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# Governmental Funds

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## 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 or committed 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.

**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.

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**Nonmajor Governmental Funds** include those Special Revenue, Debt Service, Capital Projects, and Permanent Funds listed on page 191 in the Combining and Individual Fund Statements and Schedules section of this report.

## Balance Sheet – Governmental Funds

June 30, 2011

(Dollars in Thousands)

	General	Special Revenue		
		Commonwealth Transportation	Federal Trust	Literary
<b>Assets</b>				
Cash and Cash Equivalents (Notes 1 and 6)	\$ 459,062	\$ 2,195,630	\$ 106,789	\$ 22,244
Investments (Notes 1 and 6)	1,481,381	86,167	1,942	2,016
Receivables, Net (Notes 1 and 7)	1,108,458	311,810	670,447	285,555
Due from Other Funds (Note 9)	22,561	25,954	2,431	-
Due from Component Units (Note 9)	5,212	-	-	-
Due from External Parties (Fiduciary Funds) (Note 9)	87	-	-	-
Interfund Receivable (Note 9)	-	-	-	-
Inventory (Note 1)	45,444	62,503	13,541	-
Prepaid Items (Note 1)	67,584	9,538	1,953	-
Other Assets (Notes 1 and 10)	2,740	319	2,013	-
Loans Receivable from Component Units (Notes 1 and 9)	-	-	-	-
Restricted Cash and Cash Equivalents (Notes 1, 6, and 11)	-	446,036	-	-
<b>Total Assets</b>	<b>\$ 3,192,529</b>	<b>\$ 3,137,957</b>	<b>\$ 799,116</b>	<b>\$ 309,815</b>
<b>Liabilities and Fund Balances</b>				
Accounts Payable (Notes 1 and 23)	\$ 251,717	\$ 237,770	\$ 127,394	\$ 27
Amounts Due to Other Governments	363,195	1,342	256,330	-
Due to Other Funds (Note 9)	46,396	15,227	7,479	-
Due to Component Units (Note 9)	5,836	-	5,576	-
Due to External Parties (Fiduciary Funds) (Note 9)	33,009	7,515	4,160	-
Interfund Payable (Note 9)	13,885	3,000	22,122	-
Deferred Revenue (Note 1)	551,630	23,324	91,526	16,789
Unearned Revenue (Note 1)	-	40,811	14,926	-
Deferred Taxes (Note 1)	463,399	-	-	-
Obligations Under Securities Lending Program (Notes 1 and 6)	600,497	367,172	8,275	8,591
Other Liabilities (Notes 1 and 24)	921,053	7,042	233,509	-
Loans Payable to Component Units (Notes 1 and 9)	-	-	-	164,790
Long-term Liabilities Due Within One Year (Notes 1, 20, and 25)	689	224	188	-
<b>Total Liabilities</b>	<b>3,251,306</b>	<b>703,427</b>	<b>771,485</b>	<b>190,197</b>
<b>Fund Balances (Note 3):</b>				
Nonspendable	113,028	72,040	15,494	-
Restricted	464,536	138,088	12,137	119,618
Committed	409,551	2,224,402	-	-
Assigned	-	-	-	-
Unassigned	(1,045,892)	-	-	-
<b>Total Fund Balances (Deficit) (Note 4)</b>	<b>(58,777)</b>	<b>2,434,530</b>	<b>27,631</b>	<b>119,618</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,192,529</b>	<b>\$ 3,137,957</b>	<b>\$ 799,116</b>	<b>\$ 309,815</b>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 642,539	\$ 3,426,264
121,906	1,693,412
73,588	2,449,858
8,032	58,978
-	5,212
1,016	1,103
114,505	114,505
5,687	127,175
18,103	97,178
1,937	7,009
34,350	34,350
-	446,036
<u>\$ 1,021,663</u>	<u>\$ 8,461,080</u>

\$ 52,299	\$ 669,207
361	621,228
6,513	75,615
2,575	13,987
7,550	52,234
-	39,007
23,301	706,570
8,520	64,257
-	463,399
31,595	1,016,130
2,166	1,163,770
-	164,790
251	1,352
<u>135,131</u>	<u>5,051,546</u>

52,442	253,004
365,398	1,099,777
458,476	3,092,429
10,216	10,216
-	(1,045,892)
<u>886,532</u>	<u>3,409,534</u>
<u>\$ 1,021,663</u>	<u>\$ 8,461,080</u>

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

June 30, 2011

(Dollars in Thousands)

**Total fund balances - governmental funds (see Balance Sheet - Governmental Funds)** \$ 3,409,534

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.

Nondepreciable Capital Assets 5,952,725  
 Depreciable Capital Assets 16,411,457

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.

Tax Note	(60,959)
Pension Liability	(1,391,028)
OPEB Liability	(297,298)
Capital Lease	(70,315)
Installment Purchases	(95,081)
Compensated Absences	(304,898)
Uninsured Employer's Fund	(24,308)
Regional Jails	(4,617)
Bonds	(5,662,138)
Notes	(9,336)
Accrued Interest Payable	(89,834)
Other Obligations	(87,264)
Pollution Remediation Liability	(4,772)

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. (255,156)

Other long-term payables are not due and payable in the current period and, therefore, are not reported in the funds. (215,394)

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 693,933

**Net assets of governmental activities (see Government-wide Statement of Net Assets)** \$ 17,895,251

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, 2011

(Dollars in Thousands)

	General	Special Revenue		
		Commonwealth Transportation	Federal Trust	Literary
<b>Revenues</b>				
Taxes	\$ 15,698,740	\$ 2,030,801	\$ -	\$ -
Rights and Privileges	73,579	542,400	-	302
Institutional Revenue	39,268	-	-	-
Interest, Dividends, Rents, and Other Investment Income	91,919	30,588	1,541	15,298
Federal Grants and Contracts	-	1,130,752	9,617,849	-
Other (Note 26)	543,314	114,608	108,619	141,008
<b>Total Revenues</b>	<b>16,446,820</b>	<b>3,849,149</b>	<b>9,728,009</b>	<b>156,608</b>
<b>Expenditures</b>				
Current:				
General Government	2,218,947	1,803	144,243	77
Education	6,924,744	2,405	1,533,642	199,223
Transportation	516	3,840,230	16,954	-
Resources and Economic Development	305,581	12,352	263,001	-
Individual and Family Services	4,457,147	-	7,723,950	-
Administration of Justice	2,270,996	9,435	37,182	-
Capital Outlay	6,746	18,619	20,049	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Charges	-	-	-	-
<b>Total Expenditures</b>	<b>16,184,677</b>	<b>3,884,844</b>	<b>9,739,021</b>	<b>199,300</b>
Revenues Over (Under) Expenditures	262,143	(35,695)	(11,012)	(42,692)
<b>Other Financing Sources (Uses)</b>				
Transfers In (Note 30)	707,634	93,708	14,600	10,865
Transfers Out (Note 30)	(473,045)	(288,846)	(19,096)	-
Notes Issued	18,753	-	-	-
Insurance Recoveries	42	2,376	-	-
Capital Leases Initiated	-	1,175	582	-
Bonds Issued	-	600,000	-	-
Premium on Debt Issuance	-	50,394	-	-
Refunding Bonds Issued	-	-	-	-
Sale of Capital Assets	499	2,340	-	-
Payment to Refunded Bond Escrow Agents	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>253,883</b>	<b>461,147</b>	<b>(3,914)</b>	<b>10,865</b>
<b>Net Change in Fund Balances</b>	<b>516,026</b>	<b>425,452</b>	<b>(14,926)</b>	<b>(31,827)</b>
Fund Balance (Deficit), July 1, as restated (Note 2)	(574,803)	2,009,078	42,557	151,445
<b>Fund Balance (Deficit), June 30 (Note 4)</b>	<b>\$ (58,777)</b>	<b>\$ 2,434,530</b>	<b>\$ 27,631</b>	<b>\$ 119,618</b>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 95,826	\$ 17,825,367
300,445	916,726
344,987	384,255
19,306	158,652
-	10,748,601
331,390	1,238,939
<u>1,091,954</u>	<u>31,272,540</u>
73,991	2,439,061
22,434	8,682,448
2,388	3,860,088
304,930	885,864
507,068	12,688,165
80,250	2,397,863
393,777	439,191
456,380	456,380
233,327	233,327
<u>2,074,545</u>	<u>32,082,387</u>
(982,591)	(809,847)
671,555	1,498,362
(94,571)	(875,558)
18,205	36,958
5,676	8,094
-	1,757
282,820	882,820
20,710	71,104
50,780	50,780
-	2,839
(54,874)	(54,874)
<u>900,301</u>	<u>1,622,282</u>
(82,290)	812,435
968,822	2,597,099
<u>\$ 886,532</u>	<u>\$ 3,409,534</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, 2011  
(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>\$ 812,435</b>
<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>	
Nondepreciable Capital Assets Constructed/Acquired	1,792,899
Nondepreciable Capital Assets Disposed	(59,290)
Depreciable Capital Assets Acquired	385,772
Depreciable Capital Assets Disposed	(184,595)
Depreciation Expense	(747,563)
<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	(882,820)
Capital Lease Proceeds	(1,757)
Bond Premiums	(71,104)
Refunding Bonds Issued	(50,780)
Installment Purchase Proceeds	(36,958)
<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	456,380
Repayment of Debt Principal in Other Funds:	
Installment Purchases	17,263
Regional Jails	2,636
<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>	
	54,874
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	30,050
<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	(257,756)
Increase in OPEB Liability	(85,870)
Decrease in Other Long-term Liabilities	2,877
Decrease in Interest Expense, Amortization of Deferrals on Long-term Debt and accrued interest liability	4,378
Decrease in Compensated Absences	8,466
Increase in Other Liabilities	(36,188)
<p>Net Increase in Due to Component Units for Capital and Other Projects resulting from appropriation reductions or amounts due to Federal Governments for interest and rebate repayments, which are not reported as expenditures in the fund statements.</p>	
	(4,106)
<p>The net revenue (expenses) of certain activities of internal service funds is reported within governmental activities.</p>	
	(49,814)
<b>Change in net assets of governmental activities (See Government-wide Statement of Activities)</b>	<b>\$ 1,099,429</b>

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