

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 entire fund is constitutionally restricted for public schools.

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

Balance Sheet – Governmental Funds

June 30, 2018

(Dollars in Thousands)

	General	Special Revenue		
		Commonwealth Transportation	Federal Trust	Literary
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents (Notes 1 and 7)	\$ 196,728	\$ 2,836,182	\$ 197,521	\$ 89,289
Investments (Notes 1 and 7)	1,881,746	-	-	-
Receivables, Net (Notes 1 and 8)	1,966,883	490,745	1,097,235	131,783
Due from Other Funds (Note 10)	25,254	26,841	50	7,010
Due from External Parties (Fiduciary Funds) (Note 10)	16	-	21,076	-
Interfund Receivable (Note 10)	-	-	-	-
Inventory (Note 1)	30,183	90,739	23,813	-
Prepaid Items (Note 1)	75,163	14,524	2,633	-
Other Assets (Notes 1 and 11)	1,405	282	1,582	-
Loans Receivable from Component Units (Notes 1 and 10)	-	-	-	-
Restricted Cash and Cash Equivalents (Notes 7 and 12)	-	411,155	-	-
Total Assets	4,177,378	3,870,468	1,343,910	228,082
Deferred Outflows of Resources (Notes 1 and 14)				
Total Assets and Deferred Outflows of Resources	\$ 4,177,378	\$ 3,870,468	\$ 1,343,910	\$ 228,082
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Accounts Payable (Notes 1 and 25)	\$ 326,201	\$ 482,437	\$ 78,717	\$ 10
Amounts Due to Other Governments	437,310	50,346	334,687	1
Due to Other Funds (Note 10)	33,564	38,516	10,785	-
Due to Component Units (Note 10)	262	-	3,598	-
Due to External Parties (Fiduciary Funds) (Note 10)	32,120	9,740	2,649	-
Interfund Payable (Note 10)	6,892	3,400	27,480	-
Unearned Revenue (Note 1)	-	148,293	57,689	-
Obligations Under Securities Lending Program (Notes 1 and 7)	194,386	171,393	3,011	7,628
Due to Claimants, Participants, Escrows and Providers (Note 1)	-	-	338	-
Other Liabilities (Notes 1 and 26)	1,240,763	2,277	624,306	-
Loans Payable to Component Units (Notes 1 and 10)	-	-	-	196,305
Long-term Liabilities Due Within One Year (Notes 1, 22, and 27)	1,898	263	154	-
Total Liabilities	2,273,396	906,665	1,143,414	203,944
Deferred Inflows of Resources (Notes 1, 14, and 37)				
Total Liabilities and Deferred Inflows of Resources	1,060,528	636,525	92,963	23,103
Total Liabilities and Deferred Inflows of Resources	3,333,924	1,543,190	1,236,377	227,047
Fund Balances (Note 3):				
Nonspendable	105,346	105,263	26,446	-
Restricted	566,903	481,900	81,087	1,035
Committed	759,576	1,740,115	-	-
Assigned	-	-	-	-
Unassigned	(588,371)	-	-	-
Total Fund Balances	843,454	2,327,278	107,533	1,035
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,177,378	\$ 3,870,468	\$ 1,343,910	\$ 228,082

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,727,062	\$ 5,046,782
641,919	2,523,665
84,377	3,771,023
31,503	90,658
39,479	60,571
214,426	214,426
6,626	151,361
20,496	112,816
611	3,880
22,797	22,797
-	411,155
2,789,296	12,409,134
-	-
\$ 2,789,296	\$ 12,409,134
\$ 52,626	\$ 939,991
2,124	824,468
32,022	114,887
17,872	21,732
2,752	47,261
-	37,772
23,054	229,036
20,068	396,486
489,210	489,548
8,075	1,875,421
-	196,305
222	2,537
648,025	5,175,444
40,830	1,853,949
688,855	7,029,393
64,999	302,054
1,451,245	2,582,170
649,965	3,149,656
31,902	31,902
(97,670)	(686,041)
2,100,441	5,379,741
\$ 2,789,296	\$ 12,409,134

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

June 30, 2018

(Dollars in Thousands)

Total fund balances - governmental funds (see Balance Sheet - Governmental Funds)	\$ 5,379,741
<p>When the amount employers have paid into an other post-employment benefit (OPEB) plan combined with the plan's assets exceeds the amount that is required to pay the actuarially determined future benefits, the cost of employer contributions are reported as expenditures in the governmental funds. However, the Statement of Net Position includes the Net OPEB asset among the assets of the primary government as a whole.</p>	
	120,292
<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	8,934,092
Depreciable Capital Assets	24,212,281
Assets to be received for Long-term Debt Service requirements are not reported in the fund statements.	70,127
Deferred outflow s associated with pension and other postemployment benefit related costs are long-term in nature and therefore not reported in the funds.	672,957
Deferred outflow s associated with loss on debt refundings are long-term in nature and therefore not reported in the funds.	160,184
<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	(4,019,177)
Net OPEB Liability	(765,408)
Total OPEB Liability	(724,776)
Capital Leases	(20,580)
Installment Purchases	(68,022)
Compensated Absences	(299,437)
Uninsured Employer's Fund	(23,339)
Bonds	(7,751,490)
Accrued Interest Payable	(73,623)
Other Obligations	(38,393)
Pollution Remediation Liability	(6,963)
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.	(427,121)
Other long-term payables are not due and payable in the current period and, therefore, are not reported in the funds.	(517,466)
Deferred inflow s are not available to pay for current period expenditures and, therefore, are not reported in the funds.	1,282,748
Deferred inflow s associated with Service Concession Arrangements are long-term in nature and therefore not reported in the funds.	(2,984,023)
Deferred inflow s associated with pension and other postemployment benefit related costs are long-term in nature and therefore not reported in the funds.	(782,351)
Deferred inflow s associated with gain on debt refundings are long-term in nature and therefore not reported in the funds.	(27)
Net position of governmental activities (see Government-wide Statement of Net Position)	\$ 22,330,226

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, 2018

(Dollars in Thousands)

	General	Special Revenue		
		Commonwealth Transportation	Federal Trust	Literary
Revenues				
Taxes	\$ 20,528,317	\$ 3,704,984	\$ -	\$ -
Rights and Privileges	90,345	654,607	91	637
Institutional Revenue	37,114	-	5	-
Interest, Dividends, Rents, and Other Investment Income	46,564	45,263	527	13,647
Federal Grants and Contracts	7,186	958,641	9,455,698	-
Other (Note 28)	654,884	923,873	234,539	54,267
Total Revenues	21,364,410	6,287,368	9,690,860	68,551
Expenditures				
Current:				
General Government	2,409,523	63,744	133,185	135
Education	8,759,129	2,341	1,087,211	250,275
Transportation	202	5,985,146	22,030	-
Resources and Economic Development	400,736	15,463	148,635	-
Individual and Family Services	7,018,110	-	8,209,706	-
Administration of Justice	2,879,925	9,884	80,856	-
Capital Outlay	4,572	70,101	31,390	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Charges	-	-	-	-
Total Expenditures	21,472,197	6,146,679	9,713,013	250,410
Revenues Over (Under) Expenditures	(107,787)	140,689	(22,153)	(181,859)
Other Financing Sources (Uses)				
Transfers In (Note 33)	867,334	17,986	2,293	179,131
Transfers Out (Note 33)	(444,678)	(404,215)	(17,526)	-
Notes Issued	12,623	-	-	-
Insurance Recoveries	78	105	134	-
Capital Leases Issued	-	101	-	-
Bonds Issued	-	601,500	-	-
Premium on Debt Issuance	-	70,300	-	-
Refunding Bonds Issued	-	-	-	-
Sale of Capital Assets	17,453	2,144	-	-
Payment to Refunded Bond Escrow Agents	-	-	-	-
Total Other Financing Sources (Uses)	452,810	287,921	(15,099)	179,131
Net Change in Fund Balances	345,023	428,610	(37,252)	(2,728)
Fund Balance, July 1, as restated (Note 2)	498,431	1,898,668	144,785	3,763
Fund Balance, June 30	\$ 843,454	\$ 2,327,278	\$ 107,533	\$ 1,035

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 85,512	\$ 24,318,813
335,767	1,081,447
196,350	233,469
53,175	159,176
115,347	10,536,872
527,768	2,395,331
<u>1,313,919</u>	<u>38,725,108</u>
85,106	2,691,693
30,434	10,129,390
7,325	6,014,703
361,628	926,462
413,057	15,640,873
73,155	3,043,820
397,908	503,971
432,985	432,985
295,009	295,009
<u>2,096,607</u>	<u>39,678,906</u>
(782,688)	(953,798)
846,837	1,913,581
(219,261)	(1,085,680)
2,813	15,436
4,034	4,351
538	639
678,005	1,279,505
296,358	366,658
1,062,155	1,062,155
2,016	21,613
(1,271,459)	(1,271,459)
<u>1,402,036</u>	<u>2,306,799</u>
619,348	1,353,001
1,481,093	4,026,740
<u>\$ 2,100,441</u>	<u>\$ 5,379,741</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, 2018
(Dollars in Thousands)

Net Change in fund balances - total government funds (See Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds)	\$ 1,353,001
<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	2,051,995
Nondepreciable Capital Assets Disposed	(136,389)
Depreciable Capital Assets Acquired	298,677
Depreciable Capital Assets Disposed	(218,966)
Depreciation Expense	(1,221,400)
<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	(1,279,505)
Capital Lease Proceeds	(639)
Bond Premiums	(366,658)
Refunding Bonds Issued	(1,062,155)
Installment Purchase Proceeds	(15,436)
<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>	
	432,985
<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>	
	1,271,459
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	(22,345)
<p>Increases/decreases of expenses reported in the Statement of Activities that do not require the use of, or provide, current financial resources and, therefore, are not reported in the governmental funds.</p>	
Increase in Net OPEB Asset	5,253
Decrease in Net Pension Liability	154,249
Decrease in Net OPEB Liability	6,433
Increase in Total OPEB Liability	(37,539)
Increase in Other Long-term Liabilities	(5,227)
Increase in Compensated Absences	(6,868)
Decrease in Interest Expense, Amortization of Long-term Debt premium and discounts, and Accrued Interest Liability	157,123
Decrease in Other Liabilities	23,944
<p>Net increase 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>	
	(120,464)
<p>Net revenue (expenses) of certain activities of internal service funds is reported within governmental activities.</p>	
	129,196
<p>Deferred inflows and outflows associated with pension and OPEB costs are not included in the funds.</p>	
	(1,226)
<p>Amortization of deferred inflows and/or outflows associated with Service Concession Arrangements are not included in the funds.</p>	
	46,357
Change in net position of governmental activities (See Government-wide Statement of Activities)	\$ 1,435,855

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