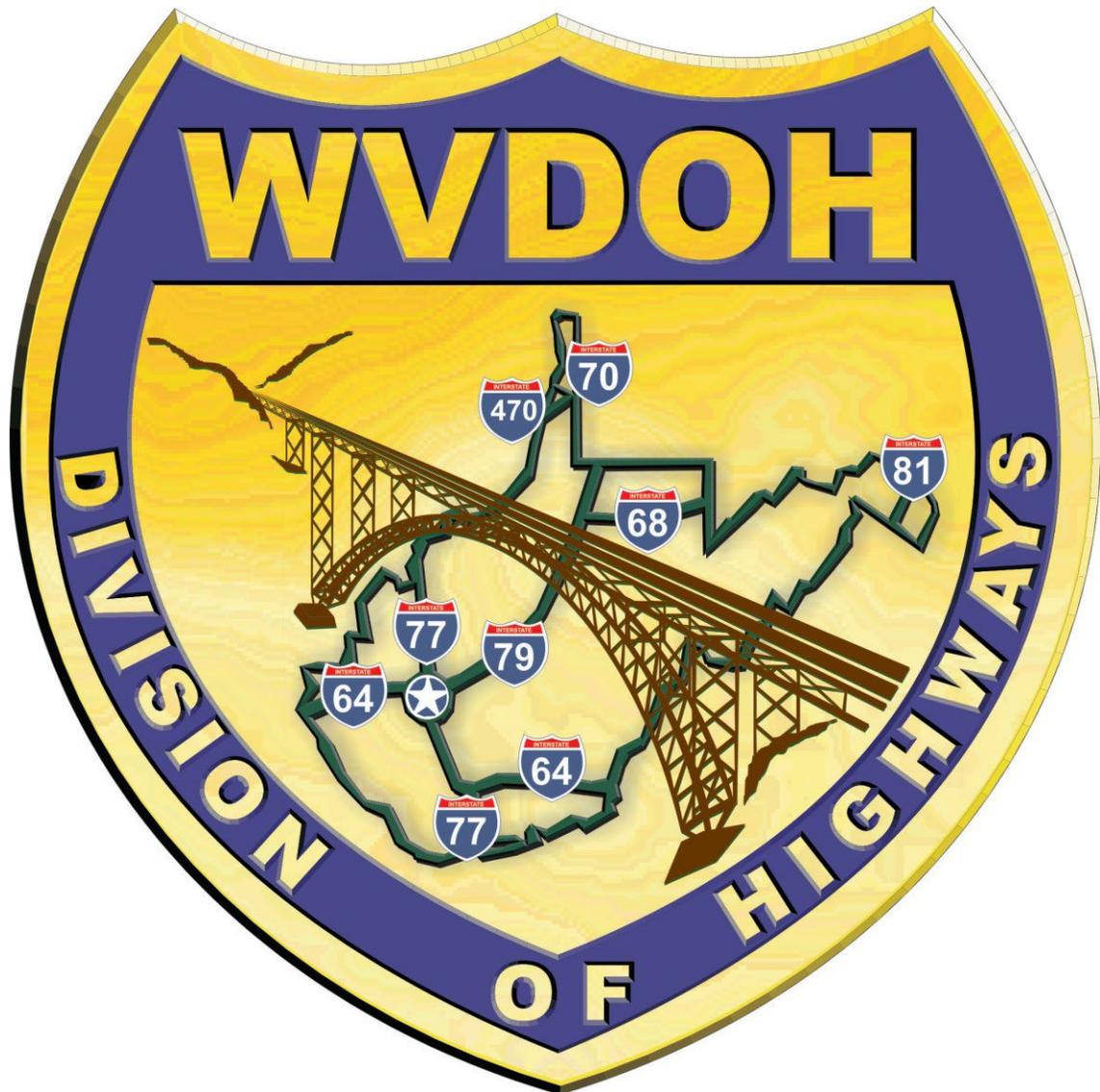
An aerial photograph of a complex highway interchange with multiple overpasses and ramps. The scene is captured at sunset, with the sun low on the horizon, casting a golden glow over the landscape. The sky is filled with dramatic, dark clouds that catch the light from the setting sun. The surrounding area includes green fields, dense forests, and a small town or residential area visible in the distance. The overall mood is serene and majestic.

**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, 2025

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS

COMPONENT UNIT OF THE STATE OF WEST VIRGINIA



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT YEAR
ENDED JUNE 30, 2025**

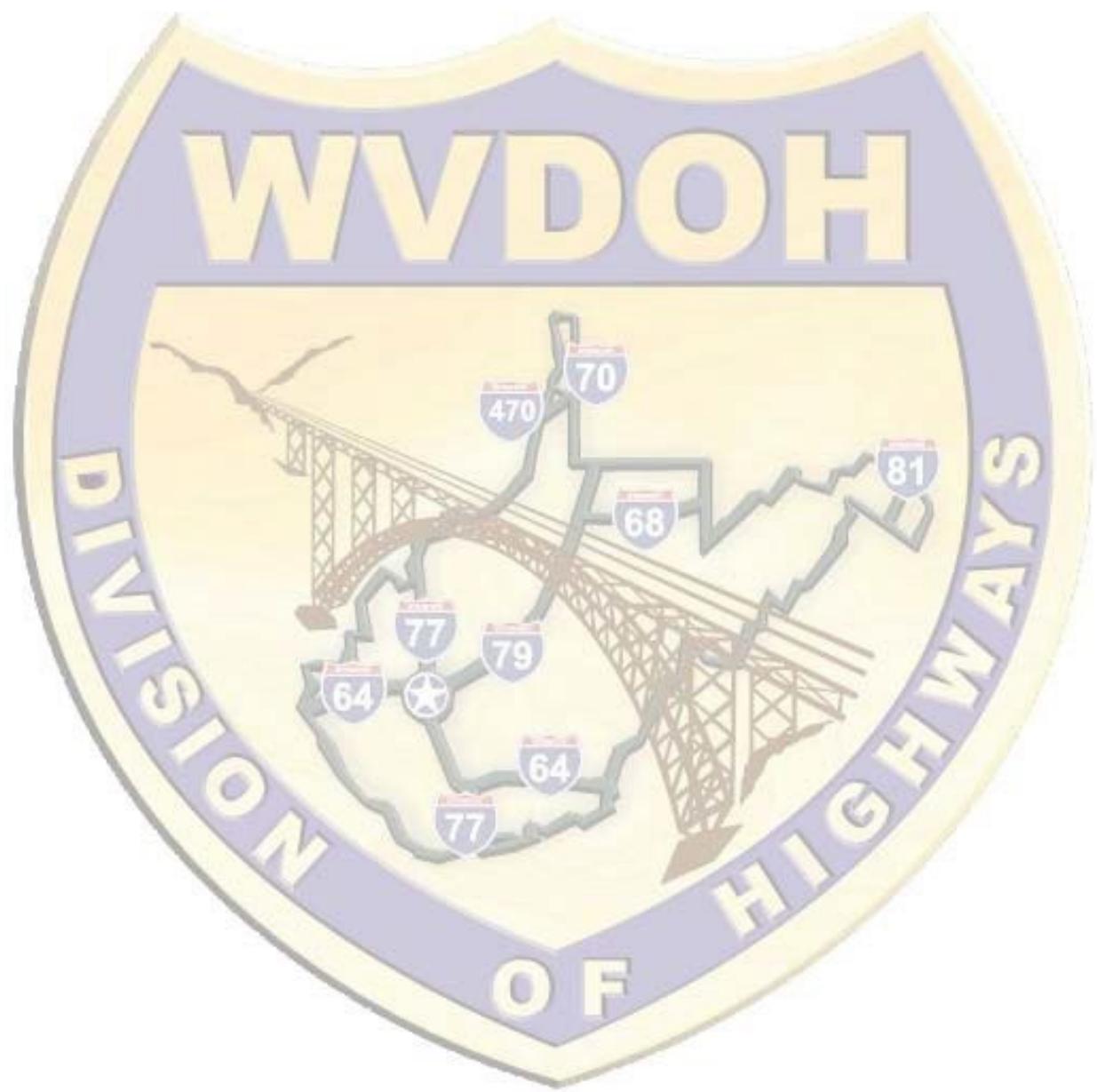
Prepared by:
Budget Division

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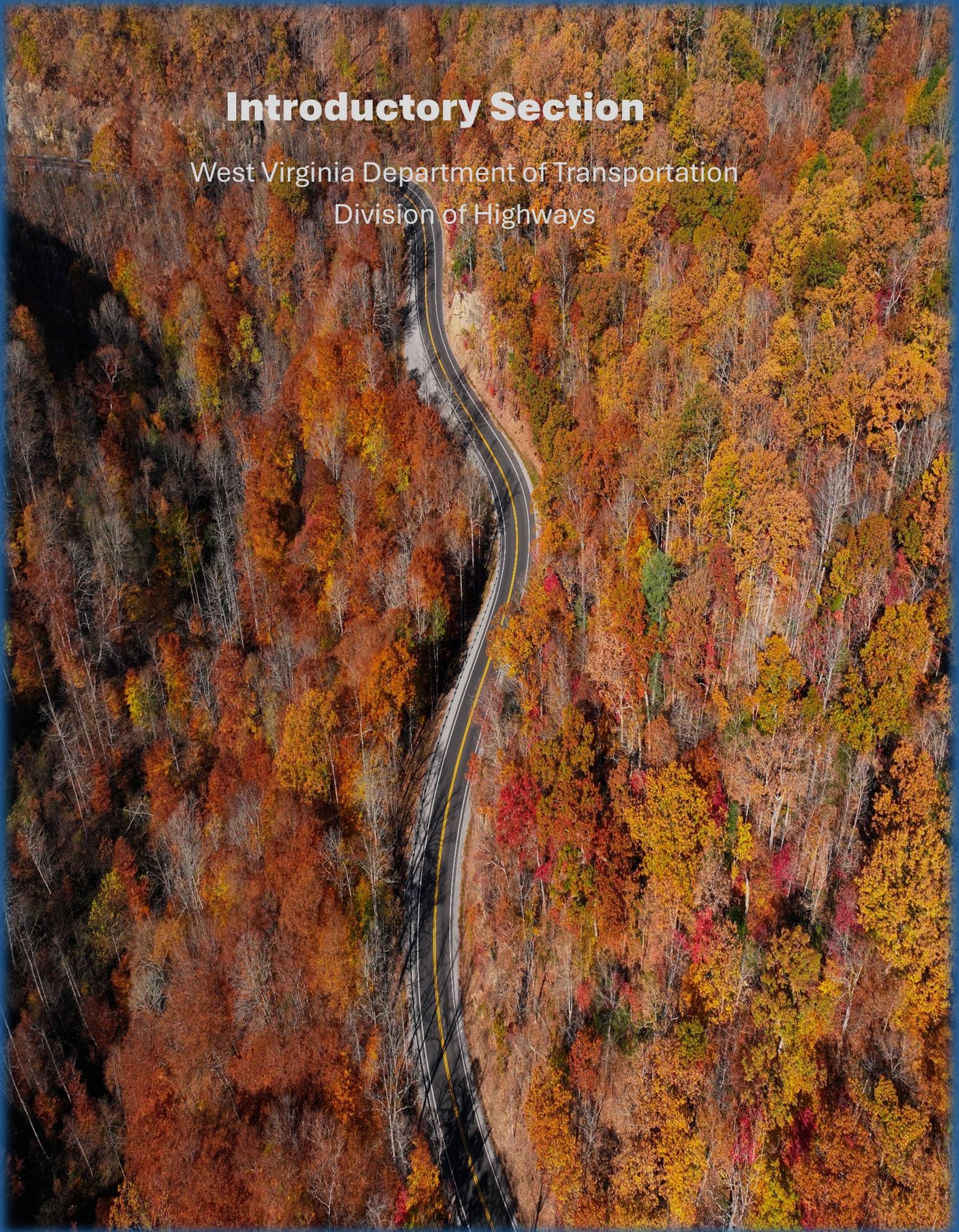
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Introductory Section

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

Stephen T. Rumbaugh, P. E.
Secretary of Transportation
Commissioner of Highways

December 22, 2025

The Honorable Patrick Morrisey, 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, 2025. 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 Suttle and Stalnaker, PLLC was engaged to perform the audit for the year ended June 30, 2025. 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, 2025, 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 because 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 36,000 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 several 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 a preliminary draft of the *West Virginia Economic Outlook 2025-2030*, 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 stable 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 2023, the state completed its employment recovery after losing over 80,000 jobs in early 2020. The state has added jobs slowly since then, and now has around 7,000, or nearly one percent, more jobs than its January 2020 level. The state's unemployment rate surged to nearly 16 percent in the Spring of 2020 but quickly declined. 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. This is the 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 76 percent of the national average. Movement in PCPI has largely been on par with the nation for around a decade, implying that the state has neither gained nor lost ground compared to the nation. West Virginia's real GDP growth lagged the nation almost every year from 2012 through 2022. However, GDP growth in the state noticeably outperformed growth at the national level in 2023 and 2024, although the forecast calls for growth for 2025 to be slightly below 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 49 percent since 2018, 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 31 percent since 2018. Conversely, growth in the rest of West Virginia's economy is only 0.4 percent since 2018. 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 2030. This lags the nation, which is expected to add jobs by a cumulative 2.2 percent over the forecast period. Major drivers of this slow growth are low labor force participation, 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, but will remain below five percent through at least 2030. This increase will largely be driven by entry into the labor force. Real per capita personal income is expected to grow by 1.9 percent on an average annual basis through 2030. 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 compared to recent years.

West Virginia's population has declined by approximately 4.4 percent since 2014. Population losses are expected to be smaller in magnitude going forward. West Virginia's age distribution ensures that natural population decline will continue in the coming years (i.e., deaths will likely continue to exceed births by around 7,000 per year). Positive shocks to the economy are essential to encourage in-migration and reduce the impact 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, 2025. 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	\$ 430,736	25%	\$ (5,104)	-1%
Automobile privilege taxes	332,273	18%	15,867	5%
Motor vehicle registration and licenses	136,640	7%	4,948	4%
Special fees and permits	6,289	1%	(155)	-2%
Federal aid	824,514	45%	(31,176)	-4%
Investments and interest income	29,283	2%	(13,262)	-31%
Intergovernmental	1,184	0%	(303,337)	-100%
Miscellaneous	<u>61,406</u>	<u>3%</u>	<u>(10,124)</u>	<u>-14%</u>
Total revenues	<u>\$ 1,822,325</u>	<u>100%</u>	<u>\$ (342,343)</u>	<u>-16%</u>
Road construction and other road operations	\$ 1,000,099	48%	\$ 53,030	6%
Road maintenance	662,477	32%	4,426	1%
Support and administrative operations	241,736	12%	(25,136)	-9%
Debt Service	<u>173,750</u>	<u>8%</u>	<u>2,227</u>	<u>1%</u>
Total Expenditures	<u>\$ 2,078,062</u>	<u>100%</u>	<u>\$ 34,547</u>	<u>2%</u>

Overall, State tax and fee revenues in Fiscal Year 2025 increased by 1.75% from Fiscal Year 2024. Of this revenue, Motor Vehicle Registration Fees and Automobile Privilege Taxes made up 133.81% of this increase.

At June 30, 2025, the outstanding principal balance of long-term general obligation (GO) bonds was \$1,406,250,000 which is from the issuance of GO bonds also known as the Roads to Prosperity Bonds from 2018, 2019 and 2021. The debt service payments for the currently issued Roads to Prosperity Bonds are around \$115.6 million annually for fiscal years 2026-2030, around \$578 million for fiscal years 2031-2035, around \$578 million for fiscal years 2036-2040, around \$421.8 million for fiscal years 2041-2045, and then around \$14.9 million for fiscal years 2046.

At June 30, 2025, the outstanding principal balance of the Grant Anticipation Revenue Vehicle (GARVEE) notes was \$160,860,000. 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 2025, the West Virginia Division of Highways (WVDOH) continued work on several of its major initiatives around the state including Parsons to Davis and Wardensville to Virginia line on Corridor H. It is also worth noting that the I-64 widening project from Nitro to Saint Albans has now been completed. During 2025, the WVDOH authorized a total of 1,758 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 7,275 vehicular bridges, of which the WVDOH is responsible for 7,163. 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 166 construction starts on bridge initiatives ranging from full replacement to deck overlays. WVDOH's resurfacing program consisted of 1,103 projects, which addressed approximately 1,606 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, 2024. This was the 33rd consecutive year that the Division has achieved this prestigious award (1992-2024). 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 2025 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 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 Budget 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

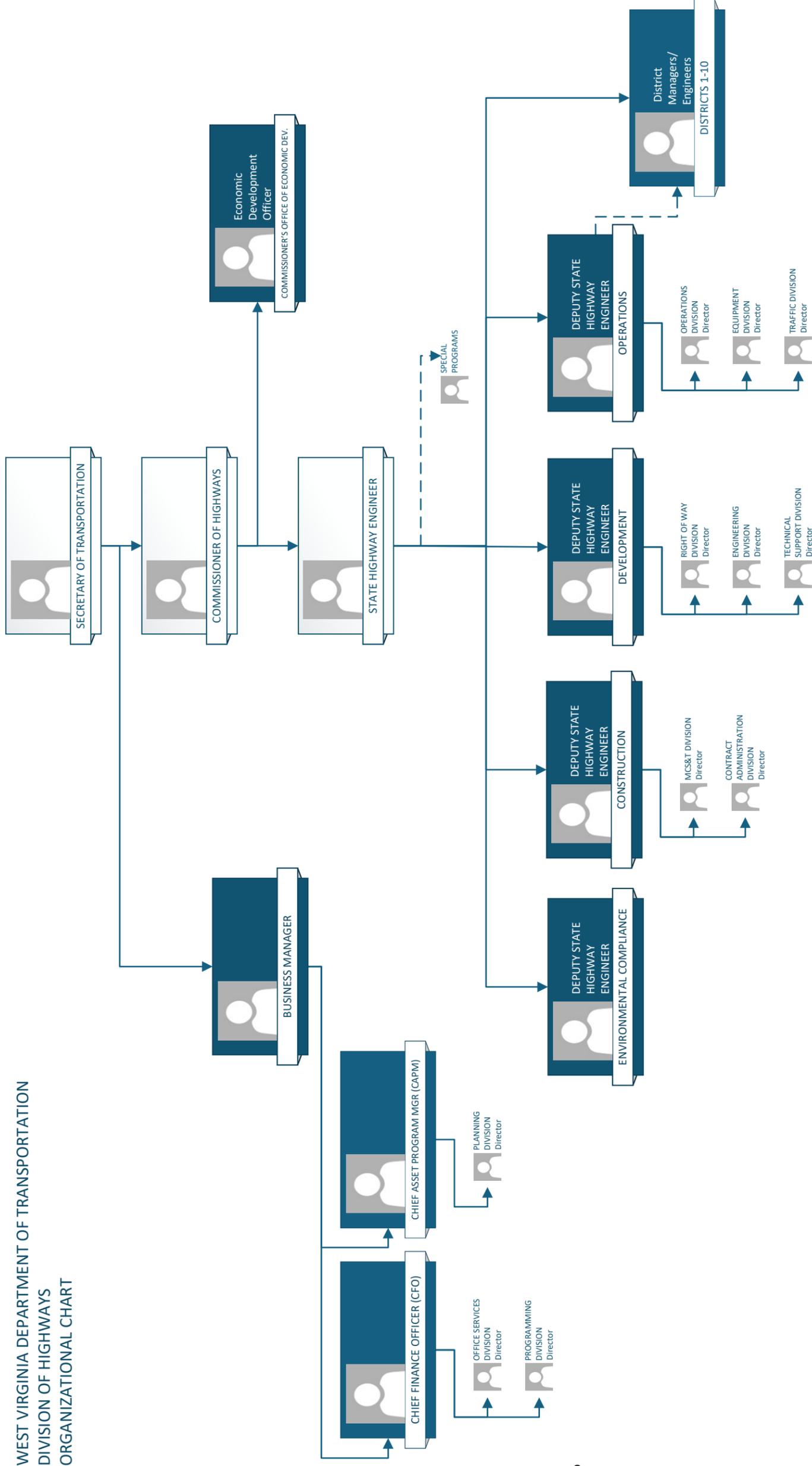
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
 DIVISION OF HIGHWAYS
 ORGANIZATIONAL CHART

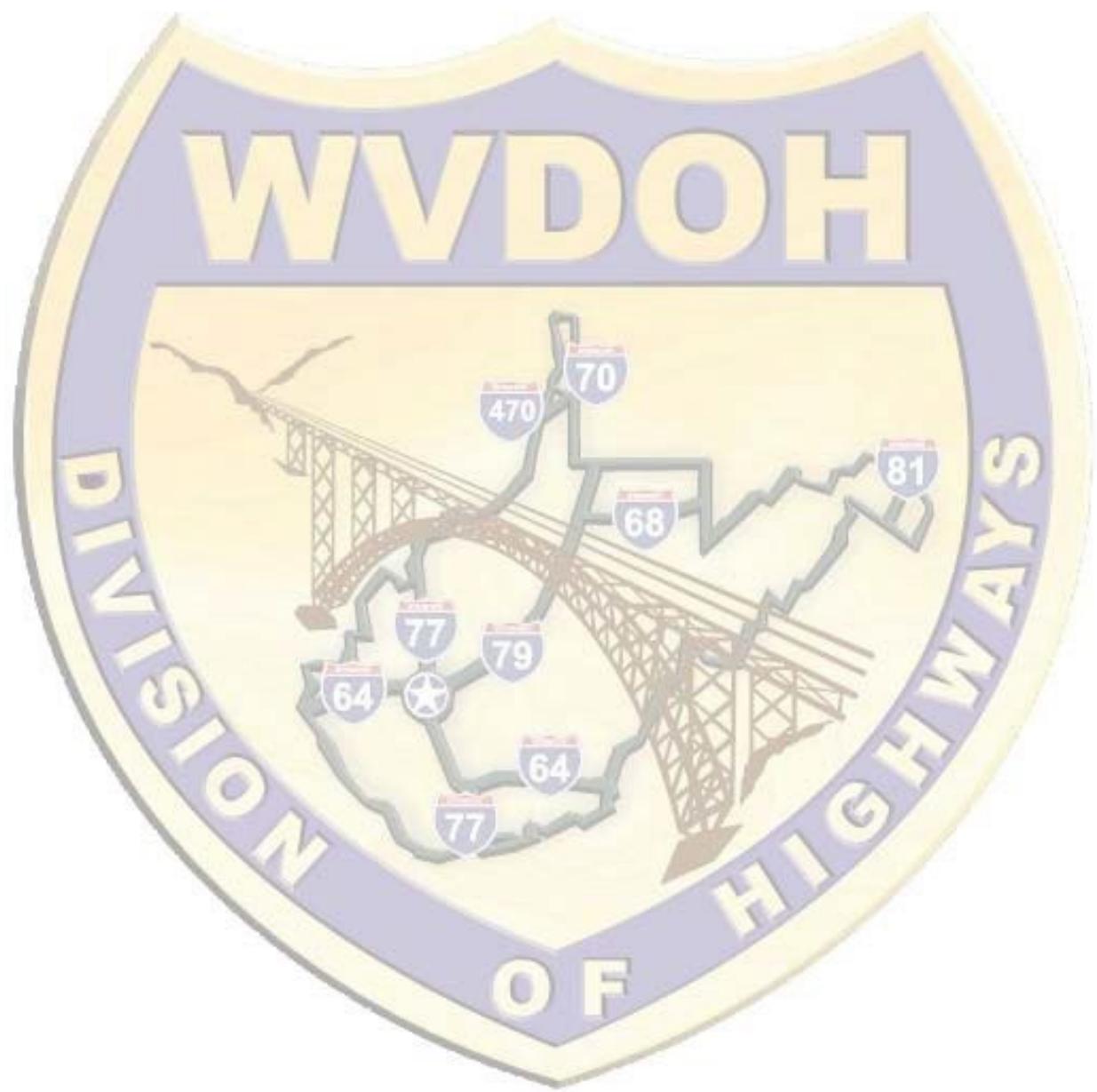


WEST VIRGINIA DEPARTMENT OF TRANSPORTATION (DOT)
 DIVISION OF HIGHWAYS (DOH)
 LIST OF PRINCIPAL OFFICIALS
 June 30, 2025

Stephen Todd Rumbaugh, P.E.	Secretary of Transportation/Commissioner of Highways
Michael DeMers	DOT Deputy Secretary of Transportation
Jacob Bumgarner, P.E.	DOH State Highway Engineer
Carla Rotsch, MSL	DOT Business Manager
Lori Suite	Transportation Executive Administrator
Nate Tawney	DOT General Council
Jonathan Schaffer	Executive Administrator/DOT Privacy Officer
Perry Keller	DOH Chief of Commissioner's Office of Economic Development
J. Tommy Collins, P.E.	DOH Deputy State Highway Engineer of Construction (Interim) and Special Programs
Sarah Runyon, P.E.	DOH Deputy State Highway Engineer of Development (Interim)
Nathan Thomas, P.E.	DOH Deputy State Highway Engineer of Operations
Doug Kirk, P.E.	DOT Chief Engineer of Environmental Compliance
Gehan Elsayed, P.E.	DOT Chief Engineer of Planning & Asset Management
Hussein Elkhansa, M.S.E., G.I.S.P	DOT Chief Technology Officer
Scott Eplin	DOT Assistant Deputy Secretary
Evan Dewey	DOT Deputy Business Manager
Dawna Skaggs	DOT Director, Auditing Division
Nina Orndorff	DOT Director, Budget Division
William Hartwell	DOT Director, Civil Rights Compliance Division
Cindy Wilkinson	DOT Director, Finance Division
Natasha White	DOT Director, Human Resources Division
Yueming Wu	DOT Director, Information Technology Division
Chris Alder	DOT Director, Legal Division (Acting)
Kristy James	DOT Director, Procurement Division
Brent Walker	DOT Director, Public Relations Division
Shawn Smith, P.E.	DOH Director, Contract Administration Division
Raymond Scites, P.E.	DOH Director, Engineering Division
Jeff Pifer, P.E.	DOH Director, Equipment Division
Michael Mance, P.E.	DOH Director, Materials Control Soil & Testing Division
Ameche Watson	DOH Director, Office Services Division
Stephen Johnson, P.E.	DOH Director, Operations Division
Michelle Oxley	DOH Director, Performance Management Division
Tim B. Sedosky	DOH Director, Planning Division - Interim
G. Chris Kessell	DOH Director, Programming Division - Acting
Sarah Runyon, P.E.	DOH Director, Right of Way Division (Interim)
Doug Kirk, P.E.	DOH Director, Technical Support Division (Interim)
Ted Whitmore, P.E.	DOH Director, Traffic Engineering Division
Jennifer A. Goodwin	DOH Executive Information Resources

DISTRICT ENGINEERS/MANAGERS

District 1	Stefan White - Interim	Charleston
District 2	Jason Foster, P.E.	Huntington
District 3	Michael C. Daley	Parkersburg
District 4	Earl Gaskins	Clarksburg
District 5	Justin L. Thorne, P.E.	Burlington
District 6	Brian Kucish	Moundsville
District 7	Brian K. Cooper, P.E.	Weston
District 8	Tom Collins.	Elkins
District 9	James F. 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, 2025, 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, 2025, 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, during fiscal year 2025, the Division implemented Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

The Virginia Center
1411 Virginia Street, East
Suite 100
Charleston, WV 25301
MAIN (304) 343-4126
FAX (304) 343-8008

The Rivers Office Park
200 Star Avenue
Suite 220
Parkersburg, WV 26101
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

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, 2025, 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.

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.



Charleston, West Virginia
October 15, 2025

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, 2025. 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 \$9.9 billion at the close of fiscal year 2025.

Changes in Net Position - During the year, the Division's net position increased by \$95 million or 0.97%. During fiscal year 2024, net position increased by \$598 million or 6.53%.

Revenues and Expenses - Total revenues decreased by \$320 million or 14.90%. Total expenses increased \$183 million or 11.85%. 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 2025, the Division's governmental funds reported combined total fund balance of \$1.1 billion, a decrease of \$421 million in comparison with the prior year.

Long-Term Debt - The Division's total outstanding general obligation bonds, net of bond premiums, decreased by \$84 million during the current fiscal year. The Division's total outstanding special obligation notes, net of note premium, decreased by \$27 million during the current fiscal year. The Division has \$12 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, 2025 and 2024 (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>2025</u>	<u>2024</u>	<u>% Change</u>
Assets and deferred outflows of resources			
Current assets	\$ 1,359,587	\$ 1,779,321	-23.59%
Capital assets	10,585,872	10,169,217	4.10%
Other non-current assets	<u>26,773</u>	<u>8,316</u>	221.95%
Total assets	11,972,232	11,956,854	0.13%
Deferred outflows of resources	<u>68,973</u>	<u>44,757</u>	54.11%
Total assets and deferred outflows of resources	<u>12,041,205</u>	<u>12,001,611</u>	0.33%
Liabilities and deferred inflows of resources			
Current liabilities	341,527	339,491	0.60%
Long term liabilities	<u>1,804,192</u>	<u>1,884,211</u>	-4.25%
Total liabilities	2,145,719	2,223,702	-3.51%
Deferred inflows	<u>36,776</u>	<u>14,211</u>	158.79%
Total liabilities and deferred inflows of resources	<u>2,182,495</u>	<u>2,237,913</u>	-2.48%
Net Position			
Net investment in capital assets	9,279,248	8,918,671	4.04%
Restricted	339,009	426,056	-20.43%
Unrestricted	<u>240,453</u>	<u>418,971</u>	-42.61%
Total net position	<u>\$ 9,858,710</u>	<u>\$ 9,763,698</u>	0.97%

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):

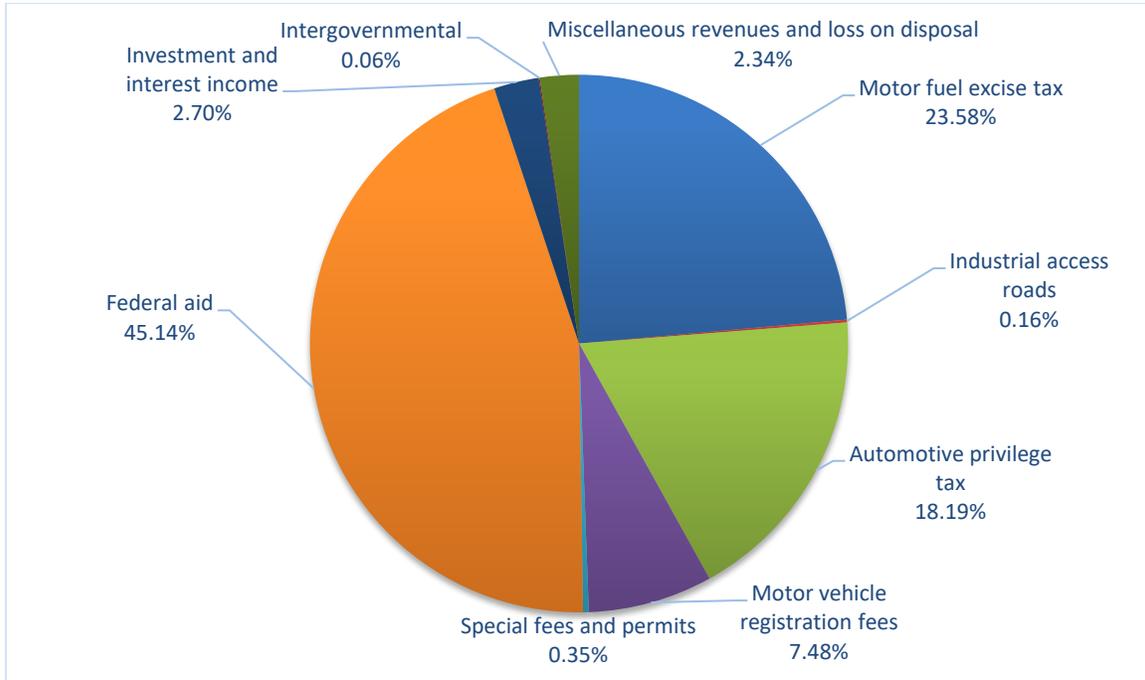
**Condensed Statement of Activities
Years Ended June 30,**

	<u>2025</u>	<u>2024</u>	<u>% Change</u>
Revenues			
Taxes	\$ 763,009	\$ 752,246	1.43%
Investment and interest income	49,362	50,954	-3.12%
Intergovernmental	1,184	304,521	-99.61%
Gain/(Loss) on disposal of capital assets	2,085	(434)	580.41%
Miscellaneous revenues	<u>40,548</u>	<u>42,335</u>	-4.22%
Total general revenues	856,188	1,149,622	-25.52%
Capital grants and contributions	827,514	858,690	-3.63%
Charges for services and other program revenue	<u>142,929</u>	<u>138,136</u>	3.47%
Total program revenues	<u>970,443</u>	<u>996,826</u>	-2.65%
Total revenues	<u>1,826,631</u>	<u>2,146,448</u>	-14.90%
Expenses			
Road maintenance	651,751	586,965	11.04%
Road construction and other road operations	778,611	639,965	21.66%
General and administration	233,358	249,280	-6.39%
Interest on long-term debt	57,309	61,453	-6.74%
Unallocated depreciation and amortization	<u>10,590</u>	<u>10,465</u>	1.19%
Total expenses	<u>1,731,619</u>	<u>1,548,128</u>	11.85%
Change in net position	95,012	598,320	-84.12%
Net position, beginning (as previously reported)	<u>9,763,698</u>	<u>9,165,378</u>	6.53%
Net position, ending	<u>\$ 9,858,710</u>	<u>\$ 9,763,698</u>	0.97%

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 \$95 million or 0.97%.

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 decreased by approximately \$320 million. Intergovernmental revenues decreased by approximately \$303 million. The following summarizes revenues for the years ended June 30, 2025 and June 30, 2024 (amounts in thousands):

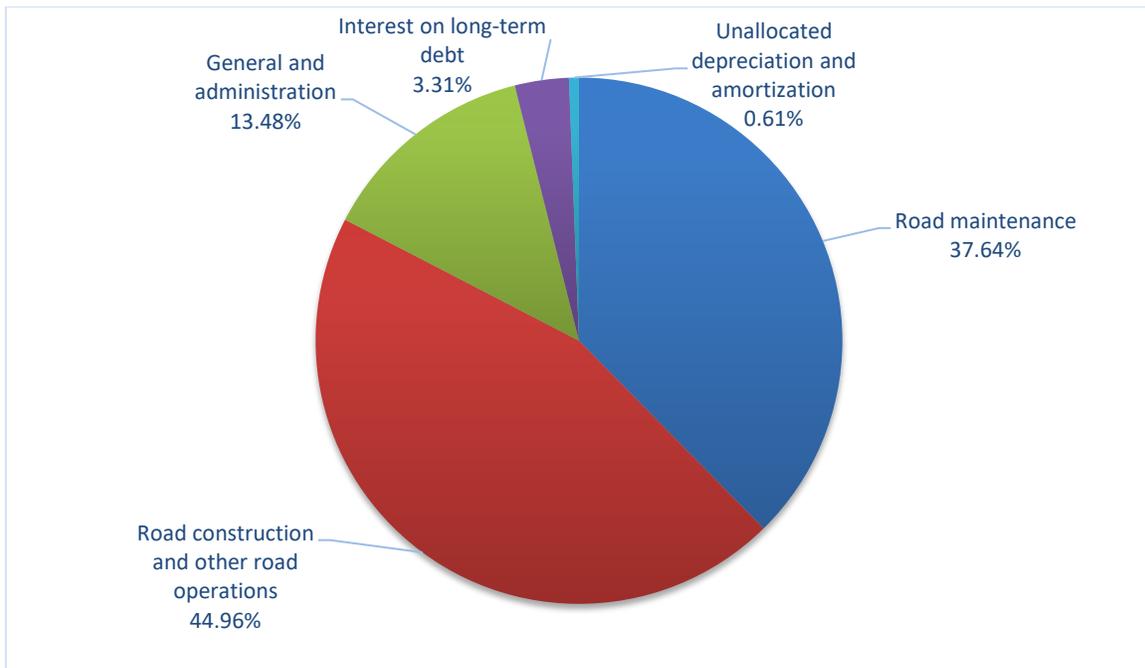
	2025	2024	% Change
Motor fuel excise tax	\$ 430,736	\$ 435,840	-1.17%
Industrial access roads	3,000	3,000	0.00%
Automotive privilege tax	332,273	316,406	5.01%
Motor vehicle registration fees	136,640	131,692	3.76%
Special fees and permits	6,289	6,444	-2.41%
Federal aid	824,514	855,690	-3.64%
Investment and interest income	49,362	50,954	-3.12%
Intergovernmental	1,184	304,521	-99.61%
Gain/Loss on disposal of capital assets	2,085	(434)	580.41%
Miscellaneous revenues	40,548	42,335	-4.22%
Total revenues	<u>\$ 1,826,631</u>	<u>\$ 2,146,448</u>	-14.90%

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 2025 apportionment was \$633.6 million and the total obligation limitation was \$630.1 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 \$183 million or 11.85%. The following summarizes expenses for the years ended June 30, 2025 and June 30, 2024 (amounts in thousands):

	2025	2024	% Increase (Decrease)
Road maintenance	\$ 651,751	\$ 586,965	11.04%
Road construction and other road operations	778,611	639,965	21.66%
General and administration	233,358	249,280	-6.39%
Interest on long-term debt	57,309	61,453	-6.74%
Unallocated depreciation and amortization	10,590	10,465	1.19%
Total expenses	<u>\$ 1,731,619</u>	<u>\$ 1,548,128</u>	11.85%

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. In June 2024, the Division received \$150 million from Senate Bill 1002 signed by Governor Justice. This funding came from the State's General Revenue. The Fund of \$150 million was utilized to continue paving projects across the state in fiscal year 2025.

Operational units are allocated annual amounts of funding for routine maintenance, internally referred to as Annual Plan Budgets. Annual Plan Budgets spending is dependent, to a degree, on the level of snow removal and ice control (SRIC) that is required each year. In fiscal year 2025, the agency continued its commitment to its core maintenance plan, which emphasizes ditching, mowing, brush-cutting, stabilization and patching maintenance activities. Increased emphasis was also placed on canopy cutting, pipe and culvert replacement needed to accommodate a larger paving program due to more general fund surplus funds. Crews concentrated on these activities and on bridge maintenance and preservation activities during all non-SRIC periods. The intent is to improve safety and to perform maintenance that will extend the life of the highway system.

Road construction and related operational expenses increased by approximately \$139 million in the current year, primarily due to a greater number of rehabilitation projects funded by federal grants that involved non-capitalizable costs, such as bridge painting and resurfacing. Additionally, the completion of more capital projects during the year contributed to higher depreciation expense. Salary expenses also rose as a result of across the board pay increases. The Division further incurred additional expenses related to FEMA projects during the year.

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, 2025, the Division reported fund balances of approximately \$1.1 billion. Of this total amount, \$224 million constitutes unassigned fund balance, while \$830 million 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 2025 fiscal year, unassigned fund balance of the General Fund was \$224 million and non-spendable fund balance was \$88 million, while the restricted fund balance was \$318 million. The total General Fund fund balance decreased \$253 million during the fiscal year. This was primarily due to continuous efforts to maintain roads. There was \$150 million from transfer of cash from the State's General Revenue Fund to the State Road Fund received in the prior fiscal year used for this purpose.

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):

	2025	2024	Increase (Decrease)	% Increase (Decrease)
Motor fuel excise and wholesale fuel	\$ 431,015	\$ 445,055	\$ (14,040)	(3.15%)
Motor vehicle registration	137,381	129,179	8,202	6.35%
Privilege tax	334,107	317,180	16,927	5.34%
	<u>\$ 902,503</u>	<u>\$ 891,414</u>	<u>\$ 11,089</u>	1.24%

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 2025.

Fiscal year 2025 tax collections reported on a budgetary basis increased by \$11.1 million (1.24%) from fiscal year 2024 tax collections. Motor fuel tax collections were \$4.0 million (0.92%) below estimates for the year, and \$14.0 million (3.15%) below fiscal year 2024 collections. Registration fee collections were \$17.6 million (11.37%) below estimates and \$8.2 million (6.35%) above fiscal year 2024 collections. Privilege tax collections were \$29.0 million (9.54%) above estimates and \$17.0 million (5.34%) above fiscal year 2024 collections.

The Division's federal revenue, on a budgetary basis for fiscal year 2024 was \$764.1 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 be stagnated in fiscal year 2026. 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, 2025, the Capital Projects Fund fund balance decreased by \$168 million primarily due to construction expenses related to the Roads to Prosperity initiative. At June 30, 2025, the capital projects fund balance of approximately \$512 million represented unexpended bond funds associated with the above-referenced issuances.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2025, the Division had invested \$10.6 billion, net of accumulated depreciation and amortization. This investment in capital assets includes infrastructure roadways, bridges, land and improvements, buildings and improvements, rolling equipment, furniture, fixture, shop and scientific equipment, right to use assets as well as construction in progress. Depreciation and amortization expenses for the fiscal year totaled \$366 million.

The Division's investment in capital assets, net of current depreciation increased \$240 million over the previous year for infrastructure. The Division expended \$783 million during the year ending June 30, 2025, for additions to capital assets. Of this amount, \$730 million was related to the acquisition of right of way and construction of roads and bridges. There were \$522 million completed infrastructure projects for roads and bridges that were taken out of the construction in progress account and placed into service during the fiscal year.

Additional information on the Division's capital assets can be found on Note 7 of this report.

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 \$1.4 billion at June 30, 2025.

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 \$161 million at June 30, 2025.

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)
Roads to Prosperity 18A, 18B T1, 18B T2 - Bonds maturing on or before June 1, 2043.	Fitch: AA Moody's: Aa2 S&P: AA-	\$ 662,585
Roads to Prosperity 19A-1, 19A-2 - Bonds maturing on or before June 1, 2044.	Fitch: AA Moody's: Aa2 S&P: AA-	551,210
Roads to Prosperity 21A and 21B - Bonds maturing on or before June 1, 2046.	Fitch: AA Moody's: Aa2 S&P: AA-	192,455
Surface Transportation Improvements Special Obligation Notes (GARVEE 2017A) - Notes maturing on or before September 1, 2029.	Moody's: A2 S&P: AA	106,680
Surface Transportation Improvements Special Obligation Notes (GARVEE 2018A) - Notes maturing on or before September 1, 2033.	Moody's: A2 S&P: AA	54,180
		<u>\$ 1,567,110</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 220, Charleston, West Virginia 25305.

BASIC FINANCIAL STATEMENTS

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
STATEMENT OF NET POSITION
JUNE 30, 2025
(amounts expressed in thousands)

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current assets	
Cash and cash equivalents	\$ 1,061,320
Accounts receivable, net	131,162
Taxes receivable	74,063
Due from other State of West Virginia agencies	4,937
Inventories	88,105
Total current assets	1,359,587
Non-current assets	
Capital assets not being depreciated	
Land - non-infrastructure	26,165
Land - infrastructure	1,381,424
Construction in progress	2,674,190
Capital assets net of accumulated depreciation/amortization	
Land improvements	17,650
Buildings	144,990
Furniture and fixtures	765
Rolling stock	167,654
Scientific equipment	43
Shop equipment	619
Roads	3,195,317
Bridges	2,966,040
Right-of-use assets	11,015
Total capital assets	10,585,872
Net pension asset	26,074
Net OPEB asset	699
Total non-current assets	10,612,645
Total assets	11,972,232
Deferred outflows of resources	
Deferred outflows of resources - pension	63,349
Deferred outflows of resources - OPEB	5,624
Total deferred outflows of resources	68,973
Total assets and deferred outflows of resources	12,041,205
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Current liabilities	
Accounts payable	189,378
Accrued payroll and related liabilities	15,937
Due to other State of West Virginia agencies	6,090
Accrued interest payable	8,466
Unearned revenue	5,000
Current maturities of long-term obligations	116,656
Total current liabilities	341,527
Non-current liabilities	
Claims and judgments	10,741
Compensated absences	8,431
Arbitrage liability	12,738
Due to other State of West Virginia agencies	31,277
Leases payable	9,194
Bonds and notes	1,731,811
Total non-current liabilities	1,804,192
Total liabilities	2,145,719
Deferred inflows of resources	
Deferred inflows of resources - pension	32,838
Deferred inflows of resources - OPEB	3,938
Total deferred inflows of resources	36,776
Total liabilities and deferred inflows of resources	2,182,495
NET POSITION	
Net investment in capital assets	9,279,248
Restricted	
Coal Resource	10,337
Waste Tire	5,881
Industrial Access	8,712
Capital projects	287,306
Pension benefits	26,074
OPEB benefits	699
Unrestricted	240,453
Total net position	\$ 9,858,710

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, 2025
(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	\$ 609,395	\$ -	\$ -	\$ (609,395)
Litter control program	514	-	-	(514)
Depreciation	41,842	-	-	(41,842)
Road construction				
Federal aid				
Interstate highways	126,905	-	171,100	44,195
Appalachian highways	29,835	-	184,009	154,174
Other federal aid programs	283,790	-	469,405	185,615
Nonfederal aid	23,427	-	-	(23,427)
Industrial access roads	1,338	-	3,000	1,662
Depreciation	313,316	-	-	(313,316)
General and administration				
Support and administrative operations	185,454	6,289	-	(179,165)
Claims	(368)	-	-	368
Costs associated with DMV	48,272	136,640	-	88,368
Interest on long-term debt	57,309	-	-	(57,309)
Unallocated depreciation and amortization	10,590	-	-	(10,590)
	<u>\$ 1,731,619</u>	<u>\$ 142,929</u>	<u>\$ 827,514</u>	<u>(761,176)</u>
General revenues				
Taxes:				
Gasoline and motor carrier				430,736
Automobile privilege				332,273
Investment and interest income				49,362
Intergovernmental				1,184
Gain on disposal of capital assets				2,085
Miscellaneous revenues				<u>40,548</u>
Total general revenues				<u>856,188</u>
Change in net position				95,012
Net position, beginning				<u>9,763,698</u>
Net position, ending				<u>\$ 9,858,710</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, 2025
(amounts expressed in thousands)

	State Road (General)	Capital Projects	Total Governmental Funds
ASSETS			
Assets			
Cash and cash equivalents	\$ 520,316	\$ 541,004	\$ 1,061,320
Receivables	131,162	-	131,162
Taxes receivable	74,063	-	74,063
Due from other State of West Virginia agencies	4,937	-	4,937
Inventories	88,105	-	88,105
Total assets	\$ 818,583	\$ 541,004	\$ 1,359,587
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 160,834	\$ 28,544	\$ 189,378
Accrued payroll and related liabilities	15,928	9	15,937
Due to other State of West Virginia agencies	6,088	2	6,090
Unearned revenue	5,000	-	5,000
Total liabilities	187,850	28,555	216,405
Deferred inflows of resources			
Unavailable revenue	438	-	438
Fund balances			
Non-spendable			
Inventories	88,105	-	88,105
Restricted			
Construction and maintenance of industrial access roads	8,712	-	8,712
Construction and maintenance of coal resource roads	10,337	-	10,337
Waste tire clean up and disposal	5,881	-	5,881
Capital projects	293,041	512,449	805,490
Unassigned	224,219	-	224,219
Total fund balances	630,295	512,449	1,142,744
Total liabilities, deferred inflows of resources, and fund balances	\$ 818,583	\$ 541,004	\$ 1,359,587

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, 2025
(amounts expressed in thousands)

Total fund balance - governmental funds \$ 1,142,744

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	\$ 26,165	
Land - infrastructure	1,381,424	
Construction in progress	2,674,190	
Capital assets net of accumulated depreciation and amortization		
Land improvements	17,650	
Buildings	144,990	
Furniture and fixtures	765	
Rolling stock	167,654	
Scientific equipment	43	
Shop equipment	619	
Roads	3,195,317	
Bridges	2,966,040	
Right-of-use assets	<u>11,015</u>	10,585,872

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. 68,973

Receivables related to the paving settlement are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds. 438

Some assets and liabilities are not due and receivable or payable in the current period and therefore are not reported in the funds. These assets and liabilities consist of:

Net pension asset	26,074	
Net OPEB asset	699	
Accrued interest payable	(8,466)	
Claims and judgments	(11,606)	
Compensated absences	(31,225)	
Arbitrage liability	(12,738)	
Due to other State of West Virginia agencies	(31,277)	
Leases payable	(11,760)	
General obligation bonds and revenue notes	<u>(1,822,242)</u>	(1,902,541)

Deferrals of resources related to pensions and OPEB that represent 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. (36,776)

Net position of governmental activities \$ 9,858,710

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, 2025
(amounts expressed in thousands)

	State Road (General)	Capital Projects	Total Governmental Funds
Revenues			
Taxes			
Gasoline and motor carrier	\$ 430,736	\$ -	\$ 430,736
Automobile privilege	332,273	-	332,273
Industrial access roads	3,000	-	3,000
License, fees and permits			
Motor vehicle registrations and licenses	136,640	-	136,640
Special fees and permits	6,289	-	6,289
Federal aid			
Interstate highways	171,100	-	171,100
Appalachian highways	184,009	-	184,009
Other federal aid programs	469,405	-	469,405
Intergovernmental			
State aid and other agencies	1,184	-	1,184
Investment and interest income	29,283	30,134	59,417
Miscellaneous revenues	58,406	-	58,406
Total revenues	<u>1,822,325</u>	<u>30,134</u>	<u>1,852,459</u>
Expenditures			
Current			
Road maintenance			
Operations	661,958	-	661,958
Litter control program	519	-	519
Support and administrative operations	192,640	-	192,640
Division of Motor Vehicles operations	48,795	-	48,795
Claims	301	-	301
Capital outlay - Road construction and other road operations			
Federal aid:			
Interstate highways	224,115	-	224,115
Appalachian highways	161,957	-	161,957
Other federal aid programs	520,740	-	520,740
Nonfederal aid	91,935	198,488	290,423
Industrial access roads	1,352	-	1,352
Debt service			
Principal - bonds and notes	89,665	-	89,665
Principal - leases	2,756	-	2,756
Interest - bonds and notes	80,813	-	80,813
Interest - leases	516	-	516
Total expenditures	<u>2,078,062</u>	<u>198,488</u>	<u>2,276,550</u>
Excess (deficiency) of revenues over expenditures	(255,737)	(168,354)	(424,091)
Other financing sources (uses)			
Right-of-use leases	440	-	440
Proceeds of sale of assets	2,236	-	2,236
Total other sources (uses)	<u>2,676</u>	<u>-</u>	<u>2,676</u>
Net change in fund balances	(253,061)	(168,354)	(421,415)
Fund balances, beginning of year	<u>883,356</u>	<u>680,803</u>	<u>1,564,159</u>
Fund balances, end of year	<u>\$ 630,295</u>	<u>\$ 512,449</u>	<u>\$ 1,142,744</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, 2025
 (amounts expressed in thousands)

Net change in fund balance - governmental funds \$ (421,415)

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 (\$782,918) exceeded depreciation and amortization (\$365,748) in the current period. 417,170

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. (151)

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. 91,981

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. (7,253)

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. (17,858)

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. (10,055)

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. 42,593

Change in net position of governmental activities \$ 95,012

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, 2025
(amounts expressed in thousands)

	Original Budget	Budget Amendments	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues					
Taxes					
Gasoline and motor carrier	\$ 435,000	\$ -	\$ 435,000	\$ 431,015	\$ (3,985)
Automobile privilege	305,000	-	305,000	334,107	29,107
Litter Control Program	1,700	-	1,700	1,711	11
Motor vehicle registrations and licenses	155,000	-	155,000	137,381	(17,619)
Special fees and permits	14,520	-	14,520	4,575	(9,945)
Revenue transfer to Industrial Access Roads	3,000	-	3,000	3,000	-
Federal aid	929,175	-	929,175	764,105	(165,070)
Miscellaneous revenues	75,480	-	75,480	46,015	(29,465)
	<u>1,918,875</u>	<u>-</u>	<u>1,918,875</u>	<u>1,721,909</u>	<u>(196,966)</u>
Expenditures					
Road construction and other road operations					
Interstate highways	275,000	-	275,000	201,181	73,819
Appalachian highways	250,000	(56,500)	193,500	190,508	2,992
Other federal aid programs	450,000	56,500	506,500	491,939	14,561
Road maintenance					
Maintenance	565,235	150,000	715,235	667,968	47,267
Litter control program	1,650	-	1,650	519	1,131
Support and administrative operations					
General operations	186,367	-	186,367	145,880	40,487
Equipment revolving	52,950	-	52,950	40,626	12,324
Inventory revolving	4,000	13,000	17,000	(1,440)	18,440
Debt service	143,000	-	143,000	136,856	6,144
Division of Motor Vehicles operations	71,316	1,700	73,016	53,857	19,159
Claims - DOH and DMV	387	-	387	300	87
Industrial Access Road	3,000	-	3,000	3,000	-
	<u>2,002,905</u>	<u>164,700</u>	<u>2,167,605</u>	<u>1,931,194</u>	<u>236,411</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (84,030)</u>	<u>\$ (164,700)</u>	<u>\$ (248,730)</u>	<u>\$ (209,285)</u>	<u>\$ (39,445)</u>

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025
(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, 2025, 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.

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.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2025, 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.
- Pension and other postemployment benefits (OPEB) 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.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
 DIVISION OF HIGHWAYS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2025
 (amounts expressed in thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2025 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.

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, 2025, on the budgetary basis to the GAAP basis for the State Road fund follows:

Excess (deficiency) of revenues over expenditures - budgetary basis	\$	(209,285)
Basis of accounting differences (budgetary to GAAP)		28,833
Unbudgeted funds		<u>(72,609)</u>
Excess (deficiency) of revenues over expenditures - GAAP basis	\$	<u><u>(253,061)</u></u>

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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-of-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.

COMPENSATED ABSENCES – This Division recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements. The liability for compensated absences includes salary-related benefits, where applicable. Expenditures for compensated absences are recognized as incurred in the governmental fund financial statements. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. 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.

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.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$68,973 as deferred outflows of resources related to pension 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 \$36,776 as deferred inflows of resources related to pension and OPEB on the statement of net position and \$438 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).

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 and other post-retirement 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.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2025.

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, 2025.

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 GASB

GASB Statement No. 101, "Compensated Absences" was adopted for the year ended June 30, 2025. In addition to the value of unused vacation time owed to employees upon separation of employment, the Division now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of this adoption did not result in a material change to the prior year financial statements; therefore, beginning net position has not been restated.

GASB has issued Statement No. 102, "Certain Risk Disclosures", was also adopted for the year ended June 30, 2025. This statement requires disclosure of certain concentrations and constraints that make the government vulnerable to the risk of a substantial impact. This statement had no impact on the Division's financial statements.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
 DIVISION OF HIGHWAYS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2025
 (amounts expressed in thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RECENT STATEMENTS ISSUED BY GASB

GASB has 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.

GASB has also issued Statement No. 104, "Disclosure of Certain Capital Assets", which is effective for fiscal years beginning after June 15, 2025. The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. The Division has not yet determined the effect that the adoption of GASB Statement No. 104 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:

Cash on deposit with State Auditor	\$	43,422
Cash on deposit with State Treasurer invested in BTI		
WV Money Market Pool		475,291
Cash on deposit with State Treasurer invested in BTI		
WV Money Market Pool (Roads to Prosperity)		539,088
Cash on deposit with BNY Mellon Bank		1
Cash in transit		<u>3,518</u>
Total cash and cash equivalents	\$	<u><u>1,061,320</u></u>

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 DEPARTMENT OF TRANSPORTATION
 DIVISION OF HIGHWAYS
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NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

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, 2025, the WV Money Market Pool investment had a total carrying value of \$8,626,410, of which the Division’s ownership represents 11.76%.

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	\$ 6,065,609	46
Commercial bonds and notes	35,000	1
Negotiable certificates of deposit	1,537,010	49
Repurchase agreements	985,100	1
Money market funds	3,691	1
	<u>\$ 8,626,410</u>	41

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
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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, 2025 consisted of the following:

Federal aid earned	\$	118,135
Paving settlement		438
Other receivables		15,489
Combined total receivables		134,062
Less: allowance for uncollectibles		(2,900)
Net accounts receivable	\$	131,162

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 2025, \$17.9 million of these credits were used.

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

NOTE 4: TAXES RECEIVABLE

Taxes receivable at June 30, 2025 consisted of the following:

Automobile privilege taxes	\$	28,645
Motor fuel excise taxes		43,545
Registration fees		1,327
Other		546
		546
Total taxes receivable	\$	74,063

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

Amounts due from other State agencies at June 30, 2025 consisted of the following:

The Department of Motor Vehicles (DMV)	\$	1,418
Parkways Authority		44
Division of Multimodal Transportation Facilities		352
Governor’s Office		2,696
Other agencies		427
		427
Total amounts due from other State agencies	\$	4,937

Amounts due to other State agencies at June 30, 2025 consisted of the following:

Public Employee’s Insurance Agency	\$	2,594
Public Employee’s Retirement		1,285
Parkways Authority		31,305
Other agencies		2,183
		2,183
Total amounts due to other State agencies	\$	37,367

NOTE 6: INVENTORIES

Inventories at June 30, 2025 consisted of the following:

Material and supplies	\$	57,542
Equipment repair parts		26,084
Gas and lubrication supplies		4,479
		4,479
Total inventories	\$	88,105

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
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NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025
Capital assets not being depreciated/amortized:				
Land - non infrastructure	\$ 26,133	\$ 32	\$ -	\$ 26,165
Land - infrastructure	1,350,550	30,874	-	1,381,424
Construction-in-progress - buildings and improvements	4,990	5,323	1,825	8,488
Construction-in-progress - land improvements	612	6,957	4,380	3,189
Construction-in-progress - roads	2,130,045	420,676	425,917	2,124,804
Construction-in-progress - bridges	355,509	278,549	96,349	537,709
Total capital assets not being depreciated/amortized	<u>3,867,839</u>	<u>742,411</u>	<u>528,471</u>	<u>4,081,779</u>
Capital assets being depreciated/amortized:				
Land improvements - non infrastructure	30,095	4,380	-	34,475
Buildings and improvements	248,495	1,825	334	249,986
Furniture and fixtures	6,150	16	-	6,166
Rolling stock	420,240	39,850	19,953	440,137
Scientific equipment	2,765	15	-	2,780
Shop equipment	3,502	186	12	3,676
Infrastructure - roads	10,284,238	425,917	-	10,710,155
Infrastructure - bridges	4,314,145	96,349	-	4,410,494
Right-of-use assets - buildings	20,981	440	1,048	20,373
Total capital assets being depreciated/amortized	<u>15,330,611</u>	<u>568,978</u>	<u>21,347</u>	<u>15,878,242</u>
Less accumulated depreciation/amortization:				
Land improvements - non infrastructure	15,562	1,263	-	16,825
Buildings and improvements	99,176	6,154	334	104,996
Furniture and fixtures	5,058	343	-	5,401
Rolling stock	250,513	41,736	19,766	272,483
Scientific equipment	2,728	9	-	2,737
Shop equipment	2,972	97	12	3,057
Infrastructure - roads	7,293,027	221,811	-	7,514,838
Infrastructure - bridges	1,352,949	91,505	-	1,444,454
Right-of-use assets - buildings	7,248	2,830	720	9,358
Total accumulated depreciation/amortization	<u>9,029,233</u>	<u>365,748</u>	<u>20,832</u>	<u>9,374,149</u>
Total capital assets being depreciated/amortized, net	<u>6,301,378</u>	<u>203,230</u>	<u>515</u>	<u>6,504,093</u>
Governmental activities capital assets, net	<u>\$ 10,169,217</u>	<u>\$ 945,641</u>	<u>\$ 528,986</u>	<u>\$ 10,585,872</u>

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

NOTE 7: CAPITAL ASSETS (Continued)

Current year depreciation totaling \$355,158 was allocated as separate line items in the statement of activities under the major functions of the Division of Maintenance and Improvements. The remaining \$10,590 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 the various activities of the Division.

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

<u>Asset Type</u>	<u>Depreciation and Amortization</u>
Road Maintenance	
Rolling stock	\$ 41,736
Shop equipment	97
Scientific equipment	9
Total road maintenance	41,842
Other Road Operations	
Infrastructure - roads	221,811
Infrastructure - bridges	91,505
Total other road operations	313,316
Total allocated	355,158
Unallocated	
Buildings and improvements	6,154
Right-to-use assets	2,830
Furniture and fixtures	343
Land improvements	1,263
Total unallocated	10,590
Total depreciation and amortization expense	\$ 365,748

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8: LONG-TERM OBLIGATIONS

Long-term obligations at June 30, 2025, 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	\$ 22,090	\$ -	\$ 22,090	\$ -
Roads to prosperity bonds	2018	2.00%-5.00%	06/01/2043	684,930	-	22,345	662,585
Roads to prosperity bonds	2019	5.00%	06/01/2044	568,280	-	17,070	551,210
Roads to prosperity bonds	2021	5.00%	06/01/2046	197,545	-	5,090	192,455
Total general obligation bonds				1,472,845	-	66,595	1,406,250
Bond premium safe road bonds				2,381	-	2,381	-
Bond premium roads to prosperity bonds				249,829	-	15,271	234,558
Total general obligation bonds payable net of premium				1,725,055	-	84,247	1,640,808
Revenue notes payable from federal aid revenue:							
Surface transportation improvements							
special notes (Garvee 2017A)	2017	5.00%	09/01/2029	125,070	-	18,390	106,680
special notes (Garvee 2018A)	2018	5.00%	09/01/2033	58,860	-	4,680	54,180
Total revenue notes payable				183,930	-	23,070	160,860
Note premium				24,744	-	4,170	20,574
Total revenue notes payable net of premium				208,674	-	27,240	181,434
Claims and judgments				12,276	1,500	2,170	11,606
Compensated absences				23,303	26,303	18,381	31,225
Leases				14,439	439	3,118	11,760
Arbitrage liability				12,512	226	-	12,738
Due to other State of West Virginia agencies				21,449	9,828	-	31,277
Net pension liability (asset)				(727)	33,700	59,047	(26,074)
Net OPEB liability (asset)				(7,589)	11,735	4,845	(699)
Total long-term obligations				\$ 2,009,392	\$ 83,731	\$ 199,048	\$ 1,894,075

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
 DIVISION OF HIGHWAYS
 NOTES TO THE FINANCIAL STATEMENTS
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 (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 \$80,813 for the year ended June 30, 2025. 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:

	2026	2027	2028	2029	2030	2031- 2035	2036- 2040	2041- 2045	2046	Total
General obligation bonds payable from tax revenue:										
Roads to prosperity bonds	\$ 115,606	\$ 115,606	\$ 115,604	\$ 115,611	\$ 115,606	\$ 578,015	\$ 578,010	\$ 421,894	\$ 14,904	\$ 2,170,856
Less: interest	68,836	66,486	63,999	61,386	58,641	247,150	154,590	42,979	539	764,606
Total principal	46,770	49,120	51,605	54,225	56,965	330,865	423,420	378,915	14,365	1,406,250
Bond Premium	15,271	15,271	15,271	15,271	15,271	76,356	49,179	30,344	2,324	234,558
Total principal and bond premium	\$ 62,041	\$ 64,391	\$ 66,876	\$ 69,496	\$ 72,236	\$ 407,221	\$ 472,599	\$ 409,259	\$ 16,689	\$ 1,640,808
Revenue notes payable due from federal aid revenue:										
Surface transportation special obligation notes	\$ 31,658	\$ 31,631	\$ 31,593	\$ 31,564	\$ 31,522	\$ 29,816	\$ -	\$ -	\$ -	\$ 187,784
Less: interest	7,438	6,196	4,893	3,524	2,087	2,786	-	-	-	26,924
Total principal	24,220	25,435	26,700	28,040	29,435	27,030	-	-	-	160,860
Note premium	4,170	4,170	4,170	4,170	1,361	2,533	-	-	-	20,574
Total principal and bond premium	\$ 28,390	\$ 29,605	\$ 30,870	\$ 32,210	\$ 30,796	\$ 29,563	\$ -	\$ -	\$ -	\$ 181,434

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
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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 for the bonds to maintain their tax-exempt status. At June 30, 2025, the Division's estimated arbitrage rebate liability recorded as other noncurrent liabilities was \$12,738.

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 April 2035.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
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(amounts expressed in thousands)

NOTE 8: LONG-TERM OBLIGATIONS (Continued)

Future annual minimum lease payments on leases for years subsequent to June 30, 2025, are as follows:

Fiscal year ended June 30	Principal	Interest	Total
2026	\$ 2,566	\$ 422	\$ 2,988
2027	2,240	326	2,566
2028	2,046	241	2,287
2029	1,808	159	1,967
2030	1,016	104	1,120
2031-2035	2,084	136	2,220
	<u>\$ 11,760</u>	<u>\$ 1,388</u>	<u>\$ 13,148</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:

	Compensated Absences	Claims and Judgements	Leases Payable	Arbitrage Liability and Due to Other State of West Virginia Agencies	General Obligation Bonds and Revenue Notes and Premium	Total
Current Liabilities	\$ 22,794	\$ 865	\$ 2,566	\$ -	\$ 90,431	\$ 116,656
Long Term Liabilities	8,431	10,741	9,194	44,015	1,731,811	1,804,192
Totals	<u>\$ 31,225</u>	<u>\$ 11,606</u>	<u>\$ 11,760</u>	<u>\$ 44,015</u>	<u>\$ 1,822,242</u>	<u>\$ 1,920,848</u>

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

	Year Ended June 30, 2025	Year Ended June 30, 2024	Year Ended June 30, 2023
Estimated claims liability, July 1	\$ 12,276	\$ 14,195	\$ 14,212
Additions for claims incurred during the year	1,500	4,742	2,500
Changes in estimates for claims of prior periods	(1,869)	(6,151)	(2,085)
Payments on claims	<u>(301)</u>	<u>(510)</u>	<u>(432)</u>
Estimated claims liability, June 30	<u>\$ 11,606</u>	<u>\$ 12,276</u>	<u>\$ 14,195</u>

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
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YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

NOTE 8: LONG-TERM OBLIGATIONS (Continued)

At June 30, 2025, approximately \$24.7 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 \$11,606 (\$5,606 of tort claims and \$6,000 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. 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 and sick leave time includes leave time and related costs for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled upon separation from employment. The obligation for leave time is determined by 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, 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 \$2,758 related to these leases during the year ended June 30, 2025.

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, 2025, the Division incurred payroll related expenditures of approximately \$51,053 for employee health insurance benefits provided through the West Virginia Public Employees Insurance Agency, approximately \$27,660 in employer matching contributions to the State Public Employees Retirement System and approximately \$2,498 for employee OPEB benefits provided by the West Virginia Retiree Health Benefits Trust Fund.

During the year ended June 30, 2025, the Division recorded revenue from the West Virginia Parkways Authority of \$17,858 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 \$1,461,183 at June 30, 2025.

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.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
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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, 2025, there were 257 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, 2025. The employee contribution rate is 4.5% and 6.0% for Tier I and Tier II employees, respectively.

During the year ended June 30, 2025, the Division's contributions to PERS required and made were approximately \$27,660. 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, 2025, the Division reported a pension liability (asset) of (\$26,074) for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of June 30, 2024, and the total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of July 1, 2023, rolled forward to the measurement date of June 30, 2024. 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, 2024 measurement date, the Division's proportionate share was 15.84%, which was a decrease of 0.39% from its proportionate share measured as of June 30, 2023.

For the year ended June 30, 2025, the Division recognized pension expense of \$13,279. At June 30, 2025, 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	\$ -	\$ 30,354
Changes in assumptions	-	2,387
Changes in proportion and differences between Division contributions and proportionate share of contributions	264	97
Division contributions made subsequent to the measurement date of June 30, 2024	27,660	-
Differences between expected and actual experience	35,425	-
Total	\$ 63,349	\$ 32,838

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
 DIVISION OF HIGHWAYS
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NOTE 11: RETIREMENT PLAN (Continued)

The amount reported as deferred outflows of resources related to pensions of \$27,660 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2026	\$ (10,393)
2027	37,891
2028	(13,835)
2029	(10,812)
	<u>\$ 2,851</u>

ACTUARIAL ASSUMPTIONS AND METHODS - The total pension liability/(asset) in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75%
Salary increases	2.75 – 7.37%, 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 generationally with scale MP-2021 for active members; 111% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2021 for retired healthy males; 118% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2021 for retired healthy females, 119% of Pub-2010 General/Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2021 for disabled males, and 124% of Pub-2010 General/Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2021 for disabled females.

The economic assumptions used in the June 30, 2024 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, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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

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, 2024 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Domestic equity	6.5%	22.5%
International equity	9.1%	22.0%
Fixed income	4.3%	15.0%
Real estate	5.8%	12.0%
Private equity	9.2%	12.0%
Private credit	9.8%	6.0%
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 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 plan members. 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>\$ 132,692</u>	<u>\$ (26,074)</u>	<u>\$ (160,150)</u>

PAYABLES TO THE PENSION PLAN - The Division reported \$1,285 as payable for normal contributions to the pension plan as of June 30, 2025.

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.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
 DIVISION OF HIGHWAYS
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NOTE 12: OTHER POSTEMPLOYMENT 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, 2025:

Net OPEB liability/(asset)	\$	(699)
Deferred outflows of resources		5,624
Deferred inflows of resources		3,938
Revenues (payments on behalf)		1,184
OPEB expense		(501)
Contributions made by the Division		2,498

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.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 12: OTHER POSTEMPLOYMENT 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. In fiscal year 2024, there was no subsidation of retiree healthcare from paygo premiums and PEIA active employers were not billed paygo.

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, 2025 were \$2,498. 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, 2025 OPEB liability/(asset) for financial reporting purposes was determined by an actuarial valuation as of June 30, 2023 and a measurement date of June 30, 2024. 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 5.0% medical and 8.0% drug for plan year end 2024. The trends increase over four years to 7.0% 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 2033.
- Actuarial cost method: Entry age normal cost method.
- Amortization method: Level percentage of payroll over a 20-year closed period beginning June 30, 2017.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
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NOTE 12: OTHER POSTEMPLOYMENT 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, 2023, 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, 2024 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%	7.7%
Hedge funds	10.0%	4.5%

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NOTE 12: OTHER POSTEMPLOYMENT 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, 2025 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>3,057</u>	\$ <u>(699)</u>	\$ <u>(3,827)</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, 2025 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>(5,497)</u>	\$ <u>(699)</u>	\$ <u>5,127</u>

OPEB LIABILITY/(ASSET), OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB - The June 30, 2025 net OPEB liability/(asset) was measured as of June 30, 2024, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

At June 30, 2025, the Division's proportionate share of the net OPEB liability/(asset) was (\$2,895). Of this amount, the Division recognized (\$699) as its proportionate share on the statement of net position. The remainder of (\$2,196) 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, 2024. Employer contributions are recognized when due. At the June 30, 2024 measurement date, the Division's proportion was 1.68%, a decrease of 3.12% from its proportion of 4.80% calculated as of June 30, 2023.

For the year ended June 30, 2025, the Division recognized OPEB expense of \$(501). Of this amount, \$(1,685) was recognized as the Division's proportionate share of OPEB expense and \$1,184 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
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NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (Continued)

At June 30, 2025, 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	\$ 2,435	\$ 703
Changes in proportion and differences between employer contributions and proportionate share of contributions	424	1,612
Changes in assumptions	267	827
Net difference between projected and actual investment earnings	-	796
Contributions after the measurement date	2,498	-
Total	\$ 5,624	\$ 3,938

The Division will recognize the \$2,498 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, 2026. 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
2026	\$ (2,044)
2027	2,214
2028	(645)
2029	(337)
	\$ (812)

PAYABLES TO THE OPEB PLAN - The Division reported \$66 as payable for normal contributions to the OPEB plan as of June 30, 2025.

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.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
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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, 2025

	Last 10 Fiscal Years* (In Thousands)										
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Government's proportion of the net pension liability (asset) (percentage)	15.84%	16.23%	15.93%	15.67%	15.75%	15.77%	15.18%	14.98%	15.20%	14.54%	14.54%
Government's proportionate share of the net pension liability (asset)	\$ (26,074)	\$ (727)	\$ 23,730	\$ (137,597)	\$ 83,266	\$ 33,914	\$ 39,215	\$ 64,651	\$ 139,665	\$ 81,197	\$ 81,197
Government's covered payroll	\$ 293,411	\$ 286,689	\$ 258,040	\$ 249,610	\$ 253,680	\$ 231,670	\$ 206,445	\$ 207,108	\$ 209,422	\$ 198,305	\$ 198,305
Government's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-8.89%	-0.25%	9.20%	-55.12%	32.82%	14.64%	19.00%	31.22%	66.69%	40.95%	40.95%
Plan fiduciary net position as a percentage of the total pension liability	101.85%	100.05%	98.17%	111.07%	92.89%	96.99%	96.33%	93.67%	86.11%	91.29%	91.29%

* - 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, 2025

Last 10 Fiscal Years
 (In Thousands)

	<u>2025</u>	<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>
Statutorily required contribution	\$ 27,066	\$ 26,407	\$ 25,802	\$ 25,804	\$ 24,961	\$ 25,368	\$ 23,167	\$ 22,709	\$ 24,853	\$ 28,272
Contributions in relation to the statutorily required contribution	(27,066)	(26,407)	(25,802)	(25,804)	(24,961)	(25,368)	(23,167)	(22,709)	(24,853)	(28,272)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Government's covered payroll	\$ 300,733	\$ 293,411	\$ 286,689	\$ 258,040	\$ 249,610	\$ 253,680	\$ 231,670	\$ 206,445	\$ 207,108	\$ 209,422
Contributions as a percentage of covered payroll	9.00%	9.00%	9.00%	10.00%	10.00%	10.00%	10.00%	11.00%	12.00%	13.50%

* - 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, 2025

Last 10 Fiscal Years*
(In Thousands)

	<u>2025</u>	<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>
Government's proportion of the net OPEB liability (asset) (percentage)	1.68%	4.80%	5.03%	5.67%	5.58%	5.51%	5.46%	5.30%		
Government's proportionate share of the net OPEB liability (asset)	\$ (699)	\$ (7,589)	\$ 5,598	\$ (1,685)	\$ 24,641	\$ 91,431	\$ 117,167	\$ 130,248		
State's proportionate share of the net OPEB liability (asset)	(2,196)	(3,239)	1,918	(332)	5,449	18,711	24,215	26,753		
Total proportionate share of the net OPEB liability (asset)	<u>\$ (2,895)</u>	<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)	\$ 294,346	\$ 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)	-0.24%	-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	102.19%	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, 2025

Last 10 Fiscal Years*
(In Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 2,498	\$ 664	\$ 4,810	\$ 5,913	\$ 10,333	\$ 10,783	\$ 11,354	\$ 11,159	\$ 10,880	
Contributions in relation to the statutorily required contribution	\$ (2,498)	\$ (664)	\$ (4,810)	\$ (5,913)	\$ (10,333)	\$ (10,783)	\$ (11,354)	\$ (11,159)	\$ (10,880)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Government's payroll (1)	\$ 308,343	\$ 294,346	\$ 286,613	\$ 259,586	\$ 239,341	\$ 190,954	\$ 223,350	\$ 199,967	\$ 195,322	
Contributions as a percentage of payroll (1)	0.81%	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, 2025

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, 2024 to reflect the most recent experience study:

	Projected Salary Increases		Inflation rate	Mortality Rates	Withdrawal Rates		Disability Rates
	State	Nonstate			State	Nonstate	
2024	2.75% - 6.86%	3.57% - 7.37%	2.75%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2021; Retired healthy males-111% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2021; Retired healthy females-118% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2021; Disabled males-119% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2021; Disabled females-124% of Pub-2010 General / Disabled Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2021	3.12-41.07%	3.25-35.88%	0.005-0.540%
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; 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%

WEST VIRGINIA DIVISION OF HIGHWAYS
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION
 YEAR ENDED JUNE 30, 2025

	Projected Salary Increases		Inflation rate	Mortality Rates		Withdrawal Rates	
	State	Nonstate		State	Nonstate	State	Nonstate
2020	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%
2019	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, below-median, headcount weighted, projected with scale MP-2018; Disabled females-117% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018; Disabled females-118% of Pub-2010 General / Disabled 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%	2.5-35.88%	0.005-0.540%
2018	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%
2017	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%
2016	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%
2015	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%

WEST VIRGINIA DIVISION OF HIGHWAYS
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OPEB
 YEAR ENDED JUNE 30, 2025

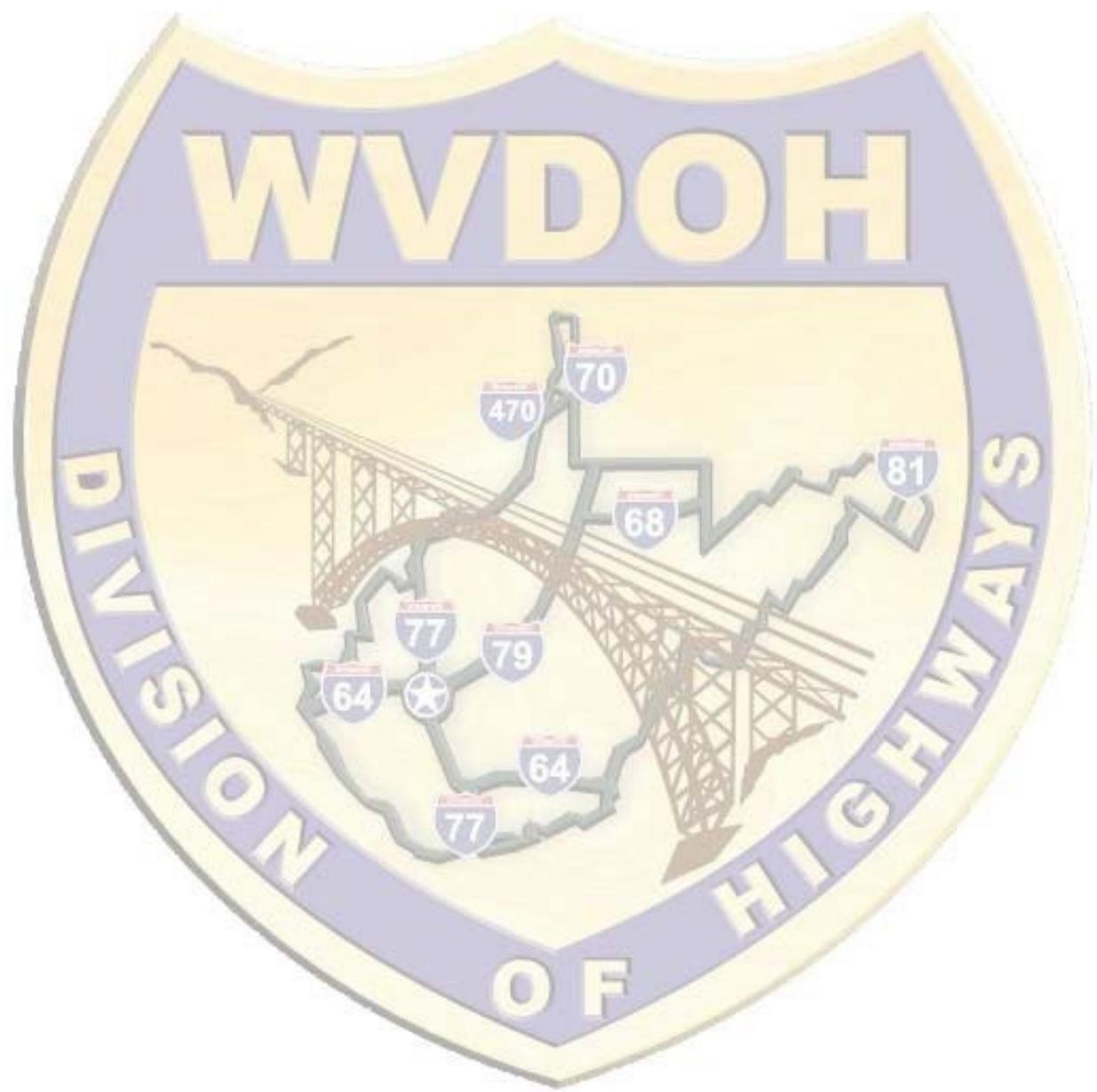
Actuarial Changes Other Postemployment Benefits Plan

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
<u>2024</u>	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 5.0% medical and 8.0% drug. The trends increase over four year to 7.0% 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 2033.
<u>2023</u>	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.
<u>2022</u>	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.
<u>2021</u>	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 2032. 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.

WEST VIRGINIA DIVISION OF HIGHWAYS
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OPEB
 YEAR ENDED JUNE 30, 2025

	Inflation Rate	Salary Increases	Wage Inflation Rate	Investment Rate of Return & Discount Rate	Mortality	Retirement Age	Aging Factors	Expenses	Healthcare Cost Trend Rates
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 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 end 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 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



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

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

	Fiscal Year			
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Governmental Activities				
Net investment in capital assets	\$ 9,279,248	\$ 8,918,671	\$ 8,409,170	\$ 7,986,328
Restricted	339,009	426,056	483,282	496,814
Unrestricted	240,453	418,971	272,926	191,052
Total governmental activities net position	<u>\$ 9,858,710</u>	<u>\$ 9,763,698</u>	<u>\$ 9,165,378</u>	<u>\$ 8,674,194</u>

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 8,108,753	\$ 8,195,263	\$ 8,095,231	\$ 7,832,625	\$ 7,967,600	\$ 7,969,214
487,827	109,560	188,310	19,285	12,737	12,031
219,137	(156,259)	96,572	220,991	(4,164)	(106,540)
<u>\$ 8,815,717</u>	<u>\$ 8,148,564</u>	<u>\$ 8,380,113</u>	<u>\$ 8,072,901</u>	<u>\$ 7,976,173</u>	<u>\$ 7,874,705</u>

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

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

	Fiscal Year			
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenues				
Governmental activities:				
General Revenues				
Motor fuel excise tax	\$ 430,736	\$ 435,840	\$ 439,560	\$ 422,945
Automobile privilege tax	332,273	316,406	322,667	296,875
Investment and interest income	49,362	50,954	55,944	4,838
Payments from primary government	1,184	304,521	143,828	-
Miscellaneous revenues	40,548	42,335	15,452	5,961
(Loss) gain on sale of assets	2,085	(434)	-	-
Total General Revenues	<u>856,188</u>	<u>1,149,622</u>	<u>977,451</u>	<u>730,619</u>
Program Revenues				
Capital grants and contributions:				
Federal aid	824,514	855,690	712,615	529,914
Industrial access roads	3,000	3,000	3,000	3,000
Charges for services:				
Motor vehicle registration fees	136,640	131,692	138,495	135,736
Special fees and permits	6,289	6,444	7,080	6,719
Other program revenue	-	-	-	-
Total Program Revenues	<u>970,443</u>	<u>996,826</u>	<u>861,190</u>	<u>675,369</u>
Total governmental revenues	<u>1,826,631</u>	<u>2,146,448</u>	<u>1,838,641</u>	<u>1,405,988</u>
Expenses				
Governmental activities:				
Road maintenance				
Operations	609,395	565,832	602,109	616,596
Litter control program	514	541	520	676
Depreciation	41,842	20,592	14,639	13,134
Road construction				
Federal aid:				
Interstate highways	126,905	87,454	31,760	77,298
Appalachian highways	29,835	36,869	15,921	3,853
Other federal aid programs	283,790	172,474	163,645	25,541
Nonfederal aid	23,427	34,978	5,863	146,598
Industrial Access Roads	1,338	2,660	1,213	1,226
Construction on behalf of Parkways Authority	-	-	-	14,940
Depreciation	313,316	305,530	298,495	301,714
General and administration				
Support and administrative operations	185,454	200,283	90,914	79,216
Claims	(368)	(1,410)	416	(8,908)
Costs associated with DMV	48,272	50,407	46,932	41,570
Costs associated with OAH	-	-	-	29
Interest on long-term debt	57,309	61,453	65,248	68,626
Unallocated depreciation and amortization	10,590	10,465	9,782	11,714
Transfer out	-	-	-	-
Total governmental expenses	<u>1,731,619</u>	<u>1,548,128</u>	<u>1,347,457</u>	<u>1,393,823</u>
Change in net position	95,012	598,320	491,184	12,165
Effect of adoption of accounting principle	-	-	-	-
Prior period adjustment	-	-	-	(153,688)
Net position, beginning	9,763,698	9,165,378	8,674,194	8,815,717
Net position, ending	<u>\$ 9,858,710</u>	<u>\$ 9,763,698</u>	<u>\$ 9,165,378</u>	<u>\$ 8,674,194</u>

Fiscal Year						
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$	404,425	\$ 410,901	\$ 444,575	\$ 443,273	\$ 389,753	\$ 404,321
	297,116	270,001	237,756	231,522	203,405	201,082
	2,297	23,693	33,046	6,169	987	420
	575,221	5,543	112,603	8,213	11,285	12,492
	5,221	13,271	38,820	18,364	26,346	38,253
	-	-	-	-	-	1,608
	<u>1,284,280</u>	<u>723,409</u>	<u>866,800</u>	<u>707,541</u>	<u>631,776</u>	<u>658,176</u>
	529,595	322,585	647,747	371,199	505,313	460,870
	3,000	3,000	3,000	3,000	3,000	3,000
	139,638	116,251	169,078	149,222	104,923	89,560
	6,802	7,997	8,385	6,687	5,576	5,530
	86,751	-	-	-	-	-
	<u>765,786</u>	<u>449,833</u>	<u>828,210</u>	<u>530,108</u>	<u>618,812</u>	<u>558,960</u>
	<u>2,050,066</u>	<u>1,173,242</u>	<u>1,695,010</u>	<u>1,237,649</u>	<u>1,250,588</u>	<u>1,217,136</u>
	475,067	566,052	568,232	447,700	394,587	420,177
	3,791	4,387	3,250	4,603	4,138	5,674
	12,430	10,176	9,837	11,034	14,235	16,945
	21,053	27,599	167,796	75,911	52,200	77,180
	20,388	5,268	3,317	8,340	18,796	22,785
	80,606	202,765	172,504	192,506	292,281	248,861
	244,466	-	-	-	-	-
	2,262	3,167	1,094	1,005	1,573	730
	38,074	35,421	-	-	-	-
	301,522	303,820	302,645	303,174	299,992	299,760
	82,611	124,707	60,383	55,963	57,053	48,170
	(11,586)	16,918	9,284	(15,963)	(36,732)	(10,212)
	41,209	39,613	37,173	37,722	38,574	36,148
	880	1,512	1,457	1,407	1,479	1,533
	63,631	57,459	45,352	14,422	5,087	3,473
	6,509	5,927	5,474	5,723	5,857	5,127
	-	-	-	-	-	-
	<u>1,382,913</u>	<u>1,404,791</u>	<u>1,387,798</u>	<u>1,143,547</u>	<u>1,149,120</u>	<u>1,176,351</u>
	667,153	(231,549)	307,212	94,102	101,468	40,785
	-	-	-	2,626	-	-
	-	-	-	-	-	-
	8,148,564	8,380,113	8,072,901	7,976,173	7,874,705	7,833,920
\$	<u>8,815,717</u>	<u>\$ 8,148,564</u>	<u>\$ 8,380,113</u>	<u>\$ 8,072,901</u>	<u>\$ 7,976,173</u>	<u>\$ 7,874,705</u>

**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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenues				
Taxes				
Gasoline and motor carrier	\$ 430,736	\$ 435,840	\$ 439,560	\$ 422,937
Automobile privilege	332,273	316,406	322,667	296,875
Industrial access roads	3,000	3,000	3,000	3,000
License, fees and permits				
Motor vehicle registrations and licenses	136,640	131,692	138,495	135,736
Special fees and permits	6,289	6,444	7,080	6,719
Federal aid				
Interstate highways	171,100	147,225	169,737	135,131
Appalachian highways	184,009	235,390	96,482	57,082
Other federal aid programs	469,405	473,075	446,396	337,701
Investment and interest income, net of arbitrage rebate	59,417	84,915	55,943	4,839
Intergovernmental	1,184	304,521	143,828	-
Miscellaneous revenues	58,406	68,530	29,468	15,611
Total Revenues	<u>1,852,459</u>	<u>2,207,038</u>	<u>1,852,656</u>	<u>1,415,631</u>
Expenditures				
Current				
Road maintenance				
Operations	661,958	657,503	661,132	681,056
Litter control program	519	548	536	717
Support and administrative operations	192,640	215,256	108,413	124,402
Division of Motor Vehicles operations	48,795	51,106	48,399	44,111
Office of Administrative Hearings operations	-	-	-	31
Claims	301	510	432	617
Capital outlay and other road operations				
Road construction and other road operations				
Interstate highways	224,115	179,780	205,976	154,120
Appalachian highways	161,957	209,328	133,427	42,300
Other federal aid programs	520,740	465,434	416,850	282,609
Nonfederal aid	290,423	288,263	202,392	359,077
Industrial access roads	1,352	2,696	1,249	1,301
Debt service				
Bond issuance costs	-	-	-	-
Principal	92,421	85,876	79,239	62,903
Interest	81,329	85,647	89,401	92,679
Defeasance of debt	-	-	-	-
Total Expenditures	<u>2,276,550</u>	<u>2,241,947</u>	<u>1,947,446</u>	<u>1,845,923</u>
Excess (deficiency) of revenues over expenditures	(424,091)	(34,909)	(94,790)	(430,292)
Other financing sources (uses)				
Transfers out	-	-	-	-
Refunding bonds issued	-	-	-	-
Premium on refunding bonds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Sale of bonds	-	-	-	-
Premium on bonds	-	-	-	-
Proceeds from sale of assets	2,236	-	-	-
Lease proceeds	440	2,335	4,711	744
Total other financing sources (uses)	<u>2,676</u>	<u>2,335</u>	<u>4,711</u>	<u>744</u>
Prior period adjustment	-	-	-	-
Net change in fund balance	<u>\$ (421,415)</u>	<u>\$ (32,574)</u>	<u>\$ (90,079)</u>	<u>\$ (429,548)</u>
Debt Service as a percentage of noncapital expenditures	12%	13%	14%	12%

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

Fiscal Year						
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$	404,425	\$ 410,901	\$ 444,575	\$ 443,273	\$ 389,753	\$ 404,321
	297,116	270,001	237,756	231,522	203,405	201,082
	3,000	3,000	3,000	3,000	3,000	3,000
	139,638	116,251	169,078	149,222	104,923	89,560
	6,802	7,997	8,385	6,687	5,576	5,530
	73,557	79,544	76,520	46,157	54,484	98,180
	31,925	95,742	154,170	56,161	88,782	39,843
	424,113	147,299	245,057	268,881	362,047	322,847
	2,296	23,693	33,046	6,169	987	420
	575,221	5,543	284,603	8,213	11,285	12,492
	23,744	13,271	38,820	17,548	26,346	38,253
	<u>1,981,837</u>	<u>1,173,242</u>	<u>1,695,010</u>	<u>1,236,833</u>	<u>1,250,588</u>	<u>1,215,528</u>
	518,220	652,740	597,912	475,368	420,158	446,654
	3,897	4,463	3,323	4,604	4,140	5,676
	88,356	134,447	91,676	81,765	59,019	75,468
	42,362	40,305	37,907	37,722	38,574	37,437
	905	1,538	1,486	1,407	1,479	1,626
	835	2,603	401	556	971	710
	88,909	331,594	274,871	102,773	71,261	107,837
	74,198	72,446	76,551	86,001	127,751	76,651
	348,577	503,076	451,568	411,885	495,221	476,115
	399,840	-	-	-	-	-
	2,326	3,222	1,119	1,005	1,573	730
	702	2,343	443	1,963	1	1
	70,895	53,175	49,790	15,985	15,225	29,335
	84,451	70,605	57,659	12,360	8,479	9,360
	-	-	-	59,336	-	-
	<u>1,724,473</u>	<u>1,872,557</u>	<u>1,644,706</u>	<u>1,292,730</u>	<u>1,243,852</u>	<u>1,267,600</u>
	257,364	(699,315)	50,304	(55,897)	6,736	(52,072)
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	214,085	600,000	78,810	1,019,985	57,803	-
	63,371	146,576	12,060	153,317	-	-
	-	-	1,515	1,635	1,222	2,304
	-	-	-	-	-	-
	<u>277,456</u>	<u>746,576</u>	<u>92,385</u>	<u>1,174,937</u>	<u>59,025</u>	<u>2,304</u>
	-	-	-	152,729	-	-
\$	<u>534,820</u>	<u>\$ 47,261</u>	<u>\$ 142,689</u>	<u>\$ 1,271,769</u>	<u>\$ 65,761</u>	<u>\$ (49,768)</u>

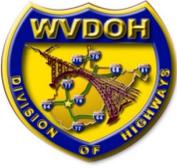
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**WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS**

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

	Fiscal Year		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
General Fund			
Non-spendable			
Inventories	\$ 88,105	\$ 92,050	\$ 81,550
Restricted			
Construction and maintenance of coal resource roads	10,337	7,930	5,395
Construction and maintenance of industrial access roads	8,712	7,064	6,760
Waste tire clean-up	5,881	5,430	4,979
Capital projects	293,041	370,465	432,551
Unassigned	224,219	400,417	228,633
Total General Fund	630,295	883,356	759,868
All Other Governmental Funds			
Restricted, capital projects fund	512,449	680,803	836,865
Total all funds	\$ 1,142,744	\$ 1,564,159	\$ 1,596,733

Fiscal Year						
<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 61,704	\$ 56,935	\$ 59,472	\$ 53,333	\$ 47,060	\$ 51,145	\$ 48,113
3,020	885	2,638	4,736	2,598	1,141	3,710
5,011	3,312	184	11,130	9,099	7,104	5,676
4,865	4,629	2,978	7,245	5,853	4,492	2,645
471,617	495,769	136,357	289,169	-	-	-
180,359	262,348	(109)	263,708	412,253	55,939	(6,084)
726,576	823,878	201,520	629,321	476,863	119,821	54,060
960,236	1,292,482	1,380,020	904,958	914,727	-	-
\$ 1,686,812	\$ 2,116,360	\$ 1,581,540	\$ 1,534,279	\$ 1,391,590	\$ 119,821	\$ 54,060

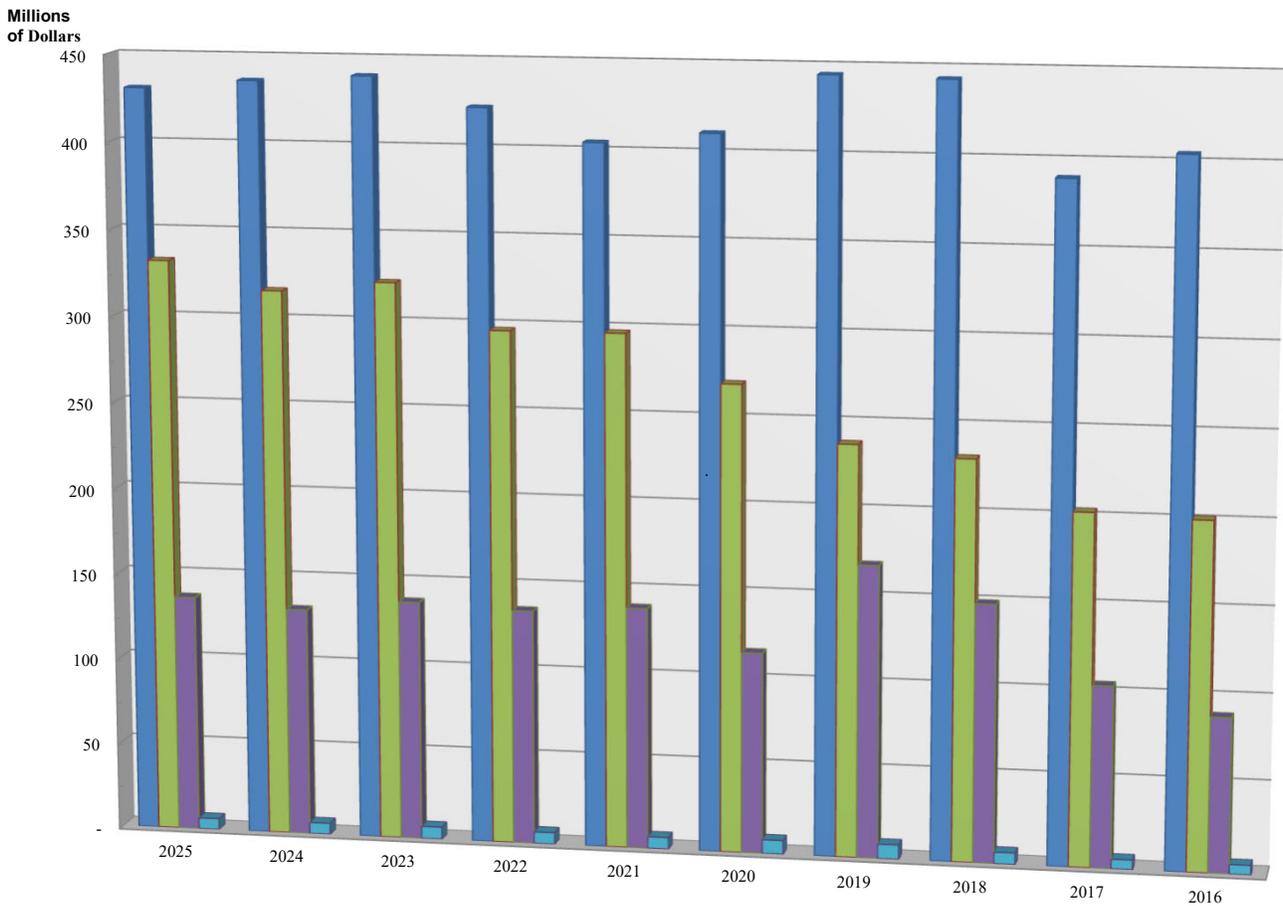


DIVISION OF HIGHWAYS
TAX AND LICENSE FEE REVENUE BY SOURCE (1)
 Last Ten Fiscal Years
 (Amount expressed in thousands)

Fiscal Year		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Gasoline/Motor Carrier		\$430,736	\$435,840	\$439,560	\$422,945	\$404,425	\$410,901	\$444,575	\$443,273	\$389,753	\$404,321
Automobile Privilege		332,273	316,406	322,667	296,875	297,116	270,001	237,756	231,522	203,405	201,082
Registration/ License Fees		136,640	131,692	138,495	135,736	139,638	116,251	169,078	149,222	104,923	89,560
Special Fees & Permits		6,289	6,444	7,080	6,719	6,802	7,997	8,385	6,687	5,576	5,530
Total		\$905,938	\$890,382	\$907,802	\$862,275	\$847,981	\$805,150	\$859,794	\$830,704	\$703,657	\$700,493

(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.



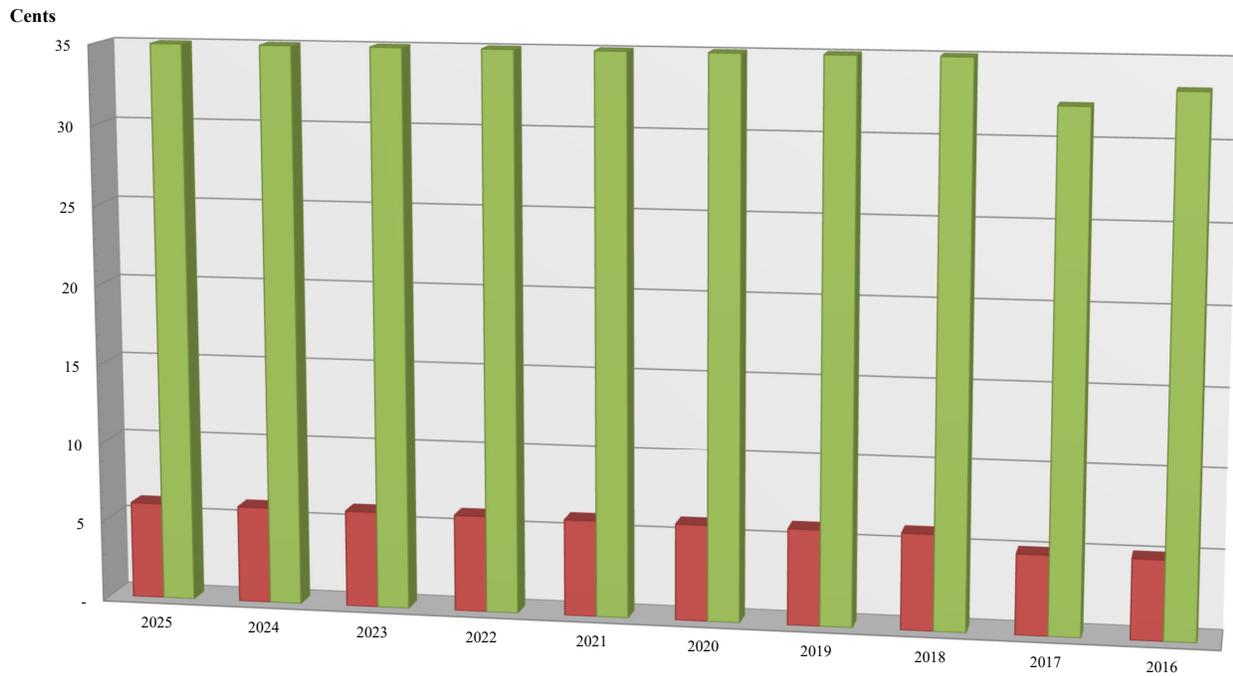


**DIVISION OF HIGHWAYS
FUEL AND PRIVILEGE TAX RATES
Last Ten Fiscal Years**

Fiscal Year		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Automobile Privilege(2) (cents per dollar)	■	6	6	6	6	6	6	6	6	5	5
Motor Fuel Excise Tax(1) (cents per gallon)	■	35.7	35.7	37.2	35.7	35.7	35.7	35.7	35.7	32.2	33.2

(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, 2025.

(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		Revenue		Total Primary Government	Percentage of Personal Income*	Per Capita*
	Obligation Bonds		Notes	Leases			
2025	\$ 1,640,808		\$ 181,434	\$ 11,760	\$ 1,834,002	1.97%	1,023.35
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

Government Activities Tax and Fee Income						
Fiscal Year	Gasoline and Motor Carrier	Automobile Privilege	Motor Vehicle		Special Fees and Permits	Total
			Registrations and Licenses			
2025	\$ 430,736	\$ 332,273	\$ 136,640		\$ 6,289	\$ 905,938
2024	435,840	316,406	131,692		6,444	890,382
2023	439,560	322,667	138,495		7,080	907,802
2022	422,945	296,875	135,736		6,719	862,275
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

General Obligation Bond Debt Ratio				
Fiscal Year	General Obligation Bonds	Percentage of Tax and Fee Income	Percentage of Personal Income*	Per Capita*
2025	\$ 1,640,808	181.12%	1.76%	915.55
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	217.71%	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

* 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
2024	1,792,147	93,079,700*	52,585*	3.8%	42.9
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

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

*This is the most current data available.

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

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

	Largest Employer Rank			
	2025	2024	2023	2022
WVU Medicine	1	1	1	1
Charleston Area Medical Center, Inc. (part of Vandalia Health)	2	2	2	3
Marshall Health (formerly Mountain Health Network)	3	3	4	4
Wal-Mart Associates, Inc.	4	4	3	2
WVNH Emp, LLC DBA Communicare	5	5	7	-
Alpha Metallurgical Services, LLC (formerly Contura Energy) (formerly Murray American Energy, Inc.)	6	10	6	9
Kroger	7	6	5	5
Toyota Motor Manufacturing	8	7	9	-
ARCH Coal	9	-	-	-
Lowe's Home Centers, LLC	10	8	8	6
American Consolidated Natural Resources Inc	-	9	10	-
Mon Health	-	-	-	7
Mylan Pharmaceuticals, Inc.	-	-	-	8
Macy's Corporate Services, LLC	-	-	-	10
Res-Care, Inc.	-	-	-	-
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

2021	2020	2019	2018	2017	2016
1	1	1	1	1	1
3	3	3	3	3	3
4	4	-	-	-	-
2	2	2	2	2	2
-	-	-	-	-	-
7	7	-	-	-	-
5	5	4	4	4	4
-	-	-	-	-	-
-	-	-	-	-	-
6	6	7	7	6	6
-	10	-	-	-	-
9	-	-	-	-	-
8	9	6	6	5	5
-	-	-	-	-	-
10	-	10	10	10	10
-	8	9	9	9	9
-	-	5	5	8	8
-	-	8	8	7	7

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

**Employees by Program
Last Ten Fiscal Years**

Program	Employees as of June 30			
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Maintenance	3,450	3,500	3,142	3,189
Construction	365	359	816	925
General and administration	1,208	1,367	1,191	800
Total	<u>5,023</u>	<u>5,226</u>	<u>5,149</u>	<u>4,914</u>

Source: Division of Highways Human Resources Division.

Employees as of June 30

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
3,626	3,529	3,331	3,211	3,382	3,317
1,036	1,008	952	917	966	948
518	504	476	459	483	474
<u>5,180</u>	<u>5,041</u>	<u>4,759</u>	<u>4,587</u>	<u>4,831</u>	<u>4,739</u>

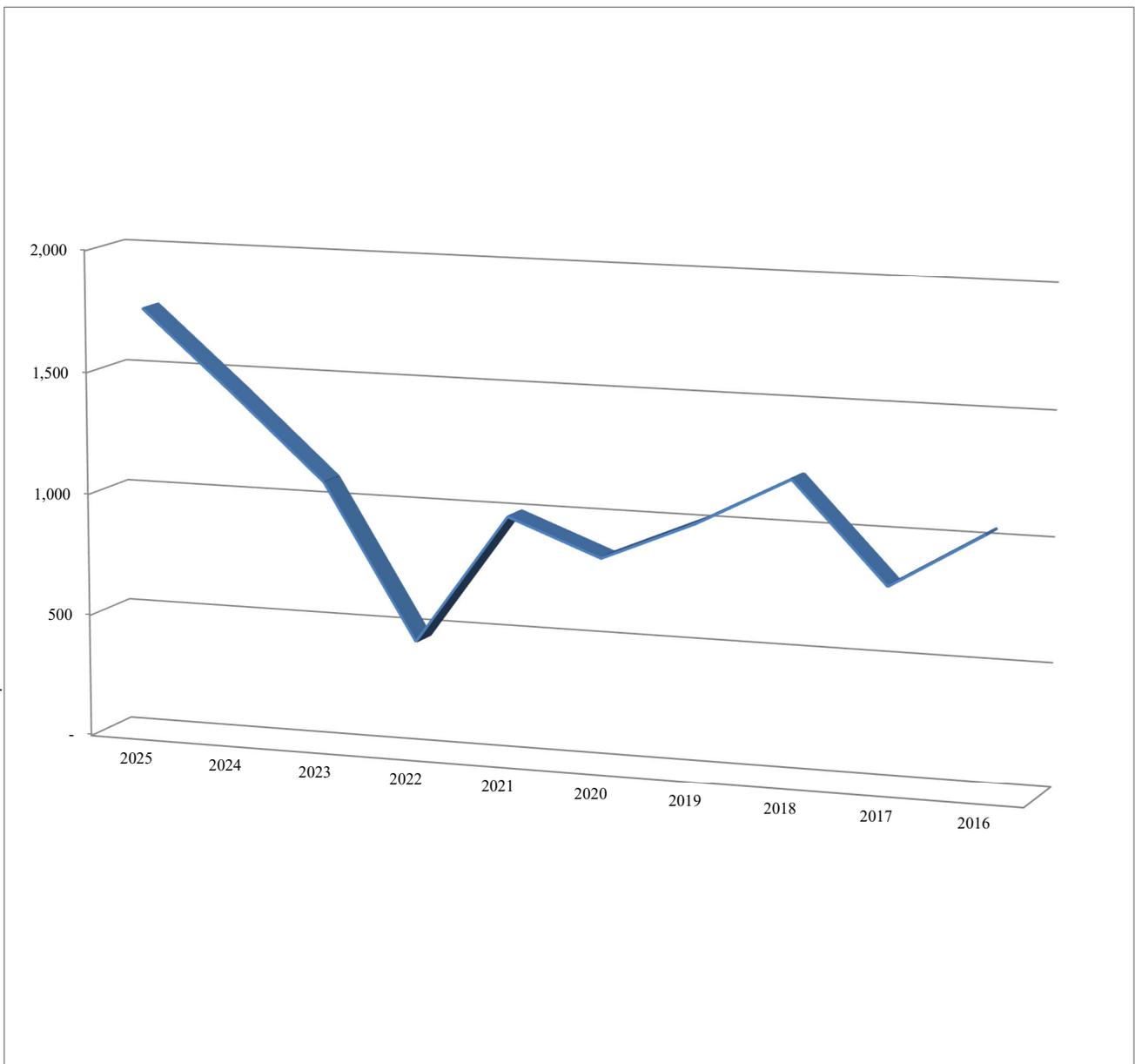


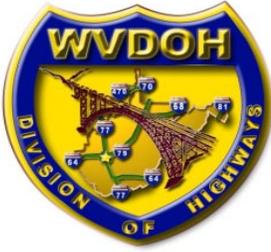
**DIVISION OF HIGHWAYS
HIGHWAY CONSTRUCTION AND IMPROVEMENT
TOTAL PROJECTS AUTHORIZED
Last Ten Fiscal Years**

Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	Total Projects
Projects	1,758	1,429	1,089	462	995	851	1,014	1,213	813	1,042	10,666

Source: Division of Highways Programming Division

Number of Projects:





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

	2025
<u>Federal Aid</u>	
Interstate Construction	14
Other Federal Aid	794
Appalachian Programs	8
 Non-Federal Aid	 942
Total of Federal and Non-Federal Aid Projects	1,758
 <u>Projects By Work Type</u>	
Roadway Renovation & Replacement	1556
Bridge Renovation & Replacement	161
Other Renovation & Replacement	19
 Road Improvements	 7
Bridge Improvements	4
Other Improvements	8
 Road Expansions	 1
Bridge Expansions	1
 Miscellaneous	 1
Total Projects by Work Type	1,758

Source: Division of Highways Programming Division

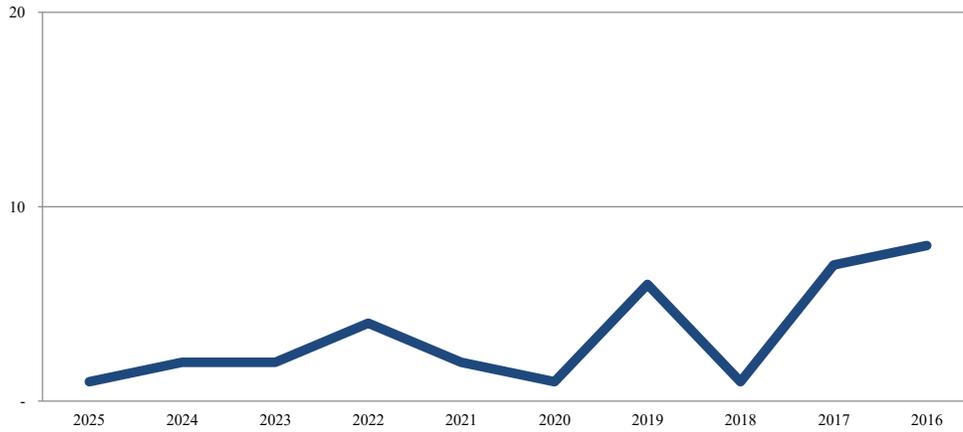


DIVISION OF HIGHWAYS
ROADWAY PROJECTS - SYSTEM EXPANSION ONLY
 Last Ten Fiscal Years

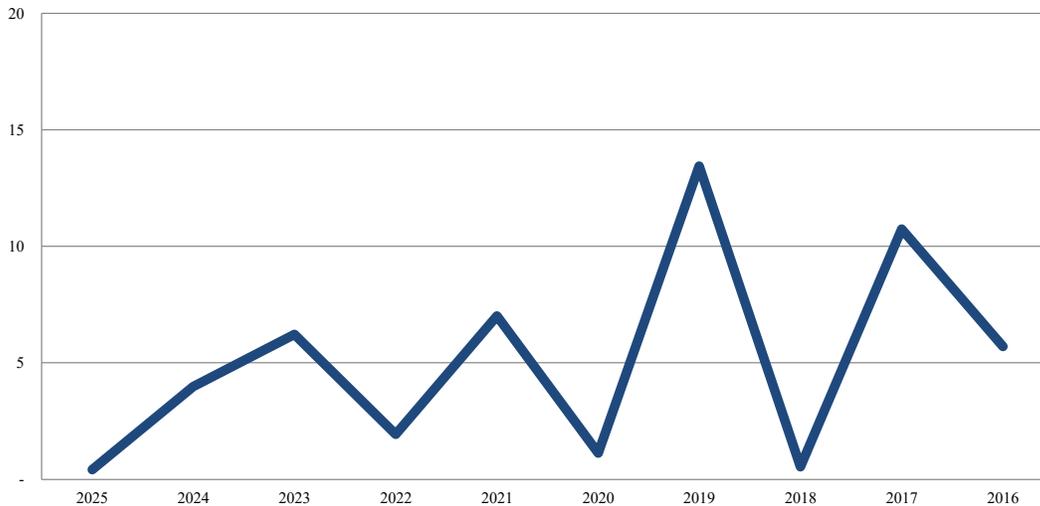
Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Number of Projects	1	2	2	4	2	1	6	1	7	8
Number of Miles	0.42	3.97	6.22	1.92	7.01	1.12	13.44	0.54	10.73	5.69

Source: Division of Highways Programming Division

Number of Projects:



Number of Miles:



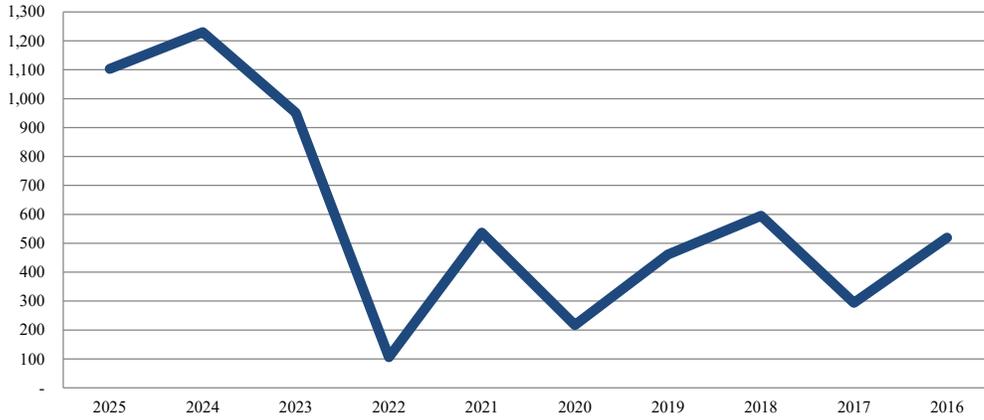


**DIVISION OF HIGHWAYS
ROADWAY RESURFACING PROJECTS
Last Ten Fiscal Years**

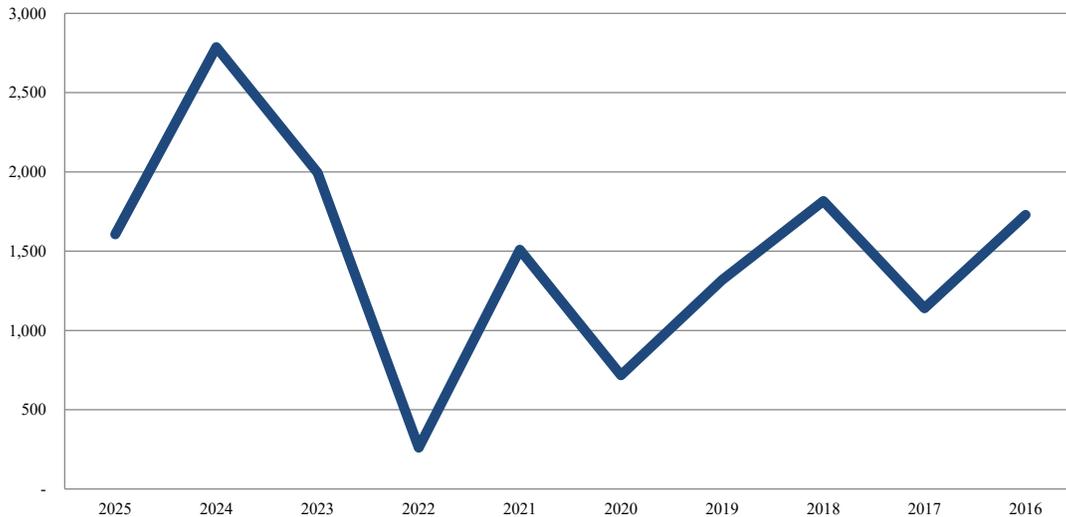
Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Number of Projects	1,103	1,230	951	106	537	217	461	595	294	519
Number of Miles	1,606	2,787	1,994	261	1,509	718	1,318	1,816	1,140	1,729

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	3,686
County Routes	28,877
Other (Parks & Forests, HARP)	<u>1,065</u>
 Total Road System Miles	 <u><u>35,954</u></u>

The state road system contains all routes that have been incorporated into the state highway system through official or legislative measures.

<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)	371	185
 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>	 1,089	 321
 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>	 7,202	 1,309
 All other roads on which Federal Highway funds may be expended including Federal Aid Non-State (FANS) roads.		
 Sub-total miles	 <u>8,662</u>	 <u>1,815</u>
 Total Federal Aid Routes Miles	 <u><u>10,477</u></u>	

Source: 2025 Road Inventory Log 6/30/25



Prepared by the Budget Division

Photos Courtesy of WV Department of Transportation

Printed by the WVDOT Print Shop