
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 185 in the Combining and Individual Fund Statements and Schedules section of this report.

Balance Sheet – Governmental Funds

June 30, 2010

(Dollars in Thousands)

	General	Special Revenue		
		Commonwealth Transportation	Federal Trust	Literary
Assets				
Cash and Cash Equivalents (Notes 1 and 6)	\$ 282,900	\$ 1,975,530	\$ 114,784	\$ 22,827
Investments (Notes 1 and 6)	1,060,114	165,548	4,243	2,768
Receivables, Net (Notes 1 and 7)	1,020,186	326,700	756,826	322,577
Due from Other Funds (Note 9)	6,391	28,116	-	-
Due from External Parties (Fiduciary Funds) (Note 9)	15	-	-	-
Interfund Receivable (Note 9)	-	-	-	-
Inventory (Note 1)	42,674	58,110	14,031	-
Prepaid Items (Note 1)	55,525	9,693	628	-
Other Assets (Notes 1 and 10)	2,431	316	2,017	-
Loans Receivable from Component Units (Notes 1 and 9)	-	-	-	-
Restricted Cash and Cash Equivalents (Notes 1, 6, and 11)	-	244,644	-	-
Total Assets	\$ 2,470,236	\$ 2,808,657	\$ 892,529	\$ 348,172
Liabilities and Fund Balances				
Accounts Payable (Notes 1 and 23)	\$ 221,026	\$ 233,225	\$ 118,709	\$ 197
Amounts Due to Other Governments	356,097	592	207,712	-
Due to Other Funds (Note 9)	47,852	13,470	7,356	-
Due to Component Units (Note 9)	8,556	-	3,611	-
Due to External Parties (Fiduciary Funds) (Note 9)	27,466	7,592	4,171	-
Interfund Payable (Note 9)	13,151	6,000	8,746	-
Deferred Revenue (Note 1)	532,932	36,672	100,159	19,896
Unearned Revenue (Note 1)	-	22,680	-	-
Deferred Taxes (Note 1)	566,899	-	-	-
Obligations Under Securities Lending Program (Notes 1 and 6)	445,521	472,712	12,115	7,904
Other Liabilities (Notes 1 and 24)	924,152	5,628	387,274	-
Loans Payable to Component Units (Notes 1 and 9)	-	-	-	168,730
Long-term Liabilities Due Within One Year (Notes 1, 20, and 26)	876	483	119	-
Total Liabilities	3,144,528	799,054	849,972	196,727
Fund Balances Reserved for (Note 1):				
Revenue Stabilization Fund	295,159	-	-	-
Lottery Proceeds Fund	1,421	-	-	-
Inventory	42,674	58,110	14,031	-
Prepaid Items	55,525	9,693	628	-
Debt Service	-	-	-	-
Gifts and Grants	-	30,511	-	-
Capital Acquisition / Construction	-	242,843	-	-
Fund Balances Unreserved, Reported in (Note 1):				
General Fund	(1,069,071)	-	-	-
Special Revenue Funds	-	1,668,446	27,898	151,445
Capital Projects Funds	-	-	-	-
Permanent Funds	-	-	-	-
Total Fund Balances (Deficit) (Note 3)	(674,292)	2,009,603	42,557	151,445
Total Liabilities and Fund Balances	\$ 2,470,236	\$ 2,808,657	\$ 892,529	\$ 348,172

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 971,557	\$ 3,367,598
63,117	1,295,790
58,475	2,484,764
9,101	43,608
281	296
110,202	110,202
4,881	119,696
10,684	76,530
1,855	6,619
16,401	16,401
-	244,644
<u>\$ 1,246,554</u>	<u>\$ 7,766,148</u>
\$ 64,619	\$ 637,776
686	565,087
4,890	73,568
6,041	18,208
6,862	46,091
-	27,897
13,632	703,291
11,052	33,732
-	566,899
67,210	1,005,462
4,875	1,321,929
-	168,730
411	1,889
<u>180,278</u>	<u>5,170,559</u>
-	295,159
-	1,421
4,881	119,696
10,684	76,530
105,325	105,325
38,608	69,119
-	242,843
-	(1,069,071)
653,983	2,501,772
205,733	205,733
47,062	47,062
<u>1,066,276</u>	<u>2,595,589</u>
<u>\$ 1,246,554</u>	<u>\$ 7,766,148</u>

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

June 30, 2010

(Dollars in Thousands)

Total fund balances - governmental funds (see Balance Sheet - Governmental Funds)	\$ 2,595,589
<p>When capital assets (land, buildings, equipment, improvements, construction-in-progress, intangible assets, 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.</p>	
Non Depreciable Capital Assets	5,455,227
Depreciable Capital Assets	15,617,577
<p>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.</p>	
Tax Note	(81,278)
Pension Liability	(1,133,272)
OPEB Liability	(211,428)
Capital Lease	(76,983)
Installment Purchases	(71,843)
Compensated Absences	(313,365)
Uninsured Employer's Fund	(26,041)
Regional Jails	(6,445)
Bonds	(5,169,442)
Notes	(12,613)
Accrued Interest Payable	(79,159)
Other Obligations	(96,493)
Pollution Remediation Liability	(4,019)
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.	(197,999)
Other long-term payables are not due and payable in the current period and, therefore, are not reported in the funds.	(192,111)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	<u>701,597</u>
Net assets of governmental activities (see Government-wide Statement of Net Assets)	\$ <u><u>16,697,499</u></u>

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, 2010

(Dollars in Thousands)

	General	Special Revenue		
		Commonwealth Transportation	Federal Trust	Literary
Revenues				
Taxes	\$ 14,155,824	\$ 1,941,587	\$ -	\$ -
Rights and Privileges	68,432	526,830	-	226
Institutional Revenue	6,019	-	-	-
Interest, Dividends, Rents, and Other Investment Income	214,557	39,450	1,782	17,740
Federal Grants and Contracts	-	959,128	9,662,083	-
Other (Note 27)	418,127	150,900	68,385	181,899
Total Revenues	14,862,959	3,617,895	9,732,250	199,865
Expenditures				
Current:				
General Government	2,080,279	1,850	130,733	128
Education	7,025,480	2,405	1,522,359	257,076
Transportation	11,125	3,371,203	13,604	-
Resources and Economic Development	269,987	9,502	210,777	-
Individual and Family Services	3,967,298	-	7,690,351	-
Administration of Justice	2,121,176	8,182	169,863	-
Capital Outlay	10,515	29,701	14,663	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Charges	-	-	-	-
Total Expenditures	15,485,860	3,422,843	9,752,350	257,204
Revenues Over (Under) Expenditures	(622,901)	195,052	(20,100)	(57,339)
Other Financing Sources (Uses)				
Transfers In (Note 31)	743,343	116,439	19,434	10,308
Transfers Out (Note 31)	(544,005)	(313,200)	(11,045)	-
Notes Issued	7,276	-	-	-
Insurance Recoveries	24	1,745	13	-
Capital Leases Initiated	438	585	-	-
Bonds Issued	-	564,860	-	-
Premium on Debt Issuance	-	9,933	-	-
Refunding Bonds Issued	-	-	-	-
Sale of Capital Assets	-	4,078	-	-
Payment to Refunded Bond Escrow Agents	-	-	-	-
Total Other Financing Sources (Uses)	207,076	384,440	8,402	10,308
Net Change in Fund Balances	(415,825)	579,492	(11,698)	(47,031)
Fund Balance (Deficit), July 1	(258,467)	1,430,111	54,255	198,476
Fund Balance (Deficit), June 30 (Note 3)	\$ (674,292)	\$ 2,009,603	\$ 42,557	\$ 151,445

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 89,379	\$ 16,186,790
274,098	869,586
397,230	403,249
20,267	293,796
7,281	10,628,492
376,190	1,195,501
<u>1,164,445</u>	<u>29,577,414</u>
93,058	2,306,048
35,138	8,842,458
5,292	3,401,224
407,172	897,438
578,390	12,236,039
99,379	2,398,600
563,979	618,858
420,202	420,202
205,739	205,739
<u>2,408,349</u>	<u>31,326,606</u>
(1,243,904)	(1,749,192)
735,039	1,624,563
(154,033)	(1,022,283)
12,638	19,914
3,271	5,053
-	1,023
375,985	940,845
34,336	44,269
123,887	123,887
-	4,078
(146,385)	(146,385)
<u>984,738</u>	<u>1,594,964</u>
(259,166)	(154,228)
1,325,442	2,749,817
<u>\$ 1,066,276</u>	<u>\$ 2,595,589</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, 2010
(Dollars in Thousands)

Net Change in fund balances - total government funds (See Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds)	\$ (154,228)
<p>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.</p>	
Net Non-Depreciable Capital Assets	195,792
Net Depreciable Capital Assets	1,840,789
Net Depreciation Expense	(629,312)
<p>Debt proceeds provide current financial resources to governmental funds by issuing debt, which increases long-term debt in the Statement of Net Assets.</p>	
Debt Issuance	(940,845)
Capital Lease Proceeds	(1,023)
Bond Premiums	(44,269)
Refunding Bonds Issued	(123,887)
Installment Purchase Proceeds	(19,914)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Assets.</p>	
Debt Service Fund Repayment of Debt Principal	420,202
Repayment of Debt Principal in Other Funds:	
Installment Purchases	11,011
Regional Jails	2,633
<p>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.</p>	
	146,385
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	187,706
<p>Increases/decreases of expenses associated with long-term debt reported in the Statement of Activities do not require the use of, or provide, current financial resources and, therefore, are not reported in the governmental funds.</p>	
Increase in Pension Liability	(155,114)
Increase in OPEB Liability	(95,677)
Increase in Other Long-term Liabilities	(5,105)
Increase in Interest Expense, Amortization of Deferrals on Long-term Debt and accrued interest liability	(470)
Decrease in Compensated Absences	15,434
Decrease in Other Liabilities	8,989
<p>Net Decrease in Due to Component Units for Capital and Other Projects resulting from appropriation reductions, which are not reported as expenditures in the fund statements.</p>	
	18,041
<p>The net revenue (expenses) of certain activities of internal service funds is reported within governmental activities.</p>	
	(87,694)
Change in net assets of governmental activities (See Government-wide Statement of Activities)	\$ 589,444

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