

West Virginia Department of Transportation
Division of Highways
A Component Unit of
THE STATE OF WEST VIRGINIA

Annual Comprehensive Financial Report

For the Year Ended
June 30, 2024

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION

DIVISION OF HIGHWAYS

COMPONENT UNIT OF THE STATE OF WEST VIRGINIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT YEAR ENDED JUNE 30, 2024

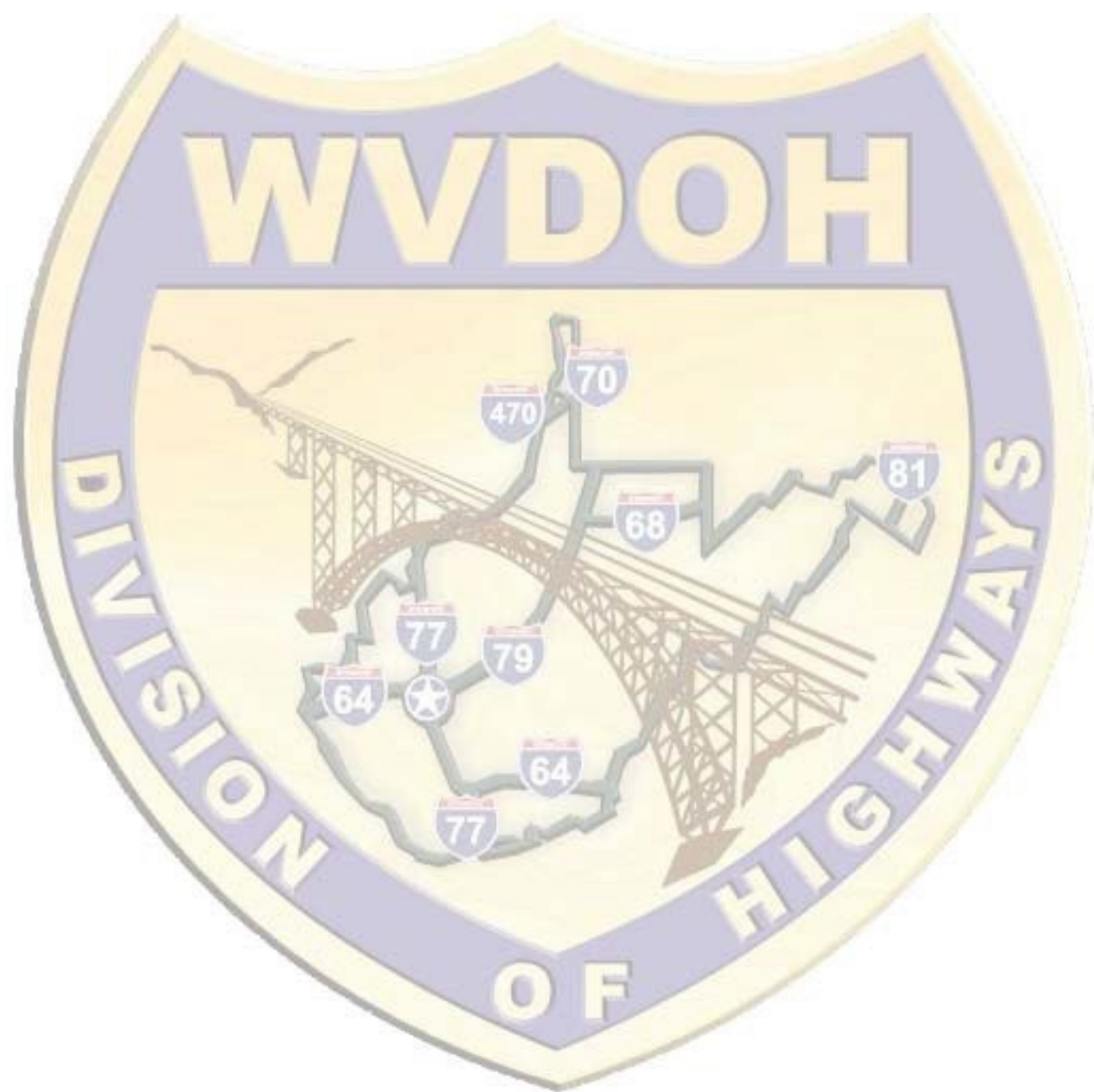
Prepared by:
Finance and Administration Division

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Introductory Section

West Virginia Department of Transportation

Division of Highways





WEST VIRGINIA DEPARTMENT OF TRANSPORTATION

Division of Highways

1900 Kanawha Boulevard East • Building Five • Room 110
Charleston, West Virginia 25305-0430 • (304) 558-3505

Alanna J. Keller, P.E.
Deputy Secretary of Transportation
Deputy Commissioner of Highways

Jimmy Wriston, P. E.
Secretary of Transportation
Commissioner of Highways

November 21, 2024

The Honorable Jim Justice, Governor;
The Members of the West Virginia Legislature;
The Citizens of the State of West Virginia

We are pleased to submit the Annual Comprehensive Financial Report of the West Virginia Department of Transportation, Division of Highways (the Division) for the fiscal year ended June 30, 2024. The purpose of the report is to provide the Governor, Legislature, Citizens and other interested parties with reliable financial information about the Division.

Management assumes all responsibility for both the accuracy of the information and the completeness and fairness of presentation, including all disclosures of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Since the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. All disclosures necessary to enable the reader to gain an understanding of the Division's financial activities have been included.

State statute requires that an annual audit of the Division is performed. The accounting firm of Suttle and Stalnaker, PLLC was engaged to perform the audit for the year ended June 30, 2024. Their report is included in the financial section of this report. The West Virginia Department of Transportation is included in the West Virginia Single Audit in accordance with the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The West Virginia Single Audit for the year ended June 30, 2024, is available upon request.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The Division is an operating division of the state government of West Virginia (the State). The State Road Fund (the Division's general fund) is considered a special revenue fund of the State and represents separate funds of the State that are not a part of the State's General Fund. Effective July 1, 1989, the Department of Highways became the Division of Highways when the Department of Transportation was established as a result of legislation enacted by the West Virginia Legislature. It had been the Department of Highways since 1969 when the name was changed from the State Road Commission, which was established in 1917.

With roughly 39,000 miles of public highway mileage, West Virginia is one of only four states (Delaware, North Carolina and Virginia are the others) in which there is no county and/or township ownership of highways. As a result, the Division has statutory authority for the construction, improvement, and maintenance of nearly all public highway miles (approximately 35,000 or 90%) in the state, the highest percentage in the nation. Furthermore, despite West Virginia's relatively small size, the Division is responsible for the sixth-largest state-maintained highway network in the nation.

RELEVANT FINANCIAL POLICIES

The Division is dependent not only on revenues generated from the purchase and use of motor fuel, motor vehicle fees, and sales (privilege) tax on consumer purchases of motor vehicles, but also federal reimbursements for expenditures on federal-aid eligible projects. Revenues are affected by state and national economic conditions, world events affecting availability and pricing of motor fuel, and fuel consumption rates for motor vehicles.

The Division's expenditures are subject to the legislative budget process of the State of West Virginia. The budget is legally enacted through passage of a legislative bill and approval of the Governor. The Division's internal accounting system is used to accumulate and segregate expenditures and compare them against legislative appropriations. A computerized accounting system with daily input of expenditures from all the Division's facilities throughout the state is used to provide management with current information. This expenditure data, in conjunction with actual revenue collection data, is used by the Division's management to track current cash status and to forecast future cash requirements. These forecasts are used to adjust planned expenditures to a level appropriate to the forecasted cash availability.

Long-term goals and policies for the Division are outlined in a number of federally required plans, such as the 2050 Multi-Modal Statewide Transportation Plan, the Transportation Asset Management Plan (TAMP), the State Freight Plan and the State Highway Safety Plan. These plans discuss in broad terms the long-range goals, objectives, and performance of various elements of the State's transportation network. Since needs always exceed resources, not all needs of the network can be addressed. The various plans provide a framework for setting priorities, understanding the tradeoffs associated with competing needs and tying investments to performance.

The planned initiatives that comprise the Division's short-term capital program are reflected in the 2023- 2028 Statewide Transportation Improvement Program (STIP). The federal portion of the STIP is a financially constrained document that demonstrates how the Agency intends to use the resources at its disposal to advance the goals and policies of the Agency and achieve established performance targets. The STIP is organized so that most projects that are programmed fall within one of eight core programs which include the bridge, pavement, traffic, community development and connectivity, localizing mobility, regional mobility, planning and workforce development, and transit. The goal is to better manage assets and meet performance targets by placing emphasis on needs and the type of work being performed rather than the type of funding used. To do this, the Division is utilizing a virtual platform for public involvement to help decide where federal transportation spending should go. In addition to federal funding, the STIP also identifies regionally significant projects that are being advanced using various bond funds, as well as initiatives that are being funded with State Road Fund monies.

The STIP includes a wide variety of projects including roadway, bridge, bicycle, pedestrian, safety, and public transportation (transit) projects. Projects are subject to many considerations and actions from conception to completion that may impede or accelerate their progress. These considerations may include policy decisions, changes in design requirements, conflicts with other scheduled activities, unforeseen circumstances such as funding reductions, shortage of manpower, and inflation of project costs. Project cost estimates are based on the best available engineering estimates at the time the STIP is developed and are regularly updated based on current information. When a project is adversely affected by any of the above-mentioned factors, the projected fiscal year dates and/or costs will be adjusted accordingly.

ECONOMIC CONDITIONS AND OUTLOOK

According to the *West Virginia Economic Outlook 2024-2029*, published by the Bureau of Business and Economic Research at John Chambers College of Business & Economics, West Virginia University, "The West Virginia economy is currently growing and the probability of a national or state recession is low. However, our West Virginia forecast calls for weak employment growth over the coming five years. While the state has enjoyed some important economic development announcements and initiatives in recent years and has strong potential in some areas, the state faces major demographic challenges, and many counties or regions of the state continue to struggle to create positive momentum.

By the end of the third quarter of 2023, the state completed its employment recovery after losing over 80,000 jobs in early 2020. The state has continued to add jobs, and now has about 7,000, or 0.9 percent, more jobs than its January 2020 level. The state's unemployment rate surged to nearly 16 percent in the Spring of 2020 but has declined significantly since then. The jobless rate reached an all-time low of roughly 3.5 percent during 2022 and has remained very low. Currently the unemployment rate is in the low four percent range. Only 55 percent of West Virginia's adult population is either working or looking for work. Though an improvement from recent years, this is the second lowest rate of labor force participation among all 50 states and represents a key hurdle to economic prosperity. Per capita personal income (PCPI) in West Virginia ranks 49th highest among the 50 states, surpassing only Mississippi. PCPI in West Virginia stands at 77 percent of the national average. Movement in PCPI has largely been on par with the nation since around 2016, implying that the state as neither gained nor lost ground compared to the nation. West Virginia's real GDP growth lagged the nation every year from 2012 through 2022. However, GDP growth in the state nearly doubled growth at the national level in 2023, and the forecast calls for growth for 2024 to be roughly on par with the nation. The energy sector remains an important driver of economic growth in the Mountain State. The value of output in the state's energy sector has grown by a cumulative 43 percent since 2017, far surpassing growth in all other parts of the state's economy. Output growth in four of the healthiest sectors in West Virginia- energy, healthcare, information, and professional services- comes in at a cumulative 24 percent since 2017. Conversely, growth in the rest of West Virginia's economy is negative one percent since 2017. Overall, this implies that West Virginia desperately needs a healthier level of industrial diversification, or health in a wider swath of industrial sectors.

Employment in West Virginia is expected to remain essentially flat through 2029. This lags the nation, which is expected to add jobs at an average annual rate of 0.5 percent over the forecast period. Major drivers of this slow growth are the lingering effects of high interest rates, fundamental demographic challenges, and severe weakness in many of the state's counties. Several recent economic development announcements that are not incorporated into this forecast do offer hope for added strength in a few regions of the state. The strongest examples of recent positive developments are the addition of an estimated 800 jobs associated with Nucor in Mason County, and the addition of 750 jobs associated with FORM Energy in the state's Northern Panhandle. The state's unemployment rate is expected to increase slightly over the next couple of years, reaching five percent or so by 2026 or 2027. This increase will largely be driven by entry into the labor force. Real per capita personal income is expected to grow 2.0 percent annually through 2029. Transfer payments are expected to register faster growth over the next five years, compared to wage and salary income. However, the degree to which the state is increasing its reliance on transfer payments is slowing significantly compared to recent years.

West Virginia's population has declined by approximately 80,000 residents – or nearly 5 percent - since 2012. Population losses are expected to be smaller in magnitude going forward. West Virginia's age distribution ensures that the natural population decline will continue in the coming years. Positive shocks to the economy are essential to encourage in-migration and reduce the severity of natural population decline. Economic development strategies should focus on ways to improve health outcomes, lower drug abuse, and advance educational and vocational training outcomes in the state to make West Virginia's workforce more attractive to potential businesses.”

LONG-TERM FINANCIAL PLANNING

The schedule that follows presents summary revenue and expenditure information for the State Road (General) Fund for the year ended June 30, 2024. All data is presented in thousands of dollars.

	<u>Amount</u>	<u>Percent of Total</u>	<u>Change from Prior Year</u>	
			<u>Amount</u>	<u>Percent</u>
Motor fuel excise tax	\$ 435,840	20%	\$ (3,720)	-1%
Automobile privilege taxes	316,406	15%	(6,261)	-2%
Motor vehicle registration and licenses	131,692	6%	(6,803)	-5%
Special fees and permits	6,444	0%	(636)	-9%
Federal aid	855,690	40%	143,075	20%
Investments and interest income	42,545	2%	22,291	110%
Intergovernmental	304,521	14%	160,693	112%
Miscellaneous	<u>71,530</u>	<u>3%</u>	<u>39,062</u>	<u>120%</u>
Total revenues	<u>\$ 2,164,668</u>	<u>100%</u>	<u>\$ 347,701</u>	<u>19%</u>
Road construction and other road operations	\$ 947,069	47%	\$ 146,235	18%
Road maintenance	658,051	32%	(3,617)	-1%
Support and administrative operations	266,872	13%	109,628	70%
Debt Service	<u>171,523</u>	<u>8%</u>	<u>2,883</u>	<u>2%</u>
Total Expenditures	<u>\$ 2,043,515</u>	<u>100%</u>	<u>\$ 255,129</u>	<u>14%</u>

Overall, State tax and fee revenues in Fiscal Year 2024 decreased by 1.92% from Fiscal Year 2023. Motor Vehicle Registration Fees and Automobile Privilege Taxes made up 75% of the decrease.

At June 30, 2024, the outstanding principal balance of long-term general obligation (GO) bonds was \$1,472,845,000. Of this principal balance, \$22,090,000 relates to bonds that were issued in 2015 including \$550,000,000 issued under the Safe Road Amendment of 1996 and are scheduled to be retired through June 1, 2025. The remaining outstanding principal balance of \$1,450,755,000 is the issuance of GO bonds also known as the Roads to Prosperity Bonds from 2018, 2019 and 2021. Total debt service payments for the Safe Road Bonds are around \$23.2 million annually for fiscal year 2025. The debt service payments for the currently issued Roads to Prosperity Bonds are around \$115.6 million annually for fiscal years 2025-2029, around \$578 million for fiscal years 2030-2039, around \$522.6 million for fiscal years 2040-2044, and then around \$29.8 million for fiscal years 2045-2046.

At June 30, 2024, the outstanding principal balance of the Grant Anticipation Revenue Vehicle (GARVEE) notes was \$183,930,000. The notes were issued as a debt-financing instrument authorized to receive federal reimbursement of debt service and related financing costs under Section 122 of Title 23, United States Code. In October 2017, the Division issued \$219,985,000 of GARVEE notes to fund bridge replacement and interstate rehabilitation projects and \$78,810,000 GARVEE notes were issued in August 2018. These provide funding for repairs and capital improvement to any roadway or bridge. In general, projects funded with the proceeds of a GARVEE debt instrument are subject to the same requirements as other federal-aid projects. The exception is the reimbursement process; reimbursement of GARVEE project costs occurs when debt service is due rather than when construction costs are incurred. Under terms of the Memorandum of Agreement between the Federal Highway Administration and the Division of Highways, the yearly debt service must be the first obligation in the federal fiscal year. The Division usually tries to obligate funds in the previous year to eliminate this restriction.

MAJOR INITIATIVES

During fiscal year 2024, the West Virginia Division of Highways (WVDOH) continued work on several of its major initiatives around the state including Corridor H, the Nitro and Barboursville bridge projects on I-64, the Welch to WV 16 portion of the Coalfields Expressway, and the I-79 Bridge Bundles projects, to name a few. It is also worth noting that one major initiative from fiscal year 2023, finishing the Scott Miller Hill Bypass, has now been completed. During 2024, the WVDOH authorized a total of 1,429 highway and bridge construction projects statewide. Rugged mountainous terrain and numerous streams and rivers characterize the topography of the state and consequently, West Virginia's Road system includes 7,279 vehicular bridges, of which the WVDOH is responsible for 7,168. The WVDOH's bridge program for this year, enhanced by an ongoing infusion of general obligation and turnpike bond sales proceeds, in conjunction with the traditional state-funded and federal-aid programs, allowed for 175 construction starts on bridge initiatives ranging from full replacement to deck overlays. The WVDOH's resurfacing program consisted of 1,230 projects, which addressed approximately 2,787 miles of roadway.

West Virginia emphasizes the safety of its Citizens by promoting seat belt use. The Division further emphasizes safety through its railroad grade crossing, high hazard location, and guardrail installation programs. The Division also adheres to national standards for traffic control in road construction and road maintenance work areas to maximize safety for motorists and its employees.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Division of Highways for its annual comprehensive financial report for the fiscal year ended June 30, 2023. This was the 32nd consecutive year that the Division has achieved this prestigious award (1992-2023). In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Division believes its Fiscal Year 2024 annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the annual comprehensive financial report on a timely basis was made possible by the personnel of the Transportation Finance & Administration and Transportation Budget Divisions. I express my sincere appreciation for the contributions made by these individuals in the preparation of this report, particularly the Financial Reporting Section of the Finance & Administration Division, which has administrative responsibility for this function.

Sincerely,



Carla P. Rotsch
Transportation Business Manager
West Virginia Department of Transportation



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

West Virginia Division of Highways

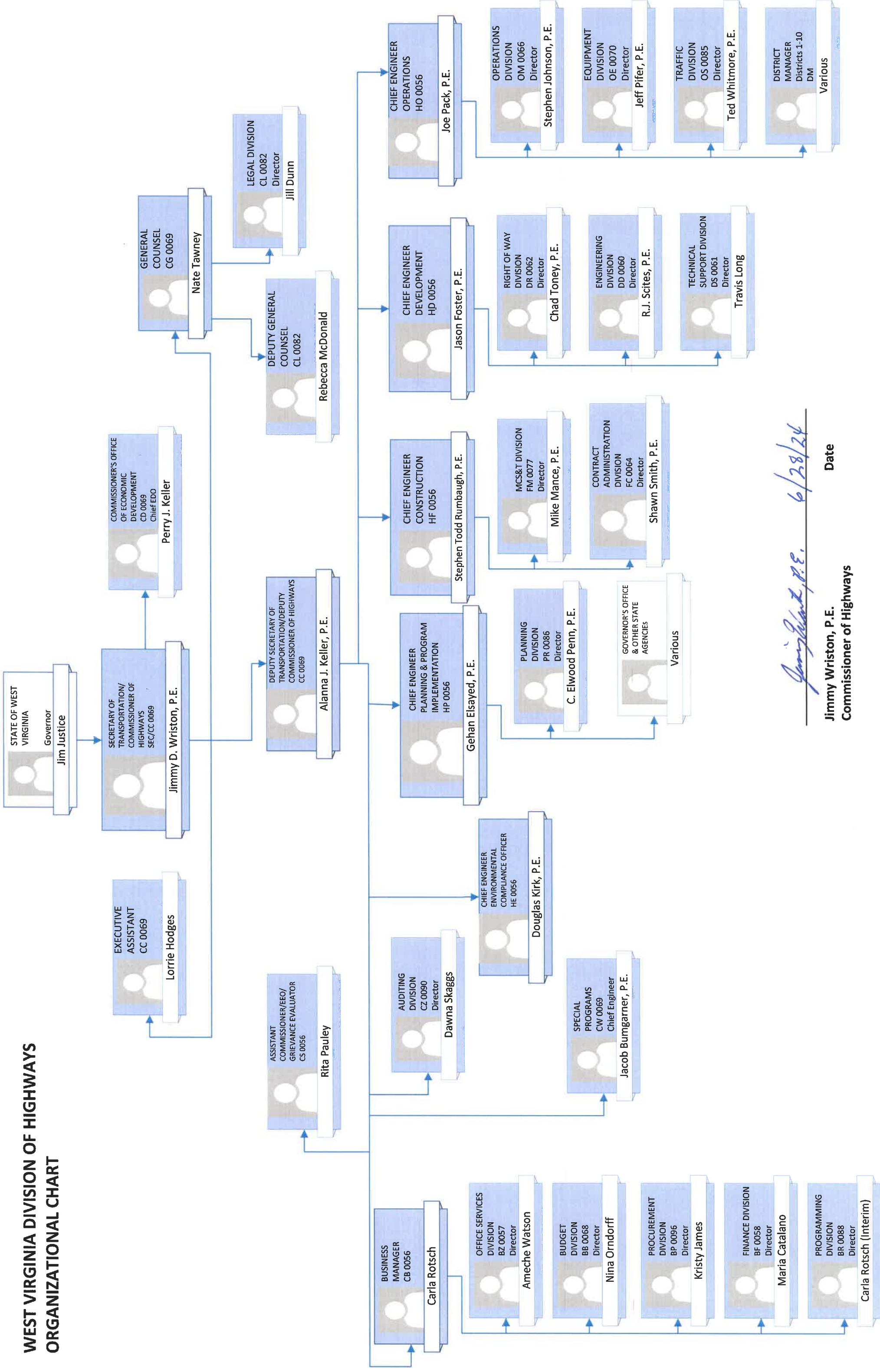
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

WEST VIRGINIA DIVISION OF HIGHWAYS
ORGANIZATIONAL CHART



Jimmy D. Wriston, P.E. 6/28/24

Jimmy Wriston, P.E.
Commissioner of Highways

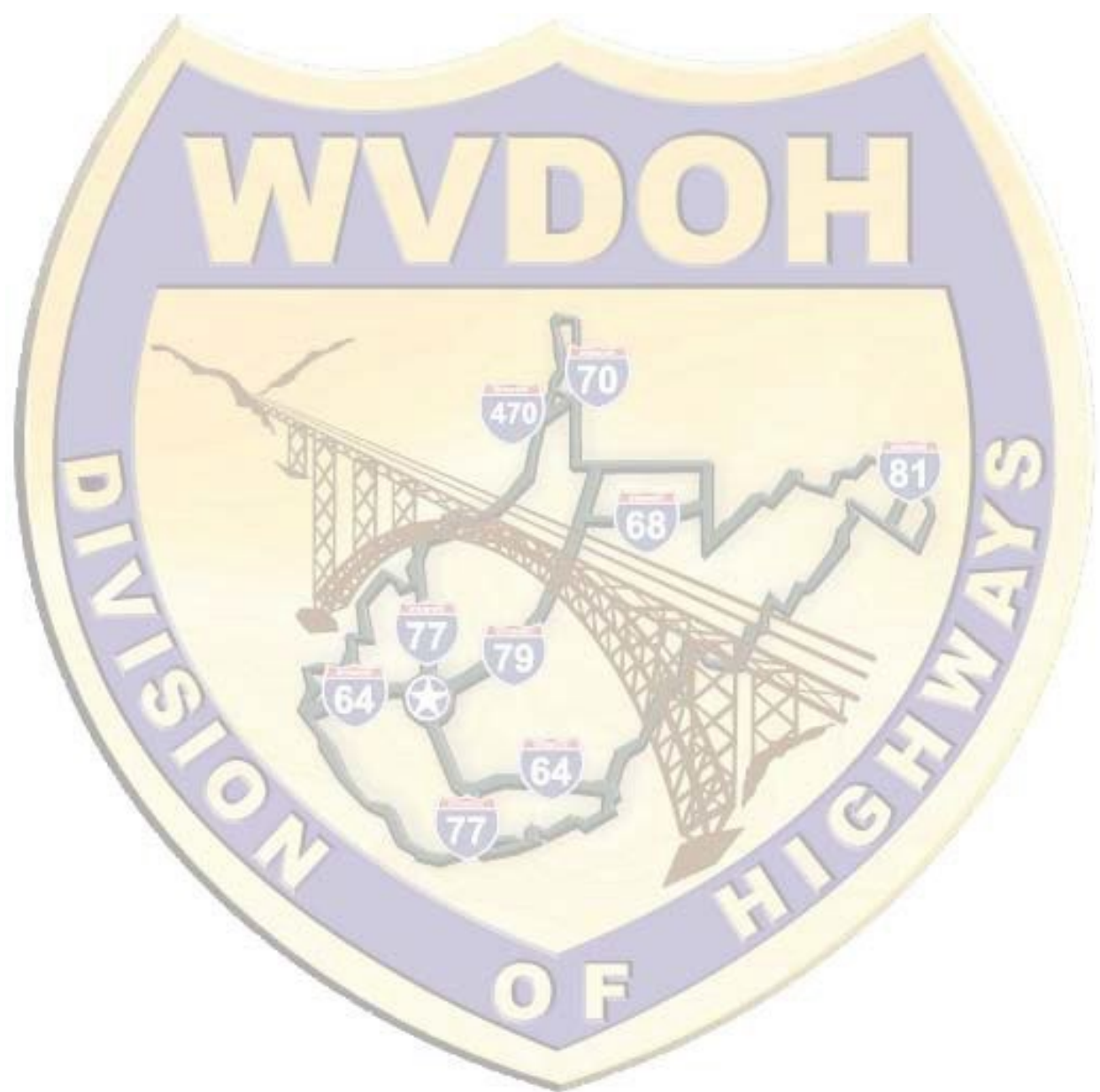
Date

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION (DOT)
DIVISION OF HIGHWAYS (DOH)
LIST OF PRINCIPAL OFFICIALS
June 30, 2024

Jimmy Wriston, P.E.	Secretary of Transportation/Commissioner of Highways
Alanna Keller, P.E.	DOT Deputy Secretary/DOH Deputy Commissioner
Lorrie A. Hodges	Executive Assistant Director
Nate Tawney	DOT General Council
Rebecca McDonald	DOT Deputy General Counsel
Rita Pauley	DOH Assistant Commissioner
Perry Keller	Commissioner's Office of Economic Development
Carla P. Rotsch	DOT Business Manager
Scott Eplin	DOT Assistant Deputy Secretary
Stephen T. Rumbaugh, P.E.	Chief Highway Engineer-Construction
Gehan Elsayed, P.E.	Chief Highway Engineer- Programs
Doug Kirk, P.E.	Chief Highway Engineer- Environmental
Joe Pack, P.E.	Chief Highway Engineer – Operations
Jason Foster P.E.	Chief Highway Engineer – Development
Jake Bumgarner, P.E.	Chief Highway Engineer – Special Programs
Natasha White	DOT Director, Human Resources Division
Hussein S. Elkhansa	DOT Chief Data Officer Strategic Data Management & Technology
Yueming Wu	DOT Director, Information Technology Division
Jennifer Dooley	DOT Director, Public Relations Division
Mendy McClure	Deputy Business Manager – Finance
Evan Dewey	Deputy Business Manager - Programming
Dawna Skaggs	Director, Auditing Division
Nina Orndorff	Director, Budget Division
William Hartwell	Director, Civil Rights Compliance Division
Shawn Smith, P.E.	Director, Contract Administration Division
Raymond J. Scites, P.E.	Director, Engineering Division
Jeff Pifer, P.E.	Director, Equipment Division
Maria Catalano	Director, Finance and Administration Division
Rebecca McDonald	Director, Legal Division
Ronald L. Stanevich, P.E.	Director, Materials Control Soil & Testing Division
Ameche L. Watson	Director, Office Services Division
Stephen Johnson, P.E.	Director, Operations Division
Michelle Oxley	Director, Performance Management Division
Jill Dunn	Director, Planning Division
Kristy James	Director, Procurement Division
Carla Rotsch (Acting)	Director, Programming Division
Chad Toney, P.E.	Director, Right of Way Division
Ted Whitmore, P.E.	Director, Traffic Engineering Division
Travis Long	Director, Technical Support Division
Charlene Chandler	Executive Information Resources

DISTRICT ENGINEERS/MANAGERS

District 1	Joe Pack, P.E.	Charleston
District 2	Robert Pennington P.E.	Huntington
District 3	Jared Evans, P.E.	Parkersburg
District 4	Earl Gaskins	Clarksburg
District 5	J. Lee. Thorne, P.E.	Burlington
District 6	Charles Swart, P.E.	Moundsville
District 7	Brian K. Cooper, P.E.	Weston
District 8	Tom Collins, P.E.	Elkins
District 9	Jim Moore, P.E.	Lewisburg
District 10	Ryland W. Musick, Jr., Ph.D., P.E.	Princeton



Financial Section

West Virginia Department of Transportation

Division of Highways



INDEPENDENT AUDITOR'S REPORT

Joint Committee on Government and Finance
West Virginia Legislature
Charleston, West Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the West Virginia Department of Transportation, Division of Highways (the Division), a component unit of the State of West Virginia and the State of West Virginia Department of Transportation, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Division's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Division as of June 30, 2024, and the respective changes in financial position and the budgetary comparison for the State Road (General) Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Division and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Division are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and each major fund of the State of West Virginia and the West Virginia Department of Transportation that is attributable to the transactions of the Division. They do not purport to, and do not present fairly the financial position of the State of West Virginia and West Virginia Department of Transportation, as of June 30, 2024, or the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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FAX (304) 343-8008

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MAIN (304) 485-6584
FAX (304) 485-0971

Suncrest Towne Centre
453 Suncrest Towne Centre Drive
Suite 201
Morgantown, WV 26505

MAIN (304) 554-3371
FAX (304) 554-3410

The Somerville Building
501 5th Avenue
Suite 1
Huntington, WV 25701

MAIN (304) 525-0301
FAX (304) 522-1569

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Division's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Division's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 25, the schedule of proportionate share of the net pension liability (asset), the schedule of pension contributions, the schedule of proportionate share of the net OPEB liability (asset), the schedule of OPEB contributions, and related notes on pages 63 through 70 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

A handwritten signature in cursive script that reads "Seattle & Stalaker, PLLC".

Charleston, West Virginia
October 15, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

This section of the West Virginia Department of Transportation, Division of Highways (Division) annual financial report presents our Management's Discussion and Analysis (MD&A) of the Division's financial performance during the fiscal year that ended June 30, 2024. This section introduces the basic financial statements and provides an analytical overview of the Division's financial activities. Please read it in conjunction with the Division's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

Net Position - The net position of the Division was \$9.8 billion at the close of fiscal year 2024.

Changes in Net Position - During the year, the Division's net position increased by \$598 million or 6.53%. During fiscal year 2023, net position increased by \$491 million or 5.66%.

Revenues and Expenses - Total revenues increased by \$308 million or 16.76%. Total expenses increased \$201 million or 14.92%. There were no significant changes in the programs carried out by the Division during the year.

Governmental Fund - Fund Balances - As of the close of fiscal year 2024, the Division's governmental funds reported combined total fund balance of \$1.6 billion, a decrease of \$33 million in comparison with the prior year.

Long-Term Debt - The Division's total outstanding general obligation bonds, net of bond premiums, decreased by \$79 million during the current fiscal year. The Division's total outstanding special obligation notes, net of note premium, decreased by \$26 million during the current fiscal year. The Division has \$14 million of leases payable at year end.

OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A serves as an introduction to the Division's financial statements. The Division's financial statements are comprised of five components, government-wide financial statements, fund financial statements, statements of revenues, expenditures, and change in fund balances - budget and actual, notes to the financial statements, and required supplementary information.

Government-wide Financial Statements

Government-wide financial statements provide both long-term and short-term information about the Division's financial condition. Changes in the Division's financial position may be measured over time by increases and decreases in the statement of net position. Information on how the Division's net position changed during the fiscal year is presented in the statement of activities.

Fund Financial Statements

The fund financial statements focus on the individual parts of the Division, reporting the Division's operations in more detail than the government-wide financial statements. Fund financial statements can include the statements for governmental, proprietary, and fiduciary funds. The Division has two governmental financial reporting funds.

Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual

The budget and actual statement reports the originally submitted budget along with budget amendments that are combined to arrive at the final budget. The final budget amounts are then compared to the actual operating results for the same fiscal year to arrive at variances.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Notes to the Financial Statements

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

Required supplementary information includes the presentation of this MD&A and certain information concerning the Division's progress in funding its proportionate share of providing pension benefits and other post-employment benefits to its employees through its participation in the West Virginia Public Employees Retirement System and the West Virginia Retiree Health Benefit Trust Fund.

CONDENSED FINANCIAL INFORMATION

Condensed Statements of Net Position

The following condensed financial information was derived from the government-wide statement of net position and summarizes the Division's net position as of June 30, 2024 and 2023 (amounts in thousands).

The largest component of the Division's net position reflects its investment in capital assets (e.g., land, buildings, equipment, infrastructure, and others) less any related debt outstanding (excluding debt proceeds that have yet to be expended for infrastructure construction) that was needed to acquire or construct the assets. The Division uses these capital assets to provide services to the citizens and businesses in the State; consequently, these resources are not available for future spending. The remaining portion is classified as either restricted or unrestricted net position. The unrestricted net position may be used at the Division's discretion. The restricted net position has constraints as to how these funds may be used. Enabling legislation directs the use of these funds.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Condensed Statements of Net Position
June 30,

	<u>2024</u>	<u>2023</u>	<u>% Change</u>
Assets and deferred outflows of resources			
Current assets	\$ 1,779,321	\$ 1,855,784	-4.12%
Capital assets	10,169,217	9,609,564	5.82%
Other non-current assets	<u>8,316</u>	<u>-</u>	100.00%
Total assets	11,956,854	11,465,348	4.29%
Deferred outflows of resources	<u>44,757</u>	<u>75,227</u>	-40.50%
Total assets and deferred outflows of resources	<u>12,001,611</u>	<u>11,540,575</u>	3.99%
Liabilities and deferred inflows of resources			
Current liabilities	339,491	344,266	-1.39%
Long term liabilities	<u>1,884,211</u>	<u>2,001,614</u>	-5.87%
Total liabilities	2,223,702	2,345,880	-5.21%
Deferred inflows	<u>14,211</u>	<u>29,317</u>	-51.53%
Total liabilities and deferred inflows of resources	<u>2,237,913</u>	<u>2,375,197</u>	-5.78%
Net Position			
Net investment in capital assets	8,918,671	8,409,170	6.06%
Restricted	426,056	483,282	-11.84%
Unrestricted	<u>418,971</u>	<u>272,926</u>	53.51%
Total net position	<u>\$ 9,763,698</u>	<u>\$ 9,165,378</u>	6.53%

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Condensed Statements of Activities

The following condensed financial information was derived from the government-wide statement of activities and reflects how the Division's net position changed during the fiscal year (amounts in thousands):

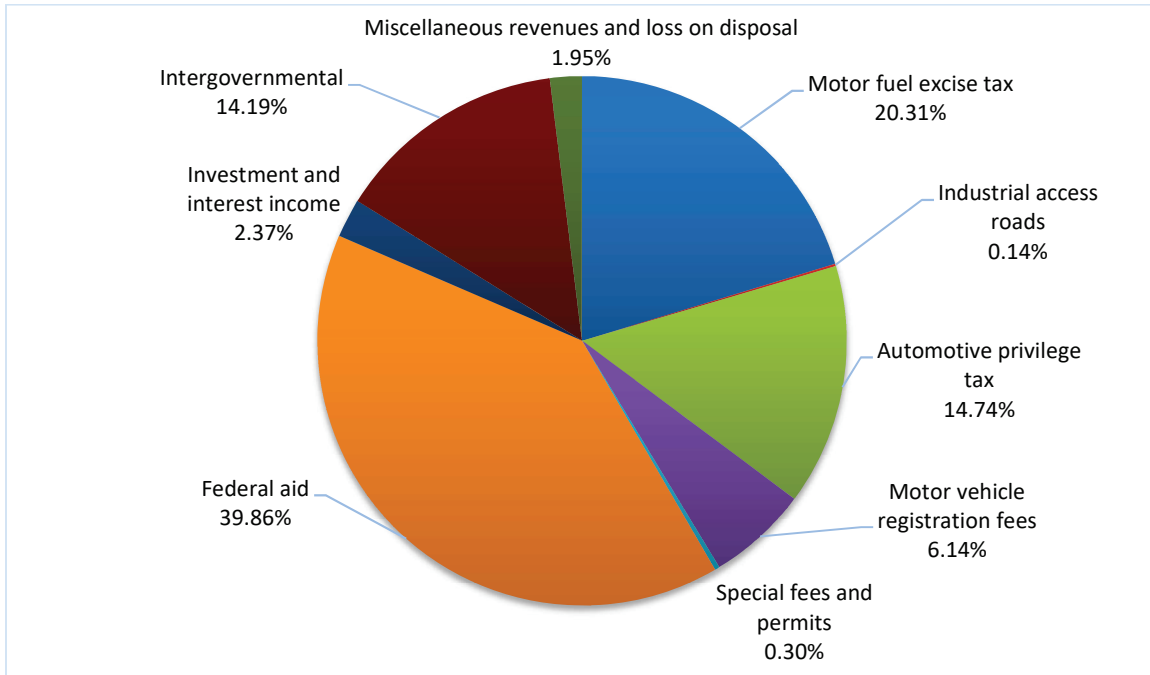
**Condensed Statement of Activities
Years Ended June 30,**

	<u>2024</u>	<u>2023</u>	<u>% Change</u>
Revenues			
Taxes	\$ 752,246	\$ 762,227	-1.31%
Investment and interest income	50,954	55,944	-8.92%
Intergovernmental	304,521	143,828	111.73%
Loss on disposal of capital assets	(434)	(353)	22.95%
Miscellaneous revenues	<u>42,335</u>	<u>15,452</u>	173.98%
Total general revenues	1,149,622	977,098	17.66%
Capital grants and contributions	858,690	715,615	19.99%
Charges for services and other program revenue	<u>138,136</u>	<u>145,575</u>	-5.11%
Total program revenues	<u>996,826</u>	<u>861,190</u>	15.75%
Total revenues	<u>2,146,448</u>	<u>1,838,288</u>	16.76%
Expenses			
Road maintenance	586,965	617,268	-4.91%
Road construction and other road operations	639,965	516,897	23.81%
General and administration	249,280	137,909	80.76%
Interest on long-term debt	61,453	65,248	-5.82%
Unallocated depreciation and amortization	<u>10,465</u>	<u>9,782</u>	6.98%
Total expenses	<u>1,548,128</u>	<u>1,347,104</u>	14.92%
Change in net position	598,320	491,184	21.81%
Net position, beginning	<u>9,165,378</u>	<u>8,674,194</u>	5.66%
Net position, ending	<u>\$ 9,763,698</u>	<u>\$ 9,165,378</u>	6.53%

Over time, increases and decreases in net position measure whether the Division's financial position is improving or deteriorating. During the fiscal year, the net position of the governmental activities increased by \$598 million or 6.53%.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

The following chart depicts the revenue percentages under the accrual basis of accounting for the Division for the fiscal year.



Total revenues increased by approximately \$308 million. Intergovernmental revenues increased by approximately \$161 million. The largest component of Intergovernmental revenue for 2024 was a legally authorized appropriation under West Virginia State Code by the West Virginia Legislature. The following summarizes revenues for the years ended June 30, 2024 and June 30, 2023 (amounts in thousands):

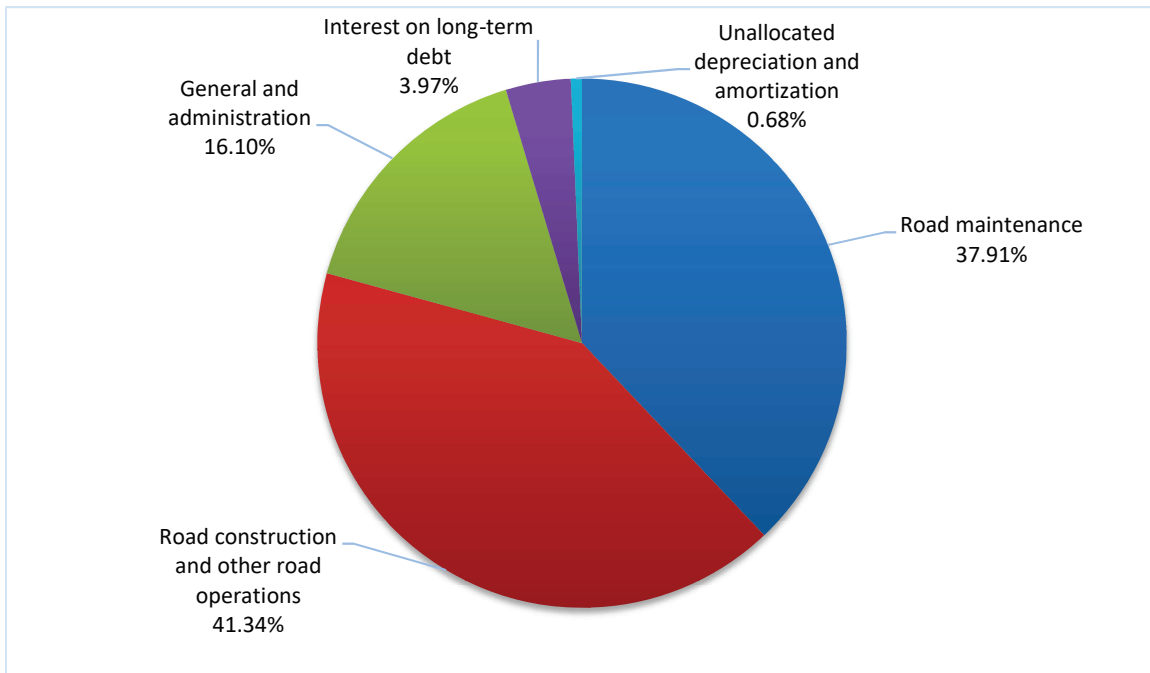
	2024	2023	% Change
Motor fuel excise tax	\$ 435,840	\$ 439,560	-0.85%
Industrial access roads	3,000	3,000	0.00%
Automotive privilege tax	316,406	322,667	-1.94%
Motor vehicle registration fees	131,692	138,495	-4.91%
Special fees and permits	6,444	7,080	-8.98%
Federal aid	855,690	712,615	20.08%
Investment and interest income	50,954	55,944	-8.92%
Intergovernmental	304,521	143,828	111.73%
Loss on disposal of capital assets	(434)	(353)	22.95%
Miscellaneous revenues	42,335	15,452	173.98%
Total revenues	<u>\$ 2,146,448</u>	<u>\$ 1,838,288</u>	16.76%

The Division's primary sources of revenue for funding of ongoing administration of the Division, general maintenance, and construction of the state road system and for providing resources to match available Federal funds are derived from fuel taxes, automobile privilege taxes, motor vehicle registration and license fees, net of costs incurred by the Division of Motor Vehicles in collecting funds for deposit into the State Road Fund.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

The Division also relies on federal funds as a source of revenue. The federal aid is obtained in the form of reimbursable grants. Federal transportation legislation and special spending authorizations provide funds that are available for obligation by the Federal Government in specific years, and the Division expects to continue to fully obligate available funds, thus ensuring that it captures all federal dollars. Revenue under these grants is recognized when expenditures occur and the Division requests reimbursement on specific projects that have qualified for federal participation. On December 4, 2015, the President signed into law the "Fixing America's Surface Transportation Act," or FAST Act, which is a five-year surface transportation program authorizing funding for highway and public transportation investments. The FAST Act was the first long-term transportation legislation to pass Congress in ten years and provided stability to the Division in planning its transportation investments. The FAST Act was originally set to expire on September 30, 2020, but was extended to September 30, 2021. Late on October 1, 2021, the House passed a 30-day surface transportation funding extension, expiring on October 31, 2021. The Senate subsequently passed that extension on October 2, 2021, with President Biden signing it into law that same day. This allowed Congress additional time to determine whether to pass the Infrastructure Investment and Jobs Act (IIJA) measure first, or to wait until possible passage of the Build Back Better funding measure. On November 15, 2021, Public Law 117-58, the IIJA, was enacted and covers federal fiscal years 2022-2026. In transportation circles the new legislation is also commonly referred to as the Bipartisan Infrastructure Law (BIL). West Virginia's federal fiscal year 2024 apportionment was \$600.4 million and the total obligation limitation was \$572.6 million.

The following chart depicts expense percentages under the accrual basis of accounting for the Division for the fiscal year.



WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Total expenses increased by approximately \$201 million or 14.92%. The following summarizes expenses for the years ended June 30, 2024 and June 30, 2023 (amounts in thousands):

	2024	2023	% Increase (Decrease)
Road maintenance	\$ 586,965	\$ 617,268	-4.91%
Road construction and other road operations	639,965	516,897	23.81%
General and administration	249,280	137,909	80.76%
Interest on long-term debt	61,453	65,248	-5.82%
Unallocated depreciation and amortization	10,465	9,782	6.98%
Total expenses	<u>\$ 1,548,128</u>	<u>\$ 1,347,104</u>	14.92%

The maintenance expenses of the Division are primarily of Annual Plan routine maintenance as well as maintenance-related capital improvements including small bridge repair, contract paving, and various types of renovation such as guardrail, slides, and drainage. For State fiscal year 2024, Governor Justice signed Senate Bill 1002 to provide the Division with funding from the General Revenue Fund of \$150 million to continue paving projects across the state. These funds were received in June 2024. The funds will help with paving 973 miles of roadway not covered by the federal highways fund.

Operational units are allocated yearly amounts of funding for routine maintenance, internally referred to as Annual Plan Budgets. What the Annual Plan Budgets are spent on is dependent, to a degree, on the level of snow removal and ice control (SRIC) that is required in a given year. In fiscal year 2024, the agency continued its commitment to core maintenance plan, which emphasizes ditching, mowing, brush-cutting, stabilization and patching maintenance activities. Emphasis was also placed on canopy cutting and bridge key activities for maintenance and preservation plan, which emphasizes washing bridges to remove debris and salt residue, bridge deck patching, sealing of concrete components and repairing expansion joints. Crews concentrate on these activities during all non-SRIC periods. The intent is to improve safety and perform maintenance that will extend the life of the highway system.

General and administration expenses increased by \$111 million in fiscal year 2024 primarily due to payroll costs attributed to the across the board raises, increases in the employer share of PEIA funding, and general increases from inflation shown mostly in equipment and inventory.

Other road operations expenditures reported in the Government-Wide Financial Statements include the total expended for all other road operations and small construction activities that fail to meet the criteria established for capitalization as infrastructure assets. A discussion of the change in actual funds expended is included in the financial analysis of the Division's Fund Financial Statements below.

FINANCIAL ANALYSIS OF THE DIVISION'S MAJOR FUNDS

At June 30, 2024, the Division reported fund balances of approximately \$1.6 billion. Of this total amount, \$400 million constitutes unassigned fund balance, while \$1.1 billion is restricted for various purposes. The remainder of the fund balance is non-spendable and is not available for spending because it is comprised of inventories.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

State Road Fund

The State Road Fund is the Division's General Fund. At the end of the 2024 fiscal year, unassigned fund balance of the General Fund was \$400 million and non-spendable fund balance was \$92 million, while the restricted fund balance was \$391 million. The total General Fund fund balance increased \$123 million during the fiscal year primarily due to a \$150 million transfer of cash from the State's General Revenue Fund to the State Road Fund later in the fiscal year.

State Road (General) Fund and Budgetary Highlights

The Division is dependent on revenues generated from the purchase and use of motor fuel, motor vehicle fees, privilege tax on consumer purchases of motor vehicles, and federal funding generated from motor fuel purchases. Revenues are affected by state and national economic conditions, world events affecting availability and pricing of motor fuel, and fuel consumption rates for motor vehicles. The following table summarizes tax and fee collections (budget basis) over the past two years (amounts in thousands):

	2024	2023	Increase (Decrease)	% Increase (Decrease)
Motor fuel excise and wholesale fuel	\$ 445,055	\$ 432,442	\$ 12,613	2.92%
Motor vehicle registration	129,179	142,498	(13,319)	(9.35%)
Privilege tax	317,180	317,936	(756)	(0.24%)
	<u>\$ 891,414</u>	<u>\$ 892,876</u>	<u>\$ (1,462)</u>	<u>(0.16%)</u>

Motor fuel excise tax is imposed on the consumption of motor fuel. The motor fuel excise tax is the combination of a flat 20.5 cents per invoiced gallon rate and a variable sales and use tax rate that is calculated yearly. The variable rate is currently set at 15.2 cents for the calendar year 2024.

Fiscal year 2024 tax collections reported on a budgetary basis decreased by \$1.5 million (0.16%) from fiscal year 2023 tax collections. Motor fuel tax collections were \$7.6 million (1.73%) above estimates for the year, and \$12.6 million (2.92%) above fiscal year 2023 collections. Registration fee collections were \$25.8 million (16.66%) below estimates and \$13.3 million (9.35%) below fiscal year 2023 collections. Privilege tax collections were \$12.2 million (3.99%) above estimates and \$0.8 million (0.24%) below fiscal year 2023 collections.

The Division's federal revenue, on a budgetary basis for fiscal year 2024 was \$751.4 million, used primarily for the design, right-of-way, and construction of federal aid eligible projects. As previously discussed, the recognition of revenue under these grants occurs when expenditures occur on specific projects that have qualified for federal participation and the Division requests reimbursement. The budgeted amounts for federal revenue and expenditures are based on projects that have been approved and estimates of the timing of each phase of the project. Since the timing of such expenditures is dependent on variables such as the weather, the existence of differing site conditions that require plan modification, or delays caused by environmental issues or the results of public meetings, expenditures often do not occur as planned.

It is anticipated that the state revenues will increase slightly in fiscal year 2025 when compared to fiscal year 2024. Regardless of current and future events, management will continue to monitor and maintain a fiscally sound equity position. If revenues received are lower than estimated, management is confident adequate discretionary expenditure items can be reduced to permit the Division to continue to operate in a fiscally sound manner.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Capital Projects Fund

The Capital Projects Fund accounts for financial resources to be used for road construction financed by the sale of General Obligation bonds. On October 7, 2017 the citizens of West Virginia voted to pass a referendum which allows the Division to sell \$1.6 billion dollars in General Obligation bonds. The Division sold \$800 million (face value) in General Obligation bonds during the fiscal year ended June 30, 2018, \$600 million (face value) in General Obligation bonds during the fiscal year ended June 30, 2020, and \$200 million (face value) in General Obligation bonds during the fiscal year ended June 30, 2021. These bonds will fund the construction of all or a portion of projects across the State. During the fiscal year ended June 30, 2024, the Capital Projects Fund fund balance decreased by \$156 million primarily due to construction expenses related to the Roads to Prosperity initiative. At June 30, 2024, the capital projects fund balance of approximately \$681 million represented unexpended bond funds associated with the above-referenced issuances.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2024, the Division had invested \$10.2 billion, net of accumulated depreciation and amortization, in a range of capital assets (see Note 7 for additional details). Depreciation and amortization expenses for the fiscal year totaled \$337 million.

As the Division continues to expand the state road system, these expansions are focused primarily on upgrading existing roadways and the completion of Appalachian Highway Corridor H. While these are significant construction projects, the additions are offset by \$306 million in depreciation of the infrastructure. The Division expended \$897 million dollars during the year ended June 30, 2024 for additions to capital assets. Of this amount, \$809 million was related to the acquisition of right of way and construction of roads and bridges. Construction costs for completed projects in the amount of \$642 million were reclassified from construction in process to roads and bridges. Major construction expenditures during the year included the Coalfields Expressway in Wyoming County, Corridor H in Randolph County.

Long-Term Debt

The Division was authorized to issue general obligation bonds of the State of West Virginia by constitutional amendments. The final tranche of \$200 million was issued in fiscal year 2021 per house concurrent resolution 105. The outstanding balance of issued general obligation bonds was \$1.5 billion at June 30, 2024.

The Division has also been authorized to issue revenue notes in the amount of \$500 million by constitutional amendment. In October 2017, the Division issued revenue notes in the amount of \$220 million. In August 2018, the Division issued revenue notes in the amount of \$79 million. The debt service payments on these notes will be funded through federal aid revenue. The outstanding balance of issued special notes was \$184 million at June 30, 2024.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

The following is a summary of the amounts outstanding, including bond and note ratings:

Issue	Bond Rating		Amount (in thousands)
Safe Roads 15A - Bonds maturing on or before June 1, 2025.	Fitch:	AA+	
	Moody's:	Aa1	
	S&P:	AA	\$ 22,090
Roads to Prosperity 18A, 18B T1, 18B T2 - Bonds maturing on or before June 1, 2043.	Fitch:	AA	
	Moody's:	Aa2	
	S&P:	AA-	684,930
Roads to Prosperity 19A-1, 19A-2 - Bonds maturing on or before June 1, 2044.	Fitch:	AA	
	Moody's:	Aa2	
	S&P:	AA-	568,280
Roads to Prosperity 21A and 21B - Bonds maturing on or before June 1, 2046.	Fitch:	AA	
	Moody's:	Aa2	
	S&P:	AA-	197,545
Surface Transportation Improvements Special Obligation Notes (GARVEE 2017A) - Notes maturing on or before September 1, 2029.	Moody's:	A2	
	S&P:	AA	125,070
Surface Transportation Improvements Special Obligation Notes (GARVEE 2018A) - Notes maturing on or before September 1, 2033.	Moody's:	A2	
	S&P:	AA	
			58,860
			<u>\$ 1,656,775</u>

More detailed information regarding capital assets and long-term debt activity is included in Notes 7 and 8, respectively, to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide an overview of the finances of the Division for those with an interest in this organization. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the West Virginia Department of Transportation, Division of Highways – Finance Division at 1900 Kanawha Boulevard, East, Building 6, Room 320, Charleston, West Virginia 25305.

BASIC FINANCIAL STATEMENTS

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
STATEMENT OF NET POSITION
JUNE 30, 2024
(amounts expressed in thousands)

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current assets	
Cash and cash equivalents	\$ 1,491,581
Accounts receivable, net	112,373
Taxes receivable	78,368
Due from other State of West Virginia agencies	4,949
Inventories	92,050
Total current assets	<u>1,779,321</u>
Non-current assets	
Capital assets not being depreciated	
Land - non-infrastructure	26,133
Land - infrastructure	1,350,550
Construction in progress	2,491,156
Capital assets net of accumulated depreciation/amortization	
Land improvements	14,533
Buildings	149,319
Furniture and fixtures	1,092
Rolling stock	169,727
Scientific equipment	37
Shop equipment	530
Roads	2,991,211
Bridges	2,961,196
Right-to-use assets	13,733
Total capital assets	<u>10,169,217</u>
Net pension asset	727
Net other postemployment benefits asset	7,589
Total non-current assets	<u>10,177,533</u>
Total assets	11,956,854
Deferred outflows of resources	
Deferred outflows of resources - pension	41,692
Deferred outflows of resources - OPEB	3,065
Total deferred outflows of resources	<u>44,757</u>
Total assets and deferred outflows of resources	<u>12,001,611</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Current liabilities	
Accounts payable	175,859
Accrued payroll and related liabilities	14,977
Due to other State of West Virginia agencies	5,759
Accrued interest payable	9,128
Unearned revenue	271
Current maturities of long-term obligations	133,497
Total current liabilities	<u>339,491</u>
Non-current liabilities	
Claims and judgments	11,760
Compensated absences	4,922
Arbitrage liability	12,512
Due to other State of West Virginia agencies	21,449
Leases payable	11,326
Bonds and notes	1,822,242
Total non-current liabilities	<u>1,884,211</u>
Total liabilities	2,223,702
Deferred inflows of resources	
Deferred inflows of resources - pension	224
Deferred inflows of resources - OPEB	12,452
Deferred inflows of resources - gain on refunding	1,535
Total deferred inflows of resources	<u>14,211</u>
Total liabilities and deferred inflows of resources	<u>2,237,913</u>
NET POSITION	
Net investment in capital assets	8,918,671
Restricted	
Coal Resource	7,930
Waste Tire	5,430
Industrial Access	7,064
Capital projects	363,437
Pension benefits	42,195
Unrestricted	418,971
Total net position	<u>\$ 9,763,698</u>

The Accompanying Notes Are An Integral Part Of These Financial Statements

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024
(amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expenses) and Changes in Net Position
		Charges for Services and Other Program Revenue	Capital Grants and Contributions	
Government activities				
Road maintenance				
Operations	\$ 565,832	\$ -	\$ -	\$ (565,832)
Litter control program	541	-	-	(541)
Depreciation	20,592	-	-	(20,592)
Road construction				
Federal aid				
Interstate highways	87,454	-	147,225	59,771
Appalachian highways	36,869	-	235,390	198,521
Other federal aid programs	172,474	-	473,075	300,601
Nonfederal aid	34,978	-	-	(34,978)
Industrial access roads	2,660	-	3,000	340
Depreciation	305,530	-	-	(305,530)
General and administration				
Support and administrative operations	200,283	6,444	-	(193,839)
Claims	(1,410)	-	-	1,410
Costs associated with DMV	50,407	131,692	-	81,285
Interest on long-term debt	61,453	-	-	(61,453)
Unallocated depreciation and amortization	10,465	-	-	(10,465)
	<u>\$ 1,548,128</u>	<u>\$ 138,136</u>	<u>\$ 858,690</u>	<u>(551,302)</u>
General revenues				
Taxes:				
Gasoline and motor carrier				435,840
Automobile privilege				316,406
Investment and interest income				50,954
Intergovernmental				304,521
Loss on disposal of capital assets				(434)
Miscellaneous revenues				<u>42,335</u>
Total general revenues				<u>1,149,622</u>
Change in net position				598,320
Net position, beginning				<u>9,165,378</u>
Net position, ending				<u>\$ 9,763,698</u>

The Accompanying Notes Are An Integral Part Of These Financial Statements

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024
(amounts expressed in thousands)

	State Road (General)	Capital Projects	Total Governmental Funds
ASSETS			
Assets			
Cash and cash equivalents	\$ 797,333	\$ 694,248	\$ 1,491,581
Receivables	112,373	-	112,373
Taxes receivable	78,368	-	78,368
Due from other State of West Virginia agencies	4,949	-	4,949
Inventories	92,050	-	92,050
Total assets	<u>\$ 1,085,073</u>	<u>\$ 694,248</u>	<u>\$ 1,779,321</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 162,424	\$ 13,435	\$ 175,859
Accrued payroll and related liabilities	14,969	8	14,977
Due to other State of West Virginia agencies	5,757	2	5,759
Unearned revenue	271	-	271
Total liabilities	<u>183,421</u>	<u>13,445</u>	<u>196,866</u>
Deferred Inflows of Resources			
Unavailable revenue	<u>18,296</u>	<u>-</u>	<u>18,296</u>
Fund balances			
Non-spendable			
Inventories	92,050	-	92,050
Restricted			
Construction and maintenance of industrial access roads	7,064	-	7,064
Construction and maintenance of coal resource roads	7,930	-	7,930
Waste tire clean up and disposal	5,430	-	5,430
Capital projects	370,465	680,803	1,051,268
Unassigned	400,417	-	400,417
Total fund balances	<u>883,356</u>	<u>680,803</u>	<u>1,564,159</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,085,073</u>	<u>\$ 694,248</u>	<u>\$ 1,779,321</u>

The Accompanying Notes Are An Integral Part Of These Financial Statements

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024
(amounts expressed in thousands)

Total fund balance - governmental funds	\$	1,564,159
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Capital assets not being depreciated		
Land - non-infrastructure	\$	26,133
Land - infrastructure		1,350,550
Construction in progress		2,491,156
Capital assets net of accumulated depreciation and amortization		
Land improvements		14,533
Buildings		149,319
Furniture and fixtures		1,092
Rolling stock		169,727
Scientific equipment		37
Shop equipment		530
Roads		2,991,211
Bridges		2,961,196
Right-to-use assets		13,733
		10,169,217

Deferrals of resources related to pensions and OPEB that represent a consumption of net position that applies to a future period and, therefore, is reported as a deferred outflow of resources in the statement of net position.		44,757
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Receivables related to the paving settlement are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.		18,296
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Some assets and liabilities are not due and receivable or payable in the current period and therefore are not reported in the funds. Those assets and liabilities consist of:

Net pension (liability)/asset	727	
Net other postemployment benefits (liability)/asset	7,589	
Accrued interest payable	(9,128)	
Claims and judgments	(12,276)	
Compensated absences	(23,303)	
Arbitrage liability	(12,512)	
Due to other State of West Virginia agencies	(21,449)	
Leases payable	(14,439)	
General obligation bonds and revenue notes	(1,933,729)	(2,018,520)

Deferrals of resources related to pensions and OPEB and gain on refunding that represents an acquisition of net position that applies to a future period and, therefore, are reported as deferred inflows of resources in the statement of net position.		(14,211)
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Net position of governmental activities	\$	9,763,698
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The Accompanying Notes Are An Integral Part Of These Financial Statements

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024
(amounts expressed in thousands)

	State Road (General)	Capital Projects	Total Governmental Funds
Revenues			
Taxes			
Gasoline and motor carrier	\$ 435,840	\$ -	\$ 435,840
Automobile privilege	316,406	-	316,406
Industrial access roads	3,000	-	3,000
License, fees and permits			
Motor vehicle registrations and licenses	131,692	-	131,692
Special fees and permits	6,444	-	6,444
Federal aid			
Interstate highways	147,225	-	147,225
Appalachian highways	235,390	-	235,390
Other federal aid programs	473,075	-	473,075
Intergovernmental			
State aid and other agencies	304,521	-	304,521
Investment and interest income	42,545	42,370	84,915
Miscellaneous revenues	68,530	-	68,530
Total revenues	<u>2,164,668</u>	<u>42,370</u>	<u>2,207,038</u>
Expenditures			
Current			
Road maintenance			
Operations	657,503	-	657,503
Litter control program	548	-	548
Support and administrative operations	215,256	-	215,256
Division of Motor Vehicles operations	51,106	-	51,106
Claims	510	-	510
Capital outlay - Road construction and other road operations			
Federal aid:			
Interstate highways	179,780	-	179,780
Appalachian highways	209,328	-	209,328
Other federal aid programs	465,434	-	465,434
Nonfederal aid	89,831	198,432	288,263
Industrial access roads	2,696	-	2,696
Debt service			
Principal - bonds and notes	82,985	-	82,985
Principal - leases	2,891	-	2,891
Interest - bonds and notes	85,074	-	85,074
Interest - leases	573	-	573
Total expenditures	<u>2,043,515</u>	<u>198,432</u>	<u>2,241,947</u>
Excess (deficiency) of revenues over expenditures	121,153	(156,062)	(34,909)
Other financing sources (uses)			
Right-to-use leases	2,335	-	2,335
Total other sources (uses)	<u>2,335</u>	<u>-</u>	<u>2,335</u>
Net change in fund balances	123,488	(156,062)	(32,574)
Fund balances, beginning of year	<u>759,868</u>	<u>836,865</u>	<u>1,596,733</u>
Fund balances, end of year	<u>\$ 883,356</u>	<u>\$ 680,803</u>	<u>\$ 1,564,159</u>

The Accompanying Notes Are An Integral Part Of These Financial Statements

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024
(amounts expressed in thousands)

Net change in fund balance - governmental funds	\$ (32,574)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. This is the amount by which the capital outlays (\$896,674) exceeded depreciation and amortization (\$336,587) in the current period.	560,087
In the statement of activities, only the loss on the disposal or sale of assets is reported, whereas in the governmental funds, the proceeds from the disposal or sale increase financial resources. Thus the change in the net position differs from the change in fund balance by the depreciated cost of the assets disposed of or sold.	(434)
Bond, note, and lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds and gains exceeded repayments and losses.	83,541
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This is the change in claims and compensated absences in the current period.	2,916
Revenues in the governmental funds for activities that provide current financial resources but were reported as revenues in the statement of activities in a prior year. This amount represents revenue related to the paving settlement that is a current financial resource.	(26,195)
Revenues in the governmental funds for activities that provide current financial resources but were not reported as revenues in the statement of activities. This amount represents investment revenue related to a noncurrent arbitrage liability and a noncurrent due to other State of West Virginia agencies amount recorded.	(33,961)
Some expenses do not require the use of current financial resources and, therefore, are not reported in governmental funds. This is the amount of amortization of bond premium, change in interest payable, pension expense, OPEB expense, and amortization of gain on bond refunding.	44,940
Change in net position of governmental activities	\$ 598,320

The Accompanying Notes Are An Integral Part Of These Financial Statements

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION DIVISION OF HIGHWAYS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGETARY BASIS) - STATE ROAD (GENERAL) FUND
YEAR ENDED JUNE 30, 2024
(amounts expressed in thousands)

	Original Budget	Budget Amendments	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues					
Taxes					
Gasoline and motor carrier	\$ 437,500	\$ -	\$ 437,500	\$ 445,055	\$ 7,555
Automobile privilege	285,000	20,000	305,000	317,180	12,180
Litter Control Program	1,700	-	1,700	1,606	(94)
Motor vehicle registrations and licenses	155,000	-	155,000	129,179	(25,821)
Special fees and permits	14,320	-	14,320	5,505	(8,815)
Revenue transfer to Industrial Access Roads	3,000	-	3,000	3,000	-
Federal aid	641,300	287,875	929,175	751,436	(177,739)
Intergovernmental	-	300,000	300,000	310,000	10,000
Miscellaneous revenues	45,680	-	45,680	84,233	38,553
	<u>1,583,500</u>	<u>607,875</u>	<u>2,191,375</u>	<u>2,047,194</u>	<u>(144,181)</u>
Expenditures					
Road construction and other road operations					
Interstate highways	200,000	62,500	262,500	186,889	75,611
Appalachian highways	150,000	95,000	245,000	221,507	23,493
Other federal aid programs	350,000	117,500	467,500	440,750	26,750
Road maintenance					
Maintenance	553,774	100,000	653,774	652,586	1,188
Litter control program	1,650	-	1,650	550	1,100
Support and administrative operations					
General operations	181,900	-	181,900	142,981	38,919
Equipment revolving	51,250	50,000	101,250	63,863	37,387
Inventory revolving	4,000	-	4,000	3,966	34
Debt service	138,000	-	138,000	134,029	3,971
Division of Motor Vehicles operations	67,992	1,700	69,692	53,753	15,939
Claims - DOH and DMV	516	-	516	510	6
Industrial Access Road	3,000	-	3,000	3,000	-
	<u>1,702,082</u>	<u>426,700</u>	<u>2,128,782</u>	<u>1,904,384</u>	<u>224,398</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (118,582)</u>	<u>\$ 181,175</u>	<u>\$ 62,593</u>	<u>\$ 142,810</u>	<u>\$ (80,217)</u>

The Accompanying Notes Are An Integral Part Of These Financial Statements

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024
(amounts expressed in thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION - The accompanying financial statements of the West Virginia Department of Transportation, Division of Highways (Division) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

REPORTING ENTITY - The Division is an operating unit of the West Virginia Department of Transportation and represents separate funds of the State of West Virginia (State) that are not included in the State's General Fund. The Division is a legally separate entity defined by the State constitution, and has statutory responsibility for the construction, reconstruction, maintenance, and improvement of all State roads. The Division is governed by a commissioner who is appointed by the Governor, but does not have a governing board separate from the State Legislature. The Division is considered a component unit of the State and its financial statements are blended with the financial statements of the primary government in the State's annual comprehensive financial report.

The financial statements of the Division are intended to present the financial position and the changes in financial position, of only that portion of the governmental activities and each major fund of the State and the West Virginia Department of Transportation that is attributable to the transactions of the Division. They do not purport to, and do not present fairly the financial position of the State and West Virginia Department of Transportation, as of June 30, 2024, or the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Management has considered all potential component units to be included in the Division's reporting entity by applying the criteria set forth in accounting principles generally accepted in the United States of America. These criteria include but are not limited to the consideration of organizations for which the Division is financially accountable, or organizations for which the nature and significance of their relationship with the Division are such that exclusion would cause the Division's financial statements to be misleading or incomplete. Since no organizations meet these criteria, the Division has no component units.

The Division of Motor Vehicles is an operating division of the West Virginia Department of Transportation, which collects certain revenues for expenditure by the Division. The expenditures related to the collection of these revenues are recorded in the State Road Fund of the Division.

The Public Service Commission collects revenues from coal companies that are operating trucks with excessive weights. These revenues are deposited into the Coal Resource Fund, which is controlled by the Division.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - The government-wide financial statements (the statement of net position and the statement of activities) report information of all of the activities of the primary government and its component units, if any. The effect of interfund activity has been removed from these government-wide financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024
(amounts expressed in thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than as program revenues. The Division does not allocate general government (indirect) expenses to other functions.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements, as necessary.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

GOVERNMENTAL FUND FINANCIAL STATEMENTS - The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered, to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Division considers revenues to be available if they are collected within 45 days of the end of the current fiscal year. Principal revenues subject to accrual include gasoline and wholesale fuel taxes, automobile privilege taxes, federal reimbursements and other reimbursements for use of materials and services.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting for the governmental fund financial statements include:

- Employees' vested annual leave is recorded as expenditures when utilized. The amount of accumulated annual leave unpaid at June 30, 2024, has been reported only in the government-wide financial statements.
- Division employees earn sick leave benefits, which accumulate, but do not vest. When separated from employment with the Division, an employee's sick leave benefits are considered ended and no reimbursement is provided. Any employee who retires, however, may convert any unused accumulated sick leave to increase service credits for retirement purposes. Additionally, certain employees may choose to apply any unused accumulated sick leave to pay a portion of the employee's postemployment health care insurance premium in lieu of increasing their service credits. Those employees cannot split their unused leave between the two options.
- Principal and interest on general long-term debt, including lease liabilities, are recorded as fund liabilities when due or when amounts have been accumulated in a debt service fund for transfer to the fiscal agent or for payment to be made early in the following year.
- Claims and judgments are recorded only when payment is due.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024
(amounts expressed in thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Pension and other post-employment benefits expense is recorded when contributions are due in the governmental fund financial statements and recorded when incurred in the government-wide financial statements.
- Revenue from the paving contract settlement is recognized when available, either when cash proceeds are received or when credits are used during the year or within the availability period.
- Investment revenues in the governmental funds were not reported as revenues in the statement of activities related to a noncurrent arbitrage liability and a noncurrent due to other State of West Virginia agencies amount.

FUND ACCOUNTING - The Division uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The following summarizes the major governmental funds that are presented in the accompanying financial statements:

- State Road (General) Fund - This fund serves as the Division's General Fund and is used to account for all financial resources, except those accounted for in another fund. The State Road Fund is funded primarily by dedicated highway user taxes and fees and matching federal highway funds.
- Capital Projects Fund - This fund accounts for financial resources to be used for road construction financed by the proceeds from the sale of general obligation bonds.

INTERFUND ACTIVITY - As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges from the government's various functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The Division processes certain routine payments, such as payroll through the State Road Fund and allocates those costs to the other governmental funds based on individual projects charged. The interfund balances at June 30, 2024 generally are a result of these routine payments and transfers.

BUDGETING AND BUDGETARY CONTROL - The Division's expenditures are subject to the legislative budget process of the State, with annual budgets adopted utilizing the cash basis of accounting. The cash basis is modified at year-end to allow for payment of invoices up to 45 days after year-end for goods or services received prior to year-end. Appropriated budgeted expenditures, which lapse 45 days after the end of the fiscal year, are incorporated into the Division's overall financial plan, which includes revenue estimates developed by the Division and the State's executive branch. Expenditures are budgeted using natural categories of activity including specific categories of construction, maintenance, and operations, as well as special items. Any revisions that alter overall budgeted expenditures for an expenditure category must be approved by the State Legislature.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024
(amounts expressed in thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Division's State Road (General) Fund, which includes the State Road Fund and A. James Manchin Fund, has a legislatively approved budget. However, the Capital Projects Fund, Coal Resource Fund, Industrial Access Fund, and certain monies reported within the State Road Fund in accordance with accounting principles generally accepted in the United States of America are not considered appropriated funds in accordance with the Division's budgetary reporting policy. Accordingly, these funds have not been reported in the Division's Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - State Road Fund. A reconciliation of the excess of revenues over expenditures and other financing uses for the year ended June 30, 2024, on the budgetary basis to the GAAP basis for the State Road fund follows:

Excess (deficiency) of revenues over expenditures - budgetary basis	\$ 142,810
Basis of accounting differences (budgetary to GAAP)	39,208
Unbudgeted funds	<u>(58,530)</u>
Excess (deficiency) of revenues over expenditures - GAAP basis	<u>\$ 123,488</u>

CASH AND CASH EQUIVALENTS - Cash and cash equivalents are short-term investments with original maturities of 90 days or less. Cash and cash equivalents principally consist of amounts on deposit in the State Treasurer's Office (STO) that are pooled funds managed by the West Virginia Board of Treasury Investments (BTI). Interest income from these investments is prorated to the Division at rates specified by the BTI based on the balance of the Division's deposits maintained in relation to the total deposits of all State agencies participating in the pool. Deposits are available with overnight notice to the BTI.

The STO has statutory responsibility for the daily cash management activities of the State's agencies, departments, boards, and commissions. The STO determines which funds to transfer to the BTI for investment in accordance with the West Virginia Code, policies set by the BTI, and provisions of bond indentures and trust agreements when applicable.

INVENTORIES - Inventories are stated at weighted average cost generally using the "consumption method" whereby expenditures are recognized in the period in which inventory usage, as opposed to purchase, occurs. The portion of fund balance relating to inventories is reported as "Non-spendable" in the government fund financial statements.

CAPITAL ASSETS - Capital assets, which include buildings, non-infrastructure land, furniture and fixtures, rolling stock, scientific equipment, shop equipment and infrastructure assets (which are normally immovable and of value only to the Division, such as roads, bridges, and similar items), are reported in the statement of net position in the government-wide financial statements. Capital assets are defined by the Division as follows:

- Non-infrastructure assets with a useful life of at least three years and:
 - A cost of five thousand dollars or more for machinery, equipment, rolling stock, furniture, and fixtures; or
 - An acquisition cost of one hundred thousand dollars or more for buildings at the date of acquisition; and
- Infrastructure assets with a cost in excess of one million dollars.

Purchased and constructed capital assets are valued at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024
(amounts expressed in thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The estimates of historical costs of buildings and other improvements were based on values that were compiled in 1983. Buildings and non-infrastructure land have been recorded at cost since 1983. Infrastructure constructed from July 1, 1980 to July 1, 2001 has been recorded at estimated historical cost. The estimated historical cost for years 1980-2001 was based on capital outlay expenditures reported by the West Virginia Department of Transportation in the annual reports for those years, less an amount estimated for the historical cost of the acquisition of land for right-of-way. The Division has not capitalized any infrastructure expenditures for assets constructed prior to July 1, 1980. The costs of normal maintenance and repairs that do not add to the asset's value or materially extend an asset's useful life are not capitalized. Interest incurred during construction of capital facilities is not capitalized.

New construction is put into construction in process until completed. At that time the projects are evaluated to determine if they meet the threshold for capitalization. The projects that don't meet the threshold for capitalization are expensed.

Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements.

Capital assets are depreciated on the straight-line method over the assets' estimated useful lives. There is no depreciation recorded for land and construction in progress. Generally, estimated useful lives are as follows:

- Machinery and equipment: 5 - 20 years
- Buildings: 15 - 40 years
- Furniture and fixtures: 3 - 20 years
- Rolling stock: 3 - 30 years
- Scientific equipment: 3 - 25 years
- Infrastructure: roads: 30 years
- Infrastructure: bridges: 50 years

Capital assets also include intangible right-to-use lease assets, initially measured at the present value of payments expected to be made during the lease term, plus certain other costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the estimated useful life of the underlying asset, unless the lease contains a purchase option.

ACCOUNTS AND TAXES RECEIVABLE - Accounts receivable in all funds report amounts that have arisen in the ordinary course of business and are stated net of allowances for uncollectable amounts. Governmental fund type receivables consist largely of amounts due from the Federal government. Interest and investment revenue receivable in all funds consist of revenues due on each investment. Taxes receivable in governmental funds represent taxes subject to accrual, primarily motor fuel excise taxes and automobile privilege taxes, which are collected within forty-five days after year-end. The uncollectible amounts are based on collection experience and a review of the status of existing receivables.

CLAIMS - Claims awarded against the Division in the West Virginia State Court of Claims must be approved and funded by legislative action. Expenditures in the fund financial statements for such claims are recognized to the extent that claims awarded are approved and funded by the Legislature. A liability for unfunded claims is recorded in the government-wide financial statements when management and the Division's legal section determine that it is probable that a loss has occurred and the loss can be reasonably estimated. Such claims are segregated as either tort or contract actions and estimates of loss are based on an analysis of the individual claims and historical experience.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024
(amounts expressed in thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPENSATED ABSENCES - Division employees generally earn vacation and sick leave on a monthly basis. Vacation, up to specific limits, is fully vested when earned, and sick leave, while not vesting to the employee prior to retirement, can be carried over to subsequent periods. During 2008, the legislature passed a bill allowing regular full-time employees hired before July 1, 2001, having accumulated at least 65 days of sick leave, to be paid, at their option, for a portion of their unused sick leave, not to exceed the number of sick leave days that would reduce the employee's sick leave balance to less than fifty days. The employee shall be paid at a rate equal to one quarter of their usual rate of daily pay during that calendar year. Expenditures for compensated absences are recognized as incurred in the governmental fund financial statements. The government-wide financial statements present the cost of accumulated compensated absences as a liability.

OTHER POSTEMPLOYMENT BENEFITS - For purposes of measuring the net OPEB liability/asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by West Virginia Retiree Health Benefit Trust Fund (RHBT). For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 12 for further discussion.

PENSION - For purposes of measuring the net pension liability/asset, deferred outflows of resources and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Public Employees Retirement System (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments of the PERS are reported at fair value. See Note 11 for further discussion.

PREMIUMS, DISCOUNTS, AND ISSUANCE COSTS - In the government-wide financial statements long-term debt and other long-term obligations, including arbitrage liabilities, are presented in the columns for governmental activities. Where material, bond and note premiums and discounts are deferred and amortized over the life of the debt. Bonds and notes payable are reported net of the applicable bond premium or discount. In the governmental fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, other than bond insurance, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Investment and interest income on bond proceeds are reported as revenue.

DEFERRED OUTFLOWS OF RESOURCES/DEFERRED INFLOWS OF RESOURCES - The statement of net position reports a separate financial statement element called *deferred outflows of resources*. This financial statement element represents a consumption of net assets that applies to a future period and so will *not* be recognized as an outflow of resources (expense) until that time. The Division reports \$44,757 as deferred outflows of resources related to pensions and OPEB on the statement of net position.

The statement of net position and balance sheet report a separate financial statement element called *deferred inflows of resources*. This financial statement element represents an acquisition of net assets that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The Division reports \$14,211 as deferred inflows of resources related to pensions and OPEB and gain on the refunding of debt on the statement of net position and \$18,296 as deferred inflows of resources related to unavailable revenue associated with a paving settlement on the balance sheet (see further information on the paving settlement in Note 3).

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024
(amounts expressed in thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET POSITION - As required by GASB Standards, the Division displays net position in the government-wide financial statements in three components: net investment in capital assets; restricted and unrestricted.

NET INVESTMENT IN CAPITAL ASSETS - This component of net position consists primarily of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

RESTRICTED NET POSITION - Restricted net position is assets whose use or availability has been restricted and the restrictions limit the Division's ability to use the resources to pay current liabilities. When both restricted and unrestricted resources are available for use, it is the Division's policy to use restricted resources first, then unrestricted resources as needed. Amounts shown as restricted on the statement of net position are restricted by debt agreements and enabling legislation as well as due to net pension assets.

UNRESTRICTED NET POSITION - Unrestricted net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets." In the governmental environment, net position is often designated to indicate that management does not consider them to be available for general operations. These types of constraints on resources are internal and management can remove or modify them. Such internal designations are not reported on the face of the statement of net position.

FUND BALANCES - The Division has classified in the governmental fund financial statements its fund balances in the following categories: non-spendable, restricted, committed, assigned and unassigned as applicable.

The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

The restricted fund balance classification includes amounts restricted for use to specific purposes including externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; imposed by law through constitutional provisions, or enabling legislation including legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that a government can be compelled by an external party, such as citizens, public interest groups, or the judiciary, to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by appropriation legislation passed by the West Virginia State Legislature, which is the highest level of decision-making authority for the State. Those committed amounts cannot be used for any other purpose unless the West Virginia State Legislature passes new legislation concerning those amounts. The Division has no committed fund balances at June 30, 2024.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024
(amounts expressed in thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned fund balances are constrained by the Division's intent to use such funds for specific purposes, but are neither restricted nor committed. The specific purpose for which the funds are intended is expressed within the appropriation requests of the Division and approved by the State Budget Office, according to the West Virginia State Code. Assigned fund balances include all remaining amounts that are not classified as non-spendable and are neither restricted nor committed. The Division has no assigned fund balances at June 30, 2024.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Any negative fund balances are unassigned.

The Division's policy is to use funds in the order of the most restrictive to the least restrictive.

NEWLY ADOPTED STATEMENTS ISSUED BY THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

The Division implemented Statement No. 99, *Omnibus 2022*, with varying effective dates based upon each provision ranging from being effective immediately to fiscal years beginning after June 15, 2023. The requirements of this Statement address a variety of items, including specific provisions regarding the following topics: (1) guidance and terminology updates on reporting derivative instruments that do not meet the definition of either an investment derivative or hedging derivative, but are within the scope of GASB Statement No. 53; (2) clarification of provisions of GASB Statement Nos. 87, 94, and 96; (3) extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate; (4) accounting for Supplemental Nutrition Assistance Program (SNAP) benefits; (5) non-monetary transactions; (6) clarification related to the focus of government-wide financial statements under GASB Statement No. 34; and (7) terminology updates related to GASB Statement No. 63. The provisions effective during the current fiscal year did not have an impact on the financial statements.

The Division implemented GASB Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*, which is effective for fiscal years beginning after June 15, 2023. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. Those changes include things like: certain changes in accounting principles, certain changes in estimates that result from a justified or preferable change in measurement or new methodology. This statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods; changes to or within the reporting entity be reported by adjusting beginning balances of the current period; and changes in accounting estimates be reported prospectively by recognizing the change in the current period. If the change in accounting principle is the result of a new pronouncement the requirements only apply absent specific transition guidance in the pronouncement. Under this standard it is also necessary to display the total adjustment to beginning net position, fund balance, or fund net position on the face of the financial statements, by reporting unit. This statement also specifies both qualitative and quantitative disclosure requirements. Lastly, this statement provides guidance for if and how these changes should be reflected in required supplementary information and supplementary information. The adoption of this Statement did not have a significant impact on the Division's financial statements.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
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(amounts expressed in thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RECENT STATEMENTS ISSUED BY THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

GASB has issued Statement No. 101, *Compensated Absences*, which is effective for fiscal years beginning after December 15, 2023. This statement modifies the criteria requiring a liability for compensated absences to be recognized. Under this statement a liability must be recognized for leave that has not been used, or leave that has been used but not yet paid in cash or settled through noncash means. Furthermore, the liability for leave that has not been used is recognized if the leave is attributed to services already rendered, that accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. If the leave is considered more likely than not to be settled through conversion to a defined benefit post-employment benefit it should not be included in the liability for compensated absences. This statement also specifies certain types of benefits where the liability is not recognized until leave commences or where the liability is not recognized until the leave is used. The statement also provides guidance for measuring the liability and modifies the disclosure requirements allowing for disclosure of only the net change in the liability, and no longer requiring disclosure of which governmental funds have been used to liquidate the liabilities. The Division has not yet determined the effect that the adoption of GASB Statement No. 101 may have on its financial statements.

GASB has also issued Statement No. 102, *Certain Risk Disclosures*, which is effective for fiscal years beginning after June 15, 2024. The objective of this statement is to provide financial statement users with information about risks due to concentrations or constraints common in a governmental environment. The standard requires an assessment of whether any concentrations or constraints increase the government's vulnerability to significant impacts, and whether events associated with concentrations and/or constraints have occurred or are more likely than not to occur within one year of issuance of the financial statements. Further, additional detailed disclosures may be required in certain situations. The Division has not yet determined the effect that the adoption of GASB Statement No. 102 may have on its financial statements.

GASB has also issued Statement No. 103, *Financial Reporting Model Improvements*, which is effective for fiscal years beginning after June 15, 2025. The focus of the improvements are to the presentation of (1) management's discussion and analysis, (2) unusual or infrequent items, (3) proprietary fund statement of revenues, expenses, and changes in net position, (4) major component unit information, and (5) budgetary comparison information. The Division has not yet determined the effect that the adoption of GASB Statement No. 103 may have on its financial statements.

NOTE 2: CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents which are carried at amortized cost, were as follows at June 30, 2024:

Cash on deposit with State Auditor	\$ 49,399
Cash on deposit with State Treasurer invested in BTI	
WV Money Market Pool	744,850
Cash on deposit with State Treasurer invested in BTI	
WV Money Market Pool (Roads to Prosperity)	691,133
Cash on deposit with BNY Mellon Bank	1
Cash in transit	<u>6,198</u>
Total cash and cash equivalents	<u>\$ 1,491,581</u>

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
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(amounts expressed in thousands)

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

The State Treasurer has statutory responsibility for the daily cash management activities of the State's agencies, departments, boards and commissions, and transfers funds to the BTI for investment in accordance with West Virginia statutes, policies set by the BTI and provisions of bond indentures and trust agreements when applicable.

The Division's cash balances invested by the BTI in the West Virginia Money Market Pool include investment income pro-rated to the Division 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. Investments in the West Virginia Money Market Pool are available to the Division with overnight notice. Remaining cash balances are on deposit or in transit to/from the State Treasurer.

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS (BTI) WV MONEY MARKET POOL - The BTI has adopted an investment policy in accordance with the "Uniform Prudent Investor Act." The "prudent investor rule" guides those with responsibility for investing the money for others. Such fiduciaries must act as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The BTI's investment policy is to invest assets in a manner that strives for maximum safety, provides adequate liquidity to meet all operating requirements, and achieves the highest possible investment return consistent with the primary objectives of safety and liquidity. The BTI recognizes that risk, volatility, and the possibility of loss in purchasing power are present to some degree in all types of investments. Due to the short-term nature of the WV Money Market Pool, the BTI believes that it is imperative to review and adjust the investment policy in reaction to interest rate market fluctuations/trends on a regular basis and has adopted a formal review schedule. Investment policies have been established for the WV Money Market Pool.

CREDIT RISK - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The WV Money Market Pool has been rated AAAM by Standard & Poor's. A fund rated AAAM has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. AAAM is the highest principal stability fund rating assigned by Standard & Poor's. Neither the BTI itself nor any of the other Consolidated Fund pools or accounts has been rated for credit risk by any organization. The WV Money Market Pool is subject to credit risk.

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all long-term corporate debt to be rated A+ or higher by Standard & Poor's (or its equivalent) and short-term corporate debt be rated at A-1 by Standard & Poor's (or its equivalent). At June 30, 2024, the WV Money Market Pool investment had a total carrying value of \$9,605,111, of which the Division's ownership represents 14.95%.

INTEREST RATE RISK - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The WV Money Market Pool is subject to interest rate risk.

The overall weighted average maturity of the investments of the WV Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The following table provides information on the weighted average maturities for the various asset types in the WV Money Market Pool:

Security Type	Carrying Value (In Thousands)	WAM (Days)
Commercial paper	\$ 7,263,293	36
Negotiable certificates of deposit	1,553,998	50
Repurchase agreements	785,000	3
Money market funds	2,820	3
	<u>\$ 9,605,111</u>	<u>36</u>

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
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(amounts expressed in thousands)

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

OTHER RISKS - Other risks can include concentration of credit risk, custodial credit risk, and foreign currency risk. The WV Money Market Pool is not exposed to these risks as described below.

Concentration of credit risk is the risk of loss attributed to the magnitude of the WV Money Market Pool or an account's investment in a single corporate issuer. The BTI investment policy prohibits the WV Money Market Pool from investing more than 5% of their assets in any one corporate name or one corporate issue.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the BTI will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of the BTI. The BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The WV Money Market Pool does not hold interests in foreign currency or interests valued in foreign currency.

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2024 consisted of the following:

Federal aid earned	\$ 90,074
Paving settlement	18,296
Other receivables	<u>6,810</u>
Combined total receivables	115,180
Less: allowance for uncollectibles	<u>(2,807)</u>
Net accounts receivable	<u>\$ 112,373</u>

Accounts receivable representing federal aid earned relate principally to the Federal Highway Administration's (FHWA) participating share of expenditures on highway projects and Federal Emergency Management Agency (FEMA) participating expenditures in response to certain disaster related projects.

During 2021, the State entered into a settlement agreement with a paving vendor. As it relates to the Division, the settlement provided for \$15.7 million of cash proceeds and \$71 million in credits for use on certain construction projects. On the government-wide financial statements, the full settlement amount was recognized as program revenue in the road maintenance function in 2021. As the credits are used, revenue is recorded in the statement of revenues, expenditures, and changes in fund balance. During 2024, \$26.2 million of these credits were used.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024
(amounts expressed in thousands)

NOTE 4: TAXES RECEIVABLE

Taxes receivable at June 30, 2024 consisted of the following:

Automobile privilege taxes	\$ 29,268
Motor fuel excise taxes	47,515
Registration fees	1,043
Other	<u>542</u>
Total taxes receivable	<u><u>\$ 78,368</u></u>

NOTE 5: DUE FROM/TO OTHER STATE OF WEST VIRGINIA AGENCIES

Amounts due from other State agencies at June 30, 2024 consisted of the following:

The Department of Motor Vehicles	\$ 2,994
Parkways Authority	1,577
Other agencies	<u>378</u>
Total amounts due from other State agencies	<u><u>\$ 4,949</u></u>

Amounts due to other State agencies at June 30, 2024 consisted of the following:

Public Employee's Insurance Agency	\$ 2,333
Public Employee's Retirement	1,299
Parkways Authority	21,449
Other agencies	<u>2,127</u>
Total amounts due to other State agencies	<u><u>\$ 27,208</u></u>

NOTE 6: INVENTORIES

Inventories at June 30, 2024 consisted of the following:

Material and supplies	\$ 61,825
Equipment repair parts	25,772
Gas and lubrication supplies	<u>4,453</u>
Total inventories	<u><u>\$ 92,050</u></u>

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024
(amounts expressed in thousands)

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024
Capital assets not being depreciated/amortized:				
Land - non infrastructure	\$ 26,133	\$ -	\$ -	\$ 26,133
Land - infrastructure	1,324,143	26,407	-	1,350,550
Construction-in-progress - buildings and improvements	6,974	6,729	8,713	4,990
Construction-in-progress - land improvements	519	2,753	2,660	612
Construction-in-progress - roads	1,906,269	557,797	334,021	2,130,045
Construction-in-progress - bridges	438,044	225,161	307,696	355,509
Total capital assets not being depreciated/amortized	<u>3,702,082</u>	<u>818,847</u>	<u>653,090</u>	<u>3,867,839</u>
Capital assets being depreciated/amortized:				
Land improvements - non infrastructure	27,435	2,660	-	30,095
Buildings and improvements	240,692	8,713	910	248,495
Furniture and fixtures	6,051	108	9	6,150
Rolling stock	355,278	75,100	10,138	420,240
Scientific equipment	2,746	19	-	2,765
Shop equipment	3,269	265	32	3,502
Infrastructure - roads	9,950,217	334,021	-	10,284,238
Infrastructure - bridges	4,006,449	307,696	-	4,314,145
Right-to-use assets - buildings	19,411	2,335	765	20,981
Total capital assets being depreciated/amortized	<u>14,611,548</u>	<u>730,917</u>	<u>11,854</u>	<u>15,330,611</u>
Less accumulated depreciation/amortization:				
Land improvements - non infrastructure	14,431	1,131	-	15,562
Buildings and improvements	94,016	5,874	714	99,176
Furniture and fixtures	4,669	398	9	5,058
Rolling stock	239,968	20,445	9,900	250,513
Scientific equipment	2,719	9	-	2,728
Shop equipment	2,866	138	32	2,972
Infrastructure - roads	7,072,848	220,179	-	7,293,027
Infrastructure - bridges	1,267,598	85,351	-	1,352,949
Right-to-use assets - buildings	4,951	3,062	765	7,248
Total accumulated depreciation/amortization	<u>8,704,066</u>	<u>336,587</u>	<u>11,420</u>	<u>9,029,233</u>
Total capital assets being depreciated/amortized, net	<u>5,907,482</u>	<u>394,330</u>	<u>434</u>	<u>6,301,378</u>
Governmental activities capital assets, net	<u>\$ 9,609,564</u>	<u>\$ 1,213,177</u>	<u>\$ 653,524</u>	<u>\$10,169,217</u>

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024
(amounts expressed in thousands)

NOTE 7: CAPITAL ASSETS (Continued)

Current year depreciation totaling \$326,122 was allocated as separate line items in the statement of activities under the major functions of the Division of Maintenance and Improvements. The remaining \$10,465 unallocated depreciation and amortization expense is included as a separate line item in the statement of activities. Infrastructure depreciation is primarily related to construction type activities; depreciation of shop and rolling stock assets is primarily related to maintenance type activities; and depreciation and amortization of buildings and improvements and furniture and fixtures support all of the various activities of the Division.

A summary of depreciation and amortization on each capital asset type follows:

<u>Asset Type</u>	<u>Depreciation</u>
Road Maintenance	
Rolling stock	\$ 20,445
Shop equipment	138
Scientific equipment	9
Total road maintenance	<u>20,592</u>
Other Road Operations	
Infrastructure - roads	220,179
Infrastructure - bridges	85,351
Total other road operations	<u>305,530</u>
Total allocated depreciation expense	<u>326,122</u>
Unallocated	
Buildings and improvements	5,874
Right-to-use assets	3,062
Furniture and fixtures	398
Land improvements	1,131
Total unallocated	<u>10,465</u>
Total depreciation and amortization expense	<u>\$ 336,587</u>

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024
(amounts expressed in thousands)

NOTE 8: LONG-TERM OBLIGATIONS

Long-term obligations at June 30, 2024, and changes for the fiscal year then ended, are as follows:

	Issue Date	Interest Rates	Maturity Through	Beginning Balance	Additions	Reductions	Ending Balance
General obligation bonds payable							
from tax revenue:							
Safe road bonds	2015	5.00%	06/01/2025	\$ 43,130	\$ -	\$ 21,040	\$ 22,090
Roads to prosperity bonds	2018	2.00%-5.00%	06/01/2043	706,205	-	21,275	684,930
Roads to prosperity bonds	2019	5.00%	06/01/2044	584,530	-	16,250	568,280
Roads to prosperity bonds	2021	5.00%	06/01/2046	200,000	-	2,455	197,545
Total general obligation bonds				1,533,865	-	61,020	1,472,845
Bond premium safe road bonds				4,981	-	2,600	2,381
Bond premium roads to prosperity bonds				265,101	-	15,272	249,829
Total general obligation bonds payable net of premium				1,803,947	-	78,892	1,725,055
Revenue notes payable from federal aid revenue:							
Surface transportation improvements							
special notes (Garvee 2017A)	2017	5.00%	09/01/2029	142,580	-	17,510	125,070
special notes (Garvee 2018A)	2018	5.00%	09/01/2033	63,315	-	4,455	58,860
Total revenue notes payable				205,895	-	21,965	183,930
Note premium				28,914	-	4,170	24,744
Total revenue notes payable net of premium				234,809	-	26,135	208,674
Claims and judgments				14,195	4,742	6,661	12,276
Compensated absences				24,299	16,288	17,284	23,303
Leases				14,995	2,335	2,891	14,439
Arbitrage liability				-	12,512	-	12,512
Due to other State of West Virginia agencies				5,575	15,874	-	21,449
Net pension liability (asset)				23,730	24,276	48,733	(727)
Net OPEB liability (asset)				5,598	13,757	26,944	(7,589)
Total long-term obligations				\$ 2,127,148	\$ 89,784	\$ 207,540	\$ 2,009,392

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024
(amounts expressed in thousands)

NOTE 8: LONG-TERM OBLIGATIONS (Continued)

General obligation bond issues are authorized by constitutional amendments and are general obligations of the State. Legislation implementing the amendments requires that debt service on the bonds be paid from the State Road Fund and, to the extent that there are insufficient funds therein, from a levy of an annual state tax. All bonds authorized under prior constitutional amendments have been issued and include amounts outstanding above.

Surface Transportation Improvement Special Obligation Notes are authorized under Chapter 17, Article 17A of the Code of West Virginia, 1931, as amended. The Code provides for the issuance of special obligation notes to facilitate the construction of highways, secondary roads and bridges to be funded wholly or in part by federal dollars and in anticipation of reimbursement from such sources. The federal legislation that enables reimbursement of such costs is included in Title 23, Section 122. The Memorandum of Agreement executed between the Federal Highway Administration and the Division of Highways documents the procedures for managing the stewardship and oversight of highway projects that are financed with the proceeds of these notes.

Debt service expenditures included interest of \$85,074 for the year ended June 30, 2024. Total debt service costs, exclusive of coupon redemption costs, for each of the next five years and thereafter, on general obligation bonds payable and revenue notes payable liquidated through debt service funds, are as follows:

	2025	2026	2027	2028	2029	2030- 2034	2035- 2039	2040- 2044	2045- 2046	Total
General obligation bonds payable from tax revenue:										
Safe road bonds	\$ 23,195	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	23,195
Roads to prosperity bonds	115,594	115,606	115,606	115,604	115,611	578,022	578,012	522,586	29,810	2,286,451
Less: interest	72,195	68,836	66,486	63,999	61,386	263,042	174,972	64,116	1,769	836,801
Total principal	66,594	46,770	49,120	51,605	54,225	314,980	403,040	458,470	28,041	1,472,845
Bond Premium	17,653	15,271	15,271	15,271	15,271	76,356	56,872	35,387	4,858	252,210
Total principal and bond premium	<u>\$ 84,247</u>	<u>\$ 62,041</u>	<u>\$ 64,391</u>	<u>\$ 66,876</u>	<u>\$ 69,496</u>	<u>\$ 391,336</u>	<u>\$ 459,912</u>	<u>\$ 493,857</u>	<u>\$ 32,899</u>	<u>\$ 1,725,055</u>
Revenue notes payable due from federal aid revenue:										
Surface transportation special obligation notes	\$ 31,690	\$ 31,658	\$ 31,631	\$ 31,593	\$ 31,564	\$ 61,338	\$ -	\$ -	\$ -	219,474
Less: interest	8,620	7,438	6,196	4,893	3,524	4,873	-	-	-	35,544
Total principal	23,070	24,220	25,435	26,700	28,040	56,465	-	-	-	183,930
Note premium	4,170	4,170	4,170	4,170	4,170	3,894	-	-	-	24,744
Total principal and bond premium	<u>\$ 27,240</u>	<u>\$ 28,390</u>	<u>\$ 29,605</u>	<u>\$ 30,870</u>	<u>\$ 32,210</u>	<u>\$ 60,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,674</u>

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024
(amounts expressed in thousands)

NOTE 8: LONG-TERM OBLIGATIONS (Continued)

GENERAL OBLIGATION BONDS - The State was authorized by constitutional amendment to issue general obligation bonds to fund highway and road construction projects known as Safe Road Bonds and subsequent General Obligation State Road Refunding Bonds.

The Division issued on behalf of the State, \$35,135 in General Obligation State Road Refunding Bonds, Series 2010A on July 22, 2010, resulting in proceeds of \$38,048. This bond issue refunded the Series 1998 and Series 2001 General Obligation State Road Bonds with cumulative outstanding principal of \$37,730. During 2021, these bonds were refunded with the issuance of General Obligation State Road Refunding Bonds, Series 2021B.

The Division issued on behalf of the State, \$133,710 in General Obligation Refunding Bonds, Series 2015A on April 28, 2015, resulting in proceeds of \$159,908. This series refunded Series 2005A General Obligation State Road Bonds with cumulative outstanding principal of \$159,300.

The State was authorized by constitutional amendment to issue general obligation bonds to fund highway and road construction projects known as Road to Prosperity Bonds and subsequent General Obligation State Road Refunding Bonds. Bonds of \$800,000 were issued during June of 2018, resulting in proceeds of \$913,435. Bonds of \$600,000 were issued during December of 2019, resulting in proceeds of \$746,576. Bonds of \$214,085 were issued in 2021, resulting in proceeds of \$277,455. Included in this 2021 issuance is \$14,085 of refunding bonds.

General obligation bonds are secured by pledged receipts of annual tax revenue.

The general obligation bonds are subject to the arbitrage rebate provisions of the Internal Revenue Code (the Code). The Code requires that 90% of excess investment earnings on the bond proceeds be paid to the Internal Revenue Service every five years in order for the bonds to maintain their tax-exempt status. At June 30, 2024, the Division's estimated arbitrage rebate liability recorded as other noncurrent liabilities was \$12,512.

REVENUE NOTES - The State was authorized by constitutional amendment to issue \$500,000 of Surface Transportation Improvements Special Obligation Notes (GARVEE Notes) to fund highway and road construction projects. These notes will be repaid from future federal highway revenues.

GARVEE Notes of \$219,985 were issued during October 2017, resulting in proceeds of \$259,867. GARVEE Notes of \$78,810 were issued on August 1, 2018, resulting in proceeds of \$90,870.

GARVEE Notes are secured by pledged receipts of eligible FHWA funds received by the Division, representing reimbursement of the costs incurred in connection with the federal-aid projects financed by the GARVEE notes.

LEASES - The Division leases buildings for various terms under long-term, noncancelable lease agreements. The leases have monthly installments ranging between \$3 and \$78 plus interest at 4.00% with due dates ranging through February 2034.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
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YEAR ENDED JUNE 30, 2024
(amounts expressed in thousands)

NOTE 8: LONG-TERM OBLIGATIONS (Continued)

Future annual minimum lease payments on leases for years subsequent to June 30, 2024, are as follows:

<u>Fiscal year ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 3,113	\$ 521	\$ 3,634
2026	2,534	405	2,939
2027	2,208	311	2,519
2028	2,013	227	2,240
2029	1,773	146	1,919
2030-2034	2,798	202	3,000
	<u>\$ 14,439</u>	<u>\$ 1,812</u>	<u>\$ 16,251</u>

Long-term obligations for compensated absences, claims and judgments, leases payable, arbitrage liability and due to other State of West Virginia agencies, and general obligation bonds and revenue notes and premium are as follows:

	<u>Compensated Absences</u>	<u>Claims and Judgements</u>	<u>Leases Payable</u>	<u>Arbitrage Liability and Due to Other State of West Virginia Agencies</u>	<u>General Obligation Bonds and Revenue Notes and Premium</u>	<u>Total</u>
Current Liabilities	\$ 18,381	\$ 516	\$ 3,113	\$ -	\$ 111,487	\$ 133,497
Long Term Liabilities	4,922	11,760	11,326	33,961	1,822,242	1,884,211
Totals	<u>\$ 23,303</u>	<u>\$ 12,276</u>	<u>\$ 14,439</u>	<u>\$ 33,961</u>	<u>\$ 1,933,729</u>	<u>\$ 2,017,708</u>

The following summarizes the estimated claims liability for the current year and that of the preceding two years.

	<u>Year Ended June 30, 2024</u>	<u>Year Ended June 30, 2023</u>	<u>Year Ended June 30, 2022</u>
Estimated claims liability, July 1	\$ 14,195	\$ 14,212	\$ 23,737
Additions for claims incurred during the year	4,742	2,500	1,346
Changes in estimates for claims of prior periods	(6,151)	(2,085)	(10,254)
Payments on claims	<u>(510)</u>	<u>(432)</u>	<u>(617)</u>
Estimated claims liability, June 30	<u>\$ 12,276</u>	<u>\$ 14,195</u>	<u>\$ 14,212</u>

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NOTE 8: LONG-TERM OBLIGATIONS (Continued)

At June 30, 2024, approximately \$25 million of claims were pending against the Division in the West Virginia Court of Claims. Related to these claims, the Division has an estimated obligation of \$12,276 (\$5,776 of tort claims and \$6,500 in environmental claims) recorded in the government-wide statement of net position, based on management's evaluation of the nature of such claims and consideration of historical loss experience for the respective types of action. Such claims will be recognized primarily as expenditures of the State Road Fund if, and when, they are approved for payment by the Legislature in accordance with legal statutes. Also included in claims are claims that have been settled in the court of claims and approved for payment through legislative action. These amounts total approximately \$510. During the normal course of operations, the Division may become subject to other litigation. No provision has been made in the financial statements for liabilities, if any, from such litigation.

The Division's obligation for accrued vacation leave time includes leave time and related costs expected to be paid to employees in the future and are determined using wage levels in effect at the date the obligation is calculated. Upon retirement, an employee may apply unused sick leave to reduce their future insurance premiums paid to the West Virginia Public Employees Insurance Agency or apply unused sick leave or annual leave or both to obtain a greater benefit under the West Virginia Public Employees Retirement System. Compensated absences are generally liquidated by the State Road General Fund.

NOTE 9: RELATED PARTY TRANSACTIONS WITH THE STATE OF WEST VIRGINIA

The Division enters into certain transactions with various agencies of the State. The following summarizes the nature and terms of the most significant transactions:

The Division leases from the Department of Administration substantially all of State Office Building No. 5, which is owned by the State Building Commission. The Division may be released from its obligation at the option of the lessor or lessee. In addition, the Division also leases a portion of State Office Building No. 6, under a lease agreement that can be cancelled by the lessor or lessee. The Division paid \$2,731 related to these leases during the year ended June 30, 2024.

The Division's employees participate in various benefit plans offered by the State. Employer contributions to these plans are mandatory. During the year ended June 30, 2024, the Division incurred payroll related expenditures of approximately \$47,227 for employee health insurance benefits provided through the West Virginia Public Employees Insurance Agency, approximately \$26,407 in employer matching contributions to the State Public Employees Retirement System and approximately \$664 for employee OPEB benefits provided by the West Virginia Retiree Health Benefits Trust Fund.

During the year ended June 30, 2024, the Division recorded revenue from the West Virginia Parkways Authority of \$26,013 for construction related costs.

NOTE 10: COMMITMENTS AND CONTINGENCIES

The amount of unexpended balances of highway design and construction contracts entered into by the Division with various contractors approximated \$819,562 at June 30, 2024.

The Division participates in several federal programs which are subject to audit by the federal awarding agency. Any disallowed claims, including amounts already collected by the Division, may constitute a liability to the federal awarding agency of the applicable funds. The Division reports a liability related to costs incurred on federally funded projects outside of project end dates. These amounts may be re-appropriated to other Federal Highway Administration grants. The Division expects other such amounts, if any, to be immaterial to the financial position of the Division. The Division records these disallowed costs in the period the audit is finalized.

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NOTE 10: COMMITMENTS AND CONTINGENCIES (Continued)

Based on the Division's Inspection Program, the Division has reviewed the information on obsolete and deficient bridges. The Division is concerned about safety and tries to prioritize bridges for repair and replacement based on engineering assessments. The Division's long-range plans to address this issue will be impacted by actions that may be taken by both the federal and state government, including funding levels provided for this purpose.

Various legal proceedings and claims related to condemnation and eminent domain cases are pending against the Division. At June 30, 2024, there were 221 open cases. These cases involve the acquisitions of properties by the Division for right of way purposes. The Division has paid the applicable courts on behalf of the land grantors, estimated fair values of the properties acquired. The open cases may result in condemnation commissioners or jury verdicts awarding amounts in excess, of the previously paid estimated fair value amounts. In these situations, the excess award amount plus a statutory interest rate of 10% would be paid to the grantor. The interest amount would be calculated on the excess award amount from the date of the petition filing to the date of the excess payment amount to the court. Several of these cases relate to condemnations from the 1960s and 1970s. There is no estimate available as to the amount of monies needed to resolve these cases. Management is of the opinion, that any liability resulting from these claims would have no material adverse effect on the financial position of the Division.

NOTE 11: RETIREMENT PLAN

PLAN DESCRIPTION - The Division contributes to the West Virginia Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board (CPRB). PERS covers substantially all employees of the State and its component units, as well as employees of participating non-state governmental entities who are not participants of another State or municipal system. Benefits under PERS include retirement, death and disability benefits, and have been established and may be amended by action of the State Legislature. The CPRB issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained at www.wvretirement.com.

BENEFITS PROVIDED - Benefits are provided through PERS using a two-tiered system. Effective July 1, 2015, PERS implemented the second tier, Tier II. Employees hired, for the first time, on or after July 1, 2015 are considered Tier II members. Tier I and Tier II members are subject to different regulations.

Tier I: Employees who retire at or after age 60 with five or more years of credited service, or at least age 55 with age and service equal to 80 years or greater, are entitled to a retirement benefit established by State statute, payable monthly for life, in the form of a straight-life annuity equal to two percent of the employee's final average salary multiplied by years of service. Final average salary is the average of the highest annual compensation received by an employee during any period of three consecutive years of credited service included within fifteen years of credited service immediately preceding the termination date of employment with a participating public employer or, if the employee has less than three years of credited service, the average of the annual rate of compensation received by the employee during the total years of credited service. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62.

Tier II: Employees who retire at or after age 62 with ten or more years of credited service are entitled to a retirement benefit established by State statute, payable monthly for life, in the form of a straight-life annuity equal to two percent of the employee's final average salary multiplied by years of service. Final average salary is the average of the highest annual compensation received by an employee during any period of five consecutive years of credited service included within fifteen years of credited service immediately preceding the termination date of employment with a participating public employer. Terminated members with at least ten years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 64.

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NOTE 11: RETIREMENT PLAN (Continued)

CONTRIBUTIONS - While contribution rates are legislatively determined, actuarial valuations are performed to assist PERS and the State Legislature in determining contribution rates. Current funding policy requires employer contributions of 9.0% for the year ended June 30, 2024. The employee contribution rate is 4.5% and 6.0% for Tier I and Tier II employees, respectively.

During the year ended June 30, 2024, the Division's contributions to PERS required and made were approximately \$26,407. The General Fund is typically used to liquidate pension liabilities.

PENSION LIABILITY (ASSET), PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS - At June 30, 2024, the Division reported a pension liability (asset) of (\$727) for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of June 30, 2023, and the total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of July 1, 2022, rolled forward to the measurement date of June 30, 2023. The Division's proportion of the net pension liability/(asset) was based on a projection of the Division's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At the June 30, 2023 measurement date, the Division's proportionate share was 16.23%, which was an increase of 0.30% from its proportionate share measured as of June 30, 2022.

For the year ended June 30, 2024, the Division recognized pension expense of \$24,163. At June 30, 2024, the Division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 4,419	\$ -
Changes in assumptions	4,704	-
Changes in proportion and differences between Division contributions and proportionate share of contributions	3	224
Division contributions made subsequent to the measurement date of June 30, 2023	26,407	-
Differences between expected and actual experience	6,159	-
Total	<u>\$ 41,692</u>	<u>\$ 224</u>

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NOTE 11: RETIREMENT PLAN (Continued)

The amount reported as deferred outflows of resources related to pensions of \$26,407 resulting from Division contributions subsequent to the measurement date will be recognized as a reduction (increase) to the net pension liability/(asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,

2025	\$ (1,378)
2026	(14,411)
2027	33,873
2028	(3,023)
	<u>\$ 15,061</u>

ACTUARIAL ASSUMPTIONS AND METHODS - The total pension liability/(asset) in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75%
Salary increases	2.75 - 6.75%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense

Mortality rates were based on 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018 for active members; 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018 for retired healthy males; 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018 for retired healthy females, 118% of Pub-2010 General/Teachers Disabled Male table, headcount weighted, projected with scale MP-2018 for disabled males, 117% of Pub-2010 General/Teachers Disabled Female table, headcount weighted, projected with scale MP-2018 for disabled females, 112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with Scale MP-2018 for beneficiary males, and 115% of Pub-2010 Contingent Survivor Female table, below-median, headcount weighted, projected generationally with scale MP-2018 for beneficiary females.

The economic assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020. All other assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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NOTE 11: RETIREMENT PLAN (Continued)

LONG-TERM EXPECTED RATES OF RETURN - The long-term rates of return on pension plan investments were determined using a building-block method in which estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. The target allocation and best estimates of long-term geometric rates of return for each major asset class as of June 30, 2023 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	6.5%	27.5%
International equity	9.1%	27.5%
Fixed income	4.3%	15.0%
Real estate	5.8%	10.0%
Private equity	9.2%	10.0%
Hedge funds	4.6%	10.0%

DISCOUNT RATE - The discount rate used to measure the total pension liability/(asset) was 7.25%. The projections of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from employers will follow current funding policies. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability/(asset). Although discount rates are subject to change between measurement dates, there were no changes in the discount rate in the current period.

SENSITIVITY OF THE DIVISION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET) TO CHANGES IN THE DISCOUNT RATE - The following table presents the Division's proportionate share of the net pension liability/(asset) calculated using the current discount rate of 7.25%, as well as what the Division's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
The Division's proportionate share of the net pension liability/(asset)	<u>\$ 150,743</u>	<u>\$ (727)</u>	<u>\$ (128,541)</u>

PAYABLES TO THE PENSION PLAN - The Division reported \$1,299 as payable for normal contributions to the OPEB plan as of June 30, 2024.

PENSION PLAN FIDUCIARY NET POSITION - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report available at the Consolidated Public Retirement Board's website at www.wvretirement.com.

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NOTE 12: OTHER POST EMPLOYMENT BENEFITS

The following are the Division's net OPEB liability/(asset), deferred outflows of resources and deferred inflows of resources related to OPEB revenues, and the OPEB expense and expenditures for the fiscal year ended June 30, 2024:

Net OPEB liability/(asset)	\$ (7,589)
Deferred outflows of resources	3,065
Deferred inflows of resources	12,452
Revenues (payments on behalf)	(5,479)
OPEB expense	(24,405)
Contributions made by the Division	664

PLAN DESCRIPTION - The West Virginia Other Postemployment Benefit (OPEB) Plan (the Plan) is a cost-sharing, multiple employer, defined benefit other postemployment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code. Financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State established July 1, 2006 as an irrevocable trust. The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with the approval of the PEIA Finance Board. The plan provides medical and prescription drug insurance, as well as life insurance, benefits to certain retirees of State agencies, colleges and universities, county boards of education, and other government entities who receive pension benefits under the PERS, STRS, TDCRS, TIAA-CREF, Plan G, Troopers Plan A, or Troopers Plan B pension systems, as administered by the West Virginia Consolidated Public Retirement Board (CPRB). The plan is closed to new entrants.

The Plan's fiduciary net position has been determined on the same basis used by the Plan. The RHBT is accounted for as a fiduciary fund, and its financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with GAAP for fiduciary funds as prescribed or permitted by the GASB. The primary sources of revenue are plan members and employer contributions. Members' contributions are recognized in the period in which the contributions are due. Employer contributions and related receivables to the trust are recognized pursuant to a formal commitment from the employer or statutory or contractual requirement, when there is a reasonable expectation of collection. Benefits and refunds are recognized when due and payable.

RHBT is considered a component unit of the State for financial reporting purposes, and, as such, its financial report is also included in the State's Annual Comprehensive Financial Report. RHBT issues publicly available financial statements and required supplementary information for the OPEB plan. Details regarding this plan and a copy of the RHBT financial report may be obtained at www.peia.wv.gov.

BENEFITS PROVIDED - The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

The medical and prescription drug insurance is provided through two options:

- Self-Insured Preferred Provider Benefit Plan – primarily for non-Medicare-eligible retirees and spouses
- External Managed Care Organizations – primarily for Medicare-eligible retirees and spouses

CONTRIBUTIONS - Employer contributions from the RHBT billing system represent what the employer was billed during the respective year for its portion of the pay-as-you-go (paygo) premiums, retiree leave conversion billings, and other matters, including billing adjustments.

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NOTE 12: OTHER POST EMPLOYMENT BENEFITS (Continued)

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The paygo rate (not in thousands) related to the measurement date of June 30, 2023 was:

	<u>2023</u>
Paygo premium	\$ 70

Members retired before July 1, 1997 pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired after July 1, 1997 or hired before June 30, 2010 pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010, pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

Retiree leave conversion contributions from the employer depend on the retiree's date of hire and years of service at retirement as described below:

- Members hired before July 1, 1988, may convert accrued sick or leave days into 100% of the required retiree healthcare contribution.
- Members hired from July 1, 1988 to June 30, 2001, may convert accrued sick or leave days into 50% of the required retiree healthcare contribution.

The conversion rate is two days of unused sick and annual leave days per month for single healthcare coverage and three days of unused sick and annual leave days per month for family healthcare coverage.

The Division's contributions to the OPEB plan for the year ended June 30, 2024 were \$664. The General Fund is typically used to liquidate OPEB liabilities.

SPECIAL FUNDING - The State is a non-employer contributing entity that provides funding through SB 419, effective July 1, 2012, amended by West Virginia Code §11-21-96. The State provides a supplemental pre-funding source dedicating \$30 million annually to the RHBT Fund from annual collections of the Personal Income Tax Fund and dedicated for payment of the unfunded liability of the RHBT. The \$30 million transferred pursuant to this Code shall be transferred until the Governor certifies to the Legislature that an independent actuarial study has determined that the unfunded liability of RHBT has been provided for in its entirety or July 1, 2037, whichever date is later. This funding is to the advantage of all RHBT contributing employers.

ASSUMPTIONS - The June 30, 2024 OPEB liability/(asset) for financial reporting purposes was determined by an actuarial valuation as of June 30, 2022 and a measurement date of June 30, 2023. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Inflation rate: 2.50%.
- Salary increase: Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation.
- Investment rate of return: 7.40%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: Trend rate for pre-Medicare per capita costs of 7.0% medical and 8.0% drug for plan year end 2023. The trends increase over four years to 9.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2032.
- Actuarial cost method: Entry age normal cost method.
- Amortization method: Level percentage of payroll over a 20-year closed period beginning June 30, 2017.

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NOTE 12: OTHER POST EMPLOYMENT BENEFITS (Continued)

- Wage inflation: 2.75%.
- Retirement age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2020 actuarial valuation.
- Aging factors: Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
- Expenses: Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.
- Mortality post retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females.
- Mortality pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 100% for females.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2015 to June 30, 2020. These assumptions will remain in effect for valuation purposes until such time as the RHBT adopts revised assumptions.

The actuarial valuation as of June 30, 2022, reflects updates to the following assumptions which are reviewed at each measurement date:

- Per capita claim costs;
- Healthcare trend rates;
- Aging factors;
- Participation rates

The long-term expected rate of return of 7.40% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.60% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 2.75% for assets invested with the BTI.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions (CMA), and future forecast returns were provided by the plan's investment advisors, including the West Virginia Investment Management Board (WV-IMB). The projected nominal return for the Money Market Pool held with the BTI was estimated based on the WV-IMB assumed inflation of 2.5% plus a 25 basis point spread.

The target allocation and estimates of annualized long-term expected real returns assuming a 10-year horizon as of June 30, 2023 are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Return
Equity	45.0%	7.4%
Fixed Income	15.0%	3.9%
Private credit and income	6.0%	7.4%
Private equity	12.0%	10.0%
Real estate	12.0%	7.2%
Hedge funds	10.0%	4.5%

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NOTE 12: OTHER POST EMPLOYMENT BENEFITS (Continued)

SINGLE DISCOUNT RATE - A single discount rate of 7.40% was used to measure the total OPEB liability/(asset). This single discount rate was based on the expected rate of return on OPEB plan investments of 7.40%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability/(asset).

SENSITIVITY OF THE NET OPEB LIABILITY/(ASSET) TO CHANGES IN THE DISCOUNT RATE - The following presents the Division's proportionate share of the net OPEB liability/(asset) as of June 30, 2024 calculated using the discount rate of 7.40%, as well as what the Division's proportionate net OPEB liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower (6.40%) or one percentage point higher (8.40%) than the current rate.

	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
Net OPEB liability/(asset)	\$ <u>(1,284)</u>	\$ <u>(7,589)</u>	\$ <u>(14,504)</u>

SENSITIVITY OF THE NET OPEB LIABILITY/(ASSET) TO CHANGES IN THE HEALTHCARE COST TREND RATE - The following presents the Division's proportionate share of the net OPEB liability/(asset) as of June 30, 2024 calculated using the healthcare cost trend rate, as well as what the Division's net OPEB liability/(asset) would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB liability/(asset)	\$ <u>(19,332)</u>	\$ <u>(7,589)</u>	\$ <u>6,376</u>

OPEB LIABILITY/(ASSET), OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB - The June 30, 2024 net OPEB liability/(asset) was measured as of June 30, 2023, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

At June 30, 2024, the Division's proportionate share of the net OPEB liability/(asset) was (\$10,828). Of this amount, the Division recognized (\$7,589) as its proportionate share on the statement of net position. The remainder of (\$3,239) denotes the Division's proportionate share of net OPEB liability/(asset) attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to OPEB for the fiscal year ended June 30, 2023. Employer contributions are recognized when due. At the June 30, 2023 measurement date, the Division's proportion was 4.80%, a decrease of 0.23% from its proportion of 5.03% calculated as of June 30, 2022.

For the year ended June 30, 2024, the Division recognized OPEB expense of \$(24,405). Of this amount, \$(18,926) was recognized as the Division's proportionate share of OPEB expense and (\$5,479) as the amount of OPEB expense attributable to special funding from a non-employer contributing entity.

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NOTE 12: OTHER POST EMPLOYMENT BENEFITS (Continued)

At June 30, 2024, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,418
Changes in proportion and difference between employer contributions and proportionate share of contributions	309	3,674
Change in assumptions	2,092	4,234
Net difference between projected and actual investment earnings	-	126
Contributions after the measurement date	<u>664</u>	<u>-</u>
Total	<u>\$ 3,065</u>	<u>\$ 12,452</u>

The Division will recognize the \$664 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction (increase) to the net OPEB liability/(asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30,	Amortization
2025	\$ (4,900)
2026	(4,550)
2027	(292)
2028	<u>(309)</u>
	<u>\$ (10,051)</u>

PAYABLES TO THE OPEB PLAN - The Division reported \$136 as payable for normal contributions to the OPEB plan as of June 30, 2024.

NOTE 13: RISK MANAGEMENT

The Division is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health and life coverage; and natural disasters. The State established the Board of Risk and Insurance Management (BRIM) and the Public Employees Insurance Agency (PEIA), to account for and finance uninsured risks of losses for State agencies, institutions of higher education, and component units.

BRIM is a public entity risk pool that provides coverage for general, property, medical malpractice, and automobile liability. PEIA is also a public entity risk pool and provides coverage for employee and dependent health, life and prescription drug insurance. The Division retains the risk of loss on certain tort and contractor claims in excess of the amount insured or covered by BRIM's insurance carrier. Other than the amounts disclosed in Note 10, amounts of settlements have not exceeded insurance coverage in the past three years.

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(amounts expressed in thousands)

NOTE 13: RISK MANAGEMENT (Continued)

Through its participation in the PEIA, the Division has obtained health coverage for its employees. In exchange for payment of premiums to PEIA, the Division has transferred its risks related to health coverage. PEIA issues publicly available financial reports that include financial statements and required supplementary information, these reports may be obtained by writing to PEIA.

Workers compensation coverage to all State agencies is provided through the West Virginia State Insurance Commission who in turn purchases the workers' compensation coverage from commercial insurers on behalf of all State agencies. Nearly every employer in the State who has a payroll must have coverage.

REQUIRED SUPPLEMENTARY INFORMATION

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
JUNE 30, 2024

	Last 10 Fiscal Years*									
	(In Thousands)									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Government's proportion of the net pension liability (asset) (percentage)	16.23%	15.93%	15.67%	15.75%	15.77%	15.18%	14.98%	15.20%	14.54%	14.48%
Government's proportionate share of the net pension liability (asset)	\$ (727)	\$ 23,730	\$ (137,597)	\$ 83,266	\$ 33,914	\$ 39,215	\$ 64,651	\$ 139,665	\$ 81,197	\$ 53,405
Government's covered payroll	\$ 286,689	\$ 258,040	\$ 249,610	\$ 253,680	\$ 231,670	\$ 206,445	\$ 207,108	\$ 209,422	\$ 198,305	\$ 193,990
Government's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-0.25%	9.20%	-55.12%	32.82%	14.64%	19.00%	31.22%	66.69%	40.95%	27.53%
Plan fiduciary net position as a percentage of the total pension liability	100.05%	98.17%	111.07%	92.89%	96.99%	96.33%	93.67%	86.11%	91.29%	93.98%

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year (measurement date).

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
JUNE 30, 2024

Last 10 Fiscal Years
(In Thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 26,407	\$ 25,802	\$ 25,804	\$ 24,961	\$ 25,368	\$ 23,167	\$ 22,709	\$ 24,853	\$ 28,272	\$ 27,693
Contributions in relation to the statutorily required contribution	(26,407)	(25,802)	(25,804)	(24,961)	(25,368)	(23,167)	(22,709)	(24,853)	(28,272)	(27,693)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Government's covered payroll	\$ 293,411	\$ 286,689	\$ 258,040	\$ 249,610	\$ 253,680	\$ 231,670	\$ 206,445	\$ 207,108	\$ 209,422	\$ 198,305
Contributions as a percentage of covered payroll	9.00%	9.00%	10.00%	10.00%	10.00%	10.00%	11.00%	12.00%	13.50%	14.00%

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year (measurement date).

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
JUNE 30, 2024

Last 10 Fiscal Years*
(In Thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Government's proportion of the net OPEB liability (asset) (percentage)	4.80%	5.03%	5.67%	5.58%	5.51%	5.46%	5.30%			
Government's proportionate share of the net OPEB liability (asset)	\$ (7,589)	\$ 5,598	\$ (1,685)	\$ 24,641	\$ 91,431	\$ 117,167	\$ 130,248			
State's proportionate share of the net OPEB liability (asset)	(3,239)	1,918	(332)	5,449	18,711	24,215	26,753			
Total proportionate share of the net OPEB liability (asset)	<u>\$ (10,828)</u>	<u>\$ 7,516</u>	<u>\$ (2,017)</u>	<u>\$ 30,090</u>	<u>\$ 110,142</u>	<u>\$ 141,382</u>	<u>\$ 157,001</u>			
Government's payroll (1)	\$ 286,613	\$ 259,586	\$ 239,341	\$ 190,954	\$ 223,350	\$ 199,967	\$ 195,322			
Government's proportionate share of the net OPEB liability (asset) as a percentage of its payroll (1)	-2.65%	2.16%	-0.70%	12.90%	40.94%	58.59%	66.68%			
Plan fiduciary net position as a percentage of the total OPEB liability	109.66%	93.59%	101.81%	73.49%	39.69%	30.98%	25.10%			

* - The amounts presented for each fiscal year were determined as of June 30th of the previous year (measurement date). This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

(1) Covered payroll related to the OPEB plan was unavailable, therefore, total payroll for the government was used.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
JUNE 30, 2024

Last 10 Fiscal Years*
(In Thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 664	\$ 4,810	\$ 5,913	\$ 10,333	\$ 10,783	\$ 11,354	\$ 11,159	\$ 10,880		
Contributions in relation to the statutorily required contribution	\$ (664)	\$ (4,810)	\$ (5,913)	\$ (10,333)	\$ (10,783)	\$ (11,354)	\$ (11,159)	\$ (10,880)		
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Government's payroll (1)	\$ 294,346	\$ 286,613	\$ 259,586	\$ 239,341	\$ 190,954	\$ 223,350	\$ 199,967	\$ 195,322		
Contributions as a percentage of payroll (1)	0.23%	1.68%	2.28%	4.32%	5.65%	5.08%	5.58%	5.57%		

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Government should present information for those years for which information is available.

(1) Covered payroll related to the OPEB plan was unavailable, therefore, total payroll for the government was used.

WEST VIRGINIA DIVISION OF HIGHWAYS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEAR ENDED JUNE 30, 2024

Actuarial Changes Pension Plan

An experience study for economic assumptions, which was based on the years 2015 through 2020, and an experience study for all other assumptions, which was based on the years 2013 through 2018, was approved by the Consolidated Public Retirement Board. As a result, valuation assumptions were changed as of June 30, 2023 to reflect the most recent experience study:

	Projected Salary Increases		Inflation rate	Mortality Rates	Withdrawal Rates		Disability Rates
	State	Nonstate			State	Nonstate	
2023	2.75% - 5.55%	3.60% - 6.75%	2.75%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018; Disabled females-117% of Pub-2010 General / Disabled Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2018; Beneficiary males-112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with Scale MP-2018; Beneficiary females-115% of Pub-2010 Contingent Survivor Female table, below-median, headcount weighted, projected generationally with Scale MP-2018	2.28-45.63%	2.5-35.88%	0.005-0.540%
2022	2.75% - 5.55%	3.60% - 6.75%	2.75%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected with scale MP-2018; Disabled females-117% of Pub-2010 General / Disabled Teachers Disabled Female table, headcount weighted, projected with scale MP-2018; Beneficiary males-112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with Scale MP-2018; Beneficiary females-115% of Pub-2010 Contingent Survivor Female table, below-median, headcount weighted, projected generationally with Scale MP-2018	2.28-45.63%	2.5-35.88%	0.005-0.540%
2021	2.75% - 5.55%	3.60% - 6.75%	2.75%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected with scale MP-2018; Disabled females-117% of Pub-2010 General / Disabled Teachers Disabled Female table, headcount weighted, projected with scale MP-2018	2.28-45.63%	2.5-35.88%	0.005-0.540%

WEST VIRGINIA DIVISION OF HIGHWAYS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION
YEAR ENDED JUNE 30, 2024

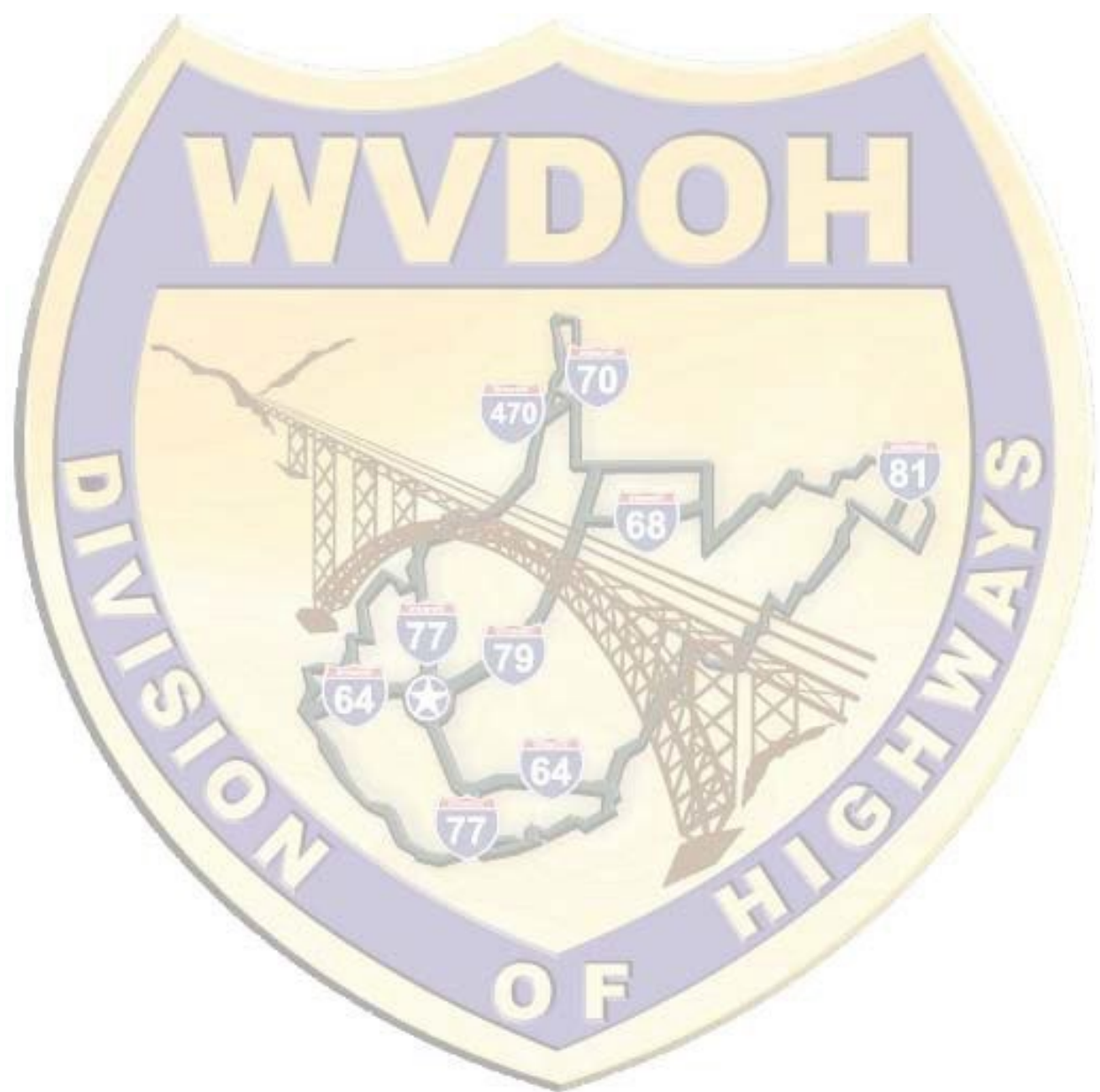
	Projected Salary Increases		Inflation rate	Mortality Rates		Withdrawal Rates	
	State	Nonstate		State	Nonstate	Disability Rates	
<u>2020</u>	3.1% - 5.3%	3.35% - 6.5%	3.00%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected with scale MP-2018; Disabled females-117% of Pub-2010 General / Disabled Teachers Disabled Female table, headcount weighted, projected with scale MP-2018	2.28-45.63%	2.5-35.88%	0.005-0.540%
<u>2019</u>	3.1% - 5.3%	3.35% - 6.5%	3.00%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018; Retired healthy females-122% of Pub-2010 Annuitant, Scale AA fully generational General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018; headcount weighted, projected with scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, below-median, headcount weighted, projected with scale MP-2018; Disabled females-118% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018	2.28-45.63%	2-35.88%	0.005-0.540%
<u>2018</u>	3.00% - 4.6%	3.35% - 6.0%	3.00%	Active-100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101% of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled Males-96% of RP2000 Disabled Annuitant, Scale AA fully generational Disabled Females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational	1.75-35.10%	2-35.88%	0.007-.675%
<u>2017</u>	3.00% - 4.6%	3.35% - 6.0%	3.00%	Active-100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101% of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled Males-96% of RP2000 Disabled Annuitant, Scale AA fully generational Disabled Females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational	1.75-35.10%	2-35.88%	0.007-.675%
<u>2016</u>	3.00% - 4.6%	3.35% - 6.0%	3.00%	Active-100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101% of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled Males-96% of RP2000 Disabled Annuitant, Scale AA fully generational Disabled Females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational	1.75-35.10%	2-35.88%	0.007-.675%
<u>2015</u>	3.00% - 4.6%	3.35% - 6.0%	1.90%	Healthy males - 110% of RP-2000 Non-Annuitant, Scale AA; Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA; Disabled males - 96% of RP-2000 Disabled Annuitant, Scale AA; Disabled females - 107% of RP-2000 Disabled Annuitant, Scale AA	1.75-35.1%	2-35.8%	0-.675%
<u>2014</u>	4.25% - 6.0%	4.25% - 6.0%	2.20%	Healthy males - 1983 GAM; Healthy females-1971; disabled males - 1971 GAM; Disabled females - Revenue ruling 96-7	1-26%	2-31.2%	0-.8%

WEST VIRGINIA DIVISION OF HIGHWAYS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OPEB
YEAR ENDED JUNE 30, 2024

Actuarial Changes Other Postemployment Benefits Plan

The actuarial assumptions used in the total OPEB liability (asset) calculation can change from year to year. Please see table below which summarizes the actuarial assumptions used for the respective measurement dates.

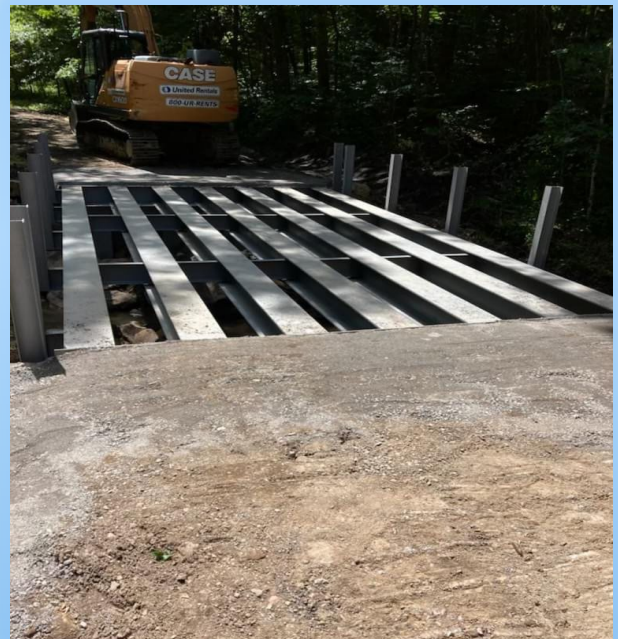
	Inflation Rate	Salary Increases	Wage Inflation Rate	Investment Rate of Return & Discount Rate	Mortality	Retirement Age	Aging Factors	Expenses	Healthcare Cost Trend Rates
2023	2.50%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	7.40%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females; Pre-Retirement: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare and Medicare per capita costs of 7.0% medical and 8.0% drug. The trends increase over four year to 9.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2032.
2022	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females; Pre-Retirement: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.
2021	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 106% for males and 113% for females; Pre-Retirement: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2022. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
2020	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 Below-Median Income General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 106% for males and 113% for females; Pre-Retirement: Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2019	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.5% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
2019	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis; Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020, 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.
2018	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis; Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.
2017	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis; Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of annual expense.	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.



Statistical Section

West Virginia Department of Transportation

Division of Highways



Statistical Section Narrative and Table of Contents

Financial Trends – These schedules contain trend information to help the reader understand how the Division’s financial performance and well-being have changed over time.

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Revenue Capacity Information – These schedules contain trend information to help the reader understand the Division's capacity to raise revenues and the sources of those revenues.

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Fuel and Privilege Tax Rates	83

Debt Capacity Information – These schedules contain information to help the reader to understand the Division’s outstanding debt, the capacity to repay the debt, and the ability to issue new debt in the future.

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Demographic and Economic Information – These schedules offer indicators to help the reader understand the environment within which the Division’s financial activities take place.

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Operating Information – These schedules assist the reader in evaluating the size, efficiency, and effectiveness of the Division.

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**WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS**

**Net Position by Component
Last Ten Fiscal Years**
(amounts expressed in thousands)

	Fiscal Year			
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Governmental Activities				
Net investment in capital assets	\$ 8,918,671	\$ 8,409,170	\$ 7,986,328	\$ 8,108,753
Restricted	426,056	483,282	496,814	487,827
Unrestricted	418,971	272,926	191,052	219,137
Total governmental activities net position	<u>\$ 9,763,698</u>	<u>\$ 9,165,378</u>	<u>\$ 8,674,194</u>	<u>\$ 8,815,717</u>

The adoption of GASB 68 in fiscal year 2015 resulted in a (\$107,221) cumulative effect adjustment to unrestricted net position.

The adoption of GASB 75 in fiscal year 2018 resulted in a \$2,626 cumulative effect adjustment to unrestricted net position.

There was a prior period adjustment in fiscal year 2022 resulting in a (\$153,688) adjustment to beginning net position.

Fiscal Year					
<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 8,195,263	\$ 8,095,231	\$ 7,832,625	\$ 7,967,600	\$ 7,969,214	\$ 7,911,050
109,560	188,310	19,285	12,737	12,031	12,968
(156,259)	96,572	220,991	(4,164)	(106,540)	(90,098)
\$ 8,148,564	\$ 8,380,113	\$ 8,072,901	\$ 7,976,173	\$ 7,874,705	\$ 7,833,920

**WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS**

**Changes in Net Position
Last Ten Fiscal Years**
(amounts expressed in thousands)

	Fiscal Year			
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues				
Governmental activities:				
General Revenues				
Motor fuel excise tax	\$ 435,840	\$ 439,560	\$ 422,945	\$ 404,425
Automobile privilege tax	316,406	322,667	296,875	297,116
Investment and interest income	50,954	55,944	4,838	2,297
Payments from primary government	304,521	143,828	-	575,221
Miscellaneous revenues	42,335	15,452	5,961	5,221
(Loss) gain on sale of assets	(434)	-	-	-
Total General Revenues	<u>1,149,622</u>	<u>977,451</u>	<u>730,619</u>	<u>1,284,280</u>
Program Revenues				
Capital grants and contributions:				
Federal aid	855,690	712,615	529,914	529,595
Industrial access roads	3,000	3,000	3,000	3,000
Charges for services:				
Motor vehicle registration fees	131,692	138,495	135,736	139,638
Special fees and permits	6,444	7,080	6,719	6,802
Other program revenue	-	-	-	86,751
Total Program Revenues	<u>996,826</u>	<u>861,190</u>	<u>675,369</u>	<u>765,786</u>
Total governmental revenues	<u>2,146,448</u>	<u>1,838,641</u>	<u>1,405,988</u>	<u>2,050,066</u>
Expenses				
Governmental activities:				
Road maintenance				
Operations	565,832	602,109	616,596	475,067
Litter control program	541	520	676	3,791
Depreciation	20,592	14,639	13,134	12,430
Road construction				
Federal aid:				
Interstate highways	87,454	31,760	77,298	21,053
Appalachian highways	36,869	15,921	3,853	20,388
Other federal aid programs	172,474	163,645	25,541	80,606
Nonfederal aid	34,978	5,863	146,598	244,466
Industrial Access Roads	2,660	1,213	1,226	2,262
Construction on behalf of Parkways Authority	-	-	14,940	38,074
Depreciation	305,530	298,495	301,714	301,522
General and administration				
Support and administrative operations	200,283	90,914	79,216	82,611
Claims	(1,410)	416	(8,908)	(11,586)
Costs associated with DMV	50,407	46,932	41,570	41,209
Costs associated with OAH	-	-	29	880
Interest on long-term debt	61,453	65,248	68,626	63,631
Unallocated depreciation and amortization	10,465	9,782	11,714	6,509
Transfer out	-	-	-	-
Total governmental expenses	<u>1,548,128</u>	<u>1,347,457</u>	<u>1,393,823</u>	<u>1,382,913</u>
Change in net position	598,320	491,184	12,165	667,153
Effect of adoption of accounting principle	-	-	-	-
Prior period adjustment	-	-	(153,688)	-
Net position, beginning	9,165,378	8,674,194	8,815,717	8,148,564
Net position, ending	<u>\$ 9,763,698</u>	<u>\$ 9,165,378</u>	<u>\$ 8,674,194</u>	<u>\$ 8,815,717</u>

Fiscal Year					
<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 410,901	\$ 444,575	\$ 443,273	\$ 389,753	\$ 404,321	\$ 432,642
270,001	237,756	231,522	203,405	201,082	204,994
23,693	33,046	6,169	987	420	156
5,543	112,603	8,213	11,285	12,492	9,480
13,271	38,820	18,364	26,346	38,253	35,738
-	-	-	-	1,608	1,302
723,409	866,800	707,541	631,776	658,176	684,312
322,585	647,747	371,199	505,313	460,870	350,133
3,000	3,000	3,000	3,000	3,000	3,000
116,251	169,078	149,222	104,923	89,560	96,294
7,997	8,385	6,687	5,576	5,530	6,681
-	-	-	-	-	-
449,833	828,210	530,108	618,812	558,960	456,108
1,173,242	1,695,010	1,237,649	1,250,588	1,217,136	1,140,420
566,052	568,232	447,700	394,587	420,177	417,237
4,387	3,250	4,603	4,138	5,674	555
10,176	9,837	11,034	14,235	16,945	19,111
27,599	167,796	75,911	52,200	77,180	61,373
5,268	3,317	8,340	18,796	22,785	12,607
202,765	172,504	192,506	292,281	248,861	167,057
-	-	-	-	-	-
3,167	1,094	1,005	1,573	730	2,719
35,421	-	-	-	-	-
303,820	302,645	303,174	299,992	299,760	306,030
124,707	60,383	55,963	57,053	48,170	45,485
16,918	9,284	(15,963)	(36,732)	(10,212)	56,901
39,613	37,173	37,722	38,574	36,148	35,943
1,512	1,457	1,407	1,479	1,533	1,538
57,459	45,352	14,422	5,087	3,473	9,446
5,927	5,474	5,723	5,857	5,127	5,199
-	-	-	-	-	-
1,404,791	1,387,798	1,143,547	1,149,120	1,176,351	1,141,201
(231,549)	307,212	94,102	101,468	40,785	(781)
-	-	2,626	-	-	(107,221)
-	-	-	-	-	-
8,380,113	8,072,901	7,976,173	7,874,705	7,833,920	7,941,922
\$ 8,148,564	\$ 8,380,113	\$ 8,072,901	\$ 7,976,173	\$ 7,874,705	\$ 7,833,920

**WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS**

**Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years**
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year			
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues				
Taxes				
Gasoline and motor carrier	\$ 435,840	\$ 439,560	\$ 422,937	\$ 404,425
Automobile privilege	316,406	322,667	296,875	297,116
Industrial access roads	3,000	3,000	3,000	3,000
License, fees and permits				
Motor vehicle registrations and licenses	131,692	138,495	135,736	139,638
Special fees and permits	6,444	7,080	6,719	6,802
Federal aid				
Interstate highways	147,225	169,737	135,131	73,557
Appalachian highways	235,390	96,482	57,082	31,925
Other federal aid programs	473,075	446,396	337,701	424,113
Investment and interest income, net of arbitrage rebate	84,915	55,943	4,839	2,296
Intergovernmental	304,521	143,828	-	575,221
Miscellaneous revenues	68,530	29,468	15,611	23,744
Total Revenues	<u>2,207,038</u>	<u>1,852,656</u>	<u>1,415,631</u>	<u>1,981,837</u>
Expenditures				
Current				
Road maintenance				
Operations	657,503	661,132	681,056	518,220
Litter control program	548	536	717	3,897
Support and administrative operations	215,256	108,413	124,402	88,356
Division of Motor Vehicles operations	51,106	48,399	44,111	42,362
Office of Administrative Hearings operations	-	-	31	905
Claims	510	432	617	835
Capital outlay and other road operations				
Road construction and other road operations				
Interstate highways	179,780	205,976	154,120	88,909
Appalachian highways	209,328	133,427	42,300	74,198
Other federal aid programs	465,434	416,850	282,609	348,577
Nonfederal aid	288,263	202,392	359,077	399,840
Industrial access roads	2,696	1,249	1,301	2,326
Debt service				
Bond issuance costs	-	-	-	702
Principal	85,876	79,239	62,903	70,895
Interest	85,647	89,401	92,679	84,451
Defeasance of debt	-	-	-	-
Total Expenditures	<u>2,241,947</u>	<u>1,947,446</u>	<u>1,845,923</u>	<u>1,724,473</u>
Excess (deficiency) of revenues over expenditures	(34,909)	(94,790)	(430,292)	257,364
Other financing sources (uses)				
Transfers out	-	-	-	-
Refunding bonds issued	-	-	-	-
Premium on refunding bonds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Sale of bonds	-	-	-	214,085
Premium on bonds	-	-	-	63,371
Proceeds from sale of assets	-	-	-	-
Lease proceeds	2,335	4,711	744	-
Total other financing sources (uses)	<u>2,335</u>	<u>4,711</u>	<u>744</u>	<u>277,456</u>
Prior period adjustment	-	-	-	-
Net change in fund balance	<u>\$ (32,574)</u>	<u>\$ (90,079)</u>	<u>\$ (429,548)</u>	<u>\$ 534,820</u>
Debt Service as a percentage of noncapital expenditures	13%	14%	12%	13%

There are no longer expenses incurred for Office of Administrative Hearings operations because the agency no longer exists.

Fiscal Year					
<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 410,901	\$ 444,575	\$ 443,273	\$ 389,753	\$ 404,321	\$ 432,642
270,001	237,756	231,522	203,405	201,082	204,993
3,000	3,000	3,000	3,000	3,000	3,000
116,251	169,078	149,222	104,923	89,560	96,294
7,997	8,385	6,687	5,576	5,530	6,681
79,544	76,520	46,157	54,484	98,180	61,162
95,742	154,170	56,161	88,782	39,843	44,625
147,299	245,057	268,881	362,047	322,847	244,346
23,693	33,046	6,169	987	420	156
5,543	284,603	8,213	11,285	12,492	9,480
13,271	38,820	17,548	26,346	38,253	35,738
1,173,242	1,695,010	1,236,833	1,250,588	1,215,528	1,139,117
652,740	597,912	475,368	420,158	446,654	455,411
4,463	3,323	4,604	4,140	5,676	556
134,447	91,676	81,765	59,019	75,468	73,957
40,305	37,907	37,722	38,574	37,437	37,550
1,538	1,486	1,407	1,479	1,626	1,673
2,603	401	556	971	710	607
331,594	274,871	102,773	71,261	107,837	85,274
72,446	76,551	86,001	127,751	76,651	62,526
503,076	451,568	411,885	495,221	476,115	365,263
-	-	-	-	-	-
3,222	1,119	1,005	1,573	730	2,719
2,343	443	1,963	1	1	613
53,175	49,790	15,985	15,225	29,335	51,740
70,605	57,659	12,360	8,479	9,360	12,499
-	-	59,336	-	-	-
1,872,557	1,644,706	1,292,730	1,243,852	1,267,600	1,150,388
(699,315)	50,304	(55,897)	6,736	(52,072)	(11,271)
-	-	-	-	-	-
-	-	-	-	-	133,710
-	-	-	-	-	26,198
-	-	-	-	-	(159,300)
600,000	78,810	1,019,985	57,803	-	-
146,576	12,060	153,317	-	-	-
-	1,515	1,635	1,222	2,304	1,658
-	-	-	-	-	-
746,576	92,385	1,174,937	59,025	2,304	2,266
-	-	152,729	-	-	-
\$ 47,261	\$ 142,689	\$ 1,271,769	\$ 65,761	\$ (49,768)	\$ (9,005)
11%	9%	9%	3%	4%	8%

**WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS**

**Fund Balances, Governmental Funds
Last Ten Fiscal Years
(amounts expressed in thousands)**

	Fiscal Year		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
General Fund			
Non-spendable			
Inventories	\$ 92,050	\$ 81,550	\$ 61,704
Restricted			
Construction and maintenance of coal resource roads	7,930	5,395	3,020
Construction and maintenance of industrial access roads	7,064	6,760	5,011
Waste tire clean-up	5,430	4,979	4,865
Capital projects	370,465	432,551	471,617
Unassigned	400,417	228,633	180,359
Total General Fund	<u>883,356</u>	<u>759,868</u>	<u>726,576</u>
All Other Governmental Funds			
Restricted, capital projects fund	680,803	836,865	960,236
Total all funds	<u>\$ 1,564,159</u>	<u>\$ 1,596,733</u>	<u>\$ 1,686,812</u>

Fiscal Year						
<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 56,935	\$ 59,472	\$ 53,333	\$ 47,060	\$ 51,145	\$ 48,113	\$ 46,984
885	2,638	4,736	2,598	1,141	3,710	4,584
3,312	184	11,130	9,099	7,104	5,676	4,039
4,629	2,978	7,245	5,853	4,492	2,645	4,345
495,769	136,357	289,169	-	-	-	-
262,348	(109)	263,708	412,253	55,939	(6,084)	43,876
823,878	201,520	629,321	476,863	119,821	54,060	103,828
1,292,482	1,380,020	904,958	914,727	-	-	-
\$ 2,116,360	\$ 1,581,540	\$ 1,534,279	\$ 1,391,590	\$ 119,821	\$ 54,060	\$ 103,828



DIVISION OF HIGHWAYS TAX AND LICENSE FEE REVENUE BY SOURCE (1)

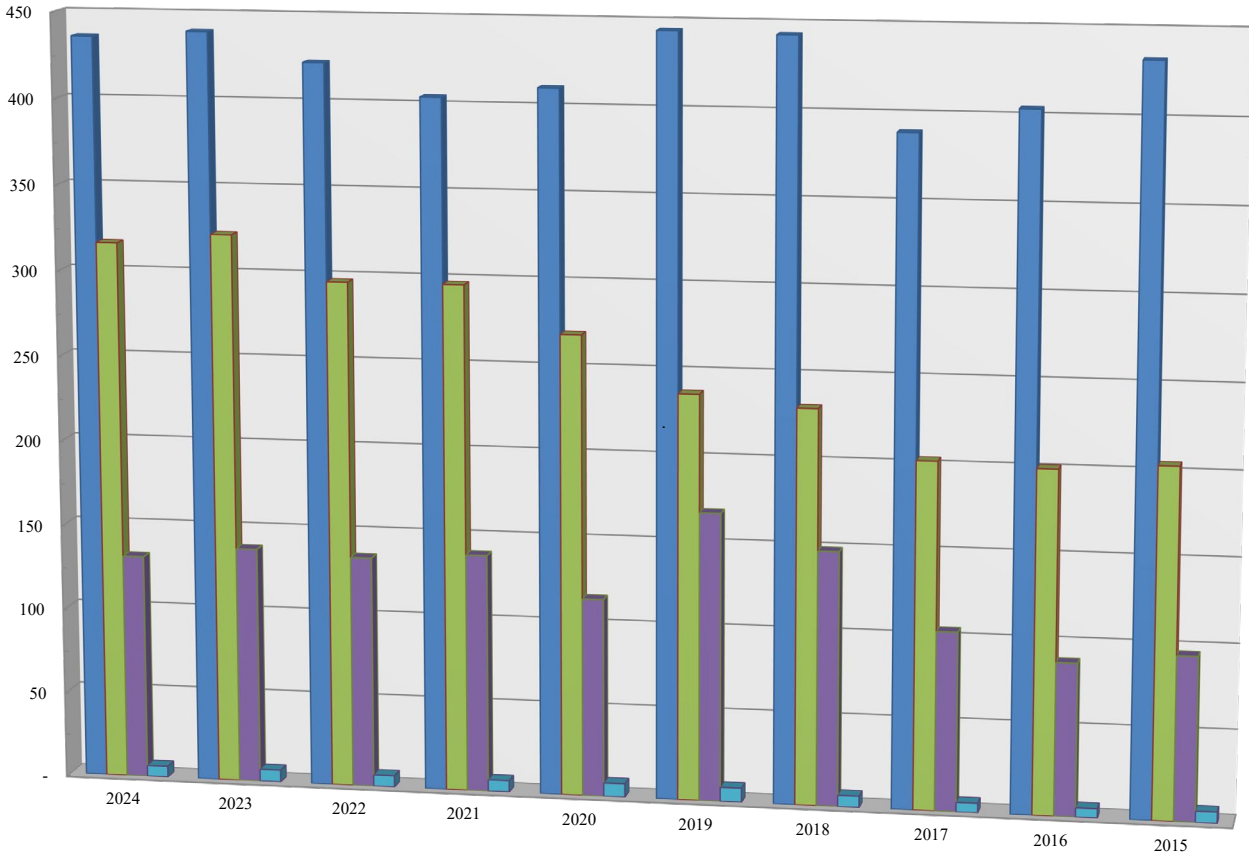
Last Ten Fiscal Years
(Amount expressed in thousands)

Fiscal Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Gasoline/Motor Carrier	\$435,840	\$439,560	\$422,937	\$404,425	\$410,901	\$444,575	\$443,273	\$389,753	\$404,321	\$432,642
Automobile Privilege	316,406	322,667	296,875	297,116	270,001	237,756	231,522	203,405	201,082	204,994
Registration/ License Fees	131,692	138,495	135,736	139,638	116,251	169,078	149,222	104,923	89,560	96,294
Special Fees & Permits	6,444	7,080	6,719	6,802	7,997	8,385	6,687	5,576	5,530	6,681
Total	\$890,382	\$907,802	\$862,267	\$847,981	\$805,150	\$859,794	\$830,704	\$703,657	\$700,493	\$740,611

(1) As collected by State Road (General) Fund.

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the Divisions revenue.

Millions
of Dollars



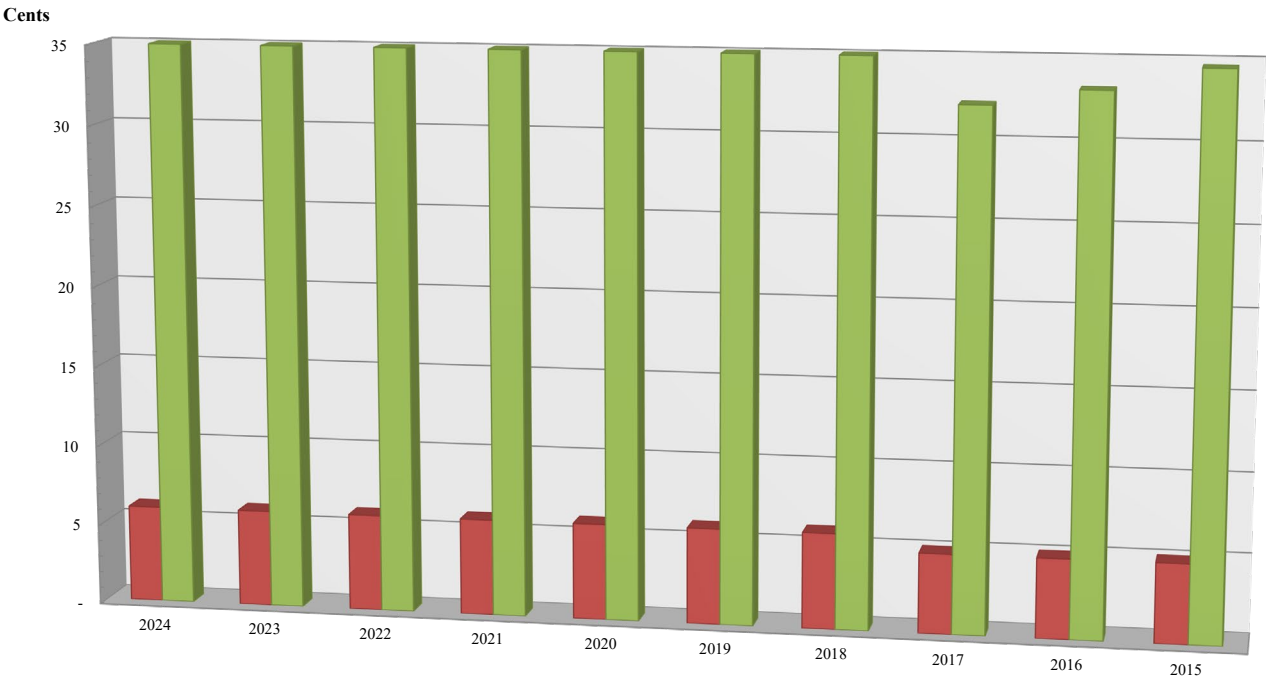


DIVISION OF HIGHWAYS
FUEL AND PRIVILEGE TAX RATES
Last Ten Fiscal Years

Fiscal Year		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Automobile Privilege(2) (cents per dollar)		6	6	6	6	6	6	6	5	5	5
Motor Fuel Excise Tax(1) (cents per gallon)		35.7	37.2	35.7	35.7	35.7	35.7	35.7	32.2	33.2	34.6

(1) The motor fuel excise tax is the combination of a flat 20.5 cents per invoiced gallon rate and a variable sales and use tax rate of 15.2 cents per invoiced gallon as of June 30, 2024

(2) A tax equal to six percent of the value of said motor vehicle at the time of certification.



WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Primary Government - Debt						
Fiscal Year	General Obligation Bonds	Revenue Notes	Leases	Total Primary Government	Percentage of Personal Income*	Per Capita*
2024	\$ 1,725,055	\$ 208,674	\$ 14,439	\$ 1,948,168	2.09%	1,100.62
2023	1,803,947	234,809	14,995	2,053,751	2.31%	1,156.94
2022	1,877,291	259,899	17,522	2,154,712	2.49%	1,208.50
2021	1,933,270	283,999	-	2,217,269	2.76%	1,242.32
2020	1,723,942	307,144	-	2,031,086	2.68%	1,133.33
2019	1,024,628	329,079	-	1,353,707	1.85%	749.63
2018	1,067,254	257,622	-	1,324,876	1.90%	729.61
2017	173,072	57,786	-	230,858	0.34%	126.08
2016	191,122	-	-	191,122	0.28%	103.64
2015	196,405	27,896	-	224,301	0.34%	121.22

Government Activities Tax and Fee Income					
Fiscal Year	Gasoline and Motor Carrier	Automobile Privilege	Motor Vehicle Registrations and Licenses	Special Fees and Permits	Total
2024	\$ 435,840	\$ 316,406	\$ 131,692	\$ 6,444	\$ 890,382
2023	439,560	322,667	138,495	7,080	907,802
2022	422,937	296,875	135,736	6,719	862,267
2021	404,425	297,116	139,638	6,802	847,981
2020	410,901	270,001	116,251	7,997	805,150
2019	444,575	237,756	169,078	8,385	859,794
2018	443,273	231,522	149,222	6,687	830,704
2017	389,753	203,405	104,923	5,576	703,657
2016	404,321	201,082	89,560	5,530	700,493
2015	432,642	204,994	96,294	6,681	740,611

General Obligation Bond Debt Ratio				
Fiscal Year	General Obligation Bonds	Percentage of Tax and Fee Income	Percentage of Personal Income*	Per Capita*
2024	\$ 1,725,055	193.74%	1.85%	974.57
2023	1,803,947	198.72%	2.03%	1,016.22
2022	1,877,291	217.72%	2.17%	1,052.91
2021	1,933,270	227.99%	2.41%	1,083.19
2020	1,723,942	214.11%	2.27%	961.94
2019	1,024,628	119.17%	1.40%	567.40
2018	1,067,254	128.48%	1.53%	587.74
2017	173,072	24.60%	0.26%	94.52
2016	191,122	27.28%	0.28%	103.64
2015	196,405	26.52%	0.29%	106.15

* These ratios are calculated using personal income and population for the prior calendar year.
See personal income and population data.

**WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS**

**Demographic Statistics of West Virginia
Last Ten Calendar Years**

Calendar Year	Total Population	Total Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate	Median Age
2023	1,770,071	93,079,700	52,585	3.8%	42.8
2022	1,775,156	88,744,900	49,993	3.9%	42.9
2021	1,782,959	86,451,800	48,488	5.0%	42.8
2020	1,784,787	80,304,100	44,994	8.3%	43.1
2019	1,792,147	75,872,800	42,336	4.9%	42.9
2018	1,805,832	73,277,600	40,578	5.3%	42.8
2017	1,815,857	69,872,741	38,479	5.3%	42.4
2016	1,831,102	67,061,987	36,624	5.0%	42.3
2015	1,844,128	67,787,227	36,758	6.0%	42.2
2014	1,850,326	66,857,000	36,132	7.6%	41.9

Sources: Workforce West Virginia Research, Information, and Analysis Office, the U.S. Census Bureau, and the Bureau of Economic Analysis.

**WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS**

**Principal Employers
Current Year and Ten Years Ago**

	Largest Employer Rank			
	2024	2023	2022	2021
WVU Medicine	1	1	1	1
Charleston Area Medical Center, Inc. (part of Vandalia Health)	2	2	3	3
Marshall Health (formerly Mountain Health Network)	3	4	4	4
Wal-Mart Associates, Inc.	4	3	2	2
WVNH Emp, LLC DBA Communicare	5	7	-	-
Kroger	6	5	5	5
Toyota Motor Manufacturing	7	9	-	-
Lowe's Home Centers, LLC	8	8	6	6
American Consolidated Natural Resources Inc	9	10	-	-
Alpha Metallurgical Services, LLC (formerly Contura Energy) (formerly Murray American Energy, Inc.)	10	6	9	7
Mon Health	-	-	7	9
Mylan Pharmaceuticals, Inc.	-	-	8	8
Macy's Corporate Services, LLC	-	-	10	-
Res-Care, Inc.	-	-	-	10
Wheeling Hospital, Inc	-	-	-	-
Cabell Huntington Hospital	-	-	-	-
St. Mary's Medical Center, Inc.	-	-	-	-

Source: Workforce West Virginia Research, Information and Analysis

Note: Due to confidentiality issues, the number of people employed is not available.

Largest Employer Rank					
2020	2019	2018	2017	2016	2015
1	1	1	1	1	2
3	3	3	3	3	3
4	-	-	-	-	-
2	2	2	2	2	1
-	-	-	-	-	-
5	4	4	4	4	4
-	-	-	-	-	-
6	7	7	6	6	8
10	-	-	-	-	6
7	-	-	-	-	-
-	-	-	-	-	-
9	6	6	5	5	5
-	-	-	-	-	-
-	10	10	10	10	10
8	9	9	9	9	-
-	5	5	8	8	9
-	8	8	7	7	7

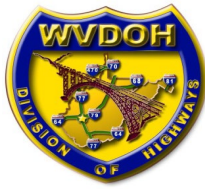
**WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS**

**Employees by Program
Last Ten Fiscal Years**

<u>Program</u>	Employees as of June 30			
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Maintenance	3,500	3,142	3,189	3,626
Construction	359	816	925	1,036
General and administration	1,367	1,191	800	518
Total	5,226	5,149	4,914	5,180

Source: Division of Highways Human Resources Division.

Employees as of June 30					
<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
3,529	3,331	3,211	3,382	3,317	3,383
1,008	952	917	966	948	966
504	476	459	483	474	483
5,041	4,759	4,587	4,831	4,739	4,832

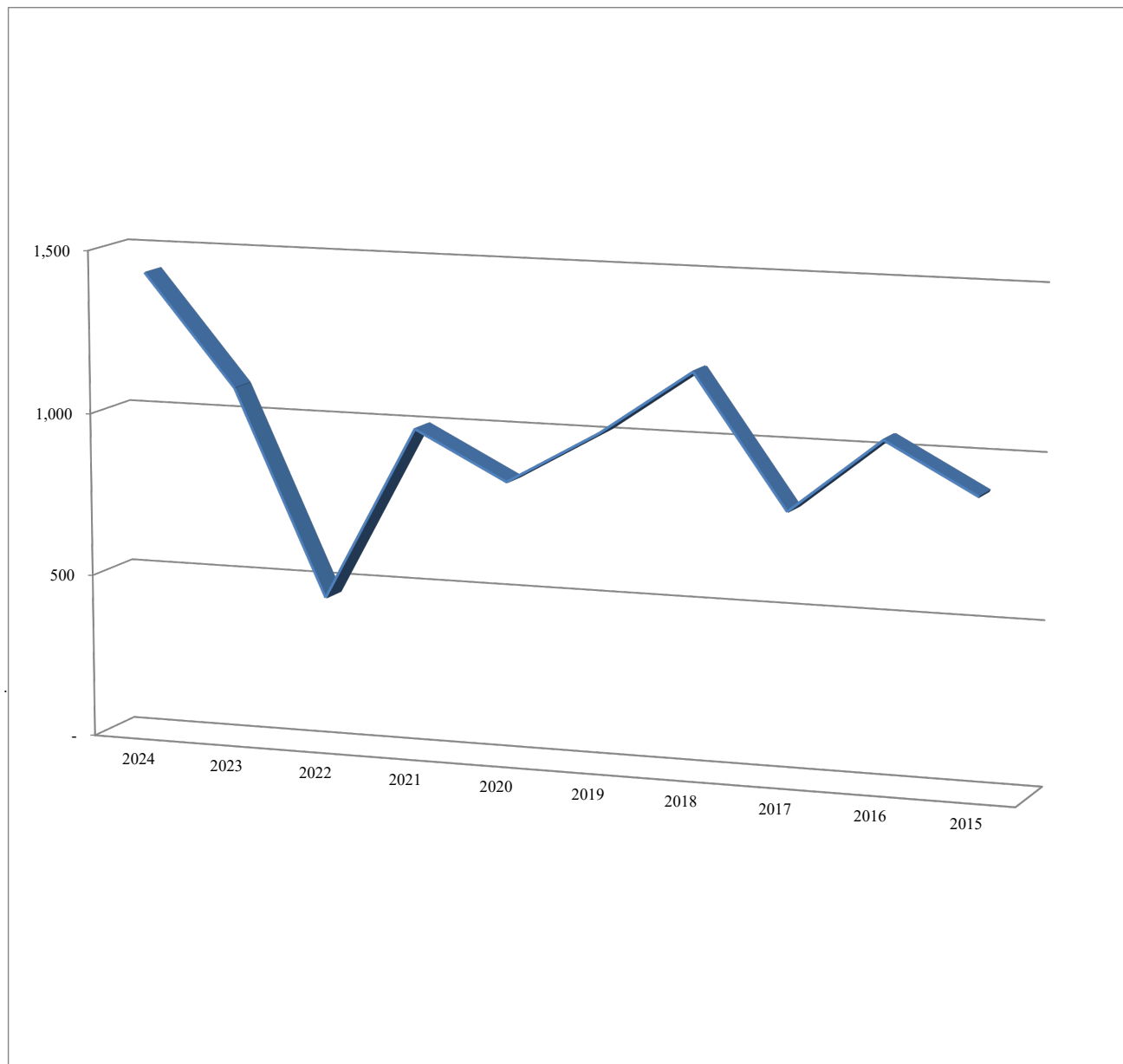


DIVISION OF HIGHWAYS
HIGHWAY CONSTRUCTION AND IMPROVEMENT
TOTAL PROJECTS AUTHORIZED
Last Ten Fiscal Years

Fiscal Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	Total Projects
Projects	1,429	1,089	462	995	851	1,014	1,213	813	1,042	891	9,799

Source: Division of Highways Programming Division

Number of Projects:





**DIVISION OF HIGHWAYS
HIGHWAY CONSTRUCTION AND IMPROVEMENT
TOTAL PROJECTS BY WORK TYPE**

	<u>2024</u>
<u>Federal Aid</u>	
Interstate Construction	28
Other Federal Aid	347
Appalachian Programs	16
Non-Federal Aid	1038
Total of Federal and Non-Federal Aid Projects	<u>1,429</u>
 <u>Projects By Work Type</u>	
Roadway Renovation & Replacement	1128
Bridge Renovation & Replacement	174
Other Renovation & Replacement	42
Road Improvements	15
Bridge Improvements	13
Other Improvements	45
Road Expansions	3
Bridge Expansions	0
Miscellaneous	9
Total Projects by Work Type	<u>1,429</u>

Source: Division of Highways Programming Division

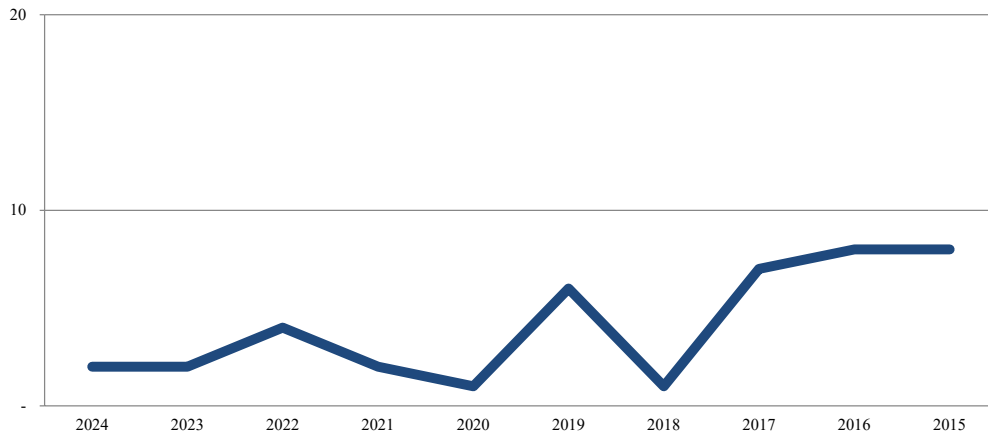


DIVISION OF HIGHWAYS
ROADWAY PROJECTS - SYSTEM EXPANSION ONLY
 Last Ten Fiscal Years

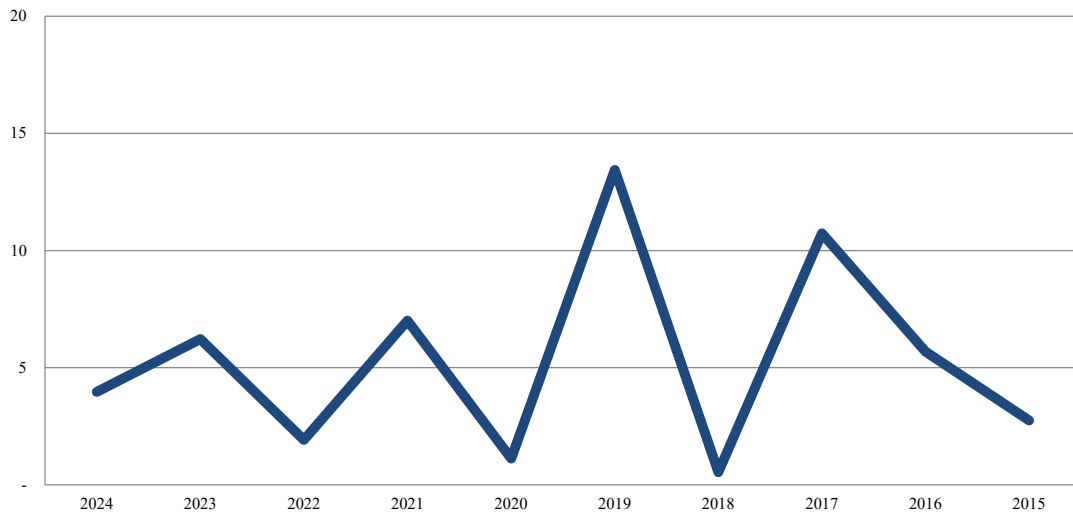
Fiscal Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Number of Projects	2	2	4	2	1	6	1	7	8	8
Number of Miles	3.97	6.22	1.92	7.01	1.12	13.44	0.54	10.73	5.69	2.75

Source: Division of Highways Programming Division

Number of Projects:



Number of Miles:



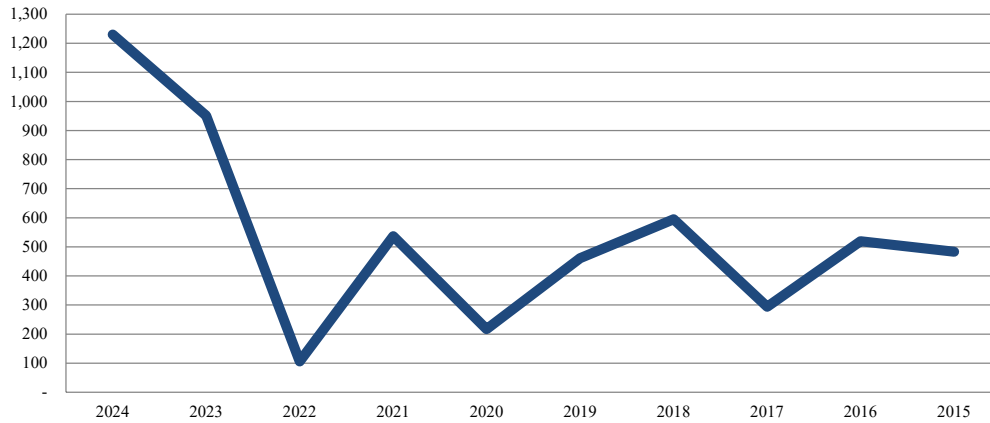


**DIVISION OF HIGHWAYS
ROADWAY RESURFACING PROJECTS
Last Ten Fiscal Years**

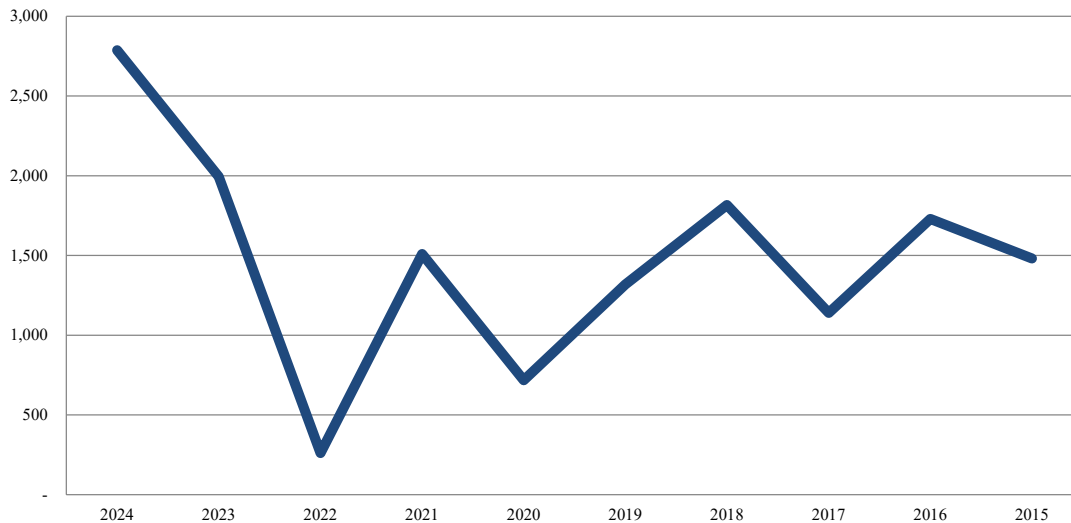
Fiscal Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Number of Projects	1,230	951	106	537	217	461	595	294	519	483
Number of Miles	2,787	1,994	261	1,509	718	1,318	1,816	1,140	1,729	1,481

Source: Division of Highways Programming Division

Number of Projects:



Number of Miles:



DIVISION OF HIGHWAYS
Total Highway Mileage by Category

	<u>Total Road System</u>
Interstate excluding Turnpike	469
U.S. Routes	1,857
W.V. Routes	3,684
County Routes	28,884
Other (Parks, Forests, HARP)	<u>1,067</u>
Total Road System Miles	<u><u>35,961</u></u>

This classification system, established solely as an aid to the motoring public, consists of all routes identified by a route number sign.

	<u>Federal Aid Routes</u>	<u>Rural Miles</u>	<u>Urban Miles</u>
<u>Interstate Highways including 86 Turnpike Miles</u> (Part of National Highway System)		320	236
Interstate Highways are multi-lane, fully access-controlled routes that serve the national defense and connect the nation's principal metropolitan areas, cities, and/or industrial centers.			
<u>Other National Highway System</u>		1,024	385
Other major routes, including most principal arterials that are the most important to interstate travel and national defense, roads that connect with other modes of transportation, and roads essential for international commerce.			
<u>Other Federal-Aid Highways</u>		6,889	1,621
All other roads on which Federal Highway funds may be expended including Federal Aid Non-State (FANS) roads.			
Sub-total miles		<u>8,233</u>	<u>2,242</u>
Total Federal Aid Routes Miles		<u><u>10,475</u></u>	

Source: 2024 Road inventory log 6/30/24



Prepared by the Finance and Administration Division

Photos Courtesy of WV Department of Transportation

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