,096)
Federally Qualified Health Center	17,062,376	18,053,125			1,480,609	1,403,454	16,037,759	2,015,366
Non-Emergency Medical Transportation	22,846,997	23,329,348			2,374,494	1,796,546	21,345,355	1,983,993
Physical Therapy	1,950,648	1,993,133			210,796	153,546	1,751,990	241,143
Occupational Therapy	259,371	223,033			38,282	17,408	295,730	(72,697)
Services for Speech, Hearing & Language	322,095	261,398			47,125	20,400	462,891	(201,493)
Prosthetic Devices, Dentures, Eyeglasses	1,750,474	1,982,028			176,391	153,454	1,509,530	472,498
Diagnostic Screening & Preventive Services	506,980	555,348			45,781	42,815	440,587	114,761
Nurse Mid-Wife	241,124	280,900			13,689	21,608	183,043	97,857
Emergency Hospital Services	1,340,493	5,903,671			144	454,246	4,961	5,898,710
Critical Access Hospitals	31,130,998	33,377,270			2,581,127	2,570,723	25,039,087	8,338,184
Nurse Practitioner Services	1,296,506	1,242,745			136,270	95,931	1,216,337	26,408
School Based Services	55,049,683	66,000,436			4,402,282	5,080,477	38,252,791	27,747,644
Rehabilitative Services (Non-School Based)	76,039,609	88,073,374			6,388,569	6,415,962	65,332,186	22,741,187
Private Duty Nursing	4,856,304	5,087,998			383,147	410,032	3,863,988	1,224,010
Other Care Services	20,936,984	22,969,227			1,805,907	1,767,728	17,372,901	5,596,327
Less: Recoupments	-	-			(110,993)	-	(110,993)	110,993
NET EXPENDITURES:	2,719,053,859	2,880,556,723			206,468,032	200,758,447	2,232,304,509	648,252,213

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 EXPENDITURES BY PROVIDER TYPE
 SFY2012

MONTH OF APRIL 2012	ACTUALS	TOTAL	ACTUALS	ESTIMATED	ACTUALS	PROJECTED
	SFY2011	SFY2012	Current Month 04/30/12	Current Month Ended 04/30/12	Year To-Date Thru 04/30/12	05/01/12 Thru 06/30/12
Collections: Third Party Liability (line 9A on CMS-64)	(9,341,740)	-	-	-	(5,399,353)	5,399,353
Collections: Probate (line 9B on CMS-64)	(81,809)	-	-	-	(321,277)	321,277
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(396)	-	-	-	(1,205)	1,205
Collections: Other (line 9D on CMS-64)	(7,250,803)	-	-	-	(6,000,732)	6,000,732
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	2,702,379,111	2,880,556,723	206,468,032	200,758,447	2,220,581,942	659,974,781
Plus: Medicaid Part D Expenditures	18,156,396	33,719,754	2,993,824	2,593,827	27,960,739	5,759,015
Plus: State Only Medicaid Expenditures	4,750,829	4,580,645	290,859	363,712	3,199,179	1,381,466
Plus: Money Follow the Person Expenditures	-	3,964,312	-	304,947	-	3,964,312
TOTAL MEDICAID EXPENDITURES	\$ 2,725,286,336	\$ 2,922,821,434	\$ 209,752,715	\$ 204,020,933	\$ 2,251,741,860	\$ 671,079,574
Plus: Reimbursables ⁽¹⁾	5,304,734	5,832,222	548,315	447,333	5,391,760	440,463
TOTAL EXPENDITURES	\$ 2,730,591,069	\$ 2,928,653,656	\$ 210,301,030	\$ 204,468,266	\$ 2,257,133,620	\$ 671,520,036

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

WV DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 BUREAU FOR MEDICAL SERVICES
 MEDICAID CASH REPORT
 SFY2012

10 Months Actuals 2 Months Remaining

MONTH OF APRIL 2012	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2011	Current Month Ended 04/30/12	Year-To-Date Thru 04/30/12	05/01/12 Thru 06/30/12	SFY2012
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	\$ 213,690,990	\$ 12,896,989	\$ 210,933,113		\$ 210,933,113
MATCHING FUNDS					
General Revenue (0403/189)	222,471,412	33,434,534	156,721,587	61,749,011	218,470,598
MRDD Waiver (0403/466)	87,753,483	9,762,883	69,227,717	19,525,766	88,753,483
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,333	2,163,333	432,667	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,667	5,296,667	1,059,333	6,356,000
Traumatic Brain Injury (0403/835)	-	66,667	666,667	133,333	800,000
Title XIX Waiver for Seniors (0403-533)	7,500,000	1,054,625	7,478,250	4,609,250	12,087,500
Medical Services Surplus (0403/633)	-	17,346,417	18,853,334	(18,853,334)	-
Waiver for Senior Citizens Surplus (0403/526)	-	-	2,500,000	(2,500,000)	-
Lottery Waiver (Less 550,000) (5405/539)	23,272,578	-	24,000,000	7,222,578	31,222,578
Lottery Transfer (5405/871)	16,670,000	-	6,600,000	2,070,000	8,670,000
Trust Fund Appropriation (5185/189)	-	-	12,076,099	18,480,495	30,556,594
Provider Tax (5090/189)	152,750,473	13,300,000	133,500,000	28,782,760	162,282,760
Certified Match	16,726,042	2,467,837	18,818,342	5,934,515	24,752,858
Reimbursables - Amount Reimbursed	3,688,478	1,080,702	7,013,227	(1,181,004)	5,832,222
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	712,458	76,511	750,562	(750,562)	-
CMS - 64 Adjustments	898,977	-	569,448	(569,448)	-
TOTAL MATCHING FUNDS	\$ 755,086,891	\$ 92,233,166	\$ 677,168,346	\$ 126,145,360	\$ 803,313,706
FEDERAL FUNDS	\$ 2,191,395,795	\$ 144,727,127	\$ 1,638,467,773	\$ 517,780,506	\$ 2,156,248,278
TOTAL REVENUE SOURCES	\$ 2,946,482,686	\$ 236,960,293	\$ 2,315,636,119	\$ 643,925,865	\$ 2,959,561,984
TOTAL EXPENDITURES:					
Provider Payments	\$ 2,730,591,069	\$ 210,301,030	\$ 2,257,133,620	\$ 671,520,036	\$ 2,928,653,656
TOTAL	\$ 215,891,617	\$ 26,659,263	\$ 58,502,499		\$ 30,908,328

Note: FMAP (73.24% applicable Jul. - Sep. 2011) (72.62% applicable Oct. 2011 - Jun. 2012)

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Monthly Performance Report

May 31, 2012



West Virginia Investment Management Board

Participant Plans Allocation & Performance Net of Fees

As of May 31, 2012

	6/30/2011		5/31/2012		Performance %						
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
WVIMB Fund Assets	12,849,850	100.0	12,759,397	100.0							
Pension Assets	10,191,097	79.3	9,915,598	77.7							
Public Employees' Retirement System	4,359,025	33.8	4,246,606	33.2	-4.4	-3.9	-1.4	-2.1	11.7	1.5	6.1
Teachers' Retirement System	5,010,212	38.9	4,809,048	37.6	-4.4	-3.9	-1.5	-2.2	11.3	1.0	5.8
Teachers' Employers Cont. Collection A/C	-	0.0	44,789	0.4	0.0	0.0	0.0	0.0	0.1	1.1	
EMS Retirement System	31,963	0.3	34,166	0.3	-4.4	-3.9	-1.5	-2.2	11.6		
Public Safety Retirement System	482,005	3.8	468,209	3.7	-4.3	-3.8	-1.4	-2.1	11.8	1.5	6.2
Judges' Retirement System	124,587	1.0	123,445	1.0	-4.4	-3.9	-1.4	-2.2	11.7	1.5	6.1
State Police Retirement System	70,756	0.6	75,884	0.6	-4.4	-3.9	-1.5	-2.2	11.6	1.5	6.1
Deputy Sheriffs' Retirement System	112,488	0.9	113,280	0.9	-4.4	-3.9	-1.5	-2.2	11.7	1.5	6.1
Municipal Police & Firefighter Retirement System	61	0.0	171	0.0	-4.5	-4.0	1.2	1.2			
Insurance Assets	1,968,581	15.3	1,971,056	15.5							
Workers' Compensation Old Fund	933,073	7.3	938,630	7.4	-1.5	-1.0	2.4	2.1	9.1	2.6	
Workers' Comp. Self-Insured Guaranty Risk Pool	9,627	0.1	10,790	0.1	-1.7	-1.3	1.7	1.2	2.7	2.8	
Workers' Comp. Uninsured Employers Fund	8,911	0.1	9,057	0.1	-1.8	-1.3	1.6	1.1	2.1	2.4	
Pneumoconiosis	261,558	1.9	255,332	2.0	-1.8	-1.4	1.6	1.1	9.2	3.4	
Board of Risk & Insurance Mgmt.	140,522	1.1	136,750	1.1	-1.8	-1.3	1.8	1.3	9.6	4.3	
Public Employees' Insurance Agency	175,171	1.4	182,171	1.4	-0.6	0.0	4.0	3.7	9.5	4.1	
WV Retiree Health Benefit Trust Fund	437,457	3.4	435,875	3.4	-3.1	-2.8	-0.4	-1.0	9.0		
AccessWV	2,262	0.0	2,451	0.0	0.9	1.7	8.4	8.6			
Endowment Assets	690,172	5.4	872,743	6.8							
Wildlife Fund	40,380	0.3	39,023	0.3	-4.4	-3.9	-1.5	-2.2	11.6	1.5	6.3
Prepaid Tuition Trust	84,791	0.7	76,224	0.6	-3.5	-2.8	0.2	-0.6	12.4	2.5	6.7
Revenue Shortfall Reserve Fund	242,748	1.9	423,445	3.2	0.9	1.8	8.7	9.0	11.3	0.9	
Revenue Shortfall Reserve Fund - Part B	315,738	2.4	327,699	2.6	-1.4	-0.8	3.3	3.0	11.0	0.6	
WV DEP Trust	6,515	0.1	6,352	0.1	-5.2	-4.9	-2.9	-3.7			

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

	Asset (\$000)	%	Performance %						
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
Investment Pools Composite	12,764,611	100.00							
Total Equity Composite	5,298,575	41.50	-8.77	-8.96	-9.75	-10.88	12.23	-2.12	5.47
<i>Total Equity Policy Index</i>			-8.72	-8.90	-9.89	-11.34	10.17	-3.40	4.83
Excess Return			-0.05	-0.06	0.14	0.46	2.06	1.28	0.64
US Equity Composite	2,694,952	21.11	-6.38	-4.09	-0.64	-2.09	16.23	-0.72	5.18
<i>Russell 3000 Index</i>			-6.18	-3.92	-0.07	-1.87	15.38	-0.75	4.62
Excess Return			-0.20	-0.17	-0.57	-0.22	0.85	0.03	0.56
Large Cap Composite	2,017,488	15.80	-5.75	-2.87	1.59	0.02	15.81	-0.69	4.16
<i>S&P 500 Index</i>			-6.01	-3.53	1.28	-0.41	14.92	-0.92	4.14
Excess Return			0.26	0.66	0.31	0.43	0.89	0.23	0.02
Non-Large Cap Composite	677,464	5.31	-8.21	-7.55	-6.87	-8.01	18.88	0.27	7.11
<i>Russell 2500 Index</i>			-6.83	-5.52	-5.73	-7.80	18.09	0.09	7.00
Excess Return			-1.38	-2.03	-1.14	-0.21	0.79	0.18	0.11
International Equity Composite	2,603,623	20.39	-11.11	-13.57	-18.39	-19.23	7.99	-3.54	6.81
<i>MSCI AC World ex US Index</i>			-11.25	-13.73	-18.96	-20.11	5.01	-5.12	6.11
Excess Return			0.14	0.16	0.57	0.88	2.98	1.58	0.70
Fixed Income Composite	3,611,932	28.30	0.22	0.98	5.22	4.88	9.46	5.58	6.07
<i>Fixed Income Policy</i>			0.64	1.27	7.09	6.74	7.74	6.87	5.79
Excess Return			-0.42	-0.29	-1.87	-1.86	1.72	-1.29	0.28
Core Fixed Income	1,245,213	9.76	0.85	1.67	7.97	7.86	8.16		
<i>Barclays Capital Aggregate</i>			0.90	1.46	7.43	7.12	7.12		
Excess Return			-0.05	0.21	0.54	0.74	1.04		
Total Return Fixed Income	2,366,719	18.54	-0.11	0.62	3.81	3.36	9.75	5.68	6.60
<i>Barclays Capital US Universal</i>			0.64	1.27	7.09	6.74	7.74	6.61	5.97
Excess Return			-0.75	-0.65	-3.28	-3.38	2.01	-0.93	0.63
TIPS Composite	751,681	5.89	1.68	2.61	12.24	13.14			
<i>Barclays Capital U.S. TIPS</i>			1.67	2.62	12.29	13.19			
Excess Return			0.01	-0.01	-0.05	-0.05			
TRS Annuity	52,902	0.41	0.35	1.09	4.11	4.49	4.49		
Cash Composite	263,820	2.07	0.01	0.02	0.06	0.06	0.12	1.20	1.98
<i>Citigroup 90 Day T-Bill + 15 bps</i>			0.02	0.07	0.19	0.20	0.27	1.21	2.03
Excess Return			-0.01	-0.05	-0.13	-0.14	-0.15	-0.01	-0.05
Private Equity Composite	1,071,733	8.39	0.90	3.93	15.19	15.43	17.08		
Real Estate Composite	608,572	4.78	-0.52	1.65	5.11	5.69	8.15		
Hedge Funds Composite	1,105,396	8.66	-1.30	-1.03	-0.21	-1.13	6.43		
<i>LIBOR + 400 bps</i>			0.37	1.11	4.07	4.43	4.37		
Excess Return			-1.67	-2.14	-4.28	-5.56	2.06		

West Virginia Investment Management Board

Participant Plans Allocation vs. Targets

As of May 31, 2012

	Domestic Equity		Int'l Equity		Fixed Income		Private Equity		Real Estate		Hedge Funds		Cash	
	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %
Pension Assets														
Public Employees' Retirement System	24.5	24.5	23.7	26.5	25.1	23.0	10.8	10.0	6.1	6.0	9.3	10.0	0.5	0.0
Teachers' Retirement System	24.6	24.5	23.9	26.5	24.1	23.0	10.9	10.0	6.2	6.0	9.4	10.0	0.9	0.0
Teachers' Employers Cont. Collection A/C	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0
EMS Retirement System	24.2	24.5	23.4	26.5	26.2	23.0	10.7	10.0	6.0	6.0	9.0	10.0	0.5	0.0
Public Safety Retirement System	23.5	24.5	22.8	26.5	23.5	23.0	10.4	10.0	5.9	6.0	9.2	10.0	4.7	0.0
Judges' Retirement System	24.4	24.5	23.8	26.5	25.5	23.0	10.8	10.0	6.1	6.0	9.3	10.0	0.1	0.0
State Police Retirement System	24.4	24.5	23.5	26.5	25.7	23.0	10.7	10.0	6.0	6.0	8.9	10.0	0.8	0.0
Deputy Sheriffs' Retirement System	24.3	24.5	23.6	26.5	25.5	23.0	10.8	10.0	6.1	6.0	9.3	10.0	0.4	0.0
Municipal Police & Firefighter Retirement System	22.1	24.5	23.5	26.5	19.9	23.0	10.0	10.0	6.0	6.0	9.6	10.0	8.9	0.0
Insurance Assets														
Workers' Compensation Old Fund	9.5	9.8	9.1	10.6	71.0	69.6	0.0	0.0	0.0	0.0	0.0	0.0	10.4	10.0
Workers' Comp. Self-Insured Guaranty Risk Pool	9.4	9.8	9.1	10.6	57.2	54.6	0.0	0.0	0.0	0.0	18.0	20.0	6.3	5.0
Workers' Comp. Uninsured Employers Fund	9.5	9.8	9.2	10.6	56.7	54.6	0.0	0.0	0.0	0.0	19.5	20.0	5.1	5.0
Pneumoconiosis	9.6	9.8	9.3	10.6	56.5	54.6	0.0	0.0	0.0	0.0	20.0	20.0	4.6	5.0
Board of Risk & Insurance Mgmt.	9.5	9.8	9.2	10.6	56.7	54.6	0.0	0.0	0.0	0.0	19.5	20.0	5.1	5.0
Public Employees' Insurance Agency	4.7	4.9	4.5	5.3	76.5	74.8	0.0	0.0	0.0	0.0	9.3	10.0	5.0	5.0
WV Retiree Health Benefit Trust Fund	16.9	17.1	16.3	18.6	47.9	44.3	0.0	0.0	0.0	0.0	18.9	20.0	0.0	0.0
AccessWV	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Endowment Assets														
Wildlife Fund	24.3	24.5	23.6	26.5	25.2	23.0	10.8	10.0	6.1	6.0	9.8	10.0	0.2	0.0
Prepaid Tuition Trust	31.2	32.9	15.8	16.1	51.7	51.0	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	9.4	10.0	9.0	10.0	81.1	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0
WV DEP Trust	35.3	35.0	26.7	30.0	38.0	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, 2012

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

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

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

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

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

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



Status Report:

Workers' Compensation

Joint Committee on Government & Finance

June 2012

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.

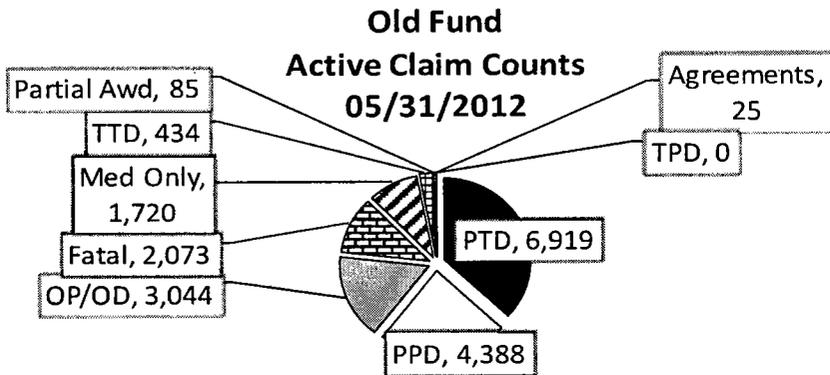
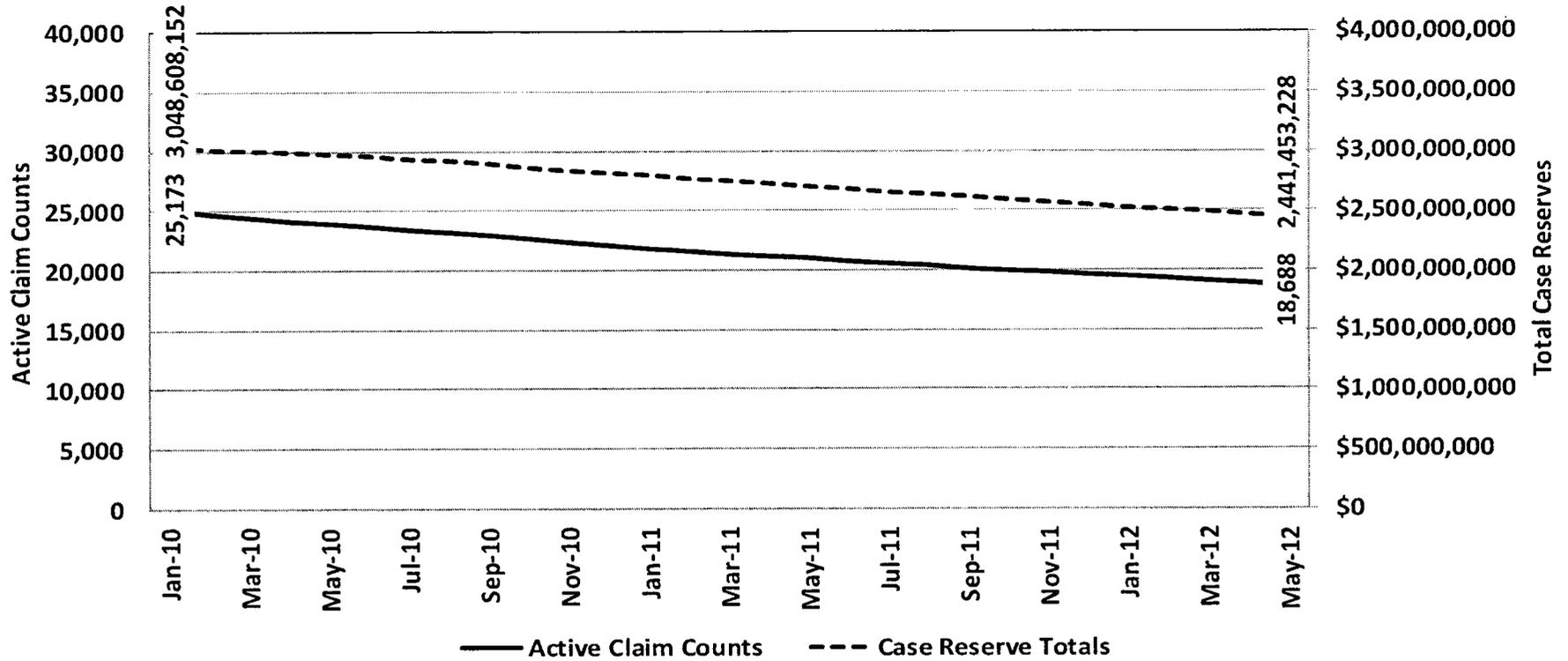
Self-Insured Security Fund: State managed fund into which premiums received are held, and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last exposure before 07/01/2004. This fund is limited to 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
05/31/2012**



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

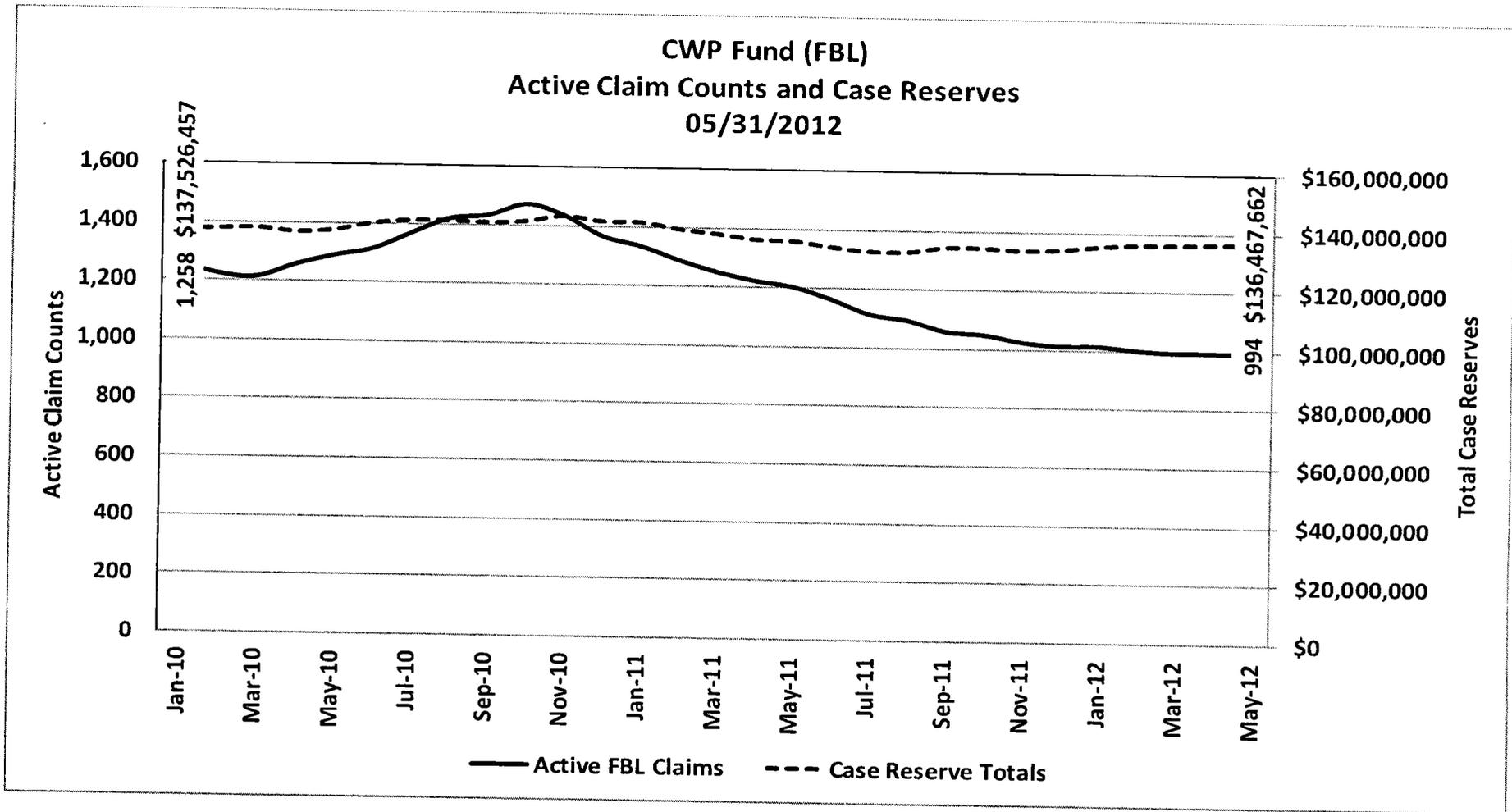
Partial Awd – benefits being paid without official awards

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 and Inactive Claims
05/31/2012**



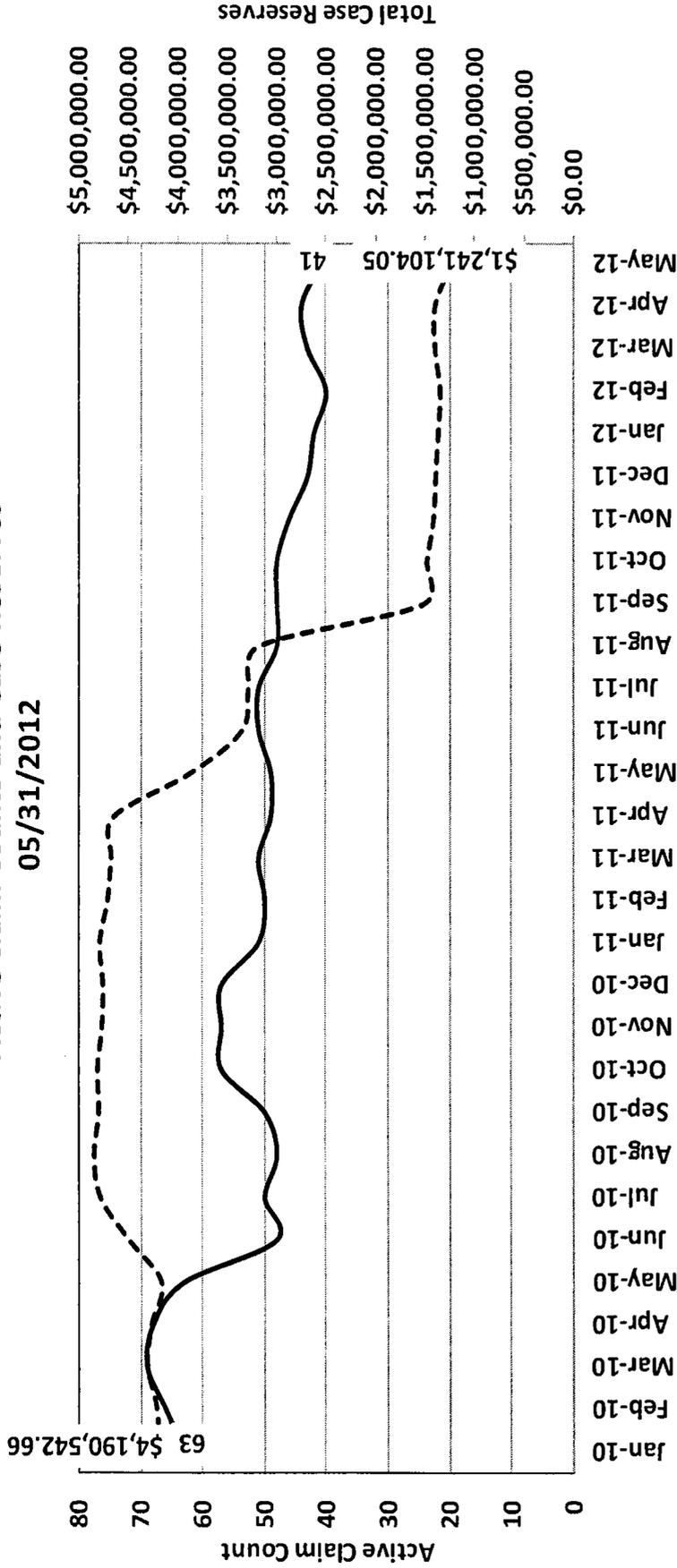
Active – Benefits being paid to claimant/beneficiary

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

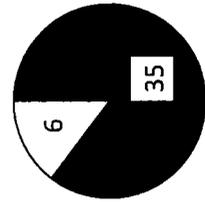
FBL - Occupational Pneumoconiosis (Black Lung) under Title IV of the federal Coal Mine Health and Safety Act of 1969, i.e. Federal Black lung, or FBL.

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
05/31/2012



Uninsured Fund
Active Claim Counts
05/31/2012



■ Indemnity □ Med Only

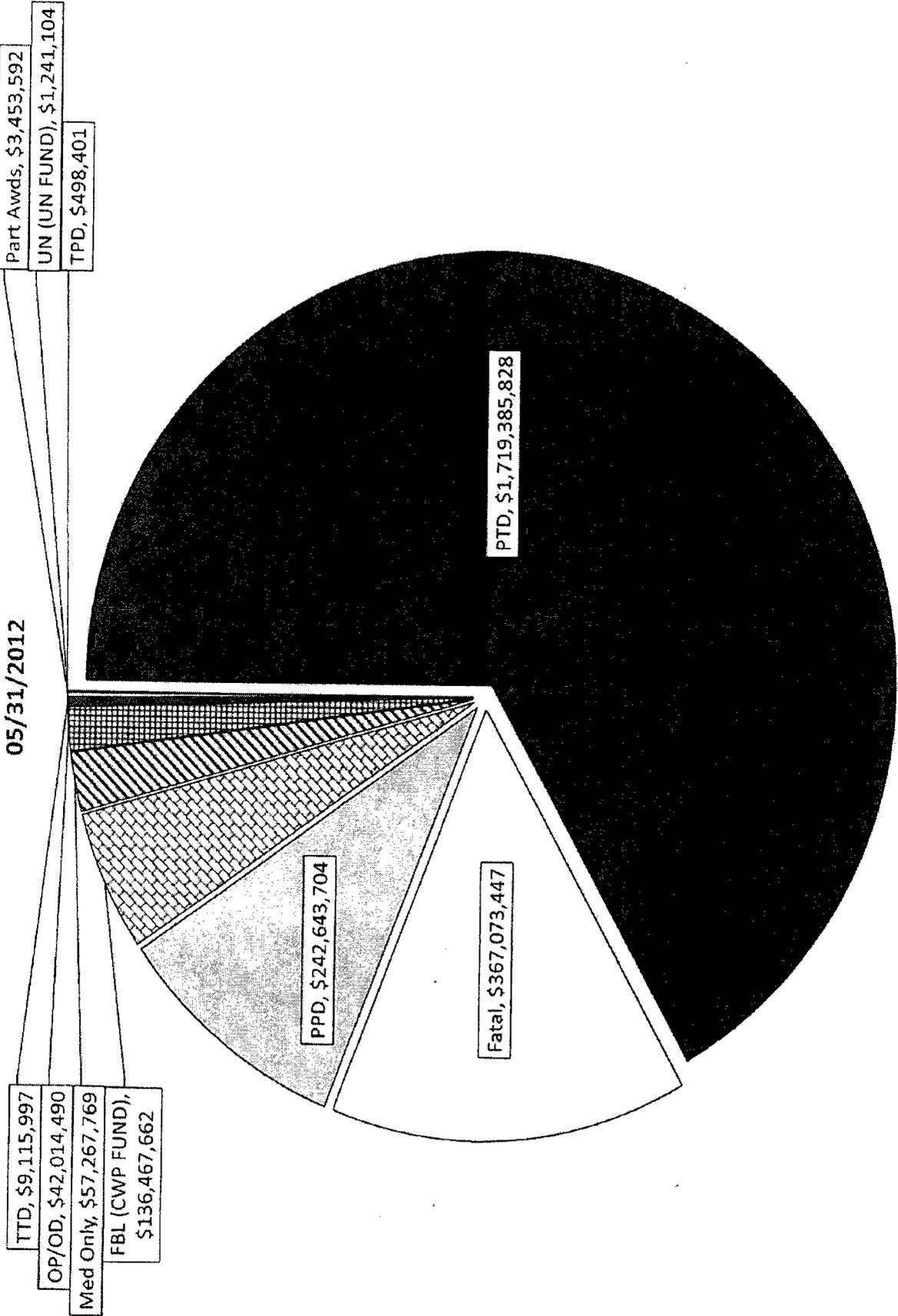
Indemnity – statutory wage replacement and medical benefits awarded

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)

05/31/2012



OLD FUND CASH STATEMENT

May 31, 2012

Three Year History for years ended:

	YTD FY2012	YTD FY2011	Change	FY2011	FY2010	FY2009
Cash Beginning Balances	943,172,539	888,535,954	54,636,585	888,535,954	795,869,972	734,195,514
Revenues						
Personal Income Tax	84,800,000	84,800,000	-	95,400,000	95,400,000	95,400,000
Severance Tax	86,305,416	84,543,650	1,761,766	93,112,747	91,573,307	125,672,963
Debt Reduction Surcharge	39,710,326	40,823,430	(1,113,104)	41,096,360	39,594,122	40,115,329
Self-Insured Debt Reduction Surcharge	9,218,780	7,586,836	1,631,945	8,058,590	6,562,051	6,568,235
Video Lottery	11,000,000	11,000,000	-	11,000,000	11,000,000	11,000,000
Employer Premium	549,340	3,099,517	(2,550,177)	3,120,389	1,783,840	2,945,069
Other Income - Return of Unclaimed Property	165,789	190,737	(24,948)	191,860	95,620	39,392
Operating Revenues	231,749,651	232,044,170	(294,518)	251,979,946	246,008,940	281,740,988
Surplus Note Principal Payments	-	-	-	-	43,500,000	145,000,000
Investment / Interest Earnings (Losses)	32,299,274	87,745,443	(55,446,169)	88,270,887	102,218,697	(94,861,549)
Total Revenues	264,048,925	319,789,612	(55,740,688)	340,250,833	391,727,637	331,879,439
Expenditures						
Claims Benefits Paid:						
Medical	36,357,487	38,133,332	(1,775,845)	41,972,430	55,134,617	49,512,377
Permanent Total Disability	115,015,868	125,918,242	(10,902,374)	136,800,060	152,789,051	150,152,910
Permanent Partial Disability	1,695,388	2,361,286	(665,898)	2,513,255	4,890,325	8,171,853
Temporary Disability	181,919	372,342	(190,423)	384,571	1,322,403	2,033,710
Fatals	25,883,647	27,478,920	(1,595,272)	29,994,599	34,822,223	32,537,625
104 weeks death benefit	6,234,306	5,724,369	509,937	6,321,554	6,394,618	6,615,381
Settlements	52,831,736	46,415,326	6,416,409	50,628,569	24,145,535	3,219,641
Loss Adjustment Expenses	2,022,499	4,191,810	(2,169,310)	4,514,323	3,794,198	2,047,418
Total	240,222,850	250,595,627	(10,372,777)	273,129,360	283,292,970	254,290,915
Less: Claims credits and overpayments	7,885,461	7,077,251	808,210	7,666,404	4,327,846	2,612,892
Total Benefits Paid	232,337,389	243,518,376	(11,180,987)	265,462,956	278,965,124	251,678,023
Administrative Expenses	16,543,576	18,539,535	(1,995,959)	20,151,292	20,096,531	20,473,309
Total Expenditures	248,880,964	262,057,911	(13,176,947)	285,614,248	299,061,655	272,151,332
Closing Transfer from Private Carrier Fund						1,946,351
Excess (Deficiency) of Revenues over Expenditures	15,167,961	57,731,701	(42,563,741)	54,636,585	92,665,982	61,674,458
Cash Ending Balances	958,340,499	946,267,655	12,072,844	943,172,539	888,535,954	795,869,972

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
May 31, 2012

	YTD FY2012	YTD FY2011	Change	Three Year History for years ended:		
				FY2011	FY2010	FY2009
Cash Beginning Balances	262,926,105	244,074,613	18,851,492	244,074,613	221,866,212	261,695,430
Revenues						
Investment Earnings (Losses)	7,363,032	29,439,500	(22,076,468)	29,283,335	32,224,147	(28,434,390)
Other Income - Return of Unclaimed Property	-	-	-	-	899	132
Total Revenues	7,363,032	29,439,500	(22,076,468)	29,283,335	32,225,046	(28,434,258)
Expenditures						
Payment of Claims	10,272,515	9,608,861	663,654	10,415,160	9,978,121	11,395,319
Contractual / Professional	16,970	16,682	288	16,683	38,524	(359)
Total Expenditures	10,289,484	9,625,543	663,941	10,431,843	10,016,645	11,394,960
Excess (Deficiency) of Revenues over Expenditures	(2,926,452)	19,813,957	(22,740,409)	18,851,492	22,208,401	(39,829,218)
Cash Ending Balances	259,999,653	263,888,570	(3,888,917)	262,926,105	244,074,613	221,866,212

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
May 31, 2012

	YTD FY2012	YTD FY2011	Change	Three Year History for years ended:		
				FY2011	FY2010	FY2009
Cash Beginning Balances	9,744,809	8,112,918	1,631,891	8,112,918	6,969,307	5,177,977
Revenues						
Guaranty Risk Pool Assessments	1,074,646	1,086,082	(11,436)	1,119,674	1,283,687	1,767,189
Investment Earnings (Losses)	314,249	596,890	(282,642)	592,165	9,237	68,517
Total Revenues	<u>1,388,895</u>	<u>1,682,972</u>	<u>(294,077)</u>	<u>1,711,839</u>	<u>1,292,924</u>	<u>1,835,706</u>
Expenditures						
Payment of Claims	26,473	26,329	144	28,707	104,821	44,376
Contractual / Professional	79,668	51,241	28,427	51,241	44,492	-
Total Expenditures	<u>106,141</u>	<u>77,571</u>	<u>28,571</u>	<u>79,948</u>	<u>149,313</u>	<u>44,376</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,282,754</u>	<u>1,605,401</u>	<u>(322,648)</u>	<u>1,631,891</u>	<u>1,143,611</u>	<u>1,791,330</u>
Cash Ending Balances	<u>11,027,562</u>	<u>9,718,319</u>	<u>1,309,243</u>	<u>9,744,809</u>	<u>8,112,918</u>	<u>6,969,307</u>

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
May 31, 2012

	YTD FY2012	YTD FY2011	Change	Three Year History for years ended:		
				FY2011	FY2010	FY2009
Cash Beginning Balances	205,705	173,041	32,664	173,041	-	-
Revenues						
Security Risk Pool Assessments	-	115,569	(115,569)	115,568	173,041	-
Total Revenues	<u>-</u>	<u>115,569</u>	<u>(115,569)</u>	<u>115,568</u>	<u>173,041</u>	<u>-</u>
Expenditures						
Payment of Claims	2,070	73,649	(71,579)	73,649	-	-
Contractual / Professional	-	9,255	(9,255)	9,255	-	-
Total Expenditures	<u>2,070</u>	<u>82,904</u>	<u>(80,834)</u>	<u>82,904</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,070)</u>	<u>32,665</u>	<u>(34,734)</u>	<u>32,664</u>	<u>173,041</u>	<u>-</u>
Cash Ending Balances	<u>203,635</u>	<u>205,706</u>	<u>(2,070)</u>	<u>205,705</u>	<u>173,041</u>	<u>-</u>

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
May 31, 2012

	YTD FY2012	YTD FY2011	Change	Three Year History for years ended:		
				FY2011	FY2010	FY2009
Cash Beginning Balances	9,086,330	8,905,444	180,886	8,905,444	8,588,268	8,164,225
Revenues						
Fines and Penalties	868,093	800,357	67,736	939,626	892,806	977,167
Investment Earnings (Losses)	262,538	480,036	(217,498)	474,728	10,923	100,907
Total Revenues	1,130,631	1,280,393	(149,763)	1,414,354	903,729	1,078,074
Expenditures						
Payment of Claims	537,892	1,036,512	(498,620)	1,224,982	577,819	654,031
Contractual/Professional	7,237	8,486	(1,249)	8,486	8,734	-
Total Expenditures	545,129	1,044,998	(499,869)	1,233,468	586,553	654,031
Excess (Deficiency) of Revenues over Expenditures	585,501	235,395	350,106	180,886	317,176	424,043
Cash Ending Balances	9,671,832	9,140,839	530,993	9,086,330	8,905,444	8,588,268

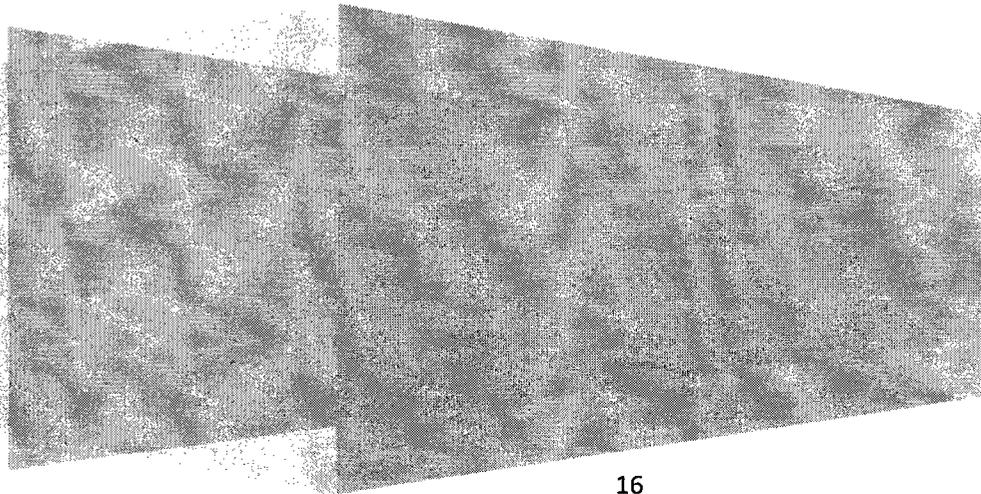
The Uninsured Employer's Fund (UEF) was established January 1, 2006 to provide worker's compensation benefits to injured workers of uninsured WV employers. The revenues of the UEF consist of fines levied on uninsured employers and the earnings on invested assets. The Insurance Commissioner has the right 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.

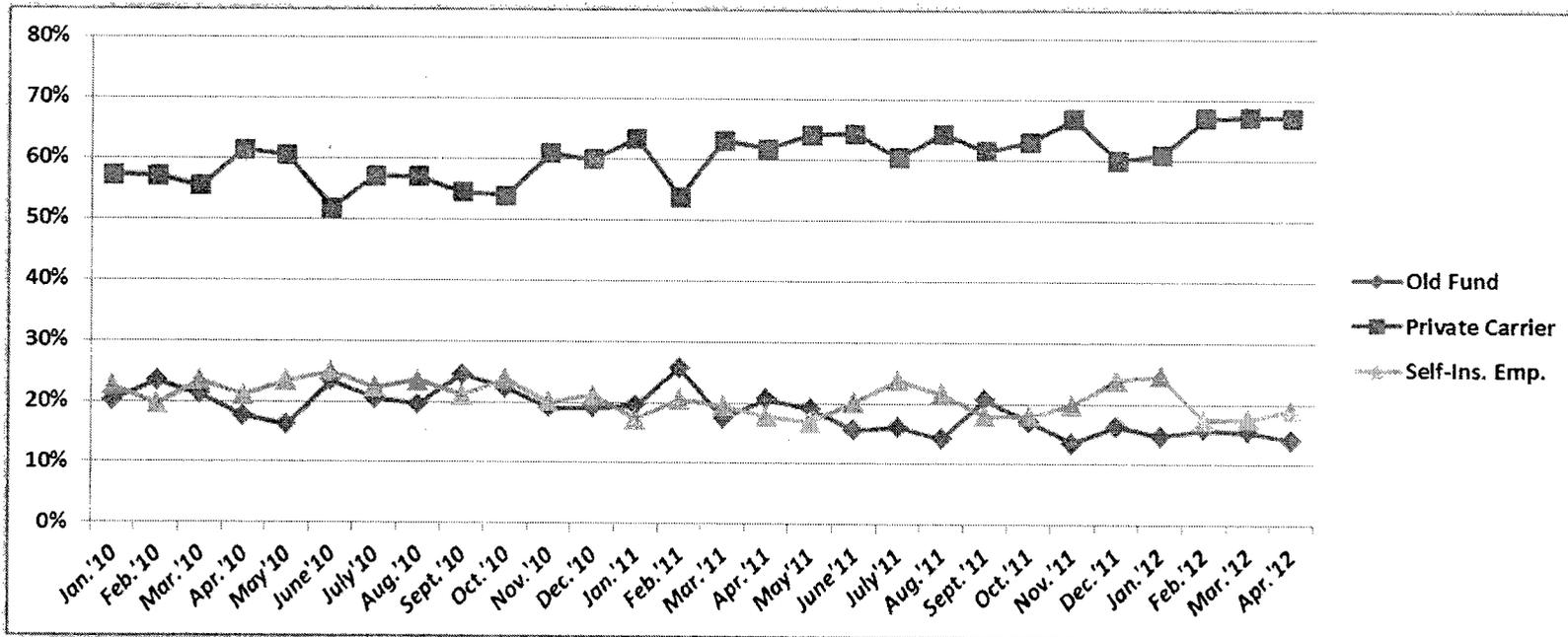
West Virginia Offices of the Insurance Commission

OFFICE OF JUDGES' REPORT

TO INDUSTRIAL COUNCIL – May 31, 2012

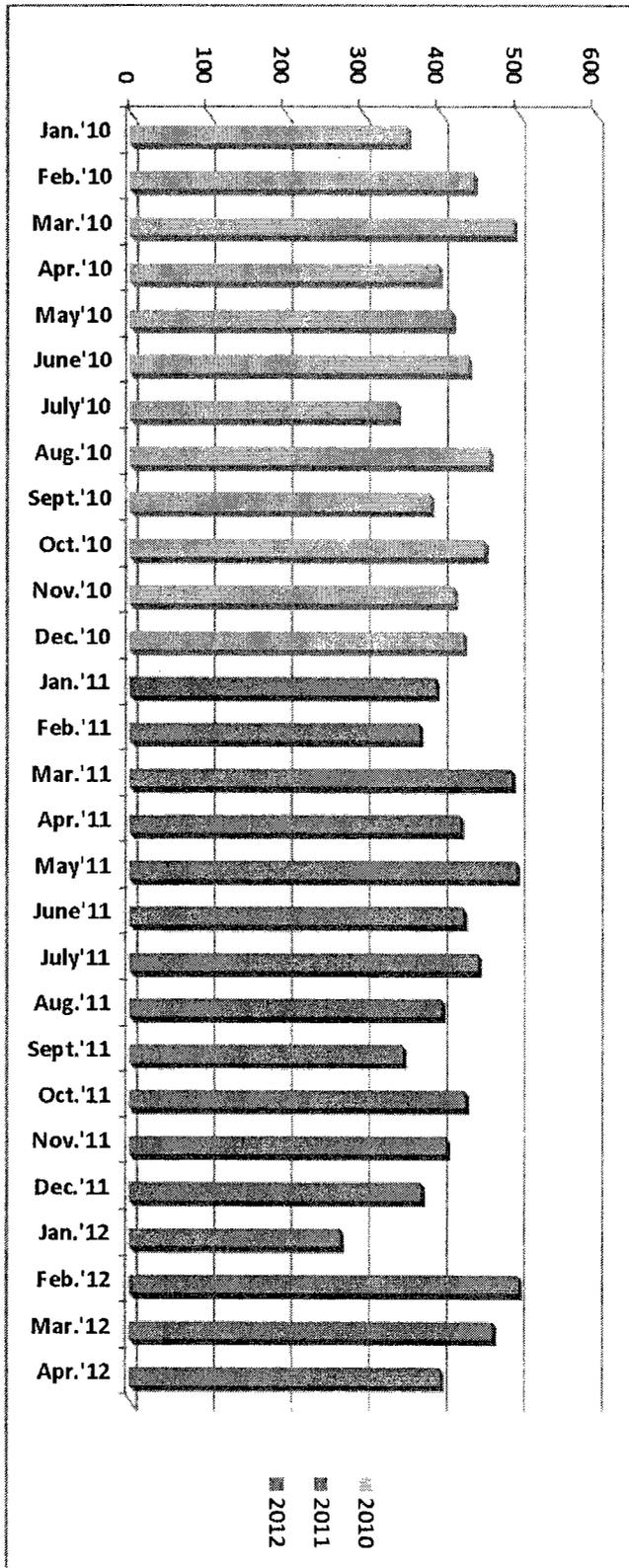
Rebecca A. Roush, Chief Administrative Law Judge

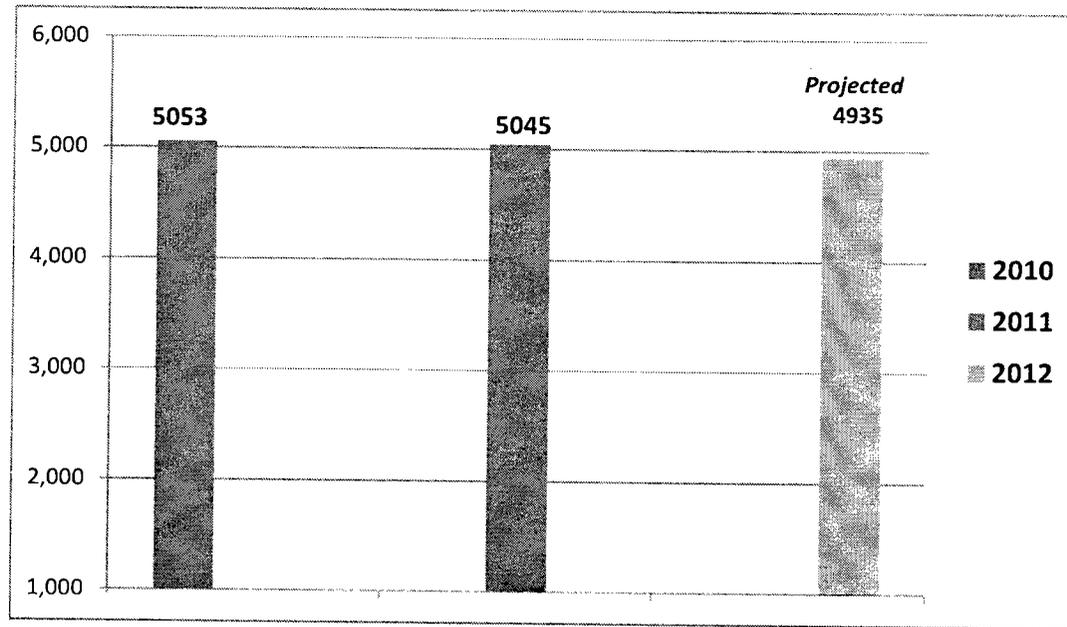




Protests Acknowledged by Carrier Type

Protests Acknowledged by Month





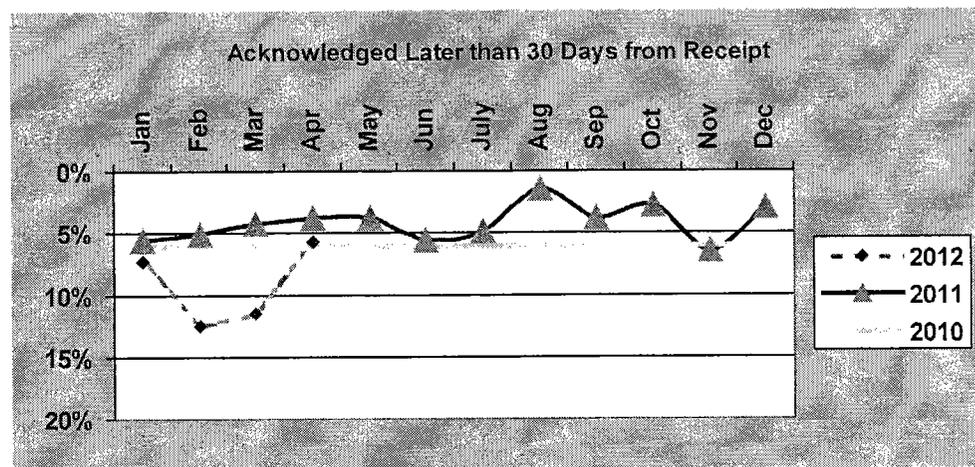
Protests Including Projection for 2012

B. Issues Resolved: 2011 Apr. 2012
 5327 366 1543

C. Pending Caseload Report

PENDING AS OF May 1, 2012	3520
PENDING 1 MONTH BEFORE	3524
PENDING 2 MONTHS BEFORE	3436
PENDING 3 MONTHS BEFORE	3444
PENDING 6 MONTHS BEFORE	3545
PENDING 12 MONTHS BEFORE	3689

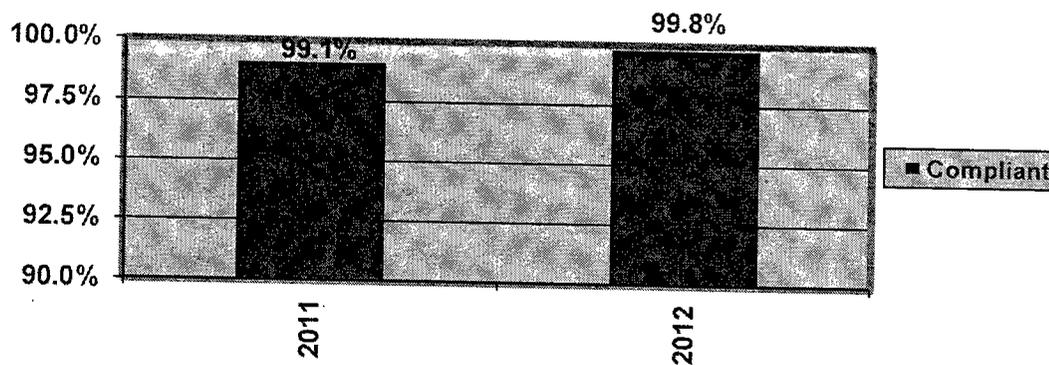
D. Acknowledgment Timeliness: 2011 Apr. YTD
 Protest Ackn. >30 days 4.3% 5.7% 9.7%
 Protest Ackn. 24-30 days 2.3% 2.2% 4.5%
 Protest Ackn. 11-23 days 31.1% 7.7% 27.7%
 Protest Ackn. <11 days 62.3% 84.3% 58.1%



E. Protests Resolved:	<u>Apr. '12</u>	<u>2012</u>
1. Protests decided:	269	1068
2. Withdrawals:	50	272
3. "No Evidence" Dismissals:	51	176

F. Final Decision Timeliness	<u>2011</u>	<u>Apr. '12</u>	<u>2012</u>
1. <30 days:	43.2%	47.7%	58.8%
2. 30-60 days:	49.8%	48.0%	37.7%
3. 60-90 days:	6.1%	3.9%	3.3%
4. +90 days:	0.9%	0.4%	0.2%

Decision Within Rule's Time Limits



G. Time Standard Compliance	<u>2011</u>	<u>Apr.</u>	<u>2012</u>
	92.4%	99.6%	99.8%

Friday, May 04, 2012

Time Standard Compliance

Report Dates: From 4/1/2012 thru 4/30/2012

Time Standard	Total Closed	Timely		Late	
		Count	Percent	Count	Percent
TRMT/EQUIP CL	36	29	80.60%	7	19.40%
COMPENSABILITY	13	11	84.60%	2	15.40%
PPD	34	34	100%	0	0%
DEP BEN FATAL	1	1	100%	0	0%
OPBD	2	1	50%	1	50%
TTD	12	12	100%	0	0%
REOPENING	9	9	100%	0	0%
BENEFIT OVERPAYMENT	1	1	100%	0	0%
Total	108	98	90.7%	10	9.3%

Friday, May 04, 2012

Final Decision Compliance

Report Dates: From 4/1/2012 thru 4/30/2012

Description	Issues Resolved	Days to Decision							
		< 30 Days		30 - 60		61 - 90		> 90	
		Count	%	Count	%	Count	%	Count	%
PTD ONSET DATE	2	1	50.0%	1	50.0%	0	0.0%	0	0.0%
PTD ENTITLEMENT	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
BENEFIT OVERPAYMENT	1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
BENEFIT RATE	1	1	100.0%	0	0.0%	0	0.0%	0	0.0%
DEP BEN FATAL	4	2	50.0%	2	50.0%	0	0.0%	0	0.0%
SPECIAL CATEGORY	1	1	100.0%	0	0.0%	0	0.0%	0	0.0%
TRMT/EQUIP CL	92	49	53.3%	40	43.5%	2	2.2%	1	1.1%
PPD	40	13	32.5%	23	57.5%	4	10.0%	0	0.0%
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	3	1	33.3%	2	66.7%	0	0.0%	0	0.0%
COMPENSABILITY	52	24	46.2%	27	51.9%	1	1.9%	0	0.0%
FAILURE TO ACT 15 DAY	5	0	0.0%	4	80.0%	1	20.0%	0	0.0%
FAILURE TO ACT 30 DAY	2	1	50.0%	1	50.0%	0	0.0%	0	0.0%
OPBD	5	3	60.0%	2	40.0%	0	0.0%	0	0.0%
REOPENING	16	9	56.3%	6	37.5%	1	6.3%	0	0.0%
TTD	31	17	54.8%	14	45.2%	0	0.0%	0	0.0%
Totals	256	122	47.7%	123	48.0%	10	3.9%	1	0.4%

Friday, May 04, 2012

Motion Resolution Compliance

Report Dates: From 4/1/2012 thru 4/30/2012

Time Standard	Total Motions	Timely *		Late **	
		Count	Percent	Count	Percent
APPLICATION THRESHOLD	7	5	71.40%	2	28.60%
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	8	8	100%	0	0%
TTD	90	89	98.90%	1	1.10%
BENEFIT OVERPAYMENT	2	2	100%	0	0%
PPD	162	157	96.90%	5	3.10%
SPECIAL CATEGORY	2	2	100%	0	0%
PTD ONSET DATE	2	2	100%	0	0%
TRMT/EQUIP CL	321	311	96.90%	10	3.10%
PTD ENTITLEMENT	5	4	80%	1	20%
BENEFIT RATE	1	1	100%	0	0%
DEP BEN FATAL	13	12	92.30%	1	7.70%
OPBD	29	28	96.60%	1	3.40%
COMPENSABILITY	182	179	98.40%	3	1.60%
OP NON-MED	2	2	100%	0	0%
REOPENING	38	35	92.10%	3	7.90%
Total	864	837	96.9%	27	3.1%

* Action Date < Motion Date

** Action Date > Motion Date

Friday, May 04, 2012

Acknowledgement Goal

Report Dates: From 4/1/2012 thru 4/30/2012

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30		30-24		23-11		< 11	
		Count	Percent	Count	Percent	Count	Percent	Count	Percent
COMPENSABILITY	Total: 85	10	11.8%	5	5.9%	7	8.2%	63	74.1%
CCS-CL SEC.CONDITION	21	0	0.0%	0	0.0%	1	4.8%	20	95.2%
CHC-CL COMPENSABILITY	11	0	0.0%	2	18.2%	2	18.2%	7	63.6%
CIM-CL SI COMPENSABLE	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
CIS-CL SI SEC.CONDITION	3	0	0.0%	0	0.0%	0	0.0%	3	100.0%
CPI-CL SI REJECT CLAIM	10	3	30.0%	1	10.0%	1	10.0%	5	50.0%
CPJ-CL REJECT CLAIM	29	6	20.7%	2	6.9%	2	6.9%	19	65.5%
CQR-CL SI REJ OCCDISEASE	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
CRZ-CL REJ OCC DISEASE	7	1	14.3%	0	0.0%	1	14.3%	5	71.4%
DEP BEN FATAL	Total: 9	0	0.0%	0	0.0%	2	22.2%	7	77.8%
CDF-CL DENY/GRNT DTH BEN	6	0	0.0%	0	0.0%	2	33.3%	4	66.7%
CIF-CL SI DY/GNT DTH BEN	3	0	0.0%	0	0.0%	0	0.0%	3	100.0%
FAILURE TO ACT 15 DAY	Total: 2	1	50.0%	0	0.0%	1	50.0%	0	0.0%
C01-CL FTA INJ COMPENSAB	1	1	100.0%	0	0.0%	0	0.0%	0	0.0%
FTA Multiple Issues-FTA MULITPLE ISSUES	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
FAILURE TO ACT 30 DAY	Total: 4	1	25.0%	0	0.0%	1	25.0%	2	50.0%
C6A-CL FTA ACT UPON PPD	2	0	0.0%	0	0.0%	1	50.0%	1	50.0%
C7D-CL FTA REF FOR EXAM	1	1	100.0%	0	0.0%	0	0.0%	0	0.0%
C7E-CL FTA CPLY OJ/BR/SC	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
OP NON-MED	Total: 4	1	25.0%	0	0.0%	1	25.0%	2	50.0%
CIR-CL SI NON-MED ORDER	1	1	100.0%	0	0.0%	0	0.0%	0	0.0%
CNR-CL NON-MED ORDER	3	0	0.0%	0	0.0%	1	33.3%	2	66.7%
OPBD	Total: 9	0	0.0%	1	11.1%	1	11.1%	7	77.8%

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30		30-24		23-11		< 11	
		Count	Percent	Count	Percent	Count	Percent	Count	Percent
CAO-CL ADD BOARD FINDING	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CBF-CL % BOARD FINDING	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
CSF-CL% SI BOARD FINDING	3	0	0.0%	0	0.0%	1	33.3%	2	66.7%
EAO-EM ADD BOARD FINDING	1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
EBF-EM % BOARD FINDING	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
ESF-EM% SI BOARD FINDING	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
PPD	Total: 88	6	6.8%	0	0.0%	1	1.1%	81	92.0%
CAA-CL ADDL % AWARD D/G	9	1	11.1%	0	0.0%	0	0.0%	8	88.9%
CAD-CL % AWARD DENY/GRNT	62	2	3.2%	0	0.0%	0	0.0%	60	96.8%
CIE-CL SI ADD% AWARD D/G	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
CIG-CL SI %AWARD DNY/GNT	14	3	21.4%	0	0.0%	0	0.0%	11	78.6%
EAA-EM ADDL % AWARD D/G	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
EIE-EM SI ADD% AWARD D/G	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
PTD ENTITLEMENT	Total: 4	0	0.0%	0	0.0%	0	0.0%	4	100.0%
CKC-CL DENY/GRANT PTD	4	0	0.0%	0	0.0%	0	0.0%	4	100.0%
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	Total: 1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CEB-CL PTD REV. BODY DETERMINATION	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
REHABILITATION	Total: 2	0	0.0%	0	0.0%	1	50.0%	1	50.0%
CPB-CL GRNT/DNY VOC REHA	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CPV-CL DY/GRNT REHAB PLN	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
REOPENING	Total: 14	0	0.0%	0	0.0%	2	14.3%	12	85.7%
CIY-CL SI DY/GNT R/O TTD	2	0	0.0%	0	0.0%	1	50.0%	1	50.0%
CJV-CL DNY/GRNT R/O PPD	3	0	0.0%	0	0.0%	1	33.3%	2	66.7%
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	8	0	0.0%	0	0.0%	0	0.0%	8	100.0%
SPECIAL CATEGORY	Total: 2	1	50.0%	0	0.0%	0	0.0%	1	50.0%
CNW-CL SPL CATEGORY	2	1	50.0%	0	0.0%	0	0.0%	1	50.0%
TRMT/EQUIP CL	Total: 133	2	1.5%	3	2.3%	12	9.0%	116	87.2%
C1Y-CL SI TRMT GRANT	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CBX-CL TRMT DENY	105	2	1.9%	3	2.9%	11	10.5%	89	84.8%
CED-CL EQUIP DENY/GRANT	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30		30-24		23-11		< 11	
		Count	Percent	Count	Percent	Count	Percent	Count	Percent
CSX-CL SI TRMT DENY	25	0	0.0%	0	0.0%	1	4.0%	24	96.0%
CYY-CL TRMT GRANT	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
TTD	Total: 44	1	2.3%	0	0.0%	2	4.5%	41	93.2%
CCC-CL CLOSING THE CLAIM	31	1	3.2%	0	0.0%	0	0.0%	30	96.8%
CIC-CL SI CLSING THE CLM	4	0	0.0%	0	0.0%	0	0.0%	4	100.0%
CIJ-CL SI TTD	3	0	0.0%	0	0.0%	0	0.0%	3	100.0%
CJS-CL TTD	3	0	0.0%	0	0.0%	0	0.0%	3	100.0%
CPX-CL INITIAL TTD	3	0	0.0%	0	0.0%	2	66.7%	1	33.3%
Totals: Claims 337	401	23	5.7%	9	2.2%	31	7.7%	338	84.3%

Resolution of Issues

Report Dates: Decision Date from 4/1/2012 thru 4/30/2012

Time Standard Categories	Decisions Issued	Reversed		Affirmed		Affirmed by Rule		Dismissed		Modified		Moot		Other		Remanded	
		Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
BENEFIT RATE	2	0	0	1	50	1	50	0	0	0	0	0	0	0	0	0	0
PPD	88	15	17	23	26.10	23	26.10	25	28.40	0	0	1	1.10	1	1.10	0	0
PTD ENTITLEMENT	4	1	25	0	0	1	25	2	50	0	0	0	0	0	0	0	0
PTD ONSET DATE	2	0	0	1	50	0	0	0	0	1	50	0	0	0	0	0	0
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	3	0	0	1	33.30	0	0	1	33.30	0	0	0	0	0	0	0	0
SPECIAL CATEGORY	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BENEFIT OVERPAYMENT	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
COMPENSABILITY	64	23	35.90	25	39.10	7	10.90	8	12.50	1	1.60	0	0	0	0	0	0
DEP BEN FATAL	4	1	25	2	50	1	25	0	0	0	0	0	0	0	0	0	0
OPBD	11	2	18.20	3	27.30	2	18.20	4	36.40	0	0	0	0	0	0	0	0
REOPENING	19	5	26.30	7	36.80	3	15.80	4	21.10	0	0	0	0	0	0	0	0
TRMT/EQUIP CL	122	26	21.30	47	38.50	7	5.70	28	23	9	7.40	2	1.60	3	2.50	0	0
TTD	45	7	15.60	12	26.70	6	13.30	15	33.30	4	8.90	0	0	1	2.20	0	0
Totals	366	82	22.4	122	33.3	51	13.9	87	23.8	15	4.1	3	0.8	5	1.4	0	0

OOJ – Petition for Attorney Fees for Unreasonable Denial

Petitions received 9/1/2005 through 4/30/12

	97
Petitions denied on face:	27
Petitions denied by ALJ Decision:	39
Petitions granted:	13
Petitions withdrawn through settlement:	4
Petitions currently pending:	14

Failure to Timely Act Process

Petitions filed 9/1/05 through 4/30/12

Filed:	329
Denied/dismissed:	131
Withdrawn:	12
Reports to OIC:	162
Pending	24

Expedited Hearings Scheduled

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL
2009	5	6	5	4	10	14	10	6	12	4	5	9	90
2010	13	2	6	9	4	7	12	8	11	10	15	15	112
2011	10	16	11	15	21	16	11	13	9	8	12	10	152
2012	14	2	18	12									46

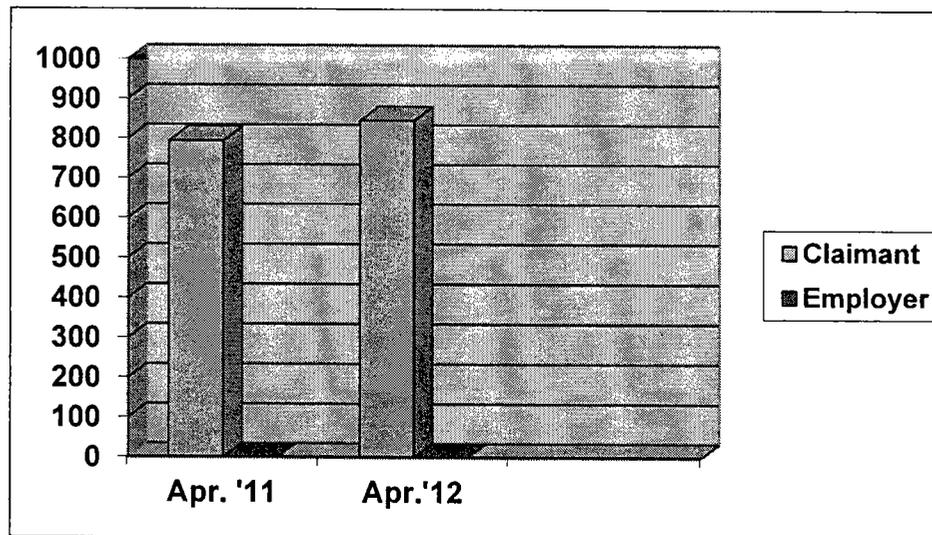
Pro Se Claimant Information as of May 4, 2012

Pending Protests Involving Pro Se Claimants: 501

OOJ – Pending Treatment Issues

Pending Treatment Issues			Comparison to Prior Mo/Year		
Party	Month	% Protests	Month	% Protests	
	Apr. '12		Apr. '11		
Claimant	846	24.03%	794	22.10%	
Employer	0		1	.03%	
Total	846		795		

Pending Treatment Issues



Earl Ray Tomblin
Governor

W. Jack Stevens
Member

James D. Gray
Chairperson

Rita Hedrick-Helmick
Member

Workers' Compensation Board of Review

Offices located at 1207 Quarrier St, Charleston
All communications should be addressed to the Board of Review
at the address shown at the bottom of this page.
an equal opportunity/affirmative action employer

MEMORANDUM

To: Mike Riley, Acting Commissioner
Bill Dean, Chairman
Kent Hartsog, Vice Chairman
Dan Marshall
Honorable Brooks McCabe
Honorable Nancy Peoples Guthrie
Jim Dissen

From: James D. Gray, Chairperson

Date: June 4, 2012

Re: Workers' Compensation Board of Review Monthly Report

Attached, please find the Board of Review's May 2012 monthly report.

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

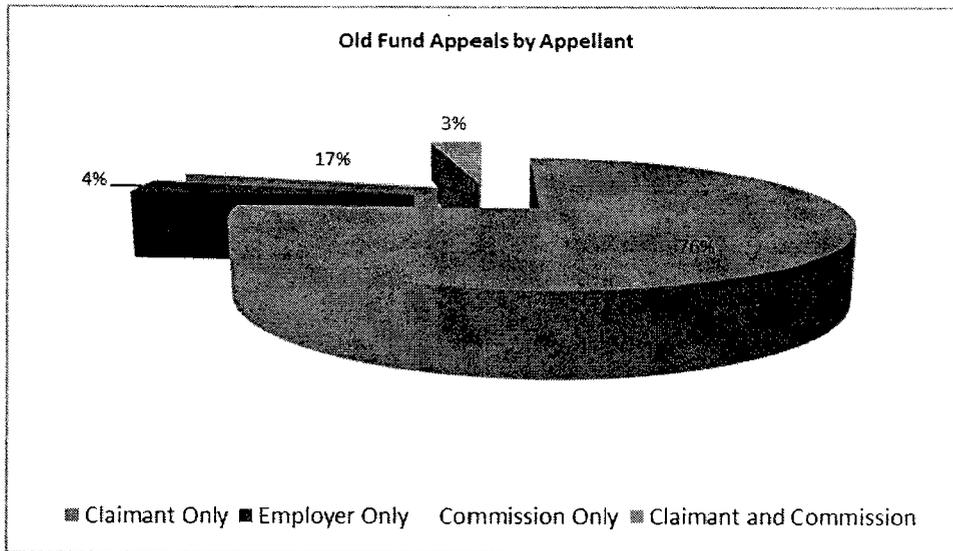
1. Monthly Report of Appeals Received
2. Yearly Report of Appeals Received
3. Monthly Report of Appeals Received by Issue
4. Yearly Report of Appeals Received by Issue
5. Monthly Appeals Received by Issue and Appellant
6. Monthly Summary of Dispositions by Party
7. Monthly Summary of Dispositions by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

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

**Appeals Received
From May 1, 2012 Thru May 31, 2012**

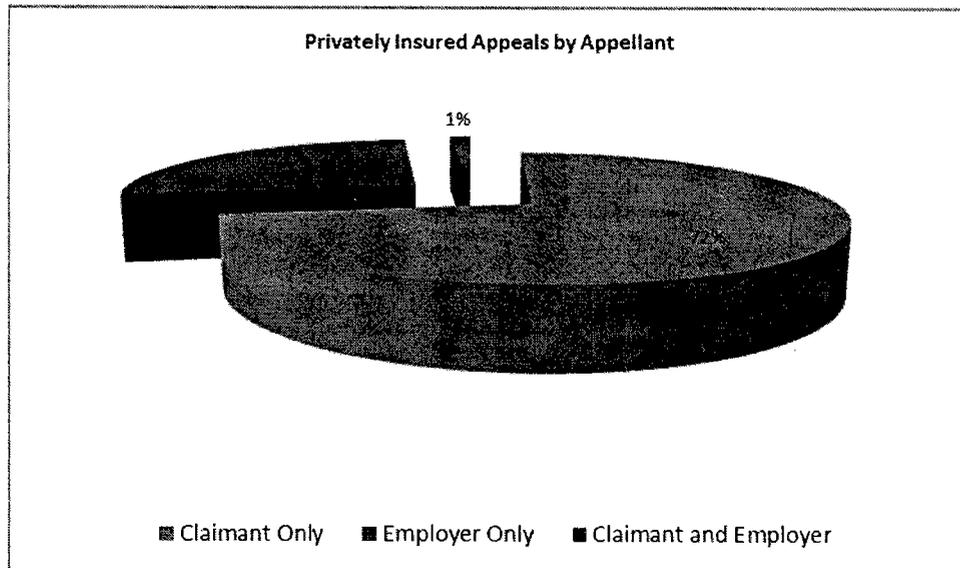
Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	22
Employer Only	1
Commission Only	5
Claimant and Commission	1
Old Fund Total	29



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

Appellant	Count
Claimant Only	52
Employer Only	19
Claimant and Employer	1
Privately Insured Total	72
Total Appeals	101

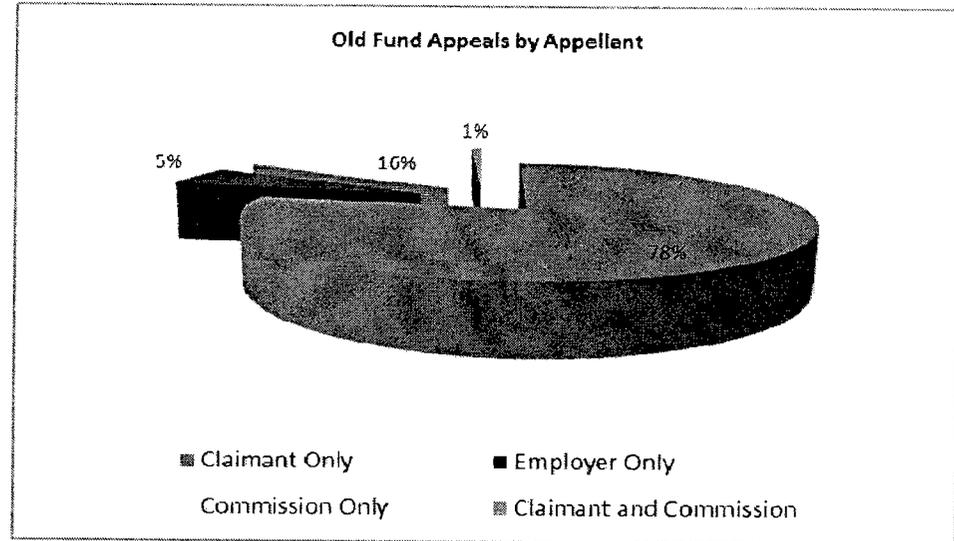


Appeals counted more than once:

**Yearly Appeals Received
From January 1, 2012 Thru May 31, 2012**

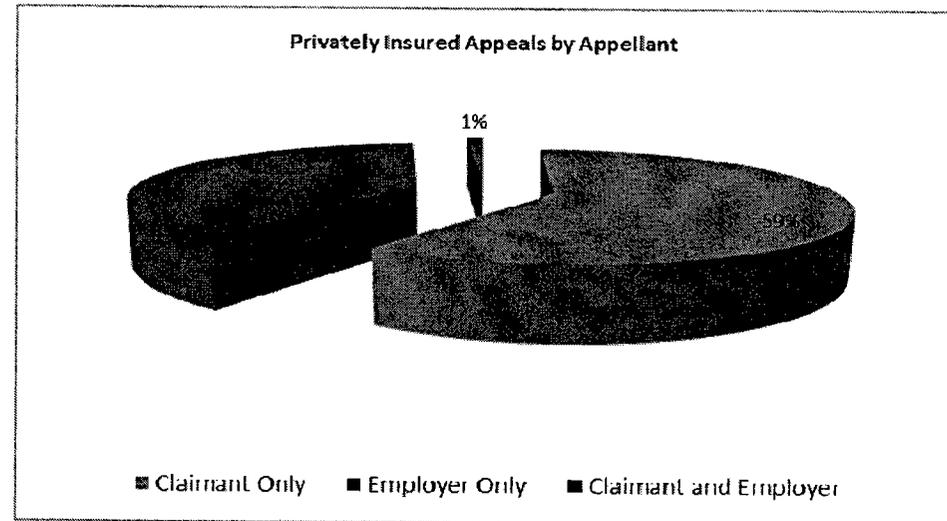
Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	105
Employer Only	7
Commission Only	21
Claimant and Commission	1
Old Fund Total	134



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

Appellant	Count
Claimant Only	210
Employer Only	140
Claimant and Employer	4
Privately Insured Total	354
Total Appeals	488



Appeals Received By Issue
 Old Fund Appeals (DOI < Jul-1-2005) vs Privately Insured Appeals (DOI > Jun-30-2005)
 From May 1, 2012 Thru May 31, 2012

Type of Issue	Total Issues		Old Fund		Privately Insured	
	#	%	#	%	#	%
CL % AWARD DENY/GRNT	10	0.0	0	0.0	10	100.0
CL % BOARD FINDING	1	0.0	0	0.0	1	100.0
CL ADD BOARD FINDING	1	100.0	1	100.0	0	0.0
CL CLOSING THE CLAIM	5	0.0	0	0.0	5	100.0
CL COMPENSABILITY	2	0.0	0	0.0	2	100.0
CL DENY/GRNT DTH BEN	2	100.0	2	100.0	0	0.0
CL DENY/GRNT R/O TTD	4	0.0	0	0.0	4	100.0
CL DNY/GRNT R/O PPD	2	100.0	2	100.0	0	0.0
CL ONSET DATE ISSUE	2	100.0	2	100.0	0	0.0
CL REJ OCC DISEASE	3	33.3	1	33.3	2	66.7
CL REJECT CLAIM	15	0.0	0	0.0	15	100.0
CL SEC.CONDITION	8	0.0	0	0.0	8	100.0
CL SI %AWARD DNY/GNT	3	0.0	0	0.0	3	100.0
CL SI CLSING THE CLM	2	0.0	0	0.0	2	100.0
CL SI COMPENSABLE	1	0.0	0	0.0	1	100.0
CL SI DENY/GRANT PTD	1	100.0	1	100.0	0	0.0
CL SI DY/GNT DTH BEN	1	0.0	0	0.0	1	100.0
CL SI PRSTS BEN RATE	1	100.0	1	100.0	0	0.0
CL SI REJ OCCDISEASE	2	100.0	2	100.0	0	0.0
CL SI REJECT CLAIM	1	0.0	0	0.0	1	100.0
CL SI SEC.CONDITION	3	0.0	0	0.0	3	100.0
CL SI TRMT DENY	11	36.4	4	36.4	7	63.6
CL TRMT DENY	27	44.4	12	44.4	15	55.6
CL TRMT GRANT	3	33.3	1	33.3	2	66.7
CL% SI BOARD FINDING	1	0.0	0	0.0	1	100.0
EM% SI BOARD FINDING	1	0.0	0	0.0	1	100.0
Totals	113	25.7	29	25.7	84	74.3

Yearly Appeals Received By Issue
 Old Fund Appeals (DOI < Jul-1-2005) vs Privately Insured Appeals (DOI > Jun-30-2005)
 From January 1, 2012 Thru June 30, 2012

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	57	6	10.5	51	89.5
CL % BOARD FINDING	6	2	33.3	4	66.7
CL ADD BOARD FINDING	5	4	80.0	1	20.0
CL ADDL % AWARD D/G	8	4	50.0	4	50.0
CL APP.THRESHOLD	1	1	100.0	0	0.0
CL BEN. OVERPAYMENT	1	1	100.0	0	0.0
CL CLOSING THE CLAIM	41	0	0.0	41	100.0
CL COMPENSABILITY	6	0	0.0	6	100.0
CL DENY/GRNT DTH BEN	8	8	100.0	0	0.0
CL DENY/GRNT R/O TTD	18	0	0.0	18	100.0
CL DNY/GRNT R/O PPD	6	4	66.7	2	33.3
CL DNY/GRNT R/O PTD	1	1	100.0	0	0.0
CL DY/GRNT REHAB PLN	1	0	0.0	1	100.0
CL INITIAL TTD	2	0	0.0	2	100.0
CL NON-MED ORDER	1	1	100.0	0	0.0
CL OIC REJ OC.DISEAS	1	1	100.0	0	0.0
CL ONSET DATE ISSUE	2	2	100.0	0	0.0
CL PTD REV. BODY DETERMINATION	1	0	0.0	1	100.0
CL REJ OCC DISEASE	9	4	44.4	5	55.6
CL REJECT CLAIM	79	2	2.5	77	97.5
CL SEC.CONDITION	36	2	5.6	34	94.4
CL SI %AWARD DNY/GNT	18	2	11.1	16	88.9
CL SI AD.BRD FINDING	1	1	100.0	0	0.0
CL SI ADD% AWARD D/G	1	0	0.0	1	100.0
CL SI CLSING THE CLM	11	0	0.0	11	100.0
CL SI COMPENSABLE	1	0	0.0	1	100.0
CL SI DENY/GRANT PTD	2	2	100.0	0	0.0
CL SI DY/GNT DTH BEN	7	6	85.7	1	14.3
CL SI DY/GNT R/O TTD	4	1	25.0	3	75.0
CL SI G/D TP REHAB	1	1	100.0	0	0.0
CL SI INITIAL TTD	1	0	0.0	1	100.0
CL SI NON-MED ORDER	2	1	50.0	1	50.0
CL SI PRSTS BEN RATE	2	2	100.0	0	0.0

CL SI REJ OCCDISEASE	8	5	62.5	3	37.5
CL SI REJECT CLAIM	12	0	0.0	12	100.0
CL SI SEC.CONDITION	7	0	0.0	7	100.0
CL SI TRMT DENY	41	16	39.0	25	61.0
CL SI TTD	1	0	0.0	1	100.0
CL TRMT DENY	125	47	37.6	78	62.4
CL TRMT GRANT	15	12	80.0	3	20.0
CL TTD	3	0	0.0	3	100.0
CL% SI BOARD FINDING	2	1	50.0	1	50.0
EM % BOARD FINDING	3	0	0.0	3	100.0
EM COMPENSABILITY	1	0	0.0	1	100.0
EM% SI BOARD FINDING	1	0	0.0	1	100.0
Totals	560	140	25.0	420	75.0

Appeals Received By Issue
From January 1, 2012 Thru June 1, 2012

Type of Issue	Total Issues	Claimant		Employer		OIC		Emp and OIC	
		#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	58	44	75.9	13	22.4	0	0.0	1	1.7
CL % BOARD FINDING	6	6	100.0	0	0.0	0	0.0	0	0.0
CL ADD BOARD FINDING	5	5	100.0	0	0.0	0	0.0	0	0.0
CL ADDL % AWARD D/G	8	6	75.0	2	25.0	0	0.0	0	0.0
CL APP.THRESHOLD	1	1	100.0	0	0.0	0	0.0	0	0.0
CL BEN. OVERPAYMENT	1	1	100.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	42	25	59.5	17	40.5	0	0.0	0	0.0
CL COMPENSABILITY	6	3	50.0	3	50.0	0	0.0	0	0.0
CL DENY/GRNT DTH BEN	7	7	100.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	18	11	61.1	7	38.9	0	0.0	0	0.0
CL DNY/GRNT R/O PPD	6	3	50.0	1	16.7	0	0.0	2	33.3
CL DNY/GRNT R/O PTD	1	1	100.0	0	0.0	0	0.0	0	0.0
CL DY/GRNT REHAB PLN	1	0	0.0	1	100.0	0	0.0	0	0.0
CL INITIAL TTD	2	0	0.0	2	100.0	0	0.0	0	0.0
CL NON-MED ORDER	1	1	100.0	0	0.0	0	0.0	0	0.0
CL OIC REJ OC.DISEAS	1	0	0.0	0	0.0	0	0.0	1	100.0
CL ONSET DATE ISSUE	2	1	50.0	0	0.0	0	0.0	1	50.0
CL PTD REV. BODY DETERMINATION	1	1	100.0	0	0.0	0	0.0	0	0.0
CL REJ OCC DISEASE	9	3	33.3	5	55.6	0	0.0	1	11.1
CL REJECT CLAIM	78	34	43.6	43	55.1	0	0.0	1	1.3
CL SEC.CONDITION	36	25	69.4	11	30.6	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	19	15	78.9	4	21.1	0	0.0	0	0.0
CL SI AD.BRD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI ADD% AWARD D/G	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI CLSING THE CLM.	11	8	72.7	3	27.3	0	0.0	0	0.0
CL SI COMPENSABLE	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI DENY/GRANT PTD	2	2	100.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT DTH BEN	7	7	100.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O TTD	4	2	50.0	2	50.0	0	0.0	0	0.0
CL SI G/D TP REHAB	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI INITIAL TTD	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI NON-MED ORDER	2	1	50.0	1	50.0	0	0.0	0	0.0
CL SI PRSTS BEN RATE	2	2	100.0	0	0.0	0	0.0	0	0.0
CL SI REJ OCCDISEASE	8	4	50.0	4	50.0	0	0.0	0	0.0

CL SI REJECT CLAIM	12	6	50.0	6	50.0	0	0.0	0	0.0
CL SI SEC.CONDITION	7	6	85.7	1	14.3	0	0.0	0	0.0
CL SI TRMT DENY	41	31	75.6	10	24.4	0	0.0	0	0.0
CL SI TTD	1	1	100.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	127	88	69.3	28	22.0	0	0.0	11	8.7
CL TRMT GRANT	15	9	60.0	2	13.3	0	0.0	4	26.7
CL TTD	3	0	0.0	3	100.0	0	0	0	0
CL% SI BOARD FINDING	2	1	50.0	1	50.0	0	0	0	0
EM % BOARD FINDING	3	2	66.7	1	33.3	0	0	0	0
EM COMPENSABILITY	1	1	100.0	0	0.0	0	0	0	0
EM% SI BOARD FINDING	1	1	100.0	0	0.0	0	0	0	0
Totals	563	370	65.7	171	30.4	0	0	22	3.907638

**WORKERS' COMPENSATION BOARD OF REVIEW
FOR MAY 2012**

Appealed By	BOR Disposition	Disposition Count	Disp %	Total %	Year to Date	Disp %	Total %
CLAIMANT	AFFIRMED	38	73.1%	44.2%	252	82.9%	52.3%
	DISMISSED	5	9.6%	5.8%	26	8.6%	5.4%
	MODIFY	2	3.8%	2.3%	3	1.0%	0.6%
	MOOT				1	0.3%	0.2%
	REMAND	4	7.7%	4.7%	8	2.6%	1.7%
	REVERSE	3	5.8%	3.5%	14	4.6%	2.9%
	Total Dispositions	52			304		
CLAIMANT/EMPLOYER	AFFIRMED				4	66.7%	0.8%
	DISMISSED				1	16.7%	0.2%
	REVERSE				1	16.7%	0.2%
	Total Dispositions				6		
EMPLOYER	AFFIRMED	16	59.3%	18.6%	72	54.1%	14.9%
	DISMISSED	1	3.7%	1.2%	19	14.3%	3.9%
	MODIFY	2	7.4%	2.3%	3	2.3%	0.6%
	REMAND	1	3.7%	1.2%	6	4.5%	1.2%
	REVERSE	7	25.9%	8.1%	33	24.8%	6.8%
	Total Dispositions	27			133		
DIVISION/OIC	AFFIRMED	3	42.9%	3.5%	25	64.1%	5.2%
	DISMISSED				4	10.3%	0.8%
	REMAND				1	2.6%	0.2%
	REVERSE	4	57.1%	4.7%	9	23.1%	1.9%
	Total Dispositions	7			39		
	Grand Totals	86			482		

Dispositions By Issues
BOR Orders Mailed From May 1, 2012 Thru May 31, 2012

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	9	7	77.8	0	0.0	1	11.1	0	0.0	1	11.1	0	0.0	0	0.0
CL ADDL % AWARD D/G	4	2	50.0	2	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	6	4	66.7	1	16.7	0	0.0	1	16.7	0	0.0	0	0.0	0	0.0
CL COMPENSABILITY	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT DTH BEN	3	1	33.3	1	33.3	1	33.3	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	2	1	50.0	0	0.0	0	0.0	1	50.0	0	0.0	0	0.0	0	0.0
CL DNY/GRNT 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 INITIAL TTD	2	1	50.0	0	0.0	0	0.0	1	50.0	0	0.0	0	0.0	0	0.0
CL PTD REV. BODY DETERMINATION	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJ OCC DISEASE	2	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	11	8	72.7	2	18.2	0	0.0	1	9.1	0	0.0	0	0.0	0	0.0
CL SEC.CONDITION	9	7	77.8	1	11.1	1	11.1	0	0.0	0	0.0	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	3	1	33.3	0	0.0	0	0.0	0	0.0	2	66.7	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 INITIAL TTD	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI PRSTS BEN RATE	1	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0
CL SI REJ OCCDISEASE	2	0	0.0	0	0.0	0	0.0	1	50.0	1	50.0	0	0.0	0	0.0
CL SI REJECT CLAIM	3	2	66.7	0	0.0	1	33.3	0	0.0	0	0.0	0	0.0	0	0.0
CL SI SEC.CONDITION	2	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	6	5	83.3	1	16.7	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	24	17	70.8	4	16.7	2	8.3	1	4.2	0	0.0	0	0.0	0	0.0
CL TRMT GRANT	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL TTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Totals	98	66	67.3	15	15.3	6	6.1	6	6.1	5	5.1	0	0.0	0	0.0

Yearly Dispositions By Issues
BOR Orders Mailed From January 1, 2012 Thru May 31, 2012

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	51	39	76.5	2	3.9	9	17.6	0	0.0	1	2.0	0	0.0	0	0.0
CL % BOARD FINDING	6	6	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	3	75.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	1	25.0
CL ADDL % AWARD D/G	9	6	66.7	2	22.2	1	11.1	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 BEN. OVERPAYMENT	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	27	18	66.7	3	11.1	5	18.5	1	3.7	0	0.0	0	0.0	0	0.0
CL COMPENSABILITY	5	3	60.0	2	40.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRANT PTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT DTH BEN	8	6	75.0	1	12.5	1	12.5	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	16	13	81.3	1	6.3	1	6.3	1	6.3	0	0.0	0	0.0	0	0.0
CL DNY/GRNT R/O PPD	8	6	75.0	1	12.5	1	12.5	0	0.0	0	0.0	0	0.0	0	0.0
CL DNY/GRNT R/O PTD	3	0	0.0	1	33.3	2	66.7	0	0.0	0	0.0	0	0.0	0	0.0
CL DY/GRNT REHAB PLN	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
CL FTA INJ COMPENSAB	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL INITIAL TTD	4	2	50.0	1	25.0	0	0.0	1	25.0	0	0.0	0	0.0	0	0.0
CL NON-MED ORDER	2	1	50.0	0	0.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0
CL OIC 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 ONSET DATE ISSUE	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL PTD REV. BODY DETERMINATION	6	5	83.3	0	0.0	1	16.7	0	0.0	0	0.0	0	0.0	0	0.0
CL REJ OCC DISEASE	9	5	55.6	2	22.2	2	22.2	0	0.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	75	57	76.0	11	14.7	4	5.3	1	1.3	2	2.7	0	0.0	0	0.0
CL SEC.CONDITION	34	27	79.4	4	11.8	3	8.8	0	0.0	0	0.0	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	18	14	77.8	0	0.0	1	5.6	1	5.6	2	11.1	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	2	1	50.0	0	0.0	0	0.0	0	0.0	1	50.0	0	0.0	0	0.0
CL SI CLSING THE CLM	4	4	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI COMPENSABLE	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DENY/GRANT PTD	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 DTH BEN	6	4	66.7	1	16.7	1	16.7	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O PPD	2	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O TTD	3	3	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI IEB DETRM'TION	1	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0
CL SI INITIAL TTD	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0

CL SI 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 SI PRSTS BEN RATE	1	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0
CL SI REJ OCCDISEASE	7	4	57.1	1	14.3	0	0.0	1	14.3	1	14.3	0	0.0	0	0.0
CL SI REJECT CLAIM	20	13	65.0	4	20.0	2	10.0	0	0.0	1	5.0	0	0.0	0	0.0
CL SI SEC.CONDITION	10	9	90.0	1	10.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	36	29	80.6	6	16.7	0	0.0	0	0.0	1	2.8	0	0.0	0	0.0
CL SI TTD	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	108	79	73.1	9	8.3	15	13.9	2	1.9	3	2.8	0	0.0	0	0.0
CL TRMT GRANT	10	6	60.0	3	30.0	0	0.0	0	0.0	1	10.0	0	0.0	0	0.0
CL TTD	5	4	80.0	0	0.0	1	20.0	0	0.0	0	0.0	0	0.0	0	0.0
CL% SI BOARD FINDING	4	4	100	0	0	0	0	0	0	0	0	0	0	0	0
Totals	519	380	73.218	61	11.753	54	10.405	8	1.5414	15	2.8902	0	0	1	0.1927

**Workers' Compensation – Revenue Recovery
May 2012**

COLLECTION ACTIVITY	
Receipts - Old Fund (Employer out of business)	\$ 10,182.51
Receipts - PC & NU (Private Carrier Cancellation & Rogue Employers)	\$ 59,040.49
Receipts - Payment Agreements (Old Fund and UEF Combined)	\$ 14,314.38
# of active accounts uninsured (cumulative)	425
\$ of active accounts uninsured (cumulative)	\$ 1,477,650.41
Telephone contacts	1,262
Walk-ins	9

LIENS	
Liens sent to county clerks for recordation	112
Liens sent to county clerks for release	38
Intent to lien letters sent to employer/owner/officer/member	127

Uninsured Accounts Resolved	225
All Cash Receipts from WC accounts	\$ 83,537.38

INJUNCTIONS	
Affidavits for injunction submitted to legal	11
Hearings attended	1
# of injunction complaints filed	5
# of injunctions granted	1
# of agreed orders entered	0
PAYMENT AGREEMENTS	
# of repayment agreements applications	3
Agreements set up	5
Total # of agreements on system (cumulative)	79
Intent to void letters mailed	6
Agreements voided	0

MISCELLANEOUS	
Terminations Processed	63
Rule 11 Letters Mailed	196
Rule 11 hearings	0

BOARD OF TREASURY INVESTMENTS

LEGISLATIVE

CALENDAR NOTE

Board Meeting
August 30, 2012

MAY 29 2012 **OPERATING REPORT**

MANAGER APRIL 2012

Board of Treasury Investments

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

Board of Directors

John D. Perdue,
State Treasurer,
Chairman

Earl Ray Tomblin,
Governor

Glen B. Gainer III,
State Auditor

Martin Glasser, Esq.
Attorney
Appointed by the
Governor

Richard "Chap"
Donovan, CPA
Appointed by the
Governor

Executive Staff

Acting Executive
Director
Kara K. Hughes,
CPA, MBA, CFE

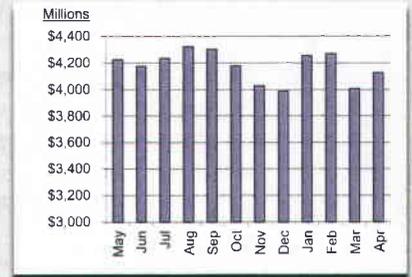
Acting Chief
Financial Officer
Karl Shanholtzer,
CIA, CPA

Total Net Assets Under Management

\$4,121,514,000

Last Month
\$4,004,665,000

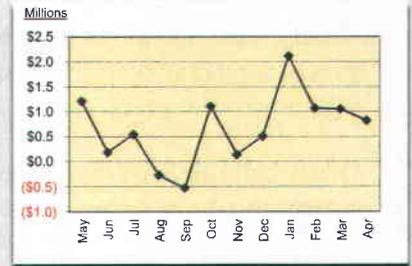
Beginning of Fiscal Year
\$4,172,779,000



Net Assets for the Past 12 Months

Total Net Income & Gains

Fiscal Year
\$6,574,000



Net Income (Loss) for the Past 12 Months

Money Market Pools

As of April 30, 2012

Pool	1-Day Yield *	7-Day Yield *	30-Day Avg. Yield *	W.A.M. **	Net Assets
WV Money Market	.1215%	.1178%	.1195%	43 Days	\$3.1 Billion
WV Gov't Money Market	.0731%	.0610%	.0580%	54 Days	\$342.5 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

APRIL 2012

Economy Shows Mixed Signals

Market Environment

The U.S. economy delivered mixed signals in April. Employment statistics showed a slowdown in jobs growth. March payrolls increased 120,000, half of the February's total of 240,000 new jobs. Initial unemployment claims increased toward the end of April, rising to 388,000. While the trend still is still positive, a slower growth in jobs and the simultaneous rise in initial claims warrant some caution going forward.

The Bureau of Economic Activity estimated that gross domestic product (GDP) rose 2.2 percent in the first quarter of 2012. This was below what some market observers had hoped for, but the underlying makeup of the growth was encouraging as consumer spending increased. Consumer demand remained strong in April as well and may be starting to take over from business inventory investment as the primary driver of economic growth. Retail sales continued to increase at strong levels, and overall spending appeared to remain at sustainable levels, despite a slight decrease in the overall savings rates. Although economists had worried that manufacturing might slow in April, the ISM Manufacturing Index eased investor worries by posting a modest increase during the month.

The housing market continued to display some signs of stabilization, with price indices showing small gains over the previous year. Both the S&P Case-Shiller Home Price Index and CoreLogic Home Price Index posted small gains. Data from the retail sales figures also supported a stabilization of the housing market.

Finally, state and municipal tax receipts have been trending up, suggesting that the governmental sector may stop being a drag on growth and may even start to add to employment and spending. This would be a significant change relative to the past several years.

Overall, the data has been mixed, but it is reasonable to think that U.S. economic growth can remain at the current low-to-moderate levels; however, the hopes for an acceleration of growth that had started to show signs of life at the end of the last quarter appear to have been premature.

Equity Market Results

After three strong months, equity markets paused in April. The weakness was widespread, with the S&P 500 Index finishing down 0.6% and the NASDAQ retreated 1.5%. The lackluster market performance was somewhat inconsistent with what on the surface was strong U.S. corporate earnings performance. As of month-end, 72% of the S&P 500 companies had beaten analyst earnings estimates. Developed international markets were also weaker and underperformed U.S. stocks, with the MSCI EAFE Index closing down 2% for the month. Smaller or less developed markets included in the MSCI Emerging Markets Index collectively retreated 1.5% during April.

Bond Market Results

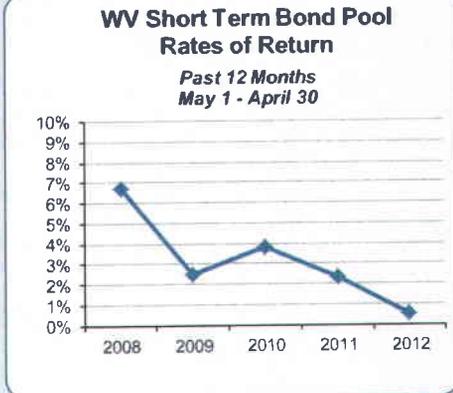
Fixed income, in contrast to equities, showed strength in April, with yields dropping on Treasury bonds. Treasury yields decreased slightly during the month as capital flowed back to treasury bonds on concerns over the ongoing European financial crisis and slowing U.S. economic data. The Capital Aggregate Bond Index rose 1.1% during the month while corporate bonds and short-term investments rose 1.3% and 0.01%, respectively.

West Virginia Board of Treasury Investments Financial Highlights as of April 30, 2012

WV Short Term Bond Pool

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

May 1 - April 30	Return	Net Assets At April 30 (In Millions)
2012	0.5%	\$ 503.6
2011	2.3%	\$ 478.1
2010	3.8%	\$ 449.9
2009	2.5%	\$ 325.7
2008	6.7%	\$ 379.0



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

Summary of Value and Earnings (In Thousands)

Pool	Net Asset Value	April Net Income	Fiscal YTD Net Income
WV Money Market	\$ 3,086,795	\$ 292	\$ 2,752
WV Gov't Money Market	342,518	16	133
WV Short Term Bond	503,586	326	2,506
WV Bank	42,564	12	116
Loss Amortization *	-	-	13
Loans	111,063	97	552
Reserve	19,028	6	63
Participant Accounts	15,960	73	439
	\$ 4,121,514	\$822	\$6,574

* Closed in August 2011

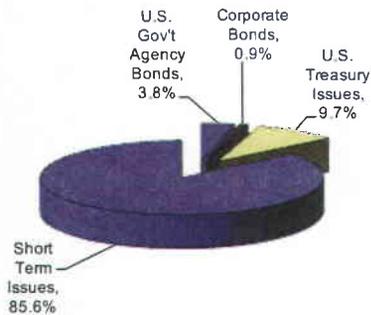
Percent of Total Net Asset Value



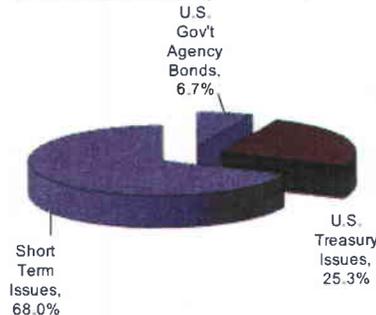
- Participant Accounts, 0.4%
- Reserve, 0.5%
- Loans, 2.7%
- WV Bank, 1.0%
- WV Short Term Bond, 12.2%
- WV Gov't Money Market, 8.3%
- WV Money Market, 74.9%

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

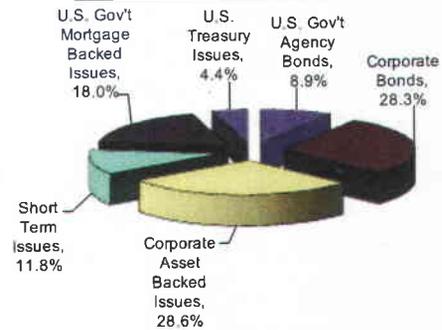
WV Money Market



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

APRIL 30, 2012

(IN THOUSANDS)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Other Pools	Participant Directed Accounts
Assets						
Investments:						
At amortized cost	\$ 3,085,748	\$ 342,146		\$ 42,508	\$ 129,988	\$ 12,217
At fair value	-	-	\$ 503,349	-	-	3,578
Cash	-	-	-	-	-	-
Other assets	1,398	416	914	57	105	165
Total assets	<u>3,087,146</u>	<u>342,562</u>	<u>504,263</u>	<u>42,565</u>	<u>130,093</u>	<u>15,960</u>
Liabilities						
Accrued expenses, dividends payable & payable for investments purchased	351	44	677	1	2	-
Total liabilities	<u>351</u>	<u>44</u>	<u>677</u>	<u>1</u>	<u>2</u>	<u>-</u>
Net Assets	<u>\$ 3,086,795</u>	<u>\$ 342,518</u>	<u>\$ 503,586</u>	<u>\$ 42,564</u>	<u>\$ 130,091</u>	<u>\$ 15,960</u>
Investment income						
Interest and dividends	\$ 503	\$ 107	\$ 615	\$ 13	\$ 105	\$ 33
Net accretion (amortization)	(79)	(74)	(50)	-	-	(12)
Provision for uncollectible loans	-	-	-	-	-	-
Total investment income	<u>424</u>	<u>33</u>	<u>565</u>	<u>13</u>	<u>105</u>	<u>21</u>
Expenses						
Fees	132	17	50	1	2	-
Total expenses	<u>132</u>	<u>17</u>	<u>50</u>	<u>1</u>	<u>2</u>	<u>-</u>
Net investment income	<u>292</u>	<u>16</u>	<u>515</u>	<u>12</u>	<u>103</u>	<u>21</u>
Net realized gain (loss) from investments	-	-	-	-	-	-
Net increase (decrease) in fair value of investments	-	-	(189)	-	-	52
Net gain (loss) from investments	<u>-</u>	<u>-</u>	<u>(189)</u>	<u>-</u>	<u>-</u>	<u>52</u>
Net increase (decrease) in net assets from operations	<u>292</u>	<u>16</u>	<u>326</u>	<u>12</u>	<u>103</u>	<u>73</u>
Distributions to participants	<u>292</u>	<u>16</u>	<u>515</u>	<u>12</u>	<u>103</u>	<u>-</u>
Participant activity						
Purchases, reinvestment of units and contributions	819,996	74,991	423	12	103	40
Redemptions and withdrawals	685,928	77,440	300	-	872	14,060
Inter-pool transfers in	-	-	-	10,000	-	-
Inter-pool transfers out	10,000	-	-	-	-	-
Net increase (decrease) in net assets from participant activity	<u>124,068</u>	<u>(2,449)</u>	<u>123</u>	<u>10,012</u>	<u>(769)</u>	<u>(14,020)</u>
Increase (decrease) in net assets	124,068	(2,449)	(66)	10,012	(769)	(13,947)
Net assets at beginning of period	2,962,727	344,967	503,652	32,552	130,860	29,907
Net assets at end of period	<u>\$ 3,086,795</u>	<u>\$ 342,518</u>	<u>\$ 503,586</u>	<u>\$ 42,564</u>	<u>\$ 130,091</u>	<u>\$ 15,960</u>



West Virginia University

Real Estate

May 21, 2012

West Virginia Legislature
Joint Committee on Government and Finance
Building 1, Room W-329
1900 Kanawha Blvd., E.
Charleston, West Virginia 25305

Re: West Virginia University request for approval pursuant to West Virginia Code §18B-19-13

Dear Joint Committee on Government and Finance,

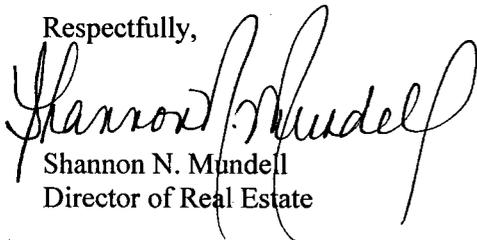
Pursuant to West Virginia Code Section 18B-19-13, appended for your review please find a copy of that certain Purchase Agreement, dated May 10, 2012 by and between Glenmark Holding Limited Liability Company and West Virginia University Board of Governors, on behalf of West Virginia University, along with a report setting forth a detailed summary of the terms of the agreement, including the name of the property owner and agent involved in the sale, if any.

In this Agreement, West Virginia University Board of Governors, on behalf of West Virginia University, agrees to purchase from the above-referenced Seller that certain real property located and situate in the City of Morgantown, Monongalia County, West Virginia, together with all buildings, improvements, easements, appurtenances and rights relating thereto, for the sum of Twenty-Six Million Three Hundred Eighty-five Thousand Dollars (\$26,385,000.00).

Pursuant to West Virginia Code Section 18B-19-13(c), the attached copy of the agreement and report is being provided at least thirty (30) days prior to the consummation of this acquisition, and pursuant to subsection (f), your committee will meet and review the above-referenced agreement within thirty (30) days of receipt.

In the event that you have any questions or need additional information, please feel free to contact me at 304.293.0394.

Respectfully,



Shannon N. Mundell
Director of Real Estate

LEGISLATIVE

MAY 22 2012

MANAGER

cc: West Virginia Higher Education Policy Commission

Report to Joint Committee on Government & Finance

Acquisition of Suncrest Plaza Site, Morgantown, West Virginia
by

West Virginia University Board of Governors, on behalf of West Virginia University

By that certain Real Estate Purchase and Sales Agreement dated May 10, 2012, West Virginia University Board of Governors, on behalf of West Virginia University ("WVU"), has agreed to purchase from Glenmark Holding Limited Liability Company that certain real property located and situate in the City of Morgantown, Monongalia County, West Virginia, being 5.5 acres, for the agreed upon sum of Twenty-six Million Three Hundred Eighty-five Thousand Dollars (\$26,385,000.00).

The property is more particularly designated as Parcels 69, 69.1, 69.2 and 70 on Tax Map 6 of such county and state, together with all improvements, easements, appurtenances and rights relating thereto, including approximately 100,000 square feet of premium, Class A office space and 440 parking spaces, including garage and surface ("Property"). All tenants currently leasing the Property will continue to occupy such space pursuant to the tenant's leases.

WVU is proposing to purchase the Property with West Virginia University Hospitals, Inc. ("WVU Hospitals"), as tenants-in-common. While WVU Hospitals is requesting and obtaining a final, non-appealable certificate of need ("CON") for the undivided one-half interest in the Property, WVU Hospitals will advance a purchase money loan to WVU in an amount not to exceed one-half of the purchase price. Upon WVU Hospitals' obtainment of CON, WVU will transfer an undivided one-half interest in the Property unto WVU Hospitals such that WVU and WVU Hospitals will each own an undivided fifty percent (50%) ownership in the Property as tenants-in-common.

Consummation of the acquisition is contingent upon the following: i) Approval by the West Virginia University Board of Governors, ii) Approval by the West Virginia Attorney General, iii) Approval by the West Virginia Higher Education Policy Commission, and iv) Approval by the Joint Committee on Government and Finance.

Upon receipt of all approvals, the closing of such sale will occur on or after June 21, 2012. No agent was involved in this acquisition.

REAL ESTATE PURCHASE AND SALES AGREEMENT

THIS REAL ESTATE PURCHASE AND SALES AGREEMENT ("Agreement") is made this 10th day of May 2012, by and between **WEST VIRGINIA UNIVERSITY BOARD OF GOVERNORS on behalf of WEST VIRGINIA UNIVERSITY**, an agency and higher education institution of the State of West Virginia, its nominees, designees and assigns, ("PURCHASER") and **GLENMARK HOLDING LIMITED LIABILITY COMPANY**, a West Virginia limited liability company ("SELLER").

WITNESSETH: That, for and in consideration of the mutual covenants and conditions set forth and contained in this Agreement, PURCHASER hereby offers and agrees to purchase and SELLER hereby agrees to sell those certain parcels of real estate hereinafter described for the consideration recited and subject to the following terms and conditions:

1. **DESCRIPTION OF PROPERTY:** That certain real estate located in the City of Morgantown, Monongalia County, West Virginia, more particularly described or identified on Exhibit A attached hereto and incorporated herein by this reference (collectively referred to as the "Property").
2. **PURCHASE PRICE:**
 - a) PURCHASER agrees to pay to SELLER for the Property the sum of Twenty-Six Million Three Hundred Eighty-Five Thousand Dollars and Zero Cents (\$26,385,000.00) (the "Purchase Price").
 - b) At or prior to closing, as defined below, PURCHASER will cause to be paid, by check or by wire transfer, Twenty-Six Million Three Hundred Eighty-Five Thousand Dollars and Zero Cents (\$26,385,000.00), to PURCHASER'S legal counsel, SPILMAN THOMAS & BATTLE, PLLC. PURCHASER'S legal counsel will deposit the check into its real estate trust account and make the appropriate disbursements for debts owed by SELLER, closing costs of SELLER, and net proceeds (if any) to SELLER.
3. **CLOSING AND DEED:**
 - a) Unless otherwise mutually agreed upon in writing, the sale shall be completed and the purchase money paid and all necessary legal documents or instruments executed and delivered on or before June 30, 2012 (the "Closing Date").
 - b) The closing contemplated by this Agreement (the "Closing") shall occur in Morgantown, West Virginia, at a location determined by PURCHASER, unless otherwise agreed upon by PURCHASER and SELLER.
 - c) Upon the fulfillment of all conditions stipulated herein to be performed by the PURCHASER and SELLER, SELLER shall convey good and marketable fee simple title to PURCHASER by a good and proper general warranty deed in a form

reasonably acceptable to PURCHASER (the "Deed") free and clear from all liens and encumbrances excepting the lien for the real estate taxes or other governmental assessments not yet due or payable, leases of tenants of the Property, and such other matters in Grantor's chain of title or described in any title insurance commitment or title opinion letter obtained by PURCHASER which, in the sole opinion of PURCHASER, do not substantially affect the marketability of title to the Property or PURCHASER's ability to use the Property for all lawful purposes.

- d) SELLER shall, within fourteen (14) business days after the date of this Agreement, provide to PURCHASER a draft of the proposed Deed.
- e) PURCHASER is an agency of the State of West Virginia; therefore, the Deed shall include the following as the declaration of consideration or value:

Under the penalties of fine and imprisonment as provided by law, the undersigned hereby declares that the document to which this Declaration is appended evidences a transfer to or from the State of West Virginia, or to or from any of its instrumentalities, agencies or political subdivisions, and therefore is not subject to West Virginia excise tax and is exempt under the provisions of Chapter 11, Article 22, Section 1 of the West Virginia Code, 1931, as amended.

- f) SELLER agrees to pay for preparation of the Deed, the cost of clearing any liens or encumbrances affecting the Property, and recordation of any releases executed by creditors of SELLER. PURCHASER shall pay for all other recording fees, financing fees, title insurance premiums, survey fees, flood certifications, appraisal fees, and all other expenses incurred by PURCHASER in preparation for Closing, including costs of all inspections or investigations of the Property. For the avoidance of doubt, PURCHASER shall not pay any commissions or fees, including such fees that may be associated with any real estate brokers or agents.
- g) At or prior to Closing, subject to a formal escrow agreement, SELLER shall deposit Two Hundred Thousand Dollars (\$200,000.00) into an escrow account maintained by an agent chosen by PURCHASER. Until December 31, 2012, the escrow funds shall be used by PURCHASER, its agents, or its assignees, for the purpose of repairing or replacing the existing heating, ventilation, and air conditioning system(s) and equipment servicing the four-story building located on the Property, to the extent necessary for items identified by Southern Air Inc above and beyond those covered under that certain Maintenance Agreement For Building Environmental Systems, dated December 2, 2011, by and between Southern Air Inc. and SELLER. PURCHASER shall not utilize said escrowed funds to pay the standard monthly services fees under said Maintenance Agreement. On or before January 10, 2013, PURCHASER shall direct the escrow agent to pay the remaining balance, as of December 31, 2012, of said escrowed funds to SELLER.

- h) PURCHASER and SELLER agree that all rents for the month of Closing (“Closing Month’s Rents”) will be pro-rated as of the date of Closing based on the actual number of calendar days in the month of Closing. To the extent either SELLER or PURCHASER collect Closing Month’s Rents, within fifteen (15) days of collection thereof, the collecting party shall remit to the other that pro-rated portion of the Closing Month’s Rents due to the other, on a tenant-by-tenant basis.

4. **CONTINGENCIES:** This Agreement is contingent upon the following terms:

- a) INTENTIONALLY DELETED.
- b) SELLER shall, within ten (10) business days of the execution of this Agreement, prepare and deliver to PURCHASER a statement of any known defects regarding or in any way relating to the Property, except as to certain items regarding the existing heating, ventilation, and air conditioning system(s) and equipment servicing the four-story building located on the Property, which issues PURCHASER acknowledges have been disclosed and provided for in full by means of the escrowed funds under Section 3(g).
- c) INTENTIONALLY DELETED.
- d) SELLER shall, within ten (10) business days of the execution of this Agreement, deliver to PURCHASER, for its review all of SELLER'S current leases related to the Property.
- e) PURCHASER shall, within thirty (30) days following the execution of this Agreement, have the title to the real property and improvements comprising the Property examined by PURCHASER’S legal counsel. In the event that the results of such title examination discloses items, issues or defects in the chain of title unacceptable to PURCHASER, in its sole and exclusive discretion, SELLER shall be notified of the items, issues, or defects of title in writing after the completion of the title examination. SELLER, shall use all reasonable efforts to cure such items, issues and defects prior to the Closing Date, and in the event that SELLER is unable or unwilling to clear such items, issues or defects of title, this Agreement may be modified or canceled at the option of PURCHASER.
- f) As determined by PURCHASER, the purchase contemplated by this Agreement may be subject to formal approval by the West Virginia University Board of Governors; such approval shall be made in the Board of Governors’ sole discretion and upon consideration of all facts and circumstances deemed relevant by the Board of Governors.
- g) As determined by the PURCHASER, this Agreement and the Deed may be subject to approval as to form by the West Virginia Attorney General.

- h) Pursuant to W.Va. Code §18B-19-13(a) through (c), this Agreement and a report setting forth a detailed summary of the terms and conditions, including the name of the property owner(s) and the agent(s) involved in the sale, shall be provided to the Joint Committee on Government and Finance for prior review at least thirty (30) days before the Closing.
- i) SELLER shall deliver to PURCHASER, within fourteen (14) business days of the date of this Agreement, as first above written, a certificate of existence from the State of West Virginia (or other appropriate jurisdiction), evidencing that SELLER is a validly existing company in the State of West Virginia (or other appropriate jurisdiction), along with an irrevocable resolution, in form reasonably acceptable to PURCHASER, affirming this Agreement and authorizing and directing SELLER to perform all of its obligations under this Agreement. If SELLER fails to deliver such documentation before the expiration of such fourteen (14) business day period, or upon delivery, PURCHASER is not satisfied with the items so delivered, then within five (5) business days following such delivery, PURCHASER may terminate this Agreement by notifying SELLER in writing, this Agreement shall become null and void.
- j) PURCHASER, upon execution of this Agreement, shall immediately and diligently pursue obtaining all requisite internal and governmental approvals for Closing.

5. **TAXES AND ASSESSMENTS AND ACCOUNT MANAGEMENT:**

(I) PURCHASER is exempt from taxation; therefore, SELLER, with respect to the Property, agrees to pay:

- a) All real and personal property taxes that may be due and payable for all prior tax years, as assessed by the Monongalia County Assessor and to be collected by the Monongalia County Sheriff. SELLER agrees to provide proof of payment to PURCHASER on or before closing.
- b) All real and personal property taxes that shall be due and payable for the 2012 tax year, as assessed by the Monongalia County Assessor and to be collected by the Monongalia County Sheriff.

(II) SELLER agrees to escrow sufficient funds; to be held by PURCHASER'S legal counsel, for the sole purpose of paying in a timely manner real estate taxes for the Property assessed in the name of the SELLER for the 2012 tax year. Provided, however, that to the extent that excess funds are escrowed and are not used to pay taxes, the funds shall be reimbursed to SELLER. Further, to the extent that any portion of a tenant's rent is allocated toward the payment of the 2012 real estate taxes for the Property, such allocated portion of rents shall be reimbursed to SELLER within fifteen (15) days of receipt.

(III) Subsequent to closing, SELLER and PURCHASER shall execute a standard services agreement through which SELLER agrees to provide billing management and accounting services to PURCHASER for matters related to tenants, leases, maintenance, day-to-day operations, common area expenses, services contracts, and related matters regarding the Property. In consideration of said services, PURCHASER shall pay to SELLER, on or before the fifth day of each month following said services, a fee equal to four percent of the amount of gross operating income related to the Property for the month services were provided; however, no amount of rent that is allocated for the payment of real estate taxes for the Property shall be included in the calculation of the SELLER'S fee. The contemplated services agreement shall acknowledge that either party may terminate the services agreement upon ninety (90) days written notice to the other.

6. **POSSESSION**: Possession of the Property shall be delivered to the PURCHASER on the Closing Date with only the tenants and tenants' personal property, if any as they may be identified in the leases provided pursuant to Section 4(d), present on the Property.

7. **RISK OF LOSS**: The risk of loss or damage to the Property by fire or other casualty shall remain with SELLER until a properly executed deed to the Property is delivered to PURCHASER.

8. **NO SHOP**: As partial but material consideration for this Agreement and the transaction subject to this Agreement as well as all related covenants and agreements under this Agreement, SELLER agrees that during the period commencing on the date of this Agreement and ending on the earlier of the Closing Date or the termination of this Agreement, SELLER will not, directly or indirectly (a) encourage, solicit or initiate discussions or negotiations with any corporation, partnership, person, entity or group, other than PURCHASER, concerning any sale of the Property, or acquisition of beneficial ownership with respect to the Property, or (b) otherwise initiate any action (unless in response to an unsolicited offer) which would prejudice the ability of PURCHASER to close under this Agreement. However, except as hereinafter provided, this Section does not limit, in any way whatsoever, SELLER'S right to (a) enter into agreements and otherwise conduct business necessary for the day-to-day operations of the Property, or (b) encourage, solicit or initiate discussions or negotiations, pertaining to lease agreements, with any corporation, partnership, person, entity or group concerning the leasing of space within the Property upon terms and conditions acceptable to SELLER; provided however that any modification or extension of an existing lease for a portion of the Property or any lease for currently un-leased space in the Property shall require the written consent of the PURCHASER before the same can be finalized and executed, which consent shall not be unreasonably withheld, conditioned or delayed.

9. **CONFIDENTIALITY AND PUBLICITY**: Except to the extent required or permitted by law, the provisions of this Agreement shall be held in strictest confidence by PURCHASER and SELLER and shall not be publicized or disclosed in any manner whatsoever; provided, however, that (a) the parties may disclose this Agreement, in confidence, to their respective attorneys, accountants, auditors, tax preparers, financial advisors, and other parties necessary to

perform due diligence prior to closing; and (b) the parties may disclose this Agreement insofar as such disclosure may be necessary to enforce its terms or as otherwise required by law.

10. **NOTICES**: Any notice required or permitted to be given by any provision of this Agreement shall be in writing, executed by the party giving such notice, and delivered by certified mail, return receipt requested, postage prepaid, addressed as follows:

SELLER: Glenmark Holding Limited Liability Company
Attn: Mark R. Nesselroad
6 Canyon Road, Suite 300
Morgantown, WV 26508

PURCHASER: West Virginia University
Attn: Shannon N. Mundell, Director of Real Estate
PO Box 6555
48 Donley Street, 4th Floor
Morgantown, West Virginia 26506-6555

11. **GOVERNING LAW**: This contract shall be governed by and construed in accordance with the laws of the State of West Virginia.

12. **ASSIGNMENT**: PURCHASER shall not assign its rights and obligations in this Agreement without obtaining SELLER'S prior written consent; provided, that, PURCHASER shall have the right to assign this Agreement, in whole or in part, to West Virginia University Hospitals, Inc., a West Virginia non-profit corporation, and/or WVU Medical Corporation, a West Virginia non-profit corporation doing business as University Health Associates, or subject to SELLER'S approval, at its sole discretion, their respective designees, nominees or assigns. Any assignment may be subject to an assignment fee that shall be agreed to by and between such assignee and SELLER.

13. **ENTIRE AGREEMENT**: This Agreement constitutes and contains all stipulations and agreements between PURCHASER and SELLER, superseding any prior written or oral agreements between them respecting the subject matter of this Agreement, and unless in subsequent writing which has been signed and dated by the parties, no representations by either of the parties other than contained in this Agreement shall be binding upon either party.

14. **MODIFICATIONS**: Any provision to modify, alter, enlarge, or change this Agreement shall be in writing, signed and dated by both parties. Any such modification must be delivered in person or by certified mail to the other party.

15. **BINDING AGREEMENT**: This Agreement and all of its terms and conditions shall extend to and be binding upon the parties hereto and upon each of their respective heirs, executors, administrators, successors and assigns.

16. **REPRESENTATIONS AND WARRANTIES**: SELLER hereby represents and warrants as follows, which representations and warranties shall be true and correct as of the date

hereof and as of the date of Closing and the truth and correctness of which shall be a conditions precedent to PURCHASER's obligations to close the transaction contemplated by this Agreement:

(I) There are no existing or pending actions, suits or proceedings with respect to or affecting any aspect of any of the Property nor have any such actions, suits or proceedings been threatened or asserted, except litigation related to the heating, ventilation, and air conditioning system(s) and equipment servicing the four-story building located on the Property, as previously disclosed to PURCHASER.

(II) Seller has no knowledge of any pending or threatened condemnation, or similar proceeding affecting the Property or any portion thereof, nor has Seller knowledge that any such action is presently contemplated.

(III) Seller has no knowledge of any fact, action or condition which would result in the termination of full, free and adequate access to and from the Property and the public highways and roads in the vicinity of the Property.

(IV) To the best of the SELLER's knowledge, there are not now, nor have there ever been, any toxic or hazardous wastes, substances or related materials ("Hazardous Materials") used, generated, stored, treated or disposed of on the Property or on adjacent property in such manner or quantity so as to constitute a violation under the statutes referred to below or other applicable statutes, except as in the normal course of business for each tenant and owner of the Property which, to the best of SELLER'S knowledge was in compliance with the laws and statutes cited below. Hazardous Materials shall include, but shall not be limited to, substances defined as "hazardous substances" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sec. 9061 et seq., Hazardous Materials Transportation Materials Act., 49 U.S.C. Sec. 1802, the Resource Conservation and Recovery Act, 42 U.S.C. Sec. 901 et seq., and those substances similarly defined in the local and state laws of the State of West Virginia and the regulations adopted and publications promulgated pursuant to said laws.

(V) Seller is a limited liability company organized and validly existing under the laws of the State of West Virginia with all requisite power and authority to execute and deliver this Agreement and to carry out the transactions contemplated thereby.

(VI) All matters materially and adversely impacting all or any part of the Property, or the development or operation of all or any part of the Property, or with the potential to do any of the foregoing, which are known to SELLER have been disclosed to PURCHASER in writing.

(VII) The Property is zoned by the City of Morgantown as part Service Business District (B-2) and part Professional, Residential, and Office District (PRO). SELLER has no knowledge of any violation or threatened violation of any applicable zoning ordinance, statute, code, or regulation.

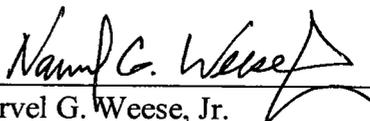
(VIII) SELLER is not aware of (a) any uncured breach of, or event of default under, any of the leases affecting all or a portion of the Property, or (b) any set of facts and circumstances which would constitute a breach thereof, or event default thereunder, but for the provision of notice and the passage of time, except as has been disclosed to PURCHASER in writing.

(VIV) SELLER has not collected any security deposits in the ordinary course of its operation of the Property.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the date first above written.

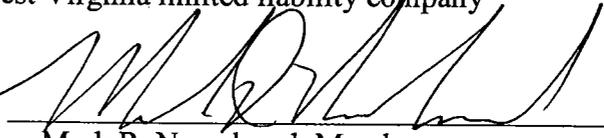
PURCHASER:

WEST VIRGINIA UNIVERSITY BOARD OF GOVERNORS on behalf of WEST VIRGINIA UNIVERSITY, James P. Clements, President

By: 
Narvel G. Weese, Jr.
Its: Vice President for Administration and Finance

SELLER:

Glenmark Holding Limited Liability Company,
a West Virginia limited liability company

By: 
Mark R. Nesselroad, Member



West Virginia University

Real Estate

Shannon N. Mundell
West Virginia University
Director of Real Estate
409 Marina Tower – 4th Floor
PO Box 6555
Morgantown, West Virginia 26506-6555

LEGISLATIVE

MAY 16 2012

MANAGER

May 11, 2012

West Virginia Legislature
Joint Committee on Government and Finance
Building 1, Room W-329
1900 Kanawha Blvd., E.
Charleston, West Virginia 25305

Re: West Virginia University request for approval pursuant to West Virginia Code §18B-19-13

Dear Joint Committee on Government and Finance,

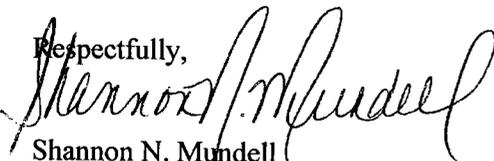
Pursuant to West Virginia Code Section 18B-19-13, appended for your review please find a copy of that certain Purchase Agreement, dated April 27, 2012 by and between R. S. S. H. LLC and West Virginia University Board of Governors, on behalf of West Virginia University, along with a report setting forth a detailed summary of the terms of the agreement, including the name of the property owner and agent involved in the sale, if any.

In this Agreement, West Virginia University Board of Governors, on behalf of West Virginia University, agrees to purchase from the above-referenced Seller that certain real property located and situate in Star City, Monongalia County, West Virginia, together with all buildings, improvements, easements, appurtenances and rights relating thereto, for the sum of One Million One Hundred Seventy-five Thousand Dollars (\$1,175,000.00).

Pursuant to West Virginia Code Section 18B-19-13(c), the attached copy of the agreement and report is being provided at least thirty (30) days prior to the consummation of this acquisition, and pursuant to subsection (f), your committee will meet and review the above-referenced agreement within thirty (30) days of receipt.

In the event that you have any questions or need additional information, please feel free to contact me at 304.293.0394.

Respectfully,



Shannon N. Mundell
Director of Real Estate

cc: West Virginia Higher Education Policy Commission

Report to Joint Committee on Government & Finance

Acquisition of 3504 Monongahela Boulevard, Morgantown, West Virginia
by
West Virginia University Board of Governors, on behalf of West Virginia University

By that certain Real Estate Purchase and Sales Agreement dated April 27, 2012, West Virginia University Board of Governors, on behalf of West Virginia University, has agreed to purchase from R. S. S. H. LLC, that certain real property located and situate in Star City, Monongalia County, West Virginia, being 1.411 acres, for the agreed upon sum of One Million One Hundred Seventy-five Thousand Dollars (\$1,175,000.00).

The property is more particularly designated as Parcel 92 on Tax Map 5 of such county and state, together with all easements, appurtenances and rights relating thereto, and more particularly described as set forth in that deed of record in the office of the Clerk of the County Commission of Monongalia County, West Virginia, in Deed Book 1369, at Page 391.

Shoney's Restaurant will remain at its current location and operation for a term of three (3) years pursuant to a lease agreement. During the lease term, Shoney's Restaurant will be actively pursuing a new location within the Morgantown market for the Shoney's Restaurant. Shoney's intends to have an ongoing presence in Morgantown for many years.

Consummation of the acquisition is contingent upon the following: i) Title examination performed by West Virginia University, ii) Approval by the West Virginia Attorney General, and iii) Approval by the Joint Committee on Government and Finance. The West Virginia University Board of Governors has approved this transaction.

Upon receipt of all approvals, the closing of such sale will occur on or after June 14, 2012. No agent was involved in this acquisition.

REAL ESTATE PURCHASE AND SALES AGREEMENT

THIS REAL ESTATE PURCHASE AND SALES AGREEMENT (“Agreement”) is made this 27th day of April, 2012, by and between **WEST VIRGINIA UNIVERSITY BOARD OF GOVERNORS on behalf of WEST VIRGINIA UNIVERSITY**, an agency and higher education institution of the State of West Virginia (“PURCHASER”), and **R. S. S. H. LLC** (“SELLER”).

WITNESSETH: That, for and in consideration of the mutual covenants and conditions set forth and contained in this Agreement, PURCHASER hereby offers and agrees to purchase and SELLER hereby agrees to sell that certain parcel of real estate hereinafter described for the consideration recited and subject to the following terms and conditions:

1. **DESCRIPTION OF PROPERTY:** The property is located in the Star City, Monongalia County, West Virginia, more particularly described or identified as follows, to-wit (collectively referred to as the “Property”):

1.411 acres Brewerton Add; Tax Map 5, Parcel No. 0092.

Being the same real estate conveyed to R. S. S. H. LLC by deed dated the 17th day of July, 2008, of record in said Clerk’s Office in Deed Book 1369, at page 391.

Together with the improvements thereon, appurtenances and affixtures thereto, and more particularly described as set forth in the afore-referenced deed(s) of record in the office of the Clerk of the County Commission of Monongalia County, West Virginia.

The Property has a street address of 3504 Monongahela Boulevard, Morgantown, W. Va.

2. **PURCHASE PRICE:**

- a) PURCHASER agrees to pay to SELLER for the Property the sum of One Million One Hundred Seventy-Five Thousand Dollars and Zero Cents (\$1,175,000.00) (the “Purchase Price”).
- b) PURCHASER will bring a check in the amount of the Purchase Price made payable to PURCHASER’S legal counsel. PURCHASER’S legal counsel will deposit the check into its real estate trust account and make the appropriate and customary disbursements for debts owed by SELLER, closing costs of both SELLER and PURCHASER, and net proceeds (if any) to the SELLER.

3. **CLOSING AND DEED:**

- a) Unless otherwise mutually agreed upon in writing, the sale shall be completed and the purchase money paid and all necessary legal documents or instruments executed and delivered thirty (30) days following the date of execution, by all parties, of this Agreement (the "Closing Date"). The Closing Date shall be delayed and will be automatically extended if this Agreement and/or Deed remain under review pursuant to Sections 4(g), (h), or (i).
- b) The closing contemplated by this Agreement (the "Closing") shall occur in Morgantown, West Virginia, at a location determined by PURCHASER, unless otherwise agreed upon by PURCHASER and SELLER.
- c) Upon the fulfillment of all conditions stipulated herein to be performed by the PURCHASER and SELLER, the SELLER shall convey good and marketable fee simple title to PURCHASER by a good and proper general warranty deed in a form reasonably acceptable to PURCHASER (the "Deed") free and clear from all liens and encumbrances excepting the lien for the real estate taxes or other governmental assessments not yet due or payable and such other matters described in any title insurance commitment or title opinion letter obtained by PURCHASER which, in the sole opinion of the PURCHASER, do not substantially affect the marketability of title to the Property or PURCHASER'S ability to use the Property for all lawful purposes.
- d) SELLER shall, within thirty (30) business days after the date of this Agreement, provide to PURCHASER a draft of the proposed Deed.
- e) PURCHASER is an agency of the State of West Virginia; therefore, the Deed shall include the following as the declaration of consideration or value:

Under the penalties of fine and imprisonment as provided by law, the undersigned hereby declares that the transfer involved in the document to which this Declaration is appended is a transfer to or from the State of West Virginia, or to or from any of its instrumentalities, agencies or political subdivisions, and therefore is not subject to West Virginia excise tax and is exempt under the provisions of Chapter 11, Article 22, Section 1 of the West Virginia Code, 1931, as amended.

As a result of the aforementioned, SELLER may not be obligated to pay a real estate transfer tax.

- f) SELLER agrees to pay for preparation of the Deed, recordation of any releases executed by creditors of SELLER, and any and all real estate commissions or broker's fees.

4. **CONTINGENCIES:** This Agreement is contingent upon the following terms:

- a) INTENTIONALLY DELETED.
- b) SELLER shall, within ten (10) business days of the execution of this Agreement, prepare and deliver to PURCHASER a statement of any known defects regarding or in any way affecting the Property, as of the date that such statement is provided by SELLER.
- c) SELLER shall, within ten (10) business days of the execution of this Agreement, make available to PURCHASER and its designees all drawings, plans, permits, licenses, surveys, wetland analyses, environmental reports, and other documents in possession or control of SELLER regarding or in any manner relating to the Property and any structures or buildings that are affixed to it.
- d) SELLER shall, within ten (10) business days of the execution of this Agreement, deliver to PURCHASER, for its review and approval, all of SELLER'S current leases related to the Property, specifically the lease referenced in the Memorandum of Lease recorded in Deed Book 1383, at Page 278, between SELLER, as Lessor or Landlord, and Nikz Enterprises, Inc., as Lessee or Tenant (the "Nikz Lease").
 - i. With respect the Nikz Lease, prior to the Closing Date, SELLER shall modify and/or amend the Nikz Lease to reflect at least the following:
 1. A termination date thirty-six (36) months from the actual Closing Date;
 2. Annual rental payments of One Hundred Dollars (\$100.00) per year for a period of three (3) years; and
 3. To permit PURCHASER, with the prior consent of the Lessee or Tenant, which consent will not be unreasonable withheld, to utilize and benefit from the parking spaces located adjacent to and associated with the Property for vehicle parking and/or a designated drop-off location for individuals participating in activities that PURCHASER may sponsor or otherwise permit at its Women's Soccer Training Facility and Dreamswork Field located on Monongahela Boulevard, Morgantown, W. Va.
 - ii. SELLER agrees to make all other reasonable modifications or amendments to the Nikz Lease that may be requested by PURCHASER following its review of the aforementioned lease.

- e) PURCHASER shall, within a reasonable period of time following the execution of this Agreement, have the title to the real property and improvements comprising the Property examined by PURCHASER'S legal counsel. In the event that the results of such title examination discloses items, issues or defects in the chain of title unacceptable to PURCHASER, in its sole and exclusive discretion, SELLER shall be notified of the items, issues, or defects of title in writing after the completion of the title examination. SELLER, shall use all reasonable efforts to cure such items, issues and defects prior to the Closing Date, and in the event that SELLER is unable to clear such items, issues or defects of title, this Agreement may be modified or canceled at the option of PURCHASER.
- f) PURCHASER'S satisfactory completion of all due diligence inspections in and to the Property that PURCHASER, in its sole discretion, deems appropriate. Such due diligence inspections may include, but are not limited to, environmental audits, zoning review, mechanical, electrical, and structural inspections, engineering and architectural inspections, survey and confirmation of parking availability.
- g) As determined by the PURCHASER, the purchase contemplated by this Agreement may be subject to formal approval by the West Virginia University Board of Governors; such approval shall be made in the Board's sole discretion and upon consideration of all facts and circumstances deemed relevant by the Board.
- h) As determined by the PURCHASER, this Agreement and the Deed may be subject to approval as to form by the West Virginia Attorney General.
- i) Pursuant to W.Va. Code §18B-19-13(a) through (c), this Agreement and a report setting forth a detailed summary of the terms and conditions, including the name of the property owner(s) and the agent(s) involved in the sale, shall be provided to the Joint Committee on Government and Finance for prior review at least thirty (30) days before the Closing.
- j) SELLER shall deliver to PURCHASER, within twenty (20) business days of the date of this Agreement, as first above written, a certificate of existence from the State of West Virginia (or other appropriate jurisdiction), evidencing that SELLER is a validly existing company in the State of West Virginia(or other appropriate jurisdiction), along with an irrevocable resolution, in form reasonably acceptable to PURCHASER, affirming this Agreement and authorizing and directing SELLER to perform all of its obligations under this Agreement. If SELLER fails to deliver such documentation before the expiration of such twenty (20) business day period, or upon delivery, PURCHASER is not satisfied with the items so delivered, then within five (5) business days following such delivery, PURCHASER may terminate this Agreement by notifying SELLER in writing, this Agreement shall become null and void.

- k) SELLER shall, within ten (10) business days of the execution of this Agreement, deliver to PURCHASER, for its review and approval, all agreements, contracts, or other documents, if any, related to the use or shared use of the parking areas now present on at the Property by the Econo Lodge (located immediately adjacent to the Property) or its customers.

5. **TAXES AND ASSESSMENTS:** PURCHASER, as a state agency, is exempt from taxation; therefore, SELLER, with respect to the Property, agrees to pay:

- a) All real and personal property taxes that may be due and payable for the current and all prior tax years, as assessed by the appropriate County Assessor and to be collected by the appropriate County Sheriff. SELLER agrees to provide proof of payment to PURCHASER on or before closing.
- b) All real and personal property taxes that shall be due and payable for the current tax year, as assessed by the appropriate County Assessor and to be collected by the appropriate County Sheriff.
- c) SELLER shall agree to escrow sufficient funds; to be held by PURCHASER'S legal counsel, for the sole purpose of paying in a timely any and all future taxes assessed in the name of the SELLER. To the extent that excess funds are escrowed and are not used to pay taxes, the funds shall be reimbursed to SELLER.

6. **POSSESSION:** Possession of the Property shall be delivered to the PURCHASER on the Closing Date, subject only to the Nikz Lease, as modified pursuant to Section 4(d) hereof.

7. **RISK OF LOSS:** The risk of loss or damage to the Property by fire or other casualty shall remain with SELLER until a properly executed deed to the Property is delivered to PURCHASER.

8. **NO SHOP:** As partial but material consideration for this Agreement and the transaction subject to this Agreement as well as all related covenants and agreements under this Agreement, SELLER agrees that during the period commencing on the date of this Agreement and ending on the earlier of the Closing Date or the termination of this Agreement, SELLER will not, directly or indirectly (a) encourage, solicit or initiate discussions or negotiations with any corporation, partnership, person, entity or group, other than PURCHASER, concerning any sale of the Property, or acquisition of beneficial ownership with respect to the Property, or (b) otherwise initiate any action (unless in response to an unsolicited offer) which would prejudice the ability of PURCHASER to close under this Agreement.

9. **CONFIDENTIALITY AND PUBLICITY:** Except to the extent required or permitted by law, the provisions of this Agreement shall be held in strictest confidence by PURCHASER and SELLER and shall not be publicized or disclosed in any manner whatsoever; provided, however, that (a) the parties may disclose this Agreement, in confidence, to their respective attorneys, accountants, auditors, tax preparers, financial advisors, and other parties necessary to

perform due diligence prior to closing; and (b) the parties may disclose this Agreement insofar as such disclosure may be necessary to enforce its terms or as otherwise required by law.

10. **NOTICES:** Any notice required or permitted to be given by any provision of this Agreement shall be in writing, executed by the party giving such notice, and delivered by certified mail, return receipt requested, postage prepaid, addressed as follows:

SELLER: R. S. S. H. LLC
Attn: Hossein Nikzad
4673 Shadyside Lane
Morgantown, WV 26508

PURCHASER: West Virginia University
Attn: Shannon N. Mundell, Director of Real Estate
PO Box 6555
48 Donley Street, 4th Floor
Morgantown, West Virginia 26506-6555

11. **GOVERNING LAW:** This contract shall be governed by and construed in accordance with the laws of the State of West Virginia.

12. **ASSIGNMENT:** PURCHASER shall have the right to assign all rights and obligations in this Agreement; provided, however, that advanced written notice will be provided to SELLER.

13. **ENTIRE AGREEMENT:** This Agreement constitutes and contains all stipulations and agreements between PURCHASER and SELLER, superseding any prior written or oral agreements between them respecting the subject matter of this Agreement, and unless in subsequent writing which has been signed and dated by the parties, no representations by either of the parties other than contained in this Agreement shall be binding upon either party.

14. **MODIFICATIONS:** Any provision to modify, alter, enlarge, or change this Agreement shall be in writing, signed and dated by both parties. Any such modification must be delivered in person or by certified mail to the other party.

15. **BINDING AGREEMENT:** This Agreement and all of its terms and conditions shall extend to and be binding upon the parties hereto and upon each of their respective heirs, executors, administrators, successors and assigns.

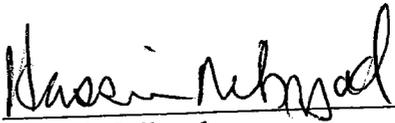
{Signature Page to Follow}

{Signature Page to Real Estate Purchase and Sales Agreement}

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the date first above written.

SELLER:

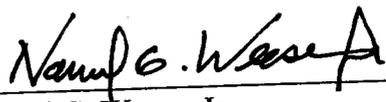
R. S. S. H. LLC

By: 
Hossein Nikzad

Its:

PURCHASER:

WEST VIRGINIA UNIVERSITY BOARD OF GOVERNORS on behalf of WEST VIRGINIA UNIVERSITY, James P. Clements, President

By: 
Narvel G. Weese, Jr.
Its: Vice President for Administration and Finance