

Wednesday, November 28, 2012

1:00 pm - 2:00 pm

Joint Committee on Government and Finance

(Code §4-3)

Senate Finance Room

Senate

✓ Kessler, Chair
Palumbo
✓ Plymale
✓ Prezioso
Unger
Facemyer
✓ Hall

House

✓ Thompson, Chair
✓ Boggs
✓ Caputo
✓ Miley
✓ White
✓ Armstead
Carmichael

Speaker presides

1. Upon motion of Kessler, minutes were approved.

2. Upon motion of Kessler, visit was approved.

3. In packet

4. WV Workforce WV - mt. Gorge

\$730,678,043 - trust fund balance

Fund in good shape

5. Monthly reports, Acting Sec, Dept of Admin

PEFA - med claims down for date

Interest income up,

6. - no 99

7.

8. Market Comp. - old fund \$1825 mil deficit

Adjourn

(Speaker Thompson presides)
AGENDA
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
November 28, 2012

1:00 - 2:00pm

Senate Finance Room

1. Approval of October 10, 2012, minutes
2. Committee Reports/Requests (President Kessler moves)
 - A) "The Parks, Recreation and Natural Resources Subcommittee requests authorization and expense reimbursement for members and staff to conduct site visitations to Stonewall Jackson Resort State Park, Watters Smith State Park and Cedar Creek State Park on December 2, 3 and 4, 2012" **(Move to approve reimbursement of expenses for members to travel to Stonewall Jackson Resort State Park, Watters Smith State Park, and Cedar Creek State Park on December 2, 3 and 4, 2012)**
3. Monthly/Quarterly Reports Distribution:
Status Reports on the General Revenue Fund.
4. Workforce WV Unemployment Compensation Trust Fund Distribution: (*Russell Fry, Acting Executive Director*)
5. Monthly/Quarterly Reports Distribution:
PEIA
BRIM
CHIP
Real Estate Report
6. Monthly/Quarterly Report Distribution from Department of Health and Human Resources: Nancy Atkins, Commissioner, Bureau of Medical Services
7. Investment Management Board Distribution: (*Craig Slaughter, Executive Director*)
8. Workers' Compensation: (*Mike Riley, Acting Commissioner*)
9. Board of Treasury Report Distribution
10. Other Business
 - o *Glenville College Energy Saving Contract (back of book)*
 - o *Marcellus Shale Report (back of book)*
 - o *WVU Real Estate purchase (back of book)*
 - o *WV Water Development Authority Report (back of book)*
11. Adjournment

Joint Committee on Government and Finance
October 10, 2012

1:00pm - 2:00pm

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

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

President Kessler presides

President Kessler: "The committee will come to order. The first item on the agenda is the approval of the September 12th minutes. So moved by the Speaker, any amendments, all in favor say aye, opposed, the ayes appear to have it, the ayes do have it.

President Kessler: "Apparently there are no Committee Reports or requests today."

President Kessler: " Next is our Monthly/Quarterly Reports. The reports are in your packets. 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, our projections as they stand now, we will have revenues this year of \$243M, benefits projected to pay out \$220M with a projected balance at the end of the year of \$128M."

President Kessler: "Any questions of Mr. Fry? Thank you."

President Kessler: "Next is the Acting Secretary for the report of the Department of Administration. Secretary Taylor for PEIA, BRIM, CHIP, Real Estate."

Ross Taylor: Ross Taylor, Acting Secretary of Administration. Hope everyone's head isn't plugged up like mine is this morning. I had a hard time even hearing you say who's turn it was. I think you all have the packets in front of you. Regarding PEIA, year-end financial statements are still being prepared by their independent audit firm. We should have them shortly to share with the group

and then the other thing regarding PEIA is Public Hearings are being scheduled November 12th thru' the 20th around the state. As far as CHIP goes our enrollment comparing last year to this year we are up about 3% and we have over 1,000 enrollees now in the CHIP premium program. BRIM, the one thing I would like to bring to your attention regarding BRIM is its really not reflected in the financial statements but back I believe, in 2004, when the Legislature passed a bill creating the Patient Injury Compensation Fund and it dealt with tort reform and to make certain that folks, if they were seriously injured they had another avenue to receive monies and at the time when the tobacco settlement was, whenever we sold the rights to the tobacco settlement monies, there was about \$4.9M transferred to that fund. Since then there has been a half million dollars worth of interest accrued in that fund and to date we have actually paid out a little over \$1.6M in three claims so there is still approximately \$3.8M worth of money in that particular fund. That's something that is not really addressed in our hand-out but I just thought it would be information for you all. As far as real estate goes there really isn't anything of importance to report. That concludes my report and if you all have any questions about anything ..."

President Kessler: "Any questions of Mr. Taylor?" If not then we will next have the Quarterly Report from DHHR."

Nancy Atkins: "Mr. President, Mr. Speaker, Nancy Atkins, Commissioner of Medicaid, your report is in the packet and I would be happy to entertain questions."

President Kessler: "Any questions? None, thank you."

President Kessler: "Next is the Investment Management Board Distribution, Mr. Slaughter."

Craig Slaughter: "Craig Slaughter, Executive Director, Investment Management Board. You should have the August 31st monthly report performance report in your packet. As you can see, August was a good month following on another good month July and as you all may be aware, September was also a good month. We expect to be up another couple percent in September. As of August 31st a 10 year number for the Public Employees Retirement Plan and most of the other plans is 7 1/2% which is a good number to hear. It is really nice to say it. I will be happy to answer questions and of course the report is in your packet."

President Kessler: "Any questions for Mr. Slaughter?"

President Kessler: "Next we have Workers Compensation, Mr. Riley."

Mike Riley: "Good afternoon Mr. Speaker, Mr. President. You have a copy of our report in your packet and I know there are a couple additional items you want to discuss so I will just highlight a couple numbers here. On page 11 is the old fund cash statement. We have \$960M in the bank at the end of September. Total revenues so far this year \$72M and total expenditures \$54M and our investment income does continue to grow as that has been a concern in the past. As far as claim count, the uninsured fund still has a manageable level of only 31 and inactive claims the Coal Workers Pneumonicosis Fund only 974 claims and then the old fund we had 18,171 claims. At the last meeting Mr. Speaker had asked if I could give a little more detail on the decline in our old fund claims. We have been seeing a decrease on average about 200 (a little bit less than 200 per month) so we went back and looked at all the claims closure for August to give us a sample and we drilled down we found that 40% of the closed claims are due to what we classify as inactivity. The claimant is not actively been treating for six months or a year. In the judgement of the adjuster there is no anticipated future liability for that claim so that's about 40% of these claims. It's a different definition than a closed claim. It just gives us a financial picture of the active things we have out there. Certainly many of these claimants have medical for life so if there were a complication it would come back up in the future it would still be treated this just provides a picture of that. The other 30% are closed through our formalized settlement program that we have been running. That is where there is an agreement between the claimant and the old fund. We will settle the claimants claims for a fixed amount for a full and final settlement monies or annuities provided up front and the future liability resolved. We have been through the portfolio or the TPA's have been through the portfolio once maybe twice so these numbers have started to decline and we anticipate we will see less and less of the settlements program. 10% are for where the beneficiary has passed and obviously the demographics of this ... a lot of older people. It's when the beneficiary has passed or the claimant has passed and if it's the widow's benefit you get the beneficiary that has passed and so we have 10% of those and 10% of our benefits have been fully paid out. We dug down a little deeper to see what that would be. Most of these would be the expiration of 104 weeks of benefits and by statute an injured worker is receiving a total disability and they do pass their dependents are entitled to those benefits for another 104 weeks. After that time has expired their benefits are stopped. The final 10% were for claims that are in adjudication and have been finalized whether that be through the Board of Review, OJ, Supreme Court decision has been affirmed and the claim has been closed because of no more activity on that. I'd be happy to answer any of your questions."

President Kessler: "Any questions of Mr. Riley?"

Delegate Armstead: What is the projected time period when you think these will all be resolved? Do you have a date?"

Mr. Riley: "I don't have a new number and the latest projection was done some time last year and it was the unfunded liability be removed some time by fiscal year 2016. We hope to have a new projection out by the next quarter ... we are just finishing up our audit report right now obviously it all depends on how these claims develop and how our revenue resources hold up."

Delegate Armstead: "2016 is what you are looking at now."

Mr. Riley: "That is the number we had yesterday."

Delegate Armstead: "Thank you."

President Kessler: " Are there any questions? None? Thank you."

President Kessler: "The Board of Treasury report is in your packet. Is there any further business to come before the committee? The Speaker moves we adjourn. All in favor say aye. Opposed? The ayes appear to have it."

WEST VIRGINIA LEGISLATURE
Office of the Legislative Auditor



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

MEMORANDUM

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

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

Date: November 12, 2012

Re: Review of West Virginia Lottery Financial Information
As of September 30, 2012

We performed an analysis of the Statement of Revenues, Expenses and Retained Earnings for the month ending September 30, 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 \$ 343,532,000.00 on September 30, 2012. Table games accounted for \$18.3 million of this total. Historic Resort Hotel video lottery and table games accounted for \$ 2.2 million of total gross receipts. Gross lottery revenue has decreased by 3.45% when compared with July - September 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 - September 2012 was \$ 151.3 million; for last fiscal year it was \$ 155.0 million. Expressed as a

percentage, gross profit is 2.42 % lower for July - September 2012 than for July - September 2011.

Operating Transfers to the State of West Virginia:

A total of \$ 145,358,000.00 has been accrued to the state of West Virginia for July - September 2012 of fiscal year 2012-2013. This is on an accrual basis and may not correspond to the actual cash transfers made during the same time period. Amount owed to the different accounts according to the Lottery Act are calculated monthly and accrued to the state; actual cash transfers are often made based upon actual cash flow needs of the day-to-day operation of the lottery.)

A schedule of cash transfers follows:

Bureau of Senior Services	\$33,306,000.00
Community and Technical College	\$1,499,000.00
Department of Education	\$23,803,000.00
Library Commission	\$9,475,000.00
Higher Education-Central Office	\$6,134,000.00
Tourism	\$5,726,000.00
Department of Natural Resources	\$2,642,000.00
Division of Culture and History	\$4,590,000.00
Economic Development Authority	\$2,999,000.00
Department of Education and Arts	\$1,430,000.00
School Building Authority	\$5,399,000.00
<u>SUBTOTAL BUDGETARY TRANSFERS</u>	\$97,003,000.00

Excess Lottery Fund

Lottery

Lottery continued

General Purpose Fund	\$ 16,591,000.00
Economic Development Fund	\$ 5,697,000.00
Higher Education Improvement Fund	\$ 4,500,000.00
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	\$ 5,698,000.00
Excess Lottery Surplus	0.00
Total State Excess Lottery Revenue Fund	\$ 62,329,000.00

Historic Resort Hotel Distributions:

State General Revenue Fund	605,000.00
State Debt Reduction Fund	180,000.00
Tourism Promotion Fund	30,000.00
Total Historic Hotel	\$815,000.00

Veterans Instant Ticket Fund \$105,000.00

Table Games State Debt Reduction Fund \$ 8,790,000.00

RACETRACK VIDEO LOTTERY TRANSFERS:	
Tourism Promotion Fund 1.375%	\$2,286,000.00
Development Office Promo Fund	\$623,000.00
Research Challenge Fund .5%	\$831,000.00

Capitol Renovation and Improvement Fund .6875%	\$1,143,000.00
Parking Garage Fund .0625%	\$104,000.00
Parking Garage Fund 1%	\$500,000.00
Cultural Facilities and Cap. Resources Fund .5%	\$527,000.00
Capitol Dome & Cap. Improvements Fund .5%	\$636,000.00
Workers Compensation Debt Reduction Fund 7%	\$10,873,000.00
SUBTOTAL VIDEO LOTTERY TRANSFERS:	\$17,523,000.00
TOTAL TRANSFERS	*\$186,565,000.00

* CASH BASIS

Total Accrued last FY 2012:	\$ 216,819,000.00
Total Cash Distributions FY 2013:	186,565,000.00
Applied to FY 2012:	186,565,000.00
Applied to FY 2013:	000.00
Accrued for FY 2012 as of Sept. 30:	30,254,000.00
Accrued for FY 2013 as of Sept. 30:	145,358,000.00



P.O. BOX 2067
CHARLESTON, WV 25327

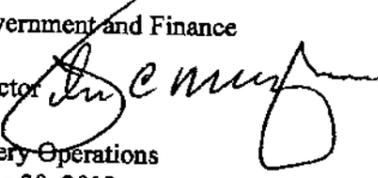
PHONE: 304-558-0500
1-800-WVA-CASH

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 September 30, 2012

DATE: October 19, 2012

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

Financial statements of the Lottery for the month ending September 30, 2012 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$111,223,586 for the month of September.

Transfers of lottery revenue totaling \$46,131,747 made for the month of September to the designated state agencies per Senate Bill 160, Veterans Instant Ticket Fund, Racetrack Video Lottery Act (§29-22A-10), and the Racetrack Table Games Act (§29-22C-27). The amount transferred to each agency is shown in Note 10 on pages 18 and 19 of the attached financial statements.

The number of traditional and limited retailers active as of September 30, 2012 was 1,597 and 1,515 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

www.wvlottery.com

Lottery Attachment September 2012 Financial Statements



WEST VIRGINIA LOTTERY

STATE OF WEST VIRGINIA

**FINANCIAL STATEMENTS
-UNAUDITED-**

September 30, 2012

WEST VIRGINIA LOTTERY

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

ASSETS	September 30, 2012	June 30, 2012
Current Assets:		
Cash and cash equivalents	\$ 200,344	\$ 241,538
Accounts receivable	39,048	36,671
Inventory	665	510
Other assets	2,143	2,275
Total Current Assets	<u>242,200</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>(5,072)</u>	<u>(4,531)</u>
Net Capital Assets	<u>41,744</u>	<u>42,285</u>
Total Noncurrent Assets	<u>43,434</u>	<u>44,658</u>
Total Assets	<u>\$ 285,634</u>	<u>\$ 325,652</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accrued nonoperating distributions to the State of West Virginia	\$ 175,612	\$ 216,819
Estimated prize claims	13,441	13,372
Accounts payable	1,728	3,238
Other accrued liabilities	42,878	40,248
Total Current Liabilities	<u>233,659</u>	<u>273,677</u>
Total Liabilities	<u>233,659</u>	<u>273,677</u>
Net Assets:		
Invested in capital assets	41,744	42,285
Unrestricted	8,541	8,000
Restricted assets (see note 12)	1,690	1,690
Total Net Assets	<u>51,975</u>	<u>51,975</u>
Total Liabilities and Net Assets	<u>\$ 285,634</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 THREE MONTH PERIOD ENDED SEPTEMBER 30, 2012

(In Thousands)

-Unaudited-

	CURRENT MONTH		YEAR TO DATE	
	2012	2011	2012	2011
Lottery revenues				
On-line games	\$ 6,466	\$ 5,671	\$ 20,237	\$ 18,442
Instant games	9,100	8,425	26,976	29,274
Racetrack video lottery	56,759	62,565	176,108	192,009
Limited video lottery	32,217	32,211	99,580	95,126
Table games	5,878	5,647	18,343	19,449
Historic resort	804	551	2,288	1,518
	<u>111,224</u>	<u>115,070</u>	<u>343,532</u>	<u>355,818</u>
Less commissions				
On-line games	445	405	1,422	1,293
Instant games	637	590	1,888	2,049
Racetrack video lottery	32,983	37,340	100,582	110,657
Limited video lottery	15,786	15,783	48,794	46,612
Table games	2,566	2,427	8,008	8,357
Historic resort	332	262	1,070	813
	<u>52,749</u>	<u>56,807</u>	<u>161,764</u>	<u>169,781</u>
Less on-line prizes	3,182	2,698	10,037	9,379
Less instant prizes	6,049	4,901	17,959	19,032
Less ticket costs	206	125	452	519
Less vendor fees and costs	646	699	1,977	2,018
	<u>10,083</u>	<u>8,423</u>	<u>30,425</u>	<u>30,948</u>
Gross profit	<u>48,392</u>	<u>49,840</u>	<u>151,343</u>	<u>155,089</u>
Administrative expenses				
Advertising and promotions	255	658	784	1,502
Wages and related benefits	927	1,053	2,815	3,214
Telecommunications	64	54	242	168
Contractual and professional	358	332	926	970
Rental	19	52	55	160
Depreciation and amortization	180	57	541	97
Other administrative expenses	125	181	330	463
	<u>1,928</u>	<u>2,387</u>	<u>5,693</u>	<u>6,574</u>
Other Operating Income	<u>538</u>	<u>523</u>	<u>1,674</u>	<u>63,483</u>
Operating Income	<u>47,002</u>	<u>47,976</u>	<u>147,324</u>	<u>211,998</u>
Nonoperating income (expense)				
Investment income	22	13	59	46
Capital contribution from State of WV	0	1,789	0	3,641
Distributions to municipalities and counties	(631)	(631)	(1,951)	(1,864)
Distributions -capital reinvestment	(20)	(18)	(74)	(63)
Distributions to the State of West Virginia	<u>(46,373)</u>	<u>(47,340)</u>	<u>(145,358)</u>	<u>(210,117)</u>
	<u>(47,002)</u>	<u>(46,187)</u>	<u>(147,324)</u>	<u>(208,357)</u>
Net income	<u>-</u>	<u>1,789</u>	<u>-</u>	<u>3,641</u>
Net assets, beginning of period	<u>51,975</u>	<u>40,924</u>	<u>51,975</u>	<u>39,072</u>
Net assets, end of period	<u>\$ 51,975</u>	<u>\$ 42,713</u>	<u>\$ 51,975</u>	<u>\$ 42,713</u>

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

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2012

(In Thousands)
- Unaudited -

	2012	2011
Cash flows from operating activities:		
Cash received from customers and other sources	\$ 342,829	\$ 356,922
Cash payments for:		
Personnel costs	(2,787)	(2,875)
Suppliers	(3,632)	(4,147)
Other operating costs	(189,408)	(206,267)
Cash provided by operating activities	<u>147,002</u>	<u>143,633</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(186,565)	(223,814)
Distributions to municipalities and counties	(1,957)	(1,837)
Distributions to racetrack from racetrack cap. reinv. fund	(416)	(10,248)
Cash used in noncapital financing activities	<u>(188,938)</u>	<u>(235,899)</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>-</u>	<u>(7,484)</u>
Cash flows from investing activities:		
Investment earnings received	<u>59</u>	<u>46</u>
Increase (decrease) in cash and cash equivalents	(41,877)	(99,704)
Cash and cash equivalents - beginning of period	243,911	270,520
Cash and cash equivalents - end of period	<u>\$ 202,034</u>	<u>\$ 170,816</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 147,324	\$ 211,998
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	541	97
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(2,377)	(3,516)
(Increase) decrease in inventory	(155)	146
(Increase) decrease in other assets	132	(182)
Increase (decrease) in estimated prize claims	69	(1,110)
Increase (decrease) in accounts payable	(1,510)	(747)
Increase (decrease) in deferred revenue	0	(58,863)
Increase (decrease) in other accrued liabilities	2,978	(4,190)
Cash provided by operating activities	<u>\$ 147,002</u>	<u>\$ 143,633</u>

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 1 - LEGISLATIVE ENACTMENT

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

NOTE 3 - CASH AND CASH EQUIVALENTS

At September 30, 2012 the carrying amounts of deposits (overdraft) with financial institutions were \$471 thousand with a bank balance (overdraft) of \$530 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):

	<u>September 30, 2012</u>	<u>June 30, 2012</u>
Deposits with financial institutions	\$ 471	\$ 477
Cash on hand at the Treasurer's Office	36,370	42,350
Investments with BTI reported as cash equivalents	<u>165,193</u>	<u>201,084</u>
	<u>\$ 202,034</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.

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 4 - CAPITAL ASSETS

A summary of capital asset activity for the month ended September 30, 2012 is as follows (in thousands):

	<u>At June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>At September 30, 2012</u>
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:				
	<u>Historical Cost</u> <u>At June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Historical Cost</u> <u>At September 30, 2012</u>
Buildings	\$ 237	\$ 237	\$ -	\$ 474
Improvements	260	-	-	260
Equipment	4,034	304	-	4,338
	<u>\$ 4,531</u>	<u>\$ 541</u>	<u>\$ -</u>	<u>\$ 5,072</u>

NOTE 5 - PARTICIPATION IN THE MULTI-STATE LOTTERY

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

Each MUSL member sells game tickets through its agents and makes weekly wire transfers to the MUSL in an amount equivalent to the total prize pool less the amount of prizes won in each state. Lesser prizes are paid directly to the winners by each member lottery. The prize pool for POWERBALL®, HOT LOTTO® and MEGA MILLIONS® is 50% of each drawing period's sales, with minimum jackpot levels. The Lottery's revenues and expenses from MUSL games participation for the month ended September 30, 2012 and year-to-date is as follows:

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 3,427,300	\$ 10,786,601
Hot Lotto	368,480	1,033,169
Mega Millions	813,326	2,535,702
Total	\$ 4,609,106	\$ 14,355,472

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 1,713,650	\$ 5,393,350
Hot Lotto	184,240	516,649
Mega Millions	418,863	1,350,892
Total	\$ 2,316,753	\$ 7,260,891

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

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

At September 30, 2012, the Lotteries share of the prize reserve fund balances were as follows:

<u>Game</u>	<u>Total Prize Reserve</u>	<u>Lottery Share</u>
Powerball	\$ 126,481,109	\$ 2,386,175
Hot Lotto	7,383,082	485,862
Mega Millions	21,535,519	372,778
Total	\$ 155,399,710	\$ 3,244,815

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of \$15,325,008 at September 30, 2012, of which the Lottery's share was \$1,523,398.

NOTE 6 - RACETRACK VIDEO LOTTERY

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

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

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

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

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

The WV Lottery, along with the Rhode Island and Delaware lotteries, participate in Multi-Jurisdictional Wide Area Progressive (MWAP) video games. This allows each of the lotteries to offer a higher progressive jackpot than they could generate alone. MUSL manages the progressive games and charges each participant a MWAP contribution fee of .74% of the amount wagered. A summary of racetrack video lottery revenues for the month ended September 30, 2012 and year-to-date follows (in thousands):

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 6 - RACETRACK VIDEO LOTTERY (continued)

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Total credits played	\$ 640,406	\$ 687,848	\$ 1,960,709	\$ 2,130,654
Credits (prizes) won	(575,960)	(617,382)	(1,760,707)	(1,913,548)
Promotional credits played	(7,651)	(7,858)	(23,779)	(24,986)
MWAP Contributions	(36)	(43)	(115)	(111)
Gross terminal income	56,759	62,565	176,108	192,009
Administrative costs	(2,270)	(2,503)	(7,044)	(7,680)
Net Terminal Income	54,489	60,062	169,064	184,329
Less distribution to agents	(32,984)	(37,340)	(100,583)	(110,657)
Racetrack video lottery revenues	<u>\$ 21,505</u>	<u>\$ 22,722</u>	<u>\$ 68,481</u>	<u>\$ 73,672</u>

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

	September 30, 2012	Year-to-Date
State Lottery Fund	\$ 16,347	\$ 50,719
State Excess Lottery Revenue Fund	-	-
Capital Reinvestment Fund	-	-
Tourism Promotion Fund 1.375%	749	2,325
Development Office Promotion Fund .375 %	204	634
Research Challenge Fund .5 %	272	845
Capitol Renovation & Improvement Fund .6875 %	375	1,162
Parking Garage Fund .0625 %	34	106
Parking Garage Fund 1 %	-	500
Cultural Facilities & Capitol Resources Fund .5 %	272	595
Capitol Dome & Capitol Improvements Fund .5 %	272	595
Worker's Compensation Debt Reduction Fund 7 %	2,980	11,000
Total nonoperating distributions	<u>\$ 21,505</u>	<u>\$ 68,481</u>

NOTE 7 - LIMITED VIDEO LOTTERY

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 7 - LIMITED VIDEO LOTTERY (continued)

video lottery commissions in the financial statements. Municipal and county distributions are accounted for as nonoperating expenses. A summary of limited video lottery revenues for the month ended September 30, 2012 and year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Total credits played	\$ 379,909	\$ 375,995	\$ 1,176,836	\$ 1,115,623
Credits (prizes) won	(347,692)	(343,784)	(1,077,256)	(1,020,497)
Gross terminal income	\$ 32,217	\$ 32,211	\$ 99,580	\$ 95,126
Administrative costs	(644)	(644)	(1,992)	(1,903)
Gross Profit	31,573	31,567	97,588	93,223
Commissions	(15,786)	(15,783)	(48,794)	(46,612)
Municipalities and Counties	(632)	(631)	(1,952)	(1,864)
Limited video lottery revenues	<u>\$ 15,155</u>	<u>\$ 15,153</u>	<u>\$ 46,842</u>	<u>\$ 44,747</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
-Unaudited-**

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 September 30, 2012 and year-to-date were \$16,753,240 and \$52,411,476, 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	\$ 5,878	\$ 5,647	\$ 18,344	\$ 19,449
Interest on Table Games Fund	1	-	1	1
Administrative costs	(504)	(645)	(1,572)	(2,223)
Total Available for Distribution	<u>5,375</u>	<u>5,002</u>	<u>16,773</u>	<u>17,227</u>
<u>Less Distributions:</u>				
Racetrack Purse Funds	419	403	1,310	1,389
Thoroughbred & Greyhound Development Funds	336	323	1,048	1,111
Racing Association Pension Plan	148	136	461	467
Municipalities/ Counties	<u>1,664</u>	<u>1,565</u>	<u>5,190</u>	<u>5,390</u>
Total Distributions	<u>2,567</u>	<u>2,427</u>	<u>8,009</u>	<u>8,357</u>
State Debt Reduction Fund	<u>\$ 2,808</u>	<u>\$ 2,575</u>	<u>\$ 8,764</u>	<u>\$ 8,870</u>

NOTE 9 – HISTORIC RESORT HOTEL

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

Historic Resort Video Lottery

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 9 – HISTORIC RESORT HOTEL (continued)

historic resort hotel. A summary of historic resort hotel video lottery revenues for the month ended September 30, 2012 and year-to-date follows (in thousands):

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Total credits played	\$ 4,708	\$ 5,700	\$ 17,985	\$ 16,007
Credits (prizes) won	(4,322)	(5,322)	(16,496)	(14,770)
Promotional credits played	(39)	(51)	(177)	(105)
MWAP Contributions	(1)	-	(4)	-
Gross terminal income	346	327	1,308	1,132
Capital reinvestment	(16)	(15)	(61)	(53)
Administrative costs	(19)	(18)	(71)	(61)
Modernization Fund	(3)	(3)	(12)	(10)
Hotel commissions	(146)	(138)	(553)	(479)
Net terminal income	162	153	611	529
Historic Resort Hotel Fund	103	97	389	337
Human Resource Benefit Fund	59	56	222	192

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 September 30, 2011 and year-to-date were \$641,248 and \$1,104,408, 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	
	2012	2011	2012	2011
Table games privilege tax	\$ 458	\$ 224	\$ 979	\$ 387
Administrative Costs	(59)	(29)	(126)	(50)
Total Available for Distribution	399	195	853	337
Historic Resort Hotel Fund	334	164	713	281
Human Resource Benefit Fund	65	31	140	56

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	\$ 103	\$ 389
Historic Resort Table Games	334	713
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	437	1,102
Municipalities/ Counties	62	155
State General Revenue Fund	279	705
State Debt Reduction Fund	83	209
State Tourism Promotion Fund	13	33
Total Distributions	<u>\$ 437</u>	<u>\$ 1,102</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 September 30, 2012 the Lottery made such distributions and accrued additional distributions of \$38,030,057. The Lottery is a non-appropriated state

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
 -Unaudited-

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 September 30, 2012, the Lottery accrued additional distributions relating to racetrack video lottery, table games, and historic resort operations of \$677,454, \$2,808,294, and \$375,330, 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):

BUDGETARY DISTRIBUTIONS

	<u>September 30, 2012</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 1,499
Bureau of Senior Services	6,456	33,306
Department of Education	4,614	23,803
Library Commission	1,837	9,475
Higher Education-Policy Commission	1,189	6,134
Tourism	1,110	5,726
Natural Resources	512	2,642
Division of Culture & History	890	4,590
Department of Education & Arts	277	1,430
Economic Development Authority	1,000	2,999
School Building Authority	1,800	5,399
Total State Lottery Fund	<u>\$ 20,185</u>	<u>\$ 97,003</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

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

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 1,899	\$ 5,697
Higher Education Improvement Fund	1,500	4,500
General Purpose Account	12,026	16,591
Higher Education Improvement Fund	-	29,000
State Park Improvement Fund	-	-
School Building Authority	1,899	5,698
Refundable Credit	-	843
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	-	-
Total State Excess Lottery Revenue Fund	\$ 17,324	\$ 62,329
Total Budgetary distributions:	\$ 37,509	\$ 159,332
Veterans Instant Ticket Fund	\$ 14	\$ 105

Other Racetrack Video Lottery distributions:

Tourism Promotion Fund 1.375%	\$ 690	\$ 2,286
Development Office Promotion Fund .375%	188	623
Research Challenge Fund .5%	251	831
Capitol Renovation & Improvement Fund .6875%	345	1,143
Parking Garage Fund .0625 %	31	104
Parking Garage Fund 1 %	-	500
Cultural Facilities & Cap. Resources Fund .5%	251	527
Capitol Dome & Cap. Improvements Fund .5%	251	636
Workers Compensation Debt Reduction Fund 7%	3,515	10,873
Total	\$ 5,522	\$ 17,523
Table Games State Debt Reduction Fund	\$ 2,836	\$ 8,790

Historic Resort Hotel distributions:

State General Revenue Fund	\$ 187	\$ 605
State Debt Reduction Fund	56	180
Tourism Promotion Fund	9	30
Total	\$ 252	\$ 815

Total nonoperating distributions to the
State of West Virginia (cash basis)

\$ 46,133 \$ 186,565

Accrued nonoperating distributions, beginning

(175,372) (216,819)

Accrued nonoperating distributions, end

175,612 175,612

\$ 46,373 \$ 145,358

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 September 30, 2012 and September 30, 2011 approximated \$54,536 and \$159,903 respectively.

The Lottery leases office space under the terms of a non-cancellable operating lease to various tenants. Rental revenue for the year-to-date ended September 30, 2012 and September 30, 2011 approximated \$345,079 and \$246,199 respectively. Future rental receipts (in thousands) are as follows:

Year Ended June 30	Rental Receipts
2013	679
2014	923
2015	232
Total	\$ 1,834

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 September 30, 2012 and year-to-date are as follows (in thousands):

	September 30, 2012	Year-to-Date
Lottery contributions	\$ 90	283
Employee contributions	29	91
Total contributions	\$ 119	\$ 374

NOTE 15 - RISK MANAGEMENT

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 15 - RISK MANAGEMENT (continued)

WORKERS' COMPENSATION INSURANCE

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

PUBLIC EMPLOYEES' INSURANCE AGENCY (PEIA)

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

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

BOARD OF RISK AND INSURANCE MANAGEMENT (BRIM)

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

NOTE 16- OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
-Unaudited-

NOTE 16- OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

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: November 7, 2012

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

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

The net collections were 99.94% of the estimate for the fiscal year. Total collections were \$824 thousand under the estimate.

Personal Income Tax collections were \$ 3.6 million below the estimate for the fiscal year.

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

Business and Occupation tax was \$ 1.9 million over the estimate.

Corporate Income and Business Franchise Tax collections were \$13.8 million over the estimate for the fiscal year.

State Road Fund

The state road fund collections were 98.69% 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 \$ 562,009,977.77 as of October 31, 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. Paid back September 2012.	- 62,000,000.00 +62,000,000.00
Shortfall Reserve Fund Transfer per WV Code 11B-2-20 (surplus from fiscal year 2012)	28,178,027.35
Earnings	+10,142,341.61
Balance October 31, 2012	562,009,977.77

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 343,037,898.19 as of October 31, 2012.

Balance July 1, 2012	327,698,976.68
Earnings	15,338,921.51
Balance October 31, 2012	343,037,898.19

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

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

UC TRUST FUND PROJECTIONS - 2012
 November 8, 2012

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	1,040,000	17,624,000	135,262,000
October	17,637,000	19,899,000	133,000,000
November	22,596,000	14,708,000	140,888,000
December	2,130,000	15,467,000	127,551,000
Totals - 2012	247,055,000	225,306,000	127,551,000

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 September 2012

*West Virginia Legislative Interims
November 2012*

West Virginia Public Employees Insurance Agency

September 30, 2012

(Dollars in Thousands)
(Unaudited-For Internal Use Only)

	CURRENT YR	PRIOR YR	VARIANCE	
	\$	\$	\$	%
Assets				
Cash and cash equivalents	\$105,323	\$47,441	\$57,882	122%
Deposits with third party administrators	\$1,219	\$2,249	(\$1,030)	(46%)
Due from RHBT	(\$11,301)	\$22,842	(\$34,143)	(149%)
Premiums accounts receivable-net of allowance for doubtful accounts	\$1,654	\$19,787	(\$18,133)	(92%)
Other accounts receivable	\$7,760	\$10,507	(\$2,747)	(26%)
Total Current Assets	\$104,655	\$102,826	\$1,829	2%
Investments	\$188,729	\$173,395	\$15,334	9%
Furniture and equipment, net of accumulated depreciation	\$1,668	\$3,433	(\$1,765)	(51%)
Restricted cash-premium stabilization life insurance	\$7,739	\$7,739	\$0	0%
Total Assets	\$302,791	\$287,393	\$15,398	5%
Liabilities				
Claims payable	\$50,840	\$59,640	(\$8,800)	(15%)
Premium deficiency reserve	\$31,235	\$32,488	(\$1,253)	(4%)
Deferred revenue	\$19,199	\$10,846	\$8,353	77%
Accounts payable	\$5,488	\$7,378	(\$1,890)	(26%)
Other accrued liabilities	\$1,991	\$2,570	(\$579)	(23%)
Premium stabilization fund	\$7,739	\$7,739	\$0	0%
Total Liabilities	\$116,492	\$120,661	(\$4,169)	(3%)
Net Assets				
Invested in capital assets	\$1,668	\$3,433	(\$1,765)	(51%)
Unrestricted	\$184,631	\$163,299	\$21,332	13%
Total Net Assets	\$186,299	\$166,732	\$19,567	12%

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

(\$ 000's)			BUDGET VARIANCE		PRIOR YR VARIANCE	
ACTUAL	BUDGET	PRIOR YR	\$	%	\$	%
ADDITIONS						
Employer Premiums:						
\$ 804	\$ 801	\$ 851	\$ 4	0.5%	\$ (47)	-5.5%
33,659	33,777	31,378	(118)	-0.3%	2,281	7.3%
25	-	571	25	0.0%	(545)	-95.6%
34,489	34,578	32,800	(89)	-0.3%	1,689	5.1%
Member Premiums:						
19,052	18,939	17,836	113	0.6%	1,216	6.8%
6,832	6,723	6,393	109	1.6%	439	6.9%
5,374	5,329	4,201	44	0.8%	1,173	27.9%
31,258	30,991	28,430	267	0.9%	2,827	9.9%
65,746	65,569	61,230	177	0.3%	4,516	7.4%
Other Additions:						
375	375	167	-	0.0%	208	124.8%
978	2,500	-	(1,522)	-60.9%	978	0.0%
19,247	7,876	(26,632)	11,372	144.4%	45,879	172.3%
86,347	76,319	34,765	10,028	13.1%	51,582	148.4%
DEDUCTIONS						
28,023	32,930	13,226	4,907	14.9%	(14,797)	-111.9%
5,403	5,329	4,245	(74)	-1.4%	(1,158)	-27.3%
15,389	16,289	18,235	900	5.5%	2,845	15.6%
4,671	6,694	22,153	2,023	30.2%	17,483	78.9%
449	2,462	2,170	2,013	81.8%	1,721	79.3%
759	825	877	66	8.0%	118	13.5%
54,694	64,529	60,906	9,835	15.2%	6,212	10.2%
31,653	11,791	(26,141)	19,863	168.5%	57,794	221.1%
Net Assets Held in Trust for Post Employment Benefits						
492,779	492,779	472,079	-	0.0%	20,700	4.4%
\$ 524,432	\$ 504,570	\$ 445,938	\$ 19,863	3.9%	\$ 78,494	17.6%

West Virginia Board of Risk and Insurance Management
UNAUDITED BALANCE SHEET

DRAFT

September 30

2012 2011

(in thousands)

ASSETS			
Short Term Assets			
Cash and Equivalents	\$	25,042	\$ 23,801
Advance Deposit with Carrier/Trustee		207,100	198,283
Receivables - Net		1,449	954
Prepaid Insurance		3,209	3,071
Total Short Term Assets		<u>236,800</u>	<u>226,109</u>
Long Term Assets			
Investments		135,891	129,769
Total Long Term Assets		<u>135,891</u>	<u>129,769</u>
TOTAL ASSETS		<u>372,691</u>	<u>355,878</u>
LIABILITIES			
Short Term Liabilities			
Accounts payable		1,107	1,154
Claims Payable		589	124
OPEB Liability		374	182
Agents Commissions Payable		257	325
Unearned Revenue		5,887	6,794
Current Estimated Claim Reserve		49,463	46,638
Total Short Term Liabilities		<u>57,677</u>	<u>55,217</u>
Long Term Liabilities			
Compensated Absences		67	75
Estimated Noncurrent Claim Reserve		93,015	84,064
Total Long Term Liabilities		<u>93,082</u>	<u>84,139</u>
TOTAL LIABILITIES		150,759	139,356
Prior Year Net Assets		221,515	219,828
Current Year Earnings		417	(3,306)
TOTAL NET ASSETS		<u>221,932</u>	<u>216,522</u>
TOTAL LIABILITIES AND RETAINED EARNINGS	\$	<u>372,691</u>	\$ 355,878

DRAFT - Unaudited - Management Purposes Only

BRIM - Page 1

11/14/2012

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

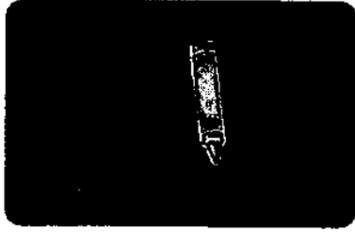
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	September 30	
	2012	2011
	(in thousands)	
Operating Revenues		
Premium Revenues	\$ 12,328	\$ 13,125
Less - Excess Insurance	(1,456)	(1,363)
Total Operating Revenues	<u>10,872</u>	<u>11,762</u>
Operating Expenses		
Claims Expense	14,200	13,827
Property & MS Claims Expense	1,216	1,499
Personal Services	335	367
General & Administrative Expense	554	652
Total Operating Expenses	<u>16,305</u>	<u>16,345</u>
Operating Income (Loss)	<u>(5,433)</u>	<u>(4,583)</u>
Nonoperating Revenues		
Investment Income	5,890	1,277
Total Nonoperating Revenues	<u>5,850</u>	<u>1,277</u>
Net Income	<u>\$ 417</u>	<u>\$ (3,306)</u>

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BRIM - Page 2

11/14/2012

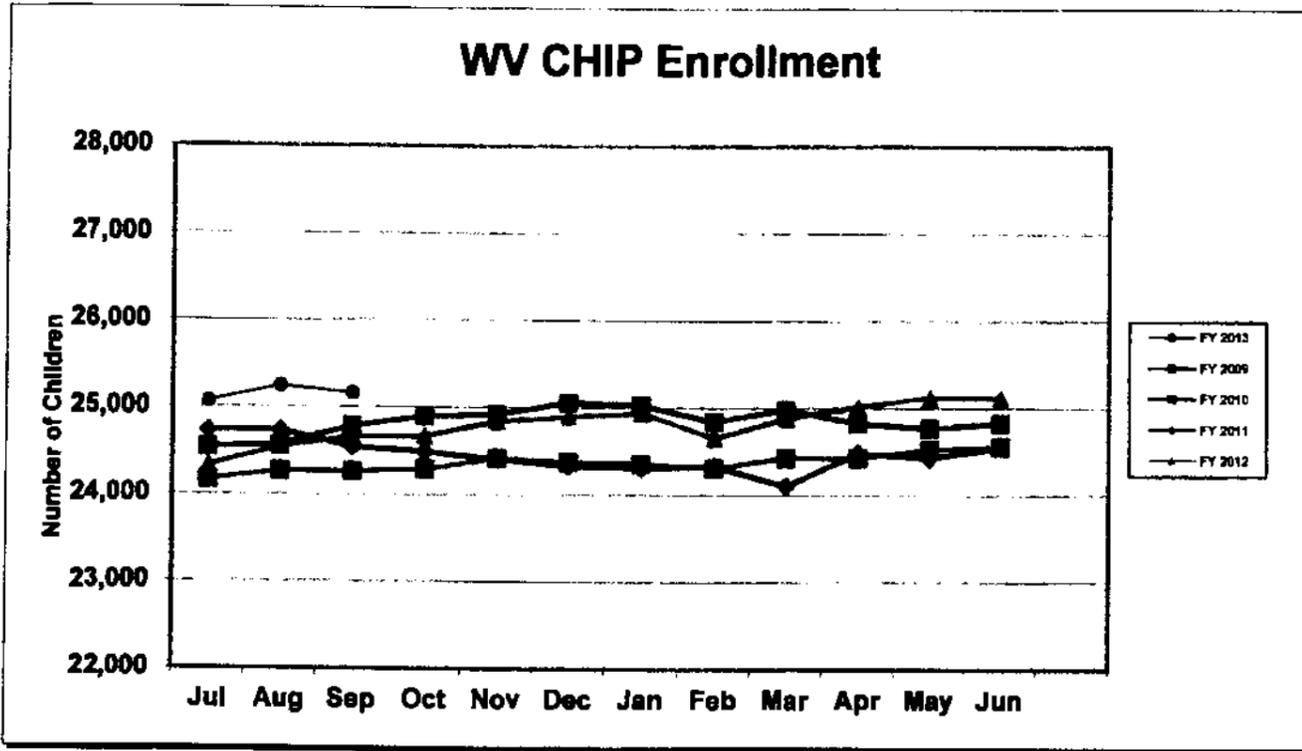


West Virginia Children's Health Insurance Program
2 Hale Street
Suite 101
Charleston, WV 25301
304-558-2732 voice / 304-558-2741 fax
Helpline 877-982-2447
www.chip.wv.gov

**Joint Committee on
Government and Finance
Report**

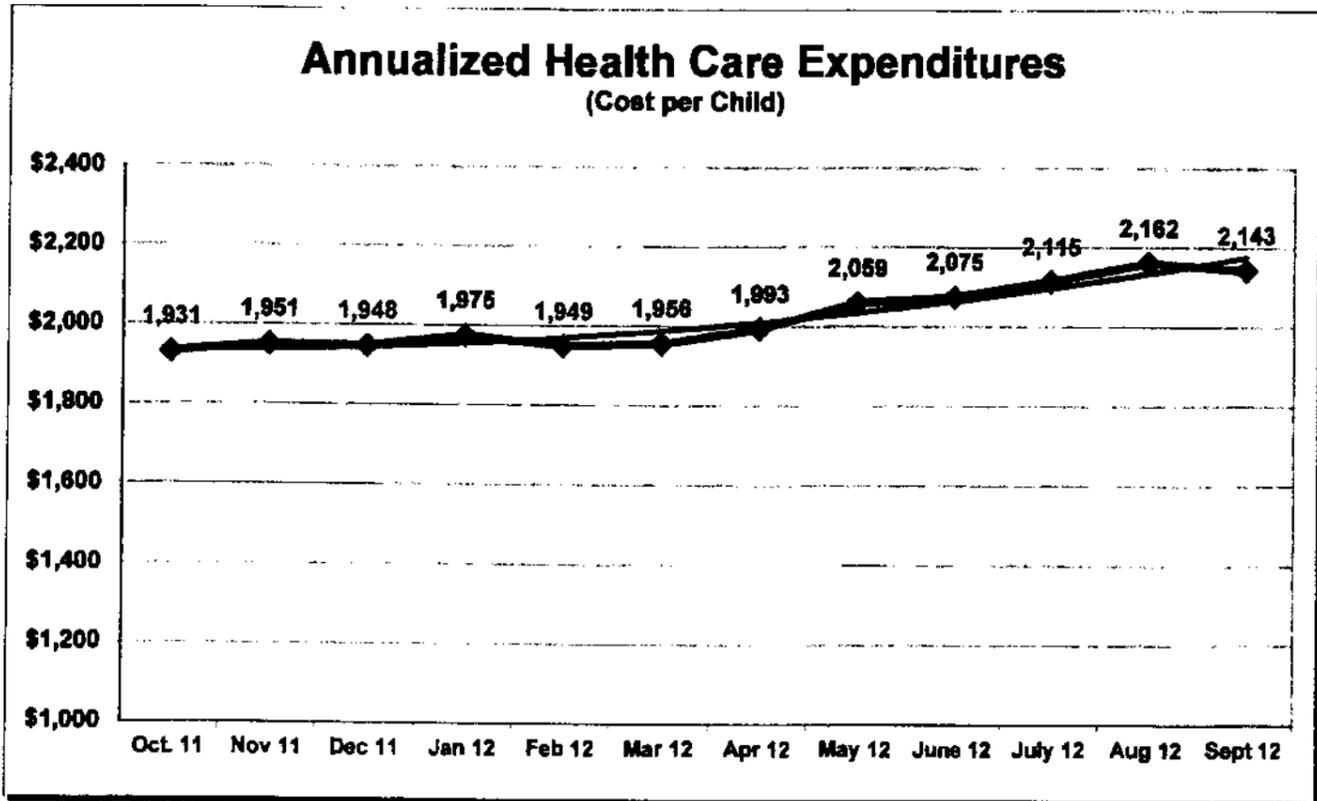
November 2012

WV CHIP Enrollment



September 30th Enrollment 25,159

Annualized Health Care Expenditures (Cost per Child)



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

	September 30, 2012	September 30, 2011	Variance	
Assets:				
Cash & Cash Equivalents	\$12,789,104	\$12,005,161	\$783,942	7%
Due From Federal Government	\$3,922,484	\$5,693,128	(\$1,770,643)	-31%
Due From Other Funds	\$908,922	\$842,492	\$66,429	8%
Accrued Interest Receivable	\$3,800	\$5,250	(\$1,450)	-28%
Fixed Assets, at Historical Cost	<u>\$95,345</u>	<u>\$96,031</u>	<u>(\$685)</u>	<u>-1%</u>
Total Assets	<u>\$17,719,655</u>	<u>\$18,642,062</u>	<u>(\$922,407)</u>	<u>-5%</u>
Liabilities:				
Accounts Payable	\$212,758	\$288,090	(\$75,332)	-26%
Deferred Revenue	\$668,521	\$1,749,491	(\$1,080,970)	-62%
Unpaid Insurance Claims Liability	<u>\$4,640,000</u>	<u>\$4,210,000</u>	<u>\$430,000</u>	<u>10%</u>
Total Liabilities	<u>\$5,521,279</u>	<u>\$6,247,581</u>	<u>(\$726,302)</u>	<u>-12%</u>
Fund Equity	<u>\$12,198,376</u>	<u>\$12,394,481</u>	<u>(\$196,105)</u>	<u>-2%</u>
Total Liabilities and Fund Equity	<u>\$17,719,655</u>	<u>\$18,642,062</u>	<u>(\$922,407)</u>	<u>-5%</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 Three Months Ending September 30, 2012 and September 30, 2011
 (Modified Accrual Basis)

	September 30, 2012	September 30, 2011	Variance	
Revenues				
Federal Grants	11,411,265	10,430,633	980,632	9%
State Appropriations	2,185,115	2,085,126	99,989	5%
Premium Revenues	212,249	149,498	62,751	42%
Investment Income:				
Investment Earnings	<u>18,586</u>	<u>54,562</u>	<u>(35,976)</u>	<u>-66%</u>
Total Revenues	<u>13,827,216</u>	<u>12,719,819</u>	<u>1,107,397</u>	<u>9%</u>
Expenditures:				
Claims:				
Physicians & Surgical	3,895,101	2,690,313	1,204,788	45%
Outpatient Services	3,177,808	3,745,954	(568,146)	-15%
Prescribed Drugs	2,504,707	2,415,389	89,318	4%
Dental	2,136,969	2,000,561	136,408	7%
Inpatient Hospital Services	950,891	1,047,122	(96,231)	-9%
Durable & Disposable Med. Equip.	319,872	377,085	(57,213)	-15%
Outpatient Mental Health	302,127	308,731	(6,604)	-2%
Vision	240,496	240,275	221	0%
Therapy	141,039	121,120	19,919	16%
Inpatient Mental Health	133,909	172,101	(38,192)	-22%
Medical Transportation	83,256	73,819	9,437	13%
Other Services	30,310	48,732	(18,422)	-38%
Less: Collections**	<u>(152,902)</u>	<u>(15,966)</u>	<u>(136,937)</u>	<u>858%</u>
Total Claims	<u>13,763,583</u>	<u>13,225,236</u>	<u>538,346</u>	<u>4%</u>
General and Admin Expenses:				
Salaries and Benefits	146,134	129,827	16,507	13%
Program Administration	522,294	436,764	85,530	20%
Eligibility	101,770	66,000	35,770	54%
Outreach & Health Promotion	259,634	257,643	1,991	1%
Current	<u>49,533</u>	<u>87,504</u>	<u>(37,971)</u>	<u>-43%</u>
Total Administrative	<u>1,079,365</u>	<u>977,538</u>	<u>101,827</u>	<u>10%</u>
Total Expenditures	<u>14,842,948</u>	<u>14,202,774</u>	<u>640,173</u>	<u>5%</u>
Excess of Revenues				
Over (Under) Expenditures	<u>(1,015,732)</u>	<u>(1,482,955)</u>	<u>467,223</u>	<u>-32%</u>
Unrealized Gain(loss) On Investments*	<u>54,133</u>	<u>(60,709)</u>	<u>114,842</u>	<u>-189%</u>
Fund Equity, Beginning	<u>13,159,975</u>	<u>13,938,145</u>	<u>(778,170)</u>	<u>-6%</u>
Fund Equity, Ending	<u>12,198,376</u>	<u>12,394,481</u>	<u>(196,105)</u>	<u>-2%</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 Three Months Ended September 30, 2012

	Budgeted for	Year to Date		Year to Date		Year to Date	Variance*	%	Monthly			
	Year	Budgeted Amt	Actual Amt	Budgeted Amt	Actual Amt				Budgeted Amt	Sep-12	Aug-12	Actual Amt Jul-12
Projected Cost	\$58,620,048	\$14,655,012	\$13,633,388	\$1,021,624	\$4,885,004	\$4,785,169	\$5,367,644	\$3,480,575	97.217	65,125	73,684	\$73,440
Premiums	1,166,599	291,650	\$212,249	(\$79,400)	97,217	85,125	73,684	\$73,440	47,999	137,868	958	14,076
Subrogation & Rebates	575,990	143,988	\$152,902	8,904	4,783,787	4,582,176	5,293,002	\$3,393,059	4,783,787	4,582,176	5,293,002	\$3,393,059
Net Benefit Cost	56,877,459	14,327,363	\$13,268,236	\$1,059,127	4,783,787	4,582,176	5,293,002	\$3,393,059	4,783,787	4,582,176	5,293,002	\$3,393,059
Salaries & Benefits	\$580,500	\$145,125	\$146,134	(\$1,009)	\$48,375	\$44,705	\$45,005	\$56,424	351,939	285,056	72,874	153,593
Program Administration	4,223,273	1,056,818	\$511,523	544,295	351,939	285,056	72,874	153,593	35,000	97,307	1,998	4,200
Eligibility	420,000	105,000	\$103,505	1,495	83,333	8,666	242,376	6,184	1,000,000	250,000	\$257,226	250,000
Outreach & Health Prom.	1,000,000	250,000	\$257,226	(7,226)	20,833	7,225	20,888	18,476	250,000	62,500	\$46,589	15,911
Current Expense	250,000	62,500	\$46,589	15,911	20,833	7,225	20,888	18,476	250,000	62,500	\$46,589	15,911
Total Admin Cost	\$6,473,773	\$1,618,443	\$1,064,977	\$553,466	\$538,481	\$442,959	\$383,141	\$238,877	\$538,481	\$442,959	\$383,141	\$238,877
Total Program Cost	\$63,351,232	\$15,945,806	\$14,333,213	\$1,612,593	\$5,323,269	\$5,025,135	\$5,676,143	\$3,631,936	\$5,323,269	\$5,025,135	\$5,676,143	\$3,631,936
Federal Share 80.83%	51,206,801	12,888,985	\$11,585,536	1,303,459	4,302,798	4,061,816	4,588,026	2,935,694	4,302,798	4,061,816	4,588,026	2,935,694
State Share 19.17%	12,144,431	3,056,811	\$2,747,877	309,134	1,020,471	963,318	1,088,117	696,242	1,020,471	963,318	1,088,117	696,242
Total Program Cost **	\$63,351,232	\$15,945,806	\$14,333,213	\$1,612,593	\$5,323,269	\$5,025,135	\$5,676,143	\$3,631,936	\$5,323,269	\$5,025,135	\$5,676,143	\$3,631,936

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

Unaudited - Cash Basis For Management Purposes Only - Unaudited

Memo for Calculations Above:

Notes:

- 1/. Total budgeted for Year Program costs are CCRC Actuary's Base Line Scenario dated 6/30/12 Final worksheet Net Paid Program Costs.
- 2/. Federal Share for FFY 2012 is 80.83%. Federal Share for FFY 2013 (10/1/12 - 9/30/13) is set at 80.43%.

WVCHIP Enrollment Report

ATTACHMENT 1

October 2012

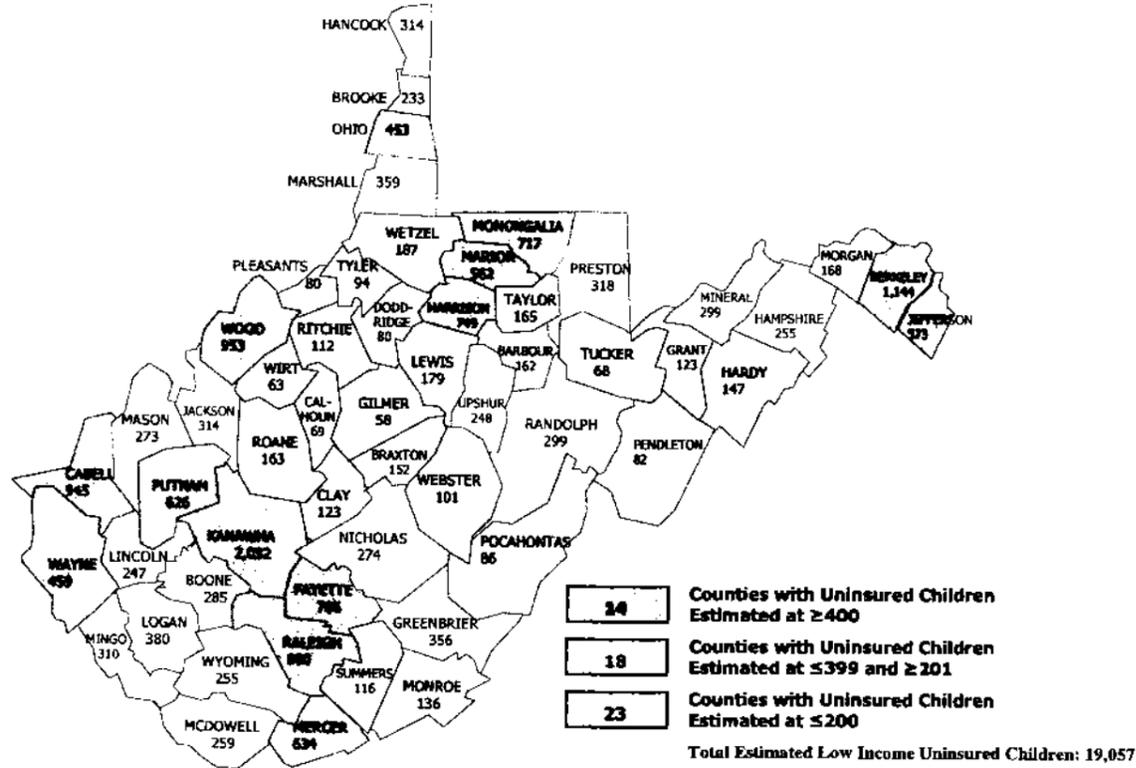
County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment Oct-12	Total Medicaid Enrollment Oct-12	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2010 Est. Uninsured 5%	2010 # Children Uninsured Ranking*
Barbour	3,600	294	1,532	1,826	50.7%	180	33
Berkeley	26,251	1,389	8,097	9,486	36.1%	1,313	2
Boone	5,615	297	2,466	2,763	49.2%	281	25
Braxton	3,006	211	1,484	1,695	56.4%	150	40
Brooke	4,573	289	1,473	1,762	38.5%	229	31
Cabell	18,879	997	8,381	9,378	49.7%	944	4
Calhoun	1,518	123	749	872	57.5%	76	51
Clay	2,215	176	1,382	1,558	70.3%	111	44
Doddridge	1,673	138	642	780	46.6%	84	48
Fayette	9,438	785	4,288	5,073	53.8%	472	13
Gilmer	1,260	66	531	597	47.4%	63	54
Grant	2,555	216	917	1,133	44.4%	128	42
Greenbrier	7,131	606	2,833	3,439	48.2%	357	16
Hampshire	5,392	302	2,043	2,345	43.5%	270	27
Hancock	6,166	364	2,398	2,762	44.8%	308	20
Hardy	3,015	216	1,209	1,425	47.3%	151	39
Harrison	15,202	950	5,407	6,357	41.8%	760	7
Jackson	6,602	444	2,720	3,164	47.9%	330	18
Jefferson	12,679	520	3,088	3,608	28.5%	634	10
Kanawha	39,771	2,320	16,837	19,157	48.2%	1,989	1
Lewis	3,389	298	1,662	1,960	57.8%	169	37
Lincoln	4,930	337	2,686	3,023	61.3%	247	30
Logan	7,496	489	3,828	4,317	57.6%	375	15
Marion	11,227	699	4,205	4,904	43.7%	561	11
Marshall	6,886	358	2,678	3,036	44.1%	344	17
Mason	5,929	290	2,712	3,002	50.6%	296	21
McDowell	4,423	288	3,088	3,376	76.3%	221	32
Mercer	12,764	1,164	6,712	7,876	61.7%	638	9
Mineral	5,868	300	1,999	2,299	39.2%	293	23
Mingo	5,905	391	3,057	3,448	58.4%	295	22
Monongalia	15,294	806	4,243	5,049	33.0%	765	6
Monroe	2,835	221	1,025	1,246	43.9%	142	41
Morgan	3,596	253	1,354	1,607	44.7%	180	34
Nicholas	5,561	419	2,553	2,972	53.4%	278	26
Ohio	8,444	514	3,070	3,584	42.4%	422	14
Pendleton	1,462	117	496	613	41.9%	73	52
Pleasants	1,551	123	543	666	42.9%	78	50
Pocahontas	1,561	162	704	866	55.5%	78	49
Preston	6,536	492	2,411	2,903	44.4%	327	19
Putnam	13,150	777	3,431	4,208	32.0%	658	8
Raleigh	16,403	1,277	7,372	8,649	52.7%	820	5
Randolph	5,705	517	2,537	3,054	53.5%	285	24
Ritchie	2,205	144	926	1,070	48.5%	110	45
Roane	3,239	314	1,646	1,960	60.5%	162	38
Summers	2,521	207	1,237	1,444	57.3%	126	43
Taylor	3,514	238	1,304	1,542	43.9%	176	35
Tucker	1,371	129	471	600	43.8%	69	53
Tyler	1,924	129	747	876	45.5%	96	47

WVCHIP Enrollment Report

ATTACHMENT 1

October 2012

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment Oct-12	Total Medicaid Enrollment Oct-12	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2010 Est. Uninsured 5%	2010 # Children Uninsured Ranking*
Upshur	4,996	395	2,314	2,709	54.2%	250	29
Wayne	9,516	509	4,170	4,679	49.2%	476	12
Webster	1,977	153	1,181	1,334	67.5%	99	46
Wetzel	3,466	236	1,534	1,770	51.1%	173	36
Wirt	1,201	90	690	780	65.0%	60	55
Wood	18,956	1,190	8,255	9,445	49.8%	948	3
Wyoming	5,116	379	2,467	2,846	55.6%	256	28
Totals	387,459	25,108	157,785	182,893	47.2%	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 October 1, 2012 through October 31, 2012

NEW CONTRACT OF LEASE

WV CONSERVATION AGENCY

SCC-012 New Contract of Lease for 5 years consisting of 1,807 square feet of office space at the annual per square foot rate of \$12.50, annual cost \$22,587.50, full service, #1 Players Club Drive, in the City of Charleston, Kanawha County, West Virginia.

HEALTH AND HUMAN RESOURCES

HHR-219 New Contract of Lease for 10 years consisting of 5,713 square feet of Group Home space at the annual per square foot rate of \$18.00, annual cost \$102,834.00, 113 Faze Court, in the City of Princeton, Mercer County, West Virginia.

STRAIGHT RENEWAL

DIVISION OF REHABILITATION SERVICES

DRS-039 Renewal on a month-to-month basis consisting of 1,750 square feet of office space at the current annual per square foot rate of \$8.69, annual cost \$15,207.50, 216 Dingess Street, in the City of Logan, Logan County, West Virginia.

DRS-086 Renewal on a month-to-month basis consisting of 1,375 square feet of office space at the current annual per square foot rate of \$8.75, annual cost \$12,031.25, 216 Dingess Street, in the City of Logan, Logan County, West Virginia.

DEPARTMENT OF HEALTH AND HUMAN RESOURCES

HHR-210 Renewal for 1 year consisting of 48 square feet of office space at the current monthly rate of \$100.00, annual cost \$1,200.00, 670 Lower Washington Street, in the City of Elizabeth, Wirt County, West Virginia.

DIVISION OF CORRECTIONS

COR-046 Renewal for 6 months consisting of jail space at the current rate of \$15.00 per inmate per day, full service, The Ohio County Jail, in the City of Wheeling, Ohio County, West Virginia.

WORKFORCE WEST VIRGINIA

WWV-026 Renewal on a month-to-month basis consisting of 2,400 square feet of office space at the current annual per square foot rate of \$16.70, annual cost \$40,080.00, Water/Sewer, Snow Removal, 300 Prosperity Lane Suite 277, in the City of Logan, Logan County, West Virginia.

PUBLIC EMPLOYEES INSURANCE AGENCY

PEI-003 Renewal for 1 year consisting of 17,962 square feet of office space at the current annual per square foot rate of \$16.68, annual cost \$299,606.16, 601 57th Street, in the Charleston, Kanawha County, West Virginia.

STRAIGHT RENEWAL-CONTINUED

WEST VIRGINIA STATE POLICE

PSA-010 Renewal for 3 years consisting of 1,272 square feet of office space at the current annual per square foot rate of \$2.84, annual cost \$3,600.00, White Avenue, in the City of Richwood, Nicholas County, West Virginia.

RENEWAL WITH INCREASE IN RENT

DIVISION OF FORESTRY

FOR-056 Renewal for 10 years consisting of 2,490 square feet of office space with an increase in the annual per square foot rate from \$9.24 to \$9.75, annual cost \$24,277.64, Water/Sewer/Garbage Removal/Snow Removal, 330 Harper Park Drive, in the City of Beckley, Raleigh County, West Virginia.

DIVISION OF CORRECTIONS

COR-051 Renewal for 5 years consisting of 3,000 square feet of office space with an increase in the annual per square foot rate from \$10.80 to \$12.00, annual cost \$36,000.00, full service, 1520 Winchester Avenue, in the City of Martinsburg, Berkeley County, West Virginia.

DIVISION OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT

OES-015 Renewal for 3 months consisting of 4,000 square feet of office/storage space with an increase in the annual per square foot rate from \$4.89 to \$5.50, annual cost \$22,000.00, 4510 Pennsylvania Avenue, in the City of Big Chimney, Kanawha County, West Virginia.

OES-017 Renewal for 6 months consisting of 8,000 square feet of office/storage space with an increase in the annual per square foot rate from \$4.82 to \$5.50, annual cost \$44,000.00, 4510 Pennsylvania Avenue, in the City of Big Chimney, Kanawha County, West Virginia.

CANCELLATION

WV CONSERVATION AGENCY

SCC-009 Lease cancellation consisting of 3,400 square feet of office space, at the annual per square foot rate of \$10.70 annual cost \$36,380.00, full service, in the City of Oak Hill, Fayette County, West Virginia

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

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	WV Conservation Agency	SCC-012	Kanawha	1,807	12.50	22,588
2	Department of Health and Human Resources	HHR-219	Princeton	5,713	18.00	102,834
3	Division of Rehabilitation Services	DRS-039	Logan	1,750	8.69	15,208
4	Division of Rehabilitation Services	DRS-086	Logan	1,375	8.75	12,031
5	Department of Health and Human Resources	HHR-210	Wirt	48	0.00	1,200
6	Division of Corrections	COR-046	Ohio	0	0.00	0
7	WorkForce West Virginia	WWV-026	Logan	2,400	16.70	40,080
8	Public Employees Insurance Agency	PEI-003	Kanawha	17,962	16.68	299,606
9	West Virginia State Police	PSA-010	Nicholas	1,272	2.84	3,612
10	Division of Forestry	FOR-056	Raleigh	2,490	9.75	24,278
11	Division of Corrections	COR-051	Berkeley	3,000	12.00	36,000
12	Div of Homeland Security & Emergency Management	OES-015	Kanawha	4,000	5.50	22,000
13	Div of Homeland Security & Emergency Management	OES-017	Kanawha	8,000	5.50	44,000
					116.91	
				Total Rentable Square Feet	<u>49,817</u>	
				Average Annual Rental Rate	<u>10.63</u>	
				Total Annual Rent		<u>623,436</u>

Joint Committee on Government and Finance

November 2012

Department of Health and Human Resources

MEDICAID REPORT

September 2012 Data

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

MONTH OF SEPTEMBER 2012

	ACTUALS SFY2012	TOTAL SFY2013	ACTUALS Current Month 9/30/12	ESTIMATE Current Month 9/30/12	ACTUALS Year To-Date Thru 9/30/12	PROJECTED 10/1/12 Thru 6/30/13
EXPENDITURES:						
Inpatient Hospital - Reg. Payments	164,452,498	158,114,250	11,373,235	12,190,189	31,680,579	126,433,671
Inpatient Hospital - DSH	56,043,409	56,576,800	-	-	14,147,456	42,431,344
Inpatient Hospital - Supplemental Payments	79,066,284	240,087,415	19,396,174	19,882,814	29,872,904	210,214,511
Inpatient Hospital - GME Payments	5,901,754	6,177,477	-	-	1,531,690	4,645,787
Mental Health Facilities	80,313,367	86,890,183	6,484,848	6,715,969	21,725,826	65,164,357
Mental Health Facilities - DSH Adjustment Payments	18,867,389	18,866,800	-	-	4,716,465	14,170,335
Mental Health Facilities - Regular Payments ⁽²⁾	527,623,016	551,320,912	45,780,706	45,972,550	134,399,604	416,921,308
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Nursing Facility Services - Regular Payments	-	-	-	-	-	-
Intermediate Care Facilities - Public Providers	85,316,485	67,038,000	5,805,961	5,586,500	15,675,521	51,362,479
Intermediate Care Facilities - Private Providers	116,140,541	121,059,848	9,160,175	9,345,425	26,336,591	94,723,255
Intermediate Care Facilities - Supplemental Payments	26,661,492	27,943,400	-	-	6,566,560	21,376,840
Physicians Services - Regular Payments	106,435,299	109,322,282	7,031,491	8,428,768	24,605,109	84,717,173
Physicians Services - Supplemental Payments	373,946,886	389,826,882	19,067,614	19,067,614	35,378,298	(35,378,298)
Outpatient Hospital Services - Regular Payments	(217,354,424)	(218,904,555)	26,415,098	30,468,165	80,588,848	309,238,034
Outpatient Hospital Services - Supplemental Payments	(18,642,310)	(18,380,000)	(6,640,360)	(1,932,877)	(58,425,771)	(160,478,784)
Prescribed Drugs	(431,214)	-	(32,201)	(144,632)	(4,281,419)	(12,098,581)
Drug Rebate Offset - National Agreement	56,047,746	61,762,117	4,631,788	4,766,085	12,852,035	48,910,082
Drug Rebate Offset - State Sidebar Agreement	12,306,009	13,046,624	1,027,310	1,072,008	2,856,721	10,189,903
Drug Rebate Offset - MCO National	-	-	-	-	-	-
Drug Rebate Offset - MCO State Sidebar Agreement	-	-	-	-	-	-
Denial Services	-	-	-	-	-	-
Other Practitioners Services - Regular Payments	4,530,364	4,931,128	376,531	391,669	1,113,646	3,817,480
Other Practitioners Services - Supplemental Payments	24,887,788	23,419,950	1,719,248	1,817,735	5,168,431	18,251,519
Clinic Services	51,712,631	48,722,337	3,673,232	3,796,716	12,651,268	36,071,069
Lab & Radiological Services	191,711	216,100	8,320	16,623	37,224	178,876
Home Health Services	1,208,358	1,215,098	139,730	94,169	336,909	878,189
Hysterectomies/Sterilizations	7,486,074	6,079,315	611,577	631,946	1,807,182	6,272,133
Pregnancy Terminations	17,434,414	18,452,300	1,486,657	-	4,496,801	13,955,499
EPSTD Services	85,509,019	93,260,400	6,560,842	-	19,871,373	73,389,027
Rural Health Clinic Services	6,272,977	6,708,500	529,470	516,115	1,552,745	5,156,755
Medicare Health Insurance Payments - Part A Premiums	-	-	-	-	-	-
Medicare Health Insurance Payments - Part B Premiums	-	-	-	-	-	-
120% - 134% Of Poverty	-	-	-	-	-	-
135% - 175% Of Poverty	-	-	-	-	-	-
Coinurance And Deductibles	7,381,071	7,785,000	566,181	598,846	1,736,560	6,048,440

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

MONTH OF SEPTEMBER 2012

	ACTUALS SFY2012	TOTAL SFY2013	ACTUALS Current Month 9/30/12	ESTIMATE Current Month 9/30/12	ACTUALS Year To-Date Thru 9/30/12	PROJECTED 10/1/12 Thru 6/30/13
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	343,161,264	349,618,600	26,716,284	29,134,883	80,926,810	268,691,790
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-	-	-	-
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-	-	-	-
Medicaid Health Insurance Payments: Group Health Plan Payments	409,952	457,200	29,060	35,169	130,747	326,453
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-
Home & Community-Based Services (MR/DD)	287,968,353	306,478,800	25,585,505	23,575,138	85,735,454	220,741,346
Home & Community-Based Services (Aged/Disabled)	132,545,813	140,433,800	11,126,099	10,802,600	35,173,854	105,259,946
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	4,703,783	4,157,915	14,480,205	39,392,604
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-
Targeted Case Management Services - State Wide	-	-	-	-	-	-
Primary Care Case Management Services	3,166,084	3,427,893	171,798	265,023	624,448	2,803,445
Hospice Benefits ⁽⁵⁾	219,829	264,800	14,292	20,369	43,878	220,922
Emergency Services Undocumented Aliens	23,960,255	25,155,100	1,939,893	1,935,008	5,681,755	19,473,345
Federally Qualified Health Center	301,542	348,500	43,188	26,808	77,676	270,824
Non-Emergency Medical Transportation	18,689,778	21,327,880	1,449,493	1,659,777	3,692,695	17,635,185
Physical Therapy	25,549,481	26,054,403	1,925,897	2,005,208	6,125,248	19,929,155
Occupational Therapy	2,195,303	2,245,596	174,874	173,062	491,667	1,753,929
Services for Speech, Hearing & Language	360,777	371,964	26,462	28,831	79,614	282,350
Prosthetic Devices, Dentures, Eyeglasses	554,124	567,665	27,694	43,915	89,422	478,243
Diagnostic Screening & Preventive Services	1,871,995	1,876,807	119,842	145,385	329,920	1,547,887
Nurse Mid-Wife	539,322	578,315	44,783	44,492	125,818	452,497
Emergency Hospital Services	224,671	612,100	20,747	47,085	48,992	563,108
Critical Access Hospitals	5,364	(7,500)	(1,156)	(577)	(1,335)	(6,165)
Nurse Practitioner Services	30,431,181	33,996,660	2,448,871	2,617,554	7,540,203	26,456,457
School Based Services	1,512,688	2,981,049	145,009	229,662	436,675	2,544,374
Rehabilitative Services (Non-School Based)	47,384,340	49,082,468	2,239,277	3,779,708	16,992,491	32,089,977
Private Duty Nursing	78,431,034	83,291,528	7,300,189	6,482,669	20,273,672	63,017,856
Other Care Services	4,723,035	4,918,789	315,257	386,577	1,092,909	3,825,880
Less: Recoupments	21,188,223	21,796,325	2,019,096	1,677,535	5,532,158	16,264,167
NET EXPENDITURES:	2,736,399,588	3,018,031,716	253,153,900	258,765,492	714,004,991	2,304,026,725

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

MONTH OF SEPTEMBER 2012

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

NET EXPENDITURES and CMS-64 ADJUSTMENTS:

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

TOTAL MEDICAID EXPENDITURES

Plus: Reimbursables (1)

TOTAL EXPENDITURES

- (1) This amount will revert to State Only if not reimbursed.
 (2) Of the amount in the "Nursing Facility Services-Regular Payments" line, \$6,727,208 is the amount paid to State Facilities year to date.
 (3) Of the amount in the "Hospice Benefits" line, \$4,002,475 is the amount paid to Nursing Facilities for Hospice Benefits year to date.

ACTUALS	TOTAL	ACTUALS	ESTIMATE	ACTUALS	PROJECTED
SFY2012	SFY2013	Current Month 9/30/12	Current Month 9/30/12	Year To-Date Thru 9/30/12	10/1/12 Thru 6/30/13
(7,028,830)	-	-	-	-	-
(473,182)	-	-	-	-	-
(1,205)	-	-	-	-	-
(7,303,907)	-	-	-	-	-
2,721,592,464	3,018,031,716	253,153,900	258,765,492	714,004,991	2,304,026,725
33,985,811	36,577,300	2,978,208	2,813,638	8,964,322	27,612,978
4,030,062	3,718,920	355,728	295,899	1,018,113	2,699,808
-	2,872,499	-	220,961	-	2,872,499
\$ 2,759,588,337	\$ 3,061,200,434	\$ 256,487,836	\$ 262,085,990	\$ 723,988,426	\$ 2,337,212,008
6,580,854	6,927,944	578,279	537,898	1,688,338	5,239,605
\$ 2,766,179,191	\$ 3,068,128,378	\$ 257,066,115	\$ 262,623,888	\$ 725,676,765	\$ 2,342,451,613

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

MONTH OF SEPTEMBER 2012

REVENUE SOURCES
 Beg. Bal. (5064/1020 prior mth)
MATCHING FUNDS
 General Revenue (0403/189)
 MRDD Waiver (0403/466)
 Rural Hospitals Under 150 Beds (0403/840)
 Tertiary Funding (0403/547)
 Traumatic Brain Injury (0403/835)
 Title XIX Waiver for Seniors (0403-533)
 Medical Services Surplus (0403/633)
 Waiver for Senior Citizens Surplus (0403/526)
 Lottery Waiver (Less 550,000) (5405/539)
 Lottery Transfer (5405/871)
 Excess Lottery (5365/189)
 Trust Fund Appropriation (5185/189)
 Provider Tax (5090/189)
 Certified Match
 Reimbursables - Amount Reimbursed
 Other Revenue (MWIN, Escheated Warrants, etc.) 5064/4010 & 4015
 CMS - 64 Adjustments

	ACTUALS SFY2012	ACTUALS Current Month Ended 9/30/12	ACTUALS Year-To-Date Thru 9/30/12	PROJECTED 10/1/2012 Thru 6/30/13	TOTAL SFY2013
	\$ 210,933,113	\$ 1,324,587	\$ 8,645,986	\$ -	\$ 8,645,986
	218,837,804	6,079,196	26,616,983	188,785,900	215,402,883
	85,280,472	5,916,899	17,750,697	71,002,786	88,753,483
	2,596,000	216,334	649,000	1,947,000	2,596,000
	6,366,000	529,666	1,589,000	4,767,000	6,356,000
	800,000	53,333	160,000	640,000	800,000
	9,587,500	794,151	2,382,453	9,529,810	11,912,263
	17,910,667	53,920,831	53,920,831	-	53,920,831
	2,500,000	-	-	-	-
	31,222,578	-	7,836,955	1,827,927	9,664,882
	8,670,000	-	2,200,000	29,952,933	32,152,933
	-	-	-	24,503,890	24,503,890
	12,076,099	9,350,000	30,500,000	170,384,590	200,884,590
	170,727,592	21,051,229	70,660,788	139,201,092	209,861,880
	22,603,205	1,576,588	7,192,427	17,993,941	25,186,368
	8,012,133	1,018,966	1,606,925	5,321,019	6,927,944
	905,058	831,058	995,605	(995,605)	-
	673,628	-	-	-	-
	\$ 809,691,849	\$ 102,662,837	\$ 232,707,649	\$ 664,862,264	\$ 897,569,932
	\$ 2,006,078,366	\$ 189,190,256	\$ 530,202,585	\$ 1,691,969,425	\$ 2,222,172,010
FEDERAL FUNDS	\$ 2,815,770,215	\$ 291,853,093	\$ 762,910,233	\$ 2,356,831,709	\$ 3,119,741,942
TOTAL REVENUE SOURCES	\$ 2,766,179,191	\$ 257,066,115	\$ 725,676,765	\$ 2,342,451,613	\$ 3,068,128,378
TOTAL EXPENDITURES:					
Provider Payments	\$ 49,591,024	\$ 34,786,978	\$ 37,233,469		\$ 51,613,564

3 Months Actuals

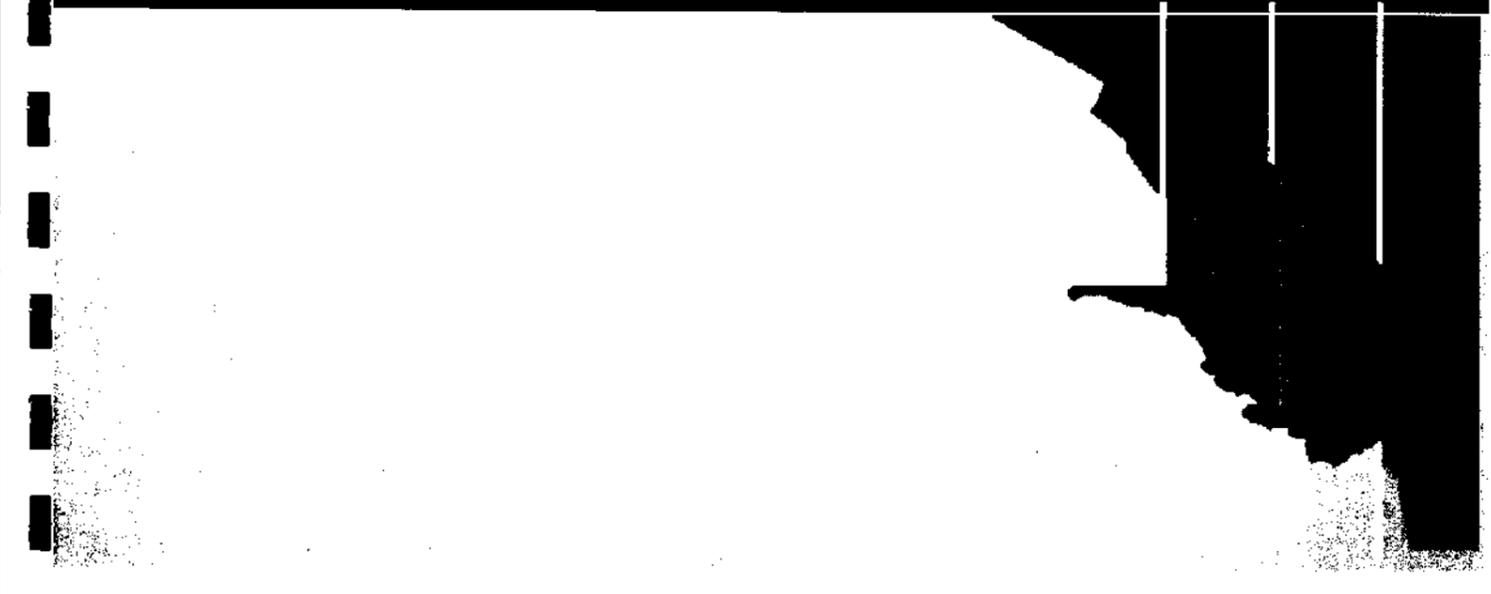
9 Months Remaining

TOTAL

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

Monthly Performance Report

September 30, 2012



West Virginia Investment Management Board
 Participant Plans Allocation & Performance Net of Fees
 As of September 30, 2012

	6/30/2012		9/30/2012		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	13,689,658	100.0							
Pension Assets	10,300,026	78.2	10,716,420	78.3							
Public Employees' Retirement System	4,353,124	33.1	4,548,090	33.2	2.0	5.0	5.0	15.8	9.6	3.1	8.2
Teachers' Retirement System	4,969,706	37.6	5,276,882	38.5	2.0	4.9	4.9	15.6	9.4	2.6	7.9
Teachers' Employers Cont. Collection A/C	142,994	1.1	22,413	0.2	0.0	0.0	0.0	0.0	0.1	0.8	
EMS Retirement System	35,161	0.3	37,590	0.3	2.0	4.9	4.9	15.6	9.5		
Public Safety Retirement System	477,497	3.6	492,579	3.6	2.1	5.0	5.0	15.9	9.7	3.1	8.3
Judges' Retirement System	126,294	1.0	131,590	1.0	2.0	5.0	5.0	15.8	9.6	3.1	8.2
State Police Retirement System	78,753	0.6	84,124	0.6	2.0	4.9	4.9	15.5	9.5	3.1	8.2
Deputy Sheriffs' Retirement System	116,308	0.9	122,897	0.9	2.0	5.0	5.0	15.7	9.6	3.1	8.2
Municipal Police & Firefighter Retirement System	189	0.0	255	0.0	1.9	4.6	4.6	8.3			
Insurance Assets	1,991,081	15.1	2,041,674	14.9							
Workers' Compensation Old Fund	948,854	7.1	967,840	7.0	1.1	3.3	3.3	10.0	6.9	3.4	
Workers' Comp. Self-Insured Guaranty Risk Pool	10,878	0.1	11,474	0.1	1.2	3.5	3.5	10.0	4.2	3.3	
Workers' Comp. Uninsured Employers Fund	9,148	0.1	9,455	0.1	1.2	3.4	3.4	9.9	3.6	2.9	
Pneumococcosis	257,121	2.0	263,421	1.9	1.2	3.5	3.5	10.0	7.4	4.2	
Board of Risk & Insurance Mgmt.	138,164	1.1	135,891	1.0	1.2	3.5	3.5	10.2	7.6	5.1	
Public Employees' Insurance Agency	183,321	1.4	188,729	1.4	0.9	3.0	3.0	8.8	7.3	4.6	
WV Retiree Health Benefit Trust Fund	443,144	3.3	462,354	3.4	1.6	4.3	4.3	12.6	7.9		
AccessWV	2,451	0.0	2,510	0.0	0.6	2.4	2.4	8.5			
Endowment Assets	879,003	6.7	931,564	6.8							
Wildlife Fund	40,057	0.3	42,146	0.3	2.0	5.0	5.0	15.7	9.6	3.1	8.3
Prepaid Tuition Trust	77,822	0.6	77,738	0.6	1.6	4.3	4.3	14.8	9.3	3.9	8.6
Revenue Shortfall Reserve Fund	423,261	3.2	481,739	3.4	0.6	2.4	2.4	8.5	7.4	1.5	
Revenue Shortfall Reserve Fund - Part B	331,325	2.5	343,038	2.5	1.2	3.5	3.5	10.8	8.1	1.7	
WV DEP Trust	6,538	0.1	6,903	0.0	2.3	5.6	5.6	18.0			

West Virginia Investment Management Board
Composite Asset Allocation & Performance Net of Fees
 As of September 30, 2012

	Asset (\$000)	%	Performance %								
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year		
Investment Pools Composite	13,695,769	100.00									
Total Equity Composite	8,230,828	45.49	3.36	7.40	7.40	22.78	10.00	0.53	9.42		
Total Equity Policy Index			3.20	6.86	6.86	22.52	8.43	-1.27	8.84		
Excess Return			0.16	0.54	0.54	0.26	1.57	1.80	0.58		
US Equity Composite	2,989,780	21.83	2.41	6.54	6.54	30.68	14.15	1.84	9.06		
Russell 3000 Index			2.63	6.23	6.23	30.20	13.26	1.30	8.49		
Excess Return			-0.22	0.31	0.31	0.48	0.89	0.54	0.57		
Large Cap Composite	2,217,535	16.19	2.56	6.42	6.42	30.48	13.89	1.52	7.94		
S&P 500 Index			2.58	6.35	6.35	30.20	13.20	1.05	8.01		
Excess Return			-0.02	0.07	0.07	0.28	0.69	0.47	-0.07		
Non-Large Cap Composite	772,245	5.64	1.96	6.92	6.92	31.52	16.11	3.43	11.20		
Russell 2500 Index			2.60	5.57	5.57	30.93	14.06	2.80	10.86		
Excess Return			-0.64	1.35	1.35	0.59	2.05	0.63	0.34		
International Equity Composite	3,241,048	23.66	4.27	8.20	8.20	14.84	5.68	-1.01	10.61		
MSCI AC World ex US Index			3.77	7.49	7.49	15.04	3.63	-3.67	10.32		
Excess Return			0.50	0.71	0.71	-0.20	2.05	2.68	0.29		
Fixed Income Composite	3,617,834	26.42	0.64	2.67	2.67	7.99	7.21	5.98	5.84		
Fixed Income Policy			0.29	2.00	2.00	6.45	6.70	6.81	5.46		
Excess Return			0.35	0.67	0.67	1.54	0.51	-0.83	0.38		
Core Fixed Income	1,246,271	9.10	0.26	1.90	1.90	6.39	7.26				
Barclays Capital Aggregate			0.14	1.58	1.58	5.16	6.19				
Excess Return			0.12	0.32	0.32	1.23	1.07				
Total Return Fixed Income	2,371,363	17.32	0.85	3.08	3.08	8.84	7.36	6.26	6.38		
Barclays Capital US Universal			0.29	2.00	2.00	6.45	6.70	6.63	5.74		
Excess Return			0.56	1.08	1.08	2.39	0.66	-0.37	0.64		
TIPS Composite	743,397	5.43	0.52	2.14	2.14	9.05					
Barclays Capital U.S. TIPS			0.51	2.12	2.12	9.10					
Excess Return			0.01	0.02	0.02	-0.05					
TRS Annuity	53,684	0.39	0.36	1.11	1.11	4.48	4.49				
Cash Composite	149,194	1.09	0.01	0.02	0.02	0.07	0.11	0.86	1.93		
Citigroup 90 Day T-Bill + 15 bps			0.02	0.07	0.06	0.22	0.26	0.88	1.99		
Excess Return			-0.01	-0.05	-0.04	-0.15	-0.15	-0.02	-0.06		
Private Equity Composite	983,931	7.18	0.92	2.87	2.87	14.26	15.95				
Real Estate Composite	677,287	4.95	0.07	0.91	0.91	10.66	8.60				
Hedge Funds Composite	1,239,814	9.05	0.84	2.94	2.94	5.88	5.11				
LIBOR + 400 bps			0.36	1.09	1.09	4.47	4.37				
Excess Return			0.48	1.85	1.85	1.41	0.74				

West Virginia Investment Management Board
 Participant Plans Allocation vs. Targets
 As of September 30, 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	25.0	24.5	27.3	26.5	22.1	22.5	9.3	10.0	6.3	6.5	9.7	10.0	0.3	0.0
Teachers' Retirement System	25.2	24.5	27.4	26.5	22.2	22.5	9.1	10.0	6.3	6.5	9.8	10.0	0.0	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	24.8	24.5	27.0	26.5	22.4	22.5	9.1	10.0	6.2	6.5	9.7	10.0	0.8	0.0
Public Safety Retirement System	25.2	24.5	27.3	26.5	22.2	22.5	9.4	10.0	6.3	6.5	9.5	10.0	0.1	0.0
Judges' Retirement System	25.1	24.5	27.2	26.5	22.3	22.5	9.3	10.0	6.3	6.5	9.6	10.0	0.2	0.0
State Police Retirement System	24.7	24.5	26.9	26.5	22.4	22.5	8.1	10.0	6.1	6.5	9.7	10.0	1.1	0.0
Deputy Sheriffs' Retirement System	25.0	24.5	27.0	26.5	22.3	22.5	9.2	10.0	6.2	6.5	9.8	10.0	0.5	0.0
Municipal Police & Firefighter Retirement System	22.6	24.5	24.5	26.5	18.0	22.5	8.5	10.0	5.7	6.5	7.8	10.0	12.9	0.0
Insurance Assets														
Workers' Compensation Old Fund	10.3	8.8	11.2	10.6	70.4	69.6	0.0	0.0	0.0	0.0	0.0	0.0	8.1	10.0
Workers' Comp. Self-Insured Guaranty Risk Pool	10.1	9.8	11.0	10.6	54.3	54.6	0.0	0.0	0.0	0.0	20.0	20.0	4.6	5.0
Workers' Comp. Uninsured Employers Fund	10.2	9.8	11.0	10.6	49.1	49.6	0.0	0.0	0.0	0.0	19.9	20.0	9.8	10.0
Pneumococcosis	10.2	9.8	11.1	10.6	54.4	54.6	0.0	0.0	0.0	0.0	19.9	20.0	4.4	5.0
Board of Risk & Insurance Mgmt.	10.1	9.8	11.1	10.6	56.0	54.6	0.0	0.0	0.0	0.0	17.9	20.0	4.9	5.0
Public Employees' Insurance Agency	5.1	4.9	5.6	5.3	74.4	74.8	0.0	0.0	0.0	0.0	10.0	10.0	4.9	5.0
WV Retiree Health Benefit Trust Fund	17.6	17.1	18.1	18.6	43.5	44.3	0.0	0.0	0.0	0.0	19.8	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	24.8	24.5	27.1	26.5	22.5	22.5	9.3	10.0	6.3	6.5	9.7	10.0	0.2	0.0
Prepaid Tuition Trust	30.9	32.9	16.5	16.1	52.0	51.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0
Revenue Shortfall Reserve Fund	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Shortfall Reserve Fund - Part B	10.1	10.0	11.1	10.0	78.8	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WV DEP Trust	36.3	35.0	29.6	30.0	34.0	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 September 30, 2012

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

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

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

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

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

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



Status Report:
Workers' Compensation

Joint Committee on Government & Finance

November 2012



Provided by the West Virginia Offices of the Insurance Commissioner

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Introduction

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

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

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

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

Definitions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

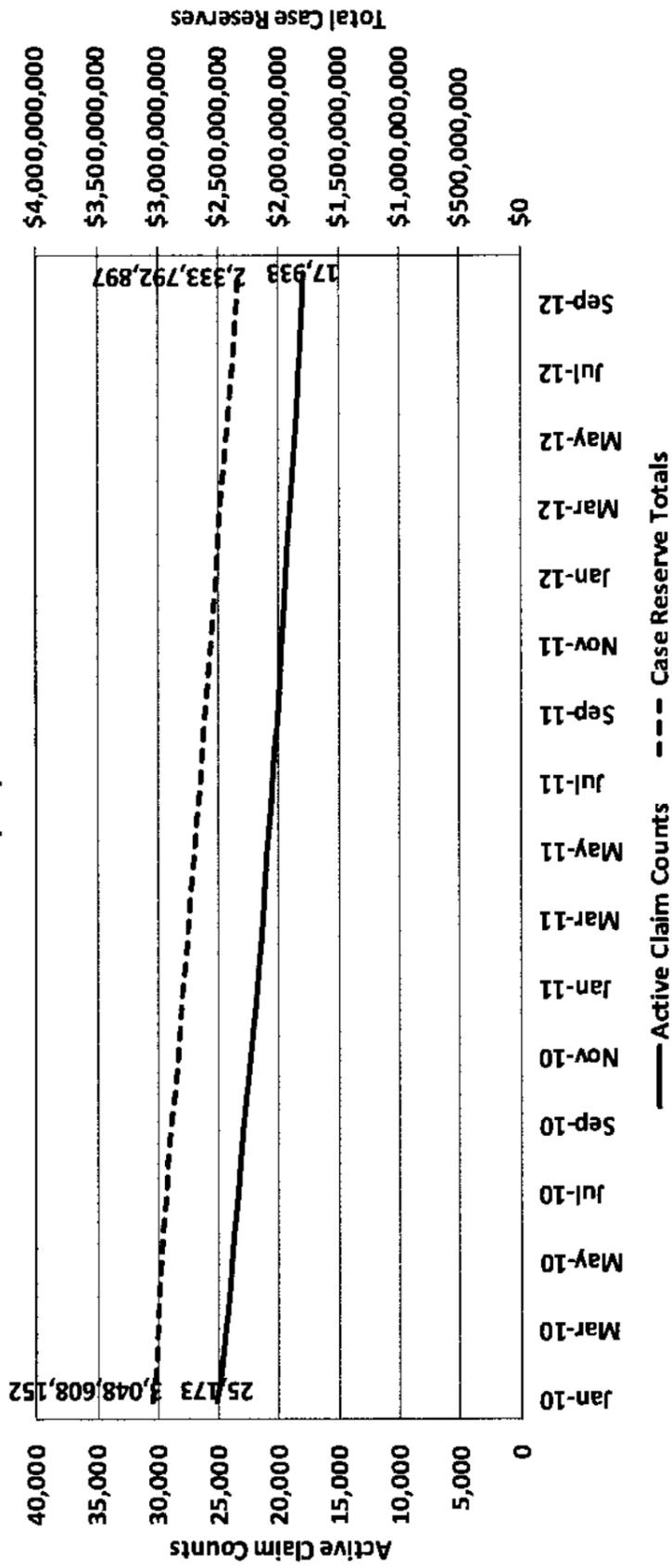
Self-Insured Security Fund: State managed fund into which premiums received are held, and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last exposure before 07/01/2004. This fund is limited to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

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

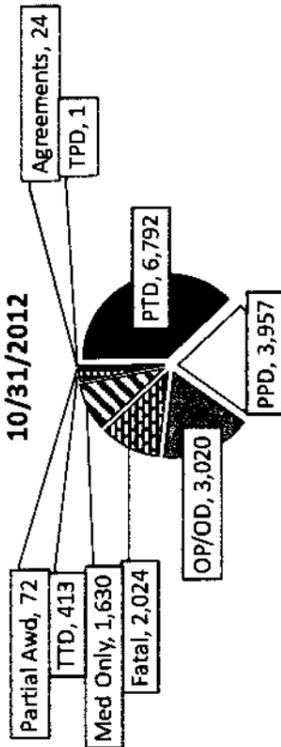
TTD: (Temporary Total Disability) an inability to return to substantial gainful employment requiring skills or activities comparable to those of one's previous gainful employment during the healing or recovery period after the injury. In order to receive TTD benefits, the injured worker must be certified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

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

**Old Fund
Active Claim Counts and Case Reserves
10/31/2012**

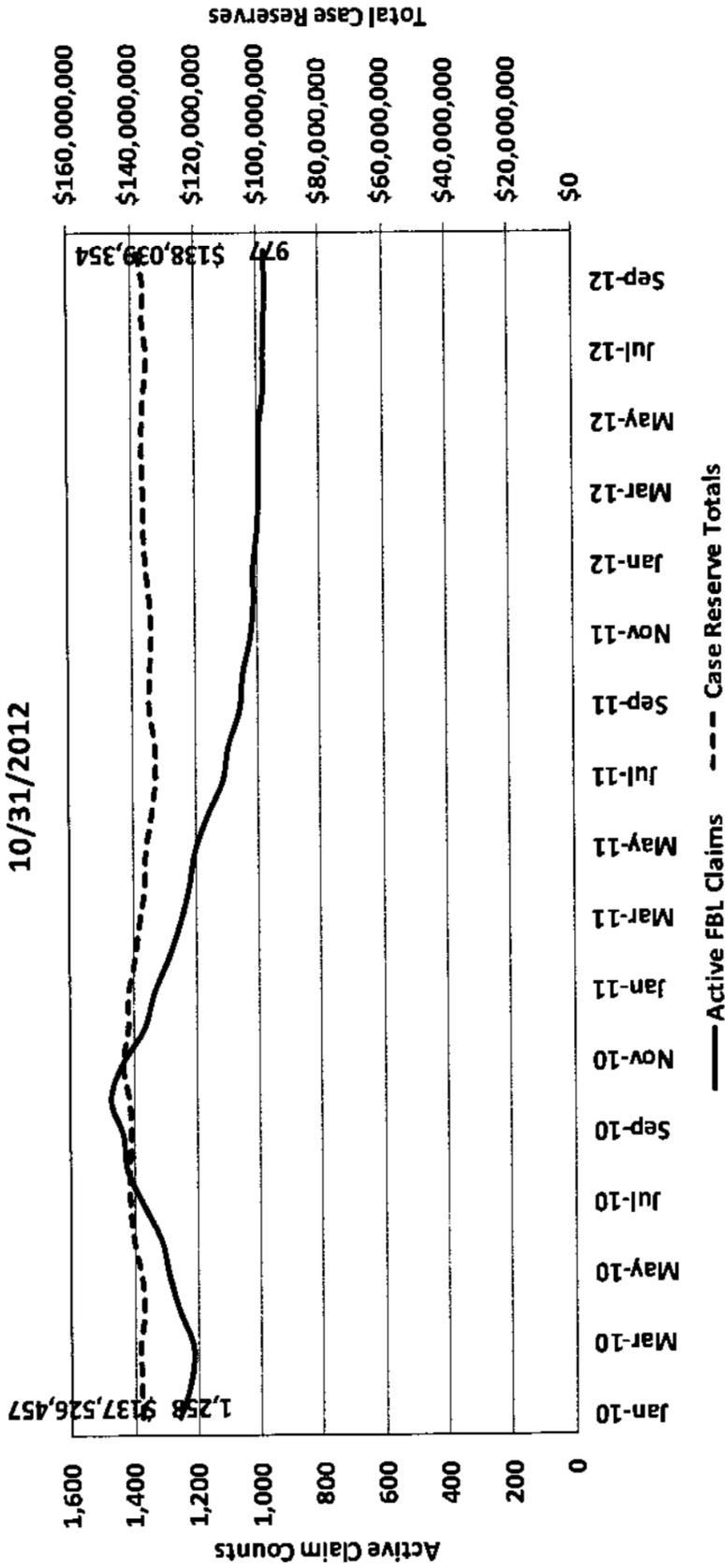


**Old Fund
Active Claim Counts
10/31/2012**

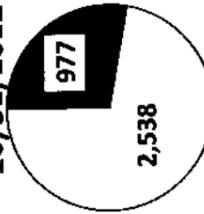


- Agreements – a legal agreement to settle a payment issue
- Fatal – worker died due to injury or illness
- Med Only – payment of medical benefits without wage replacement
- OP/OD - Occupational Pneumoconiosis or Occupational Disease
- Partial Awd – benefits being paid without official awards
- PPD - Permanent Partial Disability; unlikely to improve with treatment
- PTD - Permanent Total Disability; unable to engage in employment
- TPD - Temporary Partial Disability released to work with restrictions
- TTD - Temporary Total Disability; unable to engage in employment

**CWP Fund (FBL)
Active Claim Counts and Case Reserves
10/31/2012**



**CWP Fund (FBL)
Active and Inactive Claims
10/31/2012**



■ Active □ Inactive

Active – Benefits being paid to claimant/beneficiary
 CWP Fund - Coal Worker's Pneumoconiosis; miners/beneficiaries disabled or deceased
 FBL - Occupational Pneumoconiosis (Black Lung) under Title IV of the federal Coal Mine Health and Safety Act of 1969, i.e. Federal Black lung, or FBL.
 Inactive – claim for which an award was sought, but not afforded. Federal statuses permit an appeal, so claim may be reopened

OLD FUND CASH STATEMENT
October 31, 2012

	YTD FY2013	YTD FY2012	Change	Three Year History for years ended:	
				FY2012	FY2011
Cash Beginning Balances	942,605,408	943,172,539	(667,132)	888,535,954	795,869,972
Revenues					
Personal Income Tax	10,600,000	10,600,000	-	95,400,000	95,400,000
Severance Tax	30,407,779	32,116,230	(1,708,450)	93,947,355	91,573,307
Debt Reduction Surcharge	19,943,100	18,889,725	1,073,375	39,756,082	39,594,122
Self-Insured Debt Reduction Surcharge	2,741,373	2,587,344	154,029	9,620,197	6,562,051
Video Lottery	11,000,000	11,000,000	-	11,000,000	11,000,000
Employer Premium	104,665	161,209	(56,543)	575,167	1,783,840
Other Income - Return of Unclaimed Property	25,103	45,924	(20,820)	202,103	95,620
Operating Revenues	74,822,020	75,380,431	(558,411)	250,502,904	246,008,940
Surplus Note Principal Payments	-	-	-	-	43,500,000
Investment / Interest Earnings (Losses)	41,903,537	(28,758,467)	70,662,004	18,284,929	88,270,887
Total Revenues	116,725,558	46,621,965	70,103,593	268,787,833	391,727,837
Expenditures					
Claims Benefits Paid:					
Medical	10,975,021	12,650,081	(1,675,060)	39,226,318	41,972,430
Permanent Total Disability	39,689,181	42,947,428	(3,288,248)	124,963,432	136,800,060
Permanent Partial Disability	450,285	818,910	(368,625)	1,822,571	2,513,255
Temporary Disability	43,229	83,077	(39,847)	188,666	384,571
Fatals	8,949,248	9,593,759	(644,511)	28,139,630	29,994,599
104 weeks death benefit	2,060,078	2,352,871	(292,793)	6,728,656	6,321,554
Settlements	4,544,897	18,010,268	(13,465,371)	56,164,626	50,628,569
Loss Adjustment Expenses	318,381	748,347	(429,966)	2,333,885	4,514,323
Total	67,000,320	87,204,741	(20,204,421)	259,568,984	273,129,360
Less: Claims credits and overpayments	2,265,858	3,364,917	(1,099,058)	8,161,625	7,666,404
Total Benefits Paid	64,734,461	83,839,824	(19,105,363)	251,407,359	265,462,956
Administrative Expenses	5,882,279	5,202,273	680,006	18,047,605	20,151,292
Total Expenditures	70,616,740	89,042,097	(18,425,357)	269,454,964	285,614,248
Excess (Deficiency) of Revenues over Expenditures	46,108,818	(42,420,133)	88,528,950	(667,131)	54,636,585
Cash Ending Balances	988,614,225	900,752,406	87,861,819	942,605,408	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 BTL Investment accounts and any deposits in transit from the Debt Reduction Fund. The liabilities of the Old Fund consist of the worker's compensation claims and related expenses for all claims, actual and incurred but not reported for claims with dates of injury on or before June 30, 2005. This report is intended to provide a summary of the cash based transactions related to the Fund's assets and liabilities and is not an accrual based presentation. The Old Fund Cash Statement is unaudited information.

COAL WORKERS PNEUMOCONIOSIS FUND
October 31, 2012

	YTD FY2013	YTD FY2012	Change	Three Year History for years ended:		
				FY2012	FY2011	FY2010
Cash Beginning Balances	254,523,752	262,926,105	(8,402,353)	262,926,105	244,074,613	221,866,212
Revenues						
Investment Earnings (Losses)	11,584,017	(10,099,677)	21,683,694	2,745,783	29,283,335	32,224,147
Other Income - Return of Unclaimed Property	-	-	-	-	-	899
Total Revenues	11,584,017	(10,099,677)	21,683,694	2,745,783	29,283,335	32,225,046
Expenditures						
Payment of Claims	3,528,289	3,696,177	(167,887)	11,131,012	10,415,160	9,978,121
Contractual / Professional	14,683	16,682	(1,999)	17,124	16,683	38,524
Total Expenditures	3,542,972	3,712,859	(169,887)	11,148,136	10,431,843	10,016,645
Excess (Deficiency) of Revenues over Expenditures	8,041,044	(13,812,536)	21,853,580	(8,402,353)	18,851,492	22,208,401
Cash Ending Balances	262,564,796	249,113,669	13,451,227	254,523,752	262,926,105	244,074,613

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

SELF-INSURED GUARANTY RISK POOL
October 31, 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	346,213	327,885	18,328	1,093,066	1,119,674	1,283,687
Investment Earnings (Losses)	493,013	(380,451)	873,464	125,813	592,165	9,237
Total Revenues	839,226	(52,566)	891,792	1,218,879	1,711,839	1,292,924
Expenditures						
Payment of Claims	92,922	7,611	85,311	28,466	28,707	104,821
Contractual / Professional	8,070	58,171	(50,101)	105,247	51,241	44,492
Total Expenditures	100,992	65,782	35,210	133,713	79,948	149,313
Excess (Deficiency) of Revenues over Expenditures	738,234	(118,348)	856,582	1,085,166	1,631,891	1,143,611
Cash Ending Balances	11,568,209	9,626,461	1,941,748	10,829,975	9,744,809	8,112,918

SELF-INSURED SECURITY RISK POOL
October 31, 2012

	YTD FY2013	YTD FY2012	Change	Three Year History for years ended:		
				FY2012	FY2011	FY2010
Cash Beginning Balances						
Revenues	203,518	205,705	(2,187)	205,705	173,041	-
Security Risk Pool Assessments	-	-	-	-	115,568	173,041
Investment Earnings (Losses)	-	-	-	-	-	-
Total Revenues					115,568	173,041
Expenditures						
Payment of Claims	112,569	1,649	110,920	2,187	73,649	-
Contractual / Professional	-	-	-	-	9,255	-
Total Expenditures					82,904	-
Excess (Deficiency) of Revenues over Expenditures						
	(112,569)	(1,649)	(110,920)	(2,187)	32,664	173,041
Cash Ending Balances	90,949	204,056	(113,107)	203,518	205,705	173,041

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

UNINSURED EMPLOYERS FUND
October 31, 2012

	Three Year History for years ended:			
	YTD FY2013	YTD FY2012	Change	FY2010
	9,574,065	9,086,330	487,735	8,905,444
Cash Beginning Balances				8,588,268
Revenues				
Fines and Penalties	249,655	332,155	(82,500)	939,626
Investment Earnings (Losses)	398,105	(350,765)	748,870	474,728
Total Revenues	647,760	(18,610)	666,370	1,414,354
Expenditures				
Payment of Claims	42,394	171,240	(128,846)	553,676
Contractual/Professional	1,436	4,957	(3,521)	7,392
General and Administrative	15	-	15	8,486
Total Expenditures	43,845	176,197	(132,352)	561,067
Excess (Deficiency) of Revenues over Expenditures	603,915	(194,807)	798,722	180,886
Cash Ending Balances	10,177,980	8,891,523	1,286,457	9,086,330
				8,905,444

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

West Virginia Offices of the Insurance Commission

OFFICE OF JUDGES' REPORT

TO INDUSTRIAL COUNCIL – November 2, 2012

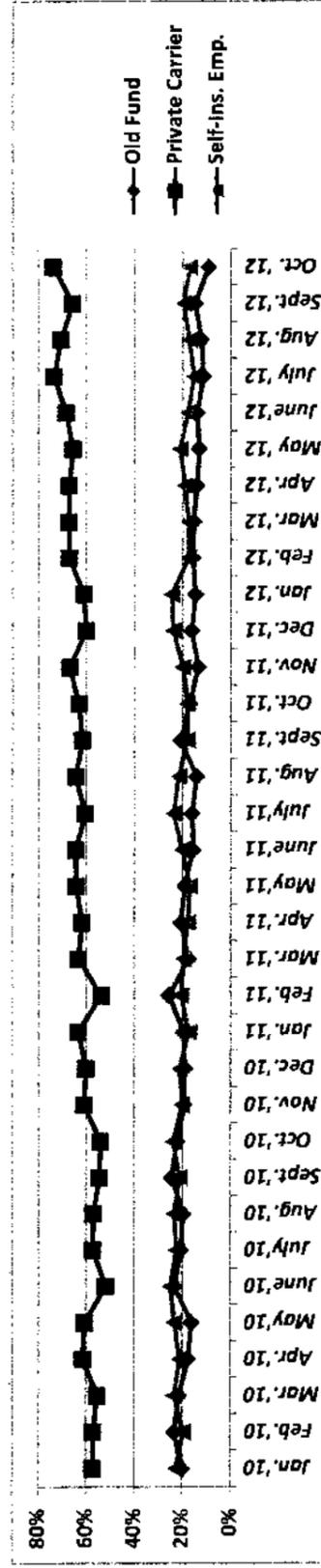
Rebecca A. Roush, Chief Administrative Law Judge

Statistical Analysis

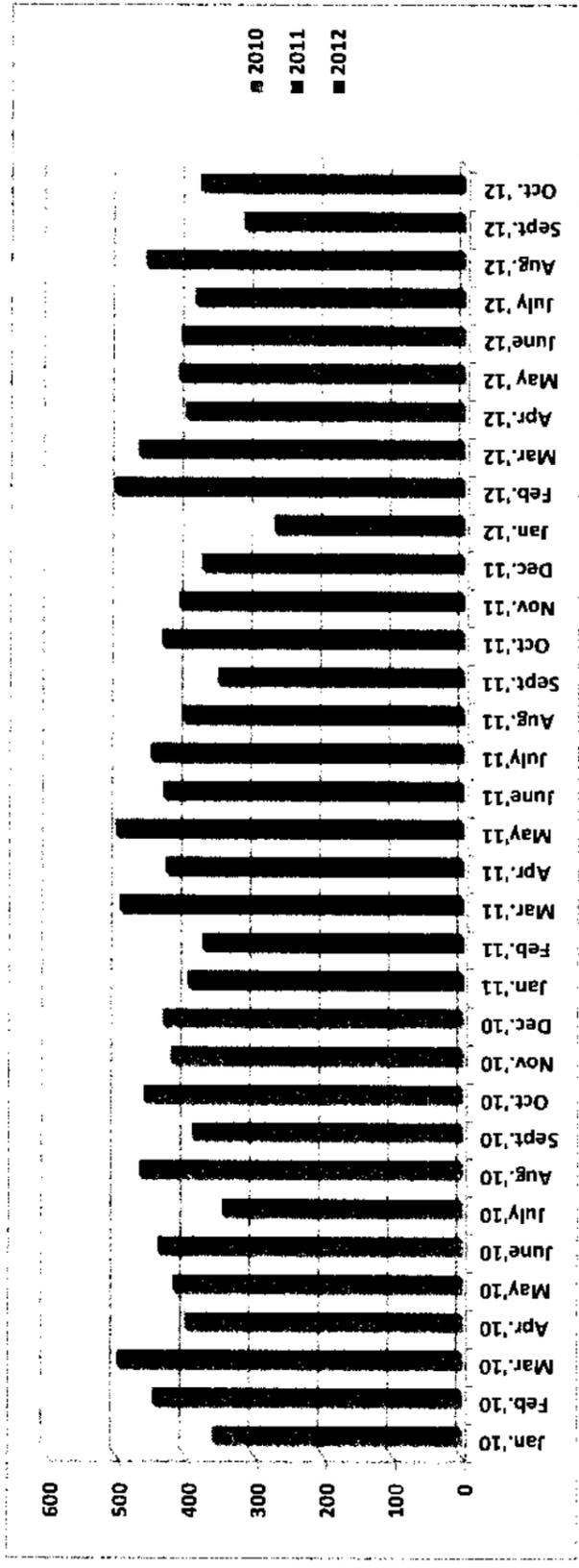
A. Protests Acknowledged: 2011 2012
5045 4010
381

Fund Involved:

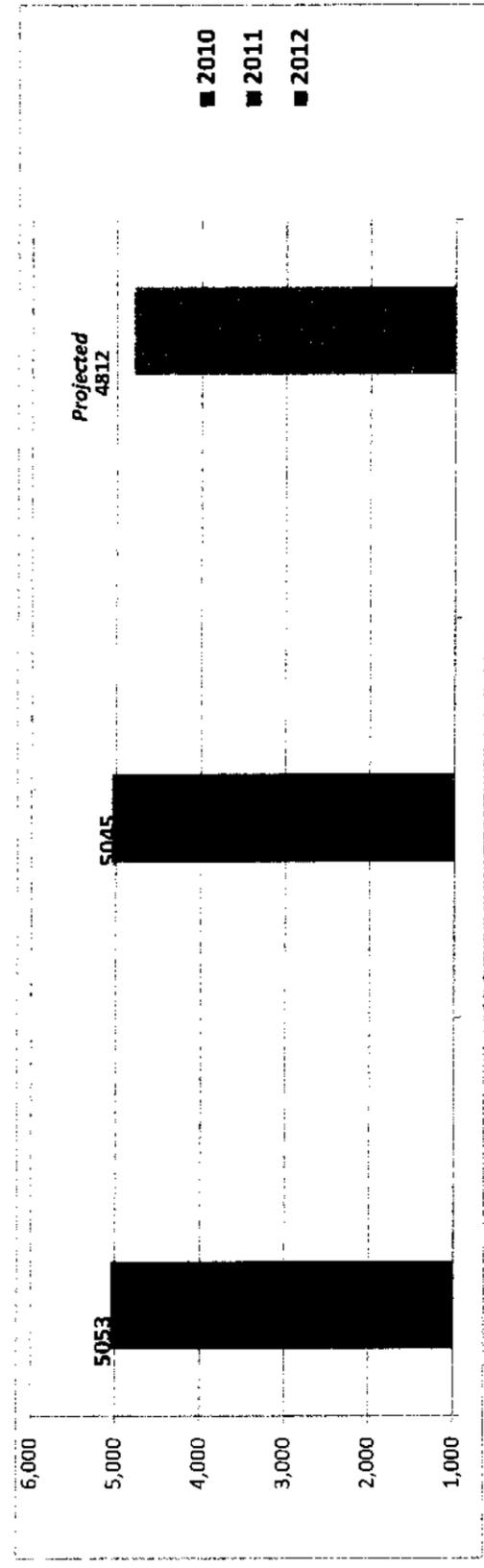
FUND	2011	% of protests	Oct. '12	% of protests	2012	% of protests
Old Fund	903	17.90%	35	9.19%	524	13.07%
Private Carrier	3158	62.60%	281	73.75%	2749	68.55%
Self-Insured	984	19.50%	65	17.06%	737	18.38%
Subtotal	5045		381		4010	
Temporary	1029		58		634	
Total	6074		439		4644	



Protests Acknowledged by Carrier Type



Protests Acknowledged by Month

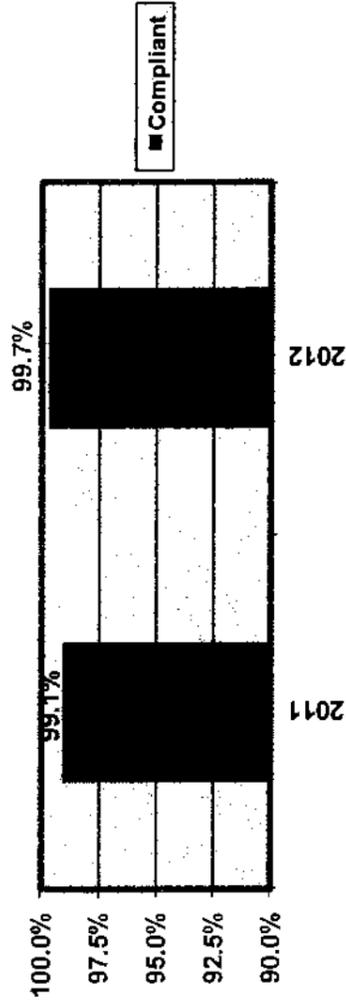


Protests Including Projection for 2012

	<u>Oct.'12</u>	<u>2012</u>
E. Protests Resolved:		
1. Protests decided:	329	2917
2. Withdrawals:	83	715
3. "No Evidence" Dismissals:	55	488

	<u>2011</u>	<u>Oct.'12</u>	<u>2012</u>
F. Final Decision Timeliness			
1. <30 days:	43.2%	35.7%	47.8%
2. 30-60 days:	49.8%	56.2%	48.9%
3. 60-90 days:	6.1%	7.4%	3.0%
4. +90 days:	0.9%	0.7%	0.3%

Decision Within Rule's Time Limits



	<u>2011</u>	<u>Oct.</u>	<u>2012</u>
G. Time Standard Compliance	92.4%	93.5%	92.3%

Friday, November 02, 2012

Time Standard Compliance

Report Dates: From 10/1/2012 thru 10/31/2012

Time Standard	Total Closed	Timely		Late	
		Count	Percent	Count	Percent
OP NON-MED	4	4	100%	0	0%
OPBD	11	11	100%	0	0%
PTD ENTITLEMENT	1	1	100%	0	0%
REOPENING	6	6	100%	0	0%
COMPENSABILITY	19	18	94.70%	1	5.30%
PPD	37	36	97.30%	1	2.70%
TTD	13	12	92.30%	1	7.70%
TRMT/EQUIP CL	47	41	87.20%	6	12.80%
Total	138	129	93.5%	9	6.5%

Friday, November 02, 2012

Final Decision Compliance

Report Dates: From 10/1/2012 thru 10/31/201

Description	Issues Resolved	Days to Decision							
		< 30 Days		30 - 60		61 - 90		> 90	
		Count	%	Count	%	Count	%	Count	%
APPLICATION THRESHOLD	1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
OP NON-MED	3	1	33.3%	2	66.7%	0	0.0%	0	0.0%
TRMT/EQUIP CL	103	39	37.9%	59	57.3%	5	4.9%	0	0.0%
COMPENSABILITY	58	21	36.2%	30	51.7%	7	12.1%	0	0.0%
SPECIAL CATEGORY	4	1	25.0%	3	75.0%	0	0.0%	0	0.0%
DEP BEN FATAL	4	3	75.0%	0	0.0%	1	25.0%	0	0.0%
REHABILITATION	1	0	0.0%	1	100.0%	0	0.0%	0	0.0%
TTD	25	8	32.0%	12	48.0%	5	20.0%	0	0.0%
BENEFIT RATE	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
FAILURE TO ACT 30 DAY	3	2	66.7%	1	33.3%	0	0.0%	0	0.0%
FAILURE TO ACT 15 DAY	5	2	40.0%	3	60.0%	0	0.0%	0	0.0%
OPBD	13	9	69.2%	4	30.8%	0	0.0%	0	0.0%
PTD ENTITLEMENT	3	2	66.7%	0	0.0%	0	0.0%	1	33.3%
PPD	45	9	20.0%	33	73.3%	2	4.4%	1	2.2%
REOPENING	14	4	28.6%	10	71.4%	0	0.0%	0	0.0%
Totals	283	101	35.7%	159	56.2%	21	7.4%	2	0.7%

Friday, November 02, 2012

Motion Resolution Compliance

Report Dates: From 10/1/2012 thru 10/31/2012

Time Standard	Total Motions	Timely *		Late **	
		Count	Percent	Count	Percent
DEP BEN 104	2	2	100%	0	0%
FAILURE TO ACT 15 DAY	6	6	100%	0	0%
OPBD	42	42	100%	0	0%
OP NON-MED	5	5	100%	0	0%
SPECIAL CATEGORY	10	10	100%	0	0%
APPLICATION THRESHOLD	1	1	100%	0	0%
TEMP	2	2	100%	0	0%
COMPENSABILITY	177	175	98.90%	2	1.10%
PPD	162	155	95.70%	7	4.30%
REOPENING	35	35	100%	0	0%
TRMT/EQUIP CL	248	246	99.20%	2	0.80%
FAILURE TO ACT 30 DAY	9	9	100%	0	0%
TTD	88	88	100%	0	0%
DEP BEN FATAL	14	14	100%	0	0%
PTD ENTITLEMENT	7	7	100%	0	0%
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	5	5	100%	0	0%
REHABILITATION	5	5	100%	0	0%
Total	818	807	98.7%	11	1.3%

* Action Date < Motion Date

** Action Date > Motion Date

Friday, November 02, 2012

Acknowledgement Goal

Report Dates: From 10/1/2012 thru 10/31/2012

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30		30-24		23-11		< 11	
		Count	Percent	Count	Percent	Count	Percent	Count	Percent
APPLICATION THRESHOLD	Total: 1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
CFA-CL APP.THRESHOLD	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
BENEFIT RATE	Total: 1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CBR-CL PRSTS BEN RATE	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
COMPENSABILITY	Total: 76	10	13.2%	9	11.8%	16	21.1%	41	53.9%
CCS-CL SEC.CONDITION	18	1	5.6%	0	0.0%	0	0.0%	17	94.4%
CHC-CL COMPENSABILITY	2	0	0.0%	0	0.0%	1	50.0%	1	50.0%
CIM-CL SI COMPENSABLE	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CIS-CL SI SEC.CONDITION	3	0	0.0%	1	33.3%	0	0.0%	2	66.7%
CPI-CL SI REJECT CLAIM	5	1	20.0%	1	20.0%	1	20.0%	2	40.0%
CPJ-CL REJECT CLAIM	36	5	13.9%	5	13.9%	9	25.0%	17	47.2%
CRZ-CL REJ OCC DISEASE	11	3	27.3%	2	18.2%	5	45.5%	1	9.1%
DEP BEN FATAL	Total: 2	1	50.0%	0	0.0%	0	0.0%	1	50.0%
CDF-CL DENY/GRNT DTH BEN	2	1	50.0%	0	0.0%	0	0.0%	1	50.0%
FAILURE TO ACT 15 DAY	Total: 4	0	0.0%	0	0.0%	2	50.0%	2	50.0%
C01-CL FTA INJ COMPENSAB	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
C03-CL FTA TREATMENT	2	0	0.0%	0	0.0%	1	50.0%	1	50.0%
FTA Diagnosis Update-FTA DIAGNOSIS UPATE	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
FAILURE TO ACT 30 DAY	Total: 3	0	0.0%	0	0.0%	1	33.3%	2	66.7%
C6A-CL FTA ACT UPON PPD	1	0	0.0%	0	0.0%	1	100.0%	0	0.0%
C7D-CL FTA REF FOR EXAM	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
OP NON-MED	Total: 3	0	0.0%	1	33.3%	0	0.0%	2	66.7%
CNR-CL NON-MED ORDER	3	0	0.0%	1	33.3%	0	0.0%	2	66.7%

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30		30-24		23-11		< 11	
		Count	Percent	Count	Percent	Count	Percent	Count	Percent
OPBD	Total: 15	0	0.0%	0	0.0%	1	6.7%	14	93.3%
CBF-CL % BOARD FINDING	6	0	0.0%	0	0.0%	1	16.7%	5	83.3%
CSF-CL % SI BOARD FINDING	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
CSO-CL SI AD.BRD FINDING	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
EAO-EM ADD BOARD FINDING	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
EBF-EM % BOARD FINDING	3	0	0.0%	0	0.0%	0	0.0%	3	100.0%
ESO-EM SI AD.BRD FINDING	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
PPD	Total: 93	5	5.4%	1	1.1%	19	20.4%	68	73.1%
CAA-CL ADDL % AWARD D/G	8	0	0.0%	0	0.0%	0	0.0%	8	100.0%
CAD-CL % AWARD DENY/GRNT	68	5	7.4%	1	1.5%	17	25.0%	45	66.2%
CIE-CL SI ADD% AWARD D/G	3	0	0.0%	0	0.0%	0	0.0%	3	100.0%
CIG-CL SI %AWARD DNY/GRNT	14	0	0.0%	0	0.0%	2	14.3%	12	85.7%
PTD ENTITLEMENT	Total: 5	0	0.0%	0	0.0%	1	20.0%	4	80.0%
CIT-CL SI DENY/GRANT PTD	1	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CKC-CL DENY/GRANT PTD	4	0	0.0%	0	0.0%	1	25.0%	3	75.0%
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	Total: 2	0	0.0%	0	0.0%	1	50.0%	1	50.0%
CEB-CL PTD REV. BODY DETERMINATION	2	0	0.0%	0	0.0%	1	50.0%	1	50.0%
REHABILITATION	Total: 2	1	50.0%	0	0.0%	0	0.0%	1	50.0%
CPB-CL GRNT/DNY VOC REHA	2	1	50.0%	0	0.0%	0	0.0%	1	50.0%
REOPENING	Total: 12	0	0.0%	0	0.0%	0	0.0%	12	100.0%
CIQ-CL SI DY/GRNT R/O PPD	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
CIY-CL SI DY/GRNT R/O TTD	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
CJV-CL DNY/GRNT R/O PPD	2	0	0.0%	0	0.0%	0	0.0%	2	100.0%
CRD-CL DENY/GRNT R/O TTD	6	0	0.0%	0	0.0%	0	0.0%	6	100.0%
SPECIAL CATEGORY	Total: 10	2	20.0%	0	0.0%	2	20.0%	6	60.0%
C1I-CL SI SI L CATEGORY	2	0	0.0%	0	0.0%	1	50.0%	1	50.0%
CNW-CL SPL CATEGORY	8	2	25.0%	0	0.0%	1	12.5%	5	62.5%
TRMT/EQUIP CL	Total: 110	6	5.5%	3	2.7%	15	13.6%	86	78.2%
CBX-CL TRMT DENY	81	5	6.2%	1	1.2%	10	12.3%	65	80.2%
CED-CL EQUIP DENY/GRANT	2	1	50.0%	0	0.0%	0	0.0%	1	50.0%

Description	Protests Acknowledged	Days to Acknowledge Protests											
		> 30			30-24			23-11			< 11		
		Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent		
CKN-CL D/G PROV CHNG	1	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	100.0%
CSX-CL SI TRMT DENY	20	0	0.0%	2	10.0%	3	15.0%	3	15.0%	15	75.0%	15	75.0%
CYY-CL TRMT GRANT	5	0	0.0%	0	0.0%	2	40.0%	2	40.0%	3	60.0%	3	60.0%
E8E-EM OIC TRMT GRANT	1	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	100.0%	1	100.0%
TTD	Total: 42	1	2.4%	1	2.4%	7	16.7%	7	16.7%	33	78.6%	33	78.6%
CCC-CL CLOSING THE CLAIM	23	0	0.0%	1	4.3%	5	21.7%	5	21.7%	17	73.9%	17	73.9%
CIC-CL SI CLSING THE CLM	7	1	14.3%	0	0.0%	0	0.0%	0	0.0%	6	85.7%	6	85.7%
CJS-CL TTD	8	0	0.0%	0	0.0%	0	0.0%	1	12.5%	7	87.5%	7	87.5%
CPX-CL INITIAL TTD	3	0	0.0%	0	0.0%	0	0.0%	1	33.3%	2	66.7%	2	66.7%
EJS-EM TTD	1	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	100.0%	1	100.0%
Totals: Claims 321	381	26	6.8%	15	3.9%	66	17.3%	66	17.3%	274	71.9%	274	71.9%

Resolution of Issues

Report Dates: Decision Date from 10/1/2012 thru 10/31/2012

Time Standard Categories	Decisions Issued	Reversed		Affirmed		Affirmed by Rule		Dismissed		Modified		Moot		Other		Remanded	
		Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
OP NON-MED	4	3	75	0	0	1	25	0	0	0	0	0	0	0	0	0	0
TRMT/EQUIP CL	133	31	23.30	70	52.60	9	6.80	20	15	1	0.80	2	1.50	0	0	0	0
REHABILITATION	4	0	0	1	25	0	0	3	75	0	0	0	0	0	0	0	0
FAILURE TO ACT 15 DAY	1	0	0	0	0	0	0	1	100	0	0	0	0	0	0	0	0
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	1	0	0	0	0	0	0	1	100	0	0	0	0	0	0	0	0
COMPENSABILITY	87	19	21.80	27	31	10	11.50	18	20.70	6	6.90	3	3.40	0	0	0	0
DEP BEN FATAL	5	1	20	3	60	0	0	1	20	0	0	0	0	0	0	0	0
FAILURE TO ACT 30 DAY	3	0	0	0	0	0	0	3	100	0	0	0	0	0	0	0	0
OPBD	27	5	18.50	7	25.90	3	11.10	12	44.40	0	0	0	0	0	0	0	0
PPD	90	21	23.30	21	23.30	21	23.30	25	27.80	2	2.20	0	0	0	0	0	0
REOPENING	18	1	5.60	12	66.70	1	5.60	4	22.20	0	0	0	0	0	0	0	0
TEMP	1	0	0	0	0	0	0	1	100	0	0	0	0	0	0	0	0
SPECIAL CATEGORY	8	2	25	3	37.50	1	12.50	2	25	0	0	0	0	0	0	0	0
TTD	55	4	7.30	19	34.50	8	14.50	22	40	1	1.80	0	0	1	1.80	0	0
APPLICATION THRESHOLD	1	0	0	1	100	0	0	0	0	0	0	0	0	0	0	0	0
PTD ENTITLEMENT	2	1	50	0	0	1	50	0	0	0	0	0	0	0	0	0	0
Totals	440	88	20	164	37.3	55	12.5	113	25.7	10	2.3	5	1.1	1	0.2	0	0

OOJ – Petition for Attorney Fees for Unreasonable Denial

Petitions received 9/1/2005 through 10/31/2012 **108**

Petitions denied on face: 30
 Petitions denied by ALJ Decision: 47
 Petitions granted: 17
 Petitions withdrawn through settlement: 5
 Petitions currently pending: 9

Failure to Timely Act Process

Petitions filed 9/1/05 through 10/31/12 **385**
 Filed: 385
 Denied/dismissed: 159
 Withdrawn: 12
 Reports to OIC: 187
 Pending: 27

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	11			87

Pro Se Claimant Information as of October 31, 2012

Pending Protests Involving Pro Se Claimants: 488

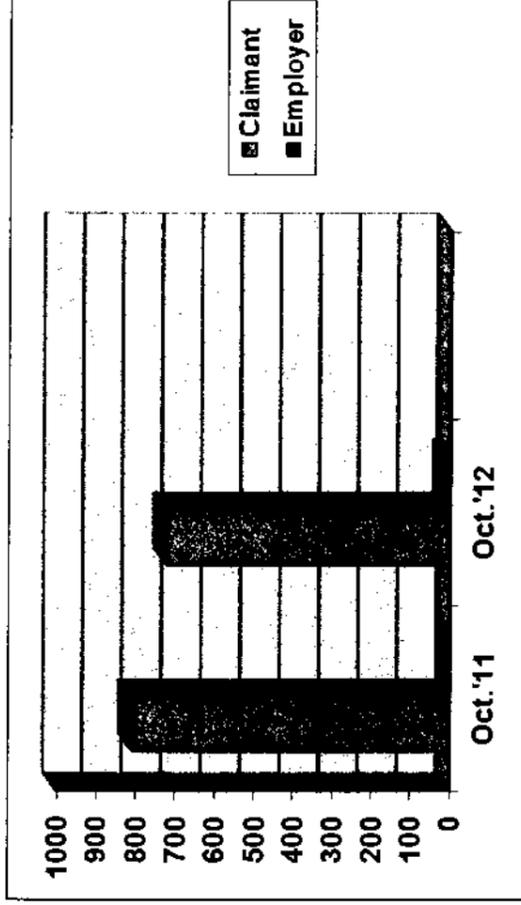
OOJ – Pending Treatment Issues

Pending Treatment Issues

Comparison to Prior Mo/Year

Party	Month		% Protests	
	Oct.'12	Oct.'11	Oct.'12	Oct.'11
Claimant	721	807	22.15%	22.87%
Employer	10		0.03%	
Total	731	807		

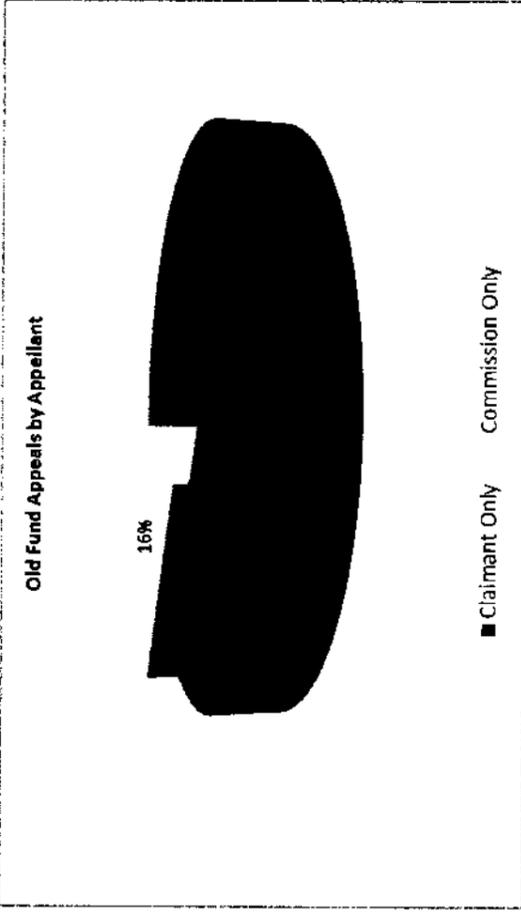
Pending Treatment Issues



Appeals Received
From October 1, 2012 thru October 31, 2012

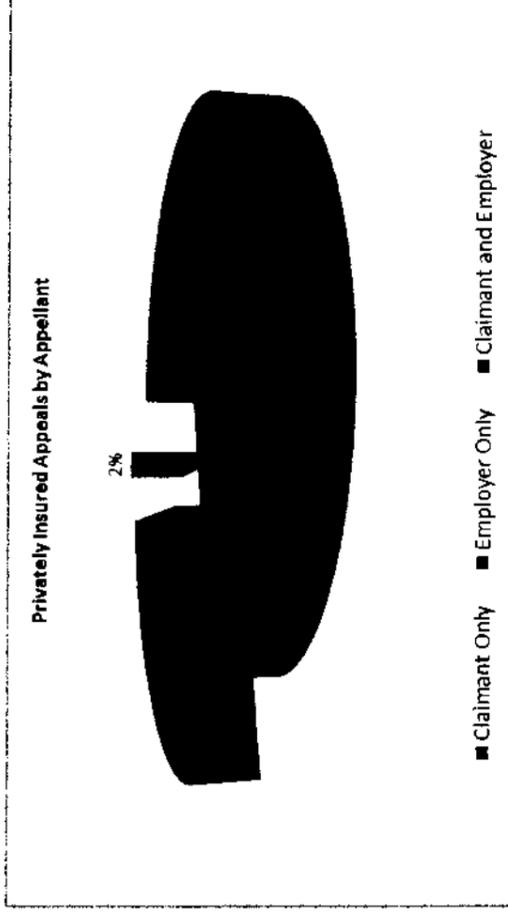
Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	16
Commission Only	3
Old Fund Total	19



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

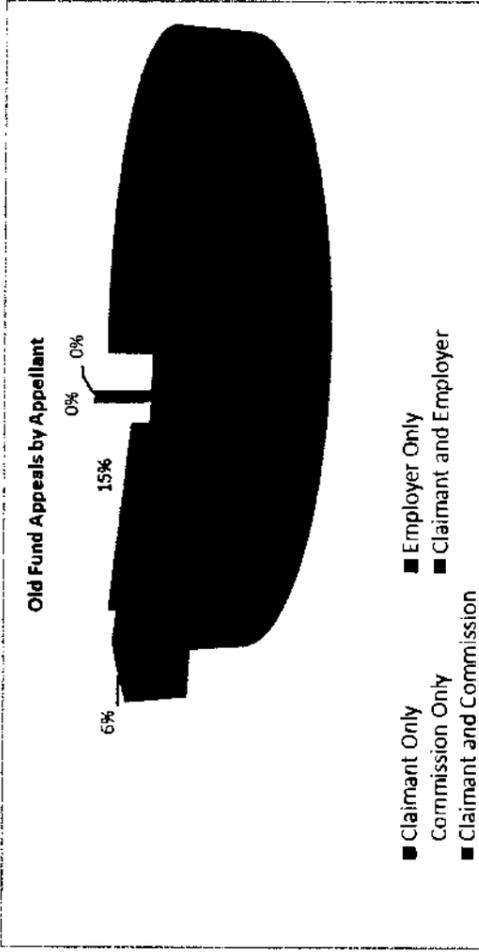
Appellant	Count
Claimant Only	74
Employer Only	30
Claimant and Employer	2
Privately Insured Total	106
Total Appeals	125



Yearly Appeals Received
From January 1, 2012 Thru October 31, 2012

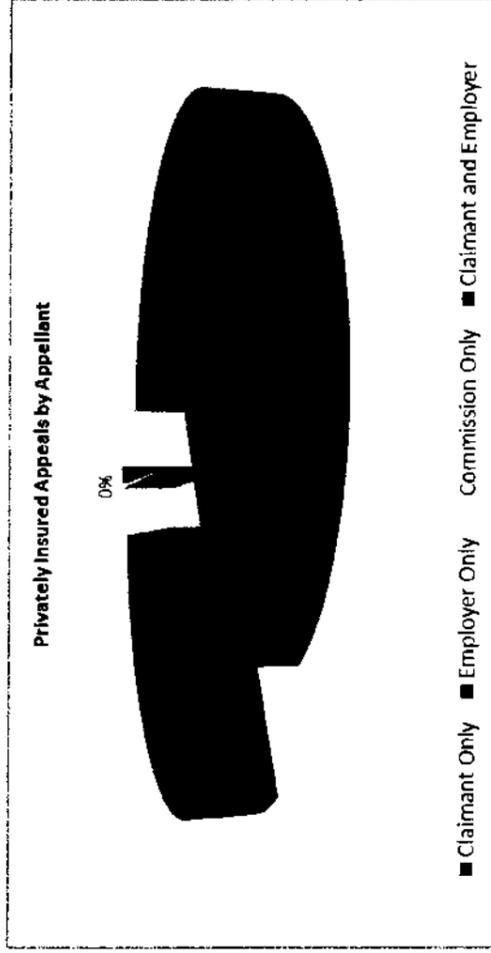
Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	187
Employer Only	14
Commission Only	35
Claimant and Employer	1
Claimant and Commission	1
Old Fund Total	238



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

Appellant	Count
Claimant Only	500
Employer Only	256
Commission Only	2
Claimant and Employer	9
Privately Insured Total	767
Total Appeals	1005



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

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	16	2	12.5	14	87.5
CL % BOARD FINDING	2	1	50.0	1	50.0
CL ADDL % AWARD D/G	4	1	25.0	3	75.0
CL CLOSING THE CLAIM	8	0	0.0	8	100.0
CL COMPENSABILITY	3	0	0.0	3	100.0
CL DENY/GRANT PTD	1	1	100.0	0	0.0
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 PTD	1	1	100.0	0	0.0
CL REJ OCC DISEASE	3	1	33.3	2	66.7
CL REJECT CLAIM	20	0	0.0	20	100.0
CL SEC.CONDITION	7	1	14.3	6	85.7
CL SI %AWARD DNY/GNT	7	0	0.0	7	100.0
CL SI ADD% AWARD D/G	1	0	0.0	1	100.0
CL SI CLSING THE CLM	2	0	0.0	2	100.0
CL SI COMPENSABLE	2	0	0.0	2	100.0
CL SI DY/GNT DTH BEN	1	1	100.0	0	0.0
CL SI DY/GNT R/O PPD	2	0	0.0	2	100.0
CL SI DY/GNT R/O TTD	3	0	0.0	3	100.0
CL SI REJECT CLAIM	3	0	0.0	3	100.0
CL SI TRMT DENY	11	1	9.1	10	90.9
CL TRMT DENY	24	5	20.8	19	79.2
CL TRMT GRANT	2	1	50.0	1	50.0
CL TTD	3	0	0.0	3	100.0
CL% SI BOARD FINDING	2	0	0.0	2	100.0
EM SI DY/GNT DTH BEN	1	1	100.0	0	0.0
Totals	132	19	14.4	113	85.6

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

Type of Issue	Total Issues		Old Fund		Privately Insured	
	#	%	#	%	#	%
CL % AWARD DENY/GRNT	133	7.5	10	7.5	123	92.5
CL % BOARD FINDING	10	30.0	3	30.0	7	70.0
CL ADD BOARD FINDING	11	72.7	8	72.7	3	27.3
CL ADDL % AWARD D/G	17	35.3	6	35.3	11	64.7
CL APP. THRESHOLD	2	100.0	2	100.0	0	0.0
CL BEN. OVERPAYMENT	2	100.0	2	100.0	0	0.0
CL CLOSING THE CLAIM	75	0.0	0	0.0	75	100.0
CL COMPENSABILITY	16	0.0	0	0.0	16	100.0
CL DENY/GRANT PTD	5	100.0	5	100.0	0	0.0
CL DENY/GRNT DTH BEN	15	100.0	15	100.0	0	0.0
CL DENY/GRNT R/O TTD	30	3.3	1	3.3	29	96.7
CL DNY/GRNT R/O PPD	10	80.0	8	80.0	2	20.0
CL DNY/GRNT R/O PTD	2	100.0	2	100.0	0	0.0
CL DY/GRNT REHAB PLN	1	0.0	0	0.0	1	100.0
CL GRNT/DNY VOC REHA	1	0.0	0	0.0	1	100.0
CL INITIAL TTD	7	0.0	0	0.0	7	100.0
CL NON-MED ORDER	2	100.0	2	100.0	0	0.0
CL OIC REJ OC.DISEAS	1	100.0	1	100.0	0	0.0
CL OIC REJECT CLAIM	1	0.0	0	0.0	1	100.0
CL OIC SEC.CONDITION	1	0.0	0	0.0	1	100.0
CL ONSET DATE ISSUE	4	100.0	4	100.0	0	0.0
CL PTD REV. BODY DETERMINATION	3	66.7	2	66.7	1	33.3
CL REJ OCC DISEASE	16	31.3	5	31.3	11	68.8
CL REJECT CLAIM	140	2.1	3	2.1	137	97.9
CL SEC.CONDITION	65	9.2	6	9.2	59	90.8
CL SI %AWARD DNY/GNT	42	7.1	3	7.1	39	92.9
CL SI AD.BRD FINDING	1	100.0	1	100.0	0	0.0
CL SI ADD% AWARD D/G	4	25.0	1	25.0	3	75.0
CL SI APP. THRESHOLD	1	100.0	1	100.0	0	0.0
CL SI CLSING THE CLM	20	0.0	0	0.0	20	100.0
CL SI COMPENSABLE	4	0.0	0	0.0	4	100.0
CL SI DENY/GRANT PTD	4	100.0	4	100.0	0	0.0
CL SI DY/GRNT DTH BEN	12	83.3	10	83.3	2	16.7
CL SI DY/GRNT R/O PPD	5	60.0	3	60.0	2	40.0

Type of Issue	Total Issues	Old Fund #	Old Fund %	Privately Insured #	Privately Insured %
CL SI DY/GNT R/O TTD	13	2	15.4	11	84.6
CL SI G/D TP REHAB	2	1	50.0	1	50.0
CL SI IEB DETRMTION	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	29	0	0.0	29	100.0
CL SI SEC.CONDITION	11	0	0.0	11	100.0
CL SI TRMT DENY	89	28	31.5	61	68.5
CL SI TRMT GRANT	1	0	0.0	1	100.0
CL SI TTD	3	0	0.0	3	100.0
CL TRMT DENY	240	75	31.3	165	68.8
CL TRMT GRANT	19	14	73.7	5	26.3
CL TTD	15	0	0.0	15	100.0
CL% SI BOARD FINDING	6	3	50.0	3	50.0
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	2	2	100.0	0	0.0
EM% SI BOARD FINDING	1	0	0.0	1	100.0
Totals	1116	244	21.9	872	78.1

Appeals Received By Issue
From October 1, 2012 thru October 31, 2012

Type of Issue	Total Issues		Claimant		Employer		OIC		Emp and OIC	
	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	17	76.5	13	17.6	3	0.0	0	0.0	1	5.9
CL % BOARD FINDING	2	100.0	2	0.0	0	0.0	0	0.0	0	0.0
CL ADDL % AWARD D/G	4	100.0	4	0.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	8	75.0	6	25.0	2	0.0	0	0.0	0	0.0
CL COMPENSABILITY	3	33.3	1	66.7	2	0.0	0	0.0	0	0.0
CL DENY/GRANT PTD	1	100.0	1	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT DTH BEN	2	100.0	2	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	1	0.0	0	100.0	1	0.0	0	0.0	0	0.0
CL DNY/GRNT R/O PTD	1	100.0	1	0.0	0	0.0	0	0.0	0	0.0
CL REJ OCC DISEASE	3	33.3	1	66.7	2	0.0	0	0.0	0	0.0
CL REJECT CLAIM	20	50.0	10	50.0	10	0.0	0	0.0	0	0.0
CL SEC CONDITION	8	62.5	5	37.5	3	0.0	0	0.0	0	0.0
CL SI %AWARD DNY/GRNT	7	71.4	5	28.6	2	0.0	0	0.0	0	0.0
CL SI ADD% AWARD D/G	1	100.0	1	0.0	0	0.0	0	0.0	0	0.0
CL SI CLSING THE CLM	2	100.0	2	0.0	0	0.0	0	0.0	0	0.0
CL SI COMPENSABLE	2	100.0	2	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GRNT DTH BEN	1	0.0	1	100.0	0	0.0	0	0.0	0	0.0
CL SI DY/GRNT R/O PPD	2	0.0	0	100.0	2	0.0	0	0.0	0	0.0
CL SI DY/GRNT R/O TTD	3	66.7	2	33.3	1	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	3	33.3	1	66.7	2	0.0	0	0.0	0	0.0
CL SI TRMT DENY	11	100.0	11	0.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	24	75.0	18	16.7	4	0.0	0	0.0	2	8.3
CL TRMT GRANT	2	50.0	1	50.0	1	0.0	0	0.0	0	0.0
CL TTD	3	100.0	3	0.0	0	0.0	0	0.0	0	0.0
CL% SI BOARD FINDING	2	100.0	2	0.0	0	0.0	0	0.0	0	0.0
EM SI DY/GRNT DTH BEN	1	100.0	1	0.0	0	0.0	0	0.0	0	0.0
Totals	134	71.6	96	26.1	35	0.0	0	0.0	3	2.2

**WORKER COMPENSATION BOARD OF REVIEW
FOR OCTOBER 2012**

Appealed By	BOR Disposition		Disposition Count		Year to Date		
	Count	%	Count	%	Date	Total %	
CLAIMANT	AFFIRMED	67	83.8%	66.3%	490	83.9%	54.3%
	DISMISSED	7	8.8%	6.9%	44	7.5%	4.9%
	MODIFY	1	1.3%	1.0%	4	0.7%	0.4%
	MODIFY AND REMAND				1	0.2%	0.1%
	MOOT				1	0.2%	0.1%
	REMAND	2	2.5%	2.0%	15	2.6%	1.7%
	REVERSE	3	3.8%	3.0%	29	5.0%	3.2%
	Total Dispositions	80			584		
	AFFIRMED				7	63.6%	0.8%
	DISMISSED	1	100.0%	1.0%	2	18.2%	0.2%
REVERSE				2	18.2%	0.2%	
Total Dispositions	1			11			
EMPLOYER	AFFIRMED	15	88.2%	14.9%	150	58.6%	16.6%
	DISMISSED	2	11.8%	2.0%	31	12.1%	3.4%
	MODIFY				5	2.0%	0.6%
	MODIFY AND REMAND				1	0.4%	0.1%
	REMAND				16	6.3%	1.8%
	REVERSE				53	20.7%	5.9%
Total Dispositions	17			256			
DIVISION/OIC	AFFIRMED	3	100.0%	3.0%	30	57.7%	3.3%
	DISMISSED				6	11.5%	0.7%
	REMAND				1	1.9%	0.1%
	REVERSE				15	28.8%	1.7%
	Total Dispositions	3			52		
Grand Totals		101			903		

Dispositions By Issue
BOR Orders Mailed From October 1, 2012 Thru October 31, 2012

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	9	6	66.7	0	0.0	2	22.2	0	0.0	1	11.1	0	0.0	0	0.0
CL % BOARD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	5	3	60.0	0	0.0	1	20.0	1	20.0	0	0.0	0	0.0	0	0.0
CL COMPENSABILITY	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT DTH BEN	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	3	3	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL OIC REJ OC.DISEAS	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 REJ OCC DISEASE	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL REJECT CLAIM	14	10	71.4	1	7.1	2	14.3	0	0.0	1	7.1	0	0.0	0	0.0
CL SEC.CONDITION	5	4	80.0	0	0.0	0	0.0	1	20.0	0	0.0	0	0.0	0	0.0
CL SI %AWARD DNY/GNT	2	1	50.0	0	0.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI CLSING THE CLM	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI COMPENSABLE	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT DTH BEN	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O PPD	2	1	50.0	0	0.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O TTD	1	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI G/D TP REHAB	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI SEC.CONDITION	2	1	50.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	10	10	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	32	30	93.8	1	3.1	0	0.0	1	3.1	0	0.0	0	0.0	0	0.0
CL TRMT GRANT	4	4	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL TTD	3	3	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL% SI BOARD FINDING	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
EM% SI BOARD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Totals	109	93	85.3	3	2.8	8	7.3	3	2.8	2	1.8	0	0.0	0	0.0

Yearly Dispositions By Issue
BOR Orders Mailed From October 1, 2012 Thru October 31, 2012

Type of Issue	Issues		Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	98	72	73.5	7	7.1	15	15.3	0	0.0	4	4.1	0	0.0	0	0.0	
CL % BOARD FINDING	13	13	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	60	42	70.0	8	13.3	7	11.7	2	3.3	1	1.7	0	0.0	0	0.0	
CL COMPENSABILITY	13	8	61.5	3	23.1	0	0.0	0	0.0	0	0.0	0	0.0	2	15.4	
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	15	12	80.0	1	6.7	1	6.7	0	0.0	1	6.7	0	0.0	0	0.0	
CL DENY/GRNT R/O TTD	32	28	87.5	1	3.1	2	6.3	1	3.1	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	0	0.0	1	20.0	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 REJ OC.DISEAS	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
CL OIC REJECT CLAIM	1	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	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
CL PTD REV. BODY DETERMINATION	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	14	9	64.3	2	14.3	3	21.4	0	0.0	0	0.0	0	0.0	0	0.0	
CL REJECT CLAIM	146	108	74.0	20	13.7	10	6.8	1	0.7	7	4.8	0	0.0	0	0.0	
CL SEC.CONDITION	65	52	80.0	6	9.2	6	9.2	1	1.5	0	0.0	0	0.0	0	0.0	
CL SI %AWARD DNY/GRNT	29	22	75.9	1	3.4	2	6.9	1	3.4	3	10.3	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	10	9	90.0	1	10.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
CL SI COMPENSABLE	2	1	50.0	1	50.0	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/GRNT DTH BEN	13	10	76.9	2	15.4	1	7.7	0	0.0	0	0.0	0	0.0	0	0.0	
CL SI DY/GRNT R/O PPD	4	2	50.0	1	25.0	1	25.0	0	0.0	0	0.0	0	0.0	0	0.0	
CL SI DY/GRNT R/O TTD	7	6	85.7	0	0.0	1	14.3	0	0.0	0	0.0	0	0.0	0	0.0	

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL SI G/D TP REHAB	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI IEB DETRMTION	1	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0
CL SI INITIAL TTD	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI NON-MED ORDER	2	1	50.0	0	0.0	1	50.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI PRSTS BEN RATE	2	1	50.0	0	0.0	0	0.0	0	0.0	1	50.0	0	0.0	0	0.0
CL SI REJ OCCDISEASE	13	7	53.8	1	7.7	1	7.7	3	23.1	1	7.7	0	0.0	0	0.0
CL SI REJECT CLAIM	29	21	72.4	4	13.8	2	6.9	0	0.0	2	6.9	0	0.0	0	0.0
CL SI SEC.CONDITION	17	15	88.2	2	11.8	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	66	52	78.8	11	16.7	0	0.0	0	0.0	3	4.5	0	0.0	0	0.0
CL SI TTD	1	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SPL CATEGORY	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	206	161	78.155	15	7.2816	22	10.68	3	1.4563	5	2.4272	0	0.0	0	0.0
CL TRMT GRANT	20	13	65	5	25	0	0	0	0	2	10	0	0	0	0
CL TTD	8	7	87.5	1	12.5	0	0	0	0	0	0	0	0	0	0
CL% SI BOARD FINDING	7	7	100	0	0	0	0	0	0	0	0	0	0	0	0
EM% BOARD FINDING	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0
EM% SI BOARD FINDING	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0
Totals	977	741	75.844	104	10.645	85	8.7001	13	1.3306	32	3.2753	0	0	2	0.2047

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

COLLECTION ACTIVITY		
Receipts - Old Fund (Employer out of business)	\$ 8,929.10	9
Receipts - PC & NU (Private Carrier Cancellation & Rogue Employers)	\$ 65,890.79	0
Receipts - Payment Agreements (Old Fund and UEF Combined)	\$ 23,904.77	7
# of active accounts uninsured (cumulative)		0
\$ of active accounts uninsured (cumulative)	\$ 337.00	0
Telephone contacts	1,675	6
Walk-ins	10	5
		77
LIENS		13
Liens sent to county clerks for recordation	170	3
Liens sent to county clerks for release	70	
Intent to lien letters sent to employer/owner/officer/member	93	
Uninsured Accounts Resolved	225	52
All Cash Receipts from WC accounts	\$ 98,724.66	206
		2
INJUNCTIONS		
Affidavits for injunction submitted to legal		9
Hearings attended		0
# of injunction complaints accepted by court		7
# of injunctions granted		0
# of agreed orders entered		0
PAYMENT AGREEMENTS		
# of repayment agreements applications		6
Agreements set up		5
Total # of agreements on system (cumulative)		77
Intent to void letters mailed		13
Agreements voided		3
MISCELLANEOUS		
Terminations Processed		52
Rule 11 Letters Mailed		206
Rule 11 hearings		2

BOARD OF TREASURY INVESTMENTS

OPERATING REPORT

SEPTEMBER 2012

Board of Treasury Investments

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

Board of Directors

John D. Perdue,
State Treasurer,
Chairman

Earl Ray Tamblin,
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

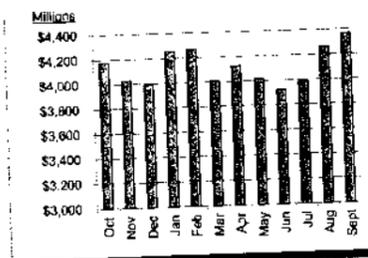
Acting Chief Financial Officer
Karl Shanholtzer,
CIA, CPA

Total Net Assets Under Management

\$4,362,932,000

Last Month
\$4,225,654,000

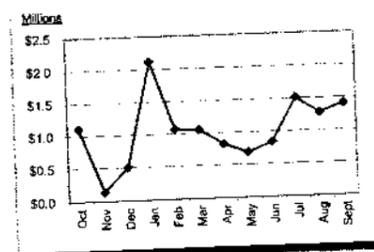
Beginning of Fiscal Year
\$3,919,677,000



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 September 30, 2012

Pool	1-Day Yield *	7-Day Yield *	30-Day Avg. Yield *	W.A.M. **	Net Assets
WV Money Market	.1459%	.1496%	.1532%	48 Days	\$3.1 Billion
WV Gov't Money Market	.1067%	.1103%	.1130%	55 Days	\$352.7 Million

* Yields represent the simple money market yield net of fees.
** W.A.M. is the weighted average maturity.



Office of the President

November 7, 2012

VIA EMAIL (Aaron.Allred@wvlegislature.gov)
HARDCOPY TO FOLLOW VIA FIRST CLASS MAIL

Honorable Chairmen and the Joint Committee on Government and Finance
c/o Mr. Aaron Allred
Building 1, Room E-132
1900 Kanawha Blvd., East
Charleston, WV 25305-0590

To Whom It May Concern:

RE: Glenville State College 30 Day Notice for entering into a Guaranteed Energy Savings
Performance Contract

In accordance with WV Code §5A-3B-1 and §5A-3B-2 Contracts for energy-savings contracts, Glenville State College is planning to enter into a guaranteed energy savings performance contract with Energy Systems Group on December 14, 2012. A copy of the proposal containing the information required by §5A-3B-2(b) of the code is attached.

This project meets the requirements of WV Code §5A-3B-1 and §5A-3B-2. The project is guaranteed to save at least 20% net annual savings over the current energy operating costs over the term of the contract which far exceeds the minimum 5% requirement in §5A-3B-2(c)(1).

The debt service required for energy conservations measures is \$3,667,199. The calculated energy savings is \$3,833,456. This satisfies the code requirements as stated in §5A-3B-2(b).

In addition to the energy savings project, GSC is required to make certain non-energy savings life safety and code compliant improvements as part of the project. The college plans to invest \$99,999 for 15 years which more than covers the debt service of the non-energy savings projects. The total cumulative project savings outweighs the total cumulative project costs.



GLENVILLE
STATE COLLEGE

Office of the President

This letter constitutes the thirty days' written notice to the Joint Committee on Government and Finance as required by WV Code §5A-3B-2(j).

As previously stated, this very important project utilizes the savings derived from energy conservation measures along with our own capital investment to address an aging infrastructure as well as life safety issues on our campus. By partnering our resources, we will be able to maximize our efforts in continuing to make Glenville State College "The best small public liberal arts college in America". If you should need further information please feel free to contact me.

Sincerely,

Peter B. Barr, President

To: Joint Committee on Government and Finance
Legislative Oversight Commission on Education Accountability
From: West Virginia Workforce Investment Council
Re: §5B-2B-4a. Report to Legislature
Date: October 16, 2012

The overall effect on specific industries in West Virginia due to activity within the Marcellus Shale gas field is becoming more evident as an examination of the most recent forty-eight month interim confirms. Data from the Quarterly Census of Employment and Wages (QCEW) reveals employment and wages, at least for two specific industry sectors, has risen appreciably in some areas of the state.

Statewide, employment in oil and gas extraction core industries in 2011 has grown by 917, which represents an improvement of 9.5 percent since 2008. The average wage has increased by more than \$8,100 during this period from a level of \$61,898 to an annual average pay of \$70,082 in 2011.

Primary employment and wage growth, however, has occurred in two industry sectors: (1) Establishments engaged in the construction of oil and gas pipelines, mains, refineries, and storage tanks have shown significant increases over the past four years. Employment in this sector stood at 1,276 in 2008 and in 2011 had grown by more than 50% to a level of 1,920. Wages during this period grew by approximately 18.9% from an average wage of \$60,329 in 2008 to an average wage of \$71,723 in 2011. (2) Similarly, businesses engaged in support activities such as excavation, well surveying, running and cutting casings and other well work showed employment and wage gains. In 2008 statewide employment was recorded at 2,782 and by 2011 had reached a level of 3,793. This represents an increase of more than 36%. Wages for this industry in the interim increased more than 28% from an average wage of \$46,615 in 2008 to a level of \$59,969 in 2011. Though both industry sectors include *oil and gas* in their definition of activities, there can be no doubt the recent upswing in activity within the two can only be attributed to measurable activity in the Marcellus Shale gas field.

Workforce Investment Board Regional Activity.

Employment and wage activity within the seven state workforce investment areas was somewhat mottled at best. Of the six core oil and gas industry sectors in workforce investment area 1 there were some modest wage gains while total employment fell by more than 39%. Although total employment grew less than 5% in WIA 2 and average wages improved by 20% one core sector revealed a marked expansion in the four year analysis.

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

The drilling of gas wells in 2008 employed 14. By 2011 this activity employed 178, a gain of more than one thousand percent. Only time will tell if other core oil and gas extraction industries show similar gains within this WIA. In a comparable manner, WIA 3 total employment lost 397 (-19%) over the four years. However, the oil and gas pipeline and related structures sector grew by 303 in this period, a gain of more than 168 percent. WIA 4 has a less impressive story to tell by posting a total employment loss of 409 in the analysis. As in WIA 3, the oil and gas pipeline and related structures sector provided some improvement by expanding modestly (+2%) adding nine jobs. WIA 5 revealed some development in nearly all core sectors with total employment expanding by 78 to a level of 232. The most notable gains occurred in support activities for oil and gas operations where employment increased from 2 in 2008 to a level of 68 in 2011. The average wage improved as well from \$21,862 to \$60,350 over the four years. This represents an improvement of more than 176 percent.

Workforce Investment Area 6 has the most activity related to Marcellus Shale. Of the 10,580 total employees in the state engaged in some form of oil and gas extraction, 4,275 or 40% of the workforce labor in this area. The region has increased its total employment by more than 1,000 over the four year analysis, representing an increase of approximately 31%. Most notably, however, support activities for oil and gas operations has expanded more than 112%, and boosting employment 1,106. The average wage has expanded 42% from a wage level of \$44,968 in 2008 to a level of \$63,889 in 2011.

Lastly, WIA 7's effect on this industry has been negligible, employing only 27 over all the core sectors in this region. Clearly, the early influence of the Marcellus Shale activity is centered in Workforce Investment Area 6. This is expected to continue in the months ahead with more measured growth anticipated in other regions of the state.

Recommendations for the establishment of an overall workforce investment public education agenda with goals and benchmarks toward maximizing job creation opportunities in the State of West Virginia. WorkForce West Virginia is actively working on this issue as a member of the State Workforce Planning Council, which includes leaders from the West Virginia Department of Education, the West Virginia Community and Technical College System, the West Virginia Higher Education Policy Commission, the West Virginia Development Office, and the Secretary of Education and the Arts.

Additional information. WorkForce West Virginia is currently in the process of compiling a detailed review of the Marcellus Shale industry. To the extent the data requested under this provision is collected and available to the agency, it will be incorporated into the report.

The Influence of the Marcellus Shale on Employment and Wages in West Virginia



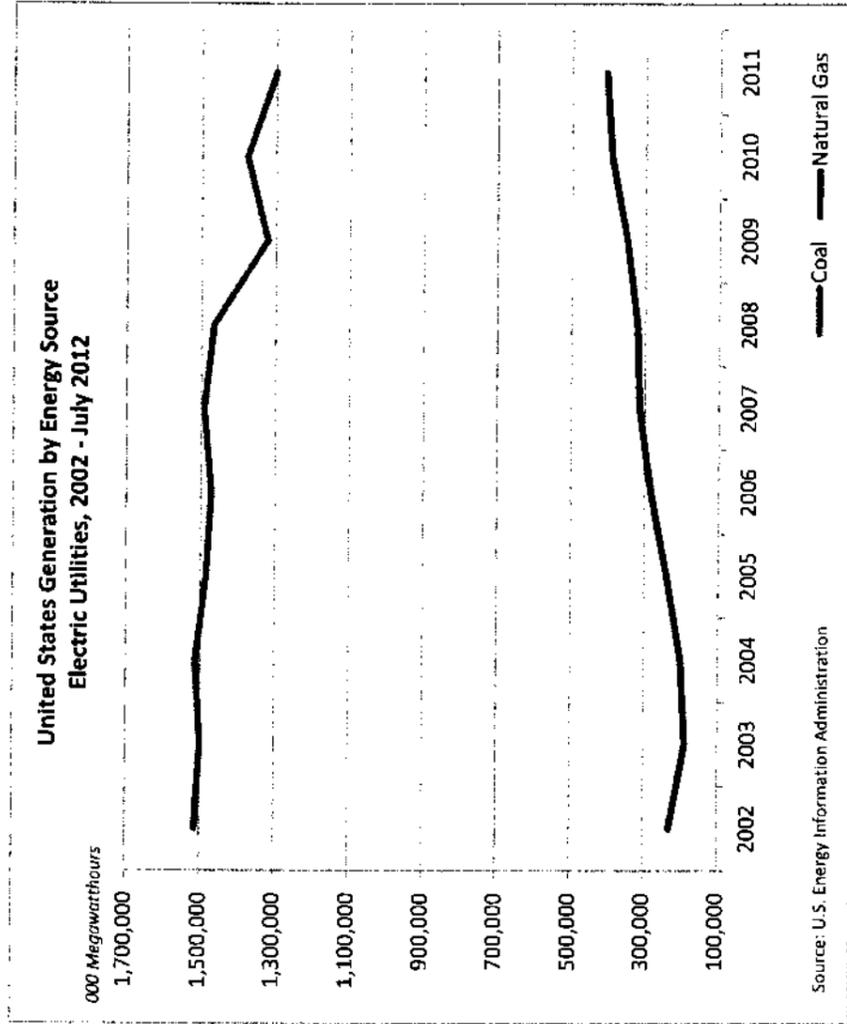
Research, Information and Analysis
www.workforcewv.org/imi
November 2012

WORK FORCE
West Virginia

Employment and Wages and the Marcellus Shale

Data from the U.S. Energy Information Administration for the past decade reveal a subtle, yet distinct shift in the use of fossil fuels for the generation of electricity in the United States. Graph 1 reflects significant movement toward natural gas as a power generation fuel source, and even more, portends the impending influence of the Marcellus Shale in the eastern U.S. The overall effect on

specific industries in West Virginia due to activity within the Marcellus Shale gas field is becoming more evident as an examination of the most recent forty-eight month interim confirms. Data from the Quarterly Census of Employment and Wages (QCEW) reveals employment and wages in at least two specific industries sectors (Graph 2), have risen appreciably in some areas of the state. Statewide, employment in oil and gas extraction core industries in 2011 has grown by 916, which represents an improvement of 9.5 percent since 2008. The average wage has increased by more than \$8,100 during this period from a level of \$61,898 to an annual average pay of \$70,082 in 2011. Primary employment and wage growth, however, has occurred mostly in two

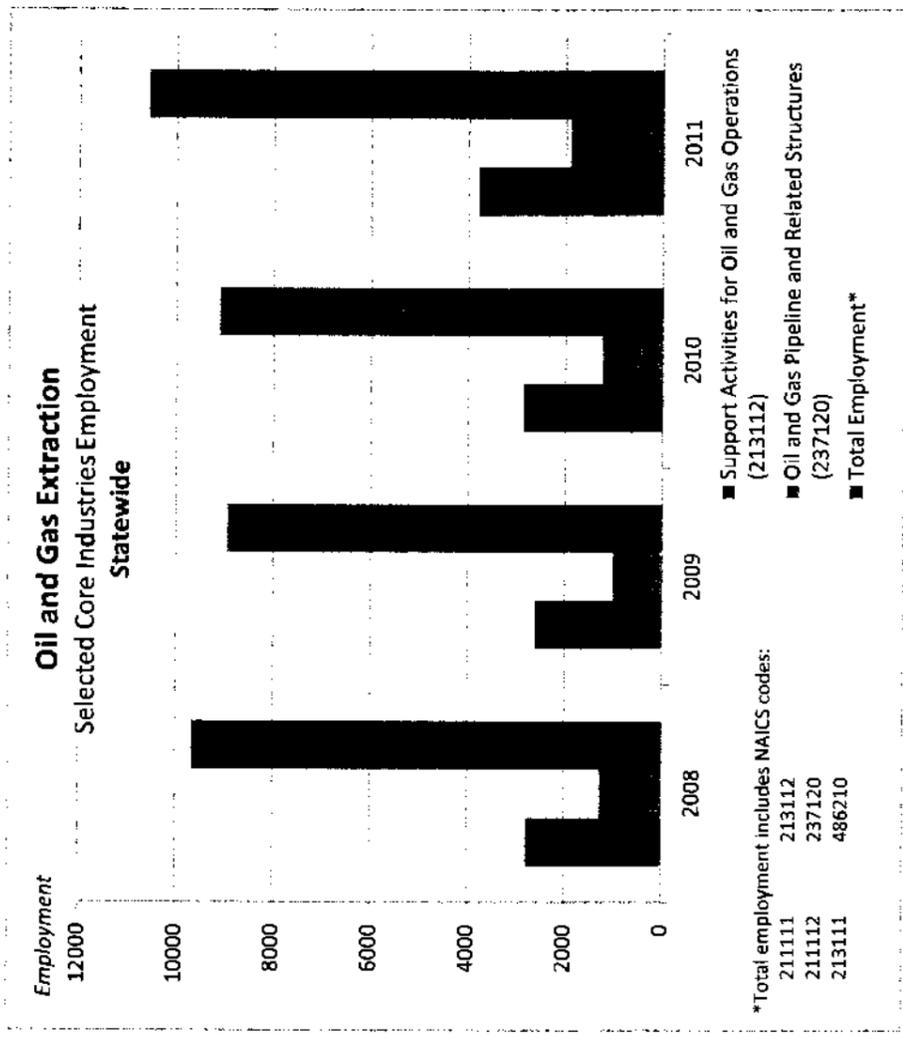


Graph 1

industry sectors. (1) Establishments engaged in the construction of oil and gas pipelines, mains, refineries, and storage tanks have shown significant increases over the past four years. Employment in this sector stood at 1,276 in 2008 and in 2011 had grown by more than 50 percent to a level of 1,920. Wages during this period grew by approximately 18.9 percent from an average of \$60,329 in

2008 to \$71,723 in 2011. (2) Similarly, businesses engaged in support activities such as excavation, well surveying, running and cutting casings and other well work showed employment and wage gains. In 2008 statewide employment was recorded at 2,782 and by 2011 had reached a level of 3,793. This represents an increase of more than 36 percent. Wages for this industry in the interim increased more than 28 percent from an average wage of \$46,615 in 2008 to a level of \$59,969 in 2011. Though both industry sectors include *oil and gas* in their definition of activities, there can be no doubt the recent upswing in activity within the two can only be attributed to measurable activity in the Marcellus Shale gas field.

Employment and wage activity within the seven state workforce investment areas (WIA) was varied (Graph 3). Of the six core oil and gas industry sectors¹ in WIA 1, there were some modest wage gains while total employment fell by more than 39 percent. Although total employment



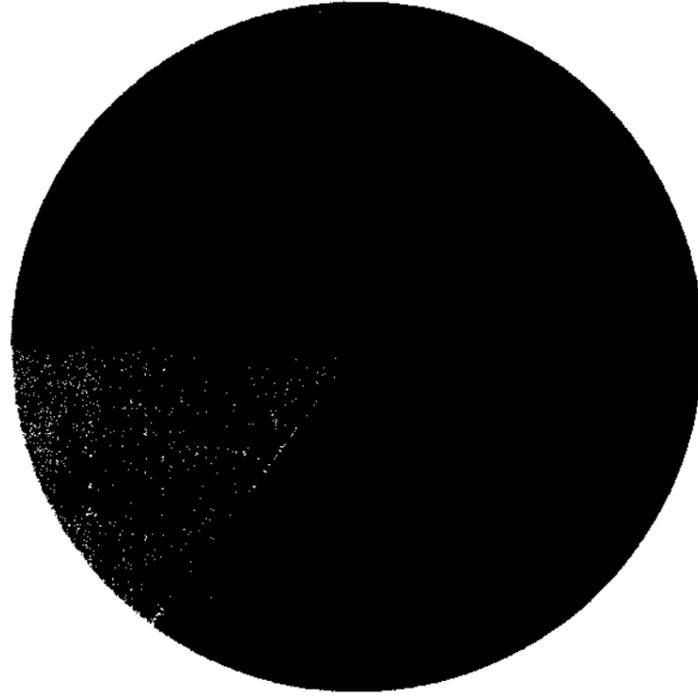
Graph 2

employment increased from two in 2008 to a level of 68 in 2011. The average wage improved as well from \$21,862 to \$60,350 over the four years. This represents an improvement of more than 176 percent. Workforce Investment Area 6 is, as the saying goes, where the action is. Of the 10,580 total employees in the state engaged in some form of oil and gas extraction, 4,275 or 40 percent (Graph 4) of the workforce labor in this area.

**Percent of Total Employment in Core Industries
Oil and Gas Extraction**

Oil and Gas Extraction Core Industries Employment in 2011	
Statewide	10,580
WIA 1	474
WIA 2	782
WIA 3	1,667
WIA 4	1,550
WIA 5	232
WIA 6	4,275
WIA 7	27
Other	1,573

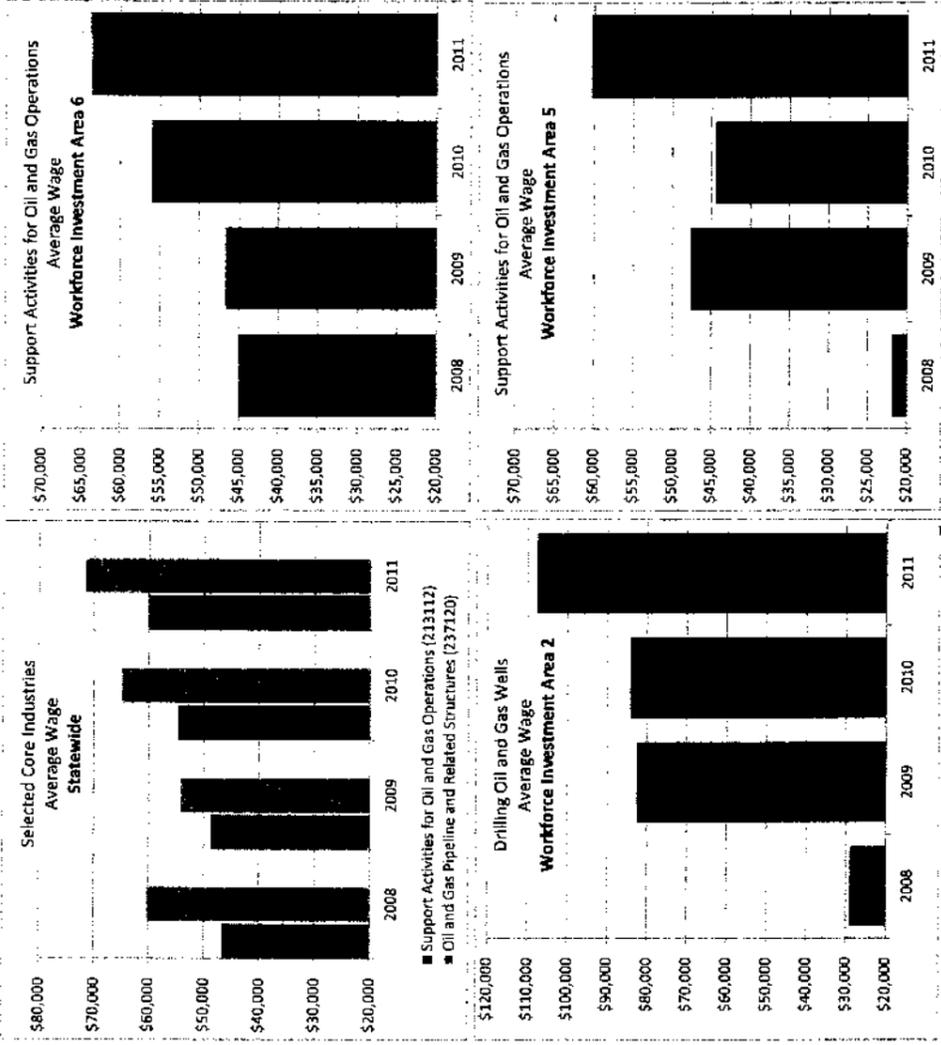
Core industries employment include:
 Petroleum and Natural Gas
 Extraction
 Natural Gas Liquid Extraction
 Oil and Gas Well Drilling
 Support Activities for Oil and
 Gas Operations
 Oil and Gas Pipeline Structures
 Pipeline Transportation of
 Natural Gas



Graph 4

The region has increased its total employment by more than 1,000 over the four-year analysis, representing an increase of approximately 31 percent. Most notably, however, the support activities for oil and gas operations sector has expanded more than 112 percent, and boosted employment 1,106. The average wage has expanded 42 percent from a level of \$44,968 in 2008 to \$63,889 in 2011. Lastly, WIA 7 sees little effect from the oil and gas industry, employing only 27 among all the core sectors in this region. Clearly, the early influence of the Marcellus Shale activity is centered in Workforce Investment Area 6. This is expected to continue in the months ahead with more measured growth anticipated in other regions of the state.

Graph 5



Note:

¹ Core Industries NAICS codes used for employment and wage analysis:

211111	Crude Petroleum and Natural Gas Extraction
211112	Natural Gas Liquid Extraction
213111	Drilling Oil and Gas Wells
213112	Support Activities for Oil and Gas Operations
237120	Oil and Gas Pipeline and Related Structures
486210	Pipeline Transportation of Natural Gas

Select Oil and Gas Data for Workforce Investment Areas from Quarterly Census of Employment and Wages

Core Industries		2008			2009			2010			2011		
NAICS	Title	Est. Emp.	Total Wages	Avg. Wage	Est. Emp.	Total Wages	Avg. Wage	Est. Emp.	Total Wages	Avg. Wage	Est. Emp.	Total Wages	Avg. Wage
STATEWIDE													
213112	Support Activities for Oil & Gas Operations	77	\$44,023,583	\$44,958	78	\$49,536,199	\$46,732	95	\$83,525,835	\$55,058	108	\$133,208,370	\$63,889
237120	Oil & Gas Pipeline & Related Structures	9	\$6,101,766	\$58,286	10	\$9,083,750	\$56,418	8	\$18,525,409	\$58,811	11	\$11,216,842	\$59,348
	Totals	216	\$202,290,844	\$52,071	209	\$211,032,145	\$63,278	227	\$246,986,790	\$65,360	248	\$303,730,245	\$71,048
Workforce Investment Area 1													
	Totals	33	\$55,514,358	\$70,539	33	\$42,777,745	\$66,015	32	\$32,320,284	\$70,261	40	\$32,685,002	\$68,956
Workforce Investment Area 2													
213111	Drilling Oil & Gas Wells	5	\$406,205	\$79,015	4	\$4,216,498	\$82,676	4	\$14,337,507	\$84,338	4	\$19,159,660	\$107,639
	Totals	55	\$44,706,361	\$59,848	59	\$35,949,476	\$57,704	59	\$47,019,232	\$65,214	57	\$56,165,768	\$71,823
Workforce Investment Area 3													
237120	Oil & Gas Pipeline & Related Structures	7	\$14,564,556	\$80,914	9	\$6,157,596	\$61,576	12	\$72,473,029	\$89,534	12	\$72,473,029	\$82,102
	Totals	89	\$165,196,111	\$80,037	89	\$141,166,308	\$77,355	98	\$123,829,115	\$85,517	94	\$148,852,897	\$89,294
Workforce Investment Area 4													
237120	Oil & Gas Pipeline & Related Structures	15	\$19,965,312	\$51,993	13	\$12,430,150	\$51,153	15	\$11,716,474	\$60,707	16	\$23,780,774	\$60,511
	Totals	186	\$81,411,562	\$41,558	180	\$67,589,948	\$41,365	186	\$65,894,349	\$44,284	187	\$73,857,121	\$47,650
Workforce Investment Area 5													
213112	Support Activities for Oil & Gas Operations	1	\$43,723	\$21,862	2	\$95,205	\$47,603	5	\$1,200,773	\$44,473	7	\$4,103,791	\$60,350
	Totals	22	\$8,732,980	\$56,708	19	\$9,033,726	\$61,039	25	\$11,606,242	\$67,088	33	\$15,841,970	\$68,284
Workforce Investment Area 6													
213112	Support Activities for Oil & Gas Operations	77	\$44,023,583	\$44,968	78	\$49,536,199	\$46,732	95	\$83,525,835	\$55,058	108	\$133,208,320	\$63,889
	Totals	216	\$202,290,844	\$52,071	209	\$211,032,145	\$63,278	227	\$246,986,790	\$65,360	248	\$303,730,245	\$71,048
Workforce Investment Area 7													
	Totals	6	\$7,425,443	\$60,836	6	\$2,083,727	\$71,853	6	\$1,981,611	\$73,383	6	\$1,934,842	\$71,561

Source: US Department of Labor, Bureau of Labor Statistics, Quarterly Census of Employment and Wages

Key Occupations in Marcellus Shale Related Core Industries

SOC	SOC / Job Title	Ann Wage*	Education	Work Experience	Job Training
17-2171	Petroleum Engineers	\$91,525	Bachelor's Degree		
19-2042	Geoscientists	\$63,575	Bachelor's Degree		
47-2061	Construction Laborers	\$33,402	Less than High School		Short-term on-the-job training
47-2073	Operating Engineers	\$40,521	High school diploma or equivalent		Moderate-term on-the-job training
47-2152	Plumbers, Pipefitters, and Steamfitters	\$46,304	High school diploma or equivalent		Apprenticeship
47-5011	Derrick Operators, Oil & Gas	\$45,067	Less than high school		Short-term on-the-job training
47-5012	Rotary Drill Operators, Oil & Gas	\$47,228	Less than high school		Moderate-term on-the-job training
47-5013	Service Unit Operators, Oil & Gas	\$43,806	Less than high school		Moderate-term on-the-job training
47-5071	Roustabouts, Oil & Gas	\$27,210	Less than high school		Moderate-term on-the-job training
49-9041	Industrial Machinery Mechanics	\$41,304	High school diploma or equivalent		Long-term on-the-job training
51-4121	Welders	\$38,329	High school diploma or equivalent	Less than 1 year	Moderate-term on-the-job training
51-8092	Gas Plant Operators	\$63,708	High school diploma or equivalent		Long-term on-the-job training
53-3032	Truck Drivers, Heavy and Tractor-Trailer	\$34,711	High school diploma or equivalent	1 to 5 years	Short-term on-the-job training
53-7071	Gas Compressor and Gas Pumping Station Operators	\$54,608	Less than high school		Moderate-term on-the-job training
53-7073	Wellhead Pumpers	\$35,414	Less than high school	Less than 1 year	Moderate-term on-the-job training

Source: US Department of Labor, Bureau of Labor Statistics, WorkForce West Virginia, Research, Information and Analysis
 * 2012 First Quarter, Occupational Employment Statistics

November 14, 2012

Mr. Aaron Allred, Legislative Manager
West Virginia Legislature
Joint Committee on Government and Finance
Building 1, Room E-132
1900 Kanawha Blvd., E.
Charleston, West Virginia 25305

Re: West Virginia University notification pursuant to West Virginia Code §18B-19-13

Dear Joint Committee on Government and Finance,

Pursuant to West Virginia Code § 18B-19-13 and appended for your review, please find a copy of the following documents: i) that certain Purchase and Sales Agreement, dated October 10, 2012, between ROBERT L. JOHNS, AS TRUSTEE OF THE BANKRUPTCY ESTATES OF AUGUSTA APARTMENTS, LLC; MCCOY 6, LLC; and THE SQUARE AT FALLING RUN, LLC (collectively, "SELLERS") and WEST VIRGINIA UNIVERSITY BOARD OF GOVERNORS, on behalf of WEST VIRGINIA UNIVERSITY, a state institution of higher education ("WVU"), and FIRST UNITED BANK AND TRUST; ii) that certain Agreement, dated October 23, 2012, between THE CITY OF MORGANTOWN, WEST VIRGINIA and MORGANTOWN BUILDING COMMISSION (collectively, "SELLERS") and WVU; iii) UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF WEST VIRGINIA order filed and entered on November 5, 2012 authorizing the sale of assets pursuant to 11 U.S.C. § 363(b), (l), and (m) and § 105(a), approving compromise litigation pursuant to Bankruptcy Rule 9019 and approving distribution of proceeds; and iv) a report setting forth a detailed summary of the terms of the acquisition, including the name of the property owner and agent involved in the sale, if any.

In the above-referenced Agreements, WVU agrees to purchase from SELLERS that certain real property located and situate in the City of Morgantown, Monongalia County, West Virginia, together with all buildings, improvements, easements, appurtenances and rights relating thereto, consisting of approximately twenty-five (25) acres, for the anticipated net purchase price of Five Million Three Hundred Forty Thousand Four Hundred Four Dollars (\$5,340,404.00).

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

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

Respectfully,


Shannon N. Mundell
Director of Real Estate

Report to Joint Committee on Government & Finance

**Acquisition of Parcels of Real Property, Morgantown, West Virginia
by
West Virginia University Board of Governors, on behalf of West Virginia University**

By that certain Purchase and Sales Agreement, dated October 10, 2012, West Virginia University Board of Governors, on behalf of West Virginia University ("WVU"), has agreed to purchase from Robert L. Johns, As Trustee of the Bankruptcy Estates of Augusta Apartments, LLC; McCoy 6, LLC and The Square at Falling Run, LLC (collectively, "Trustee") and First United Bank & Trust, that certain real property located and situate in the Fourth Ward of the City of Morgantown, Monongalia County, West Virginia, and more particularly described in Schedule 1.1 ("Property"); and by that certain Agreement, dated October 23, 2012, WVU has agreed to purchase from The City of Morgantown, West Virginia and Morgantown Building Commission (collectively, "City") the Property for the anticipated net purchase price of Five Million Three Hundred Forty Thousand Four Hundred Four Dollars (\$5,340,404.00).

The loop of the Property is subject to a lease from the City of approximately 4 acres. This lease is subject to litigation by the following parties: i) First United Bank & Trust to establish its lien on the lease, ii) the Bankruptcy Trustee of The Square at Falling Run, LLC to characterize the lease as title to the underlying property, and iii) City to terminate the lease, which is in default. Following acquisition by WVU, City and WVU will terminate the lease, City will transfer the land to WVU, and the Bankruptcy Trustee will dismiss its litigation. Further, First United Bank & Trust will dismiss its claim to a lien on the lease.

As consideration for the Property and dismissal of the Trustee proceedings, WVU will pay the Trustee pursuant to Section 3.1 of the Agreement between WVU, Trustee and First United Bank & Trust. Attached is the Order entered on November 5, 2012 by the United States Bankruptcy Court for the Northern District Of West Virginia authorizing the sale of assets pursuant to 11 U.S.C. § 363(b), (f), and (m) and § 105(a), approving compromise litigation pursuant to Bankruptcy Rule 9019 and approving distribution of proceeds for the Property.

Pursuant to the Agreement between City and WVU, at closing \$100,000 will be payable to City, and after closing, WVU will undertake and diligently pursue the following development initiatives: i) Within 5 years, WVU will construct a project in the loop area of the Property for an anticipated construction cost of \$60,000,000; ii) WVU will develop approximately 20,000 square feet of dedicated retail, commercial and/or other rental space in one or more of the following areas: the loop area of the Property, WVU's College Park area, the Falling Run Road area, and/or the Sunnyside area; iii) WVU will assist in soliciting one or more grants in an aggregate amount of not less than \$1,000,000 from various governmental agencies and third parties to support the expansion of the Morgantown Municipal Airport, assist City in the development, sale or lease of a 13-acre tract to be obtained by the City from the Monongalia County Development Authority; and iv) WVU will grant an easement to the Morgantown Housing Authority in exchange for the reconveyance and release by City of that certain right of way involving the Property. Notwithstanding any provisions above or in any other agreement to the contrary, City confirms and agrees that if WVU fails to perform any or all the development initiatives, City's sole and exclusive remedy shall be limited to receipt of the 2026 payment.

On August 31, 2026, WVU will pay \$4,200,000 to City, less the following credits:

- i) All Business & Occupation ("B&O") taxes paid to City prior to 2026 for the construction expenditures on the loop area of the Property in excess of \$30,000,000;
- ii) All B&O taxes paid to City arising from and directly associated with any construction, retail, commercial, rental space in the loop area of the Property, WVU's College Park area, the Falling Run Road area, and the Sunnyside area; and
- iii) All airport grant funds received as a result of WVU's efforts.

Additionally, First United Bank & Trust owns a TIF Bond supported by the Falling Run TIF District, and WVU will guarantee payment to the TIF Bond Trustee up to \$120,000 per year. In the event that WVU acquires any additional real property in this TIF District, the maximum annual payment may increase.

This acquisition has been approved by the West Virginia University Board of Governors and the United States Bankruptcy Court for the Northern District of West Virginia, and is subject to approval by the West Virginia Attorney General and West Virginia Higher Education Policy Commission.

Upon receipt of all approvals, the closing of such sale will occur on or before December 31, 2012. No agent was involved in this acquisition.

Summary

First United Bank & Trust	\$4,925,000		\$4,925,000
Estimated Closing Costs	\$325,000		\$325,000
City Building Commission - 2012	\$100,000		\$100,000
City Building Commission - 2026	\$4,200,000		\$4,200,000
TIF Bonds \$120,000 - 22 Years (PV)(Max)	\$1,690,404		\$1,690,404
Proceeds of Sale & ROW to City		(\$1,700,000)	(\$1,700,000)
B&O Tax Credit 2012-2026		(\$4,200,000)	(\$4,200,000)
Total	\$11,240,404	(\$5,900,000)	\$5,340,404

REPORT OF WEST VIRGINIA WATER DEVELOPMENT AUTHORITY PURSUANT
TO CHAPTER 31, ARTICLE 15A, SECTION 17b(f)

To the Joint Committee on Government and Finance
West Virginia Legislature

As required by West Virginia Code Chapter 31, Article 15A, Section 17b(f) the West Virginia Water Development Authority hereby certifies that the total eligible cost of the Chesapeake Bay watershed compliance projects and the Greenbrier River watershed compliance projects is \$199,482,003 and the proposed grant awards for each eligible project are set forth on Exhibit A attached hereto and incorporated herein by reference. The proposed grant awards are of equal ratio among all applicants of the total cost of each eligible project.

The projects and their eligible costs were approved by the West Virginia Infrastructure and Jobs Development Council as required by West Virginia Code Chapter 31, Article 15A, Section 17b(d) on November 7, 2012. This certification was approved by the Water Development Board of the West Virginia Water Development Authority on November 26, 2012.

This report is made this 26th day of November, 2012.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: 
Executive Director

cc: James Ellars, JJDC
Katheryn D. Emery, WV DEP

