



WEST VIRGINIA EARNS 'D' GRADE FOR ITS FINANCES

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THE FINANCIAL STATE OF WEST VIRGINIA

A new analysis of the latest available audited financial reports found West Virginia had a Taxpayer Burden™ of \$9,500, earning it a "D" grade based on Truth in Accounting's grading scale.

Financial decisions made by the state's elected officials over the years have left West Virginia with a \$4.9 billion shortfall, which equates to \$9,500 for every taxpayer. Much of the state's overall debt comes from contractually protected pension benefits and retiree health care costs. Of the \$18.5 billion in retirement benefits promised, the state has not funded \$3.6 billion in pension and \$2 billion in retiree health care benefits.

West Virginia's financial condition is not only alarming but also misleading as government officials have failed to disclose significant amounts of retirement debt on the state's balance sheet. Residents and taxpayers have been presented with an unreliable and inaccurate accounting of the state government's finances.

Here's the truth:



WEST VIRGINIA FINANCIAL BREAKDOWN

FAST FACTS

- + West Virginia has \$8.3 billion available in assets to pay \$13.2 billion worth of bills.
- + The outcome is a \$4.9 billion shortfall and a \$9,500 Taxpayer Burden.
- + Despite reporting all of its pension debt, the state continues to hide \$91.9 million of its retiree health care debt.
- + West Virginia's reported net position is inflated by \$1.3 billion, largely because the state defers recognizing losses incurred when the net pension liability increases.

THE STATE'S BILLS EXCEED ITS ASSETS

| | |
|---|-------------------|
| Assets | \$25,235,631,000 |
| <i>Minus:</i> Capital assets | -\$13,569,451,000 |
| Restricted assets | -\$3,356,349,000 |
| Assets available to pay bills | \$8,309,831,000 |
| <i>Minus:</i> Bills | -\$13,228,077,000 |
| Money needed to pay bills | -\$4,918,246,000 |
| Each taxpayer's share of this debt | -\$9,500 |

BILLS THE STATE HAS ACCUMULATED

| | |
|---|-------------------------|
| Bonds | \$4,388,054,000 |
| Other liabilities | \$5,070,367,000 |
| <i>Minus:</i> Debt related to capital assets | -\$1,786,804,000 |
| Unfunded pension benefits | \$3,564,533,000 |
| Unfunded retiree health care | \$1,991,927,000 |
| Bills | \$13,228,077,000 |

GRADE: D

Bottom line: West Virginia does not have enough money to pay its bills, so it has received a "D" grade for its finances from Truth in Accounting. A "D" is given to states with a Taxpayer Burden between \$5,000 and \$20,000. Because of West Virginia's balanced budget requirement, its Taxpayer Burden should be \$0.

Truth in Accounting is committed to educating and empowering citizens with understandable, reliable, and transparent government financial information. To be knowledgeable participants in their government and its budget process, citizens need truthful and transparent financial information.