

---

---

# 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.*

---

## 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.

---

**Nonmajor Governmental Funds** include those Special Revenue, Debt Service, Capital Projects, and Permanent Funds listed on page 179 in the Combining and Individual Fund Statements and Schedules section of this report.

## Balance Sheet – Governmental Funds

June 30, 2008

(Dollars in Thousands)

	General	Special Revenue		
		Commonwealth Transportation	Federal Trust	Literary
<b>Assets</b>				
Cash and Cash Equivalents (Notes 1 and 6)	\$ 199,610	\$ 1,802,555	\$ 173,455	\$ 160,630
Investments (Notes 1 and 6)	2,943,506	351,338	12,400	35,901
Receivables, Net (Notes 1 and 7)	1,030,134	320,824	418,887	334,481
Due from Other Funds (Note 9)	25,301	52	857	-
Due from Component Units (Note 9)	-	-	-	-
Due from External Parties (Fiduciary Funds) (Note 9)	6	-	-	-
Interfund Receivable (Note 9)	-	-	-	-
Inventory (Note 1)	46,693	49,578	12,249	-
Prepaid Items (Note 1)	41,567	2,595	416	-
Other Assets (Notes 1 and 10)	2,163	2,422	2,097	-
Loans Receivable from Component Units (Notes 1 and 9)	-	-	-	-
Restricted Cash and Cash Equivalents (Notes 1, 6, and 11)	-	82,923	-	-
<b>Total Assets</b>	<b>\$ 4,288,980</b>	<b>\$ 2,612,287</b>	<b>\$ 620,361</b>	<b>\$ 531,012</b>
<b>Liabilities and Fund Balances</b>				
Accounts Payable (Notes 1 and 21)	\$ 287,505	\$ 257,301	\$ 101,066	\$ 207
Amounts Due to Other Governments	276,969	1,178	142,756	-
Due to Other Funds (Note 9)	22,292	16,410	22,057	-
Due to Component Units (Note 9)	49,963	-	-	-
Interfund Payable (Note 9)	-	-	2,682	-
Deferred Revenue (Note 1)	368,015	24,931	31,264	18,551
Unearned Revenue (Note 1)	30	21,578	4,618	-
Deferred Taxes (Note 1)	194,497	-	-	-
Obligations Under Securities Lending Program (Notes 1 and 6)	995,920	444,606	15,691	45,431
Other Liabilities (Notes 1 and 22)	889,967	2,416	213,481	-
Loans Payable to Component Units (Notes 1 and 9)	-	-	-	173,090
Long-term Liabilities Due Within One Year (Notes 1, 19, and 23)	903	271	78	-
<b>Total Liabilities</b>	<b>3,086,061</b>	<b>768,691</b>	<b>533,693</b>	<b>237,279</b>
Fund Balances Reserved for (Note 1):				
Revenue Stabilization Fund	1,036,191	-	-	-
Inventory	46,693	49,578	12,249	-
Prepaid Items	41,567	2,595	416	-
Debt Service	-	-	-	-
Gifts and Grants	-	25,238	-	-
Capital Acquisition / Construction	-	80,650	-	-
Fund Balances Unreserved, Reported in (Note 1):				
General Fund	78,468	-	-	-
Special Revenue Funds	-	1,685,535	74,003	293,733
Capital Projects Funds	-	-	-	-
Permanent Funds	-	-	-	-
<b>Total Fund Balances</b>	<b>1,202,919</b>	<b>1,843,596</b>	<b>86,668</b>	<b>293,733</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,288,980</b>	<b>\$ 2,612,287</b>	<b>\$ 620,361</b>	<b>\$ 531,012</b>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,347,313	\$ 3,683,563
178,148	3,521,293
92,726	2,197,052
6,913	33,123
674	674
182	188
51,157	51,157
6,091	114,611
7,476	52,054
1,151	7,833
15,641	15,641
-	82,923
<u>\$ 1,707,472</u>	<u>\$ 9,760,112</u>

\$ 71,596	\$ 717,675
1,456	422,359
6,580	67,339
32,865	82,828
-	2,682
14,106	456,867
9,256	35,482
-	194,497
175,770	1,677,418
5,334	1,111,198
-	173,090
338	1,590
317,301	4,943,025

-	1,036,191
6,151	114,671
7,476	52,054
101,085	101,085
57,071	82,309
591	81,241
-	78,468
1,032,044	3,085,315
133,512	133,512
52,241	52,241
1,390,171	4,817,087
<u>\$ 1,707,472</u>	<u>\$ 9,760,112</u>

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

June 30, 2008

(Dollars in Thousands)

**Total fund balances - governmental funds (see Balance Sheet - Governmental Funds)** \$ 4,817,087

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.

Non Depreciable Capital Asset	5,213,364
Depreciable Capital Assets	13,325,652

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	(868,591)
OPEB Liability	(56,258)
Capital Lease	(113,477)
Installment Purchases	(51,697)
Compensated Absences	(337,303)
Uninsured Employer's Fund	(20,203)
Regional Jails	(9,980)
Bonds	(4,347,248)
Notes	(23,040)
Accrued Interest Payable	(66,639)
Other Obligations	(111,853)

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.	(34,260)
---	----------

Other long-term payables are not due and payable in the current period and, therefore, are not reported in the funds.	(338,449)
---	-----------

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	<u>456,850</u>
--	----------------

<b>Net assets of governmental activities (see Government-wide Statement of Net Assets)</b>	<b><u>\$ 17,433,955</u></b>
--	-----------------------------

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, 2008

(Dollars in Thousands)

	General	Special Revenue		
		Commonwealth Transportation	Federal Trust	Literary
<b>Revenues</b>				
Taxes	\$ 15,614,924	\$ 1,959,038	\$ -	\$ -
Rights and Privileges	67,422	604,455	-	258
Institutional Revenue	7,592	-	-	-
Interest, Dividends, Rents, and Other Investment Income (Note 1)	251,738	111,661	3,687	28,891
Federal Grants and Contracts	-	898,021	5,714,516	-
Other (Note 24)	331,979	166,050	50,972	162,431
<b>Total Revenues</b>	<b>16,273,655</b>	<b>3,739,225</b>	<b>5,769,175</b>	<b>191,580</b>
<b>Expenditures</b>				
Current:				
General Government	1,819,829	2,242	110,684	2,729
Education	7,825,792	2,410	875,916	205,962
Transportation	25,990	3,839,906	13,615	-
Resources and Economic Development	333,137	15,788	124,143	-
Individual and Family Services	4,192,321	-	4,557,077	-
Administration of Justice	2,419,640	7,991	38,192	-
Capital Outlay	374,612	44,700	9,783	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Charges	-	-	-	-
<b>Total Expenditures</b>	<b>16,991,321</b>	<b>3,913,037</b>	<b>5,729,410</b>	<b>208,691</b>
Revenues Over (Under) Expenditures	(717,666)	(173,812)	39,765	(17,111)
<b>Other Financing Sources (Uses)</b>				
Transfers In (Note 29)	632,744	349,600	14,082	10,480
Transfers Out (Note 29)	(700,861)	(292,979)	(22,773)	-
Notes Issued	340	-	-	-
Insurance Recoveries	139	4,083	-	-
Capital Leases	4,534	-	-	-
Bonds Issued	-	-	-	-
Premium on Debt Issuance	-	-	-	-
Refunding Bonds Issued	-	-	-	-
Sale of Capital Assets	-	3,872	-	-
Payment to Refunded Bond Escrow Agents	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(63,104)</b>	<b>64,576</b>	<b>(8,691)</b>	<b>10,480</b>
<b>Net Change in Fund Balances</b>	<b>(780,770)</b>	<b>(109,236)</b>	<b>31,074</b>	<b>(6,631)</b>
Fund Balance, July 1	1,983,689	1,952,832	55,594	300,364
<b>Fund Balance, June 30</b>	<b>\$ 1,202,919</b>	<b>\$ 1,843,596</b>	<b>\$ 86,668</b>	<b>\$ 293,733</b>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 84,912	\$ 17,658,874
274,117	946,252
382,189	389,781
56,376	452,353
14,249	6,626,786
465,128	1,176,560
<u>1,276,971</u>	<u>27,250,606</u>
110,944	2,046,428
30,137	8,940,217
3,667	3,883,178
395,281	868,349
595,916	9,345,314
77,076	2,542,899
415,301	844,396
361,676	361,676
203,253	203,253
<u>2,193,251</u>	<u>29,035,710</u>
(916,280)	(1,785,104)
656,338	1,663,244
(53,119)	(1,069,732)
-	340
1,604	5,826
-	4,534
416,145	416,145
23,347	23,347
58,995	58,995
2,872	6,744
(62,757)	(62,757)
<u>1,043,425</u>	<u>1,046,686</u>
127,145	(738,418)
1,263,026	5,555,505
<u>\$ 1,390,171</u>	<u>\$ 4,817,087</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, 2008  
(Dollars in Thousands)

**Net Change in fund balances - total government funds (See Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds)** \$ (738,418)

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 decrease by the amount of depreciation expense charged for the year.

Net Non-Depreciable Capital Assets	453,146
Net Depreciable Capital Assets	1,540,399
Net Depreciation Expense	(558,078)

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	(416,145)
Capital Lease Proceeds	(4,534)
Bond Premiums	(23,347)
Refunding Bonds Issued	(58,995)
Installment Purchase Proceeds	(340)

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	361,676
Repayment of Debt Principal in Other Funds:	
Capital Lease	9,203
Installment Purchases	7,344
Uninsured Employer's Fund	3,795
Regional Jails	2,632

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. 62,757

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 54,527

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	(87,758)
Increase in OPEB Liability	(56,258)
Increase in Accrued Interest Liability	(884)
Increase in Compensated Absences	(4,781)
Increase in Interest Expense and Amortization of Deferrals on Long-term Debt	(816)
Other	(16,198)

Net Decrease in Due to Component Units for Capital and Other Projects resulting from appropriation reductions 238,483

The net revenue (expenses) of certain activities of internal service funds is reported within governmental activities. (27,695)

**Change in net assets of governmental activities (See Government-wide Statement of Activities)** **\$ 739,715**

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