
Governmental Funds

General Fund

The General Fund accounts for transactions related to resources received and used for those services traditionally provided by a state government, which are not accounted for in any other fund.

Special Revenue Funds

Special Revenue Funds account for specific revenue sources that are restricted or committed to finance particular functions and activities of the Commonwealth.

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

The Literary Fund accounts for revenues from fines, forfeitures, and proceeds from unclaimed property used primarily to support public education in the Commonwealth. This fund provides low interest loans to school divisions for construction, renovations, and expansion of school buildings.

The Federal Trust Fund accounts for all federal dollars received by the Commonwealth except those received by the Commonwealth Transportation Fund, the Unemployment Compensation Fund, certain Medicaid reimbursements recorded in the General Fund, 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.

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)

	General	Special Revenue		
		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)				
Total Liabilities and Deferred Inflows of Resources	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
<p>When capital assets (land, buildings, equipment, construction-in-progress, intangible assets, and/or infrastructure) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the primary government as a whole.</p>	
Nondepreciable Capital Assets	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
<p>Long-term liabilities applicable to the primary government's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.</p>	
Pension Liability	(4,655,736)
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)

	General	Special Revenue		
		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
<u>1,293,520</u>	<u>36,395,297</u>
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
<u>1,932,279</u>	<u>37,974,716</u>
(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)
<u>861,921</u>	<u>1,597,655</u>
223,162	18,236
733,227	3,572,212
<u>\$ 956,389</u>	<u>\$ 3,590,448</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Government-wide Statement of Activities

For the Fiscal Year Ended June 30, 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
<p>When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year.</p>	
Nondepreciable Capital Assets Constructed/Acquired	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)
<p>Debt proceeds provide current financial resources to governmental funds by issuing debt, which increases long-term debt in the Statement of Net Position.</p>	
Debt Issuance	(684,600)
Capital Lease Proceeds	(1,477)
Bond Premiums	(174,375)
Refunding Bonds Issued	(276,060)
Installment Purchase Proceeds	(8,420)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position.</p>	
	412,457
<p>Payment to Refunded Bond Escrow Agent is an expenditure in the governmental funds, but the refunding reduces long-term debt in the Statement of Net Position.</p>	
	331,200
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	(772,109)
<p>Increases/decreases of expenses reported in the Statement of Activities that do not require the use of, or provide, current financial resources and, therefore, are not reported in the governmental funds.</p>	
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)
<p>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.</p>	
	12,289
<p>Net revenue (expenses) of certain activities of internal service funds is reported within governmental activities.</p>	
	136,261
<p>Deferred inflows and outflows associated with pension and OPEB costs are not included in the funds.</p>	
	(125,796)
<p>Amortization of deferred inflows and/or outflows associated with Service Concession Arrangements are not included in the funds.</p>	
	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.