
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 and Build America Bond Subsidies 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. The entire fund is constitutionally restricted for public schools.

Nonmajor Governmental Funds include those Special Revenue, Debt Service, Capital Projects, and Permanent Funds listed on page 225 in the Combining and Individual Fund Statements and Schedules section of this report.

Balance Sheet - Governmental Funds

June 30, 2019

(Dollars in Thousands)

| | Special Revenue | | | |
|--|-----------------|--------------------------------|------------------|------------|
| | General | Commonwealth Transportation | Federal Trust | Literary |
| Assets and Deferred Outflows of Resources | | | | |
| Cash and Cash Equivalents (Notes 1 and 8) | \$ 316,430 | \$ 3,480,052 | \$ 170,171 | \$ 108,203 |
| Investments (Notes 1 and 8) | 2,986,289 | — | — | — |
| Receivables, Net (Notes 1 and 9) | 2,111,585 | 524,941 | 1,585,726 | 135,274 |
| Due from Other Funds (Note 11) | 44,048 | 64,838 | 171 | 2,420 |
| Due from External Parties (Fiduciary Funds) (Note 11) | 3,773 | — | 21,537 | — |
| Interfund Receivable (Note 11) | — | — | — | — |
| Inventory (Note 1) | 28,801 | 95,483 | 23,813 | — |
| Prepaid Items (Note 1) | 73,888 | 14,453 | 6,136 | — |
| Other Assets (Notes 1 and 12) | 1,217 | 282 | 1,607 | — |
| Loans Receivable from Component Units (Notes 1 and 11) | — | — | — | — |
| Restricted Cash and Cash Equivalents (Notes 8 and 13) | — | 432,617 | — | — |
| Total Assets | 5,566,031 | 4,612,666 | 1,809,161 | 245,897 |
| Deferred Outflows of Resources (Notes 1 and 15) | | | | |
| Total Assets and Deferred Outflows of Resources | \$ 5,566,031 | \$ 4,612,666 | \$ 1,809,161 | \$ 245,897 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | |
| Accounts Payable (Notes 1 and 26) | \$ 380,257 | \$ 511,252 | \$ 85,715 | \$ 1 |
| Amounts Due to Other Governments | 440,485 | 72,737 | 424,113 | — |
| Due to Other Funds (Note 11) | 40,113 | 61,829 | 9,911 | — |
| Due to Component Units (Note 11) | 393 | — | 3,401 | — |
| Due to External Parties (Fiduciary Funds) (Note 11) | 19,085 | 5,156 | 2,421 | — |
| Interfund Payable (Note 11) | 2,535 | 3,401 | 25,619 | — |
| Unearned Revenue (Note 1) | 70 | 165,200 | 51,877 | — |
| Obligations Under Securities Lending Program (Notes 1 and 8) | 314,069 | 230,097 | 2,508 | 13,061 |
| Due to Claimants, Participants, Escrows and Providers (Note 1) | — | — | 308 | — |
| Other Liabilities (Notes 1 and 27) | 1,632,522 | 1,242 | 990,608 | — |
| Loans Payable to Component Units (Notes 1 and 11) | — | — | — | 189,935 |
| Long-term Liabilities Due Within One Year (Notes 1, 23, and 28) | 4,634 | 440 | 112 | — |
| Total Liabilities | 2,834,163 | 1,051,354 | 1,596,593 | 202,997 |
| Deferred Inflows of Resources (Notes 1, 15, and 28) | | | | |
| Total Liabilities and Deferred Inflows of Resources | 1,129,195 | 678,594 | 84,893 | 25,066 |
| Fund Balances (Note 3): | | | | |
| Nonspendable | 102,685 | 109,936 | 29,949 | — |
| Restricted | 669,467 | 501,620 | 97,726 | 17,834 |
| Committed | 1,094,750 | 2,271,162 | — | — |
| Assigned | — | — | — | — |
| Unassigned | (264,229) | — | — | — |
| Total Fund Balances | 1,602,673 | 2,882,718 | 127,675 | 17,834 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 5,566,031 | \$ 4,612,666 | \$ 1,809,161 | \$ 245,897 |

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

| Nonmajor Governmental Funds | Total Governmental Funds |
|-----------------------------------|--------------------------------|
| \$ 1,920,330 | \$ 5,995,186 |
| 597,921 | 3,584,210 |
| 175,960 | 4,533,486 |
| 47,860 | 159,337 |
| 40,726 | 66,036 |
| 271,152 | 271,152 |
| 7,203 | 155,300 |
| 9,964 | 104,441 |
| 637 | 3,743 |
| 4,197 | 4,197 |
| — | 432,617 |
| 3,075,950 | 15,309,705 |
| — | — |
| <u>\$ 3,075,950</u> | <u>\$ 15,309,705</u> |
| \$ 76,641 | \$ 1,053,866 |
| 6,280 | 943,615 |
| 69,475 | 181,328 |
| 12,802 | 16,596 |
| 2,317 | 28,979 |
| — | 31,555 |
| 29,945 | 247,092 |
| 25,745 | 585,480 |
| 451,851 | 452,159 |
| 134,381 | 2,758,753 |
| — | 189,935 |
| 266 | 5,452 |
| 809,703 | 6,494,810 |
| 34,791 | 1,952,539 |
| 844,494 | 8,447,349 |
| 56,211 | 298,781 |
| 1,525,862 | 2,812,509 |
| 677,990 | 4,043,902 |
| 34,013 | 34,013 |
| (62,620) | (326,849) |
| 2,231,456 | 6,862,356 |
| <u>\$ 3,075,950</u> | <u>\$ 15,309,705</u> |

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

June 30, 2019

(Dollars in Thousands)

| | |
|---|----------------------|
| Total fund balances - governmental funds (see Balance Sheet - Governmental Funds) | \$ 6,862,356 |
| 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. | 132,163 |
| 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 | 8,605,386 |
| Depreciable Capital Assets | 25,035,703 |
| Assets to be received for Long-term Debt Service requirements are not reported in the fund statements. | 76,502 |
| Deferred outflows associated with pension and other postemployment benefit related costs are long-term in nature and, therefore, not reported in the funds. | 684,763 |
| Deferred outflows associated with loss on debt refundings are long-term in nature and, therefore, not reported in the funds. | 72,669 |
| 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 | (3,740,506) |
| Net OPEB Liability | (792,177) |
| Total OPEB Liability | (557,268) |
| Capital Leases | (16,075) |
| Installment Purchases | (78,087) |
| Compensated Absences | (306,477) |
| Uninsured Employer's Fund | (22,562) |
| Bonds | (7,978,904) |
| Accrued Interest Payable | (77,798) |
| Other Obligations | (31,109) |
| Pollution Remediation Liability | (10,430) |
| Internal service funds are used by the primary government to charge costs to individual funds. The assets and deferred outflows, and liabilities and deferred inflows of internal service funds are included in governmental activities in the Statement of Net Position. | (224,371) |
| Other long-term payables are not due and payable in the current period and, therefore, are not reported in the funds. | (363,264) |
| Deferred inflows are not available to pay for current period expenditures and, therefore, are not reported in the funds. | 1,341,611 |
| Deferred inflows associated with Service Concession Arrangements capital assets are long-term in nature and, therefore, not reported in the funds. | (2,939,560) |
| Deferred inflows associated with pension and other postemployment benefit related costs are long-term in nature and, therefore, not reported in the funds. | (929,638) |
| Deferred inflows associated with gain on debt refundings are long-term in nature and, therefore, not reported in the funds. | (20) |
| Net position of governmental activities (see Government-wide Statement of Net Position) | \$ 24,742,907 |

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, 2019

(Dollars in Thousands)

| | Special Revenue | | | |
|---|---------------------|--------------------------------|-------------------|------------------|
| | General | Commonwealth Transportation | Federal Trust | Literary |
| Revenues | | | | |
| Taxes | \$ 21,406,963 | \$ 3,827,035 | \$ — | \$ — |
| Rights and Privileges | 93,508 | 700,434 | 134 | 482 |
| Institutional Revenue | 38,720 | — | — | — |
| Interest, Dividends, Rents, and Other Investment Income | 185,366 | 81,463 | 1,530 | 14,619 |
| Federal Grants and Contracts | 10,173 | 1,081,561 | 10,777,508 | — |
| Other (Note 29) | 386,202 | 542,179 | 5,025 | 47,419 |
| Total Revenues | 22,120,932 | 6,232,672 | 10,784,197 | 62,520 |
| Expenditures | | | | |
| Current: | | | | |
| General Government | 2,440,560 | 87,798 | 123,188 | 500 |
| Education | 9,098,528 | 2,314 | 1,139,195 | 177,176 |
| Transportation | 203 | 5,429,862 | 20,031 | — |
| Resources and Economic Development | 433,707 | 20,388 | 180,039 | — |
| Individual and Family Services | 7,010,342 | — | 9,198,176 | — |
| Administration of Justice | 2,919,594 | 10,697 | 73,551 | — |
| Capital Outlay | 2,468 | 27,267 | 21,559 | — |
| Debt Service: | | | | |
| Principal Retirement | — | — | — | — |
| Interest and Charges | — | — | — | — |
| Total Expenditures | 21,905,402 | 5,578,326 | 10,755,739 | 177,676 |
| Revenues Over (Under) Expenditures | 215,530 | 654,346 | 28,458 | (115,156) |
| Other Financing Sources (Uses) | | | | |
| Transfers In (Note 34) | 951,729 | 16,113 | 1,689 | 131,955 |
| Transfers Out (Note 34) | (414,827) | (459,940) | (10,022) | — |
| Notes Issued | 2,713 | — | — | — |
| Insurance Recoveries | 85 | — | 17 | — |
| Capital Leases Issued | 557 | — | — | — |
| Bonds Issued | — | 311,715 | — | — |
| Premium on Debt Issuance | — | 29,921 | — | — |
| Refunding Bonds Issued | — | — | — | — |
| Sale of Capital Assets | 3,432 | 3,285 | — | — |
| Payment to Refunded Bond Escrow Agents | — | — | — | — |
| Total Other Financing Sources (Uses) | 543,689 | (98,906) | (8,316) | 131,955 |
| Net Change in Fund Balances | 759,219 | 555,440 | 20,142 | 16,799 |
| Fund Balance, July 1, as restated (Note 2) | 843,454 | 2,327,278 | 107,533 | 1,035 |
| Fund Balance, June 30 | \$ 1,602,673 | \$ 2,882,718 | \$ 127,675 | \$ 17,834 |

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

| Nonmajor Governmental Funds | Total Governmental Funds |
|-----------------------------------|--------------------------------|
| \$ 441,702 | \$ 25,675,700 |
| 334,775 | 1,129,333 |
| 171,154 | 209,874 |
| 76,576 | 359,554 |
| 129,804 | 11,999,046 |
| 584,784 | 1,565,609 |
| 1,738,795 | 40,939,116 |
| | |
| 122,037 | 2,774,083 |
| 31,011 | 10,448,224 |
| 4,432 | 5,454,528 |
| 380,804 | 1,014,938 |
| 745,005 | 16,953,523 |
| 82,020 | 3,085,862 |
| 564,764 | 616,058 |
| | |
| 427,210 | 427,210 |
| 321,144 | 321,144 |
| 2,678,427 | 41,095,570 |
| (939,632) | (156,454) |
| | |
| 887,490 | 1,988,976 |
| (221,549) | (1,106,338) |
| 16,628 | 19,341 |
| 2,207 | 2,309 |
| 208 | 765 |
| 336,950 | 648,665 |
| 52,845 | 82,766 |
| 43,360 | 43,360 |
| — | 6,717 |
| (49,308) | (49,308) |
| 1,068,831 | 1,637,253 |
| | |
| 129,199 | 1,480,799 |
| 2,102,257 | 5,381,557 |
| <u>\$ 2,231,456</u> | <u>\$ 6,862,356</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, 2019

(Dollars in Thousands)

Net Change in fund balances - total government funds (See Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds) \$ 1,480,799

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 | 1,752,761 |
| Nondepreciable Capital Assets Disposed | (41,541) |
| Depreciable Capital Assets Acquired | 334,463 |
| Depreciable Capital Assets Disposed | (248,988) |
| Depreciation Expense | (1,299,166) |

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 | (648,665) |
| Capital Lease Proceeds | (765) |
| Bond Premiums | (82,766) |
| Refunding Bonds Issued | (43,360) |
| Installment Purchase Proceeds | (19,341) |

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position. 427,210

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. 49,308

Some revenues in the Statement of Activities do not provide current financial resources and, therefore, are deferred inflows of resources in the funds. Also, revenues related to prior periods that became available during the current period are reported in the funds but are eliminated in the Statement of Activities. This amount is the net adjustment. 50,696

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.

| | |
|---|---------|
| Increase (Decrease) in Net OPEB Asset | 8,275 |
| (Increase) Decrease in Net Pension Liability | 265,785 |
| (Increase) Decrease in Net OPEB Liability | 8,904 |
| (Increase) Decrease in Total OPEB Liability | 14,576 |
| (Increase) Decrease in Other Long-term Liabilities | (6,538) |
| (Increase) Decrease in Compensated Absences | (7,046) |
| (Increase) Decrease in Interest Expense, Amortization of Long-term Debt premium and discounts, and Accrued Interest Liability | 79,257 |
| (Increase) Decrease in Other Liabilities | 416 |

Net (increase) 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. 152,268

Net revenue (expenses) of certain activities of internal service funds is reported within governmental activities. 202,750

Deferred inflows and outflows associated with pension and OPEB costs are not included in the funds. (1,740)

Amortization of deferred inflows and/or outflows associated with Service Concession Arrangements capital assets are not included in the funds. 44,467

Change in net position of governmental activities (See Government-wide Statement of Activities) \$ 2,472,019

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