

THE FINANCIAL STATE OF WEST VIRGINIA

The State's Bills Exceed Its Assets

Assets	\$24,773,118,000
<i>Minus: Capital Assets</i>	\$12,899,009,000
<i>Restricted Assets</i>	\$3,287,065,000
Assets Available to Pay Bills	\$8,587,044,000
<i>Minus: Bills</i>	\$13,781,752,000
Money Needed to Pay Bills	-\$5,194,708,000
Each Taxpayer's Share of This Debt	-\$9,800

West Virginia has \$24.8 billion in assets, but most of these assets are not available to pay \$13.8 billion of bills.

The \$12.9 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$3.3 billion of the assets is restricted by law or contract.

That leaves \$8.6 billion of the state's assets available to pay \$13.8 billion of bills as they come due.

The -\$5.2 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Each Taxpayer's Share of West Virginia's Debt:
-\$9,800



Truth in Accounting is committed to educating and empowering citizens with understandable, reliable and transparent government financial information.

We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.

To be knowledgeable participants in their government and its budget process, citizens need to be provided with truthful and transparent financial information.

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The Bills West Virginia Has Accumulated

Bonds	\$4,527,830,000
Other Liabilities	\$5,090,561,000
<i>Minus: Debt Related to Capital Assets</i>	\$1,877,332,000
Unfunded Pension Benefits	\$3,714,373,000
Unfunded Retirees' Health Care Benefits	\$2,326,320,000
Bills	\$13,781,752,000

Despite the balanced budget requirement, the state has accumulated bonds of \$4.5 billion and other liabilities of \$5.1 billion. The calculation of assets available to pay bills does not include capital assets, so \$1.9 billion of related debt is removed from the calculation of state bills.

Unfunded employees' retirement benefits represent 44% of state bills. These unfunded liabilities have accumulated because state employees have been promised \$3.7 billion of pension benefits and \$2.3 billion of retirees' health care benefits, but the state has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

Not All Retirement Liabilities Are Clearly Disclosed



A detailed study of West Virginia's actuaries' schedules found retirement benefits totaling \$6 billion have been promised, but not funded. A review of the state's balance sheet determined only \$915.7 million of these liabilities are reported. This means the state does not report \$5.1 billion of retirement liabilities on its balance sheet.

Data is derived from the state of West Virginia's June 30, 2014 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

Number of taxpayers is based on an estimation of the state's population with a federal tax liability.