A Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

Terence R. McAuliffe
Governor

Richard D. Brown
Secretary of Finance

David A. Von Moll
Comptroller

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INTRODUCTORY SECTION

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Organization of Executive Branch of Government
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COMMONWEALTH of VIRGINIA

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December 15, 2017

The Honorable Terence R. McAuliffe
Governor of the Commonwealth of Virginia
State Capitol
Richmond, Virginia 23219

Dear Governor McAuliffe:

It is my pleasure to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017, in accordance with Section 2.2-813 of the *Code of Virginia*. This report consists of management's representations concerning the Commonwealth of Virginia's finances. Management assumes full responsibility for the completeness and reliability of all information presented. This report reflects my commitment to you, to the citizens of the Commonwealth, and to the financial community to maintain our financial statements in conformance with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB). Data presented in this report is believed to be accurate in all material respects, and all disclosures that are necessary to enable the reader to obtain a thorough understanding of the Commonwealth's financial activities have been included.

The 2017 CAFR is presented in three sections. The Introductory Section includes this transmittal letter and organization charts for state government. The Financial Section includes the State Auditor's Report, management's discussion and analysis (MD&A), audited government-wide and fund financial statements and notes thereto, required supplementary information other than MD&A, and the underlying combining and individual fund financial statements and supporting schedules. The Statistical Section sets forth selected unaudited economic, financial trend, and demographic information for the Commonwealth on a multi-year basis.

The Commonwealth's management is responsible for the establishment and maintenance of internal accounting controls that ensure assets are safeguarded and financial transactions are properly recorded and adequately documented. To ensure that the costs of controls do not exceed the benefits obtained, management is required to use cost estimates and judgments to attain reasonable assurance as to the adequacy of such controls. The Commonwealth's established internal controls fulfill these requirements and provide reasonable, but not absolute assurance, that the accompanying financial statements are free of material misstatement.

In accordance with Section 30-133 of the *Code of Virginia*, the Auditor of Public Accounts has audited the Commonwealth's financial statements for the year ended June 30, 2017. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. The auditor's opinion is included in the Financial Section of this report. Audit testing for compliance with the U. S. Office of Management and Budget Compliance Supplement and the related Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, is performed at the statewide level. The Commonwealth's Single Audit Report will be issued at a later date. I would like to acknowledge the Auditor of Public Accounts' staff for their many contributions to the preparation of this report.

GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. In addition to the financial analysis addressing the Commonwealth's governmental and business-type activities, the MD&A focuses on the Commonwealth's major funds: General, Commonwealth Transportation Special Revenue, Federal Trust Special Revenue, Literary Special Revenue, Virginia Lottery, Virginia College Savings Plan, and Unemployment Compensation. The Commonwealth's MD&A can be found on page 27 immediately following the independent auditor's report.

PROFILE OF THE GOVERNMENT

Reporting Entity

For financial reporting purposes, the Commonwealth's reporting entity consists of (1) the primary government, (2) component unit organizations for which the primary government is financially accountable (blended component units), and (3) other component unit organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete (discrete component units). The funds and accounts of all agencies, boards, commissions, foundations, and authorities that have been identified as part of the primary government or a component unit have been included. Further information can be found in Note 1.B. to the Financial Statements.

Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards* describes the criteria for determining which organizations, functions, and activities should be considered part of the Commonwealth for financial reporting purposes. The basic criteria include appointing a voting majority of an organization's governing body, as well as the Commonwealth's ability to impose its will on that organization, or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Commonwealth. The Commonwealth's discretely presented major component units are the Virginia Housing Development Authority, Virginia Public School Authority, Virginia Resources Authority, and Virginia College Building Authority.

The Commonwealth and its component units provide a wide range of services and funding to its citizens, including elementary, secondary and higher education; health and human services; economic development; environment and natural resources; public safety, corrections, and regulation; transportation; agriculture; and general government services. The financial activities associated with these services are reflected in both summary and detail throughout the CAFR.

Budgetary Control

In addition to the internal controls previously discussed, the Commonwealth maintains budgetary controls to ensure compliance with the legal provisions of the Commonwealth's Appropriation Act, which reflects the General Assembly's approval of a biennial budget. The financial transaction process begins with development and approval of the budget, after which budgetary control is maintained through a formal appropriation and allotment system. The budgeted amounts reflected in the accompanying financial statements represent summaries of agency budgets.

The Commonwealth's budget is prepared principally on a cash basis and represents appropriations as authorized by the General Assembly on a biennial basis at the program level. The Commonwealth monitors spending activity to ensure the expenditures do not exceed the appropriated amounts at the agency level. The State Comptroller maintains a central general ledger that records total appropriations and related expenditures for all agencies and institutions included in the approved budget. Systemic controls are in place to prevent disbursements that exceed authorized appropriations. Additional information regarding the Commonwealth's budgetary process can be found in Note 1.E. to the Financial Statements.

Local Economy

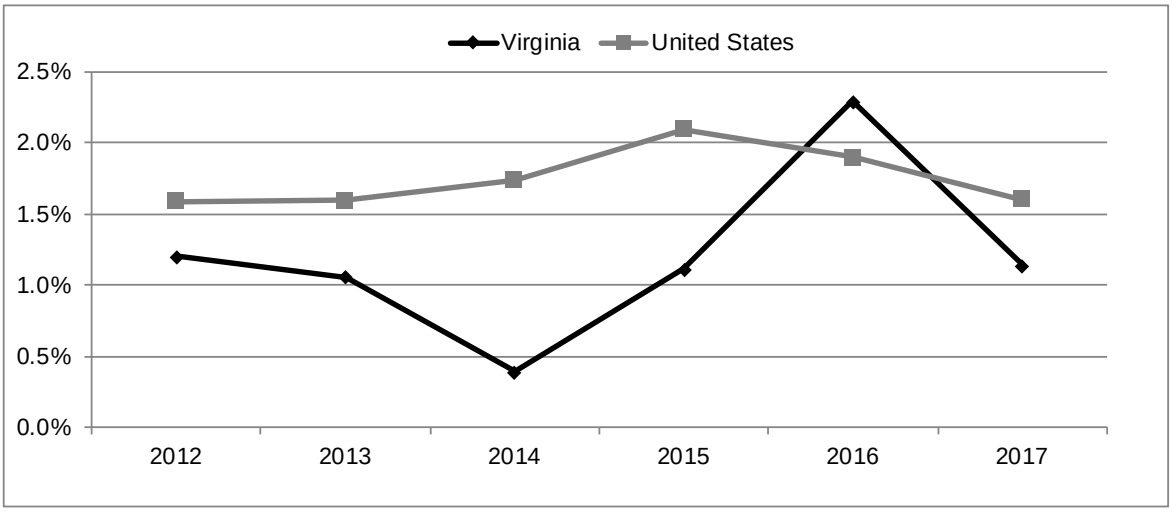
Introduction

This overview of the economy of the Commonwealth of Virginia was prepared by the Weldon Cooper Center for Public Service at the University of Virginia. In fiscal year 2017, Virginia's economy continued to grow, but at a more subdued pace than that of the previous year. Employment expanded at a relatively modest rate, similar to the post-recessionary average, while the jobless rate continued to decline. Personal income and taxable sales growth rates also slowed, while housing market indicators such as housing price and building permit growth improved slightly. As the nation enters the ninth year of economic expansion, job growth is expected to continue its previous pattern. Increased consumer expenditures, improved business investment, a gradually recovering housing market, and a more favorable trade balance are expected to contribute to slow to moderate national and state economic growth into the coming fiscal year.

Employment

Virginia employment grew for the seventh straight year in fiscal year 2017 (**Figure 1**). The fiscal year 2017 growth rate of 1.1 percent was close to the post-recessionary fiscal year average of 1.2 percent but slower than the 2.3 percent rate of growth the year before. It also lagged behind the national growth rate of 1.6 percent. The state likely received less economic lift in fiscal year 2017 than the year before from the temporary loosening of federal spending caps that resulted from previous bipartisan budget agreements.

Figure 1
Annual Percentage Change in Nonfarm Payroll Employment
Fiscal Years 2012 – 2017



Source: U. S. Bureau of Labor Statistics

Virginia employment reached a new high in fiscal year 2017 with nonfarm payroll employment topping 3,942,700. The state added 44,600 more jobs during the fiscal year, which is fairly typical of this slow economic expansion. **Figure 2** shows changes in Virginia's nonfarm employment by industry for fiscal years 2012 through 2017 along with the employment change between fiscal years 2016 and 2017 for Virginia and the U.S. The largest employment increases occurred in education and health services (16,300 jobs) and professional and business services (13,000 jobs), two workhorse sectors that accounted for over half of employment growth during the 2012-2017 period. The transportation and utilities sector experienced the largest percentage increase at 3.2 percent, adding 4,200 jobs; the financial activities sector saw a 1.8 percent increase for an additional 3,500 jobs. Construction grew by 1,200 jobs, reflecting continued improvement in state building activity. Federal government employment grew by a modest 1,300 jobs in fiscal year 2017, a smaller increase than the 2,100 jobs the year before but continued improvement from job losses that occurred when more draconian federal budget guidelines were in force. Consumer spending sectors experienced divergent fortunes: leisure and hospitality added 5,400 jobs while retail trade lost 500 jobs. The mining and logging industry and information industry continued to shed jobs, reflecting long-term national downward trends aggravated by economic and structural factors in both sectors.

Figure 2
Nonfarm Payroll Employment in Virginia's Industries
Fiscal Years 2012 – 2017

	Virginia Employment (000)						Change, FY 2016 to FY 2017		
							Virginia		
Industry*	2012	2013	2014	2015	2016	2017	Number (000)	Percent	U.S., Percent
Mining and logging	11.1	10.4	9.8	9.3	8.3	7.8	-0.5	-6.0%	-7.5%
Construction	177.3	176.8	177.1	181.0	187.2	188.4	1.2	0.6%	3.0%
Manufacturing	231.5	231.2	231.2	232.3	233.5	232.7	-0.8	-0.3%	0.1%
Wholesale trade	111.2	111.4	110.6	110.4	111.0	111.5	0.5	0.5%	0.6%
Retail trade	404.6	406.1	409.9	412.2	419.1	418.6	-0.5	-0.1%	0.9%
Transportation and utilities	115.4	116.2	118.0	123.1	130.1	134.3	4.2	3.2%	1.7%
Information	72.5	71.4	71.6	70.3	68.9	66.6	-2.3	-3.3%	-0.3%
Financial activities	185.3	190.9	193.2	195.7	199.3	202.8	3.5	1.8%	2.1%
Professional and business services	673.3	682.4	679.4	689.4	711.8	724.8	13.0	1.8%	2.9%
Education and health services	473.6	487.3	494.3	503.7	522.9	539.2	16.3	3.1%	2.4%
Leisure and hospitality	354.1	362.8	368.8	376.5	394.9	400.3	5.4	1.4%	2.3%
Other services	190.0	193.5	194.8	196.0	198.4	200.2	1.8	0.9%	1.2%
Federal government	177.2	179.0	175.2	175.3	177.4	178.7	1.3	0.7%	1.3%
State government	157.9	159.4	159.8	161.0	160.6	160.5	-0.1	-0.1%	0.2%
Local government	379.5	375.1	375.1	374.7	374.7	376.3	1.6	0.4%	1.0%
Total	3,714.5	3,753.9	3,768.8	3,810.9	3,898.1	3,942.7	44.6	1.1%	1.6%

Source: U. S. Bureau of Labor Statistics; some prior year numbers have been revised to reflect the incorporation of newly available and revised source data.
* North American Industry Classification System (NAICS)

Figure 3 shows the annual percentage change in nonfarm employment for 10 of the 11 Metropolitan Statistical Areas (MSAs) in Virginia. The Kingsport-Bristol MSA is not included in this table because most of it is located in Tennessee and data for this indicator are not reported separately for the Virginia portion of the MSA. Each of the MSAs added jobs in fiscal year 2017, albeit Lynchburg MSA employment was relatively flat. Growth rates met or exceeded the statewide average in the Charlottesville, Harrisonburg, Northern Virginia, Richmond, Staunton-Waynesboro, and Winchester MSAs. Employment growth rates for the Blacksburg-Christiansburg-Radford, Lynchburg, Roanoke, and Virginia Beach-Norfolk-Newport News MSAs lagged behind the state average growth rate. The Virginia Beach-Norfolk-Newport News MSA has been hampered in recent years by defense procurement cutbacks while the Lynchburg and Roanoke metropolitan areas are older industrial regions in transition.

Figure 3
Annual Percent Change in Nonfarm Payroll Employment in Virginia's MSAs
Fiscal Years 2012 – 2017

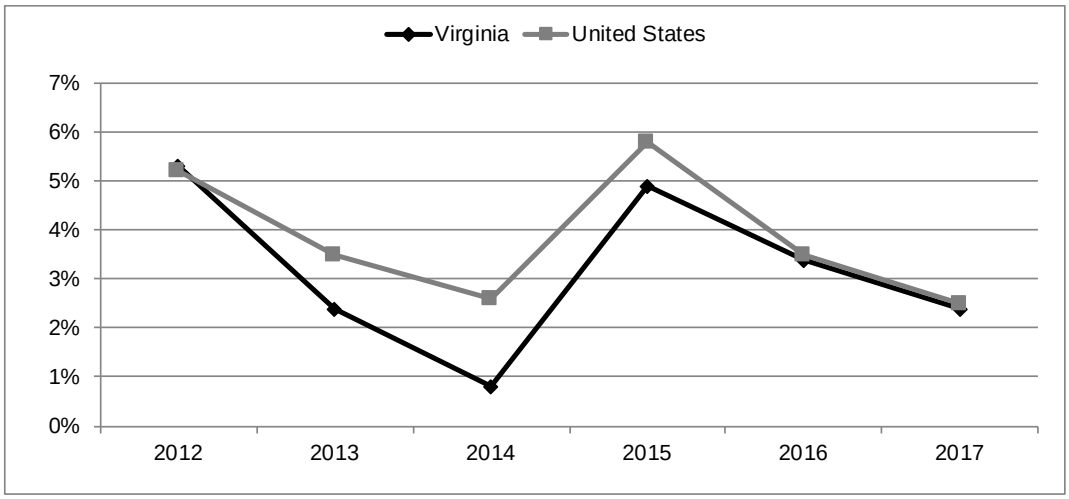
Area	2012	2013	2014	2015	2016	2017
Virginia	1.2%	1.1%	0.4%	1.1%	2.3%	1.1%
Metropolitan areas (a)						
Blacksburg-Christiansburg-Radford	2.6%	1.8%	0.9%	0.7%	1.9%	0.6%
Charlottesville	1.0%	1.1%	1.3%	3.6%	2.4%	2.0%
Harrisonburg	0.8%	0.9%	0.4%	0.8%	2.5%	2.7%
Lynchburg	-0.8%	0.4%	0.4%	0.6%	0.8%	0.0%
Northern Virginia	1.9%	1.5%	-0.1%	0.9%	2.8%	1.8%
Richmond	2.0%	1.9%	1.6%	2.0%	3.2%	1.2%
Roanoke	1.0%	1.0%	0.9%	0.3%	0.8%	1.0%
Staunton-Waynesboro	0.5%	0.0%	1.1%	1.2%	1.7%	1.9%
Virginia Beach-Norfolk-New port New s (b)	0.7%	1.2%	0.7%	0.4%	1.3%	0.2%
Winchester (c)	2.7%	1.9%	2.2%	1.4%	2.6%	1.4%

Source: U. S. Bureau of Labor Statistics; some prior year numbers have been revised to reflect the incorporation of newly available and revised source data
(a) Excludes Kingsport-Bristol MSA, and TN-VA, most of which is located in Tennessee
(b) Includes portion in North Carolina
(c) Includes portion in West Virginia

Personal Income

Personal income provides the best currently available gauge of the overall health of Virginia's economy. Changes in personal income are also strongly correlated with state government revenues such as income tax and retail sales tax collections. As shown in **Figure 4**, state personal income growth in fiscal year 2017 (2.4 percent) slightly lagged the nation (2.5 percent), continuing a pattern observed over the previous three fiscal years. This rate was slower than the year before (3.4 percent). Wages and salaries, which make up over half of Virginia total personal income, grew 2.7 percent in fiscal year 2017. The next largest component is dividends, interest and rent, which expanded 2.2 percent. Among other components, transfer receipts grew 3.4 percent, supplements to wages and salaries (which includes employer contributions to employee pensions, health insurance, social security/Medicare and other benefits) decreased 0.1 percent, and proprietors' income advanced 2.6 percent.

Figure 4
Percentage Change in Personal Income
Fiscal Years 2012 – 2017

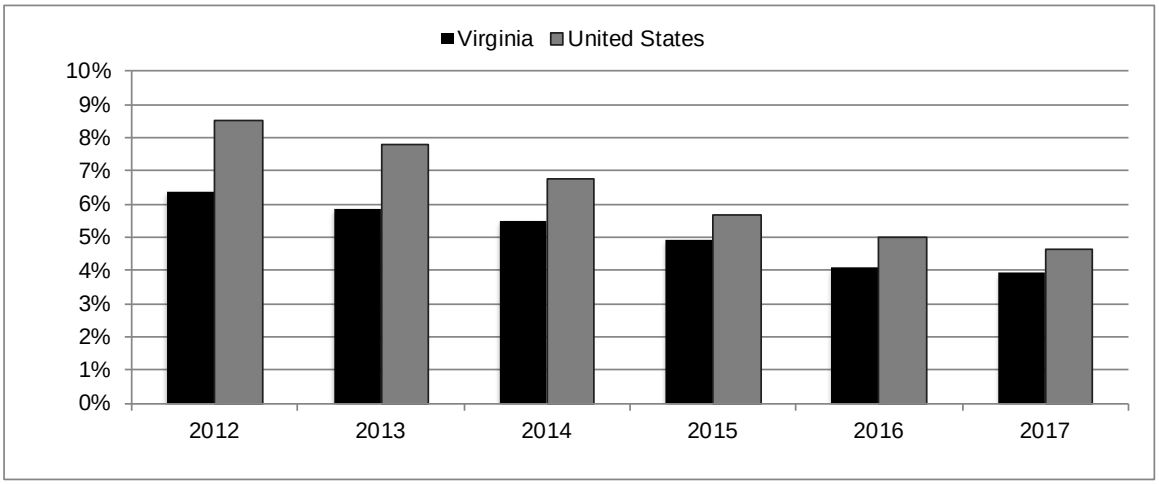


Source: U.S. Bureau of Economic Analysis

Unemployment

Unemployment rates at both the state and national levels showed continued improvement in fiscal year 2017. **Figure 5** shows that the unemployment rate in Virginia declined from 4.1 percent in fiscal year 2016 to 4.0 percent in fiscal year 2017, while the national rate fell more sharply from 5.0 percent to 4.7 percent. These rates are closing on pre-recessionary unemployment rates of 3.0 percent and 4.5 percent, respectively. Virginia's smaller incremental improvement during the year reflects slower employment growth and a slightly more rapidly growing labor force for the year.

Figure 5
Civilian Unemployment Rate
Fiscal Years 2012 – 2017



Source: U.S. Bureau of Labor Statistics

Figure 6 shows unemployment rates for Virginia's metropolitan and non-metropolitan regions. Unemployment rates declined in fiscal year 2017 for most metropolitan areas, but remained fairly steady or increased in four areas, including Blacksburg-Christiansburg-Radford, Kingsport-Bristol, Lynchburg, and Northern Virginia. This mixed picture interrupts a pattern of gradual improvement for each metropolitan area observed over the 2011 to 2016 period. Below statewide average unemployment rates were observed in Northern Virginia (3.3 percent) and the Charlottesville and Winchester (both 3.5 percent), Staunton-Waynesboro (3.7 percent), Harrisonburg (3.8 percent), and Roanoke (3.9 percent) metropolitan areas. The state non-metropolitan area unemployment rate continues to exceed the metropolitan area unemployment rate, but further improved during fiscal year 2017 to 5.2 percent from 5.4 percent the year before.

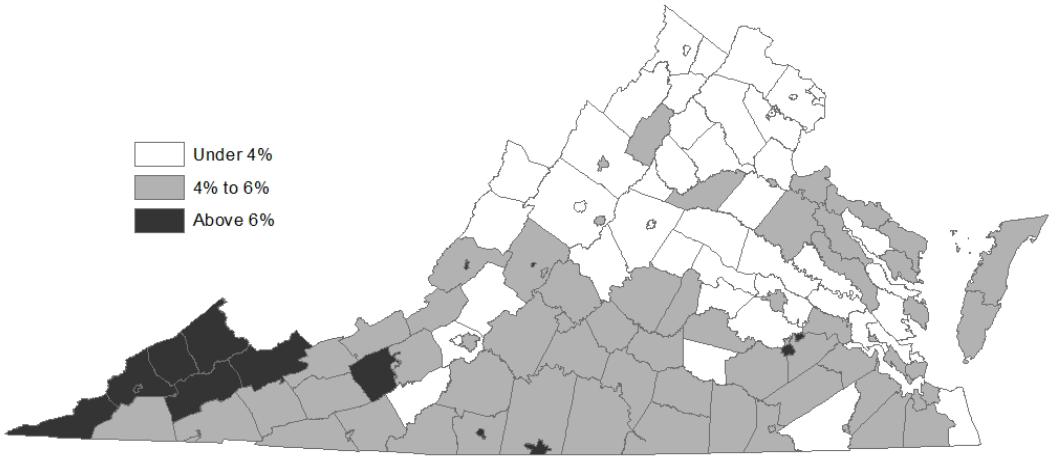
Figure 6
Civilian Unemployment Rate for Virginia's MSAs
Fiscal Years 2012 – 2017

Area	2012	2013	2014	2015	2016	2017
Virginia	6.4%	5.9%	5.5%	4.9%	4.1%	4.0%
Metropolitan Areas	6.1%	5.6%	5.2%	4.7%	3.9%	3.8%
Blacksburg-Christiansburg-Radford	6.8%	6.5%	5.8%	5.2%	4.4%	4.6%
Charlottesville	5.8%	5.2%	4.8%	4.4%	3.6%	3.5%
Harrisonburg	6.6%	6.0%	5.5%	5.0%	4.1%	3.8%
Kingsport-Bristol	7.2%	6.8%	6.3%	5.5%	4.6%	4.6%
Lynchburg	7.0%	6.5%	5.9%	5.4%	4.5%	4.5%
Northern Virginia	4.9%	4.6%	4.5%	4.1%	3.3%	3.3%
Richmond	7.0%	6.3%	5.8%	5.2%	4.2%	4.1%
Roanoke	6.6%	6.0%	5.5%	4.9%	4.0%	3.9%
Staunton-Waynesboro	6.5%	5.8%	5.2%	4.7%	3.8%	3.7%
Virginia Beach-Norfolk-Newport News	7.1%	6.5%	6.0%	5.4%	4.6%	4.4%
Winchester	6.4%	5.7%	5.1%	4.5%	3.7%	3.5%
Non-metropolitan Areas	8.6%	8.1%	7.4%	6.4%	5.4%	5.2%

Source: U.S. Bureau of Labor Statistics; some prior year numbers have been revised to reflect the incorporation of newly available and revised source data

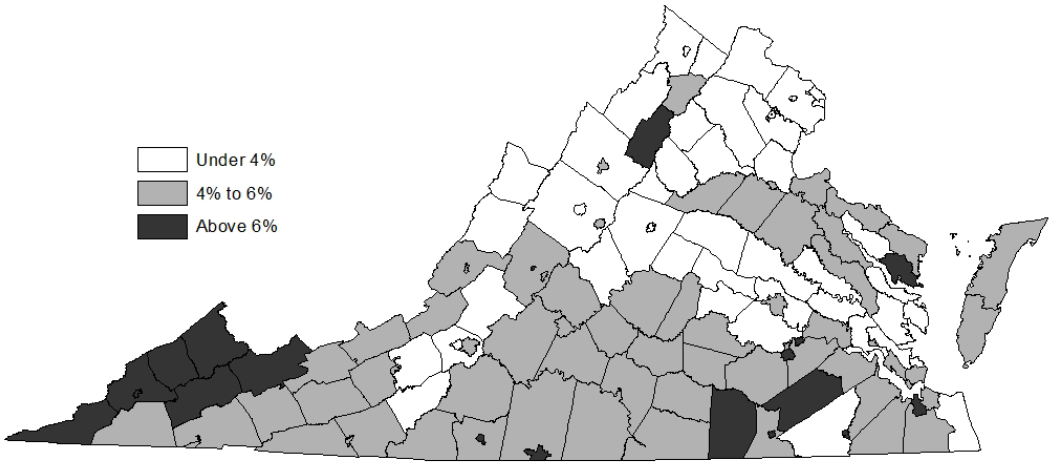
Figures 7a and **7b** show changes in the spatial pattern of unemployment in Virginia during the last two fiscal years using locality-level data. For fiscal year 2017, the highest unemployment rates (above 6.0 percent) were found in the Southwestern region and small independent cities. In comparison to the year before (shown in Figure 7b), the number of areas with high (over 6.0 percent) and intermediate level unemployment (4.0 to 6.0 percent) has decreased with some counties and independent cities in the southeastern region moving from the former to the latter. Even with these improvements, 24 localities experienced an increase in unemployment rates between the last two fiscal years. The largest increases are found in mainly western counties such as Pulaski County (1.0 percent), Wythe County (0.6 percent), Covington City (0.4 percent), and Giles and Carroll Counties (both 0.3 percent).

Figure 7a
Unemployment Rate by Locality
Fiscal Year 2017



Source: Virginia Employment Commission

Figure 7b
Unemployment Rate by Locality
Fiscal Year 2016

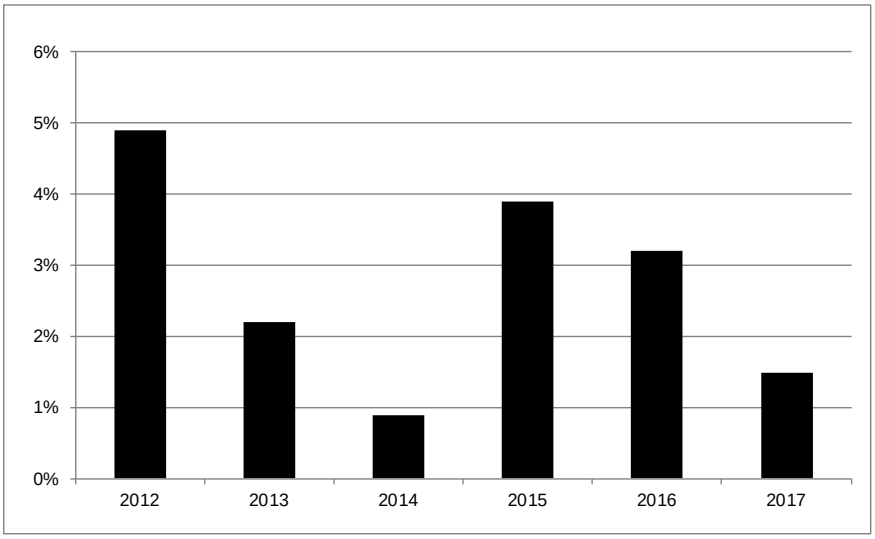


Source: Virginia Employment Commission

Taxable Sales

Changes in state retail sales are represented here using information on taxable sales. This measure is a useful proxy for retail sales, but omits some goods (e.g., motor vehicles, motor fuel sales) that appear in the comparable national measure and includes some services (e.g., restaurant sales, lodging sales) not included in that measure. **Figure 8** shows that the taxable sales growth rate decreased significantly from 3.2 percent in fiscal year 2016 to 1.5 percent in fiscal year 2017. This growth dip mirrors the drop in personal income growth reported earlier.

Figure 8
Annual Percentage Change in Taxable Sales in Virginia
Fiscal Years 2012 – 2017

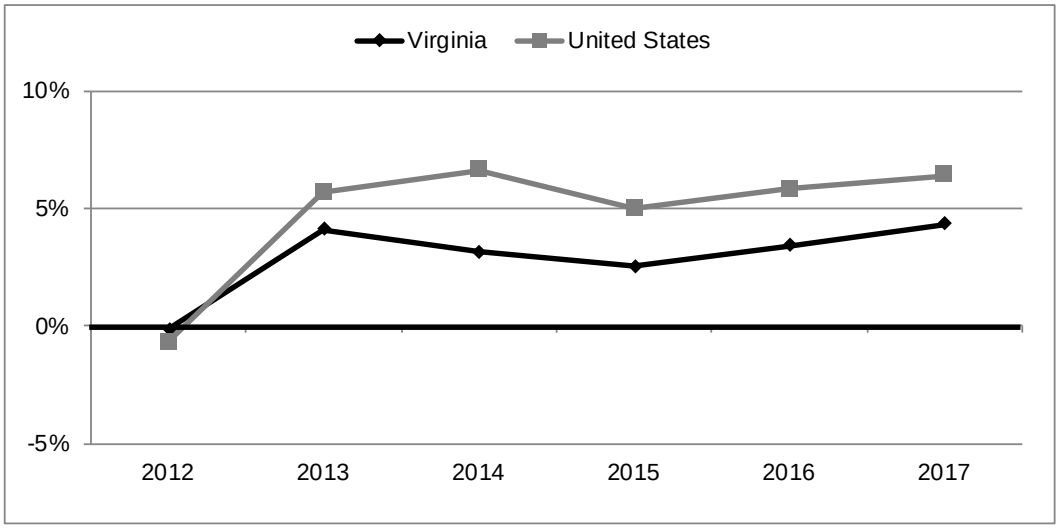


Source: Virginia Department of Taxation.

Housing Market

The Virginia housing market continues to gradually recover, but is doing so at a modest pace. According to Virginia Association of Realtor reports, sales of single-family homes, townhomes, and condos increased from 112,741 units in fiscal year 2016 to 120,600 units in fiscal year 2017. This represents a 7.0 percent rate of increase, which compares to an 8.3 percent rate in fiscal year 2016 and 5.5 percent rate in fiscal year 2015. Housing prices published by the Federal Housing Finance Agency indicate that the housing demand is strengthening slightly. **Figure 9** shows the percentage change in housing prices for Virginia and the nation. Virginia housing prices appreciated 4.3 percent in fiscal year 2017. This rate is an increase from 3.4 percent in fiscal year 2016, but was still lower than the national rate of 6.4 percent. Housing prices at the national level have outpaced Virginia's for each of the last five years.

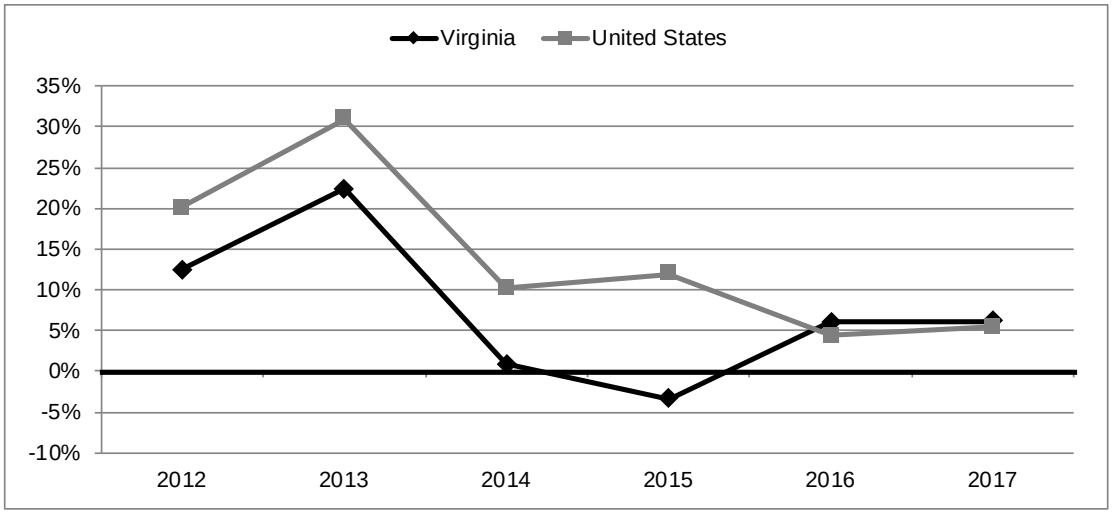
Figure 9
Percentage Change in Housing Prices
Fiscal Years 2012 – 2017



Source: Federal Housing Finance Agency

Current building permit data indicate that the number of new privately owned housing units authorized for construction in Virginia grew 6.1 percent in fiscal year 2017 (**Figure 10**). This is marginally higher than the year before (6.0 percent). Virginia housing construction has slightly outpaced the nation for each of the last two years. As in previous years, these rates are likely to be revised upwards slightly as rural jurisdictions that report building permits on an annual rather than monthly basis submit their data at the end of calendar year 2017.

Figure 10
New Privately Owned Housing Units Authorized
Annual Percentage Change
Fiscal Years 2012 – 2017



Source: U.S. Census Bureau

Conclusion

Virginia economic growth eased somewhat in fiscal year 2017 and returned to a pattern of relatively slow growth that has typified most of the economic recovery. Employment growth slowed while the unemployment rate improved slightly. Personal income and taxable sales growth rates also declined. The Virginia housing market continued to mend with home sales, home prices, and building permit issuance growing. On some major economic indicators (employment, personal income, and housing prices), state growth lagged the nation.

The nation has now experienced eight years of economic growth, which now ranks the period as the nation's third longest post-war expansion. However, the recovery has been characterized by relatively slow growth, low wage appreciation, weak productivity gains, muted inflation, shrinking labor force participation rates, and significant excess industrial capacity. This combination of factors makes it likely that the Federal Reserve will continue to employ caution in lifting interest rates and winding down its government debt accumulated through several years of quantitative easing. Continued employment gains, gradually accelerating hourly wage growth, and stronger household balance sheets should support rising consumer expenditures, but current data suggest that some significant categories of durable goods spending, such as automobiles, have now likely peaked. On the plus side, the global economy is improving and American exports have become more competitive after dollar depreciation. Furthermore, business investment has picked up. Future growth increase prospects are likely tied to progress on federal fiscal matters, including tax reform and infrastructure spending. For Virginia, federal budget deliberations and the future path of sequestration caps have particular salience because of the importance of federal hiring and procurement to the state economy. In the absence of major changes, the national and state economies seem likely to continue their patterns of slow to moderate growth.

MAJOR INITIATIVES

The CAFR has received unmodified audit opinions from fiscal year 1986 through fiscal year 2016. During this period, the Commonwealth has also received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting. While we are very proud of these unmodified audit opinions and awards, we must be mindful of the fact that they are not automatic. The successes of the State Comptroller's office are directly attributable not only to the professionalism, experience and integrity of the State Comptroller's technical and accounting personnel, but also to the professionalism, experience and integrity of the financial and accounting personnel throughout the Commonwealth. These major initiatives will support efforts to continue our legacy of quality financial management.

Long-term Financial Planning

In 1992, an amendment to the Constitution of Virginia required the establishment of a Revenue Stabilization Fund. Annually, revenue collections are evaluated to determine whether deposits are required to the Fund. Withdrawals can only occur if the general fund revenues appropriated exceed the revised general fund revenue forecast by more than 2.0 percent of the certified tax revenues collected in the most recently ended fiscal year. Additionally, a withdrawal from the Fund cannot compensate for more than one-half of the difference between the general fund appropriations and revised estimate nor can it exceed more than one-half of the Fund balance. Further, pursuant to the constitutional amendment of Article X, Section 8, effective January 1, 2011, the amount on deposit cannot exceed 15.0 percent of the Commonwealth's average annual tax revenues derived from taxes on income and retail sales for the preceding three fiscal years. This is an increase of the previous limit of 10.0 percent.

Enterprise Application Project

The Cardinal Project represents a shared vision between the offices of the Secretary of Transportation, Secretary of Finance and the Virginia Information Technologies Agency to replace the Commonwealth's financial system (CARS) and the Virginia Department of Transportation's (VDOT) financial system with a modern, enterprise-wide financial system (base financial system). The base financial system provides a solid foundation for the Commonwealth to expand system functionality and facilitates better integration of key administrative systems across the state. This foundation enables the Commonwealth to re-engineer activities to include taking advantage of shared services, increasing functionality for better fiscal management, and reducing redundant agency financial systems and related cost. The Cardinal Project implemented the base financial system in three phases. The first phase implemented VDOT's planned functionality on December 5, 2011, and the second phase implemented the Commonwealth's base financial system at the Department of Accounts (DOA) on October 1, 2012. The third phase of the project included rolling Cardinal out to all other state agencies. The remaining agencies were divided into two waves, and the first wave was successfully implemented on October 1, 2014. The second wave was successfully implemented on February 1, 2016. Effective July 1, 2016 (fiscal year 2017), Cardinal became the official general ledger accounting system for the Commonwealth and CARS was retired.

The Commonwealth has embarked on a project to replace the existing statewide payroll system, CIPPS, and integrate the statewide payroll system into Cardinal. I, as State Comptroller, chair the Cardinal Steering Committee, and DOA has assigned full-time resources to this project.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the Commonwealth for its CAFR for the fiscal year ended June 30, 2016. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report that conforms to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and all applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The Commonwealth has received a Certificate of Achievement for the last 31 consecutive years (fiscal years 1986-2016). I believe that this year's report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

This report could not have been prepared without the full cooperation of all state agencies within the Executive Branch, the Legislature, the Judiciary, the Component Units, and especially the dedication and professionalism of the financial reporting staff in the Department of Accounts.

Respectfully submitted,

David A. Von Moll
Comptroller of the Commonwealth of Virginia

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Commonwealth of Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

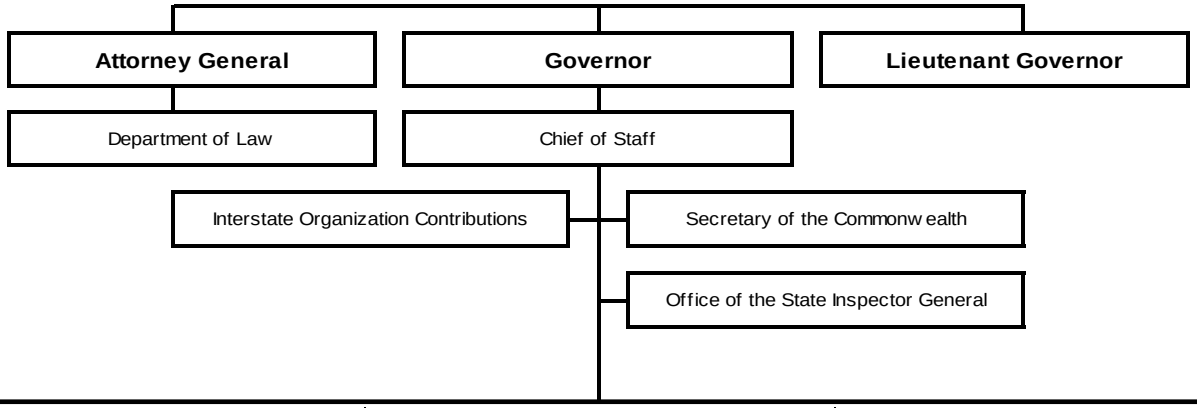
June 30, 2016

Executive Director/CEO

Organization Charts

Organization of Executive Branch of Government

As of June 30, 2017



Secretary of Administration
Compensation Board
Department of General Services
Department of Human Resource Management
Department of Elections

Secretary of Agriculture and Forestry
Virginia Agricultural Council
Department of Agriculture and Consumer Services
Department of Forestry
Virginia Racing Commission

Secretary of Commerce and Trade
Board of Accountancy
Department of Housing and Community Development
Department of Labor and Industry
Department of Mines, Minerals and Energy
Department of Professional and Occupational Regulation
Department of Small Business and Supplier Diversity
Tobacco Region Revitalization Commission
Virginia Economic Development Partnership
Virginia Employment Commission
Virginia Tourism Authority

Secretary of Health and Human Resources
Office of Children's Services
Department for Aging and Rehabilitative Services
Department for the Blind and Vision Impaired
Department for the Deaf and Hard-of-Hearing
Department of Behavioral Health and Developmental Services
Department of Health
Department of Health Professions
Department of Medical Assistance Services
Department of Social Services
Virginia Board for People with Disabilities
Virginia Foundation for Healthy Youth
Virginia Rehabilitation Center for the Blind and Vision Impaired
Wilson Workforce and Rehabilitation Center

Secretary of Education
Christopher Newport University
Department of Education
Frontier Culture Museum of Virginia
George Mason University
Gunston Hall
Institute for Advanced Learning and Research
James Madison University
Jamestown-Yorktown Foundation
Longwood University
New College Institute
Norfolk State University
Old Dominion University
Radford University
Richard Bland College
Roanoke Higher Education Authority
Southern Virginia Higher Education Center
Southwest Virginia Higher Education Center
State Council of Higher Education for Virginia
The College of William and Mary
The Library of Virginia
The Science Museum of Virginia
University of Mary Washington
University of Virginia
Virginia College Building Authority
Virginia Commission for the Arts
Virginia Commonwealth University
Virginia Community College System
Virginia Institute of Marine Science
Virginia Military Institute
Virginia Museum of Fine Arts
Virginia Polytechnic Institute and State University
Virginia School for the Deaf and the Blind
Virginia State University

Secretary of Finance
Department of Accounts
Department of Planning and Budget
Department of Taxation
Department of the Treasury
Treasury Board

Secretary of Natural Resources
Department of Conservation and Recreation
Department of Environmental Quality
Department of Game and Inland Fisheries
Department of Historic Resources
Marine Resources Commission
Virginia Museum of Natural History

Secretary of Public Safety and Homeland Security
Commonwealth Attorneys' Services Council
Department of Alcoholic Beverage Control
Department of Corrections
Department of Criminal Justice Services
Department of Emergency Management
Department of Fire Programs
Department of Forensic Science
Department of Juvenile Justice
Department of Military Affairs
Department of State Police
Virginia Correctional Enterprises
Virginia Parole Board

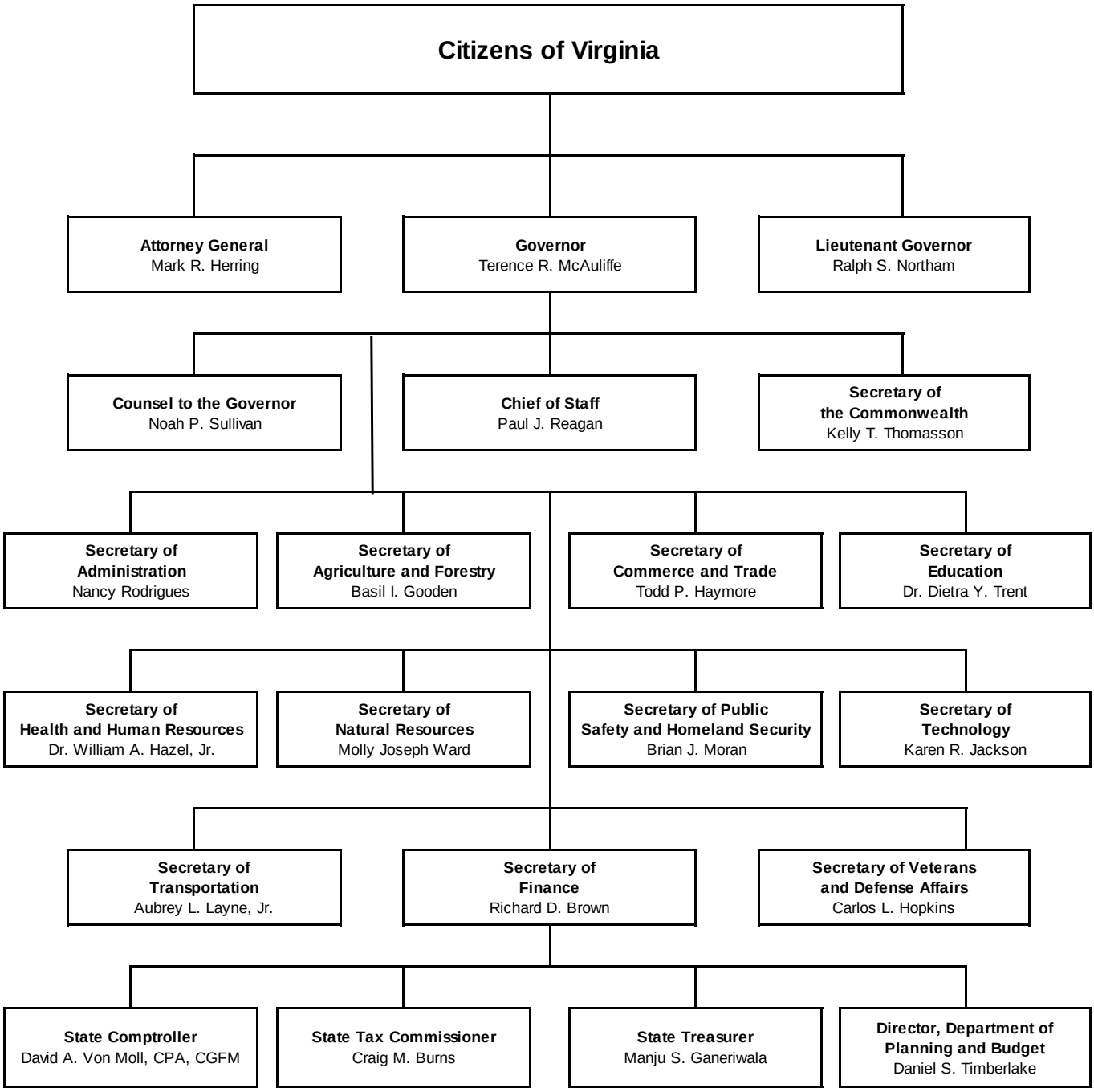
Secretary of Technology
Innovation and Entrepreneurship Investment Authority
Virginia Information Technologies Agency

Secretary of Transportation
Department of Aviation
Department of Motor Vehicles
Department of Rail and Public Transportation
Department of Transportation
Motor Vehicle Dealer Board
Virginia Port Authority

Secretary of Veterans and Defense Affairs
Department of Veterans Services

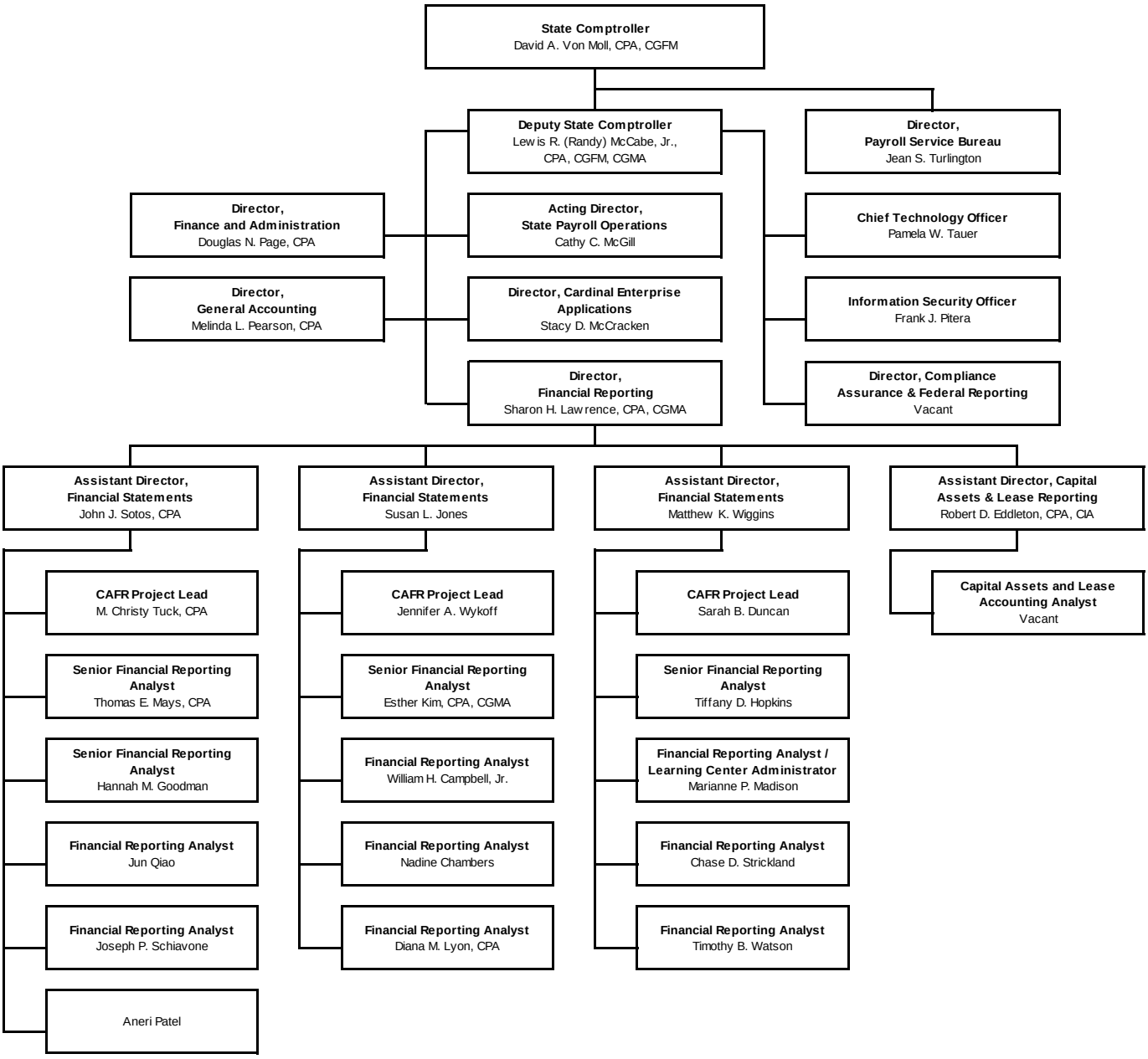
Organization of Government
Selected Government Officials - Executive Branch

As of December 15, 2017



Organization of the Department of Accounts

As of December 15, 2017



FINANCIAL SECTION

Independent Auditor's Report
Management's Discussion and Analysis
Basic Financial Statements
Required Supplementary Information
Combining and Individual Fund Statements and Schedules

Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

December 15, 2017

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable Robert D. Orrock, Sr.
Chairman, Joint Legislative Audit
And Review Commission

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Virginia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Commonwealth's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain discretely presented components units of the Commonwealth, which are discussed in Note 1.B. These component units collectively represent 30.57 percent of total assets and deferred outflows, 24.36 percent of net position, and 9.77 percent of revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for certain component units discussed in Note 1.B. is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Hampton Roads Sanitation District Commission, Science Museum of Virginia Foundation, Virginia Museum of Fine Arts Foundation, Library of Virginia Foundation, and Danville Science Center, Inc., which were audited by other auditors upon whose reports we are relying, were audited in accordance with auditing standards generally accepted in the United States of America, but not in accordance with Government Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Virginia as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 2 of the accompanying financial statements, governmental activities, the special revenue funds, and fiduciary funds have been restated due to the Commonwealth electing to change its method of accounting for unclaimed property for the year ended June 30, 2017. Our opinion is not modified with respect to this matter.

Correction of 2016 Financial Statements

As discussed in Note 2 of the accompanying financial statements, the fiscal year 2016 governmental activities, the General fund, and Commonwealth Transportation special revenue fund have been restated to correct misstatements. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, the schedule of changes in employer's net pension liability, schedule of employer contributions for pension plans, schedule of funding progress for other post-employment benefit plans, schedule of employer contributions for other post-employment benefit plans, and claims development information on pages 27 through 37 and 183 through 204, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commonwealth of Virginia's basic financial statements. The accompanying supplementary information, such as the combining and individual fund statements and schedules, and other information such as the introductory and statistical sections, are presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, our report dated December 15, 2017, on our consideration of the Commonwealth's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters is issued in the Commonwealth of Virginia Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commonwealth's internal control over financial reporting and compliance.

MARTHA S. MAVREDES
AUDITOR OF PUBLIC ACCOUNTS

Management's Discussion and Analysis
(Unaudited)

The following is a discussion and analysis of the Commonwealth of Virginia's (the Commonwealth) financial performance, including an overview and analysis of the financial activities of the Commonwealth for the fiscal year ended June 30, 2017. Readers should consider this information in conjunction with the transmittal letter, which is located in the Introductory Section of this report, and the Commonwealth's financial statements, including the notes to the financial statements, which are located after this analysis.

Financial Highlights

Government-wide Highlights

The primary government's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2017, by $23.1 billion. Net position of governmental activities increased by $1.1 billion and net position of business-type activities increased by $352.2 million. Component units reported an increase in net position of $2.2 billion from June 30, 2016.

Fund Highlights

At the end of the fiscal year, the Commonwealth's governmental funds reported a combined ending fund balance of $3.6 billion, an increase of $18.2 million in comparison with the prior year. Of this total fund balance, $310.8 million represents nonspendable fund balance, $1.4 billion represents restricted fund balance, $2.6 billion represents committed fund balance, and $28.7 million represents assigned fund balance. These amounts are offset by a negative $746.2 million unassigned fund balance. The Enterprise Funds reported net position at June 30, 2017, of $1.9 billion, an increase of $345.2 million during the year which is primarily attributable to the Unemployment Compensation Fund and the Virginia College Savings Plan. See page 33 for additional information.

The General Fund recognized higher fund revenues, expenditures, liabilities and deferred inflows of resources, as well as lower assets and deferred outflows of resources when compared to fiscal year 2016. See page 34 for additional information.

Long-term Debt

The Commonwealth's total debt rose during the fiscal year to $45.2 billion, an increase of $2.4 billion, or 5.5 percent. During the fiscal year, the Commonwealth issued new debt in the amount of $1.1 billion for the primary government and $5.3 billion for the component units. These debt issuances increased the debt balances to $15.2 billion for the primary government and increased the debt balances to $30.0 billion for component units.

Overview of the Financial Statements

This discussion and analysis is an introduction to the Commonwealth's basic financial statements, which include three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. The report also contains additional required supplementary information and other information.

Government-wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Commonwealth's finances in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Commonwealth's financial position which helps readers determine whether the Commonwealth's financial position has improved or deteriorated during the fiscal year. These statements include all non-fiduciary financial activity on the full accrual basis of accounting. This means that all revenue and expenditures are reflected in the financial statements even if the related cash has not been received or paid as of June 30.

The Statement of Net Position (pages 40 and 41) presents information on all of the Commonwealth's assets and deferred outflows of resources, and liabilities and deferred inflows of resources; net position represents the difference between all other elements in a statement of financial position and is displayed in three components – net investment in capital assets; restricted; and unrestricted. Over time, increases or decreases in net position may indicate whether the financial position of the Commonwealth is improving or deteriorating.

The Statement of Activities (pages 42 through 44) presents information showing how the Commonwealth's net position changed during fiscal year 2017. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both the Statement of Net Position and Statement of Activities report three separate activities. These activities are described as follows:

Governmental Activities – account for functions of the Commonwealth that are primarily supported by taxes and intergovernmental revenues. The majority of the Commonwealth's basic services, such as education, individual and family services, transportation, resources and economic development, administration of justice, and general government, fall within this category.

Business-type Activities – account for functions that are intended to recover all or a significant portion of their costs through user fees and charges. The major business-type activities of the Commonwealth include the Virginia Lottery, Virginia College Savings Plan, and Unemployment Compensation Fund.

Discretely Presented Component Units – account for functions of legally separate entities for which the Commonwealth is financially accountable. The Commonwealth has 25 non-higher education component units and 22 higher education institutions that are reported as discretely presented component units. Information regarding the individual financial statements of the component units is presented in the notes to the financial statements.

This report includes two schedules (pages 48 and 52) that reconcile the amounts reported on the governmental fund financial statements (modified accrual accounting) with governmental activities on the appropriate government-wide statements (full accrual accounting). The following indicates some of the reporting differences between the government-wide financial statements and the fund financial statements.

- Capital assets used in governmental activities are not reported on governmental fund statements.
- Long-term liabilities, unless due and payable, are not included in the fund financial statements. These liabilities are only included in the government-wide statements.
- Internal service funds are reported as governmental activities in the government-wide statements, but are reported as proprietary funds in the fund financial statements.
- Other long-term assets that are not available to pay for current period expenditures are deferred in the governmental fund statements, but not deferred in the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures in the fund financial statements.
- Bond proceeds provide current financial resources on the fund financial statements, but are recorded as long-term liabilities in the government-wide financial statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commonwealth, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Commonwealth's funds can be divided into three categories: governmental, proprietary, and fiduciary. Each of these categories uses different accounting approaches. Fund financial statements begin on page 46 and provide detailed information about the major individual funds.

- **Governmental funds** – Most of the basic services provided by the Commonwealth are reported in the governmental funds. These statements provide a detailed, short-term view of the functions reported as governmental activities in the government-wide financial statements. The government-wide financial statements are reported using the full accrual basis of accounting, but the governmental fund financial statements are reported using the modified accrual basis of accounting. This allows the reader to focus on assets that can be readily converted to cash and determine whether there are adequate resources to meet the Commonwealth's current needs.

  Because the focus of governmental funds is more limited than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This comparison can help readers better understand the long-term impact of the Commonwealth's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

  The Commonwealth reports 13 individual governmental funds. Information is presented separately in the governmental fund statements for the General, Commonwealth Transportation, Federal Trust, and Literary funds, which are all considered major funds. Data from the other 9 governmental funds are aggregated into a single column on the fund statements. Individual fund data for these nonmajor governmental funds is provided in the combining financial statements immediately following the required supplementary information.

- **Proprietary funds** – The Commonwealth maintains two different types of proprietary funds, enterprise and internal service. These funds report activities that operate more like those of private-sector business and use the full accrual basis of accounting. Enterprise funds report activities that charge fees for supplies or services to the general public like the Virginia Lottery. Enterprise funds are reported as business-type activities on the government-wide financial statements.

  The enterprise funds use the full accrual basis of accounting and the only differences between amounts reported on the government-wide statements and the enterprise fund statements are due to internal service fund activity (see reconciliations on pages 54 and 56). Internal service funds report activities that charge fees for supplies and services to other Commonwealth agencies, like Fleet Management. Internal service funds are reported as governmental activities in the government-wide statements because these types of services predominantly benefit governments rather than business-type functions.

  The Commonwealth reports 23 individual proprietary funds. Information is presented separately in the proprietary fund statements for the Virginia Lottery, Virginia College Savings Plan, and Unemployment Compensation Funds, all of which are considered major funds. Data from the other enterprise funds are aggregated into a single column on the fund statements. All internal service funds are aggregated into a single column on the fund statements. Individual fund data for all nonmajor proprietary funds is provided in the combining financial statements immediately following the required supplementary information.

- **Fiduciary funds** – These funds are used to account for resources held for the benefit of parties outside the government and use the full accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because the resources of these funds are restricted and cannot be used to finance the Commonwealth's operations. The Commonwealth's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position beginning on page 64.

  The Commonwealth's fiduciary funds are the:

  - Private Purpose Trusts, which reports the activities for 6 separate funds and accounts for transactions of trust arrangements in which the principal and income benefit individuals, private organizations, or other governments;
  - Pension and Other Employee Benefit Trusts, which reports the activities of 13 separate pension and other employment retirement plans for employees;
  - Investment Trust, which accounts for the activities of the external investment pool; and,
  - Agency, which accounts for assets held on behalf of others in 19 separate funds.

  Individual fund data for all fiduciary funds is provided in the combining financial statements immediately following the required supplementary information.

- **Component Units** – The government-wide financial statements report information for all component units aggregated in a single column. Information is provided separately in the component unit fund statements for the Virginia Housing Development Authority, Virginia Public School Authority, Virginia Resources Authority, and Virginia College Building Authority, all of which are considered major component units. Data from the other component units are aggregated into a single column on the fund statements. Individual fund data for all nonmajor component units is provided in the combining financial statements immediately following the required supplementary information.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the component unit fund financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes budgetary comparison schedules reconciling the statutory and generally accepted accounting principles fund balances at June 30. It also includes information concerning the Commonwealth's funding progress and employer contributions for pension and other postemployment benefits and changes in employers' net pension liability, as well as trend information for Commonwealth-managed risk pools.

Other Information

The combining statements referred to earlier in connection with nonmajor funds and component units can be found beginning on page 205 of this report. The individual fund information is aggregated into a single total on the combining financial statements, which carries forward to the fund financial statements.

Government-wide Financial Analysis

The primary government's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $23.1 billion during the fiscal year. The net position of the governmental activities increased $1.1 billion, or 5.5 percent, primarily due to increases in capital assets and deferred outflows of resources offset by increases in total liabilities and deferred inflows of resources. Capital assets are discussed further on page 35, the long-term liabilities are discussed further on page 36, and deferred inflows and outflows of resources are discussed in Note 13, "Deferred Outflows and Deferred Inflows of Resources." Business-type activities had an increase of $352.2 million, or 22.2 percent, primarily due to an increase for the Unemployment Compensation Fund and Virginia College Savings Plan as discussed on page 33. As discussed in Note 2, the government-wide beginning balance was restated predominantly for a voluntary change in accounting principle to more appropriately reflect the Unclaimed Property Fund (nonmajor special revenue) and the correction of prior year errors to arrive at a restated beginning balance of $21.6 billion.

Figure 11
Net Position as of June 30, 2017 and 2016
(Dollars in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016 as restated	2017	2016	2017	2016 as restated
Current and other assets	$ 9,563,980	$ 9,138,685	$ 4,573,092	$ 4,220,594	$ 14,137,072	$ 13,359,279
Capital assets	32,591,680	30,447,937	42,788	38,319	32,634,468	30,486,256
Deferred outflows of resources	895,456	731,279	25,958	17,903	921,414	749,182
Total assets and deferred outflows of resources	43,051,116	40,317,901	4,641,838	4,276,816	47,692,954	44,594,717
Long-term liabilities outstanding	12,851,854	12,162,009	2,364,842	2,346,500	15,216,696	14,508,509
Other liabilities	5,754,471	5,537,908	333,164	334,095	6,087,635	5,872,003
Deferred inflows of resources	3,296,041	2,574,935	5,417	9,967	3,301,458	2,584,902
Total liabilities and deferred inflows of resources	21,902,366	20,274,852	2,703,423	2,690,562	24,605,789	22,965,414
Net position:						
Net investment in capital assets	25,539,190	24,341,504	37,764	32,960	25,576,954	24,374,464
Restricted	953,844	1,365,260	1,208,248	1,044,558	2,162,092	2,409,818
Unrestricted	(5,344,284)	(5,663,715)	692,403	508,736	(4,651,881)	(5,154,979)
Total net position	$ 21,148,750	$ 20,043,049	$ 1,938,415	$ 1,586,254	$ 23,087,165	$ 21,629,303

The largest portion of the primary government's net position reflects its investment in capital assets (e.g., land, buildings, equipment, infrastructure, construction-in-progress, and intangible assets including water rights, easements and software), less any related outstanding debt and deferred inflows of resources used to acquire those assets. These assets are recorded net of depreciation in the financial statements. The primary government uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the primary government's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (**Figure 11**). The governmental activities net investment in capital assets amount exceeds total net position due to a negative unrestricted net position amount unrelated to capital assets.

An additional portion of the primary government's net position represents restricted net position. These resources are subject to external restrictions or constitutional provisions specifying how they may be used. The remaining balance of negative $4.7 billion is unrestricted net position (**Figure 11**).

Approximately 55.2 percent of the primary government's total revenue came from taxes. While the primary government's expenses cover many services, the largest expenses are for education and individual and family services. General revenues normally fund governmental activities. For fiscal year 2017, program and general revenues exceeded governmental expenses by $335.9 million. Program revenues exceeded expenses from business-type activities by $1.1 billion. The following condensed financial information (**Figure 12**) was derived from the Government-wide Statement of Activities and provides detail regarding the change in net position (see page 42).

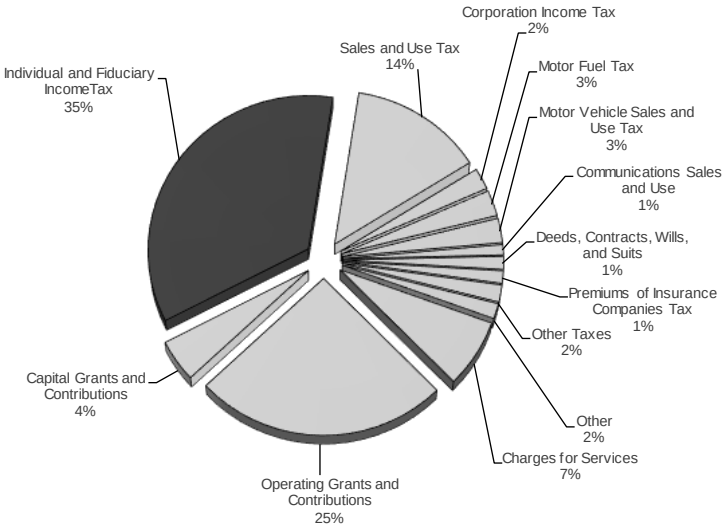
Figure 12
Changes in Net Position for the Fiscal Years Ended June 30, 2017 and 2016
(Dollars in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016 as restated	2017	2016	2017	2016 as restated
Revenues:						
Program Revenues:						
Charges for Services	$ 2,651,946	$ 2,567,716	$ 4,318,783	$ 4,069,063	$ 6,970,729	$ 6,636,779
Operating Grants and Contributions	9,469,225	9,147,407	3,955	430	9,473,180	9,147,837
Capital Grants and Contributions	1,642,338	1,466,927	-	-	1,642,338	1,466,927
General Revenues:						
Taxes:						
Individual and Fiduciary Income	13,113,355	12,685,001	-	-	13,113,355	12,685,001
Sales and Use	5,104,091	4,993,762	-	-	5,104,091	4,993,762
Corporation Income	834,070	772,639	-	-	834,070	772,639
Motor Fuel	997,561	970,046	-	-	997,561	970,046
Motor Vehicle Sales and Use	947,545	909,617	-	-	947,545	909,617
Communications Sales and Use	396,146	405,576	-	-	396,146	405,576
Deeds, Contracts, Wills, and Suits	502,544	470,644	-	-	502,544	470,644
Premiums of Insurance Companies	479,192	485,018	-	-	479,192	485,018
Alcoholic Beverage Sales	154,447	147,813	-	-	154,447	147,813
Tobacco Products	170,215	176,401	-	-	170,215	176,401
Estate	8,089	175	-	-	8,089	175
Public Service Corporations	107,958	108,158	-	-	107,958	108,158
Beer and Beverage Excise	42,438	43,185	-	-	42,438	43,185
Wine and Spirits/ABC Liter	27,541	26,442	-	-	27,541	26,442
Bank Stock	22,036	17,796	-	-	22,036	17,796
Other Taxes	122,437	118,288	9,142	9,141	131,579	127,429
Unrestricted Grants and Contributions	54,738	48,031	-	-	54,738	48,031
Investment Earnings	65,008	63,397	932	900	65,940	64,297
Miscellaneous	466,674	161,361	112	175	466,786	161,536
Total Revenues	37,379,594	35,785,400	4,332,924	4,079,709	41,712,518	39,865,109
Expenses:						
General Government	3,118,751	3,234,403	-	-	3,118,751	3,234,403
Education	10,457,239	10,178,791	-	-	10,457,239	10,178,791
Transportation	4,610,388	4,524,162	-	-	4,610,388	4,524,162
Resources and Economic Development	1,074,221	1,006,967	-	-	1,074,221	1,006,967
Individual and Family Services	14,707,630	13,998,280	-	-	14,707,630	13,998,280
Administration of Justice	2,853,279	2,892,376	-	-	2,853,279	2,892,376
Interest and Charges on Long-term Debt	222,229	240,007	-	-	222,229	240,007
Virginia Lottery	-	-	1,420,206	1,415,154	1,420,206	1,415,154
Virginia College Savings Plan	-	-	206,400	103,307	206,400	103,307
Unemployment Compensation	-	-	347,869	390,441	347,869	390,441
Alcoholic Beverage Control	-	-	632,440	614,641	632,440	614,641
Risk Management	-	-	9,623	14,281	9,623	14,281
Local Choice Health Care	-	-	447,153	411,656	447,153	411,656
Route 460 Funding Corporation of Virginia	-	-	-	1,461	-	1,461
Virginia Industries for the Blind	-	-	53,691	41,860	53,691	41,860
Consolidated Laboratory	-	-	10,697	10,016	10,697	10,016
eVA Procurement System	-	-	20,499	22,573	20,499	22,573
Department of Environmental Quality Title V	-	-	10,927	11,135	10,927	11,135
Wireless E-911	-	-	44,174	41,851	44,174	41,851
Museum and Library Gift Shops	-	-	6,857	6,676	6,857	6,676
Behavioral Health Canteen and Work Activity	-	-	383	451	383	451
Total Expenses	37,043,737	36,074,986	3,210,919	3,085,503	40,254,656	39,160,489
Excess/(Deficiency) before transfers	335,857	(289,586)	1,122,005	994,206	1,457,862	704,620
Transfers	769,844	787,414	(769,844)	(787,414)	-	-
Increase in net position	1,105,701	497,828	352,161	206,792	1,457,862	704,620
Net position, July 1, as restated	20,043,049	19,545,221	1,586,254	1,379,462	21,629,303	20,924,683
Net position, June 30	$ 21,148,750	$ 20,043,049	$ 1,938,415	$ 1,586,254	$ 23,087,165	$ 21,629,303

Governmental Activities Revenues

Figure 13 is a graphical representation of the Statement of Activities revenues for governmental activities. Governmental activities revenues increased by $1.6 billion, or 4.5 percent. The net increase is mainly attributable to increases in the General Fund, which are discussed on page 34.

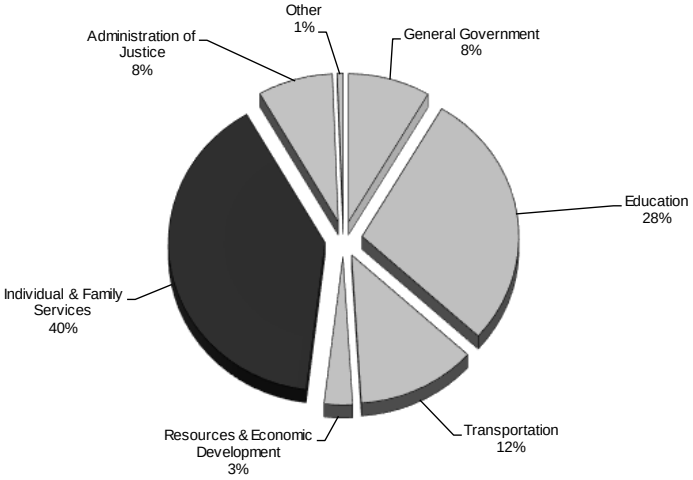
Figure 13
Revenues by Source – Governmental Activities
Fiscal Year 2017



Governmental Activities Expenses

Figure 14 is a graphical representation of the Statement of Activities expenses for governmental activities. Governmental activities expenses increased by $968.8 million, or 2.7 percent. This change is primarily attributable to increases in all expense types with the exception of general government and administration of justice. See pages 34 and 35 for additional information.

Figure 14
Expenses by Type – Governmental Activities
Fiscal Year 2017



Net Position of Business-type Activities

Net position of business-type activities increased by $352.2 million during the fiscal year. As shown in **Figure 15**, highlights of the changes in net position for the major enterprise funds were as follows:

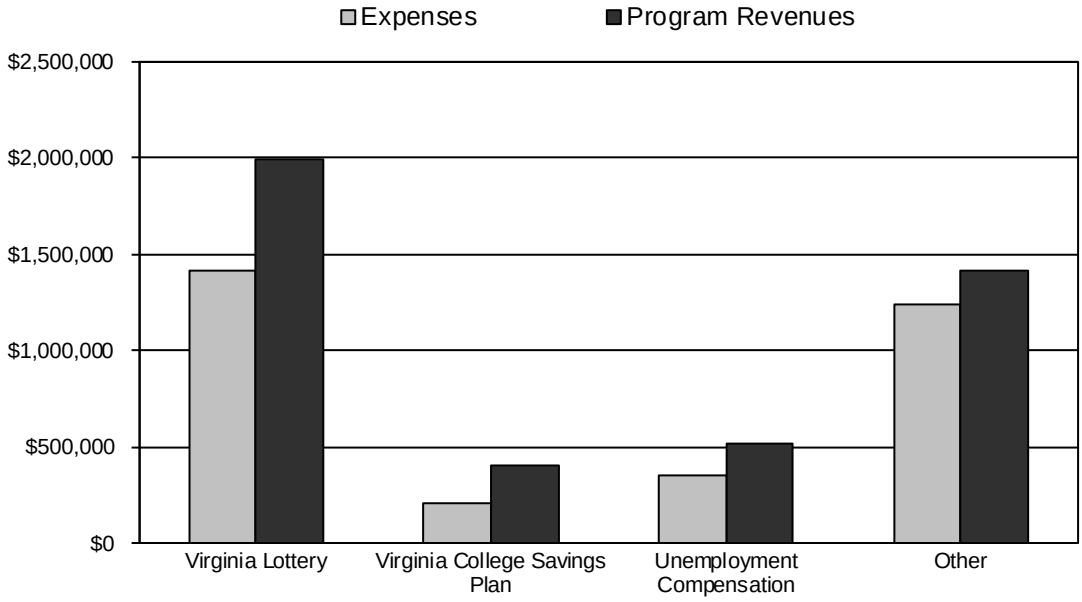
- Lottery sales were $2.0 billion, a decrease of $17.0 million over the prior year. Net income was $570.9 million, a decrease of $22.7 million (3.8 percent) from fiscal year 2016. Sales of scratch games increased by $17.1 million (1.6 percent) and online sales decreased by $34.2 million (3.8 percent). Additionally, there is an increase of $6.5 million (0.5 percent) in total expenses, primarily attributable to the cost of contractual services.

- Virginia College Savings Plan's net position increased by $196.8 million (33.5 percent) during the fiscal year as a result of total revenues exceeding expenses incurred. This is primarily attributable to favorable market conditions resulting in increased investment earnings offset by an increased actuarially determined tuition benefit expense and actual tuition benefit payments.

- Unemployment Compensation Fund net position increased by $163.7 million during fiscal year 2017, as a result of a decrease in benefit claims and operating revenue exceeding operating expenses.

  Over the one-year period from July 1, 2016, to June 30, 2017, the unemployment rate declined from 4.1 percent to 4.0 percent. Additionally, there were approximately 24,606 fewer initial unemployment claims filed than in the previous year. These declines were accompanied by an increase in the average benefit duration from 14.9 weeks to 15.5 weeks in fiscal year 2017. There was an increase in the average weekly benefit amounts from approximately $298.1 to $301.4 in fiscal year 2017. These multiple influences led to a decrease in the total benefit payments of $42.6 million over the prior year.

Figure 15
Business-type Activities
Program Revenues and Expenses
Fiscal Year 2017
(Dollars in Thousands)



Fund Statements Financial Analysis

As of the end of the fiscal year, the primary government's governmental funds reported combined ending fund balances of $3.6 billion, including a negative unassigned fund balance of $746.2 million indicating that restricted and committed amounts exceed the available modified accrual basis fund balance. The remainder of fund balance is nonspendable, restricted or committed to indicate that it is not available for new spending.

General Fund Highlights

At the end of the fiscal year, the General Fund reported a combined ending fund balance of $498.4 million, a decrease of $252.4 million in comparison with the prior year (as restated). Of this total fund balance, $127.3 million represents nonspendable fund balance, $568.1 million represents restricted fund balance, and $482.3 million represents committed fund balance. These amounts are offset by a negative $679.3 million unassigned fund balance.

Fiscal year 2017 General Fund revenues were 2.6 percent, or $499.5 million, higher than fiscal year 2016 revenues. This revenue change results from increases of $581.3 million primarily attributable to individual and fiduciary income taxes ($418.1 million), sales and use taxes ($62.9 million), corporation income taxes ($33.3 million), and deeds, contracts, wills and suits taxes ($25.7 million), offset by decreases of $81.8 million primarily attributable to interest, dividends, and rents ($52.7 million), sales of property and commodities ($11.0 million), and communications sales tax ($10.2 million).

Fiscal year 2017 expenditures increased by 3.3 percent, or $662.2 million, when compared to fiscal year 2016. This was primarily attributable to increases in individual and family services, education, and administration of justice expenditures of $295.1 million, $356.0 million, and $51.5 million, respectively. Net other financing sources and uses increased by $48.3 million, which is primarily due to higher transfers in from nongeneral funds, higher proceeds from installment purchases and a decrease in transfers out to nongeneral funds.

Budget Highlights

The General Fund began the year with an original revenue budget that was $587.0 million, or 3.0 percent, higher than the final fiscal year 2016 revenue budget. Additionally, the final revenue budget was slightly lower ($332.4 million or 1.6 percent) than the original budget. The change between the original and final budget was primarily attributable to decreases in the final budget for individual and fiduciary income taxes of $316.3 million, sales and use taxes of $133.7 million, and communications sales and use of $12.0 million. This was offset by increases in the final budget for sales of property and commodities of $30.9 million; corporation income taxes of $29.0 million; interest, dividends and rents of $21.7 million; and rights and privileges of $18.1 million. Total actual General Fund revenues were higher than final budgeted revenues by $155.5 million due to stronger actual than anticipated collections.

Total final budget expenditures were higher than original budget expenditures by $24.5 million, or 0.1 percent. This increase was primarily attributable to budgeted expenditures for individual and family services of $127.0 million, offset by decreases in general government of $75.1 million and education of $69.3 million.

The Commonwealth spent less than planned so actual expenditures were $306.6 million, or 1.5 percent, lower than final budget expenditures.

Budget Outlook

In order to mitigate the effects of difficult economic conditions over the past several years, the Commonwealth adopted temporary budget solutions such as accelerated sales taxes.

Virginia economic growth eased somewhat in fiscal year 2017 and returned to a pattern of relatively slow growth that has typified most of the economic recovery. Data regarding the primary economic indicators – jobs and new housing units saw slow to moderate growth and the state growth lagged the nation on some major economic indicators. The unemployment rate improved slightly from the previous fiscal year while housing indicators continued to mend with home sales, home prices, and building permit issuance growth. During fiscal year 2017, the two General Fund revenue sources most closely tied to current economic activity – individual income taxes and retail sales taxes – experienced increases when compared to the 2016 collections by $497.3 million (4.0 percent) and $61.2 million (1.9 percent), respectively. The individual income tax collections were more than the estimated revenue by $139.1 million (1.1 percent) and the retail sales taxes were less than the estimated revenue by $29.7 million (0.9 percent).

The fiscal year 2017 revenue collections exceeded fiscal year 2016 and exceeded the fiscal year 2017 collections estimate. Based on the most recent General Fund revenue estimate, the fiscal year 2018 revenue is projected to increase 2.7 percent over the fiscal year 2017 revenue collections. This planned increase is a result of continued growth in individual income taxes and retail sales taxes. The Governor will release his amendments to the 2017-2018 biennial budget on December 18, 2017.

Major Special Revenue Fund Highlights

The Commonwealth Transportation Fund ended the fiscal year with a fund balance of $2.0 billion. Approximately $3.4 billion is contractually committed for various highways, public transportation, and rail preservation projects; $1.8 million for technology services; and $64.8 million for non-highway construction projects including facilities and tolling support (see Note 20). Additionally, revenues increased $183.1 million, or 3.3 percent, and expenditures decreased $63.8 million, or 1.1 percent. The revenue increase was primarily due to increases in tax collections of $120.8 million, or 3.5 percent, and other revenues of $117.8 million, or 57.6 percent, offset by decreases in federal income of $115.1 million, or 9.3 percent. Expenditures decreased mainly for highway maintenance, acquisition, and construction.

The Federal Trust Fund balance increased by $15.8 million, or 12.3 percent, primarily due to an increase in Federal Grants and Contracts revenue of approximately $543.6 million, or 6.3 percent, offset by a significant increase in expenditures of $476.0 million. This change in the Federal Grants and Contracts revenue was mainly attributed to an increase in Medicaid funding ($345.8 million), child and family assistance funding ($52.9 million), and education grants ($45.0 million). The remaining difference is distributed over many other federal programs. Net other financing sources and uses experienced a large decrease of $20.3 million, or 100.6 percent, primarily attributable to higher transfers out to other funds.

The Literary Fund ending balance decreased by $47.1 million, or 92.6 percent. Additionally, expenditures exceeded net receipts by $201.4 million. The loans of $199.9 million owed to the Virginia Public School Authority (major component unit) increased by $6.0 million, or 3.1 percent, which was offset by increased transfers in of $148.4 million. Approximately $142.0 million was received from the Unclaimed Property Fund (nonmajor special revenue) which was previously reported as a fiduciary fund. See Note 2 for additional information.

Capital Asset and Long-term Debt

Capital Assets. The primary government's investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounts to $32.6 billion (net of accumulated depreciation totaling $12.9 billion). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, construction-in-progress, and intangible assets including water rights, easements, and software. Infrastructure assets are items that are normally immovable such as roads, bridges, drainage systems, and other similar assets. As noted on page 30, increases in capital assets and deferred outflows of resources offset by increases in total liabilities and deferred inflows of resources resulted in an increase in net position of the governmental activities of $1.1 billion, or 5.5 percent. The increase in the primary government's net investment in capital assets was primarily attributable to increases in infrastructure of $2.4 billion. These changes are primarily attributable to transportation. The primary government reports equipment with a value of $50,000 or greater and an expected useful life of two or more years. The primary government capitalizes all land, buildings, infrastructure, and intangible assets that have a cost or value greater than $100,000 and an expected useful life of two or more years. Additional information on the primary government's capital assets can be found in Note 12, Capital Assets.

Figure 16
Capital Assets as of June 30, 2017
(Net of Depreciation)
(Dollars in Thousands)

	Governmental Activities	Business-type Activities	Total
Land	$ 3,229,969	$ 1,874	$ 3,231,843
Buildings	2,577,575	17,590	2,595,165
Equipment	528,098	16,434	544,532
Water Rights/Easements	85,080	-	85,080
Infrastructure	21,582,809	-	21,582,809
Software	371,874	6,008	377,882
Construction-in-Progress	4,216,275	882	4,217,157
Total	$ 32,591,680	$ 42,788	$ 32,634,468

Long-term Debt. The Commonwealth is prohibited from issuing general obligation bonds for operating purposes. At the end of the current fiscal year, the Commonwealth had total debt outstanding of $45.2 billion, including total tax-supported debt of $21.4 billion and total debt not supported by taxes of $23.8 billion. Bonds backed by the full faith and credit of the government and tax-supported total $1.4 billion. Debt is considered tax-supported if Commonwealth tax revenues are used or pledged for debt service payments. An additional $928.1 million is considered moral obligation debt which is not tax-supported. The Commonwealth has no direct or indirect pledge of tax revenues to fund reserve deficiencies. However, in some cases, the Commonwealth has made a moral obligation pledge to consider funding deficiencies in debt service reserves that may occur. The remainder of the Commonwealth's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

During fiscal year 2017, the Commonwealth issued $6.4 billion of new debt for various projects. Of this new debt, $1.1 billion was for the primary government and $5.3 billion for the component units. Additional information on the Commonwealth's outstanding debt can be found in Note 26, "Long-Term Liabilities," as well as in the section entitled "Debt Schedules." The Commonwealth maintains a "triple A" bond rating for general obligation debt from the three rating agencies: Moody's Investors Service; S & P Global Ratings; and Fitch Ratings.

State statutes limit the amount of general obligation debt the Commonwealth may issue for each specific type of debt. The 9(a) bonds, which may be issued to fund the defense of the Commonwealth; to meet casual deficits in revenue or in anticipation of the collection of revenues; or to redeem previous debt obligations, and are limited to 30.0 percent of 1.15 times the annual tax revenues for fiscal year 2017. The 9(b) bonds, which have been authorized by the citizens of Virginia through bond referenda to finance capital projects, are limited to 1.15 times the average of selected tax revenues for fiscal years 2015, 2016, and 2017. The 9(c) bonds, which have been issued to finance capital projects that will generate revenue upon their completion, are limited to 1.15 times the average of selected tax revenues for fiscal years 2015, 2016, and 2017. The current debt limitation for the Commonwealth is $6.1 billion, $19.2 billion, and $18.8 billion, respectively, for the 9(a), 9(b), and 9(c) general obligation bond issues. These limits significantly exceed the Commonwealth's outstanding general obligation debt. Currently, there is no 9(a) debt outstanding.

Figure 17
Outstanding Debt as of June 30, 2017
General Obligation Bonds
(Dollars in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
General obligation bonds				
9(b)	$ 515,468	$ -	$ 515,468	$ -
9(c)	22,743	-	22,743	897,018
Total	$ 538,211	$ -	$ 538,211	$ 897,018

Economic Factors and Review

During fiscal year 2017, the Commonwealth's economy continued to improve, although at a slightly slower rate than during the prior year. The Commonwealth experienced a lower job growth rate than at the national level (1.1 percent at the state level versus 1.6 percent nationally). Personal income growth reached 2.4 percent during fiscal year 2017, compared to 3.4 percent in fiscal year 2016. However, it lagged behind the national level (2.5 percent), as it had during the last three fiscal years. Unemployment in the Commonwealth and at the national level continued to improve during the fiscal year, reaching 4.0 percent and 4.7 percent, respectively. During fiscal year 2017, total taxable sales growth in the Commonwealth decreased from 3.2 percent to 1.5 percent compared to fiscal year 2016. Economic indicators show that during fiscal year 2017, the housing market in the Commonwealth experienced a 7.0 percent increase compared to 8.3 percent in fiscal year 2016. Additionally, housing prices in the Commonwealth again showed a positive change for fiscal year 2017, with an increase of approximately 4.3 percent, compared to just over 6.4 percent at the national level. Many major economic indicators show that the Commonwealth's growth eased during the fiscal year to a pattern of moderately slower growth, and this growth lagged behind the national level.

Requests for Information

This financial report is designed to provide a general overview of the Commonwealth's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the State Comptroller's Office, Commonwealth of Virginia, P. O. Box 1971, Richmond, Virginia 23218. This report is also available for download at www.doa.virginia.gov.

The Commonwealth's component units issue their own separate financial statements. Contact information regarding each component unit is provided in Note 1.B.

Government-wide Financial Statements

Statement of Net Position

June 30, 2017
(Dollars in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents (Notes 1 and 6)	$ 3,240,611	$ 1,433,462	$ 4,674,073	$ 2,478,784
Investments (Notes 1 and 6)	1,736,299	2,576,158	4,312,457	11,781,584
Receivables, Net (Notes 1 and 7)	3,551,962	420,747	3,972,709	15,337,547
Contributions Receivable, Net (Notes 1 and 8)	-	-	-	450,250
Internal Balances (Note 1)	66,647	(66,647)	-	-
Due from Primary Government (Note 9)	-	-	-	76,678
Due from Component Units (Note 9)	23,946	-	23,946	95,308
Due from External Parties (Fiduciary Funds) (Note 9)	58,846	-	58,846	-
Inventory (Note 1)	168,567	82,109	250,676	143,659
Prepaid Items (Note 1)	128,520	5,044	133,564	166,617
Other Assets (Notes 1 and 10)	5,369	122,219	127,588	117,876
Loans Receivable from Primary Government (Notes 1 and 9)	-	-	-	199,905
Loans Receivable from Component Units (Notes 1 and 9)	60,541	-	60,541	-
Restricted Cash and Cash Equivalents (Notes 6 and 11)	522,672	-	522,672	1,973,587
Restricted Investments (Notes 6 and 11)	-	-	-	5,670,374
Other Restricted Assets (Note 11)	-	-	-	268,015
Nondepreciable Capital Assets (Notes 1 and 12)	8,839,544	2,756	8,842,300	2,657,559
Depreciable Capital Assets, Net (Notes 1 and 12)	23,752,136	40,032	23,792,168	17,932,261
Total Assets	42,155,660	4,615,880	46,771,540	59,350,004
Deferred Outflows of Resources (Notes 1, 13, 14, and 15)	895,456	25,958	921,414	986,718
Total Assets and Deferred Outflows of Resources	43,051,116	4,641,838	47,692,954	60,336,722
Liabilities and Deferred Inflows of Resources				
Accounts Payable (Notes 1 and 24)	1,092,163	102,545	1,194,708	1,161,885
Amounts Due to Other Governments	949,026	6,943	955,969	115,217
Due to Primary Government (Note 9)	-	-	-	23,946
Due to Component Units (Note 9)	76,678	-	76,678	95,308
Due to External Parties (Fiduciary Funds) (Note 9)	32,701	996	33,697	36,083
Unearned Revenue (Note 1)	331,223	5,763	336,986	382,594
Obligations Under Securities Lending (Notes 1 and 6)	-	-	-	341
Due to Claimants, Participants, Escrows and Providers (Note 1)	488,617	50,019	538,636	-
Other Liabilities (Notes 1, 14, and 25)	1,674,492	91,284	1,765,776	1,719,325
Loans Payable to Primary Government (Notes 1 and 9)	-	-	-	60,541
Loans Payable to Component Units (Notes 1 and 9)	199,905	-	199,905	-
Claims Payable (Notes 1 and 23):				
Due Within One Year	188,651	48,531	237,182	87,334
Due in More Than One Year	721,015	27,083	748,098	33,869
Long-term Liabilities (Notes 1, 21, 22, and 26):				
Due Within One Year	610,270	280,464	890,734	1,718,824
Due in More Than One Year	12,241,584	2,084,378	14,325,962	28,246,755
Total Liabilities	18,606,325	2,698,006	21,304,331	33,682,022
Deferred Inflows of Resources (Notes 1, 13, 14, 15, and 38)	3,296,041	5,417	3,301,458	247,389
Total Liabilities and Deferred Inflows of Resources	21,902,366	2,703,423	24,605,789	33,929,411

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

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Net Position				
Net Investment in Capital Assets	25,539,190	37,764	25,576,954	11,207,923
Restricted For:				
Nonexpendable:				
Higher Education	-	-	-	3,595,770
Permanent Funds	36,597	-	36,597	-
Other	-	-	-	166,944
Expendable:				
Agriculture and Forestry	1,747	-	1,747	-
Bond Indenture	-	-	-	2,885,942
Capital Projects/Construction/Capital Acquisition	2	-	2	1,747,761
Contract and Debt Administration	1,068	-	1,068	-
Debt Service	31,634	-	31,634	92,233
Economic and Technological Development	14	-	14	-
Educational and Training Programs	6,258	-	6,258	-
Environmental Quality and Natural Resource Preservation	16,497	-	16,497	-
Gifts and Grants	127,200	-	127,200	149,618
Health and Public Safety	65,128	-	65,128	-
Higher Education	-	-	-	5,907,477
Literary Fund	27,601	-	27,601	-
Lottery Proceeds Fund	15,811	-	15,811	-
Permanent Funds	1,591	-	1,591	-
Revenue Stabilization Fund	548,820	-	548,820	-
Transportation Activities	67,382	-	67,382	-
Unemployment Compensation Trust Fund	-	1,208,248	1,208,248	-
Virginia Pooled Investment Program	-	-	-	7,760
Virginia Water Supply Assistance Grant Fund	3,422	-	3,422	-
Other	3,072	-	3,072	10,086
Unrestricted	(5,344,284)	692,403	(4,651,881)	635,797
Total Net Position	$ 21,148,750	$ 1,938,415	$ 23,087,165	$ 26,407,311

Statement of Activities

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government	$ 3,118,751	$ 310,239	$ 163,684	$ 22,157
Education	10,457,239	608,496	761,959	9,413
Transportation	4,610,388	716,708	55,805	1,563,832
Resources and Economic Development	1,074,221	391,922	149,396	46,099
Individual and Family Services	14,707,630	344,207	8,282,348	837
Administration of Justice	2,853,279	280,374	56,033	-
Interest and Charges on Long-term Debt	222,229	-	-	-
Total Governmental Activities	37,043,737	2,651,946	9,469,225	1,642,338
Business-type Activities				
Virginia Lottery	1,420,206	1,989,874	755	-
Virginia College Savings Plan	206,400	404,071	288	-
Unemployment Compensation	347,869	512,986	-	-
Alcoholic Beverage Control	632,440	807,486	2,207	-
Risk Management	9,623	13,213	23	-
Local Choice Health Care	447,153	430,247	1	-
Virginia Industries for the Blind	53,691	53,421	172	-
Consolidated Laboratory	10,697	9,719	111	-
eVA Procurement System	20,499	20,691	88	-
Department of Environmental Quality Title V	10,927	9,472	225	-
Wireless E-911	44,174	59,776	41	-
Museum and Library Gift Shops	6,857	7,445	44	-
Behavioral Health Canteen and Work Activity	383	382	-	-
Total Business-type Activities	3,210,919	4,318,783	3,955	-
Total Primary Government	$ 40,254,656	$ 6,970,729	$ 9,473,180	$ 1,642,338
Component Units				
Virginia Housing Development Authority	$ 381,085	$ 398,269	$ 124,745	$ -
Virginia Public School Authority	137,039	132,896	8,585	-
Virginia Resources Authority	146,167	141,062	-	45,405
Virginia College Building Authority	576,184	63,702	42,149	828
Nonmajor	15,085,534	10,436,309	3,038,801	443,247
Total Component Units	$ 16,326,009	$ 11,172,238	$ 3,214,280	$ 489,480

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (2,622,671)	$ -	$ (2,622,671)	$ -
(9,077,371)	-	(9,077,371)	-
(2,274,043)	-	(2,274,043)	-
(486,804)	-	(486,804)	-
(6,080,238)	-	(6,080,238)	-
(2,516,872)	-	(2,516,872)	-
(222,229)	-	(222,229)	-
(23,280,228)	-	(23,280,228)	-
-	570,423	570,423	-
-	197,959	197,959	-
-	165,117	165,117	-
-	177,253	177,253	-
-	3,613	3,613	-
-	(16,905)	(16,905)	-
-	(98)	(98)	-
-	(867)	(867)	-
-	280	280	-
-	(1,230)	(1,230)	-
-	15,643	15,643	-
-	632	632	-
-	(1)	(1)	-
-	1,111,819	1,111,819	-
(23,280,228)	1,111,819	(22,168,409)	-
-	-	-	141,929
-	-	-	4,442
-	-	-	40,300
-	-	-	(469,505)
-	-	-	(1,167,177)
-	-	-	(1,450,011)

Continued on next page

Statement of Activities *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
General Revenues				
Taxes				
Individual and Fiduciary Income	13,113,355	-	13,113,355	-
Sales and Use	5,104,091	-	5,104,091	-
Corporation Income	834,070	-	834,070	-
Motor Fuel	997,561	-	997,561	-
Motor Vehicle Sales and Use	947,545	-	947,545	-
Communications Sales and Use	396,146	-	396,146	-
Deeds, Contracts, Wills, and Suits	502,544	-	502,544	-
Premiums of Insurance Companies	479,192	-	479,192	-
Alcoholic Beverage Sales	154,447	-	154,447	-
Tobacco Products	170,215	-	170,215	-
Estate	8,089	-	8,089	-
Public Service Corporations	107,958	-	107,958	-
Beer and Beverage Excise	42,438	-	42,438	-
Wine and Spirits/ABC Liter	27,541	-	27,541	-
Bank Stock	22,036	-	22,036	-
Other Taxes	122,437	9,142	131,579	-
Operating Appropriations from Primary Government	-	-	-	2,451,960
Unrestricted Grants and Contributions	54,738	-	54,738	90,476
Investment Earnings	65,008	932	65,940	750,762
Miscellaneous	466,674	112	466,786	95,755
Special Item (Note 32)	-	-	-	13,277
Transfers	769,844	(769,844)	-	-
Contributions to Permanent and Term Endowments	-	-	-	235,867
Total General Revenues, Transfers, and Contributions	24,385,929	(759,658)	23,626,271	3,638,097
Change in Net Position	1,105,701	352,161	1,457,862	2,188,086
Net Position, July 1, as restated (Note 2)	20,043,049	1,586,254	21,629,303	24,219,225
Net Position, June 30	$ 21,148,750	$ 1,938,415	$ 23,087,165	$ 26,407,311

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

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, the Grant Anticipation Revenue Notes reported in the Debt Service 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.

Nonmajor Governmental Funds include those Special Revenue, Debt Service, Capital Projects, and Permanent Funds listed on page 207 in the Combining and Individual Fund Statements and Schedules section of this report.

Balance Sheet – Governmental Funds

June 30, 2017
(Dollars in Thousands)

		Special Revenue		
	General	Commonwealth Transportation	Federal Trust	Literary
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents (Notes 1 and 6)	$ 647	$ 1,828,376	$ 149,536	$ 71,455
Investments (Notes 1 and 6)	1,425,110	-	-	-
Receivables, Net (Notes 1 and 7)	1,887,799	493,901	930,178	152,640
Due from Other Funds (Note 9)	28,413	-	2,786	3,417
Due from External Parties (Fiduciary Funds) (Note 9)	1	-	20,342	-
Interfund Receivable (Note 9)	-	-	-	-
Inventory (Note 1)	31,138	87,912	30,570	-
Prepaid Items (Note 1)	96,186	8,529	2,224	-
Other Assets (Notes 1 and 10)	1,428	358	1,845	-
Loans Receivable from Component Units (Notes 1 and 9)	-	-	-	-
Restricted Cash and Cash Equivalents (Notes 6 and 11)	-	287,585	-	-
Total Assets	3,470,722	2,706,661	1,137,481	227,512
Deferred Outflows of Resources (Notes 1 and 13)	-	-	-	-
Total Assets and Deferred Outflows of Resources	$ 3,470,722	$ 2,706,661	$ 1,137,481	$ 227,512
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Accounts Payable (Notes 1 and 24)	$ 284,292	$ 433,056	$ 75,208	$ 2
Amounts Due to Other Governments	401,820	57,404	283,926	1
Due to Other Funds (Note 9)	30,316	11,602	10,597	-
Due to Component Units (Note 9)	7,924	-	3,782	-
Due to External Parties (Fiduciary Funds) (Note 9)	21,431	5,412	2,654	-
Interfund Payable (Note 9)	1,147	-	26,510	-
Unearned Revenue (Note 1)	428	139,624	37,138	-
Due to Claimants, Participants, Escrows and Providers (Note 1)	-	-	217	-
Other Liabilities (Notes 1 and 25)	1,141,056	3,849	449,185	-
Loans Payable to Component Units (Notes 1 and 9)	-	-	-	199,905
Long-term Liabilities Due Within One Year (Notes 1, 21, and 26)	2,034	187	110	-
Total Liabilities	1,890,448	651,134	889,327	199,908
Deferred Inflows of Resources (Notes 1 and 13)	1,081,843	68,447	103,369	23,841
Total Liabilities and Deferred Inflows of Resources	2,972,291	719,581	992,696	223,749
Fund Balances (Note 3):				
Nonspendable	127,324	96,441	32,794	-
Restricted	568,103	350,253	111,991	3,763
Committed	482,299	1,546,628	-	-
Assigned	-	-	-	-
Unassigned	(679,295)	(6,242)	-	-
Total Fund Balances	498,431	1,987,080	144,785	3,763
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 3,470,722	$ 2,706,661	$ 1,137,481	$ 227,512

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

Nonmajor Governmental Funds	Total Governmental Funds
$ 917,648	$ 2,967,662
311,189	1,736,299
64,514	3,529,032
5,200	39,816
38,293	58,636
160,964	160,964
3,716	153,336
14,003	120,942
1,738	5,369
60,541	60,541
-	287,585
1,577,806	9,120,182
-	-
$ 1,577,806	$ 9,120,182
$ 57,652	$ 850,210
7,851	751,002
4,717	57,232
3,998	15,704
2,768	32,265
-	27,657
22,815	200,005
488,400	488,617
5,579	1,599,669
-	199,905
741	3,072
594,521	4,225,338
26,896	1,304,396
621,417	5,529,734
54,266	310,825
332,022	1,366,132
602,029	2,630,956
28,715	28,715
(60,643)	(746,180)
956,389	3,590,448
$ 1,577,806	$ 9,120,182

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

June 30, 2017
(Dollars in Thousands)

Total fund balances - governmental funds (see Balance Sheet - Governmental Funds)	$	3,590,448
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.		
Nondepreciable Capital Assets		8,821,182
Depreciable Capital Assets		23,592,324
Deferred outflows associated with pension related costs are long-term in nature and therefore not reported in the funds.		803,688
Deferred outflows associated with loss on debt refundings are long-term in nature and therefore not reported in the funds.		80,861
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.		
Pension Liability		(4,655,736)
OPEB Liability		(802,123)
Capital Leases		(24,593)
Installment Purchases		(75,942)
Compensated Absences		(292,568)
Uninsured Employer's Fund		(25,065)
Bonds		(6,783,220)
Accrued Interest Payable		(74,011)
Other Obligations		(47,001)
Pollution Remediation Liability		(9,437)
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.		(549,461)
Other long-term payables are not due and payable in the current period and, therefore, are not reported in the funds.		(415,608)
Deferred inflows are not available to pay for current period expenditures and, therefore, are not reported in the funds.		1,304,396
Deferred inflows associated with Service Concession Arrangements are long-term in nature and therefore not reported in the funds.		(3,030,381)
Deferred inflows associated with pension related costs are long-term in nature and therefore not reported in the funds.		(258,964)
Deferred inflows associated with gain on debt refundings are long-term in nature and therefore not reported in the funds.		(39)
Net position of governmental activities (see Government-wide Statement of Net Position)	$	21,148,750

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, 2017
(Dollars in Thousands)

		Special Revenue		
	General	Commonwealth Transportation	Federal Trust	Literary
Revenues				
Taxes	$ 19,259,139	$ 3,625,898	$ -	$ -
Rights and Privileges	85,893	619,332	1	514
Institutional Revenue	36,402	-	-	-
Interest, Dividends, Rents, and Other Investment Income	34,645	26,392	700	13,313
Federal Grants and Contracts	6,695	1,123,098	9,186,417	-
Other (Note 27)	556,012	322,329	145,938	59,059
Total Revenues	19,978,786	5,717,049	9,333,056	72,886
Expenditures				
Current:				
General Government	2,398,546	62,554	151,473	1
Education	8,451,787	2,564	1,060,635	274,239
Transportation	236	5,706,259	19,480	-
Resources and Economic Development	455,311	15,024	151,065	-
Individual and Family Services	6,566,727	-	7,813,573	-
Administration of Justice	2,733,295	10,117	59,545	-
Capital Outlay	47,383	41,708	20,915	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Charges	-	-	-	-
Total Expenditures	20,653,285	5,838,226	9,276,686	274,240
Revenues Over (Under) Expenditures	(674,499)	(121,177)	56,370	(201,354)
Other Financing Sources (Uses)				
Transfers In (Note 33)	853,827	37,870	10,866	154,302
Transfers Out (Note 33)	(441,670)	(229,972)	(51,453)	-
Notes Issued	7,908	-	-	-
Insurance Recoveries	32	123	14	-
Capital Leases Issued	83	1,394	-	-
Bonds Issued	-	316,930	-	-
Premium on Debt Issuance	-	64,902	-	-
Refunding Bonds Issued	-	-	-	-
Sale of Capital Assets	1,895	8,683	-	-
Payment to Refunded Bond Escrow Agents	-	-	-	-
Total Other Financing Sources (Uses)	422,075	199,930	(40,573)	154,302
Net Change in Fund Balances	(252,424)	78,753	15,797	(47,052)
Fund Balance, July 1, as restated (Note 2)	750,855	1,908,327	128,988	50,815
Fund Balance, June 30	$ 498,431	$ 1,987,080	$ 144,785	$ 3,763

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

Nonmajor Governmental Funds	Total Governmental Funds
$ 78,079	$ 22,963,116
315,716	1,021,456
204,598	241,000
70,865	145,915
75,596	10,391,806
548,666	1,632,004
1,293,520	36,395,297
77,843	2,690,417
27,086	9,816,311
6,328	5,732,303
359,145	980,545
425,108	14,805,408
72,083	2,875,040
270,783	380,789
412,457	412,457
281,446	281,446
1,932,279	37,974,716
(638,759)	(1,579,419)
674,289	1,731,154
(236,110)	(959,205)
512	8,420
1,227	1,396
-	1,477
367,670	684,600
109,473	174,375
276,060	276,060
-	10,578
(331,200)	(331,200)
861,921	1,597,655
223,162	18,236
733,227	3,572,212
$ 956,389	$ 3,590,448

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, 2017
(Dollars in Thousands)

Net Change in fund balances - total government funds (See Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds)	$	18,236
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		3,117,801
Nondepreciable Capital Assets Disposed		(54,114)
Depreciable Capital Assets Acquired		406,526
Depreciable Capital Assets Disposed		(190,588)
Depreciation Expense		(1,159,201)
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		(684,600)
Capital Lease Proceeds		(1,477)
Bond Premiums		(174,375)
Refunding Bonds Issued		(276,060)
Installment Purchase Proceeds		(8,420)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position.		412,457
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.		331,200
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(772,109)
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		149,719
Increase in OPEB Liability		(78,233)
Decrease in Other Long-term Liabilities		12,986
Decrease in Compensated Absences		18,043
Decrease in Interest Expense, Amortization of Long-term Debt premium and discounts, and Accrued Interest Liability		74,013
Increase in Other Liabilities		(96,478)
Net decrease in Due to Component Units for capital and other projects resulting from appropriation reductions or amounts which are not reported as expenditures in the fund statements.		12,289
Net revenue (expenses) of certain activities of internal service funds is reported within governmental activities.		136,261
Deferred inflows and outflows associated with pension and OPEB costs are not included in the funds.		(125,796)
Amortization of deferred inflows and/or outflows associated with Service Concession Arrangements are not included in the funds.		37,621
Change in net position of governmental activities (See Government-wide Statement of Activities)	$	1,105,701

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

Proprietary Funds

The Proprietary Funds account for operations that are financed and operated in a manner similar to private business enterprises. It is the intent that the cost of providing such goods or services will be recovered through user charges.

Major Enterprise Funds

The Virginia Lottery accounts for all receipts and expenses from the operations of the Virginia Lottery.

The Virginia College Savings Plan administers the Prepaid529 Program, which is a defined benefit program that offers contracts, for actuarially determined amounts, that provide for full future tuition and mandatory fee payments at Virginia's higher education institutions and differing payouts at private or out-of-state institutions. The fund accounts for the actuarially determined contributions and payments for approved expenses.

The Unemployment Compensation Fund administers the temporary partial income replacement payments to unemployed covered workers.

Nonmajor Enterprise Funds include those operations of state agencies which are listed on page 219 in the Combining and Individual Fund Statements and Schedules section of this report.

Internal Service Funds include those operations of state agencies which are listed on page 235 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Fund Net Position – Proprietary Funds

June 30, 2017
(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Assets and Deferred Outflows of Resources				
Current Assets:				
Cash and Cash Equivalents (Notes 1 and 6)	$ 26,289	$ 78,660	$ 1,168,330	$ 160,183
Receivables, Net (Notes 1 and 7)	69,396	62,959	91,805	49,793
Due from Other Funds (Note 9)	-	-	1,020	627
Due from External Parties (Fiduciary Funds) (Note 9)	-	-	-	-
Due from Component Units (Note 9)	-	-	-	-
Inventory (Note 1)	6,664	-	-	75,445
Prepaid Items (Note 1)	678	400	-	3,966
Other Assets (Notes 1 and 10)	10,848	-	-	209
Total Current Assets	113,875	142,019	1,261,155	290,223
Noncurrent Assets:				
Investments (Notes 1 and 6)	-	2,576,158	-	-
Receivables, Net (Notes 1 and 7)	-	146,794	-	-
Other Assets (Notes 1 and 10)	111,162	-	-	-
Nondepreciable Capital Assets (Notes 1 and 12)	-	-	-	2,756
Depreciable Capital Assets, Net (Notes 1 and 12)	13,218	8,305	-	18,509
Total Noncurrent Assets	124,380	2,731,257	-	21,265
Total Assets	238,255	2,873,276	1,261,155	311,488
Deferred Outflows of Resources (Notes 1, 13, 14, and 15)	5,785	2,488	-	17,685
Total Assets and Deferred Outflows of Resources	244,040	2,875,764	1,261,155	329,173
Liabilities and Deferred Inflows of Resources				
Current Liabilities:				
Accounts Payable (Notes 1 and 24)	22,274	3,364	88	76,819
Amounts Due to Other Governments	-	-	4,546	2,397
Due to Other Funds (Note 9)	15,429	104	1,229	17,782
Due to External Parties (Fiduciary Funds) (Note 9)	189	77	-	730
Interfund Payable (Note 9)	-	-	-	34,054
Unearned Revenue (Note 1)	1,760	-	-	4,003
Due to Claimants, Participants, Escrows and Providers (Note 1)	-	2,975	47,044	-
Other Liabilities (Notes 1 and 25)	74,482	16,532	-	270
Claims Payable Due Within One Year (Notes 1 and 23)	-	-	-	48,531
Long-term Liabilities Due Within One Year (Notes 1, 21, and 26)	12,325	263,945	-	4,194
Total Current Liabilities	126,459	286,997	52,907	188,780
Noncurrent Liabilities:				
Interfund Payable (Note 9)	-	-	-	670
Claims Payable Due in More Than One Year (Notes 1 and 23)	-	-	-	27,083
Long-term Liabilities Due in More Than One Year (Notes 1, 21, and 26)	148,123	1,803,923	-	132,332
Total Noncurrent Liabilities	148,123	1,803,923	-	160,085
Total Liabilities	274,582	2,090,920	52,907	348,865
Deferred Inflows of Resources (Notes 1, 13, 14, and 15)	834	318	-	4,265
Total Liabilities and Deferred Inflows of Resources	275,416	2,091,238	52,907	353,130
Net Position				
Net Investment in Capital Assets	13,218	3,281	-	21,265
Restricted for Unemployment Compensation	-	-	1,208,248	-
Unrestricted	(44,594)	781,245	-	(45,222)
Total Net Position (Deficit) (Note 4)	$ (31,376)	$ 784,526	$ 1,208,248	$ (23,957)

Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service fund assets and liabilities are included in business-type activities.

Net position of business-type activities

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

	Governmental Activities
Total	Internal Service Funds
$ 1,433,462	$ 508,036
273,953	22,930
1,647	52,205
-	210
-	23,101
82,109	15,231
5,044	7,578
11,057	13,372
1,807,272	642,663
2,576,158	-
146,794	-
111,162	-
2,756	18,362
40,032	159,812
2,876,902	178,174
4,684,174	820,837
25,958	10,907
4,710,132	831,744
102,545	97,910
6,943	70
34,544	1,892
996	436
34,054	15,595
5,763	131,402
50,019	-
91,284	321
48,531	188,651
280,464	9,050
655,143	445,327
670	82,988
27,083	721,015
2,084,378	124,244
2,112,131	928,247
2,767,274	1,373,574
5,417	6,657
2,772,691	1,380,231
37,764	138,820
1,208,248	-
691,429	(687,307)
$ 1,937,441	$ (548,487)

974
$ 1,938,415

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Business-type Activities Enterprise Funds		
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation
Operating Revenues			
Charges for Sales and Services	$ 1,989,872	$ 148,435	$ 490,517
Interest, Dividends, Rents, and Other Investment Income	-	255,636	22,575
Other (Note 27)	-	-	295
Total Operating Revenues	1,989,872	404,071	513,387
Operating Expenses			
Cost of Sales and Services	143,267	-	-
Prizes and Claims (Note 29)	1,202,005	-	347,869
Tuition Benefits Expense	-	180,811	-
Personal Services	30,541	11,839	-
Contractual Services	39,654	11,289	-
Supplies and Materials	547	70	-
Depreciation	2,610	507	-
Rent, Insurance, and Other Related Charges	2,138	223	-
Interest Expense	-	-	-
Non-recurring Cost Estimate Payments to Providers	-	-	-
Other (Note 30)	-	1,617	-
Total Operating Expenses	1,420,762	206,356	347,869
Operating Income	569,110	197,715	165,518
Nonoperating Revenues (Expenses)			
Interest, Dividends, Rents, and Other Investment Income	934	-	-
Other (Note 31)	865	35	(401)
Total Nonoperating Revenues (Expenses)	1,799	35	(401)
Income Before Transfers	570,909	197,750	165,117
Transfers In (Note 33)	-	-	-
Transfers Out (Note 33)	(571,370)	(935)	(1,427)
Change in Net Position	(461)	196,815	163,690
Total Net Position (Deficit), July 1	(30,915)	587,711	1,044,558
Total Net Position (Deficit), June 30 (Note 4)	$ (31,376)	$ 784,526	$ 1,208,248

Some amounts reported for business-type activies in the Statement of Activities are different because the net revenue (expense) of certain internal service funds is reported w ith business-type activities.

Change in Net Position of business-type activities

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

Nonmajor	Total	Governmental Activities Internal Service Funds
$ 1,390,562	$ 4,019,386	$ 2,187,896
-	278,211	-
20,112	20,407	-
1,410,674	4,318,004	2,187,896
455,731	598,998	64,054
427,956	1,977,830	1,327,292
-	180,811	-
141,071	183,451	50,830
83,604	134,547	475,412
46,717	47,334	8,790
2,932	6,049	24,086
36,272	38,633	79,406
-	-	8
41,432	41,432	-
6,866	8,483	15,850
1,242,581	3,217,568	2,045,728
168,093	1,100,436	142,168
1,434	2,368	4,023
11,767	12,266	(890)
13,201	14,634	3,133
181,294	1,115,070	145,301
79	79	1,048
(196,191)	(769,923)	(3,153)
(14,818)	345,226	143,196
(9,139)	1,592,215	(691,683)
$ (23,957)	$ 1,937,441	$ (548,487)

6,935
$ 352,161

Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Cash Flows from Operating Activities				
Receipts for Sales and Services	$ 1,982,594	$ 153,632	$ 522,855	$ 1,398,397
Receipts from Investments	-	-	22,528	-
Internal Activity-Receipts from Other Funds	-	-	6,452	10,346
Internal Activity-Payments to Other Funds	-	(240)	-	(2,917)
Payments to Suppliers for Goods and Services	(145,253)	(1,076)	-	(535,272)
Payments for Contractual Services	(21,875)	(8,865)	-	(81,745)
Payments for Prizes, Claims, and Loss Control (Note 36)	(1,228,244)	-	(359,748)	(424,410)
Payments for Tuition Benefits	-	(166,057)	-	-
Payments to Employees	(29,414)	(11,270)	-	(138,207)
Payments to Providers for Non-recurring Cost Estimates	-	-	-	(40,974)
Payments for Interest	-	-	-	-
Other Operating Revenue (Note 36)	-	-	318	5,130
Other Operating Expense (Note 36)	-	(1,115)	-	(5,055)
Net Cash Provided by (Used for) Operating Activities	557,808	(34,991)	192,405	185,293
Cash Flows from Noncapital Financing Activities				
Transfers In from Other Funds	-	-	-	79
Transfers Out to Other Funds	(613,037)	(935)	(2,985)	(428,975)
Other Noncapital Financing Receipt Activities (Note 36)	100	-	44	269,578
Other Noncapital Financing Disbursement Activities (Note 36)	-	-	-	(29,782)
Net Cash Used for Noncapital Financing Activities	(612,937)	(935)	(2,941)	(189,100)
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(10,557)	(123)	-	(1,828)
Payment of Principal and Interest on Bonds and Notes	-	(575)	-	-
Proceeds from Sale of Capital Assets	1,736	-	-	-
Other Capital and Related Financing Receipt Activities (Note 36)	-	-	-	182
Other Capital and Related Financing Disbursement Activities (Note 36)	-	-	-	-
Net Cash Used for Capital and Related Financing Activities	(8,821)	(698)	-	(1,646)
Cash Flows from Investing Activities				
Purchase of Investments	(183)	(872,094)	-	-
Proceeds from Sales or Maturities of Investments	13,651	849,182	-	-
Investment Income on Cash, Cash Equivalents, and Investments	944	61,005	-	1,224
Net Cash Provided by Investing Activities	14,412	38,093	-	1,224
Net Increase (Decrease) in Cash and Cash Equivalents	(49,538)	1,469	189,464	(4,229)
Cash and Cash Equivalents, July 1	75,828	77,191	978,866	164,621
Cash and Cash Equivalents, June 30	$ 26,290	$ 78,660	$ 1,168,330	$ 160,392
Reconciliation of Cash and Cash Equivalents				
Per the Statement of Net Position:				
Cash and Cash Equivalents	$ 26,289	$ 78,660	$ 1,168,330	$ 160,183
Cash and Travel Advances	1	-	-	209
Cash and Cash Equivalents per the Statement of Cash Flows	$ 26,290	$ 78,660	$ 1,168,330	$ 160,392

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

	Governmental Activities
Total	Internal Service Funds
$ 4,057,478	$ 818,371
22,528	-
16,798	1,379,704
(3,157)	(13,264)
(681,601)	(143,133)
(112,485)	(475,153)
(2,012,402)	(1,381,539)
(166,057)	-
(178,891)	(50,834)
(40,974)	-
-	(8)
5,448	-
(6,170)	(14,197)
900,515	119,947
79	1,048
(1,045,932)	(3,153)
269,722	29,837
(29,782)	(34,863)
(805,913)	(7,131)
(12,508)	(34,490)
(575)	(14,816)
1,736	1,737
182	-
-	(2,231)
(11,165)	(49,800)
(872,277)	-
862,833	-
63,173	3,910
53,729	3,910
137,166	66,926
1,296,506	441,110
$ 1,433,672	$ 508,036
$ 1,433,462	$ 508,036
210	-
$ 1,433,672	$ 508,036

Continued on next page

Statement of Cash Flows – Proprietary Funds *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Reconciliation of Operating Income				
To Net Cash Provided by (Used for)				
Operating Activities:				
Operating Income (Loss)	$ 569,110	$ 197,715	$ 165,518	$ 168,093
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for)				
Operating Activities:				
Depreciation	2,610	507	-	2,932
Interest, Dividends, Rents, and Other Investment Income	(5,582)	(255,636)	-	-
Miscellaneous Nonoperating Income	755	-	-	2,654
Other	(49)	(6)	-	-
Change in Assets, Deferred Outflows of Resources, Liabilities, and				
Deferred Inflows of Resources				
(Increase) Decrease in Accounts Receivable	(6,326)	5,196	15,827	1,827
(Increase) Decrease in Due from Other Funds	-	-	(525)	181
(Increase) Decrease in Due from External Parties (Fiduciary Funds)	-	-	-	-
(Increase) Decrease in Due from Component Units	-	-	-	-
(Increase) Decrease in Other Assets	-	-	-	-
(Increase) Decrease in Inventory	(1,987)	-	-	(3,196)
(Increase) Decrease in Prepaid Items	(2)	(253)	-	(557)
(Increase) Decrease in Deferred Outflows of Resources	(1,282)	(654)	-	(6,069)
Increase (Decrease) in Accounts Payable	4,864	2,547	(16)	5,151
Increase (Decrease) in Amounts Due to Other Governments	-	-	(319)	100
Increase (Decrease) in Due to Other Funds	3,174	37	(45)	(7,237)
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	5	9	-	80
Increase (Decrease) in Interfund Payables: Due Within One Year	-	-	-	10,305
Increase (Decrease) in Interfund Payables: Due in More Than One Year	-	-	-	-
Increase (Decrease) in Unearned Revenue	(951)	-	-	1,260
Increase (Decrease) in Due to Claimants, Participants, Escrows and Providers	-	2,221	11,965	-
Increase (Decrease) in Other Liabilities	(473)	-	-	7
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	-	1,973
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-	1,265
Increase (Decrease) in Long-term Liabilities: Due Within One Year	(2,310)	12,724	-	(95)
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(2,556)	1,042	-	9,537
Increase (Decrease) in Deferred Inflows of Resources	(1,192)	(440)	-	(2,918)
Net Cash Provided by (Used for) Operating Activities	$ 557,808	$ (34,991)	$ 192,405	$ 185,293
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the Statement of Net Position date:				
Installment Purchases Used to Finance Capital Assets	$ -	$ -	$ -	$ -
Change in Fair Value of Investments	-	126,222	-	-
Capital Asset Addition Included in Accounts Payable	-	-	-	-
Total Noncash, Investing, Capital, and Financing Activities	$ -	$ 126,222	$ -	$ -

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

	Governmental Activities
Total	Internal Service Funds
$ 1,100,436	$ 142,168
6,049	24,086
(261,218)	-
3,409	1,607
(55)	(165)
16,524	(13,253)
(344)	(1,290)
-	13,677
-	(4,386)
-	(319)
(5,183)	3,495
(812)	(4,196)
(8,005)	(4,410)
12,546	(6,158)
(219)	(910)
(4,071)	34
94	44
10,305	856
-	(587)
309	15,132
14,186	-
(466)	(112)
1,973	(9,718)
1,265	(39,284)
10,319	73
8,023	2,726
(4,550)	837
$ 900,515	$ 119,947
$ -	$ 12,806
126,222	-
-	1,771
$ 126,222	$ 14,577

Fiduciary Funds

Private Purpose Trust Funds

Private Purpose Trust Funds are trust arrangements that benefit individuals, private organizations, or other governments.

Pension and Other Employee Benefit Trust Funds

Pension and Other Employee Benefit Trust Funds reflect the activities of the retirement systems and postemployment benefits administered by the Virginia Retirement System or the Department of Human Resource Management.

Investment Trust Fund

Investment Trust Fund reflects the external portion of the Local Government Investment Pool sponsored by the Commonwealth.

Agency Funds

Agency Funds report those funds for which the Commonwealth acts solely in a custodial capacity.

A listing of all Fiduciary Funds is located on pages 244-245 in the Combining and Individual Fund Statements and Schedules section of this report. Combining financial statements for all Fiduciary Funds begin on page 246.

Statement of Fiduciary Net Position – Fiduciary Funds

June 30, 2017
(Dollars in Thousands)

	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Agency Funds
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents (Notes 1 and 6)	$ 92,142	$ 132,797	$ 1,954,575	$ 319,914
Investments (Notes 1 and 6):				
Bonds and Mortgage Securities	101,737	21,968,214	101,431	-
Stocks	69,914	24,336,909	-	-
Fixed Income Commingled Funds	-	1,151,868	-	-
Index and Pooled Funds	2,047,970	9,630,071	-	-
Real Estate	-	8,279,144	-	-
Private Equity	-	11,114,649	-	-
Mutual and Money Market Funds	772,082	-	-	-
Short-term Investments	-	70,981	1,740,989	-
Hybrid Defined Contribution Investments	-	182,368	-	-
Other	869,551	4,796,902	-	6
Total Investments	3,861,254	81,531,106	1,842,420	6
Assets Held Pending Distribution (Note 1)	16,471	-	-	445,253
Receivables, Net (Notes 1 and 7):				
Accounts	103	-	-	60,491
Contributions	-	218,600	-	-
Interest and Dividends	2,613	233,179	2,165	-
Security Transactions	-	1,322,398	-	-
Other Receivables	-	22,399	-	-
Total Receivables	2,716	1,796,576	2,165	60,491
Due from Other Funds (Note 9)	-	3,502	-	-
Due from Internal Parties (Governmental Funds and Business-type Activities) (Note 9)	-	33,697	-	-
Due from Component Units (Note 9)	-	36,083	-	-
Other Assets (Notes 1 and 10)	-	-	-	29
Furniture and Equipment (Note 1)	-	35,360	-	-
Total Assets	3,972,583	83,569,121	3,799,160	825,693
Deferred Outflows of Resources (Notes 1, 13, 14, and 15)	14	-	-	-
Total Assets and Deferred Outflows of Resources	3,972,597	83,569,121	3,799,160	825,693
Liabilities and Deferred Inflows of Resources				
Accounts Payable (Notes 1 and 24)	311	46,727	-	7,855
Amounts Due to Other Governments	-	-	-	259,297
Due to Other Funds (Note 9)	1	3,501	-	-
Due to Internal Parties (Governmental Funds and Business-type Activities) (Note 9)	-	58,683	1	162
Obligations Under Securities Lending (Notes 1 and 6)	-	4,796,902	-	-
Due to Claimants, Participants, Escrows and Providers (Note 1)	4,039	-	-	43,717
Other Liabilities (Notes 1 and 25)	-	101,906	-	514,527
Retirement Benefits Payable	-	66,281	-	-
Refunds Payable	-	3,883	-	-
Compensated Absences Payable (Notes 1 and 21)	3	2,516	-	-
Insurance Premiums and Claims Payable	-	69,205	-	135
Payable for Security Transactions	1,874	3,313,401	-	-
Net Pension Liability	77	-	-	-
Other Postemployment Benefits (OPEB) Liability	16	-	-	-
Total Liabilities	6,321	8,463,005	1	825,693
Deferred Inflows of Resources (Notes 1, 13, 14, and 15)	4	-	-	-
Total Liabilities and Deferred Inflows of Resources	6,325	8,463,005	1	825,693
Net Position Restricted for Pensions/ Other Employment Benefits, Pool Participants, and Other Purposes	$ 3,966,272	$ 75,106,116	$ 3,799,159	$ -

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

Statement of Changes in Fiduciary Net Position – Fiduciary Funds

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund
Additions:			
Investment Income:			
Interest, Dividends, and Other Investment Income	$ 331,703	$ 8,692,940	$ 20,580
Distributions to Shareholders from Net Investment Income	-	-	(20,580)
Total Investment Income	331,703	8,692,940	-
Less Investment Expenses	3,604	449,539	-
Net Investment Income	328,099	8,243,401	-
Contributions:			
Participants	552,284	-	-
Member	-	1,064,089	-
Employer	-	2,626,392	-
Total Contributions	552,284	3,690,481	-
Shares Sold	-	-	5,851,219
Reinvested Distributions	-	-	21,114
Other Revenue (Note 27)	3	3,684	-
Total Additions	880,386	11,937,566	5,872,333
Deductions:			
Loan Servicing Payments	7	-	-
Educational Expense Benefits	238,715	-	-
Retirement Benefits	-	4,519,691	-
Refunds to Former Members	-	119,767	-
Retiree Health Insurance Credits	-	158,965	-
Insurance Premiums and Claims	1	194,412	-
Trust Payments	5,881	-	-
Administrative Expenses	687	50,231	-
Other Expenses (Note 30)	-	13,688	-
Shares Redeemed	24,957	-	5,415,947
Long-term Disability Benefits	-	38,868	-
Total Deductions	270,248	5,095,622	5,415,947
Net Increase	610,138	6,841,944	456,386
Net Position Restricted for Pensions/ Other Employment Benefits, Pool Participants, and Other Purposes			
July 1, as restated (Note 2)	3,356,134	68,264,172	3,342,773
June 30	$ 3,966,272	$ 75,106,116	$ 3,799,159

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

Component Units

Component Units are organizations that are legally separate from the primary government. Each discrete component unit serves or benefits those outside of the primary government.

The Virginia Housing Development Authority provides investment in and stimulates construction of low to moderate income housing for the citizens of the Commonwealth.

The Virginia Public School Authority provides financing to cities and counties for capital construction of primary and secondary schools.

The Virginia Resources Authority provides financing for the construction of local water supply and wastewater treatment facilities and other local infrastructure projects.

The Virginia College Building Authority provides financing of capital projects and equipment purchases by state-supported colleges and universities.

Nonmajor Component Units include those listed on pages 268-269 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Net Position – Component Units

June 30, 2017
(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Public School Authority	Virginia Resources Authority
Assets and Deferred Outflows of Resources			
Cash and Cash Equivalents (Notes 1 and 6)	$ 4,169	$ 23,534	$ 5,745
Investments (Notes 1 and 6)	3,835	-	18,277
Receivables, Net (Notes 1 and 7)	6,064,758	3,391,606	4,466,106
Contributions Receivable, Net (Notes 1 and 8)	-	-	-
Due from Primary Government (Note 9)	-	-	-
Due from Component Units (Note 9)	-	-	-
Inventory (Note 1)	-	-	-
Prepaid Items (Note 1)	1,642	-	36
Other Assets (Notes 1 and 10)	35,577	-	197
Loans Receivable from Primary Government (Notes 1 and 9)	-	199,905	-
Restricted Cash and Cash Equivalents (Notes 6 and 11)	890,104	121,899	194,170
Restricted Investments (Notes 6 and 11)	544,767	74,043	522,919
Other Restricted Assets (Note 11)	23,454	-	-
Nondepreciable Capital Assets (Notes 1 and 12)	3,470	-	-
Depreciable Capital Assets, Net (Notes 1 and 12)	20,665	-	103
Total Assets	7,592,441	3,810,987	5,207,553
Deferred Outflows of Resources (Notes 1, 13, 14, and 15)	-	123,988	82,054
Total Assets and Deferred Outflows of Resources	7,592,441	3,934,975	5,289,607
Liabilities and Deferred Inflows of Resources			
Accounts Payable (Notes 1 and 24)	24,874	140	97
Amounts Due to Other Governments	-	110,416	-
Due to Primary Government (Note 9)	-	-	-
Due to Component Units (Note 9)	-	-	-
Due to External Parties (Fiduciary Funds) (Note 9)	-	-	-
Unearned Revenue (Note 1)	-	-	-
Obligations Under Securities Lending Program (Notes 1 and 6)	-	-	-
Other Liabilities (Notes 1, 14 and 25)	497,896	58,475	34,557
Loans Payable to Primary Government (Notes 1 and 9)	-	-	-
Claims Payable (Notes 1 and 23):			
Due Within One Year	-	-	-
Due in More Than One Year	-	-	-
Long-term Liabilities (Notes 1, 21, and 26):			
Due Within One Year	340,959	311,640	190,467
Due in More Than One Year	3,577,445	3,469,219	3,460,625
Total Liabilities	4,441,174	3,949,890	3,685,746
Deferred Inflows of Resources (Notes 1, 13, 14, 15, and 38)	-	-	36,417
Total Liabilities and Deferred Inflows of Resources	4,441,174	3,949,890	3,722,163
Net Position			
Net Investment in Capital Assets	13,499	-	103
Restricted For:			
Nonexpendable:			
Higher Education	-	-	-
Other	-	-	-
Expendable:			
Bond Indenture	2,885,942	-	-
Capital Projects/Construction/Capital Acquisition	-	-	1,542,664
Debt Service	-	-	-
Gifts and Grants	-	-	-
Higher Education	-	-	-
Virginia Pooled Investment Program	-	-	7,760
Other	-	-	-
Unrestricted	251,826	(14,915)	16,917
Total Net Position (Deficit) (Note 4)	$ 3,151,267	$ (14,915)	$ 1,567,444

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

Virginia College Building Authority	Nonmajor Component Units	Total
$ 33	$ 2,445,303	$ 2,478,784
-	11,759,472	11,781,584
21,900	1,393,177	15,337,547
-	450,250	450,250
3,782	72,896	76,678
-	95,308	95,308
-	143,659	143,659
-	164,939	166,617
-	82,102	117,876
-	-	199,905
96,117	671,297	1,973,587
-	4,528,645	5,670,374
-	244,561	268,015
-	2,654,089	2,657,559
-	17,911,493	17,932,261
121,832	42,617,191	59,350,004
25,607	755,069	986,718
147,439	43,372,260	60,336,722
-	1,136,774	1,161,885
-	4,801	115,217
-	23,946	23,946
92,153	3,155	95,308
-	36,083	36,083
-	382,594	382,594
-	341	341
82,582	1,045,815	1,719,325
39,191	21,350	60,541
-	87,334	87,334
-	33,869	33,869
240,965	634,793	1,718,824
3,617,960	14,121,506	28,246,755
4,072,851	17,532,361	33,682,022
-	210,972	247,389
4,072,851	17,743,333	33,929,411
-	11,194,321	11,207,923
-	3,595,770	3,595,770
-	166,944	166,944
-	-	2,885,942
-	205,097	1,747,761
-	92,233	92,233
-	149,618	149,618
41	5,907,436	5,907,477
-	-	7,760
-	10,086	10,086
(3,925,453)	4,307,422	635,797
$ (3,925,412)	$ 25,628,927	$ 26,407,311

Statement of Activities – Component Units

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

		Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions (Note 1)	Capital Grants and Contributions	Net (Expenses) Revenue	Operating Appropriations from Primary Government
Virginia Housing Development Authority	$ 381,085	$ 398,269	$ 124,745	$ -	$ 141,929	$ -
Virginia Public School Authority	137,039	132,896	8,585	-	4,442	-
Virginia Resources Authority	146,167	141,062	-	45,405	40,300	-
Virginia College Building Authority	576,184	63,702	42,149	828	(469,505)	370,111
Total Major Component Units	1,240,475	735,929	175,479	46,233	(282,834)	370,111
Nonmajor Component Units:						
Higher Education	14,113,551	9,665,716	2,979,518	411,477	(1,056,840)	1,888,488
Other	971,983	770,593	59,283	31,770	(110,337)	193,361
Total Nonmajor Component Units	15,085,534	10,436,309	3,038,801	443,247	(1,167,177)	2,081,849
Total Component Units	$ 16,326,009	$ 11,172,238	$ 3,214,280	$ 489,480	$ (1,450,011)	$ 2,451,960

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

General Revenues							
Unrestricted Grants and Contributions	Investment Earnings	Miscellaneous	Special Items (Note 32)	Contributions to Permanent and Term Endowments	Change in Net Position	Net Position (Deficit) July 1	Net Position (Deficit) June 30 (Note 4)
$ -	$ 17,395	$ -	$ -	$ -	$ 159,324	$ 2,991,943	$ 3,151,267
-	3,360	120	-	-	7,922	(22,837)	(14,915)
-	-	-	-	-	40,300	1,527,144	1,567,444
-	-	-	-	-	(99,394)	(3,826,018)	(3,925,412)
-	20,755	120	-	-	108,152	670,232	778,384
71,662	725,056	86,500	-	227,525	1,942,391	21,450,920	23,393,311
18,814	4,951	9,135	13,277	8,342	137,543	2,098,073	2,235,616
90,476	730,007	95,635	13,277	235,867	2,079,934	23,548,993	25,628,927
$ 90,476	$ 750,762	$ 95,755	$ 13,277	$ 235,867	$ 2,188,086	$ 24,219,225	$ 26,407,311

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements have been prepared in conformance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

B. Reporting Entity

For financial reporting purposes, the Commonwealth of Virginia's (the Commonwealth's) reporting entity consists of (1) the primary government, (2) component unit organizations for which the primary government is financially accountable (blended component units), and (3) other component unit organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading, and they are financially accountable to the primary government (discrete component units). The funds of all agencies, boards, commissions, foundations, and authorities that have been identified as part of the primary government or a component unit have been included. GASB standards require the inclusion of numerous organizations that raise and hold funds for the direct benefit of the primary government.

Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification) describes the criteria for determining which organizations, functions, and activities should be considered part of the Commonwealth for financial reporting purposes. The basic criteria include appointing a voting majority of an organization's governing body, and the Commonwealth's ability to impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Commonwealth. Additionally, in instances where the voting majority is not appointed, the above benefit/burden criteria apply. If the organization's assets are also held for, or can be accessed by, the Commonwealth, the organization is considered part of the reporting entity.

(1) Primary Government – A primary government consists of all the organizations that make up its legal entity. All funds, organizations, institutions, agencies, and departments are, for financial reporting purposes, part of the primary government.

(2) Blended Component Units – Though legally separate entities, these component units are, in substance, part of the primary government's operations. The blended component units serve or benefit the primary government almost exclusively. Financial information from these units is combined with that of the primary government. The Commonwealth's only blended component unit is:

Virginia Public Building Authority (nonmajor governmental fund) – The Authority was created as a body politic and corporate and is fiscally independent. A government instrumentality, the Authority finances the acquisition and construction of buildings for the use of the Commonwealth and other approved purposes. The Governor appoints the 7-member board, and the primary government is able to impose its will on the Authority. The Auditor of Public Accounts audits the Authority, and a separate report is issued from the Department of the Treasury, Post Office Box 1879, Richmond, Virginia 23218-1879.

(3) Discrete Component Units – Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government. They are financially accountable to the primary government, or have relationships with the primary government such that exclusion would cause the reporting entity's financial statements to be misleading. These discrete component units serve or benefit those outside of the primary government.

GASB statements generally require any organization that raises and holds economic resources for the direct benefit of the reporting entity to be reported as a component unit, even if the reporting entity is not financially accountable for the organization. The entities are included in the Commonwealth's reporting entity as nonprofit charitable organizations and exist solely to support the Commonwealth's higher education institutions and certain state agencies. The higher education institution nonprofit organizations are included in the applicable higher education institution's column in the accompanying financial statements. In all instances where separate disclosure of these nonprofit organizations is required in the accompanying footnotes, the entities' totals are aggregated and disclosed as "foundations."

The criteria for reporting certain component units as major component units focuses on the nature and significance of the component unit's relationship to the primary government versus other component units.

Discretely presented component units are:

Virginia Housing Development Authority (major) – The Authority was created as a political subdivision and instrumentality of the Commonwealth and is granted both politic and corporate powers by the *Code of Virginia*. The Governor appoints a majority of the Authority's board members and the remaining board members are ex-officio. The Commonwealth may make grants to the Authority including, but not limited to, reserve funds, which is a potential financial benefit/burden to the primary government. The Commonwealth is not legally obligated by the debt of the Authority. The Authority was created in the public interest to provide investment in and stimulate construction of low to moderate income housing which benefits the citizens of the Commonwealth. The administrative offices of the Authority are located at 601 South Belvidere Street, Richmond, Virginia 23220. KPMG, LLP audits the Authority, and a separate report is issued.

Virginia Public School Authority (major) – The Authority was created as a public body corporate, and an agency and instrumentality of the Commonwealth to finance capital projects of city and county school boards. The Governor appoints the board members, who serve at his pleasure. Therefore, the primary government is able to impose its will on the Authority. The Auditor of Public Accounts audits the Authority, and a separate report is issued from the Department of the Treasury, Post Office Box 1879, Richmond, Virginia 23218-1879.

Virginia Resources Authority (major) – The Authority was created as a public body corporate and a political subdivision of the Commonwealth to provide financing of infrastructure projects for water supply, wastewater, storm water, solid waste treatment, airports, public safety, brownfields remediation and redevelopment, and recycling. The Governor appoints the 11-member board and the Executive Director of the Authority. The primary government is able to impose its will on the Authority, and there is a financial benefit/burden to the primary government. The Commonwealth does not guarantee any bonds issued by the Authority. The administrative offices of the Authority are located at 1111 East Main Street, Suite 1920, Richmond, Virginia 23219. Brown, Edwards and Company, LLP audits the Authority, and a separate report is issued.

Virginia College Building Authority (major) – The Authority was created as a public body corporate, a political subdivision, and an agency and instrumentality of the Commonwealth. The Governor appoints a majority of the board and members serve at his pleasure. Therefore, the primary government is able to impose its will on the Authority. The Authority finances certain capital projects and equipment purchases of state-supported colleges and universities. The Auditor of Public Accounts audits the Authority, and a separate report is issued from the Department of the Treasury, Post Office Box 1879, Richmond, Virginia 23218-1879.

Only the activity of the Authority that relates to the financing of capital projects and equipment purchases by state-supported colleges and universities is included in the accompanying financial statements. The state-supported colleges and universities reported revenue from the Authority of $292.3 million as Program Revenue Capital Grants and Contributions for the 21st Century Program and $82.0 million as Program Revenue Operating Grants and Contributions for equipment. The Authority reported Operating Appropriations from Primary Government of approximately $370.1 million. In addition, the Authority reported approximately $30.0 million in payments from the state-supported colleges and universities for 21st Century and Equipment Program debt service costs and approximately $11.9 million in interest on Build America Bonds.

The Authority assists private institutions of higher education in the financing and refinancing of a broad range of facilities. The Authority is authorized to issue obligations and lend the proceeds to private institutions; however, such financings or refinancings are not obligations of the primary government nor the Authority, but are payable solely from the revenues pledged by the respective private institution. This indebtedness, totaling $716.3 million, is not included in the accompanying financial statements.

Higher Education Institutions (nonmajor) – The Commonwealth's higher education institutions are granted broad corporate powers by state statutes. The Governor appoints the members of each institution's board of trustees. In addition to the annual appropriations to support the institutions' operations, the Commonwealth provides funding for, and construction of, major academic plant facilities for the institutions. Institutions reported Operating Appropriations from Primary Government of approximately $1.9 billion and Program Revenue Capital Grants and Contributions of approximately $27.7 million from the primary government. Therefore, there is a financial benefit/burden to the primary government. The higher education institutions are: the University of Virginia, including the

University of Virginia Medical Center and the University of Virginia's College at Wise; Virginia Polytechnic Institute and State University; Virginia Commonwealth University, including the Virginia Commonwealth University Health System Authority; the College of William & Mary, including Richard Bland College and the Virginia Institute of Marine Science; Virginia Military Institute; Virginia State University; Norfolk State University; University of Mary Washington; James Madison University; Radford University; Old Dominion University; George Mason University; Virginia Community College System; Christopher Newport University; and Longwood University. The Southwest Virginia Higher Education Center, Roanoke Higher Education Authority, Institute for Advanced Learning and Research, Southern Virginia Higher Education Center, and New College Institute are also included as higher education institutions. The colleges and universities are funded through state appropriations, tuition, federal grants, and private donations and grants. As previously noted, certain foundations are considered component units of the higher education institutions, and are included in the accompanying financial statements as well as the higher education institutions' separately issued financial statements. The Auditor of Public Accounts (APA) does not audit the Roanoke Higher Education Authority, the Institute for Advanced Learning and Research, and the component units of the higher education institutions, including foundations, but relies on the reports issued by other auditors to render her opinion.

The APA audits the colleges and universities, and individual reports are issued under separate cover. Complete financial statements for each institution may be obtained from their respective administrative offices. The addresses for these institutions may be obtained from the Department of Accounts, 101 North 14th Street, Richmond, Virginia 23219-3638.

Innovation and Entrepreneurship Investment Authority (nonmajor) – The Authority is granted corporate powers by the *Code of Virginia*. The Authority serves to facilitate the marketing, organization, and development of scientific research and technology by the state's institutions of higher education and private industry in the Commonwealth. In addition, the Authority serves to promote the economic development of the Commonwealth by attracting and retaining high technology jobs and businesses in Virginia. The Governor and General Assembly appoint the 17-member board, and there is a financial benefit/burden to the primary government. The Authority's combined financial statements include the accounts of the Center for Innovative Technology (CIT) and subsidiaries after elimination of all significant intercompany balances and transactions. CIT is a non-stock, not-for-profit corporation, which acts as the operating arm of the Authority. The address for the administrative offices of the Authority is CIT Building, Suite 600, 2214 Rock Hill Road, Herndon, Virginia 20170-4228. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

Virginia Economic Development Partnership (nonmajor) – The Partnership was created as a body corporate and operates to encourage, stimulate, and support the development and expansion of both domestic and international commerce in the Commonwealth. The Governor appoints the 15-member board, and there is a financial benefit/burden to the primary government. The administrative offices are located at 901 East Cary Street, Suite 900, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Partnership, and a separate report is issued.

Virginia Outdoors Foundation (nonmajor) – The Foundation was created as a body politic and is administratively assigned to the Department of Conservation and Recreation (part of primary government) and charged with promoting preservation through the acceptance of donated conservation easements and raising funds for the purchase of preservation land. The Governor appoints the 7-member board of trustees, and the primary government can impose its will on the Foundation. The administrative offices of the Foundation are located at 900 S Main Street, Blacksburg, VA 24060. Hicok, Fern & Company CPAs audits the Foundation, and a separate report is issued.

Virginia Port Authority (nonmajor) – The Authority was established as a corporate body and operates to serve the citizens and promote commerce through the harbors and ports of Virginia. The Governor appoints a majority of the 12-member board, and the primary government is able to impose its will on the Authority. There is also a financial benefit/burden to the primary government. The administrative offices of the Authority are located at 701 Town Center Drive, Suite 900, Newport News, Virginia 23606. PBMares, LLP, audits the Authority, and a separate report is issued.

Virginia Tourism Authority (nonmajor) – The Authority was created as a public body corporate and as a political subdivision of the Commonwealth. The Authority encourages, stimulates, and promotes tourism and film production industries of the Commonwealth. The Governor appoints all of the board members, and there is a financial benefit/burden to the primary government. The administrative offices are located at 901 East Cary Street, Suite 900, Richmond, Virginia 23219. The

Auditor of Public Accounts audits the Authority, and a separate report is issued.

Virginia Foundation for Healthy Youth (nonmajor) – The Foundation was created as a body corporate and as a political subdivision of the Commonwealth. The Foundation was established to determine the appropriate recipients of monies in the Virginia Tobacco Settlement Fund and to distribute monies in this fund for such efforts as restricting the use of tobacco products by minors and the enforcement of laws restricting the distribution of tobacco products to minors. The Governor appoints the majority of the board, and there is a financial benefit/burden to the primary government. The administrative offices are located at 701 East Franklin Street, Suite 500, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Foundation, and a separate report is issued.

Tobacco Region Revitalization Commission (nonmajor) – The Commission was created as a body corporate and as a political subdivision of the Commonwealth. The Commission was established to determine the appropriate recipients of the monies in the Tobacco Indemnification and Community Revitalization Fund. This fund is to provide payments to tobacco farmers as compensation for the adverse economic effects resulting from loss of investment in specialized tobacco equipment and barns, as well as lost tobacco production opportunities. It also provides monies to revitalize tobacco dependent communities. The Governor appoints the majority of the board, and there is a financial benefit/burden to the primary government. The administrative offices are located at 701 East Franklin Street, Suite 501, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Commission, and a separate report is issued.

Hampton Roads Sanitation District Commission (nonmajor) – The Commission was established as a political subdivision of the Commonwealth and a government instrumentality. The Commission, which is the governing board of the district, was granted corporate powers by the *Code of Virginia*. The Governor appoints the Commission members, who serve at his pleasure. Therefore, the primary government is able to impose its will on the Commission. The Commonwealth is not obligated by the debt of the Commission. The Commission was established to benefit the inhabitants of the district and operates a sewage system for 17 localities in the Chesapeake Bay area. The address for the administrative offices of the Commission is 1434 Air Rail Avenue, Virginia Beach, Virginia 23455. KPMG, LLP, audits the Commission, and a separate report is issued.

Virginia Biotechnology Research Partnership Authority (nonmajor) – The Authority is a legally separate, political subdivision of the Commonwealth created by the General Assembly to assist in the development of a biotechnology research park. The Governor appoints the board members of the Authority, and there is a potential financial benefit/burden to the primary government. The administrative offices of the Authority are located at 800 East Leigh Street, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

The Authority issued the 2002 Series and the 2013 Series of revenue bonds for specific customers. The 2002 Series revenue bonds were for a facility built specifically for the United Network for Organ Sharing. The 2013 Series revenue bonds were to assist the Institute for Transfusion Medicine (ITxM). The bonds are secured by a letter of credit and are payable solely from the payments made by the borrower under the loan agreement. None of these bonds constitutes a debt or pledge of the Authority or the Commonwealth. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Virginia Small Business Financing Authority (nonmajor) – Section 2.2-2280 of the *Code of Virginia* established the Authority as a public body corporate and a political subdivision of the Commonwealth. The Governor appoints the 11-member board, and the primary government is able to impose its will on the Authority. The Authority was created to assist small businesses in the Commonwealth in obtaining financing for new businesses or the expansion of existing businesses. The Authority can provide financial assistance to small businesses by providing loans, guarantees, insurance, and other assistance, thereby encouraging the investment of private capital in small businesses in the Commonwealth. The Authority can loan money to local governments as defined by the *Code of Virginia* for economic development purposes. The Authority also guarantees loans made to small businesses by banks. The administrative offices of the Authority are located at 101 North 14th Street, 11th Floor, Richmond, Virginia 23218-0446. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

The Authority has issued Industrial Development Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector

entity served by the bond issuance. Neither the Authority nor the Commonwealth is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities on the accompanying financial statements.

Virginia School for the Deaf and Blind Foundation (nonmajor) – The Foundation operates as a nonprofit educational and fundraising organization solely in connection with, and exclusively for the benefit of, the Virginia School for the Deaf and Blind (part of primary government). The Foundation uses a December 31 calendar year-end. The administrative offices are located at Post Office Box 2069, Staunton, Virginia 24402.

Science Museum of Virginia Foundation (nonmajor) – The Foundation is a non-stock, nonprofit corporation established to implement and fund programs, projects, and operations that are authorized and approved by the trustees of the Science Museum of Virginia (part of primary government). There is a financial benefit/burden relationship to the primary government, and the economic resources of the Foundation are entirely for the direct benefit of the Commonwealth and its citizens. The administrative offices of the Foundation are located at 2500 West Broad Street, Richmond, Virginia, 23220. Keiter, CPAs, audits the Foundation, and a separate report is issued.

Virginia Commercial Space Flight Authority (nonmajor) – The Authority is a legally separate political subdivision of the Commonwealth created by the General Assembly to facilitate and coordinate scientific and technological research and development and to promote the industrial and economic development of the Commonwealth. The Governor appoints the 9-member board, and there is a potential financial benefit/burden to the primary government. The Commonwealth provided $26.0 million in bond offerings through the Virginia Public Building Authority (nonmajor) to the Authority in fiscal year 2009. The Commonwealth provided $25.6 million in capital contributions through a memorandum of understanding in September 2012. The Commonwealth provided an additional $10.0 million of capital contributions through a settlement agreement by and among the Authority, the Commonwealth, and Orbital Sciences Corporation to the Authority in January 2014. The Commonwealth approved the conversion of a $5.0 million interest-free note to repair Pad 0A into a grant in March 2015. The Commonwealth plans to transfer $15.8 million to the Authority annually through fiscal year 2024. The administrative offices of the Authority are located at 4111 Monarch Way, Suite 303, Norfolk, Virginia 23508. Dixon Hughes Goodman, LLP, audits the Authority, and a separate report is issued.

Danville Science Center, Inc. (nonmajor) – The Center is a nonprofit corporation formed for the purpose of implementing and funding those programs, projects and operations which are authorized and approved by the trustees of the Science Museum of Virginia (part of primary government). There is a financial benefit/burden to the primary government, and the economic resources of the Center are entirely for the direct benefit of the Commonwealth and its citizens. The administrative offices of the Center are located at 677 Craghead Street, Danville, Virginia 24541. Kania & Associates, LLP, audits the Center, and a separate report is issued.

Virginia Museum of Fine Arts Foundation (nonmajor) – The Foundation operates as a nonprofit corporation under the laws of Virginia to fund exhibitions, programs, and capital asset expansion to ensure that the Virginia Museum of Fine Arts (part of primary government) has the space and resources for art to help improve the quality of life for many. There is a financial benefit/burden to the primary government, and the economic resources of the Foundation are entirely for the direct benefit of the Commonwealth and its citizens. The administrative offices of the Foundation are located at 200 North Boulevard, Richmond, Virginia 23220. Dixon Hughes Goodman, LLP, audits the Foundation, and a separate report is issued.

A. L. Philpott Manufacturing Extension Partnership (nonmajor) – The Partnership has the mission to foster economic growth by enhancing the competitiveness of Virginia's manufacturers. The Partnership provides manufacturing firms with fee-based technology consulting services, access to business modernization resources, and support for interfirm collaboration. Further, the Partnership provides direct assistance to increase sales, decrease costs, and improve quality, productivity, and competitiveness. The Partnership has a 24-member board of trustees. The board consists of the presidents of two public four-year institutions of higher education; three community college presidents; one president of a private four-year institution of higher education; the director of Virginia's Center for Innovative Technology; Virginia's Secretary of Commerce and Trade; Virginia's Secretary of Technology; and 15 citizen members, representing manufacturing industries, appointed by the Governor. There is also a financial benefit/burden to the primary government. The administrative office is located at 32 Bridge Street South, Suite 200B, Martinsville, VA 24112-6216. The Auditor of Public Accounts audits the Partnership, and a separate report is issued.

Fort Monroe Authority (nonmajor) – The Authority is a legally separate, political subdivision of the Commonwealth created by the General Assembly to assist in formulating a reuse plan for Fort Monroe. The Governor appoints a majority of the 17-member board, and there is a potential financial benefit/burden to the primary government. The administrative offices of the Authority are located at 20 Ingalls Road, Fort Monroe, Virginia 23651. Dixon Hughes Goodman, LLP, audits the Authority, and a separate report is issued.

Assistive Technology Loan Fund Authority (nonmajor) – The Authority was created as a political subdivision and public body corporate by the *Code of Virginia*. The Governor appoints the board of directors as directed by the *Code* and the primary government is able to impose its will on the Authority. The Authority manages a fund to provide loans to individuals to acquire assistive technology, other equipment, or other authorized purposes designed to help disabled individuals become more independent. The administrative offices are located at 1602 Rolling Hills Drive, Suite 107, Richmond, Virginia 23229. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

Virginia Sesquicentennial of the American Civil War Foundation (nonmajor) – The Foundation was established to prepare for and commemorate the sesquicentennial of Virginia's participation in the American Civil War. The Foundation was formed under the Virginia Nonstock Corporation Act. The economic resources received or held by the Foundation are entirely, or almost entirely, for the direct benefit of the primary government. The administrative offices are located at the Pocahontas Building, 10th floor, 900 E. Main Street, Richmond, VA 23219. Brown, Edwards & Company, LLP, audits the Foundation, and a separate report is issued. The Foundation ceased operations during fiscal year 2017.

Virginia Land Conservation Foundation (nonmajor) – The Foundation was created as a body politic and corporate to serve the Department of Conservation and Recreation (part of primary government) by acquiring interests in preservation land and providing grants to other entities to acquire interests in preservation land. The Governor appoints the 18-member board, and the primary government can impose its will on the Foundation. The administrative offices of the Foundation are located at 600 East Main Street, 24th Floor, Richmond, VA 23219. The Auditor of Public Accounts audits the Foundation as part of the Department of Conservation and Recreation (part of primary government) and discloses its existence in that report.

Virginia Arts Foundation (nonmajor) – The Foundation was created as a body politic and corporate to serve the Virginia Commission for the Arts (part of primary government) by promoting the arts in the Commonwealth. The Governor appoints the board of trustees for the Virginia Commission for the Arts, which also serves as the board for the Virginia Arts Foundation. The Director of the Virginia Commission for the Arts serves as the board chairman. In addition, the primary government can impose its will on the Foundation. The administrative offices of the Foundation are located at 600 E. Main Street, Suite 330, Richmond, VA 23219. The Auditor of Public Accounts audits the Foundation as part of the Virginia Commission for the Arts.

Library of Virginia Foundation (nonmajor) – The Foundation was created as a private, nonprofit 501(c)(3) corporation supporting the Library of Virginia (part of primary government). The Foundation was established upon receipt of a major bequest. The articles of incorporation stipulate that the Foundation shall at all times be operated solely in connection with, and exclusively for the benefit of, the Library of Virginia. The Foundation is governed by a separate board of directors, and promotes and supports the Library of Virginia in all activities. The administrative offices of the Foundation are located at 800 East Broad Street, Richmond, Virginia 23219. Frank Barcalow, CPA, P.L.L.C., audits the Foundation, and a separate report is issued.

Virginia Health Workforce Development Authority (nonmajor) – The Authority is a legally separate public body corporate and a political subdivision of the Commonwealth created by the General Assembly. The Authority facilitates the development of a statewide health professions pipeline. The Governor appoints a majority of the board members, and the primary government is able to impose its will on the Authority. The administrative offices of the Authority are located at 3831 Westerre Parkway, Suite 2, Henrico, VA 23233. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

(4) Related Organizations – Organizations for which the primary government appoints a majority of the board, but is not financially accountable, are related organizations. Related organizations are:

Tobacco Settlement Financing Corporation – The Corporation was created by the Tobacco Settlement Financing Corporation Act, Chapters 482 and 488 of the Acts of the General Assembly during the 2002 General Assembly Session. The Corporation is a public body corporate entity and an independent instrumentality of the Commonwealth, managed

by a 6-member board, including the State Treasurer. The Corporation purchased all of the future tobacco settlement revenue allocated to the Tobacco Region Community Revitalization Commission (nonmajor component unit). Neither the Commonwealth's nor the Virginia Foundation for Healthy Youth's (nonmajor component unit) tobacco revenue was securitized. The administrative offices of the Corporation are located at 101 North 14th Street, 3rd Floor, Post Office Box 1879, Richmond, Virginia 23218-1879. Brown, Edwards, and Company, LLP audits the Corporation, and a separate report is issued.

Virginia Recreational Facilities Authority – The Authority was created as a political subdivision and instrumentality of the Commonwealth and given separate corporate powers by the *Code of Virginia*. The Governor appoints the 13-member board of directors. The Authority operates educational programs, tourism, and commerce in the Roanoke Valley. The address for the administrative offices of the Authority is 5204 Bernard Drive SW, Post Office Box 29800, Roanoke, Virginia 24018. Robinson, Farmer, Cox Associates audits the Authority and a separate report is issued.

Jamestown-Yorktown Foundation, Inc. – The nonprofit corporation was created by the *Code of Virginia* to assist the Jamestown-Yorktown Foundation (Foundation). The corporation board consists of five members selected from the Foundation's board of trustees. Several Commonwealth officials serve as ex-officio members of the Foundation's board, and the Governor appoints 12 members. The Corporation's basic activities consist of soliciting and collecting contributions, purchasing artifacts, sponsoring events and exhibits, and overseeing investments. The administrative offices of the Corporation are located at Post Office Box 3605, Williamsburg, Virginia 23187. Dixon Hughes Goodman, LLP, audits the Corporation, and a separate report is issued.

Jamestown-Yorktown Educational Trust – The Trust was created as a nonprofit corporation by the *Code of Virginia* to assist the Jamestown-Yorktown Foundation (Foundation). The Trust board consists of six members selected from the Foundation's board of trustees. Several Commonwealth officials serve as ex-officio members of the Foundation's board, and the Governor appoints 12 members. The Trust operates the Jamestown Settlement and Yorktown Victory Centers' gift shops and café. The address for the administrative offices of the Trust is Post Office Box 3605, Williamsburg, Virginia 23187. Keiter Certified Public Accountants audits the Trust, and a separate report is issued.

Virginia Birth-Related Neurological Injury Compensation Program – The Program was created to provide a no-fault alternative for birth-related neurological injuries. The Governor appoints the 9-member board. The administrative offices of the Program are located at 7501 Boulders View Drive, Suite 210, Richmond, Virginia 23225. KPMG, LLP, audits the Program, and a separate report is issued.

Chesapeake Bay Bridge and Tunnel Commission – The Commission was created to establish policy and administer operations of the Chesapeake Bay Bridge Tunnel District. Any of the 11 members of the Commission appointed or reappointed on or after July 1, 1998, shall be appointed by the Governor, subject to confirmation by each house of the General Assembly. The administrative offices of the Commission are located at 32386 Lankford Highway, Cape Charles, Virginia 23310. KPMG, LLP, audits the Commission, and a separate report is issued.

C. Government-wide and Fund Financial Statements

The government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on all nonfiduciary activities of the primary government and component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Also, the primary government activity is reported separately from the legally separate component units for which the Commonwealth is financially accountable.

The Statement of Activities demonstrates the degree to which direct expenses of a specific function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. In addition, to the extent that indirect costs are allocated to the various functions, the program expenses will include both direct and indirect costs. Program revenues include charges to customers who purchase, use, or directly benefit from goods or services provided by a given function, segment, or component unit, as well as investment income generated by operations. Program revenues also include grants, contributions, and investment income that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items properly excluded from program revenues are reported as general revenues.

Fund equity is restricted when constraints are placed on them that are imposed by external parties or constitutional provisions. When both restricted and unrestricted resources are available for use, the Commonwealth's policy is to use the restricted resources first. Some component units may follow a different policy. When committed, assigned, and unassigned resources are available for use, the Commonwealth's policy is to use the committed resources first, assigned resources next, and unassigned resources last.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds, and component units. However, fiduciary funds are not included in the government-wide statements. Major governmental funds, enterprise funds, and component units are reported in separate columns in the fund financial statements, with nonmajor funds being aggregated into a single column.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the primary government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year (or one year for Medicaid). Significant revenues subject to accrual include federal grants and income and sales taxes. Income tax revenues for tax underpayments are only recognized to the extent of the primary government's estimated refunds for tax overpayments received. Revenues that the primary government earns by incurring obligations are recognized in the same period as when the obligations are recognized.

Expenditures generally are recorded when a liability is incurred, as under full accrual accounting. However, expenditures related to debt service, compensated absences, and claims and judgments are recorded only when the payment is due.

The primary government reports the following major governmental funds:

General Fund – Accounts for the transactions related to resources received and used for those services traditionally provided by a state government, and which are not accounted for in any other fund. These services include general government, legislative and judicial activities, public safety, health and behavioral health programs, resources and economic development, licensing and regulation, and primary and secondary education.

Commonwealth Transportation Special Revenue Fund – Accounts for the revenues and expenditures associated with highway operations, maintenance, construction, and other transportation related activities. Funding for these programs is received from highway user taxes, fees, and funds received from the federal government.

Federal Trust Special Revenue 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, the Grant Anticipation Revenue Notes reported in the Debt Service Fund, and component units.

Literary Fund Special Revenue 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.

Proprietary Funds, Fiduciary Funds, and Component Units Financial Statements – The financial statements of the proprietary funds, fiduciary funds, and component units are reported using the economic resources measurement focus and the full accrual basis of accounting. As with the government-wide statements, revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds have no measurement focus since they only report assets and liabilities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating.

Foundations' (component units) financial statements are prepared using the economic resources measurement focus and the full accrual basis of accounting. The financial statements are prepared under FASB rather than GASB standards. In some instances, activities of the foundations (component units) are reported separately within the footnotes because of the different reporting standards. Also, some foundations (component units) have a December 31st or March 31st year-end rather than a fiscal year-end. Foundations (component units) with different year-ends are included in these financial statements for the year ending December 31, 2016, or March 31, 2017. Significant intrafund activity/balances between each higher education institution and their foundations have been eliminated.

The following amounts could not be eliminated due to the differing year-ends:

- University of Virginia (nonmajor component unit):
  - institution assets of $260,891
  - institution revenue of $8.5 million
  - foundation assets of $859,679
  - foundation liabilities of $402,020
  - foundation expenses of $8.2 million

- Old Dominion University (nonmajor component unit):
  - institution liabilities of $56.8 million
  - foundation assets of $47.1 million

- Longwood University (nonmajor component unit):
  - foundation assets of $365,456
  - foundation liabilities of $919,267
  - foundation revenue of $5.8 million
  - foundation expenses of $1.0 million

The primary government reports the following major enterprise funds:

Virginia Lottery Fund – Accounts for all receipts and expenses of the Virginia Lottery.

Virginia College Savings Plan Fund – Administers the Prepaid529 Program.

Unemployment Compensation Fund – Accounts for receipts from employers and expenses incurred to provide benefits to eligible unemployed workers.

Additionally, the primary government reports the following fund types:

Governmental Fund Types:

Special Revenue Funds – Account for transactions related to resources received and used for restricted, committed, or specific purposes.

Debt Service Funds – Account for transactions related to resources retained and used for the payment of interest and principal on long-term obligations.

Capital Project Funds – Account for transactions related to resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental or proprietary funds. The primary resource for these funds is the proceeds of bond issues and energy performance contracts. Principal uses are for construction and improvement of state office buildings, correctional and behavioral health facilities, and parks.

Permanent Funds – Account for transactions of the Commonwealth Health Research Fund and the Behavioral Health Endowment Funds whose principal must remain intact and whose income is used to benefit the Commonwealth's citizens and behavioral health patients.

Proprietary Fund Types:

Enterprise Funds – Account for transactions related to resources received and used for financing self-supporting activities of the primary government that offer products and services on a user-charge basis to external users.

Internal Service Funds – Account for transactions related to the financing and sale of goods or services provided by the agencies of the primary government to other agencies and institutions of the Commonwealth. Activities include the provision of information technology, manufacturing activities, insurance programs, fleet services, facilities and property management, engineering and payroll services.

Fiduciary Fund Types:

Private Purpose Trust Funds – Account for transactions of all other trust arrangements in which the principal and income benefit individuals, private organizations, or other governments. These trusts include those for the Commonwealth-sponsored educational savings plan and other purposes.

Pension and Other Employee Benefit Trust Funds – Account for transactions of the Commonwealth administered retirement systems and other employment benefits.

Investment Trust Fund – Accounts for the external portion of the Local Government Investment Pool that is sponsored by the Commonwealth.

Agency Funds – Account for amounts held in trust by the primary government for others. Agency funds include those funds established to account for the collection of taxes and fees for

distribution to localities and other states, employee benefits, deposits of insurance carriers, child support collections and other miscellaneous accounts.

E. Budgetary Process

Budgetary amounts shown in the Required Supplementary Information and Combining and Individual Fund Statements and Schedules sections represent the total of the original budgeted amounts and all supplemental appropriations. The Commonwealth's budget is prepared principally on a cash basis and represents appropriations as authorized by the General Assembly. Unexpended appropriations at the end of the fiscal year generally lapse. However, they may be reappropriated for expenditure in the following fiscal year. The Governor, as required by the *Code of Virginia*, submits a budget composed of all proposed expenditures for the Commonwealth, and of estimated revenues and borrowing for a biennium, to the General Assembly. Budgets are adopted for the General and Special Revenue Funds, except for the Literary (major special revenue) and Unclaimed Property (nonmajor special revenue) Funds. Formal budgetary integration is not employed for the Capital Projects (nonmajor governmental), Debt Service (nonmajor governmental), Permanent (nonmajor governmental), Literary (major special revenue) and Unclaimed Property (nonmajor special revenue) Funds because effective budgetary control is alternatively achieved through the General Fund and the remaining special revenue funds.

The budget is prepared on a biennial basis; however, the budgets of the General and Special Revenue Funds contain separate appropriations for each year within the biennial budget, as approved by the General Assembly and signed into law by the Governor. For management control purposes, the budget is controlled at the program level. The Governor may transfer an appropriation within a state agency or from one state agency to another, provided that total fund appropriations, as contained within the budget, are not exceeded. Increases in General Fund appropriations must be approved by the General Assembly.

Appropriations for programs funded from Special Revenue Funds may allow expenditures in excess of the original appropriations to the extent that revenues of the funds exceed original budget estimates and such additional expenditures are approved by the Governor through supplemental appropriations.

F. Cash, Cash Equivalents, Investments, and Derivatives

Cash

In order to maximize the Commonwealth's earning potential, the majority of the primary government's cash balances are pooled together in the general account for investment purposes. The amounts required for operations are liquidated as needed. Since all amounts not required for operations are held in investment securities, it is possible that the cash balances could be negative due to timing differences in liquidating the investments.

As of June 30, 2017, the General Fund had a negative cash balance of $4.4 billion. In order to properly reflect the general account position, this negative cash balance has been eliminated in the accompanying statements and offset against the primary government's cash equivalents and investments (see Note 6).

Cash Equivalents

Cash equivalents are investments with an original maturity of 90 days or less.

Investments

Investments are principally comprised of monies held by component units, Pension and Other Employee Benefit Trust Funds, and monies held by the State Treasurer in both the general account and other fiduciary accounts.

Effective for fiscal year 2017, the Commonwealth has elected to report separate deposit and investment risk disclosures for the Pension and Other Employee Benefit Trust Funds since the risk exposures for these funds are significantly greater than the deposit and investment risks for the remainder of the primary government. The primary government’s policy for managing interest rate risk, with the exception of the Pension and Other Employee Benefit Trust Funds, uses the segmented time distribution method.

The Virginia Retirement System (the System) manages the interest rate risk for its investment portfolio reported as Pension and Other Employee Benefit Trust Funds using the effective duration methodology. To be consistent with management practices for each portfolio, the Commonwealth has elected to disclose the interest rate risk exposures, using the segmented time distribution for the primary government (excluding pension and other employee benefit trust funds) and the effective duration method for the Pension and Other Employee Benefit Trust Funds. The Commonwealth continues to disclose component unit's interest rate risk using the segmented time distribution method (see Note 6).

Governmental and proprietary funds, both primary government and component units, report investments in money market and in the Commonwealth sponsored investment pools at amortized cost which approximates fair value. Additionally, the Virginia College Savings Plan Fund (major enterprise) reports certain investments at net asset value. All other investments are reported at fair value, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended by GASB Statement No. 72, *Fair Value*

Measurement and Application. GASB Statement No. 72 provides guidance for determining fair value measurements using the level of fair value hierarchy and valuation techniques (see Note 6).

Investments administered by the System are reported at fair value, except for certain investments reported at net asset value. The cost of investments sold is the average cost of the aggregate holding of the specific investment sold. Investments in affiliated organizations are accounted for on the equity method of accounting and the System's share of their earnings (losses) for the period is included in investment income using the equity method.

Investments of higher education institutions (nonmajor component units) are reported at fair value, except for money market investments and investments in the Commonwealth sponsored investment pools, which are reported at amortized cost.

Derivatives

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates, or financial indexes (see Note 14).

G. Assets Held Pending Distribution

Assets held pending distribution include various assets that have been placed in safekeeping until final disposition has been determined.

H. Receivables

Receivables in the governmental funds consist primarily of the accrual of taxes, as well as receivables of the primary government's Medicaid program. Receivables in the proprietary funds consist primarily of tuition contribution receivables and unemployment compensation. Receivables of fiduciary funds are primarily the accrual of security transactions in the Pension and Other Employee Benefit Trust Funds. Receivables of the component units consist primarily of mortgage receivables, loans receivable, local school bonds receivable, patient receivables, and student receivables. Receivables are recorded net of allowances for doubtful accounts (see Note 7).

I. Contributions Receivable, Net

Contributions Receivable reported by the foundations (component units) represents pledges or unconditional promises to give that have been discounted (see Note 8).

J. Internal Balances

Interfund receivables and payables have been eliminated from the Statement of Net Position, except for the residual amounts due between governmental and business-type activities (see Note 9).

K. Inventory

Inventories consist of materials and supplies and are reported as expenditures when consumed. These assets are classified as nonspendable fund balance. Inventories exceeding $1.0 million of the General and the Special Revenue Funds are maintained at cost using the first-in, first-out (FIFO) methodology, except for the following:

- Department of Health (VDH)
- Department of State Police (VSP)
- Virginia Department of Transportation (VDOT)

VDH inventories are recorded in the General (major), Federal Trust (major special revenue), and Health and Social Services (nonmajor special revenue) Funds using the FIFO methodology and are maintained at either cost or current market cost. VSP inventories are recorded in the General (major) and Other (nonmajor special revenue) Funds using the average cost methodology and are maintained at cost. VDOT inventories are recorded in the Commonwealth Transportation Fund (major special revenue) using the FIFO and average cost methodologies and are maintained at either cost or average cost.

In addition to inventories maintained as stated above, the following agencies reported donated inventory balances on hand at June 30, 2017:

- Department of Behavioral Health and Developmental Services (DBHDS)
- Department of Corrections (VADOC)
- Department of Health (VDH)
- Department of Juvenile Justice (DJJ)

Inventories maintained by the Virginia Lottery (major enterprise fund) and the Virginia Industries for the Blind (nonmajor enterprise fund) are stated at cost using the average cost methodology.

Inventories maintained by the Virginia Museum of Fine Arts (nonmajor enterprise fund), the Science Museum of Virginia (nonmajor enterprise fund), and the Consolidated Laboratory (nonmajor enterprise fund) are stated at cost using FIFO.

Inventories maintained by the Department of Alcoholic Beverage Control (nonmajor enterprise fund) are stated at average cost using the weighted average method.

Inventories maintained by Correctional Enterprises (internal service fund) are stated at the lower of cost or market using FIFO. Inventories maintained by the internal service funds except for Correctional Enterprises are stated at cost using FIFO.

Institutions of higher education (nonmajor component units) use several methods for inventory valuations, including cost using FIFO, the lower of cost or market using FIFO, or weighted average methods. Inventories maintained by the Virginia Port Authority (nonmajor component unit), the Hampton Roads Sanitation District Commission (nonmajor component unit), and the Danville Science Center (nonmajor component unit) are reported using the moving average unit cost methodology. Inventories at the gift shop run by the Library of Virginia Foundation (nonmajor component unit) are stated at lower of cost or market using the average cost methodology.

L. Prepaid Items

Prepaid assets for rent, insurance, and similar items are recognized when purchased and expensed when used.

M. Loans Receivable/Payable

Loans Receivable/Payable represents working capital advances between the primary government and component units (see Note 9).

N. Other Assets

Other Assets include those balances of a miscellaneous nature that are not specifically classified elsewhere (see Note 10).

O. Capital Assets

Capital assets of governmental funds are recorded as expenditures at the time of purchase and capitalized in the governmental activities column of the Government-wide Statement of Net Position. Capital assets of the other funds and component units are capitalized in the fund in which they are utilized. All depreciable capital assets are depreciated on the straight-line basis over their useful lives (see Note 12).

Capital assets are stated at historical cost or, in some instances, estimated historical cost. Donated capital assets from entities external to the reporting entity are stated at acquisition value at the time of donation. Asset transfers or donations from within the reporting entity are recorded at the carrying value of the transferring entity as required by GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. The primary government capitalizes all equipment that has a cost or value greater than $50,000 and expected useful life of greater than two years. The primary government capitalizes all land, water rights/easements, buildings, infrastructure, and software that have a cost or value greater than $100,000 and an expected useful life of greater than two years. Selected agencies, business-type entities, and component units utilize a capitalization limit lower or higher than the primary government's established thresholds for various reasons. Accordingly, reported capital assets may include some items that cost less than those thresholds. Infrastructure, including highways, bridges, and rights-of-way, is capitalized using the historical approach and includes any assets acquired prior to fiscal year 1980.

The primary government's capitalization policy regarding works of art/historical treasures is that capitalization is encouraged, but not required, for works of art/historical treasures that meet the following conditions:

- The collection is held for public exhibition, education, or research in furtherance of public service, rather than financial gain;
- The collection is protected, kept unencumbered, cared for and preserved; and,
- The collection is subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for the collection.

The primary government capitalizes construction-in-progress when project expenditures, including construction of intangible assets, exceed $100,000. Interest incurred during construction is not capitalized in governmental funds. Interest incurred during the construction of proprietary fund assets is included in the capitalized value of the asset. The total interest cost incurred during the fiscal year was $2.7 million. None of the interest cost incurred this fiscal year was capitalized.

Expenditures are classified as construction-in-progress if:

(1) They extend the asset life, improve productivity, or improve the quality of service; and,

(2) They fall into the planning, acquisition, construction, improvement, renovation, repair, replacement, relocation, or demolition phase of the asset life.

The estimated lives of capital assets are as follows:

	Years
Buildings	10–75
Equipment	2–50
Infrastructure	5–50
Software	5–35

Selected agencies, business-type entities, and component units may utilize estimated lives and policies that differ from the above for various reasons.

P. Deferred Outflows of Resources

Deferred outflows of resources are a consumption of assets by the government that is applicable to a future reporting period. Deferred outflows have a natural debit balance and, therefore increase net position similar to assets (see Notes 13, 14, and 15).

Q. Accounts Payable

Accounts payable represent amounts, including salaries and wages, owed for goods and services received prior to year-end. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, accounts payable also includes payments for nonexchange transactions that met eligibility requirements prior to fiscal year-end (see Note 24).

R. Unearned Revenue

Unearned revenue represents monies received or revenues accrued but not earned as of June 30, 2017. The majority of unearned revenue is reported by higher education institutions (nonmajor component units), where it is primarily composed of revenue for student tuition accrued in advance of the semester and advance payments on grants and contracts.

In the special revenue funds, unearned revenue is composed primarily of prepaid toll revenue, contributions from localities and private sectors for highway construction projects, multi-year vehicle registrations recorded in the Commonwealth Transportation Special Revenue Fund (major governmental), and multi-year motor vehicle safety inspections, emission inspections, mining permits, and hunting, fishing, and trapping licenses recorded in the Other and Health and Social Services Funds (nonmajor special revenue).

In the enterprise funds, a majority of unearned revenue represents online ticket monies received by the Virginia Lottery (major enterprise) for which corresponding drawings have not been held and test kits and certifications from Consolidated Labs (nonmajor enterprise) which are paid for prior to shipping and certification being performed.

Unearned revenue in the internal service funds primarily represents unearned premiums in the Risk Management Fund; the transfer and purchase of assets for transition agencies, as well as advanced customer receipts in the Virginia Information Technologies Agency Fund; and prepaid rent and work orders in the Property Management Fund.

Unearned revenues in the other component units consist primarily of fees related to various activities.

S. Unearned Taxes

Unearned taxes represent income taxes related to the period January through June 2017. This amount is the estimate to be refunded (overpayments by taxpayers) reduced by the estimate to be received (underpayments from taxpayers) that will be finalized when income tax returns are filed in subsequent years. Individual income tax estimated overpayments total $885.4 million and estimated underpayments total $899.6 million. When underpayments exceed overpayments, revenue on the fund statements is only recognized to the extent of estimated overpayments. Since underpayments exceed overpayments for the individual income taxes, the unearned tax amount is zero for the fiscal year.

Corporate income tax estimated overpayments total $44.7 million and estimated underpayments total $58.4 million. When underpayments exceed overpayments, revenue on the fund statements is only recognized to the extent of estimated overpayments. Since underpayments exceed overpayments for the corporate income taxes, the unearned tax amount is zero for the fiscal year.

T. Obligations Under Securities Lending Program

In accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, liabilities resulting from these transactions have been recorded as obligations under securities lending transactions.

U. Due to Claimants, Participants, Escrows and Providers

Due to claimants, participants, escrows and providers represent monies that the Commonwealth is holding on behalf of third parties as of June 30, 2017. In governmental funds, the majority of the amount represents estimated unclaimed and escheat property that the Commonwealth is holding until claimed by the rightful owner.

In the enterprise funds, the amounts represent payments due to benefit claimants and employers for tax overpayments in the Unemployment Compensation Fund (major enterprise) and to participants of the Prepaid529 Program in the Virginia College Savings Plan (major enterprise).

In the private purpose trust funds, the amounts represent payments due to participants in the Invest529 Program offered by the Virginia College Savings Plan.

In the agency funds, these amounts represent funds used for employee benefits and child support enforcement, as well as accounts of inmates, residents, and patients of the Commonwealth's correctional, juvenile, veterans, and behavioral health facilities.

V. Other Liabilities

Other liabilities represent amounts owed for various governmental and proprietary activities. Some of these amounts will be paid shortly after fiscal year-end (see Note 25).

W. Claims Payable

Claims payable, reported in the proprietary funds of the primary government, represent both health and liability insurance claims payable at June 30, 2017. This includes both actual claims submitted, as well as actuarially determined claims incurred but not

reported. Claims relating to the primary government's liability insurance programs are reported in the Risk Management – internal service fund and the Risk Management – nonmajor enterprise fund. Also, health insurance claims are reported in the Health Care – internal service fund and the Local Choice Health Care – nonmajor enterprise fund (see Notes 23.A. and 23.B.). Claims payable reported by the Virginia Commonwealth University Health System Authority (a blended component unit of the Virginia Commonwealth University – nonmajor component unit) represents estimated malpractice, workers' compensation, and medical claims payable amounts.

X. Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities column. The governmental fund statements reflect the portion of long-term liabilities that will be paid from expendable resources that represent payments to employees for separations that occurred prior to June 30. The proprietary fund statements and discrete component unit statements reflect total long-term liabilities and distinguish between those portions payable within one year and those payable in future years (see Note 26).

Bond premiums and discounts are amortized over the life of the bond. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, excluding prepaid insurance, are expensed.

Expenditures for principal and interest payments for governmental fund general obligation bonds and revenue bonds are recognized in the Debt Service Fund (nonmajor) when due. In the fund statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures (see Note 26).

Y. Deferred Inflows of Resources

Deferred inflows of resources are an acquisition of assets by the government that is applicable to a future reporting period. Deferred inflows have a natural credit balance and, therefore decrease net position similar to liabilities (see Notes 13, 14, 15, and 38).

Z. Nonspendable Fund Balances

Nonspendable fund balances indicate that portion of fund balance that cannot be spent because it is either not in spendable form or is legally or contractually required to be maintained intact.

AA. Restricted Fund Balances

Restricted fund balances are amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

BB. Committed Fund Balances

Committed fund balance includes amounts that must be spent for specific purposes that have been legislatively mandated by the Governor and General Assembly.

CC. Assigned Fund Balances

Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Assignments are identified by Commonwealth management pursuant to the delegation of authority granted by the General Assembly and Governor specified in the Appropriation Act.

DD. Unassigned Fund Balances

Unassigned fund balance is the amount of fund balance that has not been assigned to other funds and has not been restricted, committed or assigned to specific purposes within the General Fund. Additionally, accrued liabilities exceed accrued assets on the modified accrual basis for the Commonwealth Transportation Fund (major special revenue) and the Unclaimed Property Fund (nonmajor special revenue) by $6.2 million and $60.6 million, respectively. As there are no assigned balances in these funds to offset the negative fund balance restricted for specific purposes, these amounts are reported as Unassigned Fund Balance.

EE. Cash Management Improvement Act

Included in Amounts Due to Other Governments is the Commonwealth's Cash Management Improvement Act (CMIA) interest liability to the federal government, which is calculated in accordance with the interest calculation and exchange provisions of the Federal Cash Management Improvement Act of 1990. The Commonwealth's interest liability is subject to review and final confirmation by the Bureau of the Fiscal Service (BFS) of the U.S. Treasury. If required, the payment is to be made on March 31 of the following year. Payment will be made from a sum sufficient appropriation authorized for this purpose by the Appropriation Act. The CMIA interest rate of exchange is based by law on the average of the bond equivalent rates of 13-week Treasury Bills auctioned during the annual reporting period as calculated by BFS.

FF. Investment Income

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investment income reported in the accompanying financial statements include changes in the fair value of investments and the amount reported may be negative. Additionally, the Commonwealth's policy is to record all unrealized gains or losses for the State Treasurer's Portfolio in the General Fund.

GG. Intrafund Eliminations

Eliminations have been incorporated into the report to eliminate intrafund transactions within the related fund type. These eliminations prevent overstatement of financial activity.

HH. Interfund Activity

Generally, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this rule are 1) activities between funds reported as governmental activities and funds reported as business-type activities, and 2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct costs and program revenues for the functions.

In the fund financial statements, transfers represent the movement of resources between funds. For example, transfers are recorded when a fund receives revenue and subsequently disburses the resources to another fund for expenditure.

2. RESTATEMENT OF BEGINNING BALANCES

The government-wide beginning balance restatements resulted from the following:

Government-wide Activities

Governmental Activities

The Governmental Activities were restated for the following:

- The General Fund (major) has been restated by $40.6 million as a result of accounts payable and amounts due to other governments being previously overstated.

- The Commonwealth Transportation Fund (major special revenue) has been restated by $20.1 million as a result of accounts receivable being overstated by $5.8 million and accounts payable being understated by $14.3 million.

- The Unclaimed Property Fund (nonmajor special revenue) has been restated by $123.3 million due to a voluntary change in accounting principle. Previously, this activity had been recorded as fiduciary funds as allowed by accounting standards. During fiscal year 2017, the Commonwealth elected to reclassify this fund to a special revenue fund and recognize the estimated liability owed to claimants to more appropriately reflect all activity associated with this fund. The estimation process to determine the amount owed to claimants was refined during fiscal year 2017. This increased the beginning liability amount by $494.0 million so the special revenue fund beginning net position was lower than the previously reported private purpose trust fund ending balance. Additionally, long-term liabilities and capital assets with beginning balances of $4.0 million and $914,330, respectively, contribute to the remaining restatement.

- Capital Asset balances were restated by $31.6 million predominantly due to errors resulting in the understatement of prior year balances by the Virginia Department of Transportation.

Fund Statements

The fund statement beginning balance restatements resulted from the following:

- The General Fund (major governmental) has been restated by $40.6 million as previously discussed.

- The Commonwealth Transportation Fund (major special revenue) has been restated by $20.1 million as discussed previously.

- The Unclaimed Property Fund (nonmajor special revenue) has been restated by $120.2 million as discussed previously.

- As discussed previously, the Commonwealth has elected to reclassify the Unclaimed Property Fund as a special revenue fund. Accordingly, the private purpose trust funds and agency funds have been restated by $370.7 million and $9.5 million, respectively.

Beginning Balance Restatement

(Dollars in Thousands)

	Balance as of June 30, 2016	Change in Accounting Principle	Correction of Prior Year Errors	Balance June 30, 2016 as restated
Government-wide Activities:				
Primary Government:				
Governmental Activities	$ 20,114,236	$ (123,301)	$ 52,114	$ 20,043,049
Business-type Activities	1,586,254	-	-	1,586,254
Total Primary Government	$ 21,700,490	$ (123,301)	$ 52,114	$ 21,629,303
Component Units	$ 24,219,225	$ -	$ -	$ 24,219,225
Fund Statements:				
Governmental Funds				
Major Governmental Funds:				
General	$ 710,289	$ -	$ 40,566	$ 750,855
Special Revenue Funds:				
Commonwealth Transportation	1,928,416	-	(20,089)	1,908,327
Federal Trust	128,988	-	-	128,988
Literary	50,815	-	-	50,815
Total Major Governmental Funds	$ 2,818,508	$ -	$ 20,477	$ 2,838,985
Nonmajor Governmental Funds	853,428	(120,201)	-	733,227
Total Governmental Funds	$ 3,671,936	$ (120,201)	$ 20,477	$ 3,572,212
Fiduciary Funds				
Private Purpose Trust Funds	$ 3,726,844	$ (370,710)	$ -	$ 3,356,134
Pension and Other Employee Benefit Trust Funds	$ 68,264,172	$ -	$ -	$ 68,264,172
Investment Trust Funds	$ 3,342,773	$ -	$ -	$ 3,342,773

Beginning Balance Restatement
Agency Funds

(Dollars in Thousands)

	Balance as of July 1, 2016	Change in Accounting Principle	Balance as of July 1, 2016, as restated
Agency Funds			
Funds for the Collection of Taxes and Fees	$ 251,858	$ -	$ 251,858
Employee Benefits	4,149	-	4,149
Contractor Deposits	34,893	-	34,893
Deposits of Insurance Carriers	454,210	-	454,210
Inmate and Ward	18,739	-	18,739
Child Support Collection	13,438	-	13,438
Behavioral Health Patient Trust	1,703	-	1,703
Behavioral Health Non-patient Trust	33	-	33
Comptroller's Debt Setoff	841	-	841
Unclaimed Property of Other States	9,514	(9,514)	-
Legal Settlement	16,619	-	16,619
Consumer Services	1,348	-	1,348
State Asset Forfeiture	9,963	-	9,963
Virginia School for the Deaf and Blind	20	-	20
Woodrow Wilson Rehabilitation Center	4	-	4
Third Party Administrator	11,986	-	11,986
Department of Environmental Quality	128	-	128
Virginia Veterans Care Center Resident	214	-	214
E-Payables	16,378	-	16,378
Total Agency Funds	$ 846,038	$ (9,514)	$ 836,524

3. NET POSITION/FUND BALANCE CLASSIFICATIONS

Fund Balance

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* improved the reporting of fund balance so that classifications are more easily understood and can be applied consistently between information reported in the government-wide financial statements and the governmental fund financial statements. The governmental fund balance classifications defined in GASB Statement No. 54 are: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Nonspendable fund balance includes inventories, prepaid items, and the principal of a permanent fund. These funds are not available for expenditure in the current or following period.

Restricted fund balance includes amounts that have constraints placed on the use of resources by the Constitution of Virginia or a party external to the Commonwealth.

Committed fund balance includes amounts that must be spent for specific purposes that have been legislatively mandated by the Governor and General Assembly.

Assigned fund balance represents amounts that the Commonwealth has identified for planned purposes but for which the intended use is not legislatively mandated. The assignments are identified by Commonwealth management pursuant to the delegation of authority granted by the General Assembly and Governor specified in the Appropriation Act. The following schedule includes committed and assigned amounts that share the same purpose and title. The distinction between these classifications results from whether there is a statutory restriction on certain amounts contained within the fund.

Unassigned fund balance for the General Fund (major) is the residual classification. A negative amount indicates that restricted and committed amounts exceed the available modified accrual basis fund balance. Unassigned fund balance for the Commonwealth Transportation Fund (major special revenue) and the Unclaimed Property Fund (nonmajor special revenue) indicates that the amount restricted for specific purposes exceeds the modified accrual basis fund balance available for these specific purposes.

The governmental fund balance classifications and amounts at June 30, 2017, are shown in the following table.

Governmental Fund Balance Classifications

(Dollars in Thousands)

	General Fund	Commonwealth Transportation	Federal Trust	Literary	Nonmajor Governmental	Total
Nonspendable						
Inventory	$ 31,138	$ 87,912	$ 30,570	$ -	$ 3,666	$ 153,286
Prepaid Items	96,186	8,529	2,224	-	14,003	120,942
Permanent Funds	-	-	-	-	36,597	36,597
Total Nonspendable	127,324	96,441	32,794	-	54,266	310,825
Restricted						
Agriculture and Forestry	-	-	-	-	1,751	1,751
Capital Projects/Construction/Capital Acquisition	-	-	-	-	194,528	194,528
Contract and Debt Administration	-	-	-	-	1,068	1,068
Debt Service	-	-	-	-	31,634	31,634
Economic and Technological Development	-	-	-	-	14	14
Educational and Training Programs	-	-	-	-	6,607	6,607
Environmental Quality and Natural Resource Preservation	-	-	-	-	16,497	16,497
Gifts and Grants	-	-	111,991	-	-	111,991
Government Operations:						
Administrative Services	-	-	-	-	3,071	3,071
Legislative Services	-	-	-	-	1	1
Health and Public Safety	-	-	-	-	76,851	76,851
Literary Fund	-	-	-	3,763	-	3,763
Lottery Proceeds Fund	15,811	-	-	-	-	15,811
Revenue Stabilization Fund	548,820	-	-	-	-	548,820
Transportation Activities	-	350,253	-	-	-	350,253
Virginia Water Supply Assistance Grant Fund	3,472	-	-	-	-	3,472
Total Restricted	568,103	350,253	111,991	3,763	332,022	1,366,132
Committed						
Agriculture and Forestry	22	-	-	-	24,208	24,230
Amount Required for Mandatory Reappropriation	66,152	-	-	-	-	66,152
Amount Required for Reappropriation of 2017 Unexpended Balances for Capital Outlay and Restoration Projects	103,250	-	-	-	-	103,250
Capital Projects/Construction/Capital Acquisition	1,504	-	-	-	676	2,180
Capital Projects Reserve	60,351	-	-	-	-	60,351
Central Capital Planning Fund	2,394	-	-	-	-	2,394
Commonwealth's Development Opportunity Fund	15,039	-	-	-	-	15,039
Communications Sales and Use Tax	2,925	-	-	-	-	2,925
Contract and Debt Administration	-	13,066	-	-	505	13,571
Economic and Technological Development	46,059	-	-	-	50,037	96,096
Educational and Training Programs	2,230	1,129	-	-	8,124	11,483
Environmental Quality and Natural Resource Preservation	8,965	-	-	-	104,186	113,151
Government Operations:						
Administrative Services	18	-	-	-	80,995	81,013
Legislative Services	-	-	-	-	164	164
Health and Public Safety	10,662	3,849	-	-	201,983	216,494
Local Government Fiscal Distress	500	-	-	-	-	500
Natural Disaster Sum Sufficient	11,232	-	-	-	-	11,232
Nonrecurring Expenditures	694	-	-	-	-	694
Regulatory Oversight	-	-	-	-	131,151	131,151
Revenue Cash Reserve	60,351	-	-	-	-	60,351
Transportation Activities	-	1,528,584	-	-	-	1,528,584
Transportation Trust Fund	1,409	-	-	-	-	1,409
Virginia Health Care Fund	28,378	-	-	-	-	28,378
Virginia Water Quality Improvement Fund	37,632	-	-	-	-	37,632
Virginia Water Quality Improvement Fund - Part A	13,411	-	-	-	-	13,411
Virginia Water Quality Improvement Fund - Part B	9,121	-	-	-	-	9,121
Total Committed	482,299	1,546,628	-	-	602,029	2,630,956
Assigned						
Agriculture and Forestry	-	-	-	-	2	2
Economic and Technological Development	-	-	-	-	1,732	1,732
Educational and Training Programs	-	-	-	-	6,502	6,502
Environmental Quality and Natural Resource Preservation	-	-	-	-	6,470	6,470
Government Operations:						
Administrative Services	-	-	-	-	372	372
Health and Public Safety	-	-	-	-	13,637	13,637
Total Assigned	-	-	-	-	28,715	28,715
Unassigned	(679,295)	(6,242)	-	-	(60,643)	(746,180)
Total Fund Balance	$ 498,431	$ 1,987,080	$ 144,785	$ 3,763	$ 956,389	$ 3,590,448

4. DEFICIT FUND BALANCES/NET POSITION

The Unclaimed Property (nonmajor special revenue fund) ended the year with a deficit net position balance of $60.2 million. This deficit was a result of the accrued liabilities estimated to be paid to claimants exceeding the assets remaining in the fund as of June 30.

The Virginia Lottery (major enterprise fund), the Department of Alcoholic Beverage Control (nonmajor enterprise fund), the Department of General Services' Consolidated Laboratory Services Fund (nonmajor enterprise fund), and the Payroll Service Bureau (internal service fund) ended the year with deficit net positions of $31.4 million, $86.1 million, $4.0 million, and $2.2 million, respectively. This was solely attributable to the net pension liability resulting from GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* and the net other postemployment benefits (OPEB) obligation resulting from GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.*

The Risk Management Fund (nonmajor enterprise fund) ended the year with a deficit net position balance of $15.8 million. The deficit was a result of previous increases in claims liability for constitutional officers' programs exceeding premiums collected.

The Department of Environmental Quality's Title V Air Pollution Permit Fund (nonmajor enterprise fund) ended the year with a deficit net position balance of $10.0 million. The deficit was a result of decreasing revenues for Title V permits, the net pension liability resulting from GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* and the net other postemployment benefits (OPEB) obligation resulting from GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.*

The Virginia Information Technologies Agency (internal service fund) ended the year with a deficit net position balance of $42.5 million. The deficit was a result of a decline in revenue associated with service usage and fixed operating expenses to Northrop Grumman, and noncurrent liabilities related to net pension liabilities and other postemployment benefit obligations.

The Enterprise Application Fund (internal service fund) ended the year with a deficit net position balance of $3.6 million. This deficit was the result of a working capital advance liability for the implementation of the Cardinal project, coupled with noncurrent liabilities related to net pension liabilities and other postemployment benefit obligations.

The Property Management Fund (internal service fund) ended the year with a deficit net position balance of $19.9 million. This deficit was the result of the purchase of a leasehold interest in a state-owned building in fiscal year 2006. Also, the Property Management Fund incurred additional capital lease liabilities due to transfers of leases from other state agencies in fiscal year 2009. Additionally, in fiscal year 2012, the Property Management Fund entered into three energy leases where the asset is reported in the governmental fund and the liability is recorded in the internal service fund. Further, there are noncurrent liabilities related to net pension liabilities and other postemployment benefit obligations.

The Risk Management Fund (internal service fund) ended the year with a deficit net position balance of $644.2 million. The deficit was the result of the Worker's Compensation Program having estimated claims payable exceeding the available equity in the fund. Claims are paid on a pay-as-you-go basis. To the extent that claims exceed current resources, they will ultimately become a liability of the fund from which the claim originated.

The Virginia Public School Authority (VPSA) (major component unit) ended the year with a deficit net position balance of $14.9 million. This deficit is the result of VPSA immediately passing along savings to localities from debt refunding that will be realized from future debt service payments subsequent to June 30.

The Virginia College Building Authority (major component unit) ended the year with a deficit net position balance of $3.9 billion. This deficit occurs because the Authority issued bonds for the 21st Century College and Equipment programs subject to future appropriations from the General Fund of the Commonwealth without any other security. These future appropriations are not included as assets of the Authority.

The Southern Virginia Higher Education Center (nonmajor component unit) ended the year with a deficit net position balance of $494,495. This was solely attributable to the net other postemployment benefits (OPEB) obligation resulting from GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.*

The Virginia Economic Development Partnership (nonmajor component unit) ended the year with a deficit net position balance of $6.6 million. This deficit occurs because the partnership's Statement of Net Position reflects $15.5 million in non-current liabilities related to compensated absences, net pension liabilities, and net other postemployment benefit obligation. The Partnership is funded mainly by state appropriations, which show current funding only.

The Virginia Tourism Authority (nonmajor component unit) ended the year with a deficit net position balance of $1.6 million. This deficit occurs because the Authority's Statement of Net Position reflects $8.9 million in non-current liabilities related to compensated absences, net pension liabilities, and net other postemployment benefit obligation.

5. REVENUE STABILIZATION FUND

In accordance with Article X, Section 8 of the *Constitution of Virginia*, the amount estimated as required for deposit to the Revenue Stabilization Fund must be appropriated for that purpose by the General Assembly. A deposit of

$605.6 million was made during fiscal year 2017 as required by Section 2.2-1829 of the *Code of Virginia*, which includes the advance reservation of $129.5 million provided in Chapter 665, 2015 Acts of Assembly. Additionally, during fiscal year 2017, in accordance with the provisions of Article X, Section 8 of the *Constitution of Virginia* and Section 2.2-1830 of the *Code of Virginia,* a withdrawal of $294.7 million was made from the fund. Further, Chapter 836, 2017 Acts of Assembly, authorizes an additional withdrawal estimated at $272.5 million from the fund during fiscal year 2018.

Under the provisions of Article X, Section 8 of the *Constitution of Virginia*, no deposit is required during fiscal year 2018 based on fiscal year 2016 revenue collections. Also, no deposit is required based on fiscal year 2017 revenue collections.

Section 2.2-1829(b) of the *Code of Virginia* requires an additional deposit into the Fund when specific criteria have been met. No such deposit is required since the specified criteria were not met for fiscal year 2017.

The Revenue Stabilization Fund has principal and interest on deposit of $548.8 million restricted as a part of the General Fund balance. Pursuant to the constitutional amendment of Article X, Section 8, effective January 1, 2011, the amount on deposit cannot exceed 15.0 percent of the Commonwealth's average annual tax revenues derived from taxes on income and retail sales for the preceding three fiscal years. As of June 30, 2017, the Constitutional maximum is $2.6 billion.

6. CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 2017, the carrying amount of cash for the primary government (including pension and other employee benefit trust funds) was $3.6 billion and the bank balance was $245.8 million. The carrying amount of cash for component units was $2.0 billion and the bank balance was $1.0 billion. Cash equivalents are investments with an original maturity of 90 days or less. Cash and cash equivalents for foundations (component units) totaled $437.3 million as of year-end. A portion of this amount and some balances during the year exceeded Federal Deposit Insurance Corporation (FDIC) insurance coverage. Foundation investments are disclosed in the Interest Rate Risk section of this note. Note 6 includes investment derivatives for the primary government and excludes derivatives for the component units. For additional information concerning derivative instruments, see Note 14.

For purposes of this note, primary government includes governmental, business-type activities, and fiduciary funds. The deposits of the primary government and the component units, excluding foundations (component units), are secured in accordance with the provisions of the Virginia Security for Public Deposits Act, Section 2.2-4400 of the *Code of Virginia*. The act requires any public depository that receives or holds public deposits to pledge collateral to the Treasury Board to cover public deposits in excess of Federal deposit insurance. The required collateral percentage is determined by the Treasury Board and ranges from 50.0 percent to 100.0 percent for financial institutions choosing the pooled method of collateralization, and from 105.0 percent to 130.0 percent for financial institutions choosing the dedicated method of collateralization. As stated in Note 1.FF, unrealized gains or losses for the State Treasurer's Portfolio are recorded in the General Fund.

Certain deposits are held by trustees in accordance with the Trust Subsidiary Act, Section 6.2-1057 of the *Code of Virginia*. The act requires that cash held by trustees while awaiting investment or distribution is not to be used by an affiliate bank of the trustee in the conduct of its business unless the affiliate bank delivers securities to the trust department as collateral that is at least equal to the fair value of the trust funds held on deposit in excess of amounts insured by the FDIC.

The Commonwealth is authorized, in accordance with the guidelines set forth in Section 2.2-4500 et seq. of the *Code of Virginia*, to invest public funds in the following:

- U.S. Treasury and agency securities
- Corporate debt securities
- Asset–backed securities
- Mortgage–backed securities
- Municipal securities
- AAA rated obligations of foreign governments
- Bankers' acceptances and bank notes
- Negotiable certificates of deposit
- Repurchase agreements
- Money market funds

Permitted investments include agency mortgage-backed securities, corporate or private label mortgage-backed securities, and asset-backed securities which by definition usually expose the investor to prepayment risk. Prepayment risk, or the prepayment option granted the borrower, can create uncertainty concerning cash flows, can affect the price of the security causing negative convexity, and can expose the investor to reinvestment risk. Similarly, many agency and corporate securities are callable after some predetermined date at a predetermined price. The call options in regular agency debentures and some corporate securities can be open ended and may significantly impact cash flows, security pricing, and reinvestment risks of these securities.

At June 30, 2017, the State Treasurer held no security that was in default as to principal or interest and had no securities that were out of compliance with guidelines.

Public funds held by the Commonwealth, public officers, municipal corporations, political subdivisions, and any other public body of the Commonwealth shall be held in trust for the citizens of the Commonwealth. Any investment of such funds pursuant to the provisions of this chapter shall be made solely in the interest of the citizens of the Commonwealth and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

Certain investments held in trust by the State Treasurer in accordance with bond indentures and resolutions may have more restrictive investment policies. Investment policies of institutions of higher education (component units) are established by the institutions' governing boards.

The Board of Trustees of the Virginia Retirement System (the System) (part of primary government) has full power to invest and reinvest the trust funds in accordance with Section 51.1–124.30 of the *Code of Virginia*, as amended. This section requires the Board to discharge its duties solely in the interests of members, retirees, and beneficiaries. It also requires the Board to invest the assets with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The Board must also diversify such investments so as to minimize the risk of large losses, unless under the circumstances, it is clearly prudent not to do so. The System does not have investment policies that place specific restrictions on investments related to custodial risk, interest rate risk, credit risk, or foreign currency risk. The System's investment portfolio is intended to be managed through diversification and prudent judgment, rather than through specific policy restrictions.

The information presented for the external investment pool was obtained from audited financial statements. Copies of the Local Government Investment Pool (LGIP) report may be obtained from the Department of the Treasury website at www.trs.virginia.gov. Participation in this pool is voluntary.

Custodial Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Commonwealth may not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Policies related to custodial credit risk pertaining to the Commonwealth's securities lending program are found in the securities lending section of this note.

As of June 30, 2017, the primary government (excluding pension and other employee benefit trust funds) had $416,571 in cash balances that were uninsured and uncollateralized, and $11.5 million in cash balances that were uninsured and collateralized with securities held by the pledging financial institution. The primary government (excluding pension and other employee benefit trust funds) had no cash equivalents and investments that were exposed to custodial risk as uninsured and uncollateralized.

As of June 30, 2017, investment securities (excluding cash equivalents and repurchase agreements held as securities lending collateral) were registered and held in the name of the System for the benefit of the System's trust funds and were not exposed to custodial credit risk. It is the standard practice and policy of the System, through the relevant provisions in its contracts and agreements with third parties, to minimize all known custodial credit risks.

As of June 30, 2017, component units had $17.1 million in cash balances that were uninsured and uncollateralized, and $11.9 million in cash balances that were uninsured and collateralized with securities held by the pledging financial institution. In addition, the component units held $1.0 million in cash equivalents and investments that were exposed to custodial risk as uninsured and uncollateralized.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. As discussed in Note 1, the Commonwealth has elected to disclose the risk for its debt investments using the segmented time distribution method for the primary government (excluding pension and other employee benefit trust funds) and component units, and the effective duration method for the System (pension and other employee benefit trust funds).

The State Treasurer's guidelines limit the following maximum durations for any single security of the following investment types:

Security Type	Maximum Duration
Corporate Security	15 years
Asset-Backed Securities	5 years
Sovereign Government Obligations (excluding U.S.)	5 years
Negotiable Certificates of Deposit and Negotiable Bank Notes	5 years

The State Treasurer's guidelines further describe target durations for the overall general account portfolio of 1.7 years.

The System manages the risk within the portfolio using the effective duration methodology. It is widely used in the management of fixed income portfolios in that it quantifies, to a much greater degree, the risk of interest rate changes. The methodology takes into account optionality on bonds and scales the risk of price changes on bonds depending upon the degree of change in rates and the slope of the yield curve. All of the System's fixed-income portfolios are managed in accordance with the System's investment guidelines, most of which are specific as to the degree of interest rate risk that can be taken.

As of June 30, 2017, the System's investments included $2.5 billion, primarily in Corporate Bonds and Notes, U.S. Treasury and Agency Securities, Supranational and Non-U.S. Government Bonds and Notes, Municipal Securities, and Collateralized Mortgage Obligations, which are highly sensitive to interest rate fluctuations in that they are subject to early payment in a period of declining interest rates and/or because they have an option adjusted duration of greater than ten years. The resulting reduction in expected total cash flows affects the fair

value of these securities. As of June 30, 2017, the Virginia Community College System (nonmajor component unit) had $10.8 million in agency mortgage backed securities and corporate bonds and notes that have fair values that are highly sensitive to changes in interest rates due to issuers and the long term maturity of these securities, respectively.

At June 30, 2017, the Commonwealth had the following investments and maturities:

Primary Government Investments
(Excluding Pension and Other Employee Benefit Trust Funds)
(Dollars in Thousands)

Investment Type	June 30, 2017	Investment Maturities (in years) Less Than 1	1-5	6-10	More Than 10
Debt Securities					
U. S. Treasury and Agency Securities	$ 735,771	$ 188,728	$ 376,238	$ 111,866	$ 58,939
Corporate Bonds and Notes	1,002,328	43,834	504,470	395,091	58,933
Commercial Paper	2,529,206	2,529,206	-	-	-
Negotiable Certificates of Deposit	2,796,065	2,796,065	-	-	-
Repurchase Agreements	750,002	750,002	-	-	-
Municipal Securities	22,560	101	11,966	218	10,275
Asset-Backed Securities	230,662	430	87,531	33,846	108,855
Agency Mortgage-Backed Securities	201,879	2,261	14,238	28,871	156,509
Agency Unsecured Bonds and Notes	2,454,367	1,664,488	784,419	3,048	2,412
Mutual and Money Market Funds (Includes SNAP)	940,628	940,628	-	-	-
Guaranteed Investment Contracts	996,155	-	869,551	126,604	-
Fixed Income and Commingled Funds	964,641	26,483	89,862	662,192	186,104
Investments held by broker-dealers under securities loans					
U. S. Government and Agency Securities	208	-	208	-	-
Corporate Bonds and Notes	1,421	302	867	252	-
Other	312,343	1,647	89,980	210,484	10,232
Total	$ 13,938,236	$ 8,944,175	$ 2,829,330	$ 1,572,472	$ 592,259

Primary Government - Virginia Retirement System Investments
(Pension and Other Employee Benefit Trust Funds)
(Dollars in Thousands)

Investment Type	June 30, 2017	Weighted Avg. Effective Duration (in years)
Debt Securities		
U. S. Treasury and Agency Securities	$ 3,497,512	6.79
Corporate Bonds and Notes	10,815,287	3.97
Collateralized Mortgage Obligations	208,342	1.21
Commercial Mortgages	216,871	4.81
Supranational and Non-U.S. Government Bonds and Notes	2,581,562	6.56
Cash Equivalents	3,655,634	0.26
Municipal Securities	151,679	8.43
Asset-Backed Securities	687,880	1.26
Agencies	3,849,029	3.86
Fixed Income and Commingled Funds	1,154,121	5.71
Other*	1,696	-
Total	$ 26,819,613	3.60

*Effective duration for Other Debt Securities is not available.

Note: The above Cash Equivalents consist primarily of commercial paper and institutional negotiable certificates of deposit.

Component Unit Investments

(Dollars in Thousands)

Investment Type	June 30, 2017	Investment Maturities (in years) Less Than 1	1-5	6-10	More Than 10
Debt Securities					
U. S. Treasury and Agency Securities	$ 723,308	$ 94,313	$ 298,710	$ 150,292	$ 179,993
Supranational and Non-U.S. Government Bonds and Notes	9,578	1,126	8,452	-	-
Corporate Bonds and Notes	467,791	165,396	275,410	23,319	3,666
Commercial Paper	243,875	243,875	-	-	-
Negotiable Certificates of Deposit	66,756	46,266	20,490	-	-
Repurchase Agreements	493,339	493,339	-	-	-
Municipal Securities	205,146	8,605	79,543	79,453	37,545
Asset-Backed Securities	229,426	21,899	183,366	10,747	13,414
Agency Unsecured Bonds and Notes	298,780	193,438	105,342	-	-
Agency Mortgage-Backed Securities	704,587	4,775	90,827	12,293	596,692
Mutual and Money Market Funds (Includes SNAP)	719,575	715,062	1,890	2,623	-
Guaranteed Investment Contracts	43,057	2,287	9,860	19,751	11,159
Fixed Income and Commingled Funds	104,114	5,769	20,962	-	77,383
Other	121,492	121,425	67	-	-
Total	$ 4,430,824	$ 2,117,575	$ 1,094,919	$ 298,478	$ 919,852

Foundation Investments

(Dollars in Thousands)

Investment Type	Fair Value
U.S. Treasury and Agency Securities	$ 1,024,260
Common & Preferred Stocks	814,974
Corporate Bonds and Notes	238,318
Negotiable Certificates of Deposit	10,119
Municipal Securities	2,142
Repurchase Agreements	100,222
Asset Backed Securities	8,208
Agency Mortgage Backed	2,223
Agency Unsecured Bonds and Notes	542,915
Bankers' Acceptance	522,676
Real Estate	218,257
Index Funds	2,204,812
Hedge Funds	1,861,808
Partnerships	972,494
Other	4,708,825
Total	$ 13,232,253

Note: Foundations represent FASB reporting entities defined in Note 1.B. A portion of these amounts are reported at cost rather than fair value because fair value was not available or readily determinable.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The State Treasurer places emphasis on securities of high credit quality and marketability. At the time of purchase, the following limitations are in place:

- Bankers acceptances: P-1, Moody's Investors Service (Moody's) and A-1, Standard & Poor's (S&P)
- Negotiable CDs and bank notes:
  - maturities of one year or less: P-1, Moody's and A-1, S&P
  - maturities over one year: Aa, Moody's and AA, S&P
- Commercial paper: P-1, Moody's and A-1, S&P
- Corporate Notes and Bonds: A3/A- or equivalent by two nationally recognized rating agencies, one of which must be Moody's or S&P. However, each external investment manager may invest up to 10.0 percent of their portfolio in Baa2/BBB rated bonds which, at a minimum, must be rated Baa2/BBB by two nationally recognized rating agencies, one of which must be either Moody's or S&P.
- Municipal Bonds: A3/A- or equivalent by two nationally recognized rating agencies, one of which must be Moody's or S&P
- Asset-backed securities: AAA by two nationally recognized rating agencies, one of which must be Moody's or S&P
- Dollar denominated obligations of sovereign governments: Aaa, Moody's and AAA, S&P
- Commercial Mortgage-Backed Securities (CMBS) and Collateralized Mortgage Obligations (CMOs): AAA by two nationally recognized rating agencies, one of which must be Moody's or S&P

The System's policy for credit risk is based on the concept of a risk budget rather than specific limitations related to the rating of an individual security. The System's risk budget is allocated among the different investment strategies.

Credit risk for derivative instruments held by the Commonwealth results from counterparty risk assumed by the Commonwealth. This is essentially the risk that the borrower will be unable to meet its obligation. Information regarding the Commonwealth's credit risk related to derivatives is found in Note 14.

Policies related to credit risk pertaining to the Commonwealth's securities lending program are found in the Securities Lending section of this note.

The following tables (dollars in thousands) present the credit ratings for the investments of the primary government (excluding pension and other employee benefit trust funds), the System (pension and other employee benefit trust funds), and component units as of June 30, 2017. The ratings presented are using Moody's, S&P, and Fitch rating scales. They are displayed from short-term to long-term.

Primary Government (Excluding Pension and Other Employee Benefit Trust Funds)

Investment Type (1)	P-1 / A-1 / F1	Percent of Portfolio	P-2 / A-2	Percent of Portfolio	Aaa / AAA	Percent of Portfolio	Aa / AA
Agency Mortgage Backed Securities	$ -	0.0%	$ -	0.0%	$ 2,355	0.0%	$ 192,987
Agency Unsecured Bonds and Notes	-	0.0%	-	0.0%	119,992	0.8%	2,334,369
Asset Backed Securities	-	0.0%	-	0.0%	172,170	1.3%	15,894
Commercial Paper	2,482,481	18.8%	46,725	0.4%	-	0.0%	-
Corporate Bonds and Notes	-	0.0%	-	0.0%	8,835	0.1%	38,405
Fixed Income and Commingled Funds	-	0.0%	-	0.0%	-	0.0%	-
Guaranteed Investment Contracts	-	0.0%	-	0.0%	-	0.0%	-
Investments held by broker-dealers under securities loans (Corporate Bonds and Notes)	-	0.0%	-	0.0%	-	0.0%	353
Investments held by broker-dealers under securities loans (U.S. Government and Agency Securities)	-	0.0%	-	0.0%	208	0.0%	-
Municipal Securities	-	0.0%	-	0.0%	690	0.0%	12,585
Mutual and Money Market Funds (Include SNAP)	-	0.0%	-	0.0%	913,577	6.9%	-
Negotiable Certificates of Deposit	2,796,065	21.2%	-	0.0%	-	0.0%	-
Other Debt Securities	-	0.0%	-	0.0%	-	0.0%	-
Repurchase Agreements	-	0.0%	-	0.0%	200,000	1.5%	550,002
Grand Total	$ 5,278,546	40.0%	$ 46,725	0.4%	$ 1,417,827	10.6%	$ 3,144,595

Primary Government – Virginia Retirement System (Pension and Other Employee Benefit Trust Funds)

Investment Type (1)	P-1 / A-1 / F1	Percent of Portfolio	P-2 / A-2 / F2	Percent of Portfolio	Aaa / AAA	Percent of Portfolio	Aa / AA
Corporate Bonds and Notes	$ 242,328	1.0%	$ -	0.0%	$ 30,730	0.1%	$ 1,187,347
Collateralized Mortgage Obligations	-	0.0%	-	0.0%	216	0.0%	126,365
Commercial Mortgages	-	0.0%	-	0.0%	210,398	0.9%	-
Supranational and Non-U.S. Government Bonds and Notes	-	0.0%	-	0.0%	127,360	0.5%	125,500
Cash Equivalents (2)	1,842,541	7.9%	864,092	3.7%	-	0.0%	117,136
Municipal Securities	-	0.0%	-	0.0%	10,754	0.1%	140,925
Asset Backed Securities	-	0.0%	-	0.0%	339,014	1.5%	50,353
Agencies	-	0.0%	-	0.0%	19,688	0.1%	1,744,215
Fixed Income and Commingled Funds	-	0.0%	-	0.0%	-	0.0%	2,586
Other Debt Securities	-	0.0%	-	0.0%	-	0.0%	-
Total	$ 2,084,869	8.9%	$ 864,092	3.7%	$ 738,160	3.2%	$ 3,494,427

Component Units

Investment Type (1)	P-1 / A-1 / F1	Percent of Portfolio	Aaa / AAA	Percent of Portfolio	Aa / AA	Percent of Portfolio	A
Agency Mortgage Backed Securities	$ -	0.0%	$ 622,238	16.8%	$ 55,334	1.5%	$ -
Agency Unsecured Bonds and Notes	-	0.0%	249,689	6.7%	33,687	0.9%	-
Asset Backed Securities	-	0.0%	201,325	5.4%	3,531	0.1%	1,380
Commercial Paper	209,402	5.7%	29,082	0.8%	-	0.0%	-
Corporate Bonds and Notes	-	0.0%	37,713	1.0%	122,108	3.3%	284,055
Fixed Income and Commingled Funds	-	0.0%	-	0.0%	6,560	0.2%	-
Guaranteed Investment Contracts	-	0.0%	-	0.0%	43,057	1.2%	-
Municipal Securities	-	0.0%	41,573	1.1%	105,203	2.8%	58,289
Mutual and Money Market Funds (Include SNAP)	60,860	1.6%	380,861	10.3%	1,871	0.1%	2,111
Negotiable Certificates of Deposit	5,154	0.1%	-	0.0%	23,273	0.6%	-
Other Debt Securities	-	0.0%	19,463	0.5%	24	0.0%	43
Repurchase Agreements	-	0.0%	-	0.0%	-	0.0%	-
Supranational and Non-U.S. Government Bonds and Notes	-	0.0%	9,578	0.3%	-	0.0%	-
	$ 275,416	7.4%	$ 1,591,522	42.9%	$ 394,648	10.7%	$ 345,878

(1) Excludes U.S. Treasury and Agency Securities of $735.8 million for primary government (excluding pension and other employee benefit trust funds), $3.5 billion for the System (pension and other employee benefit trust funds), and $723.3 million for component units because obligations of the U. S. Government or obligations explicitly guaranteed by the U. S. Government are not considered to have credit risk.

(2) Consists primarily of commercial paper and institutional negotiable certificates of deposit.

Amount by Credit Rating - Moody's / S&P / Fitch

Percent of Portfolio	A	Percent of Portfolio	Baa / BBB	Percent of Portfolio	Less Than Investment Grade	Percent of Portfolio	Unrated	Percent of Portfolio	Grand Total
1.5%	$ 5,256	0.0%	$ 1,085	0.0%	$ -	0.0%	$ 196	0.0%	$ 201,879
17.7%	-	0.0%	-	0.0%	-	0.0%	6	0.0%	2,454,367
0.1%	19,414	0.2%	10,227	0.1%	5,325	0.0%	7,632	0.1%	230,662
0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	2,529,206
0.3%	245,828	1.9%	156,578	1.2%	490,738	3.7%	61,944	0.5%	1,002,328
0.0%	-	0.0%	-	0.0%	79	0.0%	964,562	7.3%	964,641
0.0%	-	0.0%	-	0.0%	-	0.0%	996,155	7.5%	996,155
0.0%	1,068	0.0%	-	0.0%	-	0.0%	-	0.0%	1,421
0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	208
0.1%	3,306	0.0%	-	0.0%	-	0.0%	5,979	0.0%	22,560
0.0%	2	0.0%	-	0.0%	-	0.0%	27,049	0.2%	940,628
0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	2,796,065
0.0%	23,842	0.2%	17,952	0.1%	6,387	0.1%	264,162	2.0%	312,343
4.2%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	750,002
23.9%	$ 298,716	2.3%	$ 185,842	1.4%	$ 502,529	3.8%	$ 2,327,685	17.6%	$ 13,202,465

Amount by Credit Rating - Moody's / S&P / Fitch

Percent of Portfolio	A	Percent of Portfolio	Baa / BBB	Percent of Portfolio	Less Than Investment Grade	Percent of Portfolio	Unrated	Percent of Portfolio	Grand Total
5.1%	$ 3,247,425	13.9%	$ 2,592,023	11.1%	$ 2,053,272	8.8%	$ 1,462,162	6.3%	$ 10,815,287
0.6%	-	0.0%	-	0.0%	64,367	0.3%	17,394	0.1%	208,342
0.0%	3,328	0.0%	-	0.0%	3,145	0.0%	-	0.0%	216,871
0.5%	218,253	0.9%	738,531	3.2%	1,322,635	5.7%	49,283	0.2%	2,581,562
0.5%	209,765	0.9%	-	0.0%	-	0.0%	622,100	2.7%	3,655,634
0.6%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	151,679
0.2%	40,978	0.2%	9,994	0.1%	197,269	0.8%	50,272	0.2%	687,880
7.5%	-	0.0%	-	0.0%	-	0.0%	2,085,126	8.9%	3,849,029
0.0%	24,578	0.1%	1,125,895	4.8%	724	0.0%	338	0.0%	1,154,121
0.0%	-	0.0%	-	0.0%	-	0.0%	1,696	0.0%	1,696
15.0%	$ 3,744,327	16.0%	$ 4,466,443	19.2%	$ 3,641,412	15.6%	$ 4,288,371	18.4%	$ 23,322,101

Amount by Credit Rating - Moody's / S&P / Fitch

Percent of Portfolio	Baa / BBB	Percent of Portfolio	Less Than Investment Grade	Percent of Portfolio	Unrated	Percent of Portfolio	Grand Total
0.0%	$ -	0.0%	$ -	0.0%	$ 27,015	0.7%	$ 704,587
0.0%	-	0.0%	-	0.0%	15,404	0.4%	298,780
0.0%	1,237	0.0%	3,137	0.1%	18,816	0.5%	229,426
0.0%	-	0.0%	-	0.0%	5,391	0.2%	243,875
7.7%	21,853	0.6%	126	0.0%	1,936	0.1%	467,791
0.0%	-	0.0%	-	0.0%	97,554	2.6%	104,114
0.0%	-	0.0%	-	0.0%	-	0.0%	43,057
1.6%	-	0.0%	-	0.0%	81	0.0%	205,146
0.1%	-	0.0%	-	0.0%	273,872	7.4%	719,575
0.0%	-	0.0%	-	0.0%	38,329	1.0%	66,756
0.0%	-	0.0%	-	0.0%	101,962	2.7%	121,492
0.0%	475,000	12.8%	-	0.0%	18,339	0.5%	493,339
0.0%	-	0.0%	-	0.0%	-	0.0%	9,578
9.4%	$ 498,090	13.4%	$ 3,263	0.1%	$ 598,699	16.1%	$ 3,707,516

Concentration of Credit Risk

Concentration of credit risk is related to the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The Commonwealth holds no investment in the securities of a single issuer that is more than 5.0 percent of the total market value of its investments. In addition, the State Treasury and the System have individual investment policies limiting the amounts that may be invested in any single issuer.

It is the State Treasurer's policy that each portfolio will be diversified with no more than 4.0 percent of the value of the fund invested in the securities of any single issuer. This limitation shall not apply to the U.S. Government, or agency thereof, or U.S. Government sponsored corporation securities and fully insured and/or collateralized certificates of deposit. Certain portfolios are limited to amounts less than 4.0 percent of the value of the fund invested in the securities of any single issuer.

The System's investment guidelines for each specific portfolio also limit investments in any corporate entity to no more than 5.0 percent of the market value of the account for both the internally and externally managed portfolios. There is no concentration of investments in any one organization that represents 5.0 percent or more of plan net position.

Foreign Currency Risk

Primary Government

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. All primary government investments exposed to foreign currency risk were part of the System, the Virginia College Savings Plan (Virginia529), and the Unclaimed Property portfolios at June 30, 2017. There is no investment policy related to foreign currency for the Unclaimed Property portfolio, but Virginia529 has direct exposure to currency risk through investments managed by Advent Capital Management, LLC, which uses currency forward contracts to hedge risks associated with currency fluctuations pursuant to a formal exception to Virginia529's investment policy.

The System's foreign currency risk exposures, or exchange rate risk, primarily exist in the international and global equity investment holdings. Exposure to foreign currency risk is highlighted in the following tables.

Component Units

All nonmajor component unit investments exposed to foreign currency risk were part of the College of William and Mary, James Madison University, and the Virginia Economic Development Partnership at June 30, 2017, and none of these entities had investment policies related to foreign currency risk.

Foreign Currency Exposures by Asset Class - Primary Government
(Excluding Pension and Other Employee Benefit Trust Funds)
(Dollars in Thousands)

Currency	Cash & Cash Equivalents	Equity	Private Equity	Corporate Bonds	Total
Euro Currency Unit	$ 17	$ 70	$ -	$ 21,731	$ 21,818
Japanese Yen	4	-	-	13,066	13,070
U. S. Dollar	-	1,640	2,997	-	4,637
British Pound Sterling	550	26	-	3,167	3,743
Canadian Dollar	308	1,145	-	2,008	3,461
Hong Kong Dollar	-	4	-	1,295	1,299
Swiss Franc	-	9	-	-	9
Singapore Dollar	5	-	-	-	5
Mexican New Peso	-	1	-	-	1
Total	$ 884	$ 2,895	$ 2,997	$ 41,267	$ 48,043

Foreign Currency Exposures by Asset Class
Primary Government - Virginia Retirement System
(Pension and Other Employee Benefit Trust Funds)
(Dollars in Thousands)

Currency	Cash & Cash Equivalents	Equity	Fixed Income	Private Equity	Real Assets	International Funds	Forward Contracts	Total
Euro Currency Unit	$ 27,477	$ 2,295,596	$ 22,544	$ 720,087	$ 232,868	$ -	$ (1,588,781)	$ 1,709,791
U.S. Dollar	-	-	-	-	-	1,561,157	-	1,561,157
Japanese Yen	14,410	2,036,996	(7)	-	1,186	-	(805,597)	1,246,988
Hong Kong Dollar	5,825	998,128	-	-	1,376	-	(176,555)	828,774
Pound Sterling	9,196	1,289,865	980	-	107,499	-	(665,167)	742,373
Canadian Dollar	7,813	816,910	-	-	47,429	-	(407,942)	464,210
South Korean Won	1,770	507,589	23	-	-	-	(59,726)	449,656
Indian Rupee	5,422	255,787	5,683	-	-	-	114,256	381,148
Swiss Franc	10,968	638,432	-	-	1,450	-	(383,256)	267,594
Brazil Real	3,360	140,341	91,824	-	4	-	21,746	257,275
South African Rand	425	178,411	76,188	-	-	-	(16,381)	238,643
Turkish Lira	95	89,837	48,527	-	-	-	97,448	235,907
Mexican Peso	240	30,941	58,008	-	3,852	-	118,591	211,632
New Taiwan Dollar	914	231,863	-	-	-	-	(25,373)	207,404
Indonesian Rupiah	1,669	47,040	84,306	-	-	-	66,146	199,161
Polish Zloty	22	29,019	60,577	-	-	-	75,693	165,311
Malaysian Ringgit	5,757	62,980	59,572	-	-	-	4,761	133,070
Thailand Baht	513	93,757	15,771	-	-	-	10,599	120,640
Swedish Krona	668	216,522	-	-	-	-	(134,039)	83,151
Czech Koruna	282	698	2,810	-	-	-	73,218	77,008
Danish Krone	740	144,807	-	-	1,614	-	(75,801)	71,360
Singapore Dollar	2,376	168,156	-	-	-	-	(108,040)	62,492
Russian Ruble (New)	315	18,829	39,826	-	-	-	3,463	62,433
Colombian Peso	1,959	4,358	35,487	-	-	-	16,850	58,654
Australian Dollar	1,245	484,639	-	-	2,235	-	(430,248)	57,871
Chilean Peso	604	27,366	3,550	-	-	-	10,231	41,751
Argentine Peso	457	-	18,898	-	-	-	17,266	36,621
Egyptian Pound	10,628	6,077	-	-	-	-	(550)	16,155
Romanian Leu	236	-	17,202	-	-	-	(2,477)	14,961
Sri Lanka Rupee	-	-	5,619	-	-	-	-	5,619
Ghanaian Cedi	-	-	5,287	-	-	-	-	5,287
Qatari Riyal	157	5,128	-	-	-	-	-	5,285
Uruguayan Peso	-	-	4,802	-	-	-	-	4,802
UAE Dirham	52	4,246	-	-	-	-	-	4,298
Israeli Shekel	158	31,717	3,481	-	-	-	(32,378)	2,978
Moroccan Dirham	1	-	-	-	-	-	-	1
Philippines Peso	138	8,833	849	-	-	-	(13,496)	(3,676)
Peruvian Nuevo Sol	18	52	23,381	-	-	-	(29,411)	(5,960)
Hungarian Forint	657	11,545	27,985	-	-	-	(57,483)	(17,296)
Chinese Yuan Renminbi	-	2	(56)	-	-	-	(27,929)	(27,983)
Norwegian Krone	527	111,985	-	-	-	-	(148,092)	(35,580)
New Zealand Dollar	(92)	25,628	-	-	1,473	-	(81,318)	(54,309)
Total	$ 117,002	$ 11,014,080	$ 713,117	$ 720,087	$ 400,986	$ 1,561,157	$ (4,639,772)	$ 9,886,657

Foreign Currency Exposures by Asset Class - Component Units
(Dollars in Thousands)

Currency	Cash & Cash Equivalents	Total
British Pound Sterling	$ 1,118	$ 1,118
Euro Currency Unit	2,914	2,914
Other	5	5
Total	$ 4,037	$ 4,037

Fair Value Measurements

Primary Government

GASB Statement No. 72, *Fair Value Measurement and Application*, requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy is based on the valuation inputs used to measure the fair value of assets.

- Level 1 inputs are quoted prices in active markets for identical assets;
- Level 2 inputs are significant other observable inputs and may include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or model-driven valuations;
- Level 3 inputs are derived using valuation techniques that have significant unobservable inputs.

Investments that do not have a readily determinable fair value are excluded from the fair value hierarchy and instead are valued by using the net asset value (NAV) per share (or its equivalent). In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant in the valuation.

The following tables summarize recurring fair value measurements for the cash equivalents and investments reported by the primary government (excluding pension and other employee benefit trust funds) and the System (pension and other employee benefit trust funds) as of June 30, 2017.

Fair Value Measurements - Primary Government
(Excluding Pension and Other Employee Benefit Trust Funds)
(Dollars in Thousands)

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair value measured using fair value hierarchy				
Debt Securities (1)				
U. S. Treasury and Agency Securities	$ 560,782	$ 511,706	$ 49,076	$ -
Corporate Bonds and Notes	1,002,327	793	1,001,534	-
Commercial Paper	1,128,598	-	1,128,598	-
Negotiable Certificates of Deposit	1,405,244	-	1,405,244	-
Municipal Securities	22,560	6,113	16,447	-
Asset Backed Securities	230,663	272	230,391	-
Agency Mortgage Backed Securities	201,879	608	201,271	-
Agency Unsecured Bonds and Notes	1,678,857	8,598	1,670,259	-
Mutual and Money Market Funds	6,510	4,594	1,916	-
Fixed Income and Commingled Funds	497,248	495,607	1,641	-
Investments held by broker-dealers under securities loans				
U. S. Government and Agency Securities	208	208	-	-
Corporate Bonds and Notes	1,421	1,421	-	-
Other Debt Securities	312,343	205,734	106,609	-
Total Debt Securities	7,048,640	1,235,654	5,812,986	-
Equity Securities (2)				
Common and Preferred Stocks	539,498	535,494	4,004	-
Foreign Currencies	2,140	2,137	3	-
Equity Index and Pooled Funds	82,265	77,104	5,161	-
Index Funds	1,538,105	1,538,105	-	-
Real Estate	8,007	607	-	7,400
Other Equity Securities	1,246,764	1,246,749	15	-
Total Equity Securities	3,416,779	3,400,196	9,183	7,400
Total by Fair Value Level	$ 10,465,419	$ 4,635,850	$ 5,822,169	$ 7,400
Fair value established using the net asset value (NAV) (3)				
Fixed Income and Commingled Funds	467,394			
Real Estate	88,376			
Other Equity Securities	294,915			
Total Fair Value established using NAV	850,685			
Total Fair Value	$ 11,316,104			

(1) Debt securities are classified as follows:

- Level 1 - valued using unadjusted quoted prices in active markets for those securities.
- Level 2 - valued using a matrix pricing model and observable prices using dealer quotes for similar securities traded in active markets.

(2) Equity securities are classified as follows:

- Level 1 - valued using unadjusted quoted prices in active markets for those securities.
- Level 2 - valued using dealer quotes for similar securities traded in active markets.
- Level 3 - valued using independent appraisals.

(3) Investments reported at fair value established using the NAV were all part of the Virginia College Savings Plan Fund (major enterprise). As of June 30, 2017, these investments had $165.5 million in unfunded commitments. The redemption frequencies for the investments currently eligible to be redeemed were daily, monthly, quarterly, and semi-annually; and the redemption notice period ranged from 2 to 95 days. As of June 30, 2017, a portion of these investments cannot be redeemed. Additional information is available in the Virginia529 individually published financial statements, which may be obtained from www.virginia529.com.

Fair Value Measurements
Primary Government - Virginia Retirement System
(Pension and Other Employee Benefit Trust Funds)
(Dollars in Thousands)

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair value measured using fair value hierarchy				
Debt Securities (1)				
U. S. Treasury and Agency Securities	$ 3,497,512	$ 3,103,632	$ 393,880	$ -
Corporate Bonds and Notes	7,606,701	-	7,606,701	-
Collateralized Mortgage Obligations	208,342	-	208,342	-
Commercial Mortgages	216,871	-	216,871	-
Supranational and Non-U.S. Government Bonds and Notes	2,581,562	72,543	2,509,019	-
Municipal Securities	151,679	-	151,679	-
Asset Backed Securities	687,880	-	684,728	3,152
Agencies	3,849,029	-	3,849,029	-
Fixed Income and Commingled Funds	36,687	14,377	-	22,310
Other Debt Securities	1,696	85	1,611	-
Total Debt Securities	18,837,959	3,190,637	15,621,860	25,462
Equity Securities (2)				
Common and Preferred Stocks	24,329,444	24,221,968	102,915	4,561
Foreign Currencies	326	-	326	-
Equity Index and Pooled Funds	1,154,854	-	-	1,154,854
Real Assets	2,085,695	-	-	2,085,695
Other Equity Securities	877,052	(2,292)	1,913	877,431
Total Equity Securities	28,447,371	24,219,676	105,154	4,122,541
Total by Fair Value Level	$ 47,285,330	$ 27,410,313	$ 15,727,014	$ 4,148,003
Fair value established using the net asset value (NAV) (3)				
Fixed Income and Commingled Funds	1,117,434			
Equity Index and Pooled Funds	8,490,525			
Real Assets	6,194,445			
Other Equity Securities	10,416,403			
Total Fair Value established using NAV	26,218,807			
Total Fair Value	$ 73,504,137			

(1) Debt securities are classified as follows:

- Level 1 - valued using unadjusted quoted prices in active markets for those securities.
- Level 2 - valued using a proprietary matrix pricing technique. This pricing technique defines the primary source and secondary sources to be used if the primary pricing source does not provide a value. Typically, these securities are valued using bid evaluations. The valuation techniques may include market participants' assumptions, quoted prices for similar assets, benchmark yield curves, market corroborated inputs, and other data inputs.
- Level 3 - valued using proprietary information.

(2) Equity securities are classified as follows:

- Level 1 - valued using unadjusted quoted prices in active markets for those securities.
- Level 2 - valued using quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; or model-driven valuations in which all significant inputs are observable.
- Level 3 - valued using proprietary information. When observable inputs are not available, this results in using one or more valuation techniques, such as the market approach and or the income approach, for which sufficient and reliable data is available. Within this level, the use of the market approach generally consists of using comparable market transactions or other data, while the use of the income approach generally consists of the net present value of estimated future cash flows.

(3) As of June 30, 2017, investments reported at fair value established using the NAV had $7.3 billion in unfunded commitments. The redemption frequencies for the investments currently eligible to be redeemed were monthly, quarterly, semi-annually, and annually; and the redemption notice period ranged from 30 to 90 days. As of June 30, 2017, a portion of these investments cannot be redeemed. Additional information is available in the System's separately issued financial statements, which may be obtained from www.varetire.org

Component Units

The following table summarizes fair value measurements for the cash equivalents and investments reported by the component units as of June 30, 2017. The table excludes cash equivalents and investments measured at fair value by the foundations that follow FASB standards.

Fair Value Measurements - Component Units
(Dollars in Thousands)

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair value measured using fair value hierarchy				
Debt Securities (1)				
U. S. Treasury and Agency Securities	$ 710,739	$ 565,683	$ 145,056	$ -
Corporate Bonds and Notes	467,791	14,881	452,910	-
Supranational and Non-U.S. Government Bonds and Notes	9,578	-	9,578	-
Commercial Paper	19,583	-	19,583	-
Negotiable Certificates of Deposit	66,608	3,983	62,625	-
Repurchase Agreements	18,339	-	18,339	-
Municipal Securities	205,146	-	205,146	-
Asset-Backed Securities	229,426	-	229,426	-
Agency Mortgage-Backed Securities	704,587	389	704,198	-
Agency Unsecured Bonds and Notes	213,937	-	213,937	-
Mutual and Money Market Funds	316,568	311,713	4,855	-
Fixed Income and Commingled Funds	5,440	5,440	-	-
Other	83,292	83,291	1	-
Total Debt Securities	3,051,034	985,380	2,065,654	-
Equity Securities (2)				
Common and Preferred Stocks	59,860	59,860	-	-
Equity Index and Pooled Funds	144,135	144,135	-	-
Index Funds	5,355	5,355	-	-
Real Estate	893	859	-	34
Other	14,865	10,208	948	3,709
Total Equity Securities	225,108	220,417	948	3,743
Total by Fair Value Level	$ 3,276,142	$ 1,205,797	$ 2,066,602	$ 3,743
Fair value established using the net asset value (NAV) (3)				
Fixed Income and Commingled Funds	98,674			
Other Debt Securities	18,736			
Equity Index and Pooled Funds	118,843			
Index Funds	4,174			
Real Estate	22,947			
Other Equity Securities	898,103			
Total Fair Value established using NAV	1,161,477			
Total Fair Value	$ 4,437,619			

(1) Debt securities are classified as follows:

- Level 1 - valued using unadjusted quoted prices in active markets for those securities using the market approach.
- Level 2 - valued based on quoted prices for similar securities in active markets or quoted prices for identical or similar securities in markets that are not active.

(2) Equity securities are classified as follows:

- Level 1 - valued using unadjusted quoted prices in active markets for those securities using the market approach.
- Level 2 - valued using significant other observable inputs.
- Level 3 - valued using unobservable inputs and may include assumptions of management.

(3) The following nonmajor component units reported investments at fair value established using the NAV: Old Dominion University, Virginia Commonwealth University (VCU), Virginia Commonwealth University Health System Authority (blended component unit of VCU), College of William and Mary, Virginia Military Institute, Virginia State University, and Virginia Biotechnology Research Partnership Authority. Additional information is available in the separately issued financial statements.

Securities Lending

The State Treasury's securities lending program is managed by Deutsche Bank AG, New York (Deutsche Bank), under a contract dated March 28, 2014. The enabling legislation for the securities lending program is Section 2.2-4506 of Chapter 45 of the *Code of Virginia*, as amended. No violations of legal or contractual provisions were noted during the year.

In October, 2016, the Department of the Treasury suspended participation in the securities lending program for both the Commonwealth's General Account and for the Lottery account. Current market conditions have limited the demand for Treasury's lendable assets and the narrowing margins on reinvesting cash collateral have resulted in minimal earnings for the program. The Department of the Treasury still maintains an active contract with the current lending provider, and should the situation become more favorable for this type of activity, the program could be reestablished in the future.

All securities lending loans are on an open-ended or one-day basis and may be terminated by the State Treasury with a 24-hour notice or are term loans with the right of substitution. While all securities may be recalled on a daily basis, securities are often on loan for much longer periods. Generally, cash reinvestments security maturities do not match the maturities of loans. Per the contract with Deutsche Bank, all cash collateral reinvestment securities attributable to loans made on the Commonwealth's behalf shall be maintained by Deutsche Bank, and the State Treasury cannot pledge or sell such collateral absent a default.

The State Treasury's contract with Deutsche Bank provides for loss indemnification against insolvency default with respect to lending transactions and in the case of reverse transactions (Repurchase Agreements) as defined in the applicable Agency Securities Lending and Repurchase Agreement. Additionally, Deutsche Bank AG is liable for any losses experienced from reinvestment of cash collateral in investments not authorized by the provisions of the investment guidelines for the Commonwealth of Virginia agreed upon by both parties and made a part of the Agency Securities Lending and Repurchase Agreement. There were no realized losses resulting from default during this reporting period.

When securities are loaned, the collateral received is at least 100.0 percent of fair value of the securities loaned and must be maintained at 100.0 percent or greater. There are no stated restrictions on the amount of securities that may be loaned, but the basic composition of the general account portfolio effectively restricts the maximum percentage of the portfolio that may be loaned. During the first part of the past fiscal year when the program was still active, approximately 0.8 percent of the general account securities were on loan.

During the first part of the past fiscal year, a combination of U.S. Treasury, agency, agency mortgage and corporate securities were loaned, with the majority of the loaned securities being U.S. Treasury and agency securities.

Under authorization of the Board, the System lends its fixed income and equity securities to various broker-dealers on a temporary basis. This program is administered through an agreement with the System's custodial agent bank. All security loan agreements are collateralized by cash, securities, or an irrevocable letter of credit issued by a major bank, and have a fair value equal to at least 102.0 percent of the fair value for domestic securities and 105.0 percent for international securities. Securities received as collateral cannot be pledged or sold by the System unless the borrower defaults. Contracts require the lending agents to indemnify the System if the borrowers fail to return the securities lent and related distributions and if the collateral is inadequate to replace the securities lent. All securities loans can be terminated on demand by either the System or the borrowers. The majority of loans are open loans, meaning the rebate is set daily. This results in a maturity of one or two days on average, although securities are often on loan for longer periods. The maturity of loans generally does not match the maturity of collateral investments, which averages 23 days. At year-end, the System has no credit risk exposure to borrowers because the amounts it owes the borrowers exceeded the amounts the borrowers owe the System. All securities are marked to market daily and carried at fair value. The fair value of securities on loan at June 30, 2017, was $8.1 billion. The June 30, 2017, balance was composed of U.S. Government and agency securities of $2.5 billion, corporate and other bonds of $1.6 billion, and common and preferred stocks of $3.8 billion. At June 30, 2017, the balance also included $145.1 million of supranational and non-U.S. government bonds. The value of collateral (cash and non-cash) at June 30, 2017, was $8.5 billion.

At June 30, 2017, the invested cash collateral had a cost of $4.8 billion and was composed of time deposits of $270.4 million, floating rate notes of $3.2 billion, and repurchase agreements of $1.3 billion.

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7. RECEIVABLES

The following schedule (dollars in thousands) details the accounts, loans, local school bonds, interest, taxes, prepaid tuition contributions, security transactions, and other receivables presented in the major funds, aggregated nonmajor funds by type, internal service funds, fiduciary funds, major component units, and aggregated nonmajor component units, as of June 30, 2017.

	Accounts Receivable	Loans / Mortgage Receivable	Local School Bonds Receivable	Interest Receivable	Taxes Receivable
Primary Government:					
General	$ 1,112,169	$ 230	$ -	$ 388,512	$ 1,862,577
Major Special Revenue Funds:					
Commonwealth Transportation (1)	148,245	195,128	-	-	182,687
Federal Trust	933,753	1,548	-	-	-
Literary	302,360	115,991	-	40,050	-
Nonmajor Governmental Funds	125,900	22	-	16,178	6,483
Major Enterprise Funds:					
Virginia Lottery	69,396	-	-	-	-
Virginia College Savings Plan	10,818	-	-	4,367	-
Unemployment Compensation	114,695	-	-	-	-
Nonmajor Enterprise Funds	51,316	-	-	-	-
Internal Service Funds	23,576	-	-	-	-
Private Purpose Trust Funds	103	-	-	2,613	-
Pension and Other Employee Benefit Trust Funds (2)	218,600	-	-	233,179	-
Investment Trust Fund	-	-	-	2,165	-
Agency Funds	644	-	-	-	108,611
Total Primary Government (3)	$ 3,111,575	$ 312,919	$ -	$ 687,064	$ 2,160,358
Discrete Component Units:					
Virginia Housing Development Authority (4)	$ -	$ 6,172,394	$ -	$ 27,372	$ -
Virginia Public School Authority (5)	-	-	3,327,926	63,680	-
Virginia Resources Authority	-	4,434,762	-	29,901	-
Virginia College Building Authority	-	-	-	21,900	-
Nonmajor Component Units (6)	1,699,313	146,098	-	6,154	7,357
Total Component Units	$ 1,699,313	$ 10,753,254	$ 3,327,926	$ 149,007	$ 7,357

Note (1): This amount includes $152.2 million from the Virginia Infrastructure Bank as discussed in Note 20.D.

Note (2): In the Pension and Other Employee Benefit Trust Funds, Interest Receivable of $233,179 (dollars in thousands) also includes dividends receivable. Additionally, Other Receivables of $22,399 (dollars in thousands) are made up of $12,985 (dollars in thousands) in pending investment transactions, which includes $6,603 (dollars in thousands) in futures margins receivable, $3,598 (dollars in thousands) in futures contracts receivable, and $2,784 (dollars in thousands) in securities lending; and $9,414 (dollars in thousands) in other receivables related to benefit plans.

Note (3): Fiduciary net receivables in the amount of $1,861,948 (dollars in thousands) are not included in the Government-wide Statement of Net Position.

Note (4): The Virginia Housing Development Authority (major component unit) reports $5,914,630 (dollars in thousands) as Restricted Loans Receivable, $25,330 (dollars in thousands) as Restricted Interest Receivable, and $9,682 as Restricted Other Receivables.

Note (5): The Virginia Public School Authority (major component unit) reports $3,327,926 (dollars in thousands) as Local School Bonds Receivable. This amount will be used to repay the Authority's bonds.

Note (6): Other Receivables of the nonmajor component units are primarily comprised of pledges receivable of $17,082 (dollars in thousands) reported by the University of Virginia; sponsors accounts receivable of $34,859 (dollars in thousands) reported by Virginia Commonwealth University; premium receivables of $84,021 (dollars in thousands) and third-party settlements and non-patient receivables of $51,395 (dollars in thousands) reported by Virginia Commonwealth University Health System Authority (blended component unit of Virginia Commonwealth University), and $53,478 (dollars in thousands) reported by foundations of the higher education institutions representing FASB reporting entities defined in Note 1.B.; and $21,060 (dollars in thousands) reported by the Virginia Biotechnology Research Partnership Authority.

Prepaid Tuition Contributions Receivable	Security Transactions	Other Receivables	Allowance for Doubtful Accounts	Net Accounts Receivable	Amounts to be Collected Greater than One Year
$ -	$ -	$ -	$ (1,475,689)	$ 1,887,799	$ 395,282
-	-	-	(32,159)	493,901	181,198
-	-	-	(5,123)	930,178	10,757
-	-	-	(305,761)	152,640	97,884
-	-	394	(84,463)	64,514	284
-	-	-	-	69,396	-
194,568	-	-	-	209,753	146,794
-	-	-	(22,890)	91,805	-
-	-	14	(1,537)	49,793	-
-	-	-	(646)	22,930	-
-	-	-	-	2,716	-
-	1,322,398	22,399	-	1,796,576	-
-	-	-	-	2,165	-
-	-	-	(48,764)	60,491	7,715
$ 194,568	$ 1,322,398	$ 22,807	$ (1,977,032)	$ 5,834,657	$ 839,914
$ -	$ -	$ 19,328	$ (154,336)	$ 6,064,758	$ 5,666,161
-	-	-	-	3,391,606	3,055,250
-	-	2,021	(578)	4,466,106	4,147,165
-	-	-	-	21,900	-
-	-	357,995	(823,740)	1,393,177	204,812
$ -	$ -	$ 379,344	$ (978,654)	$ 15,337,547	$ 13,073,388

8. CONTRIBUTIONS RECEIVABLE, NET

The following schedule details the contributions receivable for foundations[1] included with the nonmajor component units, as of June 30, 2017. The major component units reported no contributions receivable for fiscal year 2017.

(Dollars in Thousands)

	Due in Less Than One Year	Due Between One and Five Years	Due in More Than Five Years	Subtotal	Present Value Discount (2)	Allowance for Doubtful Accounts	Contributions Receivable, Net
Discrete Component Units:							
Nonmajor Component Units	$ 175,058	$ 237,772	$ 91,282	$ 504,112	$ (27,526)	$ (26,336)	$ 450,250
Total Component Units	$ 175,058	$ 237,772	$ 91,282	$ 504,112	$ (27,526)	$ (26,336)	$ 450,250

Note (1): Foundations represent FASB reporting entities defined in Note 1.B.
Note (2): The discount rate used to determine present value ranges from 0.1 percent to 6.0 percent.

9. INTERFUND AND INTER-ENTITY ASSETS / LIABILITIES

Due from/to Other Funds

Due from Other Funds are amounts to be received from one fund by another fund for goods sold or services rendered. Due to Other Funds are amounts owed by one fund to another fund for goods purchased or services obtained.

The following line items are included in the category "Due from Other Funds":

- Due from Other Funds
- Due from Internal Parties (Governmental Funds and Business-type Activities)
- Due from External Parties (Fiduciary Funds)

The following line items are included in the category "Due to Other Funds":

- Due to Other Funds
- Due to Internal Parties (Governmental Funds and Business-type Activities)
- Due to External Parties (Fiduciary Funds)

The following schedule shows the Due from/to Other Funds as of June 30, 2017.

Schedule of Due from/to Other Funds
June 30, 2017

(Dollars in Thousands)

Due From	Amount	Due To	Amount
Primary Government		**Primary Government**	
General Fund	$ 28,413	Major Special Revenue Funds:	
		Federal Trust	$ 267
		Major Enterprise Funds:	
		Virginia Lottery	11,819
		Virginia College Savings Plan	30
		Nonmajor Enterprise Funds	15,112
		Internal Service Funds	1,185
Major Special Revenue Funds:			
Federal Trust	2,786	General Fund	1,660
		Major Enterprise Funds:	
		Unemployment Compensation	1,126
Literary	3,417	Major Enterprise Funds:	
		Virginia Lottery	3,417
Nonmajor Governmental Funds	5,200	Major Special Revenue Funds:	
		Commonwealth Transportation	1,410
		Federal Trust	2,629
		Nonmajor Governmental Funds	400
		Major Enterprise Funds:	
		Unemployment Compensation	103
		Nonmajor Enterprise Funds	658
Major Enterprise Funds:			
Unemployment Compensation	1,020	General Fund	879
		Major Special Revenue Funds:	
		Commonwealth Transportation	35
		Federal Trust	47
		Nonmajor Governmental Funds	40
		Major Enterprise Funds:	
		Virginia Lottery	3
		Nonmajor Enterprise Funds	14
		Internal Service Funds	2
Nonmajor Enterprise Funds	627	General Fund	144
		Major Special Revenue Funds:	
		Commonwealth Transportation	256
		Federal Trust	182
		Nonmajor Governmental Funds	27
		Nonmajor Enterprise Funds	18
Internal Service Funds	52,205	General Fund	27,633
		Major Special Revenue Funds:	
		Commonwealth Transportation	9,901
		Federal Trust	7,472
		Nonmajor Governmental Funds	4,250
		Major Enterprise Funds:	
		Virginia Lottery	190
		Virginia College Savings Plan	74
		Nonmajor Enterprise Funds	1,980
		Internal Service Funds	705
Pension and Other Employee Benefit Trust Funds	3,502	Private Purpose Trust Funds	1
		Pension and Other Employee Benefit Trust	3,501
Total Primary Government	$ 97,170	Total Primary Government	$ 97,170

Schedule of Due from/to Internal/External Parties
June 30, 2017

(Dollars in Thousands)

Due From	Amount	Due To	Amount
Primary Government		**Primary Government**	
General Fund	$ 1	Investment Trust Fund	$ 1
Major Special Revenue Funds:			
Federal Trust	20,342	Pension and Other Employee Benefit Trust	20,342
Nonmajor Governmental Funds	38,293	Agency Funds	162
		Pension and Other Employee Benefit Trust Funds	38,131
Internal Service Funds	210	Pension and Other Employee Benefit Trust Funds	210
Pension and Other Employee Benefit Trust Funds	33,697	General Fund	21,431
		Major Special Revenue Funds:	
		Commonwealth Transportation	5,412
		Federal Trust	2,654
		Nonmajor Governmental Funds	2,768
		Major Enterprise Funds:	
		Virginia Lottery	189
		Virginia College Savings Plan	77
		Nonmajor Enterprise Funds	730
		Internal Service Funds	436
Total Primary Government	$ 92,543	Total Primary Government	$ 92,543

Interfund Receivables/Payables

Interfund Receivables/Payables are loans made by one fund to another.

The following schedule shows the Interfund Receivables/Payables for the primary government as of June 30, 2017. There were no Interfund Receivables/Payables for the component units as of June 30, 2017.

Interfund Receivables/Payables
June 30, 2017

(Dollars in Thousands)

Receivable From:	Amount	Payable To:	Amount
Primary Government		**Primary Government**	
Nonmajor Governmental Funds	$ 160,964	General Fund	$ 1,147
		Major Special Revenue Funds:	
		Federal Trust	26,510
		Nonmajor Enterprise Funds	34,724
		Internal Service Funds	98,583
Total Primary Government	$ 160,964	Total Primary Government	$ 160,964

Due from/to Primary Government and Component Units

Included in this category is activity between the Commonwealth and its component units, as well as activity between component units.

A due from primary government amount that is due from the Federal Trust Fund (major special revenue) to the Virginia College Building Authority (major component unit) of $3.8 million is for interest on Build America Bonds (BABs).

A $68.9 million due from primary government amount that is due from the General Fund (major governmental) to the higher education institutions (nonmajor component units) is for the following: appropriations available for capital projects and other programs of $67.7 million and payments awaiting disbursements of $1.2 million. The General Fund reports $7.9 million in the fund financial statements and an additional $61.0 million in the government-wide financial statements.

A $2.5 million due from primary government amount represents an amount due from a nonmajor governmental fund related to the Department of the Treasury's reimbursement programs to George Mason University and the Virginia Community College System (nonmajor component units).

A due from primary government amount that is due from the Virginia Public Building Authority (capital projects fund) to the Virginia Port Authority (nonmajor component unit) of $1.5 million represents bond revenue to be used for capital projects.

A $23.1 million due from component units in the Health Care Fund (internal service fund) represents amounts due from the nonmajor component units.

A $844,703 due from component units represents monies owed for administrative and project expenses from the Science Museum of Virginia Foundation (nonmajor component unit) to a nonmajor governmental fund. The entire nonmajor governmental amount is reported in the government-wide financial statements.

The $92.2 million due from component units amount represents amounts due from the Virginia College Building Authority (major component unit) for the Department of the Treasury's reimbursement programs to higher education institutions (nonmajor component units). There is a due to component units of $3.2 million from a foundation of Old Dominion University (nonmajor component unit) to the Virginia Commercial Space Flight Authority (nonmajor component unit).

Due from/to Component Units and Fiduciary Funds

A $36.1 million due from component units in the Pension and Other Employee Benefit Trust Funds (fiduciary funds) represents amounts due from nonmajor component units.

Loans Receivable/Payable Between Primary Government and Component Units

The Virginia College Building Authority (major component unit) loan of $39.2 million was used to reimburse institutions under the 21st Century College and Equipment Program until bonds were sold. The College of William and Mary (nonmajor component unit) loan of $4.2 million was used to fund a capital project until bonds were issued. George Mason University (nonmajor component unit) and the Virginia Community College System (nonmajor component unit) loans of $12.7 million and $4.4 million, respectively, were used to primarily advance fund federally-funded programs. These amounts are due to a nonmajor governmental fund.

The $199.9 million in loans receivable from primary government represents loans from the Virginia Public School Authority (VPSA) (major component unit) to the Literary Special Revenue Fund (major governmental fund). The VPSA makes grants to local school divisions to finance the purchase of educational technology and security equipment. The VPSA makes these grants using the proceeds of notes issued for that purpose, which will be repaid from appropriations to be made by the Virginia General Assembly from the Literary Special Revenue Fund (major governmental fund).

10. OTHER ASSETS

The following table summarizes Other Assets as of June 30, 2017.

(Dollars in Thousands)

	Cash and Travel Advances	Other Assets	Total Other Assets
Primary Government:			
General	$ 1,224	$ 204	$ 1,428
Major Special Revenue Funds:			
Commonwealth Transportation	358	-	358
Federal Trust	1,845	-	1,845
Nonmajor Governmental Funds	689	1,049	1,738
Major Enterprise Funds:			
Virginia Lottery (1)	1	122,009	122,010
Nonmajor Enterprise Funds	209	-	209
Internal Service Funds (2)	-	13,372	13,372
Agency Funds (3)	-	29	29
Total Primary Government	$ 4,326	$ 136,663	$ 140,989
Discrete Component Units:			
Virginia Housing Development Authority (4)	$ -	$ 35,577	$ 35,577
Virginia Resources Authority	-	197	197
Nonmajor Component Units (5)	4,648	77,454	82,102
Total Component Units	$ 4,648	$ 113,228	$ 117,876

Note (1): Other Assets held by the Virginia Lottery represent amounts for future prize payments.

Note (2): Of the $13,372 (dollars in thousands) shown above, $12,202 (dollars in thousands) and $1,170 (dollars in thousands) represent Virginia Information Technologies Agency and Virginia Correctional Enterprises, respectively, amounts due from various governmental funds that will not be received within 60 days. These amounts are reclassified to an internal balance on the Government-wide Statement of Net Position.

Note (3): Other Assets of the Agency Funds represent prepaid expenses and advances to third party agents. The $28,712 shown above is not included in the Government-wide Statement of Net Position.

Note (4): Other Assets of the Virginia Housing Development Authority are predominately comprised of mortgage servicing rights of $25.4 million and a net OPEB asset of $5.0 million.

Note (5): Other Assets of the nonmajor component units are primarily comprised of goodwill and other miscellaneous items spread among the higher education institutions and related foundations.

11. RESTRICTED ASSETS

Restricted assets represent monies or other resources that must be used for specific legal or contractual requirements. The Commonwealth Transportation Fund (major special revenue), Debt Service Fund (nonmajor governmental), and Capital Project Fund (nonmajor governmental) reported $522.7 million in restricted assets related to bond agreements.

The Virginia Housing Development Authority, the Virginia Public School Authority, and the Virginia College Building Authority (all major component units) reported restricted assets totaling $1.5 billion, $195.9 million, and $96.1 million, respectively. These major component units' assets are restricted for debt service under a bond indenture or other agreement, or for construction and equipment.

The Virginia Resources Authority (major component unit) reported restricted assets of $717.1 million. Of this amount, $709.3 million is restricted for loans to local governments, bond indentures, or federal and state regulations for various revolving funds, and $7.8 million is restricted for the Operating Reserve Fund for the Virginia Pooled Financing Program.

The Virginia Port Authority (nonmajor component unit) reported restricted assets of $111.3 million primarily for debt service under bond agreements, construction and other project funds.

The Tobacco Region Revitalization Commission (nonmajor component unit) reported restricted assets of $200.8 million to be used for financial aid to tobacco growers and to foster community economic growth.

The Hampton Roads Sanitation District Commission (nonmajor component unit) reported restricted assets of $22.7 million to be used for debt service.

The Virginia Small Business Financing Authority (nonmajor component unit) reported restricted assets of $41.9 million for gifts and grants.

The higher education institutions (nonmajor component units) reported restricted assets totaling approximately $4.8 billion primarily for endowment and other contractual obligations. Included in this amount is approximately $4.2 billion of foundations' restricted assets. The Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of Virginia Commonwealth University–nonmajor component unit) includes $17.6 million for a beneficial trust and $3.9 million for an equity interest in a foundation as Other Restricted Assets. These Authority assets are classified as Level 3 of the fair value hierarchy. For additional information, see the Authority's separately issued financial statements.

The two museum foundations, the Virginia Museum of Fine Arts Foundation (nonmajor component unit) and the Science Museum of Virginia Foundation (nonmajor component unit) had restricted assets of $256.1 million and $20.7 million, respectively, primarily for donor-imposed restricted endowments.

The remaining $6.1 million is spread among the following nonmajor component units: the Virginia Outdoors Foundation, the Danville Science Center, the Fort Monroe Authority, the Virginia Arts Foundation, and the Library of Virginia Foundation.

12. CAPITAL ASSETS

The following schedule presents the changes in the Capital Assets as of June 30, 2017 (dollars in thousands).

Schedule of Changes in Capital Assets

Governmental Activities

(Dollars in Thousands)

	Balance July 1, as restated (1)	Increases	Decreases	Balance June 30
Nondepreciable Capital Assets:				
Land	$ 3,102,062	$ 175,568	$ (47,661)	$ 3,229,969
Water Rights and/or Easements	75,327	9,753	-	85,080
Infrastructure	322,741	985,479	-	1,308,220
Construction-in-Progress	4,816,344	1,973,591	(2,573,660)	4,216,275
Total Nondepreciable Capital Assets	8,316,474	3,144,391	(2,621,321)	8,839,544
Depreciable Capital Assets:				
Buildings (2)	4,026,347	123,676	(10,129)	4,139,894
Equipment	1,211,954	97,649	(31,882)	1,277,721
Infrastructure	33,713,001	2,599,157	(5,854,179)	30,457,979
Software	530,402	175,890	(449)	705,843
Total Capital Assets being Depreciated	39,481,704	2,996,372	(5,896,639)	36,581,437
Less Accumulated Depreciation for:				
Buildings	1,472,155	97,207	(7,043)	1,562,319
Equipment	714,573	63,479	(28,429)	749,623
Infrastructure	14,877,874	973,823	(5,668,307)	10,183,390
Software	285,640	48,778	(449)	333,969
Total Accumulated Depreciation	17,350,242	1,183,287	(5,704,228)	12,829,301
Total Depreciable Capital Assets, Net	22,131,462	1,813,085	(192,411)	23,752,136
Total Capital Assets, Net	$ 30,447,936	$ 4,957,476	$ (2,813,732)	$ 32,591,680

Note (1): Beginning balances have been restated by $32.5 million as discussed in Note 2.
Note (2): Includes temporarily impaired assets with a carrying value of $4.2 million.

Depreciation Expense Charged to Functions of the Primary Government

June 30, 2017

(Dollars in Thousands)

Governmental Activities:	
General Government	$ 30,386
Education	12,538
Transportation	1,019,017
Resources and Economic Development	21,231
Individual and Family Services	28,015
Administration of Justice	48,014
Capital Assets held by the Internal Service Funds are charged to various functions	24,086
Total	$ 1,183,287

Schedule of Changes in Capital Assets
Business-type Activities

(Dollars in Thousands)

	Balance July 1	Increases	Decreases	Balance June 30
Nondepreciable Capital Assets:				
Land	$ 1,977	$ -	$ (103)	$ 1,874
Construction-in-Progress	1,540	1,415	(2,073)	882
Total Nondepreciable Capital Assets	3,517	1,415	(2,176)	2,756
Depreciable Capital Assets:				
Buildings	30,750	1,127	(351)	31,526
Equipment	67,452	10,269	(7,937)	69,784
Software	11,162	1,632	(18)	12,776
Total Capital Assets being Depreciated	109,364	13,028	(8,306)	114,086
Less Accumulated Depreciation for:				
Buildings	13,718	569	(351)	13,936
Equipment	56,145	3,407	(6,202)	53,350
Software	4,699	2,073	(4)	6,768
Total Accumulated Depreciation	74,562	6,049	(6,557)	74,054
Total Depreciable Capital Assets, Net	34,802	6,979	(1,749)	40,032
Total Capital Assets, Net	$ 38,319	$ 8,394	$ (3,925)	$ 42,788

Schedule of Changes in Capital Assets
Component Units

(Dollars in Thousands)

	Balance July 1	Increases	Decreases	Subtotal June 30 (1)	Foundations (2)	Total June 30
Nondepreciable Capital Assets:						
Land	$ 611,355	$ 25,458	$ (764)	$ 636,049	$ 321,779	$ 957,828
Construction-in-Progress	1,471,792	1,215,999	(1,125,716)	1,562,075	32,349	1,594,424
Inexhaustible Works of Art/Historical Treasures	80,998	485	(67)	81,416	21,036	102,452
Livestock	597	46	-	643	2,212	2,855
Total Nondepreciable Capital Assets	2,164,742	1,241,988	(1,126,547)	2,280,183	377,376	2,657,559
Depreciable Capital Assets:						
Buildings	15,897,522	926,442	(20,689)	16,803,275	1,302,137	18,105,412
Infrastructure	3,561,791	146,815	(650)	3,707,956	6,422	3,714,378
Equipment	3,490,971	316,489	(132,853)	3,674,607	167,916	3,842,523
Improvements Other Than Buildings	535,997	16,977	(2,006)	550,968	80,361	631,329
Library Books	846,855	23,996	(30,884)	839,967	2	839,969
Software	475,636	2,141,493	(1,660)	2,615,469	-	2,615,469
Other Intangible Assets	2,000	-	-	2,000	-	2,000
Total Capital Assets being Depreciated	24,810,772	3,572,212	(188,742)	28,194,242	1,556,838	29,751,080
Less Accumulated Depreciation for:						
Buildings	5,116,753	466,408	(20,407)	5,562,754	357,254	5,920,008
Infrastructure	1,591,757	100,829	(492)	1,692,094	3,461	1,695,555
Equipment	2,385,102	260,812	(109,240)	2,536,674	114,593	2,651,267
Improvements Other Than Buildings	322,731	21,402	(1,736)	342,397	55,430	397,827
Library Books	729,379	30,385	(30,756)	729,008	2	729,010
Software	369,822	55,753	(2,156)	423,419	-	423,419
Other Intangible Assets	1,600	133	-	1,733	-	1,733
Total Accumulated Depreciation	10,517,144	935,722	(164,787)	11,288,079	530,740	11,818,819
Total Depreciable Capital Assets, Net	14,293,628	2,636,490	(23,955)	16,906,163	1,026,098	17,932,261
Total Capital Assets, Net	$ 16,458,370	$ 3,878,478	$ (1,150,502)	$ 19,186,346	$ 1,403,474	$ 20,589,820

Note (1): Includes an impairment loss of $6.1 million for the Virginia Commonwealth University Health System Authority (blended component unit of Virginia Commonwealth University (nonmajor)).

Note (2): Foundations represent FASB reporting entities defined in Note 1.B. Since foundations follow FASB rather than GASB reporting requirements, no amounts are reported in the software and other intangible assets categories for foundations.

13. DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, requires certain items to be classified as either deferred outflows or deferred inflows of resources. Additionally, deferred outflows or deferred inflows of resources are also required by other GASB statements. While all deferred outflows or deferred inflows of resources applicable to the Commonwealth are listed below, see Notes 14, 15, and 38 for additional information regarding these items.

Deferred Outflows

Deferred outflows of resources are a consumption of assets by the government that is applicable to a future reporting period.

Deferred Inflows

Deferred inflows of resources are an acquisition of assets by the government that is applicable to a future reporting period.

The following tables summarize deferred outflows and deferred inflows of resources as of June 30, 2017.

Government-wide Statements

(Dollars in Thousands)	Primary Government			
	Governmental Activities	Business-type Activities	Total	Total Component Units
Deferred Outflows of Resources				
Effective Hedges in a Loss Position	$ -	$ -	$ -	$ 3,835
Loss on Refunding of Debt	80,861	-	80,861	442,502
Pension Related	814,595	25,958	840,553	540,381
Total Deferred Outflows of Resources	$ 895,456	$ 25,958	$ 921,414	$ 986,718
Deferred Inflows of Resources				
Effective Hedges in a Gain Position	$ -	$ -	$ -	$ 6,399
Service Concession Arrangements	3,030,381	-	3,030,381	68,474
Gain on Refunding of Debt	39	-	39	47,828
Pension Related	265,621	5,417	271,038	124,688
Total Deferred Inflows of Resources	$ 3,296,041	$ 5,417	$ 3,301,458	$ 247,389

Fund Statements

(Dollars in Thousands)	Primary Government - Governmental Funds					
	General	Commonwealth Transportation	Federal Trust	Literary	Nonmajor Governmental Funds	Total Governmental Funds
Deferred Outflows of Resources						
Total Deferred Outflows of Resources	$ -	$ -	$ -	$ -	$ -	$ -
Deferred Inflows of Resources						
Revenues Considered Unavailable	$ 1,081,843	$ 68,447	$ 103,369	$ 23,841	$ 26,896	$ 1,304,396
Total Deferred Inflows of Resources	$ 1,081,843	$ 68,447	$ 103,369	$ 23,841	$ 26,896	$ 1,304,396

(Continued on next page)

Fund Statements *(continued from previous page)*

(Dollars in Thousands)	Business-type Activities Enterprise Funds					
	Virginia Lottery	Virginia College Savings Plan	Nonmajor	Total Business-type Activities	Internal Service Funds	Private Purpose Trust Funds
Deferred Outflows of Resources						
Effective Hedges in a Loss Position	$ -	$ -	$ -	$ -	$ -	$ -
Loss on Refunding of Debt	-	-	-	-	-	-
Pension Related	5,785	2,488	17,685	25,958	10,907	14
Total Deferred Outflows of Resources	$ 5,785	$ 2,488	$ 17,685	$ 25,958	$ 10,907	$ 14
Deferred Inflows of Resources						
Effective Hedges in a Gain Position	$ -	$ -	$ -	$ -	$ -	$ -
Service Concession Arrangements	-	-	-	-	-	-
Gain on Refunding of Debt	-	-	-	-	-	-
Pension Related	834	318	4,265	5,417	6,657	4
Total Deferred Inflows of Resources	$ 834	$ 318	$ 4,265	$ 5,417	$ 6,657	$ 4

(Dollars in Thousands)	Component Units				
	Virginia Public School Authority	Virginia Resources Authority	Virginia College Building Authority	Nonmajor Component Units	Total Component Units
Deferred Outflows of Resources					
Effective Hedges in a Loss Position	$ -	$ -	$ -	$ 3,835	$ 3,835
Loss on Refunding of Debt	123,988	81,896	25,607	211,011	442,502
Pension Related	-	158	-	540,223	540,381
Total Deferred Outflows of Resources	$ 123,988	$ 82,054	$ 25,607	$ 755,069	$ 986,718
Deferred Inflows of Resources					
Effective Hedges in a Gain Position	$ -	$ -	$ -	$ 6,399	$ 6,399
Service Concession Arrangements	-	-	-	68,474	68,474
Gain on Refunding of Debt	-	36,417	-	11,411	47,828
Pension Related	-	-	-	124,688	124,688
Total Deferred Inflows of Resources	$ -	$ 36,417	$ -	$ 210,972	$ 247,389

14. DERIVATIVES

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* requires additional reporting and disclosures for derivative instruments.

Primary Government

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates or financial indexes. They include futures, forwards, options and swap contracts. Some traditional securities, such as structured notes, can have derivative-like characteristics. In this case, the return may be linked to one or more indexes and asset-backed securities, such as collateralized mortgage obligations (CMOs), which are sensitive to changes in interest rates and pre-payments. Futures, forwards, options and swaps generally are not recorded on the financial statements, whereas structured notes and asset-backed investments generally are recorded.

Virginia College Savings Plan (Virginia529)

GASB Statement No. 53 defines stable value investment vehicles as synthetic guaranteed investment contracts. Stable value funds are invested in a high quality, diversified, intermediate term, fixed income portfolio that is protected against interest rate volatility by wrap or investment contracts from banks and insurance companies that guarantee the payment of benefits at book value (cost plus accrued interest), which enables the entire investment to be carried at its book value. The Virginia529 utilizes stable value investments in both the Prepaid529 Program (major enterprise fund) and Invest529 Program (Private Purpose Trust Fund). Virginia529's stable value investments meet the definition of fully benefit-responsive synthetic guaranteed investment contracts and are reported at contract value. At June 30, 2017, Virginia529 had the following stable value investments outstanding (dollars in thousands) in the respective programs as shown in the table below.

Stable Value Investments

Fund	Wrap Provider	Notional Amount	Effective Date	Maturity Date	Credit Rate	June 30, 2017 Fair Value	June 30, 2016 Fair Value
Enterprise	American General Life	$ 25,248	2/21/2014	Open ended	1.8%	$ 128,276	$ 118,683
	Bank of Tokyo	25,048	6/1/2017	Open ended	2.4%		
	RGA	25,298	6/22/2016	Open ended	2.4%		
	Voya Retirement & Annuity	25,671	12/3/2002	Open ended	2.7%		
	State Street Bank	25,339	5/1/2002	Open ended	2.7%		
Private Purpose	American General Life	$ 152,139	1/16/2014	Open ended	1.5%	$ 874,622	$ 690,820
	Bank of Tokyo	100,963	1/5/2017	Open ended	2.1%		
	Voya Retirement & Annuity	31,788	12/3/2002	Open ended	2.9%		
	Voya Retirement & Annuity	122,686	10/5/2012	Open ended	1.5%		
	Prudential Retirement Insurance & Annuity	154,721	1/30/2014	Open ended	2.2%		
	RGA	152,867	8/28/2015	Open ended	2.0%		
	State Street Bank	154,387	5/1/2002	Open ended	2.2%		

The following table (dollars in thousands) contains information relating to fair value, changes in fair value, and notional value for U.S. Treasury Futures Contracts.

Investment Derivatives - U.S. Treasury Futures Contracts

	Changes in Fair Value		Fair Value at June 30, 2017		
Fund	Classification	Amount	Classification	Amount	Notional Amount
Enterprise	Revenue	$ (287)	Investment	$ (80)	$ 36,587

Pursuant to its investment management agreement, Advent Capital Management, LLC may invest in derivatives for hedging purposes or for the use of efficient portfolio management. Synthetic positions are not allowed and the use of derivatives should not be considered as an alpha generator. Advent primarily uses forward foreign exchange contracts to hedge the value of investments denominated in non-U.S. dollar currencies. Credit risk of exchange traded currency contracts lies with the clearinghouse of the exchange at which the contracts are traded, while credit risk of currency contracts traded over the counter lies with the counterparty. Counterparty risk exposure is generally equal to the unrealized gain on in-the-money contracts. The following table (dollars in thousands) contains a breakdown of these forward contracts by currency.

Prepaid529 Currency Forwards

Currency	Cost	Foreign Exchange Purchases	Foreign Exchange Sales	Market Value
British Pound Sterling	$ 3,841	$ 651	$ (4,470)	$ (3,819)
Canadian Dollar	2,274	-	(2,361)	(2,361)
Euro	21,618	2,201	(24,092)	(21,891)
Hong Kong Dollar	1,303	936	(2,233)	(1,297)
Japanese Yen	13,184	-	(13,039)	(13,039)
U.S. Dollar	(42,220)	45,963	(3,743)	42,220
Total	$ -	$ 49,751	$ (49,938)	$ (187)

Additional information is available in the Virginia529 separately issued financial statements, which may be obtained at https://www.virginia529.com.

Virginia Retirement System

All derivatives held by the Virginia Retirement System (the System) are considered investments. The fair value of all derivative financial instruments is reported on a net basis on the Statement of Fiduciary Net Position. The derivative instruments are either subject to an enforceable master netting arrangement or similar agreement. The master netting arrangements allow the System to net applicable liabilities or payment obligations to counterparties to the derivative contracts against amounts owed to the System by the counterparties.

The System holds investments in swaps, options and futures and enters into forward foreign currency exchange contracts. Futures, currency forwards and options contracts provide the System with the opportunity to build passive benchmark positions, manage portfolio duration in relation to various benchmarks, adjust portfolio yield curve exposure and gain market exposure to various indexes in a more efficient way and at lower transaction costs. Derivatives that are exchange-traded are not subject to credit risk, but all over-the-counter derivatives, such as swaps and currency forwards, do expose the System to counterparty credit risk. Counterparty credit risk for the System's investments in derivatives instruments is summarized in the table on page 125. Market risks arise from adverse changes in market prices, interest rates and foreign exchange rates. The System's investments in derivative instruments at June 30, 2017, are summarized in the tables below (dollars in thousands).

Derivative Instruments Summary

Investment	Net Appreciation/ (Depreciation) in Fair Value for the Fiscal Year Ended June 30, 2017		Fair Value June 30, 2017	
Derivatives (by Type)	Amount	Classification	Amount	Notional (Dollars)
Credit Default Swaps Bought	$ (544)	Debt Securities	$ 109	$ 13,886
Credit Default Swaps Written	284	Debt Securities	(866)	99,084
Fixed Income Futures Long	(29,643)	Debt Securities	728	804,112
Fixed Income Futures Short	27,006	Debt Securities	(693)	(464,286)
Foreign Currency Futures Short	51	Equity Securities	51	(10,838)
Foreign Currency Options Bought	(1,864)	Equity Securities	326	203,300
Foreign Currency Options Written	211	Equity Securities	(54)	(6,600)
FX Forwards	(69,888)	Investment Sales/Purchases	(18,792)	4,587,464
Index Futures Long	(9,481)	Equity Securities	(2,292)	778,652
Index Futures Short	(53)	Equity Securities	-	-
Pay Fixed Interest Rate Swaps	22,824	Debt Securities	(24)	244,357
Receive Fixed Interest Rate Swaps	179	Debt Securities	1,160	360,603
Total Return Bond Index Swaps	-	Debt Securities	-	125,000
Total Return Equity Index Swaps	2,549	Equity Securities	2,449	700,002
Total	**$ (58,369)**		**$ (17,898)**	

Derivative Instruments Subject to Interest Rate Risk

		Investment Maturities (in years)			
Investment Type	Fair Value June 30, 2017	Under 1	1-5	6-10	Greater than 10
Credit Default Swaps Bought	$ 109	$ -	$ 109	$ -	$ -
Credit Default Swaps Written	(866)	67	(933)	-	-
Pay Fixed Interest Rate Swaps	(24)	(311)	(622)	671	238
Receive Fixed Interest Rate Swaps	1,160	(19)	1,150	(407)	436
Total Return Equity Index Swaps	536	536	-	-	-
Total	$ 915	$ 273	$ (296)	$ 264	$ 674

Futures Contracts

Futures contracts are contracts to deliver or receive securities at a specified future date and at a specified price or yield. Futures contracts are traded on organized exchanges (exchange-traded) and require an initial margin (collateral) in the form of cash or marketable securities. The net change in the futures contract value is settled daily, in cash, with the exchanges. The net gains or losses resulting from the daily settlements are included in the Statement of Changes in Fiduciary Net Position. Holders of futures contracts look to the exchange for performance under the contract and not to the entity holding the offsetting futures position. Accordingly, the amount at risk posed by nonperformance of counterparties to futures contracts is minimal. Information on the System's investments in fixed income, foreign currency, and equity index futures at June 30, 2017, is shown in the Summary table above (dollars in thousands).

Currency Forwards

Currency forwards represent foreign exchange contracts and are used by the System to effect settlements and to protect the base currency ($U.S.) value of portfolio assets denominated in foreign currencies against fluctuations in the exchange rates of those currencies. A forward foreign currency exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated price. The credit risk of currency contracts that are exchange-traded lies with the clearinghouse of the exchange where the contracts are traded. The credit risk of currency contracts traded over the counter lie with the counterparty, and exposure usually is equal to the unrealized profit on in-the-money contracts. The market risk in foreign currency contracts is related to adverse movements in currency exchange rates. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in the net realized gains or losses on foreign currency-related transactions in the Statement of Changes in Fiduciary Net Position. Information on the System's currency forward contracts at June 30, 2017, is shown below and in the Summary table on the previous page.

Currency Forwards
as of June 30

(Dollars in Thousands)

Currency	Cost	Pending Foreign Exchange Purchases	Pending Foreign Exchange Sales	Fair Value 2017	Fair Value 2016
Argentine Peso	$ 17,289	$ 19,510	$ (2,244)	$ 17,266	$ 2,302
Australian Dollar	(429,746)	205,034	(635,226)	(430,192)	(290,945)
Brazil Real	12,368	76,085	(65,010)	11,075	(42,227)
British Pound Sterling	(671,643)	434,138	(1,102,244)	(668,106)	(805,547)
Canadian Dollar	(405,405)	410,142	(816,515)	(406,373)	(473,045)
Chilean Peso	10,219	16,391	(6,160)	10,231	(3,358)
Chinese Yuan Renminbi	(27,088)	34,522	(62,452)	(27,930)	(46,331)
Colombian Peso	17,618	20,750	(3,900)	16,850	8,724
Czech Koruna	75,316	77,799	(300)	77,499	(23,679)
Danish Krone	(75,829)	38,063	(114,225)	(76,162)	(68,873)
Euro Currency Unit	(1,589,708)	614,462	(2,224,882)	(1,610,420)	(1,397,874)
Hong Kong Dollar	(176,314)	19,324	(195,649)	(176,325)	(126,135)
Hungarian Forint	(56,482)	11,145	(68,952)	(57,807)	(14,311)
Indian Rupee	114,365	121,871	(7,615)	114,256	12,431
Indonesian Rupiah	66,376	82,995	(16,849)	66,146	(1,327)
Israeli Shekel	(32,260)	8,063	(40,441)	(32,378)	(69,070)
Japanese Yen	(806,713)	622,388	(1,426,510)	(804,122)	(693,343)
Malaysian Ringgit	4,457	16,165	(11,828)	4,337	25,536
Mexican Peso	118,656	145,622	(26,137)	119,485	33,285
Moroccan Dirham	-	-	-	-	12,478
New Taiwan Dollar	(25,026)	2,374	(27,387)	(25,013)	(10,961)
New Zealand Dollar	(78,576)	338,569	(419,887)	(81,318)	(60,171)
Norwegian Krone	(146,992)	197,943	(346,019)	(148,076)	(68,755)
Peruvian Nuevo Sol	(27,849)	4,731	(32,781)	(28,050)	3,345
Philippine Peso	(13,636)	5,307	(18,803)	(13,496)	7,621
Polish Zloty	73,095	86,047	(11,003)	75,044	7,431
Romanian Leu	(2,581)	6,414	(9,154)	(2,740)	(1,639)
Russian Ruble (New)	3,410	23,011	(19,748)	3,263	17,751
Saudi Arabian Riyal	15	6,314	(6,314)	-	(5,572)
Singapore Dollar	(106,296)	241,690	(348,385)	(106,695)	(190,456)
South African Rand	(16,811)	15,832	(32,736)	(16,904)	(5,778)
South Korean Won	(63,124)	2,626	(65,323)	(62,697)	431
Swedish Krona	(134,248)	131,866	(266,136)	(134,270)	(101,214)
Swiss Franc	(382,946)	89,529	(472,629)	(383,100)	(369,354)
Thailand Baht	10,314	38,017	(27,626)	10,391	17,755
Turkish Lira	91,156	128,626	(36,584)	92,042	1,674
U.S. Dollar	4,655,497	8,691,478	(4,035,981)	4,655,497	4,770,298
Total Forwards Subject to Foreign Currency Risk				**$ (18,792)**	**$ 51,097**

Options Contracts

Options may be either exchange-traded or negotiated directly between two counterparties over the counter. Options grant the holder the right, but not the obligation, to purchase (call) or sell (put) a financial instrument at a specified price and within a specified period of time from the writer of the option.

As a purchaser of options, the System typically pays a premium at the outset. This premium is reflected as an asset on the financial statements. The System then retains the right, but not the obligation, to exercise the options and purchase the underlying financial instrument. Should the option not be exercised, it expires worthless, and the premium is recorded as a loss.

A writer of options assumes the obligation to deliver or receive the underlying financial instrument on exercise of the option. Certain option contracts may involve cash settlements based on specified indexes such as stock indexes. As a writer of options, the System receives a premium at the outset. This premium is reflected as a liability on the financial statements, and the System bears the risk of an unfavorable change in the price of the financial instrument underlying the option. Information on the System's investments in foreign currency options at June 30, 2017, is shown in the Summary table on page 121.

Swap Agreements

Swaps are negotiated contracts between two counterparties for the exchange of payments at certain intervals over a predetermined timeframe. The payments are based on a notional principal amount and calculated using either fixed or floating interest rates or total returns from certain instruments or indexes. Swaps are used to manage risk and enhance returns. To reduce the risk of counterparty nonperformance, the System generally requires collateral on any material gains from these transactions. During fiscal year 2017, the System had activity in credit default, interest rate, and total return swaps. Gains and losses on swaps are determined based on fair values and are recorded in the Statement of Changes in Fiduciary Net Position. Information on the System's swap balances at June 30, 2017, is shown in the Summary table on page 121, and the terms, fair values and notional values of the System's investments in swap agreements that are highly sensitive to interest rate changes are disclosed in the following tables (dollars in thousands).

Derivatives Instruments Highly Sensitive to Interest Rate Changes

Investment Type	Reference Rate	Fair Value June 30, 2017	Notional Amount
Interest Rate Swaps	Receive Fixed 12.20%, Pay Variable Brazil 1-day CDI	$ 107	$ 2,294
Interest Rate Swaps	Receive Variable Brazil 1-day CDI, Pay Fixed 12.23%	(90)	2,052
Interest Rate Swaps	Receive Fixed 5.00%, Pay Variable 28-day MTIIE	(8)	563
Interest Rate Swaps	Receive Fixed 3.98%, Pay Variable China Yuan 7-day fixing repo rate	21	2,360
Interest Rate Swaps	Receive Fixed 6.65%, Pay Variable India Rupee MIBOR	6	330
Interest Rate Swaps	Receive Variable South Korea 3-month CD rate, Pay Fixed 1.66%	21	5,616
Interest Rate Swaps	Receive Variable South Korea 3-month CD rate, Pay Fixed1.74%	3	4,368
Interest Rate Swaps	Receive Fixed 6.18%, Pay Variable India Rupee MIBOR	30	10,129
Interest Rate Swaps	Receive Variable Brazil 1-day CDI, Pay Fixed 12.36%	1	112
Interest Rate Swaps	Receive Fixed 1.00%, Pay Variable Czech Krona 6-month PRIBOR	(218)	8,875
Interest Rate Swaps	Receive Variable Czech Krona 6-month PRIBOR, Pay Fixed 1.09%	179	11,194
Interest Rate Swaps	Receive Fixed 1.50%, Pay Variable Czech Krona 6-month PRIBOR	202	11,246
Interest Rate Swaps	Receive Variable Czech Krona 6-month PRIBOR, Pay Fixed 1.36%	(79)	8,875
Interest Rate Swaps	Receive Variable 6-month EURIBOR, Pay Fixed 1.50%	48	2,053
Interest Rate Swaps	Receive Fixed 5.84%, Pay Variable 28-day MTIIE	(65)	1,901
Interest Rate Swaps	Receive Variable 28-day MTIIE, Pay Fixed 6.71%	51	978
Interest Rate Swaps	Receive Fixed 5.62%, Pay Variable 28-day MTIIE	(93)	3,044
Interest Rate Swaps	Receive Variable 28-day MTIIE, Pay Fixed 5.94%	39	785
Interest Rate Swaps	Receive Fixed 8.28%, Pay Variable 28-day MTIIE	101	1,370
Interest Rate Swaps	Receive Fixed 7.15%, Pay Variable 28-day MTIIE	(53)	26,973
Interest Rate Swaps	Receive Fixed 8.31%, Pay Variable 28-day MTIIE	283	3,663
Interest Rate Swaps	Receive Fixed 7.79%, Pay Variable 28-day MTIIE	81	1,972
Interest Rate Swaps	Receive Fixed 8.32%, Pay Variable 28-day MTIIE	290	3,492
Interest Rate Swaps	Receive Fixed 7.51%, Pay Variable 28-day MTIIE	13	436
Interest Rate Swaps	Receive Fixed 7.37%, Pay Variable 28-day MTIIE	45	3,193
Interest Rate Swaps	Receive Fixed 7.47%, Pay Variable 28-day MTIIE	77	2,724
Interest Rate Swaps	Receive Fixed 3.125%, Pay Variable Poland Zloty 6-month rate	5	189
Interest Rate Swaps	Receive Variable 3-month JIBAR, Pay Fixed 9.50%	(91)	908
Interest Rate Swaps	Receive Variable 3-month JIBAR, Pay Fixed 8.50%	(16)	473
Interest Rate Swaps	Receive Fixed 8.00%, Pay Variable 3-month JIBAR	23	1,023
Interest Rate Swaps	Receive Fixed 8.25%, Pay Variable 3-month JIBAR	4	267
Interest Rate Swaps	Receive Variable 3-month JIBAR, Pay Fixed 7.50%	(17)	2,839
Interest Rate Swaps	Receive Fixed 8.30%, Pay Variable 3-month JIBAR	66	3,419
Interest Rate Swaps	Receive Variable 3-month JIBAR, Pay Fixed 8.25%	(1)	31
Interest Rate Swaps	Receive Fixed 8.00%, Pay Variable 3-month JIBAR	(9)	1,587
Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.50%	956	57,655
Interest Rate Swaps	Receive Fixed 1.75%, Pay Variable 3-month LIBOR	207	149,922
Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.50%	(792)	50,733
Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.25%	141	4,200
Interest Rate Swaps	Receive Fixed 1.50%, Pay Variable 3-month LIBOR	(597)	8,300
Interest Rate Swaps	Receive Fixed 1.75%, Pay Variable 3-month LIBOR	(446)	2,500
Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.10%	26	19,100
Interest Rate Swaps	Receive Fixed 10.14%, Pay Variable 3-month LIBOR	(11)	28,500
Interest Rate Swaps	Receive Variable 3-month LIBOR+100bps, Pay Fixed 1.75%	27	600
Interest Rate Swaps	Receive Variable Brazil 1-day CDI, Pay Fixed 13.315%	(184)	2,505
Interest Rate Swaps	Receive Variable Brazil 1-day CDI, Pay Fixed 15.96%	(3)	30
Interest Rate Swaps	Receive Variable Brazil 1-day CDI, Pay Fixed 12.06%	83	2,535
Interest Rate Swaps	Receive Variable Brazil 1-day CDI, Pay Fixed 14.14%	(30)	936
Interest Rate Swaps	Receive Fixed 12.80%, Pay Variable Brazil 1-day CDI	30	543
Interest Rate Swaps	Receive Variable Brazil 1-day CDI, Pay Fixed 12.15%	(538)	16,177
Interest Rate Swaps	Receive Fixed 12.29%, Pay Variable Brazil 1-day CDI	125	2,354
Interest Rate Swaps	Receive Fixed 10.85%, Pay Variable Brazil 1-day CDI	53	4,346
Interest Rate Swaps	Receive Fixed 10.13%, Pay Variable Brazil 1-day CDI	(44)	3,018
Interest Rate Swaps	Receive Fixed 9.76%, Pay Variable Brazil 1-day CDI	(5)	181
Interest Rate Swaps	Receive Variable Brazil 1-day CDI, Pay Fixed 9.64%	2	755
Interest Rate Swaps	Receive Variable Brazil 1-day CDI, Pay Fixed 9.36%	41	7,274
Interest Rate Swaps	Receive Variable Brazil 1-day CDI, Pay Fixed 10.29%	(32)	10,051
Interest Rate Swaps	Receive Fixed 10.30%, Pay Variable Brazil 1-day CDI	(16)	1,932
Interest Rate Swaps	Receive Fixed 7.41%, Pay Variable 28-day MTIIE	59	2,767
Interest Rate Swaps	Receive Fixed 7.40%, Pay Variable 28-day MTIIE	247	8,845

Continued on next page

Derivatives Instruments Highly Sensitive to Interest Rate Changes

(Continued from previous page)

Investment Type	Reference Rate	Fair Value June 30, 2017	Notional Amount
Interest Rate Swaps	Receive Fixed 7.37%, Pay Variable 28-day MTIIE	64	2,399
Interest Rate Swaps	Receive Variable Brazil 1-day CDI, Pay Fixed 11.75%	613	13,401
Interest Rate Swaps	Receive Fixed 12.23%, Pay Variable Brazil 1-day CDI	(167)	4,105
Interest Rate Swaps	Receive Variable Brazil 1-day CDI, Pay Fixed 14.72%	(69)	1,606
Interest Rate Swaps	Receive Fixed 2.78%, Pay Variable 6-month Thai Baht fixing rate	26	740
Interest Rate Swaps	Receive Fixed 2.10%, Pay Variable 6-month Thai Baht fixing rate	9	1,707
Interest Rate Swaps	Receive Variable Brazil 1-day CDI, Pay Fixed 12.36%	10	2,387
Interest Rate Swaps	Receive Variable Brazil 1-day CDI, Pay Fixed 16.59%	(216)	3,048
Interest Rate Swaps	Receive Fixed 12.85%, Pay Variable Brazil 1-day CDI	20	284
Interest Rate Swaps	Receive Fixed 6.12%, Pay Variable 1-day Colombia IBR	21	778
Interest Rate Swaps	Receive Fixed 5.29%, Pay Variable 1-day Colombia IBR	13	1,319
Interest Rate Swaps	Receive Fixed 5.32%, Pay Variable 1-day Colombia IBR	2	196
Interest Rate Swaps	Receive Fixed 5.00%, Pay Variable 28-day MTIIE	(41)	1,055
Interest Rate Swaps	Receive Variable 28-day MTIIE, Pay Fixed 5.25%	(20)	608
Interest Rate Swaps	Receive Fixed 2.58%, Pay Variable 6-month Thai Baht fixing rate	7	336
Interest Rate Swaps	Receive Fixed 2.175%, Pay Variable 6-month Thai Baht fixing rate	-	18
Interest Rate Swaps	Receive Fixed 2.02%, Pay Variable 6-month Thai Baht fixing rate	4	559
Interest Rate Swaps	Receive Fixed 2.58%, Pay Variable 6-month Thai Baht fixing rate	8	447
Interest Rate Swaps	Receive Fixed 2.20%, Pay Variable 6-month Thai Baht fixing rate	5	344
Interest Rate Swaps	Receive Fixed 1.93%, Pay Variable 6-month Thai Baht fixing rate	4	1,147
Interest Rate Swaps	Receive Fixed 3.37%, Pay Variable 6-month Thai Baht fixing rate	1	29
Interest Rate Swaps	Receive Fixed 3.39%, Pay Variable 6-month Thai Baht fixing rate	2	59
Interest Rate Swaps	Receive Fixed 3.41%, Pay Variable 6-month Thai Baht fixing rate	8	147
Interest Rate Swaps	Receive Fixed 3.41%, Pay Variable 6-month Thai Baht fixing rate	8	147
Interest Rate Swaps	Receive Fixed 7.16%, Pay Variable 28-day MTIIE	12	3,744
Interest Rate Swaps	Receive Fixed 7.16%, Pay Variable 28-day MTIIE	23	6,695
Interest Rate Swaps	Receive Fixed 10.85%, Pay Variable Brazil 1-day CDI	51	4,286
Interest Rate Swaps	Receive Fixed 3.54%, Pay Variable Chilean Peso 6-month CLICP	6	4,618
Interest Rate Swaps	Receive Fixed 3.94%, Pay Variable Chilean Peso 6-month CLICP	(11)	2,783
Interest Rate Swaps	Receive Fixed 1.07%, Pay Variable Brazil 1-day CDI	177	2,415
Interest Rate Swaps	Receive Fixed 2.58%, Pay Variable China Yuan 7-day fixing repo rate	(77)	1,758
Interest Rate Swaps	Receive Fixed 6.20%, Pay Variable 1-day Colombia IBR	8	232
Interest Rate Swaps	Receive Fixed 2.1225%, Pay Variable 6-month Thai Baht fixing rate	1	109
Interest Rate Swaps	Receive Fixed 2.505%, Pay Variable 6-month Thai Baht fixing rate	7	474
Interest Rate Swaps	Receive Fixed 2.04%, Pay Variable 6-month Thai Baht fixing rate	19	2,208
Interest Rate Swaps	Receive Fixed 2.20%, Pay Variable 6-month Thai Baht fixing rate	1	53
Interest Rate Swaps	Receive Fixed 2.55%, Pay Variable 6-month Thai Baht fixing rate	11	913
Interest Rate Swaps	Receive Fixed 6.70%, Pay Variable India Rupee MIBOR	91	4,354
Interest Rate Swaps	Receive Variable 6-month EURIBOR, Pay Fixed 1.00%	(19)	3,992
Interest Rate Swaps	Receive Variable Japan Yen 6-month LIBOR, Pay Fixed 0.30%	(6)	3,026
Interest Rate Swaps	Receive Fixed 12.56%, Pay Variable Brazil 1-day CDI	335	5,885
Interest Rate Swaps	Receive Variable Brazil 1-day CDI, Pay Fixed 11.68%	(55)	3,290
Interest Rate Swaps	Receive Variable 28-day MTIIE, Pay Fixed 5.25%	(5)	166
Subtotal Interest Rate Swaps		**1,136**	**604,960**
Total Return Bond Index Swaps	Receive Variable Barclays Capital US Aggregate Index/ Pay Variable 1-month LIBOR	-	25,000
Total Return Bond Index Swaps	Receive Variable Barclays Capital US Aggregate Index/Pay Variable 1-month LIBOR - 5 bps	-	50,000
Total Return Bond Index Swaps	Receive Variable Barclays Capital US Aggregate Index/Pay Variable 1-month LIBOR	-	50,000
Total Return Equity Index Swaps	Receive Variable MSCI ACWI IMI/ Pay Variable 3-month LIBOR + 34 bps	-	2
Total Return Equity Index Swaps	Receive Variable S&P 500 Total Return Index/Pay Variable 3-month LIBOR + 26 bps	536	350,000
Total Return Equity Index Swaps	Receive Variable MSCI Emerging Markets Index/Pay Variable 3-month LIBOR + 51 bps	1,913	350,000
Subtotal Total Return Swaps		**2,449**	**825,002**
TOTAL SWAPS		**$ 3,585**	**$ 1,429,962**

Derivative Instruments Subject to Counterparty Credit Risk

Counterparty	Percentage of Net	Moody's Ratings	S & P Ratings	Fitch Ratings
Barclays Bank, PLC	76.0%	A1	A-	A
Bank of New York Mellon Corp./London	18.9%	Aa1	AA-	-
HSBC Securities, Inc.	1.9%	-	AA-	-
BNP Paribas, SA/London	1.5%	-	A	-
Citibank, NA	1.1%	A1	A+	A+
Goldman Sachs Bank, USA/New York, NY	0.6%	A1	A+	A+
Total	**100.0%**			

Derivative instruments are classified in Level 1 and Level 2 in the fair value hierarchy. Derivative instruments classified as Level 1 of the Fair Value Hierarchy are valued using price quoted in active markets for those securities. The derivative instruments in Level 1 consist of futures contracts on U.S. Treasury bond and notes and futures contracts on U.S. equity indexes. Derivative instruments classified as Level 2 of the fair value hierarchy are valued using a number of modeling approaches that take into account observable market levels, benchmark rates, and foreign exchange rates.

Additional information is available in the System's separately issued financial statements, which may be obtained from www.varetire.org.

Component Units

Investment Derivative Instruments

The Virginia Housing Development Authority (major component unit) enters into forward sales contracts for the delivery of GNMA and FNMA securities in order to lock in the sales price for the securitization of certain single-family mortgage loans. The contracts offset changes in interest rates between the time of the loan reservations and the securitization of such loans into GNMA and FNMA securities. These contracts are considered investment derivative instruments, such that their change in fair value is reported as investment derivative gains or losses in the accompanying financial statements. Fair values of the forwards are based on observable market prices for similar instruments traded on the secondary mortgage loan markets. The Authority's portfolio of investment derivatives is classified as Level 2 in the fair value hierarchy. The outstanding forward contracts, summarized by counterparty rating as of June 30, 2017, were as follows:

Counterparty Rating	Par	Concentration	Notional Amount	Market Value	Fair Value Asset (Liability)
A-1+/AA+	$ 166,000,000	40.7%	$ 168,982,266	$ 168,544,766	$ 437,500
A-1/A+	124,500,000	30.6%	127,382,109	126,988,281	393,828
A-1+/AA-	102,000,000	25.0%	104,631,758	104,182,500	449,258
Baa2/BBB	15,000,000	3.7%	15,096,680	15,102,344	(5,664)
	$ 407,500,000	100.0%	$ 416,092,813	$ 414,817,891	$ 1,274,922

Investment Derivative Instruments – Ineffective Hedges

During fiscal year 2015, the University of Virginia (UVA) (nonmajor) refunded the Series 2003A bonds and the commercial paper associated with the fixed-payer interest rate swaps which terminated hedge accounting. The fixed-payer interest rate swaps were no longer effective hedges. At June 30, 2017, the negative fair value of the swaps of $31.1 million is included in other liabilities and the change in fair value of positive $12.0 million was reported as investment earnings in the accompanying financial statements. During fiscal year 2015, UVA established two fixed-receiver interest rate swaps with a total notional amount of $128.0 million to provide a hedge against fixed interest rates on Series 2015B bonds. These swaps were reevaluated as of June 30, 2016, and determined to no longer be effective hedges. At June 30, 2017, the negative fair value of the fixed-receiver interest rate swaps of $557,000 is included in other liabilities and the change in fair value of negative $4.2 million is included in investment earnings in the accompanying financial statements. The derivative instruments are classified as Level 2 of the fair value hierarchy. Additional information regarding the institution's derivative instruments is available at www.virginia.edu.

Hedging Derivative Instruments

At June 30, 2017, the Virginia Commonwealth University (VCU) (nonmajor) had two fixed-payer interest rate swaps with a notional amount of $54.7 million, which declines to $4.8 million at the termination date of November 1, 2030. The swaps are used as cash flow hedges by VCU in order to provide a hedge against changes in interest rates on variable rate Series 2012A and 2012B bonds. The Series 2012A and 2012B bonds refunded prior Series 2006A and 2006B bonds that resulted in the termination of the prior hedging relationship between the interest rate swaps and the 2006A and 2006B bonds. At the time of the refunding in November 2012, the accumulated change in fair value of the interest rate swaps was negative $14.1 million and was included in the calculation of the deferred loss on refunding. There was also a reestablishment of hedge accounting on the new debt. At June 30, 2017, the negative fair value of VCU's swaps of $7.7 million is included in other liabilities and the cumulative change in fair value of VCU's swaps since reestablishing hedge accounting of $6.4 million is included in deferred inflows of resources in the accompanying financial statements. The derivative instruments are classified as Level 2 of the fair value hierarchy.

At June 30, 2017, the Medical College of Virginia Hospitals (MCVH), which is a division of the Virginia Commonwealth University Health System Authority (a blended component unit of VCU), had two interest rate swap agreements with a notional amount of $118.0 million and another interest rate swap agreement with a notional amount of $65.1 million. The swaps are used as cash flow hedges by MCVH in order to provide a hedge against changes in interest rates on variable rate Series 2013A and 2013B bonds. The Series 2013A and 2013B bonds refunded prior Series 2005 and 2008 bonds that resulted in the termination of the prior hedging relationship between the interest rate swaps and the Series 2005 and 2008 bonds. At the time of the refunding in June 2013, the accumulated change in fair value of the interest rate swaps was negative $42.1 million and was included in the calculation of the deferred loss on refunding. There was also a reestablishment of hedge accounting on the new debt. At June 30, 2017, the negative fair value of MCVH's swaps of $45.9 million is included in other liabilities and the cumulative change in fair value of MCVH's swaps of $3.8 million is included in deferred outflows of resources in the accompanying financial statements. The derivative instruments are classified as Level 2 of the fair value hierarchy.

The following schedule shows debt service requirements of VCU and MCVH bonds payable hedged debt of $237.8 million and net receipts/payments on associated derivative instruments. These amounts assume that current variable and reference rates on the hedging instruments will remain the same for their terms. As these rates vary, net receipt/payments on the hedging instruments will vary. Additional information is available in the separately issued financial statements of the higher education institution.

Maturity	Principal	Interest	Derivative Instruments, Net	Total
2018	$ 5,920,000	$ 3,167,415	$ 5,997,818	$ 15,085,233
2019	6,085,000	3,081,057	5,849,406	15,015,463
2020	6,385,000	2,990,536	5,696,849	15,072,385
2021	6,615,000	2,896,630	5,536,702	15,048,332
2022	6,915,000	2,798,666	5,370,798	15,084,464
2023-2027	51,550,000	12,031,160	23,831,695	87,412,855
2028-2032	68,470,000	7,375,996	16,322,942	92,168,938
2033-2037	70,155,000	2,733,904	7,699,405	80,588,309
2038-2042	15,700,000	-	-	15,700,000
Total	$ 237,795,000	$ 37,075,364	$ 76,305,615	$ 351,175,979

Various foundations of higher education institutions have derivative instruments. The foundations follow FASB rather than GASB reporting requirements. Disclosures for the foundations' derivatives can be found in the separately issued financial statements of the foundations.

15. RETIREMENT AND PENSION SYSTEMS

A separately issued financial report that includes financial statements and required supplemental information for each of the individual plans discussed below is publicly available. Copies may be obtained from the Virginia Retirement System website at www.varetire.org.

A. Administration

The Virginia Retirement System (the System) is an independent agency of the Commonwealth that administers pension plans, other employee benefit plans, and other funds for Commonwealth employees, teachers, political subdivision employees, and other qualifying employees. The Board of Trustees is responsible for the general administration and operation of the plans. The Board consists of five members appointed by the Governor and four members appointed by the Joint Rules Committee, all subject to confirmation by the General Assembly. The Board of Trustees appoints a director to serve as the chief administrative officer of the System and a chief investment officer to direct, manage, and administer the investment of the System's funds. The Board of Trustees has appointed BNY Mellon as the custodian of designated assets of the System.

The System administers four pension trust funds: the Virginia Retirement System (VRS); State Police Officers' Retirement System (SPORS); Virginia Law Officers' Retirement System (VaLORS); and the Judicial Retirement System (JRS). In addition to the pension plans, the System administers five Other Employee Benefit Plans: Group Life Insurance Fund; Retiree Health Insurance Credit Fund; the Virginia Sickness and Disability Program (VSDP); the Line of Duty Act Trust Fund; and the Virginia Local Disability Program (VLDP).

B. Summary of Significant Accounting Policies (Virginia Retirement System)

Basis of Accounting

The financial statements of the pension and other employee benefit trust funds are prepared using the flow of economic resources measurement focus and the accrual basis of accounting consistent with the plans. Employee and employer contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as earned by the plans. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Method Used to Value Investments

Investments are reported at fair value as determined by the System's master custodian, BNY Mellon, from its Global Pricing System. This pricing system assigns a price source, based on asset type and the vendor pricing products to which the master custodian subscribes, for every security held immediately following its acquisition. Prices supplied by these sources are monitored on a daily basis by the master custodian.

When a pricing source is unable to provide a price, quotes are sought from major investment brokers and market-making dealers; or internal calculations are applied if feasible. As a last resort, the master custodian will contact investment managers for a price. The master custodian prices commingled funds, partnerships, and real estate assets from statements received from the funds, partnerships, or investment managers.

The pricing sources utilized by the master custodian provide daily prices for equity securities, corporate, government and mortgage-backed fixed income securities, private placement securities, futures and options on futures, open-ended funds, and foreign exchange rates. Depending on the vendor, collateralized mortgage obligations (CMOs), adjustable rate mortgages (ARMs) and asset-backed securities are priced daily, weekly or twice a month and at month-end. Municipal fixed income securities and options on Treasury/Government National Mortgage Association securities are priced at month-end.

The System's investment guidelines for each specific portfolio limits investments in any corporate entity to no more than 5.0 percent of the market value of the account for both the internally and externally managed portfolios. There is no concentration of investments in any one organization

that represents 5.0 percent or more of plan net position available for benefits.

C. Plan Description

The Virginia Retirement System (VRS) is a qualified governmental retirement plan that administers three retirement benefit structures: Plan 1, Plan 2, and Hybrid Plan, for state employees, public school board employees, employees of participating political subdivisions, and other qualifying employees. VRS is a combination of mixed-agent and cost-sharing, multiple-employer retirement plans. Each plan's accumulated assets may legally be used to pay all the plan benefits provided to any of the plan's members, retirees, and beneficiaries. Contributions for fiscal year 2017 were $3.1 billion with a reserve balance available for benefits of $70.3 billion. At June 30, 2017, the VRS had 832 contributing employers.

The Commonwealth also administers the following single-employer retirement plans and benefit structures:

- State Police Officers' Retirement System (SPORS) – Plan 1 and Plan 2
- Virginia Law Officers' Retirement System (VaLORS) – Plan 1 and Plan 2
- Judicial Retirement System (JRS) – Plan 1, Plan 2, and Hybrid Plan

All full-time, salaried permanent employees of VRS participating employers are automatically covered under VRS, SPORS, VaLORS or JRS with the following exceptions: (1) certain full-time faculty and administrative staff of public colleges and universities; and (2) eligible classified employees of the two state teaching hospitals. These employees have the option to elect not to participate in the Virginia Retirement System. Benefit provisions and all other requirements are established by Title 51.1 of the *Code of Virginia*, as amended.

Benefits vest for all plans after five years of service credit. Vested VRS members in the VRS Plan 1 are eligible for an unreduced retirement benefit at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit as elected by the employer. Vested VRS members in the VRS Plan 2 and the Hybrid Plan are eligible for unreduced retirement benefits at normal social security retirement age with at least five years of service credit or when age and service credit equal 90. Vested SPORS and VaLORS members in both the VRS Plan 1 and the VRS Plan 2 are eligible for an unreduced benefit at age 60 with at least five years of hazardous duty service credit or age 50 with at least 25 years of total service credit.

Annual retirement benefits are payable monthly for life in an amount equal to 1.7 percent of eligible members' average final compensation (AFC) for each year of service credit. Under the VRS Plan 2, the multiplier for general employees was reduced to 1.65 percent beginning January 1, 2013. Under the Hybrid Plan, the multiplier for the defined benefit component is 1.0 percent. AFC is the average of the member's 36 consecutive months of highest creditable compensation for members under the VRS Plan 1. Under the VRS Plan 2 and the Hybrid Plan, a member's AFC is the average of the member's 60 consecutive months of highest creditable compensation. The benefit for members of SPORS is calculated using a 1.85 percent multiplier. Members of SPORS also are eligible for a hazardous duty supplement, paid monthly, until they reach full Social Security retirement age.

Members of VaLORS hired before July 1, 2001, were allowed to make a one-time election to increase the multiplier from 1.7 to 2.0 percent instead of receiving a monthly hazardous duty supplement. VaLORS members who elected to retain the 1.7 percent multiplier are eligible for the supplement until age 65. Members of VaLORS hired after June 20, 2001, have their benefit computed using the 2.0 percent multiplier and are not eligible for the supplement.

Members of JRS receive weighted years of service credit for each year of actual service under JRS. VRS, SPORS, VaLORS, and JRS also provide death and disability benefits.

A cost-of-living allowance (COLA), based on changes in the Consumer Price Index and limited to 5.0 percent per year for VRS Plan 1 and 3.0 percent for VRS Plan 2 and Hybrid Plan, is granted on July 1 of the second calendar year after retirement and is effective each July 1 thereafter. Beginning January 2013, a member who retires with less than 20 years of service must receive an allowance for one full calendar year after reaching unreduced retirement age to be eligible for a COLA. Members within five years of eligibility for an unreduced benefit as of January 1, 2013 were grandfathered.

Benefits for all vested members are actuarially reduced if they retire before becoming eligible for an unreduced retirement benefit, provided they meet age requirements for a reduced retirement benefit.

As required by Title 51.1 of the *Code of Virginia*, as amended, members contribute 5.0 percent of their annual compensation to the retirement plans. If a member leaves covered employment, the accumulated contributions plus earned interest may be refunded to the member. Each participating employer is required by state statute to contribute the remaining amounts necessary to fund the retirement plans using the entry age normal actuarial cost method adopted by the Board of Trustees. Contributions for fiscal year 2017 were $37.6 million, $32.5 million, and $91.4 million, and reserved balances available for benefits were $796.1 million, $515.4 million, and $1.3 billion, for SPORS, JRS, and VaLORS, respectively. State statute may be amended only by the General Assembly. To the extent that the employer's long-term obligation to provide pension benefits (total pension liability) is larger than the value of the assets available in the

plan to pay these benefits (fiduciary net position), there is a net pension liability which is reported in the accompanying financial statements as a component of Long-term Liabilities Due in More than One Year.

Further information about the benefits provided in these retirement plans and their different benefit structures can be found in the Virginia Retirement System's Comprehensive Annual Financial Report.

The following table provides participant information.

	VRS	SPORS	VaLORS	JRS
Retirees and Beneficiaries Receiving Benefits	55,427	1,300	4,355	507
Terminated Employees Entitled to Benefits but not Receiving Them	11,184	123	704	3
Total	66,611	1,423	5,059	510
Active Members:				
Vested	54,527	1,519	5,257	322
Non-Vested	23,090	358	3,416	97
Total	77,617	1,877	8,673	419

D. Funding Policy

The funding policy of the retirement plans provides for periodic employer contributions at actuarially determined rates, which will remain relatively level over time as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits when due. Contribution rates are developed using the entry age normal cost method for both normal cost and amortization of the unfunded actuarial accrued liability. Gains and losses are reflected in the unfunded actuarial accrued liability that is being amortized as a level percentage of payroll within 30 years or less.

The System's actuary, Cavanaugh MacDonald Consulting, LLC, computed the amount of contributions to be provided by state agency employers, state police and other Virginia law employers. The contribution rates for fiscal year 2017 were based on the actuary's valuation as of June 30, 2015. Employer contributions by the Commonwealth to VRS, SPORS, VaLORS, and JRS were 13.5 percent, 28.5 percent, 21.1 percent, and 42.0 percent, respectively.

In addition to determining contribution requirements, the actuarial computations present an estimate of the discounted present value of the prospective accrued liability contributions that employers will have to pay in the future so that such contributions, together with the assets on hand, the normal contributions to be made in the future by employers and members and the income earned by investing funds, will be sufficient to provide all benefits to be paid to present members in the future as well as the annuitants and their designated beneficiaries.

E. Changes in Net Pension Liability

The total pension liability was determined based on the actuarial valuation as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016. The following tables (dollars in thousands) show the Commonwealth's total pension liability, plan fiduciary net position, and net pension liability in total and individually for the VRS, SPORS, JRS, and VaLORS for the current and prior year.

Primary Government

	Totals Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	$ 15,958,571	$ 11,395,118	$ 4,563,453
Changes for the year			
Service cost	287,467	-	287,467
Interest	1,084,212	-	1,084,212
Benefit changes	(15,552)	-	(15,552)
Differences between actual and expected experience	(164,749)	-	(164,749)
Contributions - employer	-	548,443	(548,443)
Contributions - member	-	136,027	(136,027)
Net investment income	-	193,459	(193,459)
Benefit payments, including refunds	(900,009)	(888,911)	(11,098)
Administrative expense	-	(7,434)	7,434
Other changes	-	(141)	141
Net changes	291,369	(18,557)	309,926
Balances at June 30, 2017	$ 16,249,940	$ 11,376,561	$ 4,873,379

	VRS Increase (Decrease)			SPORS Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	$ 12,502,629	$ 9,103,686	$ 3,398,943	$ 1,064,450	$ 733,352	$ 331,098
Changes for the year						
Service cost	204,683	-	204,683	18,700	-	18,700
Interest	848,981	-	848,981	72,618	-	72,618
Benefit changes	-	-	-	-	-	-
Differences between actual and expected experience	(135,970)	-	(135,970)	(14,711)	-	(14,711)
Contributions - employer	-	399,990	(399,990)	-	33,655	(33,655)
Contributions - member	-	110,807	(110,807)	-	5,759	(5,759)
Net investment income	-	153,419	(153,419)	-	12,634	(12,634)
Benefit payments, including refunds	(712,100)	(702,163)	(9,937)	(54,099)	(54,099)	-
Administrative expense	-	(5,613)	5,613	-	(590)	590
Other changes	-	(68)	68	-	(23)	23
Net changes	205,594	(43,628)	249,222	22,508	(2,664)	25,172
Balances at June 30, 2017	$ 12,708,223	$ 9,060,058	$ 3,648,165	$ 1,086,958	$ 730,688	$ 356,270

	JRS Increase (Decrease)			VaLORS Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	$ 632,381	$ 456,258	$ 176,123	$ 1,759,111	$ 1,101,822	$ 657,289
Changes for the year						
Service cost	21,978	-	21,978	42,106	-	42,106
Interest	42,820	-	42,820	119,793	-	119,793
Benefit changes	(15,552)	-	(15,552)	-	-	-
Differences between actual and expected experience	(18,681)	-	(18,681)	4,613	-	4,613
Contributions - employer	-	41,502	(41,502)	-	73,296	(73,296)
Contributions - member	-	3,236	(3,236)	-	16,225	(16,225)
Net investment income	-	8,112	(8,112)	-	19,294	(19,294)
Benefit payments, including refunds	(41,341)	(41,341)	-	(92,469)	(91,308)	(1,161)
Administrative expense	-	(363)	363	-	(868)	868
Other changes	-	(15)	15	-	(35)	35
Net changes	(10,776)	11,131	(21,907)	74,043	16,604	57,439
Balances at June 30, 2017	$ 621,605	$ 467,389	$ 154,216	$ 1,833,154	$ 1,118,426	$ 714,728

Component Units

	Totals		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	$ 10,161,441	$ 7,384,420	$ 2,777,021
Changes for the year			
Service cost	168,598	-	168,598
Interest	694,746	-	694,746
Benefit changes	-	-	-
Differences between actual and expected experience	(109,288)	-	(109,288)
Contributions - employer	-	328,723	(328,723)
Contributions - member	-	90,726	(90,726)
Net investment income	-	125,352	(125,352)
Benefit payments, including refunds	(512,663)	(523,761)	11,098
Administrative expense	-	(4,599)	4,599
Other changes	-	(57)	57
Net changes	241,393	16,384	225,009
Balances at June 30, 2017	$ 10,402,834	$ 7,400,804	$ 3,002,030

	VRS			VaLORS		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	$ 10,018,501	$ 7,294,889	$ 2,723,612	$ 142,940	$ 89,531	$ 53,409
Changes for the year						
Service cost	165,096	-	165,096	3,502	-	3,502
Interest	684,783	-	684,783	9,963	-	9,963
Benefit changes	-	-	-	-	-	-
Differences between actual and expected experience	(109,672)	-	(109,672)	384	-	384
Contributions - employer	-	322,627	(322,627)	-	6,096	(6,096)
Contributions - member	-	89,377	(89,377)	-	1,349	(1,349)
Net investment income	-	123,747	(123,747)	-	1,605	(1,605)
Benefit payments, including refunds	(508,338)	(518,275)	9,937	(4,325)	(5,486)	1,161
Administrative expense	-	(4,527)	4,527	-	(72)	72
Other changes	-	(54)	54	-	(3)	3
Net changes	231,869	12,895	218,974	9,524	3,489	6,035
Balances at June 30, 2017	$ 10,250,370	$ 7,307,784	$ 2,942,586	$ 152,464	$ 93,020	$ 59,444

The amounts in the previous tables include governmental, business-type, and component unit activity for the Commonwealth's VRS State Plan. The table excludes the non-VRS State Plan net pension liability of $57.8 million for all other component units and includes the fiduciary net pension liability of $76,834.

The 2015 actuarial valuations were prepared using the entry age normal cost method. The actuarial assumptions included (a) 7.0 percent investment rate of return, per year compounded annually; (b) projected salary increases ranging from 3.5 percent to 6.0 percent, including a 2.5 percent inflation component and (c) COLA of 2.5 percent for Plan 1 and 2.3 percent for Plan 2. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

For more detailed actuarial information, refer to the Virginia Retirement System's financial statements, including mortality rates shown in the "Actuarial Assumptions and Methods – Pension Plans" schedule.

F. Changes to and Sensitivity of Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be based on the actuarially determined rates based on the Board's funding policy, which certifies the required rates under Title 51.1 of the *Code of Virginia* (1950), as amended. From July 1, 2018 on, all agencies are assumed to contribute 100.0 percent of the actuarially determined contribution rates. Based on those assumptions, the fiduciary net position was projected to be available to make all of the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability. In accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25,* regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the table below presents the employers' net pension liability for each of the plans calculated using the discount rate of 7.0 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1.0 percent lower (6.0 percent) or 1.0 percent higher (8.0 percent) than the current rate. The following table (dollars in thousands) shows the Commonwealth's changes in the discount rate.

Primary Government

VRS			SPORS		
Net Pension Liability			Net Pension Liability		
1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
$ 5,134,150	$ 3,648,165	$ 2,400,589	$ 484,962	$ 356,270	$ 248,328

JRS			VaLORS		
Net Pension Liability			Net Pension Liability		
1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
$ 210,584	$ 154,216	$ 105,200	$ 956,524	$ 714,728	$ 515,483

Component Units

VRS			VaLORS		
Net Pension Liability			Net Pension Liability		
1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
$ 4,141,172	$ 2,942,586	$ 1,936,300	$ 79,554	$ 59,444	$ 42,873

The long-term expected rate of return on the System's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocations are based on the Strategic Asset Allocation Implementation Schedule and Allowable Ranges document, which was approved by the VRS Board of Trustees on June 20, 2013. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation are summarized in the following table.

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.5%	6.5%	1.3%
Developed Non U.S Equity	16.5%	6.3%	1.0%
Emerging Market Equity	6.0%	10.0%	0.6%
Fixed Income	15.0%	0.1%	0.0%
Emerging Debt	3.0%	3.5%	0.1%
Rate Sensitive Credit	4.5%	3.5%	0.2%
Non Rate Sensitive Credit	4.5%	5.0%	0.2%
Convertibles	3.0%	4.8%	0.1%
Public Real Estate	2.2%	6.1%	0.1%
Private Real Estate	12.8%	7.1%	0.9%
Private Equity	12.0%	10.4%	1.3%
Cash	1.0%	-1.5%	0.0%
Total	100.0%		5.8%
	Inflation		2.5%
	Expected arithmetic nominal return		8.3%

The allocation in the previous table provides a one-year expected return of 8.3 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the pension system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.4 percent, including expected inflation of 2.5 percent.

G. Pension Related Deferred Outflows and Deferred Inflows

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* requires certain pension related items to be reported as either deferred outflows or deferred inflows of resources. The following tables (dollars in thousands) summarize these amounts as of June 30, 2017, in total and by individual plan.

Primary Government (2)

	Totals	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 18,816	$ 130,839
Changes of assumptions	-	-
Net difference between projected and actual earnings on plan investments	292,772	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	110,049	140,203
Employer contributions subsequent to the Measurement Date	418,930	-
Total	$ 840,567	$ 271,042

	VRS		SPORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 15,623	$ 99,319	$ -	$ 14,099
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on plan investments	232,544	-	18,908	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	81,350	109,843	-	-
Employer contributions subsequent to the Measurement Date	292,477	-	31,792	-
Total	$ 621,994	$ 209,162	$ 50,700	$ 14,099

	JRS		VaLORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 15,517	$ 3,193	$ 1,904
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on plan investments	12,009	-	29,311	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	-	28,699	30,360
Employer contributions subsequent to the Measurement Date	28,047	-	66,614	-
Total	$ 40,056	$ 15,517	$ 127,817	$ 32,264

Component Units (1) (2)

	Totals	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 12,860	$ 80,271
Changes of assumptions	-	-
Net difference between projected and actual earnings on plan investments	190,010	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	66,085	35,931
Employer contributions subsequent to the Measurement Date	243,897	-
Total	$ 512,852	$ 116,202

	VRS		VaLORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 12,594	$ 80,112	$ 266	$ 159
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on plan investments	187,570	-	2,440	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	62,812	34,319	3,273	1,612
Employer contributions subsequent to the Measurement Date	238,001	-	5,896	-
Total	$ 500,977	$ 114,431	$ 11,875	$ 1,771

(1) The component unit amounts include deferred outflows of resources and deferred inflows of resources of $27,529 (dollars in thousands) and $8,486 (dollars in thousands), respectively, not related to the VRS State Plan.

(2) Additionally, during fiscal year 2017, the Commonwealth recognized pension expense for the primary government and component units of $380,547 (dollars in thousands) and $259,133 (dollars in thousands), respectively.

Deferred Amounts to be Recognized in Fiscal Years Following Reporting Date

The following tables (dollars in thousands) provide the net estimated amount of the deferred inflows and deferred outflows of resources that will be recognized in the Commonwealth's pension expense for each of the next five fiscal years. These amounts exclude employer contributions made subsequent to the measurement date as those contributions will reduce the fiscal year 2018 pension liability.

Primary Government

	VRS	SPORS	JRS	VaLORS
2018	$ (22,792)	$ (2,925)	$ (8,076)	$ 651
2019	(24,353)	(2,927)	(5,547)	1,281
2020	90,520	8,075	5,327	16,101
2021	76,980	4,637	4,788	10,906
2022	-	(2,051)	-	-

Component Units

	VRS	VaLORS
2018	$ (28,130)	$ 95
2019	(30,056)	186
2020	111,721	2,341
2021	95,010	1,586
2022	-	-

H. Defined Contribution Plan for Political Appointees

Officers appointed by the Governor, officers elected by popular vote or the General Assembly, and executive branch chief deputies and confidential assistants may participate in the deferred contribution plan for Political Appointees, rather than the VRS. This optional retirement plan is authorized by the *Code of Virginia* and offered through the ICMA-RC. This is a defined contribution plan where the retirement benefits are based upon the Commonwealth's 12.3 percent and the employee's (5.0 percent) contributions, plus interest and dividends. The Commonwealth pays the required employee contributions. During the year ended June 30, 2017, the total contributions to this plan were $1.3 million.

The summary of significant accounting policies for the plan is in accordance with those discussed in Note 15. B.

I. Defined Contribution Plan for Public School Superintendents

The Public School Superintendent Plan is a defined contribution pension plan that provides optional postemployment benefits for school superintendents. This plan is authorized by the *Code of Virginia*. The Board of Trustees of the System manages the investments of the fund as custodian. School boards may elect to offer this plan as an option to the standard VRS plan that is available for school board members. Contributions are provided by the school board for credit to the member. At June 30, 2017, there were two participants in this plan. Total contributions to the plan for fiscal year 2017 were $17,888.

J. Virginia Supplemental Retirement Plan

The Public School Teacher Supplemental Retirement Plan is a defined contribution pension plan established by the Department of Education to provide an optional postemployment benefit plan for turnaround specialists in the public school system. This plan is utilized as an incentive to attract highly skilled teachers for participating public schools pursuant to the *Code of Virginia* by Title 51.1-617. The Board of Trustees of the System manages the investments of the fund as custodian. School boards may elect to offer this plan as an option to the standard VRS plan that is available for school board members. Contributions are provided by the school boards for credit to the members. At June 30, 2017, there were two participants in this plan. There were no contributions to the plan for fiscal year 2017.

K. Higher Education (Nonmajor Component Units)

The Commonwealth's colleges and universities participate in the retirement plans administered by VRS. In addition, full-time faculty and certain administrative staff of the Commonwealth's colleges and universities may participate in optional retirement plans as authorized by Section 51.1-126 of the *Code of Virginia* rather than the VRS retirement plans. These optional retirement plans are defined contribution plans offered through TIAA, Fidelity Investments, and DCP. There are two defined contribution plans. Plan 1 is for employees hired prior to July 1, 2010, and retirement benefits received are based upon the employer's 10.4 percent contributions, plus net investment gains. Plan 2 is for employees hired on or after July 1, 2010, and retirement benefits received are based upon the employer's contribution, not to exceed 8.9 percent, and the employee's 5.0 percent contribution, plus net investment gains. For Plan 2, the employer contributions for fiscal year 2017 were 8.5 percent except for the University of Virginia (nonmajor) which were 8.9 percent. Vesting is full and immediate for both employer and employee contributions, except UVA employees hired after July 1, 2014 are fully vested in the UVA contributions after two years of continuous employment. For fiscal year 2017, total pension expense recognized was $146.9 million and contributions were calculated using the base salary amount of $1.5 billion. As of June 30, 2017, the Commonwealth's colleges and universities had accrued $10.0 million in employer liabilities related to these plans.

University of Virginia Medical Center (part of the University of Virginia – nonmajor) employees hired after July 1, 1999, cannot participate in Plan 1 or Plan 2 noted above but have the option of participating in the Medical Center's Optional Retirement Plan. For information regarding this

plan, see the institution's separately issued financial statements.

Certain employees of Virginia Commonwealth University (nonmajor) are participating in The Select Plan, which is a 401(a) defined contribution plan. Participation is limited to executives by invitation. For information regarding this plan, see the University's website at www.vcu.edu.

Prior to July 1, 1997, certain employees of the Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of Virginia Commonwealth University – nonmajor) were eligible to participate in the VRS defined benefit pension plan. Effective July 1, 1997, the Authority established the Virginia Commonwealth University Health System Authority Defined Contribution Plan (VCUHS 401(a) Plan) and the Virginia Commonwealth University Health System Authority Health Care Providers Defined Contribution Plan (HCP Plan). The Authority and component units, MCV Associated Physicians (MCVAP), VCU Community Memorial Hospital (CMH), and the Children's Hospital (Children's), participate in the VCUHS 401(a) as well as sponsor the VCUHS Savings Plan (VCUHS 457(b) Plan). Health care providers hired between July 1, 1993 and July 1, 1997, are eligible to participate in the HCP Plan. MCVAP also sponsors the MCVAP 401(a) Retirement Plan. VA Premier (a component of the Authority) adopted a 401(k) Plan. For information regarding these plans, see the Authority's separately issued financial statements.

Effective January 1, 1997, James Madison University (nonmajor) established a Supplemental Retirement Plan for tenured faculty members. The plan is a qualified plan within the meaning of section 401(c) of the Internal Revenue Code of 1986 (the Code) and is a governmental plan within the meaning of section 414(d) of the Code. For information regarding this plan, see the University's website at www.jmu.edu.

The Center for Innovative Technology (CIT) is a blended component unit of the Innovation and Entrepreneurship Investment Authority (nonmajor). The CIT has a defined contribution retirement plan covering substantially all employees. Under the plan, CIT makes contributions fixed at a percentage of each employee's compensation to pay premiums for individual retirement annuity contracts written by TIAA-CREF. For information regarding this plan, see the Authority's separately issued financial statements.

L. Other Component Units

Note 1.B. outlines the component units included in the Commonwealth's reporting entity. The Virginia Public Building Authority (blended - primary government), the Virginia Public School Authority (major), the Virginia College Building Authority (major), and the Virginia School for the Deaf and Blind Foundation (nonmajor) have no employees. Virginia Resources Authority (major) and the following nonmajor component units participate in the retirement plans administered by VRS: the Virginia Economic Development Partnership, the Virginia Small Business Financing Authority, the Hampton Roads Sanitation District Commission, the Virginia Biotechnology Research Partnership Authority, the Virginia Tourism Authority, the Tobacco Region Revitalization Commission, the Virginia Foundation for Healthy Youth, and the Fort Monroe Authority.

The Virginia Housing Development Authority (major) has two defined contribution plans and incurs employment retirement savings expense under these plans equal to between 8.0 and 11.0 percent of full-time employees' compensation. For additional information regarding these plans, see the Authority's website at www.vhda.com.

The Virginia Outdoors Foundation (nonmajor) maintains a 401(k) contribution plan and provides an employer contribution to all eligible employees of 2.0 percent of their salary. Employees can contribute to the plan up to the IRS limit and the Foundation will match up to an additional 2.0 percent for a maximum of 4.0 percent of an employees' contribution. For information regarding this plan, see the Foundation's website at www.virginiaoutdoorsfoundation.org.

The Virginia Commercial Space Flight Authority (nonmajor) maintains a 401(a) contribution plan and provides an employer contribution to all eligible employees of 11.0 percent of their base salary. For information regarding this plan, see the Authority's separately issued financial statements.

The Virginia Port Authority (VPA) (nonmajor) maintains two defined benefit plans for its employees. Employees of record on July 1, 1997, had the option of continuing to maintain their benefit status as a State employee, and their benefits maintained under the VRS, or elect to be covered under a newly created pension plan (the VPA Defined Benefit Plan). The VPA Defined Benefit Plan covers all employees hired between July 1, 1997 and February 1, 2014. Employees hired after February 1, 2014 are eligible for a defined contribution plan only. The Virginia International Terminals (VIT) (a blended component unit of VPA – nonmajor) has a Virginia International Terminals, LLC Pension Plan that is a single employer, noncontributory defined benefit pension plan administered by VIT. VIT also sponsors noncontributory supplemental plans covering certain key employees. For information regarding these plans, see the Authority's website at www.portofvirginia.com.

Employees of the Virginia Museum of Fine Arts Foundation (nonmajor) who are age 21 or older are eligible to participate in the Employee's Savings Plan, a 401(k) defined contribution profit sharing plan. Also, the Foundation entered into a supplemental retirement agreement to pay a key employee of the Museum upon retirement the

difference between the amount accrued under the VRS retirement plan, based on salary, and the amount based on the supplemental salary. For additional information regarding these plans, see the Foundation's separately issued financial statements.

The Science Museum of Virginia Foundation (nonmajor) has a 403(b) defined contribution pension plan through the Teachers Insurance and Annuity Association (TIAA) and the College Retirement Equities Fund (CREF) Retirement Plan for employees meeting age and service requirements. For additional information regarding this plan, see the Foundation's separately issued financial statements.

16. OTHER EMPLOYMENT BENEFITS

In addition to the pension plans, the Commonwealth participates in two other employment benefit plans, Group Life Insurance and the Virginia Sickness and Disability Program, which are administered by the Virginia Retirement System (the System). The System administers a third other employment benefit plan, the Volunteer Firefighters' and Rescue Squad Workers' Fund, in which the Commonwealth does not participate, but may provide funding. The significant accounting policies for all three plans are the same as those described in Note 15 for pension plans. A separately issued financial report that includes financial statements for the Group Life Insurance and Virginia Sickness and Disability Program is publicly available. Copies may be obtained from the Virginia Retirement System website at www.varetire.org.

Group Life Insurance

The Group Life Insurance Plan was established for Commonwealth employees, teachers, employees of political subdivisions participating in the VRS, state police officers, other state law enforcement and correctional officers, judges, and other qualifying employees. The program provides life insurance for natural death coverage equal to a member's annual compensation rounded to the next highest $1,000 and then doubled. Accidental death coverage is double the natural death benefit. The program also provides coverage for accidental dismemberment and accidental blindness, a safety belt benefit, a repatriation benefit, a felonious assault benefit and an accelerated death benefit for terminal conditions. Approximately 359,386 members participate in the program at June 30, 2017.

Participating employers and their covered employees are required by Title 51.1 of the *Code of Virginia*, as amended, to contribute to the cost of group life insurance benefits. Employers may assume the employees' contributions.

An optional Group Life Insurance Fund was established for members covered under the group life program as a supplement to that plan. Members may purchase optional life insurance coverage for themselves, their spouses and/or their dependent children. The optional program provides natural death coverage equal to one, two, three or four times the member's annual compensation rounded to the next highest $1,000, up to a maximum of $750,000. Spouse coverage is available for up to one-half of the member's optional insurance amount. Minor children who are at least 15 days old can be insured for $10,000, $20,000 or $30,000, depending on the option chosen by the member. An additional accidental death and dismemberment benefit is payable for death or bodily injuries. Approximately 68,377 members were covered under this program at June 30, 2017.

Optional group life insurance coverage ends for members when they retire or terminate their employment, or when their basic coverage ends. Optional life insurance amounts begin to reduce by 25.0 percent based on the retiree's age, beginning with the retiree's normal retirement age under his or her plan ending at age 80. Retirees may elect to continue coverage within 31 days of retirement. Spouse coverage terminates should a couple divorce or when the member leaves employment. Children's coverage ends with the termination of the member's coverage or when the child marries or turns 21 years of age (25 years of age for full-time college students).

Employers of members who elect optional life insurance coverage deduct the premiums from the members' paychecks, as required by Title 51.1 of the *Code of Virginia*, as amended. Premiums are based on the member's age and determined by the Board of Trustees. Because optional life insurance is an insured product, the carrier bills each employer directly, and the employer makes the contribution payments to the carrier. Any differences and adjustments are settled between the employer and the carrier.

Virginia Sickness and Disability Program

The System administers the Virginia Sickness and Disability Program (VSDP) to provide income protection in the event of a disability for eligible state employees hired on or after January 1, 1999. State agencies are required by Title 51.1 of the *Code of Virginia* to contribute to the cost of providing long-term disability benefits and administering the program.

VSDP benefits include sick, family and personal leave and short-term and long-term disability benefits. After a seven-calendar day waiting period following the first day of disability, eligible employees receive short-term disability benefits from 60.0 percent to 100.0 percent of their compensation. After 125 work days of short-term disability, eligible employees receive long-term disability benefits equal to 60.0 percent of their compensation. If the employee's condition becomes catastrophic, income replacement increases to 80.0 percent until the condition is no longer catastrophic. Long-term disability benefits continue until employees return to work, retire or reach age 65 (age 60 for state police officers and other state law enforcement and correctional officers) or die.

Full-time permanent salaried state employees, including state police officers and other Virginia law and correctional officers, are automatically enrolled in the VSDP. Part-time permanent salaried state employees

who work at least 20 hours a week and accrue leave also are automatically enrolled. Teaching, administrative and research faculty of Virginia public colleges and universities who elect VRS as their retirement plan must make an irrevocable election to participate in either the VSDP or the institution's disability program. If there is no institution program, the faculty member is covered under VSDP.

Eligible state employees and state police officers employed before January 1, 1999, had the option to elect to participate in the VSDP or remain under the Commonwealth's existing sick leave program and retain their eligibility for disability retirement benefits under VRS and SPORS. (Members of VaLORS have been automatically enrolled in the VSDP since October 1, 1999, when VaLORS was created.) Eligible employees enrolled in the VSDP are not eligible for disability retirement benefits under VRS, SPORS, or VaLORS. Employees hired or rehired on or after July 1, 2009, must satisfy eligibility periods before becoming eligible for non-work related short-term disability coverage and certain income replacement levels. Approximately 74,944 members were covered under the program at June 30, 2017.

Volunteer Firefighters' and Rescue Squad Workers' Fund

Volunteer firefighters and rescue squad workers may participate in an optional employment benefit plan. This optional plan is authorized by the *Code of Virginia*. The Board of Trustees of the System manages the investments of the fund as custodian. Members of the plan contribute $30 per quarter. The Commonwealth will contribute an amount determined by the Board and appropriated by the General Assembly, if such funds are appropriated, for a period not to exceed 20 years. For fiscal year 2017, there was $32,585 appropriated for administration of the program. At June 30, 2017, there were 1,776 workers participating in the fund.

17. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Virginia Retirement System (The System) Administered Plans

The Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which requires additional reporting and disclosures for OPEB plans. The statement became effective for System-administered OPEB plans beginning with the fiscal year ended June 30, 2008. The assets and actuarial accrued liabilities for the following other postemployment benefits were determined through an actuarial valuation performed as of June 30, 2016, by Cavanaugh MacDonald Consulting, LLC, and are presented in the Required Supplemental Schedule of Funding Progress for Other Postemployment Benefit Plans. The significant accounting policies for all five plans are the same as those described in Note 15 for pension plans and a separately issued report is available as previously discussed.

Group Life Insurance Benefits

Employees who retire or terminate from service after age 50 with at least ten years of service credit or at age 55 with at least five years of service credit (age 50 for vested state police officers, other state law enforcement and correctional officers and hazardous duty employees of participating political subdivisions), or who retire because of disability, are entitled to postemployment group life insurance benefits. Employees enrolled in JRS who retire or terminate from service after age 60 with at least 30 years of service credit or at age 65 with at least five years of service credit are entitled to postemployment group life insurance benefits. At retirement or termination, accidental death benefits cease and natural death coverage reduces at a rate equal to 25.0 percent on January 1 of the first full calendar year following retirement or termination and on January 1 of each year thereafter, until it reaches 25.0 percent of its original value. These group life insurance benefit provisions and requirements are established by Title 51.1 of the *Code of Virginia*. There were approximately 176,107 retirees in the Basic Group Life Insurance Program and 2,980 retirees were covered under the Optional Group Life Insurance Program in fiscal year 2017.

Since 1960, when the group life insurance program was established, a portion of the premium contributions collected during members' active careers has been placed in an advance premium deposit reserve. This reserve was established to pre-fund death benefits to members after retirement.

Employers providing life insurance benefits are part of a cost-sharing pool. Therefore, separate measurements of assets and actuarial accrued liabilities are not made for individual employers participating in the program.

Retiree Health Insurance Credit Program

The Retiree Health Insurance Credit Program was established on January 1, 1990, to provide benefits for retired state employees, state police officers, other state law enforcement and correctional officers and judges who have at least 15 years of service credit under the retirement plans. The program provides a credit reimbursement of $4 per month per year of service credit against the monthly health insurance premiums of eligible retirees.

A similar program was established on July 1, 1993, to provide a health insurance credit for retired teachers and employees of participating political subdivisions with at least 15 years of service credit under the retirement plans. Retired teachers are eligible for a monthly credit of $4 per month per year of service credit. Local government retirees may receive a maximum credit of $1.50 per month per year of service with a maximum monthly credit of $45.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the *Code of Virginia*. The amount required to fund all credits is financed by the employers based on contribution rates determined by the System's actuary. Approximately 120,304 retired members were covered under this program at June 30, 2017. The Retiree Health Insurance Credit Program is an agent, multiple-employer defined benefit OPEB plan.

Disability Insurance Trust Fund

The Commonwealth provides OPEB disability insurance benefits, in accordance with state statutes, to eligible retired and terminated employees. State agencies are required by Title 51.1 of the *Code of Virginia* to contribute to the cost of providing long-term disability benefits and administering the program. There were approximately 2,785 former members receiving benefits from the program during fiscal year 2017. The Disability Insurance Trust Fund is a single-employer defined benefit OPEB plan.

Line of Duty Death and Disability

The Commonwealth provides death and health benefits to the beneficiaries of certain law enforcement and rescue personnel disabled or killed in the line of duty. A trust fund has been established to account for this activity. Benefit provisions and eligibility requirements are established by Title 9.1 Chapter 4 of the *Code of Virginia*. The significant accounting policies for this plan are the same as those described in Note 15 for pension plans. There were approximately 1,056 retirees and 969 other participants in the program in fiscal year 2017. The Line of Duty Death and Disability Program is a cost-sharing, multiple-employer defined benefit OPEB plan. The employer contribution rate was determined by the System's actuary using the anticipated costs and the number of covered individuals associated with all of the covered employers. Additionally, the Department of Accounts provided certain administrative support in claims administration, but transitioned this support to the System as of fiscal year end.

Virginia Local Disability Program

The Virginia Local Disability Program (VLDP) provides eligible local government employees who are members of the Hybrid retirement plan with sick, family and personal leave and short-term and long-term disability benefits for non-work-related and work-related illnesses and injuries. The System is responsible for administering the disability program and the payment of long-term disability benefits. Local employers are responsible for administering the leave program and the payment of short-term disability benefits. At June 30, 2017, there were 13,370 participants in the program.

B. Pre-Medicare Retiree Healthcare

The Commonwealth provides a healthcare plan established by Title 2.2, Chapter 28 of the *Code of Virginia* for retirees who are not yet eligible to participate in Medicare. For a retiree to participate in the Plan, the participant must be eligible for a monthly annuity from the VRS or a periodic benefit from one of the qualified Optional Retirement Plan (ORP) vendors, and:

- be receiving (not deferring) the annuity or periodic benefit immediately upon retirement;
- have his or her last employer before retirement be the state;
- be eligible for coverage as an active employee in the State Health Benefits Program until his or her retirement date (not including Extended Coverage); and,
- have submitted within 31 days of his or her retirement date an Enrollment Form to his or her Benefits Administrator to enroll.

This fund is reported as part of the Commonwealth's Healthcare Internal Service Fund. The significant accounting policies for this plan are the same as those described in Note 15 for pension plans. Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan and is administered by the Department of Human Resource Management. There were approximately 5,963 retirees in the program in fiscal year 2017.

C. Annual OPEB Cost and Net OPEB Obligation

The Commonwealth calculated an OPEB liability as of June 30, 2017 for each of the five OPEB plans covering Commonwealth employees. The Retiree Health Insurance Credit Fund, Disability Insurance Trust Fund, and Pre-Medicare Retiree Healthcare OPEB liabilities were $216.8 million, $221.6 million, and $1.4 billion, respectively. These amounts are reported in the accompanying financial statements as a component of Long-Term Liabilities Due in More than One Year. There is no liability for the Group Life Insurance Fund or Line of Duty Death and Disability.

The following table (dollars in thousands) shows the Commonwealth's annual OPEB cost and net OPEB obligation for the current and prior years.

	Group Life Insurance Fund			Retiree Health Insurance Credit Fund		
	2017	2016	2015	2017	2016	2015
Annual required contribution	$ 73,440	$ 65,735	$ 63,778	$ 89,103	$ 84,832	$ 81,253
Interest on net OPEB obligation	-	-	-	14,190	12,784	11,437
Adjustment to annual required contribution	-	-	-	(12,715)	(11,051)	(9,911)
Annual OPEB cost	73,440	65,735	63,778	90,578	86,565	82,779
Contributions made	(73,440)	(65,735)	(63,778)	(76,388)	(66,215)	(64,025)
Increase in net OPEB obligation	-	-	-	14,190	20,350	18,754
Net OPEB obligation, beginning of year	-	-	-	202,656	182,306	163,552
Net OPEB obligation, end of year	$ -	$ -	$ -	$ 216,846	$ 202,656	$ 182,306
Percentage of annual OPEB cost contributed	100.0%	100.0%	100.0%	84.3%	76.5%	77.3%

	Disability Insurance Trust Fund			Line of Duty Death and Disability		
	2017	2016	2015	2017 (3)	2016 (2)	2015 (1)
Annual required contribution	$ 37,983	$ 38,675	$ 36,831	$ 6,550	$ 5,840	$ 6,122
Interest on net OPEB obligation	14,490	13,406	12,315	-	-	-
Adjustment to annual required contribution	(12,993)	(11,586)	(10,681)	-	-	-
Annual OPEB cost	39,480	40,495	38,465	6,550	5,840	6,122
Contributions made	(24,990)	(24,495)	(23,642)	(6,550)	(5,840)	(6,122)
Increase in net OPEB obligation	14,490	16,000	14,823	-	-	-
Net OPEB obligation, beginning of year	207,096	191,096	176,273	-	-	-
Net OPEB obligation, end of year	$ 221,586	$ 207,096	$ 191,096	$ -	$ -	$ -
Percentage of annual OPEB cost contributed	63.3%	60.5%	61.5%	100.0%	100.0%	100.0%

	Pre-Medicare Retiree Healthcare		
	2017	2016	2015
Annual required contribution	$ 228,249	$ 213,660	$ 206,590
Interest on net OPEB obligation	50,041	43,377	36,398
Adjustment to annual required contribution	(51,825)	(44,829)	(37,762)
Annual OPEB cost	226,465	212,208	205,226
Contributions made	(43,244)	(42,996)	(35,028)
Increase in net OPEB obligation	183,221	169,212	170,198
Net OPEB obligation, beginning of year	1,251,105	1,081,893	911,695
Net OPEB obligation, end of year	$ 1,434,326	$ 1,251,105	$ 1,081,893
Percentage of annual OPEB cost contributed	19.1%	20.3%	17.1%

(1) During fiscal year 2015, the required annual contributions of $6.1 million were paid by the Commonwealth.
(2) During fiscal year 2016, the required annual contributions of $5.8 million were paid by the Commonwealth.
(3) During fiscal year 2017, the required annual contributions of $6.6 million were paid by the Commonwealth.

The amounts in the previous table include Governmental and Component Unit activity for which the Commonwealth is considered the employer. It does not include the OPEB liability for the following nonmajor component units: the Virginia Economic Development Partnership, the Virginia Tourism Authority, the Fort Monroe Authority, and the Virginia Outdoors Foundation of $2.5 million, $1.4 million, $397,534, and $57,338, respectively. The table also excludes non-Commonwealth sponsored OPEB liabilities of $65.4 million for all other component units and includes the fiduciary OPEB liability of $16,312.

The annual required contributions for the current year were determined during the actuarial valuations conducted as of June 30, 2015, as that is the most recent report that reflects the current funding policies. Employer contributions by the Commonwealth for Group Life Insurance, Retiree Health Insurance Credit and Disability Insurance were 1.3 percent, 1.2 percent, and 0.7 percent, respectively, of covered payrolls for fiscal year 2017. The valuations were prepared using the entry age normal cost method for all plans. The Pre-Medicare Retiree Healthcare plan uses a 4.0 percent investment rate of return, per year compounded annually, which approximates the projected rate of return on the State Treasurer's Portfolio. The Group Life Insurance, Retiree Health Insurance Credit and Disability Insurance use a 7.0 percent investment rate of return, per year compounded annually. The Line of Duty Act trust fund uses a 4.8 percent rate of return compounded annually. The actuarial assumptions for all but the Pre-Medicare Retiree Healthcare plan included a projected salary increase of 3.0 percent, including a 2.5 percent inflation component. Valuation techniques were applied to smooth the effects of short-term volatility in the market value of investments over a five year period. The actuarial assumptions for the Pre-Medicare Retiree Healthcare plan as to current claim cost, projected increases in health insurance costs, mortality, turnover, retirement, disability and discount rate include (a) projected salary increases ranging from 3.8 percent to 5.6 percent, including a 2.5 percent inflation component; and, (b) assumption that there is no liability associated with those retirees eligible for Medicare, as costs for members aged 65 and older are not subsidized by the active population (no implicit subsidy), participants pay 100.0 percent of the costs, and the liability associated with the health insurance credit is measured and held by the Virginia Retirement System. Initial healthcare costs trend rates used were 10.0 percent, 11.0 percent, and 6.0 percent for medical, pharmacy, and dental benefits, respectively. The ultimate trend rates used were 5.0 percent, 5.0 percent, and 4.0 percent for medical, pharmacy, and dental benefits, respectively. The remaining open amortization period at June 30, 2013, was 30 years.

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2016, per the most recent actuarial valuation, was as follows:

(Dollars in Millions)

Actuarial Valuation Date June 30	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) [b]	Unfunded AAL (UAAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll [b-a]/[c]
			Group Life Insurance Fund			
2016	$ 1,248	$ 2,974	$ 1,726	42.0%	$ 18,322	9.4%
			Retiree Health Insurance Credit Fund			
2016	$ 179	$ 2,419	$ 2,240	7.4%	$ 15,786	14.2%
			Disability Insurance Trust Fund			
2016	$ 416	$ 241	$ (175)	172.6%	$ 3,816	(4.6%)
			Line of Duty Death and Disability			
2016	$ 2	$ 225	$ 223	0.9%	N/A	-
			Pre-Medicare Retiree Healthcare			
2016	$ -	$ 1,417	$ 1,417	-	$ 4,137	34.3%

Actuarial valuations of ongoing plans involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future and reflect a long-term perspective. Amounts determined regarding the funded status of the plans and the annual contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. The Schedule of Funding Progress presented as Required Supplementary Information following the notes to the financial statements presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

E. Higher Education (Nonmajor Component Unit)

The University of Virginia has a Retiree Health Plan that covers employees who retire before becoming eligible for Medicare until they reach age 65 and can then participate in the Commonwealth's Medicare Supplement Plan. Additional information on this plan can be found at the University's website at www.virginia.edu.

F. Other Component Units

The Virginia Housing Development Authority (major) has a Retiree Health Care Plan, a single-employer defined benefit plan which is administered through the Virginia Housing Development Authority Retiree Health Care Plan Trust, an irrevocable trust to be used solely for providing benefits to eligible participants. Effective January 1, 2006, eligible retirees must be at least 55 years of age with 15 years of service or at least 55 years of age with 10 years of service if employed by the Authority prior to such date. For the year ended June 30, 2017, the Authority's Annual OPEB cost was $375,132; the percentage of Annual OPEB Cost Contributed was 399.2 percent; and the ending Net OPEB asset was $5.1 million.

Hampton Roads Sanitation District Commission (nonmajor) provides other postemployment benefits for its employees through a single employer defined benefit plan. The plan was established and may be amended by the Commission. The plan furnishes health and dental benefits for life for all employees with at least 15 years of service and who also qualify for an unreduced retirement benefit through the VRS. The plan allows the retiree at their expense to cover their spouse and dependents under the Commission's health care provider. Contribution requirements are actuarially determined and funding is subject to approval by the Commission. The current rate is 5.0 percent of annual covered payroll. For 2017, the Commission's annual OPEB cost was $2.6 million; the percentage of annual OPEB cost contributed was 100.0 percent.

18. DEFERRED COMPENSATION PLANS

The Commonwealth offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The Virginia Retirement System (the System) administers the deferred compensation plan, pursuant to the Government Employees Deferred Compensation Plan Act, Section 51.1, Chapter 6 et seq. of the *Code of Virginia*. The System contracts with private corporations or institutions subject to the standards set forth in the *Code* to provide investment products as well as any other goods and services related to the administration of the deferred compensation plan. The Department of Accounts is responsible for the accounting, reconciliation, payment to the plan through payroll deductions, and timely transfer of withheld funds to the trustee designated by the System for investment. The plan provides a number of investment options and is designed so that each participant retains investment control of his/her individual account. The plan, available to all state employees, permits them to defer a portion of their salary until future years. The deferred compensation is held in trust for the exclusive benefit of plan participants and their beneficiaries and is not available to employees until termination, retirement, death, unforeseeable emergency, or an in-service distribution at age 70 ½ or later. Since the System has no fiduciary relationship with plan participants, plan assets at June 30, 2017, of $2.4 billion are not included in the accompanying financial statements.

In addition, the Commonwealth provides a cash match under Internal Revenue Code Section 401(a) for employees participating in the deferred compensation plan. The match amount for an employee was established at 50.0 percent of the voluntary contributions to the deferred compensation plan. During the current fiscal year, the maximum match was $20 per pay period or $40 per month. The fair value of assets in the cash match savings plan at June 30, 2017, was $418.7 million, which is also excluded from the accompanying financial statements.

Most employees of the Commonwealth's colleges and universities may participate in the Commonwealth's deferred compensation plan in accordance with Internal Revenue Code Section 457(b) and/or the institution's deferred compensation plan in accordance with Internal Revenue Code Section 403(b). Under either plan, the institution's cash match under the Internal Revenue Code Section 401(a) during fiscal year 2017 was a maximum match up to $20 per pay period or $40 per month. This employer match is for either plan but not both plans. Employer contributions under these plans were approximately $13.1 million for fiscal year 2017.

The deferred compensation plan for the University of Virginia Medical Center (part of the University of Virginia – nonmajor component unit) employees hired on or after September 30, 2002, allows employee

contributions up to 4.0 percent of their salary and the employer match is 50.0 percent of the 4.0 percent deferral not to exceed 2.0 percent of the employees' salary. Employer contributions under this plan were approximately $3.9 million for fiscal year 2017.

The Virginia Housing Development Authority (major component unit) and the Virginia Resources Authority (major component unit) have deferred compensation plans available to all employees created in accordance with Internal Revenue Section 457(b). The plan permits participants to defer a portion of their salary or wages until future years. The deferred compensation is not available to employees until termination, retirement, or death. The assets of the plan are in an irrevocable trust with an external trustee and, accordingly, no assets or liabilities are reflected in the accompanying financial statements.

The Assistive Technology Loan Fund Authority (nonmajor component unit) employees contribute an amount of their choosing into Deferred Compensation Plans administered by the Virginia Retirement System and into a qualified 403(b) plan.

The Virginia Port Authority (VPA) (nonmajor component unit) offers three deferred compensation plans and two matching savings plans under Internal Revenue Code Sections 457 and 401(a), respectively. For additional information, please see the Authority's website at www.portofvirginia.com.

19. STATE NON-ARBITRAGE POOL

The Commonwealth sponsors the Virginia State Non-Arbitrage Program (SNAP) for use by the Commonwealth and local governments to invest bond proceeds. The Treasury Board is responsible for the oversight of SNAP, procuring the following services: investment management, program administration, arbitrage rebate and calculation, and custodial and depository services. The Commonwealth does not have fiduciary responsibility for SNAP.

The SNAP fund is a Local Government Investment Pool. PFM Asset Management LLC serves as the investment adviser of the SNAP fund. The SNAP individual investment portfolios are the responsibility of the SNAP investment manager and the governments investing proceeds in the portfolios. These investments are held solely in the SNAP participants' names. Since the Commonwealth has no fiduciary relationship with local governmental entities participating in the plan, these assets of $2.7 billion are not included in the financial statements.

20. COMMITMENTS

A. Construction Projects

Primary Government

Highway Projects

At June 30, 2017, the Department of Transportation had contractual commitments of approximately $3.1 billion for construction of various highway projects. Funding for these expenditures is expected to be provided as follows: (1) Federal funds – approximately 23.6 percent or $728.0 million, (2) State funds – approximately 61.8 percent or $1.9 billion, and (3) Proceeds from Bonds – approximately 14.6 percent or $449.0 million.

Mass Transit Projects

At June 30, 2017, the Department of Rail and Public Transportation had contractual commitments of approximately $276.3 million for various public transportation, rail preservation, and rail enhancement projects. Funding of the future expenditures is expected to be as follows: 1) State funds – approximately 88.1 percent or $243.6 million, and 2) Federal funds – approximately 11.9 percent or $32.7 million.

Wastewater Treatment Projects

At June 30, 2017, the Department of Environmental Quality was committed to grant contracts with localities to reimburse a portion of construction costs for nutrient reduction facilities at wastewater treatment plants totaling $28.1 million provided by bond proceeds and the Water Quality Improvement Fund.

Other Construction Projects

At June 30, 2017, the Department of General Services had construction commitments of approximately $13.5 million.

At June 30, 2017, the Department of Forensic Science had contractual commitments of approximately $6.9 million and non-contractual commitments of $5.7 million for construction projects.

At June 30, 2017, the Department of Military Affairs had construction commitments of approximately $16.0 million.

At June 30, 2017, the Department of Conservation and Recreation had construction commitments of approximately $9.3 million.

At June 30, 2017, the Department of Veterans Services had construction commitments of approximately $19.0 million.

Component Units

Port Projects

At June 30, 2017, the Virginia Port Authority (nonmajor) was committed to construction contracts totaling $542.6 million.

Wallops Island Project

At June 30, 2017, the Virginia Commercial Space Flight Authority (nonmajor) was committed to construction programs totaling $10.5 million, approximately $5.5 million of which will be reimbursable under separate private and federal contract agreements.

Treatment Plant

At June 30, 2017, the Hampton Roads Sanitation District Commission (nonmajor) was committed to construction contracts totaling $114.0 million.

Higher Education Institutions

Colleges and universities (nonmajor) had contractual commitments as of June 30, 2017, of approximately $705.6 million. Higher education foundations' commitments total approximately $15.2 million. These are primarily for construction contracts.

B. Operating Leases

The Commonwealth has entered into numerous agreements to lease land, buildings, and equipment. Most of the operating leases contain the provision that the Commonwealth may renew the operating leases at the expiration date of the lease on a month-to-month basis. In most cases, management expects that in the normal course of business, leases will be renewed or replaced by other leases of a similar nature. Rental expense for the primary government under these operating leases for the year ended June 30, 2017, was $71.6 million for governmental activities (including internal service funds) and $27.2 million for business-type activities. Rental expense for the discrete component units (excluding foundations) for the year ended June 30, 2017, was $110.0 million. The Commonwealth has, as of June 30, 2017, the following minimum rental payments due under the above leases (dollars in thousands):

	Primary Government		
	Governmental Activities	Business-type Activities	Component Units (1)
2018	$ 65,482	$ 25,302	$ 65,992
2019	54,021	21,979	51,312
2020	46,320	18,169	38,959
2021	41,030	14,546	28,699
2022	34,317	9,937	18,620
2023-2027	91,636	17,906	42,585
2028-2032	7,036	-	6,993
2033-2037	1,534	-	2,957
2038-2042	24	-	1,723
2043-2047	24	-	1,723
2048-2052	15	-	1,257
2053-2057	-	-	630
Total	$ 341,439	$ 107,839	$ 261,450

Note (1): The above amounts exclude operating lease obligations of foundations.

	Foundations (2)
2018	$ 5,440
2019	4,329
2020	3,223
2021	2,449
2022	1,864
Thereafter	11,503
Total	$ 28,808

Note (2): Foundations represent FASB reporting entities defined in Note 1.B. Rental expense for the year ended June 30, 2017, was approximately $6.2 million.

Lease agreements are for various terms and contain nonappropriation clauses indicating that continuation of the lease is subject to funding by the General Assembly.

C. Investment Commitments – Virginia Retirement System

The Virginia Retirement System extends investment commitments in the normal course of business, which, at June 30, 2017, amounted to $11.6 billion.

D. Virginia Transportation Infrastructure Bank

Section 33.2-1500 of the *Code of Virginia* states the Virginia Transportation Infrastructure Bank is intended to help alleviate a critical financing need for present and future highways within the Commonwealth. This includes toll facilities; mass transit; freight, passenger, and commuter rail; and port, airport and other transportation facilities. $152.2 million represents loans to the City of Chesapeake for the Dominion Boulevard Project and Loudoun County for the Pacific Boulevard Project that is included in Loans Receivable in the accompanying statements. The Chesapeake Bay

Bridge and Tunnel District for the Parallel Thimble Shoal Tunnel and the City of Alexandria for the Potomac Yard Metrorail Station loans have been approved, but no disbursements were made as of June 30, 2017. All loans are coordinated through the Virginia Resources Authority (major component unit).

E. Tobacco Grants

The Tobacco Region Revitalization Commission (nonmajor component unit) had $113.2 million in grant award commitments not reflected in the accompanying financial statements since eligibility requirements were not met as of June 30, 2017, in accordance with GASB Statement No. 33.

F. Other Commitments

Primary Government

At June 30, 2017, the Department of Behavioral Health and Developmental Services had contractual commitments of approximately $30.0 million.

At June 30, 2017, the Department of Corrections had contractual commitments of approximately $151.0 million and non-contractual commitments of approximately $436.7 million for detention services and medical care.

At June 30, 2017, the Virginia Department of Health had commitments of approximately $28.9 million to localities, regional councils, grants to rescue squads, and water supply assistance grants.

At June 30, 2017, the Department of Motor Vehicles had contractual commitments of approximately $36.9 million for security technology services.

At June 30, 2017, the Virginia Department of Transportation had additional contractual commitments of approximately $1.8 million for technology services and $64.8 million for non-highway construction type project contracts including facilities and tolling support.

At June 30, 2017, the Virginia Workers' Compensation Commission had approximately $21.0 million in commitments related to a purchase agreement for a new headquarters.

At June 30, 2017, the Virginia Employment Commission had contractual commitments of approximately $8.5 million for information systems modernization projects. The agency also had $5.5 million in other contractual commitments.

At June 30, 2017, the Department of Environmental Quality had commitments of approximately $8.9 million for reimbursement claims for cleanup of leaking underground storage tanks.

At June 30, 2017, the Enterprise Applications (internal service fund) had $23.5 million in contractually obligated commitments for the payroll replacement project.

The Virginia College Savings Plan (major enterprise fund) administers the Prepaid529 Program. At June 30, 2017, the Program had $165.5 million in private equity commitments.

The Virginia Wireless E-911 (nonmajor enterprise fund) had $5.9 million in outstanding grants awarded but not yet disbursed to localities as of June 30, 2017, since all of the eligibility criteria have not been met in accordance with GASB Statement No. 33.

Component Units

The Virginia Housing Development Authority (major) had $595.2 million in commitments to fund new loans not reflected in the accompanying financial statements since eligibility requirements were not met as of June 30, 2017, in accordance with GASB Statement No. 33.

The Virginia Resources Authority (major) was obligated to disburse $175.9 million in loan commitments to various localities and other governmental entities in the Commonwealth of Virginia not reflected in the accompanying financial statements since eligibility requirements were not met as of June 30, 2017, in accordance with GASB Statement No. 33.

The Virginia Small Business Financing Authority (nonmajor) had $3.9 million in loan commitments to banks and borrowers not reflected in the accompanying financial statements since eligibility requirements were not met as of June 30, 2017, in accordance with GASB Statement No. 33.

21. ACCRUED LIABILITY FOR COMPENSATED ABSENCES

Employees accrue annual leave at a rate of four to nine hours semimonthly, depending on their length of service. The maximum leave accumulation is dependent upon years of service, but in no case may it exceed 432 hours at the end of the leave year. The maximum compensation for annual leave balances is also dependent upon years of service, but in no case may an employee be compensated for more than 336 hours upon separation.

All employees hired after January 1, 1999, are required to enroll in the Virginia Sickness and Disability Program (VSDP) (see Note 16). Under the VSDP, employees receive a specified number of sick and personal leave hours, depending on their length of service, and any balances at the end of the leave year revert. Individuals employed at January 1, 1999, had the option of converting to the VSDP or remaining in the traditional sick leave plan. If converting, the employee's sick leave balance could be used to purchase retirement credits or be converted to disability credits. If an employee opted to remain in the traditional sick leave program, sick leave accrues at a rate of five hours semimonthly. Employees who leave state service after a minimum of five years

employment receive the lesser of 25.0 percent of the value of their disability credits or accumulated sick leave at their current earnings rate or $5,000. All employees leaving state service are paid for accrued annual leave up to the maximum leave year limit at their current earnings rate.

In conformance with Section C60 of the GASB Codification, the monetary value of accumulated vacation, compensatory, overtime, recognition, and sick leave payable upon termination is included in the accompanying financial statements and is reported as Compensated Absences. In the government-wide statements, proprietary fund statements, and discrete component unit fund statements, compensated absence amounts are segregated into two components – the amount due within one year and the amount due in more than one year. Compensated absences due within one year consist of an estimate of the amount that will be used by active employees for paid time off and/or paid upon termination, plus the actual amount paid after June 30 for employees terminating on or before June 30. In the governmental fund statements, amounts to be paid from expendable resources are recognized as fund liabilities in the applicable governmental fund types as long-term liabilities and represent payments to employees for separations that occurred on or before June 30. Amounts not payable from expendable resources are reflected in the governmental activities column in the Government-wide Statement of Net Position (see Note 26). All amounts related to the fiduciary funds are recognized in those funds.

The liability at June 30, 2017, was computed using salary rates effective at that date, and represents vacation, compensatory, overtime, recognition, and sick leave earned, or disability credits held by employees, up to the allowable ceilings.

22. POLLUTION REMEDIATION OBLIGATIONS

The Commonwealth has pollution remediation obligations of $9.4 million, of which $1.8 million is due within one year. With the exception of the Department of Environmental Quality (DEQ), agencies estimated future obligations based on professional consultant estimates and/or historical project expenses of similar projects; however, there is the potential for change in estimates due to price increases or reductions, technology, or applicable laws and regulations. Remediations for DEQ are not estimates but contractual obligations between the Commonwealth and the U.S. Environmental Protection Agency (EPA), and any change due to a reconciliation of incurred costs requires mutual consent and contract amendment.

The estimated Commonwealth pollution remediation liability relates to the anticipated cost of hazardous waste removal, cleanup relating to leakage of underground storage tanks, soil and groundwater contaminations, dump site cleanups, asbestos, lead contamination and remediation relating to superfund state contracts.

Agencies involved in remediation include:

- Department of Corrections (DOC)
- Department of Emergency Management (VDEM)
- Department of Environmental Quality (DEQ)
- Department of Juvenile Justice (DJJ)
- Department of Transportation (VDOT)

A Facility Lead Agreement was signed between the EPA and VDOT to resolve an issue concerning the storage of lab wastewater in an outdoor lined surface impoundment that operated between 1979 and 1983 for which contamination is present in soil and groundwater. DOC was fined by the EPA in September/October 2003. DOC proposed to conduct a Supplemental Environmental Project (SEP) which included the formation of the Pollution Prevention Section of the Environmental Services Unit, disclosure of all environmental deficiencies to both the EPA and DEQ and corrections of those deficiencies.

The following pollution remediation outlays could not reasonably be estimated as of June 30, 2017:

- VDEM relating to cleanup of an emergency fuel storage facility
- DEQ relating to groundwater treatment and landfill clean-up
- DJJ relating to petroleum storage tank removal
- VDOT relating to groundwater contamination

23. INSURANCE

A. Self-Insurance

The Commonwealth maintains two types of self-insurance plans. The first type of self-insurance is a health care plan administered by the Department of Human Resource Management for Commonwealth employees. The plan is accounted for in the Health Care Internal Service Fund. Interfund premiums are accounted for as internal activity receipts from other funds. At June 30, 2017, $112.0 million is reported as the estimated claims payable for this fund, which is undiscounted as nearly all health care claims are current in nature. The estimated liability is based upon actual claims that have been submitted as well as actuarially determined claims incurred but not reported as described in Note 1.W. Changes in the balances of claims liabilities (dollars in thousands) during the current and prior fiscal years are as follows:

	Balance July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Balance June 30, (1)
2016-2017	$ 123,385	$ 1,290,205	$ (1,301,561)	$ 112,029
2015-2016	$ 118,005	$ 1,314,073	$ (1,308,693)	$ 123,385

(1) The entire ending balance shown above is due within one year.

The second type of plan, Risk Management, is administered by the Department of the Treasury, Division of Risk Management and the Department of Human Resource Management, Worker's Compensation Program. These plans are accounted for in the Risk Management Internal Service Fund. The Department of the Treasury administers risk management programs providing property, general (tort) liability, medical malpractice, automobile and surety bond exposures for the Commonwealth of Virginia as provided in Sections 2.2-1834 through 1838 and Section 2.2-1840 of the *Code of Virginia*. Established subject to the approval of the Governor, risk management plans provide state agencies with protection through purchased insurance, self-insurance or a combination thereof. Interfund premiums for the fund are accounted for as internal activity receipts from other funds. The claims payable is an estimated liability based upon actual claims that have been submitted as well as actuarially determined claims incurred but not reported. At June 30, 2017, $797.6 million is reported as the estimated claims payable for the risk management plan. This amount is discounted to present value at a rate of 1.9 percent. Undiscounted claims payable at June 30, 2017, is $1.1 billion. The estimated losses are based upon actual claims that have been submitted, as well as claims incurred but not reported. Changes in the balances of claims liabilities (dollars in thousands) during the current and prior fiscal years are as follows:

	Balance July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Balance June 30, (1)
2016-2017	$ 835,283	$ 42,447	$ (80,093)	$ 797,637
2015-2016	$ 651,421	$ 260,020	$ (76,158)	$ 835,283

(1) Of the balance shown above, $76.6 million is due within one year.

For workers' compensation, the Commonwealth assumes the full risk of claims filed. For tort and automobile, liability is assumed at a maximum of $2.0 million per occurrence. Medical malpractice is assumed at the maximum per occurrence recovery limited stated in Section 8.01-581.15 of the *Code of Virginia*. Risk Management purchases commercial insurance to protect state-owned property with deductibles as stated in the insurance policies.

The Commonwealth has not had any insurance settlements exceed the coverage during the past three years.

At June 30, 2017, the Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of the Virginia Commonwealth University – nonmajor component unit) reports the following claims payable amounts: estimated workers' compensation claims of $15.5 million and estimated losses on malpractice claims of $3.5 million. MCV Associated Physicians (component unit of the Authority) reports claims payable of $20.8 million for estimated losses on malpractice claims. Virginia Premier Health Plan (component unit of the Authority) reports claims payable of $81.4 million for estimated medical claims payable. Additional information on claims payable can be found in the Authority's separately issued financial statements.

Virginia International Terminals, LLC (VIT) (a blended component unit of the Virginia Port Authority – nonmajor) is partially self-insured for certain workers' compensation claims. The Authority maintains insurance coverage of $5.0 million per claim, but is obligated to pay the first $1.0 million of any individual's claims per incident. The Authority bears some self-insurance risk for claims cost in excess of employee premiums/contributions received. Pursuant to a joint arrangement with the Virginia Port Authority, (VPA) (nonmajor) the entity carries stop loss insurance to mitigate exposure to significant claims. The stop loss policy is on a calendar year basis, with renewals effective each January 1. During the calendar years of 2016 and 2017, the individual claim cost limit (deductible) under the policy for the Authority was $125,000. The aggregate deductible for VIT and VPA combined claims in excess of the $125,000 individual limit was $7.9 million for calendar year 2017 and $7.0 million for calendar year 2016.

B. Public Entity Risk Pools

The Commonwealth administers two types of public entity risk pools for the benefit of local governmental units: health care and risk management insurance. The Local Choice Health Care plan was established to make comprehensive health care insurance available to localities and political subdivisions at affordable rates and with stable premiums. During the fiscal year, there were 445 local government units participating in the pool. This includes 70 school districts, 41 counties, 134 cities/towns, and 200 other subdivisions. This program is accounted for in the Local Choice Health Care Enterprise Fund (nonmajor).

The Department of Human Resource Management, under Section 2.2-1204 of the *Code of Virginia*, has the authority to design, set rates, and administer the Local Choice Health Care fund. The pool's standard contract period is one year. However, a member group may withdraw on the last day of any month with three month's written notice. Contributions are based on the current necessary contribution and the amortization of experience adjustments in the pool. At June 30, 2017, $38.0 million is reported as the actuarially determined estimated claims payable for this fund based on claims incurred but not reported.

The actuarial liability is determined for the membership pool in total and then adjusted for each locality based on individual historic and demographic data. If the pool's assets were to be exhausted, the program participants would share the responsibility for any liabilities or deficits.

The Department of the Treasury, Division of Risk Management administers the VARisk and VARisk2 risk management programs for political subdivisions, constitutional officers and others in accordance with Section 2.2-1839 of the *Code of Virginia*. These pools were established to provide an economical, low-cost alternative to the commercial insurance market for the Commonwealth's political subdivisions. These risk programs are accounted for in the Risk Management Enterprise Fund (nonmajor). The pool is established subject to approval by the Governor. It may be insurance, self-insurance, or any combination thereof, and must provide protection and legal defense against liability. Participation is voluntary and open to those identified in Section 2.2-1839, *Code of Virginia*. As of June 30, 2017, there were 459 units of local government in the pool, including 1 city, 20 towns, and 25 counties. The remaining 413 units include a large variety of boards, commissions, authorities, and special districts.

The VARisk program is comprised of constitutional officers and regional jails, and participation is not mandated by the *Code of Virginia*. However, the Compensation Board (part of the primary government) requires participation by all constitutional officers.

The VARisk2 program is comprised of local governments and has a minimum membership period of one year. However, a member group can cancel membership and withdraw from the plan on their coverage anniversary date or at the end of the fiscal year with 30 days' notice.

No excess insurance or reinsurance is provided. The risk assumed by the VARisk and VARisk2 pool for liability is $1.0 million per occurrence, with the exception of sheriffs and their deputies, which is $1.5 million per occurrence.

At June 30, 2017, $32.9 million and $4.7 million is reported as estimated claims payable for the VARisk and the VARisk2 programs, respectively. These figures are actuarially determined for the funds in total and are reported at gross. They do not reflect possible reimbursements for insurance recoveries.

The following schedule (dollars in thousands) shows the changes in claims liabilities for the past two fiscal years.

	Local Choice Health Care		Risk Management	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Unpaid Claims and Claim Adjustment Expenses at Beginning of Fiscal Year	$ 36,313	$ 31,839	$ 36,063	$ 29,272
Incurred Claims and Claim Adjustment Expenses:				
Provision for Insured Events of the Current Fiscal Year	419,602	383,850	9,771	11,799
Changes in Provision for Insured Events of Prior Fiscal Years	-	-	(1,399)	(94)
Total Incurred Claims and Adjustment Expenses	419,602	383,850	8,372	11,705
Payments:				
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	417,869	379,376	836	1,206
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Prior Fiscal Year	-	-	6,541	4,786
Total Payments	417,869	379,376	7,377	5,992
Change in Provision for Discounts	-	-	510	1,078
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year (Discounted) (1) (2) (3)	$ 38,046	$ 36,313	$ 37,568	$ 36,063
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year (Undiscounted)	$ 38,046	$ 36,313	$ 39,348	$ 37,261

Note (1): The entire balance for Local Choice Health Care, $38,046 (dollars in thousands) is due within one year.

Note (2): Of the balance shown above for Risk Management, $10,485 (dollars in thousands) is due within one year.

Note (3): The interest rate used for discounting is 1.9 percent.

24. ACCOUNTS PAYABLE

The following table (dollars in thousands) summarizes Accounts Payable as of June 30, 2017.

	Vendor	Salary/ Wage	Retainage	Other	Foundations (1)	Total
Primary Government:						
General	$ 175,539	$ 108,650	$ 103	$ -	$ -	$ 284,292
Major Special Revenue Funds:						
Commonwealth Transportation	392,351	36,148	4,557	-	-	433,056
Federal Trust	55,788	17,930	1,490	-	-	75,208
Literary	2	-	-	-	-	2
Nonmajor Governmental Funds	36,328	18,063	2,933	328	-	57,652
Major Enterprise Funds:						
Virginia Lottery (2)	16,402	1,456	-	4,416	-	22,274
Virginia College Savings Plan	2,738	626	-	-	-	3,364
Unemployment Compensation	88	-	-	-	-	88
Nonmajor Enterprise Funds	70,036	6,783	-	-	-	76,819
Internal Service Funds	93,865	3,022	1,023	-	-	97,910
Private Purpose Trust Funds	-	5	-	306	-	311
Pension and Other Employee Benefit Trust Funds (3)	2,239	2,427	-	42,061	-	46,727
Agency Funds	3,071	-	-	4,784	-	7,855
Total Primary Government (4)	$ 848,447	$ 195,110	$ 10,106	$ 51,895	$ -	$ 1,105,558
Discrete Component Units:						
Virginia Housing Development Authority	$ 2,187	$ 3,658	$ -	$ 19,029	$ -	$ 24,874
Virginia Public School Authority	140	-	-	-	-	140
Virginia Resources Authority	88	9	-	-	-	97
Nonmajor Component Units	540,689	449,967	28,034	17,191	100,893	1,136,774
Total Component Units	$ 543,104	$ 453,634	$ 28,034	$ 36,220	$ 100,893	$ 1,161,885

Note (1): Foundations represent FASB reporting entities defined in Note 1.B.

Note (2): Other Accounts Payable for the Virginia Lottery represents surety bonds.

Note (3): Other Accounts Payable for the Pension and Other Employee Benefit Trust Fund consists of $25,910 (dollars in thousands) in investment management fees and $16,151 (dollars in thousands) in program benefit liabilities.

Note (4): Fiduciary liabilities of $54,893 (dollars in thousands) are not included in the Government-wide Statement of Net Position. In addition, governmental fund liabilities of $144,043 (dollars in thousands) are included in the Government-wide Statement of Net Position, but excluded from the above amounts.

25. OTHER LIABILITIES

The following tables (dollars in thousands) summarize Other Liabilities as of June 30, 2017.

	Primary Government					
	General	Commonwealth Transportation	Federal Trust	Nonmajor Governmental Funds	Virginia Lottery	Virginia College Savings Plan (1)
Lottery Prizes Payable	$ -	$ -	$ -	$ -	$ 74,482	$ -
Medicaid Payable	449,468	-	438,876	-	-	-
Family Access to Medical Insurance Security Payable	1,405	-	10,309	-	-	-
Tax Refunds Payable	419,506	-	-	-	-	-
Insurance Carrier Surety Deposit	-	-	-	-	-	-
Deposits Pending Distribution	7,479	3,712	-	4,937	-	-
Car Tax Payable	263,025	-	-	-	-	-
Other Liabilities	173	137	-	642	-	16,532
Total Other Liabilities	$ 1,141,056	$ 3,849	$ 449,185	$ 5,579	$ 74,482	$ 16,532

	Primary Government				
	Nonmajor Enterprise Funds	Internal Service Funds	Pension and Other Employee Benefit Trust Funds (2)	Agency Funds	Total Primary Government (3)
Lottery Prizes Payable	$ -	$ -	$ -	$ -	$ 74,482
Medicaid Payable	-	-	-	-	888,344
Family Access to Medical Insurance Security Payable	-	-	-	-	11,714
Tax Refunds Payable	-	-	-	-	419,506
Insurance Carrier Surety Deposit	-	-	-	441,568	441,568
Deposits Pending Distribution	168	321	-	71,108	87,725
Car Tax Refund Payable	-	-	-	-	263,025
Other Liabilities	102	-	101,906	1,851	121,343
Total Other Liabilities	$ 270	$ 321	$ 101,906	$ 514,527	$ 2,307,707

Note (1): Other Liabilities of $16,532 (dollars in thousands) reported by the Virginia College Savings Plan represent amounts associated with pending investment trades.

Note (2): Other Liabilities of $101,906 (dollars in thousands) reported in Pension and Other Employee Benefit Trust Funds are made up of $33,840 (dollars in thousands) in other funds managed by the System; $60,880 (dollars in thousands) in pending investment transactions, including $56,867 (dollars in thousands) in net foreign exchange contracts payable, and $4,013 (dollars in thousands) in other investment payables; $3,988 (dollars in thousands) in other payables related to the System benefit plans; $2,242 (dollars in thousands) in foreign taxes payables related to the System benefit plans, and $956,000 in dividends payable related to the System benefit plans.

Note (3): Fiduciary liabilities of $616,433 (dollars in thousands) are not included in the Government-wide Statement of Net Position. Governmental fund liabilities of $74,502 (dollars in thousands) are included in the Government-wide Statement of Net Position, but excluded from the above amounts.

	Component Units					
	Virginia Housing Development Authority	Virginia Public School Authority	Virginia Resources Authority	Virginia College Building Authority	Nonmajor Component Units	Total Component Units
Accrued Interest Payable	$ 36,596	$ -	$ 27,558	$ 82,582	$ 79,821	$ 226,557
Other Liabilities	-	58,475	6,999	-	251,713	317,187
Deposits Pending Distribution	-	-	-	-	443,080	443,080
Short-term Debt	461,300	-	-	-	269,731	731,031
Grants Payable	-	-	-	-	1,470	1,470
Total Other Liabilities	$ 497,896	$ 58,475	$ 34,557	$ 82,582	$ 1,045,815	$ 1,719,325

Medicaid Payable

Medicaid Payable represents services rendered but not billed by providers and potential liability resulting from cost reports not settled as of year-end. Providers subject to cost settlement are paid in the interim based on established per diem or diagnosis related group rates for services.

The Department of Medical Assistance Services (DMAS) estimates, based on past experience, the total amount of Medicaid claims that will be paid from the Medicaid program in the future which relate to services provided before year-end. At June 30, 2017, the estimated liability related to Medicaid claims totaled $888.3 million. Of this amount, $449.4 million is reflected in the General Fund (major governmental) and $438.9 million in the Federal Trust Special Revenue Fund (major governmental).

Family Access to Medical Insurance Security Payable

DMAS estimates the total amount of claims that will be paid from the Family Access to Medical Insurance Security program in the future which relate to services provided before year-end. At June 30, 2017, the estimated liability related to claims totaled $11.7 million. Of this amount, $1.4 million is reflected in the General Fund (major governmental) and $10.3 million in the Federal Trust Special Revenue Fund (major governmental).

Tax Refunds Payable

Tax refunds payable represent refunds due on individual tax returns filed for the calendar year ended on or before December 31, 2016, and on business tax returns filed for corporate fiscal years ending on or before June 30, 2017. The individual tax return filing deadline is May 1 of each year for the preceding calendar year. The corporate tax return filing deadline is the 15th day of the fourth month following the close of the corporate fiscal year.

Car Tax Refund Payable

During the year ended June 30, 1998, the General Assembly passed the Personal Property Tax Relief Act. Under the terms of this legislation, the Commonwealth assumed financial responsibility for a portion, ranging from 12.5 percent to 70.0 percent, of the personal property taxes assessed by localities.

During 2004, the General Assembly modified this legislation. Chapter 1 of Special Session 1 (2004) established a $950.0 million limit on the amount the Commonwealth would appropriate for personal property tax relief, beginning in tax year 2006. It further established that each county, city, and town would receive a fixed percentage of the $950.0 million, with payments to begin on or after July 1, 2006 (fiscal year 2007). The accrued liability amount of $263.0 million reflects payments owed to localities as of June 30 and paid in July.

Termination Benefits

During fiscal year 2017, the Commonwealth laid off 161 employees. The affected employees had the option of volunteering for enhanced retirement benefits or severance benefits. The enhanced retirement benefits option was elected by 52 employees, and the remaining 109 employees elected severance benefits. The severance benefits include salary payments based on years of service and insurance premium payments for health and life insurance. All severance benefits were initiated during fiscal year 2017 and will end no later than June 30, 2018. The benefit cost expended and the outstanding liability as of June 30, 2017 for governmental funds, are $2.0 million and $667,729, respectively. Since the severance benefits last for a maximum of 12 months, discounting of future cash flows is unnecessary. Additionally, the estimated payments are calculated using the Department of Human Resources' Termination Benefits Calculator and actual costs.

Short-term Debt

Short-term debt results from borrowings from anticipation notes, lines of credit, and similar loans with parties external to the primary government. The primary government's policy is to disclose activity related to short-term borrowings occurring during the fiscal year. For fiscal year 2017, the primary government's agencies did not participate in short-term borrowings with external parties.

Various higher education institutions and foundations (nonmajor component units) have short-term debt totaling $265.0 million primarily to provide bridge financing for capital projects, property acquisition, and operations. The Virginia Housing Development Authority (major component unit) has borrowing from lines of credit in the amount of $461.3 million. The Library of Virginia Foundation (nonmajor component unit) has a $24,000 note with a related party.

The balance of Other Liabilities is spread among various other funds.

26. LONG-TERM LIABILITIES

Commonwealth bonds are issued pursuant to Section 9 of Article X of the Constitution of Virginia. Section 9(a) bonds have been issued to redeem previous debt obligations. Section 9(b) bonds have been authorized by the citizens of Virginia through bond referenda to finance capital projects. These bonds are retired through the use of state appropriations. Section 9(c) bonds are issued to finance capital projects which, when completed, will generate revenue to repay the debt. Section 9(a), 9(b), and 9(c) bonds are tax-supported general obligation bonds and are backed by the full faith and credit of the Commonwealth. No other long-term debt obligations are backed by the full faith and credit of the Commonwealth.

Section 9(d) bonds are revenue bonds that are not backed by the full faith and credit of the Commonwealth. These bonds are not general obligation bonds and are not deemed to constitute a legal liability of the Commonwealth. However, this debt may be supported by state appropriations in whole or in part, as in the case of certain debt of the Virginia Port Authority (nonmajor component unit) and the Commonwealth Transportation Board (primary government). Other 9(d) revenue bonds are payable from general revenues of the component units, or from revenues of specific revenue-producing capital projects, such as the teaching hospitals, dormitories, student centers, and dining halls at the various colleges and universities (nonmajor component units).

Certain 9(d) bonds are considered, along with 9(a), 9(b), and 9(c) bonds, to be tax-supported debt of the Commonwealth. Tax-supported debt includes all bonds and short-term debt for which debt service payments are made or are ultimately pledged to be made from tax revenues (net of sinking fund requirements).

Other 9(d) revenue bonds are considered debt not supported by taxes. For this debt, the Commonwealth has no direct or indirect pledge of tax revenues. In certain limited cases, the Commonwealth has made a moral obligation pledge. A government's moral obligation pledge provides a deficiency make-up for bondholders in the event pledged revenues prove to be insufficient. If a revenue deficiency exists, monies held in a debt service reserve fund are used to pay bondholders. The issuer then requests that the legislative body provide an appropriation to replenish the reserve fund before subsequent debt service is due. The legislative body may, but is not legally required to, replenish the reserve fund.

The following schedule presents the total long-term liabilities of the Commonwealth, and the portion of these amounts which are due within one year, as reported on the Government-wide Statement of Net Position.

Total Long-term Liabilities
June 30, 2017

(Dollars in Thousands)	**Balance At June 30**	**Amount Due Within One Year**
Primary Government:		
Governmental Activities:(1)		
General Obligation Bonds: (2)		
9(b) Public Facilities (3)	$ 515,468	$ 48,995
9(c) Parking Facilities (3)	11,101	940
9(c) Transportation Facilities (3)	11,642	2,435
Total General Obligation Bonds	538,211	52,370
Nongeneral Obligation Bonds - 9(d):		
Transportation Debt (3) (4)	3,570,446	188,415
Virginia Public Building Authority (3)	2,674,563	172,245
Total Nongeneral Obligation Bonds	6,245,009	360,660
Other Long-term Obligations:		
Net Pension Liability (5)	4,721,816	-
OPEB Liability (6)	814,560	-
Compensated Absences	300,501	164,343
Capital Lease Obligations	41,024	6,767
Pollution Remediation Obligations	9,437	1,820
Installment Purchase Obligations	109,721	13,306
Economic Development Authority Obligations (3)	37,895	6,165
Other Liabilities	33,680	4,839
Total Other Long-term Obligations	6,068,634	197,240
Total Governmental Activities (3)	12,851,854	610,270
Business-type Activities: (1) (7)		
Other Long-term Obligations:		
Net Pension Liability	151,486	-
OPEB Liability	28,058	-
Compensated Absences	10,096	6,232
Capital Lease Obligations	5,025	321
Tuition Benefits Payable	2,048,168	263,064
Lottery Prizes Payable	122,009	10,847
Total Other Long-term Obligations	2,364,842	280,464
Total Business-type Activities	2,364,842	280,464
Total Primary Government	15,216,696	890,734

Total Long-term Liabilities
June 30, 2017

(Dollars in Thousands)	Balance At June 30	Amount Due Within One Year
Component Units:		
General Obligation Bonds: (2)		
Higher Education Fund - 9(c) Bonds (3)	897,018	51,685
Nongeneral Obligation Bonds:		
Higher Education Institutions - 9(d) (3) (7)	2,224,501	23,257
Virginia College Building Authority (3)	3,858,925	240,965
Virginia Port Authority (3) (8)	547,965	11,485
Virginia Housing Development Authority (3) (7)	3,737,479	307,264
Virginia Resources Authority (3) (9)	3,650,922	190,297
Virginia Public School Authority (3) (7)	3,580,954	248,235
Hampton Roads Sanitation District Commission (3) (7)	846,783	75,962
Virginia Biotechnology Research Partnership Authority (3)	22,727	3,815
Foundations (7) (10)	934,666	45,313
Total Nongeneral Obligation Bonds	19,404,922	1,146,593
Other Long-term Obligations:		
Net Pension Liability (11)	3,059,817	-
OPEB Liability (12)	1,099,803	-
Compensated Absences	300,591	228,012
Capital Lease Obligations (8)	2,271,382	4,013
Notes Payable (7)	1,938,288	178,847
Installment Purchase Obligations	29,959	5,647
Trust and Annuity Obligations (7) (13)	41,966	-
Other Liabilities (7)	293,919	42,318
Total Other Long-term Obligations (Excluding Foundations)	9,035,725	458,837
Other Long-term Obligations (Foundations): (7) (10)		
Compensated Absences	17,608	12,687
Capital Lease Obligations	475	134
Notes Payable	269,242	25,151
Trust and Annuity Obligations (13)	80,868	1,829
Other Liabilities	259,721	21,908
Total Other Long-term Obligations - Foundations	627,914	61,709
Total Other Long-term Obligations	9,663,639	520,546
Total Component Units	29,965,579	1,718,824
Total Long-term Liabilities	$ 45,182,275	$ 2,609,558

1. Pursuant to GASB Statement No. 34, governmental activities include internal service funds. Business-type activities are considered enterprise funds.
2. Total general obligation debt of the Commonwealth is $1.4 billion.
3. Amounts are net of any unamortized discounts and premiums.
4. This debt includes $992.2 million that is not supported by taxes.
5. This does not include net pension liabilities from fiduciary funds of $76,834.
6. This does not include OPEB obligations from fiduciary funds of $16,312.
7. This debt is not supported by taxes.
8. This debt includes $294.8 million for bonds and $2.2 billion for capital leases that is not supported by taxes.
9. This debt is not supported by taxes; however, $928.1 million is considered moral obligation debt.
10. Foundations represent FASB reporting entities defined in Note 1.B.
11. This includes net pension liabilities that do not relate to the Virginia Retirement System's State Plan from the Hampton Roads Sanitation District Commission and the Virginia Port Authority of $37.7 million and $20.1 million, respectively. This debt is not supported by taxes.
12. This includes OPEB obligations that do not relate to the Virginia Retirement System from University of Virginia of $64.1 million and Virginia Port Authority of $1.3 million.
13. These generally represent split-interest agreements that represent donor contributed assets with the requirement that an annual distribution be made to the donor or specified beneficiary. The annual distributions are usually for a fixed dollar amount or a fixed percentage of the trust's fair market value. The present value of these commitments is reported as Trust and Annuity Obligations.

Primary Government

Transportation Facilities Debt

Transportation Facilities Bonds include $11.6 million of Section 9(c) general obligation bonds and $3.6 billion of Transportation Facilities Section 9(d) debt. The Section 9(d) debt includes $2.6 billion of Section 9(d) revenue bonds and $992.2 million of Grant Anticipation Revenue Notes (GARVEES) in addition to the outstanding Section 9(d) revenue bonds. Section 9(c) principal and interest requirements for the current year totaled $3.1 million. Section 9(d) principal and interest requirements for the current year totaled $318.7 million. The Section 9(c) Transportation Facilities Bonds were issued to fund the construction and improvement of the George P. Coleman Bridge. The Section 9(d) Transportation Facilities Bonds were issued to fund the construction of State Route 28, U.S. Route 58, the Northern Virginia Transportation District Program, the Oak Grove Connector (Chesapeake), and costs of certain transportation projects in the Commonwealth. The GARVEES were issued to finance various Federal Aid Transportation projects throughout the Commonwealth. The interest rates for these bonds range from 1.0 percent to 6.0 percent and the issuance dates range from November 4, 2009 to May 31, 2017.

On November 9, 2016, the Commonwealth Transportation Board issued $316.9 million of Series 2016 GARVEES. Series 2016 will be maturing in semiannual installments on March 15 and September 15 in the years 2017 to 2031 and interest is payable on the same dates at rates varying from 2.0 to 5.0 percent.

On November 10, 2016, the Commonwealth issued $13.2 million of 9(c) General Obligation Refunding Bonds, Series 2016B. Series 2016B Bonds will be maturing in annual installments on June 1 in the years 2017 to 2021 and interest is payable on June 1 and December 1 at the rate of 5.0 percent. The 2016B Series were issued to advance refund outstanding Series 2006A general obligation bonds.

On May 31, 2017, the Commonwealth Transportation Board issued $38.6 million of Series 2017A and 2017B Refunding Revenue Bonds. Series 2017A and 2017B will be maturing in annual installments on May 15 in the years 2018 to 2020 and interest is payable on May 15 and November 15 at the rate of 5.0 percent. The 2017A and 2017B Series bonds were issued to advance refund certain maturities of 2007A and 2007B revenue bonds, respectively.

The following schedules detail the annual funding requirements necessary to amortize Transportation Facilities 9(c) bonds and 9(d) debt. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth expects to receive an interest subsidy to reimburse interest payments of $85.5 million for Build America Bonds (BABs) issued. The BABs are applicable to Commonwealth of Virginia Transportation Series 2010A Capital Project Revenue Bonds and Series 2009A Northern Virginia Transportation District Revenue Bonds.

9(c) TRANSPORTATION FACILITIES BONDS
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2018	$ 2,435,000	$ 524,750	$ 2,959,750
2019	2,560,000	403,000	2,963,000
2020	2,685,000	275,000	2,960,000
2021	2,815,000	140,750	2,955,750
Add:			
Unamortized Premium	1,146,943	-	1,146,943
Total	$ 11,641,943	$ 1,343,500	$ 12,985,443

9(d) TRANSPORTATION FACILITIES DEBT
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2018	$ 188,415,000	$ 148,162,027	$ 336,577,027
2019	187,795,483	139,740,476	327,535,959
2020	171,958,337	130,715,846	302,674,183
2021	174,250,956	122,429,746	296,680,702
2022	168,910,226	114,021,064	282,931,290
2023-2027	908,210,268	444,051,826	1,352,262,094
2028-2032	745,980,000	239,762,165	985,742,165
2033-2037	564,185,000	82,113,910	646,298,910
2038-2042	96,815,000	6,828,300	103,643,300
Less:			
Unamortized Discount	(85,995)	-	(85,995)
Add:			
Accretion on Capital Appreciation Bonds	28,252,893	-	28,252,893
Unamortized Premium	335,759,078	-	335,759,078
Total	$ 3,570,446,246	$ 1,427,825,360	$ 4,998,271,606

Fairfax Economic Development Authority Obligations

In fiscal year 2006, the Fairfax County Economic Development Authority (EDA) issued Section 9(d) revenue bonds to pay for the Commonwealth's (VDOT) costs of the planning, design and construction of a transportation infrastructure and related public safety operations complex to be developed on the contiguous sites in the county commonly referred to as "Camp 30" for the joint use of VDOT and the county. In fiscal year 2014, Fairfax County EDA issued a series of revenue refunding bonds, which refunded Series 2006 revenue bonds. The Commonwealth's obligation is set out in a payment agreement between Fairfax County EDA and the Commonwealth of Virginia, Department of Transportation, in which the Commonwealth agrees to make payments equal to the debt service from amounts appropriated by the General Assembly. The interest rates for these bonds range from 1.0 percent to 5.0 percent and the issue date was March 26, 2014. The principal and interest requirements for the current year totaled $7.8 million. The following schedule details the annual funding requirements necessary to repay these bonds.

FAIRFAX COUNTY ECONOMIC DEVELOPMENT AUTHORITY
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2018	$ 6,165,000	$ 1,664,000	$ 7,829,000
2019	6,470,000	1,355,750	7,825,750
2020	6,795,000	1,032,250	7,827,250
2021	7,135,000	692,500	7,827,500
2022	6,715,000	335,750	7,050,750
Add:			
Unamortized Premium	4,615,358	-	4,615,358
Total	$ 37,895,358	$ 5,080,250	$ 42,975,608

Public Facilities Bonds

Section 9(b) general obligation bonds consist of Public Facilities Bonds, Series 2007A, Series 2008A, Series 2008B, Series 2009A, Series 2009D Refunding, Series 2009E, Series 2012A Refunding, Series 2013B Refunding, Series 2014B Refunding, Series 2015B Refunding, and Series 2016B Refunding. Bonds were issued to fund construction projects for higher educational institutions, behavioral health, and/or park facilities. The Series 2009D bonds were issued to advance refund outstanding Series 2004A, Series 2005A, and Series 2006B bonds. The Series 2012A bonds were issued to advance refund outstanding Series 2002, Series 2003A, Series 2004A, and Series 2005A bonds. The Series 2013B bonds were issued to advance refund outstanding Series 2005A, Series 2006B, Series 2007A, and Series 2007B. The Series 2014B bonds were issued to advance refund outstanding Series 2004B Refunding. The Series 2015B bonds were issued to advance refund certain maturities of outstanding Series 2007B, Series 2008A, and Series 2008B bonds. The Series 2016B bonds were issued to advance refund certain maturities of outstanding Series 2009A. Principal and interest requirements for the current year totaled $72.5 million. The interest rates for all bonds range from 2.0 percent to 5.0 percent and the issuance dates range from June 20, 2007, to November 10, 2016. The following schedule details the annual funding requirements necessary to repay these bonds. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth expects to receive an interest subsidy to reimburse interest payments of $3.0 million for Build America Bonds (BABs) issued. The BABs are applicable to Series 2009E Public Facilities Revenue Bonds.

9(b) PUBLIC FACILITIES BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2018	$ 48,995,000	$ 21,098,203	$ 70,093,203
2019	48,090,000	18,848,098	66,938,098
2020	48,140,000	16,562,795	64,702,795
2021	48,140,000	14,270,895	62,410,895
2022	48,260,000	11,885,225	60,145,225
2023-2027	189,205,000	28,000,175	217,205,175
2028-2032	22,025,000	1,195,925	23,220,925
Add:			
Unamortized Premium	62,612,550	-	62,612,550
Total	$ 515,467,550	$ 111,861,316	$ 627,328,866

Parking Facilities Bonds

Section 9(c) general obligation bonds consist of Parking Facilities Bonds, Series 2009B and 2009D Refunding, 2012A Refunding, and Series 2016B Refunding. The Series 2009B bonds were issued to fund the construction of a new 1,000 vehicle parking structure at 7th and Franklin Streets. The Series 2009D Refunding bonds were issued to advance refund outstanding Series 2004A bonds. The Series 2012A Refunding bonds were issued to advance refund outstanding Series 2002 Refunding and Series 2004A bonds. The Series 2016B Refunding bonds were issued to advance refund certain maturities of outstanding Series 2009B bonds. The interest rate for these bonds range from 2.0 percent to 5.0 percent, and the issuance dates range from October 21, 2009, to November 10, 2016. Current year principal and interest requirements totaled $1.3 million. The following schedule details the annual funding requirements necessary to repay these bonds.

9(c) PARKING FACILITIES BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2018	$ 940,000	$ 439,560	$ 1,379,560
2019	985,000	392,560	1,377,560
2020	785,000	343,310	1,128,310
2021	825,000	304,060	1,129,060
2022	865,000	262,810	1,127,810
2023-2027	3,669,045	706,342	4,375,387
2028-2032	1,335,000	67,200	1,402,200
Add:			
Unamortized Premium	1,697,289	-	1,697,289
Total	$ 11,101,334	$ 2,515,842	$ 13,617,176

Virginia Public Building Authority

Virginia Public Building Authority Section 9(d) bonds consist of 2005D, 2007A, 2008B, 2009A, 2009B, 2009C, 2009D Refunding, 2010A, 2010B-1, 2010B-2, 2010B-3 Refunding, 2011A, 2011B, 2012A Refunding, 2013A, 2013B Refunding, 2014A, 2014B, 2014C Refunding, 2015A, 2015B Refunding, 2016A, 2016B Refunding, 2016C (AMT), and 2016D (Taxable). All bonds were issued for the purpose of constructing, improving, furnishing, maintaining, and acquiring public buildings for the use of the Commonwealth and also to reimburse localities, regional jail authorities or other combination of localities under the Regional Jail Financing Program. The Series 2009D bonds were issued to advance refund outstanding series 2001A and 2002A Revenue bonds. The Series 2010B-3 bonds were issued to advance refund outstanding series 2002A and 2004B Revenue bonds. The Series 2012A bonds were issued to advance refund outstanding series 2004B and 2005C Revenue bonds. The Series 2013B bonds were issued to advance refund 2006A and 2006B revenue bonds. The Series 2014C bonds were issued to advance refund outstanding Series 2004A Refunding, 2004B, 2004C Refunding, and 2004D Refunding bonds, and certain maturities of the 2005C, 2006A, 2006B, and 2007A bonds. The Series 2016B bonds were issued to advance refund certain maturities of the 2009B and 2011A bonds. The interest rates range from 0.8 percent to 5.9 percent and the

issuance dates range from December 7, 2005, to October 5, 2016. The Series 2005D bonds are demand bonds with variable rates which are reset weekly by the remarketing agent. The 2005D bonds are subject to optional redemption. The principal balance outstanding on June 30, 2017 of $50.0 million is scheduled to be paid based on mandatory sinking fund requirements and included in the following schedule. Additional information on these demand bonds may be obtained from the Department of the Treasury website at www.trs.virginia.gov.

Current year principal and interest requirements for all VPBA bonds totaled $279.7 million. The following schedule details the annual funding requirements necessary to repay these bonds. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth expects to receive an interest subsidy to reimburse interest payments of $65.2 million for Build America Bonds (BABs) issued. The BABs are applicable to Series 2010 Revenue Bonds.

9(d) VIRGINIA PUBLIC BUILDING AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2018	$ 172,245,000	$ 106,241,593	$ 278,486,593
2019	157,355,000	98,329,285	255,684,285
2020	159,185,000	90,839,538	250,024,538
2021	153,035,000	83,447,959	236,482,959
2022	151,300,000	76,180,132	227,480,132
2023-2027	803,930,000	270,666,923	1,074,596,923
2028-2032	595,425,000	104,888,195	700,313,195
2033-2037	240,190,000	20,070,030	260,260,030
Add:			
Unamortized Premium	241,897,542	-	241,897,542
Total	$ 2,674,562,542	$ 850,663,655	$ 3,525,226,197

Component Units

Higher Education Institution Bonds

Higher Education Institution Bonds are comprised of both 9(c) general obligation bonds and 9(d) revenue bonds. Section 9(d) bonds are from several sources as shown on the following schedule (dollars in thousands).

College and university bonds backed by pledge of general revenue or revenue from specific revenue-producing capital projects	$ 1,728,052
College and university debt backed exclusively by pledged revenues of an institution	496,449
Total Higher Education Institution 9(d) debt	$ 2,224,501

The interest rates for these bonds range from 1.2 percent to 6.2 percent and the issuance dates range from June 20, 2007, to June 21, 2017. The Virginia Commonwealth University Series 2012A and 2012B bonds and the Virginia Commonwealth University Health System Authority (a blended component unit of the Virginia Commonwealth University – nonmajor) Series 2013A and 2013B bonds are variable rate bonds and the rates are reset weekly by the remarketing agent.

The following schedules detail the annual funding requirements necessary to amortize Higher Education Institution 9(c) and 9(d) bonds. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth expects to receive an interest subsidy to reimburse interest payments of $282.7 million for Build America Bonds (BABs) issued. The BABs are applicable to General Obligation Series 2010A Bonds, Series 2009F and 2010B 21st Century Virginia College Building Authority Education Facilities Bonds, and the University of Virginia's Series 2009 and 2010 General Revenue Bonds.

9(c) HIGHER EDUCATION INSTITUTION BONDS
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2018	$ 51,685,000	$ 34,709,771	$ 86,394,771
2019	52,010,000	32,384,621	84,394,621
2020	51,785,000	30,051,451	81,836,451
2021	53,880,000	27,775,433	81,655,433
2022	52,180,000	25,377,988	77,557,988
2023-2027	273,100,955	90,925,240	364,026,195
2028-2032	198,190,000	36,807,359	234,997,359
2033-2037	79,155,000	7,738,755	86,893,755
2038-2042	5,190,000	493,030	5,683,030
Add:			
Unamortized Premium	79,841,970	-	79,841,970
Total	$ 897,017,925	$ 286,263,648	$ 1,183,281,573

9(d) HIGHER EDUCATION INSTITUTION BONDS
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest (1)*	*Total*
2018	$ 23,257,056	$ 92,917,982	$ 116,175,038
2019	23,748,580	92,271,989	116,020,569
2020	24,736,209	91,511,843	116,248,052
2021	24,909,971	90,737,933	115,647,904
2022	130,979,898	87,368,775	218,348,673
2023-2027	173,155,303	406,810,098	579,965,401
2028-2032	163,235,506	381,974,662	545,210,168
2033-2037	236,847,144	354,450,308	591,297,452
2038-2042	714,410,000	241,966,632	956,376,632
2043-2047	579,660,000	65,317,150	644,977,150
Add:			
Unamortized Premium	129,560,903	-	129,560,903
Total	$ 2,224,500,570	$ 1,905,327,372	$ 4,129,827,942

Note (1): The future interest requirements exclude any net payments associated with hedging derivative instruments. See Note 14 for more details on hedging derivative instruments.

9(d) VIRGINIA COLLEGE BUILDING AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2018	$ 240,965,000	$ 149,416,948	$ 390,381,948
2019	243,440,000	143,061,354	386,501,354
2020	236,150,000	131,634,200	367,784,200
2021	245,500,000	120,623,753	366,123,753
2022	235,620,000	109,434,338	345,054,338
2023-2027	1,078,795,000	394,635,302	1,473,430,302
2028-2032	939,475,000	170,318,924	1,109,793,924
2033-2037	320,490,000	23,040,475	343,530,475
Add:			
Unamortized Premium	318,490,313	-	318,490,313
Total	$ 3,858,925,313	$ 1,242,165,294	$ 5,101,090,607

Various higher education institutions' foundations (component units) and a museum foundation (component unit) have bonds outstanding as of year-end. The purpose of a majority of these bonds is for construction, property acquisition, and defeasance of prior debt. The following schedule details the future principal payments.

FOUNDATIONS' BONDS (1)
Debt Service Requirements to Maturity

Maturity	*Principal*	
2018	$ 44,612,444	(2)
2019	115,941,885	
2020	31,079,530	
2021	42,922,162	
2022	31,786,346	
Thereafter	668,323,234	
Total	$ 934,665,601	

Note (1): Foundations represent FASB reporting entities defined in Note 1.B.

Note (2): This amount excludes $701,000 for demand bonds subject to remarketing agreements and classified as "due within one year" in the accompanying financial statements by a higher education institution foundation.

Virginia Port Authority

The Virginia Port Authority (nonmajor) has issued Section 9(d) revenue bonds and notes pursuant to powers provided to its Board of Commissioners by the *Code of Virginia*. The interest rates for these bonds range from 1.2 percent to 5.0 percent, and the issuance dates range from July 27, 2011, to November 17, 2016. The following schedule details the annual funding requirements necessary to amortize these bonds.

9(d) VIRGINIA PORT AUTHORITY DEBT
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2018	$ 11,485,000	$ 21,532,317	$ 33,017,317
2019	15,070,000	21,237,828	36,307,828
2020	15,435,000	20,846,144	36,281,144
2021	15,845,000	20,409,739	36,254,739
2022	16,310,000	19,931,344	36,241,344
2023-2027	89,775,000	91,111,249	180,886,249
2028-2032	108,900,000	72,128,041	181,028,041
2033-2037	93,050,000	48,985,833	142,035,833
2038-2042	95,780,000	25,680,578	121,460,578
2043-2047	62,650,000	6,029,517	68,679,517
Add:			
Unamortized Premium	23,664,577	-	23,664,577
Total	$ 547,964,577	$ 347,892,590	$ 895,857,167

Virginia Housing Development Authority

The Virginia Housing Development Authority (major) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 2.1 percent to 6.8 percent and the origination dates range from December 17, 2002, to June 13, 2017. The following schedule details the annual funding requirements necessary to amortize these bonds.

9(d) VIRGINIA HOUSING DEVELOPMENT AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2018	$ 307,264,253	$ 138,999,073	$ 446,263,326
2019	133,925,000	133,264,585	267,189,585
2020	159,290,000	128,530,914	287,820,914
2021	138,305,000	123,129,303	261,434,303
2022	91,355,000	118,770,456	210,125,456
2023-2027	437,575,000	549,704,277	987,279,277
2028-2032	469,355,000	466,647,157	936,002,157
2033-2037	545,610,265	360,171,167	905,781,432
2038-2042	951,658,903	214,942,484	1,166,601,387
2043-2047	498,545,332	26,817,895	525,363,227
2048-2052	4,775,000	289,260	5,064,260
Less:			
Unamortized Discount	(1,460,277)	-	(1,460,277)
Add:			
Unamortized Premium	1,280,706	-	1,280,706
Total	$ 3,737,479,182	$ 2,261,266,571	$ 5,998,745,753

Virginia Resources Authority

The Virginia Resources Authority (major) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 0.2 percent to 6.3 percent and the origination dates range from March 1, 2000, to May 18, 2017. The following schedule details the annual funding requirements necessary to amortize these bonds.

9(d) VIRGINIA RESOURCES AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2018	$ 190,296,910	$ 142,183,035	$ 332,479,945
2019	174,915,107	134,406,489	309,321,596
2020	179,683,867	126,548,112	306,231,979
2021	184,739,363	118,315,419	303,054,782
2022	183,635,615	109,996,591	293,632,206
2023-2027	897,872,092	425,708,434	1,323,580,526
2028-2032	775,904,870	237,117,506	1,013,022,376
2033-2037	450,825,176	111,581,340	562,406,516
2038-2042	268,180,000	41,034,942	309,214,942
2043-2047	71,310,000	5,563,075	76,873,075
Less:			
Unaccreted Capital Appreciation Bonds	(30,031,838)	-	(30,031,838)
Add:			
Unamortized Premium	303,590,898	-	303,590,898
Total	$ 3,650,922,060	$ 1,452,454,943	$ 5,103,377,003

Virginia Public School Authority

The Virginia Public School Authority (major) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 0.0 percent to 5.5 percent, and the origination dates range from December 11, 2003, to May 16, 2017. The following schedule details the annual funding requirements necessary to amortize these bonds. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth expects to receive an interest subsidy to reimburse interest payments of $158.5 million for Qualified School Construction Bonds (QSCBs) issued. The QSCBs are applicable to Series 2010-1, 2011-1, 2011-2, and 2012-1 Revenue Bonds.

9(d) VIRGINIA PUBLIC SCHOOL AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2018	$ 248,235,000	$ 141,401,888	$ 389,636,888
2019	240,620,000	129,201,120	369,821,120
2020	237,370,000	117,983,726	355,353,726
2021	227,660,000	107,065,454	334,725,454
2022	221,235,000	96,421,502	317,656,502
2023-2027	1,152,746,000	337,068,336	1,489,814,336
2028-2032	727,465,000	123,405,602	850,870,602
2033-2037	287,530,000	26,132,421	313,662,421
2038-2042	25,720,000	2,078,578	27,798,578
2043-2047	1,815,000	134,309	1,949,309
Add:			
Unamortized Premium	210,557,647	-	210,557,647
Total	$ 3,580,953,647	$ 1,080,892,936	$ 4,661,846,583

Hampton Roads Sanitation District Commission

The Hampton Roads Sanitation District Commission (nonmajor) issued bonds under a Master Trust Indenture and a Trust Agreement dated December 1, 1993 and March 1, 2008. The interest cost for these bonds range from 0.8 percent to 5.8 percent. The following schedule details the annual funding requirements necessary to amortize these bonds. The fiscal year 2018 principal amount includes $50.0 million for demand bonds, which are also classified as “due within one year” in the accompanying financial statements.

HAMPTON ROADS SANITATION DISTRICT COMMISSION
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2018	$ 75,962,000	$ 31,949,000	$ 107,911,000
2019	26,627,000	30,893,000	57,520,000
2020	27,605,000	29,856,000	57,461,000
2021	27,917,000	28,774,000	56,691,000
2022	28,664,000	27,577,000	56,241,000
2023-2027	159,497,000	119,152,000	278,649,000
2028-2032	170,920,000	84,218,000	255,138,000
2033-2037	157,351,000	45,564,000	202,915,000
2038-2042	80,145,000	14,702,000	94,847,000
2043-2047	24,823,000	1,965,000	26,788,000
Add:			
Unamortized Premium	67,272,000	-	67,272,000
Total	$ 846,783,000	$ 414,650,000	$ 1,261,433,000

Virginia Biotechnology Research Partnership Authority

The Virginia Biotechnology Research Partnership Authority (nonmajor) consists of Series 2009 Commonwealth of Virginia Lease Revenue bonds. Coupon interest rates range from 3.0 percent to 5.0 percent.

VIRGINIA BIOTECHNOLOGY RESEARCH PARTNERSHIP AUTHORITY
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2018	$ 3,815,000	$ 938,550	$ 4,753,550
2019	3,990,000	762,500	4,752,500
2020	4,200,000	557,750	4,757,750
2021	4,415,000	342,375	4,757,375
2022	4,640,000	116,000	4,756,000
Add:			
Unamortized Premium	1,666,851	-	1,666,851
Total	$ 22,726,851	$ 2,717,175	$ 25,444,026

Total principal outstanding at June 30, 2017, on all component unit bonds amounted to $20.3 billion.

The following schedule summarizes the changes in long-term liabilities:

Schedule of Changes in Long-term Debt and Obligations (1) (2)

(Dollars in Thousands)

	Balance July 1, as restated (3)	Issuances and Other Increases	Retirements and Other Decreases	Subtotal June 30
Primary Government				
Governmental Activities:				
Long-term Debt Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
General Obligation Bonds - 9(b) and 9(c):				
Public Facilities Bonds	$ 506,525	$ 39,695	$ (93,365)	$ 452,855
Parking Facilities Bonds	13,434	5,625	(9,655)	9,404
Transportation Facilities Bonds	14,205	13,185	(16,895)	10,495
Add: Unamortized Premium	67,468	10,409	(12,420)	65,457
Total General Obligation Bonds	601,632	68,914	(132,335)	538,211
Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Transportation Facilities Bonds	3,064,090	355,530	(213,100)	3,206,520
Virginia Public Building Authority Bonds	2,256,990	546,625	(370,950)	2,432,665
Economic Development Authority Obligations	39,150	-	(5,870)	33,280
Add: Unamortized Premium	485,737	163,966	(67,431)	582,272
Accretion on Capital Appreciation Bonds	25,634	2,619	-	28,253
Less: Unamortized Discount	(91)	5	-	(86)
Installment Purchase Obligations	108,877	21,226	(20,382)	109,721
Notes Payable - Aviation	114	-	(114)	-
Compensated Absences	317,053	184,699	(201,251)	300,501
Capital Lease Obligations	46,524	1,477	(6,977)	41,024
Net Pension Liability	4,422,614	299,202	-	4,721,816
OPEB Liability	734,720	79,840	-	814,560
Pollution Remediation Obligations	11,308	112	(1,983)	9,437
Other	47,657	-	(13,977)	33,680
Total Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth	11,560,377	1,655,301	(902,035)	12,313,643
Total Governmental Activities	12,162,009	1,724,215	(1,034,370)	12,851,854
Business-type Activities:				
Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Debt:				
Capital Lease Obligations	5,359	-	(334)	5,025
Compensated Absences	10,003	2,963	(2,870)	10,096
Net Pension Liability	140,522	10,964	-	151,486
OPEB Liability	25,113	3,078	(133)	28,058
Lottery Prizes Payable	129,895	183	(8,069)	122,009
Tuition Benefits Payable	2,035,608	180,812	(168,252)	2,048,168
Total Business-type Activities	2,346,500	198,000	(179,658)	2,364,842
Total Primary Government	$ 14,508,509	$ 1,922,215	$ (1,214,028)	$ 15,216,696

Foundations (4)	Balance June 30	Due Within One Year
$ -	$ 452,855	$ 48,995
-	9,404	940
-	10,495	2,435
-	65,457	-
-	538,211	52,370
-	3,206,520	188,415
-	2,432,665	172,245
-	33,280	6,165
-	582,272	-
-	28,253	-
-	(86)	-
-	109,721	13,306
-	-	-
-	300,501	164,343
-	41,024	6,767
-	4,721,816	-
-	814,560	-
-	9,437	1,820
-	33,680	4,839
-	12,313,643	557,900
-	12,851,854	610,270
-	5,025	321
-	10,096	6,232
-	151,486	-
-	28,058	-
-	122,009	10,847
-	2,048,168	263,064
-	2,364,842	280,464
$ -	$ 15,216,696	$ 890,734

Continued on next page

Schedule of Changes in Long-term Debt and Obligations (1) (2)
(continued)

(Dollars in Thousands)

	Balance July 1 as restated (3)	Issuances and Other Increases	Retirements and Other Decreases	Subtotal June 30
Component Units				
Long-term Debt Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
General Obligation Bonds - Higher Education 9(c) (5)	$ 877,118	$ 148,188	$ (128,288)	$ 897,018
Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Bonds (5)	19,153,186	1,850,321	(2,533,251)	18,470,256
Installment Purchase Obligations	50,825	2,683	(23,549)	29,959
Capital Lease Obligations	71,403	2,204,947	(4,968)	2,271,382
Notes Payable	2,041,726	339,771	(443,209)	1,938,288
Compensated Absences	293,026	312,780	(305,215)	300,591
Net Pension Liability	2,821,359	238,458	-	3,059,817
OPEB Liability	961,908	138,522	(627)	1,099,803
Trust and Annuity Obligations	39,726	2,308	(68)	41,966
Other	282,010	738,154	(726,245)	293,919
Total Component Units	$ 26,592,287	$ 5,976,132	$ (4,165,420)	$ 28,402,999

Note (1) Pursuant to GASB Statement No. 34, governmental activities include internal service funds. Business-type activities are considered enterprise funds.

Note (2) Payments on bonded debt that pertain to the Commonwealth's governmental activities are made through the debt service funds. Payments for installment purchases, compensated absences, capital leases, pension, and other obligations that pertain to the Commonwealth's governmental activities are made through the general and all special revenue funds, excluding the Literary Fund (major). Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the total for governmental activities. Enterprise funds, or business-type activities, are self-supporting funds. Accordingly, long-term liabilities are paid from each respective fund.

Note (3) Net Pension Liability and OPEB Liability for primary government have been restated by $3,357 (dollars in thousands) and $656,381, respectively, due to the change in accounting principle related to the Unclaimed Property Fund (nonmajor special revenue) as discussed in Note 2.

Note (4) Foundations represent FASB reporting entities defined in Note 1.B.

Note (5) Amounts are net of any unamortized discounts and premiums.

Foundations (4)	Balance June 30	Due Within One Year
$ -	$ 897,018	$ 51,685
934,666	19,404,922	1,146,593
-	29,959	5,647
475	2,271,857	4,147
269,242	2,207,530	203,998
17,608	318,199	240,699
-	3,059,817	-
-	1,099,803	-
80,868	122,834	1,829
259,721	553,640	64,226
$ 1,562,580	$ 29,965,579	$ 1,718,824

Bond and Note Defeasance

Primary Government

In October 2016, the Virginia Public Building Authority (VPBA) issued $179.0 million of Series 2016B Public Facilities Revenue Refunding Bonds with a true interest cost (TIC) of 1.9 percent to refund $193.9 million of certain outstanding bonds. The bonds that were refunded include Public Facilities Revenue Bonds, Series 2009B and 2011A. The net proceeds from the sale of the Refunding Bonds of $221.6 million (after payment of underwriter's fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service and redemption premiums on the refunded bonds. The debt defeasance resulted in an accounting loss of $11.5 million. It will, however, reduce total debt service payments over the next 14 years by $24.1 million, resulting in an economic gain of $20.9 million discounted at the rate of 2.1 percent.

In November 2016, the Commonwealth issued $117.1 million of General Obligation Refunding Bonds, Series 2016B, pursuant to Sections 9(b) and 9(c) of Article X of the Constitution of Virginia, with a true interest cost (TIC) of 1.9 percent to refund $126.9 million of certain outstanding bonds. The bonds that were refunded include $60.3 million of outstanding Higher Education Institution Bonds, Series 2006A and 2009B, $8.8 million of Parking Facilities Bonds, Series 2009B, $14.2 million of Transportation Bonds, Series 2006A, and $43.6 million of Public Facilities Bonds, Series 2009A. The net proceeds from the sale of the Refunding Bonds of $140.0 million (after payment of underwriter's fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service and redemption premiums on the refunded bonds. The debt defeasance resulted in an accounting loss of $4.4 million. It will, however, reduce total debt service payments over the next 18 years by $20.7 million, resulting in an economic gain of $15.4 million discounted at the rate of 1.8 percent.

In May 2017, the Commonwealth Transportation Board of the Commonwealth of Virginia issued $11.9 million in Transportation Revenue Refunding Bonds Series 2017A and $26.7 million in Transportation Revenue Refunding Bonds Series 2017B with an interest rate of 5.0 percent. The bonds that were refunded include $12.9 million of Series 2007A and $28.2 million of Series 2007B. The net proceeds from the sale of the Refunding Bonds of $40.9 million (after payment of underwriter's fees and other issuance costs) were deposited into an irrevocable trust with an escrow agent to provide future debt service payments on the Refunded Bonds and to pay the costs related to issuance and refunding. As a result, the Refunded Bonds are considered to be defeased and the liability has been removed from the governmental activities column of the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by $167,781. Total debt service payments will be reduced by $2.2 million resulting in an economic gain of $2.1 million.

Component Units

Higher education institutions (nonmajor) participate in the Virginia College Building Authority Pooled Bond Program. In July 2016, the Virginia College Building Authority (VCBA) (major) issued $231.9 million of Series 2016A Pooled Bond Program refunding bonds. The bonds were issued to refund $37.8 million of its 2006A bonds, $52.9 million of its 2007A bonds, and $156.4 million of its 2009B bonds. The net proceeds from the sale of the refunding bonds of $272.8 million were deposited in an irrevocable trust with an escrow agent to provide for all future debt service on the defeased bonds. This defeasance resulted in an accounting loss of $15.8 million. Total debt service payments over the next 24 years will be reduced by $43.0 million resulting in a present value savings of $35.8 million discounted at the rate of 1.9 percent.

In November 2016, the Virginia Public School Authority (VPSA) (major) issued $6.4 million of Series 2016B refunding bonds. The bonds were issued to refund $7.0 million of its 2009D bonds. The net proceeds from the sale of the refunding bonds of $7.5 million were deposited in an irrevocable trust with an escrow agent to provide for all future debt service on the defeased bonds. This defeasance resulted in an accounting loss of $513,000. Total debt service payments over the next 13 years will be reduced by $367,373 resulting in a present value savings of $795,662 discounted at the rate of 2.1 percent. In addition, in November 2016, under VPSA's stand-alone program, Montgomery County issued $64.6 million of its school refunding bonds, which was used to refund $64.8 million of VPSA's 2011 Series Montgomery County bonds. The net proceeds from the sale of the refunding bonds of $76.1 million were deposited in an irrevocable trust with an escrow agent to provide for all future debt service on the defeased bonds. This defeasance resulted in an accounting loss of $240,000. Total debt service payments over the next 15 years will be reduced by $6.0 million resulting in a present value savings of $5.3 million discounted at the rate of 1.9 percent.

In June 2017, VCBA issued $173.3 million of Series 2017B 21st Century Program refunding bonds. The bonds were issued to refund $70.9 million of its 2006B and C bonds, $39.4 million of its 2007A bonds, and $82.7 million of its 2011A bonds. The net proceeds from the sale of the refunding bonds of $202.5 million were deposited in an irrevocable trust with an escrow agent to provide for all future debt service on the defeased bonds. This defeasance resulted in an accounting loss of $1.5 million. Total debt service payments over the next 11 years will be reduced by $16.6 million resulting in a present value savings of $16.1 million discounted at the rate of 1.5 percent.

In February 2017, the University of Virginia (UVA) (nonmajor) issued $231.8 million of Series 2017A bonds to refund $45.4 million of tax-exempt commercial paper and advance refund $209.2 million of Series 2008 bonds. In addition, UVA issued $123.4 million of Series 2017B bonds to refund $92.0 million of tax-exempt commercial paper, advance refund $22.2 million of Series 2008 bonds, and provide $23.6 million of cash proceeds to the University. Additional information can be found at the University's website at www.virginia.edu.

GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of June 30, 2017, there were $551.8 million in bonds from the primary government that have been refunded and defeased in-substance from the governmental activities column by placing existing assets and the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments. In addition, there were $2.7 billion in bonds and notes outstanding considered defeased from the component units.

Arbitrage Rebate

The Tax Reform Act of 1986 requires that governmental entities issuing tax-exempt debt calculate and rebate arbitrage earnings to the federal government. The U.S. Treasury has issued regulations on calculating the rebate amount and complying with the provisions of the Tax Reform Act of 1986. Governmental issuers must comply with the rebate regulations in order for their bonds to maintain tax-exempt status. The regulations require the excess of the aggregate amount earned on investments purchased with bond proceeds over the amount that would have been earned if the proceeds were invested at a rate equal to the bond yield, to be rebated to the federal government. Income earned on excess earnings is also subject to rebate. Rebate liability, if any, must be paid every five years over the life of the bonds. Governmental issuers may elect to pay a penalty in lieu of rebate. Some bonds may be exempt from the rebate requirements if they qualify for certain regulatory exceptions. If the issuer meets one of the exceptions, the issuer retains any arbitrage earnings. Rebate and penalty payments are calculated and paid as required by law on bond issues that do not qualify for an exception.

Rebate liability on bonds of the Virginia Public School Authority (VPSA) (major component unit) is payable from earnings on related bond funds and from local issuers whose local school bonds were purchased by VPSA. During fiscal year 2016, an arbitrage rebate calculation for VPSA's School Financing Bonds (1997 Resolution), Series 2006A identified a rebate liability of $18,985 due to the Federal government in fiscal year 2017. The liability was paid in July 2016 and a subsequent rebate report, following final redemption of the Series 2006A bonds, identified that no additional rebate payments were due.

Rebatable arbitrage need only be calculated for tax purposes every fifth year that debt is outstanding. Consistent with modified accrual basis of accounting, it is not recognized as a liability in governmental funds until amounts actually become due and payable; however, a liability is recognized in accrual basis government-wide statements as soon as the underlying event has occurred. Accordingly, as of June 30, 2017, the Virginia Resources Authority (major component unit) has recognized a liability of $109,873.

Amounts remitted to the federal government for rebate liability are generally paid from earnings derived from the issue. However, if all proceeds (including earnings) have been expended and depending on the type of issue, it may be necessary to use project revenues or general or nongeneral fund appropriations to satisfy any rebate liability. During fiscal year 2017, no rebate payments were owed on the Commonwealth's General Obligation Bonds, Virginia Public Building Authority, Commonwealth Transportation Board, the Virginia College Building Authority 21st Century or Pooled Bond Programs, or the Virginia Port Authority.

Capital Leases

The Commonwealth leases buildings and equipment under various agreements that are accounted for as capital leases. The lease agreements are for various terms and all leases contain nonappropriation clauses indicating that continuation of the lease is subject to funding by the General Assembly.

Gross minimum lease payments, together with the present value of the net minimum lease payments as of June 30, 2017, are shown in the following table (dollars in thousands).

	Governmental Activities	Business-Type Activities	Component Units (1)
2018	$ 9,892	$ 589	$ 79,528
2019	7,728	604	92,687
2020	7,093	619	95,634
2021	6,987	634	96,267
2022	6,950	650	98,044
2023-2027	8,266	3,502	516,043
2028-2032	4,515	3,962	560,418
2033-2037	2,216	4,483	584,515
2038-2042	2,218	5,072	628,504
2043-2047	93	10	680,305
2048-2052	415	-	736,860
2053-2057	-	-	796,586
2058-2062	-	-	862,385
2063-2067	-	-	677,908
Total Gross Minimum Lease Payments	56,373	20,125	6,505,684
Less: Amount Representing Executory Costs	(5,327)	-	-
Net Minimum Lease Payments	51,046	20,125	6,505,684
Less: Amount Representing Interest	(10,022)	(15,100)	(4,234,302)
Present Value of Net Minimum Lease Payments	$ 41,024	$ 5,025	$ 2,271,382

Note (1): The above amounts exclude capital lease obligations of foundations.

	Foundations (2)
2018	$ 141
2019	123
2020	117
2021	106
Net Minimum Lease Payments	487
Less: Amount Representing Interest	(12)
Present Value of Net Minimum Lease Payments	$ 475

Note (2): Foundations represent FASB reporting entities defined in Note 1.B.

At June 30, 2017, assets purchased under capital leases were included in depreciable capital assets as follows (dollars in thousands). The amounts are net of accumulated depreciation where applicable. For a portion of these assets, ownership will pass to the Commonwealth at the end of the lease term.

	Buildings	Equipment	Infrastructure	Total
Governmental Activities:				
Gross Capital Assets	$ 175,480	$ 3,337	$ -	$ 178,817
Less: Accumulated Depreciation	(82,599)	(1,259)	-	(83,858)
Total Governmental Activities	$ 92,881	$ 2,078	$ -	$ 94,959
Business-Type Activities:				
Gross Capital Assets	$ 8,800	$ -	$ -	$ 8,800
Less: Accumulated Depreciation	(1,416)	-	-	(1,416)
Total Business-Type Activities	$ 7,384	$ -	$ -	$ 7,384
Component Units:				
Gross Capital Assets	$ 131,592	$ 3,798	$ 2,115,138	$ 2,250,528
Less: Accumulated Depreciation	(50,309)	(2,998)	(17,431)	(70,738)
Subtotal (excluding Foundations)	81,283	800	2,097,707	2,179,790
Foundations:				
Gross Capital Assets	-	817	-	817
Less: Accumulated Depreciation	-	(302)	-	(302)
Subtotal Foundations	-	515	-	515
Total Component Units (3)	$ 81,283	$ 1,315	$ 2,097,707	$ 2,180,305

Note (3): In addition to the above, land purchased under capital leases by the University of Virginia (nonmajor) is $8,095 (dollars in thousands).

Notes Payable

Notes Payable consist of several items as shown in the following schedule (dollars in thousands):

Primary Government	
Installment Notes	109,721
Total Primary Government	109,721
Component Units	
Virginia Public School Authority	199,905
Virginia Resources Authority	53
Nonmajor Component Units	1,738,330
Installment Notes	29,959
Subtotal (excluding Foundations)	1,968,247
Foundations:	
Notes Payable	269,242
Subtotal - Foundations	269,242
Total Component Units	2,237,489
Total Notes Payable	$ 2,347,210

The Virginia Public School Authority (major component unit) notes of $199.9 million are for the School Technology and Security Notes Program. The note proceeds were used to finance technology equipment purchases and to make grants to school divisions for the purchase of security equipment. The notes will be repaid from appropriations to be made by the Virginia General Assembly from the Literary Fund (major special revenue).

The Virginia Resources Authority (major component unit) notes of $53,121 are Equipment and Term Financing loans.

An additional amount of $1.7 billion is comprised primarily of higher education institutions' (nonmajor component units) promissory notes with the Virginia College Building Authority (VCBA) (major component unit) to finance the construction of various higher education facilities pursuant to the Pooled Bond Program. Interest rates range from 2.0 percent to 5.6 percent and shall be paid semi-annually and the planned interest payments total $515.1 million. Additionally, in accordance with the American Recovery and Reinvestment Act, the Commonwealth expects to receive a Build America Bonds (BABs) interest subsidy to reimburse interest payments of $29.0 million. The final principal payment is due in fiscal year 2046.

The following higher education institutions (nonmajor component units) reported notes payables primarily for construction: Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of the Virginia Commonwealth University – nonmajor component unit) $21.9 million, which includes $11.7 million reported by the University Health Services (a component unit of the Authority); Virginia State University $790,282; and Norfolk State University $10,220.

Various foundations (component units) have notes outstanding as of year-end. The purpose of a majority of these notes is for property acquisition, working capital, and construction. Future principal payments as of June 30, 2017, are shown in the following table (dollars in thousands).

Foundations' Notes Payable (Component Units) (1)

Maturity	Principal
2018	$ 25,151
2019	64,749
2020	46,122
2021	7,407
2022	9,370
Thereafter	116,443
Total	$ 269,242

Note (1): Foundations represent FASB reporting entities defined in Note 1.B.

Installment purchase obligations have been entered into by agencies and institutions of the Commonwealth. These agreements, other than those in the component units and certain institutions of higher education, contain nonappropriation clauses indicating that continuation of the installment purchase obligations is subject to funding by the General Assembly. Installment purchase obligations represent $139.7 million of the total outstanding debt of the Commonwealth. Presented in the following tables are repayment schedules for installment purchase obligations as of June 30, 2017.

Installment Purchase Obligations - Governmental Funds
June 30, 2017

Maturity	Principal	Interest	Total
2018	$ 13,305,536	$ 2,866,861	$ 16,172,397
2019	13,890,703	2,533,609	16,424,312
2020	14,224,487	2,176,453	16,400,940
2021	13,229,296	1,810,419	15,039,715
2022	13,331,860	1,570,843	14,902,703
2023-2027	35,945,941	3,289,059	39,235,000
2028-2032	5,793,070	311,229	6,104,299
Total	$ 109,720,893	$ 14,558,473	$ 124,279,366

Installment Purchase Obligations - Component Units
June 30, 2017

Maturity	Principal	Interest	Total
2018	$ 5,647,091	$ 607,713	$ 6,254,804
2019	5,882,927	511,155	6,394,082
2020	4,914,845	384,189	5,299,034
2021	4,631,692	285,810	4,917,502
2022	2,689,444	192,416	2,881,860
2023-2027	5,822,498	364,867	6,187,365
2028-2032	370,642	10,749	381,391
Total	$ 29,959,139	$ 2,356,899	$ 32,316,038

The foundations (component units) had no installment purchase obligations as of June 30, 2017.

On May 23, 2016, the Virginia Department of Transportation (VDOT) (primary government) and Chesterfield County (County) signed a memorandum of understanding concerning payment of interest relating to the County's contribution to VDOT for the construction of the Powhite Parkway Extension Project. The parties agreed that the interest to be paid by VDOT on the County's contribution to the construction of the Powhite Parkway Extension is $18.5 million. The interest requirement paid during fiscal year 2017 totaled $825,116. The remaining outstanding interest amount of $7.4 million is payable in annual installments on September 1 in the years 2017 to 2022. This interest is applicable to a note payable that VDOT repaid to the County in fiscal year 2014.

Lottery Prizes Payable

Lottery prizes are paid in 20, 25, 26, or 30 installments. The first installment is paid on the day the prize is claimed. The subsequent annual payments are funded with assets purchased by the Virginia Lottery. For Life prizes payable represent estimated prizes payable monthly, quarterly or annually for the life of the winner based on life expectancy tables from the Virginia Bureau of Insurance, and funded with a pool of assets.

Lottery prizes payable represent the future annual prize payments valued at cost plus accrued interest (current value of securities held to maturity) of the assets funding the payments.

Lottery prizes payable for the fiscal year ended June 30, 2017, are shown in the following table:

	Jackpot	Win For Life	Total
Due within one year	$ 5,900,675	$ 4,946,302	$ 10,846,977
Due in subsequent years	48,427,056	62,735,177	111,162,233
Total (current value)	54,327,731	67,681,479	122,009,210
Add:			
Interest to Maturity	20,378,269	32,547,521	52,925,790
Lottery Prizes Payable at Maturity	$ 74,706,000	$ 100,229,000	$ 174,935,000

Tuition Benefits Payable

The Virginia College Savings Plan administers the Prepaid529 program. Prepaid529 offers contracts at actuarially determined amounts that provide for future tuition and mandatory fee payments at state higher education institutions. The contract provisions also allow the benefits to be used for private or out-of-state institutions at differing amounts.

At June 30, 2017, tuition benefits payable of $2.0 billion have been recorded for the Prepaid529 program on the statement of net position for the actuarially determined present value of future obligations anticipated for payment of benefits and administrative expenses for the Prepaid529 program. In addition, a receivable in the amount of $194.6 million has been recorded to reflect the actuarially determined present value of future payments anticipated from contract holders.

27. OTHER REVENUE

The following table (dollars in thousands) summarizes Other Revenue for the fiscal year ended June 30, 2017.

	Assessments and Receipts for Support of Special Services	Fines, Forfeitures, Court Fees, Penalties, and Escheats	Receipts from Cities, Counties, and Towns	Private Gifts, Grants, and Contracts	Sales of Property
Primary Government:					
General	$ 4,165	$ 223,666	$ 18,353	$ 476	$ 30,509
Major Special Revenue Funds:					
Commonwealth Transportation	14,258	14,578	209,916	7,483	1,942
Federal Trust	-	7,750	-	-	459
Literary	-	55,735	-	-	-
Nonmajor Governmental Funds	118,507	52,419	69,913	6,249	6,994
Major Enterprise Funds:					
Unemployment Compensation	-	295	-	-	-
Nonmajor Enterprise Funds	-	14,275	-	-	-
Private Purpose Trust Funds	-	-	-	-	-
Pension and Other Employee Benefit Trust Funds	-	-	-	-	-
Total Primary Government	$ 136,930	$ 368,718	$ 298,182	$ 14,208	$ 39,904

	Tobacco Master Settlement	Taxes	E-Z Pass	Other (1)	Total Other Revenue
Primary Government:					
General	$ 49,019	$ -	$ -	$ 229,824	$ 556,012
Major Special Revenue Funds:					
Commonwealth Transportation	-	-	25,265	48,887	322,329
Federal Trust	-	-	-	137,729	145,938
Literary	-	-	-	3,324	59,059
Nonmajor Governmental Funds	-	-	-	294,584	548,666
Major Enterprise Funds:					
Unemployment Compensation	-	-	-	-	295
Nonmajor Enterprise Funds	-	4,506	-	1,331	20,112
Private Purpose Trust Funds	-	-	-	3	3
Pension and Other Employee Benefit Trust Funds	-	-	-	3,684	3,684
Total Primary Government	$ 49,019	$ 4,506	$ 25,265	$ 719,366	$ 1,656,098

Note (1): $156,672 (dollars in thousands) is related to prior year expenditures refunded in the current fiscal year for the General Fund. $104,208 (dollars in thousands) is related to prior year expenditures refunded in the current fiscal year in the Federal Trust Fund. The total amount recorded for the Literary Fund is related to unclaimed prizes in the Virginia Lottery. $160,606 (dollars in thousands) is related to proceeds from unclaimed property in the Unclaimed Property Fund, $42,766 (dollars in thousands) is related to indirect costs and court collection fees in the Other Special Revenue Fund, and the remaining $91,212 (dollars in thousands) is related to other miscellaneous activities in the nonmajor governmental funds.

28. TAX ABATEMENTS

The Commonwealth implemented GASB Statement No. 77, *Tax Abatements*, during fiscal year 2017. As of June 30, 2017, the Commonwealth participates in the following tax abatements programs. There are no provisions for recapturing abated taxes since the requirements must be met prior to receiving the abatement.

- The Retail Sales and Use Tax Data Center Exemptions are intended to attract data centers to the Commonwealth pursuant to the *Code of Virginia* by Title 58.1-609.3(18). Qualifying entities may purchase or lease certain computer equipment, enabling software and other enabling hardware for use in the data center exempt from the retail sales and use tax. Each recipient's retail sales and use taxes are reduced by being able to purchase qualifying items for use in the data center without having to pay the retail sales and use tax on the purchase price. The amount of the abatement for each recipient is determined by multiplying the purchase price of the qualifying computer equipment, enabling software and other enabling hardware purchased by the recipient by the rate of the retail sales and use tax that would be imposed on the purchase if the exemption was not available. The rate of the retail sales and use tax is 6.0 percent in the Northern Virginia and Hampton Roads localities and 5.3 percent in the remainder of the state. The exemption is available for data centers that (i) are located in a Virginia locality; (ii) result in a new capital investment of at least $150.0 million on or after January 1, 2009; and (iii) meet specified employment and salary requirements. On or after July 1, 2009, the data center or tenants must result in the creation of at least 50 new jobs paying at least one and one-half the prevailing average wage in the locality, or 25 new jobs paying at least one and one-half the prevailing average wage in the locality if the data center is located in a locality that has an unemployment rate for the preceding year of at least 150.0 percent of the average statewide unemployment rate or is located in an enterprise zone. Effective July 1, 2012, the exemption was extended to purchases and leases made by tenants of a data center that meets the requirements of the data center exemption.

  In order to qualify for the exemption, the data center operator must enter into a memorandum of understanding with the Virginia Economic Development Partnership Authority (component unit). The exemption is scheduled to sunset June 30, 2035. The amount of abated taxes for fiscal year 2017 is $65.2 million.

- The Motion Picture Production Tax Credit is intended to encourage the filming of motion picture productions in the Commonwealth. Pursuant to the *Code of Virginia*, Section 58.1-439.12:03, a motion picture production company with qualifying expenses of at least $250,000 may abate its individual income tax or corporate income tax liability by the amount of the Motion Picture Production Tax Credit. The amount of the tax credit is equal to (i) 15.0 percent of the production company's qualifying expenses or (ii) 20.0 percent of such expenses if the production is filmed in an economically distressed area of the Commonwealth. In addition to the credit for the qualifying expenses incurred by a motion picture production company, such company may receive an Additional Virginia Resident Credit and an Additional Virginia Resident First-Time Industry Employee Credit. The Additional Virginia Resident Credit equals (i) 10.0 percent of the total aggregate payroll for Virginia residents employed in connection with the production of a film in Virginia when total production costs in Virginia are at least $250,000, but not more than $1.0 million or (ii) 20.0 percent of the total aggregate payroll of such residents when total production costs in Virginia exceed $1.0 million. The Additional Virginia Resident First-Time Industry Employee Credit is equal to 10.0 percent of the total aggregate payroll for Virginia residents employed for the first time as actors or members of a production crew in connection with the production of a film in Virginia.

  The Motion Picture Production Tax Credit is a refundable tax credit. Therefore, if the amount of credit that a company is allowed to claim exceeds the company's tax liability for the taxable year, the excess amount of credit will be refunded to the company.

  The credit is scheduled to sunset January 1, 2022. The annual cap on the amount of credits granted during a fiscal year is $6.5 million. The credits will be claimed by the taxpayer when filing a return. As a result, the credits claimed in a fiscal year may exceed $6.5 million. The amount of taxes abated for fiscal year 2017 is $6.6 million. Companies must have a memorandum of understanding with the Virginia Film Office (part of primary government) in order to participate in this program.

- The Virginia Enterprise Zone Program was enacted to stimulate business and industrial growth in designated enterprise zones. Although it originally used tax credits to achieve this purpose, the tax credits are currently being phased out in favor of a grant program. The Enterprise Zone Business Tax Credit is still allowed, but only for those businesses that initiated use of the credit on or before July 1, 2005 or have signed agreements on or before July 1, 2005, with the Commonwealth allowing such businesses to use the credit.

  Pursuant to Section 59.1-280 of the *Code of Virginia*, a qualified business firm may abate its individual income tax, corporate income tax, bank franchise tax, insurance premium license tax, or public service corporation license tax by the amount of the Enterprise Zone Business Tax Credit. The amount of the tax credit (i) for a small qualified business firm is equal to 80.0 percent of its tax liability attributable to enterprise zone activity for the first year and 60.0 percent for the next nine years and, (ii) for a large

qualified business firm, is equal to a percentage that must be negotiated with the Virginia Department of Housing and Community Development (part of primary government). The negotiated percentage cannot exceed 80.0 percent of the tax liability attributable to enterprise zone activity for the first year and 60.0 percent for the next nine years.

A business firm may generally be eligible for the Enterprise Zone Business Tax Credit if it (i) establishes within an enterprise zone a trade or business not previously conducted in Virginia by the firm and (ii) 25.0 percent or more of the employees employed at the business firm's establishment or establishments located within the enterprise zone either have incomes below 80.0 percent of the median income for the jurisdiction prior to employment or are residents of an enterprise zone. Special rules are specified in § 59.1-279(A) of the *Code of Virginia* for business firms that were already in business before an area was designated as an enterprise zone or were previously conducting business in Virginia in an area outside of the enterprise zone.

All enterprise zones designated prior to July 1, 2005, remain in effect until the end of their 20-year designation period. Prior to July 1, 2005, enterprise zones were designated based upon various factors, including whether the area had 25.0 percent or more of its population with incomes below 80.0 percent of the median income of the jurisdiction or whether the area had an unemployment rate 1.5 times the state average.

The amount of taxes abated for fiscal year 2017 was $164,823.

- The Entitlement to Tax Revenues from Tourism Projects is intended to provide assistance when certain tourism projects fall short of the intended revenue. Pursuant to the *Code of Virginia*, Section 58.1-3851.1, a locality that has established a tourism zone and adopted an ordinance authorizing a tourism project to meet a deficiency identified in the adopted tourism plan approved by the Virginia Tourism Authority (component unit), and the tourism project has been certified by the State Comptroller as qualifying for the entitlement, the authorized tourism project shall be entitled tax revenue. This amount is equal to the revenues generated by a one percent state sales and use tax on the premises of the authorized tourism project. In order to receive the sales tax revenue, an agreement must exist between the developer of the authorized tourism project and the local economic development authority. The amount of abated taxes for fiscal year 2017 is $100,550.

29. PRIZES AND CLAIMS

The following table summarizes Prizes and Claims Expense for the fiscal year ended June 30, 2017.

(Dollars in Thousands)

	Insurance Claims	Lottery Prize Expense	Total Prizes and Claims
Proprietary Funds:			
Major Enterprise Funds:			
Virginia Lottery	$ -	$ 1,202,005	$ 1,202,005
Unemployment Compensation	347,869	-	347,869
Nonmajor Enterprise Funds	427,956	-	427,956
Total Enterprise Funds	$ 775,825	$ 1,202,005	$ 1,977,830
Internal Service Funds	$ 1,327,292	$ -	$ 1,327,292

30. OTHER EXPENSES

The following table summarizes Other Expenses for the fiscal year ended June 30, 2017.

(Dollars in Thousands)

	Grants and Distributions To Localities	Expendable Equipment/ Improvements	Other (1)	Total Other Expenses
Proprietary Funds:				
Major Enterprise Funds:				
Virginia College Savings Plan	$ -	$ 502	$ 1,115	$ 1,617
Nonmajor Enterprise Funds	70	4,669	2,127	6,866
Total Enterprise Funds	$ 70	$ 5,171	$ 3,242	$ 8,483
Internal Service Funds	$ 1,892	$ 2,658	$ 11,300	$ 15,850
Pension and Other Employee Benefit Trust Funds (2)	$ -	$ -	$ 13,688	$ 13,688

Note (1): $6,618 (dollars in thousands) can be attributed to expenses related to cyber insurance in the Risk Management internal service fund and $4,571 (dollars in thousands) can be attributed to Affordable Care Act related fees in the Health Care Fund internal service fund. $1,115 (dollars in thousands) can be attributed to the Prepaid529 Program for the SOAR scholarship program and other promotional scholarships.

Note (2): Fiduciary expenses of $13,688 (dollars in thousands) are not included in the Government-wide Statement of Activities.

31. OTHER NON-OPERATING REVENUE/EXPENSES

The following table summarizes Other Non-Operating Revenue/Expenses for the fiscal year ended June 30, 2017.

(Dollars in Thousands)

	Gain/ (Loss) on Sale of Capital Assets	VRS Contributions (1)	Interest Expense	Federal Unemployment Tax Act	Other (2)	Total Other Non-Operating Revenue/ (Expenses)
Proprietary Funds:						
Major Enterprise Funds:						
Virginia Lottery	$ -	$ 755	$ -	$ -	$ 110	$ 865
Virginia College Savings Plan	(13)	288	(240)	-	-	35
Unemployment Compensation	-	-	-	(401)	-	(401)
Nonmajor Enterprise Funds	-	2,639	-	-	9,128	11,767
Total Enterprise Funds	$ (13)	$ 3,682	$ (240)	$ (401)	$ 9,238	$ 12,266
Internal Service Funds	$ (84)	$ 1,594	$ (2,428)	$ -	$ 28	$ (890)

Note (1): Represents the proportionate share of the Commonwealth's payment to the VRS as an accelerated payback of the deferred contribution in the 2010-2012 biennium.

Note (2): Other Non-Operating Revenue/Expenses of the nonmajor enterprise funds are primarily comprised of amounts reported by the Department of Alcoholic Beverage Control.

32. SPECIAL ITEM

Under the terms of an operating lease, the Virginia Port Authority (VPA) (nonmajor component unit) acquired certain assets with a cost of $13.3 million. The inflation-adjusted value of similar assets was to be returned to the lessor upon lease termination for which VPA recorded a commensurate liability. Upon commencement of the amended lease agreement, all such provisions were combined into the minimum lease payments and the existing liability was de-recognized.

33. TRANSFERS

The following table summarizes Transfers In and Transfers Out for the fiscal year ended June 30, 2017 (dollars in thousands).

	Transfers In (Reported In):				
Transfers Out (Reported In):	**General**	**Commonwealth Transportation**	**Federal Trust**	**Literary**	**Nonmajor Governmental Funds**
Primary Government					
General	$ -	$ 4,405	$ -	$ -	$ 436,605
Major Special Revenue Funds:					
Commonwealth Transportation	30,468	-	16	-	199,100
Federal Trust	31	33,198	-	-	18,145
Nonmajor Governmental Funds	79,373	267	9,423	142,000	5,047
Major Enterprise Funds:					
Virginia Lottery	559,072	-	-	12,298	-
Virginia College Savings Plan	935	-	-	-	-
Unemployment Compensation	-	-	1,427	-	-
Nonmajor Enterprise Funds	181,017	-	-	4	15,170
Internal Service Funds	2,931	-	-	-	222
Total Primary Government	$ 853,827	$ 37,870	$ 10,866	$ 154,302	$ 674,289

Transfers are used to (1) move revenues from the fund that the *Code of Virginia* or budget requires to collect them to the fund that the *Code of Virginia* or budget requires to expend them; (2) move receipts restricted for debt service from the funds holding the resources to the debt service fund as principal and interest payments become due; and (3) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During the fiscal year, the following significant transfers were made that do not occur on a routine basis or are inconsistent with the activities of the fund making the transfer.

Various nongeneral funds transferred approximately $27.2 million to the General Fund as required by Chapter 836, 2017 Virginia Acts of Assembly.

Nonmajor Enterprise Funds	Internal Service Funds	Total Primary Government
$ -	$ 660	$ 441,670
-	388	229,972
79	-	51,453
-	-	236,110
-	-	571,370
-	-	935
-	-	1,427
-	-	196,191
-	-	3,153
$ 79	$ 1,048	$ 1,732,281

34. ON-BEHALF PAYMENTS

For higher education institutions and other nonmajor component units, there is approximately $73.8 million that represents the proportionate share of the payment from the Commonwealth to the Virginia Retirement System as an accelerated payback of the deferred contributions in the 2010-2012 biennium. These amounts are included in Program Revenue Operating Grants and Contributions and as part of Expenses. During fiscal year 2017, higher education institutions were required to transfer to the Commonwealth of Virginia approximately $26.1 million to fund a portion of the nongeneral share of these costs as required by Chapter 836, 2017 Acts of Assembly.

35. ENDOWMENTS

Donor restricted endowments reside primarily within the higher education institutions. The net appreciation available for expenditure is $1.4 billion as of June 30, 2017. Of this amount, $1.3 million is reported as unrestricted net position and the remainder is reported as restricted net position. The *Code of Virginia* authorizes acceptance of donations. The governing boards of these entities and the donor agreements determine whether net appreciation can be spent and the accepted spending rate. These policies are entity specific and vary with each institution.

36. CASH FLOWS – ADDITIONAL DETAILED INFORMATION

The following table (dollars in thousands) summarizes specific cash flows for the fiscal year ended June 30, 2017.

	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation
Cash Flows Resulting from:			
Payments for Prizes, Claims, and Loss Control:			
Lottery Prizes	$ (1,228,244)	$ -	$ -
Claims and Loss Control	-	-	(359,748)
Total	$ (1,228,244)	$ -	$ (359,748)
Other Operating Revenue:			
Other Operating Revenue	$ -	$ -	$ 318
Total	$ -	$ -	$ 318
Other Operating Expense:			
Other Operating Expenses (1)	$ -	$ (1,115)	$ -
Total	$ -	$ (1,115)	$ -
Other Noncapital Financing Receipt Activities:			
Advances/Contributions from the Commonwealth	$ -	$ -	$ -
Receipts from Taxes	-	-	-
Other Noncapital Financing Receipt Activities	100	-	44
Total	$ 100	$ -	$ 44
Other Noncapital Financing Disbursement Activities:			
Repayments of Advances/Contributions from the Commonwealth	$ -	$ -	$ -
Other Noncapital Financing Disbursement Activities	-	-	-
Total	$ -	$ -	$ -
Other Capital and Related Financing Receipt Activities:			
Other Capital and Related Financing Receipt Activities	$ -	$ -	$ -
Total	$ -	$ -	$ -
Other Capital and Related Financing Disbursement Activities:			
Other Capital and Related Financing Disbursement Activities	$ -	$ -	$ -
Total	$ -	$ -	$ -

Note (1): $1,115 (dollars in thousands) can be attributed to SOAR scholarship expenses and other scholarships and awards. Also, $6,945 (dollars in thousands) can be attributed to expenses related to cyber insurance in the Risk Management internal service fund and $4,571 (dollars in thousands) can be attributed to Affordable Care Act related fees in the Health Care Fund internal service fund.

Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
$ -	$ (1,228,244)	$ -
(424,410)	(784,158)	(1,381,539)
$ (424,410)	$ (2,012,402)	$ (1,381,539)
$ 5,130	$ 5,448	$ -
$ 5,130	$ 5,448	$ -
$ (5,055)	$ (6,170)	$ (14,197)
$ (5,055)	$ (6,170)	$ (14,197)
$ 34,724	$ 34,724	$ 29,124
234,591	234,591	-
263	407	713
$ 269,578	$ 269,722	$ 29,837
$ (29,749)	$ (29,749)	$ (33,863)
(33)	(33)	(1,000)
$ (29,782)	$ (29,782)	$ (34,863)
$ 182	$ 182	$ -
$ 182	$ 182	$ -
$ -	$ -	$ (2,231)
$ -	$ -	$ (2,231)

37. TOBACCO SETTLEMENT AND SECURITIZATION

On November 23, 1998, 46 states' Attorneys General and the major tobacco companies signed a proposed settlement that reimburses states for smoking-related medical expenses paid through Medicaid and other health care programs. At the time of the settlement, it was estimated that the Commonwealth could receive approximately $4.1 billion over the duration of the settlement. The settlement was approved in a Consent Decree in December 1998. On March 29, 1999, the General Assembly enacted a law approving the establishment of the Tobacco Region Revitalization Commission (nonmajor component unit), in compliance with the Consent Decree, to help communities in Virginia hurt by the decline of tobacco.

The Commission was established for the purposes of determining the appropriate recipients of monies in the Tobacco Indemnification and Community Revitalization Fund. The monies are to be used to provide payments to tobacco farmers as compensation for the tobacco equipment and barns and lost tobacco production opportunities associated with a decline in quota. The monies are also to be used to revitalize tobacco dependent communities.

The General Assembly also created the Virginia Foundation for Healthy Youth (Foundation) (nonmajor component unit). The purpose of the Foundation is to determine the appropriate recipients of monies in the Virginia Tobacco Settlement Fund. The Foundation will also be responsible for distributing monies for the purposes provided in the legislation. Disbursements can be made to assist in financing efforts to restrict the use of tobacco products by minors, through educational and awareness programs describing the health effects of tobacco use on minors, and laws restricting the distribution of tobacco products to minors.

Additionally, the General Assembly created two special non-reverting funds. The Tobacco Settlement monies were accounted for in these funds and in the General Fund. Of the Settlement monies, 50.0 percent was deposited into the Tobacco Indemnification and Community Revitalization Fund at the Commission and 10.0 percent continues to be deposited into the Virginia Tobacco Settlement Fund at the Foundation. The remaining 40.0 percent continues to be reported in the General Fund.

Pursuant to Purchase and Sale Agreements executed in 2005 and 2007, the Commonwealth, acting as an agent on behalf of the Commission, sold the Commission's future right, title and interest in the Tobacco Settlement Revenues (TSRs) to the Tobacco Settlement Financing Corporation (Corporation) (related organization).

Consideration paid by the Corporation to the Commission for TSRs consisted of a cash amount deposited into an endowment to fund the long-term spending plan approved by the Commission. Bonds issued by the Corporation to finance the purchase price are asset-backed instruments secured solely by the Corporation's right to receive TSRs. At the time of issuance these revenues were expected to produce sufficient funds to repay the bond obligations issued by the Corporation.

The Commission is a nonmajor component unit of the Commonwealth, and the Corporation is disclosed as a related organization.

38. SERVICE CONCESSION ARRANGEMENTS

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, describes the criteria for when an arrangement is classified as a Service Concession Arrangement (SCA). The basic criteria are: the operator of the capital asset owned by the transferor has the right to provide services in exchange for significant consideration; the operator's revenue must come from a third party; the transferor must retain some level of control over the asset; and the transferor must receive significant residual interest at the conclusion of the arrangement.

Primary Government

The Commonwealth of Virginia has five SCAs as of June 30, 2017: Pocahontas 895, the 495 Express Lanes, Elizabeth River – Midtown Tunnel, the 95 Express Lanes, and the I-66 Outside the Beltway. They are all related to highway construction and operation and were established per the Public-Private Transportation Act of 1995, as amended (PPTA). PPTA project goals are to provide highway projects to the public in a timely and cost effective manner with private funding and support.

Pocahontas 895

On June 21, 2006, the Pocahontas Parkway Association (Association – previously reported as a blended component unit of the Virginia Department of Transportation (VDOT), part of primary government) signed an agreement with Transurban (895) LLC (Transurban). Under the terms of the agreement, all assets and rights of the Association under the Comprehensive Agreement with VDOT were transferred to Transurban. In exchange for the existing toll road and other assets, Transurban transferred sufficient funds and securities to pay or defease all outstanding bonds of the Association and pay all other outstanding obligations owed to VDOT. Additionally, Transurban agreed to construct an enhancement to the original toll road, and this enhancement was completed and placed in service in 2011.

During the 99-year agreement term, VDOT will have fee title or good and valid interest in the asset. VDOT retains the right of inspection of the asset and has outlined maximum toll charges and increases in the terms of the agreement. Capital assets of $337.2 million and deferred inflow balances of $506.5 million are included in the government-wide financial statements. No contractual liabilities exist for this arrangement as of June 30.

During fiscal year 2014, the Transurban Board approved the transfer of Pocahontas 895 to the lenders of the asset due to lower revenues than anticipated. On May 15, 2014, DBi Services assumed control of Pocahontas 895. In December 2016, the majority owner of toll rights, Macquarie and other rights owners closed on the sale of 100.0 percent of the tolling rights to Globalvia.

495 Express Lanes

On December 19, 2007, VDOT signed an 80-year public-private partnership agreement with Capital Beltway Express, LLC. The purpose of this agreement is to build new express lanes to provide users with a faster and more reliable travel option. The construction of the express lanes was completed in November 2012.

During the 80-year agreement, VDOT maintains regulatory control and jurisdiction of the express lanes. VDOT will have fee title or good and valid interest in the express lanes. The lanes will remain open for the public as long as the applicable tolls are paid. Capital assets of $888.8 million and deferred inflows of $996.2 million are included in the government-wide financial statements. Liabilities are contingent on specific events occurring pursuant to the agreement.

Elizabeth River – Midtown Tunnel

On December 5, 2011, VDOT signed a 58-year public private partnership agreement with Elizabeth River Crossings OPCO, LLC. The purposes of this agreement are to build and operate a new tunnel that will be adjacent to the existing Midtown Tunnel for crossing the Elizabeth River, provide improvements to the existing Midtown Tunnel and the Downtown Tunnel, and to provide various extensions and improvements of the Martin Luther King Jr. (MLK) Freeway and I-264. As of January 1, 2017 all project components of this agreement have reached substantial completion and are in service.

During the agreement, Elizabeth River Crossings OPCO, LLC will operate and maintain the road. The revenue source for the concessionaire will be toll collections, excluding the MLK Freeway, which will be used for maintenance, operating and return on investment for constructing the project. At the end of the 58-year term, control of and the rights to operate the facilities will revert back to VDOT. Capital assets of $914.1 million and deferred inflow balances of $917.2 million are included in the government-wide financial statements. Liabilities are contingent on specific events occurring pursuant to the agreement. In July 2017, VDOT issued a Department Project Enhancement directive for Elizabeth River Crossings OPCO LLC, to design and build noise barrier walls for the MLK Freeway. VDOT is committed for these costs estimated at $23.1 million with construction to begin in fiscal year 2018 and be completed in fiscal year 2019.

95 Express Lanes

On July 31, 2012, VDOT signed a 73-year public private partnership agreement with 95 Express Lanes, LLC. This project will create approximately 29 miles of Express Lanes on I-95 in Northern Virginia. The project will also add capacity to the existing HOV Lanes. The construction of the express lanes was completed in December 2014.

During the agreement, 95 Express Lanes LLC will operate and maintain the road. The revenue source for the concessionaire will be toll collections which will be used for maintenance, operating and return on investment for constructing the project. At the end of the 73-year term, control of and the rights to operate the facilities will revert back to VDOT. The lanes will remain open for the public as long as the applicable tolls are paid. Capital assets of $578.5 million and deferred inflows of $610.5 million are included in the government-wide financial statements. Liabilities are contingent on specific events occurring pursuant to the agreement.

During fiscal year 2016, the Commonwealth Transportation Board awarded a contract to design and construct a reversible extension of the 95 Express Lanes at the southern terminus in Stafford County. The approximately 2.5-mile extension will carry traffic beyond the location where the 95 Express Lanes currently end. The construction began in fiscal year 2017 and lanes opened to traffic on October 31, 2017. In addition, plans were announced by VDOT during fiscal year 2016, to extend the 95 Express Lanes north to I-395. This project involves expanding and converting two high occupancy vehicle (HOV) lanes to three express lanes near the Pentagon. Construction on this eight-mile extension began in summer of 2017 with completion scheduled for fall 2019.

VDOT reached commercial close with Transurban on June 8, 2017, and financial close was completed on July 25, 2017, for this project.

On June 8, 2017, an amended and restated Comprehensive Agreement was signed between VDOT and 95 Express Lanes LLC to include the scope of the project work for the I-395 northern extension. The Comprehensive Agreement was updated to include this addition to the project and features payments to the Department for Transit Improvements. In consideration for the rights granted by VDOT to 95 Express Lanes LLC, solely in respect of the 395 Project, 95 Express Lanes LLC will agree to make a payment to VDOT of $15.0 million on the 395 Project service commencement date and escalating annually thereafter at a rate of 2.5 percent per annum as such amounts per payment year are set forth in the Amended and Restated Comprehensive Agreement (ARCA).

In fiscal year 2017, planning was initiated on the additional extension of the Express Lanes from Garrisonville Road to Route 17 in Stafford County, which is about 10 miles. It will have direct connection with both the northbound and southbound Rappahannock River crossing projects and will be analyzing access points and operational improvements with the project. VDOT is currently working with Transurban under an Advanced Development Framework Agreement for the Fredericksburg extension of the I-95 HOV/HOT Lanes.

I-66 Outside the Beltway Express Lanes

On December 8, 2016, a 50-year Public Private Partnership Agreement (the Agreement) between VDOT, the Department of Rail and Public Transportation (DRPT), and private partner, I-66 Express Mobility Partners, was signed.

The $2.3 billion I-66 Outside the Beltway Project with Express Mobility Partners is to build express lanes on I-66 outside the I-495 Capital Beltway. During the 50-year Agreement, VDOT maintains regulatory control and jurisdiction of the express lanes. VDOT will have fee title or good and valid interest in the express lanes. The purpose of this Agreement is to build new express lanes to provide users with a faster and more reliable travel option.

The I-66 Outside the Beltway Project will include 22.5 miles of new express lanes alongside three regular lanes from I-495 to University Boulevard in Gainesville, Virginia. The project will also provide new and improved bus service and transit routes, new and improved park and ride lots, and interchange improvements to enhance safety and reduce congestion.

Express Mobility Partners will be responsible for all costs to design, build, operate and maintain the I-66 Express Lanes, without any upfront public contribution.

Financial close on the project occurred on November 9, 2017. The express lanes will open to traffic in mid-2022. These lanes will remain open for the public as long as the applicable tolls are paid. Liabilities for VDOT from the Agreement are contingent on specific events occurring pursuant to the Agreement.

Express Mobility Partners provided $578.9 million at financial close as a concession payment to the Commonwealth to be received by VDOT. Pending approval by the Commonwealth Transportation Board, these funds will be used for project oversight by VDOT, contingency risk during construction that is released during the construction period, and projects in the corridor as selected by the Commonwealth Transportation Board.

Additional consideration to be provided by Express Mobility Partners includes several components of the permit fee established in the Agreement. A description of these components and the stipulations around receiving is provided below.

Express Mobility Partners is required to pay VDOT a permit fee that consists of transit funding payments, support for corridor improvements, and revenue sharing as further described below.

The transit funding payment portion of the permit fee that becomes due during the operating period will be payable

after debt service and required reserve accounts, and will be subject to the lock-up provisions required in the Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan Agreement, but prior to support for corridor improvements and distributions. If funds are insufficient to make scheduled transit funding payments at the time due, such payments or any unpaid portion thereof will be considered past due and will remain due and payable without interest charges. The net present value of these payments is $768.0 million.

The support for corridor improvements are to be paid as indicated in the Agreement. Amounts to be paid annually are contingent on actual toll revenues. The net present value of the support for corridor improvements is expected to total $350.0 million. At the end of the term of the Agreement, any unpaid balance of these payments is to be forgiven or cancelled.

Express Mobility Partners will make revenue sharing payments in amounts calculated based on actual cumulative net present value of gross revenue at the end of each year of the Agreement. The percentage of gross revenue to be paid by Express Mobility Partners to VDOT increases in accordance with a five-tier revenue sharing scale. Revenue sharing payments do not have to be made if transit funding payments or support for corridor improvements are past due or unpaid.

Additional information on these payments can be found in the Agreement executed between VDOT, DRPT, and Express Mobility Partners.

Component Units

Aramark – Dining Services

During the year ended June 30, 2015, the University of Virginia (nonmajor) entered into an agreement with Aramark Educational Services, LLC (Aramark) for Aramark to provide dining services to the University. In return for use of University facilities, Aramark is required to make certain payments to the University and the University is required to provide certain repair and maintenance services related to the facilities during the term of the agreement. As of June 30, 2017, the University has accrued a $18.8 million receivable, a $12.0 million liability and a $68.5 million deferred inflow of resources related to the service concession arrangement.

39. INFORMATION TECHNOLOGY INFRASTRUCTURE PARTNERSHIP – NORTHROP GRUMMAN

The Comprehensive Infrastructure Agreement (CIA) is a contract, executed on November 13, 2005, between the Commonwealth of Virginia (Commonwealth) acting through the Virginia Information Technologies Agency (VITA) and Northrop Grumman Systems Corporation (NG). The Commonwealth's primary goal was to significantly improve the Commonwealth's IT infrastructure and the manner in which such infrastructure was operated, supported, and maintained for the following service towers: Cross-Functional Services, Desktop Computing Services, Data Network Services, Voice and Video Telecom Services, Mainframe and Server Services, Help Desk Services, Messaging Services, Security Services, Internal Application Services, and Data Center facilities.

On March 31, 2010, contract revisions to the CIA were completed between the Commonwealth and Northrop Grumman. As a result of the contract changes, the Commonwealth renewed the contract for an additional three years, the parties established the products and services covered in the contractual cap including the baseline quantities to be billed and the prices at which those quantities will be billed, a shortened formula for contract year ten cost of living adjustment, and increased resolution and disentanglement fees. These contract changes were intended to provide improved performance to the VITA customer agencies, provide greater accountability and operational efficiencies for the services provided, and resolve outstanding financial issues. Additional contract revisions to the CIA have been completed between the Commonwealth and Northrop Grumman in the years since 2010. The contract term expires June 30, 2019.

The CIA provides various termination scenarios. The Commonwealth can terminate the CIA due to a variety of reasons including the Commonwealth's convenience; a significant change of control in the equity interests in NG; NG's failure to implement satisfactory improvements; or, NG's failure to prevent service interruption of 15 days or more. In these instances, the Commonwealth would be required to pay exit and resolution fees as outlined in the CIA. Additional causes for termination that do not require the payment of exit or resolution fees include NG's default on the CIA terms, the Commonwealth's lack of funds, or NG's incurrence of liabilities equal to or more than 75.0 percent of the direct damages cap. On the other hand, NG can terminate the CIA only if the Commonwealth owes an aggregate amount in excess of $100.0 million that is more than 30 days past due and not being disputed in good faith. The Commonwealth might be required to pay exit and resolution fees, as outlined in the CIA. Fees resulting from the termination of the agreement are expected to be significant to the Commonwealth; however, exit fees are subject to the appropriation, allocation and availability of Commonwealth funds. Further, if the Commonwealth and NG terminate all or a portion of the business relationship on or before the conclusion of the CIA term, the Commonwealth will incur significant costs to obtain and transition the IT infrastructure necessary to continue the Commonwealth's operations.

In 2015, in anticipation of contract expiration in 2019, and with recognition of the complexity of the change in such a large shared services environment, VITA engaged a consulting firm to help develop sourcing strategies to better align with current best practices and future customer requirements. After evaluating options and engaging numerous Commonwealth stakeholders, VITA determined that it should start disentangling services from the CIA and transition services in waves to a new, multi-supplier model. The transition has begun with the messaging tower and a contract signed with Tempus

Nova, and efforts to transition messaging services from NG. Other transitions and accompanying terminations of services, on a tower-by-tower basis, are in progress or are planned, all with a goal of complete disentanglement from the CIA by June 30, 2019. These terminations may result in payment of exit and resolution fees as contemplated by the CIA, the amount of which will be determined as part of the disentanglement process. Furthermore, certain services and transition work are now the subject of litigation between NG and VITA in Richmond Circuit Court.

Expenses associated with the CIA in fiscal year 2017 are $317.0 million, including payments to Northrop Grumman of $277.3 million. Based on current expenses, the Commonwealth expects to spend an additional $600.0 million over the next two fiscal years, either with NG or new providers.

40. CONTINGENCIES

A. Grants and Contracts

The Commonwealth has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Claims against these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Commonwealth.

Institutions of higher education (component units) and other state agencies are required to comply with various federal regulations issued by the Office of Management and Budget, if such agencies are recipients of federal grants, contracts, or other sponsored agreements. Failure to comply with certain requirements of these regulations may result in questions concerning the allowability of related direct and indirect charges pursuant to such agreements. It is believed that the ultimate disallowance pertaining to these regulations, if any, will be immaterial to the overall financial condition of the Commonwealth.

The U.S. Department of Health and Human Services (DHHS) Office of the Inspector General conducted a review and indicated that the Commonwealth's Statewide Indirect Cost Allocation Plan rates have allowed over-recoveries and transfers in the internal service funds and portions of selected rebates. The Commonwealth has paid the amount it believes is owed for fiscal years 2009-2014, and is currently appealing a DHHS determination letter indicating that an additional amount may be owed for this time period.

Additionally, the DHHS has received the 2017 and 2016 payback schedules which are based on fiscal year 2016 and 2015 data, respectively. The Commonwealth has computed a liability of $9.1 million representing the amounts owed to the federal government for internal service fund over-recoveries and transfers, as well as the federal share of various rebates received. This amount has been reflected in the accompanying financial statements.

The Virginia Tourism Authority (nonmajor component unit) had unclaimed awards totaling $1.7 million payable to awardees upon submission of proper claims for reimbursement for the Marketing Leverage Program. Additionally, the Authority had unclaimed awards totaling $62,456 payable to awardees upon submission of proper claims for reimbursement for the Sesquicentennial Marketing Program. In addition, the program has $142,544 in funding that had not been awarded to specific grantees.

B. Litigation

The Commonwealth is named as a party in legal proceedings and investigations that occur in the normal course of governmental operations, some involving substantial amounts. It is not possible at the present time to estimate the ultimate outcome or liability, if any, of the Commonwealth in respect to the various proceedings; however, it is believed that any ultimate liability resulting from these suits or investigations will not have a material, adverse effect on the financial condition of the Commonwealth.

C. Subject to Appropriation

Both the primary government and the discretely presented component units enter into agreements and issue debt secured solely by future appropriations from the General Fund of the Commonwealth. The primary government has leases and other agreements of such debt of $2.8 billion. The discretely presented component units have such debt of $3.9 billion.

D. Bailment Inventory

The Department of Alcoholic Beverage Control (ABC) houses and controls bailment inventory in the warehouse and is therefore responsible for the exercise of reasonable care to preserve the inventory until it is purchased by ABC or returned to the supplier. ABC uses the bailment system for payment of merchandise for resale. ABC initiates payments to the vendors based on shipments from the ABC warehouse to the retail stores, rather than receipt of invoice from the vendor. At June 30, 2017, the bailment inventory was valued at $37.9 million.

E. Loan Guarantees

The Virginia Small Business Financing Authority (VSBFA) (nonmajor component unit) has a loan guaranty program which provides guarantees up to the lesser of $500,000, or 75.0 percent, of a bank loan for lines of credit and short-term working capital loans for small businesses authorized by Section 2.2-2285 of the *Code of Virginia*. The relationship of the Commonwealth to the issuer or issuers of the

obligations are private banks that contact VSBFA to obtain guarantees if they deem it necessary to approve the loan. The VSBFA staff underwrites the request for guarantees, and the Board of Directors makes the credit decision to approve or decline the loan. The Board has given VSBFA staff delegated authority to approve requests up to, and including, $500,000. The Board reviews all loan packages and ratifies all decisions. The length of time for the guarantees is up to five years for lines of credit and seven years for term loans. Upon a default or event of default under the loan documents and payment by VSBFA under the Guaranty Agreement, the borrower and the guarantor(s), jointly and severally, acknowledge and agree that VSBFA may set off, collect and retain any payments or monies due or owing the borrower or any guarantor from the Commonwealth of Virginia, and/or any governmental authority or agency of the Commonwealth. VSBFA submits collections to the Office of the Attorney General, Division of Debt Collection for legal action and collection of debt. As of June 30, 2017, the loan guaranty program has guarantees outstanding of $8.2 million and restricted assets pledged as collateral of $16.5 million.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees,* requires that certain information be disclosed regarding selected nonexchange financial guarantees. As of June 30, 2017, the VSBFA recognized a nonexchange financial guarantee liability of $326,902. This is an increase of $191,375 from the beginning balance of $135,527. There were no required payments made during fiscal year 2017. Additionally, there have been no cumulative amounts paid on these outstanding loan guarantees nor are there any expected recoveries.

The Assistive Technology Loan Fund Authority (nonmajor component unit) has an alternative financing program which provides guarantees of loans made and serviced by its banking partner. As of June 30, 2017, there was approximately $18,045 of guaranteed loans held by the Authority's banking partner.

F. Regional Wet Weather Management Plan

Hampton Roads Sanitation District (HRSD) (nonmajor component unit) is party to a federal consent decree with the federal and state governments (the Consent Decree), which requires the HRSD to evaluate the wet weather capacity of the regional sewer system, including collection systems owned by 13 of the localities which the HRSD serves in the Hampton Roads area. Based upon that evaluation, the HRSD, in consultation with the localities, is required to develop a regional wet weather management plan (RWWMP) for submittal to the federal and state environmental agencies for their approval.

The HRSD and the localities believe that addressing wet weather capacity issues from a regional perspective will result in the most affordable and cost-effective approach for rate payers throughout the region. Toward that end, the HRSD and the localities entered into a legally binding Memorandum of Agreement in March of 2014 (the MOA). The MOA commits HRSD to (1) develop the RWWMP in consultation with the localities, (2) fund the approved plan through a regional rate imposed on all regional ratepayers, (3) design and construct the necessary improvements, and (4) assume responsibility for wet weather capacity throughout the region in each area once the RWWMP is implemented. In exchange, the localities have agreed to (1) cooperate with the HRSD, (2) facilitate the construction of and accept ownership of any improvements which the HRSD may need to construct in the localities' systems, and (3) maintain the integrity of their systems to industry standards. The Consent Decree and MOA also contemplate that the localities' obligation to maintain the integrity of their sewer systems to industry standards was embodied in a State administrative order. While the HRSD is preparing the RWWMP, the Consent Decree also requires the HRSD to implement approximately $200.0 million in priority capital system upgrade projects over a 9-year period, which is included in the capital improvement and expansion program. The HRSD is on schedule to complete these projects. The HRSD has a major capital improvement and expansion program funded through the issuance of debt and its own resources. As of June 30, 2017, the HRSD has outstanding commitments for contracts in progress of approximately $114.0 million.

41. PENDING GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT

The GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement will significantly impact the Commonwealth's reporting disclosures and accrued other postemployment benefit liability amounts. The Commonwealth will implement GASB Statement No. 75 in fiscal year 2018.

42. SUBSEQUENT EVENTS

Primary Government

Debt

On July 12, 2017, the Commonwealth Transportation Board issued $260.7 million of Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2017, to provide for the payment of the costs of certain transportation projects in the Commonwealth.

On November 27, 2017, the Virginia Public Building Authority (VPBA) defeased portions of Public Facilities Revenue Bonds and Public Facilities Revenue Refunding Bonds that included Series 2010A-2, 2010B-1, 2011A, 2012A, 2014C, 2015B and 2016B Bonds. On the following day, VPBA issued a conditional call notice to redeem a portion of its Series 2010B-2 Bonds on December 28, 2017. The defeasance and call notices were completed using $12.7 million of funds received from the November 15, 2017 sale of certain real estate owned by the Commonwealth. A portion of such sale proceeds was transferred to VPBA to take the actions described above due to outstanding VPBA bonds remaining at the time of the property sale.

On December 7, 2017, the Commonwealth Transportation Board issued $483.0 million of Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue and Refunding Notes (GARVEEs), Series 2017 to provide for the payment of certain transportation projects and to refund certain maturities of Series 2012A, 2012B and 2013A Bonds.

On December 14, 2017, the Commonwealth Transportation Board issued $629.2 million of Commonwealth of Virginia Transportation Capital Projects Revenue Refunding Bonds, Series 2017A, to refund certain maturities of Series 2011 and 2012 Bonds.

On December 14, 2017, VPBA issued $145.3 million of Public Facilities Revenue Refunding Bonds, Series 2017A. The Bonds will refund certain maturities of VPBA's Series 2011A, 2013A and 2014A Bonds.

Component Units

Debt

On July 1, 2017, the Virginia Housing Development Authority (VHDA) (major) redeemed Commonwealth Mortgage Bonds Series 2007A in the amount of $154.2 million.

On July 5, 2017, the Virginia Resources Authority (major) issued bonds in the amount of $6.5 million with an interest rate of 3.8 percent and another bond on August 16, 2017 in the amount of $39.2 with an interest rate from 1.6 percent to 5.0 percent. Additionally, a locality prepaid an outstanding obligation in the amount of $5.1 million on August 17, 2017.

On August 2, 2017, the Virginia College Building Authority (VCBA) (major) issued $492.7 million of Educational Facilities Revenue Bonds (21st Century College and Equipment Programs), Series 2017C and $99.9 million of Educational Facilities Federally Taxable Revenue Bonds (21st Century College and Equipment Programs), Series 2017D. The Bonds will provide funding for authorized VCBA capital projects at public institutions of higher education around the Commonwealth.

On August 22, 2017, the Virginia Public School Authority (VPSA) (major) issued School Financing and Refunding Bonds Series 2017B in the amount of $106.1 million. The proceeds will be used to refund certain outstanding bonds of the Authority.

On September 13, 2017, and October 19, 2017, VHDA issued Series C and D Tax exempt bonds in the amount of $2.9 million and $5.6 million, respectively.

On September 28, 2017, the University of Virginia (nonmajor) issued $300.0 million of taxable General Revenue Pledge Bonds, Series 2017C. The 2017C Series was issued to advance fund new construction on the Grounds of the University of Virginia. The bonds were issued with a coupon rate of 4.2 percent.

On November 7, 2017, VPSA issued $115.8 million in School Financing Bonds (1997 Resolution), Series 2017C to purchase certain general obligation local school bonds to finance capital projects for schools.

On November 9, 2017, VPSA issued Special Obligation School Financing Bonds, King George County Series 2017 in the amount of $20.8 million. The Bonds will be used by the County to finance the costs of various capital school improvement projects for the County.

On December 5, 2017, VCBA issued $113.1 million in Educational Facilities Revenue Bonds, Series 2017A and $24.6 million in Educational Facilities Federally Taxable Revenue Bonds, Series 2017B under the Public Higher Education Financing Program (the Pool Program). VCBA used the proceeds of the Series 2017A and Series 2017B Bonds to acquire Institutional Notes from participating public institutions of higher education. Each participating Institution will use the proceeds of its Institutional Note to finance capital projects approved by the General Assembly.

On December 5, 2017, VHDA issued series 2017 Tax Exempt bonds in the amount of $54.1 million.

On December 21, 2017, VCBA plans to issue $560.6 million in Educational Facilities Revenue Refunding Bonds (21st Century College and Equipment Programs), Series 2017E. The Bonds will refund certain maturities of VCBA's 2008A, 2009A, 2011A, 2012A, 2012B, 2013A, 2014A, and 2015A Bonds.

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Major Special Revenue Funds

Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	General Fund			
	Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
Revenues:				
Taxes:				
Individual and Fiduciary Income	$ 13,230,100	$ 12,913,800	$ 13,052,887	$ 139,087
Sales and Use	3,885,910	3,752,210	3,720,552	(31,658)
Corporation Income	765,200	794,200	826,961	32,761
Motor Fuel	-	-	-	-
Motor Vehicle Sales and Use	-	-	-	-
Communications Sales and Use	419,000	407,000	395,733	(11,267)
Deeds, Contracts, Wills, and Suits	397,900	398,600	403,459	4,859
Premiums of Insurance Companies	335,600	344,100	340,910	(3,190)
Alcoholic Beverage Sales	211,400	225,500	222,354	(3,146)
Tobacco Products	179,651	176,900	171,198	(5,702)
Estate	-	-	8,202	8,202
Public Service Corporations	98,900	97,800	95,084	(2,716)
Other Taxes	28,737	26,850	31,048	4,198
Rights and Privileges	82,443	100,561	85,919	(14,642)
Sales of Property and Commodities	619	31,533	31,515	(18)
Assessments and Receipts for Support of Special Services	3,050	3,050	4,008	958
Institutional Revenue	45,357	45,508	36,137	(9,371)
Interest, Dividends, and Rents	40,990	62,700	61,130	(1,570)
Fines, Forfeitures, Court Fees, Penalties, and Escheats	222,405	220,005	222,600	2,595
Federal Grants and Contracts	6,300	6,229	6,720	491
Receipts from Cities, Counties, and Tow ns	15,844	19,173	18,360	(813)
Private Donations, Gifts and Contracts	240	235	476	241
Tobacco Master Settlement	47,482	48,000	49,019	1,019
Other	179,292	190,034	235,237	45,203
Total Revenues	20,196,420	19,863,988	20,019,509	155,521
Expenditures:				
Current:				
General Government	2,550,041	2,474,935	2,388,305	86,630
Education	8,572,548	8,503,248	8,450,900	52,348
Transportation	58	263	236	27
Resources and Economic Development	481,718	494,179	445,102	49,077
Individual and Family Services	6,462,785	6,589,797	6,551,237	38,560
Administration of Justice	2,751,777	2,763,740	2,740,411	23,329
Capital Outlay	83,866	101,151	44,488	56,663
Total Expenditures	20,902,793	20,927,313	20,620,679	306,634
Revenues Over (Under) Expenditures	(706,373)	(1,063,325)	(601,170)	462,155
Other Financing Sources (Uses):				
Transfers:				
Transfers In	779,032	878,536	904,255	25,719
Transfers Out	(459,029)	(440,560)	(441,670)	(1,110)
Bonds Issued	-	-	-	-
Premium on Debt Issuance	-	-	-	-
Total Other Financing Sources (Uses)	320,003	437,976	462,585	24,609
Revenues and Other Sources Over (Under)				
Expenditures and Other Uses	(386,370)	(625,349)	(138,585)	486,764
Fund Balance, July 1	1,478,445	1,478,445	1,478,445	-
Fund Balance, June 30	$ 1,092,075	$ 853,096	$ 1,339,860	$ 486,764

See notes on page 187 in this section.

Commonwealth Transportation Fund			
Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
$ -	$ -	$ -	$ -
1,445,500	1,399,641	1,377,684	(21,957)
-	-	-	-
1,043,660	991,952	962,010	(29,942)
927,200	937,975	947,700	9,725
-	-	-	-
90,300	98,900	98,460	(440)
163,142	163,142	163,142	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
71,600	73,275	75,224	1,949
507,334	519,886	613,620	93,734
-	556	10,609	10,053
19,926	14,779	14,274	(505)
-	-	-	-
16,204	15,805	26,381	10,576
7,120	7,058	14,224	7,166
1,062,934	1,260,697	1,126,701	(133,996)
241,201	203,557	220,604	17,047
25	25	15,971	15,946
-	-	-	-
28,034	31,758	71,890	40,132
5,624,180	5,719,006	5,738,494	19,488
84,723	84,736	54,941	29,795
1,067	2,573	2,573	-
6,124,702	6,555,258	5,677,101	878,157
15,057	15,479	15,189	290
-	-	-	-
9,882	9,882	9,882	-
68,071	137,025	41,323	95,702
6,303,502	6,804,953	5,801,009	1,003,944
(679,322)	(1,085,947)	(62,515)	1,023,432
1,000	1,000	37,870	36,870
(233,046)	(234,143)	(229,972)	4,171
316,930	316,930	316,930	-
64,902	64,902	64,902	-
149,786	148,689	189,730	41,041
(529,536)	(937,258)	127,215	1,064,473
1,960,301	1,960,301	1,960,301	-
$ 1,430,765	$ 1,023,043	$ 2,087,516	$ 1,064,473

Continued on next page

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Major Special Revenue Funds *(Continued from previous page)*

Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Federal Trust			
	Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
Revenues:				
Taxes:				
Individual and Fiduciary Income	$ -	$ -	$ -	$ -
Sales and Use	-	-	-	-
Corporation Income	-	-	-	-
Motor Fuel	-	-	-	-
Motor Vehicle Sales and Use	-	-	-	-
Communications Sales and Use	-	-	-	-
Deeds, Contracts, Wills, and Suits	-	-	-	-
Premiums of Insurance Companies	-	-	-	-
Alcoholic Beverage Sales	-	-	-	-
Tobacco Products	-	-	-	-
Estate	-	-	-	-
Public Service Corporations	-	-	-	-
Other Taxes	-	-	-	-
Rights and Privileges	-	-	1	1
Sales of Property and Commodities	534	-	459	459
Assessments and Receipts for Support of Special Services	-	-	-	-
Institutional Revenue	-	-	-	-
Interest, Dividends, and Rents	6,400	5,936	603	(5,333)
Fines, Forfeitures, Court Fees, Penalties, and Escheats	2,351	3,662	7,749	4,087
Federal Grants and Contracts	7,890,631	8,235,663	9,009,058	773,395
Receipts from Cities, Counties, and Towns	-	-	-	-
Private Donations, Gifts and Contracts	-	-	-	-
Tobacco Master Settlement	-	-	-	-
Other	159,406	199,893	168,724	(31,169)
Total Revenues	8,059,322	8,445,154	9,186,594	741,440
Expenditures:				
Current:				
General Government	159,392	167,856	147,401	20,455
Education	948,551	1,060,925	1,081,765	(20,840)
Transportation	34,532	29,185	16,362	12,823
Resources and Economic Development	182,236	200,272	150,855	49,417
Individual and Family Services	6,648,409	6,823,858	7,671,119	(847,261)
Administration of Justice	51,384	80,788	59,001	21,787
Capital Outlay	26,436	73,862	21,060	52,802
Total Expenditures	8,050,940	8,436,746	9,147,563	(710,817)
Revenues Over (Under) Expenditures	8,382	8,408	39,031	30,623
Other Financing Sources (Uses):				
Transfers:				
Transfers In	-	-	12,423	12,423
Transfers Out	(8,382)	(8,408)	(51,454)	(43,046)
Bonds Issued	-	-	-	-
Premium on Debt Issuance	-	-	-	-
Total Other Financing Sources (Uses)	(8,382)	(8,408)	(39,031)	(30,623)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	-	-
Fund Balance, July 1	-	-	-	-
Fund Balance, June 30	$ -	$ -	$ -	$ -

See notes on page 187 in this section.

Notes for Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Major Special Revenue Funds

1. Basis of Budgeting vs. Modified Accrual Basis Fund Balance (1)

Since the presentation of financial data on the basis of budgeting differs from that presented under accounting principles generally accepted in the United States of America, a schedule reconciling the fund balance on a budgetary basis at June 30, 2017, to the fund balance on a modified accrual basis follows.

Fund Balance Comparison

Budgetary Basis to GAAP Basis

(Dollars in Thousands)

	General Fund	Commonwealth Transportation Fund	Federal Trust Fund
Fund Balance, Basis of Budgeting	$ 1,339,860	$ 2,087,516	$ -
Adjustments from Budget to Modified Accrual:			
Accrued Revenues:			
Taxes	606,362	133,910	-
Tax Refunds	(419,506)	-	-
Other Revenue/Other Sources	69,982	84,936	742,645
Medicaid Payable	(449,468)	-	(438,876)
Accrued Expenditures/Other Uses	(648,799)	(319,282)	(158,984)
Fund Balance, Modified Accrual Basis	$ 498,431	$ 1,987,080	$ 144,785

1. As discussed in Note 1.E., the Literary Fund has no approved budget.

2. Appropriations

The amounts presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Major Special Revenue Funds are principally on a cash basis and represent the original budget adopted by the General Assembly and all supplemental appropriations and transfers. The following schedule reconciles original appropriations to the final adjusted expenditure appropriations for the General Fund and Major Special Revenue Funds, at June 30, 2017, except the Literary Fund which has no approved budget.

(Dollars in Thousands)	General Fund (10)	Commonwealth Transportation Fund	Federal Trust Fund (11)
Appropriations (1)	$ 20,902,793	$ 6,303,502	$ 8,050,940
Supplemental Appropriations:			
Reappropriations (2)	234,804	95,011	60,212
Subsequent Executive (3)	76,949	220,403	269,245
Subsequent Legislative (4)	(137,909)	121,666	112,290
Capital Outlay and Operating Reversions (5)	(8,435)	-	(2,154)
Deficit (6)	2,172	-	-
Transfers (7)	(1,847)	74,636	(26,170)
Capital Outlay Adjustment (8)	(141,214)	(26,056)	(27,617)
Debt Service Adjustment (9)	-	15,791	-
Appropriations, as adjusted	$ 20,927,313	$ 6,804,953	$ 8,436,746

1. Represents the budget appropriated through Chapter 780, 2016 Acts of Assembly, as amended by Chapter 836, 2017 Acts of Assembly.
2. Actions taken to reappropriate any prior year unexpended balances per authority of the language in the Appropriation Act.
3. Actions taken by the Governor to carry forward any prior year unexpended balances, sum sufficient authority, and year 2 to year 1 reductions (General Fund) and actions taken to appropriate any additional revenues collected so that they can be legally spent (Special Revenue Funds).
4. Actions taken by the Governor and the General Assembly to adjust the budget.
5. Represents reversions of unexpended capital outlay and operating balances.
6. Represents additional appropriations authorized subsequent to the 2017 General Assembly Session for legal expenses.
7. Represents transfers required by the Appropriation Act. Transfers out are reduced by approximately $1.6 billion (General Fund) and $7.3 million (Commonwealth Transportation Fund) for transfers to component units and fiduciary funds that have been reclassified as expenditures in accordance with GASB Statement No. 34.
8. Capital outlay appropriations cover the projects' lives and usually extend beyond the current fiscal year. These amounts have been adjusted to report the amount authorized for expenditure during the current fiscal year.
9. The Commonwealth Transportation Fund appropriations have been adjusted for debt service.
10. Budgetary reductions totaling $5.1 million are excluded since they were not available for disbursement during the current fiscal year.
11. Appropriations do not include food stamp issuances of $1.1 billion since this is a noncash item; however, this amount is included in actual expenditures.

Schedule of Changes in Employers' Net Pension Liability (1) (2) (3)

Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	VRS State			VRS Teacher		
Change in the Net Pension Liability	**2017**	**2016**	**2015**	**2017**	**2016**	**2015**
Total pension liability:						
Service cost	$ 369,779	$ 375,149	$ 369,120	$ 828,856	$ 828,901	$ 831,501
Interest	1,533,764	1,482,951	1,436,064	2,931,065	2,834,138	2,722,788
Benefit changes	-	-	-	-	-	-
Difference between actual and expected experience	(245,642)	59,923	-	(391,881)	(212,089)	-
Assumption changes	-	-	-	-	-	-
Benefit payments	(1,195,198)	(1,136,102)	(1,081,866)	(2,081,069)	(1,980,353)	(1,874,636)
Refunds of contributions	(25,240)	(27,724)	(25,036)	(35,067)	(36,058)	(36,103)
Net change in total pension liability	437,463	754,197	698,282	1,251,904	1,434,539	1,643,550
Total pension liability - beginning	22,521,130	21,766,933	21,068,651	42,930,422	41,495,883	39,852,333
Total pension liability - ending (a)	$ 22,958,593	$ 22,521,130	$ 21,766,933	$ 44,182,326	$ 42,930,422	$ 41,495,883
Plan fiduciary net position:						
Contributions - employer	$ 722,617	$ 480,657	$ 343,259	$ 1,062,338	$ 1,267,250	$ 853,634
Contributions - member	200,184	195,582	198,035	380,314	373,525	371,241
Net investment income	277,166	728,083	2,243,999	516,704	1,327,047	4,042,441
Benefit payments	(1,195,198)	(1,136,102)	(1,081,866)	(2,081,069)	(1,980,353)	(1,874,636)
Refunds of contributions	(25,240)	(27,724)	(25,036)	(35,067)	(36,058)	(36,103)
Administrative expense	(10,140)	(10,302)	(12,341)	(18,859)	(18,238)	(22,036)
Other	(122)	(154)	123	(222)	(284)	217
Net change in plan fiduciary net position	(30,733)	230,040	1,666,173	(175,861)	932,889	3,334,758
Plan fiduciary net position - beginning	16,398,575	16,168,535	14,502,362	30,344,072	29,411,183	26,076,425
Plan fiduciary net position - ending (b)	$ 16,367,842	$ 16,398,575	$ 16,168,535	$ 30,168,211	$ 30,344,072	$ 29,411,183
Net pension liability - ending (a-b)	$ 6,590,751	$ 6,122,555	$ 5,598,398	$ 14,014,115	$ 12,586,350	$ 12,084,700
Plan fiduciary net position as a percentage of the total pension liability (b/a)	71.3%	72.8%	74.3%	68.3%	70.7%	70.9%
Covered payroll (c)	$ 3,977,759	$ 3,878,632	$ 3,861,712	$ 7,624,612	$ 7,434,932	$ 7,313,025
Net pension liability as a percentage of covered payroll ((a-b)/c)	165.7%	157.9%	145.0%	183.8%	169.3%	165.2%

(1) The Commonwealth implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68,* effective for the fiscal year ended June 30, 2015, therefore, ten years of data is unavailable.

(2) The Commonwealth's fiscal year 2017 net pension measurement date is June 30, 2016, as reported in Note 15.

(3) Effective for fiscal year 2017, the Commonwealth is not including the current year plan data. Accordingly, there are no changes to the above schedule from the prior year.

See notes on page 194 in this section.

VRS Political Subdivisions			SPORS		
2017	2016	2015	2017	2016	2015
$ 535,322	$ 530,945	$ 524,758	$ 18,700	$ 18,847	$ 18,341
1,362,892	1,309,484	1,243,386	72,618	70,350	67,978
2,053	1,135	-	-	-	-
(87,268)	(185,419)	-	(14,711)	(2,890)	-
-	-	-	-	-	-
(893,585)	(819,201)	(754,706)	(53,515)	(53,338)	(50,467)
(37,380)	(36,898)	(36,876)	(584)	(375)	(685)
882,034	800,046	976,562	22,508	32,594	35,167
19,935,054	19,135,008	18,158,446	1,064,450	1,031,856	996,689
$ 20,817,088	$ 19,935,054	$ 19,135,008	$ 1,086,958	$ 1,064,450	$ 1,031,856
$ 543,947	$ 533,877	$ 539,366	$ 33,655	$ 28,427	$ 42,683
231,934	227,060	225,555	5,759	5,680	5,646
300,995	761,164	2,272,284	12,634	32,466	98,682
(893,585)	(819,201)	(754,706)	(53,515)	(53,338)	(50,467)
(37,380)	(36,898)	(36,876)	(584)	(375)	(685)
(10,696)	(10,358)	(12,153)	(590)	(471)	(431)
(130)	(162)	120	(23)	(27)	-
135,085	655,482	2,233,590	(2,664)	12,362	95,428
17,283,021	16,627,539	14,393,949	733,352	720,990	625,562
$ 17,418,106	$ 17,283,021	$ 16,627,539	$ 730,688	$ 733,352	$ 720,990
$ 3,398,982	$ 2,652,033	$ 2,507,469	$ 356,270	$ 331,098	$ 310,866
83.7%	86.7%	86.9%	67.2%	68.9%	69.9%
$ 4,628,806	$ 4,513,335	$ 4,434,764	$ 114,395	$ 110,059	$ 112,010
73.4%	58.8%	56.5%	311.4%	300.8%	277.5%

Continued on next page

Schedule of Changes in Employers' Net Pension Liability (1) (2) (3) *(Continued from previous page)*

Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	VaLORS			JRS		
Change in the Net Pension Liability	**2017**	**2016**	**2015**	**2017**	**2016**	**2015**
Total pension liability:						
Service cost	$ 45,608	$ 47,531	$ 46,504	$ 21,978	$ 23,254	$ 24,024
Interest	129,756	124,579	119,040	42,820	41,759	40,013
Benefit changes	-	-	-	(15,552)	-	-
Difference between actual and expected experience	4,997	(4,849)	-	(18,681)	(9,107)	-
Assumption changes	-	-	-	-	-	-
Benefit payments	(92,270)	(84,990)	(78,412)	(41,341)	(40,205)	(37,984)
Refunds of contributions	(4,524)	(4,797)	(4,665)	-	-	-
Net change in total pension liability	83,567	77,474	82,467	(10,776)	15,701	26,053
Total pension liability - beginning	1,902,051	1,824,577	1,742,110	632,381	616,680	590,627
Total pension liability - ending (a)	$ 1,985,618	$ 1,902,051	$ 1,824,577	$ 621,605	$ 632,381	$ 616,680
Plan fiduciary net position:						
Contributions - employer	$ 79,392	$ 62,084	$ 67,483	$ 41,502	$ 31,503	$ 27,727
Contributions - member	17,574	17,081	17,908	3,236	3,015	3,051
Net investment income	20,899	52,312	156,786	8,112	20,051	60,833
Benefit payments	(92,270)	(84,990)	(78,412)	(41,341)	(40,205)	(37,984)
Refunds of contributions	(4,524)	(4,797)	(4,665)	-	-	-
Administrative expense	(940)	(743)	(681)	(363)	(283)	(268)
Other	(38)	(44)	-	(15)	(17)	-
Net change in plan fiduciary net position	20,093	40,903	158,419	11,131	14,064	53,359
Plan fiduciary net position - beginning	1,191,353	1,150,450	992,031	456,258	442,194	388,835
Plan fiduciary net position - ending (b)	$ 1,211,446	$ 1,191,353	$ 1,150,450	$ 467,389	$ 456,258	$ 442,194
Net pension liability - ending (a-b)	$ 774,172	$ 710,698	$ 674,127	$ 154,216	$ 176,123	$ 174,486
Plan fiduciary net position as a percentage of the total pension liability (b/a)	61.0%	62.6%	63.1%	75.2%	72.1%	71.7%
Covered payroll (c)	$ 345,504	$ 338,562	$ 352,492	$ 66,621	$ 61,092	$ 61,020
Net pension liability as a percentage of covered payroll ((a-b)/c)	224.1%	209.9%	191.2%	231.5%	288.3%	285.9%

Schedule of Employer Contributions – Pension Plans (1)

(Dollars in Thousands)

Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contributions Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
VIRGINIA RETIREMENT SYSTEM (VRS) – STATE					
2017	$ 542,418	$ 542,418	$ -	$ 4,020,893	13.49%
2016	628,486	557,160	71,326	3,977,759	14.01%
2015	612,824	478,235	134,589	3,878,632	12.33%
2014	504,726	338,286	166,440	3,861,712	8.76%
2013	485,577	325,452	160,125	3,715,205	8.76%
2012	309,930	117,696	192,234	3,663,475	3.21%
2011	294,363	74,113	220,250	3,479,484	2.13%
2010	285,209	176,751	108,458	3,556,222	4.97%
2009	290,653	225,782	64,871	3,624,109	6.23%
2008	260,965	218,954	42,011	3,560,228	6.15%
VIRGINIA RETIREMENT SYSTEM (VRS) – TEACHER					
2017	$ 1,287,939	$ 1,156,935	$ 131,004	$ 7,891,783	14.66%
2016	1,344,981	1,072,020	272,961	7,624,612	14.06%
2015	1,353,158	1,078,065	275,093	7,434,932	14.50%
2014	1,226,394	852,699	373,695	7,313,025	11.66%
2013	1,203,856	837,028	366,828	7,178,629	11.66%
2012	903,655	443,078	460,577	6,999,653	6.33%
2011	891,237	271,306	619,931	6,903,465	3.93%
2010	839,550	450,218	389,332	7,090,791	6.35%
2009	845,999	629,497	216,502	7,145,260	8.81%
2008	766,559	706,222	60,337	6,856,523	10.30%
VIRGINIA RETIREMENT SYSTEM (VRS) – POLITICAL SUBDIVISIONS					
2017	$ 487,067	$ 487,702	$ (635)	$ 4,765,841	10.23%
2016	554,335	549,408	4,927	4,628,806	11.87%
2015	540,859	535,919	4,940	4,513,335	11.87%
2014	551,822	539,131	12,691	4,434,764	12.16%
2013	537,657	525,385	12,272	4,321,565	12.16%
2012	400,879	400,879	-	4,142,150	9.68%
2011	391,531	391,531	-	4,078,580	9.60%
2010	363,982	363,982	-	4,125,087	8.82%
2009	364,366	364,366	-	4,144,638	8.79%
2008	351,469	351,469	-	3,960,566	8.87%

(1) Contributions made by employers were not in all cases in accordance with the actuarially determined Annual Required Contribution (ARC), but they did meet statutory requirements.

See notes on page 194 in this section.

Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contributions Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
STATE POLICE OFFICERS' RETIREMENT SYSTEM (SPORS)					
2017	$ 31,792	$ 31,792	$ -	$ 111,395	28.54%
2016	35,211	31,561	3,650	114,395	27.59%
2015	33,876	28,417	5,459	110,059	25.82%
2014	36,538	27,711	8,827	112,010	24.74%
2013	34,535	26,193	8,342	105,872	24.74%
2012	26,250	11,441	14,809	102,701	11.14%
2011	24,570	7,460	17,110	96,128	7.76%
2010	23,791	15,714	8,077	98,757	15.91%
2009	24,241	20,175	4,066	100,626	20.05%
2008	22,941	20,989	1,952	101,106	20.76%
VIRGINIA LAW OFFICERS' RETIREMENT SYSTEM (VaLORS)					
2017	$ 72,511	$ 72,511	$ -	$ 344,468	21.05%
2016	72,763	65,101	7,662	345,504	18.84%
2015	71,301	59,824	11,477	338,562	17.67%
2014	68,806	52,169	16,637	352,492	14.80%
2013	66,463	50,392	16,071	340,489	14.80%
2012	55,306	24,481	30,825	347,181	7.05%
2011	53,686	17,255	36,431	337,010	5.12%
2010	57,894	39,027	18,867	345,020	11.31%
2009	60,059	50,932	9,127	357,922	14.23%
2008	61,325	55,929	5,396	352,643	15.86%
JUDICIAL RETIREMENT SYSTEM (JRS)					
2017	$ 28,047	$ 28,047	$ -	$ 66,826	41.97%
2016	37,008	33,291	3,717	66,621	49.97%
2015	35,336	31,560	3,776	61,092	51.66%
2014	33,018	27,728	5,290	61,020	45.44%
2013	32,185	27,028	5,157	59,481	45.44%
2012	27,631	18,907	8,724	59,053	32.02%
2011	28,101	17,303	10,798	60,058	28.81%
2010	23,638	17,065	6,573	62,139	27.46%
2009	23,148	21,000	2,148	60,853	34.51%
2008	23,600	22,386	1,214	58,896	38.01%

	VRS					
	State	**Teacher**	**Political Subdivisions**	**SPORS**	**VaLORS**	**JRS**
Valuation Date	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:						
Investment Rate of Return*	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Projected Salary Increases:*						
State Employees/Teachers	3.50% to 5.35%	3.50% to 5.95%	N/A	3.50% to 4.75%	3.50% to 4.75%	4.50%
Political Subdivision – Non-Hazardous Duty Employees	N/A	N/A	3.50% to 5.35%	N/A	N/A	N/A
Political Subdivision – Hazardous Duty Employees	N/A	N/A	3.50% to 4.75%	N/A	N/A	N/A
Post-Retirement Benefits Increases**						
Plan 1	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Plan 2	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%

* *Includes inflation at 2.50%.*
** *Compounded annually.*

As discussed in Note 15, visit the Virginia Retirement System's website at www.varetire.org to obtain a copy of the individually published financial statements.

Schedule of Funding Progress for Other Postemployment Benefit Plans

(Dollars in Millions)

Actuarial Valuation Date June 30	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) [b]	Unfunded AAL (UAAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll [b-a]/[c]
			Group Life Insurance Fund			
2016	$ 1,248	$ 2,974	$ 1,726	42.0%	$ 18,322	9.4%
2015	1,129	2,829	1,700	39.9%	17,814	9.5%
2014	992	2,701	1,709	36.7%	17,559	9.7%
2013	837	2,572	1,735	32.5%	17,132	10.1%
2012	756	2,458	1,702	30.7%	16,697	10.2%
2011	852	2,359	1,507	36.1%	16,543	9.1%
2010	929	2,245	1,316	41.4%	16,526	8.0%
2009	967	1,995	1,028	48.5%	16,728	6.1%
2008	975	1,772	797	55.0%	16,267	4.9%
2007	880	1,552	672	56.7%	14,822	4.5%
			Retiree Health Insurance Credit Fund			
2016	$ 179	$ 2,419	$ 2,240	7.4%	$ 15,786	14.2%
2015	174	2,380	2,206	7.3%	15,267	14.4%
2014	162	2,334	2,172	6.9%	14,956	14.5%
2013	139	2,273	2,134	6.1%	14,502	14.7%
2012	130	2,258	2,128	5.8%	14,211	15.0%
2011	213	2,195	1,982	9.7%	14,111	14.0%
2010 (1)	281	2,162	1,881	13.0%	14,220	13.2%
2009 (1)	296	2,007	1,711	14.8%	14,339	11.9%
2008 (1)	264	1,943	1,679	13.6%	13,686	12.3%
2007 (1)	207	1,883	1,676	11.0%	11,935	14.0%
			Disability Insurance Trust Fund			
2016	$ 416	$ 241	$ (175)	172.6%	$ 3,816	(4.6%)
2015	398	235	(163)	169.4%	3,627	(4.5%)
2014	380	239	(141)	159.0%	3,585	(3.9%)
2013	359	228	(131)	157.4%	3,473	(3.8%)
2012	344	303	(41)	113.7%	3,433	(1.2%)
2011	369	296	(73)	124.6%	3,372	(2.2%)
2010 (2)	336	311	(25)	108.0%	3,168	(0.8%)
2009 (2)	290	291	1	99.7%	4,080	-
2008 (2)	314	392	78	79.9%	4,111	1.9%
2007	264	451	187	58.5%	3,909	4.8%

(1) Data for 2007-2010 has been restated to include the state-funded Retiree Health Insurance Credit benefit for local employees.
(2) Data for 2008-2010 has been restated to include state-funded Long-term Care program. Prior years were funded by premiums paid to insurance carrier and the insurance carrier was responsible for the liability.
(3) Contributions into the Other Postemployment Line of Duty Death and Disability Fund are based on the number of participants in the program using a per capita based contribution versus a payroll based contribution.
(4) 2007 was the first actuarial valuation prepared for Pre-Medicare Retiree Healthcare.
(5) The Virginia Local Disability Program was new effective January 1, 2014, as part of the Hybrid Retirement for non-state employers.
(6) The Line of Duty Act Program was established and set up as a trust fund effective July 1, 2010. Contributions into the trust fund will be based on the number of participants in the program using a per capita-based contribution versus a payroll-based contribution.

See notes on page 198 in this section.

Actuarial Valuation Date June 30	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) [b]	Unfunded AAL (UAAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll [b-a]/[c]
			Virginia Local Disability Program (5)			
2016	$ -	$ 1	$ 1	-	$ 341	0.3%
2015	-	-	-	-	192	-
2014	-	-	-	-	34	-
			Line of Duty Death and Disability (Line of Duty Trust Fund) (6)			
2016	$ 2	$ 225	$ 223	0.9%	N/A	-
2015	-	245	245	-	N/A	-
2014	7	226	219	3.1%	N/A	-
2013	10	204	194	4.9%	N/A	-
2012	6	226	220	2.7%	N/A	-
2011	-	399	399	-	N/A	-
2010 (3)	-	576	576	-	N/A	-
2009	-	373	373	-	N/A	-
2008	3	185	182	1.6%	N/A	-
2007	-	146	146	-	N/A	-
			Pre-Medicare Retiree Healthcare			
2016	$ -	$ 1,417	$ 1,417	-	$ 4,137	34.3%
2015	-	1,309	1,309	-	4,034	32.4%
2014	-	1,342	1,342	-	4,011	33.5%
2013	-	1,262	1,262	-	3,857	32.7%
2012	-	1,351	1,351	-	3,709	36.4%
2011	-	1,269	1,269	-	3,566	35.6%
2010	-	1,298	1,298	-	3,297	39.4%
2009	-	1,218	1,218	-	3,170	38.4%
2007 (4)	-	982	982	-	2,931	33.5%

Notes for Schedule of Funding Progress for Other Postemployment Benefit Plans

	Group Life Insurance Fund	Retiree Health Insurance Credit Fund	Disability Insurance Trust Fund	Virginia Local Disability Program	Line of Duty Death and Disability	Pre-Medicare Retiree Healthcare
Valuation Date	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2016	July 1, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Projected Unit Credit
Amortization Method	Level Percent of Pay, Closed	Level Percent of Pay, Closed	Level Percent of Pay, Closed	Level Percent of Pay, Closed	Level Percent of Pay, Open	Level dollar, Open
Payroll Growth Rate:						
State Employees	3.0%	3.0%	3.0%	N/A	3.0%	3.0%
Teachers	3.0%	3.0%	N/A	3.0%	N/A	N/A
Political Subdivision Employees	3.0%	3.0%	N/A	3.0%	3.0%	N/A
State Police / Virginia Law Officers	3.0%	3.0%	3.0%	N/A	3.0%	3.0%
Judges	3.0%	3.0%	N/A	N/A	N/A	N/A
Effective Amortization Period (1)						
State Employees	27.5 years	27.0 years	24.5 years	N/A	30.0 years	30.0 years
Teachers	27.5 years	26.7 years	N/A	18.7 years	N/A	N/A
Political Subdivision Employees	27.5 years	26.3 years	N/A	19.8 years	30.0 years	N/A
Asset Valuation Method						
State Employees and Teachers	5-Year, Smoothed Market	5-Year, Smoothed Market	5-Year, Smoothed Market	5-Year, Smoothed Market	Market Value	Market Value
Political Subdivision Employees and State-Funded Local Employees	5-Year, Smoothed Market	Market Value	N/A	5-Year, Smoothed Market	Market Value	Market Value
Actuarial Assumptions:						
Investment Rate of Return (2)	7.0%	7.0%	7.0%	7.0%	4.8%	4.0%
Projected Salary Increases (3)						
State Employees	3.5% to 5.4%	3.5% to 5.4%	3.5% to 5.4%	N/A	N/A	4.0%
Teachers	3.5% to 6.0%	3.5% to 6.0%	N/A	3.5% to 6.0%	N/A	N/A
Political Subdivision Employees (Non-Hazardous Duty Employees)	3.5% to 5.4%	3.5% to 5.4%	N/A	3.5% to 5.4%	N/A	N/A
Political Subdivision Employees (Hazardous Duty Employees)	3.5% to 4.8%	3.5% to 4.8%	N/A	N/A	N/A	N/A
State Police / Virginia Law Officers	3.5% to 4.8%	3.5% to 4.8%	3.5% to 4.8%	N/A	N/A	4.0%
Judges	4.5%	4.5%	N/A	N/A	N/A	N/A
Medical Trend Assumptions (Under Age 65)	N/A	N/A	N/A	N/A	7.8% to 5.0%	
Medical Trend Assumptions (Ages 65 and Older)	N/A	N/A	N/A	N/A	5.8% to 5.0%	
Year of Ultimate Trend Rate	N/A	N/A	N/A	N/A	2023	

(1) The amortization period of the Unfunded Actuarial Accrued Liability (UAAL) was a closed 30-year period for the June 30, 2013 balance and a closed 20-year period for each subsequent year. The Line of Duty Act Program amortization period is 30 years for the UAAL.
(2) Includes inflation rate of 2.5 percent. The Line of Duty Act Program uses 4.8 percent for the investment rate of return.
(3) Projected salary increases for the Retiree Health Insurance Credit Fund are used in the application of the actuarial cost method. Projected salary increase factors are not applicable to the Line of Duty Act Program since neither the benefit nor the cost is salary-based.

Schedule of Employer Contributions – Other Postemployment Benefit Plans (1)

(Dollars in Thousands)

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Statutory Required Contribution	Percentage Contributed
	Group Life Insurance Fund			
2017	$ 241,997	100.0%	$ 241,997	100.0%
2016	237,558	90.2%	214,162	100.0%
2015	231,283	90.2%	208,505	100.0%
2014	228,086	90.2%	205,623	100.0%
2013	221,622	90.2%	199,796	100.0%
2012	181,527	26.1%	47,293	100.0%
2011	177,378	25.2%	44,744	100.0%
2010	145,228	65.5%	95,185	100.0%
2009	146,545	92.1%	135,019	100.0%
2008	158,740	100.0%	158,740	100.0%
	Retiree Health Insurance Credit Fund			
2017	$ 179,111	94.7%	$ 169,641	100.0%
2016	165,860	89.9%	149,124	100.0%
2015	161,120	89.9%	144,862	100.0%
2014	150,831	95.1%	143,425	100.0%
2013	145,416	95.1%	138,282	100.0%
2012	138,195	37.5%	51,882	100.0%
2011	133,655	36.5%	48,736	100.0%
2010	148,956	66.7%	99,356	100.0%
2009	150,048	96.6%	144,989	100.0%
2008	147,524	100.0%	147,524	100.0%
	Disability Insurance Trust Fund			
2017	$ 25,077	100.0%	$ 25,077	100.0%
2016	27,187	90.4%	24,580	100.0%
2015	26,244	90.4%	23,728	100.0%
2014	20,610	81.0%	16,701	100.0%
2013	21,032	81.0%	17,043	100.0%
2012	30,285	3.6%	1,096	100.0%
2011	28,646	-	-	100.0%
2010	76,530	40.3%	30,861	100.0%
2009	78,120	91.3%	71,344	100.0%
2008	97,975	80.0%	78,380	100.0%
	Line of Duty Death and Disability (Line of Duty Trust Fund) (2)			
2017	$ 23,503	45.9%	$ 10,785	100.0%
2016	23,328	41.8%	9,756	100.0%
2015	23,847	41.8%	9,974	100.0%
2014	22,103	47.0%	10,381	100.0%
2013	21,895	42.7%	9,341	100.0%
2012	25,033	33.3%	8,323	100.0%
2011	-	-	-	-
2010	16,901	53.8%	9,084	100.0%
2009	16,523	51.5%	8,511	100.0%
2008	9,786	102.5%	10,026	100.0%
	Pre-Medicare Retiree Healthcare			
2017	$ 228,735	18.9%	$ -	-
2016	214,114	20.1%	-	-
2015	207,046	17.0%	-	-
2014	198,873	17.3%	-	-
2013	182,970	8.5%	-	-
2012	172,910	21.2%	-	-
2011	166,984	17.8%	-	-
2010	136,710	17.4%	-	-
2009	131,925	23.3%	-	-
2008	127,426	25.2%	-	-

(1) Contributions made by employers were not in all cases in accordance with the actuarially determined Annual Required Contribution (ARC), but they did meet statutory requirements.

(2) Line of Duty Death and Disability became a cost sharing plan effective July 1, 2010. Accordingly, the net OPEB obligation at the beginning of the transition period has been reduced to zero.

Claims Development Information – Risk Management

(Dollars in Thousands)

Comparison of Earned Revenues and Investment Income to Related Costs of Loss and Other Expenses

Fiscal and Policy Year Ended	2008	2009	2010	2011
1. Required contribution and investment revenue:				
Earned	$ 6,759	$ 6,197	$ 5,485	$ 4,131
Ceded (a)	-	-	-	-
Net earned	6,759	6,197	5,485	4,131
2. Unallocated expenses	1,307	1,272	1,269	1,310
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	3,330	3,681	3,404	3,213
Ceded (a)	-	-	-	-
Net incurred	3,330	3,681	3,404	3,213
4. Net paid (cumulative) as of:				
End of policy year	493	300	412	396
One year later	1,697	1,858	2,236	1,940
Two years later	3,476	2,690	5,237	3,943
Three years later	3,753	3,679	6,744	4,317
Four years later	3,834	3,867	7,013	4,380
Five years later	5,065	3,928	7,653	4,392
Six years later	5,084	3,928	7,937	4,401
Seven years later	5,140	3,930	7,951	
Eight years later	5,164	3,930		
Nine years later	5,906			
5. Reestimated ceded claims and expenses (a)	-	-	-	-
6. Reestimated incurred claims and expenses:				
End of policy year	3,330	3,681	3,404	3,213
One year later	3,928	3,742	6,096	3,919
Two years later	5,420	3,943	8,428	4,523
Three years later	5,309	4,721	8,640	4,570
Four years later	5,094	4,555	8,692	4,474
Five years later	6,065	4,000	7,894	4,444
Six years later	5,768	3,936	8,108	4,456
Seven years later	5,968	3,936	7,978	
Eight years later	6,691	3,936		
Nine years later	6,373			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	3,043	255	4,574	1,243

The Commonwealth, through the Department of the Treasury, Division of Risk Management, provides errors and omissions liability insurance and law enforcement professional liability insurance for local governmental units, which went into effect in fiscal year 1987. Some prior year numbers have been revised to reflect the incorporation of newly available and revised source data.

See Notes on page 204 in this section.

2012	2013	2014	2015	2016	2017
$ 5,019	$ 5,043	$ 8,500	$ 8,487	$ 8,733	$ 13,213
-	-	-	-	-	-
5,019	5,043	8,500	8,487	8,733	13,213
1,382	1,273	1,435	1,331	1,357	1,460
5,390	3,394	4,025	4,664	6,893	4,235
-	-	-	-	-	-
5,390	3,394	4,025	4,664	6,893	4,235
1,677	335	367	922	1,206	836
4,468	3,401	3,210	3,270	4,680	
7,554	8,118	4,291	5,844		
8,137	8,278	5,002			
8,991	7,702				
9,034					
-	-	-	-	-	-
5,390	3,394	4,025	4,664	6,893	4,235
8,704	9,397	6,454	6,775	10,307	
9,107	9,939	6,979	8,961		
9,727	10,333	8,045			
9,368	8,213				
9,307					
3,917	4,819	4,020	4,297	3,414	-

Claims Development Information – Health Care

(Dollars in Thousands)

Comparison of Earned Revenues and Investment Income to Related Costs of Loss and Other Expenses

Fiscal and Policy Year Ended	2008	2009	2010	2011
1. Required contribution and investment revenue:				
Earned	$ 211,034	$ 222,498	$ 240,305	$ 246,730
Ceded (a)	-	-	-	-
Net earned	211,034	222,498	240,305	246,730
2. Unallocated expenses	16,215	16,400	15,936	15,849
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	185,117	214,411	215,376	213,694
Ceded (a)	-	-	-	-
Net incurred	185,117	214,411	215,376	213,694
4. Net paid (cumulative) as of:				
End of policy year	181,566	204,655	214,371	209,365
One year later	N/A	N/A	N/A	N/A
Tw o years later	N/A	N/A	N/A	N/A
Three years later	N/A	N/A	N/A	N/A
Four years later	N/A	N/A	N/A	N/A
Five years later	N/A	N/A	N/A	N/A
Six years later	N/A	N/A	N/A	N/A
Seven years later	N/A	N/A	N/A	
Eight years later	N/A	N/A		
Nine years later	N/A			
5. Reestimated ceded claims and expenses (a)	-	-	-	-
6. Reestimated incurred claims and expenses:				
End of policy year	185,117	214,411	215,376	213,694
One year later	185,117	214,411	215,376	213,694
Tw o years later	N/A	N/A	N/A	N/A
Three years later	N/A	N/A	N/A	N/A
Four years later	N/A	N/A	N/A	N/A
Five years later	N/A	N/A	N/A	N/A
Six years later	N/A	N/A	N/A	N/A
Seven years later	N/A	N/A	N/A	
Eight years later	N/A	N/A		
Nine years later	N/A			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	-	-	-	-

The Commonwealth, through its Department of Human Resource Management, provides health care insurance for local governmental units, which went into effect in fiscal year 1987.

See Notes on page 204 in this section.

2012	2013	2014	2015	2016	2017
$ 259,135	$ 284,526	$ 320,678	$ 343,470	$ 392,778	$ 430,247
-	-	-	-	-	-
259,135	284,526	320,678	343,470	392,778	430,247
16,701	18,781	17,738	22,748	25,422	26,650
250,019	277,455	290,557	327,154	386,227	419,841
-	-	-	-	-	-
250,019	277,455	290,557	327,154	386,227	419,841
235,058	267,256	291,711	329,099	379,376	417,869
N/A	N/A	N/A	N/A	N/A	
N/A	N/A	N/A	N/A		
N/A	N/A	N/A			
N/A	N/A				
N/A					
-	-	-	-	-	-
250,019	277,455	290,557	327,154	386,227	419,841
250,019	277,455	290,557	327,154	N/A	
N/A	N/A	N/A	N/A		
N/A	N/A	N/A			
N/A	N/A				
N/A					
-	-	-	-	-	-

Notes for Claims Development Information Tables

The tables on the previous four pages illustrate how the Risk Management and Health Care Claims Funds earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the funds as of the end of each of the past several years. The rows of the tables are defined as follows:

1. This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue.

2. This line shows each fiscal year's other operating costs of the funds, including overhead and claims expense not allocable to individual claims.

3. This line shows the funds' gross incurred claims and allocated claim adjustment expenses, claims assumed by reinsurers, and net incurred claims and adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).

4. This section of rows shows the cumulative net amounts paid as of the end of successive years for each policy year.

5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each accident year.

6. This section of rows shows how each policy year's net incurred claims increased or decreased as of the end of successive years. (This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.)

7. This line compares the latest reestimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years.

The columns of the tables show data for successive policy years.

Notes:

(a) During fiscal year 1997, the Commonwealth implemented GASB Statement No. 30, *Risk Financing Omnibus*. The Commonwealth has no reinsurers; therefore, the ceded amounts on lines 1, 3, and 5 are zero.

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds

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 Health and Social Services Special Revenue Fund accounts for revenues and expenditures related to local health care assistance.

The Unclaimed Property Fund accounts for unclaimed and escheat property that the Commonwealth holds for its rightful owner. Due to the nature of these transactions, the Commonwealth incurs a liability upon receipt of the assets. The accompanying financial statements reflect an estimate of the amount that will be paid to claimants as required by governmental accounting standards.

The Other Special Revenue Fund accounts for revenues and expenditures related to business and agricultural activities, and miscellaneous activities throughout the Commonwealth.

Debt Service Funds

The Debt Service Funds account for transactions related to resources retained and used for the payment of interest and principal on long-term obligations recorded in the Governmental Activities column on the Government-wide Statement of Net Position.

Primary Government accounts for the payment of principal and interest on bonds used to acquire, construct, or improve parks, highways, and correctional, behavioral health, and parking facilities owned by the Commonwealth.

The Virginia Public Building Authority accounts for the payment of principal and interest on bonds used to acquire, construct, and operate public buildings used by the Commonwealth and its political subdivisions.

Capital Project Funds

The Capital Project Funds are maintained to account for resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental or proprietary funds.

Primary Government accounts for the financial resources acquired through the issuance of General Obligation Bonds and Energy Performance Contracts. The resources are used to acquire, construct, or improve land, public buildings, and parking facilities owned by the Commonwealth.

The Virginia Public Building Authority accounts for financial resources acquired through the issuance of section 9(d) bonds. These resources are used to acquire, construct, finance, refinance and operate public buildings used by the Commonwealth and any of its political subdivisions. Resources are also used to finance or refinance reimbursements to localities or governmental entities for the Commonwealth's share of the capital costs for certain authorized projects.

Permanent Funds

Permanent Funds are funds whose principal must remain intact.

Commonwealth Health Research Fund provides financial grants for human health research benefiting the Commonwealth's citizens. The entire fund balance is restricted for use as such as a condition of a legal settlement.

Behavioral Health Endowment Funds provide funds for the welfare of patients in behavioral health facilities. The entire fund balance is restricted for use as such.

Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2017
(Dollars in Thousands)

	Special Revenue Funds			
	Health and Social Services	Unclaimed Property	Other	Total
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents	$ 174,386	$ 138,976	$ 368,793	$ 682,155
Investments	6,014	288,894	16,281	311,189
Receivables, Net	40,125	394	23,730	64,249
Due from Other Funds	950	-	4,250	5,200
Due from External Parties (Fiduciary Funds)	-	-	424	424
Interfund Receivable	-	-	160,964	160,964
Inventory	3,502	-	214	3,716
Prepaid Items	9,931	476	3,596	14,003
Other Assets	6	-	1,732	1,738
Loans Receivable from Component Units	-	-	60,541	60,541
Total Assets	234,914	428,740	640,525	1,304,179
Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	$ 234,914	$ 428,740	$ 640,525	$ 1,304,179
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Accounts Payable	$ 15,983	$ 451	$ 35,939	$ 52,373
Amounts Due to Other Governments	6,933	-	918	7,851
Due to Other Funds	1,641	33	3,042	4,716
Due to Component Units	-	-	-	-
Due to External Parties (Fiduciary Funds)	1,005	22	1,740	2,767
Unearned Revenue	14,009	-	8,806	22,815
Due to Claimants, Participants, Escrows and Providers	-	488,400	-	488,400
Other Liabilities	75	-	5,504	5,579
Long-term Liabilities Due Within One Year	715	1	25	741
Total Liabilities	40,361	488,907	55,974	585,242
Deferred Inflows of Resources	16,372	-	10,524	26,896
Total Liabilities and Deferred Inflows of Resources	56,733	488,907	66,498	612,138
Fund Balances:				
Nonspendable	13,433	476	3,760	17,669
Restricted	38,259	-	66,012	104,271
Committed	120,505	-	481,524	602,029
Assigned	5,984	-	22,731	28,715
Unassigned	-	(60,643)	-	(60,643)
Total Fund Balances (Deficit)	178,181	(60,167)	574,027	692,041
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 234,914	$ 428,740	$ 640,525	$ 1,304,179

Debt Service Funds			Capital Project Funds		
Primary Government	Virginia Public Building Authority	Total	Primary Government	Virginia Public Building Authority	Total
$ 31,626	$ 8	$ 31,634	$ 18,277	$ 185,176	$ 203,453
-	-	-	-	-	-
-	-	-	-	265	265
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
31,626	8	31,634	18,277	185,441	203,718
-	-	-	-	-	-
$ 31,626	$ 8	$ 31,634	$ 18,277	$ 185,441	$ 203,718
$ -	$ -	$ -	$ 162	$ 5,032	$ 5,194
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,458	1,540	3,998
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,620	6,572	9,192
-	-	-	-	-	-
-	-	-	2,620	6,572	9,192
-	-	-	-	-	-
31,626	8	31,634	15,657	178,869	194,526
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
31,626	8	31,634	15,657	178,869	194,526
$ 31,626	$ 8	$ 31,634	$ 18,277	$ 185,441	$ 203,718

Continued on next page

Combining Balance Sheet – Nonmajor Governmental Funds *(Continued from previous page)*

June 30, 2017
(Dollars in Thousands)

	Permanent Funds			
	Commonwealth Health Research Board	Behavioral Health Endowment Funds	Total	Total Nonmajor Governmental Funds
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents	$ 272	$ 134	$ 406	$ 917,648
Investments	-	-	-	311,189
Receivables, Net	-	-	-	64,514
Due from Other Funds	-	-	-	5,200
Due from External Parties (Fiduciary Funds)	37,869	-	37,869	38,293
Interfund Receivable	-	-	-	160,964
Inventory	-	-	-	3,716
Prepaid Items	-	-	-	14,003
Other Assets	-	-	-	1,738
Loans Receivable from Component Units	-	-	-	60,541
Total Assets	38,141	134	38,275	1,577,806
Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	$ 38,141	$ 134	$ 38,275	$ 1,577,806
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Accounts Payable	$ 85	$ -	$ 85	$ 57,652
Amounts Due to Other Governments	-	-	-	7,851
Due to Other Funds	1	-	1	4,717
Due to Component Units	-	-	-	3,998
Due to External Parties (Fiduciary Funds)	1	-	1	2,768
Unearned Revenue	-	-	-	22,815
Due to Claimants, Participants, Escrows and Providers	-	-	-	488,400
Other Liabilities	-	-	-	5,579
Long-term Liabilities Due Within One Year	-	-	-	741
Total Liabilities	87	-	87	594,521
Deferred Inflows of Resources	-	-	-	26,896
Total Liabilities and Deferred Inflows of Resources	87	-	87	621,417
Fund Balances:				
Nonspendable	36,549	48	36,597	54,266
Restricted	1,505	86	1,591	332,022
Committed	-	-	-	602,029
Assigned	-	-	-	28,715
Unassigned	-	-	-	(60,643)
Total Fund Balances (Deficit)	38,054	134	38,188	956,389
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 38,141	$ 134	$ 38,275	$ 1,577,806

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Special Revenue Funds			
	Health and Social Services	Unclaimed Property	Other	Total
Revenues				
Taxes	$ 2,654	$ -	$ 75,425	$ 78,079
Rights and Privileges	135,232	-	180,484	315,716
Institutional Revenue	178,584	-	26,014	204,598
Interest, Dividends, Rents, and Other Investment Income	1,099	47,571	15,570	64,240
Federal Grants and Contracts	-	-	-	-
Other	99,327	160,606	281,204	541,137
Total Revenues	416,896	208,177	578,697	1,203,770
Expenditures				
Current:				
General Government	48	6,049	71,746	77,843
Education	129	-	26,957	27,086
Transportation	-	-	6,328	6,328
Resources and Economic Development	38,477	-	320,668	359,145
Individual and Family Services	351,336	-	72,323	423,659
Administration of Justice	453	-	71,630	72,083
Capital Outlay	74	-	6,503	6,577
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Charges	-	-	-	-
Total Expenditures	390,517	6,049	576,155	972,721
Revenues Over (Under) Expenditures	26,379	202,128	2,542	231,049
Other Financing Sources (Uses)				
Transfers In	1,460	-	53,880	55,340
Transfers Out	(34,408)	(142,094)	(55,979)	(232,481)
Notes Issued	-	-	512	512
Insurance Recoveries	4	-	1,223	1,227
Bonds Issued	-	-	-	-
Premium on Debt Issuance	-	-	-	-
Refunding Bonds Issued	-	-	-	-
Payment to Refunded Bond Escrow Agents	-	-	-	-
Total Other Financing Sources (Uses)	(32,944)	(142,094)	(364)	(175,402)
Net Change in Fund Balances	(6,565)	60,034	2,178	55,647
Fund Balance, July 1, as restated	184,746	(120,201)	571,849	636,394
Fund Balance (Deficit), June 30	$ 178,181	$ (60,167)	$ 574,027	$ 692,041

Debt Service Funds			Capital Project Funds		
Primary Government	Virginia Public Building Authority	Total	Primary Government	Virginia Public Building Authority	Total
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
86	2	88	141	2,220	2,361
75,596	-	75,596	-	-	-
7,529	-	7,529	-	-	-
83,211	2	83,213	141	2,220	2,361
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	8,030	256,176	264,206
235,437	177,020	412,457	-	-	-
177,533	103,913	281,446	-	-	-
412,970	280,933	693,903	8,030	256,176	264,206
(329,759)	(280,931)	(610,690)	(7,889)	(253,956)	(261,845)
339,218	279,729	618,947	2	-	2
-	-	-	(3,134)	(495)	(3,629)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	367,670	367,670
12,932	43,833	56,765	-	52,708	52,708
97,105	178,955	276,060	-	-	-
(109,622)	(221,578)	(331,200)	-	-	-
339,633	280,939	620,572	(3,132)	419,883	416,751
9,874	8	9,882	(11,021)	165,927	154,906
21,752	-	21,752	26,678	12,942	39,620
$ 31,626	$ 8	$ 31,634	$ 15,657	$ 178,869	$ 194,526

Continued on next page

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Permanent Funds			
	Commonwealth Health Research Board	Behavioral Health Endowment Funds	Total	Total Nonmajor Governmental Funds
Revenues				
Taxes	$ -	$ -	$ -	$ 78,079
Rights and Privileges	-	-	-	315,716
Institutional Revenue	-	-	-	204,598
Interest, Dividends, Rents, and Other Investment Income	4,175	1	4,176	70,865
Federal Grants and Contracts	-	-	-	75,596
Other	-	-	-	548,666
Total Revenues	4,175	1	4,176	1,293,520
Expenditures				
Current:				
General Government	-	-	-	77,843
Education	-	-	-	27,086
Transportation	-	-	-	6,328
Resources and Economic Development	-	-	-	359,145
Individual and Family Services	1,448	1	1,449	425,108
Administration of Justice	-	-	-	72,083
Capital Outlay	-	-	-	270,783
Debt Service:				
Principal Retirement	-	-	-	412,457
Interest and Charges	-	-	-	281,446
Total Expenditures	1,448	1	1,449	1,932,279
Revenues Over (Under) Expenditures	2,727	-	2,727	(638,759)
Other Financing Sources (Uses)				
Transfers In	-	-	-	674,289
Transfers Out	-	-	-	(236,110)
Notes Issued	-	-	-	512
Insurance Recoveries	-	-	-	1,227
Bonds Issued	-	-	-	367,670
Premium on Debt Issuance	-	-	-	109,473
Refunding Bonds Issued	-	-	-	276,060
Payment to Refunded Bond Escrow Agents	-	-	-	(331,200)
Total Other Financing Sources (Uses)	-	-	-	861,921
Net Change in Fund Balances	2,727	-	2,727	223,162
Fund Balance, July 1, as restated	35,327	134	35,461	733,227
Fund Balance (Deficit), June 30	$ 38,054	$ 134	$ 38,188	$ 956,389

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Nonmajor Special Revenue Funds

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Health and Social Services			
	Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
Revenues:				
Taxes:				
Motor Fuel	$ -	$ -	$ -	$ -
Deeds, Contracts, Suits	-	-	-	-
Alcoholic Beverage Sales	-	-	-	-
Tobacco Products	-	-	-	-
Public Service Corporations	5,900	5,280	2,654	(2,626)
Other Taxes	-	-	-	-
Rights and Privileges	135,952	135,186	135,313	127
Sales of Property and Commodities	-	885	1,183	298
Assessments and Receipts for Support of Special Services	-	-	-	-
Institutional Revenue	172,517	176,009	173,542	(2,467)
Interest, Dividends, and Rents	134	155	941	786
Fines, Forfeitures, Court Fees, Penalties, and Escheats	1,236	1,633	3,244	1,611
Receipts from Cities, Counties, and Towns	59,900	60,011	61,461	1,450
Private Donations, Gifts and Contracts	3,243	5,936	2,630	(3,306)
Other	38,297	33,251	32,561	(690)
Total Revenues	417,179	418,346	413,529	(4,817)
Expenditures:				
Current:				
General Government	282	282	47	235
Education	461	426	128	298
Transportation	-	-	-	-
Resources and Economic Development	39,332	43,120	38,487	4,633
Individual and Family Services	456,763	462,050	336,459	125,591
Administration of Justice	594	662	451	211
Capital Outlay	2,547	2,547	74	2,473
Total Expenditures	499,979	509,087	375,646	133,441
Revenues Over (Under) Expenditures	(82,800)	(90,741)	37,883	128,624
Other Financing Sources (Uses):				
Transfers:				
Transfers In	225	225	1,460	1,235
Transfers Out	(13,873)	(30,695)	(34,408)	(3,713)
Total Other Financing Sources (Uses)	(13,648)	(30,470)	(32,948)	(2,478)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(96,448)	(121,211)	4,935	126,146
Fund Balance, July 1	161,245	161,245	161,245	-
Fund Balance, June 30	$ 64,797	$ 40,034	$ 166,180	$ 126,146

See Notes on page 218 in this section.

Other			
Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
$ 34,651	$ 34,067	$ 33,562	$ (505)
549	577	604	27
868	837	846	9
113	113	94	(19)
10,822	10,508	10,268	(240)
30,667	24,259	30,874	6,615
197,689	195,692	182,414	(13,278)
6,841	8,486	5,872	(2,614)
120,160	116,460	118,510	2,050
24,056	26,593	26,004	(589)
11,755	12,584	15,962	3,378
42,857	49,021	50,629	1,608
1,204	1,204	1,230	26
1,314	4,026	3,720	(306)
64,441	89,462	101,787	12,325
547,987	573,889	582,376	8,487
82,004	87,490	71,422	16,068
26,105	31,635	27,056	4,579
8,114	8,122	6,417	1,705
340,710	350,275	318,281	31,994
77,936	79,801	71,351	8,450
78,307	83,089	73,575	9,514
18,919	26,324	6,289	20,035
632,095	666,736	574,391	92,345
(84,108)	(92,847)	7,985	100,832
26,690	25,866	53,825	27,959
(15,041)	(27,045)	(55,979)	(28,934)
11,649	(1,179)	(2,154)	(975)
(72,459)	(94,026)	5,831	99,857
577,986	577,986	577,986	-
$ 505,527	$ 483,960	$ 583,817	$ 99,857

1. Basis of Budgeting vs. Modified Accrual Basis Fund Balance (1)

Since the presentation of financial data on the basis of budgeting differs from that presented under accounting principles generally accepted in the United States of America, a schedule reconciling the fund balance on a budgetary basis at June 30, 2017, to the fund balance on a modified accrual basis follows.

(Dollars in Thousands)	Health and Social Services	Other
Fund Balance, Basis of Budgeting	$ 166,180	$ 583,817
Adjustments from Budget to Modified Accrual:		
Accrued Revenues:		
Taxes	-	5,157
Other Revenue/Transfers	20,106	7,677
Accrued Expenditures/Transfers	(8,886)	(22,838)
Fund Reclassification - Budget to Modified Accrual	781	214
Fund Balance, Modified Accrual Basis	$ 178,181	$ 574,027

1. As discussed in Note 1.E., the Unclaimed Property Fund has no approved budget.

2. Appropriations

The amounts presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Nonmajor Special Revenue Funds are principally on a cash basis and represent the original budget adopted by the General Assembly and all supplemental appropriations and transfers. The following schedule reconciles original appropriations to the final adjusted expenditure appropriations for the Nonmajor Special Revenue Funds, at June 30, 2017, except for the Unclaimed Property Fund which has no approved budget.

(Dollars in Thousands)	Health and Social Services	Other
Appropriations (1)	$ 499,979	$ 632,095
Supplemental Appropriations:		
Reappropriations (2)	2,547	49,730
Subsequent Executive (3)	8,910	28,282
Subsequent Legislative (4)	315	1,219
Capital Outlay Reversions (5)	-	(236)
Transfers (6)	(117)	2,972
Capital Outlay Adjustment (7)	(2,547)	(47,326)
Appropriations, as adjusted	$ 509,087	$ 666,736

1. Represents the budget appropriated through Chapter 780, 2016 Acts of Assembly, as amended by Chapter 836, 2017 Acts of Assembly.
2. Actions taken to reappropriate any prior year unexpended balances per authority of the language in the Appropriation Act.
3. Actions taken by the Governor to appropriate any additional revenues collected so that they can be legally spent.
4. Actions taken by the Governor and the General Assembly to adjust the budget.
5. Represents reversions of unexpended capital outlay balances.
6. Represents transfers required by the Appropriation Act.
7. Capital outlay appropriations cover the projects' lives and usually extend beyond the current fiscal year. These amounts have been adjusted to report the amount authorized for expenditure during the current fiscal year.

Nonmajor Enterprise Funds

The Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. It is the intent that the cost of providing such goods or services will be recovered through user charges.

Department of Alcoholic Beverage Control operates facilities for the distribution and sale of distilled spirits and wine.

Risk Management accounts for pooled resources received and used by the Department of the Treasury for financing local government insurance programs. This includes Local Entities Bond Insurance, Public Officials Insurance and Law Enforcement Insurance.

Local Choice Health Care administers a health care plan for the employees of participating local governments.

Virginia Industries for the Blind manufactures products for sale to governments, certain private organizations, and the general public.

Consolidated Laboratory provides water testing services and a newborn screening program.

eVA Procurement System accounts for the statewide electronic procurement system.

Department of Environmental Quality accounts for the Title V program that offers services to the general public.

Wireless E-911 Service Board assists in the establishment of wireless E-911 service in Virginia localities.

Virginia Museum of Fine Arts accounts for gift shop and food service activities.

Science Museum of Virginia accounts for gift shop activities.

Behavioral Health Local Funds account for the canteen store and work activity programs.

Combining Statement of Fund Net Position – Nonmajor Enterprise Funds

June 30, 2017
(Dollars in Thousands)

	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care
Assets and Deferred Outflows of Resources			
Current Assets:			
Cash and Cash Equivalents	$ 25,805	$ 23,931	$ 68,950
Receivables, Net	5,741	2	30,519
Due From Other Funds	-	-	-
Inventory	70,044	-	-
Prepaid Items	3,539	121	-
Other Assets	200	-	-
Total Current Assets	105,329	24,054	99,469
Noncurrent Assets:			
Nondepreciable Capital Assets	1,931	-	-
Depreciable Capital Assets, Net	7,375	48	-
Total Noncurrent Assets	9,306	48	-
Total Assets	114,635	24,102	99,469
Deferred Outflows of Resources	13,286	173	7
Total Assets and Deferred Outflows of Resources	127,921	24,275	99,476
Liabilities and Deferred Inflows of Resources			
Current Liabilities:			
Accounts Payable	56,316	809	7,099
Amounts Due to Other Governments	-	-	-
Due to Other Funds	16,069	5	1
Due to External Parties (Fiduciary Funds)	575	5	2
Interfund Payable	34,054	-	-
Unearned Revenue	433	582	-
Other Liabilities	-	-	-
Claims Payable Due Within One Year	-	10,485	38,046
Long-term Liabilities Due Within One Year	3,007	44	27
Total Current Liabilities	110,454	11,930	45,175
Noncurrent Liabilities:			
Interfund Payable	-	-	670
Claims Payable Due in More Than One Year	-	27,083	-
Long-term Liabilities Due in More Than One Year	100,519	1,012	9
Total Noncurrent Liabilities	100,519	28,095	679
Total Liabilities	210,973	40,025	45,854
Deferred Inflows of Resources	3,017	25	1
Total Liabilities and Deferred Inflows of Resources	213,990	40,050	45,855
Net Position			
Net Investment in Capital Assets	9,306	48	-
Unrestricted	(95,375)	(15,823)	53,621
Total Net Position (Deficit)	$ (86,069)	$ (15,775)	$ 53,621

Virginia Industries for the Blind	Consolidated Laboratory	eVA Procurement System	Department of Environmental Quality	Wireless E-911 Service Board	Virginia Museum of Fine Arts
$ 7,121	$ 3,345	$ 7,360	$ 1,354	$ 20,089	$ 1,651
3,170	179	4,831	-	5,176	175
100	-	527	-	-	-
4,640	65	-	-	-	633
306	-	-	-	-	-
3	-	-	-	-	6
15,340	3,589	12,718	1,354	25,265	2,465
689	136	-	-	-	-
10,290	787	-	-	-	-
10,979	923	-	-	-	-
26,319	4,512	12,718	1,354	25,265	2,465
879	669	528	1,539	257	330
27,198	5,181	13,246	2,893	25,522	2,795
1,771	466	3,162	387	6,363	429
-	-	-	-	2,397	-
73	419	450	743	8	12
20	28	22	56	11	11
-	-	-	-	-	-
-	2,987	-	-	-	-
-	-	-	-	-	102
-	-	-	-	-	-
199	187	146	501	83	-
2,063	4,087	3,780	1,687	8,862	554
-	-	-	-	-	-
-	-	-	-	-	-
4,923	4,895	6,025	10,995	1,696	2,115
4,923	4,895	6,025	10,995	1,696	2,115
6,986	8,982	9,805	12,682	10,558	2,669
120	235	186	249	381	48
7,106	9,217	9,991	12,931	10,939	2,717
10,979	923	-	-	-	-
9,113	(4,959)	3,255	(10,038)	14,583	78
$ 20,092	$ (4,036)	$ 3,255	$ (10,038)	$ 14,583	$ 78

Continued on next page

Combining Statement of Fund Net Position – Nonmajor Enterprise Funds *(Continued from previous page)*

June 30, 2017
(Dollars in Thousands)

	Science Museum of Virginia	Behavioral Health Local Funds	Total
Assets and Deferred Outflows of Resources			
Current Assets:			
Cash and Cash Equivalents	$ 200	$ 377	$ 160,183
Receivables, Net	-	-	49,793
Due From Other Funds	-	-	627
Inventory	63	-	75,445
Prepaid Items	-	-	3,966
Other Assets	-	-	209
Total Current Assets	263	377	290,223
Noncurrent Assets:			
Nondepreciable Capital Assets	-	-	2,756
Depreciable Capital Assets, Net	9	-	18,509
Total Noncurrent Assets	9	-	21,265
Total Assets	272	377	311,488
Deferred Outflows of Resources	17	-	17,685
Total Assets and Deferred Outflows of Resources	289	377	329,173
Liabilities and Deferred Inflows of Resources			
Current Liabilities:			
Accounts Payable	17	-	76,819
Amounts Due to Other Governments	-	-	2,397
Due to Other Funds	2	-	17,782
Due to External Parties (Fiduciary Funds)	-	-	730
Interfund Payable	-	-	34,054
Unearned Revenue	1	-	4,003
Other Liabilities	-	168	270
Claims Payable Due Within One Year	-	-	48,531
Long-term Liabilities Due Within One Year	-	-	4,194
Total Current Liabilities	20	168	188,780
Noncurrent Liabilities:			
Interfund Payable	-	-	670
Claims Payable Due in More Than One Year	-	-	27,083
Long-term Liabilities Due in More Than One Year	143	-	132,332
Total Noncurrent Liabilities	143	-	160,085
Total Liabilities	163	168	348,865
Deferred Inflows of Resources	3	-	4,265
Total Liabilities and Deferred Inflows of Resources	166	168	353,130
Net Position			
Net Investment in Capital Assets	9	-	21,265
Unrestricted	114	209	(45,222)
Total Net Position (Deficit)	$ 123	$ 209	$ (23,957)

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care
Operating Revenues			
Charges for Sales and Services	$ 787,425	$ 12,977	$ 429,436
Other	20,042	-	-
Total Operating Revenues	807,467	12,977	429,436
Operating Expenses			
Cost of Sales and Services	452,688	-	-
Prizes and Claims	-	8,115	419,841
Personal Services	109,854	842	79
Contractual Services	35,157	585	25,738
Supplies and Materials	3,430	4	1
Depreciation	2,216	9	-
Rent, Insurance, and Other Related Charges	31,316	68	-
Non-recurring Cost Estimate Payments to Providers	-	-	-
Other	4,061	-	1,494
Total Operating Expenses	638,722	9,623	447,153
Operating Income (Loss)	168,745	3,354	(17,717)
Nonoperating Revenues (Expenses)			
Interest, Dividends, Rents, and Other Investment Income	209	236	811
Other	11,268	23	-
Total Nonoperating Revenues (Expenses)	11,477	259	811
Income (Loss) Before Transfers	180,222	3,613	(16,906)
Transfers In	79	-	-
Transfers Out	(180,300)	(22)	(426)
Change in Net Position	1	3,591	(17,332)
Total Net Position (Deficit), July 1	(86,070)	(19,366)	70,953
Total Net Position (Deficit), June 30	$ (86,069)	$ (15,775)	$ 53,621

Virginia Industries for the Blind	Consolidated Laboratory	eVA Procurement System	Department of Environmental Quality	Wireless E-911 Service Board	Virginia Museum of Fine Arts
$ 53,421	$ 9,719	$ 20,691	$ 9,472	$ 59,598	$ 7,068
66	-	-	-	-	4
53,487	9,719	20,691	9,472	59,598	7,072
-	-	-	-	-	2,495
-	-	-	-	-	-
8,864	4,165	3,034	9,401	1,410	3,296
1,743	2,024	15,842	843	1,039	627
39,772	3,325	21	45	7	108
388	312	-	-	-	-
1,903	747	1,597	638	3	-
-	-	-	-	41,432	-
883	124	-	-	283	-
53,553	10,697	20,494	10,927	44,174	6,526
(66)	(978)	197	(1,455)	15,424	546
-	-	-	-	178	-
(33)	111	88	225	41	41
(33)	111	88	225	219	41
(99)	(867)	285	(1,230)	15,643	587
-	-	-	-	-	-
(32)	(1,215)	(126)	-	(13,486)	(514)
(131)	(2,082)	159	(1,230)	2,157	73
20,223	(1,954)	3,096	(8,808)	12,426	5
$ 20,092	$ (4,036)	$ 3,255	$ (10,038)	$ 14,583	$ 78

Continued on next page

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Enterprise Funds *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Science Museum of Virginia	Behavioral Health Local Funds	Total
Operating Revenues			
Charges for Sales and Services	$ 373	$ 382	$ 1,390,562
Other	-	-	20,112
Total Operating Revenues	373	382	1,410,674
Operating Expenses			
Cost of Sales and Services	165	383	455,731
Prizes and Claims	-	-	427,956
Personal Services	126	-	141,071
Contractual Services	6	-	83,604
Supplies and Materials	4	-	46,717
Depreciation	7	-	2,932
Rent, Insurance, and Other Related Charges	-	-	36,272
Non-recurring Cost Estimate Payments to Providers	-	-	41,432
Other	21	-	6,866
Total Operating Expenses	329	383	1,242,581
Operating Income (Loss)	44	(1)	168,093
Nonoperating Revenues (Expenses)			
Interest, Dividends, Rents, and Other Investment Income	-	-	1,434
Other	3	-	11,767
Total Nonoperating Revenues (Expenses)	3	-	13,201
Income (Loss) Before Transfers	47	(1)	181,294
Transfers In	-	-	79
Transfers Out	(60)	(10)	(196,191)
Change in Net Position	(13)	(11)	(14,818)
Total Net Position (Deficit), July 1	136	220	(9,139)
Total Net Position (Deficit), June 30	$ 123	$ 209	$ (23,957)

Combining Statement of Cash Flows – Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care
Cash Flows from Operating Activities			
Receipts for Sales and Services	$ 801,203	$ 12,921	$ 432,809
Internal Activity-Receipts from Other Funds	-	-	-
Internal Activity-Payments to Other Funds	-	-	-
Payments to Suppliers for Goods and Services	(487,957)	-	(1)
Payments for Contractual Services	(35,157)	(489)	(25,641)
Payments for Prizes, Claims, and Loss Control	-	(6,541)	(417,869)
Payments to Employees	(107,652)	(957)	(31)
Payments to Providers for Non-recurring Cost Estimates	-	-	-
Other Operating Revenue	5,065	-	-
Other Operating Expense	-	-	(1,494)
Net Cash Provided by (Used for) Operating Activities	175,502	4,934	(12,227)
Cash Flows from Noncapital Financing Activities			
Transfers In from Other Funds	79	-	-
Transfers Out to Other Funds	(413,084)	(22)	(426)
Other Noncapital Financing Receipt Activities	268,908	-	670
Other Noncapital Financing Disbursement Activities	(23,772)	(6,000)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(167,869)	(6,022)	244
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(1,300)	-	-
Other Capital and Related Financing Receipt Activities	182	-	-
Net Cash Used for Capital and Related Financing Activities	(1,118)	-	-
Cash Flows from Investing Activities			
Investment Income on Cash, Cash Equivalents, and Investments	-	236	811
Net Cash Provided by Investing Activities	-	236	811
Net Increase (Decrease) in Cash and Cash Equivalents	6,515	(852)	(11,172)
Cash and Cash Equivalents, July 1	19,490	24,783	80,122
Cash and Cash Equivalents, June 30	$ 26,005	$ 23,931	$ 68,950
Reconciliation of Cash and Cash Equivalents			
Per the Statement of Net Position:			
Cash and Cash Equivalents	$ 25,805	$ 23,931	$ 68,950
Cash and Travel Advances	200	-	-
Cash and Cash Equivalents per the Statement of Cash Flows	$ 26,005	$ 23,931	$ 68,950

Virginia Industries for the Blind	Consolidated Laboratory	eVA Procurement System	Department of Environmental Quality	Wireless E-911 Service Board	Virginia Museum of Fine Arts
$ 47,367	$ 10,977	$ 16,508	$ 9,472	$ 59,345	$ 7,040
5,189	-	5,157	-	-	-
-	(1,018)	(1,889)	-	(10)	-
(40,643)	(3,257)	(21)	(44)	(285)	(2,519)
(1,300)	(1,731)	(15,216)	(781)	(802)	(628)
-	-	-	-	-	-
(8,464)	(4,084)	(3,119)	(9,064)	(1,492)	(3,234)
-	-	-	-	(40,974)	-
65	-	-	-	-	-
(2,905)	(4)	-	(588)	-	-
(691)	883	1,420	(1,005)	15,782	659
-	-	-	-	-	-
(32)	(1,215)	(126)	-	(13,486)	(514)
-	-	-	-	-	-
-	-	-	-	-	-
(32)	(1,215)	(126)	-	(13,486)	(514)
(519)	(9)	-	-	-	-
-	-	-	-	-	-
(519)	(9)	-	-	-	-
-	-	-	-	177	-
-	-	-	-	177	-
(1,242)	(341)	1,294	(1,005)	2,473	145
8,366	3,686	6,066	2,359	17,616	1,512
$ 7,124	$ 3,345	$ 7,360	$ 1,354	$ 20,089	$ 1,657
$ 7,121	$ 3,345	$ 7,360	$ 1,354	$ 20,089	$ 1,651
3	-	-	-	-	6
$ 7,124	$ 3,345	$ 7,360	$ 1,354	$ 20,089	$ 1,657

Continued on next page

Combining Statement of Cash Flows – Nonmajor Enterprise Funds *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Science Museum of Virginia	Behavioral Health Local Funds	Total
Cash Flows from Operating Activities			
Receipts for Sales and Services	$ 373	$ 382	$ 1,398,397
Internal Activity-Receipts from Other Funds	-	-	10,346
Internal Activity-Payments to Other Funds	-	-	(2,917)
Payments to Suppliers for Goods and Services	(162)	(383)	(535,272)
Payments for Contractual Services	-	-	(81,745)
Payments for Prizes, Claims, and Loss Control	-	-	(424,410)
Payments to Employees	(110)	-	(138,207)
Payments to Providers for Non-recurring Cost Estimates	-	-	(40,974)
Other Operating Revenue	-	-	5,130
Other Operating Expense	(64)	-	(5,055)
Net Cash Provided by (Used for) Operating Activities	37	(1)	185,293
Cash Flows from Noncapital Financing Activities			
Transfers In from Other Funds	-	-	79
Transfers Out to Other Funds	(60)	(10)	(428,975)
Other Noncapital Financing Receipt Activities	-	-	269,578
Other Noncapital Financing Disbursement Activities	-	(10)	(29,782)
Net Cash Provided by (Used for) Noncapital Financing Activities	(60)	(20)	(189,100)
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	-	-	(1,828)
Other Capital and Related Financing Receipt Activities	-	-	182
Net Cash Used for Capital and Related Financing Activities	-	-	(1,646)
Cash Flows from Investing Activities			
Investment Income on Cash, Cash Equivalents, and Investments	-	-	1,224
Net Cash Provided by Investing Activities	-	-	1,224
Net Increase (Decrease) in Cash and Cash Equivalents	(23)	(21)	(4,229)
Cash and Cash Equivalents, July 1	223	398	164,621
Cash and Cash Equivalents, June 30	$ 200	$ 377	$ 160,392
Reconciliation of Cash and Cash Equivalents			
Per the Statement of Net Position:			
Cash and Cash Equivalents	$ 200	$ 377	$ 160,183
Cash and Travel Advances	-	-	209
Cash and Cash Equivalents per the Statement of Cash Flows	$ 200	$ 377	$ 160,392

	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care
Reconciliation of Operating Income			
To Net Cash Provided by (Used for)			
Operating Activities:			
Operating Income (Loss)	$ 168,745	$ 3,354	$ (17,717)
Adjustments to Reconcile Operating			
Income to Net Cash Provided by (Used for)			
Operating Activities:			
Depreciation	2,216	9	-
Miscellaneous Nonoperating Income	2,017	23	1
Change in Assets, Deferred Outflows of Resources, Liabilities, and			
Deferred Inflows of Resources			
(Increase) Decrease in Accounts Receivable	(1,344)	(2)	3,372
(Increase) Decrease in Due from Other Funds	-	-	-
(Increase) Decrease in Inventory	(3,345)	-	-
(Increase) Decrease in Prepaid Items	(780)	7	-
(Increase) Decrease in Deferred Outflows of Resources	(4,554)	(68)	(7)
Increase (Decrease) in Accounts Payable	4,418	84	351
Increase (Decrease) in Amounts Due to Other Governments	-	-	-
Increase (Decrease) in Due to Other Funds	(7,474)	(14)	1
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	82	-	2
Increase (Decrease) in Interfund Payables: Due Within One Year	10,305	-	-
Increase (Decrease) in Unearned Revenue	129	(54)	-
Increase (Decrease) in Other Liabilities	-	-	-
Increase (Decrease) in Claims Payable: Due Within One Year	-	240	1,733
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	1,265	-
Increase (Decrease) in Long-term Liabilities: Due Within One Year	(102)	(1)	27
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	7,428	119	9
Increase (Decrease) in Deferred Inflows of Resources	(2,239)	(28)	1
Net Cash Provided by (Used for) Operating Activities	$ 175,502	$ 4,934	$ (12,227)

Continued on next page

Combining Statement of Cash Flows – Nonmajor Enterprise Funds *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Virginia Industries for the Blind	Consolidated Laboratory
Reconciliation of Operating Income		
To Net Cash Provided by (Used for)		
Operating Activities:		
Operating Income (Loss)	$ (66)	$ (978)
Adjustments to Reconcile Operating		
Income to Net Cash Provided by (Used for)		
Operating Activities:		
Depreciation	388	312
Miscellaneous Nonoperating Income	106	111
Change in Assets, Deferred Outflows of Resources, Liabilities, and		
Deferred Inflows of Resources		
(Increase) Decrease in Accounts Receivable	(864)	73
(Increase) Decrease in Due from Other Funds	-	53
(Increase) Decrease in Inventory	(12)	198
(Increase) Decrease in Prepaid Items	216	-
(Increase) Decrease in Deferred Outflows of Resources	(470)	(274)
Increase (Decrease) in Accounts Payable	(594)	(51)
Increase (Decrease) in Amounts Due to Other Governments	-	-
Increase (Decrease) in Due to Other Funds	(14)	24
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	(8)	1
Increase (Decrease) in Interfund Payables: Due Within One Year	-	-
Increase (Decrease) in Unearned Revenue	-	1,185
Increase (Decrease) in Other Liabilities	-	-
Increase (Decrease) in Claims Payable: Due Within One Year	-	-
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-
Increase (Decrease) in Long-term Liabilities: Due Within One Year	21	(7)
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	722	352
(Increase) Decrease in Deferred Inflows of Resources	(116)	(116)
Net Cash Provided by (Used for) Operating Activities	$ (691)	$ 883

eVA Procurement System	Department of Environmental Quality	Wireless E-911 Service Board	Virginia Museum of Fine Arts	Science Museum of Virginia	Behavioral Health Local Funds	Total
$ 197	$ (1,455)	$ 15,424	$ 546	$ 44	$ (1)	$ 168,093
-	-	-	-	7	-	2,932
88	225	41	40	2	-	2,654
883	-	(252)	(39)	-	-	1,827
128	-	-	-	-	-	181
-	-	-	(33)	(4)	-	(3,196)
-	-	-	-	-	-	(557)
(97)	(328)	(101)	(166)	(4)	-	(6,069)
243	2	608	104	(14)	-	5,151
-	-	100	-	-	-	100
58	191	(10)	1	-	-	(7,237)
1	1	1	-	-	-	80
-	-	-	-	-	-	10,305
-	-	-	-	-	-	1,260
-	-	-	7	-	-	7
-	-	-	-	-	-	1,973
-	-	-	-	-	-	1,265
(3)	(34)	4	-	-	-	(95)
119	758	(240)	260	10	-	9,537
(197)	(365)	207	(61)	(4)	-	(2,918)
$ 1,420	$ (1,005)	$ 15,782	$ 659	$ 37	$ (1)	$ 185,293

Internal Service Funds

Internal Service Funds account for the operations of state agencies that render services to other state agencies, institutions, or other governmental units of the Commonwealth on a cost-reimbursement basis.

Virginia Information Technologies Agency accounts for the installation and maintenance of the state government's telephone system; the development, use and maintenance of the Commonwealth's data processing systems; and the development of automated systems.

Enterprise Application Fund accounts for the development and operation of the Commonwealth's Performance Budgeting System, Cardinal System, and Payroll System Replacement Project. Funding is derived from charges to agencies for the ongoing costs of the Commonwealth's enterprise applications, including recovery of the development and implementation costs initially funded through working capital advances.

Virginia Correctional Enterprises accounts for the manufacturing activities of the Commonwealth's correctional facilities.

Health Care accounts for the health insurance programs provided to state employees and for retirees who are not yet eligible to participate in Medicare.

Fleet Management accounts for the Commonwealth's motor vehicle pool.

Property Management accounts for real estate services, non-routine facility maintenance, and the disposal of state-owned property.

Risk Management accounts for the insurance programs provided to state agencies and institutions.

General Services accounts for a variety of services, including the purchase of supplies, the sale of surplus property, water testing, graphic design and engineering.

Payroll Service Bureau accounts for the payroll and leave accounting services provided to state agencies and institutions.

Combining Statement of Fund Net Position – Internal Service Funds

June 30, 2017
(Dollars in Thousands)

	Virginia Information Technologies Agency	Enterprise Application	Virginia Correctional Enterprises
Assets and Deferred Outflows of Resources			
Current Assets:			
Cash and Cash Equivalents	$ 38,289	$ 3,591	$ 9,874
Receivables, Net	1,899	-	1,869
Due From Other Funds	15,130	-	911
Due From External Parties (Fiduciary Funds)	-	-	-
Due From Component Units	-	-	-
Inventory	-	-	11,178
Prepaid Items	5,837	5	-
Other Assets	12,202	-	1,170
Total Current Assets	73,357	3,596	25,002
Noncurrent Assets:			
Nondepreciable Capital Assets	2,996	13,351	1,865
Depreciable Capital Assets, Net	15,449	74,452	7,570
Total Noncurrent Assets	18,445	87,803	9,435
Total Assets	91,802	91,399	34,437
Deferred Outflows of Resources	3,113	1,015	2,395
Total Assets and Deferred Outflows of Resources	94,915	92,414	36,832
Liabilities and Deferred Inflows of Resources			
Current Liabilities:			
Accounts Payable	55,064	4,860	4,660
Amounts Due to Other Governments	-	-	-
Due to Other Funds	76	13	367
Due to External Parties (Fiduciary Funds)	147	24	96
Interfund Payable	5,951	8,719	-
Unearned Revenue	44,520	-	1,706
Other Liabilities	-	-	1
Claims Payable Due Within One Year	-	-	-
Long-term Liabilities Due within One Year	948	187	-
Total Current Liabilities	106,706	13,803	6,830
Noncurrent Liabilities:			
Interfund Payable	-	78,098	-
Claims Payable Due In More Than One Year	-	-	-
Long-term Liabilities Due in More Than One Year	26,088	4,006	17,405
Total Noncurrent Liabilities	26,088	82,104	17,405
Total Liabilities	132,794	95,907	24,235
Deferred Inflows of Resources	4,615	97	646
Total Liabilities and Deferred Inflows of Resources	137,409	96,004	24,881
Net Position			
Net Investment in Capital Assets	18,445	87,803	9,435
Unrestricted	(60,939)	(91,393)	2,516
Total Net Position (Deficit)	$ (42,494)	$ (3,590)	$ 11,951

Health Care	Fleet Management	Property Management	Risk Management	General Services	Payroll Service Bureau	Total
$ 188,892	$ 4,583	$ 30,293	$ 224,712	$ 7,336	$ 466	$ 508,036
17,296	470	308	124	964	-	22,930
30,244	1,934	2,198	1	1,787	-	52,205
210	-	-	-	-	-	210
23,101	-	-	-	-	-	23,101
-	28	330	-	3,695	-	15,231
-	-	1,181	422	-	133	7,578
-	-	-	-	-	-	13,372
259,743	7,015	34,310	225,259	13,782	599	642,663
-	-	-	-	150	-	18,362
-	42,061	15,947	59	4,194	80	159,812
-	42,061	15,947	59	4,344	80	178,174
259,743	49,076	50,257	225,318	18,126	679	820,837
-	190	1,951	377	1,211	655	10,907
259,743	49,266	52,208	225,695	19,337	1,334	831,744
23,132	2,333	3,498	1,612	2,658	93	97,910
-	-	70	-	-	-	70
-	91	747	11	577	10	1,892
-	8	83	14	50	14	436
-	-	528	-	397	-	15,595
-	-	21,940	63,094	142	-	131,402
-	-	319	-	1	-	321
112,029	-	-	76,622	-	-	188,651
-	3,657	3,674	65	428	91	9,050
135,161	6,089	30,859	141,418	4,253	208	445,327
-	-	-	4,890	-	-	82,988
-	-	-	721,015	-	-	721,015
-	20,505	40,518	2,481	10,020	3,221	124,244
-	20,505	40,518	728,386	10,020	3,221	928,247
135,161	26,594	71,377	869,804	14,273	3,429	1,373,574
-	67	685	59	425	63	6,657
135,161	26,661	72,062	869,863	14,698	3,492	1,380,231
-	19,531	(484)	59	3,951	80	138,820
124,582	3,074	(19,370)	(644,227)	688	(2,238)	(687,307)
$ 124,582	$ 22,605	$ (19,854)	$ (644,168)	$ 4,639	$ (2,158)	$ (548,487)

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Virginia Information Technologies Agency	Enterprise Application	Virginia Correctional Enterprises
Operating Revenues			
Charges for Sales and Services	$ 358,391	$ 34,104	$ 50,037
Total Operating Revenues	358,391	34,104	50,037
Operating Expenses			
Cost of Sales and Services	-	-	39,113
Prizes and Claims	-	-	-
Personal Services	16,868	2,345	7,030
Contractual Services	338,743	19,559	3,425
Supplies and Materials	52	14	648
Depreciation	3,609	7,706	1,078
Rent, Insurance, and Other Related Charges	3,479	89	896
Interest Expense	-	5	-
Other	1,015	48	547
Total Operating Expenses	363,766	29,766	52,737
Operating Income (Loss)	(5,375)	4,338	(2,700)
Nonoperating Revenues (Expenses)			
Interest, Dividends, Rents, and Other Investment Income	-	-	-
Other	503	88	320
Total Nonoperating Revenues (Expenses)	503	88	320
Income (Loss) Before Transfers	(4,872)	4,426	(2,380)
Transfers In	-	-	87
Transfers Out	(271)	(100)	(2,000)
Change in Net Position	(5,143)	4,326	(4,293)
Total Net Position (Deficit), July 1	(37,351)	(7,916)	16,244
Total Net Position (Deficit), June 30	$ (42,494)	$ (3,590)	$ 11,951

Health Care	Fleet Management	Property Management	Risk Management	General Services	Payroll Service Bureau	Total
$ 1,467,403	$ 18,106	$ 106,664	$ 111,291	$ 39,121	$ 2,779	$ 2,187,896
1,467,403	18,106	106,664	111,291	39,121	2,779	2,187,896
-	-	-	-	24,941	-	64,054
1,284,924	-	-	42,368	-	-	1,327,292
-	1,113	11,870	1,860	7,403	2,341	50,830
81,096	3,870	13,725	11,522	3,431	41	475,412
-	2,750	3,192	6	2,119	9	8,790
-	8,748	2,045	13	883	4	24,086
-	1,621	69,084	2,420	1,681	136	79,406
-	-	3	-	-	-	8
4,571	69	2,958	6,623	16	3	15,850
1,370,591	18,171	102,877	64,812	40,474	2,534	2,045,728
96,812	(65)	3,787	46,479	(1,353)	245	142,168
1,974	-	-	1,939	110	-	4,023
(1)	(354)	(1,770)	66	201	57	(890)
1,973	(354)	(1,770)	2,005	311	57	3,133
98,785	(419)	2,017	48,484	(1,042)	302	145,301
573	-	-	-	388	-	1,048
-	(136)	(317)	(50)	(213)	(66)	(3,153)
99,358	(555)	1,700	48,434	(867)	236	143,196
25,224	23,160	(21,554)	(692,602)	5,506	(2,394)	(691,683)
$ 124,582	$ 22,605	$ (19,854)	$ (644,168)	$ 4,639	$ (2,158)	$ (548,487)

Combining Statement of Cash Flows – Internal Service Funds

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Virginia Information Technologies Agency	Enterprise Application	Virginia Correctional Enterprises
Cash Flows from Operating Activities			
Receipts for Sales and Services	$ 12,910	$ 3,578	$ 18,097
Internal Activity-Receipts from Other Funds	346,599	30,525	34,645
Internal Activity-Payments to Other Funds	(4,505)	-	(904)
Payments to Suppliers for Goods and Services	(5,278)	(14)	(37,465)
Payments for Contractual Services	(339,858)	(18,446)	(3,100)
Payments for Prizes, Claims, and Loss Control	-	-	-
Payments to Employees	(17,990)	(2,091)	(6,671)
Payments for Interest	-	(5)	-
Other Operating Expense	-	(138)	-
Net Cash Provided by (Used for) Operating Activities	(8,122)	13,409	4,602
Cash Flows from Noncapital Financing Activities			
Transfers In from Other Funds	-	-	87
Transfers Out to Other Funds	(271)	(100)	(2,000)
Other Noncapital Financing Receipt Activities	5,952	18,283	-
Other Noncapital Financing Disbursement Activities	(26,000)	(7,863)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(20,319)	10,320	(1,913)
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(7,414)	(22,280)	(2,293)
Payment of Principal and Interest on Bonds and Notes	-	-	(148)
Proceeds from Sale of Capital Assets	-	-	2
Other Capital and Related Financing Disbursement Activities	-	-	-
Net Cash Used for Capital and Related Financing Activities	(7,414)	(22,280)	(2,439)
Cash Flows from Investing Activities			
Investment Income on Cash, Cash Equivalents, and Investments	-	-	-
Net Cash Provided by Investing Activities	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(35,855)	1,449	250
Cash and Cash Equivalents, July 1	74,144	2,142	9,624
Cash and Cash Equivalents, June 30	$ 38,289	$ 3,591	$ 9,874
Reconciliation of Cash and Cash Equivalents			
Per the Statement of Net Position:			
Cash and Cash Equivalents	$ 38,289	$ 3,591	$ 9,874
Cash and Cash Equivalents per the Statement of Cash Flows	$ 38,289	$ 3,591	$ 9,874

Health Care	Fleet Management	Property Management	Risk Management	General Services	Payroll Service Bureau	Total
$ 718,632	$ 2,083	$ 4,152	$ 49,798	$ 9,062	$ 59	$ 818,371
741,310	16,220	103,023	74,702	29,960	2,720	1,379,704
-	(1,029)	(3,816)	-	(3,010)	-	(13,264)
-	(2,228)	(72,392)	(6)	(25,741)	(9)	(143,133)
(81,723)	(3,613)	(13,468)	(11,684)	(3,219)	(42)	(475,153)
(1,301,561)	-	-	(79,978)	-	-	(1,381,539)
-	(1,110)	(11,685)	(1,810)	(7,316)	(2,161)	(50,834)
-	-	(3)	-	-	-	(8)
(4,571)	(14)	-	(9,334)	-	(140)	(14,197)
72,087	10,309	5,811	21,688	(264)	427	119,947
573	-	-	-	388	-	1,048
-	(136)	(317)	(50)	(213)	(66)	(3,153)
-	-	584	4,908	110	-	29,837
-	-	(1,000)	-	-	-	(34,863)
573	(136)	(733)	4,858	285	(66)	(7,131)
-	(1,575)	(741)	-	(187)	-	(34,490)
-	(9,305)	(5,363)	-	-	-	(14,816)
-	1,735	-	-	-	-	1,737
-	-	(2,231)	-	-	-	(2,231)
-	(9,145)	(8,335)	-	(187)	-	(49,800)
1,973	-	-	1,937	-	-	3,910
1,973	-	-	1,937	-	-	3,910
74,633	1,028	(3,257)	28,483	(166)	361	66,926
114,259	3,555	33,550	196,229	7,502	105	441,110
$ 188,892	$ 4,583	$ 30,293	$ 224,712	$ 7,336	$ 466	$ 508,036
$ 188,892	$ 4,583	$ 30,293	$ 224,712	$ 7,336	$ 466	$ 508,036
$ 188,892	$ 4,583	$ 30,293	$ 224,712	$ 7,336	$ 466	$ 508,036

Continued on next page

Combining Statement of Cash Flows – Internal Service Funds *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Virginia Information Technologies Agency	Enterprise Application	Virginia Correctional Enterprises
Reconciliation of Operating Income			
To Net Cash Provided by (Used for)			
Operating Activities:			
Operating Income (Loss)	$ (5,375)	$ 4,338	$ (2,700)
Adjustments to Reconcile Operating			
Income to Net Cash Provided by (Used for)			
Operating Activities:			
Depreciation	3,609	7,706	1,078
Miscellaneous Nonoperating Income	502	88	353
Other	(165)	-	-
Change in Assets, Deferred Outflows of Resources, Liabilities, and			
Deferred Inflows of Resources			
(Increase) Decrease in Accounts Receivable	144	-	1,271
(Increase) Decrease in Due from Other Funds	(145)	-	499
(Increase) Decrease in Due from External Parties (Fiduciary Funds)	39	-	-
(Increase) Decrease in Due from Component Units	-	-	-
(Increase) Decrease in Other Assets	(257)	-	(62)
(Increase) Decrease in Inventory	-	-	3,528
(Increase) Decrease in Prepaid Items	(3,039)	(2)	-
(Increase) Decrease in Deferred Outflows of Resources	(1,188)	(429)	(1,143)
Increase (Decrease) in Accounts Payable	(3,072)	750	(139)
Increase (Decrease) in Amounts Due to Other Governments	-	-	-
Increase (Decrease) in Due to Other Funds	7	(28)	9
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	22	3	10
Increase (Decrease) in Interfund Payables: Due Within One Year	-	856	-
Increase (Decrease) in Interfund Payables: Due More Than One Year	-	(587)	-
Increase (Decrease) in Unearned Revenue	1,228	-	860
Increase (Decrease) in Other Liabilities	-	-	-
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	-
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-
Increase (Decrease) in Long-term Liabilities: Due Within One Year	88	17	-
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(2,978)	790	1,775
Increase (Decrease) in Deferred Inflows of Resources	2,458	(93)	(737)
Net Cash Provided by (Used for) Operating Activities	$ (8,122)	$ 13,409	$ 4,602
Noncash Investing, Capital, and Financing Activities:			
The following transactions occurred prior to the Statement of Net Position date:			
Installment Purchases Used to Finance Capital Assets	$ -	$ -	$ -
Capital Asset Addition Included in Accounts Payable	87	1,590	94
Total Noncash, Investing, Capital, and Financing Activities	$ 87	$ 1,590	$ 94

Health Care	Fleet Management	Property Management	Risk Management	General Services	Payroll Service Bureau	Total
$ 96,812	$ (65)	$ 3,787	$ 46,479	$ (1,353)	$ 245	$ 142,168
-	8,748	2,045	13	883	4	24,086
-	32	324	50	201	57	1,607
-	-	-	-	-	-	(165)
(14,596)	43	(158)	87	(44)	-	(13,253)
(2,116)	264	177	9	22	-	(1,290)
13,638	-	-	-	-	-	13,677
(4,386)	-	-	-	-	-	(4,386)
-	-	-	-	-	-	(319)
-	5	(37)	-	(1)	-	3,495
-	-	(822)	(332)	-	(1)	(4,196)
-	(75)	(771)	(120)	(476)	(208)	(4,410)
(5,909)	1,303	889	(69)	88	1	(6,158)
-	-	(910)	-	-	-	(910)
-	8	(31)	(13)	81	1	34
-	-	6	1	2	-	44
-	-	-	-	-	-	856
-	-	-	-	-	-	(587)
-	-	(107)	13,115	36	-	15,132
-	-	(64)	-	(48)	-	(112)
(11,356)	-	-	1,638	-	-	(9,718)
-	-	-	(39,284)	-	-	(39,284)
-	(4)	15	(12)	(25)	(6)	73
-	85	1,829	212	597	416	2,726
-	(35)	(361)	(86)	(227)	(82)	837
$ 72,087	$ 10,309	$ 5,811	$ 21,688	$ (264)	$ 427	$ 119,947
$ -	$ 12,413	$ -	$ -	$ 393	$ -	$ 12,806
-	-	-	-	-	-	1,771
$ -	$ 12,413	$ -	$ -	$ 393	$ -	$ 14,577

Fiduciary Funds

Private Purpose Trust Funds

Private Purpose Trust Funds are trust arrangements that benefit individuals, private organizations, or other governments.

Invest529 accounts for program activities offered by the Virginia College Savings Plan. The program is a defined contribution college savings program in which participants can save for qualified higher education expenses by making contributions and investments into portfolios of their choice.

Loan Servicing Reserve accounts for funds that are used to service loan activities for individual loans in order to meet the provisions of the Declarations of the dissolved Virginia Education Loan Authority.

Edvantage Reserve accounts for funds that are used to service loan activities for individual loans in order to meet the provisions of the dissolved Student Education Assistance Authority.

Virginia Revolving Farm Loan Program accounts for trust funds that are used to provide loans to individual farmers for rural rehabilitation purposes.

Gas and Oil Board Escrow Account accounts for the funds held in escrow awaiting disbursement to the validated owner of property containing gas and oil interest.

Miscellaneous Trust account for perpetual trusts created through donations to the state. Earnings are used for the benefit of donor-specified local entities.

Pension and Other Employee Benefit Trust Funds

Pension and Other Employee Benefit Trust Funds reflect the activities of the retirement systems and postemployment benefits administered by the Virginia Retirement System (VRS) or the Department of Human Resource Management.

The Virginia Retirement System provides retirement benefits to Commonwealth employees, teachers, political subdivision employees, and other qualifying employees.

The State Police Officers' Retirement System provides retirement benefits to Virginia state police officers.

The Judicial Retirement System provides retirement benefits to the Commonwealth's judiciary.

The Virginia Law Officers' Retirement System provides retirement benefits to correctional officers, capital police officers, university police officers, and game wardens.

Political Appointees provides optional retirement benefits to selected officials and administrative staff.

The Public School Superintendents' Plan provides retirement benefits to superintendents in the public school system.

The Virginia Supplemental Retirement Plan provides extra benefits to turn-around specialists in the public school system.

Other Postemployment Retiree Health Insurance Credit Fund accounts for the health insurance credits provided by the Commonwealth which offset a portion of the retirees' monthly insurance premiums.

Other Employment Group Life Fund provides life insurance coverage to members of the retirement systems.

Other Postemployment Disability Insurance Trust Fund provides income protection to Commonwealth employees for absences caused by sickness or disability.

Other Employment Volunteer Firefighters' and Rescue Squad Workers' Fund provides optional retirement benefits to volunteer firefighters and rescue squad workers.

Other Postemployment Line of Duty Death and Disability Fund provides death and health benefits to beneficiaries of certain law enforcement and rescue personnel disabled or killed in the line of duty.

Virginia Local Disability Program provides long-term disability benefits to local government employees.

Investment Trust Fund

Investment Trust Fund reflects the external portion of the local government investment pool sponsored by the Commonwealth.

Local Government Investment Pool (LGIP) helps local governmental entities maximize their rate of return by commingling their resources for investment purposes.

Agency Funds

Agency Funds report those funds for which the Commonwealth acts solely in a custodial capacity.

Funds for the Collection of Taxes and Fees account for taxes and fees collected by the Commonwealth to be distributed to localities or other states.

Employee Benefits Fund accounts for undistributed withholdings for employee benefits.

Contractor Deposits Fund accounts for reimbursable deposits, including both cash and securities, from mining companies, road construction companies, motor fuel retailers, localities, and toll relief, to ensure performance meets regulatory standards.

Deposits of Insurance Carriers Fund accounts for security deposits of insurance carriers as protection to the policy holders of the Commonwealth, as well as funds or irrevocable letters of credit held in lieu of insurance for pilot licensure.

Inmate and Ward Fund accounts for the savings of inmates and wards of the Departments of Corrections and Juvenile Justice.

Child Support Collection Fund accounts for court-ordered child support payments that flow through the Department of Social Services.

Behavioral Health Patient Fund accounts for the savings of patients in the Commonwealth's behavioral health facilities.

Behavioral Health Non-patient Fund accounts for the savings of non-patients in the Commonwealth's behavioral health facilities.

Comptroller's Debt Setoff Fund accounts for monies held in a suspense status while research is conducted to determine the party entitled to the funds.

Legal Settlement Fund accounts for receipts from court judgments that are deposited and subsequently distributed to the appropriate injured parties.

Consumer Services Fund accounts for deposits made by businesses that will provide assistance to individuals suffering losses associated with these businesses and will be returned after dispute resolution. The Milk Commission, which accounts for deposits from milk producers that will be distributed to individual farmers to offset delivery expenses and losses incurred, is reported as part of this fund.

State Asset Forfeiture Fund accounts for seized assets that are deposited and subsequently distributed to the appropriate parties pursuant to court orders.

Virginia School for the Deaf and the Blind Fund accounts for student funds used to establish new activities for students.

Wilson Workforce and Rehabilitation Center Fund (formerly the Woodrow Wilson Rehabilitation Center Fund) accounts for student funds held by the center.

Third Party Administrator Fund accounts for funds held in custody for assets of the Virginia Railway Express and the van pool insurance program.

Department of Environmental Quality Fund accounts for deposits from the EPA as a result of a legal settlement which will be distributed to localities to retro-fit school buses.

Virginia Veterans' Care Center Resident Fund accounts for the savings of residents of the Virginia Veterans Care Center.

Virginia Individual Development Account Trust Fund accounts for funds used to benefit low income individuals and to assist them in purchasing affordable housing.

E-Payables Fund accounts for payments to vendors which are held in a suspense status until the electronic payment is processed.

Combining Statement of Fiduciary Net Position – Private Purpose Trust Funds

June 30, 2017
(Dollars in Thousands)

	Invest529	Loan Servicing Reserve
Assets and Deferred Outflows of Resources		
Cash and Cash Equivalents	$ 87,002	$ 189
Investments:		
Bonds and Mortgage Securities	101,737	-
Stocks	69,914	-
Index and Pooled Funds	2,047,970	-
Mutual and Money Market Funds	772,082	-
Other	869,551	-
Total Investments	3,861,254	-
Assets Held Pending Distribution	-	-
Receivables, Net:		
Accounts	103	-
Interest and Dividends	2,613	-
Total Receivables	2,716	-
Total Assets	3,950,972	189
Deferred Outflows of Resources	-	-
Total Assets and Deferred Outflows of Resources	3,950,972	189
Liabilities and Deferred Inflows of Resources		
Accounts Payable	306	-
Due to Other Funds	-	-
Due to Claimants, Participants, Escrows and Providers	4,039	-
Compensated Absences Payable	-	-
Payable for Security Transactions	1,874	-
Net Pension Liability	-	-
Other Postemployment Benefits (OPEB) Liability	-	-
Total Liabilities	6,219	-
Deferred Inflows of Resources	-	-
Total Liabilities and Deferred Inflows of Resources	6,219	-
Net Position Restricted for Participants and Other Purposes	$ 3,944,753	$ 189

Edvantage Reserve	Virginia Revolving Farm Loan Program	Gas and Oil Board Escrow Account	Miscellaneous Trust	Total
$ 247	$ 4,638	$ -	$ 66	$ 92,142
-	-	-	-	101,737
-	-	-	-	69,914
-	-	-	-	2,047,970
-	-	-	-	772,082
-	-	-	-	869,551
-	-	-	-	3,861,254
-	-	16,471	-	16,471
-	-	-	-	103
-	-	-	-	2,613
-	-	-	-	2,716
247	4,638	16,471	66	3,972,583
-	14	-	-	14
247	4,652	16,471	66	3,972,597
-	5	-	-	311
-	1	-	-	1
-	-	-	-	4,039
-	3	-	-	3
-	-	-	-	1,874
-	77	-	-	77
-	16	-	-	16
-	102	-	-	6,321
-	4	-	-	4
-	106	-	-	6,325
$ 247	$ 4,546	$ 16,471	$ 66	$ 3,966,272

Combining Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds

For the Fiscal Year June 30, 2017
(Dollars in Thousands)

	Invest529	Loan Servicing Reserve
Additions:		
Investment Income:		
Interest, Dividends, and Other Investment Income	$ 331,613	$ -
Total Investment Income	331,613	-
Less Investment Expenses	3,585	-
Net Investment Income	328,028	-
Contributions:		
Participants	551,702	-
Total Contributions	551,702	-
Other Revenue	-	-
Total Additions	879,730	-
Deductions:		
Loan Servicing Payments	-	-
Educational Expense Benefits	238,715	-
Insurance Premiums and Claims	-	-
Trust Payments	-	-
Administrative Expenses	594	-
Shares Redeemed	24,957	-
Total Deductions	264,266	-
Net Increase (Decrease)	615,464	-
Net Position Restricted for Participants and Other Purposes		
July 1, as restated	3,329,289	189
June 30	$ 3,944,753	$ 189

Edvantage Reserve	Virginia Revolving Farm Loan Program	Gas and Oil Board Escrow Account	Miscellaneous Trust	Total
$ 2	$ 44	$ 44	$ -	$ 331,703
2	44	44	-	331,703
-	-	19	-	3,604
2	44	25	-	328,099
-	-	582	-	552,284
-	-	582	-	552,284
-	2	1	-	3
2	46	608	-	880,386
-	7	-	-	7
-	-	-	-	238,715
1	-	-	-	1
-	-	5,881	-	5,881
-	93	-	-	687
-	-	-	-	24,957
1	100	5,881	-	270,248
1	(54)	(5,273)	-	610,138
246	4,600	21,744	66	3,356,134
$ 247	$ 4,546	$ 16,471	$ 66	$ 3,966,272

Combining Statement of Fiduciary Net Position – Pension and Other Employee Benefit Trust Funds

June 30, 2017
(Dollars in Thousands)

	Virginia Retirement System	State Police Officers' Retirement System	Judicial Retirement System
Assets and Deferred Outflows of Resources			
Cash and Cash Equivalents	$ 125,227	$ 1,257	$ 810
Investments:			
Bonds and Mortgage Securities	20,552,929	234,906	151,326
Stocks	22,769,492	260,239	167,646
Fixed Income Commingled Funds	1,078,029	12,321	7,937
Index and Pooled Funds	9,012,750	103,010	66,358
Real Estate	7,748,423	88,559	57,050
Private Equity	10,402,163	118,889	76,589
Short-term Investments	66,432	759	489
Hybrid Defined Contribution Investments	179,766	-	2,602
Other	4,489,405	51,311	33,054
Total Investments	76,299,389	869,994	563,051
Receivables, Net:			
Contributions	187,428	1,242	1,144
Interest and Dividends	218,231	2,494	1,607
Security Transactions	1,237,615	14,148	9,114
Other Receivables	12,859	176	88
Total Receivables	1,656,133	18,060	11,953
Due from Other Funds	1	-	-
Due from Internal Parties (Governmental Funds and Business-type Activities)	29,159	182	166
Due from Component Units	28,054	-	-
Furniture and Equipment	35,360	-	-
Total Assets	78,173,323	889,493	575,980
Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	78,173,323	889,493	575,980
Liabilities and Deferred Inflows of Resources			
Accounts Payable	28,906	277	179
Due to Other Funds	3,501	-	-
Due to Internal Parties (Governmental Funds and Business-type Activities)	58,420	-	-
Obligations Under Securities Lending	4,489,405	51,311	33,054
Other Liabilities	91,563	1,708	1,100
Retirement Benefits Payable	49,568	4,682	3,416
Refunds Payable	3,654	-	-
Compensated Absences Payable	2,516	-	-
Insurance Premiums and Claims Payable	-	-	-
Payable for Security Transactions	3,101,001	35,442	22,832
Total Liabilities	7,828,534	93,420	60,581
Deferred Inflows of Resources	-	-	-
Total Liabilities and Deferred Inflows of Resources	7,828,534	93,420	60,581
Net Position Restricted for Pensions and Other Employment Benefits	$ 70,344,789	$ 796,073	$ 515,399

Virginia Law Officers' Retirement System	Political Appointees	Public School Superintendents	Virginia Supplemental Retirement Plan	Other Postemployment Retiree Health Insurance Credit	Other Employment Group Life	Other Postemployment Disability Insurance Trust Fund
$ 2,122	$ -	$ -	$ -	$ 316	$ 2,337	$ 684
396,664	7,130	226	12	58,869	436,894	127,910
439,443	7,735	-	109	65,219	484,011	141,704
20,806	-	-	-	3,088	22,916	6,709
173,943	-	-	-	25,815	191,584	56,091
149,542	-	-	-	22,194	164,708	48,222
200,757	-	-	-	29,796	221,119	64,737
1,282	-	-	-	190	1,412	414
-	-	-	-	-	-	-
86,644	-	-	-	12,859	95,431	27,940
1,469,081	14,865	226	121	218,030	1,618,075	473,727
3,727	-	-	-	9,287	14,879	751
4,212	-	-	-	625	4,639	1,358
23,890	-	-	-	3,545	26,313	7,703
235	-	-	-	35	258	8,737
32,064	-	-	-	13,492	46,089	18,549
-	-	-	-	-	-	-
541	-	-	-	1,353	2,169	108
545	-	-	-	3,616	3,161	707
-	-	-	-	-	-	-
1,504,353	14,865	226	121	236,807	1,671,831	493,775
-	-	-	-	-	-	-
1,504,353	14,865	226	121	236,807	1,671,831	493,775
469	-	-	-	13,099	515	3,272
-	-	-	-	-	-	-
-	-	-	-	-	-	-
86,644	-	-	-	12,859	95,431	27,940
2,883	-	-	-	430	3,176	930
8,615	-	-	-	-	-	-
7	-	-	-	222	-	-
-	-	-	-	-	-	-
-	-	-	-	-	69,205	-
59,848	-	-	-	8,882	65,918	19,299
158,466	-	-	-	35,492	234,245	51,441
-	-	-	-	-	-	-
158,466	-	-	-	35,492	234,245	51,441
$ 1,345,887	$ 14,865	$ 226	$ 121	$ 201,315	$ 1,437,586	$ 442,334

Continued on next page

Combining Statement of Fiduciary Net Position – Pension and Other Employee Benefit Trust Funds
(Continued from previous page)

June 30, 2017
(Dollars in Thousands)

	Other Employment Volunteer Firefighters and Rescue Squad Workers	Other Postemployment Line of Duty Death and Disability	Virginia Local Disability Program
Assets and Deferred Outflows of Resources			
Cash and Cash Equivalents	$ -	$ 43	$ 1
Investments:			
Bonds and Mortgage Securities	164	1,017	167
Stocks	-	1,127	184
Fixed Income Commingled Funds	-	53	9
Index and Pooled Funds	-	446	74
Real Estate	-	383	63
Private Equity	-	515	84
Short-term Investments	-	3	-
Hybrid Defined Contribution Investments	-	-	-
Other	-	222	36
Total Investments	164	3,766	617
Receivables, Net:			
Contributions	-	-	142
Interest and Dividends	-	11	2
Security Transactions	-	61	9
Other Receivables	-	1	10
Total Receivables	-	73	163
Due from Other Funds	3,501	-	-
Due from Internal Parties (Governmental Funds and Business-type Activities)	-	-	19
Due from Component Units	-	-	-
Furniture and Equipment	-	-	-
Total Assets	3,665	3,882	800
Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	3,665	3,882	800
Liabilities and Deferred Inflows of Resources			
Accounts Payable	-	10	-
Due to Other Funds	-	-	-
Due to Internal Parties (Governmental Funds and Business-type Activities)	-	263	-
Obligations Under Securities Lending	-	222	36
Other Liabilities	-	7	109
Retirement Benefits Payable	-	-	-
Refunds Payable	-	-	-
Compensated Absences Payable	-	-	-
Insurance Premiums and Claims Payable	-	-	-
Payable for Security Transactions	-	154	25
Total Liabilities	-	656	170
Deferred Inflows of Resources	-	-	-
Total Liabilities and Deferred Inflows of Resources	-	656	170
Net Position Restricted for Pensions and Other Employment Benefits	$ 3,665	$ 3,226	$ 630

Total
$ 132,797
21,968,214
24,336,909
1,151,868
9,630,071
8,279,144
11,114,649
70,981
182,368
4,796,902
81,531,106
218,600
233,179
1,322,398
22,399
1,796,576
3,502
33,697
36,083
35,360
83,569,121
-
83,569,121
46,727
3,501
58,683
4,796,902
101,906
66,281
3,883
2,516
69,205
3,313,401
8,463,005
-
8,463,005
$ 75,106,116

Combining Statement of Changes in Fiduciary Net Position – Pension and Other Employee Benefit Trust Funds

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Virginia Retirement System	State Police Officers' Retirement System	Judicial Retirement System
Additions:			
Investment Income:			
Interest, Dividends, and Other Investment Income	$ 8,146,860	$ 92,043	$ 59,244
Total Investment Income	8,146,860	92,043	59,244
Less Investment Expenses	421,510	4,778	3,064
Net Investment Income	7,725,350	87,265	56,180
Contributions:			
Member	888,985	5,701	4,434
Employer	2,193,727	31,888	28,039
Total Contributions	3,082,712	37,589	32,473
Other Revenue	1,798	-	-
Total Additions	10,809,860	124,854	88,653
Deductions:			
Retirement Benefits	4,324,025	57,814	40,895
Refunds to Former Members	114,137	630	-
Retiree Health Insurance Credits	-	-	-
Insurance Premiums and Claims	-	-	-
Administrative Expenses	44,955	926	594
Other Expenses	10,927	99	67
Long-term Disability Benefits	-	-	-
Total Deductions	4,494,044	59,469	41,556
Net Increase/(Decrease)	6,315,816	65,385	47,097
Net Position Restricted for Pensions and Other Employment Benefits			
July 1	64,028,973	730,688	468,302
June 30	$ 70,344,789	$ 796,073	$ 515,399

Virginia Law Officers' Retirement System	Political Appointees	Public School Superintendents	Virginia Supplemental Retirement Plan	Other Postemployment Retiree Health Insurance Credit	Other Employment Group Life	Other Postemployment Disability Insurance Trust Fund
$ 154,007	$ 1,705	$ 31	$ 17	$ 20,123	$ 166,955	$ 50,851
154,007	1,705	31	17	20,123	166,955	50,851
7,968	-	-	-	1,010	8,525	2,645
146,039	1,705	31	17	19,113	158,430	48,206
17,598	1,317	18	-	-	146,002	-
73,816	-	-	-	168,271	94,082	24,130
91,414	1,317	18	-	168,271	240,084	24,130
-	-	-	-	-	-	638
237,453	3,022	49	17	187,384	398,514	72,974
96,224	592	141	-	-	-	-
4,938	-	-	-	-	-	-
-	-	-	-	158,965	-	-
-	-	-	-	-	184,092	-
1,540	10	-	-	294	31	717
310	-	-	-	21	1,731	54
-	-	-	-	-	-	37,695
103,012	602	141	-	159,280	185,854	38,466
134,441	2,420	(92)	17	28,104	212,660	34,508
1,211,446	12,445	318	104	173,211	1,224,926	407,826
$ 1,345,887	$ 14,865	$ 226	$ 121	$ 201,315	$ 1,437,586	$ 442,334

Continued on next page

Combining Statement of Changes in Fiduciary Net Position – Pension and Other Employee Benefit Trust Funds
(Continued from previous page)

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Other Employment Volunteer Firefighters and Rescue Squad Workers	Other Postemployment Line of Duty Death and Disability	Virginia Local Disability Program
Additions:			
Investment Income:			
Interest, Dividends, and Other Investment Income	$ 382	$ 722	$ -
Total Investment Income	382	722	-
Less Investment Expenses	-	39	-
Net Investment Income	382	683	-
Contributions:			
Member	34	-	-
Employer	86	11,024	1,329
Total Contributions	120	11,024	1,329
Other Revenue	-	584	664
Total Additions	502	12,291	1,993
Deductions:			
Retirement Benefits	-	-	-
Refunds to Former Members	62	-	-
Retiree Health Insurance Credits	-	-	-
Insurance Premiums and Claims	-	10,320	-
Administrative Expenses	-	974	190
Other Expenses	-	479	-
Long-term Disability Benefits	-	-	1,173
Total Deductions	62	11,773	1,363
Net Increase/(Decrease)	440	518	630
Net Position Restricted for Pensions and Other Employment Benefits			
July 1	3,225	2,708	-
June 30	$ 3,665	$ 3,226	$ 630

	Total
$	8,692,940
	8,692,940
	449,539
	8,243,401
	1,064,089
	2,626,392
	3,690,481
	3,684
	11,937,566
	4,519,691
	119,767
	158,965
	194,412
	50,231
	13,688
	38,868
	5,095,622
	6,841,944
	68,264,172
$	75,106,116

Combining Statement of Fiduciary Net Position – Investment Trust Fund

June 30, 2017
(Dollars in Thousands)

	Local Government Investment Pool (LGIP)	Total
Assets and Deferred Outflows of Resources		
Cash and Cash Equivalents	$ 1,954,575	$ 1,954,575
Investments:		
Bonds and Mortgage Securities	101,431	101,431
Short-term Investments	1,740,989	1,740,989
Total Investments	1,842,420	1,842,420
Receivables, Net:		
Interest and Dividends	2,165	2,165
Total Receivables	2,165	2,165
Total Assets	3,799,160	3,799,160
Deferred Outflows of Resources	-	-
Total Assets and Deferred Outflows of Resources	3,799,160	3,799,160
Liabilities and Deferred Inflows of Resources		
Due to Internal Parties (Governmental Funds and Business-type Activities)	1	1
Total Liabilities	1	1
Deferred Inflows of Resources	-	-
Total Liabilities and Deferred Inflows of Resources	1	1
Net Position Restricted for Pool Participants	$ 3,799,159	$ 3,799,159

Combining Statement of Changes in Fiduciary Net Position - Investment Trust Fund

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Local Government Investment Pool (LGIP)	Total
Additions:		
Investment Income:		
Interest, Dividends, and Other Investment Income	$ 20,580	$ 20,580
Distributions to Shareholders from Net Investment Income	(20,580)	(20,580)
Total Investment Income	-	-
Net Investment Income	-	-
Shares Sold	5,851,219	5,851,219
Reinvested Distributions	21,114	21,114
Total Additions	5,872,333	5,872,333
Deductions:		
Shares Redeemed	5,415,947	5,415,947
Total Deductions	5,415,947	5,415,947
Net Increase	456,386	456,386
Net Position Restricted for Pool Participants		
July 1	3,342,773	3,342,773
June 30	$ 3,799,159	$ 3,799,159

Combining Statement of Fiduciary Net Position – Agency Funds

June 30, 2017
(Dollars in Thousands)

	Funds for the Collection of Taxes and Fees	Employee Benefits	Contractor Deposits	Deposits of Insurance Carriers
Assets				
Cash and Cash Equivalents	$ 199,450	$ 4,110	$ 32,477	$ 252
Investments:				
Other	-	-	-	-
Total Investments	-	-	-	-
Assets Held Pending Distribution	-	-	3,990	441,263
Receivables, Net:				
Accounts	59,847	-	-	53
Total Receivables	59,847	-	-	53
Other Assets	-	-	-	-
Total Assets	$ 259,297	$ 4,110	$ 36,467	$ 441,568
Liabilities				
Accounts Payable	$ -	$ 4,110	$ 84	$ -
Amounts Due to Other Governments	259,297	-	-	-
Due to Internal Parties (Governmental Funds and Business-type Activities)	-	-	-	-
Due to Claimants, Participants, Escrows and Providers	-	-	-	-
Other Liabilities	-	-	36,383	441,568
Insurance Premiums and Claims Payable	-	-	-	-
Total Liabilities	$ 259,297	$ 4,110	$ 36,467	$ 441,568

Inmate and Ward	Child Support Collection	Behavioral Health Patient	Behavioral Health Non-Patient	Comptroller's Debt Setoff	Legal Settlement	Consumer Services	State Asset Forfeiture
$ 20,938	$ 12,591	$ 1,356	$ 42	$ 745	$ 4,285	$ 1,379	$ 10,802
-	-	6	-	-	-	-	-
-	-	6	-	-	-	-	-
-	-	-	-	-	-	-	-
527	-	-	-	-	-	-	-
527	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 21,465	$ 12,591	$ 1,362	$ 42	$ 745	$ 4,285	$ 1,379	$ 10,802
$ 3,648	$ -	$ -	$ -	$ -	$ -	$ 10	$ -
-	-	-	-	-	-	-	-
162	-	-	-	-	-	-	-
17,301	12,591	1,362	42	-	-	-	-
354	-	-	-	745	4,285	1,369	10,802
-	-	-	-	-	-	-	-
$ 21,465	$ 12,591	$ 1,362	$ 42	$ 745	$ 4,285	$ 1,379	$ 10,802

Continued on next page

Combining Statement of Fiduciary Net Position – Agency Funds *(Continued from previous page)*

June 30, 2017
(Dollars in Thousands)

	Virginia School for the Deaf and Blind	Wilson Workforce and Rehabilitation Center	Third Party Administrator	Department of Environmental Quality
Assets				
Cash and Cash Equivalents	$ 20	$ 4	$ 12,172	$ 128
Investments:				
Other	-	-	-	-
Total Investments	-	-	-	-
Assets Held Pending Distribution	-	-	-	-
Receivables, Net:				
Accounts	-	-	64	-
Total Receivables	-	-	64	-
Other Assets	-	-	29	-
Total Assets	$ 20	$ 4	$ 12,265	$ 128
Liabilities				
Accounts Payable	$ -	$ -	$ 3	$ -
Amounts Due to Other Governments	-	-	-	-
Due to Internal Parties (Governmental Funds and Business-type Activities)	-	-	-	-
Due to Claimants, Participants, Escrows and Providers	20	4	12,127	-
Other Liabilities	-	-	-	128
Insurance Premiums and Claims Payable	-	-	135	-
Total Liabilities	$ 20	$ 4	$ 12,265	$ 128

Virginia Veterans' Care Center Resident Fund	Virginia Individual Development Account Trust Fund	E-Payables	Total
$ 270	$ -	$ 18,893	$ 319,914
-	-	-	6
-	-	-	6
-	-	-	445,253
-	-	-	60,491
-	-	-	60,491
-	-	-	29
$ 270	$ -	$ 18,893	$ 825,693
$ -	$ -	$ -	$ 7,855
-	-	-	259,297
-	-	-	162
270	-	-	43,717
-	-	18,893	514,527
-	-	-	135
$ 270	$ -	$ 18,893	$ 825,693

Combining Statement of Changes in Assets and Liabilities – Agency Funds

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Balance July 1, as restated	Additions	Deletions	Balance June 30
Funds for the Collection of Taxes and Fees				
Assets:				
Cash and Cash Equivalents	$ 195,452	$ 1,383,631	$ 1,379,633	$ 199,450
Accounts Receivable	56,406	59,847	56,406	59,847
Total Assets	$ 251,858	$ 1,443,478	$ 1,436,039	$ 259,297
Liabilities:				
Amounts Due to Other Governments	$ 251,850	$ 1,443,478	$ 1,436,031	$ 259,297
Obligations Under Securities Lending Program	8	-	8	-
Total Liabilities	$ 251,858	$ 1,443,478	$ 1,436,039	$ 259,297
Employee Benefits				
Assets:				
Cash and Cash Equivalents	$ 4,149	$ 222,637	$ 222,676	$ 4,110
Total Assets	$ 4,149	$ 222,637	$ 222,676	$ 4,110
Liabilities:				
Accounts Payable	$ 4,149	$ 222,637	$ 222,676	$ 4,110
Total Liabilities	$ 4,149	$ 222,637	$ 222,676	$ 4,110
Contractor Deposits				
Assets:				
Cash and Cash Equivalents	$ 30,478	$ 11,990	$ 9,991	$ 32,477
Assets Held Pending Distribution	4,415	214	639	3,990
Total Assets	$ 34,893	$ 12,204	$ 10,630	$ 36,467
Liabilities:				
Accounts Payable	$ -	$ 84	$ -	$ 84
Obligations Under Securities Lending Program	51	-	51	-
Other Liabilities	34,842	12,031	10,490	36,383
Total Liabilities	$ 34,893	$ 12,115	$ 10,541	$ 36,467
Deposits of Insurance Carriers				
Assets:				
Cash and Cash Equivalents	$ 250	$ 2	$ -	$ 252
Assets Held Pending Distribution	453,916	114,993	127,646	441,263
Accounts Receivable	44	531	522	53
Total Assets	$ 454,210	$ 115,526	$ 128,168	$ 441,568
Liabilities:				
Other Liabilities	$ 454,210	$ 115,526	$ 128,168	$ 441,568
Total Liabilities	$ 454,210	$ 115,526	$ 128,168	$ 441,568
Inmate and Ward				
Assets:				
Cash and Cash Equivalents	$ 18,233	$ 2,810	$ 105	$ 20,938
Accounts Receivable	506	24	3	527
Total Assets	$ 18,739	$ 2,834	$ 108	$ 21,465
Liabilities:				
Accounts Payable	$ 2,747	$ 901	$ -	$ 3,648
Due to Internal Parties (Governmental Funds and Business-type Activities)	168	-	6	162
Due to Claimants, Participants, Escrows and Providers	15,395	2,015	109	17,301
Other Liabilities	429	-	75	354
Total Liabilities	$ 18,739	$ 2,916	$ 190	$ 21,465

	Balance July 1, as restated	Additions	Deletions	Balance June 30
Child Support Collection				
Assets:				
Cash and Cash Equivalents	$ 13,438	$ 643,393	$ 644,240	$ 12,591
Total Assets	$ 13,438	$ 643,393	$ 644,240	$ 12,591
Liabilities:				
Due to Claimants, Participants, Escrows and Providers	$ 13,438	$ 643,393	$ 644,240	$ 12,591
Total Liabilities	$ 13,438	$ 643,393	$ 644,240	$ 12,591
Behavioral Health Patient				
Assets:				
Cash and Cash Equivalents	$ 1,697	$ 2,204	$ 2,545	$ 1,356
Other Investments	6	-	-	6
Total Assets	$ 1,703	$ 2,204	$ 2,545	$ 1,362
Liabilities:				
Due to Claimants, Participants, Escrows and Providers	$ 1,703	$ 2,204	$ 2,545	$ 1,362
Total Liabilities	$ 1,703	$ 2,204	$ 2,545	$ 1,362
Behavioral Health Non-Patient				
Assets:				
Cash and Cash Equivalents	$ 33	$ 11	$ 2	$ 42
Total Assets	$ 33	$ 11	$ 2	$ 42
Liabilities:				
Due to Claimants, Participants, Escrows and Providers	$ 33	$ 11	$ 2	$ 42
Total Liabilities	$ 33	$ 11	$ 2	$ 42
Comptroller's Debt Setoff				
Assets:				
Cash and Cash Equivalents	$ 841	$ 12,605	$ 12,701	$ 745
Total Assets	$ 841	$ 12,605	$ 12,701	$ 745
Liabilities:				
Other Liabilities	$ 841	$ 12,605	$ 12,701	$ 745
Total Liabilities	$ 841	$ 12,605	$ 12,701	$ 745
Legal Settlement				
Assets:				
Cash and Cash Equivalents	$ 16,619	$ 2,903	$ 15,237	$ 4,285
Total Assets	$ 16,619	$ 2,903	$ 15,237	$ 4,285
Liabilities:				
Obligations Under Securities Lending Program	$ 6	$ -	$ 6	$ -
Other Liabilities	16,613	2,903	15,231	4,285
Total Liabilities	$ 16,619	$ 2,903	$ 15,237	$ 4,285
Consumer Services				
Assets:				
Cash and Cash Equivalents	$ 1,348	$ 180	$ 149	$ 1,379
Total Assets	$ 1,348	$ 180	$ 149	$ 1,379
Liabilities:				
Accounts Payable	$ 2	$ 96	$ 88	$ 10
Other Liabilities	1,346	84	61	1,369
Total Liabilities	$ 1,348	$ 180	$ 149	$ 1,379

Continued on next page

Combining Statement of Changes in Assets and Liabilities – Agency Funds *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Balance July 1, as restated	Additions	Deletions	Balance June 30
State Asset Forfeiture				
Assets:				
Cash and Cash Equivalents	$ 9,963	$ 6,992	$ 6,153	$ 10,802
Total Assets	$ 9,963	$ 6,992	$ 6,153	$ 10,802
Liabilities:				
Obligations Under Securities Lending Program	$ 10	$ -	$ 10	$ -
Other Liabilities	9,953	6,992	6,143	10,802
Total Liabilities	$ 9,963	$ 6,992	$ 6,153	$ 10,802
Virginia School for the Deaf and the Blind				
Assets:				
Cash and Cash Equivalents	$ 20	$ 6	$ 6	$ 20
Total Assets	$ 20	$ 6	$ 6	$ 20
Liabilities:				
Due to Claimants, Participants, Escrows and Providers	$ 20	$ 6	$ 6	$ 20
Total Liabilities	$ 20	$ 6	$ 6	$ 20
Wilson Workforce and Rehabilitation Center				
Assets:				
Cash and Cash Equivalents	$ 4	$ 8	$ 8	$ 4
Total Assets	$ 4	$ 8	$ 8	$ 4
Liabilities:				
Due to Claimants, Participants, Escrows and Providers	$ 4	$ 8	$ 8	$ 4
Total Liabilities	$ 4	$ 8	$ 8	$ 4
Third Party Administrator				
Assets:				
Cash and Cash Equivalents	$ 11,885	$ 4,425	$ 4,138	$ 12,172
Accounts Receivable	52	64	52	64
Other Assets	49	-	20	29
Total Assets	$ 11,986	$ 4,489	$ 4,210	$ 12,265
Liabilities:				
Accounts Payable	$ 2	$ 3	$ 2	$ 3
Obligations Under Securities Lending Program	75	-	75	-
Due to Claimants, Participants, Escrows and Providers	11,764	4,416	4,053	12,127
Insurance Premiums and Claims Payable	145	-	10	135
Total Liabilities	$ 11,986	$ 4,419	$ 4,140	$ 12,265
Department of Environmental Quality				
Assets:				
Cash and Cash Equivalents	$ 128	$ -	$ -	$ 128
Total Assets	$ 128	$ -	$ -	$ 128
Liabilities:				
Other Liabilities	$ 128	$ -	$ -	$ 128
Total Liabilities	$ 128	$ -	$ -	$ 128

	Balance July 1, as restated	Additions	Deletions	Balance June 30
Virginia Veterans' Care Center Resident Fund				
Assets:				
Cash and Cash Equivalents	$ 214	$ 873	$ 817	$ 270
Total Assets	$ 214	$ 873	$ 817	$ 270
Liabilities:				
Due to Claimants, Participants, Escrows and Providers	$ 214	$ 873	$ 817	$ 270
Total Liabilities	$ 214	$ 873	$ 817	$ 270
Virginia Individual Development Account Trust Fund				
Assets:				
Cash and Cash Equivalents	$ -	$ 145	$ 145	$ -
Total Assets	$ -	$ 145	$ 145	$ -
Liabilities:				
Due to Claimants, Participants, Escrows and Providers	$ -	$ 145	$ 145	$ -
Total Liabilities	$ -	$ 145	$ 145	$ -
E-Payables				
Assets:				
Cash and Cash Equivalents	$ 16,378	$ 107,111	$ 104,596	$ 18,893
Total Assets	$ 16,378	$ 107,111	$ 104,596	$ 18,893
Liabilities:				
Other Liabilities	$ 16,378	$ 107,111	$ 104,596	$ 18,893
Total Liabilities	$ 16,378	$ 107,111	$ 104,596	$ 18,893
Totals - Agency Funds				
Assets:				
Cash and Cash Equivalents	$ 321,130	$ 2,401,926	$ 2,403,142	$ 319,914
Other Investments	6	-	-	6
Assets Held Pending Distribution	458,331	115,207	128,285	445,253
Accounts Receivable	57,008	60,466	56,983	60,491
Other Assets	49	-	20	29
Total Assets	$ 836,524	$ 2,577,599	$ 2,588,430	$ 825,693
Liabilities:				
Accounts Payable	$ 6,900	$ 223,721	$ 222,766	$ 7,855
Amounts Due to Other Governments	251,850	1,443,478	1,436,031	259,297
Due to Internal Parties (Governmental Funds and Business-type Activities)	168	-	6	162
Obligations Under Securities Lending Program	150	-	150	-
Due to Claimants, Participants, Escrows and Providers	42,571	653,071	651,925	43,717
Other Liabilities	534,740	257,252	277,465	514,527
Insurance Premiums and Claims Payable	145	-	10	135
Total Liabilities	$ 836,524	$ 2,577,522	$ 2,588,353	$ 825,693

Nonmajor Component Units

Component Units are organizations that are legally separate from the Commonwealth of Virginia. Each discrete component unit serves or benefits those outside of the primary government.

The Higher Education Institutions account for the resources received and used in the operation of the Commonwealth's institutions of higher education and medical teaching hospitals.

Higher Education Institutions included in this section are:

University of Virginia, including the University of Virginia Medical Center, and the University of Virginia College at Wise
Virginia Polytechnic Institute and State University
Virginia Commonwealth University, including the Virginia Commonwealth University Health System Authority
The College of William & Mary, including Richard Bland College and the Virginia Institute of Marine Science
Virginia Military Institute
Virginia State University
Norfolk State University
University of Mary Washington
James Madison University
Radford University
Old Dominion University
George Mason University
Virginia Community College System
Christopher Newport University
Longwood University
Southwest Virginia Higher Education Center
Roanoke Higher Education Authority
Innovation and Entrepreneurship Investment Authority
Institute for Advanced Learning and Research
Southern Virginia Higher Education Center
New College Institute

The Virginia Economic Development Partnership works to enhance and increase the Commonwealth's commerce and trade, both domestically and internationally.

The Virginia Outdoors Foundation promotes preservation and fundraising for the purchase of preservation land.

The Virginia Port Authority is empowered to maintain and operate Virginia's harbors and ports.

The Virginia Tourism Authority promotes tourism and film production industries of the Commonwealth.

The Virginia Foundation for Healthy Youth determines the appropriate recipients of monies in the Virginia Tobacco Settlement Fund.

The Tobacco Region Revitalization Commission determines the appropriate recipients of monies in the Tobacco Indemnification and Community Revitalization Fund.

The Hampton Roads Sanitation District Commission operates a sewage system for 18 localities in the Chesapeake Bay Area.

The Virginia Biotechnology Research Partnership Authority assists in the development of a biotechnology research park.

The Virginia Small Business Financing Authority assists small businesses in the Commonwealth in obtaining financing for new businesses or the expansion of existing businesses.

The Virginia School for the Deaf and Blind Foundation operates exclusively for the benefit of the Virginia School for the Deaf and Blind.

The Science Museum of Virginia Foundation operates to implement and fund projects and operations of the Science Museum of Virginia.

The Virginia Commercial Space Flight Authority disseminates knowledge pertaining to scientific and technological research and development among public and private entities including, but not limited to, knowledge in the area of commercial space flight, and to promote industrial and economic development.

The Danville Science Center, Inc., promotes programs, projects and operations to educate students.

The Virginia Museum of Fine Arts Foundation implements and funds programs, projects, and operations of the Virginia Museum of Fine Arts.

The A. L. Philpott Manufacturing Extension Partnership promotes industrial expansion by providing consulting services to manufacturers.

The Fort Monroe Authority assists in formulating a reuse plan for Fort Monroe.

The Assistive Technology Loan Fund Authority provides assistance with loans and in the purchase of assistive technology or other equipment to enable Virginians with disabilities to become more independent.

The Virginia Sesquicentennial of the American Civil War Foundation was created to prepare for and commemorate the sesquicentennial of Virginia's participation in the American Civil War. The Foundation ceased operations during fiscal year 2017.

The Virginia Land Conservation Foundation acquires interests in preservation land and provides grants to other entities to acquire interests in preservation land.

The Virginia Arts Foundation works to promote the arts in the Commonwealth.

The Library of Virginia Foundation promotes and supports the Library of Virginia.

The Virginia Health Workforce Development Authority provides assistance to the health professions.

Combining Statement of Net Position – Nonmajor Component Units

June 30, 2017
(Dollars in Thousands)

	University of Virginia	Virginia Polytechnic Institute and State University	Virginia Commonwealth University	The College of William and Mary
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents	$ 193,136	$ 68,581	$ 610,014	$ 52,592
Investments	8,392,950	537,034	1,834,013	327,687
Receivables, Net	415,748	125,948	460,320	19,543
Contributions Receivable, Net	104,616	121,348	42,428	36,615
Due from Primary Government	4,380	29,597	16,269	-
Due from Component Units	15,988	17,238	9,996	3,177
Inventory	29,094	15,847	33,846	474
Prepaid Items	31,563	18,012	19,284	4,109
Other Assets	32,386	3,748	28,077	2,923
Restricted Cash and Cash Equivalents	14,096	146,173	67,543	42,840
Restricted Investments	786,923	934,850	586,004	477,457
Other Restricted Assets	10,464	11,466	21,543	157,973
Nondepreciable Capital Assets	490,712	293,009	357,567	141,478
Depreciable Capital Assets, Net	3,395,104	1,673,023	1,759,176	750,492
Total Assets	13,917,160	3,995,874	5,846,080	2,017,360
Deferred Outflows of Resources	133,411	84,584	120,593	31,129
Total Assets and Deferred Outflows of Resources	14,050,571	4,080,458	5,966,673	2,048,489
Liabilities and Deferred Inflows of Resources				
Accounts Payable	304,328	137,939	241,433	35,644
Amounts Due to Other Governments	-	-	-	-
Due to Primary Government	-	4,333	4,343	2,650
Due to Component Units	-	-	-	-
Due to External Parties (Fiduciary Funds)	6,733	7,630	5,587	1,364
Unearned Revenue	109,271	49,710	45,862	15,830
Obligations Under Securities Lending Program	-	-	-	-
Other Liabilities	633,359	54,248	168,685	7,969
Loans Payable to Primary Government	-	-	-	4,247
Claims Payable:				
Due Within One Year	-	-	87,334	-
Due in More Than One Year	-	-	33,869	-
Long-term Liabilities:				
Due Within One Year	134,371	81,606	98,710	27,034
Due in More Than One Year	2,949,251	1,264,629	1,486,645	448,174
Total Liabilities	4,137,313	1,600,095	2,172,468	542,912
Deferred Inflows of Resources	87,389	12,981	26,255	4,555
Total Liabilities and Deferred Inflows of Resources	4,224,702	1,613,076	2,198,723	547,467
Net Position				
Net Investment in Capital Assets	2,039,620	1,322,376	1,293,482	642,071
Restricted For:				
Nonexpendable:				
Higher Education	1,395,503	522,486	345,803	571,331
Other	-	-	-	-
Expendable:				
Capital Projects/Construction/Capital Acquisition	-	-	-	-
Debt Service	-	-	-	-
Gifts and Grants	-	-	-	-
Higher Education	3,769,051	696,897	349,817	371,523
Other	-	-	-	-
Unrestricted	2,621,695	(74,377)	1,778,848	(83,903)
Total Net Position (Deficit)	$ 9,825,869	$ 2,467,382	$ 3,767,950	$ 1,501,022

Virginia Military Institute	Virginia State University	Norfolk State University	University of Mary Washington	James Madison University	Radford University	Old Dominion University	George Mason University
$ 44,734	$ 29,569	$ 16,942	$ 21,312	$ 189,906	$ 105,290	$ 128,639	$ 337,064
83,500	878	20,151	-	19,468	6,084	27,385	7,418
2,792	7,268	6,619	5,403	12,725	5,646	79,656	40,771
37,686	-	1,022	2,051	12,593	2,737	8,927	33,444
137	495	1,442	125	2,978	1,894	1,019	2,323
1,385	1,642	3,217	276	3,606	3,622	6,151	8,832
6,445	-	-	685	874	460	523	1,332
1,254	2,825	3,243	1,017	12,084	4,340	9,498	14,022
288	7	218	855	13	-	361	5,014
4,189	11,234	13,561	11,235	30,987	3,667	36,408	30,681
365,223	49,216	7,518	44,349	102,840	52,798	210,834	153,459
6,025	-	-	-	6,265	880	-	10,902
11,559	32,672	67,137	42,921	148,496	33,672	62,467	147,919
326,387	277,394	232,552	395,561	935,750	331,389	583,647	1,192,242
891,604	413,200	373,622	525,790	1,478,585	552,479	1,155,515	1,985,423
4,576	12,192	8,731	6,827	45,407	15,508	36,354	51,854
896,180	425,392	382,353	532,617	1,523,992	567,987	1,191,869	2,037,277
12,672	7,454	16,928	10,041	39,100	19,085	39,668	58,305
1,268	-	-	-	-	-	-	3
334	385	432	391	1,766	747	1,292	1,809
-	-	-	-	-	-	3,155	-
237	247	269	184	3,189	304	1,196	2,551
1,018	1,948	2,973	1,822	19,055	3,720	15,807	54,127
-	-	-	-	-	-	-	-
939	6,695	5,461	24,772	13,161	5,374	17,355	33,141
-	-	-	-	-	-	-	12,703
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,746	9,078	4,206	7,258	22,232	4,165	26,321	62,618
109,671	185,456	146,850	304,203	558,318	150,386	471,722	978,707
128,885	211,263	177,119	348,671	656,821	183,781	576,516	1,203,964
1,478	5,186	6,642	4,179	4,596	1,991	3,846	11,774
130,363	216,449	183,761	352,850	661,417	185,772	580,362	1,215,738
318,406	205,937	231,777	190,957	775,493	312,505	417,978	644,123
201,430	20,624	7,568	41,651	68,207	29,499	143,648	94,381
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
200,608	37,213	17,662	15,963	61,262	34,523	99,303	101,870
-	-	-	-	-	-	-	-
45,373	(54,831)	(58,415)	(68,804)	(42,387)	5,688	(49,422)	(18,835)
$ 765,817	$ 208,943	$ 198,592	$ 179,767	$ 862,575	$ 382,215	$ 611,507	$ 821,539

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Combining Statement of Net Position – Nonmajor Component Units *(Continued from previous page)*

June 30, 2017
(Dollars in Thousands)

	Virginia Community College System	Christopher Newport University	Longwood University	Southwest Virginia Higher Education Center
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents	$ 236,610	$ 39,847	$ 24,181	$ -
Investments	88,012	238	15,311	-
Receivables, Net	17,812	1,593	5,426	1,929
Contributions Receivable, Net	12,345	14,464	7,615	-
Due from Primary Government	4,848	71	5,449	-
Due from Component Units	12,136	2,732	1,795	-
Inventory	1,476	214	466	-
Prepaid Items	31,312	2,485	2,648	-
Other Assets	-	36	-	345
Restricted Cash and Cash Equivalents	28,158	9,841	21,431	-
Restricted Investments	224,904	28,397	60,165	-
Other Restricted Assets	-	1,280	111	-
Nondepreciable Capital Assets	112,436	64,143	55,554	352
Depreciable Capital Assets, Net	1,275,529	561,220	307,110	10,983
Total Assets	2,045,578	726,561	507,262	13,609
Deferred Outflows of Resources	99,908	13,660	9,530	289
Total Assets and Deferred Outflows of Resources	2,145,486	740,221	516,792	13,898
Liabilities and Deferred Inflows of Resources				
Accounts Payable	96,423	18,760	12,074	388
Amounts Due to Other Governments	3,530	-	-	-
Due to Primary Government	3,470	485	444	26
Due to Component Units	-	-	-	-
Due to External Parties (Fiduciary Funds)	5,810	379	186	21
Unearned Revenue	51,915	1,440	1,946	-
Obligations Under Securities Lending Program	-	-	-	-
Other Liabilities	12,196	6,358	17,790	-
Loans Payable to Primary Government	4,400	-	-	-
Claims Payable:				
Due Within One Year	-	-	-	-
Due in More Than One Year	-	-	-	-
Long-term Liabilities:				
Due Within One Year	26,757	18,802	7,494	224
Due in More Than One Year	824,288	313,797	249,766	2,563
Total Liabilities	1,028,789	360,021	289,700	3,222
Deferred Inflows of Resources	25,097	2,698	1,117	210
Total Liabilities and Deferred Inflows of Resources	1,053,886	362,719	290,817	3,432
Net Position				
Net Investment in Capital Assets	1,268,900	363,383	187,064	10,932
Restricted For:				
Nonexpendable:				
Higher Education	83,900	25,246	43,322	-
Other		-	-	-
Expendable:				
Capital Projects/Construction/Capital Acquisition	-	-	-	-
Debt Service	-	-	-	-
Gifts and Grants	-	-	-	-
Higher Education	103,132	21,001	26,499	-
Other	-	-	-	-
Unrestricted	(364,332)	(32,128)	(30,910)	(466)
Total Net Position (Deficit)	$ 1,091,600	$ 377,502	$ 225,975	$ 10,466

Roanoke Higher Education Authority	Innovation and Entrepreneurship Investment Authority	Institute for Advanced Learning and Research	Southern Virginia Higher Education Center	New College Institute	Virginia Economic Development Partnership	Virginia Outdoors Foundation	Virginia Port Authority
$ 2,918	$ 12,656	$ 4,330	$ 1,454	$ 2,974	$ 6,461	$ 3,095	$ 145,434
-	2,991	1,357	-	1,872	-	-	-
11	328	214	50	224	242	1,799	97,838
-	-	-	-	-	-	-	-
-	-	-	46	283	-	-	1,540
141	-	174	11	34	-	-	-
-	-	-	-	-	-	-	23,459
37	183	212	-	44	720	32	5,233
109	25	-	-	1	21	-	444
-	-	339	25	-	-	1,529	111,333
-	-	-	-	-	-	-	-
-	-	575	-	-	-	-	-
2,378	5,401	200	-	546	-	5,203	307,919
24,669	8,756	12,888	1,301	16,553	1,351	344	2,735,180
30,263	30,340	20,289	2,887	22,531	8,795	12,002	3,428,380
82	-	104	786	233	2,243	-	42,467
30,345	30,340	20,393	3,673	22,764	11,038	12,002	3,470,847
198	469	215	145	743	463	107	47,717
-	-	-	-	-	-	-	-
-	-	-	21	7	72	-	-
-	-	-	-	-	-	-	-
-	-	-	18	6	1	120	5
22	2,757	1,032	-	12	99	-	-
-	-	-	-	-	-	-	341
16	224	102	-	167	-	-	14,033
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
137	212	74	105	36	636	77	13,867
664	-	25	3,794	1,299	15,536	109	2,765,607
1,037	3,662	1,448	4,083	2,270	16,807	413	2,841,570
37	-	55	85	248	831	-	5,709
1,074	3,662	1,503	4,168	2,518	17,638	413	2,847,279
26,318	14,157	13,088	1,301	17,099	1,351	5,547	344,497
-	619	-	-	552	-	-	-
-	-	-	-	-	-	32	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	69,532
-	-	-	-	-	-	-	-
-	-	922	25	165	-	-	-
-	-	-	-	-	-	1,526	-
2,953	11,902	4,880	(1,821)	2,430	(7,951)	4,484	209,539
$ 29,271	$ 26,678	$ 18,890	$ (495)	$ 20,246	$ (6,600)	$ 11,589	$ 623,568

Continued on next page

Combining Statement of Net Position – Nonmajor Component Units *(Continued from previous page)*

June 30, 2017
(Dollars in Thousands)

	Virginia Tourism Authority	Virginia Foundation for Healthy Youth	Tobacco Region Revitalization Commission	Hampton Roads Sanitation District Commission
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents	$ 5,063	$ 12,823	$ 17,137	$ 92,075
Investments	-	-	247,973	123,687
Receivables, Net	109	-	3,606	43,398
Contributions Receivable, Net	-	-	-	-
Due from Primary Government	-	-	-	-
Due from Component Units	-	-	-	-
Inventory	-	-	-	28,352
Prepaid Items	101	-	5	-
Other Assets	-	6	2,124	321
Restricted Cash and Cash Equivalents	-	-	16,106	22,701
Restricted Investments	-	-	184,105	-
Other Restricted Assets	-	-	593	-
Nondepreciable Capital Assets	811	-	-	260,223
Depreciable Capital Assets, Net	892	-	-	995,729
Total Assets	6,976	12,829	471,649	1,566,486
Deferred Outflows of Resources	1,259	305	215	30,822
Total Assets and Deferred Outflows of Resources	8,235	13,134	471,864	1,597,308
Liabilities and Deferred Inflows of Resources				
Accounts Payable	328	389	148	30,311
Amounts Due to Other Governments	-	-	-	-
Due to Primary Government	42	10	8	-
Due to Component Units	-	-	-	-
Due to External Parties (Fiduciary Funds)	-	11	8	-
Unearned Revenue	-	-	-	-
Obligations Under Securities Lending Program	-	-	-	-
Other Liabilities	1	667	4,693	16,868
Loans Payable to Primary Government	-	-	-	-
Claims Payable:				
Due Within One Year	-	-	-	-
Due in More Than One Year	-	-	-	-
Long-term Liabilities:				
Due Within One Year	288	41	14	81,241
Due in More Than One Year	8,894	2,270	1,646	811,618
Total Liabilities	9,553	3,388	6,517	940,038
Deferred Inflows of Resources	326	50	76	2,992
Total Liabilities and Deferred Inflows of Resources	9,879	3,438	6,593	943,030
Net Position				
Net Investment in Capital Assets	1,703	-	-	428,670
Restricted For:				
Nonexpendable:				
Higher Education	-	-	-	-
Other	-	-	-	-
Expendable:				
Capital Projects/Construction/Capital Acquisition	-	-	199,883	-
Debt Service	-	-	-	22,701
Gifts and Grants	-	-	-	-
Higher Education	-	-	-	-
Other	-	-	-	-
Unrestricted	(3,347)	9,696	265,388	202,907
Total Net Position (Deficit)	$ (1,644)	$ 9,696	$ 465,271	$ 654,278

Virginia Biotechnology Research Partnership Authority	Virginia Small Business Financing Authority	Virginia School for the Deaf and Blind Foundation	Science Museum of Virginia Foundation	Virginia Commercial Space Flight Authority	Danville Science Center, Inc.	Virginia Museum of Fine Arts Foundation	A. L. Philpott Manufacturing Extension Partnership
$ 4,818	$ 3,685	$ 3,346	$ 602	$ 8,382	$ 57	$ 891	$ 1,910
7,208	-	1,795	643	-	448	10,075	-
21,066	9,027	-	12	1,549	2	-	236
-	-	-	2,975	-	-	9,384	-
-	-	-	-	-	-	-	-
-	-	-	-	3,155	-	-	-
-	-	-	-	-	12	-	-
40	-	-	4	295	8	-	-
243	-	-	-	135	-	4,402	-
-	25,410	-	5,473	-	320	14,303	-
-	-	-	15,237	-	413	241,805	-
-	16,484	-	-	-	-	-	-
3,370	-	-	-	5,357	-	372	-
189	-	-	2	105,777	21	229	6
36,934	54,606	5,141	24,948	124,650	1,281	281,461	2,152
1,256	347	-	-	-	-	-	-
38,190	54,953	5,141	24,948	124,650	1,281	281,461	2,152
22	98	-	-	1,737	-	1,279	385
-	-	-	-	-	-	-	-
-	2	-	845	-	-	-	-
-	-	-	-	-	-	-	-
-	4	-	-	-	-	-	-
350	-	-	-	1,297	-	-	533
-	-	-	-	-	-	-	-
5	1,162	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,815	-	-	2	-	-	352	215
18,947	1,387	-	7	-	-	42,731	-
23,139	2,653	-	854	3,034	-	44,362	1,133
-	390	-	-	-	-	-	-
23,139	3,043	-	854	3,034	-	44,362	1,133
3,559	-	-	2	111,134	21	602	6
-	-	-	-	-	-	-	-
-	-	-	6,001	-	254	158,017	-
-	-	-	5,092	-	-	122	-
-	-	-	-	-	-	-	-
110	37,822	-	11,738	-	479	98,827	-
-	-	-	-	-	-	-	-
243	7,846	-	-	471	-	-	-
11,139	6,242	5,141	1,261	10,011	527	(20,469)	1,013
$ 15,051	$ 51,910	$ 5,141	$ 24,094	$ 121,616	$ 1,281	$ 237,099	$ 1,019

Continued on next page

Combining Statement of Net Position – Nonmajor Component Units *(Continued from previous page)*

June 30, 2017
(Dollars in Thousands)

	Fort Monroe Authority	Assistive Technology Loan Fund Authority	Virginia Sesquicentennial of the American Civil War Foundation	Virginia Land Conservation Foundation
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents	$ 2,874	$ 5,646	$ -	$ 8,070
Investments	-	-	-	-
Receivables, Net	980	3,287	-	-
Contributions Receivable, Net	-	-	-	-
Due from Primary Government	-	-	-	-
Due from Component Units	-	-	-	-
Inventory	-	-	-	-
Prepaid Items	324	-	-	-
Other Assets	-	-	-	-
Restricted Cash and Cash Equivalents	473	-	-	-
Restricted Investments	-	-	-	-
Other Restricted Assets	-	-	-	-
Nondepreciable Capital Assets	215	-	-	-
Depreciable Capital Assets, Net	44	-	-	-
Total Assets	4,910	8,933	-	8,070
Deferred Outflows of Resources	397	-	-	-
Total Assets and Deferred Outflows of Resources	5,307	8,933	-	8,070
Liabilities and Deferred Inflows of Resources				
Accounts Payable	1,765	-	-	-
Amounts Due to Other Governments	-	-	-	-
Due to Primary Government	32	-	-	-
Due to Component Units	-	-	-	-
Due to External Parties (Fiduciary Funds)	23	-	-	-
Unearned Revenue	23	-	-	-
Obligations Under Securities Lending Program	-	-	-	-
Other Liabilities	346	-	-	-
Loans Payable to Primary Government	-	-	-	-
Claims Payable:				
Due Within One Year	-	-	-	-
Due in More Than One Year	-	-	-	-
Long-term Liabilities:				
Due Within One Year	50	9	-	-
Due in More Than One Year	2,546	-	-	-
Total Liabilities	4,785	9	-	-
Deferred Inflows of Resources	179	-	-	-
Total Liabilities and Deferred Inflows of Resources	4,964	9	-	-
Net Position				
Net Investment in Capital Assets	259	-	-	-
Restricted For:				
Nonexpendable:				
Higher Education	-	-	-	-
Other	142	-	-	-
Expendable:				
Capital Projects/Construction/Capital Acquisition	-	-	-	-
Debt Service	-	-	-	-
Gifts and Grants	-	29	-	-
Higher Education	-	-	-	-
Other	-	-	-	-
Unrestricted	(58)	8,895	-	8,070
Total Net Position (Deficit)	$ 343	$ 8,924	$ -	$ 8,070

Virginia Arts Foundation	Library of Virginia Foundation	Virginia Health Workforce Development Authority	Total Nonmajor Component Units
$ -	$ 78	$ 107	$ 2,445,303
-	1,294	-	11,759,472
-	-	-	1,393,177
-	-	-	450,250
-	-	-	72,896
-	-	-	95,308
-	100	-	143,659
-	5	-	164,939
-	-	-	82,102
1,086	155	-	671,297
-	2,148	-	4,528,645
-	-	-	244,561
-	-	-	2,654,089
-	3	-	17,911,493
1,086	3,783	107	42,617,191
-	-	-	755,069
1,086	3,783	107	43,372,260
-	12	1	1,136,774
-	-	-	4,801
-	-	-	23,946
-	-	-	3,155
-	-	-	36,083
-	25	-	382,594
-	-	-	341
-	28	-	1,045,815
-	-	-	21,350
-	-	-	87,334
-	-	-	33,869
-	-	-	634,793
-	-	-	14,121,506
-	65	1	17,532,361
-	-	-	210,972
-	65	1	17,743,333
-	3	-	11,194,321
-	-	-	3,595,770
1,086	1,412	-	166,944
-	-	-	205,097
-	-	-	92,233
-	613	-	149,618
-	-	-	5,907,436
-	-	-	10,086
-	1,690	106	4,307,422
$ 1,086	$ 3,718	$ 106	$ 25,628,927

Combining Statement of Activities – Nonmajor Component Units

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenue
Higher Education					
University of Virginia	$ 3,920,763	$ 2,836,198	$ 1,036,434	$ 35,708	$ (12,423)
Virginia Polytechnic Institute and State University	1,497,174	793,158	509,613	32,513	(161,890)
Virginia Commonwealth University	3,909,737	3,544,945	346,143	47,883	29,234
The College of William and Mary	493,001	281,334	164,002	43,535	(4,130)
Virginia Military Institute	102,336	52,902	61,357	18,648	30,571
Virginia State University	150,743	56,177	36,206	10,940	(47,420)
Norfolk State University	158,775	54,134	36,284	38,611	(29,746)
University of Mary Washington	135,669	83,687	11,142	5,648	(35,192)
James Madison University	538,186	389,405	53,074	20,843	(74,864)
Radford University	209,140	114,301	27,691	14,567	(52,581)
Old Dominion University	528,291	274,893	101,639	13,679	(138,080)
George Mason University	875,682	573,896	193,491	56,944	(51,351)
Virginia Community College System	1,230,291	393,355	367,487	48,727	(420,722)
Christopher Newport University	159,434	115,443	12,470	11,013	(20,508)
Longwood University	160,629	90,840	17,520	10,034	(42,235)
Southwest Virginia Higher Education Center	4,534	2,160	80	867	(1,427)
Roanoke Higher Education Authority	3,550	1,210	87	714	(1,539)
Innovation and Entrepreneurship Investment Authority	16,481	3,968	1,283	345	(10,885)
Institute for Advanced Learning and Research	9,043	2,034	1,237	204	(5,568)
Southern Virginia Higher Education Center	5,161	885	1,142	54	(3,080)
New College Institute	4,931	791	1,136	-	(3,004)
Total Higher Education	14,113,551	9,665,716	2,979,518	411,477	(1,056,840)
Other Nonmajor Component Units					
Virginia Economic Development Partnership	25,142	505	1,207	-	(23,430)
Virginia Outdoors Foundation	4,447	1,396	3,129	-	78
Virginia Port Authority	549,240	488,721	14,102	18,979	(27,438)
Virginia Tourism Authority	24,271	1,393	1,324	-	(21,554)
Virginia Foundation for Healthy Youth	9,024	-	72	-	(8,952)
Tobacco Region Revitalization Commission	40,697	-	32	-	(40,665)
Hampton Roads Sanitation District Commission	225,508	266,141	-	8,598	49,231
Virginia Biotechnology Research Partnership Authority	2,216	2,150	-	219	153
Virginia Small Business Financing Authority	1,249	1,495	100	-	346
Virginia School for the Deaf and Blind Foundation	115	-	-	-	(115)
Science Museum of Virginia Foundation	6,739	-	1,631	2,236	(2,872)
Virginia Commercial Space Flight Authority	27,571	900	7,233	1,336	(18,102)
Danville Science Center, Inc.	299	11	23	-	(265)
Virginia Museum of Fine Arts Foundation	28,584	-	25,958	-	(2,626)
A. L. Philpott Manufacturing Extension Partnership	5,319	2,175	1,787	-	(1,357)
Fort Monroe Authority	13,962	5,476	764	402	(7,320)
Assistive Technology Loan Fund Authority	485	-	1	-	(484)
Virginia Sesquicentennial of the American Civil War Foundation	280	-	-	-	(280)
Virginia Land Conservation Foundation	5,275	-	938	-	(4,337)
Virginia Arts Foundation	-	25	13	-	38
Library of Virginia Foundation	755	205	129	-	(421)
Virginia Health Workforce Development Authority	805	-	840	-	35
Total Other Nonmajor	971,983	770,593	59,283	31,770	(110,337)
Total Nonmajor Component Units	$ 15,085,534	$ 10,436,309	$ 3,038,801	$ 443,247	$ (1,167,177)

Operating Appropriations from Primary Government	General Revenues: Unrestricted Grants and Contributions	General Revenues: Investment Earnings	General Revenues: Miscellaneous	Special Items	Contributions to Permanent and Term Endowments	Change in Net Position	Net Position (Deficit) July 1	Net Position (Deficit) June 30
$ 168,664	$ 30,320	$ 463,700	$ 13,983	$ -	$ 97,578	$ 761,822	$ 9,064,047	$ 9,825,869
261,717	6,672	22,420	22,023	-	43,993	194,935	2,272,447	2,467,382
223,611	3,018	157,064	13,209	-	11,405	437,541	3,330,409	3,767,950
76,479	9,613	7,554	6,807	-	17,291	113,614	1,387,408	1,501,022
15,206	-	16,273	470	-	23,715	86,235	679,582	765,817
47,850	2,666	5,913	3,393	-	667	13,069	195,874	208,943
58,064	1,864	896	1,887	-	577	33,542	165,050	198,592
31,166	937	9,580	886	-	4,914	12,291	167,476	179,767
99,399	630	4,078	2,183	-	5,505	36,931	825,644	862,575
60,761	390	1,916	2,521	-	2,751	15,758	366,457	382,215
150,135	-	10,194	657	-	1,840	24,746	586,761	611,507
161,356	1,951	10,988	2,901	-	2,973	128,818	692,721	821,539
442,550	9,015	5,088	15,496	-	7,352	58,779	1,032,821	1,091,600
33,332	3,657	5,240	-	-	1,283	23,004	354,498	377,502
32,473	492	2,736	80	-	5,673	(781)	226,756	225,975
2,056	-	-	-	-	-	629	9,837	10,466
1,393	13	15	-	-	-	(118)	29,389	29,271
11,401	-	1,095	-	-	-	1,611	25,067	26,678
6,115	-	79	-	-	-	626	18,264	18,890
2,809	418	-	-	-	-	147	(642)	(495)
1,951	6	227	4	-	8	(808)	21,054	20,246
1,888,488	71,662	725,056	86,500	-	227,525	1,942,391	21,450,920	23,393,311
26,096	-	54	455	-	-	3,175	(9,775)	(6,600)
1,753	183	18	-	-	-	2,032	9,557	11,589
113,943	-	898	-	13,277	-	100,680	522,888	623,568
21,579	-	47	179	-	-	251	(1,895)	(1,644)
-	9,518	91	-	-	-	657	9,039	9,696
-	-	(473)	5,146	-	-	(35,992)	501,263	465,271
-	-	1,168	2,275	-	-	52,674	601,604	654,278
-	-	938	-	-	-	1,091	13,960	15,051
-	-	158	-	-	-	504	51,406	51,910
-	18	304	34	-	-	241	4,900	5,141
-	1,616	80	-	-	193	(983)	25,077	24,094
15,800	-	-	-	-	-	(2,302)	123,918	121,616
-	341	80	-	-	5	161	1,120	1,281
-	6,944	1,138	-	-	7,953	13,409	223,690	237,099
1,094	-	-	-	-	-	(263)	1,282	1,019
5,096	-	-	1,035	-	-	(1,189)	1,532	343
-	-	191	-	-	-	(293)	9,217	8,924
-	-	-	-	-	-	(280)	280	-
8,000	-	-	-	-	-	3,663	4,407	8,070
-	-	10	-	-	-	48	1,038	1,086
-	194	249	11	-	191	224	3,494	3,718
-	-	-	-	-	-	35	71	106
193,361	18,814	4,951	9,135	13,277	8,342	137,543	2,098,073	2,235,616
$ 2,081,849	$ 90,476	$ 730,007	$ 95,635	$ 13,277	$ 235,867	$ 2,079,934	$ 23,548,993	$ 25,628,927

Debt Schedules

Summary Schedule – Total Debt and Other Long-term Obligations of the Commonwealth

Last Five Fiscal Years
(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	2017	2016	2015	2014	2013
Tax-Supported Debt:					
Primary Government:					
General Obligation Bonds (1):					
Section 9(b) Bonds (2)	$ 515,468	$ 571,915	$ 642,181	$ 706,192	$ 752,493
Section 9(c) Bonds (2)	22,743	29,717	33,190	36,677	39,499
Subtotal - General Obligation Bonds	538,211	601,632	675,371	742,869	791,992
Nongeneral Obligation Debt:					
Section 9(d) Bonds (2)	5,252,795	5,163,651	5,175,570	4,748,217	5,029,659
Other Long-term Debt and Obligations (3)	6,068,634	5,729,566	5,366,682	3,287,907	3,004,676
Total Primary Government	11,859,640	11,494,849	11,217,623	8,778,993	8,826,327
Component Units:					
General Obligation Bonds (1):					
Section 9(c) Bonds (2)	897,018	877,118	936,857	925,086	877,858
Subtotal - General Obligation Bonds	897,018	877,118	936,857	925,086	877,858
Nongeneral Obligation Bonds:					
Section 9(d) Bonds (2)	4,134,860	4,351,059	3,839,279	3,542,518	2,990,382
Other Long-term Debt (3)	4,509,272	4,154,182	3,756,274	2,207,305	1,944,418
Total Component Units	9,541,150	9,382,359	8,532,410	6,674,909	5,812,658
Total Tax-Supported Debt	21,400,790	20,877,208	19,750,033	15,453,902	14,638,985
Debt Not Supported by Taxes:					
Primary Government:					
Total Primary Government (2)	3,357,056	3,009,647	3,472,475	3,510,428	3,320,450
Component Units:					
Section 9(d) Moral Obligation Bonds	928,088	907,209	877,875	831,165	836,656
Section 9(d) Other Debt	2,224,501	2,081,823	2,038,579	1,826,602	1,538,395
Other Long-term Debt (4)	15,709,260	14,220,896	14,113,641	14,351,277	15,341,291
Foundations (5)	1,562,580	1,714,748	1,685,948	1,669,241	1,583,178
Total Component Units	20,424,429	18,924,676	18,716,043	18,678,285	19,299,520
Total Debt Not Supported by Taxes	23,781,485	21,934,323	22,188,518	22,188,713	22,619,970
Total Debt of the Commonwealth	$ 45,182,275	$ 42,811,531	$ 41,938,551	$ 37,642,615	$ 37,258,955

	2017	2016	2015	2014	2013
Section 9(b) Debt:					
Public Facilities Bonds	$ 515,468	$ 571,915	$ 642,181	$ 706,192	$ 752,493
Subtotal 9(b) Debt	515,468	571,915	642,181	706,192	752,493
Section 9(c) Debt:					
Higher Educational Institution Bonds	897,018	877,118	936,857	925,086	877,858
Transportation Facilities Bonds	11,642	14,562	17,154	19,632	21,961
Parking Facilities Bonds	11,101	15,155	16,036	17,045	17,538
Subtotal 9(c) Debt	919,761	906,835	970,047	961,763	917,357
Total General Obligation Debt (1)	$ 1,435,229	$ 1,478,750	$ 1,612,228	$ 1,667,955	$ 1,669,850

(1) Total general obligation debt for the fiscal year ended.
(2) Beginning with fiscal year 2014, GASB Statement No. 65 removed deferrals of debt defeasance from the debt balances. Balances reported in prior fiscal years netted the deferrals against the debt balances. All amounts are net of unamortized discounts and premiums.
(3) Includes capital lease obligations, installment purchase obligations, pension liability, and the long-term portion of the liability for compensated absences.
(4) Includes bonds payable, notes payable, and other debt not supported by taxes.
(5) Foundations represent FASB reporting entities defined in Note 1.B.

Tax-Supported Debt and Other Long-term Obligations

Last Five Fiscal Years
(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	2017	2016	2015	2014	2013
Primary Government:					
General Obligation Debt (1) (4):					
Section 9(b) Debt					
Public Facilities (2)	$ 515,468	$ 571,915	$ 642,181	$ 706,192	$ 752,493
Subtotal Section 9(b) Debt	515,468	571,915	642,181	706,192	752,493
Section 9(c) Debt					
Parking Facilities (2)	11,101	15,155	16,036	17,045	17,538
Transportation Facilities (2)	11,642	14,562	17,154	19,632	21,961
Subtotal Section 9(c) Debt	22,743	29,717	33,190	36,677	39,499
Subtotal General Obligation Debt	538,211	601,632	675,371	742,869	791,992
Nongeneral Obligation Debt:					
Section 9(d) Debt:					
Transportation Debt (2)	2,578,232	2,722,238	2,552,123	2,373,382	2,495,312
Virginia Public Building Authority (2)	2,674,563	2,441,413	2,623,447	2,374,835	2,534,347
Subtotal Section 9(d) Debt	5,252,795	5,163,651	5,175,570	4,748,217	5,029,659
Other Long-term Debt:					
Transportation Notes Payable	-	-	-	-	8,000
Regional Jail Construction	-	-	-	-	837
Capital Lease Obligations	41,024	46,524	57,948	60,916	71,835
Installment Purchase Obligations	109,721	108,877	113,373	113,936	106,367
Economic Development Authority Obligations	37,895	44,712	51,249	57,621	77,472
Tax Refund Note	-	-	-	-	20,319
Aviation Notes Payable (3)	-	114	307	529	764
Subtotal Other Long-term Debt	188,640	200,227	222,877	233,002	285,594
Other Long-term Obligations:					
Compensated Absences	300,501	317,053	311,406	321,520	317,528
Net Pension Liability	4,721,816	4,419,257	4,133,117	2,114,803	1,875,011
OPEB Liability	814,560	734,064	654,173	568,764	493,443
Pollution Remediation Liability	9,437	11,308	11,954	13,186	3,494
Other Liabilities	33,680	47,657	33,155	36,632	29,606
Subtotal Other Long-term Obligations	5,879,994	5,529,339	5,143,805	3,054,905	2,719,082
Total Primary Government	11,859,640	11,494,849	11,217,623	8,778,993	8,826,327
Component Units:					
General Obligation Bonds (1) (4):					
Section 9(c) Debt					
Higher Educational Institutions (2)	897,018	877,118	936,857	925,086	877,858
Subtotal General Obligation Debt	897,018	877,118	936,857	925,086	877,858
Nongeneral Obligation Debt:					
Section 9(d) Debt:					
Virginia Port Authority (2)	253,208	275,256	288,446	222,044	228,619
Innovation & Entrepreneurship Investment Authority	-	-	-	-	1,220
Virginia College Building Authority	3,858,925	4,049,060	3,520,214	3,286,119	2,725,259
Virginia Biotechnology Research Partnership Authority	22,727	26,743	30,619	34,355	35,284
Subtotal Section 9(d) Debt	4,134,860	4,351,059	3,839,279	3,542,518	2,990,382
Other Long-term Debt:					
Capital Lease Obligations	76,889	71,403	77,456	82,189	85,631
Installment Purchase Obligations	29,959	50,825	63,812	76,526	86,315
Subtotal Other Long-term Debt	106,848	122,228	141,268	158,715	171,946
Other Long-term Obligations:					
Compensated Absences	300,591	293,026	288,320	280,237	265,246
Net Pension Liability	3,002,030	2,777,020	2,496,179	1,066,638	924,512
OPEB Liability	1,099,803	961,908	830,507	701,715	582,714
Subtotal Other Long-term Obligations	4,402,424	4,031,954	3,615,006	2,048,590	1,772,472
Total Component Units	9,541,150	9,382,359	8,532,410	6,674,909	5,812,658
Total Tax-Supported Debt	$ 21,400,790	$ 20,877,208	$ 19,750,033	$ 15,453,902	$ 14,638,985

(1) The general obligation debt is the only debt or long-term obligation that is backed by the full faith and credit of the Commonwealth.
(2) Beginning with fiscal year 2014, GASB Statement No. 65 removed deferrals of debt defeasance from the debt balances. Balances reported in prior fiscal years netted the deferrals against the debt balances. All amounts are net of unamortized discounts and premiums.
(3) Reflected as Notes Payable in Note 26, Long-term Liabilities.
(4) See Note 1 on previous page.

Debt and Other Long-term Obligations Not Supported by Taxes

Last Five Fiscal Years
(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	2017	2016	2015	2014	2013
Primary Government:					
Other Long-term Debt & Obligations:					
Federal Reimbursement Anticipation Notes Payable (1)	$ -	$ -	$ 30,624	$ 60,905	$ 89,836
Grant Anticipation Notes (GARVEES) (1)	992,214	663,147	705,574	746,812	473,733
Route 460 Funding Corporation of Virginia	-	-	320,110	317,305	314,662
Net Pension Liability	151,486	140,522	125,294	57,400	48,798
OPEB Liability	28,058	25,113	22,051	18,709	15,688
Capital Lease Obligations	5,025	5,359	5,708	6,072	6,453
Compensated Absences	10,096	10,003	10,123	10,102	9,727
Tuition Benefits Payable	2,048,168	2,035,608	2,116,769	2,140,430	2,189,079
Lottery Prizes Payable	122,009	129,895	136,222	152,693	172,474
Total Primary Government	3,357,056	3,009,647	3,472,475	3,510,428	3,320,450
Component Units:					
Section 9(d) Moral Obligation Debt: (1)					
Virginia Resources Authority	928,088	907,209	877,875	831,165	836,656
Subtotal Section 9(d) Moral Obligation Debt	928,088	907,209	877,875	831,165	836,656
Section 9(d) Other Debt:					
Higher Educational Institutions (1):					
Auxiliary Enterprise Revenue Bonds	1,728,052	1,579,951	1,531,950	1,315,358	1,269,149
Teaching Hospitals Revenue Bonds (3)	496,449	501,872	506,629	511,244	269,246
Subtotal Section 9(d) Other Debt	2,224,501	2,081,823	2,038,579	1,826,602	1,538,395
Other Long-term Debt:					
Virginia Housing Development Authority (1)	3,737,479	4,320,935	4,498,847	4,931,982	5,742,689
Hampton Roads Sanitation District Commission (1)	846,783	879,294	748,397	766,353	790,503
Virginia Public School Authority (1)	3,580,954	3,655,914	3,551,741	3,523,633	3,483,366
Virginia Port Authority (1)	294,757	252,631	256,656	272,831	276,816
Virginia Resources Authority (1)	2,722,834	2,704,321	2,631,153	2,536,711	2,582,923
Notes Payable	1,938,288	2,041,726	2,083,619	2,067,038	2,179,181
Net Pension Liability	57,787	44,339	41,516	-	-
Capital Lease Obligations	2,194,493	-	-	-	-
Other Long-term Debt	335,885	321,736	301,712	252,729	285,813
Foundations (4)	1,562,580	1,714,748	1,685,948	1,669,241	1,583,178
Subtotal Other Long-term Debt	17,271,840	15,935,644	15,799,589	16,020,518	16,924,469
Subtotal Section 9(d) and Other Debt	19,496,341	18,017,467	17,838,168	17,847,120	18,462,864
Total Component Units	20,424,429	18,924,676	18,716,043	18,678,285	19,299,520
Total Debt Not Supported by Taxes (2)	$ 23,781,485	$ 21,934,323	$ 22,188,518	$ 22,188,713	$ 22,619,970

(1) Beginning with fiscal year 2014, GASB Statement No. 65 removed deferrals of debt defeasance from the debt balances. Balances reported in prior fiscal years netted the deferrals against the debt balances. All amounts are net of unamortized discounts and premiums.
(2) These amounts are not backed by the full faith and credit of the Commonwealth.
(3) Includes the Virginia Commonwealth University Health System Authority.
(4) Foundations represent FASB reporting entities defined in Note 1.B.

Authorized and Unissued Tax-Supported Debt

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	As of June 30, 2016	New Debt Authorized	Debt Issued	Other Adjust-ments	As of June 30, 2017
Section 9(c) Debt (Primary Government):					
Higher Educational Institution Bonds	$ 708,548	$ 13,637	$ 71,200	$ (8,650)	$ 642,335
Parking Facilities Bonds	226	-	-	-	226
Subtotal Section 9(c) Debt	708,774	13,637	71,200	(8,650)	642,561
Section 9(d) Debt:					
Primary Government:					
Transportation Contract Revenue Bonds					
(Northern Virginia Transportation District					
Fund Program)	24,700	-	-	-	24,700
U.S. Route 58 Corridor Development Program	595,700	-	-	-	595,700
Transportation Capital Projects Revenue Bonds	887,335	-	-	-	887,335
Component Units:					
Virginia Public Building Authority					
(Projects)	1,693,341	63,542	367,670	(47,749)	1,341,464
Virginia Public Building Authority					
(Jails)	38,816	1,249	289	-	39,776
Virginia College Building Authority					
(21st Century)	1,919,502	151,225	-	(2,291)	2,068,436
Virginia College Building Authority					
(Equipment Program)	168,470	-	75,100	(10,370)	83,000
Subtotal Section 9(d) Debt	5,327,864	216,016	443,059	(60,410)	5,040,411
Total Authorized and Unissued Tax-Supported Debt	$ 6,036,638	$ 229,653	$ 514,259	$ (69,060)	$ 5,682,972

Tax-Supported Debt – Annual Debt Service Requirements [1]

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

Fiscal Year Ending June 30	General Obligation Debt Sections 9(a), 9(b) and 9(c)			Other Tax-Supported Debt Section 9(d) [1] [2]		
	Principal	Interest	Total	Principal	Interest	Total
2018	$ 104,055	$ 56,772	$ 160,827	$ 567,185	$ 374,850	$ 942,035
2019	103,645	52,028	155,673	551,750	354,114	905,864
2020	103,395	47,233	150,628	529,273	328,247	857,520
2021	105,660	42,491	148,151	532,001	303,692	835,693
2022	101,305	37,526	138,831	511,970	279,064	791,034
2023	101,885	32,848	134,733	506,185	255,774	761,959
2024	101,670	28,196	129,866	506,666	232,581	739,247
2025	93,645	23,558	117,203	486,064	209,427	695,491
2026	88,455	19,456	107,911	491,149	187,490	678,639
2027	80,320	15,574	95,894	477,786	166,290	644,076
2028	65,090	11,909	76,999	472,410	145,229	617,639
2029	50,595	9,250	59,845	469,075	124,515	593,590
2030	41,730	7,192	48,922	452,290	103,917	556,207
2031	37,415	5,568	42,983	400,850	83,472	484,322
2032	26,720	4,152	30,872	374,580	66,632	441,212
2033	26,365	3,183	29,548	316,580	51,550	368,130
2034	24,070	2,223	26,293	303,805	38,273	342,078
2035	17,145	1,325	18,470	259,785	25,576	285,361
2036	9,680	679	10,359	181,635	15,060	196,695
2037	1,895	328	2,223	105,110	8,222	113,332
2038	1,675	244	1,919	39,195	4,662	43,857
2039	1,730	165	1,895	40,685	3,160	43,845
2040	1,785	84	1,869	24,015	1,598	25,613
2041	-	-	-	24,900	704	25,604
Subtotal	1,289,930	401,984	1,691,914	8,624,944	3,364,099	11,989,043
Add Accretion on Capital Appreciation Bonds	-	-	-	28,253	-	28,253
Add Unamortized Premium	145,299	-	145,299	772,439	-	772,439
Less Unamortized Discount	-	-	-	(86)	-	(86)
Total	$ 1,435,229	$ 401,984	$ 1,837,213	$ 9,425,550	$ 3,364,099	$ 12,789,649

[1] Includes Fairfax County Economic Development Authority. Does not include other capital leases, installment purchase obligations, regional jail reimbursements under the original treasury board program, compensated absences, pension liability, pollution remediation liability and other liabilities.

[2] Includes principal amount of $5,290,690 (dollars in thousands) for the primary government.

Total		
Principal	Interest	Total
$ 671,240	$ 431,622	$ 1,102,862
655,395	406,142	1,061,537
632,668	375,480	1,008,148
637,661	346,183	983,844
613,275	316,590	929,865
608,070	288,622	896,692
608,336	260,777	869,113
579,709	232,985	812,694
579,604	206,946	786,550
558,106	181,864	739,970
537,500	157,138	694,638
519,670	133,765	653,435
494,020	111,109	605,129
438,265	89,040	527,305
401,300	70,784	472,084
342,945	54,733	397,678
327,875	40,496	368,371
276,930	26,901	303,831
191,315	15,739	207,054
107,005	8,550	115,555
40,870	4,906	45,776
42,415	3,325	45,740
25,800	1,682	27,482
24,900	704	25,604
9,914,874	3,766,083	13,680,957
28,253	-	28,253
917,738	-	917,738
(86)	-	(86)
$ 10,860,779	$ 3,766,083	$ 14,626,862

Tax-Supported Debt – Detail of Long-term Indebtedness

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2016 as restated (1)	Issued (Retired) During Year	Outstanding June 30, 2017	Maturity
General Obligation Debt					
Section 9(b) Debt (Primary Government):					
Public Facilities Bonds					
Series 2007	$ 200,465	$ 16,500	$ (10,250)	$ 6,250	06/01/18
Series 2008	198,165	19,840	(9,920)	9,920	06/01/18
Series 2009	80,000	52,000	(44,255)	7,745	06/01/18-19
Series 2009 Refunding	121,765	113,185	(14,000)	99,185	06/01/18-22
Series 2009 Taxable BABs	45,000	30,810	(2,365)	28,445	06/01/18-29
Series 2012A Refunding	71,065	44,280	(2,310)	41,970	06/01/18-24
Series 2013 Refunding	128,250	122,160	(6,090)	116,070	06/01/19-27
Series 2014B Refunding	22,855	5,230	(4,175)	1,055	06/01/18
Series 2015	102,520	102,520	-	102,520	06/01/18-28
Series 2016B Refunding	39,695	-	39,695	39,695	06/01/20-29
Unamortized Premium	-	65,390	(2,777)	62,613	
Total Public Facilities Bonds	1,009,780	571,915	(56,447)	515,468	
Total Section 9(b) Debt	1,009,780	571,915	(56,447)	515,468	
Section 9(c) Debt					
Higher Educational Institution bonds (Component Units)					
Series 2006 Refunding Bonds					
Christopher Newport University					
Dorm/Dining - '96 Refunding, Refunded Portion	1,725	805	(805)	-	
Subtotal Series 2006 Refunding Bonds	1,725	805	(805)	-	
Series 2007 Bonds					
George Mason University					
Construct Student Housing VII and Entrance Road	15,495	545	(545)	-	
Construct Student Housing, VII	2,010	70	(70)	-	
Renovate Student Housing, President's Park I	3,130	420	(420)	-	
James Madison University					
Construct Dining Hall	20,840	980	(980)	-	
Renovate Bluestone Residence Hall, Phase III	2,280	105	(105)	-	
Longwood University					
Renovate Cox Hall	6,250	295	(295)	-	
Old Dominion University					
Construct Residence Hall, Phase II	16,115	755	(755)	-	
Virginia Commonwealth University					
Monroe Park Housing	15,525	390	(390)	-	
Virginia Polytechnic Institute and State University					
Construct New Residence Hall	13,130	1,365	(665)	700	06/01/18
Improve Residence and Dining Halls	5,995	625	(305)	320	06/01/18

Series	Amount Issued	Outstanding June 30, 2016 as restated (1)	Issued (Retired) During Year	Outstanding June 30, 2017	Maturity
General Obligation Debt *(continued)*					
Section 9(c) Debt *(continued)*					
Higher Educational Institution bonds (Component Units) *(continued)*					
Virginia State University					
Construct Residence Halls	2,020	195	(95)	100	06/01/18
Construct Two Residence Halls	26,160	1,340	(1,340)	-	
Subtotal Series 2007 Bonds	128,950	7,085	(5,965)	1,120	
Series 2008 Bonds					
The College of William and Mary					
Renovate Graduate Student Residence Halls	2,395	225	(110)	115	06/01/18
George Mason University					
Renovate Commonwealth and Dominion Phase II	1,530	400	(195)	205	06/01/18
Renovate President's Park Phase I	3,095	810	(395)	415	06/01/18
Renovate President's Park Phase II	3,120	305	(150)	155	06/01/18
Student Housing VII	1,955	125	(60)	65	06/01/18
Student Housing VII and Entrance Road	23,870	1,585	(775)	810	06/01/18
James Madison University					
Construct New Residence Hall	19,430	1,775	(865)	910	06/01/18
Longwood University					
Renovate Cox Hall	4,630	420	(205)	215	06/01/18
Old Dominion University					
Quad Housing Phase II	39,960	3,655	(1,785)	1,870	06/01/18
Virginia Polytechnic Institute and State University					
New Residence Hall	17,185	1,620	(790)	830	06/01/18
Parking Auxiliary Projects	1,545	140	(70)	70	06/01/18
Subtotal Series 2008 Bonds	118,715	11,060	(5,400)	5,660	
Series 2009 Bonds					
Christopher Newport University					
Residence Hall '01 Refunded Portion	1,878	1,854	(13)	1,841	06/01/18-21
The College of William and Mary					
Dining Commons Hall Renovation '05 Refunded Portion	3,200	3,200	(470)	2,730	06/01/18-22
Dormitory Renovations '06B Refunded Portion	1,270	1,270	-	1,270	06/01/18-22
Dormitory Renovations '02 Refunded	2,582	1,972	(297)	1,675	06/01/18-22
Dormitory Renovations '05 Refunded	1,940	1,940	(285)	1,655	06/01/18-22
Dormitory Renovations '01 Refunded Portion	384	379	(3)	376	06/01/18-21
George Mason University					
Housing Building V '01 Refunded Portion	6,267	6,199	(36)	6,163	06/01/18-24
Housing Building V '02 Refunded Portion	4,448	3,395	(513)	2,882	06/01/18-22
Housing VIII	7,910	7,020	(6,485)	535	06/01/18-19
Renovate President Park Phase I	1,790	680	(215)	465	06/01/18-19
Student Housing Construction VII '05 Refunded	6,630	6,630	(975)	5,655	06/01/18-22
Student Housing VII C	8,255	6,980	(6,445)	535	06/01/18-19
Student Housing Construction VII '06B Refunded	8,230	8,230	-	8,230	06/01/18-22
James Madison University					
Bluestone Dorm Phase II '01 Refunded Portion	458	452	(3)	449	06/01/18-21
Renovate Bluestone Res Hall III '06B Refunded Portion	1,750	1,750	-	1,750	06/01/18-22
Renovate Bluestone Dorms '02 Refunded Portion	1,048	800	(121)	679	06/01/18-22
Renovate Bluestone Dorms II '02 Refunded Portion	1,089	830	(126)	704	06/01/18-22
Longwood University					
Housing Facilities Renovations '05 Refunded Portion	1,340	1,340	(195)	1,145	06/01/18-22
Renovate Housing Facilities '06B Refunded Portion	1,655	1,655	-	1,655	06/01/18-22
Old Dominion University					
Construct Residence Hall Ph II '06B Refunded Portion	2,465	2,465	-	2,465	06/01/18-22
Housing Renovations '02 Refunded Portion	1,319	1,006	(151)	855	06/01/18-22
Housing Renovations Ph I '05 Refunded Portion	1,625	1,625	(240)	1,385	06/01/18-22
University of Mary Washington					
Residence Hall Renovation '01 Refunded Portion	153	151	(1)	150	06/01/18-21
Seacobeck Dining Hall '05 Refunded Portion	1,625	1,625	(240)	1,385	06/01/18-22

Continued on next page

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2016 as restated (1)	Issued (Retired) During Year	Outstanding June 30, 2017	Maturity
General Obligation Debt *(continued)*					
Section 9(c) Debt *(continued)*					
Higher Educational Institution bonds (Component Units) *(continued)*					
Series 2009 Bonds *(continued)*					
University of Virginia					
Residence Hall Monroe Lane '01 Refunded Portion	368	362	(1)	361	06/01/18-21
Virginia Military Institute					
Crozet Hall & Parking '04A Refunded Portion	4,242	3,945	(580)	3,365	06/01/18-22
Virginia Polytechnic Institute and State University					
Parking Aux Projects '06B Refunded Portion	190	190	-	190	06/01/18-22
Improve Residence and Dining Halls	3,720	2,985	(2,625)	360	06/01/18-19
Parking Auxiliary Project '02 Refunded Portion	276	85	(85)	-	
Parking Structure	24,590	21,290	(19,660)	1,630	06/01/18-19
Renovate Dietrick Servery Ph II '04A Refunded Portion	1,891	1,760	(260)	1,500	06/01/18-22
Renovate Ambler Johnston Hall	39,005	31,295	(27,490)	3,805	06/01/18-19
Virginia State University					
Construct Residence Hall '06B Refunded Portion	4,965	4,965	-	4,965	06/01/18-22
Construct Dining Hall '06B Refunded Portion	1,280	1,280	-	1,280	06/01/18-22
Subtotal Series 2009 Bonds	149,838	131,605	(67,515)	64,090	
Series 2010 Bonds					
Christopher Newport University					
Construct Residence Hall	34,480	30,960	(955)	30,005	06/01/18-40
The College of William and Mary					
Construct New Dormitory	2,010	1,535	(95)	1,440	06/01/18-30
Renovate Residence Halls	4,440	3,385	(210)	3,175	06/01/18-30
George Mason University					
Housing VIII	39,420	34,110	(1,445)	32,665	06/01/18-35
Renovate Commons	1,325	1,080	(65)	1,015	06/01/18-30
Renovate Student Housing, President's Park II	2,790	1,325	(325)	1,000	06/01/18-20
Smithsonian CRC Housing	5,415	4,685	(200)	4,485	06/01/18-35
James Madison University					
Renovate Bluestone Dormitories, Phase IV	14,890	11,365	(705)	10,660	06/01/18-30
Old Dominion University					
Renovate Student Housing, Phase I	1,975	1,505	(95)	1,410	06/01/18-30
Virginia Commonwealth University					
Construct West Grace Housing and Parking Phase I	29,130	25,195	(1,070)	24,125	06/01/18-35
Virginia Polytechnic Institute and State University					
Construct Academic and Student Affairs Building	34,650	27,055	(1,680)	25,375	06/01/18-30
Parking Auxiliary Projects	745	565	(35)	530	06/01/18-30
Subtotal Series 2010 Bonds	171,270	142,765	(6,880)	135,885	
Series 2011 Bonds					
Christopher Newport University					
Renovate Santoro Residence Hall	4,100	2,345	(445)	1,900	06/01/18-21
The College of William and Mary					
Construct New Dormitory	14,400	12,140	(625)	11,515	06/01/18-31
George Mason University					
Housing VIII	20,230	18,030	(590)	17,440	06/01/18-36
Presidential Park Housing Renovation	2,700	1,625	(305)	1,320	06/01/18-21
Renovate Commons	14,350	12,580	(650)	11,930	06/01/18-31
Smithsonian CRC Housing	4,070	3,725	(130)	3,595	06/01/18-36
Student Housing VII-C	1,045	940	(20)	920	06/01/18-36
Virginia Commonwealth University					
West Grace Housing - North	25,830	23,630	(785)	22,845	06/01/18-36
Virginia Polytechnic Institute and State University					
Renovate Ambler Johnston Hall	18,860	15,890	(820)	15,070	06/01/18-31
Virginia State University					
Construct Gateway Residence Hall Phase II	34,735	28,640	(1,475)	27,165	06/01/18-31
Construct Quad Phase II	28,555	25,035	(1,280)	23,755	06/01/18-31
Subtotal Series 2011 Bonds	168,875	144,580	(7,125)	137,455	

Series	Amount Issued	Outstanding June 30, 2016 as restated (1)	Issued (Retired) During Year	Outstanding June 30, 2017	Maturity
General Obligation Debt *(continued)*					
Section 9(c) Debt *(continued)*					
Higher Educational Institution bonds (Component Units) *(continued)*					
Series 2012 Bonds					
The College of William and Mary					
Dining Commons Hall Renovation 2005 Refunding	1,289	1,289	-	1,289	06/01/23-24
Dorm Renovation - 2005 Refunding	780	779	-	779	06/01/23-24
George Mason University					
Student Housing Construction, VII - 2005 Refunding	2,674	2,674	-	2,674	06/01/23-24
Longwood University					
Housing Facilities Renovation - 2005 Refunding	545	545	-	545	06/01/23-24
Old Dominion University					
Housing Renovation, Phase I - 2005 Refunding	655	655	-	655	06/01/23-24
University of Mary Washington					
Seacobeck Dining Hall - 2005 Refunding	655	655	-	655	06/01/23-24
Virginia Military Institute					
Crozet Hall & Parking - 2004A Refunding	3,019	2,489	-	2,489	06/01/23-25
Virginia Polytechnic Institute and State University					
Renovate Dietrick Servery - 2004A Refunding	942	705	-	705	06/01/23-24
Subtotal Series 2012 Bonds	10,559	9,791	-	9,791	
Series 2013 Bonds					
The College of William and Mary					
Construct New Dormitory	8,770	7,860	(330)	7,530	06/01/18-33
Dining Commons Hall Renovation - 2005A Ref Portion	1,831	1,389	-	1,389	06/01/25-26
Dorm Renovations - 2005A Ref Portion	1,113	844	-	844	06/01/25-26
Dorm Renovations - 2006B Ref Portion	1,412	1,412	(211)	1,201	06/01/23-26
Renovate Dormitory	4,660	4,180	(175)	4,005	06/01/18-33
George Mason University					
Construct Student Housing VII & Entrance Rd - 2007B Ref Portion	4,579	4,579	-	4,579	06/01/19-25
Construct Student Housing VII - 2007B Refunded Portion	584	584	-	584	06/01/19-25
Construct Student Housing VII - 2006B Refunded Portion	9,187	9,187	(1,365)	7,822	06/01/23-26
Student Housing Construction, VII - 2005A Ref Portion	10,504	9,533	-	9,533	06/01/25-30
James Madison University					
Construct Dining Hall - 2007B Refunded Portion	8,207	8,207	-	8,207	06/01/19-25
Renovate Bluestone Residence Hall, Ph 3 - 2007B Ref Portion	893	893	-	893	06/01/19-25
Renovate Residence Hall - 2006B Refunded Portion	1,953	1,953	(288)	1,665	06/01/23-26
Longwood University					
Housing Facility Renovation - 2005A Refunded Portion	472	286	-	286	06/01/25
Renovate Cox Hall - 2007B Refunded Portion	2,461	2,461	-	2,461	06/01/19-25
Renovate Housing Facilities - 2006B Refunded Portion	1,852	1,852	(274)	1,578	06/01/23-26
Old Dominion University					
Construct Residence Hall, Ph II - 2007B Refunded Portion	6,344	6,344	-	6,344	06/01/19-25
Construct Residence Hall, Ph II - 2006B Refunded Portion	2,761	2,761	(409)	2,352	06/01/23-26
Housing Renovations, Ph I - 2005A Refunded Portion	570	349	-	349	06/01/25
Radford University					
Washington Hall	5,040	4,520	(190)	4,330	06/01/18-33
University of Mary Washington					
Seacobeck Dining Hall - 2005A Refunded Portion	565	344	-	344	06/01/25
Virginia Commonwealth University					
Monroe Park Housing - 2007B Refunded Portion	3,252	3,252	-	3,252	06/01/19-25

Continued on next page

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2016 as restated (1)	Issued (Retired) During Year	Outstanding June 30, 2017	Maturity
General Obligation Debt *(continued)*					
Section 9(c) Debt *(continued)*					
Higher Educational Institution bonds (Component Units) *(continued)*					
Series 2013 Bonds *(continued)*					
Virginia Polytechnic Institute and State University					
Construct New Residence Hall - 2007A Refunded Portion	7,842	7,842	-	7,842	06/01/19-27
Improve Residence and Dining Halls - 2007A Refunded Portion	3,576	3,576	-	3,576	06/01/19-27
Parking Projects - 2006B Refunded Portion	217	217	(34)	183	06/01/23-26
Virginia State University					
Construct Dining Hall - 2006B Refunded Portion	1,431	1,431	(212)	1,219	06/01/23-26
Construct Residence Hall - 2007A Refunded Portion	1,132	1,132	-	1,132	06/01/19-27
Construct Residence Halls - 2006B Refunded Portion	5,541	5,541	(822)	4,719	06/01/23-26
Construct Two Residence Halls - 2007B Refunded Portion	11,231	11,231	-	11,231	06/01/19-25
Subtotal Series 2013 Bonds	107,980	103,760	(4,310)	99,450	
Series 2014 Bonds					
Christopher Newport University					
New Residence Hall - 2004B Refunded Portion	8,147	5,995	(1,432)	4,563	06/01/18-20
Residence Hall II - 2004B Refunding Portion	4,210	2,821	(910)	1,911	06/01/18-19
College Of William and Mary					
Renovate Dormitories - 2004B Refunding Portion	1,666	1,226	(292)	934	06/01/18-20
Dormitory Renovation Phase II - 2004B Refunding Portion	120	57	(57)	-	
Dormitory Repairs - 2004B Refunding Portion	650	252	(252)	-	
Utility System - 2004B Refunding Portion	311	143	(143)	-	
Dormitory Renovation - 2004B Refunding Portion	1,551	881	(435)	446	06/01/18
Renovate Dormitories	9,005	8,445	(315)	8,130	06/01/18-34
George Mason University					
Housing Building V - 2004B Refunding Portion	6,306	4,642	(1,111)	3,531	06/01/18-20
Student Housing VIII	2,235	2,095	(80)	2,015	06/01/18-31, 34
James Madison University					
Bluestone Dormitory Phase II- 2004B Refunding Portion	1,985	1,462	(351)	1,111	06/01/18-20
Dining Hall Renovation - 2004B Refunding Portion	254	97	(97)	-	
Residence Hall - 2004B Refunding Portion	2,232	863	(863)	-	
Student Services - 2004B Refunding Portion	1,191	461	(461)	-	
Dining Facilities Renovation - 2004B Refunding Portion	260	148	(72)	76	06/01/18
Student Housing Phase I	46,660	43,780	(1,630)	42,150	06/01/18-34
Longwood University					
Dining Hall - 2004B Refunding Portion	934	628	(201)	427	06/01/18-19
Residence Hall Improvements - 2004B Refunding Portion	880	590	(191)	399	06/01/18-19
Radford University					
Renovate Residence Halls	11,080	10,395	(390)	10,005	06/01/18-34
University of Mary Washington					
Residence Hall Renovation - 2004B Refunding Portion	656	483	(117)	366	06/01/18-20
University of Virginia					
Residence Hall - Monroe Lane - 2004B Refunding Portion	1,595	1,174	(283)	891	06/01/18-20
Residence Hall - Wise- 2004B Refunding Portion	1,512	1,012	(328)	684	06/01/18-19
Virginia Commonwealth University					
Academic Parking Deck - 2004B Refunding Portion	2,429	936	(936)	-	
Virginia Polytechnic Institute and State University					
Parking Auxiliary Projects - 2004B Refunding Portion	300	116	(116)	-	
Residence Hall - 2004B Refunding Portion	3,151	1,217	(1,217)	-	
Dining Hall - 2004B Refunding Portion	793	449	(222)	227	06/01/18
Dining Hall HVAC - 2004B Refunding Portion	587	393	(127)	266	06/01/18-19
Virginia State University					
Jones Dining Hall - 2004B Refunding Portion	255	144	(71)	73	06/01/18
Subtotal Series 2014 Bonds	110,955	90,905	(12,700)	78,205	

Series	Amount Issued	Outstanding June 30, 2016 as restated (1)	Issued (Retired) During Year	Outstanding June 30, 2017	Maturity
General Obligation Debt *(continued)*					
Section 9(c) Debt *(continued)*					
Higher Educational Institution bonds (Component Units) *(continued)*					
Series 2015 Bonds					
Christopher Newport University					
Construct Residential Housing	18,860	18,860	(635)	18,225	06/01/18-35
Expand Dining Hall	8,960	8,960	(305)	8,655	06/01/18-35
College of William and Mary					
Renovate Graduate St. - 2008B Ref Portion	1,482	1,482	-	1,482	06/01/19-28
Renovate Dormitories	10,980	10,660	(360)	10,300	06/01/18-35
George Mason University					
Construct Housing VII & Entrance Road - 2007B Ref Portion	6,817	6,817	-	6,817	06/01/18, 26-32
Construct Student Housing VII - 2006B Refunding Portion	11,765	11,765	-	11,765	06/01/27-31
Construct Student Housing VII - 2007B Refunding Portion	854	854	-	854	06/01/18, 26-32
Renovate President Park, Phase II - 2008B Refunding Portion	1,999	1,999	-	1,999	06/01/19-28
Student Housing VII - 2008B Refunding Portion	1,366	1,366	-	1,366	06/01/19-33
Student Housing VII - C - 2008B Refunding Portion	17,566	17,566	-	17,566	06/01/19-33
James Madison University					
Construct Dining Hall - 2007B Refunding Portion	3,650	3,650	-	3,650	06/01/18, 26-27
Construct New Residence Hall - 2008B Refunding Portion	11,695	11,695	-	11,695	06/01/19-28
Renovate Bluestone Residence Hall, Ph 3 - 2007B Ref Portion	403	403	-	403	06/01/18, 26-27
Longwood University					
Renovate Cox Hall - 2007B Refunding Portion	1,089	1,089	-	1,089	06/01/18, 26-27
Renovate Cox Hall - 2008B Refunding Portion	2,785	2,785	-	2,785	06/01/19-28
Old Dominion University					
Construct Residence Hall, Phase II - 2007B Refunding Portion	2,827	2,827	-	2,827	06/01/18, 26-27
Quad Housing Phase II - 2008B Refunding Portion	24,074	24,074	-	24,074	06/01/19-28
Radford University					
Renovate Residence Halls	8,820	8,560	(290)	8,270	06/01/18-35
Virginia Commonwealth University					
Monroe Park Housing - 2007B Refunding Portion	6,806	6,806	-	6,806	06/01/18, 26-37
Virginia Polytechnic Institute and State					
New Residence Hall - 2008B Refunding Portion	10,671	10,671	-	10,671	06/01/19-28
Parking Auxiliary Project - 2008B Refunding Portion	921	921	-	921	06/01/19-28
Virginia State University					
Construct Two Residence Halls - 2007B Refunding Portion	4,995	4,995	-	4,995	06/01/18, 26-27
Subtotal Series 2015 Bonds	159,385	158,805	(1,590)	157,215	
Series 2016 Bonds					
Christopher Newport University					
Dorm & Dining Hall 1996 Ref - 2006A Refunding Portion	750	-	600	600	06/01/18-21
George Mason University					
Housing VIII - 09B Refunding Portion	6,230	-	6,230	6,230	06/01/20-34
Student Housing VII-C - 2009B Refunding Portion	6,190	-	6,190	6,190	06/01/20-34
James Madison University					
Construct Dining Hall	53,700	-	52,730	52,730	06/01/18-36
Norfolk State University					
Renovate and Upgrade Dormitories	7,875	-	7,660	7,660	06/01/18-31
Radford University					
Renovate Residence Halls	7,160	-	7,030	7,030	06/01/18-36
Richard Bland College					
Convert Humanities & Social Science Building to Student Housing	2,465	-	2,465	2,465	06/01/18-36
Virginia Polytechnic Institute and State					
Improve Residence & Dining Halls - 2009B Refunding Portion	2,310	-	2,310	2,310	06/01/20-29
Parking Structure - 2009B Refunding Portion	18,890	-	18,890	18,890	06/01/20-34
Renovate Ambler Johnston Hall - 2009 B Refunding Portion	24,200	-	24,200	24,200	06/01/20-29
Subtotal Series 2016 Bonds	129,770	-	128,305	128,305	
Unamortized Premium	-	75,957	3,885	79,842	
Subtotal Higher Educational Institution Bonds	1,258,022	877,118	19,900	897,018	

Continued on next page

Tax-Supported Debt – Detail of Long-term Indebtedness *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2016 as restated (1)	Issued (Retired) During Year	Outstanding June 30, 2017	Maturity
General Obligation Debt *(continued)*					
Transportation Facilities Bonds (Primary Government)					
Series 2006, Coleman Refunding	31,880	14,205	(14,205)	-	
Series 2016, Coleman Refunding 1996 Ref - 2006A Refunding Portion	13,185	-	10,495	10,495	06/01/18-21
Unamortized Premium	-	357	790	1,147	
Subtotal Transportation Facilities Bonds	45,065	14,562	(2,920)	11,642	
Parking Facilities Bonds (Primary Government)					
Series 2009	13,755	10,665	(9,365)	1,300	06/01/18-19
Series 2009 Refunding	2,122	1,975	(290)	1,685	06/01/18-22
Series 2012 Refunding (2004A Ref)	1,061	794	-	794	06/01/23-24
Series 2016 Refunding - 2009B Refunding Portion	5,625	-	5,625	5,625	06/01/20-29
Unamortized Premium	-	1,721	(24)	1,697	
Subtotal Parking Facilities Bonds	22,563	15,155	(4,054)	11,101	
Total Section 9(c) Debt	1,325,650	906,835	12,926	919,761	
Total General Obligation Debt	2,335,430	1,478,750	(43,521)	1,435,229	
Nongeneral Obligation Debt					
Section 9(d) Debt					
Virginia Public Building Authority Bonds (Primary Government)					
Series 2005D	50,000	50,000	-	50,000	08/01/22-25
Series 2006A	135,000	10,730	(10,730)	-	
Series 2006B	215,065	12,770	(12,770)	-	
Series 2007A	242,480	31,425	(15,320)	16,105	08/01/17
Series 2008B	150,000	19,965	(6,360)	13,605	08/01/17-18
Series 2009A	40,995	23,690	(3,395)	20,295	08/01/17-21
Series 2009B	265,000	191,770	(144,990)	46,780	08/01/17-19
Series 2009C	10,000	5,625	(830)	4,795	08/01/17-21
Series 2009D Refunding	42,745	26,805	(5,065)	21,740	08/01/17-21
Series 2010A2 BABs	256,710	256,710	(13,700)	243,010	08/01/17-30
Series 2010B1	87,510	37,625	(11,940)	25,685	08/01/17-18
Series 2010B2 Taxable BABs	195,310	195,260	-	195,260	08/01/19-30
Series 2010B3 Refunding	50,780	49,395	(365)	49,030	08/01/17-22
Series 2011A	280,000	243,315	(73,325)	169,990	08/01/17-22, 27-31
Series 2011B	18,500	15,615	(760)	14,855	08/01/17-31
Series 2012A Refunding	72,415	72,415	(7,100)	65,315	08/01/17-24
Series 2013A	143,400	134,315	(4,880)	129,435	08/01/17-33
Series 2013B Refunding	72,370	72,370	-	72,370	08/01/19-23
Series 2014A	132,875	128,810	(4,275)	124,535	08/01/17-34
Series 2014B Taxable	29,735	28,535	(1,200)	27,335	08/01/17-34
Series 2014C Refunding	298,390	282,135	(35,300)	246,835	08/01/17-27
Series 2015A	232,980	232,980	(7,135)	225,845	08/01/17-35
Series 2015B Refunding	134,730	134,730	(11,510)	123,220	08/01/17-28
Series 2016A	206,420	-	206,420	206,420	08/01/17-36
Series 2016B Refunding	178,955	-	178,955	178,955	08/01/20-29
Series 2016C AMT	147,420	-	147,420	147,420	08/01/17-36
Series 2016D Taxable	13,830	-	13,830	13,830	08/01/17-36
Unamortized Premium	-	184,423	57,475	241,898	
Total Virginia Public Building Authority Bonds	3,703,615	2,441,413	233,150	2,674,563	

Series	Amount Issued	Outstanding June 30, 2016 as restated (1)	Issued (Retired) During Year	Outstanding June 30, 2017	Maturity
Nongeneral Obligation Debt					
Section 9(d) Debt					
Virginia College Building Authority Bonds (Component Unit)					
21st Century College Program					
Series 2006BC	120,000	77,385	(77,385)	-	
Series 2007A	59,125	50,465	(50,465)	-	
Series 2007B	132,095	2,305	(2,305)	-	
Series 2008A	144,075	13,615	(4,335)	9,280	02/01/18-19
Series 2009A	284,020	50,405	(10,815)	39,590	02/01/18-20
Series 2009B	84,680	21,725	(10,575)	11,150	02/01/18
Series 2009D	52,420	8,620	(8,620)	-	
Series 2009E Refunding	208,860	166,670	(16,385)	150,285	02/01/18-24
Series 2009F2 Taxable BABs	390,575	350,985	(20,470)	330,515	02/01/18-30
Series 2010A	50,350	7,850	(7,850)	-	
Series 2010B2 Taxable BABs	290,600	274,125	(16,735)	257,390	02/01/18-30
Series 2011A	272,515	221,675	(98,460)	123,215	02/01/18-22, 29-32
Series 2012A	335,075	268,090	(17,750)	250,340	02/01/18-32
Series 2012B	349,255	319,630	(11,560)	308,070	02/01/18-33
Series 2012C	8,350	3,340	(1,670)	1,670	02/01/18
Series 2013A	331,705	305,415	(16,885)	288,530	02/01/18-34
Series 2014A	319,155	284,630	(16,420)	268,210	02/01/18-34
Series 2014B	27,985	13,205	(5,135)	8,070	02/01/18-20, 25
Series 2015A	373,230	362,380	(13,880)	348,500	02/01/18-35
Series 2015B Refunding	204,880	201,210	(2,815)	198,395	02/01/18-27
Series 2015C Taxable	6,785	5,680	(1,395)	4,285	02/01/18-20
Series 2015D1	233,300	228,540	(5,010)	223,530	02/01/18-35
Series 2015D2	56,765	53,200	(7,820)	45,380	02/01/18-22
Series 2016A	360,485	360,485	(20,180)	340,305	02/01/18-36
Series 2016 B Refunding	49,300	49,300	-	49,300	02/01/28-29
Series 2016C	39,980	39,980	(3,950)	36,030	02/01/18-26
Series 2017A	75,100	-	75,100	75,100	02/01/21-24
Series 2017B Refunding	173,295	-	173,295	173,295	02/01/18-28
Unamortized Premium	-	308,150	10,340	318,490	
Total Virginia College Building Authority Bonds	5,033,960	4,049,060	(190,135)	3,858,925	
Transportation Debt (Primary Government)					
Route 28 Refunding Bonds	111,680	80,979	(3,436)	77,543	04/01/18-32
Transportation Revenue Bonds (U.S. Route 58)	343,555	213,295	(39,025)	174,270	05/15/18-26
Northern Virginia Transportation District Program	266,955	180,860	(24,205)	156,655	05/15/18-34
Oak Grove Connector (Chesapeake)	10,100	10,100	(1,485)	8,615	05/15/18-22
Capital Projects	2,155,870	2,026,035	(61,130)	1,964,905	05/15/18-41
Unamortized Premium	-	210,969	(14,725)	196,244	
Total Section 9(d) Transportation Debt	2,888,160	2,722,238	(144,006)	2,578,232	
Virginia Port Authority Debt (Component Unit)					
Series 2006	21,730	1,365	(1,365)	-	
Series 2011	57,370	57,370	-	57,370	07/01/28-36
Series 2012	108,015	88,970	(6,470)	82,500	07/01/17-27
Series 2012B	45,230	43,170	(2,745)	40,425	07/01/17-29
Series 2012C	4,795	4,795	-	4,795	07/01/29-30
Series 2015	58,680	58,680	-	58,680	07/01/28-31, 37-40
Unamortized Premium	-	20,906	(11,468)	9,438	
Total Virginia Port Authority Debt	295,820	275,256	(22,048)	253,208	

Continued on next page

Tax-Supported Debt – Detail of Long-term Indebtedness *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2016 as restated (1)	Issued (Retired) During Year	Outstanding June 30, 2017	Maturity
Nongeneral Obligation Debt					
Section 9(d) Debt					
Virginia Biotechnology Research Partnership					
Authority (Component Unit)					
Series 2009	91,010	24,725	(3,665)	21,060	09/01/17-21
Unamortized Premium	-	2,018	(351)	1,667	
Total Virginia Biotechnology Research Partnership					
Authority (Component Unit)	91,010	26,743	(4,016)	22,727	
Economic Development Authority Obligations	55,875	39,150	(5,870)	33,280	05/15/18-22
Unamortized Premium	-	5,562	(947)	4,615	
Total Economic Development Authority Obligations	55,875	44,712	(6,817)	37,895	
Total Section 9(d) Debt	12,068,440	9,559,422	(133,872)	9,425,550	
Nongeneral Obligation Debt and Other Obligations					
Other Long-term Debt (2)					
Capital Leases	-	117,927	(14)	117,913	
Installment Purchase Obligations	-	159,702	(20,022)	139,680	
Aviation Note Payable	6,600	114	(114)	-	
Total Other Long-term Debt	6,600	277,743	(20,150)	257,593	
Other Long-term Obligations					
Compensated Absences	-	610,079	(8,987)	601,092	
Net Pension Liability	-	7,199,634	524,212	7,723,846	
OPEB Liability	-	1,696,628	217,735	1,914,363	
Other	-	58,965	(15,848)	43,117	
Total Other Long-term Obligations	-	9,565,306	717,112	10,282,418	
Total Nongeneral Obligation Debt and Other Obligations	12,075,040	19,402,471	563,090	19,965,561	
Total Tax-Supported Debt and Other Obligations	$ 14,410,470	$ 20,881,221	$ 519,569	$ 21,400,790	

(1) As discussed in Note 26, beginning balances have been restated.

(2) Pursuant to GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, Governmental Activities include internal service funds.

STATISTICAL SECTION

The financial presentations included in this section present detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Commonwealth's overall financial health.

Statistical schedules related to property taxes are not presented since the Commonwealth does not assess property taxes.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Financial Trends

Ten-Year Schedule of Revenues and Expenditures – Modified Accrual Basis
General Governmental Revenues by Source and Expenditures by Function

For Fiscal Year Ended June 30
(Dollars in Millions)

	2017	2016	2015	2014
Tax Revenues:				
Individual and Fiduciary Income	$ 13,070	$ 12,652	$ 12,248	$ 11,659
Sales and Use	5,089	4,984	4,832	4,606
Motor Fuels	997	977	887	793
Corporation Income	806	773	797	774
Public Service Corporations	108	108	119	119
Motor Vehicle Sales and Use	948	910	846	781
Communications Sales and Use	395	405	416	422
Gross Premiums of Insurance Companies	504	490	454	449
Alcoholic Beverage Sales	154	148	140	132
Deeds, Contracts, Wills, and Suits	503	471	441	395
Beer and Beverage Excise	42	43	43	43
Estate	8	-	-	-
Tobacco Products	170	176	179	182
Bank Stock	22	18	19	23
Wine and Spirits/ABC Liter	27	26	26	26
Other Taxes	120	115	110	95
Total Tax Revenues	22,963	22,296	21,557	20,499
Other Revenues:				
Federal Grants and Contracts	10,392	9,885	9,727	9,681
Institutional Revenue	241	267	303	325
Sales of Property and Commodities	40	56	38	56
Rights and Privileges	1,021	977	978	950
Interest, Dividends, and Rents	146	134	91	144
Fines, Forfeitures, Costs, Penalties and Escheats	354	347	352	435
Assessments	137	137	137	132
Other Revenues	1,101	995	987	739
Total Other Revenues	13,432	12,798	12,613	12,462
Total Revenues	$ 36,395	$ 35,094	$ 34,170	$ 32,961
Percentage Increase Over Previous Year	3.7%	2.7%	3.7%	2.8%
Expenditures by Function:				
Education	$ 9,816	$ 9,373	$ 9,372	$ 8,970
Administration of Justice	2,875	2,801	2,690	2,724
Individual and Family Services	14,805	14,186	13,421	13,196
Resources and Economic Development	981	915	929	912
Transportation	5,732	5,817	5,348	5,057
General Government (1)	3,385	3,527	3,261	3,238
Capital Outlay	381	331	251	194
Total Expenditures	$ 37,975	$ 36,950	$ 35,272	$ 34,291
Percentage Increase Over Previous Year	2.8%	4.8%	2.9%	2.7%

Includes all General, Special Revenue, Debt Service, Capital Project, and Permanent Funds

(1) General Government expenditure amounts include debt service principal retirement and interest charges.

Source: Department of Accounts

2013	2012	2011	2010	2009	2008
$ 11,378	$ 10,714	$ 10,050	$ 8,730	$ 9,471	$ 10,084
3,935	3,866	3,674	3,553	3,568	3,820
879	900	903	891	889	924
778	950	827	833	642	767
116	115	113	112	103	106
582	538	495	440	406	534
425	425	556	453	-	-
396	391	412	391	387	397
127	121	114	111	110	106
436	371	335	326	351	457
43	44	44	44	45	44
-	-	2	6	4	136
182	195	175	178	182	183
20	19	25	24	21	14
25	24	23	21	20	19
78	75	77	74	77	68
19,400	18,748	17,825	16,187	16,276	17,659
9,913	9,933	10,749	10,628	8,113	6,627
360	385	384	403	409	390
35	41	36	32	26	29
957	921	917	870	889	933
83	164	159	294	218	452
366	362	368	343	349	394
125	120	122	116	113	109
824	814	712	704	611	645
12,663	12,740	13,447	13,390	10,728	9,579
$ 32,063	$ 31,488	$ 31,272	$ 29,577	$ 27,004	$ 27,238
1.8%	0.7%	5.7%	9.5%	-0.9%	3.2%
$ 8,886	$ 8,733	$ 8,682	$ 8,843	$ 9,260	$ 8,940
2,566	2,422	2,398	2,399	2,531	2,543
13,039	12,682	12,688	12,236	10,764	9,345
876	870	886	897	990	868
4,613	4,474	3,860	3,401	3,704	3,883
3,187	3,007	3,129	2,932	2,512	2,612
219	330	439	619	612	845
$ 33,386	$ 32,518	$ 32,082	$ 31,327	$ 30,373	$ 29,036
2.7%	1.4%	2.4%	3.1%	4.6%	6.0%

Net Position by Component
Accrual Basis of Accounting

Last Ten Fiscal Years
(Dollars in Millions)

	2017	2016	2015	2014
Governmental Activities:				
Net Investment in Capital Assets (1)	$ 25,539	$ 24,309	$ 23,407	$ 22,317
Restricted	954	1,365	1,436	1,465
Unrestricted	(5,344)	(5,560)	(5,406)	(2,820)
Total Governmental Activities Net Position	21,149	20,114	19,437	20,962
Business-type Activities:				
Net Investment in Capital Assets (1)	38	33	34	12
Restricted	1,208	1,045	845	587
Unrestricted	692	508	500	563
Total Business-type Activities Net Position	1,938	1,586	1,379	1,162
Primary Government:				
Net Investment in Capital Assets (1)	25,577	24,342	23,441	22,329
Restricted	2,162	2,410	2,281	2,052
Unrestricted	(4,652)	(5,052)	(4,906)	(2,257)
Total Primary Government Net Position	$ 23,087	$ 21,700	$ 20,816	$ 22,124

(1) Beginning with fiscal year 2013, GASB Statement No. 63 changed the title of Invested in Capital Assets, Net of Related Debt to Net Investment in Capital Assets. Balances reported in prior fiscal years were not affected.

Source: Department of Accounts

2013	2012	2011	2010	2009	2008
$ 20,259	$ 19,891	$ 18,320	$ 17,424	$ 16,209	$ 15,241
1,456	1,648	1,171	1,160	1,421	1,641
(1,531)	(2,216)	(1,596)	(1,887)	(1,555)	516
20,184	19,323	17,895	16,697	16,075	17,398
30	34	35	31	23	26
371	179	16	16	372	816
261	143	70	(169)	(180)	59
662	356	121	(122)	215	901
20,289	19,925	18,355	17,455	16,232	15,267
1,827	1,827	1,187	1,176	1,793	2,457
(1,270)	(2,073)	(1,526)	(2,056)	(1,735)	575
$ 20,846	$ 19,679	$ 18,016	$ 16,575	$ 16,290	$ 18,299

Changes in Net Position
Accrual Basis of Accounting

Last Ten Fiscal Years
(Dollars in Millions)

	2017	2016	2015	2014
Expenses				
Governmental Activities:				
General Government	$ 3,119	$ 3,230	$ 3,267	$ 3,362
Education	10,457	10,178	9,845	9,431
Transportation	4,611	4,528	4,369	3,602
Resources and Economic Development	1,074	1,008	970	940
Individual and Family Services	14,708	14,024	13,277	13,116
Administration of Justice	2,853	2,922	2,751	2,927
Interest and Charges on Long-term Debt	222	240	224	238
Total Governmental Activities Expenses	37,044	36,130	34,703	33,616
Business-type Activities:				
Virginia Lottery	1,420	1,415	1,300	1,266
Virginia College Savings Plan	206	103	155	104
Unemployment Compensation	348	390	431	536
Alcoholic Beverage Control	632	615	580	555
Risk Management	10	14	10	13
Local Choice Health Care	447	412	350	308
Route 460 Funding Corporation of Virginia	-	1	13	82
Virginia Industries for the Blind	53	42	43	38
Consolidated Laboratory	11	10	9	9
eVA Procurement System	21	23	23	20
Department of Environmental Quality Title V	11	11	10	12
Wireless E-911	44	42	37	37
Museum and Library Gift Shops	7	7	7	6
Behavioral Health Canteen and Work Activity	-	-	-	1
Total Business-type Activities Expenses	3,210	3,085	2,968	2,987
Total Primary Government Expenses	$ 40,254	$ 39,215	$ 37,671	$ 36,603
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	$ 310	$ 306	$ 297	$ 255
Education	608	563	545	518
Transportation	717	675	691	652
Resources and Economic Development	392	375	379	359
Individual and Family Services	345	365	366	376
Administration of Justice	280	284	316	401
Operating Grants and Contributions	9,469	9,147	8,915	8,732
Capital Grants and Contributions	1,642	1,467	1,619	1,509
Total Governmental Activities Program Revenues	13,763	13,182	13,128	12,802

Source: Department of Accounts

2013	2012	2011	2010	2009	2008
$ 3,019	$ 2,878	$ 2,917	$ 2,829	$ 2,541	$ 2,470
9,281	9,181	9,086	9,312	9,566	9,300
3,307	3,030	2,839	2,311	2,786	3,054
928	985	1,006	1,107	1,003	878
12,941	12,712	12,663	12,285	10,757	9,249
2,760	2,639	2,641	2,741	2,611	2,607
255	229	228	206	201	205
32,491	31,654	31,380	30,791	29,465	27,763
1,194	1,121	1,030	998	920	936
156	96	243	294	115	244
584	640	662	923	881	433
533	507	479	469	467	457
12	13	8	7	6	6
296	267	230	231	231	202
67	-	-	-	-	-
31	32	28	28	24	24
8	7	7	6	6	6
20	19	17	19	18	18
11	11	10	10	11	12
42	41	38	48	53	50
7	6	7	2	1	2
1	1	-	1	1	-
2,962	2,761	2,759	3,036	2,734	2,390
$ 35,453	$ 34,415	$ 34,139	$ 33,827	$ 32,199	$ 30,153
$ 250	$ 255	$ 254	$ 248	$ 243	$ 229
448	397	388	380	373	379
680	645	650	611	643	709
345	393	309	306	299	297
413	429	430	411	415	389
322	323	322	308	321	387
8,820	9,178	9,950	9,951	7,584	6,067
1,754	1,267	1,324	1,603	997	1,152
13,032	12,887	13,627	13,818	10,875	9,609

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Changes in Net Position
Accrual Basis of Accounting *(Continued from previous page)*

Last Ten Fiscal Years
(Dollars in Millions)

	2017	2016	2015	2014
Business-type Activities:				
Charges for Services:				
Virginia Lottery	1,991	2,007	1,844	1,811
Virginia College Savings Plan	404	146	188	408
Unemployment Compensation	513	594	693	761
Alcoholic Beverage Control	807	772	730	689
Risk Management	13	9	8	9
Local Choice Health Care	430	393	343	321
Virginia Industries for the Blind	53	42	44	36
Consolidated Laboratory	10	9	10	9
eVA Procurement System	21	21	20	16
Department of Environmental Quality Title V	9	11	11	11
Wireless E-911	60	58	55	54
Museum and Library Gift Shops	7	7	8	6
Behavioral Health Canteen and Work Activity	-	-	-	-
Operating Grants and Contributions	4	-	-	-
Capital Contributions	-	-	-	70
Total Business-type Activities Program Revenue	4,322	4,069	3,954	4,201
Total Primary Government Program Revenues	$ 18,085	$ 17,251	$ 17,082	$ 17,003
Net (Expense)/Revenue				
Governmental Activities	$ (23,281)	$ (22,948)	$ (21,575)	$ (20,814)
Business-type Activities	1,112	984	986	1,214
Total Primary Government Net Expense	$ (22,169)	$ (21,964)	$ (20,589)	$ (19,600)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Individual and Fiduciary Income	$ 13,113	$ 12,685	$ 12,266	$ 11,681
Sales and Use	5,104	4,994	4,830	4,597
Corporation Income	834	773	801	770
Motor Fuel	998	976	888	792
Motor Vehicle Sales and Use	948	910	846	781
Communications Sales and Use	396	405	416	420
Premiums of Insurance Companies	479	485	453	460
Public Service Corporations	108	108	119	119
Other Taxes	1,050	1,001	959	896
Unrestricted Grants and Contributions	55	48	49	49
Investment Earnings	65	63	16	44
Miscellaneous	467	282	206	234
Special Item	-	-	(134)	-
Transfers	770	787	728	724
Total Governmental Activities	24,387	23,517	22,443	21,567
Business-type Activities:				
Other Taxes	9	9	9	9
Investment Earnings	1	1	2	2
Miscellaneous	-	-	-	1
Special Items	-	-	34	-
Transfers	(770)	(787)	(728)	(724)
Total Business-type Activities	(760)	(777)	(683)	(712)
Total Primary Government	$ 23,627	$ 22,740	$ 21,760	$ 20,855
Change in Net Position				
Governmental Activities	$ 1,106	$ 569	$ 868	$ 753
Business-type Activities	352	207	303	502
Total Primary Government	$ 1,458	$ 776	$ 1,171	$ 1,255

Source: Department of Accounts

2013	2012	2011	2010	2009	2008
1,690	1,616	1,483	1,436	1,366	1,389
301	160	459	371	(117)	70
790	853	686	524	341	350
662	633	598	584	573	552
5	5	4	5	6	7
285	259	247	241	226	216
30	32	28	30	24	24
7	8	8	7	9	8
16	16	19	17	27	26
11	8	7	10	9	10
62	55	53	53	51	51
8	7	8	2	2	2
-	1	-	-	-	1
-	-	1	4	105	39
61	-	-	-	-	-
3,928	3,653	3,601	3,284	2,622	2,745
$ 16,960	$ 16,540	$ 17,228	$ 17,102	$ 13,497	$ 12,354
$ (19,459)	$ (18,767)	$ (17,753)	$ (16,973)	$ (18,590)	$ (18,154)
966	892	842	248	(112)	355
$ (18,493)	$ (17,875)	$ (16,911)	$ (16,725)	$ (18,702)	$ (17,799)
$ 11,400	$ 10,814	$ 10,050	$ 8,779	$ 9,559	$ 10,100
3,941	3,885	3,669	3,569	3,554	3,821
805	979	852	846	546	772
879	900	903	891	889	924
582	538	495	440	406	534
424	423	557	456	-	-
407	391	406	414	365	356
116	115	113	112	103	106
909	849	795	777	814	1,025
74	49	48	49	60	54
6	84	63	205	143	349
306	465	286	427	237	224
-	-	-	-	-	-
670	668	615	597	591	593
20,519	20,160	18,852	17,562	17,267	18,858
9	9	9	10	13	12
1	1	1	2	4	12
-	-	-	-	-	1
-	-	-	-	-	-
(670)	(668)	(614)	(597)	(591)	(593)
(660)	(658)	(604)	(585)	(574)	(568)
$ 19,859	$ 19,502	$ 18,248	$ 16,977	$ 16,693	$ 18,290
$ 1,060	$ 1,394	$ 1,099	$ 589	$ (1,323)	$ 704
306	234	238	(337)	(686)	(213)
$ 1,366	$ 1,628	$ 1,337	$ 252	$ (2,009)	$ 491

Changes in Fund Balance, Governmental Funds
Modified Accrual Basis of Accounting

Last Ten Fiscal Years
(Dollars in Millions)

	2017	2016	2015	2014
Revenues				
Taxes	$ 22,963	$ 22,296	$ 21,557	$ 20,499
Rights and Privileges	1,021	977	978	950
Institutional Revenue	241	267	303	325
Interest, Dividends, Rents, and Other Investment Income	146	134	91	144
Federal Grants and Contracts	10,392	9,885	9,727	9,681
Other	1,632	1,535	1,514	1,362
Total Revenues	36,395	35,094	34,170	32,961
Expenditures				
General Government	2,691	2,821	2,544	2,538
Education	9,816	9,373	9,372	8,970
Transportation	5,732	5,817	5,348	5,057
Resources and Economic Development	981	915	929	912
Individual and Family Services	14,805	14,186	13,421	13,196
Administration of Justice	2,875	2,801	2,690	2,724
Capital Outlay	381	331	251	194
Debt Service:				
Principal Retirement	413	424	441	421
Interest and Charges	281	282	276	279
Total Expenditures	37,975	36,950	35,272	34,291
Revenues Over (Under) Expenditures	(1,580)	(1,856)	(1,102)	(1,330)
Other Financing Sources (Uses)				
Transfers In	1,731	1,673	1,706	1,661
Transfers Out	(959)	(884)	(972)	(927)
Notes Issued	8	4	7	16
Insurance Recoveries	1	1	1	-
Capital Leases Issued	2	1	-	-
Bonds Issued	685	274	671	273
Premium on Debt Issuance	174	45	150	75
Refunding Bonds Issued	276	76	536	277
Sale of Capital Assets	11	15	24	16
Payments to Refunded Bond Escrow Agents	(331)	(93)	(618)	(337)
Total Other Financing Sources (Uses)	1,598	1,112	1,505	1,054
Net Change in Fund Balances	$ 18	$ (744)	$ 403	$ (276)
Debt Service as a Percentage of Noncapital Expenditures (1)	2.01%	2.05%	2.22%	2.21%

(1) Noncapital expenditures exclude expenditures for capital outlay, which are recorded by function. The majority of these expenditures were for Transportation.

Source: Department of Accounts

2013	2012	2011	2010	2009	2008
$ 19,400	$ 18,748	$ 17,825	$ 16,187	$ 16,276	$ 17,659
957	921	917	869	889	933
360	385	384	403	409	390
83	164	159	294	218	452
9,913	9,933	10,749	10,628	8,112	6,627
1,350	1,337	1,238	1,196	1,100	1,177
32,063	31,488	31,272	29,577	27,004	27,238
2,424	2,322	2,439	2,306	1,889	2,047
8,886	8,733	8,683	8,842	9,260	8,940
4,613	4,474	3,860	3,401	3,704	3,883
876	870	886	897	990	868
13,039	12,682	12,688	12,236	10,764	9,345
2,566	2,422	2,398	2,399	2,531	2,543
219	330	439	619	612	845
474	423	456	420	416	362
289	262	233	206	207	203
33,386	32,518	32,082	31,326	30,373	29,036
(1,323)	(1,030)	(810)	(1,749)	(3,369)	(1,798)
1,625	1,770	1,498	1,624	1,571	1,663
(940)	(1,097)	(876)	(1,022)	(976)	(1,070)
22	10	37	20	21	-
1	3	8	5	8	6
-	1	2	1	1	5
264	1,196	883	941	646	416
85	217	71	44	46	23
201	319	51	124	68	59
96	4	3	4	4	7
(258)	(373)	(55)	(146)	(74)	(62)
1,096	2,050	1,622	1,595	1,315	1,047
$ (227)	$ 1,020	$ 812	$ (154)	$ (2,054)	$ (751)
2.58%	2.29%	2.30%	2.04%	2.09%	2.00%

Fund Balance, Governmental Funds
Modified Accrual Basis of Accounting

Last Ten Fiscal Years
(Dollars in Millions)

	2017	2016	2015	2014
General Fund				
Reserved (1)	$ -	$ -	$ -	$ -
Unreserved (1)	-	-	-	-
Nonspendable	127	114	120	111
Restricted	568	908	1,086	971
Committed	482	397	296	330
Unassigned	(679)	(709)	(653)	(782)
Total	$ 498	$ 710	$ 849	$ 630
All Other Governmental Funds				
Special Revenue Funds				
Reserved (1)	$ -	$ -	$ -	$ -
Unreserved (1)	-	-	-	-
Nonspendable	147	159	128	104
Restricted	570	583	759	880
Committed	2,148	2,094	2,244	2,145
Assigned	29	29	29	17
Unassigned	(67)	-	(60)	-
Debt Service Funds				
Reserved (1)	-	-	-	-
Restricted	32	22	45	44
Capital Projects Funds				
Unreserved (1)	-	-	-	-
Restricted	194	40	288	53
Permanent Funds				
Unreserved (1)	-	-	-	-
Nonspendable	37	34	35	34
Restricted	2	1	1	1
Total	$ 3,092	$ 2,962	$ 3,469	$ 3,278

(1) GASB Statement No. 54 changes in fund balance information presented in this section began with fiscal year 2011. Fund balances prior to fiscal year 2011 were not reclassified because this was deemed impractical. The nature of the difference between fiscal year 2011 forward and all prior years relates to fund balances for those prior years not being reclassified to GASB Statement No. 54 fund classifications. For additional information on fund balance classifications, see Note 3, Fund Balance Classifications.

Source: Department of Accounts

2013	2012	2011	2010	2009	2008
$ -	$ -	$ -	$ 395	$ 670	$ 1,125
-	-	-	(1,069)	(928)	78
120	118	113	-	-	-
962	729	464	-	-	-
503	486	410	-	-	-
(947)	(821)	(1,046)	-	-	-
$ 638	$ 512	$ (59)	$ (674)	$ (258)	$ 1,203
$ -	$ -	$ -	$ 410	$ 204	$ 242
-	-	-	2,502	2,325	3,072
118	105	111	-	-	-
588	567	422	-	-	-
2,556	2,923	2,683	-	-	-
14	12	10	-	-	-
-	-	-	-	-	-
-	-	-	105	102	101
35	79	68	-	-	-
-	-	-	206	331	134
214	202	145	-	-	-
-	-	-	47	45	52
31	28	29	-	-	-
1	1	1	-	-	-
$ 3,557	$ 3,917	$ 3,469	$ 3,270	$ 3,007	$ 3,601

Comparison of General Fund Balance

Last Ten Fiscal Years
(Dollars in Millions)

Fiscal Year Ended June 30,	Fund Balance: Budgetary Basis	Fund Balance: Modified Accrual Basis
2017	$ 1,339.9	$ 498.4
2016	1,478.4	710.3
2015	1,759.2	848.4
2014	1,349.3	629.6
2013	1,820.6	637.9
2012	1,683.4	512.4
2011	1,297.6	(58.8)
2010	870.9	(674.3)
2009	823.5	(258.5)
2008	2,219.8	1,202.9

Source: Department of Accounts

Revenue Capacity

Personal Income Tax Rates

Last Ten Fiscal Years
(Dollars in Millions)

For the Fiscal Year Ended June 30,	Personal Income Tax Collections (1)	Personal Income (2)(3)	Average Effective Rate (3)(4)
2017	$ 13,053	$ 452,522	2.88%
2016	12,556	441,721	2.84%
2015	12,329	427,305	2.89%
2014	11,253	407,192	2.76%
2013	11,340	403,854	2.81%
2012	10,613	394,483	2.69%
2011	9,944	374,731	2.65%
2010	9,088	355,404	2.56%
2009	9,481	354,226	2.68%
2008	10,115	353,070	2.86%

(1) Tax revenues from individual and fiduciary income tax.
(2) Personal income amounts provided by U.S. Bureau of Economic Analysis website.
(3) Amounts for fiscal years 2008-2016 were revised to reflect the incorporation of newly available and revised source data, as well as improved estimating methodologies.
(4) Average effective rate equals tax collections divided by income.

Sources: Department of Taxation
U.S. Bureau of Economic Analysis

Effective Tax Rates (1)

Tax Years 2007-2016

Income Tax Bracket	Tax Rate
$0 - $3,000	2.00%
$3,000 - $5,000	2.00% - 2.40%
$5,000 - $17,000	2.40% - 4.23%
$17,000 - $30,000	4.23% - 4.89%
$30,000 - $50,000	4.89% - 5.23%
$50,000 - $100,000	5.23% - 5.49%
Over $100,000	5.49% up to 5.75%

(1) Amounts shown are for all filing status returns.

Source: Department of Taxation

Personal Income Tax Filers and Liability by Income Level (1)

Current Year and Ten Years Ago

	Tax Year Ended December 31, 2015 (2)				Tax Year Ended December 31, 2006			
Income Level	Number of Returns	% of Total	Income Tax Liability	% of Total	Number of Returns	% of Total	Income Tax Liability	% of Total
$100,000 and higher	759,683	19.4%	$ 8,334,758,383	69.0%	517,904	14.9%	$ 5,783,961,064	63.3%
$75,000 - $99,999	331,139	8.5%	1,215,984,643	10.1%	294,468	8.5%	1,012,478,554	11.1%
$50,000 - $74,999	498,869	12.8%	1,191,305,685	9.9%	474,198	13.6%	1,067,446,097	11.7%
$25,000 - $49,999	876,046	22.4%	1,054,862,619	8.7%	840,332	24.1%	966,323,507	10.6%
$10,000 - $24,999	770,351	19.7%	269,565,761	2.2%	734,268	21.1%	285,109,511	3.1%
$9,999 and low er	671,460	17.2%	4,581,873	0.1%	618,750	17.8%	16,942,518	0.2%
Total	3,907,548	100.0%	$ 12,071,058,964	100.0%	3,479,920	100.0%	$ 9,132,261,251	100.0%

(1) Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the state's revenue.

(2) Tax year 2015 is the most recent year for which data are available.

Source: Department of Taxation

Personal Income by Industry

Last Ten Fiscal Years
(Dollars in Millions)

	2017	2016	2015	2014	2013
Farm Earnings	$ 64	$ 203	$ 421	$ 584	$ 595
Agricultural/Forestry, Fishing, and Other	502	483	431	362	323
Mining	398	415	544	754	993
Construction	17,765	16,915	16,135	15,491	15,256
Manufacturing	17,650	17,769	17,901	17,395	16,887
Transportation, Warehousing, Information and Public Utilities	16,732	16,923	16,905	16,200	15,580
Wholesale Trade	10,726	10,711	10,492	10,116	9,836
Retail Trade	16,019	15,918	15,366	14,902	14,469
Finance, Insurance, Real Estate, Rental and Leasing	21,204	20,676	19,777	18,954	20,034
Services	137,317	133,157	127,536	122,547	121,460
Federal, Civilian	26,289	25,378	24,463	23,385	23,280
Military	12,612	12,762	12,707	12,667	12,976
State and Local Government	36,850	36,081	34,560	33,218	32,314
Other (3)	138,394	134,330	130,067	120,617	119,851
Total Personal Income	$ 452,522	$ 441,721	$ 427,305	$ 407,192	$ 403,854

(1) Personal income figures for fiscal year 2017 are estimated.
(2) Amounts for fiscal years 2008-2016 were revised to reflect the incorporation of newly available and revised source data.
(3) Includes dividends, interest, rental income, residence adjustment, government transfers to individuals, and deductions for social insurance.

Source: U.S. Bureau of Economic Analysis (BEA)

Note: Details may not agree to BEA due to rounding.

2012	2011	2010	2009	2008
$ 583	$ 419	$ 260	$ 232	$ 288
302	254	260	257	271
1,053	939	754	820	771
14,292	13,327	13,228	14,575	16,981
16,318	15,888	15,609	16,295	17,199
15,813	16,171	16,406	16,967	17,271
9,768	9,572	9,140	9,501	9,637
13,975	13,414	13,035	13,042	13,739
19,073	17,809	16,067	15,347	16,241
117,770	113,130	108,636	106,300	102,038
23,231	22,611	21,220	19,575	18,526
13,290	13,482	13,548	13,209	12,733
31,221	30,959	30,932	30,460	29,228
117,794	106,756	96,309	97,646	98,147
$ 394,483	$ 374,731	$ 355,404	$ 354,226	$ 353,070

Taxable Sales by Business Class (1) (2)

Last Ten Calendar Years
(Dollars in Millions)

	2016	2015	2014	2013	2012
Alcoholic Beverage	658	718	676	640	559
Apparel	5,049	5,001	4,918	6,668	6,545
Automotive	3,238	3,159	3,024	2,945	2,860
Food	31,564	30,627	28,972	27,924	27,150
Fuel	2,144	1,967	1,864	1,880	1,899
Furniture, Home Furnishings, and Equipment	3,222	2,840	2,663	2,645	2,612
General Merchandise	21,686	21,917	21,693	21,852	21,568
Hotels, Motels, Tourist Camps, etc.	3,590	3,452	3,238	3,098	3,107
Lumber, Building Materials, and Supply	9,123	8,865	8,589	8,513	8,112
Machinery, Equipment, and Supplies	292	330	303	300	357
Miscellaneous	18,888	19,067	17,994	16,031	16,228
Other Miscellaneous and Unidentifiable	2,225	2,273	2,270	2,088	2,321
Total	$ 101,679	$ 100,216	$ 96,204	$ 94,584	$ 93,318
Direct Sales Tax Rate (2)	5.3%	5.3%	5.3%	5.3%	5.0%

(1) Retail sales information is available only on a calendar-year basis.
(2) Effective July 1, 2013, the sales tax rate increased from 5.0 percent to 5.3 percent.

Source: Department of Taxation

2011	2010	2009	2008	2007
567	545	532	517	487
4,749	4,601	4,494	5,015	5,191
2,717	2,555	2,397	2,440	2,563
25,691	24,617	24,134	23,721	22,502
1,828	1,691	1,582	1,539	1,729
2,538	2,442	2,519	3,013	3,448
20,635	19,836	19,577	19,387	19,574
2,988	2,837	2,804	3,066	3,079
7,750	7,652	7,369	8,140	9,354
309	243	173	241	238
16,341	16,402	16,780	18,527	18,301
2,955	2,997	3,505	4,495	5,573
$ 89,068	$ 86,418	$ 85,866	$ 90,101	$ 92,039
5.0%	5.0%	5.0%	5.0%	5.0%

Sales Tax Revenue by Business Class (1)

Tax Year 2016 and Nine Years Ago

	Tax Year Ended December 31, 2016				Tax Year Ended December 31, 2007			
	Number of Filers	% of Total	Tax Liability	% of Total	Number of Filers	% of Total	Tax Liability	% of Total
Alcoholic Beverage	384	0.4%	$ 658,369,150	0.6%	326	0.3%	$ 487,264,337	0.5%
Apparel	3,825	3.7%	5,049,092,051	5.0%	4,585	4.1%	5,191,205,908	5.6%
Automotive	3,042	2.9%	3,237,707,278	3.2%	3,497	3.1%	2,562,657,432	2.8%
Food	22,793	22.1%	31,564,155,018	31.0%	19,671	17.4%	22,502,471,000	24.4%
Fuel	2,406	2.3%	2,144,442,589	2.1%	3,417	3.0%	1,729,053,957	1.9%
Furniture, Home Furnishings, and Equipment	3,411	3.4%	3,221,720,748	3.2%	4,650	4.1%	3,448,082,383	3.7%
General Merchandise	16,082	15.6%	21,685,966,176	21.3%	16,858	14.9%	19,574,196,575	21.3%
Hotels, Motels, Tourist Camps, etc.	2,290	2.2%	3,590,425,561	3.5%	2,176	1.9%	3,079,199,269	3.3%
Lumber, Building Materials, and Supply	5,437	5.3%	9,123,199,562	9.0%	6,305	5.6%	9,353,514,015	10.2%
Machinery, Equipment, and Supply	154	0.1%	291,848,139	0.3%	172	0.2%	237,623,481	0.3%
Miscellaneous	36,547	35.5%	18,887,911,978	18.6%	41,885	37.1%	18,300,785,373	19.9%
Other Miscellaneous and Unidentifiable	6,756	6.5%	2,223,973,553	2.2%	9,388	8.3%	5,572,498,602	6.1%
Total	103,127	100.0%	$ 101,678,811,803	100.0%	112,930	100.0%	$ 92,038,552,332	100.0%

(1) Due to confidentiality issues, the names of the ten largest revenue payers are not presented. The categories presented are intended to provide alternative information regarding the sources of the state's revenue.

Sources: Department of Taxation
Weldon Cooper Center for Public Service, University of Virginia

Debt Capacity

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years
(Amounts in Thousands except Per Capita)

For the Fiscal Year Ended June 30,	Governmental Activities			Business-type Activities		Total Primary Government	Debt as a Percentage of Personal Income (2)	Amount Per Capita (3)
	General Obligation Bonds	Non- General Obligation Bonds	Other Long-term Obligations (1)	Non-General Obligation Bonds	Other Long-term Obligations (1)			
2017	$ 538,211	$ 6,245,009	$ 188,640	$ -	$ 5,025	$ 6,976,885	1.54%	$ 820
2016	601,632	5,826,798	200,227	-	5,359	6,634,016	1.50%	789
2015	675,371	5,911,768	222,877	320,110	5,708	7,135,834	1.67%	851
2014	742,869	5,555,935	233,002	317,305	6,072	6,855,183	1.68%	823
2013	791,992	5,593,228	285,594	314,662	6,453	6,991,929	1.73%	846
2012	873,741	5,703,448	326,543	-	449	6,904,181	1.75%	843
2011	960,374	4,701,764	348,972	-	918	6,012,028	1.60%	743
2010	1,049,386	4,120,056	366,170	-	1,594	5,537,206	1.56%	692
2009	1,077,520	3,549,958	373,594	-	2,883	5,003,955	1.41%	631
2008	1,001,989	3,345,259	312,890	-	4,082	4,664,220	1.32%	594

(1) Pension, compensated absences, other postemployment benefits, other liabilities, lottery prizes payable, tuition benefits payable, and pollution remediation obligations have been excluded.
(2) Personal income amounts used for this calculation were obtained from the U. S. Bureau of Economic Analysis.
(3) Population statistics used in this calculation were provided by the Department of Taxation and the Weldon Cooper Center for Public Service at the University of Virginia. Fiscal year 2017 population was estimated.

Sources: Department of Accounts
Department of Taxation
U. S. Bureau of Economic Analysis

Ratios of General Obligation Bonded Debt Outstanding

Last Ten Fiscal Years
(Amounts in Thousands except Per Capita)

For the Fiscal Year Ended June 30,	General Bonded Debt Outstanding [1] [2]				Percentage of Tax Revenues [5]	Amount Per Capita [6]
	Governmental		Higher Education			
	9(b) [3]	9(c) [4]	9(c)	Total		
2017	$ 515,468	$ 22,743	$ 897,018	$ 1,435,229	11.00%	$ 169
2016	571,915	29,717	877,118	1,478,750	11.78%	176
2015	642,181	33,190	936,857	1,612,228	13.08%	192
2014	706,192	36,677	925,086	1,667,955	14.82%	200
2013	752,493	39,499	877,858	1,669,850	14.73%	202
2012	831,148	42,593	906,474	1,780,215	16.77%	217
2011	914,574	45,800	765,280	1,725,654	17.35%	213
2010	999,841	49,545	631,275	1,680,661	18.49%	210
2009	1,040,636	36,884	573,550	1,651,070	17.41%	208
2008	935,105	66,884	487,296	1,489,285	14.72%	190

[1] Beginning with fiscal year 2014, GASB Statement No. 65 removed deferrals of debt defeasance from the debt balances. Balances reported in prior fiscal years netted the deferrals against the debt balances. Amounts are net of unamortized premiums, discounts, deferrals on debt defeasance, and/or issuance expenses.
[2] There are currently no Section 9(a) bonds outstanding.
[3] Section 9(b) bonds have been authorized by the citizens of Virginia through bond referenda to finance capital projects. These bonds are retired through the use of state appropriations.
[4] Section 9(c) bonds are issued to finance capital projects which, when completed, will generate revenue to repay the debt.
[5] Individual and fiduciary Income tax collections were used for this calculation.
[6] Population statistics used in this calculation are provided by the Department of Taxation and the Weldon Cooper Center for Public Service at the University of Virginia. Fiscal year 2017 population was estimated.

Source: Department of Accounts

Computation of Legal Debt Limit and Margin

Last Ten Fiscal Years
(Dollars in Thousands)

Tax Revenues Required for Computation	2017	2016	2015	2014
Taxes on Income and Retail Sales:				
Individual and Fiduciary Income Tax [1]	$ 13,052,887	$ 12,555,624	$ 12,328,675	$ 11,253,348
Corporate Income Tax [2]	826,961	764,948	831,907	757,491
State Sales and Use Tax [3]	3,720,552	3,651,400	3,587,849	3,399,223
Total	$ 17,600,400	$ 16,971,972	$ 16,748,431	$ 15,410,062
Average Tax Revenues (Three Fiscal Years)	$ 17,106,934	$ 16,376,822	$ 15,904,892	$ 15,251,227
Section 9(a) [2] General Obligation Debt Limit [4]				
Debt Issuance Limit				
(30% of 1.15 times annual tax revenues)	$ 6,072,138	$ 5,855,330	$ 5,778,209	$ 5,316,471
Less Bonds Outstanding:	-	-	-	-
Debt Issuance Margin for Section 9(a) [2]				
General Obligation Bonds	$ 6,072,138	$ 5,855,330	$ 5,778,209	$ 5,316,471
Debt Applicable to Limit as a % Limit	0.00%	0.00%	0.00%	0.00%
Section 9(b) General Obligation Debt Limit				
Debt Issuance Limit				
(1.15 times average tax revenues for three fiscal years)	$ 19,672,974	$ 18,833,345	$ 18,290,626	$ 17,538,911
Less Bonds Outstanding:**				
Public Facilities Bonds [6]	515,468	571,915	642,181	706,192
Transportation Facilities Refunding Bonds [5] [6]	-	-	-	-
Debt Issuance Margin for Section 9(b)				
General Obligation Bonds	$ 19,157,506	$ 18,261,430	$ 17,648,445	$ 16,832,719
Debt Applicable to Limit as a % Limit	2.62%	3.04%	3.51%	4.03%
Additional Section 9(b) Debt Borrowing Restriction:				
Four-year Authorization Restriction (25% of 9(b) Debt Limit)	$ 4,918,244	$ 4,708,336	$ 4,572,656	$ 4,384,728
Less 9(b) Debt authorized in past three fiscal years	-	-	-	-
Maximum Additional Borrowing Restriction (amount that may be authorized by the General Assembly)	$ 4,918,244	$ 4,708,336	$ 4,572,656	$ 4,384,728
Section 9(c) General Obligation Debt Limit				
Debt Issuance Limit				
(1.15 times average tax revenues for three fiscal years)	$ 19,672,974	$ 18,833,345	$ 18,290,626	$ 17,538,911
Less Bonds Outstanding:**				
Parking Facilities Bonds [6]	11,101	15,155	16,036	17,045
Transportation Facilities Bonds [6]	11,642	14,562	17,154	19,632
Higher Educational Institution Bonds [6]	897,018	877,118	936,857	925,086
Debt Issuance Margin for Section 9(c)				
General Obligation Bonds	$ 18,753,213	$ 17,926,510	$ 17,320,579	$ 16,577,148
Debt Applicable to Limit as a % Limit	4.68%	4.82%	5.30%	5.48%

**Bonds included on this schedule are only those which are backed by the full faith and credit of the Commonwealth.

[1] Includes taxes imposed pursuant to Articles 2 and 9 of Chapter 3, Title 58.1 of the *Code of Virginia*.

[2] Includes taxes imposed pursuant to Article 10 of Chapter 3, Title 58.1 of the *Code of Virginia.*

[3] Includes taxes imposed pursuant to Chapter 6, Title 58.1 of the *Code of Virginia,* less taxes identified in Sections 58.1-605 and 58.1-638.

[4] Debt limit applies only to debt authorized pursuant to Article X, Section 9(a)(2) of the Constitution of Virginia.

[5] These bonds refunded certain Section 9(c) debt, and because the Governor did not certify the feasibility of the refinanced project, it must be applied against the Section 9(b) Debt Limit.

[6] Beginning with fiscal year 2014, GASB Statement No. 65 removed deferrals of debt defeasance from the debt balances. Balances reported in prior fiscal years netted the deferrals against the debt balances. Net of unamortized discounts, premiums, and/or deferral on debt defeasance.

Sources: Department of Accounts
Department of the Treasury

2013	2012	2011	2010	2009	2008
$ 11,339,965	$ 10,612,836	$ 9,944,370	$ 9,088,252	$ 9,481,109	$ 10,114,833
796,728	859,923	822,259	806,473	648,033	807,852
3,419,489	3,314,677	3,190,452	3,264,210	3,116,831	3,302,181
$ 15,556,182	$ 14,787,436	$ 13,957,081	$ 13,158,935	$ 13,245,973	$ 14,224,866
$ 14,766,900	$ 13,967,817	$ 13,453,996	$ 13,543,258	$ 13,804,097	$ 13,792,131
$ 5,366,883	$ 5,101,665	$ 4,815,193	$ 4,539,833	$ 4,569,861	$ 4,907,579
-	-	-	-	-	-
$ 5,366,883	$ 5,101,665	$ 4,815,193	$ 4,539,833	$ 4,569,861	$ 4,907,579
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
$ 16,981,935	$ 16,062,990	$ 15,472,096	$ 15,574,747	$ 15,874,712	$ 15,860,950
752,493	831,148	914,574	993,372	1,027,941	916,483
-	-	-	6,469	12,696	18,622
$ 16,229,442	$ 15,231,842	$ 14,557,522	$ 14,574,906	$ 14,834,075	$ 14,925,845
4.43%	5.17%	5.91%	6.42%	6.56%	5.90%
$ 4,245,484	$ 4,015,747	$ 3,868,024	$ 3,893,687	$ 3,968,678	$ 3,965,238
-	-	-	-	-	-
$ 4,245,484	$ 4,015,747	$ 3,868,024	$ 3,893,687	$ 3,968,678	$ 3,965,238
$ 16,981,935	$ 16,062,990	$ 15,472,096	$ 15,574,747	$ 15,874,712	$ 15,860,950
17,538	18,383	19,445	21,151	6,527	7,590
21,961	24,210	26,355	28,394	30,358	59,294
877,858	906,474	765,280	631,275	573,550	487,296
$ 16,064,578	$ 15,113,923	$ 14,661,016	$ 14,893,927	$ 15,264,277	$ 15,306,770
5.40%	5.91%	5.24%	4.37%	3.85%	3.49%

Schedule of Pledged Revenue Bond Coverage
Primary Government 9(d) General Long-term Debt

Last Ten Fiscal Years
(Dollars in Thousands except Coverage)

Primary Government Revenue Bonds:	For the Fiscal Year Ended June 30,	Beginning Balance, as restated (1)	Pledged Revenues	Operating Expenses (2)	Net Available for Debt Service	Debt Service Requirements (3) (4) Principal	Debt Service Requirements (3) (4) Interest	Coverage
Route 460 Funding Corporation of	2017	$ -	$ -	$ -	$ -	$ -	$ -	-
Virginia (4) (5)	2016	1,261	-	436	825	-	-	-
(Series 2012A and 2012B CAB)	2015	(20,991)	-	524	(21,515)	-	11,726	(1.83)
	2014	(8,958)	-	448	(9,406)	-	12,084	(0.78)
	2013	-	-	130	(130)	-	-	-

(1) The Route 460 Funding Corporation of Virginia was restated due to the implementation of GASB Statement No. 65 in fiscal year 2014.
(2) Operating expenses are exclusive of principal and interest.
(3) Includes principal and interest of revenue bonds only. Does not include debt defeasance transactions.
(4) This entity was established in fiscal year 2013. No debt service payments were required during fiscal year 2013.
(5) The Route 460 Funding Corporation of Virginia continuing operations ceased during fiscal year 2016.

Source: Department of Accounts

Demographic and Economic Information

Schedule of Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population In Thousands (1)	Personal Income In Thousands (2)(3)	Per Capita Income (3)	Public Primary and Secondary School Enrollment	Unemployment Rate
2017	8,510	$ 452,518,716	$ 53,175	1,293,049	4.0 %
2016	8,412	441,723,148	52,511	1,267,591	4.1 %
2015	8,383	427,308,973	50,973	1,279,773	4.9 %
2014	8,326	407,189,757	48,906	1,273,211	5.2 %
2013	8,260	403,852,348	48,893	1,264,880	5.6 %
2012	8,186	394,481,858	48,190	1,258,521	6.0 %
2011	8,097	374,732,048	46,280	1,253,038	6.5 %
2010	8,001	355,404,696	44,420	1,245,937	7.0 %
2009	7,929	354,225,516	44,675	1,236,546	5.6 %
2008	7,854	353,069,671	44,954	1,232,436	3.4 %

(1) Population figure for fiscal year 2017 is estimated.
(2) Personal income amount for fiscal year 2017 is estimated.
(3) Amounts for fiscal years 2008-2016 were revised to reflect the incorporation of newly available and revised source data, as well as improved estimating methodologies.

Sources: Department of Education
Department of Taxation
Virginia Employment Commission
U.S. Bureau of Economic Analysis
Weldon Cooper Center for Public Service at the University of Virginia

Principal Employers (1)

Current Year and Nine Years Ago

Employer	2016 Rank (2)	2007 Rank
U.S. Department of Defense	1	1
Wal-Mart	2	2
Fairfax County Public Schools	3	3
Sentara Healthcare	4	7
Huntington Ingalls Industries, Inc.	5	5
U. S. Postal Service	6	4
County of Fairfax	7	8
Food Lion	8	6
U. S. Department of Homeland Defense (3)	9	-
HCA Virginia Health System (3)	10	-

(1) The Virginia Employment Commission is precluded from disclosing the actual number of employees per the Confidential Information Protection and Statistical Efficiency Act – Title V of Public Law 107-347. All Employers above have an employment size of 1,000 or more.
(2) Calendar year 2016 is the most recent information available.
(3) Previous ranking not available.

Source: Virginia Employment Commission (1)

Operating Information

State Employees by Function (1)

Last Ten Fiscal Years

	2017	2016	2015	2014	2013
General Government					
Virginia Information Technologies Agency	207	213	260	263	270
Department of Taxation	846	862	855	877	873
Department of General Services	596	594	608	614	621
All other	1,760	1,730	1,675	1,663	1,677
Education					
Colleges and Universities	66,305	64,450	56,777	56,086	55,223
All other	2,853	2,714	2,634	2,663	2,662
Transportation					
Department of Transportation	7,806	7,601	7,372	7,365	7,212
Department of Motor Vehicles	2,074	2,078	2,023	2,040	1,999
All other	330	317	263	198	193
Resources and Economic Development					
Department of Conservation & Recreation	1,103	1,130	1,106	747	1,165
Department of Environmental Quality	803	814	826	822	779
All other	2,991	2,935	2,957	2,950	2,898
Individual and Family Services					
Department of Health	3,559	3,408	3,565	3,593	3,646
Behavioral Health Agencies	6,285	6,628	7,378	7,629	8,314
All other	5,509	5,539	5,505	5,545	5,804
Administration of Justice					
Department of State Police	2,654	2,725	2,773	2,792	2,779
Department of Juvenile Justice	1,934	2,057	2,086	2,339	2,405
Correctional Facilities	9,436	9,731	9,272	9,922	9,738
All other	6,538	6,552	6,505	6,579	6,606
Business-type Activities					
Department of Alcoholic Beverage Control	1,682	2,737	2,294	2,272	2,182
Virginia Lottery	279	285	284	279	275
All other	100	96	100	94	84
State Total (2)	125,650	125,196	117,118	117,332	117,405

(1) Includes salaried and wage employees but excludes adjunct faculty.
(2) Totals have been rounded and may vary slightly from the Department of Human Resource Management reports.

Source: Department of Human Resource Management

2012	2011	2010	2009	2008
262	261	295	353	377
917	976	1,044	947	1,014
624	634	654	618	624
1,571	1,936	1,608	1,918	1,960
53,979	49,107	47,981	48,485	48,032
2,667	3,287	3,276	3,551	3,806
7,167	7,024	6,852	8,261	8,680
1,926	1,949	1,900	1,931	2,001
190	242	233	215	239
933	909	930	953	960
731	743	768	800	842
2,957	3,001	2,874	3,334	3,369
3,784	3,827	3,856	3,750	3,800
8,803	8,757	8,635	8,355	8,341
5,740	5,576	5,622	5,957	5,550
2,640	2,627	2,533	2,671	2,668
2,499	2,380	2,442	2,314	2,457
9,656	9,656	9,623	10,437	10,802
6,363	6,262	6,314	6,285	6,441
3,306	2,483	2,461	2,581	2,472
270	267	257	252	241
81	82	77	74	50
117,066	111,986	110,235	114,042	114,726

Operating Indicators by Function

Last Ten Fiscal Years

	2017	2016	2015	2014
General Government				
Virginia Department of Taxation				
Number of Returns Processed (calendar year) (1)	Not yet available	7,849,647	7,746,235	7,575,225
Education				
State Council of Higher Education				
Number of Students Enrolled at State-supported Colleges and Universities	524,340	528,673	534,280	537,370
Department of Education				
Number of Public Primary and Secondary School Enrollment	1,293,049	1,267,591	1,279,773	1,273,211
Resources and Economic Development				
Department of Environmental Quality				
Number of Permits Issued	5,393	2,564	7,173	5,890
Number of Inspections Conducted	8,706	7,962	7,848	8,307
Department of Housing and Community Development				
Number of Housing Units Improved to Define Standards through Housing Programs	3,614	3,031	3,491	3,677
Department of Agriculture and Consumer Services				
Number of Food Inspections Conducted	9,175	8,246	5,583	8,886
Number of Weights/Measure Equipment Inspected	83,558	79,876	82,355	76,342
Department of Forestry				
Number of Firefighters Trained in Forest Fire Control	982	892	1,178	1,233
Individual and Family Services				
Comprehensive Services for At-Risk Youth and Families				
Number of Youth Served	15,042	16,135	15,700	15,025
Department for Aging and Rehabilitative Services				
Number of Medicare Recipients	1,420,405	1,358,179	1,328,435	1,203,462
Department of Medical Assistance Services				
Number of Medicaid Recipients	1,300,028	1,319,227	1,255,960	1,177,922
Department of Behavioral Health and Developmental Services (2)				
Number of Patients Served	2,058	2,104	2,229	2,269
Number of Beds Used	2,448	2,619	2,813	2,822
Department of Social Services				
Average Number of Households Receiving Food Stamps	372,773	391,632	411,768	451,640
Number of Households Receiving Child Support Enforcement Assistance	304,565	310,933	314,377	320,942
Department of Health				
Number of WIC Participants	223,931	239,711	249,499	244,181
Number of Childhood Immunizations Administered	1,410,886	1,371,582	1,534,373	1,675,572
Administration of Justice				
Supreme Court				
Number of Criminal Trials (calendar year)	642,593	642,216	686,795	699,270
Number of Civil Trials (calendar year)	1,166,949	1,166,073	1,171,042	1,232,899
Number of Traffic Hearings (calendar year)	1,622,252	1,714,779	1,903,845	1,887,252
Compensation Board				
Number of Constitutional Officers Receiving Financial Support	652	649	650	649
Department of State Police				
Number of Traffic Citations Issued (calendar year)	495,404	592,670	644,218	686,812
Number of Arrests (calendar year)	20,872	22,320	20,608	21,777
Department of Corrections				
Number of Inmates	29,991	30,038	30,258	30,275

2013	2012	2011	2010	2009	2008
7,520,463	7,446,060	6,969,581	6,998,747	7,079,611	6,893,047
539,025	535,294	519,772	501,866	467,093	449,671
1,264,880	1,258,521	1,253,038	1,245,937	1,236,546	1,232,436
1,750	4,063	2,486	2,780	1,925	2,389
9,044	9,834	10,441	11,804	11,599	11,721
7,396	7,279	7,675	7,231	5,198	3,248
10,441	12,966	12,003	13,516	14,639	17,551
62,488	68,292	66,760	53,329	57,275	84,481
1,197	1,178	1,192	1,123	1,034	1,200
13,516	15,425	16,617	17,242	17,957	19,658
1,244,136	1,190,827	1,143,243	1,122,522	1,104,765	1,071,681
1,046,790	996,835	992,816	937,522	857,662	818,452
2,455	2,608	2,724	2,754	2,877	2,915
3,071	3,471	3,317	3,396	3,533	2,891
453,244	434,223	396,613	350,599	277,498	240,821
347,729	349,661	352,825	359,317	359,487	359,977
267,465	270,962	270,219	275,580	270,378	258,593
1,736,396	1,439,233	1,773,402	1,602,907	1,470,403	1,455,166
720,630	708,943	697,360	705,777	731,609	741,701
1,264,219	1,299,053	1,289,633	1,372,483	1,397,850	1,366,596
1,891,207	1,956,836	2,069,668	2,143,109	2,050,896	2,019,753
651	650	650	650	654	649
588,307	550,122	567,480	686,173	647,396	652,837
19,611	19,460	20,132	22,713	23,996	22,475
29,803	29,685	32,116	31,735	32,708	33,157

Continued on next page

Operating Indicators by Function *(Continued from previous page)*

Last Ten Fiscal Years

	2017	2016	2015	2014
Business-type Activities				
Virginia Lottery				
Number of Plays Sold - Pick 3	276,560,578	272,748,955	272,253,482	265,144,318
Number of Plays Sold - Pick 4	291,852,118	279,841,494	268,645,030	244,143,030
Number of Plays Sold - Cash 5	31,427,856	30,419,782	29,895,533	30,114,799
Number of Plays Sold - Megamillions	84,351,249	87,404,430	94,283,607	115,298,827
Number of Plays Sold - Win for Life (3)	-	-	2,979,902	14,870,716
Number of Plays Sold - Decades of Dollars (3)	-	-	9,365,110	12,236,092
Number of Plays Sold - Millionaire Raffle	6,600,000	6,600,000	6,600,000	6,600,000
Number of Plays Sold - Powerball (4)	112,705,215	163,892,079	96,580,238	113,724,880
Number of Plays Sold - Bank A Million (5)	13,460,880	14,520,460	-	-
Number of Plays Sold - Money Ball (6) (7)	-	2,616,104	16,766,958	-
Number of Plays Sold - Cash 4 Life (6)	15,314,148	19,037,030	3,812,708	-
Number of Plays Sold - Print 'n Play (8)	39,890,998	29,243,465	24,205,141	20,095,274
Number of Tickets Sold - Instant Tickets	1,117,709,151	1,100,574,151	1,018,488,394	988,592,675
Virginia College Savings Plan				
Number of Virginia529 prePAID Tuition Contractholders	64,072	65,101	66,364	70,490
Virginia Employment Commission				
Number of Individuals Receiving Unemployment Benefits	75,012	87,685	92,762	115,155
New Unemployment Benefit Claims	160,952	185,558	202,040	253,310

(1) Information for fiscal year 2017 is not yet available.
(2) This agency is structured to provide services primarily in a community setting. Although they have a significant amount of capital and operating costs in facility operations, inpatient treatment methodology is being deemphasized over time. Their inpatient census will continue to decline in the future. Over $250 million of community funding (state and Federal dollars) each fiscal year supports 40 community services boards across the Commonwealth. These entities serve approximately 300,000 Virginians each year.
(3) Win for Life and Decades for Dollars ended during fiscal year 2015; therefore, information for fiscal year 2016 and thereafter is not available.
(4) Powerball began during fiscal year 2010; therefore, information for fiscal year 2009 and prior years is not available.
(5) Bank A Million began during fiscal year 2016; therefore, information for fiscal year 2015 and prior years is not available.
(6) Money Ball and Cash 4 Life began during fiscal year 2015; therefore, information for fiscal year 2014 and prior years is not available.
(7) Money Ball ended during fiscal year 2016; therefore, information for fiscal year 2017 and thereafter is not available.
(8) Fast Play Bingo was renamed Print 'n Play during fiscal year 2017.

2013	2012	2011	2010	2009	2008
253,682,839	243,270,273	241,963,816	246,899,030	250,634,329	256,605,411
232,184,205	222,774,015	207,174,550	197,460,420	185,418,033	183,990,214
28,302,849	26,677,286	26,657,009	28,242,740	29,267,637	29,022,974
89,518,093	140,240,940	138,496,457	174,882,294	162,095,735	166,144,927
15,950,166	17,682,922	21,052,138	28,440,948	32,128,730	37,717,958
13,243,504	15,467,376	8,377,354	-	-	-
6,945,500	6,625,456	6,600,000	6,600,000	8,905,555	8,798,720
145,690,841	89,046,990	66,614,340	34,562,352	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
16,581,338	12,094,785	8,915,566	6,884,748	6,772,764	9,229,805
887,139,810	842,121,604	756,837,222	711,155,383	690,382,366	694,902,491
68,637	69,847	70,955	71,373	71,898	71,812
127,091	136,753	162,025	190,370	219,646	122,144
284,218	318,935	360,657	418,431	474,777	279,939

Sources: Compensation Board
Comprehensive Services for At-Risk Youth and Families
Department for Aging and Rehabilitative Services
Department of Agriculture and Consumer Services
Department of Behavioral Health and Developmental Services
Department of Corrections
Department of Education
Department of Environmental Quality
Department of Forestry
Department of Health
Department of Housing and Community Development
Department of Medical Assistance Services
Department of Social Services
Department of State Police
Department of Taxation
Department of Transportation
State Council of Higher Education
Supreme Court
Virginia College Savings Plan
Virginia Employment Commission
Virginia Lottery

Capital Asset Statistics by Function (1)

Last Ten Fiscal Years

	2017	2016	2015	2014
General Government				
Department of General Services				
Number of Buildings	66	64	65	63
Total Square Footage of Buildings	5,351,754	4,901,754	5,032,991	5,026,991
Vehicles	14,920	14,519	14,669	14,769
Education				
State Council of Higher Education				
Campuses of In-State Institutions	255	246	231	276
Campuses of Out-of-State Institutions	134	129	132	146
Transportation				
Department of Transportation				
Bridges Maintained (1)	Not yet available	13,101	13,098	13,089
State Maintained Highway Lane Miles (calendar year) (1)	Not yet available	75,096	72,210	72,089
Vehicles	7,567	7,754	7,503	7,768
Number of Buildings (2)	3,485	3,489	3,492	3,488
Total Square Footage of Buildings	8,264,527	8,262,042	8,269,556	8,158,974
Resources and Economic Development				
Department Conservation & Recreation				
State Parks	39	39	39	37
Acres of State Parks (in thousands)	73	73	71	68
Natural Area Preserves	39	39	39	39
Acres of Natural Area Preserves (in thousands)	35	34	34	34
Historic Sites	3	3	3	3
Acres of Historic Sites (in thousands)	0.3	0.3	0.3	0.3
Number of Buildings (3)	1,359	1,359	1,360	1,345
Total Square Footage of Buildings	2,562,851	2,562,851	2,583,309	2,560,662
Department of Forestry				
State Forests	24	23	23	23
Buildings	295	295	295	295
Total Square Footage of Buildings	600,602	600,602	600,602	600,602
Individual and Family Services				
Department of Behavioral Health and Developmental Services				
Number of Buildings	407	407	409	409
Total Square Footage of Buildings	5,568,709	5,568,709	5,571,068	5,534,625
Administration of Justice				
Department of State Police				
Number of Stations	66	66	65	65
Number of Buildings	147	147	147	147
Total Square Footage of Buildings	685,109	685,109	685,109	685,109
Department of Corrections				
Number of Buildings	1,849	1,858	1,823	1,843
Total Square Footage of Buildings	12,082,187	12,105,357	11,826,751	11,799,780
Business-type Activities				
Department of Alcoholic Beverage Control				
Number of Buildings	23	24	24	24
Total Square Footage of Buildings	1,174,901	1,180,501	1,180,501	1,180,501

(1) Information not yet available for fiscal year 2017.
(2) Includes storage sheds
(3) Includes cabins

2013	2012	2011	2010	2009	2008
62	62	54	55	48	48
4,961,416	4,961,416	5,259,506	5,053,912	4,718,480	4,409,026
14,424	14,161	13,983	13,534	13,322	13,262
252	262	250	244	254	258
142	158	166	121	87	67
13,049	13,042	12,926	12,949	12,912	12,603
71,937	71,779	71,668	71,561	71,349	71,091
7,762	7,797	7,593	7,734	8,185	9,060
3,501	3,487	3,520	3,513	3,526	3,562
8,119,018	7,830,447	7,916,019	7,713,617	7,683,384	7,734,267
37	37	37	37	37	37
67	69	69	71	69	68
39	39	39	39	39	38
35	31	30	30	29	28
3	3	3	3	3	3
0.3	0.3	0.3	0.3	0.3	0.3
1,345	1,164	1,164	1,164	1,168	991
2,560,662	1,152,257	1,152,257	1,152,257	1,154,487	1,223,427
23	22	22	19	19	19
295	295	295	295	295	295
600,602	600,602	600,602	600,602	600,602	600,602
408	407	429	438	435	441
5,523,762	5,169,937	5,901,505	5,744,389	5,743,088	6,037,953
65	65	65	64	66	66
148	144	145	145	145	145
681,987	562,736	562,736	562,736	550,736	550,736
1,881	1,858	1,820	1,835	1,826	1,817
11,889,055	11,872,765	11,771,319	11,920,234	12,160,909	11,963,087
24	25	25	25	24	22
1,180,501	1,185,501	1,185,501	1,185,501	1,142,273	787,348

Sources: Department of Conservation and Recreation
Department of Forestry
Department of Motor Vehicles
Department of State Police
Department of Transportation
Department of the Treasury
State Council of Higher Education for Virginia

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