
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, certain Medicaid reimbursements recorded in the General 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 197 in the Combining and Individual Fund Statements and Schedules section of this report.

Balance Sheet – Governmental Funds

June 30, 2014

(Dollars in Thousands)

	General	Special Revenue		
		Commonwealth Transportation	Federal Trust	Literary
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents (Notes 1 and 6)	\$ 284,555	\$ 1,937,955	\$ 175,718	\$ 25,595
Investments (Notes 1 and 6)	1,373,511	5,012	262	248
Receivables, Net (Notes 1 and 7)	1,811,046	330,761	693,100	188,883
Due from Other Funds (Note 9)	42,001	1,263	2,558	-
Due from Component Units (Note 9)	1,002	-	-	-
Due from External Parties (Fiduciary Funds) (Note 9)	300	-	-	-
Interfund Receivable (Note 9)	-	-	-	-
Inventory (Note 1)	31,353	60,416	11,589	-
Prepaid Items (Note 1)	79,187	12,155	1,711	-
Other Assets (Notes 1 and 10)	1,116	414	1,689	-
Loans Receivable from Component Units (Notes 1 and 9)	-	5,000	-	-
Restricted Cash and Cash Equivalents (Notes 6 and 11)	-	525,166	-	-
Total Assets	3,624,071	2,878,142	886,627	214,726
Deferred Outflows of Resources (Notes 1 and 13)	33	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 3,624,104	\$ 2,878,142	\$ 886,627	\$ 214,726
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Accounts Payable (Notes 1 and 24)	\$ 257,490	\$ 311,344	\$ 125,380	\$ 20
Amounts Due to Other Governments	442,027	114	185,878	-
Due to Other Funds (Note 9)	31,526	19,524	10,572	-
Due to Component Units (Note 9)	403	-	4,508	-
Due to External Parties (Fiduciary Funds) (Note 9)	13,851	3,364	1,706	-
Interfund Payable (Note 9)	-	-	7,000	-
Unearned Revenue (Note 1)	-	59,603	7,662	-
Unearned Taxes (Note 1)	101,613	-	-	-
Obligations Under Securities Lending Program (Notes 1 and 6)	292,695	159,803	8,368	7,919
Other Liabilities (Notes 1 and 25)	976,226	6,869	323,015	-
Loans Payable to Component Units (Notes 1 and 9)	-	-	-	174,975
Long-term Liabilities Due Within One Year (Notes 1, 21, and 26)	1,078	168	101	-
Total Liabilities	2,116,909	560,789	674,190	182,914
Deferred Inflows of Resources (Notes 1 and 13)	877,558	52,609	77,175	18,339
Total Liabilities and Deferred Inflows of Resources	2,994,467	613,398	751,365	201,253
Fund Balances (Note 3):				
Nonspendable	110,540	72,571	13,300	-
Restricted	970,528	600,760	121,962	13,473
Committed	330,071	1,591,413	-	-
Assigned	-	-	-	-
Unassigned	(781,502)	-	-	-
Total Fund Balances	629,637	2,264,744	135,262	13,473
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,624,104	\$ 2,878,142	\$ 886,627	\$ 214,726

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 742,398	\$ 3,166,221
53,056	1,432,089
76,337	3,100,127
10,417	56,239
2	1,004
147	447
110,842	110,842
4,971	108,329
13,301	106,354
1,754	4,973
5,705	10,705
-	525,166
1,018,930	8,622,496
-	33
\$ 1,018,930	\$ 8,622,529
\$ 58,591	\$ 752,825
9,540	637,559
5,167	66,789
-	4,911
2,395	21,316
13,151	20,151
10,374	77,639
-	101,613
15,979	484,764
4,427	1,310,537
-	174,975
228	1,575
119,852	3,654,654
34,151	1,059,832
154,003	4,714,486
52,470	248,881
242,194	1,948,917
553,425	2,474,909
16,838	16,838
-	(781,502)
864,927	3,908,043
\$ 1,018,930	\$ 8,622,529

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

June 30, 2014

(Dollars in Thousands)

Total fund balances - governmental funds (see Balance Sheet - Governmental Funds)	\$ 3,908,043
<p>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 Position includes those capital assets among the assets of the primary government as a whole.</p>	
Nondepreciable Capital Assets	7,158,715
Depreciable Capital Assets	20,616,455
Deferred outflows associated with loss on debt refundings are long-term in nature and therefore not reported in the funds.	53,907
<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 Position.</p>	
Pension Liability	(2,088,995)
OPEB Liability	(559,271)
Capital Leases	(46,797)
Installment Purchases	(82,002)
Compensated Absences	(314,340)
Uninsured Employer's Fund	(36,632)
Bonds	(6,298,804)
Notes	(529)
Accrued Interest Payable	(83,100)
Other Obligations	(58,851)
Pollution Remediation Liability	(13,186)
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 Position.	(467,536)
Other long-term payables are not due and payable in the current period and, therefore, are not reported in the funds.	(221,454)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,058,918
Deferred inflows associated with Service Concession Arrangements are long-term in nature and therefore not reported in the funds.	(1,562,385)
Net position of governmental activities (see Government-wide Statement of Net Position)	\$ 20,962,156

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, 2014

(Dollars in Thousands)

	Special Revenue			
	General	Commonwealth Transportation	Federal Trust	Literary
Revenues				
Taxes	\$ 17,432,190	\$ 2,978,253	\$ -	\$ -
Rights and Privileges	80,170	549,699	-	536
Institutional Revenue	36,078	-	-	-
Interest, Dividends, Rents, and Other Investment Income	92,420	21,018	689	12,442
Federal Grants and Contracts	9,456	1,301,707	8,369,398	-
Other (Note 27)	493,633	137,898	239,026	138,329
Total Revenues	18,143,947	4,988,575	8,609,113	151,307
Expenditures				
Current:				
General Government	2,229,051	84,114	147,950	20
Education	7,775,029	1,954	962,153	211,458
Transportation	774	5,034,546	16,292	-
Resources and Economic Development	406,346	13,610	170,932	-
Individual and Family Services	5,503,600	-	7,168,396	-
Administration of Justice	2,542,615	9,733	96,634	-
Capital Outlay	10,026	10,566	7,082	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Charges	-	-	-	-
Total Expenditures	18,467,441	5,154,523	8,569,439	211,478
Revenues Over (Under) Expenditures	(323,494)	(165,948)	39,674	(60,171)
Other Financing Sources (Uses)				
Transfers In (Note 32)	777,011	81,054	13,420	9,866
Transfers Out (Note 32)	(469,899)	(365,458)	(25,752)	-
Notes Issued	3,371	-	-	-
Insurance Recoveries	123	93	3	-
Capital Leases Issued	147	153	67	-
Bonds Issued	-	273,390	-	-
Premium on Debt Issuance	-	34,488	-	-
Refunding Bonds Issued	-	-	-	-
Sale of Capital Assets	4,434	4,002	1	-
Payment to Refunded Bond Escrow Agents	-	-	-	-
Total Other Financing Sources (Uses)	315,187	27,722	(12,261)	9,866
Net Change in Fund Balances	(8,307)	(138,226)	27,413	(50,305)
Fund Balance, July 1, as restated (Note 2)	637,944	2,402,970	107,849	63,778
Fund Balance, June 30	\$ 629,637	\$ 2,264,744	\$ 135,262	\$ 13,473

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 88,198	\$ 20,498,641
319,656	950,061
289,591	325,669
17,896	144,465
-	9,680,561
352,585	1,361,471
<u>1,067,926</u>	<u>32,960,868</u>
76,612	2,537,747
19,819	8,970,413
5,890	5,057,502
321,213	912,101
523,841	13,195,837
74,677	2,723,659
166,093	193,767
420,835	420,835
279,270	279,270
<u>1,888,250</u>	<u>34,291,131</u>
(820,324)	(1,330,263)
779,997	1,661,348
(66,386)	(927,495)
12,329	15,700
673	892
-	367
-	273,390
40,054	74,542
276,765	276,765
7,507	15,944
(336,917)	(336,917)
<u>714,022</u>	<u>1,054,536</u>
(106,302)	(275,727)
971,229	4,183,770
<u>\$ 864,927</u>	<u>\$ 3,908,043</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, 2014
(Dollars in Thousands)

Net Change in fund balances - total government funds (See Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds)	\$ (275,727)
<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 position decreases by the amount of depreciation expense charged for the year.</p>	
Nondepreciable Capital Assets Constructed/Acquired	1,909,155
Nondepreciable Capital Assets Disposed	(384,840)
Depreciable Capital Assets Acquired	746,855
Depreciable Capital Assets Disposed	(265,106)
Depreciation Expense	(977,690)
<p>Debt proceeds provide current financial resources to governmental funds by issuing debt, which increases long-term debt in the Statement of Net Position.</p>	
Debt Issuance	(273,390)
Capital Lease Proceeds	(367)
Bond Premiums	(74,542)
Refunding Bonds Issued	(276,765)
Installment Purchase Proceeds	(15,700)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position.</p>	
Debt Service Fund Repayment of Debt Principal	420,835
<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 Position.</p>	
	336,917
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	8,798
<p>Increases/decreases of expenses reported in the Statement of Activities that 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	(235,670)
Increase in OPEB Liability	(73,742)
Increase in Other Long-term Liabilities	(18,666)
Increase in Compensated Absences	(3,556)
Decrease in Interest Expense, Amortization of Long-term Debt premium and discounts, and Accrued Interest Liability	55,815
Decrease in Other Liabilities	30,686
<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>	
	(230)
<p>The net revenue (expenses) of certain activities of internal service funds is reported within governmental activities.</p>	
	99,978
<p>The amortization of deferred inflows associated with Service Concession Arrangements are not included in the funds.</p>	
	19,903
Change in net position of governmental activities (See Government-wide Statement of Activities)	\$ 752,951

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