

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 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.

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, 2012

(Dollars in Thousands)

	General	Special Revenue		
		Commonwealth Transportation	Federal Trust	Literary
Assets				
Cash and Cash Equivalents (Notes 1 and 6)	\$ 792,901	\$ 2,009,738	\$ 133,169	\$ 24,843
Investments (Notes 1 and 6)	1,766,537	11,425	446	332
Receivables, Net (Notes 1 and 7)	1,625,026	248,683	799,272	261,625
Due from Other Funds (Note 9)	37,229	20,924	1,869	-
Due from External Parties (Fiduciary Funds) (Note 9)	-	-	-	-
Interfund Receivable (Note 9)	-	-	-	-
Inventory (Note 1)	45,502	64,191	14,326	-
Prepaid Items (Note 1)	72,400	6,603	1,531	-
Other Assets (Notes 1 and 10)	2,060	427	2,379	-
Loans Receivable from Component Units (Notes 1 and 9)	-	-	-	-
Restricted Cash and Cash Equivalents (Notes 6 and 11)	-	1,211,399	-	-
Total Assets	\$ 4,341,655	\$ 3,573,390	\$ 952,992	\$ 286,800
Liabilities and Fund Balances				
Accounts Payable (Notes 1 and 23)	\$ 256,102	\$ 345,316	\$ 145,875	\$ 24
Amounts Due to Other Governments	381,635	79	212,504	-
Due to Other Funds (Note 9)	45,447	18,207	8,635	-
Due to Component Units (Note 9)	7,886	-	4,496	-
Due to External Parties (Fiduciary Funds) (Note 9)	11,982	2,347	1,221	-
Interfund Payable (Note 9)	13,152	-	14,949	-
Deferred Revenue (Note 1)	837,475	24,024	95,054	16,957
Unearned Revenue (Note 1)	20	47,608	2,455	-
Deferred Taxes (Note 1)	452,442	-	-	-
Obligations Under Securities Lending Program (Notes 1 and 6)	817,135	380,963	14,867	11,067
Other Liabilities (Notes 1 and 24)	1,005,243	8,160	353,116	-
Loans Payable to Component Units (Notes 1 and 9)	-	-	-	161,170
Long-term Liabilities Due Within One Year (Notes 1, 20, and 25)	777	92	86	-
Total Liabilities	3,829,296	826,796	853,258	189,218
Fund Balances (Note 3):				
Nonspendable	117,902	70,794	15,857	-
Restricted	729,269	236,262	83,877	97,582
Committed	486,051	2,439,538	-	-
Assigned	-	-	-	-
Unassigned	(820,863)	-	-	-
Total Fund Balances	512,359	2,746,594	99,734	97,582
Total Liabilities and Fund Balances	\$ 4,341,655	\$ 3,573,390	\$ 952,992	\$ 286,800

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 800,558	\$ 3,761,209
115,067	1,893,807
104,341	3,038,947
8,392	68,414
984	984
92,442	92,442
5,626	129,645
12,905	93,439
1,987	6,853
5,090	5,090
-	1,211,399
<u>\$ 1,147,392</u>	<u>\$ 10,302,229</u>
\$ 77,218	\$ 824,535
356	594,574
13,641	85,930
196	12,578
2,180	17,730
-	28,101
37,875	1,011,385
4,428	54,511
-	452,442
35,923	1,259,955
2,286	1,368,805
-	161,170
142	1,097
174,245	5,872,813
46,428	250,981
431,352	1,578,342
483,552	3,409,141
11,815	11,815
-	(820,863)
973,147	4,429,416
<u>\$ 1,147,392</u>	<u>\$ 10,302,229</u>

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

June 30, 2012

(Dollars in Thousands)

Total fund balances - governmental funds (see Balance Sheet - Governmental Funds) \$ 4,429,416

When capital assets (land, buildings, equipment, 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 6,195,732
 Depreciable Capital Assets 17,748,475

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 (40,639)
 Pension Liability (1,640,916)
 OPEB Liability (400,174)
 Capital Lease (63,223)
 Installment Purchases (86,242)
 Compensated Absences (308,605)
 Uninsured Employer's Fund (27,647)
 Regional Jails (2,748)
 Bonds (6,577,190)
 Notes (9,050)
 Accrued Interest Payable (88,631)
 Other Obligations (82,976)
 Pollution Remediation Liability (5,171)

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. (484,286)

Other long-term payables are not due and payable in the current period and, therefore, are not reported in the funds. (244,921)

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 1,011,679

Net assets of governmental activities (see Government-wide Statement of Net Assets) \$ 19,322,883

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, 2012

(Dollars in Thousands)

	General	Special Revenue		
		Commonwealth Transportation	Federal Trust	Literary
Revenues				
Taxes	\$ 16,547,454	\$ 2,108,090	\$ -	\$ -
Rights and Privileges	70,420	536,627	-	311
Institutional Revenue	37,809	-	-	-
Interest, Dividends, Rents, and Other Investment Income	101,089	30,776	1,382	14,555
Federal Grants and Contracts	-	1,105,544	8,827,161	-
Other (Note 26)	585,358	90,402	122,100	142,871
Total Revenues	17,342,130	3,871,439	8,950,643	157,737
Expenditures				
Current:				
General Government	2,104,872	2,182	138,401	67
Education	7,136,301	2,404	1,382,955	191,405
Transportation	462	4,451,872	16,040	-
Resources and Economic Development	354,658	9,327	214,312	-
Individual and Family Services	5,082,650	-	7,075,558	-
Administration of Justice	2,287,036	9,357	36,129	-
Capital Outlay	6,761	13,461	12,608	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Charges	-	-	-	-
Total Expenditures	16,972,740	4,488,603	8,876,003	191,472
Revenues Over (Under) Expenditures	369,390	(617,164)	74,640	(33,735)
Other Financing Sources (Uses)				
Transfers In (Note 30)	813,443	204,098	12,473	11,699
Transfers Out (Note 30)	(616,134)	(308,756)	(21,121)	-
Notes Issued	1,957	-	-	-
Insurance Recoveries	118	2,065	14	-
Capital Leases Initiated	128	1,008	-	-
Bonds Issued	-	897,590	-	-
Premium on Debt Issuance	-	131,945	-	-
Refunding Bonds Issued	-	-	-	-
Sale of Capital Assets	2,234	1,278	6	-
Payment to Refunded Bond Escrow Agents	-	-	-	-
Total Other Financing Sources (Uses)	201,746	929,228	(8,628)	11,699
Net Change in Fund Balances	571,136	312,064	66,012	(22,036)
Fund Balance (Deficit), July 1, as restated (Note 2)	(58,777)	2,434,530	33,722	119,618
Fund Balance, June 30	\$ 512,359	\$ 2,746,594	\$ 99,734	\$ 97,582

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 92,435	\$ 18,747,979
313,487	920,845
347,396	385,205
16,256	164,058
-	9,932,705
396,212	1,336,943
<u>1,165,786</u>	<u>31,487,735</u>
76,515	2,322,037
20,193	8,733,258
5,365	4,473,739
291,242	869,539
524,116	12,682,324
89,505	2,422,027
297,417	330,247
422,792	422,792
261,880	261,880
<u>1,989,025</u>	<u>32,517,843</u>
<u>(823,239)</u>	<u>(1,030,108)</u>
727,646	1,769,359
(150,723)	(1,096,734)
8,255	10,212
961	3,158
-	1,136
298,500	1,196,090
85,423	217,368
319,373	319,373
-	3,518
<u>(373,490)</u>	<u>(373,490)</u>
<u>915,945</u>	<u>2,049,990</u>
92,706	1,019,882
880,441	3,409,534
<u>\$ 973,147</u>	<u>\$ 4,429,416</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, 2012
(Dollars in Thousands)

Net Change in fund balances - total government funds (See Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds) \$ 1,019,882

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.

Nondepreciable Capital Assets Constructed/Acquired	1,915,167
Nondepreciable Capital Assets Disposed	(73,807)
Depreciable Capital Assets Acquired	726,340
Depreciable Capital Assets Disposed	(219,440)
Depreciation Expense	(802,072)

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	(1,196,090)
Capital Lease Proceeds	(1,136)
Bond Premiums	(217,368)
Refunding Bonds Issued	(319,373)
Installment Purchase Proceeds	(10,212)

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	422,792
Repayment of Debt Principal in Other Funds:	
Installment Purchases	22,539
Regional Jails	2,636

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. 373,490

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 321,685

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.

Increase in Pension Liability	(249,888)
Increase in OPEB Liability	(102,876)
Increase in Other Long-term Liabilities	(1,262)
Decrease in Interest Expense, Amortization of Deferrals on Long-term Debt and accrued interest liability	28,461
Increase in Compensated Absences	(3,707)
Increase in Other Liabilities	(17,928)

Net Decrease 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. 5,092

The net revenue (expenses) of certain activities of internal service funds is reported within governmental activities. (229,130)

Change in net assets of governmental activities (See Government-wide Statement of Activities) **\$ 1,393,795**

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