

# Governmental Funds

## General Fund

*The General Fund accounts for transactions related to resources received and used for those services traditionally provided by a state government, which are not accounted for in any other fund.*

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## Special Revenue Funds

*Special Revenue Funds account for specific revenue sources that are restricted to finance particular functions and activities of the Commonwealth.*

**The Commonwealth Transportation Fund** accounts for the revenues and expenditures associated with highway operations, maintenance, construction, and other transportation related activities. Funding for these programs is provided from highway user taxes, fees, and funds received from the Federal government.

**The Federal Trust Fund** accounts for all federal dollars received by the Commonwealth except those received by the Commonwealth Transportation Fund, the Unemployment Compensation Fund, and institutions of higher education. The entire fund is restricted pursuant to federal regulations. As such, a separate fund balance reservation is not reflected.

**The Literary Fund** accounts for revenues from fines, forfeitures, and proceeds from unclaimed property used primarily to support public education in the Commonwealth. This fund provides low interest loans to school divisions for construction, renovations, and expansion of school buildings. The entire fund is constitutionally restricted for public schools. As such, a separate fund balance reservation is not reflected.

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**Nonmajor Governmental Funds** include those Special Revenue, Debt Service, Capital Projects, and Permanent Funds listed on page 171 in the Combining and Individual Fund Statements and Schedules section of this report.

## Balance Sheet – Governmental Funds

June 30, 2007

(Dollars in Thousands)

	General	Special Revenue		
		Commonwealth Transportation	Federal Trust	Literary
<b>Assets</b>				
Cash and Cash Equivalents (Notes 1 and 6)	\$ 245,126	\$ 1,804,852	\$ 157,150	\$ 155,410
Investments (Notes 1 and 6)	3,887,919	359,890	11,445	35,939
Receivables (Net) (Notes 1 and 7)	958,400	306,077	370,128	343,581
Due from Other Funds (Note 9)	11,563	75	-	-
Due from External Parties (Fiduciary Funds) (Note 9)	4	-	-	-
Interfund Receivable (Note 9)	-	-	-	-
Inventory (Note 1)	47,629	46,984	3,757	-
Prepaid Items (Note 1)	35,149	3,692	317	-
Other Assets (Notes 1 and 10)	1,461	20,682	1,583	-
Loans Receivable from Component Units (Notes 1 and 9)	-	-	-	-
Restricted Cash and Cash Equivalents (Notes 1 and 6)	-	164,771	-	-
<b>Total Assets</b>	<b>\$ 5,187,251</b>	<b>\$ 2,707,023</b>	<b>\$ 544,380</b>	<b>\$ 534,930</b>
<b>Liabilities and Fund Balances</b>				
Accounts Payable (Notes 1 and 21)	\$ 320,084	\$ 226,896	\$ 107,688	\$ 240
Amounts Due to Other Governments	308,954	2,621	116,431	-
Due to Other Funds (Note 9)	18,939	16,981	7,632	-
Due to Component Units (Note 9)	37,125	-	-	-
Due to External Parties (Fiduciary Funds) (Note 9)	-	-	17,999	-
Interfund Payable (Note 9)	-	-	7,317	-
Deferred Revenue (Note 1)	320,274	28,816	23,037	16,874
Unearned Revenue (Note 1)	10	26,231	-	-
Deferred Taxes (Note 1)	243,302	-	-	-
Obligations Under Securities Lending Program (Notes 1 and 6)	1,201,257	451,243	14,351	45,062
Other Liabilities (Notes 1 and 22)	752,849	1,221	194,274	-
Loans Payable to Component Units (Notes 1 and 9)	-	-	-	172,390
Long-term Liabilities Due Within One Year (Notes 1, 19, and 23)	768	182	57	-
<b>Total Liabilities</b>	<b>3,203,562</b>	<b>754,191</b>	<b>488,786</b>	<b>234,566</b>
Fund Balances Reserved for (Note 1):				
Revenue Stabilization Fund	1,308,944	-	-	-
Unexpended Lottery Proceeds	28,600	-	-	-
Inventory	47,629	46,984	3,757	-
Prepaid Items	35,149	3,692	317	-
Debt Service	-	-	-	-
Gifts and Grants	-	9,728	-	-
Capital Acquisition / Construction	-	162,573	-	-
Fund Balances Unreserved, Reported in (Note 1):				
General Fund	563,367	-	-	-
Special Revenue Funds	-	1,729,855	51,520	300,364
Capital Projects Funds	-	-	-	-
Permanent Funds	-	-	-	-
<b>Total Fund Balances</b>	<b>1,983,689</b>	<b>1,952,832</b>	<b>55,594</b>	<b>300,364</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,187,251</b>	<b>\$ 2,707,023</b>	<b>\$ 544,380</b>	<b>\$ 534,930</b>

The accompanying notes are an integral part of this financial statement.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,253,532	\$ 3,616,070
177,858	4,473,051
81,693	2,059,879
7,323	18,961
74	78
69,365	69,365
7,672	106,042
9,538	48,696
812	24,538
14,984	14,984
-	164,771
<u>\$ 1,622,851</u>	<u>\$ 10,596,435</u>
\$ 73,964	\$ 728,872
1,411	429,417
4,576	48,128
24,789	61,914
-	17,999
8,329	15,646
14,362	403,363
51,859	78,100
-	243,302
172,278	1,884,191
8,081	956,425
-	172,390
176	1,183
<u>359,825</u>	<u>5,040,930</u>
-	1,308,944
-	28,600
7,672	106,042
9,538	48,696
97,317	97,317
35,222	44,950
567	163,140
-	563,367
978,191	3,059,930
81,301	81,301
53,218	53,218
<u>1,263,026</u>	<u>5,555,505</u>
<u>\$ 1,622,851</u>	<u>\$ 10,596,435</u>

**Reconciliation of the Balance Sheet – Governmental Funds to the Government-wide Statement of Net Assets**

June 30, 2007

(Dollars in Thousands)

**Total fund balances - governmental funds (see Balance Sheet - Governmental Funds)** \$ 5,555,505

When capital assets (land, buildings, equipment, improvements, construction in progress, and/or infrastructure) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Assets includes those capital assets among the assets of the Primary Government as a whole.

17,079,501

Long-term liabilities applicable to the Primary Government's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Assets.

Pension Liability	(780,833)
Capital Lease	(118,852)
Installment Purchases	(55,305)
Compensated Absences	(332,522)
Uninsured Employer's Fund	(16,472)
Regional Jails	(11,693)
Bonds	(4,263,604)
Notes	(25,876)
Accrued Interest Payable	(65,974)
Other Obligations	(119,846)

Internal service funds are used by the Primary Government to charge costs to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Assets.

(6,565)

Other long-term payables are not due and payable in the current period and, therefore, are not reported in the funds.

(569,186)

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

403,249

**Net assets of governmental activities (see Government-wide Statement of Net Assets)** \$ 16,671,527

The accompanying notes are an integral part of this financial statement.



## Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

For the Fiscal Year Ended June 30, 2007

(Dollars in Thousands)

	General	Special Revenue		
		Commonwealth Transportation	Federal Trust	Literary
<b>Revenues</b>				
Taxes	\$ 15,339,238	\$ 2,019,624	\$ -	\$ -
Rights and Privileges	68,428	491,965	18	127
Institutional Revenue	7,167	-	-	-
Interest, Dividends, Rents, and Other Investment Income (Note 1)	324,410	115,884	3,859	30,157
Federal Grants and Contracts	-	659,053	5,537,692	-
Other (Note 24)	314,581	115,107	74,772	151,075
<b>Total Revenues</b>	<b>16,053,824</b>	<b>3,401,633</b>	<b>5,616,341</b>	<b>181,359</b>
<b>Expenditures</b>				
Current:				
General Government	1,800,928	2,259	119,507	4,218
Education	7,601,761	2,389	877,929	188,450
Transportation	33	3,126,740	8,723	-
Resources and Economic Development	318,234	16,167	142,299	-
Individual and Family Services	4,029,782	-	4,411,863	-
Administration of Justice	2,276,728	8,054	41,150	-
Capital Outlay	201,229	18,326	10,560	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Charges	-	-	-	-
<b>Total Expenditures</b>	<b>16,228,695</b>	<b>3,173,935</b>	<b>5,612,031</b>	<b>192,668</b>
Revenues Over (Under) Expenditures	(174,871)	227,698	4,310	(11,309)
<b>Other Financing Sources (Uses)</b>				
Transfers In (Note 29)	614,258	181,813	10,870	10,752
Transfers Out (Note 29)	(716,536)	(301,570)	(10,058)	-
Notes Issued	2,420	-	-	-
Insurance Recoveries	-	4,719	187	-
Capital Leases	2,543	787	598	-
Bonds Issued	-	-	-	-
Premium on Debt Issuance	-	-	-	-
Refunding Bonds Issued	-	-	-	-
Sale of Capital Assets	-	8,007	-	-
Payment to Refunded Bond Escrow Agents	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(97,315)</b>	<b>(106,244)</b>	<b>1,597</b>	<b>10,752</b>
Net Change in Fund Balances	(272,186)	121,454	5,907	(557)
Fund Balance, July 1, as restated (Note 2)	2,255,875	1,831,378	49,687	300,921
<b>Fund Balance, June 30</b>	<b>\$ 1,983,689</b>	<b>\$ 1,952,832</b>	<b>\$ 55,594</b>	<b>\$ 300,364</b>

The accompanying notes are an integral part of this financial statement.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 77,116	\$ 17,435,978
265,260	825,798
352,744	359,911
57,311	531,621
7,203	6,203,948
371,242	1,026,777
<u>1,130,876</u>	<u>26,384,033</u>
103,147	2,030,059
29,773	8,700,302
5,516	3,141,012
335,090	811,790
554,398	8,996,043
72,283	2,398,215
578,248	808,363
322,056	322,056
191,742	191,742
<u>2,192,253</u>	<u>27,399,582</u>
(1,061,377)	(1,015,549)
819,541	1,637,234
(44,271)	(1,072,435)
13,468	15,888
1,828	6,734
-	3,928
592,940	592,940
40,541	40,541
123,070	123,070
57	8,064
(131,356)	(131,356)
<u>1,415,818</u>	<u>1,224,608</u>
354,441	209,059
908,585	5,346,446
<u>\$ 1,263,026</u>	<u>\$ 5,555,505</u>

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Government-wide Statement of Activities**

For the Fiscal Year Ended June 30, 2007  
(Dollars in Thousands)

<b>Net Change in fund balances - total government funds (See Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds)</b>	<b>\$ 209,059</b>
When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decreases by the amount of depreciation expense charged for the year.	903,133
Debt proceeds provide current financial resources to governmental funds by issuing debt, which increases long-term debt in the Statement of Net Assets.	
Debt Issuance	(592,940)
Capital Lease Proceeds	(3,928)
Bond Premiums	(40,541)
Refunding Bonds Issued	(123,070)
Installment Purchase Proceeds	(15,888)
Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term debt in the Statement of Net Assets.	
Debt Service Fund Repayment of Debt Principal	322,056
Repayment of Debt Principal in Other Funds:	
Capital Lease	9,620
Installment Purchases	3,443
Uninsured Employer's Fund	1,641
Regional Jails	2,633
Payment to Refunded Bond Escrow Agent is an expenditure in the Governmental Funds, but the refunding reduces long-term debt in the Statement of Net Assets.	131,356
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	65,897
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.	
Increase in Pension Liability	(78,577)
Increase in Accrued Interest Liability	(6,305)
Depreciation Expense	(3,462)
Increase in Compensated Absences	(12,343)
Amortization of deferrals on long-term debt	(4,869)
Bond Issuance Costs	(569)
Increase in Due to Component Units for Capital and Other Projects	(420,543)
Other	(49,699)
The net revenue (expenses) of certain activities of internal service funds is reported within governmental activities.	<u>84,553</u>
<b>Change in net assets of governmental activities (See Government-wide Statement of Activities)</b>	<b><u><u>\$ 380,657</u></u></b>

The accompanying notes are an integral part of this financial statement.