

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

Balance Sheet - Governmental Funds

June 30, 2002

(Dollars in Thousands)

	General	Special Revenue		
		Commonwealth Transportation	Federal Trust	Literary
Assets				
Cash and Cash Equivalents (Notes 1 and 4)	\$ 11,283	\$ 1,039,497	\$ 70,037	\$ 96,792
Investments (Notes 1 and 4)	776,782	95,768	815	8,046
Receivables (Net) (Notes 1 and 5)	593,843	277,823	386,321	73,662
Due from Other Funds (Note 6)	29,562	22,050	5,430	-
Due from Fiduciary Funds (Note 6)	-	-	5,276	-
Interfund Receivable (Note 6)	-	-	-	-
Inventory (Note 1)	34,808	39,493	15,027	-
Prepaid Items (Note 1)	-	4	-	-
Other Assets (Notes 1 and 7)	2,776	1,321	2,199	-
Loans Receivable from Component Units (Notes 1 and 6)	-	-	-	418,405
Total Assets	\$ 1,449,054	\$ 1,475,956	\$ 485,105	\$ 596,905
Liabilities and Fund Balances				
Accounts Payable (Note 1)	\$ 237,285	\$ 235,381	\$ 86,950	\$ 149
Amounts Due to Other Governments	173,959	51,470	107,673	-
Due to Other Funds (Note 6)	32,999	41,416	9,558	-
Due to Component Units (Note 6)	-	2,076	-	-
Due to Fiduciary Funds (Note 6)	172	-	-	-
Interfund Payable (Note 6)	-	2,000	8,915	-
Deferred Revenue and Deferred Credit (Note 1)	650,285	10,042	57,724	12,325
Obligations Under Securities Lending Program (Notes 1 and 4)	123,971	68,741	896	8,842
Other Liabilities (Notes 1 and 16)	445,348	-	197,991	-
Loans Payable to Component Units (Notes 1 and 6)	-	-	-	151,195
Long-Term Liabilities (Notes 1, 14, and 17)	1,732	114	112	-
Total Liabilities	1,665,751	411,240	469,819	172,511
Fund Balances Reserved for (Note 1):				
Revenue Stabilization Fund	472,376	-	-	-
Unexpended Lottery Proceeds	25,221	-	-	-
Inventory	34,808	39,493	1,544	-
Prepaid Items	-	4	-	-
Debt Service	-	-	-	-
Donations	-	-	-	-
Capital Acquisition	-	1,076	-	-
Fund Balances Unreserved, Reported in (Note 1):				
General Funds	(749,102)	-	-	-
Special Revenue Funds	-	1,024,143	13,742	424,394
Capital Projects Funds	-	-	-	-
Permanent Funds	-	-	-	-
Total Fund Balances	(216,697)	1,064,716	15,286	424,394
Total Liabilities and Fund Balances	\$ 1,449,054	\$ 1,475,956	\$ 485,105	\$ 596,905

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 527,524	\$ 1,745,133
53,320	934,731
105,851	1,437,500
13,382	70,424
67	5,343
45,688	45,688
7,845	97,173
-	4
576	6,872
22,134	440,539
<u>\$ 776,387</u>	<u>\$ 4,783,407</u>
\$ 59,359	\$ 619,124
-	333,102
14,506	98,479
1,096	3,172
-	172
-	10,915
39,614	769,990
16,943	219,393
2,379	645,718
-	151,195
331	2,289
<u>134,228</u>	<u>2,853,549</u>
-	472,376
-	25,221
7,845	83,690
-	4
38,773	38,773
7,985	7,985
492	1,568
-	(749,102)
509,771	1,972,050
52,697	52,697
24,596	24,596
642,159	1,929,858
<u>\$ 776,387</u>	<u>\$ 4,783,407</u>

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

June 30, 2002

(Dollars in Thousands)

Total fund balances - governmental funds (see Balance Sheet - Governmental Funds)	\$ 1,929,858
When capital assets (land, buildings, equipment, improvements, CIP, 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 Commonwealth as a whole.	12,302,946
Long-term liabilities applicable to the Commonwealth'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.	(3,910,693)
Internal service funds are used by the Commonwealth 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.	(51,966)
Other long-term payables are not due and payable in the current period and, therefore, are not reported in the funds.	(39,934)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	<u>221,139</u>
Net assets of governmental activities (See Government-wide Statement of Net Assets)	<u><u>\$ 10,451,350</u></u>



Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the Fiscal Year Ended June 30, 2002

(Dollars in Thousands)

	General	Special Revenue		
		Commonwealth Transportation	Federal Trust	Literary
Revenues				
Taxes	\$ 10,124,148	\$ 1,760,394	\$ -	\$ -
Rights and Privileges	34,492	411,635	45	543
Institutional Revenue	9,178	-	-	-
Interest, Dividends, Rents, and Other Investment Income (Note 1)	156,880	35,322	516	55,944
Federal Grants and Contracts	-	1,010,794	3,905,325	-
Other (Note 18)	251,227	113,422	49,951	140,236
Total Revenues	10,575,925	3,331,567	3,955,837	196,723
Expenditures				
Current:				
General Government	1,347,947	1,887	36,003	635
Education	5,506,523	2,133	361,784	171,824
Transportation	15,644	3,223,661	13,897	-
Resources and Economic Development	257,544	1,518	177,048	-
Individual and Family Services	2,590,318	-	3,321,733	-
Administration of Justice	1,974,472	5,983	40,921	-
Capital Outlay	116,979	15,394	1,441	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Charges	-	-	-	-
Total Expenditures	11,809,427	3,250,576	3,952,827	172,459
Revenues Over (Under) Expenditures	(1,233,502)	80,991	3,010	24,264
Other Financing Sources (Uses)				
Operating Transfers In	837,693	136,779	5,932	9,199
Operating Transfers Out	(383,500)	(285,964)	(9,489)	(119,196)
Proceeds from Capital Leases	80	3,459	-	-
Proceeds from Sale of Bonds	-	164,742	-	-
Total Other Financing Sources (Uses)	454,273	19,016	(3,557)	(109,997)
Net Change in Fund Balances	(779,229)	100,007	(547)	(85,733)
Fund Balance, July 1, as restated (Note 26)	562,532	964,709	15,833	510,127
Fund Balance (Deficit), June 30 (Note 27)	\$ (216,697)	\$ 1,064,716	\$ 15,286	\$ 424,394

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 111,465	\$ 11,996,007
176,162	622,877
434,971	444,149
15,692	264,354
-	4,916,119
1,003,309	1,558,145
<u>1,741,599</u>	<u>19,801,651</u>
96,644	1,483,116
144,414	6,186,678
15,324	3,268,526
284,996	721,106
951,828	6,863,879
135,327	2,156,703
121,533	255,347
155,862	155,862
166,136	166,136
<u>2,072,064</u>	<u>21,257,353</u>
<u>(330,465)</u>	<u>(1,455,702)</u>
552,466	1,542,069
(317,990)	(1,116,139)
25	3,564
35,583	200,325
<u>270,084</u>	<u>629,819</u>
(60,381)	(825,883)
702,540	2,755,741
<u>\$ 642,159</u>	<u>\$ 1,929,858</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, 2002
(Dollars in Thousands)

Net Change in fund balances - total government funds (See Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds) \$ (825,883)

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 decreases by the amount of depreciation expense charged for the year. 1,181,213

Bond proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Assets. In current period, proceeds were received from Federal Reimbursement Anticipation Notes. (200,325)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 174,538

Some liabilities reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (131,782)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 102,407

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 governmental funds. (29,121)

The net effect of various miscellaneous transactions involving capital assets is to decrease net assets (i.e., sales) (2,946)

The net revenue (expenses) of certain activities of internal service funds is reported within governmental activities. (33,972)

Accrued Interest 3,723

Change in net assets of governmental activities (See Government-wide Statement of Activities) \$ 237,852