

**JOINT COMMITTEE ON  
GOVERNMENT AND FINANCE**

**Materials Distributed**

**January 9, 2013**

JANUARY INTERIM ATTENDANCE  
Legislative Interim Meetings  
January 7, 8 and 9, 2013

Wednesday, January 9, 2013

2:00 pm - 3:00 pm

Joint Committee on Government and Finance

Senate

Kessler, Chair	<u>✓</u>
Palumbo	<u>✓</u>
Plymale	<u>✓</u>
Prezioso	<u>✓</u>
Unger	<u>A</u>
Facemyer	<u>A</u>
Hall	<u>A</u>

House

Thompson, Chair	<u>✓</u>
Boggs	<u>✓</u>
Caputo	<u>✓</u>
Miley	<u>✓</u>
White	<u>A</u>
Armstead	<u>✓</u>
Carmichael	<u>A</u>

I certify that the attendance as noted above  
is correct.

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

Aaron Allred

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

**Joint Committee on Government and Finance**  
December 12, 2012

1:00pm - 2:00pm

**Senate**

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

**House**

Thompson, Chair  
Boggs  
Caputo  
Miley  
White (Absent)  
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 November 28<sup>th</sup> minutes. So moved by the Speaker, any amendments, discussion, all in favor say aye, opposed, the ayes appear to have it, the ayes do have it."

President Kessler: "We got monthly and quarterly reports in our packet and then we have our Monthly and Quarterly Report from WORKFORCE WV, etc. Mr. Fry."

Russell Fry, Acting Executive Director of WORKFORCE WV: "Good afternoon Mr. President, Mr. Speaker, Committee members. Currently, today, our trust fund balance is \$121,024,024.90. We predict that we'll end this year with \$117,159,000. We look at revenue for this year of \$241,013,000 and benefits of \$229,656,000. December and January are usually the hardest months on us and the most unemployment so we really get truer picture of where we are going to go probably when we do a forecast in January. We did a ballpark forecast for next year. Let me just say that's looking into the crystal ball. That's looking at next year as if it was this year. That's kind of hard to do. That is why we update it every month. We truly had three hard months with some layoffs in the coal mining industry. So the only thing to say as far as our projections: all of our projections, even with that, show that we will be in good shape through next year.

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

Mr. Fry: "Thank you."

President Kessler: "Next we have Quarterly Reports on PEIA. Here is Mr. Taylor."

Ross Taylor, Acting Secretary, Department of Administration: "Good afternoon. My name is Ross Taylor, Acting Cabinet Secretary for the Department of Administration. You all have been provided the information. Honestly there really hasn't been any changes, any material changes, since our last meeting here a couple of weeks ago. I'll entertain any questions you all have in regards of any of the divisions that is reported."

President Kessler: "There was a press report about not raising the premiums, maybe you just want to address that, where's that money coming from? Is that in your PEIA trust fund?"

Mr. Taylor: "No. No sir. I am not a hundred percent sure where. The Governor committed the \$4M to us, so we made it only a one-time thing. Exactly which pool of monies, no sir. We did utilize a substantial amount of the monies we had in our reserve to get us down to the \$4M because of our projections. Originally we were going to have to make \$18M worth of premium reductions or benefit changes. Not premium reductions, benefit reductions or premium increases but we used some of the monies we had in reserve. That \$14M and the other \$4M. The Governor just basically said that he would find the money."

President Kessler: "Ok any other questions of Mr. Taylor? Any other members? Thank you very much."

President Kessler: "Next we have DHHR, Ms. Atkins."

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

President Kessler: "Any questions of Ms. Atkins? Any questions members of the committee? Thank you."

Ms. Atkins: "Thank you."

President Kessler: "Next we have Mr. Slaughter with the Investment Management Board."

Mr. Slaughter: "Gentlemen, Craig Slaughter, Executive Director of the

Investment Management Board. You have the October 31<sup>st</sup> numbers in your book I believe. We didn't have much return in October, again the ten year return is still well above. For the defined benefit plan it is around 8% with teachers at 7.6% being the lowest and that is because we have the VALIC (Variable Annuity Life Insurance Company) Assets that got transferred over. They are a drag on return. Insurance assets I just don't touch on those very often, but just so you will know our goal with those assets is to beat inflation. That is being done. Well, I think, we take a lot less risks in those assets. Other than that, oh for November I think we'll see a positive return for November somewhere between .5% and 1% for the month which will be good. Lifts fiscal year to date numbers probably around 5 ½% for the plans.

President Kessler: "Any questions for Mr. Slaughter? How are we going to do if we go over the cliff at the end of month?"

Mr. Slaughter: "It will be a drag. Unfortunately, that is only a small part of the issues that the markets have to deal with over the interim."

President Kessler: "Any other questions of Mr. Slaughter? Thank you very much. Finally, Mr. Riley, Worker's Compensation."

Mr. Riley: "Good Afternoon Mr. President, Mr. Speaker, Committee Members, Mike Riley, Insurance Commissioner. You have a copy of our report in front of you. We ended the month of November with 17,823 open claims. We closed our mark as inactive, 110 for the month of November. I know previously for the previous year we have been averaging closure about 200. That slope has started to decrease and now we are just a little bit above 100 each month. On page 11, the Old Fund Cash Statement, we ended November with \$993M in the bank, total revenues year to date \$138M, total expenditures of \$87M. The one thing we are trying to keep our eye on is the severance tax with the reduction in the coal industry. We do believe that somewhat is being offset by the increase in the oil and gas industry. For the year 2011, coal represented \$76M of the \$93M of severance tax and gas represented \$14M. For 2012 coal went from \$76M to \$71M but the gas industry went from \$14M up to \$20M so we are still somewhat even on that. We will be watchful of that. That is all I have.

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

WEST VIRGINIA LEGISLATURE

*Office of the Legislative Auditor*



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

304-347-4870

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

- West Virginia Lottery as of November 30, 2012:  
Gross profit for July 1, 2012 – November 30, 2012 of fiscal year 2013 is \$ 240.6 million.
- West Virginia Unemployment Compensation Fund as of November 30, 2012:  
Total disbursements were \$341 thousand less than this time period last fiscal year. Overall ending trust fund balance was \$2.4 million lower on November 30, 2012, than on November 30, 2011.
- General Revenue Fund as of December 31, 2012:  
The general revenue collections are at 100.19% of the estimate.
- State Road Fund as of December 31, 2012:  
The state road fund collections are 102.20% of the estimate.



P.O. BOX 2067  
CHARLESTON, WV 25327

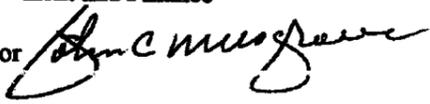
PHONE: 304-558-0500  
1-800-WVA-CASH

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 November 30, 2012

**DATE:** December 14, 2012

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

Financial statements of the Lottery for the month ending November 30, 2012 are attached. Lottery revenue, which includes on-line, instant, video lottery sales, table games, and historic resort, was \$109,526,622 for the month of November.

Transfers of lottery revenue totaling \$28,290,697 made for the month of November 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 November 30, 2012 was 1,594 and 1,520 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](http://www.wvlottery.com)



**WEST VIRGINIA LOTTERY**

**STATE OF WEST VIRGINIA**

**FINANCIAL STATEMENTS  
-UNAUDITED-**

**November 30, 2012**

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

ASSETS	November 30, 2012	June 30, 2012
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 204,906	\$ 241,538
Accounts receivable	34,908	36,671
Inventory	659	510
Other assets	2,098	2,275
Total Current Assets	<u>242,571</u>	<u>280,994</u>
<b>Noncurrent Assets:</b>		
Restricted cash and cash equivalents	1,678	2,373
Capital assets	46,816	46,816
Less accumulated depreciation and amortization	(5,418)	(4,531)
Net Capital Assets	<u>41,398</u>	<u>42,285</u>
Total Noncurrent Assets	<u>43,076</u>	<u>44,658</u>
Total Assets	<u>\$ 285,647</u>	<u>\$ 325,652</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accrued nonoperating distributions to the State of West Virginia	\$ 190,226	\$ 216,819
Deferred LVL permit fees	-	-
Estimated prize claims	15,235	13,372
Accounts payable	2,282	3,238
Other accrued liabilities	25,929	40,248
Total Current Liabilities	<u>233,672</u>	<u>273,677</u>
Total Liabilities	<u>233,672</u>	<u>273,677</u>
<b>Net Assets:</b>		
Invested in capital assets	41,398	42,285
Unrestricted	8,907	8,000
Restricted assets ( see note 12)	1,670	1,690
Total Net Assets	<u>51,975</u>	<u>51,975</u>
Total Liabilities and Net Assets	<u>\$ 285,647</u>	<u>\$ 325,652</u>

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

**WEST VIRGINIA LOTTERY**

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**WEST VIRGINIA LOTTERY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**FOR THE FIVE MONTH PERIOD ENDED NOVEMBER 30, 2012**

(In Thousands)  
- Unaudited -

	CURRENT MONTH		YEAR TO DATE	
	2012	2011	2012	2011
Lottery revenues				
On-line games	\$ 11,230	\$ 6,187	\$ 37,289	\$ 31,215
Instant games	8,798	9,970	45,188	48,313
Racetrack video lottery	50,664	59,262	277,700	313,325
Limited video lottery	32,308	31,961	164,365	159,933
Table games	6,034	5,964	30,003	31,523
Historic resort	493	634	3,609	2,711
	<u>109,527</u>	<u>113,978</u>	<u>558,154</u>	<u>587,020</u>
Less commissions				
On-line games	795	421	2,623	2,178
Instant games	616	698	3,163	3,382
Racetrack video lottery	30,964	33,020	163,813	182,994
Limited video lottery	15,831	15,661	80,539	78,367
Table games	2,634	2,563	13,099	13,546
Historic resort	230	339	1,671	1,394
	<u>51,070</u>	<u>52,702</u>	<u>264,908</u>	<u>281,861</u>
Less on-line prizes	5,478	2,999	18,363	15,682
Less instant prizes	5,844	6,796	30,055	32,036
Less ticket costs	137	246	749	901
Less vendor fees and costs	734	767	3,404	3,412
	<u>12,193</u>	<u>10,808</u>	<u>52,571</u>	<u>52,031</u>
Gross profit	<u>46,264</u>	<u>50,468</u>	<u>240,675</u>	<u>253,128</u>
Administrative expenses				
Advertising and promotions	779	216	2,307	2,446
Wages and related benefits	944	1,108	4,661	5,369
Telecommunications	69	92	381	299
Contractual and professional	471	387	1,778	2,127
Rental	19	42	90	255
Depreciation and amortization	173	61	887	220
Other administrative expenses	206	122	651	748
	<u>2,661</u>	<u>2,028</u>	<u>10,755</u>	<u>11,464</u>
Other Operating Income	<u>154</u>	<u>145</u>	<u>2,038</u>	<u>63,808</u>
Operating Income	<u>43,757</u>	<u>48,585</u>	<u>231,958</u>	<u>305,472</u>
Nonoperating income (expense)				
Investment income	20	12	100	69
Capital contribution from State of WV	-	1,019	-	5,977
Distributions to municipalities and counties	(633)	(626)	(3,222)	(3,135)
Distributions -capital reinvestment	(305)	(1,179)	(401)	(1,258)
Distributions to the State of West Virginia	(42,839)	(46,792)	(228,435)	(301,148)
	<u>(43,757)</u>	<u>(47,566)</u>	<u>(231,958)</u>	<u>(299,495)</u>
Net income	<u>-</u>	<u>1,019</u>	<u>-</u>	<u>5,977</u>
Net assets, beginning of period	<u>51,975</u>	<u>44,030</u>	<u>51,975</u>	<u>39,072</u>
Net assets, end of period	<u>\$ 51,975</u>	<u>\$ 45,049</u>	<u>\$ 51,975</u>	<u>\$ 45,049</u>

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

**WEST VIRGINIA LOTTERY  
STATEMENTS OF CASH FLOWS  
FOR THE FIVE MONTH PERIOD ENDED NOVEMBER 30, 2012**

(In Thousands)  
-Unaudited-

	2012	2011
<b>Cash flows from operating activities:</b>		
Cash received from customers and other sources	\$ 561,955	\$ 591,388
Cash payments for:		
Personnel costs	(4,614)	(4,803)
Suppliers	(5,800)	(5,892)
Other operating costs	(317,143)	(334,720)
Cash provided by operating activities	<u>234,398</u>	<u>245,973</u>
<b>Cash flows from noncapital financing activities:</b>		
Nonoperating distributions to the State of West Virginia	(255,028)	(305,516)
Distributions to municipalities and counties	(3,226)	(3,113)
Distributions to racetrack from racetrack cap. reinv. fund	(13,571)	(10,598)
Cash used in noncapital financing activities	<u>(271,825)</u>	<u>(319,227)</u>
<b>Cash flows from capital and related financing activities:</b>		
Purchases of capital assets	-	(9,918)
<b>Cash flows from investing activities:</b>		
Investment earnings received	100	69
Cash provided by investing activities	<u>100</u>	<u>69</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(37,327)</b>	<b>(83,103)</b>
<b>Cash and cash equivalents - beginning of period</b>	<b>243,911</b>	<b>270,520</b>
<b>Cash and cash equivalents - end of period</b>	<b>\$ <u>206,584</u></b>	<b>\$ <u>187,417</u></b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 231,958	\$ 305,472
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	887	220
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	1,763	(577)
(Increase) decrease in inventory	(149)	(106)
(Increase) decrease in other assets	177	(125)
Increase (decrease) in estimated prize claims	1,863	(940)
Increase (decrease) in accounts payable	(956)	179
Increase (decrease) in deferred revenue	-	(58,863)
Increase (decrease) in other accrued liabilities	(1,145)	713
Cash provided by operating activities	<u>\$ 234,398</u>	<u>\$ 245,973</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 non-operating revenues and expenses.

**NOTE 3 - CASH AND CASH EQUIVALENTS**

At November 30, 2012 the carrying amounts of deposits (overdraft) with financial institutions were \$434 thousand with a bank balance (overdraft) of \$488 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>November 30, 2012</u>	<u>June 30, 2012</u>
Deposits with financial institutions	\$ 434	\$ 477
Cash on hand at the Treasurer's Office	41,197	42,350
Investments with BTI reported as cash equivalents	<u>164,953</u>	<u>201,084</u>
	<u>\$ 206,584</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.

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**NOTE 4 – CAPITAL ASSETS**

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

Capital Assets:

	Historical Cost At June 30, 2012	Additions	Deletions	Historical Cost At November 30, 2012
Construction in Progress	\$ 519	\$ -	\$ -	\$ 519
Land	1,434	-	-	1,434
Buildings	38,084	-	-	38,084
Improvements	260	-	-	260
Equipment	6,519	-	-	6,519
	<u>\$ 46,816</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,816</u>
Accumulated Depreciation:				
	Historical Cost At June 30, 2012	Additions	Deletions	Historical Cost At November 30, 2012
Buildings	\$ 237	\$ 396	\$ -	\$ 633
Improvements	260	-	-	260
Equipment	4,034	491	-	4,525
	<u>\$ 4,531</u>	<u>\$ 887</u>	<u>\$ -</u>	<u>\$ 5,418</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

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revenues and expenses from MUSL games participation for the month ended November 30, 2012 and year-to-date is as follows:

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

<u>Revenues</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 8,127,547	\$ 21,580,537
Hot Lotto	404,004	1,837,148
Mega Millions	725,852	4,018,062
Total	\$ 9,257,403	\$ 27,435,747

<u>Expenses (Prizes)</u>	<u>Month</u>	<u>Y-T-D</u>
Powerball	\$ 4,063,773	\$ 10,790,317
Hot Lotto	202,002	918,639
Mega Millions	373,814	2,069,308
Total	\$ 4,639,589	\$ 13,778,264

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 November 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	\$ 128,787,837	\$ 2,386,175
Hot Lotto	7,379,483	485,862
Mega Millions	23,144,469	397,343
Total	\$ 159,311,789	\$ 3,269,380

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

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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.

**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 November 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 November 30, 2012 and year-to-date follows (in thousands):

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

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Total credits played	\$ 566,417	\$ 655,495	\$ 3,108,105	\$ 3,473,687
Credits (prizes) won	(508,644)	(588,641)	(2,791,769)	(3,119,806)
Promotional credits played	(7,080)	(7,551)	(38,460)	(40,362)
MWAP Contributions	(29)	(41)	(176)	(194)
Gross terminal income	50,664	59,262	277,700	313,325
Administrative costs	(1,572)	(1,091)	(10,654)	(11,222)
Net Terminal Income	49,092	58,171	267,046	302,103
Less distribution to agents	(30,964)	(33,020)	(163,813)	(182,995)
Racetrack video lottery revenues	<u>\$ 18,128</u>	<u>\$ 25,151</u>	<u>\$ 103,233</u>	<u>\$ 119,108</u>

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

	November 30, 2012	Year-to-Date
State Lottery Fund	\$ 12,524	\$ 77,911
State Excess Lottery Revenue Fund	3,396	3,396
Capital Reinvestment Fund	289	289
Tourism Promotion Fund 1.375%	659	3,656
Development Office Promotion Fund .375 %	180	997
Research Challenge Fund .5 %	240	1,330
Capitol Renovation & Improvement Fund .6875 %	330	1,828
Parking Garage Fund .0625 %	30	166
Parking Garage Fund 1 %	-	500
Cultural Facilities & Capitol Resources Fund .5 %	240	1,080
Capitol Dome & Capitol Improvements Fund .5 %	240	1,080
Worker's Compensation Debt Reduction Fund 7 %	-	11,000
Total nonoperating distributions	<u>\$ 18,128</u>	<u>\$ 103,233</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

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

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

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Total credits played	\$ 383,578	\$ 380,832	\$ 1,943,212	\$ 1,883,084
Credits (prizes) won	(351,270)	(348,871)	(1,778,847)	(1,723,151)
Gross terminal income	\$ 32,308	\$ 31,961	\$ 164,365	\$ 159,933
Administrative costs	(646)	(639)	(3,287)	(3,199)
Gross Profit	31,662	31,322	161,078	156,734
Commissions	(15,831)	(15,661)	(80,539)	(78,367)
Municipalities and Counties	(633)	(626)	(3,222)	(3,135)
Limited video lottery revenues	<u>\$ 15,198</u>	<u>\$ 15,035</u>	<u>\$ 77,317</u>	<u>\$ 75,232</u>

**NOTE 8 - TABLE GAMES**

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

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

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

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**NOTE 8 – TABLE GAMES (continued)**

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

The cash transferred to the State Debt Reduction Fund in the current month is included in Note 10- Nonoperating Distributions to the State of West Virginia. The table games adjusted gross receipts for the month ended November 30, 2012 and year-to-date were \$17,238,711 and \$85,723,944, respectively. The following table shows the month and year totals of the privilege tax and the accrued distributions (in thousands) to be transferred in the subsequent month:

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Table Games Privilege Tax	\$ 6,034	\$ 5,964	\$ 30,003	\$ 31,523
Interest on Table Games Fund	1	-	2	2
Administrative costs	(518)	(682)	(2,571)	(3,603)
<b>Total Available for Distribution</b>	<b>5,517</b>	<b>5,282</b>	<b>27,434</b>	<b>27,922</b>
<b>Less Distributions:</b>				
Racetrack Purse Funds	431	426	2,143	2,251
Thoroughbred & Greyhound Development Funds	345	341	1,714	1,801
Racing Association Pension Plan	152	143	754	757
Municipalities/ Counties	1,706	1,653	8,488	8,737
<b>Total Distributions</b>	<b>2,634</b>	<b>2,563</b>	<b>13,099</b>	<b>13,546</b>
<b>State Debt Reduction Fund</b>	<b>\$ 2,883</b>	<b>\$ 2,719</b>	<b>\$ 14,335</b>	<b>\$ 14,376</b>

**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

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

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

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Total credits played	\$ 4,661	\$ 7,132	\$ 28,594	\$ 29,424
Credits (prizes) won	(4,318)	(6,605)	(26,279)	(27,364)
Promotional credits played	(64)	(55)	(291)	(187)
MWAP Contributions	(1)	-	(5)	-
Gross terminal income	278	472	2,019	1,873
Capital reinvestment	(13)	(22)	(95)	(88)
Administrative costs	(15)	(26)	(109)	(101)
Modernization Fund	(2)	(4)	(18)	(17)
Hotel commissions	(117)	(200)	(854)	(792)
Net terminal income	131	220	943	875
Historic Resort Hotel Fund	83	140	600	557
Human Resource Benefit Fund	48	80	343	318

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 November 30, 2012 and year-to-date were \$617,938 and \$4,543,247, respectively.

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

	Current Month		Year-to-Date	
	2013	2012	2013	2012
Table games privilege tax	\$ 216	\$ 162	\$ 1,590	\$ 838
Administrative Costs	(28)	(21)	(204)	(108)
Total Available for Distribution	188	141	1,386	730
Historic Resort Hotel Fund	157	118	1,159	610
Human Resource Benefit Fund	31	23	227	120

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

**Historic Resort Hotel Fund**

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

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

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

	Current Month	Year-to-Date
Historic Resort Hotel Video Lottery	\$ 83	\$ 600
Historic Resort Table Games	157	1,159
Interest on Historic Resort Hotel Fund	-	-
Historic Resort Hotel Fund Net Income	240	1,759
Municipalities/ Counties	34	247
State General Revenue Fund	154	1,125
State Debt Reduction Fund	45	334
State Tourism Promotion Fund	7	53
<b>Total Distributions</b>	<b>\$ 240</b>	<b>\$ 1,759</b>

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

The Lottery periodically distributes surplus funds, exclusive of amounts incurred and derived from limited video lottery and a portion of racetrack video lottery funds, to the State of West Virginia in accordance with the legislation. For the year ending June 30, 2013 the State Legislature budgeted \$145,017,313 of estimated profits of the Lottery for distributions to designated special revenue accounts of the State of West Virginia. With regard to the State Lottery Fund, legislation stipulates that debt service payments be given a priority over all other transfers in instances where estimated profits are not sufficient to provide for payment of all appropriated distributions. Debt service payments of \$1,800,000, \$1,000,000, and \$500,000 per month for the first ten months of each fiscal year currently have such priority. Transfers made pursuant to the State Excess Lottery Revenue Fund have similar requirements; currently payments are \$5,300,000 per month for the first ten months of each fiscal year. In addition, Legislation provides that, if in any month, there is a shortage of

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

funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be transferred from the State Lottery Fund to cover such shortfall, after the State Lottery Fund debt service payments have been made. Repayments to the State Lottery Fund are required to be made in subsequent months as funds become available. During the month ended November 30, 2012 the Lottery made such distributions and accrued additional distributions of \$37,830,768. The Lottery is a non-appropriated state agency and therefore does not have a budget adopted by the Legislature. Since the enactment of the Racetrack Video Lottery Act, the Lottery is also statutorily required to distribute income from racetrack video lottery operations as described in Note 6. For the month ended November 30, 2012, the Lottery accrued additional distributions relating to racetrack video lottery, table games, and historic resort operations of \$305,823, \$2,882,709, and \$206,487, respectively.

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

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

<u>BUDGETARY DISTRIBUTIONS</u>	<u>November 30, 2012</u>	<u>Year-to-Date</u>
<u>State Lottery Fund:</u>		
Community and Technical College	\$ 500	\$ 2,498
Bureau of Senior Services	3,353	42,822
Department of Education	2,397	30,603
Library Commission	954	12,183
Higher Education-Policy Commission	618	7,887
Tourism	576	7,362
Natural Resources	266	3,397
Division of Culture & History	462	5,902
Department of Education & Arts	144	1,839
Economic Development Authority	1,000	4,998
School Building Authority	1,800	8,998
Total State Lottery Fund	\$ 12,070	\$ 128,489

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

State Excess Lottery Revenue Fund:

Economic Development Fund	\$ 1,899	\$ 9,495
Higher Education Improvement Fund	1,500	7,500
General Purpose Account	5,619	32,219
Higher Education Improvement Fund	-	29,000
State Park Improvement Fund	-	-
School Building Authority	1,899	9,496
Refundable Credit	-	1,072
Excess Lottery Surplus	-	-
West Va. Infrastructure Council	-	-
<b>Total State Excess Lottery Revenue Fund</b>	<b>\$ 10,917</b>	<b>\$ 88,782</b>
<b>Total Budgetary distributions:</b>	<b>\$ 22,987</b>	<b>\$ 217,271</b>
<b>Veterans Instant Ticket Fund</b>	<b>\$ 30</b>	<b>\$ 156</b>

Other Racetrack Video Lottery distributions:

Tourism Promotion Fund 1.375%	\$ 765	\$ 3,701
Development Office Promotion Fund .375%	209	1,009
Research Challenge Fund .5%	278	1,346
Capitol Renovation & Improvement Fund .6875%	383	1,851
Parking Garage Fund .0625 %	35	168
Parking Garage Fund 1 %	-	500
Cultural Facilities & Cap. Resources Fund .5%	278	1,041
Capitol Dome & Cap. Improvements Fund .5%	279	1,151
Workers Compensation Debt Reduction Fund 7%	-	11,000
<b>Total</b>	<b>\$ 2,227</b>	<b>\$ 21,767</b>

Table Games State Debt Reduction Fund

	\$ 2,689	\$ 14,286
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Historic Resort Hotel distributions:

State General Revenue Fund	\$ 267	\$ 1,152
State Debt Reduction Fund	79	342
Tourism Promotion Fund	13	54
<b>Total</b>	<b>\$ 359</b>	<b>\$ 1,548</b>

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

	\$ 28,292	\$ 255,028
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Accrued nonoperating distributions, beginning  
Accrued nonoperating distributions, end

	(175,679)	(216,819)
	190,226	190,226

	<b>\$ 42,839</b>	<b>\$ 228,435</b>
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**WEST VIRGINIA LOTTERY**  
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**NOTE 11 – LEASES**

The Lottery leases, under the terms of a cancellable operating lease, various office spaces for field operations. The Lottery also leases various office equipment under agreements considered to be cancelable operating leases. Rental expense for the year-to-date ended November 30, 2012 and November 30, 2011 approximated \$89,674 and \$255,293 respectively.

The Lottery leases office space under the terms of a non-cancellable operating lease to various tenants. Rental revenues for the year-to-date ended November 30, 2012 and November 30, 2011 approximated \$584,007 and \$407,598 respectively. Future rental receipts (in thousands) are as follows:

Year Ended June 30	Rental Receipts
2013	\$ 528
2014	923
2015	232
Total	\$ 1,683

**NOTE 12 – RESTRICTED NET ASSETS**

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

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

**WEST VIRGINIA LOTTERY**  
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-**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 November 30, 2012 and year-to-date are as follows (in thousands):

	<u>November 30, 2012</u>	<u>Year-to-Date</u>
Lottery contributions	\$ 88	\$ 459
Employee contributions	28	148
Total contributions	<u>\$ 116</u>	<u>\$ 607</u>

**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 privatized business entity, BrickStreet Mutual Insurance Company (BrickStreet), established January 1, 2006, and named the administrator of former state workers' compensation fund activities. BrickStreet is paid a monthly administrative fee and rated premium to provide compensations for injuries sustained in the course of employment. The monthly administrative fee for the Lottery has been set at levels consistent with prior year payments and any rate or premium increases will be established on an experience rated basis.

The Lottery participates in the BrickStreet experience rated pool, which is rate adjusted on a quarterly basis. The BrickStreet risk pool retains all risk related to the compensation of injured employees under the program in exchange for the premiums paid.

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

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

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

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

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

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

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

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

Funding Policy

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

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

WEST VIRGINIA LEGISLATURE  
Office of the Legislative Auditor



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

304-347-4870

Memorandum

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

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

Date: January 2, 2013

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

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

The net collections were 100.19% of the estimate for the fiscal year. Total collections were \$3.7 million over the estimate.

Personal Income Tax collections were \$ 14.7 million above the estimate for the fiscal year.

Consumer sales and use tax collections were \$ 4.2 million under the estimate for the year.

Business and Occupation tax was \$ 109 thousand over the estimate.

Corporate Income and Business Franchise Tax collections were \$15.3 million over the estimate for the fiscal year.

**State Road Fund**

The state road fund collections were 102.20% 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 \$ 566,965,178.20 as of December 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	+15,097,542.04
Balance December 31, 2012	566,965,178.20

Revenue Shortfall Reserve Fund B (Tobacco Settlement Monies) had a cash balance of \$ 345,901,181.00 as of December 31, 2012.

Balance July 1, 2012	327,698,976.68
Earnings	18,202,204.32
Balance December 31, 2012	345,901,181.00

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

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

GENERAL REVENUE FUND FY 2012-2013

FINAL

By Source and by Month  
Monthly Revenue Estimates  
as of December 31, 2012 WVFIMS

	MONTH		NET MONTH		UNDER ESTIMATES VS ACTUAL		YTD ESTIMATES		NET YTD		YEARLY OVER	
	ESTIMATES	COLLECTIONS	ESTIMATES	COLLECTIONS	COLLECTIONS	VS ACTUAL	ESTIMATES	COLLECTIONS	COLLECTIONS	VS ACTUAL	COLLECTIONS	VS ACTUAL
Personal Income Tax	141,900,000	152,639,085	141,900,000	152,639,085	104,727,278	-7,493,659	793,500,000	808,207,746	808,207,746	14,707,746		
Consumer Sales Tax & Use Tax	99,500,000	92,006,341	99,500,000	92,006,341	-7,493,659		597,900,000	593,630,218	593,630,218	-4,269,782		
Severance Tax	46,000,000	46,717,515	46,000,000	46,717,515	717,515		218,000,000	198,758,131	198,758,131	-19,241,869		
Corp Income /Business Franchise	40,800,000	42,393,085	40,800,000	42,393,085	1,593,085		111,000,000	126,377,568	126,377,568	15,377,568		
Insurance Tax	100,000	143,108	100,000	143,108	43,108		55,900,000	55,309,021	55,309,021	-590,979		
Business and Occupation	10,600,000	9,085,377	10,600,000	9,085,377	-1,514,623		54,500,000	54,609,199	54,609,199	109,199		
Tobacco Products Tax	8,580,000	7,643,742	8,580,000	7,643,742	-936,258		53,870,000	54,335,998	54,335,998	465,998		
HB 102 - Lottery Transfers	9,179,000	9,178,570	9,179,000	9,178,570	-430		41,397,000	41,397,120	41,397,120	120		
Liquor Profit Transfers	750,000	798,400	750,000	798,400	48,400		6,150,000	6,634,900	6,634,900	484,900		
Departmental Collections	900,000	943,314	900,000	943,314	43,314		6,040,000	5,461,599	5,461,599	-578,401		
Interest Income	1,000,000	-494,195	1,000,000	-494,195	-1,494,195		6,000,000	2,003,869	2,003,869	-3,996,131		
Beer Tax and Licenses	600,000	536,468	600,000	536,468	-63,532		4,160,000	4,078,718	4,078,718	-81,282		
Property Transfer Tax	700,000	816,899	700,000	816,899	116,899		4,030,000	4,363,008	4,363,008	333,008		
Property Tax	150,000	137,598	150,000	137,598	-12,402		3,580,000	3,621,942	3,621,942	41,942		
Miscellaneous Transfers	150,000	0	150,000	0	-150,000		1,650,000	1,271,936	1,271,936	-378,064		
Miscellaneous Receipts	300,000	334,046	300,000	334,046	34,046		1,600,000	2,307,964	2,307,964	707,964		
Senior Tax Credit Reimbur Lot	0	0	0	0	0		811,000	1,071,756	1,071,756	260,756		
Business Fran Registration Fees	20,000	32,259	20,000	32,259	12,259		280,000	329,399	329,399	49,399		
Liquor License Renewal	21,054	21,054	21,054	21,054	54		225,000	225,664	225,664	664		
Charter Tax	0	5,114	0	5,114	5,114		0	29,098	29,098	29,098		
Telecommunications Tax	0	3,943	0	3,943	3,943		0	49,823	49,823	49,823		
Video Lottery Transfers	0	59,707	0	59,707	59,707		0	277,673	277,673	277,673		
Racing Fees	0	0	0	0	0		0	0	0	0		
Estate and Inheritance Tax	0	16	0	16	16		0	1,823	1,823	1,823		
Cash Flow Transfer	0	0	0	0	0		0	0	0	0		
<b>TOTALS</b>	<b>361,250,000</b>	<b>363,001,445</b>	<b>361,250,000</b>	<b>363,001,445</b>	<b>1,751,445</b>		<b>1,960,593,000</b>	<b>1,964,354,173</b>	<b>1,964,354,173</b>	<b>3,761,173</b>		
Minus Cash Flow Transfer	0	0	0	0	0		0	0	0	0		
Percent of Estimates		100.48%		100.48%	100.48%			100.19%	100.19%	100.19%		
<b>TOTALS</b>	<b>361,250,000</b>	<b>363,001,445</b>	<b>361,250,000</b>	<b>363,001,445</b>	<b>1,751,445</b>		<b>1,960,593,000</b>	<b>1,964,354,173</b>	<b>1,964,354,173</b>	<b>3,761,173</b>		
Percent of Estimates		100.48%		100.48%	100.48%			100.19%	100.19%	100.19%		
Collections this day		39,150,874		39,150,874								

Prepared by Legislative Auditor's Office, Budget Division

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

FINAL

	MONTH ESTIMATES		NET MONTH COLLECTIONS		MONTHLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS		NET YTD COLLECTIONS		YEARLY OVER UNDER ESTIMATES VS ACTUAL COLLECTIONS	
	ESTIMATES	MONTH COLLECTIONS	ESTIMATES	MONTH COLLECTIONS	ESTIMATES	VS ACTUAL COLLECTIONS	ESTIMATES	VS ACTUAL COLLECTIONS	ESTIMATES	VS ACTUAL COLLECTIONS
Gasoline & Motor Carrier Rd Tax	30,000,000	33,960,540	3,960,540		3,960,540		219,000,000	227,856,426	8,856,426	
Privilege Tax	10,856,000	12,627,615	1,771,615		1,771,615		89,633,000	90,756,365	1,123,365	
Licenses & Registration	6,089,000	4,483,128	-1,605,872		-1,605,872		41,248,000	38,889,612	-2,358,388	
Highway Litter Control	115,000	96,444	-18,556		-18,556		780,000	872,602	92,602	
<b>TOTALS</b>	<b>47,060,000</b>	<b>51,167,727</b>	<b>4,107,727</b>		<b>4,107,727</b>		<b>350,661,000</b>	<b>358,375,006</b>	<b>7,714,006</b>	
Percent of Estimates										102.20%

Collections this day 18,421,331

REVENUE SHORTFALL RESERVE FUND 7005, Part A AS OF December 3, 2012: \$565,354,701.20

REVENUE SHORTFALL RESERVE FUND 7006, Part B AS OF December 3, 2012: \$344,344,638.60

PERSONAL INCOME TAX REFUND RESERVE FUND AS OF December 3, 2012: \$45,019,319.21

Prepared by Legislative Auditor's Office, Budget Division

WEST VIRGINIA LEGISLATURE  
Office of the Legislative Auditor



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

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

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

Date: December 19, 2012

Re: West Virginia Unemployment Compensation Trust Fund

We have reviewed the November 30, 2012 monthly report of the Unemployment Compensation Trust Fund we received from WorkForce West Virginia. November is the fifth month of the 2012-2013 fiscal year.

For July 1, 2012 to November 30, 2012 of fiscal year 2012-2013, the trust fund cash flow was as follows:

Trust Fund Beginning Cash Balance 7-1-2012	\$140,675,916.76
Receipts July 1, 2012 thru June 30, 2013	\$137,622,285.88
Disbursements July 1, 2012 thru June 30, 2013	\$ 147,702,770.65
Balance November 30, 2012	\$ 130,595,431.99

ITEMS OF NOTE:

Regular benefits paid for July 1, 2012 - November 30, 2012 were \$24 million more than July 1, 2011 - November 30, 2011.

Federal emergency benefits totaled \$46 million for the July 1, 2012 - November 30, 2012. For July 2011 - November 30, 2011, federal emergency benefits totaled \$57 million.

Total disbursements were \$ 341 thousand less in July 1, 2012 - November 30, 2012 than the preceding July - November 2011.

Receipts for July - November 2012 were \$ 27 million less than in July - November 2011. Overall ending trust fund balance was \$2.4 million lower on November 30, 2012 than on November 30, 2011.

West Virginia's unemployment rate for the month of November 2012 was 6.7 percent. National unadjusted employment rate was 7.4 percent.

Seasonally adjusted unemployment rates were 7.3 percent for West Virginia and 7.7 percent nationally.

Since November 2011 employment has decreased by 13,200. Employment gains were as follows: 3,100 in educational and health services, 300 in leisure and hospitality, and 100 in professional and business services. Employment declines were as follows: 4,900 in mining and logging, 4,000 in government, 2,900 in trade, transportation and utilities, 2,700 in manufacturing, 1,300 in other services, 500 in financial activities, and 400 in construction.

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

	SEPTEMBER 2011	OCTOBER 2011	NOVEMBER 2011	SEPTEMBER 2012	OCTOBER 2012	NOVEMBER 2012	THREE MONTH TOTAL VARIANCE *
<b>Balance Forward</b>	<b>\$121,966,907.20</b>	<b>\$111,623,714.33</b>	<b>\$109,813,298.02</b>	<b>\$151,846,935.52</b>	<b>\$135,262,361.54</b>	<b>\$133,010,123.39</b>	<b>\$76,715,500.90</b>
Add Receipts:							
1. Bond Assessment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Regular Contributions:	\$1,548,582.73	\$13,262,616.69	\$22,444,988.24	\$1,377,334.99	\$16,879,162.55	\$16,649,580.03	(\$2,550,090.09)
3. Federal Emergency Benefits (EUC08)	\$11,033,893.13	\$11,160,051.66	\$10,242,266.43	\$7,511,561.75	\$10,497,481.70	\$10,218,217.86	(\$4,208,949.91)
4. Federal Share Extended Benefits (EB)	\$2,062,813.32	\$2,252,708.05	\$3,009,538.73	\$67.00	\$181.00	\$560.00	(\$7,324,252.10)
5. Temp Federal Additional Comp (FAC)	\$1,180.90	\$1,041.00	\$1,302.98	\$25.98	\$368.00	\$23.00	(\$3,107.90)
6. UCFE (Federal Agencies)	\$192,011.43	\$178,322.46	\$191,267.06	\$80,545.69	\$87,979.88	\$84,099.70	(\$308,975.68)
7. Special Administrative Transfer **	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8. Reed Act Funds	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9. UC Modernization Incentive	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10. Treasury Interest Credits	\$843,528.97	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
11. UCX (Military Agencies)	\$402,337.05	\$535,229.34	\$662,222.00	\$938,580.99	\$423,055.37	\$330,739.13	\$95,052.02
12. WV Insurance Committee-Senate Bill 246	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$493,366.60)
13. CMA Receipts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Monthly Receipts</b>	<b>\$16,084,347.53</b>	<b>\$27,388,959.20</b>	<b>\$36,551,565.44</b>	<b>\$10,260,743.69</b>	<b>\$27,688,228.50</b>	<b>\$27,283,219.72</b>	<b>(\$14,793,690.26)</b>
Less Disbursements:							
Debt Bond Repayment							
Regular Benefits:							
Federal Emergency Benefits (EUC08)	\$12,515,104.04	\$14,286,478.39	\$14,306,572.73	\$17,624,903.19	\$19,899,745.36	\$19,058,515.12	\$15,475,008.51
Federal Share Extended Benefits (EB)	\$10,953,487.16	\$11,736,822.63	\$9,750,362.46	\$8,492,117.73	\$9,575,796.71	\$10,189,619.87	(\$4,183,137.94)
Emergency Benefits (TEUC)	\$2,019,293.16	\$2,504,189.97	\$2,863,377.28	(\$3,983.00)	(\$58.00)	(\$606.00)	(\$7,391,507.41)
Temp Federal Additional Comp (FAC)	(\$514.00)	(\$70.00)	(\$954.00)	(\$160.00)	(\$30.00)	(\$110.00)	\$1,238.00
UCFE (Federal Workers) Benefits	\$1,180.90	\$1,439.99	\$903.99	\$25.98	\$475.00	\$23.00	(\$3,000.90)
UCX (Military Workers) Benefits	\$151,970.16	\$151,620.98	\$169,602.65	\$89,267.98	\$78,278.22	\$84,278.22	(\$220,678.17)
Reed Act Funds	\$358,018.98	\$519,903.55	\$534,924.76	\$390,123.25	\$385,568.16	\$328,602.85	(\$308,553.03)
Special Administrative Transfer***	\$429,000.00	\$0.00	\$0.00	\$59,735.69	\$0.00	\$0.00	(\$369,264.31)
	\$0.00	\$0.00	\$0.00	\$193,286.85	\$0.00	\$37,588.06	\$230,874.91
<b>Total Monthly Disbursements</b>	<b>\$26,427,540.40</b>	<b>\$29,200,385.51</b>	<b>\$27,624,789.87</b>	<b>\$26,845,317.67</b>	<b>\$29,940,466.65</b>	<b>\$29,697,911.12</b>	<b>\$3,230,979.66</b>
<b>Trust Fund Balance</b>	<b>\$111,623,714.33</b>	<b>\$109,813,298.02</b>	<b>\$118,740,073.59</b>	<b>\$135,262,361.54</b>	<b>\$133,010,123.39</b>	<b>\$130,595,431.99</b>	<b>\$58,690,830.98</b>

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

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

UC TRUST FUND PROJECTIONS - 2013

December 26, 2012

<b>2012</b>			
Balance 1/1/2012			105,802,000
January	12,438,000	21,838,000	96,402,000
February	15,756,000	18,727,000	93,431,000
March	1,964,000	19,227,000	76,168,000
April	29,482,000	20,118,000	85,532,000
May	88,809,000	19,758,000	154,583,000
June	2,266,000	16,241,000	140,608,000
July	22,333,000	22,458,000	140,483,000
August	30,604,000	19,241,000	151,846,000
September	1,040,000	17,624,000	135,262,000
October	17,637,000	19,899,000	133,000,000
November	16,653,000	19,058,000	130,595,000
December	2,130,000	24,081,000	108,644,000
<b>Totals - 2012</b>	<b>241,112,000</b>	<b>238,270,000</b>	<b>108,644,000</b>

<b>2013</b>			
January	12,280,000	22,115,000	98,809,000
February	15,563,000	18,955,000	95,417,000
March	1,829,000	20,544,000	76,702,000
April	27,344,000	21,576,000	82,470,000
May	87,592,000	20,028,000	150,034,000
June	2,203,000	16,686,000	135,551,000
July	22,022,000	22,770,000	134,803,000
August	28,880,000	20,324,000	143,359,000
September	1,040,000	17,624,000	126,775,000
October	16,859,000	20,776,000	122,858,000
November	16,418,000	19,326,000	119,950,000
December	2,100,000	24,410,000	97,640,000
<b>Totals - 2013</b>	<b>234,130,000</b>	<b>245,134,000</b>	<b>97,640,000</b>

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

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

Executive Division  
112 California Avenue  
Charleston, WV 25305

An agency of the Department of Commerce

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

**www.workforcewv.org**



# **Financial Statements November 2012**

*West Virginia Legislative Interims  
January 2013*

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

(\$000's)	BUDGET		PRIOR YR	
	ACTUAL	BUDGET	BUDGET	PRIOR YR
\$	1,345	\$ 1,335	\$ 1,282	
	56,267	56,295	52,441	
	30	-	678	
	57,642	57,630	54,400	
	31,707	31,565	29,623	
	11,432	11,205	10,695	
	9,025	8,882	7,068	
	52,163	51,652	47,385	
	109,805	109,281	101,785	
	625	625	345	
	1,631	1,635	-	
	22,759	13,126	(13,890)	
	134,820	124,657	88,240	
	46,469	54,884	21,989	
	9,066	8,882	7,115	
	26,745	29,768	26,468	
	9,105	11,938	39,204	
	738	4,104	3,612	
	1,266	1,374	1,479	
	93,390	110,950	99,868	
	41,481	13,707	(11,628)	
	492,779	492,779	472,079	
\$	534,210	\$ 506,486	\$ 460,451	

	BUDGET VARIANCE	%	PRIOR YR VARIANCE	%
\$	10	0.8%	63	4.9%
	(28)	0.0%	3,826	7.3%
	30	0.0%	(648)	-95.6%
	12	0.0%	3,242	6.0%
	142	0.4%	2,084	7.0%
	227	2.0%	737	6.9%
	143	1.6%	1,957	27.7%
	512	1.0%	4,779	10.1%
	524	0.5%	8,020	7.9%
	-	0.0%	280	81.2%
	6	0.3%	1,631	0.0%
	9,633	73.4%	36,649	-263.9%
	10,163	8.2%	46,581	52.8%
	8,415	15.3%	(24,480)	-111.3%
	(184)	-2.1%	(1,951)	-27.4%
	3,023	10.2%	(277)	-1.0%
	2,833	23.7%	30,099	76.8%
	3,366	82.0%	2,874	79.6%
	108	7.9%	212	14.4%
	17,561	15.8%	6,478	6.5%
	27,724	202.3%	53,058	-456.3%
	-	0.0%	20,700	4.4%
\$	27,724	5.5%	73,759	16.0%



West Virginia Board of Risk and Insurance Management  
UNAUDITED BALANCE SHEET

DRAFT

	November 30	
	2012	2011
	(in thousands)	
<b>ASSETS</b>		
Short Term Assets		
Cash and Equivalents	\$ 26,111	\$ 26,185
Advance Deposit with Carrier/Trustee	206,607	199,216
Receivables - Net	1,275	969
Prepaid Insurance	3,404	3,202
Total Short Term Assets	<u>237,397</u>	<u>229,572</u>
Long Term Assets		
Investments	136,911	132,570
Total Long Term Assets	<u>136,911</u>	<u>132,570</u>
<b>TOTAL ASSETS</b>	<u><b>374,308</b></u>	<u><b>362,142</b></u>
<b>LIABILITIES</b>		
Short Term Liabilities		
Accounts payable	1,433	1,289
Claims Payable	350	201
OPEB Liability	374	182
Agents Commissions Payable	428	489
Unearned Revenue	9,133	10,442
Current Estimated Claim Reserve	49,463	46,638
Total Short Term Liabilities	<u>61,181</u>	<u>59,241</u>
Long Term Liabilities		
Compensated Absences	67	75
Estimated Noncurrent Claim Reserve	94,808	84,064
Total Long Term Liabilities	<u>94,875</u>	<u>84,139</u>
<b>TOTAL LIABILITIES</b>	<b>156,056</b>	<b>143,380</b>
Prior Year Net Assets	221,515	219,828
Current Year Earnings (Deficiency)	(3,263)	(1,066)
<b>TOTAL NET ASSETS</b>	<u><b>218,252</b></u>	<u><b>218,762</b></u>
<b>TOTAL LIABILITIES AND RETAINED EARNINGS</b>	<u><b>\$ 374,308</b></u>	<u><b>\$ 362,142</b></u>

DRAFT - Unaudited - Management Purposes Only

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

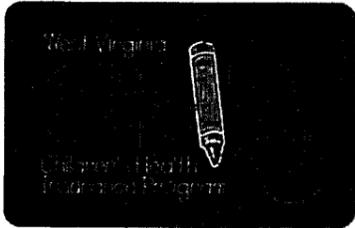
DRAFT

	November 30	
	2012	2011
	(in thousands)	
Operating Revenues		
Premium Revenues	\$ 20,480	\$ 21,710
Less - Excess Insurance	(2,427)	(2,271)
Total Operating Revenues	<u>18,053</u>	<u>19,439</u>
Operating Expenses		
Claims Expense	25,013	21,384
Property & MS Claims Expense	2,113	1,992
Personal Services	552	598
General & Administrative Expense	1,019	1,068
Total Operating Expenses	<u>28,697</u>	<u>25,042</u>
Operating Income (Loss)	<u>(10,644)</u>	<u>(5,603)</u>
Nonoperating Revenues		
Investment Income	7,381	4,537
Total Nonoperating Revenues	<u>7,381</u>	<u>4,537</u>
Net Income (Loss)	<u>\$ (3,263)</u>	<u>\$ (1,066)</u>

DRAFT - Unaudited - Management Purposes Only

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1/2/2013

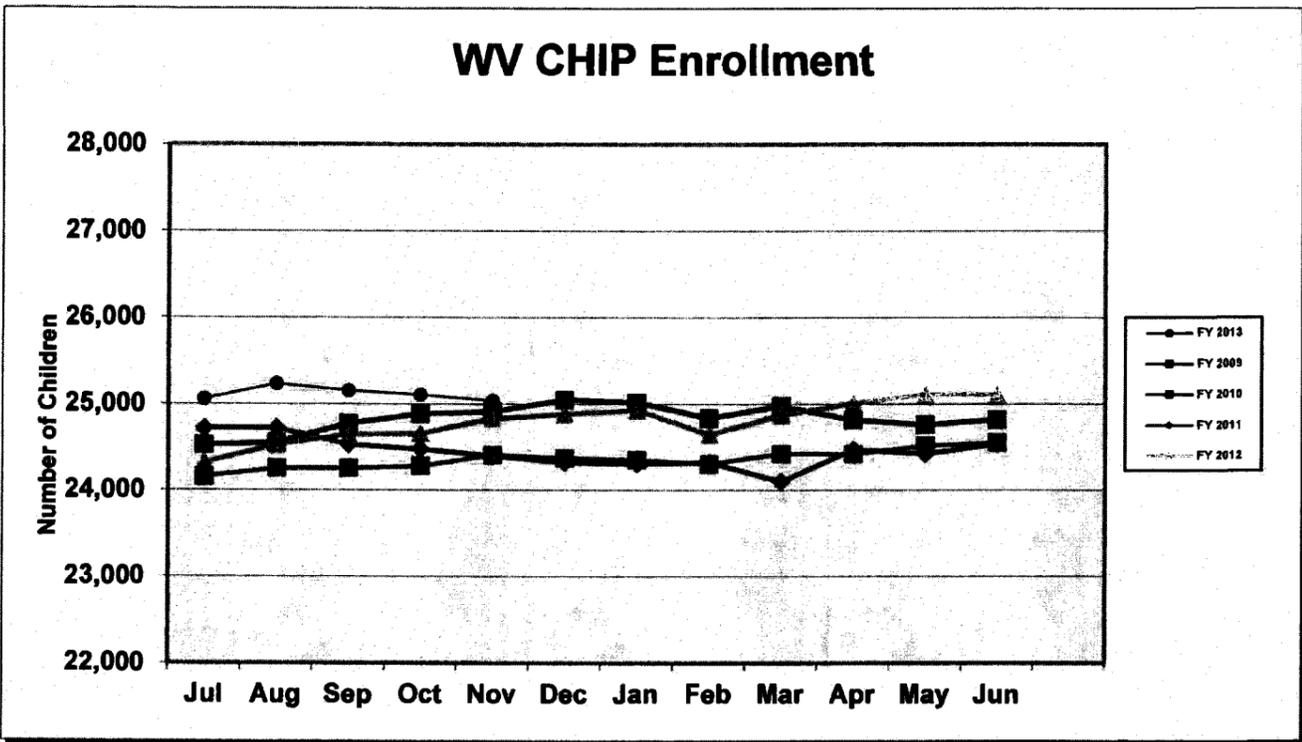


West Virginia Children's Health Insurance Program  
2 Hale Street  
Suite 101  
Charleston, WV 25301  
304-558-2732 voice / 304-558-2741 fax  
Helpline 877-982-2447  
[www.chip.wv.gov](http://www.chip.wv.gov)

**Joint Committee on  
Government and Finance  
Report**

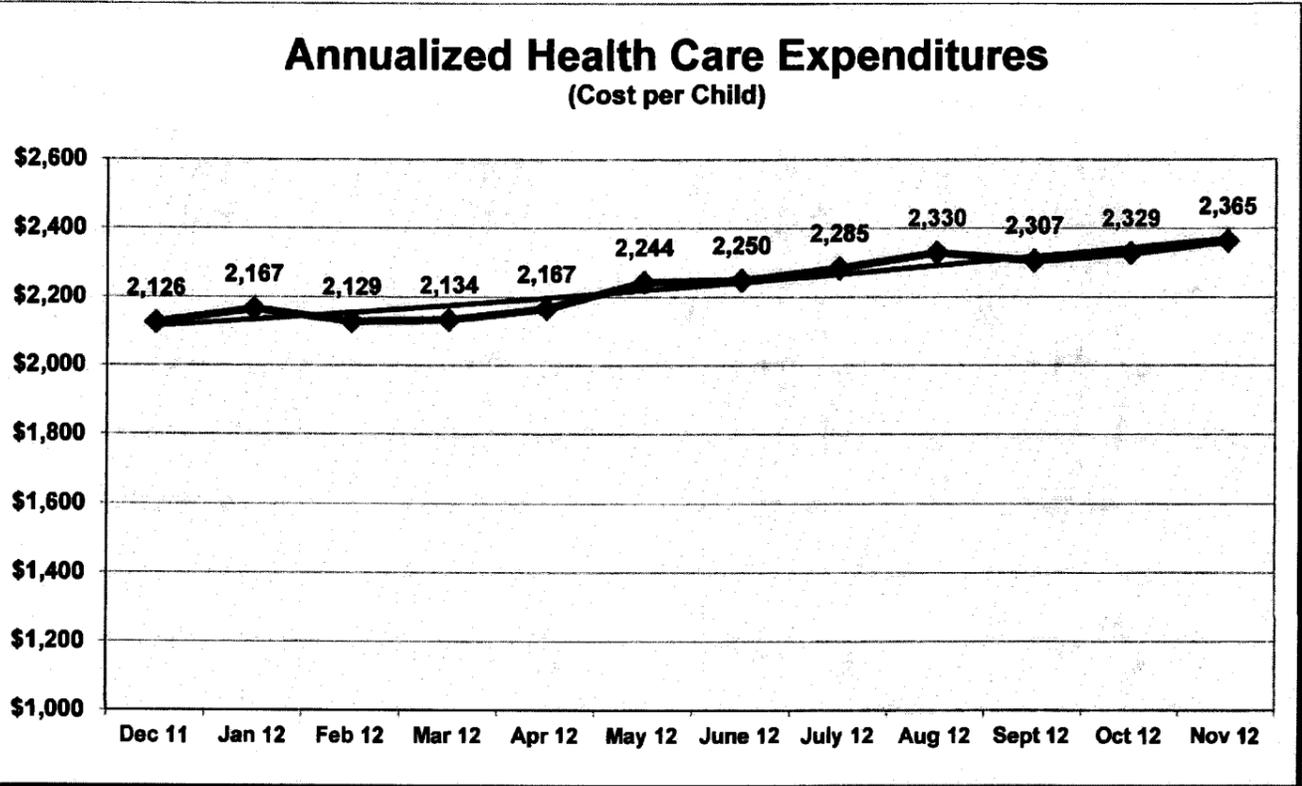
**January 2013**

### WV CHIP Enrollment



November 30th Enrollment 25,041

### Annualized Health Care Expenditures (Cost per Child)



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

	November 30, 2012	November 30, 2011	Variance	
<b>Assets:</b>				
Cash & Cash Equivalents	\$14,443,462	\$13,805,555	\$637,907	5%
Due From Federal Government	\$3,997,169	\$4,235,050	(\$237,881)	-6%
Due From Other Funds	\$972,580	\$765,901	\$206,679	27%
Accrued Interest Receivable	\$13,619	\$11,381	\$2,239	20%
Fixed Assets, at Historical Cost	<u>\$95,345</u>	<u>\$89,262</u>	<u>\$6,084</u>	<u>7%</u>
<b>Total Assets</b>	<b><u>\$19,522,175</u></b>	<b><u>\$18,907,149</u></b>	<b><u>\$615,027</u></b>	<b><u>3%</u></b>
<b>Liabilities:</b>				
Accounts Payable	\$254,749	\$243,665	\$11,084	5%
Deferred Revenue	\$2,128,845	\$1,592,840	\$536,004	34%
Unpaid Insurance Claims Liability	<u>\$4,715,000</u>	<u>\$3,760,000</u>	<u>\$955,000</u>	<u>25%</u>
<b>Total Liabilities</b>	<b><u>\$7,098,593</u></b>	<b><u>\$5,596,505</u></b>	<b><u>\$1,502,088</u></b>	<b><u>27%</u></b>
<b>Fund Equity</b>	<b><u>\$12,423,582</u></b>	<b><u>\$13,310,643</u></b>	<b><u>(\$887,061)</u></b>	<b><u>-7%</u></b>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$19,522,175</u></b>	<b><u>\$18,907,149</u></b>	<b><u>\$615,027</u></b>	<b><u>3%</u></b>

**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 Five Months Ending November 30, 2012 and November 30, 2011**  
**(Modified Accrual Basis)**

	November 30, 2012	November 30, 2011	Variance	
<b>Revenues</b>				
Federal Grants	19,899,352	17,112,611	2,786,741	16%
State Appropriations	4,588,743	4,588,716	27	0%
Premium Revenues	352,558	270,570	81,988	30%
Investment Income:				
Investment Earnings	34,925	71,733	(36,808)	-51%
Unrealized Gain(loss) On Investments*	47,718	(62,421)	110,139	-176%
Total Investment Income	<u>82,644</u>	<u>9,312</u>	<u>73,332</u>	<u>787%</u>
<b>Total Revenues</b>	<b><u>24,923,297</u></b>	<b><u>21,981,209</u></b>	<b><u>2,942,088</u></b>	<b><u>13%</u></b>
<b>Expenditures:</b>				
<b>Claims:</b>				
Outpatient Services	6,100,015	5,664,767	435,248	8%
Physicians & Surgical	5,984,856	4,307,885	1,676,971	39%
Prescribed Drugs	4,102,255	4,008,748	93,507	2%
Dental	3,601,658	3,278,415	323,243	10%
Inpatient Hospital Services	2,218,876	1,583,219	635,657	40%
Outpatient Mental Health	607,807	547,469	60,338	11%
Durable & Disposable Med. Equip.	527,506	584,373	(56,867)	-10%
Vision	392,188	368,592	23,596	6%
Therapy	313,724	223,060	90,664	41%
Inpatient Mental Health	278,953	307,863	(28,910)	-9%
Medical Transportation	201,295	122,195	79,100	65%
Other Services	57,261	66,730	(9,469)	-14%
Less: Collections**	<u>(170,960)</u>	<u>(15,966)</u>	<u>(154,994)</u>	<u>971%</u>
Total Claims	<u>24,215,434</u>	<u>21,047,350</u>	<u>3,168,084</u>	<u>15%</u>
<b>General and Admin Expenses:</b>				
Salaries and Benefits	235,543	208,693	26,850	13%
Program Administration	846,491	784,418	62,073	8%
Eligibility	165,883	196,329	(30,446)	-16%
Outreach & Health Promotion	317,669	269,113	48,556	18%
Current	65,135	102,808	(37,673)	-37%
Total Administrative	<u>1,630,721</u>	<u>1,561,361</u>	<u>69,360</u>	<u>4%</u>
<b>Total Expenditures</b>	<b><u>25,846,155</u></b>	<b><u>22,608,711</u></b>	<b><u>3,237,444</u></b>	<b><u>14%</u></b>
<b>Excess of Revenues</b>				
<b>Over (Under) Expenditures</b>	<b>(922,858)</b>	<b>(627,502)</b>	<b>(295,356)</b>	<b>47%</b>
<b>Fund Equity, Beginning</b>	<b><u>13,346,439</u></b>	<b><u>13,938,145</u></b>	<b><u>(591,706)</u></b>	<b><u>-4%</u></b>
<b>Fund Equity, Ending</b>	<b><u>12,423,582</u></b>	<b><u>13,310,643</u></b>	<b><u>(887,061)</u></b>	<b><u>-7%</u></b>

\* Short Term Bond Fund Investment began in November 2009

\*\* Collections are primarily drug rebates and subrogation

**PRELIMINARY FINANCIAL STATEMENTS**

Unaudited - For Management Purposes Only - Unaudited

West Virginia Children's Health Insurance Program  
 Budget to Actual Statement  
 State Fiscal Year 2013  
 For the Five Months Ended November 30, 2012

	Budgeted for	Year to Date	Year to Date	Year to Date	Variance*	Monthly Budgeted Amt	Actual Amt			
	Year	Budgeted Amt	Actual Amt	Budgeted Amt			Nov-12	Oct-12	Sep-12	
Projected Cost	\$58,620,048	\$24,425,020	\$24,325,647	\$24,325,647	\$99,373	\$4,885,004	\$5,715,196	\$4,977,063	\$4,785,169	
Premiums	1,166,599	486,083	\$352,558	\$352,558	(\$133,524)	97,217	63,861	76,448	65,125	
Subrogation & Rebates	575,990	239,996	\$170,960	\$170,960	(\$69,036)	47,999	7,576	10,482	137,868	
Net Benefit Cost	56,877,459	23,698,941	\$23,802,128	\$23,802,128	(\$103,187)	4,783,787	5,643,759	4,890,133	4,582,176	
Salaries & Benefits	\$580,500	\$241,875	\$235,544	\$235,544	\$6,331	\$48,375	\$44,705	\$44,705	\$44,705	
Program Administration	4,223,273	1,759,697	\$842,764	\$842,764	916,933	351,939	159,325	171,916	285,056	
Eligibility	420,000	175,000	\$108,083	\$108,083	66,917	35,000	2,113	2,465	97,307	
Outreach & Health Prom.	1,000,000	416,667	\$317,686	\$317,686	98,981	83,333	47,056	13,404	8,666	
Current Expense	250,000	104,167	\$70,267	\$70,267	33,900	20,833	8,860	14,818	7,225	
Total Admin Cost	\$6,473,773	\$2,697,405	\$1,574,344	\$1,574,344	\$1,123,061	\$539,481	\$262,059	\$247,308	\$442,959	
Total Program Cost	\$63,351,232	\$26,396,347	\$25,376,472	\$25,376,472	\$1,019,874	\$5,323,269	\$5,905,818	\$5,137,441	\$5,025,135	
Federal Share 80.43%	51,206,801	21,230,582	\$20,467,629	\$20,467,629	762,952	4,302,798	4,750,049	4,132,044	4,061,816	
State Share 19.57%	12,144,431	5,165,765	\$4,908,843	\$4,908,843	256,922	1,020,471	1,155,769	1,005,397	963,318	
Total Program Cost **	\$63,351,232	\$26,396,347	\$25,376,472	\$25,376,472	\$1,019,874	\$5,323,269	\$5,905,818	\$5,137,441	\$5,025,135	

\* 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 (1/01/12 - 9/30/13) is set at 80.43%.  
 Page 4

# WVCHIP Enrollment Report

ATTACHMENT 1

December 2012

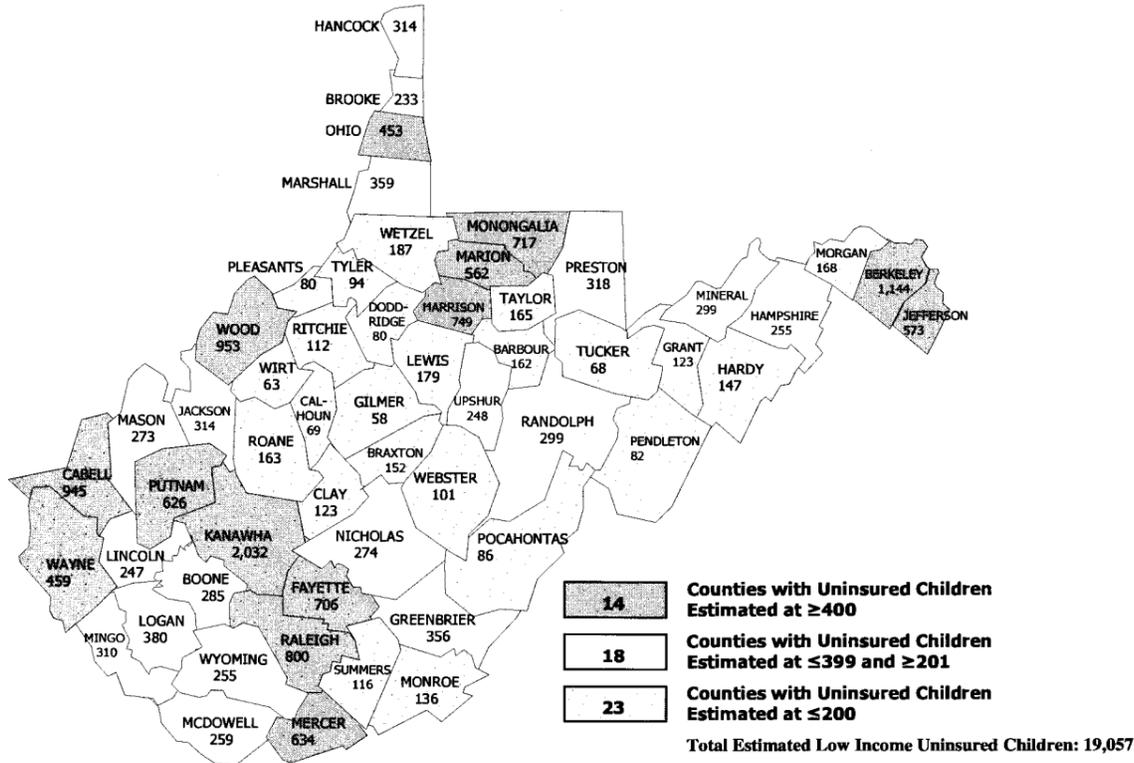
County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment Dec-12	Total Medicaid Enrollment Nov-12	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2010 Est. Uninsured 3%	2010 # Children Uninsured Ranking*
Barbour	3,600	285	1,538	1,823	50.6%	108	33
Berkeley	26,251	1,430	8,329	9,759	37.2%	788	2
Boone	5,615	294	2,545	2,839	50.6%	168	25
Braxton	3,006	218	1,479	1,697	56.4%	90	40
Brooke	4,573	279	1,501	1,780	38.9%	137	31
Cabell	18,879	1,024	8,514	9,538	50.5%	566	4
Calhoun	1,518	124	747	871	57.4%	46	51
Clay	2,215	196	1,393	1,589	71.7%	66	44
Doddridge	1,673	139	664	803	48.0%	50	48
Fayette	9,438	772	4,455	5,227	55.4%	283	13
Gilmer	1,260	66	537	603	47.8%	38	54
Grant	2,555	200	910	1,110	43.5%	77	42
Greenbrier	7,131	635	2,888	3,523	49.4%	214	16
Hampshire	5,392	280	2,040	2,320	43.0%	162	27
Hancock	6,166	381	2,440	2,821	45.8%	185	20
Hardy	3,015	206	1,241	1,447	48.0%	90	39
Harrison	15,202	954	5,552	6,506	42.8%	456	7
Jackson	6,602	432	2,726	3,158	47.8%	198	18
Jefferson	12,679	543	3,079	3,622	28.6%	380	10
Kanawha	39,771	2,305	17,088	19,393	48.8%	1,193	1
Lewis	3,389	281	1,663	1,944	57.4%	102	37
Lincoln	4,930	334	2,752	3,086	62.6%	148	30
Logan	7,496	491	3,840	4,331	57.8%	225	15
Marion	11,227	704	4,276	4,980	44.4%	337	11
Marshall	6,886	356	2,710	3,066	44.5%	207	17
Mason	5,929	296	2,752	3,048	51.4%	178	21
McDowell	4,423	294	3,115	3,409	77.1%	133	32
Mercer	12,764	1,124	6,852	7,976	62.5%	383	9
Mineral	5,868	293	1,989	2,282	38.9%	176	23
Mingo	5,905	391	3,072	3,463	58.6%	177	22
Monongalia	15,294	817	4,315	5,132	33.6%	459	6
Monroe	2,835	225	1,026	1,251	44.1%	85	41
Morgan	3,596	255	1,394	1,649	45.9%	108	34
Nicholas	5,561	425	2,556	2,981	53.6%	167	26
Ohio	8,444	485	3,075	3,560	42.2%	253	14
Pendleton	1,462	116	513	629	43.0%	44	52
Pleasants	1,551	121	550	671	43.3%	47	50
Pocahontas	1,561	145	712	857	54.9%	47	49
Preston	6,536	495	2,433	2,928	44.8%	196	19
Putnam	13,150	771	3,433	4,204	32.0%	395	8
Raleigh	16,403	1,294	7,508	8,802	53.7%	492	5
Randolph	5,705	498	2,570	3,068	53.8%	171	24
Ritchie	2,205	143	931	1,074	48.7%	66	45
Roane	3,239	306	1,687	1,993	61.5%	97	38
Summers	2,521	205	1,228	1,433	56.8%	76	43
Taylor	3,514	237	1,313	1,550	44.1%	105	35
Tucker	1,371	133	465	598	43.6%	41	53
Tyler	1,924	125	765	890	46.2%	58	47

# WVCHIP Enrollment Report

ATTACHMENT 1

December 2012

County	County Pop. 2010 Est. (0-18 Yrs)	Total CHIP Enrollment Dec-12	Total Medicaid Enrollment Nov-12	Total CHIP/Medicaid Enrollment	CHIP/Medicaid Enrollment % of Population	2010 Est. Uninsured 3%	2010 # Children Uninsured Ranking*
Upshur	4,996	384	2,314	2,698	54.0%	150	29
Wayne	9,516	512	4,207	4,719	49.6%	285	12
Webster	1,977	156	1,175	1,331	67.3%	59	46
Wetzel	3,466	239	1,542	1,781	51.4%	104	36
Wirt	1,201	89	690	779	64.9%	36	55
Wood	18,956	1,164	8,304	9,468	49.9%	569	3
Wyoming	5,116	368	2,498	2,866	56.0%	153	28
<b>Totals</b>	<b>387,459</b>	<b>25,035</b>	<b>159,891</b>	<b>184,926</b>	<b>47.7%</b>	<b>11,624</b>	



**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 December 1, 2012 through December 31, 2012

There were a total of 12 leasing changes for the period of December 1, 2012 through December 31, 2012 and they are as follows:

- 3 – New Contract of Lease
- 9 – Straight Renewal

**Department of Administration Real Estate Division Leasing Report**  
For the period of December 1, 2012 through December 31, 2012

**NEW CONTRACT OF LEASE**

**DIVISION OF REHABILITATION SERVICES**

**DRS-118-SUB** New Contract of SubLease for 1 year consisting of 1 cubicle at the monthly rate of \$210.00, annual cost \$2,520.00, full service, 1275 Warwood Avenue, in the City of Wheeling, Ohio County, West Virginia.

**STATE FIRE MARSHAL**

**SFM-003** New Contract of Lease for 3 years consisting of 4,000 square feet of warehouse space at the annual per square foot rate of \$6.50, annual cost \$26,000.00, 4998-H South Elk River Road, in the City of Elkview, Kanawha County, West Virginia.

**DEPARTMENT OF EDUCATION**

**EDU-026** New Contract of Lease for 5 years consisting of 3,200 square feet of office space at the annual per square foot rate of \$9.38, annual cost \$30,000.00, 3918 MacCorkle Avenue, S.E., in the City of Charleston, Kanawha County, West Virginia.

**STRAIGHT RENEWAL**

**DEPARTMENT OF HEALTH AND HUMAN RESOURCES**

**HHR-197** Renewal for 3 years consisting of 200 square feet of storage space at the current monthly rate of \$92.00, annual cost \$1,104, in the City of Williamson, Mingo County, West Virginia.

**HHR-162** Renewal for 1 year consisting of 12,000 square feet of office space at the current annual per square foot rate of \$5.30, annual cost \$63,600.00, in the City of Summersville, Nicholas County, West Virginia.

**HHR-143** Renewal for 3 years consisting of 100 square feet of storage space at the current monthly rate of \$50.00, annual cost \$600, in the City of Princeton, Mercer County, West Virginia.

**HHR-196** Renewal for 3 years consisting of 7,500 square feet of office space at the current annual per square foot rate of \$6.40, annual cost \$48,000.00, in the City of Webster Springs, Webster County, West Virginia.

**DIVISION OF HIGHWAYS**

**HWY-023** Renewal for 3 year(s) consisting of 4 cubicles of office space at the current monthly rate of \$1,200.00, annual cost \$14,400.00, full service, 886 Chestnut Ridge Road, in the City of Morgantown, Monongalia County, West Virginia.

**WEST VIRGINIA STATE POLICE**

**PSA-085** Renewal for 1 year consisting of 1,824 square feet of office space at the current annual per square foot rate of \$1.97, annual cost \$3,600.00, full service, Coal River Road, in the City of Pettus, Raleigh County, West Virginia.

## **STRAIGHT RENEWAL - CONTINUED**

### **ATTORNEY GENERAL'S OFFICE**

**AGO-014** Renewal for 1 year consisting of 10,183 square feet of office space at the current annual per square foot rate of \$12.50, annual cost \$127,287.50, full service, One Players Club Drive, in the City of Charleston, Kanawha County, West Virginia.

### **WV CONSERVATION AGENCY**

**SCC-007** Renewal for 1 year consisting of 974 square feet of office space at the current annual per square foot rate of \$16.25, annual cost \$15,827.50, full service, 201 Scott Avenue, in the City of Morgantown, Monongalia County, West Virginia.

### **WORKFORCE WEST VIRGINIA**

**WWV-012-SUB** Renewal for 2 years consisting of 348 square feet of office space at the current monthly rate of \$494.66, annual cost \$5,935.92, full service, in the City of New Martinsville, Wetzel County, West Virginia.

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

# of Transactions	Agency	Lease #	County	Square Feet	Rental Rate	Annual Rent
1	Division of Rehabilitation Services	DRS-118	Ohio	0	0.00	2,520
2	State Fire Marshal	SFM-003	Kanawha	4,000	6.50	26,000
3	Department of Education	EDU-026	Kanawha	3,200	9.38	30,000
4	Department of Health and Human Resources	HHR-197	Mingo	200	0.00	1,104
5	Department of Health and Human Resources	HHR-162	Nicholas	12,000	5.30	63,600
6	Department of Health and Human Resources	HHR-143	Mercer	100	0.00	600
7	Department of Health and Human Resources	HHR-196	Webster	7,500	6.40	48,000
8	Division of Highways	HWY-023	Monongalia	0	0.00	14,400
9	West Virginia State Police	PSA-085	Raleigh	1,824	1.97	3,593
10	Attorney General's Office	AGO-014	Kanawha	10,183	12.50	127,288
11	WV Conservation Agency	SCC-007	Monongalia	974	16.25	15,828
12	WorkForce West Virginia	WWV-012	Wetzel	348	0.00	5,936
					58.30	
				<b>Total Rentable Square Feet</b>	<u>40,329</u>	
				<b>Average Annual Rental Rate</b>	<u>8.33</u>	
				<b>Total Annual Rent</b>		<u>338,868</u>

**Joint Committee on Government and Finance**

**January 2013**

**Department of Health and Human Resources**

**MEDICAID REPORT  
November 2012 Data**

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

MONTH OF NOVEMBER 2012

	ACTUALS SFY2012	TOTAL SFY2013	ACTUALS Current Month 11/30/12	ESTIMATE Current Month 11/30/12	ACTUALS Year To Date Thru 11/30/12	PROJECTED 12/1/12 Thru 6/30/13
<b>EXPENDITURES:</b>						
Inpatient Hospital - Reg. Payments	164,452,488	158,114,250	10,440,302	12,190,189	61,591,957	96,532,283
Inpatient Hospital - DSH	56,043,409	56,578,800	13,880,773	14,144,700	28,028,229	28,550,571
Inpatient Hospital - Supplemental Payments	79,086,284	240,087,415	5,174,805	5,174,805	45,524,439	194,562,978
Inpatient Hospital - GME Payments	5,901,754	6,177,477	1,544,358	1,544,358	3,076,048	3,101,429
Mental Health Facilities	80,313,367	86,890,183	5,812,531	6,715,989	35,428,961	51,463,522
Mental Health Facilities - DSH Adjustment Payments	18,897,389	16,896,800	4,720,969	4,721,700	9,437,434	9,449,366
Mental Health Facilities - Regular Payments	527,623,018	551,320,912	44,978,558	45,972,550	225,486,108	325,634,904
Nursing Facility Services - Supplemental Payments	-	-	-	-	-	-
Nursing Facility Services - Regular Payments	65,318,485	67,038,000	5,988,308	5,986,500	27,655,820	36,382,180
Intermediate Care Facilities - Supplemental Payments	-	-	-	-	-	-
Intermediate Care Facilities - Regular Payments	116,140,541	121,059,846	7,734,812	8,345,425	48,455,784	74,604,082
Physicians Services - Supplemental Payments	28,661,492	27,943,400	-	-	14,294,266	13,649,134
Physicians Services - Regular Payments	108,435,299	108,322,282	7,668,031	8,428,788	43,083,173	66,239,109
Outpatient Hospital Services - Supplemental Payments	-	-	17,889,150	17,688,150	72,135,062	(72,135,062)
Outpatient Hospital Services - Regular Payments	373,948,886	388,826,862	22,711,517	30,488,185	136,995,928	252,830,953
Prescribed Drugs	(217,354,424)	(218,904,555)	(2,079,819)	(3,763,433)	(88,125,580)	(122,778,975)
Drug Rebate Offset - National Agreement	(18,642,310)	(16,380,000)	(88,937)	(280,859)	(9,611,408)	(7,786,592)
Drug Rebate Offset - State Sidebar Agreement	-	-	-	-	(350,962)	350,962
Drug Rebate Offset - MCO National	-	-	-	-	-	-
Drug Rebate Offset - MCO State Sidebar Agreement	-	-	-	-	-	-
Dental Services	56,047,746	61,762,117	3,689,919	4,764,085	22,702,136	39,059,979
Other Practitioners Services - Regular Payments	12,308,009	13,046,824	780,158	1,072,008	5,030,458	8,016,168
Other Practitioners Services - Supplemental Payments	-	-	-	-	-	-
Clinic Services	4,530,364	4,931,126	399,292	381,669	1,888,240	3,044,886
Lab & Radiological Services	24,887,789	23,419,950	1,810,278	1,817,735	9,172,185	14,247,785
Home Health Services	51,712,631	48,722,337	4,952,861	3,798,716	22,785,305	25,937,032
Hysterectomies/Sterilizations	191,711	216,100	13,449	18,823	65,123	150,977
Pregnancy Terminations	-	-	-	-	-	-
EPSTD Services	1,208,359	1,215,098	85,917	94,189	590,250	624,848
Rural Health Clinic Services	7,488,074	8,079,315	508,030	631,948	3,114,044	4,865,271
Medicare Health Insurance Payments - Part A Premiums	17,434,414	18,452,300	1,965,895	1,537,892	7,540,637	10,911,663
Medicare Health Insurance Payments - Part B Premiums	85,508,019	93,290,400	6,558,521	7,771,700	33,033,522	60,226,678
120% - 134% Of Poverty	6,272,977	6,709,500	545,654	516,115	2,836,760	4,072,740
135% - 175% Of Poverty	-	-	-	-	-	-
Coinsurance And Deductibles	7,381,071	7,785,000	580,784	588,848	3,017,919	4,787,081

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

MONTH OF NOVEMBER 2012

	ACTUALS SFY2012	TOTAL SFY2013	ACTUALS Current Month 11/30/12	ESTIMATE Current Month 11/30/12	ACTUALS Year To Date Thru 11/30/12	PROJECTED 12/1/12 Thru 6/30/13
Medicaid Health Insurance Payments: Managed Care Organizations (MCO)	343,161,264	349,618,600	33,904,868	29,134,883	149,423,221	200,195,379
Medicaid Health Insurance Payments: Prepaid Ambulatory Health Plan	-	-	-	-	-	-
Medicaid Health Insurance Payments: Prepaid Inpatient Health Plan	-	-	-	-	-	-
Medicaid Health Insurance Payments: Group Health Plan Payments	408,952	457,200	-	35,169	180,256	298,944
Medicaid Health Insurance Payments: Coinsurance	-	-	-	-	-	-
Medicaid Health Insurance Payments: Other	-	-	-	-	-	-
Home & Community-Based Services (MR/DD)	287,988,353	308,476,800	27,417,084	23,575,138	141,930,197	164,546,603
Home & Community-Based Services (Aged/Disabled)	132,545,613	140,433,800	9,871,363	10,802,600	58,317,397	82,116,403
Home & Community-Based Services (Traumatic Brain Injury)	-	2,720,625	-	209,279	-	2,720,625
Home & Community-Based Services (State Plan 1915(f) Only)	-	-	-	-	-	-
Home & Community-Based Services (State Plan 1915(g) Only)	-	-	-	-	-	-
Community Supported Living Services	-	-	-	-	-	-
Programs Of All-Inclusive Care Elderly	15,197	-	-	-	-	-
Personal Care Services - Regular Payments	51,680,337	53,872,809	4,508,716	4,157,915	24,258,721	29,614,088
Personal Care Services - SDS 1915(f)	-	-	-	-	-	-
Targeted Case Management Services - Com. Case Management	-	-	-	-	-	-
Targeted Case Management Services - State Wide	3,168,064	3,427,893	237,416	265,023	1,104,595	2,323,298
Primary Care Case Management Services	219,829	264,800	13,971	20,389	72,012	192,788
Hospice Benefits	23,890,255	25,155,100	1,906,086	1,935,008	10,775,690	14,379,420
Emergency Services Undocumented Aliens	301,542	348,500	12,683	28,808	100,443	248,057
Federally Qualified Health Center	18,686,776	21,327,880	2,091,137	1,659,777	7,700,992	13,626,888
Non-Emergency Medical Transportation	25,549,481	26,054,403	1,577,246	2,005,208	10,422,795	15,631,608
Physical Therapy	2,195,303	2,245,596	109,281	173,062	807,605	1,437,991
Occupational Therapy	380,777	371,964	18,259	28,831	133,206	238,758
Services for Speech, Hearing & Language	564,124	567,665	31,261	43,915	163,803	403,862
Prosthetic Devices, Dentures, Eyeglasses	1,671,995	1,876,907	104,813	145,385	657,883	1,218,924
Diagnostic Screening & Preventive Services	539,322	578,315	44,484	44,482	228,691	351,624
Nurse Mid-Wife	224,671	612,100	18,565	47,085	92,395	519,705
Emergency Hospital Services	5,364	(7,500)	(649)	(577)	(2,184)	(5,316)
Critical Access Hospitals	30,431,181	33,996,660	2,308,704	2,617,554	12,581,981	21,414,679
Nurse Practitioner Services	1,512,696	2,981,049	90,921	229,662	713,854	2,267,195
School Based Services	47,384,340	48,082,468	2,852,825	3,779,708	19,241,962	29,840,508
Rehabilitative Services (Non-School Based)	78,431,034	83,291,528	5,497,971	6,482,669	32,529,352	50,762,176
Private Duty Nursing	4,723,035	4,818,769	325,182	386,577	1,931,073	2,987,695
Other Care Services	21,189,223	21,796,325	1,620,882	1,677,535	9,263,888	12,512,427
Less: Recoupments	-	-	(52,140)	-	(351,803)	351,803
<b>NET EXPENDITURES:</b>	<b>2,736,399,586</b>	<b>3,018,031,716</b>	<b>281,379,839</b>	<b>270,442,397</b>	<b>1,237,943,572</b>	<b>1,760,088,143</b>



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

MONTH OF NOVEMBER 2012

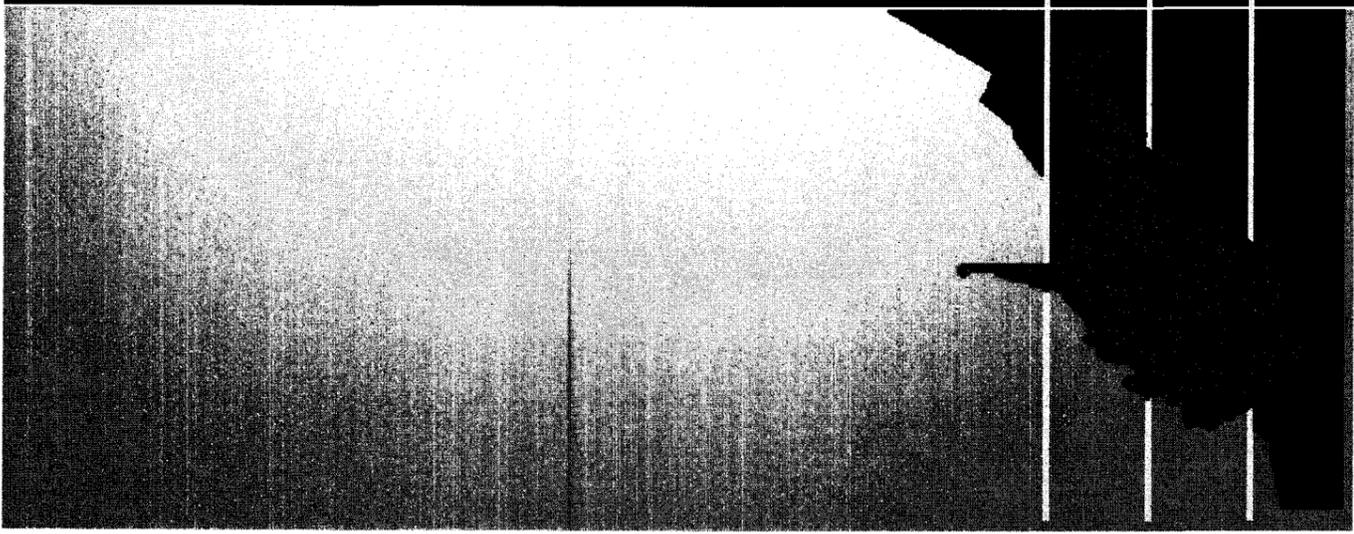
REVENUE SOURCES  
 Beg. Bal. (5084/1020 prior mth)  
 MATCHING FUNDS  
 General Revenue (0403/189)  
 MRDD Waiver (0403/466)  
 Rural Hospitals Under 150 Beds (0403/640)  
 Tertiary Funding (0403/547)  
 Traumatic Brain Injury (0403/635)  
 Title XIX Waiver for Seniors (0403-533)  
 Medical Services 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.) 5084/4010 & 4015  
 CMS - 64 Adjustments

	ACTUALS SFY2012	ACTUALS Current Month Ended 11/30/12	ACTUALS Year-To-Date Thru 11/30/12	PROJECTED 12/1/2012 Thru 6/30/13	TOTAL SFY2013
	\$ 210,933,113	\$ 129,662	\$ 8,645,986	\$ -	\$ 8,645,986
	218,837,804	14,084,447	54,685,271	160,737,612	215,402,883
	85,280,472	6,508,589	30,767,875	57,985,608	88,753,483
	2,596,000	216,333	1,081,666	1,514,334	2,596,000
	6,356,000	529,667	2,648,334	3,707,666	6,356,000
	800,000	58,667	277,334	522,666	800,000
	9,587,500	873,566	4,129,585	7,782,678	11,912,283
	17,910,667	-	53,920,831	-	53,920,831
	2,500,000	-	-	-	-
	31,222,578	8,436,954	16,273,909	16,873,908	33,147,815
	8,670,000	2,200,000	4,400,000	4,270,000	8,670,000
	-	-	-	24,503,880	24,503,880
	12,076,099	21,626,923	59,026,923	141,857,667	200,884,590
	170,727,592	19,882,727	109,237,034	100,624,846	209,861,880
	22,603,205	1,424,362	9,252,154	15,934,213	25,186,368
	8,012,133	43,070	1,733,142	5,194,802	6,927,944
	905,058	433,751	2,311,009	(2,311,009)	-
	673,628	-	441,999	(441,999)	-
	\$ 809,691,849	\$ 76,428,718	\$ 358,813,051	\$ 538,756,881	\$ 897,569,932
	\$ 2,008,078,366	\$ 194,269,773	\$ 908,240,512	\$ 1,313,931,497	\$ 2,222,172,010
<b>FEDERAL FUNDS</b>	\$ 2,815,770,215	\$ 270,698,491	\$ 1,267,053,564	\$ 1,852,688,378	\$ 3,119,741,942
<b>TOTAL REVENUE SOURCES</b>	\$ 2,766,179,191	\$ 265,212,411	\$ 1,251,841,119	\$ 1,818,487,259	\$ 3,068,128,378
<b>TOTAL EXPENDITURES:</b>					
Provider Payments	\$ 49,591,024	\$ 5,486,080	\$ 15,412,445		\$ 51,613,564
<b>TOTAL</b>					

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

Monthly Performance Report

November 30, 2012



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

	6/30/2012		11/30/2012		Performance %						
	Asset (\$000)	%	Asset (\$000)	%	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
<b>WVIMB Fund Assets</b>	<b>13,170,110</b>	<b>100.0</b>	<b>13,819,353</b>	<b>100.0</b>							
<b>Pension Assets</b>	<b>10,300,026</b>	<b>78.2</b>	<b>10,803,511</b>	<b>78.2</b>							
Public Employees' Retirement System	4,353,124	33.1	4,579,748	33.1	0.9	3.0	5.9	12.0	9.1	3.4	7.7
Teachers' Retirement System	4,969,706	37.6	5,317,935	38.5	0.9	3.0	5.9	11.9	9.0	2.9	7.3
Teachers' Employers Cont. Collection A/C	142,994	1.1	32,871	0.2	0.0	0.0	0.0	0.0	0.1	0.6	
EMS Retirement System	35,161	0.3	38,327	0.3	0.9	3.0	5.9	12.0	9.0		
Public Safety Retirement System	477,497	3.6	491,674	3.6	0.9	3.0	6.0	12.1	9.2	3.4	7.7
Judges' Retirement System	126,294	1.0	132,191	1.0	0.9	3.0	5.9	12.0	9.1	3.4	7.6
State Police Retirement System	78,763	0.6	85,941	0.6	0.9	3.0	5.9	11.9	9.0	3.4	7.6
Deputy Sheriffs' Retirement System	116,308	0.9	124,529	0.9	0.9	3.0	5.9	12.0	9.1	3.4	7.7
Municipal Police & Firefighter Retirement System	189	0.0	295	0.0	0.8	2.8	5.5	10.9			
<b>Insurance Assets</b>	<b>1,991,081</b>	<b>15.1</b>	<b>2,076,467</b>	<b>15.0</b>							
Workers' Compensation Old Fund	946,854	7.1	993,773	7.2	0.4	1.9	4.1	8.8	6.7	3.5	
Workers' Comp. Self-Insured Guaranty Risk Pool	10,878	0.1	14,173	0.1	0.4	1.9	4.2	8.6	4.4	3.2	
Workers' Comp. Uninsured Employers Fund	9,148	0.1	9,523	0.1	0.5	1.9	4.1	8.5	3.8	2.9	
Pneumococcosis	257,121	2.0	263,454	1.9	0.5	2.0	4.3	8.7	7.0	4.1	6.0
Board of Risk & Insurance Mgmt.	138,164	1.1	136,911	1.0	0.5	2.0	4.3	8.7	7.2	5.1	
Public Employees' Insurance Agency	183,321	1.4	190,246	1.4	0.4	1.7	3.8	8.3	7.0	4.6	
WV Retiree Health Benefit Trust Fund	443,144	3.3	465,851	3.3	0.7	2.4	5.1	10.0	7.6		
AccessWV	2,451	0.0	2,536	0.0	0.3	1.6	3.5	8.2			
<b>Endowment Assets</b>	<b>879,003</b>	<b>6.7</b>	<b>939,375</b>	<b>6.8</b>							
Wildlife Fund	40,057	0.3	42,621	0.3	0.9	3.0	5.9	11.9	9.1	3.4	7.7
Prepaid Tuition Trust	77,822	0.6	77,237	0.5	0.7	2.0	4.7	10.6	8.8	4.1	8.0
Revenue Shortfall Reserve Fund	423,261	3.2	466,669	3.4	0.3	1.7	3.5	8.1	7.6	1.8	
Revenue Shortfall Reserve Fund - Part B	331,325	2.5	345,901	2.5	0.5	2.0	4.4	9.7	7.9	1.9	
WV DEP Trust	6,538	0.1	6,947	0.1	0.9	3.0	6.3	12.5			

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

	Asset (\$000)	%	Performance %								
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year		
Investment Pools Composite	13,824,693	100.00									
Total Equity Composite	6,097,123	44.10	1.21	4.01	8.07	14.44	9.53	1.09	8.33		
Total Equity Policy Index			1.35	3.90	7.58	14.16	7.85	-0.75	7.61		
Excess Return			-0.14	0.11	0.49	0.28	1.68	1.84	0.72		
US Equity Composite	2,943,167	21.29	1.25	1.87	5.98	16.00	12.75	2.17	7.72		
Russell 3000 Index			0.77	1.64	5.21	15.95	11.80	1.67	6.93		
Excess Return			0.48	0.23	0.77	0.05	0.95	0.50	0.79		
Large Cap Composite	2,164,898	15.66	0.77	1.28	5.08	15.90	11.96	1.55	6.46		
S&P 500 Index			0.58	1.27	4.99	16.13	11.25	1.34	6.36		
Excess Return			0.19	0.01	0.09	-0.23	0.71	0.21	0.10		
Non-Large Cap Composite	778,269	5.63	2.62	3.55	8.60	16.17	16.78	4.50	10.16		
Russell 2500 Index			1.54	3.09	6.07	15.13	15.01	3.68	9.69		
Excess Return			1.08	0.46	2.53	1.04	1.77	0.82	0.47		
International Equity Composite	3,153,956	22.81	1.17	6.01	10.02	12.71	6.15	-0.27	9.96		
MSCI AC World ex US Index			1.92	6.19	9.99	12.19	3.87	-3.39	9.48		
Excess Return			-0.75	-0.18	0.03	0.52	2.28	3.12	0.48		
Fixed Income Composite	3,612,782	26.14	0.20	1.43	3.48	8.63	6.85	5.78	5.94		
Fixed Income Policy			0.24	0.85	2.57	6.75	6.24	6.36	5.57		
Excess Return			-0.04	0.58	0.91	1.88	0.61	-0.58	0.37		
Core Fixed Income	1,267,418	9.17	0.35	0.86	2.51	6.84	6.67				
Barclays Capital Aggregate			0.16	0.49	1.95	5.51	5.68				
Excess Return			0.19	0.37	0.56	1.33	0.99				
Total Return Fixed Income	2,345,364	16.97	0.11	1.74	3.99	9.57	7.02	6.15	6.51		
Barclays Capital US Universal			0.24	0.85	2.57	6.75	6.24	6.25	5.80		
Excess Return			-0.13	0.89	1.42	2.82	0.78	-0.10	0.71		
TIPS Composite	776,118	5.61	0.48	1.88	3.52	7.69	8.34	0.00			
Barclays Capital U.S. TIPS			0.48	1.86	3.50	7.72	8.33	0.00			
Excess Return			0.00	0.02	0.02	-0.03	0.01	0.00			
TRS Annuity	54,079	0.39	0.36	1.10	1.86	4.48	4.49				
Cash Composite	242,166	1.75	0.01	0.03	0.04	0.08	0.11	0.69	1.91		
Citigroup 90 Day T-Bill + 0.15%			0.01	0.05	0.10	0.22	0.26	0.72	1.95		
Excess Return			0.00	-0.02	-0.06	-0.14	-0.15	-0.03	-0.04		
Private Equity Composite	1,036,039	7.49	1.40	3.42	5.41	15.28	14.92				
Real Estate Composite	748,930	5.42	0.79	1.84	2.69	10.14	8.67				
Hedge Funds Composite	1,257,456	9.10	0.49	1.53	3.65	5.59	4.67				
LIBOR + 4%			0.35	1.08	1.80	4.45	4.37				
Excess Return			0.14	0.47	1.85	1.14	0.30				

West Virginia Investment Management Board  
 Participant Plans Allocation vs. Strategy  
 As of November 30, 2012

	Domestic Equity		Int'l Equity		Fixed Income		Private Equity		Real Estate		Hedge Funds		Cash	
	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %	Actual %	Strategy %
<b>Pension Assets</b>														
Public Employees' Retirement System	24.5	25.0	26.5	25.0	22.3	20.0	8.6	10.0	6.9	10.0	9.8	10.0	0.4	0.0
Teachers' Retirement System	24.6	25.0	26.3	25.0	21.9	20.0	9.5	10.0	6.9	10.0	9.9	10.0	0.9	0.0
Teachers' Employers Cont. Collection A/C	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0
EMS Retirement System	25.1	25.0	25.5	25.0	22.1	20.0	9.4	10.0	6.9	10.0	9.9	10.0	1.1	0.0
Public Safety Retirement System	24.5	25.0	26.8	25.0	22.4	20.0	9.8	10.0	7.0	10.0	9.3	10.0	0.2	0.0
Judges' Retirement System	24.6	25.0	26.5	25.0	22.6	20.0	9.7	10.0	6.9	10.0	9.3	10.0	0.4	0.0
State Police Retirement System	25.2	25.0	25.4	25.0	22.2	20.0	9.4	10.0	6.9	10.0	9.8	10.0	1.1	0.0
Deputy Sheriffs' Retirement System	24.9	25.0	26.1	25.0	22.2	20.0	9.6	10.0	6.9	10.0	9.9	10.0	0.4	0.0
Municipal Police & Firefighter Retirement System	21.1	25.0	23.6	25.0	18.7	20.0	8.9	10.0	6.4	10.0	8.8	10.0	12.5	0.0
<b>Insurance Assets</b>														
Workers' Compensation Old Fund	9.7	10.0	10.7	10.0	68.6	70.0	0.0	0.0	0.0	0.0	0.0	0.0	11.0	10.0
Workers' Comp. Self-Insured Guaranty Risk Pool	8.2	10.0	8.6	10.0	45.1	55.0	0.0	0.0	0.0	0.0	15.9	20.0	22.2	5.0
Workers' Comp. Uninsured Employers Fund	9.8	10.0	10.7	10.0	49.7	50.0	0.0	0.0	0.0	0.0	19.7	20.0	10.1	10.0
Pneumoconiosis	9.9	10.0	10.8	10.0	54.7	55.0	0.0	0.0	0.0	0.0	20.0	20.0	4.6	5.0
Board of Risk & Insurance Mgmt.	9.8	10.0	10.8	10.0	54.7	55.0	0.0	0.0	0.0	0.0	19.5	20.0	5.2	5.0
Public Employees' Insurance Agency	4.9	4.9	5.3	5.3	74.9	74.8	0.0	0.0	0.0	0.0	10.0	10.0	4.9	5.0
WV Retiree Health Benefit Trust Fund	17.1	17.1	18.5	18.6	44.9	44.3	0.0	0.0	0.0	0.0	19.3	20.0	0.2	0.0
AccessWV	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Endowment Assets</b>														
Wildlife Fund	24.6	25.0	26.2	25.0	22.3	20.0	9.7	10.0	6.9	10.0	9.8	10.0	0.4	0.0
Prepaid Tuition Trust	29.8	30.0	16.6	16.0	52.3	54.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.0
Revisius Shortfall Reserve Fund	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Shortfall Reserve Fund - Part B	9.8	10.0	10.5	10.0	79.6	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
WV DEP Trust	35.3	35.0	29.6	30.0	35.1	35.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

**West Virginia Investment Management Board**

Footnotes

As of November 30, 2012

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

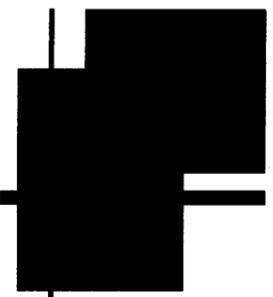
Total Equity Policy is 50% Russell 3000 and 50% MSCI ACW ex USA as of April 2008. Prior periods were 40% S&P 500, 30% Russell 2500, and 30% MSCI ACW ex USA.

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.



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**Status Report:**

**Workers' Compensation**

Joint Committee on Government & Finance

January 2013

*Provided by the West Virginia Offices of the Insurance Commissioner*

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## **Introduction**

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

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

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

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

## **Definitions:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Protest (OOD):** 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.

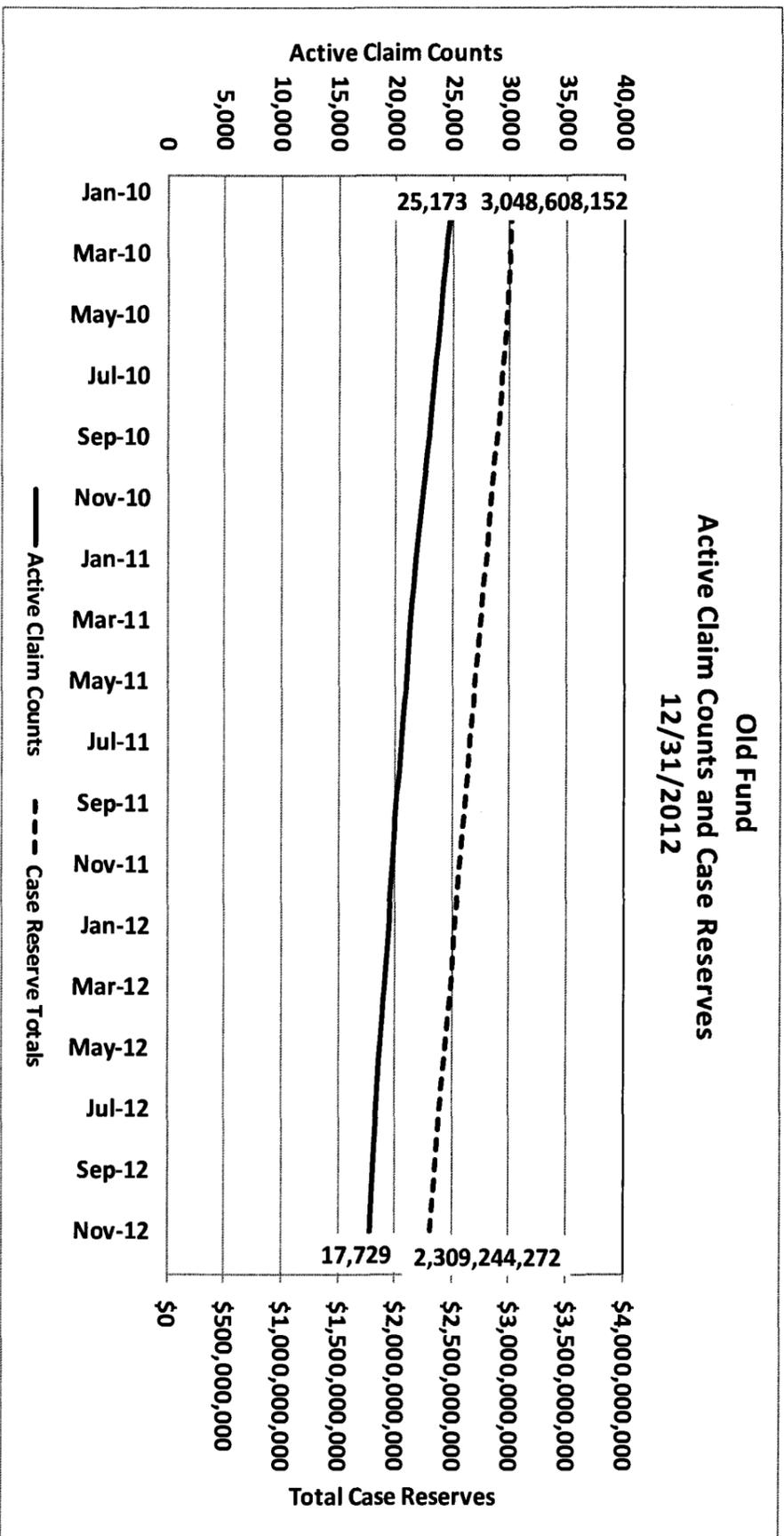
**Self-Insured Security Fund:** State managed fund into which premiums received are held, and out of which workers' compensation benefits may be paid. Covers claims liabilities of bankrupt or defaulted self-insured employers with dates of injury or last exposure before 07/01/2004. This fund is limited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

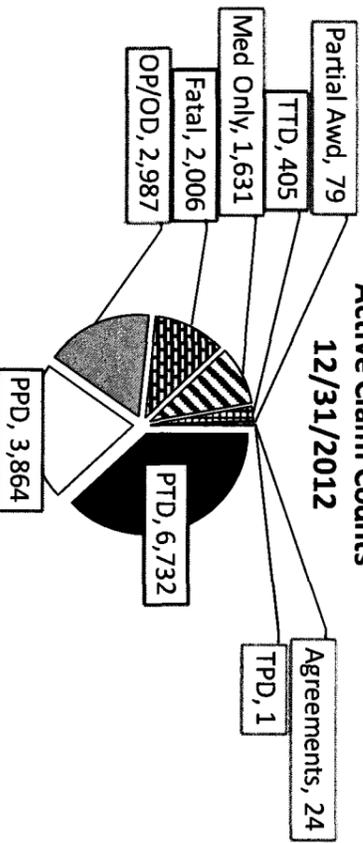
**TTD:** (Temporary Total Disability) an inability to return to substantial gainful employment requiring skills or activities comparable to those of one's previous gainful employment during the healing or recovery period after the injury. In order to receive TTD benefits, the injured worker must be certified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

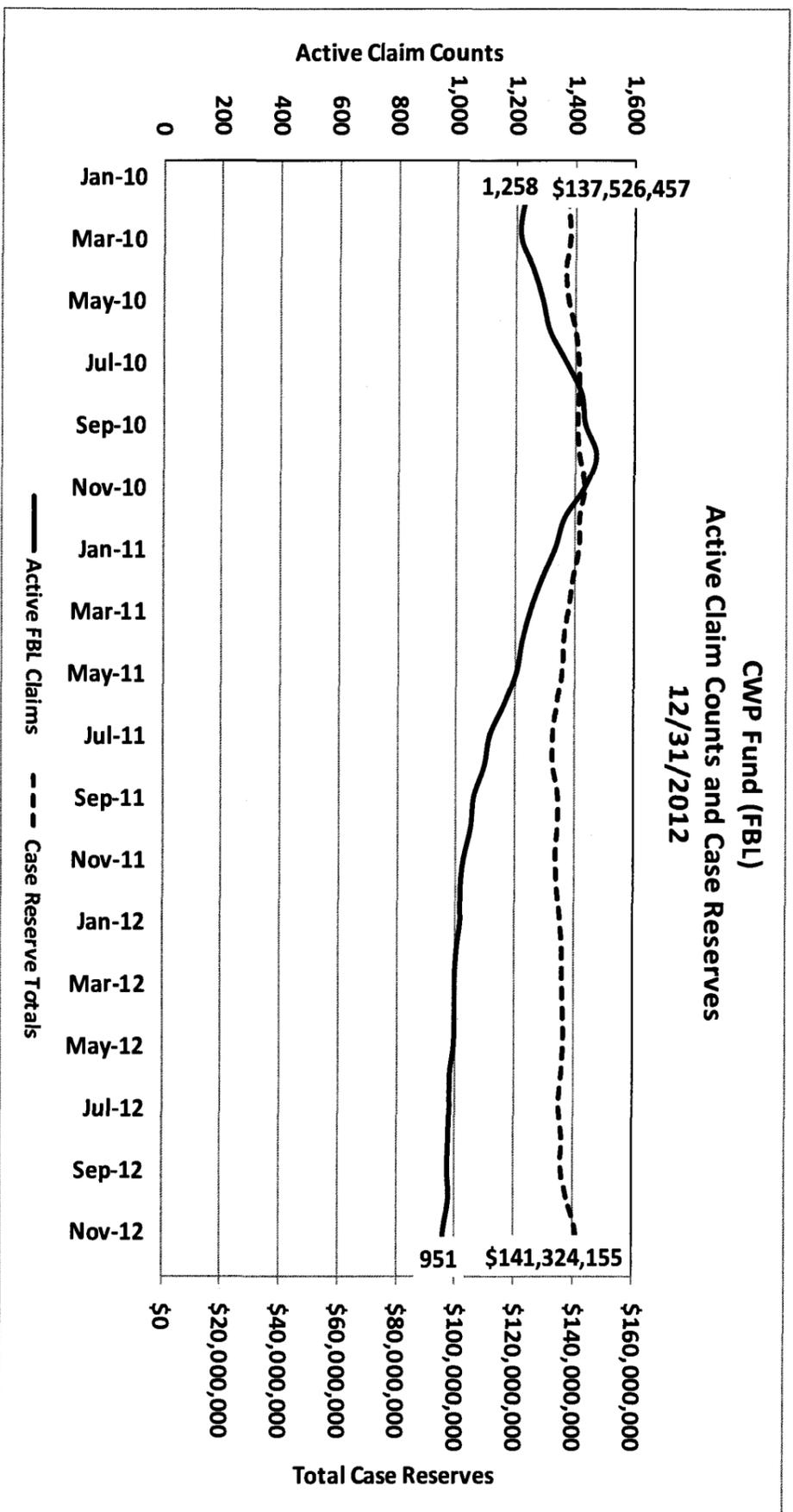
**Old Fund  
Active Claim Counts and Case Reserves  
12/31/2012**



**Old Fund  
Active Claim Counts  
12/31/2012**



- 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



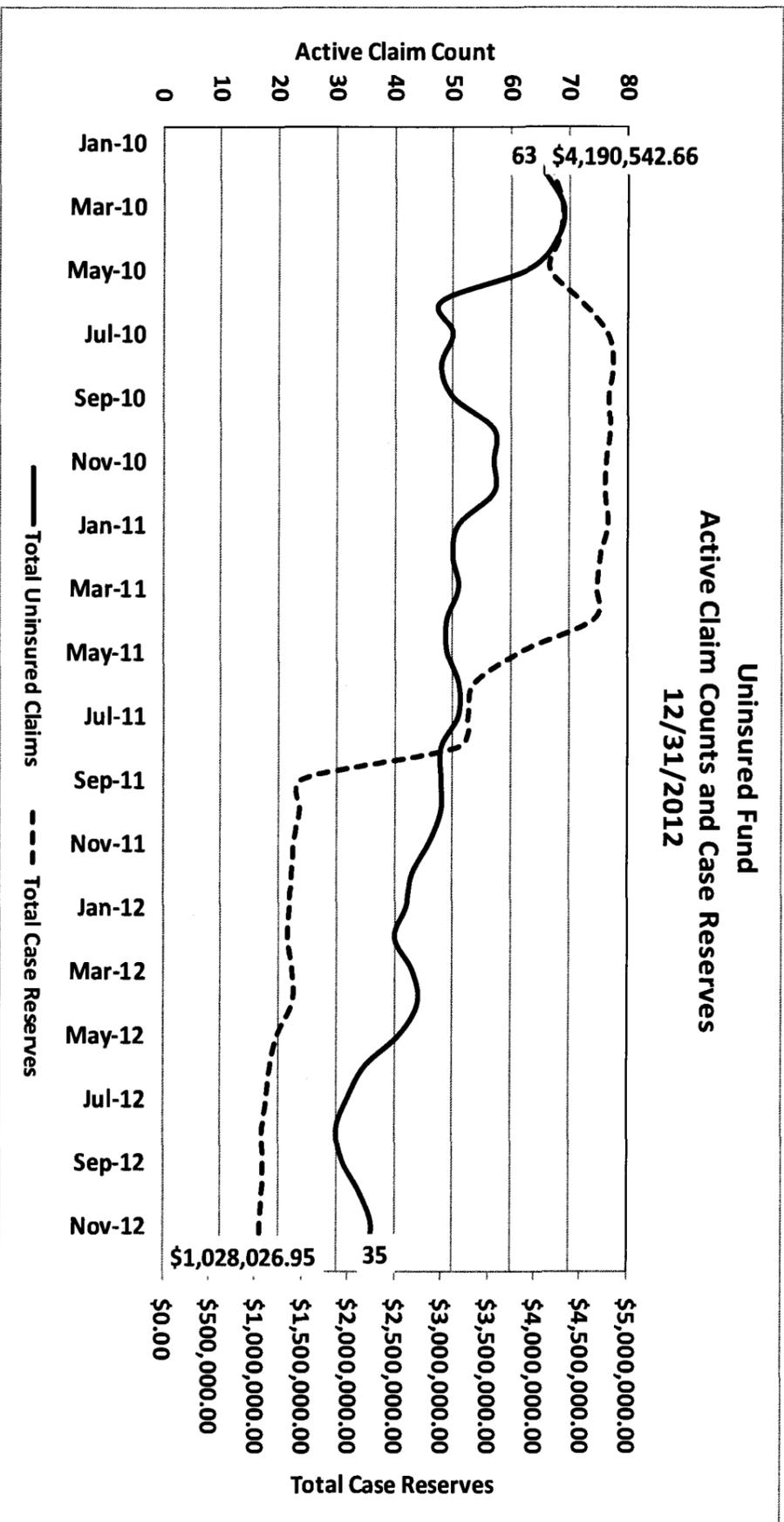
■ Active □ Inactive

Active – Benefits being paid to claimant/beneficiary

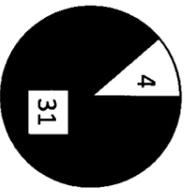
CWP Fund - Coal Worker's Pneumoconiosis; miners/beneficiaries disabled or deceased

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

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



### Uninsured Fund Active Claim Counts 12/31/2012

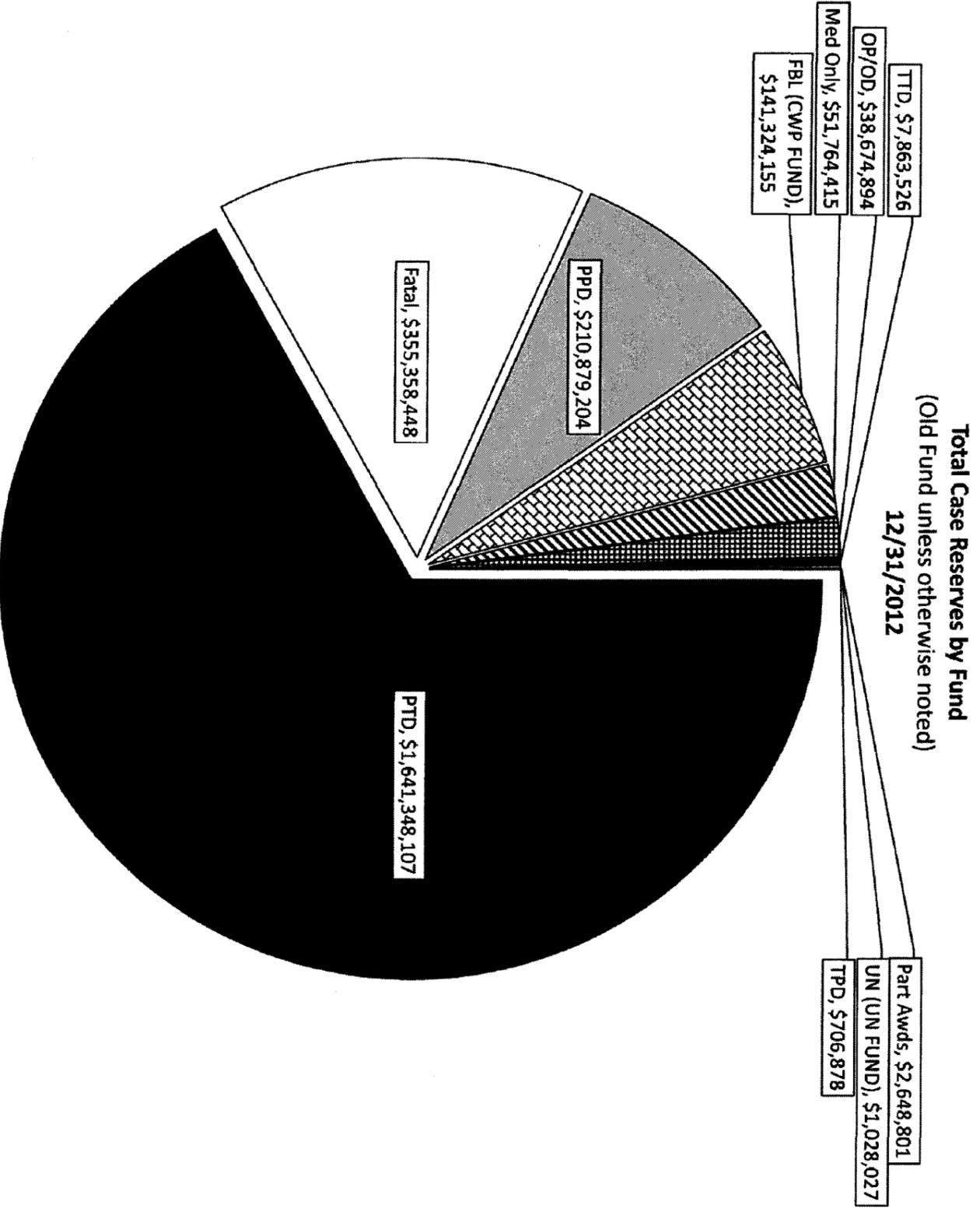


■ Indemnity □ Med Only

**Indemnity** – statutory wage replacement and medical benefits awarded

**Med Only** – payment of medical benefits without wage replacement

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



OLD FUND CASH STATEMENT  
December 31, 2012

	YTD FY2013	YTD FY2012	Change	Three Year History for years ended:		
				FY2012	FY2011	FY2010
<b>Cash Beginning Balances</b>	942,505,408	943,172,539	(667,132)	943,172,539	888,535,954	795,869,972
<b>Revenues</b>						
Personal Income Tax	31,800,000	31,800,000	-	95,400,000	95,400,000	95,400,000
Severance Tax	45,974,784	45,583,401	391,383	93,947,355	93,112,747	91,573,307
Debt Reduction Surcharge	20,084,230	19,123,283	960,967	39,758,082	41,096,360	39,594,122
Self-Insured Debt Reduction Surcharge	4,324,586	4,588,928	(264,342)	9,620,197	8,058,590	6,562,051
Video Lottery	11,000,000	11,000,000	-	11,000,000	11,000,000	11,000,000
Employer Premium	154,908	286,995	(132,087)	575,167	3,120,389	1,783,840
Other Income - Return of Unclaimed Property	43,527	45,924	(2,397)	202,103	191,860	95,620
<b>Operating Revenues</b>	113,382,035	112,428,511	953,524	250,502,904	251,979,946	246,008,940
Surplus Note Principal Payments	-	-	-	-	-	43,500,000
Investment / Interest Earnings (Losses)	49,056,833	(12,458,103)	61,514,937	18,284,929	88,270,887	102,218,697
<b>Total Revenues</b>	162,438,868	99,970,408	62,468,461	268,787,833	340,250,833	391,727,637
<b>Expenditures</b>						
Claims Benefits Paid:						
Medical	16,987,035	19,599,873	(2,612,839)	39,226,318	41,972,430	55,134,617
Permanent Total Disability	59,827,713	64,016,008	(4,188,295)	124,963,432	136,800,060	152,789,051
Permanent Partial Disability	597,973	1,104,826	(506,853)	1,822,571	2,513,255	4,890,325
Temporary Disability	47,626	106,163	(58,536)	188,666	384,571	1,322,403
Fatals	13,471,468	14,290,262	(818,794)	28,139,830	29,994,599	34,822,223
104 weeks death benefit	3,359,278	3,600,158	(240,880)	6,729,656	6,321,554	6,394,618
Settlements	5,535,223	29,992,929	(24,457,706)	56,164,626	50,628,569	24,145,535
Loss Adjustment Expenses	421,589	1,118,826	(697,237)	2,333,885	4,514,323	3,794,198
<b>Total</b>	133,829,044	133,829,044	259,568,984			

	YTD FY2013		YTD FY2012		Change	Three Year History for years ended:			
	YTD FY2013	YTD FY2012	YTD FY2012	Change		FY2012	FY2011	FY2010	FY2009
	100,247,904		(33,581,140)						
Less: Claims credits and overpayments	2,916,663	4,664,583	(1,747,920)		8,161,625	7,666,404	4,327,846		
Total Benefits Paid	97,331,242	129,164,462	(31,833,220)		251,407,359	265,462,956	278,965,124		
Administrative Expenses	6,716,607	9,478,509	(2,761,903)		18,047,605	20,151,292	20,096,531		
Total Expenditures	104,047,848	138,642,971	(34,595,123)		269,454,964	285,614,248	299,061,655		
Excess (Deficiency) of Revenues over Expenditures	58,391,020	(38,672,563)	97,063,583		(667,131)	54,636,585	92,665,982		
Cash Ending Balances	1,000,896,427	904,499,975	96,396,452		942,505,408	943,172,539	888,535,954		

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

COAL WORKERS PNEUMOCOINOSIS FUND  
December 31, 2012

	YTD FY2013	YTD FY2012	Change	Three Year History for years ended:		
				FY2012	FY2011	FY2010
<b>Cash Beginning Balances</b>	254,523,752	262,926,105	(8,402,353)	262,926,105	244,074,613	221,866,212
<b>Revenues</b>						
Investment Earnings (Losses)	13,552,080	(5,225,259)	18,777,339	2,745,783	29,283,335	32,224,147
Other Income - Return of Unclaimed Property	-	-	-	-	-	899
<b>Total Revenues</b>	13,552,080	(5,225,259)	18,777,339	2,745,783	29,283,335	32,225,046
<b>Expenditures</b>						
Payment of Claims	5,865,415	5,512,406	353,009	11,131,012	10,415,160	9,978,121
Contractual / Professional	16,556	16,920	(364)	17,124	16,683	38,524
<b>Total Expenditures</b>	5,881,971	5,529,325	352,645	11,148,136	10,431,843	10,016,645
<b>Excess (Deficiency) of Revenues over Expenditures</b>	7,670,109	(10,754,585)	18,424,693	(8,402,353)	18,851,492	22,208,401
<b>Cash Ending Balances</b>	262,193,861	252,171,521	10,022,340	254,523,752	262,926,105	244,074,613

Note: The Coal Worker's Pneumocoinosis 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 pneumocoinosis. 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  
December 31, 2012

	YTD		Change	Three Year History for years ended:			
	FY2013	FY2012		FY2012	FY2011	FY2010	
<b>Cash Beginning Balances</b>	10,829,975	9,744,809	1,085,166	9,744,809	8,112,918	6,969,307	
<b>Revenues</b>							
Guaranty Risk Pool Assessments	569,320	560,941	8,379	1,093,066	1,119,674	1,283,687	
Collateral Proceeds	2,399,380	-	2,399,380				
Investment Earnings (Losses)	578,905	(190,600)	769,505	125,813	592,165	9,237	
<b>Total Revenues</b>	3,547,604	370,341	3,177,263	1,218,879	1,711,839	1,292,924	
<b>Expenditures</b>							
Payment of Claims	185,947	11,405	174,542	11,405	28,707	104,821	
Contractual / Professional	11,243	59,607	(48,364)	59,607	51,241	44,492	
<b>Total Expenditures</b>	197,190	71,012	126,178	133,713	79,948	149,313	
<b>Excess (Deficiency) of Revenues over Expenditures</b>	3,350,414	299,329	3,051,085	1,085,166	1,631,891	1,143,611	
<b>Cash Ending Balances</b>	14,180,389	10,044,138	4,136,251	10,829,975	9,744,809	8,112,918	

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

SELF-INSURED SECURITY RISK POOL  
December 31, 2012

	YTD		Change	Three Year History for years ended:			
	FY2013	FY2012		FY2012	FY2011	FY2010	
<b>Cash Beginning Balances</b>							
<b>Revenues</b>	203,518	205,705	(2,187)	205,705	173,041	-	-
Security Risk Pool Assessments	26,203	-	26,203	-	115,568	173,041	
Collateral Proceeds	4,657,620	-	4,657,620				
<b>Total Revenues</b>	<b>4,683,823</b>	<b>-</b>	<b>4,683,823</b>	<b>-</b>	<b>115,568</b>	<b>173,041</b>	
<b>Expenditures</b>							
Payment of Claims	219,797	1,708	218,089	2,187	73,649	-	-
Contractual / Professional	-	-	-	-	9,255	-	-
<b>Total Expenditures</b>	<b>219,797</b>	<b>1,708</b>	<b>218,089</b>	<b>2,187</b>	<b>82,904</b>	<b>-</b>	
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>4,464,027</b>	<b>(1,708)</b>	<b>4,465,734</b>	<b>(2,187)</b>	<b>32,664</b>	<b>173,041</b>	
<b>Cash Ending Balances</b>	<b>4,667,545</b>	<b>203,997</b>	<b>4,463,548</b>	<b>203,518</b>	<b>205,705</b>	<b>173,041</b>	

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

UNINSURED EMPLOYERS FUND  
December 31, 2012

	YTD FY2013	YTD FY2012	Change	Three Year History for years ended:			
				FY2012	FY2011	FY2010	
<b>Cash Beginning Balances</b>	9,574,065	9,086,330	487,735	9,086,330	8,905,444	8,588,268	
<b>Revenues</b>							
Fines and Penalties	359,953	489,168	(129,215)	948,896	939,626	892,806	
Investment Earnings (Losses)	465,071	(178,223)	643,294	99,906	474,728	10,923	
<b>Total Revenues</b>	825,024	310,945	514,079	1,048,802	1,414,354	903,729	
<b>Expenditures</b>							
Payment of Claims	65,723	307,043	(241,320)	553,676	1,224,982	577,819	
Contractual/Professional General and Administrative	3,569 15	7,237 -	(3,668) 15	7,392	8,486	8,734	
<b>Total Expenditures</b>	69,307	314,280	(244,973)	561,067	1,233,468	586,553	
<b>Excess (Deficiency) of Revenues over Expenditures</b>	755,717	(3,335)	759,053	487,735	180,886	317,176	
<b>Cash Ending Balances</b>	10,329,782	9,082,995	1,246,787	9,574,065	9,086,330	8,905,444	

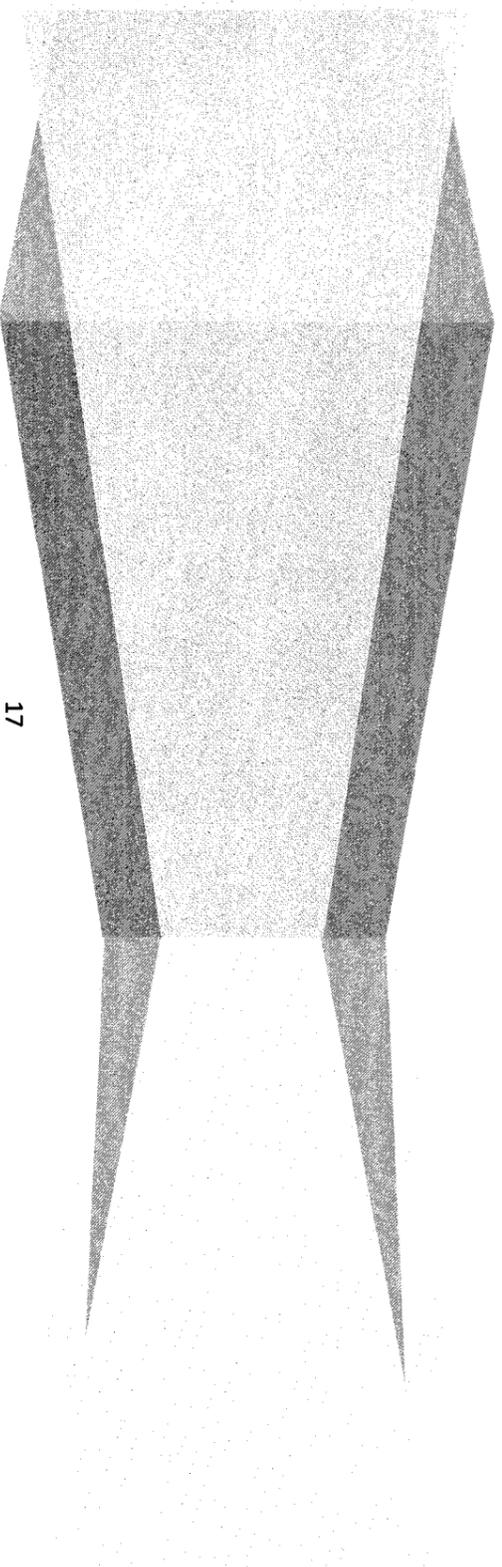
The Uninsured Employer's Fund (UEF) was established January 1, 2006 to provide worker's compensation benefits to injured workers of uninsured WV employers. The revenues of the UEF consist of fines levied on uninsured employers and the earnings on invested assets. The Insurance Commissioner has the right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

West Virginia Offices of the Insurance Commission

# OFFICE OF JUDGES' REPORT

TO INDUSTRIAL COUNCIL – January 2, 2013

Rebecca A. Roush, Chief Administrative Law Judge



## Statistical Analysis

A. Protests Acknowledged:

2011  
5045

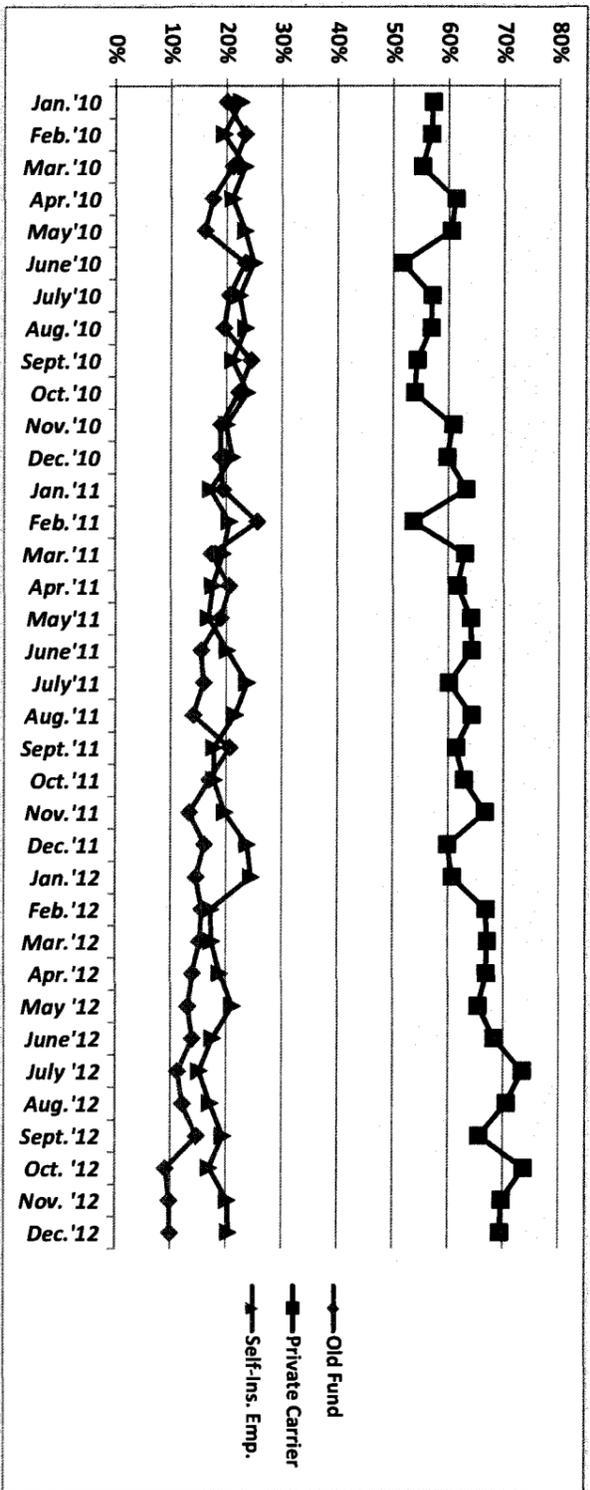
Dec.  
331

2012  
4705

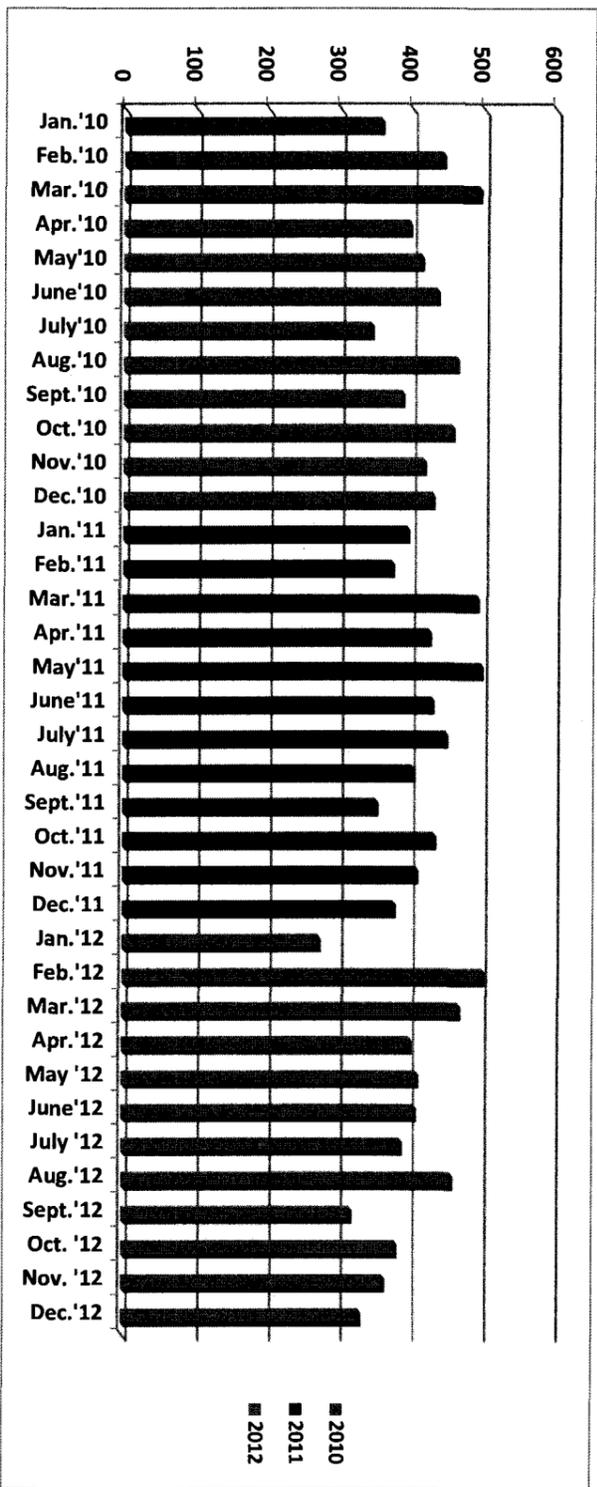
Fund Involved:

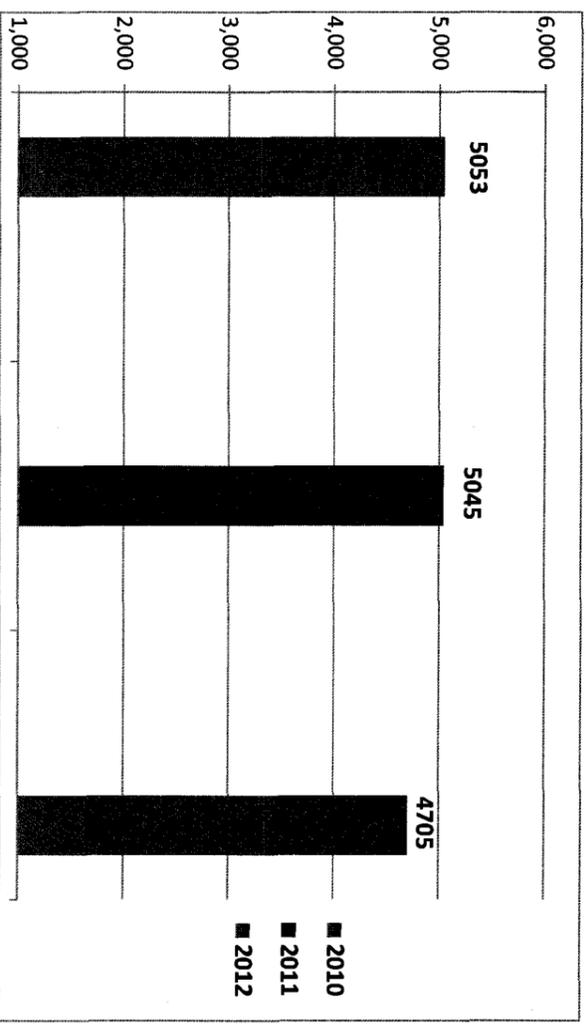
FUND	2011	% of protests	Dec. '12	% of protests	2012	% of protests
Old Fund	903	17.90%	33	9.97%	593	12.60%
Private Carrier	3158	62.60%	230	69.49%	3233	68.72%
Self-Insured	984	19.50%	68	20.54%	879	18.68%
Subtotal	5045		331		4705	
Temporary	1029		32		708	
Total	6074		363		5413	

Protests Acknowledged by Carrier Type



Protests Acknowledged by Month





Protests Acknowledged by Year

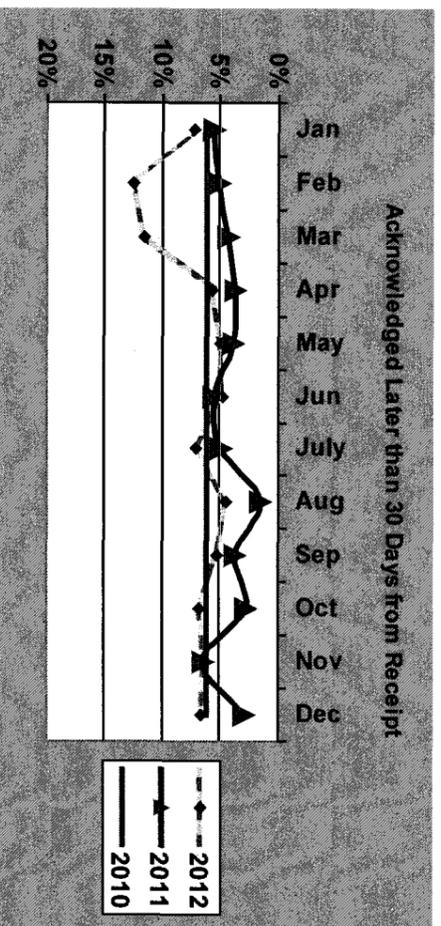
B. Issues Resolved: 2011 5327 Dec. 303 2012 4773

C. Pending Caseload Report

PENDING AS OF January 2, 2013	3299
PENDING 1 MONTH BEFORE	3261
PENDING 2 MONTHS BEFORE	3255
PENDING 3 MONTHS BEFORE	3328
PENDING 6 MONTHS BEFORE	3521
PENDING 12 MONTHS BEFORE	3450

D. Acknowledgment Timeliness:

Protest Ackn. >30 days 2011 4.3% Dec. 6.6% 2012 7.0%  
 Protest Ackn. 24-30 days 2.3% 2.1% 3.1%  
 Protest Ackn. 11-23 days 31.1% 30.8% 24.4%  
 Protest Ackn. <11 days 62.3% 60.4% 65.5%



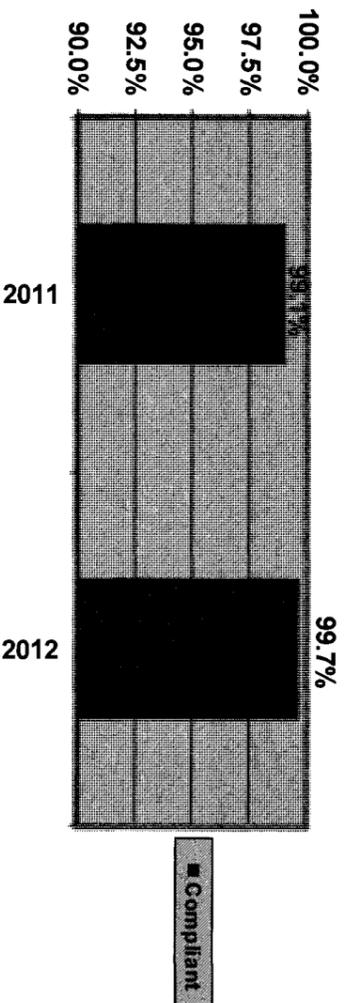
**E. Protests Resolved:**

	<u>Dec.'12</u>	<u>2012</u>
1. Protests decided:	216	3389
2. Withdrawals:	41	821
3. "No Evidence" Dismissals:	32	560

**F. Final Decision Timeliness**

	<u>2011</u>	<u>Dec.'12</u>	<u>2012</u>
1. <30 days:	43.2%	43.7%	46.5%
2. 30-60 days:	49.8%	53.9%	50.3%
3. 60-90 days:	6.1%	2.4%	2.9%
4. +90 days:	0.9%	0.0%	0.3%

**Decision Within Rule's Time Limits**



**G. Time Standard Compliance**

	<u>2011</u>	<u>Dec.</u>	<u>2012</u>
	92.4%	95.0%	92.5%

Wednesday, January 02, 2013

### Time Standard Compliance

Report Dates: From 12/1/2012 thru 12/31/2012

Time Standard	Total Closed	Timely		Late	
		Count	Percent	Count	Percent
OPBD	6	6	100%	0	0%
REOPENING	2	2	100%	0	0%
COMPENSABILITY	15	13	86.70%	2	13.30%
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	1	1	100%	0	0%
PPD	27	27	100%	0	0%
REHABILITATION	2	2	100%	0	0%
TRMT/EQUIP CL	37	35	94.60%	2	5.40%
BENEFIT OVERPAYMENT	1	1	100%	0	0%
TTD	10	9	90%	1	10%
<b>Total</b>	<b>101</b>	<b>96</b>	<b>95%</b>	<b>5</b>	<b>5%</b>

Wednesday, January 02, 2013

Final Decision Compliance

Report Dates: From 12/1/2012 thru 12/31/2012

Description	Issues Resolved	Days to Decision			
		< 30 Days Count %	30 - 60 Count %	61 - 90 Count %	> 90 Count %
BENEFIT OVERPAYMENT	2	1 50.0%	1 50.0%	0 0.0%	0 0.0%
DEP BEN FATAL	3	3 100.0%	0 0.0%	0 0.0%	0 0.0%
PTD ENTITLEMENT	1	0 0.0%	1 100.0%	0 0.0%	0 0.0%
OPBD	6	0 0.0%	6 100.0%	0 0.0%	0 0.0%
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	1	0 0.0%	1 100.0%	0 0.0%	0 0.0%
OP NON-MED	1	1 100.0%	0 0.0%	0 0.0%	0 0.0%
SPECIAL CATEGORY	1	1 100.0%	0 0.0%	0 0.0%	0 0.0%
TTD	23	10 43.5%	12 52.2%	1 4.3%	0 0.0%
FAILURE TO ACT 30 DAY	1	1 100.0%	0 0.0%	0 0.0%	0 0.0%
REHABILITATION	2	1 50.0%	1 50.0%	0 0.0%	0 0.0%
PPD	42	24 57.1%	18 42.9%	0 0.0%	0 0.0%
REOPENING	6	3 50.0%	3 50.0%	0 0.0%	0 0.0%
TRMT/EQUIP CL	68	23 33.8%	42 61.8%	3 4.4%	0 0.0%
COMPENSABILITY	47	22 46.8%	24 51.1%	1 2.1%	0 0.0%
FAILURE TO ACT 15 DAY	2	0 0.0%	2 100.0%	0 0.0%	0 0.0%
<b>Totals</b>	<b>206</b>	<b>90 43.7%</b>	<b>111 53.9%</b>	<b>5 2.4%</b>	<b>0 0.0%</b>

### Motion Resolution Compliance

Report Dates: From 12/1/2012 thru 12/31/2012

Time Standard	Total Motions		Timely *		Late **	
	Count	Percent	Count	Percent	Count	Percent
BENEFIT RATE	2	100%	0	0%	0	0%
OPBD	19	100%	0	0%	0	0%
TRMT/EQUIP EM	5	100%	0	0%	0	0%
TTD	99	97%	3	3%	0	0%
APPLICATION THRESHOLD	1	100%	0	0%	0	0%
FAILURE TO ACT 30 DAY	1	100%	0	0%	0	0%
SPECIAL CATEGORY	18	94.40%	1	5.60%	0	0%
TRMT/EQUIP CL	242	97.50%	6	2.50%	0	0%
DEP BEN 104	1	100%	0	0%	0	0%
OP NON-MED	3	100%	0	0%	0	0%
REOPENING	21	100%	0	0%	0	0%
COMPENSABILITY	172	93.60%	11	6.40%	0	0%
PPD	141	96.50%	5	3.50%	0	0%
PTD ENTITLEMENT	6	100%	0	0%	0	0%
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	4	100%	0	0%	0	0%
REHABILITATION	1	100%	0	0%	0	0%
DEP BEN FATAL	10	100%	0	0%	0	0%
FAILURE TO ACT 10 DAY	2	100%	0	0%	0	0%
BENEFIT OVERPAYMENT	1	100%	0	0%	0	0%
FAILURE TO ACT 15 DAY	3	100%	0	0%	0	0%
PTD ONSET DATE	1	100%	0	0%	0	0%
<b>Total</b>	<b>753</b>	<b>96.5%</b>	<b>26</b>	<b>3.5%</b>		

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

Wednesday, January 02, 2013

### Acknowledgement Goal

Report Dates: From 12/1/2012 thru 12/31/2012

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30	30-24	23-11	< 11	Count	Percent	Count	Percent
<b>BENEFIT OVERPAYMENT</b>	<b>Total: 2</b>	0	0	0	1	50.0%	1	50.0%	
CBO-CL BEN. OVERPAYMENT	2	0	0	0	1	50.0%	1	50.0%	
<b>BENEFIT RATE</b>	<b>Total: 1</b>	0	0	0	1	100.0%	0	0.0%	
CS2-CL SI PRSTS BEN RATE	1	0	0	0	1	100.0%	0	0.0%	
<b>COMPENSABILITY</b>	<b>Total: 59</b>	5	0	0	22	37.3%	32	54.2%	
CCS-CL SEC. CONDITION	17	1	0	0	5	29.4%	11	64.7%	
CHC-CL COMPENSABILITY	1	0	0	0	0	0.0%	1	100.0%	
CIM-CL SI COMPENSABLE	2	0	0	0	2	100.0%	0	0.0%	
CIS-CL SI SEC. CONDITION	4	0	0	0	0	0.0%	4	100.0%	
CPI-CL SI REJECT CLAIM	11	2	0	0	3	27.3%	6	54.5%	
CPJ-CL REJECT CLAIM	21	2	0	0	10	47.6%	9	42.9%	
CRZ-CL REJ OCC DISEASE	3	0	0	0	2	66.7%	1	33.3%	
<b>DEP BEN FATAL</b>	<b>Total: 3</b>	1	0	0	0	0.0%	2	66.7%	
CDF-CL DENY/GRNT DTH BEN	1	1	0	0	0	0.0%	0	0.0%	
CIF-CL SI DY/GNT DTH BEN	1	0	0	0	0	0.0%	1	100.0%	
EIF-EM SI DY/GNT DTH BEN	1	0	0	0	0	0.0%	1	100.0%	
<b>FAILURE TO ACT 10 DAY</b>	<b>Total: 3</b>	0	0	0	2	66.7%	1	33.3%	
C5N-CL FTA NOT COVERED	3	0	0	0	2	66.7%	1	33.3%	
<b>FAILURE TO ACT 15 DAY</b>	<b>Total: 6</b>	2	0	0	2	33.3%	2	33.3%	
C01-CL FTA INJ COMPENSAB	2	2	0	0	0	0.0%	0	0.0%	
C03-CL FTA TREATMENT	1	0	0	0	1	100.0%	0	0.0%	
FTA Diagnosis Update-FTA DIAGNOSIS UPATE	3	0	0	0	1	33.3%	2	66.7%	

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30		30-24		23-11		< 11	
		Count	Percent	Count	Percent	Count	Percent	Count	Percent
<b>FAILURE TO ACT 30 DAY</b>	<b>Total: 2</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>2</b>	<b>100.0%</b>
C7A-CL FTA RO TTD/MED		0	0.0%	0	0.0%	0	0.0%	1	100.0%
C7E-CL FTA CPLY OJ/BR/SC		0	0.0%	0	0.0%	0	0.0%	1	100.0%
<b>OPBD</b>	<b>Total: 18</b>	<b>0</b>	<b>0.0%</b>	<b>3</b>	<b>16.7%</b>	<b>7</b>	<b>38.9%</b>	<b>8</b>	<b>44.4%</b>
CBF-CL % BOARD FINDING		0	0.0%	1	14.3%	2	28.6%	4	57.1%
CSF-CL% SI BOARD FINDING		0	0.0%	2	33.3%	4	66.7%	0	0.0%
CSO-CL SI AD BRD FINDING		0	0.0%	0	0.0%	0	0.0%	1	100.0%
EAO-EM ADD BOARD FINDING		0	0.0%	0	0.0%	0	0.0%	1	100.0%
EBF-EM % BOARD FINDING		0	0.0%	0	0.0%	0	0.0%	2	100.0%
ESF-EM% SI BOARD FINDING		0	0.0%	0	0.0%	1	100.0%	0	0.0%
<b>PPD</b>	<b>Total: 82</b>	<b>6</b>	<b>7.3%</b>	<b>2</b>	<b>2.4%</b>	<b>28</b>	<b>34.1%</b>	<b>46</b>	<b>56.1%</b>
CAA-CL ADDL % AWARD D/G		0	0.0%	0	0.0%	1	50.0%	1	50.0%
CAD-CL % AWARD DENY/GRNT		2	3.3%	2	3.3%	24	40.0%	32	53.3%
CIE-CL SI ADD% AWARD D/G		0	0.0%	0	0.0%	0	0.0%	1	100.0%
CIG-CL SI %AWARD DNY/GNT		4	22.2%	0	0.0%	2	11.1%	12	66.7%
EIG-EM SI %AWARD DNY/GNT		0	0.0%	0	0.0%	1	100.0%	0	0.0%
<b>PTD ENTITLEMENT</b>	<b>Total: 2</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>1</b>	<b>50.0%</b>	<b>1</b>	<b>50.0%</b>
CKC-CL DENY/GRANT PTD		0	0.0%	0	0.0%	1	50.0%	1	50.0%
<b>REOPENING</b>	<b>Total: 16</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>3</b>	<b>18.8%</b>	<b>13</b>	<b>81.3%</b>
CIV-CL SI DY/GNT R/O TTD		0	0.0%	0	0.0%	0	0.0%	2	100.0%
CJV-CL DNY/GRNT R/O PPD		0	0.0%	0	0.0%	1	20.0%	4	80.0%
CRD-CL DENY/GRNT R/O TTD		0	0.0%	0	0.0%	2	22.2%	7	77.8%
<b>SPECIAL CATEGORY</b>	<b>Total: 7</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>2</b>	<b>28.6%</b>	<b>5</b>	<b>71.4%</b>
CNW-CL SPL CATEGORY		0	0.0%	0	0.0%	2	28.6%	5	71.4%
<b>TRMT/EQUIP CL</b>	<b>Total: 101</b>	<b>5</b>	<b>5.0%</b>	<b>1</b>	<b>1.0%</b>	<b>22</b>	<b>21.8%</b>	<b>73</b>	<b>72.3%</b>
CBX-CL TRMT DENY		4	4.8%	1	1.2%	18	21.4%	61	72.6%
CSX-CL SI TRMT DENY		1	7.1%	0	0.0%	4	28.6%	9	64.3%
CYY-CL TRMT GRANT		0	0.0%	0	0.0%	0	0.0%	3	100.0%
<b>TTD</b>	<b>Total: 29</b>	<b>3</b>	<b>10.3%</b>	<b>1</b>	<b>3.4%</b>	<b>11</b>	<b>37.9%</b>	<b>14</b>	<b>48.3%</b>
CCC-CL CLOSING THE CLAIM		1	5.0%	0	0.0%	10	50.0%	9	45.0%

Description	Protests Acknowledged	Days to Acknowledge Protests							
		> 30		30-24		23-11		< 11	
		Count	Percent	Count	Percent	Count	Percent	Count	Percent
CIC-CL SI CLOSING THE CLM	3	0	0.0%	0	0.0%	0	0.0%	3	100.0%
CIJ-CL SI TTD	1	1	100.0%	0	0.0%	0	0.0%	0	0.0%
CJS-CL TTD	2	1	50.0%	0	0.0%	0	0.0%	1	50.0%
CPX-CL INITIAL TTD	3	0	0.0%	1	33.3%	1	33.3%	1	33.3%
<b>Totals: Claims 281</b>	<b>331</b>	<b>22</b>	<b>6.6%</b>	<b>7</b>	<b>2.1%</b>	<b>102</b>	<b>30.8%</b>	<b>200</b>	<b>60.4%</b>

Wednesday, January 02, 2013

### Resolution of Issues

Report Dates: Decision Date from 12/1/2012 thru 12/31/2012

Time Standard Categories	Decisions Issued	Reversed		Affirmed		Affirmed by Rule		Dismissed		Modified		Moot		Other		Remanded	
		Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
FAILURE TO ACT 15 DAY	3	0	0	0	0	0	0	2	66.70	0	0	1	33.30	0	0	0	0
FAILURE TO ACT 30 DAY	1	0	0	0	0	0	0	1	100	0	0	0	0	0	0	0	0
PPD	75	15	20	28	37.30	11	14.70	20	26.70	1	1.30	0	0	0	0	0	0
PTD ENTITLEMENT	1	0	0	0	0	0	0	1	100	0	0	0	0	0	0	0	0
BENEFIT OVERPAYMENT	2	0	0	1	50	0	0	1	50	0	0	0	0	0	0	0	0
REHABILITATION	2	0	0	2	100	0	0	0	0	0	0	0	0	0	0	0	0
COMPENSABILITY	52	19	36.50	20	38.50	1	1.90	11	21.20	0	0	1	1.90	0	0	0	0
PTD REVIEWING BODY IMPAIRMENT DETERMINATION	1	1	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
REOPENING	7	2	28.60	3	42.90	0	0	1	14.30	0	0	1	14.30	0	0	0	0
TRMT/EQUIP CL	104	23	22.10	42	40.40	14	13.50	20	19.20	3	2.90	1	1	1	1	1	0
OP NON-MED	1	0	0	0	0	0	0	1	100	0	0	0	0	0	0	0	0
DEP BEN FATAL	2	0	0	2	100	0	0	0	0	0	0	0	0	0	0	0	0
OPBD	13	3	23.10	3	23.10	3	23.10	4	30.80	0	0	0	0	0	0	0	0
SPECIAL CATEGORY	2	0	0	1	50	0	0	0	0	0	0	1	50	0	0	0	0
TTD	37	7	18.90	13	35.10	3	8.10	12	32.40	2	5.40	0	0	0	0	0	0
<b>Totals</b>	<b>303</b>	<b>70</b>	<b>23.1</b>	<b>115</b>	<b>38</b>	<b>32</b>	<b>10.6</b>	<b>74</b>	<b>24.4</b>	<b>6</b>	<b>2</b>	<b>5</b>	<b>1.7</b>	<b>1</b>	<b>0.3</b>	<b>0</b>	<b>0</b>

**OOJ – Petition for Attorney Fees for Unreasonable Denial**

**Petitions received 9/1/2005 through 12/31/2012**

**115**

Petitions denied on face: 30  
 Petitions denied by ALJ Decision: 51  
 Petitions granted: 19  
 Petitions withdrawn through settlement: 5  
 Petitions currently pending: 10

**Failure to Timely Act Process**

**Petitions filed 9/1/05 through 12/31/2012**

Filed: **412**

Denied/dismissed: 172  
 Withdrawn: 12  
 Reports to OIG: 192  
 Pending: 36

**Expedited Hearings Scheduled**

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL
<b>2009</b>	5	6	5	4	10	14	10	6	12	4	5	9	90
<b>2010</b>	13	2	6	9	4	7	12	8	11	10	15	15	112
<b>2011</b>	10	16	11	15	21	16	11	13	9	8	12	10	152
<b>2012</b>	14	2	18	12	13	5	7	3	2	11	16	10	113

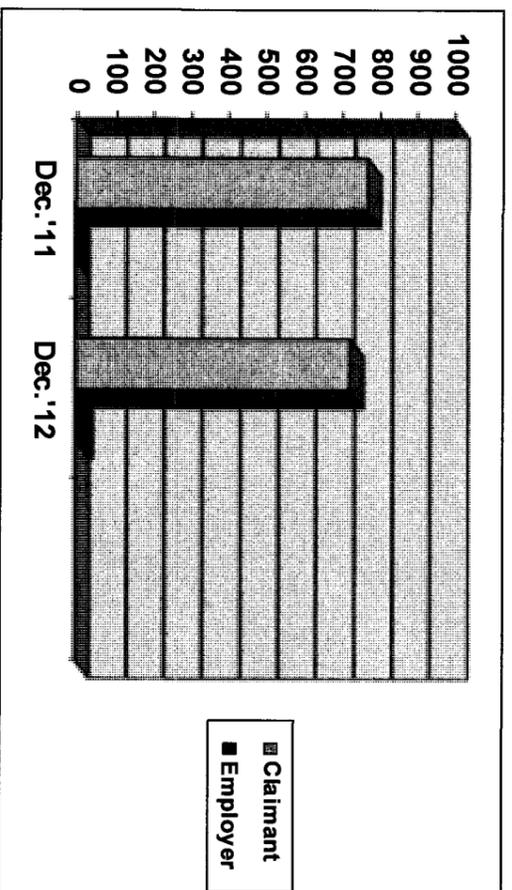
**Pro Se Claimant Information as of December 31, 2012**

Pending Protests Involving Pro Se Claimants: 497

**OOJ – Pending Treatment Issues**

Pending Treatment Issues		Comparison to Prior Mo/Year	
Party	Month	Month	% Protests
	Dec: '12	Dec: '11	
Claimant	724	768	21.95%
Employer	10		22.26%
<b>Total</b>	<b>734</b>	<b>768</b>	

**Pending Treatment Issues**



Appeals Received  
From December 1, 2012 Thru December 31, 2012

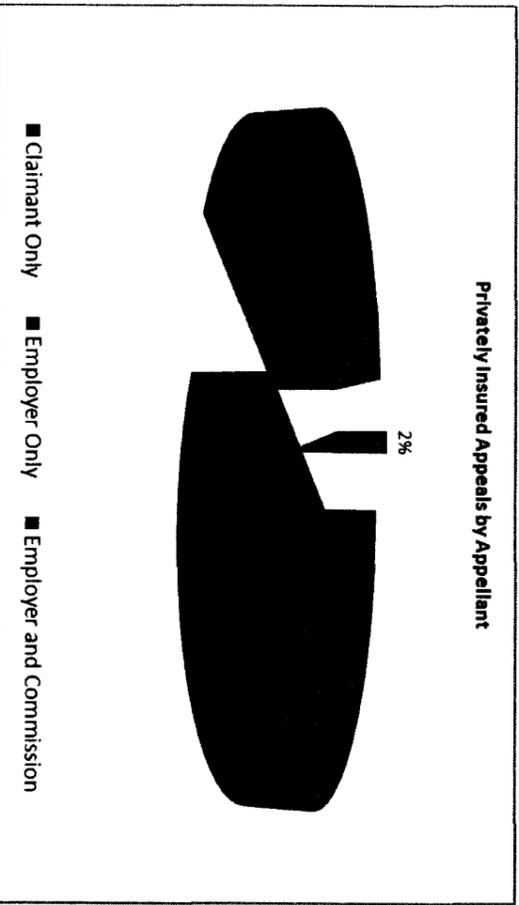
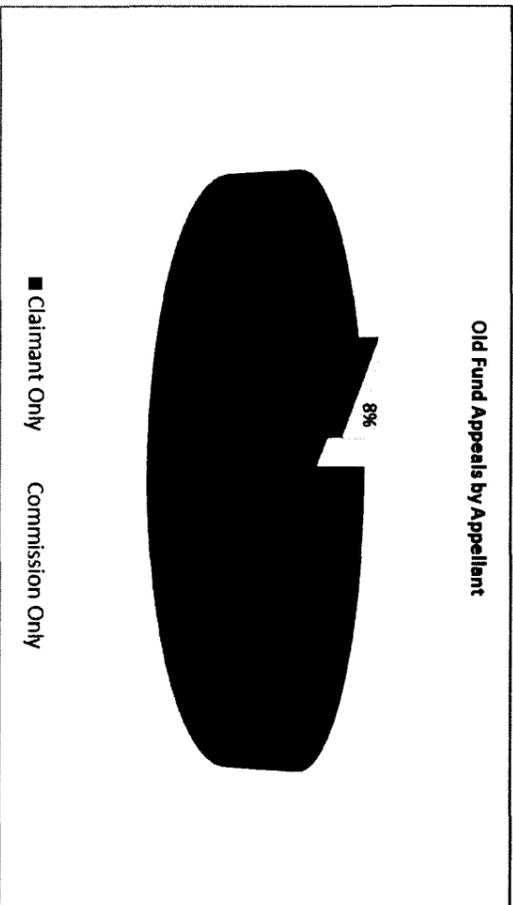
**Old Fund Appeals (DOI < Jul-1-2005)**

Appellant	Count
Claimant Only	12
Commission Only	1
Old Fund Total	13

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

Appellant	Count
Claimant Only	36
Employer Only	25
Employer and Commission	1
Privately Insured Total	62
Total Appeals	75

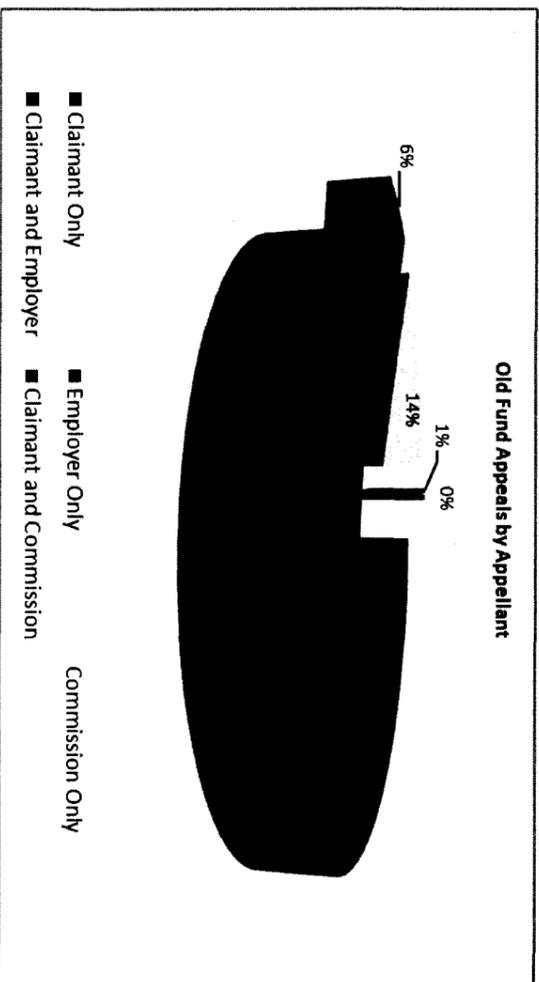
Appeals counted more than once:



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

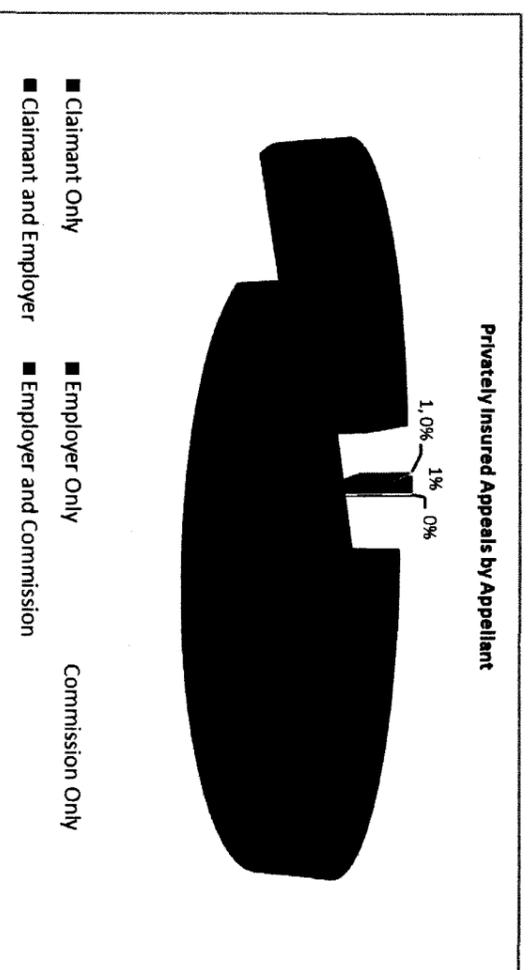
Old Fund Appeals (DOI < Jul-1-2005)

Appellant	Count
Claimant Only	215
Employer Only	16
Commission Only	39
Claimant and Employer	1
Claimant and Commission	1
Old Fund Total	272



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

Appellant	Count
Claimant Only	592
Employer Only	294
Commission Only	1
Claimant and Employer	11
Employer and Commission	1
Privately Insured Total	899
Total Appeals	1171



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

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	10	0	0.0	10	100.0
CL % BOARD FINDING	1	0	0.0	1	100.0
CL ADDL % AWARD D/G	3	0	0.0	3	100.0
CL CLOSING THE CLAIM	3	0	0.0	3	100.0
CL COMPENSABILITY	3	1	33.3	2	66.7
CL DENY/GRNT DTH BEN	2	2	100.0	0	0.0
CL DENY/GRNT R/O TTD	1	0	0.0	1	100.0
CL DNY/GRNT R/O PPD	1	1	100.0	0	0.0
CL INITIAL TTD	2	0	0.0	2	100.0
CL OIC REJECT CLAIM	1	0	0.0	1	100.0
CL PTD REV. BODY DETERMINATION	2	2	100.0	0	0.0
CL REJECT CLAIM	8	0	0.0	8	100.0
CL SEC. CONDITION	8	0	0.0	8	100.0
CL SI %AWARD DNY/GRNT	4	0	0.0	4	100.0
CL SI CLSING THE CLM	1	0	0.0	1	100.0
CL SI DY/GRNT R/O TTD	2	0	0.0	2	100.0
CL SI REJ OCCDISEASE	1	0	0.0	1	100.0
CL SI REJECT CLAIM	2	0	0.0	2	100.0
CL SI SL CATEGORY	1	0	0.0	1	100.0
CL SI TRMT DENY	5	2	40.0	3	60.0
CL SI TTD	1	0	0.0	1	100.0
CL TRMT DENY	18	5	27.8	13	72.2
CL TRMT GRANT	1	0	0.0	1	100.0
CL TTD	1	0	0.0	1	100.0
<b>Totals</b>	<b>82</b>	<b>13</b>	<b>15.9</b>	<b>69</b>	<b>84.1</b>

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

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL % AWARD DENY/GRNT	156	10	6.4	146	93.6
CL % BOARD FINDING	13	3	23.1	10	76.9
CL ADD BOARD FINDING	12	8	66.7	4	33.3
CL ADDL % AWARD D/G	21	7	33.3	14	66.7
CL APP. THRESHOLD	3	3	100.0	0	0.0
CL BEN. OVERPAYMENT	2	2	100.0	0	0.0
CL CLOSING THE CLAIM	83	0	0.0	83	100.0
CL COMPENSABILITY	22	1	4.5	21	95.5
CL DENY/GRANT PTD	6	5	83.3	1	16.7
CL DENY/GRANT DTH BEN	18	18	100.0	0	0.0
CL DENY/GRANT R/O TTD	35	2	5.7	33	94.3
CL DNY/GRNT R/O PPD	12	10	83.3	2	16.7
CL DNY/GRNT R/O PTD	2	2	100.0	0	0.0
CL DY/GRNT REHAB PLN	1	0	0.0	1	100.0
CL EQUIP DENY/GRANT	1	0	0.0	1	100.0
CL GRNT/DNY VOC REHA	1	0	0.0	1	100.0
CL INITIAL TTD	11	0	0.0	11	100.0
CL NON-MED ORDER	4	2	50.0	2	50.0
CL OIC REJ OC.DISEAS	1	1	100.0	0	0.0
CL OIC REJECT CLAIM	2	0	0.0	2	100.0
CL OIC SEC.CONDITION	1	0	0.0	1	100.0
CL OIC TRMT DENY	1	1	100.0	0	0.0
CL ONSET DATE ISSUE	4	4	100.0	0	0.0
CL PTD REV. BODY DETERMINATION	5	4	80.0	1	20.0
CL REJ OCC DISEASE	17	6	35.3	11	64.7
CL REJECT CLAIM	156	3	1.9	153	98.1
CL SEC.CONDITION	84	7	8.3	77	91.7
CL SI %AWARD DNY/GNT	47	3	6.4	44	93.6
CL SI AD.BRD FINDING	1	1	100.0	0	0.0
CL SI ADD% AWARD D/G	5	1	20.0	4	80.0
CL SI APP. THRESHOLD	1	1	100.0	0	0.0
CL SI CLSING THE CLM	23	0	0.0	23	100.0
CL SI COMPENSABLE	4	0	0.0	4	100.0
CL SI DENY/GRANT PTD	5	5	100.0	0	0.0
CL SI DY/GNT DTH BEN	12	10	83.3	2	16.7

Type of Issue	Total Issues	Old Fund		Privately Insured	
		#	%	#	%
CL SI DY/GNT R/O PPD	5	3	60.0	2	40.0
CL SI DY/GNT R/O TTD	15	2	13.3	13	86.7
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	10	6	60.0	4	40.0
CL SI REJECT CLAIM	32	0	0.0	32	100.0
CL SI SEC.CONDITION	11	0	0.0	11	100.0
CL SI SL CATEGORY	2	1	50.0	1	50.0
CL SI TRMT DENY	103	35	34.0	68	66.0
CL SI TRMT GRANT	1	0	0.0	1	100.0
CL SI TTD	4	0	0.0	4	100.0
CL SPL CATEGORY	3	1	33.3	2	66.7
CL TRMT DENY	282	85	30.1	197	69.9
CL TRMT GRANT	21	15	71.4	6	28.6
CL TTD	16	0	0.0	16	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
<b>Totals</b>	<b>1301</b>	<b>279</b>	<b>21.4</b>	<b>1022</b>	<b>78.6</b>

Appeals Received By Issue  
From December 1, 2012 Thru December 31, 2012

Type of Issue	Total Issues	Claimant		Employer		OIC		Emp and OIC	
		#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	10	8	80.0	2	20.0	0	0.0	0	0.0
CL % BOARD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0
CL ADDL % AWARD D/G	3	2	66.7	1	33.3	0	0.0	0	0.0
CL CLOSING THE CLAIM	3	1	33.3	2	66.7	0	0.0	0	0.0
CL COMPENSABILITY	3	1	33.3	2	66.7	0	0.0	0	0.0
CL DENY/GRNT DTH BEN	2	2	100.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	1	1	100.0	0	0.0	0	0.0	0	0.0
CL DNY/GRNT R/O PPD	1	1	100.0	0	0.0	0	0.0	0	0.0
CL INITIAL TTD	2	1	50.0	1	50.0	0	0.0	0	0.0
CL OIC REJECT CLAIM	3	0	0.0	1	33.3	1	33.3	1	33.3
CL PTD REV. BODY DETERMINATION	2	1	50.0	0	0.0	0	0.0	1	50.0
CL REJECT CLAIM	8	0	0.0	8	100.0	0	0.0	0	0.0
CL SEC CONDITION	8	6	75.0	2	25.0	0	0.0	0	0.0
CL SI %AWARD DNY/GRNT	4	2	50.0	2	50.0	0	0.0	0	0.0
CL SI CLOSING THE CLM	1	0	0.0	1	100.0	0	0.0	0	0.0
CL SI DY/GRNT R/O TTD	2	2	100.0	0	0.0	0	0.0	0	0.0
CL SI REJ OCCDISEASE	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI REJECT CLAIM	2	0	0.0	2	100.0	0	0.0	0	0.0
CL SI SL CATEGORY	1	1	100.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	5	3	60.0	2	40.0	0	0.0	0	0.0
CL SI TTD	1	1	100.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	18	17	94.4	1	5.6	0	0.0	0	0.0
CL TRMT GRANT	1	1	100.0	0	0.0	0	0.0	0	0.0
CL TTD	1	1	100.0	0	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>84</b>	<b>54</b>	<b>64.3</b>	<b>27</b>	<b>32.1</b>	<b>1</b>	<b>1.2</b>	<b>2</b>	<b>2.4</b>

WORKERS' COMPENSATION BOARD OF REVIEW  
FOR DECEMBER 2012

Appealed By	BOR Disposition		Disposition		Year to		Date		Disp %		Total %	
			Count	Disp %	Total %	Date	Disp %	Total %				
CLAIMANT	AFFIRMED		74	86.0%	59.2%	590	83.6%	54.6%				
	DISMISSED		4	4.7%	3.2%	56	7.9%	5.2%				
	MODIFY					4	0.6%	0.4%				
	MODIFY AND REMAND					1	0.1%	0.1%				
	MOOT					1	0.1%	0.1%				
	REMAND		4	4.7%	3.2%	20	2.8%	1.9%				
	REVERSE		4	4.7%	3.2%	34	4.8%	3.1%				
	Total Dispositions		86			706						
	AFFIRMED					7	63.6%	0.6%				
	DISMISSED					2	18.2%	0.2%				
REVERSE					2	18.2%	0.2%					
Total Dispositions					11							
EMPLOYER	AFFIRMED		24	68.6%	19.2%	175	57.4%	16.2%				
	DISMISSED		3	8.6%	2.4%	36	11.8%	3.3%				
	MODIFY		1	2.9%	0.8%	7	2.3%	0.6%				
	MODIFY AND REMAND					1	0.3%	0.1%				
	REMAND		2	5.7%	1.6%	18	5.9%	1.7%				
	REVERSE		5	14.3%	4.0%	68	22.3%	6.3%				
	Total Dispositions		35			305						
	AFFIRMED					3	59.3%	3.2%				
	DISMISSED					5	8.5%	0.5%				
	REMAND					1	1.7%	0.1%				
REVERSE					1	30.5%	1.7%					
Total Dispositions					10							
Grand Totals			125			1081						

DIVISION/OIC

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

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	22	17	77.3	2	9.1	3	13.6	0	0.0	0	0.0	0	0.0	0	0.0
CL ADD BOARD FINDING	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ADDL % AWARD D/G	4	3	75.0	0	0.0	0	0.0	0	0.0	1	25.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	11	9	81.8	0	0.0	2	18.2	0	0.0	0	0.0	0	0.0	0	0.0
CL COMPENSABILITY	1	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	0	0.0
CL DENY/GRANT PTD	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRANT DTH BEN	4	4	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	4	4	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL GRNT/DNY VOC REHA	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL OIG SEC.CONDITION	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ONSET DATE ISSUE	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL PTD REV. BODY DETERMINATION	1	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0
CL REJ OCC DISEASE	5	3	60.0	1	20.0	0	0.0	0	0.0	1	20.0	0	0.0	0	0.0
CL REJECT CLAIM	18	11	61.1	3	16.7	1	5.6	0	0.0	3	16.7	0	0.0	0	0.0
CL SEC.CONDITION	9	8	88.9	0	0.0	1	11.1	0	0.0	0	0.0	0	0.0	0	0.0
CL SI %AWARD DNY/GRNT	5	5	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	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DENY/GRANT PTD	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT DTH BEN	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O PPD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GNT R/O TTD	2	2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI IEB DETRM'TION	1	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	6	6	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	6	4	66.7	2	33.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL TRMT DENY	24	19	79.2	2	8.3	3	12.5	0	0.0	0	0.0	0	0.0	0	0.0
CL TTD	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
EM 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
<b>Totals</b>	<b>137</b>	<b>110</b>	<b>80.3</b>	<b>10</b>	<b>7.3</b>	<b>10</b>	<b>7.3</b>	<b>1</b>	<b>0.7</b>	<b>6</b>	<b>4.4</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>

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

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL % AWARD DENY/GRNT	125	89	71.2	10	8.0	22	17.6	0	0.0	4	3.2	0	0.0	0	0.0
CL % BOARD FINDING	14	14	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ADD BOARD FINDING	11	11	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	22	16	72.7	3	13.6	2	9.1	0	0.0	1	4.5	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	3	2	66.7	0	0.0	1	33.3	0	0.0	0	0.0	0	0.0	0	0.0
CL CLOSING THE CLAIM	73	52	71.2	8	11.0	10	13.7	2	2.7	1	1.4	0	0.0	0	0.0
CL COMPENSABILITY	15	8	53.3	3	20.0	1	6.7	1	6.7	0	0.0	0	0.0	2	13.3
CL 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 DENY/GRNT DTH BEN	19	16	84.2	1	5.3	1	5.3	0	0.0	1	5.3	0	0.0	0	0.0
CL DENY/GRNT R/O TTD	38	33	86.8	2	5.3	2	5.3	1	2.6	0	0.0	0	0.0	0	0.0
CL DNY/GRNT R/O PPD	16	12	75.0	4	25.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL DNY/GRNT R/O PTD	5	1	20.0	1	20.0	3	60.0	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 GRNT/DNY VOC REHA	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL INITIAL TTD	6	4	66.7	1	16.7	0	0.0	1	16.7	0	0.0	0	0.0	0	0.0
CL NON-MED ORDER	3	1	33.3	0	0.0	2	66.7	0	0.0	0	0.0	0	0.0	0	0.0
CL OIG 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 OIG 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 OIG SEC.CONDITION	1	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL ONSET DATE ISSUE	3	3	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	8	6	75.0	0	0.0	1	12.5	0	0.0	1	12.5	0	0.0	0	0.0
CL REJ OCC DISEASE	19	12	63.2	3	15.8	3	15.8	0	0.0	1	5.3	0	0.0	0	0.0
CL REJECT CLAIM	168	120	71.4	24	14.3	12	7.1	1	0.6	11	6.5	0	0.0	0	0.0
CL SEC.CONDITION	74	60	81.1	6	8.1	7	9.5	1	1.4	0	0.0	0	0.0	0	0.0
CL SI %AWARD DNY/GRNT	35	27	77.1	2	5.7	2	5.7	1	2.9	3	8.6	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	4	3	75.0	0	0.0	0	0.0	0	0.0	1	25.0	0	0.0	0	0.0
CL SI CLSING THE CLM	13	10	76.9	3	23.1	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	6	5	83.3	0	0.0	0	0.0	1	16.7	0	0.0	0	0.0	0	0.0
CL SI DY/GRNT DTH BEN	15	12	80.0	2	13.3	1	6.7	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GRNT R/O PPD	5	3	60.0	1	20.0	1	20.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI DY/GRNT R/O TTD	11	10	90.9	0	0.0	1	9.1	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

Type of Issue	Issues	Affirmed		Reversed		Dismissed		Modified		Remanded		Vacated		Other	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
CL SI IEB DETRMTION	2	1	50.0	0	0.0	0	0.0	0	0.0	1	50.0	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	35	27	77.1	4	11.4	2	5.7	0	0.0	2	5.7	0	0.0	0	0.0
CL SI SEC.CONDITION	18	16	88.9	2	11.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
CL SI TRMT DENY	80	62	77.5	15	18.8	0	0.0	0	0.0	3	3.8	0	0.0	0	0.0
CL SI TTD	3	1	33.333	2	66.667	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
CL TRMT DENY	245	190	77.551	21	8.5714	26	10.612	3	1.2245	5	2.0408	0	0	0	0
CL TRMT GRANT	21	14	66.667	5	23.81	0	0	0	0	2	9.5238	0	0	0	0
CL TTD	9	8	88.889	1	11.111	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 DY/GNT DTH BEN	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
<b>Totals</b>	<b>1170</b>	<b>882</b>	<b>75.385</b>	<b>128</b>	<b>10.94</b>	<b>104</b>	<b>8.8889</b>	<b>15</b>	<b>1.2821</b>	<b>39</b>	<b>3.3333</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0.1709</b>

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

COLLECTION ACTIVITY			INJUNCTIONS	
Receipts - Old Fund (Employer out of business)	\$	3,486.95	Affidavits for injunction submitted to legal	0
Receipts - PC & NU (Private Carrier Cancellation & Rogue Employers)	\$	49,340.34	Hearings attended	3
Receipts - Payment Agreements (Old Fund and UEF Combined)	\$	15,092.26	# of injunction complaints accepted by court	1
			# of injunctions granted	4
# of active accounts uninsured (cumulative)		345	# of agreed orders entered	0
\$ of active accounts uninsured (cumulative)	\$	1,233,820.92	<b>PAYMENT AGREEMENTS</b>	
Telephone contacts		926	# of repayment agreements applications	1
Walk-ins		9	Agreements set up	1
			Total # of agreements on system (cumulative)	62
<b>LIENS</b>			Intent to void letters mailed	12
Liens sent to county clerks for recordation		50	Agreements voided	7
Liens sent to county clerks for release		30		
Intent to lien letters sent to employer/owner/officer/member		32	<b>MISCELLANEOUS</b>	
			Terminations Processed	37
Uninsured Accounts Resolved		210	Rule 11 Letters Mailed	191
All Cash Receipts from WC accounts	\$	67,919.55	Rule 11 hearings	1

# BOARD OF TREASURY INVESTMENTS

**Board of Treasury Investments**

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

**Board of Directors**

John D. Perdue,  
State Treasurer,  
Chairman

Earl Ray Tomblin,  
Governor

Glen B. Gainer III,  
State Auditor

Martin Glasser, Esq.  
Attorney  
Appointed by the  
Governor

Richard "Chap"  
Donovan, CPA  
Appointed by the  
Governor

**Executive Staff**

Acting Executive  
Director

Kara K. Hughes,  
CPA, MBA, CFE

Acting Chief  
Financial Officer

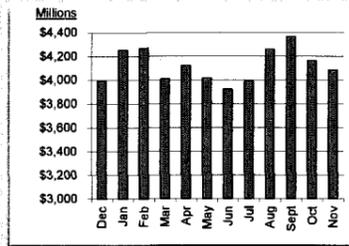
Karl Shanholtzer,  
CIA, CPA

## Total Net Assets Under Management

**\$4,079,242,000**

Last Month  
**\$4,160,477,000**

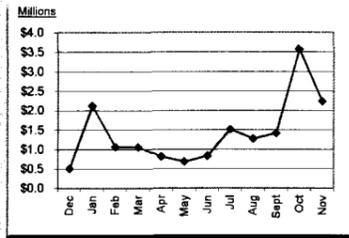
Beginning of Fiscal Year  
**\$3,919,677,000**



Net Assets for the Past 12 Months

## Total Net Income & Gains

Fiscal Year  
**\$10,020,000**



Net Income (Loss) for the Past 12 Months

## Money Market Pools As of November 30, 2012

Pool	1-Day Yield *	7-Day Yield *	30-Day Avg. Yield *	W.A.M. **	Net Assets
WV Money Market	.1549%	.1535%	.1526%	49 Days	\$2.6 Billion
WV Gov't Money Market	.1265%	.1146%	.1125%	55 Days	\$354.1 Million

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

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

**WEST VIRGINIA BOARD OF TREASURY INVESTMENTS**  
**THE ECONOMIC STATE**  
**NOVEMBER 2012**

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**Looming "Fiscal Cliff" Causes Market Uncertainty**

**Market Environment**

Global markets posted modest advances in November as political headlines injected a degree of volatility, with investors vacillating between optimism and pessimism. The outcome of the US Presidential election, which left the status quo unchanged, fueled a selloff in equity markets in early November amidst fears of the looming "Fiscal Cliff". A rally during the week of Thanksgiving turned most risky assets positive for the period as investors assigned a higher probability to a budget compromise before year-end. That rally allowed small cap stocks to outpace large cap companies in the US, though small cap still trails for 2012 in total. Non-US markets fared better than US large cap as well, boosted by a declining dollar. Europe and Asia looked, for the moment, somewhat less troubled than the US. Emerging markets debt and equities were among the most robust performers. Interest rates were relatively unchanged during the month and commodity prices edged a tad higher.

As we enter the last month of 2012, the unresolved Fiscal Cliff is the biggest source of short-term uncertainty. The most likely outcome appears to be that Congress and the President will reach a deal to moderate the impact of this series of tax increases and spending cuts. That said, it is possible that political brinkmanship will spur a stock selling spree. In addition, other risks remain, including the Euro-zone debt crisis, slowing growth in China, and political turmoil in the Middle East. Given the overall global landscape, we remind investors to maintain a risk-balanced approach to investing. At the same time, long-term investors face the challenge of achieving their financial objectives in an expected low return environment.

At NEPC, we are in the process of finalizing our capital market assumptions for 2013. As our views take shape, we find that absolute return expectations remain muted, though there are pockets in the global investment terrain that appear attractive on a relative basis, including segments of global equity markets and complex and less liquid credit markets. We look forward to discussing our updated assumptions and themes with our clients in the New Year.

**Equity Market Results**

Broad-based equity market indices provided investors with positive returns during November. The S&P 500 Index was up 0.6% for the month, while the Russell 3000 Index rose 1.0%. International equities also fared well during November. The MSCI EAFE Index saw an increase of 2.4% while their less developed counterparts, represented by the MSCI Emerging Markets Index rose, 1.2%. Calendar year-to-date, equity markets have posted surprisingly strong results. The US markets have risen nearly 15% while developed international markets are up nearly 15%, and emerging markets have posted a respectable 10% gain.

**Bond Market Results**

Bond markets saw mixed results during November. In the US fixed income markets, the broad based indices, such as the Barclays Capital Aggregate Index, registered small gains (0.2%) during the month. Government bonds fared well with short-, intermediate-, and long-duration government bonds rose 0.1%, 0.4%, and 1.3%, respectively. Corporate credit marched in place, with the Barclays US Credit Index posting a 0.0% return during November. Year-to-date, the Barclays Aggregate has risen 4.4%, buoyed in large part by long-dated US government bonds and corporate securities. Short duration investments, measured by the 3-month T-bill continued to post small gains. For the month of November and year-to-date periods, the 3-month T-bill has posted 0.01% and 0.11% returns, respectively.

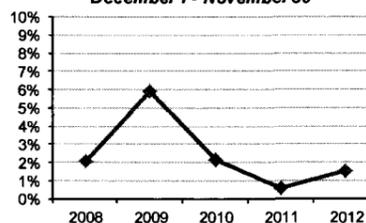
## West Virginia Board of Treasury Investments Financial Highlights as of November 30, 2012

### WV Short Term Bond Pool

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

<u>December 1 - November 30</u>	<u>Return</u>	<u>Net Assets At Nov. 30 (In Millions)</u>
2012	1.5%	\$ 501.9
2011	0.6%	\$ 505.5
2010	2.2%	\$ 459.1
2009	5.9%	\$ 350.4
2008	2.1%	\$ 314.6

**WV Short Term Bond Pool  
Rates of Return  
Past 12 Months  
December 1 - November 30**

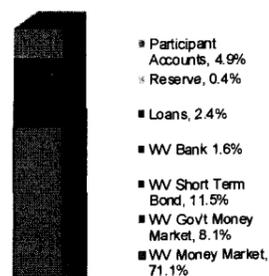


*Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool*

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

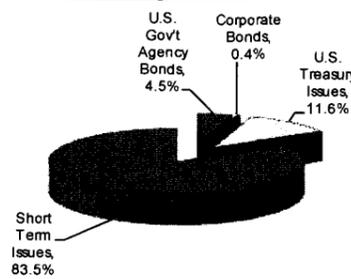
Pool	Net Asset Value	Nov Net Income	Fiscal YTD Net Income
WV Money Market	\$ 2,624,041	\$ 344	\$ 1,733
WV Gov't Money Market	354,061	33	150
WV Short Term Bond	501,871	210	3,385
WV Bank	54,581	10	67
Loans	113,103	(835)	(688)
Reserve	18,976	4	20
Participant Accounts	412,609	2,472	5,353
	<b>\$ 4,079,242</b>	<b>\$ 2,238</b>	<b>\$ 10,020</b>

**Percent of Total Net Asset Value**

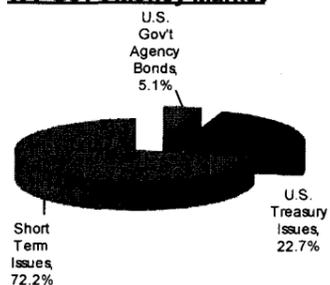


### Securities by Type for Operating Pools (Percentage of Asset Value)

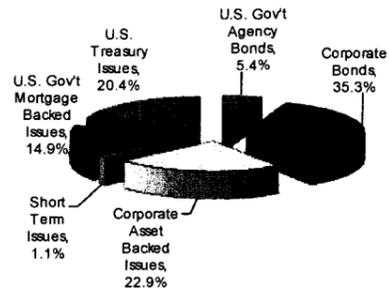
#### WV Money Market



#### WV Gov't Money Market



#### WV Short Term Bond



**WEST VIRGINIA BOARD OF TREASURY INVESTMENTS**

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

**NOVEMBER 30, 2012**

*(IN THOUSANDS)*

	<b>WV Money Market Pool</b>	<b>WV Government Money Market Pool</b>	<b>WV Short Term Bond Pool</b>	<b>WV Bank Pool</b>	<b>Other Pools</b>	<b>Participant Directed Accounts</b>
<b>Assets</b>						
<b>Investments:</b>						
At amortized cost	\$ 2,622,540	\$ 353,742		\$ 54,500	\$ 132,032	\$ 206,632
At fair value	-	-	\$ 500,837	-	-	204,860
Cash	-	-	-	-	30	(30)
Other assets	1,673	347	1,383	82	19	1,148
<b>Total assets</b>	<b>2,624,213</b>	<b>354,089</b>	<b>502,220</b>	<b>54,582</b>	<b>132,081</b>	<b>412,610</b>
<b>Liabilities</b>						
Accrued expenses, dividends payable & payable for investments purchased	172	28	349	1	2	1
<b>Total liabilities</b>	<b>172</b>	<b>28</b>	<b>349</b>	<b>1</b>	<b>2</b>	<b>1</b>
<b>Net Assets</b>	<b>\$ 2,624,041</b>	<b>\$ 354,061</b>	<b>\$ 501,871</b>	<b>\$ 54,581</b>	<b>\$ 132,079</b>	<b>\$ 412,609</b>
<b>Investment income</b>						
Interest and dividends	\$ 616	\$ 155	\$ 816	\$ 11	\$ 18	\$ 397
Net accretion (amortization)	(172)	(103)	(322)	-	-	(53)
Provision for uncollectible loans	-	-	-	-	(847)	-
<b>Total investment income</b>	<b>444</b>	<b>52</b>	<b>494</b>	<b>11</b>	<b>(829)</b>	<b>344</b>
<b>Expenses</b>						
Fees	100	19	40	1	2	-
<b>Total expenses</b>	<b>100</b>	<b>19</b>	<b>40</b>	<b>1</b>	<b>2</b>	<b>-</b>
<b>Net investment income</b>	<b>344</b>	<b>33</b>	<b>454</b>	<b>10</b>	<b>(831)</b>	<b>344</b>
Net realized gain (loss) from investments	-	-	-	-	-	-
Net increase (decrease) in fair value of investments	-	-	(244)	-	-	2,128
Net gain (loss) from investments	-	-	(244)	-	-	2,128
<b>Net increase (decrease) in net assets from operations</b>	<b>344</b>	<b>33</b>	<b>210</b>	<b>10</b>	<b>(831)</b>	<b>2,472</b>
<b>Distributions to participants</b>	<b>344</b>	<b>33</b>	<b>247</b>	<b>10</b>	<b>(831)</b>	<b>-</b>
<b>Participant activity</b>						
Purchases, reinvestment of units and contributions	771,340	63,947	1,509	21	1,923	243
Redemptions and withdrawals	878,209	42,680	60	12	936	755
Inter-pool transfers in	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-
<b>Net increase (decrease) in net assets from participant activity</b>	<b>(106,869)</b>	<b>21,267</b>	<b>1,449</b>	<b>9</b>	<b>987</b>	<b>(512)</b>
Increase (decrease) in net assets	(106,869)	21,267	1,412	9	987	1,960
Net assets at beginning of period	2,730,910	332,794	500,459	54,572	131,092	410,649
<b>Net assets at end of period</b>	<b>\$ 2,624,041</b>	<b>\$ 354,061</b>	<b>\$ 501,871</b>	<b>\$ 54,581</b>	<b>\$ 132,079</b>	<b>\$ 412,609</b>

## STATE AGENCIES SUBMITTED REPORTS

Can be found on WV Legislature Web Page

<http://www.legis.state.wv.us/> under Audits/Reports - State Agency Reports

1. State Budget Office, Department of Revenue
2. CHIP
3. Board of Coal Mine Health and Safety
4. Consumer Advocate, Insurance Commission
5. Herbert Henderson Office of Minority Affairs
6. Housing Index Report, Department of Revenue
7. Management Timberland, Department of Revenue
8. Miners' Health Safety and Training
9. WVU