VRA Virginia Resources Authority

Stephanie L. Hamlett
Executive Director

December 1, 2015

The Honorable Terry McAuliffe
Governor of Virginia
Patrick Henry Building, 3rd Floor
Richmond, Virginia 23219

The Honorable Paul G. Nardo
Clerk of the House of Delegates
State Capitol, Room 303
Richmond, Virginia 23219

The Honorable Susan Clarke Schaar
Clerk of the Senate
State Capitol, 3rd Floor
Richmond, Virginia 23219

Dear Governor McAuliffe and Members of the General Assembly,

On behalf of the Board of Directors of the Virginia Resources Authority, its Executive Director and staff, I am pleased to submit the Comprehensive Annual Financial Report ("CAFR") of the Virginia Resources Authority ("VRA") for the year ending June 30, 2015. The CAFR is submitted pursuant to the requirements set forth in §62.1-222 of the Code of Virginia, as amended.

VRA's CAFR sets forth the complete operating and financial statements for the Authority during the fiscal year. As required, an independent certified public accountant, Brown, Edwards & Company, L.L.P., has performed an audit of the books and accounts of the Authority and has issued an unqualified opinion with no audit findings or management letter. The CAFR also includes supplemental information relating to the Water Facilities (§62.1-227), Water Supply (§62.1-236), Dam Safety (§ 10.1-603.23), and the Airports (§ 5.1-30.9) revolving loan funds. In addition, the attached CAFR includes complete financial statements for VRA's signature Virginia Pooled Financing Program.

Sincerely,

Stephanie L. Hamlett
Executive Director

Attachment

1111 E. Main Street
Suite 1920
Richmond, VA 23219
804.644.3100 Phone
804.644.3109 FAX
www.VirginiaResources.org

Richmond, Virginia

Comprehensive Annual Financial Report of the Virginia Resources Authority – A Component Unit of the Commonwealth of Virginia

Year Ended June 30, 2015

Virginia Resources Authority

Richmond, Virginia

Comprehensive Annual Financial Report of the Virginia Resources Authority – A Component Unit of the Commonwealth of Virginia

Year Ended June 30, 2015

Prepared by the Accounting Department:
Jon McCubbin, Controller
George Panos, Deputy Controller
Elizabeth Sakr, Fiscal and Administrative Specialist

Virginia Resources Authority
Financial Statements for the Year Ended June 30, 2015

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INTRODUCTORY SECTION

November 5, 2015

Board of Directors
Virginia Resources Authority
1111 East Main Street, Suite 1920
Richmond, VA 23219

Dear Board Members:

I am pleased to present the Virginia Resources Authority (VRA, Authority) FY2015 Financial Statements. Section 62.1-222 of the Code of Virginia, as amended, requires that the Authority publish, at the close of each fiscal year, a complete set of financial statements presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with Governmental Accounting Auditing Standards.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

Like last year, the fiscal year ending June 30, 2015 was audited by Brown, Edwards & Company, LLP, a licensed certified public accounting firm. As a result of an audit of the Authority's financial records and transactions of all funds, Brown, Edwards & Company, LLP has issued an unmodified opinion on the Authority's financial statements for the year ended June 30, 2015.

GAAP requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

VRA Profile

VRA was established in 1984 as a public body corporate and as a political subdivision of the Commonwealth of Virginia pursuant to the Virginia Resources Authority Act (Chapter 21 of Title 62.1 of the Code of Virginia, as amended). VRA is governed by an eleven member Board of Directors, appointed by the Governor. Members include four state agency representatives, including the State Treasurer, whose agencies, along with VRA, co-manage specific loan funds. VRA's Executive Director, also appointed by the Governor, administers, manages, and directs the affairs of the Authority, subject to the policies, control, and direction of its Board of Directors.

VRA was established to provide an additional source of funding for local infrastructure projects. Initially providing financing for local water and wastewater projects, projects eligible for VRA financing have expanded to 18 distinct areas. These project areas reflect the capital improvement priorities of local governments and priority areas identified by the Administration and the Legislature improve the health, safety, and general welfare of Virginia's counties, cities and towns.

<u>VRA Financing Programs</u>

VRA's Virginia Pooled Financing Program (VPFP) is available to Virginia counties, cities, towns, and other political subdivisions requiring financing for any one of the 18 designated project areas eligible for VRA financing. The project areas include water, sewer, transportation, public safety, energy, local government buildings, parks and recreational facilities, administrative and operations systems, and a variety of other capital improvement projects.

VPFP borrowers realize savings from VRA's unique state credit enhancements based in part on the Commonwealth's moral obligation, the sharing of expenses, and a straightforward and customer-friendly loan process. VRA's high credit rating, natural "AAA" for the senior bonds and "AA" for the subordinate bonds, result in favorable access for Virginia localities to the capital markets without the need of additional credit enhancements.

In addition to the VPFP, the Authority currently serves as co-manager of five capitalized loan/grant funds: the Virginia Water Facilities Revolving Fund (VWFRF), the Virginia Water Supply Revolving Fund (VWSRF), the Virginia Airports Revolving Fund (VARF), the Virginia Dam Safety and Flood Prevention Fund (VDSFPF), and the Virginia Brownfields Restoration and Economic Redevelopment Assistance Fund (VBAF).

Two funds, the VWFRF and the VWSRF, receive capitalization grants each year from the U.S. Environmental Protection Agency which includes a state match requirement from the Commonwealth. The VARF, VDSFPF, and VBAF are solely capitalized by appropriations from the Commonwealth. The VWFRF, VWSRF, VARF, and VDSFP operate as revolving loan funds with the initial capitalization monies invested and, along with the investment earnings and loan repayments, are then loaned to local governments for eligible projects. The VBAF solely issues grants for eligible projects.

The Virginia Transportation Infrastructure Bank (VTIB) was created in 2011 to finance the design and construction of roads and highways, including toll facilities, mass transit, freight, passenger and commuter rail, including rolling stock, port, airport and other transportation facilities. VRA is the manager of VTIB and performs certain duties under an agreement with the Commonwealth Transportation Board and the Secretary of Finance.

Economic Information

Governor Terry McAuliffe announced in July 2015 that preliminary figures indicate that the state concluded fiscal year 2015 with an approximately $553.3 million surplus from general fund revenue collections, excluding transfers. This represents the largest fiscal year-end surplus in the Commonwealth's history.

Preliminary calculations indicate that total revenue collections rose by 8.1 percent in fiscal year 2015, ahead of the revenue forecast of 4.7 percent growth. The main drivers of the revenue increase were growth in individual income tax receipts from non-withholding payments, payroll withholding, and lower-than-expected individual income tax refunds.

FY2015 Accomplishments

FY2015 was a very successful year for the Authority. Staff efforts along with those of state agency and private sector partners allowed VRA to take full advantage of market conditions to deliver cost-effective financing to all regions of the Commonwealth.

Operating with a seasoned Board of Directors and Executive Director, the Authority delivered value to local government borrowers through its own Virginia Pooled Financing Program and through loan programs it helps in administering for state agencies. In efforts to provide value, the Authority's Board and staff worked to develop a revised and new Strategic Plan that would serve as the roadmap for its future while facilitating and advancing priorities of the Governor and the General Assembly. The new Strategic Plan features a revised mission statement that simply reads "VRA, working with its state agency partners, provides Virginia localities access to cost-effective, sustainable, and innovative financial solutions for projects that support vibrant and healthy Virginia communities." In addition, the Board established five goals, each with specific objectives, to provide a strategic focus for the Authority to achieve its mission.

Major accomplishments for the Authority during FY2015 include:

- maintaining an outstanding credit rating thereby continuing the ability to meet the financing needs of local governments with cost effective financing
- sustaining a record of no defaults on loans underwritten by VRA, includes Clean Water, Airports, Drinking Water, and VRA's Virginia Pooled Loan Program
- completing four Pooled loan transactions totaling $458.2 million for 44 loans to 36 localities
- facilitating refunding opportunities for debt service savings of $49 million of Net Present Value savings for 43 unique borrowers and 75 loans
- transferring approximately $1.7 million to the Portfolio Risk Management Reserve for FY15

Additional Authority's accomplishments are highlighted below:

- assisting state-agency partners in successfully managing their loan and grant programs
    - Department of Environmental Quality - $112.3 million for 12 loans/grants to 9 borrowers
    - Department of Health - $16.3 million for 20 loans/grants to 18 recipients
    - Department of Aviation - $1.6 million to Charlottesville-Albermarle Airport Authority
    - Department of Conservation & Recreation - $824,860 for 65 grants
    - Virginia Economic Development Partnership - $27,200 grant to Jonesville Soil & Water Conservation District and $43,000 grant to Henrico County Economic Development Authority
    - Commonwealth Transportation Board – 22 disbursements totaling $53.8 million to two borrowers, Loudoun County Industrial Development Authority and the City of Chesapeake
    - Virginia Tourism Corporation – City of Virginia Beach certification

- improving physical plant with additional space for workspace efficiency and effectiveness
- coordinating statewide Governor's Infrastructure Financing Conference
- revising and updating the Authority's Five-Year Strategic Plan
- working with the Administration and Legislature in the passage of legislation that permits the establishment of a Tobacco Region Revolving Loan Fund within the Authority
- earning the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for FY2014 CAFR

Fiscal Year 2015 Financial Results

The Authority's financial performance in fiscal year 2015 was strong. The Authority surpassed $1.48 billion in net position, an increase of $44.9 million or 3.1% increase from the previous year. Net position has grown approximately $441 million or 42% since 2006. The largest portion of net position is restricted (99.11%) for the purpose of making loans and grants under the various programs the Authority administers. Total assets increased by $167 million (3.5%) while total liabilities increased by $148 million (4.3%) in comparison to the June 30, 2014 balances. The increase in assets is primarily the result of increased lending in the revolving loan programs and the Virginia Pooled Financing Program (VPFP), net of payments, payoffs, and refundings. The Authority's operating revenue increased $2.0 million and operating expenses increased $3.9 million in comparison to the prior fiscal year. The increase in operating revenue is mostly due additional loan interest from greater lending activity over the past few years. The current interest rate environment has presented significant refunding opportunities with VRA receiving a large number of applications for the refinancing of both VRA and non-VRA debt in the VPFP program. The increase in operating expenses is the result of interest incurred on outstanding debt obligations.

Long-term Financial Planning

VRA works with its agency partners to project program demand. For the Water Facilities Revolving Fund, VRA utilizes a long-term financial model to determine lending capacity under various scenarios. The model is updated at least annually.

During the 2015 fiscal year, the Authority's Board of Directors, staff, and other stakeholders collaborated in revising and updating the Strategic Plan and in developing an action plan to achieve the goals and objectives established. These new goals and objectives, along with revised vision and mission statements, provide a roadmap for existing and future Authority initiatives and an enhanced focus on outcomes.

VRA continues its practice of completing a five year budget projection using certain assumptions for growth and program volume. Each year the assumptions are updated and the projection is revised accordingly.

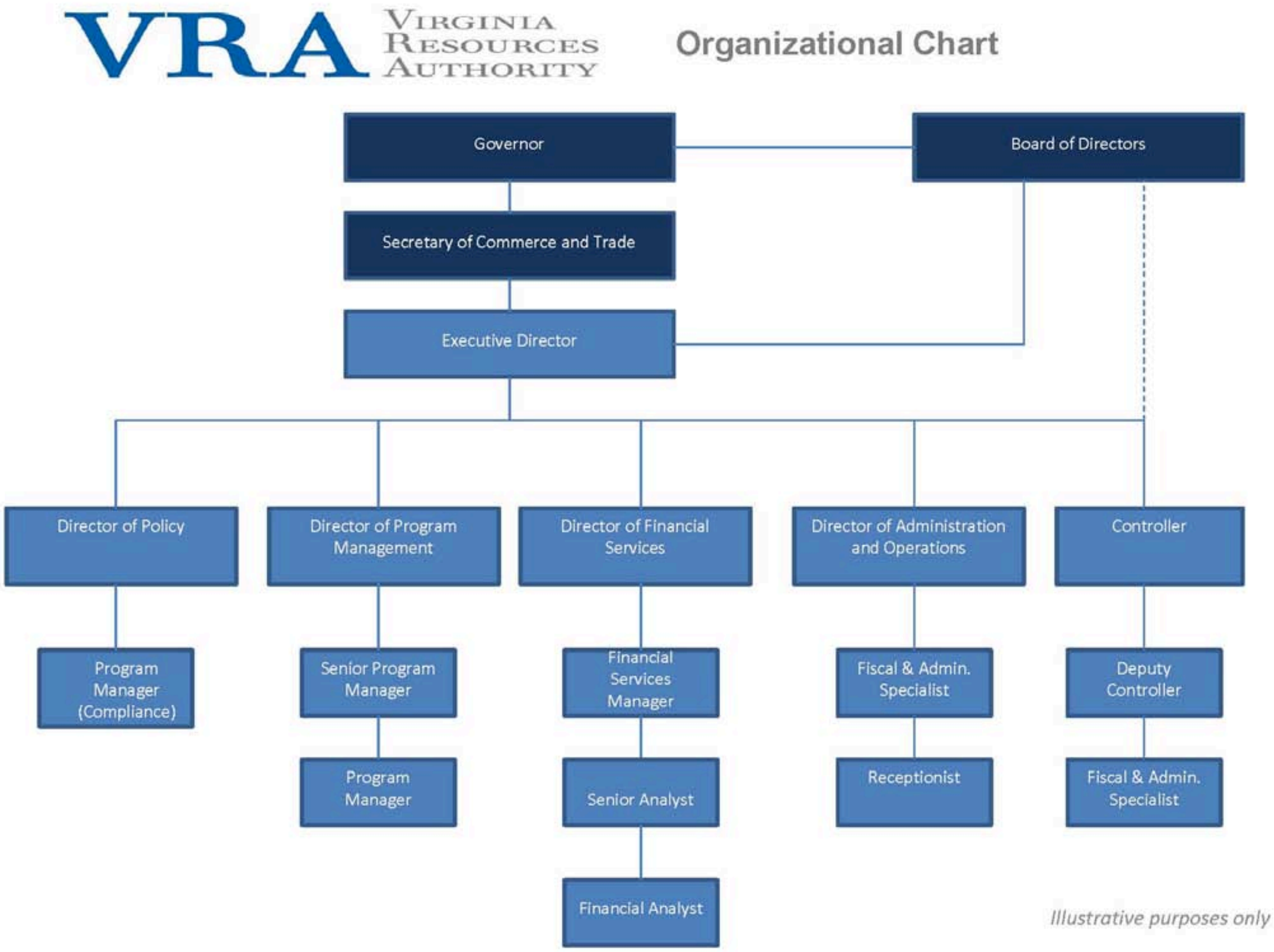
Finally, I would like to extend my gratitude and appreciation to the Authority's dedicated staff. In the wake of losing its long time Controller, VRA's administrative and accounting divisions came together to assure that all financial matters regarding the Authority, specifically its obligations to state partners and local government borrowers, were properly addressed. As well, each staff member assumed added responsibility to assure the completion of both the CAFR and the year-end audit. I am particularly indebted to VRA's Director of Administration and Operations Michael Cooper, Deputy Controller George Panos, and Fiscal and Administrative Specialist Elizabeth Sakr, without whom this task would not have been accomplished.

Sincerely,

Stephanie L. Hamlett
Executive Director

Virginia Resources Authority

Organizational Structure
June 30, 2015



Virginia Resources Authority

Directory of Principal Officials
June 30, 2015

Board of Directors

William G. O'Brien, Chairman

James H. Spencer, III, Vice Chairman

Barbara McCarthy Donnellan

David Branscome

Dena Frith Moore

Thomas L. Hasty, III

John H. Rust, Jr.

Ex-Officio Board Members

Randall P Burdette
Director of the Department of Aviation

David K. Paylor
Director of the Department of Environmental Quality

Manju Ganeriwala
Treasurer of Virginia

Dr. Marissa J. Levine
State Health Commissioner

Administrative Officials

Stephanie L. Hamlett; Executive Director

Jean Bass; Director of Policy and Intergovernmental Relations

Peter D'Alema; Director of Program Management

Shawn Crumlish; Director of Debt Management

Michael Cooper; Director of Administration

Jon McCubbin, CPA; Controller

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Virginia Resources Authority

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2014

Jeffrey R. Emer

Executive Director/CEO

FINANCIAL SECTION

BROWN EDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Board of Directors
Virginia Resources Authority
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the Virginia Resources Authority (the "Authority"), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 presentation of the financial statements.

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

2102 Langhorne Rd., Suite 200 • Lynchburg, VA 24501 • 434-948-9000 • Fax: 434-948-9029 • www.BEcpas.com

Report on the Financial Statements (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2015, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 13 to the financial statements, the Authority adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB statement No. 27, as amended by GASB Statement No. 71.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and other required supplementary information, as listed in the table of contents, 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 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, combining schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining schedules and the schedule of expenditures of federal awards 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. In our opinion, the combining schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Matters (Continued)

Other Information (Continued)

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*, we have also issued our report dated November 5, 2015, on our consideration of the Authority'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. 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 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 Authority's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
November 5, 2015

Virginia Resources Authority

Management's Discussion and Analysis

Year Ended June 30, 2015

The Management's Discussion and Analysis of the Virginia Resources Authority (Authority) provides readers of the Authority's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the preceding transmittal letter and the Authority's basic financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The Authority's assets and deferred outflows exceeded the liabilities and deferred inflows at the close of the fiscal year by $1.483 billion (net position), an increase of 3.1%.

- Total assets of $5.0 billion increased by $167.2 million or 3.5% (See FINANCIAL ANALYSIS Table 1 summary).

- Total deferred outflows of $80.6 million increased by $39.2 million or 97.7% (See FINANCIAL ANALYSIS Table 1 summary).

- Total liabilities of $3.6 billion increased by $148.0 million or 4.3%. (See FINANCIAL ANALYSIS Table 1 summary).

- Total deferred inflows of $29.9 million increased by $13.3 million or 89.7%. (See FINANCIAL ANALYSIS Table 1 summary).

- Change in net position of $44.9 million, increased by $0.8 million or 1.7% over the prior year. (See FINANCIAL ANALYSIS Table 2 summary).

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of management's discussion and analysis (this section), the basic financial statements, the notes to the financial statements, required supplementary information and supplementary information. The Authority is reported in the Commonwealth of Virginia's Comprehensive Annual Financial Report as a discretely presented component unit.

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The financial statements provide both long-term and short-term information about the Authority's overall financial status. The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to proprietary funds of government units. The **Statement of Net Position** provides information about the nature and amounts of the Authority's cash, investments, and receivables (assets) and its obligations to creditors (liabilities). Net position – the difference between assets and deferred outflows and liabilities and deferred inflows – is one way to measure the Authority's financial health or position. The current fiscal year revenues and expenses of the Authority are accounted for in the **Statement of Revenues, Expenses and Changes in Net Position** which measures whether the Authority successfully recovered its costs through interest on loans, investment earnings, fees, and contributions from other governments. The **Statement of Cash Flows** provides information on the Authority's cash receipts, payments, and net changes in cash while providing insight into the source, use, and change in cash for the reporting period.

Notes to the financial statements provide additional information that is essential to understanding data in the financial statements.

This report also includes **other information**, in addition to the basic financial statements and accompanying notes to the financial statements. *Required supplementary information* concerning the Authority's progress in funding its obligation to provide pension benefits to employees is separately presented. *Supplementary information* that further explains and supports information in the basic financial statements immediately follows the notes. *Combining schedules* provide information for the Authority's separate programs. The *compliance section* is required under provisions of the Single Audit Act and the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-profit Organizations; and includes auditor reports on compliance and internal controls. The *Schedule of Expenditures of Federal Awards* provides detail of Federal assistance, followed by explanatory notes.

FINANCIAL ANALYSIS

The Authority's lending programs significantly reduce the cost of financing local infrastructure projects by providing low-cost, custom tailored financing through its bond issuing program and the revolving loan programs. As noted earlier, net position may serve as a useful indicator of the Authority's financial position. At the close of the most recent year, the Authority's assets exceeded the liabilities by $1.483 billion (net position). The largest portion of net position is restricted net position (99.1%), which is restricted primarily for the purpose of making loans under the various programs the Authority administers. Restricted net position also includes a $7.7 million operating reserve fund described further in Note 7.

See Table 1. Total assets of $5.0 billion increased by $167.2 million or 3.5%, primarily due to the result of borrower loan repayments and contributions from other governments in excess of new lending activity and debt service payments on existing bonds. The additional loan repayments and contributions from other governments resulted in a cumulative net increase of $24 million in cash, cash equivalents, and investments, along with an increase in loans receivable of $143.6 million or 3.5%. Assets primarily consist of loans receivable (85.6%) from participating localities and other governmental entities in the Commonwealth of Virginia. The Authority's source for providing loans is a combination of bond issues and contributions from the State and Federal Government. See Note 4 for additional information on loans receivable.

Total liabilities of $3.6 billion increased by $148.0 million or 4.3%. The primary driver of the increase was the issuance of new debt in the amount of $759 million in excess of defeasances in the amount of $213 million. The Authority issued six different bond issues in fiscal year 2015 to purchase or acquire local bonds and financing leases of local governments within the Commonwealth to finance and refinance the costs of certain projects and facilities related to the Authority's authorized project areas. The decrease from net borrowing activity was offset by an additional $20 million in agency funds on hand in relation to the Virginia Transportation Infrastructure Bank (VTIB). The Authority coordinates the financial transactions (disbursements and repayments) for the VTIB; however, the VTIB is reported as a subfund of the Transportation Trust Fund for financial reporting purposes. Liabilities primarily consist of bonds payable (98.6%). See Note 6 for additional information on bonds payable.

See Table 2.

- Operating revenues of $148.9 million increased by $2.0 million or 1.3%.

- Operating expenses of $154.8 million increased by $3.9 million or 2.6%.

- Operating loss of $5.9 million increased by $1.9 million or 47.6%.

At the end of fiscal year 2015, net position increased $44.9 million, or 1.7%, to $1.483 billion. Operating revenues of $148.9 million increased $2.0 million (1.3%). This change was mostly driven by an increase in gains on early extinguishment of loans ($1.7 million) from an increase in borrower loan defeasances during the year, a decrease in interest on loans ($2.2 million) due to a low interest rate environment, and the immediate recognition of loan origination revenue ($2.9 million). Operating expenses of $154.8 million increased $3.9 million (2.6%). This increase was a result of a $2.4 million decline in interest incurred on outstanding debt obligations as result of a low interest rate environment, an increase in principal forgiveness loans and grants to local governments ($2.1 million), an increase in loss on early extinguishment of loans ($0.9 million) due to an increase in defeasances initiated by local borrower participants, and the immediate recognition of bond issuance costs ($3.6 million) as a current resource outflow. The operating loss of $5.9 million is the result of further use of grants in concurrence with loans to fund projects in the Virginia Water Supply Revolving Fund (VWSRF), which is designed to assist economically disadvantaged water systems under the Environment Protection Agency's Capitalization Grants for State Revolving Funds. Nonoperating income increased by $2.7 million (5.5%) as a result of an increase in the EPA's allocation of the Capitalization Grant for State Revolving Funds.

Finally, the Authority recognized the cumulative effect for change in accounting principle by adjusting beginning net position as required by the implementation of 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*. Under GASB 68, each employer is required to report net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and their proportionate share of a pension expense as participants in VRS. Accordingly, an adjustment was required for the Authority's net pension asset, resulting in an increase of $0.317 million in net position. See Note 10 and 13 for additional information.

Table 1
Virginia Resources Authority

Schedules of Net Position
(In thousands of dollars)

	June 30, 2015	June 30, 2014	$ Change 2015 - 2014	% Change 2015 - 2014
Assets				
Current assets:				
Cash	$ 38,216	$ 30,353	$ 7,863	25.9%
Cash equivalents	272,913	256,358	16,555	6.5%
Investments	15,638	37,369	(21,731)	-58.2%
Loans receivable - current portion (Note 4)	242,592	222,519	20,073	9.0%
Receivables:				
Investment interest	2,633	2,736	(103)	-3.8%
Loan interest	27,035	27,149	(114)	-0.4%
Loan administrative fees	1,128	1,057	71	6.7%
Federal funds	-	336	(336)	-100.0%
Other	26	63	(37)	-58.7%
Other	41	38	3	7.9%
Total current assets	600,222	577,978	22,244	3.8%
Noncurrent assets:				
Investments	358,950	337,945	21,005	6.2%
Loans receivable - less current - net (Note 4)	4,030,520	3,906,987	123,533	3.2%
Net pension asset	393	-	393	100.0%
Capital assets - at cost - less accumulated depreciation	113	51	62	121.6%
Total noncurrent assets	4,389,976	4,244,983	144,993	3.4%
Total assets	4,990,198	4,822,961	167,237	3.5%
Deferred Outflows of Resources				
Deferred outflows - pension	47	-	47	100.0%
Deferred loss on refunding	80,539	41,363	39,176	94.7%
Total deferred outflows of resources	80,586	41,363	39,223	94.8%
Liabilities				
Current liabilities:				
Loans payable - current portion	221	599	(378)	-63.1%
Bonds payable - current portion (Note 6)	183,441	161,293	22,148	13.7%
Accrued interest on bonds payable	27,040	27,748	(708)	-2.6%
Arbitrage rebate liability	-	631	(631)	-100.0%
Agency funds	20,813	11,545	9,268	80.3%
Accounts payable and other liabilities	454	291	163	56.0%
Total current liabilities	231,969	202,107	29,862	14.8%
Noncurrent liabilities:				
Loans payable - less current - net	105	1,138	(1,033)	-90.8%
Bonds payable - less current - net (Note 6)	3,325,587	3,206,583	119,004	3.7%
Arbitrage rebate liability	178	-	178	100.0%
Total noncurrent liabilities	3,325,870	3,207,721	118,149	3.7%
Total liabilities	3,557,839	3,409,828	148,011	4.3%
Deferred Inflows of Resources				
Deferred gain from localities on refunding	29,843	16,641	13,202	79.3%
Deferred inflows - pension	74	-	74	100.0%
Total deferred inflows of resources	29,917	16,641	13,276	79.8%
Net position				
Investment in capital assets	113	52	61	117.3%
Restricted (Note 7):				
Loan Programs	1,462,097	1,419,109	42,988	3.0%
Operating Reserve	7,747	7,727	20	0.3%
Unrestricted	13,071	10,968	2,103	19.2%
Total net position	$ 1,483,028	$ 1,437,856	$ 45,172	3.1%

Table 2
Virginia Resources Authority

Schedules of Revenues, Expenses, and Changes in Net Position
(In thousands of dollars)

	Year Ended June 30, 2015	Year Ended June 30, 2014	$ Change 2015 - 2014	% Change 2015 - 2014
Operating revenues				
Interest on loans	$ 122,794	$ 124,972	$ (2,178)	-1.7%
Investment income	11,061	11,481	(420)	-3.7%
Bond administration fees	3,042	2,826	216	7.6%
Loan administration fees	1,907	1,823	84	4.6%
Loan origination revenue	5,212	2,346	2,866	122.2%
Administrative reimbursement	84	510	(426)	-83.5%
Gain on early extinguishment of loans	4,727	2,978	1,749	58.7%
Other income	81	17	64	376.5%
Total operating revenues	148,908	146,953	1,955	1.3%
Operating expenses				
Interest on bonds and loans	129,994	132,360	(2,366)	-1.8%
Bond issuance costs	5,462	1,893	3,569	188.5%
Grants to local governments	9,647	8,576	1,071	12.5%
Principal forgiveness loans to local governments	2,639	1,565	1,074	68.6%
Loss on early extinguishment of bonds	4,071	3,152	919	29.2%
Personnel services	1,626	1,657	(31)	-1.9%
General operating	919	1,070	(151)	-14.1%
Contractual services	430	663	(233)	-35.1%
Total operating expenses	154,788	150,936	3,852	2.6%
Operating loss	(5,880)	(3,983)	(1,897)	47.6%
Nonoperating revenues				
Contributions from other governments	51,745	48,159	3,586	7.4%
Interest subsidy - Build America Bonds	2,611	2,609	2	0.1%
Nonoperating expenses				
Interest subsidy passthrough - Build America Bonds	(2,535)	(2,533)	(2)	-0.1%
Contribution to other governments	(1,086)	(163)	(923)	-566.3%
Change in net position	44,855	44,089	766	1.7%
Total net position - beginning*	1,438,173	1,393,767	44,406	3.2%
Total net position - ending	$ 1,483,028	$ 1,437,856	$ 45,172	3.1%

*The effects of GASB 68 have been reflected in the June 30, 2015 financial statements but the prior year information has not been restated.

DEBT ADMINISTRATION

As a financing entity, the Authority's purpose and objective is to issue and administer debt on behalf of other entities. The Authority issues bonds to finance infrastructure projects approved by the local governing bodies of counties, cities, towns, and service authorities of the Commonwealth of Virginia. Depending upon the program, all of the Authority's bonds are secured by either: (a) a pledge of the full faith and credit of the municipality, (b) a pledge of certain revenues of the municipality and funds and accounts established under the applicable bond resolution or indenture, and/or (c) the lease.

The Authority obtains bond ratings from one or more of the following: Moody's Investor Service (Moody's), Standard & Poor's (S&P), and Fitch Ratings (Fitch). The Authority, to date, has achieved an investment grade of "AA" or better on all bond issues. All Virginia Water Facilities Revolving Fund (VWFRF) leveraged issues have obtained a AAA rating from all three agencies. Under the senior/subordinate structure in the Virginia Pooled Financing Program, the senior portion of the structure (70%) has been rated "AAA" and the subordinate portion (30%) has been rated "AA." These ratings were affirmed on subsequent issues and ratings surveillances conducted in the last fiscal year. In addition, Moody's maintains its "Aa2" rating on the Authority's outstanding VARF bonds and Fitch maintains a "AA" rating.

See Note 6 for additional information on bonds payable.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Controller, Virginia Resources Authority, 1111 E. Main Street, Suite 1920, Richmond, VA 23219, or telephone (804) 644-3100, or visit the Authority's website at www.virginiaresources.org.

Virginia Resources Authority

Statement of Net Position

June 30, 2015

Assets		
Current assets:		
Cash	$	38,216,008
Cash equivalents		272,913,556
Investments		15,637,580
Loans receivable, net of allowance (Note 4)		242,591,985
Receivables:		
Investment interest		2,632,848
Loan interest		27,034,814
Loan administrative fees		1,127,772
Other		26,030
Other		40,837
Total current assets		600,221,430
Noncurrent assets:		
Investments		358,949,870
Loans receivable - less current - net of allowance (Note 4)		4,030,520,379
Net Pension Asset		393,496
Capital assets - at cost - net of allowance (Note 5)		112,766
Total noncurrent assets		4,389,976,511
Total assets		4,990,197,941
Deferred Outflows of Resources		
Deferred outflows - pension		46,862
Deferred loss on refunding		80,538,701
Total deferred outflows of resources		80,585,563
Liabilities		
Current liabilities:		
Loans payable - current portion (Note 8)		220,541
Bonds payable - current portion (Note 6)		183,440,657
Accrued interest on bonds payable		27,040,485
Agency funds		20,813,412
Accounts payable and other liabilities (Note 8)		454,393
Total current liabilities		231,969,488
Noncurrent liabilities:		
Loans payable - less current - net (Note 8)		104,562
Bonds payable - less current - net (Note 6)		3,325,587,071
Arbitrage rebate liability (Note 8)		177,630
Total noncurrent liabilities		3,325,869,263
Total liabilities		3,557,838,751
Deferred Inflows of Resources		
Deferred gain from localities on refunding		29,842,827
Deferred inflows - Pension		73,529
Total deferred inflows from resources		29,916,356
Net position		
Net investment in capital assets		112,766
Restricted (Note 7):		
Loan Programs		1,462,097,298
Operating Reserve		7,747,493
Unrestricted		13,070,840
Total net position	$	1,483,028,397

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

Virginia Resources Authority

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2015

Operating revenues		
Interest on loans	$	122,794,090
Investment income		11,061,275
Bond administrative fees		3,042,444
Loan administrative fees		1,907,580
Loan origination revenue		5,211,541
Administrative reimbursement		83,816
Gain on early extinguishment of loans		4,726,803
Other income		80,889
Total operating revenues		148,908,438
Operating expenses		
Interest on bonds and loans		129,993,652
Bond issuance costs		5,461,806
Grants to local governments		9,646,936
Principal forgiveness loans		2,638,987
Loss on early extinguishment of bonds		4,071,026
Personnel services		1,626,424
General operating		919,259
Contractual services		430,199
Total operating expenses		154,788,289
Operating loss		(5,879,851)
Nonoperating revenues		
Contributions from other governments (Note 9)		51,745,027
Interest subsidy - Build America Bonds		2,611,578
Total nonoperating revenues		54,356,605
Nonoperating expenses		
Contributions to other governments		(1,086,294)
Interest subsidy passthrough - Build America Bonds		(2,534,997)
Total nonoperating expenses		(3,621,291)
Change in net position		44,855,463
Total net position - beginning, as restated (Note 13)		1,438,172,934
Total net position - ending	$	1,483,028,397

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

Virginia Resources Authority

Statement of Cash Flows

Year Ended June 30, 2015

Cash flows from operating activities		
Cash payments to localities for loans	$	(612,482,634)
Principal repayments from localities on loans		449,440,114
Interest received on loans		135,960,424
Loan origination fees received		5,211,541
Bond administrative fees received		3,011,562
Loan administrative fees received		1,867,750
Federal administrative reimbursement funds received		188,929
Cash received from other income		93,981
Cash payments for salaries and related benefits		(1,626,424)
Cash payments for contractual services		(430,201)
Cash payments for general operating expenses		(863,699)
Cash payments for operating grants		(9,646,935)
Cash payments for principal forgiveness loans		(2,638,987)
Interest paid on loans		(41,748)
Interest paid on bonds		(141,980,308)
Agency funds received		9,206,721
Net cash used in operating activities		(164,729,914)
Cash flows from noncapital financing activities		
Other Liabilities and Expenses		25,618
Proceeds from sale of bonds		876,617,650
Bond issuance costs		(5,367,602)
Principal paid on loans		(1,412,173)
Principal paid on bonds		(382,750,000)
Cash paid to escrow for defeased bonds		(360,359,148)
Arbitrage rebate		(582,339)
Proceeds from interest subsidy - Build America Bonds		2,612,048
Cash payments to localities for interest subsidy		(2,535,452)
Agency Funds		64,073
Contributions from other governments		51,990,822
Contributions to other governments		(1,086,294)
Net cash provided by noncapital financing activities		177,217,203
Cash flows from capital and financing related activities		
Purchase of office equipment		(84,743)
Net cash used in noncapital financing activities		(84,743)
Cash flows from investing activities		
Purchase of investments		(131,185,828)
Proceeds from sales or maturities of investments		131,646,986
Interest received on investments - net		11,554,365
Net cash provided by investing activities		12,015,523
Net increase in cash and cash equivalents		24,418,069
Cash and cash equivalents		
Beginning of year		286,711,495
End of year	$	311,129,564
Reconcilation to the Statement of Net Position		
Cash	$	38,216,008
Cash equivalents		272,913,556
	$	311,129,564

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

Virginia Resources Authority

Statement of Cash Flows (Continued)

Year Ended June 30, 2015

Reconciliation of operating loss	
to net cash used in operating activities	
Operating loss	$ (5,879,851)
Adjustments to reconcile operating loss	
to net cash used in operating activities:	
Depreciation	23,477
Interest on investments	(11,061,277)
Gain on early extinguishment of loans	(4,726,803)
Loss on early extinguishment of bonds	4,071,026
Bond issuance costs	5,487,993
Interest on loans	(16,979)
Interest on bonds, amortization and accretion - net	(17,271,625)
Effect of changes in operating assets and liabilities:	
Loans receivable	(163,007,518)
Loan interest receivable	11,037,590
Loan administrative fee receivable	(70,708)
Other receivables	121,329
Deferred charges	7,362,754
Accounts payable and other liabilities	9,200,678
Total adjustments	(158,850,063)
Net cash used in operating activities	$ (164,729,914)

Schedule of Non-Cash Activities

Increase in fair value of assets	$ 164,278

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

1. Organization and Nature of Activities

The ***Virginia Resources Authority*** (Authority) was created in 1984 by an Act of the General Assembly of the Commonwealth of Virginia. The Authority encourages the investment of both public and private funds and is authorized to make loans and grants available to local governments to finance such projects as water, sewer, storm drainage, solid waste disposal, federal facilities, public safety, aviation, brownfield remediation, transportation, Chesapeake Bay cleanup, dam safety, land conservation and preservation, local government buildings, energy, parks and recreation facilities, and broadband. Subsequent General Assembly legislation added projects for administrative and operations systems and site acquisition and development for economic and community development. The Authority's enabling legislation states that the bonds issued by the Authority do not constitute a debt or pledge of the full faith and credit of the Commonwealth of Virginia (Commonwealth) or any political subdivision thereof, other than the Authority. The bonds are payable solely from the revenue, money, or property of the Authority pledged thereon. The Authority is, however, empowered to issue bonds secured by the moral obligation of the Commonwealth, of which a maximum of $1.5 billion may be outstanding at any time.

The Authority is governed by a Board of Directors consisting of eleven members. Seven members are appointed to four year terms by the Governor, subject to confirmation by the General Assembly. Other members consist of the State Treasurer, the State Health Commissioner, the Director of the Department of Environmental Quality or his designee, and the Director of the Department of Aviation or his designee. The Governor appoints the Chairman of the Board. The Governor also appoints the Executive Director of the Authority, who reports to, but is not a member of the Board of Directors. The Executive Director serves as the ex-officio secretary of the Board of Directors and administers, manages and directs the affairs and activities of the Authority in accordance with the policies and under the control and direction of the Board of Directors.

For financial reporting purposes, the Authority is a component unit of the Commonwealth. The accounts of the Authority, along with other similar types of funds, are included as a discretely presented component unit of the Commonwealth. The financial statements of the Authority include the activities of the Virginia Water Facilities Revolving Fund (VWFRF), the Virginia Water Supply Revolving Fund (VWSRF), the Virginia Airports Revolving Fund (VARF), the Virginia Dam Safety and Flood Prevention Fund (VDSFPF), the Equipment and Term Financing program (ETF), the Virginia Transportation Infrastructure Bank (VTIB), and the Virginia Brownfield Restoration and Economic Development Assistance Fund (VBAF), which are described in more detail below.

The Authority's pooled bond program serves to provide cost-effective and efficient access to the bond markets to local government borrowers throughout Virginia, by issuing bonds, which are then used to fund loans to local borrowers. The program is structured so that the maturities of principal and interest payments are matched, virtually eliminating interest rate risk within the portfolio. Yields on the loans to local borrowers are designed to slightly exceed the yields on the bonds issued to fund the program, in order to support administrative and other costs related to the program.

The VWFRF was created in 1986 and received its first state appropriation on July 1, 1987. The VWFRF's purpose is to make discounted interest rate loans to municipalities under the Environmental Protection Agency's (EPA) Capitalization Grants for State Revolving Funds. The VWFRF's enabling legislation provides that the program is jointly administered by the Authority and the Commonwealth's Department of Environmental Quality (DEQ). The accounts of the VWFRF are in these financial statements, except for certain administrative expenses incurred by the DEQ for the VWFRF and the associated reimbursement of the federal share of these expenses is included in the financial statements of the DEQ.

Until 1999, the sole source of financial assistance to localities for wastewater projects under the VWFRF was the Direct Loan program. The available resources for the Direct Loan program, however, were determined to be insufficient to meet the demand for financial assistance from municipalities. In response, the Authority and DEQ, with the concurrence of the EPA, decided to leverage the VWFRF through the issuance of bonds.

The Authority is authorized to transfer assets of the VWFRF to funds and accounts pledged to collateralize bonds issued by the Authority. Such assets consist of federal capitalization grants, Commonwealth Matching Share funds, and any other monies appropriated or otherwise deposited by the Commonwealth to the VWFRF, including amounts repaid by municipalities to the VWFRF from loans represented by the local bonds, and earnings on the investment of any of the foregoing. The Authority and DEQ still make Direct Loans from the VWFRF, but by leveraging the VWFRF, the Authority can provide financing for more projects than before.

During 1999, the General Assembly expanded the scope of the VWFRF by allowing the State Water Control Board to loan money for the construction of facilities or structures supporting environmental goals of agricultural best management practices. The program attempts to reduce agricultural nonpoint source pollution of Virginia waters. To date, $15 million has been set aside from the VWFRF to fund the program. The accounts of this program are combined with those of the VWFRF in the Authority's financial statements and are commonly referred to as Agriculture Best Management Practices (AgBMP) loans.

The VWSRF was created in 1987 and received its first state appropriation on July 1, 1988. In 1997, the VWSRF was updated to align with the Safe Drinking Water Act Amendments of 1996, which allowed the establishment of a drinking water state revolving loan fund. The VWSRF's purpose is to make discounted interest rate loans to local governments to finance water supply facilities and certain nonconstruction activities under the EPA's Capitalization Grants for State Revolving Funds. The VWSRF's enabling legislation provides that the program will be jointly administered by the Authority and the Commonwealth of Virginia Department of Health (VDH). The accounts of the VWSRF are in these financial statements, except for certain administrative expenses incurred by the VDH for the VWSRF and the associated reimbursement of these expenses, which are included in the financial statements of the VDH.

In 2000, the VARF was funded with $25 million. The VARF finances local government-owned aviation projects at discounted rates for general aviation, reliever, and commercial airports across Virginia. In February 2001, the first bonds were issued by the Authority, which leveraged the VARF to provide funds for loans to three of Virginia's airports. In June 2002, $2 million was returned to the Commonwealth to be used for other purposes. The VARF can also make direct loans out of current balances, released bond proceeds, and newly appropriated funds.

The Authority's VDSFPF was created in 2006 and received its first appropriation from existing State funds on July 1, 2006. The VDSFPF's purpose is to make grants or loans to local governments for the development and implementation of flood prevention or protection projects, or for flood prevention or protection studies. In addition, the VDSFPF can be used to make grants or loans to local governments owning dams and to make loans to private entities for the design, repair and the safety modifications of qualifying dams, and to make grants for the mapping and digitization of dam break inundation zones. The VDSFPF's enabling legislation provides that the program will be jointly administered by the Authority and the Virginia Department of Conservation and Recreation (VDCR).

The Equipment and Term Financing Program (ETF) was authorized beginning July 2007 to enhance financing options for terms up to fifteen years. Ideally suited for equipment purchases, any eligible Authority project area can be funded in this program. Local governments used the loan program to meet their public safety and solid waste operation needs. The program is funded with a banking partner selected through a rigorous procurement process. The Authority offers the banking partner its unique credit enhancement to obtain the most competitive rates for the Authority's borrowers.

The Virginia Transportation Infrastructure Bank (VTIB) was created during the 2010 General Assembly Session to finance the design and construction of roads and highways, including toll facilities, mass transit, freight, passenger and commuter rail, including rolling stock, port, airport and other transportation facilities. The Authority is the manager of VTIB and performs certain duties under an agreement with the Commonwealth Transportation Board and the Secretary of Finance. VTIB is capitalized with appropriations by the General Assembly. VTIB is a subfund of the Transportation Trust Fund and only reimbursement and expenses incurred are reflected in the Authority's financial statements.

The Virginia Brownfields Restoration and Economic Redevelopment Assistance Fund (VBAF) was created in 2002 for the purposes of promoting the restoration and redevelopment of brownfield sites and to address environmental problems or obstacles to reuse so that these sites can be effectively marketed to new economic development prospects. Funds were generally not available in the VBAF until 2012. The Virginia Economic Development Partnership, DEQ, and the Authority jointly administer the VBAF.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Authority utilizes the economic resources measurement focus and the accrual basis of accounting in preparing its financial statements where revenues are recognized when earned and expenses are recognized when incurred in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The accounts of the Authority are organized on the basis of programs and activities, each of which is considered a separate accounting entity. The operations of each program are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, operating revenues, operating expenses and other nonoperating revenue and expenses. All of the Authority's programs and activities are reported as a single reporting entity conforming to GAAP.

Use of Estimates

The preparation of financial statements, in conformity with GAAP, requires management of the Authority to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosures of contingencies at the date of the financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

Risk Management

The Authority carries commercial insurance for various risks of loss including property, workers' compensation, theft, general liability, errors and omissions, employee health and accident, and public officials' liability. There have been no claims exceeding the amount insured resulting from these risks during the three years ended June 30, 2015 and there was no reduction in insurance coverage during fiscal year 2015.

Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents are restricted to investments with original remaining maturities when purchased of three months or less, or investments purchased as short-term securities and not expected to be held to maturity.

Investments

Investments, principally U.S. government obligations, corporate obligations and municipal bonds, are carried at fair value with the change in fair value recognized as a component of interest on investments. Fair values of investments are based on quoted market prices at year-end.

The Authority also participates in the Commonwealth of Virginia Local Government Investment Pool (LGIP); a non-SEC registered external pool, rated AAAm by Standard and Poor's. The LGIP is managed in a manner consistent with Securities and Exchange Commission Rule 2a-7 money market fund requirements. Pursuant to Sec. 2.1-234.7 *Code of Virginia*, the Treasury Board of the Commonwealth of Virginia sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled meetings and the fair value of the position in the LGIP is the same as the value of the pool shares.

Loans Receivable, Discounts, Premiums, Gain on Refinancing

Loans receivable are reported at the unpaid principal balances, net of an allowance for loan losses, if any. The Authority receives fees relating to the origination of loans. Certain of these fees are received at the origination of a loan and other fees are received over the life of the related loans. The fees received at the origination of a loan are recorded as loan origination revenue while fees received over the life of the related loan are recorded as loan administration fees and bond administration fees in the Statement of Revenues, Expenses, and Changes in Net Position.

Loan discounts and premiums are amortized over the lives of the related loans using the effective interest method. Deferred gains on refinancing are amortized over the original remaining life of the old loan or life of the new loan, whichever is less. The unamortized discounts are shown on the accompanying Statement of Net Position as a reduction of the loans receivable and the amortization is included in the Statement of Revenues, Expenses, and Changes in Net Position as loan interest income.

The unamortized gains on refinancing are shown on the accompanying Statement of Net Position as a deferred inflow of resources and the amortization is included in the Statement of Revenues, Expenses, and Changes in Net Position as a component of loan interest income.

The unamortized premiums are shown on the accompanying Statement of Net Position as an addition to the loans receivable and the amortization is included in the Statement of Revenues, Expenses and Changes in Net Position as a reduction of loan interest income.

Allowance for Loan Losses

The allowance for loan losses is maintained to cover possible losses inherent in the loan portfolio based on management's evaluation of the loan portfolio, giving consideration to various factors, including collateral value, past loan loss experience, current facts, and economic conditions. The allowance is based on management's estimates, and ultimate losses may vary from current estimates.

An annual review is performed on a risk-based sample of borrowers in VRA's loan portfolio. The review includes performing various liquidity ratios and reviewing rate covenant calculations on existing loans to identify any potential issues with loan repayments. As of June 30, 2015, all loan payments were current and there were no loans in payment default. In addition, there were no loans that were determined to have repayment issues based on the annual review.

The AgBMP loans, included with the VWFRF accounts and discussed in Note 1, were determined to have a need for an allowance for loan losses in the amount of $313,000 as of June 30, 2015.

Capital Assets

Capital assets are defined by the Authority as assets with an initial, individual cost of more than $5,000 and a useful life greater than one year. Such assets are recorded at historical cost and are depreciated over the useful life of the asset using the straight-line method. The Authority follows the Commonwealth's Accounting Policies and Procedures Manual (CAPP) for assigning estimated useful lives to its capital assets. The CAPP assigns an estimated useful life of 5 years to office furniture, fixtures, and equipment.

Bond Discounts, Premiums, Loss on Refinancing

Bond discounts and premiums are amortized over the lives of the related issues using the effective interest method. Deferred losses on refinancing are amortized over the original remaining life of the old debt or life of the new debt, whichever is less. The unamortized discounts are shown on the accompanying Statement of Net Position as a reduction of the bonds payable, and the amortization is included in the Statement of Revenues, Expenses, and Changes in Net Position as interest expense.

The unamortized loss on refinancing is shown on the accompanying Statement of Net Position as a deferred outflow of resources and the amortization is included in the Statement of Revenues, Expenses, and Changes in Net Position as a component of interest expense.

The unamortized premiums are shown on the accompanying Statement of Net Position as an addition to the bonds payable and the amortization is included in the Statement of Revenues, Expenses and Changes in Net Position as a reduction of interest expense.

Pensions

For purposes of measuring the net pension liability, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's Retirement Plan and the additions to/deductions from the Authority's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the next fiscal year, and therefore are reported as deferred outflows of resources. The net difference between projected and actual earnings on pension plan investments are amortized over a closed five year period and are reported as deferred inflows of resources.

Arbitrage Rebate Liability

The U.S. Treasury has issued regulations on calculating the rebate due to the Federal government on arbitrage profits and determining compliance with the arbitrage rebate provisions of the Tax Reform Act of

1986. Arbitrage profits arise when the Authority invests the proceeds of tax exempt debt in securities with higher yields. The Authority treats the estimated rebate payable as a reduction of available resources in the program that earned the arbitrage profit. Accordingly, interest earnings are reduced by the amount with a corresponding arbitrage rebate liability separately reported.

Net Position

Components of net position include the following:

Investment in capital assets amounts are those associated with non-liquid, capital assets, less any associated outstanding debt. As of June 30, 2015, none of the Authority's capital assets had related debt outstanding.

Restricted amounts are assets less related liabilities reported in the Statement of Net Position that are subject to constraints on their use by creditors, grantors, contributors, or legislation.

Unrestricted amounts are those currently available at the discretion of the Authority's Board for use in the Authority's operations.

Pass Through Grants

The Authority accounts for grants or other financial assistance that is transferred to a secondary recipient as revenues and expenses.

Operating Revenues and Expenses

The Authority's policy is to report all revenues and expenses resulting from providing services in connection with the Authority's ongoing operations, including interest revenues from loans and investments as well as interest expense on bonds payable, as operating revenues and expenses. This conclusion was reached because such revenues and expenses are integral to the operations of the Authority. All revenues and expenses not meeting the above criteria are reported as nonoperating revenues and expenses.

All cash flows related to bond issuance and administration are included in cash flows from non-capital financing activities on the Statement of Cash Flows. All cash flows related to investment activity are included in cash flows from investing activities on the Statement of Cash Flows.

3. Cash, Cash Equivalents and Investments

Cash is maintained in accounts that are insured by the Federal Deposit Insurance Corporation or are collateralized under provisions of the Commonwealth of Virginia Security for Public Deposits Act, Sec. 2.2-4400 et. seq. of the *Code of Virginia*. There were no amounts that were uninsured or uncollateralized at June 30, 2015.

Investment Policy

In accordance with the *Code of Virginia* (1950), as amended, and other applicable laws and regulations, the Authority's investment policy (Policy) permits investments in U.S. Government or Agency obligations, obligations of the Commonwealth of Virginia or political subdivisions thereof, negotiable certificates of deposit, negotiable bank deposit notes, repurchase agreements, bankers' acceptances, prime quality commercial paper, corporate notes of domestic corporations, mortgage or asset-backed securities, money market funds, guaranteed investment contracts (GICs), and the State Treasurer's Local Government Investment Pool.

As of June 30, 2015, the Authority had the following cash equivalents and investments and maturities:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
Agency Mortgage Backed	$ 1,498,263	$ 118,723	$ 1,358,592	$ 12,377	$ 8,571
Asset Backed Securities	6,397,950	-	6,397,950	-	-
Commercial Paper	4,050,146	4,050,146	-	-	-
Corporate Bonds and Notes	20,844,440	2,702,666	18,141,774	-	-
Guaranteed Investment Contracts	57,277,655	2,154,651	9,774,829	19,066,038	26,282,137
Local Government Investment Pool	216,099,864	216,099,864	-	-	-
Money Market Funds	20,592	20,592	-	-	-
Money Market Funds-Gov't Securit	54,689,738	54,689,738	-	-	-
Negotiable Certificates of Deposit	9,328,943	7,328,581	2,000,362	-	-
U.S. Agency Securities	13,826,174	-	13,826,174	-	-
U.S. Treasury Securities	263,467,241	1,386,175	59,643,730	9,363,504	193,073,832
Totals	$ 647,501,006	$288,551,136	$111,143,411	$ 28,441,919	$219,364,540

Reconcilation to the Statement of Net Position:	
Cash Equivalents	$ 272,913,556
Investments - Current	15,637,580
Investments - Noncurrent	358,949,870
Totals	$ 647,501,006

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority places emphasis on securities of high credit quality and marketability.

The Policy requires that bankers' acceptances, negotiable certificates of deposit, and negotiable bank notes, all maturing within one year, have a rating of no less than "P-1" by Moody's Investors Service (Moody's) and "A-1" by Standard & Poor's Ratings Group (S&P). Commercial paper must have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two nationally recognized rating agencies, one of which must be Moody's or S&P. Corporate notes and bonds, negotiable certificates of deposit, and negotiable bank notes maturing in less than five years must have no less than a "Aa" rating by Moody's or an "AA" by S&P. Asset-backed securities maturing in less than five years must have no less than a "AAA" rating by at least two nationally recognized rating agencies, one of which must be Moody's or S&P. GICs must be held with financial institutions with long-term credit ratings of at least "Aa" by Moody's or "AA" by S&P. The various bond indentures require that bond fund investments, or any collateralizing securities, have no less than an "AA" rating by at least one nationally recognized rating agency.

Although Virginia statute does not impose credit standards on repurchase agreements or money market mutual funds, the Authority has established stringent credit standards for these investments to minimize portfolio risk.

At June 30, 2015, the Authority had the following cash equivalents and investments and ratings:

Investment	Fair Value	Standard & Poor's Rating	Percent of Portfolio
Agency Mortgage Backed	$ 1,498,263	AA+	0.24%
Asset Backed Securities	6,397,950	AAA	0.99%
Commercial Paper	1,946,785	A-1	0.30%
Commercial Paper	2,103,361	A-1+	0.32%
Corporate Bonds and Notes	3,048,421	AAA	0.47%
Corporate Bonds and Notes	4,497,502	AA+	0.69%
Corporate Bonds and Notes	5,583,804	AA	0.86%
Corporate Bonds and Notes	7,714,713	AA-	1.19%
Guaranteed Investment Contracts	57,277,655	See below	8.85%
Local Government Investment Pool	216,099,864	AAAm	33.37%
Money Market Funds	20,592	AAAm	0.00%
Money Market Funds - Government Securities	54,689,738	AAAm	8.45%
Negotiable Certificates of Deposit	3,726,531	A-1+	0.58%
Negotiable Certificates of Deposit	3,902,340	A-1	0.60%
Negotiable Certificates of Deposit	1,700,072	AA-	0.26%
U.S. Agency Securities	13,826,174	AA+	2.14%
U.S. Treasury Securities	263,467,241	AA+	40.69%
Totals	$ 647,501,006		100.00%

The GICs that comprise 8.85% of the investment portfolio were entered into based upon the credit rating of the GIC provider. The Moody's ratings of the GIC providers are as follows:

Provider	Fair Value	Moody's Rating	Percent of Portfolio
Citigroup**	$ 3,986,570	Baa2**	0.62%
FSA / Assured Guaranty	53,291,085	A2**	8.23%
Totals	$ 57,277,655		8.85%

** Rating fell below approved level and was collateralized with US Treasury and Agency securities in accordance with the Credit Risk Policy.

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 source.

The Policy establishes limitations on portfolio composition in order to control concentration of credit risk. The maximum percentage of the portfolio permitted in each security (by fund type) is as follows:

General Account and Program Funds

Investment Type	Fair Value	Percent of Portfolio	Maximum
Agency Mortgage Backed	$ 1,498,263	1%	25%
Asset Backed Securities	6,397,950	2%	0%
Commercial Paper	4,050,146	1%	25%
Corporate Bonds and Notes	20,844,440	7%	25%
Local Government Investment Pool	216,099,864	67%	100%
Money Market Funds-Gov't Securities	5,991,534	2%	100%
Negotiable Certificates of Deposit	9,328,943	3%	10%
U.S. Agency Securities	13,826,174	4%	100%
U.S. Treasury Securities	42,352,031	13%	100%
Totals	$ 320,389,345	100%	

Reconcilation to total cash equivalents and investments:

General Account and Program Funds	$ 320,389,345
Bond Funds*	327,111,661
Totals	$ 647,501,006

* Proceeds from and deposits related to the issuance of VRA bonds ("Bond Funds") are held in trust by the various trustee banks under a separate Indenture of Trust and, under certain circumstances, a Supplemental Indenture of Trust (collectively, "Indentures") for each bond issue. The Policy does not establish limitations on the portfolio composition in the Bond Funds. However, the investment of bond funds must be diversified in such a manner to ensure the preservation of principal.

Bond Fund investments are governed by Indentures authorizing the Authority or its trustee to invest generally in obligations of the U.S. Government, the Commonwealth of Virginia, or its political subdivisions (except the Farm Credit System for all bond series issued in 1985 and 1986). The Indentures authorize the Authority to enter into repurchase agreements with any bank, as principal and not as agent, having a combined capital, surplus and undivided profits of not less than $50 million. In addition, the collateralizing securities must have a fair market value equal to at least 100% of the amount of the repurchase obligation plus accrued interest.

The Policy also establishes limitations on portfolio composition by issuer in order to further control concentration of credit risk. No more than 5% of the Authority's portfolio will be invested in the securities of any one issuer with the exception of: (1) the U.S. Government or Agencies thereof, (2) the LGIP, (3) fully insured/collateralized certificates of deposit or repurchase agreements that are collateralized by the

U.S. Government or Agencies thereof, and (4) mutual funds whereby the portfolio is limited to U.S. Government or Agency securities.

As of June 30, 2015, excluding U.S. Government guaranteed obligations, the Virginia Local Government Investment Pool, money market funds, prime quality commercial paper, and bond fund investments, no portions of the Authority's portfolio exceeded 5% of the total portfolio.

Interest Rate Risk

Interest rate risk is the risk that changes in the interest rates of debt instruments will adversely affect the fair value of an investment. The Authority has selected the Segmented Time Distribution method of disclosure.

As a means of limiting exposure to fair value losses arising from rising interest rates, the Authority's Policy limits individual investments to a stated maturity of no more than five years from the date of purchase. The average maturity of the portfolio may not exceed three years.

Proceeds from the sale of bonds must be invested in compliance with specific requirements of the bond covenants and may be invested in securities with longer maturities.

As of June 30, 2015, the Authority had the following investments and maturities:

General Account and Program Funds

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
Agency Mortgage Backed	$ 1,498,263	$ 118,723	$ 1,358,592	$ 12,377	$ 8,571
Asset Backed Securities	6,397,950	$ -	$ 6,397,950	$ -	$ -
Commercial Paper	4,050,146	4,050,146	-	-	-
Corporate Bonds and Notes	20,844,440	2,702,666	18,141,774	-	-
Local Government Investment Pool	216,099,864	216,099,864	-	-	-
Money Market Funds-Gov't Securit	5,991,534	5,991,534	-	-	-
Negotiable Certificates of Deposit	9,328,943	7,328,581	2,000,362	-	-
U.S. Agency Securities	13,826,174	-	13,826,174	-	-
U.S. Treasury Securities	42,352,031	-	42,352,031	-	-
Totals	$ 320,389,345	$ 236,291,514	$ 84,076,883	$ 12,377	$ 8,571
Average maturity of all investments	75 Days				

Bond Funds

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
Guaranteed Investment Contracts	$ 57,277,655	$ 2,154,651	$ 9,774,829	$ 19,066,038	$ 26,282,137
Money Market Funds	20,592	20,592	-	-	-
Money Market Funds-Gov't Securities	48,698,204	48,698,204	-	-	-
U.S. Treasury Securities	221,115,210	1,386,175	17,291,699	9,363,504	193,073,832
Totals	$ 327,111,661	$ 52,259,622	$ 27,066,528	$ 28,429,542	$ 219,355,969
Average maturity of all investments	3,570 Days				

Reconcilation of total cash equivalents and investments:	
General Fund and Program Funds	$ 320,389,345
Bond Funds	327,111,661
Totals	$ 647,501,006

The General Account includes $20,948 of investments with maturities over five years. These investments were purchased as short-term securities and are not expected to be held until maturity.

Custodial Risk

For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. The Authority's deposits at June 30, 2015 are insured by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. Under the Act, banks holding public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying governments of compliance by banks. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member financial institution fails, the entire assets of the collateral pool become available to satisfy the claims of governmental entities. If the value of the pool's collateral is inadequate to cover a loss, additional amounts would be assessed on a pro rata basis to the members of the pool.

For investments, custodial risk is the risk that, in the event of the failure of the counterparty, the reporting entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's Policy requires that all investment securities purchased for the Authority be held by the Authority's designated custodian where the securities must be in the Authority's name and identifiable on the custodian's books as belonging to the Authority and the custodian must be a third party, not a counterparty to the investment transaction. As of June 30, 2015, all of the Authority's investments were held by the trust department of the Authority's custodial bank in the Authority's name.

4. Loans Receivable

The Authority has outstanding loans related to its bond issues, the VWFRF, VWSRF, VARF, and the ETF. These loans are to various localities and other governmental entities in the Commonwealth of Virginia. Certain of these loans are secured by a pledge of the revenues from the lease, system-appropriate revenues, and certain other funds and assets of the entities. Other loans are secured by the full faith and credit of the borrowing entity.

A summary of loans receivable as of June 30, 2015:

Loans receivable related to bond issues:		
Revenue Bonds	$	2,325,204,904
Airport Revolving Fund Revenue Bonds		43,526,294
Unamortized discount/premium – net		197,078,937
Subtotal – loans receivable related to bond issues		2,565,810,135
Loans receivable related to revolving loan funds:		
VWFRF		717,089,182
VWFRF – Leveraged		828,049,019
VWFRF – AgBMP		4,604,226
VWSRF		157,547,699
Subtotal – loans receivable related to revolving loan funds		1,707,290,126
Loans receivable related to ETF loans:		325,103
Subtotal – loans receivable		4,273,425,364
Less: Allowance for loan losses - AgBMP		(313,000)
Total loans receivable	$	4,273,112,364
Loans receivable – current	$	242,591,985
Loans receivable – noncurrent		4,030,520,379
	$	4,273,112,364

Bonds secured by the Commonwealth's moral obligation all have bond indentures that require either the Authority or the borrower to deposit with the trustee an amount of funds, known as capital reserve funds, relating to the annual principal and interest payments required on the bonds. These capital reserve funds are available for use by the Authority to pay debt service on the bonds if the borrower defaults on any interest or principal payment on the loans. Capital reserve funds are included as investments in the accompanying statement of net position.

If the Authority is required to use any of these capital reserve funds, the Governor of the Commonwealth of Virginia is required to include in the budget presented to the General Assembly, as an agency request for informational purposes only, the amount necessary to replenish the capital reserve fund to the required level. The General Assembly is under no obligation to pass the budget as presented by the Governor. Any amounts so replenished must be repaid by the Authority to the Commonwealth of Virginia, without interest, from excess operating revenues, as defined, of the Authority, to the extent available.

Loans that are outstanding related to bond issuances have rates that range from 0.48% - 6.29% and final maturities that range from fiscal years 2015 to 2044.

The Authority also has outstanding loans to various localities and other governmental entities in the Commonwealth of Virginia from the VWFRF, VWSRF, VARF, and the ETF. These loans range in final maturity from fiscal years 2015 to 2045 and accrue interest at various rates ranging from 0% to 5.79%. As of June 30, 2015, the Authority is also obligated under outstanding commitment letters and undisbursed loans and grants to disburse approximately:

Type	VWFRF	VWSRF	VARF	Total
Committed, to be disbursed:				
Revolving Fund	$ 107,779,072	$ 10,594,154	$ 1,597,000	$ 119,970,226
Leveraged Bonds	764,910	-	-	764,910
Commitment letter only (loan or grant not closed)	8,997,919	7,701,040	-	16,698,959

There were no loan commitments related to the Equipment and Term Financing Leases at June 30, 2015.

At June 30, 2015, there were no loan receivables that were in payment default. Loan loss expense in relation to the AgBMP program is included as a general operating expense in the Statement of Revenues, Expenses, and Changes in Net Position and totaled $35,000 for the year ended June 30, 2015.

5. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets, being depreciated				
Office Equipment	$ 96,671	$ 84,743	$ -	$ 181,414
Less accumulated depreciation	45,171	23,477	-	68,648
Total capital assets being depreciated, net	$ 51,500	$ 61,266	$ -	$ 112,766

Depreciation expense was $23,477 for the year ended June 30, 2015.

6. Bonds Payable

The Authority had the following bonds payable outstanding as of June 30, 2015:

Description	Original Amount	Amount Outstanding
Revenue Bonds:		
Series 2000A, dated March 1, 2000, interest rates ranging from 4.10% to 5.80%, final due date May 1, 2030; $1,765,000 of the bonds defeased in 2010	$ 36,535,000	$ 105,000
Series 2001A, dated June 28, 2001, interest rates ranging from 4.00% to 5.20%, final due date May 1, 2031; $14,540,000 of the bonds defeased in 2009; $915,000 of the bonds defeased in 2011	29,140,000	105,000
Series 2002 (Capital Appreciation Bonds), dated July 31, 2002, interest rates ranging from 4.14% to 5.59%, final due date November 1, 2031. Amount outstanding includes $15,483,076 accretion for capital appreciation bonds; $5,623,192 of the bonds defeased in 2012	27,537,167	32,810,443
Series 2002A, dated June 6, 2002, interest rates ranging from 3.00% to 5.13%, final due date May 1, 2027; $20,125,000 of the bonds defeased in 2010; $985,000 of the bonds defeased in 2011	42,845,000	725,000
Series 2002B (Refunding), dated November 5, 2002, interest rates ranging from 2.00% to 4.50%, final due date November 1, 2019; $4,590,000 of the bonds refunded in 2013	35,295,000	115,000
Series 2002C (Non-AMT), dated December 5, 2002, interest rates ranging from 2.00% to 5.00%, final due date April 1, 2033; $15,900,000 of the bonds defeased in 2010; $2,030,000 of the bonds defeased in 2011	23,510,000	275,000
Series 2003 Subordinate (Non-AMT), dated December 4, 2003, interest rate ranging from 2.00% to 5.00%, final due date November 1, 2034; $700,000 of the bonds defeased in 2009; $530,000 of the bonds defeased in 2011; $1,220,000 of the bonds defeased in 2012; $12,115,000 of the bonds defeased in 2013	32,415,000	8,305,000
Series 2003A (Non-AMT), dated May 21, 2003, interest rates ranging from 3.00% to 4.60%, final due date May 1, 2028; $22,255,000 of the bonds defeased in 2010; $1,320,000 of the bonds defeased in 2012	38,915,000	495,000
Series 2003C (Non-AMT), dated August 7, 2003, interest rates ranging from 2.00% to 5.00%, final due date November 1, 2018; $515,000 of the bonds defeased in 2009; $850,000 of the bonds defeased in 2013	15,555,000	845,000

Description	Original Amount	Amount Outstanding
Series 2004A Senior (Non-AMT), dated June 30, 2004, interest rates ranging from 4.00% to 5.125%, final due date November 1, 2033; $27,530,000 of the bonds defeased in 2009; $5,780,000 of the bonds defeased in 2011; $1,295,000 of the bonds defeased in 2012; $9,115,000 of the bonds were defeased in 2013; $5,380,000 of the bonds defeased in 2014	$ 60,630,000	$ 925,000
Series 2004A Subordinate (Non-AMT), dated June 30, 2004, interest rates ranging from 4.00% to 5.125%, final due date November 1, 2034; $11,860,000 of the bonds defeased in 2009; $2,500,000 of the bonds defeased in 2011; $555,000 of the bonds defeased in 2012; $3,920,000 of the bonds were defeased in 2013; $2,330,000 of the bonds were defeased in 2014	32,515,000	400,000
Series 2004B Senior (Non-AMT), dated October 28, 2004, interest rates ranging from 2.25% to 4.50%, final due date November 1, 2034; $10,130,000 of the bonds defeased in 2012; $420,000 of the bonds defeased in 2013	28,690,000	850,000
Series 2004B Subordinate (Non-AMT), dated October 28, 2004, interest rates ranging from 2.25% to 5.00%, final due date November 1, 2035; $4,320,000 of the bonds defeased in 2012; $180,000 of the bonds defeased in 2013	13,920,000	1,590,000
Series 2005A Senior (Non-AMT), dated March 2, 2005, interest rates ranging from 3.00% to 5.00%, final due date November 1, 2025	18,115,000	6,065,000
Series 2005A Subordinate (Non-AMT), dated March 2, 2005, interest rates ranging from 3.00% to 4.125%, final due date November 1, 2025	8,190,000	2,770,000
Series 2005B Senior (Non-AMT), dated June 8, 2005, interest rates ranging from 3.00% to 5.00%, final due date November 1, 2035; $3,845,000 of the bonds were defeased in 2012	22,055,000	4,720,000
Series 2005B Subordinate (Non-AMT), dated June 8, 2005, interest rates ranging from 3.00% to 5.00%, final due date November 1, 2035; $1,615,000 of the bonds were defeased in 2012	9,485,000	2,050,000
Series 2005C Senior (AMT), dated December 7, 2005, interest rates ranging from 3.35% to 4.75%, final due date November 1, 2025	6,045,000	3,930,000

Description	Original Amount	Amount Outstanding
Series 2005C Senior (Non-AMT), dated December 7, 2005, interest rates ranging from 4.63% to 5.00%, final due date November 1, 2035; $1,275,000 of the bonds defeased in 2011; $10,260,000 of the bonds were defeased in 2012; $3,160,000 of the bonds were defeased in 2013	$ 36,710,000	$ 4,595,000
Series 2005C Subordinate (AMT), dated December 7, 2005, interest rates ranging from 3.63% to 4.85%, final due date November 1, 2025	2,595,000	1,700,000
Series 2005C Subordinate (Non-AMT), dated December 7, 2005, interest rates ranging from 4.00% to 4.75%, final due date November 1, 2035; $595,000 of the bonds defeased in 2011; $4,260,000 of the bonds were defeased in 2012; $910,000 of the bonds were defeased in 2013	16,365,000	2,010,000
Series 2006A Senior (Non-AMT), dated June 8, 2006, interest rates ranging from 3.50% to 5.00%, final due date November 1, 2036; $4,390,000 of the bonds defeased in 2014	49,145,000	13,340,000
Series 2006A Subordinate (Non-AMT), dated June 8, 2006, interest rates ranging from 3.65% to 5.00%, final due date November 1, 2036; $1,895,000 of the bonds defeased in 2014	25,825,000	7,520,000
Series 2006B Senior (Refunding), dated August 31, 2006, interest rates ranging from 4.00% to 5.00%, final due date May 1, 2030	17,270,000	13,870,000
Series 2006B Subordinate (Refunding), dated August 31, 2006, interest rates ranging from 4.00% to 4.50%, final due date May 1, 2030	8,005,000	6,485,000
Series 2006C Senior (Non-AMT), dated December 14, 2006, interest rates ranging from 4.00% to 5.00%, final due date November 1, 2036; $2,815,000 of the bonds defeased in 2011; $4,450,000 of the bonds were defeased in 2013	45,935,000	8,685,000
Series 2006C Subordinate (Non-AMT), dated December 14, 2006, interest rates ranging from 3.50% to 4.375%, final due date November 1, 2036; $1,025,000 of the bonds defeased in 2011	22,860,000	14,565,000
Series 2007A Senior, dated June 7, 2007, interest rates ranging from 4.00% to 5.00%, final due date November 1, 2027	29,790,000	9,010,000
Series 2007A Subordinate, dated June 7, 2007, interest rates ranging from 4.00% to 4.375%, final due date November 1, 2027	14,465,000	4,800,000

Description	Original Amount	Amount Outstanding
Series 2007B Senior (AMT), dated December 13, 2007, interest rates ranging from 3.60% to 5.00%, final due date November 1, 2027	$ 7,530,000	$ 1,325,000
Series 2007B Senior (Non-AMT), dated December 13, 2007, interest rates ranging from 3.30% to 5.00%, final due date November 1, 2037; $1,740,000 of the bonds defeased in 2011; $4,505,000 of the bonds defeased in 2014	38,470,000	5,095,000
Series 2007B Subordinate (AMT), dated December 13, 2007, interest rates ranging from 3.60% to 5.00%, final due date November 1, 2027;	3,245,000	575,000
Series 2007B Subordinate (Non-AMT), dated December 13, 2007 interest rates ranging from 3.30% to 5.00%, final due date November 1, 2037; $1,350,000 of the bonds defeased in 2011; $1,940,000 of the bonds defeased in 2014	18,410,000	6,365,000
Series 2008A Senior (Non-AMT), dated June 6, 2008, interest rates ranging from 3.00% to 5.00%, final due date November 1, 2038	48,890,000	17,040,000
Series 2008A Subordinate (Non-AMT), dated June 6, 2008, interest ranging from 2.50% to 4.625%, final due date November 1, 2038	22,450,000	10,480,000
Series 2008B Senior (Non-AMT), dated December 10, 2008, interest rates ranging from 3.00% to 5.125%, final due date November 1, 2038; $878,900 of the bonds defeased in 2009; $3,695,000 of the bonds defeased in 2011; $3,320,000 of the bonds defeased in 2014	147,495,000	89,250,000
Series 2008B Subordinate (Non-AMT), dated December 10, 2008, interest rates ranging from 3.00% to 5.25%, final due date November 1, 2038; $1,580,000 of the bonds defeased in 2011; $1,400,000 of the bonds defeased in 2014	67,945,000	43,280,000
Series 2009A Senior (ACE), dated June 17, 2009, interest rates ranging from 4.00 to 5.00%, final due date November 1, 2039	42,440,000	31,480,000
Series 2009A Senior (Non-ACE), dated June 17, 2009, interest rates ranging from 4.00 to 5.00%, final due date November 1, 2039	76,985,000	35,175,000
Series 2009A Senior (Taxable), dated June 17, 2009, interest rates ranging from 4.00 to 5.00%, final due date November 1, 2039; $41,800,000 of the bonds was defeased in 2010	50,780,000	5,275,000

Description	Original Amount	Amount Outstanding
Series 2009A Subordinate (ACE), dated June 17, 2009, interest rates ranging from 4.00 to 5.00%, final due date November 1, 2039	$ 18,915,000	$ 14,640,000
Series 2009A Subordinate (Non-ACE), dated June 17, 2009, interest rates ranging from 4.00 to 5.00%, final due date November 1, 2039	42,985,000	26,030,000
Series 2009A Subordinate (Taxable), dated June 17, 2009, interest rates ranging from 4.00 to 5.00%, final due date November 1, 2039	21,765,000	19,160,000
Series 2009B Infrastructure Revenue Bonds (Tax-Exempt), dated November 19, 2009, interest rates ranging from 2.00 to 5.00%, final due date November 1, 2030; $1,000,000 of the bonds defeased in 2014	82,175,000	50,550,000
Series 2009B Infrastructure Revenue Bonds (Taxable - Build America Bonds), dated November 19, 2009, interest rates ranging from 4.97 to 5.70%, final due date November 1, 2039; $2,260,000 of the bonds defeased in 2014	45,180,000	42,920,000
Series 2009B State Moral Obligation Bonds (Tax-Exempt), dated November 19, 2009, interest rates ranging from 2.00 to 5.00%, final due date November 1, 2030; $410,000 of the bonds defeased in 2014	38,190,000	25,045,000
Series 2009B State Moral Obligation Bonds (Taxable - Build America Bonds), dated November 19, 2009, interest rates ranging from 5.22 to 6.00%, final due date November 1, 2039; $955,000 of the bonds defeased in 2014	20,785,000	19,830,000
Series 2010A Infrastructure Revenue Bonds, dated June 17, 2010, interest rates ranging from 2.00 to 5.00%, final due date November 1, 2040	50,470,000	39,300,000
Series 2010A State Moral Obligation Bonds, dated June 17, 2010, interest rates ranging from 2.00 to 5.00%, final due date November 1, 2040	23,170,000	18,750,000
Series 2010B Infrastructure Revenue Bonds, dated August 18, 2010, interest rates ranging from 1.25 to 5.00%, final due date November 1, 2040	28,320,000	27,700,000
Series 2010B State Moral Obligation Bonds, dated August 18, 2010, interest rates ranging from 2.00 to 5.00%, final due date November 1, 2040	12,910,000	12,650,000

Description	Original Amount	Amount Outstanding
Series 2010C Infrastructure Revenue Bonds (Tax-Exempt), dated November 23, 2010, interest rates ranging from 2.00 to 5.00%, final due date November 1, 2033; $505,000 of the bonds defeased in 2014	$ 59,635,000	$ 45,900,000
Series 2010C Infrastructure Revenue Bonds (Taxable - Build America Bonds), dated November 23, 2010, interest rates ranging from 3.83 to 5.79%, final due date November 1, 2040	54,740,000	54,740,000
Series 2010C State Moral Obligation Bonds (Tax-Exempt), dated November 23, 2010, interest rates ranging from 2.50 to 5.00%, final due date November 1, 2033; $220,000 of the bonds defeased in 2014	26,395,000	20,510,000
Series 2010C State Moral Obligation Bonds (Taxable - Build America Bonds), dated November 23, 2010, interest rates ranging from 6.19 to 6.29%, final due date November 1, 2040	25,920,000	25,920,000
Series 2011A Infrastructure Revenue Bonds (Tax-Exempt), dated June 2, 2011, interest rates ranging from 2.00 to 5.00%, final due date November 1, 2041; $1,600,000 of the bonds defeased in 2014	50,795,000	42,960,000
Series 2011A Infrastructure Revenue Bonds (Taxable), dated June 2, 2011, interest rates ranging from 3.80 to 5.10%, final due date November 1, 2031	6,455,000	5,810,000
Series 2011A State Moral Obligation Bonds (Tax-Exempt), dated June 2, 2011, interest rates ranging from 2.00 to 5.00%, final due date November 1, 2041; $625,000 of the bonds defeased in 2014	21,475,000	18,220,000
Series 2011A State Moral Obligation Bonds (Taxable), dated June 2, 2011, interest rates ranging from 3.95 to 5.25%, final due date November 1, 2031	2,790,000	2,510,000
Series 2011B Infrastructure Revenue Bonds (Tax-Exempt), dated November 16, 2011, interest rates ranging from 2.00 to 5.00%, final due date November 1, 2041	129,660,000	119,335,000
Series 2011B Infrastructure Revenue Bonds (Taxable), dated November 16, 2011, interest rates ranging from 4.05 to 4.65%, final due date November 1, 2041	27,750,000	27,750,000
Series 2011B State Moral Obligation Bonds (Tax-Exempt), dated November 16, 2011, interest rates ranging from 2.00 to 5.00%, final due date November 1, 2041	55,635,000	51,285,000

Description	Original Amount	Amount Outstanding
Series 2011B State Moral Obligation Bonds (Taxable), dated November 16, 2011, interest rates ranging from 4.50 to 5.05%, final due date November 1, 2041	$ 12,935,000	$ 12,935,000
Series 2012A Infrastructure Revenue Bonds, dated June 13, 2012, interest rates ranging from 2.00 to 5.00%, final due date November 1, 2042	205,405,000	187,695,000
Series 2012A State Moral Obligation Bonds, dated June 13, 2012, interest rates ranging from 2.00 to 5.00%, final due date November 1, 2042	92,735,000	85,185,000
Series 2012A-1 Infrastructure Revenue Bonds, dated June 13, 2012, interest rates ranging from 2.00 to 5.00%, final due date November 1, 2042	31,705,000	31,705,000
Series 2012A-1 State Moral Obligation Bonds, dated June 13, 2012, interest rates ranging from 2.00 to 5.00%, final due date November 1, 2042	14,365,000	14,365,000
Series 2012B Infrastructure Revenue Bonds (Non-AMT), dated August 2, 2012, interest rates ranging from 2.00 to 5.00%, final due date November 1, 2041	50,240,000	44,245,000
Series 2012B Infrastructure Revenue Bonds (AMT), dated August 2, 2012, interest rates ranging from 2.00 to 2.50%, final due date November 1, 2024	3,840,000	3,050,000
Series 2012B State Moral Obligation Bonds (Non-AMT), dated August 2, 2012, interest rates ranging from 2.50 to 5.00%, final due date November 1, 2041	23,385,000	20,725,000
Series 2012B State Moral Obligation Bonds (AMT), dated August 2, 2012, interest rates ranging from 2.00 to 2.75%, final due date November 1, 2024	1,590,000	1,265,000
Series 2012 Capital Appreciation Bonds (Tax-Exempt), dated November 15, 2012, final due date November 1, 2036. Amount outstanding includes $1,855,725 accretion for capital appreciation bonds	19,303,736	21,159,461
Series 2012 Current Interest Bonds (Tax-Exempt), dated November 15, 2012, interest rate of 4.00%, final due date November 1, 2041	30,020,000	30,020,000
Series 2012 Current Interest Bonds (Taxable), dated November 15, 2012, interest rate of 3.82%, final due date November 1, 2029	6,730,000	6,730,000

Description	Original Amount	Amount Outstanding
Series 2012C Infrastructure Revenue Bonds (Non-AMT), dated December 6, 2012, interest rates ranging from 2.00 to 5.00%, final due date November 1, 2042	$ 34,040,000	$ 31,030,000
Series 2012C Infrastructure Revenue Bonds (AMT), dated December 6, 2012, interest rates ranging from 2.00 to 4.00%, final due date November 1, 2022; $1,280,000 of the bonds defeased in 2014	2,890,000	1,110,000
Series 2012C State Moral Obligation Bonds (Non-AMT), dated December 6, 2012, interest rates ranging from 2.00 to 4.00%, final due date November 1, 2042; $1,370,000 of the bonds defeased in 2014	15,375,000	14,080,000
Series 2012C State Moral Obligation Bonds (AMT), dated December 6, 2012, interest rates ranging from 2.50 to 3.00%, final due date November 1, 2022; $530,000 of the bonds defeased in 2014	1,465,000	720,000
Series 2013A Infrastructure Revenue Bonds, dated June 5, 2013, interest rates ranging from 1.00 to 5.00%, final due date November 1, 2042; $585,000 of the bonds defeased in 2014	92,810,000	89,950,000
Series 2013A State Moral Obligation Bonds, dated June 5, 2013, interest rates ranging from 2.00 to 4.00%, final due date November 1, 2042	42,135,000	40,890,000
Series 2013B Infrastructure Revenue Bonds, dated August 14, 2013, interest rates ranging from 1.75 to 5.00%, final due date November 1, 2043	46,410,000	44,395,000
Series 2013B State Moral Obligation, dated August 14, 2013, interest rates ranging from 4.00 to 4.75%, final due date November 1, 2043	20,080,000	19,200,000
Series 2013C Infrastructure Revenue Bonds (Tax-Exempt), dated November 20, 2013, interest rates ranging from 1.50 to 5.00%, final due date November 1, 2033	13,535,000	12,525,000
Series 2013C Infrastructure Revenue Bonds (Taxable), dated November 20, 2013, interest rates ranging from 0.55 to 4.95%, final due date November 1, 2033	3,615,000	3,615,000
Series 2013C State Moral Obligation Bonds (Tax-Exempt), dated November 20, 2013, interest rates ranging from 2.00 to 5.00%, final due date November 1, 2033	6,280,000	5,875,000
Series 2013C State Moral Obligation Bonds (Taxable), dated November 20, 2013, interest rates ranging from 0.70 to 5.10%, final due date November 1, 2033	1,670,000	1,670,000

Description	Original Amount	Amount Outstanding
Series 2014A Infrastructure Revenue Bonds, dated May 21, 2014, interest rates ranging from 2.00 to 5.00%, final due date November 1, 2044	$ 66,290,000	$ 66,275,000
Series 2014A State Moral Obligation Bonds, dated May 21, 2014, interest rates ranging from 3.00 to 4.00%, final due date November 1, 2044	29,870,000	29,870,000
Series 2014B Infrastructure Revenue Bonds, dated August 13, 2014, interest rates ranging from 1.25 to 5.00%, final due date November 1, 2038	92,405,000	92,145,000
Series 2014B State Moral Obligation Bonds, dated August 13, 2014, interest rates ranging from 3.00 to 5.00%, final due date November 1, 2038	42,085,000	41,925,000
Series 2014C Infrastructure Revenue Bonds (Non-AMT), dated November 19, 2014, interest rates ranging from 2.00 to 5.00%, final due date November 1, 2038	103,595,000	103,595,000
Series 2014C Infrastructure Revenue Bonds (AMT), dated November 19, 2014, interest rates ranging from 2.00 to 4.00%, final due date November 1, 2044	4,040,000	4,040,000
Series 2014C State Moral Obligation Bonds (Non-AMT), dated November 19, 2014, interest rates ranging from 4.00 to 5.00%, final due date November 1, 2038	45,870,000	45,870,000
Series 2014C State Moral Obligation Bonds (AMT), dated November 19, 2014, interest rates ranging from 2.00 to 4.00%, final due date November 1, 2044	1,730,000	1,730,000
Series 2014D Infrastructure Revenue Bonds, dated December 17, 2014, interest rates ranging from 2.00 to 5.00%, final due date November 1, 2028	27,465,000	27,465,000
Series 2014D State Moral Obligation Bonds, dated December 17, 2014, interest rates ranging from 2.00 to 5.00%, final due date November 1, 2028	12,835,000	12,835,000
Series 2015A Infrastructure Revenue Bonds (Tax-Exempt), dated May 28, 2015, interest rates ranging from 2.00 to 5.00%, final due date November 1, 2040	83,775,000	83,775,000
Series 2015A Infrastructure Revenue Bonds (Taxable), dated May 28, 2015, interest rates ranging from 0.48 to 4.25%, final due date November 1, 2035	11,110,000	11,110,000
Series 2015A State Moral Obligation Bonds (Tax-Exempt), dated May 28, 2015, interest rates ranging from 3.00 to 5.00%, final due date November 1, 2040	35,225,000	35,225,000

Description	Original Amount	Amount Outstanding
Series 2015A State Moral Obligation Bonds (Taxable), dated May 28, 2015, interest rates ranging from 0.68 to 4.69%, final due date November 1, 2035	$ 5,225,000	$ 5,225,000
Airport Revolving Fund Revenue Bonds:		
Series 2002A (Non-AMT), dated July 3, 2002, interest rates ranging from 3.00% to 4.50%, final due date August 1, 2017	6,700,000	1,580,000
Series 2007 (Taxable), dated March 18, 2007, interest rates ranging from 5.10% to 5.18%, final due date August 1, 2032	5,425,000	4,125,000
Series 2011A (Non-AMT) (Refunding), dated August 23, 2011, interest rates ranging from 2.00% to 5.00%, final due date August 1, 2027	16,425,000	13,680,000
Series 2011B (AMT) (Refunding), dated August 23, 2011, interest rates ranging from 2.00% to 5.00%, final due date August 1, 2026	16,725,000	13,775,000
Virginia Water Facilities Revolving Fund Leveraged Clean Water State Revolving Fund Revenue Bonds (CWSRF):		
Series 2005 CWSRF (Refunding), dated June 30, 2005, interest rates ranging from 3.00% to 5.50%, final due date October 1, 2022	188,475,000	93,600,000
Series 2007 CWSRF, dated May 3, 2007, interest rates ranging from 4.00% to 5.00%, final due date October 1, 2029	244,155,000	34,125,000
Series 2008 CWSRF, dated August 14, 2008, interest rates ranging from 3.34% to 5.00%, final due date October 1, 2031	181,280,000	28,820,000
Series 2009 CWSRF, dated April 15, 2009, interest rates ranging from 3.00% to 5.00%, final due date October 1, 2031	178,320,000	36,870,000
Series 2010A CWSRF (Refunding), dated April 21, 2010 interest rates ranging from 3.00% to 5.00%, final due date October 1, 2026	94,410,000	67,545,000
Series 2010B CWSRF, dated April 21, 2010, interest rates ranging from 2.25% to 5.00%, final due date October 1, 2031	98,785,000	91,340,000
Series 2011B CWSRF, dated September 28, 2011, interest rates ranging from 2.00% to 5.00%, final due date October 1, 2034	34,655,000	34,360,000
Series 2013 CWSRF (Refunding), dated June 20, 2013, interest rates ranging from 1.00% to 5.00%, final due date October 1, 2025	104,275,000	103,275,000

Description	Original Amount	Amount Outstanding
Series 2014B CWSRF (Refunding), dated September 30, 2014, interest rates ranging from 2.00% to 5.00%, final due date October 1, 2031	$178,935,000	$ 178,935,000
Series 2015 CWSRF (Refunding), dated April 14, 2015, interest rate of 5.00%, final due date October 1, 2031	115,225,000	115,225,000
Total bonds at June 30		3,212,994,904
Unamortized discounts/premiums, net		296,032,824
Total bonds – net		$ 3,509,027,728

Total bonds outstanding as of June 30	$ 3,212,994,904
Unaccreted Capital Appreciation Bonds as of June 30	34,935,096
Total outstanding maturities	$ 3,247,930,000
Bonds payable – current	$ 183,440,657
Bonds payable – noncurrent	3,325,587,071
	$ 3,509,027,728

Activity in the bonds payable and related accounts for fiscal year 2015 was as follows:

Description	Balance at June 30, 2014	Issued	Retired	Balance at June 30, 2015	Amount Due Within One Year
Total bonds outstanding	$ 3,140,914,596	$765,250,000	$(693,169,692)	$3,212,994,904	$153,865,000
Unamortized discounts/ premiums	226,960,909	111,367,650	(42,295,735)	296,032,824	29,575,657
Totals	$ 3,367,875,505	$876,617,650	$(735,465,427)	$3,509,027,728	$183,440,657

All bonds are limited obligations of the Authority payable solely from and secured by a pledge of the principal and interest payments required to be made by certain local and other governmental entities on loans made by the Authority and a pledge of all funds and accounts established by the various bond indentures. The Authority has the option to redeem various bonds. The redemptions generally cannot be exercised until the bonds have been outstanding for ten years or more, as fully described in the various bond indentures.

At June 30, 2015, $877,874,904 of outstanding bonds was secured by the moral obligation of the Commonwealth. The Authority is empowered to issue bonds secured by the moral obligation of the Commonwealth, of which a maximum of $1.5 billion may be outstanding at any time.

The Series 2002 Revenue Bonds and the Series 2012 Revenue Bonds include Capital Appreciation Bonds with unaccreted values of $34,935,096 as of June 30, 2015.

Advance Refundings

During the current year, the Authority issued the Virginia Pooled Financing Program Revenue Bonds, Series 2014B, Series 2014C and Series 2015A, from which a portion of proceeds were used to provide resources to place in trust for the purpose of making future debt service payments for certain maturities on the bonds listed below. As a result, the refunded bonds listed below are considered to be defeased and the liability has been removed from the Statement of Net Position:

Issue	Principal Defeased	Difference between Previous and New Debt Service	Economic Gain as a Result of the Refunding
2003C Series	$ 2,135,000	$ 77,534	$ 76,860
2004B Series	1,245,000	95,678	78,936
2005B Series	5,630,000	469,526	392,633
2005C Series	4,425,000	597,384	428,096
2006A Series	25,425,000	2,858,154	2,251,717
2006C Series	2,500,000	225,527	198,133
2007A Series	11,065,000	611,570	525,221
2007B Series	8,300,000	670,741	553,055
2008A Series	25,890,000	1,435,124	1,047,970
2008B Series	39,800,000	2,884,161	2,204,094
2009A Series	26,300,000	1,143,607	935,078
2009B Series	12,975,000	658,216	537,483
2012A Series	3,005,000	(1,641,139)	(315,409)
Totals	$ 168,695,000	$ 10,086,083	$ 8,913,867

The amount outstanding at June 30, 2015 for bonds which have been in-substance defeased or refunded was $212,881,241. In addition to the refundings noted above, this includes bonds that were in-substance defeased during the current and prior years: Series 2004A, Series 2004B, Series 2005C, and Series 2012C.

Future principal and interest obligations related to bond indebtedness, including unaccreted capital appreciation bonds are as follows:

June 30,	Principal	Interest	Total
2016	$ 153,865,000	$ 141,423,435	$ 295,288,435
2017	171,840,000	135,283,214	307,123,214
2018	183,400,000	127,519,303	310,919,303
2019	164,995,000	119,708,985	284,703,985
2020	171,815,000	112,194,643	284,009,643
2021-2025	835,330,000	443,537,350	1,278,867,350
2026-2030	797,025,000	254,151,812	1,051,176,812
2031-2035	486,075,000	111,999,800	598,074,800
2036-2040	209,615,000	38,789,779	248,404,779
2041-2045	73,970,000	4,519,323	78,489,323
Totals	$ 3,247,930,000	$ 1,489,127,644	$ 4,737,057,644

7. Restricted Net Position

Restricted net position represents the portion of total net position restricted for the purpose of making loans to local governments or by the requirements of the various bond indentures or federal and state regulations for the various revolving funds. Restricted net position includes Revolving Loan Fund Accounts (net of capital assets), Airport Revolving Fund Accounts, Bond Accounts, and the Operating Reserve Fund. Such loans or grants are generally made at the direction of the state agencies overseeing the related programs. All assets and liabilities included in the Authority's General Accounts are non-restricted in nature; however, the General Account pledged assets to establish an Operating Reserve Fund for the Virginia Pooled Financing Program. The Operating Reserve Fund serves as security on the Authority's Infrastructure Revenue Bonds (senior lien). At June 30, 2015 the cash, cash equivalents, and investments restricted for use related to the Operating Reserve Fund amounted to $7,747,493.

8. Other Noncurrent Liabilities

Under the ETF program, VRA entered into various loan agreements with a banking partner in order to enhance financing options for terms of up to fifteen years. Rates on the loans range from 2.61% to 3.24% with maturities ranging from fiscal years 2016 to 2018. The associated loan liability is presented separately in the financial statements.

The amount of interest on investments of tax-exempt bond proceeds the Authority may earn is limited by certain federal legislation. Earnings in excess of the allowable amount must be rebated to the U.S. Department of the Treasury. These excess earnings are determined through arbitrage rebate calculations, with the arbitrage rebate liability separately reported on the financial statements. VRA contracts with arbitrage rebate specialists to perform the arbitrage rebate calculations, which are performed on an annual basis.

The Authority provides for accumulation of Paid Time Off (PTO) leave with a maximum accumulation of up to 520 hours of unused PTO leave. The Authority provides up to 160 hours of annual PTO leave which is accrued at the end of each pay period. Employees are paid for unused, earned PTO (or compensatory time) at termination based on years of service, with a maximum pay out of 160 hours. Individuals employed by the Authority as of August 1, 2010 are not subjected to the payout cap of 160 hours, but are subjected to a cap of 340 hours of combined PTO.

As of June 30, 2015 an accrual for employee compensated absences in the amount of $119,236 was included in accounts payable and other liabilities in the accompanying Statement of Net Position.

The following summarizes the activity related to these other liabilities for fiscal year 2015:

	Balance June 30, 2014	**Additions**	**Deductions**	**Balance June 30, 2015**	**Due Within One Year**
Loans Payable	$ 1,737,275	$ -	$1,412,172	$ 325,103	$ 220,541
Arbitrage Rebate Liability	631,080	128,889	582,339	177,630	-
Compensated Absences	102,669	128,078	111,511	119,236	119,236

9. Contributions from Other Governments

During the fiscal year, the Authority received $42,158,676 from the EPA under the Capitalization Grants for State Revolving Funds. Contributions from the EPA are disbursed as loans and grants to municipalities. In addition, the Authority received $4,735,487 from the Commonwealth as part of the required state match of federal funds, plus another $3,986,570 and $864,294 from the Commonwealth for the VWFRF’s combined sewer overflow projects and the VDSFPF, respectively.

10. Employee Benefit Plans

At January 1, 2005, the Authority began mandatory participation for all new employees and optional participation for then-current employees who chose to enroll in the Virginia Retirement System (VRS), an agent multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia.

A. Plan Descriptions

All full-time, salaried permanent employees of the Authority are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria a defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

VRS Plan 1	VRS Plan 2	Hybrid Retirement Plan
About VRS Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	**About VRS Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members") • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	**Eligible Members** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision

Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	vested as of January 1, 2013. **Hybrid Opt-In Election** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 ***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS	**Retirement Contributions** Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is

invests both member and employer contributions to provide funding for the future benefit payment.		required to match those voluntary contributions according to specified percentages.
Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	**Creditable Service** Same as Plan 1.	**Creditable Service** **Defined Benefit Component:** Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **Defined Contributions Component:** Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested	**Vesting** Same as Plan 1.	**Vesting** **Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with

to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.		at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **<u>Defined Contributions Component:</u>** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **<u>Defined Benefit Component:</u>** See definition under Plan 1.

credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.		**<u>Defined Contribution Component:</u>** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.	**Service Retirement Multiplier** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.	**Service Retirement Multiplier** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
Normal Retirement Age Age 65.	**Normal Retirement Age** Normal Social Security retirement age.	**<u>Normal Retirement Age Defined Benefit Component:</u>** Same as VRS Plan 2. **<u>Defined Contribution Component:</u>** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.	**Earliest Unreduced Retirement Eligibility** Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.	**Earliest Unreduced Retirement Eligibility** **<u>Defined Benefit Component:</u>** Normal Social Security retirement age and have at least five years (60 months) of creditable service or when

		their age and service equal 90. **<u>Defined Contribution Component:</u>** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.	**Earliest Reduced Retirement Eligibility** Age 60 with at least five years (60 months) of creditable service.	**Earliest Unreduced Retirement Eligibility** **<u>Defined Benefit Component:</u>** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. **<u>Defined Contribution Component:</u>** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. **<u>Eligibility:</u>** For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one	**Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. **<u>Eligibility:</u>** Same as Plan 1.	**Cost-of-Living Adjustment (COLA) in Retirement** **<u>Defined Benefit Component:</u>** Same as Plan 2. **<u>Defined Contribution Component:</u>** Not applicable. **<u>Eligibility:</u>** Same as Plan 1 and Plan 2.

calendar year following the unreduced retirement eligibility date. **Exceptions to COLA Effective Dates:** The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member Is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	**Exceptions to COLA Effective Dates:** Same as Plan 1.	**Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.	**Disability Coverage** Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.

period before becoming eligible for non-work related disability benefits.	VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **<u>Defined Benefit Component:</u>** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost./ After that one year period, the rate for most categories of service will change to actuarial cost. **<u>Defined Contribution Component:</u>** Not applicable.

The System issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the report may be obtained from the VRS web site at http://www.varetire.org/pdf/publications/2014-annual-report.pdf or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive Members or their beneficiaries currently receiving benefits	-
Inactive Members:	
Vested inactive members	3
Non-vested inactive members	6
Inactive members active elsewhere in VRS	6
Total inactive members	15
Active Members	13
Total covered employees	28

C. Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The Authority's contractually required contribution rate for the year ended June 30, 2015 was 3.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 3013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were $46,862 and $85,767 for the years ended June 30, 2015 and June 30, 2014, respectively.

D. Net Pension Liability

The Authority's net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Actuarial Assumptions

The total pension liability for employees in the Authority's retirement plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5 %
Salary increases, including Inflation	3.5 % – 5.35%
Investment rate of return	7.0 %, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14 % of deaths are assumed to be service related

Largest 10 – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

All Others (Non 10 Largest) – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Long-Term Expected Rate of Return

The long term expected rate of return on pension system improvements was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension system 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 asset allocation and best estimate of arithmetic real rates of return for each major asset class 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	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non-Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
	Inflation		2.50%
	*Expected arithmetic nominal return		8.33%

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Authority's retirement plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability(Asset)
Balances at June 30, 2013	$714,828	$946,077	$(231,249)
Changes for the year:			
Service cost	113,609	-	113,609
Interest	49,872	-	49,872
Changes of assumptions			
Difference between expected and actual experience			
Contributions – employer	-	85,767	(85,767)
Contributions – employee	-	77,046	(77,046)
Net investment income	-	163,643	(163,643)
Benefit payments, including refunds of employee contributions	(4,749)	(4,749)	-
Administrative expense	-	(736)	736
Other changes	-	8	(8)
Net changes	158,732	320,979	(162,247)
Balances at June 30, 2014	$873,560	$1,267,056	$(393,496)

The following presents the net pension liability of the Authority using the discount rate of 7.00%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Lower 6.00%	Current Discount Rate: 7.00%	1.00% Higher 8.00%
Net Pension Asset	$219,305	$393,496	$529,294

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015 the Authority recognized pension benefit of $2,951. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ -	$ -
Changes of assumptions	-	-
Net differenct between projected and actual earnings on pension plan investments.	-	73,529
Contributions to the plan subsequent to the measurement date	46,862	-
Total	$ 46,862	$ 73,529

Deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction in pension expense as follows:

Year Ended June 30:	
2016	$ (18,832)
2017	$ (18,832)
2018	$ (18,832)
2019	$ (18,832)

The Authority also has a deferred compensation plan and, in accordance with Internal Revenue Code, the assets of the deferred compensation plan have been placed in trust for the exclusive benefit of the participants and their beneficiaries. Therefore, the Authority's financial statements do not reflect the plan assets or the associated liability under the deferred compensation plan.

Payables to the Pension Plan

At June 30, 2015, there were no amounts payable to the Virginia Retirement System.

11. Contingencies

The Authority participates in the Capitalization Grants for State Revolving Funds. Although the Authority's administration of the program has been audited in accordance with the *U.S. Office of Management and Budget Circular A-133* through June 30, 2015, this program is still subject to federal financial and compliance audits. The amount of expenses, which may be disallowed by the granting agency, cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

The Authority issued Build America Bonds, a form of direct-pay bonds where issuers receive subsidy payments from the Treasury equal to 35% of their interest costs, in 2009 and 2010. As an issuer of Build America Bonds, the Authority is subject to reductions in the subsidy payments pursuant to the spending cut requirements (the "sequester") of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Certain automatic reductions, in the amount of 7.3%, went into effect October 1, 2014 and the reduction rate will be applied until the end of the federal fiscal year (September 30, 2015) or intervening Congressional action, at which time the sequestration rate is subject to change**.** The amount of any reduction to future subsidy payments of the Authority cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

12. Leases

The Authority leases its corporate office space under an operating lease. Rental expense totaled $177,436 for the year ended June 30, 2015. The future minimum rental payments are as follows:

Year ending June 30,	Amount
2016	$ 182,957
2017	186,050
2018	176,538
2019	180,945
2020	185,490
2021 - 2022	301,427
	$ 1,213,407

13. Cumulative Effect from Change in Accounting Principle

The Authority was required to implement changes in GAAP promulgated by the Governmental Accounting Standards Board's (GASB) Statement Number 68, *Accounting and Financial Reporting for Pension Plans – 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*, which is applicable to the financial statements of all governmental employers whose employees participate in pension plans administered through irrevocable trusts. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows of resources, and expenses related to pensions in addition to related note disclosure and required supplementary information. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The components of the Statement of Net Position adjustment are as follows:

	Balance June 30, 2014	Restatement	Restated Balance June 30, 2014
Deferred outflows	$ -	$ 85,767	$ 85,767
Net Pension Asset	-	231,249	231,249
	$ -	$ 317,016	$ 317,016

The restatement of net position from the adoption of GASB Statement No. 68 is as follows:

Net position, June 30, 2014 as previously reported	$ 1,437,855,918
Restatement	317,016
Net position, June 30, 2014 as restated	$ 1,438,172,934

14. Subsequent Events

Subsequent to June 30, 2015, the Authority issued bonds in the amount of $70,070,000, dated July 29, 2015. The interest rates range from 0.22% to 5% with a final maturity date of November 1, 2035.

15. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective.

GASB Statement No. 72, *Fair Value Measurement and Application* addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement will be effective for the year ending June 30, 2016.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pensions* improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ending June 30, 2017.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ending June 30, 2018.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* identifies—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement will be effective for the year ending June 30, 2016 and should be applied retroactively. Earlier application is permitted.

*** * * ***

Schedule of Changes in the Authority's Net Pension Liability and Related Ratios

		2014
Total pension liability		
Service cost	$	113,609
Interest		49,872
Benefit payments, including refunds of employee contributions		(4,749)
Net change in total pension liability		158,732
Total pension liability - beginning		714,828
Total pension liability - ending	$	873,560
Plan fiduciary net position		
Contributions - employer	$	85,767
Contributions - employee		77,046
Net investment income		163,643
Benefit payments, including refunds of employee contributions		(4,749)
Administrative expense		(736)
Other		8
Net change in plan fiduciary net position		320,979
Plan fiduciary net position - beginning		946,077
Plan fiduciary net position - ending	$	1,267,056
Authority's net pension liability (asset) - ending	$	(393,496)
Plan fiduciary net position as a percentage of the total pension liability		145.05%
Covered-employee payroll	$	1,287,742
Authority's net pension liability as a percentage of covered-employee payroll		(30.56%)

Schedule of Employer Contributions for the Year Ended June 30, 2015

Date	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	$ 46,862	$ 46,862	$ (0)	$ 1,294,522	4%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

See notes to Required Supplemental Information.

1. Changes of benefit terms

There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013.and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

2. Changes of assumptions

The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four year period ending June 30, 2012:

Largest 10 – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 –LEOS:
- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – LEOS:
- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Virginia Resources Authority

Combining Schedule of Net Position
June 30, 2015

	General Accounts	Virginia Revolving Loan Fund Accounts: Water Facilities	Virginia Revolving Loan Fund Accounts: Water Supply	Airport Accounts	Bond Accounts	Transportation Infrastructure Bank	Dam Safety Accounts	Equipment & Term Financing	Brownfields Accounts	Total
Assets										
Current assets										
Cash	$ 3,626,271	$ 9,433,766	$ 4,330,398	$ -	$ 38,407	$ 20,600,761	$ -	$ -	$ 186,405	$ 38,216,008
Cash equivalents	12,262,897	213,234,302	33,354,162	7,873,851	751,953	-	5,436,391	-	-	272,913,556
Investments	501,102	13,750,299	-	782,253	603,926	-	-	-	-	15,637,580
Loans receivable, net of allowance	-	107,835,466	6,798,677	4,451,600	123,285,701	-	-	220,541	-	242,591,985
Receivables:										
Investment interest	11,350	2,033,588	-	183,932	403,978	-	-	-	-	2,632,848
Loan interest	-	9,652,218	402,429	225,523	16,752,742	-	-	1,902	-	27,034,814
Loan administrative fees	-	558,190	76,300	-	493,107	-	-	175	-	1,127,772
Other	5,403	2,928	-	-	-	17,699	-	-	-	26,030
Other	40,837	-	-	-	-	-	-	-	-	40,837
Total current assets	16,447,860	356,500,757	44,961,966	13,517,159	142,329,814	20,618,460	5,436,391	222,618	186,405	600,221,430
Noncurrent assets										
Investments	3,986,853	263,907,412	-	14,150,740	76,904,865	-	-	-	-	358,949,870
Loans receivable - less current - net of allowance	-	1,441,593,961	150,749,022	39,074,694	2,398,998,140	-	-	104,562	-	4,030,520,379
Net pension asset	393,496	-	-	-	-	-	-	-	-	393,496
Capital assets - at cost - net	112,766	-	-	-	-	-	-	-	-	112,766
Total noncurrent assets	4,493,115	1,705,501,373	150,749,022	53,225,434	2,475,903,005	-	-	104,562	-	4,389,976,511
Total assets	20,940,975	2,062,002,130	195,710,988	66,742,593	2,618,232,819	20,618,460	5,436,391	327,180	186,405	4,990,197,941
Deferred Outflows of Resources										
Deferred outflows - pension	46,862	-	-	-	-	-	-	-	-	46,862
Deferred loss on refunding	-	51,060,112	-	119,027	29,359,562	-	-	-	-	80,538,701
Total deferred outflows of resources	20,940,975	2,113,062,242	195,710,988	66,861,620	2,647,592,381	20,618,460	5,436,391	327,180	186,405	80,585,563
Liabilities										
Current liabilities										
Loans payable - current portion	-	-	-	-	-	-	-	220,541	-	220,541
Bonds payable - current portion	-	55,831,324	-	3,005,765	124,603,568	-	-	-	-	183,440,657
Accrued interest on bonds payable	-	9,115,473	-	646,937	17,276,173	-	-	1,902	-	27,040,485
Due to (from) other accounts	(353,708)	98,509	130,566	71,775	-	17,699	34,984	175	-	-
Agency Funds	-	64,073	26,089	122,489	-	20,600,761	-	-	-	20,813,412
Accounts payable and other liabilities	336,917	109,765	-	7,711	-	-	-	-	-	454,393
Total current liabilities	(16,791)	65,219,144	156,655	3,854,677	141,879,741	20,618,460	34,984	222,618	-	231,969,488
Noncurrent liabilities										
Loans payable - less current - net	-	-	-	-	-	-	-	104,562	-	104,562
Bonds payable - less current - net	-	817,845,990	-	32,424,236	2,475,316,845	-	-	-	-	3,325,587,071
Arbitrage rebate liability - net	-	177,630	-	-	-	-	-	-	-	177,630
Total noncurrent liabilities	-	818,023,620	-	32,424,236	2,475,316,845	-	-	104,562	-	3,325,869,263
Total liabilities	(16,791)	883,242,764	156,655	36,278,913	2,617,196,586	20,618,460	34,984	327,180	-	3,557,838,751
Deferred Inflows of Resources										
Deferred gain from localities on refunding	-	-	-	-	29,842,827	-	-	-	-	29,842,827
Deferred inflows from pension	73,529	-	-	-	-	-	-	-	-	73,529
Total deferred inflows of resources	73,529	-	-	-	29,842,827	-	-	-	-	29,916,356
Net position										
Net investment in capital assets	112,766	-	-	-	-	-	-	-	-	112,766
Restricted:										
Loan Programs	-	1,229,819,478	195,554,333	30,582,707	552,968	-	5,401,407	-	186,405	1,462,097,298
Operating Reserve	7,747,493	-	-	-	-	-	-	-	-	7,747,493
Unrestricted	13,070,840	-	-	-	-	-	-	-	-	13,070,840
Total net position	$ 20,931,099	$ 1,229,819,478	$ 195,554,333	$ 30,582,707	$ 552,968	$ -	$ 5,401,407	$ -	$ 186,405	$ 1,483,028,397

Virginia Resources Authority

Combining Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2015

	General Accounts	Virginia Revolving Loan Fund Accounts: Water Facilities	Virginia Revolving Loan Fund Accounts: Water Supply	Airport Accounts	Bond Accounts	Transportation Infrastructure Bank	Dam Safety Accounts	Equipment & Term Financing	Brownfields Accounts	Total
Operating revenues										
Interest on loans	$ -	$ 30,129,969	$ 1,427,377	$ 1,646,954	$ 89,565,021	$ -	$ -	$ 24,769	$ -	$ 122,794,090
Investment income	54,842	8,003,873	62,197	451,790	2,478,912	-	9,661	-	-	11,061,275
Bond administrative fees	-	-	-	-	3,042,444	-	-	-	-	3,042,444
Loan administrative fees	-	1,580,976	280,864	43,680	-	-	-	2,060	-	1,907,580
Loan origination revenue	-	-	-	-	5,211,541	-	-	-	-	5,211,541
Administrative reimbursement	-	-	-	-	-	83,816	-	-	-	83,816
Gain on early extinguishment of loans	-	-	-	-	4,726,803	-	-	-	-	4,726,803
Other income	39,517	41,372	-	-	-	-	-	-	-	80,889
Total operating revenues	94,359	39,756,190	1,770,438	2,142,424	105,024,721	83,816	9,661	26,829	-	148,908,438
Operating expenses										
Interest on bonds and loans	-	34,362,368	-	1,698,417	93,908,097	-	-	24,770	-	129,993,652
Bond issuance costs	-	1,358,117	-	-	4,103,689	-	-	-	-	5,461,806
Grants to local governments	-	3,585,757	5,103,487	-	-	-	824,860	-	132,832	9,646,936
Principal forgiveness loans	-	2,638,987	-	-	-	-	-	-	-	2,638,987
Loss on early extinguishment of bonds	-	-	-	164,741	3,906,285	-	-	-	-	4,071,026
Personnel services	841,951	340,982	279,902	50,377	-	63,455	49,757	-	-	1,626,424
General operating	490,018	312,675	64,189	33,406	-	9,200	9,771	-	-	919,259
Contractual services	207,035	110,567	69,679	26,615	-	11,161	5,142	-	-	430,199
Total operating expenses	1,539,004	42,709,453	5,517,257	1,973,556	101,918,071	83,816	889,530	24,770	132,832	154,788,289
Operating income (loss)	(1,444,645)	(2,953,263)	(3,746,819)	168,868	3,106,650	-	(879,869)	2,059	(132,832)	(5,879,851)
Nonoperating revenues										
Contributions from other governments	-	37,222,871	13,657,862	-	-	-	864,294	-	-	51,745,027
Interest subsidy - Build America Bonds	-	-	-	-	2,611,578	-	-	-	-	2,611,578
Nonoperating expenses										
Contributions to other governments	-	-	-	-	-	-	(1,086,294)	-	-	(1,086,294)
Interest subsidy pass-through - Build America Bonds	-	-	-	-	(2,534,997)	-	-	-	-	(2,534,997)
Income (loss) before transfers	(1,444,645)	34,269,608	9,911,043	168,868	3,183,231	-	(1,101,869)	2,059	(132,832)	44,855,463
Transfers	3,313,326	-	-	-	(3,311,267)	-	-	(2,059)	-	-
Change in net position	1,868,681	34,269,608	9,911,043	168,868	(128,036)	-	(1,101,869)	-	(132,832)	44,855,463
Total net position - beginning, as restated	19,062,418	1,195,549,870	185,643,290	30,413,839	681,004	-	6,503,276	-	319,237	1,438,172,934
Total net position - ending	$ 20,931,099	$ 1,229,819,478	$ 195,554,333	$ 30,582,707	$ 552,968	$ -	$ 5,401,407	$ -	$ 186,405	$ 1,483,028,397

Virginia Resources Authority

Combining Schedule of Cash Flows
Year Ended June 30, 2015

	General Accounts	Virginia Revolving Loan Fund Accounts: Water Facilities	Water Supply	Airport Accounts	Bond Accounts	Transportation Infrastructure Bank	Dam Safety Accounts	Equipment & Term Financing	Brownfields Accounts	Total
Cash flows from operating activities										
Cash payments to localities for loans	$ -	$ (76,325,449)	$ (19,000,425)	$ (46,449)	$ (517,110,311)	$ -	$ -	$ -	$ -	$ (612,482,634)
Principal repayments from localities on loans	-	106,686,461	6,031,313	4,950,167	330,360,000	-	-	1,412,173	-	449,440,114
Interest received on loans	-	30,854,041	1,384,673	1,655,111	102,024,851	-	-	41,748	-	135,960,424
Loan origination fees received	-	-	-	-	5,211,541	-	-	-	-	5,211,541
Bond administrative fees received	-	-	-	-	3,011,562	-	-	-	-	3,011,562
Loan administrative fees received	-	1,542,854	277,796	43,680	-	-	-	3,420	-	1,867,750
Administrative reimbursement funds received	-	-	128,854	-	-	60,075	-	-	-	188,929
Cash received from other income	55,537	38,444	-	-	-	-	-	-	-	93,981
Cash payments for salaries and related benefits	(841,951)	(340,982)	(279,902)	(50,377)	-	(63,455)	(49,757)	-	-	(1,626,424)
Cash payments for contractual services	(207,035)	(110,567)	(69,679)	(26,615)	-	(11,161)	(5,144)	-	-	(430,201)
Cash payments for general operating expenses	(468,007)	(276,601)	(66,716)	(33,404)	-	(9,201)	(9,770)	-	-	(863,699)
Cash payments for operating grants	-	(3,585,757)	(5,103,487)	-	-	-	(824,859)	-	(132,832)	(9,646,935)
Cash payments for principal forgiveness loans	-	(2,638,987)	-	-	-	-	-	-	-	(2,638,987)
Interest paid on loans	-	-	-	-	-	-	-	(41,748)	-	(41,748)
Interest paid on bonds	-	(34,757,579)	-	(2,114,890)	(105,107,839)	-	-	-	-	(141,980,308)
Loss on extinguishment of bonds				-						-
Agency funds received	-	-	-	-	-	9,206,721	-	-	-	9,206,721
Interfund activity	31,440	56,797	(191,780)	58,721	-	23,742	22,441	(1,361)	-	-
Net cash provided by (used in) operating activities	(1,430,016)	21,142,675	(16,889,353)	4,435,944	(181,610,196)	9,206,721	(867,089)	1,414,232	(132,832)	(164,729,914)
Cash flows from noncapital financing activities										
Other liabilities and expenses	43,319	-	-	-	(17,701)		-	-		25,618
Proceeds from sale of bonds	-	352,041,199	-	-	524,576,451	-	-	-	-	876,617,650
Bond issuance costs	-	(1,263,913)	-	-	(4,103,689)	-	-	-	-	(5,367,602)
Principal paid on loans	-	-	-	-	-	-	-	(1,412,173)	-	(1,412,173)
Principal paid on bonds	-	(48,635,000)	-	(3,750,000)	(330,365,000)	-	-	-	-	(382,750,000)
Cash paid to escrow for defeased bonds	-	(350,687,644)	-	(9,671,504)	-	-	-	-	-	(360,359,148)
Arbitrage rebate	-	(582,339)	-	-	-	-	-	-	-	(582,339)
Proceeds from interest subsidy - Build America Bonds	-	-	-	-	2,612,048	-	-	-	-	2,612,048
Cash payments to localities for interest subsidy	-	-	-	-	(2,535,452)	-	-	-	-	(2,535,452)
Agency Funds	-	64,073	-	-	-	-	-	-	-	64,073
Contributions from other governments	-	37,266,092	13,860,436	-	-	-	864,294	-	-	51,990,822
Contributions to other governments	-	-	-	-	-	-	(1,086,294)	-	-	(1,086,294)
Cash received (paid) from other accounts	3,313,326	-	-	-	(3,311,267)	-	-	(2,059)	-	-
Net cash provided by (used in) noncapital financing activities	3,356,645	(11,797,532)	13,860,436	(13,421,504)	186,855,390	-	(222,000)	(1,414,232)	-	177,217,203
Cash flows from capital and financing related activities										
Purchase of office equipment and renovations	(84,743)	-	-	-	-	-	-	-	-	(84,743)
Net cash used in noncapital financing activities	(84,743)	-	-	-	-	-	-	-	-	(84,743)
Cash flows from investing activities										
Purchase of investments	(4,523,942)	(117,469,681)	-	(972,964)	(8,219,241)	-	-	-	-	(131,185,828)
Proceeds from sales or maturities of investments	4,443,733	124,646,532	-	1,974,701	582,020	-	-	-	-	131,646,986
Interest received on investments - net	67,315	8,494,897	62,197	456,058	2,464,237	-	9,661	-	-	11,554,365
Net cash provided by (used in) investing activities	(12,894)	15,671,748	62,197	1,457,795	(5,172,984)	-	9,661	-	-	12,015,523
Net increase (decrease) in cash and cash equivalents	1,828,992	25,016,891	(2,966,720)	(7,527,765)	72,210	9,206,721	(1,079,428)	-	(132,832)	24,418,069
Cash and cash equivalents										
Beginning of year	14,060,176	197,651,177	40,651,280	15,401,616	718,150	11,394,040	6,515,819	-	319,237	286,711,495
End of year	$ 15,889,168	$ 222,668,068	$ 37,684,560	$ 7,873,851	$ 790,360	$ 20,600,761	$ 5,436,391	$ -	$ 186,405	$ 311,129,564
Reconcilation to the Statement of Net Position										
Cash	$ 3,626,271	$ 9,433,766	$ 4,330,398	$ -	$ 38,407	$ 20,600,761	$ -	$ -	$ 186,405	$ 38,216,008
Cash Equivalents	12,262,897	213,234,302	33,354,162	7,873,851	751,953	-	5,436,391	-	-	272,913,556
	$ 15,889,168	$ 222,668,068	$ 37,684,560	$ 7,873,851	$ 790,360	$ 20,600,761	$ 5,436,391	$ -	$ 186,405	$ 311,129,564

Virginia Resources Authority

Combining Schedule of Cash Flows (Continued)
Year Ended June 30, 2015

	General Accounts	Virginia Revolving Loan Fund Accounts: Water Facilities	Virginia Revolving Loan Fund Accounts: Water Supply	Airport Accounts	Bond Accounts	Transportation Infrastructure Bank	Dam Safety Accounts	Equipment & Term Financing	Brownfields Accounts	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities										
Operating income (loss)	$ (1,444,645)	$ (2,953,263)	$ (3,746,819)	$ 168,868	$ 3,106,650	$ -	$ (879,869)	$ 2,059	$ (132,832)	$ (5,879,851)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:										
Depreciation	22,011	1,075	391	-	-	-	-	-	-	23,477
Interest on investments	(54,842)	(8,003,876)	(62,197)	(451,790)	(2,478,911)	-	(9,661)	-	-	(11,061,277)
Gain on early extinguishment of loans	-	-	-	-	(4,726,803)	-	-	-	-	(4,726,803)
Loss on early extinguishment of bonds	-	-	-	164,741	3,906,285	-	-	-	-	4,071,026
Bond issuance costs	-	1,384,304	-	-	4,103,689	-	-	-	-	5,487,993
Interest on loans	-	-	-	-	-	-	-	(16,979)	-	(16,979)
Interest on bonds, amortization and accretion - net	-	(5,241,676)	-	(416,473)	(11,613,476)	-	-	-	-	(17,271,625)
Effect of changes in operating assets and liabilities:										
Loans receivable	-	30,396,013	(12,969,112)	4,903,719	(186,750,311)	-	-	1,412,173	-	(163,007,518)
Loan interest receivable	-	724,072	(42,704)	8,158	10,331,085	-	-	16,979	-	11,037,590
Loan administrative fee receivable	-	(38,121)	(3,068)	-	(30,880)	-	-	1,361	-	(70,708)
Other receivables	16,020	(2,928)	125,936	-	-	(17,699)	-	-	-	121,329
Deferred charges	-	4,820,278	-	-	2,542,476	-	-	-	-	7,362,754
Accounts payable and other liabilities	-	-	-	-	-	9,200,678	-	-	-	9,200,678
Due to (from) other funds	31,440	56,797	(191,780)	58,721	-	23,742	22,441	(1,361)	-	-
Total adjustments	14,629	24,095,938	(13,142,534)	4,267,076	(184,716,846)	9,206,721	12,780	1,412,173	-	(158,850,063)
Net cash provided by (used in) operating activities	$ (1,430,016)	$ 21,142,675	$ (16,889,353)	$ 4,435,944	$ (181,610,196)	$ 9,206,721	$ (867,089)	$ 1,414,232	$ (132,832)	$ (164,729,914)

Virginia Resources Authority

Combining Schedule of Net Position
Virginia Revolving Loan Fund Accounts - Water Facilities
June 30, 2015

	Direct Loan Accounts	Leveraged Loan Accounts	Agricultural Best Management Practices Account	Combined Sewer Overflow Fund Account	Investment Fund Accounts	Administrative Fee Accounts	Total
Assets							
Current assets							
Cash	$ 6,503,830	$ -	$ 1,234,910	$ -	$ -	$ 1,695,026	$ 9,433,766
Cash equivalents	147,719,323	37,410,114	13,498,066	2,538,576	8,063,129	4,005,094	213,234,302
Investments	11,595,649	2,154,650	-	-	-	-	13,750,299
Loans receivable, net of allowance	52,584,026	53,415,551	1,835,889	-	-	-	107,835,466
Receivables:							
Investment interest	213,706	1,819,855	-	-	28	-	2,033,588
Loan interest	2,421,777	7,193,805	36,636	-	-	-	9,652,218
Loan administrative fees	-	-	-	-	-	558,190	558,190
Other	-	-	2,928	-	-	-	2,928
Total current assets	221,038,311	101,993,975	16,608,429	2,538,576	8,063,157	6,258,310	356,500,757
Noncurrent assets							
Investments	80,110,978	183,796,434	-	-	-	-	263,907,412
Loans receivable - less current - net	664,505,156	774,633,468	2,455,337	-	-	-	1,441,593,961
Total noncurrent assets	744,616,134	958,429,902	2,455,337	-	-	-	1,705,501,373
Total assets	965,654,445	1,060,423,877	19,063,766	2,538,576	8,063,157	6,258,310	2,062,002,130
Deferred Outflows of Resources							
Deferred loss on refunding	-	51,060,112	-	-	-	-	51,060,112
Liabilities							
Current liabilities							
Bonds payable - current portion	-	55,831,324	-	-	-	-	55,831,324
Accrued interest on bonds payable	-	9,115,473	-	-	-	-	9,115,473
Due to other accounts	194,062	45,244	-	426,135	(635,780)	68,848	98,509
Agency funds	64,073	-	-	-	-	-	64,073
Accounts payable and other liabilities	-	109,096	669	-	-	-	109,765
Total current liabilities	258,135	65,101,137	669	426,135	(635,780)	68,848	65,219,144
Noncurrent liabilities							
Bonds payable - less current - net	-	817,845,990	-	-	-	-	817,845,990
Arbitrage rebate liability	-	177,630	-	-	-	-	177,630
Total noncurrent liabilities	-	818,023,620	-	-	-	-	818,023,620
Total liabilities	258,135	883,124,757	669	426,135	(635,780)	68,848	883,242,764
Net position							
Restricted:							
Loan Programs	965,396,310	228,359,232	19,063,097	2,112,441	8,698,937	6,189,461	1,229,819,478
Total net position	$ 965,396,310	$ 228,359,232	$ 19,063,097	$ 2,112,441	$ 8,698,937	$ 6,189,461	$ 1,229,819,478

Virginia Resources Authority

Combining Schedule of Revenues, Expenses, and Changes in Net Position
Virginia Revolving Loan Fund Accounts - Water Facilities
Year Ended June 30, 2015

	Direct Loan Accounts	Leveraged Loan Accounts	Agricultural Best Management Practices Account	Combined Sewer Overflow Fund Account	Investment Fund Accounts	Administrative Fee Accounts	Total
Operating revenues							
Interest on loans	$ 7,229,224	$ 22,743,940	$ 156,805	$ -	$ -	$ -	$ 30,129,969
Investment income	862,941	7,112,049	17,548	2,471	2,781	6,083	8,003,873
Loan administrative fees	-	-	-	-	-	1,580,976	1,580,976
Other income	-	39,794	1,578	-	-	-	41,372
Total operating revenues	8,092,165	29,895,783	175,931	2,471	2,781	1,587,059	39,756,190
Operating expenses							
Interest on bonds	-	34,359,745	-	-	2,623	-	34,362,368
Bond issuance costs	-	1,340,731	-	-	17,386	-	1,358,117
Grants to local governments	-	-	-	3,585,757	-	-	3,585,757
Principal forgiveness loans	2,638,987	-	-	-	-	-	2,638,987
Personnel services	340,982	-	-	-	-	-	340,982
General operating	267,196	-	42,630	636	608	1,605	312,675
Contractual services	110,567	-	-	-	-	-	110,567
Total operating expenses	3,357,732	35,700,476	42,630	3,586,393	20,617	1,605	42,709,453
Operating income (loss)	4,734,433	(5,804,693)	133,301	(3,583,922)	(17,836)	1,585,454	(2,953,263)
Nonoperating revenues							
Contributions from other governments	31,100,521	-	-	3,986,570	2,135,780	-	37,222,871
Income (loss) before transfers	35,834,954	(5,804,693)	133,301	402,648	2,117,944	1,585,454	34,269,608
Transfers	(730,417)	(1,469,521)	-	-	2,747,776	(547,838)	-
Change in net position	35,104,537	(7,274,214)	133,301	402,648	4,865,720	1,037,616	34,269,608
Total net position - beginning	930,291,773	235,633,446	18,929,796	1,709,793	3,833,217	5,151,845	1,195,549,870
Total net position - ending	$ 965,396,310	$ 228,359,232	$ 19,063,097	$ 2,112,441	$ 8,698,937	$ 6,189,461	$ 1,229,819,478

Combining Schedule of Cash Flows
Virginia Revolving Loan Fund Accounts - Water Facilities
Year Ended June 30, 2015

	Direct Loan Accounts	Leveraged Loan Accounts	Agricultural Best Management Practices Account	Combined Sewer Overflow Fund Account	Investment Fund Accounts	Administrative Fee Accounts	Total
Cash flows from operating activities							
Cash payments to localities for loans	$ (70,156,932)	$ (4,990,054)	$ (1,178,463)	$ -	$ -	$ -	$ (76,325,449)
Principal repayments from localities on loans	52,843,471	51,299,614	2,543,376	-	-	-	106,686,461
Interest received on loans	6,891,468	23,796,585	165,988	-	-	-	30,854,041
Loan administrative fees received	-	-	-	-	-	1,542,854	1,542,854
Cash received from other income	-	39,794	1,578	-	-	-	41,372
Miscellaneous Receivables	-	-	(2,928)	-	-	-	(2,928)
Cash payments for salaries and related benefits	(340,982)	-	-	-	-	-	(340,982)
Cash payments for contractual services	(110,567)	-	-	-	-	-	(110,567)
Cash payments for general operating expenses	(266,121)	-	(7,631)	(636)	(608)	(1,604)	(276,601)
Cash payments for operating grants	-	-	-	(3,585,757)	-	-	(3,585,757)
Cash payments for principal forgiveness loans	(2,638,987)	-	-	-	-	-	(2,638,987)
Interest paid on bonds	-	(34,728,770)	-	-	(28,809)	-	(34,757,579)
Interfund activity	308,058	(2,056)	-	426,135	(635,780)	(39,560)	56,797
Net cash provided by (used in) operating activities	(13,470,592)	35,415,113	1,521,920	(3,160,258)	(665,197)	1,501,690	21,142,675
Cash flows from noncapital financing activities							
Proceeds from sale of bonds	-	346,285,013	-	-	5,756,186	-	352,041,199
Bond issuance costs	-	(1,246,527)	-	-	(17,386)	-	(1,263,913)
Principal paid on bonds	-	(42,905,000)	-	-	(5,730,000)	-	(48,635,000)
Cash paid to escrow for refunded bonds	-	(350,687,644)	-	-	-	-	(350,687,644)
Arbitrage rebate	-	(582,339)	-	-	-	-	(582,339)
Agency Funds	64,073	-	-	-	-	-	64,073
Contributions from other governments	31,143,742	-	-	3,986,570	2,135,780	-	37,266,092
Cash received (paid) from other accounts	(730,417)	(1,469,521)	-	-	2,747,776	(547,838)	-
Net cash provided by (used in) noncapital financing activities	30,477,398	(50,606,018)	-	3,986,570	4,892,356	(547,838)	(11,797,532)
Cash flows from investing activities							
Purchase of investments	(117,469,681)	-	-	-	-	-	(117,469,681)
Proceeds from sales or maturities of investments	116,900,845	7,745,687	-	-	-	-	124,646,532
Interest received on investments - net	1,131,494	7,334,531	17,548	2,471	2,769	6,083	8,494,897
Net cash provided by investing activities	562,658	15,080,218	17,548	2,471	2,769	6,083	15,671,748
Net increase (decrease) in cash and cash equivalents	17,569,464	(110,686)	1,539,468	828,783	4,229,928	959,935	25,016,891
Cash and cash equivalents							
Beginning of year	136,653,689	37,520,800	13,193,508	1,709,793	3,833,202	4,740,185	197,651,177
End of year	$ 154,223,153	$ 37,410,114	$ 14,732,976	$ 2,538,576	$ 8,063,129	$ 5,700,120	$ 222,668,068
Reconcilation to the Statement of Net Position							
Cash	$ 6,503,830	$ -	$ 1,234,910	$ -	$ -	$ 1,695,026	$ 9,433,766
Cash Equivalents	$ 147,719,323	$ 37,410,114	$ 13,498,066	$ 2,538,576	$ 8,063,129	$ 4,005,094	$ 213,234,302
	154,223,153	37,410,114	14,732,976	2,538,576	8,063,129	5,700,120	222,668,068

Combining Schedule of Cash Flows (Continued)
Virginia Revolving Loan Fund Accounts - Water Facilities
Year Ended June 30, 2015

	Direct Loan Accounts	Leveraged Loan Accounts	Agricultural Best Management Practices Account	Combined Sewer Overflow Fund Account	Investment Fund Accounts	Administrative Fee Accounts	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities							
Operating income (loss)	$ 4,734,433	$ (5,804,693)	$ 133,301	$ (3,583,922)	$ (17,836)	$ 1,585,454	$ (2,953,263)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	1,075	-	-	-	-	-	1,075
Interest on investments	(862,942)	(7,112,050)	17,548	(2,471)	(2,781)	(6,083)	(7,968,779)
Bond Issuance Costs		1,366,918			17,386		1,384,304
Interest on bonds, amortization and accretion - net	-	(5,215,490)	-	-	(26,186)	-	(5,241,676)
Change in assets and liabilities							
Loans receivables	(17,313,460)	46,309,560	1,364,816	-	-	-	30,360,916
Loan interest receivable	(337,757)	1,052,646	9,183	-	-	-	724,072
Loan administrative fee receivable	-	-	-	-	-	(38,121)	(38,121)
Miscellaneous receivables	-	-	(2,928)	-		-	(2,928)
Deferred charges	-	4,820,278	-	-	-	-	4,820,278
Due to (from) other funds	308,058	(2,056)	-	426,135	(635,780)	(39,560)	56,797
Total adjustments	(18,205,025)	41,219,807	1,388,619	423,664	(647,361)	(83,764)	24,095,938
Net cash provided by (used in) operating activities	$ (13,470,592)	$ 35,415,113	$ 1,521,920	$ (3,160,258)	$ (665,197)	$ 1,501,690	$ 21,142,675

Virginia Resources Authority

Combining Schedule of Net Position
Virginia Revolving Loan Fund Accounts - Water Supply
June 30, 2015

	Construction Accounts	Supply Accounts	Administrative Accounts	Administrative Fee Accounts	Total
Assets					
Current assets					
Cash	$ 4,002,566	$ 191,145	$ -	$ 136,687	$ 4,330,398
Cash equivalents	32,774,822	121,962	-	457,378	33,354,162
Loans receivable, net of allowance	6,794,039	4,638	-	-	6,798,677
Receivables:					
Loan interest	402,429	-	-	-	402,429
Loan administrative fees	-	-	-	76,300	76,300
Total current assets	43,973,856	317,745	-	670,365	44,961,966
Noncurrent assets					
Loans receivable - less current - net	150,714,241	34,781	-	-	150,749,022
Total noncurrent assets	150,714,241	34,781	-	-	150,749,022
Total assets	194,688,097	352,526	-	670,365	195,710,988
Liabilities					
Current liabilities					
Due to other accounts	15,583	-	-	114,983	130,566
Agency funds	26,089	-	-	-	26,089
Total current liabilities	41,672	-	-	114,983	156,655
Total liabilities	41,672	-	-	114,983	156,655
Net position					
Restricted:					
Loan Programs	194,646,425	352,526	-	555,382	195,554,333
Total net position	$ 194,646,425	$ 352,526	$ -	$ 555,382	$ 195,554,333

Virginia Resources Authority

Combining Schedule of Revenues, Expenses, and Changes in Net Position
Virginia Revolving Loan Fund Accounts - Water Supply
Year Ended June 30, 2015

	Construction Accounts	Supply Accounts	Administrative Accounts	Administrative Fee Accounts	Total
Operating revenues					
Interest on loans	$ 1,427,377	$ -	$ -	$ -	$ 1,427,377
Investment income	61,156	219	-	822	62,197
Loan administrative fees	-	-	-	280,864	280,864
Total operating revenues	1,488,533	219	-	281,686	1,770,438
Operating expenses					
Grants to local governments	5,103,487	-	-	-	5,103,487
Personnel services	-	-	279,902	-	279,902
General operating	20,969	457	42,547	216	64,189
Contractual services	-	-	69,679	-	69,679
Total operating expenses	5,124,456	457	392,128	216	5,517,257
Operating income (loss)	(3,635,923)	(238)	(392,128)	281,470	(3,746,819)
Nonoperating revenues					
Contributions from other governments	13,657,862	-	-	-	13,657,862
Income (loss) before transfers	10,021,939	(238)	(392,128)	281,470	9,911,043
Operating transfers	-	-	391,737	(391,737)	-
Change in net position	10,021,939	(238)	(391)	(110,267)	9,911,043
Total net position - beginning	184,624,486	352,764	391	665,649	185,643,290
Total net position - ending	$ 194,646,425	$ 352,526	$ -	$ 555,382	$ 195,554,333

Virginia Resources Authority

Combining Schedule of Cash Flows
Virginia Revolving Loan Fund Accounts - Water Supply
Year Ended June 30, 2015

	Construction Accounts	Supply Accounts	Administrative Accounts	Administrative Fee Accounts	Total
Cash flows from operating activities					
Cash payments to localities for loans	$ (19,000,425)	$ -	$ -	$ -	$ (19,000,425)
Principal repayments from localities on loans	6,026,675	4,638	-	-	6,031,313
Interest received on loans	1,384,673	-	-	-	1,384,673
Loan administration fees received	-	-	-	277,796	277,796
Federal administrative reimbursement funds received	-	-	128,854	-	128,854
Cash payments for salaries and related benefits	-	-	(279,902)	-	(279,902)
Cash payments for contractual services	-	-	(69,679)	-	(69,679)
Cash payments for general operating expenses	(23,887)	(457)	(42,156)	(216)	(66,716)
Cash payments for operating grants	(5,103,487)	-	-	-	(5,103,487)
Interfund activity	(177,909)	-	(128,854)	114,983	(191,780)
Net cash provided by (used in) operating activities	(16,894,360)	4,181	(391,737)	392,563	(16,889,353)
Cash flows from noncapital financing activities					
Contributions from other governments	13,860,436	-	-	-	13,860,436
Cash received (paid) from other accounts	-	-	391,737	(391,737)	-
Net cash provided by (used in) noncapital financing activities	13,860,436	-	391,737	(391,737)	13,860,436
Cash flows from investing activities					
Interest received on investments - net	61,156	219	-	822	62,197
Net cash provided by investing activities	61,156	219	-	822	62,197
Net decrease in cash and cash equivalents	(2,972,768)	4,400	-	1,648	(2,966,720)
Cash and cash equivalents					
Beginning of year	39,750,156	308,707	-	592,417	40,651,280
End of year	$ 36,777,388	$ 313,107	$ -	$ 594,065	$ 37,684,560
Reconcilation to the Statement of Net Position					
Cash	$ 4,002,566	$ 191,145	$ -	$ 136,687	$ 4,330,398
Cash Equivalents	32,774,822	121,962	-	457,378	33,354,162
	$ 36,777,388	$ 313,107	$ -	$ 594,065	$ 37,684,560
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	$ (3,635,923)	$ (238)	$ (392,128)	$ 281,470	$ (3,746,819)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	-	391	-	391
Interest on investments	(61,156)	(219)	-	(822)	(62,197)
Change in assets and liabilities					
Loans receivables	(12,973,750)	4,638	-	-	(12,969,112)
Loan interest receivable	(42,704)	-	-	-	(42,704)
Loan administrative fee receivable	-	-	-	(3,068)	(3,068)
Other receivables	(2,918)	-	128,854	-	125,936
Due to (from) other funds	(177,909)	-	(128,854)	114,983	(191,780)
Total adjustments	(13,258,437)	4,419	391	111,093	(13,142,534)
Net cash provided by (used in) operating activities	$ (16,894,360)	$ 4,181	$ (391,737)	$ 392,563	$ (16,889,353)

STATISTICAL SECTION

This section of the Authority's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, not disclosures, and required supplementary information say about the Authority's overall financial health.

Financial Trends
These tables contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

Table 1 Net Position by Component
Table 2 Changes in Net Position
Table 3 Operating Revenues by Source
Table 4 Operating Expenses

Revenue Capacity
This table contains information to help the reader assess the Authority's significant operating revenues.

Table 5 Schedule of Outstanding Loans Receivable

Debt Capacity
This table presents information to help the reader assess the affordability of the Authority's current levels of outstanding debt, and the Authority's ability to issue additional debt in the future.

Table 6 Schedule of Outstanding Debt

Demographic and Economic Information
These tables offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

Table 7 Virginia Principal Employers
Table 8 Virginia Demographic and Economic Statistics

Operating Information
These tables contain information about Virginia Resources Authority's operations and resources to help the reader understand how the Authority's financial report relates to services the Authority provides and the activities it performs.

Table 9 Operating Indicators
Table 10 Full Time Employees by Identifiable Activity

Sources: Unless otherwise noted, information in these tables is derived from the annual financial reports for the relevant year.

Table 1

Virginia Resources Authority

Net Position by Component

Last Ten Fiscal Years

	Fiscal Year									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015 (1)**
					-					
Investment in capital assets	$ 45,721	$ 9,996	$ 5,516	$ 1,812	$ 17,478	$ 128,757	$ 206,202	$ 209,143	$ 51,500	$ 112,766
Restricted	1,037,733,171	1,106,474,312	1,163,460,244	1,217,722,201	1,260,918,981	1,301,438,188	1,348,104,048	1,384,483,934	1,426,836,084	1,469,844,791
Unrestricted	4,099,446	4,379,283	4,471,442	5,456,623	6,345,180	7,257,442	8,532,138	9,642,211	11,237,334	13,023,011
Total net position	$1,041,878,338	$1,110,863,591	$1,167,937,202	$1,223,180,636	$1,267,281,639	$1,308,824,387	$1,356,842,388	$1,394,335,288	$1,438,124,918	$1,482,980,568

(1) The Authority adopted GASB Statement No. 68 in fiscal year 2015.

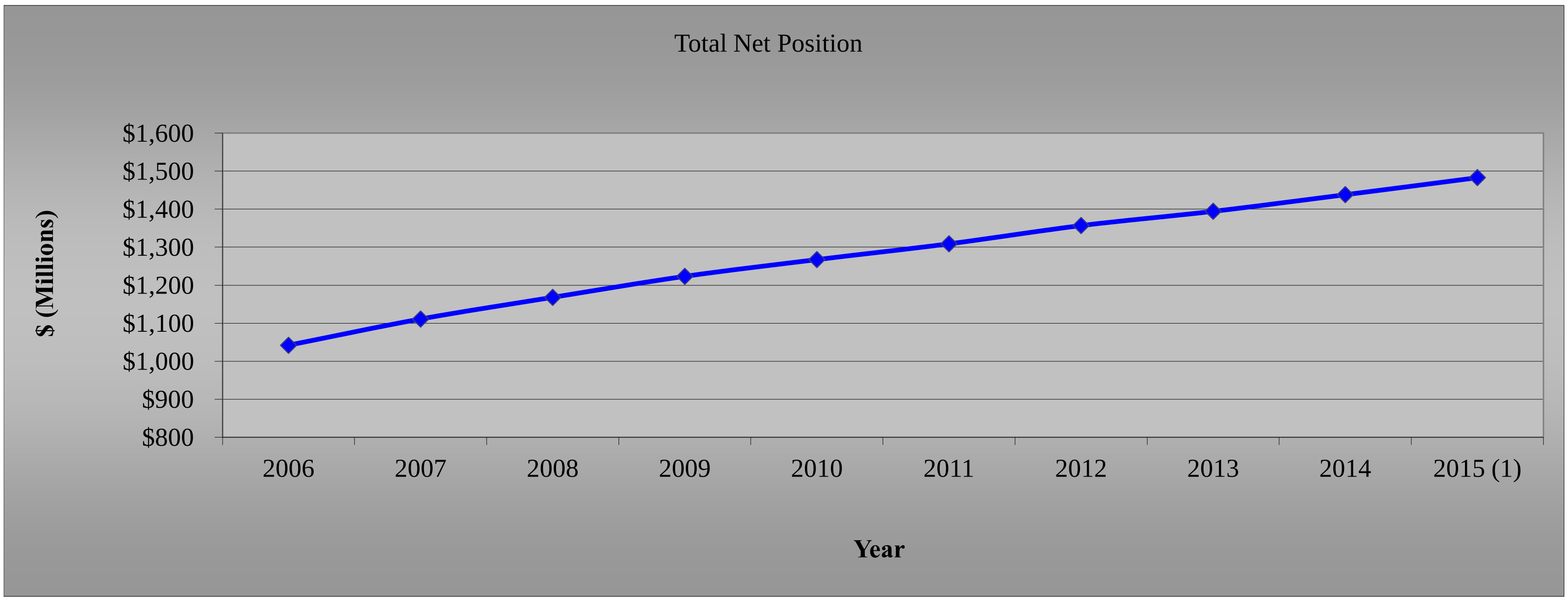


Table 2

Virginia Resources Authority

Changes in Net Position

Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income (Loss)	Total Nonoperating Revenues & Expenses / Contributions from other Governments	Change in Net Position
2006	95,229,273	70,832,190	24,397,083	42,533,390	66,930,473
2007	106,394,533	77,060,552	29,333,981	39,651,272	68,985,253
2008	114,900,247	90,062,838	24,837,409	32,236,202	57,073,611
2009	116,343,661	105,593,576	10,750,085	44,493,349	55,243,434
2010	139,357,187	165,279,708	(25,922,521)	70,023,524	44,101,003
2011	128,302,561	185,869,445	(57,566,884)	99,109,632	41,542,748
2012	137,943,639	140,138,739	(2,195,100)	50,213,101	48,018,001
2013	146,254,548	153,674,122	(7,419,574)	44,912,474	37,492,900
2014	146,953,955	150,936,764	(3,982,809)	48,072,063	44,089,254
2015*	148,908,438	154,788,102	(5,879,664)	50,735,314	44,855,650

* The Authority adopted GASB Statement No. 68 beginning in fiscal year 2015.

Table 3

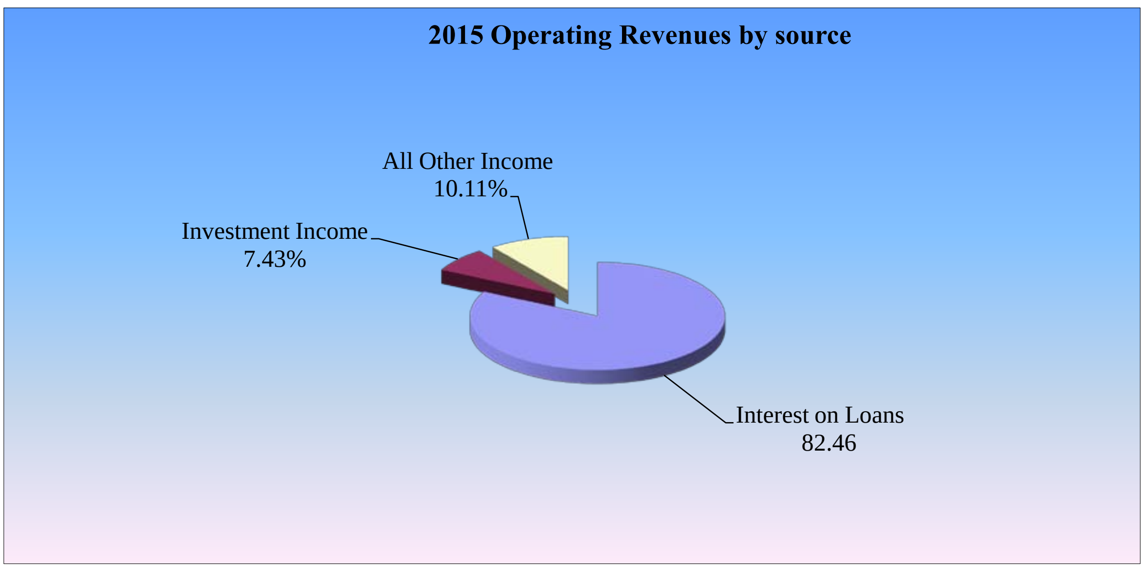
Virginia Resources Authority

Operating Revenues by Source

Last Ten Fiscal Years

Fiscal Year	Interest on Loans	Investment Income	Administrative Reimbursement	Bond Administrative Fees	Loan Administrative Fees (1)	Other Income/Gain on early extinguishment of loans	Total
2006	$ 71,949,057	$ 21,519,977	$ 646,725	$ 967,723	$ -	$ 145,791	$ 95,229,273
2007	$ 77,789,985	$ 26,702,863	$ 624,309	$ 1,048,007	$ 181,790	$ 47,579	$ 106,394,533
2008	$ 83,445,613	$ 29,419,254	$ 501,629	$ 1,082,589	$ 387,024	$ 64,138	$ 114,900,247
2009	$ 91,638,638	$ 22,322,006	$ 214,261	$ 1,345,192	$ 777,827	$ 45,737	$ 116,343,661
2010	$ 109,314,607	$ 18,570,060	$ 365,282	$ 2,254,887	$ 1,186,438	$ 7,665,913	$ 139,357,187
2011	$ 112,018,532	$ 12,291,706	$ 309,386	$ 2,017,221	$ 1,538,438	$ 127,278	$ 128,302,561
2012	$ 118,796,383	$ 13,189,773	$ 400,234	$ 2,400,775	$ 1,674,125	$ 1,482,349	$ 137,943,639
2013	$ 129,061,115	$ 11,598,881	$ 550,179	$ 2,771,287	$ 1,765,758	$ 507,328	$ 146,254,548
2014	$ 124,972,397	$ 11,480,974	$ 509,932	$ 2,826,301	$ 1,822,734	$ 5,341,617	$ 146,953,955
2015	$ 122,794,090	$ 11,061,275	$ 83,816	$ 3,042,444	$ 1,907,580	$ 10,019,233	$ 148,908,438

(1) Beginning in 2007, Loan Administrative Fees were collected.



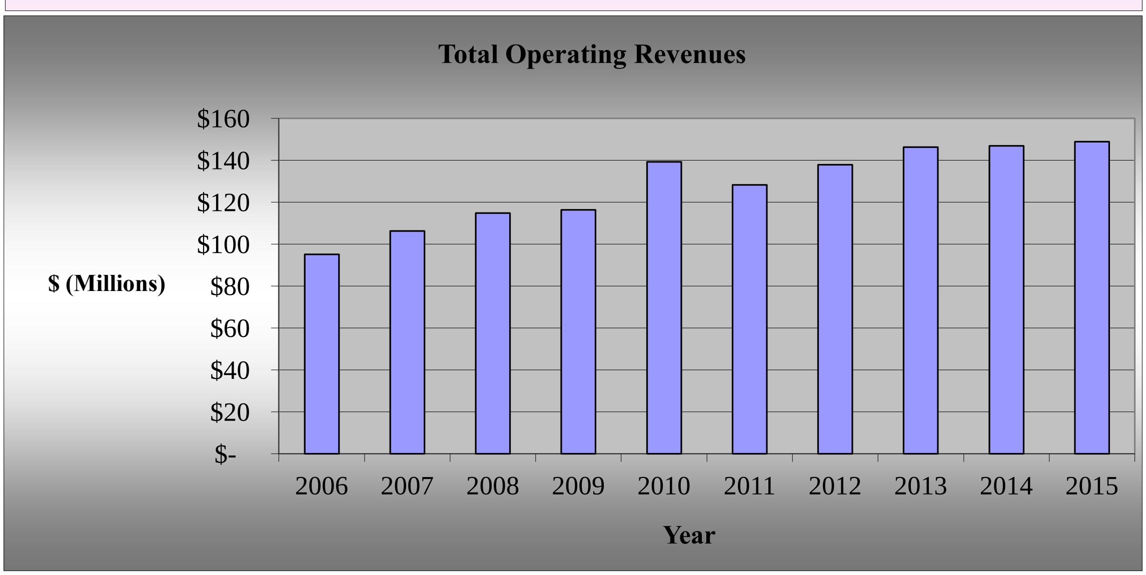


Table 4

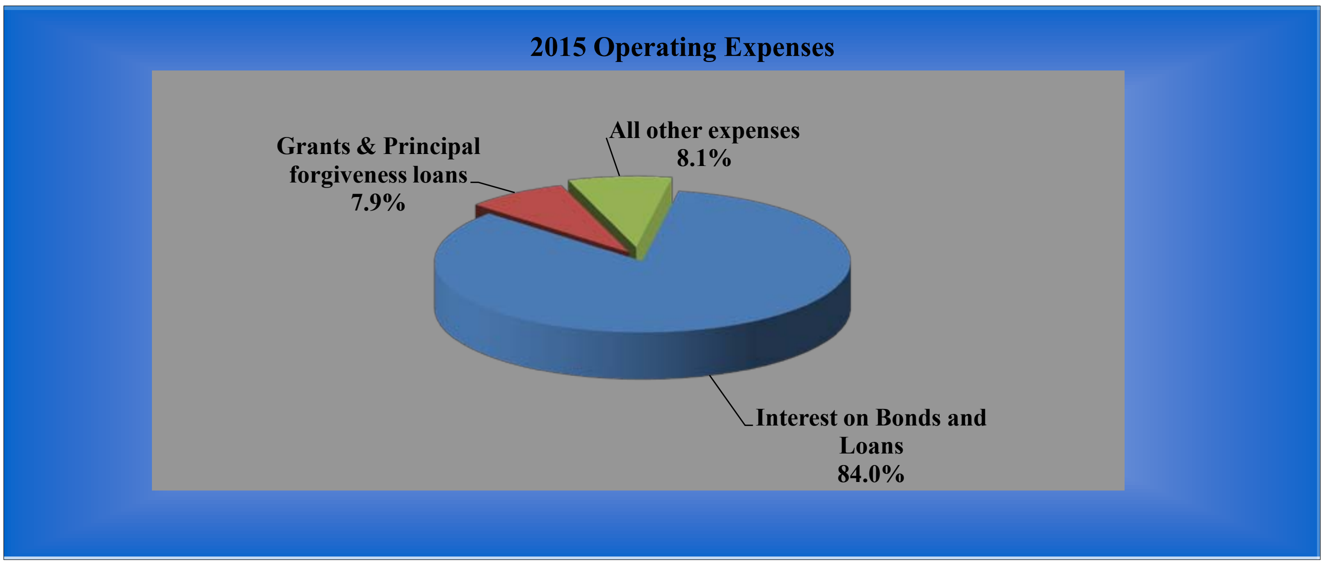
Virginia Resources Authority

Operating Expenses

Last Ten Fiscal Years

Fiscal Year	Interest on Bonds and Loans	Grants & Principal forgiveness loans to Local Governments	Bond Issuance Costs	Loss on early extinguishment of bond	Personnel Services (1)	General Operating	Contractual Services	Total
2006	65,638,871	3,669,141	-	-	892,365	457,772	174,041	70,832,190
2007	72,092,728	3,041,355	-	-	936,548	577,848	412,073	77,060,552
2008	84,006,093	3,838,470	-	-	972,514	654,917	590,844	90,062,838
2009	96,992,504	6,040,386	-	-	1,058,371	727,776	774,539	105,593,576
2010	116,611,122	38,412,286	-	7,304,297	1,199,904	746,282	1,005,817	165,279,708
2011	116,916,498	66,365,392	-	98,553	1,448,242	513,357	527,403	185,869,445
2012	123,917,412	11,673,235	-	1,941,069	1,440,715	618,621	547,687	140,138,739
2013	135,666,875	14,312,957	-	489,821	1,636,027	803,924	764,518	153,674,122
2014	132,360,014	10,141,816	1,893,419	3,151,663	1,657,123	1,069,847	662,882	150,936,764
2015	129,993,652	12,285,923	5,461,806	4,071,026	1,626,237	919,259	430,199	154,788,102

(1) The Authority adopted GASB Statement No. 68 in fiscal year 2015.



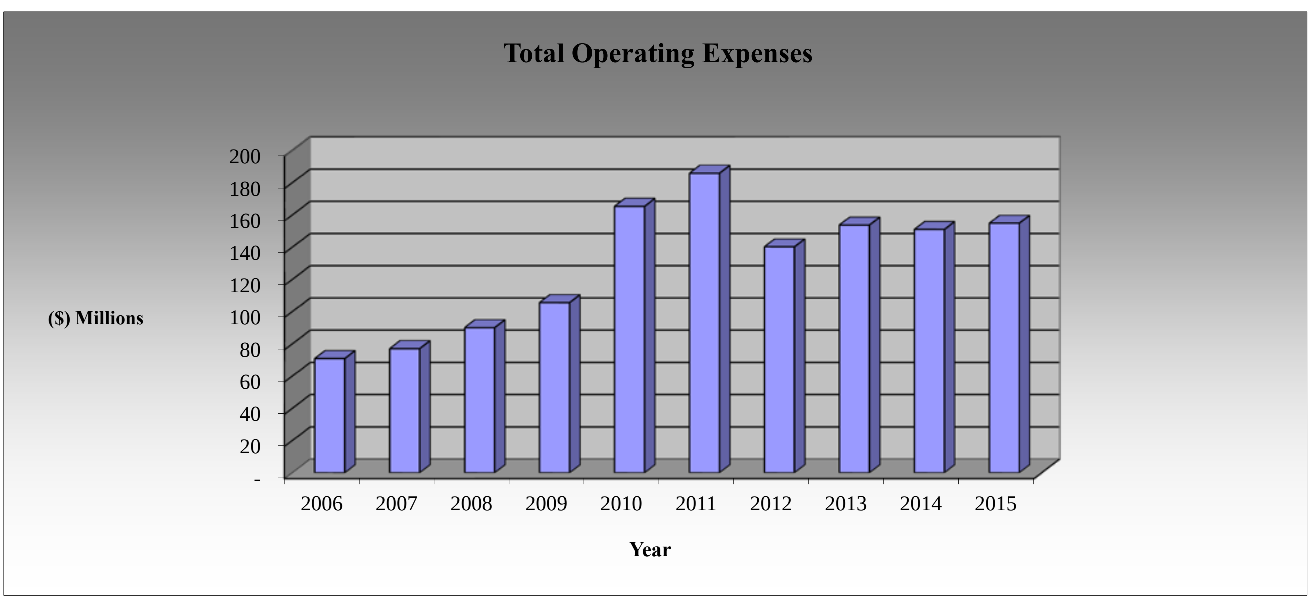


Table 5

Virginia Resources Authority

Schedule of Outstanding Loans Receivable

Last Ten Fiscal Years

Loans Receivable Related to Bond Issues

Fiscal Year	Revenue Bonds	VARF	Unamortized discount / premium and cost of issuance - net	Total	Loans Receivable Related to Equipment Term Financing
2006	933,276,834	68,320,183	4,543,143	1,006,140,160	-
2007	998,051,095	70,707,181	7,339,682	1,076,097,958	-
2008	1,073,592,203	67,836,728	13,366,101	1,154,795,032	-
2009	1,370,006,149	64,788,405	8,494,710	1,443,289,264	-
2010	1,413,962,642	61,290,594	18,831,358	1,494,084,594	7,220,216
2011	1,591,117,427	58,387,411	33,853,485	1,683,358,323	5,663,892
2012	2,058,638,456	56,455,812	99,850,641	2,214,944,909	4,100,079
2013	2,192,704,353	52,527,348	118,873,800	2,364,105,501	2,383,510
2014	2,194,934,597	48,430,013	159,999,677	2,403,364,287	1,737,275
2015	2,325,204,904	43,526,294	197,078,938	2,565,810,136	325,102

Loans Receivable Related to Revolving Loans

Fiscal Year	VWFRF	VWFRF - leveraged	VWFRF AgBMP	VWSRF	Total
2006	552,658,162	254,745,219	6,550,589	88,104,520	902,058,490
2007	583,998,758	286,972,710	9,184,921	96,396,262	976,552,651
2008	617,467,421	418,335,308	10,229,714	101,266,951	1,147,299,394
2009	654,863,805	602,992,744	10,624,746	109,415,361	1,377,896,656
2010	676,622,675	805,685,000	9,056,810	113,487,646	1,604,852,131
2011	674,624,834	892,326,275	7,480,392	120,330,927	1,694,762,428
2012	694,033,376	912,046,985	7,099,516	126,771,814	1,739,951,691
2013	694,530,427	907,752,044	7,601,297	131,938,920	1,741,822,688
2014	699,775,722	874,358,580	5,691,138	144,578,587	1,724,404,027
2015	717,089,183	828,049,020	4,291,226	157,547,699	1,706,977,128

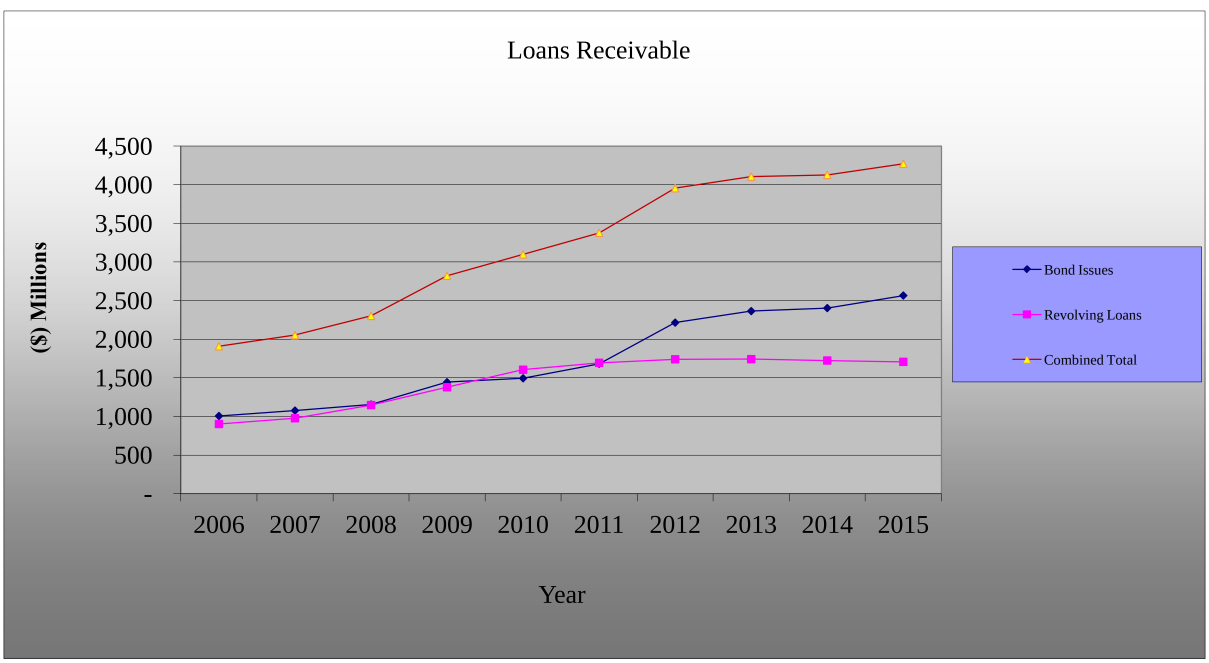


Table 6

Virginia Resources Authority

Schedule of Outstanding Debt

Last Ten Fiscal Years

Fiscal Year	Total Outstanding Revenue Bonds	Unamortized discounts / premiums (1)	Net Bonds Payable	Outstanding bonds secured by Moral Obligations of Commonwealth	Commonwealth Limit on Moral Obligation Debt (2)	Remaining capacity for Moral Obligation Debt	Total Outstanding Revenue Bonds Per Capita (3)
2006	1,367,326,834	14,532,036	1,381,858,870	704,476,834	900,000,000	195,523,166	180.77
2007	1,670,621,095	25,967,386	1,696,588,481	678,600,371	900,000,000	221,399,629	218.47
2008	1,731,739,685	51,201,706	1,782,941,391	681,886,365	900,000,000	218,113,635	224.33
2009	2,388,011,149	78,414,411	2,466,425,560	726,416,149	900,000,000	173,583,851	306.33
2010	2,481,612,642	103,943,520	2,585,556,162	669,831,192	1,500,000,000	830,168,808	314.82
2011	2,626,917,427	117,485,263	2,744,402,690	684,004,427	1,500,000,000	815,995,573	328.32
2012	3,090,678,456	188,948,095	3,279,626,551	801,383,906	1,500,000,000	698,616,094	381.73
2013	3,185,224,353	234,354,212	3,419,578,565	836,655,903	1,500,000,000	663,344,097	389.11
2014	3,140,914,596	226,960,909	3,367,875,505	831,164,596	1,500,000,000	668,835,404	380.24
2015	3,212,994,904	296,032,824	3,509,027,728	877,874,904	1,500,000,000	622,125,096	385.89

(1) Beginning 2008 unamortized bond issuance expenses are separately reported as a deferred charge. For 2007 and prior, the unamortized issuance expense is included with unamortized discounts/premiums.

(2) Effective July 1, 2009 VRA's Commonwealth Limit on Moral Obligation Debt increased to $1,500,000,000.

(3) Population for preceding calendar year

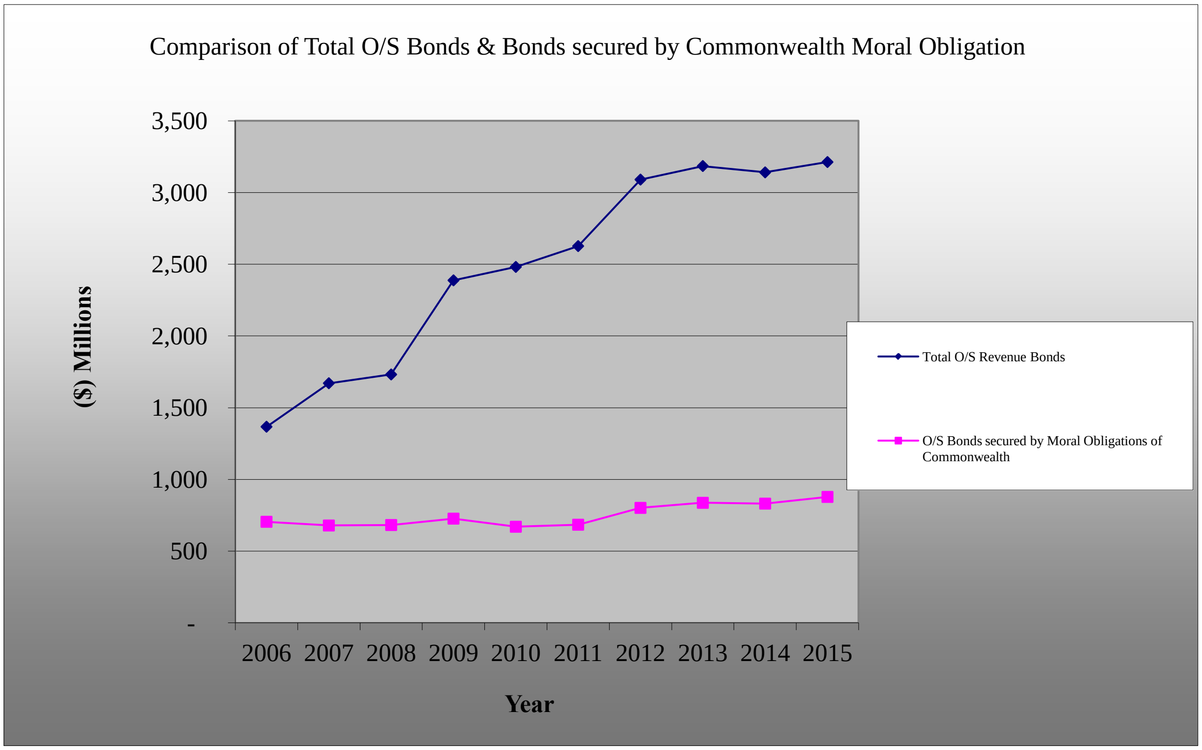


Table 7

Virginia Resources Authority

Virginia Principal Employers

Last Ten Fiscal Years

Employer (1)	Fiscal Year 2015 (1) Rank	Fiscal Year 2006 (1) Rank
U.S. Department of Defense	1	1
Wal Mart	2	2
Fairfax County Public Schools	3	3
Huntington Ingalls Industries, Inc.	4	4
Sentara Healthcare	5	8
Food Lion	6	5
Postal Service	7	6
County of Fairfax	8	7
HCA Virginia Health System	9	11
U.S. Department of Homeland Defense	10	22
Prince William County School Board	13	10
Capital One Bank	14	19

(1) Final quarter data for most recent calendar year (2014 and 2005).

(2) The Virginia Employment Commission does not disclose the actual number of employees, due to the Confidential Information Protection and Statistical Efficiency Act - Title V of Public Law 107-347. All Employers above have over a 1,000 individuals employed.

Source: Virginia Employment Commission

Table 8

Virginia Resources Authority

Virginia Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	**Population (1)**	**Personal Income (2)**	**Per Capita Income (3)**	**Public Primary and Secondary School Enrollment**	**Unemployment Rate**
2015	8,326,289	$ 413,897,533	$ 49,710	1,279,773	5.0%
2014	8,260,405	402,880,713	48,773	1,273,211	5.4%
2013	8,185,867	385,403,843	47,082	1,264,880	6.0%
2012	8,096,604	371,796,308	45,920	1,258,521	5.7%
2011	8,001,024	358,140,177	44,762	1,245,340	6.3%
2010	7,882,590	345,840,751	43,874	1,230,857	6.9%
2009	7,795,424	343,580,294	44,075	1,236,546	7.1%
2008	7,719,749	333,166,957	43,158	1,232,436	3.8%
2007	7,646,996	315,565,438	41,267	1,221,939	3.0%
2006	7,563,887	294,173,306	38,892	1,214,737	3.1%

(1) Population for preceding calendar year.
(2) Personal income for preceding calendar year.
(3) Per capita income for preceding calendar year.

Sources: Virginia Department of Education
Virginia Employment Commission
U. S. Census Bureau
U.S. Department of Labor, Bureau of Labor Statistics

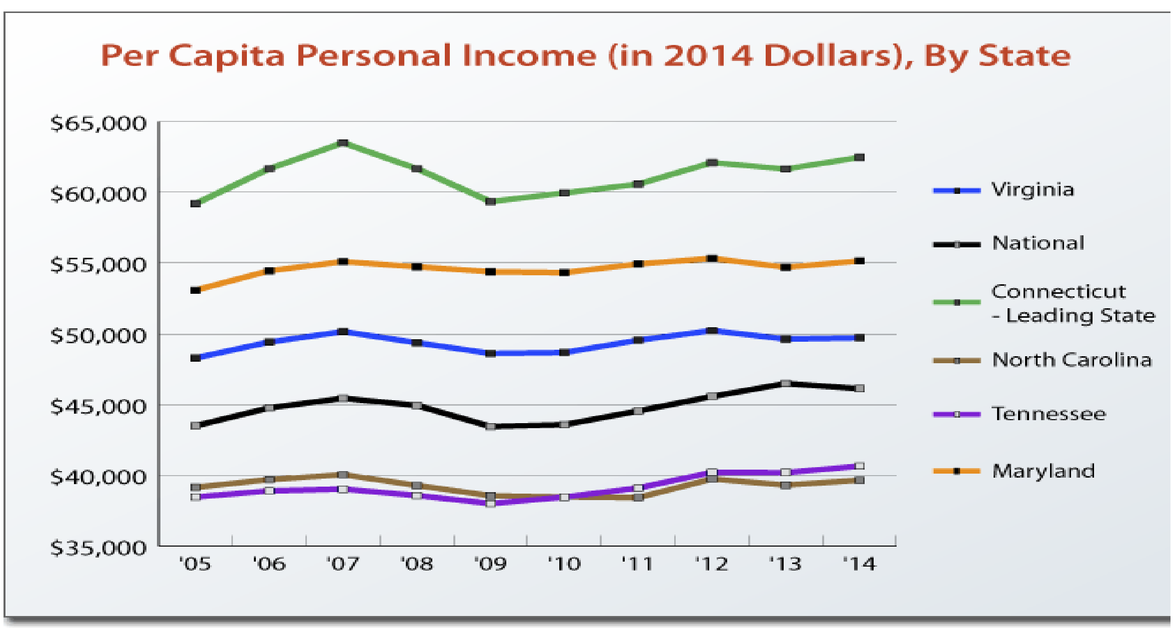


Table 9

Virginia Resources Authority

Operating Indicators

Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Virginia Pooled Financing Program									
Projects	15	15	16	32	35	30	40	38	20
Lending	$ 150,500,000	$ 134,000,000	$ 135,865,000	$ 451,100,000	$ 253,165,000	$ 284,180,000	$ 561,860,000	$ 318,753,736	$ 184,695,000
Clean Water Revolving Loan Fund									
Projects	18	15	22	22	62	18	22	22	14
Closed Loans	$ 82,929,575	$ 227,171,982	$ 193,543,988	$ 346,190,376	$ 353,015,563	$ 72,689,048	$ 103,970,305	$ 86,105,110	$ 139,221,106
Virginia Drinking Water State Revolving Fund									
Projects	20	16	13	19	34	16	15	15	19
Closed Loans and Grants	$ 16,855,288	$ 10,513,007	$ 6,143,549	$ 13,708,679	$ 33,641,260	$ 15,496,872	$ 18,281,172	$ 26,752,886	$ 28,182,614
Virginia Airports Revolving Fund									
Projects	2	5	1	1	-	1	3	1	-
Closed Loans	$ 733,000	$ 5,248,000	$ 140,000	$ 633,000	$ -	$ 654,184	$ 2,239,000	$ 325,500	$ -
Equipment and Term Financing									
Projects	-	-	4	6	-	-	-	-	-
Closed Loans	$ -	$ -	$ 4,349,438	$ 25,687,400	$ -	$ -	$ -	$ -	$ -
Dam Safety and Flood Prevention									
Projects	-	-	-	-	2	1	25	37	55
Closed Grants	$ -	$ -	$ -	$ -	$ 1,002,330	$ 1,000	$ 233,519	$ 558,711	$ 996,146
Virginia Brownfields Restoration and Economic Redevelopment Assistance Fund									
Projects	-	-	-	-	-	-	10	8	2
Closed Grants	$ -	$ -	$ -	$ -	$ -	$ -	$ 199,873	$ 316,560	$ 100,000
Total Projects	55	51	56	80	133	66	115	121	110
Total Entities Served	55	51	50	61	96	53	71	74	80
Total Financing	$ 251,017,863	$ 376,932,989	$ 340,041,975	$ 837,319,455	$ 640,824,153	$ 373,021,104	$ 686,783,869	$ 432,812,503	$ 353,194,866

Source: VRA Annual Reports

Table 10

Virginia Resources Authority

Full Time Employees by Identifiable Activity

Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Executive	1	1	1	2	2	1	1	1	1	1
Financial Services/Debt Management	4	5	5	-	-	4	4	4	4	4
Finance and Administration	2	4	3	4	2	5	5	5	5	5
Program Management	-	-	-	2	2	2	2	1	3	3
Policy and Intergovernmental Relations	-	-	-	1	1	2	2	2	2	2
Total Full Time Employees:	7	10	9	9	7	14	14	13	15	15

* Data represents permanent full-time employees.
* The Program Management division was created in FY 2009
* The Policy and Intergovernmental Relations division was created in FY 2009

Source: VRA Annual Reports

COMPLIANCE SECTION

BROWN EDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Members of the Board of Directors
Virginia Resources Authority
Richmond, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the Virginia Resources Authority (the "Authority"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 5, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. **Given these limitations we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.***

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
November 5, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Honorable Members of the Board of Directors
Virginia Resources Authority
Richmond, Virginia

Report on Compliance for Each Major Federal Program

We have audited the Virginia Resources Authority's (the "Authority") compliance with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2015. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. **We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
November 5, 2015

Federal Granting Agency / Recipient State Agency / Grant Program	Catalog of Federal Domestic Assistance (CFDA) Number	Pass-through Identifying Number	Expenditures
Environmental Protection Agency			
Pass through payments from Commonwealth of Virginia:			
Department of Environmental Quality			
Capitalization Grants for Clean Water State Revolving Funds (VWFRF)	66.458	90313, 90314	$ 31,100,521
Total Clean Water State Revolving Funds (VWFRF)			31,100,521
Department of Health			
Capitalization Grants for Drinking Water State Revolving Funds (VWSRF)	66.468	66125, 66135	11,058,155
Total Drinking Water State Revolving Funds (VWSRF)			11,058,155
Total expenditures of federal awards			$ 42,158,676

See notes to the Schedule of Expenditures of Federal Awards.

1. General

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of the federal award programs of the Authority. All federal awards received directly from federal agencies as well as federal awards passed through from other government agencies are included.

2. Basis of Accounting

The accompanying Schedule is presented on the accrual basis of accounting which is more fully described in Note 1 to the Authority's basic financial statements.

3. Loan and Grant Commitments

The Authority is obligated under outstanding commitments for undisbursed loans and grants to disburse approximately $107,932,669 from the VWFRF and $10,884,582 from the VWSRF as of June 30, 2015.

4. Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule agree with the amounts reported to the Commonwealth of Virginia Department of Environmental Quality (DEQ) and the Commonwealth of Virginia Department of Health (VDH), the grantees for the federal programs. The DEQ and VDH consolidate amounts reported by the Authority with their own expenditures for federal financial reporting purposes.

5. Relationship to the Authority's Basic Financial Statements

The federal awards in the accompanying schedule are reported as revenue (administrative reimbursement and contributions from other governments) in the Authority's basic financial statements as follows:

	VWFRF	VWSRF	Other	Total
Revenue Per Financial Statements:				
Administrative Reimbursement	$ -	$ -	$ 83,816	$ 83,816
Contributions from other Governments	37,222,871	13,657,862	864,294	51,745,027
Total Governmental Revenues	37,222,871	13,657,862	948,110	51,828,843
Less amounts not related to federal financial assistance	(6,122,350)	(2,599,707)	(948,110)	(9,670,167)
Federal Schedule of Expenditures	$ 31,100,521	$ 11,058,155	$ -	$ 42,158,676

VIRGINIA RESOURCES AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies** relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies** relating to the audit of the major federal award program were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance required by OMB Circular A-133.
5. The auditor's report on compliance for the major federal award program expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to the major program**.
7. The program tested as major was:

Capitalization Grants for Clean Water State Revolving Funds	CFDA #	66.458

8. The threshold for distinguishing Type A and B programs was **$1,264,760**.
9. The Authority was determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None.