
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, including the COVID-19 funding, 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 249 in the Combining and Individual Fund Statements and Schedules section of this report.

Balance Sheet - Governmental Funds

June 30, 2023

(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)	\$ 1,986,383	\$ 6,108,502	\$ 2,512,159	\$ 524,181
Investments (Notes 1 and 8)	15,101,018	—	26,206	—
Assets Held Pending Distribution (Note 1)	—	229	—	—
Receivables, Net (Notes 1 and 9)	3,371,865	2,590,933	2,797,389	79,256
Due from Other Funds (Note 11)	103,179	112,480	220	1,000
Due from External Parties (Fiduciary Funds) (Note 11)	112	—	—	—
Interfund Receivable (Note 11)	—	—	—	—
Inventory (Note 1)	49,985	114,707	96,552	—
Prepaid Items (Note 1)	113,058	1,081	4,158	—
Other Assets (Notes 1 and 12)	1,819	281	2,362	—
Restricted Cash and Cash Equivalents (Notes 8 and 13)	—	387,011	—	—
Total Assets	20,727,419	9,315,224	5,439,046	604,437
Deferred Outflows of Resources (Notes 1 and 15)	203	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 20,727,622	\$ 9,315,224	\$ 5,439,046	\$ 604,437
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Accounts Payable (Notes 1 and 26)	\$ 961,513	\$ 469,047	\$ 169,295	\$ —
Amounts Due to Other Governments	518,643	225,216	1,124,465	—
Due to Other Funds (Note 11)	48,271	76,148	18,925	—
Due to Component Units (Note 11)	29,361	28,454	924	—
Due to External Parties (Fiduciary Funds) (Note 11)	26,016	6,743	3,571	—
Interfund Payable (Note 11)	6,000	4,700	68,556	—
Unearned Revenue (Note 1)	—	196,283	2,222,754	—
Unearned Taxes (Note 1)	238,888	—	—	—
Obligations Under Securities Lending Program (Notes 1 and 8)	1,981,898	461,410	6,398	56,671
Due to Claimants, Participants, Escrows and Providers (Note 1)	—	—	5,802	—
Other Liabilities (Notes 1 and 27)	2,939,985	33,061	1,266,493	—
Loans Payable to Component Units (Notes 1 and 11)	—	—	—	191,765
Long-term Liabilities Due Within One Year (Notes 1, 23, and 28)	985	449	197	—
Total Liabilities	6,751,560	1,501,511	4,887,380	248,436
Deferred Inflows of Resources (Notes 1, 15, and 39)	1,458,347	2,488,954	343,132	25,443
Total Liabilities and Deferred Inflows of Resources	8,209,907	3,990,465	5,230,512	273,879
Fund Balances (Notes 1 and 3):				
Nonspendable	163,043	115,788	100,710	—
Restricted	2,797,696	523,166	107,824	330,558
Committed	7,740,235	4,684,857	—	—
Assigned	1,816,741	948	—	—
Total Fund Balances	12,517,715	5,324,759	208,534	330,558
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 20,727,622	\$ 9,315,224	\$ 5,439,046	\$ 604,437

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

<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,531,442	\$ 14,662,667
932,380	16,059,604
4,232	4,461
598,496	9,437,939
64,490	281,369
193	305
319,441	319,441
6,984	268,228
5,667	123,964
671	5,133
—	387,011
5,463,996	41,550,122
—	203
<u>\$ 5,463,996</u>	<u>\$ 41,550,325</u>
\$ 100,262	\$ 1,700,117
50,929	1,919,253
115,493	258,837
11,687	70,426
3,114	39,444
6,000	85,256
241,273	2,660,310
—	238,888
120,547	2,626,924
376,960	382,762
317,043	4,556,582
—	191,765
124	1,755
1,343,432	14,732,319
313,814	4,629,690
1,657,246	19,362,009
59,117	438,658
2,247,129	6,006,373
1,454,669	13,879,761
45,835	1,863,524
3,806,750	22,188,316
<u>\$ 5,463,996</u>	<u>\$ 41,550,325</u>

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

June 30, 2023

(Dollars in Thousands)

Total fund balances - governmental funds (see Balance Sheet - Governmental Funds) \$ 22,188,316

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. 172,408

When capital assets (land, buildings, equipment, construction-in-progress, intangible assets, right-to-use 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 9,734,248

Other Capital Assets 29,280,055

Assets to be received for Long-term Debt Service requirements are not reported in the fund statements. 36,891

Deferred outflows associated with pension and other postemployment benefit related costs are long-term in nature and, therefore, not reported in the funds. 1,763,608

Deferred outflows associated with loss on debt refundings are long-term in nature and, therefore, not reported in the funds. 29,104

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.

Net Pension Liability (3,381,628)

Net OPEB Liability (736,807)

Total OPEB Liability (195,786)

Long-term Leases (65,326)

Long-term SBITAs (105,034)

Installment Purchases (61,882)

Compensated Absences (362,015)

Uninsured Employer's Fund (22,997)

Bonds (10,037,275)

Accrued Interest Payable (82,058)

Other Obligations (99)

Pollution Remediation Liability (8,171)

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. 317,398

Other long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. (1,296,335)

Deferred inflows are not available to pay for current period expenditures and, therefore, are not reported in the funds. 2,245,784

Deferred inflows associated with Service Concession Arrangements capital assets are long-term in nature and, therefore, not reported in the funds. (5,386,723)

Deferred inflows associated with pension and other postemployment benefit related costs are long-term in nature and, therefore, not reported in the funds. (1,829,831)

Deferred inflows associated with gain on debt refundings are long-term in nature and, therefore, not reported in the funds. (78,172)

Net position of governmental activities (see Government-wide Statement of Net Position) \$ 42,117,673

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, 2023

(Dollars in Thousands)

	Special Revenue			
	General	Commonwealth Transportation	Federal Trust	Literary
Revenues				
Taxes	\$ 27,055,653	\$ 5,686,103	\$ —	\$ —
Rights and Privileges	125,679	784,879	29	730
Institutional Revenue	32,315	—	73	—
Interest, Dividends, Rents, and Other Investment Income (Note 1)	550,482	134,620	2,856	19,959
Federal Grants and Contracts	11,259	1,411,255	22,958,315	—
Other (Note 29)	633,410	598,878	656,003	35,882
Total Revenues	28,408,798	8,615,735	23,617,276	56,571
Expenditures				
Current:				
General Government	2,806,514	89,271	288,645	2,524
Education	12,700,072	1,630	2,672,681	67,563
Transportation	12,430	7,321,431	25,300	—
Resources and Economic Development	775,576	22,386	438,770	—
Individual and Family Services	8,300,820	—	20,195,859	—
Administration of Justice	3,547,119	10,705	118,753	—
Capital Outlay	164,837	37,952	29,927	—
Debt Service:				
Principal Retirement	35,256	20,646	17,942	—
Interest and Charges	2,835	1,088	811	—
Total Expenditures	28,345,459	7,505,109	23,788,688	70,087
Revenues Over (Under) Expenditures	63,339	1,110,626	(171,412)	(13,516)
Other Financing Sources (Uses)				
Transfers In (Note 35)	1,238,262	46,315	10,180	251,032
Transfers Out (Note 35)	(493,910)	(571,391)	(18,238)	(50,000)
Notes Issued	1,191	—	—	—
Insurance Recoveries	7	105	503	—
Long-term Leases Issued	6,838	1,705	744	—
Long-term SBITAs Issued	17,268	19,226	31,902	—
Bonds Issued	—	217,510	—	—
Premium on Debt Issuance	—	19,885	—	—
Refunding Bonds Issued	—	—	—	—
Sale of Capital Assets	5,086	560	—	—
Payment to Refunded Bond Escrow Agents	—	—	—	—
Total Other Financing Sources (Uses)	774,742	(266,085)	25,091	201,032
Net Change in Fund Balances	838,081	844,541	(146,321)	187,516
Fund Balance, July 1, as restated (Note 2)	11,679,634	4,480,218	354,855	143,042
Fund Balance, June 30	\$ 12,517,715	\$ 5,324,759	\$ 208,534	\$ 330,558

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,529,720	\$ 34,271,476
368,072	1,279,389
114,650	147,038
147,016	854,933
135,694	24,516,523
1,102,858	3,027,031
3,398,010	64,096,390
228,782	3,415,736
43,678	15,485,624
34,633	7,393,794
528,144	1,764,876
1,821,668	30,318,347
103,360	3,779,937
811,137	1,043,853
879,666	953,510
390,094	394,828
4,841,162	64,550,505
(1,443,152)	(454,115)
1,571,878	3,117,667
(838,626)	(1,972,165)
3,001	4,192
996	1,611
3,470	12,757
9,035	77,431
339,897	557,407
—	19,885
817,990	817,990
3	5,649
(875,903)	(875,903)
1,031,741	1,766,521
(411,411)	1,312,406
4,218,161	20,875,910
<u>\$ 3,806,750</u>	<u>\$ 22,188,316</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, 2023

(Dollars in Thousands)

Net Change in fund balances - total government funds (See Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds) \$ 1,312,406

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 and amortization expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation and amortization expense charged for the year.

Nondepreciable Capital Assets Constructed/Acquired	1,993,260
Nondepreciable Capital Assets Disposed	(78,971)
Other Capital Assets Acquired	2,891,833
Other Capital Assets Disposed	(2,828)
Depreciation and Amortization Expense	(1,638,113)

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	(557,407)
Long-term Lease Proceeds	(12,757)
Long-term SBITA Proceeds	(77,429)
Bond Premiums	(19,885)
Refunding Bonds Issued	(817,990)
Installment Purchase Proceeds	(4,192)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position. 953,510

In-substance debt defeasance 25,360

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. 875,903

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. (2,203,298)

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	16,418
(Increase) Decrease in Net Pension Liability	384,182
(Increase) Decrease in Net OPEB Liability	13,524
(Increase) Decrease in Total OPEB Liability	140,087
(Increase) Decrease in Other Long-term Liabilities	3,739
(Increase) Decrease in Compensated Absences	(37,303)
(Increase) Decrease in Interest Expense, Amortization of Long-term Debt premium and discounts, and Accrued Interest Liability	117,637
(Increase) Decrease in Other Liabilities	(12,856)

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. (498,325)

Net revenue (expenses) of certain activities of internal service funds is reported within governmental activities. 24,560

Deferred inflows and outflows associated with pension and OPEB costs are not included in the funds. (103,392)

Amortization of deferred inflows and/or outflows associated with Service Concession Arrangements capital assets are not included in the funds. 86,972

Change in net position of governmental activities (See Government-wide Statement of Activities) \$ 2,774,645

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