
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 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 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.

Nonmajor Governmental Funds include those Special Revenue, Debt Service, Capital Projects, and Permanent Funds listed on page 203 in the Combining and Individual Fund Statements and Schedules section of this report.

Balance Sheet – Governmental Funds

June 30, 2016

(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)	\$ 17,079	\$ 1,728,835	\$ 144,715	\$ 96,374
Investments (Notes 1 and 6)	1,589,202	-	18,719	-
Receivables, Net (Notes 1 and 7)	1,760,362	454,102	811,496	171,583
Due from Other Funds (Note 9)	77,181	-	2,762	-
Due from External Parties (Fiduciary Funds) (Note 9)	1	-	-	-
Interfund Receivable (Note 9)	-	-	-	-
Inventory (Note 1)	41,325	85,918	32,582	-
Prepaid Items (Note 1)	73,040	12,288	2,643	-
Other Assets (Notes 1 and 10)	809	415	1,867	-
Loans Receivable from Component Units (Notes 1 and 9)	-	-	-	-
Restricted Cash and Cash Equivalents (Notes 6 and 11)	-	265,472	-	-
Total Assets	3,558,999	2,547,030	1,014,784	267,957
Deferred Outflows of Resources (Notes 1 and 13)				
Total Assets and Deferred Outflows of Resources	\$ 3,558,999	\$ 2,547,030	\$ 1,014,784	\$ 267,957
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Accounts Payable (Notes 1 and 24)	\$ 269,179	\$ 356,786	\$ 75,296	\$ 2
Amounts Due to Other Governments	464,889	54,117	277,359	-
Due to Other Funds (Note 9)	29,522	11,062	9,647	-
Due to Component Units (Note 9)	4,136	-	3,955	-
Due to External Parties (Fiduciary Funds) (Note 9)	18,559	5,020	2,627	-
Interfund Payable (Note 9)	-	-	23,135	-
Unearned Revenue (Note 1)	-	127,186	39,341	-
Obligations Under Securities Lending Program (Notes 1 and 6)	16,046	9,502	298	823
Other Liabilities (Notes 1 and 25)	1,077,264	5,683	368,555	-
Loans Payable to Component Units (Notes 1 and 9)	-	-	-	193,865
Long-term Liabilities Due Within One Year (Notes 1, 21, and 26)	1,297	238	116	-
Total Liabilities	1,880,892	569,594	800,329	194,690
Deferred Inflows of Resources (Notes 1 and 13)	967,818	49,020	85,467	22,452
Total Liabilities and Deferred Inflows of Resources	2,848,710	618,614	885,796	217,142
Fund Balances (Note 3):				
Nonspendable	114,365	98,206	35,225	-
Restricted	908,203	331,096	93,763	50,815
Committed	397,011	1,498,607	-	-
Assigned	-	507	-	-
Unassigned	(709,290)	-	-	-
Total Fund Balances	710,289	1,928,416	128,988	50,815
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,558,999	\$ 2,547,030	\$ 1,014,784	\$ 267,957

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 637,774	\$ 2,624,777
54,616	1,662,537
58,629	3,256,172
6,822	86,765
168	169
157,909	157,909
5,045	164,870
20,272	108,243
1,714	4,805
18,905	18,905
-	265,472
961,854	8,350,624
-	-
\$ 961,854	\$ 8,350,624
\$ 57,069	\$ 758,332
2,720	799,085
5,050	55,281
39	8,130
2,738	28,944
-	23,135
6,984	173,511
1,743	28,412
4,905	1,456,407
-	193,865
207	1,858
81,455	3,526,960
26,971	1,151,728
108,426	4,678,688
59,316	307,112
169,725	1,553,602
595,632	2,491,250
28,755	29,262
-	(709,290)
853,428	3,671,936
\$ 961,854	\$ 8,350,624

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

June 30, 2016

(Dollars in Thousands)

Total fund balances - governmental funds (see Balance Sheet - Governmental Funds)	\$ 3,671,936
<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	7,801,473
Depreciable Capital Assets	22,459,059
Deferred outflows associated with pension related costs are long-term in nature and therefore not reported in the funds.	648,888
Deferred outflows associated with loss on debt refundings are long-term in nature and therefore not reported in the funds.	75,896
<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	(4,353,417)
OPEB Liability	(723,233)
Capital Leases	(27,768)
Installment Purchases	(78,125)
Compensated Absences	(310,611)
Uninsured Employer's Fund	(29,311)
Bonds	(6,428,430)
Notes	(114)
Accrued Interest Payable	(81,267)
Other Obligations	(63,059)
Pollution Remediation Liability	(11,308)
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.	(685,722)
Other long-term payables are not due and payable in the current period and, therefore, are not reported in the funds.	(333,264)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,151,728
Deferred inflows associated with Service Concession Arrangements are long-term in nature and therefore not reported in the funds.	(2,142,066)
Deferred inflows associated with pension related costs are long-term in nature and therefore not reported in the funds.	(427,049)
Net position of governmental activities (see Government-wide Statement of Net Position)	\$ 20,114,236

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, 2016

(Dollars in Thousands)

	General	Special Revenue		
		Commonwealth Transportation	Federal Trust	Literary
Revenues				
Taxes	\$ 18,711,531	\$ 3,505,086	\$ -	\$ -
Rights and Privileges	84,736	567,331	-	564
Institutional Revenue	37,276	-	-	-
Interest, Dividends, Rents, and Other Investment Income	87,384	18,780	591	11,811
Federal Grants and Contracts	3,901	1,238,169	8,642,784	-
Other (Note 27)	554,450	204,554	185,838	158,830
Total Revenues	19,479,278	5,533,920	8,829,213	171,205
Expenditures				
Current:				
General Government	2,498,952	54,119	115,474	9
Education	8,095,809	1,045	1,013,019	238,805
Transportation	328	5,795,286	14,600	-
Resources and Economic Development	413,492	12,181	148,777	-
Individual and Family Services	6,271,670	-	7,452,074	-
Administration of Justice	2,681,754	9,771	42,247	-
Capital Outlay	29,085	29,631	14,464	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Charges	-	-	-	-
Total Expenditures	19,991,090	5,902,033	8,800,655	238,814
Revenues Over (Under) Expenditures	(511,812)	(368,113)	28,558	(67,609)
Other Financing Sources (Uses)				
Transfers In (Note 31)	834,957	109,015	7,015	5,902
Transfers Out (Note 31)	(464,559)	(340,028)	(27,666)	-
Notes Issued	476	-	-	-
Insurance Recoveries	116	24	23	-
Capital Leases Issued	379	-	403	-
Bonds Issued	-	273,740	-	-
Premium on Debt Issuance	-	27,236	-	-
Refunding Bonds Issued	-	-	-	-
Sale of Capital Assets	2,376	6,741	-	-
Payment to Refunded Bond Escrow Agents	-	-	-	-
Total Other Financing Sources (Uses)	373,745	76,728	(20,225)	5,902
Net Change in Fund Balances	(138,067)	(291,385)	8,333	(61,707)
Fund Balance, July 1, as restated (Note 2)	848,356	2,219,801	120,655	112,522
Fund Balance, June 30	\$ 710,289	\$ 1,928,416	\$ 128,988	\$ 50,815

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 79,093	\$ 22,295,710
324,983	977,614
229,811	267,087
15,434	134,000
-	9,884,854
431,593	1,535,265
<u>1,080,914</u>	<u>35,094,530</u>
153,003	2,821,557
24,369	9,373,047
7,250	5,817,464
340,587	915,037
462,693	14,186,437
66,883	2,800,655
257,584	330,764
423,629	423,629
281,632	281,632
<u>2,017,630</u>	<u>36,950,222</u>
(936,716)	(1,855,692)
716,310	1,673,199
(51,520)	(883,773)
3,586	4,062
410	573
185	967
-	273,740
18,034	45,270
75,825	75,825
5,893	15,010
(93,315)	(93,315)
<u>675,408</u>	<u>1,111,558</u>
(261,308)	(744,134)
1,114,736	4,416,070
<u>\$ 853,428</u>	<u>\$ 3,671,936</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, 2016
(Dollars in Thousands)

Net Change in fund balances - total government funds (See Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds) **\$ (744,134)**

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.

Nondepreciable Capital Assets Constructed/Acquired	2,159,562
Nondepreciable Capital Assets Disposed	(75,452)
Depreciable Capital Assets Acquired	328,209
Depreciable Capital Assets Disposed	(288,799)
Depreciation Expense	(1,074,438)

Debt proceeds provide current financial resources to governmental funds by issuing debt, which increases long-term debt in the Statement of Net Position.

Debt Issuance	(273,740)
Capital Lease Proceeds	(967)
Bond Premiums	(45,270)
Refunding Bonds Issued	(75,825)
Installment Purchase Proceeds	(4,062)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position.

Debt Service Fund Repayment of Debt Principal	423,629
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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.	93,315
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	61,154
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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.

Decrease in Pension Liability	136,588
Increase in OPEB Liability	(79,564)
Increase in Other Long-term Liabilities	(14,225)
Increase in Compensated Absences	(6,652)
Decrease in Interest Expense, Amortization of Long-term Debt premium and discounts, and Accrued Interest Liability	56,449
Decrease in Other Liabilities	71,006

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.	(11,333)
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Net revenue (expenses) of certain activities of internal service funds is reported within governmental activities.	(216,130)
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Deferred inflows and outflows associated with pension costs are not included in the funds.	120,808
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Amortization of deferred inflows and outflows associated with Service Concession Arrangements are not included in the funds.	28,886
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Change in net position of governmental activities (See Government-wide Statement of Activities)	<u>\$ 569,015</u>
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The accompanying notes are an integral part of this financial statement.