

JOINT COMMITTEE ON
GOVERNMENT AND FINANCE

Materials Distributed

October 10, 2012

Joint Committee on Government and Finance
September 12, 2012

1:00pm - 2:00pm

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

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

Speaker Thompson presides

Speaker Thompson: "The committee will come to order. The Clerk will take a silent roll. First item on the agenda is the approval of the minutes of August 15, 2012 minutes. President moves approval of the minutes. All in favor say aye, opposed. The ayes appear to have it, the ayes do have it. The minutes are approved. We have a request from the Parks and Natural Resources Committee."

- A) "The Parks, Recreation and Natural Resources Subcommittee requests authorization and expenses for members and staff to conduct site visitations to Cacapon Resort State Park, Berkeley Springs State Park and Ridge Fish Hatchery on October 1, 2 and 3, 2012."

Speaker Thompson: "The President moves that we approve expenses for members and staff. Discussion? All in favor say aye. Opposed? The ayes have it."

Speaker Thompson: " Next is our Monthly/Quarterly Reports. The reports are in our file. First is a report from Russell Fry, Acting Executive Director of WORKFORCE WV."

Russell Fry, Acting Executive Director of WORKFORCE WV. "Mr. President, Mr. Speaker, members of the Committee, we have our projections in front of you. We project the revenue this year to be \$241M ... projected to pay out in benefits \$212M and a projected balance at the end of the year is \$135M. As of yesterday the Trust Fund balance stood at \$144M."

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

Speaker Thompson: "Next you have the Monthly/Quarterly Distribution report of the Department of Administration"

Donna Lipscomb: "Donna Lipscomb, Department of Administration. Just few things I wanted to point out. There hasn't been that much change. CHIP enrollment is up 3 ½% since last year and PEIA and BRIM's interest earnings are down from last year and the lease report is very small, there are only 13 changes because the majority of the leases were renewed the end of June."

Speaker Thompson: "Any questions of Ms. Lipscomb? Thank you."

Speaker Thompson: "Next we have the Medicaid Report."

Rocco Fucillo: "Mr. Speaker, Mr. President, I am Rocky Fucillo, Acting Cabinet Secretary of DHHR. It is a pleasure for me to be in front of you for the first time. We have the Medicaid report in your packets and if you have any questions I'll be glad to try and answer them for you."

Speaker Thompson: "Any questions?" Thank you."

Speaker Thompson: "Next is the Investment Management Board Distribution, Mr. Slaughter."

Craig Slaughter: "Craig Slaughter, Executive Director, Investment Management Board. First I want to apologize for my slip-up last time in not showing up. I had the time wrong on my calendars. You have a report in your packets for periods ending July 31st 2012. The most significant thing to draw your attention to is on the first real page of the report, the ten year number for the PERS is 7 ½% which is the long-term assumption rate. I was surprised to see that as it actually reflects what happened in 2012 something rolled off, a year rolled off which was a bad year so it was a good number to see and I hope it holds up and I will be happy to answer your questions."

Speaker Thompson: "Any questions from the committee members? Thank you."

Speaker Thompson: "Next we have Workers Compensation, Mr. Riley."

Mike Riley: "Good afternoon Mr. Speaker, Mr. President. You have a copy of our report for the month ending August 31 for our Workers Compensation Fund. You will see we ended the month with 18,195 active claims in the old fund ... a net decrease of 176 claims for this month. The Coal Workers Fund has 977 active claims, a net decrease of three and I'm happy to report that the Uninsured Fund only has 30 claims in there, a net decrease of 2. We ended the August balance with \$950M in cash and the good news on the report is that the investment income is up for this month obviously last fiscal year that was a concern but so far we have started off pretty well."

Speaker Thompson: "I have a question about the old fund. You said the old fund was reduced by how many claims?"

Mike Riley: "Just this month it was 176, we average about 200 a month."

Speaker Thompson: "And how are those claims reduced?"

Mike Riley: "They just naturally, we have a settlement program which has settled some of these but people may pass away in the older portfolio of claimants."

Speaker Thompson: "Are some of these just denials where people are sent out for evaluations and denied for one reason or another?"

Mike Riley: "Not if it would be an active claim."

Speaker Thompson: "This is administered through a company called Sedgewick, correct."

Mike Riley: "Yes sir, actually we have three, Sedgewick does the vast majority of claims. We have Sedgewick, Wells Fargo and American Money."

Speaker Thompson: "Would you care to get me a breakdown on those and the disposition of those claims... and I'll tell you I've received a number of constituent complaints about being sent out for evaluations after many years of medical expenses. I just wanted to look into it for my constituents if that wouldn't be too much trouble."

Mike Riley: "Not at all."

Speaker Thompson: "I don't know if the rest of the committee would like it or not but I personally would, if that's ok with the committee members."

Mike Riley: "That sounds great I'll get that back to you."

Speaker Thompson: "Thank you. We have the Board of Treasury Report in your file. Is there any other business to come before the Committee? The President moves we adjourn. All in favor say aye. Opposed? The ayes have it we are adjourned."

WEST VIRGINIA LEGISLATURE

Office of the Legislative Auditor



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

304-347-4870

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

- **West Virginia Lottery as of August 31, 2012:**
Gross profit for July 1, 2012 – August 31, 2012 of fiscal year 2013 is \$ 102.9 million.
- **West Virginia Unemployment Compensation Fund as of August 31, 2012:**
Overall ending trust fund balance is \$ 29.8 million above the ending trust fund balance of August 31 last fiscal year.
- **General Revenue Fund as of September 30, 2012:**
The general revenue collections are at 99.53% of the estimate.
- **State Road Fund as of September 30, 2012:**
The state road fund collections are 102.27% of the estimate.

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

MEMORANDUM

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

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

Date: September 24, 2012

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

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for the month ending August 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 \$ 232,309,000.00 on August 31, 2012. Table games accounted for \$12.4 million of this total. Historic Resort Hotel video lottery and table games accounted for \$ 1.4 million of total gross receipts. Gross lottery revenue has decreased by 3.51% when compared with July - August 2011 of fiscal year 2011-2012. This number does not include commission and prize deductions. Gross profit (Gross revenues minus commissions and prize costs) for July - August 2012 was \$ 102.9 million; for last fiscal year it was \$ 105.2 million. Expressed as a percentage,

gross profit is 2.18 % lower for July - August 2012 than for July - August 2011.

Operating Transfers to the State of West Virginia:

A total of \$ 98,985,000.00 has been accrued to the state of West Virginia for July - August 2012 fiscal year 2012-2013. This is on an accrual basis and may not correspond to the actual cash transfers made during the same time period. Amount owed to the different accounts according to the Lottery Act are calculated monthly and accrued to the state; actual cash transfers are often made based upon actual cash flow needs of the day-to-day operation of the lottery.)

A schedule of cash transfers follows:

Bureau of Senior Services	\$26,849,000.00
Community and Technical College	\$999,000.00
Department of Education	\$19,188,000.00
Library Commission	\$7,638,000.00
Higher Education-Central Office	\$4,945,000.00
Tourism	\$4,616,000.00
Department of Natural Resources	\$2,130,000.00
Division of Culture and History	\$3,700,000.00
Economic Development Authority	\$2,000,000.00
Department of Education and Arts	\$1,153,000.00
School Building Authority	\$3,600,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$76,818,000.00

Excess Lottery Fund

Lottery

Lottery continued

General Purpose Fund	\$ 4,565,000.00
Economic Development Fund	\$ 3,798,000.00
Higher Education Improvement Fund	\$ 3,000,000.00
WV Infrastructure Council Fund	0.00
Higher Education Improvement Fund	\$29,000,000.00
WV Racing Commission	0.00
Refundable Credit	843,000.00
WV Development Office	0.00
Department of Education	0.00
State Park Improvement Fund	0.00
School Building Authority	\$ 3,799,000.00
Excess Lottery Surplus	0.00
Total State Excess Lottery Revenue Fund	\$ 45,005,000.00

Historic Resort Hotel Distributions:

State General Revenue Fund	418,000.00
State Debt Reduction Fund	124,000.00
Tourism Promotion Fund	20,000.00
Total Historic Hotel	\$ 562,000.00

Veterans Instant Ticket Fund \$91,000.00

Table Games State Debt Reduction Fund \$ 5,955,000.00

RACETRACK VIDEO LOTTERY TRANSFERS:	
Tourism Promotion Fund 1.375%	\$1,596,000.00
Development Office Promo Fund	\$435,000.00
Research Challenge Fund .5%	\$580,000.00

Capitol Renovation and Improvement Fund .6875%	\$798,000.00
Parking Garage Fund .0625%	\$73,000.00
Parking Garage Fund 1%	\$500,000.00
Cultural Facilities and Cap. Resources Fund .5%	\$276,000.00
Capitol Dome & Cap. Improvements Fund .5%	\$385,000.00
Workers Compensation Debt Reduction Fund 7%	\$7,358,000.00
SUBTOTAL VIDEO LOTTERY TRANSFERS:	\$12,001,000.00
TOTAL TRANSFERS	*\$140,432,000.00

* CASH BASIS

Total Accrued last FY 2012:	\$ 216,819,000.00
Total Cash Distributions FY 2013:	140,432,000.00
Applied to FY 2012:	140,432,000.00
Applied to FY 2013:	000.00
Accrued for FY 2012 as of August 31:	76,387,000.00
Accrued for FY 2013 as of August 31:	98,985,000.00



P.O. BOX 2067
CHARLESTON, WV 25327

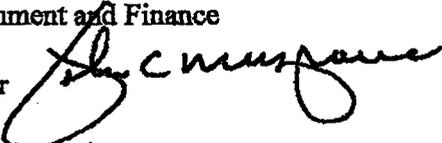
PHONE: 304-558-0500
1-800-WVA-CASH

Earl Ray Tomblin
Governor

John C. Musgrave
Director

MEMORANDUM

TO: Joint Committee on Government and Finance

FROM: John C. Musgrave, Director 

RE: Monthly Report on Lottery Operations
Month Ending August 31, 2012

DATE: September 20, 2012

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

Financial statements of the Lottery for the month ending August 31, 2011 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$116,288,940 for the month of August.

Transfers of lottery revenue totaling \$46,592,061 made for the month of August to the designated state agencies per Senate Bill 160, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (§29-22A-10), and the Racetrack Table Games Act (§29-22C-27). The amount transferred to each agency is shown in Note 10 on pages 19 and 20 of the attached financial statements.

The number of traditional and limited retailers active as of August 31, 2012 was 1,600 and 1,524 respectively.

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

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

JCM
Attachment

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



WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

August 31, 2012

WEST VIRGINIA LOTTERY

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

ASSETS	August 31, 2012	June 30, 2012
Current Assets:		
Cash and cash equivalents	\$ 200,149	\$ 241,538
Accounts receivable	34,831	36,671
Inventory	648	510
Other assets	2,186	2,275
Total Current Assets	<u>237,814</u>	<u>280,994</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	1,690	2,373
Capital assets	46,816	46,816
Less accumulated depreciation and amortization	<u>(4,892)</u>	<u>(4,531)</u>
Net Capital Assets	<u>41,924</u>	<u>42,285</u>
Total Noncurrent Assets	<u>43,614</u>	<u>44,658</u>
Total Assets	<u>\$ 281,428</u>	<u>\$ 325,652</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 175,372	\$ 216,819
Estimated prize claims	12,911	13,372
Accounts payable	1,257	3,238
Other accrued liabilities	<u>39,913</u>	<u>40,248</u>
Total Current Liabilities	<u>229,453</u>	<u>273,677</u>
Total Liabilities	<u>229,453</u>	<u>273,677</u>
Net Assets:		
Invested in capital assets	41,924	42,285
Unrestricted	8,361	8,000
Restricted assets (see note 12)	<u>1,690</u>	<u>1,690</u>
Total Net Assets	<u>51,975</u>	<u>51,975</u>
Total Liabilities and Net Assets	<u>\$ 281,428</u>	<u>\$ 325,652</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE TWO MONTH PERIOD ENDED AUGUST 31, 2012

(In Thousands)
- Unaudited -

	CURRENT MONTH		YEAR TO DATE	
	2012	2011	2012	2011
Lottery revenues				
On-line games	\$ 8,069	\$ 6,704	\$ 13,771	\$ 12,771
Instant games	8,702	11,839	17,876	20,849
Racetrack video lottery	58,508	61,413	119,349	129,444
Limited video lottery	34,386	31,750	67,363	62,915
Table games	5,934	6,656	12,466	13,803
Historic resort	690	460	1,484	967
	<u>116,289</u>	<u>118,822</u>	<u>232,309</u>	<u>240,749</u>
Less commissions				
On-line games	562	466	977	888
Instant games	609	829	1,251	1,459
Racetrack video lottery	33,139	34,784	67,599	73,317
Limited video lottery	16,849	15,557	33,008	30,829
Table games	2,591	2,860	5,443	5,931
Historic resort	359	220	738	551
	<u>54,109</u>	<u>54,716</u>	<u>109,016</u>	<u>112,975</u>
Less on-line prizes	4,126	3,422	6,855	6,681
Less instant prizes	5,801	7,983	11,910	14,131
Less ticket costs	121	185	246	394
Less vendor fees and costs	798	715	1,331	1,319
	<u>10,846</u>	<u>12,305</u>	<u>20,342</u>	<u>22,525</u>
Gross profit	<u>51,334</u>	<u>51,801</u>	<u>102,951</u>	<u>105,249</u>
Administrative expenses				
Advertising and promotions	461	184	528	843
Wages and related benefits	914	1,049	1,889	2,162
Telecommunications	63	81	178	114
Contractual and professional	441	400	569	639
Rental	22	56	36	108
Depreciation and amortization	180	20	361	40
Other administrative expenses	79	125	204	281
	<u>2,160</u>	<u>1,915</u>	<u>3,765</u>	<u>4,187</u>
Other Operating Income	<u>856</u>	<u>972</u>	<u>1,136</u>	<u>62,960</u>
Operating Income	<u>50,030</u>	<u>50,858</u>	<u>100,322</u>	<u>164,022</u>
Nonoperating income (expense)				
Investment income	19	15	37	33
Capital contribution from State of WV	-	1,852	-	1,852
Distributions to municipalities and counties	(674)	(622)	(1,320)	(1,233)
Distributions -capital reinvestment	(27)	(15)	(54)	(45)
Distributions to the State of West Virginia	(49,348)	(50,236)	(98,985)	(162,777)
	<u>(50,030)</u>	<u>(49,006)</u>	<u>(100,322)</u>	<u>(162,170)</u>
Net income	<u>-</u>	<u>1,852</u>	<u>-</u>	<u>1,852</u>
Net assets, beginning of period	51,975	39,072	51,975	39,072
Net assets, end of period	<u>\$ 51,975</u>	<u>\$ 40,924</u>	<u>\$ 51,975</u>	<u>\$ 40,924</u>

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

**WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE TWO MONTH PERIOD ENDED AUGUST 31, 2012**

(In Thousands)
-Unaudited-

	2012	2011
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 235,285	\$ 242,687
Cash payments for:		
Personnel costs	(1,870)	(1,936)
Suppliers	(3,233)	(2,207)
Other operating costs	<u>(130,576)</u>	<u>(133,795)</u>
Cash provided by operating activities	<u>99,606</u>	<u>104,749</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(140,432)	(163,766)
Distributions to municipalities and counties	(1,283)	(1,215)
Distributions to racetrack from racetrack cap. reinv. fund	-	-
Cash used in noncapital financing activities	<u>(141,715)</u>	<u>(164,981)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>-</u>	<u>(5,500)</u>
Cash flows from investing activities:		
Investment earnings received	<u>37</u>	<u>33</u>
Increase (decrease) in cash and cash equivalents	(42,072)	(65,699)
Cash and cash equivalents - beginning of period	243,911	270,520
Cash and cash equivalents - end of period	\$ <u>201,839</u>	\$ <u>204,821</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 100,322	\$ 164,022
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	361	40
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	1,840	(2,159)
(Increase) decrease in inventory	(138)	123
(Increase) decrease in other assets	89	(272)
Increase (decrease) in estimated prize claims	(461)	946
Increase (decrease) in accounts payable	(1,981)	122
Increase (decrease) in deferred revenue	-	(58,863)
Increase (decrease) in other accrued liabilities	(426)	790
Cash provided by operating activities	<u>\$ 99,606</u>	<u>\$ 104,749</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 1 - LEGISLATIVE ENACTMENT

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

WEST VIRGINIA LOTTERY
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 3 - CASH AND CASH EQUIVALENTS

At August 31, 2012 the carrying amounts of deposits (overdraft) with financial institutions were \$474 thousand with a bank balance (overdraft) of \$527 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):

	August 31, 2012	June 30, 2012
Deposits with financial institutions	\$ 474	\$ 477
Cash on hand at the Treasurer's Office	32,374	42,350
Investments with BTI reported as cash equivalents	168,991	201,084
	<u>\$ 201,839</u>	<u>\$ 243,911</u>

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

NOTE 4 - CAPITAL ASSETS

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

	Historical Cost At June 30, 2012	Additions	Deletions	Historical Cost At August 31, 2012
Construction in Progress	\$ 519	\$ -	\$ -	\$ 519
Land	1,434	-	-	1,434
Buildings	38,084	-	-	38,084
Improvements	260	-	-	260
Equipment	6,519	-	-	6,519
	<u>\$ 46,816</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,816</u>
Accumulated Depreciation:				
	Historical Cost At June 30, 2012	Additions	Deletions	Historical Cost At August 31, 2012
Buildings	\$ 237	\$ 158	\$ -	\$ 395
Improvements	260	-	-	260
Equipment	4,034	203	-	4,237
	<u>\$ 4,531</u>	<u>\$ 361</u>	<u>\$ -</u>	<u>\$ 4,892</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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 August 31, 2012 and year-to-date is as follows:

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 4,756,294	\$ 7,359,301
Hot Lotto	349,162	664,689
Mega Millions	894,466	1,722,376
Total	\$ 5,999,922	\$ 9,746,366
<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 2,378,171	\$ 3,679,700
Hot Lotto	174,581	332,409
Mega Millions	460,650	887,029
Total	\$ 3,013,402	\$ 4,899,138

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

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

At August 31, 2011, the Lotteries share of the prize reserve fund balances were as follows:

Game	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 126,481,109	\$ 2,386,175
Hot Lotto	7,383,082	485,862
Mega Millions	20,672,684	359,358
Total	<u>\$ 154,536,875</u>	<u>\$ 3,231,395</u>

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

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of \$17,414,201 at August 31, 2012, of which the Lottery's share was \$1,537,522.

NOTE 6 - RACETRACK VIDEO LOTTERY

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

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

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

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

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

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Total credits played	648,745	\$ 682,070	1,320,303	\$ 1,442,806
Credits (prizes) won	(582,407)	(612,544)	(1,184,746)	(1,296,166)
Promotional credits played	(7,790)	(8,070)	(16,129)	(17,128)
MWAP Contributions	(40)	(43)	(79)	(68)
Gross terminal income	58,508	61,413	119,349	129,444
Administrative costs	(2,340)	(2,457)	(4,774)	(5,178)
Net Terminal Income	56,168	58,956	114,575	124,266
Less distribution to agents	(33,139)	(34,784)	(67,599)	(73,317)
Racetrack video lottery revenues	<u>\$ 23,029</u>	<u>\$ 24,172</u>	<u>\$ 46,976</u>	<u>\$ 50,949</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

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

	<u>August 31, 2012</u>	<u>Year-to-Date</u>
State Lottery Fund	\$ 16,850	\$ 34,372
State Excess Lottery Revenue Fund	-	-
Capital Reinvestment Fund	-	-
Tourism Promotion Fund 1.375%	772	1,575
Development Office Promotion Fund .375 %	211	430
Research Challenge Fund .5 %	281	573
Capitol Renovation & Improvement Fund .6875 %	386	788
Parking Garage Fund .0625 %	35	72
Parking Garage Fund 1 %	-	500
Cultural Facilities & Capitol Resources Fund .5 %	281	323
Capitol Dome & Capitol Improvements Fund .5 %	281	323
Worker's Compensation Debt Reduction Fund 7 %	3,932	8,020
Total nonoperating distributions	<u>\$ 23,029</u>	<u>\$ 46,976</u>

NOTE 7 - LIMITED VIDEO LOTTERY

Limited video lottery legislation passed in 2001 has established specific requirements imposing certain restrictions limiting the licensing for the operation of limited video lottery games to 9,000 terminals placed in licensed retailers. These licensed retailers must hold a qualifying permit for the sale and consumption on premises of alcohol or non-intoxicating beer. The Lottery has been charged with the administration, monitoring and regulation of these machines. The legislation further stipulates the distribution of revenues from the limited video lottery games, and requires any licensees to comply with all related rules and regulations of the Lottery in order to continue its retailer status. The Limited Video Lottery legislation stipulates that 2% of gross terminal income be deposited into the state lottery fund for administrative costs. Then, the state share percentage of gross profit is to be transferred to the State Excess Lottery Revenue Fund. Such percentage is between 30 and 50 percent and is subject to change on a quarterly basis. Two percent is distributed to counties and incorporated municipalities in the manner prescribed by the statute. The remaining amount of gross profit is paid to retailers and/or operators as prescribed in the Act, and is recorded as limited video lottery commissions in the financial statements. Municipal and county distributions are accounted for as nonoperating expenses. A summary of limited video lottery revenues for the month ended August 31, 2012 and year-to-date follows (in thousands):

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

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Total credits played	\$ 406,546	\$ 373,340	\$ 796,927	\$ 739,627
Credits (prizes) won	(372,160)	(341,590)	(729,564)	(676,712)
Gross terminal income	\$ 34,386	\$ 31,750	\$ 67,363	\$ 62,915
Administrative costs	(688)	(635)	(1,347)	(1,258)
Gross Profit	33,698	31,115	66,016	61,657
Commissions	(16,849)	(15,557)	(33,008)	(30,829)
Municipalities and Counties	(674)	(622)	(1,320)	(1,233)
Limited video lottery revenues	<u>\$ 16,175</u>	<u>\$ 14,936</u>	<u>\$ 31,688</u>	<u>\$ 29,595</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 August 31, 2012 and year-to-date were \$16,954,242 and \$35,617,899, respectively. The following table shows the month and year totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Table Games Privilege Tax	\$ 5,934	\$ 6,656	\$ 12,466	\$ 13,803
Interest on Table Games Fund	-	-	1	1
Administrative costs	(509)	(761)	(1,069)	(1,577)
Total Available for Distribution	5,425	5,895	11,398	12,227
<u>Less Distributions:</u>				
Racetrack Purse Funds	424	475	891	986
Thoroughbred & Greyhound Development Funds	339	380	712	788
Racing Association Pension Plan	149	160	314	331
Municipalities/ Counties	1,679	1,845	3,526	3,826
Total Distributions	2,591	2,860	5,443	5,931
State Debt Reduction Fund	\$ 2,834	\$ 3,035	\$ 5,955	\$ 6,296

NOTE 9 – HISTORIC RESORT HOTEL

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

Historic Resort Video Lottery

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

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

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

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Total credits played	\$ 6,503	\$ 4,073	\$ 13,277	\$ 10,307
Credits (prizes) won	(5,953)	(3,775)	(12,174)	(9,448)
Promotional credits played	(62)	(24)	(138)	(54)
MWAP Contributions	(1)	-	(2)	-
Gross terminal income	487	274	963	805
Capital reinvestment	(23)	(13)	(45)	(38)
Administrative costs	(26)	(15)	(52)	(43)
Modernization Fund	(4)	(2)	(9)	(7)
Hotel commissions	(206)	(116)	(407)	(341)
Net terminal income	228	128	450	376
Historic Resort Hotel Fund	145	82	286	239
Human Resource Benefit Fund	83	46	164	137

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 August 31, 2012 and year-to-date were \$580,889 and \$1,489,353, respectively.

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

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Table games privilege tax	\$ 203	\$ 185	\$ 522	\$ 162
Administrative Costs	(26)	(24)	(67)	(21)
Total Available for Distribution	177	161	455	141
Historic Resort Hotel Fund	148	135	380	118
Human Resource Benefit Fund	29	26	75	23

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:

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL (continued)

- 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	\$ 145	\$ 286
Historic Resort Table Games	148	380
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	<u>293</u>	<u>666</u>
Municipalities/ Counties	41	94
State General Revenue Fund	187	426
State Debt Reduction Fund	56	126
State Tourism Promotion Fund	9	20
Total Distributions	<u>\$ 293</u>	<u>\$ 666</u>

NOTE 10- NONOPERATING DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA

The Lottery periodically distributes surplus funds, exclusive of amounts incurred and derived from limited video lottery and a portion of racetrack video lottery funds, to the State of West Virginia in accordance with the legislation. For the year ending June 30, 2013 the State Legislature budgeted \$145,017,313 of estimated profits of the Lottery for distributions to designated special revenue accounts of the State of West Virginia. With regard to the State Lottery Fund, legislation stipulates that debt service payments be given a priority over all other transfers in instances where estimated profits are not sufficient to provide for payment of all appropriated distributions. Debt service payments of \$1,800,000, \$1,000,000, and \$500,000 per month for the first ten months of each fiscal year currently have such priority. Transfers made pursuant to the State Excess Lottery Revenue Fund have similar requirements; currently payments are \$5,300,000 per month for the first ten months of each fiscal year. In addition, Legislation provides that, if in any month, there is a shortage of funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be transferred from the State Lottery Fund to cover such shortfall, after the State Lottery Fund debt service payments have been made. Repayments to the State Lottery Fund are required to be made in subsequent months as funds become available. During the month ended August 31, 2012 the Lottery made such distributions and accrued additional distributions of \$40,082,696. The Lottery is a non-appropriated state

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

agency and therefore does not have a budget adopted by the Legislature. Since the enactment of the Racetrack Video Lottery Act, the Lottery is also statutorily required to distribute income from racetrack video lottery operations as described in Note 6. For the month ended August 31, 2012, the Lottery accrued additional distributions relating to racetrack video lottery, table games, and historic resort operations of \$1,039,927, \$2,835,123, and \$251,704, 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>August 31, 2012</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 999
Bureau of Senior Services	6,549	26,849
Department of Education	4,680	19,188
Library Commission	1,863	7,638
Higher Education-Policy Commission	1,206	4,945
Tourism	1,126	4,616
Natural Resources	520	2,130
Division of Culture & History	903	3,700
Department of Education & Arts	281	1,153
Economic Development Authority	1,000	2,000
School Building Authority	1,800	3,600
Total State Lottery Fund	\$ 20,428	\$ 76,818

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

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 1,898	\$ 3,798
Higher Education Improvement Fund	1,500	3,000
General Purpose Account	4,566	4,565
Higher Education Improvement Fund	4,930	29,000
State Park Improvement Fund	-	-
School Building Authority	1,900	3,799
Refundable Credit	843	843
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	-	-
Total State Excess Lottery Revenue Fund	\$ 15,637	\$ 45,005

Total Budgetary distributions:	\$ 36,065	\$ 121,823
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Veterans Instant Ticket Fund	\$ 12	\$ 91
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Other Racetrack Video Lottery distributions:

Tourism Promotion Fund 1.375%	\$ 884	\$ 1,596
Development Office Promotion Fund .375%	241	435
Research Challenge Fund .5%	321	580
Capitol Renovation & Improvement Fund .6875%	442	798
Parking Garage Fund .0625 %	41	73
Parking Garage Fund 1 %	92	500
Cultural Facilities & Cap. Resources Fund .5%	276	276
Capitol Dome & Cap. Improvements Fund .5%	276	385
Workers Compensation Debt Reduction Fund 7%	4,501	7,358
Total	\$ 7,074	\$ 12,001

Table Games State Debt Reduction Fund	\$ 3,120	\$ 5,955
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Historic Resort Hotel distributions:

State General Revenue Fund	\$ 239	\$ 418
State Debt Reduction Fund	71	124
Tourism Promotion Fund	12	20
Total	\$ 322	\$ 562

Total nonoperating distributions to the State of West Virginia (cash basis)	\$ 46,593	\$ 140,432
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Accrued nonoperating distributions, beginning	(172,617)	(216,819)
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Accrued nonoperating distributions, end	175,372	175,372
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Total	\$ 49,348	\$ 98,985
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WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 11 – LEASES

The Lottery leases, under the terms of a cancellable operating lease, various office spaces for field operations. The Lottery also leases various office equipment under agreements considered to be cancellable operating leases. Rental expense for the year-to-date ended August 31, 2012 and August 31, 2011 approximated \$36,059 and \$108,152 respectively.

The Lottery leases office space under the terms of a non-cancellable operating lease to various tenants. Rental revenue for the month ended August 31, 2012 and year-to-date were \$103,949 and \$227,318, respectively. Future rental receipts (in thousands) are as follows:

Year Ended June 30	Rental Receipts
2013	753
2014	923
2015	232
Total	\$ 1,908

NOTE 12 – RESTRICTED NET ASSETS

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 13 – COMMITMENTS

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

NOTE 14 - RETIREMENT BENEFITS

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

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

	August 31, 2012	Year-to-Date
Lottery contributions	\$ 88	\$ 193
Employee contributions	29	62
Total contributions	\$ 117	\$ 255

NOTE 15 - RISK MANAGEMENT

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 15 - RISK MANAGEMENT (continued)

WORKERS' COMPENSATION INSURANCE

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

PUBLIC EMPLOYEES' INSURANCE AGENCY (PEIA)

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

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

BOARD OF RISK AND INSURANCE MANAGEMENT (BRIM)

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

NOTE 16- OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

Funding Policy

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

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

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

304-347-4870

Memorandum

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

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

Date: October 1, 2012

Re: Status of General Revenue Fund and State Road Fund as of
September 30, 2012 (first quarter of fiscal year 2012-2013)

We have reviewed the cash flow of the West Virginia general revenue fund for September 2012, the end of the first quarter of the fiscal year ending June 30, 2013. The status of the fund collections are as follows:

The net collections were 99.53% of the estimate for the fiscal year. Total collections were \$4.6 million under the estimate.

Personal Income Tax collections were \$3.2 million over the estimate for the fiscal year.

Consumer sales and use tax collections were \$ 2.5 million over the estimate for the year.

Business and Occupation tax was \$ 5.1 million over the estimate.

Corporate Income and Business Franchise Tax collections were \$ 6.8 million over the estimate for the fiscal year.

State Road Fund

The state road fund collections were 102.27% of the estimate for the fiscal year.

Rainy Day and Personal Income Tax Reserve

Revenue Shortfall Reserve Fund A (Rainy Day Fund) had a cash balance of \$ 559,345,859.89 as of September 30, 2012.

Balance July 1, 2012	523,689,608.81
Cash flow loan to General Revenue on July 1, 2012. To be repaid 90 days. This is a normal occurrence in July due to cash flow demands. Repaid on September 17, 2012.	- 62,000,000.00 +62,000,000.00
Shortfall Reserve Fund Transfer per WV Code 11B-2-20 (surplus from fiscal year 2012)	28,178,027.35
Earnings	7,478,223.73
Balance September 30, 2012	559,345,859.89

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 339,027,976.39 as of September 30, 2012.

Balance July 1, 2012	327,698,976.68
Earnings	11,328,999.71
Balance September 30, 2012	339,027,976.39

The Special Income Tax Reserve Fund had a cash balance of \$45,019,319.21 as of September 30, 2012.

Balance July 1, 2012	45,019,319.21
Revenues	-0-
Balance September 30, 2012	45,019,319.21

By Source and by Month
 Monthly Revenue Estimates
 as of September 28, 2012 WVFIMS

	MONTH ESTIMATES	NET MONTH COLLECTIONS	UNDER ESTIMATES VS ACTUAL COLLECTIONS	YTD ESTIMATES	NET YTD COLLECTIONS	YEARLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS
Personal Income Tax	175,400,000	188,088,254	12,688,254	430,760,000	434,036,069	3,276,069
Consumer Sales Tax & Use Tax	99,300,000	100,827,919	1,527,919	299,600,000	302,151,222	2,551,222
Severance Tax	32,000,000	21,208,359	-10,791,641	92,000,000	67,570,849	-24,429,151
Corp Income /Business Franchise	49,700,000	54,090,699	4,390,699	60,200,000	67,052,412	6,852,412
Tobacco Products Tax	8,850,000	7,617,892	-1,232,108	27,910,000	27,244,246	-665,754
Insurance Tax	600,000	467,013	-132,987	27,800,000	27,418,179	-381,821
Business and Occupation	7,100,000	9,791,571	2,691,571	22,800,000	27,920,874	5,120,874
HB 102 - Lottery Transfers	9,165,000	12,025,294	2,860,294	13,638,000	16,590,750	2,952,750
Liquor Profit Transfers	1,000,000	1,046,250	46,250	3,250,000	3,643,250	393,250
Departmental Collections	1,010,000	879,071	-130,929	3,190,000	2,689,113	-500,887
Interest Income	1,000,000	583,537	-416,463	3,000,000	1,752,784	-1,247,216
Beer Tax and Licenses	700,000	733,081	33,081	2,300,000	2,319,166	19,166
Property Tax	1,820,000	2,000,769	180,769	2,240,000	2,446,027	206,027
Property Transfer Tax	600,000	728,781	128,781	1,950,000	2,180,801	230,801
Miscellaneous Transfers	140,000	12,955	-127,045	1,220,000	1,271,936	51,936
Miscellaneous Receipts	300,000	347,686	47,686	700,000	1,125,909	425,909
Senior Tax Credit Reimbur Lot	0	0	0	620,000	843,385	223,385
Business Fran Registration Fees	60,000	64,169	4,169	180,000	207,133	27,133
Liquor License Renewal	21,000	21,054	54	112,000	112,832	832
Charter Tax	0	5,906	5,906	0	28,019	28,019
Telecommunications Tax	0	853	853	0	22,755	22,755
Video Lottery Transfers	0	112,953	112,953	0	190,271	190,271
Racing Fees	0	0	0	0	0	0
Estate and Inheritance Tax	0	843	843	0	843	843
Cash Flow Transfer	0	0	0	0	0	0
TOTALS	388,766,000	400,654,911	11,888,911	993,470,000	988,818,822	-4,651,178
Minus Cash Flow Transfer		0			0	
Percent of Estimates		103.06%			99.53%	
TOTALS	388,766,000	400,654,911	11,888,911	993,470,000	988,818,822	-4,651,178
Percent of Estimates		103.06%			99.53%	
Collections this day		14,780,850				

STATE ROAD FUND FY 2012-2013
 By Source and by Month
 Monthly Revenue Estimates as of
 SEPTEMBER 28, 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	18,000,000	22,236,885	4,236,885	104,000,000	111,814,485	7,814,485
Privilege Tax	15,719,000	15,100,140	-618,860	51,198,000	49,366,378	-1,831,622
Licenses & Registration	6,594,000	5,634,417	-959,583	24,177,000	22,253,170	-1,923,830
Highway Litter Control	125,000	71,863	-53,138	458,000	487,093	29,093
TOTALS	40,438,000	43,043,305	2,605,305	179,833,000	183,921,127	4,088,127
Percent of Estimates		106.44%			102.27%	
Collections this day		11,222,059				

REVENUE SHORTFALL RESERVE FUND 7005, Part A AS OF SEPTEMBER 1, 2012: \$489,698,131.39

REVENUE SHORTFALL RESERVE FUND 7006, Part B AS OF SEPTEMBER 1, 2012: \$331.325.085.80

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

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. *EC*
Director Budget Division
Legislative Auditor's Office

Date: September 27, 2012

Re: West Virginia Unemployment Compensation Trust Fund

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

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

Trust Fund Beginning Cash Balance 7-1-2012	\$140,675,916.76
Receipts July 1, 2012 thru June 30, 2013	\$ 72,390,093.97
Disbursements July 1, 2012 thru June 30, 2013	\$ 61,219,075.21
Balance August 31, 2012	\$ 151,846,935.52

ITEMS OF NOTE:

Regular benefits paid for July 1, 2012 - August 31, 2012 were \$8.8 million more than July 1, 2011 - August 31, 2011.

Federal emergency benefits totaled \$18.3 million for the July 1, 2012 - August 31, 2012. For July 2011 - August 31, 2011, federal emergency benefits totaled \$ 25.3 million.

Total disbursements were \$ 3.5 million less in July 1, 2012 - August 31, 2012 than the preceding July - August 2011.

Receipts for July - August 2012 were \$ 12.5 million less than in July - August 2011. Overall ending trust fund balance was \$29.8 million higher on August 31, 2012 than on August 31, 2011.

West Virginia's unemployment rate for the month of August 2012 was 7.2 percent. National unadjusted employment rate was 8.2 percent.

Seasonally adjusted unemployment rates were 7.5 percent for West Virginia and 8.1 percent nationally.

Since August 2011 employment has decreased by 5,500. Employment gains were as follows: 3,500 in educational and health services, 2,900 in construction, 500 in leisure and hospitality, 400 in financial activities, and 100 in professional and business services. Employment declines were as follows: 4,700 in mining and logging; 2,700 in trade, transportation, and utilities; 2,200 in manufacturing; 2,300 in government, and 1,000 in other services.

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

	<u>JUNE 2011</u>	<u>JULY 2011</u>	<u>AUGUST 2011</u>	<u>JUNE 2012</u>	<u>JULY 2012</u>	<u>AUGUST 2012</u>	<u>THREE MONTH TOTAL VARIANCE *</u>
Balance Forward	<u>\$114,721,986.45</u>	<u>\$101,937,094.21</u>	<u>\$99,888,923.86</u>	<u>\$154,583,262.06</u>	<u>\$140,675,916.76</u>	<u>\$140,483,051.54</u>	<u>\$119,294,225.84</u>
Add Receipts:							
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions:	\$1,980,523.73	\$17,384,591.01	\$36,758,153.43	\$1,540,732.89	\$22,499,519.26	\$30,488,112.89	(\$1,594,903.14)
3. Federal Emergency Benefits (EUC08)	\$12,315,858.64	\$11,425,173.86	\$13,878,978.82	\$8,955,272.58	\$10,028,392.93	\$8,346,130.97	(\$10,292,214.64)
4. Federal Share Extended Benefits (EB)	\$2,383,414.20	\$1,837,603.73	\$2,248,800.96	\$726,987.49	\$9,788.29	\$412.00	(\$5,732,530.11)
5. Temp Federal Additional Comp (FAC)	\$2,089.64	\$1,172.96	\$436.95	\$225.00	\$522.00	\$0.00	(\$2,952.55)
6. UCFE (Federal Agencies)	\$288,276.22	\$252,811.15	\$298,657.09	\$124,610.65	\$138,020.52	\$109,139.66	(\$465,973.83)
7. Special Administrative Transfer **	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8. Read 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	\$791,243.49	\$0.00	\$0.00	\$675,478.44	\$0.00	\$0.00	\$84,234.95
11. UCX (Military Agencies)	\$415,179.94	\$373,310.82	\$465,685.00	\$374,581.38	\$407,133.73	\$388,920.73	(\$105,520.02)
12. WV Insurance Committee-Senate Bill 248	\$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>\$18,176,585.86</u>	<u>\$31,274,563.43</u>	<u>\$53,646,692.25</u>	<u>\$12,597,888.43</u>	<u>\$33,081,377.73</u>	<u>\$39,308,716.24</u>	<u>(\$18,109,859.14)</u>
Less Disbursements:							
Debt Bond Repayment	(Retired)						
Regular Benefits:	\$16,440,918.84	\$16,757,476.54	\$16,139,111.91	\$16,173,940.72	\$22,458,167.67	\$19,241,677.33	\$8,536,278.43
Federal Emergency Benefits (EUC08)	\$11,891,085.68	\$13,045,903.66	\$12,312,182.79	\$8,910,728.27	\$10,189,053.21	\$8,201,714.01	(\$9,968,676.64)
Federal Share Extended Benefits (EB)	\$2,156,188.19	\$1,821,308.63	\$2,286,958.44	\$693,308.15	\$9,321.29	(\$1,758.00)	(\$5,573,579.82)
Emergency Benefits (TEUC)	(\$598.98)	(\$200.00)	(\$1,855.17)	(\$1,122.00)	(\$784.00)	(\$1,359.57)	(\$811.42)
Temp Federal Additional Comp (FAC)	\$2,089.64	\$1,220.96	\$388.95	\$225.00	\$416.00	\$0.00	(\$3,059.55)
UCFE (Federal Workers) Benefits	\$201,711.80	\$209,985.23	\$220,840.93	\$112,983.93	\$139,423.14	\$106,969.40	(\$273,181.29)
UCX (Military Workers) Benefits	\$385,083.13	\$415,560.42	\$363,246.43	\$356,671.20	\$411,516.61	\$363,891.37	(\$32,000.80)
Read Act Funds	\$5,000.00	\$293,418.07	\$185,230.19	\$500.00	\$0.00	\$487.71	(\$482,660.55)
Special Administrative Transfer**	\$0.00	\$677,072.27	\$32,604.44	\$297,998.46	\$87,130.03	\$33,408.01	(\$331,140.21)
Total Monthly Disbursements	<u>\$31,061,478.10</u>	<u>\$33,222,733.78</u>	<u>\$31,568,708.91</u>	<u>\$26,505,233.73</u>	<u>\$33,274,242.95</u>	<u>\$27,944,832.28</u>	<u>(\$8,128,611.85)</u>
Trust Fund Balance	<u>\$101,937,094.21</u>	<u>\$99,888,923.86</u>	<u>\$121,988,907.20</u>	<u>\$140,675,916.76</u>	<u>\$140,483,051.54</u>	<u>\$151,846,935.52</u>	<u>\$109,312,978.55</u>

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

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



Earl Ray Tomblin, Governor
 Russell L. Fry, Acting Executive Director
 Keith Burdette, Cabinet Secretary

UC TRUST FUND PROJECTIONS - 2012
October 2, 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	2,266,000	16,241,000	140,608,000
July	22,333,000	22,458,000	140,483,000
August	30,604,000	19,241,000	151,846,000
September	1,488,000	18,711,000	134,623,000
October	13,188,000	13,513,000	134,298,000
November	22,596,000	14,708,000	142,186,000
December	2,130,000	15,467,000	128,849,000
Totals - 2012	243,054,000	220,007,000	128,849,000

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

May 2012

West Virginia Legislative Interims
October 2012

West Virginia Public Employees Insurance Agency

Statement of Changes in Plan Net Assets

For the Eleven Months Ending May 31, 2012

(Dollars in Thousands)

(Unaudited-For Internal Use Only)

<u>(\$ 000's)</u>							
<u>ACTUAL</u>	<u>BUDGET</u>	<u>PRIOR YR</u>	<u>BUDGET VARIANCE</u>		<u>PRIOR YR VARIANCE</u>		
			<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>	
			<u>PREMIUM REVENUE</u>				
\$422,705	\$418,441	\$422,068	Health Insurance - State Gov. - Employers	\$4,264	1%	\$637	0%
111,312	106,435	105,415	Health Insurance - State Gov. - Employees	4,877	5%	\$5,897	6%
96,211	94,276	94,394	Health Insurance - Local Gov. - All	1,935	2%	\$1,817	2%
3,895	5,101	4,904	Life Insurance	(1,206)	(24%)	(1,009)	(21%)
3,208	3,208	3,208	Direct Transfer	0	0%	0	0%
7,029	15,629	14,618	Interest and Investment Income	(8,600)	(55%)	(7,589)	(52%)
1,487	1,524	1,505	Other Premium Revenue	(37)	(2%)	(18)	(1%)
4,419	4,186	4,386	Administrative Fees, Net of Refunds	233	6%	33	1%
650,266	648,800	650,498	TOTAL REVENUE	1,466	0%	(232)	(0%)
			<u>OPERATING EXPENSES</u>				
333,608	343,411	316,872	Claims Expense - Medical	9,803	3%	(16,736)	(5%)
114,934	122,932	106,973	Claims Expense - Drugs	7,998	7%	(7,961)	(7%)
35,083	35,603	33,609	Payments to Managed Care Org.	520	1%	(1,474)	(4%)
13,108	16,136	14,987	Administrative Service Fees	3,028	19%	1,879	13%
3,902	5,101	4,904	Life Insurance Expense	1,199	24%	1,002	20%
2,137	1,424	1,473	Wellness and Disease Management	(713)	(50%)	(664)	(45%)
4,785	5,861	5,813	Other Operating Expenses	1,076	18%	1,028	18%
139,573	138,461	133,779	WV RHBT Pay Go Premiums	(1,112)	(1%)	(5,794)	(4%)
647,130	668,929	618,410	TOTAL EXPENSES	21,799	3%	(28,720)	(5%)
3,136	(20,129)	32,088	YTD SURPLUS (DEFICIT)	23,265	116%	(28,952)	(90%)
168,327	168,327	173,604	Total Net Assets, Beginning of Period			(5,277)	(3%)
\$171,463	\$148,198	\$205,692	TOTAL NET ASSETS, END OF PERIOD	\$23,265	16%	(\$34,229)	(17%)

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

(\$ 000 's)			BUDGET VARIANCE		PRIOR YR VARIANCE		
ACTUAL	BUDGET	PRIOR YR	\$	%	\$	%	
ADDITIONS							
Employer Premiums:							
\$2,982	\$3,516	\$3,084					
115,914	114,182	111,090					
958	0	1,930					
119,853	117,698	116,104					
Member Premiums:							
64,369	62,454	61,646					
23,651	23,318	22,689					
15,642	15,455	12,925					
103,662	101,227	97,260					
223,516	218,925	213,364					
Other Additions:							
1,038	1,287	950					
(1,512)	29,374	46,029					
223,042	249,586	260,342					
			TOTAL ADDITIONS	(26,544)	(11%)	(37,300)	(14%)
DEDUCTIONS							
46,189	45,352	40,871					
15,715	15,455	12,920					
55,671	60,638	56,712					
98,787	89,668	88,450					
8,123	8,498	8,190					
3,231	3,122	2,952					
0	363	(1,024)					
227,716	223,096	209,071					
(4,674)	26,491	51,271					
			TOTAL DEDUCTIONS	(4,620)	(2%)	(18,644)	(9%)
			NET FUND INCREASE	(31,165)	(118%)	(55,944)	(108%)
Net Assets Held In Trust for Post Employment Benefits							
472,079	472,079	422,636					
\$467,405	\$498,570	\$473,906					
			Beginning of period	0	0%	49,443	12%
			End of period	(31,165)	(6%)	(56,501)	(1%)

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



	2012	2011
	(in thousands)	
ASSETS		
Short Term Assets		
Cash and Equivalents	\$ 29,857	\$ 21,639
Advance Deposit with Carrier/Trustee	206,344	196,920
Receivables - Net	1,413	1,568
Prepaid Insurance	3,695	3,525
Total Short Term Assets	241,309	223,652
Long Term Assets		
Investments	134,288	138,936
Total Long Term Assets	134,288	138,936
TOTAL ASSETS	375,597	362,588
LIABILITIES		
Short Term Liabilities		
Accounts payable	997	1,085
Claims Payable	204	186
OPEB Liability	374	182
Agents Commissions Payable	183	227
Unearned Revenue	9,481	10,617
Current Estimated Claim Reserve	47,719	43,259
Total Short Term Liabilities	58,958	55,556
Long Term Liabilities		
Compensated Absences	67	75
Estimated Noncurrent Claim Reserve	89,267	82,968
Total Long Term Liabilities	89,334	83,043
TOTAL LIABILITIES	148,292	138,599
Prior Year Net Assets	221,515	219,828
Current Year Earnings	5,790	4,161
TOTAL NET ASSETS	227,305	223,989
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 375,597	\$ 362,588

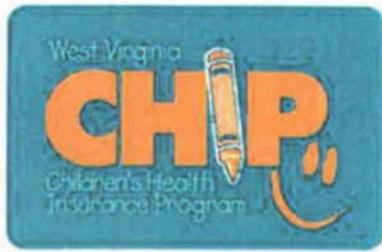
DRAFT - Unaudited - Management Purposes Only

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



	August 31	
	2012	2011
	(In thousands)	
Operating Revenues		
Premium Revenues	\$ 8,336	\$ 8,789
Less - Excess Insurance	(971)	(908)
Total Operating Revenues	7,365	7,881
Operating Expenses		
Claims Expense	4,715	5,757
Property & MS Claims Expense	488	1,262
Personal Services	227	249
General & Administrative Expense	419	438
Total Operating Expenses	5,849	7,706
Operating Income (Loss)	1,516	175
Nonoperating Revenues		
Investment Income	4,274	3,986
Total Nonoperating Revenues	4,274	3,986
Net Income	\$ 5,790	\$ 4,161

DRAFT - Unaudited - Management Purposes Only

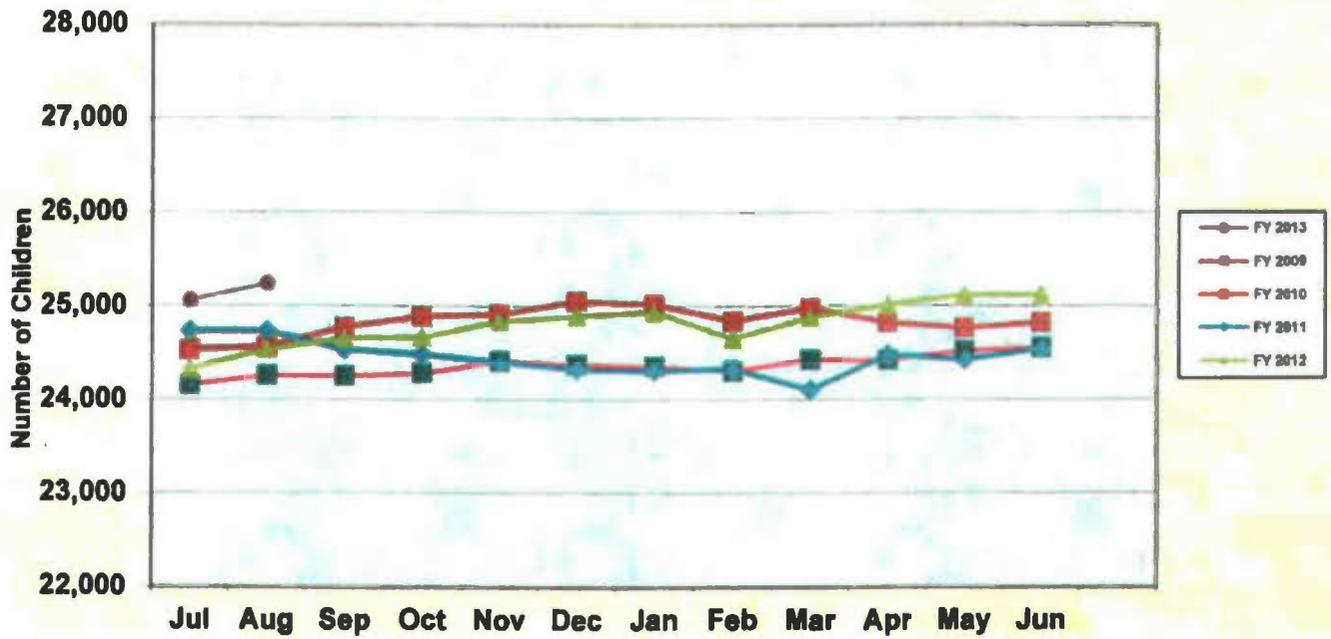


West Virginia Children's Health Insurance Program
2 Hale Street
Suite 101
Charleston, WV 25301
304-558-2732 voice / 304-558-2741 fax
Helpline 877-982-2447
www.chip.wv.gov

**Joint Committee on
Government and Finance
Report**

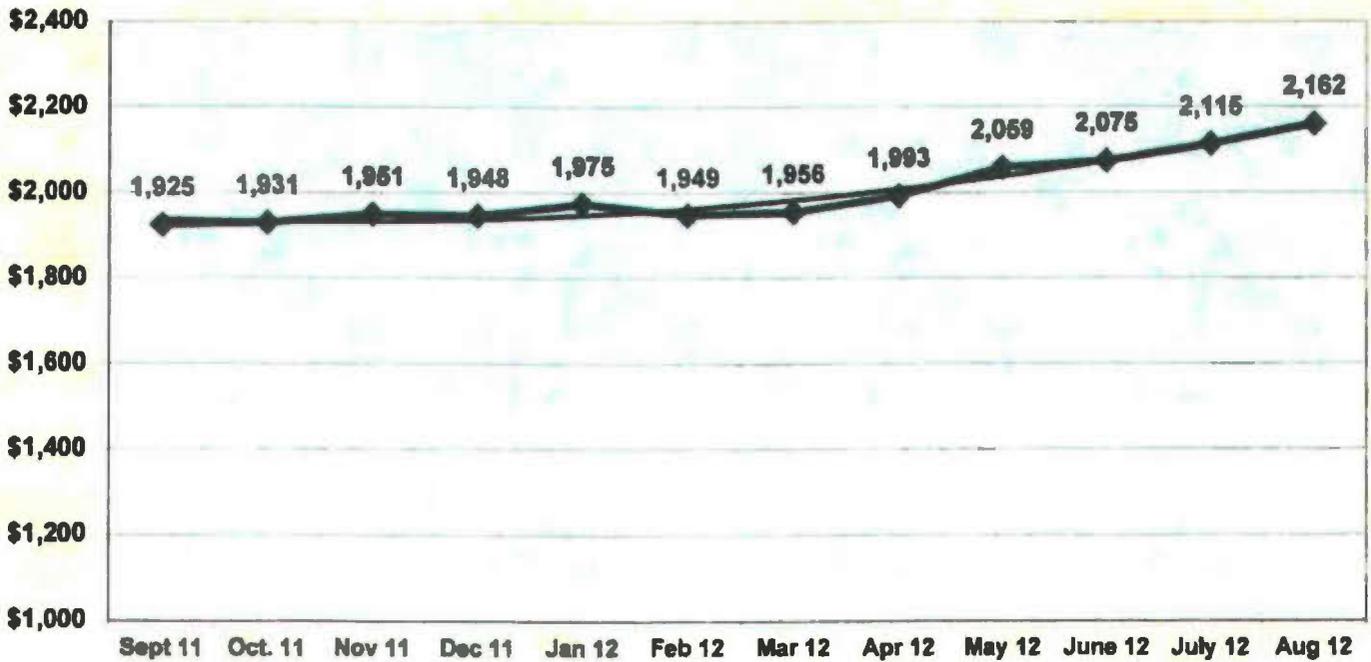
October 2012

WV CHIP Enrollment



August 31st Enrollment 25,240

Annualized Health Care Expenditures (Cost per Child)



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

	August 31, 2012	August 31, 2011	Variance	
Assets:				
Cash & Cash Equivalents	\$14,774,665	\$15,112,180	(\$337,515)	-2%
Due From Federal Government	\$4,247,028	\$5,693,128	(\$1,446,100)	-25%
Due From Other Funds	\$984,125	\$842,492	\$141,633	17%
Accrued Interest Receivable	\$5,112	\$8,369	(\$3,257)	-39%
Fixed Assets, at Historical Cost	<u>\$95,345</u>	<u>\$91,367</u>	<u>\$3,978</u>	<u>4%</u>
Total Assets	<u>\$20,106,276</u>	<u>\$21,747,536</u>	<u>(\$1,641,260)</u>	<u>-8%</u>
Liabilities:				
Due to Other Funds	\$384,272	\$288,090	\$96,182	33%
Deferred Revenue	\$1,767,937	\$3,421,124	(\$1,653,187)	-48%
Unpaid Insurance Claims Liability	<u>\$4,870,000</u>	<u>\$4,210,000</u>	<u>\$660,000</u>	<u>16%</u>
Total Liabilities	<u>\$7,022,209</u>	<u>\$7,919,214</u>	<u>(\$897,005)</u>	<u>-11%</u>
Fund Equity	<u>\$13,084,067</u>	<u>\$13,828,322</u>	<u>(\$744,255)</u>	<u>-5%</u>
Total Liabilities and Fund Equity	<u>\$20,106,276</u>	<u>\$21,747,536</u>	<u>(\$1,641,260)</u>	<u>-8%</u>

PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

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

	August 31, 2012	August 31, 2011	Variance	
Revenues				
Federal Grants	7,305,004	6,007,166	1,297,838	22%
State Appropriations	2,185,115	2,085,126	99,989	5%
Premium Revenues	147,124	100,110	47,014	47%
Investment Income:				
Investment Earnings	14,786	49,312	(34,526)	-70%
Unrealized Gain On Investments*	34,890	(27,998)	62,888	225%
Total Investment Income	<u>49,676</u>	<u>21,314</u>	<u>28,362</u>	<u>133%</u>
Total Revenues	<u>9,686,919</u>	<u>8,213,716</u>	<u>1,473,203</u>	<u>18%</u>
Expenditures:				
Claims:				
Outpatient Services	2,234,088	2,100,557	133,531	6%
Physicians & Surgical	1,897,881	1,634,872	263,009	16%
Prescribed Drugs	1,745,665	1,428,880	316,785	22%
Dental	1,540,273	1,070,521	469,752	44%
Inpatient Hospital Services	638,468	436,010	202,458	46%
Durable & Disposable Med. Equip.	239,760	189,469	50,291	27%
Outpatient Mental Health	233,302	180,782	72,510	45%
Vision	174,520	117,842	56,678	48%
Therapy	109,480	75,082	34,398	46%
Inpatient Mental Health	89,162	103,501	(14,339)	-14%
Medical Transportation	42,720	34,996	7,724	22%
Other Services	24,622	36,363	(11,741)	-32%
Less: Collections**	<u>(15,035)</u>	<u>(15,966)</u>	<u>931</u>	<u>-6%</u>
Total Claims	<u>8,954,906</u>	<u>7,372,919</u>	<u>1,581,987</u>	<u>21%</u>
General and Admin Expenses:				
Salaries and Benefits	101,429	90,017	11,412	13%
Program Administration	355,727	290,401	65,326	22%
Eligibility	68,305	44,000	24,305	55%
Outreach & Health Promotion	254,560	221,229	33,321	15%
Current	<u>27,909</u>	<u>65,859</u>	<u>(37,950)</u>	<u>-58%</u>
Total Administrative	<u>807,920</u>	<u>711,506</u>	<u>96,414</u>	<u>14%</u>
Total Expenditures	<u>9,762,826</u>	<u>8,084,425</u>	<u>1,678,401</u>	<u>21%</u>
Excess of Revenues				
Over (Under) Expenditures	(75,908)	129,291	(205,199)	-159%
Fund Equity, Beginning	<u>13,159,975</u>	<u>13,689,031</u>	<u>(529,056)</u>	<u>-4%</u>
Fund Equity, Ending	<u>13,084,067</u>	<u>13,828,322</u>	<u>(744,255)</u>	<u>-5%</u>

* Short Term Bond Fund Investment began in November 2009

** Collections are primarily drug rebates and subrogation

PRELIMINARY FINANCIAL STATEMENTS

Unaudited - For Management Purposes Only - Unaudited

**West Virginia Children's Health Insurance Program
Budget to Actual Statement
State Fiscal Year 2013
For the Two Months Ended August 31, 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>Aug-12</u>	<u>Actual Amt Jul-12</u>	<u>Actual Amt Jun-12</u>
Projected Cost	\$58,620,048	\$9,770,008	\$8,848,219	\$921,789	9%	\$4,885,004	\$5,367,644	\$3,480,575	\$5,177,980
Premiums	1,166,599	194,433	\$147,124	(\$47,309)	-24%	97,217	73,684	\$73,440	66,085
Subrogation & Rebates	<u>575,990</u>	<u>95,998</u>	<u>\$15,034</u>	<u>(80,964)</u>	<u>-84%</u>	<u>47,999</u>	<u>958</u>	<u>14,076</u>	<u>145,915</u>
Net Benefit Cost	56,877,459	9,559,575	\$8,686,060	\$873,515	9%	4,783,787	5,293,002	\$3,393,059	4,965,980
Salaries & Benefits	\$580,500	\$96,750	\$101,429	(\$4,679)	-5%	\$48,375	\$45,005	\$56,424	\$44,719
Program Administration	4,223,273	703,879	\$226,467	477,412	68%	351,939	72,874	153,593	145,698
Eligibility	420,000	70,000	\$6,198	63,802	91%	35,000	1,998	4,200	94,706
Outreach & Health Prom	1,000,000	166,667	\$248,560	(81,893)	-49%	83,333	242,376	6,184	11,896
Current Expense	<u>250,000</u>	<u>41,667</u>	<u>\$39,364</u>	<u>2,303</u>	<u>6%</u>	<u>20,833</u>	<u>20,888</u>	<u>18,476</u>	<u>17,014</u>
Total Admin Cost	\$6,473,773	\$1,078,962	\$622,018	\$456,944	42%	\$539,481	\$383,141	\$238,877	\$314,033
Total Program Cost	<u>\$63,351,232</u>	<u>\$10,638,537</u>	<u>\$9,308,078</u>	<u>\$1,330,459</u>	<u>13%</u>	<u>\$5,323,269</u>	<u>\$5,676,143</u>	<u>\$3,631,936</u>	<u>\$5,280,013</u>
Federal Share 80.83%	51,206,801	8,599,130	\$7,523,720	1,075,410	13%	4,302,798	4,588,026	2,935,694	4,267,835
State Share 19.17%	<u>12,144,431</u>	<u>2,039,408</u>	<u>\$1,784,359</u>	<u>255,049</u>	<u>13%</u>	<u>1,020,471</u>	<u>1,088,117</u>	<u>696,242</u>	<u>1,012,179</u>
Total Program Cost **	<u>\$63,351,232</u>	<u>\$10,638,537</u>	<u>\$9,308,078</u>	<u>\$1,330,459</u>	<u>13%</u>	<u>\$5,323,269</u>	<u>\$5,676,143</u>	<u>\$3,631,936</u>	<u>\$5,280,013</u>

* Positive percentages indicate favorable variances

** Budgeted Year Based on CCRC Actuary 6/30/2012 Report.

Unaudited - Cash Basis For Management Purposes Only - Unaudited

Memo for Calculations Above:

Notes:

1/. Total budgeted for Year Program costs are CCRC Actuary's Base Line Scenerio dated 6/30/11 Final worksheet Net Paid Program Costs.

2/. Federal Share for FFY 2012 is 80.83%. Federal Share for FFY 2013 (10/1/12 - 9/30/13) is set at 80.41%.

WVCHIP Enrollment Report

ATTACHMENT 1

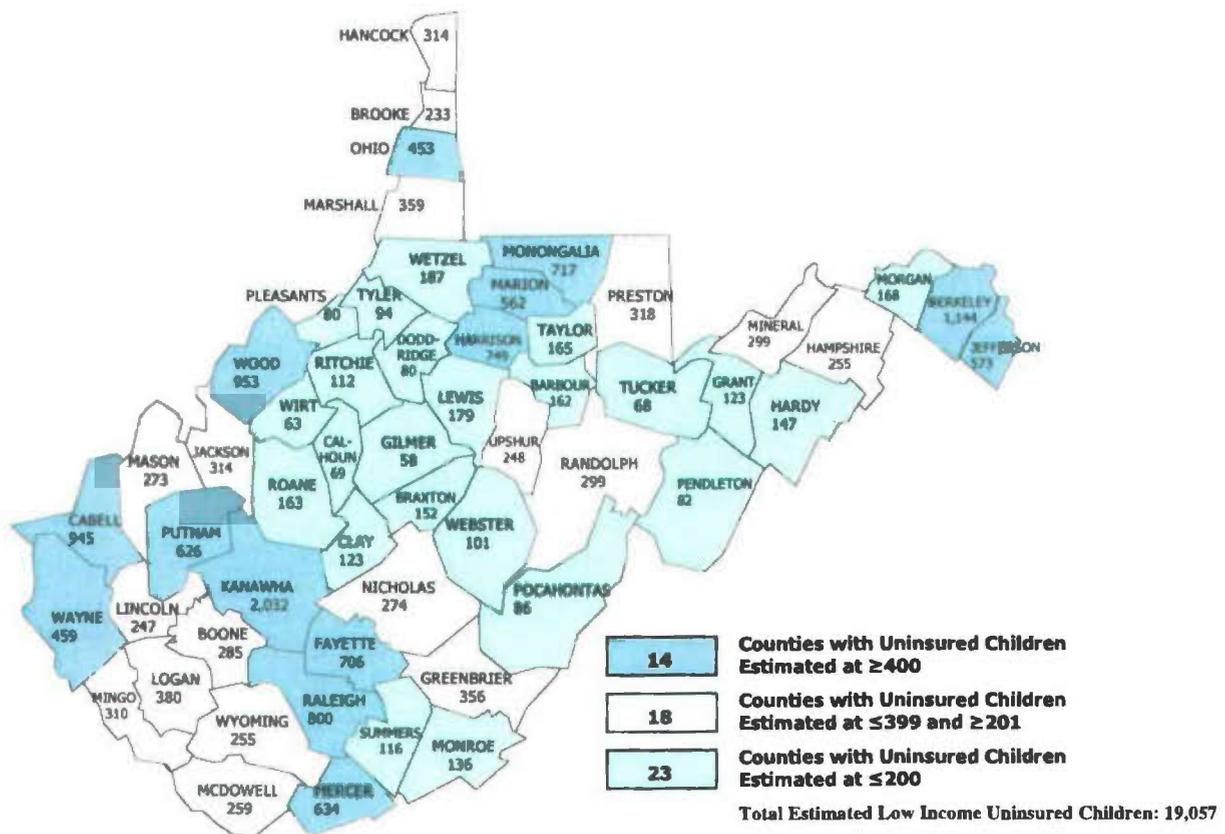
September 2012

County	County Pop.	Total CHIP	Total Medicaid	Total	CHIP/Medicaid	2010	2010
	2010 Est. (0-18 Yrs)	Enrollment Sep-12	Enrollment Sep-12	CHIP/Medicaid Enrollment	Enrollment % of Population	Est. Uninsured 5%	# Children Uninsured Ranking*
Barbour	3,600	292	1,544	1,836	51.0%	180	33
Berkeley	26,251	1,384	8,024	9,408	35.8%	1,313	2
Boone	5,615	301	2,446	2,747	48.9%	281	25
Braxton	3,006	206	1,464	1,670	55.6%	150	40
Brooke	4,573	284	1,492	1,776	38.8%	229	31
Cabell	18,879	1,015	8,356	9,371	49.6%	944	4
Calhoun	1,518	124	740	864	56.9%	76	51
Clay	2,215	184	1,380	1,564	70.6%	111	44
Doddridge	1,673	139	637	776	46.4%	84	48
Fayette	9,438	799	4,387	5,186	54.9%	472	13
Gilmer	1,260	73	529	602	47.8%	63	54
Grant	2,555	218	912	1,130	44.2%	128	42
Greenbrier	7,131	623	2,831	3,454	48.4%	357	16
Hampshire	5,392	315	2,023	2,338	43.4%	270	27
Hancock	6,166	364	2,406	2,770	44.9%	308	20
Hardy	3,015	210	1,182	1,392	46.2%	151	39
Harrison	15,202	947	5,300	6,247	41.1%	760	7
Jackson	6,602	444	2,671	3,115	47.2%	330	18
Jefferson	12,679	509	3,063	3,572	28.2%	634	10
Kanawha	39,771	2,302	16,869	19,171	48.2%	1,989	1
Lewis	3,389	295	1,612	1,907	56.3%	169	37
Lincoln	4,930	327	2,676	3,003	60.9%	247	30
Logan	7,496	495	3,800	4,295	57.3%	375	15
Marion	11,227	684	4,220	4,904	43.7%	561	11
Marshall	6,886	365	2,704	3,069	44.6%	344	17
Mason	5,929	299	2,698	2,997	50.5%	296	21
McDowell	4,423	294	3,073	3,367	76.1%	221	32
Mercer	12,764	1,164	6,705	7,869	61.6%	638	9
Mineral	5,868	301	1,993	2,294	39.1%	293	23
Mingo	5,905	384	3,019	3,403	57.6%	295	22
Monongalia	15,294	803	4,208	5,011	32.8%	765	6
Monroe	2,835	222	994	1,216	42.9%	142	41
Morgan	3,596	263	1,359	1,622	45.1%	180	34
Nicholas	5,561	415	2,478	2,893	52.0%	278	26
Ohio	8,444	526	3,072	3,598	42.6%	422	14
Pendleton	1,462	118	504	622	42.5%	73	52
Pleasants	1,551	118	528	646	41.6%	78	50
Pocahontas	1,561	162	718	880	56.4%	78	49
Preston	6,536	490	2,405	2,895	44.3%	327	19
Putnam	13,150	771	3,423	4,194	31.9%	658	8
Raleigh	16,403	1,305	7,342	8,647	52.7%	820	5
Randolph	5,705	505	2,555	3,060	53.6%	285	24
Ritchie	2,205	140	940	1,080	49.0%	110	45
Roane	3,239	318	1,650	1,968	60.8%	162	38
Summers	2,521	212	1,221	1,433	56.8%	126	43
Taylor	3,514	226	1,276	1,502	42.7%	176	35
Tucker	1,371	126	456	582	42.4%	69	53
Tyler	1,924	126	732	858	44.6%	96	47

WVCHIP Enrollment Report

September 2012

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment Sep-12	Total Medicaid Enrollment Sep-12	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2010	2010
						Est. Uninsured 5%	# Children Uninsured Ranking*
Upshur	4,996	402	2,317	2,719	54.4%	250	29
Wayne	9,516	507	4,056	4,563	48.0%	476	12
Webster	1,977	150	1,155	1,305	66.0%	99	46
Wetzel	3,466	235	1,542	1,777	51.3%	173	36
Wirt	1,201	95	674	769	64.1%	60	55
Wood	18,956	1,205	8,184	9,389	49.5%	948	3
Wyoming	5,116	378	2,447	2,825	55.2%	256	28
Totals	387,459	25,159	156,992	182,151	47.0%	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 September 1, 2012 through September 30, 2012

NEW CONTRACT OF LEASE

DIVISION OF JUVENILE

DJS-027 New Contract of Lease for 3 years consisting of 6,188 square feet of office space at the annual per square foot rate of \$5.82, annual cost \$36,000.00, full service, 467 Main Street, in the City of Madison, Boone County, West Virginia.

DIVISION OF REHABILITATION SERVICES

DRS-117 New Contract of Lease for 10 years consisting of 3,000 square feet of office space at the annual per square foot rate of \$12.00, annual cost \$36,000.00, full service, 100 Market Place Shopping Center Suite 4E, in the City of Weston, Lewis County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-217 New Contract of Lease for 10 years consisting of 4,575 square feet of office space at the annual per square foot rate of \$14.00 annual cost \$60,050.00, full service, 190 Hart Field Road, in the City of Morgantown, Monongalia County, West Virginia.

STRAIGHT RENEWAL

DEPARTMENT OF ENVIRONMENTAL PROTECTION

DEP-181 Renewal for 2 years consisting of 200 square feet of storage space at the current annual per square foot rate of \$3.90, annual cost \$780.00, not serviced by utilities, 6015 National Road, in the City of Tridelfia, Ohio County, West Virginia.

DIVISION OF VETERANS AFFAIRS

VET-003 Renewal for 1 year consisting of 499 square feet of office space at the current annual per square foot rate of \$7.21, annual cost \$3,600.00, full service, 200 North Court Street, in the City of Lewisburg, Greenbrier County, West Virginia.

NORTHERN PANHANDLE WORKFORCE INVESTMENT BOARD

NPW-001-SUB Renewal for 1 year consisting of 1,332 square feet of office space at the current annual per square foot rate of \$13.00, annual cost \$17,316.12, full service, Building #34 100 Municipal Plaza, Suite 300, in the City of Weirton, Hancock County, West Virginia.

RENEWAL WITH INCREASE IN RENT

WV BOARD OF OPTOMETRY

BOO-002 Renewal for 5 year consisting of 697 square feet of office and storage space with an increase in the annual per square foot rate from \$10.26 to \$11.19 due to addition of 1 parking space, annual cost \$7,800, full service, 179 Summers Street, in the City of Charleston, Kanawha County, West Virginia.

RENEWAL WITH DECREASE IN SQUARE FEET

OFFICES OF THE INSURANCE COMMISSIONER

INS-012 Renewal for 5 years with a decrease of square feet from 9,906 square feet to 9,633 square feet of office space at the current annual per square foot rate of \$6.25, annual cost \$60,206.25, 4510 Pennsylvania Avenue, in the City of Charleston, Kanawha County, West Virginia.

Real Estate Division
Monthly Summary of Lease Activity
September 1 - 30, 2012

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	Division of Juvenile Services	DJS-027	Boone	6,188	5.82	36,014
2	Division of Rehabilitation Services	DRS-117	Lewis	3,000	12.00	36,000
3	Department of Health and Human Resources	HHR-217	Monongalia	4,575	14.00	64,050
4	Department of Environmental Protection	DEP-181	Ohio	200	0.00	780
5	Division of Veterans Affairs	VET-003	Greenbrier	499	7.21	3,600
6	Northern Panhandle Workforce Investment Board	NPW-001-SUB	Hancock	1,332	13.00	17,316
7	WV Board of Optometry	BOO-002	Kanawha	697	11.19	7,800
8	Offices of the Insurance Commissioner	INS-012	Kanawha	9,633	6.25	60,206
					69.47	
Total Rentable Square Feet				<u>26,124</u>		
Average Annual Rental Rate					<u>9.92</u>	
Total Annual Rent						<u>225,766</u>

Joint Committee on Government and Finance

October 2012

Department of Health and Human Resources

MEDICAID REPORT

August 2012 Data

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

MONTH OF AUGUST 2012

	ACTUALS	TOTAL	ACTUALS	Estimate	ACTUALS	PROJECTED
	SFY2012	SFY2013	Current Month 8/31/12	Current Month 8/31/12	Year To-Date Thru 8/31/12	9/1/12 Thru 6/30/13
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	164,452,498	158,114,250	8,835,981	12,190,189	20,307,344	137,806,906
Inpatient Hospital - DSH	56,043,409	56,578,800	14,147,456	14,144,700	14,147,456	42,431,344
Inpatient Hospital - Supplemental Payments	79,066,284	240,087,415	5,174,805	5,174,805	10,476,730	229,610,685
Inpatient Hospital - GME Payments	5,901,754	6,177,477	18,160	-	1,531,690	4,645,787
Mental Health Facilities	80,313,367	86,890,183	5,842,368	6,715,969	15,241,178	71,649,005
Mental Health Facilities - DSH Adjustment Payments	18,887,389	18,886,800	4,716,465	4,721,700	4,716,465	14,170,335
Nursing Facility Services - Regular Payments ⁽²⁾	527,623,016	551,320,912	45,325,355	45,972,550	88,618,898	462,702,014
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	-	-	-	-	-	-
Intermediate Care Facilities - Private Providers	65,316,485	67,038,000	5,432,331	5,586,500	10,089,560	56,968,440
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Physicians Services - Regular Payments	116,140,541	121,059,846	7,844,104	9,345,425	17,176,416	103,883,430
Physicians Services - Supplemental Payments	26,661,492	27,943,400	-	-	6,566,560	21,376,840
Outpatient Hospital Services - Regular Payments	106,435,299	109,322,282	8,870,204	8,428,768	17,573,618	91,748,664
Outpatient Hospital Services - Supplemental Payments	-	-	16,310,684	16,310,684	16,310,684	(16,310,684)
Prescribed Drugs	373,946,886	389,826,882	24,507,945	30,468,185	54,173,750	335,653,132
Drug Rebate Offset - National Agreement	(217,354,424)	(218,904,555)	(11,161,856)	(4,273,388)	(51,785,411)	(167,119,144)
Drug Rebate Offset - State Sidebar Agreement	(18,642,310)	(16,380,000)	(881,005)	(319,765)	(3,994,856)	(12,385,144)
Drug Rebate Offset - MCO National	(431,214)	-	(117,878)	-	(155,748)	155,748
Drug Rebate Offset - MCO State Sidebar Agreement	-	-	-	-	-	-
Dental Services	56,047,746	61,762,117	3,878,543	4,766,085	8,220,247	53,541,870
Other Practitioners Services - Regular Payments	12,306,009	13,046,624	872,649	1,072,008	1,829,411	11,217,213
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	4,530,364	4,931,126	324,021	391,669	737,115	4,194,011
Lab & Radiological Services	24,887,789	23,419,950	1,643,738	1,817,735	3,449,183	19,970,767
Home Health Services	51,712,631	48,722,337	3,310,063	3,796,716	8,978,036	39,744,301
Hysterectomies/Sterilizations	191,711	216,100	12,212	16,623	28,904	187,196
Pregnancy Terminations	-	-	-	-	-	-
EPSDT Services	1,208,359	1,215,098	103,369	94,169	197,179	1,017,919
Rural Health Clinic Services	7,486,074	8,079,315	520,193	631,946	1,195,605	6,883,710
Medicare Health Insurance Payments - Part A Premiums	17,434,414	18,452,300	1,503,427	1,537,692	3,010,144	15,442,156
Medicare Health Insurance Payments - Part B Premiums	85,509,019	93,260,400	6,768,248	7,771,700	13,310,531	79,949,869
120% - 134% Of Poverty	6,272,977	6,709,500	518,181	516,115	1,023,275	5,686,225
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	7,381,071	7,785,000	553,664	598,846	1,170,379	6,614,621

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

MONTH OF AUGUST 2012

	ACTUALS	TOTAL	ACTUALS	Estimate	ACTUALS	PROJECTED
	SFY2012	SFY2013	Current Month 8/31/12	Current Month 8/31/12	Year To-Date Thru 8/31/12	9/1/12 Thru 6/30/13
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	343,161,264	349,618,600	26,646,424	29,134,883	54,210,526	295,408,074
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-	-	-	-
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-	-	-	-
Medicaid Health Insurance Payments: Group Health Plan Payments	409,952	457,200	65,042	35,169	101,687	355,513
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-
Home & Community-Based Services (MR/DD)	287,968,353	308,476,800	27,547,651	23,575,138	60,149,949	246,326,851
Home & Community-Based Services (Aged/Disabled)	132,545,813	140,433,800	10,839,707	10,802,600	24,047,755	116,386,045
Home & Community-Based Services (Traumatic Brain Injury)	-	2,720,625	-	209,279	-	2,720,625
Home & Community-Based Services (State Plan 1915(I) Only)	-	-	-	-	-	-
Home & Community-Based Services (State Plan 1915(J) Only)	-	-	-	-	-	-
Community Supported Living Services	-	-	-	-	-	-
Programs Of All-Inclusive Care Elderly	15,197	-	-	-	-	-
Personal Care Services - Regular Payments	51,680,337	53,872,809	4,892,283	4,157,915	9,776,422	44,096,387
Personal Care Services - SDS 1915(I)	-	-	-	-	-	-
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-
Targeted Case Management Services - State Wide	3,166,084	3,427,893	246,862	265,023	452,650	2,975,243
Primary Care Case Management Services	219,829	264,800	14,820	20,369	29,586	235,214
Hospice Benefits ⁽³⁾	23,960,255	25,155,100	2,235,171	1,935,008	3,741,862	21,413,238
Emergency Services Undocumented Aliens	301,542	348,500	23,917	26,808	34,488	314,012
Federally Qualified Health Center	18,669,776	21,327,880	863,808	1,659,777	2,243,202	19,084,678
Non-Emergency Medical Transportation	25,549,481	26,054,403	1,919,755	2,005,208	4,199,351	21,855,052
Physical Therapy	2,195,303	2,245,596	132,545	173,062	316,793	1,928,803
Occupational Therapy	360,777	371,964	25,604	28,831	53,152	318,812
Services for Speech, Hearing & Language	554,124	567,665	26,456	43,915	61,728	505,937
Prosthetic Devices, Dentures, Eyeglasses	1,871,995	1,876,807	92,047	145,365	209,078	1,667,729
Diagnostic Screening & Preventive Services	539,322	578,315	36,454	44,492	81,035	497,280
Nurse Mid-Wife	224,671	612,100	13,413	47,085	26,245	583,855
Emergency Hospital Services	5,364	(7,500)	77	(577)	(179)	(7,321)
Critical Access Hospitals	30,431,181	33,996,660	2,403,674	2,617,554	5,091,332	28,905,328
Nurse Practitioner Services	1,512,698	2,981,049	135,540	229,662	291,666	2,689,383
School Based Services	47,384,340	49,082,468	3,852,422	3,779,708	14,753,214	34,329,254
Rehabilitative Services (Non-School Based)	78,431,034	83,291,528	5,817,384	6,482,669	12,973,483	70,318,045
Private Duty Nursing	4,723,035	4,918,769	342,338	386,577	777,652	4,141,117
Other Care Services	21,189,223	21,796,325	1,712,278	1,677,535	3,513,062	18,283,263
Less: Recoupments	-	-	(208,052)	-	(410,991)	410,991
NET MEDICAID EXPENDITURES:	2,736,399,588	3,018,031,716	244,550,847	266,960,701	460,851,091	2,557,180,625

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

MONTH OF AUGUST 2012

	ACTUALS	TOTAL	ACTUALS	Estimate	ACTUALS	PROJECTED
	SFY2012	SFY2013	Current Month 8/31/12	Current Month 8/31/12	Year To-Date Thru 8/31/12	9/1/12 Thru 6/30/13
Collections: Third Party Liability (line 9A on CMS-64)	(7,028,830)	-	-	-	-	-
Collections: Probate (line 9B on CMS-64)	(473,182)	-	-	-	-	-
Collections: Identified through Fraud & Abuse Effort (line 9C on CMS-64)	(1,205)	-	-	-	-	-
Collections: Other (line 9D on CMS-64)	(7,303,907)	-	-	-	-	-
NET EXPENDITURES and CMS-64 ADJUSTMENTS:	2,721,592,464	3,018,031,716	244,550,847	266,960,701	460,851,091	2,557,180,625
Plus: Medicaid Part D Expenditures	33,965,811	36,577,300	2,989,529	2,813,638	5,986,114	30,591,186
Plus: State Only Medicaid Expenditures	4,030,062	3,718,920	281,945	285,899	663,385	3,055,534
Plus: Money Follow the Person Expenditures	-	2,872,499	-	220,961	-	2,872,499
TOTAL MEDICAID EXPENDITURES	\$ 2,759,588,337	\$ 3,061,200,434	\$ 247,822,321	\$ 270,281,199	\$ 467,500,590	\$ 2,593,699,844
Plus: Reimbursables ⁽¹⁾	6,590,854	6,927,944	538,686	537,898	1,110,059	5,817,884
TOTAL EXPENDITURES	\$ 2,766,179,191	\$ 3,068,128,378	\$ 248,361,008	\$ 270,819,097	\$ 468,610,649	\$ 2,599,517,729

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

(2) Of the amount in the "Nursing Facility Services-Regular Payments" line, \$4,172,840 is the amount paid to State Facilities year to date.

(3) Of the amount in the "Hospice Benefits" line, \$2,596,681 is the amount paid to Nursing Facilities for Hospice Benefits year to date.

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

2 Months Actuals 10 Months Remaining

MONTH OF AUGUST 2012	ACTUALS	ACTUALS	ACTUALS	PROJECTED	TOTAL
	SFY2012	Current Month Ended 8/31/12	Year-To-Date Thru 8/31/12	9/1/2012 Thru 6/30/13	SFY2013
REVENUE SOURCES					
Beg. Bal. (5084/1020 prior mth)	\$ 210,933,113	\$ 4,369,617	\$ 8,645,986	\$ -	\$ 8,645,986
MATCHING FUNDS					
General Revenue (0403/189)	218,837,804	9,324,144	20,537,787	194,865,096	215,402,883
MRDD Waiver (0403/466)	85,280,472	5,916,899	11,833,798	76,919,685	88,753,483
Rural Hospitals Under 150 Beds (0403/940)	2,596,000	216,333	432,666	2,163,334	2,596,000
Tertiary Funding (0403/547)	6,356,000	529,667	1,059,334	5,296,666	6,356,000
Traumatic Brain Injury (0403/835)	800,000	53,333	106,667	693,333	800,000
Title XIX Waiver for Seniors (0403-533)	9,587,500	794,151	1,588,302	10,323,961	11,912,263
Medical Services Surplus (0403/633)	17,910,667	-	-	53,920,831	53,920,831
Waiver for Senior Citizens Surplus (0403/526)	2,500,000	-	-	-	-
Lottery Waiver (Less 550,000) (5405/539)	31,222,578	7,836,955	7,836,955	1,827,927	9,664,882
Lottery Transfer (5405/871)	8,670,000	2,200,000	2,200,000	29,952,933	32,152,933
Excess Lottery (5365/189)	-	-	-	24,503,890	24,503,890
Trust Fund Appropriation (5185/189)	12,076,099	17,850,000	21,150,000	179,734,590	200,884,590
Provider Tax (5090/189)	170,727,592	17,514,225	49,609,559	160,252,321	209,861,880
Certified Match	22,603,205	1,576,738	5,615,838	19,570,529	25,186,368
Reimbursables - Amount Reimbursed	8,012,133	468,197	587,959	6,339,984	6,927,944
Other Revenue (MWIN, Escheated Warrants, etc.) 5084/4010 & 4015	905,058	83,766	164,547	(164,547)	-
CMS - 64 Adjustments	673,628	-	-	-	-
TOTAL MATCHING FUNDS	\$ 809,891,849	\$ 68,734,025	\$ 131,369,399	\$ 766,200,534	\$ 897,569,932
FEDERAL FUNDS	\$ 2,006,078,366	\$ 182,090,528	\$ 341,012,329	\$ 1,881,159,681	\$ 2,222,172,010
TOTAL REVENUE SOURCES	\$ 2,815,770,215	\$ 250,824,553	\$ 472,381,728	\$ 2,647,360,214	\$ 3,119,741,942
TOTAL EXPENDITURES:					
Provider Payments	\$ 2,766,179,191	\$ 248,361,008	\$ 468,610,649	\$ 2,599,517,729	\$ 3,068,128,378
TOTAL	\$ 49,591,024	\$ 2,463,545	\$ 3,771,078		\$ 51,613,564

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

WEST VIRGINIA INVESTMENT MANAGEMENT BOARD

Monthly Performance Report

August 31, 2012



West Virginia Investment Management Board
 Participant Plans Allocation & Performance Net of Fees
 As of August 31, 2012

	6/30/2012		8/31/2012		Performance %						
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
WVIMB Fund Assets	13,170,110	100.0	13,476,748	100.0							
Pension Assets	10,300,026	78.2	10,527,957	78.1							
Public Employees' Retirement System	4,353,124	33.1	4,463,207	33.1	1.7	5.5	2.9	7.9	10.1	3.2	7.5
Teachers' Retirement System	4,969,706	37.6	5,205,622	38.6	1.7	5.4	2.8	7.7	9.8	2.6	7.1
Teachers' Employers Cont. Collection A/C	142,994	1.1	5,563	0.0	0.0	0.0	0.0	0.0	0.1	0.9	
EMS Retirement System	35,161	0.3	36,648	0.3	1.7	5.4	2.9	7.7	10.0		
Public Safety Retirement System	477,497	3.6	485,459	3.6	1.7	5.5	2.9	7.9	10.2	3.2	7.5
Judges' Retirement System	126,294	1.0	129,248	1.0	1.7	5.5	2.9	7.8	10.1	3.1	7.4
State Police Retirement System	78,753	0.6	81,836	0.6	1.7	5.4	2.8	7.6	10.0	3.2	7.4
Deputy Sheriffs' Retirement System	116,308	0.9	120,148	0.9	1.7	5.4	2.9	7.8	10.1	3.2	7.5
Municipal Police & Firefighter Retirement System	189	0.0	226	0.0	1.5	5.0	2.6	6.3			
Insurance Assets	1,991,081	15.1	2,025,618	15.0							
Workers' Compensation Old Fund	946,854	7.1	965,142	7.1	0.9	3.3	2.2	6.6	7.4	3.5	
Workers' Comp. Self-Insured Guaranty Risk Pool	10,878	0.1	11,376	0.1	0.9	3.3	2.2	6.3	3.8	3.1	
Workers' Comp. Uninsured Employers Fund	9,148	0.1	9,346	0.1	0.9	3.2	2.2	6.1	3.2	2.8	
Pneumoconiosis	257,121	2.0	261,032	1.9	1.0	3.3	2.3	6.2	7.8	4.2	
Board of Risk & Insurance Mgmt.	138,164	1.1	134,288	1.0		3.4	2.3	6.4	8.1	5.2	
Public Employees' Insurance Agency	183,321	1.4	187,065	1.4	0.6	2.7	2.0	6.5	7.9	4.7	
WV Retiree Health Benefit Trust Fund	443,144	3.3	454,873	3.4					8.2		
AccessWV	2,451	0.0	2,496	0.0	0.2	1.8	1.8	7.5			
Endowment Assets	879,003	6.7	923,173	6.9							
Wildlife Fund	40,057	0.3	41,270	0.3	1.7	5.5	2.9	7.8	10.0	3.2	7.6
Prepaid Tuition Trust	77,822	0.6	77,045	0.6	1.5	4.8	2.7	8.4	10.1	4.0	8.0
Revenue Shortfall Reserve Fund	423,261	3.2	459,083	3.4	0.1	1.8		7.6	8.4	1.8	
Revenue Shortfall Reserve Fund - Part B	331,325	2.5	339,028	2.5	0.9	3.5	2.3	7.4	8.8	1.9	
WV DEP Trust	8,538	0.1	6,747	0.1	2.0	6.2	3.2	8.6			

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

	Asset (\$000)	%	Performance %						
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
Investment Pools Composite	13,482,487	100.00							
Total Equity Composite	6,029,857	44.72	2.87	8.80	3.90	7.87	10.44	0.51	7.99
<i>Total Equity Policy Index</i>			<i>2.30</i>	<i>8.65</i>	<i>3.55</i>	<i>7.54</i>	<i>8.95</i>	<i>-1.08</i>	<i>7.37</i>
Excess Return			0.57	0.15	0.35	0.33	1.49	1.59	0.62
US Equity Composite	2,944,789	21.84	3.14	7.76	4.03	17.00	14.68	1.98	7.68
<i>Russell 3000 Index</i>			<i>2.50</i>	<i>7.57</i>	<i>3.51</i>	<i>17.03</i>	<i>13.83</i>	<i>1.50</i>	<i>7.01</i>
Excess Return			0.64	0.19	0.52	-0.03	0.85	0.48	0.67
Large Cap Composite	2,193,898	16.27	2.28	7.65	3.76	18.01	14.16	1.73	6.44
<i>S&P 500 Index</i>			<i>2.25</i>	<i>7.94</i>	<i>3.67</i>	<i>18.00</i>	<i>13.62</i>	<i>1.28</i>	<i>6.51</i>
Excess Return			0.03	-0.29	0.09	0.01	0.54	0.45	-0.07
Non-Large Cap Composite	750,891	5.57	5.74	8.13	4.87	14.12	17.85	3.44	10.02
<i>Russell 2500 Index</i>			<i>3.59</i>	<i>6.63</i>	<i>2.89</i>	<i>13.82</i>	<i>15.24</i>	<i>2.75</i>	<i>9.67</i>
Excess Return			2.15	1.50	1.98	0.30	2.61	0.69	0.35
International Equity Composite	3,085,068	22.88	2.62	9.84	3.78	-0.97	6.02	-1.12	9.22
<i>MSCI AC World ex US Index</i>			<i>2.11</i>	<i>9.74</i>	<i>3.59</i>	<i>-1.44</i>	<i>4.09</i>	<i>-3.14</i>	<i>8.69</i>
Excess Return			0.51	0.10	0.19	0.47	1.93	2.02	0.53
Fixed Income Composite	3,581,952	26.56	0.52	2.51	2.02	6.92	7.82	6.08	5.94
<i>Fixed Income Policy</i>			<i>0.21</i>	<i>1.96</i>	<i>1.70</i>	<i>6.44</i>	<i>7.07</i>	<i>6.91</i>	<i>5.60</i>
Excess Return			0.31	0.55	0.32	0.48	0.75	-0.83	0.34
Core Fixed Income	1,236,968	9.17	0.39	1.73	1.63	6.67	7.54		
<i>Barclays Capital Aggregate</i>			<i>0.07</i>	<i>1.49</i>	<i>1.45</i>	<i>5.78</i>	<i>6.51</i>		
Excess Return			0.32	0.24	0.18	0.89	1.03		
Total Return Fixed Income	2,344,984	17.39	0.59	2.92	2.22	7.04	8.01	6.36	6.47
<i>Barclays Capital US Universal</i>			<i>0.21</i>	<i>1.96</i>	<i>1.70</i>	<i>6.44</i>	<i>7.07</i>	<i>6.76</i>	<i>5.86</i>
Excess Return			0.38	0.96	0.52	0.60	0.94	-0.40	0.61
TIPS Composite	739,557	5.49	-0.29	1.05	1.61	8.26			
<i>Barclays Capital U.S.TIPS</i>			<i>-0.29</i>	<i>1.04</i>	<i>1.60</i>	<i>8.29</i>			
Excess Return			0.00	0.01	0.01	-0.03			
TRS Annuity	53,490	0.40	0.37	1.11	0.75	4.48	4.49		
Cash Composite	193,643	1.44	0.01	0.02	0.02	0.07	0.11	0.93	1.94
<i>Citigroup 90 Day T-Bill + 15 bps</i>			<i>0.02</i>	<i>0.07</i>	<i>0.05</i>	<i>0.21</i>	<i>0.27</i>	<i>0.95</i>	<i>2.01</i>
Excess Return			-0.01	-0.05	-0.03	-0.14	-0.16	-0.02	-0.07
Private Equity Composite	959,302	7.11	0.32	1.96	1.93	11.13	16.30		
Real Estate Composite	676,624	5.02	0.13	3.25	0.83	8.48	9.05		
Hedge Funds Composite	1,248,062	9.26	0.91	2.02	2.08	3.02	5.39		
<i>LIBOR + 400 bps</i>			<i>0.36</i>	<i>1.10</i>	<i>0.73</i>	<i>4.47</i>	<i>4.37</i>		
Excess Return			0.55	0.92	1.35	-1.45	1.02		

West Virginia Investment Management Board
Participant Plans Allocation vs. Targets
As of August 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	24.9	24.5	26.5	26.5	22.4	22.5	9.2	10.0	6.4	6.5	10.0	10.0	0.6	0.0
Teachers' Retirement System	25.4	24.5	26.3	26.5	22.7	22.5	8.9	10.0	6.4	6.5	10.0	10.0	0.3	0.0
Teachers' Employers Cont. Collection A/C	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0
EMS Retirement System	24.9	24.5	26.1	26.5	22.7	22.5	9.1	10.0	6.3	6.5	9.9	10.0	1.0	0.0
Public Safety Retirement System	25.0	24.5	26.8	26.5	22.3	22.5	9.3	10.0	6.4	6.5	10.1	10.0	0.1	0.0
Judges' Retirement System	25.0	24.5	26.6	26.5	22.4	22.5	9.3	10.0	6.4	6.5	10.0	10.0	0.3	0.0
State Police Retirement System	24.8	24.5	26.0	26.5	22.8	22.5	9.1	10.0	6.3	6.5	9.9	10.0	1.1	0.0
Deputy Sheriffs' Retirement System	24.8	24.5	26.4	26.5	22.6	22.5	9.2	10.0	6.4	6.5	10.0	10.0	0.6	0.0
Municipal Police & Firefighter Retirement System	22.2	24.5	23.7	26.5	18.6	22.5	9.0	10.0	5.6	6.5	8.3	10.0	12.6	0.0

Insurance Assets

Workers' Compensation Old Fund	10.1	9.8	10.8	10.6	70.1	69.6	0.0	0.0	0.0	0.0	0.0	0.0	9.0	10.0
Workers' Comp. Self-Insured Guaranty Risk Pool	9.8	9.8	10.5	10.6	53.4	54.6	0.0	0.0	0.0	0.0	19.8	20.0	6.7	5.0
Workers' Comp. Uninsured Employers Fund	10.0	9.8	10.7	10.6	49.5	49.6	0.0	0.0	0.0	0.0	20.0	20.0	9.8	10.0
Pneumoconiosis	10.0	9.8	10.8	10.6	54.7	54.6	0.0	0.0	0.0	0.0	20.1	20.0	4.4	5.0
Board of Risk & Insurance Mgmt.	10.5	9.8	11.2	10.6	57.3	54.6	0.0	0.0	0.0	0.0	21.0	20.0	0.0	5.0
Public Employees' Insurance Agency	5.0	4.9	5.3	5.3	74.7	74.8	0.0	0.0	0.0	0.0	10.0	10.0	5.0	5.0
WV Retiree Health Benefit Trust Fund	17.4	17.1	18.6	18.6	44.1	44.3	0.0	0.0	0.0	0.0	19.9	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	24.9	24.5	26.5	26.5	22.5	22.5	9.3	10.0	6.4	6.5	10.0	10.0	0.4	0.0
Prepaid Tuition Trust	30.3	32.9	16.3	16.1	52.1	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	93.9	100.0	0.0	0.0	0.0	0.0	0.0	0.0	6.1	0.0
Revenue Shortfall Reserve Fund - Part B	10.0	10.0	10.6	10.0	79.4	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WV DEP Trust	36.0	35.0	29.2	30.0	34.7	35.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	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 August 31, 2012

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

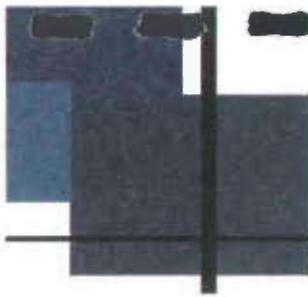
Total Equity Policy is 50% Russell 3000 and 50% MSCI ACW ex USA as of April 2008. Prior periods were 40% S&P 500, 30% Russell 2500, and 30% MSCI ACW ex USA.

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

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

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

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



Status Report:
Workers' Compensation

Joint Committee on Government & Finance

October 2012

Provided by the West Virginia Offices of the Insurance Commissioner



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.

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.

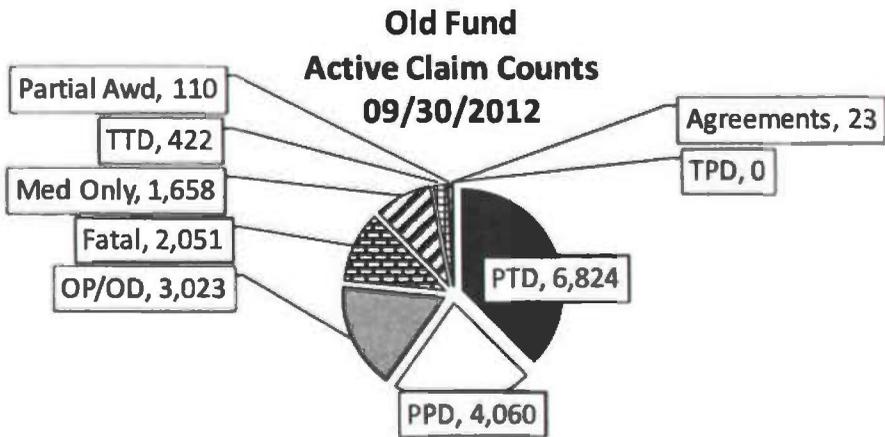
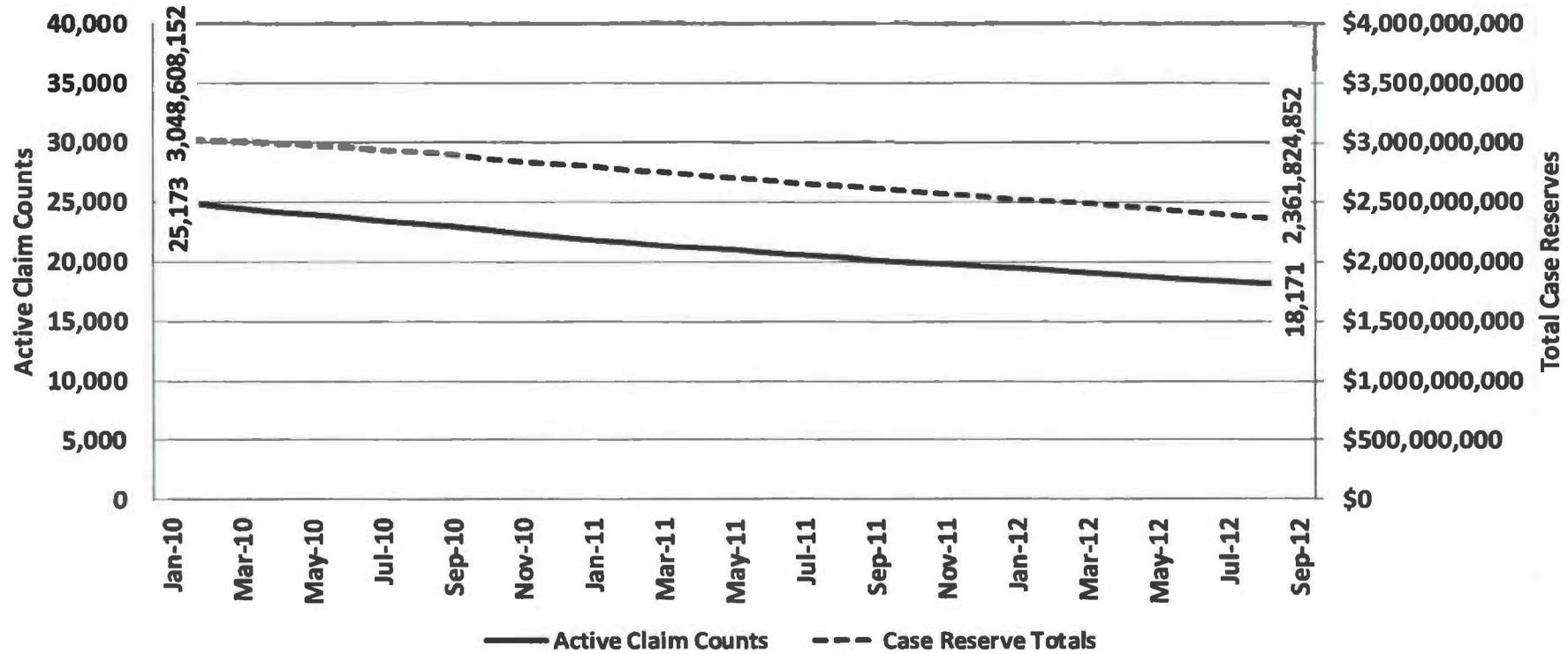
Payment Agreement: individual legal agreements that were made in order to settle a particular payment issue on a specific claim. These are different than your "standard" claim types, such as PTD or TPD. They identify a sub-set of claims that are not settled in the same philosophy that is practiced today. 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.

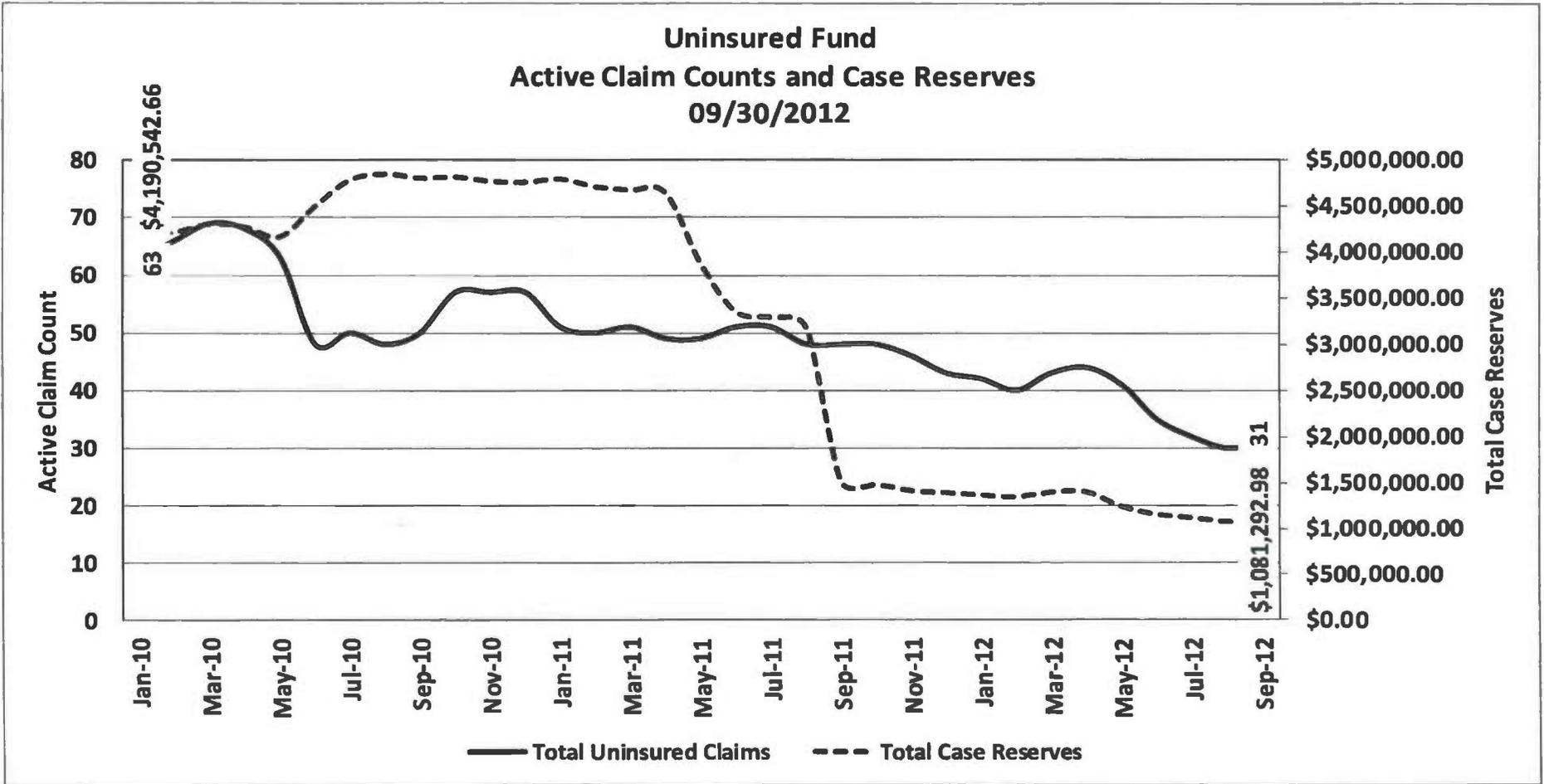
PPD: (Permanent Partial Disability) paid to compensate an injured worker for permanent impairment that results from an occupational injury or disease. The American Medical Association defines permanent impairment as impairment that has become static or well stabilized with or without medical treatment 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

**Old Fund
Active Claim Counts and Case Reserves
09/30/2012**



- 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



**Uninsured Fund
Active Claim Counts
09/30/2012**



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.

OLD FUND CASH STATEMENT
September 30, 2012

	Three Year History for years ended:					
	YTD FY2013	YTD FY2012	Change	FY2012	FY2011	FY2010
Cash Beginning Balances	942,505,408	943,172,539	(667,132)	943,172,539	888,535,954	795,869,972
Revenues						
Personal Income Tax	-	-	-	95,400,000	95,400,000	95,400,000
Severance Tax	18,676,500	22,788,115	(4,111,615)	93,947,355	93,112,747	91,573,307
Debt Reduction Surcharge	9,654,524	7,186,309	2,468,215	39,758,082	41,096,360	39,594,122
Self-Insured Debt Reduction Surcharge	1,570,775	2,048,300	(477,526)	9,620,197	8,058,590	6,562,051
Video Lottery	10,872,339	11,000,000	(127,661)	11,000,000	11,000,000	11,000,000
Employer Premium	89,249	147,817	(58,568)	575,167	3,120,389	1,783,840
Other Income - Return of Unclaimed Property	25,103	44,160	(19,057)	202,103	191,860	95,620
Operating Revenues	40,888,489	43,214,701	(2,326,212)	250,502,904	251,979,946	246,008,940
Surplus Note Principal Payments	-	-	-	-	-	43,500,000
Investment / Interest Earnings (Losses)	30,937,838	(10,660,824)	41,598,662	18,284,929	88,270,887	102,218,697
Total Revenues	71,826,327	32,553,877	39,272,450	268,787,833	340,250,833	391,727,637
Expenditures						
Claims Benefits Paid:						
Medical	8,462,371	9,371,214	(908,843)	39,226,318	41,972,430	55,134,617
Permanent Total Disability	29,804,926	32,450,414	(2,645,489)	124,963,432	136,800,060	152,789,051
Permanent Partial Disability	343,779	605,151	(261,372)	1,822,571	2,513,255	4,890,325
Temporary Disability	32,006	75,843	(43,837)	188,666	384,571	1,322,403
Fatals	6,719,157	7,239,636	(520,479)	28,139,830	29,994,599	34,822,223
104 weeks death benefit	1,521,360	1,669,209	(147,849)	6,729,656	6,321,554	6,394,618
Settlements	4,148,739	12,826,183	(8,677,444)	56,164,626	50,628,569	24,145,535
Loss Adjustment Expenses	270,644	523,464	(252,820)	2,333,885	4,514,323	3,794,198
Total	51,302,982	64,761,114	(13,458,133)	259,568,984	273,129,360	283,292,970
Less: Claims credits and overpayments	1,876,365	2,747,747	(871,382)	8,161,625	7,666,404	4,327,846
Total Benefits Paid	49,426,617	62,013,367	(12,586,750)	251,407,359	265,462,956	278,965,124
Administrative Expenses	4,449,347	2,791,170	1,658,177	18,047,605	20,151,292	20,096,531
Total Expenditures	53,875,963	64,804,537	(10,928,573)	269,454,964	285,614,248	299,061,655
Excess (Deficiency) of Revenues over Expenditures	17,950,364	(32,250,660)	50,201,024	(667,131)	54,636,585	92,665,982
Cash Ending Balances	960,455,772	910,921,879	49,533,892	942,505,408	943,172,539	888,535,954

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

SELF-INSURED GUARANTY RISK POOL
September 30, 2012

	YTD FY2013	YTD FY2012	Change	Three Year History for years ended:		
				FY2012	FY2011	FY2010
Cash Beginning Balances	10,829,975	9,744,809	1,085,166	9,744,809	8,112,918	6,969,307
Revenues						
Guaranty Risk Pool Assessments	256,496	236,936	19,560	1,093,066	1,119,674	1,283,687
Investment Earnings (Losses)	357,348	(158,934)	516,282	125,813	592,165	9,237
Total Revenues	613,844	78,002	535,842	1,218,879	1,711,839	1,292,924
Expenditures						
Payment of Claims	49,900	5,696	44,204	28,466	28,707	104,821
Contractual / Professional	4,470	43,538	(39,069)	105,247	51,241	44,492
Total Expenditures	54,369	49,234	5,135	133,713	79,948	149,313
Excess (Deficiency) of Revenues over Expenditures	559,475	28,768	530,707	1,085,166	1,631,891	1,143,611
Cash Ending Balances	11,389,450	9,773,577	1,615,873	10,829,975	9,744,809	8,112,918

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

UNINSURED EMPLOYERS FUND
September 30, 2012

	YTD FY2013	YTD FY2012	Change	Three Year History for years ended:		
				FY2012	FY2011	FY2010
Cash Beginning Balances	9,574,065	9,086,330	487,735	9,086,330	8,905,444	8,588,268
Revenues						
Fines and Penalties	177,812	271,970	(94,158)	948,896	939,626	892,806
Investment Earnings (Losses)	289,438	(150,619)	440,056	99,906	474,728	10,923
Total Revenues	467,250	121,351	345,898	1,048,802	1,414,354	903,729
Expenditures						
Payment of Claims	3,503	136,891	(133,388)	553,676	1,224,982	577,819
Contractual/Professional	407	1,261	(854)	7,392	8,486	8,734
Computer Services	15	-	15			
Total Expenditures	3,925	138,152	(134,227)	561,067	1,233,468	586,553
Excess (Deficiency) of Revenues over Expenditures	463,324	(16,801)	480,125	487,735	180,886	317,176
Cash Ending Balances	10,037,389	9,069,529	967,860	9,574,065	9,086,330	8,905,444

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

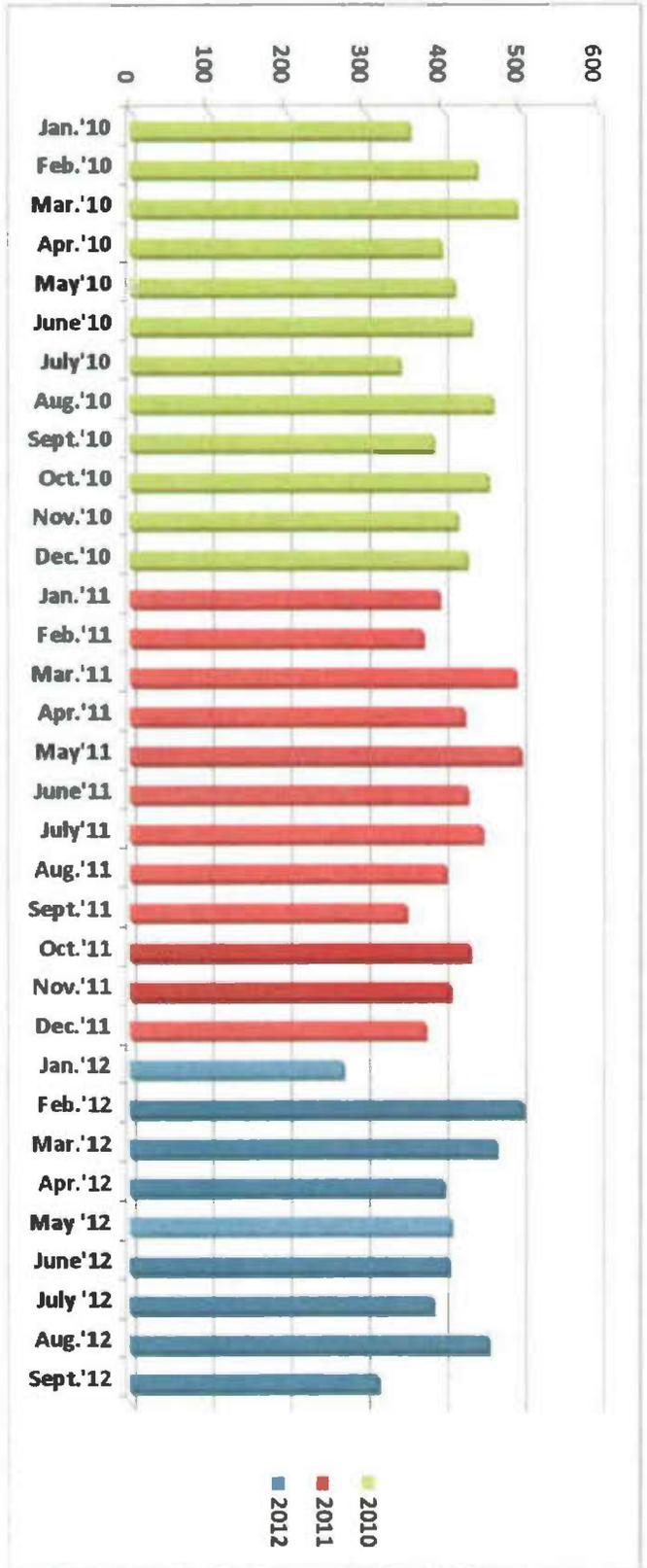
Statistical Analysis

A. Protests Acknowledged: 2011 Sept. 2012
 5045 318 3629

Fund Involved:

FUND	2011	% of protests	Sept. '12	% of protests	2012	% of protests
Old Fund	903	17.90%	47	14.78%	489	13.47%
Private Carrier	3158	62.60%	209	65.72%	2468	68.01%
Self-Insured	984	19.50%	62	19.50%	672	18.52%
Subtotal	5045		318		3629	
Temporary	1029		39		576	
Total	6074		357		4205	

Protests Acknowledged by Month



Monday, October 01, 2012

Time Standard Compliance

Report Dates: From 9/1/2012 thru 9/30/2012

Time Standard	Total Closed	Timely		Late	
		Count	Percent	Count	Percent
REHABILITATION	3	3	100%	0	0%
BENEFIT RATE	2	2	100%	0	0%
REOPENING	6	4	66.70%	2	33.30%
DEP BEN FATAL	1	1	100%	0	0%
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	1	1	100%	0	0%
TRMT/EQUIP CL	44	38	86.40%	6	13.60%
OPBD	10	10	100%	0	0%
COMPENSABILITY	23	20	87%	3	13%
PPD	38	38	100%	0	0%
TTD	10	9	90%	1	10%
Total	138	126	91.3%	12	8.7%

Monday, October 01, 2012

Motion Resolution Compliance

Report Dates: From 9/1/2012 thru 9/30/2012

Time Standard	Total Motions	Timely *		Late **	
		Count	Percent	Count	Percent
BENEFIT OVERPAYMENT	4	4	100%	0	0%
FAILURE TO ACT 15 DAY	7	7	100%	0	0%
PTD ENTITLEMENT	5	5	100%	0	0%
REOPENING	34	33	97.10%	1	2.90%
APPLICATION THRESHOLD	1	1	100%	0	0%
DEP BEN FATAL	15	14	93.30%	1	6.70%
FAILURE TO ACT 30 DAY	1	1	100%	0	0%
TTD	80	78	97.50%	2	2.50%
OP NON-MED	6	6	100%	0	0%
OPBD	27	27	100%	0	0%
BENEFIT RATE	1	0	0%	1	100%
TEMP	1	0	0%	1	100%
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	6	6	100%	0	0%
SPECIAL CATEGORY	11	11	100%	0	0%
TRMT/EQUIP CL	215	209	97.20%	6	2.80%
COMPENSABILITY	175	170	97.10%	5	2.90%
REHABILITATION	6	6	100%	0	0%
PPD	148	148	100%	0	0%
PTD ONSET DATE	1	1	100%	0	0%
Total	744	727	97.7%	17	2.3%

* Action Date < Motion Date

** Action Date > Motion Date

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30		30-24		23-11		< 11	
		Count	Percent	Count	Percent	Count	Percent	Count	Percent
OP NON-MED	Total: 5	0	0.0%	0	0.0%	2	40.0%	3	60.0%
CNR-CL NON-MED ORDER	5	0	0.0%	0	0.0%	2	40.0%	3	60.0%
OPBD	Total: 12	1	8.3%	1	8.3%	1	8.3%	9	75.0%
CAO-CL ADD BOARD FINDING	2	1	50.0%	0	0.0%	0	0.0%	1	50.0%
CBF-CL % BOARD FINDING	2	0	0.0%	0	0.0%	1	50.0%	1	50.0%
CSF-CL% SI BOARD FINDING	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
CSO-CL SI AD.BRD FINDING	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
EAO-EM ADD BOARD FINDING	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
EBF-EM % BOARD FINDING	2	0	0.0%	1	50.0%	0	0.0%	1	50.0%
ESO-EM SI AD.BRD FINDING	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
PPD	Total: 76	2	2.6%	1	1.3%	12	15.8%	61	80.3%
CAA-CL ADDL % AWARD D/G	4	0	0.0%	0	0.0%	2	50.0%	2	50.0%
CAD-CL % AWARD DENY/GRNT	57	2	3.5%	1	1.8%	7	12.3%	47	82.5%
CIE-CL SI ADD% AWARD D/G	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
CIG-CL SI %AWARD DNY/GNT	13	0	0.0%	0	0.0%	3	23.1%	10	76.9%
PTD ENTITLEMENT	Total: 1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CKC-CL DENY/GRANT PTD	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	Total: 2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
CEB-CL PTD REV. BODY DETERMINATION	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
REHABILITATION	Total: 1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CPB-CL GRNT/DNY VOC REHA	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
REOPENING	Total: 9	0	0.0%	1	11.1%	2	22.2%	6	66.7%
CIQ-CL SI DY/GNT R/O PPD	3	0	0.0%	0	0.0%	0	0.0%	3	100.0%
CIY-CL SI DY/GNT R/O TTD	2	0	0.0%	1	50.0%	0	0.0%	1	50.0%
CJV-CL DNY/GRNT R/O PPD	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CRD-CL DENY/GRNT R/O TTD	3	0	0.0%	0	0.0%	2	66.7%	1	33.3%
SPECIAL CATEGORY	Total: 9	2	22.2%	0	0.0%	2	22.2%	5	55.6%
C1I-CL SI SL CATEGORY	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%

Monday, October 01, 2012

Resolution of Issues

Report Dates: Decision Date from 9/1/2012 thru 9/30/2012

Time Standard Categories	Decisions Issued	Reversed		Affirmed		Affirmed by Rule		Dismissed		Modified		Moot		Other		Remanded	
		Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
BENEFIT OVERPAYMENT	1	0	0	0	0	0	0	1	100	0	0	0	0	0	0	0	0
BENEFIT RATE	2	0	0	2	100	0	0	0	0	0	0	0	0	0	0	0	0
FAILURE TO ACT 15 DAY	4	0	0	0	0	0	0	4	100	0	0	0	0	0	0	0	0
PTD ENTITLEMENT	3	0	0	1	33.30	0	0	2	66.70	0	0	0	0	0	0	0	0
SPECIAL CATEGORY	3	0	0	1	33.30	0	0	2	66.70	0	0	0	0	0	0	0	0
PPD	96	20	20.80	32	33.30	17	17.70	25	26	1	1	0	0	1	1	0	0
DEP BEN FATAL	5	1	20	4	80	0	0	0	0	0	0	0	0	0	0	0	0
TTD	28	7	25	10	35.70	3	10.70	6	21.40	2	7.10	0	0	0	0	0	0
OPBD	32	4	12.50	13	40.60	4	12.50	11	34.40	0	0	0	0	0	0	0	0
REOPENING	21	6	28.60	6	28.60	3	14.30	5	23.80	0	0	1	4.80	0	0	0	0
COMPENSABILITY	70	19	27.10	32	45.70	3	4.30	13	18.60	2	2.90	0	0	1	1.40	0	0
REHABILITATION	6	1	16.70	1	16.70	1	16.70	3	50	0	0	0	0	0	0	0	0
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	2	1	50	1	50	0	0	0	0	0	0	0	0	0	0	0	0
TRMT/EQUIP CL	123	29	23.60	46	37.40	16	13	22	17.90	6	4.90	4	3.30	0	0	0	0
Totals	396	88	22.2	149	37.6	47	11.9	94	23.7	11	2.8	5	1.3	2	0.5	0	0

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	13	5	7	3	2				76

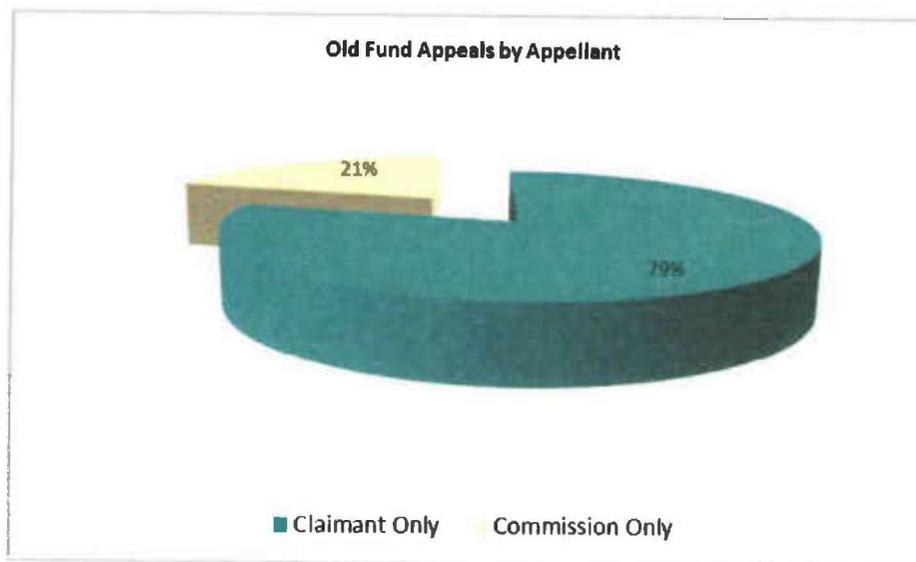
Pro Se Claimant Information as of September 30, 2012

Pending Protests Involving Pro Se Claimants: 477

Appeals Received
From September 1, 2012 thru September 30, 2012

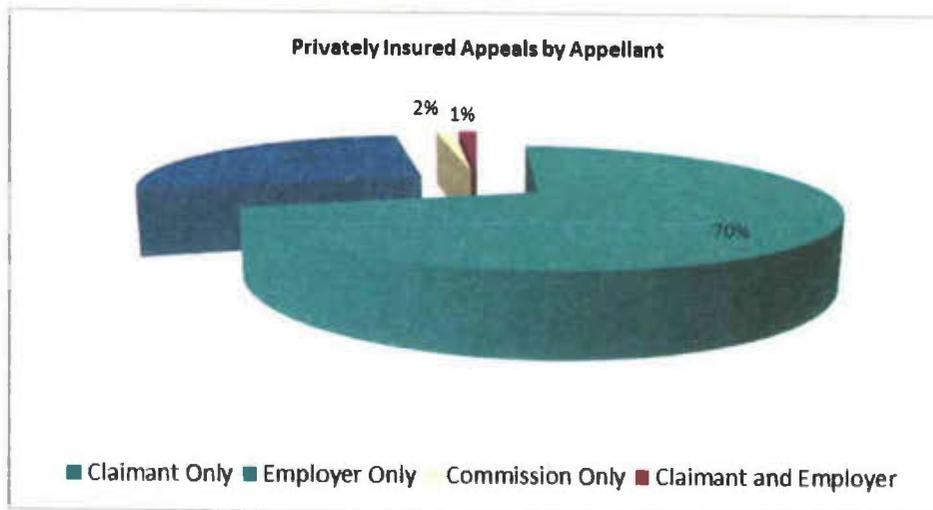
Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	15
Commission Only	4
Old Fund Total	19



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

Appellant	Count
Claimant Only	52
Employer Only	20
Commission Only	1
Claimant and Employer	1
Privately Insured Total	74
Total Appeals	93



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

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	15	1	6.7	14	93.3
CL ADD BOARD FINDING	2	0	0.0	2	100.0
CL ADDL % AWARD D/G	2	1	50.0	1	50.0
CL APP.THRESHOLD	1	1	100.0	0	0.0
CL CLOSING THE CLAIM	2	0	0.0	2	100.0
CL COMPENSABILITY	2	0	0.0	2	100.0
CL DENY/GRNT DTH BEN	2	2	100.0	0	0.0
CL DENY/GRNT R/O TTD	1	0	0.0	1	100.0
CL DNY/GRNT R/O PPD	3	3	100.0	0	0.0
CL GRNT/DNY VOC REHA	1	0	0.0	1	100.0
CL INITIAL TTD	2	0	0.0	2	100.0
CL ONSET DATE ISSUE	1	1	100.0	0	0.0
CL REJECT CLAIM	11	0	0.0	11	100.0
CL SEC.CONDITION	5	2	40.0	3	60.0
CL SI %AWARD DNY/GNT	6	0	0.0	6	100.0
CL SI ADD% AWARD D/G	1	0	0.0	1	100.0
CL SI CLSING THE CLM	3	0	0.0	3	100.0
CL SI COMPENSABLE	1	0	0.0	1	100.0
CL SI DY/GNT R/O PPD	1	1	100.0	0	0.0
CL SI DY/GNT R/O TTD	2	1	50.0	1	50.0
CL SI G/D TP REHAB	1	0	0.0	1	100.0
CL SI REJ OCCDISEASE	1	1	100.0	0	0.0
CL SI REJECT CLAIM	2	0	0.0	2	100.0
CL SI SEC.CONDITION	2	0	0.0	2	100.0
CL SI TRMT DENY	9	1	11.1	8	88.9
CL TRMT DENY	20	4	20.0	16	80.0
CL TTD	1	0	0.0	1	100.0
CL% SI BOARD FINDING	1	1	100.0	0	0.0
Totals	101	20	19.8	81	80.2

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL SI DY/GNT R/O PPD	3	3	100.0	0	0.0
CL SI DY/GNT R/O TTD	11	2	18.2	9	81.8
CL SI G/D TP REHAB	2	1	50.0	1	50.0
CL SI IEB DETRM'TION	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	9	6	66.7	3	33.3
CL SI REJECT CLAIM	26	0	0.0	26	100.0
CL SI SEC.CONDITION	11	0	0.0	11	100.0
CL SI TRMT DENY	76	27	35.5	49	64.5
CL SI TRMT GRANT	1	0	0.0	1	100.0
CL SI TTD	3	0	0.0	3	100.0
CL TRMT DENY	216	70	32.4	146	67.6
CL TRMT GRANT	16	13	81.3	3	18.8
CL TTD	12	0	0.0	12	100.0
CL% SI BOARD FINDING	4	3	75.0	1	25.0
EM % BOARD FINDING	4	0	0.0	4	100.0
EM ADD BOARD FINDING	1	0	0.0	1	100.0
EM COMPENSABILITY	1	0	0.0	1	100.0
EM SI DENY/GRANT PTD	1	1	100.0	0	0.0
EM SI DY/GNT DTH BEN	1	1	100.0	0	0.0
EM% SI BOARD FINDING	1	0	0.0	1	100.0
Totals	981	225	22.9	756	77.1

**Workers' Compensation Board of Review
For September 2012**

Appealed By	BOR Disposition	Disposition Count	Disp %	Total %	Year to Date	Disp %	Total %
CLAIMANT	AFFIRMED	40	80.0%	53.3%	423	83.8%	52.7%
	DISMISSED	3	6.0%	4.0%	38	7.5%	4.7%
	MODIFY				3	0.6%	0.4%
	MODIFY AND REMAND	1	2.0%	1.3%	1	0.2%	0.1%
	MOOT				1	0.2%	0.1%
	REMAND	1	2.0%	1.3%	13	2.6%	1.6%
	REVERSE	5	10.0%	6.7%	26	5.1%	3.2%
	Total Dispositions	50			505		
CLAIMANT/EMPLOYER	AFFIRMED				7	70.0%	0.9%
	DISMISSED				1	10.0%	0.1%
	REVERSE	1	100.0%	1.3%	2	20.0%	0.2%
	Total Dispositions	1			10		
EMPLOYER	AFFIRMED	15	65.2%	20.0%	135	56.5%	16.8%
	DISMISSED	1	4.3%	1.3%	29	12.1%	3.6%
	MODIFY				5	2.1%	0.6%
	MODIFY AND REMAND				1	0.4%	0.1%
	REMAND	3	13.0%	4.0%	16	6.7%	2.0%
	REVERSE	4	17.4%	5.3%	53	22.2%	6.6%
	Total Dispositions	23			239		
DIVISION/OIC	AFFIRMED				27	55.1%	3.4%
	DISMISSED				6	12.2%	0.7%
	REMAND				1	2.0%	0.1%
	REVERSE	1	100.0%	1.3%	15	30.6%	1.9%
	Total Dispositions	1			49		
Grand Totals		75			803		

Yearly Dispositions By Issues
BOR Orders Mailed From January 1, 2012 thru September 30, 2012

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	89	66	74.2	7	7.9	13	14.6	0	0.0	3	3.4	0	0.0	0	0.0
CL % BOARD FINDING	12	12	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ADD BOARD FINDING	9	9	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ADDL % AWARD D/G	17	13	76.5	3	17.6	1	5.9	0	0.0	0	0.0	0	0.0	0	0.0
CL APP.THRESHOLD	3	2	66.7	0	0.0	1	33.3	0	0.0	0	0.0	0	0.0	0	0.0
CL BEN. OVERPAYMENT	2	1	50.0	0	0.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	56	39	69.6	8	14.3	7	12.5	1	1.8	1	1.8	0	0.0	0	0.0
CL COMPENSABILITY	12	7	58.3	3	25.0	0	0.0	0	0.0	0	0.0	0	0.0	2	16.7
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	13	10	76.9	1	7.7	1	7.7	0	0.0	1	7.7	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	29	25	86.2	1	3.4	2	6.9	1	3.4	0	0.0	0	0.0	0	0.0
CL DNY/GRNT R/O PPD	14	10	71.4	3	21.4	1	7.1	0	0.0	0	0.0	0	0.0	0	0.0
CL DNY/GRNT R/O PTD	4	1	25.0	1	25.0	2	50.0	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	5	3	60.0	1	20.0	0	0.0	1	20.0	0	0.0	0	0.0	0	0.0
CL NON-MED ORDER	3	1	33.3	0	0.0	2	66.7	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	7	6	85.7	0	0.0	1	14.3	0	0.0	0	0.0	0	0.0	0	0.0
CL REJ OCC DISEASE	13	8	61.5	2	15.4	3	23.1	0	0.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	132	98	74.2	19	14.4	8	6.1	1	0.8	6	4.5	0	0.0	0	0.0
CL SEC.CONDITION	60	48	80.0	6	10.0	6	10.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	27	21	77.8	1	3.7	1	3.7	1	3.7	3	11.1	0	0.0	0	0.0
CL SI AD.BRD FINDING	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI ADD% AWARD D/G	3	2	66.7	0	0.0	0	0.0	0	0.0	1	33.3	0	0.0	0	0.0
CL SI CLSING THE CLM	8	7	87.5	1	12.5	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	3	3	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	12	9	75.0	2	16.7	1	8.3	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	6	6	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

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

COLLECTION ACTIVITY	
Receipts - Old Fund (Employer out of business)	\$ 5,881.21
Receipts - PC & NU (Private Carrier Cancellation & Rogue Employers)	\$ 28,742.25
Receipts - Payment Agreements (Old Fund and UEF Combined)	\$ 9,129.73
# of active accounts uninsured (cumulative)	361
\$ of active accounts uninsured (cumulative)	\$ 1,221,579.25
Telephone contacts	1,693
Walk-ins	11
LIENS	
Liens sent to county clerks for recordation	180
Liens sent to county clerks for release	107
Intent to lien letters sent to employer/owner/officer/member	112
Uninsured Accounts Resolved	242
All Cash Receipts from WC accounts	\$ 43,753.19

INJUNCTIONS	
Affidavits for injunction submitted to legal	7
Hearings attended	0
# of injunction complaints accepted by court	5
# of injunctions granted	1
# of agreed orders entered	0
PAYMENT AGREEMENTS	
# of repayment agreements applications	3
Agreements set up	4
Total # of agreements on system (cumulative)	79
Intent to void letters mailed	9
Agreements voided	7
MISCELLANEOUS	
Terminations Processed	41
Rule 11 Letters Mailed	181
Rule 11 hearings	1

BOARD OF TREASURY INVESTMENTS

LEGISLATIVE

CALENDAR NOTE

Board Meeting
November 26, 2012

OPERATING REPORT SEP 28 2012

AUGUST 2012

MANAGER

Board of Treasury Investments

1900 Kanawha
Boulevard East
Suite E-122
Charleston WV
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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

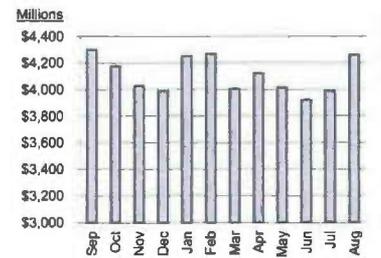
Acting Chief
Financial Officer
Karl Shanholtzer,
CIA, CPA

Total Net Assets Under Management

\$4,225,654,000

Last Month
\$3,985,690,000

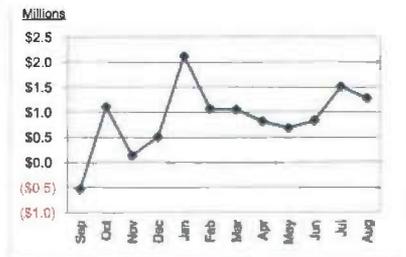
Beginning of Fiscal Year
\$3,919,677,000



Net Assets for the Past 12 Months

Total Net Income & Gains

Fiscal Year
\$2,791,000



Net Income (Loss) for the Past 12 Months

Money Market Pools

As of August 31, 2012

Pool	1-Day Yield *	7-Day Yield *	30-Day Avg. Yield *	W.A.M. **	Net Assets
WV Money Market	.1010%	.1090%	.1299%	44 Days	\$3.0 Billion
WV Gov't Money Market	.1094%	.0871%	.0990%	56 Days	\$344.0 Million

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

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

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

AUGUST 2012

Stocks Continue Summer Rally; Fixed Income Markets Show Mixed Results

Market Environment

US stocks continued their summer rally during the month of August as investors looked past slowing economic growth and less robust corporate profits to focus on the potential for further monetary stimulus. European stocks rallied on strong pro-Euro rhetoric from policymakers and the prospect of further clarity regarding the resolution of the debt crisis at key September meetings. Emerging market stocks declined, however, as concern about relatively tepid growth in China cast a pall over many developing economies. Credit securities posted strong monthly returns as US high yield bonds continued their strong performance and emerging market debt issues advanced, both in local and hard currency. The yield on US Treasuries rose to levels seen at the start of the year before Federal Reserve Chairman Bernanke's Jackson Hole speech at month-end hinting at a third round of quantitative easing caused a sharp drop in rates. Commodity prices increased as Hurricane Isaac disrupted oil production late in August, the Midwestern drought pressured agricultural prices, and investors pushed gold higher in anticipation of further monetary stimulus.

Investment consultants opened 2012 with a recommendation to build exposures to risk assets particularly in the areas of credit, and emerging markets equity and debt. Year-to-date, performance of most risk asset markets has been robust, especially for US stocks and corporate bonds. High yield debt has experienced particularly strong returns as yield spreads compared to Treasuries have tightened by more than one percent so far in 2012. As a result, US corporate credit including high yield bonds is now viewed as representing fair value. Other credit sectors, however, remain attractive such as non-agency mortgage bonds and asset backed securities. Investment consultants continue to recommend allocations to emerging markets stocks and bonds, which have not risen as far this year, but with an accompanying expectation of high volatility in episodes of broader market sell-offs. As summer draws to a close and the global environment at the outset to the historically challenging month of September is assessed, investors should be prepared for market volatility as we approach key decisions in Europe, the prospect of additional action by the Federal Reserve, and a potentially pivotal election in the US.

Equity Market Results

Virtually all equity market segments generated positive results during the month of August, with developing international markets being the only major exception. Large cap US stocks, as measured by the Russell 1000 Index, were up 2.4% for the month, while their small cap counterparts, represented by the Russell 2000 Index, rose 3.3%. Calendar year-to-date, US equities have risen more than 13% as measured by broad market indices. Developed international equity markets, as measured by the MSCI EAFE Index, also posted positive returns during August, returning 2.7%. Emerging markets declined 0.5% during the month on fears of slowing growth in China. Calendar year-to-date, developed and emerging markets have returned 6.9% and 3.4%, respectively.

Bond Market Results

Strong returns in the equity markets were countered by mixed results in the fixed income markets. Treasury securities and other high quality fixed income instruments gave back some of the gains generated over the previous couple of months. The broad fixed income market, as represented by the Barclays Capital Aggregate index, rose 0.1%, due in large part to the corporate credit component of the index. Intermediate Treasuries posted a 0.0% return during the month, while their longer dated counterparts fell 1% during August. Investment grade corporate bonds, as measured by the Barclays Capital US Credit Index, posted a gain of 0.2% during the month, while their lower quality counterparts rose nearly 1.2%. Once again, short duration instruments left investors with fairly muted returns, generating a 0.01% return in August.

West Virginia Board of Treasury Investments

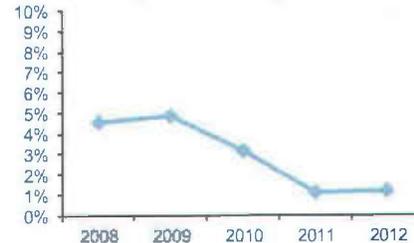
Financial Highlights as of August 31, 2012

WV Short Term Bond Pool

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

September 1 - August 31	Return	Net Assets At August 31 <i>(In Millions)</i>
2012	1.1%	\$ 500.0
2011	1.1%	\$ 473.6
2010	3.1%	\$ 459.4
2009	4.8%	\$ 342.3
2008	4.5%	\$ 359.2

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



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

Summary of Value and Earnings *(In Thousands)*

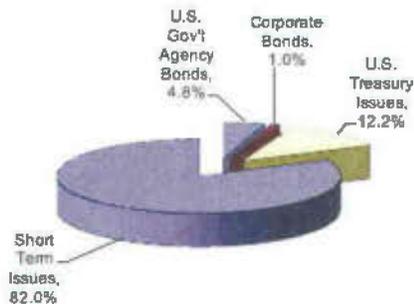
Pool	Net Asset Value	August Net Income	Fiscal YTD Net Income
WV Money Market	\$ 3,008,478	\$ 321	\$ 606
WV Gov't Money Market	344,004	27	51
WV Short Term Bond	500,007	808	1,893
WV Bank	67,620	16	30
Loans	105,165	52	69
Reserve	19,049	4	8
Participant Accounts	211,331	50	134
	\$ 4,255,654	\$ 1,278	\$ 2,791

Percent of Total Net Asset Value

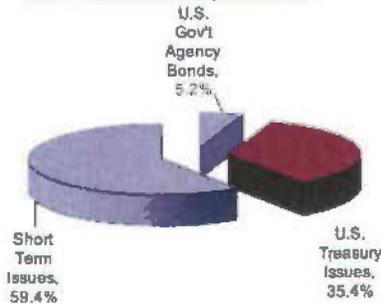


Securities by Type for Operating Pools *(Percentage of Asset Value)*

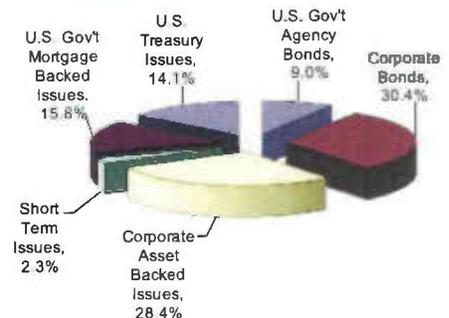
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

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

AUGUST 31, 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	\$ 3,006,974	\$ 343,644		\$ 67,505	\$ 124,198	\$ 207,151
At fair value	-	-	\$ 498,854	-	-	3,742
Cash	-	-	-	-	-	-
Other assets	1,702	386	1,386	116	18	438
Total assets	3,008,676	344,030	500,240	67,621	124,216	211,331
Liabilities						
Accrued expenses, dividends payable & payable for investments purchased	198	26	233	1	2	-
Total liabilities	198	26	233	1	2	-
Net Assets	\$ 3,008,478	\$ 344,004	\$ 500,007	\$ 67,620	\$ 124,214	\$ 211,331
Investment income						
Interest and dividends	\$ 596	\$ 154	\$ 575	\$ 17	\$ 58	\$ 134
Net accretion (amortization)	(142)	(111)	(379)	-	-	(71)
Provision for uncollectible loans	-	-	-	-	-	-
Total investment income	454	43	196	17	58	63
Expenses						
Fees	133	16	40	1	2	-
Total expenses	133	16	40	1	2	-
Net investment income	321	27	156	16	56	63
Net realized gain (loss) from investments	-	-	-	-	-	-
Net increase (decrease) in fair value of investments	-	-	652	-	-	(13)
Net gain (loss) from investments	-	-	652	-	-	(13)
Net increase (decrease) in net assets from operations	321	27	808	16	56	50
Distributions to participants	321	27	156	16	56	-
Participant activity						
Purchases, reinvestment of units and contributions	961,846	74,985	210	30	61	12,706
Redemptions and withdrawals	755,571	23,931	175	14	839	45
Inter-pool transfers in	-	-	-	5,000	-	-
Inter-pool transfers out	5,000	-	-	-	-	-
Net increase (decrease) in net assets from participant activity	201,275	51,054	35	5,016	(778)	12,661
Increase (decrease) in net assets	201,275	51,054	687	5,016	(778)	12,711
Net assets at beginning of period	2,807,203	292,950	499,320	62,604	124,992	198,620
Net assets at end of period	\$ 3,008,478	\$ 344,004	\$ 500,007	\$ 67,620	\$ 124,214	\$ 211,331